The DevelopMN Plan

This plan is the result of a collaborative effort of the members that make up the Minnesota Association of Development Organizations (MADO). It was developed in order to align strategic economic development efforts throughout Greater Minnesota, and leverage resources at all levels for a greater overall development impact.

Two decades into the 21st century, communities in rural Minnesota continue to face challenges and opportunities as they chart their economic future. Minnesotans live in an economy driven by innovation demands. Responsive regions nurture their workforce, support a culture of entrepreneurship and encourage strong and diverse communities. For rural Minnesota to succeed, there is a need for a credible collective voice that can create and propel an economic agenda at the local, state and federal levels. MADO members are committed to providing that collective leadership for Greater Minnesota.

DevelopMN is a common framework for regional economic development. It identifies strategies to address the special challenges and opportunities of Greater Minnesota. This initiative will enhance and support economic development efforts on all levels and engage local, regional, state and federal partners. Collectively, MADO and its partners will set a higher standard for what constitutes effective rural economic development in Minnesota.

DevelopMN as Statewide Community Development

The strength of each region in Minnesota depends to a great extent on the strength of every other region in the State, whether rural, urban, or somewhere in between. Our goal is a resilient, inclusive Minnesota and DevelopMN, focusing on the vast geography outside the Twin Cities metropolitan area and identifying the areas where we see our greatest potential to aid in realizing that goal. By expanding the diversity of job opportunities, cultivating entrepreneurs, providing access to safe and affordable housing, and developing employment training that meets the needs of businesses, DevelopMN builds on regional assets and fosters vibrant, healthy communities. Stronger communities have a stable social infrastructure that provides the full range of opportunities for engaged citizens including lifelong education, fitness activities and arts experiences. Preserved and protected natural resources also help strengthen communities.

To accomplish all of this, businesses and individuals need support to create, develop and expand. This ranges from providing educational opportunities for employees to develop new skills to offering financing options that support sustainability, diversification and expansion. And finally, strong businesses and communities need a well-developed and maintained infrastructure, including water, sewer, communications and transportation systems.

A Rural Economic Development Collaborative

While DevelopMN was created through a collaborative effort of the ten Minnesota Regional Development Organizations (RDOs), each RDO will partner with a host of local, regional, state and federal partners for the plan’s implementation. In fact, many of the initiatives listed here are already priorities for some of these partners, and it is through these collaborations that meaningful economic change will continue throughout rural Minnesota. The non-RDO areas of the St. Cloud Quad Counties and the 11 counties of Southeastern Minnesota were able to participate in the development of this framework to ensure their areas had representation and a voice in this project.
Acknowledgments

MADO would like to thank all the individuals and organizations who have given their time to share their vision for Greater Minnesota. It was a unique regional collaboration that brought together many team members to make this document possible. MADO would also like to specifically thank the following organizations for their significant financial contributions to the plan development since the first iteration in 2016:

- Blandin Foundation
- Bush Foundation
- Minnesota Department of Employment and Economic Development

A Vision for Greater Minnesota

Greater Minnesota will have vibrant communities with outstanding place-based amenities and will encourage innovation, attract and retain a talented workforce, and provide economic opportunity for all.

What is MADO?

Minnesota Association of Development Organizations (MADO) is comprised of 10 Minnesota Regional Development Organizations (RDOs) whose purpose is to promote and create economic prosperity in Greater Minnesota. This is accomplished through alignment of a strong network of RDOs, the communities they serve, and the federal and state agencies that share their commitment.
The Evolution of DevelopMN

Greater Minnesota has significant economic opportunities across the state. Regions throughout Greater Minnesota share many assets and challenges but, historically, have lacked the intentional alignment needed to take advantage of shared priorities and maximize the use of resources. This lack of coordination led to a limited voice in creating effective development policy based on regional priorities.

In 2014, MADO began working on a Greater Minnesota development strategy, eventually named "DevelopMN." DevelopMN establishes the strategic framework for coordinated action by MADO, the communities they serve and the federal and state agencies that share their commitment. In this spirit, MADO strives to promote and create economic prosperity in Greater Minnesota through alignment of a strong network of ten Regional Development Organizations.

It took two years to develop the first edition of DevelopMN, published in 2016. After agreeing on the four cornerstones of economic prosperity (See page 5: human capital, economic competitiveness, community resources and foundational assets), MADO staff met regularly, collecting, reviewing and analyzing information from a variety of sources.

- The Department of Employment and Economic Development (DEED) and the University of Minnesota Extension provided data on current economic conditions, housing, population and social conditions in Greater Minnesota.
- MADO met with state and local economic development organizations, foundations, local governments, representatives of tribal nations, state and local elected officials, the business community, educational institutions and members of the public to review and discuss issues and opportunities.
- MADO synthesized the ten Comprehensive Economic Development Strategies (CEDS) that were developed by each of the Economic Development Districts.
- MADO reviewed best practices for economic development from the U.S. Economic Development Administration (EDA), the National Association of Development Organizations (NADO) and examples of statewide comprehensive plans compiled in other states.
- Economic resiliency—defined as an area’s ability to prevent, withstand and quickly recover from major disruptions (i.e., 'shocks') to its economic base—is a key element to ensuring and preserving regional economic prosperity. While it is an important enough element to be identified as its own cornerstone, the approach recommended is that economic resiliency strategies be a consideration for carrying out the work identified in all four cornerstones.
- Additionally with diversity, equity, and inclusion, also important enough to be identified as its own cornerstone, the approach taken is that it be a lens applied to all the work identified in all four cornerstones. In DevelopMN 2019, it is addressed explicitly under the "community resources" cornerstone.
Creating economic prosperity is a multifaceted process.

In Greater Minnesota, economic advantages historically included agriculture, natural resource extraction and low costs (inexpensive labor, low taxes, available land, etc.). Today, in a global economy, Greater Minnesota needs to place emphasis on sustainable industries, improving the quality of inputs and facilitating innovation as the driver of long-term competitiveness, growth and employment.

DevelopMN identified the following cornerstones as key components of strong regions and communities. When approached in a coordinated way, these cornerstones will help create prosperity in Greater Minnesota:

- Human Capital
- Economic Competitiveness
- Community Resources
- Foundational Assets

Human Capital

Developing, retaining and attracting talent are critical for Greater Minnesota in order to sustain and grow rural businesses and communities. Tracking the characteristics of the labor force and the needs of employers, and creating strategies for alignment between the two, is one aspect of this cornerstone. Another is forecasting the economy of the future and working with communities to ready a workforce that can thrive in a rapidly changing environment, particularly with respect to advances in technology.

Economic Competitiveness

Making Greater Minnesota an attractive environment for smart, sustainable 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 investment.

Community Resources

Greater Minnesota communities seek to maintain rural values, their heritage and the assets that support them. At the same time, we respectfully acknowledge that Greater Minnesota was home to Native Americans long before new Americans settled it in the 19th Century. And we endeavor to welcome more new Americans as the 21st Century unfolds. Community Resources includes topics that balance the preservation and improvement of social, cultural and natural assets that are critical for the health and well-being of everyone, now and in the future.

Foundational Assets

Greater Minnesota communities require proactive and collaborative approaches/strategies to address infrastructure needs in a cost-effective manner. Managing the access to, maintenance, replacement and growth of these assets is key to preserving and maintaining communities and providing for growth opportunities. Foundational assets include above-ground and below-ground infrastructure such as transportation, utilities and water.

DevelopMN’s plan is based on SMART goals. SMART stands for:

- **Specific:** target a specific area for improvement.
- **Measurable:** quantify or at least suggest an indicator of progress.
- **Attainable:** assure that an end can be achieved.
- **Realistic:** state what results can realistically be achieved, given available resources.
- **Time-related:** specify when the result(s) can be achieved.
LABOR FORCE

Call to Action
As Greater Minnesota’s economy evolves and becomes ever more global, it is confronted with the challenge of meeting the current hiring and skills needs of employers while also preparing communities to expect expansion in both the lower pay service sector and higher pay technical and professional fields. The labor force for Greater Minnesota’s businesses has declined, and is projected to continue that decline as a large percentage of the current workforce ages into retirement. Labor force availability is a serious concern to current business operation and is inhibiting growth in Greater Minnesota.

Context
Labor force participation is the proportion of people ages 16 and older who are either working or seeking work. Students, homemakers, retired individuals and others not looking for work do not count as participating in the labor force.

According to US Census estimates, Minnesota had the third highest labor participation rate in the country at 69.7% (2018), which is an increase from 67.3% in 2015.

SMART Goal
Increase labor force participation in Greater Minnesota from 69.7% to 71.7% by 2021

Strategies
1. Align education and workforce development to meet current and future skill needs of employers.
2. Expand the participation of mature workers, previously excluded workers (e.g. those with a criminal record) and others to make up for the shortage of new workforce entrants.
3. Improve access to affordable, high quality childcare options to assist parents in joining the workforce.
4. Promote credit-based apprenticeships, internships, and on the job training as a workforce development solution.

EDUCATIONAL ATTAINMENT

Call to Action
As the size of Greater Minnesota’s workforce is projected to decline, increased worker skills will be critical to improving productivity and growing the economy.

Context
The number of job vacancies in Greater Minnesota has increased to 60,400 (2018, DEED). These vacancies are primarily in the sectors of Health Care and Social Assistance, Retail Trade, Accommodation and Food Service, and Manufacturing. Of these job openings, 31.7% require post-secondary education and 37.7% require a license or certificate.

SMART Goals
1. Reduce labor shortages to 30% or less for employment requiring post-secondary education, certificates, technical degrees, or apprenticeship by 2025.

Strategies
1. Build and improve career technical education opportunities for high school students interested in careers that cannot be automated, such as the skilled trades or health care.
2. Create local talent retention and attraction programs, including welcoming communities initiatives, that target the "brain gain” population of returners and newcomers.
3. Support local school initiatives aimed at reducing the achievement gap for all populations of students.
4. Increase the circulation numbers at regional libraries as a proxy for increasing adult literacy and engagement in lifelong learning.
ENTREPRENEURSHIP AND INNOVATION

Call to Action
Greater Minnesota must embrace innovation, calculated risk-taking and entrepreneurship in order to compete effectively in the global economy.

Context
The Stats America Innovation 2.0 index tracks regional performance of the five component indexes important to entrepreneurship and innovation. These include Human Capital and Knowledge Creation, Business Dynamics, Business Profile, Employment and Productivity, and Economic Well-Being.

In 2016, Greater Minnesota’s average headline index score is 87.1, compared to an 88.35 average for the state overall and an 85.55 national average. With 100.0% representing the national average, Greater Minnesota ranks 91.8 on the Stats America Innovation Index and the State of Minnesota ranks 105.8.

SMART Goal
Improve Greater Minnesota’s Stats America headline index from 87.1 to 89.1 by 2021.

Strategies
1. Broaden access to capital to encourage innovation and entrepreneurship.
2. Target some of these funds toward new Americans and other diverse populations.
3. Create networks of incubator, co-working, proof of concept and maker spaces.
4. Establish and expand entrepreneurship education programs in K-12 schools.
5. Maintain and expand renewable energy production incentives.
6. Invest in value-added opportunities from agricultural and forest products.

SMALL BUSINESSES GROWTH

Call to Action
According to the Small Business Administration’s 2018 report, 99.5% of all Minnesota Businesses are classified as “small” (having less than 50 employees) and make up a larger portion of businesses as compared to the metro region. In order to prosper, Greater Minnesota must support and develop new and existing small businesses.

Context
According to Quarterly Census of Employment and Wages (QCEW), from 2014-2017 Greater Minnesota has had a net decrease of 684 private business establishments. 2017 was the only year during that time period where Greater Minnesota saw a net increase (169 establishments). Gross sales increased $2.6 billion in 2017 to $101.6 billion.

SMART Goal
1. Maintain a net increase in business establishments in Greater Minnesota.
2. Maintain an annual increase in gross sales for Greater Minnesota businesses.

Strategies
1. Build a statewide resource of capital programs by utilizing public-private partnerships to facilitate increases in Small to Medium Enterprise (SME) lending, and establish new lending programs to fill gaps in the capital market.
2. Fully fund regional Small Business Development Centers at the state level.
3. Increase the percentage of small businesses who are owned by new Americans and people of color through technical training and lending.
4. Expand and improve technical assistance for growers and producers and those involved in sustainable, organic and/or value-added agriculture.
5. Increase understanding of Opportunity Zone funds and promote this form of investment.
6. Advocate for symmetrical broadband standards.
7. Promote transition and succession planning.
TOURISM

Call to Action
The leisure and hospitality industry is a leading producer of jobs in Greater Minnesota. Communities across the state consider tourism to be an essential industry for economic development, and actively promote the state’s attractions and assets.

Context
Travel and tourism make up a large portion of the leisure and hospitality industry. They create jobs and generate sales in every county of Greater Minnesota. Tourism jobs represent all levels of employment, from important entry-level service jobs to high-paying executive positions. Traveler spending indirectly supports jobs in many other industries, as well, from financial services to printing.

According to ExploreMN, travel and tourism in Greater Minnesota generated $4.55 billion in gross sales in 2017 and 99,981 full- and part-time jobs.

SMART Goal
Increase visitor spending in Greater Minnesota by 5% by 2021, to $4.78 billion.

Strategies
1. Keep Minnesota travel experiences fresh and current by creating new outdoor recreation, arts and cultural heritage experiences and amenities, while maintaining existing attractions.
2. Develop career paths in the tourism industry to attract and keep younger employees while staying competitive in pay and benefits to attract and retain employees.

ARTS AND CULTURE

Call to Action
Arts, culture and placemaking contribute to the vibrancy of Minnesota’s economy and quality of life. These approaches are also key in creating connections and providing opportunities for conversations to occur across culturally-diverse populations.

Context
Arts, entertainment and recreation employed 53,023 people in 2018 throughout Minnesota according to DEED. Greater Minnesota reported 15,494 arts-related jobs, comprising 1.5% of total employment; compared to 31,216 jobs in the Twin Cities, which is 1.8% of total jobs.

SMART Goal
Increase employment in arts, entertainment and recreation in Greater Minnesota by 5% to 16,270 by 2021.

Strategies
1. Utilize arts-based placemaking to improve downtowns and public spaces.
2. Connect artists with resources they need to make a living in Greater Minnesota.
3. Expand existing and create new artist-in-residence programs.
4. Support and enhance arts and culture efforts through an increase of Legacy Act Investments in Greater Minnesota.
EQUITY AND INCLUSION

Call to Action

Achieve a more equitable economy and a more sustainable environment for all Minnesotans in every region of the state.

Context

Two of Minnesota’s pre-eminent “Think & Do” tanks, Growth & Justice and OneMN.org, created the Thriving by Design Network to address issues of equity and inclusion. The result was a “Minnesota Equity Blueprint,” a living document representative of the aspirations and concerns of citizens across all the communities in the state. The blueprint is a comprehensive, non-partisan, long-term plan for shared prosperity in a healthier community environment.

To learn more about the Minnesota Equity Blueprint, please visit the Thriving by Design website at http://thrivingbydesignmn.org/minnesota-equity-blueprint/

Some of the measures of inequality that MADO will work to improve include:

- **Gini Index:** a statistical measure from the World Bank, The Gini Index is intended to represent the income or wealth distribution of a nation's residents. Specifically, it measures how far a country's wealth distribution deviates from a total equal distribution. If all wealth was equally divided among a country's citizens, this measure would be 0.00. In 2018, the Gini Index for Minnesota was 0.452. This can be compared to the average across the United States of 0.415 (2016) and Canada of 0.340 (2013).

- **Disparities in Homeownership:**
  Long believed to be the greatest way to retain wealth, homeownership is an asset still out of reach for a greater percentage of people who do not identify as White/Caucasian. Out of all states, Minnesota ranks 44th in homeownership rates for people of color, as measured by the Prosperity Now Scorecard. While 76.7% of white Minnesotans were homeowners in 2018, that was true of only 40.8% of Minnesotans of color. 2019 estimates from the American Community Survey (US Census) provide a more detailed breakout by race-identified in the chart at right.

Due to the critical nature of equity improvements, MADO has designed strategies throughout the DevelopMN document with an equity-focused lens.
NATURAL RESOURCES

Call to Action

Greater Minnesota is fortunate to have an abundance of natural resources that are essential to the state’s economy. As Minnesota continues to grow, strain on natural resources is on the rise, putting pressure on stakeholders to adapt. Minnesota must solve multiple threats from groundwater overuse and contamination, invasive species, decline of natural areas, exploitation of natural resources and loss of species.

Context

In 2017, Conservation Minnesota estimated that hunters, anglers and wildlife watchers contributed $5.5 billion to Minnesota’s $15.3 billion tourism economy, and accounted for one-fifth of the state’s tourism jobs. Minnesota’s natural resource industry provides 342,000 agricultural, 62,400 forest products, 11,000 mining and 48,000 fishing/hunting related jobs.

As climate change and global interaction have become more prevalent, Minnesota has seen the rise of several non-native species, including zebra mussels, spiny water flea, Eurasian Milfoil, West Nile Virus, and Emerald Ash Borer. These invasive species (and others) have a direct effect on water quality, fishing, forest production and human health.

In 2018 in the United States, fossil fuel combustion accounts for 80% of greenhouse gas emissions and 98% of carbon dioxide emissions. The Center for Biological Diversity estimates that 4.1 billion metric tons are added to the atmosphere each year.

SMART Goal

1. To reduce the carbon footprint, increase the number of kilowatt hours of renewable energy produced in Greater Minnesota from 11,607 in 2018 to 12,000 by 2021.

2. To preserve natural resources, reduce the spread of invasive species as determined by the MN Department of Natural Resources (DNR). In 2018, the DNR estimated that 7% of all lakes, and 1066 total bodies of water in Minnesota were considered “infested.”

Strategies

1. Identify and safeguard valuable natural resources and outdoor heritage sites through education, preservation and conservation efforts. Incorporate outdoor heritage and preservation strategies that draw connections between historic land uses and natural ecosystems, including agriculture, mining/timber tourism, transportation (land, water, air) tourism, and flora/fauna tourism.

2. Generate comprehensive plans that address biodiversity, watersheds, wetlands, critical habitats, grasslands, agriculture, minerals, forest habitat and migration corridors in the planning process.

3. Develop land-use objectives that balance economic competitiveness/resilience with human well-being and natural amenities preservation.

4. Measure and report on environmental justice issues in Greater Minnesota.

5. Identify policies and procedures to understand how invasive species enter ecosystems, and focus efforts on their reduction or elimination.

6. Support and enhance stronger conservation efforts across all natural resources through an increase of Legacy Act investment in Greater Minnesota.

7. Explore incentives and expand renewable energy development.

8. Support efforts to monetize the carbon sequestration value of forests and fields and drive revenue to landowners and custodial agencies.
BROADBAND ACCESS

Call to Action

Affordable high-speed internet is necessary to remain competitive in today’s global economy. Many businesses and residents experience lack of access to reliable broadband at acceptable speeds and costs.

Context

Based on broadband maps provided by the Minnesota Office of Broadband in 2019, only 85.98% of the state and 68.43% of Greater Minnesota meet the current state minimum standard of download speeds of 100 megabits per second and upload speeds of at least 20 megabits per second.

SMART Goal

No later than 2026, all Minnesota businesses and homes will have access to at least one provider of broadband with download speeds of at least 100 megabits per second and upload speeds of at least 20 megabits per second.

Strategies

1. Advocate for broadband funding at both state and federal levels.
2. Advocate for a symmetrical standard (same speed for upload as download).
3. Create and leverage public and private partnerships to fund improved broadband access.
4. Develop an inventory for best management practices (BMP) to improve policies and procedures for broadband and deployment of broadband service in rural, sparsely populated and high-cost regions.
5. Ensure the collection of accurate data around served and underserved regions.
6. Promote an understanding of the importance of broadband to a community’s infrastructure.

TRANSPORTATION

Call to Action

Minnesota’s economy is healthy because of its economic diversity. It is composed of a rich array of business services, finance, and healthcare industries, as well as freight or trade-related industries such as agriculture, mining, and manufacturing. Trade-related industries are key drivers of the economy.

Context

In 2016, 40% of Minnesota’s Gross State Product was dependent on freight-related industries, a higher percentage than many of its neighboring states. The Truck Travel Time Reliability Index (TTTRI) measures the consistency of commercial truck travel times on the interstate system, with 1.0 being the highest measure of reliability. Statewide, Minnesota’s TTTRI value has remained fairly consistent at 1.43 in 2017 and 1.44 in 2018 on average.

SMART Goal

By 2021, decrease statewide RRRTI score to 1.40 or lower.

Strategies

1. Partner with MnDOT to help identify potential freight enhancement projects that have increased potential for a positive return on investment while also calculating the environmental costs.
2. Offer assistance to local units of government with planning and preparing needed documentation on the merits of freight infrastructure projects.
3. Explore the use of public-private partnerships (formal or informal) in helping to finance freight infrastructure projects. These actions may include needs determination and project development, as well as funding and implementation.
WATER-WASTEWATER INFRASTRUCTURE

Call to Action
Communities with low populations frequently struggle with the affordability of water infrastructure as they lack the economies of scale that help keep costs down in more populous cities.

Context
Over 94% of the cities on the MPCA 2018 Clean Water Priority list (PPL) are in Greater Minnesota. There are 368 projects listed statewide with total estimated project costs of $606.8 million. In 2018, the Minnesota Public Facilities Authority awarded $319 million in grants and loans to projects, leaving a gap of more than $287 million.

SMART Goal
Reduce the gap between the amount of funding available for water-waste water infrastructure and the actual infrastructure replacement cost to $100 million by 2030.

Strategies
1. Focus municipal infrastructure investments to support business development and affordable housing.
2. Facilitate dialog around right-sized wastewater infrastructure projects.
3. Encourage cities to develop capital improvement plans that are aligned with comprehensive plans and zoning/land use ordinances.
4. Collect and share best practices that demonstrate funding scenarios and solutions to update outdated and undersized systems.
5. Research environmentally and financially responsible options for very small communities.

In 2018, the MPCA estimates that over $512.9 million in infrastructure projects are needed in Greater Minnesota.
HOUSING AVAILABILITY

Call to Action
In 2016, rental vacancies were low across the state of Minnesota, and housing construction in Greater Minnesota has not kept up with current nor forecasted need. However, access to safe and affordable housing remains a basic need for all Minnesotans. Housing also plays a critical role in workforce attraction, which is critical for future economic growth of Greater Minnesota.

Context
According to data compiled by Minnesota Compass in 2018, 19.3% of homeowners were cost burdened and 46.2% of renters are cost burdened for a combined rate of 25.5%. A household is considered cost burdened when 30% or more of the household’s gross income is dedicated to housing.

A 5% or less vacancy rate is generally considered an indicator of a "tight" rental market. Across Minnesota, The Minnesota Housing Partnership is seeing indications that the supply of rental housing is not keeping up with demand, for all but very high income households. The problem is particularly serious in Greater Minnesota communities experiencing robust job growth.

A 2018 report from the National Low Income Housing Coalition, based on the 2016 American Community Survey, shows that for every 100 low-income renters in Minnesota, only 43 units are available.

SMART Goal
Reduce the percentage of cost-burdened households in Greater Minnesota from 25.5% in 2018 to 23% in 2021.

Strategies
1. Provide more coordinated housing planning.
2. Advocate for funding programs for demolition of vacant, unsafe and dilapidated housing units.
3. Increase the number of units rehabilitated or preserved.
4. Encourage development of transitional and permanent supportive housing.
5. Collect and share best management practices around housing policy and financing.
6. Keep abreast of trends and opportunities for temporary family healthcare dwellings (Granny Pods and tiny homes).
7. Work with communities to address student housing shortage at college campuses.
8. Work collaboratively to track needs, secure financial resources and coordinate regional goals to prevent and end homelessness.
IMPLEMENTATION

The primary purpose of this plan is to unite public and private entities around a common vision for Greater Minnesota so that the entire state of Minnesota thrives. MADO’s hope is that through this process partners can align workplans across state and local governments, nonprofit organizations, educational institutions and businesses.

MADO will review DevelopMN annually to assess progress, identify gaps and measure overall success of initiatives by the benchmarks listed throughout the document.

Lastly, MADO welcomes your participation and involvement. Greater Minnesota and, in fact, all of Minnesota is most successful when we all are involved. If you have ideas, or comments, please contact your local regional development organization listed on this page, or visit http://www.mnado.org for more information.