**Memorandum**

To: The Honorable Senator Relph and Representative Zerwas

From: Employment and Economic Development

Date: December 13, 2017

Re: Direct care workforce shortages

This memo provides the available labor market information for the Personal Care Aide occupation in Minnesota.

**Labor Shortage Context**

Steady job growth and slowing labor force growth are both contributing to a tight labor market in Minnesota. Minnesota has seen steady job growth since 2010, adding 332,900 jobs since the post-recession employment trough in September 2009. At the same time labor force growth has slowed since the 1990s as a result of the aging baby boom generation. Minnesota’s labor force grew by only 81,000 people over the last 10 years compared to 413,100 people during the 1990s. The Northeast, Northwest and Southwest regions of Minnesota are already experiencing a declining working age population which has exacerbated labor force shortages in those regions. Minnesota’s unemployment rate of 3.3 percent in October is at a 17-year low.

Slow labor force growth will likely constrain job growth in Minnesota over the next several decades. The graph below shows that even at a conservative 4.3 percent projected job growth over the decade from 2014 to 2024, job growth will outpace labor force growth. This will further drive down the unemployment rate. It will also likely encourage both domestic and foreign immigration to the state as happened at the end of the 1990s.

Jobs and Labor Force Outlook, 2014 to 2024

Source: [Minnesota Employment Outlook, 2014 to 2024](https://mn.gov/deed/data/data-tools/employment-outlook/)

Slowing labor force growth is already impacting employers’ ability to fill vacancies, especially at the low end of the wage scale. This is particularly true in healthcare where job growth is being driven by the same demographics as labor force growth: As the baby boom generation ages, the demand for healthcare, and particularly home care services, is increasing.

**Personal Care Aides and other direct care/service occupations**

Projected growth in the Home Health Care industry, at 53.6 percent between 2014 and 2024 compared to 7 percent across all industries, ranks at the top of all industries.

The same is true at the occupational level. Based on the most currently available labor market information:

* The Personal Care Aide (PCA) occupation is projected to **add the most jobs** out of all occupations between 2014 and 2024, adding 16,500 jobs for a total of 21,700 projected openings over the period (including openings due to people leaving the field).
* The PCA occupation had the **most job vacancies** of any occupation in Minnesota during second quarter 2017, with 6,600 openings.
* PCA **vacancies increased the most** of any occupation in Minnesota over the year, by 3,300 openings.
* Wage offers increased 5.1 percent over the year, ranking in the middle (207th of 414) of the occupations measured. Wage increases were greater for other top demand jobs including maids/cleaners, food prep, cashiers, secretaries, food servers.
* **Available labor market information does not capture all PCA jobs or openings**. Those hired directly by individuals are not captured in our surveys.
* About 18 percent or 8,000 PCAs are foreign born immigrants (American Community Survey, 2015). Share minority is listed in table below.

The following table provides the most current labor market information available for critical direct care/support occupations in Minnesota.

Direct Care/Support Occupations, Labor Market Information, Minnesota

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Occupation | 2017  Median Wage | Number Vacancies, 2nd Quarter 2017 | Vacancy Rate,  2nd Quarter 2017 | Share Vacancies Part-time | Median Wage Offer, 2nd Quarter 2017 | Projected Openings 2014 to 2024 | Share Minority |
| Total, All Occupations | $19.62 | 122,900 | 4.5% | 44% | $14.39 | 860,360 | 12.5% |
| Personal Care Aides | $11.69 | 6,600 | 9.8% | 72% | $11.53 | 21,700 | 24.8% |
| Home Health Aides | $12.79 | 914 | 3.6% | 62% | $12.36 | 16,190 | 23.2% |
| Nursing Assistants | $14.77 | 2,543 | 8.2% | 57% | $13.67 | 9,180 | 23.2% |

Source: [Occupational Employment Statistics](https://mn.gov/deed/data/data-tools/oes/), [Minnesota Job Vacancy Survey](https://mn.gov/deed/data/data-tools/job-vacancy/) and American Community Survey data for [Affirmative Action Statistics](https://mn.gov/deed/data/data-tools/affirmative-action-statistics/).

There are several aspects of PCA jobs that create barriers to people working in and staying in the field.

* The majority of PCA positions are posted as part-time.
* The median wage is well below the cost of living wage (see table below).
* Many PCA positions require a working vehicle, especially in Greater Minnesota.
* Very few PCA positions, including full time positions, offer health insurance.

Cost of Living in Minnesota, 2017

Single no children: $14.35

Single, one child: $25.64 per hour

Partnered 1 full time, 1 part time, 1 child: $17.69

Partnered 2 full time, 2 children: $19.59

Source: [Cost of Living in Minnesota](https://mn.gov/deed/data/data-tools/col/)