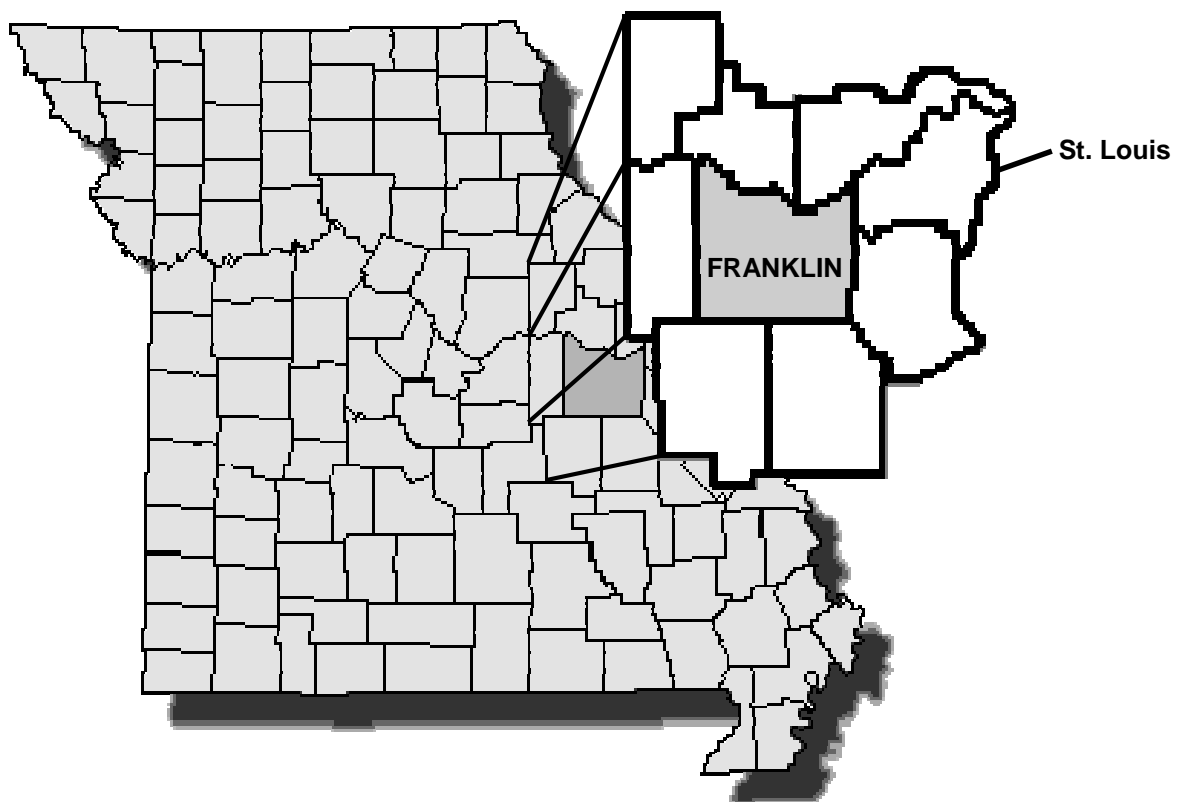


# FRANKLIN COUNTY WORKFORCE MARKET STUDY

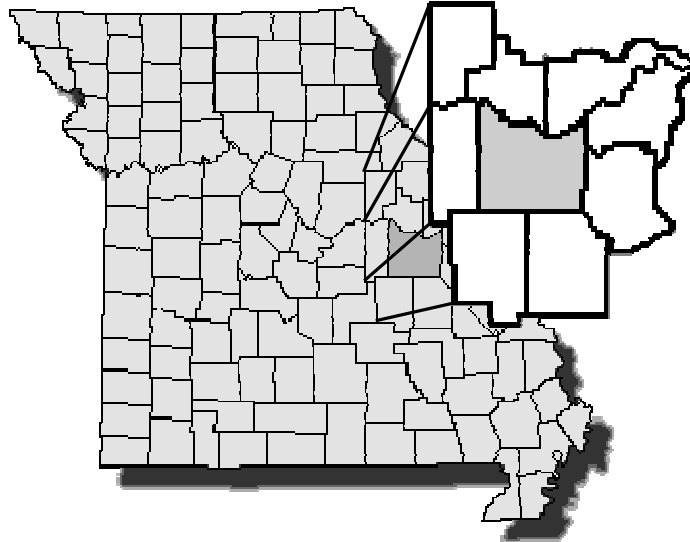
## Executive Summary

Includes: Crawford, Franklin, Gasconade, Montgomery and Warren Counties and parts of Jefferson, St. Charles, St. Louis, and Washington Counties



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# FRANKLIN COUNTY WORKFORCE MARKET STUDY



## Contributing Members:

Ameren Corporation  
City of Pacific  
City of Sullivan  
City of Union  
City of Washington  
Franklin County Commission  
City of Gerald  
City of New Haven  
City of St. Clair

The study was conducted by the independent consulting firm of Growth Services.

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## GLOSSARY OF TERMS

**Area Labor Market:** (ALM) The geographic area normally designated with a core community or county with a surrounding area within a normal commute of 35 to 50 miles for work. The Franklin County ALM consists of nine counties with eight or parts thereof adjacent and touching Franklin County. The counties are: Crawford, Franklin, Gasconade, Jefferson, Montgomery, St. Charles, St. Louis, Warren and Washington Counties. It is sometimes called a Labor Shed or Labor Pool.

**Available Workforce:** Represents adults ages 18 to 65 who indicate they are either looking for a job or would consider changing jobs for the right employment option or opportunity. Further, it includes potential workers excluded from the Civilian Labor Force 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. The term “non-employed or not-employed” refers not only to official unemployed members of the Civilian Labor Force but to any non-employed full-time students, homemakers, retirees, and disabled individuals.

**Civilian Employment:** The employment of all residents living in a county or area and working anywhere (counts people). It counts all working people including self-employed, as well as job holders. It is reported monthly by Federal and State Labor agencies.

**Civilian Labor Force (CLF) :** Represents all individuals working and actively seeking employment. Reported monthly by Federal and State Labor agencies.

**Industry Employment:** The employment of all workers working in the county and living anywhere (counts jobs). Industry Employment counts only those on a payroll where withholdings are taken from their checks. An individual could be counted twice on Industry Employment if the individual held two jobs. It is reported periodically by Federal and State Labor agencies.

**Franklin County Economic Development Group:** The authorizing organization of the Workforce Study for the Franklin County Area Labor Market (FCALM).

**Underemployed:** Employees currently working and who possess the skills, education and experience to qualify for better jobs.

## I. EXECUTIVE SUMMARY



### INTRODUCTION

The Franklin County Economic Development Group commissioned a Workforce Market Study to measure the Workforce Quality, Availability and Cost in a nine-county Area Labor Market (ALM). The purpose of the Franklin County Workforce Market Study is to provide employers with definitive labor information necessary to make better-informed decisions and minimize risks for workforce hiring, retention and development needs. Further, the Workforce Market Study provides local officials the competitive realities necessary in today's workforce market to develop the strategies for improving the Skills, Quality and Availability of its workforce and for Franklin County Employers to better compete at all market levels.

### GENERAL FINDINGS, OPPORTUNITIES AND CHALLENGES

The Workforce Market Study shows that Franklin County Area Labor Market (FCALM) provides a stable, competitive and productive workforce. When comparing the quality, availability and cost of this workforce asset to other Area Labor Markets, the overall value and competitiveness becomes apparent. The four components of this study go into considerable detail to quantify the strengths and challenges of this workforce. The four areas are:

- **WORKFORCE PROFILE**
- **WORKFORCE QUALITY**
- **WORKFORCE COST**
- **WORKFORCE AVAILABILITY**

While the measurable characteristics such as productivity and cost for the FCALM are competitive to other labor markets, the workforce management challenges align closely to those reported for the nation as a whole. Health care and other compensation costs continue to rise. The average age of the workforce is rising with the baby-boomers starting to retire and replacements not always ready to fill the gap. Meanwhile, companies continue to search for the talent that will give them a competitive edge, while coping with skills shortages in the local candidate marketplace.

With the right employment opportunities, the FCALM appears well positioned to attract and retain the talent necessary for growth of new and existing businesses representing local, regional and national markets. The FCALM has several advantages, the first is geographic: With Franklin County being part of the St. Louis Metropolitan Statistical Area (MSA), the location provides advantages with both urban and rural amenities for its workforce. It has the vast workforce talent pool within easy commute and the cost advantages in most cases inherent of a more rural setting. From 2000 to 2005, the population of the nine-county Franklin County Area Labor Market grew at a faster rate than the population of the state of Missouri and the nation.

The second advantage is Education and Training with the location of East Central College and a quality primary and secondary school system which employers ranked the highest of nine Recruitment Factors for attracting and retaining a talented workforce. As part of the St. Louis MSA, the area offers some of the nation's finest four-year Universities and Colleges within an easy commute. This presents industry and business located in the area first choice of a highly trained and disciplined workforce.

In addition to Quality Education, other Recruiting issues which ranked high with local employers for recruiting and retaining a talented and skilled workforce are: Quality of Life, Medical Services and Housing. These quality and cost-of-living issues are attractive to both people and business.

Finally, the strong presence of manufacturing in Franklin County makes the area more attractive to suppliers and advanced manufacturing firms. With the Missouri River serving as a boundary on the north makes Franklin County rich in the history of commerce and trade. With the river and transportation routes from the steamboat to the railroad has given the manufacturing industry a strong presence from the Civil War to this day.

## **WORKFORCE PROFILE FINDINGS**

The Workforce Profile Findings is information derived from public sources and applied to the designated nine-county geographic Area Labor Market. This information can be directly compared to other ALM's, MSA's or County, State or national locations. The profile's focus is primarily in four major areas of Population, Income, Employment and Worker Commuting Patterns.

- The population in the 2005 Census estimates for Franklin County is 99,090 and 5.6% growth rate since the 2000 Census. This is above the state of Missouri growth rate of 3.6% and compares with the national average of 5.3%.
- The age distribution for Franklin County, from age 18 to 65, represents 62.6% of the population compared with 61.0% for the State of Missouri and 61.9% for the USA.
- The population for the Franklin County designated nine county Area Labor Market (ALM) is 259,900 with a civilian labor force of 134,600.
- The population in the designated nine county ALM grew 6.4% from 2000 to 2005.
- The employment for Manufacturing in 2004 was 9,651 for 30.7% of the total private sector employment in Franklin County. This compares to 11.4% for St. Louis County, 14.1% for the state of Missouri and 13.2% nationally.
- Franklin County has a Civilian Employment growth rate of .5% from 2000 to 2005 compared to the state of Missouri at -.5%.
- Franklin County had a per capita income of \$28,130 in 2004 compared to the State of Missouri at \$30,475 and \$33,050 for the nation.
- The average Weekly Wage for Franklin County was \$556 in 2005 compared with the State of Missouri at \$691 and \$782 for the nation.
- Franklin County had the second lowest Turnover rate 10.0% of the nine counties in the ALM as ranked by the Bureau of Labor Statistics with the Quarterly Workforce Indicators for the third quarter of 2005.
- The Commuting Patterns for the 2000 Census showed a net improvement of 500 workers for Franklin County over 1990.

## WORKFORCE QUALITY FINDINGS

The Workforce Quality Findings reflect the views and perspective of employers in Franklin County only and represents the demand side of the workforce. The report reflects the views of employers who responded to the survey and is represented by Manufacturers with 47% of all respondents and all responding employers with an average of 139 employees per firm. The findings are as follows:

- The average age of the workforce as reported by employers in the Franklin County ALM is 39.4 years of age with 9.3 years average length of employment and 13.2 years of education.
- The absenteeism rate is 3.4% for all employers (58 of 86) with Manufacturers (26 of 41) reporting 3.2%.
- The turnover rate is 17.5% and compares with the U.S. Department of Labor rate for August 2003 at 19.2%
- In the Quality of Labor Characteristics Friendly and Product Quality scored the highest with a tie rating of 4.22 and 4.17 out of 5.0 with Honesty and Safety tied at 4.07. Of the 14 characteristics evaluated, Initial Skills scored the lowest with a 3.10.
- Of the 87 specific skills listed in Skills Training Needs in the nine Skill Category Groups, employers indicated 306 training need responses in the Management/Supervision Category. Technical Skills and Workplace Skills were ranked next in line with 186 and 162 responses respectively.
- Team Leadership was the Specific Skill with the most responses followed by Spreadsheets, Conflict Resolution and CPR/First Aid. Soft skills were listed more frequently than hard skills.
- Sixty-four percent 64% of the firms responding have a formal training program.
- Fifty-five percent 55% of the firms responding conduct drug testing either during pre-employment screening or on a random basis.
- Thirty-four percent 34% of the firms indicated they could fill five production positions with less than 15 applications, while 48% would require between 16 and 30 applications and 15% stating it takes more than 30 applications to fill the five positions.
- In the labor shortage area, overall, the Unskilled category was listed as the most serious, followed by the Skilled and Managerial/Professional areas. Both the Manufacturers and the Health Care ranked the Skilled category followed by the Unskilled category as the most serious.
- The major reasons for leaving a job as listed by employers were: Higher Paying Jobs, followed by Leaving the Area, and Personal and Family Conflicts.
- Most employers in the Franklin County ALM anticipate the employment prospects for the next year to remain steady with 41% of the employers projecting an increase and only 2.4% a decrease.
- The largest area for outsourcing is in Maintenance and Accounting with no changes anticipated in the near future. Fifty-five percent (55%) of the manufacturers bought some outside components for final assembly of their products.
- Forty-one percent (41%) of all responding employers indicated they require pre-employment testing while fifty-nine percent (59%) of employers with 100 or more employees require pre-employment testing. Skills testing was the highest followed by Mental Abilities, Integrity and Personality.

## WORKFORCE COST FINDINGS

The Workforce Cost Findings reflect the views and perspective of employers primarily, however, also of the workers and non-employed as it relates to desired wages for job change and availability. The wage comparison data with the occupational data utilized from state and federal sources can be directly compared to other state and national areas. The findings are as follows:

- Ninety-seven percent (97%) of the firms provide a health insurance plan with over three-fourths contributing 75% of the premiums for their employees. Dependent coverage for health insurance is provided by 81% of the firms responding to the survey.
- Over 65% of the firms provide some pension plan assistance to employees.
- Over one-half of the firms provide dental insurance coverage and 24% provide group life insurance coverage for dependents.
- Eighty-four percent (84%) of the employers provide a 401k plan with 67% of those firms contributing to the plan.
- Employees are provided an average of 8.8 paid holidays per year, while the national average is 9.3 days.
- Employers provide an estimated 27.2% average dollar contribution for benefits as a percentage of total compensation.
- The overall reported average wage for Franklin County is \$14.95 and compares to the 2005 average hourly wage of USA \$18.21; Missouri \$16.66; Chicago Metro \$19.74; Atlanta Metro \$19.34 and Indianapolis Metro \$17.78.
- The hourly wage rates for all of the reported 47 Occupation positions compare favorably with state and national averages.

## WORKFORCE AVAILABILITY FINDINGS

The Workforce Availability Findings reflect the views and perspective of workers and non-employed of the age 18 through 64 and represents the supply side of the workforce. The full report distinguishes the difference of the workforce from the five-county metro ALM of the workforce from the four-county rural ALM. The overall findings are as follows:

- About 29% of the total population in the Franklin County nine-county ALM (or 76,867 persons) is considered to be part of the available workforce.
- Of the Available Workforce, it is estimated that 8,722 not-employed and 7,902 employed persons are seeking new employment, while 60,243 employed persons would consider different employment with the right employment opportunities.
- The Franklin County ALM Occupation Category has an Available Workforce of 19.3% in the Professional/Technical category, 44.5% in the Manufacturing/Production category and 24.9% in the Services category.
- Approximately 24,057 individuals (31.3% of the Available Workforce) are underemployed.
- Thirty-one percent (31%) of the Available Workforce would be interested in employment with a wage of up to \$12.99 per hour. The average desired wage rate for Professional/Technical is \$18.48, Manufacturing/Production \$18.51, Services \$12.66 and Working Students \$15.20.
- The education level of the Available Workforce shows 41.5% having at least some college education. 86.2% have at least a high school diploma.
- 67,259, or 87.5% of the Available Workforce would travel more than 15 minutes/miles one way for work, while 40,278 or 52% would commute more than 30 minutes/miles and 9,608 or 12.5% would travel more than 60 minutes/miles. The Available Workforce is willing to commute about an average of 20 minutes/miles compared to all workers averaging about 29 minutes/miles.
- 29,133 or 27.9% of the Available Workforce are under the age of 40. The average age of the Available Workforce in Professional/Technical is 41.6, Manufacturing/Production 42.2, Services 40.5 and Working Students at 29.4. Working Students is not a separate category but is included in all the occupations. The overall average age of the Available Workforce is 44.0.
- The top motivator for changing jobs among those open for the right opportunities is Salary with 84.1% responding yes, followed by Retirement with 73.5% and Flexible Hours at 68.4%.
- A majority (59% or 35,821 individuals) of the Available Workforce stated they are willing to work outside of their primary field of employment (i.e., manufacturing to the service sector, etc.).
- The average years on the job for the Franklin County ALM is 12.8 years and reflects both a stable and mature workforce.
- The Franklin County metro ALM reflects an available workforce that is younger, better educated, longer tenured with a greater diversity of talent, however, is more costly, with greater expectations of benefits as part of total compensation, less flexible to change of primary employment field and generally prefer less commuting time.
- The **underemployed** provides the best opportunity of potential applicants representing a segment of the available workforce that is younger, better educated and more motivated than the available workforce in general.

## CONCLUSION

This Workforce Study presents information for balance from both the Supply and Demand side of local Area Labor Markets. The study assesses the current environment for existing and new employers on the quality of the workforce, the available labor market for new hires and the cost structure in wages and benefits. The Workforce Quality is determined from the Employer's perspective and presents information for the Demand side. The Workforce Availability is determined from the Workers and Non-employed perspective and provides information for the Supply side.

While considerable information about workforce issues is available at the national level, less information is available at the local level, with adequate data to make objective decisions. Yet it is at the local level where the rubber hits the road and where employers must have a competitive workforce to produce products and services for the local and global marketplace. While employers are concerned about Over-employment and workers with deficient skills and who are under-qualified, the worker and community are concerned about Underemployment and workers who have excess skills and are over-qualified for those jobs. Although the dynamics of the workplace will not change dramatically, employers will continue to recruit the best employees with the best skills for the best value and workers will continue to seek the best jobs with the best compensation package and work environment. The balance for a competitive workforce is critical with the employer, community, education and worker all having a major stake in developing, attracting and retaining its workforce.

With increasing workforce shortages for the future anticipated from the demographic changes in an aging population, the question of a more active approach to increasing the labor pool with productive workers is crucial. Weighing the cost for education and other programs with the social and economic benefits will be key in remaining competitive in a global economy.

***The study confirms that Franklin County and the nine-county designated ALM has a productive and competitive workforce in cost relative to quality and availability and compares favorably to major labor markets, the state and nation.***

Questions and design of the survey instrument are the property of Growth Services, an independent consultant; the findings were developed from the data without any outside influence.