

South Dakota e-Labor Bulletin

March 2015

Labor Market Information Center

SD Department of Labor & Regulation

Health Care and Social Assistance industry sector -- What does the future hold for South Dakota?

Projections indicate the health care industry, thanks mostly to an aging population and longer life expectancies, will continue its strong employment growth in South Dakota's future. This growth will affect not only the Health Care and Social Assistance industry sector, but also industries outside of the sector.

This analysis focuses on the subsectors within the Health Care and Social Assistance industry sector. The subsectors within this sector are all projected to show a relatively high rate of employment growth based on long-term employment projections data produced by LMIC. The projections data, which includes both industry and occupational data, is available on the [Labor Market Information Center's \(LMIC\) website](#). This data is often referenced for planning future training needs related to the expected demand for workers, aiding in workforce recruiting efforts, and analyzing occupational supply/demand.

Employment Projections for South Dakota's Health Care and Social Assistance Industry Sector 2012 to 2022				
Industry	2012 Workers	2022 Workers	Actual Change	Percent Change
Ambulatory Health Care Services	14,910	17,540	2,630	17.6%
Hospitals	25,065	28,175	3,110	12.4%
Nursing and Residential Care Facilities	12,900	14,465	1,565	12.1%
Social Assistance	8,830	10,045	1,215	13.8%
Total	61,705	70,225	8,520	13.8%

This analysis also forecasts the economic impact related to the projected employment growth for the Health Care and Social Assistance sector. When industry sectors experience a significant increase or decrease in employment, the use of modeling software proves helpful in determining the related economic impact. This type of analysis identifies the primary, as well as the far reaching ripple effects of on other industries, which impact a local or regional economy.

LMIC utilizes IMPLAN (economic impact analysis) software for research purposes. This software uses a model to estimate the impact of growth or expansion within industry sectors. A common use of IMPLAN is to measure the effects of an expected economic change in a regional or local economy.

The IMPLAN model was used to forecast how this growth would impact growth in other related industries. IMPLAN aggregates industry sectors using its own unique taxonomy. LMIC crossed the North American Industrial Classification System (NAICS) industry code structure with IMPLAN's structure to accurately measure the impact. The industry sector information for this analysis is presented by the IMPLAN taxonomy.

Growth within one sector of industries branches out and impacts industries in other sectors. For example, if a hospital hires additional workers, these workers will have an impact on the local economy as they spend their income within the community for housing (real estate establishments), day care (child day care services), and restaurants (food services and drinking places), along with several other sectors.

The indirect effects of this impact are defined as "secondary impacts related to the direct impacts." This includes sectors affected as a result of additional hospital workers, but to a lesser extent than those affected directly. The impact in certain sectors may appear inherent, such as business support services, accounting and tax preparation services, legal services, postal services, insurance carriers, and radio and television broadcasting. Other sectors which generally might not be unexpected to be influenced by this growth include warehousing and storage, spectator sport companies, cheese manufacturing, poultry processing, grain farming, and sign manufacturing. But they are indirectly affected.

The table below includes a summary of the top ten industries significantly impacted by the estimated projected growth within the Health Care and Social Assistance subsectors.

Top 10 Industries Affected by Projected Employment Growth within the Health Care and Social Assistance Industry Subsectors								
Description	Employment				Wages, Income and Benefits (expressed in millions)			
	2012	2022	Variance	Percent Change	2012	2022	Variance	Percent Change
Private hospitals	26,807	30,167	3,360	13%	\$1,825.5	\$2,054.3	\$228.8	12.5%
Offices of physicians, dentists and other health practitioners	16,151	18,959	2,809	17%	\$1,591.1	\$1,867.8	\$276.7	17.4%
Nursing and residential care facilities	13,949	15,665	1,716	12%	\$437.1	\$490.9	\$53.8	12.3%
Child day care services	4,426	5,038	613	14%	\$71.7	\$81.6	\$9.9	13.8%
Food services and drinking places	4,008	4,585	577	14%	\$72.2	\$82.6	\$10.4	14.4%
Community food, housing and other relief services, including rehabilitation services	3,285	3,738	453	14%	\$88.7	\$100.9	\$12.2	13.8%
Real estate establishments	2,691	3,056	365	14%	\$33.8	\$38.4	\$4.6	13.6%
Individual and family services	2,084	2,373	289	14%	\$54.3	\$61.9	\$7.5	13.9%
Wholesale trade businesses	1,246	1,423	177	14%	\$88.7	\$101.3	\$12.6	14.2%
Employment services	1,205	1,370	166	14%	\$29.7	\$33.8	\$4.1	13.8%

Note: Due to the methodology within the IMPLAN model, the percent change is the same for employment and wages, income and benefits.

The IMPLAN model contains 432 total industry sectors. Based on projected employment in the Health Care and Social Assistance sector, indirect impacts will occur in 276 sectors. This illustrates the effects of a sector's growth reaches far beyond the boundaries of the sector itself.