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DEPARTMENT OF LABOR

Labor Availability Study

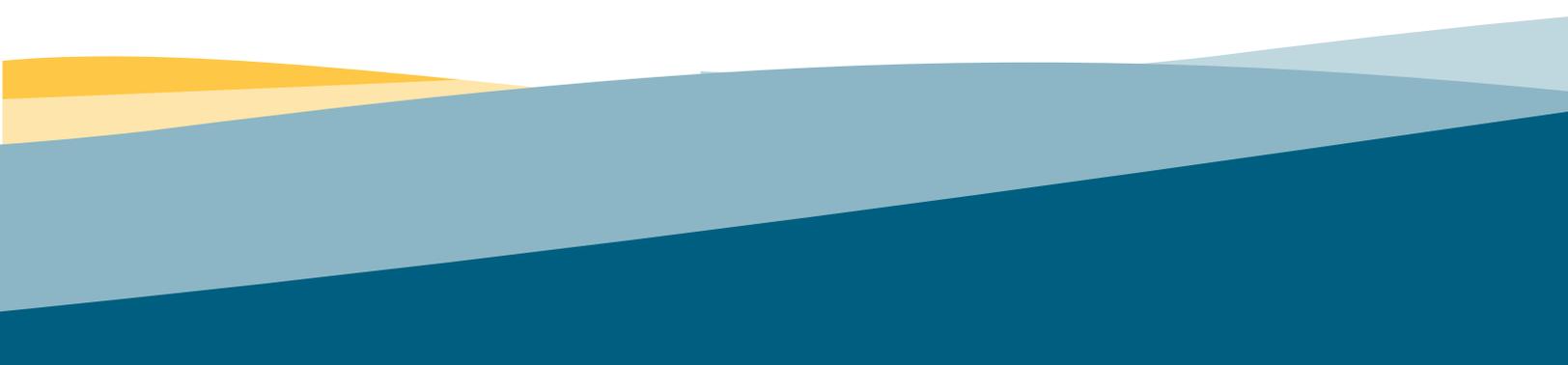
ANNUAL REPORT, FY 2017-2018

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Background and Purpose

In 2016, Neb. Rev. Stat. §48-3401 to 48-3407 created the Sector Partnership Program, which allowed the Nebraska Department of Labor (NDOL) 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, hiring needs, and skills gap studies.

Funding

LAS funding began with a federal grant and the first pilot studies were funded through the Department of Economic Development's Manufacturing Extension Program. As part of the Sector Partnership Program, the Departments of Labor and Economic Development each initially transferred \$250,000 from the Job Training Cash Fund and \$250,000 from the Nebraska Training and Support Cash Fund. Beginning July 1, 2017, the Nebraska Department of Labor has continued to fund these important surveys through the use of the Nebraska Training and Support Cash Fund.

Planning

LAS pilot projects, beginning in Northeast Nebraska in 2013, laid the groundwork for the FY 2017-2018 iteration of the study. NDOL and DED staff published the pilot LAS reports in the fall of 2014 with the release of the Northeast Nebraska Labor Availability Reports. In FY 2015-2016, a skills gap report was added to the LAS to determine if there was a lack of workers with

a particular skill needed by employers in an area. Lessons learned from previous studies were integral in planning the project timeline.

In 2016, seven LAS survey areas were created based on worker commuting patterns to the largest population centers in Nebraska: Omaha, Lincoln, Northeast Nebraska (Columbus, Fremont, Norfolk), Central Nebraska (Grand Island, Hastings, Kearney), Southeast Nebraska (Nebraska City), Southwest Nebraska (North Platte) and the panhandle area of Nebraska (Scottsbluff). According to the U.S. Census Bureau, in 2010 the total population of Nebraska was 1,826,341 individuals. The FY 2016-2017 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.

In FY 2017-2018, NDOL 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) as in previous iterations of the LAS. Contract agreements were signed between NDOL and the BOSR and between NDOL 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 NDOL with the household survey questionnaire mailing, data entry, data cleaning, and weighting. NDOL conducted the analysis and reporting of the data collected from households.

Several changes in the process were implemented for the FY 2017-2018 iteration of the LAS. The project is now designed so that communities can contribute funds in order to receive the locally-tailored LAS reports. In addition, with the dedicated funds awarded under Neb. Rev. Stat. §48-3401 to 48-3407, NDOL staff were able to conduct the Survey of Hiring and Training Needs. Prior to FY 2016-2017, BBR at UNL conducted the survey of businesses. NDOL staff were able to increase the number of reports from one LAS report published in 2016 to ten published reports in 2017, and 11 LAS reports in 2018.

In FY 2017-2018, NDOL staff planned three survey areas and a fourth area (Sidney) was later added. Business and household surveys were sent to Northeast Nebraska for the communities of Columbus, Norfolk, and Fremont; Omaha and Lincoln; and household surveys were sent to the Sidney region of Nebraska (see Appendix - Table 1, [page 8](#)).

During planning of the Omaha area survey, collaboration with the Greater Omaha Chamber of Commerce (GOC) resulted in an additional page of information technology-related questions being included in the Omaha area questionnaire. Funding for these additional questions was provided by the GOC. Area concerns prompted NDOL to conduct a household survey and produce a labor availability report for the Sidney area in Nebraska and Colorado that was funded by the rapid response program.

Methodology

After commuting patterns were analyzed, business samples were created using Quarterly Census of Employment and Wages Enhanced Quarterly Unemployment Insurance (EQUI) files. For LAS, 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 was at least 10 workers in the Northeast areas and at least 20 workers in the Omaha and Lincoln areas.

The 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 Northeast and Sidney areas, the sample size was 7,000, and 8,500 in the Omaha and the Lincoln areas. The resident of each randomly-sampled household who was 19 or older and had the next birthday was asked to complete the survey.

NDOL developed household questionnaires and cover letters in collaboration with BOSR. In FY 2017-2018, improvements were made to the questionnaires and cover letters based on feedback and lessons learned from past studies. For example, businesses were asked about the number of full-time workers on staff instead of percentage of full-time workers. This particular change increases the accuracy of data collected and reduces the response burden on employers.

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 NDOL.

A web page located at <https://dol.nebraska.gov/las> was created in 2016 in order to provide survey recipients additional information about the study and to provide an online business questionnaire completion option. All survey data returned by mail to NDOL were entered into the database manually. When respondents completed their survey online, no additional data entry was required. In FY 2017-2018, the percentage of employer questionnaires returned by mail was approximately 50%: Northeast (59%), Omaha (48%), and Lincoln (44%).

NDOL determined that LAS data is usable for 18 to 24 months after publication. Thus, a cycle for each survey area has been implemented to ensure timely and valid LAS reports. LAS surveys will be conducted in three survey areas each year, with accompanying reports produced.

NDOL staff cleaned the data and coded respondents' occupations and academic degrees. Standard Occupational Classification codes were assigned to every job title in the data received from households and businesses, and Classification of Instructional Programs codes were assigned to degree titles in data received from households.

Response rates for the four areas surveyed in 2017 and 2018 are displayed in the Appendix – Table 2 ([page 8](#)). These response rates are encouraging, especially due to the length and depth of the questionnaires sent to households and businesses.

Publication of reports for 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 the NEworks website. NDOL and DED sent email announcements of the publication of LAS reports with an accompanying fact sheet that included samples of data. Publication announcements were sent to stakeholders including various educators, state agency staff, respondents, media members, and elected officials. The LAS publications page on NEworks is located at <https://neworks.nebraska.gov/gsipub/index.asp?docid=802>.

Summary

Labor Availability Reports

A labor availability report for an area is most focused on the specific groups of people defined as potential job seekers and active job seekers. Table 3 of the Appendix ([page 9](#)) shows a sample of results from the five cities surveyed in FY 2017-2018. 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 sub-set 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. For example, at the time of survey, there were an estimated 122,432 potential job seekers and 38,458 active job seekers in Omaha.

Hiring and Training Needs Reports

Businesses were asked to name three occupations they have recently hired or tried to hire and indicate whether it was difficult to find workers for the listed occupations. Table 4 of the Appendix ([page 9](#)) displays a sample of results showing the percentage 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.

Skills Gap Reports

Dr. Eric Thompson, author of the Skills Gap Reports, stated, "A skills gap is present if it is difficult for a large share of employers to hire in a particular occupation and there is also a persistent gap between the demand for new workers and the number of individuals entering that occupation." An example of an occupation facing a skills gap is displayed in Table 5 of the Appendix. All responding employers who often hire maintenance and repair workers indicated they have difficulty hiring applicants to perform that occupation. Furthermore, the estimated average annual openings (14) is much greater than the number of workers entering that occupation (1).

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 2017-2018 is shown in Table 6 of the Appendix ([page 11](#)). 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.

Community Partners

Prior to data collection, DED contacts stakeholders in each survey area about the forthcoming study. Often these contacts assist NDOL with promotion of the upcoming mail-out to increase response. After the previous Omaha Metro area report published in 2015, GOC staff contacted DED and NDOL staff about a collaboration designed to target area initiatives. The FY 2017-2018 collaboration resulted in additional funding from the GOC to include a supplemental information technology occupation section in the business questionnaire. After data collection, NDOL staff provided supplemental data and analyses to GOC staff. The collaboration between NDOL and GOC continues in FY 2018-2019 with additional analyses and a planned presentation at the GOC for economic development and education professionals.

Communities are also able to request a study for their area. In Sidney, area concerns about the buyout of Cabela's by Bass Pro Shop necessitated that community members determine the characteristics of their workforce. NDOL's Employment and Training division requested a timely report on demographics, skills, occupations, and education level of active and potential job seekers in the area, and the report would not have been possible without the existence of the LAS. The ongoing collaboration with BOSR allowed NDOL staff to quickly insert the new household survey into the FY 2017-2018 data collection schedule. The Sidney Labor Availability Report was released in April, and NDOL staff continue to collaborate with Sidney area DED and community partners on solutions for possible corporate job loss. Additionally, the information in the report was used in bi-monthly calls between Labor, Economic Development, Sidney economic developers, the mayor of Sidney, and others to engage with businesses in areas like Denver about the qualifications of the workforce in Sidney.

Community Outreach

FY 2017-2018 reports were released in April (Sidney), May (Columbus, Norfolk, Fremont), and June (Omaha and Lincoln). After the release of LAS reports for an area, NDOL staff contact members of the community to propose general or specific presentations. Community contacts include NDOL job center managers; high school, community college and university educators; and local economic developers and chamber of commerce staff.

After the release of the Northeast Nebraska reports, NDOL staff attended the Central Community College (CCC)-Columbus mechatronics workshop and presented the Columbus LAS results. CCC-Columbus staff were particularly interested in production and installation occupation skills gaps. Following the release of Omaha LAS reports in June, a presentation was scheduled for the GOC economic development team meeting. Additional presentations are currently being explored and scheduled for the Sidney, Northeast Nebraska, Omaha and Lincoln survey areas and during the BBR weekly webinar.

The results of skills gap reports for Omaha, Lincoln and Northeast Nebraska are regularly provided to representatives of industry, education and the economic development community through both public presentations and media events. A segment on NET's *Speaking of Nebraska* radio and television program featured BBR Director Dr. Eric Thompson and NDOL Labor Market Information (LMI) Director Phil Baker discussing insights gained from the skills gap analysis. The March 1 episode is posted at <http://netnebraska.org/basic-page/news/speaking-nebraska>. Segments from the program aired on NET radio in April 2018. Information from the skills gap research was presented at the Lincoln Talent Forum of the Lincoln Partnership for Economic Development during June 2018.

Dr. Thompson regularly reports on the results of skills gaps analysis during media interviews about the Nebraska economy. BBR cites the skills gap research in numerous webinars and public presentations, considering how the gap influences the pace of economic growth in Nebraska.

DED staff continue to utilize and promote the LAS in their work. DED staff have used elements of these reports to show prospective businesses that it is possible to find workers with the requisite skills, even with low unemployment and high workforce participation rates. Being able to show the numbers of workers that are willing to change jobs or re-enter the workforce helps overcome the perceptions given by those two common labor statistics. Additionally, being able to show what it would take to get someone to change jobs helps a prospective employer gauge how hard it will be to find a suitable pool of prospective applicants. LAS data was utilized when Lincoln and Omaha Metro Area Labor Availability Study data was included as part of a bid the metro area submitted for the Toyota – Mazda plant.

Community Feedback

Upon release of the LAS reports, respondents to the business survey are notified of the publication. Once an area's report is released, respondents consistently express their gratitude for the information. Educators and NDOL job center managers are also consistently interested and thankful for the information.

The GOC said the following about the studies. "The Nebraska Department of Labor & LMI labor availability studies provide the Greater Omaha Chamber with essential data that is not available anywhere else. Our main uses for this data are to drive decision making on talent initiatives and provide a better overview of the labor market to potential new employers in the Omaha metro. Specifically, we have collaborated with the NDOL on the 2017 Omaha study to append additional questions regarding IT talent in Omaha. We have used this IT data to guide our Tech Talent Initiative, which is focused on attracting and retaining IT workers, and have presented it to a council of employers in the area.

Our most important use of the household survey data is to help tell the labor story to new companies considering Omaha. This is the only data available on underemployment, which is essential information to attract new employers in a tight labor market. The business survey data, along with the skills gap report, help us better understand the current and future needs of local businesses that we must address in order to stay competitive as a business community. In Chamber surveys and interviews with the local business, the biggest reported challenge related to the operation of their company and potential growth is the availability of labor.

The level of detail available from the NDOL studies cannot be found elsewhere and helps us to target our efforts related to this challenge. We use it to focus and evaluate our programs on talent retention and attraction, which are vital for continued job growth in the greater Omaha area and Nebraska."

Conclusion

In FY 2017-2018, NDOL staff produced 11 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 Columbus, Fremont, Norfolk, Omaha and Lincoln. A labor availability report was also published for Sidney. Dr. Eric Thompson also produced accompanying skills gap reports for Columbus, Fremont, Norfolk, Omaha and Lincoln.

Recommendations based on data received from households and businesses were largely consistent across FY 2017-2018 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 Sidney, Columbus, Fremont, Norfolk, Omaha and Lincoln 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.

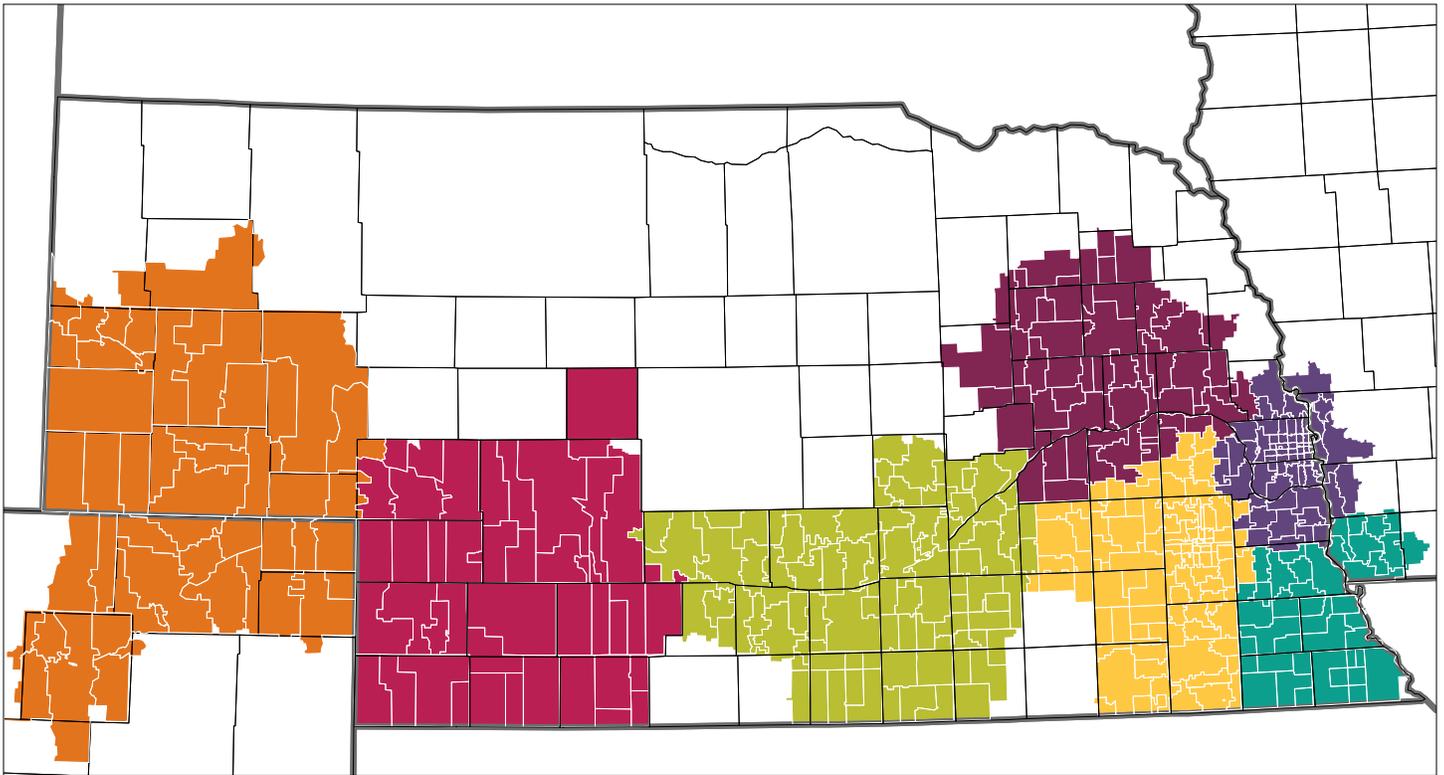
Data from LAS business studies indicates that employers perceive that they are not finding enough applicants, or that the applicants lack the required amount of education or work experience.

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 Columbus, Norfolk and Omaha areas. Annual flow of individuals into the workforce in the Fremont and Lincoln areas exceeds the projected annual needs of businesses. 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 fields like maintenance mechanics, nursing, and computer science. While Nebraska benefits from a high-quality workforce, many employers worry that a significant portion of potential employees aren't reliable or dedicated, and this contributes to the perception of a skills gap in the labor market. Dr. Thompson suggests 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, "State government and local organizations also may choose to support education, training and apprenticeships, perhaps by sharing the cost of these activities with employers."

Work has begun on the FY 2018-2019 LAS project. Potential survey areas are being discussed and NDOL staff also plan on producing a statewide report. Process improvements include an accelerated mailing time line, additional business screening to increase response rates of employers and updated questionnaires.

Appendix

Map of Recent Labor Availability Study Survey Areas



Labor Availability Study Areas



The following data was taken from the FY 2017-2018 LAS. Full details for all areas can be found on the publications page of NEworks.nebraska.gov (<https://networks.nebraska.gov/gsipub/index.asp?docid=802>).

Table 1 2010 Population of Labor Availability Study Survey Areas

	Omaha Area	Lincoln Area	Northeast Area	Sidney Area
Report City	Omaha	Lincoln	Columbus; Norfolk; Fremont	Sidney
Total Area Population	814,148	375,454	166,865	129,793
Age 18 and Over Population	599,464	288,227	125,140	98,498
Report City Population	408,958	258,379	22,111; 24,210; 26,397	6,757
Report City Age 18 and Over Population	306,287	199,677	16,281; 18,270; 20,006	5,060

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

Table 2 Response Rates

	Sidney Area	Northeast Area	Omaha Metro	Lincoln Area
Household	28.5%	33.2%	26.2%	33.2%
Business	Not Surveyed	47.6%	30.1%	36.6%

Table 3 Potential Job Seekers and Active Job Seekers

Survey Area	Sidney Area	Northeast Nebraska			Omaha Metro	Lincoln Area
Report City	Sidney	Columbus	Norfolk	Fremont	Omaha	Lincoln
Percent of Respondents who are Potential Job Seekers in Survey Area	41.3%	29.6%	29.9%	29.9%	40.0%	36.8%
Percent of Respondents who are Active Job Seekers in Survey Area	38.7%	25.5%	25.0%	25.3%	31.4%	28.0%
City Population (age 18 and Over)	5,060	16,281	18,270	20,006	306,287	199,677
Estimated Number of Potential Job Seekers in City	2,092	4,820	5,454	5,972	122,432	73,458
Estimated Number of Active Job Seekers in City	810	1,227	1,365	1,509	38,458	20,549

Table 4 Percentage of Businesses Indicating Difficulty Finding Workers

Survey Area	Northeast Nebraska			Omaha Metro	Lincoln Area
Report City	Columbus	Norfolk	Fremont	Omaha	Lincoln
All Responding Businesses	81.4%	80.3%	68.6%	66.9%	70.5%
Industry					
Accommodation and Food Services	68.3%	75.8%	50.0%	66.3%	71.2%
Health Care and Social Assistance	74.2%	83.3%	89.3%	73.8%	73.9%
Construction	89.1%	*	74.5%	72.6%	75.5%
Retail Trade	90.0%	85.9%	65.5%	*	63.6%
Occupation					
Food Preparation and Serving Related	74.5%	57.4%	43.0%	66.1%	71.4%
Office and Administrative Support	74.5%	67.9%	57.5%	60.8%	51.3%
Sales and Related	87.9%	90.2	50.7%	51.3%	74.2%
Construction and Extraction	*	94.6%	65.4%	72.6%	85.5%

* Data for all industries and occupations for each city is not yet available.

Table 5 Columbus Skills Gap Report - Key Findings for the Maintenance and Repair Workers, General Occupation

The following table is a sample page taken from the Columbus Skills Gap Report. Full details for all areas can be found on the publications page of NEworks.nebraska.gov (<https://neworks.nebraska.gov/gsipub/index.asp?docid=802>).

Occupation	Maintenance and Repair Workers, General (SOC 49-9071)	
		All Occupations
Percent Indicating It is Difficult to Hire	100.0%	81.2%
Reasons for Difficulty in Hiring		
Lack of Experience	100.0%	39.1%
Poor Work History	20.3%	38.6%
Lack of Occupation-Specific Skills	100.0%	36.1%
Failed Background Check	41.4%	14.9%
Wage Demands Too High	41.4%	29.8%
Lack of Required Licenses/Certificates	0.0%	9.1%
Language Barriers	0.0%	8.5%
Not Enough Applicants	79.7%	78.6%
Availability for Shifts Required	56.0%	28.9%
Lack of Required Education	0.0%	8.3%
Overqualified	0.0%	2.8%
Citizenship/Work Authorization	0.0%	5.0%
Other	0.0%	3.2%
Average Annual Openings	14	
Graduates -- Industrial Mechanics and Maintenance Technology		
Central Community College	5	
Allocated to Columbus Area	1	
Seeking to Re-Enter the Workforce -- In Occupation		
Northeast Nebraska	0	
Allocate to Columbus Area	0	
Minimum Experience Requirement		
No experience required	0.0%	54.1%
Experience required but less than 1 year	14.6%	24.3%
1 year or more experience required	85.4%	21.6%

Sources: *Northeast Nebraska Survey of Hiring and Training Needs*, *Northeast Nebraska Labor Availability Survey*, *IPEDS*, United States Department of Education and Labor Market Information, Nebraska Department of Labor

Table 6 Area Entrants and Difficulty Hiring Due to Work History or Background Check

The following table contains data taken from the FY 2017-2018 Skills Gap Reports. Full details for all areas can be found on the publications page of NEworks.nebraska.gov (<https://neworks.nebraska.gov/gsipub/index.asp?docid=802>).

Survey Area	Northeast Nebraska			Omaha Metro	Lincoln Area
Report City	Columbus	Norfolk	Fremont	Omaha	Lincoln
Annual Job Openings	1,150	1,165	493	17,369	7,260
Annual Entrants to Survey Area	1,950	1,950	1,950	13,410	9,320
Annual Entrants to City Area	690	625	633	*	*
Share of Employers Reporting Difficulty due to					
Poor Work History	38.6%	38.9%	41.7%	39.0%	44.9%
Failed Background Check/ Drug Screen	14.9%	16.7%	18.6%	21.7%	23.3%

* Data not provided in Skills Gap report.



Support for NDOL Labor Availability Studies

July 24, 2018

Prepared for Nebraska Department of Labor

“The Nebraska Department of Labor & LMI labor availability studies provide the Greater Omaha Chamber with essential data that is not available anywhere else. Our main uses for this data are to drive decision making on talent initiatives and provide a better overview of the labor market to potential new employers in the Omaha metro. Specifically, we have collaborated with the NDOL on the 2017 Omaha study to append additional questions regarding IT talent in Omaha. We have used this IT data to guide our Tech Talent Initiative, which is focused on attracting and retaining IT workers, and have presented it to a council of employers in the area. Our most important use of the household survey data is to help tell the labor story to new companies considering Omaha. This is the only data available on underemployment, which is essential information to attract new employers in a tight labor market. The business survey data, along with the skills gap report, help us better understand the current and future needs of local businesses that we must address in order to stay competitive as a business community. In Chamber surveys and interviews with the local business, the biggest reported challenge related to the operation of their company and potential growth is the availability of labor. The level of detail available from the NDOL studies cannot be found elsewhere and helps us to target our efforts related to this challenge. We use it to focus and evaluate our programs on talent retention and attraction, which are vital for continued job growth in the greater Omaha area and Nebraska.”