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Minnesota Cost of Living Study

Annual Report 2016

Report to the Legislature
as required by Minnesota Statutes 2013, chapter 116J, section 13

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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 (LMI) office 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 in seven cost categories: 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. Therefore, the following costs are excluded, even though they may be common expenses: 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 with the Consumer Expenditure Survey) it examines the cost of basic needs. The Cost of Living study also looks at dollar costs, rather than looking at the rate of change over time (as with the Consumer Price Index).

The Cost of Living study results constitute an additional economic indicator which may be used by public and private institutions and by individuals. Find the methodology at mn.gov/deed/data/data-tools/col/method-col.jsp.

Typical Uses of the Cost of Living Data

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.

A Typical Minnesota Family?

Based on the American Community Survey (DP02, 5-Year Series, 2014), Current Population Survey (C3, Living Arrangements of Children Under 18 Years, 2015), and Current Employment Statistics (Total Private Sector, 2015), a selection of “Partnered, 1 full-time and 1 part-time worker, 1 child” in the online Cost of Living tool best represents a typical Minnesota family. This selection gives results for a family of two adults working a combined 60 hours per week (or an average of 30 hours per worker), and one child under school age.

The average family size in Minnesota is 3.1 persons and the average household size is 2.5 persons. The majority of the state’s households—65 percent—are family households. Married couples are 79 percent of family households.

Although just under half--45.4 percent--of family households have children of their own (by birth, marriage, or adoption) under age 18, DEED selected the “Partnered, 1 full-time and 1 part-time worker, 1 child” as a standard because of the importance of maintaining a state economy which supports families with children.

Among all U.S. children under age 18 living with both parents, 60 percent have both parents in the labor force and 73 percent are age 12 or under. The average weekly hours per worker in Minnesota is 34 hours. [2,3,4]

For additional family compositions, see the online Cost of Living tool at mn.gov/deed/data/data-tools/col/.

Improving the Study

DEED made several improvements to the way the study calculates costs for this year’s report. As a result some costs will be higher and some lower than in previous versions of the study.

In this report all family compositions are gender-neutral. This change strengthens the quality of the data by allowing us to average together male and female datasets for a larger total sample. Larger samples tend to provide more reliable information. DEED made a long-overdue reform of the Other Necessities cost category by adding telephone services, housekeeping supplies, and household furnishings to the total rather than using a small “miscellaneous” sum to cover these necessary costs. The higher cost now assigned to Other Necessities is both more explicitly defined and more realistic than in previous versions of the study. For an explanation of the previous years’ methodology, please see the 2015 Cost of Living Annual Report.

DEED revised the transportation methodology to apply an average Vehicle Miles of Travel by household size rather than breaking out number of adults, adult workers, or children. Again, this change is intended to strengthen the quality of the data by using a larger sample.

Finally, DEED examined the prospects for breaking out the transportation costs of Minnesotans who work in the same county where they live versus the costs of those who commute to another county for work. While this breakout was not implemented in the 2016 study, it could be used in the future to help employers compare the wage costs of recruiting labor from other counties versus locally.

Results and Analysis Statewide and by Region

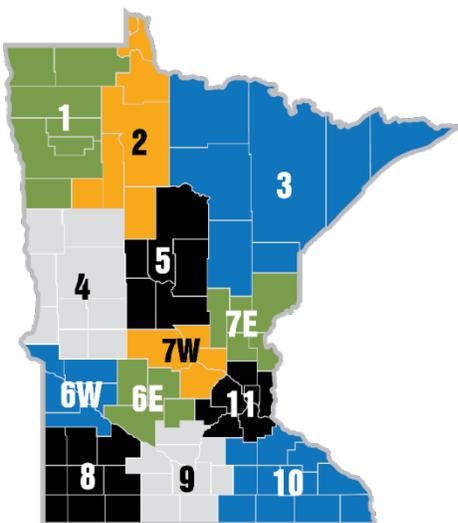
Costs for a Minnesota family of three are shown for the state as a whole and for each of Minnesota's thirteen Economic Development Regions (EDRs). Results for the state and for each region are calculated as a population-weighted average of results for each county. Calculating a weighted average helps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

- Economic Development Region 1 - Northwest
- Economic Development Region 2 - Headwaters
- Economic Development Region 3 - Arrowhead
- Economic Development Region 4 – West Central
- Economic Development Region 5 – North Central
- Economic Development Region 6E – Southwest Central
- Economic Development Region 6W – Upper Minnesota Valley
- Economic Development Region 7E – East Central
- Economic Development Region 7W - Central
- Economic Development Region 8 - Southwest
- Economic Development Region 9 – South Central
- Economic Development Region 10 - Southeast
- Economic Development Region 11 - Twin Cities Metro

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). [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: \$54,804

Hourly Rate: \$17.57

Looking at the state of Minnesota as a whole, a typical family of two adults and one child, with one adult working full-time and one part-time for a combined 60 work hours per week, need to earn an estimated family income of \$54,804 per year and \$17.57 per hour per worker to maintain a simple living that meets basic needs for health and safety.



The estimated monthly costs are child care \$462, food \$771, health care \$408, housing \$916, transportation \$805, other necessities \$528, and taxes \$667.

The median wage paid to workers across all occupations in Minnesota is 106 percent of the cost of living, while the median

Minnesota DEED, Labor Market Information, Cost of Living Study 2016

wage offer for job vacancies is 74 percent of the cost of living.



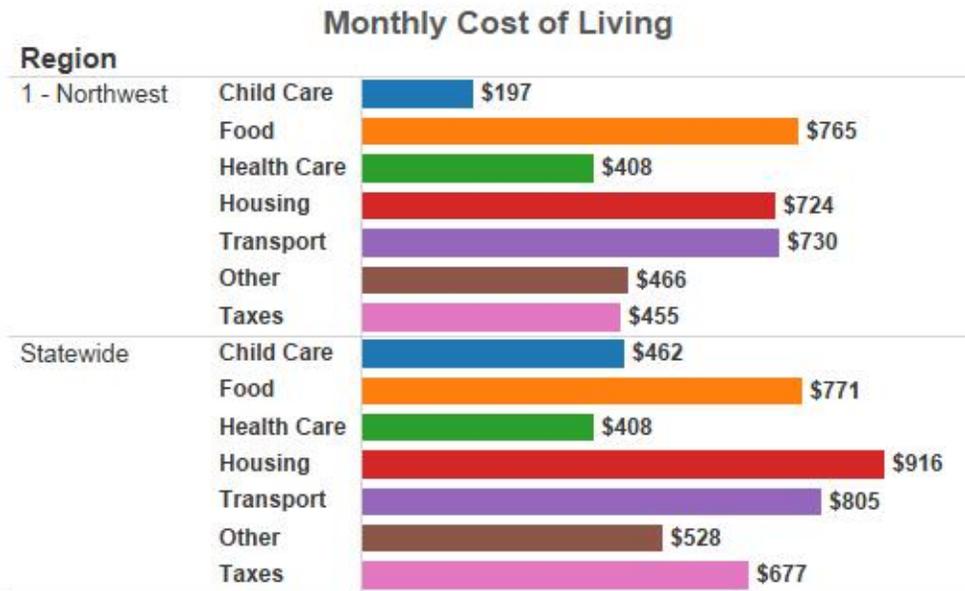
Minnesota DEED, Labor Market Information, Cost of Living Study 2016

Economic Development Region 1 - Northwest

Annual Costs: \$44,940

Hourly Rate: \$14.40

In Northwestern Minnesota, a typical family of two adults and one child, one adult working full-time and one part-time for a combined 60 work hours per week, need to earn an estimated family income of \$44,940 per year and \$14.40 per hour per worker to maintain a simple living that meets basic needs for health and safety.



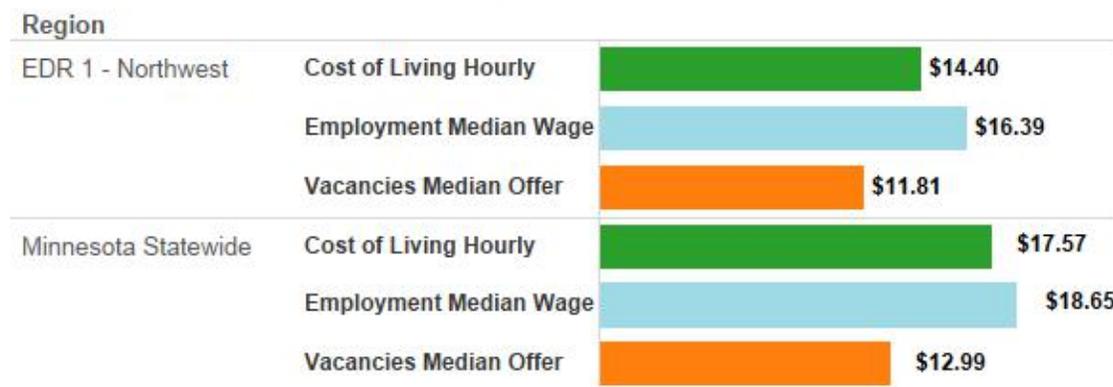
The estimated monthly costs are child care \$197, food \$765, health care \$408, housing \$724, transportation \$730, other necessities \$466, and taxes \$455.

The median wage paid to workers across all occupations in Northwest Minnesota is 114

Minnesota DEED, Labor Market Information, Cost of Living Study 2016

percent of the cost of living, while the median wage offer for job vacancies is 82 percent of the cost of living.

Cost of Living and Hourly Wages



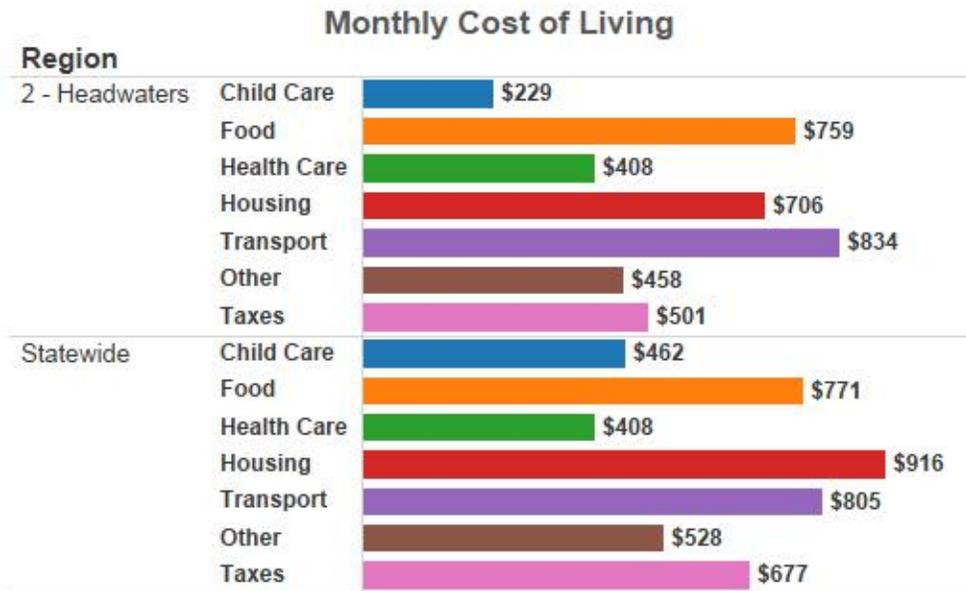
Minnesota DEED, Labor Market Information, Cost of Living Study 2016

Economic Development Region 2 - Headwaters

Annual Costs: \$46,740

Hourly Rate: \$14.98

In the Headwaters region of Minnesota, a typical family of two adults and one child, one adult working full-time and one part-time for a combined 60 work hours per week, need to earn an estimated family income of \$46,740 per year and \$14.98 per hour per worker to maintain a simple living that meets basic needs for health and safety.



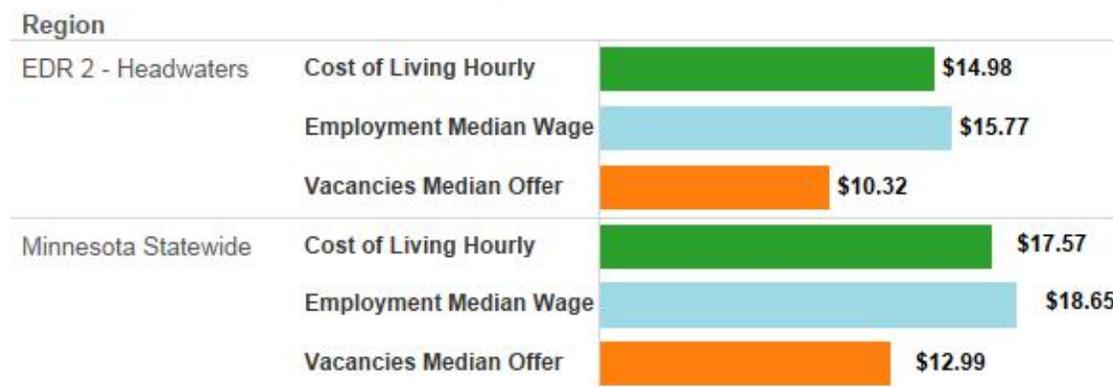
The estimated monthly costs are child care \$229, food \$759, health care \$408, housing \$706, transportation \$834, other necessities \$458, and taxes \$501.

The median wage paid to workers across all occupations in the Headwaters region is 105

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percent of the cost of living, while the median wage offer for job vacancies is 69 percent of the cost of living.

Cost of Living and Hourly Wages



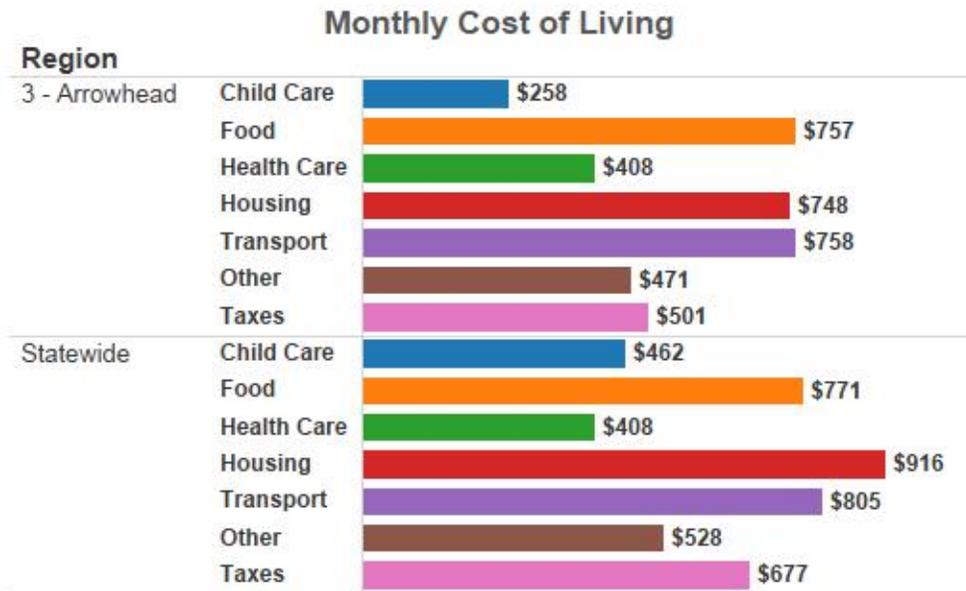
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Economic Development Region 3 - Arrowhead

Annual Costs: \$46,812

Hourly Rate: \$15.00

In the Arrowhead region of Minnesota, a typical family of two adults and one child, one adult working full-time and one part-time for a combined 60 work hours per week, need to earn an estimated family income of \$46,812 per year and \$15.00 per hour per worker to maintain a simple living that meets basic needs for health and safety.



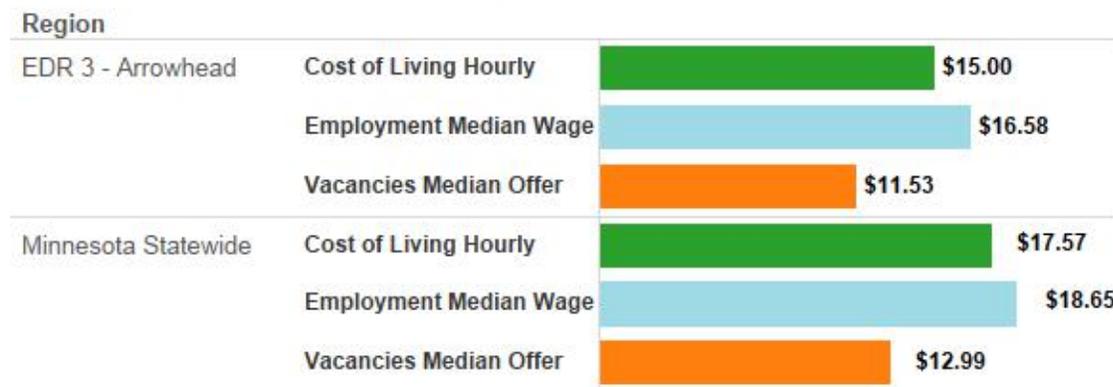
The estimated monthly costs are child care \$258, food \$757, health care \$408, housing \$748, transportation \$758, other necessities \$471, and taxes \$501.

The median wage paid to workers across all occupations in the Arrowhead region is 111 percent

Minnesota DEED, Labor Market Information, Cost of Living Study 2016

of the cost of living, while the median wage offer for job vacancies is 77 percent of the cost of living.

Cost of Living and Hourly Wages



Minnesota DEED, Labor Market Information, Cost of Living Study 2016

Economic Development Region 4 – West Central

Annual Costs: \$45,672

Hourly Rate: \$14.64

In West Central Minnesota, a typical family of two adults and one child, one adult working full-time and one part-time for a combined 60 work hours per week, need to earn an estimated family income of \$45,672 per year and \$14.64 per hour per worker to maintain a simple living that meets basic needs for health and safety.



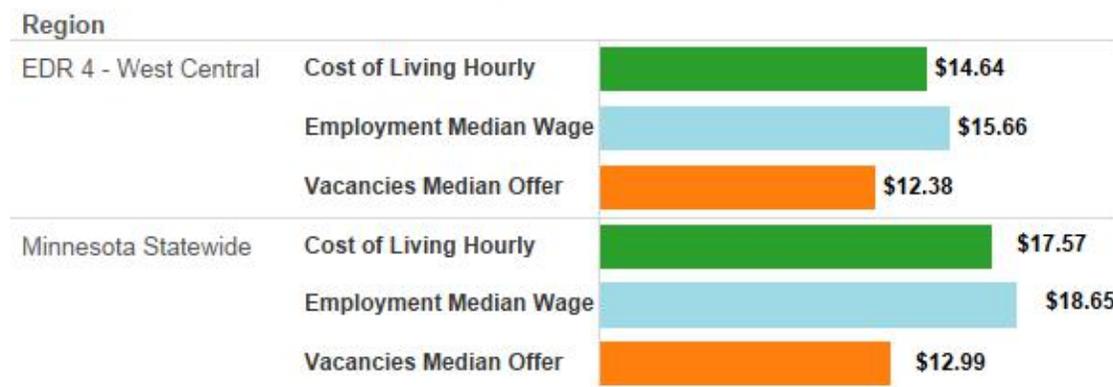
The estimated monthly costs are child care \$233, food \$760, health care \$408, housing \$700, transportation \$773, other necessities \$457, and taxes \$475.

The median wage paid to workers across all occupations in West Central Minnesota is 107

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percent of the cost of living, while the median wage offer for job vacancies is 85 percent of the cost of living.

Cost of Living and Hourly Wages



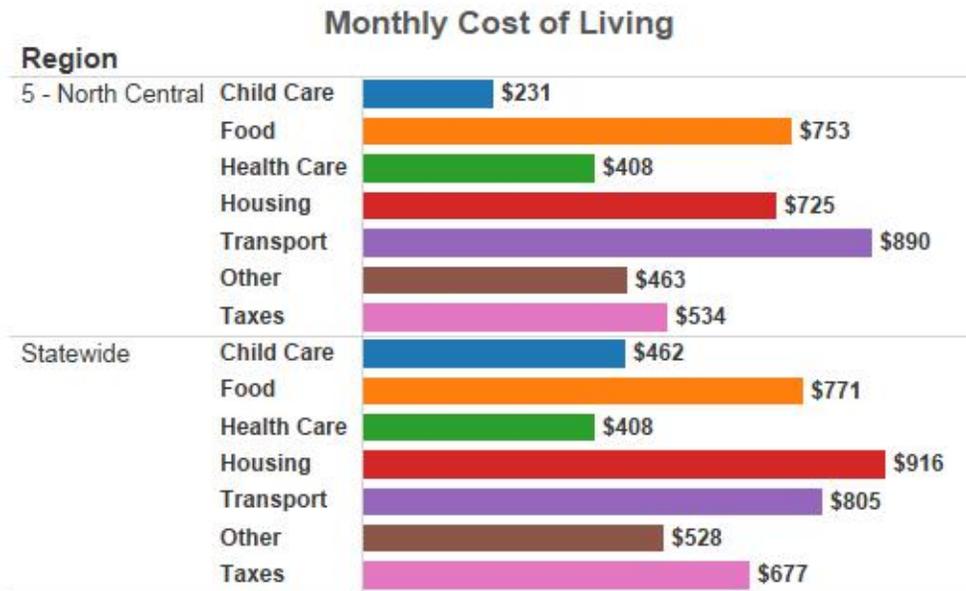
Minnesota DEED, Labor Market Information, Cost of Living Study 2016

Economic Development Region 5 – North Central

Annual Costs: \$48,048

Hourly Rate: \$15.40

In North Central Minnesota, a typical family of two adults and one child, one adult working full-time and one part-time for a combined 60 work hours per week, need to earn an estimated family income of \$48,048 per year and \$15.40 per hour per worker to maintain a simple living that meets basic needs for health and safety.



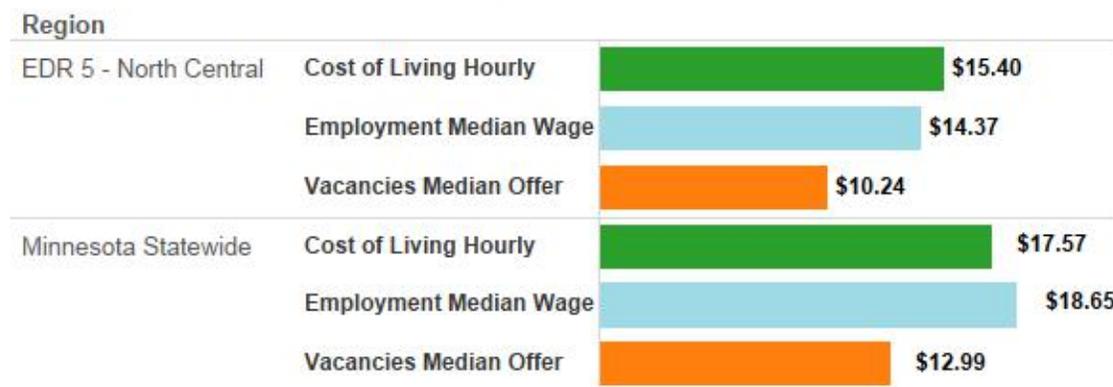
The estimated monthly costs are child care \$231, food \$753, health care \$408, housing \$725, transportation \$890, other necessities \$463, and taxes \$534.

The median wage paid to workers across all occupations in North Central Minnesota is 93

Minnesota DEED, Labor Market Information, Cost of Living Study 2016

percent of the cost of living, while the median wage offer for job vacancies is 66 percent of the cost of living.

Cost of Living and Hourly Wages



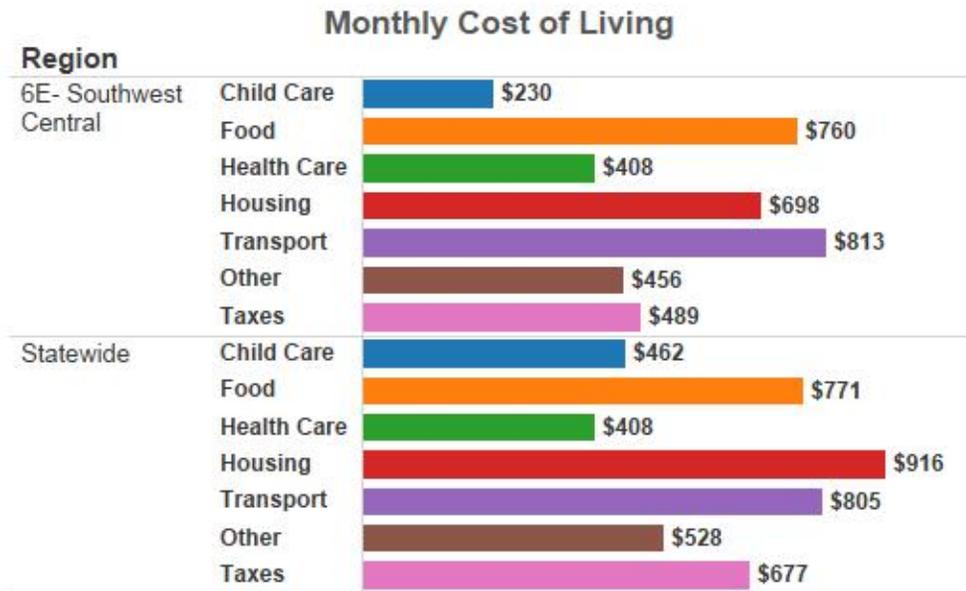
Minnesota DEED, Labor Market Information, Cost of Living Study 2016

Economic Development Region 6E – Southwest Central

Annual Costs: \$46,248

Hourly Rate: \$14.82

In Southwest Central Minnesota, a typical family of two adults and one child, one adult working full-time and one part-time for a combined 60 work hours per week, need to earn an estimated family income of \$46,248 per year and \$14.82 per hour per worker to maintain a simple living that meets basic needs for health and safety.



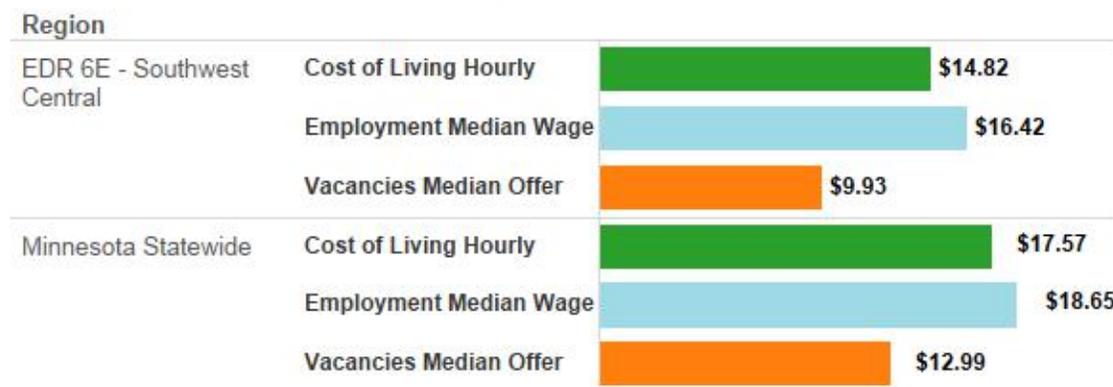
The estimated monthly costs are child care \$230, food \$760, health care \$408, housing \$698, transportation \$813, other necessities \$456, and taxes \$489.

The median wage paid to workers across all occupations in Southwest Central Minnesota is 111

Minnesota DEED, Labor Market Information, Cost of Living Study 2016

percent of the cost of living, while the median wage offer for job vacancies is 67 percent of the cost of living.

Cost of Living and Hourly Wages



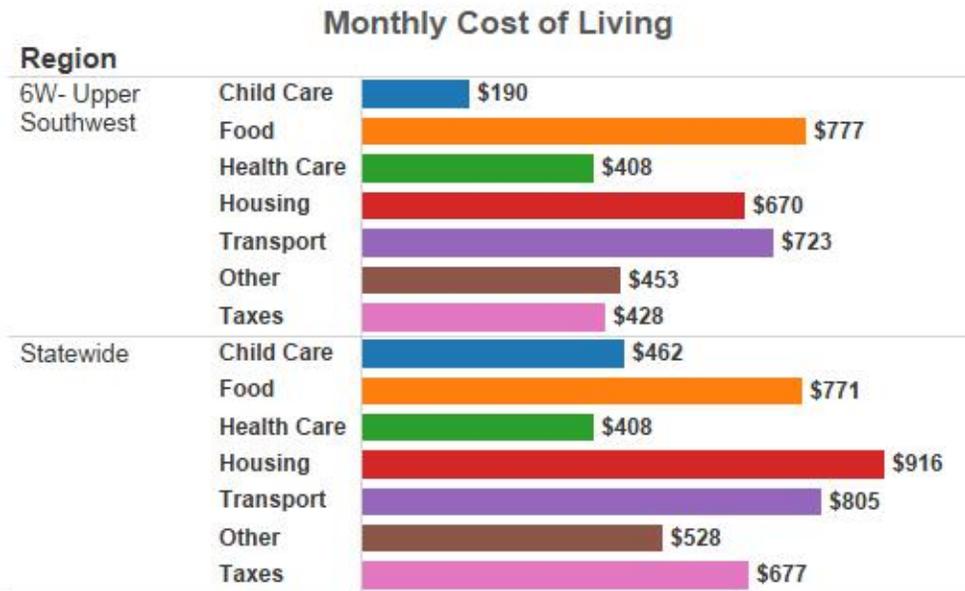
Minnesota DEED, Labor Market Information, Cost of Living Study 2016

Economic Development Region 6W – Upper Minnesota Valley

Annual Costs: \$43,788

Hourly Rate: \$14.03

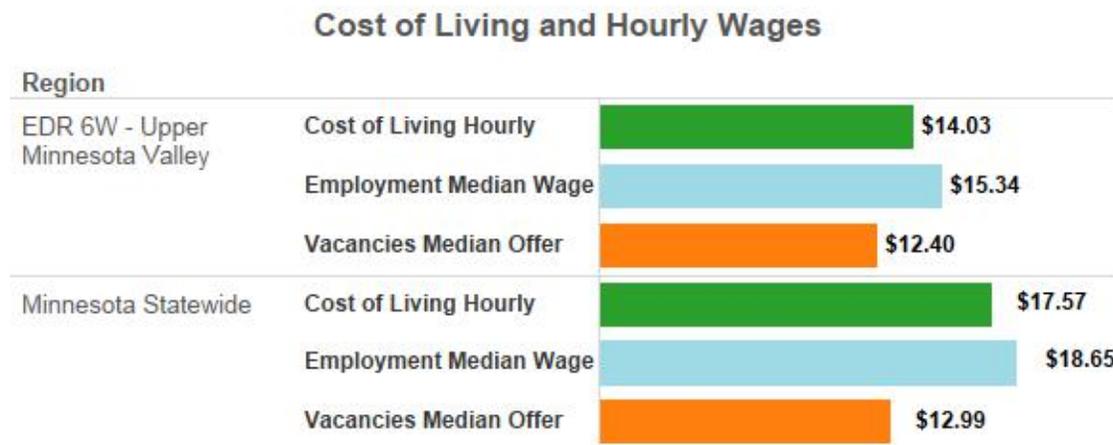
In the Upper Minnesota Valley, a typical family of two adults and one child, one adult working full-time and one part-time for a combined 60 work hours per week, need to earn an estimated family income of \$43,788 per year and \$14.03 per hour per worker to maintain a simple living that meets basic needs for health and safety.



The estimated monthly costs are child care \$190, food \$777, health care \$408, housing \$670, transportation \$723, other necessities \$453, and taxes \$428.

The median wage paid to workers across all occupations in the Upper Minnesota Valley is 109

percent of the cost of living, while the median wage offer for job vacancies is 88 percent of the cost of living.



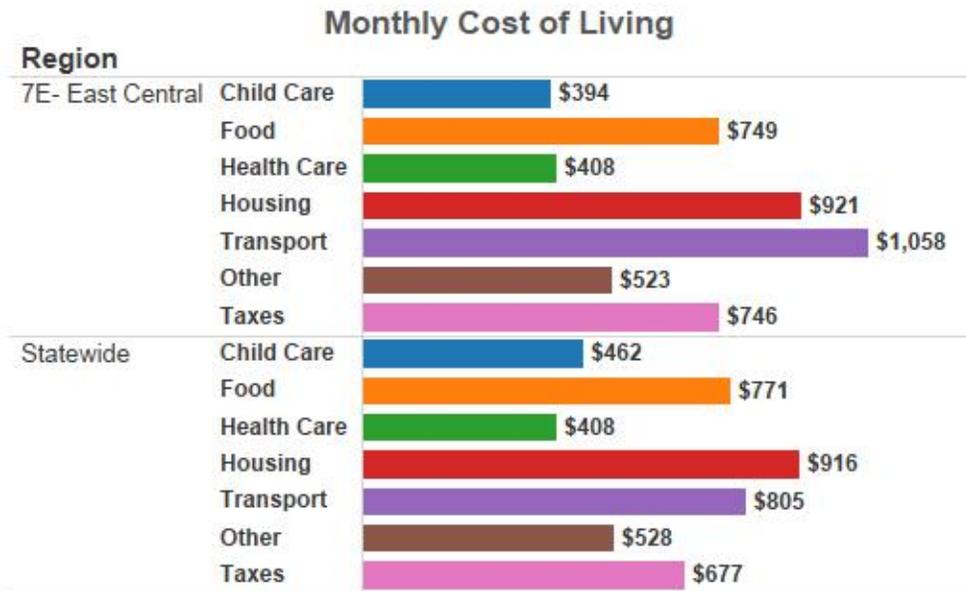
Minnesota DEED, Labor Market Information, Cost of Living Study 2016

Economic Development Region 7E – East Central

Annual Costs: \$57,588

Hourly Rate: \$18.46

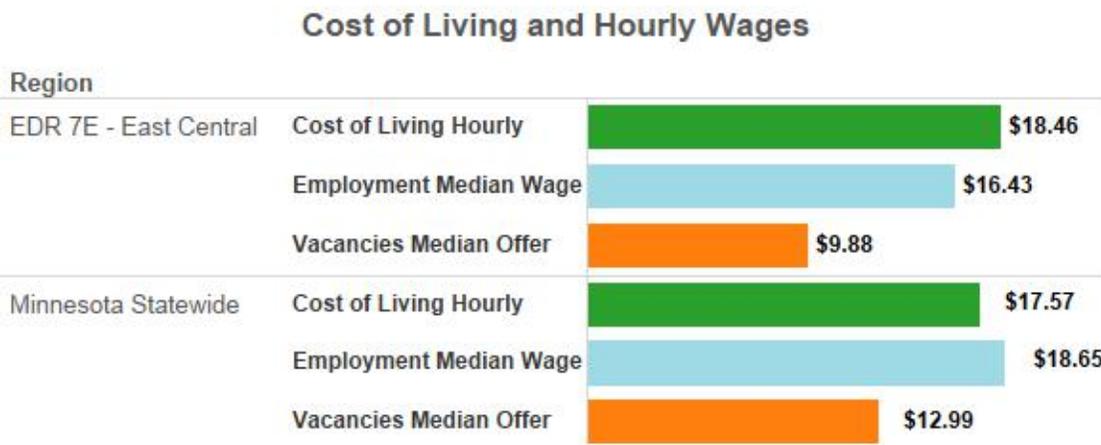
In East Central Minnesota, a typical family of two adults and one child, one adult working full-time and one part-time for a combined 60 work hours per week, need to earn an estimated family income of \$57,588 per year and \$18.46 per hour per worker to maintain a simple living that meets basic needs for health and safety.



The estimated monthly costs are child care \$394, food \$749, health care \$408, housing \$921, transportation \$1,058, other necessities \$523, and taxes \$746.

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 54 percent of the cost of living.



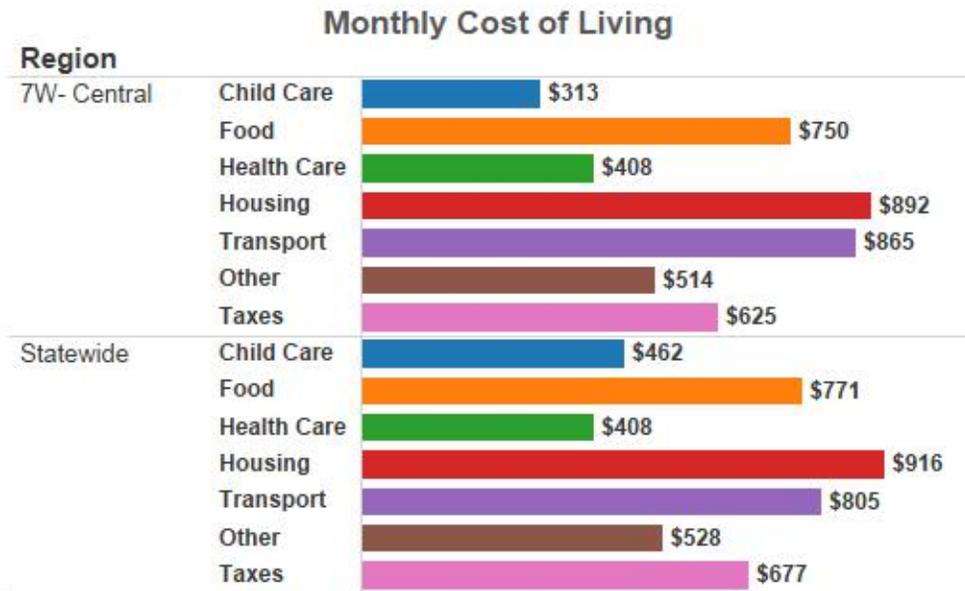
Minnesota DEED, Labor Market Information, Cost of Living Study 2016

Economic Development Region 7W - Central

Annual Costs: \$52,404

Hourly Rate: \$16.80

In Central Minnesota, a typical family of two adults and one child, one adult working full-time and one part-time for a combined 60 work hours per week, need to earn an estimated family income of \$52,404 per year and \$16.80 per hour per worker to maintain a simple living that meets basic needs for health and safety.

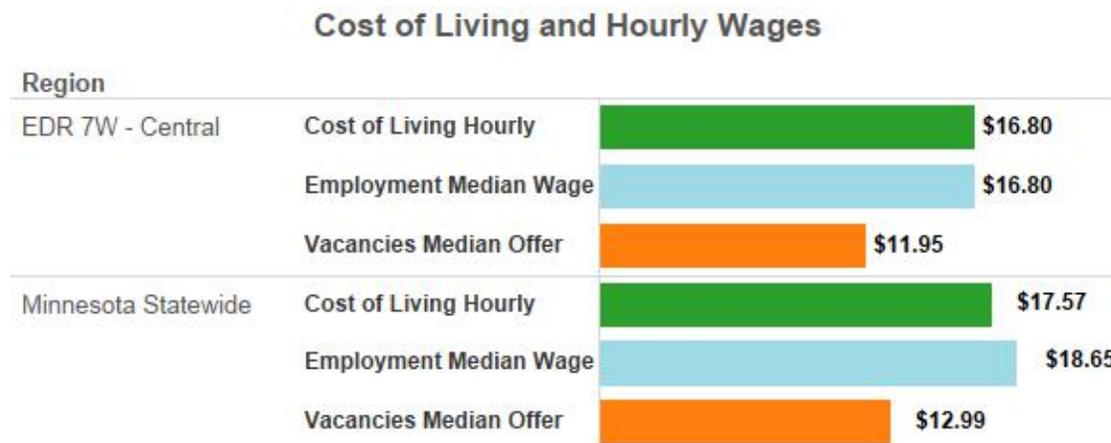


The estimated monthly costs are child care \$313, food \$750, health care \$408, housing \$892, transportation \$865, other necessities \$514, and taxes \$625.

The median wage paid to workers across all occupations in Central Minnesota is 100 percent of

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the cost of living, while the median wage offer for job vacancies is 71 percent of the cost of living.



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Economic Development Region 8 - Southwest

Annual Costs: \$43,524

Hourly Rate: \$13.95

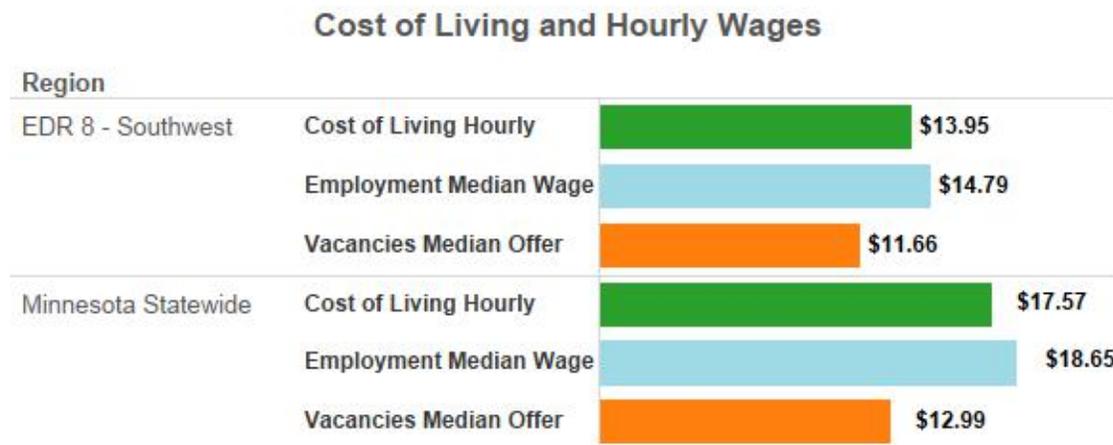
In Southwest Minnesota, a typical family of two adults and one child, one adult working full-time and one part-time for a combined 60 work hours per week, need to earn an estimated family income of \$43,524 per year and \$13.95 per hour per worker to maintain a simple living that meets basic needs for health and safety.



The estimated monthly costs are child care \$197, food \$769, health care \$408, housing \$665, transportation \$718, other necessities \$449, and taxes \$421.

The median wage paid to workers across all occupations in Southwest Minnesota is 106

percent of the cost of living, while the median wage offer for job vacancies is 84 percent of the cost of living.



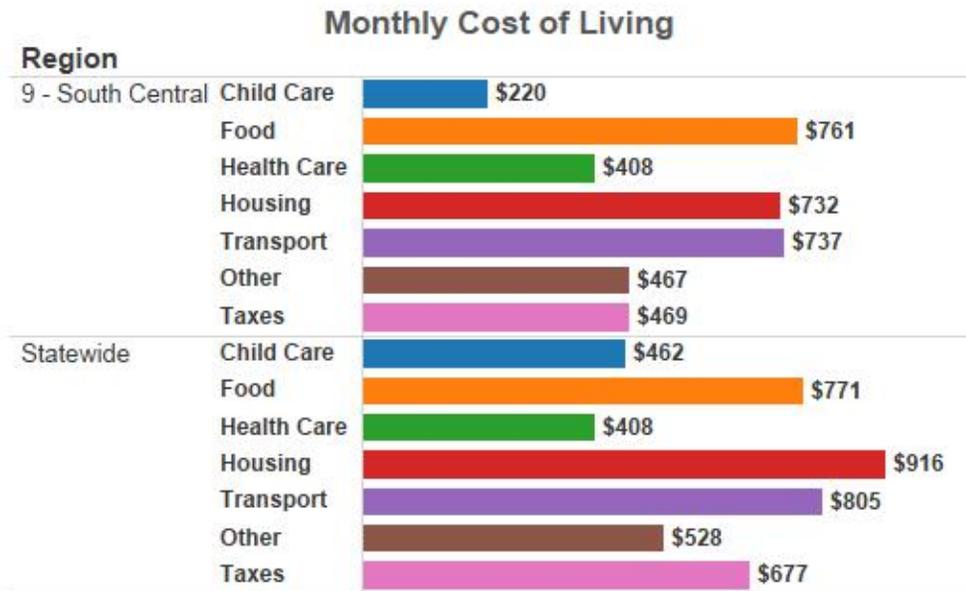
Minnesota DEED, Labor Market Information, Cost of Living Study 2016

Economic Development Region 9 – South Central

Annual Costs: \$45,528

Hourly Rate: \$14.59

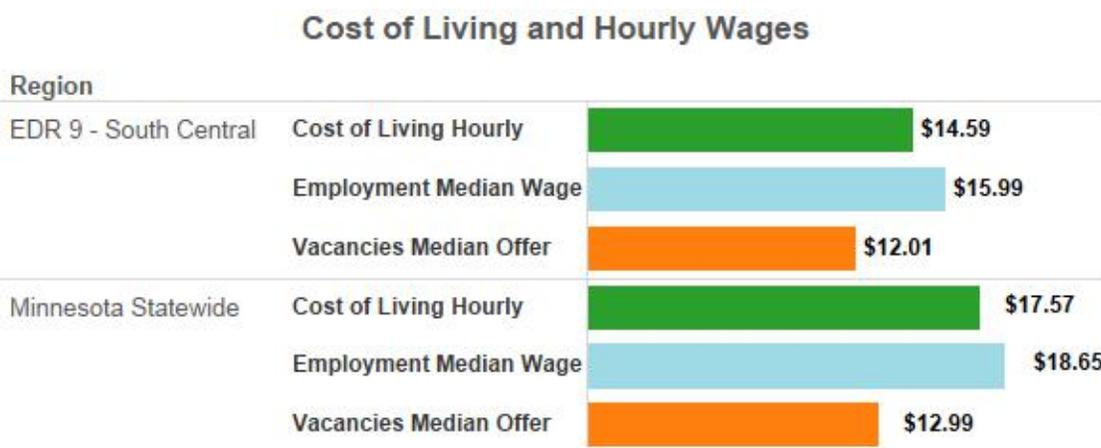
In South Central Minnesota, a typical family of two adults and one child, one adult working full-time and one part-time for a combined 60 work hours per week, need to earn an estimated family income of \$45,528 per year and \$14.59 per hour per worker to maintain a simple living that meets basic needs for health and safety.



The estimated monthly costs are child care \$220, food \$761, health care \$408, housing \$732, transportation \$737, other necessities \$467, and taxes \$469.

The median wage paid to workers across all occupations in South Central Minnesota is 110

percent of the cost of living, while the median wage offer for job vacancies is 82 percent of the cost of living.



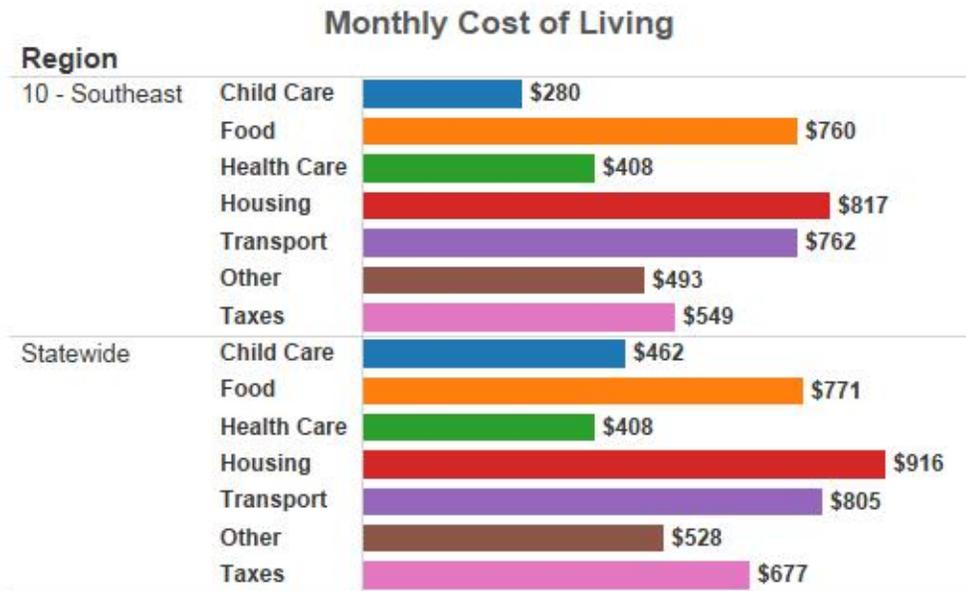
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Economic Development Region 10 - Southeast

Annual Costs: \$48,828

Hourly Rate: \$15.65

In Southeast Minnesota, a typical family of two adults and one child, one adult working full-time and one part-time for a combined 60 work hours per week, need to earn an estimated family income of \$48,828 per year and \$15.65 per hour per worker to maintain a simple living that meets basic needs for health and safety.



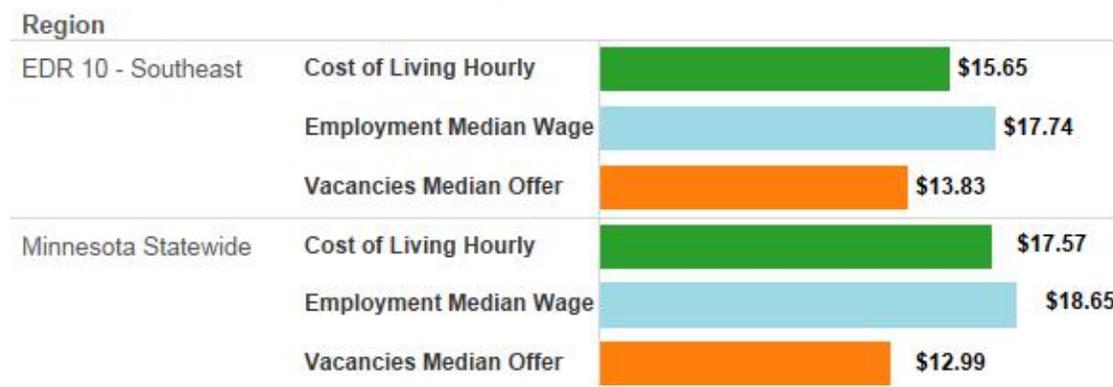
The estimated monthly costs are child care \$280, food \$760, health care \$408, housing \$817, transportation \$762, other necessities \$493, and taxes \$549.

The median wage paid to workers across all occupations in Southeast Minnesota is 113

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percent of the cost of living, while the median wage offer for job vacancies is 88 percent of the cost of living.

Cost of Living and Hourly Wages



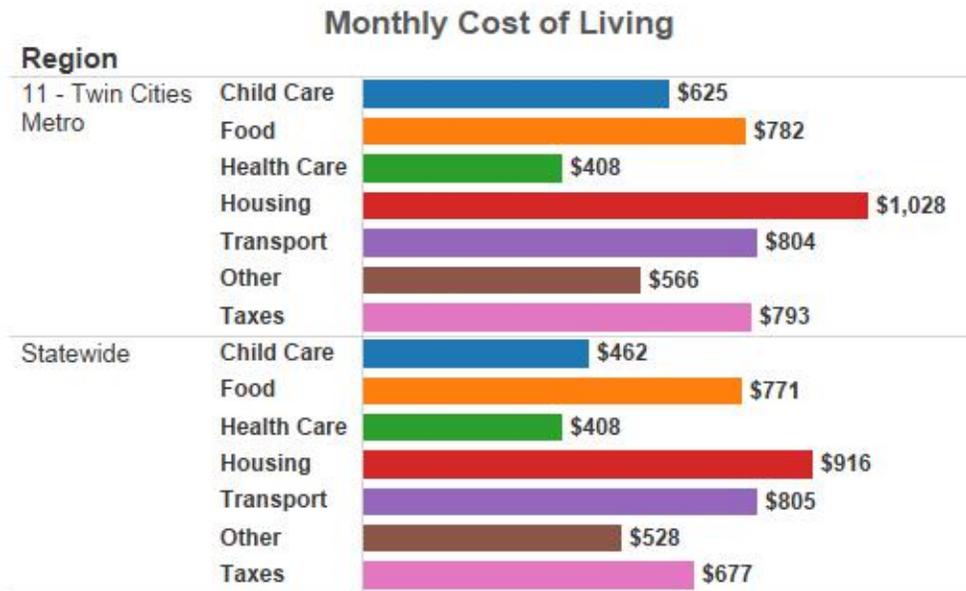
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Economic Development Region 11 - Twin Cities Metro

Annual Costs: \$60,072

Hourly Rate: \$19.25

In the Twin Cities Metro region of Minnesota, a typical family of two adults and one child, one adult working full-time and one part-time for a combined 60 work hours per week, need to earn an estimated family income of \$60,072 per year and \$19.25 per hour per worker to maintain a simple living that meets basic needs for health and safety.



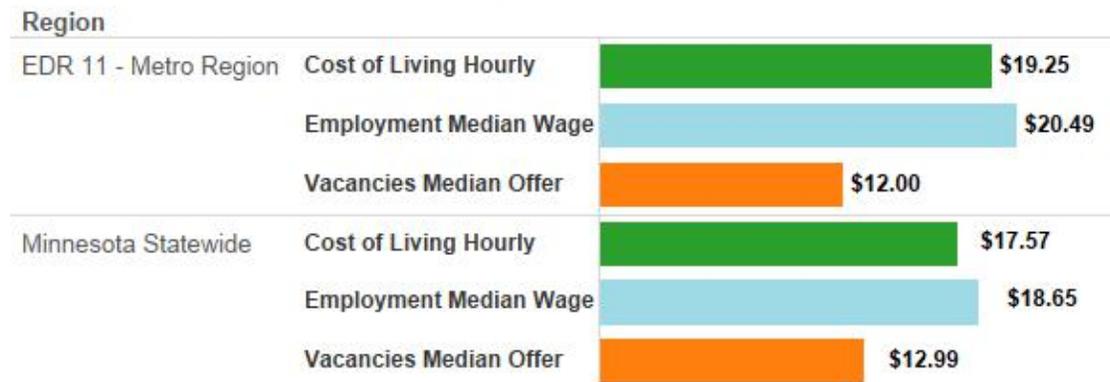
The estimated monthly costs are child care \$625, food \$782, health care \$408, housing \$1,028, transportation \$804, other necessities \$566, and taxes \$793.

The median wage paid to workers across all occupations in the Twin Cities Metro is 106 percent of

Minnesota DEED, Labor Market Information, Cost of Living Study 2016

the cost of living, while the median wage offer for job vacancies is 62 percent of the cost of living.

Cost of Living and Hourly Wages



Minnesota DEED, Labor Market Information, Cost of Living Study 2016

Further Analysis and Recommendations

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

Median Wage as a Share of the Cost of Living

The statewide \$18.65 median wage of existing jobs is 106 percent of the \$17.57 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 with everyone matched with the right jobs, the half of workers paid more than the median wage would be the families larger than three (while the half of workers paid less would be the families smaller than three). This would mean that a median wage equal to the cost of living was meeting most people's basic needs. But economists know that no market is ever perfectly balanced.

The limits of available data mean that economists must evaluate living standards by looking at whether an area's median wage, for all occupations together, meets or exceeds the cost of living. According to Occupational Employment Statistics, Minnesota's statewide median wage exceeds the statewide cost of living. The median wages in ten of Minnesota's thirteen economic development regions also exceed the cost of living within those reasons. Here are the median wages by region for those areas as a percentage of cost of living:

- Northwest region, 114 percent
- Southeast region, 113 percent
- Arrowhead region, 111 percent
- Southwest Central region, 111 percent
- South Central region, 110 percent
- Upper Minnesota Valley region, 109 percent
- West Central region, 107 percent
- Southwest region, 106 percent
- Twin Cities Metro region, 106 percent
- Headwaters region, 105 percent

The Central region's median wage is exactly 100 percent of the Cost of Living. Median wages in the North Central region are at 93 percent of the regional cost of living. Median wages in the East Central region are at 89 percent of the regional cost of living.

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

The median wage offered to workers in the process of hiring for job vacancies, according to the Job Vacancy Survey, is 74 percent of the cost of living at the state level. None of Minnesota's thirteen economic development regions shows a median wage offer for vacancies which meets the region's cost of living. The Southeast and the Upper Minnesota Valley regions are the highest in this category, with median wages offered to workers to fill job vacancies at 88 percent of the region's cost of living. The West Central region is 85 percent, the Southwest region is 84 percent, the Northwest and the South Central regions both are 82 percent, the Arrowhead region is 77 percent, the Central region is 71 percent, the Headwaters region is 69 percent, the Southwest Central region is 67 percent, the North Central region is 66 percent, the 7-County Metro is 62 percent, and the East Central region is 54 percent of the region's cost of living.

Although the median wage level offered to workers to fill job vacancies is 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 may signal economic challenges ahead for employment recruitment and retention, minority community well-being, and local consumer expenditures.

Impact on Employment Recruitment and Retention

According to employers interviewed for DEED's 2013 Hiring Difficulties Survey, demand-side conditions, including unsatisfactory wages, have contributed 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 the North Central and the East Central regions, where the median wage is below the regional cost of living, and the Central region, where the median is exactly equal to the regional cost of living.

All thirteen Minnesota economic development regions, including the Metro, show median wage offers for vacant jobs below the regional cost of living. One option to improve employee recruitment might be to engage in demand-side strategies. Regions that would benefit most from these strategies include the Central, the Headwaters, the Southwest Central, the North Central, the 7-County Metro, and the East Central regions, where the job vacancy median wage offer as a percent of the regional cost of living falls below the statewide average.

Impact on Minority Communities

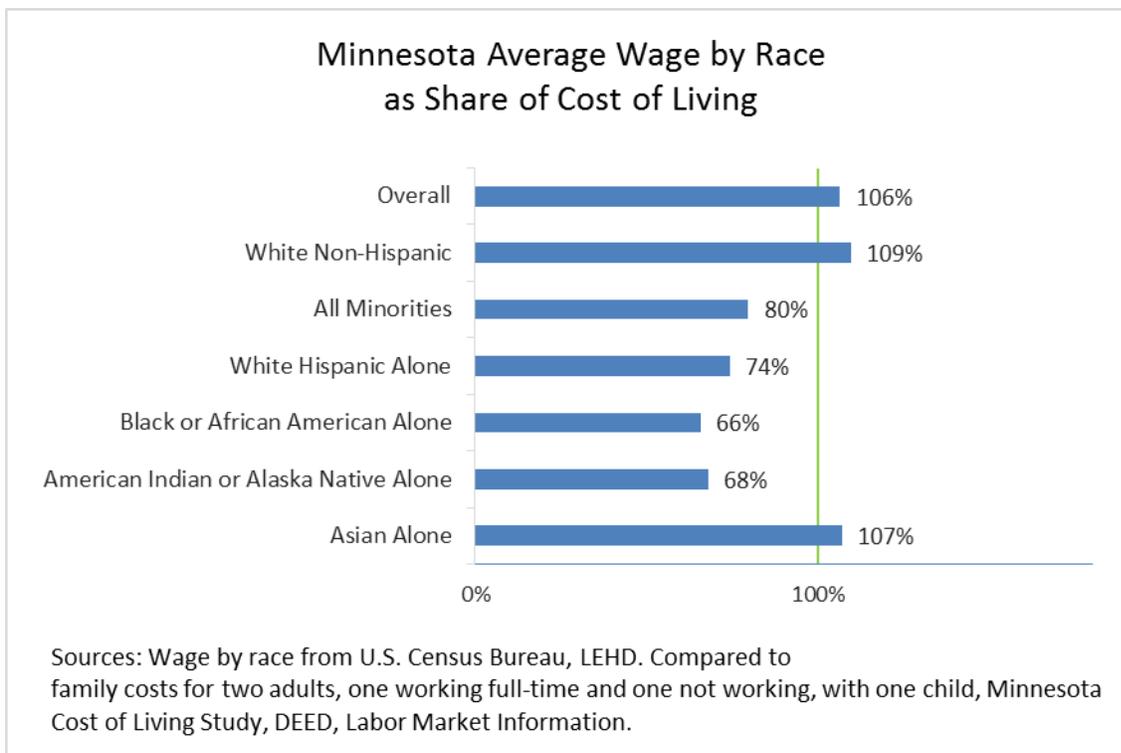
Data shows that the average annual wage in Minnesota can differ considerably from one race or ethnic community to another.[8] DEED uses data from the U.S. Census Longitudinal Employer-Household Dynamics (LEHD) program to examine these differences. While there are a few differences between LEHD data and the Cost of Living study data, using these two data sets provides the closest apples-to-apples comparison that we can get. It is worth noting that the LEHD data is from 2014, while the Cost of Living Study data is from 2015.

All industries average by race

The statewide annual cost of basic needs for a Minnesota family of three, across all industries, is \$45,864. The average annual wage per worker regardless of race or ethnicity is \$48,733 or 106 percent of the cost of basic needs.

The average annual wage for White Non-Hispanic workers is the highest in the state, at \$50,200 or 109%. This is also the largest population group in Minnesota. The average wage for all workers of color combined is \$36,524 or 80 percent of the cost of basic needs.

Among minority racial and ethnic groups in Minnesota, the highest wage is for Asian workers at \$49,028 or 107 percent, followed by White Hispanic workers at \$34,042 or 74 percent, and American Indian/Alaska Native workers at \$31,171 or 68 percent, and finally Black/African American workers at \$30,116 or 66 percent of the cost of basic needs.



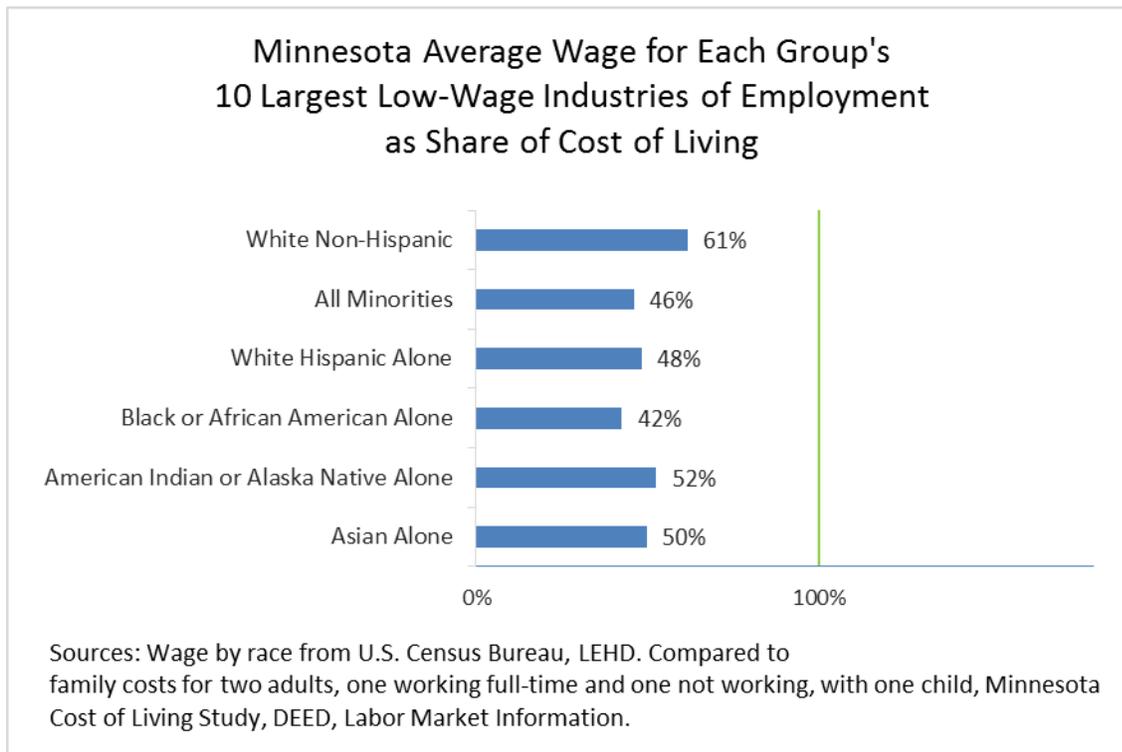
Low wage industries average by race

Another way to examine disparities is to compare the average wage in the 10 largest low-wage industries to the statewide annual cost of basic needs for a family of three (\$45,846), with a specific focus on differences between racial and ethnic groups. This gives us a sense of how Minnesota's lowest-wage workers are faring.

The average annual wage for White Non-Hispanic workers in the 10 largest low-wage industries of employment is \$28,203 or 61 percent of the cost of basic needs. The low-wage industry average for all workers of color combined is \$21,112 or 46 percent of the cost of basic needs.

Breaking out specific populations among minority workers in Minnesota, the low-wage industry average for American Indian/Alaskan Native workers is \$24,063 or 52 percent of the cost of basic needs, for

Asian workers is \$22,760 or 50 percent, for White Hispanic workers is \$22,136 or 48 percent, and for Black/African American workers is \$19,454 or 42 percent of the cost of basic needs.



The data also shows that White Non-Hispanic workers hold a disproportionately high share of jobs in very high wage industries, while the opposite is true for workers of color (who hold a disproportionately high share of jobs in very low-wage industries).

For example, white workers held 85.7 percent of all jobs in 2014 but 88.6 percent of very high wage jobs and only 80.6 percent of very low wage jobs. By contrast, workers of color held 14.2 percent of all jobs but only 11.4 percent of very high wage jobs and 19.4 percent of very low wage jobs.

Many communities already recognize these trends and are actively working to improve wage outcomes for families of color, either within the mix of existing occupations or by helping workers enter higher-paying occupations.

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 a region's economy.

In order to sustain consumer expenditures and grow a healthy economy, regions such as North Central, East Central, and Central where the median wage is below or equal to the regional cost of living, and the Headwaters region where the median wage is slightly above the regional cost of living but below the statewide share, might try to diversify the local economics in order to attract new and higher-paying jobs, or improve infrastructure to assist with business expansion in their areas. Ultimately, strategies

that lead to improved local wages or the expansion of higher-paying jobs would better align buying power with the regional cost of living.

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, regional economic 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/.
2. American Community Survey. U.S. Census Bureau. DP-2, 5-Year Series, 2014. See factfinder.census.gov/faces/nav/jsf/pages/index.xhtml.
3. Current Employment Statistics. Total Private Sector, 2015. See apps.deed.state.mn.us/lmi/ces/Results.aspx.
4. Current Population Survey. U.S. Census Bureau. C3, Living Arrangements of Children Under 18 Years and Marital Status of Parents, by Age, Sex, Race, and Hispanic Origin and Selected Characteristics of the Child for All Children, 2015. See www.census.gov/hhes/families/data/cps2015.html.
5. Occupational Employment Statistics. Labor Market Information, Minnesota Department of Employment and Economic Development. First Quarter, 2015. See mn.gov/deed/data/data-tools/oes/.
6. Job Vacancy Survey. Labor Market Information, Minnesota Department of Employment and Economic Development. Second Quarter, 2015. See mn.gov/deed/data/data-tools/job-vacancy/.
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.
8. "Stuck in Neutral." Minnesota Economic Trends, December 2015. Labor Market Information, Minnesota Department of Employment and Economic Development. See mn.gov/deed/newscenter/publications/trends/december-2015/stuck-in-neutral.jsp.

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

Agency for Healthcare Research and Quality, U.S. Department of Health and Human Services
American Automobile Association
Bureau of Labor Statistics, U.S. Department of Labor
Census Bureau, U.S. Department of Commerce
Center for Nutrition Policy and Promotion, U.S. Department of Agriculture
Federal Highway Administration, U.S. Department of Transportation
Labor Market Information, Minnesota Department of Employment and Economic Development
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
U.S. Department of Housing and Urban Development

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.