

CENTER *for* RURAL POLICY and DEVELOPMENT

Seeking Solutions for Greater Minnesota's Future

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Center releases new report on diversity programs in Minnesota

As part of its recent policy forum on diversity programs in Minnesota, the Center for Rural Policy and Development has published a new report that examines community responses to the increasing racial and ethnic diversity many communities have experienced. Titled, "*Addressing Diversity: Making a difference in our communities*," the report profiles successful programs for building inclusive communities that welcome new residents, help children of new immigrants to do well in school, and build skills among adults. It catalogues over 40 replicable, sustainable community-based programs throughout Minnesota that have been in operation for at least a year.

"Since the release of the 2000 Census data, it has become clear that many communities throughout Minnesota experienced significant increases in racial and ethnic diversity throughout the 1990s. Accordingly, many once small, culturally homogeneous communities have transformed into truly diverse communities," noted Dr. Jack Geller, president of the Center. "This project and report was an attempt to learn how Minnesota communities are responding and to catalogue their efforts so every community doesn't have to reinvent the wheel."

The Center's conference in August, co-sponsored with the League of Minnesota Cities, attracted over 200 participants, who learned about many of the programs outlined in the publication from the people who created, administer and participate in these programs today. Participants attended breakout sessions to discuss how these programs could be transferred to other communities. Dr. Bruce Corrie of Concordia University, St. Paul,



Center president Jack Geller spoke for an evening news spot on WCCO-TV.

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Manufacturers face a new environment, new competition

Rural Minnesota manufacturers need no one to tell them that the last three years has not been good for manufacturing. From 2000 to 2002, the number of jobs in the manufacturing sector declined by 8.7 percent in Greater Minnesota, while the Twin Cities seven-county metro area lost an even greater percentage of manufacturing jobs, 10.8 percent. Nationwide, the manufacturing sector has lost 15 percent of its jobs since the beginning of 2001. While rural Minnesota's manufacturing sector didn't fare as poorly as the nation as a whole, the economic downturn has been a blow to a sector that was growing rapidly just a few years before.

During the 1990s, employment in manufacturing in Greater Minnesota grew substantially. In central and northwest Minnesota, manufacturing employment grew by over 30 percent, compared to 10 percent for the entire state and only 1.7 percent for the seven-county Twin Cities area.

Since the economy turned down, however, most of those lost jobs have been going to China, and it appears now that even Mexico is losing jobs to that country. The companies most likely to be affected by this trend are the small machine shops that make up most of Minnesota's manufacturing sector, those companies that supply components to larger firms. "Any manufacturing that is routine and not time-sensitive will move overseas," said Anthony Schaffhauser, Regional Labor Market Analyst for the Minnesota Department of Employment and Economic Development in Bemidji.

Not all manufacturers are experiencing these problems, however. Some of the state's more specialized companies are actually dealing with shortages of skilled workers, including Marvin Windows in northwestern Minnesota, said Mary Connor, a field representative for

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Rural Perspectives

*Commissioner Matt Kramer
Minnesota Department of Employment and
Economic Development*



Mr. Kramer was vice president of marketing at Syntegra USA, an Arden Hills-based subsidiary of British Telecom, before being appointed commissioner of the Department of Trade and Economic Development in January 2003.

Q Please tell us a little about yourself.

A I'm a single father of two who finds himself very busy most days. I really look forward to the weekends! I've always focused on selling and building business relationships, and I find that both skills translate well into the work that we are doing today. Economic development for individuals, businesses and communities — is not about how much money the state can spend. It is about ensuring that the dollars we do spend are used in the most productive manner possible and with the greatest yield for the recipient. I spend money like it was my own and I'm a strong believer in accountability. No system is without opportunities for improvement, both structurally and within programs, and I'm confident that we can fine-tune our model to deliver superior results to all our customers.

Q Earlier this year, you found yourself overseeing the merger of two state agencies, the Department of Economic Security and the Department of Trade and Economic Development. How is the merger going and how will it benefit Minnesota?

A Well, the merger may be officially completed, but now the real hard work begins. As anyone who has merged operations knows, the cultural changes that reflect a true combined operation take constant, ongoing attention. I fully expect that years from now people will still say, "I used to work for the former DTED, or the former MDES." To make this merger successful, we need to shorten that time span to the greatest degree possible. Only when our employees say, "I work for DEED" will we have completely delivered on our charter.

Regarding the merger itself, the benefits to the state are significant. For the first time we have a state agency that is focused on the success of individuals, businesses and communities. These three are intertwined at so many levels. The merger allows us to bring a very focused and very powerful set of services to bear on any aspect of economic success.

In short, the merger is going well and each day we are discovering new ways to align our resources for maximum impact.

Q What has been the reaction to the JOBZ program, especially among the rural communities it has been designed for?

A The reaction has been very positive. We are working with communities and regions from across the state on their applications. There has been some concern regarding the partnering aspects of the application, but as a practical matter the concerns have actually helped all

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Notes

Restructuring the Small Grants Program

For the past five years, the Small Grants Program has been an important source of ideas and research for the Center. Now, as the Center is growing and changing, the Small Grants Program will be, too.

This fall, our board of directors will examine how to restructure the Small Grants Program to best fit the Center's research needs and goals. The experience the staff has gained since the Center started will help determine how research will be solicited from now on.

Although this is the time of year the Center would normally solicit applications, we are putting this process on hold while we rethink the Small Grants Program. Please check our web site for updates on our progress with this new endeavor.

Watch for the next Rural Internet studies

The Center is starting work on parts 2 and 3 of the 2003 Rural Minnesota Internet Study and will be releasing the results later this fall. Part 2 will survey businesses in Greater Minnesota to examine their computer and information technology use, while Part 3 will survey the state's telecommunications providers to better understand the extent of services that are available, including broadband service, in rural Minnesota. In its third year, the Rural Minnesota Internet Study is becoming a valuable means of tracking and understanding supply and demand trends for information technology in Greater Minnesota. Part 1 of this year's survey, examining the residential market, can be downloaded from the Publications page at our web site.

Atlas update

At last, it looks like the production issues are being overcome, and the Atlas of Minnesota, 2nd Edition, will be available November 1. We apologize for any inconvenience the delay has caused, and we hope you find it worth the wait.

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Diversity Programs

delivered the keynote address on minority entrepreneurship, while former Minneapolis mayor Sharon Sayles Belton moderated a lively panel discussion on how communities can develop minority leaders. In addition, participants received a sneak preview of a new PBS series to be broadcast in 2004 entitled, "The New Americans."



Former Minneapolis mayor Sharon Sayles Belton participated in a panel discussing how communities can develop minority leaders at the Center's conference, "Addressing Diversity," in St. Cloud Aug. 7.

Copies of the 120-page report can be downloaded at no cost from the Center for Rural Policy and Development's web site at www.ruralmn.org. Hard copies of the report are also available for \$5 plus postage by calling the Center for Rural Policy and Development at 507-934-7700.

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Rural Perspectives...

of us by encouraging cities and counties to work together. This, if anything, has been one of the best consequences of this legislation. JOBZ strongly encouraged a regional approach; the entire application process has been one that rewards applicants who leverage their collective knowledge and share that information with others in the same situation.

Q

How are you expecting JOBZ to benefit rural Minnesota?

A

I expect communities will use JOBZ to market their location and their opportunities to firms across the Midwest. While we may see very little out-and-out relocation, I do believe we will see expansions in areas that might have otherwise not received much attention. JOBZ will attract companies that can then leverage community and regional assets for their success. This is the key to JOBZ. By itself it creates attractive tax opportunities, but the reality is that business is about more than just taxes. You need a dedicated workforce, good infrastructure, and community support. Using the JOBZ marketing approach, I'm confident that communities will build comprehensive marketing plans that attract good, solid companies.

Q

Workforce Centers have built a reputation for offering many services for Minnesota's job seekers. How is the system adapting to the increased unemployment, the decline in state funds and the anticipated economic recovery?

A

The state's Workforce Centers are a hidden asset. They not only have a reputation for offering services, but also a national reputation for the manner in which Minnesota has combined services to make it easier for individuals and businesses to access state resources.

State and federal funds have declined. We are examining ways to keep

our service quality high. Minnesotans have come to expect great service at their WFCs and we need to retain that commitment. To expect less would be to devalue the contribution that WFCs have made to the individuals and communities that they serve.

Finally, as the economy improves, I'd like to see even more business participation in the WFC system. Businesses need to know that the WFC is a great resource for them to find qualified employees. As we tie businesses into the employment system, this only improves the options we provide to individuals and strengthens the success of the businesses that we serve.

Q

How do you see rural Minnesota participating in the economic recovery, and what is its place in the national and global economy?

A

Rural Minnesota will always be where the state turns for agricultural leadership. And as agriculture changes, rural Minnesota will help lead the state, and the nation, into new initiatives as broad as "third crops," renewable energy resources (both ethanol and bio-diesel), and biosciences solutions like the Cargill-Dow consortium that creates fabrics from proteins found in corn. All of these, and more, will continue to be the hallmark of rural Minnesota as it applies to agriculture.

But there is much more. As telecommunication options become increasingly more robust and less expensive, many business operations (and individuals) may well choose to locate shop in smaller cities where the quality of life is high and the cost of living can be significantly lower than that found in the Metro area.

Finally, we note an increasing trend for regions of the state to build on the assets that they already have. Be it tourism, recreational vehicles, logging, or wind energy, rural Minnesota is well served when communities leverage the assets they already have. As the economy grows, it is much easier to expand and enhance what you already have than it is to start from scratch.

When I first walked into the room I didn't know if it was going to be good or bad, but I knew it was going to be different. There, on August 7, in the ballroom of the St. Cloud Holiday Inn were over 200 attendees of the Center's annual summer policy forum. This year's topic was about addressing the increasing racial and ethnic diversity being experienced by communities all across Minnesota.

And it showed. In the room was a microcosm of the full breadth and depth of this diverse state we all call home. Latinos, African-Americans, Somalis, East Africans, Lao, Hmong, Chinese, and of course, a few Norwegians; all there waiting for me to kick off the forum by introducing Minnesota Department of Human Rights Commissioner Velma Korb. As I said, I didn't know if it was going to be good or bad, but it sure was going to be different!

But what most of the attendees didn't know was that this forum was not the beginning, but actually the culmination of a yearlong project to inventory and catalogue community-initiated diversity programs from across the state. What they never saw were the hundreds of phone calls, thousands of miles and dozens of site visits across the state to learn about these programs.

What they did see was the completed work titled, *Addressing Diversity: Making a Difference in our Communities*, which was distributed to all those in attendance. In that 120-page volume were descriptions and annotations of more than 40 different programs that we learned about through the process. From the Citizen's Academy in Worthington, to the Catherwood House in Austin, to the Blandin Partners-in-Leadership program for community leaders from all across the state. But most important was that the directors, staff workers and volunteers associated

Thoughts on Addressing Diversity

by Jack M. Geller
President
Center for Rural Policy
and Development

with many of the programs described in the book were there in St. Cloud to present at the conference and help the attendees better understand what they do; why they do it; and how it is making their community a better place.

As I watched from the sidelines, sneaking in and out from one session to the next, it helped me reaffirm the value of peer-to-peer learning. Gone were the learned professors and the statewide experts. In their place were local people working hard to make their communities more inclusive places and taking a little time out to share with others what they have experienced.

So what else did I learn from this yearlong project? Well, that Minnesota is just beginning its transformational

journey from being a culturally homogeneous state to a truly diverse one. As I reflect, I better understand that change takes time; but Minnesota is clearly changing. We heard the many voices of impatience with this slowness of change, especially among those actively engaged in community-based diversity activities. But at the same time, in so many communities across Minnesota we learned of events, programs and activities being planned and the recognition by community leaders that more needs to be done. Consequently, I've come to believe that while we need the voices of impatience to push us all further and faster, we should not lose sight of the hard work that many have and are currently engaged in. And that was what the forum was all about — a shared celebration of the hard work of others.

Copies of the book "Addressing Diversity" can be downloaded at no cost from the Center's web site at www.ruralmn.org. Hard copies can be ordered for \$5 plus postage by calling the Center at 507-934-7700.



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Manufacturers face a new environment

Minnesota Technology, Inc., an organization that assists manufacturers in staying competitive.

During the economic downturn, companies laid off thousands of workers, but the average weekly wage for those who remained on the job increased by 6.8% for the entire state and by 8.5% for Greater Minnesota. Such an increase indicates rising productivity, which, despite the job losses, is an increase in efficiency.

Efficiency will be key, as will specialization, said Connor. Those companies that can develop new, proprietary products, get them to market, then have another product waiting on deck, will be the most successful, she said. Just as important will be the ability to conduct market research — understanding the market and knowing what the customer is looking for. "People have to have new ideas, but they also have to do their homework," said Connor.

Schaffhauser agrees. "The manufacturers that survive and thrive will be serving specialized niches or on the leading edge of technological advances," said Schaffhauser, "but even these manufacturers must compete in a global marketplace, so high productivity and short product cycles are key. I see technology and marketing as the key ingredients of the recipe for success for U.S. manufacturers. It's no longer about cheap labor and natural resources availability, which are the traditional manufacturing advantages of rural areas."

Two upcoming reports from the Center will focus on the economy of Greater Minnesota. Part 2 of the Center's Rural Minnesota Internet Study

will survey around 300 rural businesses on how they use computers, the Internet and high-speed telecommunications technology. The results of the survey will be released later this fall. Next spring, the Center, in collaboration with Minnesota Technology Inc., will release a report examining the factors that influence Twin Cities-based businesses when deciding whether to locate branch facilities in Greater Minnesota.

For manufacturing to have a future, both the private sector and the government will have to work on training and work-readiness, not just for post-secondary students but K-12 as well; angel investing and incentives like the JOBZ program; and incentives to invest in productivity and technology upgrades for companies, said Connor.

Information transfer is also crucial, said Connor. "There is so much information that needs to be shared with small manufacturers to keep them competitive."

	Average employment	Average weekly wage
Rural Minnesota	-8.70%	8.50%
Minnesota	-9.80%	6.80%

From 2000 to 2002, manufacturing employment in Greater Minnesota dropped by 8.7%, while the average weekly wage for a manufacturing job rose by 8.5%.

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