

LABOR AVAILABILITY STUDY

ANNUAL REPORT FY 2019-2020

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NEBRASKA

Good Life. Great Connections.

DEPARTMENT OF LABOR

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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 2019-2020 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 LAS survey areas created in 2016, 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 2019-2020, 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. The project is 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.

In FY 2019-2020, NDOL staff planned to survey three areas of the state. Business and household surveys were sent to the Panhandle, Southwest, and Central regions, focusing on ten population centers.

Preparations have begun on the FY 2020-2021 LAS project. Potential survey areas and changes to the questionnaires are being discussed, with a special emphasis on the impact the ongoing Coronavirus pandemic may have on hiring, training, and labor availability. NDOL staff plan to continue producing more internal and public dashboards so that stakeholders may engage interactively with LAS data. New LAS process improvements include a streamlined report publication workflow and updated questionnaires.

Methodology

The Panhandle survey focused on three cities: Alliance, Chadron, and Scottsbluff. The survey area included sections of five counties for the business survey and two additional counties in Nebraska, one Wyoming county, and one South Dakota county for the household survey. The Southwest area focused on Ogallala, North Platte, and McCook, including sections of three counties for the business survey and all or part of 14 counties for the household survey. The Central area surveyed businesses in Lexington, Kearney, Hastings, and Grand Island, encompassing portions of 9 counties for the business survey and 18 counties for the household survey.

Figure 1 in the Appendix ([on Page 8](#)) displays a map of the survey areas.

As displayed in Table 1 in the Appendix ([on Page 8](#)), the total population of the ZIP codes included in all three survey areas was 377,973 individuals (20.7% of the Nebraska population according to 2010 Census data).

After commuting patterns were analyzed, business samples were created using Quarterly Census of Employment and Wages Enhanced Quarterly Unemployment Insurance (EQUI) files. For the purpose of this study, all privately owned businesses with a minimum average employment of three employees were surveyed in the Panhandle and Southwest areas, and those with a minimum average of five employees were surveyed in the Central area. Additional employers were added to the research sample who had appeared to have hired at least one person in the past two years. This helped to ensure that surveyed employers were recently engaged in the hiring and training of employees.

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. The survey sample size was 6,000 households for each of the Panhandle and Southwest areas, and 12,000 households for the Central area. 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 2019-2020, improvements were made to the questionnaires and experiments were conducted

that sought to improve the accuracy and rate of responses. For example, clearer examples were given to describe benefits received by employers, and among a subset of households, cover letters were varied to test the effect they had on the response rate.

DED contacted local groups in all three survey areas and received support from eight development corporations and the City of Scottsbluff, whose logos were displayed on household questionnaires printed and mailed by BOSR.

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 option to complete the business questionnaire online. All survey data returned by mail to NDOL were entered into the database manually. When respondents completed their survey online, additional data entry by LMI staff was not required.

NDOL has 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 generally be planned for up to three survey areas each year, or statewide data sets will be compiled, 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 three surveyed areas in 2019 are displayed in the Appendix in Table 2 ([on Page 9](#)). These response rates are typically expected due to the length and complexity of the questionnaires sent to households and businesses.

In October 2019, LAS staff collaborated with the Public Information team on a Lean Six Sigma process improvement project aimed to streamline the publication of LAS reports. Staff from a range of NDOL units participated in a three-day Kaizen session in which bottlenecks and inefficiencies were identified, potential solutions were developed, and a pilot project was completed in the fall of 2020.

Report Findings

In FY 2019-2020, NDOL staff surveyed three areas of the state and produced a labor availability and a hiring and training needs report for the Panhandle area. Dr. Eric Thompson also produced an accompanying skills gap report for the Panhandle survey area. NDOL's Labor Market Information and Public Information teams assisted with the agency's coronavirus response in the spring of 2020, which delayed labor availability analysis and reporting. NDOL is currently working with DED to determine the timeline for completing the analysis and reports for the Southwest and Central regions of the state, as well as develop a plan for community outreach and engagement.

Reports are published electronically on the NEworks website. NDOL and DED send email announcements of the publication of all LAS reports. Publication announcements are 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>.

The labor availability survey of households in the Panhandle area identified a substantial pool of individuals actively seeking work, as well as a large group of potential job seekers. The study found that over 80% of both active and potential job seekers were currently employed, with similar median minimum wage requirements to change jobs, as well as similar obstacles to improving their employment situation. A lack of job opportunities in the area was the most common obstacle for both groups, followed by inadequate pay and benefits offered by area employers.

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 relatively 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 the Panhandle area hiring and training needs survey indicated that employers perceived that they are not finding

enough applicants, or that the applicants lacked the required amount of education or work experience.

While the results of the study suggest that the annual flow of individuals into the workforce in the Panhandle area may be sufficient to match the number of annual job openings, they may not bring the occupation-specific skills or education required to fill available openings. Occupation groups expected to experience deficits include computer and mathematical workers, architects and engineers, health care practitioners and technical workers, most service occupations, construction and extraction workers and transportation and material movers.

Recommendations based on data received from households and businesses in the Panhandle area were largely consistent with those of the previous survey of the region conducted in 2015. While the earlier survey encompassed a slightly larger geographic area, the questionnaire and number of responses was comparable.

Dr. Thompson provided evidence that while there was little change in the percentage of employers who reported difficulty in hiring since the last survey, there was an across-the-board increase in the challenges they perceived. For example, in 2015 more than 43% of responding businesses indicated that applicants lacked occupation-specific skills, compared to 66.6% in 2019. A much higher percentage of employers also identified wage expectations, a poor work history, or challenges passing a background check in 2019 compared to 2015.

To address the gap in occupation-specific skills, Dr. Thompson suggests an increase in education and training specifically in nursing, welding, and truck driving degrees or certificate programs. In an effort to address poor work history and difficulty passing a background check, Dr. Thompson suggests "extensive discussion with local human resources representatives and direct supervisors of workers regarding practical steps workers can take over time to change a poor work history into a good work history. Once these steps are determined, workers need to be informed and trained on how to make progress."

Labor Availability Reports

A labor availability report is primarily focused on the specific groups of people defined as potential job seekers and active job seekers in an area. Table 3 in the Appendix ([Page 9](#)) displays a sample of results from the Panhandle. 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?" A potential job seekers is also 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 that a suitable job is available. 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. At the time of the survey, there were an estimated 22,765 potential job seekers and 5,462 active job seekers in the Panhandle survey area.

Hiring and Training Needs Reports

Employers were asked to name the top three occupations that are most frequently hired at their location, and were asked to indicate whether it was difficult to find workers for those occupations. More than 72% of all employers in the Panhandle area responded that it was difficult to find workers for the occupations they had most frequently hired. Table 4 in the Appendix ([Page 9](#)) displays the percentages of employers, organized by the industry of their business, who indicated difficulty when finding workers. Table 5 in the Appendix ([Page 10](#)) displays the percentages of employers

who said that it was difficult to find workers, organized by the occupation group of the specified job. Employers were prompted with reasons why it might be difficult to find workers. The greatest percentage of employers indicated that not receiving enough applicants was a reason for difficulty when finding workers for a particular occupation. This continues a trend seen since the question was first asked in 2015.

Skills Gap Reports

One method of determining the congruity between the hiring needs of businesses and the available supply of new workers in a labor market is to examine the annual job openings and annual entrants to an area. Table 6 in the Appendix ([Page 10](#)) displays annual openings and entrants results from the Panhandle skills gap report published in FY 2019-2020. 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.

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 7 in the Appendix ([Page 11](#)). More than 94% of responding Panhandle survey area employers who often hired Heavy and Tractor-Trailer Truck Drivers indicated that they have difficulty when finding workers to hire for the job. Furthermore, the estimated average annual openings (12) is greater than the combined number of graduates (0) and workers seeking to re-enter the workforce in the truck driving occupation (0).

Community Engagement

Community Partners

Prior to data collection, DED contacted stakeholders in each survey area about the forthcoming study. These contacts often assist NDOL with promotion of the upcoming mail-out to increase response. Community organizations may request to collaborate on custom changes to questionnaires or reports (as with the Greater Omaha Chamber in FY 2017-2018), but no such collaborations were requested in FY 2019-2020. Communities located within survey areas are also able to request that a study is conducted for a particular population or business center (as with Sidney, Nebraska in FY 2017-2018), but no such requests were made in FY 2019-2020.

Community Outreach

The results of LAS reports are regularly provided to representatives of industry, education and the economic development community through both public presentations and media events. In FY 2019-2020 NDOL staff utilized LAS results for presentations in multiple forums. On August 14, NDOL staff presented LAS results at the Nebraska Data Users Conference at the Center for Public Affairs Research at the University of Nebraska—Omaha. On September 23, NDOL staff presented LAS data at a Nebraska Legislature hearing on skilled workforce development. In October, LAS data was incorporated into an all-day LMI training seminar for NDOL Employment & Training staff given in North Platte, Grand Island, Omaha, and Lincoln. Overall, LAS data was included in at least 16 presentations given by LMI staff to a total audience of over 600 individuals in nine Nebraska communities.

Dr. Thompson regularly presents the results of skills gaps analyses during presentations about the Nebraska economy. Specifically, BBR cites the skills gap research in numerous webinars and public presentations that consider how the skills gap influences the pace of economic growth in Nebraska. For example, Dr. Thompson included information on the sources of the skills gap, including data from the 2018 Omaha Skills Gap report, in his session for the Governor's Leadership Academy on September 24. Dr. Thompson also included information on the sources of skills gaps in the Bureau of Business Research Webinar on "Approaches to Economic Development" on September 18. Information on the skills gap in the O'Neill area was presented as part of a joint presentation with LMI in O'Neill on August 19.

The Skills Gap reports are presented in multiple Bureau of Business Research economic forecast presentations during the year, including the National Association of Insurance and Financial Advisors - Nebraska Chapter in November 2019, the Bureau of Business Research Economic Outlook Webinar in December, as well as the National Credit Union Association and the Association of General Contractor - Nebraska Chapter in January 2020 .

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 labor force participation rates. LAS provides DED the ability to describe the number of workers that are willing to change jobs or re-enter the workforce in a region which helps to overcome the perceptions elicited by a low unemployment rate and a high labor force participation rate. Additionally, the ability to illustrate the important factors and minimum pay required for someone to consider a new job helps a prospective employer gauge how hard it will be to find a suitable pool of prospective applicants.

Community Feedback

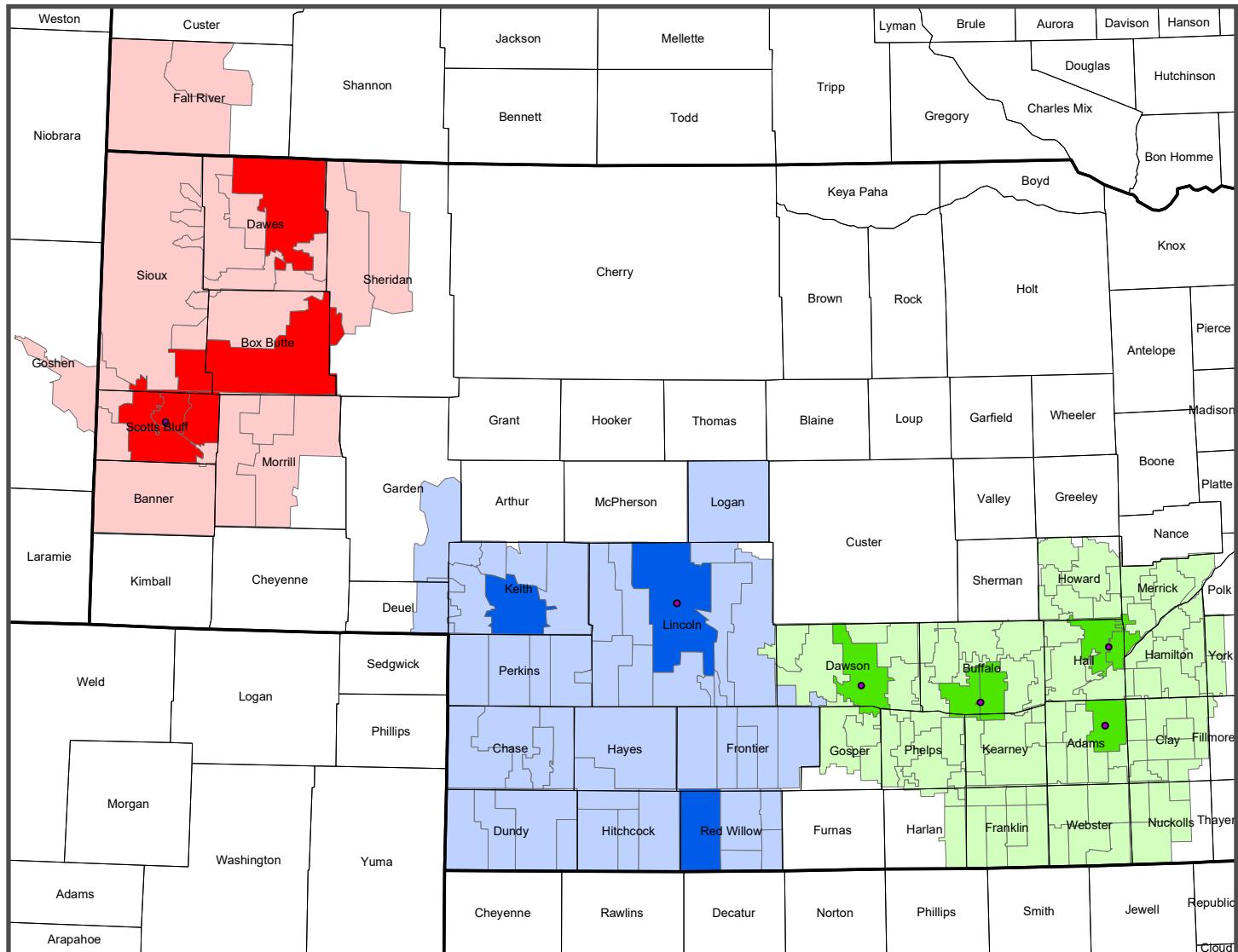
Upon release of the LAS reports, respondents to the business survey are notified of the publication. Once an area's report is released, respondents consistently express their gratitude for the information.

Educators and NDOL job center managers are also consistently interested in and thankful for the information provided by LAS.

Additional feedback is provided in the Appendix on ([Page 12](#)).

Appendix

Figure 1 Map of Panhandle, Southwest, and Central Labor Availability Survey Areas



The following tables contain highlighted data taken from the FY 2019-2020 LAS Reports. Full details for all areas can be found on the publications page of NEworks.nebraska.gov.

Table 1 2010 Population of Labor Availability Report Survey Areas

Survey Area	Panhandle	Southwest	Central
Report Cities	Alliance, Chadron, Scottsbluff	Ogallala, North Platte, McCook	Lexington, Kearney, Hastings, Grand Island
Total Area Population	84,067	73,047	220,859
Total Area Age 18 and Over Population	64,699	55,709	164,746

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

Table 2 Response Rates

Survey Area	Panhandle	Southwest	Central
Household	26.3%	30.9%	28.5%
Business	42.3%	45.0%	42.4%

Table 3 Potential Job Seekers and Active Job Seekers

Survey Area	Panhandle Area
Report City	Alliance, Chadron, Scottsbluff
Percent of Respondents who are Potential Job Seekers in Survey Area	35.2%
Percent of Respondents who are Active Job Seekers in Survey Area	24.0%
Total Area Age 18 and Over Population	64,699
Estimated Number of Potential Job Seekers in Total Area (age 18 and Over)	22,765
Estimated Number of Active Job Seekers in Total Area (age 18 and Over)	5,462

Table 4 Percentage of Businesses Indicating Difficulty Finding Workers by Industry

Survey Area	Panhandle Area
Report City	Alliance, Chadron, Scottsbluff
All Responding Businesses	72.1%
Industry	
Accommodation and Food Services	59.5%
Construction	83.8%
Health Care and Social Assistance	75.5%
Retail Trade	81.9%
Wholesale Trade	79.2%

Data for the top five responding industries is displayed.

Table 5 Percentage of Businesses Indicating Difficulty Finding Workers by Occupation Group

Survey Area	Panhandle Area
Report Cities	Alliance, Chadron, Scottsbluff
Occupation	
Food Preparation and Serving Related	61.5%
Installation, Maintenance, and Repair	85.7%
Office and Administrative Support	58.1%
Sales and Related	81.1%
Transportation and Material Moving	79.0%

Data for the top five occupation groups most difficult to hire for is displayed.

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

The following table contains data taken from the FY 2019-2020 Panhandle Area Skills Gap Report. Full details for all areas can be found on the publications page of Neworks.nebraska.gov

Survey Area	Panhandle
Report Cities	Alliance, Chadron, Scottsbluff
Annual Net Openings	682
Job Held by Annual Entrants	724
Share of Employers Reporting Difficulty due to	
Poor Work History	71.7%
Failed Background Check	34.9%

Sources: IPEDS, U.S. Department of Education for graduates and Panhandle Area Hiring and Training Needs Survey and BBR calculations

Table 7 Panhandle Skills Gap Report - Key Findings for the Heavy and Tractor-Trailer Truck Drivers Occupation

The following table is a sample page taken from the Panhandle Skills Gap Report. Full details for all areas can be found on the publications page of Neworks.nebraska.gov

Occupation	Heavy and Tractor-Trailer Truck Drivers (SOC 53-3032)	All Occupations
Percent Indicating It is Difficult to Hire	94.4%	72.1%
Reasons for Difficulty in Hiring		
Lack of Experience	90.2%	61.4%
Poor Work History	78.2%	71.7%
Lack of Occupation-Specific Skills	84.2%	66.6%
Failed Background Check	68.9%	34.9%
Wage Demands Too High	37.7%	44.6%
Lack of Required Licenses/Certificates	88.8%	23.8%
Language Barriers	34.6%	5.8%
Not Enough Applicants	61.7%	82.1%
Availability for Shifts Required	40.2%	33.2%
Lack of Required Education	34.1%	21.0%
Overqualified	0.0%	7.1%
Citizenship/Work Authorization	27.8%	8.7%
Available Housing	4.8%	6.4%
Location of Business	14.6%	6.6%
Other	0.0%	3.0%
Average Annual Openings	12	
Certificate Graduates – Bus and Truck Driver		
Community College	0	
Seeking to Re-Enter the Workforce – In Occupation	0	
Minimum Experience Requirement		
No experience required	13.9%	49.7%
Experience required but less than 1 year	35.1%	26.4%
1 year or more experience required	50.9%	23.9%

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

Support for the NDOL Labor Availability Study

Department of Economic Development

"The Labor Availability Study (LAS) conducted by the Nebraska Department of Labor, provides DED and other organizations across the state with detailed information regarding workers' and employer's perspective of the labor market that is not available from any other source. This includes skills gaps, which highlight potential careers in which we need more workers. Specifically, DED has used the LAS data to estimate the number of potential job seekers in an area and to analyze workers' actual and desired wages by their occupation and industry for several business recruitment and expansion projects, such as Project Spark, Husky and Pavestone. Furthermore, this data can be used for talent attraction, talent retention, recruiting new companies into the state, and assisting existing companies to expand. Without LAS, DED would have no data on underemployment and would be missing a wealth of information that can be used to better target our programs."

Greater Omaha Chamber

"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 detailed labor market statistics and projections 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. This data provided detailed insights from employers on which IT occupations and skills are in demand and where shortages exist in the labor market. We have used this data to guide our Tech Talent Initiative, which is focused on attracting and retaining IT workers. We use the household survey data to help tell the labor story to new companies considering Omaha and local companies looking to expand. This is the only data available on underemployment, which is essential information for new and expanding 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." - Pete Thompson