Help Wanted: More Opportunities Than People

Projected growth rate of Twin Cities workers, 1980-2030

An overview of a report prepared by the Citizens League

November 1998
Help Wanted: More Opportunities Than People

For decades, public policy has been geared toward a labor surplus — how to create more jobs and how to get people into those jobs. Today, however, the tables have turned and employers are now desperately seeking workers. Three surveys of business employers this year have ranked the labor shortage as the single biggest issue facing businesses in the Twin Cities region and state of Minnesota today.

This report is an effort to realign public policy with the realities of a new economy and a changing labor force. It proposes new ways for the Twin Cities economy to create and sustain growth in the absence of a growing labor pool, while giving disadvantaged workers greater access to jobs.

The source of the labor shortage is two pronged: slow growth in the total labor force and a mismatch in worker skills and available high- and low-skill jobs. While strong economic growth will further exacerbate the labor shortage, the structural nature of the labor shortage assures that it will be a part of the economic and business landscape for several decades.

For instance, the region’s labor force will grow much more slowly than it did in the heyday of the 1970s, when baby boomers and women of all ages were entering the workforce by the thousands. From 2010 to 2030 — 20 years — the number of net new workers in the region will be barely half the number of any one of the previous four decades.

**The labor shortage is not short term**

From 1970 to 1980, the working-age population in the Twin Cities region grew almost 20 percent. But the total growth in the working-age population is expected to increase by only 4 percent from 2010 to 2020, and barely 1 percent from 2020 to 2030, netting just 24,000 new working-age people. Even with an economic downturn, there will not be enough workers.

Paradoxically, there still exists significant pools of unemployed and underemployed people — the result of a mismatch between worker skills and available jobs. Part of this phenomenon is due to the new information economy, which puts a premium on high-tech and other information-based skills, as well as a decreasing emphasis for skills geared toward an industrial economy. But employers are even having trouble finding qualified low-skill workers, in part because these workers often lack even basic work skills.

Failing to address the labor shortage in the Twin Cities will jeopardize the region’s global competitiveness, which in turn jeopardizes the standard of living in the region and state. How the Twin Cities community — government, business, and nonprofits — handles the labor shortage will dictate the region’s success in the global economy, and in turn people’s standard of living.
Recommendations

Principle #1: Shift economic development away from job creation to improved productivity.

- Recommendation #1: Economic development strategies should focus public and private investment on existing and emerging industry clusters in the Twin Cities.

- Recommendation #2: The Legislature should focus statewide tax policies on technology-based investments and upgrades, and find new ways to facilitate technology transfer.

Principle #2: Redesign education and training programs to better prepare entry-level workers, and to give existing workers higher skills.

- Recommendation #3: Worker training programs must be more effective and responsive to market demands in preparing workers with transferable skills.

- Recommendation #4: K-12 must do a much better job arming students with the basic skills and information they will need to succeed in the workforce.

- Recommendation #5: Link new higher education initiatives more closely to the needs of employers and industry clusters.

Principle #3: Find new ways to attract and retain workers and eliminate barriers for underemployed people.

- Recommendation #6: Twin Cities employers should implement "work-life" initiatives that improve productivity and help attract and retain workers.

- Recommendation #7: New strategies and partnerships are needed to overcome systemic obstacles that prevent some workers from entering and staying in the workforce.

Prosperity for the Twin Cities in a knowledge economy depends on the region's ability to compete globally. Doing so requires many elements discussed in an earlier Citizens League report. But there are special challenges posed by the labor shortage that demand attention. Specifically, the region must find ways to improve overall productivity of workers and companies. This is not a problem that can or should be addressed primarily by government action. The market and private initiatives can be powerful allies to help the region move in the right direction. Our recommendations are also directed at the private and non-profit sector, which will need to provide much of the leadership necessary to address the labor shortage.
The committee on the Twin Cities Labor Shortage was co-
chaired by Gary Cunningham and Steve Keefe. A total
of 51 Citizens League members took an active part in the
work of the committee. In addition to the chairs, they were:

Jim Bartholomew  Jan Hively  Jim Schneider
Wendy Brower    Jill Jacoby    Erika Sitz
Scott Carlson    Nathan Johnson Joel Spoonheim
Cal Clark        Beth Kadoun    Evan Stanley
Ken Dols         Tom Keljik    Libby Starling
Ann Duff         Larry Kelley  Robert Streetar
Linda Ewen       Janna King    Steve Studt
Charles Frisch   Sarah Kraabel  Tom Hesse
Mike Gair        Beth Lewis    Dale Swanson
Tony Goddard     John Mullen   Liz Templin
Todd Graham      Jim Myott     Blair Tremere
Kay Gudmestad    Patrick O'Leary Richard Tvedten
Erin Hanson      Steve O'Malley Bob Webber
Guy Harper       Ginny Pease   Dan Wietecha
Donna Herbel     Mark Pridgeon Alice Wilcox
Jim Scheu        Joy Svoboda  Hoa Young
Jonette Zuercher

The committee began its work with a special three-part
Mind-Opener series in March and met another 17 times
before approving a draft report in September.

In addition to the regular committee, three Fergus Falls orga-
nizations, the Workforce Center, West Central Initiative
Fund and the Fergus Falls Community College, reviewed
the work of the League committee and customized the report's
recommendations to the conditions in West Central
Minnesota. The Citizens League, in cooperation with the
Downtown Minneapolis YMCA and Summit Academy OIC,
also created a youth pilot project that focused on the impli-
cations of the labor shortage for young adults.

Meeting space was generously donated by Honeywell and
Humphrey Institute.

Thanks to the Minneapolis Foundation for a special grant in sup-
port of this study.

More Opportunities Than People, are available from the Citizens League office
(first copy free to Citizens League members; $10 per copy
for non-members). The full report is also on the
League's web site at www.citizensleague.net

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