

**C**omprehensive  
**E**conomic  
2022-2026  
**D**evelopment  
**S**trategy



2022-2026 CEDS Draft for Public Comment  
REGION NINE DEVELOPMENT COMMISSION |  
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**REGION NINE**



**DEVELOPMENT  
COMMISSION**

## INTRODUCTION

### *About Region Nine Development Commission*

Region Nine Development Commission (RNDC) is one of ten regional development commissions that address the economic, social, and physical concerns of each region within the state<sup>1</sup>. RNDC serves a nine-county area comprised of Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Waseca, and Watonwan; in south-central Minnesota (Region 9).

RNDC also serves as a designated Economic Development District (EDD) by the U.S. Economic Development Administration (EDA), a bureau within the U.S. Department of Commerce. As an EDD<sup>2</sup>, RNDC receives a recurring investment from the EDA to prepare and implement a Comprehensive Economic Development Strategy (CEDS) to help regions build the capacity for economic development based on local business conditions and needs

Other activities range from facilitating regional conversations and forums on workforce, diversity and equity, and economic well-being; to determining project opportunities and assisting communities interested in seeking local, state, or federal funding.

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*Mission: to promote the development of the region through intergovernmental cooperation, community and human development, long-range planning, and technical assistance*

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RNDC takes great pride in working with and on behalf of these nine counties, the 72 cities, 147 townships, and 33 school districts. Since 1972, being a partner for progress has led to the development of programs in the areas of economic and business development, community health, transportation, community development by leveraging regional resources.

RNDC is governed by 40 regional leaders representing elected officials serving the local units of government of the region, the Minnesota Valley Council of Governments, and special interest groups including Health and Human Welfare, Minority Populations, and Youth.

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<sup>1</sup> Regional Development Act of 1969 MN SS(462.381-462.398)

<sup>2</sup> Title 13 Code of federal regulations parts 303 and 304

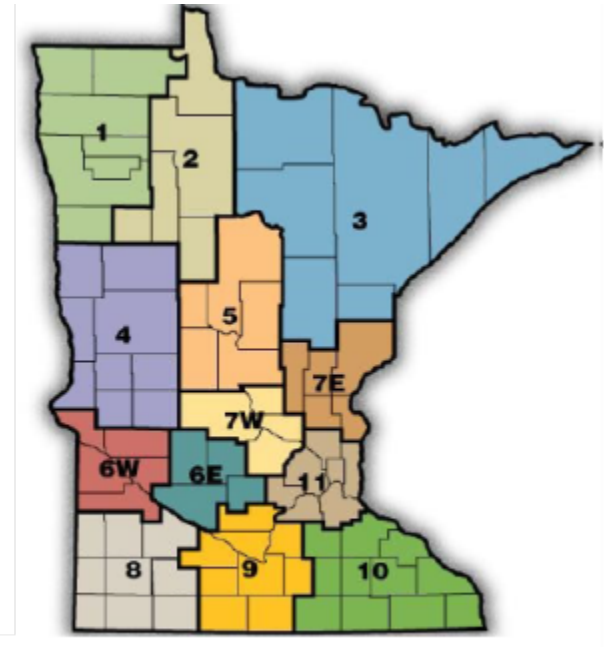


Image: MN DEED 13 Economic Development Regions

RNDC and its public, private and non-profit partners look to champion and advance effective, sustainable, and resilient rural economic development in south-central Minnesota.

### *Comprehensive Economic Development Strategy*

Guided by the basic principle that sustainable economic development should be locally-driven, the Comprehensive Economic Development Strategy (CEDS) is a strategic blueprint of the challenges and opportunities that lay ahead for the region. Serving as a guide toward an inclusive and resilient region, the plan builds capacity by leveraging existing regional assets and forging new partnerships to support the implementation of economic development strategies.

The CEDS must comply with the obligations set forth in statute 13 C.F.R. § 303.7 and structured around four requirements:

- *Regional Overview*: A summary background of the economic conditions of the region, including discussions of changing demographics and the economy.
- *SWOT Analysis*: An analysis of regional strengths, weaknesses, opportunities, and threats (commonly known as a “SWOT” analysis) based on quantitative data and qualitative inputs provided through stakeholder engagement sessions;
- *Strategic Direction and Implementation Plan*: The strategic direction and implementation plan builds on findings from the SWOT analysis and integrates elements from other regional and state plans as it pertains to each cornerstone<sup>3</sup>. The implementation plan also identifies potential partners, timetables, and opportunities for the integrated use of other local, state, and federal funds;
- *Evaluation Framework*: Performance measures used to evaluate the organization’s implementation of the CEDS and impact on the regional economy.

Finally, the CEDS plan is updated to include a focus on regional sustainability and economic resiliency for the prevention, response, and recovery to economic shocks.

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<sup>3</sup> Minnesota Association of Development Organizations (MADO), [DevelopMN2019 Plan](#). *DevelopMN*’s established key components of strong regions and communities noted as cornerstones: human capital, economic competitiveness, community resources and foundational assets..

### *Process*

The 2022-2026 CEDS was a yearlong planning process, which engaged a range of partners, including community leaders, residents, the private sector, educational institutions, local government officials, and other stakeholders. Engagement was mostly conducted in a virtual format using tools such as Zoom, Mentimeter, and SurveyMonkey.



Five engagement meetings were held during the spring of 2021, one conducted as part of the June Workforce Council meeting. The online survey was open from April 1 to June 30, offered in both English and Spanish languages. Ninety-Four respondents participated in the survey from 29 geographic zip codes across the region.

We acknowledge the limitation of broadband connectivity and access as well as socio-economic factors that hindered participation by using these methods for engagement. We will continue to improve and expand upon stakeholder engagement.

### *A Note on COVID-19 and Ongoing Developments*

The COVID-19 pandemic has negatively impacted Region Nine districts much as it has elsewhere in the state and country. The CEDS was developed in the midst of the pandemic and recovery efforts are ongoing. Businesses and industries shifted their operating processes, educators and students expanded their learning models, and individuals coped with shutdowns, loss of employment, and loss of loved ones.

The pandemic exacerbated the disparities and conditions already present in the United States and accelerated the need to focus time and attention on implementing steps towards alternative solutions.

COVID-19 has added many uncertainties that were not expected during the development of the 2016-2021 CEDS, or even when plans for 2021 were made as part of the *Annual Performance Report (APR)* update in fall 2020.

Prior to COVID-19, five Opportunity Zones (OZ) were selected in the region of the 128 designated throughout Minnesota. All nine counties of the region received disasters declaration from the 2019 spring flooding, and several larger plant closures occurred preceding the current CEDS period.

Adding to economic concerns were the civil unrest that took place throughout Minnesota in the last year and the potential negative impact this would have on the state's business climate and the opportunities to attract and retain a talented workforce amid social and economic upheaval. This CEDS addresses some of these concerns through secondary data and stakeholder priorities should also be interpreted in the context of these developments.

#### *A note on the data*

A majority of the statistical data presented in this report will come from the 2019 American Community Survey (ACS) 5-Year estimates. While 2020 decennial census population counts by age, sex, and race/ethnicity were released as part of the redistricting data, for consistency and uniformity with other elements of data such as income and educational attainment being reported on, the 2019 ACS 5-year survey estimates were analyzed<sup>4</sup>.

Additionally, the margin of error for the estimates is not reported. ACS estimates are based on a sample and are subject to sampling error. The margin of error measures the degree of uncertainty caused by sampling error and communicates the precision of the estimate at a given confidence level. The Census Bureau reports statistics at a 90 percent confidence level, meaning a 10 percent chance of incorrect inference for all estimates exists.

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<sup>4</sup> The American Community Survey (ACS) is a survey conducted every month, every year, nationwide by the U.S. Census Bureau to provide communities with current information such as demographics, housing, social and economic data to make informed decisions on programs, emergency management, understand local issues and conditions.

## REGIONAL OVERVIEW

### Demographic Changes and Economic Conditions in Region Nine

Region Nine's counties have been impacted in different ways by demographic changes at the local, regional, state, national, and international levels since the last CEDS was developed five years ago.

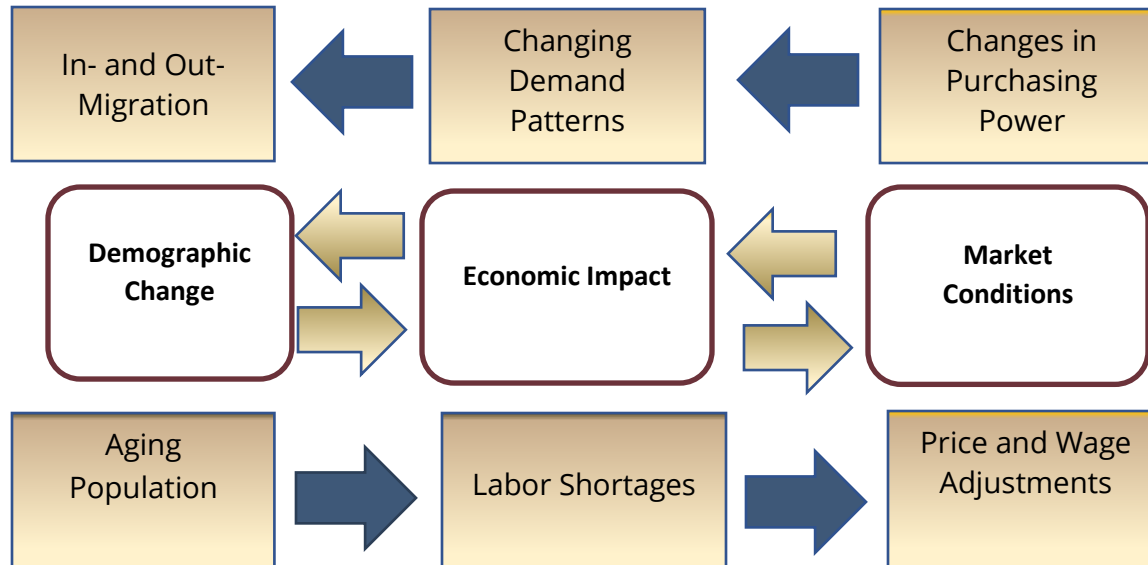


Figure 1. The Dialectic Nature of Demographic Changes and Market Conditions

As the above figure illustrates, demographic changes are often drivers of economic change. The ongoing retirements of the large post-World War II generation, the baby boomers, have contributed to labor shortages as the generations that followed, particularly Generation X, were significantly fewer in numbers.

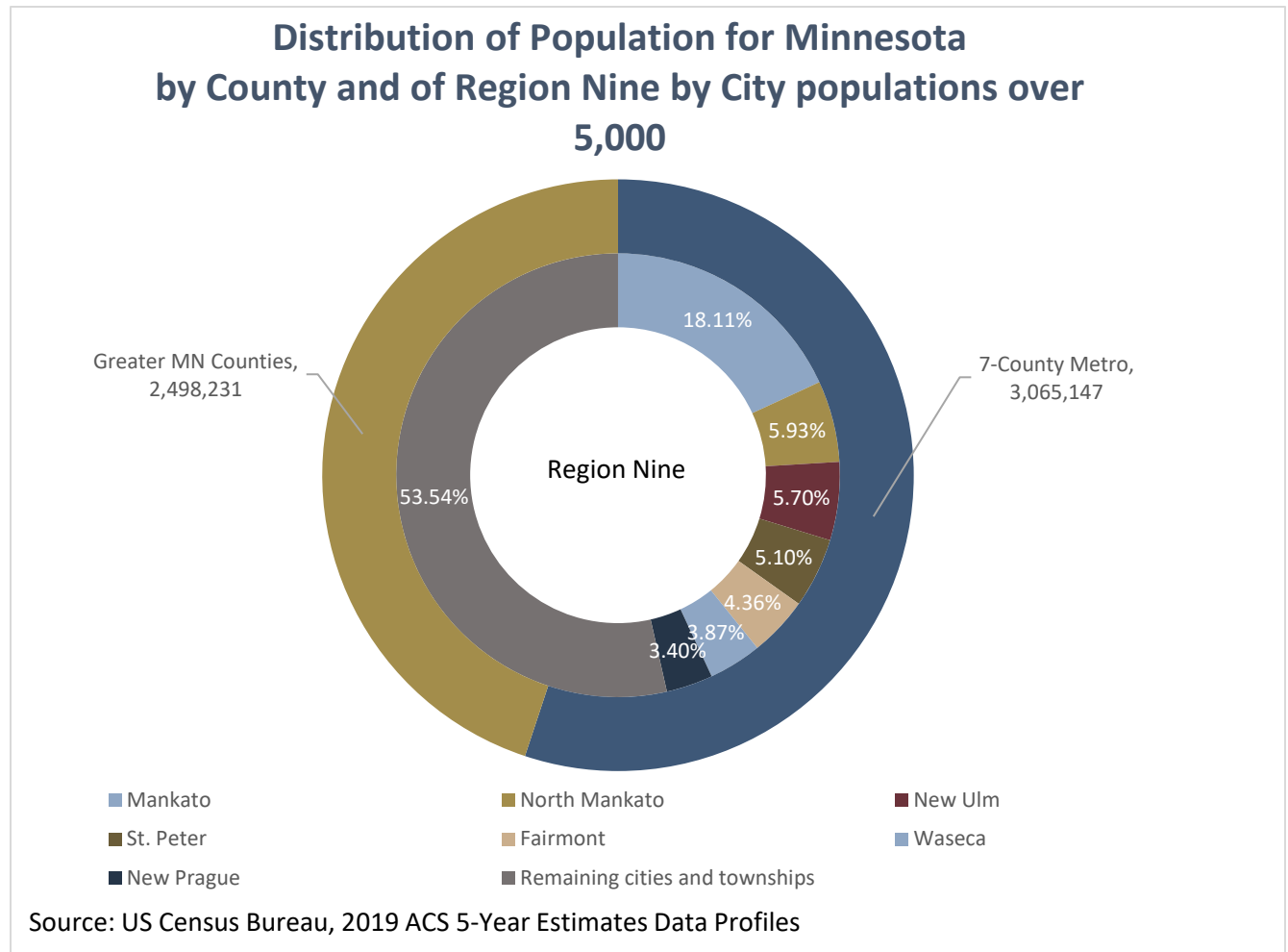
From an economic resiliency point of view, one cannot overemphasize the importance of diversifying the economic base of local communities and for public and private entities to collaborate through local resources (e.g., local industry or other community

partnerships) as well as other sources of growth, such as the “silver” (e.g., aging population) and the “green” (e.g., sustainable resource management) economies that can generate niche opportunities for local communities. Furthermore, collective efforts by the public, academia, and private industry are important in adapting to the fluctuating trends (i.e., population growth in some markets and shrinkage across other geographic areas) and responding appropriately to the changing environment. Resilient strategies will ensure that communities can respond to emerging and ongoing changes, secure funding for future operations, and attract and retain a skilled labor force in an increasingly competitive market.

*Population*

Regine Nine has a rural base, meaning most of the 72 cities and 147 townships within the region have a population under 2,500<sup>5</sup>; only 15 cities have populations greater than 2,500<sup>6</sup>. One major metropolitan area is located in the region, the Mankato-North Mankato Metropolitan Statistical Area (MSA). Approximately 24 percent of the 232,000 people living in the region, reside in the Mankato-North Mankato MSA, with an additional 22 percent in five cities. In all, Region Nine represents about 9% of the population outside of the seven-county Minneapolis-St. Paul region.

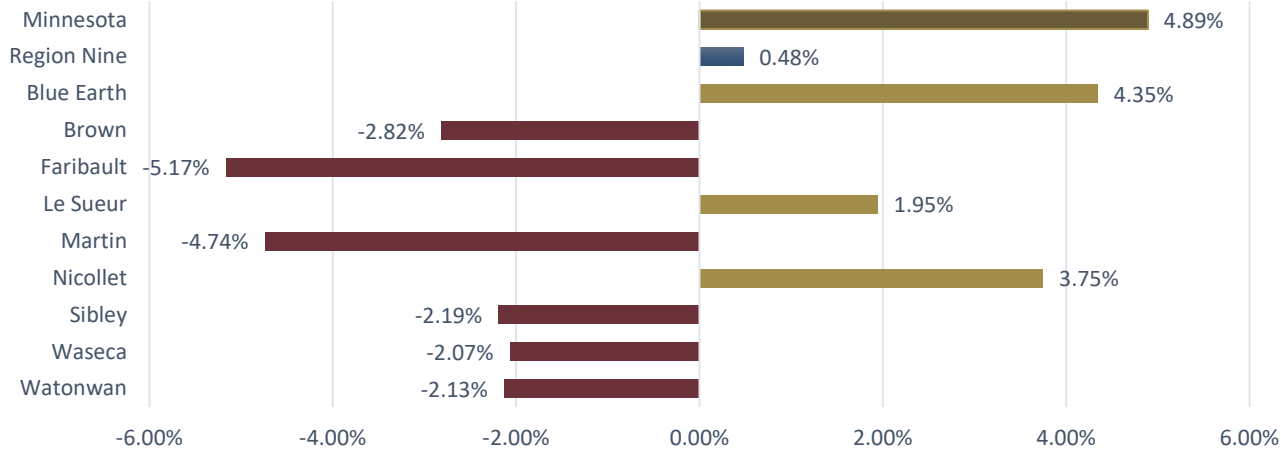
As a region, the population grew 0.48% from 2010-2019, while the State of Minnesota saw a net increase of 4.35%. Only three of the nine counties in the region saw a population increase during the period, Blue Earth, Le Sueur, and Nicollet Counties, while the others saw population decreases ranging between -2.07% and -5.17%. The highest loss occurred in Faribault County.



<sup>5</sup> The Census Bureau defines rural as any population, housing, or territory NOT in an urban area or urban cluster. An urban area is 50,000 or more people; an urban cluster is 2,500-50,000 people.

<sup>6</sup> Source: Minnesota State Demographic Center; PopFinder for Cities & Townships, year 2019.

### Change in Population 2010-2019



Source: US Census Bureau, 2010 Decennial; 2019 ACS 5-Year Estimates Data Profiles

The population decline is not unique to just Region Nine. According to the Minnesota State Demographic Center, steady urbanization will lead to a declining population in more than two-thirds of Minnesota's 87 counties. The five counties with the largest declines in population by 2053 are Saint Louis (-28,238), Winona (-8,960), McLeod (-8,425), Freeborn (-7,078), and Martin (-6,541). The Center is projecting a total loss for the south-central district of -20,349, with the

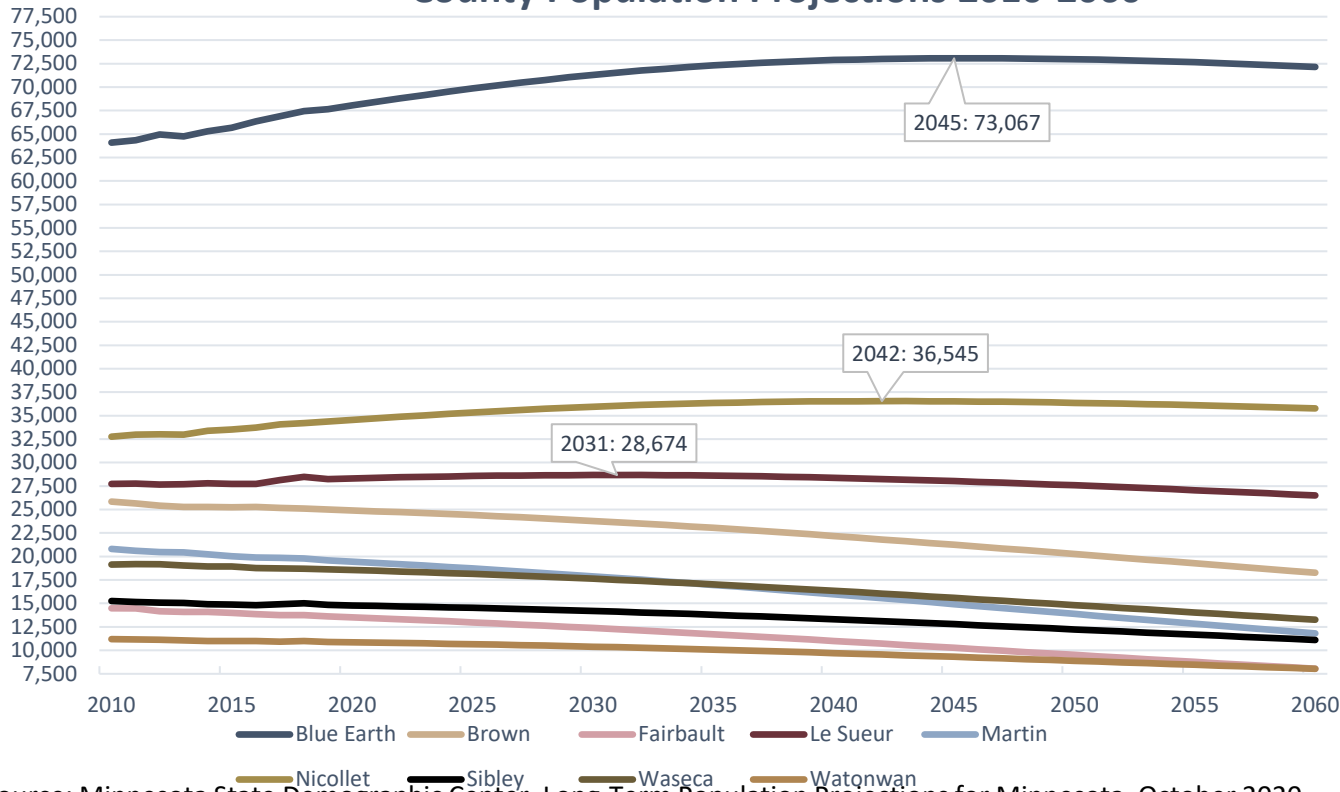
Arrowhead region (EDR 3) in the Northeast corner of the state experiencing the greatest loss at -48,642 residents. Together, 6 out of the 11 Economic Development Regions are projected to lose over 160,000 residents by 2053<sup>7</sup>.

As the graph shows on the following page, the same three counties experiencing gains in population in the next 40 years are also expected to do so in the near term, yet each will peak before the year 2060. Le Sueur County is projected to reach its highest population in 2031, Nicollet County in 2042, and Blue Earth in 2045.

<sup>7</sup>[Long-Term-Population Projections for Minnesota; October 2020](#)



### County Population Projections 2010-2060



Source: Minnesota State Demographic Center, Long-Term Population Projections for Minnesota, October 2020

A decline in rural population due to suburbanization and de-industrialization has resulted in a wide range of socio-economic changes (e.g., structural changes in employment, decrease in revenue, degradation of properties) that have impacted economic development.

Population shrinkage will remain a key challenge for Region Nine coupled with the impact of COVID-19, globalization, knowledge/technological shifts, climate change and the development of the green economy, and inclusiveness. On the flip

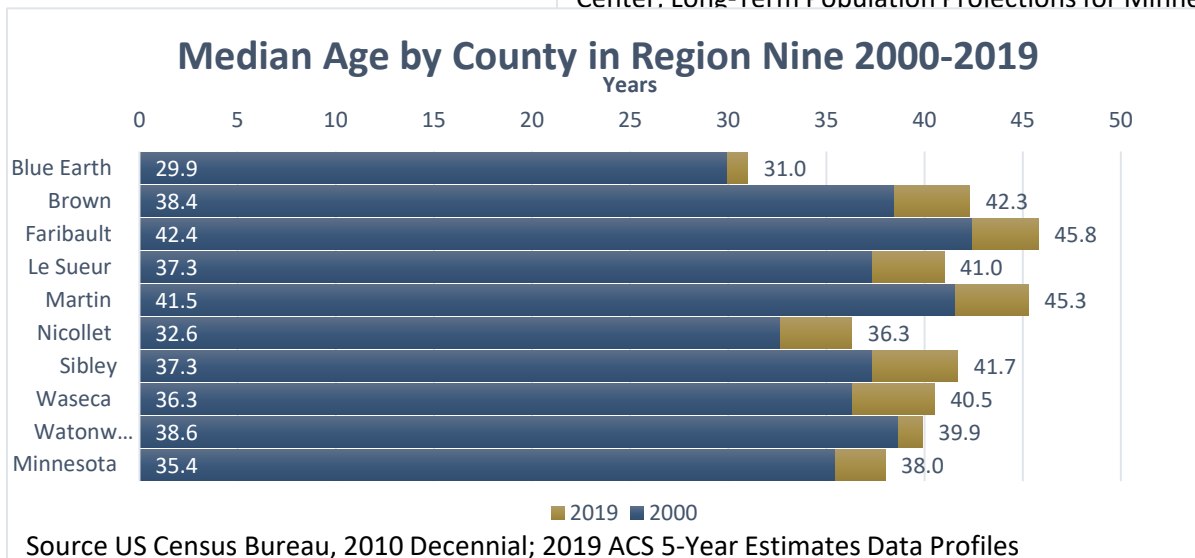
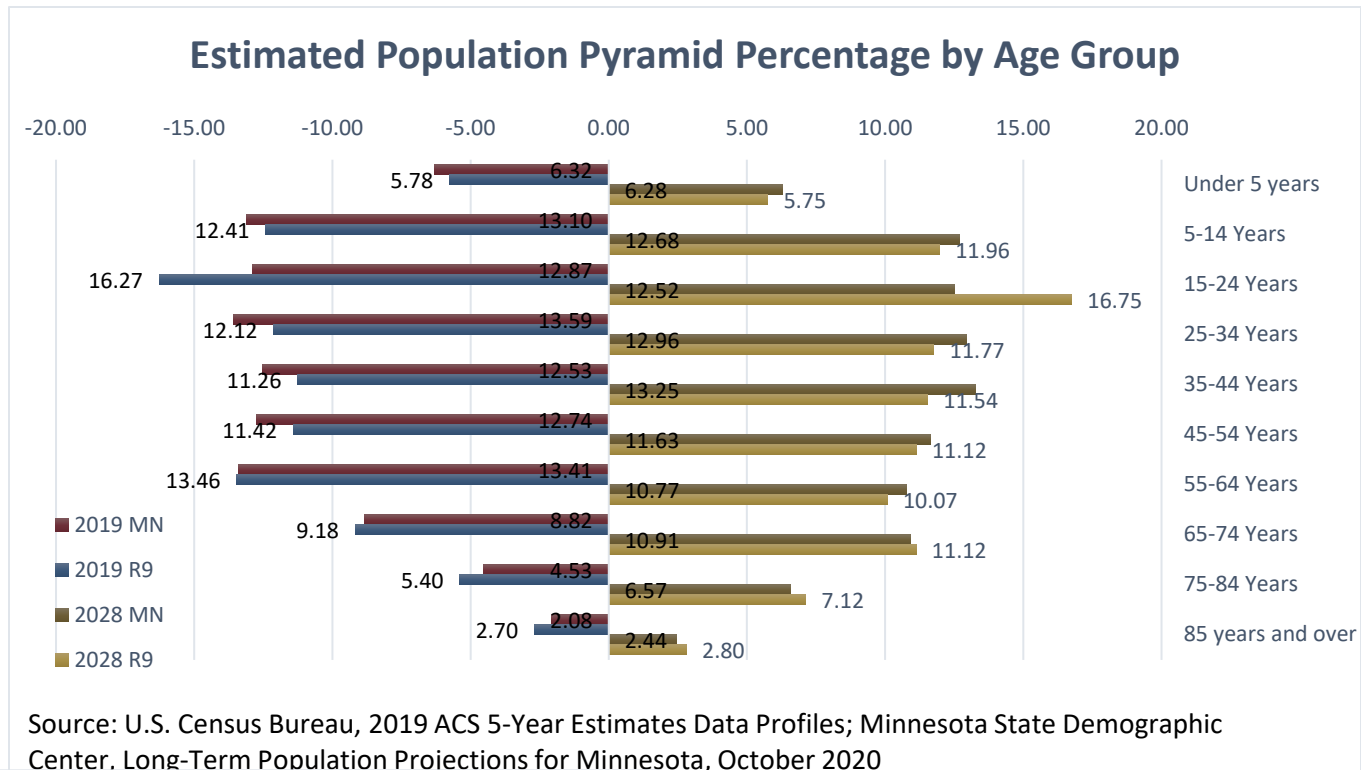
side, opportunities, such as the development of the knowledge economy, growing demand for medical services, and the natural “green” advantage of shrinking areas, are all areas that can spur further economic growth in the region.

### Age

Region Nine, like the rest of the nation, is getting older. It is predicted that 1 in 5 people will be age 65 or older by 2030<sup>8</sup>. An increase in the aging population can be attributed to the large Baby Boomer population and increased life expectancies. As the chart illustrates, Region Nine is estimated to have a larger percentage of adults 65+ than the state.

<sup>8</sup> Based on projections from the U.S. Census and Minnesota State Demographic Center

Region Nine by percentage will have more 15–24-year-old residents than the state and is home to Minnesota’s youngest county, Blue Earth. Median age is an indicator of the age distribution of a population, as it provides the midpoint where half the people are older than this age, and the other half is younger. As the table illustrates, the median age in neighboring Faribault County is almost 15 years higher than in Blue Earth County.



### Births & Migration

Region Nine saw a natural increase, more births than deaths from 2010 to 2019, but also experience net out-migration, meaning more people moved out than moved in.

Despite suffering domestic out-migration, Region Nine welcomed net international in-migration, gaining new Minnesotans from foreign countries.

Components of Population Change, 2010-2019							
	Total Population Change	April 1, 2010 to July 1, 2019					
		Natural Increase	Vital Events		Net Migration		
			Births	Deaths	Total	International	Domestic
Region Nine	2,217	5,025	24,239	19,214	-2,776	2,273	-5,049
State of Minnesota	335,705	250,488	637,356	386,868	88,161	114,414	-26,253

Source: U.S. Census Bureau, Population Estimates, DEED Regional Profile 9/16/2021

Compared to the State, Region Nine has a smaller percentage of foreign-born residents. However, from 2010 to 2019, Region Nine had a rapid increase in foreign-born residents compared to the State. The largest increase in foreign-born residents during the period was from Africa.

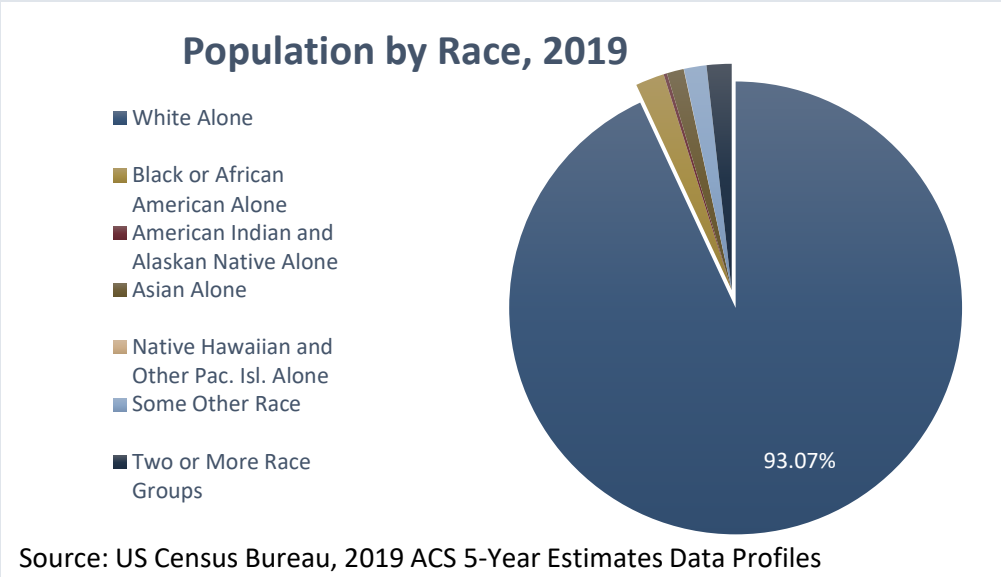
World Region of Birth of Foreign Born, 2019	Region 9		Change 2010-2019		Minnesota	
	Number	Percent	Number	Percent	Percent	Change
Foreign-born Population	9,713	4.2%	2,257	30.3%	8.5%	28.9%
Europe	894	9.2%	-3	-0.3%	9.9%	4.5%
Asia	2,27	26.0%	564	28.7%	37.5%	30.3%
Africa	1,399	14.4%	585	71.9%	25.5%	72.0%
Oceania	18	0.2%	-42	-70.0%	0.5%	37.2%
Americas:	4,875	50.2%	1,153	31.0%	26.6%	10.0%
Latin America	4,670	48.1%	1,218	35.3%	24.1%	12.2%
Northern America	205	2.1%	-65	-24.1%	2.5%	-7.7%

Source: U.S. Census Bureau, Population Estimates, DEED Regional Profile 9/16/2021

*Race & Ethnicity*

The United States hit a tipping point in 2015 in its racial and ethnic make-up: more toddlers under the age of five were minorities than non-Hispanic whites. Minnesota and Region Nine are still predominantly white. However, the population has become more racially diverse as the number of residents of other races has increased.

As the racial demographics have changed throughout the region, clustering in various areas throughout the state has occurred. This is particularly true in the South Central and Southwest Workforce Investment Areas, where there are strong food manufacturing clusters – industries that heavily employ immigrant labor.

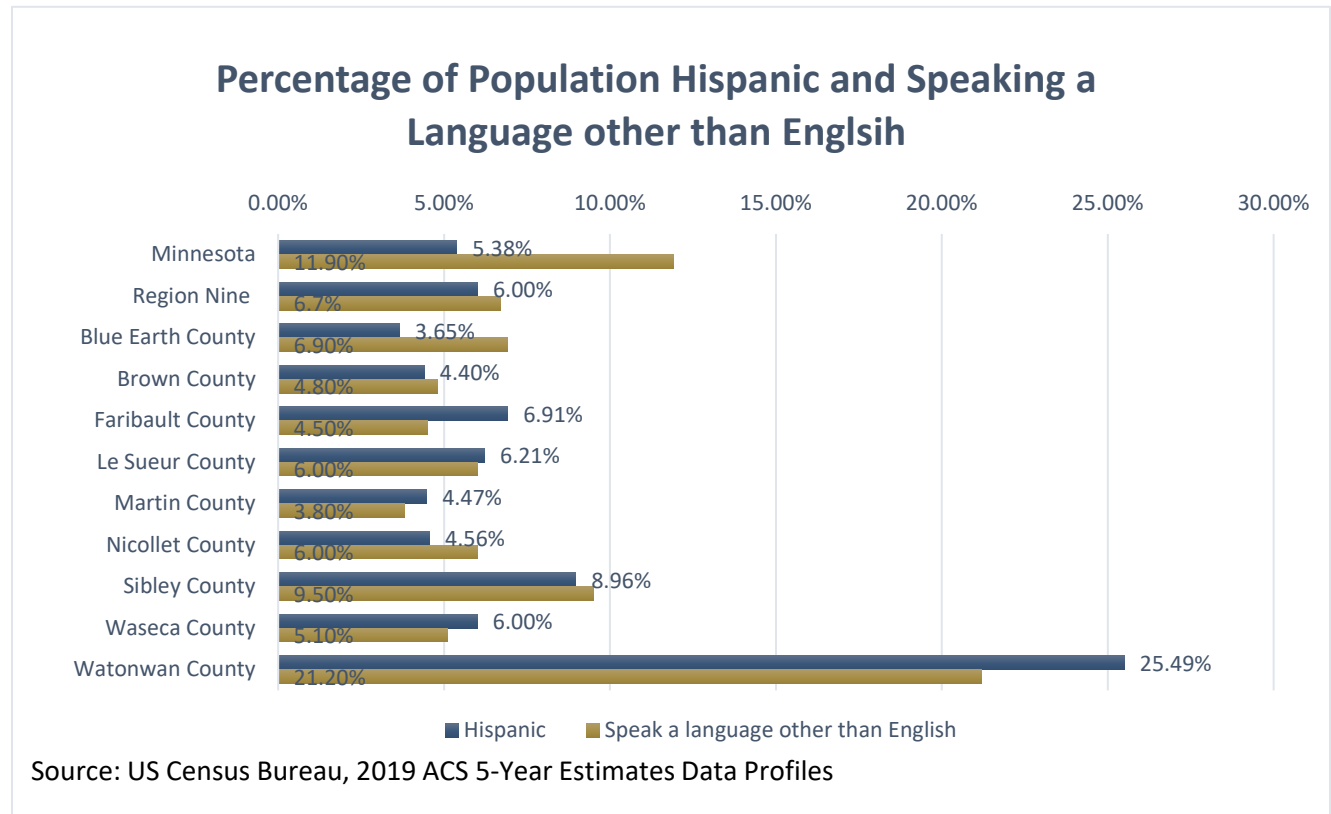


Race and Hispanic Origin, 2019	Region 9			Minnesota	
	Number	Percent	Change from 2010-2019	Percent	Change from 2010-2019
Total	232,411	100%	0.48%	100%	4.89%
White Alone	216,311	93.07%	2.15%	82.85%	4.63%
Black or African American Alone	4,785	2.06%	53.86%	6.41%	32.46%
American Indian and Alaskan Native Alone	570	0.25%	-0.87%	1.04%	4.67%
Asian Alone	2,818	1.21%	16.16%	4.82%	25.91%
Native Hawaiian and Other Pac. Isl. Alone	38	0.02%	-9.52%	0.04%	17.96%
Some Other Race	3,751	1.61%	N/A*	1.87%	N/A*
Two or More Races	4,138	1.78%	88.35%%	2.97%	60.33%
Hispanic or Latino origin	13,946	6.00%	25.66%	5.38%	19.70%

Source: U.S. Census Bureau; 2019 ACS 5-Year Estimates Data Profiles

The most racially diverse county in the region is Watonwan County. Previously, it had been Blue Earth. The population consists of 85.77% white, 10.91% of some other race, followed by Asian with 1.18%, 1.13% of two or more races, and 0.93% black or African American. Martin County is one of the least diverse counties in the region, with a 96.30% white population.

The Latinx population is one of the fastest-growing segments of the U.S. population. Watonwan County has a growing Hispanic or Latino population, with 25.49% of the total population identifying as Latinx and 21.2% of households speaking a language other than English at home. This large Hispanic and Latino population is a growing influence in the county's communities, workforce, and economy.



Race Alone by County, 2019															
County	Total Population	White	Percent White	Black or African American	Percent Black or African American	American Indian and Alaska Native	Percent Indian and Alaska Native	Asian	Percent Asian	Native Hawaiian and Other Pacific Islander	Percent Hawaiian and Other Pacific Islander	Some other race	Percent Some other race	Two or More Races	Percent Two or More Races
Minnesota	5,563,378	4,609,049	82.85%	356,515	6.41%	58,011	1.04%	268,181	4.82%	2,194	0.04%	104,032	1.87%	165,396	2.97%
Region Nine	232,411	216,311	93.07%	4,785	2.06%	570	0.25%	2,818	1.21%	38	0.02%	3,751	1.61%	4,138	1.78%
Blue Earth	66,795	60,604	90.73%	2,578	3.86%	177	0.26%	1,443	2.16%	11	0.02%	341	0.51%	1,641	2.46%
Brown	5,163	24,021	95.46%	181	0.72%	76	0.30%	166	0.66%	-	0.00%	531	2.11%	188	0.75%
Faribault	13,801	13,350	96.73%	35	0.25%	41	0.30%	51	0.37%	-	0.00%	130	0.94%	194	1.41%
Le Sueur	28,242	26,972	95.50%	238	0.84%	50	0.18%	115	0.41%	3	0.01%	468	1.66%	396	1.40%
Martin	19,852	19,117	96.30%	92	0.46%	30	0.15%	102	0.51%	16	0.08%	212	1.07%	283	1.43%
Nicollet	33,954	31,228	91.97%	958	2.82%	13	0.04%	592	1.74%	-	0.00%	288	0.85%	875	2.58%
Sibley	14,892	14,199	95.35%	157	1.05%	43	0.29%	107	0.72%	4	0.03%	270	1.81%	112	0.75%
Waseca	18,740	17,409	92.90%	444	2.37%	131	0.70%	113	0.60%	4	0.02%	314	1.68%	325	1.73%
Watonwan	10,972	9,411	85.77%	102	0.93%	9	0.08%	129	1.18%	-	0.00%	1,197	10.91%	124	1.13%

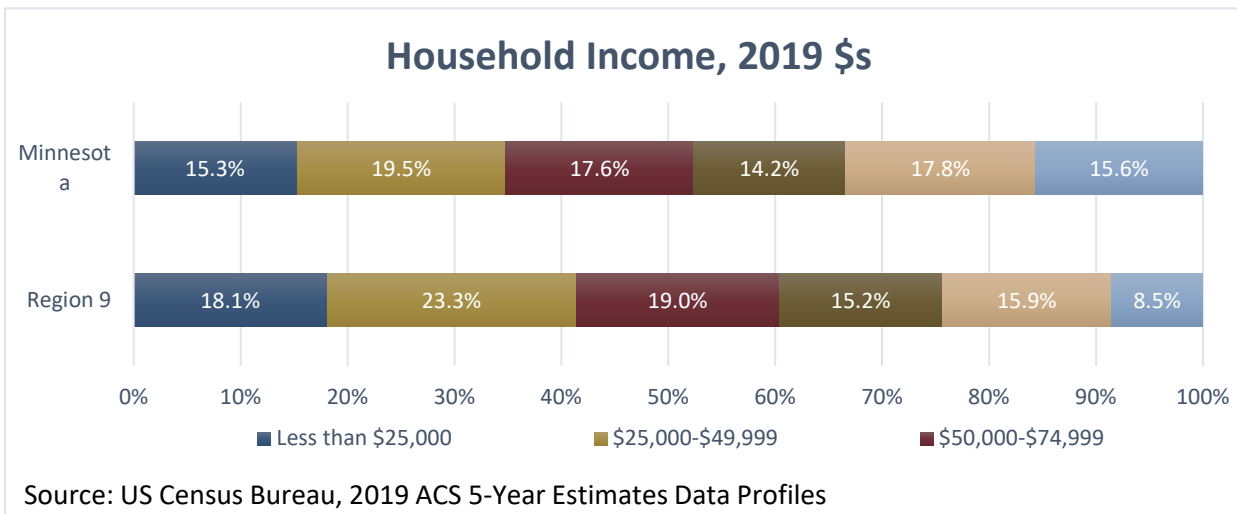
Source: U.S. Census Bureau; 2019 ACS 5-Year Estimates Data Profiles

*Poverty and income*

Poverty continues to be linked with race and ethnicity in Region Nine and Minnesota. People of color are unproportionally more likely to live in poverty. As the above and below tables illustrate, 82% of Minnesota’s population is white, yet only 9.7% of people in poverty are white. Moreover, data on Region Nine shows that 45.2% of African American residents and 32.2% of Asian residents have earnings below the poverty line. Poverty in minority populations is a serious concern in the state.

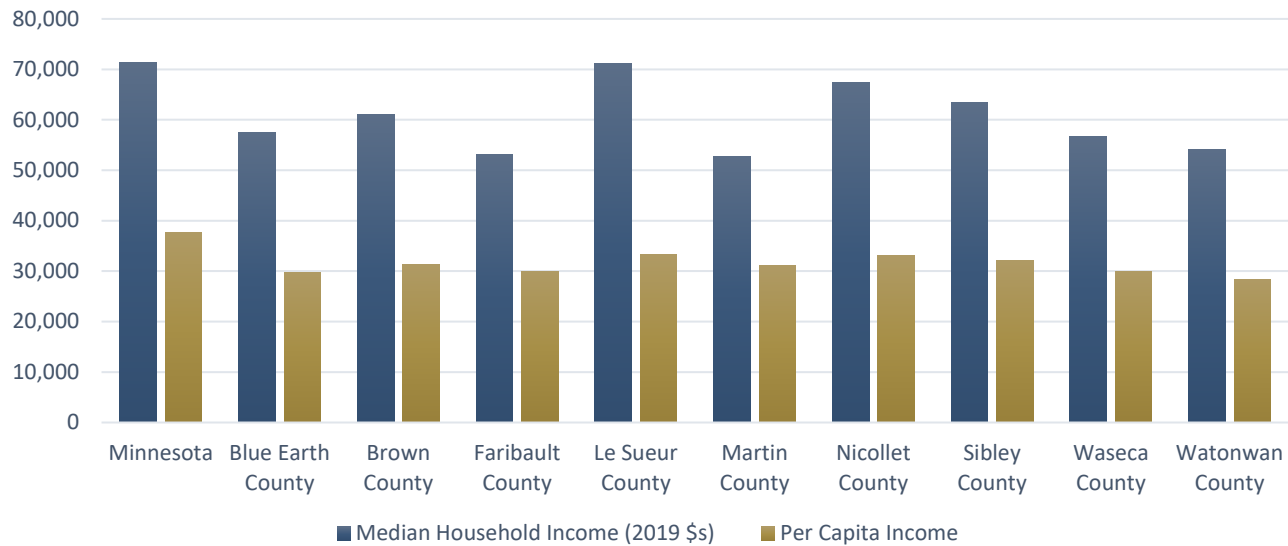
Percent of Total	Region Nine		Minnesota	
	Below poverty level	Percent below poverty level	Below poverty level	Percent below poverty level
Population for whom poverty status is determined	26,891	12.0%	526,065	9.70%
White alone	22,008	10.6%	328,497	7.30%
Black or African American alone	1,928	45.2%	98,277	28.60%
American Indian alone	78	18.4%	16,949	31.30%
Asian alone	797	32.2%	35,815	13.60%
Native Hawaii & Other Pacific Is.	4	10.5%	310	14.50%
Some other race	1,097	30.0%	20,139	19.70%
Two or more races	979	24.9%	26,078	16.30%
Hispanic or Latino (of any race)	3,747	27.8%	54,309	18.60%
Not Hispanic or Latino (of any race)	22,008	10.6%	328,497	7.30%

Source: U.S. Census Bureau; 2019 ACS 5-Year Estimates Data Profiles



Over 60% of households in the region had an income under \$75,00, with the largest share having an income between \$25,000-\$49,999. Only 8.5% of the households had an income greater than \$150,000 compared to the state’s percentage of 15.6.

### Median Income and Per Capita Income in the Past 12 Months



Source: US Census Bureau, 2019 ACS 5-Year Estimates Data Profiles

The median household income for the region is \$60,295<sup>9</sup>, which is lower when compared to the state. Le Sueur County has the highest median household income (\$71,080), comparable to the state figure (\$71,306), while Martin County had the lowest (\$52,798). Overall, Region Nine had the 7<sup>th</sup> highest median household income of the 13 economic development regions in the state.

A measure used to express the average income earned per person in an geographic area is

per capita income. It is derived by dividing the aggregate income of a particular group by the total population<sup>10</sup>. Each county in the region has a per capita income lower than the state figure of \$37,625.

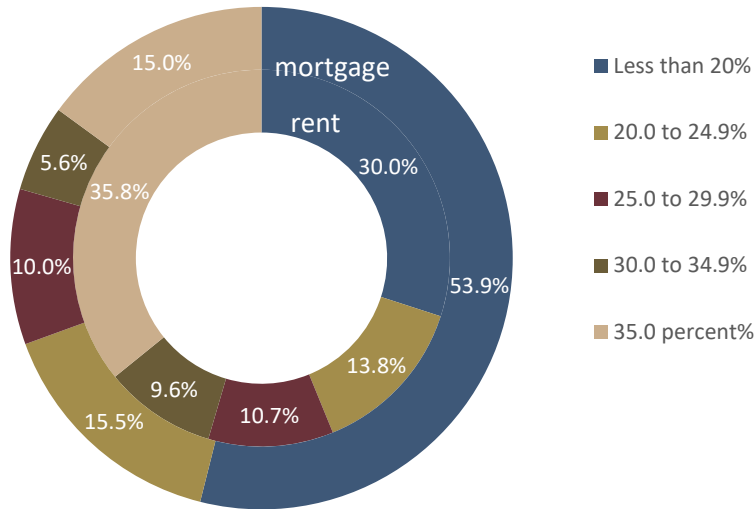
<sup>9</sup> Minnesota Department of Employment and Economic Development Regional Profile, September 16, 2021 using 2015-2019 American Community Survey 5-year estimates.

<sup>10</sup> <https://www.census.gov/quickfacts/fact/note/US/INC910219>



*Housing Affordability*

**Housing Costs as a Percentage of Income for Region Nine**

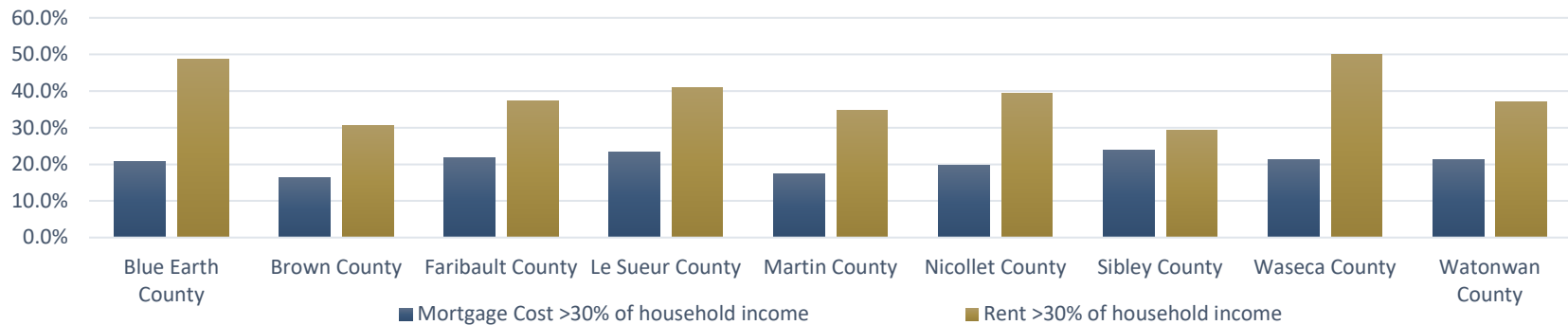


Source: US Census Bureau, 2019 ACS 5-Year Estimates Data Profiles

Housing is considered affordable if no more than 30% of income is spent on housing costs. About 24% of households spent 30 percent or more of their household income in the past 12 months (2019 ACS data) on housing costs. Households spending more than 30% are considered cost burdened. Renter households often are more cost burdened than households who own their housing. As depicted below, renters are twice as likely to be cost burdened compared to 20.6% owner-occupied units.

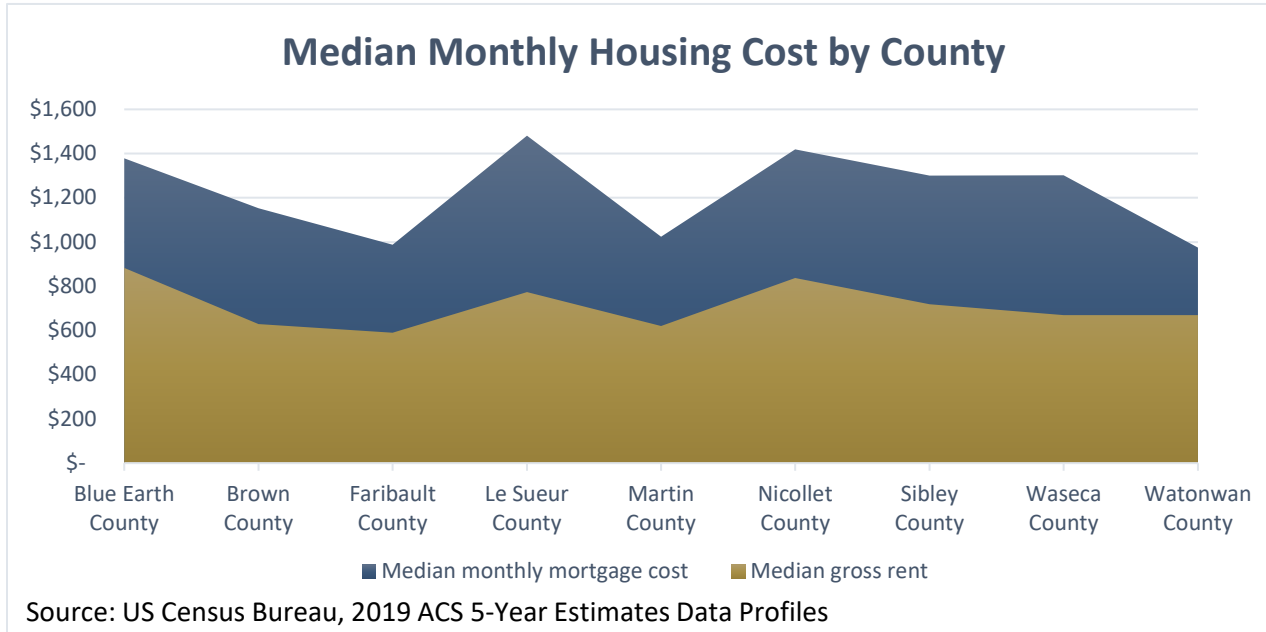
Sibley County had the highest percentage of owner-occupied households considered to be cost burdened closely followed by Le Sueur County and Brown County had the lowest. Conversely, Sibley County had the lowest renter-occupied households considered to be cost burdened, which Waseca County almost having half their renters paying more than 30% on rent.

**Housing Costs as a percentage of Household Income by County**



Source: U.S. Department of Commerce. 2019 Bureau of Economic Analysis, Regional Economic Accounts, Washington, D.C., reported by Headwaters Economics' Economic Profile System

The median monthly owner cost for owner-occupied units with a mortgage was \$1,291 and the median monthly rent cost for the region was \$777<sup>11</sup>. Both figures are less than the state median values of \$1,580 and \$977 respectively.



Le Sueur County had the highest monthly median mortgage cost (\$1,481) with Nicollet County close behind (\$1,419). Watonwan County had a median mortgage cost of \$975, the lowest in the region. Looking at median rent, Faribault County had the lowest at \$590 and Blue Earth County almost \$300 more at \$883.

<sup>11</sup> Minnesota Department of Employment and Economic Development Regional Profile, September 16, 2021 using 2015-2019 American Community Survey 5-year estimates

*Educational Attainment*

More than 92 percent of the adult population (18 years and over) in the region has at least a high school diploma or equal. Education levels can be a predictor of poverty and can have a direct impact on income potential. Watonwan County has the highest percentage of adults with less than a high school degree, whereas Nicollet County has 29.7% of adults with a bachelor’s degree or higher.

Education level for population 18 year and over	Less than high school graduate	High school graduate (includes equivalency)	Some college or associate's degree	Bachelor's degree or higher	High school graduate or higher
Minnesota	7.5%	25.0%	34.0%	33.5%	92.5%
Region Nine	7.1%	31.4%	38.3%	23.2%	92.9%
Blue Earth County	4.8%	23.8%	43.8%	27.5%	95.2%
Brown County	6.8%	34.5%	37.5%	21.2%	93.2%
Faribault County	8.6%	38.0%	36.0%	17.5%	91.4%
Le Sueur County	7.0%	36.3%	34.7%	21.9%	93.0%
Martin County	8.3%	37.8%	34.9%	19.0%	91.7%
Nicollet County	5.8%	24.8%	39.6%	29.7%	94.2%
Sibley County	10.0%	39.8%	34.7%	15.5%	90.0%
Waseca County	8.2%	36.2%	35.6%	20.0%	91.8%
Watonwan County	16.4%	40.6%	28.6%	14.5%	83.6%
Source: U.S. Census Bureau, American Community Survey, 2019 5-Year Estimates					

The region has several higher educational institutions that offer a wide variety of programs including, Minnesota State University, Mankato, South Central College, Bethany Lutheran College, Gustavus Adolphus College, and Martin Luther College. In addition, more school districts are providing opportunities to become skilled and earn certifications while in high school.

## Economic Conditions

This report was prepared as the COVID-19 pandemic actively impacted the regional economy, health, and social and fiscal infrastructure. Therefore, this should be taken into account when evaluating the region’s economic performance and resilience. As one looks at the trends, shifts were already in motion well before March 2020, when the pandemic began in the United States, which accelerated conditions already present in the region.

RNDC findings suggest that the pandemic reduced the region’s economic output by more than \$2.1 billion (annualized) over the first 15 months of the pandemic, and \$620 million annually in economic revenue. Nevertheless, as the pandemic has impacted regional economies nationally and globally, relative individual indicators remain consistent from a macro economic standpoint. The importance of monitoring within regional differences and industry specific changes will be critically important over the next five years as the region continues to recover. Accordingly, the *Annual Performance Reports (APR<sup>12</sup>)* will serve as important addendums to the CEDS.

### Economic Distress

To become a designated Economic Development Districts (EDD) at least one geographical area within the designated service boundaries must meet the EDA’s regional distress criteria as set out in 13 CFR § 301.3(a).

Traditional economic distress criteria are:

- An unemployment rate that is, for the most recent 24-month period for which data is available, at least one percentage point greater than the national average unemployment rate;

Economic Distress Criteria (primary elements) Region Nine, Minnesota, and the U.S.				
Metric	Region Nine EDD	MN	U.S.	Region Nine Threshold Calculations
24-month Average Unemployment Rate (BLS) period ending September 2021	4.55	4.95	6.62	-2.07
2019 Per Capita Money Income (5-year ACS)	\$31,022	\$37,625	\$34,103	91.0
2019 Per Capita Personal Income (BEA)	\$49,808	\$58,834	\$56,490	88.2
Source: U.S. Bureaus of Census, Labor Statistics, and Economic Analysis; Calculations generated by StatsAmerica				

<sup>12</sup> 13 C.F.R. 303.6(B)(3)(iii)

- Per capita income that is, for the most recent period for which data are available, 80 percent or less of the national average per capita income.

While, Region Nine continues to lag behind the national average with respect to per capita money income (i.e., cash sources of income) and per capita personal income (i.e., includes cash sources of income in addition to insurance, transfer payments, dividends, interest and rent) by 9% (threshold: 91.0) and 11.8% (threshold: 88.2) respectively, it is still above the distress threshold. The 24-month unemployment rate (4.55%) was significantly lower than the national average for the period ending September 2021.

As illustrated in the next table, all of the region’s counties have a threshold calculation below 100 for both per capita personal income (PCPI) and per capita money income (PCMI), with the exception of Martin County’s PCPI figures. Only Watonwan County comes close to the 80 percent or less of the national average per capita income with 83.1 threshold calculation.

Interestingly, no distinct patterns exist between unemployment and PCPI or PCMI. This is most likely due to the relatively high labor mobility between the counties and that the labor force may reside and work in different counties. This is not uncommon for mostly rural areas, still it indicates that regional industries are either producing in labor intensive sectors with a downward pressure on wages,

or that a rapid increase in lower paying service-related industries have outpaced growth in more economically robust industries such as manufacturing and construction

Economic Distress Criteria (primary elements) by County in Region Nine Economic Development District						
Counties	24 Month Unemployment	Threshold Calculation	BEA PCPI	Threshold Calculation	ACS 5-Year PCMI	Threshold Calculation
Blue Earth	4.32	-2.3	\$46,793	82.8	\$29,677	87
Brown	4.31	-2.31	\$55,904	99	\$31,237	91.6
Faribault	5.26	-1.36	\$46,941	83.1	\$29,991	87.9
Le Sueur	5.64	-0.98	\$50,728	89.8	\$33,311	97.7
Martin	4.4	-2.22	\$57,091	101.1	\$31,066	91.1
Nicollet	3.87	-2.75	\$51,036	90.4	\$33,031	96.9
Sibley	4.73	-1.89	\$49,408	87.5	\$32,016	93.9
Waseca	5.33	-1.29	\$44,262	78.4	\$29,929	87.8
Watonwan	4.08	-2.54	\$48,684	86.2	\$28,341	83.1

Source: U.S. Bureaus of Census, Labor Statistics, and Economic Analysis; Calculations generated by StatsAmerica

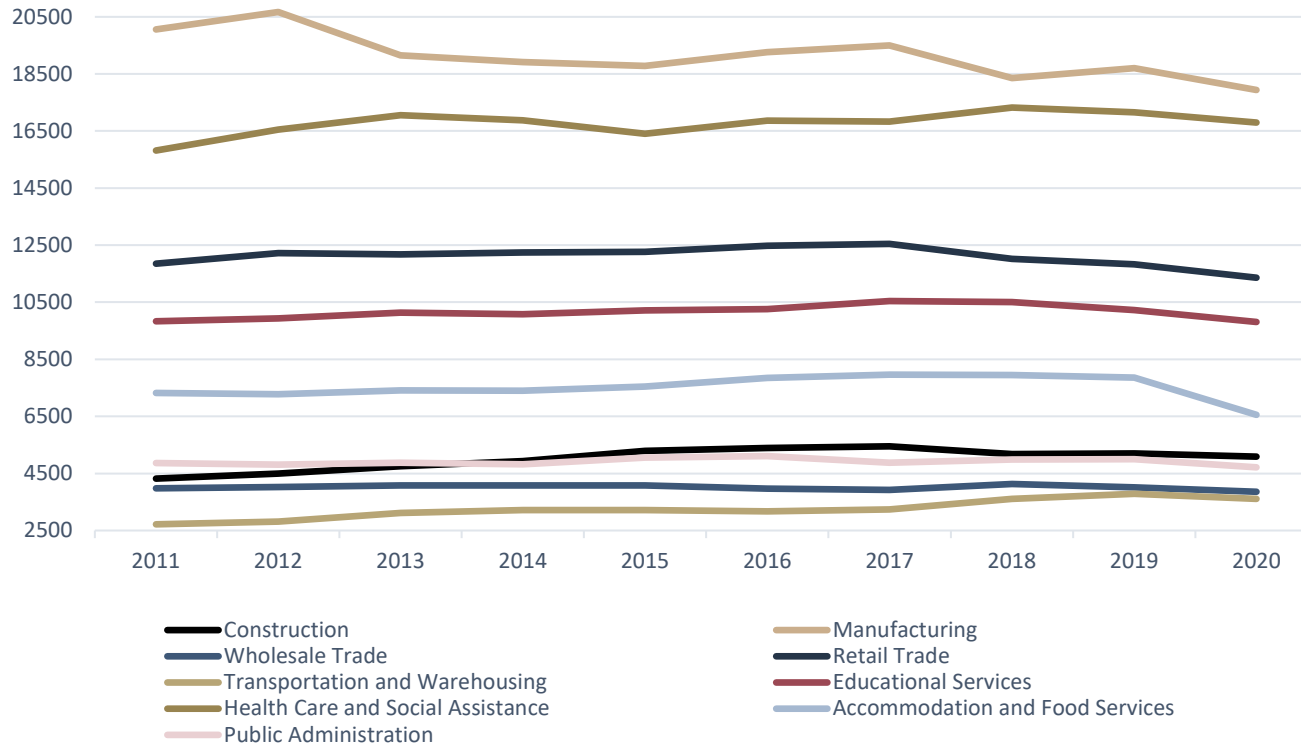
### *Employment by Industry*

Although Region Nine and Minnesota began to experience structural shifts in employment in the late 1960s with the emergence of neoliberal trade policies, the gradual shift from manufacturing to service industries is still taking place. By the early 1970s service industry employment surpassed manufacturing as the leading employment industry for the first time and by the early 1980s, Minnesota became a service-dominant state with respect to employment. Retail trade had by that time also surpassed manufacturing as the second leading employment sector in the state. Region Nine is now, fifty years later, facing a more symbolic shift in employment as health care is expected to overtake manufacturing as the single largest employing industry in the region.

<b>Region Nine Industry Employment Statistics, 2019</b>	<b>Number of Jobs</b>	<b>Percent of Total Jobs</b>	<b>Average Annual Wage</b>
Agriculture, Forestry, Fishing and Hunting	3,181	3.0%	\$46,644
Mining	210	0.2%	\$79,456
Construction	5,082	4.8%	\$56,524
Manufacturing	19,005	17.9%	\$53,872
Wholesale Trade	3,975	3.7%	\$67,808
Retail Trade	11,771	11.1%	\$25,636
Transportation and Warehousing	4,575	4.3%	\$39,416
Utilities	476	0.4%	\$94,328
Information	1,884	1.8%	\$53,716
Finance and Insurance	2,849	2.7%	\$64,740
Real Estate and Rental and Leasing	1,016	1.0%	\$30,056
Professional, Scientific, and Technical Services	2,573	2.4%	\$62,140
Management of Companies	817	0.8%	\$83,304
Admin. Support and Waste Mgmt. Services	2,194	2.1%	\$32,760
Educational Services	9,597	9.0%	\$45,500
Health Care and Social Assistance	18,807	17.7%	\$45,656
Arts, Entertainment, and Recreation	1,115	1.1%	\$13,364
Accommodation and Food Services	8,060	7.6%	\$14,560
Other Services (except Public Administration)	3,221	3.0%	\$28,756
Public Administration	5,705	5.4%	\$48,152
<b>Total, All Industries</b>	<b>106,122</b>	<b>100.0%</b>	<b>\$44,457</b>

*Source: DEED QCEW, 2019 All Industries All Ownership, compiled by RNDC*

### Region Nine Employment by Industry 2011-2020 – yearly averages (industries w/more than 3,000 jobs)



Source: U.S. Bureau of Census, Labor Statistics, and Economic Analysis; Calculations generated by StatsAmerica.

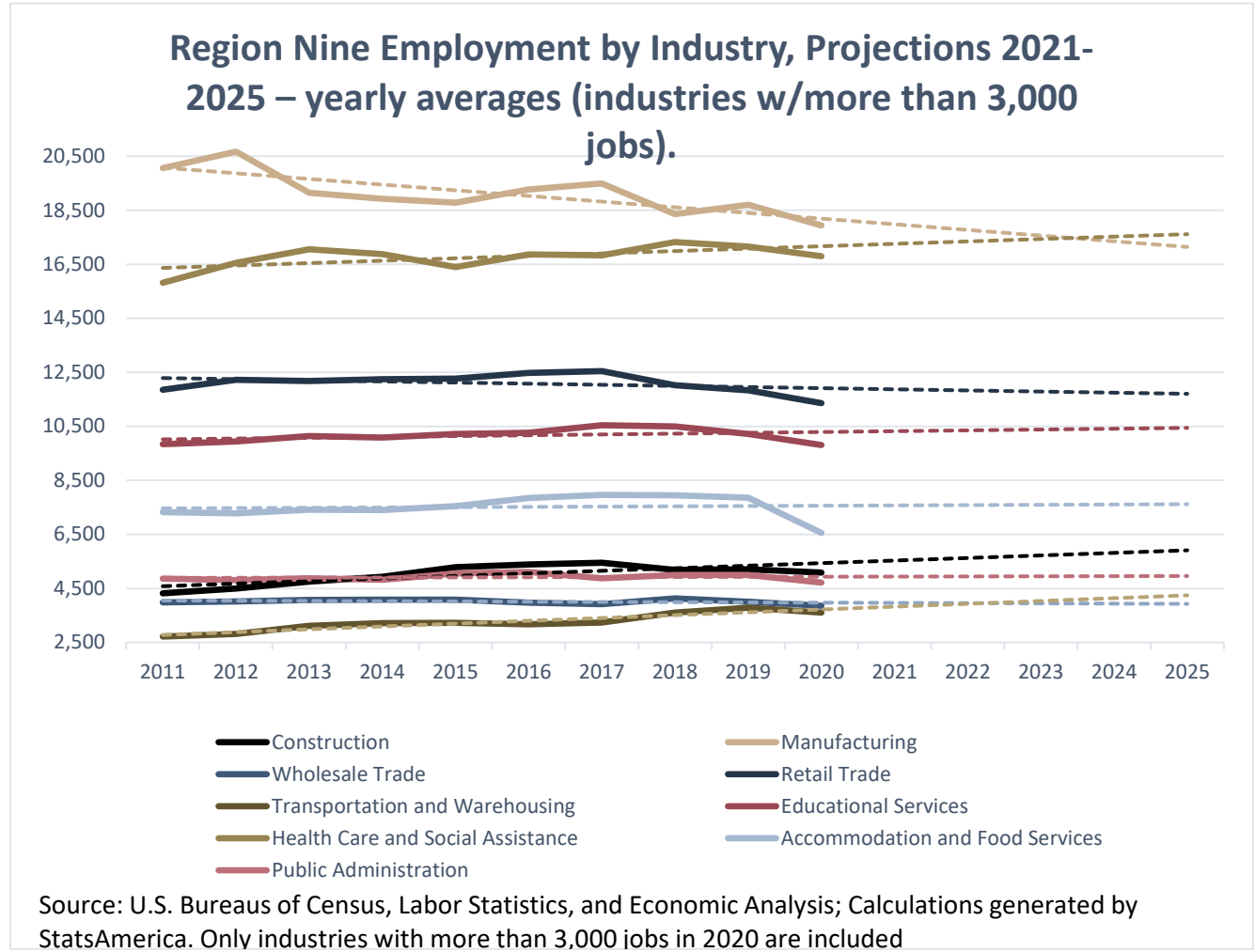
Looking at the Quarterly Census of Employment and Wages (QCEW) through the Minnesota Department of Employment and Economic Development (DEED), the major employment industries in Region Nine are manufacturing (17.9%), followed health care and social assistances (17.7), and retail trade (11.1%).

Since 2008 health care and social assistance has been Minnesota’s largest industry segment followed by “other services”, retail trade, and manufacturing. No other industry is growing at the rate of health care, which saw the largest net growth in employment since 2011, with 977 jobs; followed by *Transportation and Warehousing* (+ 888 jobs). *Construction and Agriculture*

grew by 767 and 569 jobs respectively. The largest losses were in *Manufacturing* (- 2,123 jobs; -763 from 2019 to 2020), *Accommodations and Food Services* (- 766, with 1,300 jobs lost between 2019 and 2020 after a steady increase for the previous nine years), and *Retail Trade* (-494). Only *Agriculture and Finance* and *Insurance* grew in employment between 2019 and 2020.

Projections based on regressions for each of these nine industries indicate that *Health Care and Social Services* will be the largest employing industry by the end of 2023 and Region Nine’s employment portfolio will mirror that of the state. Other leading industries are expected to experience only moderate to no gains in employment; *Transportation and Warehousing* is expected to gain 105 jobs per year, while *Construction* and *Health Care and Social Services* will add 95 and 89 jobs per year respectively. *Manufacturing* is expected to decrease by 210 jobs per year over the next five years. These figures are based on the annualized employment for the past ten years.

Technological changes account for some of these changes, particularly in manufacturing, but consumers’ retail preferences are also accounting for decline in jobs in many leading industries. That does not, however, alone solve the labor shortage problem. Region Nine’s population is not keeping up with the demand for jobs in many industries, and the introduction of new production technologies and systems will require different skills than in the past. As an example, the integrated nature of supply chains in the manufacturing industry will require design engineers to understand logistics and transportation, marketing, and product placements as supply chains are adjusting to super-consumers , intense battles on price and the need for more dynamic products. Accordingly, the region will face a paradox of shrinking populations while also experiencing structural labor shortages





### Wages/Salaries by Industry

Of the nine largest industries by employment, aggregate wages (as measured by average monthly earnings) differ quite distinctively, the highest earnings were in Wholesale Trade, Construction, and Manufacturing. The lowest wages were in *Retail Trade, Accommodations and Food Services*, and other *Services*. The below table illustrates changes between Quarter 1 2015 and Quarter 4 2019 for the respective industries.

As the table illustrates, wages grew faster in the industries with above average wages. Wages were stagnant or only growing 3-5% over the five-year period for the three industries with the lowest wages. Accordingly, significant industry specific characteristics exist regionally.

<i>Region Nine Wage Changes by Industry and Wages in Comparison to Regional Averages (industries w/more than 3,000 jobs).<sup>13</sup></i>				
	<b>Construction</b>	<b>Manufacturing</b>	<b>Wholesale Trade</b>	<b>Retail Trade</b>
<b>Change 2015-2019</b>	12.79	10.03	13.88	4.7
<b>Percent of Average</b>	1.387998	1.34894	1.652027	0.649027

	<b>Transportation and Warehousing</b>	<b>Educational Services</b>	<b>Health Care and Social Assistance</b>	<b>Accommodation and Food Services</b>	<b>Other Services (except Public Administration)</b>
<b>Change 2015-19</b>	7.49	3.68	8.37	3.05	5.01
<b>Percent of Average</b>	0.961265	0.848555	1.039157	0.4062	0.706832

<sup>13</sup> U.S. Bureaus of Census, Labor Statistics, and Economic Analysis; Calculations generated by StatsAmerica. Only industries with more than 3,000 jobs in 2020 are included.

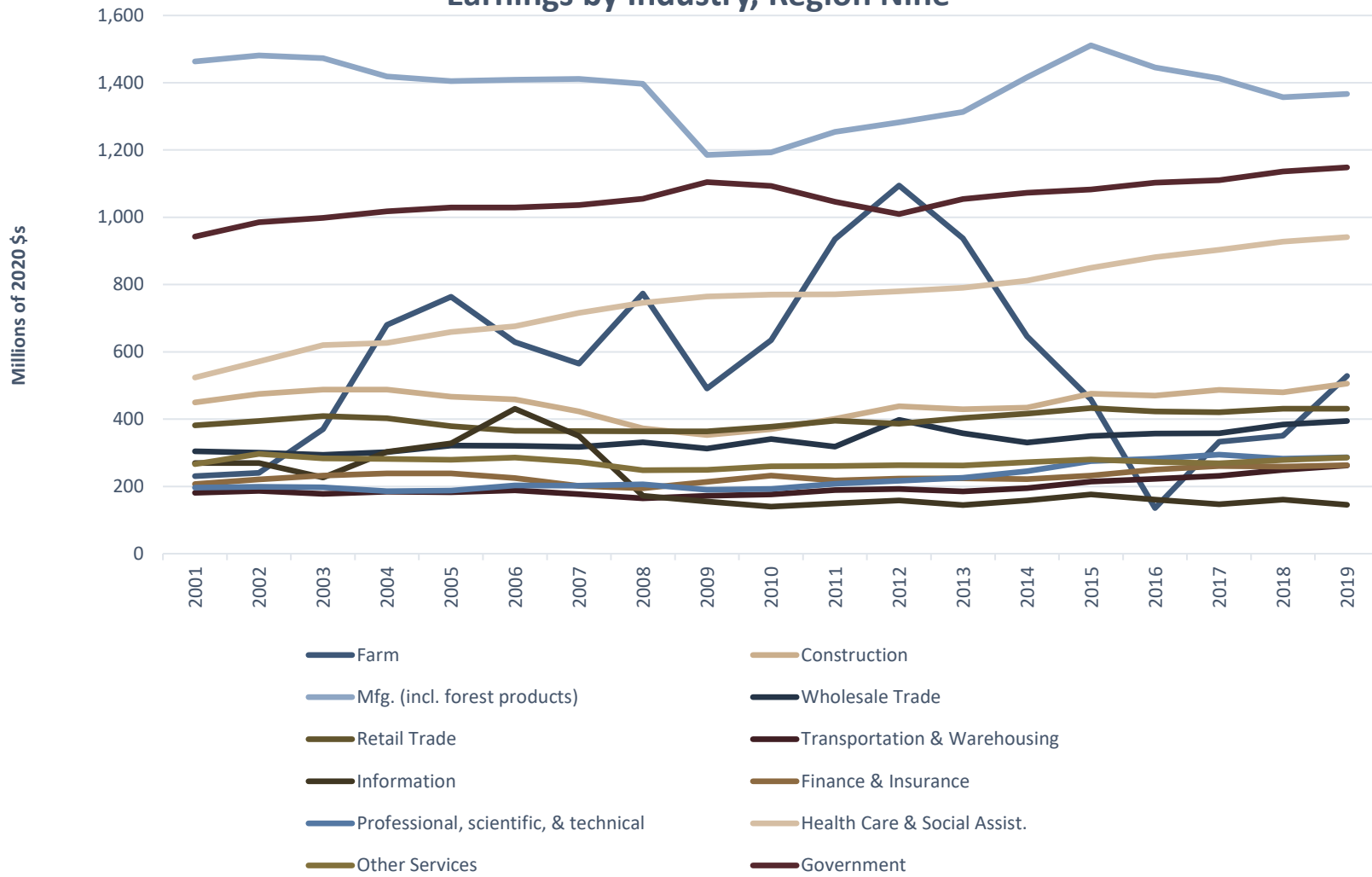
Broader analyses reveal similar trends, with great disparities between sectors of the regional economy. Traditionally large sectors, like manufacturing, are in decline from an employment standpoint, but continue to represent high average annual wages, while job growth is expected in service-related jobs, where jobs lag the regional average.

<i>Region Nine Wages by Sectors of Employment and Inter-sector Comparisons.</i> <sup>14</sup>		
<b>Employment and Wages in 2020</b>	<b>Avg. Annual Wages (2020 \$s)</b>	<b>% Above or Below Avg.</b>
Total	\$47,477	
Private	\$46,460	-2.1%
Non-Services Related	\$56,181	18.3%
Natural Resources and Mining	\$49,842	5.0%
Agriculture, forestry, fishing & hunting	\$46,484	-2.1%
Construction	\$58,066	22.3%
Manufacturing (Incl. forest products)	\$56,917	19.9%
Services Related	\$42,148	-11.2%
Trade, Transportation, and Utilities	\$40,513	-14.7%
Information	\$58,989	24.2%
Financial Activities	\$61,571	29.7%
Professional and Business Services	\$57,570	21.3%
Education and Health Services	\$46,911	-1.2%
Leisure and Hospitality	\$14,913	-68.6%
Other Services	\$32,047	-32.5%

Employment changes do not only impact the individual worker, but also the regional earnings. The gradual shift from non-service-related employment to the service sector, places an automatic downward pressure on regional earnings, and by default on the regional tax-base, local communities' ability to provide public services, and general maintenance of infrastructure and other critical needs. The below figure illustrates earnings by industry since 2000.

<sup>14</sup> Data Sources: U.S. Department of Commerce. 2020. Bureau of Economic Analysis, Regional Economic Accounts, Washington, D.C.

### Earnings by Industry, Region Nine



Source: U.S. Department of Commerce. 2020. Bureau of Economic Analysis, Regional Economic Accounts, Washington, D.C., reported by Headwaters Economics' Economic Profile System [headwaterseconomics.org/eps](http://headwaterseconomics.org/eps).

### Labor Force Participation

The labor force participation rate represents the percentage of the population that is either working or actively looking for work.

In order to actively recruit businesses and public sector employers, it is important to highlight a labor force that is willing, able, and ready to work.

Labor Force is defined as all people age 16 and older who are classified as either [employed](#) and [unemployed](#).<sup>1</sup>, In order to be considered unemployed, a person must be available and actively seeking work.

Regine Nine had a slightly lower labor force participation rate than the state overall. Yet had a higher participation rate among every age category other than 20 to 24 years. That may be due to the number of colleges in the region.

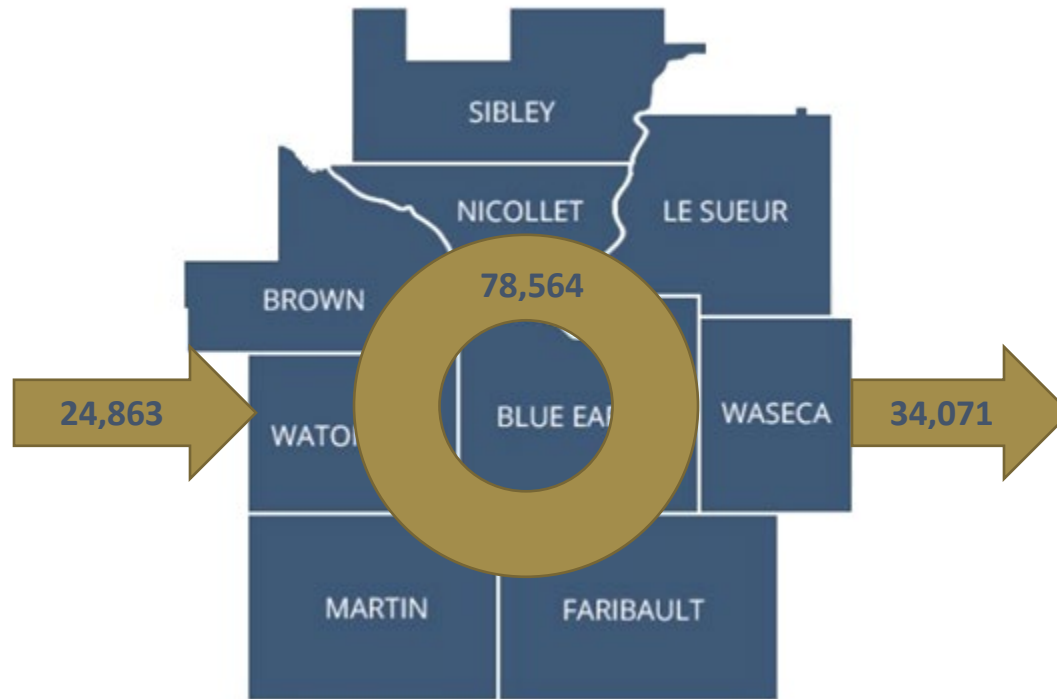
The labor force racially is less diverse than the state, but is become more diverse over time. Black workers are twice as likely to be unemployed in the region than the state. Two or more race workers also see a higher unemployment rate compared to the rest of the state.

As the workforce continues to age and the looming retirement of the baby boomer generation, this may be particularly impactful to rural communities in Region Nine that skew slightly older.

Labor Force and Labor Force Participation Rate					
	Region Nine			Minnesota	
	In Labor Force	Labor Force Partic. Rate	Unemp. Rate	Labor Force Partic. Rate	Unemp. Rate
<b>Total Labor Force</b>	<b>130,178</b>	<b>69.5%</b>	<b>3.7%</b>	<b>69.7%</b>	<b>3.6%</b>
16 to 19 years	8,697	61.8%	15.6%	53.2%	11.0%
20 to 24 years	17,452	83.5%	4.7%	84.6%	6.0%
25 to 44 years	48,699	89.6%	3.2%	88.8%	3.2%
45 to 54 years	23,259	87.7%	2.6%	87.6%	2.7%
55 to 64 years	23,876	76.3%	2.9%	73.0%	2.8%
65 to 74 years	6,739	31.6%	2.8%	27.9%	2.2%
75 years and over	1,440	7.7%	11.9%	6.6%	2.4%
<b>RACE AND HISPANIC OR LATINO ORIGIN</b>					
White Alone	122,237	69.5%	3.3%	69.3%	3.0%
Black or African American	2,454	67.2%	17.6%	71.3%	8.8%
American Indian and Alaska Native	300	58.3%	0.7%	58.9%	12.6%
Asian	1,600	64.7%	2.4%	71.2%	4.3%
Some other race	1,947	73.0%	4.2%	77.7%	6.1%
Two or more races	1,628	79.4%	12.1%	73.6%	7.4%
Hispanic or Latino origin (of any race)	6,808	74.4%	8.5%	76.5%	6.1%
<b>DISABILITY STATUS</b>					
With any disability	6,365	54.1%	8.4%	53.0%	8.6%
<b>EDUCATIONAL ATTAINMENT</b>					
Population 25 to 64 years	95,837	85.4%	2.5%	84.5%	3.0%
Less than high school graduate	4,217	67.4%	3.7%	66.3%	4.2%
High school graduate (includes equivalency)	26,657	81.6%	1.8%	78.5%	2.6%
Some college or associate's degree	37,003	87.8%	2.0%	85.3%	3.0%
Bachelor's degree or higher	27,975	90.0%	1.5%	90.0%	1.7%
Source: U.S. Census Bureau; 2019 ACS 5-Year Estimates Data Profiles, DEED Regional Profile 9/16/2021					

*Commute and Labor Sheds (Where People Work and Live)*

Approximately 76% of workers within Region Nine live and work in the region. Of the 103,427 employed in the region, 24,863 workers reside outside the area and the region sheds 34,071 of workers to fill employment outside the nine counties.

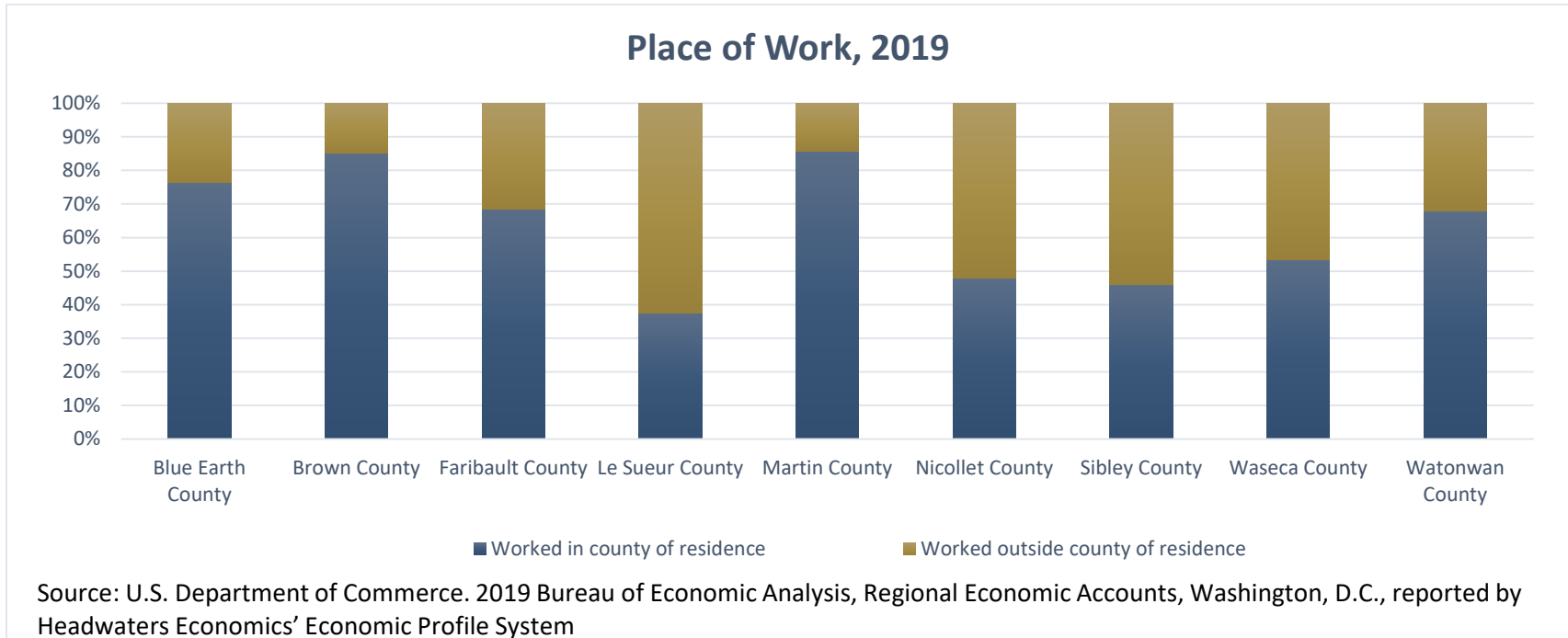


Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics, 2019

The top work destination in the region is Mankato-North Mankato, which accounted for 24.8% of employment. The top commuters into the region from outside the region were from Minneapolis (0.7%) and Owatonna (0.5%).

Of the 34,000 residents of Region Nine that work outside the nine counties, many of those commuters are employed in the Twin Cities metropolitan area, Owatonna, or Rochester. Although the numbers are not significant, 1.7% of all workers in the region (representing 1,900 workers) commuted into Owatonna, 1.4% into Minneapolis, 1.1% for both St. Paul and Rochester.

Le Sueur County had the highest percentage of people that worked outside the county of residence at 62.5% and Martin County had the lowest at 14.4%.



## REGIONAL S.W.O.T. ANALYSIS

Regional cluster-analyses suggest that there are strong growth potentials in Region Nine and specifically within segments of manufacturing (e.g., MDM and food-production), construction, and health care-related clusters.<sup>15</sup> Yet, progress within certain clusters has been gradual due to the inability to fill vacancies, promote workers, and retain talent. Additionally, firms are indicating that there is little synergy in some industry clusters with corresponding high operations costs, which puts them at a competitive disadvantage despite the proximity to major manufacturing hubs in the Twin Cities and other regional centers.

Developments in Region Nine are typical of economic development challenges outside the Twin Cities. Whereas the largest industry sectors in are *Manufacturing*, *Retail Trade*, and *Health Care and Social Assistance*, all relatively robust industry clusters, average earnings per job have stagnated somewhat over the past five years, with the 2018 regional figure at \$45,083. This was a 13% increase from 2010. The relatively slow increase corresponds with a slow-down in manufacturing jobs and an increase in service



<sup>15</sup> See recent Region Nine reports for specifics: <https://www.rndc.org/what-we-do/medtech-connect/> and <https://www.rndc.org/what-we-do/community-economic-development/agriculture-resiliency-plan/>

jobs, particularly in retail trade. Total employment increased by 7,348 jobs regionally between 2010 and 2018. The largest gains were in services with 5,268 jobs, manufacturing with 1,378 jobs, and construction with 1,221. During the same period 800 farm jobs and 306 government jobs were lost.

In 2018, the three industries with the largest earnings were *manufacturing* (\$1,371.1 million), *health care and social assistance* (\$983.3 million), and *retail trade* (\$408.6 million). Manufacturing continues to represent the highest wages by industry at an average annual wage (in 2018 \$s) of \$52,904 per year, closely followed by construction at \$52,777. Service-related jobs averaged \$36,837 per year, which is 12.9% below the regional average. This remains a concern with respect to the regional economic resiliency as these industries represent the fastest growing segments of the economy. Investments to boost the growing need for health care services and traditional sectors, such as manufacturing, are therefore warranted as these present opportunities for further job creation and higher paying jobs.

To identify such opportunities, this report utilizes a Strengths, Weaknesses, Opportunities, and Threats (SWOT), framework to analyze current and ongoing industrial developments in the region, consistent with requirements and guidelines from the federal EDA.

## STRENGTHS

### ***Human capital and knowledge creation***

Human capital and knowledge creation has been a strength for the state for several decades. The Human Capital and Knowledge Creation Index suggests the extent to which a region's population and labor force have the collective cognitive capacity and know-how to engage in innovative activities. It includes measures of educational attainment, patent/technology diffusion, university-based knowledge spillovers, incubator knowledge spillovers, STEM education, and other measures tied to knowledge creation.

Human capital and knowledge creation is a definite strength for the region. Region Nine scores 120.0 (100 = expected national average) on this index and ranks 88 out of 384 EDDs ranked on StatsAmerica's Headline Index. Specific regional strengths include sub-categories of *High School Attainment*, *College Degrees* (i.e., *Some College*, *No Degree*, *Associate Degrees*, *Bachelor Degrees*, *University-Based Knowledge Spillovers*, *STEM Degree Creation (per 1,000 Population)*, and *High-Tech Industry Employment Share*. The sole weaknesses identified include *Graduate Degree*, *Patent Technology Diffusion*, *Business Incubator Spillovers*, and *Technology-Based Knowledge Occupation Clusters*.

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***Strengths*** are a region's relative competitive advantages (e.g., *industry supply chains and clusters, extensive port, rail, and broadband assets, specialized workforce skills, higher education levels, collaboration among stakeholders*) and often are internal in nature;

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Employment productivity is another strength of Region Nine's Human Capital, scoring 115.5 on the index, which places the region 106<sup>th</sup> out of 384 EDDs. The Employment and Productivity Index describes economic growth, regional desirability or direct outcomes of innovative activity. Minnesota scores particularly high in the southern portions of the state, even in relatively rural counties. It includes measures of job growth, cluster diversity, cluster strengths, GDP per worker, patents, and other variables tied to productivity.

### ***Relatively High Portfolio Diversity***

Local manufacturers in Region Nine often produce a variety of products and services. Many firms consider themselves commodities producers, which happen to sell some of their product to specialized companies in a certain segment of a particular industry. Others are co-manufacturers that produce across related industries such as agriculture, consumer products, and electronics.

Although some regional manufacturing specialization exists, particularly with respect to medical devices and more specialized service providers, most derive significant revenue from other industries and segments of the economy. This form of customer diversification diminishes their sensitivity to demand fluctuations within a particular industry.

### ***Flexible manufacturing designs***

Many regional manufacturers have been in existence for several decades and have acquired technology over time, which allows them to adapt to purchase orders without incurring significant capital investments. Some of the plants have developed or acquired technology to easily accommodate flexible production schedules.

### ***High workforce participation rates***

Region Nine has maintained a relatively stable workforce and many of the local MDM producers experience relatively low turnover. An experienced and qualified workforce should be considered a strength in an economy where turnover is costly.

### ***Economic Well-Being***

Economic well-being is the highest scoring index for Minnesota and the same is true for Region Nine. With a score of 138.9, the region ranks at 56<sup>th</sup> out of 384 EDDs. The Economic Well-Being Index explores standard of living and other economic outcomes based on measures such as per capita personal income growth, income inequality, poverty rates, unemployment rates, dependency based on income sources, and net migration.

## WEAKNESSES

### *Low Scale Production*

Few regional manufacturing plants are producing at a scale that compares to global competitors.

Also, their business strengths in product diversity simultaneously diminish their attractiveness to larger companies seeking co-manufacturers as niche partners. In other words, most regional firms cannot achieve the economies of scale necessary to meet preferred supplier status among larger players in their industry. While some of the producers can produce at a higher rate, and thereby reduce the average unit price, many firms lack the capital required to significantly increase production and reduce time from design-to-production. Others face geographic limitations when it comes to expansion. For example, some plants are in older industrial parks and are unable to expand.

### *Expensive Logistics*

There are few indications that producers of similar products in Region Nine utilize pooled logistics channels, which is common in other geographic industry clusters.<sup>16</sup> This significantly increases procurement costs, which again puts them at a disadvantage in their respective industries. Similarly, there is no indication that producers outside the Twin Cities pool together to create leveraged purchasing power. Whereas competitors often collaborate to keep logistics and materials costs down, there is little indication that this is the norm in Region Nine.

### *Lack of Industry Synergy*

Unlike industry trends that indicate that producers increasingly collaborate to meet the demand of buyers, few instances of such arrangements appear to be common in Region Nine. This lack of interconnectedness generates low synergy, which is viewed as critical in industries where collaboration and lean operations has become the norm.

### *Poor Access to Capital*

Regional businesses and entrepreneurs report having limited access to capital. Local, regional, and national banks meet the basic funding needs of most regional small businesses. However, this analysis was unable to identify any venture capital funding or collaborative funding sources that can help nurture innovative products and services. In the Twin Cities metro area, dozens of venture

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*Weaknesses are a region's relative competitive disadvantages (e.g., a risk-averse or change-resistant regional culture), also often internal in nature;*

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<sup>16</sup> See <https://www.rndc.org/what-we-do/medtech-connect/> for a detailed discussion.

capital firms both publicly traded and private exist primarily to fund product innovation. However, they reported being unaware of companies or activities in Region Nine that could benefit entrepreneurs and innovators.

### ***Business Dynamics***

According to the Headline Index, business dynamics is one of Region Nine’s weak spots. The Business Dynamics Index gauges the competitiveness of a region by investigating the entry and exit of individual firms—the creative destruction measures. The index includes ratios of establishment births to all establishments, traded sector births, births to death of establishments, and venture capital measures. Most of the state falls well below the national average, except for the Twin Cities. This suggests that business growth is not only a challenge throughout the region, but at a distinct disadvantage for the state.

Region Nine, despite its close proximity to the Twin Cities, is in the bottom half nationally of Economic Development Districts when it comes to business dynamics. With a cumulative score of 65.7, the region ranks 194<sup>th</sup> out of 384 EDDs. With a cumulative score of 65.7, the region ranks 194<sup>th</sup> out of 384 EDDs. The region scores particularly low in subcategories of *establishment formation*, i.e., measures of startups and entrepreneurial ventures.

### ***Business Profile***

Region Nine’s worst performance on the Headline Index is in the area of business profiles, which assesses foreign direct investments, connectivity (broadband), general business dynamics, and proprietorship. The Business Profile Index measures local business conditions and resources available to entrepreneurs and businesses. Almost the entire state, portions of the Twin Cities included, fall well below the national average. Region Nine scores 78.8 which places the region 350<sup>th</sup> out of 384 EDDs. Accordingly, only 34 districts nationally are lower on this index.

## **OPPORTUNITIES**

### ***Economies of Scale through Consolidation and/or Cooperation***

Findings demonstrate that supporting industries to the key traded clusters in the state, such as the globally competitive Medical Device Manufacturing industry (e.g., plastics, electronics, design, engineering, packaging, and laboratory services) are numerous yet dispersed. As most regional enterprises

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*Opportunities are chances or occasions for regional improvement or progress (e.g., expansion of a biosciences research lab in the region), often external in nature*

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also produce commodities and services for other industries, methods of optimizing integration and output are complex. There are multiple opportunities for manufacturers to consolidate operations and take advantage of cost savings. As industries grow and technology evolves, the demand for consolidation, or at least cooperation, appear to become more pressing.

Opportunities to share production costs and possibly manage labor issues present themselves if firms collaborate to a greater extent than they do today. As many of the regional firms produce products of a similar nature, there are opportunities to purchase collectively in order to reduce costs. This would not only reduce production costs, but possibly also inbound logistics costs. Similarly, pooled outbound logistics to the Twin Cities would contribute to the lean trend that is becoming the norm within the industry. These producers have a unique opportunity to provide just in time inventory due to their geographic proximity to major producers and their plants.

### ***Sustainable Manufacturing***

Sustainability is all about the ability to retain resiliency. However, the importance of economic, environmental, and social dimensions varies from time to time and according to different criteria. Various activities such as “product design, manufacturing by-products, by-products produced during product use, etc.” have also been included in the supply chain core activities as was highlighted in MedTech Connect as Region Nine’s manufacturers participate in many of these activities in the medical device manufacturing supply chain without necessarily being exclusively focused in these areas.

The U.S. Department of Commerce defines *sustainable manufacturing* (SM) as “creation of manufactured products that use processes that are nonpolluting, conserve energy and natural resources, and are economically sound and safe for employees, communities and consumers”<sup>17</sup>, which clearly implies fostering of domestic and international conditions for doing business in addition to fulfilling basic dimensions of sustainability. However, growth is in the long run subject to constraints associated with economic resiliency. With a growing economy, Region Nine is bound to experience increase in demand for materials and energy, hence putting serious constraints on natural resources such as land, water, minerals, and fossil fuels, and the potential increase in energy and commodity prices. Moreover, increasing activity will lead to increase in levels of waste and pollution, particularly in the form of higher GHG emissions, which can ultimately restrict the region’s ability to grow, rendering its momentum unsustainable. Due to the ongoing trend, it has thus become a need to develop and pursue manufacturing activities, which helps in maximizing economic and social benefits along with minimizing environmental impact.

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<sup>17</sup> See <https://www.oecd.org/sti/ind/45010349.pdf>

## Growth in Healthcare Sectors

There are multiple opportunities for the region to capitalize on the growing demand for healthcare services. From 2001 to 2018, the three industry sectors that added the most jobs in Minnesota were health care and social assistance (169,944 new jobs), professional and technical services (58,118 new jobs), and real estate and rental and leasing (54,843 new jobs). In 2018 the three industry sectors with the largest number of jobs were health care and social assistance (512,788 jobs), government (429,193 jobs), and retail trade (365,550 jobs). Since 2008 health care and social assistance has been Minnesota’s largest industry segment followed by “other services”, retail trade, and manufacturing. No other industry is growing at the rate of healthcare with finance and insurance a distant second.

## Alignment with Statewide Growth Clusters

Six industry clusters with location quotients (LQs) above the national average are expected to experience employment growth over the next ten years in Minnesota; *Distribution & Electronic Commerce, Education & Knowledge Creation, Medical Devices, Construction Products & Services, Livestock Processing, and Performing Arts.*

These six clusters are considered *growth clusters*. All six clusters are also expected to experience increasing wages. These are industries that should be considered critical to support as the region’s economy moves forward. Please see a detailed discussion of growth clusters in the economic resiliency section of this CEDS.

## THREATS

### *Population decline and an Aging Population*

Only two counties are experiencing significant growth. Blue Earth County’s population grew 4.3% between 2010 and 2019, while the region only grew by 0.5%. The state growth was 4.9% during this time. Nicollet County grew by 3.7% and Le Sueur County grew by 1.9%. The other six counties experienced negative population growth during that time, ranging from -2.0% in Waseca County to -5.2% in Faribault County.

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*Threats are chances or occasions for negative impacts on the region or regional decline (e.g., several companies in the region considering moving to lower-cost areas of the state), also often are external in nature*

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by

Region Nine is also slightly older than the state. The oldest population is in Faribault County with a median age of 45.8 years, while the youngest is in Blue Earth County where the median is 31 years. The largest change regionally has taken place in the 65 and over

demographic where the population grew by 5,451 individuals between 2010 and 2019. All other age groups declined, with the largest decrease taking place in the 45-65 age group (-1,471 individuals) followed by the under 18 age group (-823).

### ***Mental Health/Substance Abuse Treatment Shortages***

RNDC's 2021 Legislative Priorities include "Substance Abuse Prevention" and "Regional Crisis Centers" among the six regional priorities. Substance abuse and mental health services are repeatedly mentioned through our economic and community development conversations as areas in which the region needs substantial improvements. Our counties, with the exception of Mankato/North Mankato, are largely rural and mental health and substance abuse resources are scarce. Vast geographic distances and few treatment and assessment options therefore present unique challenges not seen in urban areas.

The majority of rural counties outside of the twin cities metro have substantial "healthcare provider shortages" and are also considered "medically underserved populations" according to the Health Resources and Services Administration, which is the main source of data surrounding available healthcare services/professionals across the United States. Drug addiction has been an ongoing issue in rural Minnesota for 20+ years however with lack of services available, very few people seek help or treatment. Hence, this is clearly a threat to an already shrinking workforce.

During a time when COVID-19 is stretching health care services to its maximum, there are good reasons to address mental health and substance abuse issues, as a thriving economy is dependent upon having a workforce that reflects care and opportunities for those suffering from such ailments.

Data from the Minnesota Department of Health indicate that rural Minnesotans have more chronic conditions, report poorer health status, and experience higher rates of frequent mental distress and suicide. Minnesotans living in rural areas reported frequent mental distress at a similar rate (9.9%) to those living in urban areas (8.5%), yet those in rural communities must travel nearly three times farther and are more likely to have problems to access a provider.<sup>18</sup>

Most of Region Nine's communities are considered health care provider shortage areas, determined by specific needs of each county in the realm of primary care health, dental health and mental health. As an example, in the latest *Community Health Improvement* plan from Watonwan County, mental health/stress and alcohol use were listed as numbers 2 and 7, respectively, for issues that public health issues should be directed. Similarly, in Waseca County most mental health centers, as well as centers that can deal with substance abuse, range from 15-50 miles away from the City of Waseca. This leaves a lot of the population with limited daily

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<sup>18</sup> Minnesota Department of Health, St. Paul, MN.

treatment options. Approximate travel time to a mental health/chemical dependency provider for someone living in a rural zip code is 77 minutes. For those in urban zip codes it is 24 minutes, while the statewide average is 34 minutes.

### ***Increasing Industry Concentration***

The regional manufacturing industry, although driven by innovation and new technology, is very much commodity based. Many producers contribute materials or components for the use in final products. Hence, barriers to entry are relatively low and competition tends to be based on cost reduction. The threat of new entrants, both domestically and globally, contribute to a concentration of patents in the largest firms, while most of the producers compete as contractors.

The Medical Device Manufacturing (MDM) industry is a prime example. RNDC's MedTech Connect study revealed that the larger firms dominate the revenue side of the industry. Whereas 83% of U.S. MDM companies had less than \$1 million in assets and 95% had less than \$10 million in assets, the top 1% of firms in the MDM industry accounted for 82% of total assets, with the top 0.2% of firms accounting for 56% of assets. Globally, the ten largest MDM companies (eight of them being U.S. based) combined for \$160.3 billion of the industry's revenue in 2015. In other words, the concentration of capital is very high, which yields significant market power over other producers and contract manufacturers. This increased market concentration does not appear to be slowing down and may indicate a significant threat to small producers.

### ***Global Competition***

Global competition has increased dramatically over the last decade. Off-shoring of production is the norm, and most of the larger firms source globally. Many of them operate plants worldwide, and with increased shipping speeds it is possible to supply parts or finished products internationally within a short amount of time. Much of Region Nine's manufacturing industry is based on commodity production. Hence, potential substitutes generate intense price competition, which can lower revenue. Additionally, bringing a product to market is costly, particularly from a marketing perspective, so small producers are often forced to sell their patents, generate a niche market, or become contract manufacturers.

### ***Labor shortages and Brain Drain***

Low unemployment and structural barriers continue to impact the manufacturing and construction industries adversely in Region Nine. The same can be said for young people not returning to the region following the completion of higher education. This is particularly true for the more rural areas. Many employers report hiring "more workers per machine" to account for the lack of skilled labor available.

### ***Childcare Shortages***

Adding to the problem of locating qualified labor is the prominent problem of childcare shortages and childcare deserts within the region. A childcare desert is any census tract with more than 50 children under the age of 5 that contains either no providers or so few options that there are more than three times as many children as licensed child care slots. Six of the nine counties in Region Nine have at least one census tract that meet the criteria for a child care desert, including one tract with zero providers, despite having a total population of 1,804 residents.

### ***Affordable Housing, Poverty, and Regional Economic Disparities***

RNDC's commissioners have voiced concerns that disparities between the Mankato/North Mankato MSA and smaller communities are growing. Although none of our counties meet the economic distress criteria, many of our smaller towns are losing population, and in some cases employers. Nearly 50% of households renting in Waseca County spend more than 30% of their household income on housing costs. Residents in Blue Earth and Le Sueur counties also have more than 40% of renter households spending more than 30% of household income on housing. Le Sueur County has the highest median monthly mortgage cost of \$1,481. Housing costs must be considered up against poverty levels in the region. Whereas 6.2% of families with a householder who is white alone fall below the poverty level in Blue Earth County, 40.5% of African Americans in the county live in poverty. The differences are even more pronounced in Le Sueur and Watonwan counties, where 4.0% and 5.3% of white alone live below the poverty level respectively, compared to 85.9% and 89.4% of African Americans.

### ***Poor Broadband Connectivity***

Although poor broadband connectivity in large portions of Minnesota negatively impact the state's business profiles (see *weakness* section of this analysis), Region Nine ranks among the worst in the State of Minnesota. While some incorporated city centers have access to broadband speeds of at least 100 Mbps download by 10 Mbps upload, coverage throughout many cities is varied and inconsistent. Future developments in manufacturing and other industries would require significant investment in this basic infrastructural component if the region were to succeed with its economic development efforts.



## ECONOMIC RESILIENCY

Resilience, as defined by the Merriam-Webster dictionary, is an ability to recover from or adjust easily to misfortune or change. However, in the context of economic development, economic resilience becomes inclusive of three primary attributes: the ability to recover quickly from a shock, the ability to withstand a shock, and the ability to avoid the shock altogether.

An economic shock is an unexpected, often unpredicted, event which disrupts consumer spending and the demand for locally produced goods. The shock may have resulted from a natural disaster, the closure/exit of a major employer, or like experienced in much of 2020 and all of 2021, a public health crisis.

Economic resiliency in a regional context requires intergovernmental agility when anticipating risks, evaluating impacts on economic assets, and increasing responsive capacity. When considering economic resilience, it is important for local economic practitioners and organizations to consider their role in both preparation for potential economic disruptions and recovery from those disruptions. Local economic practitioners and organizations can assist with post-incident coordination, information dissemination, responding to external inquiries, and the lead grant administrator for federally funded recovery initiatives.

The regional CEDS document and subsequent annual performance reports are critical mechanisms that identify regional vulnerabilities and mitigates or helps respond to economic disruptions.

Communities facing demographic changes typically respond in two manners; In some cases, redevelopment strategies try to address social phenomena while others seek to support redevelopment through economic changes. Demographic changes, regardless of underlying causes, require analysis of the diversity of actions, the interrelation of elements, and the timeline of change for an effective strategy to be formulated. Other strategies focus on improving economic development efforts to meet new demands, strengthening future socio-economic structures, and narrowing the urban/rural divide.

### *Forecasted Employment by Industry & Forecasted Wages by Industry*

The Quarterly Census of Employment and Wages (QCEW) program publishes a quarterly count of employment and wages reported by employers covering more than 95 percent of U.S. jobs, available at the county, MSA, state and national levels by industry. The QCEW publication data set is vastly larger in scale than most BLS products. For example, the national Current Employment Statistics (CES) program publishes data for most of the 1,083 NAICS detailed industries for the nation. QCEW publishes every NAICS industry for the more than 3,000 counties in the United States, Puerto Rico and the U.S. Virgin Islands, as well as every MSA, every state, and the nation.

Data was collected from Stats America's Data Browser and forecasts were generated utilizing data from 1994 through 2019. Although newer data is available from the BLS at the individual county level, forecasts generated at the aggregate level (I.e., economic development region – Region Nine) is more accurate than individual forecasts per county. The aggregate numbers also include 25 years' worth of quarterly historical data, which is considered robust for forecasting purposes.

#### *Above Average QCEW Cluster – Forecasted Positive Growth (Growth clusters)*

Six industry clusters with location quotients (LQs) above the national average are expected to experience employment growth over the next ten years in Minnesota. These six clusters are therefore considered *growth clusters*. All six clusters are also expected to experience increasing wages. These are industries that should be considered critical to support as the state's economy moves forward.

#### *Forecasted Negative Growth (Slowing clusters)*

Ten industry clusters with location quotients (LQs) above the national average are expected to experience negative employment growth over the next ten years. These ten clusters are therefore considered *slowing clusters*. All of these are also expected to experience decreasing wages. These are industries that should be considered critical to watch as the state's economy moves forward.

#### *Below Average QCEW Cluster – Forecasted Positive Growth (Improving clusters)*

Three industry clusters with location quotients (LQs) below the national average are expected to experience employment growth over the next ten years. These clusters are therefore considered *improving clusters*. These are also expected to experience increasing wages and are industries that should be considered critical to support as the regional economy moves forward.

#### *Below Average QCEW Cluster – Forecasted Negative Growth (Declining clusters)*

Three industry clusters with location quotients (LQs) below the national average are expected to experience negative employment growth over the next ten years. These clusters are therefore considered *declining clusters*. Each of these clusters are also expected to experience decreasing wages. These are industries that should be considered as less important as the state economy moves forward.

These analyses should not be considered independent of other data as some of these industries (e.g., performance arts) are small industries and do not employ large workforces. However, these are industries with predicted significant changes. Also, these analyses do not include local clusters such as health care services.

<b>Minnesota's Industry Clusters Identified by Projected Developments</b>	
<p><b><u>SLOWING CLUSTERS</u></b></p> <p>Food Processing &amp; Manufacturing</p> <p>Printing</p> <p>IT &amp; Analytical</p> <p>Heavy Machinery/Metalwork</p> <p>Paper &amp; Packaging</p> <p>Insurance</p> <p>Lighting &amp; Electrical Products</p>	<p><b><u>GROWTH CLUSTERS</u></b></p> <p>Distribution &amp; Electronic Commerce</p> <p>Education &amp; Knowledge Creation</p> <p>Medical Devices</p> <p>Construction Products &amp; Services</p> <p>Livestock Processing</p> <p>Performing Arts</p>
<p><b><u>DECLINING CLUSTERS</u></b></p> <p>Transportation &amp; Logistics</p> <p>Financial Services</p> <p>Plastics</p>	<p><b><u>IMPROVING CLUSTERS</u></b></p> <p>Business Services</p> <p>Biopharmaceuticals</p> <p>Forestry</p>

### *Meeting Employment Demands and Labor Shortages*

Historically, Minnesota's labor force participation rate has hovered around 80 percent, one of the highest in the nation. Unfortunately, even high participation in the labor force is not going to protect Minnesota and Region Nine from experiencing significant talent shortages over the next decade. Employment projections indicate that, by 2022, Minnesota will need nearly 3.2 million workers to keep pace with historic rates of economic growth statewide. With just 2.9 million people over the age of 16 expected to be in the labor force and working, the state is expected to fall about 239,000 workers short. Since the end of 2016, the number of job vacancies across Minnesota has exceeded the number of jobseekers. Currently there are 53,000 more open positions than individuals who are available and actively looking for work.<sup>19</sup>

In the coming decade, employers in a variety of industries may have difficulty filling open positions. Job opportunities are expected to emerge in sectors providing services for and by Minnesota's and Region Nine's future populations, including the growing older adult population and the increasingly diverse youth populations. For example, the healthcare industry expects to add 78,400 additional jobs by 2026. Employers in education expect 12,100 additional jobs. Construction may see net growth of 10,300 jobs by 2026.

Yet, the proportion of working adults between the ages of 18 and 24 have not increased significantly over the past 10 years, despite a more than 5% population increase. Youth labor force participation could drop from 68 percent in 2017 to 64 percent by 2022. Factors contributing to the decline include the balance between school and work, stagnating entry-level wages, and an increasing variety of non-traditional earnings opportunities. Holding youth employment steady could help reduce the gap by an additional 26,000 workers.<sup>20</sup>

Even as job growth occurs in sectors structured to serve an aging population, job opportunities for older workers will continue to grow as Minnesotans live longer and want or must continue to work beyond traditional retirement age. If not for the 84,000 working Minnesotans over 64, the state would face an additional shortage of about 23,000 workers. By enacting policy that would gradually extend the retirement age by 1 year, estimates indicate as many as 1,000 additional workers over age 64 could be available to help fill the gap.

Minnesota has some of the most dramatic employment disparities by race and ethnicity in the nation. If these disparities in employment were eliminated by 2022, Minnesota could have as many as 57,000 additional workers beyond what has been forecasted. A moderate increase in net domestic migration could result in as many as 11,000 additional workers. By maintaining the

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<sup>19</sup> Minnesota Department of Employment and Economic Development (DEED) at <https://mn.gov/deed/newscenter/publications/trends/september-2020/>

<sup>20</sup> <https://mn.gov/deed/data/>

current annual increase in international migration, as many as 6,000 additional workers could be available to address the state's workforce shortage.<sup>21</sup>

Despite successful recovery efforts, the region faces a decreasing labor force participation rate. This is most likely the result of an aging workforce and delayed entry into the workforce by younger workers seeking higher educational opportunities. The ACS data reflects this trend in Region Nine with workers aged 20 to 24 years and 55 to 64 years representing the lowest percentages of working age adults. As a result, there has been a rapid increase in non-labor earnings between 2000 and 2017 (47.8%), whereas the percentage increase for labor earnings regionally has grown slower (18.0%).

Custom input-output models generated by RNDC for the region's leading industries examining the linkages between the region's industry and its proportional annual impact upon the economy (*Regional Input-Output Modeling System* (RIMS-II) from the Bureau of Economic Analysis (BEA)) based on a series of national input-output (I-O) accounts, which show the goods and services produced by each industry and the use of these goods and services by both industry and final users reveal that current labor shortages have a dramatic impact upon the economy.

Specifically, Region Nine stands to lose an equivalent of \$1.7 billion annually in economic output if labor shortages of 10% in the top twenty industries continue. This represents the value of all goods and services produced in the region and does not consider other value creation dependent on regional labor. The region will also lose an equivalent of \$517 million annually in economic revenues. This represents the portion of value creation that is paid to workers from the economic output. Finally, Region Nine and its trading partners (in Minnesota and elsewhere) stand to lose in excess of 137,000 jobs due to reduced output and earnings due to labor shortages. This represents the decrease in employment as the output of goods and services are decreased.

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<sup>21</sup> <https://mn.gov/deed/data/>

## STRATEGIC FRAMEWORK AND IMPLEMENTATION

The CEDS represents the strategic direction and corresponding plan for Region Nine Development Commission. Consistent with federal EDA guidelines, it has been designed to answer the questions “Where do we want to go?” and “How are we going to get there?”

The strategic direction grew from the contributions of the CEDS committee, Workforce Council and other regional stakeholders. An overall vision statement was developed to express where we want to be in the next 10-20 years.

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*Vision: Increase regional prosperity by being a globally competitive, business-friendly region, comprised of healthy communities that sustain a high-quality of life.*

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Then vision statements were created for each of the four cornerstones, a broad goal for each theme within the cornerstone to build on the vision, strategies for making incremental progress towards change, and finally, objectives for both the organization and the region to put change in motion. These include issues that can be realized within a short period of time and others that may require longer periods for implementation.

The vision, goals, and measurable objectives provide a strategic framework for public and private decision-making and will serve as the basis for staff to implement the action plan. The metrics to be monitored as part of the action plan will be Region Nine’s contextualization of the United Nations Sustainable Development Goals<sup>22</sup> and reported using the sustainable development dashboard.

### CORNERSTONES

In 2012, the Minnesota Association of Development Organizations (MADO), a network of the regional development organizations in Minnesota, worked to develop a framework for stronger regions and communities. The strategic framework is coordinated action to create a greater overall development impact in Greater Minnesota. For continued alignment between state and regional plans, the CEDS is based on the four identified cornerstones: *Human Capital, Economic Competitiveness, Community Resources, and Foundational Assets*.

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<sup>22</sup> [The 2030 Agenda for Sustainable Development](#), adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership.

Within the Cornerstones are themes found to be central to the region's aspirations for economic prosperity.

### *Human Capital*

- Labor Force - is the physical number of people available to perform work. Defined as all people age 16 and older who are classified as either employed and unemployed.<sup>23</sup>, it is the means to how goods and services are provided. With a shrinking labor force (less people, lower birth rates, increased populations 65+) it is critical to have all who can and willing participate in the pool that makes up the labor force.
- Manufacturing – refers to any industry which systematically converts raw materials or parts into finished products through fabrication or assembly of components which may use manual labor, tools, machines, or biological and chemical processing. Manufacturing serves as the secondary sector to the economy after the extraction of raw materials (primary sector) such as iron, lumber, and crops/livestock.
- Education - Minnesota has experienced sustained economic growth, which has resulted in a growing demand for labor. Consequently, increasing the number of educated workers becomes critical to promote and sustain economic growth and increase productivity. Moreover, as the region continues to struggle with low labor participations rates, job-centric upskilling and training becomes a cost-effective solution to offset this decline.
- Childcare and Primary care giving - indicates the ability to access affordable and quality childcare and caregiving services in the region that allow individuals to rejoin the workforce.

### *Economic Competitiveness*

- Entrepreneurship and Innovation – refers to starting and operating a business, often associated with a person willing to assume the risks of business. Innovation is the creation of new ideas and products. For most communities, and particularly those in rural areas, entrepreneurship offers the greatest opportunity for strengthening local economies<sup>24</sup>.

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<sup>23</sup> Concepts and definitions from US Bureau of Labor Statistics

<sup>24</sup> "Why Entrepreneurship? Making the case for entrepreneurship!" by e2 Entrepreneurial Ecosystems

- Small Business Stability and Growth – Defining the term “small business” depends and the answer varies by industry. The Small Business Administration (SBA) sets “size standards” for the number of employees and average annual receipts. For the purpose of this plan, small business is one employing 50 or less employees.
- Global and National Competitiveness – With the advancements of technology, the global market in terms of talent and products is readily available to all that seek it. Businesses and communities need to capitalize on their economic competitive advantages and position themselves to be participating at the national and global stage.

### *Community Resources*

- Equity – Build equitable and sustainable communities by adopting inclusive economic development practices that breach economic disparities stemming from race, age, disability status, ethnicity, rural geography and socioeconomic status, among others. Inclusive economic development efforts that remove barriers and broadens opportunity, can add an “additional \$6,000–\$8,500 in annual income per capita.”<sup>25</sup>
- Tourism – is a key driver for economic growth, infrastructure development, job creation, earnings, and state and local tax revenue. Tourism is a critical sector within the Minnesota’s economy. The tourism industry employs over 270,000 workers in full- and part-time positions. It generates over \$44 million in sales per day, and represents 11% of all private sector employment in the state.<sup>26</sup>
- Arts and Culture – help the region discover and cultivate its collective identity by building upon its unique offerings. Arts and Culture help communities become resilient and vibrant places by bringing residents together through artistic practices that strengthen social bonds, celebrate culture, increase civic participation, and reach culturally diverse residents, all of which impact the region’s economic health.
- Environment and Sustainability – Preserve natural assets, protect the natural environment, sustain local and regional ecosystems while maintaining innovation and economic growth without impacting the way of life of future generations.

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<sup>25</sup> <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/america-2021-the-opportunity-to-advance-racial-equity> (Needs correct format)

<sup>26</sup> [“TOURISM & MINNESOTA’s Economy”](#) by Explore Minnesota.



### *Foundational Assets*

- Housing – Shelter is a basic need for survival. Housing that is inadequate, unaffordable, or unavailable has a ripple effect to all other aspects of life. Housing was the most cited issue to be addressed about part of the region’s economy.
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- Broadband Access - Given its vast impact on the local economy, education, employment, and residents’ well-being, high-speed and reliable internet has become necessary infrastructure in rural communities, which often have access to slower, less reliable, and more costly internet access. The local economic impacts of broadband access have turned it into an essential utility, and as such, it ought to be placed at the forefront of regional economic development efforts.
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- Transportation and Freight - Transportation and freight networks are critical to supporting the region’s economic vitality and quality of life. The movement of goods and services is essential for thousands of manufacturing, retail, wholesale and agricultural businesses in Minnesota. Strong transportation connections link area workers with jobs, raw materials with manufacturers and products with markets. Local communities must evaluate transportation needs and the implications related to land use and community and economic development decisions.
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- Active Mobility and Transit - Active mobility and mass transit modes have a drastic impact in quality of life in communities by improving health, reducing carbon footprint, and promoting inclusivity and sustainability. To ensure that everyone has access to public transport and active mobility, communities need to adapt changes that enable safe use and support more active forms mobility.
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- Community Facilities and Infrastructure – Like the other foundational assets, a function of a community’s ability to thrive is the facilities and infrastructure within it. Maintenance and preservation of commercial districts, water and sewer infrastructure, and municipal buildings are necessary for the continued growth and operation. In addition to, planning for new development.

# Human Capital



Developing, retaining, and attracting talent is critical for Greater Minnesota to sustain and grow rural businesses and communities. Monitoring the characteristics of the labor force and the needs of employers and creating strategies for alignment between the two is the foundation of human capital. Coordinating the region’s employers and the available labor force will improve the overall resiliency and adaptability of communities and the region to social, cultural, and technological changes in the future. As the region continues to grapple with labor force constraints topped with unprecedented economic challenges caused by the pandemic, regional strategic planning that incorporates innovative approaches is vital. This strategic plan establishes a roadmap for economic resiliency and can address human capital needs that require a regional focus.

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**Human Capital Vision:** *Supporting workers’ upward mobility and equitable workforce recovery across our region.*

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<b>Labor Force</b>	<i>“Regional employers need to work together and collaborate to attract a broader talent pool collectively, in order to benefit individually”</i>	
<u>Goal:</u> Create a more equitable workforce and education system by placing workers at the heart of our economic recovery		
<u>Strategies:</u> <ul style="list-style-type: none"> <li>✓ Foster partnerships between the broader business community and the local units of government to develop and strengthen talent-attraction efforts.</li> <li>✓ Launch a talent attraction campaign to communicate the region’s unique position in the global market.</li> <li>✓ Work closely with local employers to identify specific job skills and develop competency-based job descriptions as opposed to proxy certifications and traditionally stated job requirements.</li> <li>✓ Collaborate with employers to advance job quality by evaluating wage and improving professional development benefits.</li> <li>✓ Address increasing labor shortages by developing regional workforce ecosystems focused on reaching, upskilling, and hiring diverse populations.</li> </ul>		
<u>Organizational Objectives:</u> <ol style="list-style-type: none"> <li>1. Host bi-annual workshops with industry and public-sector partners to identify opportunities to attract and retain talents.</li> <li>2. Support the creation of regional programs to train, hire and retain young professionals, non-traditional workers, underemployed workers, and unskilled workers.</li> <li>3. Work with local chambers and employers to identify regional strengths and opportunities.</li> <li>4. Develop skills and competency needs inventory based on current and project job demands across regional growth clusters.</li> <li>5. Assess regional industry wages and salaries annually for 3- and 4-digit NAICS codes.</li> </ol>	<u>Regional Objectives:</u> <ol style="list-style-type: none"> <li>1. Establish a regional website for job seekers showcasing regional job fairs, online job databases, employment services, career development events, and networking opportunities.</li> <li>2. Develop flexible work arrangements and support remote work opportunity pathways.</li> <li>3. Facilitate private-public partnerships to expand services that address employment-related needs such as childcare, transportation, mental health, and other support services.</li> <li>4. Bring together local employers and organizations that have deep connections into communities to develop strategies to effectively recruit and screen potential candidates from untapped labor pools.</li> </ol>	

# Human Capital



<b>Manufacturing</b>	<i>"Be proud of our industries we have and celebrate them!"</i>	
<u>Goal:</u> Position Regional Manufacturing Clusters for Future Success		
<u>Strategies:</u> <ul style="list-style-type: none"> <li>✓ Investments in LEAN coaching and workplace organization systems for enhanced competitiveness.</li> <li>✓ Grow a diverse and resilient workforce through investments in non-traditional manufacturing demographics.</li> <li>✓ Diversify regional manufacturing portfolio downstream in growing supply chains to ensure larger portions of earnings are reinvested regionally.</li> <li>✓ Investments in infrastructure that reduce logistics costs and current competitive disadvantages.</li> <li>✓ Development of applied and project-based learning/education opportunities regionally.</li> </ul>		
<u>Organizational Objectives:</u> <ol style="list-style-type: none"> <li>1. Establish an inventory of industrial sites including available infrastructure, readiness, and certifications as a planning tool to assess future needs and expand site selection opportunities in the region.</li> <li>2. Support the exchange of insights on changing skills needs between employers and the education/training community through annual surveys.</li> <li>3. Work with at least two local communities to identify federal and state funding opportunities for local and regional workforce development programming.</li> <li>4. Facilitate discussions on diversity and resilience with academic and industry partners biannually.</li> <li>5. Conduct infrastructure survey of RNDC commissioners annually to identify local/county specific challenges to manufacturing success.</li> </ol>	<u>Regional Objectives:</u> <ol style="list-style-type: none"> <li>1. Efficient movement of goods to and from the region as well as around the region.</li> <li>2. Widen the scope of employment opportunities in the region for all groups.</li> <li>3. Retain and reinvest manufacturing earnings to build stronger regional clusters.</li> <li>4. Establish LEAN operating systems that are globally competitive.</li> <li>5. Broad recruitment and retention pipelines to manufacturing careers.</li> </ol>	

# Human Capital



<b>Education</b>	<i>“Establish more clear, mainstream pathways for experiential learning amongst youth. Grow our own workforce through strengthened K-12, college &amp; industry collaboration.”</i>	
<u>Goal:</u> Leverage and mobilize existing talent through upskilling and training programs.		
<u>Strategies:</u> <ul style="list-style-type: none"> <li>✓ Support regional and local efforts to align K-12 and postsecondary career pathways with workforce needs.</li> <li>✓ Partner with regional organizations to increase the number of internships, on-the-job training opportunities, apprenticeships, and job shadowing opportunities.</li> <li>✓ Create a diverse student success infrastructure.</li> <li>✓ Integrate education and training programs with evolving industry needs.</li> </ul>		
<u>Organizational Objectives:</u> <ol style="list-style-type: none"> <li>1. Work with school districts and municipalities to identify vocational and professional development needs and funding opportunities through bi-annual workshops.</li> <li>2. Facilitate community, industry, and academic conversations regarding applied learning.</li> <li>3. Partner with educators, colleges, businesses, and other organizations to invest in professional development and corporate learning systems to bridge educational gaps and ensure the career progression of diverse community members.</li> <li>4. Bring together education institutions and major regional employers to collaborate and coordinate education programs with employer needs.</li> </ol>	<u>Regional Objectives:</u> <ol style="list-style-type: none"> <li>1. Identify skills gaps that are common to the specific industries and develop training resources to address them.</li> <li>2. Create and support existing after-school, summer programs, and early college programs.</li> <li>3. Expand and support regional career development programs to include career counseling and mentorship programs.</li> <li>4. Work with regional schools and faculty to help students explore nontraditional careers.</li> </ol>	

# Human Capital



<b>Childcare &amp; Primary Caregiving</b>	<i>“What would you like to see in your community that does not exist now? Affordable childcare options and free pre-K education for all kids.”</i>	
<u>Goal:</u> All families and children have access to high quality and affordable childcare, primary caregiving services and early education.		
<u>Strategies:</u> <ul style="list-style-type: none"> <li>✓ Expand availability of quality childcare options including facilities, in-home, and for non-traditional work schedules.</li> <li>✓ Enhance the quality and accessibility of educational childcare from birth to kindergarten.</li> <li>✓ Increase equity and access to quality care for elder adults and people with serious illness.</li> <li>✓ Build community capacity to open new childcare and caregiving centers and maintain current programs.</li> </ul>		
<u>Organizational Objectives:</u> <ol style="list-style-type: none"> <li>1. Write a minimum of two grant proposals for a day care and/or caregiving center in every 5-year period.</li> <li>2. Conduct a regional report on childcare and caregiving availability.</li> <li>3. Create a resource page in Region Nine’s website that display childcare and caregiving specific opportunities to access federal, state, and regional funding sources.</li> </ol>	<u>Regional Objectives:</u> <ol style="list-style-type: none"> <li>1. Develop public outreach campaigns in partnership with regional organizations to increase regional awareness of local resources and funding streams.</li> <li>2. Assess regional childcare and caregiving needs, gaps, opportunities, and resources by conducting a regional assessment of childcare and primary care.</li> <li>3. Hold regional meetings that convene service providers, advocates, organizations, and residents to address access and quality of care for all age and ability groups.</li> <li>4. Design a regional toolkit to guide communities in South-Central Minnesota in the design, development, implementation, and improvement of new and existing early and senior care services.</li> </ol>	

# Human Capital



## What community members are saying:

*What are the most important issues in the region's education and workforce development?*

- *Availability of labor*
- *Access to skilled workforce*
- *Access to education and training*
- *Opportunities for continued training/development through technical schools*
- *Assistance for employers to provide on-the-job training*
- *Availability of workforce housing*
- *Aging workforce*
- *Brain drain*
- *Educational/training opportunities for new immigrants, underrepresented minorities, and other disadvantaged populations*

# Human Capital SWOT

## STRENGTHS

- Work ethic
- Education / Schools
- Manufacturing
- Agriculture

## WEAKNESS

- Education
- Young talent
- Jobs
- Skilled labor
- Diversification of employers and jobs
- Establish more clear, mainstream pathways for experiential learning amongst youth. Grow our own workforce through strengthened K-12, college & industry collaboration.
- Attracting and retaining educated young professionals.

## OPPORTUNITIES

- Retain young talent
- Growth of professional/trade-focused programs
- Telework
- Create a model of welcoming immigrants who are coming here to work and want to call this there home. Use the Hylife situation as a starting point.
- Jobs for people who have language barriers
- Encourage our young people who leave and explore the world to move back at some point.
- Pay equity resources
- Development of job training/internship/apprenticeship regional hub to attract potential talent and recent high school grads to area and provide skilled workers to regional employers
- Skilled workforce
- Upskilling digital literacy and remote work opportunity pathways.
- Career counselling
- Allow teachers more flexible in the classroom. Lesson the pressure/focus on standard tests; facilitate conversations between educators-business leaders to generate pilot models
- Be creative and innovative: apply for grants and find ways to bring resources (funding, human capital) into the region
- Embracing diversity, the workforce depends on it.

## THREATS

- Attracting younger people & young families / brain drain
- Labor shortage
- Lack of job opportunities
- Our small towns are dying because they are not growing, and they are not growing because they are not willing to make bold changes.
- We have many unfilled jobs in this community
- Aging Workforce
- Retaining High School/College/University Grads in Mankato
- Proactive outreach to under-employed/diverse communities.
- Strategy for recruiting talent into the region.
- The economic downturn due to the pandemic has been referred to as the she-cession because of the disproportionate impact on women.

# Economic Competitiveness



Creating an attractive environment for growth is critical to creating jobs, improving living standards and financing necessary public services. Economic Competitiveness requires communities to develop and link all available assets to support innovation and encourage business growth. With the identification and alignment of our regional and local assets, Region Nine will be able to support small- and large-scale enterprises, which could in turn stimulate business growth, innovation, and an increase in the overall productivity of the region

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**Economic Competitiveness Vision:** Rural communities are providing goods, services, and employment opportunities for its residents to thrive.

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<b>Entrepreneurship and Innovation</b>	<i>"I would like to see more support for our local businesses and more incentives for new businesses to open here."</i>	
<u>Goal:</u> Promote economic development that encourages "grow" your own entrepreneurship, supports existing businesses and local reinvestment.		
<u>Strategies:</u> <ul style="list-style-type: none"> <li>✓ Optimize existing resources for entrepreneurs and small businesses and promote collaboration between these resources.</li> <li>✓ Promote regional collaboration and new cluster formation to continue to diversify the economic base.</li> <li>✓ Increase entrepreneurship among socially disadvantaged populations.</li> <li>✓ Increase and diversify access to capital to boost innovation and entrepreneurship.</li> <li>✓ Grow a more diverse business community that supports and fosters cultural and ethnic offerings.</li> </ul>		
<u>Organizational Objectives:</u> <ol style="list-style-type: none"> <li>1. Facilitate connection of resources available to entrepreneurs throughout the region to county and city staff.</li> <li>2. Assist communities with accessing funding at the local, state, and federal level to implement programs or finance infrastructure necessary for business development.</li> <li>3. Investigate grant opportunities to support the development of industry clusters and conduct cluster specific reports to further develop growing sectors.</li> <li>4. Collaborate with race specific economic development organizations to assist minority entrepreneurs in the region and strengthen access to financing through lending pool.</li> <li>5. Increase the development and support of local family farms.</li> </ol>	<u>Regional Objectives:</u> <ol style="list-style-type: none"> <li>1. Reduce local economic dependence on major employers in communities.</li> <li>2. Connect higher education institutions to working with entrepreneurs for direct student projects and in the field experience.</li> <li>3. Support research to identify value-added business opportunities and barriers to entrepreneurship in the region.</li> <li>4. Support educational, networking, and mentoring programs to support and encourage the continuation of family farms and new farmers from underrepresented populations; including farmers markets.</li> <li>5. Promote "Farm to School" and "Farm to Table" programs, which would widen the market for locally grown produce and products.</li> </ol>	



# Economic Competitiveness



<b>Small Business Stability and Growth</b>	<i>“More support for the REALLY small businesses. 54% of small businesses have fewer than five employees, yet nearly all of the time/attention is given to help larger small businesses. SMALL businesses need help.”</i>	
<u>Goal:</u> Foster an environment which embraces the small businesses employing less than 50 employees, to maintain established businesses and allow for growth		
<u>Strategies:</u> <ul style="list-style-type: none"> <li>✓ Create new and support existing financing opportunities for business/industry expansion, including venture capital.</li> <li>✓ Partner with the Small Business Development Center, South Central MN S.C.O.R.E., and Southern Minnesota Initiative Foundation to help them expand and funnel their resources into underserved rural areas in south central Minnesota.</li> <li>✓ Promote awareness and advocacy for the region’s economic quality of life that continues to support and attract the investment.</li> <li>✓ Continue to grow and support businesses with global connections through trade missions, social media training and e-commerce.</li> </ul>		
<u>Organizational Objectives:</u> <ol style="list-style-type: none"> <li>1. Continue to offer the revolving loan fund (RLF) program and provide technical assistance or oversight for municipal RLF programs.</li> <li>2. Identify and map the underserved areas in the region for targeted support and programing.</li> <li>3. Assist with co-working and incubator models and the assessment of underutilized manufacturing space.</li> <li>4. Promote cooperation between organizations assisting small businesses and cross-marketing of available resources to support local businesses.</li> <li>5. Partner to provide training and education on foreign markets for the export of goods and services worldwide.</li> </ol>	<u>Regional Objectives:</u> <ol style="list-style-type: none"> <li>1. Educate and facilitate connection to venture capital.</li> <li>2. Create networks of incubator, co-working, maker spaces, commercial kitchens and flexible manufacturing buildings in the region and connection to regional partners.</li> <li>3. Develop and promote a regional marketing strategy with a clear and concise message to attract potential new residents by leveraging local and regional resources, such as Chambers, Greater Mankato Growth, Southern Minnesota Initiative Foundation, and other regional partners.</li> <li>4. Continue to offer training and education for social media and e-commerce.</li> </ol>	

# Economic Competitiveness



<b>Global and National Competitiveness</b>	<i>“Continue to attract new residents - both as potential labor, but also for our communities to grow and flourish.”</i>	
<u>Goal:</u> Align local economic efforts with international opportunities to position the regional economy for national and global competitiveness.		
<u>Strategies:</u> <ul style="list-style-type: none"> <li>✓ Develop and strengthen the role of international trade and commerce in the economy of Region Nine.</li> <li>✓ Continue to encourage regional collaboration to support local progress.</li> <li>✓ Diversifying the industrial portfolio through broader product lines.</li> <li>✓ Align industry with global sustainability standards.</li> </ul>		
<u>Organizational Objectives:</u> <ol style="list-style-type: none"> <li>1. Work with local government to develop economic development strategies and economic competitiveness.</li> <li>2. Coordinate efforts among regional partners to submit grant proposals for key regional projects.</li> <li>3. Develop relationships with global organizations to increase collaboration and investment in the region.</li> <li>4. Work with institutions of higher education to create pathways for college internships in communities.</li> <li>5. Provide educational opportunities for employers regarding global recruitment.</li> </ol>	<u>Regional Objectives:</u> <ol style="list-style-type: none"> <li>1. Increase the number of jobs created through entrepreneurial start-ups and expansions</li> <li>2. Attract foreign direct investment.</li> <li>3. Assess the global competitiveness of Region Nine and the reputation of the region.</li> <li>4. Encourage regional opportunities for academic and industry partnerships for international exchanges for research and externships.</li> <li>5. Identify land use planning, permitting and technical issues affecting economic development within the region.</li> </ol>	

# Economic Competitiveness



## What community members are saying:

*If our community could do one thing to support entrepreneurs and small business owners post-COVID-19, what would it be?*

- *Help them develop a mindset of how to thrive, not just survive.*
- *Fair Distribution of resources and encouraging small businesses with no interest Loans to recover.*
- *We are having this discussion right now. We haven't determined what the next right step will be, but we will.*
- *Assistance with maintaining their building.*
- *Financial support.*
- *More opportunities for networking and learning from one another on a regional level (not just within individual communities). How to attract and retain talent. How to "import more dollars" (to the region) and export fewer dollars elsewhere. Etc.*
- *Better communicate of the resources available to this audience; use a range of channels to accomplish. In addition, those channels gather feedback on possible changes.*
- *Reach out and connect them into networks that focus on high standards of performance and quality. Bring teams of experts to have high impact business trainings that involve multiple businesses.*
- *Increase of angel funding with specific target sectors.*
- *Creating communities where this is encouraged and embraced. Everything from support from the city/county to affordable spaces to networking.*
- *Develop more local food supply chains.*
- *Encourage property owners to blend & extend leases to allow lower lease payments for struggling businesses.*

# Economic Competitiveness SWOT

## STRENGTHS

- Entrepreneurial support
- Economic development
- Great support of one another, businesses, and people
- Manufacturing
- Airports
- We have a 3-year tax abatement for new businesses.
- Development of small business opportunities.
- Companies from certain industries (healthcare, manufacturing) are coming together to brainstorm best practices.
- One Million Cups, entrepreneurial assistance

## WEAKNESS

- Remove barriers to family farmers wanting to expand their livestock operation. See what is happening in SE MN, dairy farmers leaving our state.
- Offer livable wages
- Attraction of more technology companies
- Lack of recognition and support for local FFA and ag development programs.

## OPPORTUNITIES

- Be proud of our industries we have and celebrate them, rather than promoting we are rural MN and if you want opportunities move to the cities.
- To be able to retain and attract small businesses to our region. Employees would find our region offering the right balance of supporting elements - personal & professional, e.g., affordable housing; leisure activities; hi-speed internet
- The recognition of the impact ag has on our communities. Farmers being allowed to be Chamber members etc.
- Continue to attract new residents - both as potential labor, but also for our communities to grow and flourish.
- Building community real estate investment funds, addressing dilapidated buildings, opportunity for creative rural placemaking & entrepreneurship.
- Affordable lots---offset infrastructure costs
- Formulating/leading active advisory groups to address identified sector issues/opportunities
- Work with local governments to change the animal ag caps to allow family farms to grow.

## THREATS

- Supporting small/local business, not just big chains
- Coordinate projects between groups and communities, as many are working on the same things but not "in the same room"



# Community Resources



Communities must support a plurality of values and embrace different cultural heritages to thrive. Community resources include assets that preserve and improve social, cultural, and natural assets for the future. By working together regionally, resources and opportunities can be maximized, and regional economic success can be achieved.

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*Community Resources Vision: Build upon local assets and resources to create resilient, healthy, sustainable, and vibrant neighborhoods with opportunities for all*

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<b>Equity</b>	<i>“Convene community groups in small cities to embrace and welcome changes in our demographic shifts--equity and inclusion.”</i>	
<u>Goal:</u> Build equitable and sustainable communities by ensuring that all people who work, visit and call South Central Minnesota their home can thrive and prosper.		
<u>Strategies:</u> <ul style="list-style-type: none"> <li>✓ Identify and address the needs of all community members through equitable, inclusive and culturally competent economic development efforts.</li> <li>✓ Achieve health equity, improve health outcomes, reduce barriers to access and eliminate disparities for all residents including in mental health, substance abuse, chemical dependency and oral health.</li> <li>✓ Ensure that local community participation and leadership include diverse voices and are representative of the region’s demographics.</li> <li>✓ Develop a culturally, socially, and linguistically competent health system that address the needs of all residents.</li> <li>✓ Identify, support, and encourage local initiatives addressing equity and inclusion.</li> </ul>		
<u>Organizational Objectives:</u> <ol style="list-style-type: none"> <li>1. Join the National Community of Practice (CoP) project launched by NADO recently launched in partnership with the New Growth Innovation Network (NGIN), open to regional development organizations and practitioners across the nation seeking to learn and support one another in developing inclusive economic growth strategies.</li> <li>2. Develop a plan for authentic and inclusive community engagement that acknowledges and addresses obstacles that prevent participation from diverse community members and that communicates the value of their involvement.</li> <li>3. Incorporate residents’ perspectives and expertise into Region Nine’s economic development initiatives by building advisory committees with diverse membership that review and provide feedback on internal projects and reports.</li> <li>4. Provide effective employee training on diversity and inclusion.</li> </ol>	<u>Regional Objectives:</u> <ol style="list-style-type: none"> <li>1. Examine health inequities in the region by collecting data, allocating resources, leveraging community partnership and cross-sector collaborate with the purpose of drafting a local response plan to address health inequity.</li> <li>2. Make health equity a local priority in policymaking and local strategic planning.</li> <li>3. Establish a regional health equity commission.</li> <li>4. Design and develop leadership development programs, networking groups, and career pathways to empower young and diverse community members for civic leadership.</li> <li>5. Offer services and written materials in multiple languages and ensure that staff and health providers reflect the diversity of population served.</li> <li>6. Provide resources and technical assistance to local leaders and community-led groups focused on advancing equity..</li> </ol>	

# Community Resources

5. Encourage staff to pursue volunteer work, community service, and skills-based volunteering.	
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# Community Resources



<b>Arts and Culture</b>	<p><i>“Highlight local and regional arts organizations, especially through the lens of economic development and tourism.”</i></p> <p><i>“Endorse/embrace/sponsor multicultural festivals and events”</i></p>	
<p><u>Goal:</u> Increase availability and access to art and cultural activities to enhance quality of life, increase community engagement, and promote economic development opportunities in the region.</p>		
<p><u>Strategies:</u></p> <ul style="list-style-type: none"> <li>✓ Increase coordinated regional promotion of all cultural and arts related events for greater reach and community support of these sectors.</li> <li>✓ Implement arts and culture-based place making to improve downtowns and public spaces.</li> <li>✓ Promote art programs, art walks and art-related events and courses in rural communities.</li> <li>✓ Work with local residents and tap into diverse communities to provide more diverse cultural foods, music and arts at local festivals.</li> </ul>		
<p><u>Organizational Objectives:</u></p> <ol style="list-style-type: none"> <li>1. Apply and receive designation as an Artspace community.</li> <li>2. Establish a grant or a Revolving Loan Fund opportunity for arts centered commerce.</li> <li>3. Provide support for arts and culture events in our region</li> <li>4. Partner with area universities, technical colleges and school districts to create rural arts programs</li> <li>5. Create a traveling art showcase that promotes art education and area artists that work in the field, including theater arts, photography, and digital art.</li> </ol>	<p><u>Regional Objectives:</u></p> <ol style="list-style-type: none"> <li>1. Invest in music and arts venues that will attract talent and tourists to communities, develop a deep sense of community and highlight cultural assets.</li> <li>2. Map the regional artistic and cultural assets that make communities in the Region Nine area unique, emphasizing minority communities.</li> <li>3. Support incubators of diverse talent and other arts and cultural organizations in diverse and underserved neighborhoods.</li> <li>4. Ensure that regional and local events are representative and inclusive to all residents by celebrating and welcoming diverse experiences, perspectives and insights.</li> </ol>	

# Community Resources



<b>Tourism</b>	<i>“Increase our agritourism to a point which draws people into our rural region.”</i>	
<p><u>Goal:</u> To attract visitors and consumers to Southern Minnesota by promoting and marketing the region’s amenities and scenic views, improving travel mobility within the region, and enhancing traveler’s experience.</p>		
<p><u>Strategies:</u></p> <ul style="list-style-type: none"> <li>✓ Develop and implement a regional tourism strategy that capitalizes on the region’s scenic river valleys and other natural resources and promotes rural and ecotourism.</li> <li>✓ Support small travel and tourism businesses.</li> <li>✓ Deliver quality customer service and visitor experience to all travelers.</li> <li>✓ Develop regional agritourism initiatives to promote agriculturally based attractions and create linkages between the tourism and agricultural regional clusters.</li> <li>✓ Protect and enhance the region’s natural areas and cultural features and promote environmental education among residents.</li> </ul>		
<p><u>Organizational Objectives:</u></p> <ol style="list-style-type: none"> <li>1. Incentivize and support new business development which directly or indirectly supports the tourism industry.</li> <li>2. Conduct an industry’s workforce assessment to identify skills shortages and work with employers, trade unions and other relevant stakeholders to build on-the-job training and align vocational training programs with industry needs.</li> <li>3. Work with local units of government to establish an agricultural advisory committee that focuses on agritourism.</li> <li>4. Collaborate with local stakeholders to access and leverage state marketing efforts.</li> </ol>	<p><u>Regional Objectives:</u></p> <ol style="list-style-type: none"> <li>1. Assess and identify the needs and challenges of the tourism and hospitality industry and develop sustainable strategies for the industry’s recovery and adaptation in response to the COVID-19 health crisis.</li> <li>2. Build a marketing strategy that highlights activities that the region offers, including camping, biking, fishing, hiking, hunting, canoeing, kayaking, mountain biking, off-highway vehicle driving, wildlife watching, and other recreational activities.</li> <li>3. Guarantee that travel information, marketing materials, and regional tourism websites are offered in high demand languages.</li> <li>4. Support agritourism by enacting zoning laws that and reduce burdens or costs on farmers.</li> <li>5. Incorporate agritourism planning within the community’s comprehensive planning process that includes input and support from the agricultural community.</li> <li>6. Maintain and update travel information and data sources to include new information, safety and security measures, trends, access information, and restrictions.</li> </ol>	



# Community Resources



<b>Environment and Sustainability</b>	<i>“Policies, programs, and practices that enable communities and households to both adapt to our changing climate and reduce our contributions to it”</i>	
<p><u>Goal:</u> Ensure the long-term resiliency of our communities through the triple bottom line approach to sustainability which places equal emphasis on the economy, society, and environment.</p>		
<p><u>Strategies:</u></p> <ul style="list-style-type: none"> <li>✓ Utilize our natural resources to meet the needs of the present while ensuring their availability in the future</li> <li>✓ Encourage a just transition to clean energy by understanding and addressing its impacts on the workforce and energy infrastructure</li> <li>✓ Reduce the amount of food, energy, and material waste produced in our region</li> <li>✓ Pursue community and economic development that is resilient against the impacts of climate change</li> <li>✓ Address the ways in which environmental issues disproportionately impact overburdened and underserved communities.</li> </ul>		
<p><u>Organizational Objectives:</u></p> <ol style="list-style-type: none"> <li>4. Actively engage the public in community and natural resource planning to achieve greater community awareness and support of reducing overall carbon footprints.</li> <li>5. Work with public schools, higher education, and industry partners to expand education, training, and research around clean energy.</li> <li>6. Advocate for organic composting and disposal in communities.</li> <li>7. Support and promote regional water quality plans, projects and initiatives.</li> <li>8. Explore incentives and designations that encourage sustainable development like SolSmart, LEED, Green Step etc.</li> <li>9. Address sustainability and climate change in organizational projects.</li> </ol>	<p><u>Regional Objectives:</u></p> <ol style="list-style-type: none"> <li>1. Enhance soil and water management practices to retain topsoil and agricultural productivity during extreme rain, drought and freezing events.</li> <li>2. Develop, implement and consistently enforce land use policies that balance economic competitiveness and resilience with human well-being and natural amenities preservation.</li> <li>3. Reduce the number of impaired water bodies in the region</li> <li>4. Increase the sustainability of the regional economy by reducing its negative externalities like emissions and pollution.</li> <li>5. Develop equity policies to government decision-making on budgets and public funds that.</li> </ol>	

# Community Resources



## What community members are saying:

*What can we do as communities to preserve and enhance our region's cultural amenities and natural resources?*

- *Parks and green space*
- *commitment to green spaces: wetlands, trails, rivers, community gardens, etc.*
- *Take advantage of funding sources such as Outdoor, Arts & Cultural Heritage Funds; DNR grants; Regional Arts Council*
- *Celebrate and promote through better tourism efforts*
- *embrace our natural assets and market them*
- *Awareness. Community events to highlight the resources and cultural amenities.*
- *City public art taxes*
- *Incorporate these items into community plans.*
- *multipurpose centers or recreational centers available year-round for large gathering indoors and out*
- *Invest in opportunities that attract families and allow for aging in place*
- *endorse/embrace/sponsor multicultural festivals and events*
- *Promotion and consistent funding*
- *Venues that promote ethnic diversity--i.e., showcase culture, food, etc.*
- *outdoor competitions to highlight resources to the region*
- *Need more communities to apply for MNDOT alternative transportation funds - trails.*
- *Do a better job of tapping into diverse/multicultural communities to hear their ideas*
- *walking trails that are accessible with good lighting*
- *Add sculptures or public exercise equipment along walking paths and trails*

# Community Resources SWOT

## STRENGTHS

- Diversity Council has done an excellent job of promoting awareness and activities to connect to diverse populations and explore our own experience/experiences of others
- Churches/faith communities are welcoming and involved in community welcoming and advocacy. They are an integral part of our area
- Quiet
- Sense of belonging and community
- People
- Nature and Lakes
- Peaceful
- Community Gardens, powwows, Ribfest, Beer Expo, and curbside art tours
- Active downtown
- Rivers Lakes Waterfalls
- Parks
- Development of Spring Lake Park pool, Vetter Stone Amphitheatre, Sculpture walk, Caswell park (need indoor tennis courts and pools also!!)
- Quality of life
- Resilience to overcome nature
- Pride, small town living
- Togetherness
- Hunting areas and hiking areas
- Farmer's markets Fairground's events Music
- Farmer's market

## WEAKNESS

- Lack of amenities
- Provider storage (particularly with prescribers)
- Mental health bed shortage (inpatient)
- Insurance: knowledge of use, eligibility
- Specialist Care
- Time of day - mental healthcare services - need weekends, evenings.
- Transportation
- lack of resource information where people can get help at the time of crises
- In-patient psy. hospitalization for adolescents ~ usually end up 2 -5 hours away from home.
- lack of diverse mental health providers
- Lack of in-home services for children and families, lack of transportation and childcare, for our clients in poverty who work odd hours or multiple jobs, it can be hard for them to have "standard hours" for therapy, SUD services, etc.
- Knowledge of resources such as sharps take back, clean syringe replacement
- Family/social stigma
- Providers who represent our diverse population
- More outreach efforts between existing institutions and underserved populations, esp. the Hispanic community
- More resources committed to downtown revitalization
- More centralized support for county arts organizations

## OPPORTUNITIES

- See ourselves in the leadership and be inclusive. Have access all the resources in the area with equal opportunities. To have somewhere to refer if there is challenges with the families specially children.
- That we can develop an equity lens that guides our decisions, planning, and work
- Increase our agritourism to a point which draws people into our rural region.
- Discrimination free
- Vibrant, creative place with excellent schools, high quality of life, and a place where people want to live and thrive. Clean water and air abound.
- Culturally appropriate group homes and senior assistant faculties
- More environmental awareness, better buildings, more EV infrastructure.
- Create Sharia compliant loan / mortgage products.
- Help educate community members on how to advocate and lobby for themselves and their communities
- Partner with counties on developing a regional resource guide on current providers/services available in the area.

## THREATS

- Assistance helping people meet their basic needs - it is almost impossible to care about mental health services if a parent is worried about how they are going to feed their kids or keep a roof over their heads.
- Daycare shortage
- Lack of Affordable childcare options
- People involved in planning initiatives should include voices in the community that are often left out or looked over.
- More Art shows/fairs with people from different backgrounds encouraged and actively sought out to participate. More neighborhood block parties that are brought together from community liaisons who can be sure everyone attending is comfortable and feels welcome.
- Community space where people can express their art, instead of graffiti
- We have groups that are meant to welcome new residents or those of diverse backgrounds which great. However, these groups aren't easy to find if you don't know someone already in the area. More cultural and arts opportunities for youth.
- We need to address the underlying inequality and social determinants of health, such as poverty, that largely contribute to the development of mental illness and substance use issues.

# Foundational Assets



Communities require proactive and collaborative strategies to address infrastructure needs in a cost-effective manner. Managing access, maintenance, replacement and growth of community infrastructure is key to preserving and providing growth opportunities locally. Foundational assets include both above-ground and below-ground infrastructure such as transportation, utilities and water. The maintenance and expansion of the region’s foundational assets will increase south central Minnesota’s competitiveness for future internal and external business investments. Ultimately, efficient infrastructure will support economic strength and vitality as well as increasing communities’ standard of living.

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**Foundational Assets Vision:** Invest in community infrastructure to support continued economic development in the region.

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<b>Entrepreneurship and Innovation</b>	<i>“Housing variety on all spectrums to meet our community needs (enough affordable housing, market rate, work force and senior)”</i>	
<u>Goal:</u> Housing opportunity is expanded across the region in all housing types and tenure.		
<u>Strategies:</u> <ul style="list-style-type: none"> <li>✓ Reduce the homeownership disparity gap for households of color and address barriers.</li> <li>✓ Increase the availability and affordability of housing.</li> <li>✓ Provide stable housing opportunities within the Region..</li> </ul>		
<u>Organizational Objectives:</u> <ol style="list-style-type: none"> <li>1. Work with partners to advance homeownership among minority households, targeted first time homebuyer education and expansion of culturally specific financing.</li> <li>2. Identify adaptive reuse sites and work with developers, local units of government and partners to utilize existing infrastructure for housing.</li> <li>3. Assist the planning effort for housing by reporting on housing conditions and future needs on a local and regional scale.</li> <li>4. Encourage alternative housing models such a cooperative ownership and community land trusts.</li> </ol>	<u>Regional Objectives:</u> <ol style="list-style-type: none"> <li>1. Increase knowledge and access to housing programs offered through state and local initiatives in the region.</li> <li>2. Support and encourage affordable housing throughout the region.</li> <li>3. Advocate to major employers to assist with the development of housing for its workforce by building or funding housing development to ensuring workforce availability.</li> <li>4. Build capacity in organizations and people to develop housing.</li> <li>5. Encourage local units of government to evaluate their policies and land use to promote higher density housing (triplexes, quads, accessory dwelling units) and non-conforming housing units (Tiny homes, container homes).</li> </ol>	

# Foundational Assets



<b>Broadband Access</b>		<i>"People are all finally realizing the true need for broadband due to the pandemic."</i>
<p><u>Goal:</u> Support and ensure delivery of reliable, affordable, high-speed internet to every business, household, hospital, university, and other community institutions in our region.</p>		
<p><u>Strategies:</u></p> <ul style="list-style-type: none"> <li>✓ Develop a community broadband roadmap that incorporates the community’s strategic vision and goals for broadband and includes an action plan to turn this vision into reality.</li> <li>✓ Assist eligible economically-challenged communities in accessing funding to deploy broadband infrastructure.</li> <li>✓ Support and enable private and public-private investment in broadband services and infrastructure.</li> <li>✓ Guide broadband development efforts by aligning regional broadband needs with statewide resources and opportunities.</li> <li>✓ Facilitate conversations with local government and academic institutions to establish and build a digitally literate community.</li> </ul>		
<p><u>Organizational Objectives:</u></p> <ol style="list-style-type: none"> <li>1. Conduct a broadband feasibility study.</li> <li>2. Provide technical assistance to support communities in securing funding to improve broadband infrastructure and close gaps in broadband adoption.</li> <li>3. Identify broadband grant-eligible projects and leverage state and federal resources to implement high-speed internet access across the nine counties.</li> <li>4. Identify what communities in South-Central Minnesota haven’t participated in the Blandin Broadband Communities (BBC) program, and support them to join the program.</li> </ol>		<p><u>Regional Objectives:</u></p> <ol style="list-style-type: none"> <li>1. Coordinate and assemble a multi-stakeholder team dedicated to develop a community broadband roadmap by engaging residents, local and tribal governments, service providers, nonprofits, and broadband experts.</li> <li>2. Incentivize private investment in broadband infrastructure through economic development incentives and other incentive measures to reduce the burden of high upfront costs and address barriers for private sector involvement in broadband infrastructure deployment.</li> <li>3. Collaborate with regional partners to conduct a community needs and resources assessment on broadband services that identifies priority areas, maps regional funding, and identify opportunities for forming strategic partnerships.</li> <li>4. Identify, build relationships and support community leaders who can advocate effectively for regional broadband initiatives.</li> <li>5. Develop cross-sector partnerships to enable access to free or affordable devices for students in the region.</li> </ol>

# Foundational Assets



<b>Transportation and Freight</b>	<i>“What is a specific desire you have for the future of the region or your community? Safe, efficient, well maintained transportation system.”</i>	
<u>Goal:</u> Develop and maintain a transportation system that fosters growth and enhances economic development while maximizing the resources the region has to offer.		
<u>Strategies:</u> <ul style="list-style-type: none"> <li>✓ Encourage state and local units of government to support and pursue options that increase the availability of transportation funding.</li> <li>✓ Maintain and/or promote major transportation routes that connect regional economic hubs to stimulate economic development.</li> <li>✓ Identify important freight routes which serve a supplementary role to the Minnesota trunk highway system to promote the safe and efficient movement of goods.</li> <li>✓ Partner with MnDOT to help identify potential freight enhancement projects that have good potential for a positive return on investment.</li> </ul>		
<u>Organizational Objectives:</u> <ol style="list-style-type: none"> <li>1. Develop partnerships among the entities that provide transportation planning and funding to secure benefits for the region.</li> <li>2. Coordinate economic development with transportation planning.</li> <li>3. Promote and support the rail system and the provision of additional spurs, as needed, to promote economic development.</li> </ol>	<u>Regional Objectives:</u> <ol style="list-style-type: none"> <li>1. Advocate for passenger rail lines to the Twin Cities and Rochester.</li> <li>2. Support regional and local implementation of the Statewide Multimodal Transportation Plan and Statewide Rail Plan.</li> <li>3. Participate in regional highway corridor coalitions.</li> <li>4. Improved freight routing guides by utilizing regional data engineering.</li> </ol>	

# Foundational Assets



<b>Active Mobility and Transit</b>	<p><i>“Need more communities to apply for MNDOT alternative transportation funds – trails.”</i></p> <p><i>“Building communities for people, not cars.”</i></p>	
<p><u>Goal:</u> Develop and improve biking and walking trails and public transit options that are accessible to residents of all ages and physical conditions.</p>		
<p><u>Strategies:</u></p> <ul style="list-style-type: none"> <li>✓ Develop plans with local partners and help connect them with funding sources that will develop, expand and maintain active transportation networks.</li> <li>✓ Promote the availability and benefits of trail systems to increase awareness and support for increased active living in our communities.</li> <li>✓ Continue partnering with the Statewide Health Improvement Partnership to promote active living in communities.</li> <li>✓ Evaluate funding and service options to meet mobility and access needs of individuals.</li> <li>✓ Closely align policy decisions and funding availability with the supply and demand of transit services in region.</li> <li>✓ Coordinate transit providers across the region to assist in efficiently connecting people to jobs and services.</li> </ul>		
<p><u>Organizational Objectives:</u></p> <ol style="list-style-type: none"> <li>1. Increase the number of communities applying for Transportation Alternatives funding.</li> <li>2. Create a regional trails plan.</li> <li>3. Work with local government to update the Minnesota Active Transportation Plan Map in place for Mankato and develop plans for other communities in the nine-county area.</li> <li>4. Collaborate with regional entities to pursue federal or state funding to invest in public transport and active mobility infrastructure improvements.</li> </ol> <p>* Minnesota Department of Transportation’s Active Transportation Plan Map a spatially-organized database that uses an online, map-based interface to host active transportation plans, allow local partners to recommend additional plans to be added, and view neighboring community plans.</p>	<p><u>Regional Objectives:</u></p> <ol style="list-style-type: none"> <li>1. Create an affordable, accessible and interlinked public transportation network that connects population centers with major employment centers.</li> <li>2. Gain regional trail designation from the Greater Minnesota Regional Parks and Trails Commission on existing trails.</li> <li>3. Build an active transport program that encourages active travel, increases safety skills, and creates shared spaces that prioritize walking and cycling.</li> <li>4. Develop a local bicycle-sharing system.</li> <li>5. Leverage state planning and research tools such as MnDOT’s Statewide Pedestrian System Plan to inform public policy and local decision-making to achieve more walkable and bikeable communities.</li> </ol>	

# Foundational Assets



<b>Community Facilities and Infrastructure</b>		<i>"Our small towns are dying cause they are not growing and they are not growing because they are not willing to make bold changes."</i>
<p><u>Goal:</u> Support planning and investment to maintain existing infrastructure while deploying additional infrastructure to meet the needs of businesses and residents.</p>		
<p><u>Strategies:</u></p> <ul style="list-style-type: none"> <li>✓ Strengthen the economic position of downtown commercial districts through preservation, reuse, and rehabilitation.</li> <li>✓ Develop appropriate water-wastewater infrastructure to support existing and new business and housing developments.</li> <li>✓ Inventory the supply of ready and available industrial and other economic development properties.</li> <li>✓ Facilitate and share best practices with local communities.</li> </ul>		
<p><u>Organizational Objectives:</u></p> <ol style="list-style-type: none"> <li>1. Assist communities with obtaining and managing grants for public infrastructure.</li> <li>2. Identify / sponsor grant writing training programs to enhance capacity in the region.</li> <li>3. Identify land use planning, permitting and technical issues affecting economic development within the region.</li> <li>4. Provide forums for communication among counties, cities, agencies to address economic development concerns.</li> </ol>		<p><u>Regional Objectives:</u></p> <ol style="list-style-type: none"> <li>1. Encourage main street revitalization and historic preservation through participation in main street programs or district associations.</li> <li>2. Support the completion of planning activities and processes at the local and regional scale to prepare for development and apply for funding opportunities.</li> <li>3. Encourage environmental restoration, redevelopment and marketing of industrial sites with potential to expand site selection opportunities in the region.</li> <li>4. Engage legislators and business advocates in discussion of options to change land use regulations and permitting requirements.</li> </ol>



# Foundational Assets



## What community members are saying:

### *What barriers do citizens in Region Nine face in terms of accessing high-speed internet?*

- *Only internet access available is not high-speed internet.*
- *Lack of fiber away from cities and some major roadways. Cell hotspots are also limited.*
- *Complete lack of options for some areas due to geography and topography.*
- *Consistency and quality of broadband*
- *RDOF is holding up our plans. We do not know when those funds would be awarded its significant funds for our county. Our 2020 b2b not awarded due to this question. Much interest in using new federal \$ but RDOF award pending stalls our planning.*
- *High fees in areas where options are limited.*
- *Need fiber directly to home because of barriers that block towers. Of course, cost is always a concern.*
- *Cost again. Location*

# Foundational Assets SWOT

## STRENGTHS

- No traffic
- Keep the collaboration going, so very impressed with how our community works together and gets things done.
- Grassroots organization for good causes.
- Excellent fire and easy people!
- Houses selling fast
- Le Sueur is on fire - remodel/rebuild of the old mall. Plus, new housing developments focused on affordability for the workers in town (major manufacturers). Continue to develop parks/amenities.
- Outdoor activities - biking trails, parks, downtown Mankato feels safe at night if we go for walks because it is well lit, and cameras are there.
- Expanding Bus service - its' really getting better with the flex routes and free rides through COVID.

## WEAKNESS

- Transportation and assistance for older adults living alone
- St Peter doesn't have good broadband access
- Lack of Economic Development Committees
- Public transportation option
- Lack of outdoor youth opportunities (camping, hiking, shooting sports, backpacking, etc).
- More walkability in the downtown area. More attractive to pedestrians.

## OPPORTUNITIES

- Utility capacity to meet future needs in a growing community.
- Safe, efficient, well maintained transportation system.
- Neighborhood associations, partnerships around development of affordable housing, unique / modern community opportunities (ex: food truck hub, etc.)
- Keeping the city clean
- Trails for biking and hiking
- We have a 3 year, 16-million-dollar new water, sewer street improvement project going on. We need more help completing the rest of the city and add a new housing development. New business is welcomed too! We have a 3-year tax abatement for new businesses.
- Solar panel arrays
- Indoor walking track
- unique and modern housing options (tiny homes, adult dorm/congregate living, etc.)
- Affordable childcare options and free pre-K education for all kids. A regional environmental learning center focusing on the MN River watershed and its importance to the health and well-being of people living here.
- Foundation funding to support partnership initiatives that have real impact, i.e., housing, aging in place strategies for low and very-low-income adults and seniors
- More crossovers like the faith groups/homelessness relief programs.
- A central organization to keep track of community projects and places that needs volunteers and work to be done and then market adequately to recruit said volunteers
- Recreation trail connections to other town.



## THREATS

- Some affordable housing is happening, but it seems absent with any additional support for those who may need it.
- Housing and Childcare
- FHB is notably a difficult option for affordable housing options around the area as it limits buyers from older homes. It additionally seems that most new developments in section 9 I am aware of are \$300,000+ houses
- Affordable housing options to eliminate mobile home parks (unsafe and bad investments) Highly available recycling and curbside composting options .

