



Events of Interest:

May 10

- Export Process: an Introduction to Exporting. 9 AM-2 PM in DEED Conference Center in Minneapolis, MN. Go to http://www.positivelyminnesota.com/Business/Exporting_Trade/Calendar_of_Trade_Events/2012-05-10_Export_Process_-_An_Introduction_to_Exporting.pdf for more information.

May 17

- TiE Minnesota : Start-ups & Mentors-What Works? Argosy University 6:30 PM-9:00 PM. Register at <https://s01.123signup.com/servlet/SignupMember?PG=1520273182300&P=15202731911424695900>.

June 8-17

- Trade Mission to China with Governor Dayton. Travel with the Governor to various cities in China to meet high ranking business leaders and government officials. For more information go to http://www.positivelyminnesota.com/Business/Exporting_Trade/Trade_Mission_to_China_with_Governor_Mark_Dayton/index.aspx for more information.

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April Economic Update Shows Minnesota Economy Still on Track

The Minnesota Management and Budget Office released the April Economic Update which shows revenues are continuing to exceed the forecast. The state's general fund revenue was \$2.496 billion in February and March. This was an additional \$106 million over the forecast in February with \$60 million of the additional revenue coming from income taxes, which is a very good sign.

Global Insight's expectation of economic growth is still similar to the February Forecast with real GDP expected to grow 2.2 percent in 2012 and 2.4 percent in 2013 as opposed to 2.1 percent (2012) and 2.3 percent (2013) expectations in the February Forecast. GII believes these estimates have a 60 percent chance of

being met with a 20 percent probability growth could be better than expected and 20 percent probability growth could be worse than expected.

Other good news is that Minnesota employment has improved faster than the U.S. average. At the time of the update, Minnesota's March unemployment of 5.8 percent was 2.3 percent below the U.S. unemployment rate. Minnesota has recovered over 52 percent of the jobs lost since the recession while the nation as a whole has only recovered 40 percent of jobs lost over the same time period.

Go to <http://www.mmb.state.mn.us/doc/fu/12/update-april.pdf> for the complete April Economic Update.

Northwest Minnesota IDEA Competition Winners Announced

On April 2th at the Sanford Events Center in Bemidji, the Northwest Minnesota Foundation announced the winners of the 4th Annual IDEA Competition. Five winners were awarded \$10,000 each for the advancement of their innovations. The 5 winners were: Jeff Sullivan of Bemidji, Mark Landes and Jennifer DeBarr of Bemidji, William and Julia Stephani of Puposky, Brady and Jodi Dyrdaahl of Shelvin, and Jay Fisher and James Marvin of Warroad. In addition to the cash award, each of the winners will receive business support services from a "coach" for a

year. If you are interested in competing in next year's event, applications will open up again on September 1st, 2012 and will remain open until November 30th, 2012. This gives you plenty of time to develop and refine your best idea. Go to <http://www.ideacompetition.org/enter.html> for more information.

Entrepreneur Experience Camp for High School Students to be held June 17-21, 2012, at the U of M, Crookston

By Elizabeth Tollefson

Experience the excitement of sharing ideas and competing with other future entrepreneurs during a camp designed for high school students interested in starting their own business. Entrepreneur Experience Camp will be held from Sunday, June 17 through Thursday, June 21, 2012, at the University of Minnesota, Crookston. The camp,

hosted by the Center for Rural Entrepreneurial Studies, includes meals, accommodations, and activities for the \$100 registration fee. To reserve a spot, visit www.entrepreneur-experience.com or contact Rachel Lundbohm at 218-281-8190 (rlundboh@umn.edu).

The Entrepreneur Experience Camp offers 5 days of excitement, competi-

tion and an opportunity to meet future business leaders. The mission is to introduce young entrepreneurs to business concepts, basic fundamentals of entrepreneurship, and stimulate innovation. High-School students will learn about finance, credit, business contracts and marketing. This unique program is designed to foster creativity, innovation, and teamwork.

Outsourcing: What Are the True Economic Impacts?

Everyone is familiar with outsourcing and most have the perception that jobs sent overseas means less jobs domestically. Winston Chang, an international economics professor at the University of Buffalo has published a paper discussing the impact of offshoring on the economy. His paper, which appears online at the Social Science Research Network points out the various implications of outsourcing. What he finds is that it may not be as bad for the economy as we think.

In most situations, Wang suggests that moving jobs offshore has been a necessary component of business. Moving certain jobs to countries with lower labor costs has allowed some businesses to be more efficient with resources and allocate the additional resources to other areas. Wang presents a model that shows how cost savings by offshoring certain aspects of production can lead to potential benefits to the “home firm”. Expansion of international trade resulting from offshoring “will increase aggregate U.S. productivity, which in turn will raise the nation’s standard of

living.” He cites an analysis showing that for every \$1 outsourced to India in 2002, it created a net benefit of \$0.33 to India and \$1.12-\$1.14 benefit to the U.S. The net benefit for the U.S. included: \$0.58 savings accruing to U.S. investors/customers, \$0.05 to U.S. exporters, \$0.04 from profits by U.S. providers in India, \$0.67 to net direct benefit retained in the U.S., and \$0.45-\$0.47 of indirect benefit from reemployment of U.S. labor.

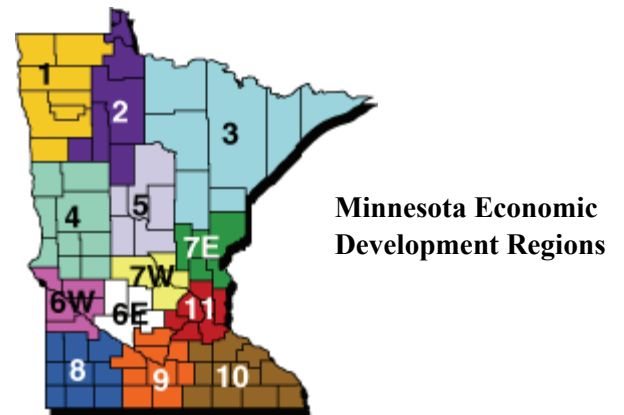
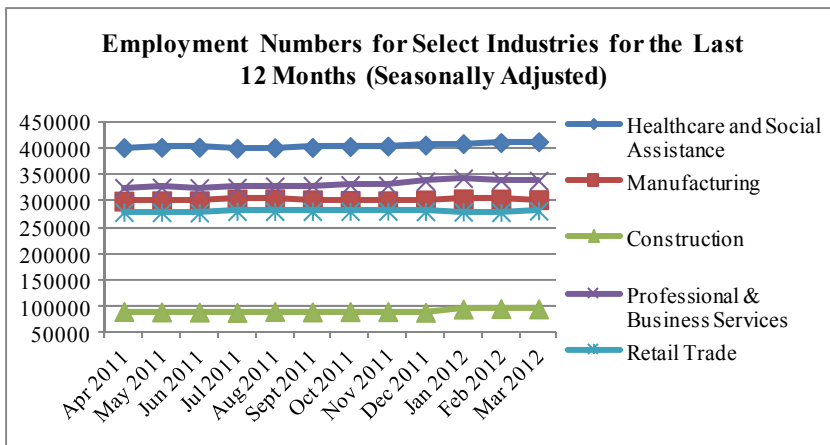
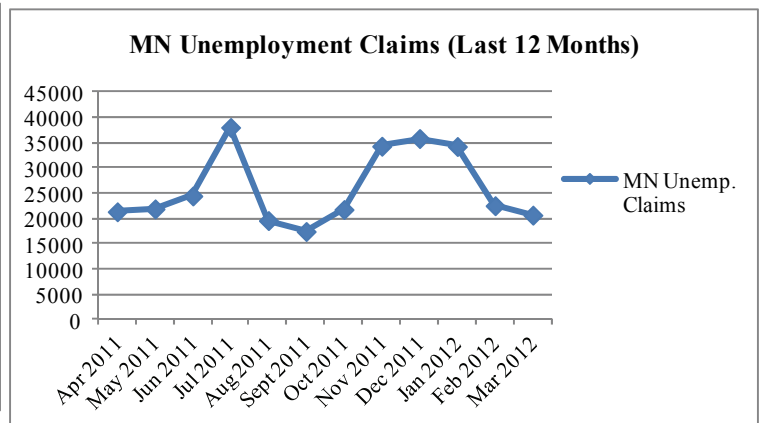
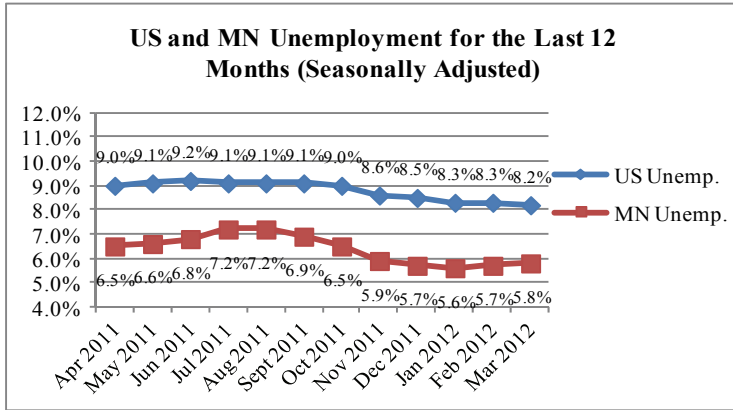
Many have often feared off-shoring jobs would lead to an increase in U.S. unemployment. Wang cites various studies showing projected job losses as well as actual job losses. His research indicates jobs lost due to off-shoring may not have as bad an impact as previously thought. A study conducted by Garner in 2004 indicates that an annual loss of 100,000 service jobs was only 0.1% of total employment. Of those losing jobs, Wang cites a study showing 2/3 of displaced workers found new employment within 2 years. Of those workers, roughly half found jobs making as much or more than their

previous job while the other half experienced a 15% or more decrease in pay. Another interesting point he makes is that jobs lost due to offshoring may not be any different than jobs lost for a variety of other reasons.

Sending jobs to countries with cheaper labor has improved the development of those countries. As a result, the savings seen from outsourcing jobs to those countries will not be as great in the future. Wang cites the Boston Consulting Group report we highlighted in April’s newsletter regarding the return of U.S. manufacturing. This lack of savings of off-shoring will lead to the “re-shoring” of some jobs from overseas back to the U.S. That will potentially leave the overseas producers to supply the products for their own countries and new production in the U.S. to supply products here.

Visit the Social Science Research Network for the complete paper at (http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2016984).

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
Apr 2011	7.0%	9.6%	8.1%	6.1%	8.9%	7.4%	6.3%	9.8%	7.2%	5.2%	6.2%	6.1%	6.1%
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%

After seasonal adjustments, US unemployment in March dropped to 8.2% while unemployment in Minnesota rose for the second straight month to 5.8%. Unemployment claims fell again in March to 20,702. March unemployment

claims are down 20.3% when compared to March 2011. Minnesota lost 200 jobs this March but there are 31,500 more jobs this March than March 2011. Almost all of the EDRs stayed steady or showed a decrease in unemployment for March, 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.

New Funding Resources for Small Businesses

On April 10th, DEED announced they have awarded \$4.5 million in funding to micro-enterprises and small businesses across Minnesota. The funding comes from the Emerging Entrepreneurs Fund. The funds were awarded to 13 non-profit organizations which will disburse loans to businesses with fewer than 50 workers.

The following organizations receiving funding as presented in DEED's April 10th press release with DEED's description of the organization:

Milestone Growth Fund Inc., Minneapolis, \$233,000: Milestone focuses on providing funding to early-stage minority-owned businesses in the Twin Cities.

Metropolitan Consortium of Community Developers, Minneapolis \$295,000: The consortium has a variety of programs designed to improve the wealth and resources of Minneapolis neighborhoods, including funding for entrepreneur development and business assistance.

Neighborhood Development Center, St. Paul, \$266,000: The group provides funding for small businesses to help revitalize inner-city neighborhoods.

WomenVenture, St. Paul, \$112,000: The organization has a variety of financial services for women, including a microloan fund to help them start or expand small businesses.

Northeast Entrepreneur Fund, Virginia, Minn., \$515,000: The group offers consulting and training pro-

grams and financing opportunities to help entrepreneurs launch businesses in northeastern Minnesota.

Sparc, St. Paul, \$135,000: Sparc's mission is to improve the residential and commercial vitality of the Hamline Midway, South Como and North End neighborhoods of St. Paul.

Midwest Minnesota Community Development Corp., Detroit Lakes, \$628,000: The group offers business lending services, community development and technical assistance, affordable housing help and home loans in communities statewide.

African Development Center of Minnesota, Minneapolis, \$272,000: The organization, with offices in Minneapolis, Rochester and Willmar, works with African immigrant communities in Minnesota to start and sustain businesses, build wealth, and promote community reinvestment. The group's services include micro-lending to small businesses.

Metropolitan Economic Development Association (MEDA), Minneapolis, \$309,000: MEDA provides consulting, training, planning and financial services to help minority-owned businesses start or expand in the Twin Cities.

Southern Minnesota Initiative Foundation, Owatonna, \$926,000: The foundation provides grants, loans, technical expertise and other services to encourage economic growth in 20 counties in southern Minnesota.

Initiative Foundation, Little Falls, \$407,000: The group's mission is to build healthy communities in central

Minnesota. Its list of programs and services includes the Microenterprise Loan Guaranty Fund, designed to increase local ownership of small businesses, especially among underserved populations.

Latino Economic Development Center, Minneapolis, \$325,000: The center offers a variety of projects and services to create economic opportunities for Latinos statewide, including loan assistance for small and medium-sized businesses.

Headwaters Regional Development Commission, Bemidji, \$77,000: The group is a regional development organization serving Beltrami, Clearwater, Hubbard, Lake of the Woods and Mahnommen counties in north-central Minnesota. Its services include a revolving loan fund for new and expanding businesses.

Each of the organizations will then use the funds to finance loans to eligible small businesses and micro-enterprises. The loans are to be then used for start-up costs, working capital, business procurement, franchise fees, equipment/inventory, or to purchase or renovate an eligible place of business (financing existing debt is not allowed). Small business owners wanting more information on how to apply for loans from the above listed lenders visit http://www.positivelyminnesota.com/Business/Financing_a_Business/DEED_Business_Finance_Programs/State_Small_Business_Credit_Initiative_3.aspx.

National Advisory Council on Innovation and Entrepreneurship (NACIE) Members Providing Conference Calls Throughout May.

The U.S. Department of Commerce, EDA's Office of Innovation and Entrepreneurship has organized a series of conference calls with NACIE members

throughout the month of May. During these calls, the NACIE member will present information regarding development and implementing a Proof of Con-

cept innovation and entrepreneurship center.

Proof of Concept Centers provides seed funding opportunities to research-

Continued from Page 4

ers seeking to develop their own concepts for commercialization. Business advisors associated with the centers will also be available to help with development and marketing of the concept. Researchers will use their own facilities or laboratories for development. Two examples of such Proof of Concept Centers are: the [Von Liebig Entrepreneurism Center at U.C. San Diego](#) and the [Deshpande Center for Technological Innovation at M.I.T.](#) Both centers are affiliated with their respective University's School of Engineering.

Here is the tentative list of conference calls currently scheduled (all times listed are Central Time):

- May 1, 3:15 p.m.: Michael

Crow, president of Arizona State University

- May 8, 3:00 p.m.: Ms. Robin Chase, co-founder of Zipcar and founder and CEO of Buzzcar
- May 15, 3:00 p.m.: Dr. G.P. "Bud" Peterson, president of Georgia Institute of Technology
- May 16, 12:00 p.m.: Dr. Desh Deshpande, chairman of Sparta Group and co-chair of NACIE
- May 22, 3:00 p.m.: Dr. Christina Gabriel, president, University Energy Partnership
- May 24, 1:30 p.m.: Dr. Mary Sue Coleman, president, Univ. of

Michigan and co-chair of NACIE

- May 29, 3:00 p.m.: Ms. Kristina "Z" Holly, vice provost for innovation, USC
- May 30, 3:00 p.m.: Mr. Ray Leach, CEO of Jumpstart Inc.

To register for the conference calls, send an email to i6@eda.gov with your name, title of organization, e-mail address, telephone number, and date of call in which you wish to participate. For more information, visit www.eda.gov.



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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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