



Regional Spotlight:
NORTHERN Region

Prescription for a Healthy Economy

The health care and social assistance sector is driving job growth in northern Minnesota.

Northern Minnesota, traditionally home to a strong goods-producing sector, was hit hard by the Great Recession.¹ The economy is still solidly grounded in its rich natural resources and strong manufacturing base, but the health care and social assistance sector weathered the recession to emerge as the largest employer in the region.

While employment in goods-producing sectors declined by 13.4 percent between 2000 and 2012, jobs increased in the health care and social assistance sector by 33 percent (see Chart 1).

There are many reasons behind this change. A major factor is the long-term shift in the national economy away from the goods-producing sectors and toward the service-providing sectors. This trend, coupled with an aging population demanding

more health care, has led to an explosion in health care and social assistance employment nationwide.

Doctors and Nurses and Pharmacists, Oh My!

To be fair, health care and social assistance is big business throughout Minnesota. In the third quarter of 2013, the sector accounted for 16.6 percent of all covered employment and 15.2 percent of all wages paid across the state.

But while the Twin Cities and Rochester often are cited when it comes to the strength of the state's health care sector, northern Minnesota should not be overlooked. The health care and social assistance sector supplied 69,829 jobs to the region's labor market — 19.4 percent of total employment — making it the largest employing industrial sector in the region by

a wide margin (see Table 1). In total, 15.6 percent of the state's health care and social assistance jobs are found in this region.

The average weekly wage for jobs in health care and social assistance is \$710 in northwestern Minnesota and \$873 in northeastern Minnesota — \$36,920 and \$45,396 a year, respectively. While the wage numbers are skewed higher by well-paying health care occupations, by and large the sector is a good source of living-wage employment.

Location, Location, Location

It goes without saying that the health care and social assistance sector is an important component of the northern Minnesota economy, but how does it compare with other parts of the state? One way to measure a region's level of

CHART 1

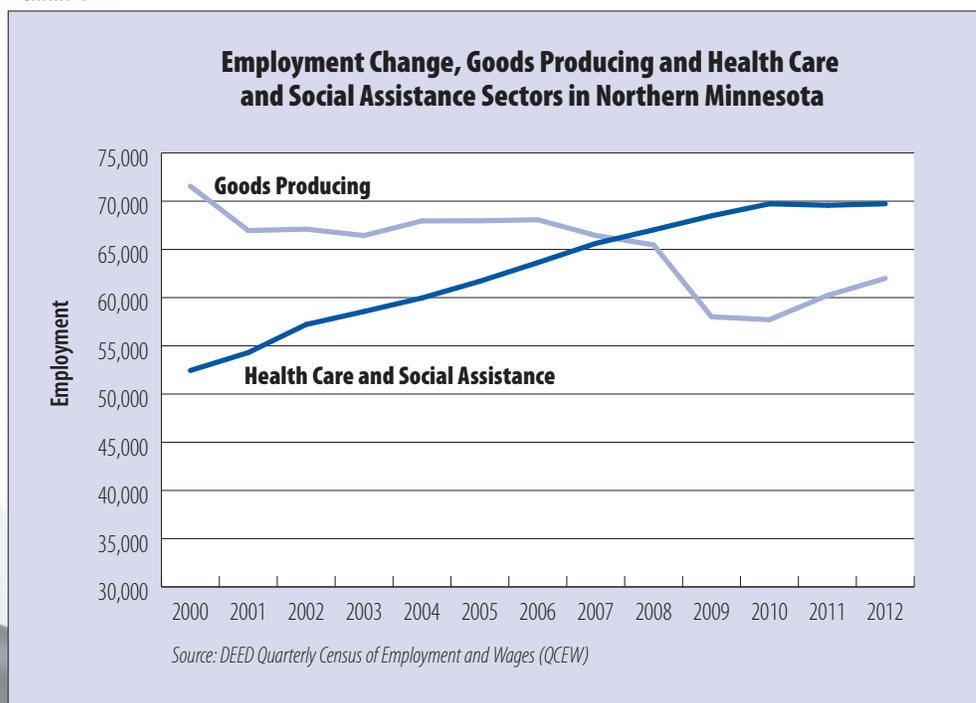


TABLE 1

Top 10 Industries by Employment, Northern Minnesota, Q3 2013

NAICS Industry Title	Establishments	Employment	% of Total	Average Weekly Wage (NW)	Average Weekly Wage (NE)
Total, All Industries	26,296	360,017	100.0%	\$662	\$763
Health Care and Social Assistance	2,433	69,829	19.4%	\$710	\$873
Retail Trade	3,873	46,343	12.9%	\$437	\$441
Accommodation and Food Services	2,497	39,024	10.8%	\$259	\$274
Manufacturing	1,205	37,521	10.4%	\$850	\$1,027
Educational Services	749	26,637	7.4%	\$752	\$844
Public Administration	1,294	26,210	7.3%	\$753	\$866
Construction	3,139	18,585	5.2%	\$917	\$969
Wholesale Trade	968	14,148	3.9%	\$908	\$893
Other Services	2,241	11,050	3.1%	\$369	\$459
Finance and Insurance	1,361	10,641	3.0%	\$827	\$872

Source: DEED Quarterly Census of Employment and Wages

TABLE 2

Location Quotient Analysis, Private Sector Health Care and Social Assistance Employment, Minnesota's Planning Areas

Planning Area	Employment	Location Quotient
Southeastern Minnesota	58,565	1.82
Northeastern Minnesota	30,682	1.70
Central Minnesota	43,042	1.26
Northwestern Minnesota	32,184	1.18
Southwestern Minnesota	25,680	1.14
Seven-County Twin Cities Metro	231,566	1.04

Source: DEED Quarterly Census of Employment and Wages

the industry's importance to Minnesota's economy.

When comparing LQs across the state's planning areas, it is no surprise that southeastern Minnesota — home to the Mayo Clinic — has the highest LQ at 1.82. What may come as a surprise, however, is that northeastern Minnesota, home to Essentia Health, St. Luke's Hospital and the Benedictine Health Care System, boasts the second highest LQ at 1.7. With an LQ of 1.2, northwestern Minnesota outpaces southwestern Minnesota and the Twin Cities in terms of industry specialization (see Table 2).

TABLE 3

Shift-Share Analysis for Private Sector Employment in Health Care and Social Assistance, Northern Minnesota, Q3 2003 to Q3 2013

	Actual Change	Expected Change	National Share	Industry Mix	Regional Shift
Health Care and Social Assistance jobs	12,521 jobs	13,986 jobs	2,845 jobs	11,141 jobs	-1,465 jobs

Source: DEED Quarterly Census of Employment and Wages

Despite It All

Despite slowing down in recent years, private sector employment in health care and social assistance has grown steadily in northern Minnesota over the past decade. Employment in the private sector grew from 50,345 jobs in the third quarter of 2003 to 62,866 by the third quarter of 2013 — a 24.9 percent increase.

specialization in a particular industry is the location quotient (LQ). The LQ is simply the ratio of an industry's share of regional employment to the industry's share of national employment. An LQ that is higher than 1.0 indicates a moderate to high

level of specialization for that particular industry in the region.

Looking at private sector health care and social assistance employment, every region in Minnesota boasts an LQ greater than 1.0, further evidence of

What conditions led to such a large jump in employment? A shift-share analysis of employment growth in northern Minnesota reveals some interesting trends. Of the 12,521 jobs gained between the third quarters of 2003 and

2013, the large majority were due to the performance of the health care and social assistance sector nationwide (industry mix), with a smaller amount of growth occurring because of a strengthening overall economy (national share).

Because of strong nationwide growth trends in the health care and social assistance sector and strengthening economic conditions overall, northern Minnesota added 12,521 jobs in the sector despite regional economic conditions that, according to shift-share analysis, led to 1,465 fewer jobs (regional shift) than if the industry had grown at the same rate as it did nationally (expected change).

So What's the Prognosis?

The question remains: Will the impressive growth continue? All signs point to yes. As the local economy strengthens and baby boomers age, health care and social assistance will continue to be a major source of quality jobs for residents of northern Minnesota.

The health care and social assistance sector is projected



to grow by 33.3 percent in northeastern Minnesota and 32.4 percent in northwestern Minnesota by 2020. Impressive job growth combined with increased retirements will lead to a projected 20,502 job openings across the two regions in that time.

The bottom line is this: If a job seeker is looking for future employment opportunities, it doesn't get any better than the health care and social assistance sector in northern Minnesota. **T**

¹For the purposes of this article, northern Minnesota includes the 26 counties in the Northwest Planning Region and the seven counties that make up the Northeast Planning Region.