

# REGIONAL WORKFORCE STUDY

## GREATER FARGO/MOORHEAD REGION



# ACKNOWLEDGEMENTS

TIP Strategies would like to thank the many individuals who participated in the creation of this Regional Workforce Strategy. We are especially grateful to the Steering Committee who generously gave their time and input. Their expertise contributed immensely to our understanding of and our recommendations for the Fargo-Moorhead region. We would also like to thank the leadership and investor members for their critical input and support throughout the development of this plan.

## **STEERING COMMITTEE:**

*Tim Beaton*  
Executive Director  
FM Area Foundation

*Charley Johnson*  
President/CEO  
FM Convention & Visitors Bureau

*Craig Whitney*  
President/CEO  
Fargo Moorhead West Fargo Chamber of Commerce

*Jim Gartin*  
President  
Greater Fargo Moorhead Economic Development Corp

*Sherril Thomsen*  
President  
United Way of Cass-Clay

## **INVESTORS /LEADERSHIP MEMBERS:**

*Dave Anderson*  
Public Affairs Director  
Sanford Health

*Anne Blackhurst*  
President  
Minnesota State University Moorhead

*Jim Brownlee*  
City Administrator  
City of West Fargo

*Randy Johnson*  
President  
Meineke-Johnson Company

*Bill Marcil, Sr.*  
Chairman of the Board  
Forum Communications Company

*Tammy Miller*  
CEO  
Border States Electric

*Timothy Saylor*  
West Region COO  
Essentia Health

*Dave Stende*  
CEO  
Eide Bailly LLP

*David Berg*  
President  
American Crystal Sugar Company

*Dean L. Bresciani*  
President  
North Dakota State University

*Donn Diederich*  
Executive Vice President  
Industrial Builders, Inc

*Perry Lubbers*  
VP of Manufacturing Operations  
Trail King Industries, Inc.

*Matt Maslowski*  
Economic Development Director  
Moorhead Economic Development Authority

*John Richman*  
President  
North Dakota State College of Science

*Wendy Simek*  
CFO  
O'Day Equipment, LLC

*Pat Traynor*  
President  
Dakota Medical Foundation

## EXECUTIVE SUMMARY

Over the last decade, the Fargo-Moorhead region has been booming. Between 2004 and 2014, employment in the region grew 24 percent, from 119,367 jobs to 148,313 jobs. Over this same time period, the US economy grew by only 5 percent. Even during the Great Recession, when the rest of the nation saw employment contract by more than 6 percent, the Fargo-Moorhead region's employment base contracted by less than 1 percent and had fully recovered by 2010.

**FIGURE 1. EMPLOYMENT GROWTH, 2004 - 2014**

<b>Geography</b>	<b>2004 Jobs</b>	<b>2014 Jobs</b>	<b># Change</b>	<b>% Change</b>
US	146,163,720	153,804,968	7,641,249	5.2
North Dakota	384,888	518,761	133,873	34.8
Minnesota	2,929,086	3,063,217	134,132	4.6
<b>Fargo-Moorhead MSA</b>	<b>119,367</b>	<b>148,313</b>	<b>28,947</b>	<b>24.2</b>
11-County Laborshed	241,081	276,609	35,528	14.7

Source: EMSI 2015.1 Class of Worker (QCEW Employees, Non-QCEW Employees & Self-Employed)

Healthcare and education were primary economic engines over the last decade, adding almost 8,000 jobs to the economy. In fact, these sectors were responsible for more than a quarter of all employment growth in the metro region.

In addition, five other sectors, including management of companies and enterprises, administrative and support services, professional and technical services, transportation and warehousing, and finance and insurance, experienced above average growth. Together, these sectors added about 8,200 jobs, which accounted for another 29 percent of the region's employment increase over the last decade.

Even the manufacturing sector grew more than 12 percent, adding more than 1,000 jobs. Considering the US manufacturing sector contracted almost 15 percent during the time period, this manufacturing employment increase is extraordinary.

With this employment expansion, the region's population increased almost 20 percent from 186,000 in 2004 to 223,500 in 2013. The additional population has also spurred growth in the construction, accommodation and food services, and retail trade sectors. These three sectors added 6,700 jobs between 2004 and 2014.

Over the past decade, Fargo-Moorhead's unemployment rate has remained below 4 percent, except at the height of the recession when it reached a peak of 4.3 percent. Most economists consider full employment to be between 5 and 5.5 percent, thus the region is well beyond full employment. In November 2014, the unemployment rate fell to 2.2 percent. Furthermore, the metro area's labor force participation rate is 75 percent, which is 11 percentage points above the national labor force participation rate and one of the highest in the country.

These strong economics are expected to continue. The regional economy is projected to grow another 7.6 percent over the next five years, reaching an employment base of almost 159,000 by 2019.

FIGURE 2. EMPLOYMENT BY INDUSTRY, 2004 - 2014

NAICS	Description	2004 Jobs	2014 Jobs	# Change
72	Health Care and Social Assistance	14,371	20,135	5,764
9026/36	Construction	7,653	10,434	2,781
31	Accommodation and Food Services	10,035	12,417	2,382
56	Wholesale Trade	7,181	9,478	2,297
61	Education and Hospitals (State & Local Government)	8,992	11,126	2,134
44	Finance and Insurance	6,640	8,459	1,818
42	Administrative and Support Services	4,810	6,617	1,807
62	Management of Companies and Enterprises	1,649	3,390	1,741
55	Professional, Scientific, and Technical Services	5,285	6,952	1,667
9012	Retail Trade	14,480	15,967	1,486
54	Transportation and Warehousing	3,991	5,166	1,175
9029/39	Manufacturing	9,030	10,177	1,146
52	Educational Services	2,473	3,336	863
9011	Other Services (except Public Administration)	5,917	6,453	535
71	Government, Excluding Education and Hospitals	4,005	4,505	499
48	Arts, Entertainment, and Recreation	1,430	1,776	346
81	Federal Government, Military	1,220	1,397	177
53	Federal Government, Civilian	2,321	2,456	134
51	Real Estate and Rental and Leasing	1,909	2,011	103
21	Information	3,272	3,308	36
23	Mining, Quarrying, and Oil and Gas Extraction	38	68	30
11	Utilities	190	153	-37
22	Crop and Animal Production	2,470	2,212	-259

Source: EMSI 2015.1 Class of Worker (QCEW Employees, Non-QCEW Employees & Self-Employed)

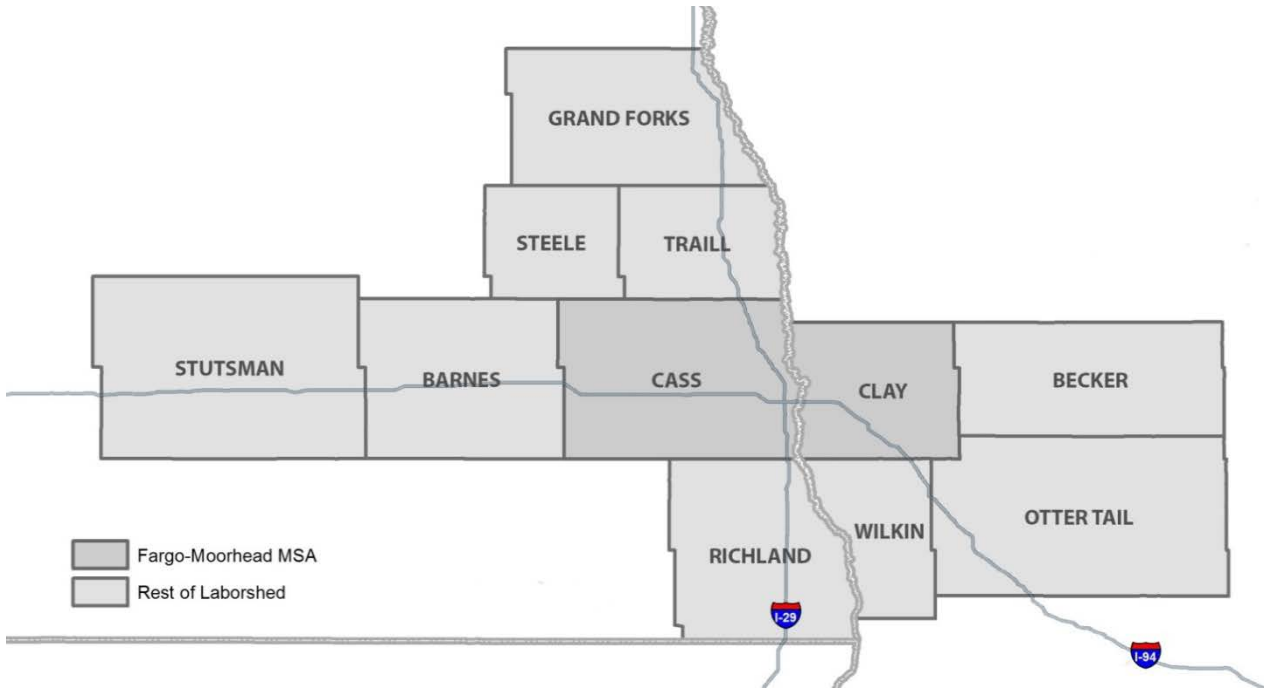
## WORKFORCE CHARACTERISTICS AND CHALLENGES

With this economic growth, workforce has emerged as a key challenge for the region as businesses struggle to find the talent they need to grow. In fact, over the last several years, workforce has been cited as one of the primary concerns of businesses in the Fargo-Moorhead region. As a result, the Greater Fargo-Moorhead Economic Development Corporation (GFMEDC) has led the initiative of recruiting, retaining, and developing talent to support business growth in the region. In GFMEDC's most recent five-year strategic plan, workforce attraction is the first priority. A summary of the key findings and workforce challenges is provided below:

**The laborshed has a civilian workforce of over 240,000.** The laborshed of the Fargo-Moorhead Metropolitan Statistical Area (MSA) extends to an 11-county area that includes Grand Forks, Steele, Traill, Stutsman, Barnes, Becker, Richland, Wilkin, and Otter Tail counties in addition to the core counties of Cass and Clay. While the MSA has a civilian workforce of 125,000, the region that employers in the MSA draw from encompasses a civilian workforce of more than 240,000. Cass and Clay counties are significant employment centers in this laborshed as are Grand Forks and Otter Tail.

**FIGURE 3. FARGO MSA 11-COUNTY LABORSHED**

BASED ON SHARE OF COMMUTING FLOWS AND RELATIONSHIP TO TRANSPORTATION NETWORK



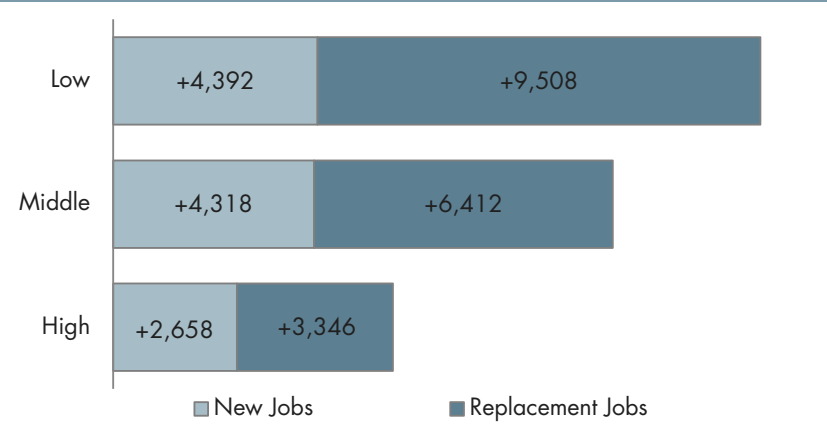
Source: TIP Strategies

**Many jobs to fill.** The Fargo-Moorhead region currently has over 6,700 job openings, and the 11-county laborshed has more than 11,000 job openings. Over the next five years, the region is projected to have more than 30,000 openings, and the laborshed is projected to have 55,000 openings. These job openings include both new jobs and replacement jobs, which are open due to natural turnover in the workplace.

**Mismatch in skills.** Employers across the region are already having difficulty securing the talent they need. Some of this difficulty is consistent with challenges employers across the United States are facing—the mismatch between the skills available workers have and the skills employers need. This is known as the skills gap.

**Tight local labor market.** In the Fargo-Moorhead region, however, the workforce challenges are further complicated by the low unemployment rate and the high labor force participation rate. There are not enough workers in the region to fill these job openings.

**FIGURE 4. JOBS BY SKILL LEVEL, FARGO-MOORHEAD MSA**  
 BASED ON EDUCATION AND TRAINING REQUIREMENTS  
**ESTIMATED OPENINGS, 2014 TO 2019**



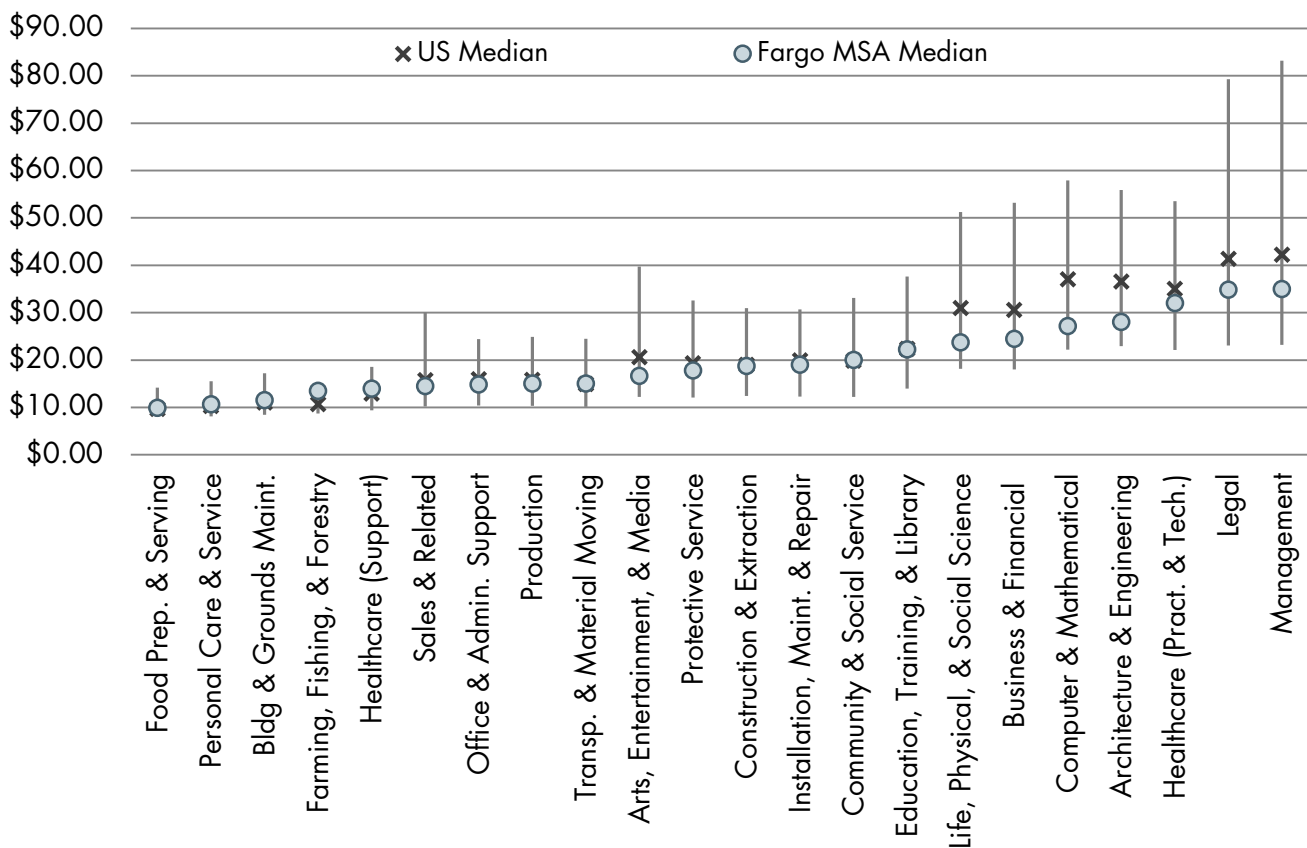
Source: EMSI 2014.3 Class of Worker (QCEW Employees, Non-QCEW Employees & Self-Employed).

**Regional wages are lower than the nation’s.** In spite of past and anticipated employment growth and the tight labor market, the region’s wages still lag the nation’s, particularly in more skilled occupational categories. The regional median hourly earnings is \$18.10, which is 10 percent lower than the national median hourly earnings of \$20.06. As shown in Figure 5, lower wage occupational groups are more on par or even higher than the national median. However, many of the higher wage occupations earn more than 20 percent less than the national median. For example, in the computer and mathematical occupations, the median hourly wage is 27 percent less than that of the United States. The median hourly wage for scientists and engineers is 23 percent less. Even taking into account the lower cost of living in the region, these wages are considerably low.

**FIGURE 5. MEDIAN HOURLY WAGE RATES BY MAJOR OCCUPATIONAL GROUP**

FARGO MSA WAGES PRESENTED IN THE CONTEXT OF US WAGE RANGE

Line = US wage range from 10th to 90th percentile; Markers = Median hourly wage rates for US (x) and Fargo MSA (dot)



Source: EMSI 2014.3 Class of Worker (QCEW Employees, Non-QCEW Employees & Self-Employed)

## THE PROJECT

In the face of these challenges, the GFMEDC, the Fargo Moorhead West Fargo Chamber of Commerce (the Chamber), United Way of Cass-Clay, the Fargo-Moorhead Convention and Visitor’s Bureau (the CVB), and the FM Area Foundation came together to spearhead the development of a regional workforce study and comprehensive strategy. The group hired TIP Strategies, an economic and workforce development strategy consultancy, to assist in the endeavor. The regional strategy is summarized on the following page.

## REGIONAL STRATEGY SUMMARY

**Vision.** The Fargo-Moorhead region is an economically diverse employment center with a strong pipeline of talent to support current and future employers.

**Goal.** To strengthen the regional workforce system to support regional employers and to address the gap between available positions and qualified workers.

### STRATEGIC FRAMEWORK AND PRIORITY PROJECTS:

#### 1. CULTIVATE: Strengthen the pipeline of local talent to support employers in the region.

- Strategies:**
- Retain more graduates from regional high schools
  - Work closely with employers to retain talent in the region.
  - Encourage more of the existing population to enter the workforce.

- Priority Projects:**
- 1 Community 101 for College Students
  - 2 TinyPulse for Talent Insights
  - 3 Winter Festival to “Embrace the Cold”

#### 2. ATTRACT: Enhance and coordinate efforts to bring new talent to the region.

- Strategies:**
- Launch a campaign to build awareness of the opportunities in Fargo.
  - Support employers with recruitment tools that many can access and use.

- Priority Projects:**
- 1 Friends & Family Campaign
  - 2 Talent Recruitment Services
  - 3 Trailing Spouse Network

#### 3. BUILD: Develop a framework for financial self-sufficiency and upward mobility for workers in basic-skill jobs.

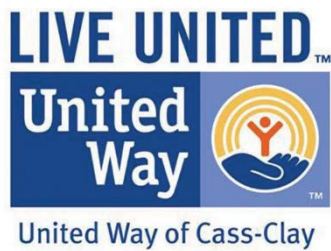
- Strategies:**
- Create a more formal collaborative of nonprofits working with low-income clients around income stability.
  - Increase access to and the supply of affordable housing.
  - Increase the number of childcare spots available for low-income, working families.
  - Improve access to public transportation for low-income families.

- Priority Projects:**
- 1 Nonprofit Collaborative
  - 2 Affordable Housing Advocacy
  - 3 Employer-Led Childcare

#### 4. INNOVATE: Encourage the development of innovative solutions to address the region’s workforce-related challenges.

- Strategies:**
- Foster the development and adoption of technology-based solutions to meet the demand for low-wage jobs.
  - Engage local social entrepreneurs in resolving transportation, housing, and childcare challenges.

- Priority Projects:**
- 1 Technology Hackathon
  - 2 Social Innovation Challenge



FOR MORE INFORMATION AND TO DOWNLOAD THE REPORT, VISIT:  
[WWW.GFMEDC.COM](http://WWW.GFMEDC.COM)