University of Minnesota, Morris Center for Small Towns

The mission of the Center for Small Towns is to focus the University’s attention and marshal it’s resources toward assisting Minnesota’s small towns with locally identified issues by creating applied learning opportunities for faculty and students. For more information about the Center for Small Towns and its other programs, please give us a call or visit our Web page.

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**Introduction:**

The goal of this report is to highlight the economic situation facing families in west central Minnesota, such as attaining higher educational requirements, finding jobs that provide a family-sustaining wage and make it possible to afford child care, ensuring financial independency, and to not fall victim to financial schemes that threaten their financial well-being.

In 2006, a report was developed that compiled various data relating to the Rural Family Economic Success - Family Focused Goals (RuFES) published by the Annie E. Casey Foundation. The goals are organized around three themes - Earn It, Keep It, and Grow It – related to low income families earning a viable living, protecting income and lowering costs, and building assets. These goals are a work in progress and have been revised from time to time. This report attempts to update the data used in the 2006 report, and to add additional information that may not have been available at the time.

Data was not gathered for every RuFES goal. Some goals were judged to have less relevance to the region because of unique circumstances, such as strong local programs that appear to be fully addressing a need. Other goals are not addressed here because no locally relevant information could be found among the various data sources examined, and there was no readily identifiable mechanism to collect relevant data. Some goals have much more detail than others because of availability of data.

The information provided here should not be taken as indicative of conditions in any region other than west central Minnesota. Readers from other areas should view this profile as an example of how this work can be done, rather than as a source of information for their own local decision making. In addition, local users should bear in mind that overall regional trends may not apply to specific communities within it, since the data can vary substantially from locality to locality.

**Notes on Data Sources and Reliability**

This profile is intended to be a useful tool, not a learned dissertation. No one collects data with FES goals precisely in mind, so, in order to address FES goals, data had to be assembled from a variety of sources. In some cases the data reported was derived by combining two sources to extrapolate information neither was precisely designed to provide. Therefore the data provided should be viewed as indications of the status of the goals being examined, not as precise measurements. The annotated list of data sources provided should be viewed as a guide to those trying to assemble a similar profile, not as an indication that the primary data sources listed would be comfortable with the way their data was used or with the conclusions that have been drawn.

The observations and implications reported in this profile represent the conclusions of the authors and of the working groups that helped assemble and review the data. They are subjective, so others may draw different conclusions from the same data.
Goal: Job seekers get connected to available job opportunities in the region.

Trend: Overall employment has increased along with the number of jobs available, and there are fewer unemployed people to fill these positions.

Supporting Data:

1. The total number of employment in the region has increased from 84,115 jobs in 2007 to 86,273 in 2013. In addition, job vacancies in west central Minnesota have increased from 1,227 in 2007 to 3,497 in 2013. The percent of job vacancies relative to all filled jobs went from 1.5% in 2007 to 4.1% in 2013. This means that job vacancies are increasing faster than employment growth. (1) (2)

2. The number of unemployed (top-right chart) decreased from 5,978 in 2007 to 5,713 in 2013. There was a peak of 8,313 unemployed persons in 2010. Currently, there are 1.6 unemployed people for every open position in west central Minnesota. This is the smallest ratio compared to all other regions in the state. 1.6 is a substantial decrease from a peak of 8.2 unemployed per vacancy in 2009 and 4.9 in 2007. (2)

3. In 2006, the region’s average unemployment rate (chart below) was at 4.2%. The recession caused a major spike in 2009 (6.9%), but unemployment has since returned to 4.5%. (3)

4. West central Minnesota’s average labor force participation rate among those 16 years of age or older was 67% (chart below). This is very similar to rural Minnesota and the state’s rate which were 68% and 71%, respectively. (4)
5. Over the past decade, part-time jobs account for between 35% and 60% of the job openings annually. It appears the recession had little influence on the percentage of part-time openings since, in 2008, 60% of the openings were part-time. The following year, 36% of the openings were part-time. In 2010, it jumped back up to 50%. In 2013, 35% of the job openings were part-time, and the median wage for these openings was $8.96/hour. (4)

**Observations and Implications:**

- Employment growth and job availability is better than before the recession. These increases have occurred while the region’s population has also increased.
- Job availability appears slightly bolstered by the large number of available part-time jobs, though these generally pay less.
- Both the labor force participation rate and the 1.6 unemployed per job vacancy ratio indicates that it might be difficult for employers to find the employees they need to continue to grow since there are so few available people to work.

**Goal: Job seekers have a high school diploma or equivalent.**

**Trend:** The percentage of the population with a high school diploma in west central Minnesota is increasing.

**Supporting Data:**

1. The 2008-2012 ACS estimated that 91% of the population, age 25 or higher in west central Minnesota had at least a high school diploma or equivalent. The 2000 Decennial Census reported 84% had a high school diploma or higher. (4) (5)
**Observations and Implications:**

- Progress is being made on the percentage of the population that has a high school diploma or equivalent.

**Goal:** Young people attain education levels that improve their family’s economic status. Family members are building skills that qualify them to hold better jobs in their communities.

**Trend:** The percentage of the region’s population having secondary education is growing, while occupations requiring a high school diploma or higher are projected to grow.

**Supporting Data:**

**Educational Attainment, Age 25+**

![Educational Attainment Chart]

Source: 2008 - 2012 ACS

1. Compared to rural Minnesota, the west central region has a higher percentage of the population with associate, bachelor’s, and graduate or professional degrees. However, the percentage is lower than the state average for the population with bachelor’s and graduate or professional degrees. (4)

2. The 2000 Decennial Census reports 9%, 13%, and 5% of the population, 25 year of age or higher, have an associate, bachelor’s, and graduate or professional degree, respectively. The 2008-2012 ACS reports slightly higher percentages for each type of degree; 13%, 17%, and 7%, respectively. (4) (5)

3. West central Minnesota has a similar percentage of the population without a diploma (9%), compared to rural Minnesota (8%) and the state (8%). In addition, it has a lower percentage of the population with a high school diploma (32%) compared to rural Minnesota (35%), which can be attributed to the higher percentage of the population having some level of secondary education; 37% in west central Minnesota compared to 32% in rural Minnesota. (4)

4. Of the job openings in west central Minnesota in 2013, 12% of them required a bachelor’s degree and 22% required some level of post-secondary education. (2)

5. Projections (chart below) show that occupations requiring a high school diploma or higher will see the most growth (75% of the project openings) in the region over the next decade. Occupations requiring a bachelor’s degree or higher will grow faster than occupations requiring an associate’s degree. However, occupations requiring no high school diploma had the second highest projected growth. (6)
Observations and Implications:

- The higher-than-typical percentage of people with secondary education places the region well for future growth in industries requiring advanced skills, thus giving higher wages.
- There is still substantial projected growth among jobs that do not require a high school diploma. Coupled with the increasing percentage of the population with a high school diploma or higher, this could indicate an issue of workers being under-employed within the region, either currently or in the future.

Goal: Job seekers can find and afford dependable, convenient and appropriate child and dependent care they need to maintain a job.

Trend: The cost of child care continues to take up a large percentage of an individual's income.

Supporting Data:

<table>
<thead>
<tr>
<th></th>
<th>Family/Group Care</th>
<th>Center/School Facilities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Programs (2014)</td>
<td>631</td>
<td>26</td>
<td>657</td>
</tr>
<tr>
<td>Licensed Capacity Total (2014)</td>
<td>7573</td>
<td>1700</td>
<td>9273</td>
</tr>
</tbody>
</table>

1. In west central Minnesota, there are 631 family child care programs, and 26 center programs. The total capacity for these programs is 9,273 (see table above). (7)

2. The number of licensed child care programs decreased by 109 (-15%) from 2006 to 2014 (see chart below), and the number of children they could possibly care for decreased by 894 (-9%). (7) (5) (8)

3. While the number of programs and child care capacity decreased, the number of children under 10 years of age in west central Minnesota increased 7% from 2000 to 2010: 25,691 to 27,574 (see chart below). (5) (8)

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2010</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age: Under 5 Years</td>
<td>12,058</td>
<td>13,893</td>
<td>15.2%</td>
</tr>
<tr>
<td>Age: 5 to 9 Years</td>
<td>13,633</td>
<td>13,681</td>
<td>0.4%</td>
</tr>
<tr>
<td>Total: Age Under 10 Years</td>
<td>25,691</td>
<td>27,574</td>
<td>7.3%</td>
</tr>
</tbody>
</table>

Projected Occupation Growth by Education Requirements 2010 - 2020 in West Central MN

- Bachelor's degree or higher
- Associate's degree
- Post-secondary non-degree award
- High school diploma or equivalent
- Less than high school
4. The average cost of family care per child is $126.66 a week, while center care has an average cost of $155.74. (7)
5. The average weekly wage for an individual in the region is $672.00. Given the average costs for care from point #4 above, the average cost of child care per child makes up 19% (family care) and 23% (center child care) of the median weekly wage for the region. These averages are very similar to 2006 when family care made up 18% of the median weekly wage and center child care made up 24%. The chart below gives the cost of child care as a percentage of weekly wage broken down by age of child. (1) (7)

Observations and Implications:
- Total capacity for child care in the region continues to be an issue. The lack of growth in child care facilities can counteract many of the positive trends happening in the region, such as employment growth and the in-migration of young families.
- The cost for child care for a typical parent can equal 20-25% of their income with one child. If a family has more than one child that needs care, the cost can consume most of a parent’s income.

Goal: Working family members hold jobs that pay a wage that supports stable family life.

Trend: Wages in the region have increased faster than the state average, however many of the wages still fall below a livable wage for a typical west central MN family.

Supporting Data:

<table>
<thead>
<tr>
<th></th>
<th>1 Adult</th>
<th>1 Adult, 1 Child</th>
<th>1 Adult, 2 Children</th>
<th>1 Adult, 3 Children</th>
<th>2 Adults</th>
<th>2 Adults, 1 Child</th>
<th>2 Adults, 2 Children</th>
<th>2 Adults, 3 Children</th>
</tr>
</thead>
<tbody>
<tr>
<td>Livable Wage</td>
<td>$7.79</td>
<td>$18.23</td>
<td>$23.68</td>
<td>$30.01</td>
<td>$13.15</td>
<td>$16.25</td>
<td>$17.72</td>
<td>$20.51</td>
</tr>
<tr>
<td>Required annual income before taxes (individual income)</td>
<td>$16,329.56</td>
<td>$38,058.44</td>
<td>$49,387.78</td>
<td>$62,791.44</td>
<td>$27,451.89</td>
<td>$33,938.78</td>
<td>$36,988.78</td>
<td>$43,041.56</td>
</tr>
</tbody>
</table>

1. The wages and incomes in the chart above are the minimum for families to achieve financial independence and meet their basic needs, such as food, water, shelter, child care, and medical care. (9)
2. We consider a typical working family in west central Minnesota to be either 2 adults with 2 children or one adult with two children. Using that definition, the estimated required annual income before taxes for a family consisting of 1 adult and 2 children is $49,387 or $36,988 for a family with 2 adults and 2 children. A lower income is
projected for a family with 2 adults and two children since it is assumed the cost for child care would be significantly less due to one parent at home providing care for the child. (4) (9)

3. The chart below breaks down the percentage of families and total income in west central Minnesota. When comparing the percentage of families and income with the estimated required annual income for a family of three reported above ($36,988 and $49,387), 18% have an income of $34,999 or less while 37% have an income of $49,999 or less. (4) (9)

4. In 2013, one-third of all job openings were part-time and the median wage was $8.98 per hour. The median wage for all openings was $11.36.

Observations and Implications:

- The region has seen increases in wages along with job availability. However, there is a concern that many positions are part-time, which pay significantly lower than a livable wage.
- It is difficult to determine exactly how many families are receiving a livable wage, however, coupled with the large number of part-time jobs in the region, it is reasonable to believe that there are a number of families receiving below a livable wage.

Goal: Families reduce their debt burdens and improve their credit ratings over time. Families get loans they need without using predatory lenders.

Trend: Yearly bankruptcy filings and foreclosure rates in the region have decreased significantly over the past year, while the number and amount of fees collected by predatory lenders are increasing.

Supporting Data:
1. From 2006 to 2010, the total number of bankruptcies in Minnesota increased substantially. The United States Bankruptcy Court, District of Minnesota reported 7,729 total filings in 2006, which increased to 22,070 in 2010 and has since declined to 14,295 in 2013 (top-left chart). Although we cannot get the total numbers for west central Minnesota, the upper right chart shows the percent change from year-to-year in total bankruptcy filings at the Fergus Falls Bankruptcy Court, which serves the entire west central and northwest region of Minnesota. In 2007, there was a large increase in bankruptcy filings compared to 2006, and the total bankruptcy filings each subsequent year were larger than the previous year until 2011 when there were 18% less filings than 2010 (top-right chart). (10)

2. The foreclosure rate (chart below) is measured by the number of Sheriff property sales due to foreclosure divided by the number of residential parcels. West central Minnesota weathered the foreclosure crisis better than the rest of the state and has almost returned to pre-recession levels. There was a significant increase during the recession and peaking in 2010 with .64% of properties foreclosed. The state of Minnesota peaked in 2008 at 1.46 and rural Minnesota peaked in 2010 at 1.11%. (11)

3. Payday loans are high-cost small loans that create a debt trap for many of its users. Over the past decade, west central Minnesota has seen an increase in the number of these types of businesses. The chart below shows that these types of businesses and the estimated dollars profited through loan fees has increased in the region. In 2012, there were five of these businesses across the region that accumulated $400,621 in loan fees. These fees are influenced heavily by one business located in Moorhead, which receives 66% of the total estimated fees. (12)

Observations and Implications:
- The region outperformed the rest of the state regarding foreclosures and bankruptcies during the recession. Since the recession impacted households with the riskiest debt loads, the statistics above may indicate that the region is better at managing their debt than most of the state.
- The increase in fees collected by payday loan businesses is concerning and indicates a need for better education about the dangers of these types of loans.
Goal: Families utilize public assistance and take advantage of particular tax breaks with the goal of achieving financial independence.

Trend: Disadvantaged families underutilize many social programs and tax credits that are available to them, meaning they go without valuable financial support.

Supporting Data:

1. 12% of the households in west central Minnesota are below the poverty line. (4)
2. According to the 2008 - 2012 ACS, 4023 households below the poverty line received SNAP benefits, while 6864 did not. This means that 37% of households below the poverty line in west central Minnesota received SNAP benefits, while 63% did not. In rural Minnesota the average number of households below the poverty line receiving SNAP benefits was 30%, and the state average was 38%. (4)

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**Percent of Households Below Poverty Line Receiving SNAP Benefits**

- West Central MN: 37%
- Minnesota - Rural: 30%
- Minnesota: 38%

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3. The percentage of students receiving free/reduced lunch in west central Minnesota is 34% (chart above) of children under 18. This is similar to rural Minnesota (36%) and the state (38%). (16)
4. 15% of the tax returns filed in west central Minnesota claimed the Earned Income Tax Credit (EITC) (see chart below). This is similar to rural Minnesota (16%) and state (14%) averages. (13)

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**Percent of 2012 Tax Filers Claimed EITC**

- West Central MN: 15%
- Minnesota - Rural: 16%
- State Total: 14%

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Observations and Implications:

- The low utilization of SNAP benefits, and free and reduced lunches by eligible families continues to be an issue in the region and across the state.
- Currently, it is not possible to calculate the percentage of EITC eligible families that are claiming the benefit. However, research conducted by the Internal Revenue Service in 2002 concludes that between 12% and 18% of households who qualify do not file for the EITC. The Brookings Institution supports this conclusion. ^1

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Goal: Young people remain in the community – or return after completing their education – to work and raise a family.

Trend: The region is seeing an increase of young families along with working adults and retirees. These increases are outpacing the loss of 20 to 34 year olds.

Supporting Data:

1. From 2000 to 2010, west central Minnesota experienced an in-migration of 5,505 people aged 35 and up, as well as an in-migration of 4,100 of children age 10 to 19. There was an out-migration of 8,268 people between the ages of 20 and 34 (see chart above). (5) (8)

2. The trends from 2000 - 2010 mirror the trends from 1990 to 2000, with similar in-migration of 10 to 19 year olds and 35 to 69 year olds and out-migration of 20 to 34 year olds. (5) (8)

3. The total population of west central Minnesota has increased by 80,146 (57%) people since 1900 (see chart below). (14)

4. Since 1970, west central Minnesota has seen an increase of 20% in its population, but not all counties experienced increases. Traverse has experienced a 43% decrease in its population. Wilkin County has seen a significant percentage decrease of 30%. The county with the largest percentage increase is Douglas with 57%. (14)

Observations and Implications:

- The only counties with a net inflow of young people (age 18 to 29) are Clay and Stevens counties, which both have large colleges.
The migration patterns outlined show that the region loses many of its young people, age 20 to 29. This is another indicator that young people are going out to attain an education to improve their economic status. These migration patterns also show that the region outperforms the rest of rural Minnesota in attracting and keeping people with secondary education.

The inflow of people age 35 years or older is a major opportunity for the region since they generally have held leadership positions, have received secondary education, and bring young children.

**Goal: Working families obtain, finance at competitive rates, and purchase quality homes in their communities.**

**Trend:** Home ownership in the region is higher than the state average. However, the median values of owner-occupied houses is substantially less than elsewhere in the state.

**Supporting Data:**

1. The American Community Survey (2008 – 2012) report the region has a higher homeownership rate (76.1%) than the state (73%). This rate has been relatively stable over the past decade. In 2000, the homeownership rate in the region was 77.4%. (4)
2. By county, the percentage of houses built by 1950 or earlier ranges from 25.0% (Douglas) to 57.6% (Traverse). (4)
3. Housing is considered affordable if it consumes 30% or less of a household’s gross income. West central Minnesota, like most of the state, has a large percentage of renters and home-owners with unaffordable housing costs. According to the 2008 – 2012 American Community Survey, 45% of renters in the region pay more than 30% of their income for rent. 23% of homeowners pay more than 30% of their income for home ownership costs (see chart below).(15)

![Household paying over 30% of income for rent or home ownership costs in West Central MN](chart)

**Observations and Implications:**

- The percentage of the housing stock older than fifty years old has stayed the same during the last decade throughout the region.
- There are a substantial number of households paying more than 30% of their income towards housing and rental costs. This means less income is available to spend on other essentials, such as medicine or food.
Sources


7. (n.d.). Child Care Aware of MN Northwest. *Child Care Profile*.


