



The State of Working Minnesota 2001

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The Minnesota Budget Project, an initiative of the Minnesota Council of Nonprofits, provides independent research, analysis, and outreach on state budget and tax policy issues, emphasizing their impact on low- and moderate-income persons and the organizations that serve them.

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Executive Summary

Wage Growth in Minnesota

Minnesota's workers have benefited from hourly wage increases from 1989 to 2000, with low wages growing 17.0%, median wages up 16.6%, and high wages rising 10.7% after adjusting for inflation.¹ In this respect, the 1990s differed from the 1980s, in which low and median wage workers suffered declining hourly wages while high wages increased. Strong growth at all wage levels in the second half of the 1990s also meant that Minnesota's workers earned higher wages than their U.S. counterparts.

Data on wages do not show how well workers can meet their needs unless they are compared to the cost of necessary goods and services. This report uses the Family Budgets prepared by the JOBS NOW Coalition to measure whether a worker is able to support a family through full-time, year-round work. Analysis by JOBS NOW finds that in 1999, more than one-third of Minnesota's workers made less than \$10.38 an hour, the wage needed to cover the Family Budget for a family of four with two parents working. In addition, 62.1% of female workers made less than \$13.94, the amount needed for a single parent family of two.

Workers in Greater Minnesota have an even harder time making ends meet: while the cost of living in Greater Minnesota is 16% lower than in the Metro Area, average wages are 31% lower.

Over the last twenty years, Minnesota's workers have put in longer hours. Married couple with children families have increased their average annual work hours by 7.6% since the late 1970s, adding an additional 275 hours, or nearly seven additional weeks of work, during the year. Single parent families increased their work hours by 7.3% over the same time period. But Minnesota's workers may no longer be able to respond to wage declines by increasing their hours — the average single parent family works 38 hours a week year round, and the average married couple with children family works close to the equivalent of two full-time, year-round jobs.

Job Trends in Minnesota

Whether Minnesota's workers can earn family-supporting wages depends in part on the types of job opportunities available. The service industry is the largest industry in Minnesota and its share of all jobs is growing. Services, agriculture, and retail trade have the three lowest average annual wages in Minnesota, and together made up 47.6% of all jobs in Minnesota in 1999. High-paying industries, on the other hand, have seen their share of total jobs in Minnesota decline, with mining suffering net job losses.

Workers not only want wages that can support their families, but also quality jobs with benefits. Little progress has been made since the late 1970s in providing Minnesota's workforce with employer-based health insurance and pensions. In the late 1990s, 58.6% of private-sector employees had employer-provided pensions and 64.6% had health insurance provided by their employer or the employer of a family member. This reflects a gradual decline in the percent with employer-based health insurance since the late 1970s. Pension coverage has increased from the 1970s, but this may be due to the trend away from defined benefit pensions and toward defined contribution plans, which shift much of the risk to the employee.

¹ In this analysis, a low wage worker earns a lower hourly wage than 80% of all workers; a median wage worker is exactly in the middle, with half of workers making more and half making less; and a high wage worker makes a higher hourly wage than 80% of all workers. All wages are adjusted for inflation.

Workers Without Work

Unemployment in Minnesota dropped significantly in the 1990s, reaching 2.5% in 1998. Since then rates have started to increase, but remain at historically low levels. Minnesota has been fortunate to have had a lower unemployment rate than the U.S. as a whole for the past twenty years, although the recent increases have brought Minnesota closer to the national figure.

Regional Disparities in Unemployment and Job Vacancies

Many of the state's urban hubs, including the Twin Cities, Rochester, Mankato, and Moorhead areas, have benefited from unemployment rates below the state average. In contrast, most of the northern half of the state has unemployment rates higher than the national average, with three northwestern counties exceeding 11%. Since the state's unemployment rate began increasing in 1998, northwestern Minnesota has also seen the largest increases in unemployment. Adding to the difficulties faced in areas of high unemployment is that the majority of job vacancies are in the Twin Cities. The job vacancies in Greater Minnesota offer lower median wages and are less likely to offer health insurance.

Unemployment has been creeping up, and certain parts of the state have not equally shared in the strong economic growth of the 1990s. This raises the question of whether adequate supports exist to help Minnesota's workers ride out economic ups and downs.

Introduction

This report is the second in a series of Labor Day reports that shed light on how economic trends affect Minnesota's workers. The 2000 edition identified disparities among workers of different wage levels. *The State of Working Minnesota 2001* takes a closer look at whether the benefits of the strong economy have been shared by all parts of the state.

Minnesota has benefited in the 1990s from an above average economy, as measured by the state's Gross State Product (GSP) per capita, which is the market value of the goods and services provided by the labor and property located in the state, divided by the size of the population. GSP measures the size of the economic pie to be divided among the state's residents, and after adjusting for inflation, Minnesota's GSP per capita grew an average of 2.4% annually from 1989 to 1998, compared to 1.9% average annual growth for the nation as a whole.¹ This was an improvement over the state's performance from 1979 to 1989, when GSP per capita grew an average of 2.0% annually, the same rate as for the nation.

This economic growth has translated into some increases in household income. Median household income in Minnesota reached \$47,240 in 1999, growing an average of 1.5% annually since 1989 after adjusting for inflation, twice the 0.7% average annual growth from 1984 to 1989.²

Increasing household incomes tells only part of the story for Minnesota's workers. It does not show how much of the increase is due to higher wages and how much due to workers putting in longer hours. It does not show how much income growth comes from earned income, and how much is the result of the state's above average asset growth, the benefits of which are felt only by certain segments of the state's population.³

Policymakers, advocates, and concerned citizens should find the data in this report useful in understanding the extent to which Minnesota's workers are able to support their families through their participation in the labor force and the geographic disparities that exist within the state. Although this report does not offer policy recommendations, a range of responses to current economic and labor market trends are possible. Further discussions are necessary to determine what policy choices are right for Minnesota.

¹ Economic Policy Institute (EPI) analysis of Bureau of Economic Analysis and Census Bureau data. Much of the data in this report comes from the Economic Policy Institute, a nonpartisan think tank in Washington D.C., in connection with their *The State of Working America* series of publications.

² Median means "in the middle." The median household income is the income of a household in the middle of the income scale — half of all households have higher incomes and half lower. Growth rates are after adjusting for inflation. EPI analysis of Census Bureau data.

³ Asset income per capita increased 32.0% in Minnesota from 1995 to 1999, compared to 22.3% nationally (not adjusted for inflation). State Demographic Center, *Minnesota surpasses the nation in per capita income from 1995 to 1999*, March 2001.

Wage Growth in Minnesota

Most Minnesotans are workers, relying on their wages to support their families. Comparing wage levels can demonstrate whether all workers benefit from good times, or if some workers benefit more than others. In this analysis, a low wage worker earns a lower hourly wage than 80% of all workers; a median wage worker is exactly in the middle, with half of workers making more and half making less; and a high wage worker makes a higher hourly wage than 80% of all workers. Looking at changes in these wages over time does not describe how any one worker is faring, since workers will change their relative position during their working lives, but instead describes the relationship between groups of workers. Measuring wages at 1979, 1989, and 2000 compares the peaks of the three most recent business cycles.⁴

Minnesota's low, median, and high wage workers all benefited from hourly wage increases from 1989 to 2000, after adjusting for inflation. In this respect, the 1990s differed from the 1980s, in which low and median wage workers suffered declining wages while high wages increased.

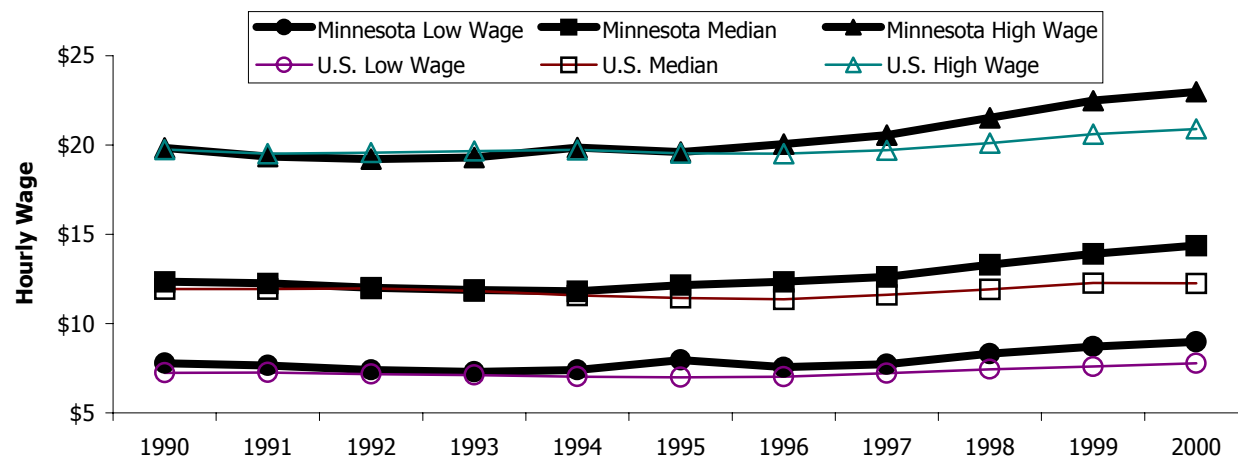
Minnesota Hourly Wages, 1979 – 2000

	1979	1989	2000	Difference 1979 – 1989	Difference 1989 – 2000	Difference 1979 – 2000
Low Wage	\$8.11	\$7.68	\$8.98	-5.3%	17.0%	10.8%
Median Wage	\$12.80	\$12.32	\$14.37	-3.8%	16.6%	12.2%
High Wage	\$19.84	\$20.75	\$22.98	4.6%	10.7%	15.8%

Source: EPI and author's analysis of CPS data. Wages are inflation adjusted to reflect the value of the dollar in 2000.

Wage growth was not steady throughout the 1990s. The early 1990s was a time of declining hourly wages or relatively slow wage increases. In the later 1990s, Minnesota's hourly wages demonstrated much stronger growth than the comparable U.S. figures.

Wage Growth in Minnesota and U.S., 1990 – 2000



Source: EPI analysis of CPS data. Wages are adjusted for inflation and reflect the value of the dollar in 2000.

⁴ The data in this section is from EPI and author's analysis of Current Population Survey (CPS) data. It includes all wage and salary employees but excludes the self-employed. Wages are adjusted for inflation and reflect the value of the dollar in 2000.

The strong growth in low wages helped put the brakes on a trend of growing wage inequality. In 1979, Minnesota's high wage was 2.4 times greater than the low wage, and by 1989 it was 2.7 times higher – an increase of 10.4%. However, in 2000, the high wage was 2.6 times the low wage, since low wages grew faster than high wages.

The percentage of workers earning poverty level wages — wages that on a full-time, year-round basis are not enough to raise a family of four to the poverty line — follows the rise and fall of low hourly wages.⁵ In 1979, 22.0% of workers in Minnesota earned poverty level wages, which increased to 26.2% in 1989, then dropped to 16.0% in 2000. Although the decline is encouraging, over one in six Minnesota workers still earns poverty level wages. National data shows that women and people of color are more likely to work for poverty level wages. In 1999, 22.6% of all American workers earned poverty level wages, but 29.7% of female workers, 35.6% of African American workers, and 45.1% of Hispanic workers earned poverty level wages.⁶

Wages Compared to the Cost of Basic Needs

Data on wages do not show how well workers can meet their needs unless they are compared to the cost of necessary goods and services. This report uses the Family Budgets prepared by the JOBS NOW Coalition to measure whether a worker is able to support a family through full-time, year-round work. The Family Budgets calculate the income required to cover the costs of basic needs.⁷ The Family Budget for a single parent family of two in Minnesota is \$29,004, and \$43,188 for a family of four with both parents working. In 1999, more than one-third of Minnesota workers, including 27.7% of men and 41.2% of women, made less than \$10.38 an hour, the wage needed to support a family of four with two parents working, and 62.1% of women made less than \$13.94 an hour, the amount needed for a single parent family of two.

Many believe that the lower cost of living in Greater Minnesota compensates for the lower wages paid there. However, JOBS NOW finds that wages in Greater Minnesota are more likely to be insufficient, despite the lower cost of living. The average Metro Area wage is \$18.27, which will cover the Metro Area Family Budgets for single parent families with one or two children, or two parent families of four with one or both parents working full-time, year-round.⁸ In contrast, the average hourly wage in Greater Minnesota is \$12.66, and is not enough to cover the Greater Minnesota Family Budget for a single parent family with two children or a two parent family of four with only one parent working.

While the cost of living is 16% lower in Greater Minnesota, average wages are 31% lower. In the four Economic Development Regions that form the state's western border, living costs are 20% lower than in the metro area and average wages are 42% lower.⁹

⁵ The 1999 poverty threshold for a family of four was \$17,029, or \$8.19 an hour. This analysis includes workers age 18 to 64, excluding the self-employed.

⁶ EPI, *The State of Working America 2000-2001*.

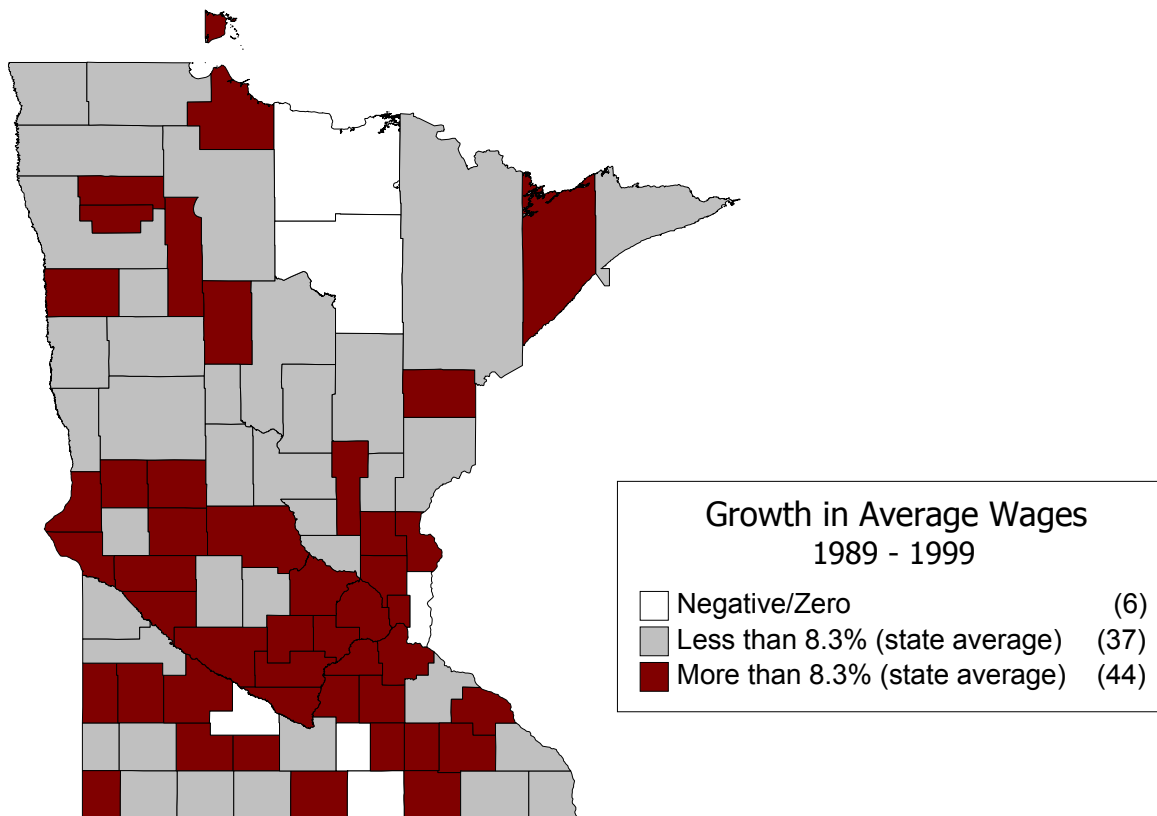
⁷ Except where noted, the data in this section is from JOBS NOW Coalition, *The Cost of Living in Minnesota, 1999-2000*. The Family Budget analysis assumes families receive no government assistance or child support, but do receive the state and federal income tax credits to which they are entitled. The Family Budget does not include debt payments, skills training, entertainment, restaurant meals, vacations, or savings.

⁸ For this analysis, the "Metro Area" corresponds to the seven counties contained in Economic Development Region 11: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

⁹ This corresponds to Economic Development Regions 1, 4, 6W, and 8. Comparisons in this paragraph are based on a two parent family of four with both parents working full-time, year-round.

Looking at a more local level, annual wages were highest in Hennepin, Ramsey, and Olmsted counties, where they topped \$33,250 in 1999. Most of Greater Minnesota, however, had average annual wages below \$25,000.¹⁰ Fortunately, growth in annual wages faster than the state average in the 1990s was not limited to the highest earning areas. A large portion of central Minnesota, as well as a number of individual counties in the northwest and southern parts of the state, had annual wages that grew faster than the state average from 1989 to 1999. This means the gap between Greater Minnesota and the Metro Area was less than it would have been had wages grown at the same rate across the state.¹¹

Growth in Average Annual Wages by County, 1989 – 1999



Source: Author's analysis of Minnesota Department of Economic Security CEW data.

Minnesotans Work More Hours

Besides earning higher hourly wages, another strategy to increase family income is to work more hours. Married couple with children families in Minnesota increased their total hours worked by 7.6% since the late 1970s — an additional 275 hours, or nearly seven additional weeks of work

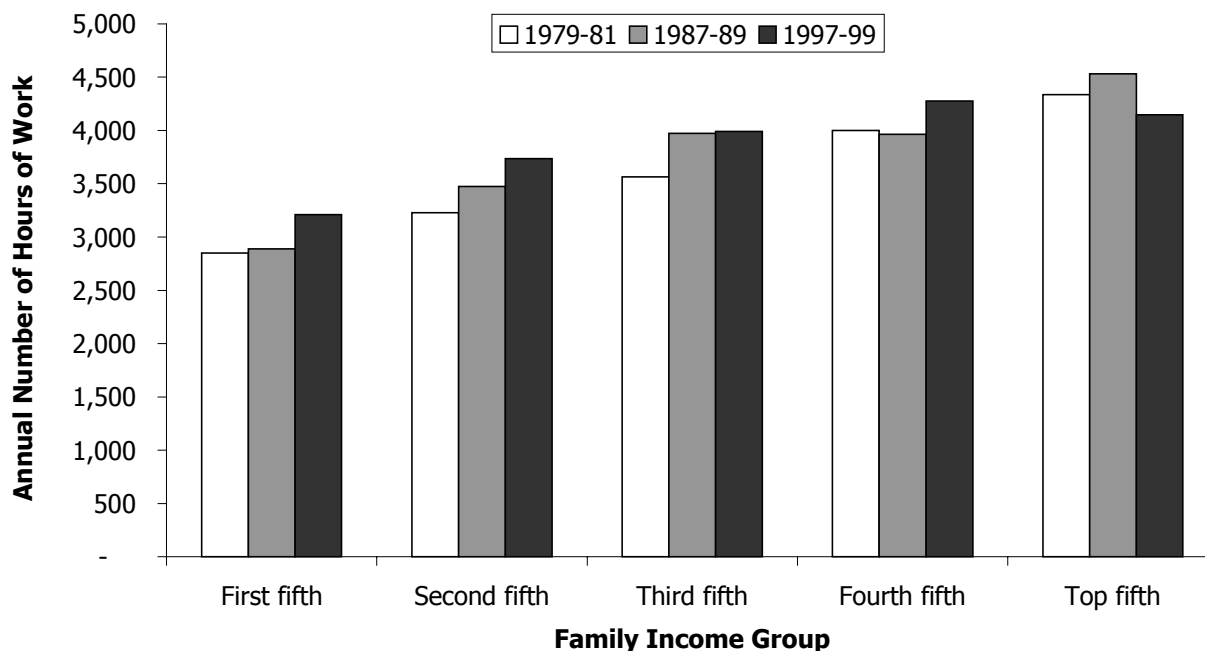
¹⁰ Wages include gross wages and salaries, vacation and other paid leave, tips and gratuities, bonuses, stock options, etc. Average wages are arrived at by dividing the total wages for the county by the average monthly employment. All wages are adjusted for inflation and reflect the value of a dollar in 1999.

¹¹ Author's analysis of Minnesota Department of Economic Security Covered Employment and Wages (CEW) data.

during the year. When these families are divided into five groups of equal size based on their income, some variations emerge.¹²

- During the 1980s, when low and median hourly wages were falling, married couple with children families in Minnesota increased their hours worked by 4.8%. Particularly strong increases of 7.6% and 11.5% occurred in the second and third income groups.
- Many families increased their work efforts again in the 1990s, with growth of 11.1% in the lowest income group, 7.5% in the second, and 7.8% in the fourth income group.
- Families in the top income group reduced their total work hours in the 1990s.

Average Annual Hours of Work, Married-Couple Families with Children, Minnesota, 1979 – 1999



Source: EPI analysis of CPS data. Limited to families with positive income in which the head of household is age 25 to 54, and includes the work hours of all family members.

Single parent families in Minnesota saw a decline in total hours worked in the 1980s, but then hours rose in the 1990s, for an overall increase of 7.3% in hours worked, similar to the increase in married parents’ hours of work.¹³

Compared to the U.S. figures, Minnesotan married couple with children families did not increase their total hours as much since the 1970s, but Minnesotans started off working more hours than the U.S. average. Only Minnesota families in the top income group worked fewer hours than their national counterparts in the late 1990s. Minnesota’s single parent families also put in more hours than the U.S. average.

The increase in family work hours in the U.S. over the past twenty years is largely due to women working more. Nationally, married women with children increased their work hours an average

¹² Except where noted, data in this section from EPI and author’s analysis of CPS data. Limited to families with positive income in which the head of household is age 25 to 54, and includes the work hours of all family members.

¹³ Data for single parent families by income group is not available.

of 42% from 1979 to 1998, while the men in these families increased their average work hours only 4%.¹⁴

In Minnesota, the average hours of work of married couple with children families in all income groups in the late 1990s was well above the equivalent of one full-time and one part-time job, and close to or above two full-time jobs for families in the middle through top income groups.¹⁵ The average for single parents is very close to full-time, at slightly more than 38 hours per week, year round. This has serious implications if hourly wages decline in the future, because workers may no longer have the capacity to make up for lost income by working more.

Job Trends in Minnesota

The ability of workers to earn family-supporting wages is affected by the types of job opportunities available. In Minnesota, job growth in the 1990s has been particularly concentrated in the service industry, the largest industry in Minnesota.¹⁶ The number of service jobs increased 46.7% between 1989 and 1999. This is one of the fastest rates of job growth in any industry, and nearly double the state's total job growth rate of 26.2%. The service industry's share of all Minnesota jobs grew from 24.3% in 1989 to 28.3% in 1999.

At the same time, retail trade, the industry with the lowest average annual wages in Minnesota, displaced manufacturing to become the second largest job provider, comprising 18.3% of all jobs. Together, the three lowest paying industries — services, agriculture, and retail trade — accounted for 47.6% of all jobs in Minnesota in 1999. Although both the retail trade and service industries experienced above average annual wage growth during this period, they remain among the lowest paying industries in the state.¹⁷

Industry Percentage of Total Jobs in Minnesota	
Services	28.3%
Retail Trade	18.3%
Manufacturing	17.2%
Government	13.3%
Finance, Insurance & Real Estate	6.2%
Wholesale Trade	6.0%
Transportation, Communications & Public Utilities	4.9%
Construction	4.4%
Agriculture	1.0%
Mining	0.3%

Source: Author's analysis of DES data

High paying industries have grown at a slower pace. Slow growth in manufacturing caused its share of all jobs to decline to 17.2%, although Minnesota has been fortunate to avoid the net loss of manufacturing jobs seen on the national level in the 1980s and 1990s.¹⁸ The only high wage industry to experience above average job growth was the finance, insurance, and real estate industry (FIRE), where

¹⁴ EPI analysis of CPS data, *The State of Working America 2000-2001*.

¹⁵ Full-time in this analysis is 2,080 hours, which is 40 hours a week, 52 weeks a year.

¹⁶ Employment in this section includes all "covered" employees, defined as private sector and state, county, and municipal government employees insured under the Unemployment Insurance Act. It excludes railroad workers, elected officials, student workers, and some agricultural workers. Except where noted, data in this section is from the author's analysis of Minnesota Department of Economic Security (DES) data.

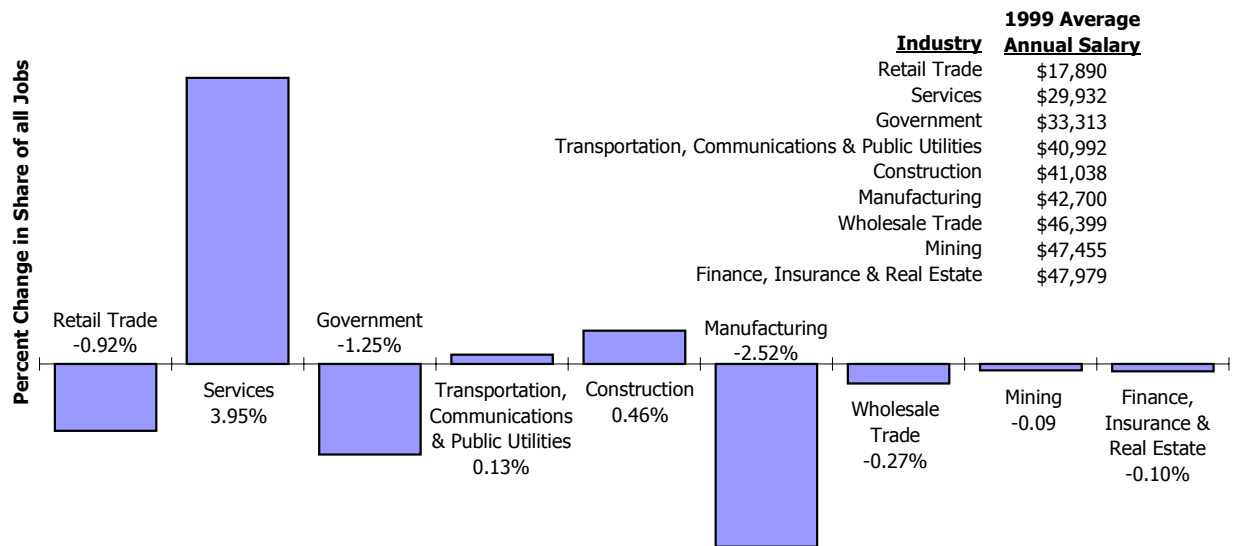
¹⁷ Wages include gross wages and salaries, vacation and other paid leave, tips and gratuities, bonuses, stock options, etc. Average wages are arrived at by dividing the total wages for the industry by the average monthly employment. All wages reflect the value of the dollar in 1999.

¹⁸ EPI analysis of Bureau of Labor Statistics, Current Employment Statistics (CES) data, State and Area.

employment grew by 33.3%. This industry also experienced the fastest growth in average annual wages between 1989 and 1999, making it the top paying industry in Minnesota. Together, the three highest paying industries — FIRE, mining, and wholesale trade — accounted for only 12.5% of all jobs in Minnesota in 1999.

Mining is the only industry in Minnesota that suffered a net decrease in total jobs between 1989 and 1999. Although mining is the smallest industry in the state, supplying only 0.3% of all jobs, it also has one of the highest average wages and is highly concentrated geographically — 64.1% of all mining jobs are located in St. Louis County alone.

Percentage Change in Share of Total Jobs in Minnesota, 1989 – 1999
(sorted by average annual wages)

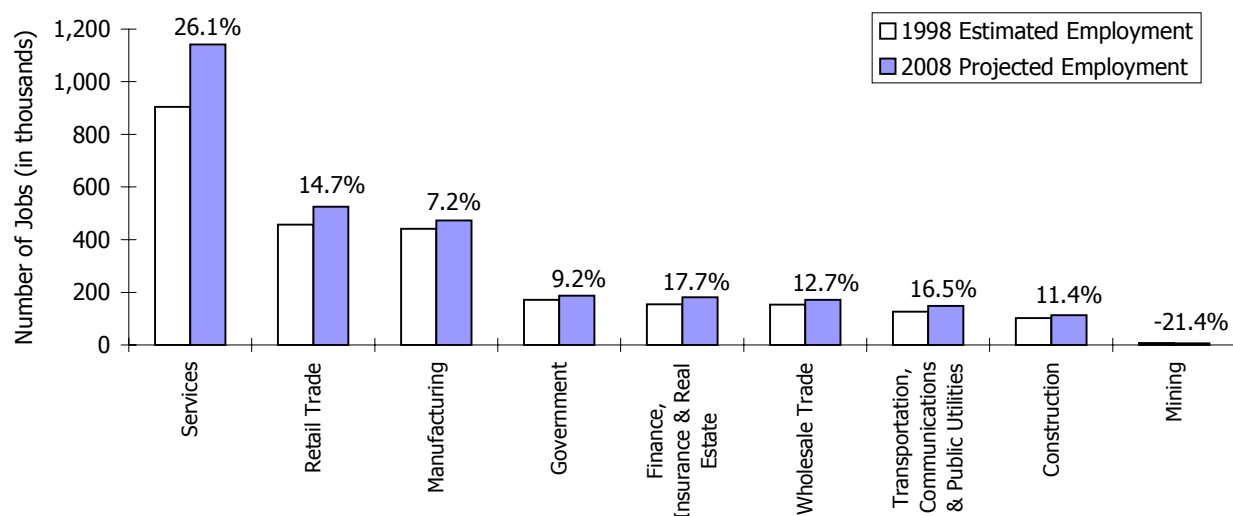


Source: Author's analysis of DES data.

The trend towards greater concentration in the service industry seen in the 1990s is likely to continue. While total jobs are expected to grow by 15.7% between 1998 and 2008, the number of service jobs is projected to increase by 26.1%. This means service jobs will make up 54.3% of all new jobs created and 35.7% of total employment. As a result, other industries will make up a smaller share of total jobs. For instance, retail's share of total jobs in Minnesota is projected to fall to 16.4%, and manufacturing's share is expected to drop to 14.8% by 2008.¹⁹

¹⁹ Minnesota Department of Economic Security, *Minnesota Employment Outlook by Industry, 1998-2008*, 2001.

Employment Growth by Industry, Minnesota, 1998 – 2008



Source: Minnesota Department of Economic Security.

A Closer Look at the Service Industry

Service employment includes a wide variety of occupations, from legal services to amusement park jobs. The average annual wages in the service industry in 1999 was \$29,931, but there is a wide variation: 10.3% of service jobs are in subsectors with average annual wages below the poverty level for a family of four, and an additional 27.2% in subsectors that paid average annual wages less than \$29,004, the Family Budget for a single parent family of two. On the positive side, 62.6% of jobs are in subsectors whose average annual wages are sufficient to meet the Family Budget for a family of four with one worker (\$30,480).²⁰

Profile of the Minnesota Service Industry, 1999	Share of All Service Jobs	Percentage Job Growth, 1989 – 1999	Average Annual Wages
Health Services	29.5%	32.9%	\$34,399
Business Services	24.1%	88.9%	\$33,463
Social Services	10.0%	59.7%	\$17,627
Engineering & Management Services	6.5%	36.6%	\$47,754
Amusement & Recreation Services	5.6%	88.0%	\$18,617
Hotels & Other Lodging Places	4.5%	29.5%	\$15,411
Membership Organizations	4.1%	35.3%	\$15,722
Educational Services	3.7%	38.3%	\$27,773
Personal Services	3.6%	5.9%	\$19,233
Auto Repair, Services, Parking	3.2%	34.7%	\$27,324
Legal Services	2.3%	7.5%	\$54,840
Motion Pictures	1.3%	59.7%	\$15,584
Miscellaneous Repair Services	0.8%	3.5%	\$27,605
Private Households	0.4%	49.8%	\$14,678
Museums, Botanical, Zoological Gardens	0.3%	47.7%	\$23,034
Miscellaneous Services	0.2%	64.9%	\$47,212
ALL SERVICE JOBS	100.0%	46.7%	\$29,931

Source: Author's analysis of DES data.

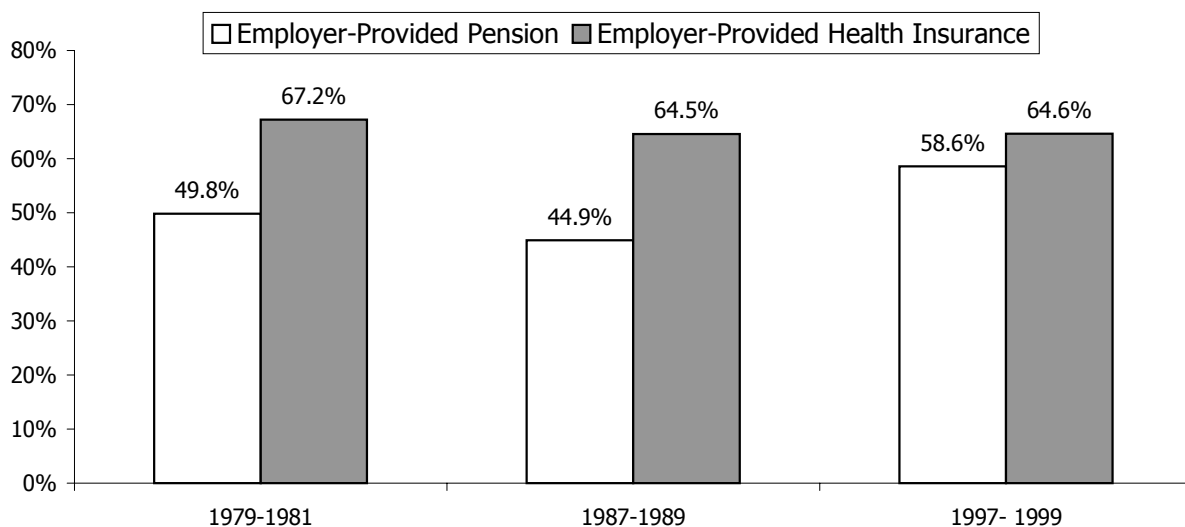
²⁰ These annual wages cannot be directly translated into hourly wages. Low average annual wages in some subsectors reflect the prevalence of part-time work.

Availability of Benefits

Another aspect important to the well-being of Minnesota's workers is the availability of benefits, particularly health insurance and pensions. Workers without health insurance face high costs in the private health insurance market, while those without pensions must shoulder the burden of saving for retirement alone.

Little progress has been made in terms of providing Minnesota's workforce with employer-provided health insurance since the late 1970s. However, there has been an increase in the percentage with pensions. This may reflect a general trend away from defined benefit pensions and toward defined contribution pensions, which shift much of the risk and cost to the employee.²¹ In the late 1990s, 58.6% of private sector workers in Minnesota had a pension offered by their employer, and 64.6% had health insurance provided by their employer or the employer of another family member.²² Minnesota's workers fare slightly better than the U.S. average, which shows 48.7% of employees with pensions and 59.9% with health insurance provided by an employer.

Employer-based Health Insurance and Pension Benefits, Private Sector Employees, Minnesota, 1979 to 1999



Source: EPI analysis of CPS data. Limited to workers age 18 to 64 who worked at least 26 weeks per year and at least 20 hours per week.

Some progress has been made in Minnesota in terms of access to pensions and health insurance by women. In the late 1970s, 56.6% of male private sector employees had employer-provided pension coverage but only 38.8% of women did. In the late 1990s, the gap between men and women narrowed, with 60.4% of men and 56.2% of women covered by pensions.

The gender gap in employer-provided health insurance also narrowed in Minnesota, but more because men lost coverage. In the late 1970s, 76.1% of men had health insurance provided by

²¹ Defined benefit plans guarantee workers a fixed payment in retirement based on their pre-retirement wages and years and service. Under 401(k) and other defined contribution plans, employers may or may not be making a financial contribution into the pension plan, and the amount of retirement benefit depends on the employee or plan administrator making successful investment choices.

²² EPI analysis of CPS data.

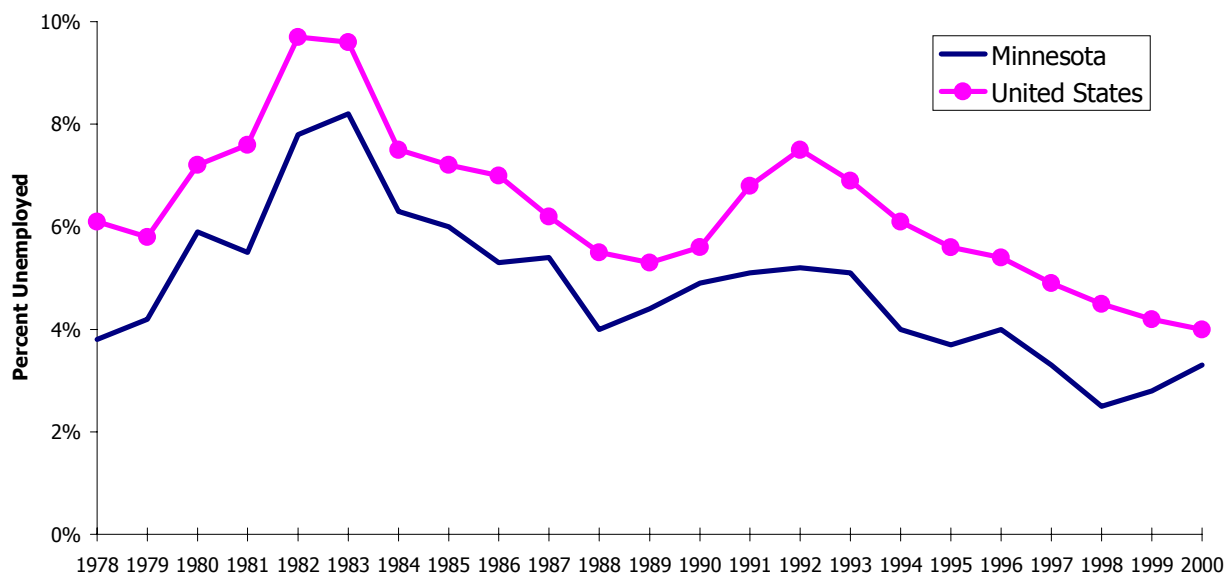
their employer or the employer of a family member, but only 55% of women did. In the late 1990s, coverage for men dropped to 68.9%, while coverage for women increased to 58.8%.

Workers Without Work

Minnesota's unemployment rate dropped significantly in the 1990s, reaching 2.5% in 1998. Unemployment has slowly increased to 2.8% in 1999 and to 3.3% in 2000. Despite recent increases, the unemployment rate in Minnesota is still lower than at the beginning of the 1990s and is well below the state's twenty-year high of 8.2% in 1983.²³

Minnesota's yearly unemployment rate has consistently been below the U.S. rate during the last twenty years, although it has generally followed the national rate as it rises and falls. Minnesota's recent increase in unemployment has brought the state closer to the national average.

Yearly Unemployment Rates, U.S. and Minnesota, 1978 – 2000



Source: Minnesota DES

Under-employment in Minnesota

Minnesota's low unemployment rate does not recognize the full number of potential workers. The unemployment rate only includes persons actively seeking work. The under-employment rate, on the other hand, counts "discouraged" workers who have looked for work in the past but are no longer doing so, and those workers who are working part-time but would prefer full-time work, in addition to the officially unemployed.

Some populations show unemployment rates much higher than the state-level figure. For example, in Minnesota in the late 1990s, young people (age 18 to 35) with a high school education or less had unemployment rates significantly above the state average. Under-employment was about twice as prevalent as unemployment among this population, even when comparing persons of the same age, gender, and educational background.

²³ Data in this section is from Minnesota Department of Economic Security.

Minnesota Unemployment and Under-employment Rates, 1997- 2000

Highest Education Level Achieved	Women		Men	
	Unemployment	Under-employment	Unemployment	Under-employment
Less than High School Education	10.0%	21.7%	10.5%	20.2%
High School Education	4.3%	10.7%	6.4%	10.9%

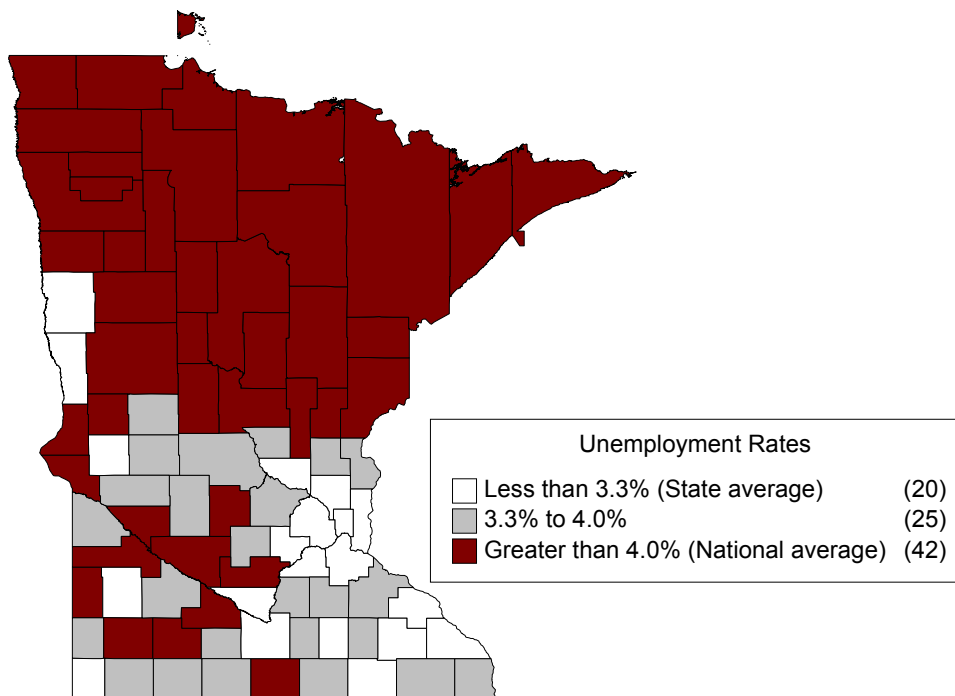
Source: EPI analysis of CPS data. Limited to persons age 18 to 35.

Regional Disparities in Unemployment and Job Vacancies

The areas of Minnesota with unemployment rates lower than the state average of 3.3% are primarily centered around urban hubs like the Twin Cities, Rochester, Mankato, and Moorhead (although within counties, the unemployment rate will vary from area to area). The St. Cloud area has also experienced relatively low unemployment, although slightly above the state average. High unemployment is clearly concentrated in the northern half of the state, with three counties in northwestern Minnesota (Clearwater, Marshall, and Red Lake) showing unemployment rates topping 11% in 2000.²⁴

Northwestern Minnesota has also experienced the most rapid growth in unemployment. Since 1998, unemployment rose in nearly every county, but four northwestern counties (Kittson, Marshall, Pennington, and Red Lake) and Chippewa County in western Minnesota saw unemployment jump more than 2.5 percentage points from 1998 to 2000.

Unemployment Rates by County, 2000



Source: Minnesota Department of Economic Security

The state shows regional disparities in the distribution of job vacancies as well. The Minnesota Department of Economic Security's recent *Job Vacancy Survey* finds that 66.2% of vacancies are located in the Twin Cities metro area, but only 46.6% of the state's unemployed workers live there. In fact, only the Twin Cities has a significantly greater share of the state's vacant positions than of the state's unemployed.²⁵

Regional Job Vacancies and Unemployed Workers, Spring 2001

	Number of Unemployed	Number of Job Vacancies
East Metro	25,043	26,794
West Metro	23,967	37,537
West Central	11,104	4,848
Central	10,168	5,906
Southeast	8,812	7,792
Northeast	8,514	3,505
South Central	4,625	2,388
Benton and Stearns	4,356	2,756
Southwest	3,937	2,168
Northwest	2,505	1,667
Duluth	2,035	1,810
TOTAL:	105,066	97,171

Source: Author's analysis of Minnesota DES data.

Job vacancies in the Twin Cities and Greater Minnesota differ in terms of wages and benefits. The median wage offer in Greater Minnesota is 20% lower than in the Twin Cities, although the cost of living is only 16% lower.²⁶ Jobs in the Twin Cities are also more likely to offer health care benefits, although some of the difference disappears when comparing only full-time jobs.

Job Vacancies in Twin Cities and Greater Minnesota, Spring 2001

	Twin Cities	Greater Minnesota
Part-Time	35%	46%
Temporary/Seasonal	21%	12%
Require Education Beyond High School	30%	27%
Require Experience	34%	25%
Offer Health Care Benefits	71%	59%
Median Wage Offer	\$10.00	\$8.00
Occupation with Most Open Positions	Office and Administrative Support (14.8% of vacancies) Median hourly wage: \$10.00	Food Preparation and Serving Related (21.4% of vacancies) Median hourly wage: \$6.10

Source: Author's analysis of Minnesota Department of Economic Security *Job Vacancy Survey* data.

²⁴ Except where noted, data in this section is from the author's analysis of Minnesota Department of Economic Security Unemployment Statistics and *Minnesota Job Vacancy Survey*.

²⁵ Minnesota Department of Economic Security's *Minnesota Job Vacancy Survey* looked at open positions in April through June 2001.

²⁶ Cost of living figure from JOBS NOW Coalition.

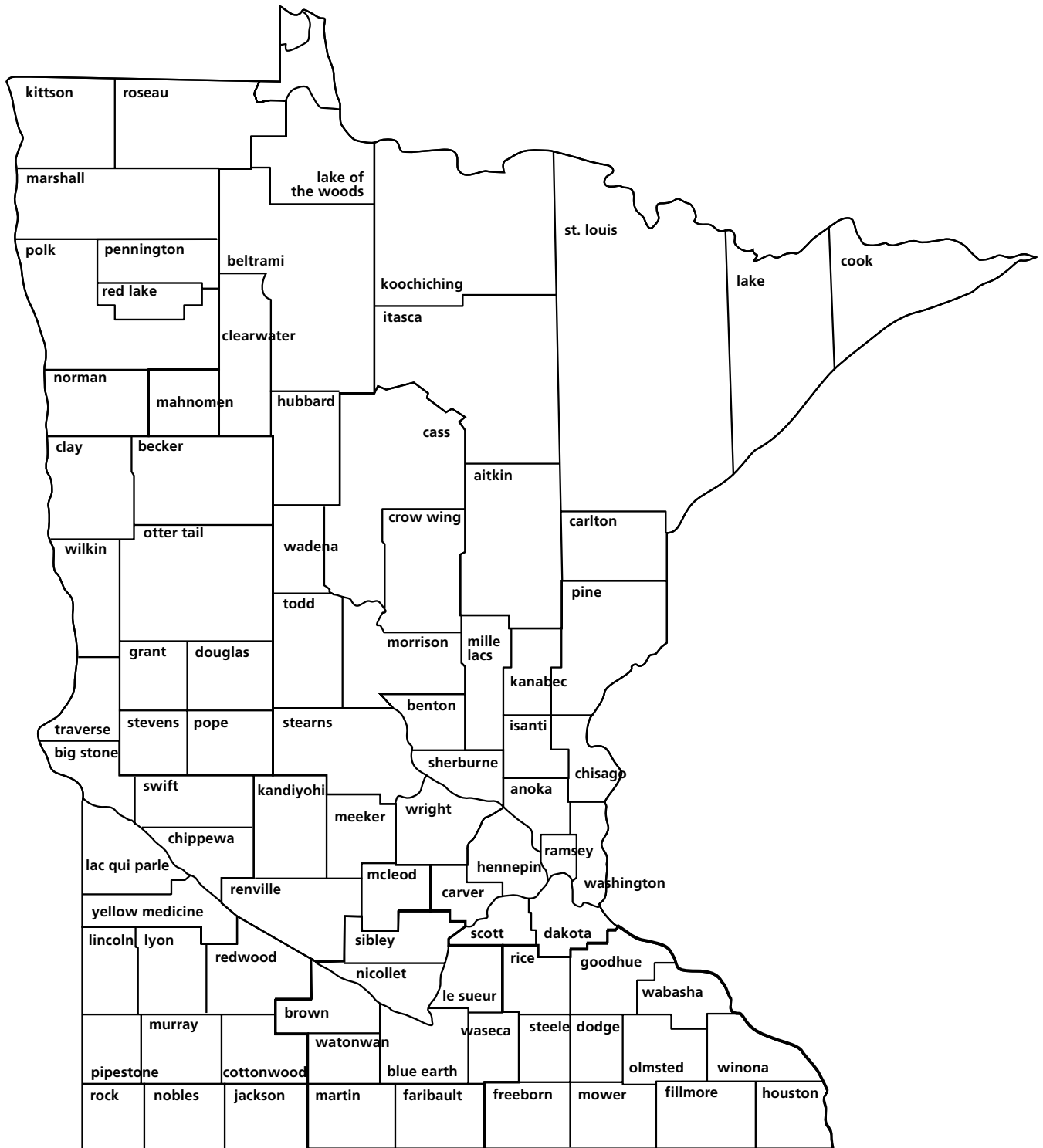
Conclusion

Minnesota's workers benefited from strong hourly wage increases in the last half of the 1990s. However, unemployment in Minnesota has been creeping up, and all parts of the state have not shared equally in the economic growth of the 1990s. This raises the question of whether adequate supports are available to help workers ride out economic ups and downs.

When workers are unable to support their families through their participation in the labor force, they may respond by seeking training to improve their skills. Other workers may rely on the state's Dislocated Worker or Unemployment Insurance programs to help them through periods of unemployment. While the need for these supports continues, and will undoubtedly increase if unemployment continues to rise, the area of Jobs and Economic Development did not even receive an inflationary increase in its general fund budget in the 2001 Legislative Session. As a result, workforce development programs had to rely on targeted funding sources, including federal Temporary Assistance to Needy Families (TANF) and the Workforce Development Fund, to a greater extent than in the past. Despite a 6.6% increase in the higher education budget, workers pursuing education and training through the University of Minnesota or Minnesota State Colleges and Universities face double-digit inflation increases.

Minnesota's workers may well be hoping that any economic slowdown does not last very long, as some of them may be left to weather it alone.

Appendix: Map of Minnesota Counties





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