State of the WORKFORCE REPORT

WorkOne
Northwest Indiana Workforce Board, Inc.

Northwest Indiana 2012

The State of the Workforce Report is a product of the Northwest Indiana Workforce Board (NWIWB). The NWIWB is committed to the development of a highly skilled, motivated, and diverse workforce, earning sustainable or higher wages and actively engaged in skill advancement and lifelong learning.

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ACKNOWLEDGEMENTS

The members of the Northwest Indiana Workforce Board, chief local elected officials and the staff of the Center of Workforce Innovations would like to thank those individuals who were instrumental in helping develop the State of the Workforce Report for 2012. The report gives the community a sense of comparison and progress made utilizing the most current available data and comparing the data sets to those used in 2010.

An effort like this requires the input of many people who were all helpful in garnering the best information, data and conclusions on key items that present trend lines, which should be on our radar screen. For it is only with the use of good data, analysis of that data, and then action that any community can move forward in a deliberate way to reach their goals for a better future.

Special acknowledgements to the following individuals who contributed toward the compilation of information and completion of this 2012 State of the Workforce Report for Northwest Indiana:

- Nina Babich
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- John Hoops (FutureWorks)
- Matt Waldo (Thomas P. Miller and Associates)

This report is reflective of the work that several organizations have conducted over the past several years, all intended to help build a community that values critical examination of the workforce, economy and our community at large, all intended to build a better workforce and quality of life.

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INTRODUCTION

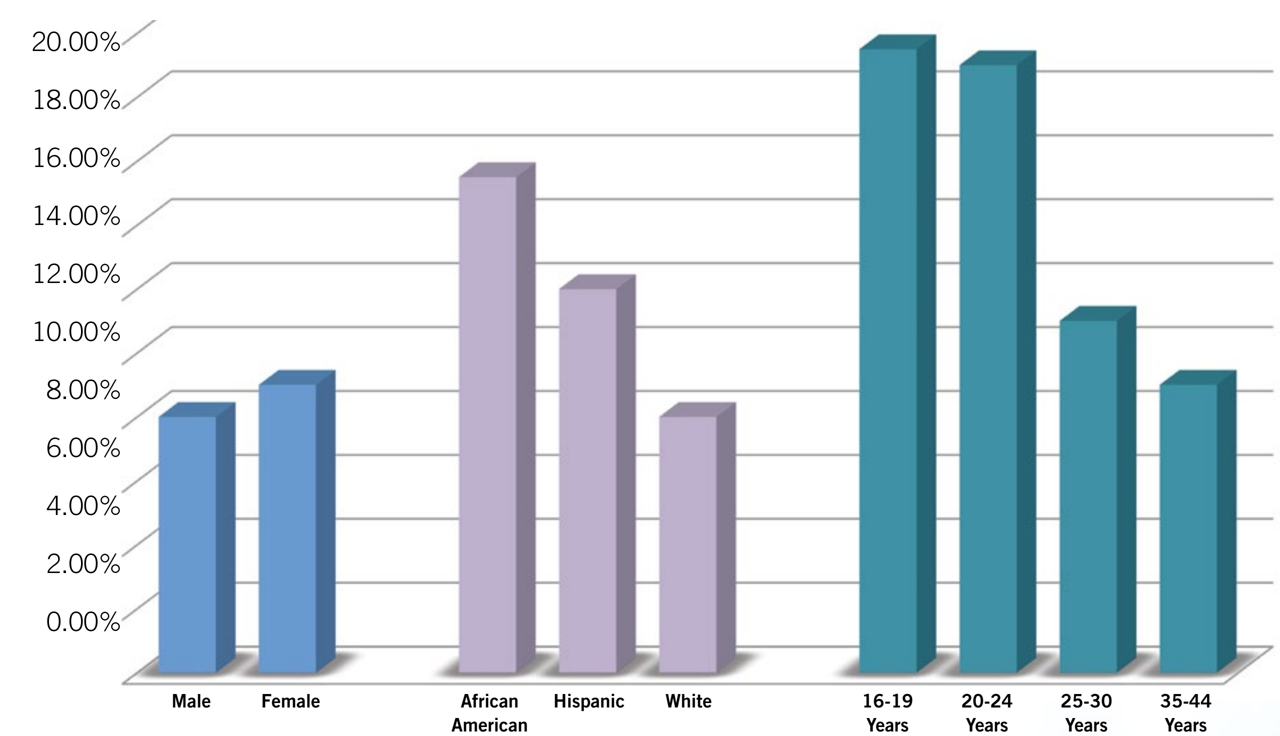
In September 2010, the National Bureau of Economic Research (NBER), a private, nonprofit, nonpartisan research organization well known for providing start and end dates for recessions, declared that the Great Recession of December 2007 officially ended eighteen months later in June 2009. NBER also determined that the groups most affected by the recession included black and Hispanic workers, young workers, and less educated workers. In other words, the same groups impacted by every recession and the same groups that struggle disproportionately even when the general economy is doing well. Minorities and the less educated were not only more likely to be unemployed in the recession but also more likely to be underemployed.

Regardless of recoveries, populations who are vulnerable continue to be vulnerable in every economic swing. Income inequality continues to grow despite increasing employment. We cannot discuss improvements in the economy without discussing which demographics benefited and which did not.

Minorities are an increasing percentage of the regional population. If their economic sustainability is insecure and volatile, the region's economy will increasingly become insecure and volatile. With recovery from the recession in progress, we have the time and also the urgency to strengthen our ability to better withstand the next downswing. The Northwest Indiana Workforce Board (NWIWB), the Center of Workforce Innovations (CWI), and our partners will collaborate to build on the region's strengths while working to address the workforce issues that are identified in this report. The data will guide our investments in the years to come, with an emphasis on building the knowledge, skills, and abilities of the most vulnerable workers. Our future depends on it. We hope you join us in this effort.

Indiana Unemployment Rate by Gender Race/Ethnicity and Age 2011

Source: State of Working Families in Indiana 2011



Why are Demographics Important?

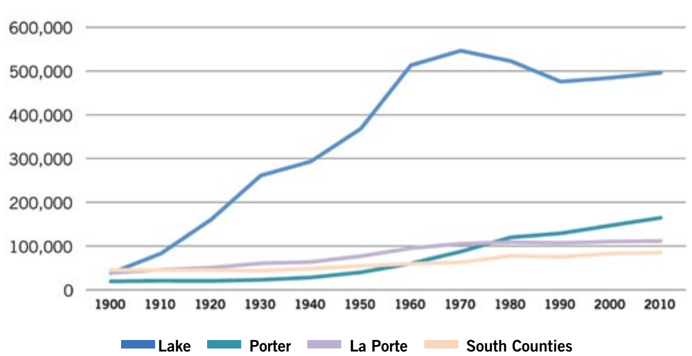
Population trends provide information that helps planners and policy makers determine where to invest scarce resources. For example, a growing youth population has implications for expanding school capacity. A growing aging population has implications for adding healthcare facilities. An influx of immigrants may mean increasing investments in English as a Second Language. Demographic trends also tell us the extent to which our strategies and investments in the past have been successful. Are youth graduating from high school at a higher rate than in past years? Is the gap between the average income of minorities and the majority closing or widening?

The State of the Workforce in many ways is the State of the People. If our people are healthy, educated, skilled, and able to accumulate assets that ensure family sustainability over time, then our workforce will be stable, productive and able to generate wealth for a strong economy.

Population Growth Patterns are Uneven

As described in the 2010 State of the Workforce report, the population of Northwest Indiana suffered a significant loss of population in the 1970s and 1980s, particularly in Lake County due to the decline of the steel industry. Lake County's total population in 1970 was 546,253, but by 1990 that number had fallen by more than 70,000 people.

Population of Northwest Indiana 1900-2010



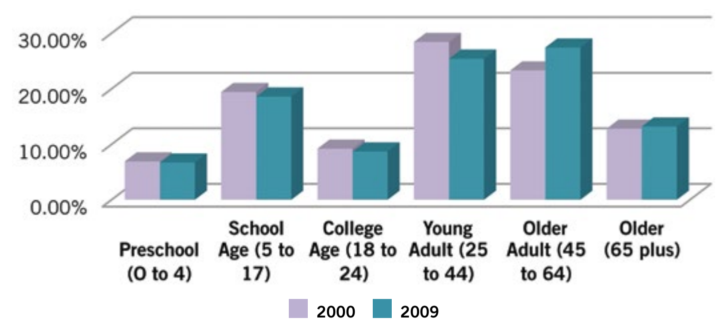
Population by County 2000-2010

	2000	2010
Lake	484,564	496,005
Porter	146,798	164,343
LaPorte	110,106	111,467
South Counties	82,731	84,485
Jasper	30,043	33,476
Starke	23,556	23,363
Newton	14,566	14,244
Pulaski	14,566	13,402
Northwest Indiana	824,199	856,300

Source: U.S. Census Bureau

During that same period, however, the region as a whole only declined by a little more than 15,000. Growth in the other counties, particularly in Porter, which grew by more than 41,000 in those two decades, greatly ameliorated the losses in Lake County. In fact, every county in the region except Lake gained in population between 1970 and 1990.

Share of Population by Age Category in Northwest Indiana 2000-2009
Source U.S. Census Bureau



More recently, the picture has changed. Starke, Newton, and Pulaski experienced small losses in population between 2000 and 2010 even as the other counties continued to gain. Porter is still growing the fastest, although it is slowing down from its rapid growth in the 1980s and 1990s. LaPorte's population is virtually the same now as it was in 2000, but is at least gaining rather than losing residents.

Within the counties, individual cities and towns have dissimilar rates of growth. Lake County may be on the upswing, but the city of Gary declined by nearly 22 percent between 2000 and 2011. Hammond also declined, but it overtook Gary as the largest city in the region in 2010. Within the same county, Crown Point grew by 40 percent during that period, St. John grew by more than 72 percent, and Winfield grew by 114.5 percent. And in the fast growing Porter County, Chesterton gained 2,594 people even as the town of Porter lost 90, Ogden Dunes lost 191, and Beverly Shores lost 97.

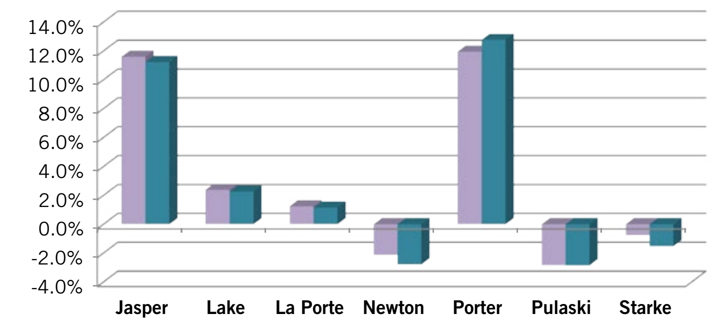
The Number of Adults of Prime Working Age is Declining

Compared to the state and the nation, Northwest Indiana has a higher proportion of older adults age 45-64 and age 65 and older. The region has a relatively smaller share of individuals 18 to 44; the group that is in prime working years and raising families (see graphic above).

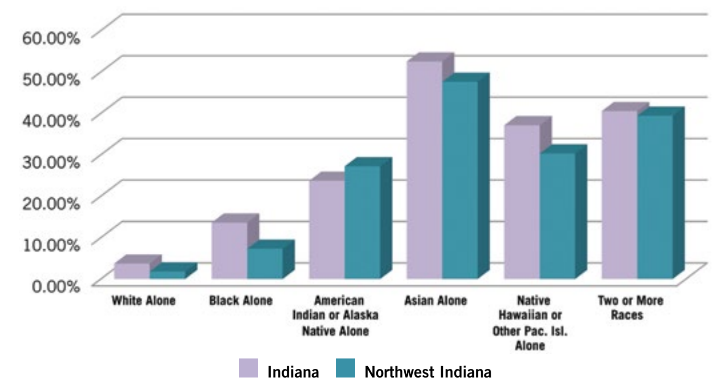
In addition to being the fastest growing county in the region, Porter also has the highest proportion of younger adults in the 18-44 age range at 35.6 percent, as well as the lowest percentage of retirees among all the counties. Demographically, Porter has a higher proportion of working age residents than the other counties.

Pulaski, Starke and Newton Counties, which are losing population, have the lowest percentages of younger adults age 18-44 and the highest percentages of individuals age 65 and older. In absolute numbers, Starke County lost 910 younger adults between 2000 and 2009; Pulaski lost 665, and Newton lost 818, significant numbers in such small counties. The future vitality of these counties deserves attention. Without opportunities for good jobs and housing and leisure activities, attractive to young professionals, continued decline is likely.

Percent Change in Population 2000-2010 and 2000-2011
Source: US. Census Bureau Population Estimates



Percent Growth Rate by Race 2000-2009
Source U.S. Census Bureau



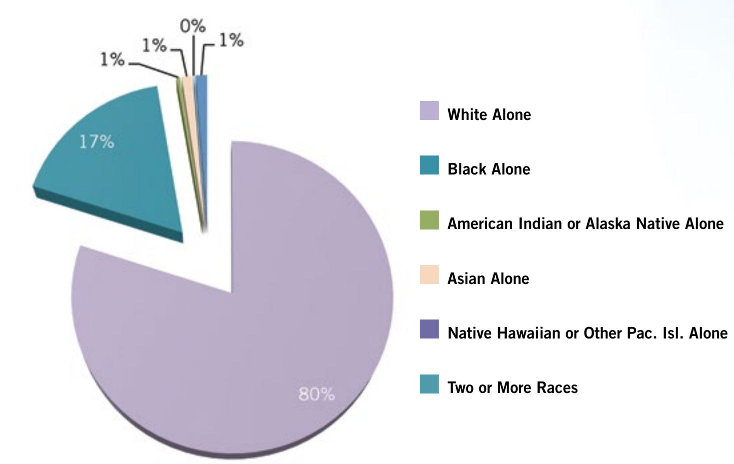
Distressingly, the number of younger adults age 25-44 declined by nearly 18,000 in the region as a whole between 2000 and 2009. Porter was the only county that experienced an increase in absolute numbers for this age group. Numerically, the region gained 679 preschoolers, but lost 1,402 school-age children and 2,111 college-age young people between 2000 and 2009. At the other end of the spectrum, the region gained 41,895 older adults age 45-64 and 7,561 people age 65 and older.

In summary, while the region has increased overall in population, it is not increasing in the age groups that grow a workforce. A gain of 679 preschoolers over a nine year period will not replace the large number of people who will retire before the preschoolers reach working age.

The Asian Population Is Growing Most Rapidly

Northwest Indiana is more racially diverse than the state as a whole. Indiana is 88 percent white, compared to 80 percent in Northwest Indiana. In the last decade, about 85 percent of the nation's growth was attributable to minorities. While only one percent of the overall population, the number of people of Asian origin is growing more quickly than any other racial group. Individuals who claim two or more races are the second fastest growing. The U.S. Census Bureau suggests that racial and ethnic minorities will become the majority by 2040 due to a combination of immigration and birth rates. Diversity is much greater in the younger age groups due to higher birth rates among the minority populations, particularly Latinos. It should be noted that Latinos may be of any race. They are a *minority* ethnic group as opposed to a *racial* group and thus are not included in the chart depicting growth rates by race

Racial Compostion of Northwest Indiana 2009
Source U.S. Census Bureau

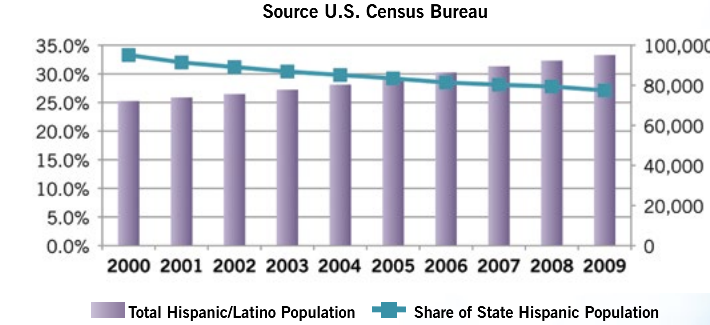


Latino Growth Slows

In Northwest Indiana the Latino population of all races increased by nearly 23,000 individuals between 2000 and 2009, even while declining as a share of the state total as depicted in the chart below. This suggests that Latinos are finding other areas of the state more attractive.

The population of Northwest Indiana increased by 32,101 over the past decade, and 72 percent of that increase was due to the rise in the numbers of people of Latino ethnicity. Therein lies an issue that the region must address. Latinos and other minorities across the nation lag behind non-Latino whites in education and other socioeconomic characteristics. Their college attendance and completion rates are lower, with implications for the overall economy as they make up a larger share of the workforce. The 2010 State of the Workforce report

Latino Population in Northwest Indiana 2000-2009 and Share of State Total
Source U.S. Census Bureau



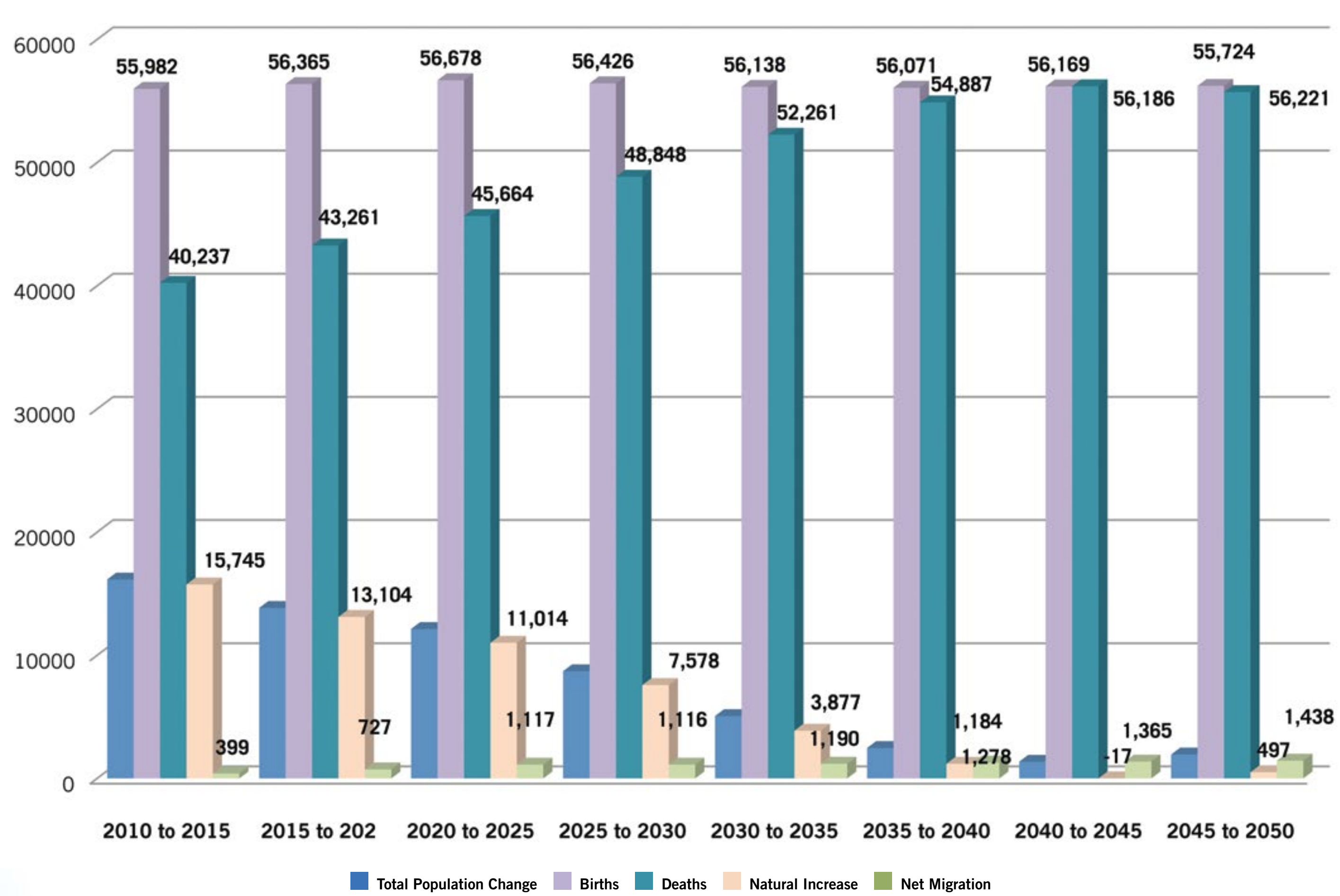
noted that the overwhelming majority of Latinos in the region live in Lake County. If the growth of the region and Lake County is dependent, to a large degree, on Latinos and other minorities, it is imperative to focus resources on this group's educational success.

The Components of Population Change

Population growth and decline occur not only through birth rates and in-migration but also through death rates and out-migration. In-migration is not the same as immigration. Rather, it reflects people moving into the region from the United States or other counties in Indiana. The difference between births and deaths is natural increase. The difference between in-migration and out-migration is net migration. The number of regional residents who die will increase every decade until the late 2040s, while the number of births remains fairly constant. Thus, the passing of the Baby Boomer generation will result in a declining share of population growth due to natural life events until about 2045, when natural increase is expected to change from negative to positive.

Net migration, on the other hand, is anticipated to regularly increase, with a particular upswing in the early 2020s. Businesses look at domestic migration patterns when they make decisions about the location of new stores and manufacturing sites. Positive domestic migration is a sign of high quality of life and is a valuable measure of a competitive workforce and economy. By comparison to natural increase, however, net migration in Northwest Indiana is a minor component of population change. Because changes in projections from the last State of the Workforce report are very small, the total population change profile for Northwest Indiana is not appreciably different from the 2010 report.

Components of Population Change 2010-2050
Source U.S. Census Bureau



SECONDARY AND POSTSECONDARY EDUCATION

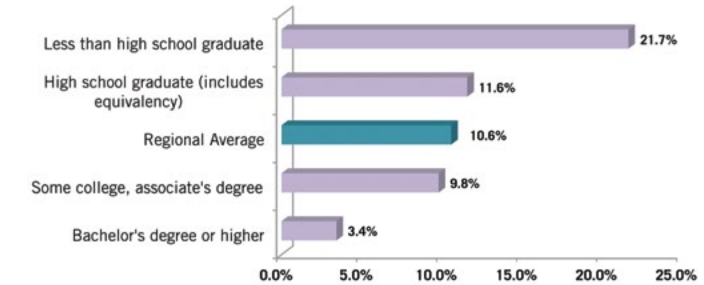
High School Dropouts are Costly to the Region

A high school diploma was once the ticket to a good job. In the 21st century, it is only the launching pad. The new ticket is a postsecondary credential, be it through a college or university, apprenticeship, the military, or industry recognized certifications that can be earned independently.

Those with greater educational attainment enjoy higher earnings. A Hoosier adult who earns an associate degree is likely to earn $4,100 more per year than someone who attempted 12 credits or less in college.[1] Northwest Indiana is projected to produce 2,256 high school dropouts from 2012 to 2015. These dropouts are unlikely to earn any college credits at all, much less an associate degree. At $4,100 per year per dropout, over the course of ten years these students will cost the regional economy $92,496,000 in unearned wages and corresponding taxes thereon. As they are more apt to be in poverty, they are likely to cost millions more in public assistance benefits over the next decade. They are also less likely to have health insurance and more likely to be incarcerated. As the costs and lost wages/lost taxes add up, it is easy to see the incredible economic toll of high school dropouts. Add in the large numbers who will graduate but not start college, or start college but drop out short of earning a credential of any kind, and it becomes clear that investment in young people is urgent and carries a huge payoff.

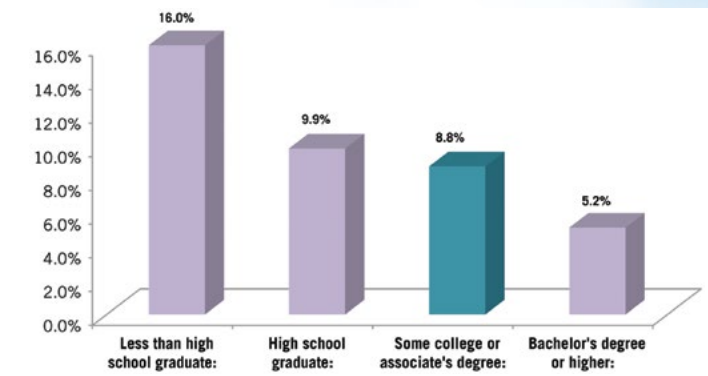
Between 2008 and 2018, new jobs in Indiana requiring postsecondary education and training will grow by 79,000 while jobs for high school graduates and dropouts will grow by only 16,000.[2]

Poverty Rate by Educational Level
2008-2010 Region 1 Average
Source U.S. Census Bureau



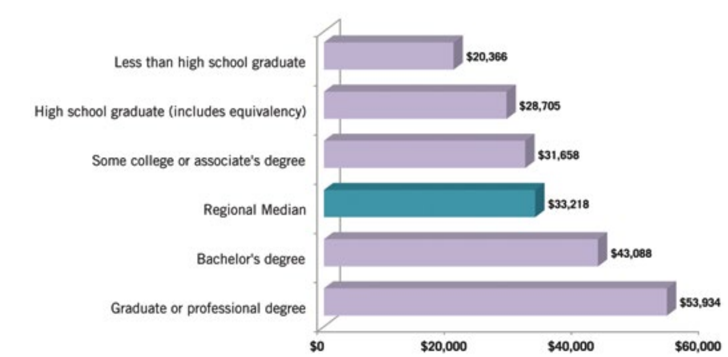
Approximately 55 percent of all jobs in Indiana (1.7 million) will require some postsecondary training beyond high school in 2018. The Ready to Work/Ready to Hire plan created by the ReadyNWI partnership assumes employer demand for post-secondary education will continue to rise and reach a level of 80 percent in 2025.[3] Only 25.6 percent of individuals 18 and over in Region 1 have completed a post-secondary

Unemployment by Educational Level
Source U.S. Census 2008-2010 Three-Year Survey



credential. By 2020, the percentage of jobs requiring at least an associate degree is expected to rise to 58 percent.[4] We must ensure our young people will have access to these jobs, but it will be a struggle.

Median Earnings by Educational Level
2008-2010 Region 1 Average
Source U.S. Census Bureau



The table on the following page compares graduation data from the 2008-2009 school year reported in the 2010 State of the Workforce report with new data from the 2010-2011 school year.

Purple cells in the 2010-2011 HS Enrollment column indicate schools that lost enrollment since the 2008-2009 school year. More than half the public high schools in the region experienced lower enrollment, but with gains in the remaining schools the total reduction in public high school enrollment was only 1,623. Purple cells in the two columns that show graduation rates for 2008-2009 and 2010-2011 indicate schools that had a graduation rate below the state average. Over a third (38 percent) of the region's schools are below the state average. Purple cells in the farthest column to the right signify school corporations that had a greater percentage of students receiving a free school lunch

[1] *The Importance of Being Educated: Wage Benefits for Indiana's Adult Students;* Indiana Workforce Intelligence System and Indiana University Kelley School of Business; October 2011

[2] The Georgetown University Center on Education and the Workforce, Projections of Jobs and Education Requirements Through 2018, June 2010

[3] *Ready to Work/Ready to Hire;* Center of Workforce Innovations for the ReadyNWI partnership; 2012

[4] Complete College American, Indiana 2011 Data Sheet

High School Enrollment, Graduation and Free School Lunch Comparisons

School Corporation	County	2008-2009 HS Enrollment	2010-2011 HS Enrollment	2008-2009 Graduation Rate State: 81.5	2010-2011 Graduation Rate State: 85.7	2010-2011 Free School Corp Free Lunch Rate State: 39.0
Kankakee Valley	Jasper	1086	1087	71.5	82.8	27.9
Rensselaer Central	Jasper	599	570	86.6	88.9	31.8
Crown Point	Lake	2426	2532	89.8	93.1	18.6
East Chicago	Lake	1551	1583	55.7	67.0	82.1
Gary Community	Lake	3779	2307	57.1	66.8	77.7
Griffith Public Schools	Lake	946	925	89.2	91	36.4
Hammond	Lake	3998	3905	64.0	73.7	70.8
Hanover Community	Lake	591	580	94.4	90.1	16.6
Highland	Lake	1185	1175	80.1	92.8	23.9
Hobart	Lake	1274	1268	85.2	90.5	36.0
Lake Central School	Lake	3141	3225	85.7	89.9	12.8
Lake Station	Lake	425	423	71.9	70.8	65.5
Lake Ridge	Lake	645	601	68.0	79.6	72.6
Merrillville	Lake	2241	2396	87.3	90.1	45.5
Munster	Lake	1663	944	94.9	na	11.1
River Forest	Lake	426	470	70.4	75.7	69.5
Tri-Creek School	Lake	1224	1282	84.1	87.5	19.2
Whiting	Lake	310	381	91.3	92.1	53.0
Tri-Township	LaPorte	111	na	90.0	na	na
LaPorte Community	LaPorte	1656	1839	83.6	89.5	40.3
Michigan City Area	LaPorte	1935	1922	76.7	85.0	62.8
New Durham	LaPorte	269	424	80.0	92.2	28.7
New Prairie United	LaPorte	877	852	93.0	97.0	25.8
South Central Com	LaPorte	297	282	89.2	87.8	18.3
Boone Township	Porter	352	340	86.7	90.8	19.6
Duneland Schools	Porter	1931	1994	86.2	89.8	21.3
East Porter County	Porter	695	731	91.0	95.5	14.3
Porter Township	Porter	547	543	88.6	83.5	16.8
Portage Township	Porter	2618	2668	87.2	88.4	41.8
Union Township	Porter	564	545	95.6	95.2	14.2
Valparaiso Community	Porter	2072	2114	91.6	90.8	20.9
Eastern Pulaski	Pulaski	418	395	89.1	92.5	31.8
West Central	Pulaski	275	264	88.7	86.2	40.2
Knox Community	Starke	619	620	78.3	82.8	49.7
North Judson-San Pierre	Starke	469	462	75.8	80.5	43.4
Oregon Davis	Starke	221	219	88.0	80.0	43.4
North Newton	Newton	483	466	80.8	78.6	35.1
South Newton	Newton	309	271	77.7	73.7	44.5

Source: Indiana Department of Education

than the state average. There is an obvious correlation between poverty and graduation rates. The higher the rate of free school lunch, the lower the rate of graduation.

Most districts improved their graduation rate from 2009-2011, but ten did not: Hanover, Lake Station, South Central, Porter Township, Union Township, Valparaiso Community Schools, West Central, Oregon-Davis, North Newton and South Newton reported lower graduation rates. While it is gratifying to see major gains in East Chicago and Gary, the rates are still very low.

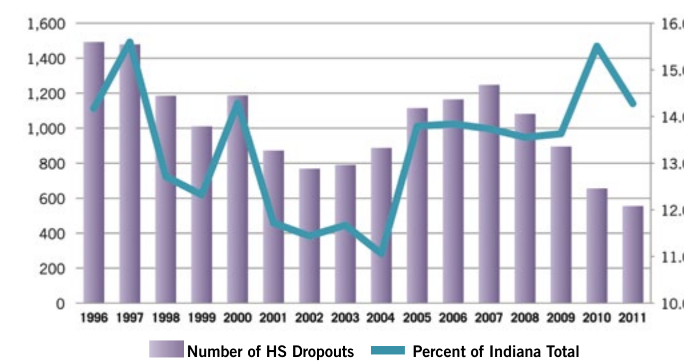
Since the 2010 State of the Workforce Report was published, projections for dropouts have fallen, but projections for a future four-year period can be tricky to interpret. In 2011, the region had 555 dropouts. If the number even stays the same each year, we would predict 2,220 dropouts from 2012-2015, yet the Department of Education has projected more than that despite declining numbers of enrollments and declining dropout rates. The information is being provided here solely to update data that appeared in the 2010 report, but must be looked at with a dubious eye.

Projected Graduates and Dropouts

			Projected Total 2010-2013		Projected Total 2012-2015	
County	Enrollment 2008-2009	Enrollment 2010-2011	Graduates	Dropouts	Graduates	Dropouts
Jasper	1,685	1,596	1,295	121	1,353	59
Lake	25,825	24,900	19,778	2,210	20,767	1,394
LaPorte	5,145	5,323	4264*	608	4,759	160
Newton	792	733	630	94	562	80
Porter	8,779	8,912	7807	450	8,021	383
Pulaski	693	665	61	60	598	51
Starke	1,309	1,264	1,035	121	1,029	104
Total	44,228	43,393	35,426	3,664	37,058	2,256

High School Dropout Trends 1996-2011

Source Indiana Department of Education



Progress is being made in Northwest Indiana, but since both the region and the state improved dropout rates by exactly the same percentage over the years, the region's share of the state's dropouts was the same in 2011 as in 1996. In 1996, the region had 1,492 dropouts representing 14.2 percent of the state total. In 2011, the region had only 555 dropouts, but as the graphic above shows, this was still 14.3 percent of the state's dropouts. Both the state and the region cut their dropout rates by 63 percent from 1996 to 2011.

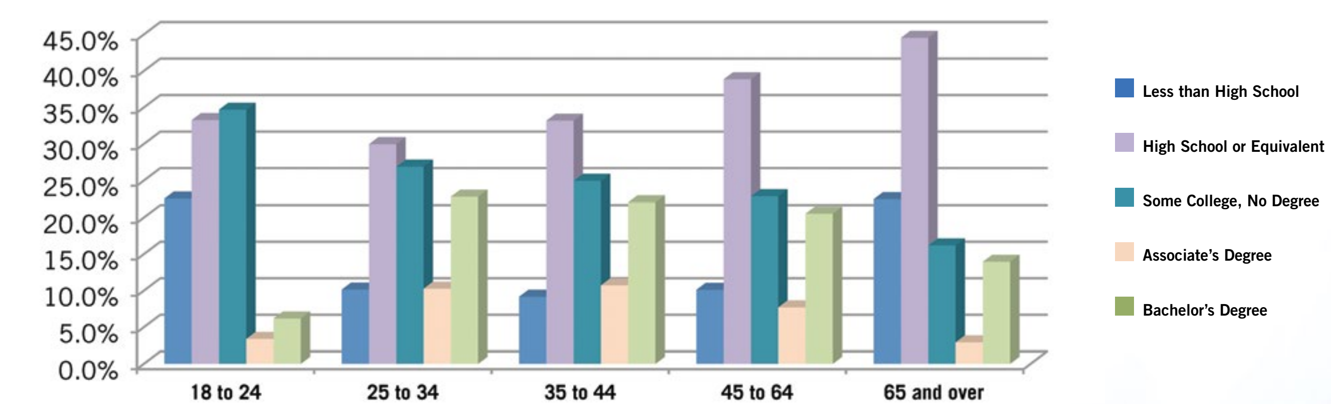
In a deeper dive into educational performance, we examined composite SAT scores (reading and math) for each high school in 2008 and 2011, as well as Spring 2012 ISTEP pass rates by major race and ethnicity. Green cells once again indicate a district below the state average. The picture is bleak. We may be graduating youth at a higher rate than before, but we are not preparing them well for postsecondary education that will allow them to earn a credential. Seventy-one percent of Northwest Indiana schools came in below the state average on the SAT with no improvement between 2008 and 2011. A common rationale provided for low SAT scores in Indiana is that the state tests a much higher percentage of students using this instrument than other states in the nation, but the table is only comparing Northwest Indiana schools to other schools in the state.

The Spring 2010 ISTEP pass rates raise another concern. Pass rates in East Chicago, Gary, and Hammond are particularly troublesome.

Minorities are increasing as a percent of the total population, but their performance lags the white population in most districts. Minority students are more likely to be in poverty. Individuals in poverty are less likely to graduate or do well on exams, which increases the likelihood they will continue to be in poverty as adults and raise more children in poverty. It is a vicious cycle that must be broken.

Educational Attainment by Age Group 2008-2010 Region 1 Average

Source U.S. Census Bureau



School District SAT Scores and ISTEP Pass Rate Comparisons

Average Composite SAT Scores 2008 and 2011, Reading and Math Source: Indiana Department of Education State Ave 2008: 1004 State Ave 2011: 976			Spring 2012 ISTEP Pass Rate for Both Math and ELA by Race/Ethnicity Source: Indiana Department of Education State Ave: 71.4		
School Corporation	2008	2011	Black	Hispanic	White
Kankakee Valley Schools	1012.5	973.0	***	69.4%	76.7%
Rensselaer Central School	933.0	955.3	***	66.7%	74.6%
Crown Point Community	1025.5	1005.9	76.1%	82.3%	88.9%
East Chicago	827.3	834.6	34.2%	52.8%	50.0%
Gary Community Schools	797.6	772.0	42.9%	50.8%	55.6%
Griffith Public Schools	941.6	922.2	57.3%	68.2%	78.8%
Hammond	845.9	838.6	41.8%	53.2%	57.8%
Hanover Community School	975.5	961.7	***	67.5%	71.2%
Highland	999.9	979.8	61.9%	74.6%	77.0%
Hobart	946.7	945.0	59.1%	70.9%	77.6%
Lake Central School	1011.2	993.9	59.8%	68.5%	82.3%
Lake Station Community	900.5	845.8	43.8%	68.3%	67.4%
Lake Ridge Schools	841.8	864.3	53.2%	60.9%	63.0%
Merrillville Community	940.0	886.5	60.1%	72.8%	80.8%
Munster	1093.2	1058.0	65.2%	73.6%	83.5%
River Forest Community	952.0	848.7	53.6%	67.4%	64.8%
Tri-Creek School	973.4	973.5	***	67.4%	76.1%
Whiting School City	903.2	867.1	42.9%	62.3%	77.2%
Tri-Township Schools	na	965.4	na	***	82.9%
LaPorte Community Sch	962.7	993.1	53.7%	71.7%	79.0%
Michigan City Area Schools	922.5	934.2	42.3%	65.3%	70.8%
New Durham	1008.8	971.9	***	70.4%	71.5%
New Prairie United School	950.8	940.4	***	67.2%	81.4%
South Central Com School	963.9	928.9	na	***	75.2%
Boone Township	1009.1	996.2	***	78.4%	83.7%
Duneland School	1050.9	1029.2	51.4%	68.4%	78.0%
East Porter County	1035.5	980.9	***	85.7%	87.8%
Porter Township	1017.2	986.7	53.3%	70.7%	77.6%
Portage Township Schools	943.1	926.8	63.7%	76.5%	82.5%
Union Township	1025.1	1000.9	***	80.0%	83.9%
Valparaiso Community	1068.3	1041.2	57.0%	76.7%	86.6%
Eastern Pulaski	963.7	947.8	na	100.0%	84.6%
West Central	967.2	954.8	na	55.6%	64.7%
Knox Community Schools	943.4	944.5	***	59.5%	64.3%
North Judson-San Pierre	973.9	940.3	***	54.3%	62.8%
Oregon Davis	915.8	870.6	na	***	72.7%
North Newton	951.9	925.2	***	65.2%	72.9%
South Newton	1001.7	920.2	***	77.1%	78.1%

Source: Indiana Department of Education

***Due to federal privacy laws, student performance data may not be displayed for any group of fewer than 10 students.

As a general rule, every generation is more educated than the previous. Breaking down educational attainment by age group in the chart on page 13, we can see the rise in the percentage of the age group with bachelor's degrees with every younger generation. We would expect the rate to be lower for 18-24 year olds because many would be too young to have finished college, either associate or bachelor degree. By age 18, however, we *would* expect them to have finished high school. The percent of 18-24 year olds with less than a high school education matches the percent of 65 and older individuals within a tenth of a percent.

Although this publication was intended to update data contained in the 2010 State of the Workforce report, not all data continues to be available. The Indiana Accountability System for Academic Progress does not seem to have been updated since the 2008-2009 School Year. Data on public charter schools and private school enrollment, graduation and dropout rates no longer appear to be available from the Indiana Department of Education.

Additionally, Indiana no longer collects or publishes "Intent to Pursue Higher Education" figures that were graphed in the 2010 report. The Indiana Commission for Higher Education has instituted a new system that they call College Readiness Reports. These reports show the outcomes of students, by school, that have matriculated to a public higher education institution (two- or four-year college) in Indiana. These reports are very detailed and show the number of students requiring remediation in subjects. However, the data is not available in an aggregated manner that can be used for this report.

For graduates attending Indiana post-secondary institutions, however, we can identify the percentage from each high school needing remediation as well as the percentage who are "undecided" about their academic area of study. Students who require remediation are less likely to graduation from college.[5] Students who enroll without a clear idea of their career direction are also less likely to graduate. Despite years of "school to work" initiatives, organizing high schools around occupational clusters, and providing multiple tools to assist in identifying interests and career choices, there are still a surprisingly high number of families who invest thousands of dollars in sending a youth to college with no career plan whatsoever. Too many students are leaving postsecondary education with too much debt to allow for so much indecision.

The chart on page 16 depicts the percentage of students from each high school that go on to postsecondary education as "undecided," as well as the remediation rate. The chart shows that graduates of Northwest Indiana high schools are less likely to need remediation than the average state graduate There are some schools — notably the Westside Leadership Academy, Lew Wallace and Rensselaer — that have very high remediation rates. Poor post-secondary preparation is costly. During the 2007-2008 school year, remediation nationally cost the country $5.6 billion.

Ivy Tech Northwest claims a remediation rate of about 70 percent, but that may be more reflective of the fact that it serves more adults than other schools who have been out of school for significant periods. The percent of Ivy Tech Northwest students over age 25 is 56 percent, compared to 37 percent at Indiana University Northwest and 35 percent at Purdue University Calumet.

The percentage of students who are "undecided" is 21 percent statewide. Among Northwest Indiana 2010 graduates, the percentage ranges from six percent for South Newton Graduates to 53 percent for Whiting graduates. Several schools have a double problem, with one exception; all the schools that exceed the state remediation rate also exceed the state rate of career "undecideds."

Indiana Remediation Rates

- 46.7% of those entering community college enrolled in remediation according to most recent data available.
  - African Americans: 60.5%,
  - Latinos: 53.7 %
  - Low income students: 52.2%
  - Whites : 46%
- 12.4% of those entering a four- year school enrolled in remediation.
- Of those enrolled in remediation at two-year schools, only 9.2% graduated within 3 years.
- Of those enrolled in remediation at four- year schools, only 41.2% graduated within 6 years.

Graduation rates are very low, especially if you're poor, part time, African American, Hispanic, or older.

Source: Complete College America, Indiana 2011 Data Sheet

One option for providing youth a stronger career start is Career and Technical Education (CTE). The region has nine career and technical education centers. Collectively, they graduated 3,171 program concentrators in the 2009-2010 school year. The percentage of graduates from each cluster of occupations were:

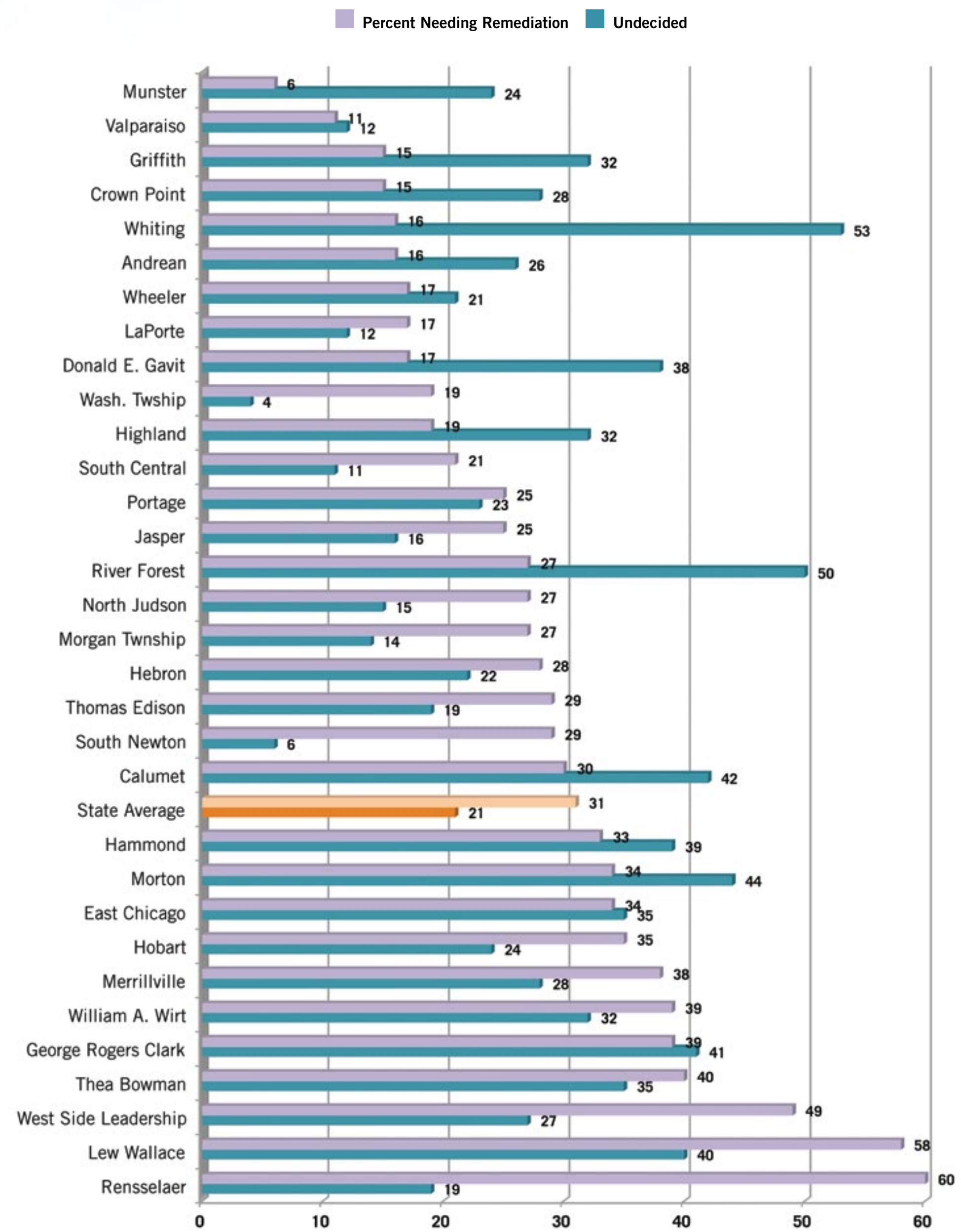
- Agriculture, Food & Natural Resources: 277 students (7.2%)
- Architecture & Construction: 190 students (6%)
- Arts, Tech. & Comm: 110 students (3.5%)
- Business, Mgmt & Admin: 71 students (2.2%)
- Educational Services: 58 students (1.8%)
- Finance: 2 students (.1%)
- Government & Public Admin: None
- Health Services: 636 students (20.1%)
- Hospitality & Tourism: 3 students (.1%)
- Human Services: 201 students (6.3%)
- Info Tech: 73 students (2.3%)
- Law & Protective Services: 190 students (6%)
- Mftg & Processing: 101 students (3.2%)
- Mkt, Sales & Promotion: 23 students (.7%)
- Other Career and Tech Programs and FACS: 926 students (29.2%)
- Science, Engineering & Technologies: 124 students (3.9%)
- Transportation and Logistics: 238 students (7.5%)

The CTE concentration graduates represent only about 9 percent of the total graduates from the region's high schools. Of that 9 percent, the largest percentage (29.2 percent) is concentrated in the fairly non-descript "other career and tech programs and FACS" (Food and Consumer Sciences). There is little labor market demand that can

[5] *Over A Third Of Students Entering College Need Remedial Help;* Kara Spak, Chicago Sun Times, May 31, 2011

Percent of 2010 Northwest Indiana Graduates Needing Remediation and Percent Career Undecided

Source Indiana Department of Education



(Does not represent all schools)

be identified for these students. The percent of students engaged in the program areas most valuable to the jobs in the regional economy — manufacturing, logistics, science/engineering, and healthcare — combined total only 34.7 percent. "Our region has a particular need for and increased focus on science, math, engineering, and technology skills based on our economy, which is based in manufacturing, healthcare/biomedical, professional services, financial services, and the growing and changing transportation and distribution sector.[6]"

Although all career and technical education programs are considered valuable, this misalignment will need to be addressed to ensure Northwest Indiana's employers have a pipeline of future workers, and that young people have a pipeline to good-paying employment.

Higher Education Graduation Rates Need to be Raised

Among Northwest Indiana's 19 accredited postsecondary institutions, bachelor's degrees continue to be the primary domain of public and

[6] *Ready to Work/Ready to Hire;* Center of Workforce Innovations, 2012 http://www.readynwi.com/PDF/FinalReadyPlan.pdf

non-profit entities while for-profit schools claim dominance in one- and two-year certificates. The award of bachelor's and associate's degrees and one- to two-year certificates has increased since the 2010 State of the Workforce report. Enrollment has been increasing steadily as well, even predating the recession. Combined enrollment for the region's seven non-proprietary colleges and universities totaled about 29,000 in 2007, but grew to 35,375 by 2010. Unchanged since the 2010 State of the Workforce Report, proprietary schools limit their credential options to one or two occupational specialties while non-proprietary schools provide a wide array of areas of study. Purdue University Calumet offers 100 academic programs that include business, education, political science, nursing and psychology. Ivy Tech Northwest has over 150 programs, including accounting, information technology, nursing, business administration, mortuary science, industrial technology, and criminal justice. Additionally, Ivy Tech Northwest provides over 2,000 certifications. Indiana University Northwest offers more than 90 academic programs and opportunities are available in business, dental hygiene, criminal justice, labor studies, nursing, and elementary education.

> The CTE concentration graduates represent only about 9% of the total graduates from the region's high schools.

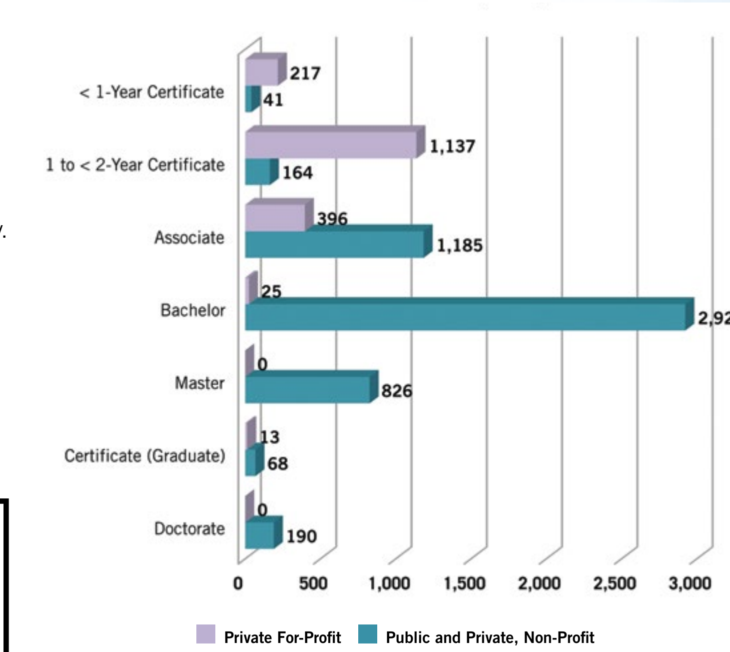
On the proprietary side, students at DeVry University in Merrillville can earn up to a master's degree in fields such as accounting and finance, education, and business administration or bachelor's degrees in computer information systems, healthcare administration, and hospitality management. Everest College offers master's degrees in business administration and criminal justice as well as bachelor's degrees in nursing, accounting, IT, business, and criminal justice. ITT Tech provides degree programs in marketing management, project management, cyber security, and accounting.

Enrollment in online learning within the region is not measurable, and since it is not physical-site dependent, the opportunities are literally endless. Online learning has been growing exponentially. Nationally, enrollment in online learning rose by almost one million students over the course of one year. The Sloan Consortium[7] surveyed more than 2,500 colleges and universities nationwide and found that approximately 5.6 million students were enrolled in at least one online course in fall 2009. Sloan's report found that nearly 30 percent of all college students now take at least one course online. Many schools (University of Phoenix, Kaplan University, Capella University, Walden University, and many others) allow students to earn degrees entirely online. Ambient Insight[8] predicts that by 2015, the number of students

Postsecondary Degress Awarded in Northwest Indiana 2010-2011

(Excludes degrees from Indiana Wesleyan)

Source National Center for Education Statistics, U.S. Department of Education



taking classes exclusively online will be nearly equal to the number taking classes exclusively on a physical campus; if the trend continues, by 2018 there will be more full time online students than students that take all their classes in a physical classroom.[9] Proprietary institutions dominate the online market, although State University of New York is one of the top five providers for part-time students, and the University of Massachusetts is the third largest provider of online education for full-time students.

Online learning has been increasing in response to meeting the needs of working adults. Traditional public university campuses continue to cater primarily to young people right out of high school who intend to pursue degrees full time. The number of people seeking alternatives is indicative of the new reality of *who* is pursuing postsecondary education and *how* they want to learn. The "who" includes many low-income and minority students who may be the first in the families to enroll in college; adults who dropped out for financial reasons, family issues, lack of career direction, or discouragement with remediation classes; adults who need to upgrade their skills while balancing family and work; and dislocated workers who need to pursue new skills for a new career. One of the biggest issues facing postsecondary education is the "how;" how we increase retention to degree completion and how we meet different learning needs.

[7] The Sloan Consortium is an institutional and professional leadership organization dedicated to integrating online education into the mainstream of higher education, helping institutions and individual educators improve the quality, scale, and breadth of online education

[8] Ambient Insight is an international market research firm that uses quantitative predictive analytics to identify revenue opportunities for global eLearning and Mobile Learning suppliers.

[9] *Online Learning Set for Explosive Growth as Traditional Classrooms Decline,* Campus Technology, posted 1-26-11.

Data from the National Center for Education Statistics reveals that all the non-proprietary postsecondary institutions in Northwest Indiana have experienced either relatively stable enrollment or growth since 2005. Ivy Tech Northwest has grown exponentially, which may reflect the impact of the recession. Unemployed adults are likely to find the shorter term certificates and degrees available at a reasonable cost at Ivy Tech Northwest much more attractive than the other schools. Ivy Tech Northwest's tuition and fees for one year are about half that of the major public four-year institutions, and one-tenth that of Valparaiso University.

> The average college loan debt in 2011 was $23,300, with 10% owing more than $50,000, and 3% owing more than $100,000.

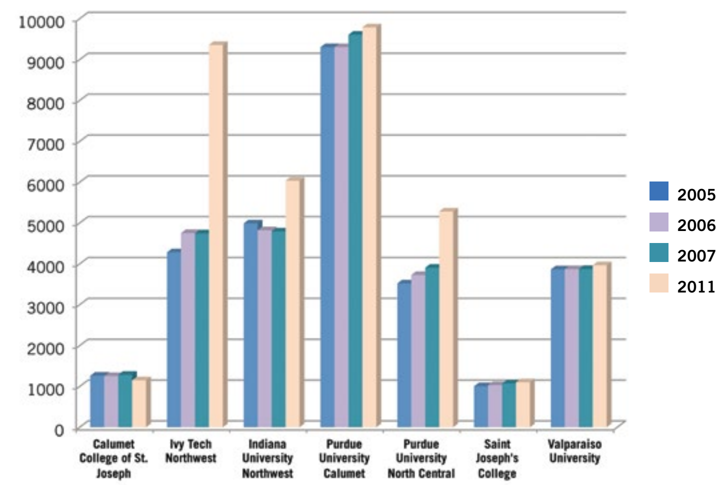
Of all the non-proprietary schools, only St. Joseph's College and Valparaiso University have graduation rates above 50 percent (in the chart, values are only shown for 2011 for space reasons). The schools have generally improved their graduation rates. Overall, the rate of completion is too low, with a regional average of only 47 percent. Students enrolled in certificate programs are more likely to complete their program of study than students in degree programs; private school students are more likely to complete their degrees than public school learners; and four-year scholars have a higher completion rate than two-year students.

Borrowing to pay for college is at an all-time high. The nationwide tuition debt is approaching $1 trillion.[10] The average college loan debt in 2011 was $23,300, with 10 percent owing more than $50,000, and three percent owing more than $100,000.[11] Debt is causing young adults to delay having families, delay buying a house and delay buying a car. The poor graduation rate means many students are going into debt without ever attaining the credential that will help them pay off their debt.

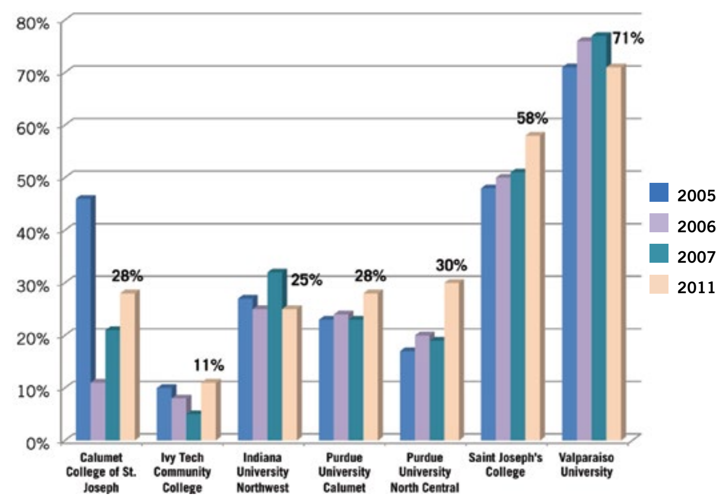
There is definitely a pay-off for higher levels of educational. Each one percent improvement in college attainment is associated with a $763 increase in per capita income for the entire metropolitan area.[12] However, not all degrees are equal. "Those who majored in education and the humanities … paid a bit more of their salaries – 7.5 percent to 7.7 percent – in loan payments, while business majors paid out 5.6 percent. The highest-paid young graduates had less to fret about, because their loan payments accounted for only five percent of their monthly earnings. For the lowest-paid workers, their payments took 15.4 percent of their monthly earnings."[13]

Young people need to be not only well prepared for post-secondary education, but also well counseled regarding their chances for

Non-Proprietary Postsecondary Enrollment 2005-2011
Source National Center for Education Statistics



Non-Proprietary Postsecondary Graduation Rates 2005-2011
Source National Center for Education Statistics

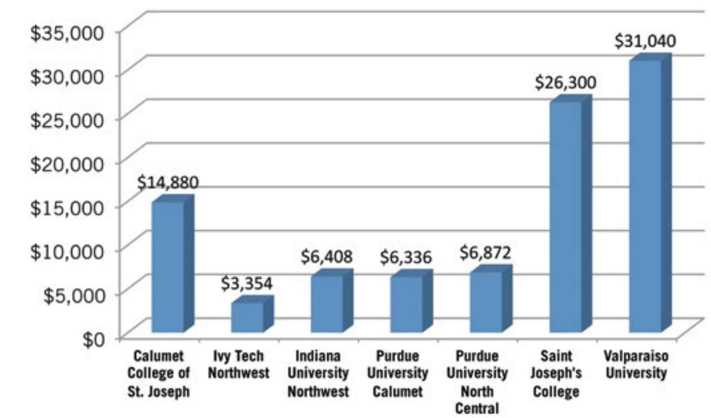


completion, the implications of debt, and the potential earning power of their selected major. The table on the next page shows career-major decisions made by Northwest Indiana college students and changes in the annual number of associate's and bachelor's degrees awarded since the previous State of the Workforce Report. The areas of study come from the Classification of Instructional Programs (CIP) taxonomy developed by the National Center on Education Statistics.

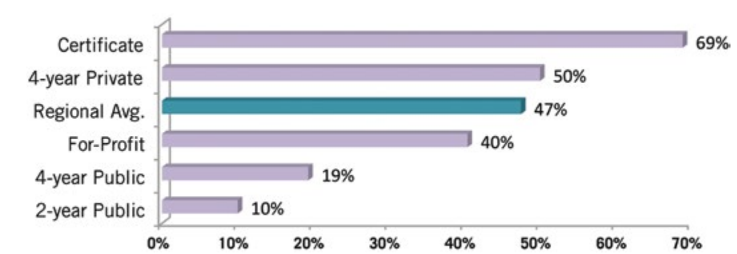
The table also shows an increase in the number of associate's and bachelor's degrees awarded in 2010-2011 compared to 2008-2009. The distribution of associate's degrees is virtually the same, with the

[10] *Massive college debt can burden graduates for decades;* Ken Serrano, Asbury Park (N.J.) Press; USA Today; posted 6-24-12
[11] *A Generation Hobbled by the Soaring Cost of College;* Andrew Martin and Andrew W. Lehren; New York Times, May 12, 2012
[12] *Talent Dividend Metrics: A Progress Report,* Working Draft / Subject to Revision, Joe Cortright, Impresa Economics, April 2010
[13] *College graduates see their debt burden increase;* Greg Toppo, USA TODAY, March 27, 2005

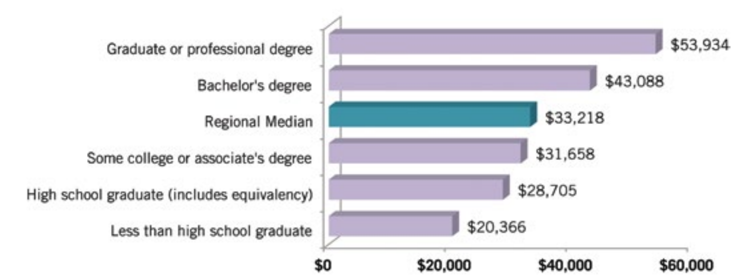
Estimated Tuition and Fess for Full Time In-State Students 2011-2012
Source National Center for Education Statistics



Average Graduation Rates 2010 Northwest Indiana
(Within 150% of Expected Program Length)
Source National Center for Education Statistics



Median Earnings by Education Level in Northwest Indiana
2008-2010 Region 1 Average
Source U.S. Census Bureau



exception of a drop in health and related clinical services. Changes in the distribution of bachelor's degrees are also nearly negligible. Fields that would be considered STEM-related (health and clinical, biological and biomedical, engineering technologies, engineering, computer and information sciences, math and statistics) comprised only 30 percent of all bachelor's degrees awarded in 2011, but 54 percent of all associate's degrees. The largest percentage of associate's degrees were awarded in health professions and related clinical services, while the largest percentage of bachelor's degrees were in business, management, marketing, and related support services. Whether these distributions are appropriate for the regional economy is a matter of debate.

In 2010-2011, the region's schools awarded over 7,000 degrees and certificates. The vast majority of these credentials were bachelor's degrees or higher, despite the fact that the Bureau of Labor Statistics recently projects that "the growth from 2010 to 2020 for jobs requiring associate degree holders is higher than the projected growth for jobs requiring bachelor degree holders. And 28 percent of people with an associate's degree actually make more money than the median bachelor's degree holder, according to a 2011 study from the Georgetown Center on Education and the Workforce."[14] Note below the 2011 median hourly pay is higher for individuals with associate's degrees than for those with master's degrees.

> *"Our production of degrees and other post-high school credentials from our colleges and universities in Northwest Indiana falls far short of our projected needs. Approximately 4000 degrees are currently being produced in all fields of study by our regional colleges with about one-fourth of those being in healthcare fields, which matches the priority for hiring in the employer survey. Nearly half of the Associate's Degrees produced in the region are in healthcare professions. To keep pace with demand, we will need to bring over 16,000 post-high school credentials per year to our labor market between now and 2025 to meet our goals. That is about 4 time s the production level for degrees by our region's colleges and universities currently."*
>
> *Source: Ready to Work, Ready to Hire*

Not all degrees have the same value, of course. The average annual salary for a diagnostic medical sonographer, which typically only requires an associate's degree, is $52,490, while the average for an accounting clerk with an associate's degree is $36,120. While occupational projections are never totally accurate, the combination of historical trends and projections can serve as a barometer for making wise career choices. Employers can contribute to students' decisions by providing regular updates to their hiring projections, clearly communicating realistic occupational skill requirements, and participating in sector partnerships. Parents need to help their children understand the difference between huge loans and anticipated

[14] *Beyond the bachelor's degree: Associate degrees see higher growth rate in the future;* Sara Lenz, Deseret News;, April 1 2012

Degrees Awarded by Area of Study from Colleges and Universities in Northwest Indiana 2008-2009 and 2010-2011 Source: National Center for Education Statistics (NCES)	Associate 2008-09	% Total	Associate 2010-11	% Total	Bachelor 2008-09	% Total	Bachelor 2010-11	% Total
Business, management, marketing, and related support services	291	21%	313	20%	531	20%	642	22%
Health prof. and related clinical services	674	49%	664	42%	343	13%	408	14%
Education	15	1%	40	3%	205	8%	202	7%
Social sciences	2	0%	1	0%	145	6%	201	7%
Liberal arts and science, general studies and humanities	63	5%	67	4%	143	5%	178	6%
Homeland security, law enforcement, firefighting, and related protective	68	5%	92	6%	181	7%	146	5%
Communication, journalism and related	1	0%	0	0%	125	5%	140	5%
Biological and biomedical sciences	1	0%	0	0%	87	3%	135	5%
Engineering technologies and technicians	108	8%	149	9%	98	4%	127	4%
Engineering	2	0%	5	0%	111	4%	125	4%
Psychology	0	0%	0	0%	108	4%	119	4%
English language and literature/letters	0	0%	1	0%	75	3%	80	3%
Family and consumer sciences/human services	12	1%	14	1%	32	1%	55	2%
Visual and performing arts	0	0%	0	0%	58	2%	54	2%
Physical sciences	1	0%	0	0%	64	2%	50	2%
Computer and information sciences and support services	28	2%	42	3%	54	2%	49	2%
Multi/Interdisciplinary studies	2	0%	11	1%	42	2%	48	2%
History	0	0%	0	0%	46	2%	40	1%
Foreign languages, literature & linguistics	0	0%	0	0%	26	1%	32	1%
Parks, recreation, leisure, and fitness	0	0%	0	0%	51	2%	27	1%
Public administration and social service professions	1	0%	0	0%	20	1%	26	1%
Mathematics and statistics	0	0%	0	0%	28	1%	25	1%
Philosophy and religious studies	1	0%	0	0%	16	1%	11	0%
Theology and religious studies	0	0%	0	0%	7	0%	11	0%
Legal and professional studies	37	3%	41	3%	4	0%	10	0%
Natural resources and conservation	0	0%	0	0%	1	0%	4	0%
Area, ethnic, cultural, and gender studies	0	0%	0	0%	3	0%	3	0%
Construction trades	48	4%	65	4%	14	1%	0	0%
Precision production	0	0%	65	4%	0	0%	0	0%
Personal and culinary services	6	0%	7	0%	0	0%	0	0%
Mechanic and repair technologies/ technicians	5	0%	3	0%	0	0%	0	0%
Library Science	NA	NA	1	0%	NA	NA	0	0%
Total All Majors	1,363	100%	1,581	100%	2,618	100%	2,948	100%

employability and earnings. Secondary schools can represent associate's degrees as having as much, if not more, value than a bachelor's degree by guiding students through the median earnings for various occupations by educational level. Post-secondary institutions can adopt college completion strategies that have demonstrated the most promise and align the type and size of programs with the economy.

There are benefits of increased educational attainment that are clearly demonstrated at www.liveunited.org/forecaster. The website allows the user to obtain statistics by state and county on income, health, murder rates, incarceration, et. al., and slide an educational scale that shows for every percentage increase in educational attainment, what the impact would be on income, obesity rates, childhood school achievement, the murder rate, and other factors. In Lake County,

Northwest Indiana Occupational Projections by Level of Education 2010-2020

Education Level	Jobs		% Change	2011 Median Hourly Wage
	2010 Jobs	2020 Jobs		
Short Term OJT	147,202	155,837	6%	$10.97
Moderate Term OJT	67,922	71,184	5%	$17.56
Long Term OJT	32,635	33,399	2%	$19.88
Work Exp. in a Related Field	36,229	38,035	5%	$20.22
Postsecondary Vocational Award	32,007	38,386	20%	$13.76
Associate's degree	14,538	17,477	20%	$25.39
Bachelor's degree	35,980	39,448	10%	$22.49
Bachelor's degree or higher plus work exp.	10,272	10,710	4%	$34.22
Master's degree	3,680	4,212	14%	$23.96
Doctoral degree	2,804	2,951	5%	$28.46
First professional degree	4,589	5,028	10%	$60.70

Source: EMSI Complete Employment

(OJT = On the Job Training)

for example, if 80 percent of the population possessed some college or an associate degree as opposed to the current 30 percent, the anticipated number of murders per 100,000 population would decline from 19.1 per 100,000 to 12.4, and the expected poverty rate would decline from 12.2 percent to 4.2 percent.

A New Vision for Educational Attainment

The Regional Education/Employer Alliance for Developing Youth, or "READY," is comprised of businesses, K-12, post-secondary and proprietary schools, labor, government, non-profits, and community leaders committed to connect the education of youth with post-secondary college and career outcomes aligned with regional economic and civic growth. The goals are:

- Ensure that the region's talent pool has the skills that align directly to the needs of employers in the region.
- To increase the number of students in the region going to college from high school without the need for remediation.
- Shorten the time it takes a college student to attain their degree.
- Increase the number of post-high school credentials in the regional talent pool.

The partnership's plan, *Ready to Work, Ready to Hire,*[15] describes the current paradox. Employers are ready to hire workers right now if the workers have the right skills. Large numbers of workers, both employed and unemployed, want these jobs but are lacking the skills and education levels to access them. There is a fundamental misalignment between the education levels of the population and skill needs of the employers.

The three pillars in the Northwest Indiana model for success are:

1. The student assessment process from late middle school to high school graduation will be crafted with employers' expectations and will serve as the guide for course selection and academic expectations. Students will fully integrate academics and career planning to increase the relevance and excitement of the education process.
2. Each school in the region will have a well-defined "whole school model" of success for addressing the needs and aspirations of all students, certainly to include the "forgotten middle" students who are graduating from high school but are lacking clear career goals and too often still need remedial work to qualify for post-high school courses; and
3. High school students who are ready for college-level courses will be encouraged to acquire college credits during the high school years to shorten the time to facilitate a smooth transition to college, to shorten the time to college completion, and to reduce the cost of college completion. The three most critical college courses are language arts, algebra and communications. Successful completion of these college courses would insure competitiveness for the labor market and college entry without the need for remediation.

[15] http://www.readynwi.com/PDF/FinalReadyPlan.pd

The vision that has emerged in the three-year READY process is one of an educational pipeline of talent meeting the standards set by the region's employers for filling an increasing number of high-quality jobs they are creating. The region's employers and colleges will expect applicants to show proof of meeting standards built on a platform of:

- **Rigor** that ensures region-wide assurance of quality needed for college-to-college credit transfers, dual credit acceptance, and employer acceptance of assessment results;
- **Relevance** of assessments to employers, educators, students, and parents, resulting in a shared framework for student growth aimed at global standards of excellence;
- **Relationships** among schools, employers, and the public to constantly adjust to changing conditions and ensure sustainability and visibility of the initiative; and
- **Real-Time Responsiveness** of both student achievement plans and regional collaborations tied to changes in our fast-paced and ever-changing environment.

With support from the Lumina Foundation for a six-month planning process, the READY leadership team set out to accomplish several goals for the region during the planning period:

1. To build a plan for accelerating higher education attainment rates for the region by directly addressing the core readiness of our region's high school students for meeting the standards of our colleges and our employers.
2. To engage employers and educators (K-12 and higher education) as a team working jointly on key issues via our Strategic Planning Team structure – a process where employers and educators talk with each other not about each other.
3. To create a sustainable network for action in moving into the implementation phase.

Higher Education Institutions in Region 1, 2010-2011 School Year								
	City	Type of Institution	Assoc.	Bach.	Mast.	Doc.	Cert.	Total
Purdue University-Calumet Campus	Hammond	Public-Four Year	157	975	330	0	9	1471
Indiana University-Northwest	Gary	Public-Four Year	124	467	139	0	26	756
Purdue University-North Central	Westville/Valparaiso	Public-Four Year	188	387	31	0	0	606
Valparaiso University	Valparaiso	Private-Four Year	4	645	256	190	33	1128
Calumet College of Saint Joseph	Whiting	Private-Four Year	15	235	68	0	0	318
Saint Joseph's College	Rensselaer	Private-Four Year	0	214	2	0	0	216
Ivy Tech Community College-Northwest	East Chicago, Gary, Michigan City, Valparaiso	Public-Two Year	602	0	0	0	205	807
Brown Mackie College-Merrillville	Merrillville	Private, For-Profit Four Year	121	12	0	0	0	133
Kaplan College-Hammond	Hammond	Private, For-Profit Two Year	100	0	0	0	272	372
Kaplan College-Merrillville	Merrillville	Private, For-Profit Two Year	47	0	0	0	184	231
Brown Mackie College-Mich. City	Michigan City	Private, For-Profit Four Year	112	10	0	0	0	122
College of Court Reporting Inc	Hobart	Private, For-Profit Two Year	16	0	0	0	0	16
ITT Technical Institute	Merrillville	Private, For-Profit	0	0	0	0	0	0
University of Phoenix-Northwest Indiana Campus	Merrillville	Private, For-Profit Four Year	0	3	0	0	13	16
Regency Beauty Institute-Merrillville	Merrillville	Private, For-Profit <Two Year	0	0	0	0	8	8
Everest College-Merrillville	Merrillville	Private, For-Profit <Two Year	0	0	0	0	614	614
Success Schools LLC	Merrillville	Private, For-Profit <Two Year	0	0	0	0	90	90
Merrillville Beauty College	Merrillville	Private, For-Profit <Two Year	0	0	0	0	62	62
Don Roberts Beauty School	Valparaiso	Private, For-Profit <Two Year	0	0	0	0	29	29
Tricoci University of Beauty Culture	Highland	Private, For-Profit <Two Year	0	0	0	0	52	52
Don Roberts School of Hair Design	Schererville	Private, For-Profit <Two Year	0	0	0	0	25	25
Knox Beauty College	Knox	Private, For-Profit <Two Year	0	0	0	0	18	18
Total			1,486	2,948	826	190	1,640	7,090

4. To maintain alignment of the READY plan with the overall economic development goals of One Region; for that reason the READY Core Team also operated as the Education Sub-Group of One Region.
5. To continue to build bridges to state planning processes via active participation and collaboration with planning teams of the Department of Education, the Commission for Higher Education, and the Indiana Education Roundtable.
6. To define funding needs and targets for fund development to fully implement the plan, but to build strategies that can be implemented without additional funding while funds are sought.
7. To assess the types of diplomas currently granted to students graduating from our high schools to determine their relationship to college and employer requirements
8. To review dual credit and other early college credit attainment strategies in our high schools to determine relevance to employers' needs in the region.

Major successes that occurred during the planning process included:

- A broad coalition of regional leaders agreed to define success in terms of college and career readiness being inseparable and regional, including a working knowledge and support for the recommendations of the Partnership for Assessment of Readiness for College and Careers (PARCC);
- Quantification by our employers and educators of the gap we face on our planning horizon.
- Recognition that "plugging the leaks" in our local student pipelines is necessary, but still not sufficient to meet all of the skills and education needs that are emerging – further development of the current workforce will also be needed;
- Recognition by all partners that a large percentage of our production of post-secondary credentials will come from our community colleges and our regional campuses – success will come from both tighter relationships between our colleges and K-12 systems and from re-engaging adult workers in attainment of credentials;
- Increased knowledge by employers for methods of business/education connections at the ground level in high schools (such as employer judging of student portfolios as an expected "rite of passage" for high school seniors);
- Further exploration of desirability of "stackable" certificates where all post-secondary credentials can be a route to a next level, not an alternative for a higher educational attainment level;
- Increased understanding by business and higher education leaders of the external environment that K-12 leaders have to negotiate on a daily basis: legislation; administrative policy; funding cuts; changing economic conditions; "old economy" attitudes of students and parents;
- Broad-based understanding of the issues involved in increasing dual credit, early college, and advanced placement numbers, from both a secondary and post-secondary perspective; and
- Commitments from major employers in the region to further integrate their human resources practices with the schools to advance mentoring, career awareness, hiring, and promotion of credentials attainment – including assistance by providing "cover" for schools in the state and local political environment.

The primary drivers of the action plan are:

- Establish a **whole school model** for each school in our region to implement the critical student success factors;
- **Assess** students with grade-appropriate testing in grades seven through 12, enabling real-time adjustments to their goals and achievement plans tied to the results;
- **Remediate** the students who are falling behind so that they regain the trajectory needed to graduate meeting college and career readiness standards;
- **Maintain** rigor for students who are on track but still need the coursework to achieve Core 40 standards to graduate and not require remediation to enter college and careers; and
- **Accelerate** the students who have already met the standards for taking college-level courses and assist them in maximizing the credits they can acquire to shorten the time they will need for college graduation.

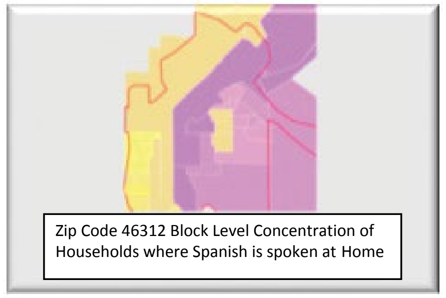
ADULT EDUCATIONAL ATTAINMENT

Speakers of foreign languages have opportunities for learning

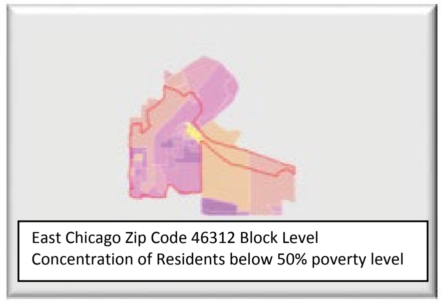
The 2010 State of the Workforce Report identified the estimated percent of the population in Northwest Indiana that speaks English “less than very well.” More up-to-date information on this statistic is not available. The American Community Survey (ACS) is not conducted over the same time period and for the same geographies every year. For 2010, the ACS was an estimate over the time period between 2005 and 2010. Thus, the estimate is not a point in time. Rather, it is an estimate of the population over six years and not comparable to previous American Community Survey results. Data from the 2010 Census on this topic is not currently available.

The Modern Language Association (http://www.mla.org/) provides an interactive map that depicts the numbers of speakers of 33 languages and language groups by state, county or even zip code. To dive deeper into the available data, the map above depicts the concentration at the zip code level for Spanish speakers in Northwest Indiana. The darker the color for the zip code, the heavier the concentration of speakers of Spanish or Spanish Creole. The Census data are based on responses to the question, “Does this person speak a language other than English at home? The Data Center uses data from the 2005 American Community Survey about the 30 languages most commonly spoken in the United States to provide a snapshot of recent changes in American language communities.

Profiles of US cities, including race, income, ancestries, education, employment, geographical data, crime data, housing, businesses, political contributions, weather, hospitals, schools, libraries, houses, airports, radio and TV stations are available at http://www.city-data.com by zip codes and area codes. As an example, the area in the map at top right is from zip code 46312, which has the highest concentration of Spanish speakers in the region. (The map on the website provides street names at the block level, but they do not appear when copied from the web page). Clicking on a given block set on the Web page brings up the number of households in the bounded set of blocks, the population, and the percent who speak Spanish in home. The area of greatest density of Spanish speakers (41 percent - in deep yellow on the far west of the zip code) is bounded by west Columbus Drive to the north, west 118th to the south, Whiting Industrial Track to the west, and raggedly Highway 20 and Railroad Avenue to the east. In this area, 39 percent of those speaking Spanish at home are foreign born. Detailed data sources such as these can provide very exacting



Zip Code 46312 Block Level Concentration of Households where Spanish is spoken at Home



East Chicago Zip Code 46312 Block Level Concentration of Residents below 50% poverty level

East Chicago Zip Code 46312 Block Level Concentration of Unemployment

data to planners and policy makers about where to locate specific services like English as a Second Language (ESL) programs. Within zip code 46312 there are currently five comprehensive literacy program sites that include English as a Second Language. For the region as a whole, there are 35 programs in Lake County that are either comprehensive adult programs (including ESL) or volunteer programs that provide ESL; ten in LaPorte County; four in Newton, three in Porter, three in Jasper, and two in Starke.[16] Pulaski County programs were not identified.

The second map above depicts the concentration of residents with income below 50 percent of poverty level. The area that has the largest percentage of households where Spanish is spoken has only a 26 percent rate. A very different area bounded by Martin Luther King Jr. Blvd and Cline Avenue has a 63 percent rate of individuals below 50 percent of poverty while also having a zero percent rate of foreign born. Obviously, the ability to speak English well is not the main driver of prosperity.

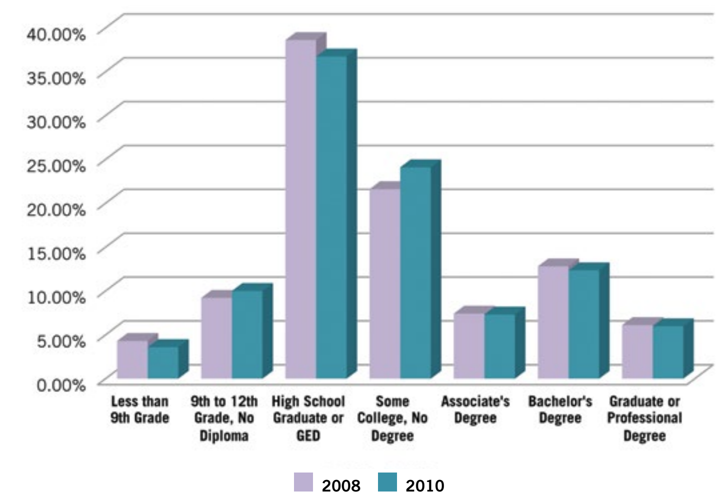
The third map, depicting unemployment rates, exactly corresponds to the set of blocks where the residents have the highest rate of poverty. Interestingly, however, it is not the area with the lowest percentage of adults who completed high school. The rate of high school completers in this neighborhood is 36 percent, while some surrounding neighborhoods have as low as 14 percent. Factors beyond education are at play. A detailed analysis of every zip code in Northwest Indiana is not practical here, but planners are encouraged to visit the http://www.city-data.com website to explore communities on a wide variety of these and other economic and demographic factors.

Educational Attainment of the Adult Population

The adult population of Northwest Indiana has a lower percentage of individuals with any level of postsecondary degree, associate, bachelor, or graduate, than the state or nation. Compared to 2008 data, unfortunately, the picture has worsened. According to the ACS 2010 one-year estimates, a higher percentage of adults have a 9th to 12th graduation with no diploma; a lower percentage have earned a high school diploma or GED; there is a very small estimated drop in the percentage that have completed an associate’s degree (7.4 percent in 2008 compared to 7.3 percent in 2010), and there is a decrease in the percentage of individuals with bachelor’s and advanced degrees. The only category estimated to have a higher percentage in 2010 is “Some College No Degree,” which may be indicative of more people attempting college and not finishing, or on the bright side, may indicate more people starting college who have not yet had time to finish a credential. In the United States as a whole, however, there was an increase in the percentage of associate degrees from 7.4 to 7.6 percent, an increase in bachelor’s degrees from 17.3 to 17.7 percent, and an increase in advanced degrees from 10.1 to 10.4 percent. It is also possible that the increased enrollments in Northwest Indiana post-secondary institutions yielded degrees for graduates that then moved elsewhere to increase the nation’s average.

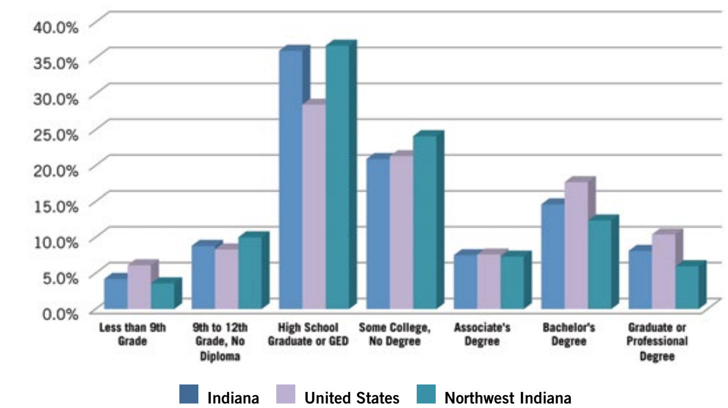
Change in Estimated Educational Attainment of the Adult Population Age 25+ in Northwest Indiana 2008 & 2010

Source U.S. Census ACS 2008 and 2010



Estimated Educational Attainment of the Adult Population (Age 25+) 2010

Source U.S. Census ACS 2010



[16] Northwest Indiana Literacy Coalition at http://ww.nwiliteracy.org/programs/lpny.html

LABOR FORCE CHARACTERISTICS

Unemployment Declining

Northwest Indiana's unemployment rate is very gradually declining after peaking at 10.7 percent in 2009. Unemployment averaged 9.5 percent in 2011 and has subsided to 9.1 percent as of July, 2012, but is still far above the 4.9 percent rate in 2007, and higher than the state and national rates (8.3 percent and 8.6 percent respectively in July 2012). The number of unemployed in the region dropped to 35,856 in July 2012 which is also below the 2011 average. Labor force estimates include both those that are employed and those that are out of work but seeking employment. The unemployment rate is a measure of those out of work divided by the total labor force. The gap between the labor force size and unemployment rate was at its largest in 2010 but the gap is starting to close which is a good trend to see.

Northwest Indiana Average Annual Labor Force Estimates (Not Seasonally Adjusted) 2001-2011

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Labor Force	401,241	396,985	394,561	398,906	403,332	404,340	407,565	404,481	395,891	397,163
Employed	376,516	373,103	371,208	376,009	381,582	384,513	383,570	361,227	353,921	359,513
Unemployed	24,725	23,882	23,353	22,897	21,750	19,827	23,995	43,254	41,970	37,650
Unemployment Rate	6.2%	6.0%	5.9%	5.7%	5.4%	4.9%	5.9%	10.7%	10.6%	9.5%

Source: Indiana Department of Workforce Development – Research and Analysis

Labor Force Estimates (Not Seasonally Adjusted) by County 2007-2011

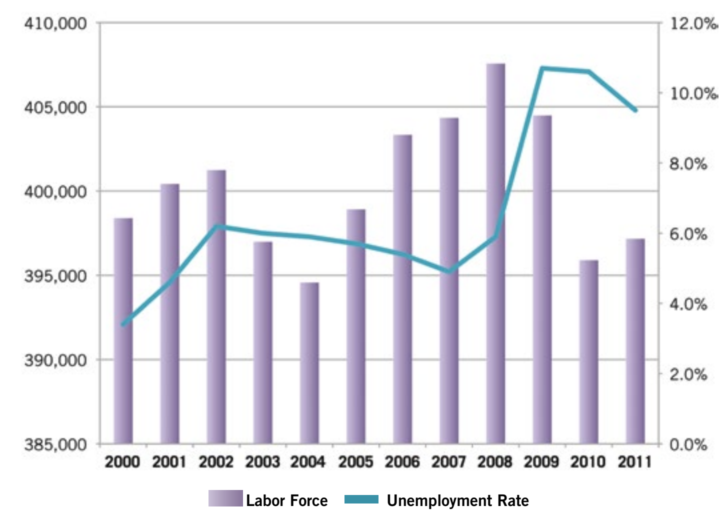
County		2007	2008	2009	2010	2011	Change 2007-2011 Number	Percent
Jasper	Labor Force	15,620	15,824	15,749	15,614	15,652	32	0.2%
Jasper	Employed	14,874	14,908	14,135	14,036	14,271	-603	-4.1%
Jasper	Unemployed	746	916	1,614	1,578	1,381	635	85.1%
Jasper	Unemployment Rate	4.8%	5.8%	10.2%	10.1%	8.8%	4.0%	84.7%
Lake	Labor Force	227,718	229,437	226,961	222,311	223,334	-4,384	-1.9%
Lake	Employed	215,852	215,305	202,615	197,942	201,250	-14,602	-6.8%
Lake	Unemployed	11,866	14,132	24,346	24,369	22,084	10,218	86.1%
Lake	Unemployment Rate	5.2%	6.2%	10.7%	11.0%	9.9%	4.7%	89.8%
LaPorte	Labor Force	52,951	52,946	52,806	51,404	51,040	-1,911	-3.6%
LaPorte	Employed	50,250	49,671	46,498	43,507	45,709	-4,541	-9.0%
LaPorte	Unemployed	2,701	3,275	6,308	6,097	5,331	2,630	97.4%
LaPorte	Unemployment Rate	5.1%	6.2%	11.9%	11.9%	10.4%	5.3%	104.8%
Newton	Labor Force	7,017	7,005	6,862	6,876	6,908	-109	-1.6%
Newton	Employed	6,646	6,569	6,089	6,146	6,249	-397	-6.0%
Newton	Unemployed	371	436	773	730	659	288	77.6%
Newton	Unemployment Rate	5.3%	6.2%	11.3%	10.6%	9.5%	4.3%	80.4%
Porter	Labor Force	83,657	84,772	84,549	82,119	82,653	-1,004	-1.2%
Porter	Employed	80,428	80,746	76,588	74,889	76,141	-4,287	-5.3%
Porter	Unemployed	3,229	4,026	7,961	7,230	6,512	3,283	101.7%
Porter	Unemployment Rate	3.9%	4.7%	9.4%	8.8%	7.9%	4.0%	104.1%
Pulaski	Labor Force	6,849	6,831	6,777	6,825	6,858	9	0.1%
Pulaski	Employed	6,562	6,449	6,065	6,206	6,347	-215	-3.3%
Pulaski	Unemployed	287	382	712	619	511	224	78.0%
Pulaski	Unemployment Rate	4.2%	5.6%	10.5%	9.1%	7.5%	3.3%	77.8%
Starke	Labor Force	10,528	10,750	10,777	10,742	10,718	190	1.8%
Starke	Employed	9,901	9,922	9,237	9,395	9,546	-355	-3.6%
Starke	Unemployed	627	828	1,540	1,347	1,172	545	86.9%
Starke	Unemployment Rate	6.0%	7.7%	14.3%	12.5%	10.9%	5.0%	83.6%

Source: Indiana Department of Workforce Development

The graphic on the previous page clearly shows how the size of the labor force has cycled through rises and falls since the beginning of this century. The labor force peaked the year the recession began and fell precipitously between 2009 and 2010, but is still larger than in 2004. The unemployment rate spiked at the time the labor force was starting to decline in 2009.

Northwest Indiana Labor Force and Unemployment Rate 2000-2011

Source U.S. Census ACS 2010



On an individual county basis, Lake has, by far, the largest labor force, but Starke County has, by far, the highest unemployment rate, although the number of unemployed was only 1,172. By virtue of sheer size, the number of unemployed in Lake County in 2011 was 22,084, nearly the size of Starke's entire population. Porter had the lowest unemployment rate every year until 2011, when Pulaski took over that position.

Commuting Patterns Show Rise in Labor Exports to Illinois

Northwest Indiana has always been an exporter of workers. A lower cost of living in the region attracts many families who have jobs in Chicago but want more affordable housing, and conversely, residents of Indiana want access to the higher paying jobs in Chicago. Between 2008 and 2010, the number of Northwest Indiana workers commuting to Illinois rose significantly while the number commuting from Illinois into the region rose very little. At the same time, the number of people commuting into the region from other states plunged, even though the commuting patterns of regional residents to other states remained about the same. The pattern suggests that post-recession job opportunities are less likely to be in Northwest Indiana and most likely to be in Illinois.

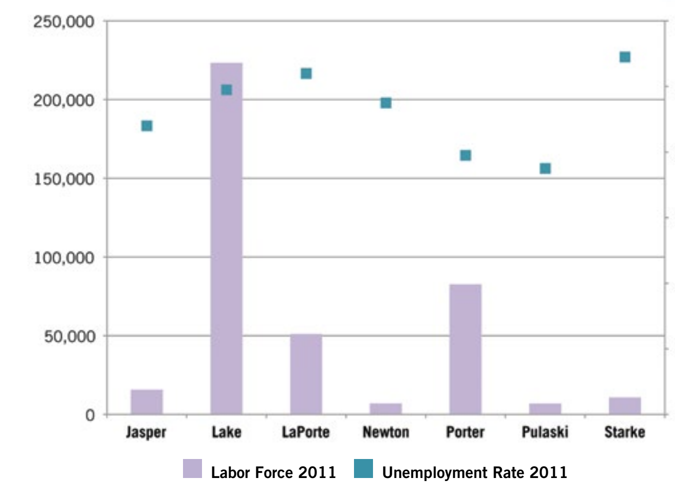
More than 20,000 workers per day commute from the region into Chicago, primarily people of the age to be family head of household (30-54). The 29 and younger group employed in Chicago is more likely to also live there for the social and entertainment opportunities of the large city.

Nearly 67 percent of the Chicago commuters earn more than $3,333 per month, a reflection of the higher paying jobs in Chicago as well as the older age of commuters. The 30 and older crowd tends to have more experience in the workforce, and thus higher wages.

Plans are being made for an Illiana Expressway, a new 55-mile-long bi-state superhighway that would be an alternative to congested Interstates 80, 90 and 94. The Illiana Study is expected to take five to six years to complete, so the impact of the road on commuting patterns will not be felt for years to come, since there is currently no state or federal money earmarked for building the road.

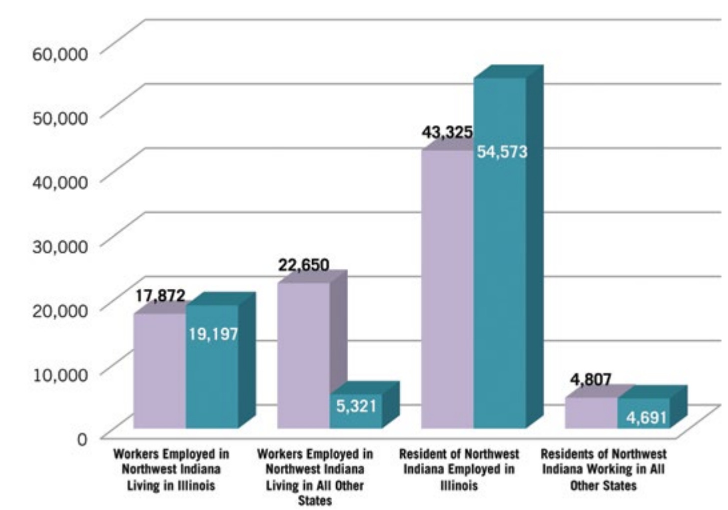
Labor Force Size and Unemployment Rate by County, 2011

Source Indiana Department of Workforce Development



Commuting Patterns to and from Illinois and all other States, 2008 and 2010

Source Local Employment Dynamics, U.S. Census Bureau



Other factors that may affect commuting in the future are the rising costs of gasoline and the ballooning of income and business taxes in Illinois that are likely to affect individual and firm decisions about location.

Comparison of Residents Working in Chicago, Illinois versus Individuals Working in Northwest Indiana 2010

Source: Local Employment Dynamics, U.S. Census Bureau

	Northwest Indiana Residents that Work in Chicago, IL		Individuals that Work in Northwest Indiana	
	Number	Share	Number	Share
Total Primary Jobs	20,192	100.0%	335,526	100.0%
Jobs by Worker Age				
Age 29 or Younger	2,818	14.0%	72,775	21.7%
Age 30 to 54	13,906	68.9%	193,177	57.6%
Age 55 or Older	3,468	17.2%	69,574	20.7%
Jobs by Earnings Paid				
$1,250 per Month or Less	1,688	8.4%	79,281	23.6%
$1,251 to $3,333 per Month	5,073	25.1%	121,731	36.3%
More Than $3,333 per Month	13,431	66.5%	134,514	40.1%
Jobs by Industry Type				
Goods Producing	3,314	16.4%	73,981	22.0%
Trade, Transport., and Utilities	3,168	15.7%	68,699	20.5%
All Other Services	13,710	67.9%	192,846	57.5%

Employment Patterns: Hiring Favors Mature Workers

Patterns of employment clearly demonstrate that younger workers experienced the sharpest declines in employment opportunities during the recession. The 14-18 year old age group was particularly hard hit and they have not recovered post-recession at the same rate as the 19-24 year olds. The new hire rates of the three groups of "prime time" workers since 2000 have followed nearly the same trajectory. The number of new hires of individuals age 45-54 were fairly low from 2000-2003 compared to the recession years and immediately thereafter. The difference in numbers of new hires of 45-54 year olds versus 35-44 year olds shrank considerably over the decade. This may be due to the general aging of the workforce, since there was an 11.4 percent increase in the percentage of the population age 45-54, and shrinking of the 35-44 age group. Employers simply have more mature workers to select from. It appears employers may lean to mature workers regardless, since the drop in the percentage of new hires 35-44 year olds exceeds the drop of their share of the population, while 45-54 year olds have seen only a small drop in their percentage of new hires despite becoming a larger percent of the population.

Older workers 65+ barely felt the impact of the recession on their rate of hire, and their change in percent of quarterly new hires exceeds their growth as a percent of the population.

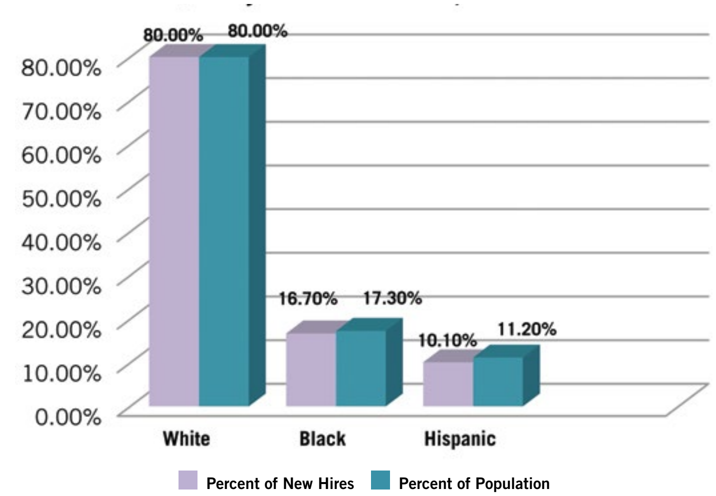
Change in Employment Versus Change in Population 2000-2010

Source: Quarterly Workforce Indicators, U.S. Census Bureau; 2000 and 2010 Census, U.S. Census Bureau

	Change in Average Employment (by Quarter)		Change in Population	
	Number	%	Number	%
Younger Adults Age 25-34	-2,507	-3.9%	1,727	1.6%
Younger Adults Age 35-44	-18,047	-22.1%	-20,485	-15.7%
Older Adults Age 45-54	-2,035	-2.6%	13,194	11.4%
Older Adults Age 55-64	16,906	46.3%	32,942	44.1%

2010 Percent of New Hires by Race/Ethnicity

Source Quarterly Workforce Indicators, U.S. Census Bureau



In terms of race and ethnicity, new hire patterns are close to the percent that races and ethnicities are of the general population. The average quarterly new hire rate of whites in 2010 exactly matches their percentage of the population. For both blacks and Hispanics, their percentage of the new hires is just slightly below their incidence in the population. The difference is small enough that it might even be due to differences in labor force participation.

Entrepreneurship Stalls

Over the next several years, economists anticipate small business development will contribute as much as 70-80 percent of future growth. A strong entrepreneurship strategy puts economic development at the grass-roots level. Jobs are being created by the people who live in the community and care about it most.

Entrepreneurial mindsets drive existing and new firms forward. Existing firms can begin entirely new ventures or re-imagine their current products and services. Community leaders who want their cities and towns to thrive must consider ways to grow the creative thinkers and innovators. Simultaneously, leaders must promote pathways to facilitate turning new product or service concepts into viable business realities.

The Kaufmann Foundation of Entrepreneurship noted several key findings in its 2011 report that studied year-over-year changes in entrepreneurial activity in the U.S. (2009 to 2010). Findings included:

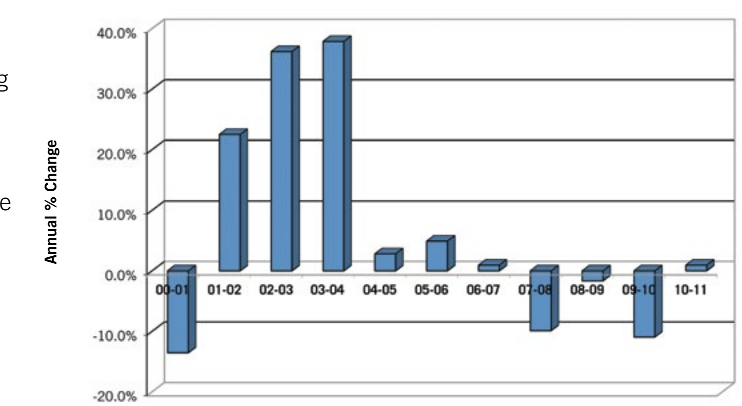
- The 2010 entrepreneurial activity rate is higher than 2007, and is at the highest level of the past decade and a half.
- The upward trend in entrepreneurship rates contrasts with a downward trend in employer business creation.
- In 2010, the entrepreneurial activity rate among Latinos increased to .56 percent; the Asian entrepreneurial activity rate increased to .37 percent; and the African-American and non-Latino white activity rates decreased.
- In 2010, immigrants were more than twice as likely to start businesses than were the native-born.
- The youngest age group (25-34) experienced an increase in entrepreneurial activity from 2009 (.24 percent) to 2010 (.26 percent).
- Entrepreneurship rates increased the most for high school dropouts (.49 percent to .59 percent), and decreased the most for high school graduates (.38 percent to .34 percent). High school dropouts suffered the most difficulty finding and keeping a job during the recession, so starting a business might have been the best recourse.[17]

Records collected from county administrative offices in Northwest Indiana show the highest level of entrepreneurial activity in the region was pre-recession, and that business start-ups actually started declining at the same time that unemployment spiked, which is contrary to the Kaufmann findings. It is possible that economic conditions did not lend themselves to the success of a new business, so potential entrepreneurs were waiting for more promising conditions. Additionally, most business starts are funded with personal wealth, so decreased household wealth during the recession means less funds for use in staring a new business. Decreased household wealth means less capacity to borrow funds lowers lender collateralization ability. For start-up businesses, the first source of external funds is typically family and friends, who also suffered from wealth reductions.

Activity has just recently begun to increase again in 2011. The 2008 State of the Workforce Report predicted a flourishing of business creation in the next few years, but at this point it doesn't look as if that prediction will pan out.

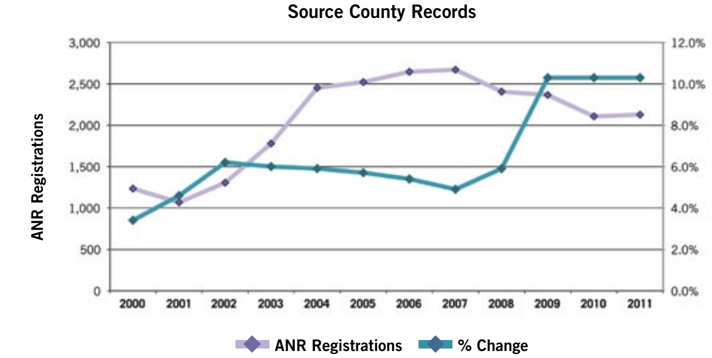
Northern Indiana Assumed Name Certificates 2000-2011

Source County Records



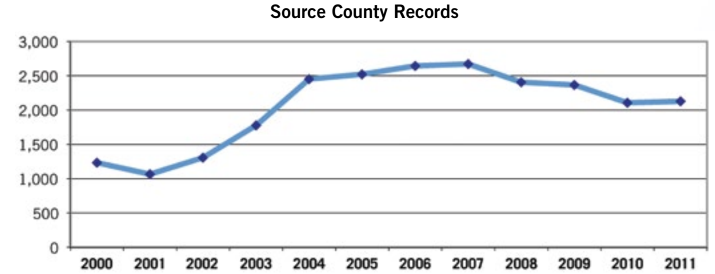
Northern Indiana Assumed Name Certificates Issued Compared to Percent Unemployment 2000-2011

Source County Records



Northern Indiana Assumed Name Certificates Issued 2000-2011

Source County Records



[17] Kaufmann Index of Entrepreneurial Activity 1196-2010; Robert W. Fairlie; Kaufmann Foundation of Entrepreneurship, March 2011.

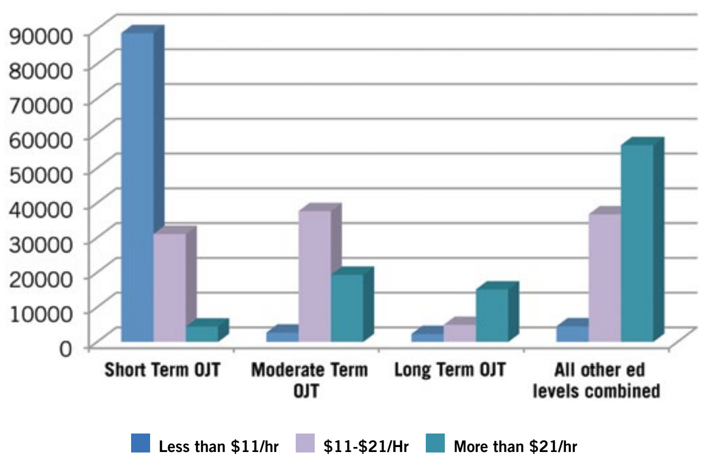
INCOME AND EDUCATION: A CASE FOR WORKFORCE AND ECONOMIC DEVELOPMENT

Self Sufficiency Needs to be Redefined

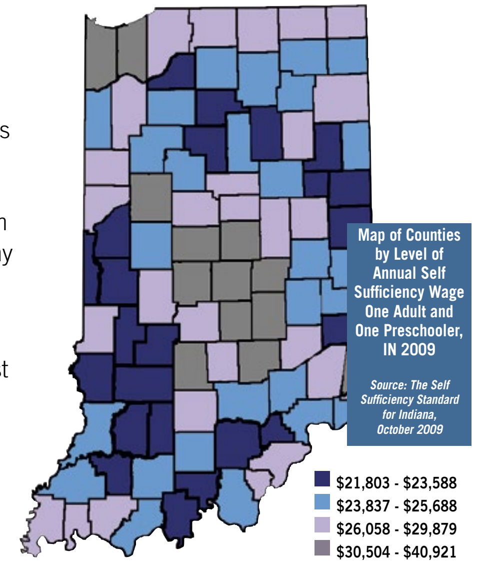
Workforce and economic development go hand in hand to create a strong economy. Workforce development strives to create a pipeline of workers with the right skills to meet employers' needs, and economic development strives to grow the kinds of jobs that pay well and attract people of talent.

A never-ending struggle during times of economic change is the tug-of-war between getting people trained and getting people to work. Dislocated workers with family obligations and individuals in poverty seeking to get off public assistance want to get to work quickly. They often cannot afford the time it takes to earn a postsecondary credential. Short-term training, however, has a low pay-off. The vast majority of workers in jobs that only required short-term on-the-job training (OJT) earn less than $11 per hour.

Low Wage Workers in Northwest Indiana by Level Job Preparation - 2011
Source EMSI Covered Employment 2012.1



The majority of moderate OJT jobs pay a moderate wage of $11-$21 per hour, and most long-term OJT jobs pay more than $21 per hour. There are fewer moderate and long-term OJT jobs in the economy than short term.



How much does it take for a family in Northwest Indiana to be self-sufficient? The Indiana Institute for Working Families publishes a standard based on how much a family of a certain composition needs to adequately meet their basic needs ***without public or private assistance.*** As opposed to the federal poverty guidelines which are based solely on the cost of food, the self-sufficiency standard includes calculations for the cost of housing, child care, transportation and health care. It incorporates geographical variations in costs and takes the ages of children into consideration since infant child care is most expensive and teenagers present no child care costs.

The counties within Northwest Indiana have different levels of self-sufficiency. A higher wage per hour is needed to live in Lake and Porter Counties than elsewhere in the region. A job paying $11 per hour yields an annual income of $22,880, which is below the self-sufficiency requirements for one adult with one school age child in any county. To reach self sufficiency for one adult and one child requires a wage of $11.25 in Starke, $11.74 in Pulaski, $12.35 in Newton, $13.23 in Jasper, $14.03 in LaPorte, $15.60 in Lake, and $17.17 in Porter County.

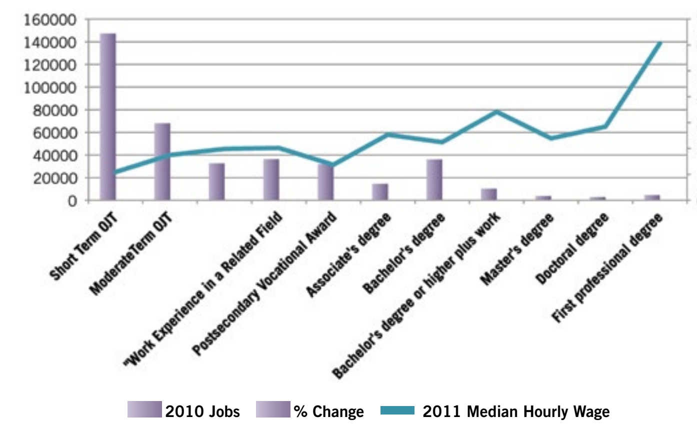
The Self-Sufficiency Standard in Annual Wages for Three Family Types by County, 2009
Source: The Self Sufficiency Standard for Indiana[18]

County	One Adult, One School Age	One Adult, One Preschooler, One Schoolage	Two Adults, One Preschooler, One School Age
Jasper	$27,510	$34,067	$40,915
Lake	$32,387	$41,537	$47,536
LaPorte	$29,187	$40,186	$46,280
Newton	$25,688	$32,668	$39,475
Porter	$35,705	$44,365	$50,398
Pulaski	$24,425	$28,764	$35,545
Starke	$23,393	$27,781	$34,533

[18]The Self-Sufficiency Standard for Indiana; Diane M. Pearce; Indiana Institute for Working Families, October 2009

In 2009, the year for which the self-sufficiency standard was calculated, the federal poverty for a family of four (which would include the family configuration in on the preceding page) was $22,050, or $10.60 per hour at full time employment. Training people for poverty level jobs is not a good return on investment for the economy, yet individuals with low skills need to start somewhere. Because of the recession and the skills mismatch, too many adults are now filling the low wage entry level jobs that used to be the purview of youth, thus pushing youth out of gaining valuable work experience. The key is whether we leave them there or help them plan for upward mobility and monitor and facilitate their progress. The median hourly wage in 2011 for someone with an associate's degree was $25.39, or $52,811 per year. A starting salary would be lower than the median, but it is a big step even over a long-term OJT. The number of jobs in the Northwest Indiana economy is largest at the lowest levels of hourly earnings. The number of jobs at the highest levels of earnings is the lowest of all job preparation types.

Estimated Workers by Hourly Earnings in Northwest Indiana 2010
Source EMSI Complete Employment 2012.1

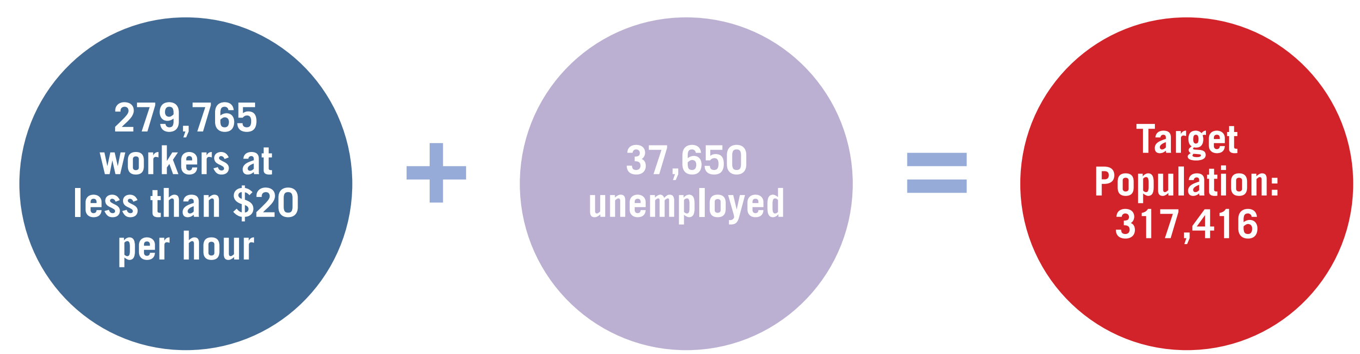


The labor force of the region in 2011 was 397,163. The average self-sufficiency level for a family of four across the region would be $41,669 per year, or $20.03 per hour. Using the self-sufficiency standard, approximately 279,766 individuals, or 78 percent of those employed, would be in need of skills upgrading, job search assistance, and other services of the workforce development system.

Not everyone in the region has to support a family of four, but if even half the population did, the target customer base would be 158,708 individuals - a daunting number.

Working together, economic and workforce development leaders can set targets for the types of jobs to grow or attract, with an emphasis on jobs that provide career pathways to self-sufficiency.

Post secondary institutions will need to develop affordable training options, such as stackable certificates offered in ways the meet the needs of working adults. Employers should set targets for the percent of their workforce that meets the self-sufficiency standard, minimally for one adult with one school age child. Workforce professionals should counsel job seekers on the requirements of self-sufficiency and measure the percent of clients who reach self-sufficiency at time of follow-up. The Indiana Institute for Working Families should be funded to update the standard for counties in Indiana.



INDUSTRY AND ECONOMIC BASE: AREAS OF EMPLOYMENT AND REGIONAL COMPETITIVENESS

Northwest Indiana Economy May be Standing Still

The economic base attempts to quantify the dollars that individual sectors and activities bring in to the regional economy. This includes wages, employment and jobs multipliers. A jobs multiplier is used to capture additional jobs that are supported by that industry. Individuals employed in economic sectors[19] with large jobs multipliers support work in other industries such as hospitals, local governments and services. Manufacturing has the highest jobs multiplier of any sector. The manufacturing sector supported 121,735 jobs in the region in 2009, but only 102,507 in 2011. Residents' outside income includes Social Security payments received and income earned in other states.

This sector also declined as a percent of the economic base. The economic sectors that increased their share of supported jobs and earnings were construction, agriculture, and "all other." The economic base analysis adds weight to the discussion of jobs added or lost.

The 2010 State of the Workforce Report noted that Northwest Indiana was relatively unscathed by closings and layoffs during the recession, although, to those who suffered from job loss and shrinking opportunity, it likely felt scathing. Only 12 Worker Readjustment and Retraining Act (WARN) notices had been filed as of the 2010 report, impacting 4,441 workers. The WARN notice requires a business to provide its workforce and the community with an adequate amount of time – at least 60 days – to prepare for a mass layoff. The WARN notice only needs to be filed when 50 or more workers are affected, and only employers of 100 or more workers are required to comply. It therefore provides no warning to workers at small firms, or if only 49 people will be affected. Part-time workers are not included in the 50. Workers are not necessarily laid off as a result of the notice. In fact, some employers post WARN notices on a regular basis just so they are covered in case a quick reduction in force is needed.

Despite the problems with using WARN notices as an indicator, we can assume that the same issues impacting notification in Northwest Indiana carry across the entire state. The chart below depicts the number of workers impact by WARN notices in the region as a percent of all workers impacted by such notices statewide.[20]

In January 2012, the WARN-impacted workers in the region comprised 82 percent of all potentially affected workers in the state; 55.3 percent in February, and 91 percent in July 2012, the highest percentage yet. In November 2008, when the state peaked at more than 4,000 workers, Northwest Indiana was only 58 percent of the total, even though it had more workers identified that month than any other in the decade (2,444). Still, the WARN notices provide some barometer of economic conditions.

The national United Electrical, Radio and Machine Workers of America union publishes warning signs that may be better indicators of impending job loss than WARN notices, which carry significant loopholes. The organization (http://www.ranknfile-ue.org/uewho.html) suggests watching for:

- **Disinvestment** - Lack of equipment or building maintenance. Removal of equipment. Profits used to improve or buy other businesses.
- **Declining Sales/Employment** - Loss of major customers. Business doing worse than the rest of the industry, especially for three years or more.

[19] The term "economic sector" as used here is distinct from "industry sector." An economic sector is a broadly defined term used to identify which sectors and groupings of business and financial activities are contributing to the regional economy.

[20] The statewide number includes the affected workers in Northwest Indiana.

Northwest Indiana's Economic Base, 2009 and 2011

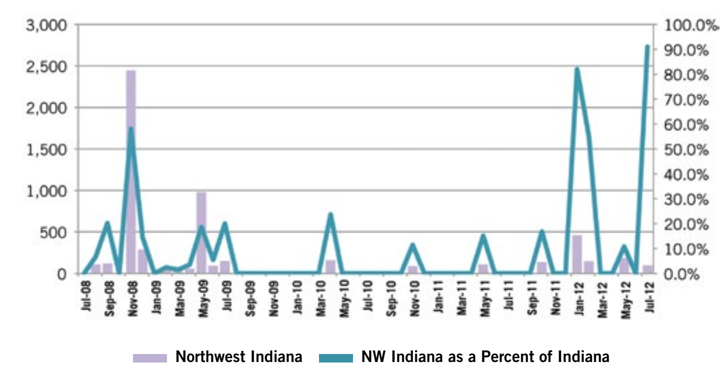
Economic Sector	Jobs 2009	Jobs 2011	Earnings(K) 2009	Earnings(K) 2011	Jobs % 2009	Jobs % 2011	Earnings % 2009	Earnings % 2011
Manufacturing	121,735	102,507	$6,827,299	$5,934,240	30%	26%	39%	35%
Residents' Outside Income	96,657	85,843	$3,115,122	$2,736,294	24%	22%	18%	16%
Government	49,980	44,015	$2,139,424	$1,919,483	12%	11%	12%	11%
Services	47,629	48,196	$1,621,492	$1,799,058	12%	12%	9%	11%
Visitors	27,477	26,685	$826,873	$762,355	7%	7%	5%	4%
Exogenous Investment	16,316	11,951	$710,980	$523,327	4%	3%	4%	3%
Construction	15,530	24,278	$847,661	$1,382,913	4%	6%	5%	8%
All Other	14,372	21,305	$739,181	$1,065,951	4%	5%	4%	6%
Finance	13,017	15,300	$454,751	$585,035	3%	4%	3%	3%
Communications	2,331	2,005	$81,605	$66,870	1%	1%	0%	0%
Agriculture	1,184	6,168	$34,494	$215,923	0%	2%	0%	1%
Mining	476	497	$25,761	$26,226	0%	0%	0%	0%

Source: EMSI Complete Employment - 2012.1

- **Duplicate Capacity** - Twin location with ability to make the same product. Movement of least-skilled work.
- **Management Instability** - High turnover at manager, engineer or labor relations positions. Mysterious "consultants" appear.
- **Changes in Land Use** - Neighboring plants being sold and converted to non-manufacturing uses.
- **Inadequate Research & Development** - No new products. Losing ground to other companies in product design and quality.
- **Money Trouble** - Supplies arriving COD. Lack of supplies impeding production. Paychecks bouncing. Taxes delinquent.

Economic developers, who coordinate with labor unions and workforce development professionals to watch for reality-based indicators, are more likely to have time to save jobs or turn around a firm with the assistance of groups such as the Small Business Administration or Conexus Indiana.

Worker's Affected by Large Scale Layoffs and Closings
July 2008 – July 2012
Source Indiana Department of Workforce Development



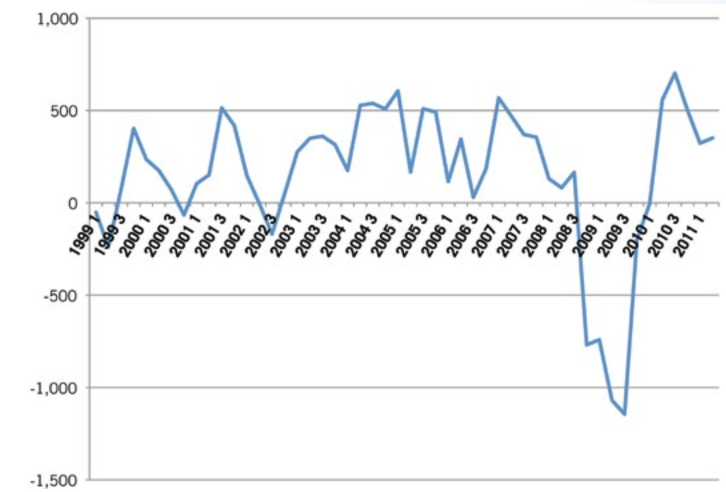
Northwest Indiana's Industrial Base

Agriculture, Natural Resources and Mining
In the table analyzing the region's economic base, Agriculture had a surprising upswing in the number and percent of jobs it supports in the economy. In 2009, fewer than 1,500 individuals were employed in agriculture. Total employment in agriculture grew from 1,880 in the first quarter of 2011 to 2,636 in the fourth quarter. Mining also increased its share somewhat Mining is a tiny sector, but it grew from 330 jobs at the beginning of 2011 to 354 by the end.

Construction
The economic base table shows a tremendous resurgence in construction's contributions to the economy. Net job flows, the difference between current and previous employment, shows huge losses in 2009, which were illustrated in a chart in the 2010 State of the Workforce report. After peaking in the third quarter of 2010, job flows dropped slightly but are again on the rise.

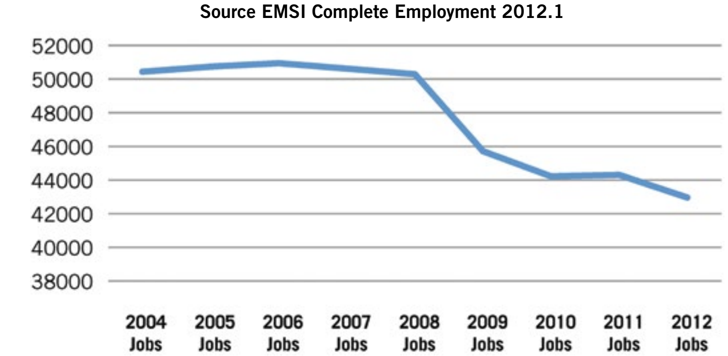
The average annual employment picture for the construction industry since 2007 has a less dramatic looking trajectory. The industry had employment of 21,324 in 2007, drooping to 16,492 in 2009, but rising to 18,458 in 2011. Average earnings were $5,407 per month in the first three quarters of 2011. Investments in construction are indicative of employer confidence in the economy.

Average Net Job Flows in Constructon
First Quarter 1999 – First Quarter 2011
Source Quarterly Workforce Indicators, U.S. Census Bureau



Manufacturing
According to Conexus Indiana's 2012 Manufacturing and Logistics Report Card, manufacturing and logistics are the primary wealth-generating, employment-generating industries and their success is critical to the state's economic success. The Report Card, developed by economists at the Ball State University Center for Business & Economic Research, gives the state an "A" for the overall vitality of both industries, an "A" for competitiveness in the global economy, and ranks Indiana first among states in manufacturing employment per capita. However, the report warns that the average age for workers in manufacturing is over age 50, and the pipeline for the next generation is weak.

Manufacturing Employment in Northwest Indiana
2004 – 2012
Source EMSI Complete Employment 2012.1



After a small increase in employment from 2010 to 2011, the region suffered yet another decline going into 2012.

Primary metals continue to dominate employment among the major subsectors in manufacturing, but it is declining as a percentage of overall manufacturing employment. Primary metals employed 44.8

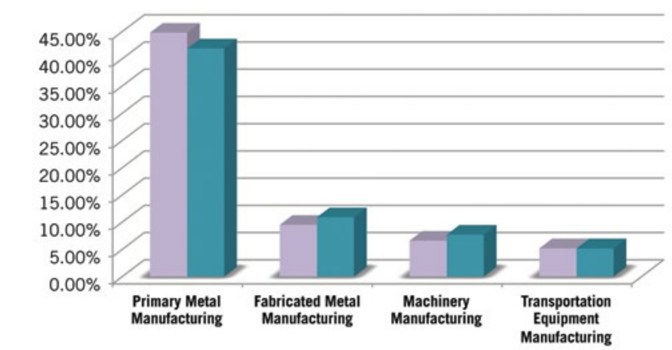
percent of the industry's labor force in 2002, but only 41.9 percent in 2011. Fabricated metals and machinery manufacturing slightly increased their share of all manufacturing jobs over 2002, while transportation equipment manufacturing has the same 5.2 percent in 2011 that it did in 2002.

The relative percentages ranged up and down in the years in between. In 2006, primary metals comprised only 39.3 percent of all manufacturing jobs, despite the fact that its overall employment numbers were higher in that year than in 2011. Fabricated metals reached its apex of employment in 2008, at which time it was 10.9 percent of jobs, just as it is in 2011. Machinery manufacturing was also at its highest level of employment in 2008, and constituted 8.6 percent of jobs. Transportation equipment was at its largest in 2006 with 3,677 workers when it was 7.2 percent of all manufacturing jobs.

Manufacturing is discussed in more depth in a later section.

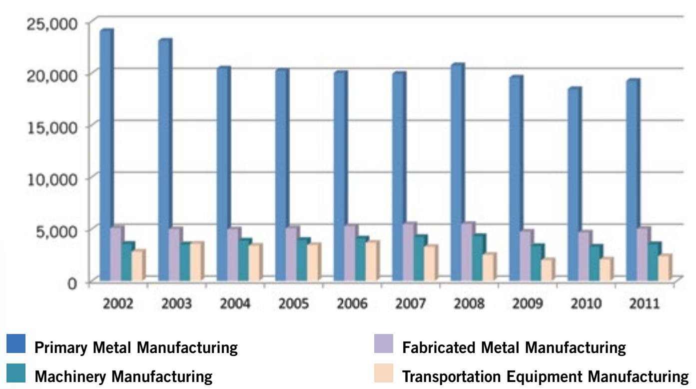
Employment in Primary Subsector as a Percent of All Manufacturing Jobs 2002 and 2011

Source EMSI Complete Employment



Manufacturing Employment in Northwest Indiana by Major Subsector 2002-2011

Source EMSI Complete Employment



Trade, Transportation and Utilities

U.S. freight movement is expected to double by 2035, and Indiana's geographic position bodes well to benefit from the increase. The Conexus report[21] gives the state's logistic sector an "A" for industry health in 2012, consistently improving since the "B-" the sector

[21] 2012 Manufacturing + Logistics Indiana Report, Conexus Indiana, 2012

Human Capital Issues Plague Manufacturing

Conexus Indiana President and CEO Steve Dwyer notes that, "Not all of the news is positive in the Manufacturing and Logistics Report Card. Indiana continues to be dogged by weak educational attainment, a critical challenge for industries that are increasingly high-tech and demand a highly skilled workforce."

"The majority of U.S. manufacturing workers now have some college education," Dwyer added. "With Indiana in the bottom half of states for adults with a two- or four-year degree, we're at a competitive disadvantage for manufacturing and logistics companies looking to hire educated workers with advanced skills."

"The state's C- grade in Human Capital is attributable to disappointing rankings in the adult population with a high school diploma (31st among states), adults with a four-year college degree (42nd), and associate's degrees awarded per capita (32nd). While older workers have acquired skills through years of experience, the demands of industry have evolved beyond the educational abilities of future employees," according to Dwyer.

"We have to introduce young Hoosiers to manufacturing and logistics careers early on, and give them opportunities to acquire the skills they need to succeed in 21st century factories and high-tech supply chain operations," he said.

Indiana's business climate helps the state thrive in the global economy – but workforce challenges continue to threaten future growth.

Source: *CICP News and Updates; June 19, 2012*
June 19, 2012

earned in 2008 and 2009. Significant job growth is anticipated in transportation and moving occupations.

Employment in wholesale trade in Northwest Indiana averaged 13,205 in 2007, before the recession commenced. It dropped to 11,773 in 2009 and has not recovered post-recession. Wholesale trade employment averaged just 11,628 in 2011.

Retail trade had an interesting rise and fall, with 39,974 employees in 2007, rising to a high of 41,309 in 2008 during the height of the recession, and then dropping again in 2010 and 2011, when it was 39,748, just shy of where it stood in 2007.

Utilities were not impacted by the recession. The 2011 workforce of 3,296 was the highest since 2007, There was only a tiny dip of 76 jobs recorded between 2009 and 2010. Utilities have the highest average monthly earnings of any sector. Average monthly earnings per worker in 2011 (first three quarters) was $7,760 compared to $5,792 in manufacturing and $4,822 in wholesale trade.

Projected Job Openings in Transportation and Moving Occupations 2011-2016

Source: Hiring Needs of Northwest Indiana for 2011 and Beyond; Center of Workforce Innovations

Occupation	Cumulative Annual Job Openings		
	1st Year	3rd Year	5th Year
Total Transportation and Material Moving Occupations.	903	2,709	4,515
Truck drivers (short haul, light or delivery)	47	141	235
Truck drivers (long haul)	270	810	1,350
Laborers and material movers	180	540	900
Fork lift operators	97	291	485
Shipping clerks and order fillers	40	120	200
First-line supervisors/managers	21	63	105
Engineers and conductors	9	27	45
Bus and truck mechanics	24	72	120
Dispatchers	11	33	55

Information

"Information" is not the same as information technology. Information consists of publishing industries, telecommunications and Internet services providers. Never a large part of the regional economy (only one percent in 2011), Information has consistently declined over the years from 4,185 workers in 2007 to 3,155 in 2011. Information continued its decline through 2011, ending at 3,045 workers in the fourth quarter.

Financial Activities

The Finance and Insurance sector is also small, at just two percent of all employment. Finance reached its low point in the fourth quarter of 2010 at 6,585 jobs, but one year later had gained 117 jobs. Average monthly earnings for the first three quarters of 2011 was $3,773.

Professional, Scientific, and Technical Services

Professional, Scientific and Technical Services includes firms that specialize in activities that require a high degree of expertise and training. Activities performed include: legal advice and representation; accounting, bookkeeping and payroll services; architectural, engineering and specialized design services; computer services; consulting services; research services; advertising services; photographic services; translation and interpretation services; veterinary services; and other professional, scientific and technical services. Nationally, employment has been on the rise for this sector since 2009, but it has been sliding down in the region since 2007, dropping from 11,108 workers five years ago to an average of 8,611 in 2011. The demand for many of these specialized services was undoubtedly impacted by the loss of jobs in other sectors. The average monthly earnings in 2011 were $3,864.

Management of Companies and Enterprises

The Management of Companies and Enterprises sector comprises establishments that hold the securities of (or other equity interests in) companies and enterprises for the purpose of owning a controlling interest or influencing management decisions. Firms in this sector perform essential activities that are often undertaken, in-house, by establishments in many sectors of the economy. The small sector, which is only about one percent of the regional economy, experienced its biggest decline from 2007 to 2008, losing 322 jobs. Workers in 2011 numbered 1,992. The average monthly earnings in 2011 for the industry were $5,927, but earnings are more volatile than any other sector. First quarter monthly earnings in 2011 were $7,728 while third quarter earnings in the same year were $5,088. The pattern can be seen nearly every year.

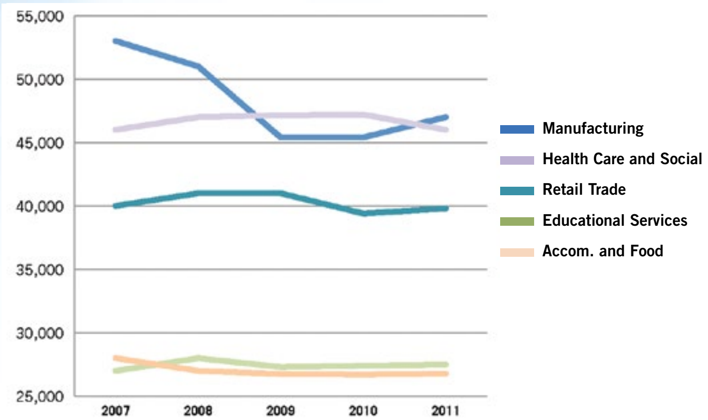
Educational Services

The Educational Services sector includes both public and private institutions, such as elementary and secondary schools; junior colleges; colleges, universities, and professional schools; business schools and computer and management training; technical and trade schools; other schools and instruction; and educational support services. Educational Services overall was largely unaffected by the recession, growing from 27,185 jobs in 2007 to 28,486 jobs in 2011. Average monthly earnings for the first three quarters of 2011 were $2,728.

Arts, Entertainment, and Recreation

This sector includes establishments that are involved in producing, promoting or participating in live performances, events or exhibits; establishments that preserve and exhibit objects and sites of historical,

Northwest Indiana Employment in Largest Sectors 2007 – 2011
Source Quarterly Workforce Indicators



cultural or educational interest; and establishments that operate facilities or provide services that enable people to participate in recreational activities or pursue amusement, hobby and leisure-time interests. The sector has seen family steady growth over time. There were only 5,739 jobs in 2007, but 9,120 in 2011. It even grew during the recession years. At average monthly earnings of $2,612, work in this sector is nearly as lucrative as education.

Administrative and Support and Waste Management and Remediation Services
Firms in the Administrative and Support Services sector include facilities support; employment services; business support services; travel arrangement and reservation establishments; Investigation and security services; and services to buildings and dwellings. The sector has nearly recovered from the recession, employing an average of 13,658 workers in 2007 and 13,648 workers in 2011. The industry had peaked in 2008 at 14,280. Average monthly earnings in 2011 were $2,671, right in line with arts and entertainment.

Accommodation and Food Services
Food and lodging services comprises eight percent of the regional economy with employment of 27,714 in 2011. It was little affected by the recession, with just a small drop from 28,218 in 2007. Not surprisingly, it has the lowest average monthly earnings of all industries, at $1,199 in 2011.

Health Care and Social Assistance
The Health Care and Social Assistance sector has grown while manufacturing has shrunk such that health care was temporarily the largest industry in the region.

A sharp decline from 2010 to 2011 left the sector with employment of 45,752, but an aging population in Northwest Indiana will continue to drive employment upward for doctors, nurses and various specialists and health-related technicians.

Regional Economic Development

The Northwest Indiana Forum is a private, not-for-profit membership association whose mission is to increase the broad-based wealth in Northwest Indiana through economic development. It has identified strengths that support development of the region:

- **Transportation, distribution and logistics**
- **Advanced manufacturing**
- **IT and technology**
- **Infrastructure growth**
- **Professional office space**

The Northwest Indiana Forum and the Northwestern Indiana Regional Planning Commission (NIRPC) worked together to create the new Northwest Indiana Economic Development District in 2009 in order to apply for and receive grants from the federal Economic Development Administration (EDA). A Comprehensive Economic Development Strategy (CEDS) is required to qualify for EDA assistance. The district received its first award of federal funds in fiscal year 2010 to help implement the comprehensive economic development strategy.

To build on the region's strengths and support economic development targets, Ivy Tech Northwest offers certificates in manufacturing operations mechatronics, computer information systems and computer information technology; and industrial technology, logistics associate and logistics technician. Purdue University Calumet awards degrees in engineering technology, computer information technology, mechanical engineering and electrical and computer engineering. Purdue North Central offers computer network information and technology. Professional and medical credentials can be found in schools across the region. The Center of Workforce Innovations partnered with Conexus Indiana to expand the Dream It Do It campaign among regional high schools in support of manufacturing and conducted manufacturing summit roundtables. The Northwest Indiana Workforce Board (NWIWB) policy stipulates that all ITAs and OJTs in Region 1 must prepare workers for occupations in health care; transportation, distribution, and logistics; advanced manufacturing; professional, financial services, and technology; construction trades; and hospitality, amusement, recreation, and tourism.

The alignment of workforce, education and economic development in targeting these industries is promising for growing the regional economy.

Fastest Growing Manufacturing Subsectors – 2004-2012 in NWI

Source: EMSI Covered Employment

In the spring of this year, NIRPC released its 2040 Comprehensive Regional Plan. The plan attempts to identify potential clusters of activity that offer a competitive advantage, and that could be further developed for future economic prosperity. The clusters include:

- **Transportation, distribution and logistics**
- **Advanced manufacturing**
- **IT and technology**
- **Professional and medical services**

Growth in these high-skill and high-wage industries would be a tremendous benefit to the region, but they will require significant improvements in educational attainment if economic development is to succeed.

NIRPC's 2010 SWOT analysis of Northwest Indiana's economic conditions identified workforce-specific strengths:

- Universities and colleges
- Skilled work force

Workforce-specific challenges were:

- Work force not skilled in emerging clusters
- Perceived brain drain
- K-12 education in certain areas

Workforce-specific threats include:

- Declining jobs in core clusters (industries)
- Ability to retain young, creative professionals

NIRPC's recommendations are to:

- Support regional economic development in the area's emerging industry clusters identified on page 35;
- Create green jobs;
- Support improved scholastic performance; and
- Support opportunities for agribusiness, food processing technology, and computer and electronic products manufacturing.

The report also recommends establishment of a high-quality broadband network to create a new regional technology infrastructure that will attract new business and encourage entrepreneurial opportunity.

As outlined previously, the clusters identified for targeting in the 2040 Comprehensive Regional Plan are transportation, distribution and logistics; advanced manufacturing; IT and technology; and professional and medical services. For the professional and medical cluster we will focus on the medical aspect by looking at healthcare data. In this section, we will explore these clusters in greater depth.

Advanced Manufacturing

The five largest manufacturing industries employ 44 percent of the entire manufacturing workforce. Iron and steel mills alone employ 37 percent, which is actually an increase from the 35 percent the mills comprised in 2004 despite a precipitous decline of over 3,000 workers. Of these top five, petroleum refineries gained 393 jobs during this time period.

Twelve of the manufacturing subsectors boast six figure average annual earnings. The six-figure average is $130,207 per year, but among the twelve, their total workforce declined by 3,693 from 2004 to 2011. As we know from the chart in the 2010 State of the Workforce report, the vast majority of workers in manufacturing earn less than $20 per hour, so the averages are influenced by much higher salaries for the small number of executives. Layoffs are more likely to have impacted the lowest paid workers than the highest, so the decline of these industries cost the region far less than $481 million (3,693 jobs X the average annual earnings). Besides petroleum refineries, the highest paying manufacturing subsectors that increased employment over this time period were All Other Petroleum and Coal Products Manufacturing, Industrial Gas Manufacturing, and All Other Basic Organic Chemical Manufacturing.

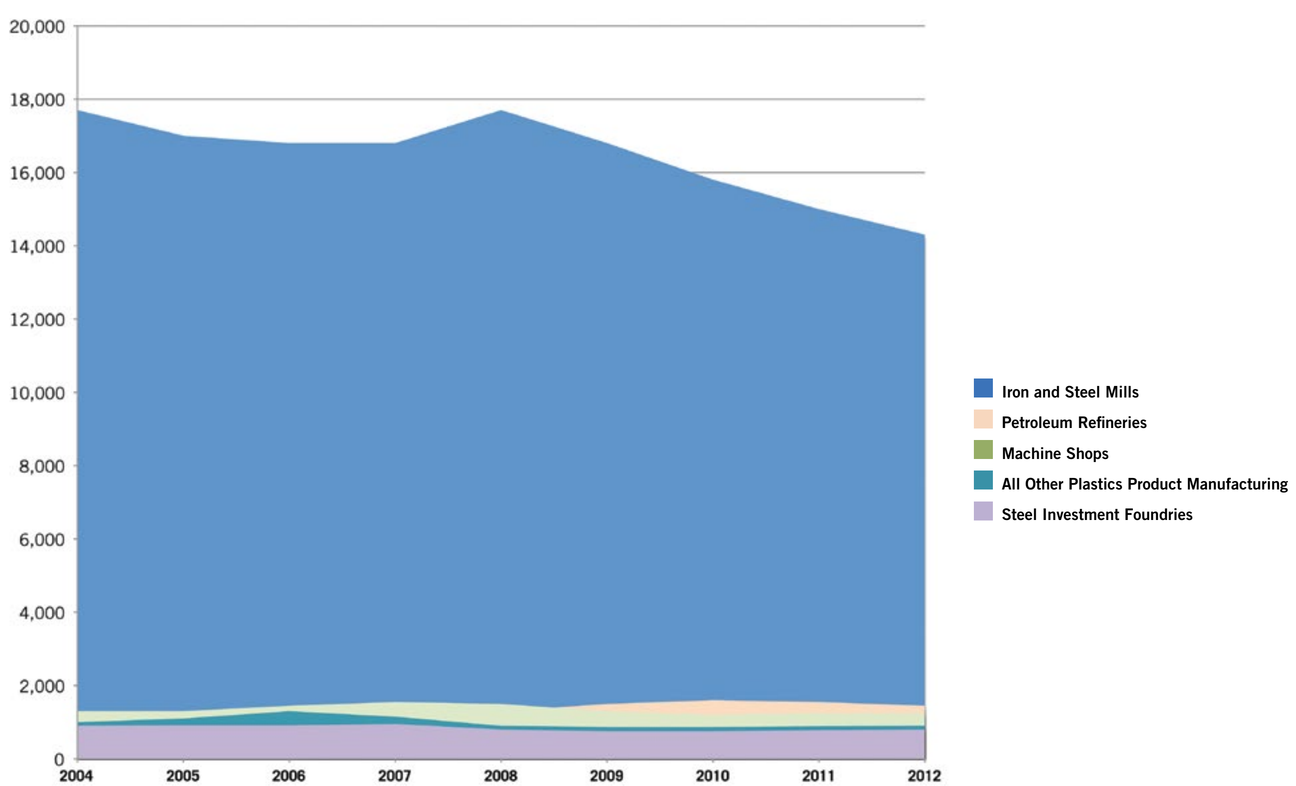
Many subsectors within manufacturing grew exponentially between 2004 and 2012. The table of the fastest growing industries within manufacturing shows the (primarily small) firms that experienced a three-digit percent increase. The fastest growing subsector added 1,842 jobs. Growing firms that increased by a percentage less than three digits added 2,201 jobs, for a total gain of 4,043 manufacturing jobs between 2004 and 2012.

At the opposite end of the spectrum, six industries totally collapsed with a 100 percent loss of employment. They included Vehicular Lighting Equipment Manufacturing; Fabric Coating Mills; Photographic and Photocopying Equipment; Ceramic Wall and Floor Tile Manufacturing; Men's and Boys' Cut and Sew Shirt (except Work Shirt); and Men's and Boys' Cut and Sew Suit, Coat and Overcoat Manufacturing. These were not high-wage industries.

Thirty-six subsectors in manufacturing lost 50 percent or more of their workforce. While too long to list, the largest of the group was Railroad Rolling Stock Manufacturing which had employment of 1,121 in 2004 but lost nearly 70 percent of that number by 2012. The second largest industry in this group was Heating Equipment (except Warm Air Furnaces) Manufacturing, which lost 83 percent of its employment of 533. A few others that lost 50 percent or more of their employment were Aluminum Sheet, Plate and Foil Manufacturing (55 percent); Showcase, Partition, Shelving, and Locker Manufacturing (81 percent); Dental Laboratories (67 percent); and Industrial Truck, Tractor, Trailer, and Stacker Machinery Manufacturing (82 percent).

Largest Manufacturing Industries 2004 – 2012

Source EMSI Complete Employment



Conexus Indiana's 2012 Manufacturing and Logistics report forecasts that "Despite its favorable business climate, Indiana's manufacturing and logistics sectors will not fail to avoid slower growth. We predict statewide that manufacturing will slow in both quarters, with a year-over-year growth rate of one percent."[22] Northwest Indiana is anticipated to do slightly better than the state average in 2012-2013. The Michigan City-LaPorte metro is likely to see a 2.03 percent growth. Conexus says that, "The greatest threat to this forecast remains the stability of the European monetary union and the viability of the European financial system,"[23] factors that are out of the control of regional leaders.

A national report[24] that assessed Web-based job advertisements posted by employers in the first six months of 2011 discovered that for jobs in manufacturing:

- Only nine percent of the job openings were production related;
- Manufacturing job openings were concentrated in major metropolitan areas along the Atlantic Coast, in the Midwest (including the Chicago/Northwest Indiana region), and the states of Texas and California;
- Openings were concentrated in sales/management, engineering, and in production occupations with significant prior experience;
- Over half of the openings required more education than a high school diploma; and
- Even in slow-growth production jobs in the sector, one of every four production-related jobs required educational attainment beyond high school.

Transportation, Distribution and Logistics (TDL)

Manufacturing relies upon a strong TDL industry to bring in raw materials and move its finished products to market. TDL includes truck, rail, water, air, and pipeline transportation; warehousing and storage; the postal service, couriers and messengers; transit and ground transportation; and all support activities for transportation.

The US Department of Transportation reports that more than 6,000 truck companies operate in five Northwest Indiana counties and some suburbs of Chicago. As shown in the adjacent map, international and domestic truck traffic to and from Chicago follows interstate highways I-65, I-80, I-90 and I-94 that cross Northwest Indiana. The second map shows that the region is also at the hub of railroad traffic

In addition to rail and road, and the promise of an Illiana Expressway, officials plan to expand the Gary/Chicago International Airport runway that would allow receipt of larger aircraft and serve as an alternative to the increasingly congested Midway airport. The project should be completed by the end of 2013, increasing the logistics-employment potential for the region.

Fastest Growing Manufacturing Subsectors 2004-2012

Industry	2004	2012	Change	Percent Change
Radio and Television Broadcasting and Wireless Communications Equipment Manufacturing	13	230	217	1669.23%
Non-chocolate Confectionery Manufacturing	24	226	202	841.67%
Medicinal and Botanical Manufacturing	14	101	87	621.43%
Pharmaceutical Preparation Manufacturing	19	127	108	568.42%
Fluid Power Valve and Hose Fitting Manufacturing	24	140	116	483.33%
Speed Changer, Industrial High-Speed Drive and Gear Manufacturing	17	98	81	476.47%
All Other Petroleum and Coal Products Manufacturing	15	69	54	360.00%
Women's, Girls' and Infants' Cut and Sew Apparel Contractors	11	43	32	290.91%
Fluid Milk Manufacturing	14	53	39	278.57%
All Other Miscellaneous Manufacturing	45	136	91	202.22%
Folding Paperboard Box Manufacturing	59	171	112	189.83%
Industrial Pattern Manufacturing	17	49	32	188.24%
Other Engine Equipment Manufacturing	58	155	97	167.24%
Other Fabricated Wire Product Manufacturing	72	187	115	159.72%
Other Snack Food Manufacturing	40	94	54	135.00%
Plastics Material and Resin Manufacturing	130	303	173	133.08%
Prefabricated Wood Building Manufacturing	11	25	14	127.27%
Sign Manufacturing	122	274	152	124.59%
Flour Milling	21	44	23	109.52%
Breweries	40	83	43	107.50%

Projected employment growth within the Logistics Industry is at two tiers of employment: executive, professional and supervisory jobs, which usually require a college degree and some experience in the industry and, unskilled or semi-skilled jobs, which at a minimum require on-the-job-training or certifications such as hazardous material handling.

TDL employment numbered 11,185 in 2004 and grew to 11,354 by the first quarter of 2012. Average monthly earnings were $3,524.

[22] ibid

[23] ibid

[24] *U.S .**** Jobs: Where Companies Are Hiring,* Center for Regional Economic Competitiveness, November, 2011

Health Care

The construction industry has benefited from the expansion of the healthcare industry. St. Anthony Memorial recently built a 48,000 square-foot emergency department in Chesterton. In Crown Point, a 27,000 square-foot surgery center was added to St. Anthony Medical Center's outpatient facility, and LaPorte Hospital made renovations to lift the heliport off of the emergency department and constructed a new second-floor addition.

The new Porter Regional Hospital was built with the total patient experience in mind to emphasize efficiency, safety, comfort, convenience and advanced quality care.

Located on 104 acres at the corner of Highways 6 and 49, Porter Regional Hospital is an environmentally-conscious five-story, 459,125 square foot, 237-bed medical facility. Completed in August of 2012 it can be said that from start to finish, job retention and creation included close to 600 construction jobs. The hospital also added staff positions to accommodate the new size and to ensure patients receive efficient and prompt attention.

Donald A. Coffin, Ph.D., Associate Professor of Economics, School of Business and Economics, IU Northwest projected about 1,100 jobs to be created in health care this year, building on a solid pattern of growth.[25] Health care has averaged 2.7 percent growth annually for 20 years.

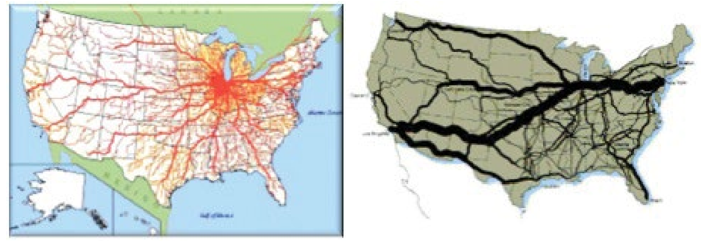
The region is becoming known for its healthcare industry and has benefits from a number of high tech start-ups that include medical-related industries. One of these firms is IV Diagnostics, which began in Porter County because of the large number of hospitals in the area and the growth of those hospitals. They enjoy having access to Alverno Clinical Labs, also in Northwest Indiana, that conducts 10 million lab procedures per year. The region will provide large number of job opportunities for people with the right aptitudes and credentials.

The average total employment in health care in the region in the third quarter of 2011 and three preceding quarters was 46,377 (down to 45,752 in the first quarter of 2012). There were 1,381 jobs created in this industry over the one year period, and 4,025 new hires. Average monthly earnings were $3,584 for all workers in the industry, and $2,464.75 for new hires.

If we separate healthcare occupations from the healthcare industry, there was an increase of 2,816 jobs from 2004 to 2012. Not all jobs within the healthcare industry are healthcare occupations. The industry also requires receptionists, custodians, housekeepers, lawyers, and many others who are employed within the industry that are not directly involved in medical services. Healthcare occupations can be in strong demand even if there is a decline among all employment across the industry. Northwest Indiana's aging population will contribute to the growing need for healthcare professionals.

Information Technology

Information technology is not an industry. Rather, information technology pervades every sector, including manufacturing, health



care, logistics, and more. Health care is moving towards electronic medical records. Health care, the biosciences and information technology have combined to form the new field of bioinformatics. The American Trucking Association formed an Information Technology and Logistics Council because "information about freight movement is as important as the freight itself."[26] Information technology has had a profound effect on manufacturing, changing its organizational structure, required skill sets, and production processes. Computer-integrated manufacturing is an overall approach that integrates production and support through computers; automates production and business functions with robots; and simplifies product designs and reengineering. Even retail trade is increasingly being conducted over the internet, and with Web design critical to marketing and sales, retail trade depends on IT professionals for its success.

Information technology occupations decreased between 2004 and 2012 as the industries that IT supports declined during the recession. The exception was Network Systems and Data Communications Analysts which grew by 23 percent.

Computer literacy has joined the 3 R's as a basic life and workforce skill. WorkOne centers in Northwest Indiana offer onsite training and classes in computer technologies such as:

- Introduction to Microsoft technologies
- Microsoft Word I & Word II word processing programs
- Microsoft Excel spreadsheet software
- Microsoft Access database management program

Northwest Indiana Healthcare and Social Support Industry Indicators

(Avg: 3rd quarter 2010 to 3rd quarter 2011)
Source: Quarterly Workforce Indicators

Total Employment	46,377
Job Creation	1,381
New Hires	4,025
Separations	4,956
Avg. Monthly Earnings	$3,584.25

[25] Gary Forecast 2012, Donald A. Coffin, Ph.D. Indiana Business Review
[26] http://www.trucking.org/Federation/Councils/ITLC/Pages/default.aspx

OCCUPATIONAL CLUSTERS: STRATEGIZING WORKFORCE DEVELOPMENT INVESTMENTS

The 2010 State of the Workforce report described an approach known as Occupation Clusters Analysis to identify the types of workers driving changes in the economy. The approach uses Location Quotient (LQ). LQs quantify how concentrated a particular industry, cluster or occupation, or a demographic group is in a region as compared to the nation. It can reveal what makes a particular region unique in comparison to the national average. LQ for occupations are calculated by dividing the regional concentration of an occupation by the state or national concentration of that same occupation. High-LQ occupations are usually found in high-LQ industries and provide a workforce-oriented perspective of the region's economic base. An LQ of 1.0 means an occupational cluster occurs at the same level of concentration in the region as it does to the comparison area. A score above 1.0 means the occupation is more concentrated in the region than in the comparison area, which means the region has a competitive advantage (although an LQ of 1.2 or better is usually used to identify truly concentrated clusters).

The previous report explained how LQ scores and the change in scores over time allow for the segregation of clusters into distinct categories:

Rising Stars are clusters that are both increasing in employment and growing more concentrated within the Region. These clusters are not only growing, they are also making the region more competitive. State, regional, and local economies are all subject to broad national trends. This sort of analysis isolates those clusters that are doing more than just rising with the national tide. These are the clusters that are driving the growth and development of the region.

Maturing clusters might seem, on the surface, to be a source of embarrassment for the region. This is far from the case and a dangerous assumption, particularly given the state of the national economy.

While employment may be down, concentration is up. A mature cluster shows that, even though businesses that rely on these skilled workers are laying off employees around the country, they are choosing to consolidate in the region. This is a strong signal of regional competitiveness. A mature cluster is poised for future growth during a period of national economic expansion.

Lagging clusters often look like positive attributes if the only measure is growth of employment. A lagging cluster is, in fact, not growing at the same pace as the rest of the economy. While the cluster is adding jobs, it is not doing so at the same rate as other regions. These are clusters that need strategies that show both growth and concentration.

Fading clusters are losing overall employment and concentration in the region. These are the least competitive of the Occupation Clusters. Not only are area businesses decreasing their hiring of workers within this cluster, they are likely looking to move or growing elsewhere. The businesses that rely on these workers are least likely to consider the region for relocation or expansion.

The tables on the following page identify Occupational Clusters of opportunity for the region. The status of each occupation as rising, lagging, maturing, or fading is depicted by matching the color of the occupation with the four-square graphic above.

		Location Quotient	
		Concentrating	Diffusing
Employment	Growing	Rising Stars	Lagging
	Declining	Maturing	Fading

In contrast to the 2010 State of the Workforce report when there were five rising stars, there is now only one: Personal Services Occupations. This group includes: gaming supervisors; slot supervisors; first-line supervisors of personal service workers; animal trainers, nonfarm animal caretakers; gaming dealers; gaming and sports books writers and runners; gaming service workers, all other; motion picture projectionists; ushers, lobby attendants and ticket takers; amusement and recreation attendants; costume attendants; locker room, coatroom and dressing room attendants; entertainment attendants and related workers; embalmers; funeral attendants; funeral service managers; morticians and undertakers; barbers; hairdressers; hairstylists and cosmetologists; makeup artists; theatrical and performance; manicurists; shampooers; skincare specialists; baggage porters; concierges; tour guides and escorts; travel guides; childcare workers; personal care aides; fitness trainers and aerobics instructors; recreation workers; residential advisors; and personal care and service workers essentially, entertainment, beauty and death.

The national median annual earnings for this "rising star" are only $20,730. Some of the occupations within personal services pay significantly better. Gaming supervisors' median annual wage, for example is $48,820 while gaming dealers is only $18,460; funeral directors is $52,790; and embalmers is $43,800.

The last State of the Workforce Report identified only one maturing occupational cluster (skilled production workers). Joining skilled production workers this year are agribusiness and food technology and engineering and related sciences.

The 2010 report found five lagging occupational clusters. This year, there are seven. There had been four fading clusters in 2010, and there are still four, but the list has changed somewhat.

Natural sciences and environmental management doesn't neatly fit into any of the categories. It grew by 5.7 percent in employment from 2002 to 2012, and while it showed a significant increase in LQ compared to the state, it had a significant loss of LQ compared to the nation.

Skilled production occupations are much more concentrated in the region than the nation, but not significantly more so than in Indiana as a whole. This is not surprising given that Indiana has the highest percentage of manufacturing employment of any state in the nation.

Location Quotient Change in Occupation Clusters in Northwest Indiana 2002-2012
Source: EMSI Complete Employment Location Quotient Workbook

	Jobs 2012	Location Quotients				Change in LQ 2002-2012		Percent Change in LQ 2002-2012	
	NWI	State 02	State 12	Nation 02	Nation 12	State	Nation	State	Nation
Agribusiness and Food Technology	4,751	0.68	0.71	0.84	0.89	0.02	0.05	3.3%	6. %
Arts, Entertainment, Publishing, and Broadcasting	6,287	0.85	0.83	0.68	0.67	-0.02	0.00	-2.4%	-0.3%
Building, Landscape, and Construction Design	1,119	0.82	0.79	0.62	0.61	-0.03	-0.01	-3.6%	-1.1%
Engineering and Related Sciences	2,853	0.74	0.75	0.71	0.73	0.02	0.02	2.2%	2.9%
Health Care and Medical Science (Aggregate)	23,465	1.11	1.03	1.11	1.08	-0.08	-0.03	-6.9%	-2.8%
Medical Practitioners and Scientists	3,973	1.02	0.98	0.96	0.92	-0.04	-0.04	-4.1%	-3.8%
Medical Technicians	5,862	1.15	1.11	1.24	1.23	-0.04	-0.02	-3.6%	-1.3%
Therapy, Consulting, Nursing, and Rehab	14,283	1.12	1.02	1.11	1.07	-0.10	-0.04	-9.0%	-3.3%
Managerial, Sales, Marketing, and Human Resources	22,776	0.93	0.84	0.77	0.67	-0.10	-0.10	-10.3%	-12.9%
Information Technology	3,508	0.66	0.57	0.47	0.42	-0.09	-0.05	-14.2%	-9.8%
Legal and Financial Services and Real Estate	24,640	0.94	0.90	0.80	0.74	-0.04	-0.06	-4.1%	-7.3%
Mathematics, Statistics, Data, and Accounting	5,211	0.74	0.68	0.56	0.51	-0.05	-0.05	-7.1%	-8.7%
Natural Sciences and Environmental Management	758	0.54	0.57	0.43	0.39	0.03	-0.04	5.0%	-10.3%
Personal Services Occupations	8,833	1.12	1.46	1.01	1.30	0.33	0.29	29.7%	29.0%
Public Safety and Domestic Security	4,970	1.44	1.24	1.21	1.08	-0.19	-0.13	-13.5%	-10.7%
Skilled Production: Technicians, Operators, Trades, Installers, and Repairers	30,859	1.04	1.08	1.31	1.42	0.04	0.12	3.8%	8.9%

2010 Fading Clusters	2012 Fading Clusters
Managerial, Sales	Managerial, Sales
Information Technology	Information Technology
Arts, Entertainment	Building, Landscape, and Construction Design
Mathematics, Statistics, Data, and Accounting	Public Safety and Domestic Security

The numbers of jobs within each category are:

Rising Stars:	8,833
Maturing:	38,463
Lagging:	59,603
Fading:	32,373

The region has many more jobs that are lagging or fading than jobs that are maturing or rising stars. Enhancing the dynamism of Northwest Indiana demands attention.

KEY FINDINGS

Demographics

- The region is aging and needs to do better at attracting and retaining young adults and families.
- The Asian population is very small, but growing quickly. The Hispanic/Latino population is large and growing larger, but its rate of growth has slowed.
- The baby boomer generation will result in a declining share of population growth due to natural life events until about 2045, when natural increase is expected to change from negative to positive.

Education

- According to the ReadyNWI partnership, 55% of all jobs in Indiana (1.7 million) will require some post-secondary education in 2018. Only 25.6% of individuals in NWI have completed a post-secondary credential.
- Over a third (38%) of the region's high schools have a graduation rate below the state average.
- School corporations that have a greater percentage of students receiving a free school lunch than the state average tend to have lower graduation rates.
- East Chicago and Gary schools greatly improved their graduation rates but still have far to go. East Chicago improved from a graduation rate of 55.7% to 67.0%, and Gary improved from 57.1% to 66.8%, but both schools are still considerably behind other high schools in the region.
- 71% of Northwest Indiana schools came in below the state average on the SAT with no improvement between 2008 and 2011.
- Minorities are increasing as a percent of the total population, but their performance lags the white population in most districts.
- The percent of 18-24 year olds with less than a high school education matches the percent of 65 and older individuals within a tenth of a percent.
- Graduates of Northwest Indiana high schools are less likely to need remediation in college than the average state graduate.
- Too many students are entering college with no career goal in mind.
- All the non-proprietary postsecondary institutions in Northwest Indiana have experienced either relatively stable enrollment or growth since 2005. Ivy Tech Northwest has grown exponentially.
- The graduation rate of the region's postsecondary institutions is less than 50%.
- Unemployment and poverty and low education go hand in hand and tend to be concentrated within specific neighborhoods. Targeting neighborhoods for workforce and economic development may have more value than targeting populations.

Labor Force

- Northwest Indiana's unemployment rate is very gradually declining after peaking at 10.7% in 2009.
- More than 20,000 workers per day commute from the region into the City of Chicago, primarily people of the age to be family head of household (30-54).
- Nearly 67% of the Chicago commuters earn more than $3,333 per month; a reflection of the higher paying jobs in Chicago as well as the older age of commuters.
- The 14-18 year old age group was particularly hard hit in the recession, and they have not recovered post-recession at the same rate as the 19-24 year olds.
- Employers favor mature workers. Older workers 65+ barely felt the impact of the recession on their rate of hire, and their change in percent of quarterly new hires exceeds their growth as a percent of the population.
- Records collected from county administrative offices in Northwest Indiana show the highest level of entrepreneurial activity in the region was pre-recession, and that business start-ups actually started declining at the same time that unemployment spiked.

Income and Education

- Self-sufficiency needs to be redefined away from the federal poverty level. The counties within Northwest Indiana have different levels of self-sufficiency that need to be taken into consideration in job training.
- Using the self-sufficiency standard, approximately 279,766 individuals, or 78% of those employed, would be in need of skills upgrading, job search assistance, and other services of the workforce development system.

Industry and Economic Base

- In January of 2012, the WARN impacted workers in the region comprised 82% of all potentially affected workers in the state – 55.3% in February; and 91% in July 2012, the highest percentage yet.

Industry Clusters

- Many subsectors within manufacturing grew exponentially between 2004 and 2012, adding 4,043 jobs.
- Six manufacturing industries experienced a 100% loss of employment.
- Thirty-six subsectors in manufacturing lost 50% or more of their workforce.
- Conexus forecasts that "Despite its favorable business climate, Indiana's manufacturing and logistics sectors will not fail to avoid slower growth. We predict statewide that manufacturing will slow in both quarters, with a year-over-year growth rate of 1 percent."
- The promise of an Illiana Expressway and a planned expansion of the Gary / Chicago International Airport may increase the logistics employment potential for the region.
- Healthcare occupations continue to be a solid source of employment.
- Information technology occupations decreased between 2004 and 2012 as the industries that IT supports declined during the recession. The exception was Network Systems and Data Communications Analysts which grew by 23%.
- Computer literacy has joined the 3 R's as a minimum requirement for employment.

Occupation Clusters

- The region's only rising star occupational cluster tends to pay relatively low wages.
- The 2010 report found five lagging occupational clusters. This year there are seven.
- The clusters that are considered as "fading" have changed somewhat. Arts & Entertainment and Mathematics, Statistics, Data, and Accounting have been replaced by Building, Landscape and Construction Design, and Public Safety and Domestic Security.

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