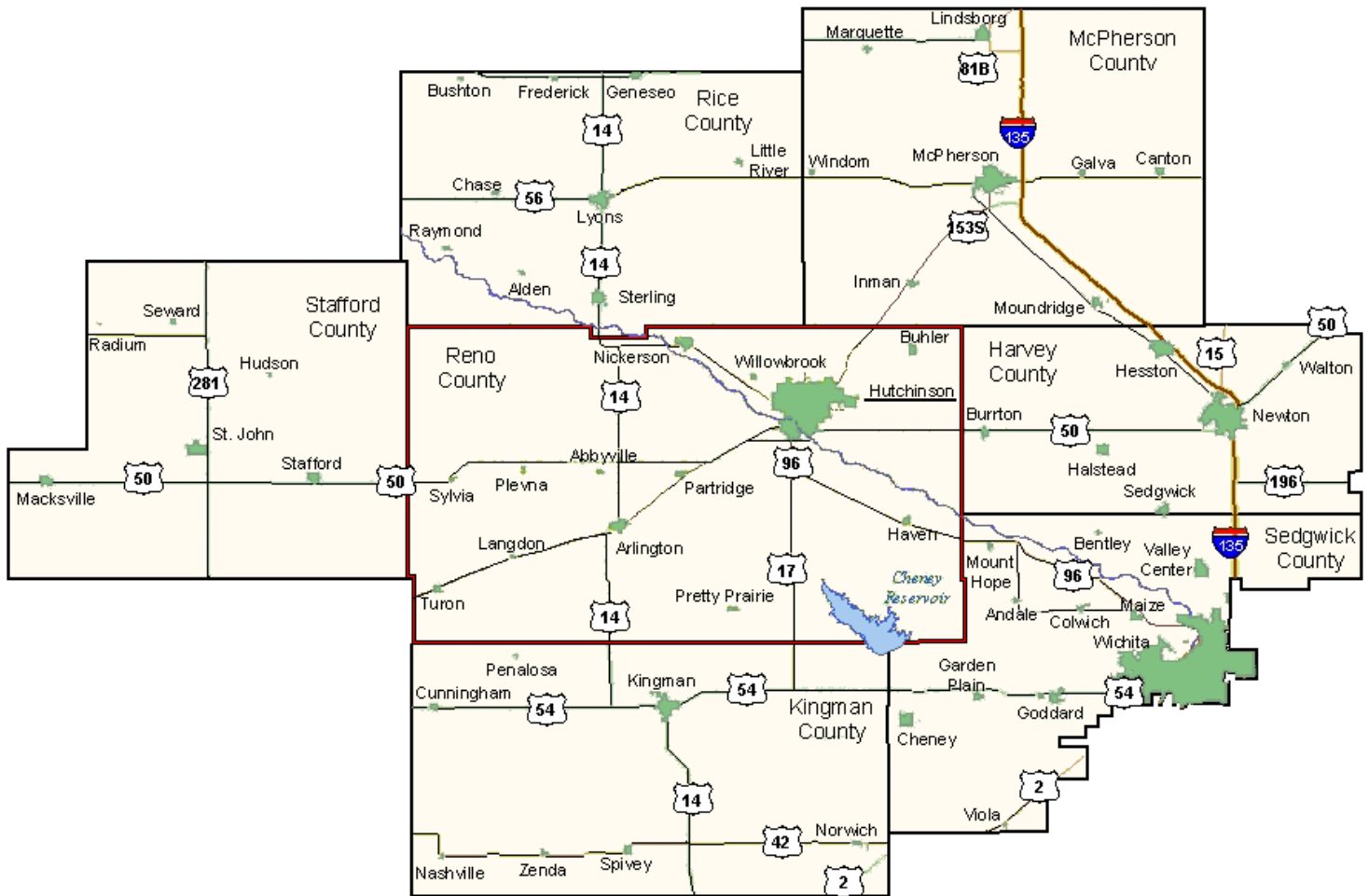


Hutchinson Labor Basin Labor Availability Analysis

Reno, Rice, McPherson, Harvey, Kingman,
Sedgwick and Stafford Counties, Kansas



Prepared For

Hutchinson Economic Development Corporation

Prepared By

The Docking Institute of Public Affairs

Copyright © June 2003
All Rights Reserved



Fort Hays State University
600 Park Street
Hays, Kansas 67601-4099
Telephone: (785) 628-4197
FAX: (785) 628-4188
www.fhsu.edu/docking

The staff of
**The Docking
Institute of
Public Affairs**
and its
**University
Center for
Survey
Research** are
dedicated to
serving the
people of
Kansas and
surrounding
states.

If you have
questions or
comments,
and/or need
assistance,
please do not
hesitate to
contact our
staff.

Brett Zollinger, Ph.D.
Director

Michael S. Walker, M.S.
Research Scientist

Trevor Steinert, M.L.S
Research Scientist

Joyce Wolfe, M.S.
UCSR Manager

Jean Leavitt Walker
Special Events Coordinator

Jodie Wear-Leiker
Administrative Assistant

Hutchinson Labor Basin Labor Availability Analysis

Prepared By:

Michael S. Walker, M.S.
Research Scientist

and

Brett Zollinger, Ph.D.
Director

Prepared For:

Jon Daveline, President
Hutchinson Economic Development Corporation
c/o Chamber of Commerce
117 North Walnut
Hutchinson, Kansas 67501

Copyright © June 2003
All Rights Reserved

Hutchinson Labor Basin Labor Availability Analysis Executive Summary

The Hutchinson Labor Basin includes Reno, Rice, McPherson, Harvey, Kingman, Stafford and (portions of) Sedgwick Counties in 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.

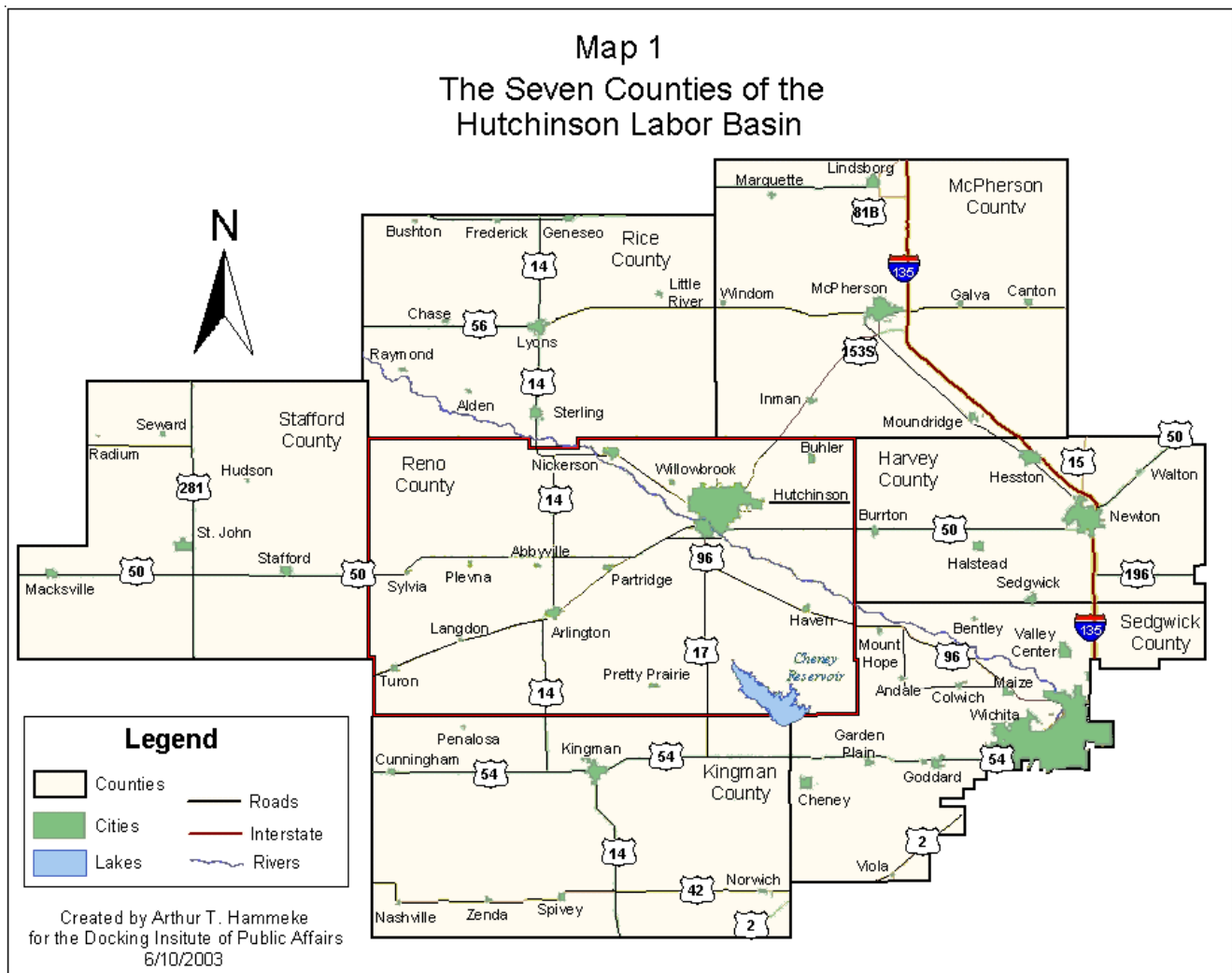
The Docking Institute’s independent analysis of this labor basin shows that:

- The population of the Hutchinson Labor Basin is estimated to be 333,425. About 25% of the total population (or 85,151 individuals) is considered to be part of the Available Labor Pool.
- Of the Available Labor Pool, it is estimated that 7,858 non-working and 11,805 working individuals are **looking** for new employment, while 10,372 non-working and 55,116 working individuals would **consider** new and/or different employment for the right opportunities.
- Almost 75% of the Available Labor Pool have at least some college education, while more than 95% have at least a high school diploma. More than 50% have obtained at least an Associates Degree. The average age for members of the Available Labor Pool is 43 years.
- About 62,153 members (or 73%) of the Available Labor Pool indicate that they have strong skills in the areas of teaching and/or training. Almost 72% suggest that they have strong customer service and/or sales skills, and 68% report strong writing skills.
- About 27% of the members (or 23,150 individuals) of the Available Labor Pool will commute up to 45 minutes, one way, for an employment opportunity. About 61,850 (73%) will travel up to 30 minutes for employment, and 81,380 (96%) will travel up to 15 minutes for employment.
- A substantial majority (80% or about 67,890 members) of the Available Labor Pool indicated that they are “willing work outside of their primary field of employment for a new or different employment opportunity.”
- About 33,660 individuals (or 40% of the available labor) are interested in a new employment if offered \$14.00 an hour. About 27,260 people (or 32%) are interested in a new job at \$12.00 an hour, 22,860 (or 27%) are interested at \$10.00 an hour, and about 8,630 (or 10%) are interested at \$8.00 an hour.
- 31,340 (or 47%) of the **working** members of the Available Labor Pool consider themselves underutilized. Almost 80% of the underutilized workers have some college experience, and most (78%) of the underutilized workers are willing to change jobs to address their underutilized status.

Hutchinson Labor Basin Labor Availability Analysis

The Hutchinson Labor Basin encompasses portions of seven counties in central Kansas (see Map 1 below). The criterion used to include a county in this labor basin is whether it has a significant border adjacent to Reno County within which Hutchinson is located and/or whether the county contains communities that are sufficiently isolated (but with adequate transportation access) to suggest their residents would commute to the Hutchinson area for an employment opportunity. In addition, only the northwestern portion of the city of Wichita in Sedgwick County is included in this labor basin because it is assumed that the labor market is sufficient south and east of that area to discourage workers to commute to Hutchinson for employment.

The Hutchinson Labor Basin has a total population of approximately 333,425, and a Civilian Labor Force (CLF) of 163,557. There is an unemployment rate of 3.95%, 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 there are 19,663 workers and non-workers (12% of the CLF) who are actively looking for new or different employment, and 65,488 (40% of the CLF) who would consider new or different 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 Hutchinson Labor Basin is 163,557 workers.

While a review of CLF statistics represents the starting point for understanding the labor force in and around the Hutchinson area, 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 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 blue-collar employment only, while, in reality, the quantity and quality of workers might be sufficient to support the needs of non-professional service sector/information-based employers. 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 employment, 2) currently retired and/or non-working in any manner *and* seeking 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 number of potential workers is then

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 who are 18 to 65 years old.

restricted to those workers who indicate they are looking for or are available for new employment. The advantage of this methodology is that it allows researchers to examine 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 Hutchinson Labor Basin includes 85,151 individuals. This represents a substantial number of workers and potential workers for employers to draw upon in the Hutchinson Labor Basin.

The Hutchinson Labor Basin's Available Labor Pool

This section assesses the characteristics of the Available Labor Pool in the Hutchinson 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 skills do those who would consider a new employment opportunity have? 3) What types of considerations (pay, benefits, commuting distance) shape their decision-making? 4) What is the quality of those who would seriously consider a new employment opportunity? 5) What proportion of those workers among the available labor pool are considered “underutilized” workers? and 6) What are some of the characteristics of those underutilized workers?

The percent of the study area population in the Available Labor Pool is derived from a random digit telephone survey of 996 employed and non-employed adults living in the Hutchinson Labor Basin. When all 996 respondents are included in the analysis, the survey findings have a margin of error of +/- 3.1%. The margin of error for subgroups is higher. Most of these analyses are based on a subgroup of respondents who were determined to be in the Available Labor Pool (see definition above). For these 544 respondents, the survey has a margin of error of +/- 4.2%. Please see the Methods section of this report for more details about the survey methodology used in this study.

Figure 1 (next page) shows that there is an Available Labor Pool in the Hutchinson Labor Basin of 85,151³. It is estimated that 7,858 non-employed⁴ and 11,805 employed individuals are currently looking for new or different employment, while 10,372 non-employed individuals and 55,116 employed individuals would consider changing employment for the right opportunities.

³ The Available Labor Pool includes individuals that indicate that they are looking for or are available for full-time employment, and individuals that indicate that they are available for both full-time and part-time employment.

⁴ The terms “non-employed” and “non-working” refer not only to official unemployed members of the Civilian Labor Force. These terms also include any non-employed/non-working full-time students, homemakers, retirees, and disabled individuals.

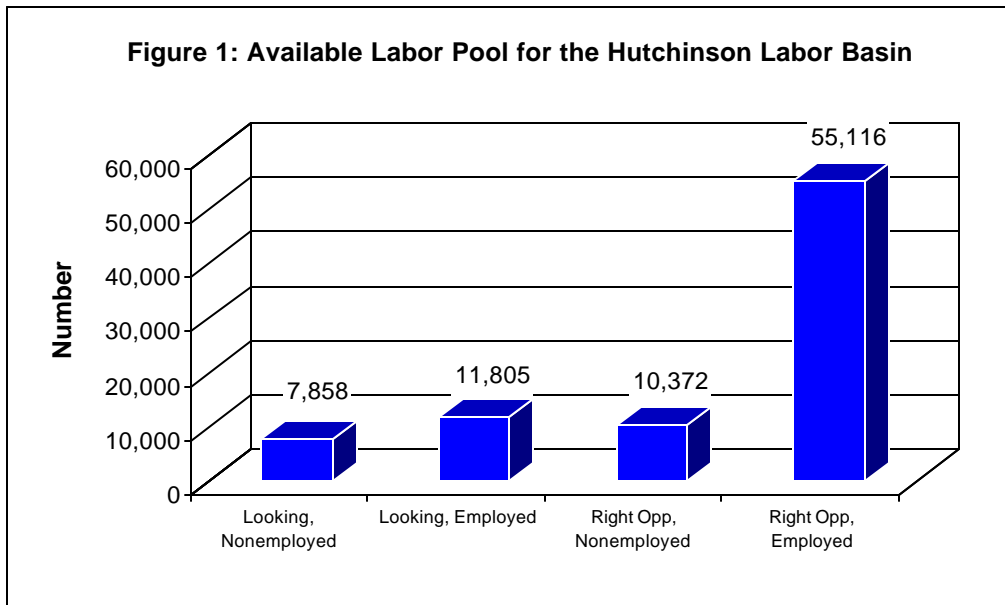


Table 1 shows the gender, age statistics, and educational levels of the 85,151-member Available Labor Pool. About 56% are women, and the average age is 43. The educational levels of the Available Labor Pool are very high. Almost three-quarters (74.7%) members have at least some college education, while almost all (95.3%) have at least a high school diploma, and half (50.2%) have at least an Associates Degree.

Table 1: Age, Gender, and Education Level of Available Pool

Age	Age in 2003		
Average	43		
Median	44		
Gender	Number	Percent	
Female	47,682	56.0	
Male	37,469	44.0	
Total	85,151	100.0	
Highest Level of Education Achieved	Number	Percent	Cum. Percent
Doctoral Degree	981	1.2	1.2
Masters Degree	10,189	12.0	13.1
Bachelors Degree	20,654	24.3	37.4
Associates Degree	10,947	12.9	50.2
Some College	20,871	24.5	74.7
High School Diploma Only	17,501	20.6	95.3
Less HS Diploma	4,008	4.7	100.0
Total	85,151	100.0	

Table 2⁵ shows the various occupational categories of the 85,151 members of the Available Labor Pool. Traditional blue-collar occupations represent about 21% of the Available Labor Pool, including 9,127 general laborers, 3,000 factory workers, and 3,719 technicians. Traditional service-related and “white-collar” occupations represent about 57% of the Available Labor Pool, including 12,103 customer service/clerical and 13,166 managers and sales operatives.

Table 2: Occupation of Available Labor

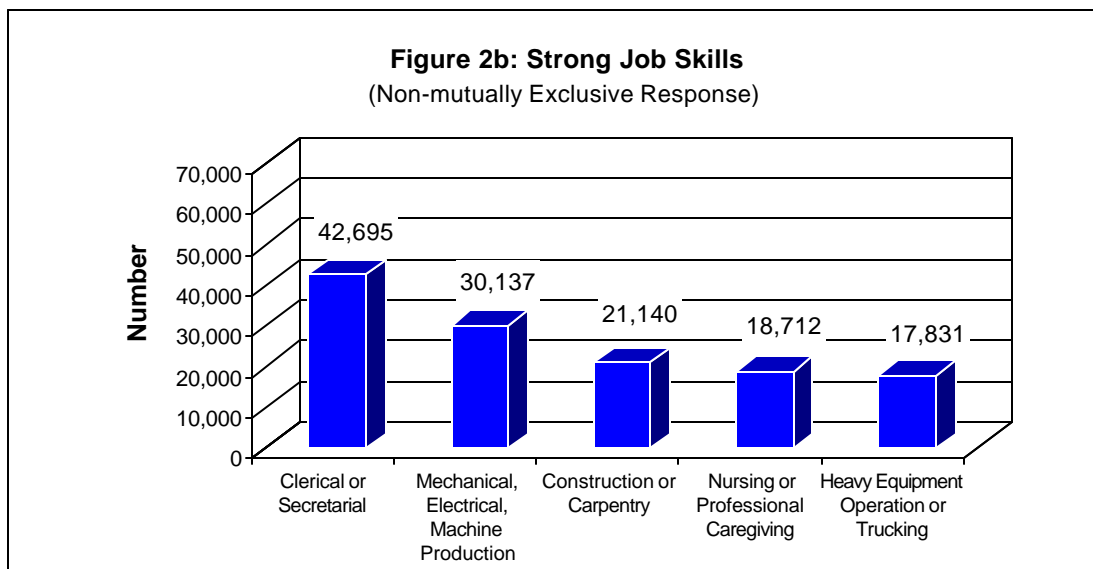
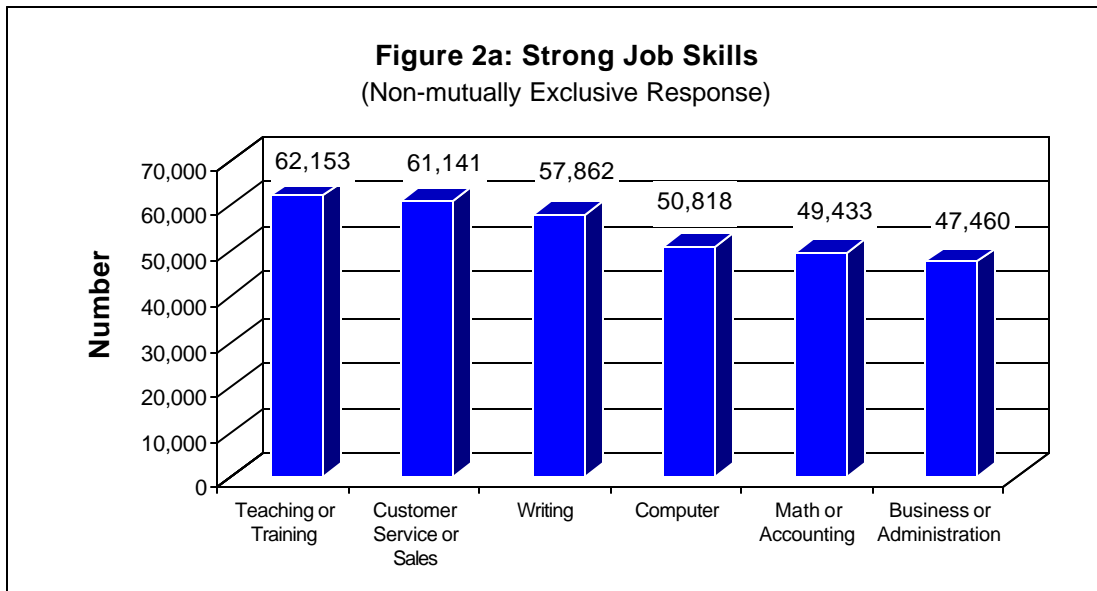
	Number	Percent
General Labor	9,127	10.7
Farm/Ranch Labor	682	0.8
Factory Worker/HEO	3,000	3.5
Technician/Mechanic	3,719	4.4
Gov't Service/Other BC	1,677	2.0
Customer Service/Clerical	12,103	14.2
Social Service/Para-Prof.	8,462	9.9
Management/Sales	13,166	15.5
Executives/Professionals	10,126	11.9
Writer/Researcher/Other WC	4,860	5.7
Hmaker/Student/Unemp	11,750	13.8
Retired/Disabled	6,480	7.6
Total	85,151	100.0

Table 3 and Figures 2a and 2b (on the next page) show that almost three-fourths (73% or 62,153 individuals) of the members of the Available Labor Pool indicate that they have strong skills in the areas of teaching and/or training. Almost 72% suggest that they have strong customer service and/or sales skills, and 68% report strong writing skills. Fewer individuals feel that they have strong construction, nursing, or heavy equipment operation skills.

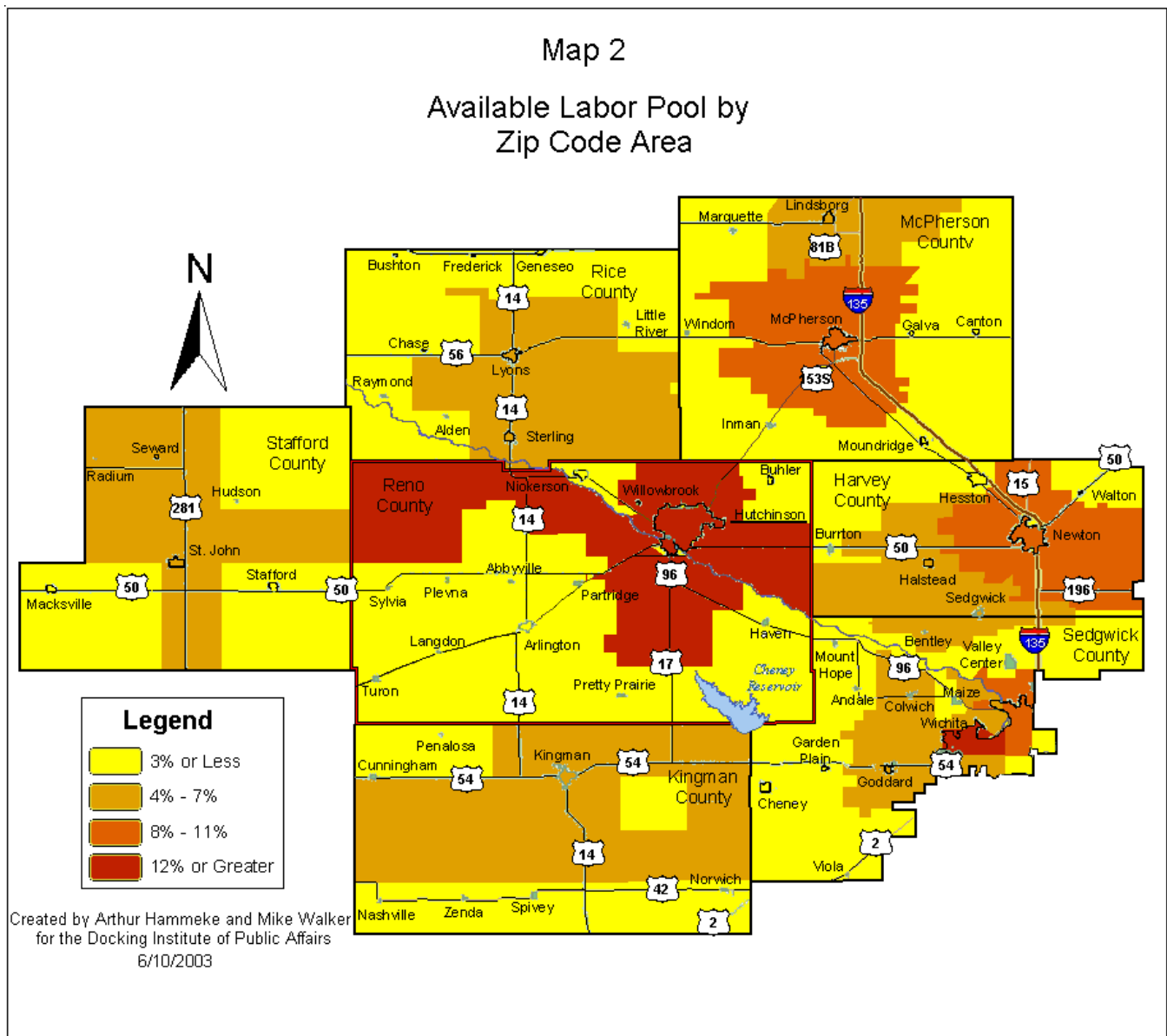
Table 3: Specific Strong Job Skills (Non-mutually Exclusive Responses)

	Number	Percent
Teaching or Training	62,153	73.0
Customer Service or Sales	61,141	71.8
Writing	57,862	68.0
Computer	50,818	59.7
Math or Accounting	49,433	58.1
Business or Administration	47,460	55.7
Clerical or Secretarial	42,695	50.1
Mechanical, Electrical, Machine Production	30,137	35.4
Construction or Carpentry	21,140	24.8
Nursing or Professional Caregiving	18,712	22.0
Heavy Equipment Operation or Trucking	17,831	20.9

⁵ Numbers total to 85,152 due to rounding.



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 Hutchinson Labor Basin. Each zip code is grouped into one of four categories specified in the key. Not surprisingly, the zip codes with the highest levels of available labor within the Hutchinson Labor Basin are located around Hutchinson and portions of Reno County. However, a substantial percentage of members of the Available Labor Pool reside in the cities of McPherson, Newton, and Wichita.



Considerations for Employment

An important consideration for many employers looking to locate or expand operations 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 jobs, it limits the type of employers who can enter the labor basin. This is not the case in the Hutchinson Labor Basin. Figure 3 indicates that 67,898 members of the Available Labor Pool (or about 80% employed and non-employed individuals) are willing to accept positions outside of their primary fields of employment (for example, low-skill blue collar employment to low-skill service sector employment).

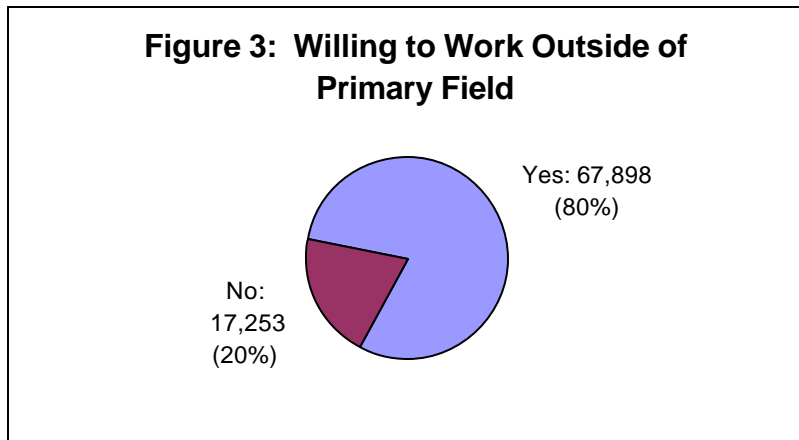


Table 4 and Figure 4 (next page) suggest that the Available Labor Pool in the Hutchinson Labor Basin is open to commuting. Almost 90% of the workers in the Available Labor Pool will commute up to 20 minutes, one way, for an employment opportunity, and almost three-fourths (73% or about 61,848 individuals) will commute up to 30 minutes for employment.

Table 4: Time Available Will Commute

	Cumulative	
	Number	Percent
More than 60 Minutes	127	0.0
Up to 60 Minutes	14,254	16.7
Up to 55 Minutes	14,254	16.7
Up to 50 Minutes	14,976	17.6
Up to 45 Minutes	23,147	27.2
Up to 40 Minutes	28,473	33.4
Up to 35 Minutes	30,962	36.4
Up to 30 Minutes	61,848	72.6
Up to 25 Minutes	64,940	76.3
Up to 20 Minutes	75,955	89.2
Up to 15 Minutes	81,382	95.6
Up to 10 Minutes	83,157	97.7
Up to 5 Minutes	85,151	100.0

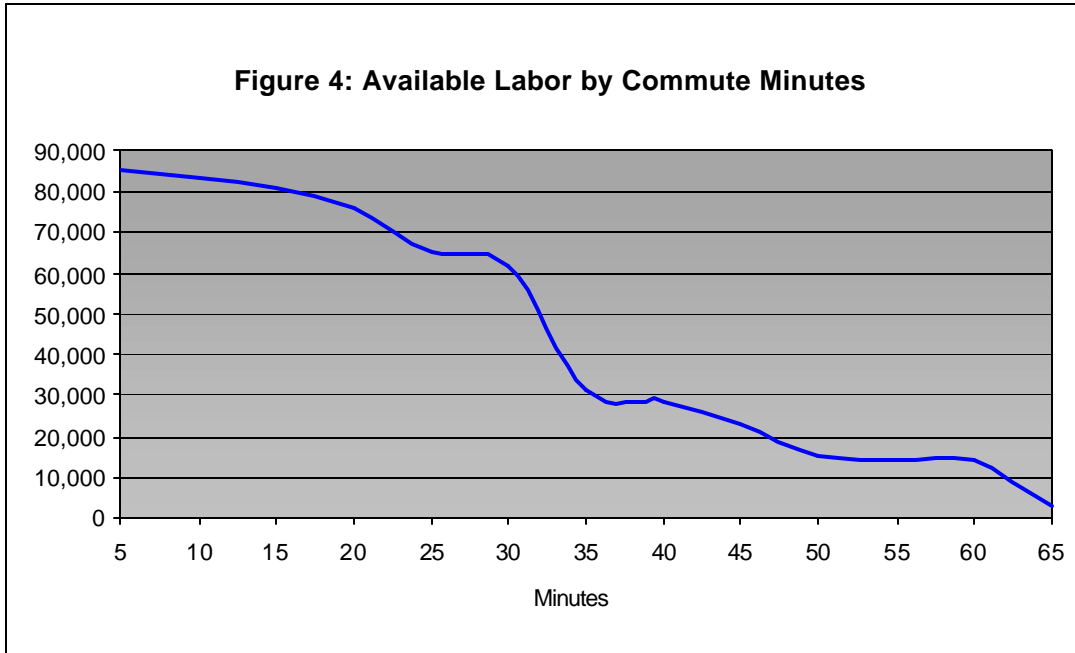


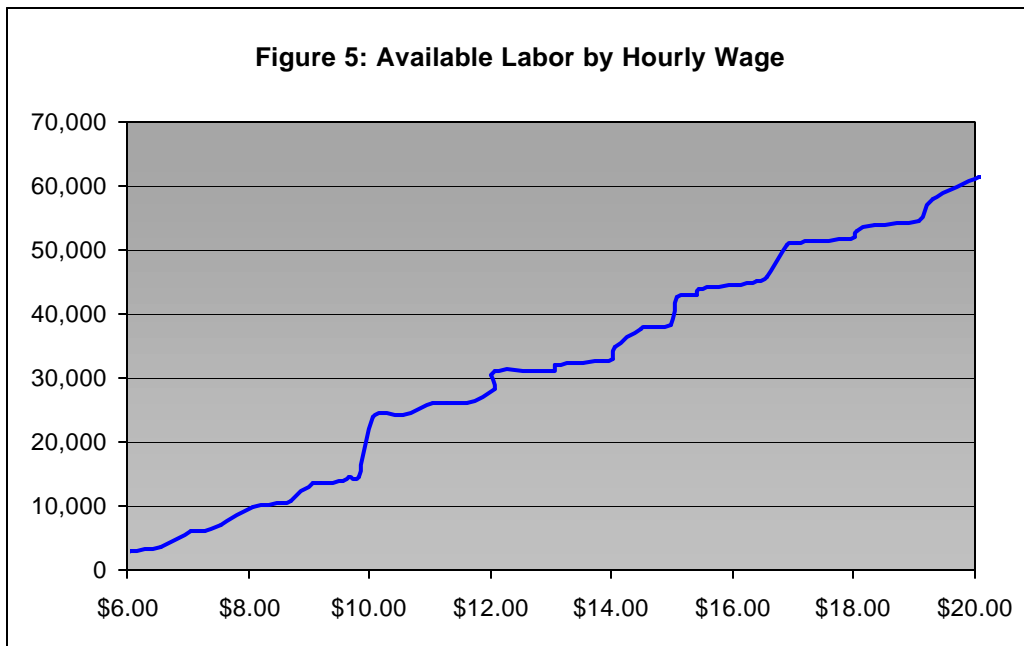
Table 5⁶ shows various benefits affecting the decisions of workers to take a different job and the decisions of potential workers to take a new job. The most important benefits are good health benefits and good retirement benefits (83.6% and 83.3%, respectively), followed by on-the-job training and good salary (82.4% and 82.2%, respectively). The high percentage of respondents desiring paid or on-the-job training is somewhat unusual compared to most other labor studies, suggesting a benefit that Hutchinson employers might offer to attract employees.

Table 5: Benefit Very Important In Decision to Change Employment

	Percent Responding "Yes"
Good Health Benefits	83.6
Good Retirement Benefits	83.3
OJT or Paid Training	82.4
Good Salary	82.2
Good Vacation Benefits	79.5
Flexible Hours	69.7
Good Life Insurance Benefits	60.5
Good Education Benefits	58.6
Work Closer to Home	47.0
Assistance with Childcare	25.5
Work in Different Community	20.5

⁶ The responses shown in Table 5 are *not* mutually exclusive (i.e., respondents could answer "yes" or "no" to more than one question).

Figure 5 shows the wage demands of the Available Labor Pool. About 33,660 people (or almost 40% of the available labor) are interested in a new employment if offered \$14.00 an hour. About 27,260 people (or 32% of the available labor) are interested in a new job at \$12.00. Almost 22,860 people, or about 27%, are interested at \$10.00 an hour, and about 8,630 people (or about 10%) indicate an interest at \$8.00 an hour.

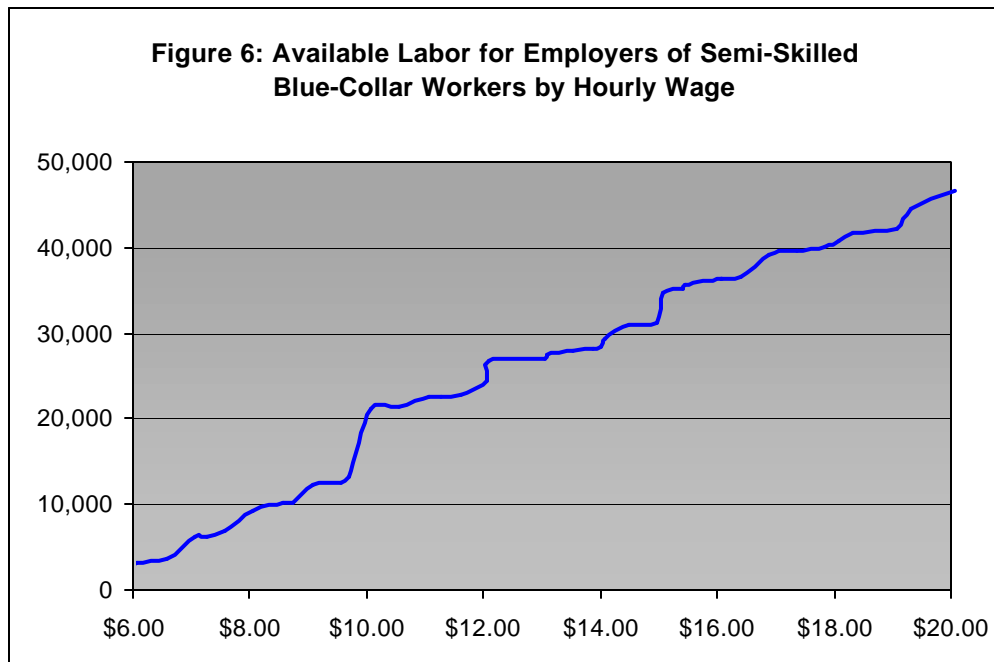


Blue-Collar, Pink-Collar, and White-Collar Sector Scenarios

To present an even more refined picture regarding the number of 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:

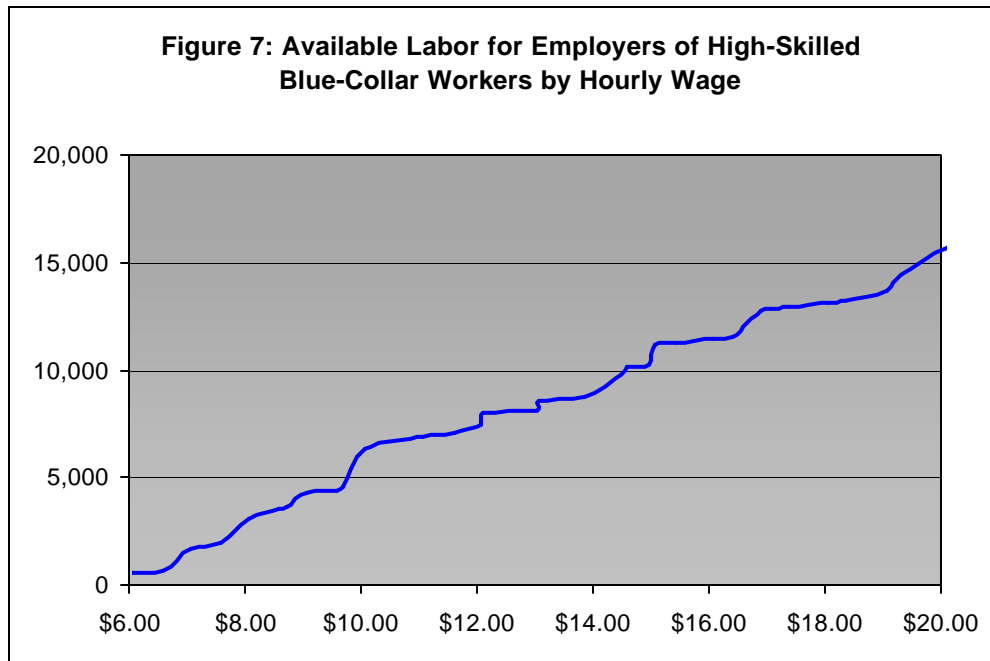
- Are unwilling to commute the necessary time from his/her community to the center of the labor basin.
- Have wage expectations exceeding \$20.00 an hour.
- Are unwilling to change their primary field of employment (for example: service sector to blue collar).

Given these exclusions, Figures 6 to 9 suggest the number of employees that employers of semi-skilled and skilled blue-collar workers, and semi-skilled (“pink-collar”) and skilled white-collar workers might find available at given wage levels. The available labor for an employer of semi-skilled blue-collar workers (see Figure 6⁷ below) offering \$14.00 an hour is about 27,850 workers. At \$12.00 an hour the available labor is about 22,935 workers, at \$10.00 an hour the available labor is almost 12,590, and at \$8.00 the available labor is slightly less than 7,790 people.



⁷ In addition to the exclusions listed above, certain professional occupations are excluded from the data presented in **Figures 6 and 8**. These occupations include Doctors, Lawyers, Engineers, Professors, Machinists, Electricians and others that are highly skilled but are unlikely to transfer into lower-skilled Blue-Collar (manual labor) and Pink-Collar (service and support) occupations.

Figure 7⁸ show that for employers of highly skilled blue-collar workers, about 12,815 individuals are available at a wage of \$18.00 per hour (or an annual salary of \$37,440). At \$16.00 per hour (\$33,280 annually) there are about 11,120 individuals available, at \$14.00 per hour (\$29,120 per year) there are about 9,400 individuals available, and at \$12.00 per hour (\$24,960 annually) there are about 7,700 available.



Figures 8 and 9 (both on the next page) show the available labor for semi-skilled skilled service workers. The available labor for an employer of semi-skilled white-collar (often referred to as “Pink-Collar”) workers (see Figure 9) offering \$14.00 an hour is about 29,240 workers. At \$12.00 an hour the available labor is about 24,090 workers, at \$10.00 an hour the available labor is slightly more than 20,230, and at \$8.00 the available labor is about 7,785 people.

⁸ In addition to the exclusions listed previously, it is assumed that the two groups of highly skilled workers presented in **Figures 7 and 9** will **not** be willing/able to transfer from one group to the other (i.e., from highly skilled white-collar professions to highly skilled blue-collar profession, and vice versa). Furthermore, occupations such as general laborers, general maintenance workers, clerks, cashiers, waitresses, and customer service workers are excluded from the analysis presented in **Figures 7 and 9** because it is assumed that these workers will have neither the skills nor the training necessary to transfer to a highly skilled white-collar or blue-collar job.

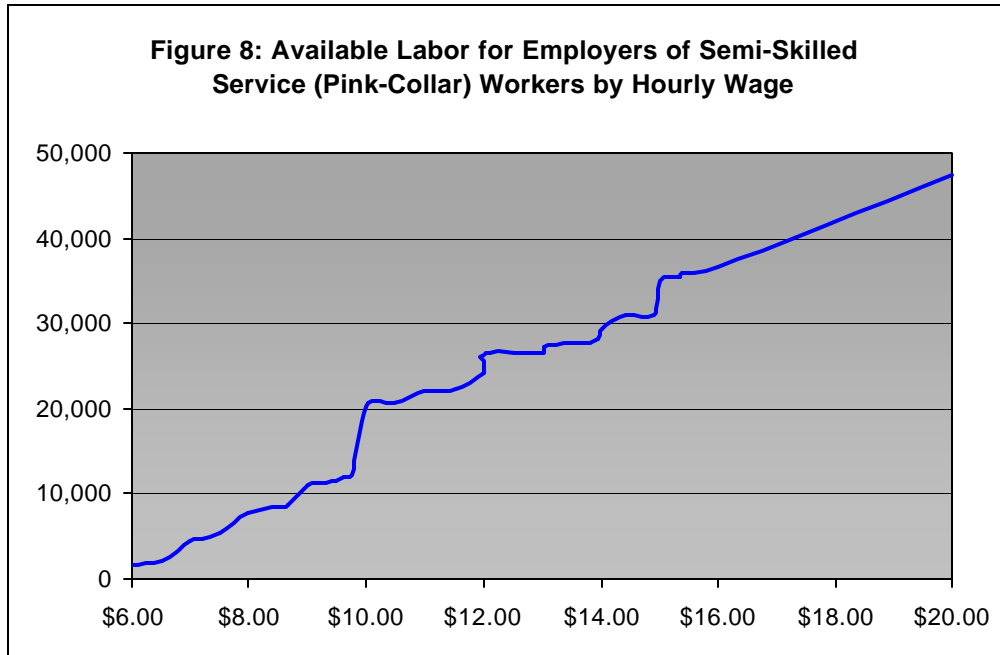
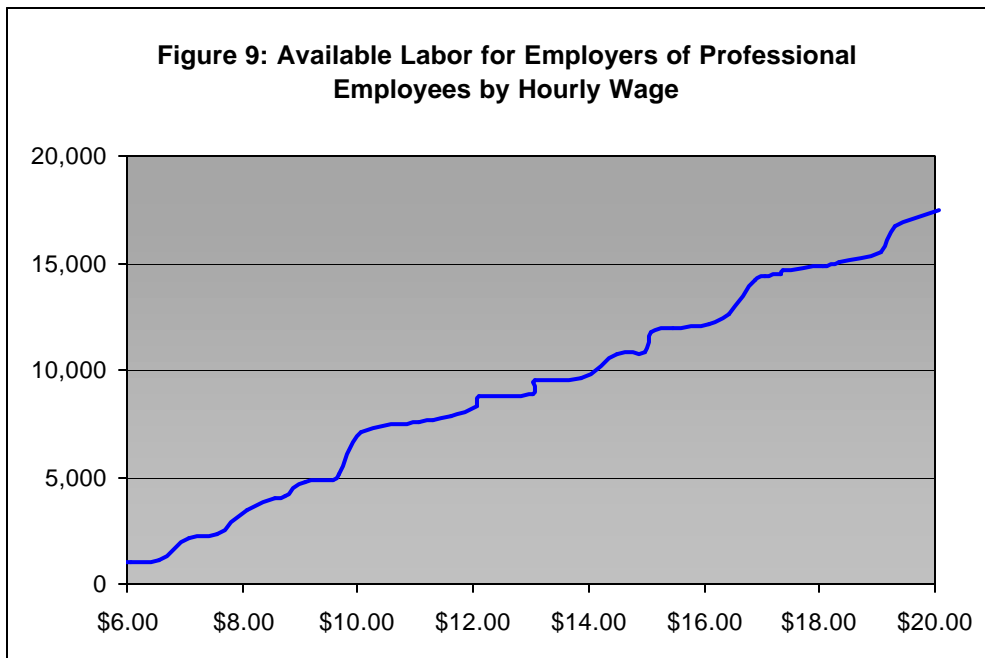


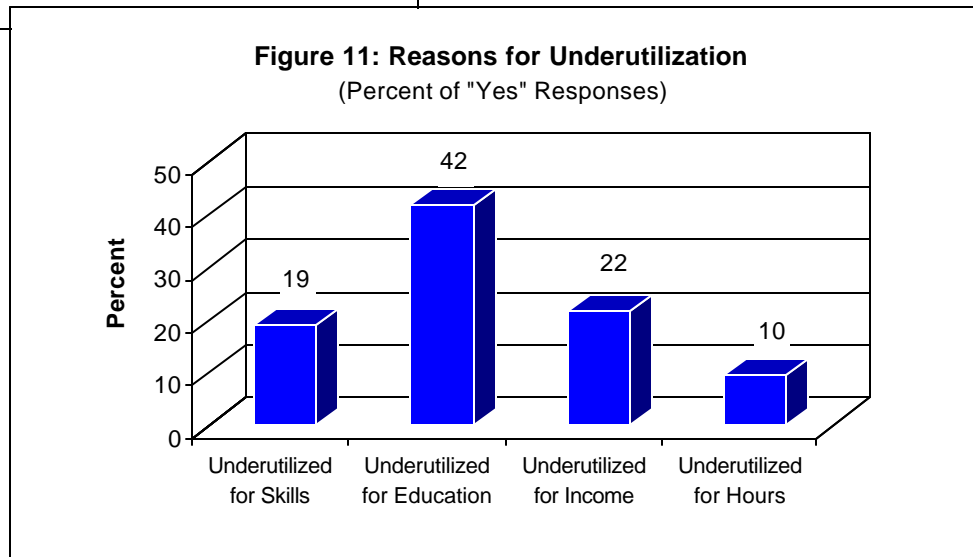
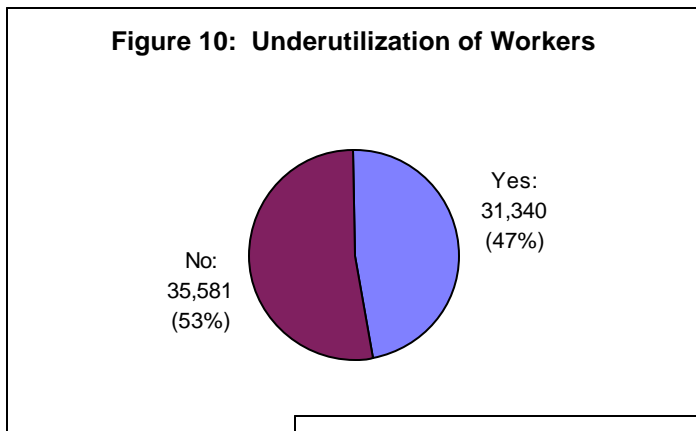
Figure 9 (below) shows that an employer offering \$18.00 an hour (or \$37,440 per year) for highly skilled white-collar workers (or “Professional”), the available labor is about 14,120 individuals. At \$16.00 per hour (or \$33,280 or year) there are about 11,360 individuals available, at \$14.00 per hour (or \$29,120 per year) there are about 9,000 individuals available, and at \$12.00 per hour (\$24,960 annually) there are about 8,040 available.



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 underutilization in the Hutchinson Labor Basin, *working survey respondents* were presented with a scenario describing underutilization. They were then asked a series of questions assessing if they perceived themselves as underutilized on the job because: their skill level was greater than their current job requires, they possess higher levels of education than is required on the job, they earned a higher income at a similar job previously, and/or they are unable to work full-time hours.

Figure 10⁹ indicates that slightly less than half (or 31,340) answered “yes” to any of these questions, and consider themselves underutilized. Figure 11¹⁰ shows the percentages of the positive responses (i.e., “yes” answers) to the various measures of underutilization. These figures show that many of the underutilized members of the Available Labor Pool consider themselves as possessing education levels exceeding those needed for their current jobs.



⁹ Figure 10 represents only those members of the ALP that are currently employed. As is shown in Figure 1, 18,230 members of the ALP are not employed.

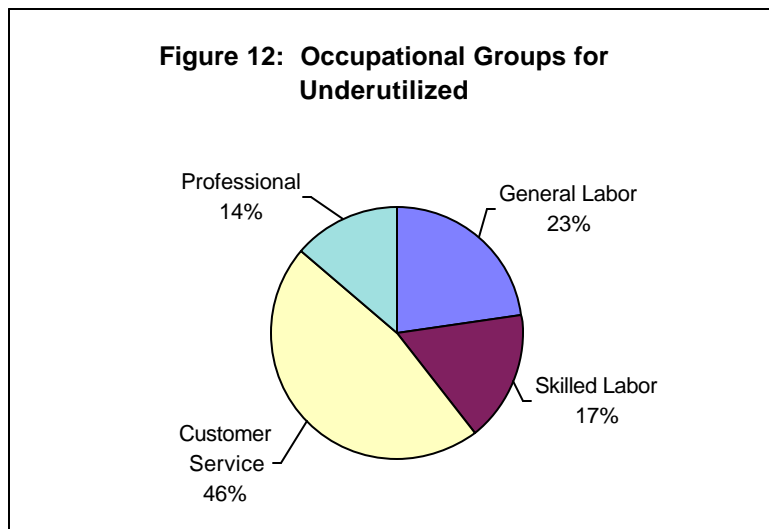
¹⁰ Figure 11 represents only those members of the ALP that are employed and underutilized. The responses shown here are *not* mutually exclusive (i.e., respondents could answer “yes” to more than one question).

Table 6 and Figure 12 show some characteristics of the underutilized members of the Available Labor Pool. Table 6 indicates that the education level of the underutilized workers is high, with a substantial majority (79%) having at least some college education and almost all (94.4%) having high school diplomas.

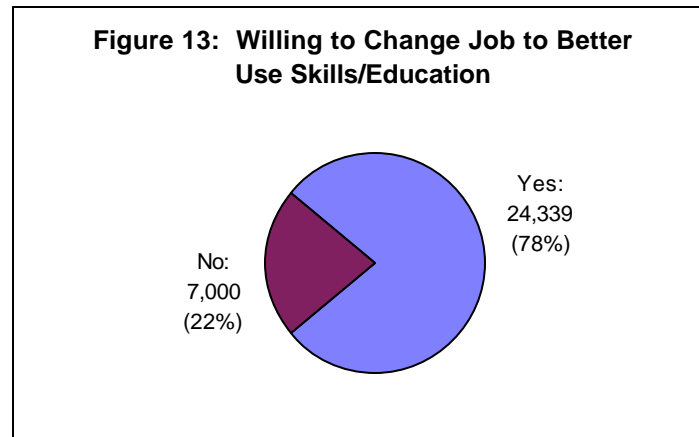
Table 6: Highest Level of Education Achieved Among Underutilized

	Number	Percent	Cum. Percent
Doctoral Degree	308	1.0	1.0
Masters Degree	3,273	10.4	11.4
Bachelors Degree	8,552	27.3	38.7
Associates Degree	4,958	15.8	54.5
Some College	7,771	24.8	79.3
High School Diploma Only	4,714	15.0	94.4
Less HS Diploma	1,763	5.6	100.0
Total	31,340	100.0	

Figure 12 (below) shows that 40% of the underutilized workers are employed as general labor and skilled or semi-skilled blue-collar workers, and 60% are in customer service-related occupations and in professional positions.



Respondents indicating that they were underutilized were then asked a follow-up question addressing the willingness to change jobs in order for them to better utilize their skills and/or education. Figure 13 suggests that a large portion of the underutilized workers (78%) is willing to change jobs to address underutilization.



Methodology

The findings from this study are based on a random digit telephone sample¹¹ of 966 adults living in seven counties in central Kansas. Survey data was collected from April 01, 2003, to April 24, 2003, using a Computer Assisted Telephone Interviewing (CATI) system. A total of 1,452 households were successfully contacted during the phone survey, and in 996 of these households an adult agreed to do the interview. This represents a response rate of 69%. As previously mentioned, the margin of error for the survey findings of the 966 respondents is +/- 3.1%. The margin of error for the Available Labor Pool is +/- 4.2%.

The study sponsors and Institute 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.

¹¹ The telephone numbers for the sample were assembled by randomly generating suffixes, within specific area codes and prefixes. As such, unlisted numbers were included in this sample, minimizing the potential for response bias. Known business, fax, modem, and disconnected numbers were screened from the sample in efforts to reach households only (and to minimize surveyor dialing time).

Up to eight attempts were made to contact each respondent during three calling periods (10 AM to Noon, 2 PM to 4 PM, and 6 PM to 9 PM) relative to the appropriate time zones. Initial refusals were re-attempted by specially trained "refusal converters," which aided in the high response rate.