



# The EDACENTER

at the University of Minnesota Crookston

The EDA Chronicle-March 2015

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## Events of Interest:

April 8

- Metro Export Roundtable hosted by the Minnesota Trade Office, Midwest Global Trade Association, and the Twin Cities North Chamber of Commerce from 11:30AM-1PM at the Crooner's Lounge in Fridley. The fee is \$25. To register, please contact Todd Kruse at [todd@twincitiesnorth.org](mailto:todd@twincitiesnorth.org).

April 14

- EDAM Webinar: Advantage Location Marketing will be held from noon to 1:15PM. You may register up until the day of the event. Cost is free to EDAM members and \$25 to nonmembers. For more information and to register, please go to <http://z.umn.edu/v2i>.

April 20-22

- International Biomass Conference & Expo: Connecting Industry to Innovation will be held at the Minneapolis Convention Center from Monday 8AM to Wednesday 5PM. Registrations costs vary by package. Please go to <http://z.umn.edu/v2g> for more information and to register.

May 5

- The Minnesota Trade Office will be hosting the NAFTA Completing the Certificate of Origin workshop from 8:30AM to 2PM at the DEED Conference Center in St. Paul. Fee is \$45 if you register before May 1st and \$65 if you register after May 1st. To register, please go to <http://z.umn.edu/v2h>.

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## A Note from the Director of the EDA Center

Dear Friends,

In this issue, we summarize findings of a study of Second Homeowners in West Central, Minnesota. This study calls attention to how choices among Minnesota's aging population will bring practical change to the demographics of Greater Minnesota, because the study found that 56 percent of those second homeowners surveyed intend to move permanently to their second home someday. If a significant percentage follow through with those intentions, communities will have practical opportunities to involve these newcomers in the civic and economic pulse of their community's life. Their migration brings concerns, too -- because newcomers bring demands for infrastructure, as well as the expectation that the natural resources that drew them to the area will be maintained.

Study leaders and Extension Educators Merritt Bussiere and Ryan Pesch are very grateful that many partners in this region contributed questions and

perspectives to this study. The answers to questions they asked created a compelling look at the future. Already, Merritt and Ryan have been invited to make over a dozen presentations of this information in the West Central region. This demonstrates, first, that involving community leaders to guide the questions of a study creates rich and thought-provoking research worth sharing. It also demonstrates that Greater Minnesota's businesses, government and civic organizations are ready to think about how this churning can affect the future.

So, your questions are welcome. Please call us and contact us on line to tell the EDA Center about answers you need as you consider your community's future. Also, please browse this front page to consider the first in a series of webinars that are coming up. Pass the news along to others that might be interested. We look forward to chatting with you.

Joyce Hoelting, 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 highlighted in future newsletters, please submit them to [walke810@umn.edu](mailto:walke810@umn.edu) prior to the 15th of April.

## How Can We Help?

The Great Lakes Regional Training Initiative will be hosting the first in a series of webinars Thursday, April 2<sup>nd</sup> from 1:30 to 3:00 PM CST. The topic will be "Establishing an Entrepreneurial Friendly Region". We will include information regarding future webinars as they become available.

To register for the webinar, please go to <http://z.umn.edu/v26>.

Take advantage of all the resources we have at The EDA Center at the University of Minnesota Crookston by sending us requests for technical assistance. Please visit our [website](#) to request technical assistance or download the [pdf](#), fill in the information, and email or mail it to us. You may email [walke810@umn.edu](mailto:walke810@umn.edu), [jhoeltin@umn.edu](mailto:jhoeltin@umn.edu), or at our address listed on [www.edacenter.org](http://www.edacenter.org).

## Profile of Second Homeowners in Central and West Central Minnesota: Results of a Household Survey of Second Homeowners in Eight counties in Central and West Central Minnesota

by Ryan Pesch and Merritt Bussiere,  
U of M Extension Community Economics Educators

University of Minnesota Extension conducted this survey to profile second homeowners and estimate their impact in eight counties of Minnesota's Central and West Central lakes districts. Those responding to the survey tend to be well-educated (65 percent have a bachelors or graduate degree), predominantly in their 50s and 60s (65 percent of all respondents), and earn a household income above the state average (59 percent earn \$100,000 or more annually). A majority of respondents have owned their property for more than 10 years and plan on moving permanently to their second home.

The social and economic impacts of second homeowners on the communities near their second homes are significant. We estimate that house-

holds have a median annual spending of \$3,252, for common categories of household spending, in the county where their second home is located. This estimate is based on survey responses and assumes the shares spent in the second home communities hold for year-round purchasing patterns. The largest components of spending reflect median expenditures in the categories of grocery/liquor (\$64 a month), dining and bars (\$40 a month), home maintenance (\$50 a month), entertainment/recreation (\$34 a month), and gas/auto service (\$50 a month). On average, respondents utilize their second homes 93 days of the year.

The survey also asked about second homeowners' level of community involvement and attachment. Respondents clearly feel very attached to their second homes, but less attached to the communities near their second homes. Moreover, people

responding to the survey are quite active in the communities where their first homes are located (81 percent belong to a community, civic or other organization there) and less so within their second-home communities, where only 17 percent belong to with a community organization.

Second-home communities could benefit from the talents and leadership skills seasonal residents bring and should undertake strategies to welcome and integrate them, especially in preparation for their permanent transition to the community. Given that 56% of respondents intend to move permanently to their second home, 46,000 permanent households could migrate to the study area, primarily over the next ten years, if that high percentage of second homeowners sticks with their plans.

*For the complete report, please go to <http://z.umn.edu/v2f>.*

## MMB Releases February Budget and Economic Forecast

The Minnesota Management and Budget Office (MMB) has released the February Budget and Economic Forecast. A combination of more revenues and less spending has led to a higher projected budgetary balance. For FY 2016-2017, revenues are expected to be \$42.497 billion, which is \$616 million more than projected in November. Projected spending in FY 2016-2017 is expected to be \$41.128 billion, or \$115 million less than projected in November. This increases the projected balance for the next biennium to be \$1.869 billion, which is well above the projection of \$1.037 billion in November.

Individual income tax receipts are

projected to be \$22.057 billion, \$393 million more than expected in November. General sales tax receipts are projected to be \$10.92 billion, \$124 million more than expected in November. Corporate franchise tax receipts are projected to be \$2.567 billion, \$31 million less than expected in November. Statewide property tax receipts are projected to be \$1.699 billion, \$11 million less than expected in November. Other revenues are projected to be \$3.522 billion, \$45 million more than expected in November.

The overall economic outlook for the U.S. has improved since the last economic forecast. Macroeconomic consultant IHS Economics expects

real GDP growth to be 2.4 percent for 2014, 3 percent for 2015, 2.7 percent for 2016, and 2.8 percent for 2017. This is higher than the projections in November for 2014 and 2015 (2.2% and 2.6%, respectively), but lower in 2016 and 2017 (2.8% and 3%, respectively). Expectations also improved or remained the same for 2018-2019. Currently, IHS expects 2.6 percent in 2018, and 2.8% in 2019 (compared to 2.6%, and 2.6%, respectively).

*For more information, please go to <http://mn.gov/mmb/forecast/forecast> to get the summary of the February Forecast and the complete report.*

## 2014-2015 Local Area Unemployment Statistics and Jobs Report

After seasonal adjustments, unemployment in February dropped to 5.5 percent in the U.S. and remained steady at 3.7 percent in Minnesota. Minnesota unemployment claims in February decreased 1,449 to 17,795 when compared to January. Over the year unemployment claims decreased 7.5 percent when compared to February 2014.

Minnesota employers added 11,800 jobs in February. Six sectors posted job gains: Trade/Transportation/Utilities (5,600), Leisure/Hospitality (4,200), Construction (1,600), Educa-

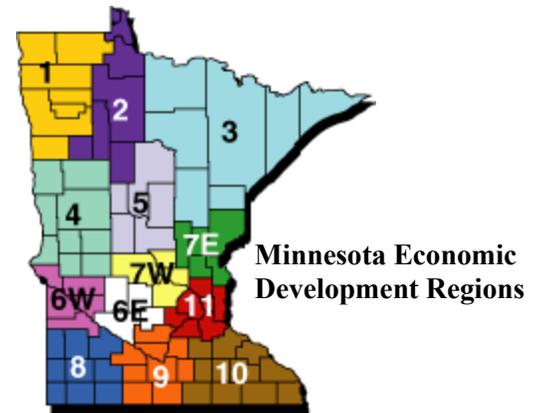
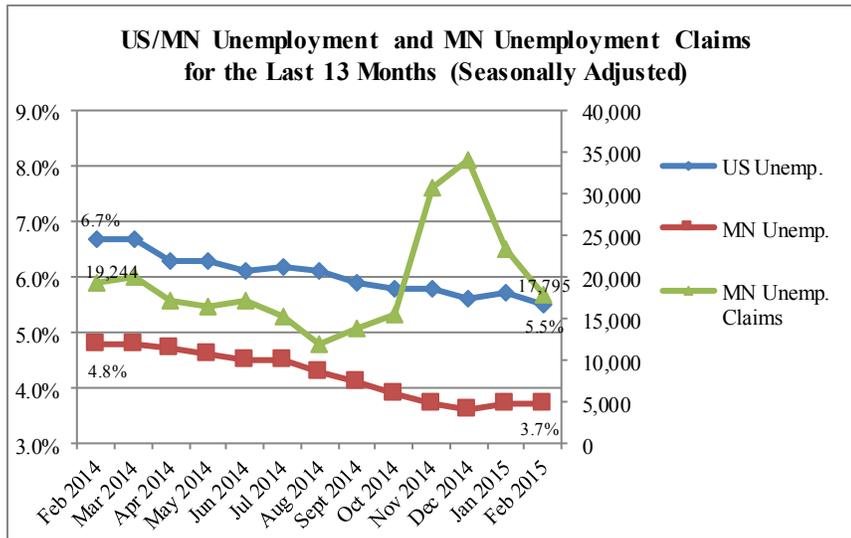
tional/Health Services (1,100), Government (400), and Professional/Business Services (200). Manufacturing (-600), Other Services (-300), Financial Activities (-300), and Information (-100) posted job losses in February. Mining/Logging remained steady for the month.

Minnesota added 45,414 jobs over the past year, which puts Minnesota's growth at 1.7 percent during that time. This is below the U.S. growth of 2.4 percent over the past year. Minnesota's labor participation rate is up to 70.2 percent (seasonally adjust-

ed). Minnesota's labor participation rate continues to exceed the U.S. labor participation rate of 62.8 percent.

Unemployment for all of the EDRs decreased or remained the same in February. The Upper Minnesota Valley region experienced the largest decrease in unemployment at 1 percent.

Go to the DEED website; [www.positivelyminnesota.com](http://www.positivelyminnesota.com) to view more employment and wage statistics.



### 2014-2015 Minnesota Unemployment by Economic Development Region (Not Seasonally Adjusted)

Date	EDR1	EDR2	EDR3	EDR4	EDR5	EDR6E	EDR6W	EDR7E	EDR7W	EDR8	EDR9	EDR10	EDR11
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%	5.3%	4.5%	2.9%	5.2%	3.3%	3.1%	4.8%	3.5%	2.5%	2.9%	2.9%	3%
Dec 2014	4.7%	5.8%	4.7%	3.8%	6.1%	4.1%	4.2%	5.3%	3.8%	3.5%	3.6%	3.2%	3.1%
Jan 2015	6.2%	7.2%	5.9%	5.1%	7.7%	5.4%	6.5%	6.8%	5%	4.6%	4.7%	4.3%	3.9%
Feb 2015	5.9%	7%	5.9%	4.9%	7.6%	5.3%	5.5%	6.7%	4.9%	4.6%	4.6%	4.2%	3.8%

## News for You...

### EDA CENTER REPORT:

#### Economic Composition of Upper Minnesota Valley: Industries and Performance\*\*

*By: Brigid Tuck, with Assistance from Neil Linscheid and Ryan Pesch*

To analyze the economic composition of the Upper Minnesota Valley region, 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.

Agriculture is a primary driver of the Upper Minnesota Valley region's economy. Trade, manufacturing, and government are other important components of the economy. Agriculture has been a strong industry in recent years, putting the Upper Minnesota Valley in a competitive position. A caution - as of the time of this publication, predictions were for relatively low grain prices for the 2014 harvest. This could significantly impact the strength of the agricultural industry.

#### REGIONAL STRENGTHS:

- **Agriculture.** Agriculture is the largest industry in the region – measured by both employment and output. Corn, soybeans, and hogs contribute the highest shares of output. The agriculture industry has added jobs over the past 10 years and at rates faster than expected given national and industry trends. Manufacturing in the region is closely tied to agriculture; the largest manufacturing sectors include poultry processing, cheese manufacturing, and oilseed processing.
- **Construction.** As an individual sector, construction is the third

largest source of output. Construction jobs in the region have been on the rise and at a competitive rate. Construction companies in the Upper Minnesota Valley region added jobs despite the Great Recession. Job gains were recorded in the construction sectors of industrial building; commercial and institutional building; and heavy and civil engineering construction. Wages in the industry are strong.

- **Wholesale trade.** Wholesale trade added jobs in the region at a pace faster than national and industry trends. Wages are relatively strong and have grown faster than wages in other industries. Wholesale trade activity is distributed across the region.

#### REGIONAL CONCERNS:

The analysis also revealed areas of potential concern for the region from an economic standpoint. Areas of regional concern may warrant additional attention and understanding.

- **Employment.** The total number of jobs in the Upper Minnesota Valley region peaked in 2008 at 18,871 jobs. Since then, the number of jobs in the region has declined. While most of Minnesota experienced job losses due to the Great Recession, most regions have recovered and are adding jobs. The Upper Minnesota Valley region is not following this trend.
- **Health care.** While the health care and social assistance industry posted 175 new jobs in the region, national and industry trends indicate it should have added 436 jobs.

*For the complete report, please go to <http://z.umn.edu/v24>.*

### EDA CENTER REPORT:

#### Economic Composition of the Mid-Minnesota Region of Minnesota: Industries and Performance\*\*

*By: Brigid Tuck, with assistance from Adeel Ahmed, and Neil Linscheid*

To analyze the economic composition of the Mid-Minnesota region of 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.

Manufacturing is a significant driver of the economy in the Mid-Minnesota region (Kandiyohi, McLeod, Meeker, and Renville counties). Manufacturers in the region generate 41 percent of all output and employ 14 percent of all workers. Health care and social assistance is another major driver of the economy. The health care and social assistance industry employs 16 percent of all workers.

#### REGIONAL STRENGTHS:

- **Health care and social assistance.** The health care and social assistance industry was the fastest growing industry in the Mid-Minnesota region between 2003 and 2013, with the number of jobs in the industry increasing by 43 percent. The region added more jobs in the industry than would have been expected given national and industry trends. One concern for the industry is that wages decreased by an inflation-adjusted 9 percent between 2004 and 2013.

- Manufacturing.** Despite the loss of over 1,100 jobs in the manufacturing industry between 2003 and 2013, the manufacturing industry in the Mid-Minnesota region is an economic strength. The industry fared better than expected, given national and industry trends. Wages are fairly strong —over \$250 a week above the average weekly wage in the region. Wages increased by an inflation-adjusted 8 percent between 2000 and 2013. Major job losses appear limited to one manufacturing sector.
- Nonstore retailers.** Despite a decline of 4 percent in the number of retail trade jobs in the Mid-Minnesota region, the number of jobs in the nonstore retail sector increased by 383 percent (276 jobs) according to the EMSI database. This sector includes businesses such as vending machine operators, mail order houses, electronic shopping, and home heating oil dealers. The location quotient for the sector is almost 2, indicating a higher concentration of jobs in the region as compared to the nation. Most of the new jobs appear to be with home heating oil dealers.
- Nursing and residential care facilities.** Nursing and residential care facilities employ 40 percent of health care and social assistance workers in the Mid-Minnesota region. While the number of jobs in the sector increased by over 30 percent between 2003 and 2013, the average weekly wage (after adjusting for inflation) decreased by 5 percent. The 2013 average weekly wage in the nursing and residential care facilities sector is well below the average weekly wage across all industries in the region and is \$75 below the average weekly wage in the sector in Minnesota.

### 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.

- Construction.** The number of construction jobs in the Mid-Minnesota region declined by 648 between 2003 and 2013. Although the Great Recession of 2008-2009 hit the industry hard, nearly half those jobs losses are estimated to be as a result of local conditions.

For the complete report, please go to <http://z.umn.edu/v25>.

**\*\*The final reports similar to this will be highlighted in the next two newsletters but are already available on our website. Please go to <http://z.umn.edu/v2e> to find all of the regional composition reports.**



110N Sahlstrom Conference Center  
2900 University Ave  
Crookston, MN 56716  
Phone 218.281.8251  
Email: [editor@edacenter.org](mailto:editor@edacenter.org)  
Website: [www.edacenter.org](http://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:

*Joyce Hoelting-EDA Center Director*

*Eddie Walker-Research Analyst/Editor*



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