



Events of Interest:

September 18

- “What You Can Do to Increase the Value of Your Business-What Expert Buyers Are Looking For” hosted by Enterprise Minnesota at the St. Paul Campus of the University of Minnesota from 8AM to 11AM. For more information please go to <http://www.enterpriseminnesota.org/events-and-seminars/the-value-of-your-business-what-expert-buyers-are-looking-for.html>.

September 23-25

- tuXperince 2013 hosted by the Society of Manufacturing Engineers in Chicago, IL. For more information please go to <http://toolingu.com/x/Default.aspx>

September 24

- Minnesota Manufacturing Awards will be held at Aria in Minneapolis from 6PM to 8:30PM. For more information please go to <http://minnesotabusiness.com/minnesota-manufacturing-awards-2013>.

October 20-26

- Minnesota Manufacturers Week. The Minnesota Precision Manufacturing Association, Dream It, Do It, and the Minnesota Chamber of Commerce are promoting Minnesota Manufacturers Week. For more information please go to http://www.positivelyminnesota.com/Calendar_of_Events/Minnesota_Manufacturers_Week/index.aspx

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EXTENSION REPORT: Economic Emergency Program-International Falls Plant Shutdown

When Boise Inc. announced plans to close its International Falls paper mill on May 2nd, 2013 265 jobs were eliminated and an additional 35 jobs within the corporate structure were also affected. As a result of this shutdown, Jim Skurla, Director of The Labovitz School’s Bureau of Business and Economic Research at the University of Minnesota Duluth and Brigid Tuck, John Bennet, and Neil Linscheid from the University of Minnesota Extension Center for Community Vitality conducted an economic impact analysis to determine the effect of the plant closure in Koochiching County.

Table 1 shows the economic impact of the plant closure across Koochiching County. Not only were 265 jobs lost directly as a result of the plant closure, another 290 jobs were lost due to indirect (business to business) and induced (consumer to business) effects. Table 2 shows how these effects were not just limited to Koochiching County. Across Aitkin, Carlton, Cook, Itasca, Lake, and St. Louis counties an additional 250 jobs were lost .

For the full report please go to http://www.edacenter.org/downloads/International_Falls_EIA_Report.pdf.

TABLE 1: ECONOMIC IMPACT OF BOISE INC. PAPER MILL SHUTDOWN: KOOCHICHING COUNTY, MINNESOTA

	Direct	Indirect	Induced	Total
	At the Mill	Business-Business	Consumer-Business	
Output	-\$207,474,800	-\$25,461,900	-\$14,726,000	-\$247,662,700
Employment	-265	-160	-130	-555
Labor Income	-\$26,658,400	-\$7,431,100	-\$4,085,500	-\$38,175,100
Average Wage	\$97,300	\$45,900	\$31,400	\$68,800

Estimates by University of Minnesota Duluth Bureau of Business and Economic Research and the Extension Center for Community Vitality

TABLE 2: ECONOMIC IMPACT OF BOISE INC. PAPER MILL SHUTDOWN: NORTHEAST MINNESOTA (AITKIN, CARLTON, COOK, ITASCA, KOOCHICHING, LAKE, AND ST. LOUIS COUNTIES)

	Direct	Indirect	Induced	Total
	At the Mill	Business-Business	Consumer-Business	
Output	-\$207,474,800	-\$45,577,400	-\$27,377,900	-\$280,430,100
Employment	-265	-300	-240	-805
Labor Income	-\$27,201,900	-\$13,738,500	-\$7,968,300	-\$48,708,800
Average Wage	\$97,300	\$45,800	\$33,200	\$60,500

Estimates by University of Minnesota Duluth Bureau of Business and Economic Research and the Extension Center for Community Vitality

National Institute of Standards and Technology Announces Federal Funding Opportunity

The National Institute of Standards and Technology (NIST) was founded in 1901 and is among the nation's oldest physical science laboratories. NIST is a part of the U.S. Department of Commerce and provides measurement infrastructure that is used to "support the smallest of technologies—nanoscale devices so tiny that tens of thousands can fit on the end of a single human hair—to the largest and most complex of human-made creations, from earthquake-resistant skyscrapers to wide-body jetliners to global communication networks".

NIST has announced a Federal Funding Opportunity (FFO) for 2 Manufacturing Technology Acceleration Center (M-TAC) pilot projects. They anticipate awarding 2 \$500,000 grants for a one year peri-

od. Any current Manufacturing Extension Partnership (MEP) Center is eligible to apply. To serve the manufacturing industry on a larger scale, NIST encourages collaboration among multiple MEP Centers. Applicants should "specifically focus on addressing the technical and business challenges encountered by small and mid-sized U.S. manufacturers as they attempt to integrate, adopt, transition, and commercialize both existing and emerging product and process technologies into their operations to help them grow and compete within manufacturing supply chains as innovative, value-adding components of our nation's economy".

Interested applicants should apply at www.grants.gov under FFO number 2013-NIST-MEP-MTAC-01. Appli-

cations for this FFO must be received by September 23rd, 2014. Electronic applications must be submitted no later than 11:59 PM Eastern Time on September 23rd. Paper applications must be received by NIST no later than 5:00 PM Eastern Time on September 23rd. Applications received after the deadline will not be reviewed.

To learn more about NIST please go to <http://www.nist.gov>. For more information about the FFO please go to <http://www.nist.gov/mep/mtac.cfm>.

The Minnesota Management and Budget Office Releases the July Economic Update

The July Economic Update shows Minnesota's general fund receipts for FY 2013 are estimated at \$17.927 billion which is \$463 million (2.7% increase) more than the February Forecast. Revenues in the final quarter of FY 2013 were \$318 million more than previously forecast. Minnesota received \$1.36 billion in corporate taxes (10% increase), \$4.8 billion in sales taxes (0.7% decrease), \$8.96 billion from income taxes (3.9% increase), and \$2.8 billion from other revenues (1.3% increase) in FY 2013. Some of these additional revenues may be a result of some high-income taxpayers shifting anticipated revenue from 2013 into the 2012 tax year to avoid higher federal tax rates for 2013. There is still \$847

million left in school shifts which will be reduced by any excess revenues once FY 2013 is officially closed. This final closing balance must be calculated by September 30, 2013.

There is little change in the economic outlook for the rest of 2013, 2014, and 2015. In February, Global Insight, Inc. (GII) projected 1.9 percent growth in 2013, 2.8 percent growth in 2014, and 3.3 percent growth in 2015 in the February Forecast. GII now projects 1.6 percent growth in 2013, 2.7 percent growth in 2014, and 3.5 percent growth in 2015. One contributor to the reduction of GDP growth in 2013 is believed to be January's payroll tax increase along with the

federal sequestration cuts. MMB estimates these factors are reducing GDP growth in 2013 by 1 percent.

For the complete July Economic Update please go to <http://www.mmb.state.mn.us/doc/fu/13/update-jul.pdf>.

2012-2013 Local Area Unemployment Statistics and Current Employment Situation

After seasonal adjustments, unemployment in June remained steady at 7.6 percent in the U.S. and dropped to 5.2 percent in Minnesota. Unemployment claims in June dropped 774 to 18,071 when compared to May. Over the year unemployment claims dropped 9.2 percent when compared to June 2012.

Minnesota employers added 400 jobs in June. Professional/Business Services (3,600), Trade/Transportation/

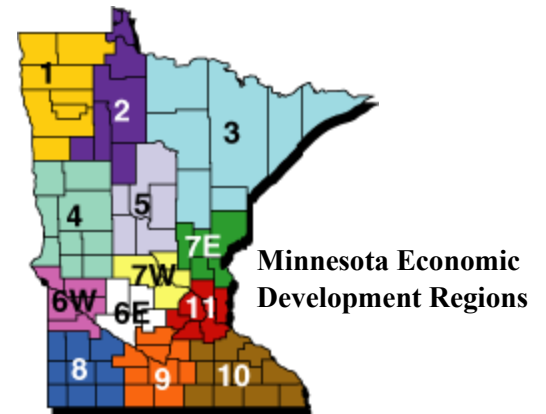
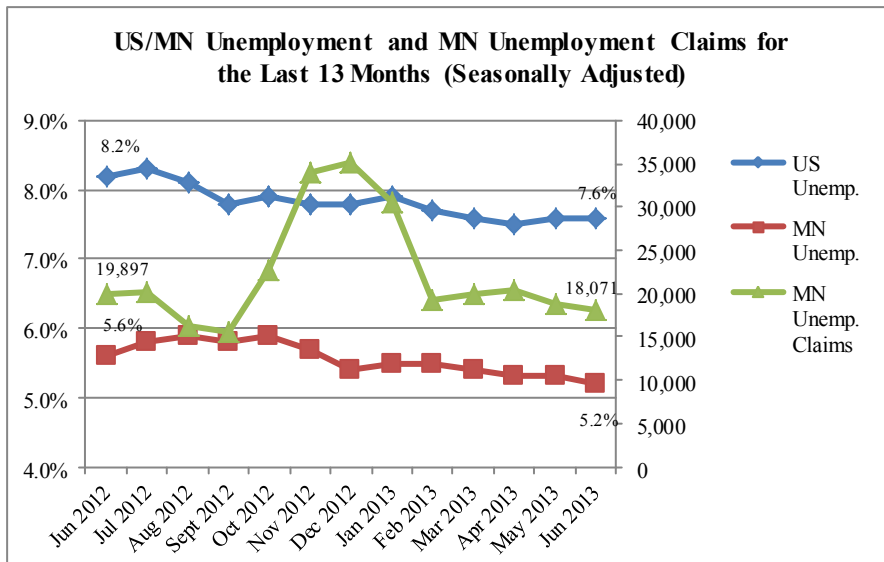
Utilities (1,900), Leisure/Hospitality (1,400), Mining/Logging (200), and Education/Health Services (100) sectors posted job gains. Six sectors posted job losses in June. These sectors included: Gov. (-2,100), Financial Activities (-1,200), Construction (-1,000), Manufacturing (-1,000), Information (-900) and Other Services (-600).

Minnesota gained 54,140 additional jobs over the past year. Minnesota's 2

percent growth is above the U.S. growth rate of 1.7 percent.

Most EDRs' unemployment rates rose or stayed steady in June. Headquarters, North Central, and Upper Minnesota Valley regions dropped 0.1 percent. Unemployment numbers for the EDRs are NOT seasonally adjusted.

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



2012-2013 Minnesota Unemployment by Economic Development Region (Not Seasonally Adjusted)

Date	EDR1	EDR2	EDR3	EDR4	EDR5	EDR6E	EDR6W	EDR7E	EDR7W	EDR8	EDR9	EDR10	EDR11
Jun 2012	5.1%	7.6%	7.0%	4.7%	6.6%	6.1%	5.2%	7.0%	5.7%	4.7%	5.5%	5.5%	5.8%
Jul 2012	5.2%	7.8%	7.1%	4.7%	6.6%	6.2%	5.2%	6.9%	5.8%	5.1%	5.7%	5.6%	5.9%
Aug 2012	4.8%	7.1%	6.7%	4.4%	6.3%	5.8%	4.9%	6.6%	5.5%	4.5%	5.3%	5.3%	5.7%
Sept 2012	4.3%	6.5%	6.2%	4.1%	6.0%	5.3%	4.4%	6.2%	5.2%	4.2%	4.9%	4.8%	5.4%
Oct 2012	4.1%	6.7%	6.1%	4.1%	6.2%	5.3%	4.4%	6.2%	5.1%	4.7%	4.9%	4.8%	5.3%
Nov 2012	4.5%	7.1%	6.5%	4.1%	6.9%	5.4%	4.2%	6.5%	5.1%	3.9%	4.6%	4.5%	4.9%
Dec 2012	5.7%	8.1%	6.9%	5.2%	8.1%	6.1%	5.4%	7.9%	6%	4.2%	5.2%	4.9%	5%
Jan 2013	8.1%	10.1%	8.4%	6.7%	10.2%	7.9%	7.4%	10%	7.6%	5.8%	6.7%	6.2%	5.8%
Feb 2013	7.1%	9.2%	7.7%	6.1%	9.3%	7.3%	6.5%	9%	6.9%	5.4%	6.1%	5.8%	5.3%
Mar 2013	7.1%	9.2%	7.5%	6%	9%	7.1%	6.4%	9%	6.6%	5.2%	5.9%	5.5%	5.1%
Apr 2013	6.5%	8.7%	7.1%	5.3%	7.9%	6.1%	5.7%	8.1%	6%	4.7%	5.4%	5%	4.8%
May 2013	4.6%	7.1%	6.7%	4.1%	6.3%	5.1%	4.9%	6.4%	4.9%	4%	4.7%	4.6%	4.7%
June 2013	4.9%	7%	6.7%	4.3%	6.2%	5.3%	4.8%	6.3%	5.2%	4.2%	5%	4.9%	5.1%

U.S. Census Bureau News: June 2013 Manufacturing and Trade Inventories & Sales

The U.S. Census Bureau released the June manufacturing and trade inventories and sales numbers in a press release on August 13, 2013. The combined value of trade sales and manufacturers' shipments for June was estimated at \$1.2858 trillion (after adjusting for seasonal and trading-day differences). This was up 0.2 percent from May 2013 and up 4.9 percent from June 2012. Manufacturers' and trade inventories showed a similar pattern. Inven-

tories were estimated at \$1.6552 trillion (after adjusting for seasonal variations). This was unchanged when compared to May 2013 and up 3.5 percent from June 2012.'

Manufacturers accounted for \$481.8 billion in sales in June (after adjustment) which was down 0.4 percent when compared to May 2013 and up 3.2 percent when compared to June 2012. Manufacturers also ended June with \$627.665 billion worth of

inventory (after adjustment). Inventories in June were up 0.1 percent when compared to May 2013 and up 2.3 percent when compared with June 2012.

For the complete press release please go to http://www.census.gov/mtis/www/data/pdf/mtis_current.pdf.

Minnesota Fairs Well in Some Areas of Conexus Indiana's 2013 Manufacturing & Logistics National Report

Conexus Indiana, a private sector-led initiative focused on manufacturing and logistic sectors, in collaboration with Ball State University's Center for Business and Economic Research released the *2013 Manufacturing and Logistics National Report* the end of July. This report grades all 50 states on nine different factors: manufacturing industry health, logistics industry health, human capital, worker benefit costs, tax climate, expected fiscal liability gap, global reach, sector diversification, and productivity/innovation.

To grade states on each of the nine factors they use data to rank the states from 1 to 50 and then assign A through F grades based upon a normal distribution. Grades B-C were also broken down into plus and minus grades to further distinguish the states. In order to arrive at these rankings, the authors used data from a variety of sources. Manufacturing industry health was ranked based upon the state's share of manufacturing economy, wage premi-

um, and per capita employment. Logistics industry health was ranked based upon the state's share of the logistics economy, employment per capita, commodity flows by rail and road per capita, state infrastructure spending, commodities shipment, highway infrastructure investment distribution, and T & I Communication Infrastructure investment. Human capital was ranked based upon each state's percent of population with a high school degree or greater, percent of population with a bachelor's degree, 1st year retention rates at community and technical colleges, associate's degrees awarded per capita, adult education enrollment, younger workers with associate's degrees, 8th grade math scores, and high school graduation rates. Worker benefit costs were ranked based upon each state's health care premiums, health care costs, worker's compensation rates, and federal expenditure. Tax climate was ranked based upon each state's ranks or corporate, individual income, sales,

unemployment insurance, and property taxes. The expected fiscal liability gap was ranked based upon each state's percent of GDP, unfunded liability per capita, average benefits, and bond rankings. Global reach is ranked based upon each state's manufacturing exports per capita, per capita income, export growth, reach of Foreign Direct Investment (FDI), FDI value in manufacturing, and demand index. Sector diversification was ranked based upon how each state's industry categories compare to one another (i.e. are there a wide variety of industries or do some industries dominate the state's economy more than others?). Finally, productivity and innovation was ranked based upon each state's research and development rank, patents per capita, and average productivity.

Minnesota received some good marks in this latest national report. Minnesota received a B for manufacturing industry health (up from last year), a B for logistics industry

health, an A for human capital, a C for worker benefit costs, an F for tax climate, a B for expected fiscal liability gap, a C- for global reach (down from last year), a C for sector diversification, and an A for

productivity/innovation (up from last year).

For more information about *Conexus Indiana* please go to <http://conexusindiana.com>. For the full

Conexus Indiana report please go to <http://conexus.cberdata.org/files/National2013.pdf>.

Institute for Supply Management Report on Business Show Manufacturing Sector Grows for 2nd Straight Month

On August 1st, 2013 the Institute for Supply Management (ISM) released their July 2013 Manufacturing ISM *Report on Business*. “ISM is a not-for-profit educational association that serves professionals with an interest in supply management who live and work in more than 80 countries.” One index used to determine how the 18 manufacturing industries are doing is the Purchasing Managers’ Index (PMI) which was developed by ISM. Other indices ISM use include: new orders, production, employment, supplier deliveries, inventories, customers’ inventories,

prices, backlog of orders, exports, and imports (see table below).

Manufacturing industries performed well in the month of July with 13 of the 18 manufacturing industries reporting growth: furniture & related products, textile mills, printing & related support activities, paper products, wood products, nonmetallic mineral products, electrical equipment, appliances & components, computer & electronic products, food/beverage & tobacco products, primary metals, transportation equipment, chemical products, and

fabricated metal products. Plastic & rubber products, apparel, leather & allied products, machinery, and miscellaneous manufacturing are reporting contraction for July. The manufacturing industry as a whole is reporting growth for the second straight month.

For the complete press release please go to <http://www.ism.ws/ismreport/mfgrob.cfm>.

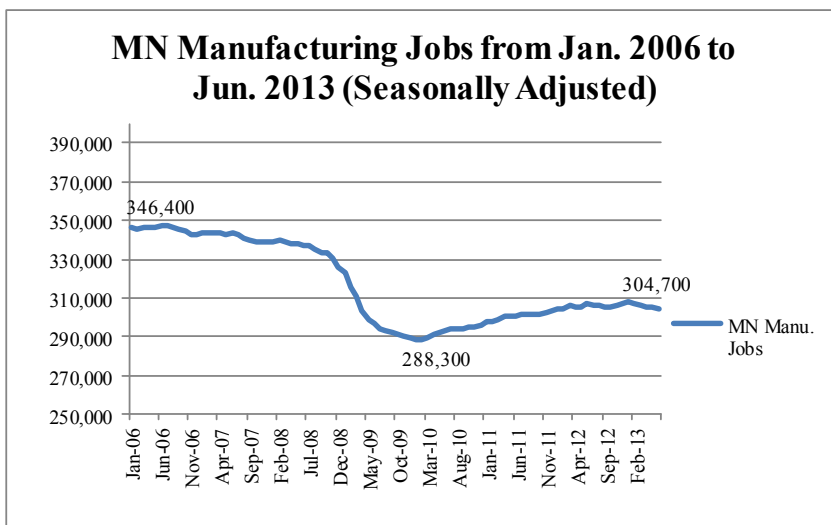
MANUFACTURING AT A GLANCE						
Index	Series Index Jul	Series Index Jun	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
PMI™	55.4	50.9	+4.5	Growing	Faster	2
New Orders	58.3	51.9	+6.4	Growing	Faster	2
Production	65.0	53.4	+11.6	Growing	Faster	2
Employment	54.4	48.7	+5.7	Growing	From Contracting	1
Supplier Deliveries	52.1	50.0	+2.1	Slowing	From Unchanged	1
Inventories	47.0	50.5	-3.5	Contracting	From Growing	1
Customers' Inventories	47.5	45.0	+2.5	Too Low	Slower	20
Prices	49.0	52.5	-3.5	Decreasing	From Increasing	1
Backlog of Orders	45.0	46.5	-1.5	Contracting	Faster	3
Exports	53.5	54.5	-1.0	Growing	Slower	8
Imports	57.5	56.0	+1.5	Growing	Faster	6

* Table from July 2013 Manufacturing ISM *Report on Business*

Manufacturing Jobs Growing in Minnesota: Still not Back to Pre-recession Level

The most recent jobs information for the state of Minnesota show that there were 304,700 people employed in the manufacturing industry in Minnesota in June after seasonal adjustments (down 1,000 from May). Manufacturing jobs make up approximately 13 percent of the 2,359,100 private sector jobs within the state for June 2013.

While manufacturing jobs have been growing since the industry employed the lowest number of workers in January 2010 at 288,300 jobs, the manufacturing industry has a way to go to get back to pre-recession levels. The graph to the right shows how jobs in the manufacturing industry have fluctuated since January 2006 (seasonally adjusted). Between the middle of 2008 and the beginning of 2009, jobs in the manufacturing in-



dustry experienced a rapid decline before hitting the lowest point in January 2010. Since that time the industry has slowly begun to gain back some of those lost jobs.

With total sales in manufactured goods going up as well as manufactured goods leading the way in rec-

ord Minnesota exports (\$4.5 billion of \$4.9 billion exported in Q1 of 2013) it is only a matter of time before manufacturing jobs eventually get back to where they were.

Graph created using data from DEED's Current Monthly Employment Statistics.



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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.

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