



# The EDACENTER

at the University of Minnesota Crookston

The EDA Chronicle-November 2014

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## Events of Interest:

December 9

- Export Roundtable hosted by the Minnesota Trade Office, Northwest Minnesota Foundation, University of Minnesota Crookston, MN Department of Agriculture, and Agricultural Utilization Research Institute will be held from 9:30AM-1PM at the University of Minnesota Crookston. Fee is \$20 and please register by December 4th. To register, please go to <https://secure.qgiv.com/for/nwmfoundation/event/334812/>.

December 11

- Going into Business for Yourself workshop will be held at the North Central MN Small Business Development Center in Brainerd from 6-9PM. Registration fee is \$49. For more information and to register, please go to <http://mnsbdc.ecenterdirect.com/ConferenceDetail.action?sessionId=B6188A2DD71CA193C92B50A64B540E0E?ID=9356>.
- Word Press I-Basics of Web Design workshop will be held at the Northeast MN Small Business Development Center in Duluth from 9AM-Noon. Registration Fee is \$60. For more information and to register, please go to <http://mnsbdc.ecenterdirect.com/ConferenceDetail.action?sessionId=B6188A2DD71CA193C92B50A64B540E0E?ID=9398>.

January 25-27

- 9th Annual NBIA Summit for Advanced Incubation Professionals hosted by National Business Incubation Association will be held at the Sanibel Harbour Marriot Resort and Spa in Ft. Myers, Florida. Early registration (prior to December 19). For more information and to register, please go to <http://www.event.com/events/the-ninth-summit-for-advanced-incubation-professionals/event-summary-98b00ca4788d4bb29b7679dab-fb12d75.aspx>

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## Angel Tax Credit Program Targets Underserved Groups

*By Jeff Nelson, Coordinator of Angel Tax Credit Program at DEED*

The Minnesota Angel Tax Credit Program is spreading its wings. The popular state program that has attracted nearly \$250 million for hundreds of high-tech startups in Minnesota since 2010 has been extended for another two years by the Minnesota Legislature. And the program will focus much of its efforts this time on helping businesses owned by women, members of minority groups and entrepreneurs located in Greater Minnesota.

Half of the \$120 million in investments that the program hopes to attract over the next two years will be reserved for businesses owned by people in one of those three groups. Any leftover investments not tapped by those businesses by the Sept. 1 deadline each year will go to firms outside those groups.

The Angel Tax Program was created four years ago to get money into the hands of high-tech startups – software, medical device and biotechnology businesses – that need cash because they are considered too risky for conventional bank loans.

Under the program, qualified private investors can receive a state tax credit of 25 percent by investing in emerging companies that specialize in high technology or new proprietary technology. Every \$1 in tax credits awarded to private investors will generate \$4 in investments for startup businesses.

The Legislature's approval of \$30 million in angel tax credits over the next two years will translate into \$120 million being invested in Minnesota startup firms, assuming all the credits are used.

Businesses that receive angel funding must be headquartered in Minnesota and certified to participate in the program. They must have fewer than 25 employees, with at least 51 percent of the workers and total payroll based in the state. They also must have been operating for no more than 10 years and cannot have received previous equity investments exceeding \$4 million.

More details about the program are available at [www.mn.gov/deed/angelcredit](http://www.mn.gov/deed/angelcredit).

## Community Development Funding Opportunity for 2015

The Minnesota Department of Employment and Economic Development (DEED) has funding available for cities and counties in need of help funding housing, public infrastructure, and commercial rehabilitation projects. Funding comes from DEED's Small Cities Development program and require projects

meet one of three federal objectives:

1. Benefit people of low and moderate incomes
2. Eliminate slum and blight conditions
3. Eliminate and urgent threat to pub-

lic health and safety

Need, impact, and cost effectiveness must be documented and general public must be involved in the application process. Cities with fewer than 50,000 residents and counties with fewer than 200,000 residents are eligible.

There are three separate categories of projects:

1. **Housing Grants**-aimed at rehabilitating local housing.
2. **Public Facility Grants**-aimed at wastewater treatment pro-

jects. These could include collection and treatment plants, wells, water towers, and distribution systems.

3. **Comprehensive Grants**-include Housing and Public Facility Grants but also consist of an economic development activity which may include loans from the grant recipient to businesses for building, rehabilitation related to façade improvements, code violations, and/or health/safety concerns (most often rehabilitation of local commercial districts).

The maximum for any individual single purpose project is \$600,000 with the maximum grant award for a comprehensive grant is \$1.4 million. Funding from other sources is required with minimum amounts depending upon the project type. According to DEED, the amount of leveraged outside resources plays a significant role in determining project funding.

*For more information and how to apply, please go to <http://mn.gov/deed/government/financial-assistance/community-funding/>.*

## MN Department of Agriculture Sustainable Agriculture Demonstration Grant Program

The Minnesota Department of Agriculture is accepting applications for funding from the Sustainable Agriculture Demonstration Grant Program. Funding up to \$25,000 is available for individuals or groups for on-farm sustainable agriculture research or demonstration projects in Minnesota. “The purpose of the Grant Program is to fund practices that promote environmental stewardship and conservation of re-

sources as well as improve profitability and equality of life on farms in rural areas.”

Those who are eligible to apply include: Minnesota farmers, educational institutions, individuals at Minnesota institutions, and non-profit organizations (priority is given to farmer initiated projects).

Projects may include any of the following: enterprise diversification & organic production

(traditional and non-traditional crops or livestock); agronomic practices to increase nitrogen uptake, reduce erosion, or control pests; conservation tillage and weed management; cropping systems to implement integrated pest management systems (other requirements are listed on website).

*For more information, please go to [www.mda.state.mn.us/grants/grants/demogrant.aspx](http://www.mda.state.mn.us/grants/grants/demogrant.aspx).*

## IDEA Competition Deadline for Applications Closing Soon

Organizers of the IDEA Competition have been accepting applications for the seventh annual IDEA Competition since September 1<sup>st</sup>. Applications will be accepted until December 31<sup>st</sup>. According to the Northwest Minnesota Foundation, prospective entrepreneurs with an innovative idea are encouraged to participate in the annual competition for the following reasons:

- Valuable tools & business development resources
- A business coach

- Open access to all IDEA Labs
- A chance to receive attention in the media
- A chance to present your business idea to potential investors and business leaders
- A chance to win one of the \$10,000 cash prizes to start business
- A chance to win valuable professional services such as accounting, legal, and marketing

Michelle Landsverk, IDEA Com-

petition Coordinator identifies some of the changes to be expected in this year’s competition. “In the past we’ve primarily focused on innovative product ideas. This year, we are hoping to see entrepreneurs with innovative services, processes, or business models, too” ([www.nwmf.org/idea\\_competition.html](http://www.nwmf.org/idea_competition.html)).

*For more information and to apply, please go to [www.ideacompetition.org](http://www.ideacompetition.org).*

## DEED Report: 2013-2014 Local Area Unemployment Statistics and Jobs Report

After seasonal adjustments, unemployment in October dropped to 5.8 percent in the U.S. and dropped to 3.9 percent in Minnesota. Minnesota unemployment claims in September increased 1,750 to 15,507 when compared to September. Over the year unemployment claims decreased 25.7 percent when compared to October 2013.

Minnesota employers added 9,500 jobs in October. Six sectors posted job gains: Trade/Transportation/Utilities (5,200), Educational/Health Services (4,500), Manufacturing

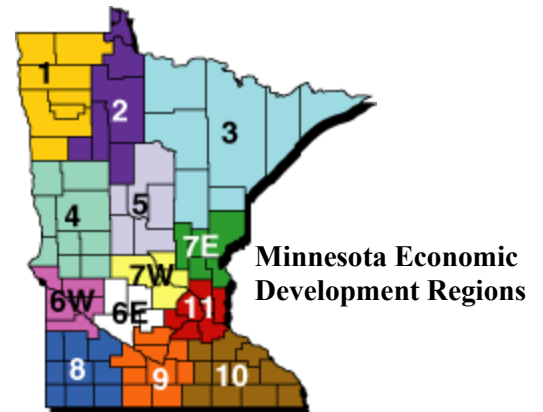
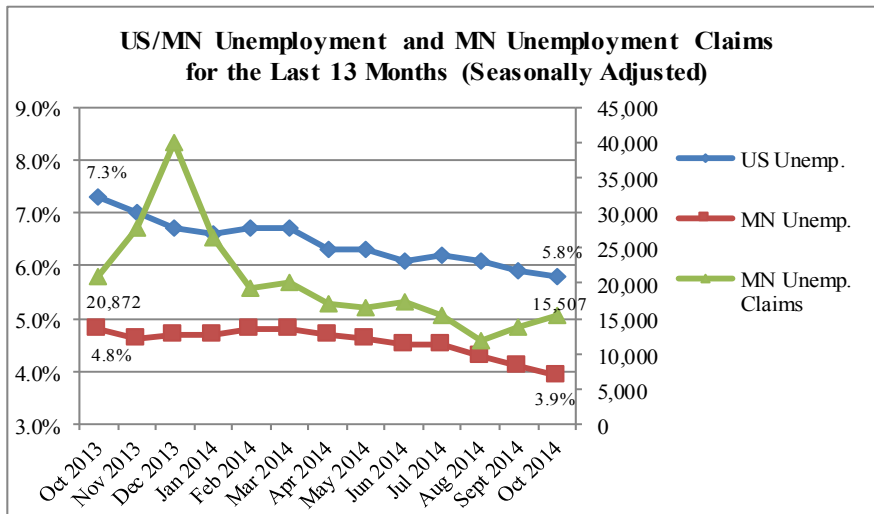
(2,300), Other Services (1,200), Construction (900), and Mining/Logging (100). Leisure/Hospitality (-2,100), Professional/Business Services (-1,300), Government (-700), Financial Activities (-400), and Information (-200) posted job losses in October.

Minnesota added 49,697 jobs over the past year, which puts Minnesota's growth at 1.8 percent during that time. This is below the U.S. growth of 2 percent over the past year. Minnesota's labor participation rate is at 69.9 percent (seasonally adjusted). Minnesota's labor participation rate

exceeds the U.S. labor participation rate of 62.8 percent.

Unemployment for all but one of the EDRs decreased in October (Southwest region increased 0.8%). Two regions experienced the largest decrease in unemployment at 0.6 percent: Northwest and East Central.

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



### 2013-2014 Minnesota Unemployment by Economic Development Region (Not Seasonally Adjusted)

Date	EDR1	EDR2	EDR3	EDR4	EDR5	EDR6E	EDR6W	EDR7E	EDR7W	EDR8	EDR9	EDR10	EDR11
Oct 2013	3.4%	5.4%	5.3%	3.2%	5.1%	4%	3.5%	4.8%	3.9%	3.8%	3.7%	3.8%	4.1%
Nov 2013	4%	6.3%	5.8%	3.6%	6.3%	4.3%	3.7%	5.4%	4.2%	3.2%	3.8%	3.7%	4%
Dec 2013	5%	7.4%	6.3%	4.6%	7.5%	5.3%	4.7%	6.9%	5.1%	3.9%	4.5%	4.3%	4.2%
Jan 2014	7%	9.1%	7.4%	5.8%	9%	6.6%	6.8%	8.7%	6.4%	5.2%	5.8%	5.4%	4.9%
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	2.6%	4.4%	4%	2.5%	3.9%	2.9%	2.7%	3.8%	3.1%	3.3%	3%	2.9%	3.2%

## The EDA Center's "Regional Round-up"

*Each month The EDA Center will 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 every month.*

### EDA CENTER REPORT: MAPCED Measurement Tool Project

*By: Neil Linscheid*

This project assisted the Minnesota Association of Professional County Economic Developers (MAPCED) in developing a standard system and tools for collecting data about their work. This project was important to MAPCED and MAPCED members because it simplified the process of data collection, provided a method for gathering consistent data for use in advocating additional support of MAPCED members and MAPCED, and allowed MAPCED to more easily document the work of county economic development efforts in Minnesota.

MAPCED hopes to use the tools developed by this project to demonstrate the collective outcomes and impacts that their membership work to create in Minnesota. Although many of the MAPCED members create periodic reports of their work, there has not been an easy way to aggregate the information contained in those reports. This tool takes the first step in making aggregate information about MAPCED's work easier to gather. The development of the tool also required discussions and agreement among MAPCED members on the most important information that MAPCED should be tracking. Attached as an appendix to this report are the project materials presented to

MAPCED during the June 13, 2014, quarterly meeting in Aitkin, MN.

Neil Linscheid from Extension's Community Economics Team worked with a MAPCED committee to:

1. Develop and implement a data collection system and tools for use by individual MAPCED members
2. Develop and implement a data collection system, tools, and an ongoing collection plan for use by MAPCED, building upon the tool developed for individual MAPCED members

#### Key Deliverables

- Data collection tool and plan for individual MAPCED member use – delivered in June 2014
- Data collection tool and ongoing plan for MAPCED use – delivered in June 2014
- This written report summarizing the engagement, describing the resulting system, and suggesting plans for future implementation (EDA Center requirement)

#### Key Features

- Extension's team worked with MAPCED's project committee to confirm these features and developed a system which met the above requirements. The results of that effort are documented in the project materials included in the appendix to this brief report.
- Key features in the development of this system are the following:
- Tools that use easily accessible technology
- Methods for collection data which build upon existing reporting and data collection processes (i.e. gathering data needed for multiple reports, harvesting data from existing reports, or gathering easily accessible data)

- Agreement among MAPCED members upon key metrics to track for use by MAPCED
- Provision of a tool that can be used to also capture multiple optional pieces of data at the discretion of each individual member
- Use of tools that minimize the time and effort needed for data collection
- Plans for annual MAPCED data collection process and timeline
- Use of technology that is available to all MAPCED members
- Attempts to balance the cost and benefit of data collection, learning software, and using the data

*For the complete report, please go to [http://www.edacenter.org/downloads/MAPCED\\_Measurement\\_Project.pdf](http://www.edacenter.org/downloads/MAPCED_Measurement_Project.pdf)*

### EDA CENTER REPORT: Economic Composition of Northwest Minnesota: Industries and Performance\*\*

*By: Brigid Tuck and Owusua Yamoah, with assistance from Rani Bhattacharyya*

To analyze the economic composition of Northwest 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.

Three industries primarily drive Northwestern Minnesota's economy - agriculture, manufacturing, and wholesale trade. These three industries account for 65 percent of total output in the region and 56 percent of all employment. A more in-depth analysis reveals regional strengths and concerns.

**REGIONAL STRENGTHS:**

**Wholesale Trade:** The wholesale trade industry is a core strength for the Northwest Minnesota economy. It is responsible for 10 percent of all output and 16 percent of all employment in the region. It is a growth industry, having added 1,200 jobs over the past 10 years, despite national trends of a shrinking wholesale trade industry. Further, wages are strong in the industry. Overall, average weekly wages are \$200 higher in wholesale trade than across all other industries in the region. Wholesale trade wages in the region have risen at twice the rate as wages in other industries over the past 13 years.

**Agriculture:** Agriculture continues to be a strong leader in the Northwest region's economy. Agriculture contributes 15 percent of output and 16 percent of employment. Crop production - particularly soybeans, spring wheat, and sugar beets - is the region's main

agricultural sector. Polk County leads Minnesota in cash receipts from crop production.

**Manufacturing:** Despite a loss of jobs between 2003 and 2013, manufacturing remains a critical component of the economy. Manufacturers produce 40 percent of output and employ 15 percent of all workers in the region. The largest manufacturing sectors – transportation equipment and wood windows and doors – lost jobs, but at a slower pace than their respective industries at the national level. Wages remain strong in the industry, growing by 20 percent over the past 13 years. Motor vehicle parts manufacturing, a key input into the transportation manufacturing process, added jobs, indicating supply chain development in the region.

**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:** Retail trade in Northwest Minnesota added jobs in a period when retail trade at the national level contracted. This is a positive trend for the region. However, wages have been stagnant.

**Health Care and Social Assistance:** While the health care and social assistance industry was one of the fastest growing industries in the Northwest region, the growth was not as strong as health care and social assistance industry growth at the national level, indicating there may be additional room for job growth.

*For the complete report, please go to [http://www.edacenter.org/downloads/Northwest\\_MN.pdf](http://www.edacenter.org/downloads/Northwest_MN.pdf).*

***\*\*More regional reports similar to this will be coming out soon.***



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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.*

*EDA Center Staff:*

*Joyce Hoelting-EDA Center Director*

*Eddie Walker-Research Analyst/Editor*



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