



The EDACENTER

at the University of Minnesota Crookston

The EDA Chronicle-June 2017

www.edacenter.org

Volume 7, Issue 6

Coming Soon:

- Business Transitions Research - Special Topics
Partner(s): Multiple
- Quantifying positive externalities in Region IX local food production
Partner: Region IX EDD
- Business Retention and Expansion – broadband
Partner: Fond du Lac Band of Lake Superior Chippewa Reservation
- Land Use and Recreation Sustainability Survey, 2016-2017
Partners: An advisory group from Northwest Minnesota, land-owners and related industries
- Case Studies of Housing Solutions in Communities
Minnesota EDDs
- Ongoing availability of Economic Impact Analysis for Communities and consultation to Regional Development Organizations
- Workforce Development for the Tourism and Lodging Industry – a scan of cold climate states, and an examination of Cass and Crow Wing Counties
Partner: Region V EDD and more

Inside This Issue

EDA Center Director Letter	1
News in your Area	2
EDA Center in Metro Area	2
Econ. Futures: McLeod	2
Economic Futures: Marshall	4
EDA Center Reach	4
EDR Unemployment Data	5

Letter From EDA Center Director, Kent Olson

Dear Colleagues,

Realizing that current budget discussions at the federal level were touching and potentially cutting many programs including the Economic Development Administration (EDA) and thus the University Center programs, I recently sent the following letter to our Minnesota Senators and Representatives.

RE: Why University EDA Center funding is important to Minnesota communities

As Congress considers budgets for the Economic Development Administration (EDA), I write to describe the valuable resource Minnesota communities have now and would lose if funding to the University EDA Centers were lost. Below is a summary of the Center’s activities and priorities at the University of Minnesota.

- A More Level Playing Ground for Economic Development Decisions. Professionally managed economic development units in urban areas and regional centers can invest easily in applied research to inform their decisions. University EDA funding provides similar applied research and data to economic development entities lacking staff and infrastructure that would allow them to gather important information. Specifically, Minnesota’s University EDA Center brings University faculty and staff to the following types of communities: 1) rural communities with local budgets that limit staffing for economic development research and planning; 2) communities in distress due to economic emergencies (such as job loss or natural disaster); 3) communities of color, tribes and immigrant communities that face more economic stress than majority communities; and, 4) communities exploring investments in entrepreneurial activities that might stimulate wealth-creation.
- Creating Synergy. The Center’s focus on applied research complements and serves the work of other organizations in Minnesota. Center staff and faculty are engaged with Minnesota’s Department of Employment and Economic Development (DEED) to prevent redundancy and increase support to communities. Regional Initiative Foundations throughout the state provide community development activities, often tapping the University Center to inform local decisions and conduct applied research programs with communities. The Center is also in frequent contact with Minnesota’s Regional Development Offices to discuss local concerns and to coordinate work on those concerns. The Center uses the Wilder Foundation’s Minnesota Compass (mncompass.org) online data and data consultation resource so the Center does not need to recreate data resources available through that site or others’.
- Outputs. From 2011 – 2016, EDA-affiliated faculty and staff produced over 50 applied research reports for over 60 community partners across Minnesota.
- Community Action. A 2015 evaluation of a subset of applied research reports confirmed that the studies informed local action and led to productive decisions that address local economic change: - One community shifted the focus of its economic development efforts from attracting business to retaining existing businesses. - One community fine-tuned its decisions about new investments after the loss of a major employer. Another realized the importance of supporting existing businesses in the wake of those job losses. - Another community realized the economic benefits of tribal-owned businesses in the region and stepped up efforts to collaborate with

tribes in regional economic development. - One community used economic analysis data to gain community support for economic development decisions.

- Responding to current community concerns. The ready availability of University EDA funding allows the University to provide nimble and immediate response to community concerns. For example, in 2017-2018, University EDA funds are generating studies that specifically address the strongest concerns of economic communities.

- 1) A 2016 study of **business succession issues**, supported by a statewide group of interested economic development interests, examined what factors can support and improve the transfer of rural businesses to new owners as baby boomer business owners retire. Among the findings was that successful transition does more than “dodge a bullet” of

business loss in rural communities. Fifty-eight percent of transferred businesses increased the business’s customer base; 68 percent increased sales volume, and 41 percent increased the number of employees. Key findings are already assisting communities in supporting business succession.

- 2) Another 2016 study created an unprecedented **inventory of vacant and underused buildings in a rural region of Minnesota**. A total of 146 buildings were identified as vacant or underutilized, and summarized the processes and challenges of differently-sized communities in the region as they sought to manage vacant properties. The data is being used as a baseline as economic development efforts continue and to challenge leaders to address problem buildings, support and share innovative

ways to utilize vacant buildings, and stimulate grant development to address building demolition or redevelopment.

- 3) In 2017, we are meeting a request to create case studies of communities that are seeking solutions to **workforce housing** concerns. We are addressing the use of **broadband** by cottage industry businesses in tribal communities, **business succession** among tourism and resort industries and more. Conversations with the University EDA Center’s advisory committee and University of Minnesota Extension educators continually tap into current needs and design studies that will provide practical information to address these and newly identified concerns.

Kent Olson

EDA Center Director

Tell us About News in Your Area

The EDA Center would like to 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 high-

lighted in future newsletters, please submit them to walke810@umn.edu prior to the 15th of July.

EDA Center to Engage in Outreach to Metropolitan Communities

University EDA Center leaders have invested a good deal of time conducting outreach to North Minneapolis and surrounding areas. As a result, Extension has been invited to place a new community economics educator in the University Research and Outreach Center in North Minneapolis, from where they can weave applied research

and educational programming into economic development efforts throughout the metro region. EDA funds need to be matched by other funds, and several funding sources have been approached.

In April, other Extension educators who conduct EDA-sponsored projects will be meeting in this North Minneap-

olis regional office and will become more deeply acquainted with this community and its stakeholders. This is intended to assure that metro work is welcomed by other staff and specialists at the University of Minnesota, especially those who are currently deeply rooted in rural economic development.

Economic Futures Workshop: McLeod County, Minnesota

By: Brigid Tuck, Senior Economic Impact Analyst, Liz Templin, Extension Educator, Jennifer Hawkins, Extension Educator, and Maryam Moeinian, Community Vitality Intern, U of M Ex-

tension Center of Community Vitality
The McLeod for Tomorrow (MFT) leadership cohort recently participated in an economic futures workshop. The workshop focused on McLeod Coun-

ty’s current economic situation and allowed participants to explore opportunities for economic development. The workshop was held on Thursday, Mar. 23, 2017 in Glencoe, Minnesota.

What is an Economic Futures Workshop?

The Economic Futures Workshop allows community leaders to explore their local economy. The workshop examines the interactions within an economy – among businesses and between businesses and consumers. Using information about how these linkages function, leaders can deepen their understanding of the full implications of change in the local economy. The Futures Workshop can also help communities understand how efforts by different organizations can affect the economy.

The three hour Futures Workshop provided a profile of the McLeod County economy, an analysis of how ten selected industries interact, and a facilitated discussion of the industries.

Profile of the Current Economy

In 2016, there were a total of 19,086 full-time, part-time, and seasonal jobs in McLeod County. The number of jobs in McLeod County grew fairly steadily between 2001 and 2006 with total number of jobs in the county rising to 20,594 in 2006 (Chart 1). Consistent with the impacts of the Great Recession, McLeod County lost jobs between 2007 and 2010.

Minnesota as a whole has begun adding jobs post-recession, and McLeod County has also added jobs. However, McLeod County has yet to recover to pre-recession job levels. McLeod County is home to a significant number of jobs in the computer and electronic manufacturing sector. This industry in the county underwent significant fluctuation and change between 2001 and 2016. Setting aside this one industry, the data shows the number of jobs in all other industries is above 2001 levels. Thus, there is evidence McLeod County has recovered from the recession. The largest industry in McLeod County was manufacturing, employing 24 percent of the workforce. In comparison, Minnesota had only 9 percent of its employment in manufacturing, making the industry a relative strength for the county.

McLeod County also has a relative strength in agriculture, with nearly

twice the percentage of jobs in that industry compared to Minnesota.

Industries adding the most jobs between 2001 and 2016 include health care & social assistance (1,417 new jobs), educational services (332 jobs), and wholesale trade (96 jobs). Industries shedding the most jobs in the same period include manufacturing (-1,281 jobs), construction (-67 jobs), and retail trade (-219 jobs). Despite overall losses in manufacturing, data indicates McLeod County actually retained jobs. Given national trends, McLeod County would have been expected to lose more jobs.

Wages in McLeod County are lower than the Minnesota average. McLeod County's average weekly wage across all industries was \$810 in 2015. Minnesota's average weekly wage across all industries was \$1,030. The McLeod County wage difference could be attributed to lower overall wages or could be attributed to a higher number of part-time or seasonal jobs in the county which lowers the overall average wage.

Analysis of Industries

Ten industries were selected for analysis and discussion during the facilitated workshop (hospitals, museums/historical sites, building materials, grain farming, food product machinery, other plastics, farm machinery equipment, wholesale trade, other animal food manufacturing, and wood kitchen cabinet manufacturing). Industry selection was based on businesses visited during the McLeod for Tomorrow program year. By doing this, participants brought into the conversation the knowledge learned during the business visits.

These industries were also selected to represent a diverse range of economic activities in McLeod County. The workshop uses these industries as examples. The input-output model IMPLAN was used in the analysis.

Exploration and discussion of industries

After reviewing the current structure of the McLeod County economy, attendees divided into small groups of four to six people, each representing

different professions and communities. In the workshop, the groups explored the economic interdependencies of two selected industries by addressing the following four questions:

- What surprises you about this information?
- What information favors this industry in the region?
- What information works against this industry in the region?
- What could be done to support this industry in McLeod County?

The small groups reported out to the full group their summary thoughts and considerations.

Key Conclusions and Industry Support

Participants in the McLeod County Futures Workshop put forth ideas to support each of the industries under discussion. Participants did not prioritize these ideas nor develop implementation plans during the three-hour workshop.

These are the ideas shared to help support industries in McLeod County. They reflect the breadth and depth of the conversation.

- Increase grant funding
- Attract suppliers
- Enhance infrastructure
- Increase housing access in smaller communities
- Human Resources training on generational differences
- Maintain infrastructure (roads, ditches, etc.)
- Buy local
- Support ethanol plant
- Educate public about benefits/impact of industries
- Buy products with local production (example: boxed wine, Tide)
- Increase skilled laborers through education
- Make perspective employees aware of types of jobs
- Increase promotion – social media
- Encourage partnerships with technical colleges
- Increase partnerships with schools
- Find ways to increase wages

Economic Futures Workshop: Marshall County, Minnesota

By: Brigid Tuck, Senior Economic Impact Analyst, Rani Bhattacharyya, Extension Educator, and Maryam Moeinian, Community Vitality Intern, U of M Extension Center of Community Vitality

The Marshall County Economic Development Authority requested University of Minnesota Extension prepare a summary of their economy under the Economic Futures program. A workshop was scheduled for June 2017. Due to low projected attendance, the workshop was cancelled. This summary was prepared.

What is an Economic Futures Workshop?

The Economic Futures Workshop is designed to help community leaders look objectively at the state of their local economy. The workshop examines the interactions within an economy – among businesses and between businesses and consumers. Using information about how these linkages function, leaders can begin to understand the full implications of change on the local economy. The Futures Workshop can also help communities understand how efforts by different organizations can affect the economy.

The three hour Futures Workshop provides a profile of the county economy, an analysis of how ten selected industries interact, and a facilitated discussion of the industries.

Profile of the Current Economy

In 2016, there were a total of 3,017 full-time, part-time, and seasonal jobs in Marshall County. The number of jobs in Marshall County declined between 2001 and 2009 with the total number of jobs in the county dropping to 2,761 in 2009. Since the Great Recession, Marshall County has been steadily adding jobs. Employment in 2016 was fairly equal to employment in 2001.

The largest industry in Marshall County was agriculture, employing 22 percent of the workforce. In comparison, Minnesota had only 2.5 percent of its employment in agriculture, making the industry a relative strength for the county. Other relative strengths in Marshall County include manufacturing, construction, and other services.

Industries adding the most jobs between 2001 and 2016 include crop and animal production (199 new jobs), health and social services (60 jobs), and wholesale trade (30 jobs). Industries shedding the most jobs in the same period include government (-111 jobs), retail trade (-93 jobs), and other services (-70 jobs). The source of this data is EMSI.

Wages in Marshall County are lower than the Minnesota average. Marshall County's average weekly wage across all industries was \$833 in 2015. Minnesota's average weekly wage across all industries was \$1,030. Interesting-

ly, the wage gap between Marshall County and Minnesota has been declining. Marshall County's wages have been increasing at a rate faster than the state. This indicates wage pressures in Marshall County.

Analysis of Industries

Ten industries were selected for analysis. Industry selection was based on primary industries in Marshall County. The input-output model IMPLAN was used in the analysis.

Note: these industries were also selected to represent a diverse range of economic activities in Marshall County. These industries are intended as examples.

- Farm machinery and equipment
- Hospitals
- Wholesale trade
- Retail, food and beverage
- Grain farming
- Banking
- Rice milling
- Fluid meter and control devices
- Construction
- Restaurants

For each of these industries, the report includes details on the jobs, output, number of establishments, trends, impact of 100 jobs, and other industries that are impacted.

EDA Center Sponsored Work Reaching Farther

By: Kent Olson, EDA Center Director

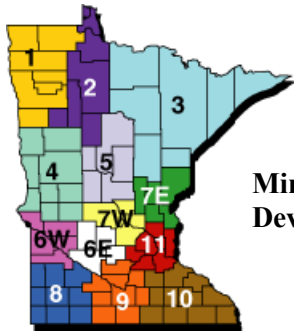
EDA Center sponsored work is not just gathering electronic dust sitting as links on our website. Two recent reports have generated interest and discussion and shown up in the media.

Brigid Tuck and Neil Linscheid's "Economic Impact of a Potential Shrimp Harbor Facility in Southwest Minnesota" was summarized in our February 2017 newsletter. Their full

report is available at z.umn.edu/shrimp. Their work has been cited in Twin City Business this month (z.umn.edu/shrimp_tcb), briefly noted in the Star Tribune, and even covered in the Wisconsin State Farmer (February 2017, z.umn.edu/shrimp_wsf).

Liz Templin and her team surveyed rural businesses on their transitions to the next generation of owners as the

baby boomers retire—the silver tsunami—was summarized in our July 2016 newsletter. Their full report is available at z.umn.edu/ruralbiz_transitions. Chris Farrell, economist and columnist on MPR, picked up their findings in his columns on Next Avenue and in Forbes (z.umn.edu/ruralbiz_nextave and z.umn.edu/ruralbiz_frb).



Minnesota Economic Development Regions

Jobs data below comes from U.S. Bureau of Labor Statistics (www.bls.gov) and DEED (<http://mn.gov/deed/>).

2016-2017 Minnesota Unemployment by Economic Development Region (Not Seasonally Adjusted)

Date	EDR1	EDR2	EDR3	EDR4	EDR5	EDR6E	EDR6W	EDR7E	EDR7W	EDR8	EDR9	EDR10	EDR11
May 2016	4.1%	5.1%	5.6%	3.0%	4.3%	3.7%	3.7%	4.1%	3.3%	3.4%	3.3%	2.9%	3.0%
Jun 2016	4.9%	5.7%	6.2%	3.7%	4.8%	4.3%	4.3%	4.6%	3.8%	4.2%	4.0%	3.7%	3.7%
Jul 2016	4.7%	5.3%	5.8%	3.4%	4.5%	4.0%	4.5%	4.2%	3.6%	4.4%	3.7%	3.4%	3.5%
Aug 2016	4.6%	5.3%	5.9%	3.3%	4.6%	4.0%	4.1%	4.4%	3.6%	3.8%	3.6%	3.4%	3.6%
Sept 2016	3.5%	4.5%	5.0%	3.0%	4.1%	3.3%	3.5%	3.9%	3.3%	3.4%	3.2%	3.0%	3.5%
Oct 2016	3.4%	4.3%	4.9%	2.8%	4.0%	3.2%	3.2%	3.8%	3.1%	3.6%	3.1%	2.8%	3.3%
Nov 2016	4.1%	5.1%	5.5%	3.1%	5.1%	3.3%	3.4%	4.3%	3.2%	2.9%	3.0%	2.8%	3.1%
Dec 2016	6.7%	6.7%	6.4%	4.6%	6.8%	4.8%	4.9%	6.1%	4.3%	4.2%	4.0%	3.6%	3.4%
Jan 2017	8.6%	8.5%	7.6%	5.8%	8.4%	6.1%	6.2%	7.9%	5.5%	5.8%	5.3%	4.5%	4.0%
Feb 2017	7.7%	7.9%	7.0%	5.5%	7.8%	5.9%	5.7%	7.5%	5.3%	5.1%	5.1%	4.3%	3.9%
Mar 2017	7.0%	7.3%	6.8%	5.0%	7.2%	5.4%	5.3%	7.1%	4.8%	4.7%	4.7%	3.9%	3.6%
Apr 2017	6.3%	5.9%	6.1%	3.8%	5.2%	4.2%	4.3%	5.4%	3.8%	3.5%	3.7%	3.2%	3.2%
May 2017	4.1%	4.8%	5.1%	3.1%	3.9%	3.5%	3.4%	4.1%	3.3%	3.1%	3.2%	3.0%	3.2%



110D Sahlstrom Conference Center
 2900 University Ave
 Crookston, MN 56716
 Phone 218.281.8251
 Email: editor@edacenter.org
 Website: www.edacenter.org

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:

Kent Olson, Ph.D.-EDA Center Director

Eddie Walker, Ph.D.-Editor



This document was prepared by the University of Minnesota Crookston under award number 06-66-05709 from the Economic Development Administration, U.S. Department of Commerce. The statements, findings, conclusions, and recommendations are those of the author(s) and do not necessarily reflect the views of the Economic Development Administration or the U.S. Department of Commerce.

The University of Minnesota is an equal opportunity educator and employer.