

Roller Coaster Labor Force Growth

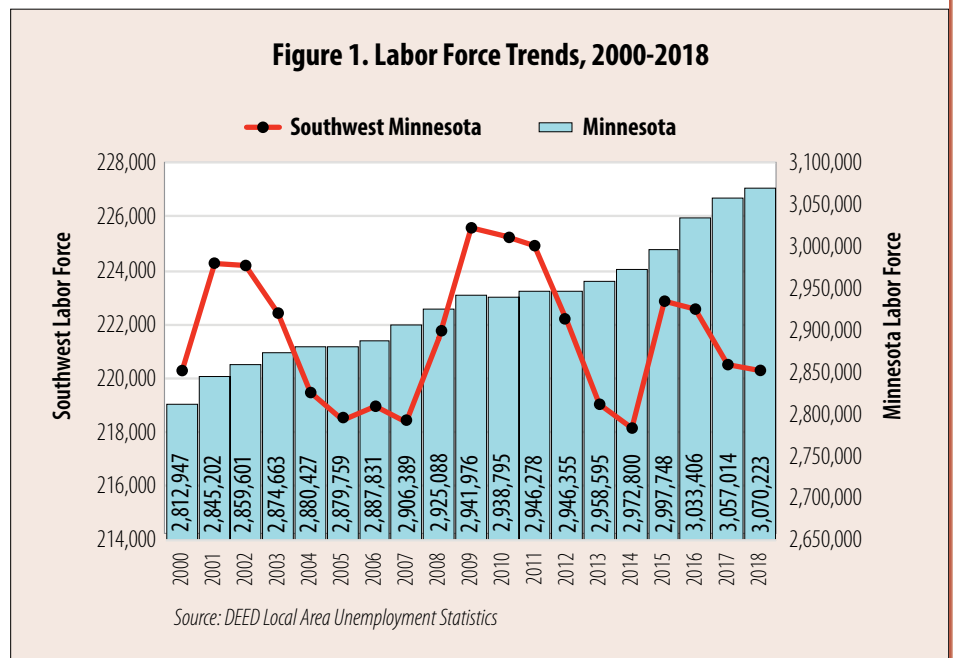
Creative hiring incentives counter regional reductions in the labor force and unemployment rate.

While Minnesota has enjoyed a steady increase in labor force participants year after year, the Southwest planning region has not been as fortunate, experiencing ebbs and flows since 2000. In fact, there have been three periods during this time in which the regional labor force saw dramatic decreases, including a drop of almost 6,000 available workers from 2001 to 2007. As the Great Recession set in, workers flooded back into the labor market, reaching a new peak of 225,616 workers in 2009.

As the economy began to recover, the region again saw declines from 2009 to 2014, losing over 7,450 participants, to a new low of 218,153 workers. Southwest then saw a one-year jump of more than 4,700 additional workers, followed by another series of losses over the next three years. At the end of the roller coaster ride, the net result was an increase of only 51 labor force participants between 2000 to 2018, but a decrease of almost 5,300 workers since the peak in 2009 (Figure 1).

The region's unemployment rate has seen somewhat similar ebbs and flows, also peaking in 2009 before seeing a fairly steady decline through 2018. Going back to 2000, the unemployment rate in Southwest has decreased by 0.3 percent, indicating a healthy economy and a tight labor market. Since its peak in 2009, the rate dropped from 6.9 to 3.1 percent (Figure 2).

These reductions in the labor force and unemployment rate have led to a troublesome reality in which the job seeker-per-vacancy ratio has dropped to 0.6-to-1. That means that for every 10 job openings, only six unemployed people were actively seeking work. As a result of this imbalance, many companies are struggling to fill their job vacancies, prompting some employers to adopt



hiring and retention incentives such as higher starting wages, hiring bonuses, educational reimbursement, or flexible scheduling.

Economic Recovery

Despite the labor market fluctuations, Southwest saw growth of over 4,100 jobs from 2009 to 2018, a 2.4 percent

jump. The largest numeric increases were in health care and social assistance, up 1,318; transportation and warehousing, up 1,210; and agriculture, forestry, fishing and hunting, up 1,052 jobs. The fastest growing industry sectors included agriculture, forestry, fishing and hunting, up 24.6 percent; transportation and warehousing, up 20.5 percent; and real estate,

rental and leasing, up 17.1 percent. Unfortunately, seven industry sectors lost jobs during this period, including over 500 jobs lost in accommodation and food services and almost 490 fewer jobs in management of companies and enterprises (Table 1).

Despite some peaks and valleys, the number of job vacancies

Table 1. Southwest Minnesota Industry Employment

Industry Sector	2009 to 2018				2018 Annual Average		
	2009 Jobs	2018 Jobs	Numeric Change in Jobs	Percent Change in Jobs	2018 Establishments	2018 Total Payroll	2018 Average Annual Wage
Total, All Industries	172,617	176,790	4,173	2.4%	12,308	\$7,382,049,343	\$41,704
Health Care and Social Assistance	29,987	31,305	1,318	4.4%	1,272	\$1,296,435,868	\$41,392
Manufacturing	31,293	31,135	-158	-0.5%	602	\$1,610,843,866	\$51,740
Retail Trade	19,848	19,877	29	0.1%	1,520	\$485,979,390	\$24,440
Educational Services	15,477	16,278	801	5.2%	240	\$682,060,526	\$42,224
Accommodation and Food Services	12,620	12,072	-548	-4.3%	868	\$165,352,210	\$13,676
Public Administration	9,805	10,036	231	2.4%	588	\$438,109,795	\$43,680
Construction	7,444	8,181	737	9.9%	1,530	\$431,286,361	\$52,416
Wholesale Trade	8,099	7,939	-160	-2.0%	651	\$466,179,322	\$58,656
Transportation and Warehousing	5,894	7,104	1,210	20.5%	750	\$271,467,603	\$38,168
Finance and Insurance	5,776	6,003	227	3.9%	720	\$369,941,791	\$61,620
Agriculture, Forestry, Fishing, and Hunting	4,274	5,326	1,052	24.6%	657	\$229,727,310	\$43,004
Other Services (except Public Administration)	5,078	4,919	-159	-3.1%	1,039	\$144,348,623	\$29,328
Professional, Scientific, and Technical Services	3,757	3,967	210	5.6%	605	\$226,850,812	\$57,200
Admin. and Support and Waste Mgmt. and Remediation	3,873	3,923	50	1.3%	383	\$135,429,701	\$34,476
Information	3,012	2,624	-388	-12.9%	214	\$127,538,523	\$48,620
Arts, Entertainment, and Recreation	1,946	1,963	17	0.9%	236	\$32,874,494	\$16,744
Real Estate and Rental and Leasing	1,221	1,430	209	17.1%	285	\$39,922,699	\$27,872
Management of Companies and Enterprises	1,894	1,408	-486	-25.7%	48	\$116,952,525	\$82,940
Utilities	1,008	960	-48	-4.8%	80	\$86,737,341	\$90,376
Mining	307	337	30	9.8%	25	\$24,010,583	\$72,228

Source: DEED Quarterly Census of Employment and Wages

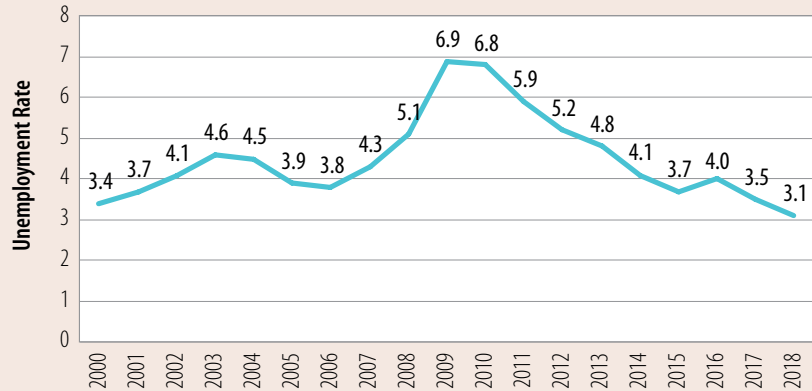
in the Southwest region has increased as well, jumping from just over 2,000 openings during 2009 to well over 10,000 vacancies in 2018, an increase of more than 400 percent. The largest number of vacancies ever reported in the region dating back to 2001, at 12,355 openings, occurred during the second quarter of 2018 (Figure 3).

Hiring Demand and Difficulties

Beyond flat population growth and low unemployment, certain characteristics of the region’s job vacancies may make it even more difficult for some employers to fill their jobs as well. For example, three of the five largest occupational groups in demand offer predominantly part-time jobs, and 40 percent of all openings are part-time. Many of these part-time openings do not offer benefits such as health care, and many offer low wages, resulting in compensation that is inadequate to meet the region’s basic cost-of-living.

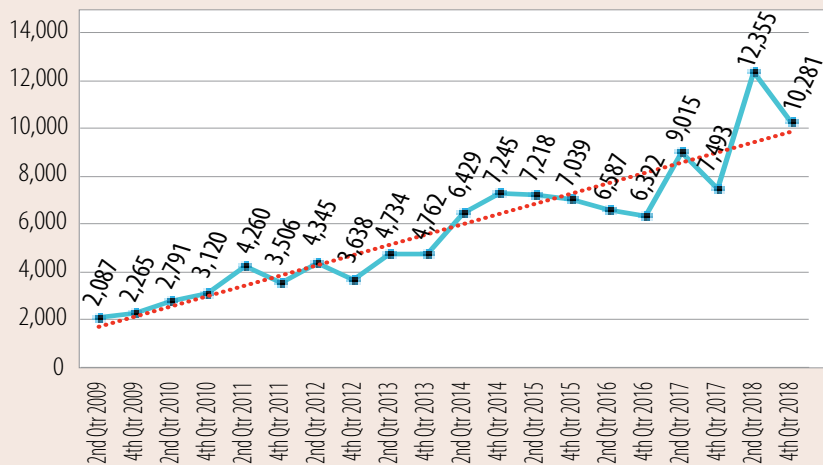
On the other end, a smaller group of vacancies are characterized by high education or experience requirements and higher wages. For example, 95 percent or more openings in education, training and library, health care practitioners, and management occupations require post-secondary education and

Figure 2. Southwest Minnesota Annual Unemployment Rate Trends, 2000-2018



Source: DEED Local Area Unemployment Statistics

Figure 3. Southwest Minnesota Job Vacancy Trends, 2009-2018



Source: DEED Job Vacancy Survey

95 percent or more vacancies in management and business and financial operations occupations require one or more years of experience (Table 2). Not surprisingly, the median wage offers for these openings are

significantly higher than those that don't require education and experience. However, higher wages may not make these jobs easier to fill if qualified workers do not live in the area.

Fewer people are out there looking for work, meaning the combination of a low job seeker-per-vacancy ratio and some challenging job characteristics are making it more difficult for employers to fill their vacancies. **T**

Table 2. Southwest Minnesota Job Vacancies, 4th Qtr. 2018

Occupational Group	Number of Job Vacancies	Percent of Total Vacancies	Percent Part-Time	Percent Requiring Post-Secondary Education	Percent Requiring 1+ Years Experience	Median Wage Offer
Total, All Occupations	10,281	100.0%	40%	28%	30%	\$13.63
Personal Care and Service	1,326	12.9%	76%	6%	3%	\$11.98
Food Preparation and Serving Related	1,300	12.6%	59%	14%	14%	\$10.95
Production	996	9.7%	6%	9%	18%	\$14.00
Transportation and Material Moving	911	8.9%	28%	9%	61%	\$19.22
Protective Service	817	7.9%	99%	1%	2%	\$9.98
Healthcare Practitioners and Technical	790	7.7%	41%	96%	43%	\$22.70
Building/Grounds Cleaning and Maintenance	611	5.9%	14%	3%	7%	\$12.43
Sales and Related	608	5.9%	39%	42%	41%	\$13.73
Installation, Maintenance, and Repair	421	4.1%	4%	50%	75%	\$17.92
Office and Administrative Support	376	3.7%	30%	18%	47%	\$14.01
Construction and Extraction	323	3.1%	1%	13%	14%	\$16.52
Healthcare Support	296	2.9%	51%	24%	2%	\$12.76
Education, Training, and Library	281	2.7%	51%	98%	79%	\$14.28
Farming, Fishing, and Forestry	281	2.7%	50%	10%	5%	\$13.40
Life, Physical, and Social Science	227	2.2%	0%	36%	40%	\$14.92
Management	202	2.0%	0%	95%	99%	\$28.66
Business and Financial Operations	155	1.5%	3%	77%	96%	\$26.08
Architecture and Engineering	151	1.5%	2%	73%	79%	\$24.23
Community and Social Service	80	0.8%	20%	57%	81%	\$19.32
Computer and Mathematical	70	0.7%	23%	81%	76%	\$26.47
Arts, Design, Entertainment, Sports, and Media	19	0.2%	9%	90%	74%	\$18.48

Source: DEED Job Vacancy Survey