

Economic Development Resources from August 2012

compiled by Jason Kauffeld, UWEX

"MATC, DWD announce manufacturing apprenticeship to address skills gap," Business Journal of Milwaukee, Aug. 27.

The Wisconsin Department of Workforce Development and Milwaukee Area Technical College on Monday announced a new entry-level Industrial Manufacturing Technician Apprenticeship to help address the skills gap many Wisconsin manufacturers say they're facing...

"Universities report \$1.4-billion in earnings on inventions in 2011," Chronicle of Higher Education, Aug. 28.

Universities and their inventors earned more than \$1.4-billion from commercializing their academic research in the 2011 fiscal year, collecting royalties from new breeds of wheat, from a new drug for the treatment of HIV, and from longstanding arrangements over enduring products like Gatorade. Northwestern University earned the most of any institution reporting, with more than \$191-million in licensing income...

Learn the Fundamentals of Developing and Implementing a High-Impact Marketing and Attraction Plan, in Madison, WI, October 25-26

Businesses looking to locate or expand need accurate, up-to-date, and credible information and communities need rock-solid marketing techniques to reach the needs of the business community. Course participants will be able to learn how to craft their community's message by learning about online marketing fundamentals, GIS technologies, website design, and current trends in site selection. Participants will also explore various mediums of communication, including how to best utilize social media and Web 2.0 technologies as an economic development marketing tool. Case studies and sample plans will highlight the dos and don'ts of economic development marketing and attraction.

Course Highlights:

- Site selection fundamentals including corporate strategies
- Identifying target audiences using data-driven techniques
- Developing a community marketing plan and brand
- Garnering internal and external support for the marketing campaign
- Engaging social media and website design to target new markets
- Utilizing Geographic Information Systems (GIS) to serve clients
- Benchmarking, evaluating, and monitoring the marketing plan

http://www.iedconline.org/?p=Training_Marketing_WI

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"Sullivan report outlines promising reform ideas," Editorial, Milwaukee Journal Sentinel, Aug. 28.

Too many reports and studies on government are hailed as a good starting point for reform when they are issued and then vanish into that shelf where reports and reform efforts go to die. Talking about true reform is easy; achieving it is something else entirely. Gov. Scott Walker and the Legislature should not allow that shelf to claim a new report on the gap in Wisconsin between the thousands of unemployed desperately looking for jobs and the thousands of job openings that go unfilled. The report by former Bucyrus International Chairman Tim Sullivan offers a series of recommendations to fill that gap, all of which deserve serious discussion and some of which no doubt will deserve implementation...

"UW, foundation earned more than \$50 million on research licensing in 2011," Milwaukee Journal Sentinel, Aug. 29.

The University of Wisconsin-Madison and the Wisconsin Alumni Research Foundation earned \$57.7 million from licensing of research innovations in 2011, according to a survey by the Association of University Technology Managers, insidehighered.com reported...

"UW-Whitewater alumni ideas to drive Wisconsin economy," Royal Purple, Aug. 29.

UW-Whitewater alumni Ryan Rist and Joe Scanlin were honored at the governor's mansion for ideas that could potentially drive Wisconsin's economy. Selected from a field of approximately 248 applicants, the pair was among 50 other finalists who entered into the Wisconsin Governor's Business Plan Contest...

The Entrepreneurs' Toolkit, a soup-to-nuts guide for Wisconsin entrepreneurs, is available at www.WItoolkit.com and through the Wisconsin Technology Council website. It was launched in April and is designed to give innovators a pathway to resources available in the state and beyond. Those resources include information on business assistance programs, sources of financing, permits and regulations, how to choose a business structure, how to write a business plan and more.

[Reliable power is part of Wisconsin's appeal to attracting, growing companies](#) The lights went out last Tuesday in India. From its eastern border with Myanmar to its western frontier with Pakistan, the electrical system failure spread across 2,000 miles and left 670 million people - nearly 10 percent of the world's population - without power.

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[Building a work force: Sullivan to recommend encouraging immigration to help fill jobs gap](#) Wisconsin will need to become more immigrant-friendly if the state's economy is going to keep pace with employer needs in the coming decades, says a prominent business executive who heads Gov. [Scott Walker](#)'s initiative for work force development.

Financial Inclusion: Making It Work for the Benefit of All

The summer 2012 issue of the Federal Reserve Bank of Kansas City's [Community Connections](#) explores how lenders can better engage low- and moderate-income customers with innovative business models, delivery systems and products. The newsletter also features the launch of a new quarterly series of maps that track seriously delinquent mortgages and foreclosures.

Skills, Wages and Rural America

[Why are incomes lower](#) in rural communities than in central cities? Three economists say it's all a matter of skills.

Rural Jobs Grow at Half City Rate

About a third of all rural and exurban counties had [fewer jobs](#) this June than in June 2011, as job growth in rural America was half of that in the cities.

Beyond Throwaway Cities: How To Build An Export-Proof Local Economy

We invest billions to create a functioning city. How do we create local businesses that won't be tempted to [pack up our jobs and leave town](#)?

Latest county unemployment numbers are now out.....

http://worknet.wisconsin.gov/worknet/worknetinfo.aspx?htm=map_uRatesCo&menuselection=gp

Published quarterly by the Federal Reserve Bank of Kansas City, [Community Connections](#) reports on research, programs and emerging issues affecting low- and moderate-income and small business communities.

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"Sullivan: Education and tax reforms, immigration seen as solutions to skills gap," **Business Journal of Milwaukee, Aug. 21.**

A highly anticipated report on addressing Wisconsin's manufacturing skills gap crisis was released Tuesday afternoon, with short-term and long-term recommendations including competitively distributing state job training funds, reforming the state tax system to attract workers and establishing a group to encourage international immigration to bring more workers to the state. The report was prepared for Gov. Scott Walker by Tim Sullivan, former CEO of Bucyrus International Inc. and current unpaid consultant for business and work force development for the state...

"Entrepreneurs gather in Madison for Forward Technology Festival," **Milwaukee Journal Sentinel, Aug. 21.**

Midwestern entrepreneurs and innovators are gathering in Madison for a 10-day event called the Forward Technology Festival. The festival's signature event -- the Forward Technology Conference -- will be held Wednesday at Memorial Union on the University of Wisconsin-Madison campus. Experts will discuss starting companies, acquiring customers, raising capital and other topics...

"UWM pairings with industry have paid off," **Column, Milwaukee Journal Sentinel, Aug. 11.**

...Roll forward nearly four years, and Johnson Controls has helped underwrite a "dry room" laboratory at UWM for building prototypes of advanced lithium-ion chemistry cells...The lab is one of the latest examples of UWM's emerging partnerships with business and industry in southeastern Wisconsin and beyond. It's a story that is being repeated across the campus and that holds promise for the region's long-term economic growth...

"Tech and Biotech: Tech festival, VentureLab put focus on entrepreneurship," **Wisconsin State Journal, Aug. 10.**

If you've ever thought about starting a company -- especially if there's technology involved -- the next week or two should get those juices flowing. All sorts of activities are on tap, primarily tied to the Forward Technology Festival, Aug. 15-25. Meanwhile, 16 budding entrepreneurs will get intensive training on how to run a business at VentureLab Wisconsin 2012 at University Research Park...

Economic Week in Review: Growth might not be steady, but it is slow

August 31, 2012

This week's data show the U.S. economy is still growing but more slowly than in previous months. Consumer confidence dropped, but there was good news on the housing front—real estate markets gained some ground, according to the Federal Reserve's Beige Book. For the week ended August 31, the S&P 500 Index fell 0.3% to 1,407 (for a year-to-date total return—including price change plus dividends—of about 13.5%). The yield on the 10-year U.S. Treasury note fell 12 basis points to 1.56% (for a year-to-date decline of 33 basis points).

Fed chair affirms it's ready to act if needed

During a highly anticipated speech this Friday, Federal Reserve Chairman Ben Bernanke reiterated that the Fed stands willing to act in order to help the U.S. economy shake off its slow-growth doldrums.

"The Federal Reserve will provide additional policy accommodation as needed to promote a stronger economic recovery and sustained improvement in labor market conditions in a context of price stability," Mr. Bernanke said. He noted that more than monetary policy was needed to move the economy forward, saying, "Monetary policy cannot achieve by itself what a broader and more balanced set of economic policies might achieve; in particular, it cannot neutralize the fiscal and financial risks that the country faces."

GDP data show a slowing economy

U.S. gross domestic product (GDP), a closely watched measure of the nation's economic output, grew at a 1.7% annual rate in the second quarter, according to the U.S. Bureau of Economic Analysis (BEA). Growth was down from the first-quarter reading of 2.0%, but up from the initial second-quarter estimate of 1.5%. Over the last 50 years, GDP annual growth has averaged 3.1%, according to the BEA.

GDP growth below 2.5% isn't very encouraging in terms of reducing the unemployment rate," said Roger Aliaga-Díaz, Vanguard senior economist. "Unfortunately, positive growth isn't enough. The economy needs to grow above and beyond its potential to reduce the gap in idle capacity and put the unemployed back to work. Bernanke also stressed this point in his speech today, perhaps suggesting that the Fed could do more."

GDP: Under the hood

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	1Q 2012	2Q 2012
Real GDP growth	+2.0%	+1.7%
Major components: Contributions/subtractions (percentage points)		
Consumer spending	+1.7	+1.2
Business spending and inventories	+0.8	+0.4
Trade (exports minus imports)	+0.1	+0.3
Federal, state, and local government spending	-0.6	-0.2

Annualized quarterly change, rounded.

Get a closer look at [GDP and its components](#).

Consumers earn a bit more—and spend more

Personal income was up in July by 0.3%, according to the BEA's report of personal income and outlays. Although the 0.2% growth rate for wages and salaries was down from June's increase of 0.4%, dividend and rental income helped keep the overall rate at 0.3%.

Consumer spending also rose last month, to a seasonally adjusted 0.4%. That's the highest rate since February, according to the Commerce Department. While the spending rate is higher, economists believe that it's still weak, due to concerns about slow job and wage growth.

Consumer confidence drops after hitting recent high

The Conference Board's monthly Consumer Confidence Index fell in August to 60.6 from July's 65.4, continuing the erratic ride it's been on all year. The drop took the index to its lowest level since November 2011, when it was 55.2, and well off its recent peak of 71.6 reached in February 2012.

Lynn Franco, director of economic indicators at The Conference Board, attributes the decline to the more pessimistic outlook of consumers. "Consumers were more apprehensive about business and employment prospects," she said.

Consumers also seem to be concerned about inflation's potential bite, especially given the recent rise in gas prices, according to The Conference Board report. Although food and gasoline are stripped from "core" inflation data, they have a significant effect on consumers' perception of prices, as well as their spending capacity. The August inflation indicator was 5.9%, up from 5.4% in July and the highest since March, when it was 6.2%.

Real estate markets rebound slightly

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According to the August Beige Book report from the Federal Reserve, most districts showed a continued gradual expansion of the economy. Real estate markets were a bright spot this month, with all districts reporting increases in home prices, sales, and construction. Retail sales also increased at least somewhat for most districts, with back-to-school purchases a factor in the rise. Manufacturing activity slowed, although demand and sales remained positive for 6 of the 12 districts. According to the Federal Reserve, weak demand for manufactured goods from overseas contributed to the slowdown.

Transportation drives increase in new orders for manufactured goods

New orders for manufactured goods were up 2.8% in July, after a 0.5% decrease in June, according to the Census Bureau's Manufacturers' Shipments, Inventories and Orders report, commonly called the factory orders report. Transportation was a major driver for the increase. Without including goods from the transportation sector, orders were still up by a more modest 0.7%. On a cautionary note, manufacturers' inventories were also up 0.5%, the highest since the data were first published in 1992 using the North American Industry Classification System (NAICS), according to the Census Bureau.

Economic Week in Review: Fed stands primed to act

August 24, 2012

Two reports on housing sales were the most prominent economic updates this week, and they followed the familiar pattern of mixed results. Weakness in this labor-intensive industry has contributed to high unemployment and slow growth, factors which may prompt the Federal Open Market Committee to take further monetary policy action at its September meeting. For the week ended August 24, the S&P 500 Index declined 0.5% to 1,411 (for a year-to-date total return—including price change plus dividends—of about 13.8%). The yield on the 10-year U.S. Treasury note fell 13 basis points to 1.68% (for a year-to-date decline of 21 basis points).

Positive but patchy progress in home sales

The number of new single-family homes sold in July rose more than expected to an annual pace of 372,000 units, a 3.6% increase over the number sold in June, which was revised upward. July's number matched May's level, which was the strongest in two years, but was still far off historical levels. Inventories tightened to 4.6 months of supply (142,000 units, a record low

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number). Pricing was nevertheless weak, with the median sale price slipping a notch to \$224,200 from \$227,000 in June. Sales were higher in the Northeast and Midwest, but down in the South and West.

The 2.3% monthly increase in existing-home sales to an annual rate of 4.47 million in July was less than forecast and below levels seen even a few months ago. Inventories were flat while the median existing-house price dipped slightly. Sales by region ranged from flat to positive. Lawrence Yun, chief economist of the National Association of Realtors, said sales would have been higher if not for what he called “unnecessarily tight lending standards and shrinking inventory supplies.” Distressed homes, which include foreclosures and short sales, inched down to 24% of total existing-home sales in July from 25% in June.

The picture is brighter when taking a year-on-year view: Sales are up 10.4%, inventory is down 23.8%, and the median sales price is up 9.4% compared with July 2011 levels.

Fed considering a range of options

The minutes from the Federal Open Market Committee’s meeting on July 31–August 1 indicate that policymakers are considering further action to stimulate the economy. They noted that inflation is running at or below target, while unemployment remains elevated and is projected to decline very gradually. In the absence of “substantial and sustainable strengthening in the pace of the economic recovery,” the participants discussed a number of measures that might be taken at their September meeting.

“Since there haven't been significant improvements in economic conditions since the last Fed meeting, it should follow that the Fed will consider easing monetary conditions, either via more quantitative easing, or forward guidance by extending the period of zero rates, or both,” said Roger Aliaga-Díaz, Vanguard senior economist. “We will closely track the Fed chairman’s public remarks at Jackson Hole for a hint of what may come next.”

Durable goods orders are hit and miss

Orders for durable goods—items expected to last for more than three years—came in at 4.2% for July. While this figure was well ahead of the 2.4% forecast, the gains were heavily concentrated in the transportation sector. Orders for civilian aircraft rose 53.9% (Boeing reported 260 orders for planes in July compared with only 24 in June) and motor vehicle and parts orders climbed 12.8%. In contrast, orders for core capital goods, which reflect business investment, fell by 3.4%, while core inventories increased by 1.1%.

Economic Week in Review: Hopeful signs emerge

August 17, 2012

Plenty of uncertainty reigns over the economic outlook, but hopeful signs appeared in the latest batch of economic reports. Most prominent was the July reading of the index of leading economic indicators, which has increased in 4 of the past 6 months. Other reports found industrial production, retail sales, and building permits higher and inflation tame. For the week ended August 17, the S&P 500 Index rose 0.9% to 1,418 (for a year-to-date total return—including price change plus dividends—of about 14.4%). The yield on the 10-year U.S. Treasury note rose 16 basis points to 1.81% (for a year-to-date decline of 8 basis points).

A gauge of expected economic activity rises

The Conference Board's index of leading indicators reversed its 0.4% slide in June by rising 0.4% in July, double the consensus estimate. Changes in the index typically precede parallel changes in the broader economy. Among the positive readings were lower jobless claims and higher building permits. A major negative reading came from a decline in new manufacturing orders.

"The indicators point to slow growth through the end of 2012," Ken Goldstein, economist at The Conference Board, said in a statement. "Lack of domestic demand remains a big issue. However, back-to-school sales are better than expected, suggesting that the consumer is starting to come back."

Industrial output advances at a healthy pace

Industrial production—the output of the nation's factories, mines, and utilities—advanced at a solid pace in July: Output rose 0.6%, slightly higher than expected, compared with increases of 0.1% in each of the prior 2 months. Manufacturing output rose 0.5%, the same increase as a month earlier, on the strength of higher production of motor vehicles and parts. The largest percentage gains came from the mining and utilities sectors. Mining output was the strongest it's been all year, and the output of utilities climbed, as air conditioners ran nonstop in an unusually hot July.

Consumer Price Index is unchanged—again

The general level of consumer prices remained about the same in July as in June, after declining in May. Compared to a year earlier, consumer prices rose a slender 1.4%. "Some of the Fed's concerns about inflation falling below their 2% target level—an indication of deflationary forces at work in a slowing economy—are starting to be borne out by the data," said Roger Aliaga-

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Díaz, Vanguard senior economist. "The Fed may be more willing to act if we see these trends continuing in September."

Energy prices, which have declined for 4 months in a row, were a major contributor to the level of the July Consumer Price Index. July food prices rose a tad more slowly than in June. Looming over the inflation outlook, however, is the potential impact on food prices from an unusually severe drought in the Midwest. Core consumer price inflation, which subtracts volatile food and energy prices, grew 0.1%—slower than the 0.2% increase for each of the previous 4 months.

Wholesale price increases accelerate

Producer prices increased 0.3% in July, a faster pace than in June. The results for both months contrast with the declines recorded in each of the previous 3 months. Compared with a year earlier, however, producer prices rose by only 0.5%. A significant component of the July results was higher food prices, reflecting the Midwest drought. (The price of corn reportedly rose 35%.) This was countered by a continuation of a slide in energy prices. The core rate of producer price inflation, which excludes food and energy, rose 0.4%. This was the steepest rise since January.

Retail sales show surprising strength

July was a bounce-back month for retail sales, which rose 0.8% after declining from April through June. The sales gains were broad-based, with the standout increases in categories that fared poorly a month earlier, such as furniture, electronics, and building materials. Gasoline sales also rose, after falling for 3 straight months. Higher food prices appear not to have been a major factor in the sales increases. Analysts cautioned, however, that the July gains are based on a comparison with a very weak June (in fact, June's decline in sales was revised even lower) and that the economy is still growing at a slow pace. This makes it unclear whether July's strong pace of sales truly signals a consumer spending turnabout.

Inventory grows slowly as businesses remain cautious

Businesses have been cautious in adding to inventory in response to slower sales, at least as of June. (July sales climbed, as noted above.) Inventories rose 0.1% in June, down from a 0.3% addition a month earlier. Business sales—to manufacturers, retailers, and certain wholesalers—fell by 1.1%, the third straight monthly decline and the steepest drop in over 3 years. Businesses have inventories under tight control, analysts said.

Home starts slip but permits climb

New construction of residential homes declined 1.1% in July following its strongest rise in more than 4 years in June. Nevertheless, housing starts were 21.5% higher than a year earlier. Issuance of building permits, which is a leading indicator of future homebuilding, rose 6.8%—its largest

increase since 2008. Permits for multifamily buildings, such as apartment houses, propelled the gain. Housing completions rose 7.1%.

Economic Week in Review: Jobs report brings glimmer of hope

August 03, 2012

Friday's jobs report brought some encouragement as it showed higher-than-expected growth in nonfarm payrolls. Consumer confidence also surprised to the upside as workers seemed more hopeful about future business conditions and the labor market. For the week ended August 3, the S&P 500 Index rose 0.4% to 1,390.99 (for a year-to-date total return—including price change plus dividends—of 12%). The yield on the 10-year U.S. Treasury note rose 2 basis points to 1.60% (for a year-to-date decline of 29 basis points).

Private sector drives job growth

Employers added 163,000 jobs in July, better than the 100,000 gain expected and the largest increase since February. Overall, private employers added 172,000 jobs, while governments cut 9,000.

The government uses two surveys to measure employment. While the survey of businesses showed job growth, a survey of households showed a 0.1% increase in the unemployment rate to 8.3%. According to economists, the business survey is more reliable because of its larger sample size.

Fed holds steady on rates

On Wednesday, the Federal Open Market Committee held back from making any changes to its monetary policy. The Federal Reserve's target for short-term interest rates remains where it's been since late 2008, between 0% and 0.25%. Fed officials also repeated an earlier pledge to hold short-term rates near zero at least through late 2014.

Consumers more confident about future job prospects

Consumers are showing a bit more faith in the economy than anticipated. According to The Conference Board, the index of consumer confidence rose 3.2 points to 65.9 in July—only the second increase this year. Higher expectations for the business and labor markets were the chief drivers, although consumers weren't quite as upbeat about their prospects for higher income

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anytime in the near future. While the gain in confidence is a good sign, more evidence is needed to determine whether this is an upward trend or a momentary blip.

Employment costs rise, consumer spending subsides

Employment costs rose 0.5% in the 2nd quarter, in line with expectations, because of a 0.6% increase in the cost of benefits. Wages, which make up 70% of employment costs, rose just 0.4%. Employment costs were up 1.7% for the 12-month period, the slowest gain since the 2nd quarter of 2010.

Personal income in June also rose 0.5%, outpacing spending, which declined less than 0.1% when factoring in inflation. Excluding food and energy, prices were up just 1.8% from a year ago—the slowest inflation since January 2011. Meanwhile, the saving rate rose to 4.4%, its highest level in a year.

Housing construction shows resurgence

The latest construction spending data revealed some signs of strength in the housing market. The U.S. Census Bureau's report on construction spending in June showed that overall construction rose 0.4% from the prior month and 7.0% from June 2011. Private construction was up 0.7% from May, while private residential construction rose 1.3%. Construction on multifamily homes was up a strong 48.8% from June 2011, primarily the result of growing demand for apartments and higher rents in light of tighter lending standards for single homes.

Manufacturing and services growth remain feeble

Manufacturing showed persistent weakness in July as the Institute for Supply Management's (ISM's) manufacturing index came in at 49.8—suggesting that June's decline wasn't a one-time incident. Economists had been expecting modest growth.

The situation appeared better on the services side, according to the ISM's report on nonmanufacturing activity, which showed a slight increase in July from 52.1 to 52.6—ahead of analyst expectations. However, while nonmanufacturing new orders and export orders both showed increases in growth, the index hasn't produced a year-over-year increase since August 2011.

Factory orders fall more than expected

Orders for manufactured goods dropped 0.5% in June due mainly to a 2.0% drop in nondurable goods, the steepest decline since March 2009. The decline in nondurable goods followed a 0.4% drop in May. Although orders for durable goods grew 1.3% in June, figures for both May and June were revised downward.

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Auto sales remained a bright spot, continuing toward the best year since 2007. In July, cars and light trucks sold at an annual rate of 14.1 million, unchanged from June.

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