BREAKFAST
October 31, 2019

FOCUS ON THE REGIONAL WORKFORCE

UMD

UNIVERSITY OF MINNESOTA DULUTH

Driven to Discover
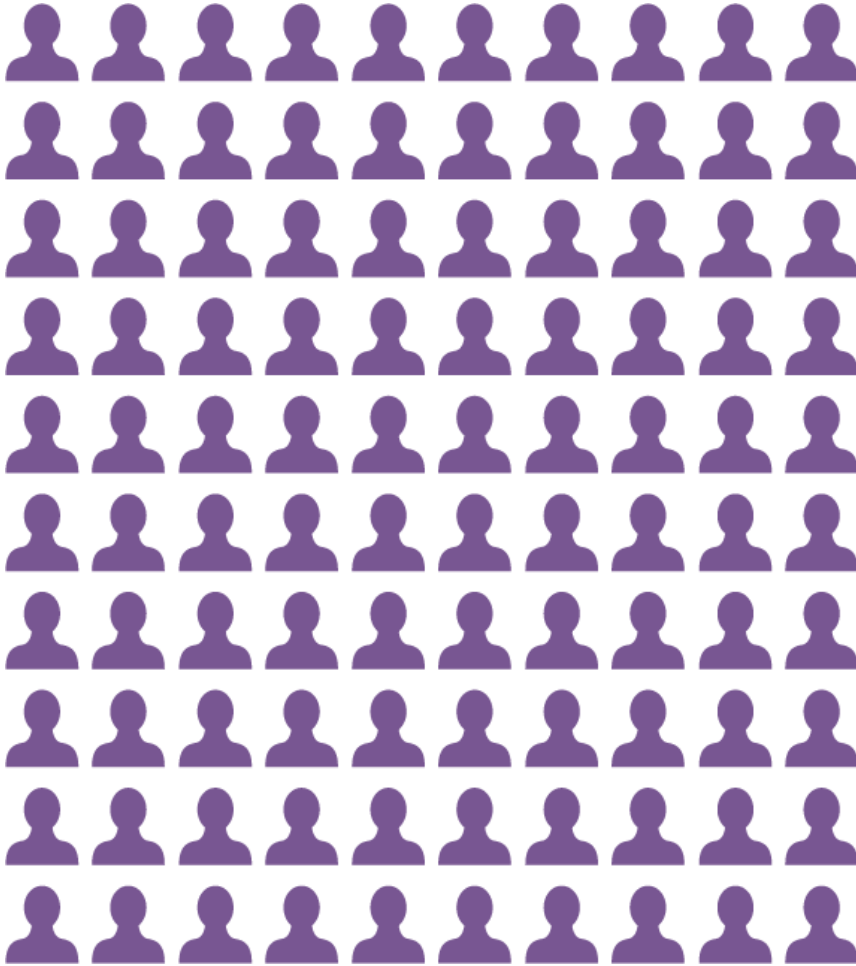
Tommy Olafson

Bureau of Business and Economic Research
Labovitz School of Business and Economics, UMD

OBJECTIVES

- Workforce terms

- Job seekers per openings

- High demand occupations

- Demographics

POPULATION

All the inhabitants of the 15-county region

481,860

WORKING AGE POPULATION

Any person older than 16 years of age

399,468

LABOR FORCE PARTICIPATION RATE
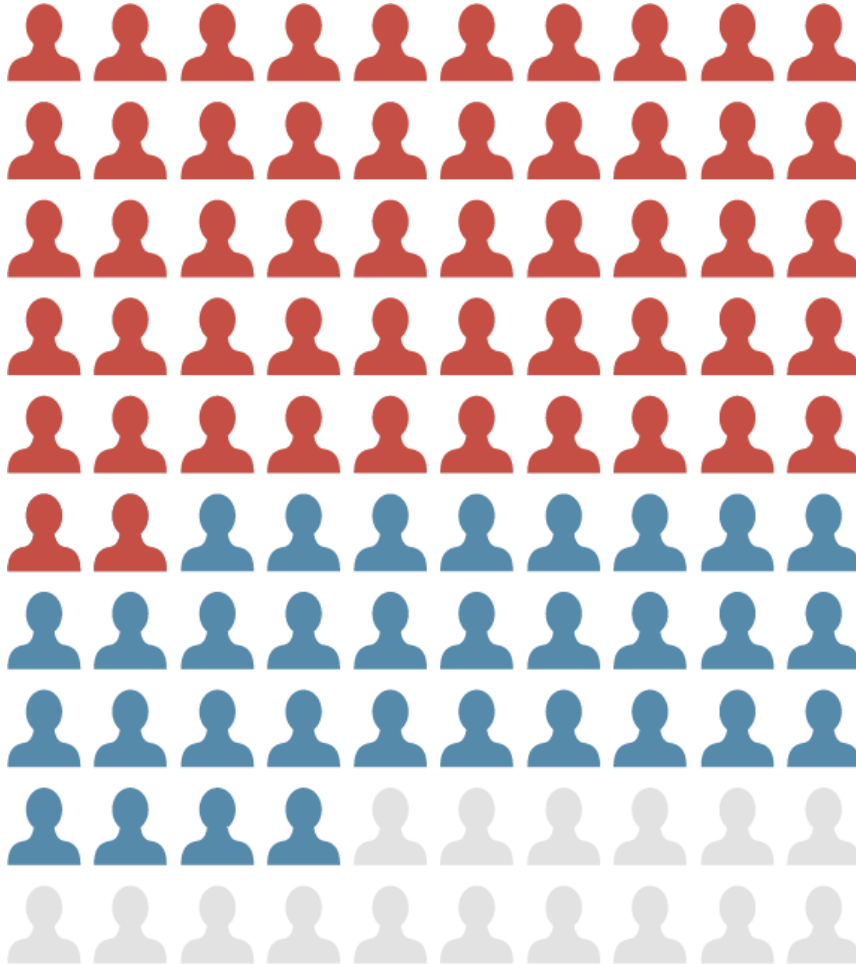
$$\frac{\text{Labor force}}{\text{Working age population}}$$

61%

UNEMPLOYMENT RATE

All unemployed persons
—————————————
Size of labor force

4.2%
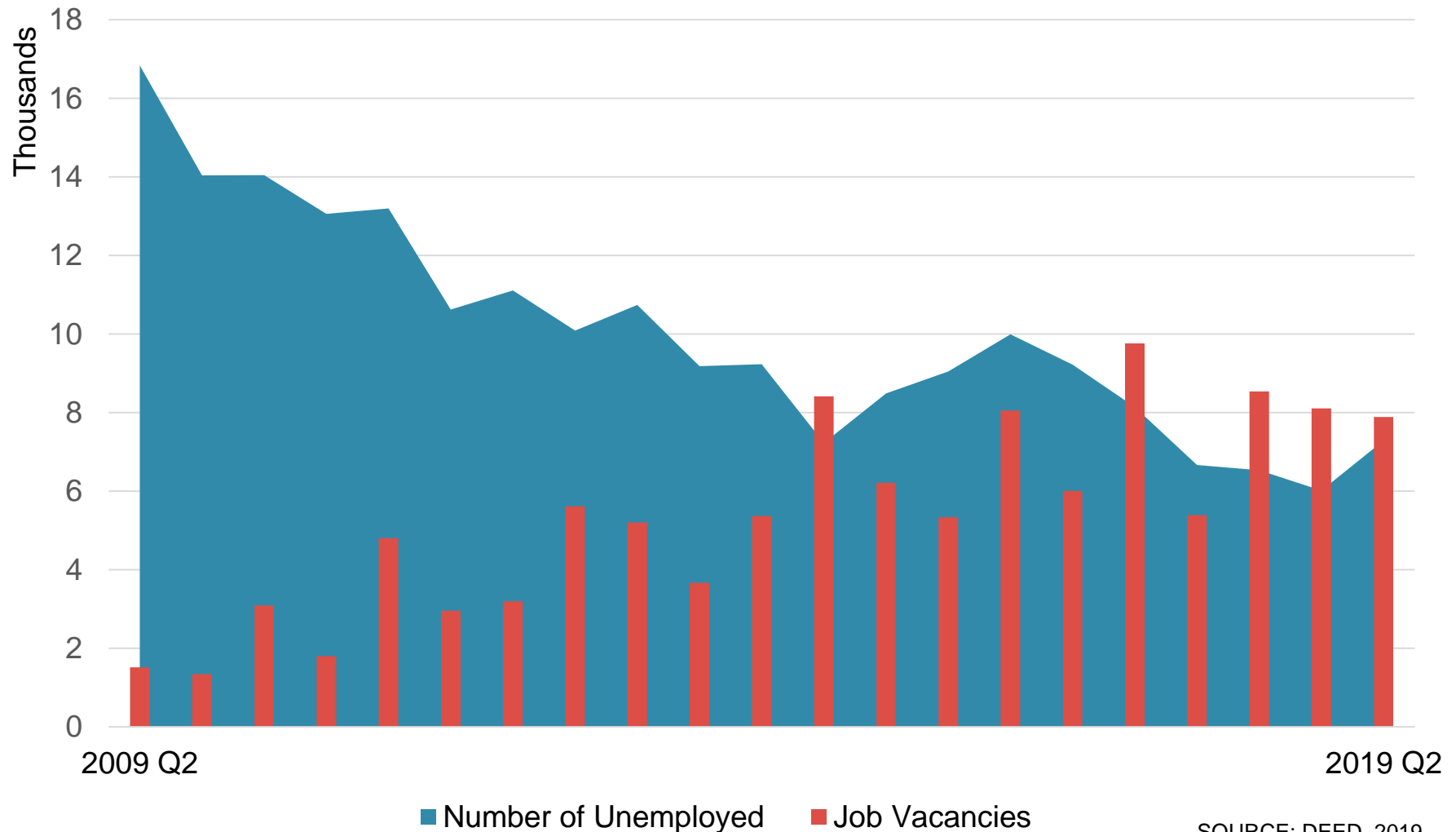
JOB SEEKERS PER VACANCY
(2009 – 2019 NE MN)

SOURCE: DEED, 2019

■ Number of Unemployed   ■ Job Vacancies

JOB SEEKERS PER VACANCY (2009 – 2019 NE MN)

11.1 Job Seekers per Vacancy

■ Number of Unemployed ■ Job Vacancies

SOURCE: DEED, 2019

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JOB SEEKERS PER VACANCY (2009 – 2019 NE MN)

0.9 Job Seekers per Vacancy

■ Number of Unemployed ■ Job Vacancies

SOURCE: DEED, 2019

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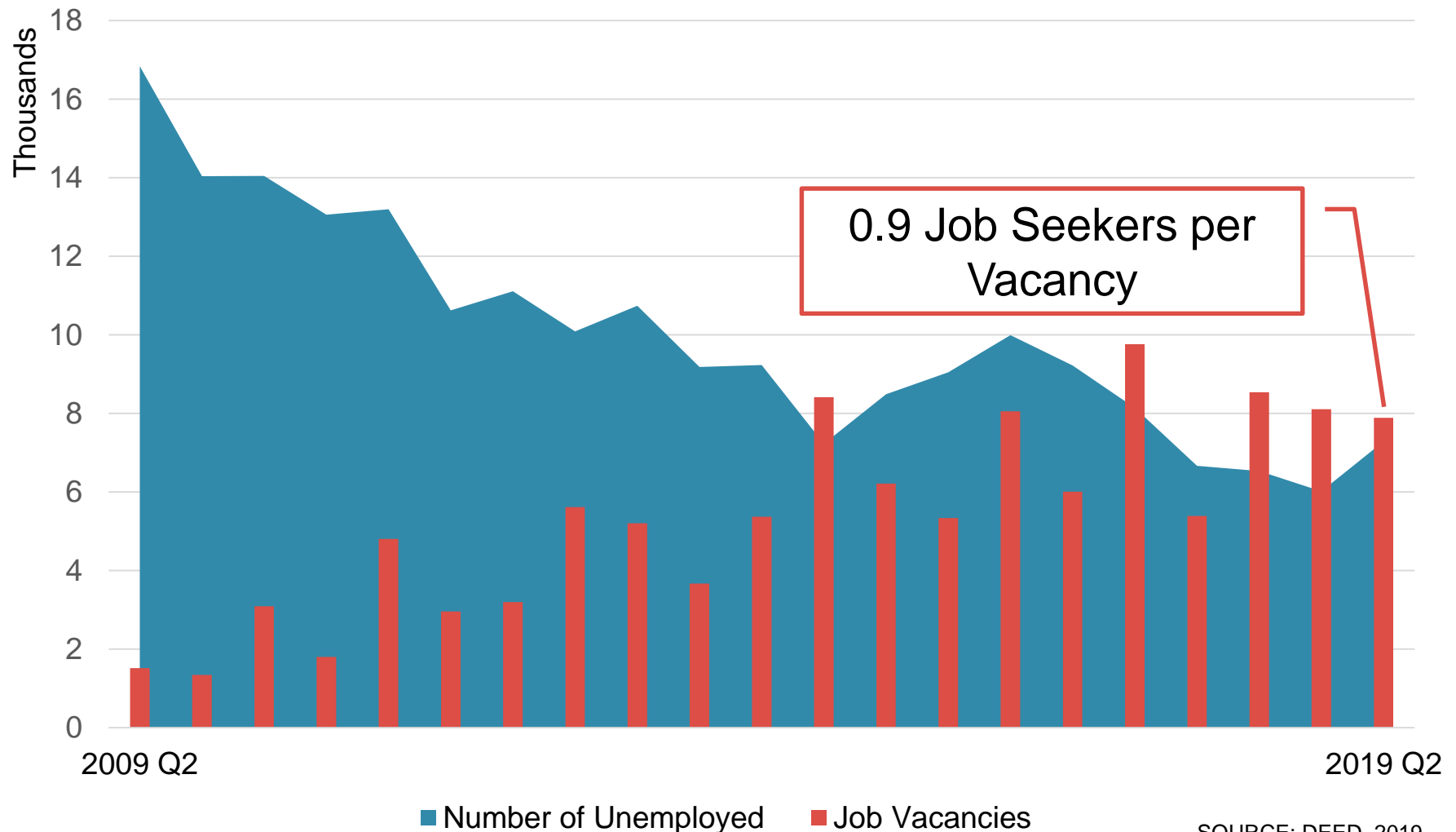
TOP 10 IN-DEMAND JOBS

Occupation	Median Salary (Thousands)
Registered Nurses	$66.2
Nursing Assistants	$32.4
Human Service Assistants	$32.4
Supervisors of Food Preparation	$30.9
Janitors and Cleaners	$27.6
Cooks, Restaurant	$27.4
Housekeeping Cleaners	$25.9
Personal Care Aides	$25.5
Food Preparation and Serving Workers	$24.0
Waiters and Waitresses	$21.9

TOP 10 IN-DEMAND JOBS REQUIRING SOME EDUCATION OR TRAINING

Occupation	Median Salary (Thousands)
Health Services Managers	$92.7
Elementary School Teachers	$73.0
Registered Nurses	$66.2
Radiologic Technologists	$64.2
Accountants and Auditors	$61.8
Industrial Machinery Mechanics	$61.0
Secondary School Teachers	$54.6
Market Research Analysts	$53.9
Licensed Practical/Vocational Nurses	$44.6
Nursing Assistants	$32.4

SOURCE: DEED, 2019

UNEMPLOYMENT RATES BY DEMOGRAPHIC GROUP

Demographic Group	Rate
American Indian	14.1%
Age 16-19	13.6%
Black or African American	12.8%
Persons with disabilities	11.7%
Average Unemployment	5.3%
Women with children	3.3%
Age 65-74	3.1%
Age 60-64	2.9%
Bachelor's degree or higher	2.2%
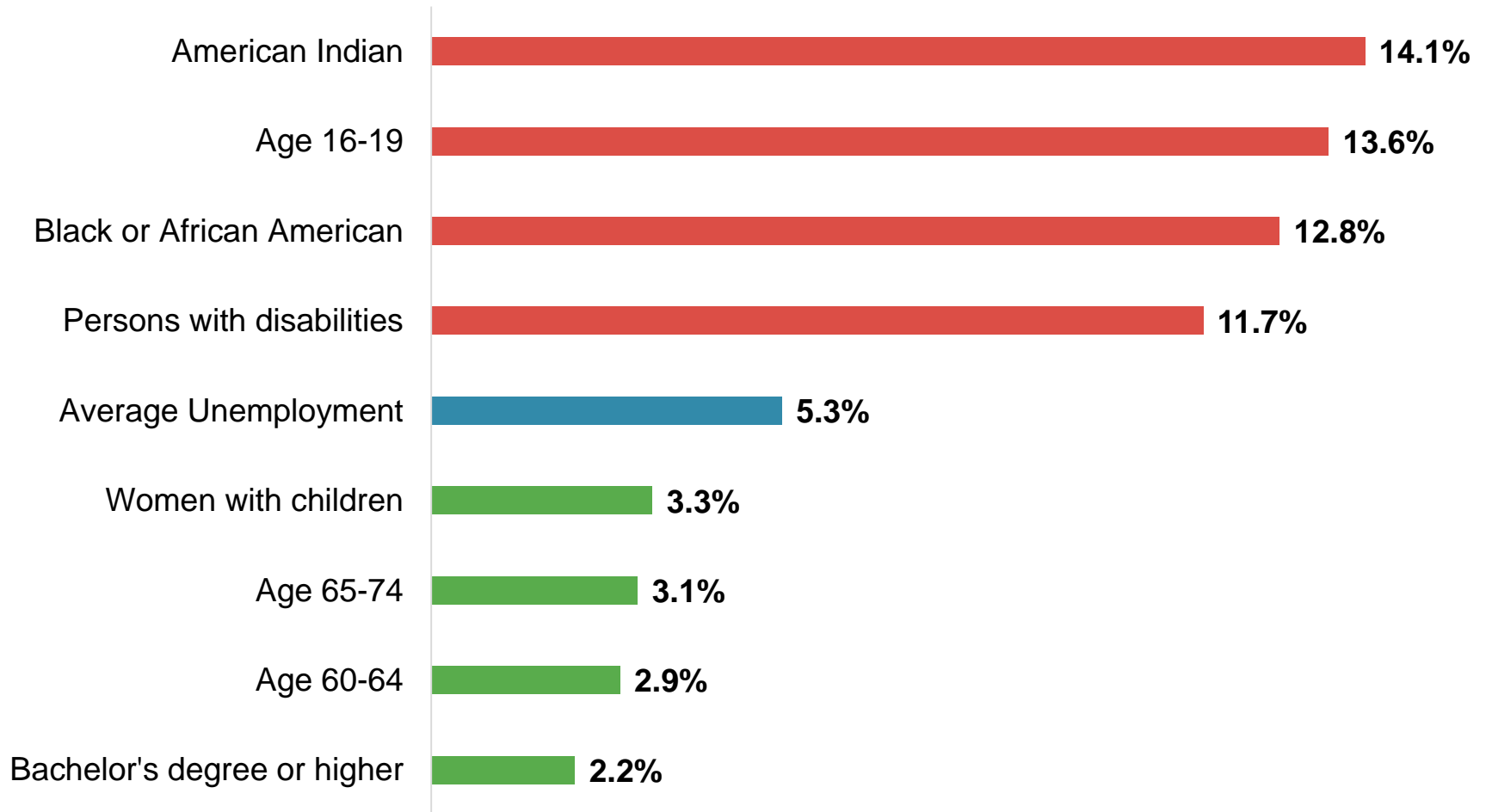
SOURCE: ACS, 2019

LABOR FORCE PARTICIPATION RATES BY DEMOGRAPHIC GROUP

Demographic Group	Rate
Age 60-74	41.8%
Persons with disabilities	43.0%
Black or African American	44.3%
Less than high school diploma	54.2%
Average	60.2%
Some college/associate degree	78.3%
Women with children	80.4%
Age 25-44	84.1%
Bachelor's degree or higher	84.9%
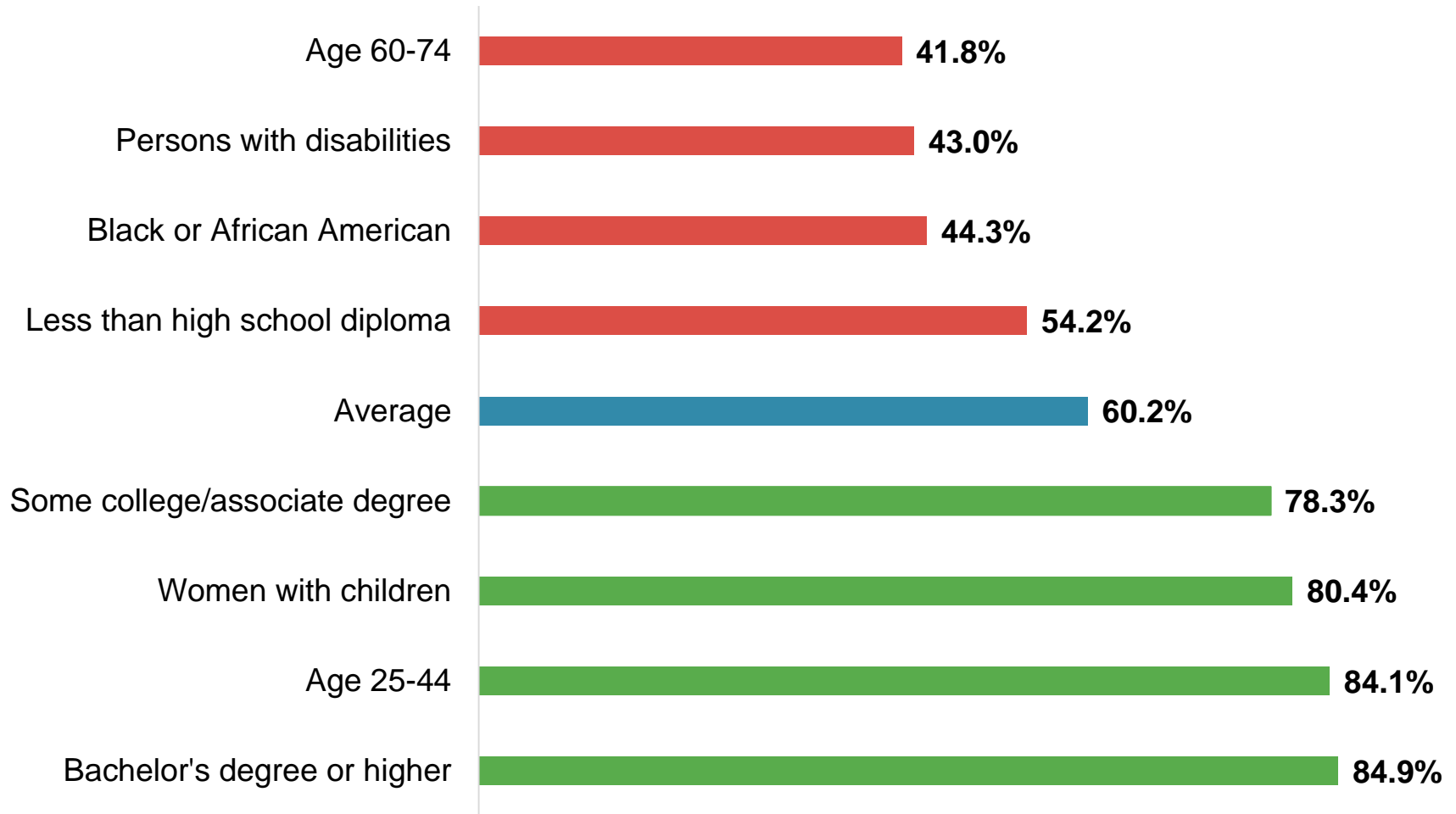
SOURCE: ACS, 2019

SUMMARY

- Unemployment rate   4.2%

- Labor force participation rate   61%

- Job seekers per job opening   0.9

- Under-utilized groups could help fill these openings

CONSUMER CONFIDENCE INDICATORS

Angelica Remache

University of Wisconsin-Superior

UW-SUPERIOR CONSUMER CONFIDENCE INDICATORS TEAM

Fall 2019: 16 Student Researchers

Majors: Economics, Finance, Accounting, Marketing, Management, Political Science, History, International Business, Transportation & Logistics, Supply Chain Management

Course: Intermediate Microeconomics

CONSUMER CONFIDENCE INDICATORS

Consumer confidence: leading economic indicator

Index of Consumer Sentiments (ICS)
As consumer outlook on personal finances, business conditions and consumption spending
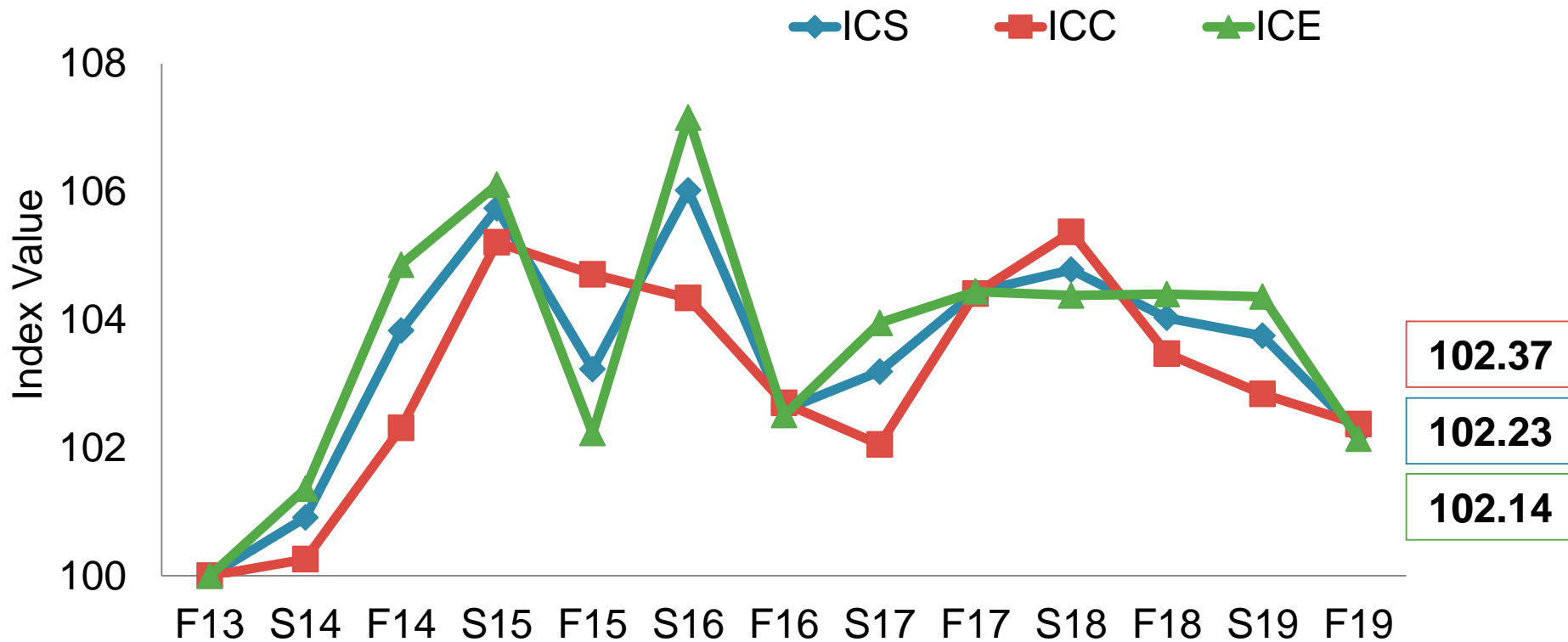
Index of Current Conditions (ICC)
Gauges current state of the economy

Index of Consumer Expectations (ICE)
Projects future economic and financial conditions
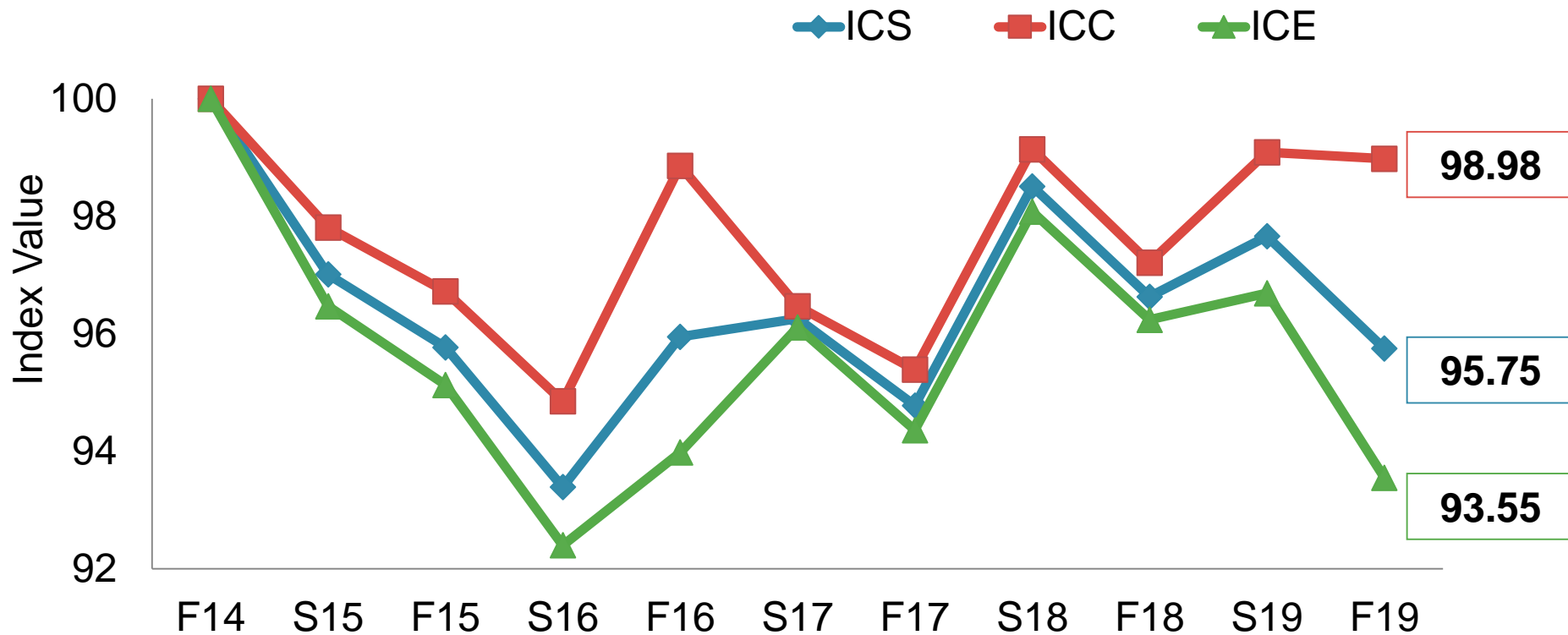
CONSUMER CONFIDENCE INDICATORS

PUBLIC SURVEY (RANDOM SAMPLE): 120

102.37

102.23

102.14

Source: UWS Consumer Confidence Survey

CONSUMER CONFIDENCE INDICATORS

SURVEY OF REIF PARTICIPANTS (NON-RANDOM SAMPLE): 73

Legend: ICS, ICC, ICE

Y-axis: Index Value (92, 94, 96, 98, 100)

X-axis: F14, S15, F15, S16, F16, S17, F17, S18, F18, S19, F19

Callout values: 98.98, 95.75, 93.55

Source: UWS Consumer Confidence Survey

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CONSUMER CONFIDENCE INDICATORS

Indicator		Public Survey (Random)	REIF Survey (Non-Random)
ICS	🟡	Weakening short-term economic outlook	Weakening short-term economic outlook
ICC	🟡	Cautious about current economic condition	Slightly cautious about current economic condition
ICE	🟡	Expectations of future economic slowdown	Expectations of future economic slowdown

REIF REGION WORKFORCE

Working and Considering a New Job	Yes	Maybe
Public (random)	13%	15%
REIF (non-random)	1%	10%

Not Working and Considering a Job	Yes	Maybe
Public (random)	27%	9%
REIF (non-random)	8%	0%

	15 Plus Years of Work Experience
Public (random)	47%
REIF (non-random)	67%

Source: UWS Consumer Confidence Survey

SUMMARY OF CONSUMER SURVEY

Consumer Confidence Indicators	Slightly negative on economy Cautiousness about current and future economic and financial conditions
REIF Region Workforce	Majority have many years of relevant work experience No interest in changing current job or employment status

REGIONAL EQUITY INDEX

Michael Huttner

University of Wisconsin-Superior

EQUITY PERFORMANCE ANALYSIS

STOCKS OF LOCAL INTEREST

- Allete
- Armstrong World Industries
- Ascena Retail Group
- Calumet
- Canadian National Railway
- Charter Communications
- Cliffs Natural Resources

- Enbridge Energy Partners
- Husky Energy
- Louisiana-Pacific
- Marriott International
- Morgan Stanley
- Polymet
- UnitedHealth Group
- US Steel

GROWTH OF $100

REI, MID CAP AND OIL Futures (Jan 2009 to Date)

$262

$242

$169

REI INDEX RETURNS — MID CAP RETURNS — OIL RETURNS

GROWTH OF $100

$262

$242

$169

2017 — 2018 — 2019

— REI INDEX RETURNS — MID CAP RETURNS — OIL RETURNS
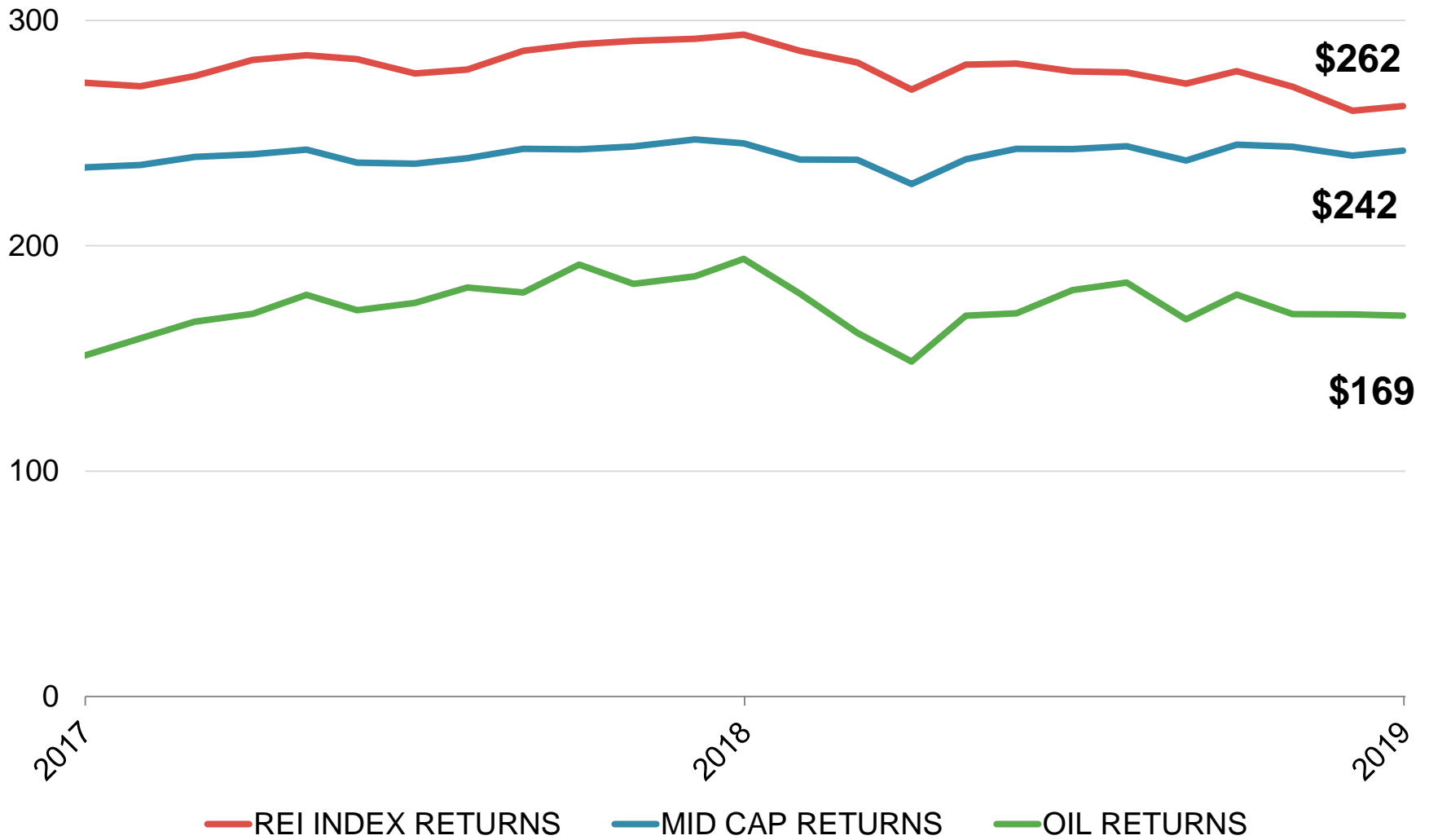
REI AND MID-CAP CORRELATION

62% CORRELATION TO MIDCAP

38% UNIQUE TO REIF REGION

━━ REI INDEX RETURNS	━━ MID CAP Returns	
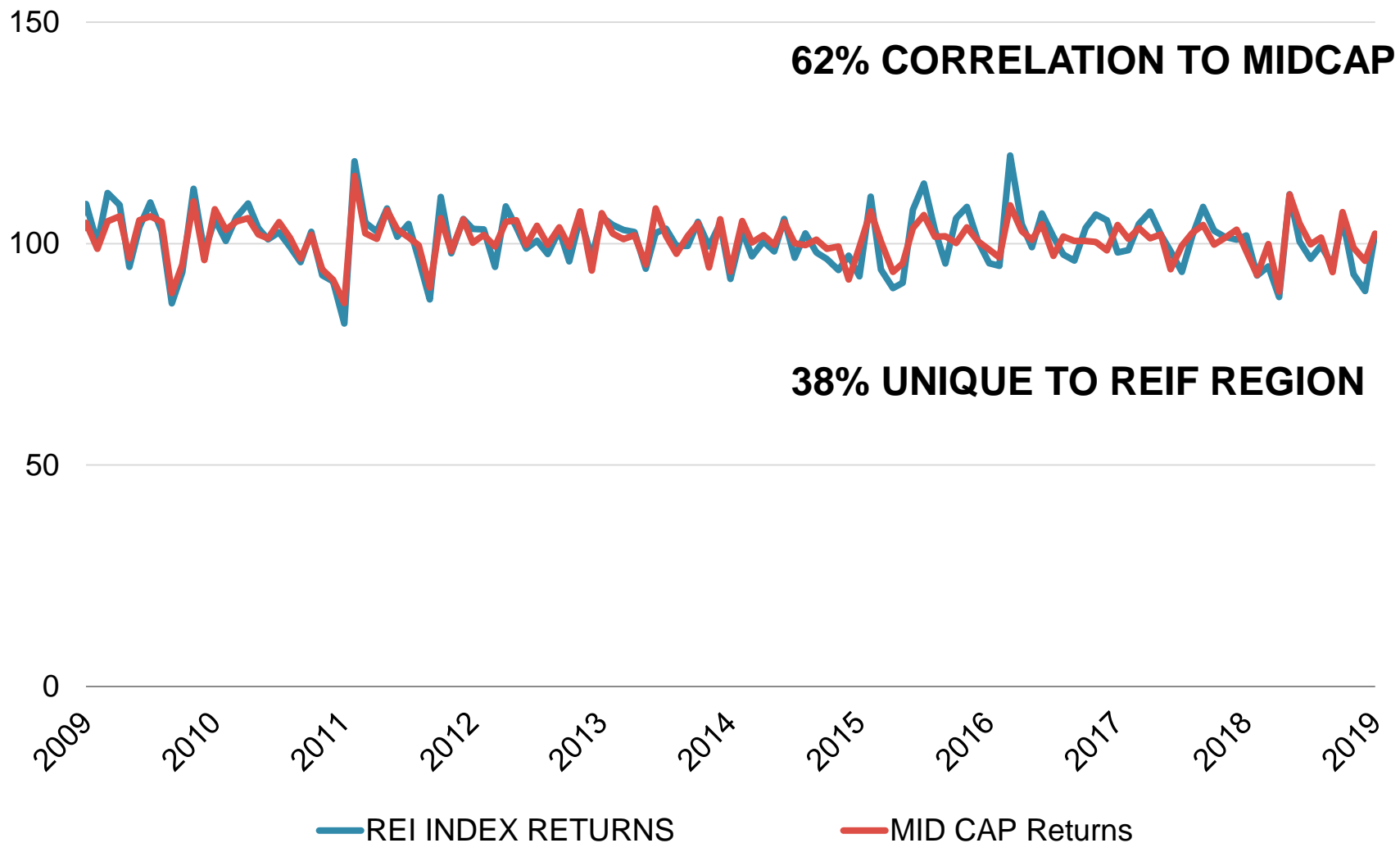
SUMMARY OF FINDINGS

ANALYST OPINIONS

MORNINGSTAR®

- P/E RATIO
  - Prices lower than the industry standard but slightly higher than before

- FORWARD EARNINGS
  - Expected to increase slightly

- SHORT RATIO
  - Index average increase to 5.55

VALUELINE®

- PERFORMANCE
  - Outperform
- SAFETY
  - Mirror the market

- TECHNICAL
  - Mirror the market

- PRICE STABILITY
  - Slightly Outperform

- PRICE GROWTH
  - Slightly Below Average

REI FIRMS BY SECTOR

Sector	REI Firm(s)
Materials	Cliffs Natural Resources Louisiana-Pacific Polymet United States Steel Armstrong World Industries
Energy	Calumet Enbridge Husky Allete
Retail and Hospitality	Ascena Retail Group Marriott International
Transportation	Canadian National Railway
Communications	Charter Communications
Financial	Morgan Stanley
Health Care	UnitedHealth Group

ADDITIONAL FINDINGS

OVERALL IMPLICATIONS

- REI vs S&P MID CAP 400
    - REI is expected to slightly outperform

- Limited technological and industrial sectors in the region constrains diversification

- Regression analysis shows more price volatility, but higher returns

OVERVIEW

Business Sectors Represented

Professional & Business Services	21
Education & Health Services	11
Leisure and Hospitality	9
Construction	8
Other Sectors	35

Number of Employees

1 to 19	55
20 to 99	20
100 or more	9

88 total survey responses

GENERAL BUSINESS CONDITIONS

Previous Six Months
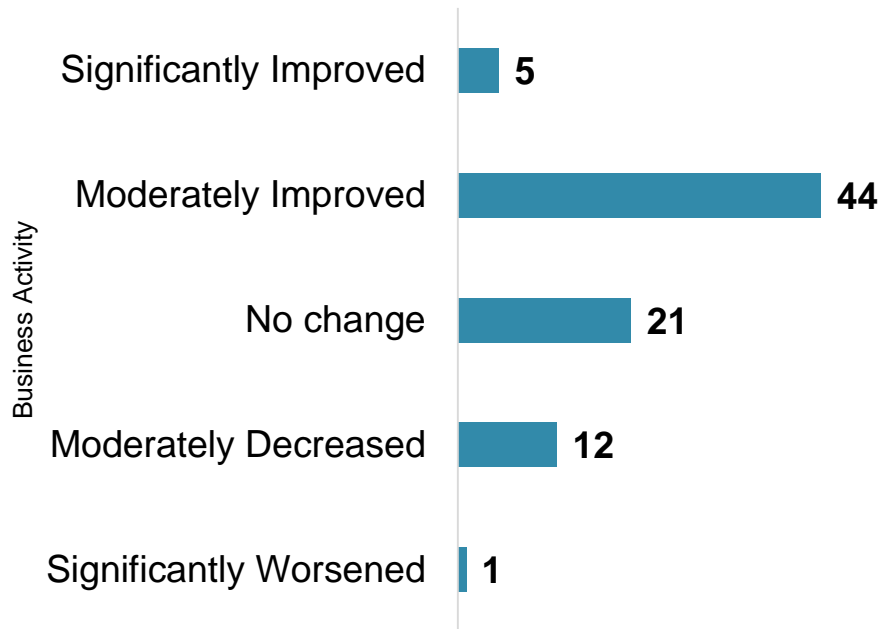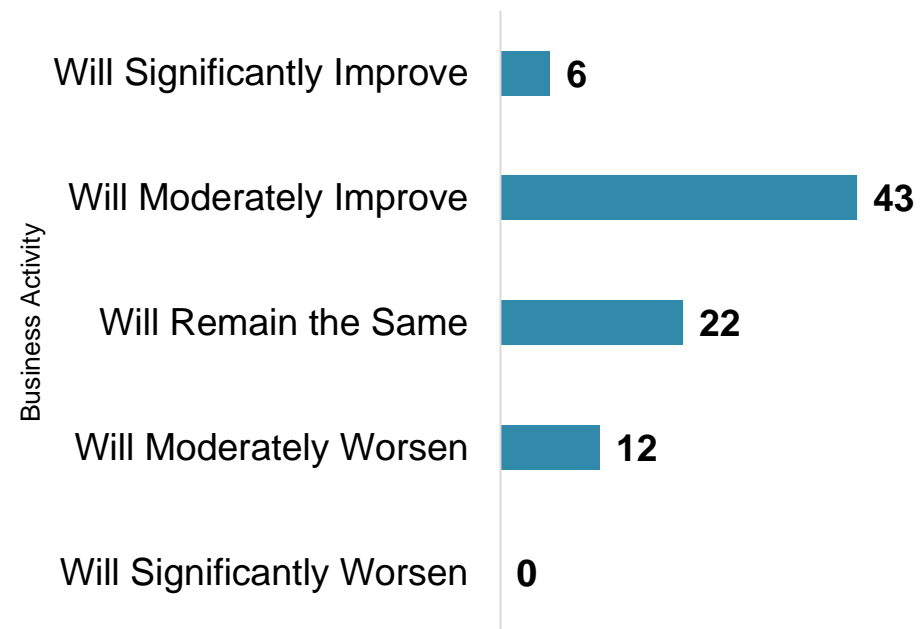
Business Activity

- Significantly Improved — 5
- Moderately Improved — 44
- No change — 21
- Moderately Decreased — 12
- Significantly Worsened — 1

Next Six Months

Business Activity

- Will Significantly Improve — 6
- Will Moderately Improve — 43
- Will Remain the Same — 22
- Will Moderately Worsen — 12
- Will Significantly Worsen — 0

88 total survey responses

Source: CSS Fall 2019 Business Confidence Survey

SPECIFIC CONFIDENCE INDICATORS
Previous Six Months

■ Decreased ■ No Change ■ Increased

Percentage of Respondents

Average hours worked: 8% 49% 43%

Number of employees: 14% 45% 41%

Selling prices: 10% 62% 28%

Profits: 16% 40% 44%
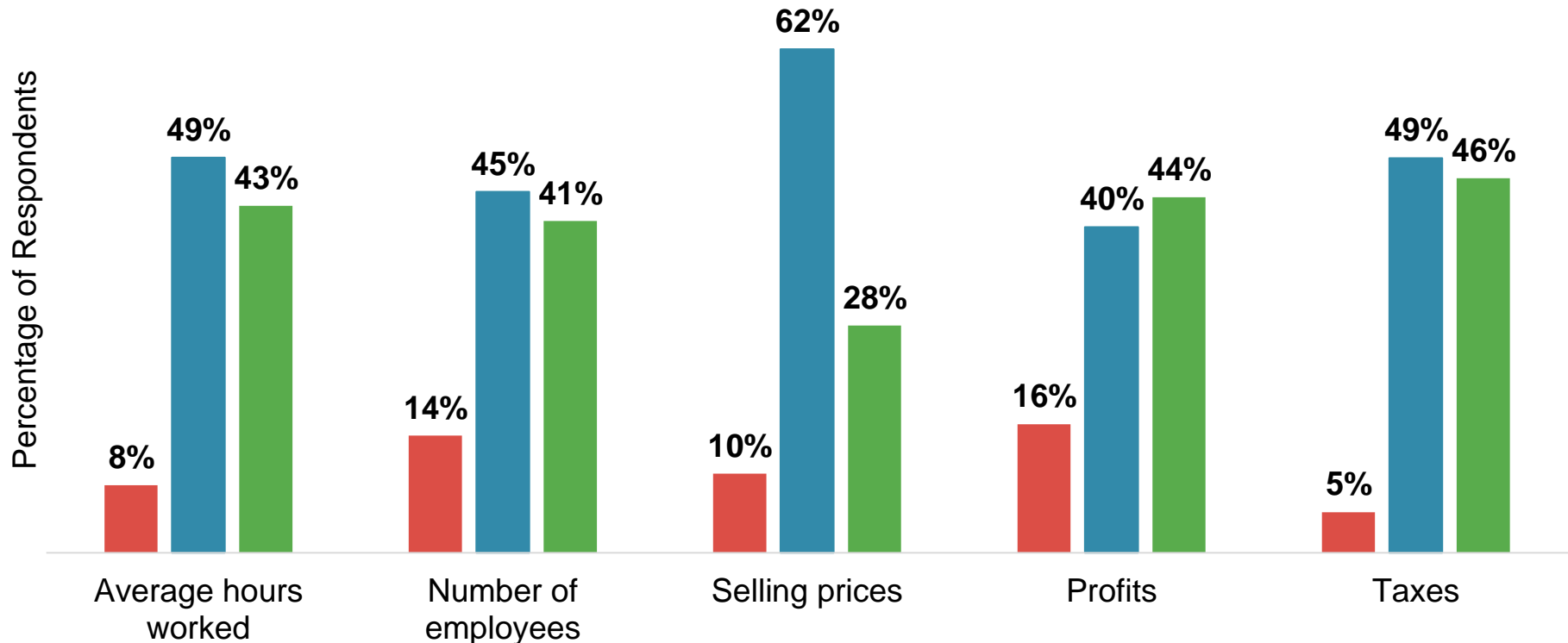
Taxes: 5% 49% 46%

88 total survey responses

Source: CSS Fall 2019 Business Confidence Survey

SPECIFIC CONFIDENCE INDICATORS
Next Six Months
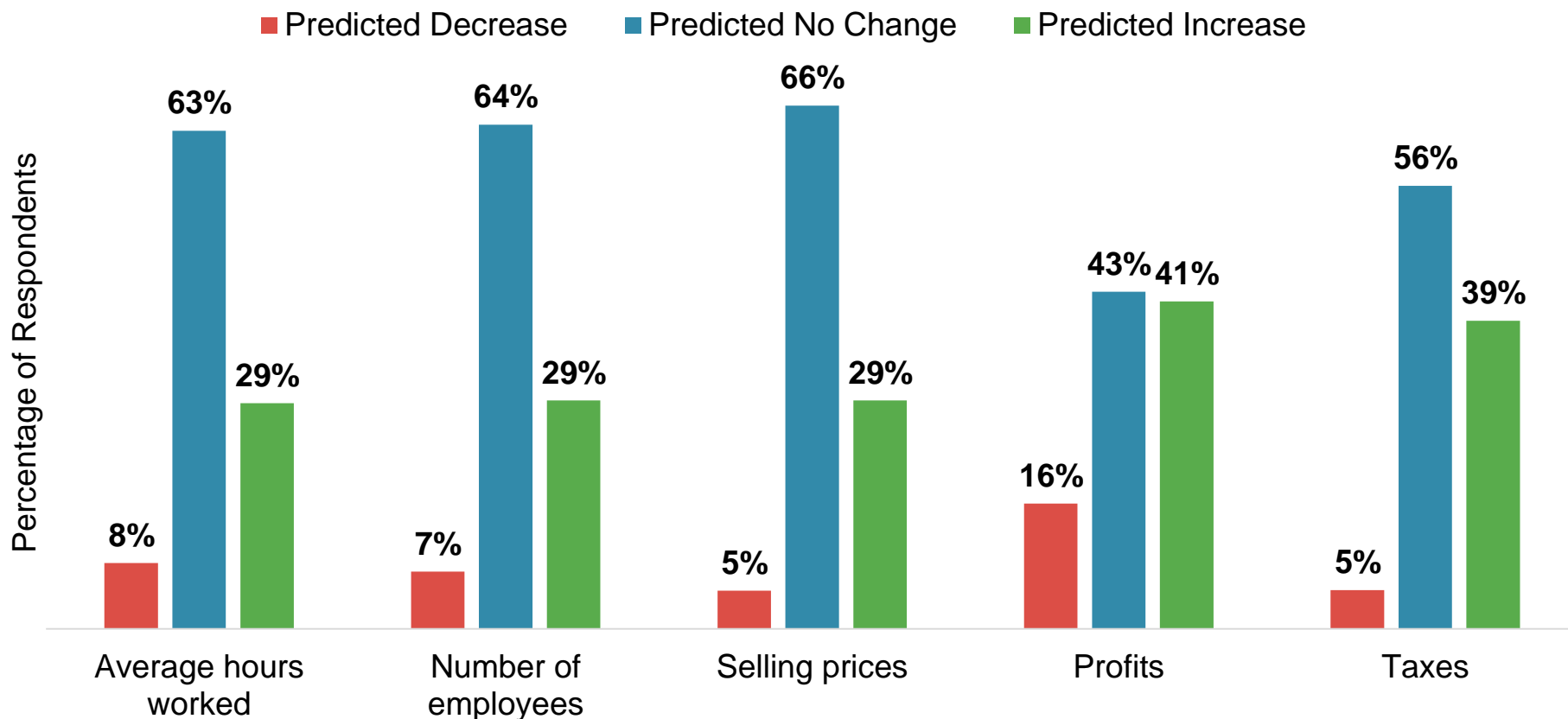
■ Predicted Decrease ■ Predicted No Change ■ Predicted Increase

Percentage of Respondents

Average hours worked: 8%, 63%, 29%
Number of employees: 7%, 64%, 29%
Selling prices: 5%, 66%, 29%
Profits: 16%, 43%, 41%
Taxes: 5%, 56%, 39%

88 total survey responses

Source: CSS Fall 2019 Business Confidence Survey

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FACTORS LIMITING INCREASED BUSINESS ACTIVITY
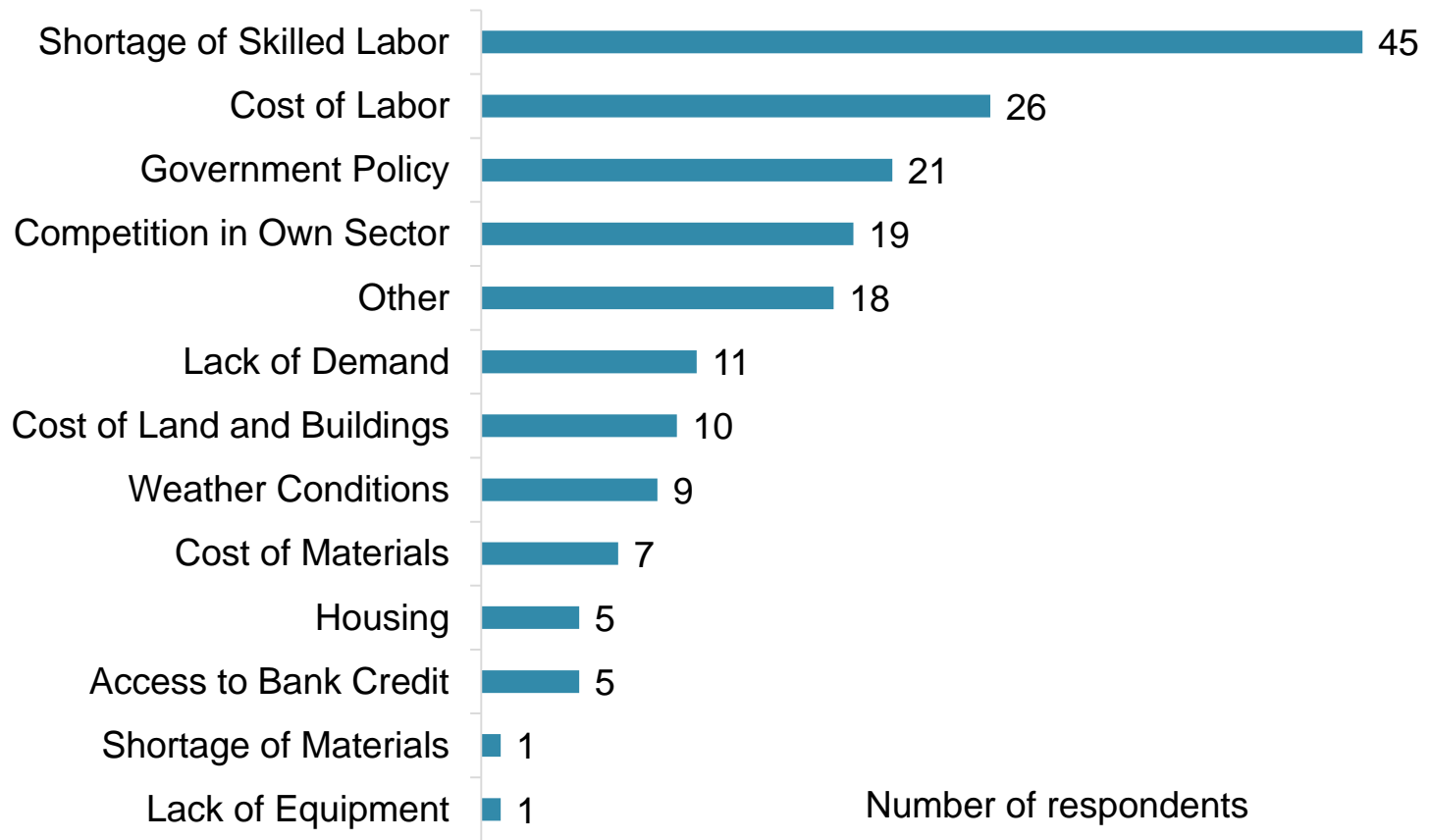
Factor	Number of respondents
Shortage of Skilled Labor	45
Cost of Labor	26
Government Policy	21
Competition in Own Sector	19
Other	18
Lack of Demand	11
Cost of Land and Buildings	10
Weather Conditions	9
Cost of Materials	7
Housing	5
Access to Bank Credit	5
Shortage of Materials	1
Lack of Equipment	1

Number of respondents

88 total survey responses; up to 3 per respondent

Source: CSS Fall 2019 Business Confidence Survey

TRAINING TYPES PROVIDED BY ORGANIZATIONS

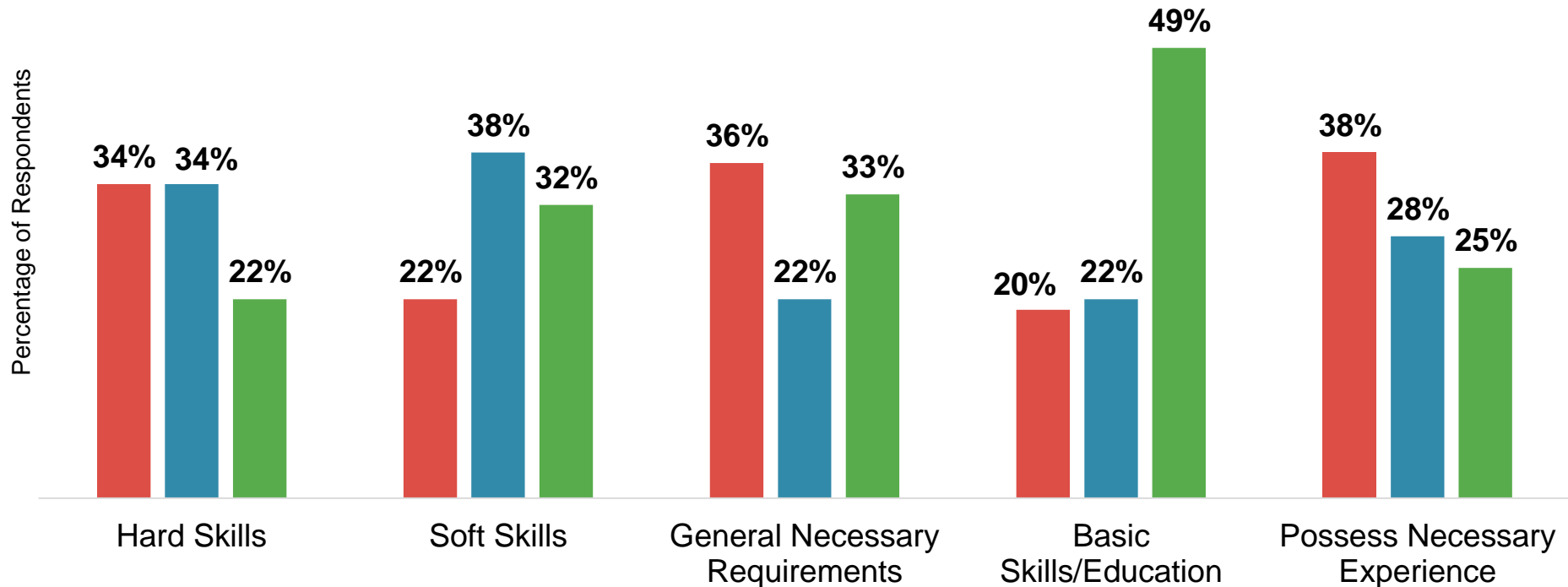| Training Type	Percentage
In-House	68%
Employee Self-Directed Training	49%
Online	42%
Commercial Training Providers	17%
Technical or Trade School Assistance	14%
College/University Assistance	13%
Other	9%
Does not Provide Training	7%

Percentage of Respondents

88 total survey responses; select all that apply

THE SKILLS GAP
ARE APPLICANTS MEETING REQUIREMENTS?

■ Not Meeting Requirements   ■ Neutral   ■ Meeting Requirements

Percentage of Respondents

Hard Skills
- 34% (Not Meeting Requirements)
- 34% (Neutral)
- 22% (Meeting Requirements)

Soft Skills
- 22% (Not Meeting Requirements)
- 38% (Neutral)
- 32% (Meeting Requirements)

General Necessary Requirements
- 36% (Not Meeting Requirements)
- 22% (Neutral)
- 33% (Meeting Requirements)

Basic Skills/Education
- 20% (Not Meeting Requirements)
- 22% (Neutral)
- 49% (Meeting Requirements)

Possess Necessary Experience
- 38% (Not Meeting Requirements)
- 28% (Neutral)
- 25% (Meeting Requirements)

88 total survey responses; select all that apply

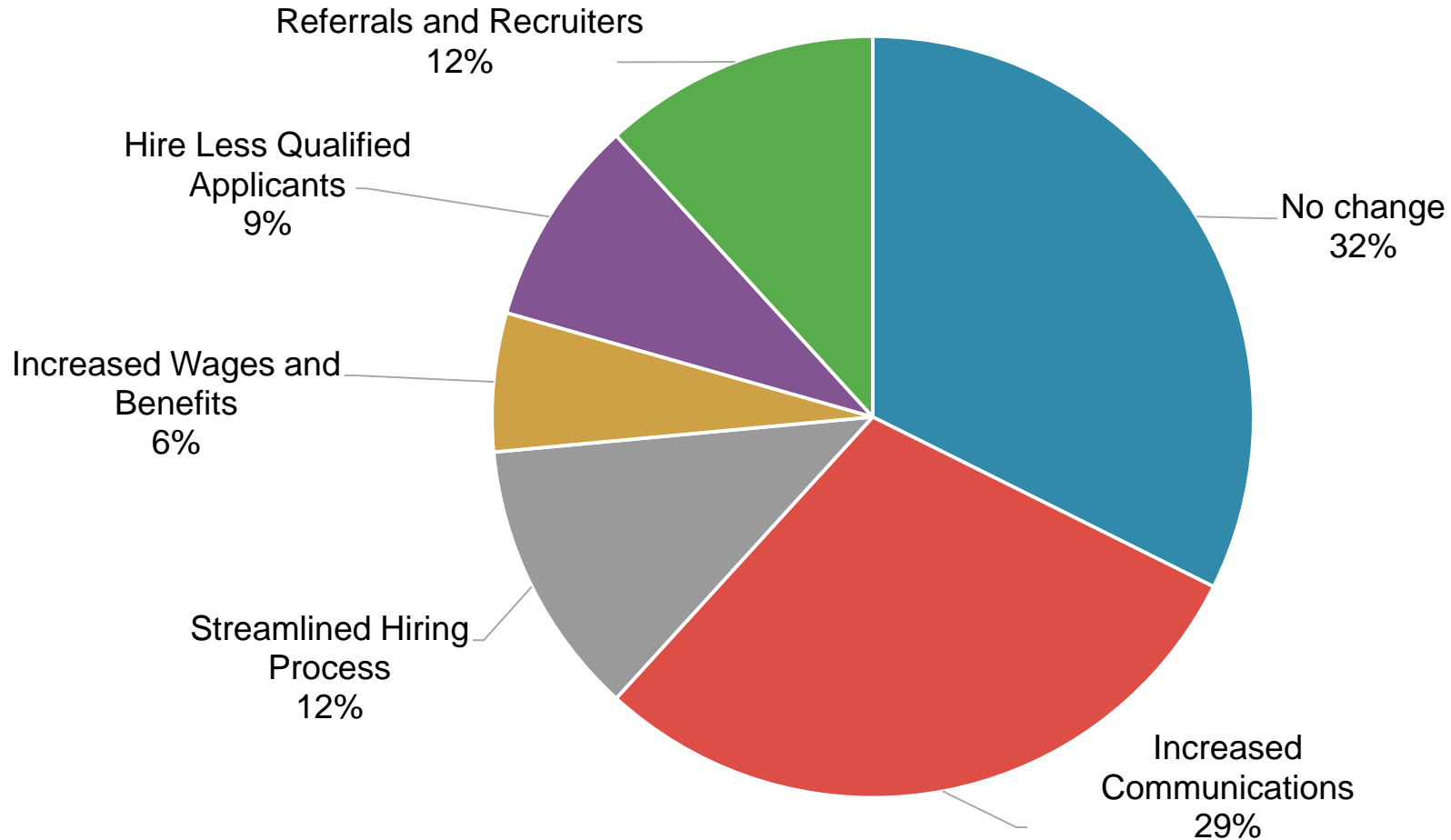Source: CSS Fall 2019 Business Confidence Survey

OTHER COMMENTS AND HIRING ISSUES

- 17% replied that background tests are a problem

- 20% replied that drug tests are an issue

- 58% replied that positions offered are usually accepted
  - Mismatch between applicant and employer expectations?
  - Are job offers competitive?

88 total survey responses; up to 3 per respondent

Source: CSS Fall 2019 Business Confidence Survey

CHANGES TO HIRING PRACTICES

Referrals and Recruiters
12%

Hire Less Qualified
Applicants
9%

Increased Wages and
Benefits
6%

Streamlined Hiring
Process
12%

No change
32%

Increased
Communications
29%

88 total survey responses

Source: CSS Fall 2019 Business
Confidence Survey

SUMMARY

- Confident in overall business activity and specific indicators for the past three years

- Shortage of qualified and skilled labor still impacts businesses

- Over two-thirds are responding with internal training and changes to hiring practices

TEXT YOUR QUESTIONS
at any time during this presentation to

715.919.6315

Ron Painter
CEO of the National Association
of Workforce Boards

The Future Isn't Far Away: Things that I think about at 30,000 ft.

Ron Painter, CEO – National Association of Workforce Boards/Washington, DC

My thanks to the good people at Boeing Corporation, Airbus SE, Southwest, Alaska & Delta Airlines for my inspiration chambers...

NAWB is the national advocate for America's workforce development boards and job centers, where employers, job seekers, community leaders, and policymakers converge to turn investment opportunity and promise into sustainable job creation and economic growth.

From the largest multinational biotechnology company to the family-owned restaurant on your corner, the American economy relies on a capable workforce.

- We believe, the hub of the nation's workforce development system are <u>local business-led workforce development boards</u> providing the analysis on trends in what skills we have, what skills are needed now, and what might lie ahead.

Who We Touch

1 in 15

American workers will touch our system

1.2 mil+

People received personalized services

95,000

Youth received career counseling and mentoring

72%

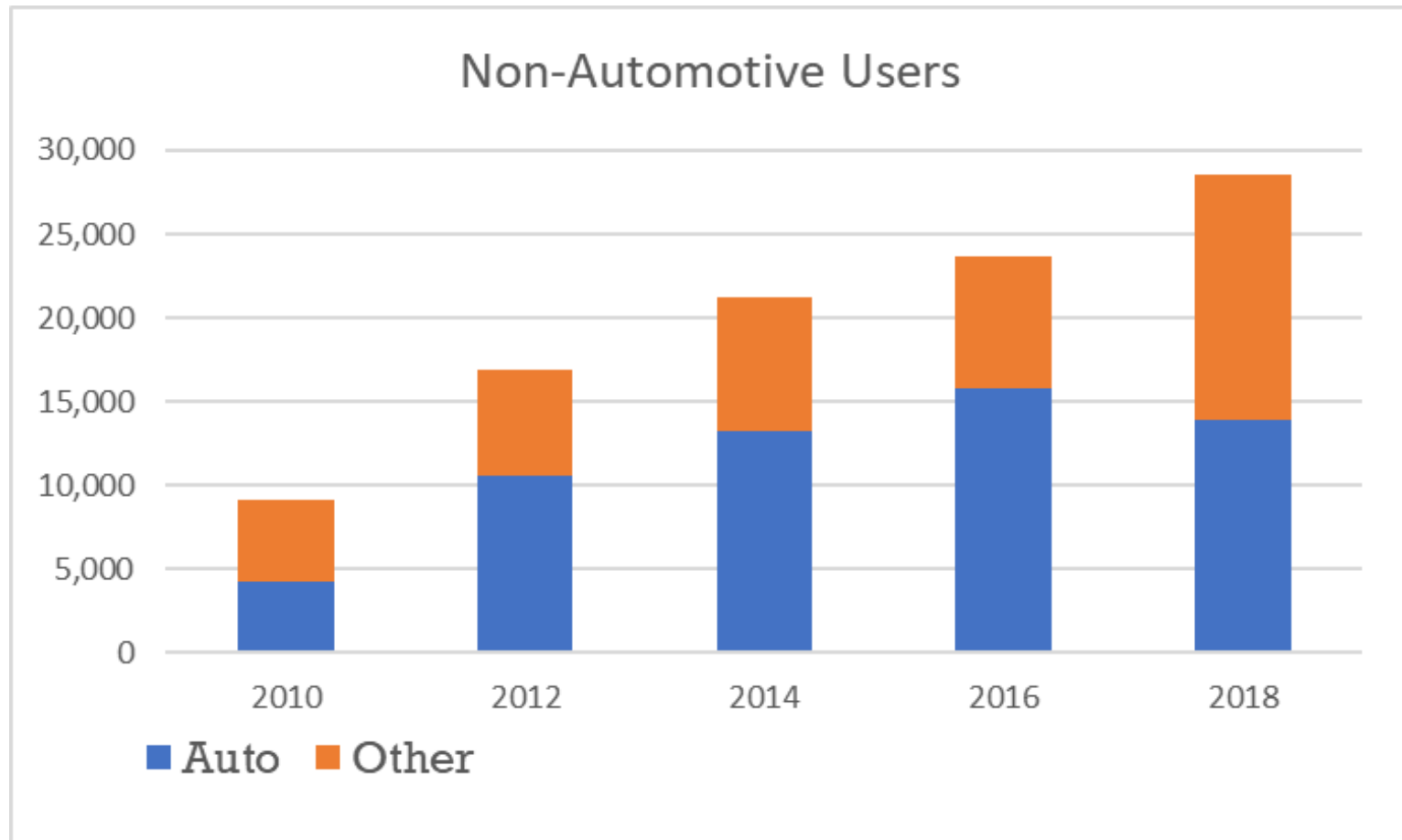of job seekers we work with will be employed within 6 months

Looking Ahead

They are here, now!

Shipments hit **28,478**, nearly 16 percent more than in 2017, according to data seen by the Association for Advancing Automation, an industry group based in Ann Arbor, Michigan.

The Trend…obvious?

Non-Automotive Users — stacked bar chart showing Auto and Other users for 2010, 2012, 2014, 2016, 2018.
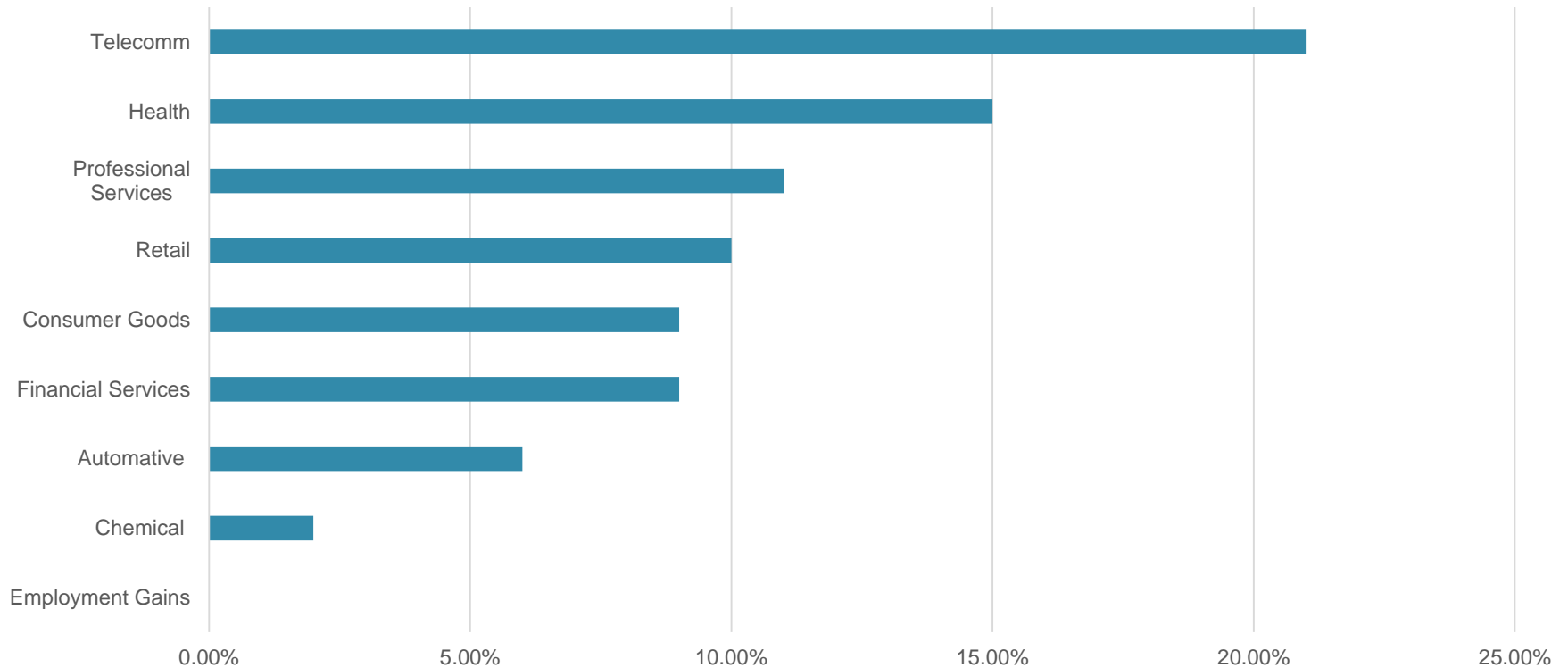
What might lie ahead?

- Forrester, predicts by 2025: Loss of 24M jobs/a gain of 13.6M jobs

- World Economic Forum suggests by 2020: Loss of 7M jobs/a gain of 2M

- McKenzie estimates that over 40% of our work will be disrupted by new technology

- IBM predicts that 3.4% of the workforce might be reduced or redeployed to other roles <u>in the next three years (~5.6M)</u>

What might lie ahead?

- McKenzie estimates that over 40% of our work will be disrupted by new technology

- IBM CEO Ginni Rometty says, "I expect AI to change 100 percent of jobs within the next five to 10 years,"

- How about the 32M already at a

Early Signs

Percentage Employment Gains for Adopting New Technology

Industry	Percentage
Telecomm	~21%
Health	~15%
Professional Services	~11%
Retail	~10%
Consumer Goods	~9%
Financial Services	~9%
Automative	~6%
Chemical	~2%
Employment Gains	

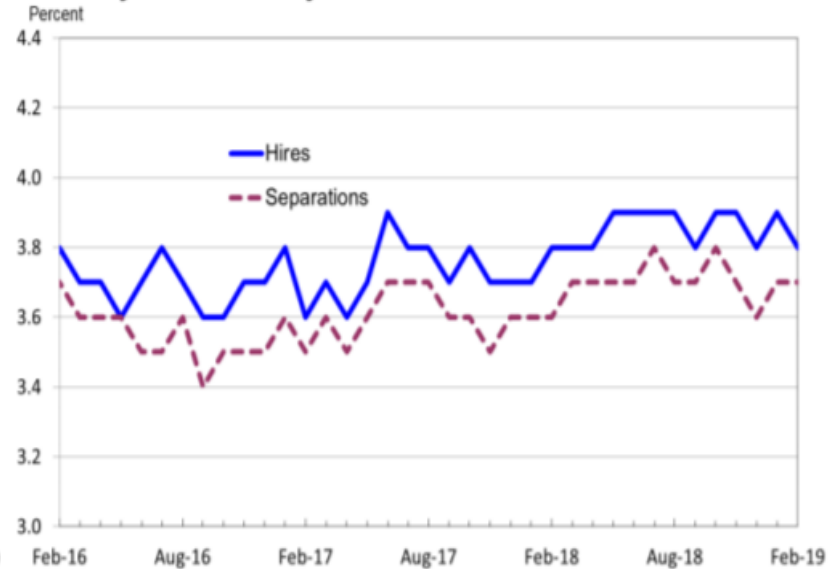(x-axis: 0.00%, 5.00%, 10.00%, 15.00%, 20.00%, 25.00%)

Quick Thoughts About Now

The Market Turbulence

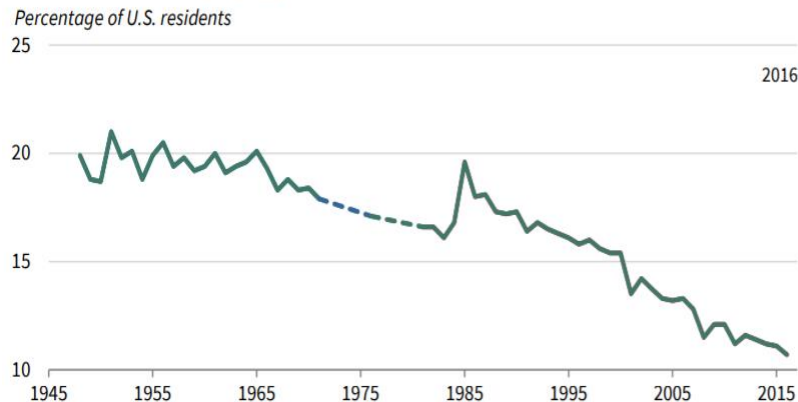Chart 1. Job openings rate, seasonally adjusted, February 2016 - February 2019

Chart 2. Hires and total separations rates, seasonally adjusted, February 2016 - February 2019

Reskilling From Regional Labor Pool

Figure 1. Share of U.S. Residents Who Moved During the Past Year, 1947–2016

Percentage of U.S. residents

Source: U.S. Census Bureau.
Note: The one-year geographic mobility question was not asked between 1972 through 1975 and 1977 to 1980, so the value is interpolated.

Figure 2. Share of Displaced Workers Changing Industry or Location, 2005-2015

Percentage of Workers


Moved 11.6   Changed Industry 51.4
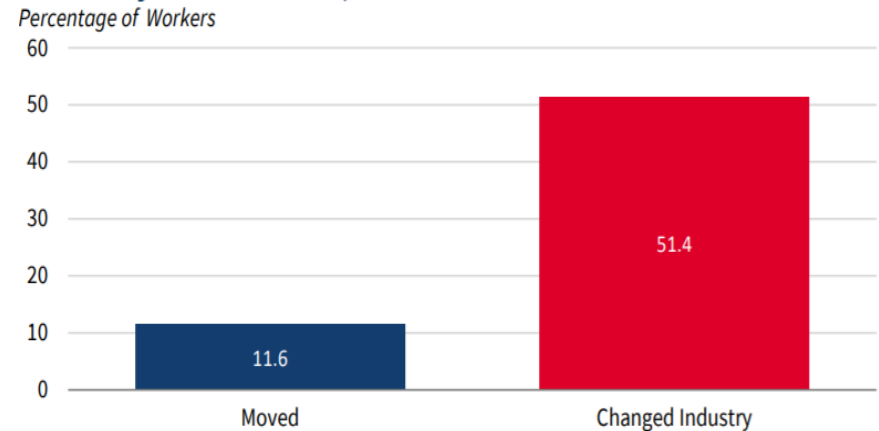
Source: Bureau of Labor Statistics, Current Population Survey.
Note: Industries included are 11 broad categories from Census 1990 industrial classification code.

Training the Incumbent Worker

- Investing in Tomorrow's Workforce Act
  - Sen. Durbin, Rep. Bustos and, Sen. Jones Introduced
    - NAWB Helped Craft
    - Proposes Pilot to improve and provide training to workers in fields with high risk for automation
    - Automation does not mean job loss – it is an opportunity for the American workforce system to adapt

Chart 2. Annual growth rate in labor force by age, projected 2014–24 (percent)
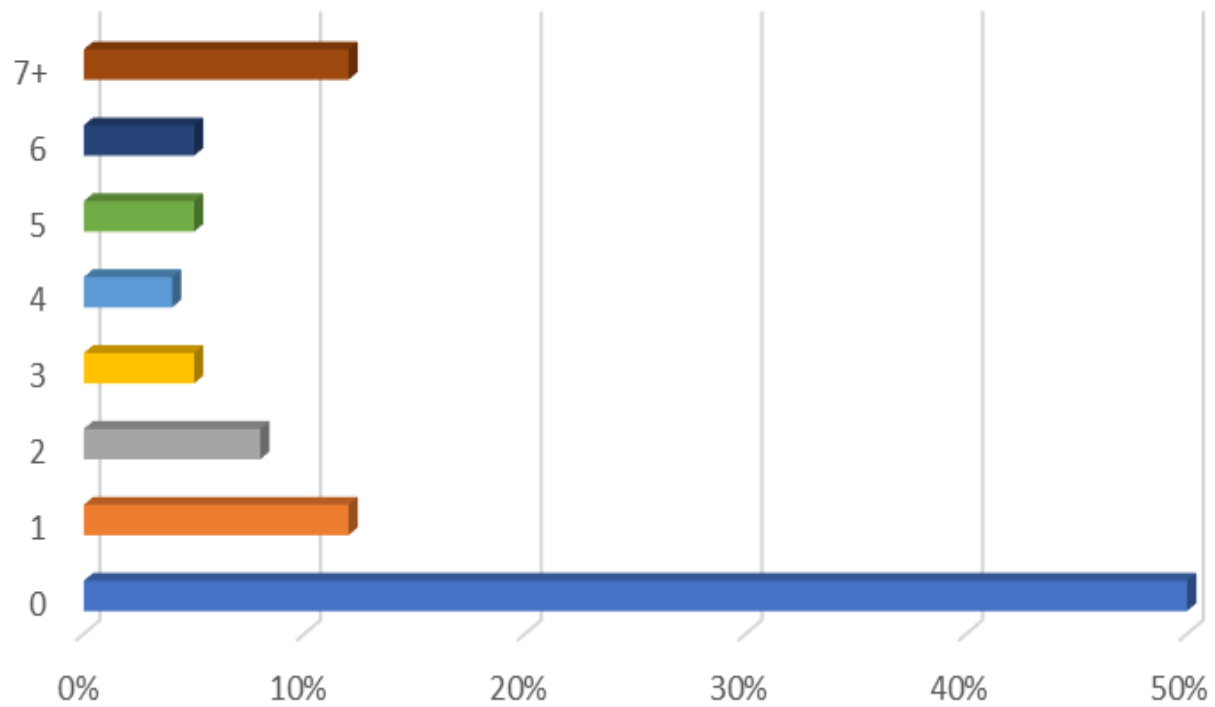

There isn't another "boomer" generation coming…
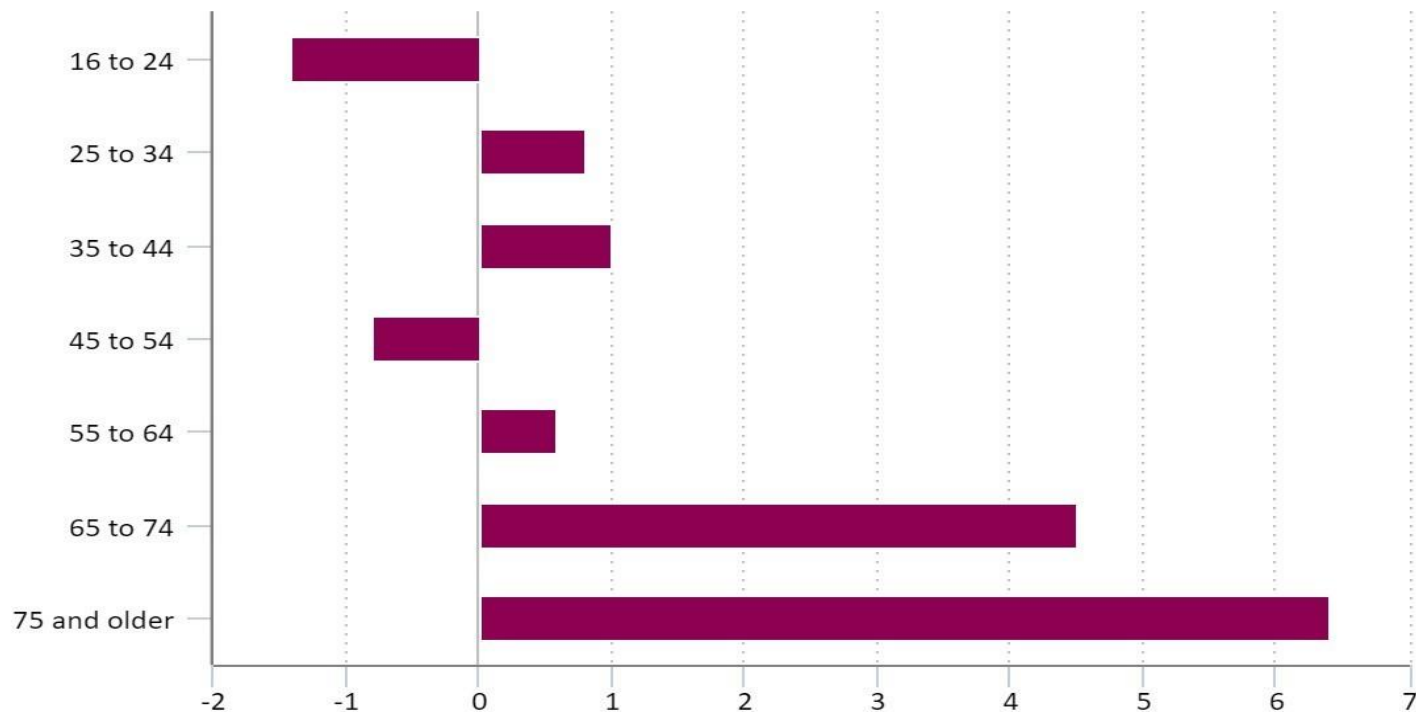
Hover over chart to view data.
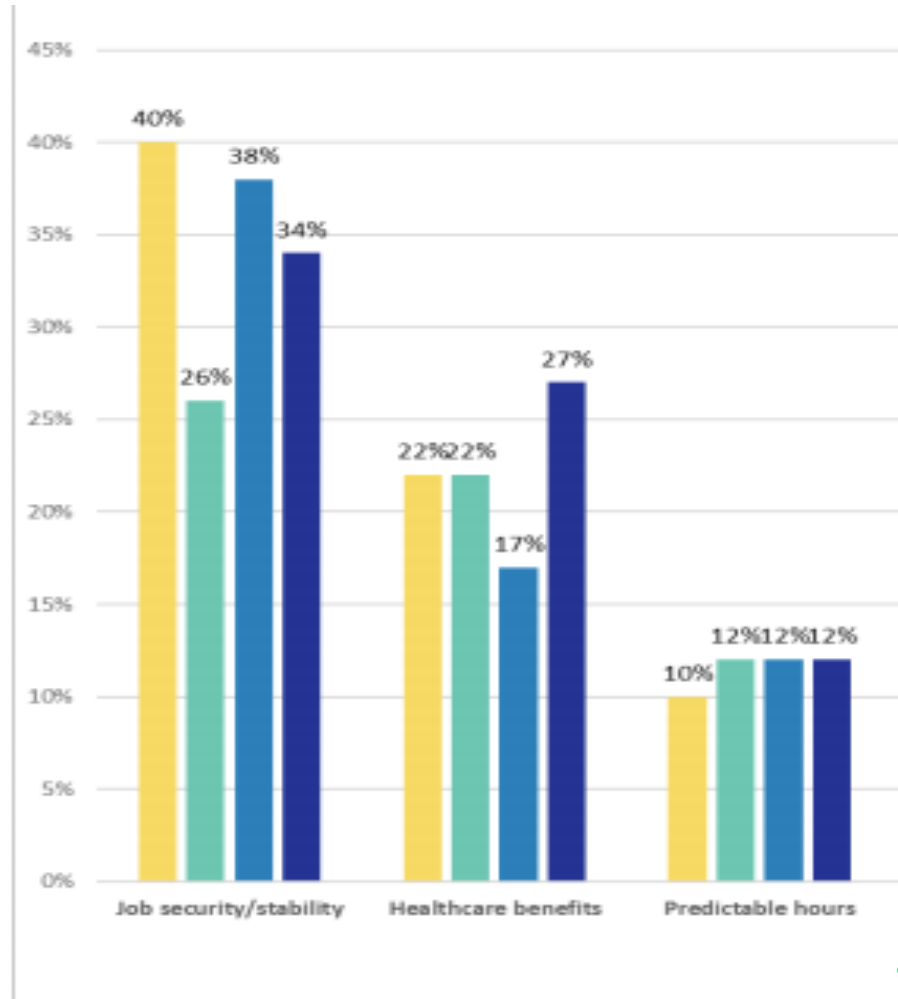Source: U.S. Bureau of Labor Statistics.

- Acquire talent outside the org
- Move talent across biz units
- Reskill employees*
- Leverage work visas
- Leverage apprenticeships/internships
- Leverage new ways of learning
- Apply analytics to predict skill needs
- Track employee skill progress
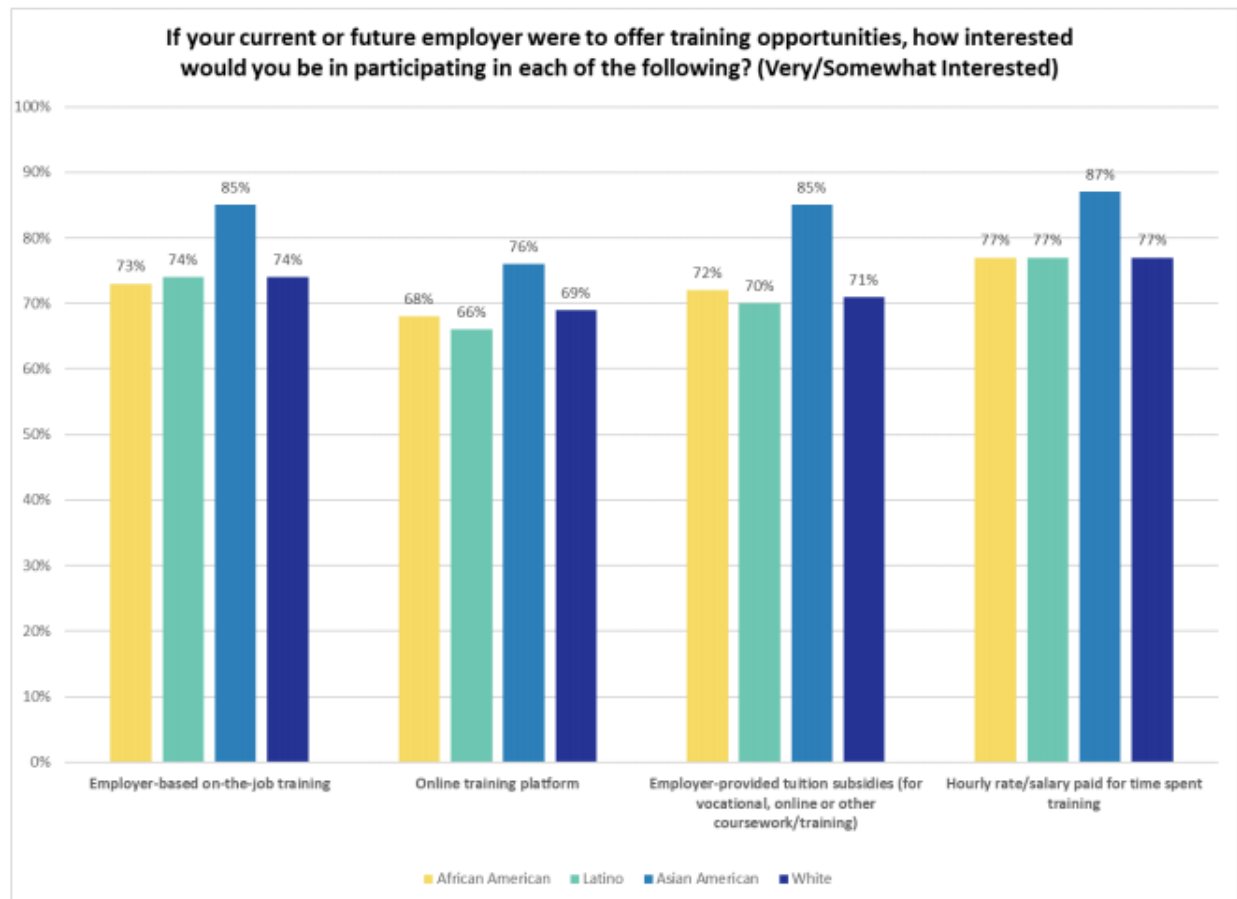- Leverage talent through ecosystem partners

And what of the worker?

Job Security/Stability, and healthcare

And what of the worker?

If your current or future employer were to offer training opportunities, how interested would you be in participating in each of the following? (Very/Somewhat Interested)

Employer-based on-the-job training: African American 73%, Latino 74%, Asian American 85%, White 74%

Online training platform: African American 68%, Latino 66%, Asian American 76%, White 69%

Employer-provided tuition subsidies (for vocational, online or other coursework/training): African American 72%, Latino 70%, Asian American 85%, White 71%

Hourly rate/salary paid for time spent training: African American 77%, Latino 77%, Asian American 87%, White 77%

African American   Latino   Asian American   White

More than a third of the workforce are Millennials

% of the U.S. labor force

	1994	2017	
Silent/Greatest	21	2	
Boomers	50	25	
Gen Xers		33	
Millennials	29	35	
Post-Millennials		5	
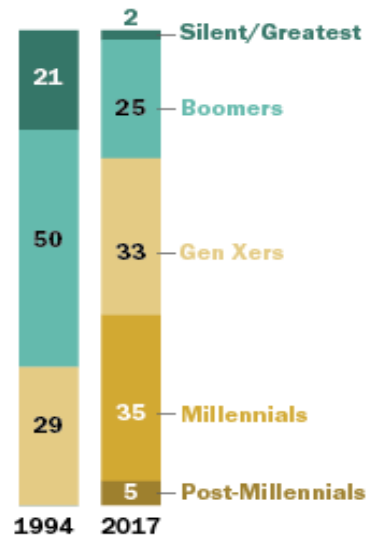
Note: Labor force includes those ages 16 and older who are working or looking for work. Annual averages shown. Source: Pew Research Center analysis of monthly 1994 and 2017 Current Population Survey (IPUMS).

PEW RESEARCH CENTER

The Millennials are here.

So, if the future is kind of…maybe…where do we start?

Historically	WIOA
Social Policy	Economic Policy
Partnership	Leadership

- How well are we focused on;
  – WHO is our customer?
  – WHAT's happening in their world? (what process is in place to know/learn?)
  – WHAT are we doing to adapt to their changes?
  – HOW will we know our changes are positively/negatively impacting the change we wanted?

Regions Matter

- Overall, the 2017 mover rate for U.S. residents age 1 and older was 11.0 percent (34.9 million), which was not statistically different from last year's all-time low of 11.2 percent (35.1 million). This means that the overall mover rate remains at an all-time low.

- Housing-related reason (43.0%)
- Family-related reason (27.9 %)
- Employment-related reason (18.5%)
- Some other reason (10.6 percent)

Where we live, play, and work matters!

- WDBs matter;
  - Analytics – what "assets" do our regions have?
  - Skills, capacity, current labor force
  - Strong connection to business & critical industries?
- Articulating Career Pathways: Eastern Carolina
- Insight & Work Experience: San Bernardino
- Apprenticeships:
  - Convening – writing – filing – filling: Western MI
  - Agriculture: Southeastern MO

Business and Industry Partners

UpSkill America Business to Business Toolkit

www.nawb.org/publications

Thinking about the Future:
What trends do you see impacting <u>your industry</u>?

	TREND	TREND	Emerging issue
Your Industry Sector:			
DRIVER: (think: social, technological, political, environmental, economic)			

Want to learn more about Workforce Development?

Interviews with public and private sector leaders in workforce development, education, business and economic development on key workforce issues and investment strategies to help America compete globally.

Check us in iTunes & talk to us @podcastwfc

RESOURCES

National Bank of Commerce

nbcbanking.com

The College of St. Scholastica

Rick Revoir, Ed.D.
Associate Professor/Co-Interim Dean
School of Business and Technology
rrevoir@css.edu

Erica Henkel, CPA
Assistant Professor of Finance
and Economics
ehenkel@css.edu

University of Minnesota Duluth

Monica Haynes
Director of the Bureau of Business
and Economic Research
mrhaynes@d.umn.edu

University of Wisconsin Superior

Rubana Mahjabeen, Ph.D.
Associate Professor of Economics
rmahjabe@uwsuper.edu

Sakib Mahmud, Ph.D.
Associate Professor in Sustainable
Management and Economics
smahmud@uwsuper.edu

David Koslowsky, Ph.D.
Assistant Professor of Finance
dkoslow@uwsuper.edu

SAVE THE DATE FOR THE NEXT REIF

Tuesday, March 31, 2020

Harbor Side Ballroom, DECC

Featured Speaker

Ron Wirtz

Regional Outreach Director for the
Federal Reserve Bank of Minneapolis

Look for your email to provide feedback on today's event or go online at

http://bit.ly/2019FallREIF