



The EDACENTER

at the University of Minnesota Crookston

The EDA Chronicle-November 2015

www.edacenter.org

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Events of Interest:

December 1

- **REMINDER:** Entrepreneurial Essentials workshop to be held at the Mankato Workforce Center from 1-3PM in Mankato.

December 10

- MGTA Annual Trade Legislation Update hosted by the Midwest Global Trade Association will be held at the 3M Center in St. Paul from 1-4:30PM. Fees are \$45 for members and \$55 for non-members. For more information and to register, please go to <http://z.umn.edu/11ly>.

December 31 4PM

- **SIGN-UP DEADLINE:** SIAL & SET Canada 2016-Tradeshow for Processed Food & Equipment. The Minnesota Trade Office and Minnesota Department of Agriculture will have Minnesota sections at this event. The Event is April 13-15, 2016 at the Montreal Convention Center in Montreal, Quebec. For more information and to register, please go to <http://sialcanada.com/en/>.

January 21-22

- 2016 EDAM Winter Conference to be held at the Minneapolis Marriott in Brooklyn Park starting at 8:30 AM. Registration is now open with discounted fees available until January 8. For more information and to register, please go to <http://z.umn.edu/11lv>.

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Letter From New EDA Center Director, Joyce Hoelting

Dear Economic Development Colleagues,

The year 2015 is coming to an end, so we are thinking about reporting to our stakeholders about last year's activities. We will be circling back to those we've worked for and with, examining evaluations, and thinking about continuous improvement for the types of projects we fund through the EDA Center (this includes updates on the impact of past projects when possible).

Meanwhile, it is also time to look forward to 2016. Last week, I co-hosted a very energized group of informants who are eager to help us frame questions for a study about succession planning in rural Minnesota businesses. The issue of succession planning has been on all of our minds as Baby Boomers retire and as market forces change the nature of local economies. The enthusiasm and shared knowledge at this meeting provided me with some lasting views of the role of our

work. As we gathered to ask what this research project could do to inform the issue, the group was eager to get the questions right and to hear the answers. But they also began to consider what future work and research this study could inform. In other words, we recognized that we need to work together as a field to inform each others' work, to continuously ask new questions, and to share information from a number of perspectives.

We, as the field of economic development, are greater than the sum of our parts. We look forward to this coming year and to engaging with more of you as we think about the future.

As always, we welcome your calls and requests for technical assistance to shape our future work.

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 prior to the 15th of December.

Economic Futures Workshop: Yellow Medicine County Minnesota

By Brigid Tuck, Economic Impact Analyst, Neil Linscheid, Extension Educator, Gabriel Appiah, Community Economics Intern, and Elizabeth Templin, Extension Educator

To learn more about Yellow Medicine County's current economic situation and to explore opportunities for economic development, community leaders from Yellow Medicine County participated in the University of Minnesota's Economic

Futures Workshop on Thursday, September 3, 2015 in Clarkfield, Minnesota. This report, summarizing the workshop, is presented in partnership with EDA Center at the University of Minnesota Crookston (<http://www.edacenter.org/>).

Profile of the Current Economy

In 2014, there were 4,119 jobs in Yellow

Medicine County. During the early 2000s the number of jobs in Yellow Medicine County remained about the same with variations from year-to-year. Between 2004 and 2008, Yellow Medicine County businesses and enterprises consistently added jobs raising the total number of jobs in the county to a high of 4,770 in 2008. Consistent with the impacts of the Great Recession, Yellow Medicine County lost 510 jobs (11 percent decline) between 2008 and 2011. While Minnesota as a whole has begun adding jobs post-recession, Yellow Medicine County is not following the trend and growth in the number of jobs in the county has not kept pace with national and industry trends. Unemployment rates in the county remain low.

The largest industry is government, employing 25 percent of the workforce in Yellow Medicine County. Government, as defined by the IMPLAN database, includes federal, state, local, and tribal employment. All enterprises operated by a government are included in this category – for instance, municipal utilities, government-owned hospitals, and tribally-operated casinos. The agriculture, forestry, fishing, hunting, and mining industry employs 17 percent of all workers in the county. Industries adding the most jobs between 2001 and 2014 include construction (143 new jobs), health care and social assistance (74 jobs), and wholesale

trade (52 jobs). Industries shedding the most jobs in the same period include manufacturing (-243 jobs), other services (-101 jobs), and accommodation and food services (-55 jobs).

Yellow Medicine County has a higher percentage of its employment in government. While this is higher than the average Greater Minnesota county, it is in line with other counties with a tribal presence. Yellow Medicine County also has a higher percentage of employment in the agriculture, forestry, fishing, hunting, and mining industry and the transportation, warehousing, and utilities industry. Yellow Medicine County trails the average Greater Minnesota county in percentage of employment in the manufacturing and professional services industries.

Wages in Yellow Medicine County are lower than the Minnesota average. Yellow Medicine County's average weekly wage across all industries was \$656 in 2014. Minnesota's average weekly wage across all industries was \$992.

Key Conclusions

Following the large group discussions, the group identified several topics for future exploration to support industries in Yellow Medicine County. They are:

- Expand broadband

- Skills training
- Rail improvement/development
- Local foods/small farms
- Housing

In wrapping up the workshop, participants were asked to categorize the meeting as a rose (this is a fully developed idea), a bud (something exciting and possible was launched), or a thorn (this caused pain). Following is a selection of the responses:

- Bud – this is an opportunity for growth
- Rose – this was better than expectations
- Bud – hearing perspectives across county; rural versus cities
- Budding rose – identified major topics, some fit regional priorities while some are unique to the county
- Bud – learned about new areas across county
- Bud – potential to work together
- Bud – ideas put forth
- Rose – talk to each other; connecting with new people and applying local knowledge

ECONOMIC EMERGENCY PROGRAM: ECONOMIC IMPACT OF A BEEF PACKING PLANT CLOSURE IN WINDOM, MINNESOTA

By Gabriel Appiah, Community Economic Intern, Brigid Tuck, Senior Economic Impact Analyst, Neil Linscheid, Extension Educator

On Monday, October 12, 2015, the management of *PM Beef Holding LLC* in Windom, Minnesota announced its intention to cease opera-

tions at its facility. The plant will close on December 11, 2015 and management expects the action to be permanent. This came as a surprise to the Windom community, as accentuated by one of the employees, – “it is disappointing to lose it as a source, even though it was not a major play-

er as far as the local commercial herds”. *PM Beef Holding LLC* was started in the 1990s. The company is a processor and supplier of meat products to consumers, retailers, and foodservice operations.

As the City of Windom absorbs this announcement, city and county leaders will need to consider implications for the future of their community. That future will affect on the economy of Windom and Cottonwood County. In response, University of Minnesota Extension has prepared this economic emergency report. This report is presented in partnership with EDA Center at the University of Minnesota Crookston.

The company employs 260 workers and its closure will result in the layoff of these employees. In summary, the loss of 260 beef packing plant jobs in Cottonwood County will result in the loss of an estimated \$151.3 million in economic activity

in the county, including an estimated \$14.1 million in lost labor income. An estimated 409 jobs will be affected by the closure. Industries most affected include beef cattle production, wholesale trade, and truck transportation. In addition to losses in Cottonwood County, neighboring counties will lose \$24.7 million in economic activity.

In addition, the closure will have an impact on city revenues. According to the City Administrator of Windom, the company accounted for 39 percent of the city's wastewater revenues and 23 percent of its sewer revenues in 2014. The company also accounted for approximately 4.6 percent of the city's net tax capacity in

2013. The closure of the company means that this revenue source would no longer be available to the city.

The loss of 260 beef processing jobs will have impacts on Cottonwood County, as displayed in table 1. In addition to the 260 jobs that will be lost due to the closure of the beef processing facility, an estimated 149 jobs that serve the beef processing plant and its employees will be affected. In total, 409 jobs in Cottonwood County are predicted to be affected by the closure of the plant. There are nearly 8,300 jobs in Cottonwood County, thus, the closure is expected to affect about 5 percent of the total workforce in the county.

Table 1: Economic Impact of Lost Beef Processing Jobs: Cottonwood County, Minnesota

	Direct	Indirect	Induced	Total
Output (millions)	\$121.8	\$24.7	\$4.8	\$151.3
Employment	260	105	44	409
Labor Income	\$6.3	\$6.6	\$1.2	\$14.1

Estimates by University of Minnesota Extension

The beef processing facility (Windom) imports beef cattle needed for the plant from neighboring counties (Redwood, Brown, Murray, Martin, Nobles, Jackson and Watonwan counties). Also indications are a significant number of the workers commute to the facility from outside Cottonwood County. This indicates that the closure of the beef processing facility would also impact these neighboring counties.

An analysis of Cottonwood County alone could not capture these leaked impacts, indicating the need perform a multi-regional input-output analysis with the neighboring counties.

Table 2 shows that, in addition to the loss of 409 jobs in Cottonwood County due to the closure of the beef processing plant, an estimated 92 jobs in the neighboring counties would also be affected. Also it is

predicted that the supporting businesses of the beef processing plant in the neighboring counties would produce \$24.7 million less due to the closure of the beef processing plant. In addition to these impacts, an estimated \$6.4 million labor income would also be lost in the neighboring counties when the beef processing facility closes its doors.

Table 2: Economic Impact of Lost Beef Processing Jobs in Cottonwood County on Brown, Jackson, Martin, Murray, Nobles, Redwood, and Watonwan Counties

	Indirect	Induced	Total
Output (millions)	\$22.4	\$2.3	\$24.7
Employment	72	20	92
Labor Income (millions)	\$5.8	\$0.58	\$6.4

Estimates by University of Minnesota Extension

DEED Report: 2014-2015 Local Area Unemployment Statistics and Jobs Report

After seasonal adjustments, unemployment in October dropped to 5 percent in the U.S. and dropped to 3.7 percent across Minnesota. Minnesota unemployment claims in September increased 2,177 to 15,504 when compared to September. Over the year unemployment claims did not change when compared to October 2014 (see summary in graph on next page).

Minnesota employers eliminated 1,700 jobs in October. Five sectors posted job gains: Other Services (2,200), Professional/Business Services (1,300), Government (500),

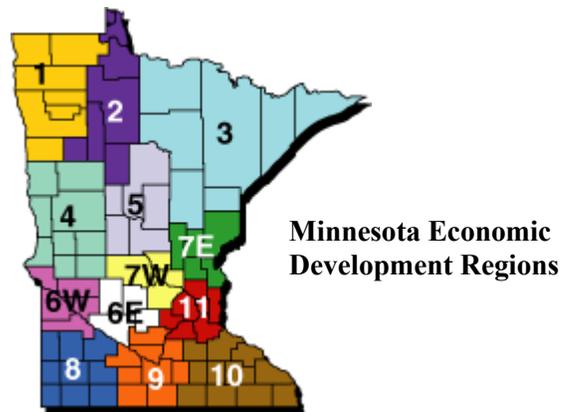
Education/Health Services (400), and Manufacturing (400). Leisure/Hospitality (-2,300), Construction (-2,200), Trade/Transportation/Utilities (-800), Financial Activities (-500), Information (-400), and Mining/Logging (-300) posted job losses in October.

Minnesota added 23,929 jobs over the past year, which puts Minnesota's growth at 1.1 percent during that time. This is below the U.S. growth of 1.9 percent over the past year. Minnesota's labor participation rate remained at 69.7 percent (seasonally adjusted). Minnesota's

labor participation rate continues to exceed the U.S. labor participation rate which was 62.4 percent for the month of October.

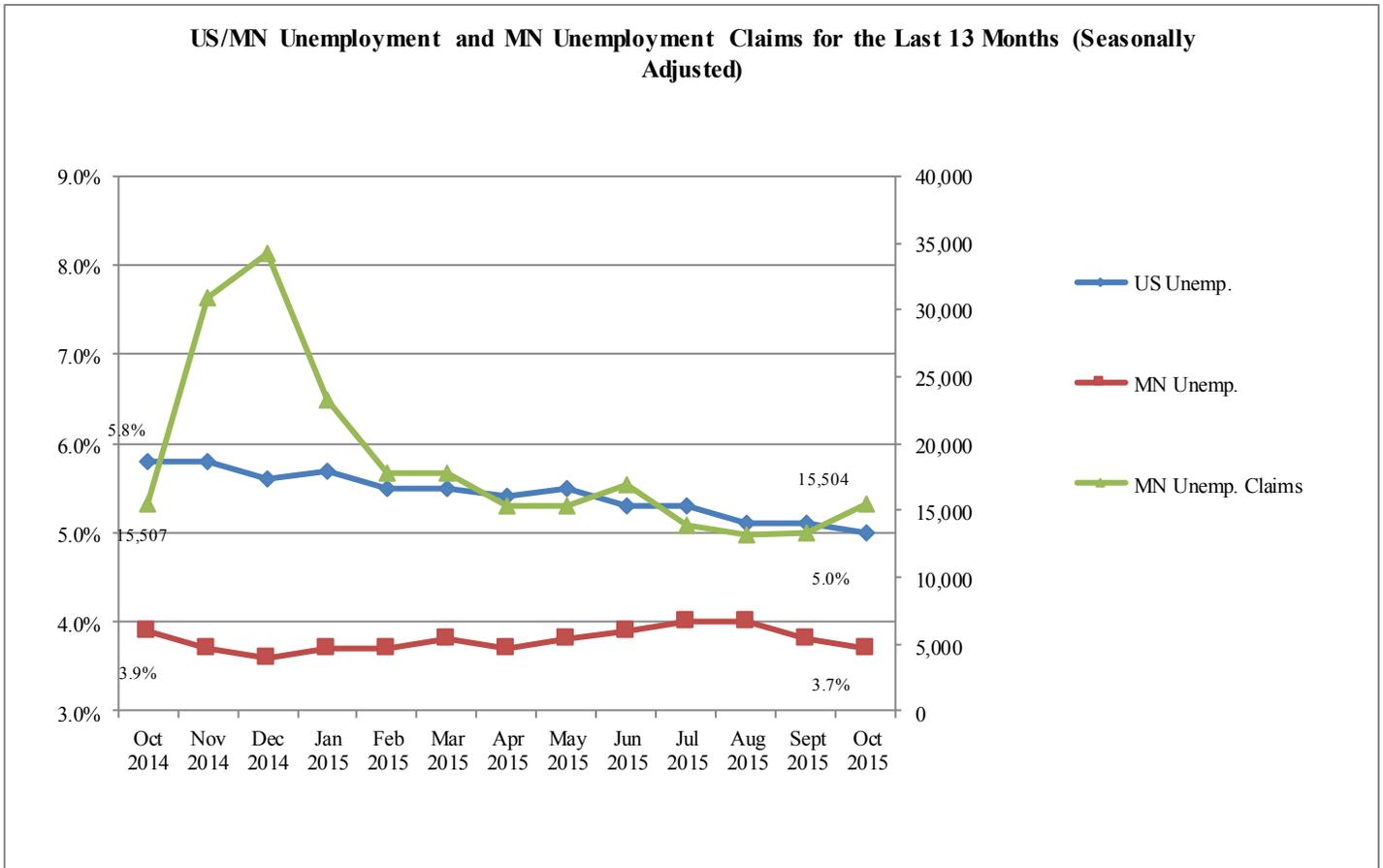
Unemployment for all but one of the EDRs decreased or remained the same in October (unemployment numbers for EDRs are not seasonally adjusted). The Upper Minnesota Valley increased 0.4 percent. The Northwest region experienced the largest unemployment decrease at 0.4 percent.

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



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
Oct 2014	2.7%	4.4%	4.0%	2.5%	3.9%	2.9%	2.7%	3.8%	3.1%	3.4%	3.0%	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%	3.0%
Dec 2014	4.7%	6.2%	4.8%	3.9%	6.2%	4.1%	4.1%	5.8%	4.2%	3.3%	3.6%	3.4%	3.1%
Jan 2015	6.2%	7.2%	5.9%	5.1%	7.7%	5.4%	6.5%	6.8%	5.0%	4.6%	4.7%	4.3%	3.9%
Feb 2015	5.9%	7.0%	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%	3.7%	5.8%	4.1%	4.2%	5.2%	3.8%	3.4%	3.8%	3.4%	3.4%
May 2015	4.4%	5.2%	5.0%	3.4%	4.8%	3.7%	4.6%	4.5%	3.6%	3.2%	3.6%	3.3%	3.4%
Jun 2015	4.8%	5.4%	5.6%	3.6%	4.8%	4.0%	4.9%	4.7%	3.9%	3.6%	3.9%	3.6%	3.7%
Jul 2015	4.4%	5.2%	5.4%	3.4%	4.7%	3.8%	4.8%	4.5%	3.7%	3.3%	3.8%	3.6%	3.6%
Aug 2015	4.0%	4.7%	4.8%	3.0%	4.3%	3.3%	3.9%	4.1%	3.4%	2.9%	3.3%	3.2%	3.3%
Sept 2015	3.2%	4.3%	4.6%	2.8%	3.9%	3.0%	3.2%	3.8%	3.1%	2.9%	3.0%	2.8%	3.1%
Oct 2015	2.8%	4.1%	4.6%	2.5%	3.8%	2.7%	3.6%	3.5%	2.9%	2.7%	2.8%	2.6%	2.9%



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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:

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