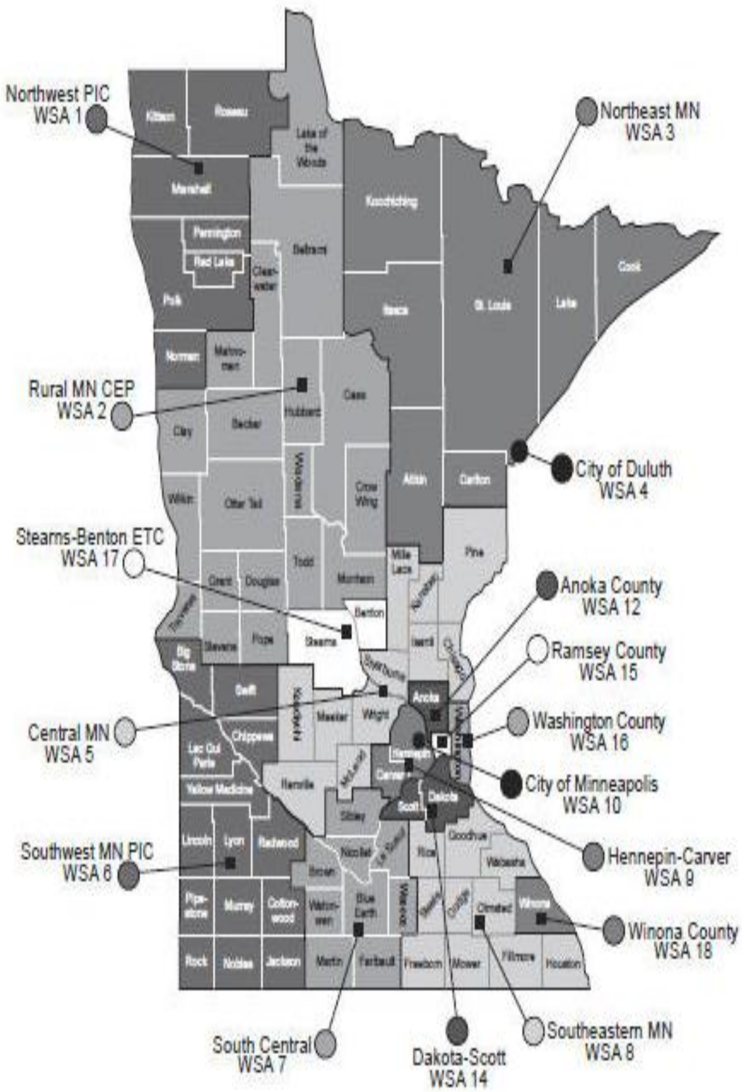

NORTHEAST MINNESOTA

Local Area 3

Covering the following counties:

Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, and St. Louis County -except for the city of Duluth

2015 REGIONAL PROFILE

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Erik White
Regional Analyst, Northeast Minnesota
Minnesota Department of Employment and Economic Development
Duluth Work Force Center
402 West 1st Street
Duluth, MN 55802-1516
Office: 218-302-8413
E-mail: erik.white@state.mn.us
Web: http://mn.gov/deed/data/

DEMOGRAPHICS

POPULATION CHANGE, 2000-2014

Local Area 3 consists of seven counties located in the Northeast or Arrowhead region of the state, except for the city of Duluth. According to population data from the [U.S. Census Bureau](), Local Area 3 was home to 235,155 people in 2014, accounting for 4.8 percent of the state's total population. From 2000 to 2014, Local Area 3 increased its population by 5,260 residents, a 2.2 percent increase. In comparison, the state expanded 10.9 percent (see Table 1).

Table 1. Population Change 2000-2014

	2000 Population	2014 Estimates	2000-2014 Change Number	Percent
Local Area 3	**235,155**	**240,415**	***+5,260***	***+2.2%***
Aitkin Co.	15,301	15,771	*+470*	*+3.1%*
Carlton Co.	31,671	35,571	*+3,900*	*+12.3%*
Cook Co.	5,168	5,233	*+65*	*+1.3%*
Itasca Co.	43,992	45,589	*+1,597*	*+3.6%*
Koochiching Co.	14,355	12,856	*-1,499*	*-10.4%*
Lake Co.	11,058	10,680	*-378*	*-3.4%*
St. Louis Co.	200,528	200,949	*+421*	*+0.2%*
City of Duluth	*86,918*	*86,234*	*-684*	*-0.8%*
State of Minnesota	**4,919,479**	**5,457,173**	***+537,694***	***+10.9%***

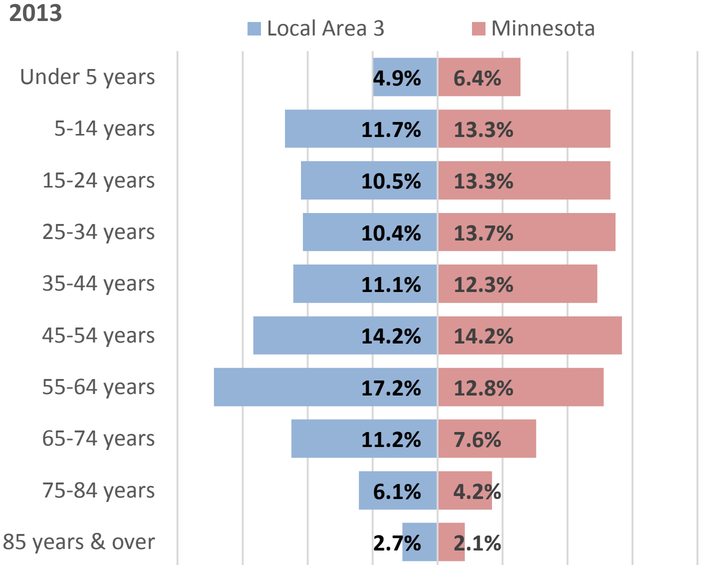
Source: U.S. Census Bureau, Population Estimates

With 200,949 people, St. Louis County is the largest county in the area, accounting for 61.5 percent of the region's population – that includes the city of Duluth, which had over 86,000 residents in 2014. Carlton County grew the most and the fastest in the region, with an increase of 12.3 percent, or 3,900 people, while Itasca and Aitkin County also saw steady growth. On the other hand, Koochiching County lost 1,499 residents and Lake County lost 378 persons since 2000. The city of Duluth lost 684 persons (see Table 1).

POPULATION BY AGE GROUP, 2000-2013

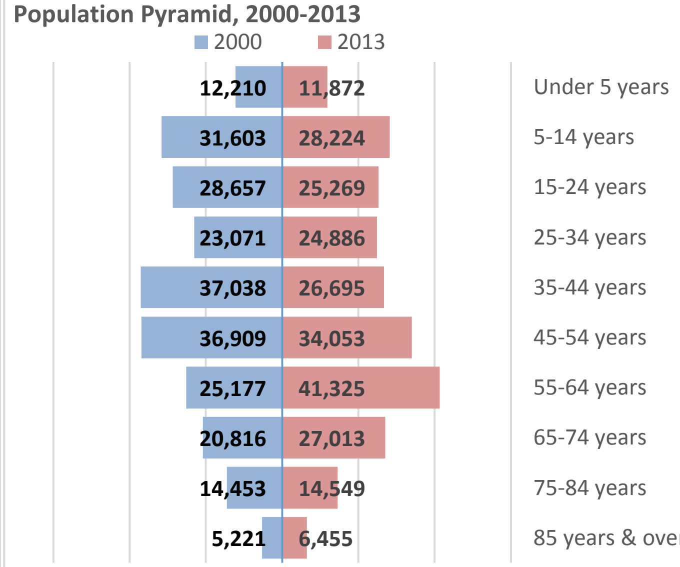
Local Area 3 has a considerably older population than the state. Over one-third (37.2%) of the population in the region is 55 years of age or older, compared to just one-fourth (26.7%) of the state's population. Meanwhile, the percentage of population that is under 15 years of age is 3.1 percent lower than it is for the state. Local Area 3 also had a much lower percentage of people in the 25 to 54 year old age group, which is typically considered the "prime working years", at 35.7 percent, compared to 40.2 percent. The size of the Baby Boom generation – people born between 1946 and 1964 – has created a significant shift in population over time, as the number of residents aged 55 years and older increased by 23,675 people since 2000, and now consists of 89,342 people (See Figure 1 and Figure 2).

Figure 1. Percentage of Population by Age Group, 2013



Source: U.S. Census Bureau, American Community Survey

Figure 2. Local Area 3 Population Pyramid, 2000-2013



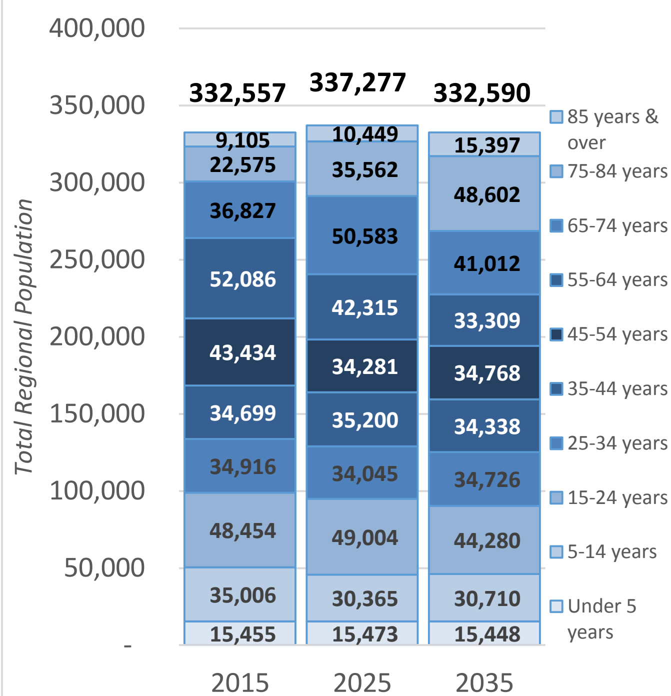
Source: U.S. Census Bureau, American Community Survey

POPULATION PROJECTIONS BY AGE GROUP, 2015-2035

The Northeast Minnesota planning region, which includes the seven counties of Local Area 3 and the city of Duluth, is projected to have relative population stability in the next 20 years. According to population projections from the State Demographic Center, Northeast Minnesota is expected to gain close to 5,000 people in the next 10 years, then lose about 5,000 people over the following 10 years (see Figure 3). In comparison, the state of Minnesota is projected to grow 10.8 percent from 2015 to 2035.

While the overall population is not expected to grow, older age cohorts in the region are projected to expand considerably. Northeast Minnesota is expected to add more than 36,500 people aged 65 years and older, a 53 percent increase by 2035. The results of the current Baby Boom generation moving through the population pyramid will cause the age cohorts of 45 to 64 to experience the greatest declines in population. The amount of children under 5 years old is expected to be unchanged, but school-aged children and young adults are expected to decline by about 8,500 people.

Figure 3. Population Projections by Age Group, 2015-2035



Source: Minnesota State Demographic Center

POPULATION BY RACE, 2013

Local Area 3's population is considerably less diverse than the state of Minnesota, but has increased in diversity over time. In 2013, about 94 percent of the area's residents reported White alone as their race, compared to 85.6 percent of residents statewide. Local Area 3 has a greater percentage of American Indian and Alaska Natives than the state, but considerably smaller percentages of people reporting Black or African American, Asian, or Hispanic or Latino origin (see Table 2).

Cook County had the most diverse populace in the region, with just 88 percent of residents reporting White alone as their race, while 7 percent of residents reported being American Indian or Alaska Native. In contrast, Aitkin and Koochiching Counties had more than 95 percent of their population reporting their race as White alone.

Table 2. Race and Hispanic Origin, 2013	Local Area 3			Minnesota	
	Number	Percent	*Change from 2000-2013*	Percent	*Change from 2000-2013*
Total	**240,013**	**100.0%**	***+2.1%***	**100.0%**	***+8.7%***
White	225,062	93.8%	*+0.3%*	85.6%	*+4.0%*
Black or African American	1,625	0.7%	*+114.9%*	5.2%	*+63.0%*
American Indian & Alaska Native	7,077	2.9%	*+13.8%*	1.1%	*+4.6%*
Asian & Other Pac. Islander	1,056	0.4%	*+46.5%*	4.2%	*+56.9%*
Some Other Race	761	0.3%	*+89.3%*	1.4%	*+14.1%*
Two or More Races	4,432	1.8%	*+65.4%*	2.5%	*+17.4%*
Hispanic or Latino	2,662	1.1%	*+79.9%*	4.8%	*+59.6%*

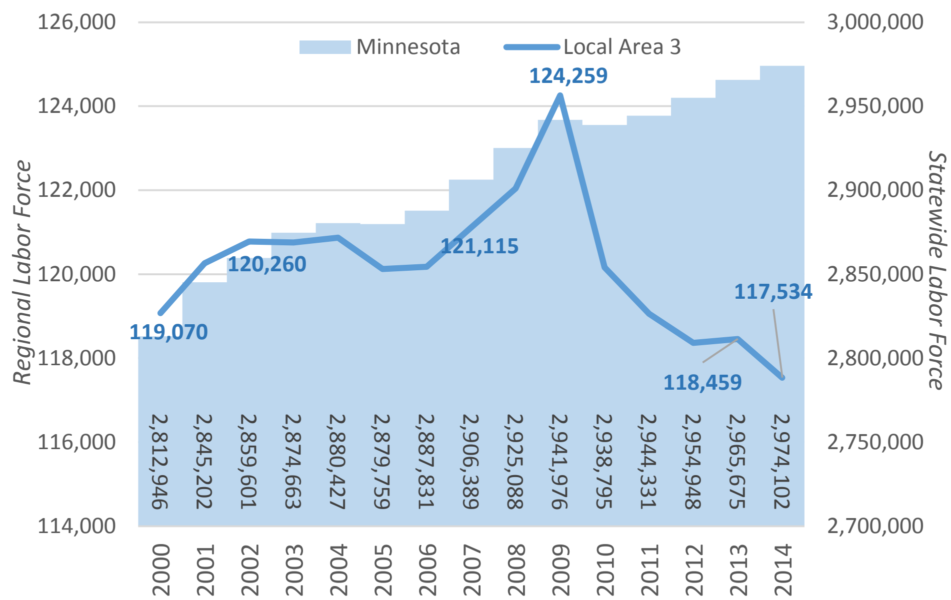
Source: U.S. Census Bureau, American Community Survey

LABOR FORCE

LABOR FORCE CHANGE, 2000-2014

According to data from DEED's Local Area Unemployment Statistics program, Local Area 3 had just over 117,500 workers in 2014. In the depths of the recession in 2009, the region's labor force reached its peak with nearly 124,500 workers, but has steadily declined as the recovery from the recession has taken hold. Even though the region's population has experienced a modest increase over the last decade, the labor force lost 3,333 workers since 2004 (see Figure 4). Northeast Minnesota suffered the biggest loss in labor force for the planning regions in the state, with only the Southwest planning region also experiencing a loss since 2004.

Figure 4. Annual Labor Force Estimates, 2000-2014



Source: DEED Local Area Unemployment Statistics (LAUS)

LABOR FORCE PROJECTIONS, 2015-2025

Applying current labor force participation rates to future population projections creates labor force projections for the 7-county Northeast region, which includes Duluth. If the region's population grows at the projected rate, the region's labor force is expected to decrease significantly. Northeast Minnesota's workforce is expected to drop by nearly 10,000 workers by 2025, a 6.1 percent decrease (see Table 3).

The movement of Baby Boomers will result in an increase nearly of 3,000 workers who are 65 years and older in 2025. There is also expected to be an increase of about 1,500 workers who are 20 to 24 years old in the next 10 years. The largest loss of workers will occur in the 45 to 64 year old age cohort, as these Baby Boomers reach the retirement age and start exhibiting much lower labor force participation rates. This will likely lead to a tight labor market in the future as well, with employers needing to respond to the changing labor force availability in the region.

Table 3. Northeast Minnesota Labor Force Projections

	2015 Labor Force Projection	2025 Labor Force Projection	2015-2025 Change	
			Numeric	Percent
16 to 19 years	10,495	9,997	*-498*	*-4.7%*
20 to 24 years	17,993	19,441	*+1,448*	*+8.0%*
25 to 44 years	58,477	58,166	*-311*	*-0.5%*
45 to 54 years	35,963	28,385	*-7,579*	*-21.1%*
55 to 64 years	31,356	25,474	*-5,882*	*-18.8%*
65 to 74 years	6,629	9,105	*+2,476*	*+37.4%*
75 years & over	1,109	1,610	*+502*	*+45.2%*
Total Labor Force	**162,022**	**152,178**	***-9,844***	***-6.1%***

Source: Minnesota State Demographic Center, 2009-2013 American Community Survey 5-Year Estimates

EMPLOYMENT CHARACTERISTICS, 2013

With just 59.8 percent of the population aged 16 years and over in the labor force, Local Area 3 had considerably lower labor force participation rates than the state's 70.3 percent rate. Labor force participation rates were lower for all age cohorts in the local area than the state, and the area's labor force was older (see Table 4).

Local Area 3 also had lower participation rates for most race groups; and also had large unemployment rate disparities for minorities when compared to Whites. The unemployment rate for Black or African Americans in the region was 10.5 percent, was 17.9 percent for American Indians, and was 21.9 percent for people of Two or More Races. Meanwhile, the unemployment rate for Whites was just 8.0 percent. In sum, unemployment rates were highest for young people, minorities, workers with disabilities, and people with lower educational attainment.

Table 4. Employment Characteristics, 2013

	Local Area 3			Minnesota	
	In Labor Force	Labor Force Partic. Rate	Unemp. Rate	Labor Force Partic. Rate	Unemp. Rate
Total Labor Force	**117,749**	**59.8%**	**8.4%**	**70.3%**	**7.1%**
16 to 19 years	5,766	51.7%	19.1%	50.9%	20.2%
20 to 24 years	9,594	82.6%	14.3%	81.6%	11.2%
25 to 44 years	43,148	83.7%	8.4%	88.2%	6.3%
45 to 54 years	31,209	83.9%	7.5%	87.5%	5.6%
55 to 64 years	23,306	59.1%	5.2%	71.7%	5.5%
65 to 74 years	4,081	16.6%	5.3%	26.5%	4.5%
75 years & over	654	3.1%	8.2%	5.8%	4.6%
Employment Characteristics by Race & Hispanic Origin					
White alone	111,707	59.9%	8.0%	70.5%	6.3%
Black or African American	498	39.0%	10.3%	67.6%	17.5%
American Indian & Alaska Native	3,131	61.1%	17.9%	60.1%	18.8%
Asian or Other Pac. Islanders	516	65.1%	2.1%	69.8%	8.5%
Some Other Race	391	72.8%	7.5%	77.6%	10.9%
Two or More Races	1,492	56.5%	21.9%	69.0%	14.4%
Hispanic or Latino	1,038	59.6%	6.5%	75.1%	10.4%
Employment Characteristics by Veteran Status					
Veterans, 18 to 64 years	8,359	68.8%	10.6%	77.8%	7.7%
Employment Characteristics by Disability					
With Any Disability	6,970	40.9%	15.3%	51.6%	14.6%
Employment Characteristics by Educational Attainment					
Population, 25 to 64 years	97,630	75.9%	7.3%	84.2%	5.9%
Less than H.S. Diploma	3,529	53.9%	17.2%	66.9%	14.6%
H.S. Diploma or Equivalent	28,248	71.0%	9.7%	79.4%	8.0%
Some College or Assoc. Degree	41,827	78.7%	7.0%	85.6%	6.1%
Bachelor's Degree or Higher	24,010	82.5%	3.7%	89.1%	3.4%

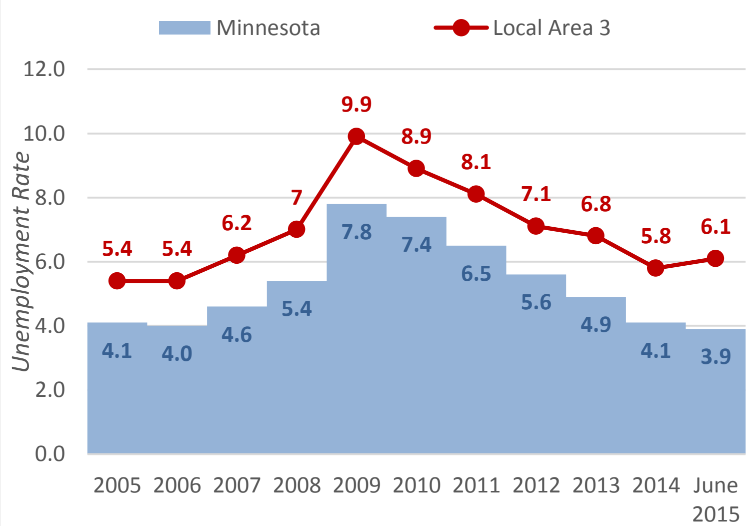
Source: 2009-2013 American Community Survey, 5-Year Estimates

UNEMPLOYMENT RATE, 2005-2015

The Workforce Service Area 3 has consistently reported higher unemployment rates than Minnesota, typically hovering at least 1.5 percent above the state rate. According to Local Area Unemployment Statistics, the region's unemployment rate reached its peak in 2009 at 9.9 percent, then steadily declined to an annual rate of 6.1 percent in 2014 (see Figure 5).

The region contains some of the highest county unemployment rates in the state, with Koochiching County and Itasca County, reporting annual unemployment rates of 8.4 and 6.4 percent in 2014, respectively.

Figure 5. Unemployment Rates, 2005-2015



Source: DEED Local Area Unemployment Statistics (LAUS)

COMMUTE SHED AND LABOR SHED, 2013

According to commuting data from the U.S. Census Bureau, the vast majority – about 80 percent – of workers in Local Area 3 also live within the local area. However, Local Area 3 is a net exporter of labor, having fewer jobs than workers, primarily due to the jobs in the city of Duluth. In sum, 69,758 workers both lived and worked in the 7-county Local Area 3, while another 16,098 workers drove into the region for work, compared to 41,865 who live in the Local Area but drove to a different area for work – again, primarily to Duluth (see Table 5 and Figure 6).

Table 5. Local Area 3 Inflow/Outflow Job Counts (All Jobs), 2013	2013	
	Count	Share
Employed in the Selection Area	85,856	100.0%
Employed in the Selection Area but Living Outside	16,098	18.8%
Employed and Living in the Selection Area	69,758	81.2%
Living in the Selection Area	111,623	100.0%
Living in the Selection Area but Employed Outside	41,865	37.5%
Living and Employed in the Selection Area	69,758	62.5%

Source: U.S. Census Bureau, OnTheMap

St. Louis County is the largest employment center in the region and was the biggest draw for workers, followed by Itasca, Carlton, Koochiching, Lake and Cook counties. Employers in the region draw workers from Douglas County in Wisconsin as well as Pine County to the south of the region. In contrast, the region sends workers to the Twin Cities, represented by Hennepin and Ramsey County, as well as to Douglas County, WI (see Table 6 and Figure 6).

Table 6. Northeast Commuting Data	
Counties outside the region that send the most workers into the region	Counties outside the region that the most workers from inside the region travel to
Douglas Co. WI	Beltrami Co. MN
Ramsey Co. MN	Douglas Co. WI
Pine Co. MN	Ramsey Co. MN

Source: U.S. Census Bureau, OnTheMap

Figure 6. Local Area 3 Labor and Commute Shed, 2013

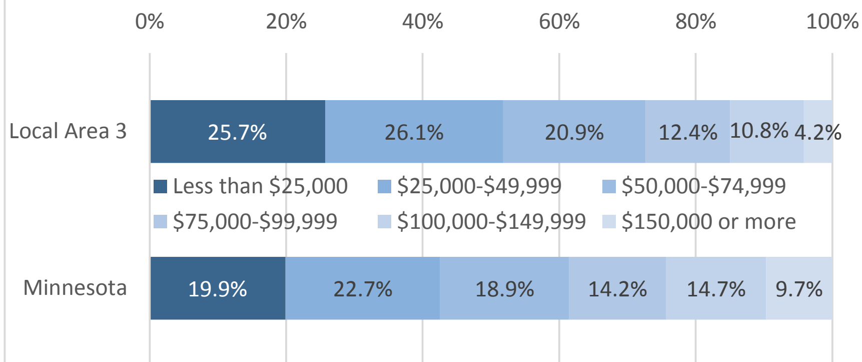
	2013	
	Count	Share
All Counties	111,623	100.0%
St. Louis County, MN	50,794	45.5%
Itasca County, MN	14,316	12.8%
Carlton County, MN	10,135	9.1%
Koochiching County, MN	4,599	4.1%
Hennepin County, MN	4,420	4.0%
Lake County, MN	3,650	3.3%
Aitkin County, MN	2,801	2.5%
Cook County, MN	2,300	2.1%
Douglas County, WI	1,887	1.7%
Ramsey County, MN	1,877	1.7%
All Other Locations	14,844	13.3%

INCOMES, WAGES AND OCCUPATIONS

HOUSEHOLD INCOMES

Household incomes were significantly lower in Local Area 3 than the rest of the state. Median household incomes in the region ranged from $41,617 in Aitkin County to $53,016 in Carlton County, with St. Louis County residing in the middle with a $46,517 median household income. More than half (51.8%) of the households in the WSA had incomes below $50,000 in 2013, compared to 42.4 percent statewide. About one-third (33.3%) of households earned between $50,000 and $100,000 in the WSA. In contrast, only 15 percent of households earned over $100,000 per year, compared to nearly 25 percent of households statewide (see Figure 7).

Figure 7. Household Incomes, 2013

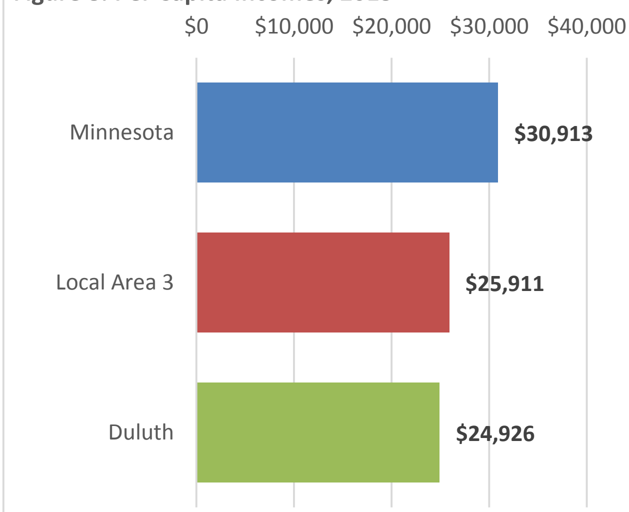


Source: 2009-2013 American Community Survey 5-Year Estimates

PER CAPITA INCOMES

Per capita incomes were also lower in Local Area 3 than the state, with a more than $5,000 difference. The region's per capita income was $25,911, compared to $30,913 in the state and $24,926 in Duluth. Per capita incomes ranged from a low of $24,079 in Itasca County to a high of $32,868 in Cook County (see Figure 8).

Figure 8. Per Capita Incomes, 2013



Source: American Community Survey

COST OF LIVING

According to DEED's [Cost of Living tool](), the basic needs budget for an average Minnesota family (which consists of 2 adults and 1 child, with 1 full-time and 1 part-time worker) was $50,988 in 2015. The cost of living for a similar family in Northeast Minnesota was $43,560 – which was the second lowest of the six planning regions in the state. The highest monthly costs were for transportation, food, and housing; but the region's housing, child care, taxes, and transportation costs were significantly lower than the rest of the state (see Table 7).

In order to meet the basic cost of living for the region, the workers in the family scenario described would need to earn $13.96 per hour.

Table 7. Family Yearly Cost, Worker Hourly Wage, and Family Monthly Costs, 2015

Region	Family Yearly Cost of Living	Hourly Wage Required	Monthly Costs: Child Care	Food	Health Care	Housing	Trans-portation	Other	Taxes
Northeast	$43,560	$13.96	$245	$758	$393	$764	$968	$213	$289
Minnesota	$50,988	$16.34	$443	$772	$405	$907	$1,039	$235	$448

Source: DEED Cost of Living tool

WAGES AND OCCUPATIONS

According to DEED's Occupational Employment Statistics program, the median hourly wage for all occupations in Northeast Minnesota was $16.58 in the first quarter of 2015, which was in the middle of the six planning regions in the state. Northeast's median wage was about $2.00 below the state's median hourly wage, and nearly $4.00 below the median hourly wage in the 7-County Twin Cities metro area, which would amount to over $8,000 per year for a full-time worker (see Table 8).

Table 8. Occupational Employment Statistics by Region, 1st Qtr. 2015	Median Hourly Wage	Estimated Regional Employment
Northeast Minnesota	**$16.58**	**141,800**
Central Minnesota	$16.66	263,270
Northwest Minnesota	$15.42	203,060
Twin Cities Metro Area	$20.49	1,691,650
Southeast Minnesota	$17.74	253,990
Southwest Minnesota	$15.48	177,030
State of Minnesota	**$18.65**	**2,730,020**
Source: DEED Occupational Employment Statistics		

Lower paying jobs tend to have lower educational and training requirements such as food preparation, sales, personal care and service, and building and grounds cleaning and maintenance jobs. For the most part, the gap in pay between the region and the state is much lower for these type of jobs. For those occupations that have higher wages, the gap in pay is more pronounced. Computer and mathematical occupations make on average about $8.00 less in Northeast than they do statewide. In contrast, construction and extraction occupations make on average slightly more in the Northeast region than they do statewide (see Table 9).

Table 9. Northeast Minnesota Occupational Employment Statistics, 1st Qtr. 2015	Northeast Minnesota				State of Minnesota		
	Median Hourly Wage	Estimated Regional Employment	*Share of Total Employment*	*Location Quotient*	Median Hourly Wage	Estimated Regional Employment	*Share of Total Employment*
Total, All Occupations	**$16.58**	**141,800**	***100.0%***	**1.0**	**$18.65**	**2,730,020**	***100.0%***
Office & Administrative Support	$15.22	20,860	*14.7%*	*1.0*	$17.27	409,100	*15.0%*
Food Preparation & Serving	$9.07	13,920	*9.8%*	*1.2*	$9.21	228,640	*8.4%*
Sales & Related	$10.70	13,800	*9.7%*	*1.0*	$13.24	270,540	*9.9%*
Healthcare Practitioners & Technical	$28.05	10,610	*7.5%*	*1.3*	$31.54	160,390	*5.9%*
Education, Training, & Library	$21.04	8,190	*5.8%*	*1.0*	$22.72	156,090	*5.7%*
Transportation	$15.58	7,960	*5.6%*	*0.9*	$16.18	167,130	*6.1%*
Production	$19.46	7,530	*5.3%*	*0.7*	$16.61	217,830	*8.0%*
Installation, Maintenance, & Repair	$22.71	7,060	*5.0%*	*1.4*	$21.52	94,310	*3.5%*
Personal Care & Service	$10.69	6,810	*4.8%*	*1.1*	$11.11	120,000	*4.4%*
Management	$36.68	6,590	*4.7%*	*0.8*	$47.47	165,730	*6.1%*
Construction & Extraction	$25.65	6,360	*4.5%*	*1.3*	$24.88	91,240	*3.3%*
Healthcare Support	$12.56	6,060	*4.3%*	*1.3*	$13.63	89,360	*3.3%*
Building & Grounds Cleaning	$10.83	5,320	*3.8%*	*1.3*	$12.03	81,560	*3.0%*
Business & Financial Operations	$25.87	5,050	*3.6%*	*0.6*	$30.37	159,970	*5.9%*
Community & Social Service	$18.35	4,440	*3.1%*	*1.7*	$20.51	49,210	*1.8%*
Protective Service	$19.36	2,900	*2.1%*	*1.3*	$19.43	43,660	*1.6%*
Architecture & Engineering	$32.12	2,170	*1.5%*	*0.8*	$34.76	50,980	*1.9%*
Computer & Mathematical	$30.19	2,160	*1.5%*	*0.5*	$37.96	91,560	*3.4%*
Life, Physical, & Social Science	$26.86	1,870	*1.3%*	*1.5*	$30.29	24,410	*0.9%*
Arts, Design, Entertainment & Media	$17.37	1,300	*0.9%*	*0.7*	$21.82	36,430	*1.3%*
Legal	$32.34	570	*0.4%*	*0.6*	$38.48	18,330	*0.7%*
Farming, Fishing, & Forestry	$17.73	290	*0.2%*	*1.6*	$14.41	3,570	*0.1%*
Source: DEED Occupational Employment Statistics, Qtr. 1 2015							

In contrast, the highest paying jobs are found in management, legal, architecture and engineering, computer, business and financial operations, healthcare practitioners, and life, physical, and social science occupations, which all need higher levels of education and experience, including many that require postsecondary training. The pay gaps between the region and state are much bigger in these occupations.

JOB VACANCY SURVEY

Employers reported 6,213 job vacancies in the second quarter of 2015, which was the third highest number ever recorded, and a 16 percent increase compared to 2014. Overall, 40 percent of the openings were part-time, and about one-third required postsecondary education or 1 or more years of experience. The median hourly wage offer was $11.53 (see Table 10).

Table 10. Northeast Minnesota Job Vacancy Survey Results, 2nd Qtr. 2015

	Number of Total Vacancies	Percent Part-time	Requiring Post-Secondary Education	Requiring 1 or More Years of Experience	Requiring Certificate or License	Median Hourly Wage Offer
Total, All Occupations	**6,213**	**40%**	**35%**	**31%**	**35%**	**$11.53**
Healthcare Practitioners & Technical	1,005	18%	99%	38%	98%	$13.37
Personal Care & Service	990	27%	8%	22%	20%	$9.72
Building & Grounds Cleaning & Maint.	671	73%	0%	3%	1%	$9.05
Food Preparation & Serving Related	622	62%	3%	34%	4%	$9.17
Office & Administrative Support	401	41%	16%	41%	3%	$11.12
Healthcare Support	373	66%	39%	7%	52%	$11.23
Sales & Related	320	65%	4%	18%	0%	$10.18
Education, Training, & Library	304	18%	66%	29%	30%	$15.38
Transportation & Material Moving	292	24%	30%	65%	82%	$16.27
Installation, Maintenance, & Repair	272	5%	47%	46%	36%	$14.04
Arts, Design, Entertainment, & Media	262	96%	50%	4%	8%	$13.53
Business & Financial Operations	165	2%	86%	90%	49%	$28.81
Community & Social Service	134	80%	20%	55%	26%	$13.83
Production	116	5%	14%	13%	2%	$12.06
Life, Physical, & Social Science	58	0%	83%	92%	100%	$24.34
Construction & Extraction	53	0%	0%	35%	35%	$13.37
Architecture & Engineering	52	0%	92%	90%	72%	$26.57
Management	49	10%	59%	83%	29%	$25.76
Protective Service	43	58%	23%	29%	52%	$9.82
Computer & Mathematical	27	4%	58%	89%	5%	$19.55

Source: DEED Job Vacancy Survey, 2nd Qtr. 2015

OCCUPATIONS IN DEMAND

According to DEED's Occupations in Demand tool, about 250 occupations are showing relatively high demand in Northeast Minnesota, with training and education requirements ranging from short-term on-the-job training to postsecondary education to advanced degrees.

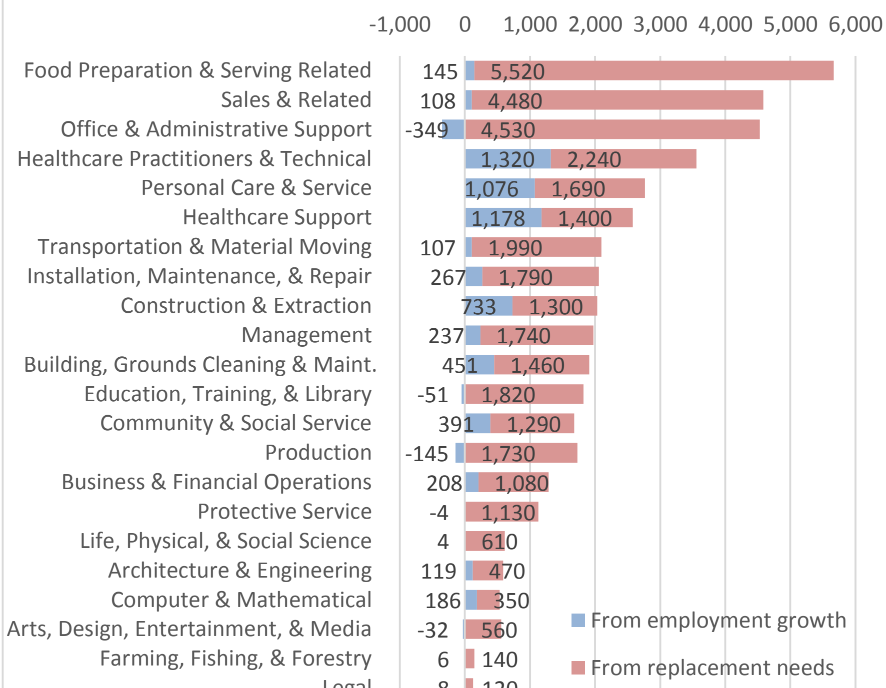
The in-demand occupations are spread across different sectors but are also concentrated in the region's major industries, especially in health care. Home Health Aides, Registered Nurses, Medical Assistants, Surgical Technologists, Physicians, and Pharmacists are occupations that are needed in the health care field and span education requirements. Construction, retail trade, and accommodation and food services are also industries that are creating significant demand for workers in the region (see Table 11).

Table 11. Northeast Minnesota Occupations in Demand by Education Level, 2014			
Less than High School	**High School or Equivalent**	**Some College or Assoc. Degree**	**Bachelor's Degree or Higher**
Retail Salespersons ($21,143)	Social & Human Service Assistants ($30,158)	Registered Nurses ($65,127)	Physicians & Surgeons, All Other ($199,111)
Combined Food Preparation & Serving Workers ($18,109)	Customer Service Representatives ($30,584)	Nursing Assistants ($26,610)	Nurse Practitioners ($104,383)
Cashiers ($19,384)	Maintenance & Repair Workers, General ($33,044)	Heavy & Tractor-Trailer Truck Drivers ($38,115)	Mechanical Engineers ($71,248)
Home Health Aides ($22,755)	Office Clerks, General ($28,971)	Hairdressers, Hairstylists, & Cosmetologists ($22,423)	Network & Computer Systems Admin. ($64,674)
Personal Care Aides ($22,166)	Hotel, Motel, & Resort Desk Clerks ($19,394)	Licensed Practical & Licensed Vocational Nurses ($39,186)	Accountants & Auditors ($57,362)
Laborers & Freight, Stock, & Material Movers ($22,728)	Bookkeeping, Accounting, and Auditing Clerks ($33,755)	Emergency Medical Techs. & Paramedics ($30,080)	Financial Managers ($96,113)
Stock Clerks & Order Fillers ($21,715)	Tellers ($23,402)	First-Line Supervisors of Production ($59,331)	Secondary School Teachers ($54,299)
Janitors & Cleaners, ($24,214)	Industrial Machinery Mechanics ($65,695)	Medical Assistants ($34,096)	Marketing Managers ($77,673)
Maids and Housekeeping Cleaners ($19,756)	Welders, Cutters, Solderers, & Brazers ($42,172)	Surgical Technologists ($49,453)	Pharmacists ($131,505)
Industrial Truck & Tractor Operators ($37,200)	Automotive Service Technicians ($34,876)	Computer User Support Specialists ($43,026)	Social & Community Service Managers ($58,678)
			Source: DEED Occupations in Demand

EMPLOYMENT PROJECTIONS

The Northeast Minnesota planning region is projected to grow 3.8 percent from 2012 to 2022, a gain of 5,963 new jobs. In addition, the region is also expected to need 45,000 replacement hires to fill jobs left vacant by retirements and other career changes. In fact, the number of replacement openings is expected to dwarf the number of new jobs created in every occupation group but Healthcare Practitioners, Healthcare Support, and Personal Care and Service, which are all projected to grow more than an additional 1,000 jobs each. Each of those occupational groups will have replacement needs as well, indicating the strong demand for these occupations in the region. The largest need for workers will be in food prep and serving, sales, and office and administrative support (See Figure 9).

Figure 9. Northeast Minnesota Employment Projections, 2012-2022



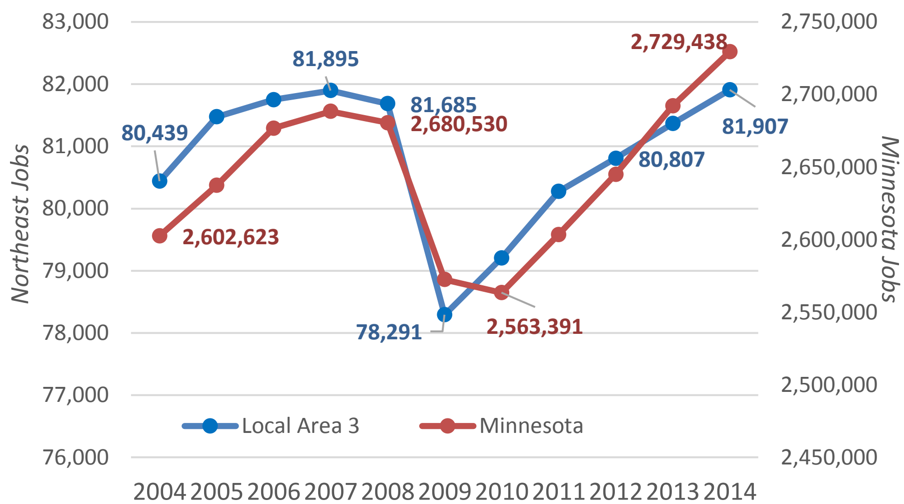
Source: DEED 2012-2022 Employment Outlook

ECONOMY

INDUSTRY EMPLOYMENT

Local Area 3 has seen employment ups and downs over the past decade, but ended 2014 with 1,468 more jobs than it had in 2004. The region reached a pre-recession peak with 81,895 jobs in 2007, before suffering severe declines in 2008. Since then, Local Area 3 has recovered more slowly than the state, which gained jobs at a 6.5 percent clip from 2010 to 2014, compared to a 4.6 percent increase in the region. Local Area 3 had a new peak employment number in 2014, surpassing 2007's record by 12 jobs (see Figure 10).

Figure 10. Industry Employment Change, 2004-2014



Source: DEED Quarterly Census of Employment & Wages (QCEW)

According to DEED's Quarterly Census of Employment & Wages (QCEW) program, Local Area 3 was home to 5,984 business establishments providing 81,907 covered jobs through 2014, with a total payroll of just over $3.1 billion. That was about 3.0 percent of total employment in the state of Minnesota. Average annual wages were $38,239 in the region, which was about $13,000 lower than the state's average (see Table 12).

Table 12. Local Area 3 Industry Employment Statistics, 2014				Average	*2010-2014*		*2013-2014*	
Geography	Number of Firms	Number of Jobs	Total Payroll	Annual Wage	*Change in Jobs*	*Percent Change*	*Change in Jobs*	*Percent Change*
Local Area 3	**5,984**	**81,907**	**$3,132,062,051**	**$38,239**	***+2,702***	***+3.4%***	***+542***	***+0.7%***
Aitkin Co.	438	3,734	$117,276,535	$31,408	*-62*	*-1.6%*	*+49*	*+1.3%*
Carlton Co.	747	13,669	$541,546,787	$39,572	*+971*	*+7.6%*	*+309*	*+2.3%*
Cook Co.	297	2,790	$81,680,248	$29,380	*+115*	*+4.3%*	*+7*	*+0.3%*
Itasca Co.	1,183	15,980	$611,797,479	$38,272	*+424*	*+2.7%*	*+312*	*+2.0%*
Koochiching Co.	417	4,767	$177,308,956	$37,180	*-386*	*-7.5%*	*-236*	*-4.7%*
Lake Co.	313	4,311	$178,028,617	$41,340	*+160*	*+3.9%*	*+23*	*+0.5%*
St. Louis Co.	5,243	96,302	$4,026,796,332	$41,808	*+2,895*	*+3.1%*	*+745*	*+0.8%*
City of Duluth	*2,654*	*59,647*	*$2,602,372,903*	*$43,637*	*+1,414*	*+2.4%*	*+666*	*+1.1%*
Northeast Minnesota	**8,638**	**141,554**	**$5,734,434,954**	**$40,508**	***+4,116***	***+3.0%***	***+1,208***	***+0.9%***
Minnesota	**164,409**	**2,729,438**	**$140,857,248,755**	**$51,584**	***+166,047***	***+6.5%***	***+37,321***	***+1.4%***
Source: DEED Quarterly Census of Employment & Wages (QCEW)								

St. Louis County is the largest employment center in the region with 96,302 jobs at 5,243 firms; followed by Itasca County and Carlton County with 15,980 and 13,669 jobs, respectively. Five of the 7 counties in the region added jobs since 2010, led by St. Louis (+2,895 jobs) and Carlton County (+971 jobs). In contrast, Aitkin and Koochiching County saw job declines since 2010. Local Area 3 gained over 500 net new jobs in the past year, a 0.7 percent increase, which was slightly slower than the state overall. Six of the 7 counties added jobs from 2013 to 2014, again led by St. Louis County, and followed by Itasca and Carlton County (see Table 12).

With 15,130 jobs at 535 firms, health care and social assistance is the largest employing industry in Local Area 3, accounting for 18.5 percent of total jobs in the region. The amount of jobs in this industry held relatively stable recently, with only 42 jobs lost since 2010 and about 20 jobs in the previous year. At $35,451 in 2014, average annual wages were about $3,000 lower in healthcare than all industries.

The next largest industries were retail trade and accommodation and food services. After seeing job gains in the past 5 years for retail trade, these two industries made up nearly 24 percent of all the jobs in the region. However, the average annual wages were low in these industries, with retail trade at $23,532 and accommodation and food services at $13,503, which were both considerably less than the average annual wage of $38,239 for all industries in the region.

The construction and mining industries saw strong gains from 2010 to 2014 as they both grew by nearly 20 percent, and combined to add almost 1,500 jobs in the Local Area. Wages are high in these industries, with annual average wages of $53,548 and $90,048 respectively. However, recent events have affected employment in the mining sector in Northeast Minnesota, with many mining workers idled in 2015.

Other important industries in Local Area 3 include educational services, public administration, manufacturing, finance and insurance, other services, professional and technical services, and administrative support and waste management services. Fourteen of the 20 main industries in the region added jobs since 2010, with huge gains in construction, mining, administrative support and waste management, other services, retail trade, and transportation and warehousing. In contrast, the region saw job declines in management of companies, professional and technical services and arts, entertainment, and recreation (see Table 13).

Table 13. Local Area 3 Employment Statistics, 2014

	2014 Annual Data				Avg.	*2010-2014*		*2013-2014*	
NAICS Industry Title	Number of Firms	Number of Jobs	*Percent of Jobs*	Total Payroll	Annual Wage	*Change in Jobs*	*Percent Change*	*Change in Jobs*	*Percent Change*
Total, All Industries	**5,984**	**81,907**	***100.0%***	**$3,132,062,051**	**$38,239**	***+2,702***	***+3.4%***	***+542***	***+0.7%***
Health Care & Social Assistance	535	15,130	*18.5%*	$536,376,830	$35,451	*-42*	*-0.3%*	*-17*	*-0.1%*
Retail Trade	945	11,214	*13.7%*	$263,885,410	$23,532	*+318*	*+2.9%*	*+68*	*+0.6%*
Accommodation & Food Services	678	8,378	*10.2%*	$113,130,982	$13,503	*-56*	*-0.7%*	*-46*	*-0.5%*
Public Administration	268	6,977	*8.5%*	$288,988,386	$41,420	*+118*	*+1.7%*	*+47*	*+0.7%*
Educational Services	180	6,596	*8.1%*	$246,214,619	$37,328	*+172*	*+2.7%*	*+73*	*+1.1%*
Manufacturing	247	5,925	*7.2%*	$333,541,459	$56,294	*+313*	*+5.6%*	*-367*	*-5.8%*
Mining	30	4,590	*5.6%*	$413,321,170	$90,048	*+765*	*+20.0%*	*+92*	*+2.0%*
Construction	763	4,434	*5.4%*	$237,430,741	$53,548	*+718*	*+19.3%*	*+398*	*+9.9%*
Other Services	509	2,728	*3.3%*	$73,608,398	$26,983	*+266*	*+10.8%*	*+107*	*+4.1%*
Finance & Insurance	281	2,654	*3.2%*	$110,894,379	$41,784	*+131*	*+5.2%*	*-21*	*-0.8%*
Arts, Entertainment & Recreation	170	2,485	*3.0%*	$57,991,282	$23,337	*-70*	*-2.7%*	*+39*	*+1.6%*
Transportation & Warehousing	254	2,279	*2.8%*	$84,902,014	$37,254	*+135*	*+6.3%*	*+24*	*+1.1%*
Admin Support & Waste Mgmt.	210	2,122	*2.6%*	$53,509,278	$25,216	*+288*	*+15.7%*	*+232*	*+12.3%*
Wholesale Trade	174	1,924	*2.3%*	$95,649,615	$49,714	*+57*	*+3.1%*	*+29*	*+1.5%*
Professional, Scientific, & Tech.	306	1,505	*1.8%*	$72,928,091	$48,457	*-139*	*-8.5%*	*-29*	*-1.9%*
Utilities	48	975	*1.2%*	$80,972,102	$83,048	*+16*	*+1.7%*	*+8*	*+0.8%*
Information	95	671	*0.8%*	$22,102,853	$32,940	*N/A*	*N/A*	*-31*	*-4.4%*
Agriculture, Forestry, Fishing	127	606	*0.7%*	$22,985,956	$37,931	*0*	*0.0%*	*+20*	*+3.4%*
Real Estate & Rental & Leasing	156	488	*0.6%*	$11,244,844	$23,043	*-34*	*-6.5%*	*-98*	*-16.7%*
Management of Companies	16	256	*0.3%*	$13,610,341	$53,165	*-98*	*-27.7%*	*+3*	*+1.2%*

Source: DEED Quarterly Census of Employment & Wages (QCEW)

DISTINGUISHING INDUSTRIES

Local Area 3 stands out in the state for its higher concentrations of employment in mining and natural resources, and as measured by location quotient, its distinguishing industries reflect these particular industries. The region has more than 70 percent of the state's jobs in mining. With trees as a natural resource in the region, forestry and logging and paper manufacturing are also distinguishing industries with location quotients above 6.0 (see Table 14).

Table 14. Local Area 3, Distinguishing Industries, 2014						
NAICS Industry Title	NAICS Code	Number of Firms	Number of Jobs	Total Payroll	Avg. Annual Wages	Location Quotient
Total, All Industries	**0**	**5,984**	**81,907**	**$3,132,062,051**	**$38,239**	**1.0**
Mining (except Oil and Gas)	212	24	4,492	$407,905,371	$90,807	24.2
Support Activities for Mining	213	6	97	$5,415,799	$55,833	19.6
Forestry and Logging	113	96	458	$18,626,249	$40,669	16.2
Paper Manufacturing	322	6	1,781	$136,279,239	$76,518	6.3
Fishing, Hunting and Trapping	114	4	21	$778,230	$37,059	5.0
Administration of Env. Quality Programs	924	59	889	$47,450,703	$53,375	3.6
Accommodation	721	229	2,692	$45,798,063	$17,013	2.7
Executive, Legislative, and Gov. Support	921	145	4,976	$185,205,273	$37,220	2.5
Utilities	221	48	977	$81,053,058	$82,961	2.3
Amusement, Gambling, & Rec Industries	713	118	2,529	$53,115,276	$23,513	2.1
Source: DEED Quarterly Census of Employment & Wages (QCEW)						

INDUSTRY PROJECTIONS

As noted above, Northeast Minnesota's economy is projected to grow 3.8 percent from 2012 to 2022, a gain of 5,963 new jobs.

The largest and fastest growing industry is expected to be health care and social assistance, which may account for over 80 percent of total projected growth in the region from 2012 to 2022. Other industries that are expected to grow in Northeast Minnesota include: retail trade, accommodation and food services, construction, mining, professional and technical services, and administrative support and waste management services, which includes temporary staffing agencies. In contrast, the region is expected to see declines in information, manufacturing, transportation and warehousing, utilities, wholesale trade, and other services (see Table 15).

Table 15. Northeast Minnesota Industry Projections, 2012-2022				
Industry	Estimated Employment 2012	Projected Employment 2022	Percent Change 2012-2022	Numeric Change 2012-2022
Total, All Industries	**157,408**	**163,371**	***+3.8%***	***+5,963***
Health Care & Social Assistance	29,732	34,618	*+16.4%*	*+4,886*
Retail Trade	17,395	17,588	*+1.1%*	*+193*
Accommodation & Food Services	13,781	13,997	*+1.6%*	*+216*
Manufacturing	9,109	8,827	*-3.1%*	*-282*
Construction	5,627	6,391	*+13.6%*	*+764*
Other Services	6,446	6,344	*-1.6%*	*-102*
Mining	4,578	4,973	*+8.6%*	*+395*
Finance & Insurance	4,923	4,943	*+0.4%*	*+20*
Professional & Technical Services	3,764	4,157	*+10.4%*	*+393*
Admin. Support & Waste Mgmt.	3,575	3,816	*+6.7%*	*+241*
Arts, Entertainment, & Recreation	3,575	3,674	*+2.8%*	*+99*
Transportation & Warehousing	3,517	3,307	*-6.0%*	*-210*
Wholesale Trade	3,398	3,284	*-3.4%*	*-114*
Educational Services	2,134	2,147	*+0.6%*	*+13*
Agriculture, Forestry, Fish & Hunt	1,580	1,587	*+0.4%*	*+7*
Information	1,671	1,387	*-17.0%*	*-284*
Utilities	1,543	1,340	*-13.2%*	*-203*
Real Estate, Rental & Leasing	1,152	1,218	*+5.7%*	*+66*
Management of Companies	908	921	*+1.4%*	*+13*
Source: DEED 2012-2022 Employment Outlook				

EMPLOYERS BY SIZE CLASS

The vast majority of businesses in Northeast Minnesota are small businesses, with 51.0 percent of businesses reporting 1 to 4 employees in 2013, according to County Business Patterns from the U.S. Census Bureau. Another 35.6 percent had between 5 and 19 employees; and 11.2 percent had between 20 and 99 employees. Only 1.9 percent had 100 to 499 employees, though that was in line with the state. Just 15 businesses in the region had more than 500 employees, which is the Small Business Administration's official cut off for a "small business." Obviously then, small businesses are vital to the region's economy (see Table 16).

Table 16. Employers by Size Class, 2013			
	Northeast Minnesota		Minnesota
Number of Employees	Number of Firms	Percent of Firms	Percent of Firms
1-4	4,344	51.0%	54.2%
5-9	1,756	20.6%	17.7%
10-19	1,278	15.0%	13.4%
20-49	724	8.5%	8.9%
50-99	231	2.7%	3.2%
100-249	128	1.5%	1.9%
250-499	34	0.4%	0.5%
500-999	10	0.1%	0.2%
1,000 or more	5	0.1%	0.1%
Total Firms	**8,510**	**100.0%**	**100.0%**

Source: U.S. Census, County Business Patterns

NONEMPLOYER ESTABLISHMENTS

Before growing, the basic building block of most small businesses is a self-employed business. Northeast Minnesota was home to 19,955 self-employed businesses or "nonemployers" in 2013, which are defined by the U.S. Census Bureau as "businesses without paid employees that are subject to federal income tax, originating from tax return information of the Internal Revenue Service (IRS)." These nonemployers generated sales receipts of $742 million in 2013. Unlike covered employment, Northeast Minnesota has seen a small decrease in nonemployers over the past decade, with 5 of 7 counties seeing a decline and only Carlton and Cook County experiencing an increase in self-employment. In sum, the region lost 314 nonemployers from 2003 to 2013, a 1.5 percent decrease (see Table 17).

Table 17. Nonemployer Statistics, 2013				
	2013		*2003-2013*	
	Number of Firms	Receipts ($1,000s)	*Change in Firms*	*Percent Change*
Northeast Minnesota	**19,955**	**$741,743**	***-314***	***-1.5%***
Aitkin Co.	1,112	$41,227	*-129*	*-10.4%*
Carlton Co.	1,994	$72,971	*+103*	*+5.4%*
Cook Co.	782	$27,557	*+14*	*+1.8%*
Itasca Co.	3,000	$111,358	*-196*	*-6.1%*
Koochiching Co.	844	$24,516	*-20*	*-2.3%*
Lake Co.	822	$30,429	*-36*	*-4.2%*
St. Louis Co.	11,401	$433,685	*-50*	*-0.4%*
State of Minnesota	**388,900**	**$17,268,230**	***+40,173***	***+11.5%***

Source: U.S. Census, Nonemployer Statistics program

CENSUS OF AGRICULTURE

Unlike other parts of Greater Minnesota, agriculture is not a key industry in the Northeast planning region, but there are 2,307 farms producing more than $64 million in the market value of products sold in 2012 according to the U.S. Department of Agriculture. All of the counties in the planning region rank near the bottom in Minnesota in regards to the market value of products sold. However, the region experienced an increase in the market value of products sold since 2007 (see Table 18).

Table 18. Census of Agriculture, 2012	Number of Farms	Market Value of Products Sold	*State Rank*	*Change in Market Value, 2007-2012*
Northeast Minnesota	**2,307**	**$64,660,000**		***+36.5%***
Aitkin Co.	471	$15,729,000	*81*	*+16.2%*
Carlton Co.	501	$10,961,000	*83*	*+36.3%*
Cook Co.	18	$257,000	*87*	*N/A*
Itasca Co.	401	$11,176,000	*82*	*+50.6%*
Koochiching Co.	187	$9,089,000	*84*	*+77.6%*
Lake Co.	44	$389,000	*86*	*+45.3%*
St. Louis Co.	685	$17,059,000	*80*	*+53.0%*
State of Minnesota	**74,542**	**$21,280,184,000**		***+61.5%***

Source: 2012 Census of Agriculture

Upon request, this information can be made available in alternate formats for people with disabilities by contacting 218-302-8413 or at erik.white@state.mn.us