



The EDACENTER

at the University of Minnesota Crookston

The EDA Chronicle-December 2014

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Events of Interest:

January 22-23

- 2015 EDAM Winter Conference to be held at the Minneapolis Marriot Northwest in Brooklyn Park beginning at 8:30 AM on January 22. Register by January 9 to get reduced rates. For more information and to register, please go to http://www.edam.org/events/event_details.asp?id=462048.

January 25-27

- 9th Annual NBIA Summit for Advanced Incubation Professionals hosted by National Business Incubation Association will be held at the Sanibel Harbour Marriot Resort and Spa in Ft. Myers, Florida. Early registration (prior to December 19). For more information and to register, please go to <http://www.event.com/events/the-ninth-summit-for-advanced-incubation-professionals/event-summary-98b00ca4788d4bb29b7679dab-fb12d75.aspx>

February 11

- Economic Development Day at the Capitol will be hosted by EDAM, MAPCED, and SBDC from 9 to 11:30AM. Registration is free for EDAM, MAPCED, or SBDC members and lunch is provided. People are encouraged to set up visits with lawmakers which will begin after lunch. For more information or to register, please go to http://www.edam.org/events/event_details.asp?id=575502&group=#.

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End-of-Year Remarks from The EDA Center Director: What's Next?

Dear Colleagues,

The economic headline at the end of this 2014 is *Despite Some Clouds, U.S. Economic Forecast Looks Sunny*. Stock market returns are strong, unemployment is down, and government deficits are dwindling. Yet, there is concern about household incomes. The release of the MMB Economic Forecast (as summarized below) demonstrates how the economy is still growing, yet not as fast as some expect.

As part of a community of those interested in economic development, we at the EDA Center and your University of Minnesota look forward to working with you in the new year to bring the economic success enjoyed elsewhere to the towns of rural Minnesota. Please check out our Regional Round-up to review some of our most current insights into the economic health of Greater Minnesota.

What's coming up for the EDA Center in 2015? In the coming month, we will complete the analysis of the economic composition of all regions of the state. They will be published at

www.edacenter.org. We are partnering with local foods hubs, providing studies that will assist the emerging local foods markets as they manage and benchmark their business success and consider their economic contributions. The Tourism Center at the University of Minnesota will explore emerging markets for Greater Minnesota tourism, especially examining what Hmong tourists want for outdoor recreation. The Red Lake Nation Reservation will engage in a Business Retention and Expansion study. And UMN research will continue to support regional development organizations as they chart their future course. In addition, we continue to offer technical assistance to Greater Minnesota towns and entrepreneurs as they explore possibilities.

As part of a community of those interested in economic development, we at the EDA Center and your University of Minnesota look forward to working with you in the new year to bring more economic success to Main Street and to the people of Minnesota.

Joyce Hoelting, EDA Center Director

MMB Releases November Budget and Economic Forecast

The Minnesota Management and Budget Office (MMB) released the November Budget and Economic Forecast. A combination of more revenues and less spending has led to a projection of a higher forecasted budgetary balance. For FY 2014-2015, revenues are expected to be \$39.371 billion, which is \$279 million more than projected in February. Projected spending is expected to be \$39.338 billion, or \$249 million less than projected in February. This increases the projected balance to be \$556 million, which is well above the projection of \$32 million in February.

Individual income tax receipts are projected to be \$19.615 billion, \$289 million more than expected in February. General sales tax receipts are projected to be \$10.198 billion, \$46 million more than expected in February. Corporate franchise tax receipts are projected to be \$2.637 billion, \$72 million less than expected in February. Statewide property tax receipts are projected to be \$1.675 billion, \$10 million more than expected in February. Other revenues are projected to be \$3.46 billion, \$5 million less than expected in February.

While growth in real GDP is expected in

the U.S., it is slower than projected in February. This is likely due to slower labor force growth and household formation. Macroeconomic consultant IHS Economics expects real GDP growth to be 2.2 percent for 2014, 2.6 percent for 2015, and 2.8 percent for

2016. This is less than the projections in February (2.7%, 3.3%, and 3.4%, respectively). Expectations are not as disparate for 2017-2019. Currently, IHS expects 3 percent in 2017, 2.6 percent in 2018, and 2.6% in 2019 (compared to 3.1%, 2.8%, and 2.6%,

respectively).

For more information and documents related to the November Forecast, please go to <http://mn.gov/mmb/forecast/forecast/>.

Greater Minnesota Business Development Infrastructure Grant Program

The Minnesota Department of Employment and Economic Development (DEED) Greater Minnesota Business Development Infrastructure Grant Program is a funding opportunity designed to “stimulate economic development, create new jobs and retains existing jobs through investments in public infrastructure.” Through this program, DEED provides up to 50 percent of the capital costs associated with expanding infra-

structure necessary to expand/retain jobs in the area, increase tax base, or expand/create new economic development.

To be eligible, applicants must:

- Be within statutory or home rule cities outside the seven-county metro area
- Propose projects that include publicly owned infrastructure supporting economic development

projects

Cities are required to provide a match of 50 percent or more of the project capital (specific matching requirements are on the website). A city may receive a maximum of \$1 million in two years for one or more projects.

For more information, please go to <http://mn.gov/deed/government/financial-assistance/business-funding/infrastructure-grants.jsp>.

Iron Range Resources and Rehabilitation Board Accepting Applications for Commercial Redevelopment Grant Program

The Iron Range Resources and Rehabilitation Board (IRRRB) is accepting applications for FY 2015 funding from the Commercial Redevelopment Grant Program. According to IRRRB, this program “assists cities, townships, and counties in demolishing dilapidated commercial or industrial buildings and cleaning up brownfields located within the IRRRB service area.”

The maximum amount to be awarded is \$200,000 and the IRRRB will provide a 2 to 1 match per project. Applications will be accepted at any time and are subject to availability of funds.

Applications will be evaluated on the following criteria:

- Economic impact (enable new development, attract new invest-

ment, broaden tax base, etc...)

- Leveraging of IRRRB funds
- Project readiness and timeliness (date of demolition, project bid specifications are complete, and project funding is in place).

For more information, please go to <http://mn.gov/irrrb/community/grant-programs/commercial-redevelopment.jsp>.

Applications Due February 1 for Redevelopment Grant Program

DEED’s Redevelopment Grant Program “helps communities with the costs of redeveloping blighted industrial, residential, or commercial sites and putting land back into productive use”.

Sites are only eligible if they are being changed from one developed use to another. Eligible applicants include those coming from statutory or home rule charter cities, economic development authorities, housing and redevelopment authorities, counties, or port authorities.

Funds from the program may pay for up to 50 percent of the redevelopment costs for a qualifying site.

Applicants must pay for a minimum of half of the redevelopment costs as a local match. Costs incurred up to 12 months prior to the application date may be included as part of the local match. However, funds from the grant may NOT be used to pay for expenses incurred prior to the application date. Land appraisals (both before and after completion) must be performed. According to DEED, they will award

grants demonstrating the highest return in public benefits for the public costs and meet all statutory requirements. Applications are accepted twice a year with the next deadline being February 1st.

For more information and to apply, please go to <http://mn.gov/deed/government/financial-assistance/cleanup/redevelopmentgrantprogram.jsp>.

DEED Report: 2013-2014 Local Area Unemployment Statistics and Jobs Report

After seasonal adjustments, unemployment in November remained at 5.8 percent in the U.S. and dropped to 3.7 percent in Minnesota. Minnesota unemployment claims in November increased 15,339 to 30,846 when compared to October. Over the year unemployment claims increased 10.5 percent when compared to November 2013.

Minnesota employers added 6,600 jobs in November. Seven sectors posted job gains: Leisure/Hospitality (6,100), Financial Activities (3,100), Professional/Business Services

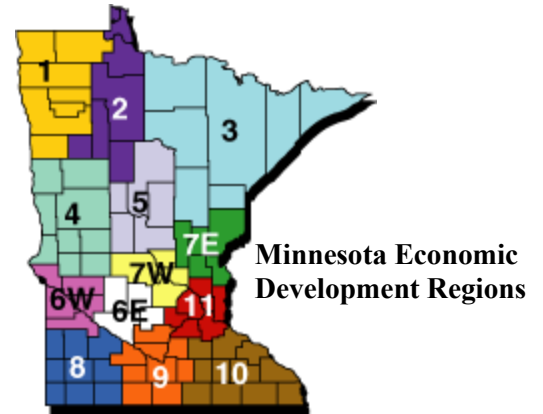
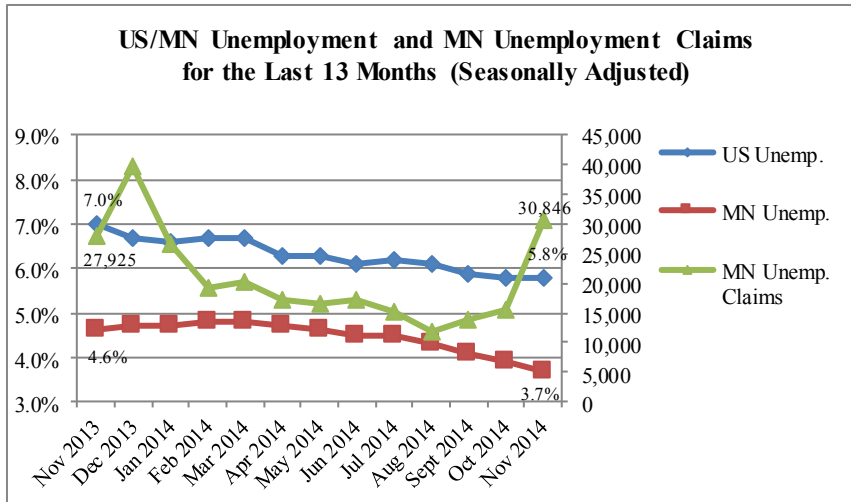
(1,700), Government (1,700), Educational/Health Services (1,300), Manufacturing (600), and Mining/Logging (200). Construction (-3,500), Trade/Transportation/Utilities (-3,400), Other Services (-1,000), and Information (-200) posted job losses in October.

Minnesota added 51,065 jobs over the past year, which puts Minnesota's growth at 1.8 percent during that time. This is below the U.S. growth of 2 percent over the past year. Minnesota's labor participation rate is at 69.9 percent (seasonally adjusted). Minnesota's labor participation rate

exceeds the U.S. labor participation rate of 62.8 percent.

Unemployment for four of the EDRs decreased in November: Southwest, South Central, Southeast, and Twin Cities. The southwest region experienced the largest decrease in unemployment at 0.9 percent.

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



2013-2014 Minnesota Unemployment by Economic Development Region (Not Seasonally Adjusted)

Date	EDR1	EDR2	EDR3	EDR4	EDR5	EDR6E	EDR6W	EDR7E	EDR7W	EDR8	EDR9	EDR10	EDR11
Nov 2013	4%	6.3%	5.8%	3.6%	6.3%	4.3%	3.7%	5.4%	4.2%	3.2%	3.8%	3.7%	4%
Dec 2013	5%	7.4%	6.3%	4.6%	7.5%	5.3%	4.7%	6.9%	5.1%	3.9%	4.5%	4.3%	4.2%
Jan 2014	7%	9.1%	7.4%	5.8%	9%	6.6%	6.8%	8.7%	6.4%	5.2%	5.8%	5.4%	4.9%
Feb 2014	6.5%	8.8%	7.4%	5.6%	8.7%	6.5%	6.3%	8.7%	6.3%	5.1%	5.8%	5.4%	4.8%
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%	5.2%	4.5%	2.9%	5.1%	3.2%	3.1%	4.7%	3.5%	2.5%	2.9%	2.8%	2.9%

The EDA Center's "Regional Round-up"

Each month The EDA Center will 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 future newsletters, please submit them to walke810@umn.edu prior to the 15th of every month.

EDA CENTER REPORT: Economic Composition of Northeast Minnesota: Industries and Performance**

By: Brigid Tuck, with assistance from John Bennett and Merritt Bussiere

To analyze the economic composition of Northeast 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.

The Northeast regional economy has several key drivers. The biggest generators of output in the region are the professional and business services; manufacturing; and mining industries. These industries account for 55 percent of regional output. Industries with the most jobs include health care and social services; professional and business services; and government. A closer analysis revealed the following strengths and concerns.

REGIONAL STRENGTHS:

- **Professional, technical, and scientific services.** The professional, technical, and scientific services sector is one of the fastest growing components of the industry called professional and business services. The sector added more than 600 jobs between 2003 and 2013 in fields such as engineering, research and development, and certified public

accounting. Wages – at almost \$400 above the average for the region – are strong and grew at an inflation-adjusted 20 percent between 2000 and 2013.

- **Health care and social assistance.** The health care and social assistance industry is a strength in the region. Hospitals are responsible for a significant share of both output and employment in the region. Wages in the industry are above the average for the region and grew at a modest pace between 2000 and 2003. Interestingly, the Northeast region is growing faster than expected in the number of jobs in specialized nursing care facilities – such as continuing care retirement communities, residential intellectual and development disability facilities, and assisted living facilities for the elderly – while at the same time the Northeast region is growing slower than expected in the number of jobs in traditional nursing care facilities.

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.

- **Finance and insurance.** The finance and insurance sector is one of the largest sectors in the professional and business services industry in the Northeast. In real terms, wages in the sector declined by 20 percent between 2000 and 2013 in Northeast Minnesota; meanwhile, the Minnesota statewide average weekly wage in the sector increased by 18 percent. This wage disparity should be explored.
- **Information.** Information is another sector in the professional and business services industry.

The number of jobs in the sector declined by 1,111 between 2003 and 2013 in Northeast Minnesota. While the industry did not fare well during the Great Recession of 2008-2009, the declines in the Northeast region were higher than expected.

For the complete report, please go to http://www.edacenter.org/downloads/Northeast_MN.pdf.

EDA CENTER REPORT: Economic Composition of North Central Minnesota: Industries and Performance**

By: Brigid Tuck, with assistance from Merritt Bussiere

To analyze the economic composition of North Central 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.

The North Central regional economy is relatively diverse. Output is driven by professional and business services and manufacturing. The top three industries account for 55 percent of output. Employment is driven by professional and business services, government, and trade. A closer analysis revealed the following strengths and concerns.

REGIONAL STRENGTHS:

- **Health care and social assistance.** The health care and social services sector added nearly 2,200 jobs between 2003 and 2013. Even with strong growth rates in the health care sector in the United States, job growth was higher than predicted in the region. Strong growth was recorded in the individual and family services sector.

- **Manufacturing.** The manufacturing industry accounts for almost 20 percent of output, but has shed jobs in the last 10 years in the North Central region. The North Central region lost 543 more jobs than it should have given national trends. However, within manufacturing, there were specific sectors, including animal processing and forging and stamping, that performed above industry expectations.
- **Wholesale trade.** The wholesale trade industry in the North Central region grew between 2003 and 2013 and grew at rates higher than predicted given trends at the national and industry level. Wholesale trade wages in the region are nearly \$200 higher than the average weekly wage across all industries, and they increased by 15 percent between 2000 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.

- **Slow job growth.** The total number of jobs in the North Central region has been increasing since the Great Recession of 2008-2009, however, the rate of growth has been slow, and while other regions in the state are close to or above the pre-recession number of jobs, the North Central region is still below pre-recession job numbers.
- **Retail trade.** The retail trade sector shed over 1,100 jobs in the North Central region between 2003 and 2013.

Nationally, the retail trade sector struggled as a result of the Great Recession. However, analysis reveals retailers in the North Central region fared worse than predicted given those trends. Retail wages, when adjusted for inflation, dropped by four percent between 2000 and 2013 in the region. Jobs were added in general merchandise stores – or stores that sell a wide range of products. Jobs losses were greatest in grocery stores, automobile dealers, and building supplies and materials. The last two retail categories were also hard hit by the recession nationally.

For the complete report, please go to http://www.edacenter.org/downloads/North_Central_MN.pdf.

*****More regional reports similar to this will be coming out soon.***



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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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