

DEED

2009 Annual Report

Helping People, Businesses and Communities



POSITIVELY
Minnesota



Meeting the challenge

Serving as DEED commissioner during the past year was both a privilege and a challenge. It was a year of immense uncertainty as Minnesota and the country experienced the deepest and longest recession since World War II.

Those of us who work at DEED saw firsthand what happens during an economic crisis. Businesses fail or postpone expansions. Overseas markets begin to decline. Jobs are lost and unemployment climbs.

Fortunately, as the year came to an end, there were strong signs that the worst of the recession was behind us in Minnesota. Although still high from a historical standpoint, initial claims for unemployment benefits had dropped significantly in December from earlier in the year. Several business sectors were adding jobs again and average hours worked by employees per week were climbing. New business filings at the Secretary of State's Office were at a record high. In another positive sign, the state's unemployment rate was dropping by year's end, besting the national rate by 2.6 percent in December—the biggest gap since 1994.

Even during the worst of the recession, business activity never really stopped in Minnesota. In the past year, DEED officials worked with some 90 business prospects that were interested in expanding or relocating in the state. We had several success stories. McQuay International, iQor Inc., NuCrane Manufacturing and St. Jude Medical were among the companies that chose Minnesota for expansion projects that created jobs and contributed to the health of local economies.

While a number of factors were responsible for the improving economy, I'm confident DEED and its programs played an important role in helping people and businesses get through the recession and on steadier ground. You're going to read about some of those programs in this annual report. Unemployment insurance, job-hunting help, small-business assistance and disability services are all part of what we do.

Of course, none of our initiatives would succeed without the assistance of our partners outside the agency. It's almost impossible to name a single DEED program that could function without the help of outside individuals and groups. We work with colleges, local units of governments, nonprofits and service providers to make sure that our programs are delivered to the businesses and people who need them the most.

Finally, even though we expect the economy to improve in 2010, we are anticipating demand for our services to remain high. I can pledge that in the coming year DEED will live up to its mission of helping individuals, businesses and communities by improving opportunities for growth.

A handwritten signature in black ink that reads "Dan McElroy". The signature is written in a cursive, flowing style.

Dan McElroy
DEED commissioner

Our mission

The Minnesota Department of Employment and Economic Development (DEED) plays an important role in how Minnesotans live and work. Our mission is to support the economic prosperity of individuals, businesses and communities by improving opportunities for growth.

That mission was never more crucial than in 2009.

Minnesota certainly didn't escape the worldwide economic downturn last year, but the agency stepped forward with innovative programs, initiatives and services that helped alleviate the crisis and stabilize the economy.

Our WorkForce Centers served a record number of people in 2009, helping customers prepare resumes and learn other job-hunting skills. We paid \$2.8 billion in unemployment benefits that helped tide over Minnesota families during times of need. Our Minnesota Trade Office helped small businesses build markets in foreign countries. The Public Facilities Authority awarded millions of dollars in grants and loans

that helped small towns to build wastewater treatment plants and other water facilities, creating local construction jobs in the process.

In each of those programs, the key word is help. In good times and in bad, DEED helps people, businesses and communities to prosper.

The agency has a remarkable assortment of programs and services—more than 50 in all—designed to create a positive economic climate in Minnesota.

Broadly speaking, **DEED programs** fall into seven categories:

- Helping create and retain jobs
- Cultivating entrepreneurs and small businesses
- Enhancing community vitality
- Strengthening the workforce
- Addressing economic change
- Fostering personal independence
- Developing and distributing information

DEED doesn't accomplish those goals alone. The agency works in partnership with many people and groups—from community leaders to nonprofit organizations—to design services and deliver them to communities across Minnesota.

"We work with literally hundreds of local economic development agencies and professionals, initiative foundations and regional development corporations," said DEED Commissioner Dan McElroy. "They like our programs and think we're on the right track for helping Minnesota to succeed."

By many measures, of course, Minnesota is already succeeding. We rank 10th in the country and first in the Midwest for gross domestic product per capita. The state's per capita income also leads the Midwest, and we have more Fortune 500 companies per capita than any state. As the year closed, the Twin Cities were rated fourth in MarketWatch's ranking of Best U.S. Cities for Business

We're not willing to rest on lofty rankings, though. In this annual report, you will read about the many programs and services that DEED delivered in 2009 and is committed to offering in the future as we strive to make Minnesota an even better place to live and work. ■



INDIVIDUALS BUSINESSES COMMUNITIES

Simply stimulating

When DEED received \$322 million under the American Recovery and Reinvestment Act last year, the agency quickly put the money to work.

In short order, the agency channeled the money to boost several programs that already have a record of success. DEED allocated millions of dollars statewide for sewer and water projects, unemployment insurance, and employment and training programs that helped stimulate the economy and create jobs.

The Public Facilities Authority which provides funding that enables local units of government to build wastewater treatment plants and clean drinking water facilities, distributed nearly all its \$107 million share of stimulus funding by the end of the year.

Projects in more than 40 communities, from Baudette to Wabasso, received low-interest loans and grants for water projects. Much of the money went to projects that communities could not have afforded otherwise. Fountain, a town of 373 people in southeastern Minnesota, received a funding package of \$1.3 million to improve its wastewater treatment system.

By the end of the year, 178 construction jobs had been created or retained in communities where projects were being built.

That unprecedented effort got attention back in Washington. As of late December, Minnesota ranked first in the country for distributing 100 percent of its allotted funds for wastewater projects, and third nationally for distributing 97 percent of its stimulus funding for drinking water projects.

Another large portion of the funding (\$130 million) went into the Unemployment Insurance trust fund to help pay for benefits for Minnesotans who lost their jobs. Stimulus funding also supported about \$702 million in 2009 for extended Unemployment Insurance compensation and the additional \$25 per week attached to each applicant's benefit amount. The program also received \$11.4 million to implement these benefit changes and make other program improvements.

Other DEED stimulus funding was awarded for the following:

Dislocated Worker Program	\$21 MILLION to help laid-off workers, including training them for new careers. National Emergency Grants provided an additional \$5.4 million. About 7,500 workers served .
Youth employment program	\$17.8 MILLION to pay for jobs and training for at-risk youth. About 6,150 youth employed .
Adult employment and training	\$7 MILLION for a program that helps people facing barriers to employment move from low-income to middle-income jobs. Over 1,000 individuals served .
WorkForce Centers	\$6.9 MILLION to hire 84 additional staff members to help customers plan their careers and conduct job searches.
Vocational Rehabilitation Services	\$6.3 MILLION to help people with disabilities train for jobs and participate in work experience programs.
Green jobs	\$6 MILLION to teach skills for working in green industries and \$1.16 MILLION for a study about green jobs in our economy.
Small Cities Development Program	\$5.6 MILLION for public infrastructure, multi-family housing and rehabilitation projects in 12 communities in Greater Minnesota.
State Services for the Blind	\$1.4 MILLION for counselors and placement coordinators to help visually-impaired Minnesotans find and keep jobs.
Independent Living	\$829,000 to help people with disabilities to live independently in their communities.
Senior Community Service Employment Program	\$563,000 for a program that pays low-income adults 55 or over to work in part-time community service assignments. About 50 customers served .

Bucking the recession

It would be easy to conclude that new business activity slowed to a trickle last year because of the global economic crisis. But that wasn't necessarily true in Minnesota. In the past three years, nearly 200 companies announced or completed expansions in the state.

Many of those companies worked with DEED, which provides financial and technical services to businesses, communities and economic development professionals. Among other things, the agency helps Minnesota businesses expand their export markets, provides communities with infrastructure financing, and works with companies to expand or relocate in the state.



Xccent will locate to Wyoming, Minn. this year.

One business that chose to expand here was McQuay International, which opened a \$52 million research and testing center in Plymouth in May. The company, which is owned by Japan-based Daikin Industries Ltd., will develop energy-efficient commercial air conditioning systems at the facility.

More than 70 jobs will be created at the 49,000-square-foot complex, which McQuay officials say will be the most advanced research center of its type in the world.

Other projects in Minnesota in the past year include:

- **NuCrane Manufacturing**, which broke ground recently on a manufacturing plant that will build specialty cranes for nuclear power plants. About 50 people will work at the facility in Hutchinson.

- **Xccent Inc.**, a maker of playground equipment, decking and other products that is moving to the suburban Twin Cities community of Wyoming. The company plans to hire 100 employees in 2010 and perhaps another 100 in 2011.

Among the incentives that DEED uses to encourage business development in the state is JOBZ, which offers tax exemptions to businesses that relocate or expand here. Other tools include the Minnesota Investment Fund, the new Shovel Ready Cite Certification Program and MNPRO, a database that provides information about available commercial and industrial sites.

Thanks to these services and programs, companies continue to relocate or expand in Minnesota and are helping to lead the state out of the recession. ■

Answering the call



The customer service representatives who work for DEED's Unemployment Insurance Program handle thousands of telephone calls every day from people who have lost their jobs. They answer questions, offer support and help applicants apply for unemployment insurance benefits.

Linda, who joined the agency as a customer service representative last May, has fielded many of those calls, talking with anywhere from 100 to 140 people a day. For the person on the other end of the line, she is literally the voice of the agency.

"I went through a layoff myself recently, and I know that losing your job is an emotional experience," Linda said. "Lots of times, it's a matter of you just listening. Good listening skills are key in a job like this."

While the vast majority of unemployment benefit applications in Minnesota are filed online, DEED employs phone specialists like Linda to handle questions about eligibility, payment amounts and how the system works. More than 1 million calls were handled in 2009 by customer service representatives. The average wait time per caller: about five minutes.

DEED paid out \$2.8 billion in unemployment benefits to more than 350,000 unemployed Minnesotans in 2009. People who have lost their jobs typically are eligible for 26 weeks of benefits, but various federal and state extensions in the past year allowed unemployed Minnesotans to collect benefits for up to 86 weeks.

Despite the complexity of implementing the extensions and the high level of activity, nearly 90 percent



Linda, a UI customer service rep, helps between 100 and 140 callers a day.

of first payments and 98 percent of ongoing payments were made on time in 2009—well ahead of the national average and an improvement from the previous year. Most other states saw a decrease in their ability to make timely payments last year.

Linda and other customer service representatives had an integral role in helping DEED compile that enviable track record. "You know what I enjoy about this job? Every day here is different because every call is different," she said. "There is never a dull moment." ■

A partner for small businesses

Northeast Technical Services Inc. (NTC) was feeling growing pains, so it decided to seek help last year at DEED's Small Business Development Center in Virginia, Minn.

NTC President Richard Crum and his team began meeting weekly with DEED business consultant Jennifer Pontinen to develop a blueprint for guiding the company's growth.

"We all agreed that we needed somebody like Jennifer to help us organize the company and develop a management culture that would support it," Crum said.

NTC, a 50-employee company in Virginia, has an environmental laboratory, environmental engineering consulting unit, and water and wastewater treatment division.

With the guidance of Pontinen, the company is rewriting its business plan and organizational chart, improving the management culture and streamlining administrative operations.

"When this process is finished, we will be in a much better position to capitalize on opportunities. We expect to see growth," Crum said.

Small Business Development Centers—there are nine of them statewide—provide free and confidential advice in such areas as starting a business, marketing and research, accounting, writing business plans and strategic planning.

Last year, the centers worked with 2,900 business clients. Those clients credit the centers with helping them obtain financing, launch startups,

improve productivity, increase sales, increase cash flow and add workers.

For general questions, DEED's Small Business Assistance Office in St. Paul offers telephone consultations on a variety of business topics. Another resource, the Office of Science and Technology, helps small businesses and research facilities with high-tech or science specialties qualify for federal funding and assistance.

Small businesses are the backbone of the Minnesota economy. Whether businesses are just starting out or feeling the growing pains of expansion, DEED services and experts are helping to increase their chances of survival. ■



Catherine Day received the help she needed to start her own business from a WorkForce Center.

Catherine Day of St. Paul came to the South Minneapolis WorkForce Center last year to explore what came next in her career.

Day, whose work experience includes executive positions in the nonprofit sector, didn't know what to expect at the WorkForce Center, but she was pleasantly surprised.

"They're friendly. They always remembered me when I came back, and they were very supportive," she said.

Putting Minnesotans back to work

After talking with Day about her experience and goals, one staff member referred her to Project GATE II, a free program that is designed for people 50 and older who want to open their own businesses.

Through the program, Day and a partner launched Storyslices, a business that helps families, businesses, nonprofits and others tell their stories on video and in print.

DEED's 49 WorkForce Centers are the cornerstone of our strategy for helping people achieve their work and career goals. The centers served a record 128,000 unique customers in 2009—a 30 percent increase from the previous year. Altogether, the centers had more than 925,000 customer visits last year.

Workshops offered at WorkForce Centers teach participants how to write resumes and cover letters, practice for interviews, identify their hidden

skills and conduct job searches. Nearly 37,000 people attended our workshops in 2009.

Another part of the agency's strategy for helping job seekers is the Dislocated Worker Program, which provides custom-tailored, one-on-one services for people affected by a layoff.

MinnesotaWorks.net is the state's online database where job seekers can look for work and post resumes, and employers can search for talent. Last year, 7,200 employers posted openings for 240,000 jobs. Nearly 218,000 unique customers logged into the site at least once in 2009, and 61,000 people posted resumes on the site.

Jobs programs and services are an important part of DEED's mission. In a year that saw rising unemployment around the country, we helped put Minnesotans back to work. ■

Online makeover

DEED has a new look.

The agency launched its new Web site at www.PositivelyMinnesota.com in December, unveiling a new site that is better organized and easier to navigate.

"Before we began developing the new site, we conducted usability testing with actual users—job seekers, businesspeople, site selectors and local government officials," said Laura Winge, the agency's creative director. "They all told us the old site was too confusing."

Presenting DEED and its programs in a comprehensive yet understandable package online can be difficult. DEED has more than 50 programs, handling everything from veterans issues to employment data to services for people with disabilities. The Minnesota Trade

Office, Unemployment Insurance Program, Minnesota WorkForce Centers and Public Facilities Authority all fall under the umbrella of DEED.

How, then, to keep the Web site simple? The solution was to organize the site based on user needs. The home page features three main tabs—one for job seekers, one for businesses and one for local governments.

Customers can easily navigate to pages of greatest interest to them, and bypass information that is irrelevant.

All of the new site's sections and pages are organized in the same way, providing a uniformity of user experience. That uniformity also extends to local WorkForce Center Web sites, which had varied greatly in their design, content and organization.



The home page of DEED's new Web site.

A customer who is starting his own business was so impressed with the new site that he wrote DEED to extend his thanks. "The layout of the Web site is very easy to use," he said. "I can always find what I need very quickly without hassle, and the contained documents are clear, concise and thorough—a difficult balance to achieve." ■

Window to the world

Radio Talking Book is Jane L. Toleno's window to the world.

Toleno, 62, of Big Lake, is among about 15,000 Minnesotans who regularly listen to the 40-year-old Radio Talking Book, a free service from State Services for the Blind that broadcasts current newspapers, magazines and books to print-disabled customers.

The broadcast, available anytime via



David Andrews, SSB, talks with a Chinese delegate about establishing a Radio Talking Book service in China

the Internet or on special radios loaned to listeners, was the first of its kind when it was launched in Minnesota in 1969. Today, about 120 similar services exist worldwide. Minnesota alone has nearly 500 volunteer readers.

Toleno, a retired teaching assistant, and her twin sister became blind shortly after birth. Although she was exposed to some reading services as a child, Toleno said she was "astounded" when she arrived in Minnesota in 1983 and discovered Radio Talking Book.

The service has been part of her day ever since. As she talks about the service, she turns up the radio to reveal a volunteer reading about how to start a small business.

That's just one part of the smorgasbord of information that Radio Talking Book serves up to listeners, from the Star Tribune to the National Enquirer. Auxiliary broadcast studios in Fergus Falls, Duluth, Rochester, St. Cloud, Grand Rapids and Mankato provide

local newspapers for listeners. Mystery books, teen magazines, National Geographic, poetry, environmental publications—all are part of the mix.

Representatives from the China Charity Federation came to St. Paul in September to learn more about Minnesota's system. They hope to establish a similar program in China that would service about 500 cities.

Radio Talking Book is one of many programs offered to visually impaired Minnesotans by State Services for the Blind. The service also helps people find jobs, open businesses and learn to live independently.

Toleno, herself the author of a book called "BlindSight: Come and See," said Radio Talking Book is an integral part of her life.

"It's my home base," she said. "It's my access as a print-disabled person to resources 24 hours a day." ■

DEED by the numbers

DEED's focuses on seven major goals: creating and retaining jobs, cultivating entrepreneurs and small businesses, enhancing community vitality, strengthening the workforce, addressing economic change, fostering personal independence, and developing and distributing information.

So how are we doing? We'll let the numbers do the talking:

\$2.8 billion	Unemployment benefits paid to more than 350,000 Minnesotans who lost jobs last year
128,000	Minnesotans who visited Minnesota WorkForce Centers in 2009
\$6.6 million	Amount paid by the Minnesota Job Skills Partnership to help train workers
98 percent	Percentage of ongoing payments that were made on time to Minnesotans who received unemployment benefits last year – well ahead of the national average
240,000	Job openings posted on MinnesotaWorks.net in 2009
1 million	Calls handled by Unemployment Insurance customer service representatives in 2009
2,900	Business clients who received services from the agency's nine Small Business Development Centers in the past year
\$2 billion	Social Security benefits paid to Minnesotans with disabilities in 2008
\$904 million	Funding that state communities received for wastewater treatment plants and other public infrastructure from mid-2007 through 2009
18,000	Minnesotans who use Radio Talking Book and other services from State Services for the Blind
75	International delegations that the Minnesota Trade Office hosted in 2009

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1st National Bank Building ■ 332 Minnesota Street ■ Suite E200 ■ St. Paul, MN 55101-1351
Phone: 651-259-7114 or 800-657-3858 ■ TTY/TDD: 651-296-3900

www.PositivelyMinnesota.com