ANNUAL LOCAL PLAN

PROGRAM YEAR 2012

(July 1, 2012 - June 30, 2013)

INDIANA REGION 9
WORKFORCE BOARD, INC.

EXECUTIVE SUMMARY

Background

The Economic Growth Region 9 (Region 9), located in the southeast corner of the state is comprised of 10 counties: Bartholomew, Dearborn, Decatur, Franklin, Jackson, Jefferson, Jennings, Ohio, Ripley, and Switzerland. **As of April 2010, 324,556 people resided in Region 9, representing a 6 percent increase in population over the past decade.** . At the height of the recent recession (2008 – 2010), Region 9's unemployment rate was 11.3 percent. (Feb 2010). As of March 2012, 165,763 are participating in the Region 9 labor force, which equals the amount of individuals in the workplace in November 2008.

Workforce Investment Board Transition Efforts

For nearly two years, our board has analyzed and researched the WIB model, as well as benchmarked results from other workforce boards throughout Indiana which made similar transitions in recent years. Further, during the past nine months, we have met with local elected officials from throughout Region 9's ten counties to:

- Provide a comprehensive review of a potential transition process;
- Discuss the structural and operational differences between our current governance model; and
- A total review of the potential benefits and drawbacks of becoming a WIB.

Region 9's local elected officials are unanimously in support of this potential new direction toward WIB status. The Governor has repeatedly said that local elected officials are best qualified to determine the direction of their communities' workforce development initiatives, and we hope you will agree this transition would be in the best interests of Region 9's workers and employers, in addition to attracting new economic development opportunities to Southeast Indiana.

Employers First

RWB9 has been extremely active in partnering with WIB's in the Cincinnati and adjoining Northern Kentucky. Together we have joined forces through Employers First to better meet employer needs. For 10 years, the four workforce investment boards that serve the region along with the Northern Kentucky Chamber have worked together to serve employers with coordinated hiring activities and layoff services.

With support from a grant from the U.S. Department of Labor, leaders from the workforce boards and the Greater Cincinnati Workforce Network came together to jointly create a regional public-private partnership called the Employers First Regional Workforce Network to align and coordinate workforce services for the employers of our region. Together, Employers First will mobilize the region's resources to make sure employers have the talent they need to succeed.

Region 9's Workforce Development Strategy

For Program Year 2012, The Region 9 Workforce Board (RWB9) has chosen to continue investing its publicly funded resources in training programs that serve the **manufacturing, hospitality and tourism, health care, logistics and construction sectors**. Moreover, the board will concentrate its training resources in **Middle-Skills Jobs**. A middle skill job require just one (1) to two (2) year

post-secondary education or occupational credential yet can lead to a job that pays a family supporting wage.[1]

Manufacturing represents the largest employment source for southeast Indiana, as it is the heart of Region 9's economy. Southeast manufacturing firms currently employ over 34,000 or 1 out of every 5 workers residing in Region 9. Further jobs classified in the **production occupations make up 16 percent of the region's labor force -** significantly higher than the national average of only 9%. While it is projected that the manufacturing sector in Region 9 will shrink by 2.8 percent, due to the manufacturer's aging workforce, southeast Indiana manufactures are projected to offer as many as **5,048 manufacturing jobs through 2018** – the highest number of jobs openings available in the region during this coming decade.

Mfg. employs 20% of regional workers

5,048 job openings through 2018

Health care employment ↑ 51%

There are other important sectors that drive Region 9's economy. For instance, the **Health Care sector** employment opportunities are anticipated to **grow by 51.5 percent** over the next decade (2018) – the largest projected increase in job creation in a given sector in the region.

A popular economic development strategy pursued by many southeast Indiana communities has been the development of casinos and other entertainment facilities. Occupational sectors that serve the Tourism Business - Personal Service and Food Preparation/Servicing – are expected to grow; the **long term** projection shows an additional **1,250 new jobs created** to serve in the tourism industry.

Construction

Occupations in the **construction trades currently constitute almost 4 percent of Region 9's economy. It is projected however, to increase to 4.5 percent by 2018.** And the **Transportation and Material Moving Occupations accounts for approximately 4.5 percent of Region 9'a labor force** and it is projected that this sector will experience a 3% increase in job creation by 2018.

A major challenge facing Region 9's economy is the educational level and hence, quality, of its workforce. The majority of the new jobs are requiring some post-secondary education yet 76 percent of the Region's adult work force (25 years and older) have only a high school degree or less. Further, 15 percent of the working population has adult basic education needs. National workforce development professionals are advocating that public monies be invested in a variety of short-term occupational training methods that emphasize contextualized, industry specific learning that results in a nationally recognized credential. **Working with employers and occupational trainers to identify or develop occupational training programs that will ensure Region 9 workers possess the skills required to succeed in the 21st Century Economy is a top priority of the Region 9 Workforce Board.**

Region 9's Workforce Development Implementation Plan

The Region 9 Workforce Board projects that it will have $2,626,000 to invest in the Southeast Indiana WorkOne System during PY 2012-2013.

Using the six WorkOne Centers located across Southeast Indiana in community based facilities, the Southeast Indiana WorkOne system will serve an estimated 15,000 adult and dislocated workers in

[1] The Region 9 Workforce Board has defined a self sufficient wage as 200% of the poverty level for varying family size.

need of workforce development services. Of those receiving services, approximately 103 clients will receive occupational training. Another 275 Youth will be served through the programs such as school based program, JAG, and Summer Work Experience.

The Region 9 Workforce Board will collect the following performance measures over the next program year:

- % of WIA clients who received training (ITA, OJT) AND obtained employment
- % of WIA clients trained who obtained jobs in the field in which they were trained.
- % of those in training who will receive a credential (AAS, Tech Cert, GED, Etc.)
- % of training money invested in particular county

The Region 9 Workforce Board wants to understand how investing its workforce development resources in occupational training, impacts a WIA client's chances of obtaining a job in that relevant field that will lead to a successful career pathway. Further the board wants to track the impact the WorkOne services have on addressing and closing the education gap of Region 9's workforce.

LABOR MARKET ANALYSIS

PRIMARY BUSINESS SECTORS IN REGION 9[2]

Manufacturing Reigns Supreme

Approximately 34,000 Southeast Indiana workers were employed by 462 manufacturing business establishments during the second quarter of 2011. Almost 45 percent of these workers were employed by international companies including Aisin USA Mfg, Batesville Casket, Cosco Home and Office Product, Delta Faucet, Gecom Corporation, Grote Industries, Hill-Rom, Arvin Sango, Aurora Casket, Cummins Engine and Toyota, to name just a few of the more recognizable firms.

The Business of Health Care

As the nation faces an aging population in need of additional health care services, so goes the state and the region. Region 9 has over 661 health care and health support firms operating in Southeast Indiana and 68 percent of the firms employ 9 people or less. Of the 11,397 Region 9 workers employed in this sector during the second quarter of 2011, 42 percent of them found employment with just 24 health care and health support companies. Major employers of health care services in the region that employ 1,000 people or more that include Columbus Regional Hospital and King's Daughter's Hospital.

The Tourism Business

A popular economic development strategy pursued by many Southeast Indiana communities has been the development of casinos and other entertainment facilities. Hence, a second significant employer in Region 9 is the hospitality and tourism industry. Workers employed by these establishments are part of the accommodations, food services and personal service sectors. The very large employers in the tourism sector include Belterra Casino Resort and Spa, Grand Victoria Casino and Hollywood Casino and Resort. As of second quarter of 2011, they employed 10,346 workers.

[2] All data in this section comes from the Quarterly Census of Employment & Wages, 1st Quarter 2010 as provided by the IN Department of Workforce Development, Research and Analysis Department.

Other Significant Industry Sectors in Region 9
The retail business sector included 993 firms operating in Region 9 during the second quarter of 2011 and employed over 13,000 workers. Wal-Mart is a primary employer in this sector. Almost 5,700 workers in Region 9 were employed by 281 the logistics (transportation and warehousing) sector employers. Two hundred fifty seven (257) administrative and support firms employed over 7,280 people. Another 5,000 Region 9 workers were employed by 623 construction firms during the swecond six months of 2011.

REGION 9's (Current and Projected) EMPLOYMENT OPPORTUNITIES

A variety of methods were used to collect reliable estimates of the employment opportunities that may become available in the region over the next couple of year. Information resources used to identify potential new jobs included labor market information updates, press releases, canvassing local employers, ICC Job Postings, and meetings with Region 9 Local Economic Development Officials.

Employment Projections for businesses operating in the ten counties that comprise Region 9 are broken down by the following sectors. The time estimate for when these jobs will come available is over the next couple of years. Missing sectors should not signal that there will be no employment opportunities; rather, there just was no information regarding employment outlooks for the absent sectors.

Manufacturing: Team Assemblers/Production Associates	= 3,948
Health Care	= 863
Industrial/Mechanical	= 161
Education	= 187
Gaming Supervisors	= 100
Finance	= 142
Sales	= 143

REGION 9 HIGH-DEMAND, HIGH WAGE OCCUPATIONS

Middle-Skill Jobs in the **manufacturing, hospitality and tourism, health care, logistics and construction sectors** are the high-demand, high wage occupational opportunities in Region 9. A middle-skill job requires just one (1) to two (2) year post-secondary education or occupational credential yet can lead to a job that pays a family supporting wage.[3] In 2009, fifty-five (55%) percent of all of Indiana's jobs consisted of middle-skill jobs and it is projected that these types of jobs will increase by fifty (50%) percent over the next five years.[4] While not all of the projected openings in these sectors pay a self sufficient wage, these sectors' entry level jobs represent the beginning of a career pathway that should lead to a self sufficient paying middle-skill job. Hence the Region 9 Workforce Board has decided to invest its publicly funded resources in training programs that place a job seeker on a career pathway leading to a middle-skill job.

Example of Middle-Skill Job Opportunities and Training in Region 9
There are several occupations within the five chosen sectors that are projected to have many openings over the next several years which would be considered middle-skill jobs. For instance, in

[3] The Region 9 Workforce Board has defined a self sufficient wage as 200% of the poverty level for varying family size.
[4] National Skills Coalition, *Indiana's Forgotten Middle-Skill Jobs, p.8.*

the healthcare sector, it is projected that there will be a need for 125 registered nurses in the next year and over 700 RN openings nursing positions through 2018. A registered nurse requires a two-year Associates Degree and pay as much as $54,000 a year, a salary well above a self sufficient earning for a family of four. There are projected to be over 300 positions coming available in the next year in the construction trades business. Many of these jobs require on-the-job training and pay between $35,000 and $50,000. In the logistics sector, there will be a need for almost 300 truck drivers and the average pay is $35,000.

In the manufacturing sector, it is projected that close to 350 team assembler openings will become available over the next year with a starting salary of $30,000. While the entry level manufacturing job of team assembler does not pay a high wage, it is a position that represent the beginning point of a career pathway and can lead to positions that pay self sufficient wages for families.

INDUSTRIES AND OCCUPATIONS PROJECTIONS in REGION 9 - SHORT TERM (2012) AND LONG TERM (2018) [5]

Manufacturing Maintains the Lead

While Region 9 may lose as much as 2.8 percent of its manufacturing jobs over the next several years, production jobs will still be a dominate employment opportunity in Region 9. Such jobs will constitute 16 percent of the labor due to a retiring workforce. It is projected that there will still be a significant number of manufacturing employment opportunities. In fact, there could be as many as 1,306 manufacturing jobs coming available by 2012 and by 2018, there will be an estimated **5,048 manufacturing job openings** – the highest number of jobs openings available in the region during this coming decade. Most of these middle skills occupations consist of team assemblers, computer controlled machine tool operators, machine operators and welders, and the annual wages for these jobs range from $26,000 to $36,000.

Great Growth in the Health Care Sector

Health care occupations (Practitioners and Health Care support) are expected to create new jobs at a healthy rate over the short and long term projection periods. For the 2012 projection, this sector's occupation offering will grow by 7.7 percent, adding 360 new jobs to the region. The health care sector employment opportunities are anticipated to grow by 51.5 percent over the next decade (2018) – the largest projected increase in job creation in a given sector in the region. A total of 2,369 new jobs will be added to the Region 9 economy and an additional 1,759 jobs will become open due to replacement for a total of 4,128 job openings in the health care sectors by 2018. Some of the occupations that will be in great demand include registered nurses, licensed practical nurses, pharmacy technicians, medical assistants and dental assistants. All of these jobs require some post secondary education, not exceeding 2 years.

Tourism Business Remains Strong

Occupational positions that are available in the tourism business typically come from the personal service and food preparation/servicing sectors. Both of these sectors are projected to grow during the short (2012) and long term (2018) projection periods. During the short term period (2012), there will be over 400 new jobs created. The long term projection shows an additional 1,250 new jobs created to serve in the tourism industry. Typical jobs that will be needed include first-line

[5] All data referenced in this section comes from Indiana Department of Workforce Development , Research and Analysis Department

supervision of food preparers and servers (typical pay is $29,841 per year), first-line supervisor of personal service workers (pay is $30,758), and a gaming supervisor, who earns $50,593 on average. These jobs require on-the-job training or some post-secondary credentials.

Logistics Sector – On the Move

Transportation and material moving occupations will account for approximately 9 percent of Region 9's labor force and it is projected that there will be a 3% increase in creation of jobs in the logistic sector. Tractor trailer truck drivers will be in strong demand – nearly 1,000 job openings are projected by 2018; this occupation requires post secondary credentials and pays an average of $35,244 annually. There will be over 1,000 job openings in the material movers' occupation. While these positions are considered entry level and have relatively low pay, the logistics industry it staring to promote post secondary training and training institutions, such as Ivy Tech Community College and Vincennes University are developing logistics degrees.

Building Up the Construction Trades

Occupations in the construction trades currently constitute almost 4 percent of Region 9's economy. It is projected however, to increase to 4.5 percent by 2018. In the short-term (2012), the construction occupational opportunities are expected to grow by 5.3 percent; such an increase represents the single largest percentage projection growth for Region 9. In the long term, construction employment opportunities are expected to grow by 13.3%. Jobs in this sector that show growth include carpenters, laborers and electricians. Electricians require post secondary credentialing.

TARGETED BUSINESS SECTOR

The manufacturing sector in the United States constitutes 9 percent of the country's labor force and produces 21 percent of all manufactured goods produced in the world. Average income for a manufacturing job is estimated to equal almost $75,000 per year whereas the average annual earnings of non-manufacturing jobs amount to only $63,500[6].

Region 9 is uniquely blessed because manufacturing represents the largest employment source for Southeast Indiana. Southeast Indiana manufacturing firms currently employ over 30,000 or 1 out of every 4 workers residing in Region 9. Further jobs classified in the production occupations make up 16 percent of the region's labor force - significantly above the national average. The manufacturing sector is the heart of Region 9's economy.

Between 2008 and 2010 - the official period of the most recent recession – Region 9 lost nearly 12,000 jobs – 8 percent of its workforce. Over one-third of all jobs lost in Region 9 during this last recession were manufacturing jobs. The 4,000 manufacturing jobs lost, resulted in a 16 percent decrease in Region 9's manufacturing sector's workforce.

It is projected that there will be even further losses of manufacturing jobs over the next several years. Yet, despite these dramatic losses, the manufacturing sector will remain the strongest economic sector for Southeast Indiana. Manufacturing will continue to hold a 16 percent labor share over this coming decade and over 5,000 positions will become open for hire.

[6] National Association of Manufacturing (NAM) ; http://www.nam.org/Resource-Center/Facts-About-Manufacturing/Landing.aspx

The challenge to keep this high value business sector in Region 9 will be the quality of its workforce. Today's manufacturing employers demand job candidates possess strong logical and analytical skills coupled with a mature work ethic. Indeed, manufacturing leaders are now proclaiming that in order to be successful in the manufacturing field, a production worker should possess at least some post-secondary training.

National workforce development professionals are advocating that public monies be invested in a variety of short-term occupational training methods that emphasize contextualized, industry specific learning that results in a nationally recognized credential. The trained worker secures a portable credential that is recognized and respected by all potential employers. Employers can trust that, if they hire the credential candidate, the new employee will be properly trained.

Working with manufacturing employers to ensure that workers are qualified for advanced manufacturing jobs is a top priority of the Region 9 Workforce Board.

WORKER CHARACTERISTICS OF REGION 9

Demographics

The population of Region 9 experienced a 6 percent increase over the last decade (2000 -2010), slightly less than the state's population increase. Currently, 324,556 people reside in Region 9[7], and as of January 2011, 157,497 are participating in the labor force[8].

While over 95 percent of its residents are white, the minority community grew by 65 percent over the last decade and now represents almost 5 percent of the region. The Hispanic population in Region 9 grew by over 150 percent; there are now over 10,000 persons of Hispanic descent living in Southeast Indiana, primarily in Bartholomew County (47%).

Age distributions within the region are noteworthy.[9] While children (between the ages of 0 and 18) constitute 29 percent of the region's population, growth in this age cohort remained flat over the last decade. The Generation X population, those between the ages of 25 and 49, grew by nearly 3 percent and continues to constitute the largest age cohort in the region equaling 37 percent of the population. The proportion of baby-boomers living in Region 9 (people between the ages of 50 and 69) decreased by 18 percent. They now constitute only 19.5 percent Region 9's population, down from 22.85%. These workers may have left the region after losing their jobs during the recession. Finally, senior citizen (70 years +) cohort dropped from 9.3 percent share of the population to just 8.45 percent.

Educational Attainment[10]

In 2009, it was estimated that there were 211,993 people 25 years and older and of that population, over 85 percent of them had a high school degree or greater. Over 24 percent of the population have attained an Associate degree or higher, however, of the nearly 90,000 high school graduates in Region 9 who attempted pursue some post-secondary education, 43 percent of them failed to earn a degree. There are almost 39,000 Region 9 adults who have a high school degree but who lack a

[7] 2010 U.S. Census
[8] IN DWD, Research and Analysis, LAUS
[9] American Community Survey 2005 -2009
[10] American Community Survey 2005-2009

post-secondary degree.[11] Another 31,371 adults in Region 9 (15 percent of the adult population) are lacking a high school diploma. In all, 76 percent Region 9's adult population may be lacking the necessary level of education to succeed in the 21st Century labor market.

High School Graduation Rates [12]

Below are the high school graduation rates for each of the 10 counties in Region 9. Given the demand for workers with some post-secondary training, these rates for recent high school aged students is concerning.

Current High Graduation Rate
83.7 % Bartholomew
87.7% Dearborn
92.6% Decatur
Current High Graduation Rate
77.9% Franklin
79.5% Jackson
75.9% Jefferson
81.7% Jennings
84.6% Ohio
86.6% Ripley
76.9% Switzerland

Employed/Unemployed[13]

In January of 2008, there were 164,751 people participating in the Region 9 labor force and the unemployment rate was 5.3%. At the height of the recession, Region 9's unemployment rate was 11.3 percent. (Feb 2010). As of January 2011, the Region 9 labor force had shrunk to 157,497 and the unemployment rate was 9.8 percent. As of March 2012, the labor force grew to 165,763 and the unemployment rate dropped to 8.3%. Like the general population, 72 percent of the unemployment population this past year possessed only a high school degree or less.

UNIQUE LABOR MARKET ATTRIBUTES of REGION 9

Again, the primary employer in Region 9 is the manufacturer, and today's manufacturing employers are demanding that even entry level employees have some post-secondary training in order to be proficient at their jobs.

Yet, 76 percent of the region's adult work force (25 years and older) have only a high school degree or less. In fact, 15 percent of the working population has adult basic education needs. The majority (72%) who has faced unemployment over this most recent year is undereducated for the new economy.

While the children and youth of the region make up nearly 30 percent of the population, there are not enough people in this age cohort to meet the labor demands over the next decade. Further, the

[11] What is not known is how many of these people did attain a post-secondary credential, just not a degree. While Middle skills jobs do require some post-secondary training, often an academic degree is not necessary.
[12] Indiana Department of Education
[13] IN, DWD Research and Analysis, LAUS

decline of over 13,000 people between the ages of 50 and 69 over the past decade could suggest that some of the older workers who lacked advanced education gave up on employment and the Region.

This Economic Growth Region cannot rely upon the next generation of workers to meet the new labor demands. Providing workforce training to the Gen X worker is not just essential for their economic well-being, but for the long term economic health of the region. If Region 9 does not have a trained workforce, the world-class manufacturers may need to find a labor force elsewhere and the economic future of Region 9 could be put at peril.

The workforce investment decisions the Region 9 Workforce Board makes over the next several years need to be focused on today's worker who will be still be working well into the future. The training must be relevant to the employers' needs, addressing the required skill sets that can ensure the competitiveness of the company is preserved. The stakes have never been higher.