

EMPLOYER SURVEY

2018

Greater Fergus Falls Corp.

Email: info@greaterfergusfalls.com

Website: www.GreaterFergusFalls.com

Tel: 218.321.2079

128 E. Lincoln Ave, Suite A
Fergus Falls, MN 56537

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COVER LETTER

The purpose of this survey was twofold:

1. Build or foster a connection between Greater Fergus Falls and area employers.
2. Explain (and possibly administer) the business survey created by Greater Fergus Falls.

The purpose of the survey is to help Greater Fergus Falls identify workforce issues or barriers inhibiting business growth in Fergus Falls. The data being gathered is hyperlocal by design; while we can pull from statewide numbers and study national trends, gathering information from our local businesses and creating personal connections will give us a much more nuanced understanding of the present working climate in Fergus Falls.

Executive Assistant NeTia Bauman synthesized all responses for the following anonymous presentation. Certain data was redacted to protect the individual respondents identify. Greater Fergus Falls Corp. and our active board of directors looks forward to continued growth and investment in our community.

Bruce Thom

Executive Director/CEO

O: 218.321.2079

M: 701.306.6215

bruce@greaterfergusfalls.com

Key Findings

- GFFC surveyed a variety of industries and businesses within Fergus Falls, MN. Results indicate an upward trend in expansion opportunities.
- Survey results show there are currently 136 vacant, full-time, benefited positions available with upwards of 122 new positions anticipated with expansion.
- Employers told us that their inability to fill vacant positions is a result of the lack of skilled workers available in the area.
- 100% of employers surveyed offer benefits.

Survey Findings

GFFC's first annual Workforce & Labor Survey includes the views of existing employers ranging from healthcare to manufacturing, within the locality of Fergus Falls, Minnesota. The survey was intended to assess the current business climate and to identify both goals and barriers to improving our local business community and economy. With increasing vacancies and the inability to fill entry-level positions, our intention was to identify barriers and explore opportunities to remedy workforce concerns.

Looking Ahead

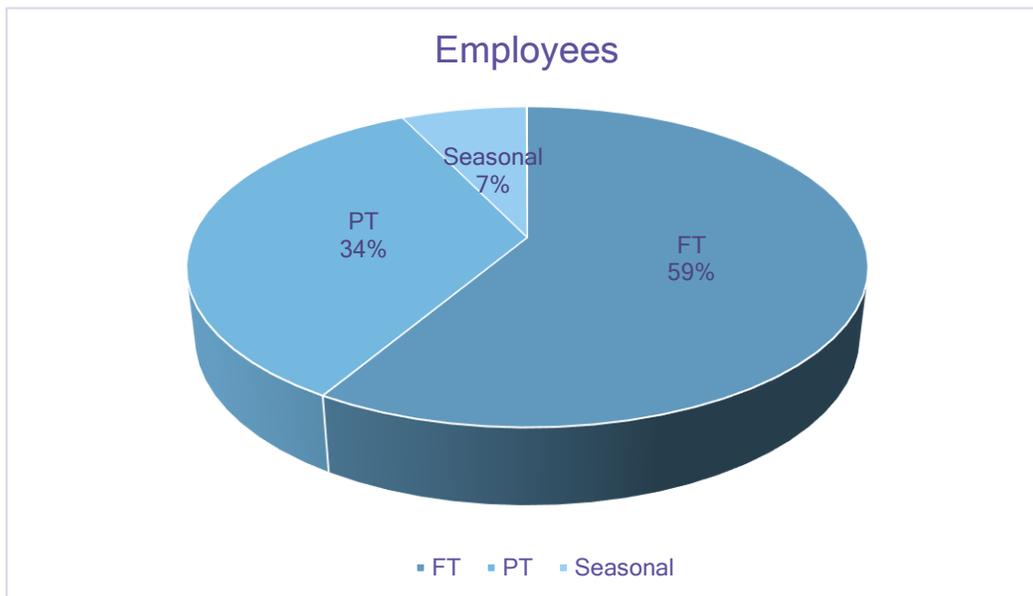
Greater Fergus Falls is committed to economic development in Fergus Falls, Minnesota. Based on the survey results, we've identified various needs to improve the business climate, locally and regionally. In the coming months, we will outline a pathway to improving the local economic outlook, while working towards our goal of expanding and/or opening 20 businesses, in Fergus Falls, by 2020.

Results

In the following sections, you will find a breakdown by numbers and percentages synthesized from the survey. The information below is represented by a multitude of charts, graphs, and tables.

How many employees are currently employed?

Employees were asked to identify the number of current employees staffed. Full-time employees represented 59% with 1,335; part-time represented 34% with 781; and, seasonal or temporary staff making up just 7% with 162 positions.



How many people has the company newly employed in the past 12 months, in each category?

In FY2018, local employers have staffed 309 full-time positions, 180 part-time positions, and 39 seasonal or temporary positions.

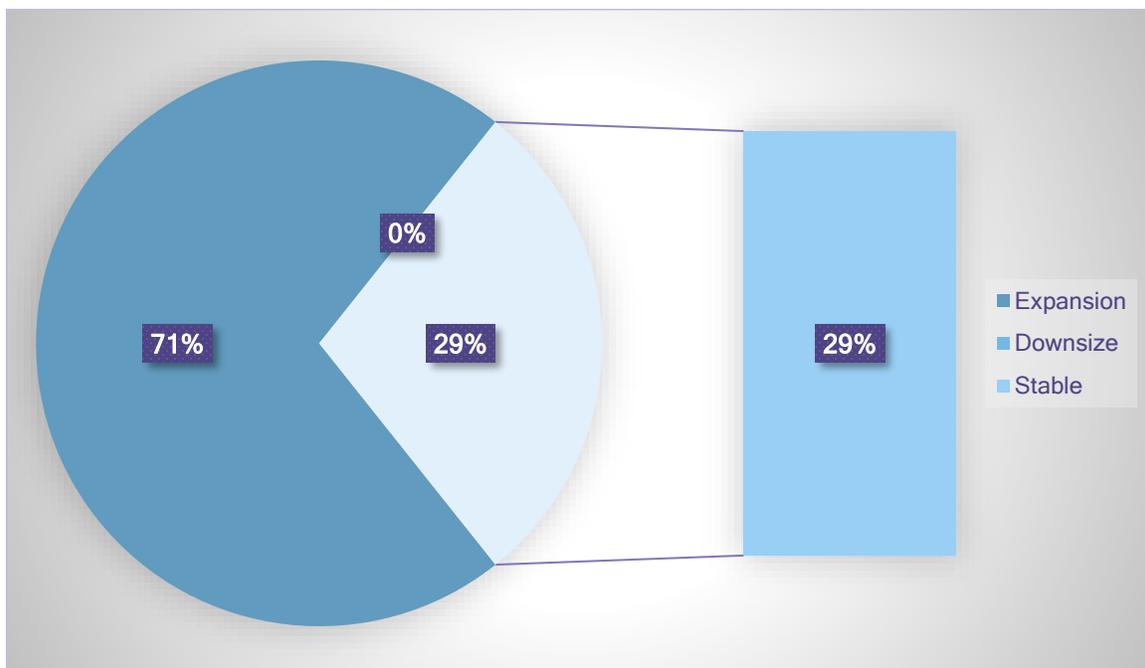


Vacancies

Of the 14 respondents, 85.7% reported that they currently have vacancies that they are actively working on filling. A reported 136 unfilled positions (a variety of full-time, part-time and seasonal/temporary) are currently available.

Planning Ahead

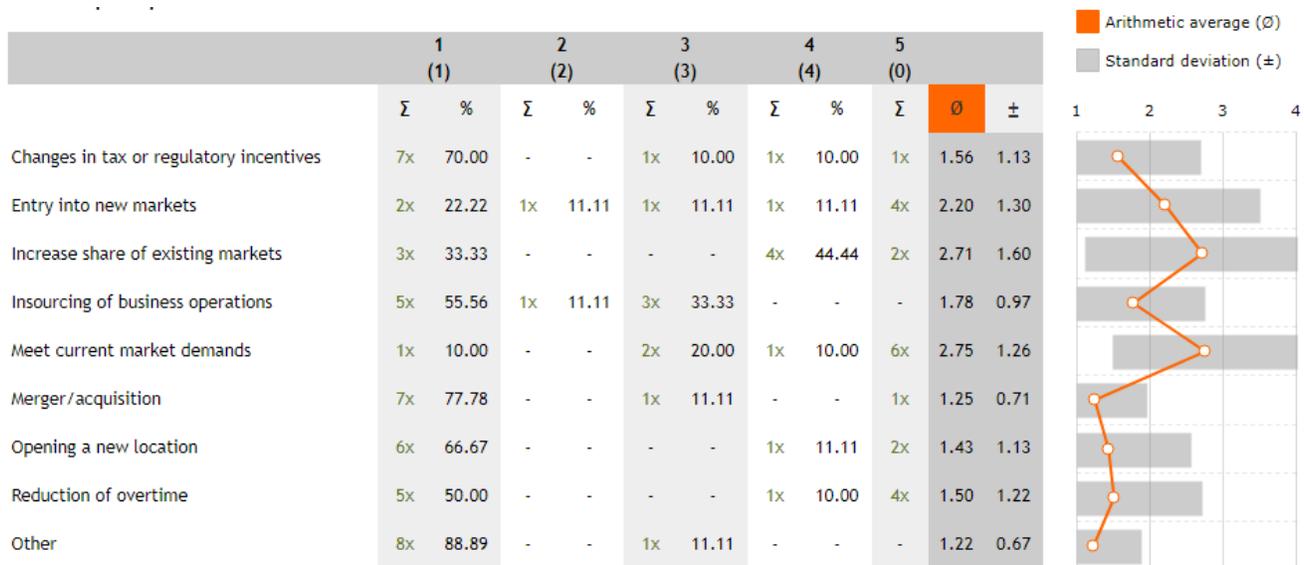
This survey revealed that 71.4% of existing businesses plan to expand operations within the next two years; 0% surveyed expect to downsize, and 28.6% expect to remain stable.



For companies planning to expand, 42.9% expect to do so within the next 12 months, while 28.6% are planning to complete expansion within two years. The remaining 28.6% respondents plan to remain stable.

Respondents were asked to rate the reasons for expansions, ranging from changes in tax or regulatory incentive to the reduction in overtime.

The highest rating revealed that most employers are expanding to *“Meet current market demands,”* followed closely by *“increasing share of existing markets.”* A 1 to 5 rating scale (1 least likely to 5 most likely) was used to rate the following values:



The companies planning to expand, expect to add a minimum of 122 new positions. Some employers were unable to determine an anticipated value,

122 New Positions

however. With a large percentage of existing employers looking



towards expansion and adding additional workforce, it seems that business growth, in Fergus Falls, is trending upward.

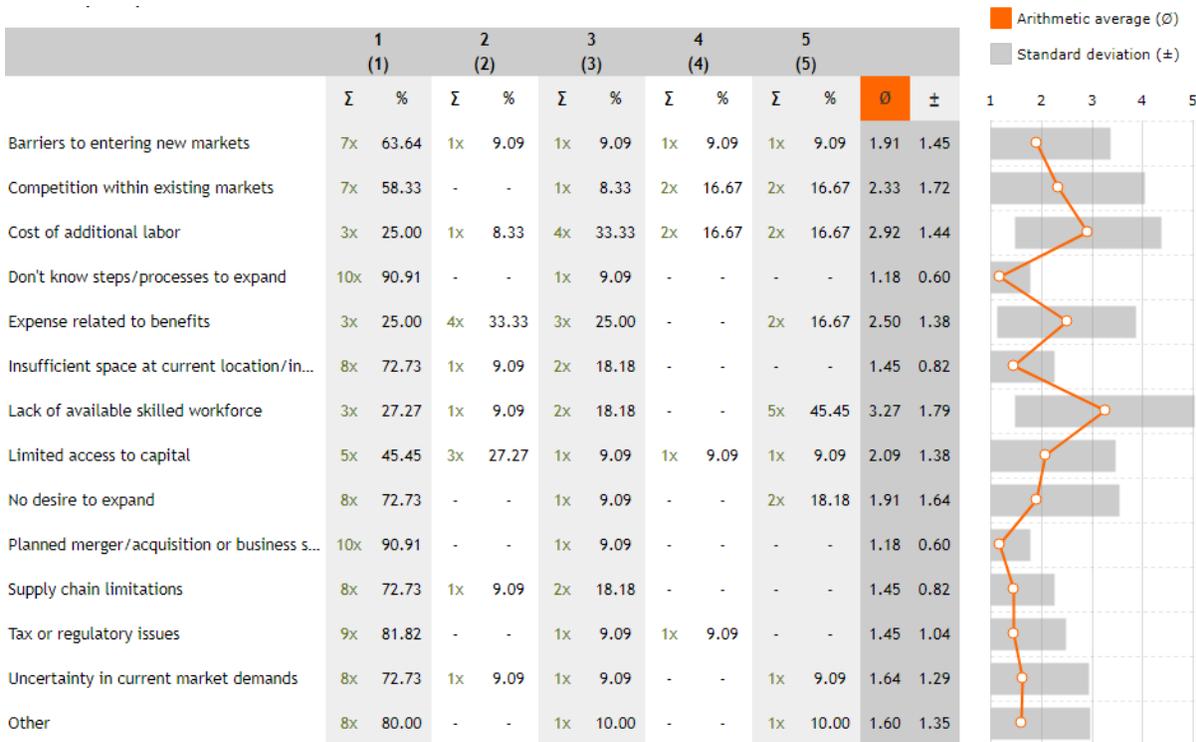
In terms of downsizing, 0% reported plans to downsize and/or close their business with the next 12 months - 2 years. However, looking beyond 2 years, 1 employer indicated their intention for downsizing.

As with the expansion question, respondents were asked to rate the reasons for downsizing, ranging from business sale or closure to a response to reduced market demands. A 1 to 5 rating scale (1 least likely to 5 most likely) was used to rate the following values:

	1 (1)		2 (2)		3 (3)		4 (4)		5 (5)		Arithmetic average (\bar{O})		Standard deviation (\pm)						
	Σ	%	Σ	%	Σ	%	Σ	%	Σ	%	\bar{O}	\pm	1	2	3	4	5		
Business sale or closure	8x	88.89	-	-	1x	11.11	-	-	-	-	1.22	0.67							
Changes in tax or regulatory burdens	8x	88.89	-	-	1x	11.11	-	-	-	-	1.22	0.67							
Closing an existing location	8x	88.89	-	-	1x	11.11	-	-	-	-	1.22	0.67							
Expenses related to benefits	8x	88.89	-	-	1x	11.11	-	-	-	-	1.22	0.67							
Exit from existing markets or business divi...	8x	88.89	-	-	1x	11.11	-	-	-	-	1.22	0.67							
Outsourcing of business operations	8x	88.89	-	-	1x	11.11	-	-	-	-	1.22	0.67							
Reduced profits from current operations	8x	88.89	-	-	1x	11.11	-	-	-	-	1.22	0.67							
Respond to reduced market demands	8x	88.89	-	-	1x	11.11	-	-	-	-	1.22	0.67							
Other	8x	88.89	-	-	1x	11.11	-	-	-	-	1.22	0.67							

All selections were ranked at a value of 1 (least likely) so it is unclear why the downsizing is anticipated. Additionally, it is important to note that the survey revealed that with this anticipated downsizing and/or closure, there would be no reduction in workforce.

The 28.6% of employers who plan to remain stable were asked to rate the constraints preventing them from expanding operations and workforce. The primary issue was indicated as “*lack of available skilled workforce*,” which was rated at a 5 (most likely). Again, a 1 to 5 rating scale (1 least likely to 5 most likely) was used to rate the following values:



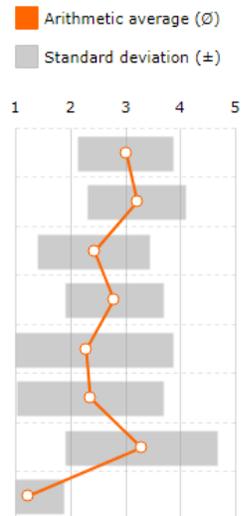
Workforce

This section surveyed employers regarding the quality of applicants and barriers to employment, that they regularly receive. The following was reported:

- 21.43% rated a “5” under “*We often have a problem filling positions because applicants are disqualified for failure to pass a background check.*”
- 28.7% rated a “4” for the value of “*Applicants are unable to fill required shifts due to the lack of and cost of childcare in the area.*”
- 35.71% rated a “4” for under “*In general, applicants fulfill the necessary requirements.*”

The following values were ranked from “Strongly Disagree” (1) to “Strongly Agree” (5):

	1 (1)		2 (2)		3 (3)		4 (4)		5 (5)		Arithmetic average ($\bar{\varnothing}$)	
	Σ	%	$\bar{\varnothing}$	\pm								
In general, applicants fulfill the necessar...	-	-	5x	35.71	4x	28.57	5x	35.71	-	-	3.00	0.88
Applicants are fulfilling the basic skills r...	-	-	3x	21.43	6x	42.86	4x	28.57	1x	7.14	3.21	0.89
Applicants are fulfilling the "hard" or occ...	3x	21.43	4x	28.57	5x	35.71	2x	14.29	-	-	2.43	1.02
Applicants are fulfilling the "soft" of inte...	1x	7.14	4x	28.57	6x	42.86	3x	21.43	-	-	2.79	0.89
We often have a problem filling positions...	6x	42.86	4x	28.57	1x	7.14	-	-	3x	21.43	2.29	1.59
We often have a problem filling positions...	4x	28.57	6x	42.86	-	-	3x	21.43	1x	7.14	2.36	1.34
Applicants are unable to fill required shi...	2x	14.29	2x	14.29	3x	21.43	4x	28.57	3x	21.43	3.29	1.38
Other	8x	88.89	-	-	1x	11.11	-	-	-	-	1.22	0.67



Employers reported that there are several “hard” or occupational skills that applicants have been lacking. General skills include:

- Work ethic
- Desire to work 40 hour/week
- Secondary education
- Clean driving record

Additionally, numerous technical skills are needed, as well:

- Drafting/detailing
- Welding
- CNC operation/programming
- Specialized sewing
- Machining
- Broadband/network/telecommunications service installation and maintenance
- Other technical skills

Employers also reported several “soft” or interpersonal skills that applicants have been lacking. General skills include:

- Work ethic
- Desire to work 40 hours/week
- Communication
- Punctuality
- Leadership
- Self-motivation

More specific interpersonal skills include:

- Time management
- Accountability
- Problem-solving
- Non-verbal communication
- Teamwork
- Commitment
- Loyalty
- Previous work experience
- Education

Although all employers that were surveyed indicated that they offer workplace training opportunities to upskill and advance employees, the skills needed to fill entry-level technical positions are inadequate.

Training

The survey revealed that employers send their employees to a variety of institutions to improve/upgrade their skillsets. Respondents were asked to rank the following values by level of usage, 1 (lowest) to 7 (highest):

- 53.85% ranked *Trade House* at a 6
- 61.54% ranked *In-house* at a 1
- 61.4% ranked *Other* at the highest ranking of 7

Additional values were reported as such:



Although most employers are interested in upskilling their employees, very few reported that they offer in-house training but do provide opportunities for training via alternative solutions. It appears that in-house and localized training opportunities are needed to bridge the gap and fill vacant entry-level positions.

When asked if the organization gives preference to applicants that have obtained additional certifications, the responses revealed 71% will give preference.



Some certifications are sought after more than others; aside from standard college education, two-year technical degrees are currently in high demand. Others indicated the following preferred certifications:

- Human Services-related
- Healthcare
 - RN
 - LPN
 - CAN
- Electronics
- Welding
- CISCO and other network training certifications

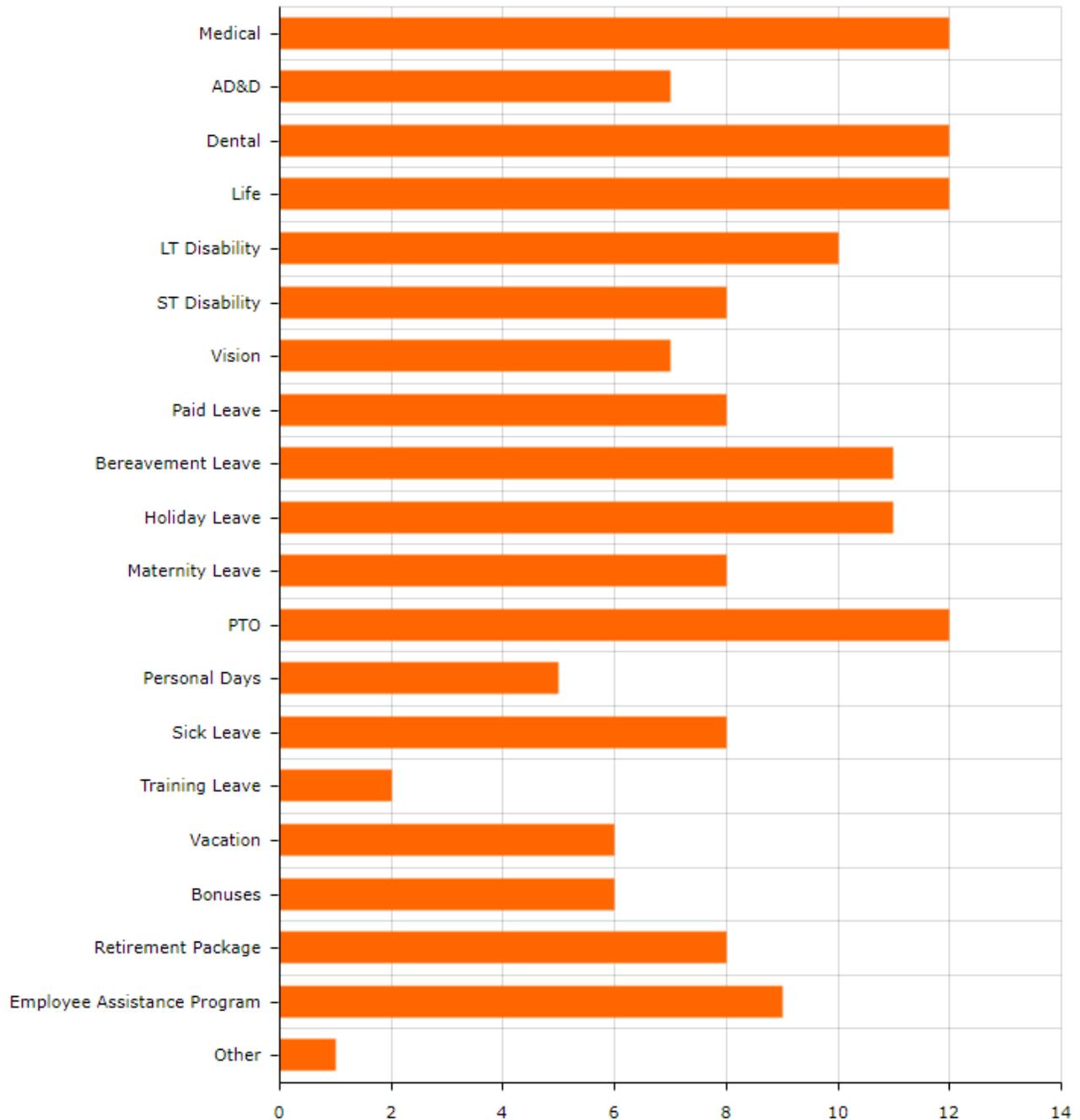
Benefits

We often hear from the eligible workforce that there is a lack of benefited positions available. However, this survey revealed that 100% of employers who were queried do, in fact, offer benefits, although the range of benefits may vary. Even though 92.3% of employers anticipate annual premium increases for medical insurance, they continue to provide varying degrees of medical insurance.

Going beyond medical insurance, respondents provided specific information on comprehensive benefits they provide and offer for the existing vacancies. Some of the priority benefits are documented below:

- 92.3% - Medical
- 61.5% - Paid Leave
- 84.6% - Holiday Pay
- 61.5% - Sick Leave
- 92.3% - Paid Time Off (PTO)
- 61.5% - Retirement Package
- 46.2% - Bonuses
- 15.4% - Training Leave

Additional benefits include profit sharing and community day opportunities.



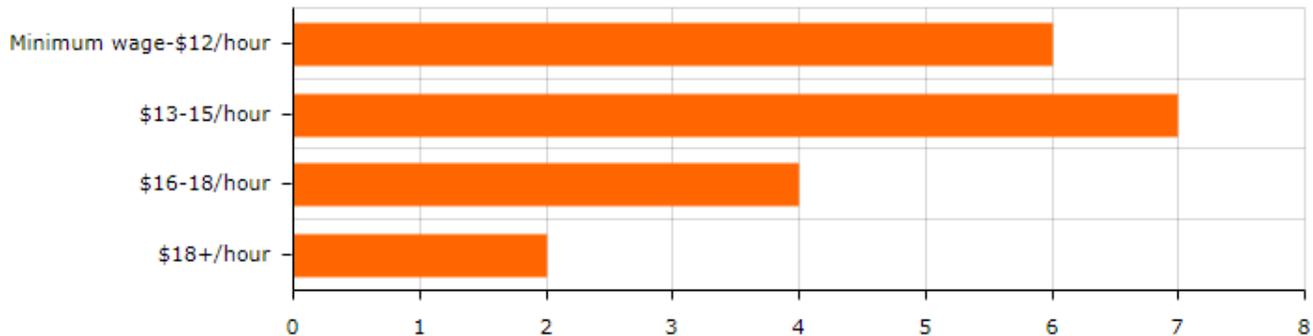
Overall, it appears that employers with current vacancies do offer a variety of benefits. However, there is a lack of training leave offerings, which may impact employee interest in pursuing additional training.

In terms of cost-sharing for premiums, several employers offer 100% company paid benefits that include basic life insurance, long-term disability, long-term care and up to 80% of the premium cost.

Benefits that are 100% employee paid include AFLAC, voluntary life, vision, dental, and a few others.

Most employers offer shared cost benefits, ranging anywhere from covering up to \$650 in premium, 70/30, 80/20 and employer contribution up to \$275 per month.

Lastly, we asked employers to provide base starting wages. It's important to note that most employers have varying starting wages/salaries, depending on the experience and the specific positions.



- 42.9% - minimum wage to \$12/hour
- 50% - \$13-15/hour
- 28.6% - \$16-18/hour
- 14.3% - \$18+/hour

Take-Aways

Perhaps the primary takeaway from this survey is that nearly 72% of local, existing employers anticipate an expansion within the next two years. Greater Fergus Falls is committed to assisting and guiding our employers with expansion efforts, and in certain instances, have already begun this process.

When looking at the number of current vacancies, as well as the anticipated positions from expansion within the next 12-24 months, it is imperative to consider enhancing workforce development opportunities.

- Workforce development improvements are two-fold:
 - Localized, technical training and education should be readily available to fill qualifications for entry-level positions.
 - Work-based learning programs should be offered to upskill existing employees.

Secondarily, if employers cannot provide work-based learning programs, perhaps they could offer training leave to entice employees to explore these options. Greater Fergus Falls will

work with local, regional, and state resources to further enhance workforce development opportunities in the area. One program is MN PIPELINE, which offers to pay up to \$6,000/employee/year for training. The caveat is that the employee must be earning a wage of \$16/hour or more.

The final takeaway is how stagnant wage growth has become. This survey revealed that most available positions offer starting wages between minimum wage and \$15/hour. The cost of living in Otter Tail County for a single individual would require they earn a wage of \$13.44/hour, but if you add a child to that home, they require \$19.46/hour to meet basic needs. For a single-earner family of four, the minimum wage increases to \$24.25/hour. On the contrary, with two full-time workers in a family of four, each wage-earner would need a salary of at least \$15.49/hour. Keep in mind that these wages cover basic needs, i.e. food, health care, housing, transportation, and taxes (MN Employment and Economic Development, 2018).

Currently, in Fergus Falls, 50% of employers offer a starting wage of \$13-15/hour - which for most families, does not cover the basic cost of living. In fact, only 28.6% of employers offer \$16-18/hour and 14.3% offer \$18+/hour.

Wage stagnation is not unique to Fergus Falls. It is a widespread agreement that this is a significant economic challenge nationwide. Greater Fergus Falls will do its part to revive wage growth. Whether it be a policy change, improved business practices, enhanced labor standards, or other alternatives, Fergus Falls is devoted to bolstering wage growth in this community.

Please email info@greaterfergusfalls.com for a PDF version of this survey.