

## **Regional Plan**

### **SECTION A: REGIONAL VISION, GOALS AND STRATEGIES**

- A.1. Describe the regional workforce development area's vision for a skilled workforce.

The vision of **Regional Workforce Development Area One**, which includes Local Workforce Development Area One and Two, in Northwest Minnesota, is a healthy economy where employer and employees alike are given the opportunity to thrive. Employees succeed with family sustaining employment and employers in successful prosperous business. Through sector partnerships our goal is to see all individuals through a lens of equity and inclusion and to promote business culture that thrives in the daily practices of acknowledgement of everyone's strengths.

- A.2. Describe the region's strategic alignment with the State's Vision, Goals and Strategies.

We are in alignment with the State's Vision, Goals, and Strategies for success. Sector partnerships have never been as important as they are within the 2024-2027 plan. The need to recognize the value that is gained through intentional collaboration within business, education, workforce, and economic development is crucial to success. Region One has long understood this need for alliance and has worked to establish a strong Regional Workforce Alliance group that brings employers, educators, local and state resources, and tribal entities to the table. Through funds awarded through the Drive for 5 competitive grant, we identified multiple employers that are committed to supporting individuals enrolled in workforce initiatives that will fill the need in the most high-demand occupations in the state. In the future it is our intention to build stronger alliances through the local regional workforce alliance that will initiate training through WIOA and State funds that support Inclusive workforce and increased knowledge across the workforce in emerging technology, labor market demands and resources for new Minnesotans.

- A.3. Describe best practices or area of strength of the region as it relates to the State's Vision, Goals and Strategies that should be considered for replication or scale across the state.

In alignment with DEED's mission of a healthy Minnesota economy for everyone, the Minnesota Indigenous Workforce Initiative should be developed and promoted statewide. Though it is a statewide initiative, the heaviest concentration of cohort members resides in the Northwest. Native communities are the poorest communities in our state, and the best way to provide families with an opportunity to break from

generational poverty is to provide native job seekers with meaningful work with equitable pay.

- A.4. Describe the strategy to work with the entities within your region to carry out the core programs to align resources available in the region to achieve the strategic vision and goals of the local area boards and the state.

The Community Workforce Inclusion Councils (CWIC) will continue to develop the Inclusive Workforce Employer (I-WE) designation program and support designees. However, the intent in 2024 is to bring the three regional CWIC groups into one more cohesive and effective unit. This will allow for greater opportunity to develop marketing and “aftercare” programs that will allow the I-WE designation to scale up in our region.

- A.5. Describe any additional goals being set by the regional leadership or individual local area boards.

The northwest region continues to recognize and adjust to demographic shifts, not only within the workforce, but also within our communities. As the birthplace of both the Inclusive Workforce Employer designation and the Minnesota Indigenous Workforce Initiative, northwest Minnesota will continue to address the changes that come with the new workforce.

This includes understanding workforce priorities that will be demanded of employers in the years to come. As such, Region 1 will promote and celebrate The Department of Labor and Commerce’s GOOD JOBS PRINCIPLES as standards of work in our region. Through data collected in a recent workforce survey completed February 2024 several priorities have been identified within our region as areas of concern that we will focus on over the next three years. Significant issues such as skills gaps, labor shortages, and shifting resources within our rural communities. These issues will be addressed through partnerships including the Regional Workforce Alliance, Local Workforce Boards, and community sector partnerships.

- A.6. Describe how the region is working together to prepare the workforce for state and federal investments in the Bipartisan Infrastructure Law (BIL), the Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Science Act, and the Inflation Reduction Act (IRA) (collectively referred to as Investing in America (IIA)).

Under the umbrella of the Bipartisan Infrastructure Law, the NW region will continue to support education in advanced manufacturing and technology. We will support regional chip manufacturers and suppliers and will promote the practice of developing universal

job descriptions currently being developed and implemented by CHIPS partners in the Minneapolis/St. Paul metropolitan. By creating incentives for paying prevailing wages and utilizing qualified apprentices from registered apprenticeship programs in clean energy projects, Region 1 will support the Inflation Reduction Act. The Regional Workforce Alliance has prioritized increasing the use of apprenticeships and has engaged with the MN Department of Labor to expand on the use and share knowledge. The goal is to assist in filling well-paying union jobs and support proven pathways into the industry that allow workers to earn while they learn. Additionally, using WIOA funding job counselors will continue to highlight the benefits of careers within STEM pathways that will meet the needs of our future infrastructure demands.

## **SECTION B: REGIONAL OPERATIONS**

- B.1. Provide a Strengths Weaknesses Opportunities Threats (SWOT) analysis of the regional workforce system.

Through a region-wide survey completed February 2024, followed by review and collaboration, the following concepts were identified at the March 2024 Regional Workforce Alliance Group as a method of planning for workforce initiatives and the following factors drew most attention.

Strengths: Proactive, strong sector partnerships. Employer Flexibility, Employers are taking action to improve workplace culture.

Weakness: Continued barriers within transportation, childcare and housing and technology in rural communities. Population changes that impact small rural communities that are changing the make-up of the small town. Continued disparity in attachment to labor force.

Opportunity: Support of Inclusive Workforce initiatives around equity and diversity. Structured guidance on Minnesota's Job Quality Principles for Employers, Emerging groups designed to assist employers such as the Reasonable Accommodations fund.

Threat: Aging population, workforce shortages, skills gaps, inflation, and corporate agriculture.

- B.2. Describe the selection process for the membership who will provide the leadership to oversee the development and coordination of the regional plan.

The Region 1 Workforce Development Boards (WDB) are largely composed of employers, we are well-positioned to help the local workforce system with employer linkages, apprise the CareerForce Center partners of local business trends, and bring innovative

ideas to the system. Three of our members also serve on the Governor's Workforce Development Board. The WDB members participate in Minnesota Association of Workforce Boards and the National Association of Workforce Boards Conferences.

- B.3. Describe how the selected organizations from the region will provide oversight to development and implementation of the regional plan. Complete Attachment A - Regional Oversight Committee

The Regional Workforce Alliance (RWA) will assist in developing and implementing the plan that will focus on training and solutions within our workforce. The RWA meets quarterly to discuss up and coming initiatives that are facing employers, such as benefits, culture, recruitment, and Diversity, equity training.

- B.4. Describe how the approach used will ensure that partner engagement includes diverse representation, specifically among populations experiencing barriers to employment.

A regional approach supporting diversity has been the hallmark of past efforts within the WIOA Regional Plan. Elements of our past and future initiatives call for an increase in the awareness of diversity in the workforce in the 26-counties in Northwest Minnesota. While both LWDBs in the region have taken specific actions to address diversity, specific attention to diversity and the development of an action plan will continue, including steps to re-address and refresh previous actions. This plan has helped identify various sectors that make up local diversity and set forth a plan to address diversity on a region-wide approach.

- B.5. Describe how the local area boards will direct system alignment within the region through shared policies and practices.

The WDB sets the direction of the local workforce system and provides valuable input and feedback into the activities designed to meet the needs of employers and participants. They review performance measures and results, are active in environmental scanning, and enable us to structure program components, plan service levels and prioritize services to participants. The WDB also serves as oversight for the local workforce system and approves various measures, budgets and initiatives. All providers provide regular reports to the WDB on data, activities, and initiatives.

- B.6. Describe any cooperative service arrangements being planned for the region and how they will promote consistency within the regional workforce development area and with state policy.

All partners follow state policy regarding Memorandums of Understanding (MOU). Core partners use state policy as a guideline when negotiating commitment of resources that lead to the development of the MOU.

## **SECTION C: PROGRAM AND SERVICE DELIVERY**

C.1. Describe the condition of the regional economy (cite the sources of data and analysis);

*According to DEED's Regional Profile, updated September 2023. NORTHWEST MINNESOTA ECONOMIC DEVELOPMENT REGIONS 1, 2, 4, 5 Covering the following counties: Becker, Beltrami, Cass, Clay, Clearwater, Crow Wing, Douglas, Grant, Hubbard, Kittson, Lake of the Woods, Mahnommen, Marshall, Morrison, Norman, Otter Tail, Pennington, Polk, Pope, Red Lake, Roseau, Stevens, Todd, Traverse, Wadena, and Wilkin*

- **DEMOGRAPHICS**

Northwest Minnesota is a mostly rural, 26-county region located in the central and northwest areas of the state, bordering North Dakota and Canada. Covering four Economic Development Regions (EDRs), Northwest is the third largest of the six planning regions in the state, accounting for 10.2% of the state's total population. The area population increased by nearly 27,500 residents from 2010 to 2022, a 5.0% increase, compared to a 7.8% rise statewide. Half of the 26 counties in the Northwest planning region have grown in population since 2010, while the other 13 declined. Ten of the eleven counties in the region with less than 10,000 residents declined in population from 2010 to 2022. In contrast, the larger counties in the region have generally had more population growth. As part of the fast-growing Fargo-Moorhead Metropolitan Statistical Area, Clay County added 6,930 new residents, a 11.7% increase, making it the 8th fastest growing county (of 87) in the state. Crow Wing County, the largest county in the region with 67,948 people in 2022, was the 17th fastest growing in the state. Eight of the nine counties in the region with more than 30,000 residents saw population growth. Northwest Minnesota's population increase from 2020 to 2022 was driven by net migration – more people moving in than moving out. This handily overcame the natural decrease – more deaths than births. The bulk of the net migration was from other places in the U.S. (that is, “domestic”), with the remaining net gain from international migration.

- **LABOR FORCE**

According to data from DEED's Local Area Unemployment Statistics program, Northwest Minnesota had an average of just under 297,000 workers in 2021. Despite some ups and downs, the labor force generally increased from 2002 to

2020. The COVID-19 pandemic caused a sharp drop from 2020 to 2021 of 8,394 workers, or -2.7%. This was a similar but lesser drop than the -3.3% statewide labor force decline. Past declines in the Northwest's labor force began two to three years after the peak unemployment rates of the 2001 and 2008 recessions and had been more gradual. Northwest's labor force hit a peak in 2004 at 289,374 and continued down until 2007 resulting in a -0.5% decline. The next peak was 2010 at 297,986, dropping until 2013 resulting in a -0.9% decline. In contrast, after the 2020 recession the number of workers and the unemployment rate quickly dropped. In 2022, the labor force rapidly rebounded. However, with the large Baby Boomer population cohort in the Northwest, labor force growth going forward will be more constrained due to retirements. Averaging a net gain of 4,426 additional labor force participants per year between 1990 and 2000, employers were able to tap into a large and growing pool of talented workers. Although the regional labor force and economy continue to grow, the rate of labor force growth is slowing considerably, adding an average of only 740 workers per year from 2010 to 2020.

Applying current labor force participation rates to future population projections by age group creates labor force projections for the region. Despite Northwest Minnesota's 3.4% projected population increase, the regional labor force is expected to grow only 2.8% from 2025 to 2035. This is due to the aging Baby Boomers exiting the labor force. The largest decline is projected for the 55 to 64 age group, with a decrease in those aged 65 to 74 as well. Those aged 45 to 54 gain the most as Millennials move into that age group. Those aged 20 to 24 also increase, while those aged 75 & over have the fastest growth. The anticipated change in labor force age distribution may lead regional employers to adapt their management and hiring practices to attract employees from the growing age cohorts.

- **EMPLOYMENT CHARACTERISTICS**

With just over 63% of the population over 16 years of age in the labor force, Northwest had a much lower labor force participation rate than Minnesota's 69%. In addition, all but the youngest age group had lower labor force participation rates than those statewide, and the overall rate is lower because a higher percentage of the region's labor force is in the oldest age groups. Participation rates varied by race in Northwest, but also lagged state averages. American Indians were the only race that had a higher participation rate than the state. The participation rate of Hispanic or Latino residents were similar to statewide. Like statewide, the region's unemployment rates were higher than whites for every race and ethnicity group, except for Asians. In sum, unemployment rates were higher and participation rates lower among young workers, minorities, people with lower educational attainment, and workers with disabilities.

- **HOUSEHOLD WAGES**

Median household income was lower in Northwest Minnesota than statewide, \$62,128 compared to \$77,706. Northwest had the second lowest median household income of the 6 planning regions. Over 40% of households in the region had incomes below \$50,000 in 2021 compared to just 31.4% statewide. The share earning \$75,000 to \$99,000 was similar to statewide, but only 26.4% earned \$100,000 or more compared to 37.7% statewide. The median hourly wage for all occupations in Northwest Minnesota was \$21.67 in first quarter of 2023 (Table 9). As such, Northwest has the lowest median wage of Minnesota's six planning areas. Further, Northwest's median wage was \$2.58 below the state's median hourly wage. Compared to surrounding areas, Northwest's median hourly wage was \$1.04 per hour less than Central and \$0.90 less than Northeast. However, wages in The Northwest increased more than in these surrounding areas since last year.

- **ECONOMY**

According to DEED's Quarterly Census of Employment & Wages (QCEW) program, Northwest Minnesota was home to 18,086 business establishments providing 221,564 covered jobs in 2022, with a total payroll of nearly \$11 billion. That was about 7.8% of total employment in the state of Minnesota. Average annual wages were \$49,394 in the region, which was \$21,331 lower than the state's average annual wage.

With 38,260 jobs at 1,868 establishments, the Health Care and Social Assistance industry employs the most people in Northwest Minnesota, accounting for 17.3% of total jobs in the region. The share of Health Care and Social Assistance jobs dropped from 18.1% in 2020 as the pandemic and its aftereffects have been a challenge for worker recruitment and retention. The sector's 2019 to 2022 employment decline was driven by the loss of 1,293 jobs (-10.7%) in the Nursing & Residential Care Facilities subsector. Hospitals also lost jobs, down 520 (-4.2%), as did Ambulatory Health Care Services, down 176 (-2.1%). However, Social Assistance, the smallest of the four healthcare subsectors, gained 1,055 jobs (16.8%) from 2019 to 2022. The second largest industry in Northwest is Manufacturing, with 29,870 jobs or 13.5% of total jobs. Manufacturing increased employment from 2019 to 2022, with 392 (1.3%) more jobs than prior to the pandemic recession. In addition, average annual wages in manufacturing (\$61,349) were nearly \$12,000 higher than the overall regional average (\$49,394). Retail Trade is the third largest industry, with 12.6% of total employment, while the closely related Accommodation and Food Services industry was fifth largest with 9.3% of total employment. Combined, these industries offer more than one in every five (21.9%) jobs in the region, but annual wages are still relatively low in these service-providing industries. Other large industries in

Northwest include Educational Services, Public Administration, Construction, and Wholesale Trade which all have greater concentrations of employment in the region than statewide.

C.2. Describe the sectors or occupations of focus for region, including:

- a. How the region will use the labor market information and conduct outreach to business and industry to select the targeted sectors for developing sector partnerships for occupations in demand that provide family sustaining wages. If sectors and occupations have been already selected, describe them within this response.

Our WDB is comprised of a majority of private sector employers. RMCEP, NWPIC and CareerForce staff are involved in local boards, sector partnerships and Trade Associations, which create a catalyst for influence to foster workforce development initiatives. The WDB will sponsor listening sessions every two years at which we engage businesses in discussion with Labor Market analysts to provide accurate data about the sectors in demand in our region. Healthcare, Manufacturing, Agriculture, Trades and Transportation are the local key industry sectors identified in our Regional Plan. Career pathway partnerships will continue to strengthen our ability to increase the number of qualified applicants for those jobs in demand.

Additionally, staff host job fairs, including occupationally specific job fairs, diversity-focused job fairs and industry-specific job fairs. This year included the introduction of “Drive-In,” “Trunk,” and “Virtual” job fairs as well. Employers are invited on site when available through such activities as Job Clubs and “Employer of the Day” to discuss their needs and openings with job seekers. Providers work one-on-one with individual employers to develop job sites and OJT opportunities. Through the use of Incumbent Training projects more employers are receiving specific training on site supported by the local WDB that are sustaining employment and increasing the skill levels of employees in the region.

- b. Alignment to the five sectors of focus in Drive for 5, including which local area in the region is focused on each or any of the Drive for 5 sectors. Complete Attachment G – Local Workforce Development Area Key Industries in Regional Economy.

The NW Region supports and recognizes Equity, Innovation and Inclusion and is committed to the appreciation of differences, innovative approaches, and the importance of finding and retaining high paying jobs in fields of demand.

Through the Drive for Five, industry sectors of technology, labor, the caring professions, and manufacturing will be supported through recent awarded grant funding. We will assist in identifying training, eliminating barriers, and supporting industry recognized in-demand occupations in the four sectors listed above that lead to family-sustaining wages. We will build and enhance sector relationships with employers, educational institutions, and other training providers to identify those with the most need. We have identified Economic Development Regions through connections with the Regional Workforce Alliance, the local workforce board and employer connections established within previous WIOA and State Dislocated worker programing. Health Care sector job vacancies in the NW region are up 19% from 2021. Manufacturing accounts for 13.1% percent of total employment and employment grew by 1,867 jobs from 2020 to 2022 these openings require skilled laborers that the area is lacking. Finally, trade and technology related occupations are also in demand in NW MN.

- c. The make-up of the sector partnerships will be determined and the expertise and resources they bring to the partnership.

Sector partnerships are fluid within economic regions and communities; the relationships often match the prevailing industry needs. Partnerships often align with regional issues, characteristics and or community needs. Such as childcare barriers, in the Bemidi area there is an active sector partnership working towards improving childcare accessibility. In our western counties partnerships came together to align with programs focused on assisting with re-entry programs designed to improve the employment outcomes of individuals leaving incarceration.

- C.3. The demographic makeup of the labor force in those sectors as compared to the regional labor force, and how the region will work to close any identified gaps.

*Employment by Race & Ethnicity, All Industries, Northwest Minnesota, 2002-2022*

People of color held 10.9% of the jobs in the Northwest Minnesota Planning Region, according to data from the Quarterly Workforce Indicators program. In 2022, that equaled 23,906 jobs held by BIPOC workers, compared to 195,748 jobs held by workers who were White Alone. BIPOC workers held just 5.8% of total jobs in 2002, meaning their employment almost doubled (a 1.9-fold increase) over 20 years. Workers of color have filled an additional 12,503 jobs in the region since 2002, accounting for over 55% of the 22,696 new jobs added. With 8,713 jobs, Hispanic or Latino was the largest group of color in the region's economy, after increasing more than 175% (two-and-three-quarter-fold) since 2002.

American Indian or Alaska Native was the next largest group of color in the region's economy, with 5,719 jobs in 2022 and growing over 27%. However, American Indians had the largest pandemic declines, losing 14.1% of their jobs since the peak of 6,661 in 2019 due to a subdued casino employment rebound since the pandemic.

Jobs held by white workers declined by 2.9% from 2019 to 2022, while jobs held by BIPOC workers increased 1.5%. Jobs held by Hispanic or Latino workers increased the most at 921, and also the fastest at 12%.

Most industry sectors in Northwest Minnesota are non-diverse, but there are industries that rely more heavily on workers of color. Agriculture, Forestry, Fishing and Hunting had 23% of jobs held by people of color, the largest share of any industry sector, and with a high representation of Hispanic or Latino workers filling 1,017 jobs. Arts, Entertainment and Recreation had 19% of jobs held by people of color, with 408 American Indians, reflecting casino employment. Likewise, the Public Administration workforce was 15.5% people of color with 1,411 American Indians, which reflects tribal government employment. The Accommodation and Food Services workforce was 16.1% people of color, with broad representation of racial and ethnic groups. In addition to employing the largest number of BIPOC people, Manufacturing also had an above average 14.1% share of people of color, with significant numbers from every group. Manufacturing also had the largest numbers of Hispanic or Latino, Asian, and Native Hawaiian or Other Pacific Islander workers of any industry sector. The Food Manufacturing subsector is staffed by 26% Hispanic or Latino workers. While Health Care & Social Assistance had the second largest number of workers of color, its 10.7% share of BIPOC workers is slightly below average for all industries. However, the Nursing and Residential Care subsector has a larger than average 13.1% share of workers of color.

Through multiple competitive grants that have provided direct funds to work with populations at most risk NW MN has worked to improve outcomes.

- C.4. How the local board will make opportunities in these areas known to customers, including employers and job seekers, and how the local board will create, modify or expand responsive workforce development programs and initiatives.

Starting in 2018, under Workforce Innovation and Opportunity Act (WIOA) Regional Planning, a regional summit strategy was enacted in the 26-county region of Northwest Minnesota to bring a wide range of stakeholders together to discuss occupations in demand and the underlying conditions causing the shortages of available workers. The emphasis was on methodology to validate the data surrounding occupations in demand,

and for workforce development professionals to become more aware of the specific challenges affecting business in each of the four EDRs in the Northwest Region. Keeping in mind that each EDR is distinctly unique, it was important to listen more than talk; therefore, the underlying design was to provide a business panel as well as a roundtable discussion at each summit for an uninhibited exchange of ideas. An emphasis of these meetings has been on the efficacy of developing inclusive and equitable recruiting and retention strategies.

- C.5. Based on the regional/local assessment of workforce development system services, describe how strategies will be created to pursue a more responsive alignment of employment and training services.

Moving forward, it is our goal to connect with each EDR to re-fresh the “Core Team” of committed business and seek out new members to represent workforce and economic development professionals. The goal will be to engage on a monthly basis to discuss issues and to plan for actionable intents to help solve some of the most pressing issues. Specific workforce deliverables that have occurred in the past and need to be reviewed and maintained include “Infographics,” Inclusive Workforce Employer Designation,” and the “Employability Skills Certification” and the “National Career Readiness Certificate”.

- C.6. Describe how the entities responsible for participating in this process will be selected, including their expected roles and responsibilities.

Developing strategies to address in demand sectoral and occupational needs has been conducted under the purview of the two LWDBs in the Northwest Region for decades. These boards worked with the local Regional Labor Market Analyst to pioneer the process of identifying regional Occupations in Demand. Local business, education, labor, government and non-profit leaders meet in each EDR to use the statistics and personal knowledge to identify industry workforce needs and project occupations in demand.

- C.7. Describe how outcomes will be determined in terms of employment and training services.

Continuation of summits and regionally planned events are part of the ongoing plans for serving the needs of the region’s businesses. Many future activities have already been funded by the Minnesota Association of Workforce Boards (MAWB). The intent is to stay current with business needs and to be able to react in a timely manner for development and implementation of innovative ideas.