

# GREATER MINNESOTA'S LOCAL TELEPHONE INDUSTRY Summary

*Prepared for:*

## **Minnesota Telecom Alliance**

*By:*

University of Minnesota Extension Center for Community Vitality  
Center for Rural Policy and Development

Researchers with the University of Minnesota Extension Center for Community Vitality invited the 48 telecommunications holding companies<sup>1</sup> serving customers in Greater Minnesota to participate in a confidential survey; 16 responded. Through the data collected, they were able to estimate the industry's contribution to the state's economy in 2011 in terms of expenditures, employment and taxes.

- *Direct effects:* The telecommunications industry serving Greater Minnesota **directly spent** an estimated **\$870 million** in 2011. These expenditures included **operations, wages and salaries**, and **capital improvements**.
- *Workforce:* The telecommunications industry serving Greater Minnesota employed an estimated **4,500 individuals** in 2011. Of the industry's expenditures, an estimated **\$370 million went to labor**. Telecom companies also contracted directly with companies employing another estimated **1,800 workers**, paying them an additional estimated **\$80 million**.
- *Indirect effects:* **Suppliers** employed an estimated **600 people** in 2011 to provide goods and services directly to the telecommunications industry. Many of the suppliers to telecom companies in Greater Minnesota are also located in Greater Minnesota.
- *Spin-off effects:* Spending by telecom companies and their employees produced spin-off spending (*indirect and induced effects*) in the Minnesota economy. These indirect and induced effects are estimated to have contributed an **additional \$440 million** in spending within the economy, including an estimated **\$150 million** in labor income.
- *Total effects:* The total economic contribution of the telecom industry in 2011 — direct + indirect + induced effects — was an estimated **\$1.3 billion**, including **\$600 million** in labor income to an estimated **10,300 workers**.
- While taxes are not considered in the economic contribution study, telecommunication companies paid an estimated **\$30 million in property, sales, and income taxes** in 2011.

*For more information, contact:*

Brent Christensen, President/CEO • Minnesota Telecom Alliance • [www.mnta.org](http://www.mnta.org)  
P: (651) 288-3723 • C: (651) 262-8099 • [bchristensen@mnta.org](mailto:bchristensen@mnta.org)

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<sup>1</sup> The companies invited did not include any large cell phone companies.