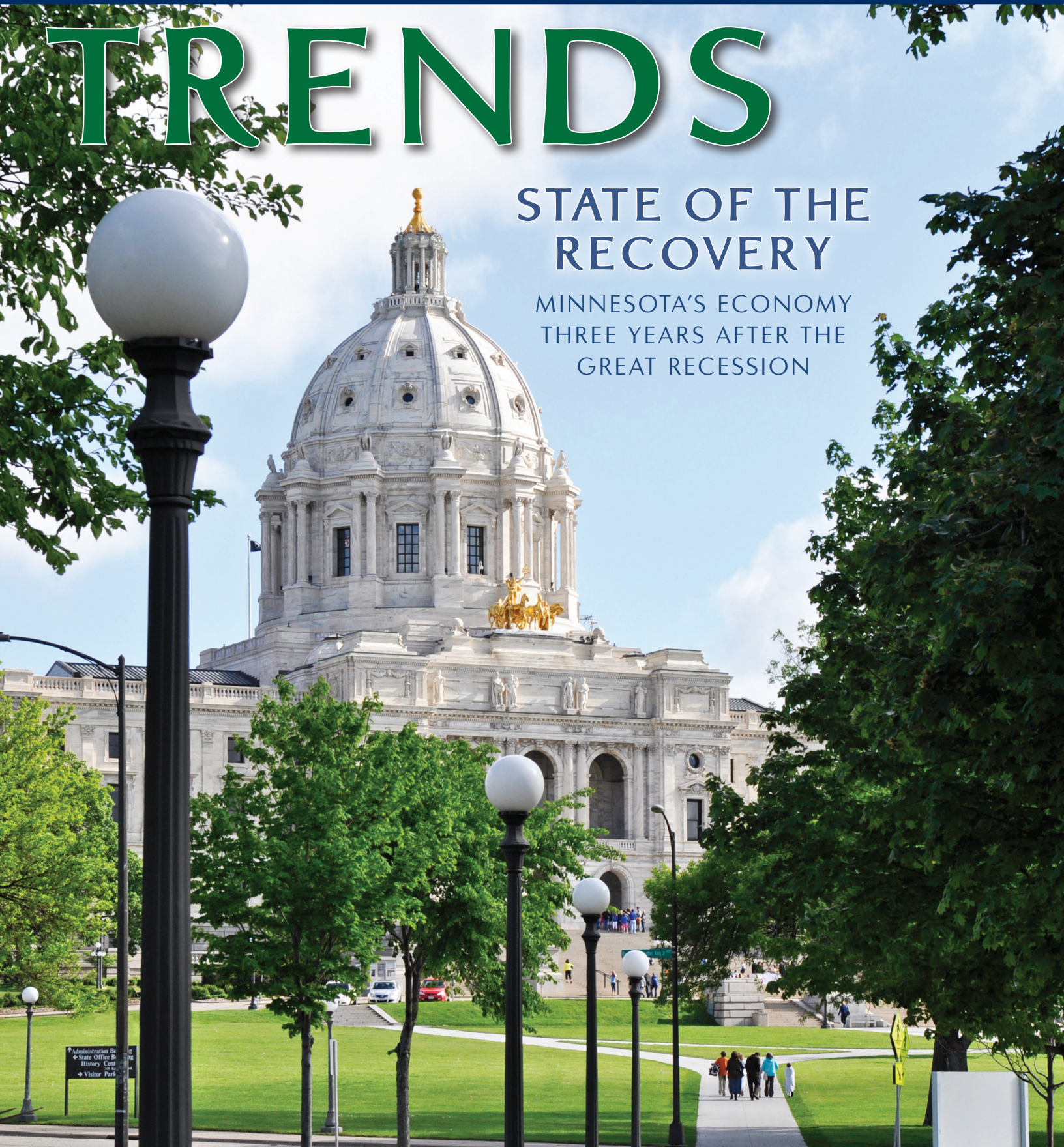


MINNESOTA ECONOMIC

TRENDS

STATE OF THE RECOVERY

MINNESOTA'S ECONOMY
THREE YEARS AFTER THE
GREAT RECESSION



JUNE 2012

POSITIVELY
Minnesota
Department of Employment and Economic Development

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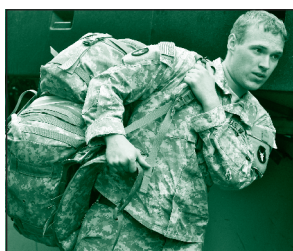
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Three Years after the Recession



If you want to start an argument, try announcing at your next family reunion that the Great Recession is over. According to the National Bureau of Economic Research, the longest recession since World War II ended three years ago this month, lasting from December 2007 to June 2009.

While the U.S. economy has been growing ever since, you can hardly blame people for being skeptical about whether a real recovery is under way. The national unemployment rate remains high, millions are out of work and economic problems in Europe are weighing down Wall Street. There's a sense that it wouldn't take much to send the economy tumbling back into the abyss.

This issue's cover story offers plenty of ammunition for either side of the debate about the health of Minnesota's economy three years after the recession. If you're a numbers junkie — and I've always suspected that we have plenty of those among Trends readers — then you'll enjoy this story.

On the glass is half-full side, Minnesota's unemployment rate ranks among the country's lowest at 5.6 percent, the state has regained about half the jobs that it lost during the recession, and average weekly hours and wages are rising again.

The glass is half-empty proponents will argue that Minnesota's unemployment rate might be down to 5.6 percent, but that's still higher than it reached during the worst points of the previous two recessions in 2001 and 1990-91. Many Minnesotans are underemployed — stuck in jobs with lower wages and fewer hours than the ones they lost during the recession — and the ranks of the long-term unemployed in the state continue to swell.

The story predicts that state employment growth through 2020 will continue at the pace that we've seen in the last year or so. But as the figure on Page 7 shows, sometime around 2016 — just four short years from now — the number of available workers and jobs will be roughly equal, followed by a labor shortage in some areas by the end of the decade, mainly because of retiring baby boomers. Ironically, our economy might be struggling eight years from now because we have more jobs than people to fill them.

Finally, I'm proud to announce that Trends was named the top print magazine for the second year in a row in the Northern Lights Awards contest sponsored by the Minnesota Association of Government Communicators. Each issue of Trends is something of a minor miracle, requiring a coordinated effort among a team that includes data analysts, writers, editors, design professionals and a photographer. Congratulations to everyone who contributes to making Trends an award-winning publication.

A handwritten signature in dark ink, reading "Monte Hanson". The signature is fluid and cursive, with the first name "Monte" being more prominent.

Monte Hanson
Editor

State of the Recovery

Minnesota is on a slow but steady path to recovery, but the state has a long way to go before the economy returns to its pre-recessionary levels. This analysis by DEED's Labor Market Information Office examined several measures to determine how the state economy has fared since the recession officially ended in June 2009.

Three years after the official recovery from the worst recession in 70 years, Minnesota and the country are still far from regaining their pre-recessionary employment levels. Based on May's preliminary numbers, Minnesota has recovered slightly more than half the jobs lost during the recession, and the average monthly rate of growth during the recovery has been about one-

third the average rate of job loss during the recession.

Similarly, the recession increased the number of unemployed Minnesotans by about 137,000, but the recovery has only reduced that number by 85,000. After reaching a high of 8.5 percent during the recession, the state unemployment rate fell to 5.6 percent in May, which was still higher than the jobless rate in either of the two previous recessions.¹

On the other hand, there are economic indicators that suggest we have regained our pre-recession vitality. Job openings are close to the levels we saw between 2003 and 2007, while claims filed for unemployment benefits — a good indicator of the pace of layoffs — are back to levels seen before the recession. Private sector performance has been stronger than the data on total employment because government jobs have been in significant decline. Even construction and manufacturing,

two sectors of the economy most devastated by the recession, are showing undeniable signs of strength.

This issue of Trends analyzes various measures to help paint a clearer picture of the economy. As suggested above, no single indicator defines the state of the recovery. Taken as a whole, these measures offer a mixed reading, and there are many other indicators not discussed here that offer arguments on either side of the debate about the health of the economy. But a careful reading of this article will provide a better understanding of where we're doing well, as well as where we still fall short. The article also looks ahead to the end of the decade, based on newly released employment projections.

Jobs, Wages and Hours

Non-agricultural payroll employment in Minnesota has been expanding for the past 25 months after losing jobs over



the 24-month period before that. After peaking at 2.78 million jobs in February 2008, employment fell and did not begin to rise until February 2010, at which point employment had declined by 154,300, or 5.5 percent. This decline erased all of the growth experienced during the inter-recession expansion, with employment falling to levels similar to 1999 (see Figure 1).

As Figure 1 shows, employment changes in Minnesota have tracked closely with the U.S., with peaks and troughs occurring at essentially the same time and with similar rates of change. The employment decline for the U.S., however, was somewhat more severe than for Minnesota, posting a loss of 6.4 percent peak to trough.

Minnesota has been in the recovery phase of the cycle for more than two years. Since hitting a trough in February 2010, employment has expanded fairly consistently, if slowly. The state had regained 78,800 jobs as of March 2012, about half of the total jobs lost during the recession. In 2011, employment grew by an average of 2,575 jobs per month. If that pace of job growth continues, Minnesota will regain its pre-recession employment peak in May 2014.

Figure 2 compares the Great Recession, which began in December 2007, to recessions

dating back to 1973 by presenting change in employment indexed to peak employment.² The 2007 recession stands apart from previous recessions in that it has all the worst features of the previous recessions wrapped into one package. First, the decline in employment lasted longer than in previous recessions. Second, the employment decline was more severe than in previous recessions, with only the 1981 recession showing similar severity. Third, employment recovery has been extremely slow compared with previous recessions.

Contributing to the weak recovery is the fact that the recession was triggered largely by the collapse of a real estate bubble. In the past, construction has spurred rapid growth after a recession because of pent-

up demand for housing and improved interest rates. In the current downturn, the housing market is in such poor condition that it is not providing the burst of growth that could help spur broader growth in the economy. There are so many available properties at such low prices — partly because of foreclosures — that new home prices are less competitive and hence construction of

FIGURE 1

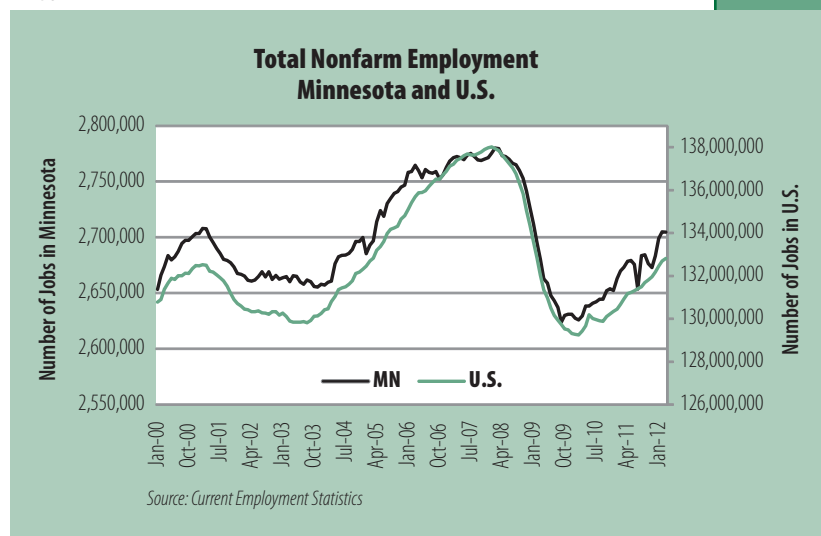
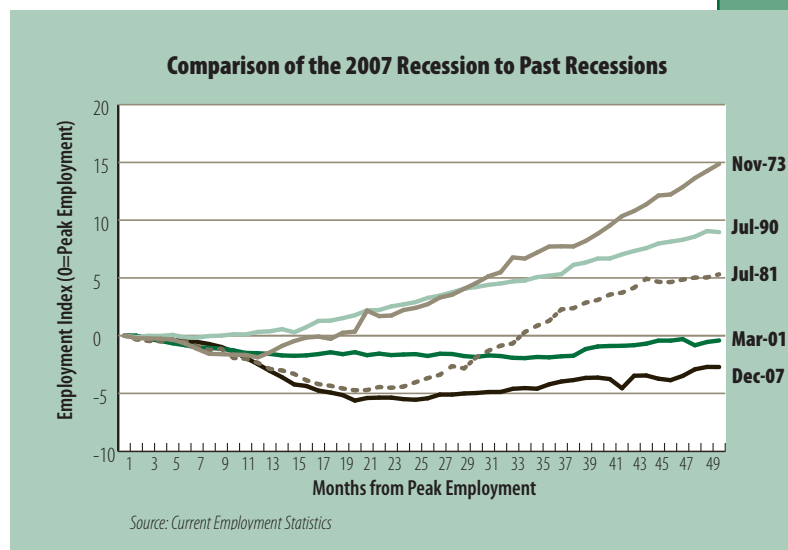


FIGURE 2



housing continues to be slow. Commercial construction also has been weak.

Construction employment fell by more than one-third, from 131,700 in August 2005 to 85,900 in May 2010, the same level seen in December 1995. In the past 22 months, Minnesota has gained back only 9,800 construction jobs, still 27 percent below peak employment.

With the renewal of job growth since March 2010, wages and hours have shown improvement. Figure 3 presents the average hourly wage and average weekly hours for January 2008 through March 2012 using a 12-month moving average to smooth the data. Hours dropped from 33.7 in early 2008 to 32.6 in January 2010. As employment has increased, average weekly hours have also increased by 0.8

of an hour. If the trend continues, Minnesota should regain its January 2008 level in a few months. Likewise, earnings have improved since stalling in early 2010, adding about \$1.15, bringing earnings per hour to \$24.57 in March 2012. These are positive trends that will help to sustain job growth by increasing disposable income.

The Unemployment Picture

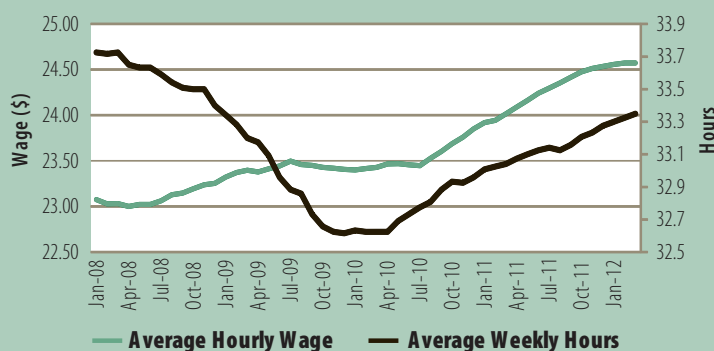
Unemployment rates are one of the most commonly cited measures of economic health. While Minnesota and other Midwestern states typically have rates that are lower than the country as a whole, Minnesota's unemployment rate tracked closely with the nation just before and during the latest recession. Minnesota's rate, however, peaked earlier than the U.S. rate at 8.5 percent and is already below 6 percent. The U.S. unemployment rate, meanwhile, peaked at 10.2 percent and is still above 8 percent (see Figure 4).

In a poor labor market, declining unemployment rates can result from fewer people seeking employment. When workers drop out of the labor force, they're no longer counted as unemployed. Labor force participation has been declining



FIGURE 3

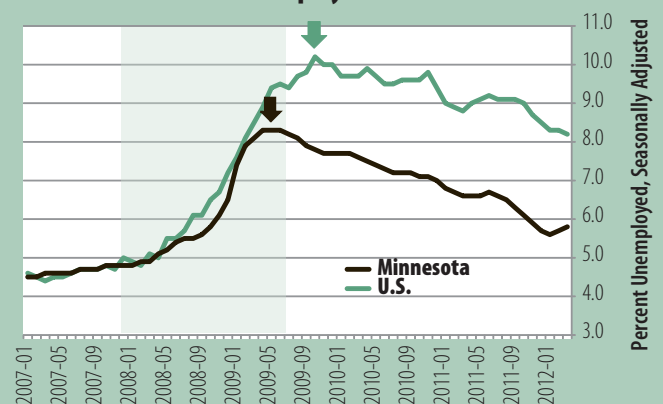
Minnesota Private Sector Wage and Hours for All Employees, 12-Month Moving Average



Source: Current Employment Statistics

FIGURE 4

Peak Unemployment

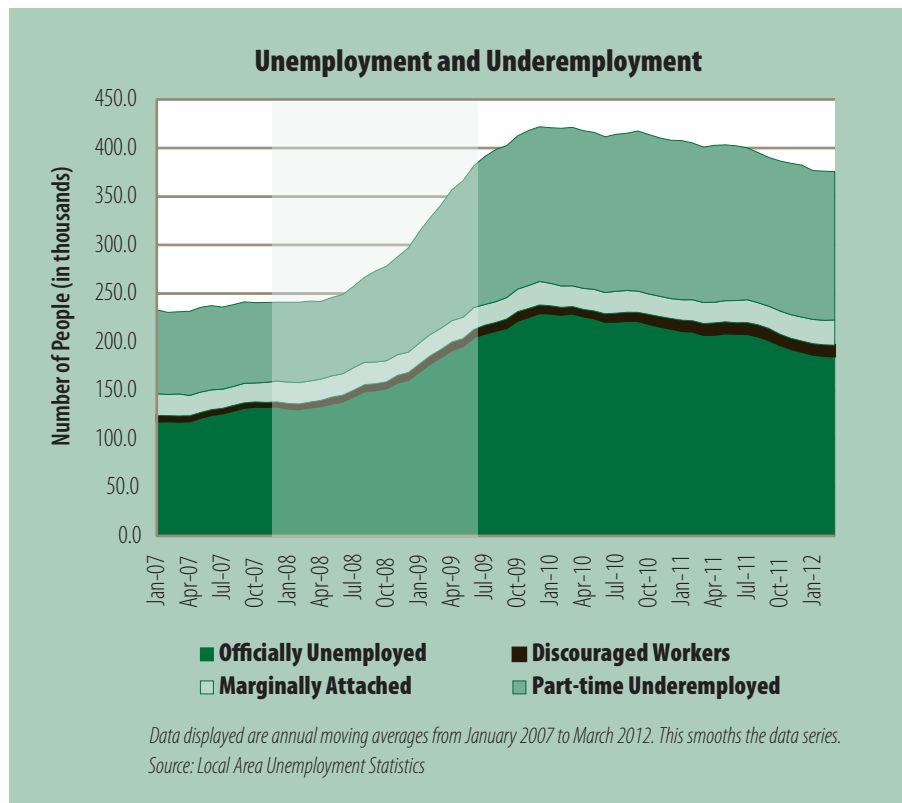


Source: Local Area Unemployment Statistics

since the beginning of the last decade, both in Minnesota and nationwide. Although some of the recent decline is related to the recession, some is part of a longer-term trend. This trend is the result of demographic shifts, specifically the aging labor force and higher numbers of retirees. The trend is projected to continue throughout the decade.

Other measures also point to stress in the labor market. Figure 5 shows other types of unemployment and underemployment that are not counted in the official unemployment rate. “Discouraged workers” are those who have given up looking for work and therefore are not counted as officially unemployed. This group, however, does drive labor force participation rates downward. “Part-time underemployed” workers (officially called “employed part-time for economic reasons”) have had their hours cut or have accepted part-time positions even though they want full-time work. These workers also are not counted as unemployed. Instead they are counted as employed for the purpose of calculating the unemployment rate. Information on these groups is tracked in the same survey that is used to measure unemployment, and data on them are published in a series called Alternative Measures of Labor Underutilization.

FIGURE 5



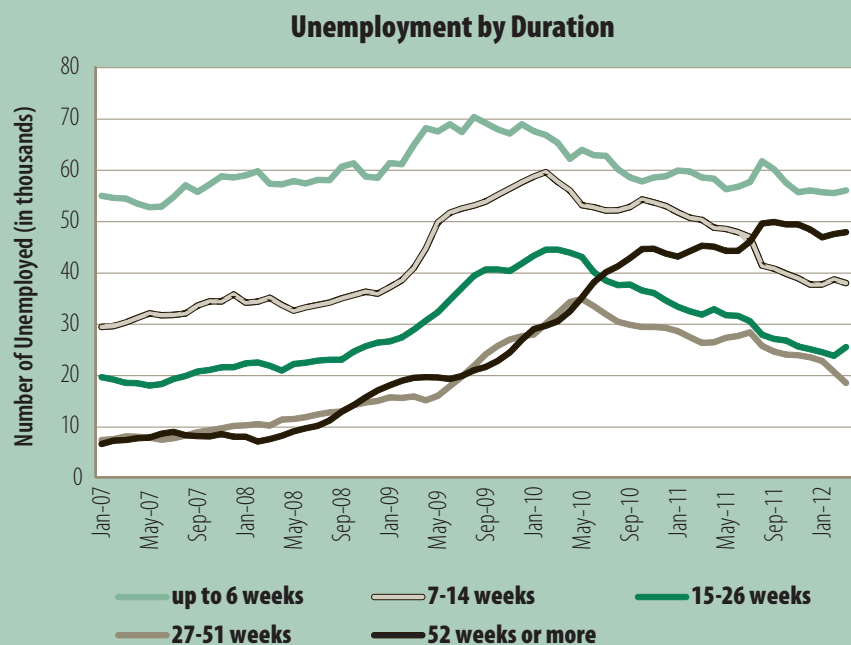
During the recession, workers in both of these groups increased. The number of unemployed workers nationally peaked in December of 2009, several months after the end of the recession and the unemployment rate peak in Minnesota. In contrast, the number of part-time underemployed increased more sharply and peaked almost a year later in September 2010. Since the underemployed are included in the employed total, that increase actually lowered the unemployment rate. So while Minnesota’s unemployment rate recovery started before the official end of the recession, the driving force in declining unemployment for more than a year was an increase in part-

time employment for people who wanted full-time work. All these numbers, however, are now declining, indicating a more normal labor market is returning.

Furthermore, while the labor market improves overall, not everyone is finding it easy to return to work after a spell of unemployment or non-participation. By duration, all groups of unemployed have been declining since 2009 except the long-term unemployed, defined as those out of work for more than a year. This group continues to increase (see Figure 6).

While the overall unemployment picture in Minnesota is improving, near normal

FIGURE 6



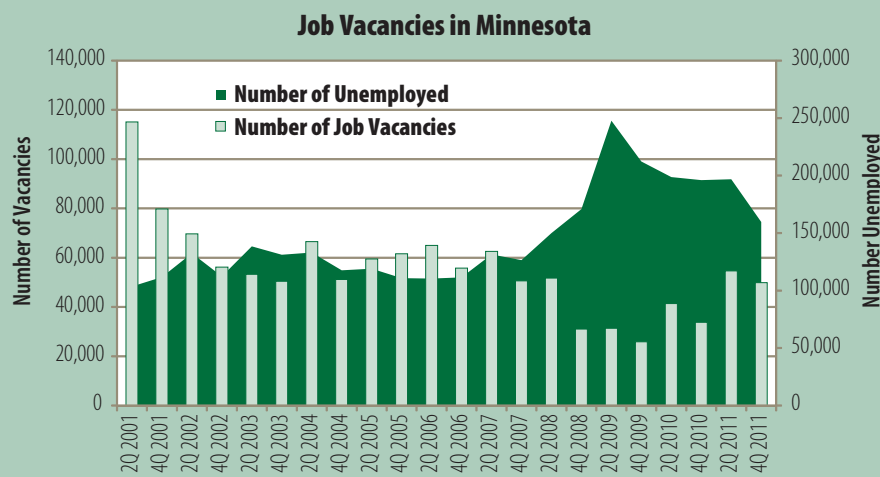
Data displayed are annual moving averages from January 2007 to March 2012. This smooths the data series.
Source: Local Area Unemployment Statistics

to find work for well over a year continues to swell. Incumbent workers looking to upgrade, new entrants in the labor market and newly laid off workers might find the economy only a little slow, but many others face real and continuing challenges in their personal economic situations.

Expanding Opportunities

In another indicator of an improved labor market, the ratio of unemployed job seekers to job vacancies in Minnesota continues to improve. There were 8.2 job seekers per vacancy at the peak of the recession during fourth quarter 2009. This number fell to 3.2 job seekers per vacancy during fourth quarter 2011.

FIGURE 7



Source: Minnesota Job Vacancy Survey and Local Area Unemployment Statistics

unemployment rates disguise a hidden trend of people who are underemployed in terms of hours and pay or who are working

in jobs that aren't on par with the ones they lost during the recession. Moreover, the number of people who have been unable

Minnesota had 49,890 job openings in the last three months of 2011 (see Figure 7). While this is a drop in openings from spring 2011, the fourth quarter is always lower due to hiring seasonality. In fact, job openings in the fourth quarter of 2011 were down 8.7 percent from second quarter 2011, which is half the normal seasonal decline. More telling is the 47.6 percent increase in job vacancies from the 33,800 one year earlier. This increase — the largest annual improvement in the 11 years since the Labor Market Information Office began conducting the survey — is another strong sign of building momentum in hiring.

The majority of job vacancies (59.3 percent) were in the Twin Cities seven-county area. Compared with one year ago, the number of job vacancies increased by 54.6 percent in Greater Minnesota and by 43.2 percent in the Twin Cities. Greater Minnesota had a job vacancy rate of 2.1 percent, while the Twin Cities job vacancy rate was 2 percent. The ratio of unemployed people to job vacancies improved slightly in the Twin Cities at 2.9, while remaining stable in Greater Minnesota at 3.7.

Compared with other states, Minnesota's labor market appears to be improving quickly. The Conference Board's Help Wanted OnLine data series provides an opportunity to compare hiring across the country. Based on the Conference Board's March 2012 release, Minnesota had the sixth-best ratio in the country, and the Twin Cities had the second-best among metro areas, behind only Washington, D.C.³ The data also show that job opportunities in Minnesota have continued to grow since fourth quarter 2011.

Employment Outlook

Minnesota's job growth over the next 10 years generally will look a lot like job growth in 2011. The state added 34,500 wage and salary jobs last year. The number of self-employed Minnesotans

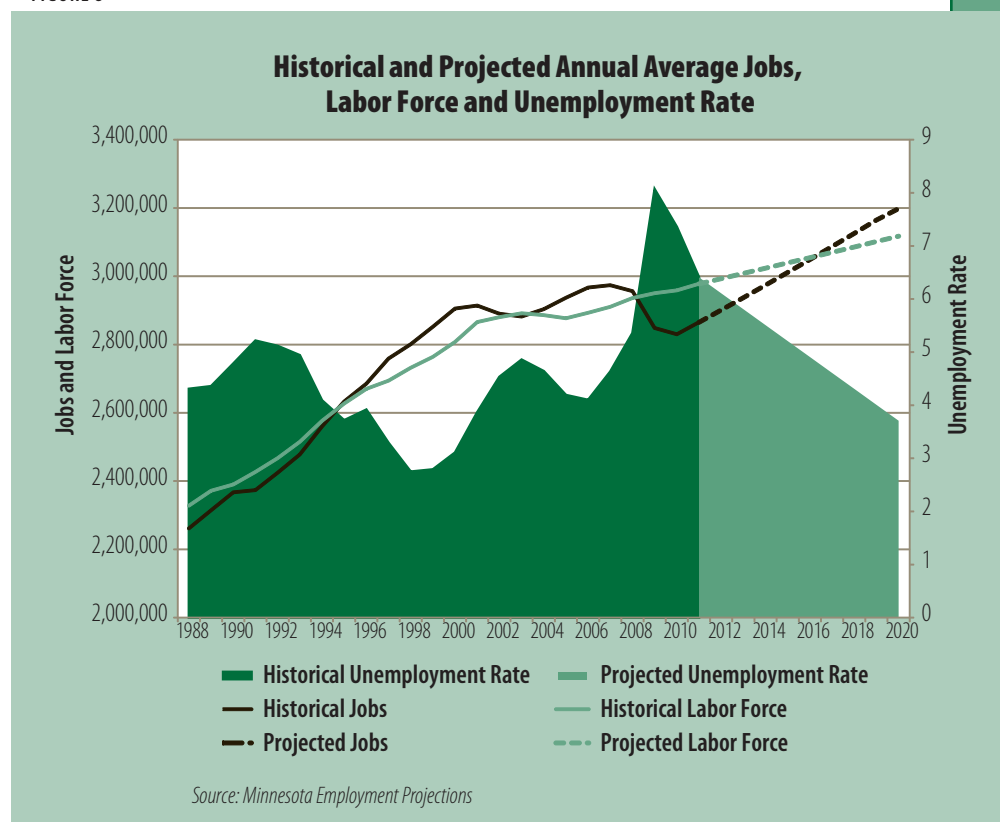
also rebounded, with annual average self-employment climbing by 5,300 in 2011.⁴ The combined increase of 39,800 jobs in 2011 is slightly higher than the 36,800 average annual job gain projected for Minnesota between 2010 and 2020. The expected 368,000 jobs over the 10-year period would be a huge improvement over the 72,000 jobs lost between 2000 and 2010, but substantially below the 533,900 jobs added during the boom years of 1990 to 2000.

Job growth will increase in Minnesota in the next few years, but new jobs will slow toward

the end of the decade as baby boom retirements peak, slowing labor force growth to a crawl. Labor shortages, on scale with the labor shortage years of the late 1990s, will curb job growth in the second half of the decade. Figure 8 displays projected labor market conditions over the next 10 years based on economic growth assumptions.

Minnesota's long-term employment projections are based to a large degree on national projections updated every two years by the Bureau of Labor Statistics (BLS). The BLS projects gross domestic

FIGURE 8



product at 3 percent annual growth during the 2010-2020 period, up from the 1.6 percent experienced over the 2000-2010 period, but slower than the 3.4 percent growth achieved between 1990 and 2000. The projected 3 percent growth leads to a full-employment economy in 2020, with unemployment at 5.2 percent nationally and 3.7 percent in Minnesota.

Minnesota's job growth over the next decade will be generated entirely in the private sector, with state and local government job growth offset by downsizing of the federal workforce in

Minnesota. Private sector jobs are projected to grow 15 percent, while government jobs will be unchanged, leading to 13 percent overall employment growth. This is slightly lower than the 14.3 percent expected nationally.

More than 60 percent of all employment expansion in Minnesota is anticipated to occur in three super sectors: education and health services (141,000 jobs), professional and business services (52,000 jobs), and construction (37,000 jobs). The construction sector is anticipated to grow the fastest as construction activity returns to

historical norms. Construction payroll numbers, however, will fall short of the 2005 peak.

Minnesota's manufacturers are projected to regain only 14,000 of the jobs lost during the recession, leaving manufacturing payroll numbers substantially below pre-recession level. Table 1 displays projected job growth in Minnesota's 11 major industrial sectors.

All major occupational groups are expected to add jobs between 2010 and 2020. Three health care related occupational groups are expected to account for almost one-third of the projected job expansion: personal care and service (41,000), health care practitioners (37,700), and technical and health care support (32,400).

Job openings created by employment growth are only part of the future job opportunity story. The chance of scoring a job in a particular occupation also depends on how many workers are leaving an occupation and how many job seekers are looking to enter that occupation. Because of the importance of replacement needs, estimates of net replacement openings for each occupation over the next 10 years are included in the 2010-2020 employment projections for Minnesota.

TABLE 1

2010 - 2020 Projected Minnesota Employment

	Estimated 2010	Projected 2020	2010 - 2020 Numeric Change	2010 - 2020 Percent Change
Total Employment	2,830,000	3,198,000	368,000	13.0
Self-Employed	191,421	213,506	22,085	11.5
Natural Resources and Mining	31,107	32,720	1,613	5.2
Construction	87,647	122,050	34,403	39.3
Manufacturing	292,082	306,280	14,198	4.9
Trade, Transportation, and Utilities	490,694	542,969	52,275	10.7
Information	54,171	54,305	134	0.2
Financial Activities	171,329	186,070	14,741	8.6
Professional and Business Services	315,113	367,570	52,457	16.6
Education and Health Services	445,424	586,500	141,076	31.7
Leisure and Hospitality	249,008	268,710	19,702	7.9
Other Services (Except Government)	122,853	132,820	9,967	8.1
Government	379,151	384,500	5,349	1.4

Source: Minnesota Employment Projections

In addition to the 368,000 job openings projected to be created through employment growth over the next 10 years, 663,000 net replacement openings are projected over the decade. Even occupations that are expected to shrink in size over the next 10 years will have net replacement openings. Roughly 80 percent of occupations are projected to have more net replacement openings than openings from employment growth. The need to fill replacement openings will only increase through the decade as baby boomers expand the ranks of the retired.

Wage Inequality

The recession continues to affect wages, although the impact has not been consistent across all wage levels. By studying the data on Minnesota's year-round wage earners from 2006 to 2011, we can track the impact of the recession on different groups of wage earners and on wage inequality as a whole in Minnesota.

Before the start of the recession in 2006, the median real wage in Minnesota was \$39,968 for year-round workers. This number decreased by nearly \$500 in 2011. Those in the bottom 20 percent of the distribution fared worse during this period, with real wages decreasing by \$623. On the other end of the wage



FIGURE 9



distribution, the top 2 percent of wage earners saw real wages increase by more than \$10,000, while the top 1 percent saw real wages increase by more than \$15,000 per year.

Figure 9 shows the wage index from 2006 to 2011 broken out

by five percentiles. The top 1 and 2 percent of wage earners (identified as the 99th and 98th percentiles on the chart) saw the steepest decline in their relative wage levels between 2007 and 2009, but they had the steepest wage growth in the following two years.

Green Jobs: An Important Piece of the Recovery

By Alessia Leibert

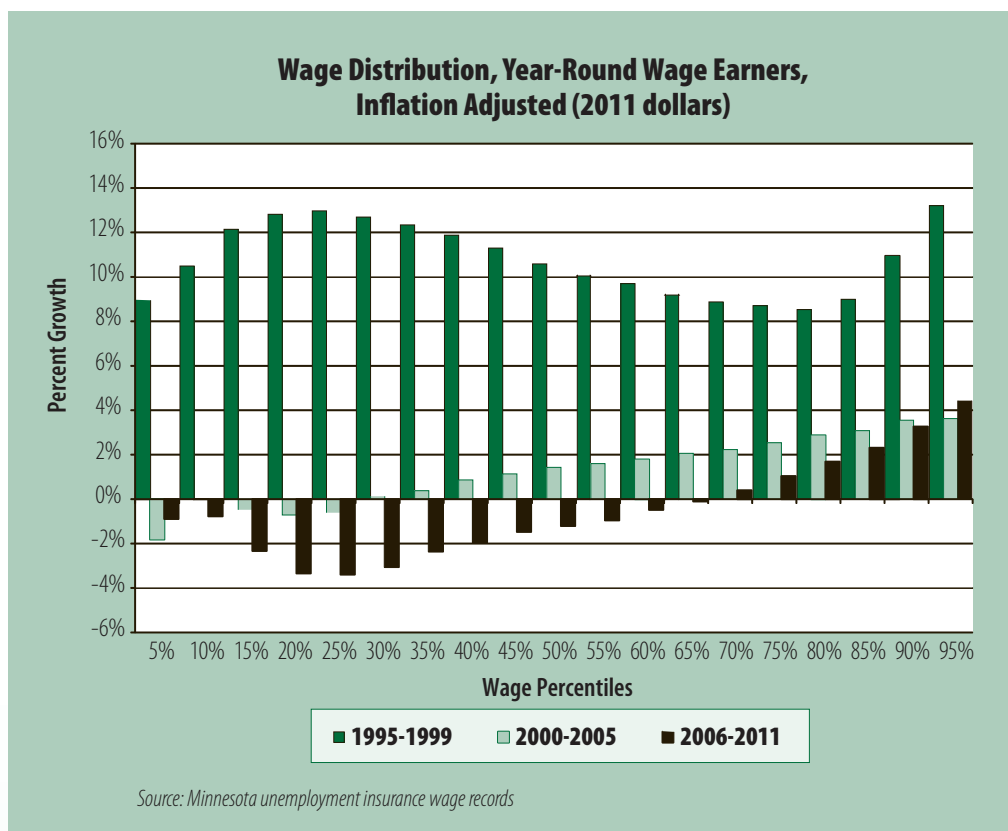
Did the recession take a toll on the nascent green economy in Minnesota? Emerging sectors are generally hit the hardest by economic downturns because an unfavorable investment climate hurts innovative technologies and products more than established ones. In fact, the number of green job opportunities in Minnesota held steady between fall 2009 and spring 2011. Moreover, they offered higher quality employment opportunities than the rest of the economy.

Key research findings can be summarized as follows:

- Growth in hiring demand for green-related work was virtually identical to that in the overall economy, averaging 30 percent from fall 2009 to spring 2011.
- Green vacancies were found in 263 firms, predominantly private companies. Firms with fewer than nine employees had the highest concentration of green job vacancies, 29 percent.
- All “core” green sectors are well represented in Minnesota, broken down as follows: energy and resource efficiency (31 percent of job vacancies), recycling and pollution prevention (22 percent), natural resources conservation (13 percent), environmental compliance (12 percent), renewable energy (11 percent), pollution control (8 percent), and water treatment and conservation (3 percent).
- More than half of surveyed green vacancies are “growth openings” originating from business expansion rather than worker turnover. This demonstrates the emerging nature of the green economy.
- The labor market for green jobs is geographically diverse, with about half of the opportunities in the Twin Cities metro area and half outside of the metro area. Each region specializes in green products and services that best fit its distinctive assets, including natural resources, technological competencies of local manufacturers, and the local infrastructure of green services such as recycling and renewable energy generation/distribution.
- Green vacancies are generally higher quality than total vacancies, with predominantly full-time (89 percent) and permanent/non-seasonal (79 percent) opportunities and higher wage offers. Green vacancies also require a higher education level than the total population of vacancies.
- Skills in science, technology, engineering and mathematics are in higher demand than other skill areas for this group of jobs.
- Despite the dramatic employment losses in manufacturing and construction right before and during the study period, these were the industries that generated the most green job vacancies. This provides further evidence of the resilience of the sector and its growth potential as the economy continues to recover.

Green economic activities are important ingredients in the recipe for a sound recovery because they stimulate demand for high-quality jobs and help us to compete globally.

FIGURE 10



Unlike those at the top of the wage distribution, after modest wage growth in 2010, the bottom 20th and the 50th percentile of wage earners experienced another relative decline in wages in 2011. Overall, both real and relative wages for the 20th and 50th percentile of wage earners decreased during the past five years.

Just how difficult the recession and recovery has been for lower wage earners is shown in Figure 10. The period from 1995 to 1999 saw wages rise across the

board, but especially for those below the median wage level (below the 50th percentile). Then, from 2000 to 2005, real wages decreased somewhat for the lowest wage earners, and increased at a much slower pace than the previous half-decade for those at the 30th percentile and above. Since 2006, wages declined even more sharply for a broader group, the entire bottom two-thirds of wage earners. Only those in the 70th percentile and above (over \$56,275 per year) experienced wage growth during

the past six years. In fact, the top 5 percent of wage earners actually increased their wages at a rate higher than any time during the previous half-decade. ¹

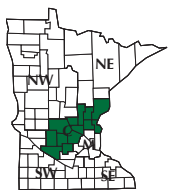
Contributors to this article include Jerry Brown, Oriane Casale, Amy Gehring, Amanda Rohrer, Dave Senf, Rachel Vilsack and Steve Hine.

¹Previous recessions occurred in 2001 and 1990-1991.

²The 1980 recession was excluded because it overlaps with the 1981 recession, making comparison difficult.

³The Conference Board, www.conference-board.org.

⁴Average annual self-employment is from the Local Area Unemployment Statistics program, Minnesota Department of Employment and Economic Development.



Regional Spotlight:
CENTRAL Planning Region

Temporary Solutions

Demand for temporary workers is projected to grow by 78 percent in manufacturing-heavy central Minnesota in the next decade.

Many employers have responded cautiously to the economic recovery by hiring temporary workers through employment services. These temporary staffing companies can be a quick and flexible solution for a company's short-term needs, taking care of such time-consuming tasks as posting job announcements, screening applicants, interviewing candidates and placing workers.

When businesses see increased demand for their products and services, many initially ramp up with temporary workers because

they are often easier and less expensive to hire and lay off, depending on conditions. The employment services industry — often considered an economic indicator — has been a major source of recent job growth in Minnesota

The employment services subsector (NAICS Code 5613) primarily consists of establishments that supply workers to client businesses for limited periods of employment. These establishments do not directly supervise the employees at client work sites.¹

The industry also has a small number of organizations and services that list employment vacancies and assist in referring or placing applicants for temporary employment. These include Minnesota WorkForce Centers and the MinnesotaWorks.net online job bank, both managed by DEED.

In the third quarter of last year, the 13-county Central Minnesota Planning Region had 57 employment services firms that provided workers for 2,205 temporary jobs, a significant jump in temporary jobs in the region from two years earlier. Though the industry lost some firms, these employment services agencies increased temp payrolls by 54 percent from the third quarter of 2009 to the third quarter of 2011 as the region's economy expanded (see Figure 1).

It's Only Temporary

While temp workers help employers respond to changing conditions, they can face a lot of uncertainty. Jobs can last anywhere



from a couple hours to a couple years, with no guarantees of permanent employment. Still, for people who need jobs, these temporary positions can be a first step toward permanent employment. The temporary setting also gives employers a chance to test workers before perhaps hiring them as regular employees.

Consequently, temporary workers tend to be younger than the overall workforce. According to data from DEED's Local Employment Dynamics program, about one in five temp workers is 24 years or younger, and more than one-fourth are 25 to 34 years old (see Table 1).

Males are much more likely than females to work in temporary employment services, accounting for nearly 60 percent of the industry's temporary workforce in central Minnesota. That is likely due to the region's higher concentration of manufacturing employment, which is often the heaviest user of temporary help services.

At the end of the first quarter of 2012, about 1,250 jobs in the Central Minnesota Planning Region were posted on MinnesotaWorks.net. Of those, about 200 jobs — or 15.5 percent — were listed by temporary staffing agencies, even though temp jobs account for less than 1 percent of total

FIGURE 1

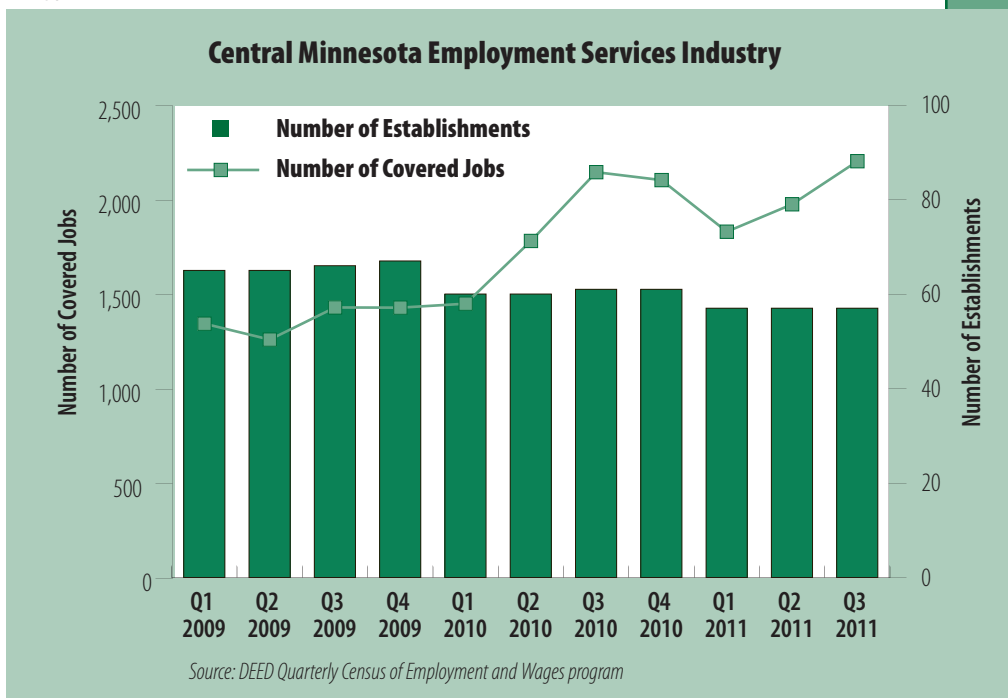


TABLE 1

Quarterly Workforce Indicators, 2010-2011				
Workforce Category	Central Minnesota		State of Minnesota	
	Employment Services	Total, All Industries	Employment Services	Total, All Industries
14-24 years	19.20%	16.90%	20.20%	14.20%
25-34 years	27.00%	21.20%	27.60%	22.50%
35-44 years	18.10%	19.80%	19.80%	20.60%
45-54 years	19.40%	23.20%	18.20%	23.80%
55-64 years	11.10%	14.70%	10.10%	15.20%
65 years & over	4.60%	4.10%	4.00%	3.80%
Male	58.10%	46.80%	55.80%	48.70%
Female	41.90%	53.20%	44.20%	51.30%

Source: Local Employment Dynamics Quarterly Workforce Indicators

jobs in the region. What's more, three-fourths of those temporary job postings were for the manufacturing industry, ranging from general labor and assembly to welding and industrial engineering.

Planning for the Future

The recent growth in employment services is expected to be a long-term trend. According to employment projections by DEED,

employment services will be one of the fastest-growing industry subsectors in central Minnesota over the decade, with demand for temporary employees projected to grow by 78.3 percent (see Table 2).

The growth is unlikely to be steady, however, ebbing and flowing with the overall economy. As noted, temporary workers are often the first to be laid off when businesses need to cut back, or they can become permanent workers in a different industry once employers start hiring. For example, the region's estimated temporary employment number from 2009 came prior to the recent recovery,

meaning that the 2019 projected employment number of 2,400 nearly has been reached already, as shown in Figure 1.

Eight of the top 10 occupations in demand in the employment services subsector can be gained with on-the-job training, with just two requiring a college degree. But according to an in-depth report from the Bureau of Labor Statistics on the expanding role of temporary help services, the demand for temporary employees has shifted away from low-skill, low-paying jobs in recent years to more high-skill, high-paying positions.²

Current postings on MinnesotaWorks.net for skilled production jobs, such as metal inert gas welders, computer numerical control machine tool operators and high-level engineers, reinforce that point on the regional level. For a job seeker with advanced skills who has struggled to get back into the labor market during the recovery, temporary employment might be the best opportunity to earn money, update skills, gain experience and get a foot in the door at a growing employer. As businesses become more confident, those doors may open to a permanent job.■

TABLE 2

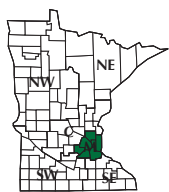
Occupations in Demand, Employment Services

Occupational Title	Percent Industry Jobs	Central Minnesota Planning Region					Most Common Education and Training Requirements
		2009 Estimated Employment	2019 Projected Employment	2009-2019 Change	Total Openings	Median Hourly Wages	
Employment Services Industry total	100.00%	1,346	2,400	78.30%	1,054		
Laborers and Freight and Material Movers	11.20%	2,755	2,731	-0.90%	890	\$12.19	Short-term on-the-job training
Office Clerks, General	5.60%	6,096	7,074	16.00%	1,808	\$13.56	Short-term on-the-job training
Team Assemblers	4.90%	2,854	2,802	-1.80%	640	\$15.26	Short-term on-the-job training
Packers and Packagers, Hand	4.20%	2,044	2,048	0.20%	344	\$9.52	Short-term on-the-job training
Helpers-Production Workers	3.70%	930	957	2.90%	187	\$12.33	Short-term on-the-job training
Customer Service Representatives	3.10%	2,284	2,638	15.50%	1,074	\$15.50	Moderate on-the-job training
Construction Laborers	2.80%	1,096	1,345	22.70%	319	\$19.95	Moderate on-the-job training
Human Resources and Training Specialists	2.70%	428	500	16.80%	182	\$23.69	Bachelor's degree
Registered Nurses	2.60%	4,841	6,257	29.30%	2,266	\$34.69	Associate degree
Secretaries and Admin. Assistants	2.10%	1,099	1,138	3.50%	189	\$17.58	Moderate on-the-job training

Source: Bureau of Labor Statistics, DEED 2009-2019 Employment Outlook tool, DEED Occupational Employment and Wage statistics

¹"5613 Employment Services." U.S. Census Bureau. www.census.gov/epcd/naics02/def/NDEF561.HTM#N5613.

²Luo, Tian; Mann, Amar; and Holden, Richard. "The expanding role of temporary help services from 1990 to 2008." www.bls.gov/opub/mlr/2010/08/art1full.pdf.



Regional Spotlight: METRO Planning Region

Coming Home

Minnesota's famed Red Bulls are returning to a challenging but improved job market after a yearlong deployment overseas.

Minnesota soldiers returning from overseas duty, including the 2,600 members of the Rosemount-based 34th Red Bull Infantry Division, face a tight but improving labor market from one year ago. The state is slowly recovering from the Great Recession, regaining half the jobs lost during the downturn and maintaining one of the lowest unemployment rates in the country. While that should make looking for work a little easier for people with the right skills, veterans generally have higher unemployment rates than the overall population.

The national unemployment rate for post-Sept. 11 veterans in March was 10.3 percent, compared with an overall national jobless rate of 8.4 percent.¹ Monthly unemployment rates for veterans are a relatively recent national data series, so the full impact of the recession is not known. Rates for post-Sept. 11 veterans, however, have remained above the overall national average and have not shown much improvement over the past two years.

A survey of the Red Bulls deployed in Kuwait since May 2011 conducted by the Minnesota Department of Employment and Economic Development (DEED) found that about 18 percent were unemployed and looking for work prior to their deployments.² That, too, is well above the average Minnesota unemployment rate, which was 5.8 percent in March.

Military Experience

One-half of the service members surveyed by DEED plan to return to the Twin Cities after their deployment. Some will start new businesses or become full-time students. Others will return to jobs held prior to deployment. If they have civilian job experience, some veterans will emphasize their new (or expanded) military skill sets and interests to qualify for job openings. While serving overseas, the Minnesota Red Bulls specialized in such areas as the infantry, artillery, armory, medical, maintenance, and supply and logistics.

According to the DEED survey, Red Bull veterans are interested in a variety of careers, including management; business and finance; construction and extraction; health care; and maintenance, repair and installation. Other areas of interest include security and protective service occupations. Table 1 displays some of the occupations in the Twin Cities that require skills similar to the military specialties of the Red Bulls.

It will be essential for veterans to translate their military training, skills and experience into terms that employers can understand and value. Some career websites, like those listed in Table 2,



PHOTO COURTESY MINNESOTA NATIONAL GUARD

TABLE 1

Top Occupations in the Twin Cities Region with Military-Related Skill Sets*

	Average Annual Wages	Average Annual Openings	Job Outlook to 2019
Management Occupations			
Administrative Services Managers	\$85,571	123	Favorable
Emergency Management Directors	\$67,267	<10	Favorable
Construction Managers	\$96,554	74	Very Good
Training and Development Managers	\$104,853	15	Favorable
Business and Sales Occupations			
Compliance Officers	\$73,174	148	Excellent
Cost Estimators	\$63,502	105	Very Good
Emergency Management Specialists	\$84,074	<10	Favorable
Environmental Science and Protection Technicians	\$46,238	26	Excellent
Logisticians	\$75,317	35	Favorable
Management Analysts	\$92,082	385	Very Good
Sales Representatives	\$62,234	346	Favorable
Training and Development Specialists	\$63,835	145	Very Good
Computer Occupations			
Computer Support Specialists	\$53,622	306	Favorable
Database Administrators	\$84,074	58	Favorable
Network and Computer Systems Administrators	\$74,090	223	Favorable
Protective Service Occupations			
Correctional Officers and Jailers	\$46,093	62	Favorable
Firefighters	\$35,714	124	Favorable
First-line Supervisors of Protective Service Workers	\$63,100	142	Favorable
Police and Sheriff's Patrol Officers	\$63,773	126	Favorable
Private Detective and Investigators	\$41,746	58	Very Good
Probation Officers and Correctional Treatment Specialists	\$67,725	34	Favorable
Security Guards	\$29,869	314	Very Good
Construction and Maintenance Occupations			
Civil Engineers	\$79,227	86	Very Good
Construction Laborers	\$53,331	130	Excellent
Surveying and Mapping Technicians	\$46,862	20	Favorable
Mobile Heavy Equipment Mechanics	\$53,394	46	Favorable
Operating Engineers and Other Construction Equipment Operators	\$62,213	105	Very Good
Health Care Occupations			
Emergency Medical Technicians and Paramedics	\$42,453	61	Excellent
Licensed Practical and Licensed Vocational Nurses	\$42,286	384	Very Good
Medical Assistants	\$35,152	202	Excellent
Medical and Clinical Laboratory Technicians	\$44,928	70	Excellent
Transportation Occupations			
Light or Delivery Services Truck Drivers	\$39,333	190	Favorable
Heavy and Tractor-Trailer Truck Drivers	\$44,491	491	Very Good
Refuse and Recyclable Material Collectors	\$37,398	65	Excellent

*These occupations were selected based on the skill sets of armor, artillery and infantry service members and targeted occupational specialties identified in a DEED survey of service members. For information on a job not listed, please visit: www.MyNextMove.org/Vets and www.iseek.org.

Similar lists are available for other regions of Minnesota.

Source: DEED Occupational Employment statistics and Minnesota employment statistics

TABLE 2

Career Exploration and Labor Market Planning Resources for Veterans

Career Exploration		
My Next Move for Veterans	Helps veterans translate their military experience to civilian job titles.	www.MyNextMove.org/vets
CareerOneStop - Veterans ReEmployment	A one-stop site for employment, training and financial help for veterans.	www.CareerOneStop.org/vets
ISEEK	Explore careers, research employers and find educational opportunities on Minnesota's career exploration website.	www.iseek.org
Labor Market Resources		
Occupations in Demand	Find a list of in-demand career opportunities across Minnesota; includes typical wages, employment outlook, required preparation and links to education and training.	www.PositivelyMinnesota.com/OID
Job Skills Transfer Assessment Tool (JobSTAT)	Find occupations with skills that are a good match with your previous (civilian) work experience. You'll also find a current demand rating, typical wage, and education and training programs for those occupations.	www.PositivelyMinnesota.com/JobSTAT
Minnesota Salary Survey	Find current wage rates for 800 civilian occupations.	www.PositivelyMinnesota.com/OES

provide resources for translating military experience into a civilian occupation. Others show the best regional job opportunities in Minnesota. Further education and training can make veterans even stronger job candidates.

Employment Assistance

A nine-member employment resources team (including three representatives from DEED) traveled to Kuwait in March to help service members plan for their civilian careers or educations. Here are some resources that are available to veterans who are looking for work or planning new careers:

1. Veterans employment representatives: DEED's veterans employment representatives are available at Minnesota WorkForce Centers

statewide to answer questions about job searches, placement or careers. The representatives work one-on-one with veterans to provide custom services, including help with crafting resumes; writing cover letters; looking for work; finding details about employment benefits, rights and preferences; using job-hunting resources; and gathering referrals for openings.

For links to veterans employment representatives and additional resources, visit www.PositivelyMinnesota.com/Veterans.


2. MyMilitary GPS LifePlan:

This online resource helps veterans, service members and their families design life plans and set career, educational, financial and personal goals. MyMilitary GPS LifePlan

is a partnership between the Minnesota State Colleges and Universities system, the Minnesota Army National Guard and the Minnesota Department of Veterans Affairs.

For more information, visit www.gpslifeplan.org/mnscumilitary.

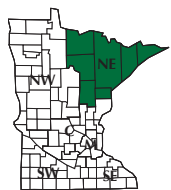
3. MinnesotaWorks.net: MinnesotaWorks.net is a no-fee online database with thousands of job listings from private employers statewide. Job seekers can post their resumes, apply for jobs online, and track and manage their job-search efforts. Veterans should identify themselves as such when creating their profiles.³

For more information and to create an account, visit www.MinnesotaWorks.net. 

¹Bureau of Labor Statistics. Unemployment rates provided are not seasonally adjusted.

²The survey cited in this report was conducted by Thu-Mai Ho-Kim of the Communications, Analysis and Research Division at DEED, in collaboration with the Minnesota National Guard.

³Businesses interested in hiring a veteran also can use MinnesotaWorks.net. Visit the "How to Hire a Veteran" link at www.PositivelyMinnesota.com/Veterans.



Regional Spotlight:
NORTHEAST Planning Region

Government Jobs in Northeastern Minnesota

While work in manufacturing, logging and other industries has declined in northeastern Minnesota, government employment remains a major source of middle-income jobs in the region.

Middle-income jobs are going through a transformation in northeastern Minnesota. While the region once relied on manufacturing, mining, construction and logging for a big chunk of employment, those sectors — especially manufacturing and logging — have decreased significantly in the last two decades. Mining, meanwhile, recently reached the highest levels of employment since 2001, but the industry still employs fewer people than in 2000.

Government work remains a significant source of middle-income jobs, with average weekly wages in the northeastern region above what private employers pay. The high concentration of low-wage leisure, hospitality and retail jobs and part-time employment in the region is part of the explanation for a lower average weekly wage in private-sector jobs. In 2010, the average weekly wage for

government-sector employment in northeastern Minnesota was \$780 compared with \$685 for private-sector jobs, according to the Quarterly Census of Employment and Wages (QCEW). By contrast, private-sector jobs in Minnesota as a whole had an average weekly wage higher than government-sector jobs in every year of the last decade except 2009.



TABLE 1

Government Employment as a Percentage of Total Employment, 2000-2010

	Government Employment	2000	2010
Minnesota	Total	13.3%	14.3%
	Local	9.4%	9.9%
Greater Minnesota (MN less Twin Cities Metro)	Total	16.0%	16.6%
	Local	12.1%	12.7%
Northeast Minnesota Except Duluth	Total	18.9%	21.5%
	Local	14.1%	16.4%
Duluth	Total	19.6%	16.0%
	Local	12.1%	9.0%

Source: DEED Quarterly Census of Employment and Wages, 2000 and 2010

In the past decade, the number of government jobs overall in northeastern Minnesota decreased by slightly more than 500 at the same time that jobs in that sector were growing statewide. And while government jobs in most of Minnesota decreased in 2011, the percentage of northeastern Minnesota workers in the public sector remains higher than in Greater Minnesota or statewide (see Table 1). Yet that trend hides substantial differences in the region. While government jobs in Duluth have decreased, state and local government jobs in the rest of the region have increased.

Duluth has lost nearly 2,000 government jobs of all types, while the rest of the region has added more than 1,200. For example, even though Duluth is the county seat for St. Louis County and has both the University of Minnesota Duluth and Lake Superior College, the city's total government employment as a percentage of all employment fell from 19.6 percent to 16 percent in 2010. Local government employment fell from 12.1 percent of all employees in 2000 to just 9 percent in 2010.¹ Meanwhile, total government employment in the rest of northeastern Minnesota rose from 18.9 percent in 2000 to 21.5 percent in 2010.

By comparison, federal employment statewide decreased

TABLE 2

Northeast Minnesota Government Employment

	Government Employment	2000	2010	Change
Duluth	Federal	1,695	1,279	-24.54%
	State	2,624	2,789	6.29%
	Local	7,009	5,233	-25.34%
	K-12	2,225	1,705	-23.37%
	Junior College, College and University	1,826	2,186	19.72%
Northeast Minnesota Outside of Duluth	Federal	1,228	1,138	-7.33%
	State	2,728	2,920	7.04%
	Local	11,597	12,947	11.64%
	K-12	5,277	5,203	-1.40%
	Junior College, College and University	768	755	-1.69%

Source: DEED Quarterly Census of Employment and Wages, 2000 and 2006

between 2000 and 2010, while state and local government employment increased in net employment and as a percentage of all jobs. In the most recent year, Current Employment Statistics (CES) data show that government employment at all levels in Minnesota decreased by 1.7 percent to 2 percent. At the national level, all government sectors — federal, state and local — lost jobs in 2011, according to CES.

In northeastern Minnesota, government sector jobs in higher education increased in Duluth. The region is home to eight colleges in the Minnesota State Colleges and Universities system as well as the University of Minnesota Duluth (UMD). Altogether, employment at state-

run higher education institutions grew by 17.3 percent from 2000 to 2010. In 2010, these colleges employed 2.1 percent of all workers in the region, which compares with 1.45 percent statewide. Growth at the two colleges in Duluth — Lake Superior College and UMD — accounted for all of the increase in employment (see Table 2).

Other educational employment was slightly down, with local government education (K-12) down by nearly 600 employees. By itself, Duluth lost more than 500 local government education jobs, or 23.4 percent of its public K-12 workforce. Part of the explanation is that the number of children and youth ages 0 to 19 years decreased by more than 2,200 between 2000 and 2010.

TABLE 3

Northeast Minnesota Broad Industry Trends, 2000-2010

	Industry	2000	2010	Change
Duluth	Manufacturing	3,389	2,684	-20.8%
	Professional and Technical Services	1,859	2,027	9.0%
	Health Care and Social Assistance	12,587	17,465	38.8%
	Leisure and Hospitality	6,773	6,953	2.7%
	Total, All Industries	57,942	58,133	0.3%
Northeast Minnesota	Mining*	5,634	3,825	-32.1%
	Manufacturing*	12,865	8,295	-35.5%
	Professional and Technical Services	3,360	3,670	9.2%
	Health Care and Social Assistance	23,626	32,637	38.1%
	Leisure and Hospitality	17,588	17,942	2.0%
	Total, All Industries	140,058	137,320	-2.0%

Source: DEED Quarterly Census of Employment and Wages, 2000-2010

* Note: Mining and manufacturing have had significant rises in employment since 2010, though nowhere near the levels of 2000. In the 3rd quarter of 2011, mining had risen to 4,343 employees; manufacturing had risen to 9,105 employees.

Private K-12 employment rose by 56 workers in Duluth from 2000 to 2010.

Outside of higher education, Duluth lost jobs in every government category. At the federal level, the closing of a U.S. Post Office Remote Encoding Center in 2005 explains most of the drop in federal employment in the city (see Table 2). Outside of higher education, the number of state government jobs in Duluth dropped by 195. And in non-education, non-casino local government jobs, Duluth lost 1,261 jobs, or 26.3 percent of those non-educational jobs. The city of Duluth has faced financial trouble and made substantial cuts to deal with a structural deficit

and unfunded retiree health care costs. In addition, St. Louis County has moved a substantial number of jobs out of Duluth to other parts of the county.

In addition to higher education jobs in Duluth, employment in the private sector increased dramatically in health care and social assistance, as well as professional and technical services, especially in the computer system design and architecture and engineering sectors. Manufacturing, with a decrease of more than 20 percent, was one of the largest industries losing a substantial number of jobs (see Table 3).

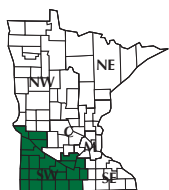
In the rest of the region, the

government-sector employment pattern is much different. State and local government non-educational employment grew substantially between 2000 and 2010, with local government employment up 11.6 percent and state government employment up 7 percent. Public college and K-12 employment fell by less than 2 percent over the same period.

Much of the region outside of Duluth is covered by the Taconite Assistance Area, where the Iron Range Resources and Rehabilitation Board (a state agency) works on economic and community development. Local governments in the region get a substantial payment from the Taconite Production Tax, which is a fee of \$2,465 per ton paid by the iron ore mines in lieu of property taxes. Some of the money is distributed as property tax relief, while other funding goes to cities and counties in the region. The taconite funds make for a very different financial picture for local governments across the northeast, which can be seen in the employment figures.

One of the big questions for the region is whether the government sector will continue to provide a significant number of middle-income jobs in the region in the future. **T**

¹Casino employment wasn't included in local government employment in 2000, but it was for 2005 and 2010. In 2010, QCEW data show that there were 1,737 employees listed with government employers in gambling establishments in northeastern Minnesota.



Regional Spotlight:
SOUTHWEST Planning Region

Retail's Rebound

The retail sector has made a solid comeback since the end of the recession in southwestern Minnesota.

The recession took a toll on Minnesota retailers, forcing them to cut employment by 7.2 percent because of declining consumer spending. That was more severe than the 4.6 percent employment decline suffered across all industries during that period.

In contrast, retail trade jobs held up relatively well in the 23-county Southwest Minnesota Planning Region during the recession, falling just 2.1 percent, compared with job declines of 3.9 percent for all industries in the region.

The return of consumer confidence and spending since the recovery has bolstered the retail trade industry statewide. Retail employment grew 1.2 percent between the third quarters of 2010 and 2011. Southwestern Minnesota led the way statewide, increasing retail employment by 2.3 percent during that period (see Figure 1).

The Third Dimension

In the third quarter of 2011, southwestern Minnesota had 1,646 retail trade establishments that employed 20,288 people. Retail trade accounted for 11.8 percent of total employment in the region, compared with 10.8 percent statewide. Clearly, retail is more heavily concentrated in southwestern Minnesota than the rest of the state.

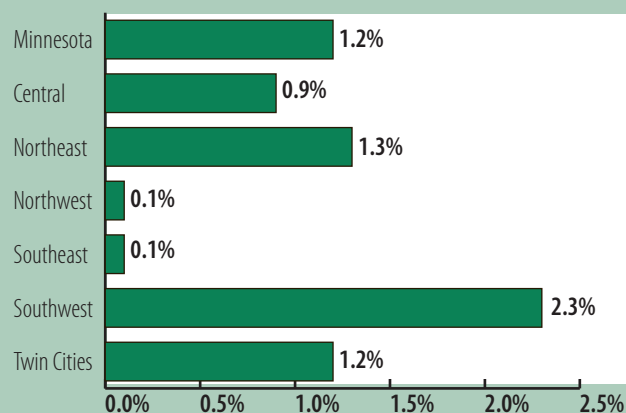
Retail trade is the third-largest employment sector in the region, behind manufacturing (32,285 jobs, 18.7 percent of total jobs) and health care and social assistance (30,186 jobs, 17.5 percent of jobs). Those three industries provide nearly half of the jobs in the region and account for much of the recent hiring activity.



PHOTO BY PAUL STAFFORD

FIGURE 1

Change in Retail Trade Employment Qtr. 3 2010 - Qtr. 3 2011



Source: DEED Quarterly Census of Employment and Wages program

TABLE 1

Southwest Minnesota Retail Trade Employment

NAICS Industry Title	NAICS Code	Qtr. 3 2011 Data				Qtr. 3 2010 - Qtr. 3 2011	
		Number of Firms	Number of Jobs	Percent of Jobs	Average Annual Wage	Numeric Change	Percent Change
Total, All Industries		12,157	172,226	100.00%	\$34,216	1,050	0.60%
Retail Trade	44	1,646	20,288	11.80%	\$20,800	454	2.30%
Motor Vehicle and Parts Dealers	441	223	2,252	11.10%	\$32,604	103	4.80%
Furniture and Home Furnishings Stores	442	69	365	1.80%	\$22,932	-16	-4.20%
Electronics and Appliance Stores	443	91	621	3.10%	\$31,772	34	5.80%
Building Material, Garden Equip. and Supplies Dealers	444	198	1,803	8.90%	\$25,480	139	8.40%
Food and Beverage Stores	445	215	4,947	24.40%	\$16,120	91	1.90%
Health and Personal Care Stores	446	123	996	4.90%	\$28,600	48	5.10%
Gasoline Stations	447	212	2,450	12.10%	\$16,432	90	3.80%
Clothing and Clothing Accessories Stores	448	118	867	4.30%	\$12,688	-52	-5.70%
Sporting Goods, Hobby, Book and Music Stores	451	60	563	2.80%	\$16,328	2	0.40%
General Merchandise Stores	452	121	4,278	21.10%	\$19,344	53	1.30%
Miscellaneous Store Retailers	453	153	770	3.80%	\$14,352	31	4.20%
Nonstore Retailers	454	63	372	1.80%	\$32,084	-71	-16.00%

Source: DEED Quarterly Census of Employment and Wages program

Seemingly unaffected by the recession, health care and social assistance gained jobs from 2007 to 2010, while retail trade and manufacturing both sliced employment. But in a reversal of fortune, manufacturing and retail trade saw steady job gains from 2010 to 2011, while health care and social assistance saw a small net loss in employment in the region.

Eat, Drink and Be Merry

As noted above, the Southwest Minnesota Planning Region has a slightly higher concentration of retail industry employment than the state, spread across

13 sectors. The largest sector is food and beverage stores, with 4,947 jobs at 215 stores. That is followed by general merchandise stores (121 stores and 4,278 jobs), gasoline stations (212 stores and 2,450 jobs), motor vehicle and parts dealers (223 dealers and 2,252 jobs), and building materials, garden equipment and supplies dealers (198 dealers and 1,803 jobs). More than three-fourths of the region's retail trade employment is concentrated in those five sectors (see Table 1).

General merchandise (35 employees per store) and food and beverage outlets (23

employees per store) typically have the most employees. Miscellaneous store retailers, including florists, gift shops, used merchandise sellers and pet shops, averaged just five employees per site. Furniture stores, non-store retailers, electronics and appliance stores, and clothing and clothing accessories stores all averaged seven or fewer employees.

During the recession, just three of the 12 retail trade sectors saw employment growth. Then, during the recovery, just three suffered job declines. Building material, garden equipment and supplies dealers built up their payrolls the fastest in the last year, adding 139

TABLE 2

Southwest Minnesota Occupations in Demand in Retail Trade, 2011

Occupational Title	Current Demand Indicator	Median Annual Wage	2009-2019 Planning Area Growth Rate	2009-2019 Planning Area Total Openings	Education Requirements	On-the-job Training Requirements
Cashiers	★★★★★	\$18,215	Below Average	2,023	Less than high school	Short-term on-the-job training
Retail Salespersons	★★★★★	\$18,530	Average	1,550	Less than high school	Short-term on-the-job training
Customer Service Representatives	★★★★★	\$32,001	Well Above Average	1,020	High school diploma or equivalent	Short-term on-the-job training
Stock Clerks and Order Fillers	★★★★★	\$19,817	Average	604	Less than high school	Short-term on-the-job training
First-Line Supervisors of Retail Sales Workers	★★★★★	\$32,572	Average	513	High school diploma or equivalent	Related work experience
Laborers and Freight, Stock, and Material Movers, Hand	★★★★★	\$23,970	Well Below Average	62	Less than high school	Short-term on-the-job training
Janitors and Cleaners	★★★★★	\$23,641	Below Average	50	Less than high school	Short-term on-the-job training
Wholesale and Retail Buyers	★★★★★	\$37,147	Below Average	3	High school diploma or equivalent	Long-term on-the-job training

Source: DEED Occupations in Demand tool, 2011

jobs for an 8.4 percent growth rate. Motor vehicles and parts dealers — the highest-paying retail sector — also added more than 100 jobs between the third quarters of 2010 and 2011.


Food and beverage stores continued a recent growth trend, adding another 91 jobs in the last year, after gaining 375 jobs from 2007 to 2010. Similarly, gasoline stations pumped up employment with 90 more jobs from 2010 to 2011, after gaining 29 jobs from 2007 to 2010.

In contrast, general merchandise lost 120 jobs during the recession but rebounded with 53 new

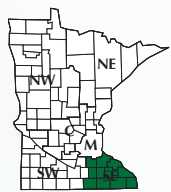
jobs in the last year. Electronics and appliance stores (up 5.8 percent), health and personal care stores (up 5.1 percent), and miscellaneous store retailers (up 4.2 percent) also saw steady growth from 2010 to 2011.

Help Wanted

With the recent resurgence in hiring, many retail positions now offer among the best employment opportunities in the region. Cashiers, retail salespersons, and stock clerks and order fillers all ranked in the top 10 most in-demand occupations in southwestern Minnesota in 2011 (see Table 2).

People who want to land a job quickly might consider retail, which often requires no advanced education or training. Most positions can be learned on-the-job, and opportunities for supervisory work are available for people with related experience or training. 





Regional Spotlight:
SOUTHEAST Planning Region

Mining the Data

Labor market data are contributing to a series of workforce assessment listening sessions around the state. This story looks at what the data tell us about jobs in the IT and manufacturing sectors in southeastern Minnesota.

Hoping to learn more about employer needs, Minnesota State Colleges and Universities (MnSCU) is partnering with the Minnesota Chamber of Commerce on a statewide workforce assessment listening project.

More than 50 meetings are being held statewide this year, including some in southeastern Minnesota, to gather feedback from employers about workforce shortages, preparedness and trends. Meetings for information technology (IT), manufacturing, engineering, trade and transportation, energy and health care were held in April and May. The next round will cover agriculture and natural resources, starting at the end of June.

DEED's Labor Market Information Office supported the effort with a variety of data on wages, job vacancy rates, employment and growth projections by occupation and region. This article will explore what the data tell us about two industries in southeastern Minnesota: manufacturing, and IT.

Manufacturing

Five occupation groups, comprising a total of 32 different job titles, were selected by industry experts in MnSCU to represent manufacturing. The occupation groups are system automation technology, machine technology, welding and fabrication, mechanical design and drafting, and production technology.

Nationally, about half of the job titles in these groups require post-secondary education and about half require only a high school diploma and on-the-job training, according to the Bureau of Labor Statistics. Wages in southeastern Minnesota are close to the regional median for the jobs requiring a high school diploma, but they tend to be somewhat above the statewide median for those requiring post-secondary education. This is similar to the statewide distribution by wage.

Demand is broken into current demand and future demand. Current demand is based on a formula that incorporates the

size of the field, current job vacancies and the supply of available workers as measured by the number of people on unemployment insurance who listed that job title as their most recent position. By that measure, only nine of the 32 job titles show strong current demand (rank in the top two quintiles of the distribution).

Future demand is based on Minnesota Employment Projections, 2009-2019. Before discussing projected demand, it must be noted that the manufacturing industry in the Rochester Metropolitan Statistical Area (MSA) lost employment for the first three years of the projection period through October 2011. In total, 1,433 manufacturing jobs were lost between January 2009 and January 2011 in the MSA, most of these in production occupations.

Employment projections for 2009 to 2019 show the southeastern region losing a net 432 production jobs but needing 4,880 new production workers to

replace those who are leaving the profession or retiring. Assuming that replacement hiring was suspended in 2009 and 2010, the region will have to produce around 5,880 production workers over the next eight years, or 735 per year, to meet employer demand. Employment projections for 2010 to 2020, currently available only at the statewide level, are even more optimistic in terms of growth in manufacturing.

Overall, these indicators point to good demand for production workers in the region. While demand may not be as high as in other fields, it is clear that growth and retirement combined means that new workers are needed in a number of production occupations. These jobs include machinists; computer-controlled machine operators; multiple machine tool setters; operators and tenders; assemblers and fabricators, all other; inspectors, testers, sorters, samplers and weighers; team assemblers; industrial engineering technicians; industrial machinery mechanics; and welders, cutters, solderers and brazers.

Supply for production jobs requiring post-secondary education is relatively small in southeastern Minnesota and may fall short of demand even in some of the jobs with lower demand. Of the jobs

listed above that show demand, only industrial engineering technicians require post-secondary education, according to national indicators. Results of the MnSCU listening sessions, however, might indicate that employers actually need candidates with post-secondary training or education in a number of production occupations due to technology and other changes in the industry.

Because demand indicators and education requirements are not clear-cut in this field, the listening sessions may provide valuable information for MnSCU, as well as career counselors and even high schools on changing workforce needs for manufacturers in the region.

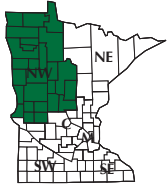
Information Technology

The IT field was divided into four occupation groups, comprising 12 different job titles. These groups are science and engineering; information and technology; infrastructure and systems; and management and administration. All jobs selected require a bachelor's degree with the exception of computer support specialists, which requires some college but no degree, according to national indicators. Wages for the selected jobs were well above the statewide median wage for all jobs.

In southeastern Minnesota current demand is high for all IT jobs represented in the report. While growth rates vary, all job titles are projected to have openings over the next eight years. Overall the number of bachelor's degrees awarded is below that of projected demand in the region and across the state.

Coupled with the fact that the IT industry, specifically computer systems design, has nearly equaled the peak employment it reached in 2001 before the Internet bubble burst, these numbers provide strong evidence that the region and state are moving into a period of tight labor markets in IT. Anecdotal evidence suggests that employers are already having difficulty finding qualified people. Although the industry is likely to recruit nationally and even internationally, international hiring is never easy, and the housing market is continuing to make people less mobile, so these options might not provide a silver bullet for many employers.

For more details about industries and regions, MnSCU workforce analysis reports are available at www.mnscu.edu/business/workforceassessment/index.html. Minutes from the listening sessions and final reports should be available during the summer. **T**



Regional Spotlight:
NORTHWEST Planning Region

Fueling the Economy

From Menahga to Morris, gas stations are an important part of the economy in many small towns in northwestern Minnesota.

Gas stations in northwestern Minnesota are more than just a place to fuel up. Many small towns in the region rely on gas stations to serve commuters, outdoor enthusiasts, agriculture and the growing transportation industry. Along with gas and vehicle repairs, many of these stores offer bait, hunting licenses and groceries. Some have restaurants and often are the place in town to have coffee and visit with neighbors.

High Density of Employment

Jobs at gas stations in northwestern Minnesota are nearly three times more concentrated than nationally, based on location quotient (LQ), a standardized measure used to compare levels of employment. An LQ of 1.0 indicates that a region has the same percent of employment in an industry as the nation. An LQ of 2.0 would indicate employment in a

particular industry is twice as high as the rest of the country.

In northwestern Minnesota the LQ is 2.9 for gas station employment and 3.0 for gas stations with convenience stores.¹ These are the highest LQs in the state for that sector, meaning more people in northwestern Minnesota rely on these businesses for jobs than in any other region of the state.

Gas stations lost only 61 jobs (down 1.6 percent) during the five years that ended in the second quarter of 2011.² The worst employment losses in the subsector occurred during 2008, when gas prices shot up to more than \$4 a gallon during the Great Recession.³ Employment in the gas station industry in northwestern Minnesota is projected to remain flat (-0.7 percent) from 2009 to 2019.⁴

Most employment in the sector is among cashiers and retail supervisors (see Table 1). Cashiers earn a median hourly wage of \$8.65, while supervisors



PHOTO BY NATE DORR

TABLE 1

Top 10 Jobs in the Gas Station Sector

Occupation	Percent of Sector Employment	Median Hourly Wage	Regional Employment (All Sectors)	Projected Growth (2009-2019)
Cashiers	65.0%	\$8.65	6,380	3.6%
First-Line Supervisors of Retail Sales Workers	9.7%	\$14.41	1,990	3.9%
Combined Food Prep and Serving Workers, including Fast Food	3.7%	\$8.35	5,330	14.3%
Service Station Attendants	2.7%	\$9.54	200	-2.8%
Automotive Service Technicians and Mechanics	2.4%	\$17.92	740	-0.9%
Stock Clerks and Order Fillers	2.0%	\$9.42	2,940	4.4%
Retail Salespersons	1.8%	\$9.48	5,910	6.3%
Food Preparation Workers	1.3%	\$9.17	1,070	4.4%
Bookkeeping, Accounting and Auditing Clerks	0.9%	\$14.15	3,490	6.8%
General and Operations Managers	0.8%	\$31.71	2,180	-2.7%

Source: Bureau of Labor Statistics staffing matrix for NAICS 447; DEED Occupational Employment statistics, 4Q 2011 wages, 2Q 2010 employment; DEED long-term projections, 2009-2019

earn a median hourly wage of \$14.41. The highest-paying occupations in the sector are automotive service technicians and mechanics, who earn a median hourly wage of \$17.92, and general and operations managers, who earn a median hourly wage of \$31.71. Both of these occupations are projected to experience slight employment losses in the next 10 years. Service station attendants, however, are projected to see the greatest job losses at 2.8 percent.

Minimal Training Requirements

Many jobs in this sector require only a high school degree. Cashiers require short-term

on-the-job training, while their supervisors need only a year or two of on-the-job training. The increasing number of food prep workers and retail sales jobs in the sector also require short-term on-the-job training. Janitors or station attendants also can learn the job quickly without much training. Jobs such as sales associates, assistant and night managers, general managers and petroleum drivers are typically open at many locations in the region.⁵ Many of these positions require training beyond high school.

The lack of postsecondary educational requirements is reflected in the sector's lower-than-average wages.

Mechanics and general managers — occupations with higher educational requirements — earn more because of their unique or broader skill sets. Mechanics can sometimes get by with long-term on-the-job training, but those with technical degrees often earn more and have a wider array of job prospects sooner. Likewise, the time it takes to rise through the ranks and become a regional manager is often shorter with a college degree. Petroleum drivers require a commercial driver's license and might need to complete a certificate program beyond high school.

Average weekly wages in the gas station sector are near the bottom when compared with



PHOTO BY NATE DORR

other industries. During the second quarter of 2011, wages in the sector averaged \$277 per week in the region compared with total employment at \$632.⁶ Overall gas station sector payroll amounts to \$13 million or a mere 0.8 percent of total regional payroll.⁷ Yet this sector accounts for 2.2 percent of all firms and 1.7 percent of total employment in the region. Additionally, gross retail sales at gas stations in the region total \$1 trillion annually.⁸ That is equal to 5.9 percent of all industry sales in the area.

A Broad Range of Services

Gas stations in the region offer specialized products based on the local market. Shell Sport & Bait in Menahga, for example, might attract tourists exploring the lakes near Itasca State Park. In the college town of Morris, students and professors alike fill their tanks and get some coffee before heading to class. The farmers of Grygla might need a delivery of gas or diesel from Farmers Union Oil Co. The list goes on and so do the store brands.

Major national companies like E-Z Stop, Cenex, Orton's, Tesoro, Stamart, Holiday Stationstores, M & H

Gas Stations and Stop-N-Go are all in the area. Cenex has stores covering the Upper Midwest. Tesoro is a Texas-based company with major oil refineries and gas stations operating everywhere west of the Mississippi River. E-Z Stop merged with Amoco and BP to streamline its supply of gas and oil. Holiday Stationstores (based in Bloomington) operates franchise-based convenience stores from Wisconsin across the northern states to Washington and Alaska. These large companies compete on the regional level with locally owned gas station stores.

Local ownership is important in both the regional centers and rural parts of the region. Places like Tom's Stop and Jack's Stop in Bemidji are locally owned by the same person. They compete with Holiday Stationstores and others. Likewise, Vern's Service and Muffler Shop in Warren competes with Cenex. The big and little compete just like in any other industry, but the locally owned stations keep the profits in the community. **T**

¹Minnesota Department of Employment and Economic Development (DEED), Quarterly Census of Employment and Wages (QCEW), 2012, private ownerships. Bureau of Labor Statistics QCEW for U.S. level.

²DEED, QCEW, 2Q 2006 to 2Q 2011, private ownerships.

³MinnesotaGasPrices.com.

⁴DEED, long-term projections, 2009-2019, NAICS 447.

⁵www.HolidayStationStores.com, employment opportunities page, March 28, 2012.

⁶DEED, QCEW, 2Q 2011, all ownerships.

⁷DEED, QCEW, 2Q 2011, all ownerships.

⁸Minnesota Department of Revenue, sales and use tax statistics, 2010.

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