

# **ECONOMIC OVERVIEW**

## **CLAY COUNTY COMMUNITY-BASED COMPREHENSIVE PLAN**

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### **GENERAL EMPLOYMENT CHARACTERISTICS**

In 1990, the total available work force in Clay County was 25,917 persons. The average annual unemployment rate was 5.5 percent, which was slightly higher than the State unemployment rate of 4.9%. In 1992, the unemployment rate for Clay County was 4.0% and dropped below the state's rate of 5.2%, and has stayed lower for most of the 1990's.

The County benefits significantly from the strong employment base in the Fargo-Moorhead metropolitan area.

Table 2-18 shows historic figures for average unemployment rates for Clay County and the State of Minnesota.

**Table 2-18**  
**Average Unemployment Rates**  
**Clay County**  
**1990-2000**

Year	Clay County	Minnesota
1990	5.5%	4.9%
1992	4.0%	5.2%
1994	3.6%	4.0%
1996	4.2%	4.0%
1998	2.0%	2.5%
1999	2.5%	2.8%
2000	2.9%	3.3%

Source: MN Dept. of Economic Security, 2001

**LABOR FORCE**

The State Demographer’s office has made labor force projections for counties to the year 2020. These are included in Table 2-19. From the projections it appears that the labor force will see a slight decrease in the 16 to 44 year old groups. The labor force will increase significantly in the 45 to 64 age group and also in the age 65 and older. To keep pace with the growth in population and industry, an older labor force will need to be employed. Projections show that through the year 2020, the largest group of those seeking employment will remain in the age 25 - 44 group, but by 2000 there will be more people available in the labor force in the age 45 to 64 age group than those in the age 16-24 sector. Again, the baby boom generation would fall into this 45 to 64-age range in 2000, thus accounting for the larger numbers in the labor force. This same group would be reaching retirement age in 2020, or at least age 65, and may choose to work longer as life expectancy increases and retirement can realistically last twenty or more years.

**Table 2-19  
Labor Force Projections  
Clay County  
1990-2020**

Labor Force Type	1990*	1995	2000	2005	2010	2015	2020	1990-2020 % Change
Males	13,349	13,520	13,920	14,400	14,610	14,560	14,350	6.98
Female	12,568	13,010	13,680	14,320	14,690	14,910	14,910	15.71
Ages 16-24	7,377	7,150	7,700	8,210	8,010	7,650	7,170	-2.89
Ages 25-44	11,864	11,960	11,140	10,540	10,410	10,780	11,270	-5.27
Ages 45-64	5,977	6,650	7,960	9,140	9,960	9,920	9,400	36.41
Ages 65+	699	780	800	830	930	1,130	1,420	50.77
Total Labor Force	25,917	26,540	27,600	28,720	29,300	29,470	29,620	11.43

Source: \* 1990 Census Data; MN State Demographer’s Office-2000

**EMPLOYMENT**

The WCI reports that Clay County has the fewest large industrial employers for compared to its total population in the nine county region. Clay County is, therefore, less prone to single-event employment difficulties than other counties where a few industries make up a majority of the employment base. According to the report, while the State Demographer’s population projections show a 7% overall population growth from 1990 to 2020, their labor force projections show a healthy increase of 11.43% overall from 1990 to 2020.

Table 2-20 shows the highest percentage of employed persons (34%) is involved in professional and related services such as health care, education and other related services. Wholesale and retail trade follows closely behind with 25% of all employed persons. The agriculture industry employs approximately 4.6% of all employed persons in the County.

**Table 2-20  
Employment by Industry  
Clay County**

Industry	Number of Persons
Ag, Forestry, Fisheries	1,115
Mining	19
Construction	1,078
Manufacturing	1,831
Transportation/Communications/Other public utilities	1,438
Wholesale/Retail Trade	6,079
Finance, Insurance, and Real Estate	1,521
Business, repair, personal services	1,669
Entertainment and Recreation services	469
Professional and Related services (health, educational, other related)	8,305
Public Administration	750

Source: 1990 U.S. Census

Information from the Minnesota Department of Economic Security on the ten industries with the greatest percentage growth in private employment from 1994 to 1998 in Clay County is included in Table 2-21, below. Trucking and warehousing led with a 110.8% growth in employment during this time.

**Table 2-21**  
**Ten Industries with the Greatest Percentage Growth**  
**In Private Employment**  
**Clay County**  
**1994-1998**

Industry	Number of Persons		1994 – 1998	
	1994	1998	Change	% Change
Trucking and warehousing	139	293	154	110.8%
Engineering and management services	130	239	109	83.8%
Social Services	625	1003	378	60.5%
Industrial machinery and equipment	129	192	63	48.8%
Wholesale trade, non-durable goods	356	456	100	28.1%
Building materials and garden supplies	119	151	32	26.9%
Miscellaneous repair services	30	38	8	26.7%
Heavy construction, except building	184	233	49	26.6%
Automotive repair, services, and parking	106	131	25	23.6%
Automotive dealers and service stations	484	587	103	21.3%

Source: MN Department of Economic Security

Table 2-22 shows the ten industries with the greatest percentage decline in employment from 1994 to 1998. Agricultural services had the highest percentage decline in number of employees with a 53% loss.

**Table 2-22  
Ten Industries with the  
Greatest Percent Decline In Employment  
Clay County  
1994-1998**

Clay County	Employment 1994	Employment 1998	Change 1994-98	% Change 1994-98
Agricultural services	100	47	-53	-53%
Printing and publishing	47	37	-10	-21.3%
Apparel and accessory stores	123	98	-25	-20.3%
Business services	447	358	-89	-19.9%
Real Estate	134	116	-18	-13.4%
Depository institutions	296	259	-37	-12.5%
Agricultural production, crops	177	155	-22	-12.4%
Agricultural production, livestock and animals	64	57	-7	-10.9%
Eating and drinking places	1,554	1,391	-163	-10.5%
Motion pictures	58	52	-6	-10.3%

Source: MN Department of Economic Security

**PLACE OF WORK**

From 1990 Census data, it appears that approximately 54% of all Clay County residents work within Clay County, while 42% work outside of the state of their residence. In most cases, this would indicate employment in Fargo, ND. Approximately 3% work outside the county of their residence. Of urban Clay County residents, 46% work outside of Minnesota, most likely in North Dakota, while 51% work within Clay County.

On the North Dakota side including West Fargo and Fargo, approximately 11% of these urban employees work outside the state of their residence, again in most cases, an assumption is made that this would be somewhere in neighboring Clay County. West Fargo and Fargo residents comprise approximately 85% of the Cass County, ND labor force. Almost 88% of all Cass County’s labor force works within Cass County.

Although more Minnesota residents appear to work on the North Dakota side than North Dakotans work in Minnesota, a significant number of the North Dakota labor force work in Minnesota. This information illustrates the importance of the Fargo-Moorhead metropolitan area on the economy of Clay County.

## **INCOME**

Clay County median family income in 1979 was \$20,139 compared to \$21,185 for the State of Minnesota. 1989 median family income was \$32,983, compared with \$36,916 for the State. Clay County saw an increase of 63% in median family income from 1979 to 1989 while the state median family income rose 74%.

Farm earnings rose sharply from 1980 to 1990 and reached an all-time high in 1992, but appear to be decreasing through the rest of the 1990's. Mining earnings reached an all-time high in 1984 and also are decreasing significantly.

Figure 2-6 shows a slight decrease in construction earnings from 1980 to 1990 but figures beyond 1990 show a healthy increase in earnings. Retail and Wholesale trade are both increasing rapidly into the 1990's as are manufacturing earnings. Increases in earnings from service industries are also seen into the 1990's. In 1990, service industry earnings comprised the largest percentage of total earnings in Clay County, followed by retail trade, farming and manufacturing.

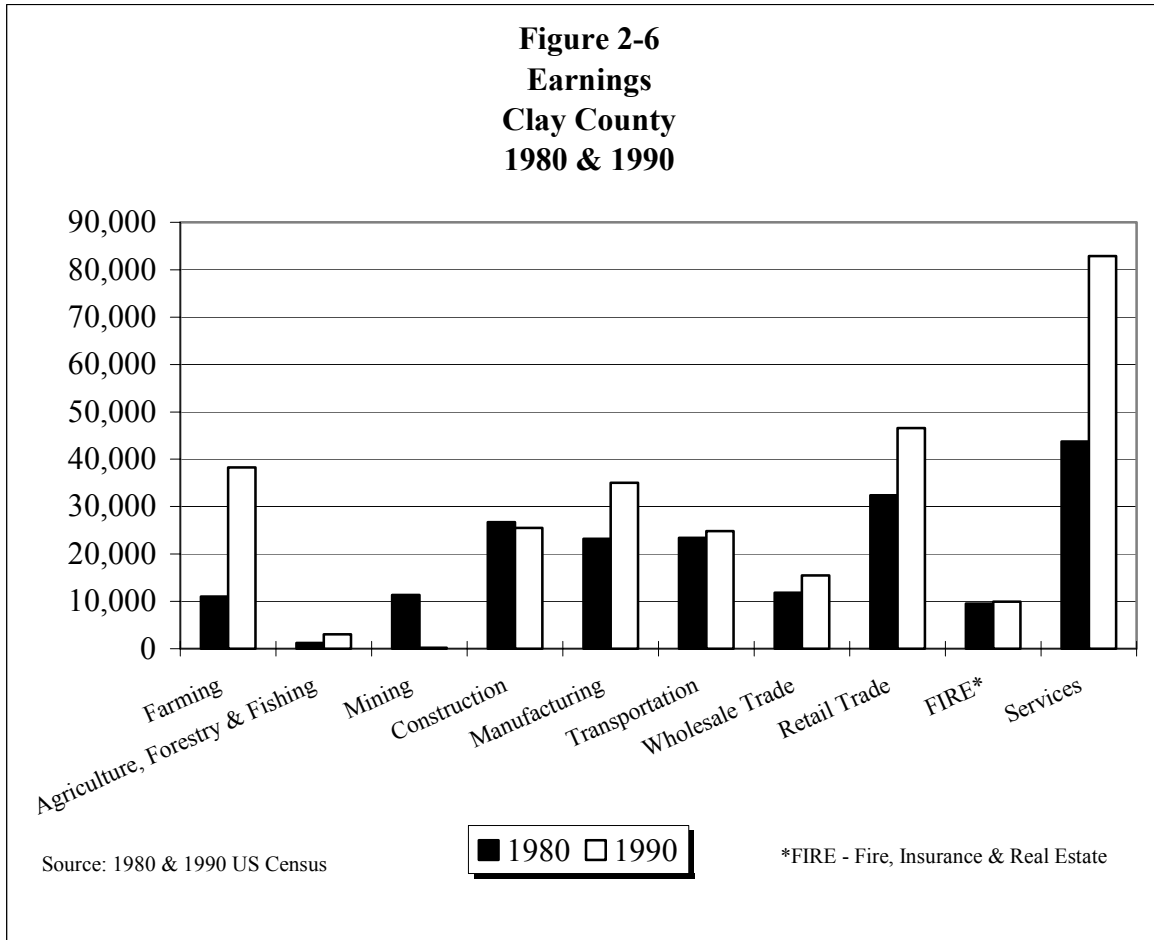


Table 2-23 shows that manufacturing is the highest paying industry in Clay County with 1997 weekly wages at \$661.85. Although retail trade is one of the largest employment sectors, it has the lowest 1997 weekly wage at \$232.73. Transportation shows the largest increase in weekly wages with a 17.94% increase from 1996 to 1997. Retail trade also increased significantly with an 8.24% increase.

**Table 2-23**  
**Average Weekly Wage by Industry**  
**Clay County**  
**1995-1997**

Industry	Weekly Wages			Percent Change	
	1995	1996	1997	1995-96	1996-97
Ag., Forestry & Fishing	N/A	N/A	N/A	N/A	N/A
Mining	N/A	N/A	N/A	N/A	N/A
Construction	\$517.39	\$528.57	\$559.85	2.2%	5.92%
Manufacturing	\$608.85	\$643.71	\$661.85	5.7%	2.82%
Transportation	\$364.90	\$382.18	\$450.76	4.7%	17.94%
Wholesale Trade	\$479.70	\$521.63	\$539.18	8.7%	3.36%
Retail Trade	\$205.64	\$215.01	\$232.73	4.5%	8.24%
F.I.R.E.	\$385.60	\$414.66	\$441.43	7.5%	6.46%
Services	\$313.68	\$323.68	\$331.24	3.2%	2.34%
Government	\$532.32	\$562.84	\$549.36	5.7%	-2.39%

Source: Minnesota Department of Economic Security

**PERSONS BELOW THE POVERTY LEVEL**

Clay County shows a large increase in persons below the poverty level from 1979 to 1989 with a 5% increase to 16%, overall. This compares with 10% for the State of Minnesota.

**Table 2-24**  
**Total Percentage of Persons Below Poverty Level**  
**Clay County**  
**1979 & 1989**

	1979	1989	% Change 1979-89
Clay County	11%	16%	45%
Minnesota	9%	10%	11%

Source: 1980 and 1990 U.S. Census

As Table 2-24 illustrates, Clay County's percentage of persons below the poverty level has increased by 45% from 1979 to 1989, a much higher rate than the State of Minnesota, which has increased by 11%.



## **ECONOMIC DEVELOPMENT ACTIVITIES**

Much of the information for this section came from the “1999 Comprehensive Economic Development Strategy Update for West Central Minnesota” prepared by the West Central Initiative, an economic development organization serving nine counties in West Central Minnesota.

Moorhead is the primary regional center for the Clay County area. The City of Moorhead has the most extensively staffed economic and community development department in the region. The Moorhead Area Chamber of Commerce and the Fargo Chamber were merged in 1998 to become the Chamber of Commerce of Fargo-Moorhead. They maintain close communication with city staff to foster economic development in the Fargo-Moorhead area. The City of Moorhead also works with the Fargo-Cass County Economic Development Corporation to recruit industry to the area.

Moorhead has a large revolving loan fund, which is available for lending. The main source of funds is from the City and the West Central Initiative.

The Cities of Moorhead and Dilworth received significant economic development tools and incentives in 1998 to become more fully competitive with North Dakota. The Border Cities legislation allows these two cities to develop border city development zones. This legislation was enacted in response to the devastating floods during the spring of 1997. These communities can provide up to five years of property tax exemption and an additional twenty years of negotiated payments in lieu of taxes, corporate income and sales tax credits and a new industry payroll credit subject to the appropriations cap provided in the legislature. Commercial and industrial real estate taxes will now be written down through the Disparity Reduction Credit to a net of 2.3% of market value. The cities hope to increase economic development activity through these incentives on the Minnesota side of the Red River.

Barnesville has been promoting economic development through the use of tax increment financing (TIF). Housing development continues to be a focus as a means of economic development for the City. The City offers \$1,000 in utility installation and credits for homeowners who buy spec homes or build new ones in the community. A new commercial/industrial park opened that will be up to 44 acres in size when completed. Light industrial and technical industries are being recruited.

Dilworth and Glyndon contract with a private consulting firm for community development assistance. Dilworth has recently installed a new sanitary sewer line to the Moorhead treatment plant and has contracted to purchase water from Moorhead as well. Glyndon has recently finished a sanitary sewer line replacement project.

Clay County has a revolving loan fund established in 1992 and administered by the County Extension Service, to provide new and existing businesses with additional funding. The Clay County Loan Fund makes loans for the start-up, expansion, succession, or preservation of businesses in Clay County, outside the City of Moorhead.

The West Central Initiative Fund in Fergus Falls fiscally manages this fund. The loans are mostly gap financing mechanisms, providing funding for projects that might otherwise not receive funding without this support.