



northern *State* university

September 8, 2008

Senator Jason M. Grant, Chair
South Dakota Legislature
Government Operations and Audit Committee
State Capitol
500 East Capitol Ave
Pierre, SD 57501-5070

Dear Senator Jason Grant:

In response to your letter dated September 3, 2008, I provide this overview with the number of jobs that are created by the South Dakota International Business Institute (SDIBI) since its inception in 1994 and outline the funding resources that have sustained SDIBI over this time period. Finally, I will attempt to summarize what the economic impact has been to the State of South Dakota.

As you may recall, SDIBI was developed in 1994 as a cooperative effort between the State of South Dakota and Northern State University to support the South Dakota Department of Tourism & State Development (SDDT&SD) in facilitating and enhancing international trade and investment. SDIBI developed export promotion and foreign direct investment services and activities which are summarized at <http://www.sd-exports.org>.

With respect to trade, SDIBI offers the following services to increase exports from South Dakota: Company consultations, yearly series of seminars on how to conduct international business, access to export finance in coordination with the Export-Import Bank, access to trade resources and dissemination of trade leads. These services are actively being utilized by the South Dakota exporting community. SDIBI conducts a minimum of 4 seminars per year which still attract approximately 25 participants per seminar from our exporting companies! The fact that SDDT&SD has been willing to financially support SDIBI's exporting programs since 1995 is evidence that real economic value exists. The effect of our export promotion services on job creation is difficult to capture since, unlike foreign direct investment, it is an indirect effect. The attached printout of the World Institute for Strategic Economic Research indicates that South Dakota 27 % growth over the last 10 years was more than double the national and regional increase of 12.1% and 12.6% respectively. In fact South Dakota's exports have increased approximately \$1 billion since SDIBI's inception equating to tremendous job creation if you utilize the USDOC's definition that every \$52,000 in exports equates to 1 new job.

Senator Jason M. Grant, Chair

September 8, 2008

Page -2-

With respect to investment, SDIBI has been conducting foreign direct investment for South Dakota since 2001. The program has been very successful, especially since the EB-5 regional center program was approved in April, 2004. Since that time alone the attached table indicates that over \$168,750,000 in new project resulted in approximately 1000 new direct jobs. The impact to South Dakota's economy would be substantially higher if economic multipliers are taken into consideration. Finally we can state that SDIBI's foreign investment activities have received national recognition including the write-ups in the Wall Street Journal in 2003 and 2007.

The FY09 SDIBI annual budget consist of \$92,140 from the State General Funds with approximately \$110,000 in annually renewable contracts and \$5,000 in program income. SDIBI is staffed with 1 director, 1 secretary and 1 student labor position. SDIBI is housed on the campus of Northern State University in Graham Hall.

Senator Grant, I hope this provides you with satisfactory answers to your questions. I also hope to have convinced you that SDIBI has been able to produce a remarkable ROI for South Dakota and that continued funding is in the best interest of South Dakota's economy. Please do not hesitate to contact me if additional information is needed.

Sincerely,



Laurie Stenberg Nichols
Interim President
Northern State University