The EDA Center at the University of Minnesota Crookston

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A Note from the Director of the EDA Center

Dear Friends,

At the end of April, I had the pleasure of submitting the Center's six-month report to the EDA in Chicago. I found myself heaving a sigh of relief that the center is, indeed, keeping its ear to the ground – answering questions from and with key partners in communities. The table below contains a review of work we've done and questions we've informed in the first six months of the 2014-2015 grant period.

This month, we can add a study of the economic impact of the avian flu to the mix. This study provided the first examination of the economic ripples of the avian flu, using economic modeling. (See report in this newsletter.) This study stands to inform policy makers and local actors who want to aid those most hit by this economic emergency.

The University partners working with the EDA Center will continue to spend time out in the field, knocking on doors to hear questions and concerns that can be addressed by leveraging University resources. We hope you'll stay in touch, too. As we prepare to bring new projects to our work for the next 17 months, we want to hear from you. You can connect with us by making a technical assistance request, or just give me a call at 612-625-8233.

Sincerely,

Joyce Hoelting, EDA Center Director

The Work	Partners, Customers, and Informants
A Profile of Second Homeowners in Central and Western Minnesota	Economic Development Colleagues in eight counties
A study of businesses that succeed after Walmart comes to town	Chambers and other business groups in regional centers
A Certified Entrepreneurship Program	Minnesota Tribal Communities: White Earth, Leech Lake and Red Lake
Exploring Travel Interests of Hmong Minnesotans (See summary in this newsletter)	Explore Minnesota Tourism
Data Collection Tool Development	Minnesota Association of Professional County Economic Developers
Twelve Regional Economic Composition Reports	Regional and Local Economic Development Organizations
Three County Futures Technical Assistance and Reports (Studying local economies and their interdependencies)	Washington County, The City of Otsego and Sherburne County

Extension analysis: Economic impact of avian flu nears $310 million as of May 11

On an ongoing basis, the EDA Center funds Extension to analyze the economic impact of economic emergencies in Greater Minnesota. Because of this, Extension was able to publish the first analysis of the economic impact of the avian flu in May. Below is a press release about that report written by Allison Sandve at Extension.

Losses in poultry production and related businesses due to avian influenza are estimated at $309.9 million in Greater Minnesota, according to a newly released emergency economic impact analysis from University of Minnesota Extension.

Using economic modeling, analysts determined that for every million dollars in

Events of Interest:

June 3-5

- 2015 EDAM Summer Conference will be held at the Duluth Entertainment & Convention Center. Please go to http://z.umn.edu/vzs for more information and to register.

June 15-18

- BIO 2015 International Trade Show at the Pennsylvania Convention Center in Philadelphia, PA. DEED, the University of Minnesota, and the Mayo Clinic/DMC will be represented. For more information and to register, please go to http://mn.gov/deed/events/bio15/

July 9

- EDAM Redevelopment Case Study: Surly Brewing Company will be held at the Surly Brewing Company in Minneapolis from 3 to 6 PM. There are sponsorship options available for this event. For more information and to register, please go to http://z.umn.edu/wq8.

July 20-24

- The Upper Midwest Basic Economic Development Course will be held at the University of Minnesota Duluth Center for Economic Development. For more information and to register online, please go to http://z.umn.edu/wqb. The cost of the course is $600. The deadline to register is June 26th, 2015.

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direct losses, the estimated ripple effect leads to $1.8 million in overall economic losses, including $450,000 in wages. Ripple effect losses stem from factors including reduced wage-earner and business-to-business spending.

The Extension analysis put losses of poultry production--both turkeys and egg-laying chickens--at $113 million as of May 11.

"These projections represent where we stand as of May 11," said Brigid Tuck, Extension senior analyst, who led the study. "If the virus affects more farms, as we have seen since May 11, the impact levels will rise. If barns stay empty for another cycle of poultry production, these numbers could potentially double"

Poultry production and processing is a $3 billion industry in the state; overall, poultry growers represent about 7 percent of the agricultural and forestry economy. The study focuses on the state's 80 non-metro counties, where nearly all poultry production occurs. Among Extension's other findings:

The industry that produces feed for poultry and other animals will be hardest hit by poultry production losses. For every $1 million of lost poultry production, nearly $230,000 of demand for poultry feed is lost.

For every 100 jobs lost due to reduced poultry processing, 9 are in the trucking industry.

Other job losses related to poultry processing are 6 and 7 per 100 jobs, respectively, in wholesale trade and specialized poultry processing.

The idling of 100 poultry processing jobs will result in an estimated 210 jobs being affected across all industries. Economic losses stemming per 100 poultry processing jobs impacted are estimated at $44.8 million, including $9.3 million in labor income.

Researchers noted that insurance and government compensation for producers may help alleviate losses for poultry producers, though the impact on other industries will not be offset.

"We know avian influenza is devastating, emotionally and financially, for growers and those whose businesses are connected to the poultry industry. These early estimates show its impact on farmers, Main Street, the industry and the state," said economist Kent Olson, associate dean of Extension's Center for Community Vitality. "This analysis is an initial look at the short- to immediate-term picture to give decision-makers context. We recommended a more detailed analysis take place once the avian influenza outbreak reaches a conclusion."

About this report: University of Minnesota Extension senior economic impact analyst Brigid Tuck prepared this report using input-output analysis, which traces the flow of goods and services in an economy.

The report represents data occurring up to May 11, 2015. Projections were calculated based on data including 2014 poultry industry figures. Jobs include full-time, part-time and seasonal. Support from the EDA Center at the University of Minnesota Crookston helped fund this report.

An explanation of the economic impact modeling, as well as other considerations, can be found in the full report or at http://z.umn.edu/wgh.

The full report will also appear on The EDA Center website (www.edacenter.org) in the coming days.

MMB Releases April Revenue and Economic Update

The Minnesota Management and Budget Office (MMB) has released the April Revenue and Economic Update. For February and March, revenues totaled $2.269 billion, which is $100 million more than projected in February.

Individual income tax receipts for February and March totaled $800 million, or $21 million more than expected in February. General sales tax receipts for February and March totaled $711 million, or $7 million less than expected in February. Corporate franchise tax receipts for February and March totaled $338 million, or $72 million more than expected in February. Other revenues for February and March totaled $371 million, or $14 million more than expected in February.

The overall economic outlook for the U.S. has weakened since February. Macroeconomic consultant IHS Economics expects real GDP growth to be 2.8 percent for 2015, 2.7 percent for 2016, and 2.7 percent for 2017. Overall, this projection is lower than the projections in February, which were 3 percent for 2015, 2.7 percent for 2016, and 2.8 percent for 2017. Expectations also weakened for 2018-2019. Currently, IHS expects 2.4 percent in 2018, and 2.7 percent in 2019 (compared to 2.6%, and 2.8%, respectively).

For more information, please go to http://mn.gov/mmb/forecast/update/ to get the summary of the April Economic Update and the complete report.

2014-2015 Local Area Unemployment Statistics and Jobs Report

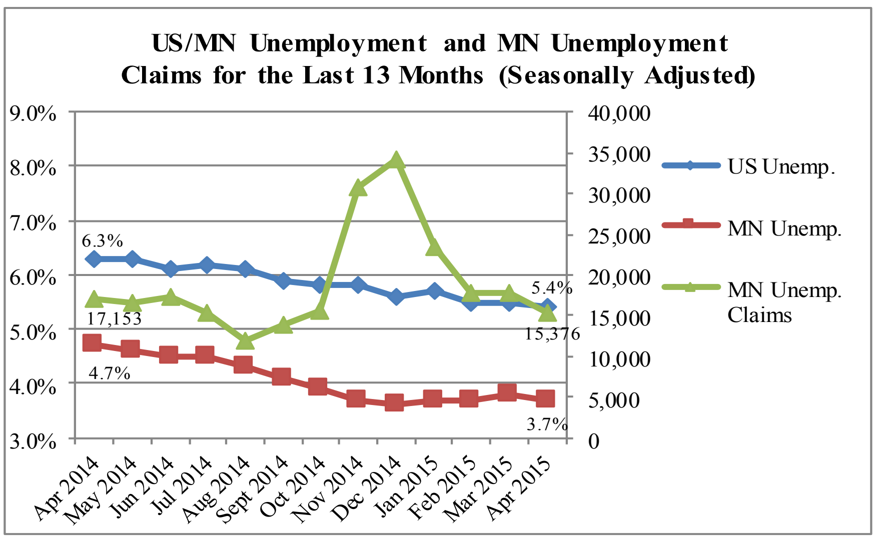
After seasonal adjustments, unemployment in April remained steady at 5.4 percent in the U.S. and dropped to 3.7 percent in Minnesota. Minnesota unemployment claims in April decreased 2,353 to 15,376 when compared to March. Over the year unemployment claims decreased 10.4 percent when compared to April 2014.

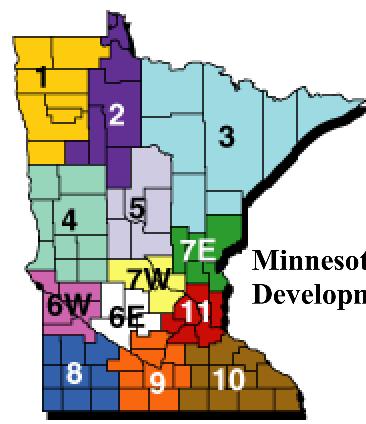
Minnesota employers added 7,400 jobs in April. Six sectors posted job gains: Construction (6,600), Professional/Business Services (3,400), Trade/Transportation/Utilities (2,200), Manufacturing (900), Financial Activities (400), and Mining/Logging (400). Government (-2,500), Educational/Health Services (-2,200), Other Services (-700), Leisure/Hospitality(-600), and Information (-500) posted job losses in April.

Minnesota added 46,114 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 2.2 percent over the past year. Minnesota's labor participation rate is up to 70.7 percent (seasonally adjusted). Minnesota's labor participation rate continues to exceed the U.S. labor participation rate which was 62.8 percent in April.

Unemployment for all of the EDRs decreased in April. The Upper Minnesota Valley region experienced the largest decrease in unemployment at 1.8 percent.

Go to the DEED website; www.positivelyminnesota.com to view more employment and wage statistics.





Minnesota Economic Development Regions

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
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%
Mar 2015	6.1%	7.2%	6.1%	4.9%	7.5%	5.4%	5.9%	6.8%	4.9%	4.5%	4.7%	4.3%	3.8%
Apr 2015	5.3%	6.2%	5.6%	3.6%	5.8%	4.1%	4.1%	5.2%	3.8%	3.3%	3.8%	3.4%	3.4%

News for You...

EDA CENTER REPORT:

Economic Composition of the West Central Region of Minnesota: Industries and Performance

By: Brigid Tuck, with Assistance from Ryan Pesch

To analyze the economic composition of the West Central 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 and professional and business services are the top two drivers of the West Central regional economy in terms of output. Manufacturers create 26 percent of all output. Professional and business services create 20 percent of output. Other key industries include agriculture, forestry, fishing and hunting; health and social services; and trade. A closer analysis revealed the following strengths and concerns in the region.

REGIONAL STRENGTHS:

- **Jobs.** The West Central region added jobs at a steady pace during the early 2000's. While the region, like the state, was hit by the Great Recession of 2008-2009, job recovery has been consistent since 2008. The number of jobs in the region now exceeds the previous peak in 2008.
- **Manufacturing.** Despite the struggles of the manufacturing industry at the national level, the West Central region **added** manufacturing jobs between 2003 and 2013. West Central weekly wages in the industry are strong, at rates nearly $200 above the overall average wage for the region. Manufacturing wages in West Central increased by an inflation-adjusted 9 percent between 2000 and 2013.
- **Crop and animal production**. The agricultural, forestry, fishing, and hunting industry is the third largest contributor to output in the West Central region. Crop and animal production added jobs at a competitive rate between 2003 and 2013. The region has a high employment location quotient in the industry, indicating a higher concentration of jobs than the nation.

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.

- **Retail trade.** The retail trade industry lost jobs in the West Central region between 2003 and 2013. The jobs lost exceeded expectations given national and industry trends. Sectors with the greatest job losses include food and beverage stores; miscellaneous store retailers; and furniture and home furnishing stores. Retail trade wages grew modestly between 2000 and 2013, but remain over $200 lower per week than the average wages in the region.
- **Health and social services.** While the health and social services industry was one of the fastest growing industries in terms of job growth, shift-share analysis indicates the industry could have added more jobs. In particular, the nursing and residential care sector lost 122 jobs despite national trends for increased demand for nursing care. Despite those losses, the West Central region still has more than twice as many jobs in the sector, as compared to the nation.

For the complete report, please go to http://z.umn.edu/wpw.

EDA CENTER REPORT:

Exploring Travel Interests and Constraints among Minnesota Hmong

By: Michele Schermann, Ingrid Schneider, Chou Moua & Tou Thai Lee

As Minnesotans comprise about half of Minnesota's travel market (Davidson Peterson, 2012), understanding this in-state population is important to attract and retain consumers and, subsequently, support communities and economies. As of 2015, tourist data primarily focuses on white, non-Hispanics. Other markets exist, however, and are growing in Minnesota and elsewhere. A rather unique Minnesota market is the Hmong, as the state has the second highest Hmong population in the United States. Research on other immigrant groups finds some challenges and opportunities related to leisure and leisure-related activities, such as travel. This report provides results from initial qualitative explorations of Hmong leisure travel behaviors. Given a self-reported propensity towards outdoor recreation and nature-based tourism, Hmong are particularly important to consider in destination areas where the outdoors is a key attraction. Results will inform planning, marketing, and product development for Hmong tourists as a niche group both in the

United States and Minnesota.

Six focus groups occurred fall 2014 with a convenience sample of Hmong Minnesotans across three age groups (n= 56). Held in socially valued places and facilitated by a Hmong Minnesotan who could speak Hmong and English, the focus groups explored travel interests, behaviors, and preferences among participants. The discussions took place in the language preferred by the group (English, Hmong, or a combination of the two), were recorded for later review, and ended with a traditional Hmong meal. Participants were compensated for their time ($50) and invited to review and confirm the data and findings.

Data revealed that the Hmong travel for and are generally constrained from travel for similar reasons as non-Hmong. Specifically, Hmong Minnesotans travel to get away, relax, and visit attractions or appealing destinations. Hmong Minnesotans do not travel as much as they desire due to time, finances, and distance to destinations. Like other immigrant groups, the influence of culture on leisure travel preferences and participation was clear, as were constraints of discrimination. Specific cultural influences on travel included the perceived value of leisure travel, familial responsibility for elders, travel group size, as well as food preferences. Discrimination was particularly prominent outside the Twin Cities Metropolitan area. Generational differences in travel preferences and behaviors existed and are in stark contrast to the broader U.S. and Minnesota population where the older generation has more money and interest in travel than - Hmong elders and the younger generation is not as culturally compelled toward group family travel. To attract and retain Hmong consumers, Hmong suggest 1) facility information, specifically for larger travel groups and parking; 2) Hmong marketing through word of mouth, traditional and electronic, 3) packages and tours including Hmong travelers.

For the complete report, please go to http://z.umn.edu/wpx.

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 prior to the 15th of June.

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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.

<u>EDA Center Staff:</u>

Joyce Hoelting-EDA Center Director

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