2008 Community Assessment

A Foundation for Building Workforce and Industry

in Benton, Sherburne, Stearns, and Wright Counties

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Introduction

- The *Community Assessment* is a research report originally initiated by the Stearns-Benton Employment & Training Council and the Stearns-Benton Workforce Council of St. Cloud, Minnesota. The purpose of the *Assessment* is to measure important indicators of the economic condition in the Central Minnesota region.
- There is a larger collaborative effort in the region, headed by the Partners for Strategic Growth, which uses results from the *Community Assessment* to inform its work in community initiatives and investments. While the *Assessment* is used as input to the larger effort, it is a separate research project and does not address any specific initiatives or their outcomes.
- At the time of this writing, year-end 2008, the nation is experiencing an "economic crisis." While the goal of this project is to assess economic progress, it is not intended to be an immediate measure of current conditions. Rather, it is a long-term project that looks at trends over time.

Project History

- The baseline *Community Assessment* research ("community audit") was conducted and published in 2002.
- The original research process was extensive, with over 6 months of collaboration, 2 surveys with nearly 200 leaders responding, 9 focus groups, a survey of nearly 150 service providers and various secondary sources. Much of the baseline research:
  - Identified the indicators to be measured
  - Categorized indicators into the groups of Workforce Capacity, Growth & Innovation, and Economic Vitality
  - Identified the "level" of analysis (industry and occupation)
  - Defined what makes an industry "strategic" in this region
  - Defined what makes an occupation "strategic" in this region

Report Terminology

- Region: the four-county area of Benton, Sherburne, Stearns and Wright
- Central Minnesota: used interchangeably with “region” and includes the four-county area of Benton, Sherburne, Stearns, and Wright
- St. Cloud MSA: the metropolitan statistical area for the city of St. Cloud and surrounding area as defined by the U.S. Census Bureau (used when quality, comparable county-level data are unavailable) and includes Benton and Stearns counties
- Benchmark Regions: 7 regions that are similar to this region either in size, geography, or some other factor, identified by the steering committee as comparable regions to St. Cloud for purposes of this report
- Indicators: measures of workforce health, identified during the 2002 community audit

Report Focus and Scope

- This 2008 *Community Assessment* is a revision of the 2002 *Community Assessment*. The process for revising the report was to re-apply the structure established in 2002 (indicator sets and data points) and update the data to determine if trends could be identified. As such, it was important that the data were comparable to the previous version.
- Of the 23 indicators included in the 2002 report, 19 had data available to be included in this version. Indicators that are not included are Business Expansions, Underemployment, Occupational Growth, and Occupational Wages.
- In terms of regional scope, the original research focused on two central Minnesota counties – Stearns and Benton. The 2008 report expands its scope to also include the adjoining counties of Sherburne and Wright. This offered some challenges in terms of balancing the need to include trend and comparability to the 2002 report while also being inclusive to a larger region.
- At the heart of this report is the progress identified in the "strategic industries." The final two indicators, Industry Wages and Industry Growth, harness the extensive research efforts from 2002 and show data aggregated for the 4-county area in those targeted industries.

Data and Trend Analysis

- While the initial 2002 *Community Assessment* included primary research methods, this revision uses available secondary sources. It is intended that this report not be duplicative of other reports available in the region such as the "Central Minnesota Regional Profile" published by Minnesota DEED.
- For all indicators, efforts were made to find county-level data as well as data that were comparable to findings in the 2002 *Community Assessment*. In some cases, quality data at the county level were not available. In other cases, the county data found were sourced differently from regional, state, or national benchmarks, making them vary widely in their results. In those cases, St. Cloud MSA data or state data were used. (When cities are cited, it is the city's MSA.)
- When trends are cited, the general date range is from 2002 to 2008, as these are the report's publication dates. However, dates vary by source, and are noted in all cases.
- In the "2002 Highlights & Findings" section to follow, trend arrows are used to summarize the overall trend of an indictor when comparing the more current data to the data summarized in the timeframe of the 2002 *Community Assessment*.

2008 Highlights & Findings

- Overall, there is some positive trend information to share, but changes can take many years to achieve. The highlights are detailed on the next few slides in these categories:
  - **Workforce Capacity:** The "input" to the economic system – what are the characteristics of the workforce and how effective are support services?
  - **Growth & Innovation:** The system processes that drive expansion and productivity in the workforce.
  - **Economic Vitality:** Measures of the "output" or end results of the economic system.
  - **Strategic Growth:** An analysis of growth in strategic industries, both in the number of jobs and in the wages earned.

Workforce Capacity

The “input” to the economic system – what are the characteristics of the workforce and how effective are support services? There are positive changes to report in Workforce Education and College Graduate Retention, but some concern in other areas.

- → **Population Growth** – Continued high labor force participation
- ↑ **Workforce Education** – Continued high HS graduation rates, more of the workforce now holds bachelor’s and graduate degrees
- ↑ **College Graduate Retention** – A higher percentage of graduates were placed in Central Minnesota in 2006 when compared to 2002
- ↓ **Housing & Homelessness** – Many recent foreclosures
- → **Health & Wellness** – Similar to 2002, relatively higher rates of smoking and drinking
- ↓ **Healthcare** – Area continues to show an increase in the percent of uninsured residents while other areas do not
- → **Childcare** – Costs in the region are below Minnesota averages; data comparable to 2002 were not available
- → **Transportation** – Public transportation facilitates workforce participation and expands access to services

Growth & Innovation

These are indicators of the system processes that drive expansion and productivity in the workforce. Overall, the area has not yet built strength in key process drivers that support growth and innovation.

- ↑ **Managerial Resources** – The percent of managerial occupations in the region is below the state average, but the St. Cloud MSA has moved ahead of comparable regions since 2002
- ↓ **Business Services** – Measured as the percent of professional and business services firms, the St. Cloud MSA is behind all benchmark regions
- → **Technology Jobs** – Continue to have a lower proportion of computer-related jobs
- → **Patents** – As in 2002, patent generation fairly consistently shows small numbers
- ↑ **Venture Capital** – Private investments in companies located outside the Twin Cities metro area in 2008 were up considerably
- → **Business Startups** – Central Minnesota establishment openings stayed ahead of closings in a sample quarter in 2007

Economic Vitality

Measures of the "output" or end results of the economic system. The primary outcome is wages, whether it is an overall wage comparison or a wage analysis within the strategic industries or occupations.

- **Wage Comparison** – Wages continue to be below benchmark regions; the gap in average wages shows this region to have wages over 30% lower than the state average in 2007
- **Job Vacancies** - Job vacancies were low in 2002, with a few industry exceptions, as they continue to be in 2007
- **Unemployment Rate** - Unemployment in the region was consistently at or slightly above the MN average from 1999 to 2006, but rose above both US and MN averages in 2007 and 2008
- **Industry Growth** – The number of jobs in strategic industries in the 4-county area grew at a higher CAGR than non-strategic industry jobs
- **Industry Wages** – Wages are steadily improving across all industries and more quickly in the strategic industries, but overall wages are low

Strategic Growth

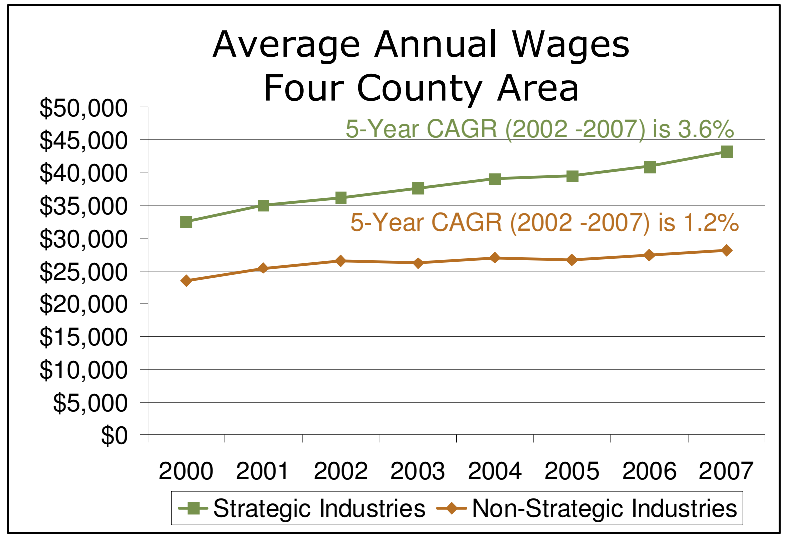
The last two indicators in the Economic Vitality section look specifically at growth in the "strategic industries" of the region.

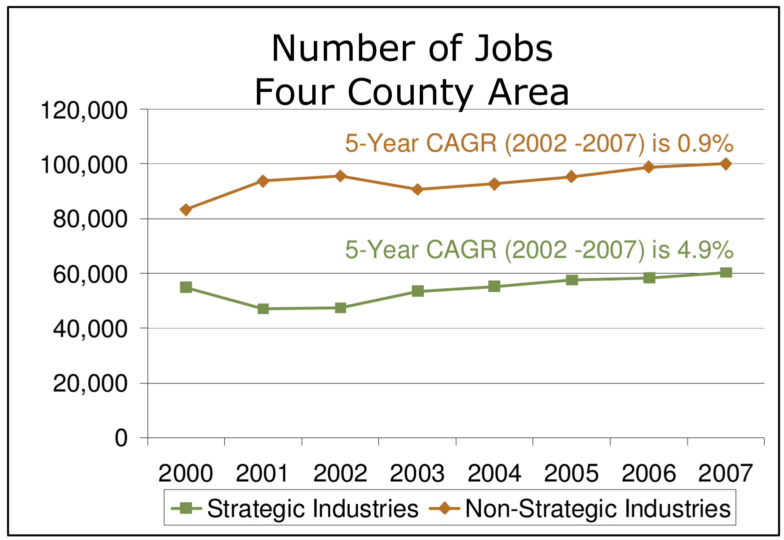
STRATEGIC INDUSTRIES	STRATEGIC OCCUPATIONS
▪Business Services	▪Architecture and Engineering
▪Engineering and Management	▪Business and Financial
▪Health	▪Computer and Mathematical
▪Manufacturing	▪Healthcare Practitioners
▪Printing and Publishing	▪Management
▪Wholesale Trade	

The list of strategic industries and occupations were identified in 2002 through a research process that defined desirable characteristics in areas such as size, employment concentration, innovation, profitability, wages, etc. These characteristics were then matched to occupations and industries that fit the criteria. The 2008 report focuses on the Strategic Industries – the growth and wages achieved in that group.

Wages & Jobs in Strategic Industries

- The average wages in the strategic industries in this region have gone up from $32K in 2000 to $41K in 2007
- During the period of 2002-2007, wages in the strategic industries in the region had a Compound Annual Growth Rate (CAGR) of 3.6%, compared to a CAGR of 1.2% in the non-strategic industries
- Jobs in the strategic industries account for about 38% of all jobs in the region and 48% of total payroll (total wages) in the region
- During the period of 2002-2007 (since the 2002 *Community Assessment*), the number of jobs in strategic industries has grown at a CAGR of 4.9%, compared to .9% CAGR in non-strategic industries in the region





Source: Minnesota DEED – QCEW (8)

BACKGROUND

- What is the *Community Assessment*?
- Using the *Community Assessment*
- Data-to-Action in Collaboration
- Progress Made: 2002-2008

What is the Community Assessment?

The *Community Assessment* is a report that uses data to illustrate performance in key indicator areas, establishing baselines in workforce, employment, human services and economic areas.

- In addition to establishing baseline indicators, the 2002 *Community Assessment* also summarized perceptions of key leaders as a means of targeting strategic growth.
- The detailed methodology of the community audit involved 6 months of collaboration, and the rigor of the process showed the high level of commitment and motivation of the team members.
- The project involved not only statistics and facts, but it surveyed many people in various roles to better understand how people think about the region and what values they hold for future investments.

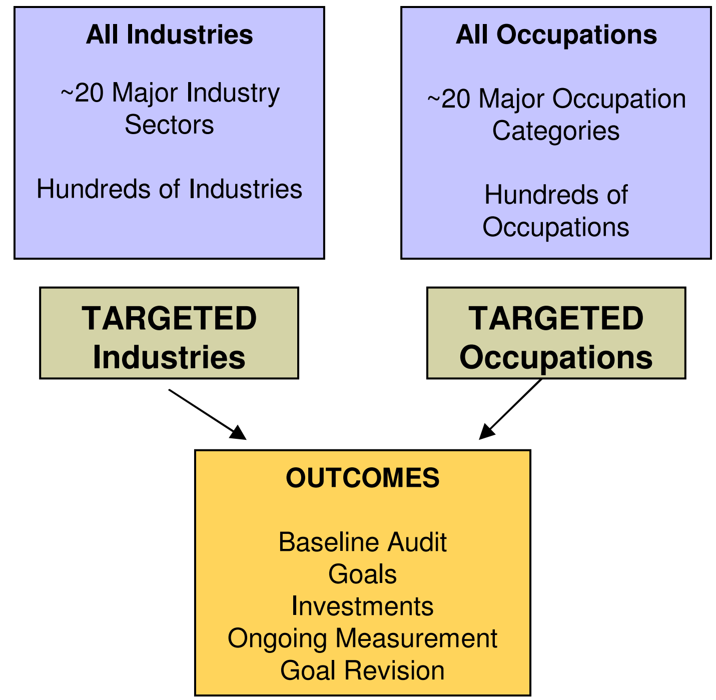
Methodology for Community Audit

Sources: Stearns-Benton Employment & Training Council (18), U.S. Dept. of Labor (27)

Using the Community Assessment

DEFINED OUTCOMES IN 2002:

- Goal Setting: the process of setting future outcome levels that are desirable and achievable based on indicators herein
- Investment: The investment of attention and money into the targeted industries and occupations – "Strategic Industries" and "Strategic Occupations"
- Ongoing measurements: The ongoing measurement and progress reporting against the goals and the regular update of the indicators
- Goal Revision: The revision of goals and the process over time
- Updates: A periodic update of the *Community Assessment*, allowing for the measurement and tracking of progress over time
- Availability: The report is made available to community members for their benefit and information



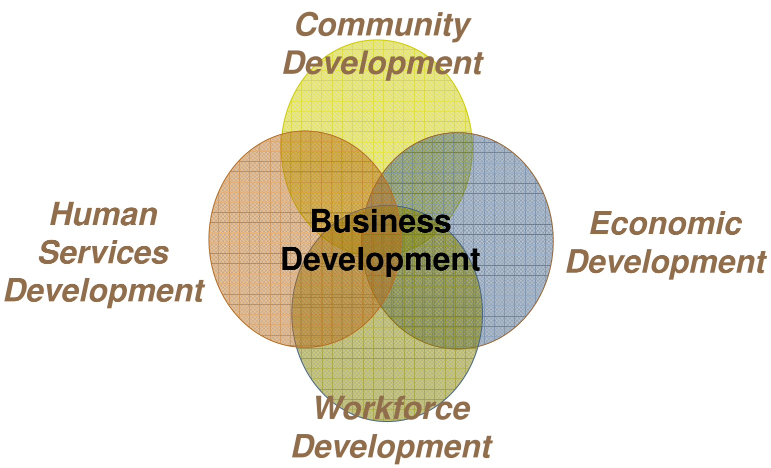
Action Plans: Utilizing Results of *Community Assessment*

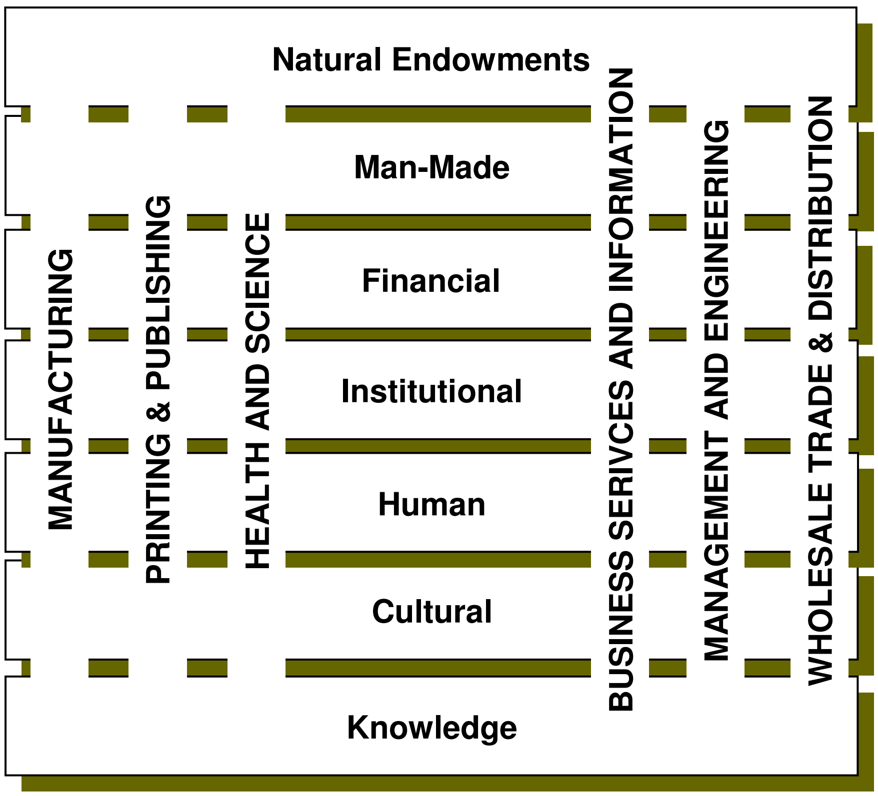
Source: Stearns-Benton Employment & Training Council (18)

Data-to-Action in Collaboration

- The overall effort is collaborative in nature, including stakeholders from all aspects of the community, illustrated below:

- The picture below shows the 2-pronged strategy of the 7 Forms of Capital and the strategic industries for our region:

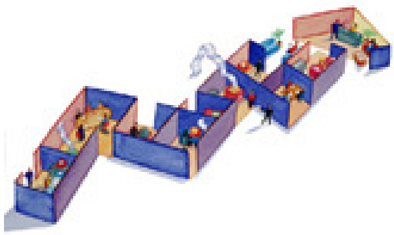




Progress Made: 2002-2008

Data and knowledge gained through the *Community Assessment* has been used in the years since its initial publication.

PARTNERS FOR STRATEGIC GROWTH



- An organization of community leaders formed to continue ongoing discussions and goal-setting in the region for initiatives aimed at strategic industries and occupations.

REGIONAL SUMMITS IN 2004 & 2005

- Regional summits helped build energy and create momentum among the community's leaders across all sectors, increasing awareness and participation.

- Randall Kempner spoke about the Innovation Economy, how it is vital to prosperity, and the factors that enable it. He said, "innovation is a contact sport… as a result, regions are the right level to think about supporting an innovation environment."

ONGOING INITIATIVES

- Several initiatives are underway in Central Minnesota to build regional assets and focus investments and time toward building in strategic areas of the community.
- Several partner organizations are aligning their work with the strategic industries.

WORKFORCE CAPACITY

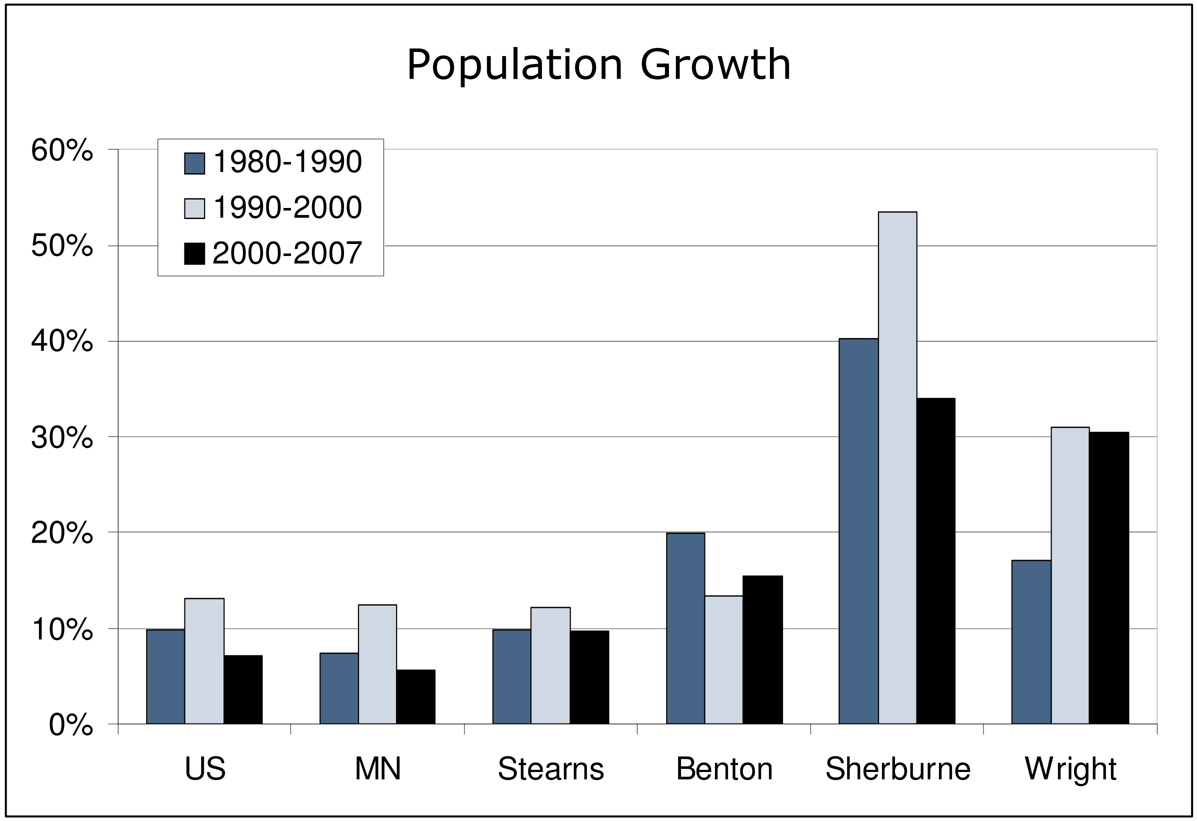
Workforce capacity measures the potential of a region's workforce. The size and skills of the workforce help support the growth of new and established businesses. Support systems, such as childcare and healthcare are "enablers" of the work-force, which must grow with it to maintain or enhance productivity.

- Population Growth
- Workforce Education
- College Graduate Retention
- Housing & Homelessness
- Health & Wellness
- Healthcare
- Childcare
- Transportation

Population Growth

The population growth of the 1990's has slowed down as predicted, but not as drastically in much of this region. The region continues to show higher percentages of the younger population.

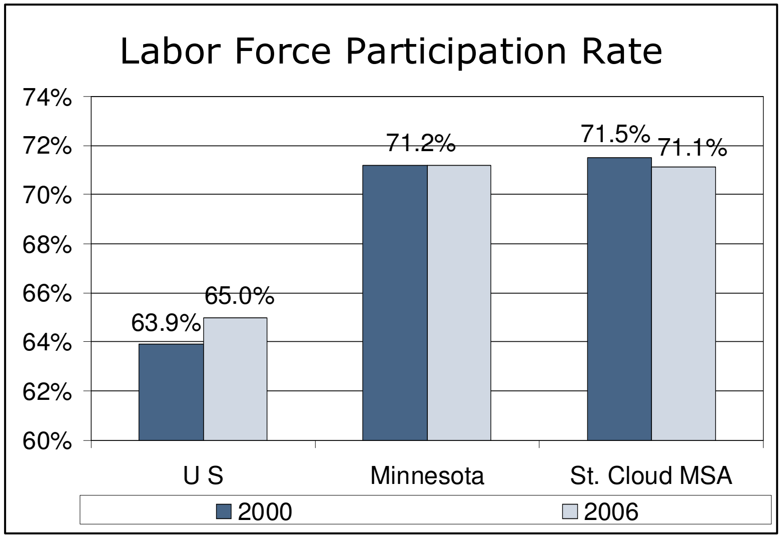
- US and MN growth show a spike in the 1990's with growth slowing in 2000-2007
- Growth in the region is higher than the US and MN in 2000-2007, particularly in Wright and Sherburne counties
- While MN population growth dropped from 12% in the 1990's to less than 6% in the 2000's, Benton increased and Wright and Stearns show only slight decreases

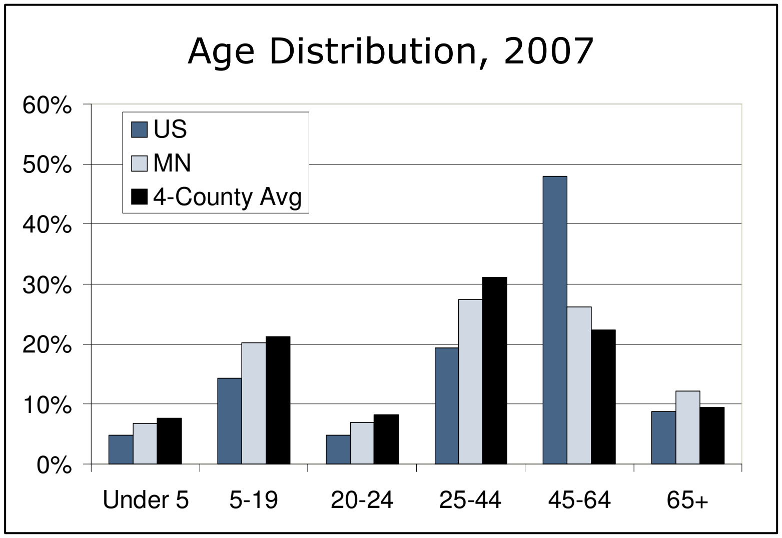


Source: U.S. Census Bureau – American Community Survey (24)

Population Growth (2)

- US shows an increase of over a percentage point in Labor Force Participation, while Minnesota stays constant and the St. Cloud MSA lost half a percentage point over the 6-year period
- The age distribution in the four counties generally follows Minnesota averages with a couple exceptions: Stearns has a higher population of people 20-24 (11.1% compared to 7.2% average of the other 3 counties, the presumed college population), and Benton, Sherburne and Wright all have a relatively higher population of 25-44 year-olds





IMPLICATIONS:

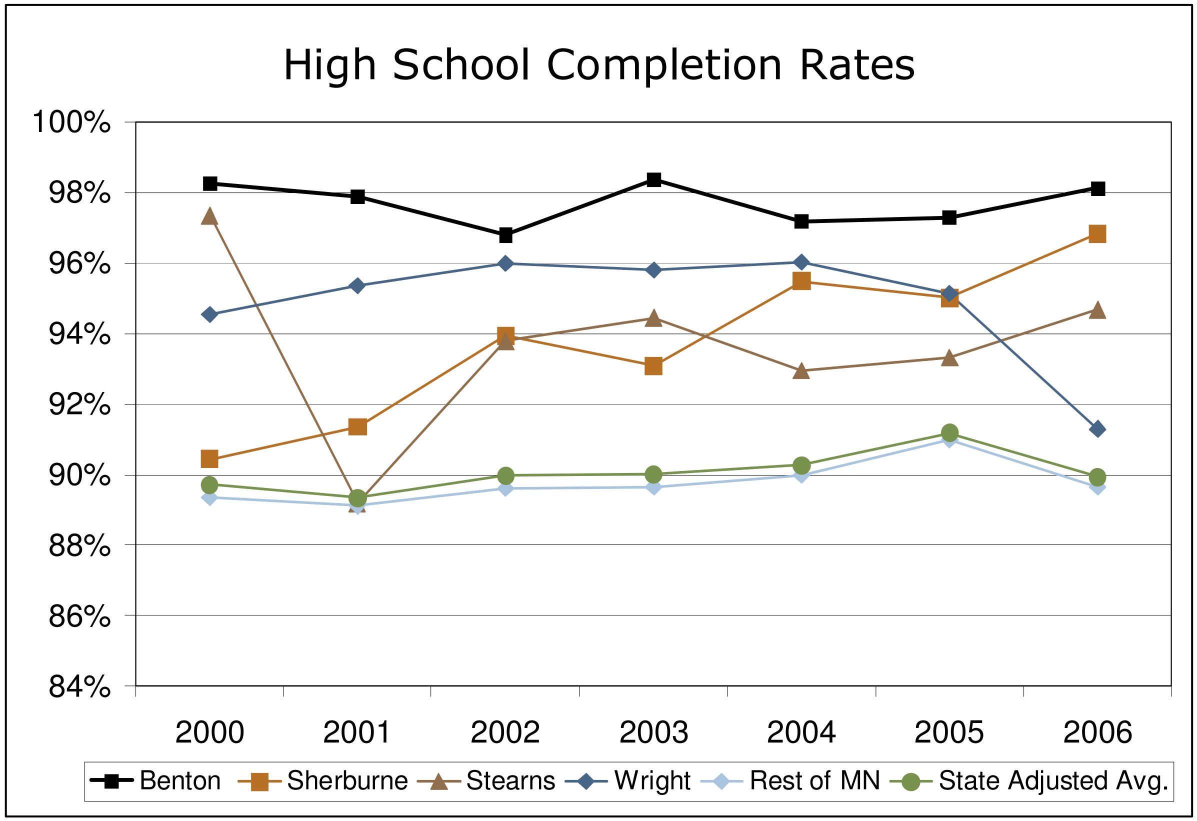
The region continues to have a strong labor force participation rate, and with a bulk of younger residents, the region has the capacity to build a workforce from within.

Source: MN DEED – LAUS (9), U.S. Census Bureau – American Community Survey (24)

Workforce Education

With Benton county leading, all four counties are ahead of the Minnesota average on high school completion. Additionally, the area now shows higher attainment of advanced degrees which drive innovation.

- Between 2000 and 2006 Benton county's high school completion rate is highest, but all 4 counties are above the Rest of MN and the Minnesota adjusted average

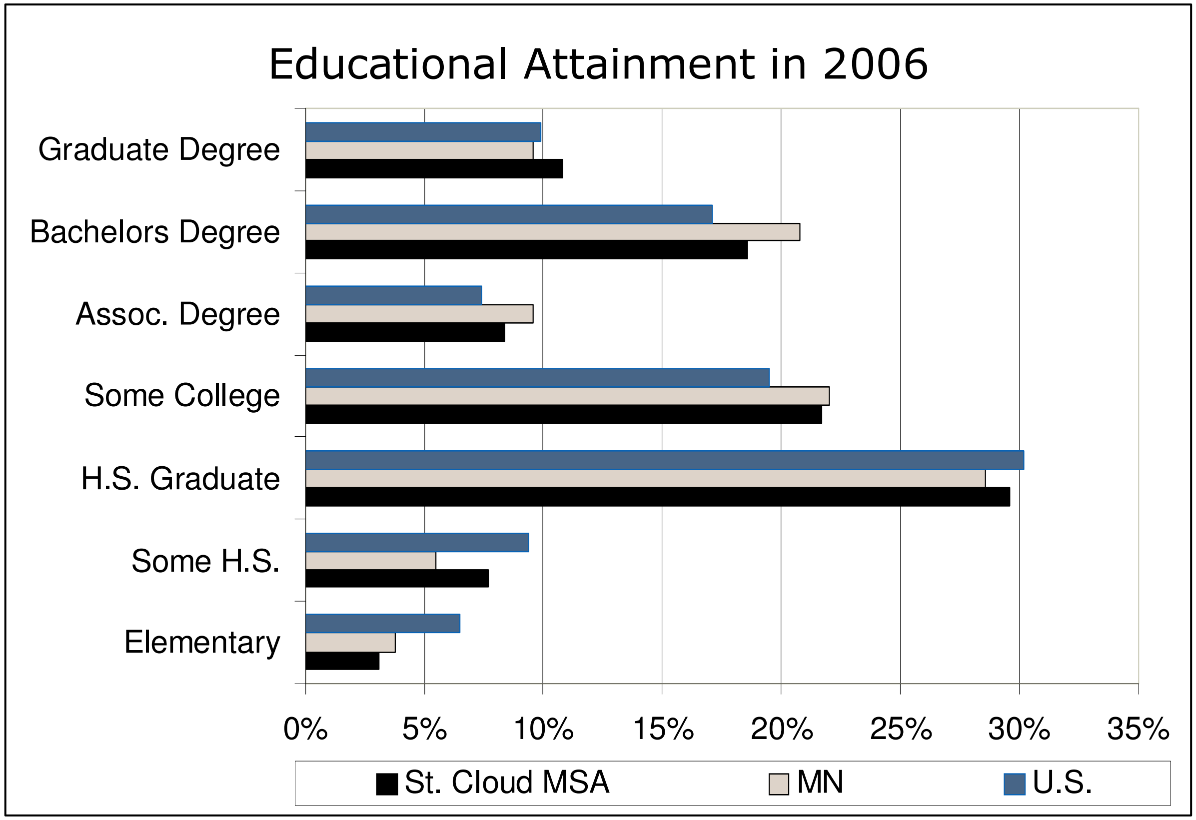


Note: This report uses historical DropRate/GradRate data from the Minnesota Department of Education because it offers comparability back to 2000. From MDE's website: "This report contains dropout and graduation rates for each school district and each year.... The graduation rate is calculated on grades 9-12 and uses four years of data. The following is a sample, calculating the rate for 2004: (2004 graduates) divided by (2004 graduates + grade 9 dropouts 2001+grade 10 dropout 2002+grade 11 dropouts 2003+ grade 12 dropouts 2004)."

Source: MN Dept of Education (5)

Workforce Education (2)

- Educational attainment in the St. Cloud MSA has greatly improved, from 6.5% holding graduate degrees in 2000 to 10.8% in 2006; from 14.4% holding bachelor's degrees in 2000 to 18.6% in 2006
- St. Cloud MSA is now ahead of both MN and US in the percent of workers with graduate degrees while it was behind both in 2000



IMPLICATIONS:

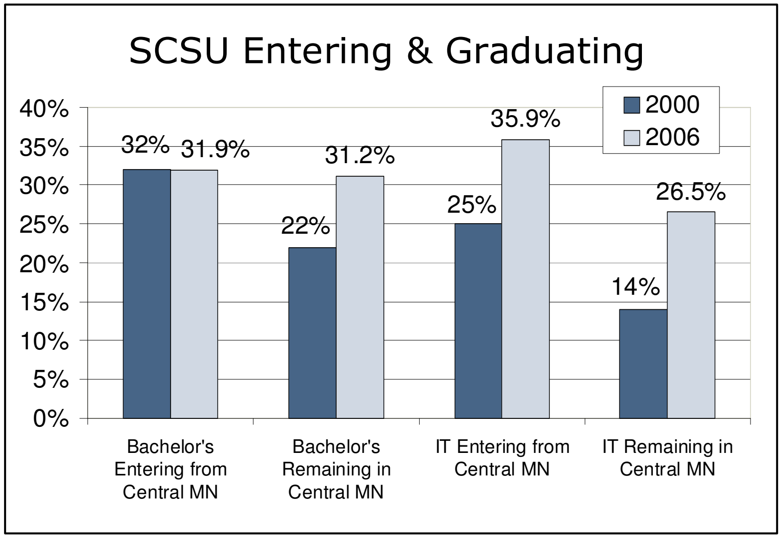
Improved college graduate retention, as demonstrated in the next indicator, appears to be increasing the educational attainment of our workforce and increasing the likelihood of growth in strategic industries and innovation in the region.

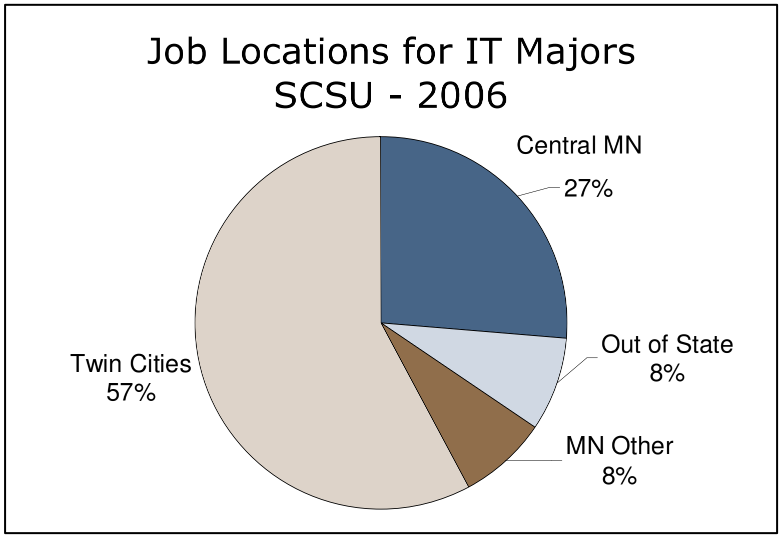
Source: U.S. Census Bureau – American Community Survey (24)

College Graduate Retention

The percent of entering students who are native to Central Minnesota is roughly the same percentage as those who are placed in the region.

- In 2006, 35.9% of IT majors entering SCSU came from Central Minnesota and 26.5% remained in the region after graduation
- Looking at overall bachelor's graduates from SCSU in 2006, there is less than 1 percentage point difference between the number of students entering SCSU from Central MN and the number remaining in the region after graduation
- Graduate retention in Central MN has improved significantly since 2000; 2000 data show Bachelor's entering from Central MN at 32% and remaining at 22%, and IT entering at 25% and remaining at 14%





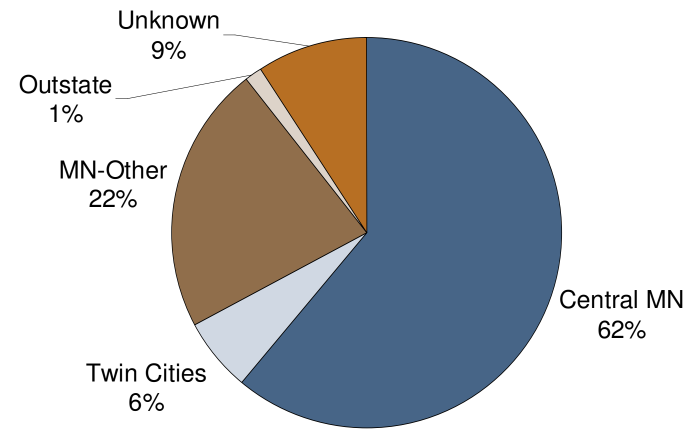
Source: St. Cloud State University (16)

College Graduate Retention (2)

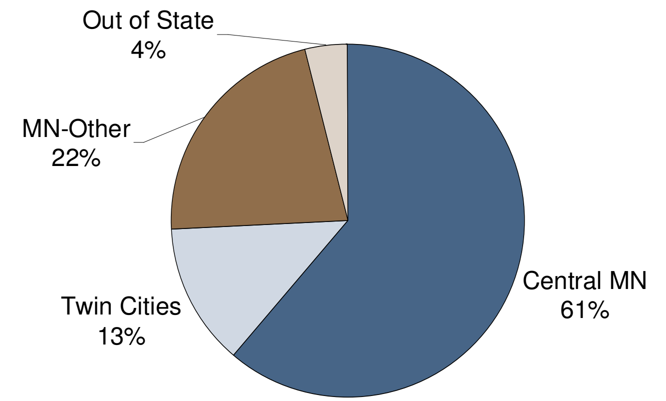
- St. Cloud Technical College's fall enrollment data show that 62% of enrollments come from Central Minnesota and roughly the same percentage (61%) accept jobs in the region

IMPLICATIONS:
The region is improving its retention rate of college graduates, which is directly linked to the improvements in the educational attainment of our workforce.

SCTC Enrollment - 2007



Job Locations SCTC Grads - 2007

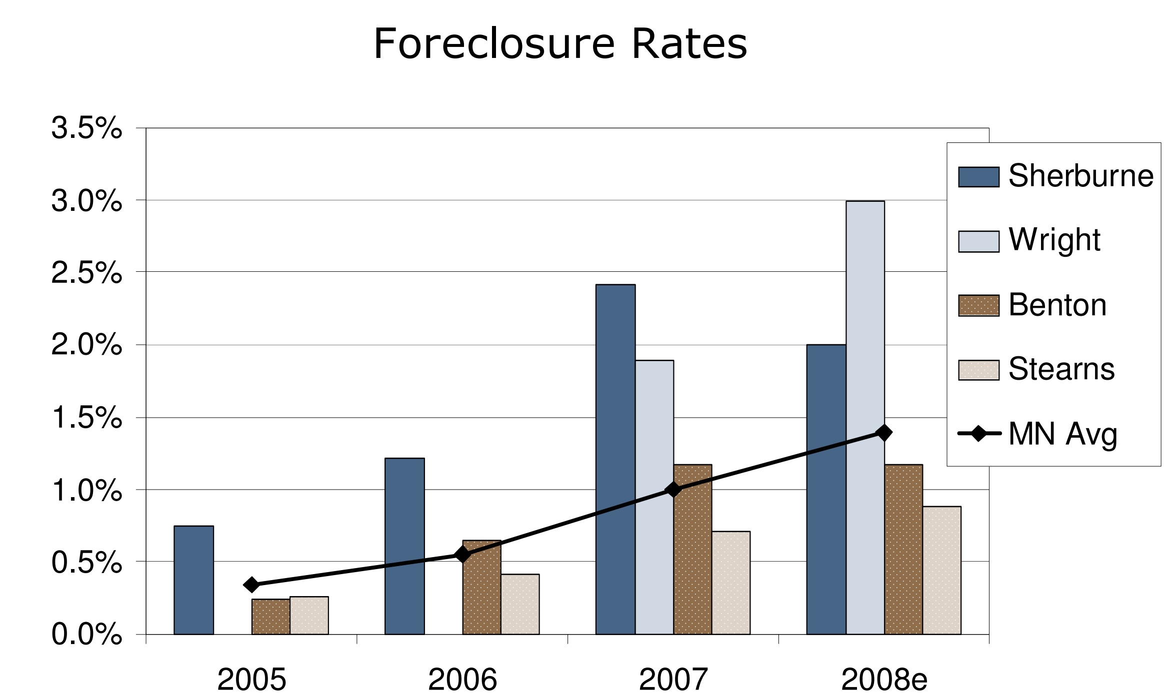


Source: St. Cloud Technical College (17)

Housing & Homelessness

A shortage in affordable housing has pushed some working poor into overcrowded shelters and homelessness. Foreclosure rates are high lately in Wright and Sherburne counties.

- Foreclosure rates are rising overall
- By county, the data show that while Benton is close to the MN average and Stearns is below that average, Sherburne and Wright have substantially higher foreclosure rates

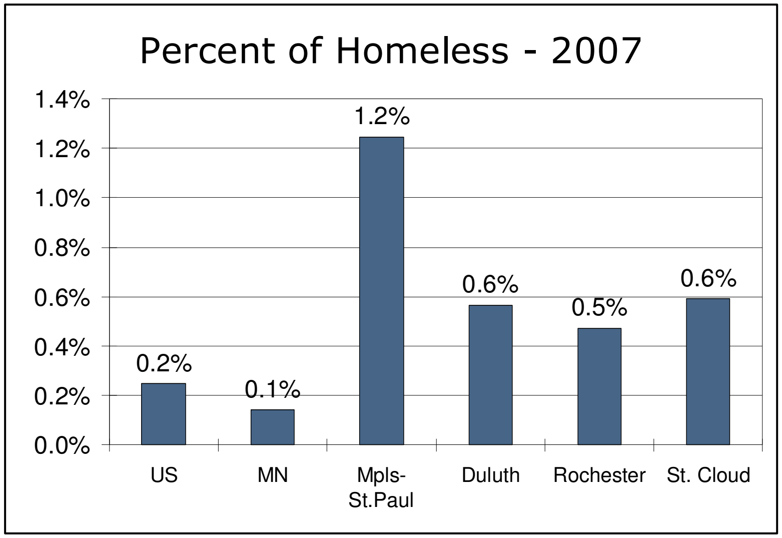


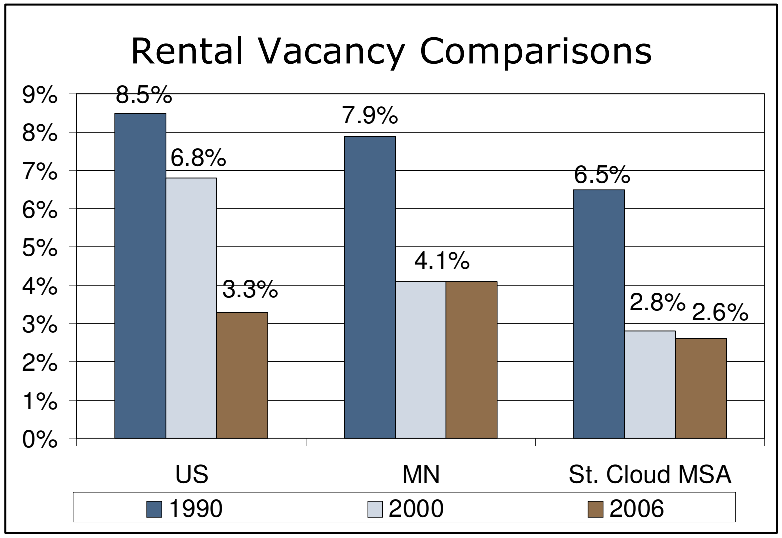
Foreclosure Rate = Number of Foreclosures as a Percent of Total 2005 Households.
Wright County data is not available for 2005 and 2006.

Source: HousingLink (3)

Housing & Homelessness (2)

- The overall number of homeless persons in 2007 is slightly lower than comparable regions, but when expressed as a percentage of population it is close to Duluth and Rochester
- The percent of homeless in the St. Cloud MSA is significantly higher than the US and MN averages, though lower than the Twin Cities
- Rental vacancy comparisons show that the percent of available rental units went down between 1990 and 2000, and slightly lower again in 2006





IMPLICATIONS:

A thriving community requires the availability of adequate housing. Recent foreclosures and the declining rental vacancy rate indicate a possible downward trend in the region's progress on housing and homelessness.

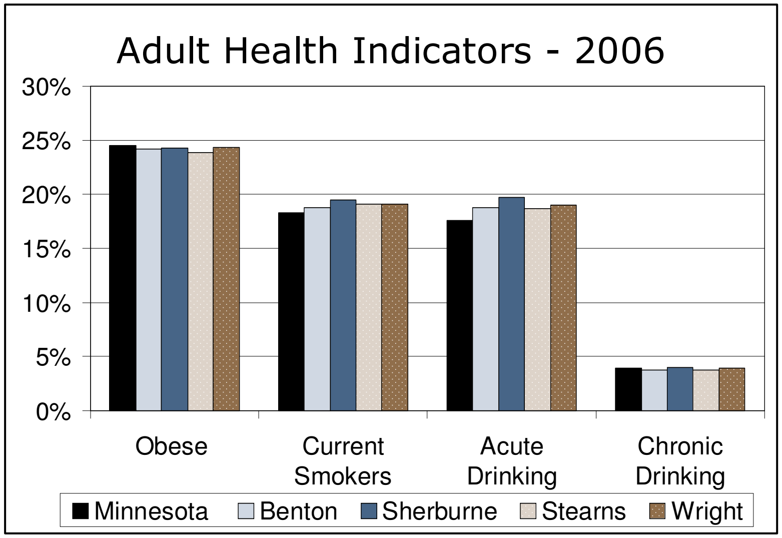
Source: National Alliance to End Homelessness (13), U.S. Census – American Community Survey (24)

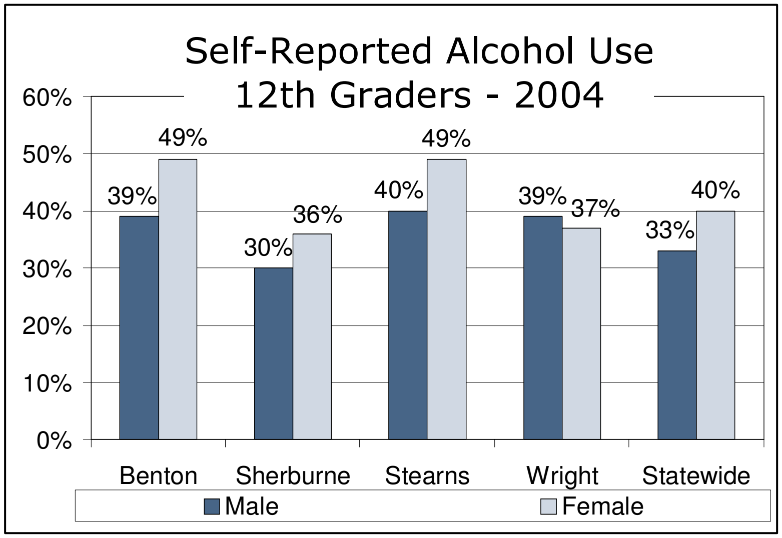
Health & Wellness

Relatively higher rates of substance abuse persist in this region.

- In the 2002 report (data from 1999), smoking and drinking in Stearns-Benton was cited as higher than MN averages, and it continues to be true – all four counties have slightly higher rates than the MN averages on smoking and acute drinking
- Directly comparing 1999 to 2006, the percent of smokers has gone down; Stearns-Benton was 21% and now all counties are below 20%
- Comparing 12th grade alcohol use, Benton and Stearns are above the MN average in 2004, while Sherburne and Wright are more comparable

IMPLICATIONS:
Attending to employees' mental health and substance abuse problems can save businesses money in the long run by increasing productivity.



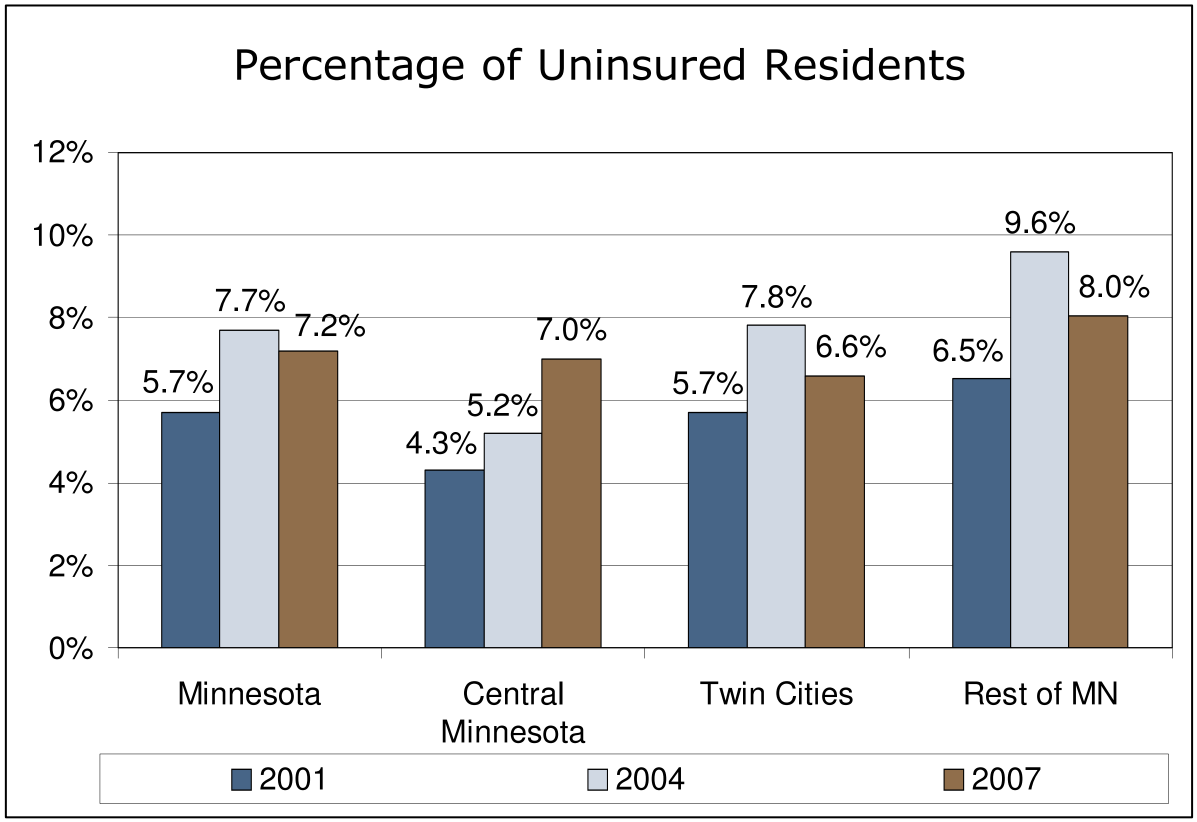


Healthcare

Central Minnesota shows a continued increase in the percentage of uninsured residents.

- While MN, Twin Cities and Rest of MN all saw the percent of uninsured residents decline from 2004 to 2007, Central MN saw an increase
- In 2001, Central Minnesota had a strong low percentage of uninsured residents at 4.3% and it is now comparable to other benchmarks

IMPLICATIONS:
As healthcare costs increase, fewer people in Central Minnesota can afford health care.



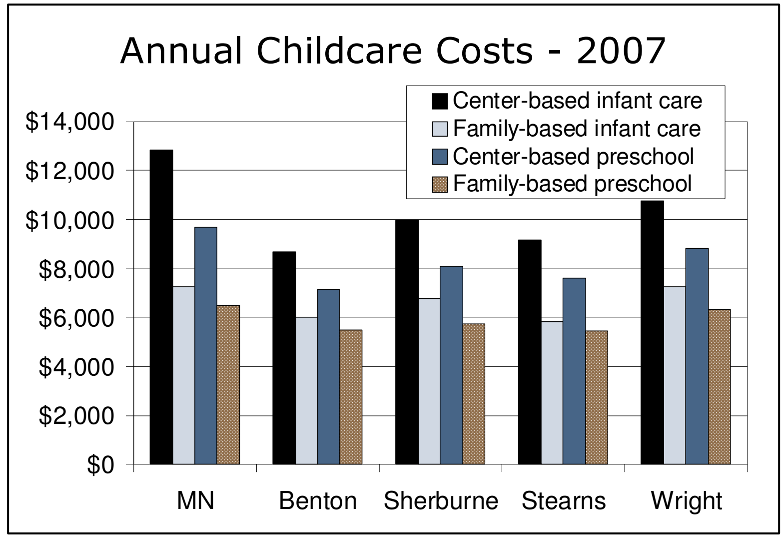
Source: MN Dept of Health - School of Public Health (12)

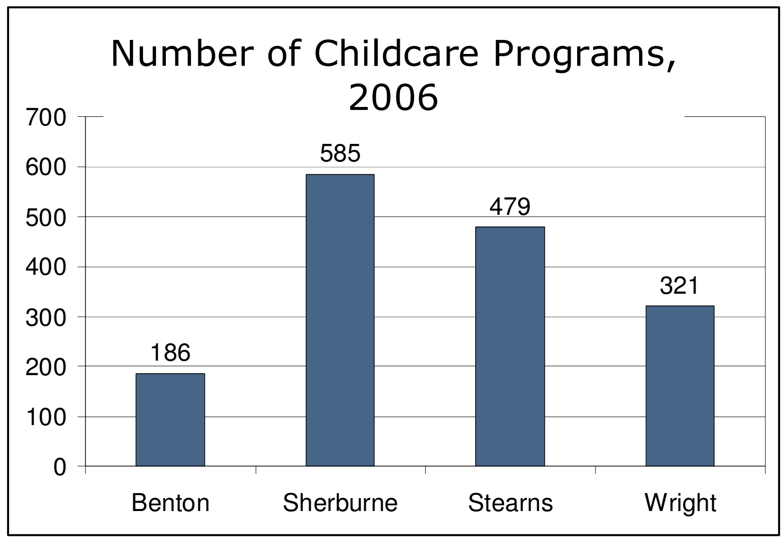
Childcare

Annual childcare costs in the region are below Minnesota averages.

- Annual childcare costs in the region are all at or below the MN averages, with generally higher costs in Sherburne and Wright
- In 2008, Child Care Choices, Inc. of St. Cloud reported that childcare facilities varied from 68% to 90% full across all levels (infant, toddler, preschool, and school-aged)
- In 2006, Minnesota Child Care Research and Referral network cites declines in the number of programs in all 4 counties compared to the previous year, ranging from a loss of 14 in Benton to 81 in Stearns
- In 2001, both Benton and Stearns had demand that was over twice as high as supply; comparable data were not available

IMPLICATIONS:
Childcare is a critical support structure for working families.





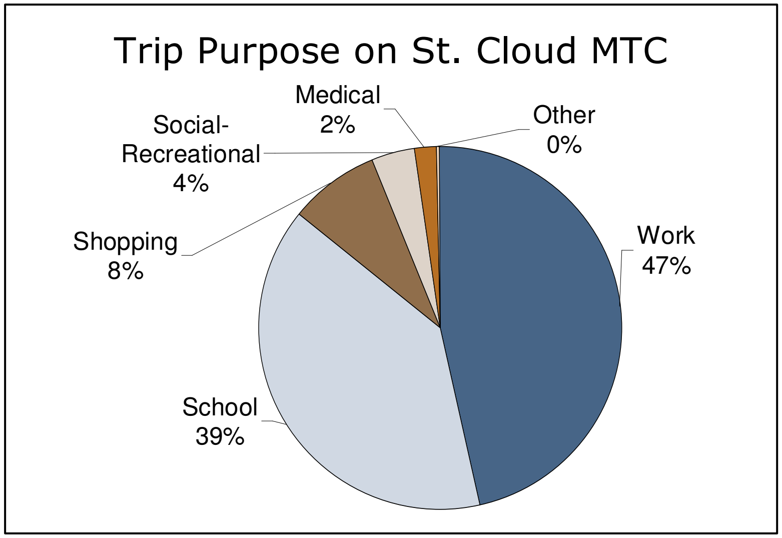
Sources: Children's Defense Fund (2), Minnesota Child Care Research (4), Childcare Choices (1)

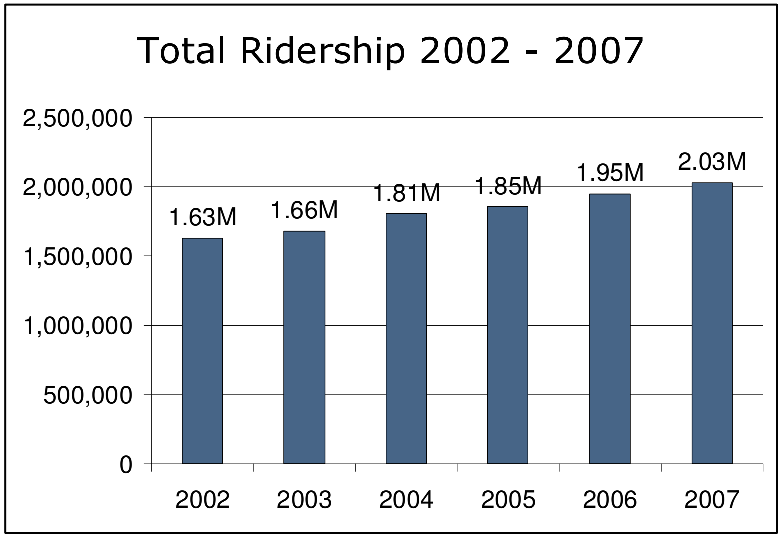
Transportation

Public transportation facilitates workforce participation and expands access to services.

- A look at ridership on the St. Cloud MTC shows that the bulk of riders are going to work or school, as was true in 2002
- 45% of riders are either staff or students from SCSU (an estimated 90% of the 45% are students)
- St. Cloud MTC was awarded a state grant to meet an anticipated demand of ridership due to growth

IMPLICATIONS:
Improving the public transportation system helps people access employment, services, and activities and is especially important for the elderly, persons with disabilities, recent immigrants, and people living in rural areas.





Sources: St. Cloud MTC - Fixed Route On Board Rider Survey (15), St. Cloud MTC – Interview (14)

GROWTH & INNOVATION

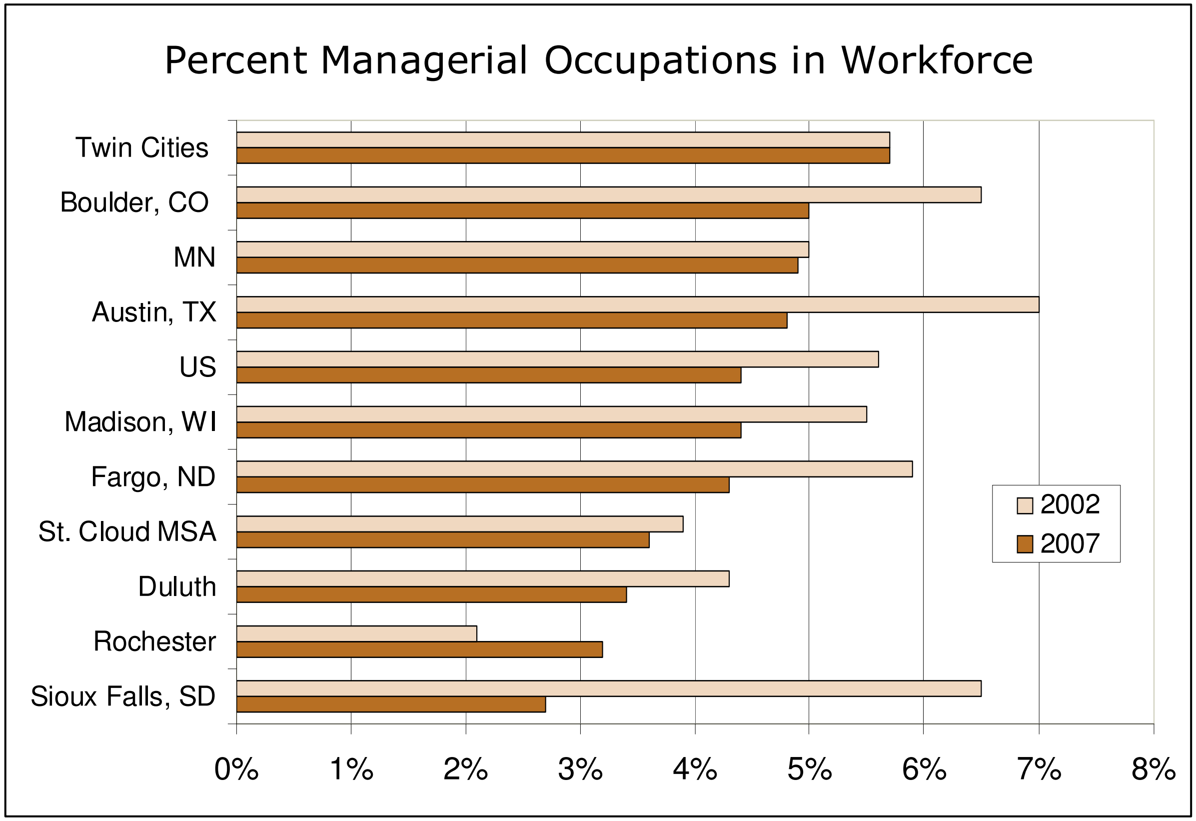
Growth and innovation are measures of entrepreneurial spirit – in new ideas, new organizations, and growth in existing organizations. Growth, along with better products, better services, and higher productivity can create a positive effect on the overall vitality of the community. In addition to technology jobs and patents, business services and managerial resources that support growth and innovation are also addressed.

- Managerial Resources
- Business Services
- Technology Jobs
- Patents
- Venture Capital
- Business Startups

Managerial Resources

Managerial resources, specifically managerial occupations, are below the state average, but have moved ahead of some comparable regions.

- In 2002, the St. Cloud MSA trailed all but Rochester in the percent of managerial occupations; in 2007, the St. Cloud MSA improved its ranking
- Note that while many regions have lost managerial occupations (as a percentage), MN, Twin Cities, and St. Cloud have kept fairly constant levels



IMPLICATIONS:

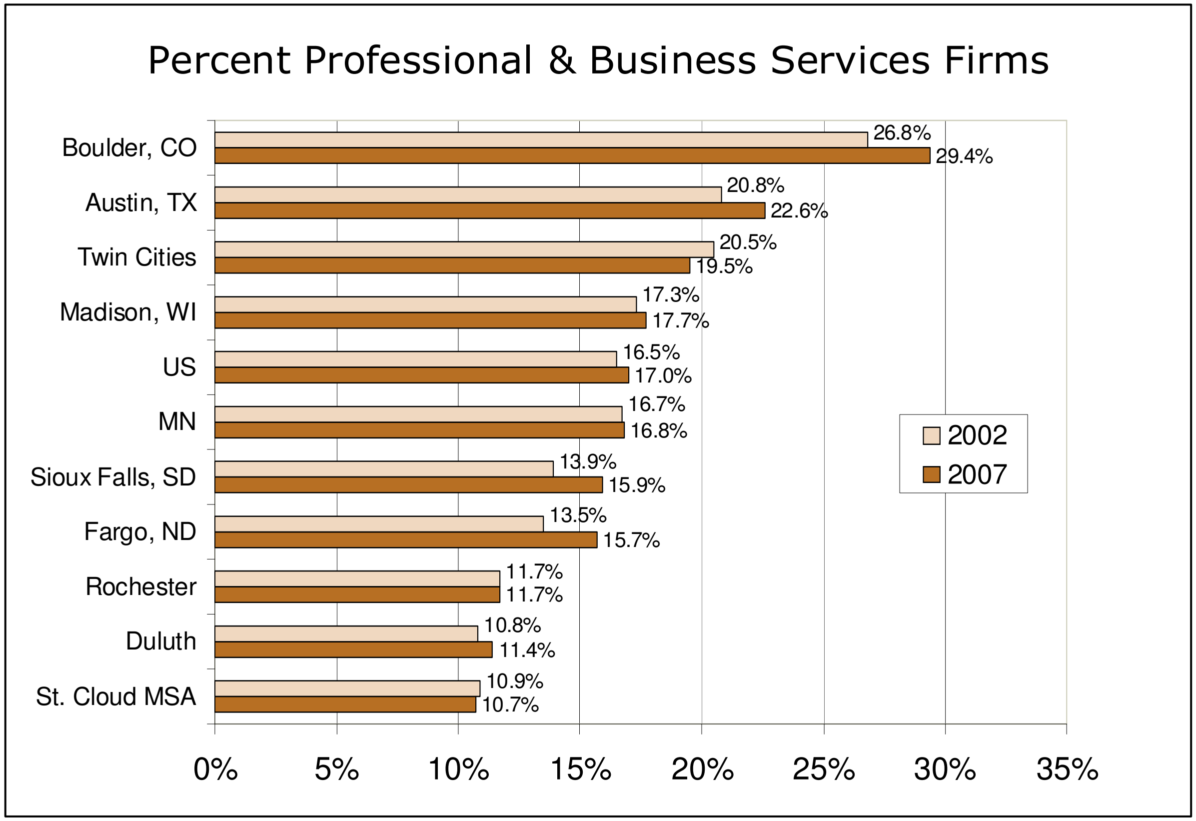
A low number of managers relative to the workforce can undermine a region's ability to grow existing businesses. Management has been identified as a strategic occupation.

Source: U.S. Bureau of Labor Statistics – OES (23)

Business Services

The St. Cloud MSA trails all other benchmark regions in the number of business service providers relative to the overall number of businesses.

- This measure looks at professional and business service companies as a percent of total establishments and employment
- In 2002, St. Cloud MSA was slightly ahead of Duluth; now it's slightly behind
- Change from 2002 to 2007 was negative in the St. Cloud and Twin Cities MSAs, but not in other benchmark regions

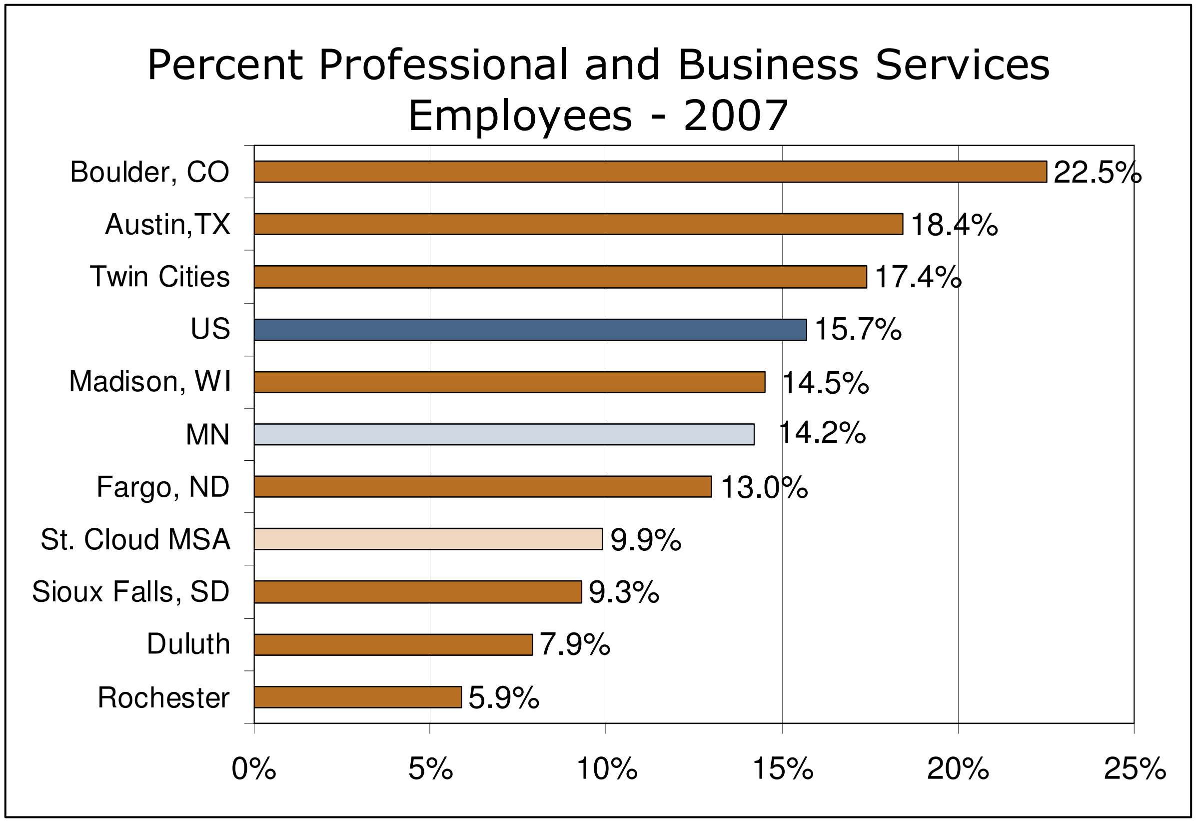


Source: U.S. Bureau of Labor Statistics – QCEW (22)

Business Services (2)

- Additionally, the St. Cloud MSA trails the US, MN, and the Twin Cities in the percent of professional and business services employees
- The region is ahead of a handful of benchmark regions in terms of the number of employees in professional and business services

IMPLICATIONS:
To support business growth, quality business services are needed. The business services industry is identified as a strategic industry.



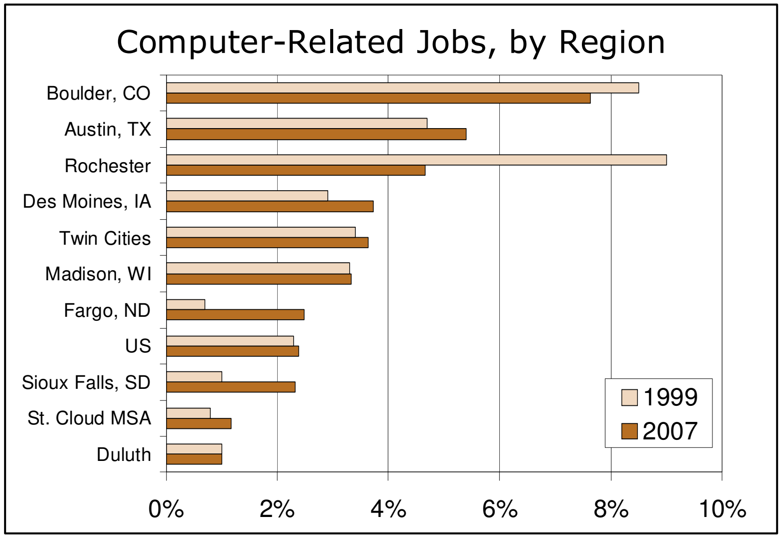
Source: U.S. Bureau of Labor Statistics – QCEW (22)

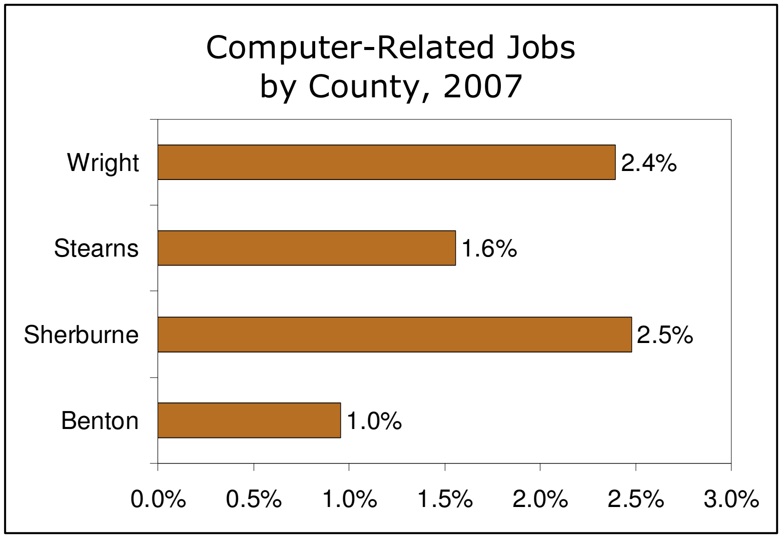
Technology Jobs

The region continues to have a lower proportion of computer-related jobs than benchmark regions, but it gained while other regions lost jobs.

- Looking at the regional 2007 data, this region trails all but Duluth in the percent of computer-related jobs
- St. Cloud MSA has seen an increase in the percent of computer-related jobs since 1999, though not as substantial as the increase in Fargo or Sioux Falls
- By county, Sherburne and Wright counties have higher proportions of computer-related jobs than Benton and Stearns

IMPLICATIONS:
Technology will continue to drive productivity, and wage growth would likely benefit from technology-related jobs.





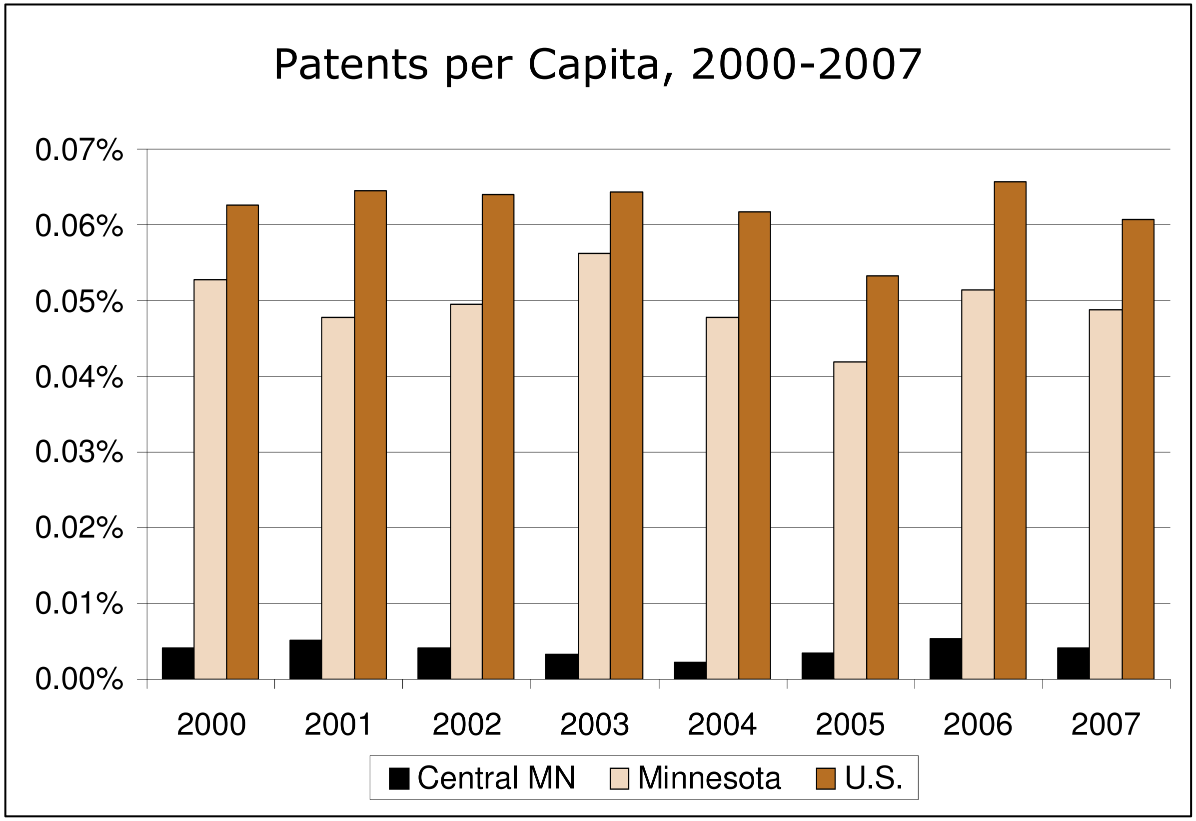
Source: U.S. Bureau of Labor Statistics – OES (23), Minnesota DEED – QCEW (8)

Patents

Patent generation in this region was not strong in 2000, and it seems to fairly consistently show small numbers.

- The number of patents authored in 2000 is very similar to 2007
- This measure appears to be "up-and-down" not only for the region, but for MN and US as well

IMPLICATIONS:
Area businesses may not be strongly engaging in research or the region's industries may not typically generate patents compared to other industries.

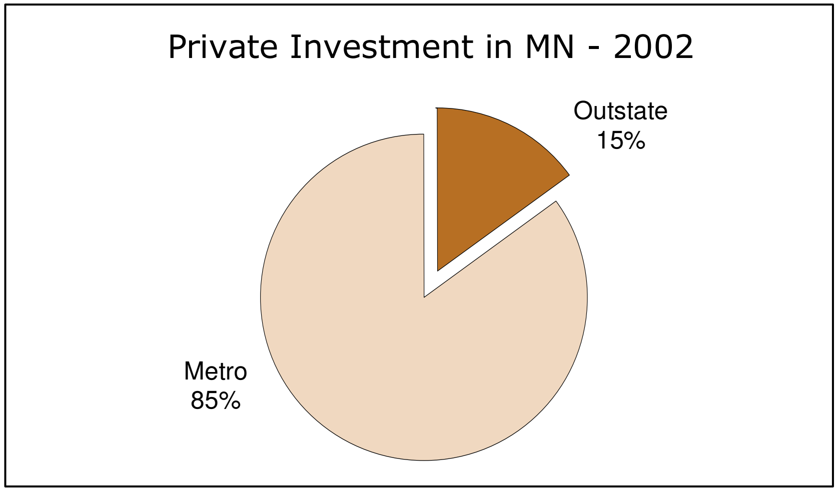


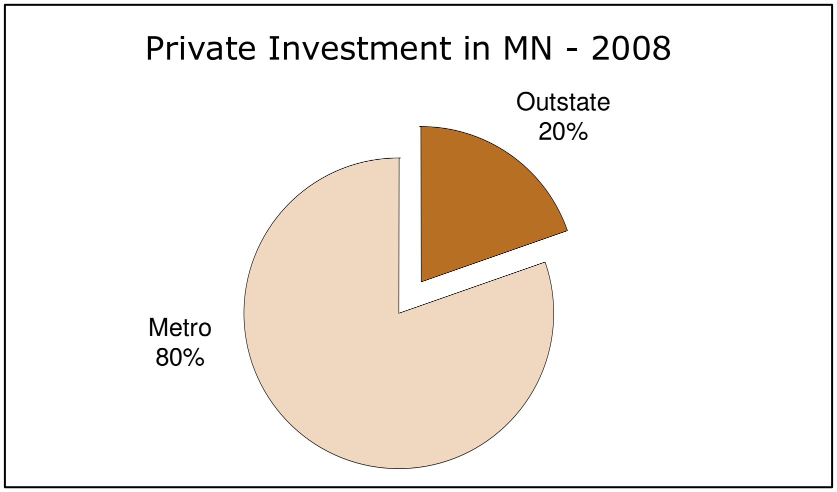
Source: U.S. Patent and Trademark Office (28), U.S. Census Bureau – Population Estimates (26)

Venture Capital

Private investments in companies located outside the Twin Cities metro area increased in 2008.

- The percentage mix, when comparing investment deals going to Outstate Minnesota vs. deals to the Twin Cities Metro, has increased from 15/85 in 2002 to 20/80 in 2008
- As a percent of all MN private investments, the percent that went to Central Minnesota companies is up from 1.5% in 2002 to 9.2% in 2008
- The number of investment deals to the outstate area was 15 in 2008, 7 of which went to Central Minnesota





IMPLICATIONS:
Investment in companies from private sources can help fuel the startup and expansion of small- and middle-market companies in the region, as well as promote growth and business transitions.

Source: Thomson Reuters Research Services (19)

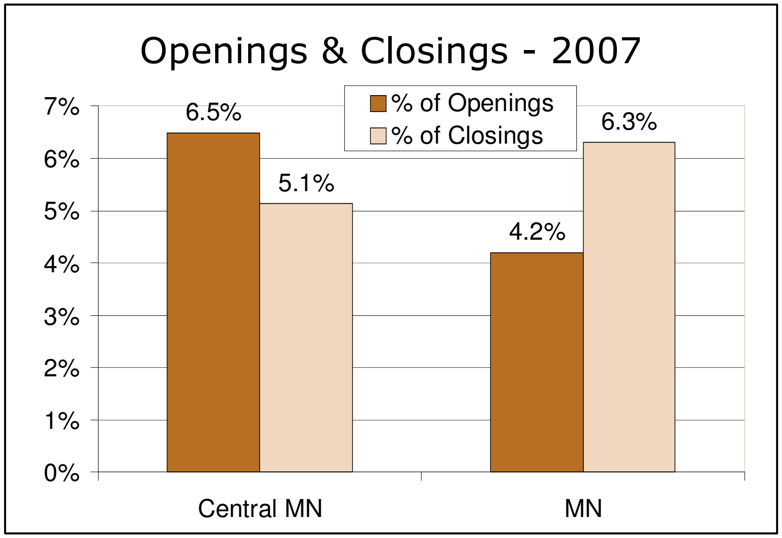
Business Startups

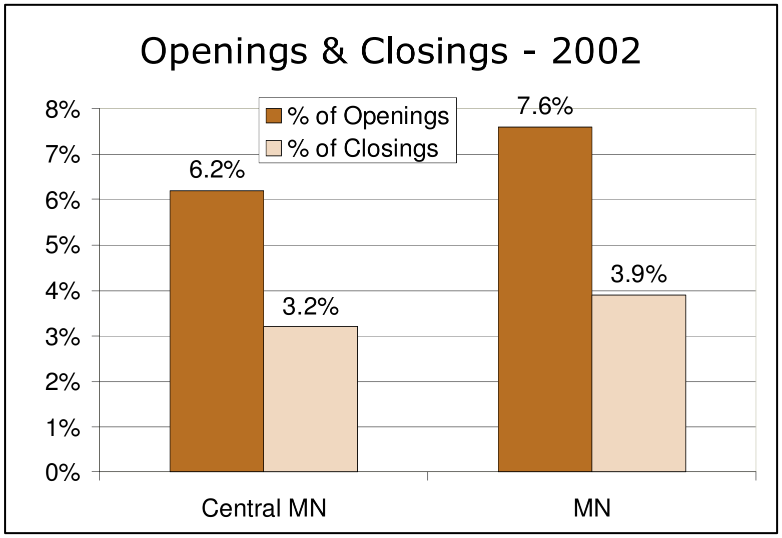
Central Minnesota's establishment openings were ahead of establishment closings in a sample quarter of 2007.

- The percent of all establishments in Central MN that opened in the 2nd quarter of 2007 was 6.5%, while the percent that closed in that same snapshot was 5.1%
- Central MN's percent of establishment openings and closings looks more consistent than Minnesota's when comparing the same quarter's results from 2007 and 2002
- When comparing to the same quarter across years, Central MN has ~100 more establishment openings and ~250 more establishment closings in 2007 than in 2002

IMPLICATIONS:

Given the lifecycle of businesses, it is important to have an active community of entrepreneurs creating companies and jobs.





Source: Minnesota DEED – QCEW (8), U.S. Bureau of Labor Statistics – BED (20)

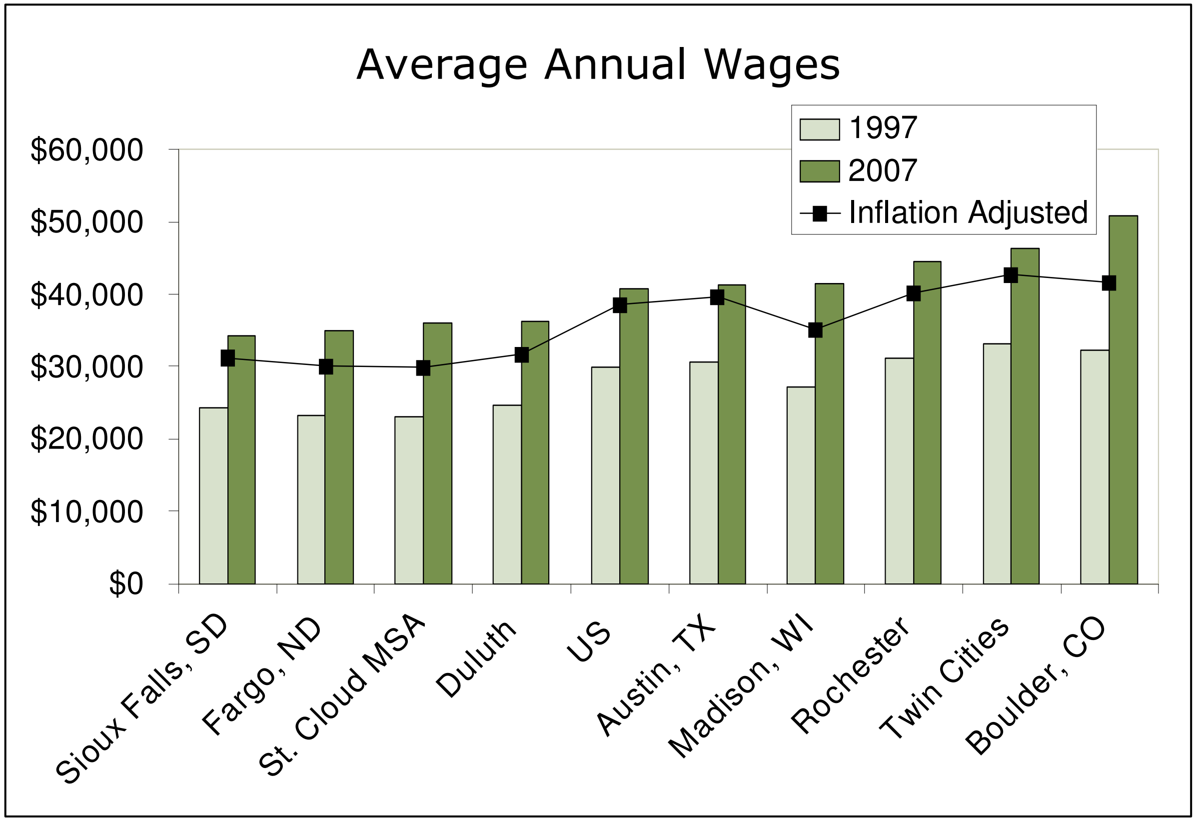
ECONOMIC VITALITY

Economic vitality is the tangible result of how well the Workforce Capacity indicators and the Growth & Innovation indicators operate in the region. Wages, job availability, growth, and other overall social wellness indicators are the real "bottom line" for members of the community at large. This section analyzes these system outcomes.

Wage Comparison

The average pay of workers in this region continues to be below benchmarks, but it has made some ground and has exceeded inflation-adjusted increases.

- The average annual wage in the St. Cloud MSA was approximately $36K in 2007
- The St. Cloud MSA's 2007 average wage is above the inflation-adjusted average from 1997, very similar to Fargo
- This region has the 3rd lowest average annual wage when compared to the benchmark regions
- In 1997, it was 2nd lowest having now surpassed Sioux Falls

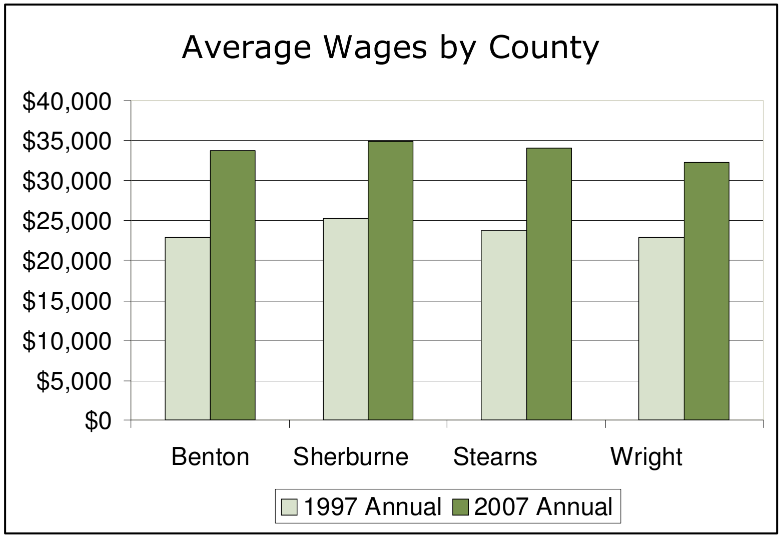


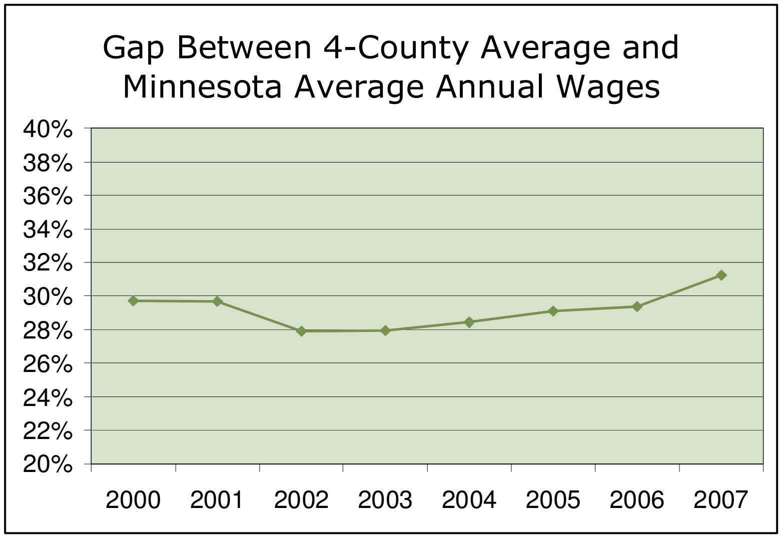
Source: U.S. Bureau of Labor Statistics – OES (23) and U.S. Bureau of Labor Statistics – Inflation Calculator (21)

Wage Comparison (2)

- Wages across all four counties have had comparable increases (of about $10K) between 1997 to 2007
- The gap between this region and the state remains high and has had a slight upward trend since 2003
- Wages are more than 30% lower in this region than the state average in 2007

IMPLICATIONS:
Low wages reflect the current occupation and industry structure. More jobs in strategic occupations and industries should help close the gap.





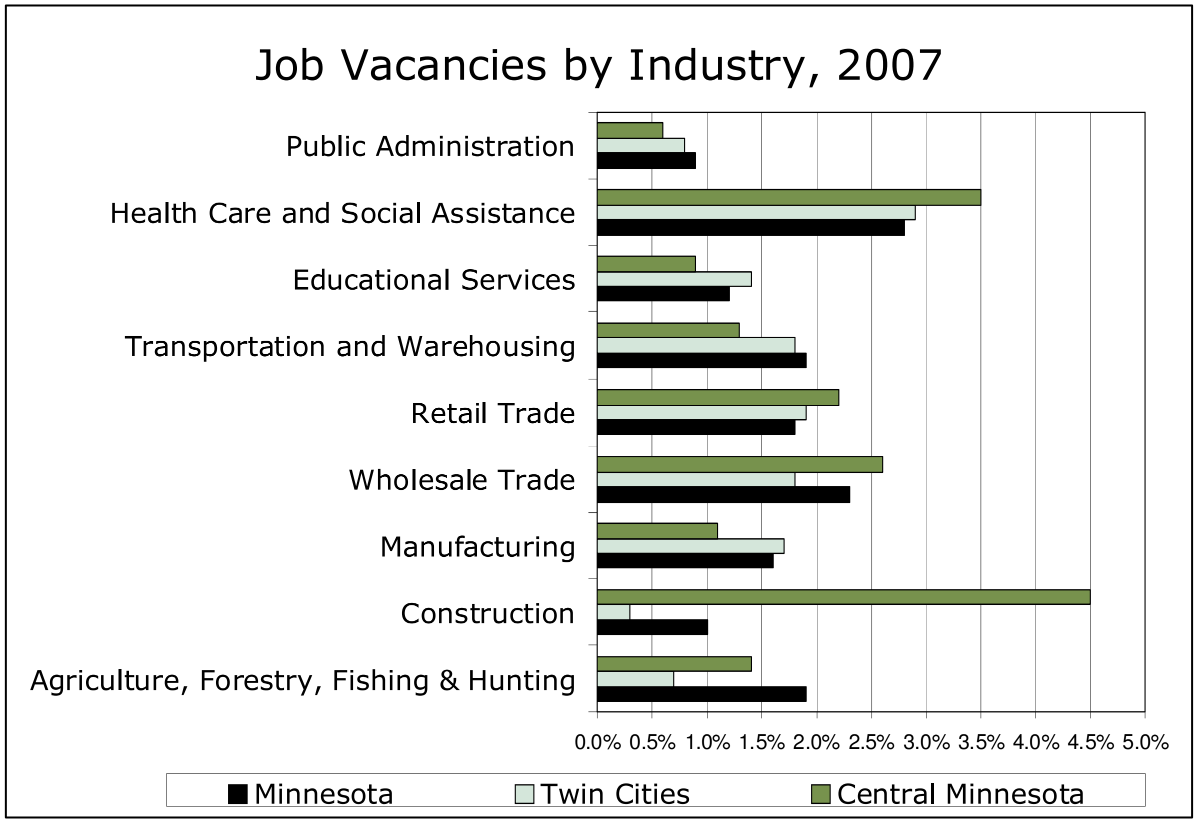
Source: Minnesota DEED – QCEW (8), U.S. Bureau of Labor Statistics – OES (23)

Job Vacancies

Job vacancies are a measure of available positions. High job vacancy levels can indicate a potential workforce shortage.

- Central MN has a higher vacancy in Health Care and Construction, significantly outpacing the Twin Cities and MN
- Compared to 2001, Health Care has increased from 3% to 3.5%, while Construction has decreased from 6% to 4.5%

IMPLICATIONS:
With modest job vacancies, the region appears to have an adequate workforce supply.

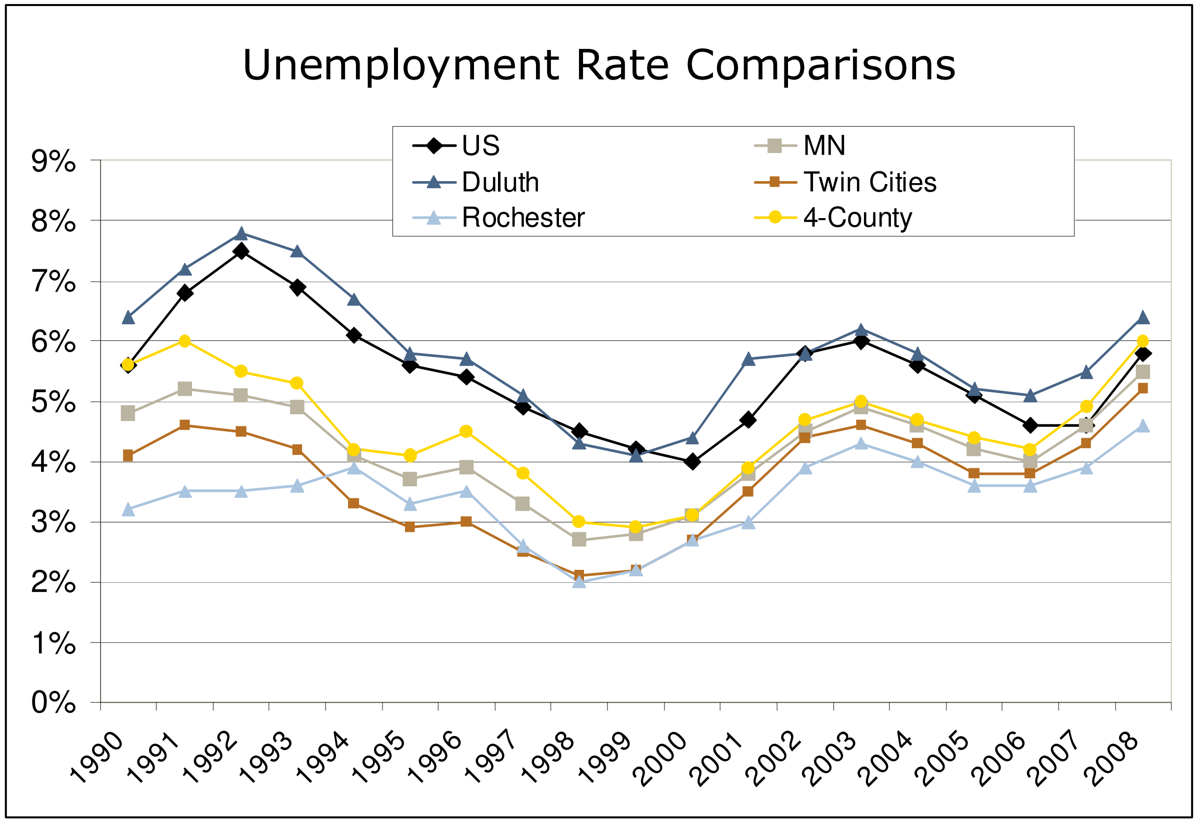


Source: Minnesota DEED – CES (7)

Unemployment Rate

The region's unemployment rate was at or slightly above the state average from 1999-2006, but rose higher than both the MN and US averages in 2007 and 2008.

- In 2008, the average unemployment rate in the four-county region was 6.0%
- The four-county region has been at or slightly above the MN state average since 1999
- The unemployment rate in the region rose to that of the U.S. in 2007 for the first time since before 1990



IMPLICATIONS:

Low unemployment suggests that residents are able to find work in the local economy.

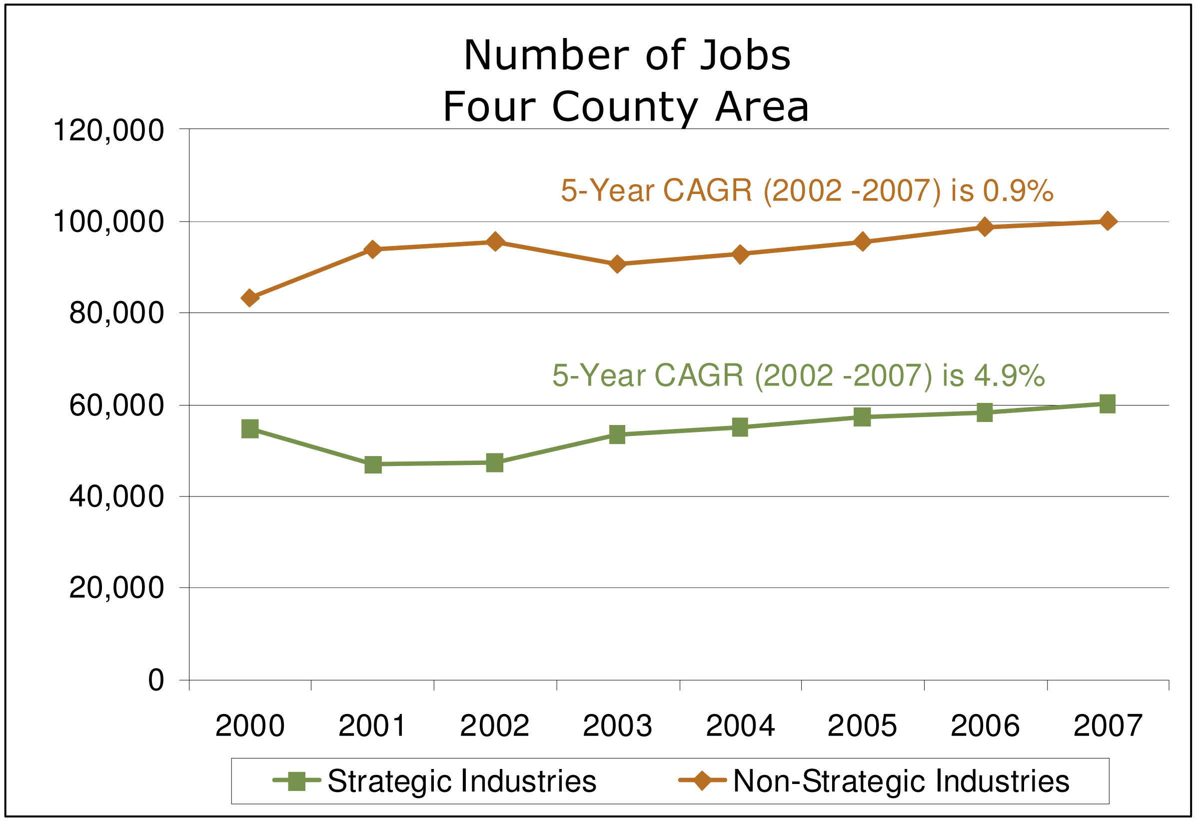
Source: Minnesota DEED – LAUS (9)

Industry Growth

In the 4-county area, the number of jobs in strategic industries grew by a Compound Annual Growth Rate (CAGR) of 4.9% while jobs in non-strategic industries grew by a CAGR of 0.9%.

- Since the publication of the 2002 *Community Assessment*, the number of jobs in strategic industries has grown at a CAGR of 4.9%, compared to .9% CAGR in non-strategic industries in the region
- The comparable CAGR for the number of jobs in the state of MN as a whole is .8% over the same period

IMPLICATIONS:
A focus on strategic industries can help to increase the rate of job growth in the region.

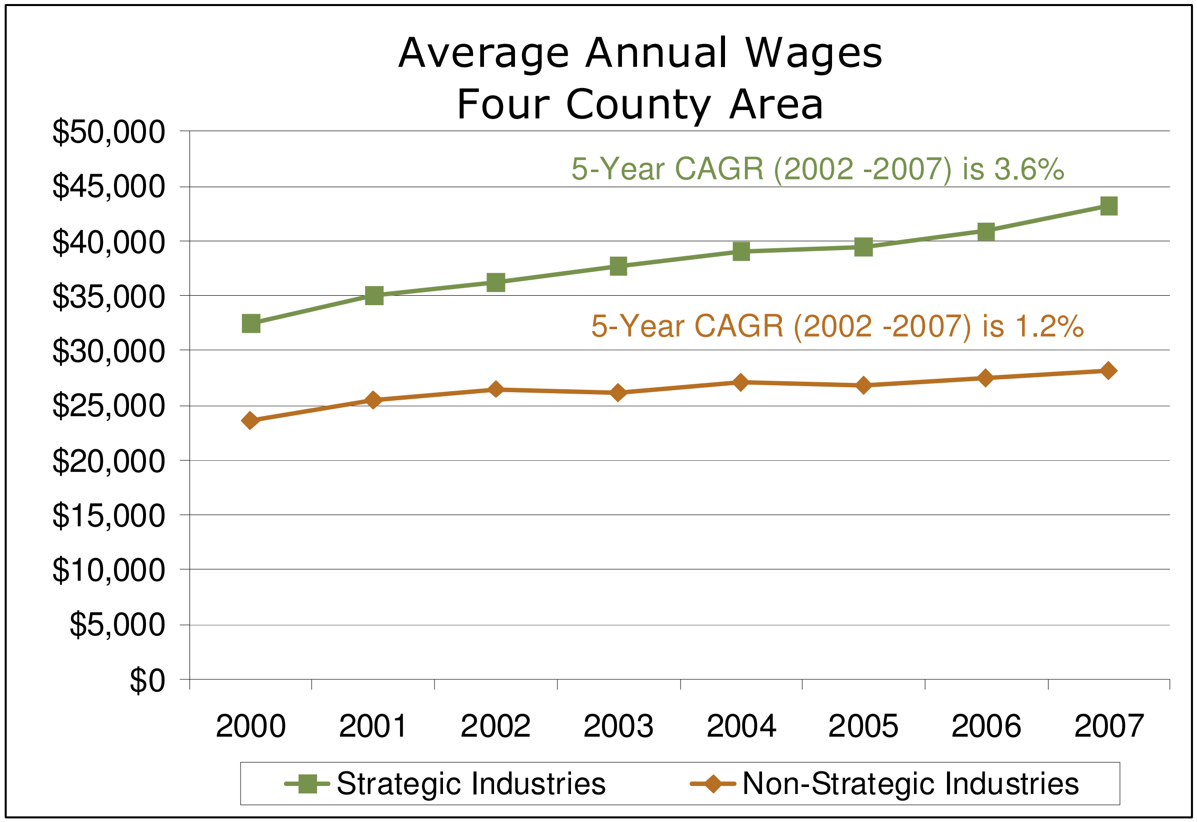


Source: Minnesota DEED – QCEW (8)

Industry Wages

While wages are steadily improving across all industries, the average annual wage in strategic industries is rising more quickly.

- The annual wages in the 4-county area show a substantial gap between strategic and non-strategic industries
- Wages are climbing overall, but they climbed faster in strategic industries in the last 7 years
- The CAGR for the strategic industries between 2002-2007 was 3.6% compared to 1.2% in the non-strategic industries for the same period

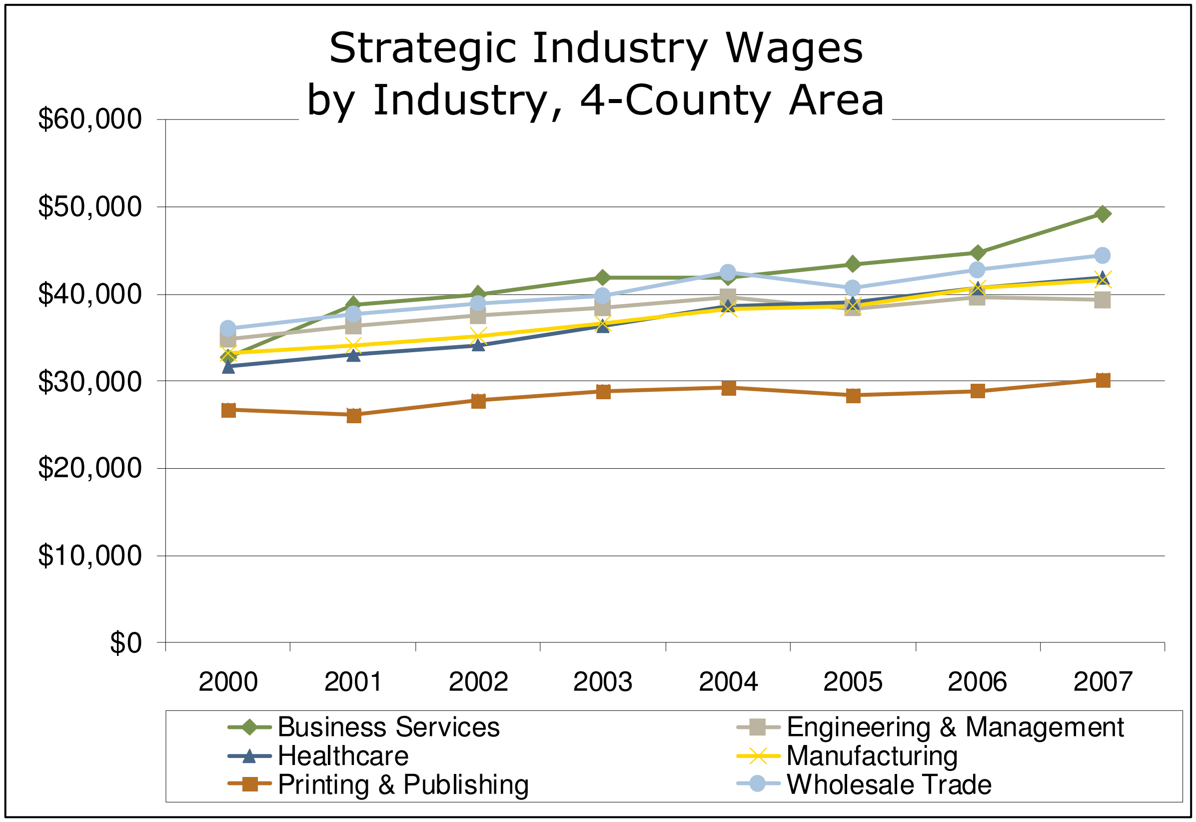


- These rates are comparable to wage growth for the state of MN (4.4% for strategic industries and 1.7% for non-strategic)

Source: Minnesota DEED – QCEW (8)

Industry Wages (2)

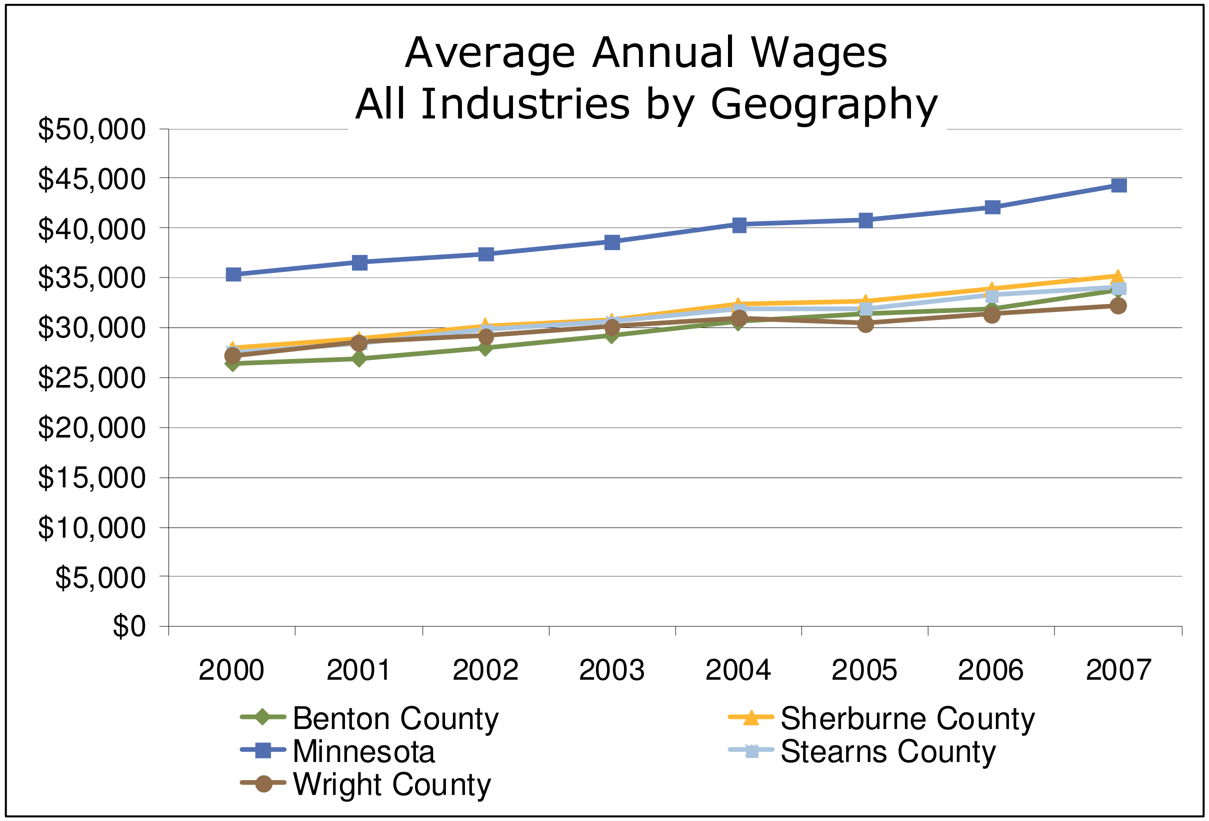
- Looking specifically at the strategic industries, there is an overall increase in wages
- The largest increase in wages is in business services, rising from just over $32K to nearly $50K between 2000-2007
- Healthcare and manufacturing show steady, comparable increases
- Printing and publishing, though increasing slightly, has seen slower growth than the other industries



Source: Minnesota DEED – QCEW (8)

Industry Wages (3)

- When analyzing by county, the counties are quite comparable in average annual wages
- All 4 counties are considerably below the Minnesota average



IMPLICATIONS:
Continuing to invest in strategic industries could help lift overall average wage levels in the region.

Source: Minnesota DEED – QCEW (8)

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