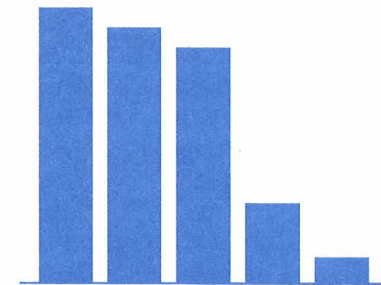


CITIZENS LEAGUE

RESEARCH REPORT

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



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Help Wanted: More Opportunities Than People



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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 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 of 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.

WORK OF THE COMMITTEE

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 organizations, the Workforce Center, West Central Initiative Fund and the Fergus Falls Community College, received 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 implications 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 support of this study.

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Copies of the full report, *Help Wanted: 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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