From chasing smokestacks to chasing people

Coalition of Greater Minnesota Cities | Fall Conference
November 14, 2019
Staff & Board of Directors

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Julie Tesch – President
Marnie Werner – Director of Research, VP Operations
Kelly Asche – Research Associate

BOARD OF DIRECTORS

15 – 20 Board Members
13 appointed by Governor
2 appointed by House and Senate Leadership
5 at-large
Represent various aspects of Greater Minnesota
Research Agenda

Staff Input

Research Committee

Legislators

Annual Survey

Research Agenda: Typically 4 – 6 topics
FY20 Research Agenda

- The Ag Economy(ies): Impacts to Local Levies
- Impacts of the Merger and Acquisitions of Health Care Providers
- The Balancing of Childcare Regulations and Business Needs
- Impacts of Addiction on County Services
- The Difference in Wages and Cost of Living Across Minnesota
Narratives & Perceptions

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NOVEMBER 14, 2019
Deficit Approach

“The kids are all leaving”

“Outmigration is a problem”

“There is a Brain Drain”

“Rural areas are dying”
I'm just getting started, but some of the issues I expect I'll cover include: rural economies and why they've been struggling more than metros; the brain drain issue and the question of retaining educated workers; shortages in hospitals and mental health providers; and the current political rift between urban and rural America.
Urban-rural split in Minnesota grows deeper, wider

“People in the “L” tend to be older per capita than in more populated areas and make less money. More still make their living farming the land or in agriculture-linked activities. Homes and businesses are scattered widely across the landscape and property values are lower, yielding a weaker tax base.”
Different names, same geographies

Names for “Twin Cities”
• Urban
• Twin Cities Metropolitan Area
• Metro

Names for “rural”
• Greater Minnesota
• Rural
• Far-flung regions of the state

“The biggest problem staring lawmakers in the face is the lagging economic recovery in the far-flung regions of the state.”
the University of Minnesota Morris
the Prairie Renaissance Cultural Alliance
two clinics and a hospital
the West Central Research and Outreach Center
two wind turbines
a vibrant manufacturing sector which currently has many jobs available
a diversified workforce that includes manufacturing, education, and health services
a 2% unemployment rate
the USDA Soils Management Research lab
US Fish and Wildlife Service - Morris Wetland Management District
a vibrant downtown retail district, and
an increasing Latino community that is opening shops and changing the face of the community.
Different ways to define “metro”

3 Census Places

Office of Management and Budget

Economic Research Service
Population loss due to metro status changes

1974 rural-urban continuum codes

2017 non-metro population: 1,591,183

2013 rural-urban continuum codes

2017 non-metro population: 1,236,541

Rural-Urban Continuum Codes
Be specific

Be specific about your “rural”

Their rural

Ask others to be specific about their “rural”

ABCD

Do your ABCD’s

Tips to improving the narrative
Job Vacancies – Part 1, Data Brief

Topic Questions

Is this a new problem? How long have vacancies been growing?

Are there particular industries/types of positions that are leading the growth?

Have wages increased with workforce demand?

Are there experience/education requirements that are causing significant barriers to employment?

What is the workforce participation rate? Are there any pools of population that aren’t engaged in the workforce that could be tapped?
Average quarterly job vacancies

Percent of 2005 levels

Vacancy rate

Job vacancies – unprecedented levels

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Job Vacancies:
The gap in median wages of vacancies are closing...
<table>
<thead>
<tr>
<th>Planning Region</th>
<th>Hourly wage needed to cover cost of living</th>
<th>Median wage of job vacancies</th>
<th>Median Wage as Percent of Cost of Living Hourly Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southwest</td>
<td>$14.70</td>
<td>$13.32</td>
<td>90.60%</td>
</tr>
<tr>
<td>Southeast</td>
<td>$16.17</td>
<td>$14.10</td>
<td>87.20%</td>
</tr>
<tr>
<td>Northwest</td>
<td>$15.21</td>
<td>$12.89</td>
<td>84.70%</td>
</tr>
<tr>
<td>Northeast</td>
<td>$15.26</td>
<td>$12.88</td>
<td>84.40%</td>
</tr>
<tr>
<td>Central</td>
<td>$17.56</td>
<td>$13.82</td>
<td>78.70%</td>
</tr>
<tr>
<td>Metro</td>
<td>$20.51</td>
<td>$15.15</td>
<td>73.90%</td>
</tr>
</tbody>
</table>

**Job Vacancies**: Living in Greater Minnesota can be a pretty good deal.
A growing number of vacancies are full-time and/or offering health care benefits
Percent of vacancies requiring post-secondary education by select occupations

- Construction and Extraction
- Healthcare Practitioners and Technical
- Office and Administrative Support
- Personal Care and Service

Education requirements is a tool to control applicant numbers
Data is clear

The pressure to fill job vacancies in Greater Minnesota at or exceeds levels experienced in the Twin Cities.
Percent of Jobs Filled

<table>
<thead>
<tr>
<th>Percent of Jobs Filled</th>
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<tbody>
<tr>
<td>10%</td>
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</table>

Filled by new workers

Open positions mostly due to economic growth and retirements of employees

Strategies to fill the gap

- Recruit and retain labor force
- Engage population with high barriers to employment
Job Vacancies Part 2: People Recruitment and Retention

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Projected workforce shortage

Projected change in the labor force, 2015-2030

- More than -10%
- -10% to -6%
- -5% to -1%
- 0% to 1%
- 0% to 5%
- More than 5%
Decreases in workforce greater as an area gets more rural.
In-migration of 30- to 49-year-olds

People recruitment campaigns across Greater Minnesota are based on research conducted by U of MN Extension that highlights the in-migration of 30- to 49-year-olds.
Why migrating to rural areas?

- Affordable Housing
- Small class sizes
- Quality of life
- Jobs (immigrant and refugee populations)
Initiatives
Promoting and engaging
Making it Home

IDENTIFYING ASSETS

PROMOTING ASSETS

INTENSE COLLABORATION

ENGAGING VISITORS

ENGAGING NEWCOMERS
Recruitment Challenges

- Building a Network from Scratch
- Whose responsible?
- Negative Narrative and Perceptions
- Diversity of skill set required for initiatives
Policy implications: from chasing smokestacks to chasing people

**JOB RECRUITMENT & RETENTION**
- Tax incentives
- Infrastructure investments
- Focus on labor force

**PEOPLE RECRUITMENT & RETENTION**
- Housing programs
- Visitor strategies
- Current resident engagement
- Investments in natural amenities
- Focus on quality of life issues
Job Vacancies Part 3: Engaging populations with high barriers to employment

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Populations with high barriers to employment

Disabilities

Criminal Background

Immigrant and refugees

Life circumstances
Barriers

BUSINESS-SIDE

Concern over costs
Fear of legal liability
Lack of awareness
Cultural preparedness
Hold negative perceptions

POPULATION-SIDE

Transportation
Child care
Health care access
Poverty
A larger network for workforce development
Challenge in Greater Minnesota: Funding
Workforce Development Funding Programs

**Federal WIOA:**
- Distributed via formula

**Workforce Development Boards**

**CBO's, businesses**

**State Workforce Development Fund:**
- Distributed without formulas

**Dislocated worker program:**
- Distributed based on need

**State Adult Programs:**
- Two methods for distribution
  - Direct Appropriations: Via legislature
  - Competitive Grants: via DEED

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Investment from Workforce Development Fund

Legislative appropriations as a percentage of Workforce Development Fund
Funding disparities due to “State Adult” funds
Process Leaves Greater MN Disadvantaged

State Adult Funding

- Direct Appropriations
- DEED Competitive Grants

No geographic factor in allocation system
- Twin cities has significantly more non-profits in the competitive pool.
- WDOs in Greater MN are less population specific
- Greater MN not as competitive in terms of return on the dollar
Job Vacancies Part 4: Changing the story on careers for rural high schoolers

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Student Influencers

EXPERIENCES  IMMEDIATE FAMILY  FORMAL ADVISORS
Do you think you could get a good paying job in career cluster in your region?

- Yes: 74.2%
- No: 25.8%

MN DEED: Survey of 800 students at Southwest Career Expos
Retention – engaging youth

Regional Job Fairs + Apprenticeships + Internships + Career and technical instruction = Changing perceptions
Lots of activity in Greater Minnesota

IN INVOLVEMENT FROM BUSINESS COMMUNITY

INCREASING INTEREST IN CTE

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Build Dakota Scholarships

**Program Details**
- Both in-state students and out-of-state students are eligible for the scholarships.
- Scholars of all ages are welcome to apply.
- The scholarships will support tuition, fees, books and other required program expenses in the eligible technical institute programs.
- Recipients of the scholarships will commit to living and working in the state, in their field of study, for three years following graduation.
- In the first five years, a projected 300 scholarships will be awarded annually. Beyond the first five years, the endowment will support approximately 50 full-ride scholarships.

**Student Commitment**
- Enroll full-time in a technical institute program determined as high-need workforce area in South Dakota
- Following graduation, work full-time in field of study in South Dakota for a minimum of three years.
Recommendations

- Transportation funding
- Tweaking secondary state’s secondary instructors’ licensure
- Tweaking state graduation requirements
- Explore potential of a Build Dakota-type program
Questions?
Dynamic, not static

MIGRATION TRENDS IN GREATER MN
Cohort Lifecycle
If we have 20 children 10-14 in 1990, we expect 20 young adults aged 20-24 in 2000.
1990-2000, Number of People
Difference between the Observed (Actual) and Expected

Grant
1990-2000, Number of People
Difference between the Observed (Actual) and Expected
Age 20-24

1990-2000

2000-2010

Percent Change

-6.3 - 0.0
0.1 - 10.0
10.1 - 25.0
25.1 - 145.3

Percent Change

-4.4 - 0
0.1 - 10
10.1 - 25
25.1 - 205.1
Age 35-39

1990-2000

Percent Change
-16.8 - 0.0
0.1 - 10.0
10.1 - 25.0
25.1 - 79.5

2000-2010

Percent Change
28.8 - 0.0
0.1 - 10.0
10.1 - 25.0
25.1 - 72.8
Age 50-54

1990-2000

2000-2010

Percent Change
-13.5 - 0.0
0.1 - 10.0
10.1 - 25.0
25.1 - 40.6

Percent Change
-21.9 - 0.0
0.1 - 10.0
10.1 - 25.0
25.1 - 100.0
Age 55-59

1990-2000

2000-2010

Percent Change
-15.9 - 0.0
0.1 - 10.0
10.1 - 25.0
25.1 - 66.5

Percent Change
-18.1 - 0.0
0.1 - 10.0
10.1 - 25.0
25.1 - 66.5