



The EDA CENTER

at the University of Minnesota Crookston

The EDA Chronicle-April 2015

www.edacenter.org

Volume 5, Issue 4

Events of Interest:

May 5

- The Minnesota Trade Office will be hosting the NAFTA Completing the Certificate of Origin workshop from 8:30AM to 2PM at the DEED Conference Center in St. Paul. Fee is \$45 if you register before May 1st and \$65 if you register after May 1st. To register, please go to <http://z.umn.edu/v2h>.

May 19

- Transatlantic Water Tech Conference hosted by the German American Chambers of Commerce will be held from 8:30AM to 3:35PM at the University of Minnesota Ski-U-Mah Room in the McNamara Alumni Center in St. Paul. There is no fee to attend. For more information and to register, please go to <http://z.umn.edu/vzt>.

May 21

- EDAM Webinar: Business Finance-Putting Puzzle Pieces Together will be held online from noon to 1:15PM. You may register up until the day of the event. Cost is free to EDAM members and \$25 to nonmembers. For more information and to register, please go to <http://z.umn.edu/vzr>.

June 3-5

- 2015 EDAM Summer Conference will be held at the Duluth Entertainment & Convention Center. Please go to <http://z.umn.edu/vzs> for more information and to register.

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A Note from the Director of the EDA Center

Dear Colleagues,

Last week, I had the pleasure of meeting with other University EDA Centers in the Great Lakes area, as well as regional leaders in these states. The goal was to share what is being done in every state and to consider how we can share resources for the common good.

A benefit to meetings like this is to not feel alone as we address our states' economic issues. The room lit up when a workforce development panel from Ohio shared the struggles of creating solid pipelines between workers and available jobs. Heads nodded all around when Ned Hill (see his biography [here](#)) from Cleveland State University sent us home with a solid summary of the challenges of good economic development practice; for example:

- The challenge of maintaining client confidentiality while being transparent and accountable to the public.
- Balancing the norms of private business with those of the public sector, because economic development professionals live between these two cultures.
- The challenge of having a crisis communications plan in the desk and at the ready.

Tell us About News in Your Area

The EDA Center would like to collect information from the different regions in Greater Minnesota in an effort to highlight notable projects and events across the state. If you have any projects or events you would like highlighted in fu-

- The challenge of knowing that many of your decisions and actions are going to land on the front page of local newspapers.

This issue of the newsletter is filled with descriptions of the economic vitality (and struggles) of Greater Minnesota, especially celebrating the economic diversity of our state. This vitality is certainly the result of decisions made and struggles managed by local leaders years ago, just as your work now will affect the future.

I don't need to go to Ohio to appreciate good work done in Minnesota. So here's a simple "hats off!" to economic development professionals at the city, county and state level who balance the many challenges of strengthening local economies. Minnesota appreciates your work.

Joyce Hoelting, EDA Center Director

*** A previous edition of this newsletter identified the speaker as Ned Levine, Ph.D. The speakers' name was Ned Hill, Ph.D. We apologize for the error.**

ture newsletters, please submit them to walke810@umn.edu prior to the 15th of May.

Getting to Know Greater Minnesota

The EDA Center funded the development of twelve economic composition reports that have been published throughout 2015. In the article below, Brigid Tuck summarizes key findings about Greater Minnesota in an interview with EDA Center Director Joyce Hoelting. This article is reprinted from Vital Connections, an Extension publication. All of the reports can be found at <http://z.umn.edu/w01>.

It's not your grandparents' Greater Minnesota anymore. You know, the Greater Minnesota dominated by the industries of its founders - agriculture and mining.

While agriculture and mining are still important, Greater Minnesota is now a richer blend of economic interests and opportunities. That's the biggest thing Extension Economic Analyst Brigid Tuck and her team of Extension educators saw when they set out to describe the economic composition of Greater Minnesota - its economic drivers, strengths and concerns.

"Economically, there are many Greater Minnesotas, and the diversity of Greater Minnesota is its strength," Tuck says. "I wanted to shed light on that. And I wanted to help leaders in Greater Minnesota tell that story."

Using the geographic boundaries of the Regional Development Commissions, Tuck and her team applied various measures to understand economic strengths two ways - both by industry outputs and employment. To help local economic development leaders think about the future, she also analyzed two key industries in each region and explored their inter-

actions with other local business. This provides insight into business-to-business transactions that are already happening in an economy, and also points out where opportunities may exist. (For example, could nursing and residential care facilities depend more on local wholesale trade for purchases?)

Now that all reports are done and posted (You can find the studies, along with an interactive map and short webinars at z.umn.edu/economiccomposition), Vital Connections editor Joyce Hoelting asked Tuck to take some time to reflect on the study and its findings.

Why did you decide to study Greater Minnesota's economy in so much detail?

I was listening to Greater Minnesota advocates who, quite justifiably, are concerned about how Greater Minnesota had "lost its voice." As a citizen of Greater Minnesota, I support the goal to bring attention to non-urban areas. But as an economist, I see some problems with lumping all of Greater Minnesota together.

You studied both industry outputs and employment. Why are these different measures?

They are different measures because the ratio between goods and services produced and the number of jobs created differs a great deal by industry. Agriculture is the perfect example. Technology has created great efficiencies in agriculture, which has decreased the number of jobs that are created in relation to the goods that are produced. Inversely, "high-touch" industries such as nursing create far less output with high employ-

ment rates.

How diverse is Greater Minnesota's economy?

Well, no one could argue that this is our grandparents' Greater Minnesota. While there is still a strong agricultural industry in Greater Minnesota, there is also a thriving manufacturing industry and there are robust professional and business services. And other regions bring other economic strengths to our state.

Which industry would you say is number one?

Well, manufacturing and professional and business services are top industries in each of the 12 regions we studied. Manufacturing is the number one source of output in seven of the 12 Greater Minnesota regions. And while manufacturing was hard hit during the recession, Greater Minnesota fared pretty well. It retained 14,000 jobs that could have been lost if it had performed similarly to the rest of the nation.

But professional and business services are really gaining strength. These are the businesses that specialize in performing professional, scientific, and technical activities for others - like accounting or engineering. This industry actually increased its number of jobs by 27,000 from 2003 to 2013. That's a 17 percent increase, compared to a 10 percent increase in the Twin Cities, albeit from a greater number of jobs to begin with. A lot of this increase was driven by temporary jobs, but there is viable hope that those temporary jobs will lead to permanent jobs in the future - if they haven't already.

What about agriculture?

Ag is one of the three major industries in half of the 12 regions that we studied. To find ag, look west. The entire western tier of the state has a strong agricultural industry. And agriculture-related jobs grew by 33 percent in the period from 2003 to 2013 because ag performed well during the recession. Our state was lucky to have a thriving agricultural industry during tough times.

So what industries are in Greater Minnesota beyond "the big three"?

We definitely shouldn't overlook the contributions of industries beyond the big three. Take health care, for instance. It's playing an increasingly critical role in our economy. There was an increase of around 41,000 jobs in health care during the period I studied. That makes it the fastest-growing industry in Greater Minnesota.

There is also a lot of diversity in terms of regional output. We have mining in Northeast Minnesota. Health care is big in the Southeast. In Central and North Central Minnesota, trade (both retail and wholesale) are big. In the East Central and Headwaters areas - where Minnesota's tribal reservations are - government is in the top three.

When it comes to employment, the top three industries constitute in the range of about 43 to about 70 percent of jobs in each region. That diversity makes regions more resilient when industries boom and bust. And in some areas, it's impossible to name a "top three," because four or five industries share pieces of the pie.

So, let's get more specific. Within these strong industries, what types of businesses perform especially well?

In manufacturing, machinery and fabricated metal products are performing well - and these sectors performed well even during the recession. Food manufacturing is still a major generator of jobs and is the number one source of manufacturing jobs in six regions. In the professional and business services industry, the sector of note is businesses that manage other companies or enterprises.

But, there again, Greater Minnesota has great diversity, so different regions of the state have different sectors that are strong.

You've mentioned how some industries did during the recession. In general, how did Greater Minnesota do during the recession?

The themes you hear about the effects of the Great Recession everywhere generally hold true in Greater Minnesota. For example, much has been said about the uneven recovery. That is true across Greater Minnesota as well.

Temporary help as a sector was a boom industry during the recession in Greater Minnesota - as it was elsewhere. In fact, temporary help experienced even bigger growth in Greater Minnesota than in the Twin Cities.

Job losses in retail trade were really tough. In most areas of Greater Minnesota, job losses were even higher than what would have been expected, given national trends. Of even greater concern, wages were stagnant or decreased in relation to cost-of-living.

Job losses were also big in construction, although Greater Minnesota outperformed the metro area in construction employment. While construction employment went down 24 percent in the metro, there was only a 1 percent decline in Greater Min-

nesota. In the Upper Minnesota Valley, there was actually an increase in the number of construction jobs. I speculate that is a by-product of North Dakota's oil boom.

What do you hope comes from heightened focus on Greater Minnesota?

I hope the state comes to the understanding that both rural and urban Minnesota need each other. In 2011, we took a look at what would happen to urban Minnesota if Greater Minnesota dropped off the map. One of our findings was that a \$1 billion decrease in manufacturing output in rural Minnesota would result in 1,043 jobs lost in the Twin Cities area, as well as a loss of nearly \$208 million in economic activity.

The strength of the agricultural and health care sectors in Greater Minnesota certainly buoyed the state during the Great Recession. So paying attention to the needs of Greater Minnesota makes sense. Every industry, and every part of the state, is going to have booms and busts. That's why our diversity is our strength.

This article with additional information/links can be found at <http://z.umn.edu/vzo>.

2014-2015 Local Area Unemployment Statistics and Jobs Report

After seasonal adjustments, unemployment in March remained steady at 5.5 percent in the U.S. and 3.7 percent in Minnesota. Minnesota unemployment claims in March decreased 66 to 17,729 when compared to February. Over the year unemployment claims decreased 11.8 percent when compared to March 2014.

Minnesota employers added 7,800 jobs in March. Six sectors posted job gains: Educational/Health Services (5,800), Trade/Transportation/Utilities (1,800), Government (1,700), Manufacturing (1,600), In-

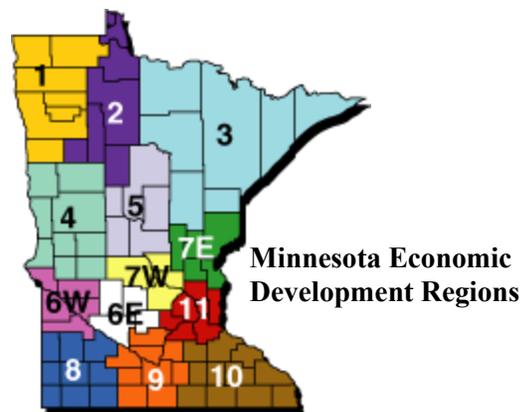
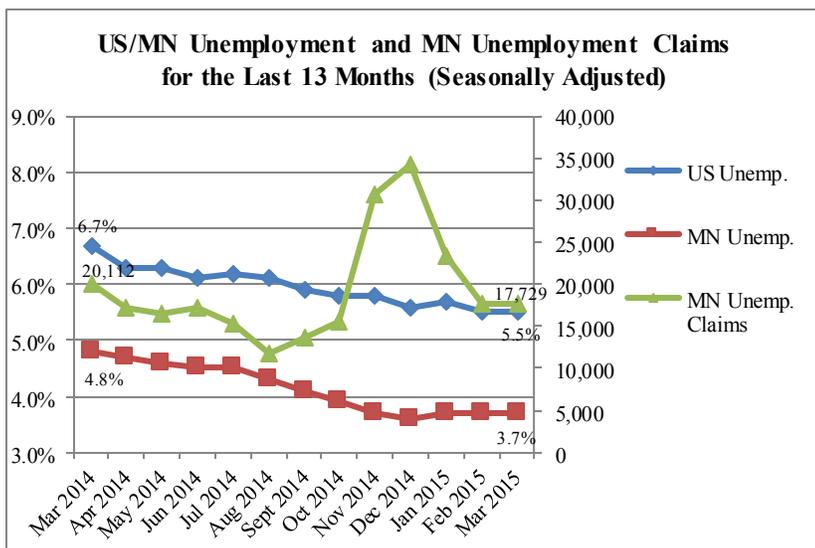
formation (800), and Other Services (700). Professional/Business Services (-3,600), Construction (-800), Leisure/Hospitality (-100), and Mining/Logging (-100) posted job losses in March. Financial Activities remained steady for the month.

Minnesota added 50,829 jobs over the past year, which puts Minnesota's growth at 1.9 percent during that time. This is below the U.S. growth of 2.3 percent over the past year. Minnesota's labor participation rate is up to 70.5 percent (seasonally adjusted). Minnesota's labor participation

rate continues to exceed the U.S. labor participation rate of 62.7 percent.

Unemployment for five of the EDRs decreased or remained the same in March (NOT seasonally adjusted). The Southwest and North Central regions experienced the largest decrease in unemployment at 0.1 percent.

Go to the DEED website; www.positivelyminnesota.com to view more employment and wage statistics.



2014-2015 Minnesota Unemployment by Economic Development Region (Not Seasonally Adjusted)

Date	EDR1	EDR2	EDR3	EDR4	EDR5	EDR6E	EDR6W	EDR7E	EDR7W	EDR8	EDR9	EDR10	EDR11
Mar 2014	6.6%	8.7%	7.2%	5.4%	8.7%	6.3%	5.9%	8.6%	6.3%	4.8%	5.6%	5.2%	4.7%
Apr 2014	5.3%	7.5%	6.3%	4.3%	6.9%	5.1%	4.7%	7.1%	4.9%	3.8%	4.5%	4.3%	4%
May 2014	4%	6.2%	5.9%	3.4%	5.3%	4.3%	3.9%	5.6%	4.1%	3.3%	4%	4%	4%
Jun 2014	4.4%	6.4%	6%	3.6%	5.4%	4.6%	4.3%	5.6%	4.5%	4.1%	4.5%	4.4%	4.5%
Jul 2014	4.3%	6%	5.5%	3.5%	5.0%	4.2%	4.1%	5.2%	4.2%	3.8%	4.2%	4.1%	4.3%
Aug 2014	3.7%	5.2%	4.8%	3%	4.5%	3.7%	3.6%	4.6%	3.7%	3%	3.6%	3.5%	3.8%
Sept 2014	3.2%	4.9%	4.5%	2.9%	4.3%	3.4%	3.1%	4.4%	3.5%	2.9%	3.4%	3.3%	3.7%
Oct 2014	2.7%	4.4%	4%	2.5%	3.9%	2.9%	2.7%	3.8%	3.1%	3.4%	3%	2.9%	3.2%
Nov 2014	3.1%	5.3%	4.5%	2.9%	5.2%	3.3%	3.1%	4.8%	3.5%	2.5%	2.9%	2.9%	3%
Dec 2014	4.7%	5.8%	4.7%	3.8%	6.1%	4.1%	4.2%	5.3%	3.8%	3.5%	3.6%	3.2%	3.1%
Jan 2015	6.2%	7.2%	5.9%	5.1%	7.7%	5.4%	6.5%	6.8%	5%	4.6%	4.7%	4.3%	3.9%
Feb 2015	5.9%	7%	5.9%	4.9%	7.6%	5.3%	5.5%	6.7%	4.9%	4.6%	4.6%	4.2%	3.8%
Mar 2015	6%	7.2%	6.1%	4.9%	7.5%	5.4%	5.9%	6.8%	4.9%	4.5%	4.7%	4.3%	3.8%

News for You...

EDA CENTER REPORT:

Economic Composition of the Central Region of Minnesota: Industries and Performance**

By: Brigid Tuck, with Assistance from Adeel Ahmed and Merritt Bussiere

To analyze the economic composition of the Central region of Minnesota, University of Minnesota Extension conducted an analysis of industry outputs, employment and wages, and interdependencies. Following is a report of key findings. This report is presented in partnership with the EDA Center at the University of Minnesota Crookston.

Manufacturing plus professional and business services are the top two drivers of the Central regional economy in terms of output. Manufacturing creates 27 percent of all output, and the professional and business services industry creates 24 percent. Trade (retail and wholesale) is also a critical component for the Central Minnesota economy. A closer analysis revealed the following strengths and concerns.

REGIONAL STRENGTHS:

- **Health care and social assistance.** Health care was the fastest growing industry in the Central region between 2003 and 2013, adding over 8,500 new jobs. The rate of job growth (54 percent) was above the national health care growth rate, indicating that the Central region may have a competitive advantage in the industry. In addition, average weekly wages in the health care industry are approximately \$100 per week higher than wages in other industries in the region. Wages in the industry grew by an inflation-adjusted 9 percent between 2000 and 2013.

- **Professional and business services.** Management of companies and enterprises was the fastest growing sector within the professional and business services industry, with job growth at 55 percent between 2003 and 2013. The average weekly wage, adjusted for inflation, in the management of companies and enterprises sector grew by 21 percent between 2001 and 2013.
- **Trade.** While Greater Minnesota posted a 2 percent decline in retail trade jobs between 2003 and 2013, the Central Minnesota region grew jobs in the sector by 3 percent. Wholesale trade is one of the top generators of output in the Central region. The number of jobs in wholesale trade, and particularly in the durable goods sector, increased between 2003 and 2013. Between 2000 and 2013, the average weekly wage in the wholesale trade sector increased by slightly less than 2 percent, after adjusting for inflation.

REGIONAL CONCERNS:

The analysis also revealed areas of potential concern for the region from an economic standpoint. These factors may warrant additional attention and exploration.

- **Retail trade wages.** While jobs were added in the retail trade sector, wages declined. After adjusting for inflation, the average weekly wage in the retail trade sector in the Central region declined by 11 percent between 2000 and 2013.
- **Construction.** While the construction industry in the Central region fared better than expected given job losses in the industry nationally, it still lost jobs in the Central region.

Between 2003 and 2013, the construction industry lost 486 jobs in the Central region. The losses reflect a 5 percent decline in the number of construction jobs in the region

For the complete report, please go to <http://z.umn.edu/vzp>.

EDA CENTER REPORT:

Economic Composition of the East Central Region of Minnesota: Industries and Performance**

By: Brigid Tuck, with assistance from Elizabeth Templin

To analyze the economic composition of the East Central region of Minnesota, University of Minnesota Extension conducted an analysis of industry outputs, employment and wages, and interdependencies. Following is a report of key findings. This report is presented in partnership with the EDA Center at the University of Minnesota Crookston.

Professional and business services and manufacturing are the top two drivers of the East Central regional economy in terms of output. Professional and business services create 25 percent of output. Manufacturers create 22 percent of all output. Other key industries include government, construction, and health and social services. Government (including tribal government), professional and business services, and health and social services, are the largest industries, as measured by jobs. A closer analysis revealed the following strengths and concerns.

REGIONAL STRENGTHS:

- **Overall employment.** The number of jobs in the East Central region grew steadily through the 2000s. The region lost jobs during the Great Reces-

sion of 2008-2009. However, since 2010, the region has added jobs and the total number of jobs in 2013 is only 1.5 percent below the peak in 2007.

- **Manufacturing.** The East Central region added jobs in the manufacturing industry between 2003 and 2013, despite a decrease in the number of manufacturing jobs across the nation. The 2013 average weekly wage for the manufacturing industry in the East Central region was \$822 or nearly \$200 above the average weekly wage across all industries. Between 2000 and 2013, the average weekly wage in the manufacturing industry in the region grew by approximately 2 percent, after adjusting for inflation.
- **Administrative and support and waste management and remediation services.** This sector was the fastest growing sector in the professional and

business services industry. The administrative and support and waste management and remediation services sector grew at a competitive rate. Wages in the sector are relatively strong — higher than the average weekly wage across all industries. The average weekly wage in the sector also grew by an inflation-adjusted 5 percent between 2003 and 2013.

REGIONAL CONCERNS:

The analysis also revealed areas of potential concern for the region from an economic standpoint. These industries are not as competitive in the region and may warrant additional attention and exploration.

- **Health care and social services.** While the health and social services industry was the fastest growing industry (measured by job growth) between 2003 and 2013, shift-share analysis indicates the industry could have added more

jobs. The average weekly wage in the industry in the East Central region fell by nearly 5 percent (after adjusting for inflation) between 2004 and 2013.

- **Construction.** The construction industry in the East Central region shed the most jobs between 2003 and 2013. Nationally, the industry suffered from the effects of the Great Recession, however shift-share analysis indicates the region lost more jobs than would have been expected given those national trends.

For the complete report, please go to <http://z.umn.edu/vzq>.

****The final report similar to this will be highlighted in the next newsletter but are already available on our website. Please go to <http://z.umn.edu/v2e> to find all of the regional composition reports.**



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The EDA Center at the University of Minnesota Crookston is one of more than 40 university centers nationwide, supported by the Economic Development Administration, U.S. Department of Commerce.

We conduct applied research, provide direct technical assistance and deliver educational programs development agencies that support the economy of economically-distressed rural communities throughout Minnesota.

EDA Center Staff:

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Eddie Walker-Research Analyst/Editor



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