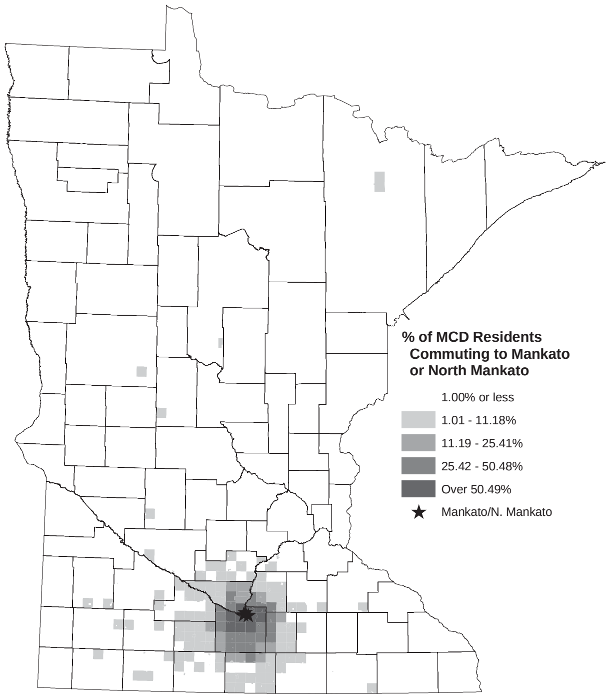
Labor Market Profile

Region 9 | South Central Minnesota | June 2004

South Central Minnesota: Ready for Expansion

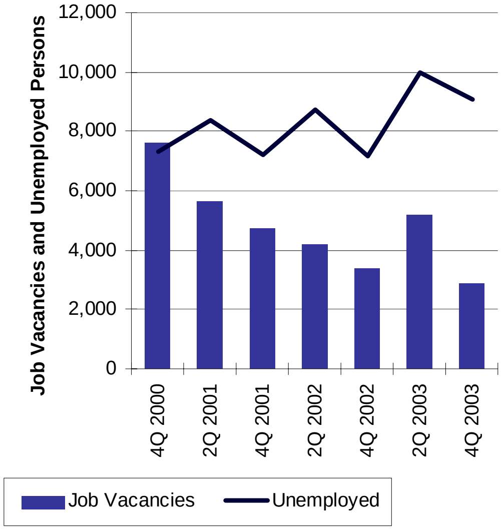
Economic Development Region 9 – The nine counties in Minnesota's Southwest Planning Region experienced a 0.8 percent employment decline with the recent recession (2000-2003). In comparison, there was a statewide job loss of 1.2 percent for the same time period.

Figure 1. Mankato Laborshed: Share of Working Residents Commuting to Mankato, 2000



Source: U.S. Census Bureau. 2000 Minor Civil Division Worker Flow Files. Online at www.census.gov

Figure 2. Job Vacancies and Unemployment in the Southwest Planning Region*



Source: DEED, Labor Market Information Office. Job Vacancy Survey. Online at www.deed.state.mn.us/lmi/publications/jobvacancy/

** Note: The most detailed geography for which Job Vacancy data is produced is Planning Region. The Southwest Planning Region includes Economic Development Regions 6W, 8, and 9.*

The recession has prompted major layoffs in regional specialty industries like computer and electronics manufacturing, machinery manufacturing, and printing. Not surprisingly, the regional unemployment rate has trended upward from 3.6 percent in 2001 to 4.1 percent in 2002 and 4.7 percent in 2003.

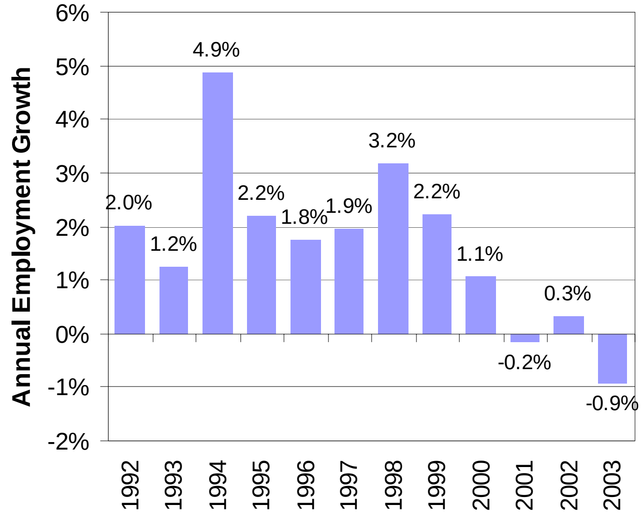
Executive Summary

ECONOMIC DEVELOPMENT REGION 9 – The nine counties in Minnesota's Southwest Planning Region experienced a 0.8 percent employment loss with the recent recession (2000-2003). In comparison, there was a statewide loss of 1.2 percent.

The recession has prompted major layoffs in regional specialty industries like computer and electronics manufacturing, machinery manufacturing, and printing. Not surprisingly, the regional unemployment rate has trended upward from 3.6 percent in 2001 to 4.1 percent in 2002 and 4.7 percent in 2003.

INDUSTRY. A strong regional presence in manufacturing has set the stage for higher unemployment, with layoffs occurring in computer and electronics, machinery, food, fabricated metal and miscellaneous manufacturing. Between 2000 and 2003, manufacturing led industry sectors in employment downturns, decreasing 13 percent or 3,200 jobs.

Figure 3. Annual Employment Growth: Region 9, 1992-2003



Source*: DEED, Labor Market Information Office. Quarterly Census of Employment and Wages (QCEW). Online at www.deed.state.mn.us/lmi/tools/qcew/*

These losses have been partially offset with gains in healthcare and social assistance, up 14.9 percent; finance and insurance, up 13.5 percent; and construction, up 9.9 percent.

WORKFORCE. Labor force participation rates for residents of Region 9 are high and increased throughout the '90s. Participation gains are notable in all age groups.

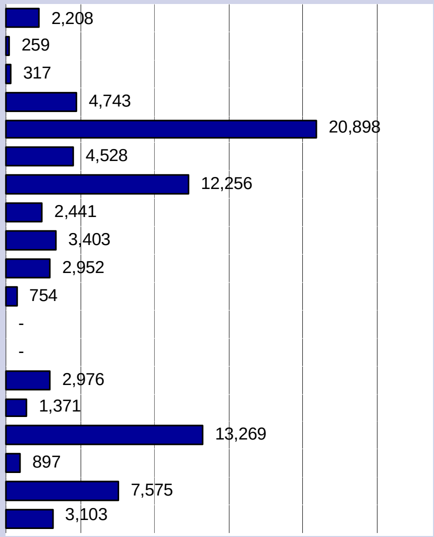
OUTLOOK. Employment projections to 2010 suggest that sales occupations, and personal care and services will create the most new job opportunities, followed by office and administrative support, food preparation and serving, transportation and material moving, and healthcare practitioners and healthcare support. Measurement of current hiring demand using the Minnesota Job Vacancy Survey reveals a somewhat different profile of opportunities. The greatest current demand is in healthcare practitioners and technical, followed by food preparation and serving occupations.

Manufacturing was hit first and hit hardest by the recession. Services-based industries experienced employment losses later. Initial Claims for unemployment insurance have been trending upward since 2000. Now the region waits for a recovery to close the gap between job vacancies and unemployed job seekers.

Table 1. Employment and Wages for Industry Sectors: Region 9, 2003

Industry	2003 Private Sector Employment	Avg. Weekly Wage	Payroll wages (in $1,000s)
Ag, Forestry, Fishing, Hunting	2,208	$468	$53,794
Mining	259	$865	$11,636
Utilities	317	$1,070	$17,643
Construction	4,743	$691	$170,464
Manufacturing	20,898	$634	$688,705
Wholesale Trade	4,528	$739	$173,938
Retail Trade	12,256	$327	$208,300
Transport and Warehousing	2,441	$504	$63,957
Information	3,403	$710	$125,663
Finance and Insurance	2,952	$699	$107,339
Real Estate, Rental, Leasing	754	$338	$13,251
Professional and Tech Services	-	-	-
Management of Companies	-	-	-
Admin and Waste Services	2,976	$346	$53,563
Educational Services	1,371	$542	$38,620
Health Care and Social Assistance	13,269	$527	$363,728
Arts, Entertainment, Recreation	897	$197	$9,198
Accommodation and Food Services	7,575	$160	$62,926
Other Services, Ex. Public Admin.	3,103	$335	$53,985

2003 Private Sector Employment



Source: DEED, Labor Market Information Office. Quarterly Census of Employment and Wages (QCEW). Online at www.deed.state.mn.us/lmi/tools/qcew/

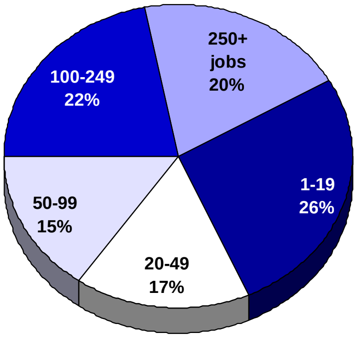
MAJOR INDUSTRIES

In 2003, the region's top-employing industries were manufacturing, healthcare and social assistance, and retail trade. These industries exert a powerful influence on the region's workforce makeup and business environment. (See Table 1.)

Employment in Region 9 is distributed fairly evenly across employers of various sizes, although a relatively large percentage (26 percent) of employment is in small firms with less than 20 employees. (See Figure 4.)

Manufacturing represents 24.1 percent of the region's jobs, while contributing 29.5 percent of total annual wages – close to $700 million. Healthcare and social assistance accounts for 15.3 percent of the region's jobs, while contributing 15.6 percent of total annual wages. Retail makes up 14.1 percent of total employment but only 8.9 percent of total wages.

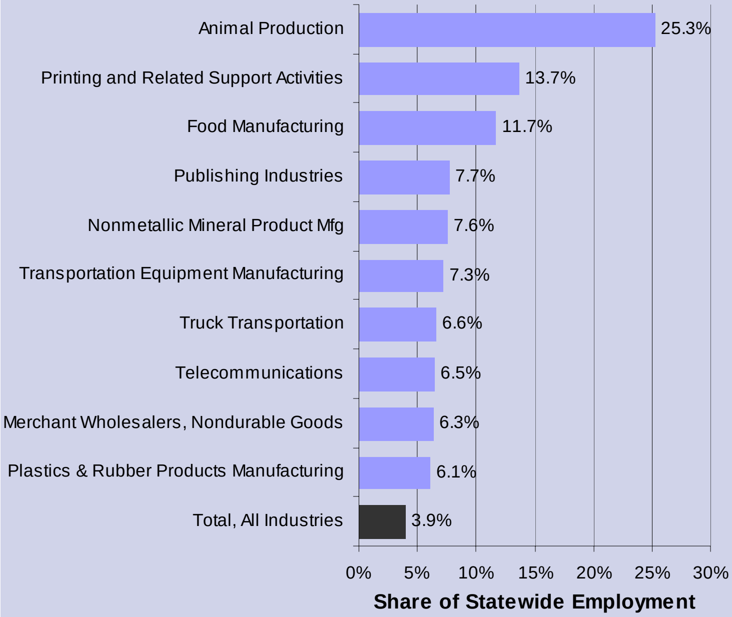
Figure 4. Distribution of Jobs by Employer Size Class: Region 9, 1st Quarter 2003



Source: DEED, Labor Market Information Office. Quarterly Census of Employment and Wages (QCEW). Online at www.deed.state.mn.us/lmi/tools/qcew/

The Region's Industry Mix

Figure 5. "Distinguishing Industries": Region 9 Industries with an Above-Average Market Share, 2003



Source: DEED, Labor Market Information Office. Quarterly Census of Employment and Wages (QCEW). Online at www.deed.state.mn.us/lmi/tools/qcew/

DISTINGUISHING INDUSTRIES OF THE REGION

DEED defines a region's distinguishing industries as those with a better-than-average share of statewide (or nationwide) industry employment. Region 9 had 3.9 percent of private sector Minnesota jobs in 2003. Ten distinguishing industries in the region have a 6.0 percent or greater share of the state's jobs. (See Figure 5.)

Of the distinguishing industries, food manufacturing, plastics and rubber product manufacturing, printing, and publishing have experienced the greatest job losses: down 143 jobs, 125 jobs, 109 jobs, and 103 jobs, respectively.

Gains have occurred in nonmetallic mineral production, animal production, and telecommunications, up 112 jobs, 110 jobs, and 106 jobs, respectively.

MAJOR EMPLOYERS

Major employers in Region 9 are distributed across counties throughout the region. Large employers represent manufacturing, healthcare and education. Food manufacturing and printing are particularly well represented. (See Table 2.)

Not surprisingly, Blue Earth and Nicollet Counties are home to the most major employers with healthcare, education and printing being represented.

Table 2. Major Employers in Region 9

Name	County	Primary Line of Business
Taylor Corp	Nicollet	Printing and Publishing
Minnesota State University	Blue Earth	Colleges & Universities
Immanuel St Joseph's-Mayo Hlth	Blue Earth	General Medical & Surgical Hospitals
Brown Printing Co	Waseca	Commercial Lithographic Printing
MVE Inc	Le Sueur	Plate Work Mfg
Johnson Components Inc	Waseca	Broadcast & Wireless Comm. Equip
St Peter Regional Treatment	Nicollet	General Medical & Surgical Hospitals
3M Co	Brown	Misc Electrical Equip Mfg
Kraft Foods	Brown	All Other Misc Food Mfg
Le Sueur Inc	Le Sueur	Aluminum Foundries, Except Die-Casting
Gustavus Adolphus College	Nicollet	Colleges & Universities
MRCI	Blue Earth	Social Services
Norwood Promotional Products	Brown	Sign Mfg
Con Agra Foods	Watonwan	Animal, Except Poultry, Slaughtering
Seneca Foods Corp	Le Sueur	Fruit & Vegetable Canning
Target	Blue Earth	Department Stores, Except Discount
M G Waldbaum Co	Sibley	All Other Misc Food Mfg
St John Lutheran Home	Brown	Nursing Care Facilities
Hickorytech Human Resources	Blue Earth	Employment Placement Agencies

Source: InfoUSA. 2004 ALMIS Employer Database. Online at www.iseek.org

Regional Wage Structure

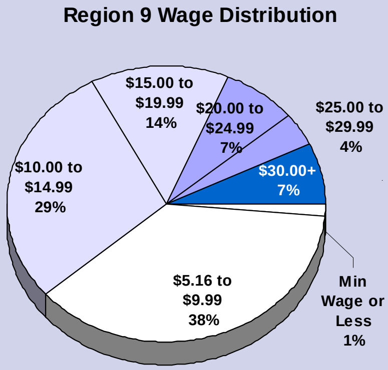
REGIONAL WAGES

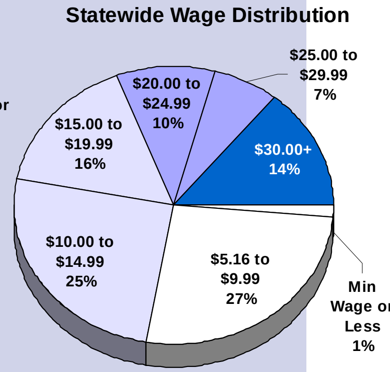
Generally, wages in Region 9 are better than in some regions, but lower than in the Twin Cities. Most jobs in the region pay low- or moderate-wages; 32 percent of jobs pay more than $15.00 per hour.

OCCUPATIONAL WAGES

The median wage for all public- and private-sector jobs in the South Central Planning Region*, which includes Region 9, is $13.81 per hour. The highest-wage jobs are found in management occupations, where the median wage is $33.15 per hour. The highest levels of employment are in the office and administrative support occupations, which pay a median wage of $13.08 per hour. (See Table 3.)

Figure 6. Wage Distribution of All Jobs: 2002

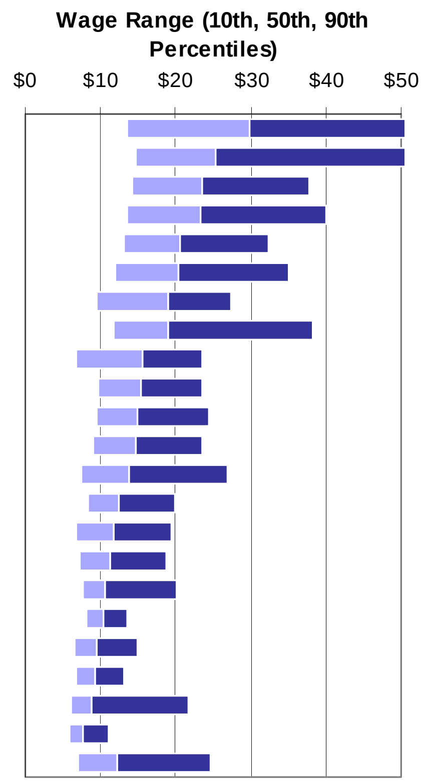




Source: DEED, Labor Market Information Office. Wage Record Analysis. Online at www.deed.state.mn.us/lmi/tools/qcew/

Table 3. Wages by Occupation: South Central Planning Region*

Occupation Group	Regional Median Wage	Regional Employ
Management Occupations	$29.76	6,760
Legal Occupations	25.42	560
Architecture and Engineering Occupations	23.42	2,340
Computer and Mathematical Occupations	23.39	1,790
Business and Financial Operations Occupations	20.54	5,460
Life, Physical, and Social Science Occupations	20.41	990
Education, Training, and Library Occupations	18.97	12,060
Healthcare Practitioners and Technical Occupations	18.96	8,620
Protective Service Occupations	15.68	2,980
Construction and Extraction Occupations	15.45	6,670
Community and Social Services Occupations	14.86	2,870
Installation, Maintenance, and Repair Occupations	14.60	5,630
Arts, Design, Entertainment, Sports, and Media	13.75	1,080
Production Occupations	12.45	21,740
Transportation and Material Moving Occupations	11.66	14,150
Office and Administrative Support Occupations	11.38	24,790
Farming, Fishing, and Forestry Occupations	10.72	1,140
Healthcare Support Occupations	10.35	5,830
Building and Grounds Cleaning and Maintenance	9.42	5,220
Personal Care and Service Occupations	9.29	3,870
Sales and Related Occupations	8.82	17,240
Food Preparation and Serving Related Occupations	7.63	15,590
ALL OCCUPATIONS	12.22	167,380



Source: DEED, Labor Market Information Office. Occupational Employment Statistics (OES). Online at www.deed.state.mn.us/lmi/tools/oes/

**Note: The most detailed geography for which OES data is produced is Planning Region. The Southwest Planning Region includes Economic Development Regions 6W, 8, and 9.*

A Shifting Economy

INDUSTRY EMPLOYMENT

Significant employment changes have taken place in the last three years. Manufacturing employment has shed 3,156 jobs (a 13 percent decline). Other decliners include transportation and warehousing, -4 percent, and wholesale trade, -2 percent.

The single largest job creator has been healthcare and social assistance, up 1,722 jobs. Other industries adding jobs include construction, up 427 jobs, and finance and insurance, up 351 jobs.

Table 4. Industry Employment Growth: Region 9, 2000-2003

Industry	2000 Average Employ	2003 Average Employ	Change 2000-2003	Percent Change 2000-2003
Total, All Ownerships	103,141	102,342	-799	-1%
Total, Private Sector	87,792	86,782	-1,010	-1%
Ag., Forestry, Fishing & Hunting	2,096	2,208	112	5%
Mining	289	259	-30	-10%
Utilities	311	317	6	2%
Construction	4,316	4,743	427	10%
Manufacturing	24,054	20,898	-3,156	-13%
Wholesale Trade	4,626	4,528	-98	-2%
Retail Trade	12,319	12,256	-63	-1%
Transportation and Warehousing	2,536	2,441	-95	-4%
Information	3,456	3,403	-53	-2%
Finance and Insurance	2,601	2,952	351	13%
Real Estate and Rental and Leasing	669	754	85	13%
Professional and Technical Services	2,288	na	na	-
Management of Companies and Ent.	793	na	na	-
Administrative and Waste Services	3,039	2,976	-63	-2%
Educational Services	1,245	1,371	126	10%
Health Care and Social Assistance	11,547	13,269	1,722	15%
Arts, Entertainment, and Recreation	na	897	na	-
Accommodation and Food Services	7,503	7,575	72	1%
Other Services, Except Public Admin.	3,174	3,103	-71	-2%

Source: DEED, Labor Market Information Office. Quarterly Census of Employment and Wages (QCEW). Online at www.deed.state.mn.us/lmi/tools/qcew/

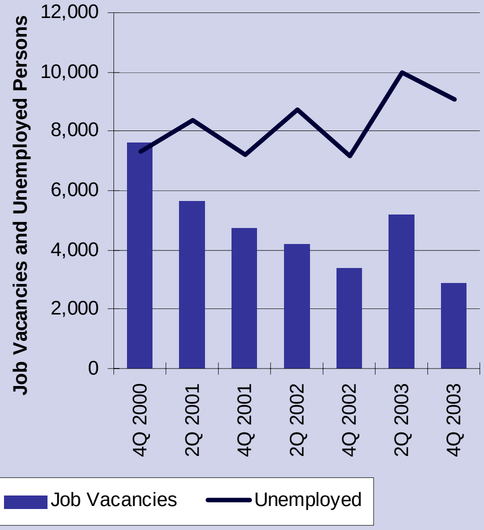
Table 5. Occupational Projections: Southwest/South Central Planning Region*, 2000-2010

Occupation	Regional Employ 2000	Percent Change 2000-2010	Net Job Growth 2000-2010	Net Replacements 2000-2010	Total Openings 2000-2010
Management Occupations	22,749	0.3	67	2,520	2,587
Business and Financial Operations Occupations	5,419	10.2	551	1,055	1,606
Computer and Mathematical Occupations	1,745	44.6	778	158	936
Architecture and Engineering Occupations	2,514	-0.1	-3	522	522
Life, Physical, and Social Science Occupations	1,097	6.7	74	303	377
Community and Social Services Occupations	2,868	23.7	680	487	1,167
Legal Occupations	707	7.5	53	53	106
Education, Training, and Library Occupations	11,302	1.5	169	2,510	2,679
Arts, Design, Entertainment, Sports and Media	2,386	10.1	241	461	702
Healthcare Practitioners and Technical Occupations	8,249	15.8	1,304	1,840	3,144
Healthcare Support Occupations	6,390	18.6	1,189	978	2,167
Protective Service Occupations	3,750	7.3	275	1,313	1,588
Food Preparation and Serving Related Occupations	16,336	10.9	1,781	6,880	8,661
Building & Grounds Cleaning & Maintenance	6,952	13.1	914	1,401	2,315
Personal Care and Service Occupations	7,982	22.4	1,787	2,100	3,887
Sales and Related Occupations	21,867	10.4	2,280	6,863	9,143
Office and Administrative Support Occupations	27,474	3.9	1,073	6,077	7,150
Farming, Fishing, and Forestry Occupations	4,674	9.5	443	1,477	1,920
Construction and Extraction Occupations	9,034	11.8	1,068	1,662	2,730
Installation, Maintenance, and Repair Occupations	8,438	7.9	670	1,984	2,654
Production Occupations	25,770	3.7	957	5,967	6,924
Transportation and Material Moving Occupations	15,867	8.3	1,322	3,577	4,899

Source: DEED, Labor Market Information Office. Employment Outlook, 2000-2010. Online at www.deed.state.mn.us/lmi/tools/projections/

**Note: The most detailed geography for which Occupation Projections are produced is Planning Region. The South Central Planning region includes Economic Development Regions 6W, 8, and 9.*

Figure 7. Job Vacancies and Unemployment: Southwest Planning Region*



Source: DEED, Labor Market Information Office. Job Vacancy Survey. Online at www.deed.state.mn.us/lmi/publications/jobvacancy/

MINNESOTA'S JOB VACANCY SURVEY, recently released by the Department of Employment and Economic Development (DEED), indicates that the Southwest Planning Region, which includes Region 9, had 4,325 job vacancies during 4th Quarter 2003. This is a 22 percent decrease from 4th Quarter 2002. The median wage offer was $11.00 per hour. According to the survey, 54 percent of job openings required education beyond high school.

Healthcare practitioner and technical occupations had the largest number of openings. This occupational group and healthcare support had the highest vacancy rates, at 7.0 and 6.9 percent, respectively.

SNAPSHOT OF THE FUTURE

Regional projections are developed for job and career seekers, counselors and educators. This report can be useful for identifying areas of growth or decline. However, the projections are not intended to be precise estimates of employment for each industry or occupation.

Sales, personal care and service and food preparation and serving occupations will create the most new job opportunities. Healthcare-related occupations are also projected add large numbers of jobs.

Architecture and engineering, management and education, training and library occupations are projected to decline or grow very little over the coming years.

Table 6. Job Vacancies: Southwest/South Central Planning Region*, 4th Quarter 2003

Occupation Group	Regional Job Vacancies	Regional Vacancy Rate (%)	Statewide Job Vacancies	MN Vacancy Rate (%)
Office and Administrative Support	190	0.8%	6,208	1.4%
Sales and Related	216	1.4	5,971	2.1
Healthcare Practitioners and Technical	376	4.5	5,011	3.8
Food Preparation and Serving Related	164	1.0	4,768	2.4
Healthcare Support	596	10.0	4,441	6.1
Construction and Extraction	294	4.2	3,841	3.4
Production	363	1.6	3,013	1.3
Transportation and Material Moving	200	1.4	2,962	1.8
Education, Training and Library	23	0.2	1,820	1.2
Installation, Maintenance and Repair	49	0.8	1,716	1.7
Business and Financial Operations	76	1.5	1,694	1.3
Management	59	0.8	1,412	1.1
Personal Care and Service	16	0.5	1,196	1.8
Community and Social Services	72	2.6	1,039	2.5
Building, Grounds Cleaning and Maintenance	77	1.4	1,030	1.2
Architecture and Engineering	31	1.5	893	1.8
Life, Physical and Social Science	8	0.9	793	3.3
Computer and Mathematical	5	0.3	773	1.1
Art, Design, Entertainment and Media	4	0.4	610	1.8
Protective Service	18	0.6	526	1.1
Legal	36	8.2	266	1.5
Farming, Fishing and Forestry	NR	NR	97	2.1
ALL OCCUPATIONS	2,884	1.7%	50,080	2.0%

Source: DEED, Labor Market Information Office. Job Vacancy Survey. Online at www.deed.state.mn.us/lmi/publications/jobvacancy/

** Note: The most detailed geography for which Job Vacancy data is produced is Planning Region. The Southwest Planning Region includes Economic Development Regions 6W, 8 and 9.*

Demographics: Unemployment, Education, Immigration

UNEMPLOYMENT

Region 9's unemployment rate has closely tracked that of the state in recent years. The region's 2003 annual rate was 4.7 percent, lower than the nation's rate (5.8 percent) and the state's rate (5.0 percent). (See Figure 8.)

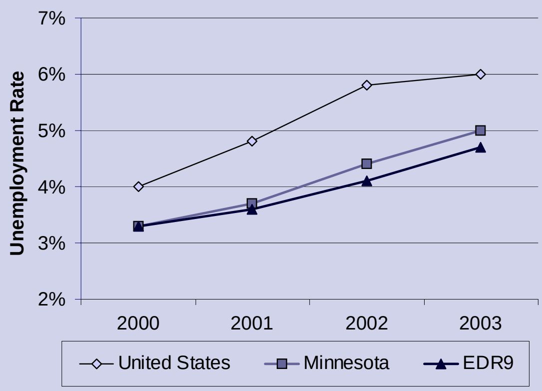
Employment losses coupled with population and workforce growth has increased the competition for work and driven up the unemployment rate.

EDUCATION

Education and training opportunities in Region 9 can be found both at the community college and university level. Within 50 miles of Mankato, the largest city in the region, there are 10 higher education institutions.

Region 9 has a high level of educational attainment. Over 85 percent of adults have a high school diploma; 50 percent have some post-secondary education or training. (See Figure 9.) The demands of employers for a well-prepared workforce have helped to retain an educated workforce while bringing additional educated professionals to the region.

Figure 8. Unemployment Rates: Region 9, Minnesota and U.S., 2000-2003



Source: DEED, Labor Market Information Office. Local Area Unemployment Statistics (LAUS). Online at www.deed.state.mn.us/lmi/tools/laus/

IMMIGRATION SINCE 1995

Over 78 percent of the region's residents lived in the same county in 2000 as in 1995. However, the region continues to attract people from well beyond the state and nation. Over 7 percent of 2000 residents lived in another state or nation in 1995. (See Table 7.)

Figure 9. Educational Attainment of Region 9's Adult Residents, 25 Years and Older: 2000

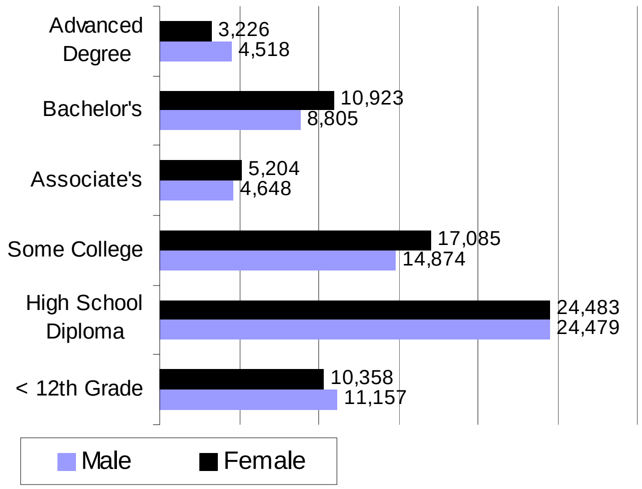


Table 7. Migration, 1995-2000, of Region 9's Year 2000 Residents

Place of Residence in 1995	Region's 2000 Population	
Same house in 1995	127,196	60.7%
Same county in 1995	36,617	17.5%
Came from other county	30,415	14.5%
Other state	13,353	6.4%
Other nation	1,922	0.9%
Total	209,694	100.0%

Source: U.S. Census Bureau. Census 2000, SF-3. Online at http://factfinder.census.gov

Demographics: Aging Population, Fewer Workers

IN THE LABOR FORCE

Labor force participation rates in Region 9 increased for every age group in the 1990s. This reflects the region's enjoyment of a strong economy and job market prior to the onset of the 2001 recession.

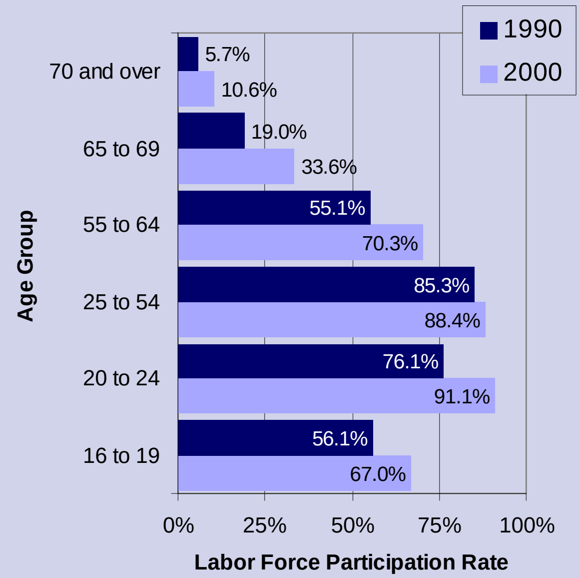
Participation rates are highest for workers in their 20s, 30s and 40s, and lower for older cohorts. Those who can afford to retire early often do.

THE POPULATION AGES

The over-55 age brackets will comprise the fastest-growing segment of the population as Baby Boomers retire. This may have significant ramifications for the region's workforce. There is some debate as to whether economic conditions and longer lives might compel older workers to reenter the market.

Unless labor force participation rates change dramatically – and they have been fairly constant over the past decade – the size of the active workforce will level off. Indeed, the size of the working-age population (15-64) is expected to peak around 2015 and then decline. In most industries, this will pose serious challenges to staffing and succession planning.

Figure 10. Region 9 Labor Force Participation: 1990-2000



Source: U.S. Census Bureau. 1990 Census, STF-3, and Census 2000, SF-3

Figure 11. Adult Population Projection: Region 9, 2000-2030

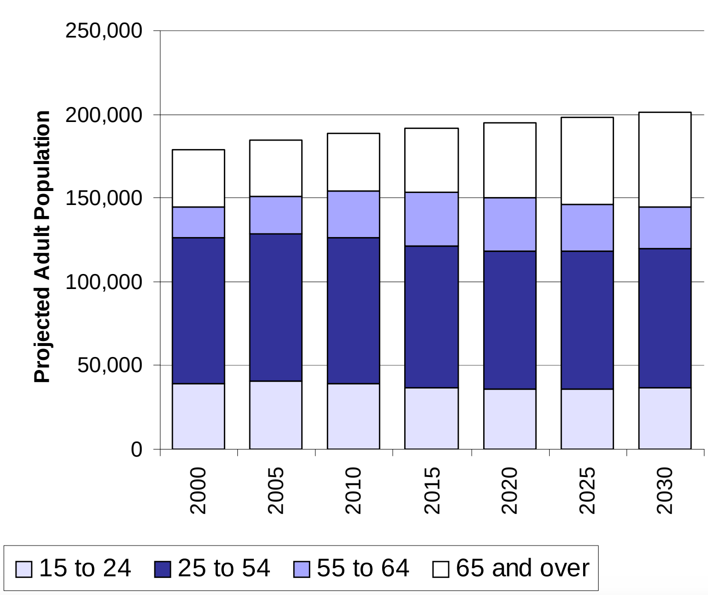
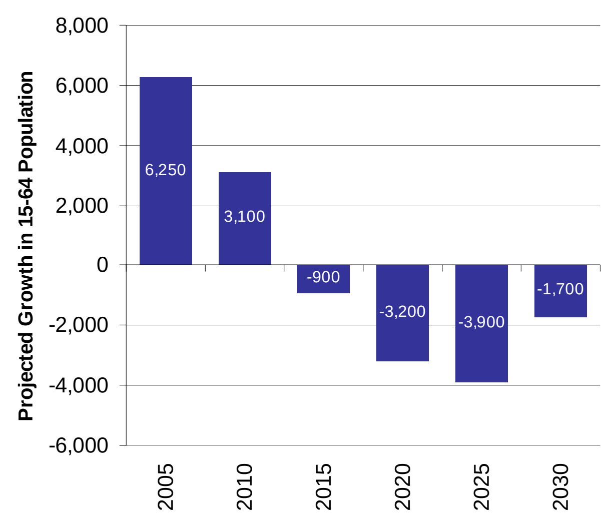


Figure 12. Projected Growth in Working Age Population: Region 9, 2000-2030



Source: *Minnesota State Demographer. Population Projections, 2000-2030*

Unemployment Insurance Activity

INITIAL CLAIMS FOR UNEMPLOYMENT INSURANCE

Unemployed workers in the region filed 15,832 Initial Claims for unemployment insurance in 2003. This was an increase of 22 percent from 2001. (See Table 8.) Unemployment rates, exhaustions*, and average duration of unemployment have all shown increases over the course of the recession. (See Table 9.)
*(*Exhaustions indicate the number of persons that have used their entire benefit.)*

The count of Initial Claims is not a count of people. Some workers file multiple claims during the year. This is most noticeable in construction and other seasonal industries. Construction alone was responsible for 28 percent of all 2003 Initial Claims in Region 9.

Goods-producing industries (NAICS codes 11-33) account for 65 percent of all claims filed. No industry showed significant improvement in the number of Initial Claims over recent years.

Table 8. Region 9 Initial Claims for Unemployment, by Industry

NAICS Code	Industry	2001	2002	2003
11	Ag, Forest, Fishing	200	200	176
21	Mining	163	162	132
22	Utilities	17	31	26
23	Construction	3,677	4,229	4,436
31-33	Manufacturing	4,626	5,063	5,481
42	Wholesale Trade	404	429	629
44-45	Retail Trade	528	732	730
48-49	Transportation & Warehousing	358	407	436
51	Information	191	235	190
52	Finance & Insurance	73	108	113
53	Real Estate, Rental & Leasing	28	42	38
54	Professional, Scientific, Technical	233	215	219
55	Mgmt of Companies & Enterprises	13	7	105
56	Admin Support & Waste Services	866	827	1,041
61	Educational Services	234	250	291
62	Health Care and Social Services	361	468	654
71	Arts, Entertainment, and Recreation	96	98	99
72	Accommodation and Food Services	456	488	533
81	Other Services (except Public Admin.)	249	307	309
92	Public Administration	106	128	147
	TOTAL ALL INDUSTRIES	12,997	14,499	15,832

Source: DEED, Labor Market Information Office. Unemployment Insurance Statistics. Online at www.deed.state.mn.us/lmi/tools/unemployment/ui/

CONCLUSIONS

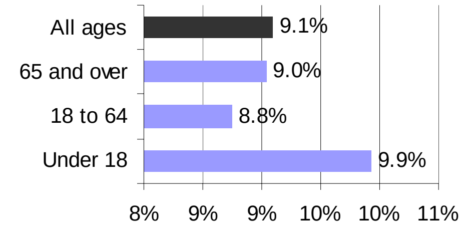
Region 9 has a more distinctly blue-collar economy and workforce than many other parts of the state. Manufacturing accounts for about 30 percent of the combined payrolls of all employers. Across the nation, manufacturing makes up 18 percent of total wages. This high exposure to manufacturing has resulted in the loss of more than 3,000 jobs over the last three years. On the positive side, the region has witnessed growth in other industries such as healthcare, construction, and finance and insurance.

In terms of labor supply, the region is likely to face workforce shortages in coming years. An aging workforce, coupled with low growth in replacement labor, points to a shrinking workforce supply. Workforce shortages that are currently being felt by some industries, such as healthcare, may spread to others that also require employees with specific skills.

Table 9. Duration and Exhaustions of Unemployment Insurance Benefits: Region 9

	Benefits exhaustions	Average duration of benefits (weeks)
2001 Total	1,599	12.8
2002 Total	2,565	14.5
2003 Total	2,539	13.9

Figure 13. Selected Poverty Rates: Region 9, 2000



Source: U.S. Census Bureau. Census 2000, SF-3