2008 Community Assessment Executive Summary

A Foundation for Building
Workforce and Industry

in Benton, Sherburne, Stearns,
and Wright Counties

Prepared for the Partners for Strategic Growth

EXECUTIVE SUMMARY

The *Community Assessment* is a research report initiated by the Stearns-Benton Employment & Training Council and the Stearns-Benton Workforce Council of St. Cloud, Minnesota. The purpose of the *Assessment* is to measure important indicators of the economic condition in the Central Minnesota region.

There is a larger collaborative effort in the region, headed by the Partners for Strategic Growth, which uses results from the *Community Assessment* to inform its work in community initiatives and investments. While the *Assessment* is used as input to the larger effort, it is a separate research project and does not address any specific initiatives or their outcomes.

At the time of this writing, year-end 2008, the nation is experiencing an "economic crisis." While the goal of this project is to assess economic progress, it is not intended to be an immediate measure of current conditions. Rather, it is a long-term project that looks at trends over time.

Project History

The baseline *Community Assessment* research ("community audit") was conducted and published in 2002. The research process was extensive, with over 6 months of collaboration, 2 surveys with nearly 200 leaders responding, 9 focus groups, a survey of nearly 150 service providers and various secondary sources. Much of the baseline research:

- Identified the indicators to be measured
- Categorized indicators into the groups of Workforce Capacity, Growth & Innovation, and Economic Vitality
- Identified the "level" of analysis (industry and occupation)
- Defined what makes an industry "strategic" in this region
- Defined what makes an occupation "strategic" in this region

Report Terminology

Region: the four-county area of Benton, Sherburne, Stearns and Wright

Central Minnesota: used interchangeably with "region" and includes the four-county area of Benton, Sherburne, Stearns, and Wright

St. Cloud MSA: the metropolitan statistical area for the city of St. Cloud and surrounding area as defined by the U.S. Census Bureau (used when quality, comparable county-level data are unavailable) and includes Benton and Stearns counties

Benchmark Regions: 7 regions that are comparable to Central Minnesota in size, geography, or some other factor, as identified by the steering committee

Indicators: measures of workforce health, identified during the 2002 community audit

Report Focus and Scope

This 2008 *Community Assessment* is a revision of the 2002 *Community Assessment*. The process for revising the report was to re-apply the structure established in 2002 (indicator sets and data points) and update the data to determine if trends could be identified. As such, it was important that the data were comparable to the previous version.

Of the 23 indicators included in the 2002 report, 19 had data available to be included in this version. Indicators that are not included are Business Expansions, Underemployment, Occupational Growth, and Occupational Wages.

In terms of regional scope, the original research focused on two central Minnesota counties – Stearns and Benton. The 2008 report expands its scope to also include the adjoining counties of Sherburne and Wright. This offered some challenges in terms of balancing the need to include trend and comparability to the 2002 report while also being inclusive to a larger region.

At the heart of this report is the progress identified in the "strategic industries." The final two indicators, Industry Wages and Industry Growth, harness the extensive research efforts from 2002 and show data aggregated for the 4-county area in those targeted industries.

Data and Trend Analysis

While the initial 2002 *Community Assessment* included primary research methods, this revision uses available secondary sources. It is intended that this report not be duplicative of other reports available in the region such as the "Central Minnesota Regional Profile" published by Minnesota DEED.

For all indicators, efforts were made to find county-level data as well as data that were comparable to findings in the 2002 *Community Assessment*. In some cases, quality data at the county level were not available. In other cases, the county data found were sourced differently from regional, state, or national benchmarks, making them vary widely in their results. In those cases, St. Cloud MSA data or state data were used. (When cities are cited in the report, it is the city's MSA.)

When trends are cited, the general date range is from 2002 to 2008, as these are the report's publication dates. However, dates vary by source, and are noted in all cases.

In the "2002 Highlights & Findings" section to follow, trend arrows are used to summarize the overall trend of an indictor when comparing the more current data to the data summarized in the timeframe of the 2002 *Community Assessment*.

2008 Highlights and Findings

Overall, there is some positive trend information to share, but changes can take many years to achieve. The highlights are detailed on the next few pages in these categories:

Workforce Capacity: The "input" to the economic system – what are the characteristics of the workforce and how effective are support services?

Growth & Innovation: The system processes that drive expansion and productivity in the workforce.

Economic Vitality: Measures of the "output" or end results of the economic system.

Strategic Growth: An analysis of growth in strategic industries, both in the number of jobs and in the wages earned.

WORKFORCE CAPACITY

Workforce capacity indicators measure the "input" to the economic system. What are the characteristics of the workforce and how effective are support services? There are positive changes to report in Workforce Education and College Graduate Retention, but some concern in other areas.

→ **Population Growth:** The labor force participation rate remains high in Central Minnesota. In 2002, the participation rate was higher than both state and national averages, and in 2008 it is comparable to MN and still well above the national average.

↑ **Workforce Education:** High school completion rates continue to be high, with particularly high rates from Benton county. In 2002, the report cited low attainment of advanced degrees in the workforce, but the 2008 report shows much improvement. Bachelor's degrees went from 14.4% in 2000 to 18.6% in 2006 while graduate degrees went from 6% in 2000 to 10.8% in 2006.

↑ **College Graduate Retention:** Low retention of college graduates was cited in the 2002 report, but data from SCSU and SCTC show that the percent of entering students who are native to Central Minnesota is roughly the same percentage as those who were placed in the region in 2006.

Housing & Homelessness: As many homes have lately foreclosed in the area, housing needs should be met or the number of working poor and homeless will increase.

Health & Wellness: The health and wellness markers look consistent with results of 2002. Higher rates of substance abuse – smoking and acute drinking, as well as high school drinking – continue to persist in the region.

Healthcare: Central Minnesota continues to show an increase in the percentage of uninsured residents, while other areas show the percentage of uninsured coming back down.

Childcare: Annual childcare costs in the region are generally below Minnesota averages.

Transportation: Public transportation facilitates workforce participation and expands access and reach of services.

GROWTH & INNOVATION

Growth & Innovation measures the system processes that drive workforce expansion and productivity. Overall, the 4-county area has not yet built strength in some of the key drivers supporting growth.

Managerial Resources: The percentage of managerial occupations in the region is slightly lower in 2007 than it was in 2002. However, many benchmark regions lost ground over the same timeframe.

Business Services: Measured as the percent of professional and business services firms, St. Cloud MSA has ~10%, while both the MN and US averages are around 17%. The 2007 percentage is slightly lower than 2002 for the St. Cloud MSA. Business Services was identified as a strategic industry in 2002.

Technology Jobs: This region continues to have a lower proportion of computer-related jobs when compared to comparable regions, but the region has seen a slight increase while other regions have lost jobs. Note that Computer and Mathematical was identified as a strategic occupation in 2002.

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

Venture Capital: The 2002 report suggested that the region lacked markets for venture capital. However, private investments in companies located outside the Twin Cities are up considerably in 2008.

Business Startups: Business establishment startups create jobs, assuming they are larger than business closings. Central Minnesota openings stayed ahead of closings in a sample quarter in 2007.

ECONOMIC VITALITY

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

Wage Comparison: Wage levels continue to be below benchmark regions. The gap in average wages between this region and the state average is high – the wages in the 4-county area are over 30% lower than the state average in 2007.

Job Vacancies: Job vacancies were low in 2002, with a few industry exceptions, as they continue to be in 2007. High job vacancy levels can indicate a potential workforce shortage, indicated in Construction and Health Care industries in 2007.

Unemployment Rate: Unemployment in the region was at or slightly above the state average from 1999-2006, but rose higher than both the MN and US averages in 2007 and 2008

Industry Growth: The number of jobs in the 4-county area grew by a CAGR of 4.9% in strategic industries and by a CAGR of 0.9% in non-strategic industries.

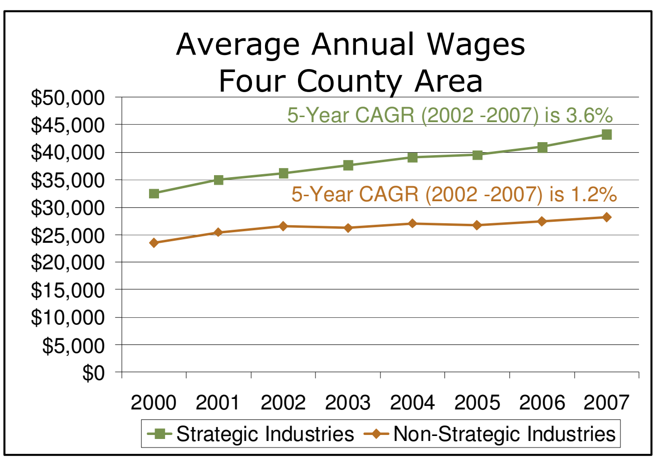
Industry Wages: Wages are steadily improving across all industries, and the average annual wage in strategic industries is rising more quickly. However, overall wages in the area are low, as cited in the Wage Comparison indicator.

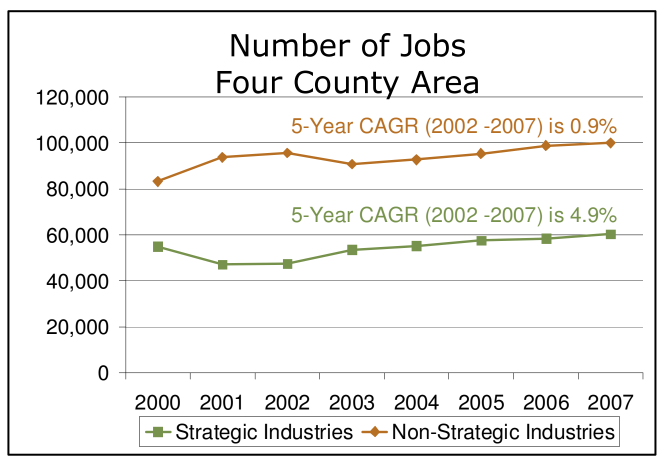
Strategic Growth

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

STRATEGIC INDUSTRIES	STRATEGIC OCCUPATIONS
Business Services	Architecture and Engineering
Engineering & Management Services	Business and Financial
Health Services	Computer and Mathematical
Manufacturing	Healthcare Practitioners and Technical
Printing & Publishing	Management (in targeted industries)
Wholesale Trade	

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





Source: Minnesota DEED, Labor Market Information, Quarterly Census of Employment and Wages (QCEW).