



# From chasing smokestacks to chasing people

MN ASSOCIATION OF WORKFORCE BOARDS

AUGUST 5<sup>TH</sup>, 2022



# About us

In 1997, a group of rural Minnesota advocates came together to create a rural policy “think tank” that would provide policy makers, rural advocates and concerned citizens with an objective, unbiased and politically unspun examination of today’s rural issues.

- Based in Greater Minnesota, serving Greater Minnesota.
- A non-partisan, non-profit policy research organization.
- Dedicated to providing Minnesota’s policy makers with an unbiased evaluation of issues from a rural perspective.
- 19 Board members
- 4 Staff members in home offices

# Our Latest Research

[www.RuralMN.org](http://www.RuralMN.org)



Stratosphere: The amazing rise in the price of farmland and its growing impact on rural governments



Child care access for Latino Immigrant Families in Nobles County



Why grandma may stay at home: property taxes and rural home ownership

# Be the First to Know

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Website: [ruralmn.org](http://ruralmn.org)  
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Research overview and  
webinars on our website and



Center of Everywhere  
Podcast on our website,  
iTunes, and Spotify.

# Minnesota – let's brag

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Top-5 lowest unemployment rate

Top-5 highest labor force participation rate

Top performing state during recessions

5<sup>th</sup> most diverse economy

Source: Minnesota Chamber of Commerce Foundation, Minnesota: 2030



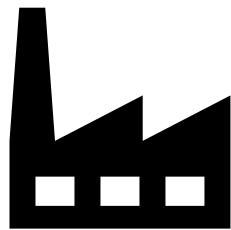
What is  
threatening our  
awesome-ness?

## LACK OF PEOPLE!

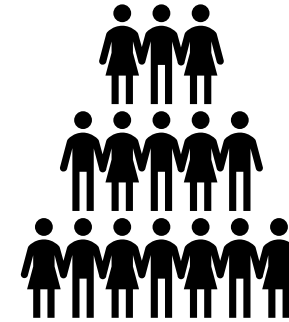
- Labor force growth has been decreasing for two decades
- Challenges?
  - Recruitment and retention
  - Childcare
  - Housing
  - Attracting youth
- These are all economic development issues.

# A fundamental shift is taking place in economic development

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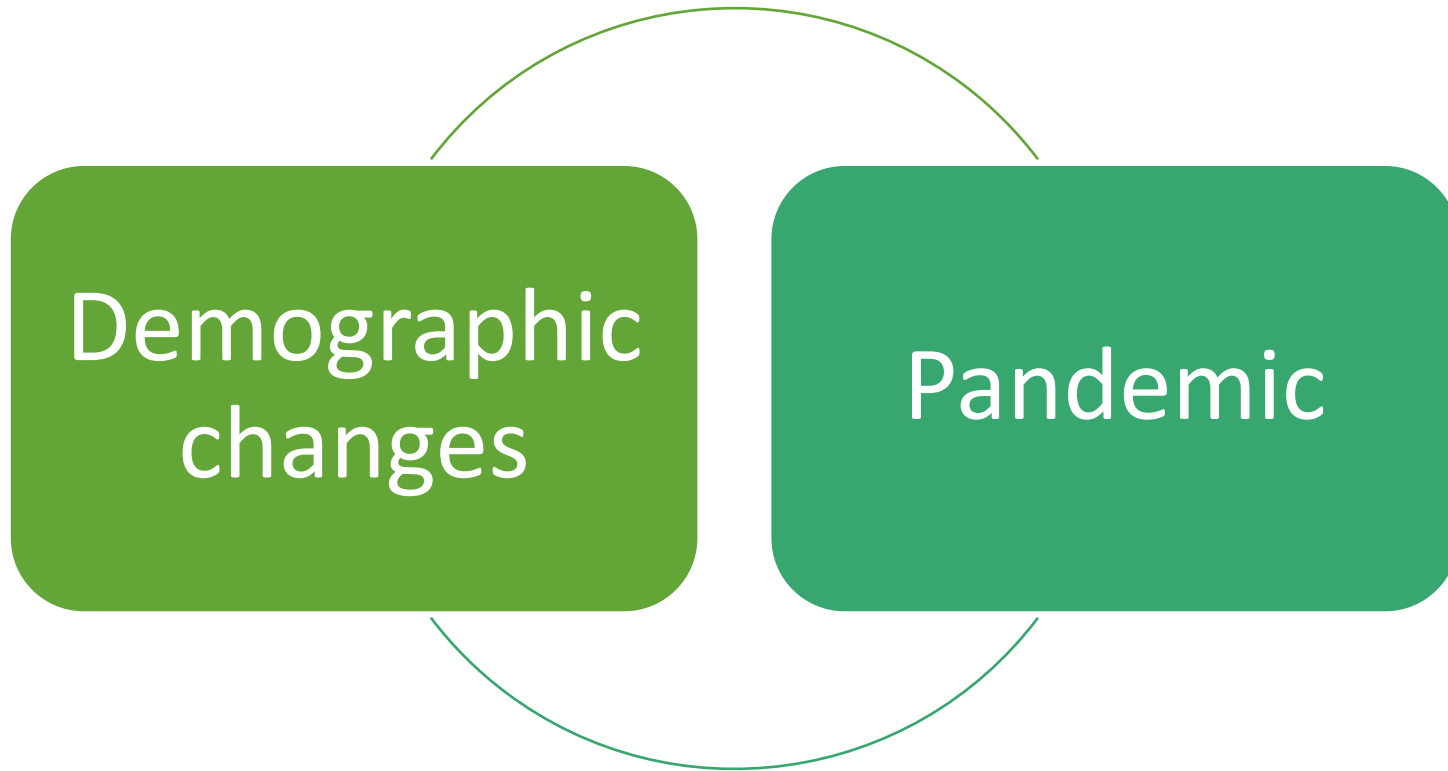


From Business  
Recruitment



To People  
Recruitment

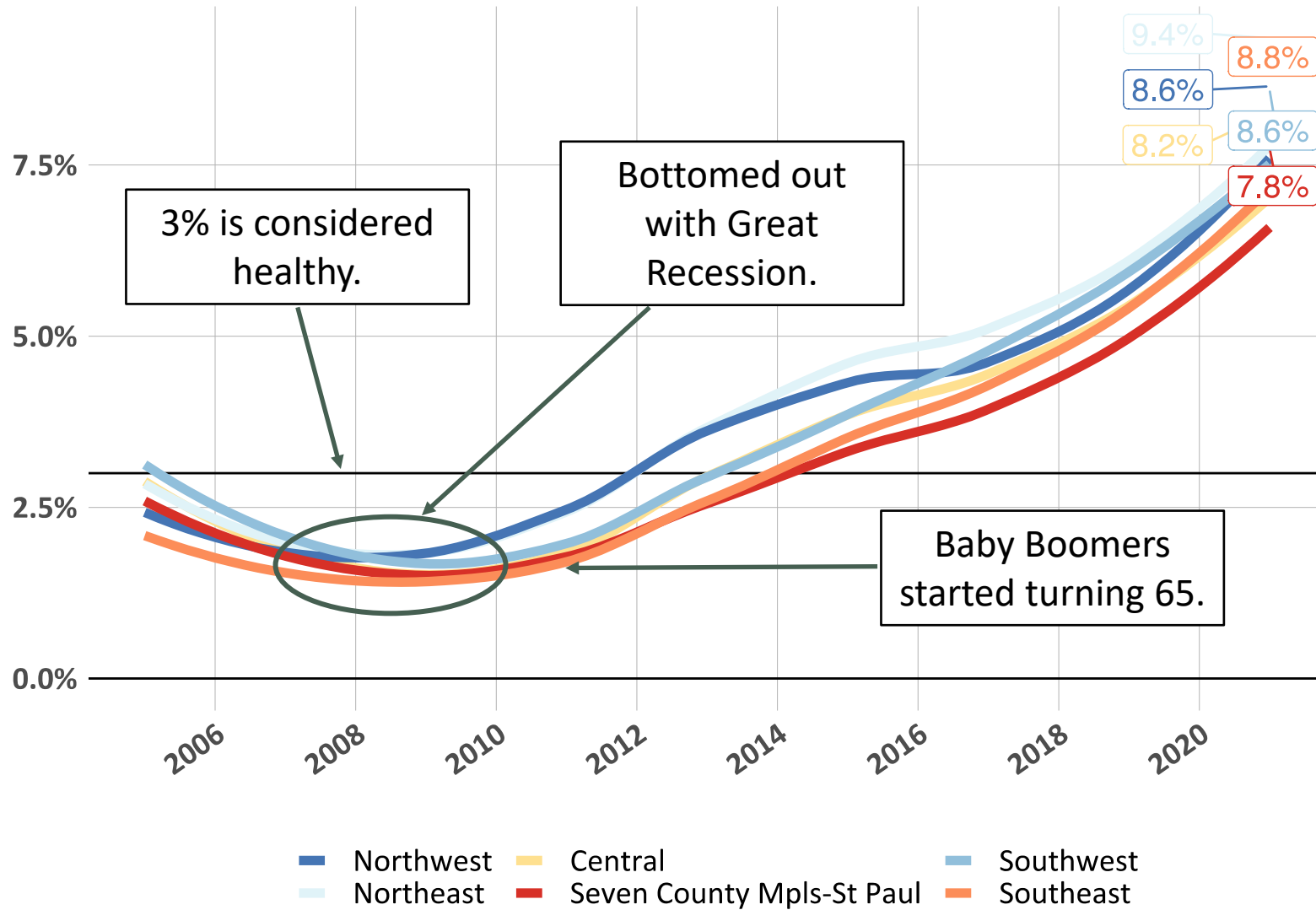
This is a statewide issue!



Laborforce  
participation  
decreasing



# Job vacancy rate



Job vacancies:  
unprecedented  
levels, not  
unexpected

MN DEED - Job Vacancy Survey



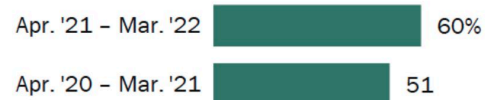
MAJORITY OF U.S. WORKERS CHANGING JOBS ARE SEEING REAL WAGE GAINS

## A rising share of workers who changed jobs are earning more as a result

### A rising share of workers who changed jobs are earning more as a result

*% of U.S. workers who saw a real wage increase over the same month a year earlier (12-month average)*

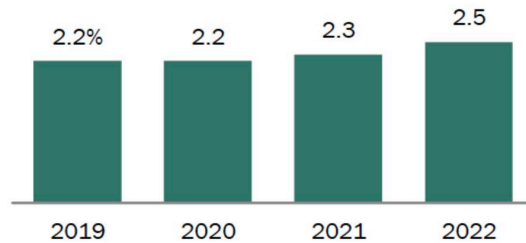
#### New employer



#### Same employer



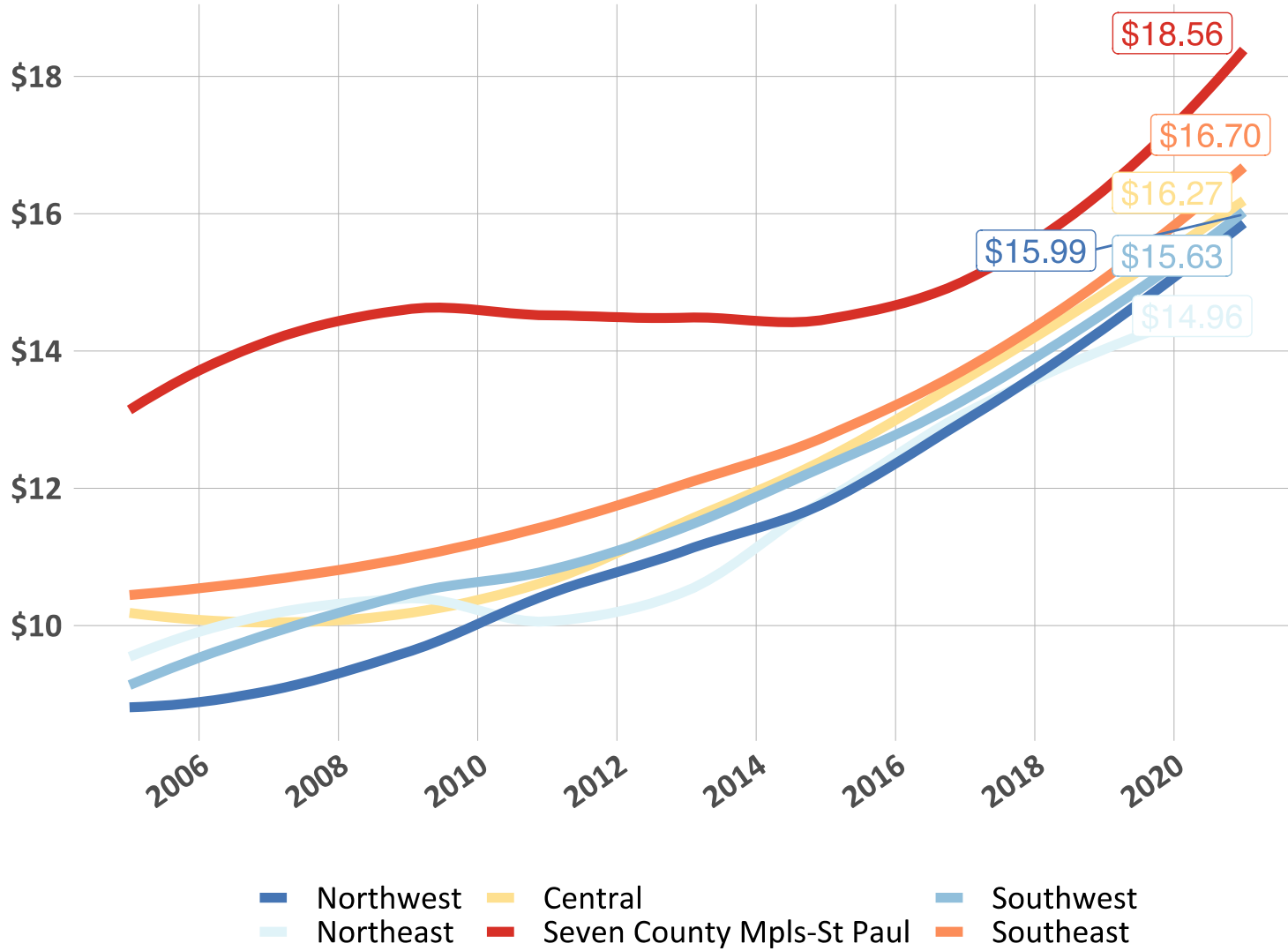
*% of U.S. workers who changed employers each month, on average*



# Shrinking labor force

- § Competition for workers.
- § Driving up wages.
- § Not ending anytime soon.

# Median wages of job vacancies



Job Vacancies:  
Median wages  
in Greater MN  
closing in on  
the Metro

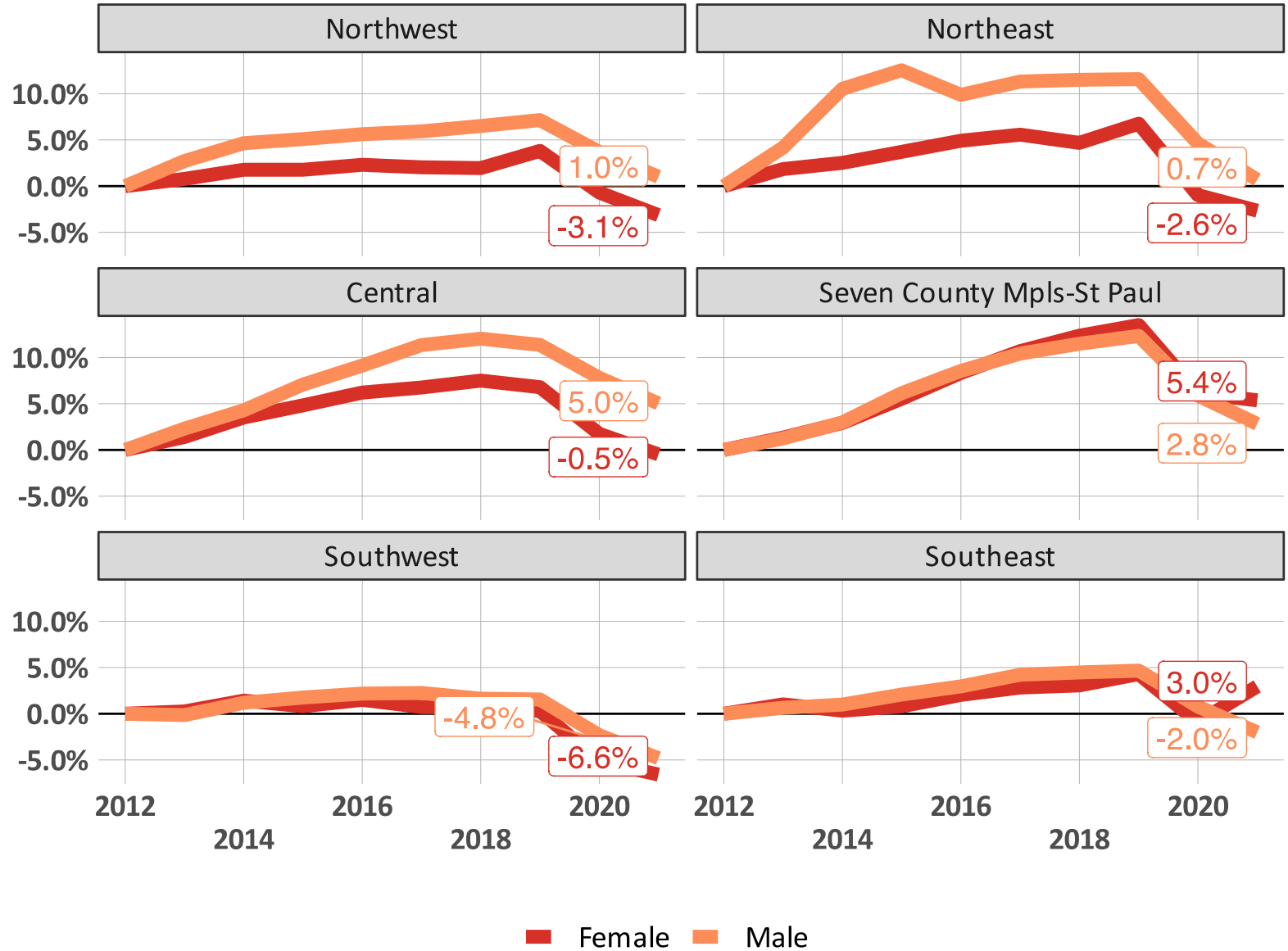
MN DEED - Job Vacancy Survey

# Employment among women has not recovered

Employment among women dropped significantly in our more rural regions of the state during the pandemic.

By the end of 2021, nearly every region outside of the seven-county metro had fewer women employed than in 2012.

## Change in employment since 2012



U.S. Census Bureau - Quarterly Workforce Indicators

# We need a new focus

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We need a new way of thinking about economic development.

Invest in:

- Recruiting people, not businesses.
- ***Childcare***
- ***Housing***
- High school engagement
- Jobs with opportunities for advancement
- *Stop emphasizing job growth.*

# Resident Recruitment and Retention

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<i>Planning Region</i>	<i>Hourly wage needed to cover cost of living</i>	<i>Median wage of job vacancies</i>	<i>Median Wage as Percent of Cost-of-Living Hourly Wage</i>
Southwest	\$14.94	\$16.17	108%
Southeast	\$16.52	\$15.85	96%
Northwest	\$15.42	\$14.62	95%
Northeast	\$15.64	\$14.42	92%
Central	\$17.86	\$15.12	85%
Metro	\$20.93	\$17.13	82%

Living in Greater Minnesota can be a pretty good deal.



# U of M Extension rural survey, 2019

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- 1,610 responses.
- 68% of respondents (1,094) moved from another zip code to their current one.
- 75% of households came to that community from someplace else.
- **Only 30% moved primarily for a job.**
- Only 25% of households had children.

# Why migrating to rural areas?

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Affordable Housing



Small class sizes



Quality of life



Jobs (immigrant and  
refugee populations)

<https://extension.umn.edu/economic-development/rural-brain-gain-migration>

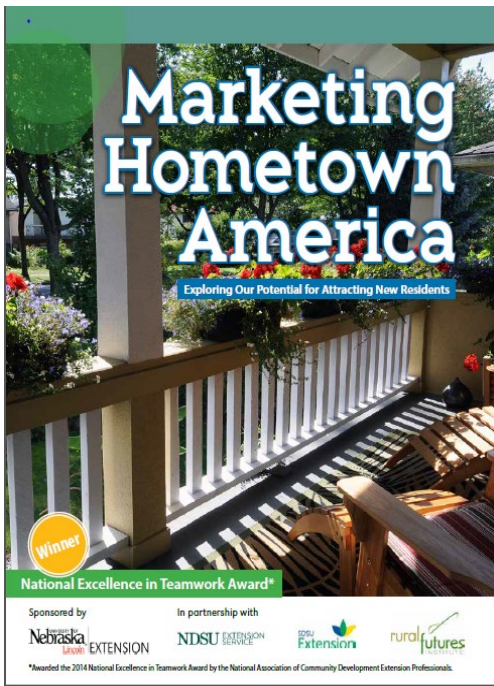
# Rural Envy

The seven-county metro has a great example of resident recruitment with Greater MSP.

## MINNEAPOLIS SAINT PAUL REGIONAL ECONOMIC DEVELOPMENT PARTNERSHIP

LEARN MORE 

# People Recruitment Efforts In Minnesota



# Challenges for Rural Communities

## Building a recruitment program



Building a network from scratch



Who's responsible?



Negative Narratives and Perceptions



Diversity of skill sets required for initiatives

**Get Rural**  
Mn

**Come visit, better yet -  
make the move!**  
to  
*Western Minnesota*



### Housing

Online Platforms  
(Zillow, Realtor.com)  
Local Realtors



### Employment Opportunities

Online Platforms  
(Indeed, Monster, etc)  
Local Newspapers  
Employers  
Broadband  
Entrepreneurship



### Things To Do

Outdoor Adventures  
Places to Eat  
Places to Stay  
Places to Shop  
Events



### Family Essentials

Schools  
Healthcare  
Childcare  
Cost of Living

# Promoting and engaging

# Childcare

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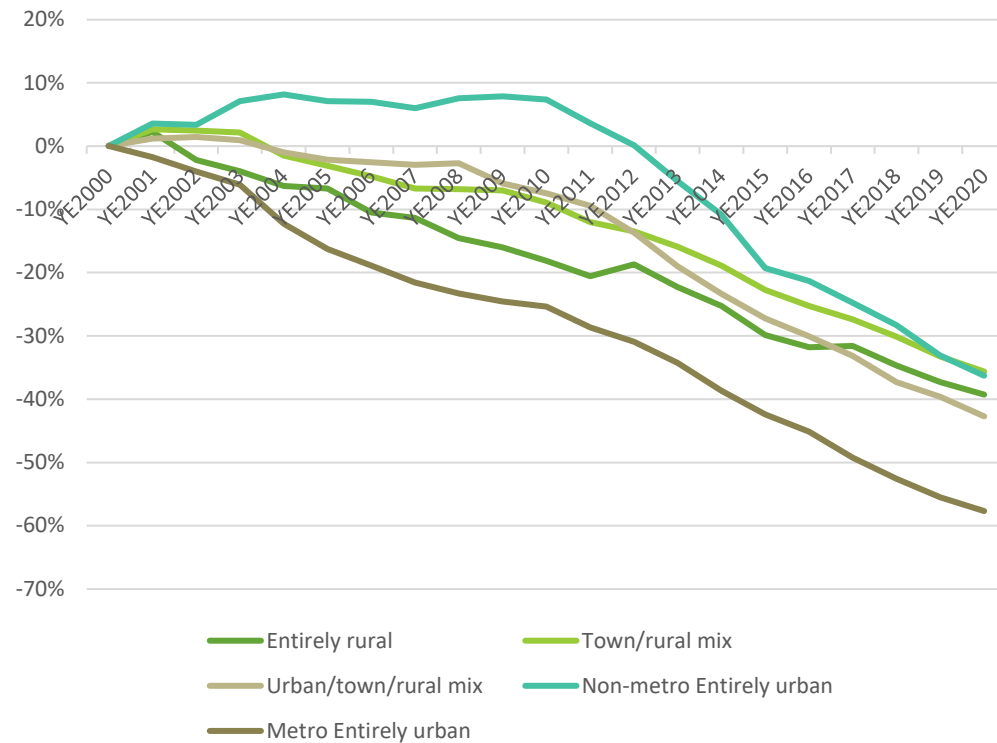
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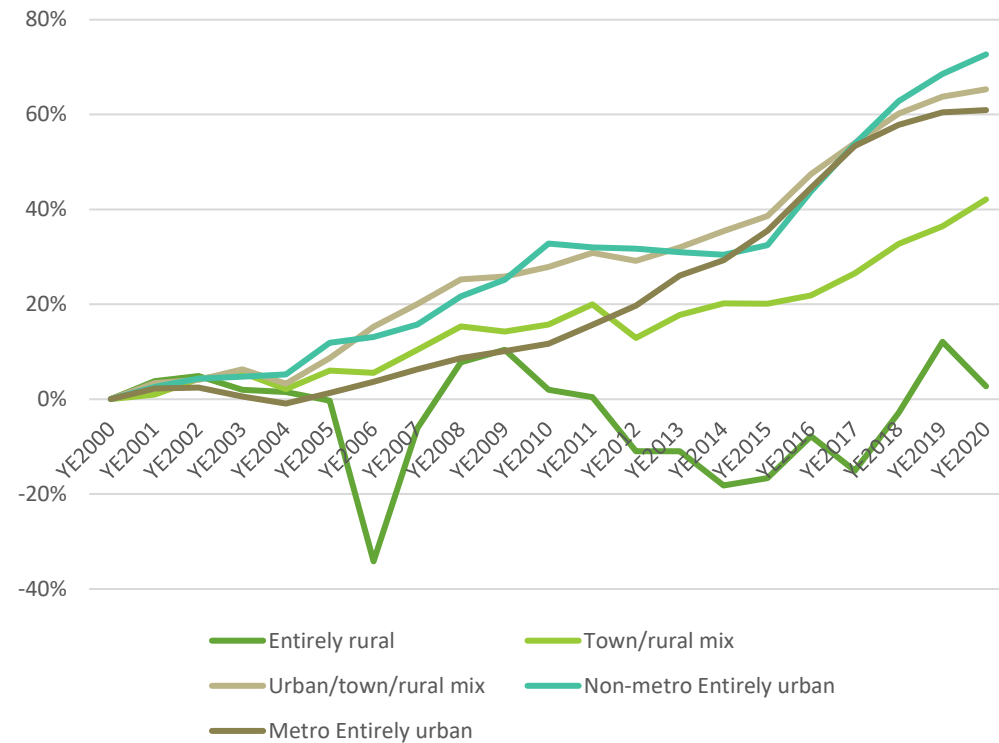


# The economics of childcare in rural Minnesota

Change in family childcare capacity by RUCA



Change in center childcare capacity by RUCA



# Looking back: Trends since 2000

Greater MN	2000	2020	Net change
Family childcare	90,686	55,231	-35,455
Center childcare	25,730	40,933	15,203
Twin Cities metro	2000	2020	Net change
Family childcare	68,845	29,120	-39,725
Center childcare	60,779	97,816	37,037
Total Greater MN capacity	116,416	96,164	-20,252
Total Twin Cities capacity	129,624	126,936	-2,688

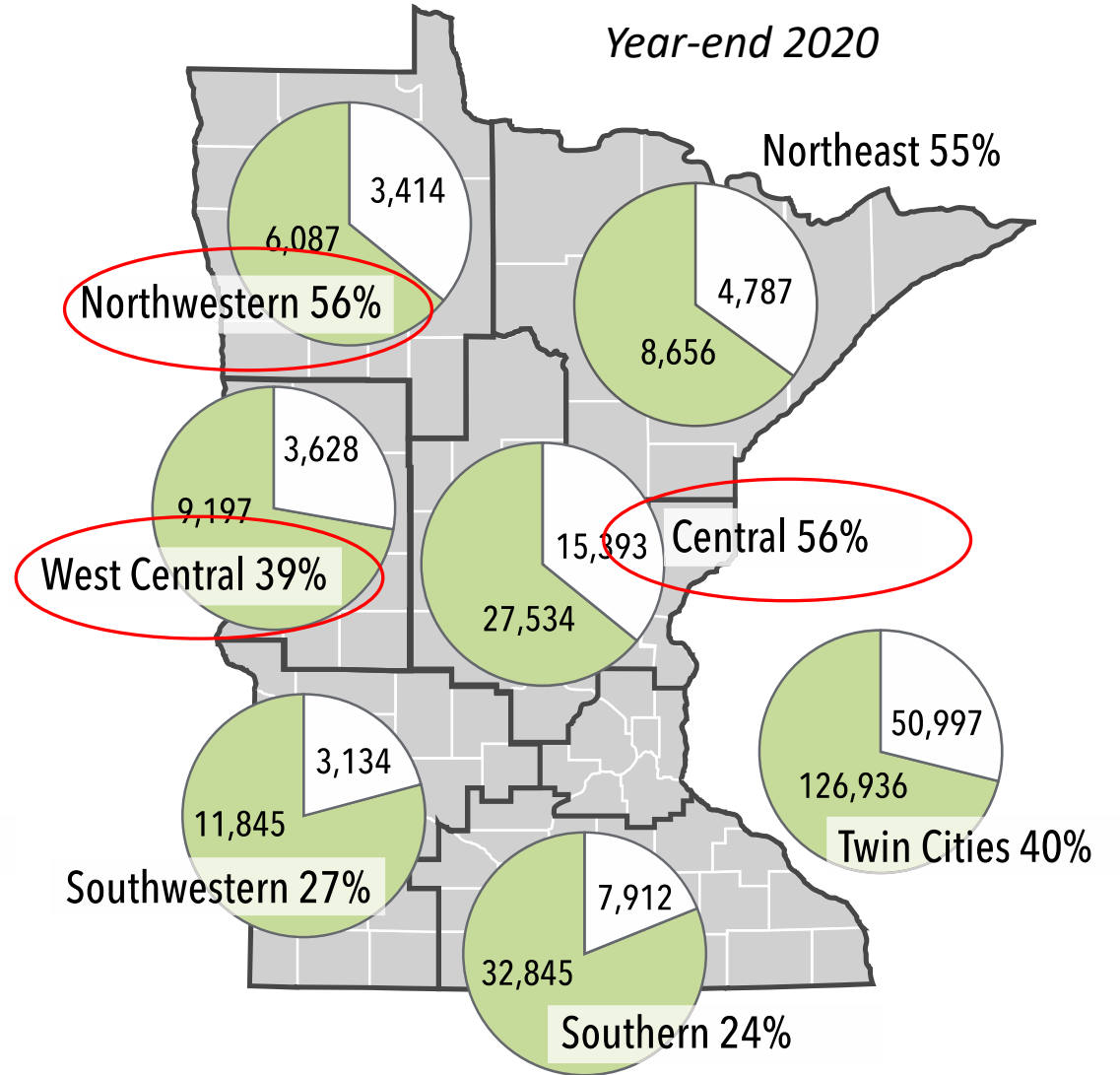
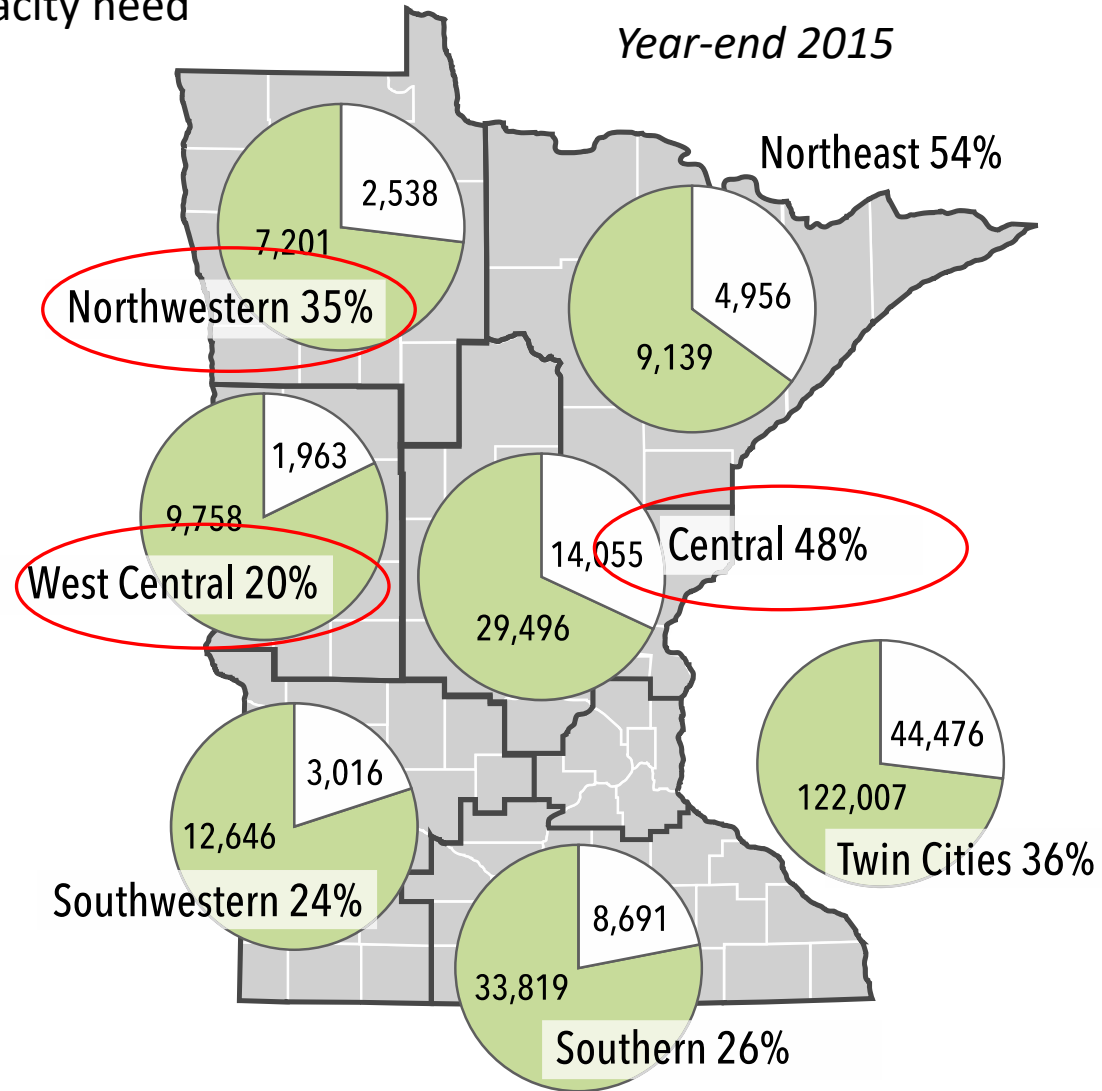
## Greater Minnesota & Twin Cities

The growth in center capacity since 2000 has not made up for the loss in family childcare capacity in Greater Minnesota or the Twin Cities.

Statewide, almost 23,000 fewer childcare spaces at the end of 2020 than in 2000.

Data: MN Dept of Human Services

Percentage growth required to meet estimated capacity need

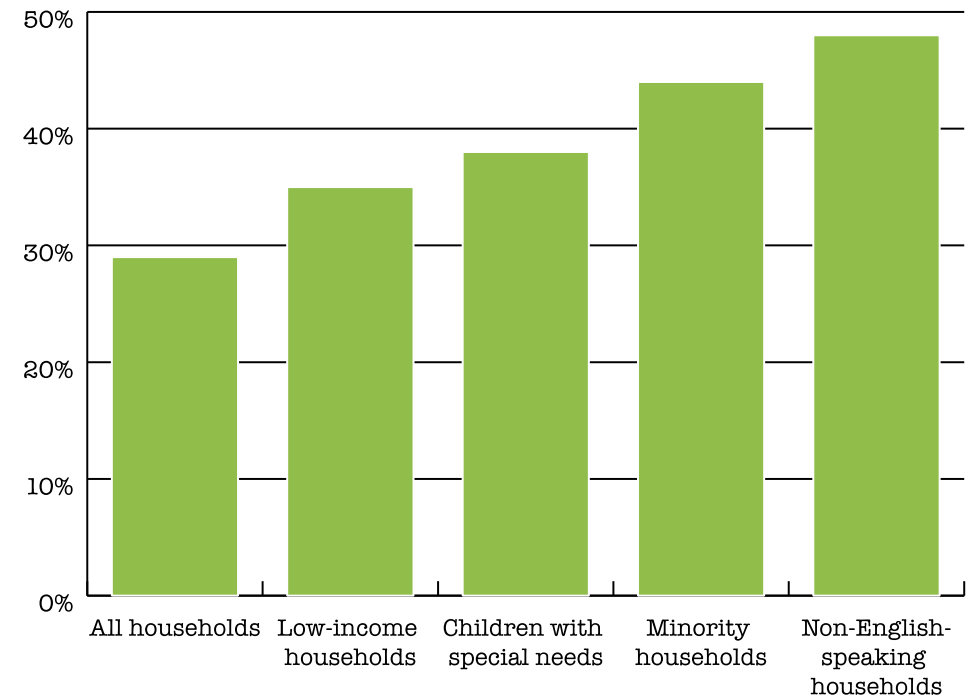


Data: MN Dept. of Human Services; U.S. Census  
 © Center for Rural Policy & Development

# Special groups

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- While childcare is a struggle everywhere, some groups struggle more than others.
  - Low-income families
  - Children with special needs
  - Minority families
  - Non-English-speaking families

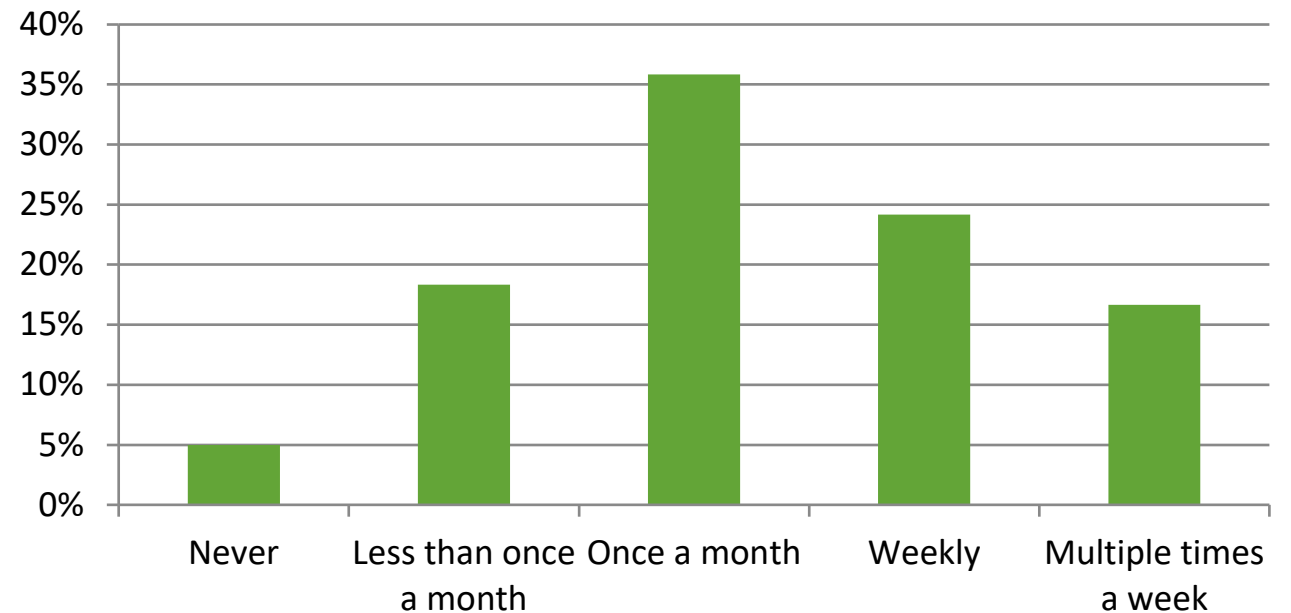


The percentage of different groups saying they feel they have to take whatever form of childcare they can get (MN Dept. of Human Services, [“Child Care Use in Minnesota: Report of the 2009 Statewide Household Child Care Survey.”](#)).

# Lack of childcare hinders recruitment.

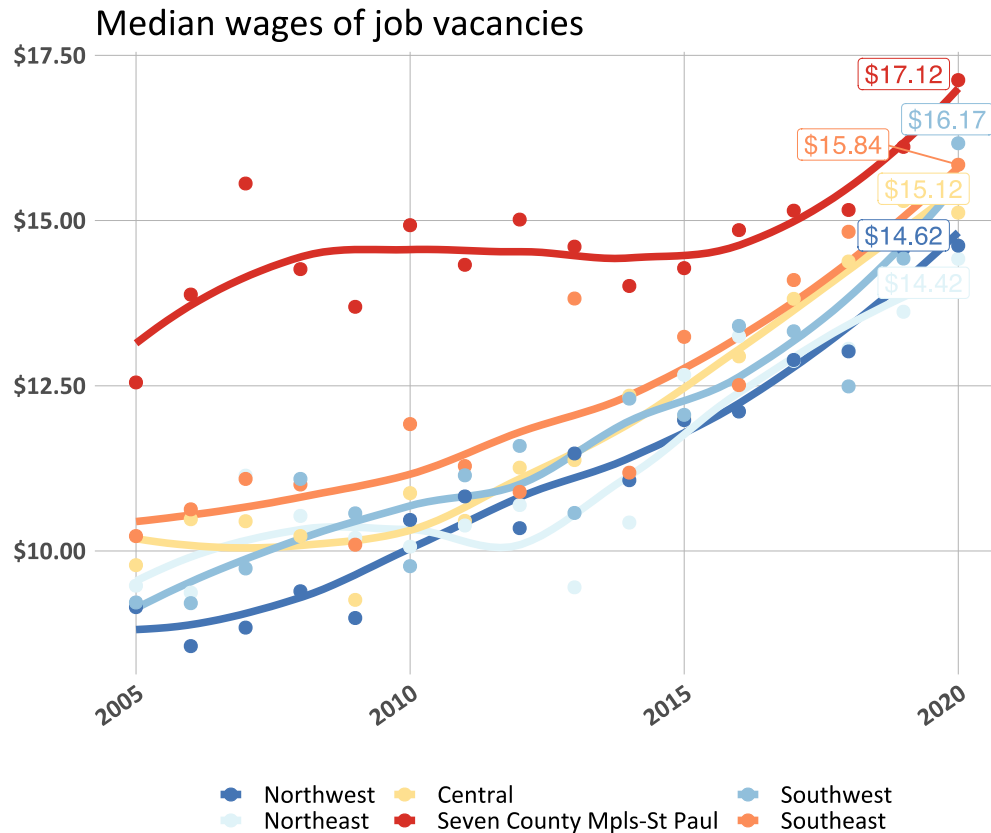
- In Greater MN, **access to childcare** and **housing** are the two biggest barriers to finding and keeping workers.

In the past six months, how often have you heard employers in the area you serve mention the childcare shortage as a barrier to attracting or retaining workers to their businesses?



Center for Rural Policy & Development survey, Fall 2021

# It's hard to compete.



Finding childcare workers is a top problem, and here is why:

- Competing wages from jobs that don't require as much training and probably offer benefits.

For family (in-home) providers, much the same:

- Long hours, stress, wear and tear on home, can make more elsewhere are all reasons FCC providers quit.

# What communities are doing

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The initiatives being launched revealed several themes.

One third said their initiatives were working while almost one half said it was too early to tell.

- Community coalitions
- Direct and indirect giving to both FCC and CCC providers.
- The pod model
- Public schools stepping in
- Educating the community on the importance of childcare.
- Spanish-language training & multi-cultural settings
- Employers are participating in the solution.



# Advice to communities?

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There is no easy fix, no silver bullet.

- Address as a community.
  - Include local officials, employers, providers, families, organizations.
- Understand just what your community's childcare needs are.
  - It won't be the same as the town next door.
- Treat it as an investment.
- Show appreciation! Feeling unimportant and unappreciated is a big factor in quitting.

# Housing: So what's the problem?

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# Why is housing needed?

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## NUMBER OF HOUSEHOLDS IS INCREASING

<b>County group</b>	<b>% change in households</b>	<b>% change in population</b>
Entirely rural	9%	-21%
Town/rural mix	50%	12%
Urban/town/rural mix	73%	31%
Entirely urban	106%	62%

*Percent change in households and population by county group, 1970–2016. (Data: Decennial Census & ACS 5-year)*

It's not as simple as adding more houses.  
Households are getting smaller and growing in number.

# Normal Housing Life-Cycle

Age:	20s	30s	40s	50s	60s	70s
<b>Housing Cycle:</b>	Single- or multi-family rent	Single-family own	Upgrade		Downsize	Assisted living
<b>Desired Housing Type:</b>	Multi-family rentals	Starter homes	Larger homes		Townhome units	Assisted living units
<b>Old Units Left Behind:</b>		Multi-family rentals	Starter homes or older, single-family houses		Larger homes and older, single-family houses	Townhome units, larger homes, single-family homes

Available to buy or being built.

*The housing life stages in an ideal housing market. At each point in a family's life cycle, new units are built to meet their demand while their old units are left behind for the next set of buyers.*

*(Source: U of MN Extension | Center for Community Vitality - Ben Winchester)*

# Rural Housing Life-Cycle

Age:	20s	30s	40s	50s	60s	70s
<b>Housing Cycle:</b>	Single- or multi-family rent	Single-family own			Assisted living	
<b>Desired Housing Type:</b>	Few Multi-family rentals	No starter homes	A few larger homes	No townhome units	Few assisted living units	
<b>Old Units Left Behind:</b>		No multi-family rentals	No older, single-family houses	No larger homes and older, single-family houses		

Available to buy or being built.



*The housing life stages in a typical rural housing market. With few new units built at any stage and little movement out of single-family homes, demand gets backed up and housing becomes unavailable.  
 (Source: U of MN Extension | Center for Community Vitality - Ben Winchester)*

# Factors affecting housing in Greater MN: Increasing construction costs



COST OF MATERIALS,  
LAND, PREP



**LABOR SHORTAGES**



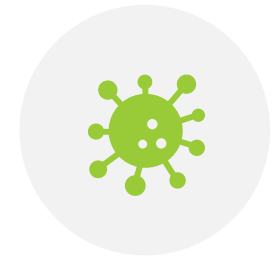
COMPETITIVE RETAIL  
MARKET



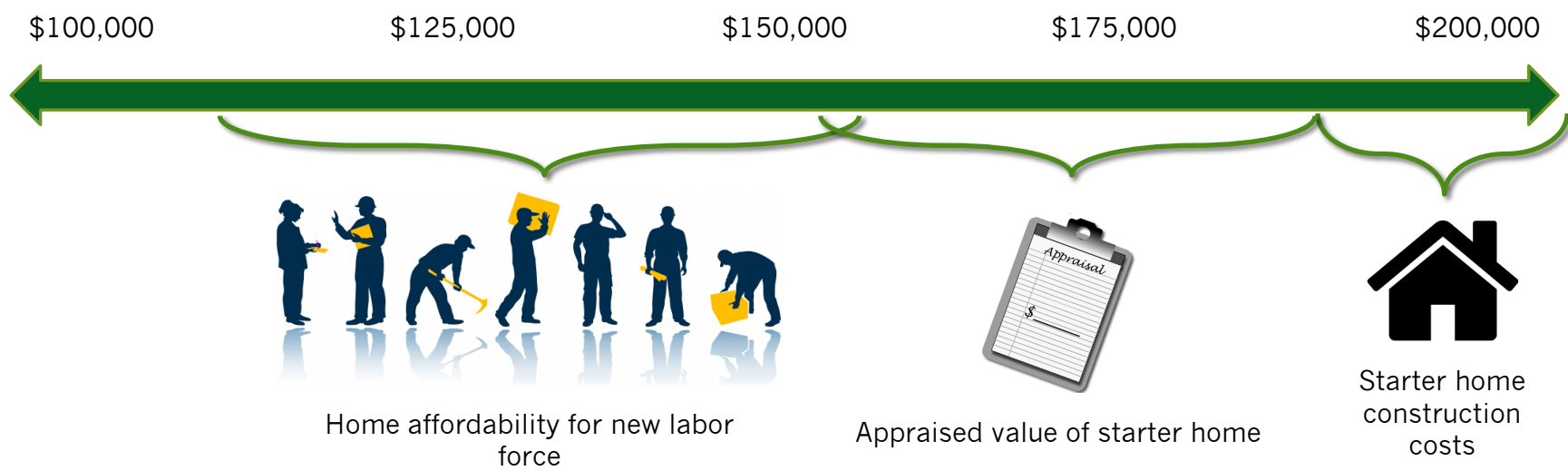
SLUGGISH RECOVERY OF  
CONSTRUCTION  
BUSINESSES



NUMBER AND  
COMPLEXITY OF  
BUILDING CODES

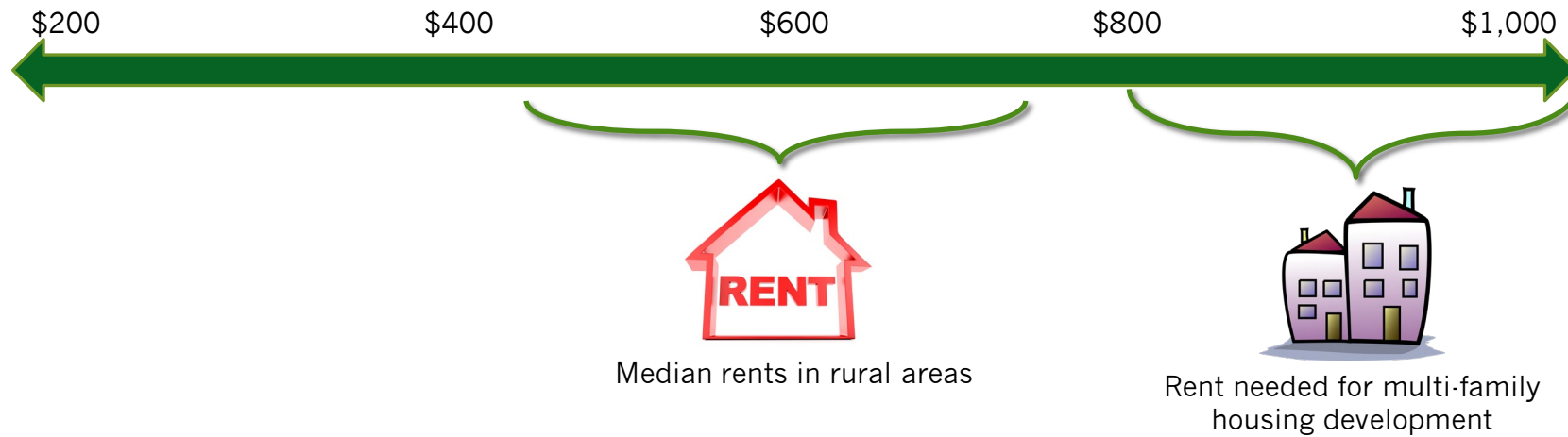


HUGE DEMAND DURING  
COVID

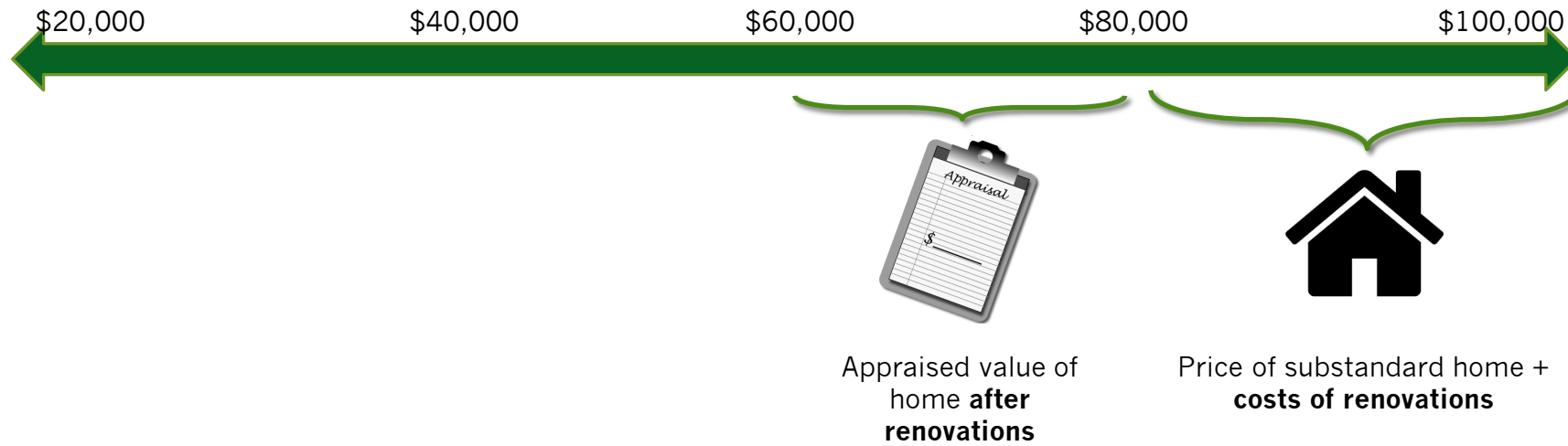


# Broken business model for starter homes





# Risky rental market



# Mortgage problems for dilapidated homes

# Solutions?

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We're still researching this, but some of them may be:

- Private–public partnerships
- Homegrown developers
- Employer investments
- EDA/Municipal cheap land and infrastructure

# Changing the story for high schoolers

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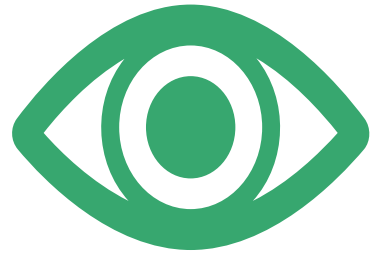
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# Kids are influenced in two ways

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Relationships



Observations

- What kids see, hear and feel influence their decisions about their future.

# Influencers: relationships

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COLLEGE ADMISSIONS  
PROCESS



IMMEDIATE FAMILY



FORMAL ADVISORS

# Influences: observations

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Career opportunities



Community opportunities

What they may or may not see.

# Retention = engaging youth

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# Lots of activity in Greater Minnesota

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INVOLVEMENT FROM BUSINESS COMMUNITY

INCREASING INTEREST IN CTE



# Build Dakota Scholarships

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## **Program Details**

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

## **Student Commitment**

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



Childcare, housing,  
changing the narrative:  
*It's all economic  
development!*

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and development  
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Thank you!

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