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Christy Kallevig: Welcome to Vital Connections On Air, a podcast brought to you by University of Minnesota Extension Center for Community Vitality that explores the trends and topics important to communities and leaders throughout Minnesota. My name is Christy Kallevig, and I'm an Extension Educator with the Center for Community Vitality. Today I'm excited to bring you the second half of my conversation with Laura Kalambokidis. Laura is an Extension Economist, and part of our Community Economics team within the Center for Community Vitality and is also Professor of Applied Economics for the University of Minnesota. In addition to these roles, Laura is Minnesota State Economist. Let's pick up where we left off and start discussing Minnesota's workforce.

Christy Kallevig: As you said, one of our greatest assets is our workforce. And I want to explore that topic with you a little bit because as you said and many of us in communities recognize that there are some changes happening with our workforce and some real challenges for Minnesota's workforce. What do you see as the major issues that are currently impacting Minnesota's workforce?

Laura Kalambokidis: So slow labor force growth is hitting all parts of the state and it is the result of the aging of the population. Minnesota is not alone in this. This is a global and definitely a national phenomenon. And so probably the most common theme and challenge is the fact that this large group of people, the baby boom generation, is aging out of working age. So that's a big challenge. Given that, I said that both job seekers and employers are getting creative and making those matches. So one of those ways of getting creative is for people looking for jobs thinking about what skills they want to develop in order to have the jobs and careers that they want. And so there are mismatches in the economy in terms of, you know, not everybody has a job who wants a job.

And so some of that I think is geographic that some of it is the people aren't where the jobs are, the people or the jobs are where people aren't interested in going, or that people are focusing their search somewhere the jobs aren't. But some of it is skills mismatch too. And so employers and communities need to be forward thinking about what jobs —not only [which] we are trying to fill right now, but if we add technology right now to improve the productivity of the workers we have what are those jobs going to look like five years from now? Because those people —you know the students who are coming out of high school and deciding on secondary education, they want to know what those jobs are going to be five years from now. And so what should they be training in and that is a hard thing to do because it's hard for firms to forecast what they're going to need, and it's hard for the educational institutions to retool to provide those skills. But I think that's currently a challenge.

Christy Kallevig: A thing that I have been hearing about and have actually experienced as someone living in a smaller community is child care and how that has impacted the workforce,

and I know that there's a lot of different groups looking into that topic. From your point of view and seeing all that data and information coming in to you and your various roles, how do you see child care impacting our workforce?

Laura Kalambokidis: This is one of the critically important issues in trying to get everybody into the game, because people make rational decisions. I'm an economist. I tend to think people make mostly rational decisions. Of course, we know that's not always the case. But when I think about someone deciding what job to take or how much to work and they've got a family, they've got kids at home. So you sit down at the kitchen table and you figure it out. Like I'm going to take this job making this much money per hour and I'm going to have to pay this much per hour for child care and transportation and extra food costs because I'm not going to be making dinner at home. But you know couples do this. Families do this. They figure it out. And if child care costs more than what they can make, it's going to be a no-brainer and they're going to say you know what I'm going to say, "I'm going to continue to take care of my kids at home and wait this out."

And why would child care cost so much? Well it's going to cost a lot in a place in places where it's scarce and maybe there is child care and maybe it's not that expensive but it's 20 miles in one direction and the job I want is 20 miles in the other direction. And when you add up the transportation costs it's not worth it. So having a greater supply of child care options and more flexibility in terms of work options can draw more people into the workforce. Another aspect of child care is that we know that early childhood education investment in high quality early childhood education is an investment in that future workforce we need.

Laura Kalambokidis: Not that I think of people just as workforce. You know people are people and they contribute to communities and in lots of wonderful ways, you know personal and spiritual. It's not that workers are just cogs in the little system. But every community has a vested interest in making sure that the kids are well-educated and can be productive fabulous members of the community as well as being able to work in the future. And so investing in the high quality early childhood education is in everybody's interest, whether you're a parent of one of those kids or not. So you know everybody in the community whether they have kids in a high quality child care situation, they benefit from that child getting that education as well.

Christy Kallevig: And like you said, early childhood education is definitely that great way to start the process. I've also read and heard some conversations that have indicated that really, education is part of the whole workforce issue and conversation in the fact that employers are not always finding employees that have the skills that they're looking for. What challenges do we have in preparing an adequate workforce to meet their needs across the state?

Laura Kalambokidis: Yes. So you know I alluded to this, that it's hard to predict what hard skills are going to be needed because if you're in a community and you're trying to forecast here's the economy we have now here the employers we have now. What's that going to look like in 10 years or five years? And it's hard for educational institutions to retool, but the more flexible educational institutions can be the better in adapting to that. But another way kind of around that is to say, "Okay, well maybe those hard technical skills, the how to use this particular machine or how to do that particular kind of process. Maybe that kind of training needs to be in the

businesses themselves because it's very business specific. And what the educational institutions should be focused on is those general high quality, high performer kinds of skills. So language and math and speaking and writing and reading and responsibility and a global understanding and appreciation of diversity, and all those kinds of things that are more and more general and can take you anywhere. And then those students are prepared to take on something that's more narrowly-focused coming out of school. Another aspect of how education is important in economic development and in helping communities grow is one of the things that communities can do, and I'm sure they're all thinking about this in this tight labor market environment, is how can we continue to make our community attractive to others? How can we draw people here? So we may not be able to forecast the future, but we know what's good about this place and how can we invest in the things that are attractive about this place, and invest in the things that the amenities—the cultural amenities, the natural amenities and also education, not just for the workforce of the future, but because people who are right now looking for the place where they want to live and work and raise a family. They want to know that the educational options are of high quality. And so that this is a community I want to live in, these are schools I want to send my kids to. And so it's another way to sort of signal that this is a lovely place to be. Come up here and live with us.

Christy Kallevig: And housing plays into that as well because if a community wants to attract people you need to have a place for them to live. What do you see as far as trends in the workforce housing and how that plays into challenges and opportunities for employment in communities?

Laura Kalambokidis: Yeah, you're right. It's a lot like [the] childcare story that if I can't find a house that I can afford in the community where the job is, [or] if the wages offered are there's a differential between the wages offered and housing affordability, then you're going to have a challenge in attracting people. Or maybe the housing is affordable, but it's not as attractive. It's an older stock or it's not what people are looking for. You know the markets ought to start to fix that. Right, so if there's a demand for a particular kind of housing in the area and there are jobs being offered, then you would expect housing to just show up. But that's how it works on the blackboard. So when I draw it, it's a supply and demand diagram. If there's demand, then people are going to build the houses and then it often doesn't happen quite easily in communities and one of the reasons that there is there can be a mismatch. Where you [think] like houses should be built here of a particular type. It can be financing and that the local banks are dealing with dictates from a corporate headquarters, or there's regulations or something that's causing them not to finance the development that might be needed. There still are communities, as I said, that are dependent on a particular industry, and builders are reluctant to invest there just in case. Even though the industry is doing great right now, what if they what if they do poorly then I'm stuck with this development that I can't fill. There's also opportunities in that this year the aging of the population means that some people are going to be downsizing—a lot of people are going to be downsizing—and maybe they're gonna move to the cabin or maybe they're going to move into a condo or multifamily housing, and there may be a lot of single family housing that is left that is there on the market for new families to move into. So that's a potential opportunity.

Christy Kallevig: We also are seeing a lot more new immigrants move to Minnesota. I'm located here in Willmar and we have seen that within our community and I know that there are

other communities across the state that have experienced that as well. How do our new immigrants contribute and contribute and impact Minnesota's economy?

Laura Kalambokidis: They are vital to Minnesota's economy. So Minnesota—I'm going to tell you something that's true about Minnesota, but it's also true about all of the states in the northern part of the country that Minnesota loses people to other states on that every year. So if you look at people coming in from other states to Minnesota, versus people going out to other states. On net that's negative for Minnesota. That's true as I said across the top of the top of the country because people in the United States tend to move from the north and the east to the south and the West. And they do that even more as they get older. And so as the population is aging this is something that all those immigrants are facing. But Minnesota's net in-migration, if you look at the total number of people coming into the state less the total number of people going out every year, our net in-migration is positive, and positive because of international migration. So we get enough people coming in from other countries to make up for folks that are going to other states. So that's critical to the fact that our workforce —our labor force —is growing, it's growing slowly because the population is aging, but it's growing because of that migration and because of the growth in the populations that migrated in in the past. So new immigrants and those not-so-new immigrants, but those established communities are critical to the state driving in the future. So it is critical for us to make sure that the kids that are coming in and the kids of immigrants are being educated at a very high level and are graduating at the same rates as everybody else and that are getting an education that allows them to go on to college or go onto to jobs.

New immigrants also are very entrepreneurial. So they come in and they often have strikes against them. Maybe a language barrier. Maybe not. They're not sure...people aren't sure of them yet and aren't ready to hire them and so they often start up businesses, family businesses to serve one another and then to serve everybody else. And so maybe you see maybe you've seen this in Wilmar, I imagine.

Christy Kallevig: We have a great downtown because of our new immigrants.

Laura Kalambokidis: Excellent. Right. So it's not just they're not just selling to one another but everybody's coming in to buy their stuff and eat at the restaurants and such. So those are two ways that they're absolutely critical. They're critical for our continued population growth even though it's not gangbusters population growth there, it's the reason we're growing. They're critical to our workforce and they're critical to our community vitality, especially not just their entrepreneurial spirit but also community engagement, and organizational engagement, cultural engagement as well.

Christy Kallevig: As far as other specific workforce issues, are there any trends that you are starting to see that maybe aren't on everybody else's radar that they should start paying attention to?

Laura Kalambokidis: I think we have you know [and] I think other people have seen this, but I think a fascinating trend is large employers looking for pockets of workers in other parts of the metro area or other parts of the state. And figuring out their own solutions to transportation and housing. I've heard of employers up north investing in multifamily housing in order to make that

available for workers to come up and live. And we know of employers in the Twin Cities in the suburban areas that are bussing folks from the city out to where the jobs are. We talked about challenges in Minnesota [which] is a health care state. We have a lot of people working in the health care industry. That is a sector that is important to the state and it is facing challenges.

And we've talked about geographically that in less densely populated parts of the state is not getting to be a critical issue is finding those workers. One of the big challenges there is that wages can't necessarily go up in those sectors because so much of those services are being paid for by the government. And so there is a restriction in how much reimbursement —how much can be paid for Medicaid services and Medicare services. And so there's this block of this tension with people. You know if there were a market, then the wage would probably go up. The wage can't go up, and so then you might have a sustained shortage. And when there's a sustained shortage, those employers are going to think about ways to use technology to adapt to this new environment. So maybe there's an encouragement. You need those healthcare services to live closer together. And maybe there's going to be new technology to monitor folks so that they can stay in their homes. They don't necessarily need that one on one care because we can communicate with them, or we can see what they're doing. Those kinds of things. What other kinds of trends in workforce?

I think that educational institutions and firms—employers —are figuring out ways to do training in more flexible ways —to be more flexible —about training and credentialing. So maybe we don't need someone to do this three year program to be credentialed to do this job. Maybe we can bring them in as an apprentice and they can learn on the job. Maybe we can have a mobile training unit that goes somewhere to train people. Those are the kinds of things ... this is this creativity in making those matches that I'm seeing.

Christy Kallevig: It's fascinating how creative we can become when we need to be right.

Laura Kalambokidis: Absolutely. Absolutely, and you know it makes me excited to see what 10 years from now will look like and hopefully what we've done is we've created more flexible jobs and we've got people living in different places than they might have otherwise. And we've got people who might not have been in the workforce or were fully engaged in the workforce, and those as I said we've created those pathways and the connections between employers and organizations and the government and the community and we've built those and that stays part of our economic assets for the state of Minnesota. Imagine if Minnesota is the state that thrives in this interesting new diverse environment. That'll be it'll be an exciting place to study and work.

Christy Kallevig: It will be beautiful. I have chills right now.

It's such a great way to look at it, and when you look at all of the people that need to come together to make that happen. One thing that we have talked about a little bit, but haven't gone deep on, is what should communities be doing to support the employers that exist there? Because it's a give-and-take between a community and the employers that are bringing people in that are keeping them vibrant. So what do communities need to do to be a good cheerleader or supporter to the employers that they have?

Yeah, that's a great question, and it really is a partnership. So it's not just, "what can government do for us and what can businesses do for us?" We need to work together. I would say go communities go into the conversation with employers as partners, but go in well-informed. Right? So learn about your economy, learn about your local economy. You said that sometimes people have misconceptions about what's critical in their economy, and what's driving their economy. So gosh, Extension is fabulous at painting that picture. Here's what the data tells us about your economy. Understand that. Know who your big employers are and know what the industries are that are important. Understand that. And, as I said, the government and community groups may not have the information. They aren't the best, necessarily, to forecast what jobs are going to be needed, or what skills are going to be needed, but they know the community and know what's attractive and great about the community and can build on those things.

So maintain the assets that you have. You can't do everything. What do you do really well in this community? How can you maintain that? So that you can retain the workers that you manage to attract. And so information is important, and just being a great place is important. And then sometimes I think this happens when I'm out talking to business groups. I push back at the business groups sometimes when they tell me we can't find workers or there's a shortage of workers or people aren't skilled or people. I push back and say, "Well what are you doing to help resolve that?" I mean, you're the one who's trying to make a living at this and make a profit here. So surely you are thinking hard about how to solve this problem. Are you? What are you doing about compensation? Are you raising wages and if not, what are the barriers there and are you thinking differently about training? Are you thinking differently about different populations? Have you looked at groups of people that you may have that overlooked before? So you know, pushing back that have employers have responsibilities here, too?

Christy Kallevig: We're all in this together.

Laura Kalambokidis: Yes. Yes.

Christy Kallevig: Well thank you so much for taking the time to visit with me today. I have learned a lot.

Laura Kalambokidis: Thanks for inviting me.

Christy Kallevig: Thank you again to Laura Kalambokidis for giving me time for this great interview. My conversations with her have set the stage for a series of podcasts that will be coming your way that are focused on workforce challenges in Minnesota. We will have episodes that will explore topics such as child care, housing, immigrants in the workforce, and what communities are doing to address the needs of employers and employees across Minnesota.

Don't forget to visit the Center for Community Vitality's website www.extension.umn.edu/community and learn more about today's topic inner leadership and civic engagement alumni block. You can also follow us on Facebook and Twitter to stay up to date on new research and resources for communities and those who lead them. My name is Christy Kallevig and thank you for joining me for this episode of Vital Connections on Air.