

# Economic Development Resources from January 2013 compiled by Jason Kauffeld, UWEX

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Past editions of this newsletter can be found at:  
<http://greenlake.uwex.edu/community-development/economic-development/>

Learn how the Midwest is becoming the next entrepreneurial hotspot - click [here](#).

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Check out SBA's new [online learning center](#) for entrepreneurs.

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New three-part series by ICMA on asset-based economic development and building sustainable rural communities. Click [here](#) to get started with part 1.

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A potential model for other states? [Kentucky's Governor's School for Entrepreneurs](#).

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## [Students Explore Construction Careers Using Virtual Simulators](#)

Sun Prairie - 1/3/2013 Its kind of like career exploration meets video gaming, said Wayne Belanger of ABC Wisconsin Apprenticeship and Training Trust, talking about a visit by Sun Prairie Technology & Engineering (T&E) students to ABCs training center in Madison. Through the use of virtual reality simulators, the high school students experienced what it is like to weld and to operate heavy equipment, including a mobile telescopic crane, all without the usual safety concerns associated with this kind of equipment...

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**["Fifteen of Wisconsin's most interesting brainstorms," Milwaukee Journal Sentinel, Dec. 29.](#)** ...At the University of Wisconsin-Madison, electrical and computer engineering professor Zhenqiang "Jack" Ma is devising ways to carve circuitry into flexible silicon membranes. The resulting microchips can operate at higher speeds and lower power than conventional rigid chips, lengthening the life of batteries in smartphones and other mobile devices...

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**"The world is their workplace," New York Times, Jan. 30....**Students want to study abroad (a record 274,000 did so for credit last year), but they also know that in a soft job market and increasingly global economy, they need an international work record and the connections that can bring. Study abroad may no longer be enough to make them stand out, nor does it shed light on a country's business culture. Work-study abroad does double duty...

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### **The power of recognition and appreciation in business**

*By Donna Gray*

Abraham Maslow, the father of modern management psychology and creator of Maslow's Hierarchy of Needs, explored at length what motivates people. At the top of his pyramid of needs is self-actualization, or contributing to something worthwhile. Over the years, others who have explored this theory, including Stuart Levine, former CEO of the Dale Carnegie Institute, have found that "people work for money, but go the extra mile for recognition, praise, and rewards."

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### **"Business leader: Emotion can help spur development," Eau Claire Leader-Telegram, Jan. 25.**

Inspiring people to get excited about starting companies is the future of economic development, the founder and president of Woodville-based OEM Fabricators said. Attracting companies to a community is about selling such points as proximity to markets, quality of life, education and real estate, said Mark Tyler, who also is chairman of the West Central Wisconsin Workforce Development Board and president of the Wisconsin Technical College System... (Note: Mark Tyler is also a member of UW System's Board of Regents)

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### **Job creation is only one economic indicator**

Wisconsin - 1/24/2013 For reasons rooted more in politics than economics, much of the debate over Wisconsin's relative economic standing has revolved around job

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creation: Is the state on track (or not) to create the 250,000 jobs set as a four-year goal by Gov. Scott Walker during his 2010 campaign for governor?...

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### [Recession, tech kill middle-class jobs](#)

National - 1/24/2013 Five years after the start of the Great Recession, the toll is terrifyingly clear: Millions of middle-class jobs have been lost in developed countries the world over. And the situation is even worse than it appears. Most of the jobs will never return,...

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### [Walker to commit \\$100,000 for Hispanic businesses](#)

Wisconsin - 1/24/2013 Wisconsin Gov. Scott Walker says he'll commit an additional \$100,000 to help support Hispanic-owned businesses. Walker says the money from the Wisconsin Economic Development Corp. would help expand the revolving loan fund at the Hispanic Chamber of Commerce. WEDC made an initial seed investment of \$100,000 in 2012 to help establish the loan program....

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### [Wisconsin communities to share ideas on revitalization](#)

Wisconsin - 1/24/2013 Twenty Wisconsin communities looking to revitalize their downtowns and commercial districts will be able to share their ideas with each other through a new program from the Wisconsin Economic Development Corp. The "Connect Communities" program was introduced Tuesday. According to a news release, WEDC will provide a range of services and resources to the selected communities, including a network group to receive new ideas from others participating in the program....

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### ["Gov. wants more rural high-speed access to internet," Wisconsin Public Radio, Jan. 22.](#)

Governor Scott Walker says he wants to expand access to high-speed internet across Wisconsin's rural areas. There are still pockets around western and northern

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Wisconsin where residents do not have access to high-speed internet. In the areas that do, many customers only have one or two providers to choose from... (audio clip)

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## [Entrepreneurship group to move HQ back to Wisconsin](#)

UW-Whitewater - 1/17/2013 A national entrepreneurial education organization is moving its headquarters back to the state. The U.S. Association for Small Business and Entrepreneurship announced Monday that in the spring it will move its headquarters to UW-Whitewater from Belmont University in Nashville, Tenn. From 1989 to 2006, the association was housed at UW-Madison before moving to Florida Atlantic University in Boca Raton, Fla., according to the association's website. UW-Whitewater officials say the move back to Wisconsin will strengthen the university's business education program and regional economic development. The offices of! the organization's executive director and administrative assistant will be housed for the next three years in Hyland Hall, home to the school's College of Business and Economics....

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## ["Next made-in-China boom: College graduates,"](#) **New York Times, Jan. 16.**

...China is making a \$250 billion-a-year investment in what economists call human capital. Just as the United States helped build a white-collar middle class in the late 1940s and early 1950s by using the G.I. Bill to help educate millions of World War II veterans, the Chinese government is using large subsidies to educate tens of millions of young people as they move from farms to cities...

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## **There's still time to register for NACo's Smart Justice Symposium**

The symposium will highlight local justice issues in Los Angeles County and other counties across the country that emphasize how accountability, the implementation of evidence based programs and policies, and the use of data to drive decisions can cut costs and ensure public safety. [Register and Learn More](#)

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## [Good Jobs First: Accountable Development and Smart Growth for Working Families](#)

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## **Michigan** || [Project for Public Spaces Spotlights Michigan Placemaking Success Stories](#)

The Project for Public Spaces featured Michigan's many [Placemaking](#) approaches that are helping citizens transform their public spaces into vital places that highlight local assets, spur rejuvenation, and serve common needs. Michigan's state government is now taking Placemaking to an unprecedented level as the center of their economic development and place-based governance strategy. One highlight is the \$20 million Campus Martius Park in downtown Detroit that has become a magnet for the revival of the city. The park has attracted billions in new investment to the blocks around it.

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## [Benefits of Telecommuting](#)

This new report from ICMA explores the benefits to municipal governments from enacting telecommuting policies. Reducing the number of daily commuters can significantly reduce energy consumption and greenhouse gas emissions. Fewer commuters can also reduce traffic congestion on roads and highways and reduce the depreciation these roads experience through use.

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## [Securing research dollars requires knack for grant writing](#)

Slowly but surely, Wisconsin companies are getting over their comparative shyness about asking for federal dollars, but do they know how to ask? The know-how relates to writing grants in response to the solicitations of federal government agencies and private foundations. For them, the term "unmet need" is one to remember because unless the technology you're developing solves some sort of problem, or represents the enhancement of an existing technology, grant money will not be forthcoming.

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**["Employers, educators search for answers to technical jobs issue,"](#) Racine Journal Times, Jan. 8.**

The challenge of finding good employees is so long-standing and pervasive that Racine Metal-Fab has revised its hiring approach...Some observers say the nation and schools have overemphasized college as a postsecondary option. "There are no young people going into the trades," Hall said. "The push for college prep is so prevalent in the high schools that the talented young people who are good working with their hands are being told, 'You have to go to college to get good jobs,' and that's just not the case anymore" ...

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## **Economic Week in Review: Housing builds best showing since 2008**

January 18, 2013

The housing market showed significant resilience as housing starts surged in December for the strongest reading since 2008. A recovery in the housing sector is considered key to restoring the economy to full health. With inflation still muted, consumer spending gained ground in December. For the week ended January 18, 2013, the S&P 500 Index was up 0.9% to 1,486. The yield on the 10-year U.S. Treasury note was down 2 basis points to 1.87%.

### **Housing starts jumped in December**

Housing starts were up 12.1% over the previous month—the best showing since June 2008. Single-family home starts were up 8% while multifamily starts climbed more than 20%. Compared to the third quarter, annualized housing starts in the fourth quarter were 82% higher, for the strongest jump since the 1980s.

During 2012, builders started work on 708,000 homes. That's an increase of 28.1% over 2011 and the most starts since 2008, shortly after the housing collapse. Nevertheless, housing starts are still below the historic annual average of 1.5 million.

### **Beige Book shows economy continuing to strengthen**

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All 12 districts of the Federal Reserve reported growth from mid-November to early January, according to the January Beige Book report. Consumer spending was higher in every region partially due to holiday sales, which were somewhat higher than in 2011. Tourism and transportation also rose across much of the United States. Auto sales were strong despite consumers' lingering caution about making big purchases. Wages and employment were more or less unchanged.

### **Price inflation remains muted**

Producer prices dropped 0.2% in December, their third straight monthly decline, as prices for finished consumer foods and energy goods fell 0.9% and 0.3%, respectively. Excluding food and energy, producer prices were up 0.1% as prices in earlier stages of production edged higher.

Meanwhile, consumer prices held steady in December after November's 0.3% decline. Excluding food and energy, core prices for finished goods were up only 0.1%. The price index was up only 1.7% in 2012, the third-slowest rise in 10 years.

### **Consumer spending up 0.5%**

Retail sales rose higher than expected in December, suggesting greater momentum in consumer spending as the year ended. Sales were up 0.5% after an upwardly revised 0.4% increase in November. Combined sales growth for November and December jumped to 4.4%, although it was still lower than the 6.9% reported for the same period in 2010 and 2011.

### **Manufacturers build inventories, increase production**

Business inventories inched up 0.3% in November as auto inventories outpaced overall inventories for the 11th straight month. Business sales were up 1% after a 0.3% decline in October. Excluding autos, retail inventories were up a mere 0.2%.

Industrial production gained 0.3% in December, with manufacturing output up 0.8%. While manufacturing in December was higher than anticipated, it remained little changed for the fourth quarter, which in turn was little changed from the third. Utility output fell 4.8% as temperatures moderated. Auto production was up 2.6% in December, less than half the upwardly revised 5.8% increase the previous month.

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## **Economic Week in Review: Trade gap, borrowing on the rise**

January 11, 2013

A higher trade deficit and more consumer borrowing highlighted an otherwise quiet week of economic news—in sharp contrast to the prior week's drama over the "fiscal cliff" and [subsequent compromise on taxes](#). For the week ended January 11, 2013, the S&P 500 Index was up 0.4% to 1,472. The yield on the 10-year U.S. Treasury note was down 4 basis points to 1.89%.

### **The outlook for 2013 and beyond**

In a live webcast on Thursday, January 17, Tim Buckley and Vanguard CEO Bill McNabb will take your questions on market and economic prospects for the year ahead.

### **U.S. trade in the red**

The U.S. foreign trade gap widened to \$48.7 billion in November as imports, paced by a 27% jump in cell phones and related products, outweighed an unexpectedly weak 1% uptick of exports. The real (inflation-adjusted) deficit, used by economists to measure the impact of trade on gross domestic product, expanded to almost \$52 billion—the highest since 2008. Weakened economies in European countries also contributed to reduced exports, and the gap with Canada, a major supplier of oil to the United States, leaped 73% to \$3 billion.

### **Consumers assume more debt**

Consumer borrowing rose in November for the third straight month to a seasonally adjusted \$16 billion, fueled by an almost 10% jump in nonrevolving credit, which includes auto financing and student loans. The number represents a 7% annualized increase following a 6% rise in October. Revolving credit, which includes credit card debt, was up more than 1% in November. The figures are considered a key indicator of behavior by consumers, whose spending accounts for about two-thirds of U.S. economic activity.

"Although the reports are from November, strong spending on imported goods and positive consumer credit are both evidence of robust consumer confidence throughout

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the fourth quarter of 2012, in spite of all the fiscal cliff uncertainty," said Vanguard senior economist Roger Aliaga-Díaz.

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## **Economic Week in Review: Resolution in the new year?**

January 04, 2013

While economic reports out this week tended to align with expectations, some bright spots included signs of a continuing recovery in the housing sector. Indicators for manufacturing and services also signaled expansion in these sectors. The unemployment rate, however, remained unchanged amid continued slow job growth. Markets initially took heart that the "fiscal cliff" had been averted, but sentiment cooled as it became clear that the compromise deal left many thorny issues unresolved, including how to rein in the federal deficit. As of Friday afternoon, the S&P 500 Index was up 4.4% for the week to 1,464. The yield on the 10-year U.S. Treasury note was up 20 basis points for the week to 1.93%. Final figures will be posted on vanguard.com after the markets close.

### **What's ahead for 2013 and beyond?**

In a live webcast on January 9, Vanguard CEO Bill McNabb and our new chief investment officer, Tim Buckley, will assess the economic landscape and the outlook for the financial markets.

For 2012, which ended Monday, the total return for the S&P 500 Index—including price change plus dividends—was 16.0%. The yield of the 10-year Treasury note fell 11 basis points to 1.78%.

### **The labor market dial didn't move much**

Payrolls rose by 155,000 in December and the unemployment rate sat unchanged for the month at 7.8% after an upward revision to November's figure, according to the U.S. Department of Labor. In both 2012 and 2011, the monthly payroll increases averaged about 153,000, which eased the unemployment rate down from 9.3% over that period. The number of long-term unemployed, those without a job for more than 27 weeks, held steady compared with November at around 40% of the unemployed.

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Health care was a bright spot, adding around 45,000 jobs. Post-Hurricane Sandy rebuilding may have helped boost employment in both construction and manufacturing, which each added between 25,000 and 30,000 jobs. For the third consecutive month, however, governments shed jobs, with cuts at the federal and local levels contributing to a loss of some 13,000 public sector positions during December.

### **Fed minutes show a less united front**

Minutes from the December 11–12 meeting of the Federal Open Market Committee painted a slightly more nuanced picture regarding the future direction of monetary policy. At the close of the meeting, the committee announced it would link monetary easing to specific levels of employment and inflation rather than to a calendar range in order to provide greater transparency regarding its decision-making process. Although the committee had previously stated that it expected short-term interest rates to remain exceptionally low at least until mid-2015, the markets were surprised by the minutes, which noted that "several" members believed that the Federal Reserve's ongoing bond buying programs might no longer be warranted by the end of 2013 or even earlier.

### **Construction shows contrasting trends**

For the first time in eight months, overall spending on construction dipped by 0.3% in November compared with a month earlier. Faced with weak demand for retail and office space, commercial construction fell for the fourth time in six months. And with government finances still shaky, spending on public works has yet to make a substantial recovery. Disruptions from Hurricane Sandy likely played a part as well in the poor performance.

Home construction, on the other hand, has been bucking the trend. Demand created by historically low mortgage rates and dwindling supply helped push spending on new single-family home construction up 1.3% compared with October and 29.4% higher than a year earlier. Spending on new multifamily homes was positive as well, climbing 0.5% compared with October and 45.9% higher than in November 2011.

### **Manufacturing revives following Hurricane Sandy**

The latest Institute for Supply Management (ISM) survey of manufacturers indicated that activity picked up in December after contracting slightly in the storm's aftermath. The improvement was modest, however, with the index rising to 50.7 compared with 49.5 for the previous month. A figure above 50 indicates expansion.

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The survey showed that while new orders were flat and production slowed, the number of jobs in manufacturing resumed its trend upward and new export orders indicated the first increase in foreign demand for U.S.-manufactured goods in seven months.

### **Services sector gains momentum**

The ISM's December nonmanufacturing survey showed an unexpected upturn in the services sector, a key component of the U.S. economy. The index climbed to 56.1 from 54.7 in November. New orders increased for the 41st consecutive month, although some of the improvement in December might be attributable to a year-end effect. And employment increased for the fifth consecutive month with the most jobs being added in the fields of education, retail, finance, and construction.

### **Factory orders signal solid business spending**

Revised figures for November factory orders continued to show strength in core capital goods orders. This component is closely watched as it's considered a proxy for business confidence and investment spending. Automobile shipments were another positive in the report. Hurricane Sandy has contributed to strong demand for replacements for vehicles lost in the storm.