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# MINNESOTA COST OF LIVING STUDY 2015 ANNUAL REPORT

Report to the Legislature  
as required by 116J.013

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## Introduction

The Cost of Living Study provides an estimate of a basic-needs cost of living in Minnesota for individuals and for various family sizes, by county, region, and statewide. The study examines living costs in seven cost categories: food, housing, health care, transportation, child care, other necessities, and net taxes.[1]

The Labor Market Information office (LMI) of the Department of Employment and Economic Development (DEED) is mandated by Minnesota Statutes 2013, chapter 116J, section 13 to report every February on the year's updated Cost of Living Study results and to provide analysis and recommendations to aid in the assessment of employment and economic development planning needs throughout the state.

## Study Mission and Purpose

The mission of the Cost of Living Study is to estimate a basic-needs cost of living in Minnesota for individuals and families, by county, region, and statewide. The study examines living costs for food, housing, health care, transportation, child care, other necessities, and net taxes.

The Cost of Living represents neither a poverty living nor a middle-class living but rather a simple living that meets basic needs for health and safety.

To meet the mandate of a basic-needs living study, the following costs are excluded, even though several are common expenses incurred: savings, vacations, entertainment, eating out, tobacco, and alcohol.

The Cost of Living study is an important tool, because rather than describing what families are spending, as the Consumer Expenditure Survey does, the Cost of Living study examines the cost of basic needs. For example, we might buy one apple for our two children and split it in half if that's all we can afford. That's our spending. But our family actually needs two apples. That's our basic need.

The Cost of Living study also looks at dollar costs, rather than looking at the rate of change over time as the Consumer Price Index does. As shoppers, we don't ask the cashier how many percentage points higher the apple's price is today than the last time we shopped. We ask: How much does the apple cost?

The study results constitute an additional economic indicator which may be used by public and private institutions and by individuals. The methodology is available at [mn.gov/deed/data/data-tools/col/method-col.jsp](http://mn.gov/deed/data/data-tools/col/method-col.jsp).

## A Typical Minnesota Family?

Based on the American Community Survey (DP02, 5-Year Series, 2012) and the Current Employment Statistics survey (Total Private Sector, 2013), a selection of "Partnered, 1 full-time and 1 part-time worker, 1 child" best represents a typical Minnesota family. This selection in the online Cost of Living tool yields results for a family of three people, with two adults working a combined 60 hours per week (or an average of 30 hours per worker). Using this standard for the Cost of Living study produces the closest estimate of a typical Minnesota family experience.

The average family size in Minnesota is 3.0 persons and the average household size is 2.5 persons. The majority of the state's households—65 percent—are family households. Seventy-nine percent of family households have two parents, and the average weekly hours per worker is 33.7.[2,3]

For additional family compositions, see the online Cost of Living tool at [mn.gov/deed/data/data-tools/col/](http://mn.gov/deed/data/data-tools/col/).

## Typical Uses of the Cost of Living Data

Cost of Living data is useful to many different planners, policymakers and individuals.

**Employers** want to set wages that attract and retain good workers. The Cost of Living Tool can help gauge whether a wage in a certain county will pay the bills and keep workers afloat.

**Job seekers** want to know which kinds of work will cover family costs in their county.

**Workforce development service providers** want to know what wages, if met, are likely to secure a self-supporting career for the client job seeker, thus reducing the need for re-entry into services.

**Policy makers and planners** want to know if the need for public subsidies is likely to rise or fall. Regional wages that meet or exceed the cost of living can signal reduced need for subsidies.

Policy makers and planners also want to monitor the potential for consumer expenditures which can drive future economic growth. Regional wages that meet or exceed the cost of living can signal a potential for stronger consumer expenditures.

## Results and Analysis Statewide and by Region

Costs for a Minnesota family of three are shown for the state as a whole and for each of Minnesota's thirteen Economic Development Regions (EDRs). Results for the state and for each region are calculated as a population-weighted average of results for each county. Calculating a weighted average helps correct for any biases in the data that might result from differences between those included in the study sample and the actual population.

The study expresses the cost of living as a yearly sum and an hourly rate, in addition to breaking out monthly costs in each of the seven cost categories.

The hourly wage analysis compares data from the Cost of Living Study with employment data from the Occupational Employment Statistics (OES) program and job vacancy data from the Job Vacancy Survey (JVS). Because OES wages are an average of three years of survey data, we have averaged three years of JVS wage offer data, adjusted for inflation using the Employment Cost Index.[4,5,6]

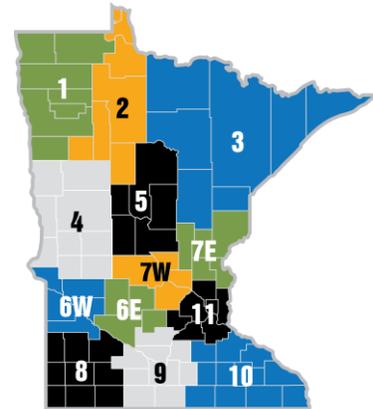
For convenient use as a reference or hand-out, each region is presented on a separate page of the report.

## Minnesota Statewide

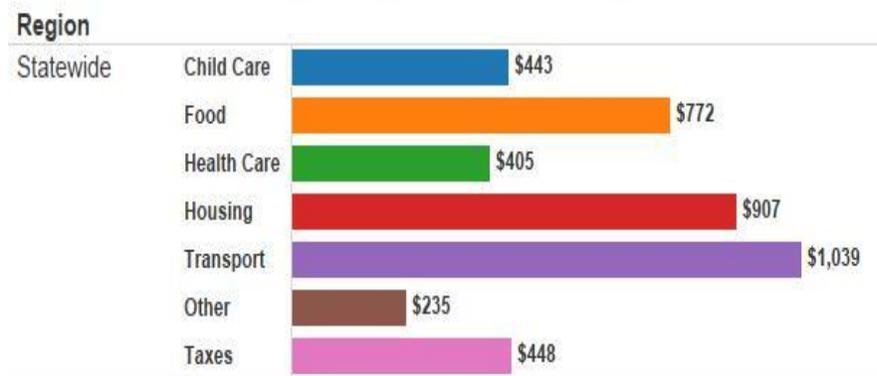
**Annual Costs: \$50,988**

**Hourly Rate: \$16.34**

For the state of Minnesota, a typical family of two adults and one child working a combined 60 work hours per week need to earn an estimated combined income of \$50,988 per year or \$16.34 per hour per worker to maintain a simple living that meets basic needs for health and safety.



### Monthly Cost of Living



The estimated monthly costs are child care \$433, food \$772, health care \$405, housing \$907, transportation \$1,039, other necessities \$235, and taxes \$448.

The median wage paid to workers across all occupations in Minnesota is 111 percent of the cost of living, while the median wage offer for job vacancies is 79 percent of the cost of living.

Minnesota DEED, Labor Market Information, Cost of Living Study 2015

### Cost of Living & Hourly Wages



**Cost of living hourly:** Hourly costs are calculated by dividing the annual cost of a typical Minnesota family by 3,120 hours (the total annual hours for one full-time worker plus one half-time worker).

**Employment median wage:** 50 percent of workers earn less than this wage and 50 percent earn more...

Source: DEED Cost of Living Study 2015 (June 2014 data), Occupational Employment Statistics (first quarter 2014), Job Vacancy Survey (second quarter 2014).

## Economic Development Region 1 - Northwest

**Annual Costs: \$40,812**

**Hourly Rate: \$13.08**

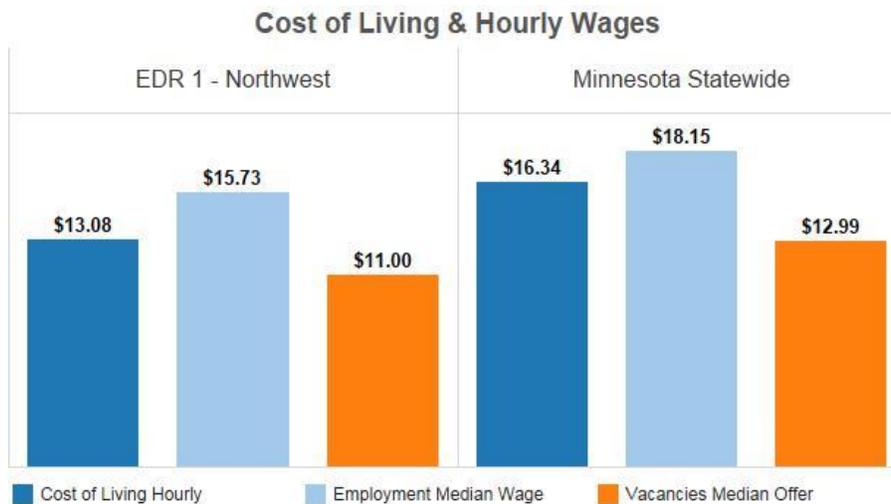
In Northwestern Minnesota, a typical family of two adults and one child, working a combined 60 work hours per week, need to earn an estimated family income of \$40,812 per year and \$13.08 per hour per worker to maintain a simple living that meets basic needs for health and safety.



The estimated monthly costs are child care \$189, food \$766, health care \$397, housing \$689, transportation \$936, other necessities \$204, and taxes \$220.

The median wage paid to workers across all occupations in Northwest Minnesota is 120 percent of the cost of living, while the median wage offer for job vacancies is 84 percent of the cost of living.

Minnesota DEED, Labor Market Information, Cost of Living Study 2015



**Cost of living hourly:** Hourly costs are calculated by dividing the annual cost of a typical Minnesota family by 3,120 hours (the total annual hours for one full-time worker plus one half-time worker).

**Employment median wage:** 50 percent of workers earn less than this wage and 50 percent earn more.

**Vacancies median offer:** 50 percent of job openings offer less than this wage and 50 percent offer more.

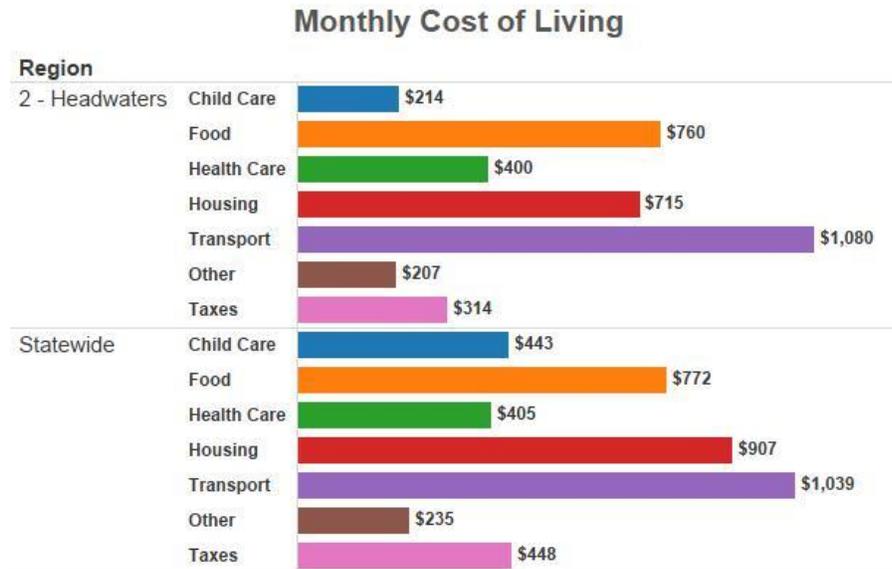
Source: DEED Cost of Living Study 2015 (June 2014 data), Occupational Employment Statistics (first quarter 2014), Job Vacancy Survey (second quarter 2014).

## Economic Development Region 2 - Headwaters

**Annual Costs: \$44,280**

**Hourly Rate: \$14.19**

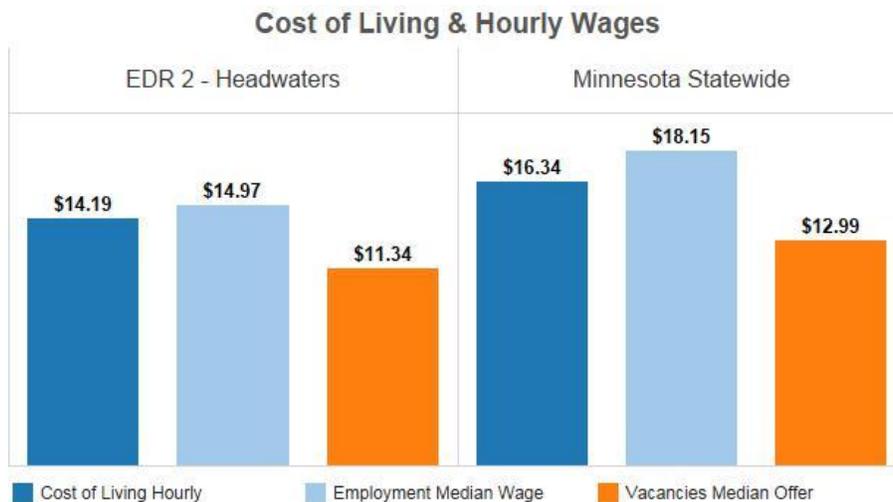
In the Headwaters region of Minnesota, a typical family of two adults and one child, working a combined 60 work hours per week, need to earn an estimated family income of \$44,280 per year and \$14.19 per hour per worker to maintain a simple living that meets basic needs for health and safety.



The estimated monthly costs are child care \$214, food \$760, health care \$400, housing \$715, transportation \$1,080, other necessities \$207, and taxes \$314.

The median wage paid to workers across all occupations in the Headwaters region is 105 percent of the cost of living, while the median wage offer for job vacancies is 80 percent of the cost of living.

Minnesota DEED, Labor Market Information, Cost of Living Study 2015



**Cost of living hourly:** Hourly costs are calculated by dividing the annual cost of a typical Minnesota family by 3,120 hours (the total annual hours for one full-time worker plus one half-time worker).

**Employment median wage:** 50 percent of workers earn less than this wage and 50 percent earn more.

**Vacancies median offer:** 50 percent of job openings offer less than this wage and 50 percent offer more.

Source: DEED Cost of Living Study 2015 (June 2014 data), Occupational Employment Statistics (first quarter 2014), Job Vacancy Survey (second quarter 2014).

## Economic Development Region 3 - Arrowhead

**Annual Costs: \$43,560**

**Hourly Rate: \$13.96**

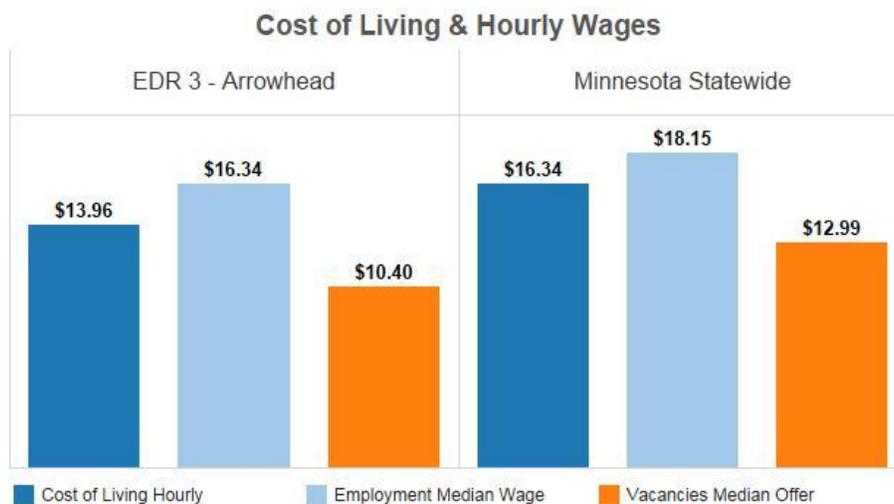
In the Arrowhead region of Minnesota, a typical family of two adults and one child working a combined 60 work hours per week, need to earn an estimated family income of \$43,560 per year and \$13.96 per hour per worker to maintain a simple living that meets basic needs for health and safety.



The estimated monthly costs are child care \$245, food \$758, health care \$393, housing \$764, transportation \$968, other necessities \$213, and taxes \$289.

The median wage paid to workers across all occupations in the Arrowhead region is 117 percent of the cost of living, while the median wage offer for job vacancies is 74 percent of the cost of living.

Minnesota DEED, Labor Market Information, Cost of Living Study 2015



**Cost of living hourly:** Hourly costs are calculated by dividing the annual cost of a typical Minnesota family by 3,120 hours (the total annual hours for one full-time worker plus one half-time worker).

**Employment median wage:** 50 percent of workers earn less than this wage and 50 percent earn more.

**Vacancies median offer:** 50 percent of job openings offer less than this wage and 50 percent offer more.

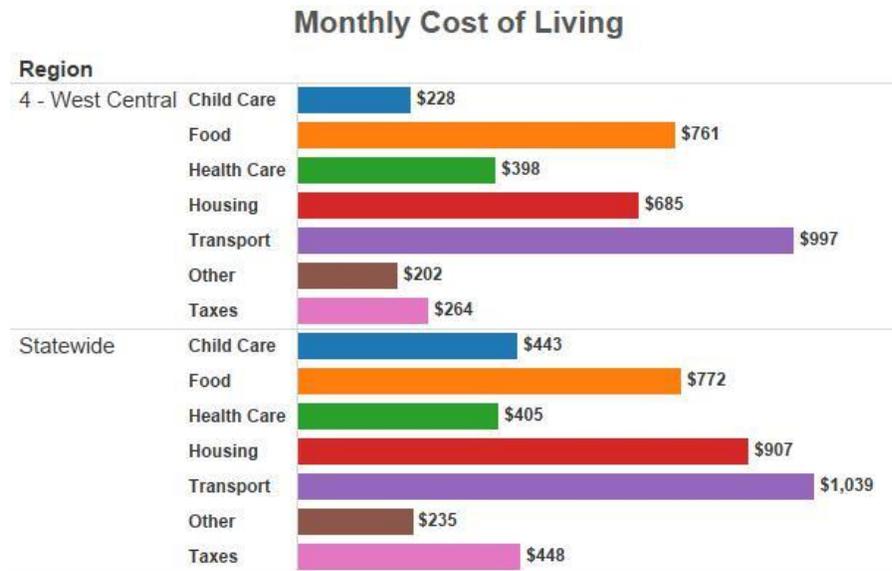
Source: DEED Cost of Living Study 2015 (June 2014 data), Occupational Employment Statistics (first quarter 2014), Job Vacancy Survey (second quarter 2014).

## Economic Development Region 4 – West Central

**Annual Costs: \$42,420**

**Hourly Rate: \$13.60**

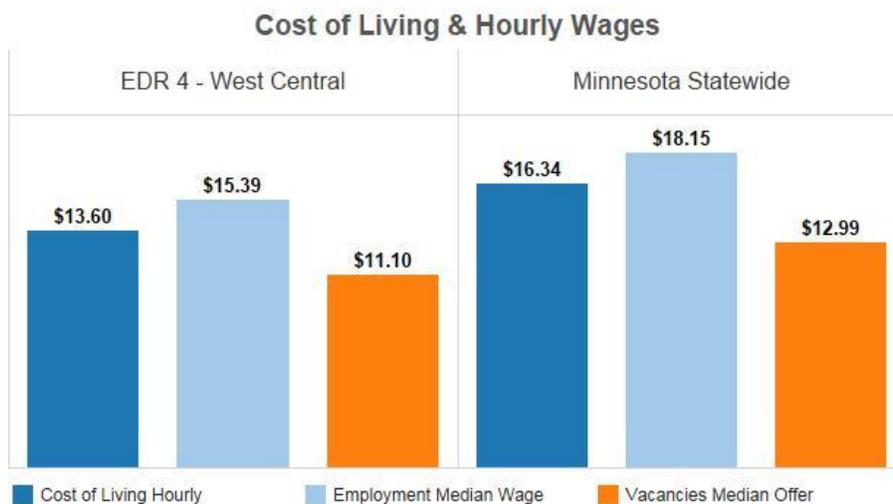
In West Central Minnesota, a typical family of two adults and one child, working a combined 60 work hours per week, need to earn an estimated family income of \$42,420 per year and \$13.60 per hour per worker to maintain a simple living that meets basic needs for health and safety.



The estimated monthly costs are child care \$228, food \$761, health care \$398, housing \$685, transportation \$997, other necessities \$202, and taxes \$264.

The median wage paid to workers across all occupations in West Central Minnesota is 113 percent of the cost of living, while the median wage offer for job vacancies is 82 percent of the cost of living.

Minnesota DEED, Labor Market Information, Cost of Living Study 2015



**Cost of living hourly:** Hourly costs are calculated by dividing the annual cost of a typical Minnesota family by 3,120 hours (the total annual hours for one full-time worker plus one half-time worker).

**Employment median wage:** 50 percent of workers earn less than this wage and 50 percent earn more.

**Vacancies median offer:** 50 percent of job openings offer less than this wage and 50 percent offer more.

Source: DEED Cost of Living Study 2015 (June 2014 data), Occupational Employment Statistics (first quarter 2014), Job Vacancy Survey (second quarter 2014).

## Economic Development Region 5 – North Central

**Annual Costs: \$45,876**

**Hourly Rate: \$14.70**

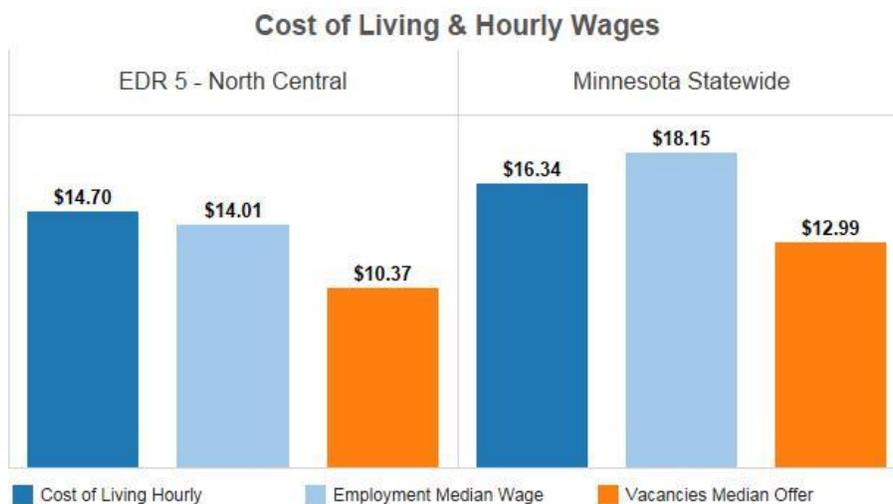
In North Central Minnesota, a typical family of two adults and one child working a combined 60 work hours per week, need to earn an estimated family income of \$45,876 per year and \$14.70 per hour per worker to maintain a simple living that meets basic needs for health and safety.



The estimated monthly costs are child care \$228, food \$754, health care \$400, housing \$720, transportation \$1,157, other necessities \$206, and taxes \$358.

The median wage paid to workers across all occupations in North Central Minnesota is 95 percent of the cost of living, while the median wage offer for job vacancies is 71 percent of the cost of living.

Minnesota DEED, Labor Market Information, Cost of Living Study 2015



**Cost of living hourly:** Hourly costs are calculated by dividing the annual cost of a typical Minnesota family by 3,120 hours (the total annual hours for one full-time worker plus one half-time worker).

**Employment median wage:** 50 percent of workers earn less than this wage and 50 percent earn more.

**Vacancies median offer:** 50 percent of job openings offer less than this wage and 50 percent offer more.

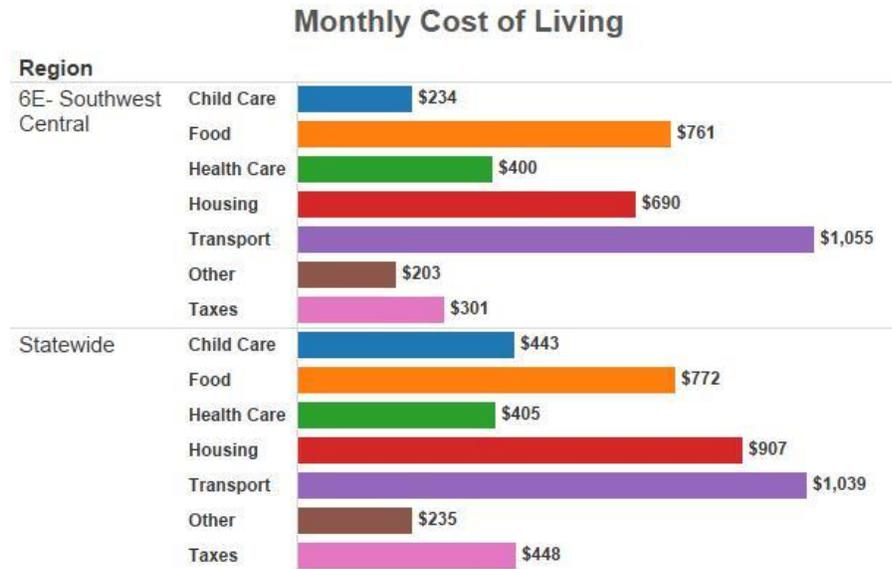
Source: DEED Cost of Living Study 2015 (June 2014 data), Occupational Employment Statistics (first quarter 2014), Job Vacancy Survey (second quarter 2014).

## Economic Development Region 6E – Southwest Central

**Annual Costs: \$43,728**

**Hourly Rate: \$14.02**

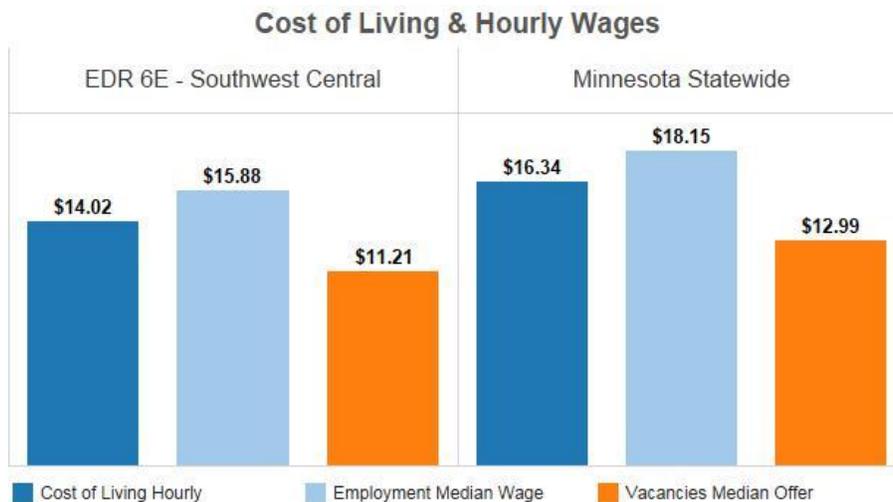
In Southwest Central Minnesota, a typical family of two adults and one child, working a combined 60 work hours per week, need to earn an estimated family income of \$43,728 per year and \$14.02 per hour per worker to maintain a simple living that meets basic needs for health and safety.



The estimated monthly costs are child care \$234, food \$761, health care \$400, housing \$690, transportation \$1,055, other necessities \$203, and taxes \$301.

The median wage paid to workers across all occupations in Southwest Central Minnesota is 113 percent of the cost of living, while the median wage offer for job vacancies is 80 percent of the cost of living.

Minnesota DEED, Labor Market Information, Cost of Living Study 2015



**Cost of living hourly:** Hourly costs are calculated by dividing the annual cost of a typical Minnesota family by 3,120 hours (the total annual hours for one full-time worker plus one half-time worker).

**Employment median wage:** 50 percent of workers earn less than this wage and 50 percent earn more.

**Vacancies median offer:** 50 percent of job openings offer less than this wage and 50 percent offer more.

Source: DEED Cost of Living Study 2015 (June 2014 data), Occupational Employment Statistics (first quarter 2014), Job Vacancy Survey (second quarter 2014).

## Economic Development Region 6W – Upper Minnesota Valley

**Annual Costs: \$40,464**

**Hourly Rate: \$12.97**

In the Upper Minnesota Valley, a typical family of two adults and one child, working a combined 60 work hours per week, need to earn an estimated family income of \$40,464 per year and \$12.97 per hour per worker to maintain a simple living that meets basic needs for health and safety.



The estimated monthly costs are child care \$189, food \$778, health care \$400, housing \$660, transportation \$931, other necessities \$201, and taxes \$213.

The median wage paid to workers across all occupations in the Upper Minnesota Valley is 119 percent of the cost of living, while the median wage offer for job vacancies is 89 percent of the cost of living.

Minnesota DEED, Labor Market Information, Cost of Living Study 2015



**Cost of living hourly:** Hourly costs are calculated by dividing the annual cost of a typical Minnesota family by 3,120 hours (the total annual hours for one full-time worker plus one half-time worker).

**Employment median wage:** 50 percent of workers earn less than this wage and 50 percent earn more.

**Vacancies median offer:** 50 percent of job openings offer less than this wage and 50 percent offer more.

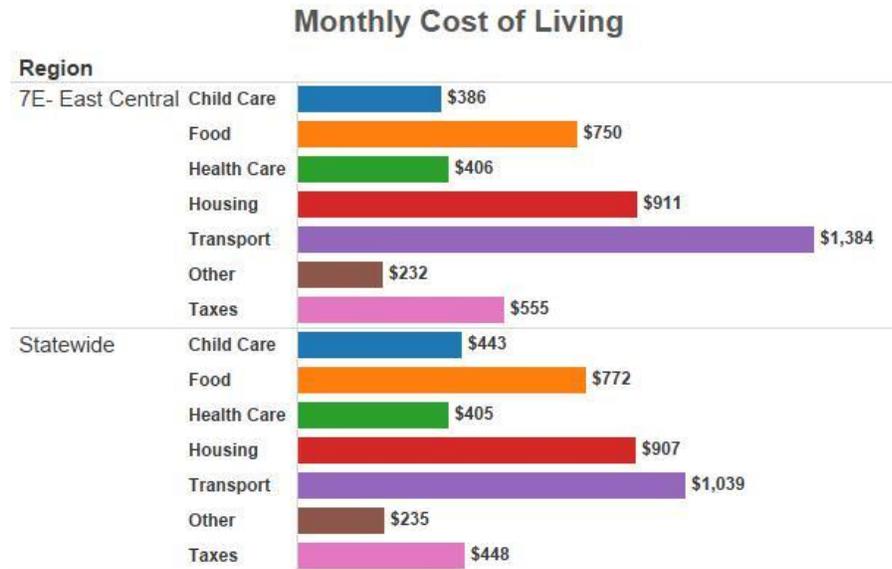
Source: DEED Cost of Living Study 2015 (June 2014 data), Occupational Employment Statistics (first quarter 2014), Job Vacancy Survey (second quarter 2014).

## Economic Development Region 7E – East Central

**Annual Costs: \$55,488**

**Hourly Rate: \$17.78**

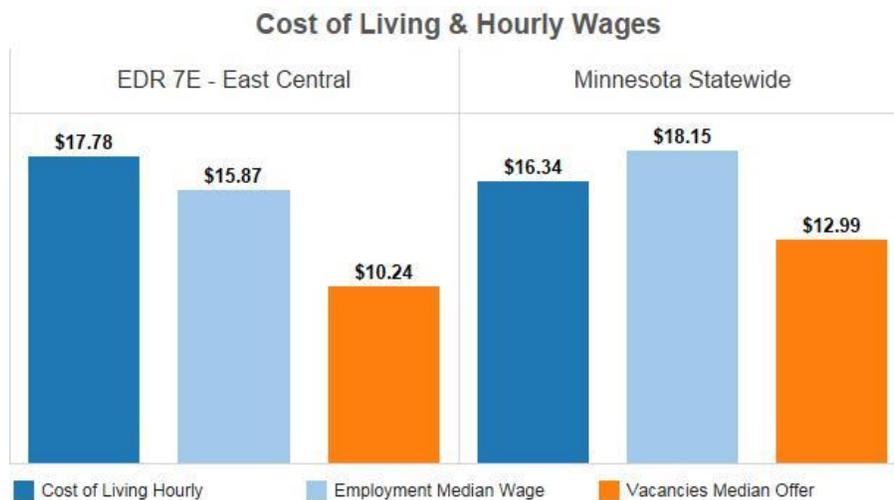
In East Central Minnesota, a typical family of two adults and one child, working a combined 60 work hours per week, need to earn an estimated family income of \$55,488 per year and \$17.78 per hour per worker to maintain a simple living that meets basic needs for health and safety.



The estimated monthly costs are child care \$386, food \$750, health care \$406, housing \$911, transportation \$1,384, other necessities \$232, and taxes \$555.

The median wage paid to workers across all occupations in East Central Minnesota is 89 percent of the cost of living, while the median wage offer for job vacancies is 58 percent of the cost of living.

Minnesota DEED, Labor Market Information, Cost of Living Study 2015



**Cost of living hourly:** Hourly costs are calculated by dividing the annual cost of a typical Minnesota family by 3,120 hours (the total annual hours for one full-time worker plus one half-time worker).

**Employment median wage:** 50 percent of workers earn less than this wage and 50 percent earn more.

**Vacancies median offer:** 50 percent of job openings offer less than this wage and 50 percent offer more.

Source: DEED Cost of Living Study 2015 (June 2014 data), Occupational Employment Statistics (first quarter 2014), Job Vacancy Survey (second quarter 2014).

## Economic Development Region 7W - Central

**Annual Costs: \$49,392**

**Hourly Rate: \$15.83**

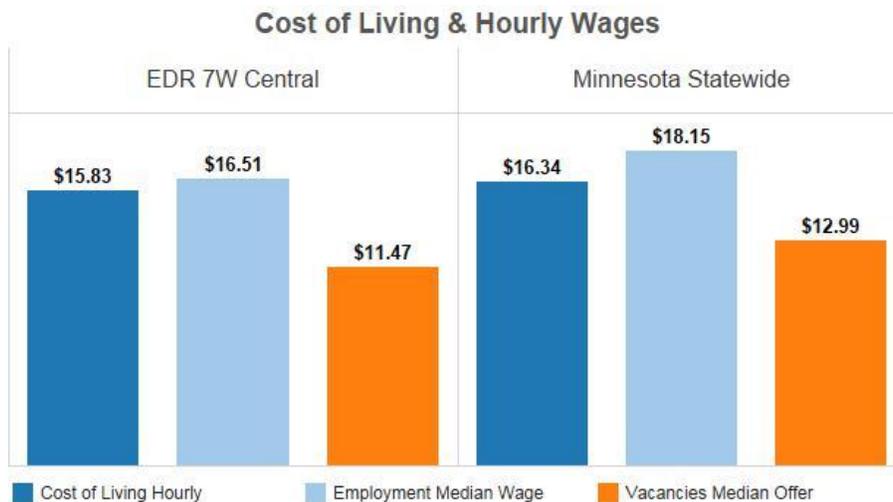
In Central Minnesota, a typical family of two adults and one child, working a combined 60 work hours per week, need to earn an estimated family income of \$49,392 per year and \$15.83 per hour per worker to maintain a simple living that meets basic needs for health and safety.



The estimated monthly costs are child care \$303, food \$751, health care \$402, housing \$890, transportation \$1,125, other necessities \$230, and taxes \$415.

The median wage paid to workers across all occupations in Central Minnesota is 104 percent of the cost of living, while the median wage offer for job vacancies is 72 percent of the cost of living.

Minnesota DEED, Labor Market Information, Cost of Living Study 2015



**Cost of living hourly:** Hourly costs are calculated by dividing the annual cost of a typical Minnesota family by 3,120 hours (the total annual hours for one full-time worker plus one half-time worker).

**Employment median wage:** 50 percent of workers earn less than this wage and 50 percent earn more.

**Vacancies median offer:** 50 percent of job openings offer less than this wage and 50 percent offer more.

Source: DEED Cost of Living Study 2015 (June 2014 data), Occupational Employment Statistics (first quarter 2014), Job Vacancy Survey (second quarter 2014).

## Economic Development Region 8 - Southwest

**Annual Costs: \$40,200**

**Hourly Rate: \$12.88**

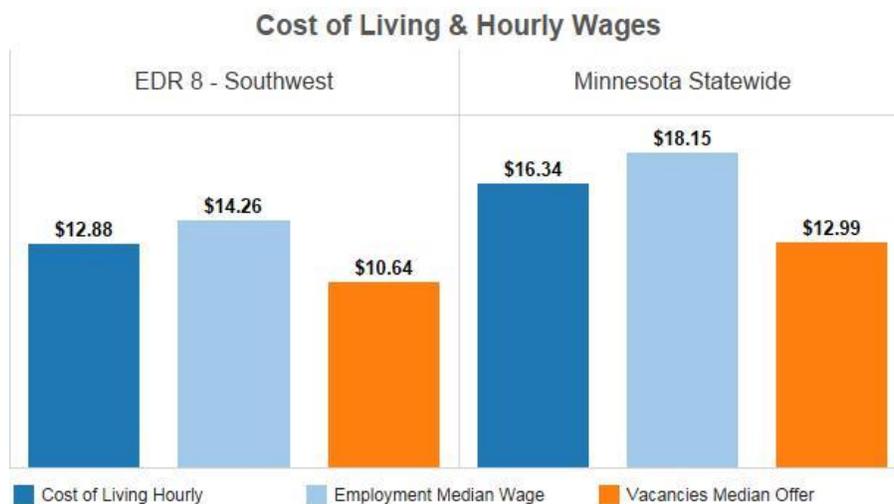
In Southwest Minnesota, a typical family of two adults and one child, working a combined 60 work hours per week, need to earn an estimated family income of \$40,200 per year and \$12.88 per hour per worker to maintain a simple living that meets basic needs for health and safety.



The estimated monthly costs are child care \$194, food \$770, health care \$400, housing \$660, transportation \$921, other necessities \$200, and taxes \$205.

The median wage paid to workers across all occupations in Southwest Minnesota is 111 percent of the cost of living, while the median wage offer for job vacancies is 83 percent of the cost of living.

Minnesota DEED, Labor Market Information, Cost of Living Study 2015



**Cost of living hourly:** Hourly costs are calculated by dividing the annual cost of a typical Minnesota family by 3,120 hours (the total annual hours for one full-time worker plus one half-time worker).

**Employment median wage:** 50 percent of workers earn less than this wage and 50 percent earn more.

**Vacancies median offer:** 50 percent of job openings offer less than this wage and 50 percent offer more.

Source: DEED Cost of Living Study 2015 (June 2014 data), Occupational Employment Statistics (first quarter 2014), Job Vacancy Survey (second quarter 2014).

## Economic Development Region 9 – South Central

**Annual Costs: \$42,120**

**Hourly Rate: \$13.50**

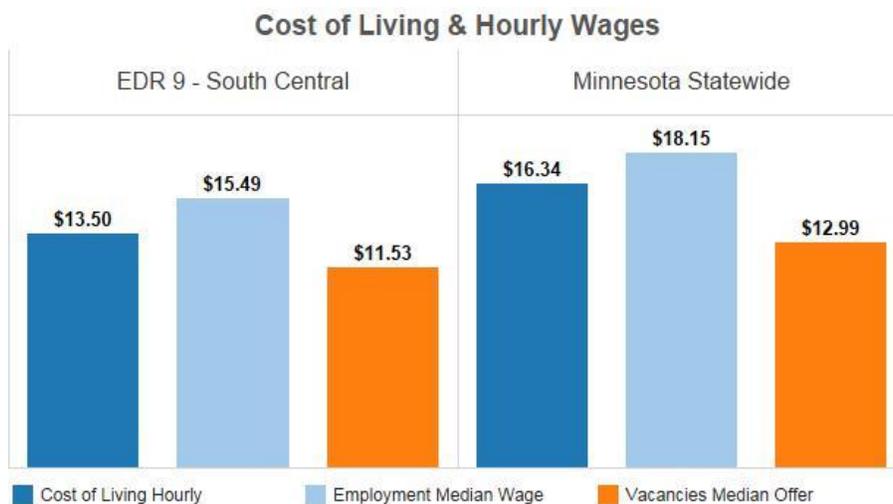
In South Central Minnesota, a typical family of two adults and one child, working a combined 60 work hours per week, need to earn an estimated family income of \$42,120 per year and \$13.50 per hour per worker to maintain a simple living that meets basic needs for health and safety.



The estimated monthly costs are child care \$221, food \$762, health care \$396, housing \$730, transportation \$940, other necessities \$209, and taxes \$252.

The median wage paid to workers across all occupations in South Central Minnesota is 115 percent of the cost of living, while the median wage offer for job vacancies is 85 percent of the cost of living.

Minnesota DEED, Labor Market Information, Cost of Living Study 2015



**Cost of living hourly:** Hourly costs are calculated by dividing the annual cost of a typical Minnesota family by 3,120 hours (the total annual hours for one full-time worker plus one half-time worker).

**Employment median wage:** 50 percent of workers earn less than this wage and 50 percent earn more.

**Vacancies median offer:** 50 percent of job openings offer less than this wage and 50 percent offer more.

Source: DEED Cost of Living Study 2015 (June 2014 data), Occupational Employment Statistics (first quarter 2014), Job Vacancy Survey (second quarter 2014).

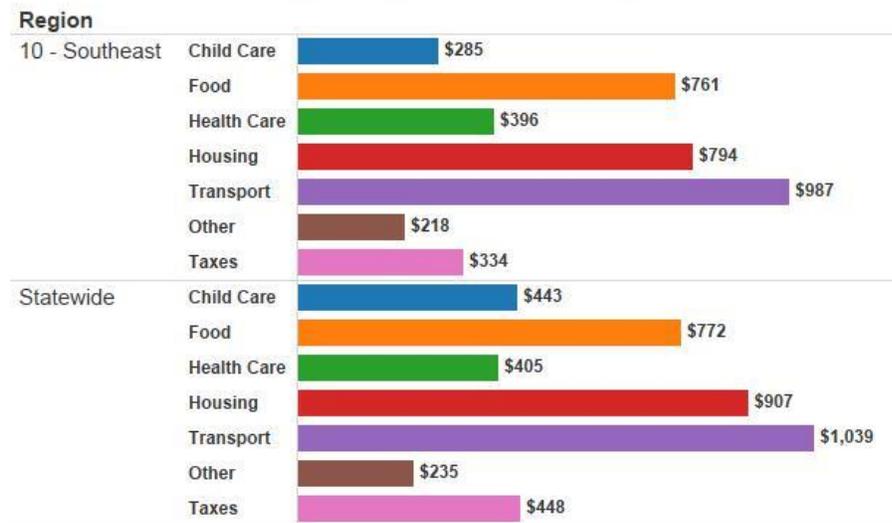
## Economic Development Region 10 - Southeast

**Annual Costs: \$45,300**

**Hourly Rate: \$14.52**

In Southeast Minnesota, a typical family of two adults and one child, working a combined 60 work hours per week, need to earn an estimated family income of \$45,300 per year and \$14.52 per hour per worker to maintain a simple living that meets basic needs for health and safety.

### Monthly Cost of Living

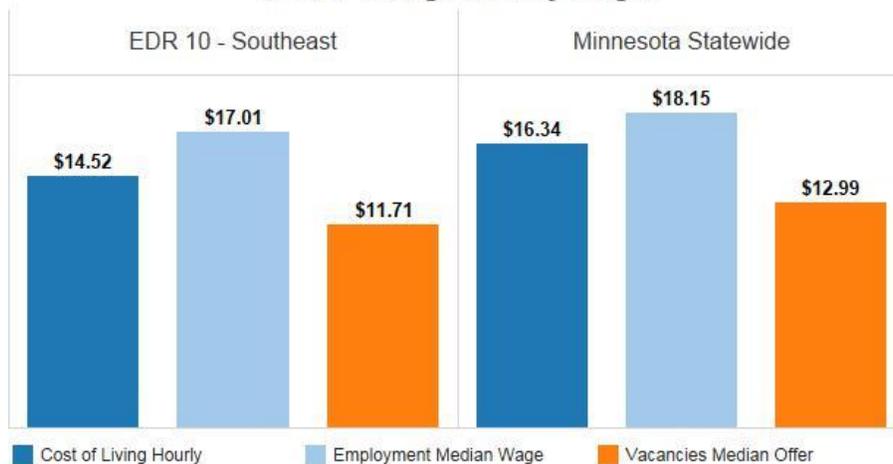


The estimated monthly costs are child care \$285, food \$761, health care \$396, housing \$794, transportation \$987, other necessities \$218, and taxes \$334.

The median wage paid to workers across all occupations in Southeast Minnesota is 117 percent of the cost of living, while the median wage offer for job vacancies is 81 percent of the cost of living.

Minnesota DEED, Labor Market Information, Cost of Living Study 2015

### Cost of Living & Hourly Wages



**Cost of living hourly:** Hourly costs are calculated by dividing the annual cost of a typical Minnesota family by 3,120 hours (the total annual hours for one full-time worker plus one half-time worker).

**Employment median wage:** 50 percent of workers earn less than this wage and 50 percent earn more.

**Vacancies median offer:** 50 percent of job openings offer less than this wage and 50 percent offer more.

Source: DEED Cost of Living Study 2015 (June 2014 data), Occupational Employment Statistics (first quarter 2014), Job Vacancy Survey (second quarter 2014).

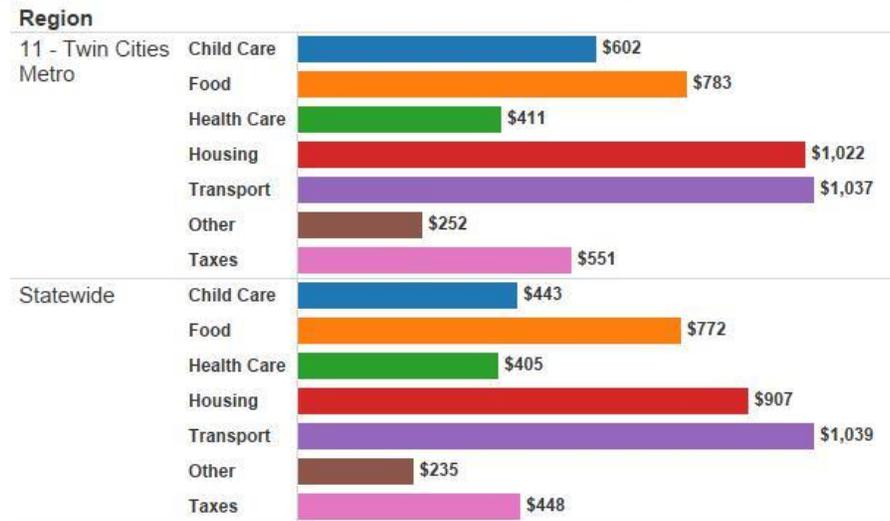
## Economic Development Region 11 - Twin Cities Metro

**Annual Costs: \$55,896**

**Hourly Rate: \$17.92**

In the Twin Cities Metro region of Minnesota, a typical family of two adults and one child, working a combined 60 work hours per week, need to earn an estimated family income of \$55,896 per year and \$17.92 per hour per worker to maintain a simple living that meets basic needs for health and safety.

### Monthly Cost of Living

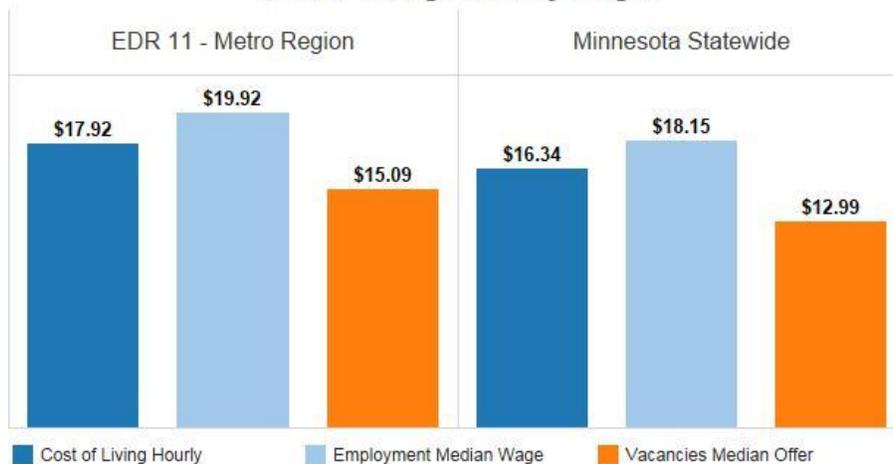


The estimated monthly costs are child care \$602, food \$783, health care \$411, housing \$1,022, transportation \$1,037, other necessities \$252, and taxes \$551.

The median wage paid to workers across all occupations in the Twin Cities Metro is 111 percent of the cost of living, while the median wage offer for job vacancies is 84 percent of the cost of living.

Minnesota DEED, Labor Market Information, Cost of Living Study 2015

### Cost of Living & Hourly Wages



**Cost of living hourly:** Hourly costs are calculated by dividing the annual cost of a typical Minnesota family by 3,120 hours (the total annual hours for one full-time worker plus one half-time worker).

**Employment median wage:** 50 percent of workers earn less than this wage and 50 percent earn more.

**Vacancies median offer:** 50 percent of job openings offer less than this wage and 50 percent offer more.

Source: DEED Cost of Living Study 2015 (June 2014 data), Occupational Employment Statistics (first quarter 2014), Job Vacancy Survey (second quarter 2014).

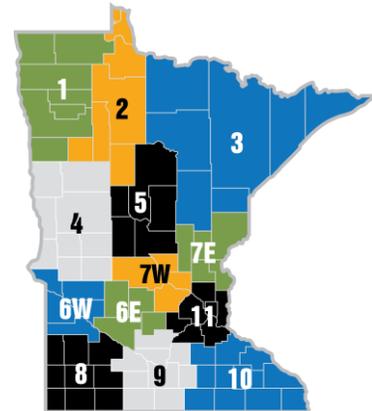
## Further Analysis and Recommendations

A comparison of the cost of living and typical wages by region can help highlight some of the economic challenges or opportunities for employment recruitment and retention, minority community wealth-building, consumer expenditures, and social services.

### Wages and Job Vacancies

#### *Median Wage as a Share of the Cost of Living*

The statewide \$18.15 median wage is 111 percent of the \$16.34 cost of living. This means that a little over half of all working Minnesotans are paid more than the family-of-three cost of basic needs. The average family size in Minnesota is 3.0 persons and the average household size, for family and non-family households combined, is 2.5 persons.



If the labor market were in perfect balance where everyone was matched with the right jobs, we would expect that the half paid more than the median wage were the families larger than three while the half paid less were the families smaller than three. This would mean that a median wage equal to the cost of living could be meeting most people's basic needs. But economists know that no market is ever perfectly balanced.

In the real world we look for a median wage, for all occupations together, which exceeds the cost of living. Minnesota does exceed it. And so do eleven of Minnesota's thirteen economic development regions. The regions whose median wage is highest as a percentage of the cost of living are:

- The Northwest at 120 percent,
- Upper Minnesota Valley at 119 percent,
- Arrowhead and Southeast at 117 percent,
- South Central at 115 percent, and
- Both West Central and Southwest Central at 113 percent

The Southwest and Metro match the state 111 percent. Headwaters at 105 percent and Central at 104 percent lag behind the state figure while still slightly exceeding the cost of living. The North Central region at 95 percent and East Central at 89 percent both fall below the cost of living.

#### *Job Vacancy Median Wage Offer as a Share of the Cost of Living*

Looking at three years of Job Vacancy Survey data averaged together through the second quarter 2014, none of Minnesota's thirteen economic development regions shows a median wage offer for vacancies which meets the cost of living. The numbers range from the Upper Minnesota Valley at 89 percent of the region's cost of living to East Central at 58 percent. The Northwest, Headwaters, West Central, Southwest Central, Upper Minnesota valley, Southwest, South Central, Southeast, and Metro all have job vacancy median wage offers above the statewide 79 percent of the cost of living. The Arrowhead, North Central, East Central, and Central regions fall below the statewide share.

However, all regions fall below their own cost of living. Although median wage offers are historically lower than median wages for filled positions—lower-wage jobs might have higher turnover and be captured more frequently by the Job Vacancy Survey—a regional median wage offer below the regional cost of living could mean that the region faces economic challenges ahead.

## Impact on Economic Development

### *Impact on Employment Recruitment and Retention*

According to employers interviewed for DEED's 2013 Hiring Difficulties Survey, demand-side conditions, including unsatisfactory wages, contribute to hiring difficulties in the production, industrial engineering, information technology, and nursing occupations.[7] If the same holds true for other industries, then regions with a median wage or median wage offer below the regional cost of living might try to improve wages in existing occupations or expand higher-paying jobs.

Regions most in need of employee retention strategies include North Central and East Central, where the median wage is below the regional cost of living. Headwaters and Central, where the median is only slightly above the regional cost of living, might also benefit from these strategies.

All thirteen Minnesota economic development regions, including the Metro, show median wage offers below the regional cost of living. One option to improve employee recruitment might be to engage in demand-side development strategies. Regions that would benefit most from these strategies include Arrowhead, North Central, East Central, and Central, where the job vacancy median wage offer as a share of the regional cost of living falls below the statewide share.

Other supply or demand conditions which might impact recruitment and retention, such as work conditions or skills matching, are beyond the scope of the Cost of Living Study.

### *Impact on Minority Communities*

Statewide across all occupations, minorities constitute 12.48 percent of Minnesota's workforce according to the American Community Survey. The minority participation rate is even higher in Food Preparation and Serving-Related Occupations, Building and Grounds Cleaning and Maintenance Occupations, and Personal Care and Service Occupations.[8]

In the Food Preparation and Serving-Related Occupations, minorities constitute 20.4 percent of the workforce. The statewide median wage for these occupations is \$9.07 an hour, or 56 percent of the statewide cost of living.

In the Building and Grounds Cleaning and Maintenance Occupations, minorities constitute 16.9 percent of the workforce. The statewide median wage for these occupations is \$11.53 an hour, or 71 percent of the statewide cost of living.

In the Personal Care and Service Occupations, minorities constitute 16.3 percent of the workforce. The statewide median wage for these occupations is \$10.88 an hour, or 67 percent of the statewide cost of living.

Recognizing the serious impact that low wages have on wellbeing, some minority communities are already developing community wealth-building and ownership strategies. The hope is to improve wages within the existing mix of occupations or to expand participation in higher-paying jobs.

### *Impact on Consumer Expenditures*

The Cost of Living Study provides an estimate of the cost of basic necessary expenditures. Incomes below the cost of living may limit basic consumer expenditures and slow economic growth. If families have little buying power outside of covering their basic needs, they are unable to contribute substantially to the region's economy.

In order to sustain consumer expenditures and grow a healthy economy, regions such as North Central, East Central, Headwaters and Central, where the median wage is below or only slightly above the regional cost of living, might try to improve existing wages or expand higher-paying jobs. They may also

consider promoting tourism in the area to attract visitors and consumers from regions where residents have more disposable income.

### *Impact on Demand for Social Service Subsidies*

People who do not earn enough to meet their family's basic needs may be more likely to seek out social services or other subsidies. In regions where there are a greater number of people who don't earn the cost of living, workforce development centers may have difficulty finding enough self-supporting job opportunities to meet the need. This in turn could lead to more frequent re-entry or use of support services, creating more strain on the system.

## Sources

1. Cost of Living Study. Labor Market Information, Minnesota Department of Employment and Economic Development. See [mn.gov/deed/data/data-tools/col/](http://mn.gov/deed/data/data-tools/col/).
2. American Community Survey. U.S. Census Bureau. DP02, 5-Year Series, 2013. See [factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml](http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml).
3. Current Employment Statistics. Total Private Sector, 2013. See <http://beta.bls.gov/dataViewer/view/timeseries/SMU27000000500000002>.
4. Occupational Employment Statistics. Labor Market Information, Minnesota Department of Employment and Economic Development. See [mn.gov/deed/data/data-tools/oes/](http://mn.gov/deed/data/data-tools/oes/).
5. Job Vacancy Survey. Labor Market Information, Minnesota Department of Employment and Economic Development. See [mn.gov/deed/data/data-tools/job-vacancy/](http://mn.gov/deed/data/data-tools/job-vacancy/).
6. Employment Cost Index, U.S. Bureau of Labor Statistics. Series CIU1020000000000I, Wages and salaries for all civilian workers in all industries and occupations, Not seasonally adjusted. See [www.bls.gov/ncs/ect/#tables](http://www.bls.gov/ncs/ect/#tables).
7. "Are skilled workers scarce? Evidence from employer surveys in Minnesota." Hiring Difficulties Survey. Labor Market Information, Minnesota Department of Employment and Economic Development. See [mn.gov/deed/images/SecondRoundReportSkillsGap.pdf](http://mn.gov/deed/images/SecondRoundReportSkillsGap.pdf).
8. Affirmative Action Statistics, compiled from American Community Survey 5-Year Data 2006 to 2010. Labor Market Information, Minnesota Department of Employment and Economic Development. See [mn.gov/deed/data/data-tools/affirmative-action-statistics/](http://mn.gov/deed/data/data-tools/affirmative-action-statistics/).

## Appendix A

### Statutory Mandate

Minnesota Statutes 2013, chapter 116J, section 013, mandates that the commissioner of the Department of Employment and Economic Development shall conduct an annual cost-of-living study in Minnesota and report thereon by February 1 of each year.

The statute reads:

(a) The commissioner shall conduct an annual cost-of-living study in Minnesota. The study shall include:

- (1) a calculation of the statewide basic needs cost of living, adjusted for family size;
- (2) a calculation of the basic needs cost of living, adjusted for family size, for each county;
- (3) an analysis of statewide and county cost-of-living data, employment data, and job vacancy data; and
- (4) recommendations to aid in the assessment of employment and economic development planning needs throughout the state.

(b) The commissioner shall report on the cost-of-living study and recommendations by February 1 of each year to the governor and to the chairs of the standing committees of the house of representatives and the senate having jurisdiction over employment and economic development issues.

In compliance with 2013 Minnesota Statutes Chapter 3, Section 195, two copies of this report also will be filed with the Legislative Reference Library.

## Appendix B

### Cost of Living Study Data Sources

- Bureau of Labor Statistics, US Department of Labor
- Census Bureau, US Department of Commerce
- Center for Nutrition Policy and Promotion, US Department of Agriculture
- Agency for Healthcare Research and Quality, US Department of Health and Human Services
- US Department of Housing and Urban Development
- Internal Revenue Service, US Department of the Treasury
- Federal Highway Administration, US Department of Transportation
- Minnesota Department of Revenue
- Minnesota Office of the Revisor of Statutes
- Child Care Aware of Minnesota, Saint Paul, Minnesota
- Council for Community and Economic Research, Arlington, Virginia
- National Bureau of Economic Research, Cambridge, Massachusetts

## Appendix C

### Minnesota Economic Development Regions

Region 1—Northwest, includes Kittson, Marshall, Norman, Pennington, Polk, Red Lake, and Roseau Counties.

Region 2—Headwaters, includes Beltrami, Clearwater, Hubbard, Lake of the Woods, and Mahnommen Counties.

Region 3—Northeast, includes Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, and St. Louis Counties.

Region 4—West Central, includes Becker, Clay, Douglas, Grant, Otter Tail, Pope, Stevens, Traverse, and Wilkin Counties.

Region 5—North Central, includes Cass, Crow Wing, Morrison, Todd, and Wadena Counties.

Region 6W—Upper Minnesota Valley, includes Big Stone, Chippewa, Lac Qui Parle, Swift, and Yellow Medicine Counties.

Region 6E—Southwest Central, includes Kandiyohi, McLeod, Meeker, and Renville Counties.

Region 7W—Central, includes Benton, Sherburne, Stearns, and Wright Counties.

Region 7E—East Central, includes Chisago, Isanti, Kanabec, Mille Lacs, and Pine Counties.

Region 8 —Southwest, includes Cottonwood, Jackson, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood, and Rock Counties.

Region 9—South Central, includes Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Waseca, and Watonwan Counties.

Region 10—Southeast, includes Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, and Winona Counties.

Region 11—Twin Cities Metro, includes Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington Counties.