

Labor Force Analysis for Willmar & Kandiyohi County



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Location Factors

What do employers and site selectors look for when deciding where to locate or expand their business?

- The bottom line from a half-century of economic research is:

THE BOTTOM LINE

- In other words, the extent to which a location's features contribute to lower costs – or higher sales – largely determines business growth
- The impact of a location's attributes on costs and sales depends on the type of business and the industry it is in, but a number of factors consistently emerge as generally important for business location
- Much like location in real estate, researchers consistently find that the quality, affordability, and availability of labor are the *most important* location factors

The Top Line

- Availability of labor force
 - Regional center demographic growth
 - Commuting data
 - Labor force statistics
 - QCEW Employment statistics
 - Occupational data
- Affordability of labor force
 - Region 6E Salary Survey
 - QCEW Wage Detail
- Quality of labor force
 - Educational Attainment
 - InfoUSA Employer Lists
- Quality of life and amenities



Availability of Labor Force

- Workers are less mobile than other factors of production, making availability very important
- Some studies show that unemployment rate is positively related to firm location choice – others show it is negatively or not related
- The availability measure that is most strongly related to site selection is **the presence of workers in the occupations needed for particular industries**

THE BOTTOM LINE:

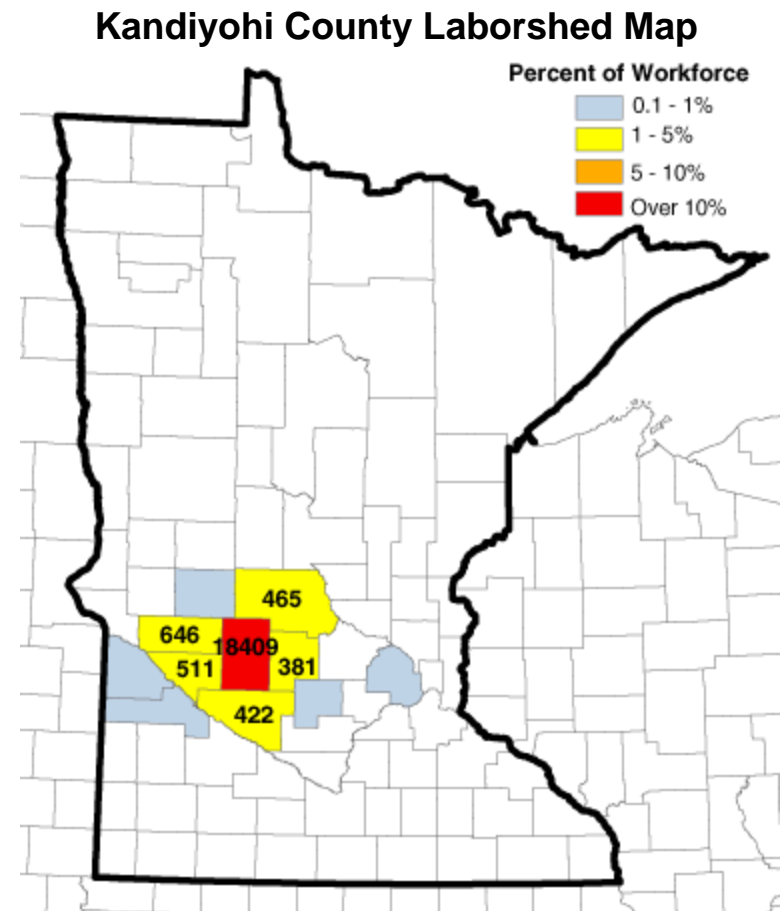
Willmar & Kandiyohi County has and can provide an available healthcare & nursing labor force

Kandiyohi County & Willmar Demographic Growth

- The Willmar lakes area is a vital, growing regional center in the middle of Minnesota
 - Population grew 6.3% (2,400 people) from 1990 to 2003
 - Population is projected to grow 15.7% from 2000 to 2030
- The total population in Kandiyohi County has passed 41,000 and is growing steadily through a healthy, aging population and increased in-migration
- Willmar is the 6th largest regional population center in greater Minnesota that is not an MSA (*St. Cloud, Rochester, Duluth, Fargo*)
 - With well over 16,000 non-farm jobs, Willmar is the 4th largest regional employment center in greater Minnesota
 - Kandiyohi County supports close to 22,000 jobs (and 1,286 farms)
 - Willmar is the 51st largest city in the state

Kandiyohi County & Willmar: A Growing Regional Center

- Kandiyohi County is a net importer of labor (more jobs than people)
- Workers commute mainly from 9 surrounding counties
 - +3,000 commuters each day
- Lakes and amenities draw tourists in the summer and winter months
- Willmar also draws shoppers from a wider surrounding area
- Studies have shown that regional trade centers captured the largest share of employment growth over the last four decades



Unemployment Rates and Claims

- According to Local Area Unemployment Statistics, Kandiyohi County has between 23,000 and 24,000 workers in 2004
 - The available labor force has increased from 22,000 in the year 2000
 - Region 6E (which includes Kandiyohi, McLeod, Meeker, and Renville) has between 62,500 and 63,500 workers in 2004
 - Kandiyohi County's unemployment rate was 3.7% in Sept. 2004, with 872 people available and looking for work (state rate was 4.4%)
- According to Unemployment Insurance claims statistics, the four counties in Region 6E had around 400 healthcare & social service industry-related layoffs in 2003
 - Of those, 20 were in Life, Physical, and Social Sciences; 44 were Healthcare Practitioners, and 166 were in Healthcare Support
 - Kandiyohi County accounted for 1/3rd of all regional claims activity

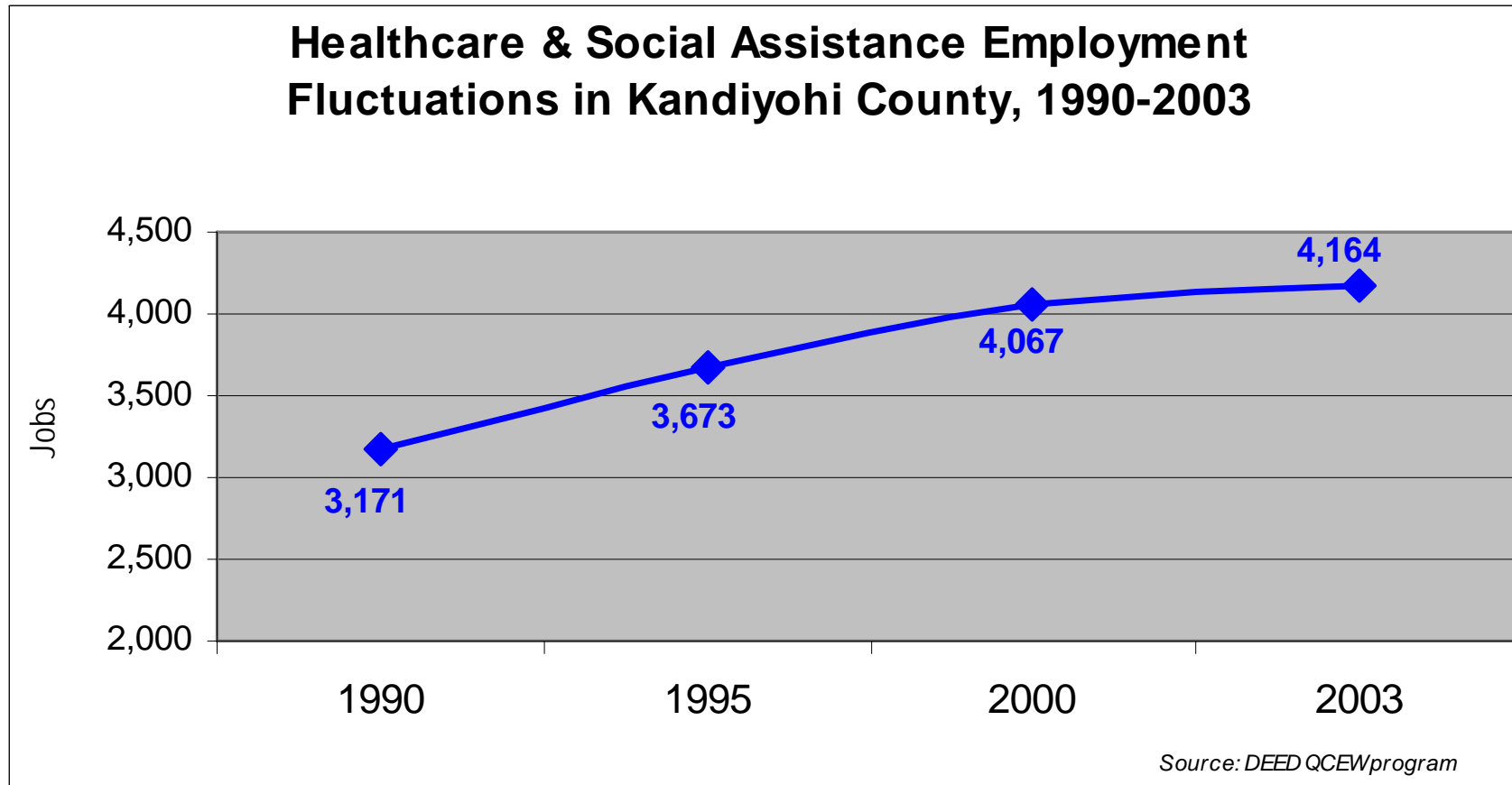
The Presence of Workers

- According to QCEW industry employment statistics, Kandiyohi County has **4,164** healthcare & social assistance jobs
 - Healthcare & social assistance comprised **19.2%** of total county jobs, which is **40% more concentrated** than the state
 - Nursing & Residential Care Facilities **added** close to **+200 jobs** in Kandiyohi County from 2000 to 2003
- Major healthcare & social assistance industry specialties in Kandiyohi County:
 - General Medical & Surgical Hospitals – 789 jobs
 - Psychiatric & Substance Abuse Hospitals – 386 jobs
 - Nursing Care Facilities – 760 jobs
 - Residential Mental Healthcare Facilities – 521 jobs
 - Individual & Family Services – 284 jobs
 - Vocational Rehabilitation Services – 154 jobs



The Presence of Workers

- Healthcare employment has expanded **31.3%** from 1990 to 2003



Affordability of Labor Force

- Businesses *will* pay more for higher quality workers, but would rather have *equivalently skilled* workers at lower wages
- Research finds that higher wages have a dampening effect on growth, all else being equal
- This is not surprising because labor is a large component of operating costs for many businesses



THE BOTTOM LINE:


Willmar & Kandiyohi County has a productive, skilled workforce with reasonable wages

Region 6E Salary Survey

2004 Southwest Central Minnesota Salary Survey

	Employment 2nd Q 2003	2nd Q 2004		Percentiles				
		2nd Q 2004 Avg. Hourly		10th	25th	Median	75th	90th
00-0000 Total All Occupations	48,590	\$15.19	\$8.99	\$9.23	\$12.78	\$18.30	\$25.49	
11-0000 Management Occupations	1,870	\$34.42	\$14.07	\$20.48	\$30.12	\$42.08	\$58.34	
11-1000 Top Executives	790	\$40.51	\$16.04	\$21.36	\$34.11	\$48.12	>\$70.00	
11-1011 Chief Executives	100	\$71.72	\$35.08	\$46.87	\$67.46	>\$70.00	>\$70.00	
11-1021 General and Operations Managers	580	\$37.52	\$17.25	\$21.51	\$32.66	\$44.48	\$66.18	
11-1031 Legislators	120	\$21,138	\$12,578	\$13,960	\$16,398	\$25,568	\$31,630	
11-2000 Advertising, Marketing, Promotions, Public Relations, and Sales Managers	110	\$42.94	\$19.18	\$21.67	\$37.49	\$55.02	>\$70.00	
11-2022 Sales Managers	70	\$41.89	\$18.89	\$21.02	\$35.39	\$53.73	>\$70.00	
11-3000 Operations/Specialties Managers	350	\$24.81	\$20.55	\$24.61	\$32.25	\$42.60	\$53.85	
11-3011 Administrative Services Managers	30	\$37.03	\$22.05	\$26.68	\$38.63	\$43.96	\$52.96	
11-3021 Computer and Information Systems Managers	50	\$42.56	\$25.76	\$30.87	\$38.65	\$48.16	\$61.39	
11-3031 Financial Managers	120	\$36.87	\$22.13	\$26.60	\$36.31	\$44.39	\$53.21	
11-3040 Human Resources Managers	30	\$32.24	\$16.28	\$18.02	\$29.09	\$40.66	\$60.27	
11-3051 Industrial Production Managers	90	\$31.49	\$20.74	\$23.49	\$27.95	\$36.80	\$47.87	
11-3061 Purchasing Managers	20	\$27.91	\$10.81	\$20.24	\$26.91	\$32.83	\$50.21	
11-9000 Other Management Occupations	610	\$26.74	\$13.17	\$14.82	\$26.17	\$34.79	\$43.16	
11-9021 Construction Managers	50	\$33.53	\$24.64	\$27.31	\$32.07	\$39.17	\$45.92	
11-9031 Education Administrators, Preschool and Child Care Center/Program	30	\$22.93	\$11.30	\$19.71	\$25.03	\$28.52	\$30.62	
11-9032 Education Administrators, Elementary and Secondary School	70	\$69,770	\$60,055	\$64,400	\$69,755	\$76,814	\$84,534	
11-9041 Engineering Managers	70	\$43.37	\$32.49	\$37.83	\$42.40	\$48.50	\$58.66	
11-9051 Food Service Managers	90	\$14.07	\$12.55	\$13.04	\$13.87	\$14.68	\$15.17	
11-9061 Funeral Directors	20							
11-9111 Medical and Health Services Managers	100	\$32.06	\$22.43	\$25.69	\$30.82	\$36.62	\$43.34	
11-9131 Postmasters and Mail Superintendents	30	\$25.26	\$20.48	\$22.85	\$25.02	\$27.19	\$31.68	
11-9151 Social and Community Service Managers	30	\$25.57	\$17.52	\$20.39	\$24.87	\$30.45	\$35.28	
11-9199 Managers, All Other	70	\$30.31	\$17.31	\$22.24	\$27.60	\$36.79	\$49.16	
13-0000 Business and Financial Operations Occupations	1,430	\$22.48	\$12.09	\$17.10	\$21.40	\$26.66	\$34.65	
13-1000 Business Operations/Specialties	940	\$21.90	\$11.18	\$16.54	\$21.16	\$25.75	\$33.73	
13-1021 Purchasing Agents and Buyers, Farm Products	10	\$26.38	\$19.25	\$23.88	\$26.53	\$29.19	\$32.84	
13-1022 Wholesale and Retail Buyers, Except Farm Products	40	\$19.44	\$11.28	\$15.63	\$20.61	\$22.99	\$24.41	
13-1023 Purchasing Agents, Except Wholesale, Retail, and Farm Products	90	\$22.87	\$15.97	\$18.01	\$22.14	\$26.83	\$33.01	

DEED / Labor Market Information Office

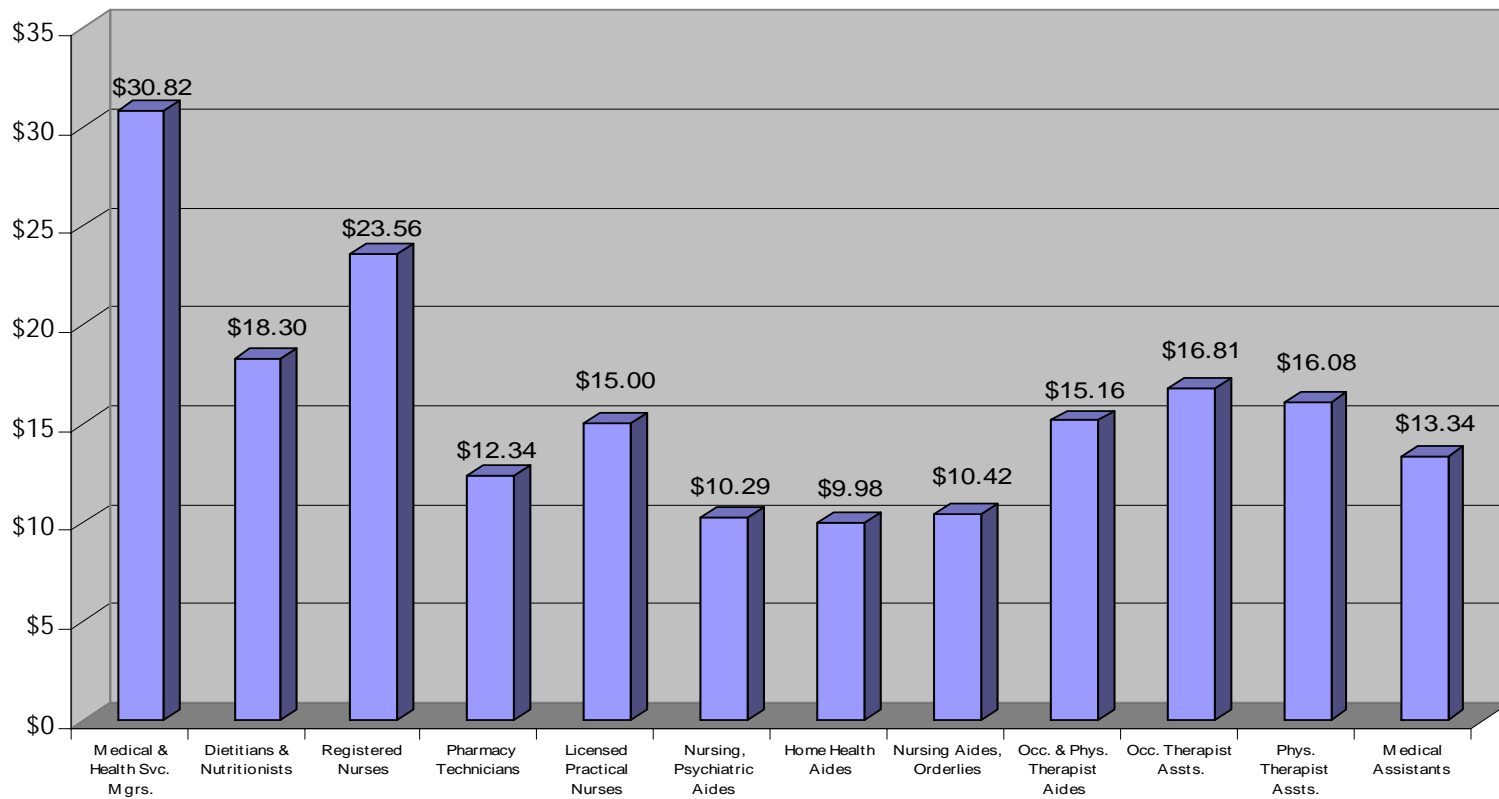


- Occupational survey of 464 local employers
 - Only includes Kandiyohi, McLeod, Meeker, and Renville County firms
 - NOT influenced by the St. Cloud MSA, Region 7E, or Sherburne and Wright Counties
- Distribution statistics for the 10th, 25th, 50th, 75th, and 90th percentiles
- Accurate wage data for 435 occupations

<http://www.deed.state.mn.us/lmi/regional/>

Salary Comparison

Region 6E Salary Survey: Selected Healthcare Occupations

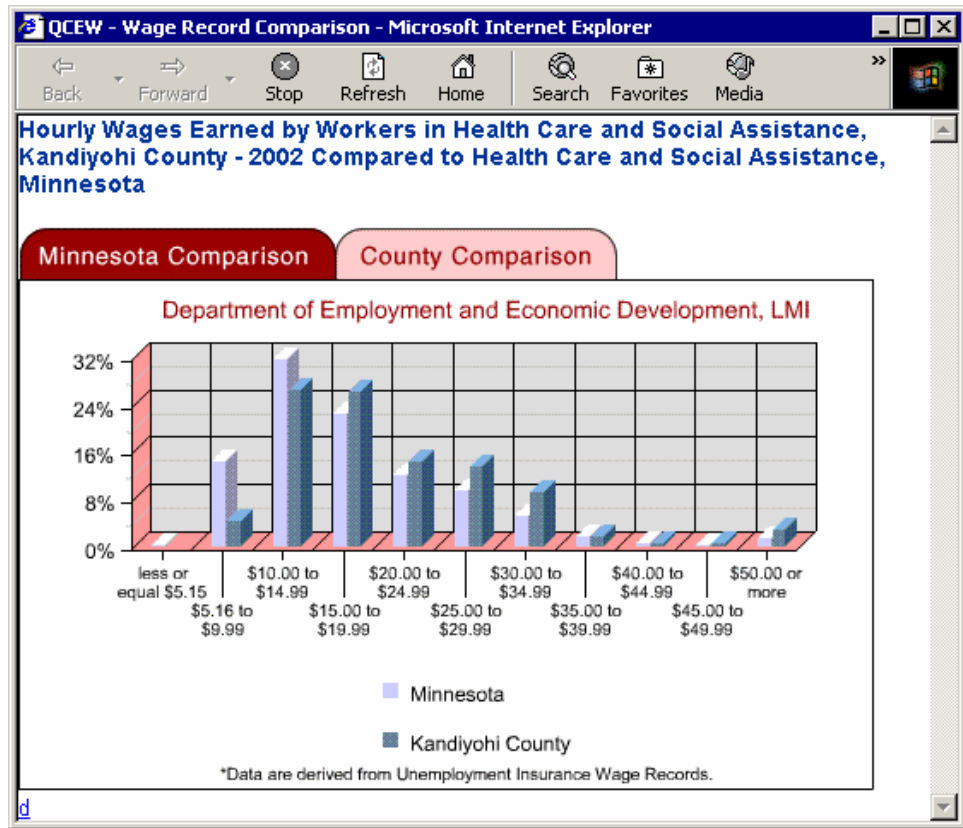


Source: DEED Salary Survey, Region 6E

Wages for Kandiyohi County: Healthcare & Social Assistance

Healthcare & Social Assistance Hourly Wages

- Average weekly wage of \$759 in 2003
- Only 4.4% of workers earned between \$5.16 - \$10
- 53% of workers earned between \$10 - \$20
- 28% of workers earned between \$20 - \$30
- 14% of workers earned \$30+
- Healthcare is among the highest paying industries in Kandiyohi County; benefits are also important to workers



Quality of Labor Force



- Labor quality is a recurring theme in survey results and site selection consultants' judgments, but the empirical research faces difficulties *quantifying* quality
- The most common labor quality indicator is education
- Higher education attainment is associated with business growth
 - Proximity of a higher education institution figures prominently for manufacturing businesses
- The prevalence of other businesses that employ workers with the desired skills is also important

THE BOTTOM LINE:

Willmar & Kandiyohi County can train, expand, and sustain a qualified manufacturing workforce

Educational Attainment

- Kandiyohi County has more than 10,800 students in primary, secondary, and post-secondary institutions in the area
 - 9.5% of the population aged 25 years and over have an Associate Degree
 - One of the highest percentages in the state!
 - 24.5% of the population have attended some college
 - 18.3% have a bachelor's degree or higher
- Ridgewater College, with locations in Willmar and Hutchinson, serves 4,285 students
 - Graduated 251 students with Healthcare-related education in 2003
 - Including: Nursing/RN, LPN; Health Info. Tech; Medical Assist.
 - Has won awards for the innovative Nursing Simulator project!
- Minnesota West Community & Technical College, with a location in Granite Falls (30 miles away) serves 3,183 students
 - Graduated 152 students with Healthcare-related education in 2003

Prevalence of Other Businesses

- Affiliated Community Medical Ctrs.
- Rice Memorial Hospital
- Willmar Regional Treatment Center
- Divine House
- Woodland Centers
- Glen Oaks
- Bethesda Health & Housing
- Rice Care Center
- Presbyterian Family Foundation
- Family Practice Medical Center
- REM South Central Services, Inc.
- Kandiyohi County Family Services
- Infinia at Willmar
- Rice Hospice
- Rice Rehabilitation Center
- Stevens Community Medical Center
- Alliance Healthcare
- New Hope
- West Central Industries
- Spectrum Community Health
- Lutheran Social Services
- Bethesda LSS Home Health
- Prairie Senior Cottages
- Alterra Sterling House
- Lake Region Home Health
- Lakewood Home
- St. Francis Halfway House
- LSS Sunnyview
- Central MN Senior Care/Assisted
- LSS Eldershare Homes
- Chrysalis Inc.
- LSS Spruce Haven
- Sunrise Village
- Many, many more...

Quality of Life

- Kandiyohi County has a strong agricultural and manufacturing foundation buoyed by an entrepreneurial spirit
- Kandiyohi County has a growing healthcare & social assistance infrastructure in place to support population growth
- Kandiyohi County was the 10th largest growing economy in greater Minnesota over the last 13 years, adding 5,134 jobs
- Kandiyohi County has a well-diversified economic base that has weathered the recession
- Kandiyohi County has a cost-of-doing-business and cost-of-living structure that allows for lower wages – which are attractive to businesses – combined with productive workers

Quality of Life

- Kandiyohi County has one of the largest available resident employment pools in greater Minnesota, with shorter commutes
- Well over 325 new houses worth more than \$40 million have been built in Kandiyohi County and the City of Willmar in the last two years (through Oct. 2004)
- Construction values in the city of Willmar hit \$53.3 million in 2003, with 71 major building permits valued at more than \$150,000
- Sales and use taxes in Kandiyohi County surpassed \$1.1 billion in 2000, and were growing at a rate of 3.2% per year
- Kandiyohi County has the jobs, shopping centers, lakes, and amenities to draw in workers, tourists, and new businesses

The Bottom Line

- *Willmar & Kandiyohi County has and can provide an available healthcare labor force*
- *Willmar & Kandiyohi County has a productive, skilled workforce with reasonable wages*
- *Willmar & Kandiyohi County can train, expand, and sustain a qualified healthcare workforce*