The EDA CENTER
at the University of Minnesota, Crookston

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Events of Interest:

January 16

- "Starting a Small Business Class" sponsored by Center of Rural Entrepreneurship 9AM-12PM. No Charge to attend but registration requested. For more information go to http://mncore.com/event/1755/

January 17

- 2013 MGTA Annual Meeting & Dinner hosted by the Midwest Global Trade Association in Minneapolis, MN from 5:30-9:30PM. For more information go to http://www.mgta.org/cde.cfm?event=396255.

January 22

- Small Business Global Access for the Medical Technologies Industry hosted by LSA, MTO, & Ex-Im Bank in St. Louis Park, MN from 8:30-10AM. For more information go to http://www.lifesciencealley.org/programs_events/detail.aspx?id=846. To register go to https://www.lifesciencealley.org/programs_events/register.aspx?id=846.

January 30

- The Export Process: An Introduction to Exporting hosted by the Minnesota Trade Office in St. Paul, MN from 9-3PM. For more information go to http://www.positivelyminnesota.com/Business/Exporting_Trade/Calendar_of_Trade_Events/2013-01-30_Export_Process-An_Introduction_to_Exporting.pdf.

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New EDA Center Reports from U of M Extension: *Willmar Area Minority Business Report*

With the demographic profile of areas of Minnesota changing, the presence of minority businesses will naturally change as well. U of M Extension Educator Adeel Ahmed released a new report highlighting the changing demographic in Willmar, MN, the issues unique to minority business owners, and recommendations that would be beneficial to minority business owners. Ahmed interviewed 15 minority small business owners for this report (7 Hispanic, 6 Somali, and 2 from other ethnicities). Owners came from a wide variety of businesses with some owners running multiple operations: in-home health services, party rental, 6 restaurants, 2 cafés, bakery, lodging, attorney, 2 general stores, 2 grocery stores, construction, and business services.

For this survey, Ahmed gathered various types of information from business owners. First, he asked questions to determine the owners' experience running a business. Second, he wanted to determine what their experiences were in dealing with public business services providers (i.e. EDAs, and any other small business agencies). Third, he asked questions related to their business growth as well as use of web-based technology. Finally, he wanted to determine the challenges these small business owners saw within their community, especially for minority business owners.

Overall, they enjoyed the small town environment but there were some challenges they could use help with. Based upon his interviews, Ahmed made 4 recommendations that would help minority small business owners in the Willmar area. The recommendations are:

- Market English as a second language classes
- Make the minority business owners aware of basic business classes available at local technical colleges
- Connect minority business owners with the Minnesota Workforce Center to help find and train potential employees

Integrate minority business owners with the Willmar business community by using the chamber of commerce to establish events that would connect these minority business owners with long-standing business owners.

To read the entire report, please go to http://www.edacenter.org/downloads/2012_Willmar_Area_Minority_Business_Report.pdf.

Southwest Initiative Foundation Endorses First Project through New Lending Program

Kiva, an international micro-lending site, has started a pilot project called Kiva Zip which will allow people to lend as little as $25 to a business. The Southwest Initiative Foundation was invited to become a Kiva Zip trustee. This is known as "crowdfunding" where a small business can receive small loans from family, friends, or anyone who takes interest in a company. However, not just any company can be a part of Kiva. A company wishing to receive loans must be endorsed by one of these trustees who review the finances of the business and vouches for the character

of the proprietor before the business can begin receiving loans from people.

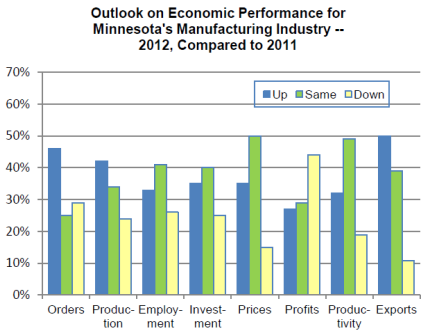
Angie Horkey of Westbrook, MN is the owner of a new restaurant called The Recipe. Her new restaurant is the first business to be endorsed by the Southwest Initiative Foundation for Kiva Zip. Now anyone can go to the Kiva Zip website and loan Angie Korkey as little as $25 to fund her restaurant. All funds pledged will be an interest-free loan which she will pay back during the next 12 months.

For more information about The Recipe and the Southwest Initiative's role in this project please go to http://mncore.com/first-kiva-project-in-minnesota-funded/.

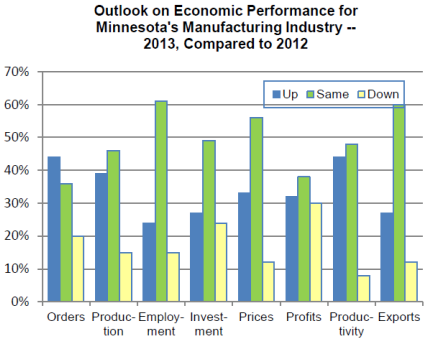
For more information about Kiva Zip please go to https://zip.kiva.org/.

DEED Releases Report on Final 2012 Manufacturing Conditions Survey

In November, DEED and the Federal Reserve Bank of Minneapolis conducted a survey of randomly selected Minnesota manufacturers to determine expectations of manufacturing in Minnesota for 2013 as well as determining manufacturing performance in 2012 compared to 2011. When comparing performance indicators, manufacturers mostly experienced the same or increases in orders, production, employment, investments, prices, productivity, and exports (as seen in the first table from the report). However, close to 44% of respondents indicated a decrease in profits in 2012.



Manufacturers seem optimistic about their industry in 2013 as it relates to the number of orders, production, employment, investments, prices, profits, productivity, and exports. Manufacturers expect the same or an increase in these indicators in 2013 when compared to 2012 (as seen in the second table from the report). Manufacturers are less optimistic about employment with only about 24% expecting higher employment.



The survey also asked questions relating to the outlook of the state economy as a whole, likelihood of investing in automation to address difficulty in finding skilled labor, and their own involvement in "re-shoring" activities.

For the entire Manufacturing Conditions Survey Report go to http://www.positivelyminnesota.com/Data_Publications/Data/Research_Reports/Manufacturing_Business_Conditions_Survey/2012_Year-End_Report.pdf

Minnesota Among Seven States Receiving USDA Funding for Job Creation and Retention

Agriculture Secretary Tom Vilsack announced recipients of funds intended to create or save jobs in rural communities across the South and Midwest. Funding is provided by the USDA Rural Economic Development Loan and Grant Program (REDLG). These recipients are spread out across seven states: Indiana, Iowa, Minnesota, Mississippi, Missouri, Nebraska, Tennessee, and Kentucky. In Minnesota, Lake County Power is receiving a $1 million, zero interest loan to fund the expansion of a boat lift and dock manufacturing business in McGregor. This project is expected to create 30 jobs and retain 72.

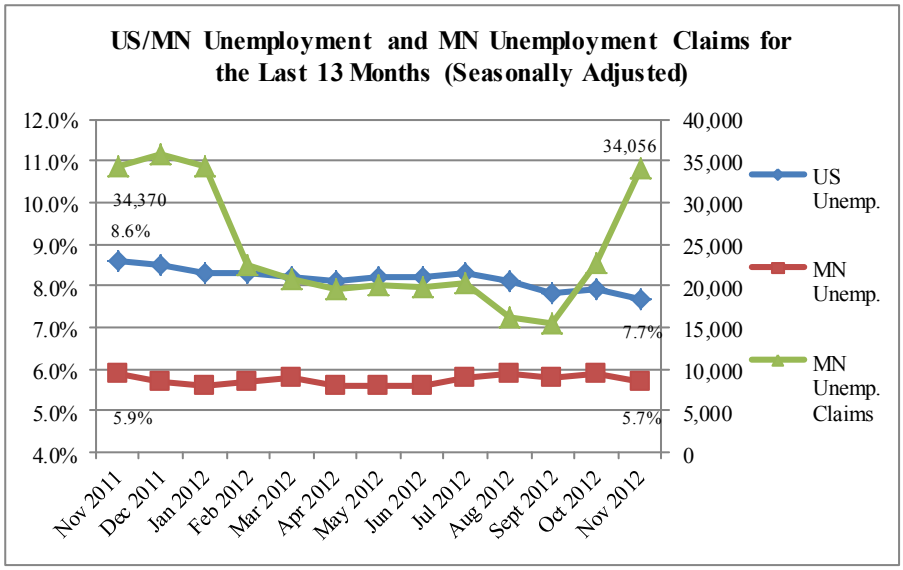
For the entire press release, please go to http://www.usda.gov/wps/portal/usda/usdahome?contentidonly=true&contentid=2012/12/0365.xml.

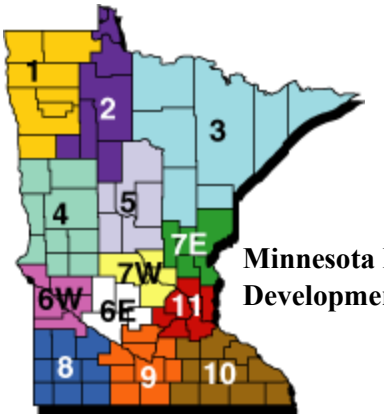
2011-2012 Local Area Unemployment Statistics and Current Employment Situation

After seasonal adjustments, US unemployment in November dropped to 7.7% while unemployment in Minnesota dropped to 5.7%. Unemployment claims in November increased to 34,056 when compared to October. However, unemployment claims did drop 0.9% when compared to November 2011.

Minnesota employers added 10,800 jobs in November. Trade/ Transportation/Utilities (5,200), Education/Health Services (3,800), and Leisure/Hospitality (3,200) had the largest gains in November. Other Services (1,500), Construction (1,300), and Manufacturing (800) also experienced gains. Industries experiencing job losses in November are Professional/Business Services (-1,900), Government (-1,300), Information (-1,300), Financial Activities (-400), and Mining (-100). Minnesota has grown 2.1% from 1 year ago with 55,200 additional jobs over the past year. The 2.1% growth in Minnesota is above the U.S. growth rate of 1.4% for the last 12 months.

Over half of the EDRs experienced an increase in unemployment for November with Region 5 exhibiting the highest increase (0.7%). Region 8 exhibited the largest decrease in unemployment (0.8%). Unemployment numbers for the EDRs are NOT seasonally adjusted.
Go to the DEED website; www.positivelyminnesota.com to view more employment and wage statistics.





Minnesota Economic Development Regions

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

Date	EDR1	EDR2	EDR3	EDR4	EDR5	EDR6E	EDR6W	EDR7E	EDR7W	EDR8	EDR9	EDR10	EDR11
Nov 2011	5.1%	7.4%	6.4%	4.7%	7.3%	5.6%	4.5%	6.9%	5.4%	4.0%	4.8%	4.8%	5.2%
Dec 2011	6.0%	8.2%	6.9%	5.5%	8.3%	6.5%	5.5%	8.5%	6.4%	4.4%	5.4%	5.4%	5.3%
Jan 2012	7.7%	9.3%	7.8%	6.4%	9.5%	7.5%	6.4%	9.9%	7.3%	5.4%	6.2%	5.9%	5.7%
Feb 2012	7.9%	9.7%	8.0%	6.7%	9.8%	7.8%	6.8%	10.2%	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%	10.0%	7.4%	5.5%	6.4%	6.3%	5.9%
Apr 2012	5.8%	7.6%	6.7%	4.5%	6.8%	5.8%	4.8%	7.5%	5.5%	3.9%	5.0%	4.8%	5.0%
May 2012	4.8%	7.0%	6.4%	4.2%	6.1%	5.5%	4.6%	6.8%	5.3%	4.0%	5.0%	4.9%	5.2%
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%	4.2%	6.9%	5.4%	4.2%	6.5%	5.1%	3.9%	4.7%	4.5%	4.9%

Minnesota is Falling Behind on Broadband

By Jack M. Geller, Ph.D.

In 2008 former Governor Tim Pawlenty created the first Governor's Broadband Task Force to assess the status of broadband deployment, adoption and utilization in Minnesota and set goals for future access and connection speeds. Understanding that broadband technology was going to be a key driver in business recruitment and retention, retail and commerce, distance education, tele-medicine and the delivery of efficient public services, the 2010 Minnesota State Legislature took those task force goals and enacted legislation setting them into statute. As stated in statute, "*as soon as possible, but no later than 2015, all state residents and businesses have access to high-speed broadband that provides minimum download speeds of 10 to 20 megabits per second and minimum upload speeds of 5 to 10 megabits per second*." Further, the statute goes on to state "*… that by 2015 and thereafter, Minnesota be in the top five states of the United States for broadband speed universally accessible to residents and businesses; the top five states for broadband access; and the top 15 when compared to countries globally for broadband penetration*." (Minnesota Statutes; Chapter 237.012).

Since those goals were first established there have been two subsequent broadband task forces with the latest iteration established in 2011 by Governor Dayton. That task force released its 2012 annual report and broadband plan in December, with a number of recommendations to help improve access to broadband; and for some, improve its affordability. However as a member of the original broadband task force, the real message sent to the Governor in this report is that Minnesota is continuing to fall further behind in both access and speed. Citing Task Force chair Margaret Anderson Kelleher, "While the Task Force is encouraged to report that progress is being made toward the state's broadband goal, we are not on track to meet them by 2015."

With all deference to Chairperson Kelleher in her letter to the Governor, she is being too polite and kind with her words. The reality is that Minnesota is falling further behind as it relates to broadband access and speed with each passing year. As noted in the report only 61.6 percent of Minnesota households have access to the state-mandated speeds (a minimum of 10 Mbps down and 5 Mbps up), which leaves over 800,000 Minnesota households behind; and not surprisingly, most of those left behind are in rural Minnesota. As documented in a detailed chart, the report goes on to show that while 98 percent of households in Hennepin County and 99 percent in Ramsey county meet the state-mandated connection speeds, not a single household in Roseau, Lake of the Woods, Cook, Mahnomen, Aitkin, Kanebec, Mille Lacs or Wadena counties reach this state-mandated threshold.

Information from outside sources paint an even more troubling picture. According to the Akamai 2012 "State of the Internet" report, when compared with other states on average connection speeds, Minnesota has now fallen to 25th in its state ranking and is threatened with being in the lower half of all states. Further, as it relates to broadband access, according to data from the National Broadband Map (a joint project of the National Telecommunications Information Administration and the Federal Communications Commission), Minnesota has actually slipped to 38th in ranking; down from 28th a year earlier.

It's important to recognize that in spite of this troubling news Minnesotans continue to embrace the Internet and broadband technology. Today, three out of every four Minnesota households report purchasing a home broadband connection. Additionally, if we were to include the adoption of mobile Internet technology through smart phones and tablets, it would likely be closer to four out of every five. So understand that consumers are doing their part. In fact today the largest group of Minnesotans who choose not to embrace the Internet are elderly Minnesotans, defined as those 65 years of age or older. But even that cohort is witnessing sizeable gains in their adoption of Internet and broadband technology. And remember … every day another 64-year old with digital skills has a birthday and joins this cohort, increasing the adoption rate as a result. So let's not blame the consumer.

Rather, if there is blame to be assigned, I would have to point to our legislature. Simply passing statutes that set broadband goals is no more effective than passing a U.N. resolution! It may make you feel good, but it is of little consequence. Like other states that were once behind Minnesota in the rankings but now are ahead of us, we need policymakers who are willing to set strategies in addition to goals; and equally important, to appropriate funds to help implement such strategies. The Governor's Broadband Task Force did their job in helping the Gover-

nor and the Legislature understand that we are at a critical juncture in our state's broadband trajectory. Further, the Task Force outlines a series of recommendations to establish public/private partnerships that could help meet the goal of ubiquitous broadband across Minnesota. Now we will have to wait and see what the legislature chooses to do with it.

Congressional Research Service Releases New Report Discussing Need of Federal Support for U.S. Wind Turbine Manufacturing

According to the Office of Energy Efficiency and Renewable Energy, renewable energy is a rapidly growing market in the U.S. and is projected to grow to $460 billion per year by 2030. The Office of Energy Efficiency and Renewable Energy discuss six sources of renewable energy: solar, wind, water, biomass, geothermal, and hydrogen. With the potential expiration of the wind power production tax credit at the end of December, wind produced energy was a focus in a recent Congressional Research Service report.

In late December, the Congressional Research Service released a report authored by Michaela Platzer entitled *U.S. Wind Manufacturing: Federal Support for an Emerging Industry*. Platzer "discusses the U.S. wind turbine manufacturing industry, its supply chain, employment and international trade trends, major federal policy efforts aimed at supporting the industry, and issues affecting its future". In order to utilize wind as an energy source, wind farms must install large wind turbines that turn wind power into electricity. When examining the source of components to build wind turbines, this report shows a trend over the last few years. In 2005, imports for wind turbine manufacturing were at $482.5 million and grew to a peak in 2008 of $2.5 billion. Imports then decreased to somewhere around $1.3 billion in 2011.

With wind farms still needing components, this means turbine manufacturing in the U.S. has been on the rise. This has led to a change in the employment picture related to wind production. The report documents that while the number of employees in wind production related industries has been steady since 2008, the number of manufacturing related jobs has been on the rise. In fact, Platzer reports Minnesota is among the top 5 states in wind power capacity installations along with California, Illinois, Iowa, and Texas.

The report concludes by discussing the importance of federal support for the wind power industry. Three federal policies identified as instrumental in the domestic development of the wind power sector are: the wind production tax credit, an advanced energy manufacturing tax credit, and the Section 1603 Treasury Cash Grant Program. One of the policies set to expire at the end of 2012 was the wind production tax credit. Recently, this tax credit has been extended for another year. As a result, any farms in operation within 2013 will be eligible for the 2.2 cent per kWh credit for the next 10 years. This will be good news for the wind production industry across Minnesota and the U.S.

For the entire report please go to http://www.fas.org/sgp/crs/misc/R42023.pdf.

STEM Internship Program Helps Minnesota Companies Meet Future Workforce Needs

Source: www.mhta.org

In its second year, SciTechsperience is a paid internship program offered by MHTA that offers college students in science, technology, engineering and math (STEM) disciplines the opportunity to gain hands-on experience in their field of study while working at small, STEM-based companies throughout Minnesota.

Is your company looking for a STEM intern in 2013? You're in luck: the SciTechsperience Internship Program is back for what it hopes is a repeat performance of its pilot year's success. The Minnesota High Tech Association (MHTA) (www.MHTA.org) launched SciTechsperience in 2012 in order to expand the talent pool available to Minnesota science and technology companies. Minnesota will need an estimated 188,000 STEM workers by 2018 in order to keep up with evolving technology and retiring baby boomers. Therefore, the continuation of this program is an important step in preparing the state's future STEM workers to meet real

world challenges.
SciTechsperience is a paid internship program that matches college students studying science, technology, engineering and math (STEM) disciplines with small, for-profit companies in Minnesota with fewer than 100 employees. Hiring companies receive a dollar for dollar matching stipend for the intern's wages. The match is capped at $2,500 and is available on a first come, first hired basis while funding lasts.

"We had a good sense that the program would be popular once the word got out about it, and that turned out to be very true," said Becky Siekmeier, SciTechsperience Project Coordinator. "In 2012, 246 students and 60 companies applied to SciTechsperience from across the state. And these were bright kids – the average GPA of the applicants was 3.3." Students and companies have been applying daily since the 2013 applications opened in late December.
"It is amazing to see the job descriptions submitted by the companies. The quality of experiences these kids will have is so exciting," said Siekmeier. "The students will come away from these internships ready to apply what they've learned, both in their studies and in future jobs."

Companies must meet the following eligibility requirements to participate in SciTechsperience:

- Must be a for-profit company physically conducting business in Minnesota
- Must have fewer than 100 employees
- The internship must provide hands-on experience in the company's industry
- Eligible industries include: Aerospace and Defense; Ag, Food, Forestry; Biotech and Life Sciences; Fuels, Energy, Energy Management; IT/Computer Technology and Mining, Materials, Manufacturing and Processing.

To learn more about the program, please go to: http://www.mhta.org/work/scitechsperience-internships/.

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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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