



The EDACENTER

at the University of Minnesota, Crookston

The EDA Chronicle-December 2012

www.edacenter.org

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Events of Interest:

December 13

- Ag Export Compliance and Transportation Workshop 8:30-5 at the Hilton Downtown Minneapolis. For more information and to register, go to <http://agtrans.org/images/stories/logos/latest%20flyer%2011.20.pdf>.

December 14

- Collaborative Cast Study hosted by The Collaborative. Event will be from 8:15-10AM at the Schulze School of Entrepreneurship in Minneapolis, MN. Go to http://www.collaborative.net/events/event_350a-2.cfm for more information.

January 7

- Entrepreneurial Essentials sponsored by the South Central MnSBDC Regional Center at the Mankato Workforce Center 1-3PM. Go to <http://mnsbdc.ecenterdirect.com/ConferenceDetail.action?sessionId=FEC9006D2207EB82062A6BCAF7EC1568?ID=8538> for more information.

January 8

- Quickbooks Workshop sponsored by the Northeast MnSBDC Regional Center in Duluth. Registration is \$109 and the event goes from 9-4PM. Go to <http://mnsbdc.ecenterdirect.com/ConferenceDetail.action?ID=8441> for more information.

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Minnesota Management & Budget Office Releases November Economic Forecast

The November 2012 Budget Forecast released by the Minnesota Management & Budget Office projects there will be a \$ 1.095 billion deficit for the FY 2014-2015 biennium. The current biennium is expected to have \$1.076 billion more in general fund revenues than expected as well as \$262 million less in spending. While this is more than the expected deficit, any general fund balance for this biennium will not carry over to the next biennium. The estimated \$1.3 billion general fund balance will go towards reducing the \$2.4 billion in K-12 school aid shifts that remains. This will leave roughly \$1.1 billion left to pay back. The Minnesota Management & Budget Office projects for the FY 14-15 biennium that revenues will be \$35.793 billion (a 2.4% increase from FY 12-13 biennium) and spending will be \$36.866 billion (a 4.7% increase from FY 12-13 biennium).

Economic growth across the U.S. is expected to be slow through mid-2014 with the potential of unemployment rates to exceed 6% through 2016. Economists do believe a foundation is being developed to lead to stronger economic growth (low interest rates, auto/housing industries seem to be rebounding, and strong “corporate balance sheets”), but there are uncertainties which could prevent this growth from occurring. The most pressing concern is the “fiscal cliff” which would need to be addressed by January 1st. The threat of going over the fiscal cliff will temper projected

growth with real GDP growth projected to be 1.9% in 2013, 2.8% in 2014, and 3.3% in 2015. If a resolution to the fiscal cliff is reached as well as a stronger recovery in the housing market, then growth rates may be boosted by 0.5% in 2013 and 2014. However, it is expected that if an agreement is not reached prior to the beginning of 2014 that a recession may occur in 2013.

According to projections, the biggest impact of going over the fiscal cliff will be felt in 2013 but will extend into 2014 and beyond. Global Insight projects growth will fall 3.6% in the 1st quarter of 2013 and 0.9% in the 2nd quarter. As far as employment, they expect 3.5 million fewer jobs than their current projection at the end of 2015 with unemployment at 9% by mid-2014. Minnesota may have 70,000 fewer jobs than currently projected by mid-2015 with unemployment up to 7.1% by the end of 2014. With an increase in unemployment, this will also impact the projected personal income estimates both nationally and within Minnesota. In this worst-case scenario, personal income in the U.S. will fall \$500 billion by the end of 2013 and they estimate Minnesota personal income will be 5% below current projections.

For the complete November Economic Forecast report, go to <http://www.mmb.state.mn.us/doc/fu/12/complete-nov12.pdf>.

Blandin Foundation Broadband Conference Recap: A Shift Towards Addressing Utilization?

The Blandin Foundation, along with Connect Minnesota hosted their annual broadband conference in Duluth, MN November 13th and 14th. Entitled “Building our Connected Future: Minnesota’s Better with Broadband”, the conference utilized traditional formats which included keynote speakers, pane discussions, and breakout sessions as well as an “Open Space” format for general conversations and networking. The aim of the conference was to provide updates on the Governor’s Task Force on Broadband, adoption, and various research projects across the state. Sessions included discussions regarding broadband availability, adoption, and utilization.

Broadband availability, adoption, and utilization have received much attention over the past few years. With the amount of investment made possible by the federal American Recovery and Reinvestment Act (ARRA) and the USDA Rural Utilities Service (RUS), Minnesota has made great strides in increasing the availability of broadband services across the state, especially in rural areas. For example, the Arrowhead Electric Cooperative, Inc. (AECI) is in the process of using funding from these initiatives to install a fiber op-

tic broadband infrastructure to all of their customers in Cook County. While increasing broadband access in rural areas will no doubt help adoption rates to an extent, there are some new areas relating to broadband which may begin coming to the forefront.

Adoption rates have been consistently low in the older population no matter what survey you peruse. One trend mentioned at the conference is that more of the younger population is considered non-adopters than in the past, especially in rural Minnesota. According to a Center for Rural Policy study 68% of 18-24 have broadband in rural Minnesota compared to 81% in the Twin Cities. The reason for this is interesting because they could be ignoring landline connections for smartphones and/or tablets. Age is not the only variable determining who adopts broadband in their home.

Minorities typically report lower adoption of broadband in the home. However, minorities are also more likely to adopt smartphones (49% for African-American and Hispanics compared to 45% Caucasian). The Center for Rural Policy data also suggests that a large percentage of

minorities residents who have cell phones report they do not maintain a landline telephone.. With the ability of smartphones to connect to the internet with broadband speeds, it makes sense some would forego a home landline and internet connection for a mobile connection. Connect Minnesota indicates that 39% of the adult population have adopted mobile broadband with 37% of the African-American population and 49% of the Hispanic population in Minnesota adopting mobile broadband.

Considering the younger population as well as minorities are more likely to use smartphones and other handheld devices for the internet has an impact on the way we identify “Broadband adopters.” In fact, Jack Geller, professor at the University of Minnesota, Crookston and director of the EDA Center at UMC, stated “Maybe it’s time for us to stop focusing on adoption and start focusing on utilization. Getting Minnesotans to maximize the speeds and access they have-whether it’s via cell phone, tablet or home computer -may be more important now than trying to incrementally increase adoption rates.



All of us at the EDA Center wish everyone and their families a Happy Holiday Season and a prosperous 2013!



2011-2012 Local Area Unemployment Statistics and Current Employment Situation

After seasonal adjustments, US unemployment in October rose to 7.9% while unemployment in Minnesota remained steady at 5.8%. Unemployment claims in October increased to 22,734 when compared to September. Unemployment claims rose 4.2% when compared to October 2011.

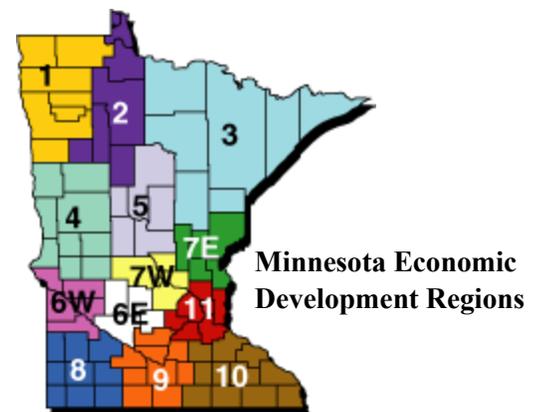
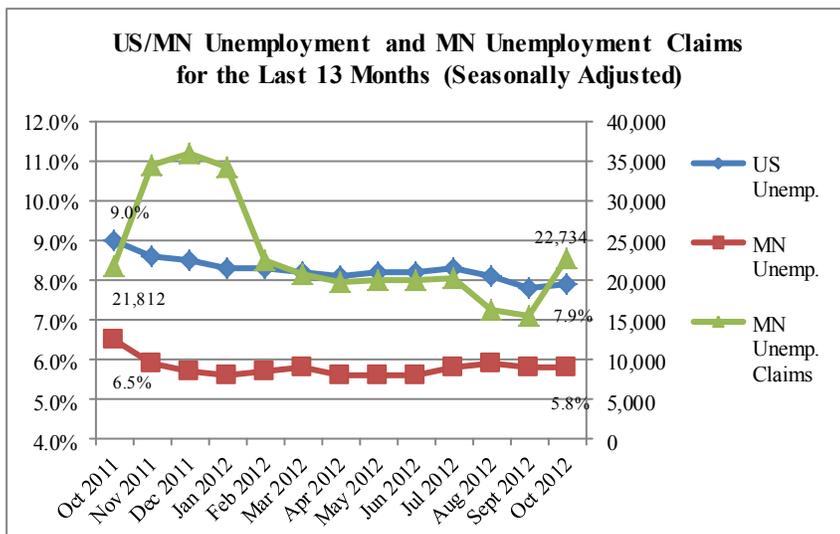
Minnesota employers eliminated 8,100 jobs in the past month. Construction experienced the biggest job gain by adding 1,200 jobs in October. Modest job gains were realized in the

Information (800), Trade, Transportation, & Utilities (400), and Mining & Logging (200) industries. Professional/Business Services (5,300), Government (-2,500) and Leisure/Hospitality (-1,100) showed the largest losses in October. Other Services (-900), Education/Health Services (-600), and Manufacturing (-300) also showed losses in October. With that said, Minnesota is still showing a 1.3% growth from 1 year ago with just under 34,700 additional jobs over the past year. The 1.3% growth in

Minnesota is slightly below the U.S. growth rate of 1.4%

Most EDRs experienced very little to no change in unemployment. EDR 8 showed the highest change in unemployment with a 0.5% increase. Unemployment numbers for the EDRs are NOT seasonally adjusted.

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



2011-2012 Minnesota Unemployment by Economic Development Region (Not Seasonally Adj.)

DATE	EDR1	EDR2	EDR3	EDR4	EDR5	EDR6E	EDR6W	EDR7E	EDR7W	EDR8	EDR9	EDR10	EDR11
Oct 2011	4.6%	6.7%	6%	4.4%	6.2%	5.3%	4.5%	6.6%	5.3%	4.3%	4.8%	4.9%	5.4%
Nov 2011	5%	7.5%	6.3%	4.6%	7.1%	5.5%	4.4%	6.9%	5.4%	4%	4.7%	4.7%	5.1%
Dec 2011	5.9%	8.4%	6.9%	5.5%	8.3%	6.4%	5.4%	8.5%	6.4%	4.4%	5.3%	5.3%	5.3%
Jan 2012	7.8%	9.4%	7.8%	6.4%	9.6%	7.6%	6.5%	10%	7.4%	5.4%	6.3%	6%	5.7%
Feb 2012	7.9%	9.7%	8%	6.7%	9.8%	7.9%	6.7%	10.3%	7.6%	5.8%	6.6%	6.4%	5.9%
Mar 2012	7.5%	9.7%	8.1%	6.4%	9.4%	7.8%	6.6%	10%	7.3%	5.5%	6.4%	6.2%	5.9%
Apr 2012	5.8%	7.6%	6.7%	4.5%	6.8%	5.8%	4.8%	7.6%	5.5%	3.9%	5%	4.8%	5%
May 2012	4.8%	7%	6.4%	4.2%	6.1%	5.5%	4.6%	6.8%	5.3%	4%	5%	4.9%	5.1%
Jun 2012	5.2%	7.6%	6.9%	4.7%	6.6%	6.1%	5.2%	7%	5.7%	4.7%	5.5%	5.5%	5.8%
Jul 2012	5.2%	7.8%	7.1%	4.7%	6.6%	6.1%	5.2%	7%	5.8%	5.2%	5.6%	5.5%	5.9%
Aug 2012	4.8%	7.1%	6.7%	4.4%	6.3%	5.8%	5%	6.6%	5.5%	4.5%	5.3%	5.3%	5.7%
Sept 2012	4.2%	6.6%	6.2%	4.1%	5.9%	5.3%	4.4%	6.2%	5.2%	4.1%	4.9%	4.8%	5.3%
Oct 2012	4.1%	6.7%	6.1%	4.1%	6.1%	5.3%	4.4%	6.2%	5.1%	4.6%	4.9%	4.8%	5.3%

Minnesota Department of Agriculture Announces Grants Intended for Farmers, Ag Businesses, and Entrepreneurs

The Minnesota Department of Agriculture (MDA) has announced the availability of \$700,000 in funding made possible by the Agriculture Growth, Research and Innovation Program (AGRI). The MDA will distribute funds through its AGRI Value Added Grant Program “which aims to increase sales of Minnesota agriculture products by diversifying markets and by increasing market access and food safety”. The purpose of the funding is to: initiate or expand livestock product processing, create feasibility, business,

marketing and succession plans for existing and new businesses, purchase equipment to initiate, upgrade, or modernize value added businesses, increase on-farm food safety, and increase farmers’ processing and aggregating capacity to enter farm-to-school and other markets.

Grants will be distributed in 2 cycles. Applications for the first cycle must be completed and submitted to the MDA no later than 4:00 PM on December 31, 2012. Applications

for the second cycle must be submitted to the MDA no later than 4:00 PM on March 1, 2013. The MDA will accept proposals via mail, email, or in person. For more information, contact David Weinand, MDA grants administrator, at 651-201-6646 or [david.weinand@state.mn.us](mailto: david.weinand@state.mn.us).

The application and full request for proposals is available at <http://www.mda.state.mn.us/grants/grants/~media/Files/grants/ag03230valueaddedx.ashx>.

DEED Awards Workforce Training Grant to Minnesota Diversified Industries

With the need for a higher skilled workforce, the Minnesota Jobs Skills Partnership (MJSP) has awarded \$5.26 million towards training 6,140 workers from 54 businesses in 2012. By working with businesses and educational institutions, this program helps businesses “train or retrain workers, expand job opportunities, and keep or expand high-quality jobs in the state”. The latest business to receive funds from MJSP is Minnesota Di-

versified Industries (MDI). MDI has received a \$260,000 grant that will be used to train 416 employees. MDI is an organization that “has been serving people with disabilities by offering progressive development and employment opportunities in competitive business enterprises” and has locations in St. Paul, Grand Rapids, and Hibbing. The grant will support a partnership between Itasca Community College and MDI for the purposes of providing “entry-

level and advanced training and re-training for production and assembly, manufacturing and managerial employees in lean practices, communication and safety”.

For more information regarding the grant, contact Gail Anderson at Itasca Community College, 218-322-2468 or gail.anderson@itascacc.edu.

For more information about MDI, go to www.mdi.org.

Minnesota Ranks 5th in State Entrepreneurship Index

The University of Nebraska-Lincoln Bureau of Business Research has published a report highlighting a different way of assessing economic strength. While unemployment rates and job growth are still important measures of economic growth, Dr. Eric Thompson and Dr. William Walstad believe these numbers only paint part of the picture. Unemployment rates and job growth do not measure other aspects of economic strength, like entrepreneurship, net

migration, and capital formation. As a result, Thompson and Walstad developed the State Entrepreneurship Index in an attempt to measure some of these factors.

The State Entrepreneurship Index has 5 components: percent growth in employer establishments, percent growth in employer establishments per person, business establishment rate (establishment births per person), patents per thousand people, and av-

erage income per non-farm proprietor. To come up with this index, they determine how much a state deviates from the median state on each component. The state at the median gets an index of 1.0. The values for the rest of the states are determined by how much they deviate from the median state (states with a value above 1.0 rank in the top half of states while states with a value below 1.0 rank in the bottom half of the states). The further away from 1.0 a state is the

more it deviates from the median state on a particular component. To get the overall State Entrepreneurship Index, they take the average of the 5 indices.

According to this report, Minnesota comes in at 5th in the State Entrepreneurship Index rankings for 2011. Minnesota ranks only behind Mas-

sachusetts (3.011), North Dakota (2.515), California (2.388), and New York (2.230). This is a big jump from Minnesota's 24th ranking in 2010. For 2011, Minnesota's State Entrepreneurship Index is 1.789 with the following subcomponent indices: growth in establishments-1.651, growth in establishments per capita-1.756, business

formation rate-1.525, patents per thousand residents-3.224, and average proprietor income-0.788. Minnesota's ranking is driven by strong business formation as well as per capita patent submissions.

For the entire report, go to http://bbr.unl.edu/documents/September_2012_BIN.pdf.

Small Business Administration Unveils New Learning Portal for Small Businesses and Entrepreneurs

by Michael Chodos, SBA Official

Global Entrepreneurship Week is an opportunity to celebrate innovative entrepreneurs and small business owners. In the U.S. alone there are 28 million small business owners and they create two out of every three new jobs in America. But, there are so many more people with the entrepreneurial spirit and I have the great fortune of meeting many of them through my travels. Global Entrepreneurship Week is a time to ensure America's budding small business owners have more tools to help them turn their passion into business or turn that great idea into a new venture.

Often times, small business owners will share stories about how SBA's resources have been vital or how they are in need of finding the right help. This is one of the reasons why SBA continually strives to ensure that small business entrepreneurs have access to the resources they need for their business, including information on startup how-to's, marketing, financing, contracting and more.

We've learned valuable feedback from entrepreneurs who rely on our website to educate themselves about small business ownership and lis-

tened to what they said. We acknowledged that the user experience to access online resources needed to be easy, efficient and engaging. Today I am pleased to share that SBA is launching a new online learning center.

The learning center is a redesigned, online learning portal for small business entrepreneurs. It has a streamlined, searchable catalog of small business educational resources including self-paced courses, videos and web sessions. The resources may be sorted by topic, making it easier to quickly locate helpful information. For instance, if you want to take a course on how to write your business plan, the learning center is a one-stop destination to find the course as well as other supporting content.

We know that your time is precious, and the Learning Center's design significantly reduces the number of site pages that users have to visit to find a video or online course.

The learning center's features include:

- Information available everywhere at any time for small business entrepreneurs
- Improved navigation that gives

users one-click access to small business courses, videos or web chat sessions

- A quick snapshot of each form of media, including a brief description and system requirements
- Free online courses on topics such as How to Write a Business Plan, Essential Guide to Starting Your Own Business for Young Entrepreneurs, Government Contracting 101, Green Business Opportunities and Encore Entrepreneurs: An Introduction to Starting Your Own Business

Recommended courses, videos or web sessions based on selections that the user makes while navigating

I also encourage entrepreneurs to connect with SBA's mentor network for further assistance. Local Assistance, a location-based map, allows you to connect to your nearest SBA District Office, Small Business Development Centers (SBDCs), SCORE Chapters, Veteran's Business Outreach Centers and Women's Business Centers (WBCs), where you can receive helpful counseling, training and mentoring from any of these resources for starting, growing and managing your small business. You

may simply enter your zip code to get access to descriptive information about each SBA resource and narrow your search based where you would like to go for assistance. It's that easy.

SBA's Office of Entrepreneurial Development, in collaboration with our entire communications team, is continually exploring other ways to offer engaging materials to help keep your entrepreneurial enthusi-

asm going.

Go to <http://www.sba.gov/sba-learning-center> to use this new online learning service

Slight Growth in Minnesota Exports for Q3 2012

According to DEED, Minnesota exports exhibited 1% growth in exports for the third quarter totaling over \$5.1 billion. This matches the growth of exports in the U.S. While the growth is small, Minnesota is fairing better than some states with just under half of the states reporting decreases in exports and seven states reporting more than 10% decline.

Exports to Europe and China drove most of the export gains with European countries out-

side the European Union growing 5% to \$1.1 billion. Exports to China grew 16% to \$632 million. Exports to countries inside the EU grew 2%. The table to the right shows the top 10 countries receiving exports from Minnesota.

For the complete quarterly report, go to http://www.positivelyminnesota.com/Data_Publications/Data/Export_Statistics/2012_Stats/Third_Quarter_Exports_2012.pdf.

Country	Exports (Millions)	3rd Q 2011 to 3rd Q 2012		YTD MN % Change
		MN	US	
Canada	\$ 1,540	1%	1%	2%
China	\$ 632	16%	-3%	15%
Mexico	\$ 330	-7%	7%	6%
Japan	\$ 276	-5%	11%	-9%
Germany	\$ 185	4%	-1%	-3%
South Korea	\$ 140	-14%	-7%	4%
Taiwan	\$ 135	27%	-7%	-4%
Belgium	\$ 126	-9%	-6%	-4%
Australia	\$ 123	4%	12%	3%
U.K.	\$ 122	-14%	-9%	-8%
Other	\$ 1,509	-1%	2%	-1%
Total	\$ 5,118	1%	1%	1%



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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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