When it comes to talent, the metro area and out-state regions face common opportunities as well as common headwinds.

### Common assets

- **Employers** represent a diverse and vibrant set of industries that provide historically well-paying jobs – Minnesota ranks #13 overall in income per capita, #2 in the Midwest.
- **Overall workforce** is well educated and trained with high participation rates compared to national averages - #2 in the nation in labor participation rate.
- **In the near- and long-term, demand for workers** across skillsets is expected to continue to grow – demand is expected to continue to grow 1.5% annually across all sectors.

### Common challenges

- **Slowing organic workforce growth in the near-term** as the current workers age and rate of new workers declines – baby boomers began to reach retirement age in 2011.
- **Continued flat net migration** will prevent us from augmenting the slow organic workforce growth – domestically, ~8,000 more workers leave the state than migrate in each year.
- **Impact of employment disparities across race** may continue to grow as the overall workforce becomes more diverse – people of color are expected to grow by 50% in twenty years.

**SOURCES:** MN DEED Economic Snapshot report – August 2017, Minnesota State Demographer Center, Met Council
These common challenges will result in a significant worker shortfall throughout the state in the next five years.

Projected worker shortage over next five years...

Growth in number of workers is not projected to keep up with GDP growth

Millions

- Workers needed to meet GDP growth
- Worker gap ~287,000

2010 2015 2022

Key drivers of worker gap:
- Continued, strong demand for workers
- Stressed talent supply
- Mismatch between skills and employer needs

...would adversely impact our state in multiple ways

Business growth

- Slower labor force will result in weaker gains in production, tempering growth - $33B of annual state gross domestic product would not be realized
- Strained talent market, our region’s historical competitive advantage, diminishes our ability to attract businesses for relocation and expansion

Income and wealth

- 287K workers represent ~$12B in annual personal income
- Workers could contribute ~$2.2B in local taxes annually

Tax base

- This loss of potential tax revenue would occur at the same time more demand, particularly from an aging population, is placed on health and social services

1 Assumes average gross state product per worker to be $115,000 annually
2 Median wage in state ~$20/hr
3 Assume total local taxes $7,791 per capita, including income, sales, property taxes, etc.

SOURCE: U.S. Bureau of Economic Analysis, GDP through 2014; U.S. Census Bureau, ACS employed worker counts (does not include unemployed) to establish GDP per worker estimates; Moodys projected GDP and employment growth rates to 2020 as of Feb 2016; GREATER MSP analysis; MN Deed Economic Snapshot- August 2017
The talent pipeline highlights potential areas of opportunities to help address the expected worker shortage.

<table>
<thead>
<tr>
<th>Areas of opportunities</th>
<th>Potential impact</th>
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<tbody>
<tr>
<td><strong>Reduce employment disparities across race and gender lines</strong> through focused hiring, evaluation and changes of employment practices, and improved cultural competency training in the workplace</td>
<td>57,500 additional workers in the workforce if labor participation rates and unemployment rates were equal to the native born white population</td>
</tr>
<tr>
<td><strong>Increase domestic migration of current workers</strong> with concentrated recruitment and marketing and improved retention</td>
<td>Current net domestic migration is negative ~12,000 per year</td>
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<tr>
<td><strong>Strengthened retention of out-of-state college students</strong> after graduation to bolster the source of future workers</td>
<td>Approximately 21,000 students relocate from out-of-state to Minnesota for college each year</td>
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</tbody>
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To address challenges, we need to continue to build partnerships across the urban-rural divide.

**MN Chamber of Commerce**
- GROW Minnesota
- Business Education Network (BEN)

**Minnesota Precision Manufacturing Association & Department of Labor and Industry**
- Youth Apprenticeship

**Best Prep**
- Statewide organization with the mission to better prepare youth with business career and financial literacy skills through connections with employers

**RealTime Talent**
- Broad engagement of Board members and stakeholders (employer and provider led)
- Informed market-oriented decisions
- Increase alignment of employer needs, academic needs, students, and job-seekers

**RealTime Talent Exchange**
- Legislative funding and partnership with platform provider
- Surveys candidates and employers about needs, interests, abilities, and workplace preferences
- Uses matching algorithms to stack and rank best matches
- Cost-effective for employers of all sizes across industries

**Minnesota High Tech Association**
- Partnering with RealTime Talent to host a focused MHTA Talent Exchange
Public-private collaborative that provides research, consulting and tools to improve workforce alignment in Minnesota

• Create more informed, market-oriented decisions
• Increase alignment of employer needs, academic programs, students, and job seekers
• Introduce tools and innovation to address labor force needs and support higher education and workforce systems
• Provide research and consulting services to a range of stakeholders
• Board members: employers, industry associations, colleges and universities, DEED
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