



The EDACENTER

at the University of Minnesota, Crookston

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Events of Interest:

June 14

- Anti-Corruption Law Webinar. Hosted ONLINE by Fredrickson & Byron, P.A. from 12PM to 1PM. (Cost-\$50) For more information and registration, go to <http://www.fredlaw.com/events/anticorruption.html>.

June 17-21

- UMC CRES Entrepreneur Experience Summer Camp at the UMC Campus (\$100 cost). Available to high school students interested in learning to start a business. Get a registration form at <http://www.umccres.org/wp-content/uploads/2012/03/Entrepreneur-Experience-Camp-Registration-Form-2012.pdf>.

June 18-21

- BIO International Convention in Boston, MA. Showcase your business in the Minnesota Pavilion. For more information, go to http://www.positivelyminnesota.com/Calendar_of_Events/BIO_International_Convention/index.aspx.

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State Small Business Credit Initiative.

Submitted by Bob Issacson, Director, Office of JOBZ and Business Finance (DEED)

The Minnesota Department of Employment and Economic Development (DEED) has been awarded \$15.5 million in federal funding for programs that will support small business lending in the state. The funding, awarded by the U.S. Department of Treasury, will be used to fund four different programs. Because the funding is designed to fuel access to capital, DEED’s participation will need to be matched by other lenders. Participating lenders must demonstrate that the DEED program funds are a necessary component of the financing package. Although small businesses across the state are eligible, the department is encouraging loans to underserved small business communities especially in economically distressed areas of the state.

The four programs that have been developed include the Capital Access Program (CAP), the Emerging Entrepreneurs Fund (EEF), the Small Business Loan Guarantee Program, and the Early Stage Fund.

The Capital Access Program (CAP) encourages loans from private-lending institutions to businesses – mostly small and medium-sized – to foster economic development.

- **How it works:** DEED will partner with banks, credit unions, and community development financial institutions to increase debt financing activity. CAP provides a portfolio insurance match of 3-7% of the loan amount based on separate loan loss reserve fund. CAP is designed to encourage lenders to make loans to a business that falls outside lender’s normal underwriting standards.

profit Minnesota businesses with up to 500 employees company-wide. Start-up costs, working capital, business acquisitions and expansions, franchise financing, equipment loans, inventory financing, construction. No financing of existing debt permitted.

The Emerging Entrepreneurs Fund (EEF) provides financing to minority and women-owned businesses throughout Minnesota that have experienced economic distress.

- **How it works:** DEED has received funding from the U.S. Department of the Treasury and has chosen lenders to partner with to increase debt financing activity.

Eligible applicants and projects: Micro-enterprises and businesses with fewer than 50 employees, although all businesses with fewer than 500 employees company-wide are eligible. EEF targets underserved small businesses located in economically distressed areas, and minority and women-owned businesses. Start-up costs; working capital; business procurement; franchise fees; equipment; inventory; and purchase, construction renovation or tenant improvements of eligible place of business. No financing of existing debt permitted.

The Small Business Loan Guarantee Program will provide loan guarantees via non-commercial lenders to encourage lending to small businesses.

- **How it works:** DEED will partner with lenders to provide loan guarantees to increase small business access to credit. The programs guarantee up to 70 percent of a loan made by approved lenders. The guaranteed portion must be matched by other loan funds on at least a one-to-one basis.

Eligible applicants and projects: For-

Cont. on page 2.

*Cont. from page 1***Eligible applicants and projects:**

Loans made to non-retail businesses with no more than 500 employees company-wide. Construction; remodeling or renovation; leasehold improvements; purchase of land, building, machinery and equipment; maintenance or repair; expenses related to moving into or within Minnesota; and working capital are eligible.

The **Early Stage Fund** is a new

approach to financing business growth in Minnesota. The state expects to use \$1 million to support the development of new angel investment groups throughout Minnesota and to support the recapitalization of existing groups through the Early Stage Fund. Minnesota's newly adopted angel tax credit program has encouraged individual investors to provide investments in a wide variety of companies throughout the state. This activity is intended to provide additional support for angel and

venture capital investments. The program is currently under development and a request for proposals is expected to be issued in early to mid-June of 2012.

Additional information about all of the SBCI programs and application forms are available on DEED website at

www.positivelyminnesota.com/ssbci.

How “Friendly” is the State of Minnesota to Small Businesses?

In a recent survey, Thumbtack.com along with the Ewing Kaufmann Foundation obtained information from 6,022 small businesses across the United States to see how “friendly” certain states were to small businesses. The survey addressed 15 separate characteristics that relate to friendliness. Each state was given a grade from A+ to F- on the following characteristics: overall small business friendliness, ease of starting a small business, cost of hiring new employee, overall regulatory environment, health and safety regulations, employment, labor, & hiring regulations, tax code, licensing regulations, of environmental regulations, zoning regulations, publicity of training programs, and publicity of networking programs. They also assessed and ranked three categories pertaining to economic health, but did not assign a grade: current economic health, optimism about future, and growth rate in the previous year. Results were broken down by both state and major cities.

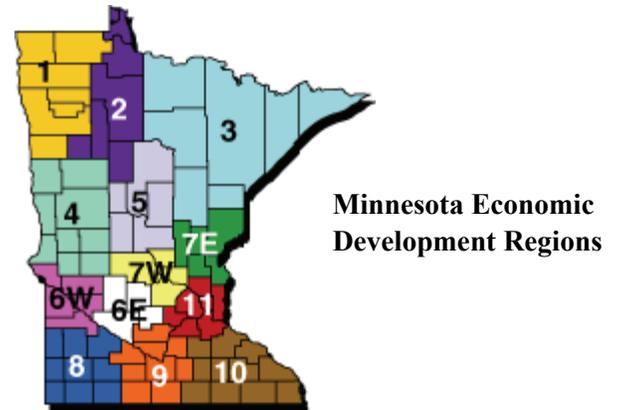
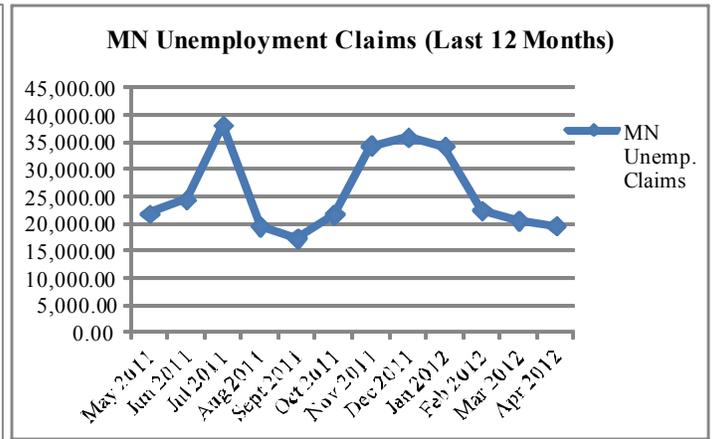
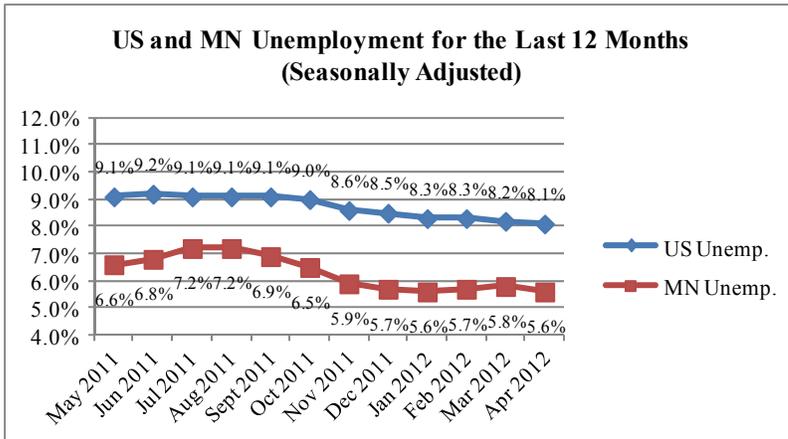
As a whole, the state of Minnesota ranked 18th out of all states when compared on overall “friendliness” to small businesses (top 5 overall were Idaho, Texas, Oklahoma,

Utah, and Louisiana). According to their survey, here are the grades and rank for Minnesota on the 15 categories: overall small business friendliness **B**, ease of starting a small business **B-**, cost of hiring new employee **B**, overall regulatory friendliness **C+**, friendliness of health and safety regulations **B-**, friendliness of employment, labor, & hiring regulations **C+**, friendliness of tax code **C**, friendliness of licensing regulations **C**, friendliness of environmental regulations **B**, friendliness of zoning regulations **B**, publicity of training programs **B-**, publicity of networking programs **C-**, current economic health of businesses **13th**, optimism about the future of business **24th**, & growth rate from previous year **4th**. Minneapolis ranked 15th out of 40 major cities when compared on overall “friendliness” to small businesses (top 5 overall were Oklahoma City, OK; Dallas-Forth Worth, TX; San Antonio, TX; Austin, TX; and Atlanta, GA). According to their survey, here are the grades and rank for Minneapolis on the 15 categories: overall small business friendliness **B**, ease of starting a small business **B+**, cost of hiring new employee **A**, overall regulatory friendliness **B-**, friendli-

ness of health and safety regulations **B-**, friendliness of employment, labor, & hiring regulations **C+**, friendliness of tax code **C**, friendliness of licensing regulations **C+**, friendliness of environmental regulations **B**, friendliness of zoning regulations **B+**, publicity of training programs **C+**, publicity of networking programs **D+**, current economic health of businesses **7th**, optimism about the future of business **24th**, & growth rate from previous year **4th**.

For more information, go to <http://www.thumbtack.com/mn/> for state results and go to <http://www.thumbtack.com/mn/minneapolis/> for Minneapolis results. You can see their methodology along with a sample of the survey at http://cdn-1.thumbtackstatic.com/media/survey/Thumbtack_Survey_Methodology.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%	8.0%	6.0%	8.0%	7.1%	6.4%	8.7%	7.1%	5.5%	6.5%	6.6%	7.0%
Jul 2011	6.4%	9.6%	8.6%	6.1%	8.4%	7.4%	6.5%	9.3%	7.0%	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%
Sept 2011	5.3%	7.3%	6.5%	5.0%	6.7%	6.0%	5.2%	7.2%	5.9%	4.7%	5.3%	5.4%	6.0%
Oct 2011	4.6%	6.7%	6.0%	4.4%	6.2%	5.3%	4.5%	6.6%	5.3%	4.3%	4.8%	4.9%	5.4%
Nov 2011	5.0%	7.5%	6.3%	4.6%	7.1%	5.5%	4.4%	6.9%	5.4%	4.0%	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%	10.0%	7.4%	5.4%	6.3%	6.0%	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%	10.0%	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%	5.0%	4.8%	5.0%

After seasonal adjustments, US unemployment in April dropped to 8.1%. After 2 months of increases, unemployment in Minnesota dropped to 5.6%. Unemployment claims fell again in April to 19,695. April unemployment claims are down

7.9% when compared to April 2011. Minnesota lost 3,100 jobs in April, but there are 23,300 more jobs this April than April 2011. All of the EDRs experienced a dramatic decrease in unemployment for April, but the unemployment numbers for

the EDRs are NOT seasonally adjusted. Go to the DEED website; www.positivelyminnesota.com to view more employment and wage statistics.

Impact of Broadband Adoption on Minnesota Businesses

On May 3rd, Connect Minnesota released a report on the economic impact of broadband on Minnesota businesses stemming from Connect Minnesota's 2011 Business Technology Assessment. What they found is that 73% of businesses subscribed to broadband service in 2011 (essentially the same as in 2010). This leaves approximately 40,000 businesses in Minnesota that were not connected via broadband in 2011. Businesses in the High Tech sector had the highest adoption rate at 84%. Conversely, only 59% of the businesses in retail trade were connected. Minnesota paid a median price of \$63.53 per month (which is under the Connected Nation median of \$68.32) with an average speed of 4.3Mbps (which is below the Connected Nation average of 4.9Mbps). Broadband adoption served a variety of purposes for the businesses surveyed. In order to promote their

business and/or sell goods and services, 83,000 businesses utilized websites. They also found that 56% of minority-owned businesses advertised online. In the healthcare sector 55% of the businesses used the internet to communicate with customers and patients. In an effort to provide more flexibility in work schedules, 44,000 businesses allowed employees to telework. Of these 44,000 businesses, 13,000 were in rural areas. In an effort to recruit and hire more efficiently, 47,000 businesses used the internet to advertise job openings as well as accept applications.

Broadband adoption also had a positive impact on revenues of Minnesota businesses. Not only did Minnesota businesses report median annual revenues \$200,000 higher for businesses that utilized the internet compared to businesses that did not, but 20% of businesses found work

by bidding on contracts online. Finally, online sales in Minnesota accounted for approximately \$6.2 billion in annual sales. Of that number, \$1.1 billion came from small businesses (fewer than 5 employees).

You can view the report at http://www.connectmn.org/sites/default/files/connected-nation/Minnesota/files/mn_biz_2012.pdf. You can view Minnesota results of the 2011 Business Technology Assessment at <http://www.connectmn.org/survey-results/business>.

DEED Accepting Capital Improvements Applications Until June 26.

DEED is now accepting applications for capital improvements projects that may be eligible for part of \$47.5 million in bonding approved by the state legislature during this past session. Funds from this bond are to be used "for public projects having a useful lifespan of at least 10 years.

Eligible costs can include predesign, design, acquisition of land or buildings, construction, furnishing and equipping new or renovated buildings, and infrastructure". Projects will also be considered on the basis of job retention/creation, increase of local tax base, attraction of outside

investments, health/safety benefits, and potential for a strong return on investment.

Applicants can request up to 50% of eligible costs. They must also have matching support from a non-state government source. Deadline for applications is 4:30 PM June 26, 2012. No late applications will be accepted. DEED will announce projects to be funded in early August.

Go to http://www.positivelyminnesota.com/About Us/Competitive_Contract_Opportunities/

[Capital Projects Grant Program.aspx](#) for more information and application materials.

“Computer Security... is Good Business.” UMD Center for Economic Development Hosting Information Security Workshop.

All businesses should understand the importance of securing sensitive business materials, especially in today’s digital world. Even if a business is not connected to the internet and subject to outside hacking, it is still very likely there are multiple employees of a firm with possible access to internal business documents. With multiple people accessing information, there is always the risk of someone inadvertently or intentionally taking sensitive materials out of the office as well as the risk of someone accidentally deleting important documents. The University of Minnesota, Duluth’s Center for Economic Development is hosting a one day workshop put on by the National

Institute of Standards and Technology (NIST) addressing information security.

The workshop is being held at the UMD Center for Economic Development on June 22nd from 10 AM to 2 PM. Registration is \$15, which includes lunch. The NIST Computer Security Division will be presenting information regarding how to identify what information security means to your organization, the common threats to information security (along with how to address them), best practices for being more secure, and what technologies and resources are available to help improve information security. This workshop is geared more towards small businesses and is not a tech-

nical presentation for IT consultants.

For more information, go to <http://www.umdcad.com/workshops/2012%20Security%20workshop%20flier.pdf> or <http://csrc.nist.gov/securebiz/>.



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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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