

NEBRASKA

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DEPARTMENT OF LABOR

Labor Availability Study

ANNUAL REPORT, FY 2016-2017



Background and Purpose

In 2016, **Neb. Rev. Stat. §48-3401 to 48-3407** created the Sector Partnership Program, which allowed the Department of Labor (DOL) and the Department of Economic Development (DED) to continue collaborating on the research project known as the Labor Availability Study (LAS). The goal of the research project is to conduct labor availability, employer needs, and skills gap studies for selected communities in Nebraska. **Neb. Rev. Stat. §48-3401 to 48-3407** states that an annual report shall be provided to the Governor and the Business and Labor Committee detailing the process and results of the labor availability and skills gap studies.

Planning

LAS pilot projects beginning in northeast Nebraska in 2013 laid the groundwork for the FY 2016-2017 iteration of the study. Lessons learned from previous studies were integral in planning the project timeline, and the amount of research produced in the last year would not have been possible without previous pilot studies. DOL collaborated with DED and with the Bureau of Sociological Research (BOSR) and the Bureau of Business Research (BBR) at the University of Nebraska-Lincoln (UNL) in previous iterations of the LAS.

DOL and DED finished their pilot Labor Availability Studies at the end of FY 2015-2016 with the publication of the Panhandle Labor Availability Study report. Several changes in the process were implemented for the FY 2016-2017 iteration of the Labor Availability Study. The project is now designed so that communities can contribute funds in order to receive locally-tailored reports. In addition, with the dedicated funds awarded under **Neb. Rev. Stat. §48-3401 to 48-3407**, DOL staff were able to conduct the Survey of Hiring and Training Needs rather than having UNL conduct the survey, and to increase the number of reports from one to ten.

Collaboration between DOL and UNL continued in FY 2016-2017. Contract agreements were signed between DOL and the BOSR and between DOL and Dr. Eric Thompson from the BBR, who continued his role as author of the skills gap reports. The role of BOSR was to assist DOL with the household survey questionnaire mailing, data entry, data cleaning, and weighting. DOL conducted the analysis and reporting.

Seven LAS survey areas (see appendix) were created based on worker commuting patterns to the largest population centers in Nebraska: Omaha, Lincoln, Northeast (Columbus, Fremont, Norfolk), Central (Grand Island, Hastings, Kearney), Southeast (Nebraska City), Southwest (North Platte), and Panhandle (Scottsbluff). According to the U.S. Census Bureau, in 2010 the total population of Nebraska was 1,826,341 individuals. The LAS survey areas, including some zip codes in Iowa and Wyoming, have a total population of 1,796,520 individuals with 1,345,732 individuals age 18 and over (see Appendix – Table 1, [page 5](#)).

DOL determined that LAS data is usable for 18 to 24 months after publication. Thus, an approximate two-year cycle for each survey area will be implemented to ensure timely and valid LAS data. LAS surveys will be conducted in three of the seven survey areas each year, with accompanying reports produced.

Methodology

Business samples were created using the 2015 Quarter 4 DOL Quarterly Census of Employment and Wages Enhanced Quarterly Unemployment Insurance (EQUI) file. All privately-owned businesses with a minimum average employment, which varied by area, were surveyed. This helped ensure that surveyed employers were engaged in hiring and training employees. The minimum employment size in the southeast and southwest areas was at least five workers and in the central area, at least ten workers.

BOSR determined the number of household surveys sent to each zip code in the survey areas based on the worker population in each zip code. For the central area, the sample size was 8,000, in the southwest area 7,000, and in the southeast area 7,500. The resident of each randomly-sampled household who was 19 or older and had the next birthday was asked to complete the survey.

Improvements were made to the questionnaires and cover letters based on feedback and lessons learned from pilot studies. DOL developed the household questionnaire and cover letters in collaboration with BOSR. DED contacted local areas and received support from economic development and chamber of commerce groups. Supporting organizations' logos were displayed on questionnaires printed and mailed by DOL.

A new LAS web page (dol.nebraska.gov/las) was created in 2016 in order to provide survey recipients additional information about the study and to provide an online survey completion option. All questionnaires returned by mail to DOL were data entered, and when respondents completed their survey online, no additional data entry was required.

DOL staff cleaned the data and coded occupations and education degrees. Standard Occupational Classification (SOC) codes were assigned to every job title in the data received from households and businesses, and Classification of Instructional Programs (CIP) codes were assigned to degree titles in data received from households.

Response rates for the three areas surveyed in 2016 and 2017 are displayed in the Appendix – Table 2 ([page 5](#)). These response rates are encouraging, especially due to the length and depth of the questionnaires sent to households and businesses.

Key Results

Labor Availability Reports

The labor availability report for each area is most focused on the specific groups of people defined as potential job seekers and active job seekers. A potential job seeker is an employed person who answered either “yes” or “maybe” to the question “Are you likely to change jobs in the next year if a suitable job is available?”; or a non-employed person who answered “yes” or “maybe” to the question “Are you likely to reenter the workforce in the next year if a suitable job is available?” The potential job seekers group includes all individuals who indicated that they may accept a new job within the next year, given the right circumstances. Active job seekers are a subset of potential job seekers who answered “yes” to the question “Are you actively seeking a new job?” Non-active seekers are potential job seekers who may change jobs or reenter the workforce within the next year, but were not actively seeking a job. Table 3 of the Appendix ([page 6](#)) shows a sample of results from the five cities reported on in the Labor Availability Study in FY 2016-2017.

Hiring and Training Needs Reports

Businesses were asked to name three occupations they have tried to hire or have recently hired and indicate whether it was difficult to find workers for the listed occupations. Table 4 of the Appendix ([page 6](#)) displays a sample of results showing the percent of all responding employers who said that it was difficult to find workers for the occupations they recently hired or tried to hire. Employers were prompted with reasons why it might be difficult to find workers. In every surveyed city, the greatest percentage of employers indicated that not receiving enough applicants was a reason for difficulty.

Publication of three survey areas occurred prior to the end of the fiscal year (per Neb. Rev. Stat. §48-3401 to 48-3407). All reports were published electronically on NEworks.nebraska.gov. DOL and DED sent email announcements of the publication of LAS reports with an accompanying fact sheet for each one that included samples of data. Publication announcements were sent to stakeholders including educators, state agency staff, respondents, and Legislators. DOL also notified statewide media. The NEworks LAS publication page is located [here](#).

Skills Gap Reports

A method of determining the available supply of new workers in a labor market is to examine the annual job openings and annual entrants to an area. A sample of openings and entrants results from skills gap reports published in FY 16-17 is shown in Table 5 of the Appendix ([page 6](#)). The table also lists the percentage of employers who indicated it was difficult to hire workers due to either a poor work history or a failed background check/drug screen.

Conclusion

In FY 2016-2017 LMI staff produced 10 LAS reports, a greater number compared to the previous year. These reports were produced under budget. Labor availability and hiring and training needs reports were published for Grand Island, Hastings, Kearney, North Platte, and Nebraska City. Dr. Eric Thompson also produced an accompanying skills gap report for each report city in the FY 2016-2017 survey areas. LMI staff has determined that LAS data is usable for 18 to 24 months after publication. Thus, an approximate two-year cycle for each survey area will be implemented to ensure timely and valid LAS data.

Feedback has been positive from stakeholders in state agencies, employers, and individuals in the surveyed communities. LMI staff have been invited to present and discuss results of LAS data at the Nebraska Economic Developers Association annual meeting, the North Platte Chamber of Commerce, and UNL-BBR's weekly webinar.

Recommendations based on data received from households and businesses were largely consistent across FY 2016-2017 survey areas. LAS household studies identified that there is a relatively large pool of individuals actively seeking work, as well as potential job seekers, in the Grand Island, Hastings, Kearney, North Platte, and Nebraska City labor market areas. Study findings can be used to better understand what is important to these active and potential job seekers and the barriers they may see to accepting a new job.

In addition, stakeholders can point to the number of potential job seekers in an area and demonstrate that there is a quality local workforce willing to change jobs or reenter the workforce despite the low unemployment rate in Nebraska. Economic developers, educators, employers, legislators, and others involved in shaping the local economy can use this information to help existing businesses grow and attract new employers and workers to the area.

Data from LAS business studies indicates that employers perceive that they are not finding enough applicants, or the applicants lack the required amount of education or work experience. In some cases, businesses may consider relaxing skill and education requirements and increasing the amount of training provided to inexperienced workers. In order to broaden and improve the candidate pool, businesses may need to explore a variety of strategies. There are also opportunities for local educational institutions to modify training options based on area employer needs.

Skills gap recommendations were unique to each community but general themes emerged from the studied areas. Dr. Thompson provided evidence that there is a shortage of blue collar labor in the central, southwest, and southeast areas. Most communities also have shortages of select types of white collar workers, in particular computer programmers and health care specialists. Wage levels are not typically a significant contributor to the skills gap in these occupations, but it could be that wage levels make it difficult to attract skilled workers from other states. An issue is the need for more young people to choose to study in these challenging fields, whether machinery mechanics, nursing, or computer science. While Nebraska benefits from a relatively high quality workforce, even in Nebraska, many employers believe that there are many of the workers who aren't reliable or dedicated, and this is contributing to the skills gap. Dr. Thompson wrote that employers need to continue to identify capable and reliable young workers and send them for training for skilled blue collar work. Dr. Thompson added, "The state might develop additional programs to support employer-sponsored training."

Work has begun on the FY 2017-2018 LAS project with reports planned for Columbus, Fremont, and Norfolk in the northeast area, Omaha, and Lincoln. Process improvements include an accelerated mailing timeline, additional business screening to increase response rates of employers, and updated questionnaires and analyses.

Appendix

Map of Labor Availability Study Survey Areas

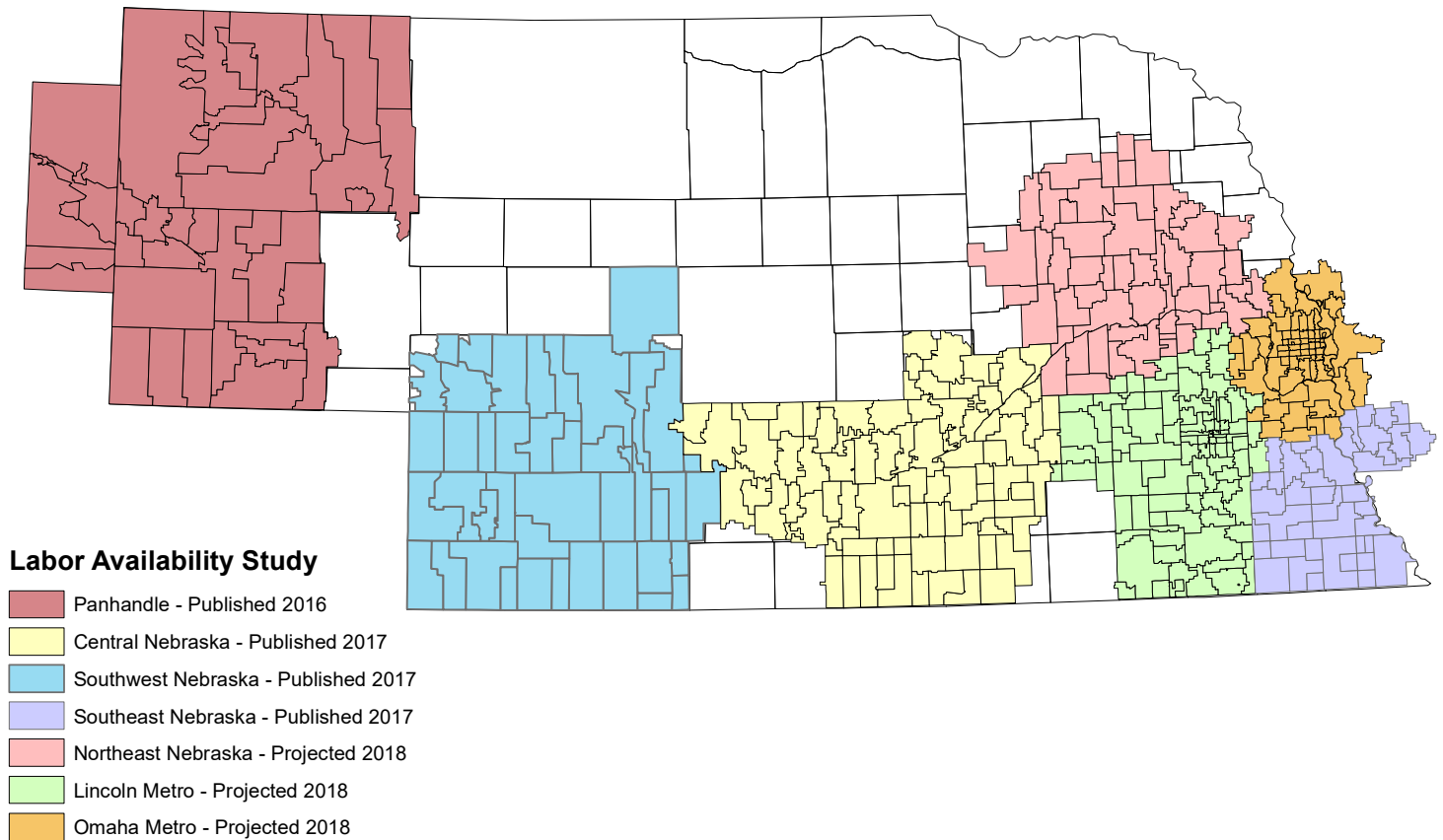


Table 1 2010 Population of Labor Availability Study Survey Areas

	Central Area	Southwest Area	Southeast Area	Omaha Area	Lincoln Area	Northeast Area	Panhandle
Report Cities	Grand Island; Hastings; Kearney	North Platte	Nebraska City	Omaha	Lincoln	Columbus; Fremont; Norfolk	Scottsbluff
Total Area Population	220,859	71,691	50,556	814,148	375,454	166,865	96,947
Age 18 and Over Population	164,746	54,561	37,272	599,464	288,227	125,140	74,322
Report City Population	48,520; 24,907; 30,787	24,733	7,289	408,958	258,379	22,111; 24,210; 26,397	15,039

Source: U.S. Census Bureau, Table DP-1, 2010 Demographic Profile

Table 2 Response Rates

	Central Area	Southwest Area	Southeast Area
Household	33.2%	33.3%	30.7%
Business	46.0%	43.1%	41.9%

Table 3 Potential Job Seekers and Active Job Seekers

Survey Area	Central Nebraska			Southwest Nebraska	Southeast Nebraska
	Grand Island	Hastings	Kearney	North Platte	Nebraska City
Percent of Potential Job Seekers in survey area	33.3%	33.2%	33.2%	27.0%	29.0%
Percent of Active Job Seekers in survey area	28.7%	28.8%	28.7%	24.5%	30.8%
City Population (age 18 and over)	35,131	18,961	23,952	18,580	5,509
Number of Potential Job Seekers in city	11,698	6,286	7,962	5,007	1,600
Number of Active Job Seekers in city	3,358	1,809	2,286	1,226	493

Table 4 Difficulty Finding Workers

Survey Area	Central Nebraska			Southwest Nebraska	Southeast Nebraska
	Grand Island	Hastings	Kearney	North Platte	Nebraska City
All	73.7%	77.1%	79.2%	77.4%	75.2%
Industry					
Accommodation and Food Services	81.2%	*	*	*	71.0%
Health Care and Social Assistance	70.1%	*	*	81.8%	75.3%
Retail Trade	*	80.0%	80.0%	77.7%	75.8%
Occupation					
Food Preparation and Serving Related	77.2%	72.0%	87.4%	92.0%	69.0%
Office and Administrative Support	63.3%	66.7%	69.1%	73.1%	*
Transportation and Material Moving	81.2%	*	80.0%	*	86.2%

* Difficult to hire data for all industries and occupations for each city is not yet available.

Table 5 Area Entrants and Difficulty Hiring Due to Work History or Background Check

Survey Area	Central Nebraska			Southwest Nebraska	Southeast Nebraska
	Grand Island	Hastings	Kearney	North Platte	Nebraska City
Annual Job Openings	1,715	820	1,570	1,108	666
Annual Entrants to Survey Area	2,760	2,760	2,760	549	542
Annual Entrants to City Area	1,065	500	1,190		
Share of Employers Reporting Difficulty due to					
Poor Work History	50.1%	50.3%	47.8%	43.3%	39.1%
Failed Background Check/ Drug Screen	19.7%	15.6%	20.6%	22.0%	14.9%