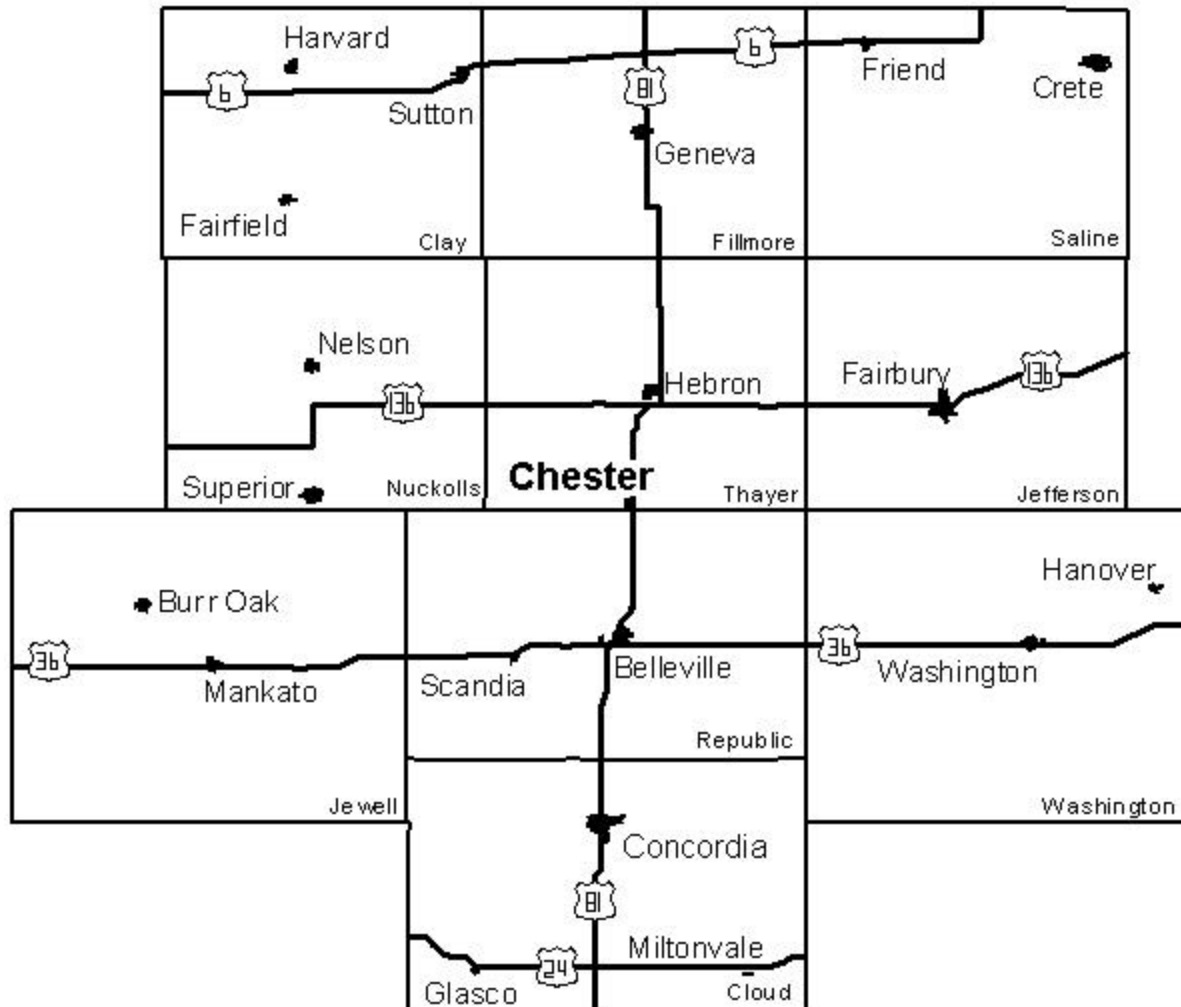


Chester Labor Basin

Labor Availability Analysis

Clay | Cloud | Fillmore | Jefferson | Jewell | Nuckolls | Republic
Saline | Thayer | Washington



Conducted For
Chester Economic Development Group

By

The Docking Institute of Public Affairs

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Chester Labor Basin Labor Availability Analysis

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Chester Labor Basin Labor Availability Analysis Executive Summary

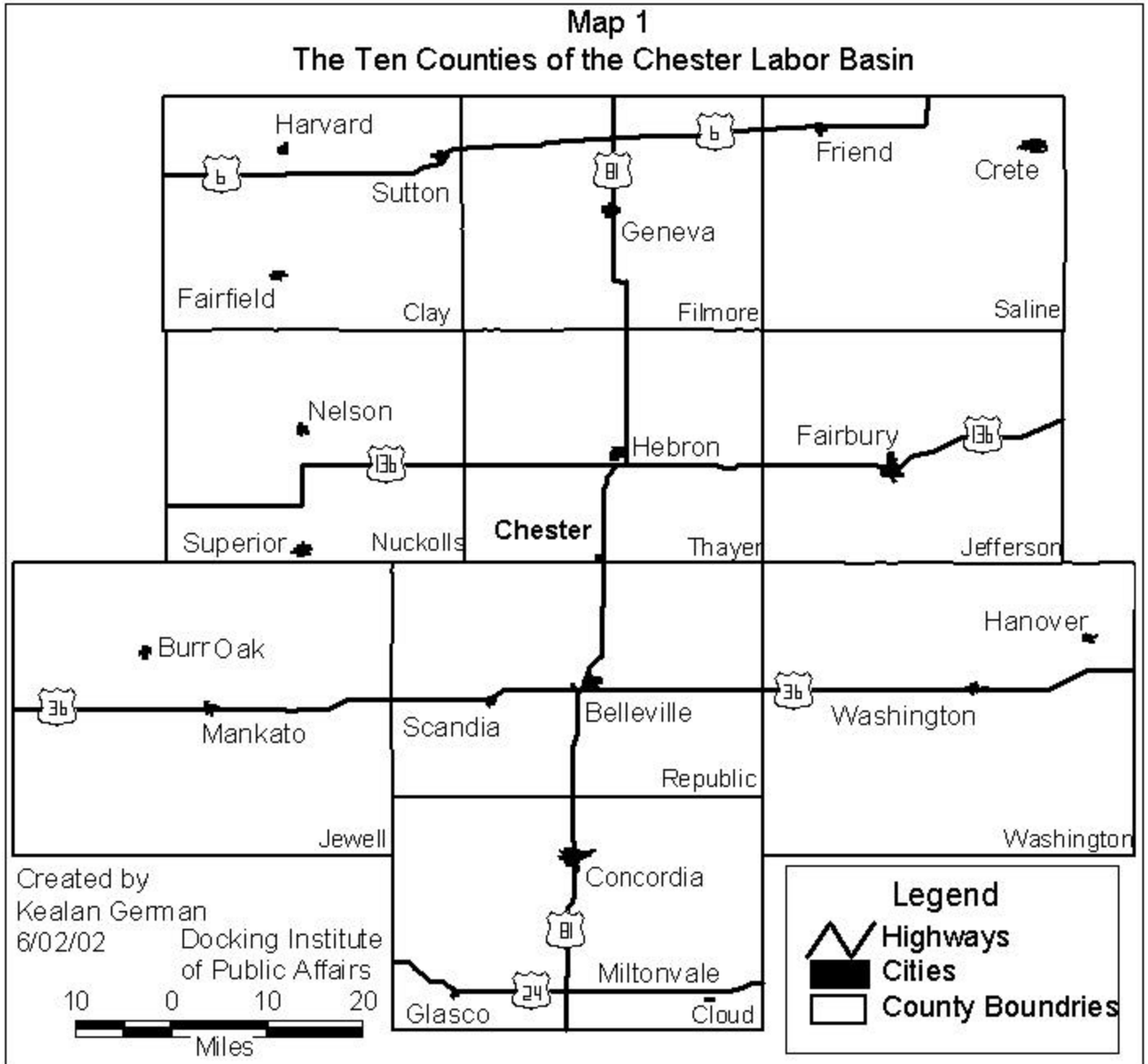
The Chester Labor Basin includes six counties in southern Nebraska and four in northern Kansas. The purpose of this report is to assess the “Available Labor Pool” in this labor basin. The “Available Labor Pool” represents those who indicate that they are looking for employment or would consider changing their jobs for the right employment opportunity.

The Docking Institute’s independent analysis of this labor basin shows that:

- There is an Available Labor Pool in the Chester Labor Basin of 11,500. It is estimated that 481 unemployed and 1,606 employed workers are seeking new employment, while 9,413 would consider changing employment for the right opportunities.
- More than 70% of the Available Labor Pool has at least some college education, while almost all 96% have at least a high school diploma.
- Almost all of the members (10,336 or 90%) of the Available Labor Pool will commute 15 minutes or less, one way, for an employment opportunity, and about 7,486 (or 65% of the available labor) will travel 30 minutes or less for employment.
- More than 6,620 people (or about 58% of the Available Labor Pool) are interested in a new job if offered \$14.00 an hour, while 6,310 members (53%) of the Pool are interested in a new job offering \$12.00 an hour. About 4,566 members, or almost 40%, are interested in new employment at \$10.00 an hour, and about 1,815 people (16%) are available for wage of \$8.00 an hour.
- When controlling for excessive wage demands and commute times, the available labor for a blue collar employer offering \$14.00 an hour is almost 1,500 workers. At \$12.00 an hour the available labor is about 1,295 workers, at \$10.00 an hour the available labor is about 750, and at \$8.00 the available labor is slightly less than 340 people.
- When controlling for excessive wage demands and commute times, a service sector employer offering \$14.00 an hour can expect to find an Available Labor Pool of slightly more than 1,600 workers. At \$12.00 there are about 1,400 workers available, at \$10.00 an hour there are about 885, and at \$8.00 there are about 340 people available.
- Almost a third, or 3,722 workers in the Available Labor Pool, consider themselves underutilized. A majority (82.2%) of these workers have at least some college education, while almost all (97%) have a high school diploma.

Chester Labor Basin Labor Availability Analysis

The Chester Labor Basin includes six counties in southern Nebraska and four in northern Kansas. The criterion used to include a county in this labor basin is whether it has a significant border adjacent to Thayer County, in which Chester is located, or whether there are adequate transportation lines into the center of the labor basin so that residents would likely commute for an employment. The Chester Labor Basin has a



total population of approximately 71,935, and a civilian labor force of 35,324. There is an unemployment rate of 2.9%, but there is an ample supply of available labor to support a major new employer. The Docking Institute's independent analysis of this labor basin shows that, of the civilian labor force, there are 1,606 potential workers (4.5%) who are actively seeking new employment and 9,413 (26.6%) workers who would consider new employment for the right opportunity.

The Civilian Labor Force

Traditional methods of assessing the dynamics of the labor force have concentrated on what the Bureau of Labor Statistics (BLS) calls the Civilian Labor Force (CLF). The CLF represents "all civilians 16 years of age and over classified as employed or unemployed," with unemployed civilians defined as civilians available for work and who had "made specific efforts to find employment" in the previous four weeks. The CLF for the Chester Labor Basin is 35,324 workers.

While a review of CLF statistics represents the starting point for understanding the labor force in and around Chester, Nebraska, there are some limitations associated with these statistics. These limitations occur because the CLF excludes individuals who may be willing and able to be gainfully employed but have not made specific efforts to find employment in the last four weeks. These individuals may include full-time students who do not work, homemakers, the unemployed who are no longer seeking employment, military personnel who may be leaving military employment in the near future, and retired individuals who may be willing to work but have not been looking for work recently.

In addition, most new employers draw their workforce from those who are presently employed, not those who are unemployed. As such, Census-based and BLS data (such as the CLF) does not address the possibility of workers moving from one industry to another in search of other/better employment opportunities. Relying solely upon CLF-type statistics can lead communities to be stereotyped as providing only certain types of workers to potential employers. For example, a labor basin might be classified as able to provide manufacturing employment only, while, in reality, the quantity and quality of workers might be sufficient to support the needs of service sector/information-based employer. In sum, aggregate CLF-type data simply cannot reveal detailed aspects of a labor pool that might be available for new employment opportunities.

Available Labor Pool

An alternative to the CLF is the “Available Labor Pool¹.” The Available Labor Pool is composed of workers categorized as either 1) currently employed (full- or part-time) *and* seeking other full-time employment, 2) currently retired and/or unemployed in any manner *and* seeking full-time employment, or 3) currently employed and not seeking a new job *but* willing to consider different employment for the “right opportunity.”

There are two key differences between the Civilian Labor Force and the Available Labor Pool. First, the Available Labor Pool methodology expands the pool of potential workers by including workers excluded from the CLF². Secondly, the numbers of potential workers is then restricted to those workers who indicate they are available for new employment. The advantage of this methodology is that it allows researchers to ask questions of those members of the labor pool that have a propensity to consider a job opportunity given their employment expectations and a realistic potential to take a new job. Even with these restrictions, it should be noted that in practice, not all members of the Available Labor Pool would apply for a new job opportunity. However, the Available Labor Pool figure for a labor basin represents to planners and potential employers a much more solid number than civilian labor force data and unemployment statistics upon which to base conclusions about potential labor. The Available Labor Pool for the Chester Labor Basin is 11,500 workers.

The Chester Labor Basin’s Available Labor Pool

This section assesses the characteristics of the Available Labor Pool in the Chester Labor Basin by answering the following questions: 1) What proportion of the labor force—employed, unemployed, homemaker, military, student, and retired—would seriously consider applying for a new employment opportunity? 2) What types of considerations (pay, benefits, commuting distance) shape their decision-making? and 3) What is the quality of those who would seriously consider a new employment opportunity?

The percent of the study area population in the Available Labor Pool is derived from a random digit telephone survey of 867 employed, unemployed, and retired adults

¹ The Available Labor Pool includes potential workers excluded from the CLF (such as full-time students willing to take a job, homemakers who have not yet sought employment, military personnel who may be leaving military employment in the near future, and retired individuals who may be willing and able to be gainfully employed).

² The number that is added to the Civilian Labor Force is derived by taking from the survey the total number of full-time students, homemakers, military, retirees, and long-term unemployed, who state that they are seeking employment and are within a reasonable commute distance to the center of the labor basin, and dividing this number by the total number of respondents. This quotient is then multiplied by the total number of people in the labor basin whom are 18 to 65 years old.

living in the Chester Labor Basin. When all 867 respondents are included in the analysis, the survey findings have a margin of error of +/- 3.3%. The margin of error for subgroups is higher. Most of these analyses are based on a subgroup of respondents who are members of the Available Labor Pool (see definition above). For these 202 respondents, the survey has a margin of error of +/- 6.8%. Please see the Methods section of this report for more details about the survey methodology used in this study.

Figure 1 shows that there is an Available Labor Pool in the Chester Labor Basin of 11,500. It is estimated that 481 unemployed³ and 1,606 employed workers are seeking new employment, while 9,413 would consider changing employment for the right opportunities.

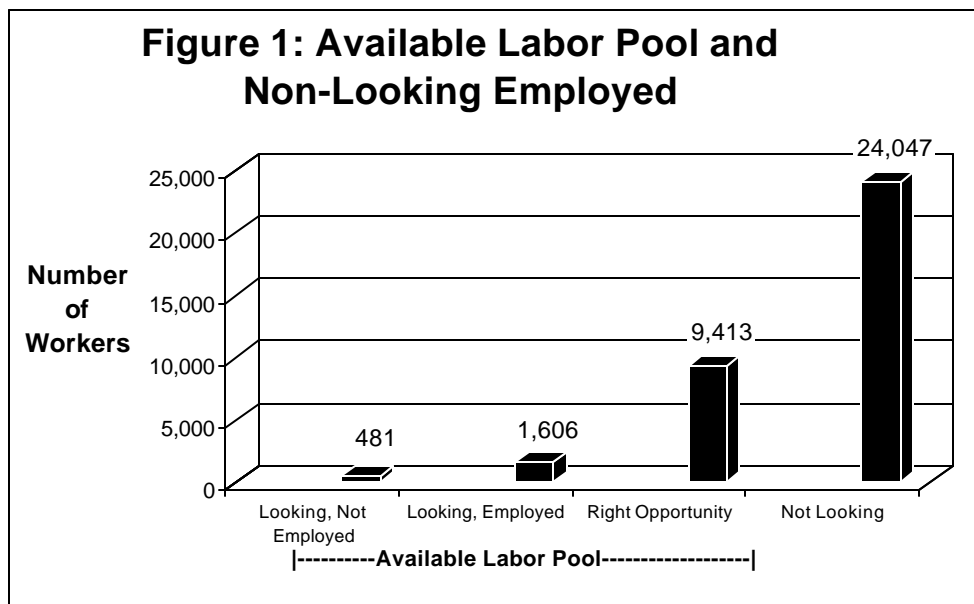


Table 1 (next page) shows the various occupations of these 11,500 potential employees. Traditional blue-collar jobs represent 40.9% of the Available Labor Pool. Included in this blue-collar category are more than 3,960 general laborers (34.4% of the total Available Labor Pool). Traditional customer services and social service related occupations represent 34.3% of the Available Labor Pool, while professional occupations comprise another 19.7%. Finally, students, the unemployed, homemakers and retired represent 4.8% of the Available Labor Pool.

³ “Unemployed” refers not only to official unemployed members of the civilian labor force. “Unemployed” also includes any non-working full-time students, homemakers, and retirees.

Table 1: Occupation

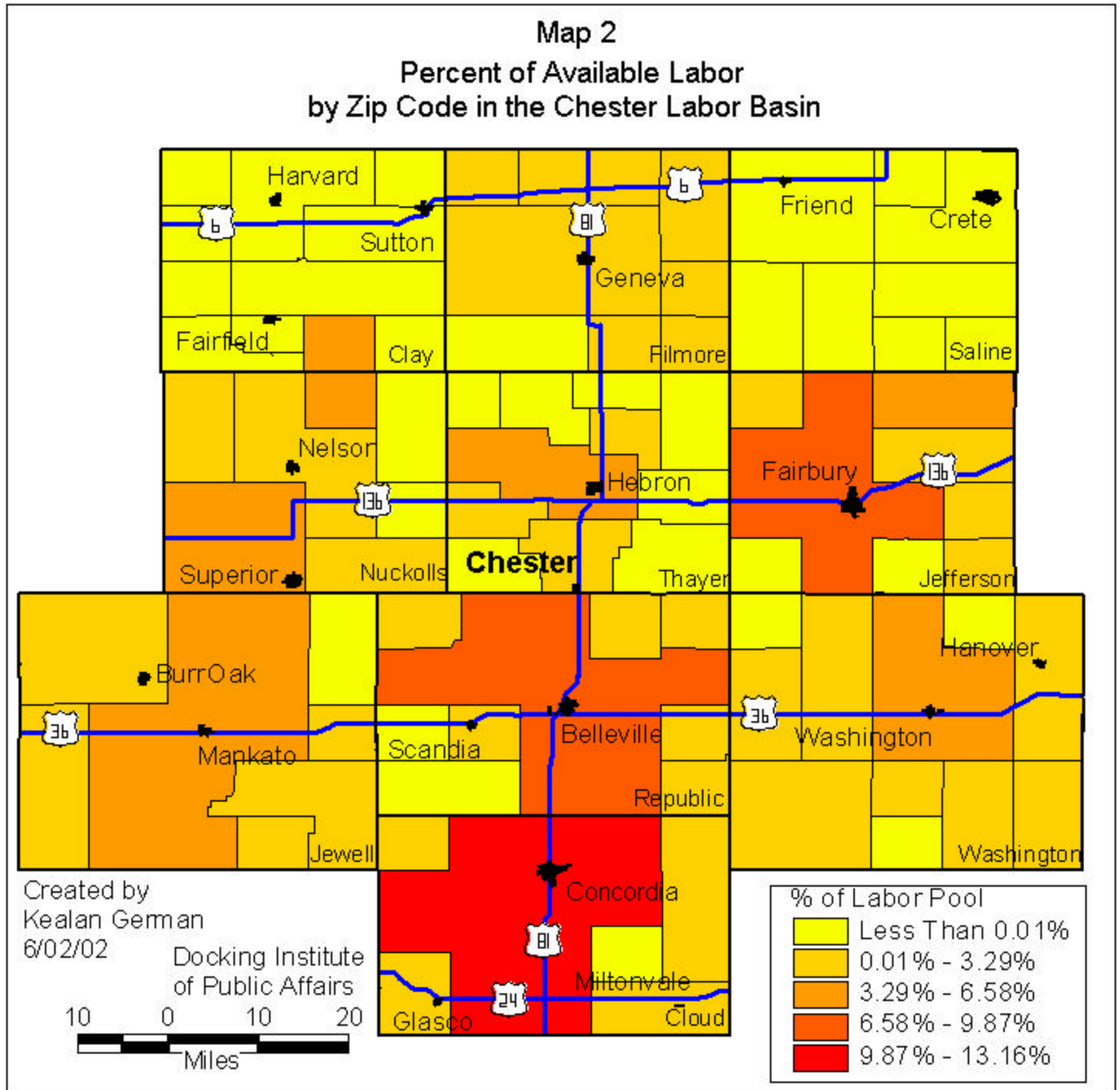
	Number	Percent
Mechanic,Welder	684	5.9
Factory Worker,Meat Packer	72	0.6
General Labor	3,961	34.4
Governmental, Business, and other Professional	1,343	11.7
Clerical	706	6.1
Educator or Professor	925	8.0
Other White Collar	1,040	9.0
Social Service (e.g.health,babysitting)	1,304	11.3
Sales, Hotel, Restaurant, Food Service	911	7.9
Homemakers and Retirees	202	1.8
Full or Part Time Student	63	0.5
Unemployed	290	2.5
Total	11,500	100.0

Table 2 shows the gender, age statistics, and educational levels of these 11,500 workers. Approximately 54% are men, and the median year born is 1959, making the average age about 43 years old. The educational levels of the Available Labor Pool are high. Almost three-quarters (71.3%) of the available workers have at least some college education, while almost all (96.4%) workers have at least a high school diploma.

Table 2: Age, Gender, and Education Level

Age	Year Born		
Average	1958		
Median	1959		
Gender	Number	Percent	
Female	5,283	45.9	
Male	6,217	54.1	
Total	11,500	100.0	
Highest Level of Education Achieved	Number	Percent	Cum. Percent
Doctoral Degree	192	1.7	1.7
Masters Degree	599	5.2	6.9
Bachelors Degree	2,108	18.3	25.2
Associates Degree	2,035	17.7	42.9
Some College	3,269	28.4	71.3
High School Diploma Only	2,883	25.1	96.4
Less HS Diploma	414	3.6	100.0
Total	11,500	100.0	

Zip codes of respondents were used to map the Available Labor Pool. Map 2 shows how each zip code in the basin compares to all other zip codes in terms of percent of total available workers for a job in the Chester Labor Basin. Each zip code is grouped into one of five categories specified in the key. Not surprisingly, the zip codes with the highest levels of available labor with the Chester Labor Basin are located around Fairbury, Belleville, and Concordia.



An important consideration for many employers is whether workers are willing to pursue new employment opportunities. Some workers may be available for a new employment, but are unwilling to switch from their current job to a different type of position. If there are a large percentage of those unwilling to change their job descriptions, it limits the type of employers who can enter the labor basin. However, this is not the case in the Chester Labor Basin. Table 3 indicates that almost 87% of the Available Labor Pool, or about 10,010 workers, are willing to accept positions outside of their primary fields of employment (for example, manufacturing employment to service sector employment).

Table 3: Willing to Take Job Outside of Primary Field

	Number	Percent
Yes	10,010	87.0
No	1,490	13.0
Total	11,500	100.0

Table 4 and Figure 2 (next page) indicate that the Available Labor Pool in the Chester Labor Basin is open to commuting. Almost all (96.1%) of the workers in the Available Labor Pool will commute 10 minutes or less, one way, for an employment opportunity, and 65% (or about 7,486 workers) will commute 30 minutes or less for employment. More than 2,224 workers (almost one-fifth) are willing to travel for 45 minutes or less for employment.

Table 4: Time Available Labor Will Commute

	Number	Cumulative Percent
More than 60 Minutes	665	5.8
60 Minutes or Less	1,141	9.9
55 Minutes or Less	1,233	10.7
50 Minutes or Less	2,045	17.8
45 Minutes or Less	2,224	19.3
40 Minutes or Less	2,990	26.0
35 Minutes or Less	3,210	27.9
30 Minutes or Less	7,486	65.1
25 Minutes or Less	8,171	71.1
20 Minutes or Less	9,891	86.0
15 Minutes or Less	10,336	89.9
10 Minutes or Less	11,055	96.1
5 Minutes or Less	11,500	100.0

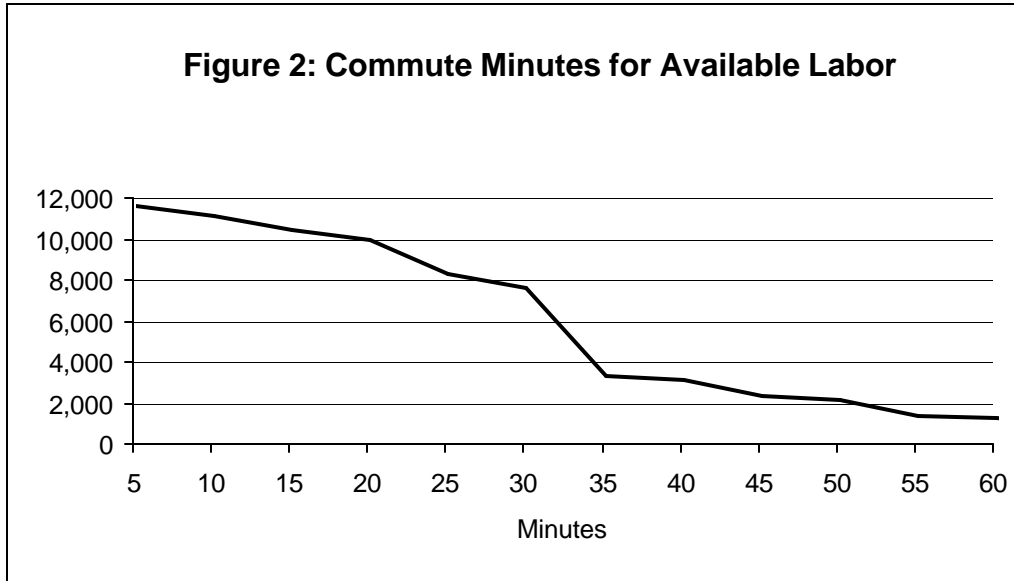
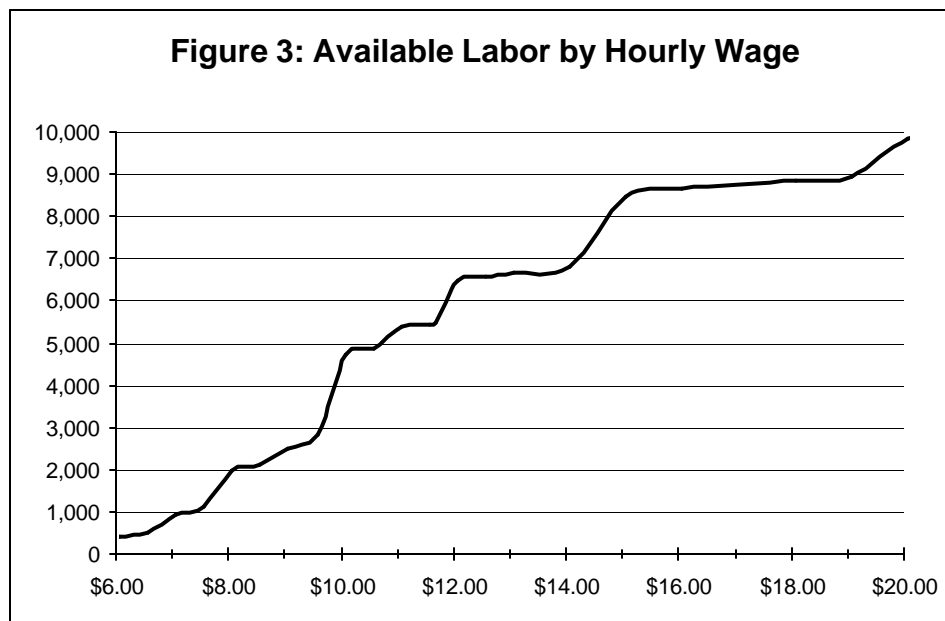


Table 5 shows that the most important benefit affecting workers' decisions to leave their present job is higher pay (96.3%), followed by improved retirement benefits (80.0%), and better health benefits (57.6%). More than half (52.7%) suggest educational opportunities are very important, while only 28.4% indicate that working in a different community is very important.

Table 5: Benefit Very Important In Decision to Change Employment

	Percent Responding "Yes"
Salary	96.3
Retirement	80.0
Health Benefits	57.6
Educational Opportunities	52.7
Different Community	28.4

Figure 3 shows the wage demands of the Available Labor Pool. More than 6,620 people (or about 58%) are interested in a new job if offered \$14.00 an hour. About 6,310 members of the Available Labor Pool, or 55%, are interested in a new job offering \$12.00 an hour. Approximately 4,566 members, or almost 40%, are interested in new employment at \$10.00 an hour. About 1,815 people (or almost 16% of the Available Labor Pool) indicate interest in a new employment opportunity with a wage of \$8.00 an hour.



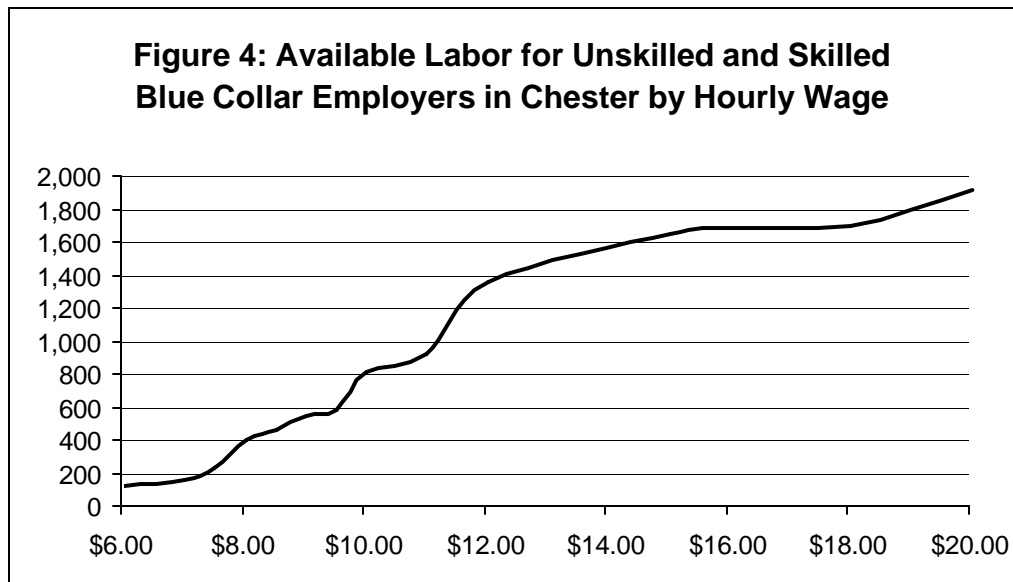
Blue Collar and Pink Collar Sector Scenarios

To present an even clearer picture about the number workers that would seriously consider a new employment opportunity, a number of factors are considered. These factors include commute time, desired wages, and willingness to change job fields. Specifically, the following analyses *excludes* those members of the Available Labor Pool who:

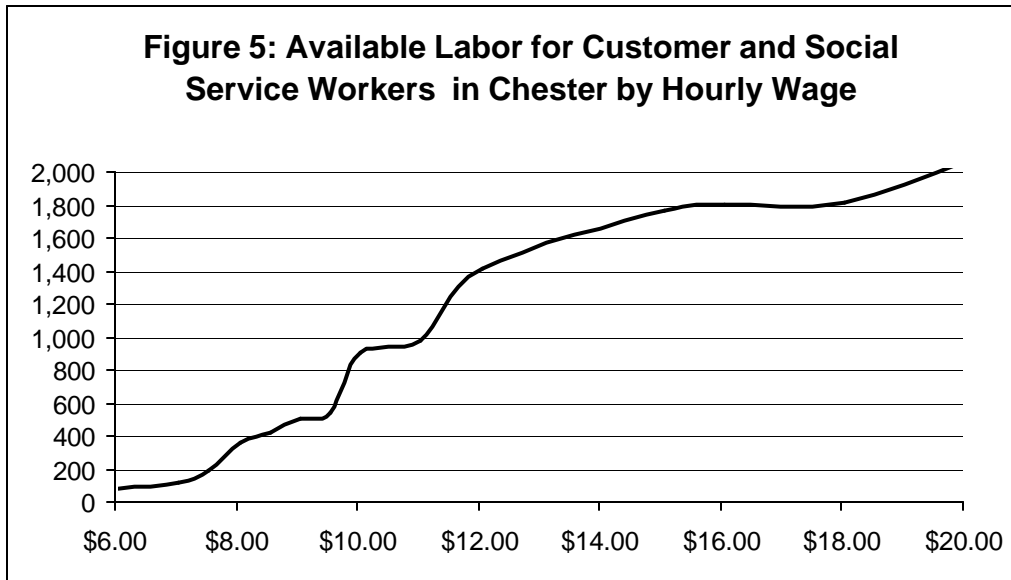
- 1) Are unwilling to commute the necessary time from his/her community to the center of the labor basin.
- 2) Have wage expectations exceeding \$20.00 an hour.
- 3) Are unwilling to change their primary field of employment (for example: service sector to manufacturing).

Given these exclusions⁴, Figures 4 and 5 (next page) suggest the number of employees that employers of unskilled and skilled blue-collar workers, and customer service and social service workers, might find available at given wage levels. The available labor for an unskilled and skilled blue-collar employer, for example, offering \$14.00 an hour is almost 1,500 workers. At \$12.00 an hour the available labor is about 1,295 workers, at \$10.00 an hour the available labor is about 750, and at \$8.00 the available labor is slightly less than 340 people.

For a service sector employer offering \$14.00 an hour, the available labor is slightly more than 1,600, at \$12.00 there are about 1,400 workers available, at \$10.00 an hour there are about 885, and at \$8.00 there are about 340 people available.



⁴ In addition, certain professional occupations are excluded from the data presented in *this* section of the report. These occupations include Doctors, Lawyers, Engineers, Professors, and others that are highly skilled, but are unlikely to transfer into Blue Collar (manual labor) and Pink Collar (service and support) occupations.



Underutilization Among the Available Labor Pool

Underutilization — individuals possessing skills and/or training that exceeds the responsibilities of their current job — is a significant issue in many communities. To assess the level of underutilization, the survey asked respondents if their skills, education, or talents are underutilized in their current job. Figure 6 shows that almost a third, or 3,722 workers, in the *entire* Available Labor Pool, consider themselves underutilized.

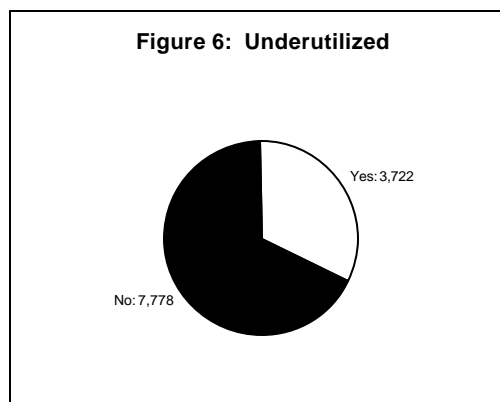
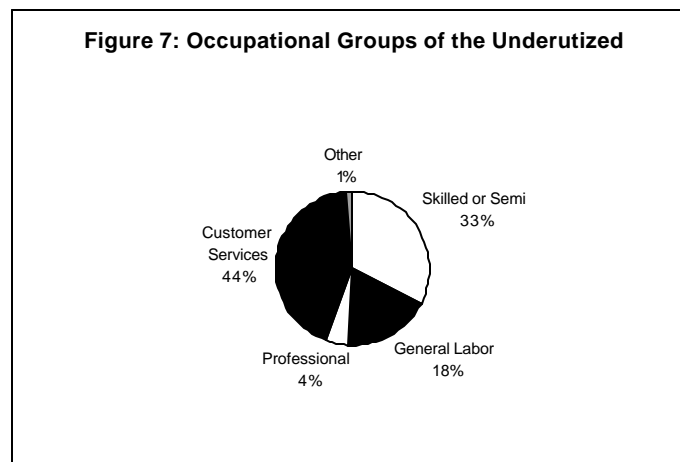


Table 6 shows the education levels of these underutilized workers in the Available Labor Pool, with a substantial majority (82.2%) having at least some college education. Almost all (97%) have a high school diploma.

Table 6: Highest Level of Education Achieved By Underutilized

	Number	Percent	Cum. Percent
Doctoral Degree	0	0.0	0.0
Masters Degree	84	2.3	2.3
Bachelors Degree	685	18.4	20.7
Associates Degree	992	26.6	47.3
Some College	1,299	34.9	82.2
High School Diploma Only	564	15.2	97.4
Less HS Diploma	98	2.6	100.0
Total	3,722	100	

The underutilized workers also tend to be currently employed in areas of strong demand. Figure 7 illustrates that half of the underutilized workers are employed as general laborer and skilled or semi-skilled blue-collar workers. Another 44% are in customer service-related occupations, and 4% are in professional positions.



Conclusions

The Available Labor Pool in the Chester Labor Basin consists of 11,500 individuals. The Available Labor Pool includes potential workers that are currently employed, retired, and/or unemployed in any manner *and* are seeking new full-time employment *or* are willing to consider different employment for the “right opportunity.”

It is estimated that the Available Labor Pool in the Chester Labor Basin is made up of 481 unemployed potential workers, 1,606 employed workers seeking new employment, and 9,413 employed workers that would consider changing employment for the right opportunities.

Importantly, 70% of the Available Labor Pool in the Chester Labor Basin has at least some college education, while almost all 96% have at least a high school diploma. In addition, more than 70% of the Pool is willing to travel at least 25 minutes, one way, for a new employment opportunity, and 87% is willing to take a job outside of their primary field of employment for a new job.

Wage demands seem reasonable in the Chester Labor Basin. More than 6,620 people (or about 58% of the Available Labor Pool) are interested in a new job if offered \$14.00 an hour, and about 4,566 members, or almost 40%, are interested in new employment at \$10.00 an hour.

For employers primarily in blue-collar unskilled and skilled fields, the available labor is 1,500 workers for \$14.00 per hour, and 1,295 for \$10.00 per hour. For service sector employers, about 1,600 workers are available at \$14.00 per hour, and 1,400 workers are available at \$10.00 an hour.

About a third of the Available Labor Pool (or 3,773 workers) in the Available Labor Pool, consider themselves underutilized. Most (82.2%) have at least some college education, while almost all (97%) have a high school diploma.

Methodology

The findings from this study are based on a random digit telephone sample of 867 adults living in six counties in southern Nebraska and four in northern Kansas. A survey of adults in portions of Fillmore, Clay, and Saline counties was conducted from December 5, 2001 to December 18, 2001. A survey of adults in portions of the Nebraska counties of Thayer, Nuckolls, Jefferson, and Republic Washington, Jewell, and Cloud counties, Kansas, was conducted from March 5, 2001 to March 9, 2001.

Both surveys used a Computer Assisted Telephone Interviewing (CATI) system. A total of 1,239 households were successfully contacted during the phone survey, and in 867 of these households an adult who is working, unemployed, or retired agreed to do the interview. This represents a response rate of 70%.

As previously mentioned, the margin of error for the survey findings of the 867 respondents is +/- 3.3%. The margin of error for the Available Labor Pool is +/- 6.8%.

The study sponsors and Docking personnel agreed upon the survey items used, with the former identifying the study objectives and the latter developing items that were valid, reliable, and unbiased. Question wording and design of the survey instrument are

the property of the Docking Institute. A detailed summary of the method of analysis used in this report can be found in Joseph A. Aistrup, Michael S. Walker, and Brett A. Zollinger, "The Kansas Labor Force Survey: The Available Labor Pool and Underemployment." *Kansas Department of Human Resources*, 2002.