



## MMB: July Economic Update Shows 2.1% above February Forecast.

The July Economic Update shows an overall increase in the general fund receipts. The general fund sits at \$16.45 billion for FY 2012, which is \$336 million above projections in the February Forecast (a 2.1% improvement). Income, sales, and corporate taxes account for \$234 million of the surplus. The largest increase in revenues came from individual income taxes (\$115 million). There was \$66 million more withheld than expected since January. Final tax payments for 2011 were \$6 million more than expected and individual refunds were \$12 million less than anticipated.

While the general fund shows improvements, the Minnesota Management and Budget Office expects overall slow economic growth. Global Insight projected a 2.1% real GDP growth in 2012 and 2.3% in 2013 in the February Forecast. Global Insight now expects a 2% growth in both 2012 and 2013. This slow

growth is expected to extend into the 2014-2015 biennium as well. Global Insight expects growth in 2014-2015 to average 2.7%, which is down from their original projection in February. Due to the current European economic climate or “an entirely avoidable domestic fiscal policy”, Global Insight believes there is a 25% chance of a mild recession in 2013.

Even though the economic growth in Minnesota seems to be slow, the recession of 2007 has not impacted the state as greatly as other areas. While the U.S as a whole has only managed to slightly get back above 2007 levels (.04%) by 2011, Minnesota has exceeded 2007 levels by 2.7%. This ranks Minnesota 15<sup>th</sup> nationally in GDP growth from 2007 to 2011.

*For the entire July Economic Update, go to <http://www.mmb.state.mn.us/doc/fu/12/update-july.pdf>.*

## Angel Tax Credit Almost Gone for 2012.

As the Angel Tax Credit Program approaches its second anniversary, it has shown great success in stimulating investment in Minnesota small business. Prior to 2012, over \$91 million has been invested in 180 small businesses. To this point in 2012, over 100 small businesses have received funds from over 314 investors and 15 Angel funds. The businesses that seem to be generating the most funding are medical device, biotechnology, and software firms.

This success has led to funding disappearing quickly. DEED reports that over 2/3 of the \$12 million in tax credits available in 2012 have been used. They expect the estimated

remaining \$3.3 million in credits to be gone by the end of the summer. The Minnesota legislature has approved the Angel Tax Credit to last until 2014. DEED estimates that by 2014, if funding reaches maximum levels, around \$236 million will be invested in Minnesota high-tech start-up businesses.

*Go to [http://www.positivelyminnesota.com/Newsroom/Press\\_Releases/Most\\_Current\\_Releases/July\\_9\\_-\\_Angel\\_Tax\\_Credit\\_Program\\_Celebrates\\_Second\\_Anniversary.aspx](http://www.positivelyminnesota.com/Newsroom/Press_Releases/Most_Current_Releases/July_9_-_Angel_Tax_Credit_Program_Celebrates_Second_Anniversary.aspx) for additional information.*

### Events of Interest:

#### July 24

- Export Process: An Introduction to Exporting. DEED Conference Center; St. Paul, MN 9AM-2PM (\$60/preregister, \$80/walk-in). For more information, go to [http://www.positivelyminnesota.com/Business/Exporting\\_Trade/Calendar\\_of\\_Trade\\_Events/2012-07-24\\_Export\\_Process-An\\_Intro\\_to\\_Exporting.pdf](http://www.positivelyminnesota.com/Business/Exporting_Trade/Calendar_of_Trade_Events/2012-07-24_Export_Process-An_Intro_to_Exporting.pdf).

#### August 1

- UMD Center for Economic Development Workshop: “Generational Diversity and Your Business” 2-4PM (\$25 fee). Go to [https://casper.d.umn.edu/biz/umdcde/workshops/index.php?main\\_page=product\\_info&cPath=9&products\\_id=1001](https://casper.d.umn.edu/biz/umdcde/workshops/index.php?main_page=product_info&cPath=9&products_id=1001) for more information.

#### August 14

- Minnesota High Tech Association 30th Anniversary and Networking Event. Go to <http://www.mhta.org/event/mone-30th-anniversary/> for more information.

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## Minnesota Exports Continues to Set Records.

Minnesota exports for the 1st quarter of 2012 rose more than \$100 million up to \$4.9 billion dollars when compared to the 1st quarter of 2011. When comparing past 1<sup>st</sup> quarter reports, Minnesota has shown steady increases ever since hitting a low of \$3.6 billion in 2009. Exports showed a huge jump in the 1<sup>st</sup> quarter of 2010 to \$4.2 billion and have risen steadily since then.

Exports to Mexico and South Korea show the largest percent gains at 24% and 26% respectively. The top ten countries receiving exports from Minnesota include: Canada, China, Japan, Mexico, South Korea, Germany, Belgium, U.K., Singapore, and the Philippines. To the right is the comparison of the top 10 countries receiving Minnesota exports from DEED's quarterly report.

For the complete quarterly export report, go to [http://www.positivelyminnesota.com/Data\\_Publications/Data/Export\\_Statistics/2012\\_Stats/First\\_Quarter\\_Exports.pdf](http://www.positivelyminnesota.com/Data_Publications/Data/Export_Statistics/2012_Stats/First_Quarter_Exports.pdf).

Country	Exports (Millions)	1st Quarter 2011 to 1st Quarter 2012		1st Quarter 2012 MN Dist.
		MN	US	
Canada	\$ 1,296	2%	7%	27%
China	\$ 550	-1%	6%	12%
Japan	\$ 352	6%	7%	7%
Mexico	\$ 311	24%	16%	5%
South Korea	\$ 206	26%	11%	3%
Germany	\$ 175	-12%	5%	4%
Belgium	\$ 165	13%	6%	3%
U.K.	\$ 160	17%	16%	3%
Singapore	\$ 135	-4%	4%	3%
Philippines	\$ 132	9%	-3%	3%
Other	\$ 1,415	-3%	8%	31%
<b>Total</b>	<b>\$ 4,897</b>	<b>2%</b>	<b>9%</b>	<b>100%</b>

## Minnesota Inventors Congress Announces 55<sup>th</sup> Annual Invention & Idea Show Winners.

The Minnesota Inventors Congress hosted their 55<sup>th</sup> Annual Invention & Idea Show in Redwood Falls on June 8<sup>th</sup> and 9<sup>th</sup>. At this show, people from all over the Midwest and Hawaii presented their ideas to the general public as a sort of "test market". The exhibitors compete for a variety of prizes. Two of the bigger prizes are the F. Robert Starr Award and the Maynard Speece Memorial Award.

The F. Robert Starr Award is voted on by a group of judges for the best invention at the show. The grand prize is \$1,000 as well as a two minute video from 10,000 Lakes Productions.

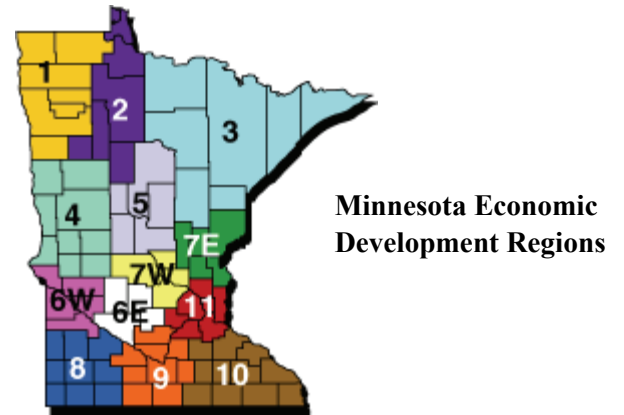
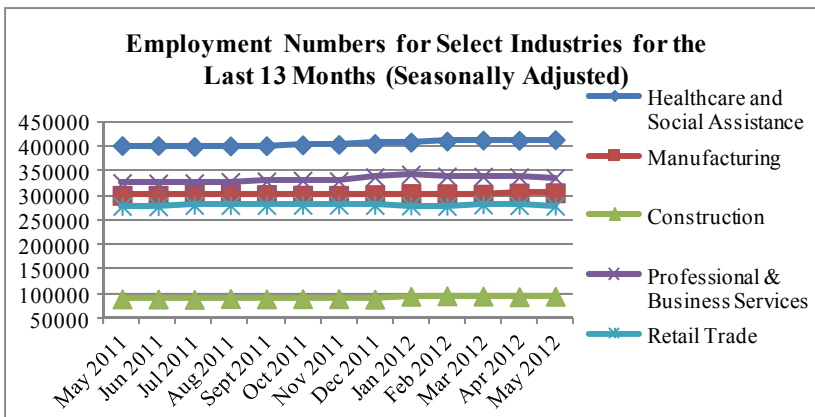
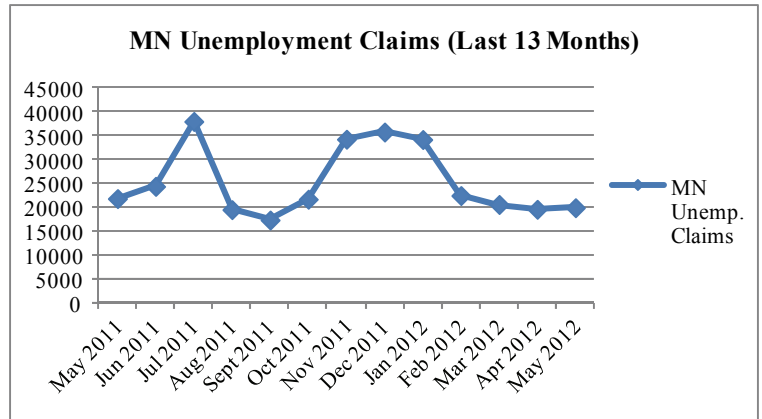
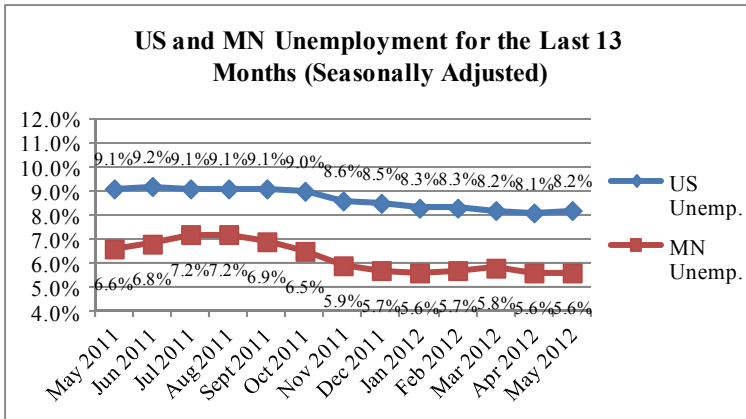
The winner of the grand prize this year was the "Skydrill" developed by David Buchner and Reed Felton from Wauwatosa, Wisconsin. The Skydrill is a "revolutionary patent pending tool [that](#) quickly, safely, and ergonomically installs fasteners to concrete ceilings and screws into drywall ceilings. This tool has the potential to be a game changer on how work is done in the industry".

The Maynard Speece Memorial Award is a \$500 "people's choice" award. People viewing all inventions voted on their favorite invention. The winner of this year's Maynard Speece

Award was the "Kefty Portable Home Gym" developed by Nick Musachio of St. Paul, Minnesota. The Kefty Portable Home Gym is made from Kefty, which is a polymer used in Mars colonization research. "Kefty weighs 4 pounds and creates isometric tensions to efficiently engage your entire body in hundreds of compound exercises."

For the entire list of winners, go to <http://www.minnesotainventorscongress.org/pdf/2012MinnesotaInventorsCongressAwards.pdf>.

## 2011-2012 Local Area Unemployment Statistics and Current Employment Situations in Select Industries



### 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
May 2011	6.2%	8.5%	7.6%	5.4%	7.7%	6.6%	5.7%	8.6%	6.6%	4.8%	5.9%	5.9%	6.3%
Jun 2011	6.3%	8.8%	8%	6%	8%	7.1%	6.4%	8.7%	7.1%	5.5%	6.5%	6.6%	7%
Jul 2011	6.4%	9.6%	8.6%	6.1%	8.4%	7.4%	6.5%	9.3%	7%	5.8%	6.8%	6.6%	7.5%
Aug 2011	6.5%	8.5%	7.5%	5.6%	7.6%	6.9%	6.1%	8.2%	6.7%	5.4%	6.2%	6.2%	6.7%
Sep 2011	5.3%	7.3%	6.5%	5%	6.7%	6%	5.2%	7.2%	5.9%	4.7%	5.3%	5.4%	6%
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%

After seasonal adjustments, US unemployment in May rose to 8.2%. Unemployment in Minnesota stayed steady at 5.6%. Unemployment claims in May rose slightly to 20,026 when compared to April. May unemployment claims are

down 8.7% when compared to May 2011. Minnesota lost 900 jobs in May, but there are 23,900 more jobs this past May than May 2011. Almost all of the EDRs experienced a decrease in unemployment for May. Those not decreasing main-

tained previous levels or went up .1%. Unemployment numbers for the EDRs are NOT seasonally adjusted. Go to the DEED website; [www.positivelyminnesota.com](http://www.positivelyminnesota.com) to view more employment and wage statistics.

## DEED Awards Grants to Business Service Providers.

DEED has announced the awarding of over \$1 million to seven Minnesota nonprofit organizations who provide services and technical assistance to up and coming businesses/entrepreneurs. This funding was approved during the 2011 legislative session and was awarded under the Business Development Competitive Grant Pilot Program. This program is designed to specifically "help nonprofits that specialize in business assistance for targeted groups, such as minorities, women, rural residents, bioscience startups, entrepreneurs and inventors."

Provided below is DEED's list of business service providers awarded grants:

### **BioBusiness Alliance of Minnesota, St. Louis Park, \$348,200**

This group will provide services and outreach to Minnesota bio-businesses.

Contact: Dale Wahlstrom, 952-746-3812

### **Metropolitan Economic Development Association, Minneapolis,**

### **\$169,500**

Minority-owned businesses will receive business development assistance, and Greater Minnesota businesses will receive government contracting assistance in support of economic development and job creation.

Contact: Yvonne Cheung-Ho, 612-259-6568

### **Minnesota Inventors Congress, Redwood Falls, \$35,200**

The Inventors Resource Center supports economic development by teaching aspiring inventors the process of developing marketable products and will sponsor two events: the Minnesota Student Inventors Congress and the Invention and Idea Show.

Contact: Deb Hess, 507-627-2344

### **Neighborhood Development Center, St. Paul, \$144,500**

Small businesses (startups and existing) in low-income neighborhoods and low-income people, including minorities, will receive small business training and consultation.

Contact: Mike Temali, 651-379-8426, or Mike LaFave, 651-379-8424

### **North Central Minnesota Small Business Development Center, Brainerd, \$50,000**

Minnesota veterans will receive business development services, and satellite offices in north central Minnesota will be expanded.

Contact: Greg Bergman, 218-855-8145

### **South Central Minnesota Small Business Development Center, Mankato, \$125,000**

The center will support entrepreneurial activities and provide one-on-one business consulting services at Minnesota State University, Mankato and satellite centers in a nine-county area of south central Minnesota.

Contact: Mike Nolan, 507-389-8875

### **WomenVenture Inc., St. Paul, \$168,800**

Women entrepreneurs, low-income entrepreneurs and women-owned businesses will receive assistance to develop and expand businesses and create jobs.

Contact: Michael Kithcart, 651-251-0688

## EDA Center Looking for Small Businesses.

The EDA Center needs your help in identifying exemplary small businesses in your community. We are looking for small business owners from all areas of Minnesota who have been able to expand their customer base considerably outside of their local market using digital means, such as filling internet or-

ders. Our hope is to select one or more of these businesses to highlight in a 30 minute documentary. The purpose of the documentary would be to show other small businesses some "best practices" to expand their own customer bases. If you know of any small businesses in your community that fit this descrip-

tion and may be interested in participating, please contact Eddie Walker at 218-281-8251 or via email at [walke810@umn.edu](mailto:walke810@umn.edu).

## Minnesota Companies Make the Top 10 of Top 100 Places to Work in IT.

*Computerworld* released its 19<sup>th</sup> Annual Report on the 100 best places to work in the information technology (IT) industry in June. Topping the list for the 3<sup>rd</sup> straight year is San Antonio-based USAA Federal Savings Bank. After receiving 375 nominations, they inquired about each organization's average salary, bonus increases, percent of IT staff promoted, IT staff turnover, training, minorities on staff and in management positions, retention efforts, merit programs and other benefits (such as child-care, flex-time, and/or tuition reimbursements). To qualify, U.S. businesses had to have a minimum of 50 IT staffers. If a company was based outside the U.S., they must have a minimum of 300 employees based in the U.S. with 50 of those IT staff

(with at least 50% of their IT staff in the U.S.). Minnesota was well-represented with 2 companies in the top 10: General Mills and Securian Financial Group.

General Mills, Inc., based in Golden Valley, came in at number 4 on the 2012 list. General Mills ranked number 1 for benefits and 6 for training. Among some of the benefits employees valued were the flexible work options and the "collaborative" work environment. The training was another reason for General Mills ranking. There was an average of 11 training days per IT employee as well as a \$4,688 training budget per employee in 2011. There are a total of 17,096 employees at General Mills with 640 of those being IT employees. There was a low turnover in Gen-

eral Mills' IT division (7%) and 16% of the IT employees received promotions in 2011.

Securian Financial Group, based in St. Paul, came in at number 10 on the 2012 list. Some of the reasons this financial services/insurance company made the list is the "professional yet fun culture" as well as on-site child care. Securian offered IT employees 8 days for training and a budget of \$2,216 per IT employee. There are a total of 2,433 employees at Securian with 425 of those being IT employees. There was very little turnover in Securian's IT division (4%) and 11% of the IT employees received promotions in 2011.

*For the entire Top 100 list, go to <http://www.computerworld.com/spring/bp/2012/1>*



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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.*

*EDA Center Staff:*

*Jack Geller-EDA Center Director*

*Eddie Walker-Research Analyst/Editor*



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