Labor Force Report

Yankton County, South Dakota

August 2019

Compiled for Yankton Thrive

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OVERVIEW

This report was compiled to examine the state of the labor force in Yankton County, South Dakota. The report includes information on the current demographics and demographic trends of the labor force, the relationship of housing and labor markets, (un)employment statistics, and the wants and needs of both employers and workers in Yankton County.

The report was created by compiling data from a number of sources, including reports previously published reports and studies created on behalf of the City of Yankton, Census data, Bureau of Labor Statistics (BLS) data, and data obtained from JobsEQ, among other sources. For the sake of clarity, certain terms contained in the report are defined below.

DEFINITION OF TERMS

- The County – Yankton County
- The City – The City of Yankton
- The State – South Dakota
- Four-County Area – Yankton (SD), Bon Homme (SD), Cedar (NE), Knox (NE) Counties
- Greater Yankton – The City of Yankton and smaller towns, townships, and precincts within a 15-mile radius in both South Dakota and Nebraska. Greater Yankton includes Gayville, Lesterville, Mission Hill, Tabor, Utica, Volin, Marindahl, Southeast Bon Homme, Southeast Yankton, Walshtown, and West Yankton.
- UT – Unincorporated territory
- The Governor – The Governor of South Dakota, Kristi Noem
- The School District – Yankton School District
- The College – Mount Marty College in Yankton, South Dakota
- The Department of Education – South Dakota Department of Education
- The Department of Labor – South Dakota Department of Labor
- GOED – SD Governor's Office of Economic Development
- CBO – Congressional Budget Office
- Underemployment – The state of being in a job that does not utilize one's full set of skills or does not meet one's full list of needs (i.e. pays inadequate wages)
- Labor Force – Persons aged between 16 and 65 considered to be able to work
- Affordable Housing – Housing is considered affordable when a renter/homeowner with the median income can rent/purchase a housing unit without dedicating more than 30% of their income to housing costs.
- GDP – Gross Domestic Product; the sum of all goods and services produced in a geographic area
- OJT – On-the-job training
- The 2013 Labor Report – The Yankton, South Dakota Area Labor Availability Report (August 2013), prepared by Morris, Lloyd, & Associates (MLA).
- The 2013 Housing Study – The City of Yankton Housing Study (August 2013), prepared by Community Partners Research, Inc.
- The 2017 Housing Study – The City of Yankton Housing Study Update (August 2017), prepared by Community Partners Research, Inc.
- The 2018 State Workforce Report – Report on South Dakota's workforce produced by the State Department of Labor.
- The 2019 Employer Survey – Survey of employers conducted in 2019 by Yankton Area Progressive Growth (YAPG).

EXECUTIVE SUMMARY

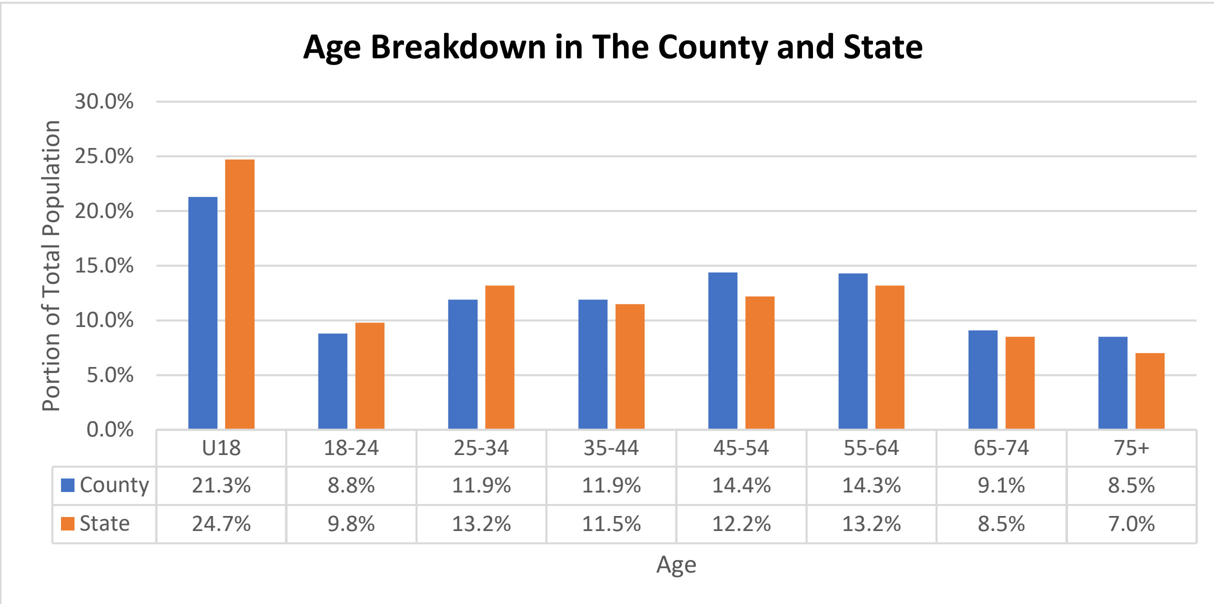
- Demographic
  - With a lack of new younger residents, the County is experiencing an aging problem. The County's aging problem places unique demands on the economy as well as the County's housing stock.
  - The County has a small portion of individuals with incomes far exceeding the median income and a larger portion of individuals with incomes under the median income; a small group of people have very high incomes, but more people have incomes below the median.
  - The County is overwhelmingly white, but County residents of color suffer from higher rates of poverty and insecurity.
  - Since 1990, population growth has been steady. Future population growth has the potential to exceed average growth, if certain conditions are met.
  - County residents are on par with statewide averages concerning education. Improving residents' education levels could improve labor market participation, as higher-educated individuals are more likely to pursue paid employment.
  - Most workers employed in The County have a commute that is less than 15 minutes. Some people employed in The County, however, commute from surrounding counties in The State and Nebraska. A smaller number of County residents choose to find work outside The County, commuting most often to Minnehaha and Lincoln Counties.
- Housing:
  - In any given year, The County can expect to add upwards of 50 households. If certain factors are met, household growth could rise to over 60 households per year. Despite recent housing production, both rental and housing vacancy rates are low. If vacancy rates remain too low, prices will continue to rise and prospective occupants will be shut out from the market, limiting population and household growth.
  - Housing prices in The City and County are rising. Rising costs create burdens and can prevent ownership for new and low-income prospective homebuyers. 44% of homeowners in The City with incomes under $35,000 dedicated more than the recommended amount towards housing costs. Because most newly constructed units are often unaffordable for low-income or first-time homebuyers, maintaining the existing housing stock should be a priority. In the future, about 30% of housing demand will be for affordable housing.
  - About one-third of all housing units are occupied by renters. Most renters have lower incomes and could benefit from more affordable housing. In 2015, there was a 270-unit shortage of properties with subsidized rents under $250, forcing low-income renters to take on additional housing costs. The success of recent low-income multifamily housing, waiting lists, income data, and other factors all point to an unmet demand for affordable renter housing.
  - The County should make it a priority to preserve the existing housing stock, support the production of new, affordable housing, work with other entities and agencies to utilize existing programs, and consider creating new programs.

- Labor Force:
  - The County’s labor force has not been growing. The County has a labor force participation rate that is lower than the statewide rate. Prime-age individuals participate in the labor force at a much lower rate in The County than they do statewide.
  - Employment and GDP growth in The County fluctuate in cycles of 2-3 years of strong growth followed by 1-2 years of stagnation. Manufacturing is the most popular industry in The County, while the Management industry offers the highest wages. Production is the most popular occupation in The County, while Personal Care occupations offer the highest wages. Both the Manufacturing industry and Production occupations are slated to contract in the next 5 years.
  - Unemployment in The County is lower than The State. While the unemployment rate is low, residents of color experience unemployment at a much higher rate than white residents. The unemployment rate also varies by occupations: Farming, Fishing, and Forestry occupations have the highest rate of unemployment, while Production occupations have the highest number of individuals unemployed.
  - When compared to other counties in The State, The County has a high underemployment rate. Underemployed workers are roughly on par with national experience and skill levels of employees across occupations. These workers are paid below the national median wages, and have reasonable desired wages. These workers would make optimal employees for new employers coming to The County.
  - The facets of a job most important to workers in The City in 2013 were health insurance benefits, salary, opportunities for advancement, and retirement benefits. Wage growth since the recession has been variable. The County’s higher-than-average cost of living reduces the purchasing power of the average wage.
  - City employers in 2019 face a number of challenges in the labor market, including a small applicant pool, applicants that lack skills and motivation, and trouble retaining qualified employees. The opinion of 2019 employers are somewhat different from the opinion of City employers in 2013 , who had a generally positive view of the workforce (although their job readiness, writing, and math skills could be improved). Employers also struggled to find an adequate amount of technical, professional, and skilled workers in 2013, a trend that seems to hold true in 2019.
  - The County should work with other local entities to utilize existing programs. The County should also consider creating new programs that offer innovative solutions.

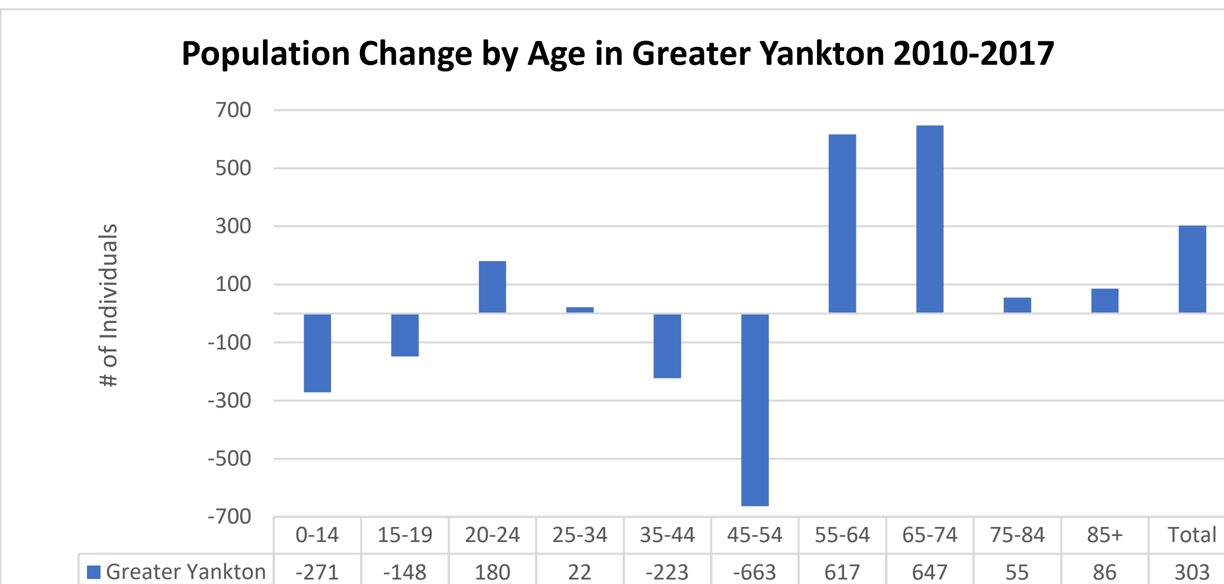
DEMOGRAPHICS

AGE

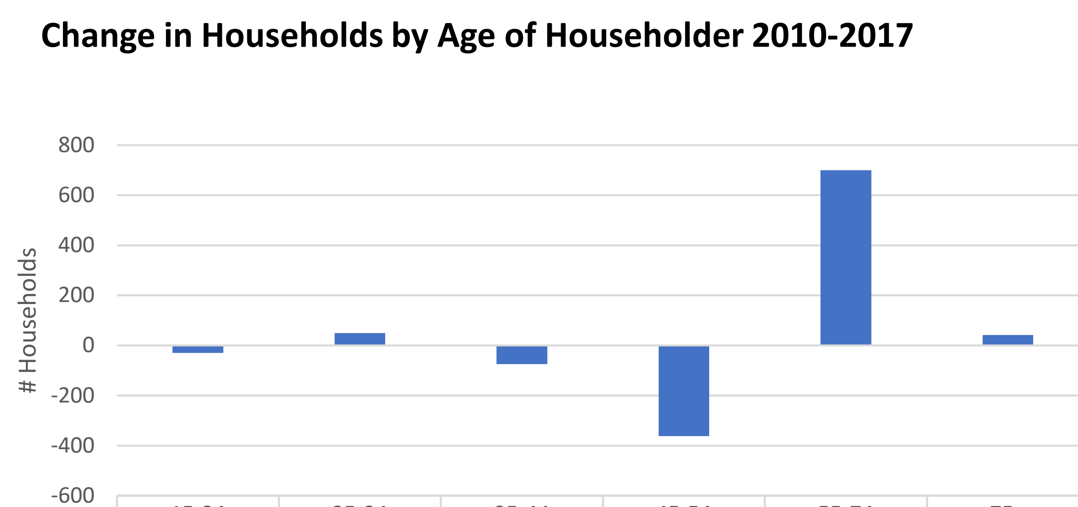
The population of The County is older than the rest of the state. The median age in The County is 42.1 years, compared to 36.8 years for the state as a whole. The County has a lower portion of individuals in all age brackets under 35 and has a higher portion in all age brackets older than 45 compared to the state.



Beginning around 2000, The County's population aged and an insufficient number of younger new residents were added, raising the median age of the county over time. Since 2010, Greater Yankton has lost about 1100 individuals under the age of 54. An aging population creates unique demands (like specialized housing and healthcare) and jeopardizes long run economic growth. If the rate at which residents retire outpaces the rate at which new workers seek jobs, production of and demand for goods and services may decrease, threatening both economic growth and tax receipts.



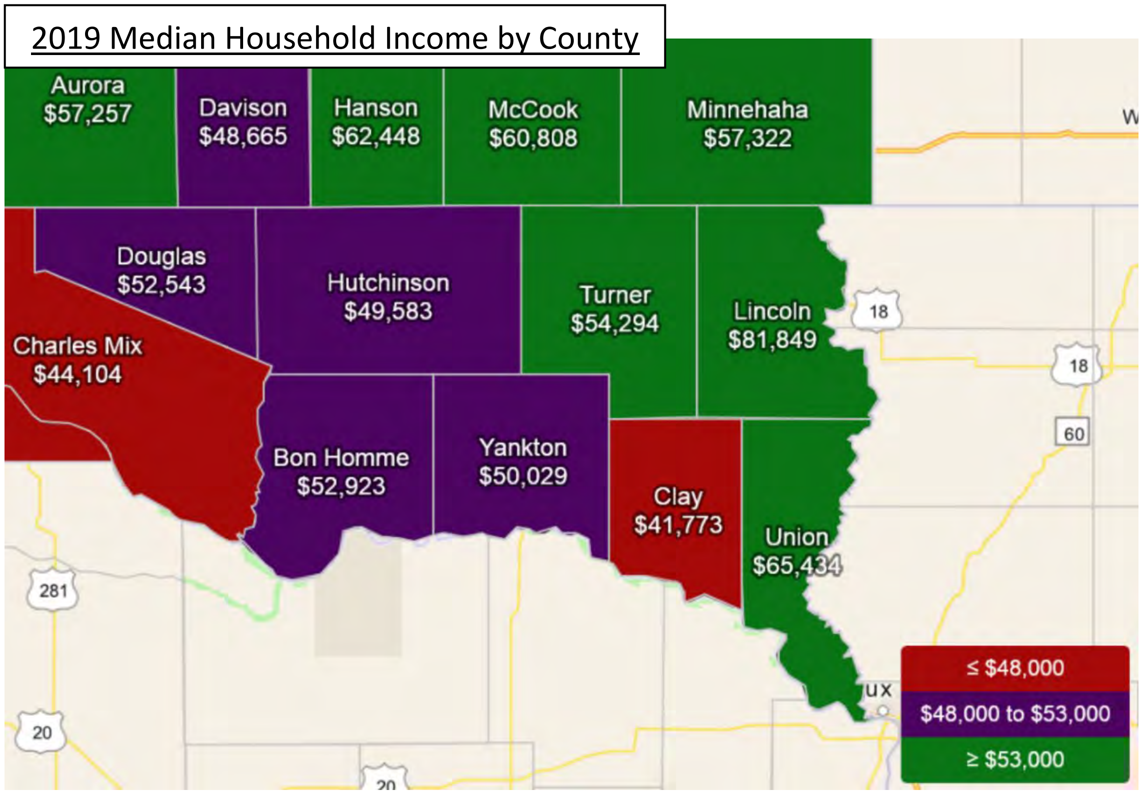
The graph below shows the change in the number of households based on the age of the householder between 2010 and 2017. The graph reveals a net loss of households with a householder aged under 55 years, and a significant gain in households with a householder age 55 or older. This data would include both new arrivals and the aging of existing householders.



	15-24	25-34	35-44	45-54	55-74	75+
Greater Yankton	-30	49	-75	-362	700	42

INCOME

The median household income in The County ($50,029) is lower than the statewide median income ($54,126). The County's mean income ($72,349), however, is higher than the statewide mean income ($71,085). This indicates that The County has a small portion of individuals with incomes far exceeding the median income and a larger portion of individuals with incomes under the median income; a small group of people have very high incomes, but more people have incomes below the median. The County's per capita income ($30,395) exceeds the per capita income statewide ($28,761).

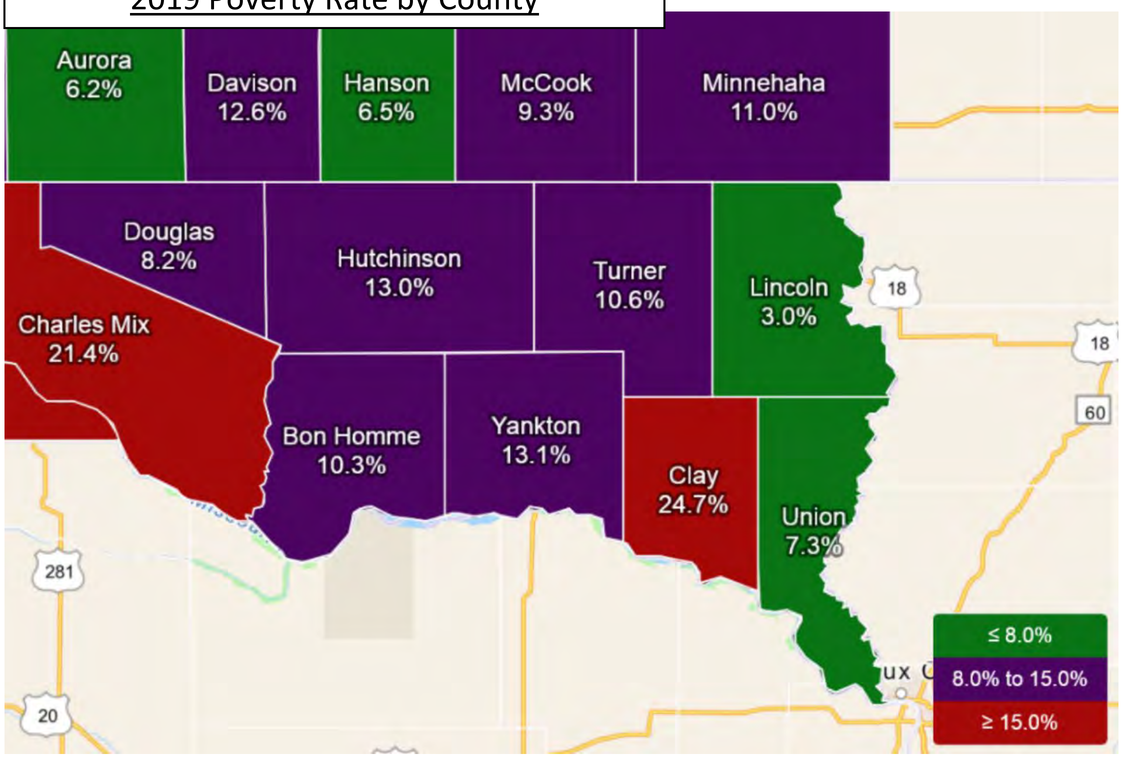


According to the Census Bureau's American Community Survey (ACS), median household and family income levels in The City declined by 6.5% and 7.9%, respectively, between 2010 and 2015. Over this time, median household and family income levels in The County grew by about 2% while the same measures grew by 10% statewide. Inflation over this period was 10.4%, meaning that incomes and The County and The City experienced notable losses in purchasing power. The median income for renter households in 2015 was below $22,000, and the average salary of a non-government worker (which excludes healthcare and education professionals) was $39,000.

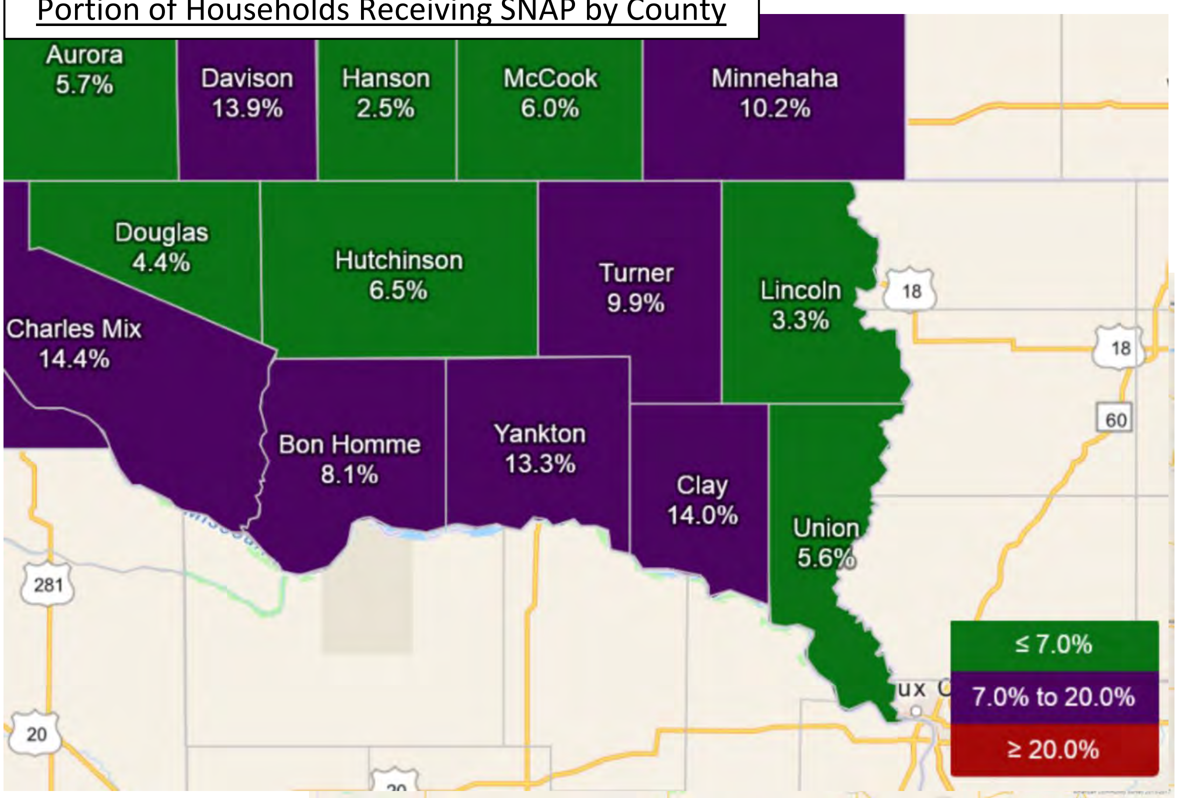
The cost of living in The County is slightly higher than the rest of the state. On an index where the U.S. is 100, the cost of living in The County is 94.9 compared to 93.2 statewide. The County has a poverty level that is slightly lower than The State (13.1 & 13.9, respectively), but has a higher portion of households on SNAP (Supplemental Nutritional Assistance Program) (13.3 & 10.6, respectively).

While a notable portion of County residents struggle with poverty, The County has seen an increase in the number of households with annual incomes exceeding $75,000.

2019 Poverty Rate by County

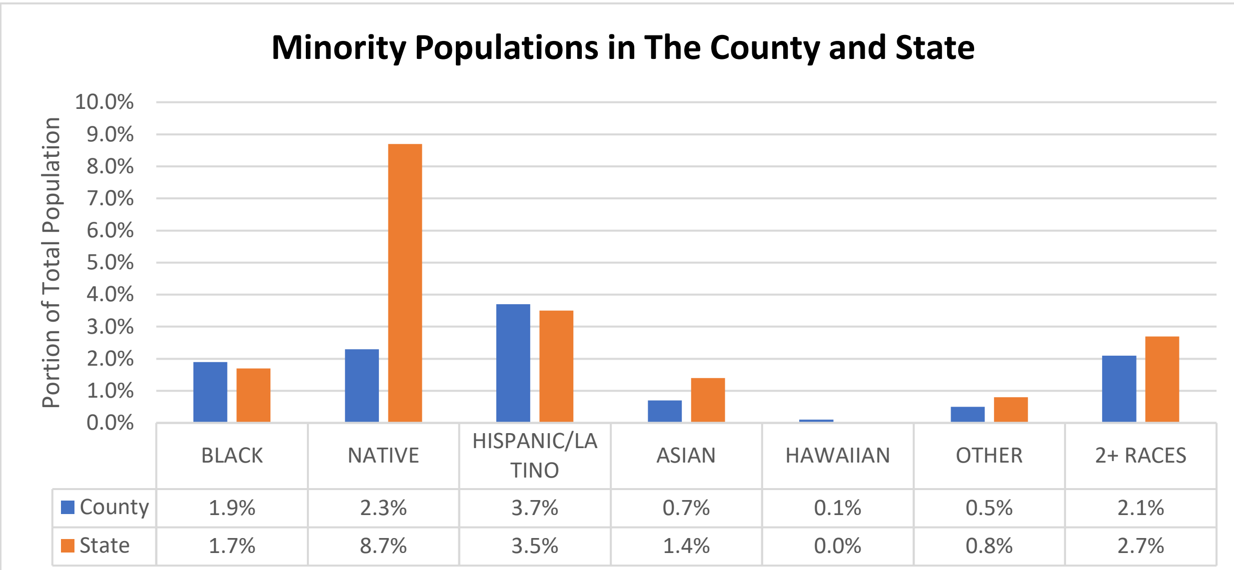


Portion of Households Receiving SNAP by County



RACE & GENDER

The County, like The State, consists primarily of white, non-hispanic individuals. The racial demographics of The County are similar to The State, with The County containing a slightly higher portion of white individuals and fewer Native Americans. While The County may have only a small portion of people of color, the race of county residents affect social outcomes. This will be discussed in detail later on.



While The State is portioned almost equally between men and women within 0.5%, The County has slightly more males (52%) than females (48%).

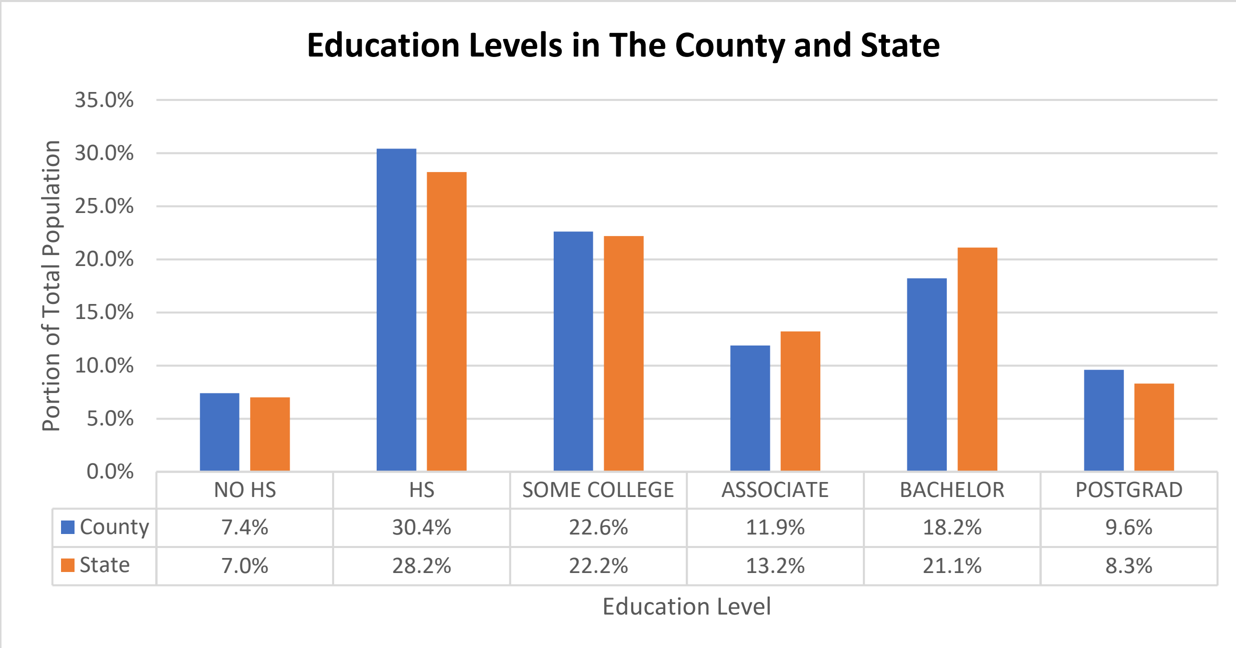
POPULATION GROWTH

According to the estimate prepared by Esri, the population of Greater Yankton is estimated to grow by 400 residents between 2017 and 2022, and The City is projected to grow by 160 residents. This growth estimate slightly exceeds a long-term pattern that can be traced as far back as 1980.

As noted by Community Partners in The 2017 Housing Study, estimates by Esri, in general, tend to be conservative. Community Partners also expect a slightly larger portion of population growth to be focused in The City rather than Greater Yankton. There is also a historical trend of underestimating population change between census reports. Especially when considering the statewide trend of populations consolidating towards regional centers, it is entirely possible, if not probable, that population growth in The City and The County will exceed both long-run trends and the Esri estimates.

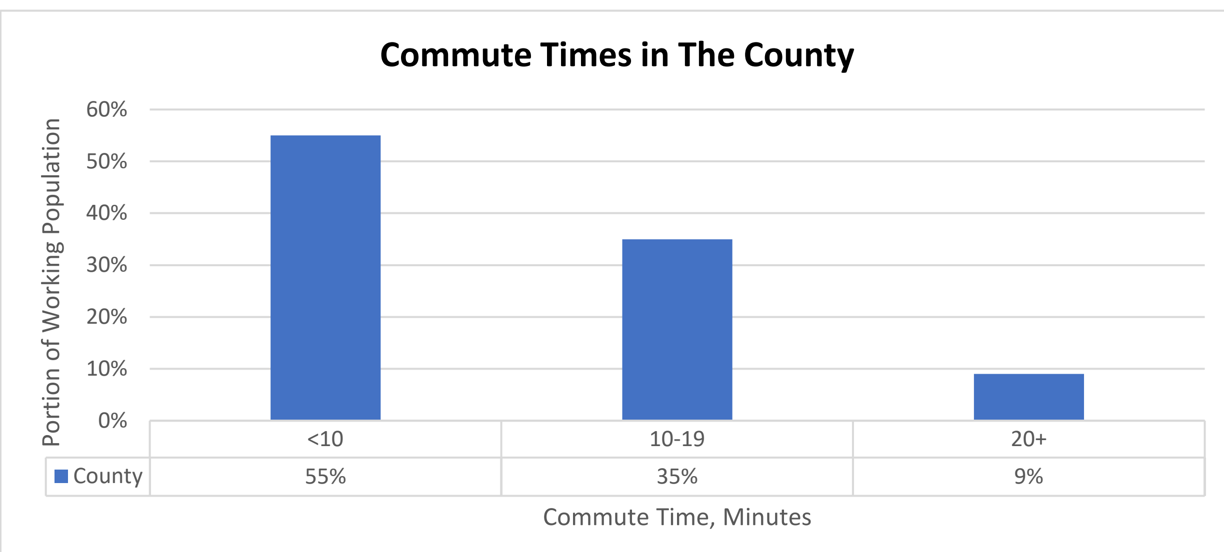
EDUCATION

Education levels in The County are similar to education levels statewide. The County does have a significantly higher portion of the population enrolled through Grade 12. The effect of residents' education levels on the labor market will be discussed in later sections.



COMMUTE

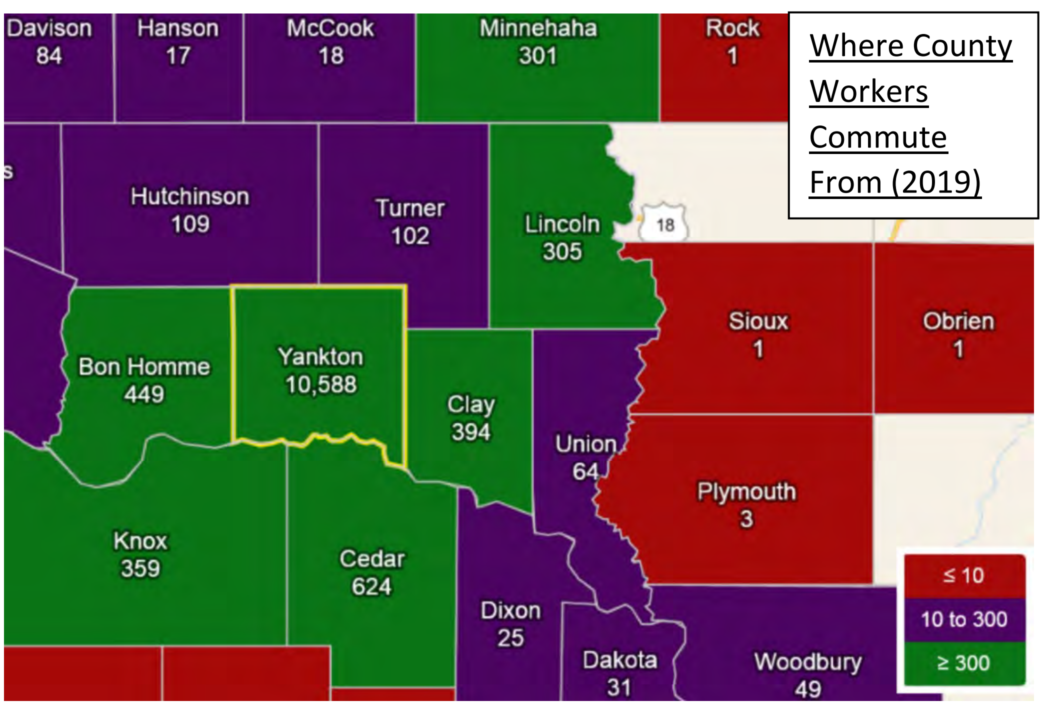
More than half (55%) of residents in The County commute less than 10 minutes to their job. Only 9% commute more than 20 minutes. The mean commute time in The County (15 minutes) is lower than the mean commute statewide (17 minutes). While a small portion of County residents use public transit to commute (0.9%), this is nearly double the portion of individuals commuting via public transit statewide (0.5%). 5.6% of occupied housing units in The County have no access to a vehicle, compared to 5.2% statewide.



In 2014, about 8,800 workers were employed within The City Limits. Of those workers, about 44% lived in The City. Almost 5,000 workers commuted to The City. Commuters to the City primarily arrived from West Yankton UT, Southeast Yankton UT, Sioux Falls, Utica, Vermillion, and Hartington, NE.

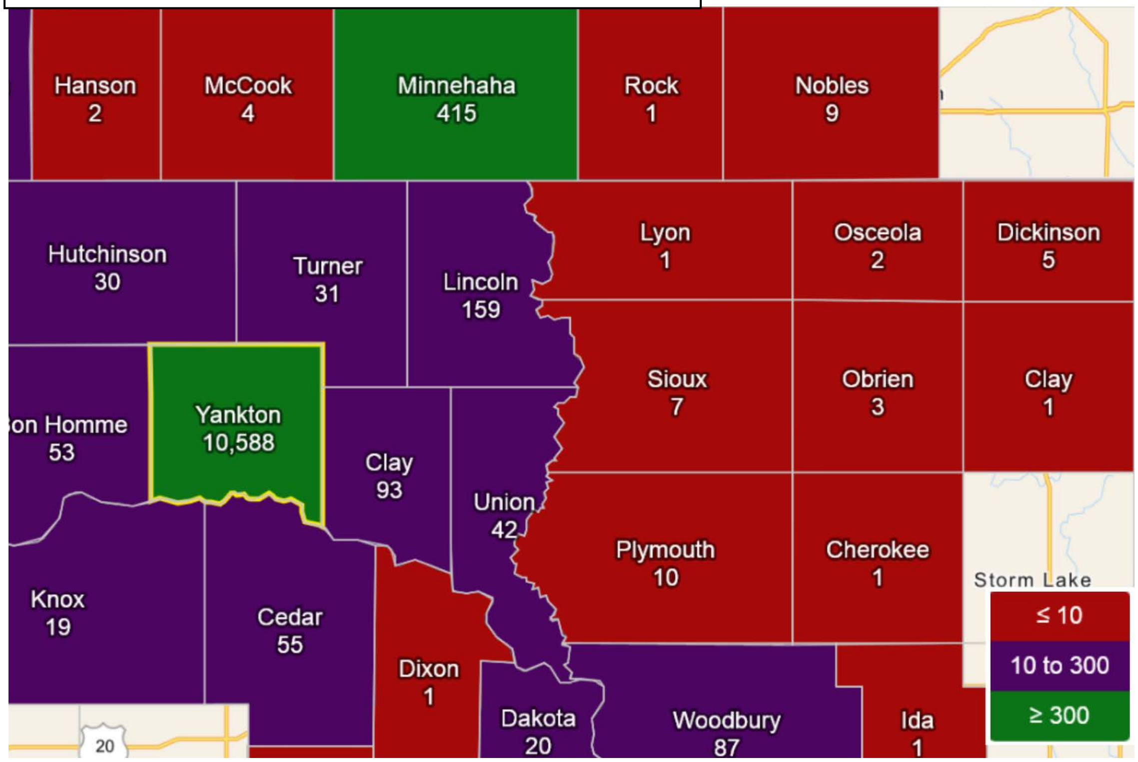
In the same year, about 2600 commuters left The City for their primary employment, heading for Sioux Falls, Southeast Yankton UT, Sioux City (IA), and Vermillion. If The County can determine why these residents are leaving The County to work in other areas, it may be possible to provide them with satisfactory employment in The County.

The following graphs show where workers in The County commute from and where residents who chose not to work in The County commute to in 2019. Aside from The County itself, most County workers commute from Cedar, NE, Bon Homme, and Clay Counties. The County receives a notable number of commuters from Knox (NE), Lincoln, and Minnehaha Counties as well.



The most common destination for residents who commute to another county to work is Minnehaha . Lincoln, Clay, and Woodbury, IA Counties are also common destinations.

Where County Residents Commute To (2019)



HOUSING

Housing is an important component of workforce recruitment & development. As such, this report will analyze and discuss relevant housing data. This report is not, however, a substitute for a housing study.

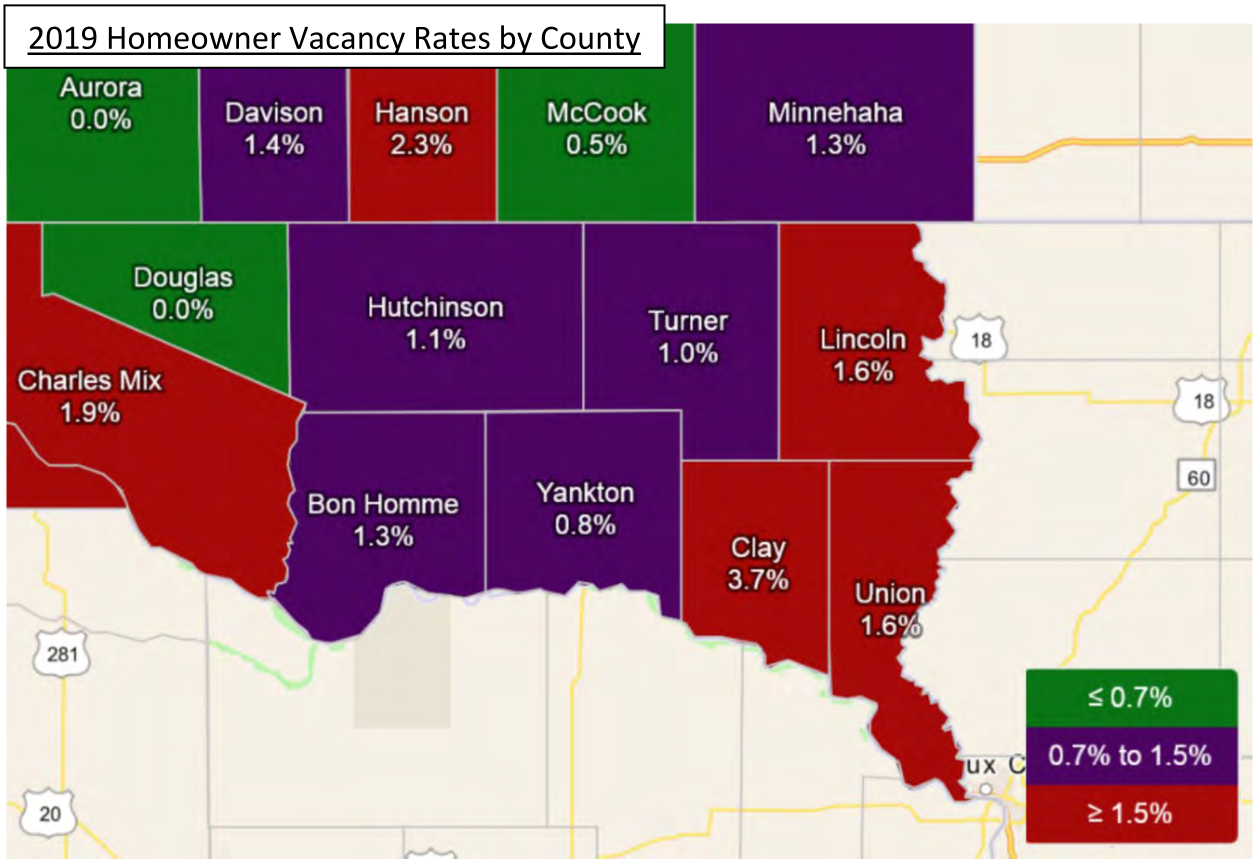
HOUSEHOLD GROWTH

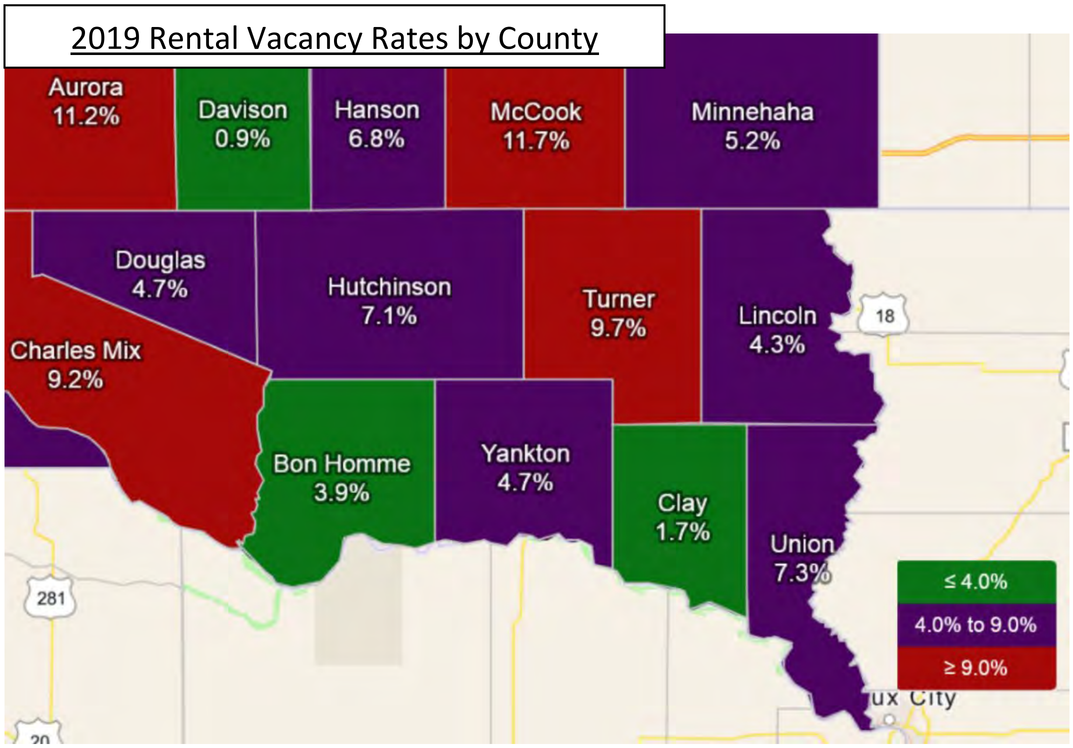
From 1980 to 2010, The City added about 50 households in an average year (50 new individuals/families moved to The City and required housing). Over that time, a similar number of housing units were added in any year. Between 2010 and 2015, The City added about 58 households per year. Housing production during the same period was approximately 56 units per year.

In any given year, The City can conservatively expect to add 50-60 households, equating to 250-300 housing units over the 5-year period between 2017 and 2022. Population growth will create demand for 140-165 new renter units over the same 5-year period. Approximately 120 housing units were created in 2017 and, from the beginning of 2018 to the end of 2019, as many as 112 new apartments could become available. According to Esri, Greater Yankton can conservatively expect to add 34 households in a year, or 170 over 5 years.

Despite rapid housing production, both the homeowner and rental vacancy is lower in The County than The State. Homeowner and rental vacancy levels in The County both sit at 0.8%, notably below the statewide vacancy levels of 1.3%. Because of underestimated population growth and a strong local economy, real household growth has been very similar to growth in the available housing stock. If household growth outpaces housing creation, prices will increase and buyers will be shut out of the market, creating unfavorable outcomes for The County.

2019 Homeowner Vacancy Rates by County





Producing lightly more housing units than are expected to be needed could address other factors like within-city tenant movement, unit choices, adjustment to styles, and life-cycle housing demands that could not be addressed by exactly matching housing production to household growth. The College is anticipating an enrollment increase in the next 2-5 years, which will likely increase the demand to above-average levels for off-campus student housing. By allowing housing supply to reasonably exceed demand, The County could make housing more affordable for potential residents, potentially increasing the rate of future population growth. Indeed, future population growth, and economic growth, by extension, are dependent upon an adequate level of housing availability. The steady creation of single family units in addition to the periodic addition of multifamily units has the potential to allow population growth in The City and The County to exceed projections. Especially considering the factors discussed under the POPULATION GROWTH section, The County should be prepared to accommodate demand for housing that is above projections and historical averages.

HOMEOWNERSHIP

The median value of an owner-occupied single family housing unit in The County is $140,400, below the statewide value of $157,700. Housing prices in The County and especially The City are rising: the median price of a home in The City increased by $15,000 between 2015 and 2016 , up to $147,000. Rising costs create burdens for some low-income and new homeowners and entirely prevents home ownership for others. While newly-constructed homes are becoming increasingly expensive, some existing housing units are more affordable. Maintaining the existing stock of housing, then, should be a priority.

At the end of 2018, the City also had 245 licensed mobile home lots, with 195 of those lots being occupied (80%). In 2015, almost half of all mobile homes in The City were more than 35 years old. The median value for a mobile home in 2015 was $15,200.

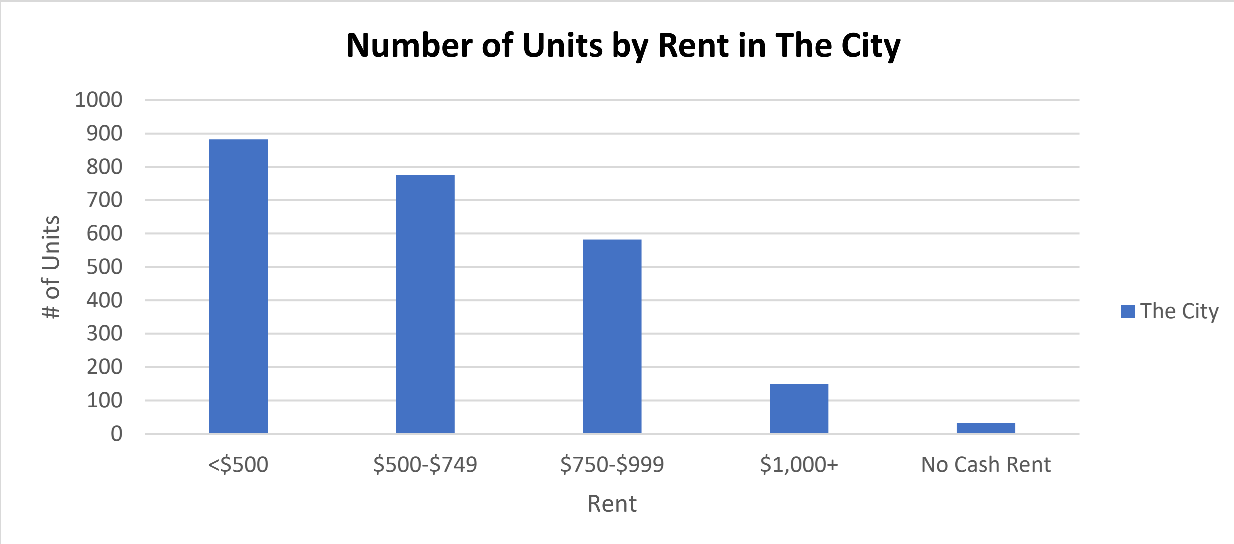
The median income of homeowners in The City was $57,309 in 2017. Individuals may allocate up to 30% of their income to housing costs before they are considered burdened by their housing costs (rent-burdened). For the median income level in The City, this value was $1,435 in 2017. 56% of homeowners in The City had incomes over $50,000 in 2017. Individuals with incomes less than $50,000, and especially those with incomes under $35,000, are at risk of being rent-burdened. Of the 27% of homeowners with annual incomes under $35,000, 44% were rent-burdened. Individuals are less susceptible to being rent-burdened when repaying mortgages as opposed to paying monthly rent to a landlord. Common lending practices limit the amount of monthly income that can be used for mortgage repayment; individuals who would be rent-burdened by their mortgage are not approved for the loan. This practice limits the capital that is available to low-income prospective homeowners, making it more difficult to buy a home.

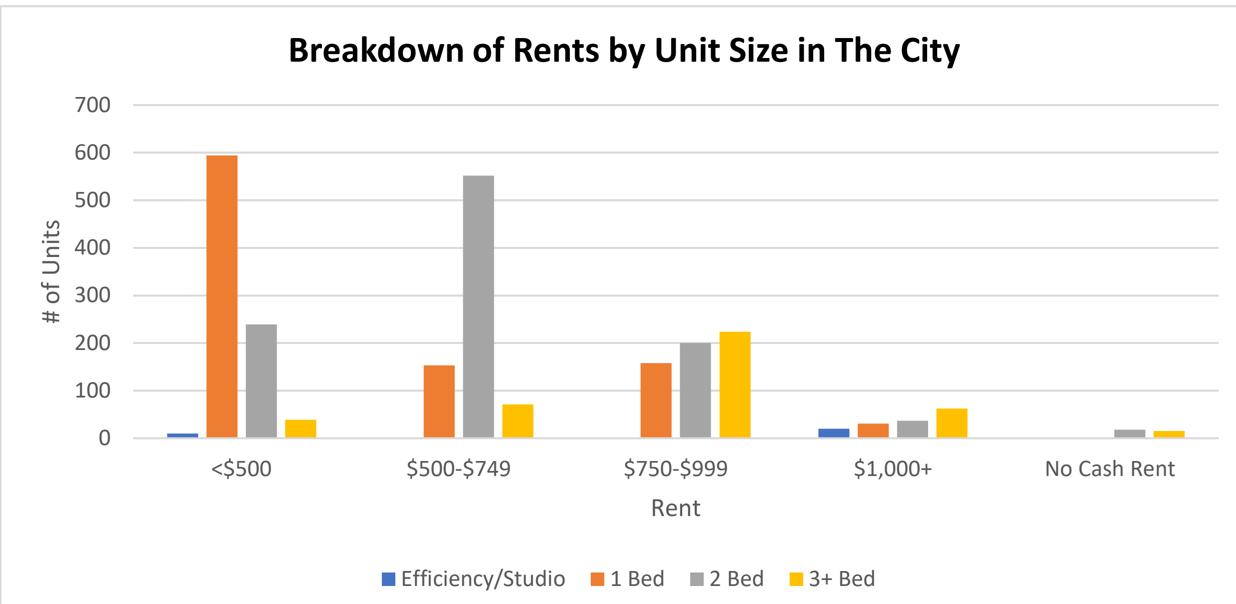
About 70% of future demand for single family units will be in the moderate to high price ranges, above $200,000. This demand will be met through traditional detached single family units. About 30% of future demand will be for affordable housing, which could be met through attached single family units like townhomes.

RENTERSHIP

34.7% of all occupied housing units in The County are occupied by renters, higher than the statewide rate (32.1%). It is commonly accepted that households should spend no more than 30% of their income on housing costs. For a renter with the median renter's income, this amounted to $1,005 per month.

Most area renters have lower incomes and could benefit greatly from very affordable rental housing. However, without a study of all rental properties in The City in the form of a new, updated housing study, the most relevant data from the most recent studies must be utilized. In 2015, 67% of all renter households in The City had incomes under $35,000, the median income for those renters being $21,909. A renter could dedicate $555 to housing costs before becoming rent-burdened. In 2015, there was a nearly 270-unit shortage of units with rent under $250, forcing renters to become rent-burdened.





About 45% of all renter households in The City had incomes under $20,000 in 2015. Some of these individuals may be accessing subsidized housing resources, but they generally face waiting lists. 12% of all renting households need a unit with rent between $500 and $650. Income-restricted housing and housing tax credits can accommodate some of this demand.

However, The City's supply of income-restricted housing was smaller in 2017 than it was in 2013 as a number of previously income-restricted projects have fulfilled their contractual obligations and are no longer income-restricted (Sagewood Apartments A & B, Pine Tree East & West). And even though a large portion of renters would be eligible for housing subsidies or tax credits, many of these households would not have a sufficient income to rent a moderately-priced unit.

Yankton Heights I included some units for households as low as 30-40% of the median income, and the project was successful. Yankton Heights II is under construction at the time of writing and will feature a similar number of units with similar income guidelines as Yankton Heights I. Phases I and II of Westbrook Estates together added almost 150 new renter units to the housing stock, and both projects achieved success. In addition to the success of Yankton Heights I and other projects, waiting lists, income data, and cost burden statistics, all point to an unmet demand for affordable renter housing. A large share of households, particularly in The City, would qualify to live in income-based housing.

RECOMMENDATIONS

1) Preserve existing housing stock

Due to the cessation of certain Federal programs, it is more difficult to construct low-income housing. Preserving the existing housing stock, then, should be a priority. This includes the preservation of The County's mobile homes. Because older units are generally more affordable for both owners and renters, older housing units and neighborhoods should be preserved. This could be done in several ways, including but not limited to:

- Financial assistance for rehabilitation efforts
    - Providing aid incentivizes the rehabilitation of housing stock that may not be improved otherwise. The 2013 Housing Study recommended creating a program for the purchase, rehabilitation, and re-sale of older homes in The City. The 2013 Housing Study identified older, deteriorating houses that could be benefitted from a program like this. This recommendation has not yet been enacted.
- Increasing inspection and enforcing quality standards
    - The City has traditionally enforced housing code violations on a complaint or as-needed basis. The 2013 Housing Study had recommended the development of a rental housing inspection program. This recommendation has not yet been enacted.
- Bulldoze, Build, and Beautify (BBB)
    - When housing units are too dilapidated to be rehabilitated, the BBB program from the Governor's Office of Economic Development (GOED) can be utilized. Community Development Block Grant funding is utilized to acquire and clear substandard structures. The site is then to be used to construct affordable housing. There are, however, some limitations to BBB. Program requirements generally preclude voluntary displacement of residents. Residents may not be financially prepared to acquire new housing before selling their current property, and the properties are often difficult to sell on the open market. While the program in its current state can be helpful, advocating for some small changes could make the program much easier to utilize.

Additionally, the loss of future subsidized housing must be avoided, as it may be difficult or impossible to replace these units in the future. It may be necessary for public and/or nonprofit agencies to coordinate attempts to preserve subsidized housing resources. In other communities in The State, like Aberdeen, Housing Authorities have acquired subsidized projects that were at risk of being lost.

2) Support the production of additional affordable housing

Based on rent burden statistics, program waiting lists, and the large number of low- and moderate-income renter households in The County, demand exists for additional income-based subsidized housing. Recent multifamily housing projects, like Yankton Heights and Westbrook Estates (the latter of which was developed by Yankton Area Progressive Growth), have been successful. Phase I of Westbrook Estates made 72 apartments available for rent in 2016, 95% of which were occupied within 6 months. Phase II made available another 72 units approximately two years later, 60% of which were occupied after roughly 6 months. Phase II also consisted of a 3-unit townhome building, which was 100% occupied within 30 days. Westbrook Estates apartments are 96% occupied in 2019.

While it may be difficult to construct “deep subsidy” units that can serve renters with very low incomes, affordable units with housing tax credits can create a “shallow subsidy” to serve those at or below 60% of the median income level. When combined with other resources, households with even lower incomes can be served.

3) Work with other entities and utilize available programs

The 2013 Housing Study recommended that local agencies, like YAPG, The City, The County, and others, work in tandem to implement new housing initiatives. In addition to local agencies, working with state or federal agencies like the South Dakota Housing Development Authority or USDA Rural Development may prove to be beneficial for The County.

Local, state, and federal programs should be pursued to ensure that The County meets residents’ demand for housing stock. There are many options that can be explored, many of which could be undertaken simultaneously:

- Ensuring that adequate land is available for development of affordable housing
- Ensuring that zoning regulations allow for attached housing development
- Using Tax Increment Financing (TIFs) to encourage affordable housing production
- Seek funds from existing programs to rehabilitate rental units
    - The County or The City could receive funding from USDA Rural Development, the Federal Home Loan Bank, the South Dakota Housing Development Authority, and others.

4) Create new programs

To aid in achieving housing goals, it may be beneficial to implement a new program(s), such as:

- Tenant assistance and education programs
    - Initiatives like Aberdeen’s Security Deposit Program or Sioux Falls’ Tenant Education and Self Sufficiency (TESS) provide assistance to prospective tenants. Programs like this, however, can be labor-intensive and may necessitate case management.
- Proactive assistance programs to help with down payments, closing costs, or mortgages
    - The 2013 Housing Study recommended creating a local program to financially assist prospective homeowners. This recommendation has not yet been implemented.

- Employer involvement
    - Because employers stand to gain from the creation of affordable housing for their employees, they may want to be involved in creating solutions. The South Dakota Housing Development Authority's Employer Mortgage Assistance Program (EMAP) is an example of how employers can be involved in housing solutions.

5) Conduct a new housing study

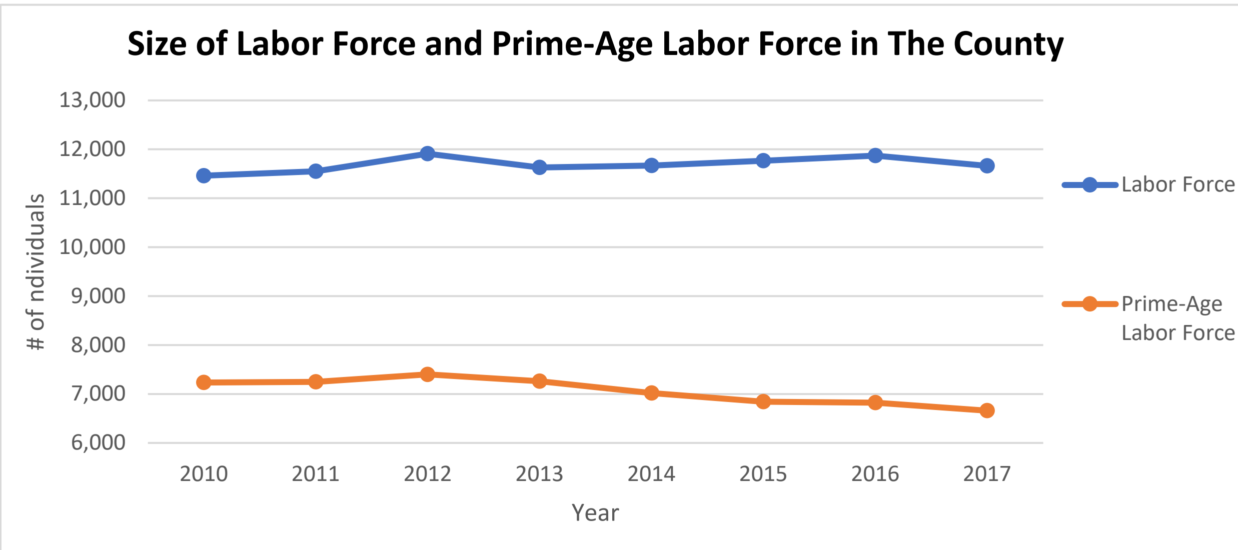
While general housing data is available for housing statistics for The State and County, the County (and particularly The City) could benefit from a new housing study update. Much can be learned by collecting up-to-date housing information specific to the City and County. It may be desirable to collect other data, like underemployment data, concurrently.

LABOR FORCE

Working-age individuals who are working or seeking work are considered to be in the labor force. Working-age individuals who are neither working nor seeking work are considered to be out of the labor force. Individuals in the labor force are considered employed if they are actively working or unemployed if they are actively seeking work. Individuals with no job who are not actively seeking work are considered out of the labor force, *not* unemployed.

SIZE & PARTICIPATION RATE

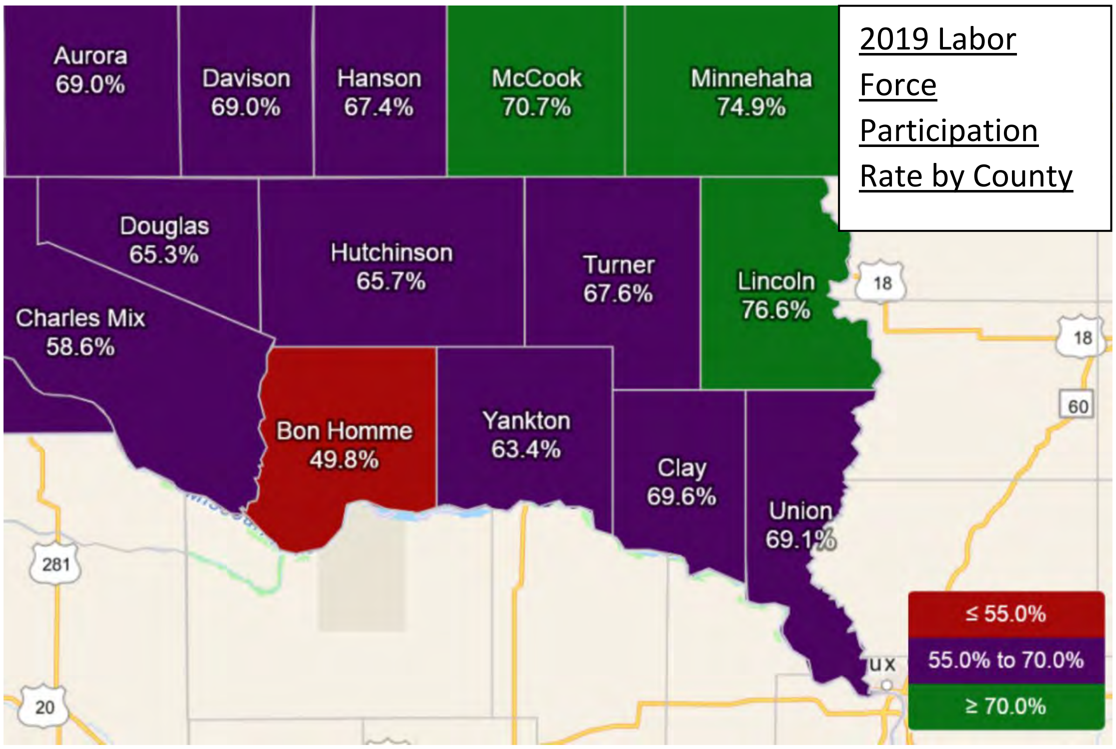
The County has a labor force of about 11,665. While the local economy is strong in terms of jobs and unemployment, the labor force has not been growing. Between 2010 and 2016, The City's labor force increased by 1.3%. Because The City makes up about 1/3 of the four-county labor force, patterns for the four-county area are similar. In 2016, the labor force in the four-county area was actually slightly smaller than it was in 2010.

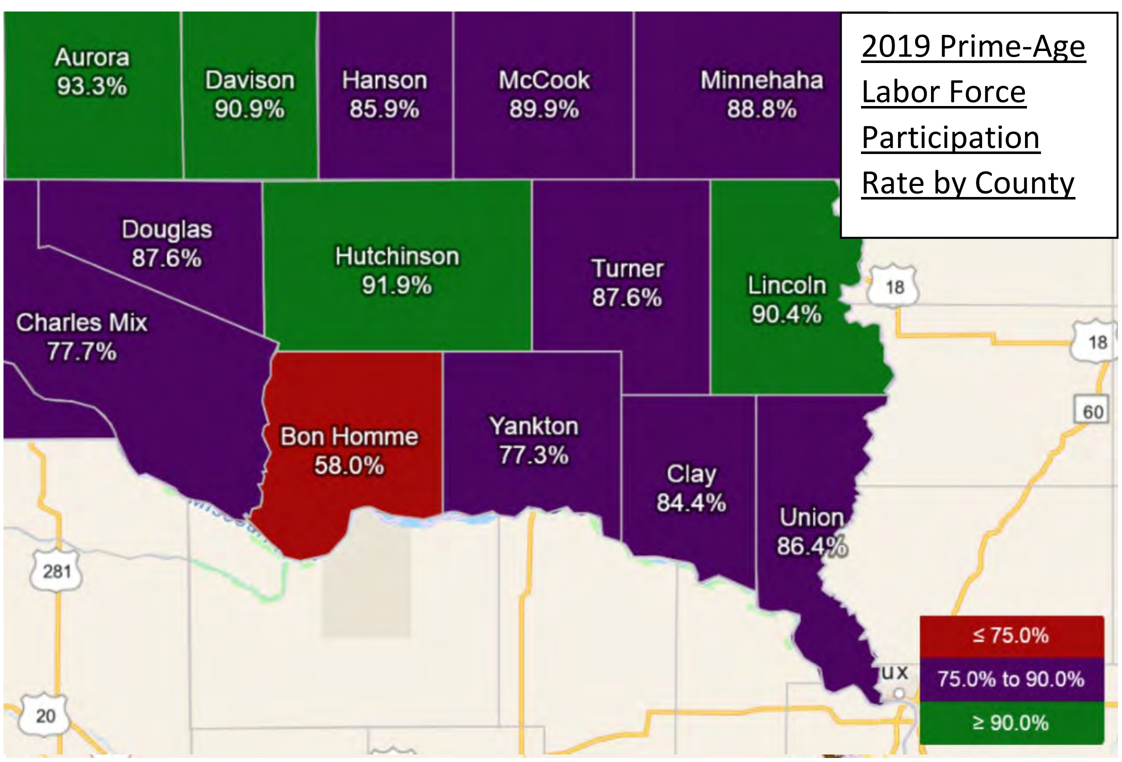


The County has a labor force of participation rate of 63.4%. This is less than the statewide participation rate (68.6%) but on par with the national participation rate (63.3%). Of the individuals in the labor force, 6,659 are ages 25-54, and are considered to be the prime-age labor force. The participation rate for the prime-age labor force in The County (77.3%) is notably below the statewide rate (86.2%) and national rate (81.6%).

There are a number reasons why individuals choose (not) to join the labor force. Men most commonly leave the labor force due to illness or disability while women most commonly cease paid employment to perform unpaid care work in the home, like caring for a family member. Married women are less likely to participate in the labor force than unmarried women. The opposite is true for married men. Having children under 5 in the home, while it has no effect on the men, causes married women to leave the labor force to perform care work and causes unmarried women to work more, presumably due to the financial burden of single motherhood.

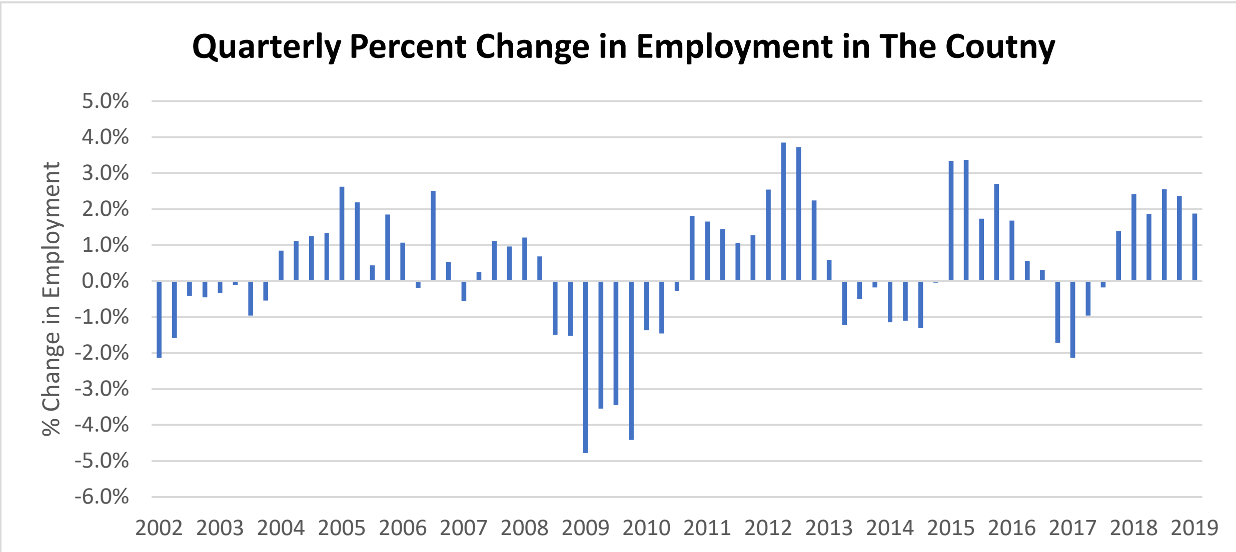
Education, incarceration, and the economy also influence the labor force participation rate. People with more education are more likely to participate in the labor force than those with less education, a difference that has grown since 2000. Encouraging educational attainment, then, may increase the labor force participation rate. Incarceration, on the other hand, tends to reduce labor force participation rate in large part because employers generally avoid employees with a criminal record. Lastly, the effects of the 2007-2009 recession still have an effect on the labor force participation rate. According to the CBO, the prime-age labor force participation rate will be burdened by a slow recovery from the recession until about 2020. At that point, the prime-age participation rate will be close to its maximum potential, and most of the recession's effects will have subsided.

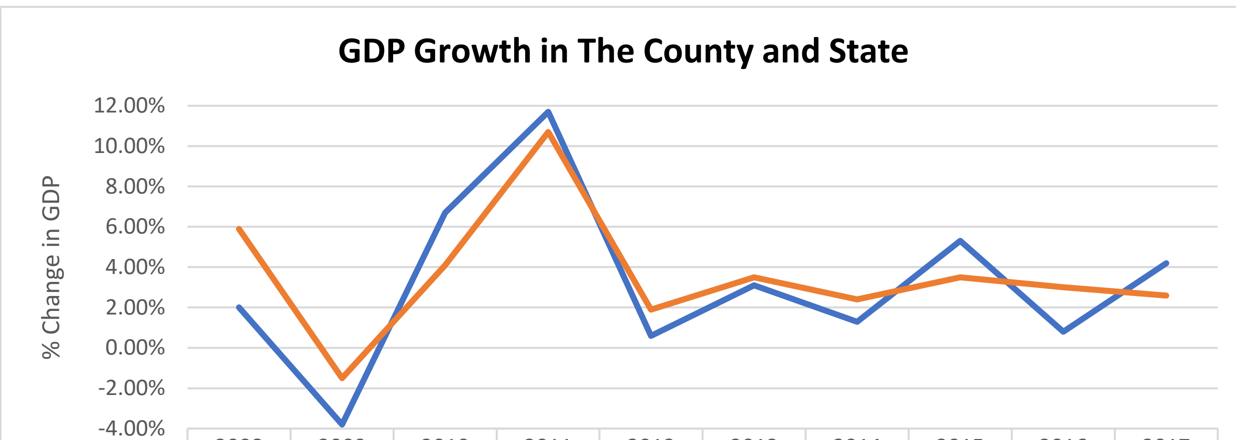




EMPLOYMENT

The percent change in employment tends to follow the same patterns as state GDP. Since the recession, growth has come in cycles of 2-3 years with strong GDP and employment growth followed by 1-2 years of underwhelming growth.

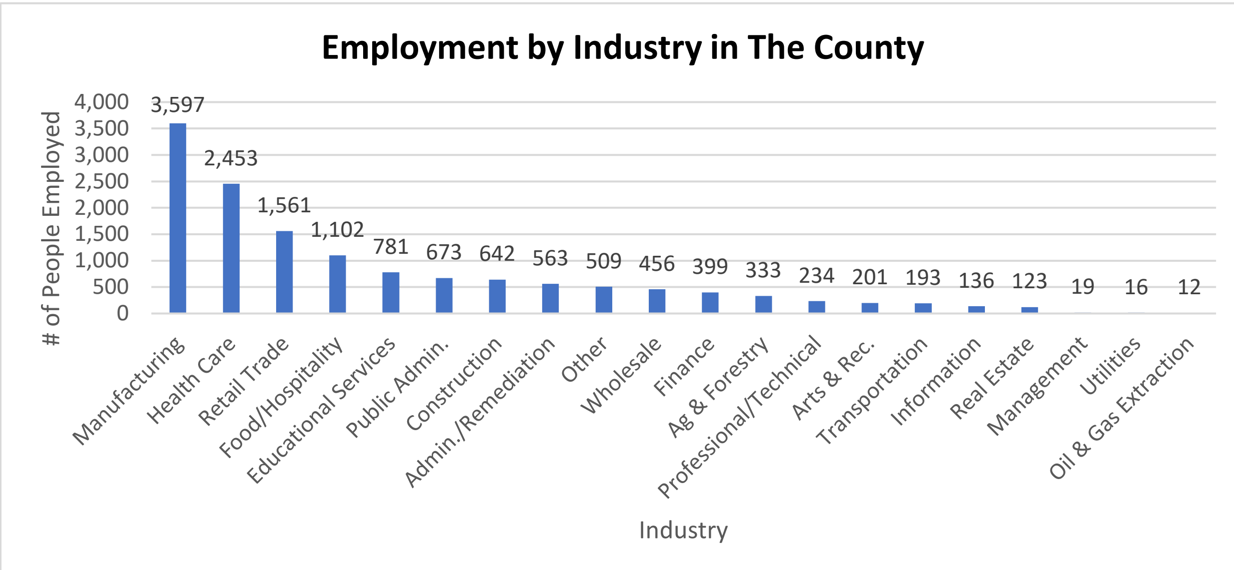


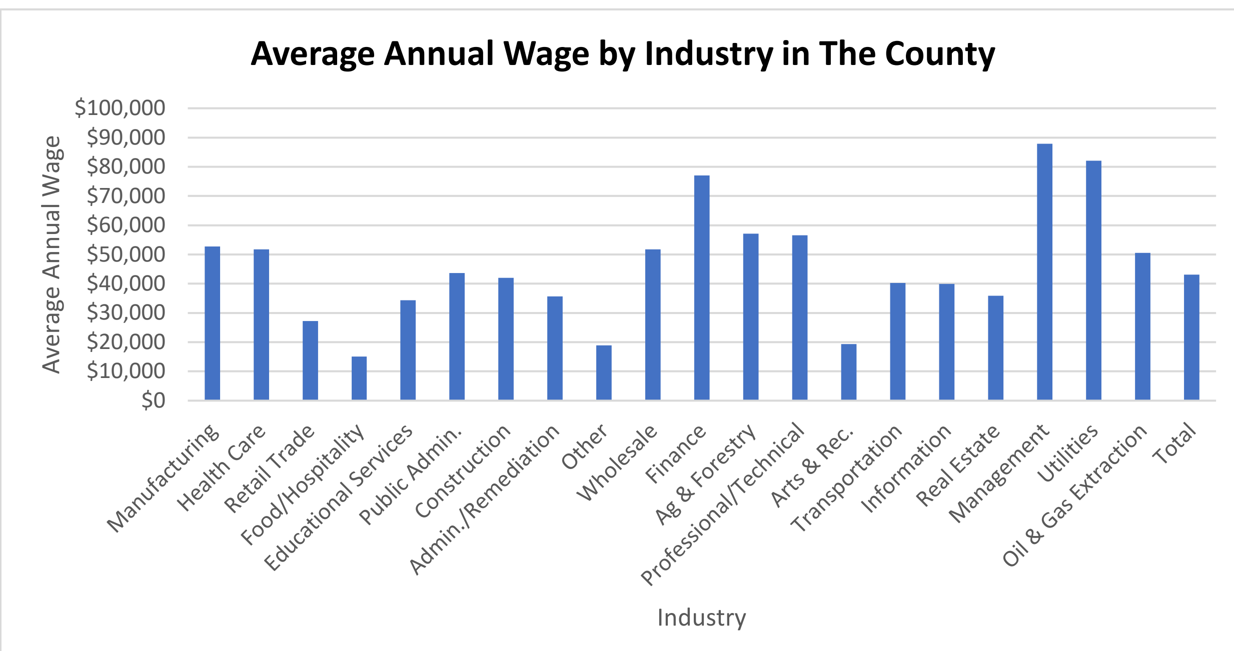


	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
County	2.00%	-3.80%	6.70%	11.70%	0.60%	3.10%	1.30%	5.30%	0.80%	4.20%
State	5.90%	-1.50%	4.10%	10.70%	1.90%	3.50%	2.40%	3.50%	3.00%	2.60%

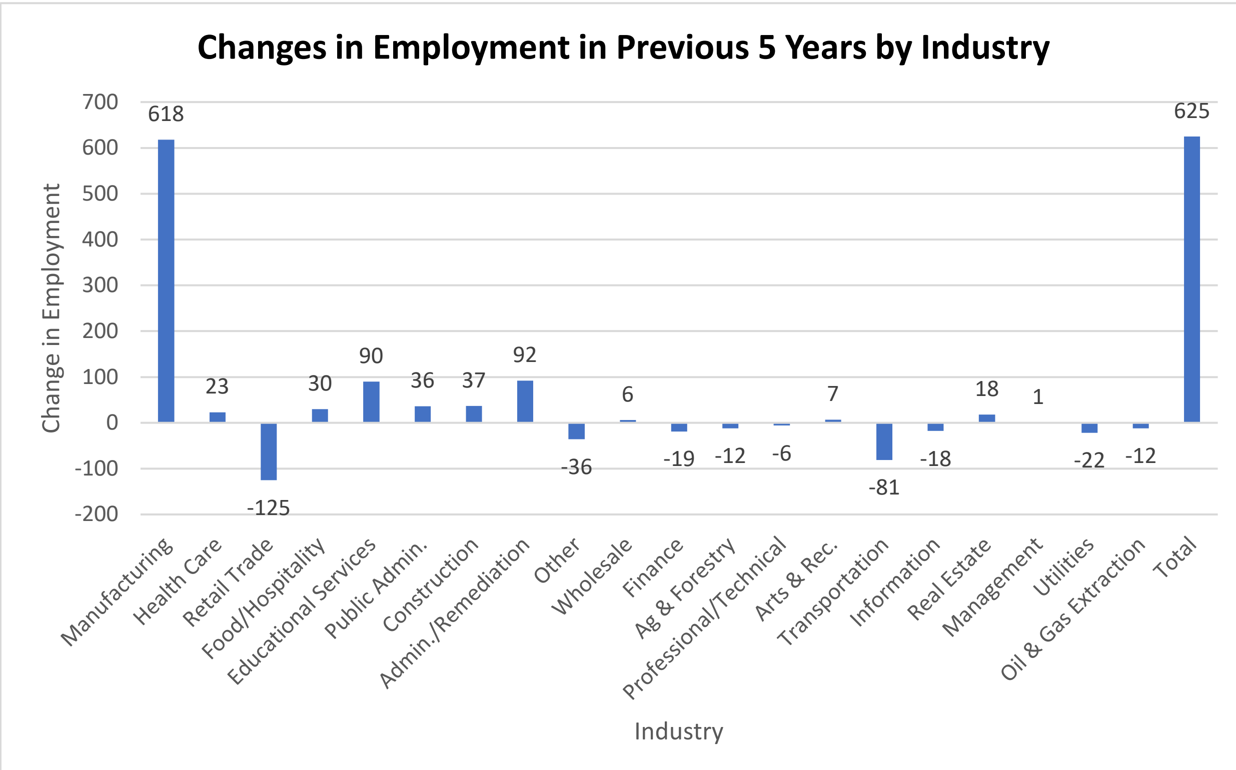
EMPLOYMENT BY INDUSTRY

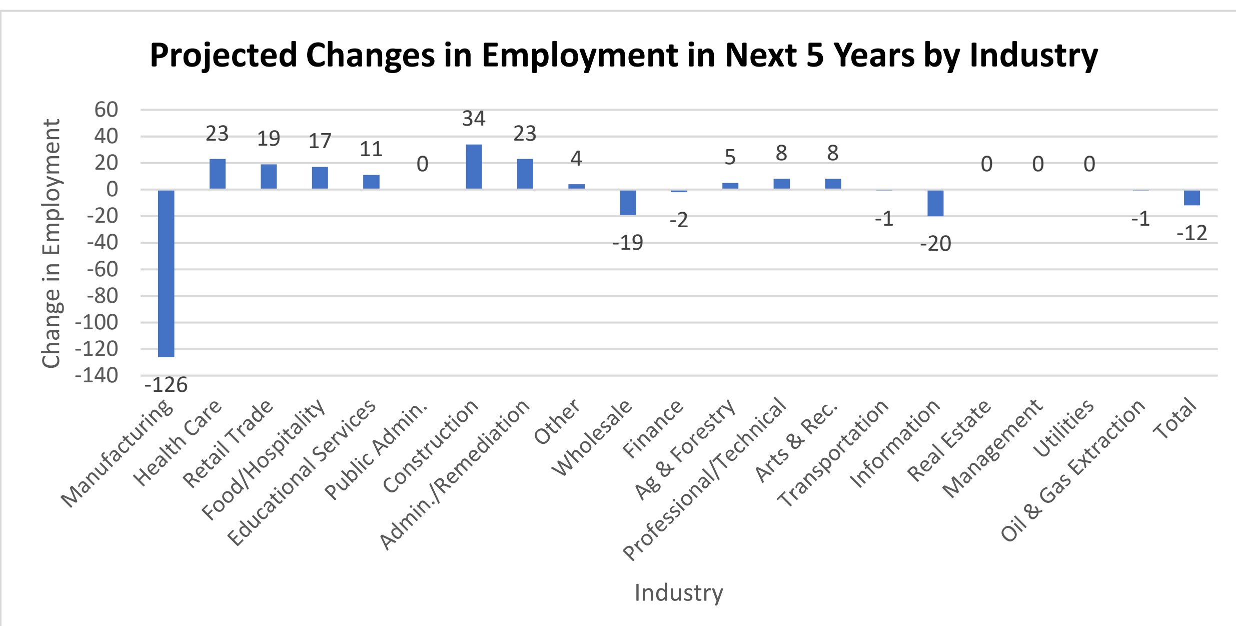
The Manufacturing (3,597), Health Care and Social Assistance (2,453), Retail Trade (1,561), and Accommodation and Food Services (1,102) industries are the largest industries in The County. However, Management of Companies and Enterprises ($87,818), Utilities ($82,033), and Finance and Insurance ($77,039) are the highest-paying industries. The average annual income across industries is $43,065 as of 2019 Q1.





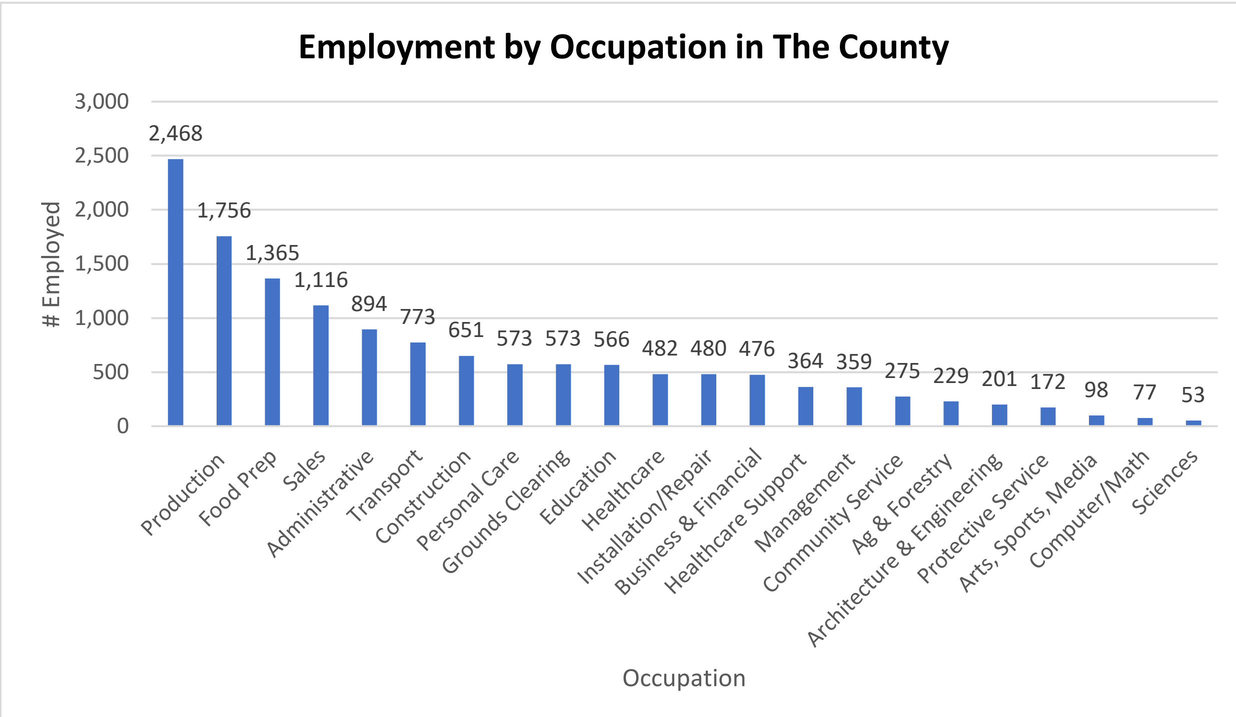
In the previous 5 years, Manufacturing added the most jobs (618) while Retail Trade suffered the highest losses (125). In total, employment has increased by 625 across all industries in The County. In the next 5 years, Manufacturing, Health Care and Social Assistance, and Retail Trade will remain the largest industries in The County, but it will be Construction (34), Administrative Support and Waste Management and Remediation Services (23), and Health Care and Social Assistance (23) that see the most growth.

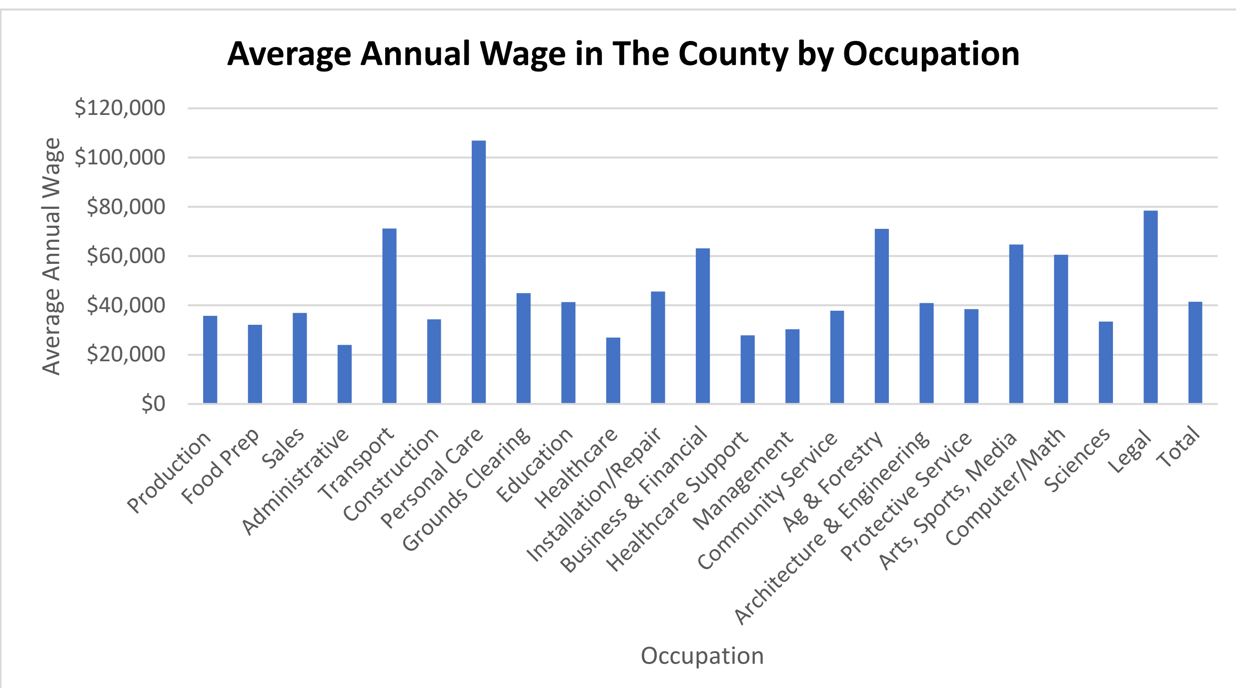




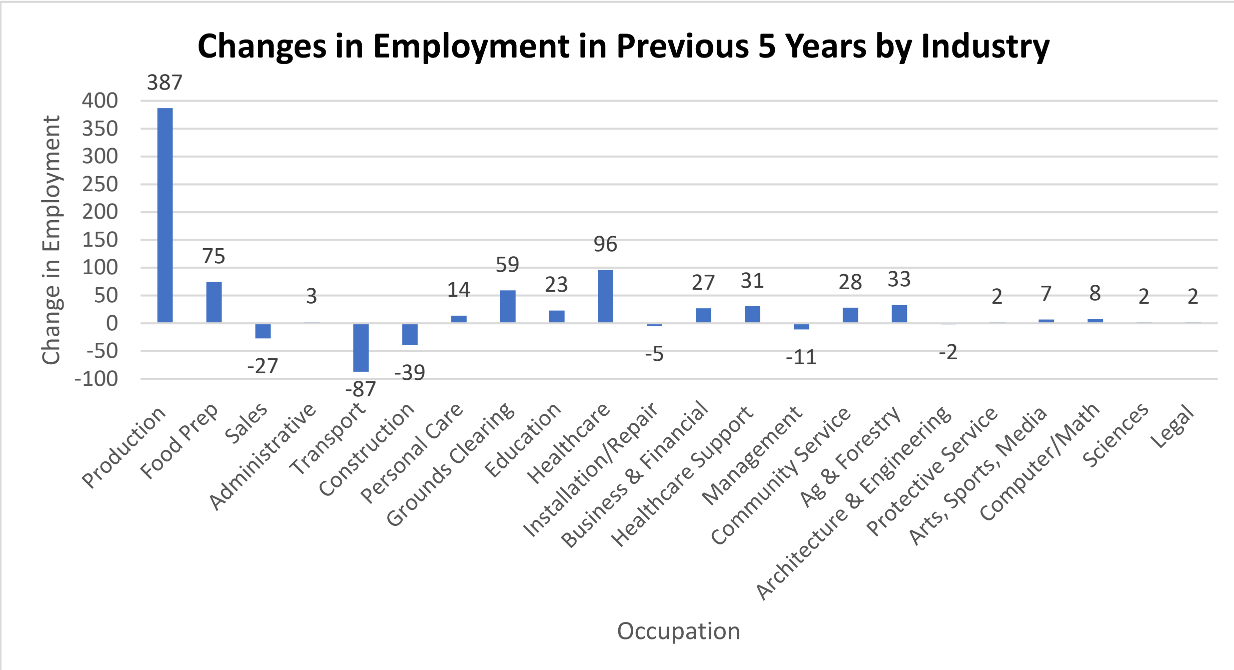
EMPLOYMENT BY OCCUPATION

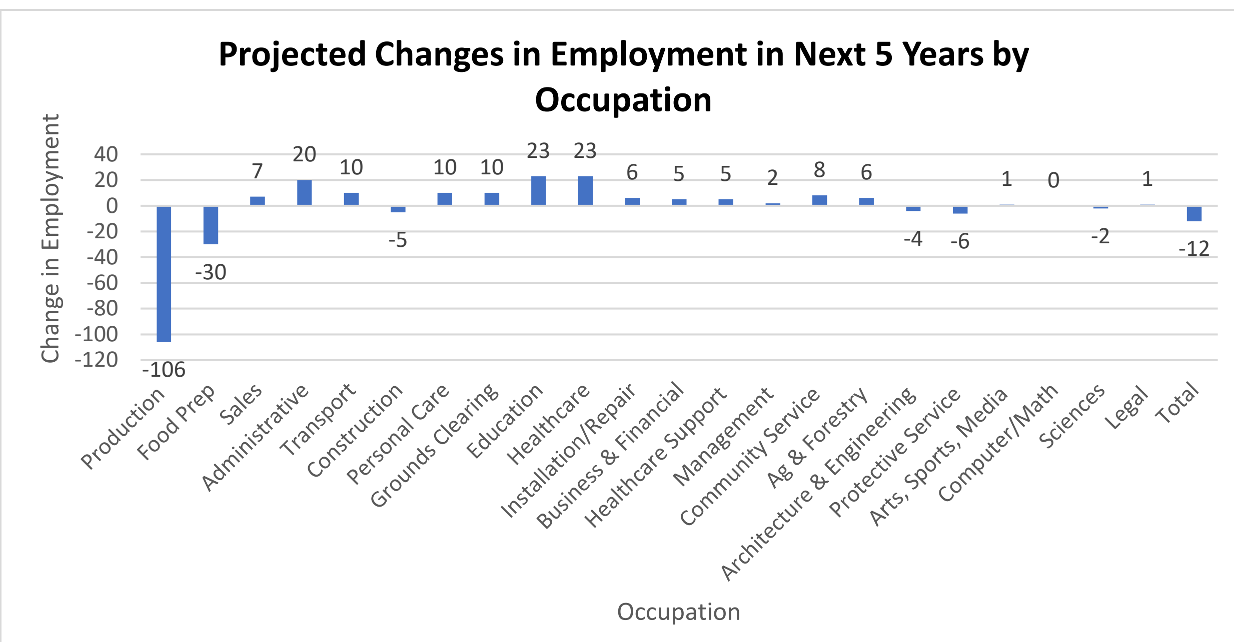
Production (2,468), Office and Administrative Support (1,756), and Sales and Related (1,365) are the most popular occupations in The County. However, Management ($106,900), Legal ($78,500), and Healthcare Practitioners and Technical ($71,200) occupations had the highest average annual wages. Across all occupations, the average annual wage was $41,500 as of 2019 Q1.





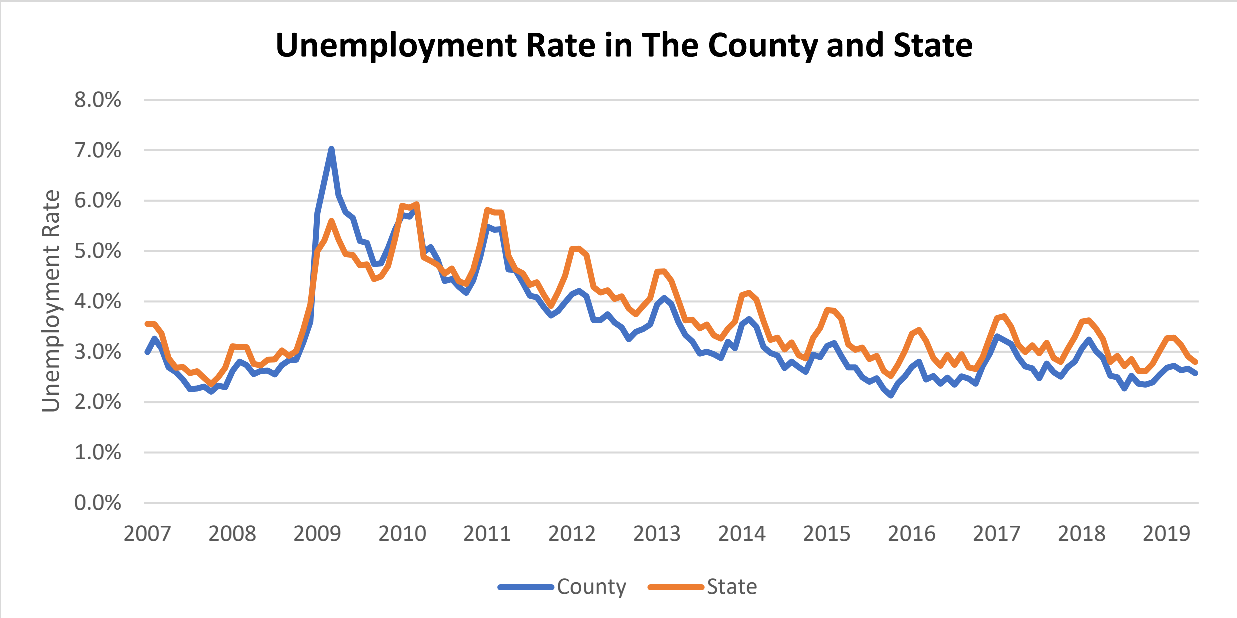
In the previous 5 years, Production (387), Personal Care and Service (96), and Office and Administrative Support (75) occupations added the most jobs. In the next 5 years, the largest occupations will remain unchanged. However, Personal Care and Service (23), Construction and Extraction (23), and Food Preparation and Serving Related (20) occupations will see the most growth.



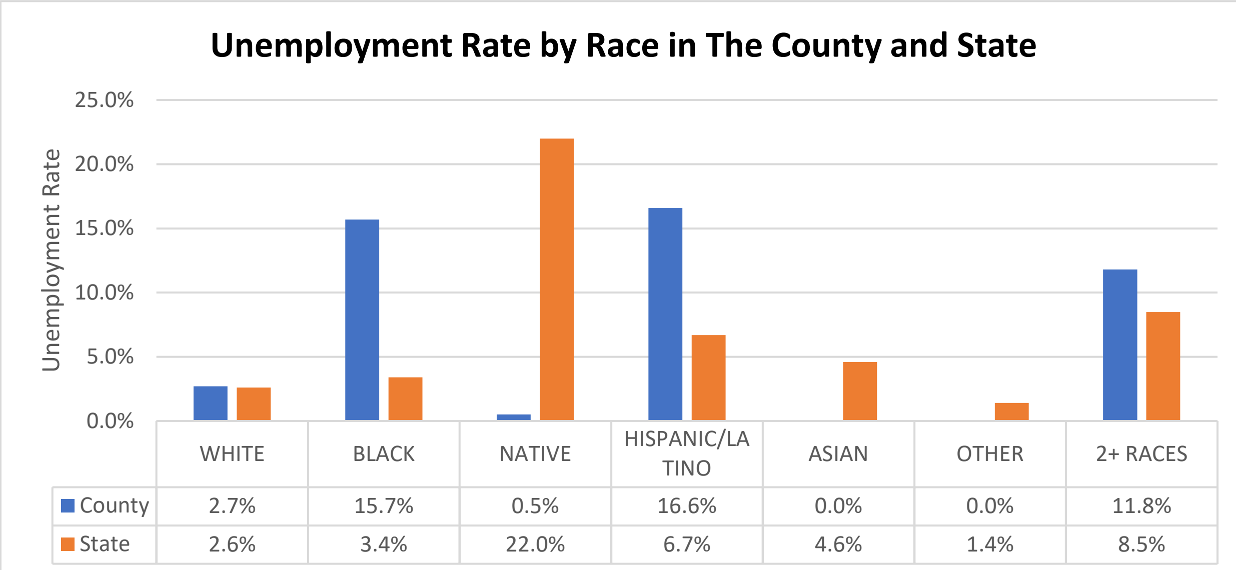


UNEMPLOYMENT

Starting in about 2010, unemployment in The County, like the rest of the country, has been decreasing. Since 2011, unemployment in The County has been decreasing faster than the rest of The State. The City in particular has maintained a below-average rate of unemployment, prompting fears of a worker shortage.

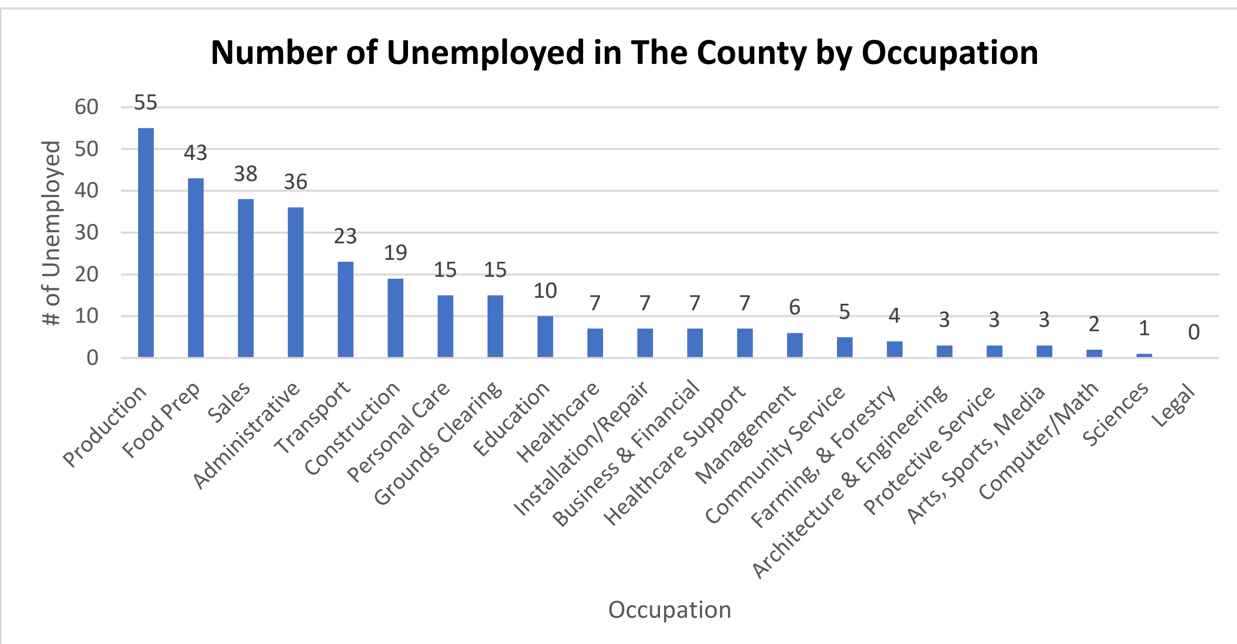


While unemployment in The County has been low overall, unemployment varies by demographic. Native Americans in The County, for example, have a remarkably low unemployment rate of just 0.5%. For other minority groups, unemployment is much higher than the state average. Unemployment is 15.7% among African Americans, 16.6% among Hispanics/Latinos, and 11.8% for individuals of two or more races. While unemployment may not seem to be a problem in The County, the effects of unemployment are not distributed equally, and it appears that minority groups in The County shoulder more of the burden than their white, non-Hispanic neighbors.



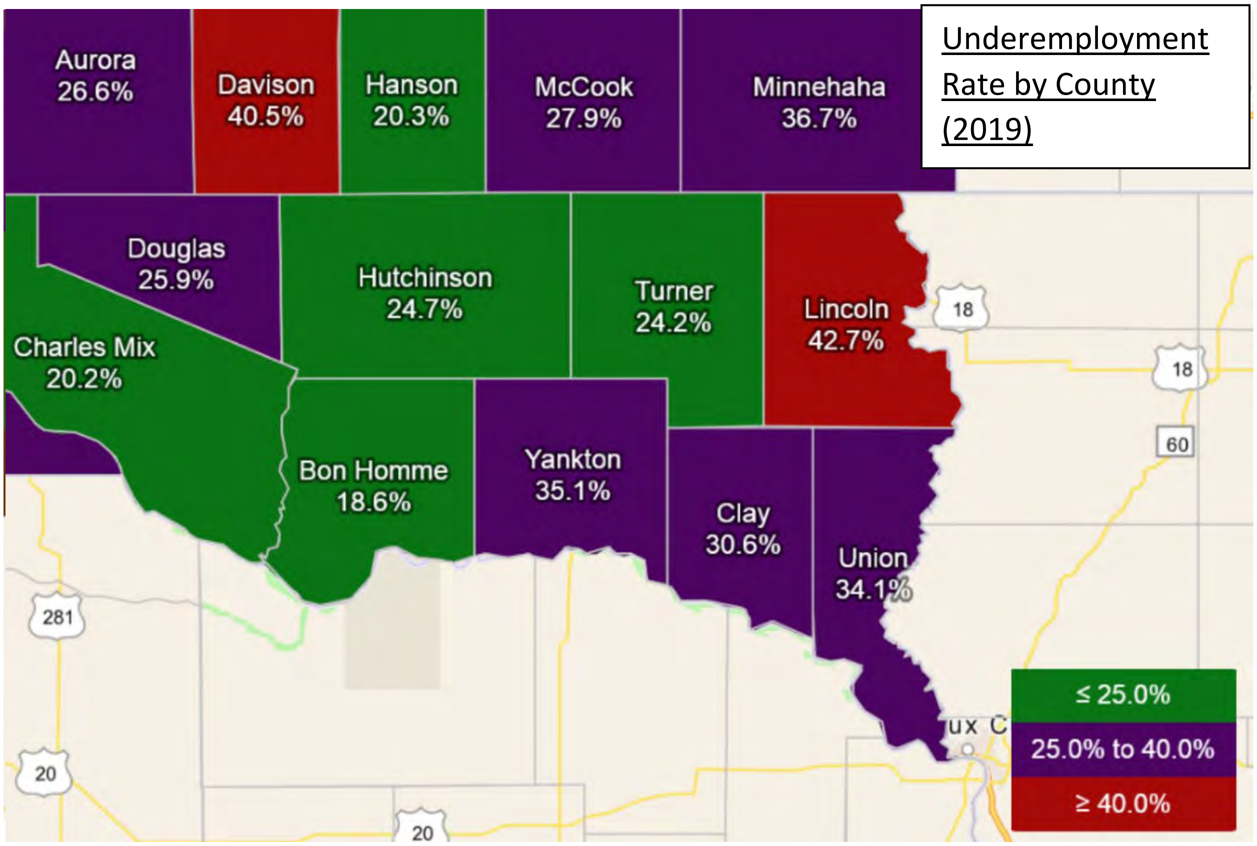
	WHITE	BLACK	NATIVE	HISPANIC/LATINO	ASIAN	OTHER	2+ RACES
County	2.7%	15.7%	0.5%	16.6%	0.0%	0.0%	11.8%
State	2.6%	3.4%	22.0%	6.7%	4.6%	1.4%	8.5%

Unemployment also varies by occupation. High levels of unemployment persist among Farming, Fishing, and Forestry (9.2%), Building and Grounds Clearing & Maintenance (4.1%), and Food Preparation and Serving Related (4.1%) occupations. Legal (0%), Management (0.9%), and Healthcare Practitioners and Technical (1.0%) occupations have the lowest rates of unemployment among all occupations. The graph below shows the number of individuals who are unemployed in each occupation.

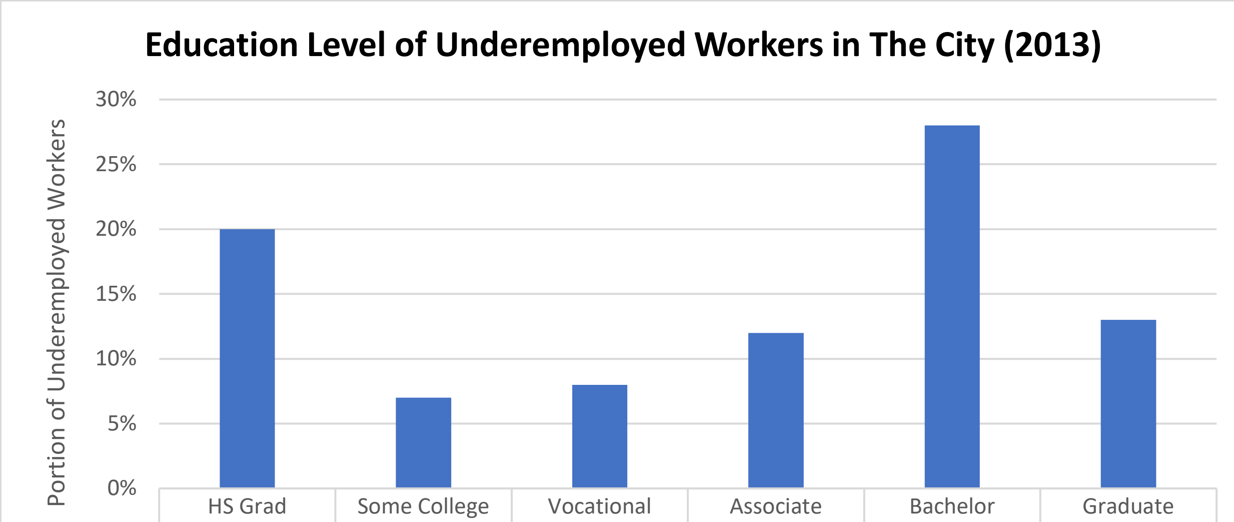


UNDEREMPLOYMENT

An individual is underemployed if they are employed but their job does not utilize their full skills or provide adequate pay. The County currently has an underemployment rate of 35.1%, comparable to the statewide rate of 35%. As shown in the map below, however, The County has a high underemployment rate when compared to other counties.

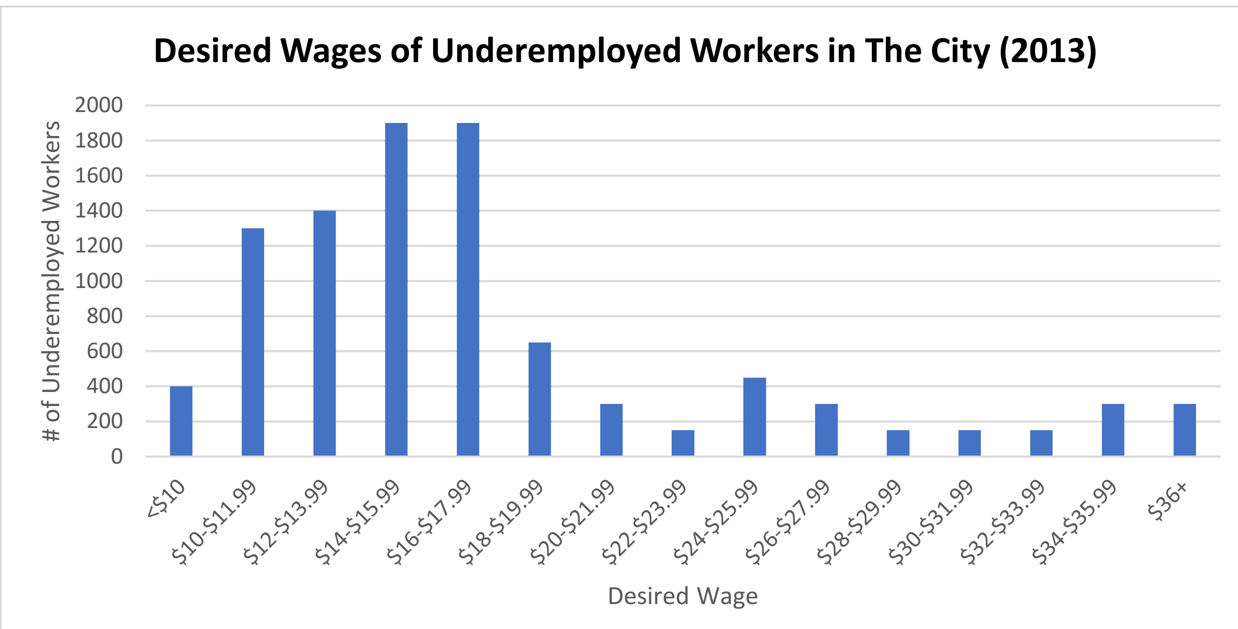


According to The 2013 Labor Report, most underemployed workers were in the Medical (23%), Sales and Services (18%), Other (18%), and Manufacturing and Assembly (12%) occupations. 30% of underemployed workers had been in their job for 6-10 years, and 35% had been there for over 15 years. About half of underemployed workers were under 45 years old and 52% of underemployed workers were male. 20% of underemployed workers were high school graduates, 7% had some college but no degree, and the rest have a vocational, associate, bachelor, or graduate degree.



	HS Grad	Some College	Vocational	Associate	Bachelor	Graduate
The City	20%	7%	8%	12%	28%	13%

Underemployed workers had an average commute of 7.6 miles, but were willing to commute an average of 22 miles to get to a new job. This indicates a willingness of workers to travel into or out of The County to find adequate work that meets workers' expectations. The median wage of an underemployed worker was $15.92, and the median desired pay was $17.26. Most underemployed workers had a desired wage between $10 and $18 per hour.



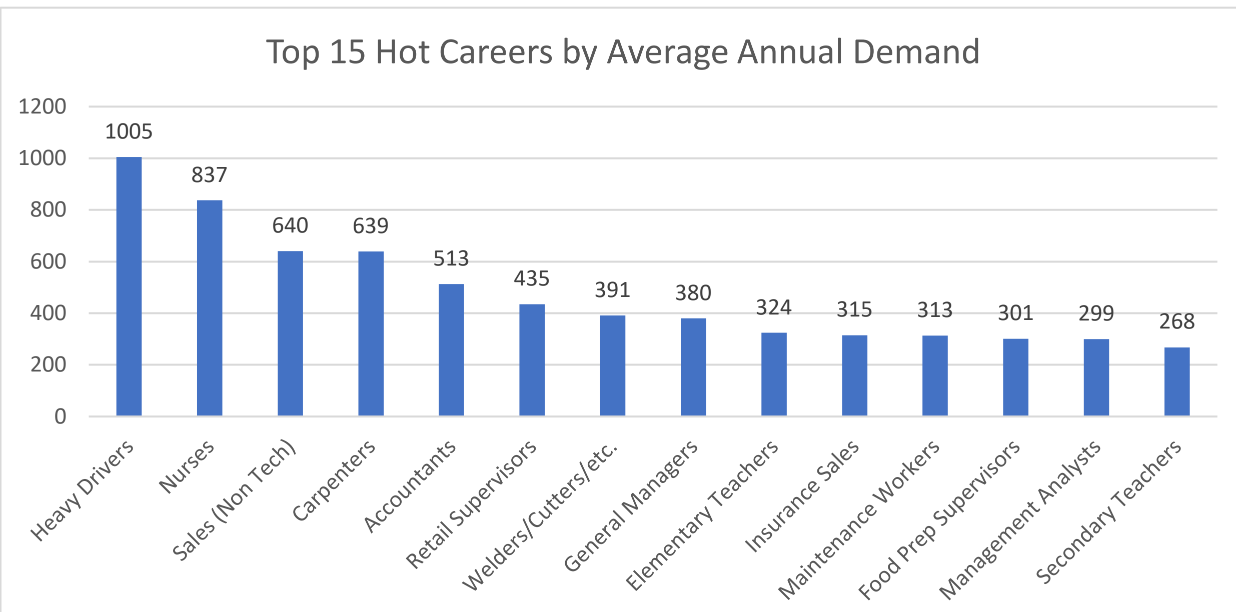
Underemployed workers are roughly on par with national experience and skill levels of employees across occupations. These workers are paid below the national median wages, and have reasonable desired wages. These workers would make optimal employees for new employers coming to The County. While general trends likely hold true, most of the underemployment data comes from 2013. Because underemployment data is not collected by the State Department of Labor, it may be pertinent for another entity to reassess underemployment in The County and obtain new, up-to-date figures.

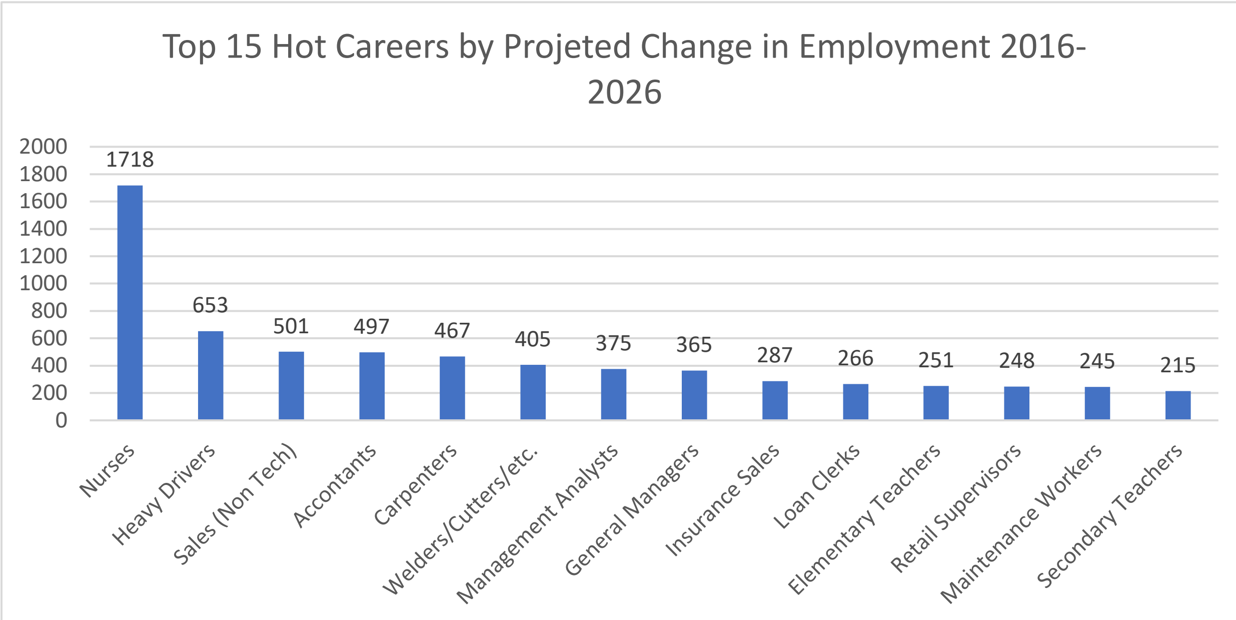
HOT CAREERS

The 2018 State Workforce Report highlighted 30 "Hot Careers," high demand, high wage occupations. Using employment projections (2016-2018) and wage data (2017), Hot Careers must:

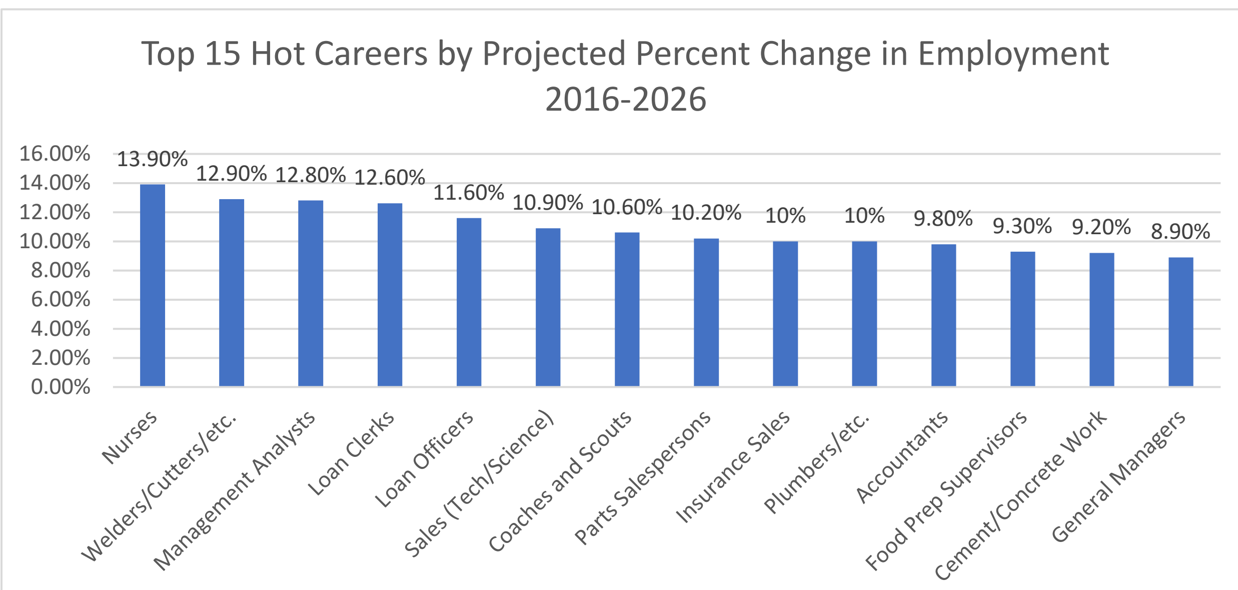
- be among the top 30 occupations with the highest demand for workers between 2016 and 2026
- be projected to show employment growth, and
- have an average wage above the occupation-wide median wage (which was $32,338 using the 2017 wage data).

The top 15 Hot Careers sorted by average annual demand, projected change in employment, and projected percent change in employment are shown below. For all Hot Career and other data related to the state report, see https://dlr.sd.gov/lmic/publications/labor_market_reports/workforce_report_2018.pdf.





Heavy Truck Drivers, Nurses, Salespeople, and Carpenters are the occupations with the highest annual demand. These positions are the most commonly sought-after positions by employers in an average year. In the period between 2016 and 2026, Nurses are expected to add an impressive 1,718 positions. Heavy Truck Drivers (653), Salespeople (501), and Accountants (497) will not add nearly as many positions as nurses but will add more positions than other Hot Careers.



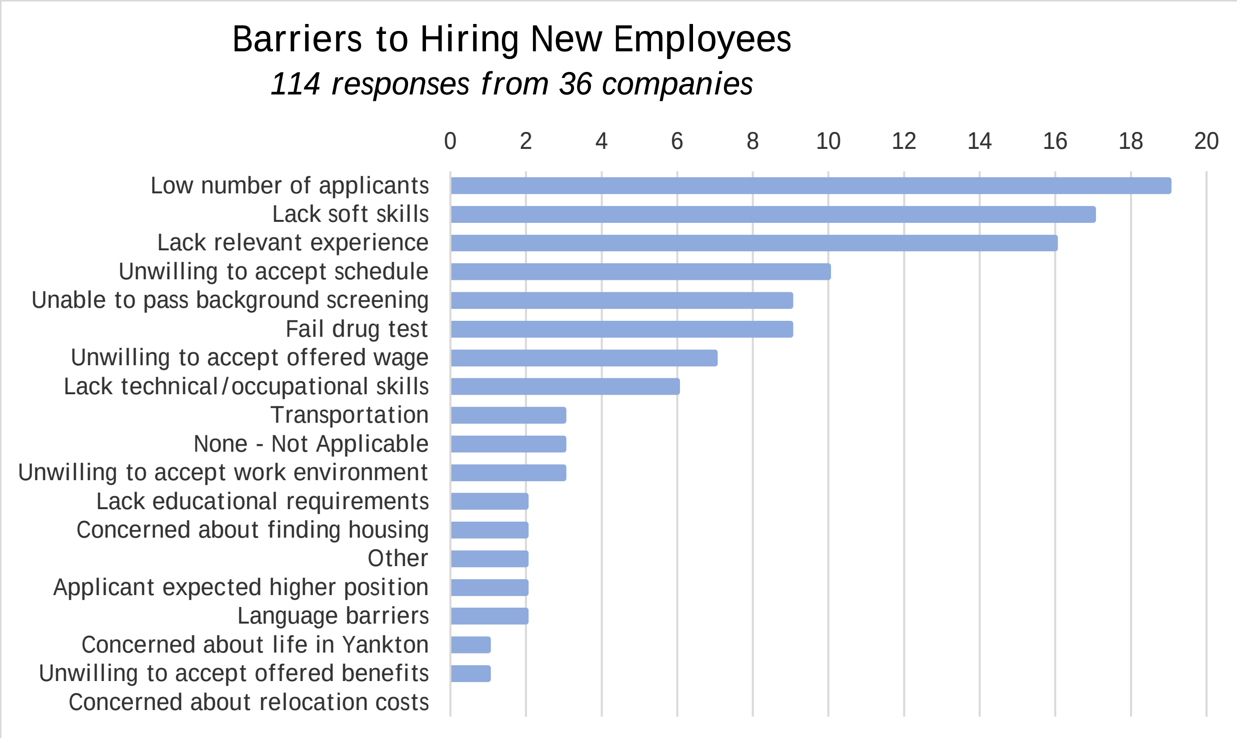
In terms of percent change in employment by occupation, Nurses (13.9%), Welders and related positions (12.9%), Management Analysts (12.8%), and Loan Clerks (12.6%) will add the most positions relative to their current total employment.

2019 EMPLOYER SURVEY

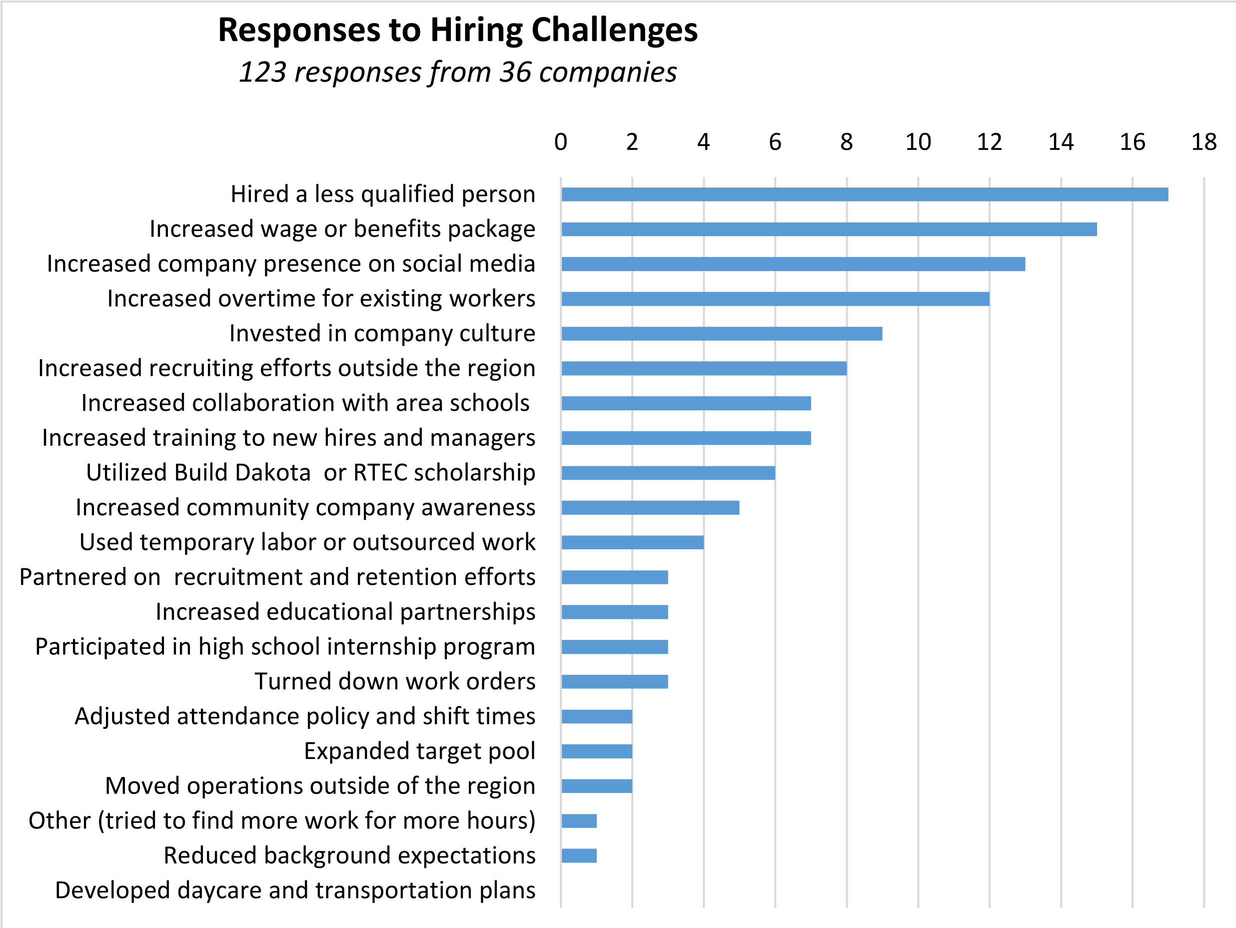
In July 2019, YAPG conducted a survey of 125 local businesses, government agencies, and non-profits. Because of incomplete surveys and duplicate responses, 36 of the 41 responses submitted to YAPG were included in the final report.

Excluding all but 85 members of the State National Guard (excluded Guard members did not reside in The City), the businesses surveyed indicated they had 4,653 full-time employees, 869 part-time employees, and 196 seasonal or temporary employees. Of the total 5,628 workers, 2,305 of them were hired in 2018. Of the new hires, 1,293 were retained, leading to a retention rate of 56%. Respondents indicated that they expect 132 entry-level job holders to retire, along with 68 skilled workers and 42 professionals. Replacing long-time workers has proven to be challenging.

As noted in the chart above, respondents found internal referrals to be the most helpful source for hiring new employees. Additionally, companies have found internet resources to be increasingly helpful in recent years. Respondents also indicated that they are optimistic about hiring in the next six to twelve months, despite potential economic headwinds (farm economy issues, tariffs and trade issues, and the question of a looming recession).

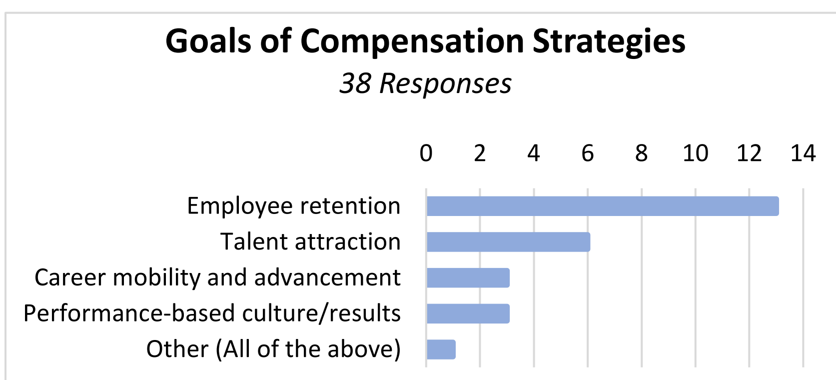


Respondents indicated three primary challenges to hiring: a low number of applicants, applicants lacking soft skills, and applicants lacking relevant work experience. The lack of soft skills is displayed by unexcused absences, failing to notify a supervisor of other obligations, not calling in due to sickness, and a general apathy toward attendance policies. Applicants' work histories often lack long-term employment in the same position. Applicants, employers feel, are not willing to work for what has typically been considered entry-level positions and wages.



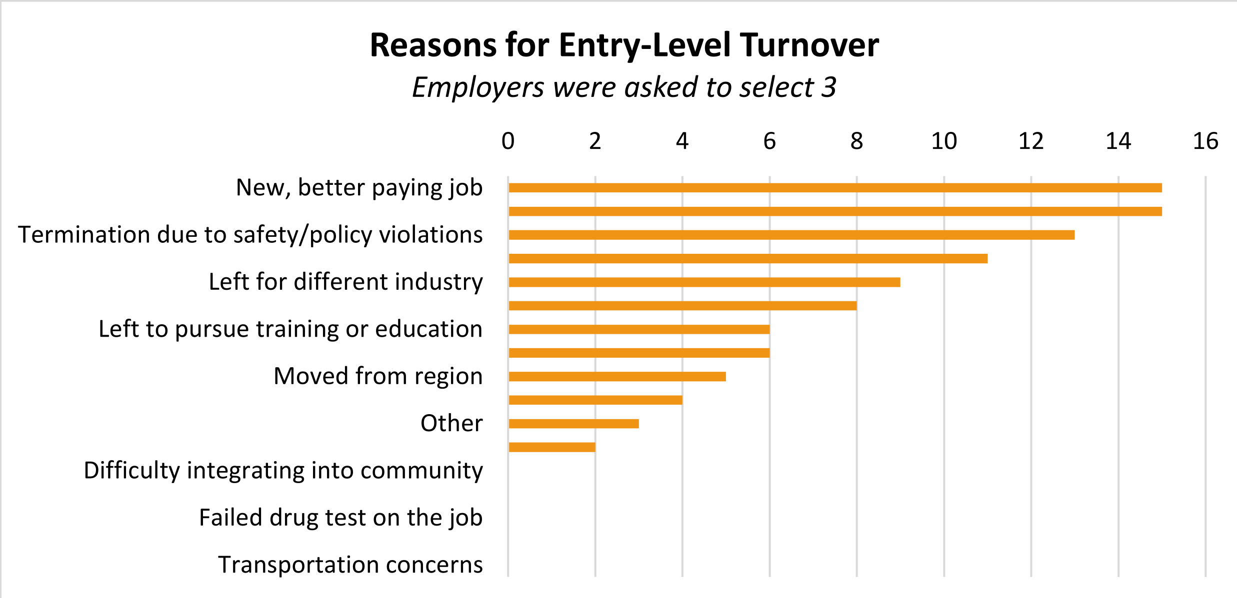
Respondents have responded to hiring challenges by hiring a less-qualified candidate, increasing the company's social media presence, and investing in the company culture to retain current employees. Respondents also believe that a positive work culture will set them apart from other hiring firms. Also high on the list are a number of responses indicating collaboration with educational institutions. Via comments, respondents indicated that the pool of job applicants is not large enough to provide qualified workers for a number of industries. Professionals must be brought to The City to expand the labor pool.

Wages and compensation strategies are primary factors in attracting and retaining employees. Wages, benefits, and company culture are three key theoretical components of compensation strategies. Respondents indicated that they are willing to be more flexible in compensating current employees due to the challenges associated with replacing long-term, high-performing employees.

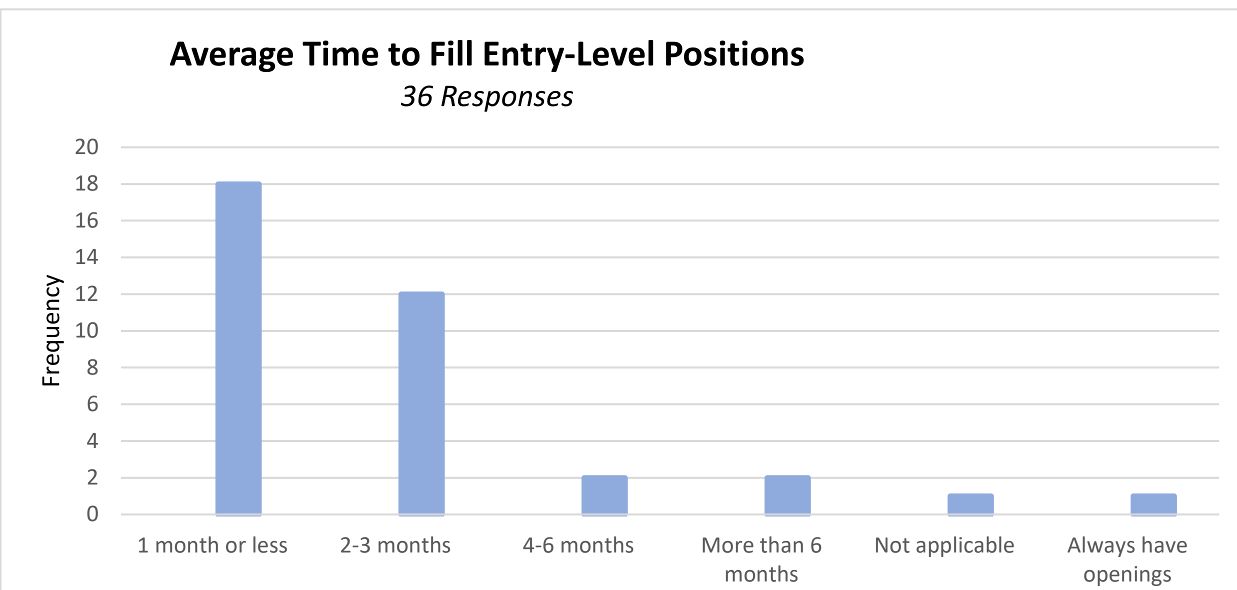


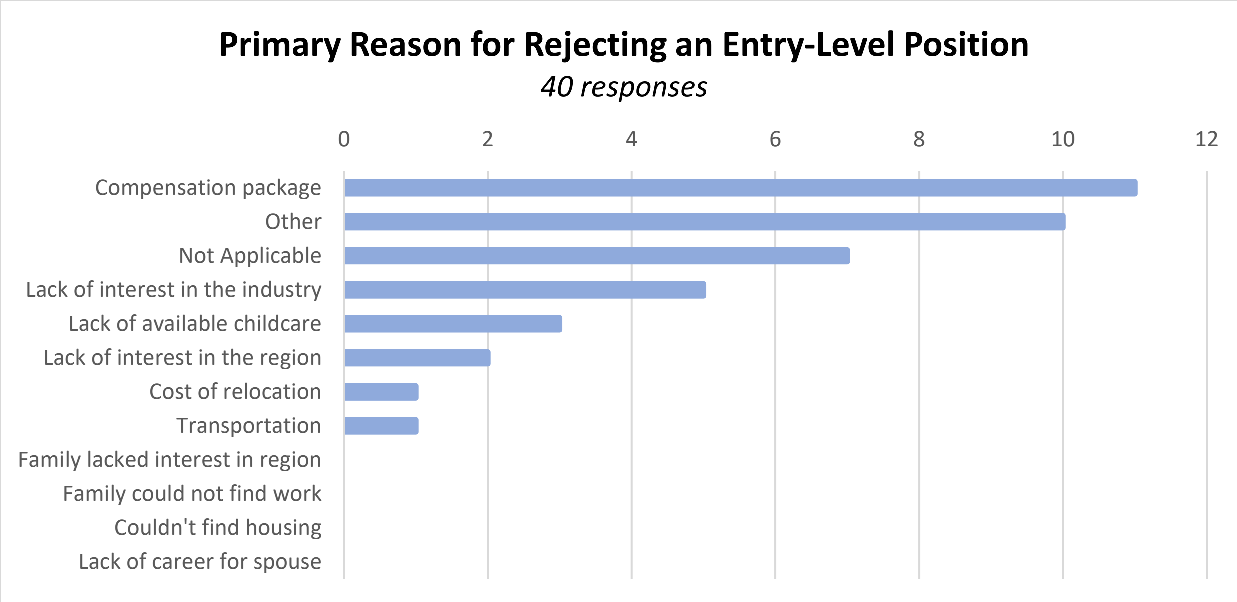
ENTRY-LEVEL POSITIONS

The employer survey sectioned the workforce into three categories: entry-level, skilled, and professional. No criteria or definition were provided; respondents were asked to self-categorize.



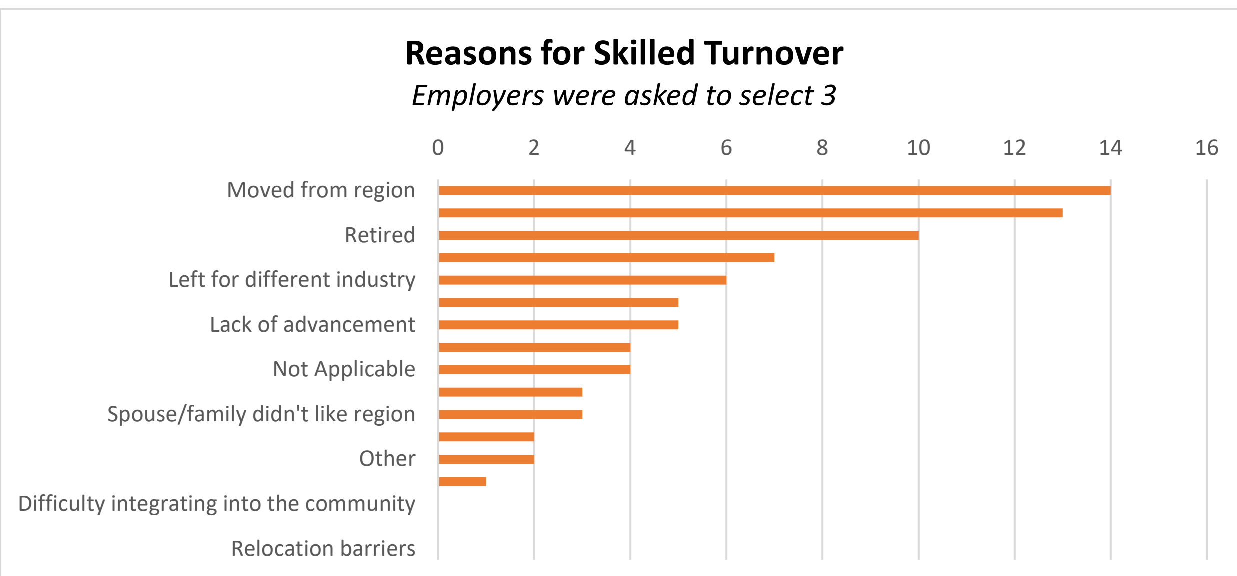
The most common reasons for entry-level turnover reported by respondents were employees moving on to better-paying jobs, employees being terminated due to policy violations, and employees leaving to work in a different industry. Most respondents are able to fill entry-level positions within three months. These jobs are likely filled so quickly in part due to employers' willingness to hire less-qualified applicants. The most commonly reported reason for applicants rejecting an entry-level position was an inadequate compensation package.

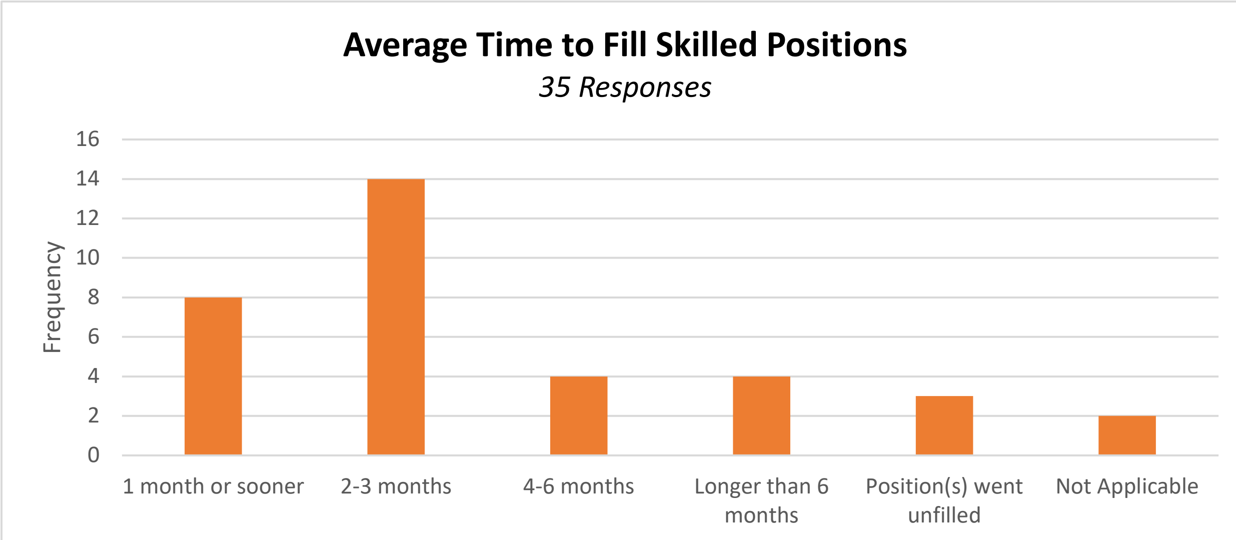




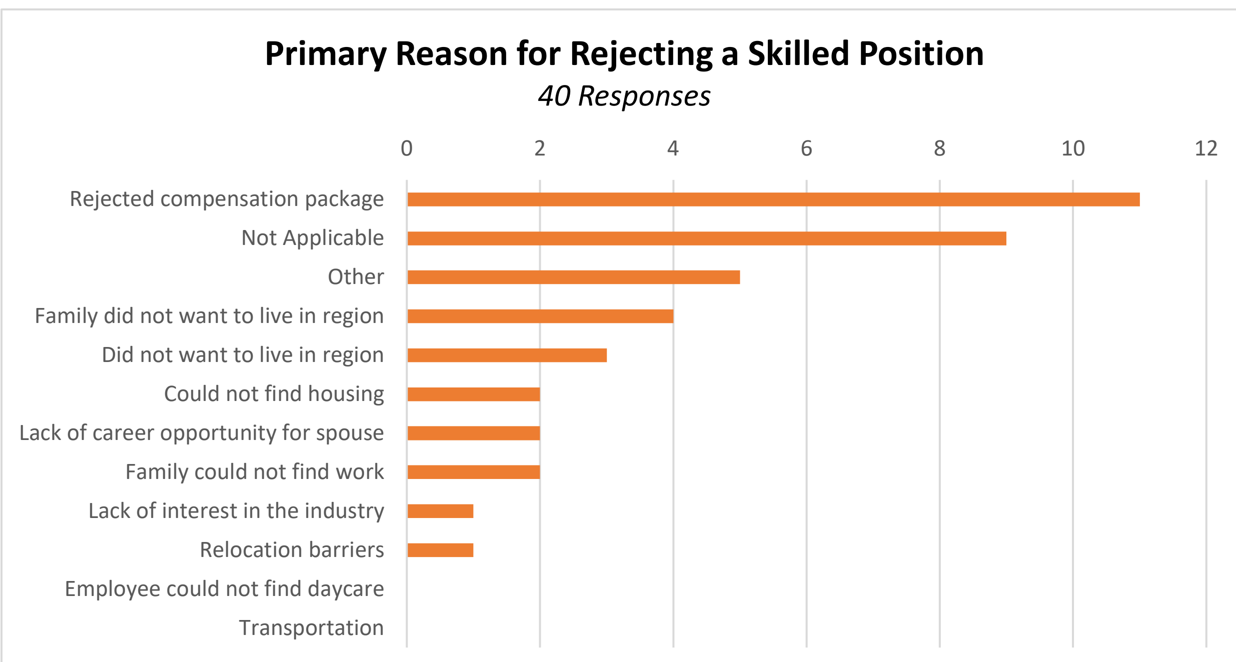
SKILLED POSITIONS

The most commonly reported reasons for skilled employee turnover were employees moving from the region, retiring, or leaving to work in a different industry. Survey information aligns with the demographic information presented earlier in this report: young professionals are leaving The City and County, and workers who remain in The City and County are aging into retirement.



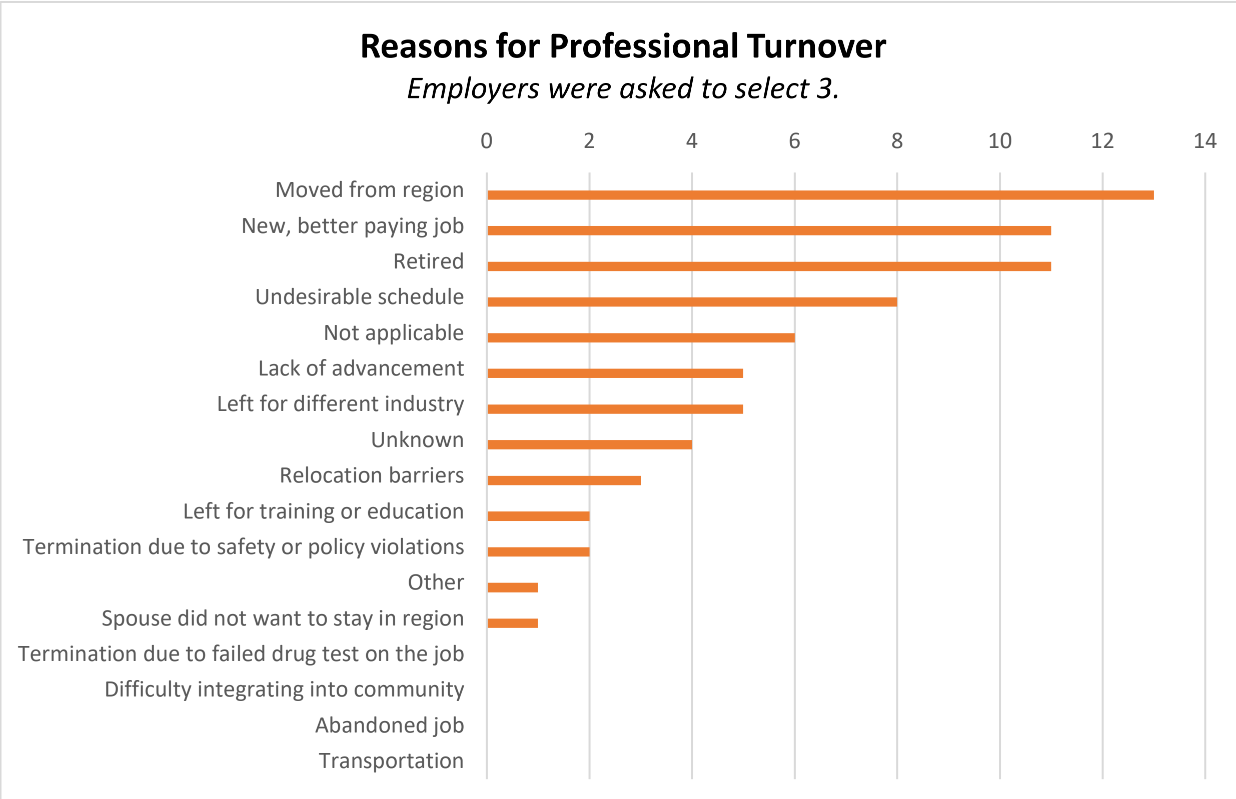


Skilled positions take slightly longer on average to fill than entry-level positions, but most positions are still filled within 3 months. The primary reason for applicants rejecting a skilled position, like entry-level positions, was an inadequate compensation package. Individuals rejecting skilled positions due to compensation tended to prefer to stay in their current job.

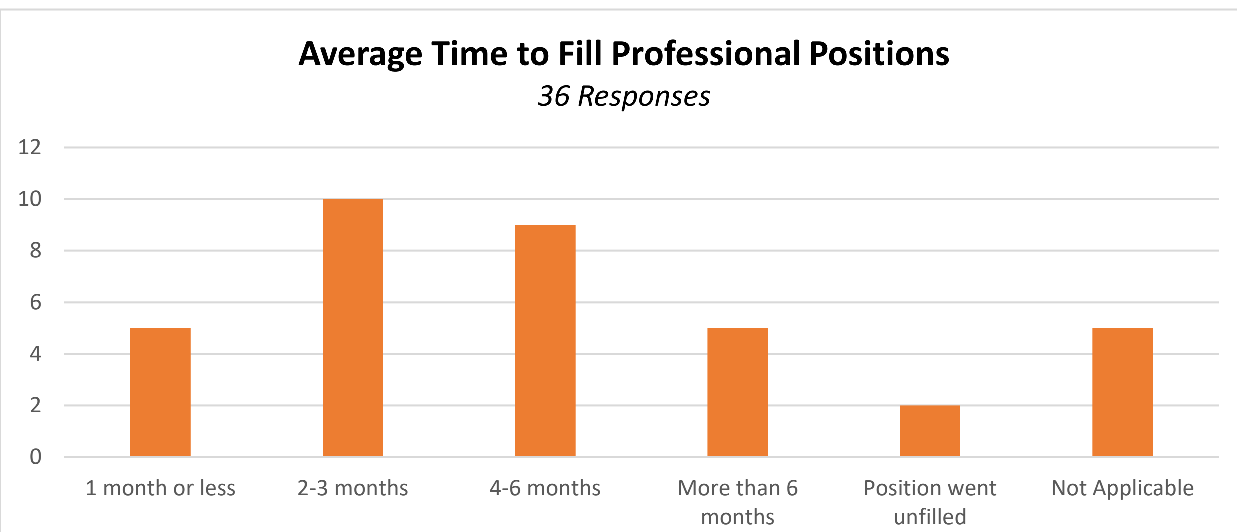


PROFESSIONAL POSITIONS

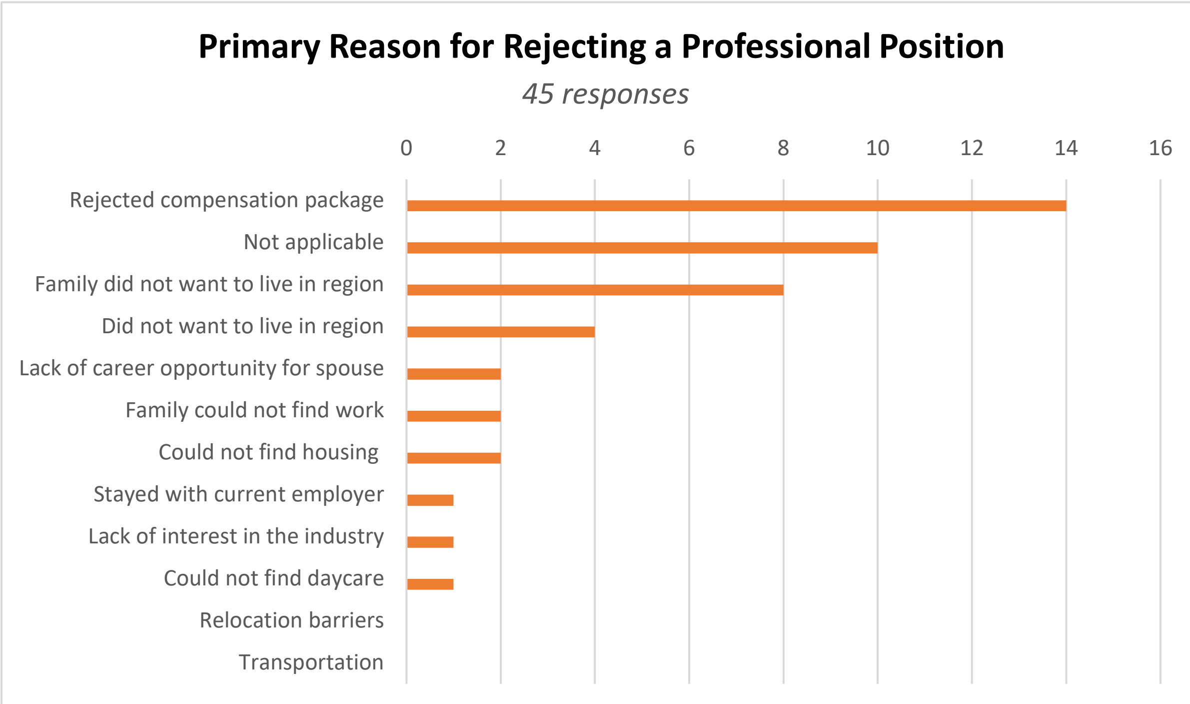
The three most common causes of turnover among professional positions were employees moving from the region, moving to a better-paying job, and retiring.



Professional positions took longer than entry-level and skilled positions to fill, with a number of positions remaining open for more than 6 months or going entirely unfilled.

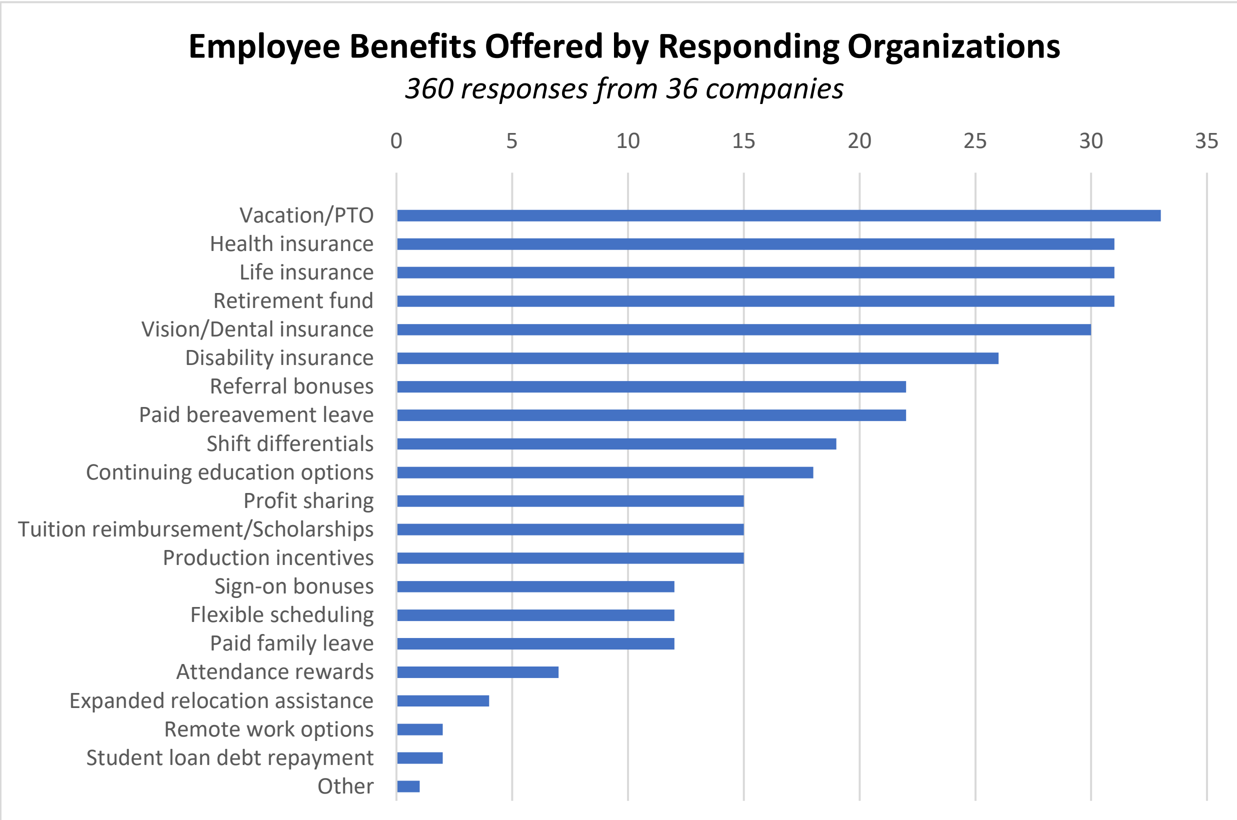


In terms of rejecting a professional job offer, applicants most commonly rejected the compensation package or did not want to live in The City or County. While some quality of life improvements in and around The City have been made, there are still individuals who are looking for a variety of amenities not available in the Yankton region.



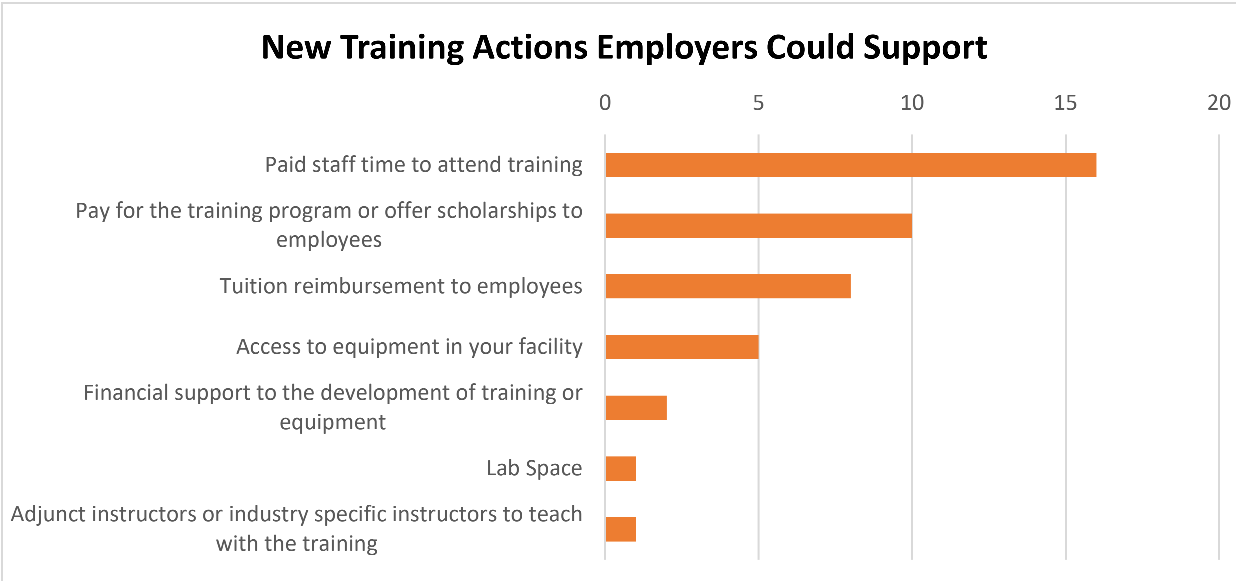
COMPENSATION, BENEFITS, & TRAINING

Benefits are a major component of compensation strategies, which drive employee recruitment and retention efforts. Some respondents indicated that their benefit plans are unchanged, but some have been improving their benefit plans. The ways in which they are doing so are numerous, but the most common benefits offered by respondents include paid time off (PTO), health insurance, life insurance, a retirement fund, and vision & dental insurance.

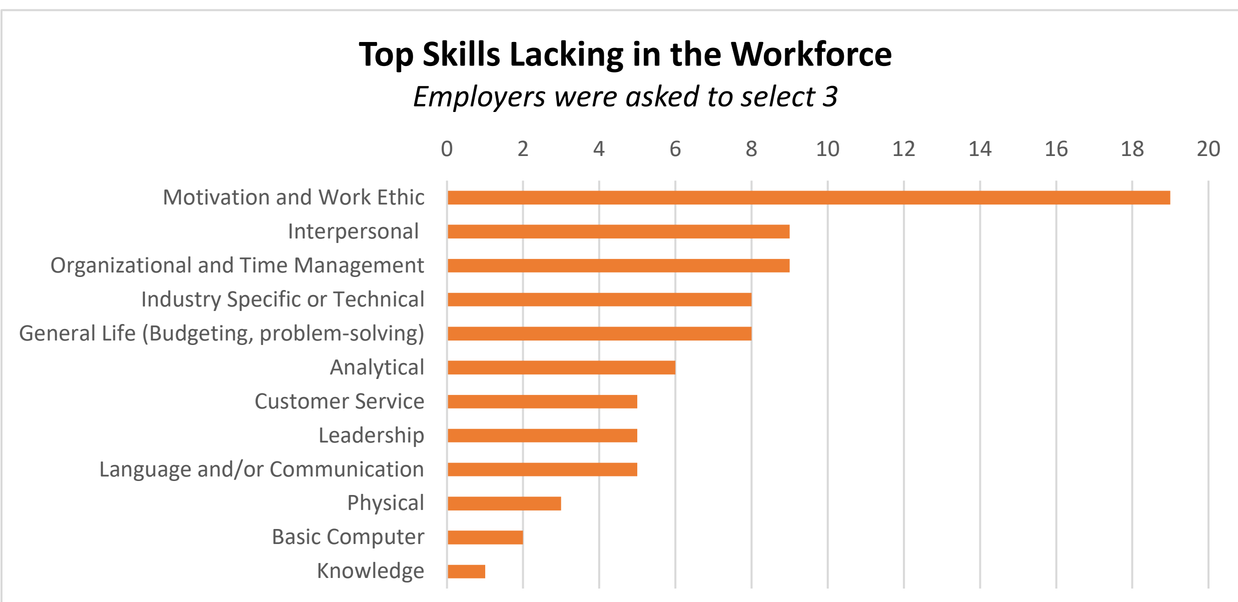


Along with strong benefits, companies are looking to enhance employee retention by offering career development plans and training. New hire training is viewed as a priority to most companies and is likely an important part of their retention of newly-hired employees. Leadership and management skill development are most commonly offered to employees in skilled or professional positions. The most common training resource offered by respondents was OJT. After that, industry-specific online training and regional workshops or seminars are the training resources most commonly used by respondents.

Respondents also indicated that they were willing to dedicate resources to training their employees. Organizations were more willing to support paying staff to attend training, paying for the training program, and scholarships or tuition reimbursement than offering physical space for the training to be provided.



When asked about the skills lacking in the workforce, responding employers felt strongly that motivation and work ethic were lacking in the workforce. There could be a number of reasons that an employee isn't high performing, ranging from a simple lack of work ethic to a lack of connection to a job that does not utilize their primary skillset.



These results differ somewhat from data from the 2013 Labor Report. The 2013 Labor Report surveyed employers on their views of The City's workforce, some of which are shown on the following page.

Productivity	
Poor	3%
Fair	10%
Good	59%
Excellent	28%

Reliability	
Poor	7%
Fair	28%
Good	34%
Excellent	31%

Attitude	
Poor	3%
Fair	21%
Good	62%
Excellent	14%

Teamwork Skills	
Poor	7%
Fair	3%
Good	76%
Excellent	14%

Job Readiness	
Poor	8%
Fair	48%
Good	41%
Excellent	3%

Trainability	
Poor	7%
Fair	10%
Good	66%
Excellent	17%

Employers in The City in 2013 found their employees productivity to be good or excellent 87% of the time. Employees' teamwork skills were also highly ranked in 2013 while interpersonal skills were lacking in 2019. It is difficult, however, to meaningfully compare in depth the results of the two surveys, as the format and wording of the questions in the two surveys are dissimilar.

Math Skills	
Poor	7%
Fair	38%
Good	52%
Excellent	3%

Computer Skills	
Poor	3%
Fair	28%
Good	66%
Excellent	3%

Reading Skills	
Poor	3%
Fair	24%
Good	66%
Excellent	7%

Writing Skills	
Poor	14%
Fair	45%
Good	38%
Excellent	3%

Employers found some difficulties in 2013 locating the proper workers with the proper skills. Skilled and technical workers were the most difficult to find. Unskilled workers were the most accessible workers in The City. Employers in 2019 echoed this sentiment, commenting that the applicant pool is too small to staff their organizations adequately.

Skilled Worker Availability	
Poor	28%
Fair	52%
Good	21%
Excellent	0%

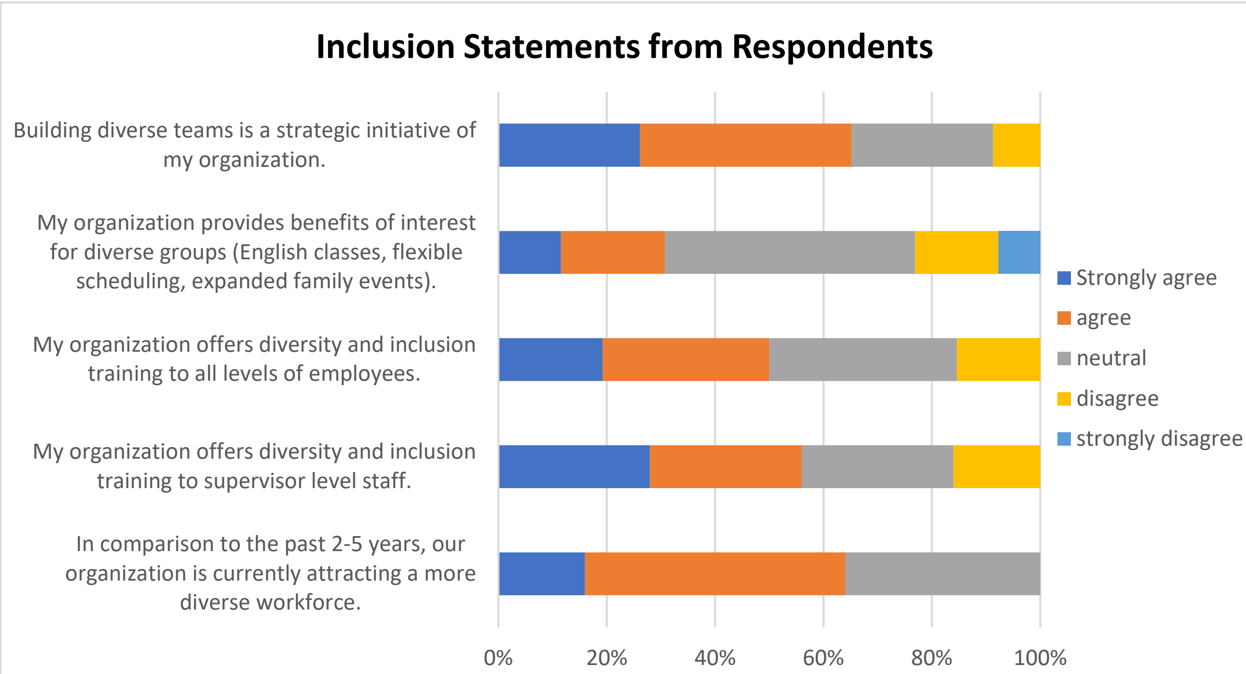
Technical Worker Availability	
Poor	24%
Fair	52%
Good	21%
Excellent	3%

Professional Worker Availability	
Poor	14%
Fair	59%
Good	21%
Excellent	3%

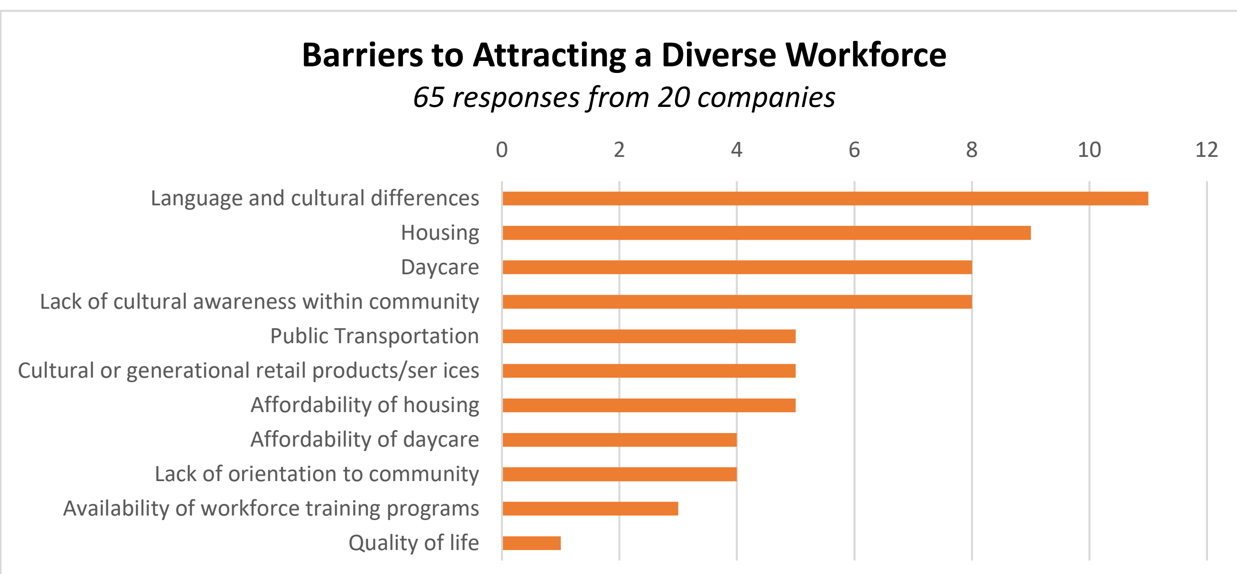
Unskilled Worker Availability	
Poor	10%
Fair	41%
Good	45%
Excellent	0%

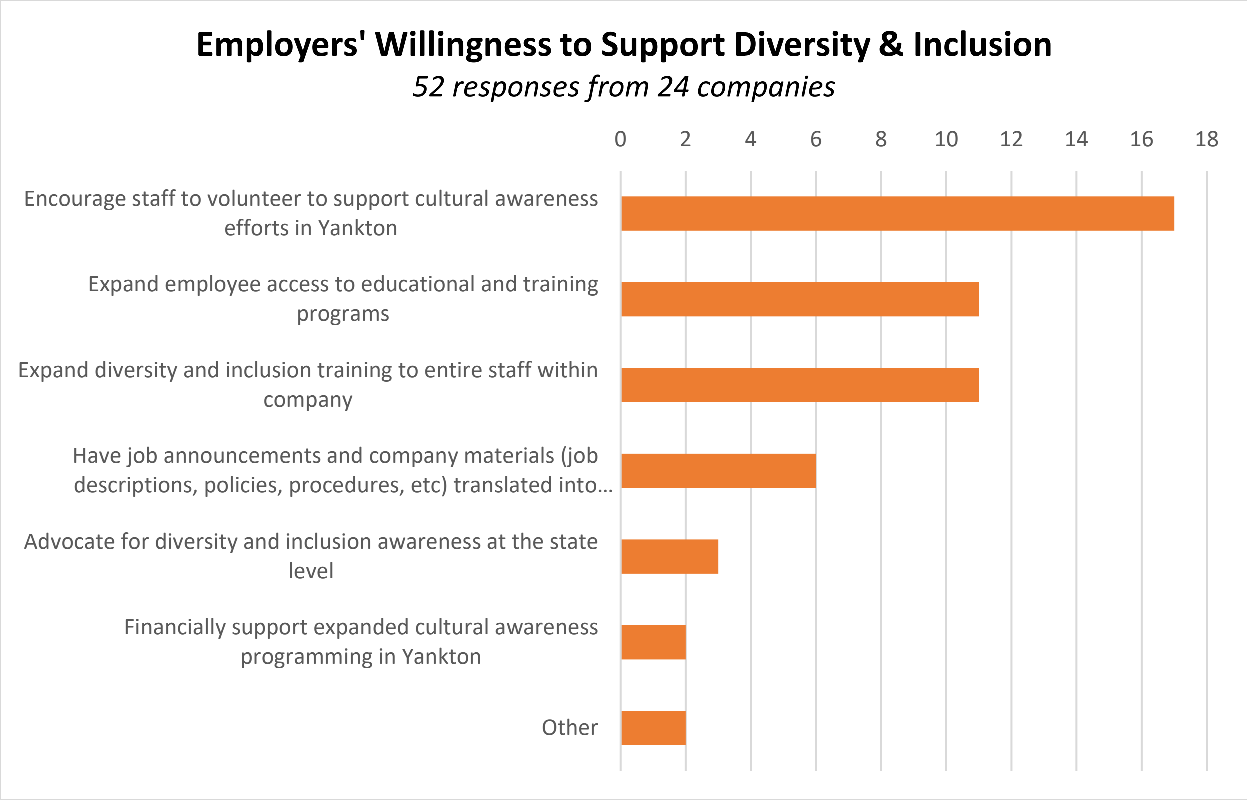
DIVERSITY & INCLUSION

When asked about diversity and inclusion, respondents tended to agree more than disagree that their organizations are becoming more diverse, and that this is a good thing. Some organizations provide diversity and inclusion training, and a few provide additional benefits for diverse groups.



However, barriers to creating a truly diverse workplace remain. The most notable barrier to attracting a diverse workforce are language and cultural barriers. The availability of housing and daycare also play a major role, as does a lack of cultural awareness within the community. Despite these barriers, organizations are taking a number of steps to attract a diverse workforce and be inclusive. Most commonly, organizations encourage staff to support cultural awareness efforts in The City, expanding employee access to education and training programs, and expanding diversity and inclusion training to all levels of staff within an organization.





Conversations with tribal governments should be a part of building a diverse community. Working collaboratively to reduce unemployment among Native Americans can be mutually beneficial for Native American communities and The City and County. It is also likely that Native American communities have a lot to teach the City and County about diversity and inclusivity. Work release programs have also had some success, and there may be opportunities to expand them in the future. A proper mix of soft skill and technical training may help organizations to better work through some of the challenges associated with creating a diverse workplace.

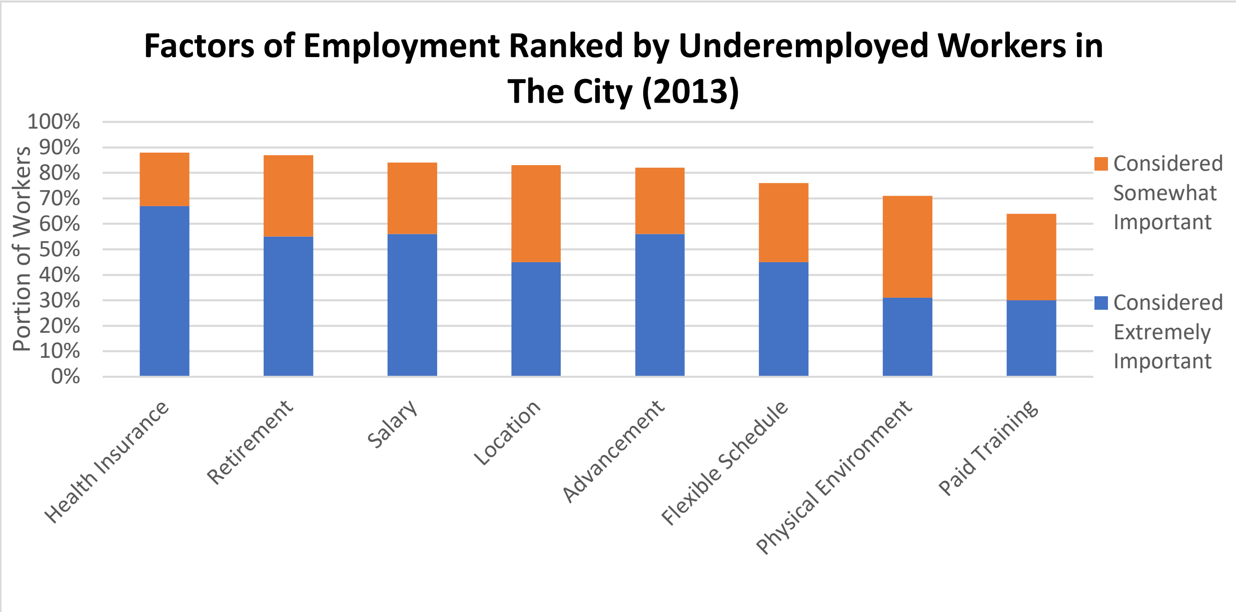
CONCLUDING COMMENTS ON EMPLOYER SURVEY

When asked about what excites them about the future of their industry, technology was a common response. Younger generations, particularly 18-25-year-olds, have grown up in a technology-driven world preparing for a technology-driven workplace. Despite access to career opportunities across the world, some are excited about the opportunity grow their careers in The City.

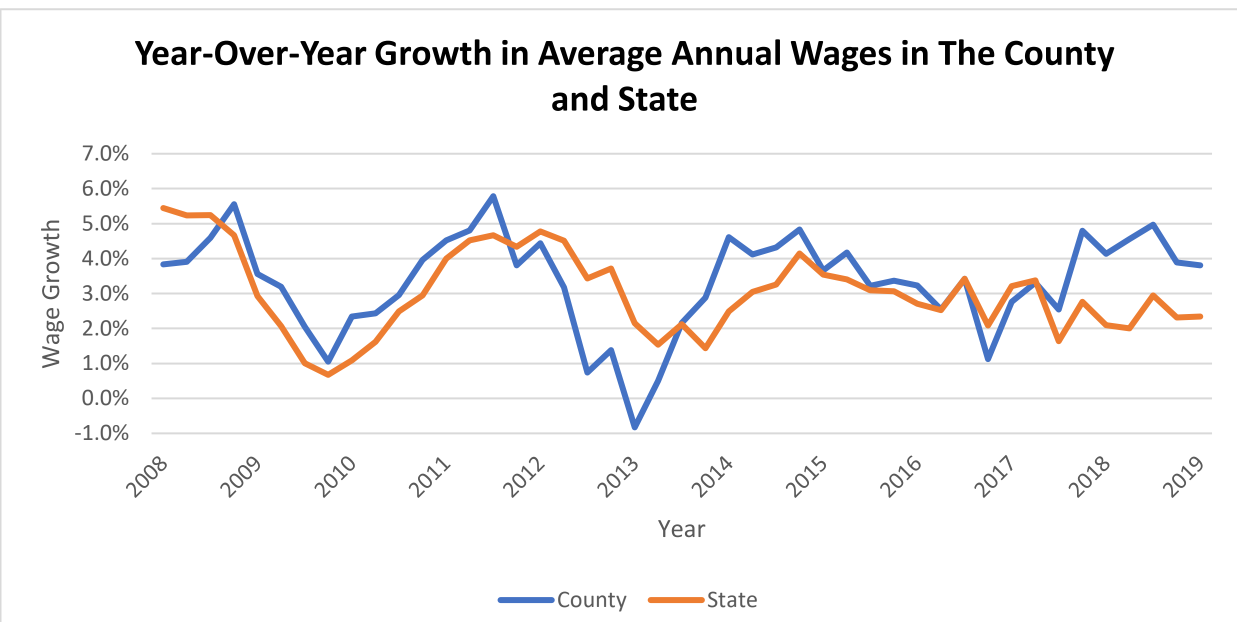
Despite potential future opportunities and optimism about hiring levels, the overall challenges in the workforce seem to be heavily weighted. Organizations struggle to retain their employees and the pool of job applicants is too small to offer employers a sufficient number of adequately qualified applicants. The City and County are also struggling to retain younger individuals, particularly college graduates and young professionals. Dakota Roots is one organization working to connect individuals to their former South Dakota communities after living outside the state. Efforts like this are important but cannot solve the problem on their own. Individuals who moved from The State will likely not be enticed to return without sufficient job and career development opportunities.

WORKFORCE PRIORITIES

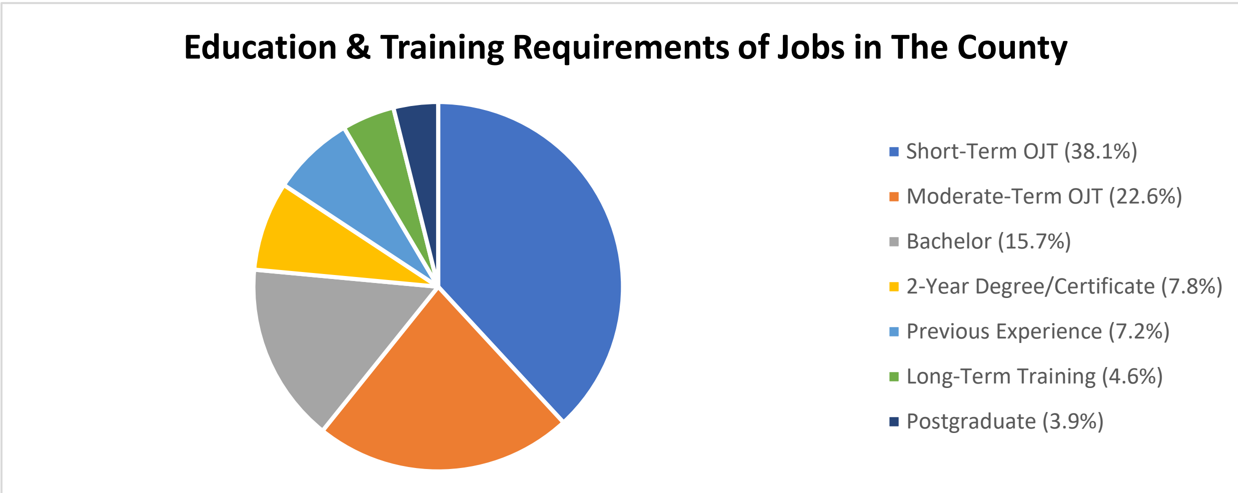
According to The 2013 Labor Report, the facets of a job most important to workers in The City were health insurance benefits, salary, opportunities for advancement, and retirement benefits.



Since the end of the recession, average annual wage growth in The County has been variable. In years with strong year-over-year growth, wages can rise by more than 4%. However, in other years, wage growth is less than 1.5%, even dipping negative in 2013 Q1. And while the 2019 average annual The County salary was roughly on par with the statewide average ($43,674), The County has a slightly higher cost of living, which reduces the purchasing power of the average annual salary.



Currently, more than 50% of jobs in The County require short- to moderate-term OJT. It is likely that jobs in The County in the near future will require slightly more education and long-term OJT and slightly less short- to moderate-term OJT.



RECOMMENDATIONS

1) Utilize & incentivize the utilization of existing programs
   - Workforce Development Program
     - Through the GOED, employers can access funds to train new and existing employees who require new skills as a result of company growth. The program can fund up to 50% of eligible expenses and qualifying businesses can receive matching funds of up to $2,000 per intern for internships in Science, Technology, Engineering, and Math (STEM), manufacturing, and accounting fields. For more information, visit https://sdreadytowork.com/financing-incentives/workforce-development/.
   - Build Dakota Scholarship Fund
     - The Program provides full-ride scholarships for eligible technical programs identified as high-need in The State. Recipients commit to working in The State for at least 3 years upon graduation.
   - Start Today SD Apprenticeship Program
     - Businesses partners sponsor a Registered Apprenticeship, the minimum requirements of which are set by the employer. Apprentices, after becoming certifiably proficient in their occupation, can make committed employees to their former sponsors. The State received a $1.2 million State Apprenticeship Expansion Grant from the U.S. Department of Labor, and intends to nearly double the number of active apprenticeships in the next three years. For more information, visit https://www.starttodaysd.com/businesses.
   - Training Program
     - The Program offers tuition assistance to those in need of training to secure employment. Programs have been reviewed to ensure graduates can expect a high wage in a high-demand field. To view a list of eligible providers statewide, visit https://dlr.sd.gov/workforce_services/individuals/training_opportunities/documents/eligible_training_provider_list.pdf.
   - Career Launch Program in The School District
     - The School District is one of four districts across The State to be selected to participate in the Career Launch Program sponsored jointly by The Governor, The Department of Education, and The Department of Labor. Two Career Advisors are responsible for leading the student internship program, helping students with long-term education and career plans, and fostering a positive relationship between schools, students, and the local business community.
   - Regional Technical Education Center (RTEC)
     - RTEC offers high-quality, accessible and affordable career-advancing technical education training opportunities for both students and adults. This type of training and education helps advance the careers of workers while filling critical gaps for employers. The Skilled Trades Association allows employers to voice their workforce needs, helping align the skills taught at RTEC with skills needed in the community.

2) Create new programs
   - Community Employer Program
     - Create a program to reward employers who become involved in housing solutions, employee career advancement, meet certain wage standards, or other criteria. Qualifying employers could be put on the Community Employers list. Community Employers would receive certain benefits like sponsorship of certain events or reserved spots at a job fair, along with the positive image of benefitting the community. This would give employers a strong incentive to provide high-quality jobs and get involved in the community.
   - Workshop Program
     - Create a program to educate local employers on the benefits of getting involved in the community. Workshops could consist of a several hours long monthly or bi-monthly event where a leader organizes a discussion and/or activity to educate employers on a topic. For example, since employers feel that the workforce is not motivated, a business school professor from a university could be brought in to discuss the benefits and drawbacks of different strategies to motivating employees. Providing quality programming in a non-workplace setting with tangible resources could improve program performance and employer outcomes.
3) Advocate for improving local education
   - Employers believe that the local workforce is lacking in soft skills. One way to improve prospective employees' soft skills is to improve the quality of the education provided in local schools, technical institutes, and universities. By providing higher-quality educations through better paid teachers and high-level interactions between employers and students, students will be more prepared for the demands of the workplace, whether those demands involve soft skills, math or computer skills, problem-solving skills, or other general life skills.

 The recommendations in this report are based on the historical data, trends, and projections available at the time of writing and are subject to change as economic and political conditions change.

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