State of the Workforce Report

Northwest Indiana 2010

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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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Acknowledgments

The members of the Northwest Indiana Workforce Board and the staff of the Center of Workforce Innovations would like to thank those individuals that were instrumental in helping to put together this report. An effort like this requires the input of many with distinct skill sets and points of view. Some were helpful for individual pieces and specific items while others were immeasurably supportive through their inspiration and leadership. Their voice and spirit should be recognizable throughout these pages.

We would like to acknowledge the specific contributions made by Andy Zehner for his wage curve tool. Charles Eckenstahler provided a helpful approach to measuring entrepreneurship. Mary Simons also provided great support and guidance for issues dealing with primary, secondary, post-secondary, and adult education. Bruce Bendull, Regional Analyst for the Indiana Department of Workforce Development provided advice, support, and guidance throughout the development period. The staff of the Indiana Business Research Center, in particular Molly Manns, was also helpful while research was conducted for this report.

Contributions also came in from many different types of organizations, including the public, private, and non-profit sectors. The staff of the Northwestern Indiana Regional Planning Commission (NIRPC), especially Lauren Rhein, Thomas Vander Woude, and Kevin Garcia, were very helpful and supportive. Many individuals at the Center of Workforce Innovations put up with many questions and requests, and spent a significant amount of time editing drafts of the report. Their contributions were vital in both content and form and cannot be overstated. This report also is reflective of the work that several organizations have conducted over the past several years. These organizations have openly shared their views and have helped to develop a growing digital library of studies on issues of public concern in Northwest Indiana. We would like to thank the work of the Indiana Business Research Center, the Indiana Chamber of Commerce, NIRPC, the Northwest Indiana Forum, the Northwest Indiana Quality of Life Council, and Purdue University North Central for helping to build a community that values critical examination of the workforce, economy, and the community.

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Introduction

The National Bureau of Economic Research (NBER), official designator of business cycles for the United States, declared that a recession began in December 2007. While, as of the time of this writing, the NBER has not officially declared an end to the recession, the nation has now experienced three consecutive quarters of growth in gross domestic product (GDP). Despite the rebound in GDP, the labor market has not shown a corresponding recovery to date.

The problems of the labor market are far greater than can be adequately measured at the local level. Data is less available at local levels than for the state or the nation, but this period has been especially difficult for Northwest Indiana. Researchers at the Center for Labor Market Studies at Northeastern University in Boston, Massachusetts have found an increase in permanent job losses, many of whom are "blue collar" workers. The researchers at the Center point out some additional troubles:

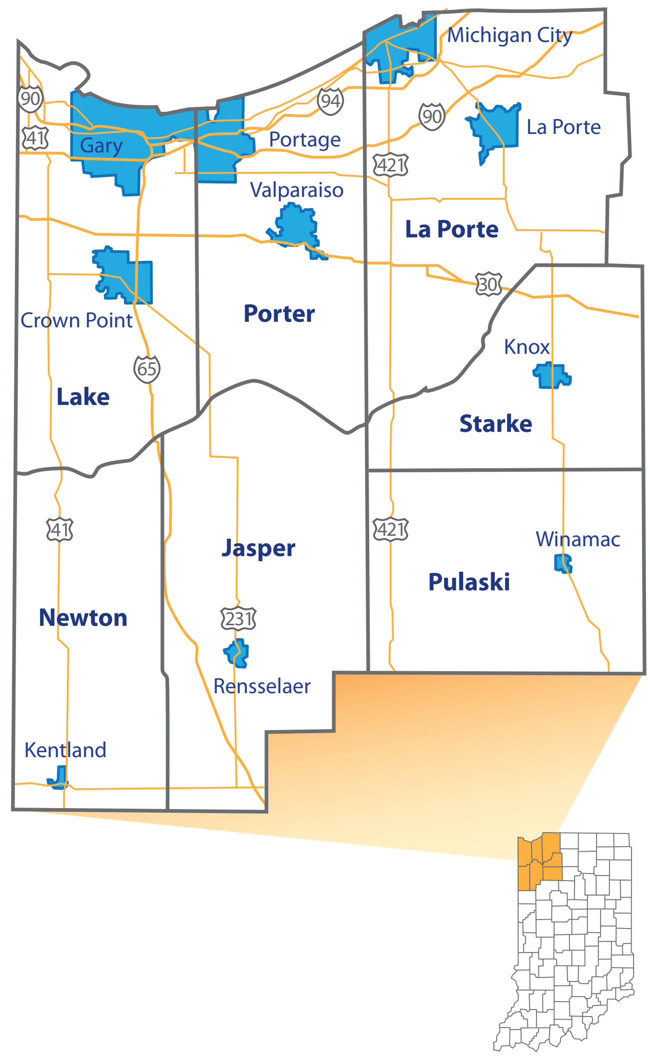
> *"The labor market problems of U.S. workers are not confined to those of the open unemployed. There also has been a very steep rise in underemployment problems (persons working part-time for economic reasons), in hidden unemployment (persons wanting work but not actively looking for jobs), and in mal-employment (persons working in job that do not utilize their formal education or occupational skills; e.g., a humanities major working in a call center of a carpenter working as a bartender)."*[1]

The blue collar workforce of Northwest Indiana has suffered and the unemployed, underemployed, and mal-employed from all sectors face one of the harshest labor markets this nation has seen since the time of the Great Depression, more than 70 years ago.

This report seeks to address a rather audacious task: what is the current state of the workforce in Northwest Indiana and what are its most pressing strengths, weaknesses, opportunities, and challenges? This is being undertaken during a time of rapid and dramatic transformation but also during a time when more information is available than ever before. Recent improvements in data integration between statistical agencies at the state and federal levels have provided deeper, more meaningful information that is capable of generating true knowledge about the workforce of Northwest Indiana. Along with some primary data collected by the Center of Workforce Innovations (CWI) for the Northwest Indiana Workforce Board (NWIWB), this report stitches together a picture of the Region's people, workers, and businesses that is both encouraging and troubling.

Real and significant strides have been made in diversity, education, skills attainment, wages, employment, and business development since the time the preceding *State of the Workforce Report* was written in 2008. The recent recession, or the Great Recession as the Center for Labor Market Studies has dubbed it, has also created great problems for workers. The losses and hardships experienced during these times will likely take several years to repair. It is the hope of the NWIWB, CWI, and our partners and collaborators that this report will bring the issues of the workforce to the forefront of the public policy agenda. Real solutions need to be proposed to tackle the many issues of the workforce. A greater investment in the knowledge, skills, and abilities of the Region's unemployed and underemployed can reap great rewards if addressed quickly and with the full attention and cooperation of the community. We hope that you also see the immediacy of the need and are moved to work with us to find real solutions for Northwest Indiana.

Northwest Indiana



Source: Indiana Business Research Center at Indiana University's Kelley School of Business

[1] "Labor Underutilization Impacts of the Great Recession of 2007–2009: Variations in Labor Underutilization Problems Across Age, Gender, Race-Ethnic, Educational Attainment and Occupational Groups in the U.S., 2009 Fourth Quarter." By the Center for Labor Market Studies, Northeastern University. March 2010. Available online at http://www.clms.neu.edu/publication/

Demographics: The People of Northwest Indiana

The study of the labor market begins with a look at the people that inhabit that market. The demographics, including growth rates, age, race and ethnicity are all important characteristics of the labor force. This section will uncover and reinforce some important trends that have implications for where workforce development investments must take place and how those numbers contribute to the rest of the *State of the Workforce Report.*

Population Growth Patterns

The population of Northwest Indiana has made an incredible turnaround since the early 1980s. After experiencing a rather dramatic decline, mostly in Lake County, the Region's total population increased to an all-time high of 852,568 in 2009, according to estimates produced by the U.S. Census Bureau. The 1970s and 80s, a period defined by dramatic cutbacks and layoffs by the Region's steel mills, saw tens of thousands of residents leave Lake County. Since the early 1990s however, the population has recovered and continued to grow throughout the 2000s. While Lake County has not yet regained its previous population highs, it is still the second most populous county in Indiana and shows signs of long-term stability and growth.

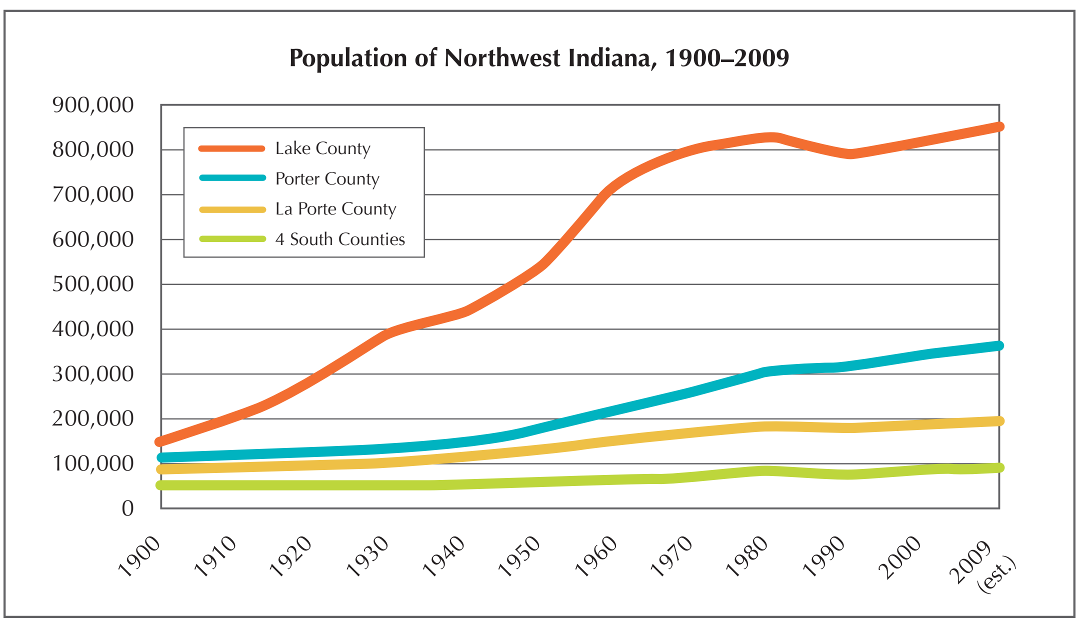
The early part of the 2000s was a period of instability for the steel mills in Lake and Porter Counties, yet the population grew even during the layoffs and bankruptcies of Bethlehem, LTV, and others. After industry consolidation, the mills maintained steady employment levels for several years and the Region's population continually grew. Clearly, the population growth in the Region is no longer tethered to the fortunes and pitfalls of one industry.

Northwest Indiana is a region of extreme geographic disparity, which will become abundantly clear throughout this report. This disparity exhibits itself in many ways, including demographic patterns. The population centers of Northwest Indiana can generally be broken into three distinct environments:

- **Urban Core:** areas of dense populations, elevated levels of poverty, large groupings of racial and ethnic minorities, and overall declining populations.
- **Suburban Collar:** communities that surround the Urban Core, mostly with large and growing populations and dynamic but relatively fewer racial or ethnic minority populations.
- **Rural Fringe:** characterized by very little population density, stretches of unincorporated areas, a mix of subdivisions, small cities and towns, agriculture, and little racial or ethnic diversity.

Since its peak in the 1960s, the urban core communities—Gary, Hammond, East Chicago, and to a lesser extent, Michigan City—have lost significant population due to out-migration. That population decline continued during the 2000s. Between July 1, 2000 and July 1, 2008, Census Bureau estimates suggest that Gary lost 6,826 individuals, a 6.6% decline. Hammond lost 7.6% of its population, a little more than 6,300 individuals. Nearby East Chicago also lost 2,436 residents, a 7.5% drop. Michigan City, in La Porte County, maintained a relatively stable population base, losing 495 residents during this period, a 1.5% decline, although estimates suggest that its population is growing once again.

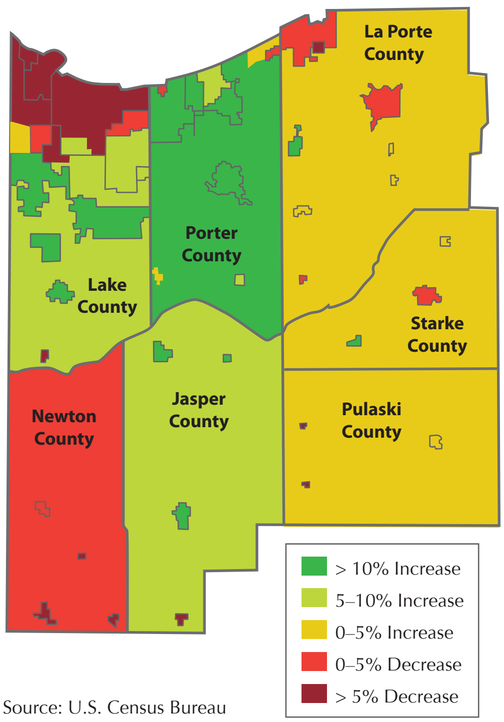
The suburban collar communities more than made up for the losses suffered in the urban core. Crown Point, Hobart, Portage, Schererville, and Valparaiso all grew by at least 10% between April 1, 2000, and July 1, 2008. Crown Point alone expanded by 23.5%. The whole Region's population grew at a pedestrian rate of 3.3% from 2000 to 2008. By separating the population of the urban



Source: U.S. Census Bureau

Note: "4 South Counties" includes Jasper, Newton, Pulaski, and Starke Counties

Northwest Indiana Population Growth Rates, 2000–2008



Source: U.S. Census Bureau

core however, that growth rate was a far more robust 7.1%. This rate surpassed Indiana (5.3%), the broader Chicago Combined Metropolitan Statistical Area (4.4%), and was much closer to the rate of growth for the United States which was 8.0% since 2000. The suburban collar is an area of growth, attracting residents from both the urban core and areas outside of the Region.

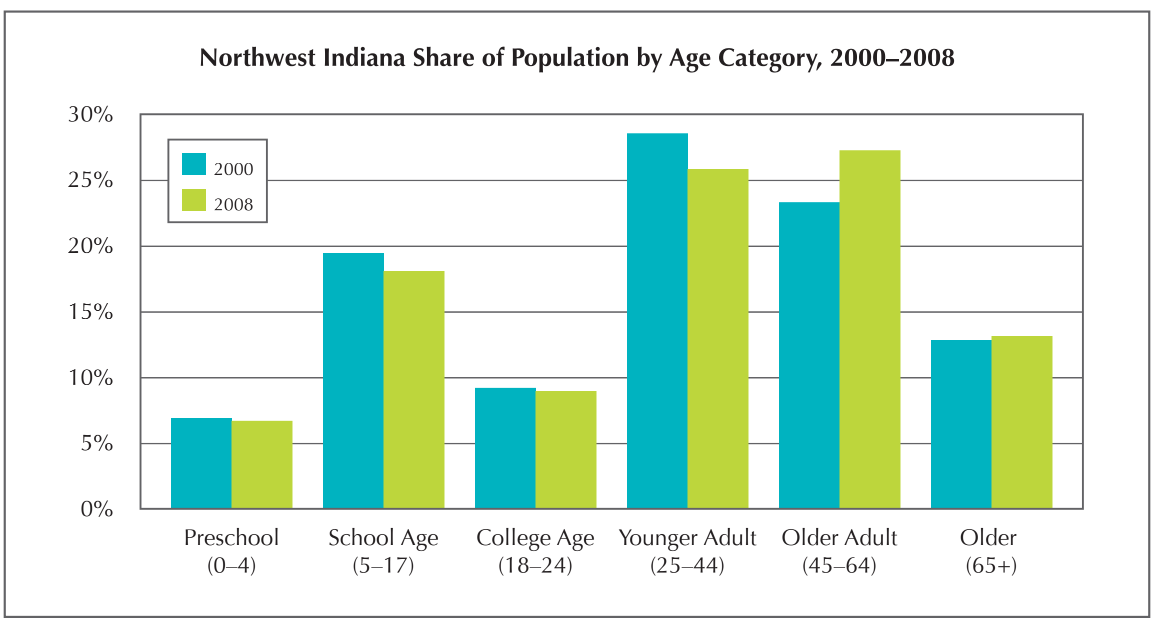
The rural fringe has been a source of positive population growth throughout the 2000s, albeit at a much slower rate than the suburban communities they surround. This growth has been mixed by geographic area. Jasper, and to a lesser extent, Starke County has continued to show population gains while Newton and Pulaski Counties have been stagnant or even lost population during this recent decade. Unincorporated areas of Lake and La Porte Counties also have increased their populations, even while they are being taken over by annexations and development. Unincorporated Porter County has been the leading area of rural growth, growing by 6,379 individuals from 2000 to 2008, a 10.5% increase.

The next few sections will take a look at special populations within the Region and provide a deeper analysis of population growth trends.

An Aging Population

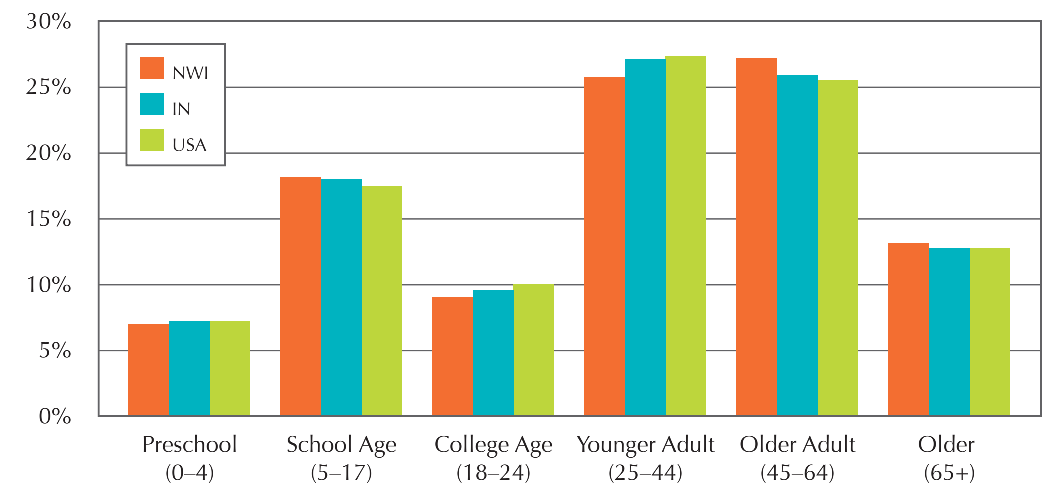
One of the most critical changes in Northwest Indiana's population characteristics has to do with age. As the Baby Boomer generation continues to grow older, the size of the typical working age population is likely to contract. According to Census Bureau estimates, the majority of the population growth over the last decade took place amongst older individuals, those at least 45 years of age. In fact, there was a net decrease in population for individuals younger than 45 years old. Between 2000 and 2008, the Region saw a decline of almost 19,000 individuals between 0 and 44 years old. Meanwhile, the number of individuals at least 45 years of age jumped by more than 45,900, a 15.5% increase.

The most dynamic change took place between younger (ages 25 to 44 years old) and older (ages 45 to 64 years old) adults. This is attributable to the transition of the Baby Boomer generation, those born between 1946 and 1964, from being in their 30s, 40s, and early 50s at the beginning of the decade into their 40s, 50s, and early 60s by 2008. Now that this critical population is reaching the traditional retirement age of 65, significant changes are under way that will reshape the population and labor force of Northwest Indiana for decades to come.



Source: U.S. Census Bureau

Share of Population by Age Category, 2008



Source: U.S. Census Bureau

The aging of the Baby Boomers is having a more profound effect on the population of Northwest Indiana than in the rest of the state or nation. A smaller share of the Region's population is made up of college age (from 18 to 24 years old) and younger (25 to 44) adults. While there are comparatively more school age individuals, the biggest difference rests in the older adults (45 to 64) category. With the exception of Jasper County, the median age for each county throughout Northwest Indiana is higher than that for the entire state. The median age is increasing for the entire nation, but it appears Northwest Indiana is poised to feel the first effects of the Silver Tsunami, as some have called it.

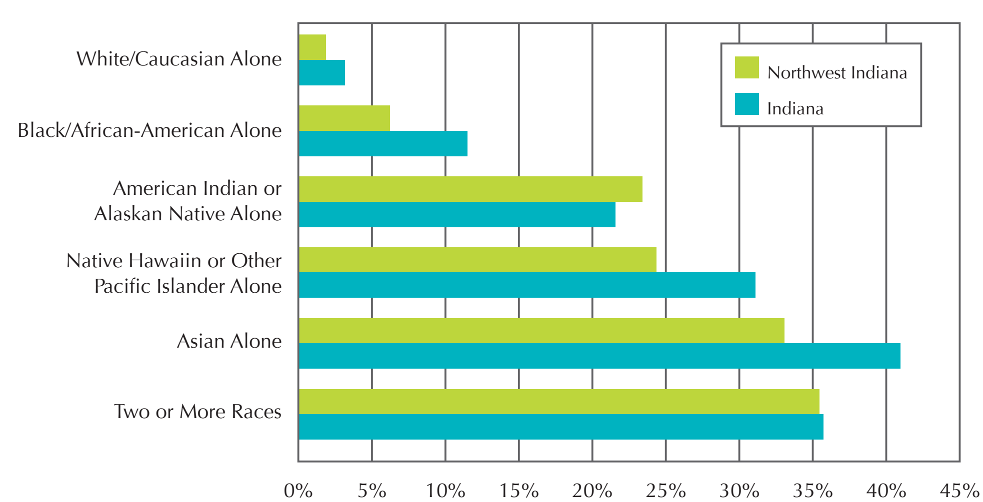
Race, Ethnicity, and Diversity

Racial and ethnic diversity trends provide an insight into the growth of Northwest Indiana's population. While the vast majority of the Region's population remains White or Caucasian, the most dynamic growth in the community comes from some small but growing racial and ethnic groups.

A Note on Race and Ethnicity:
The U.S. Census Bureau, which provides the data on the demographic characteristics of the population, considers Hispanic or Latino to be an ethnic group, not a distinct race, such as Asian or Black/African-American. As such, several or all categories for the analysis in this section will include some Hispanic or Latino individuals. The topic of the Hispanic/Latino population will be discussed separately.

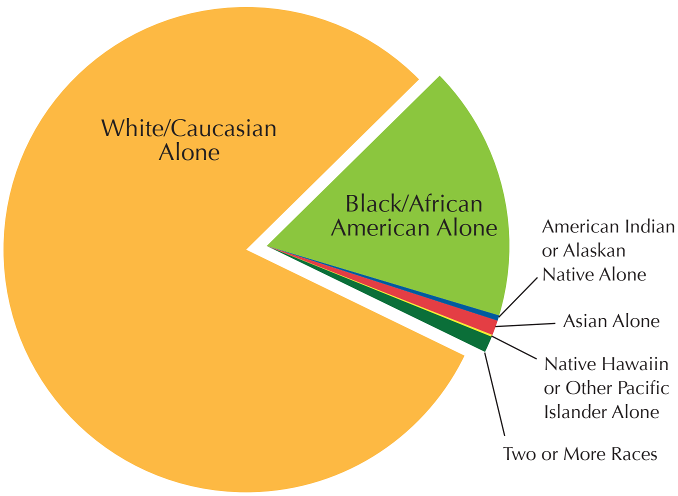
The Hispanic or Latino population (of any race) has grown at a rapid pace in Northwest Indiana, 28% since the year 2000. While

Population Growth Rates by Race, 2000–2008



Source: U.S. Census Bureau, 2000 Census and 2008 American Survey

Racial Composition of Northwest Indiana, 2008



Source: U.S. Census Bureau, 2008 American Community Survey

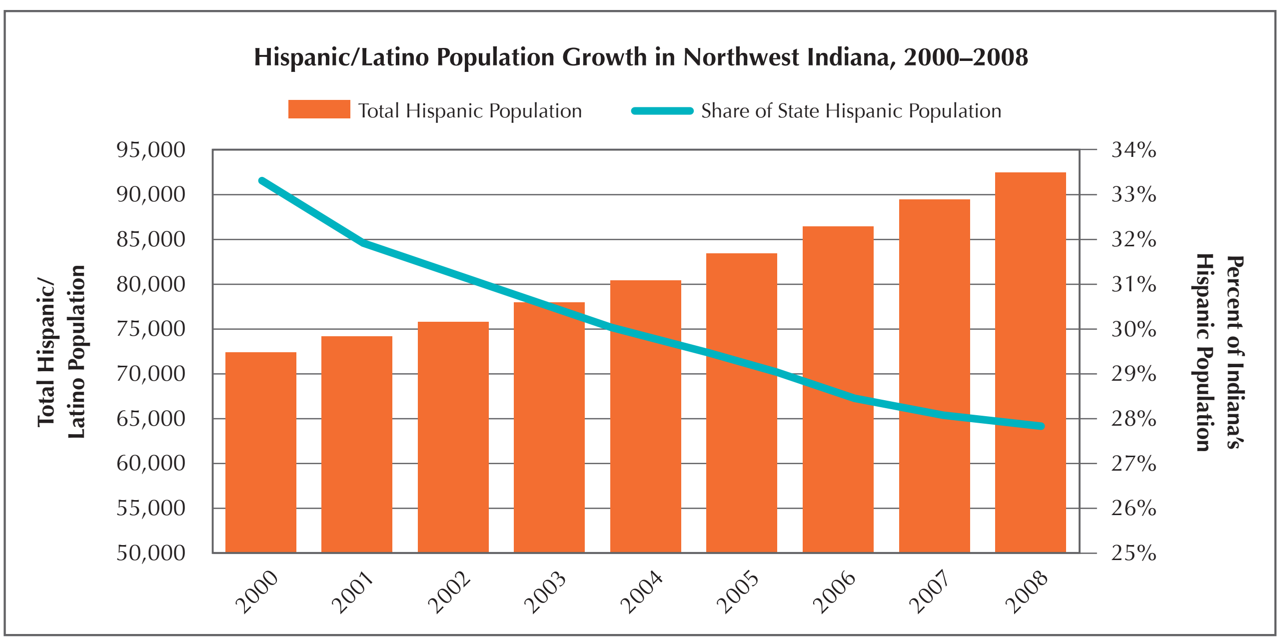
the Region is home to one of the largest concentrations of these individuals in Indiana, this population has not grown as quickly as in the rest of the state. Still, there is a significant cluster of individuals of Hispanic or Latino heritage living in the northwestern corner of Indiana. In 2008, the Region was home to 27.8% of the Indiana Hispanic/Latino population, compared to just 13.3% of the overall population of all races and ethnicities.

The overwhelming majority of Hispanics and Latinos in Northwest Indiana live in Lake County. The Hispanic/Latino populations that have increased by the largest margins are in Jasper County (77.5%) and Porter County (57.8%). Overall, this group has grown very quickly. For comparison, the non-Hispanic population has increased by just 0.9% in the Region and 2.9% in the state. In fact, with the exception of Jasper and Porter Counties, the Non-Hispanic population has declined since 2000 throughout Northwest Indiana. Despite the explosive growth of this ethnic group, there has not been a corresponding jump in the population with poor English literacy skills. Individuals that speak languages other than English in their homes have increased in total numbers, but the most recent estimates of this population suggest the increase has been proportional to the overall growth of the population. More on this issue will be discussed in the section on literacy and adult education. From a demographic perspective alone, the Hispanic/Latino ethnic group is clearly driving the population growth in Northwest Indiana and increasing the diversity of the Region.

Components of Population Change

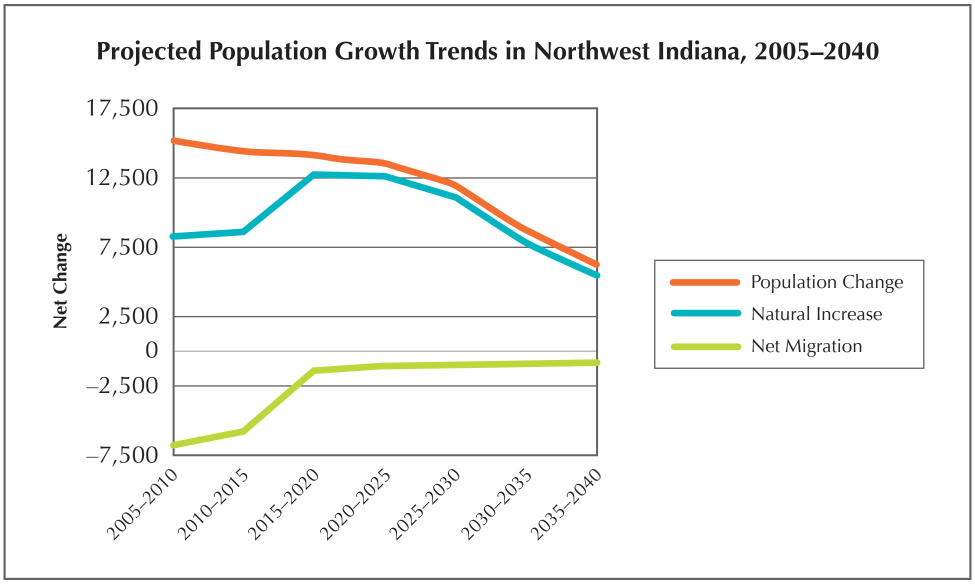
The individual components of population change – natural increase (births minus deaths) plus net migration (from both domestic and international sources)—allow a community to measure how it is performing among key sectors. A healthy and attractive community has positive natural increase due to growing families and attracts domestic migrants, in particular young adults. The size and growth rate of college age and younger adult populations helps to offset the losses from retirements likely to come from older adults. Businesses often look at domestic migration patterns when they make decisions on the locations of new stores and manufacturing facilities. Positive net domestic migration is a sign of a high quality of life and is a valuable measure of a competitive workforce and economy.

At least one area[2] in Northwest Indiana has been a leader in all aspects of the individual components of population change. Net



Source: U.S. Census Bureau

[2] Demographic data on the components of population change are reported at the county level. Therefore, the intra-county migration patterns, such as between neighboring communities, are not available in this report. As discussed above, the urban core and suburban collar communities have dramatically different growth patterns. This section on the components of population change does not separate out the particular patterns of the urban core or the suburban collar communities.



Source: U.S. Census Bureau

domestic migration in Porter County was positive throughout the past decade despite a decline in 2007–08. This was likely a result of the downturn in residential housing followed quickly by the national economic recession. Net domestic out-migration in Lake and La Porte Counties lessened throughout this period, showing stability in domestic migration patterns. Population projections by the Indiana Business Research Center, which have been shown to be unreliable in the past[3], suggest that net migration losses in the Region are expected to lessen and stabilize over the next 15 years. The IBRC projections predict that natural increase in the Region will decline over time as births remain stable through the year 2040, but deaths should increase as a result of an older population.

Secondary and Higher Education

For some, secondary education is the last step before entering the workforce. Standard data on education, such as test scores, graduation rates, and other familiar measures do not necessarily result in performance during college or in the labor force. While it is clear that dropping out of high school and limited skills attainment can severely inhibit lifetime earnings and quality of life, the predictors of future success remain hidden. We acknowledge that the analysis presented herein is a standard and possibly overly simplistic approach to assessing the quality of education in the Region. However, the geographic disparity in the quality of education from one community to the next is an issue of public concern that has implications for workforce, economic, and community development policies and programs.

High School Graduation Rates

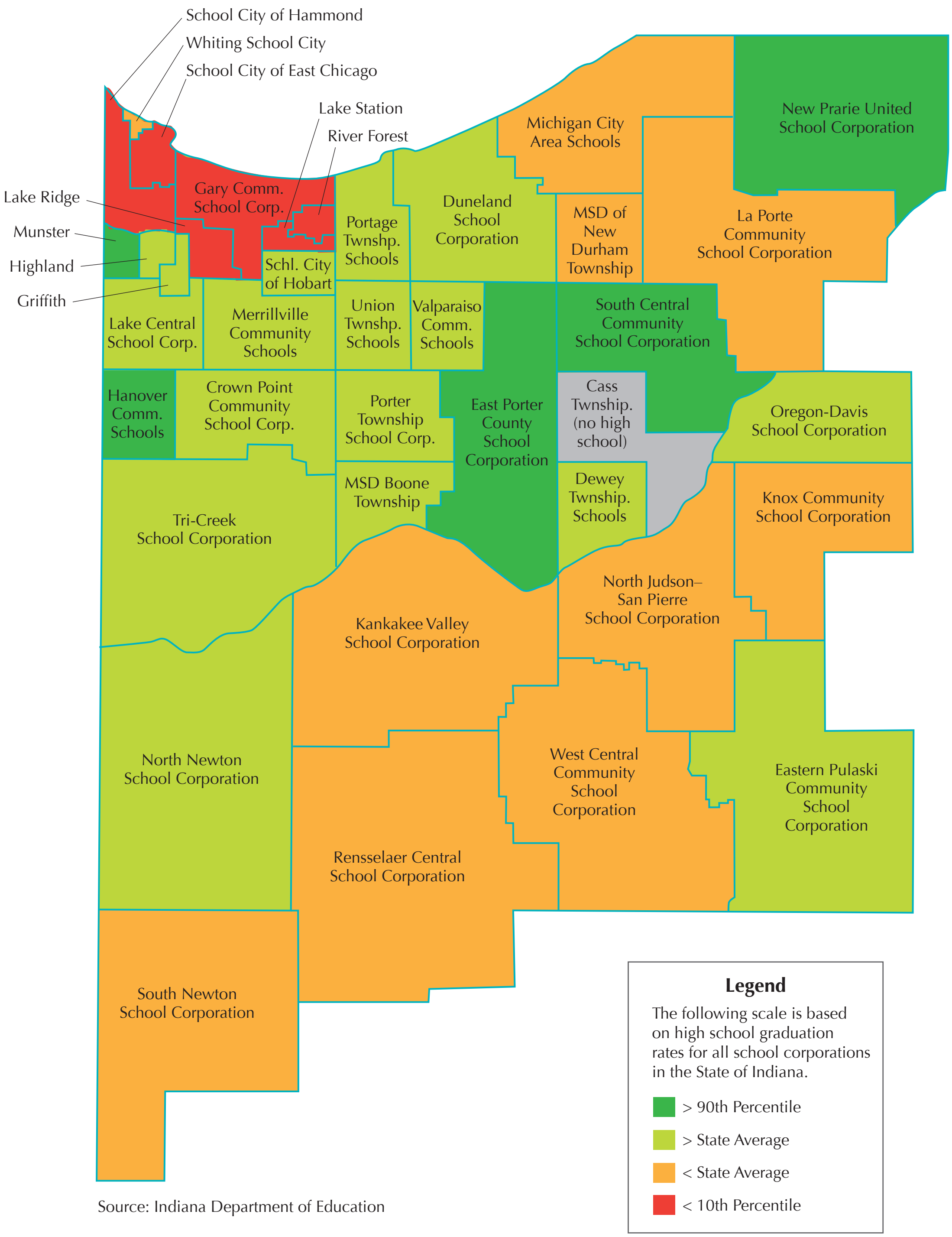
By looking at graduation rates for each school district,[4] the geographic disparity of education in Northwest Indiana becomes abundantly clear. A quick glance at the map of graduation rates for school districts displays four distinct trends:

1. The poorest performing school districts in the Region are concentrated in the urban core of northern Lake County
2. The suburban and exurban collar communities that surround the urban core are performing above average or exceptionally well in some cases
3. Rural areas in the southern part of the Region, the periphery of the suburban collar, are below the state average; and
4. The Michigan City–La Porte area, the other urban/suburban core in the Region, is also below the state average, although not as severely deficient as northern Lake County

There is an abundance of data on schools and academic performance, and this is only one way of looking at the quality of education in the Region. This analysis compares school districts against the entire state[5] and shows the majority of school districts (24 out of 38) in the Region are above the state average. Not all of the urban communities are performing poorly, nor are all rural areas below the state average. However, it is clear the Region's greatest challenge in improving the quality of high school education lies

[3] In the previous State of the Workforce Report, it was noted that the Region's population estimates in 2006, which were based on data from the 2000 Census, were already ahead of the projections published by the IBRC to the year 2010 and beyond.
[4] Charter and private schools were not included in this analysis.
[5] The scale used to distinguish between graduation rates was based on the distribution of graduation rates in the entire state of Indiana. The dataset used to create the scale and the definition used to determine the graduation rate can be downloaded at the Indiana Department of Education website (http://www.doe.in.gov/data/).

High School Graduation Rates in Northwest Indiana, 2007–2008 School Year



Source: Indiana Department of Education

Northwest Indiana Projected High School Graduates and Dropouts, 2010–2013

School Corporation	County	Performance, 2008–09 Academic Year: High School Enrollment	Performance, 2008–09 Academic Year: Graduation Rate
Union Township	Porter	564	95.6%
School Town of Munster	Lake	1,663	94.9%
Hanover Community	Lake	591	94.4%
New Prairie United	La Porte	877	93.0%
Valparaiso Community	Porter	2,072	91.6%
Whiting School City	Lake	310	91.3%
East Porter County	Porter	695	91.0%
Dewey Township Schools	La Porte	111	90.0%
Crown Point Community	Lake	2,426	89.8%
Griffith Public Schools	Lake	946	89.2%
South Central Community	La Porte	297	89.2%
Eastern Pulaski Community	Pulaski	418	89.1%
West Central	Pulaski	275	88.7%
Porter Township	Porter	547	88.6%
Oregon-Davis School	Starke	221	88.0%
Merrillville Community Schools	Lake	2,241	87.3%
Portage Township Schools	Porter	2,618	87.2%
MSD Boone Township	Porter	352	86.7%
Rensselaer Central	Jasper	599	86.6%
Duneland	Porter	1,931	86.2%
Lake Central	Lake	3,141	85.7%
School City of Hobart	Lake	1,274	85.2%
Tri-Creek	Lake	1,224	84.1%
La Porte Community	La Porte	1,656	83.6%
STATE OF INDIANA			81.5%
North Newton	Newton	483	80.8%
School Town of Highland	Lake	1,185	80.1%
MSD of New Durham Township	La Porte	269	80.0%
Knox Community	Starke	619	78.3%
South Newton	Newton	309	77.7%
Michigan City Area Schools	La Porte	1,935	76.7%
North Judson-San Pierre	Starke	469	75.8%
Lake Station Comm. Schools	Lake	425	71.9%
Kankakee Valley	Jasper	1,086	71.5%
River Forest Community	Lake	426	70.4%
Lake Ridge Schools	Lake	645	68.0%
School City of Hammond	Lake	3,998	64.0%
Gary Community	Lake	3,779	57.1%
School City of East Chicago	Lake	1,551	55.7%

Source: Indiana Department of Education, Indiana Accountability System for Academic Progress

Notes: (1) The graduation rate is the "Four Year or Less Rate" currently used by the Indiana Department of Education. For information on how to calculate the rate, visit http://www.doe.in.gov/gradrate.glossary.html. (2) Projections are based on 2008-09 Academic Year enrollments, graduation, and dropout rates. (3) Cell colors for graduation rates are divided into percentiles. School districts in the 90th percentile in the state are in dark green, 25th percentile in medium green, and above the state average in light green. Districts below the state average in light red, in the 25th percentile in medium red, and in the 10th percentile in dark red.

in overcoming the geographic concentration of poorly performing schools in the northern urban core communities.

Lofty graduation rates often mask the scope of the problem. But a high school with 2,000 students, a comparatively high graduation rate, and a seemingly low dropout rate of around 5% would still add 100 high school dropouts to the workforce in four years. Using the 2008-09 academic year as a benchmark, approximately 3,600 dropouts will join the population of Northwest Indiana over the next four years if nothing is done to stem this problem.

Alternatives to poorly performing public schools exist for some. Private and non-public schools, including charter schools can offer improved prospects for graduating with a diploma from a state-accredited institution. The true impact of these schools remains outside of the scope of this report for several reasons. Currently, few private and non-public schools provide data through the Indiana Department of Education. While the National Center for Education Statistics conducted a survey of these institutions in 2003–04, annual updates on key data remain unknown. Second, some charter schools have not yet graduated their first cohort of students. More information on these charter schools will likely be forthcoming in the next few years. At the time of this writing, only select Catholic and charter schools in Northwest Indiana offer graduation rates and other performance indicators through the statewide data system for schools.

"Without a high school diploma, I'm just on hold."

—female, dropped out of 9th grade at age 16

Source: "Blueprint for Success," Gary Multiple Education Pathway Blueprint

High School Dropouts

High school students ought to stay in school. In a highly influential review of high school equivalency exams, Nobel Laureate James J. Heckman and Stephen V. Cameron of the University of Chicago, found that there were no distinguishable differences between high school dropouts and individuals that passed an equivalency examination such as the General Educational Development (GED) test. While the U.S. Census Bureau and some post-secondary institutions consider these exams to be the same as a high school diploma, Heckman and Cameron found that high school dropouts that earn a GED have very different experiences in the labor market. The researchers found that wages, hours of work, and scores on psychometric tests (like the Armed Forces Qualifying Test) are the same for dropouts that either do or do not earn their GED.[6] Real differences exist between individuals that stay in school and those that drop out.

Projected High School Graduates and Dropouts from Public Schools in Northwest Indiana, 2010–2013

County	Current High School Enrollment, 2008–2009	Projected Total, 2010–2013	
		Graduates	Dropouts
Jasper	1,685	1,295	121
Lake	25,825	19,778	2,210
La Porte	5,145	4,264	608
Newton	792	630	94
Porter	8,779	7,807	450
Pulaski	693	61	60
Starke	1,309	1,035	121
Total	**44,228**	**35,426**	**3,664**

Source: Indiana Department of Education, Indiana Accountability System for Academic Progress

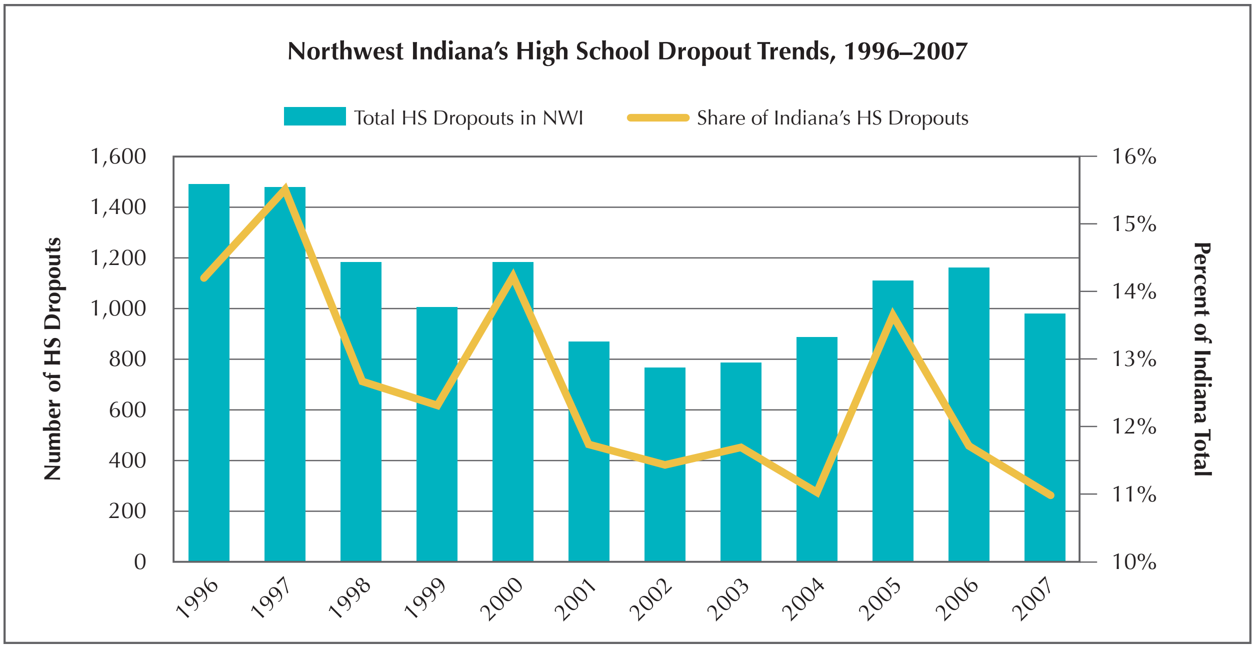
Projected High School Graduates and Dropouts from Non-Public and Charter Schools in Northwest Indiana, 2010–2013

Name	County	Graduation Rate, 2008–2009	Projected Total, 2010–2013	
			Graduates	Dropouts
Andrean High School	Lake	96.0%	631	0
Covenant Christian High School	Jasper	95.7%	108	0
Bishop Noll Institute	Lake	92.1%	417	27
Marquette Catholic High School	Lake	89.4%	144	10
21st Century Charter School of Gary	Lake	73.7%	72	5
Campagna Academy Charter School	Lake	36.6%	54	72

Source: Indiana Department of Education, Indiana Accountability System for Academic Progress

Note: Thea Bowman Leadership Academy, a charter school in Lake County, does not currently report its high school graduation rate in the Indiana Accountability System for Academic Progress

[6] Cameron, Stephen V. and James J. Heckman. "The Nonequivalence of High School Equivalents." *Journal of Labor Economics,* Vol. 11, No.1, (Jan. 1993), 1–47.



Source: Indiana Department of Education

Currently, Census Bureau data suggests that as many as one in seven adults in the United States listed as having attained a high school diploma or equivalent has in fact received a GED. Much research confirms that high school graduates and those that have earned a GED experience categorically different prospects in the labor market.[7] Using longitudinal data, researchers have shown that earning a GED is not enough to significantly increase lifetime earnings or escape poverty. The real value of a GED seems to rest in the ability to enter higher education. These individuals realize gains in employment prospects and earnings only after entering a job training program or enrolling in higher education. An effective approach to helping address the dropout problem should blend GED preparation with the pursuit of additional post-secondary degrees or certification.

Turning the attention to Northwest Indiana, public schools in the Region have made some progress in addressing the dropout crisis, but much work remains. The overall number of high school dropouts decreased since the mid-1990s, but with a small rebound from 2003 to 2007. Although the source of the data (the Indiana Department of Education) aggregates numbers at the county level, not individual school districts, the largest number of dropouts seems to be coming from Lake County. In 2007, a little more than half the dropouts were from that county. La Porte County contributed 22%, Porter County 12.2%, and the four southern counties 13.6%. More than half of the dropouts from the south counties came from Starke County.

The Northwest Indiana Workforce Board (NWIWB) and the Center of Workforce Innovations (CWI) have taken a special interest in the dropout problem in Gary. The NWIWB and CWI have worked with the City of Gary, the Gary Community School Corporation, and several local and national partners to study the problem and develop a solution. This collaboration resulted in the Multiple Education Pathways (MEP) Blueprint and a report to the community, released in 2009, entitled "Blueprint for Success: An Individual Career Pathway for Gary Youth."[8] This report included several focus groups with high school dropouts, interviews with key stakeholders, and other primary and secondary data that was used to develop the Blueprint. The research team for the MEP project discovered that nationally, 11% of 16- to 24-year olds have left high school without a diploma or GED. This population places a strain on the community by limiting taxable income and increasing the demand for scarce social service resources. The MEP Blueprint could help Northwest Indiana solidify its place as a leader in the state in decreasing the number of high school dropouts.

As a share of the state's numbers, Northwest Indiana appears to be contributing fewer dropouts over the past decade. Relative to the rest of the state, Northwest Indiana is improving its ability to keep its high school students in class, but much work needs to be done. As discussed above, the worst-performing schools are concentrated in just a few communities. Some progress has been made in lowering the overall number of dropouts and the Region's contribution to the statewide problem, but each dropout places a heavy burden on the community. As many as 1,000 high school students a year are leaving without a diploma and the preparation necessary to contribute to society. Without new strategies to address this problem, the adult labor force will become overly populated with individuals that lack the skills to enter high-wage, high-growth career pathways.

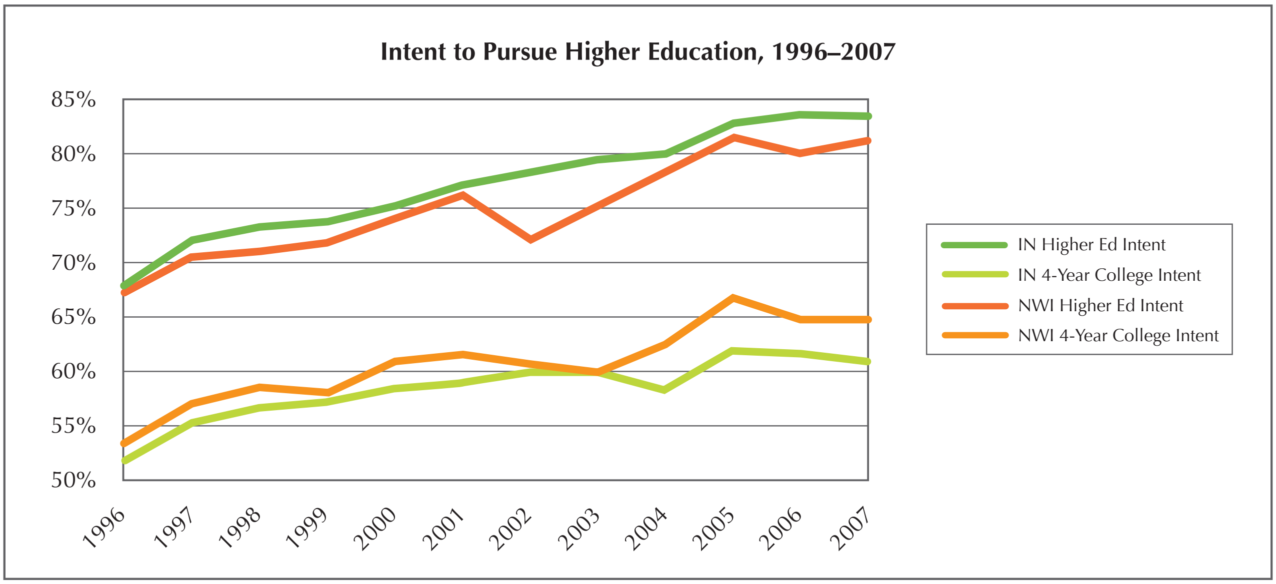
[7] Murnane, Richard J., John B. Willett, and Kathryn Parker Boudet. "Do High School Dropouts Benefit From Obtaining a GED?" *Educational Evaluation and Policy Analysis,* Vol. 17 (1995), 133–147.
[8] Available online at http://www.innovativeworkforce.com/?section=research

Decades of research has proven a link between years of education and geographic and labor market mobility.[9] The students that drop out of high school in Northwest Indiana are the ones that are likely to demand services from the public and non-profit sectors. Thus, efforts to lessen the number of dropouts in local schools are likely to return the bulk of the benefits to those communities. A refocused approach to keeping students in school is necessary to lessen the burden on the social services sector of Northwest Indiana.

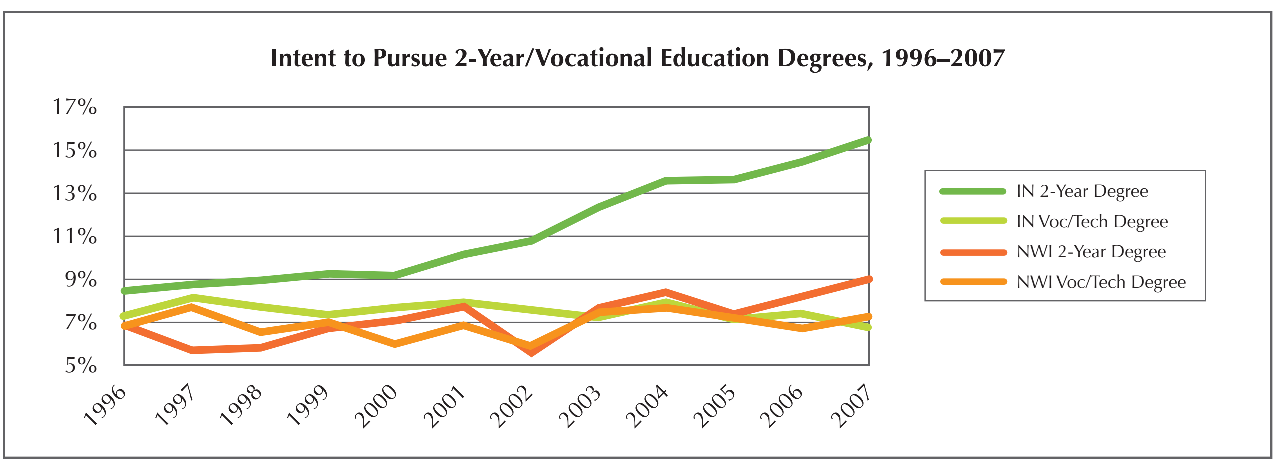
The Transition to Higher Education

As noted in the previous *State of the Workforce Report,* Indiana currently tracks only the intent of high school students to pursue higher education, not the actual number of students that follow through on that intention. There is no measure or dataset available that combines high school and higher education enrollment records to determine the share of graduates that ultimately make the transition from high school to college. That being said, it is reasonable to assume that students who do continue their education had the intent to do so while they were seniors in high school.

Over the last decade, Northwest Indiana high school students intended to pursue higher education at roughly the same rate as their peers throughout the rest of Indiana. They even seem more intent on attaining a four-year degree than their peers. The real difference between the Region's high school students and the rest of the state lies in the share that intends to pursue a two-year degree. In 2007, more than 15% of high school seniors intending to pursue higher education in Indiana stated they wished to earn an Associate's Degree. In Northwest Indiana, only 9% of students felt the same way. While the trend has been positive, the increase has not kept pace with the rest of the state.



Source: Indiana Department of Education



Source: Indiana Department of Education

[9] Abigail Wozniak of the University of Notre Dame has conducted extensive recent research on the subject. Her *Curriculum Vitae* can be accessed online at http://www.nd.edu/~awaggone/

Higher Education

Northwest Indiana is home to seven non-proprietary colleges and universities that had a combined enrollment of more than 29,000 students in 2007. The number of students attending these schools has increased faster than the college age (18 to 24 years old) population over the past few years. While the national recession may have spurred many would-be job seekers to enroll in college, the trend has been escalating in the Region for several years before the labor market began its downturn. Even more encouraging, the increase in enrollments has been exclusively among full-time students. Ivy Tech Community College in Northwest Indiana, Purdue University Calumet, Purdue University North Central, and Saint Joseph's College have all increased their enrollment of full-time students.

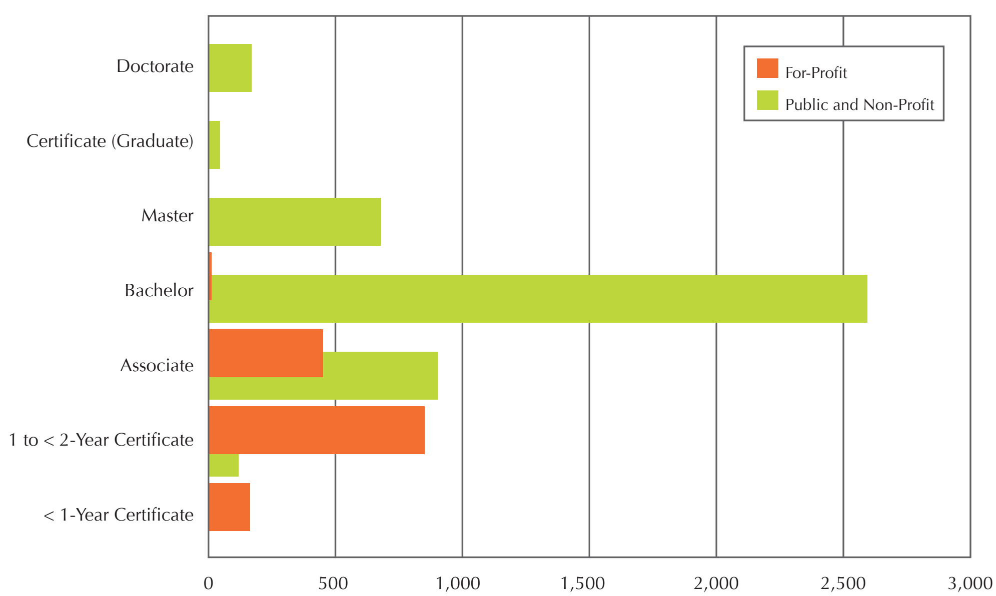
Unfortunately, the numbers for higher education are not all positive. Graduation rates remain low at most of the colleges and universities in Northwest Indiana, including the public colleges and universities. Only Valparaiso University surpassed 75% between 2005 and 2007. With an increase in full-time enrollment, graduation rates should rise in accordance, although that effect might take some time to become manifest.

For the most part, it appears the Region's mix of public and nonprofit colleges and universities appear to be operating in different markets than the Region's proprietary, for-profit schools. By far, the most common post-secondary degree awarded by the public and nonprofit schools was a Bachelor's Degree while proprietary schools appeared to favor short-term degrees and certificates. Proprietary schools were also much more focused in their course offerings. These schools average little more than two disciplines per campus, often focusing on one or two specialties.

By comparison, the public and nonprofit colleges and universities offered much more diverse courses. The public and non-profit schools averaged 17 areas of study per campus. It appears the two types of institutions rarely compete to offer similar courses and degrees. Unfortunately, this analysis does not include a look at the proliferation of online education. While the University of Phoenix has a physical location in Northwest Indiana, only two degrees were awarded by the school through the campus in Merrillville. Satellite campuses, such as Indiana Wesleyan University's location in Merrillville, also are not included in this analysis due to reporting procedures.

From an economic development perspective, Northwest Indiana suffers from the lack of a research university. Currently, the highest level of education available in the Region is at the Valparaiso University School of Law. While plans are underway to expand the medical schools and establish a teaching hospital at Indiana University Northwest in Gary, there are no plans to launch doctoral programs in the physical and natural sciences, engineering, social sciences, or other areas. Research universities can attract federal and corporate funds, facilitate the creation of new businesses through technology transfer, and attract bright young minds to the community. Major research universities are very near Northwest Indiana—Purdue's main campus in West Lafayette, the University of Notre Dame in South Bend, and several in Chicago—but there are none located within the borders of the Region that can draw the kind of investments these types of institutions can. While many professors conduct research on their own, a doctoral program can be a major contributor to regional economic development and innovation.

Postsecondary Degrees Awarded in Northwest Indiana, 2008–2009



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

Note: Excludes degrees conferred by Indiana Wesleyan University's campus in Merrillville

Enrollment and Graduation Rates of Public and Private, Not-for-Profit Colleges and Universities in Northwest Indiana

College/University Name	2005	2006	2007
Calumet College of St. Joseph			
Full-Time Enrollment	468	463	462
Part-Time Enrollment	793	789	776
Graduation Rate	46%	11%	21%
Ivy Tech Community College			
Full-Time Enrollment	1,350	1,484	1,737
Part-Time Enrollment	2,931	3,086	3,005
Graduation Rate	10%	8%	5%
Indiana University Northwest			
Full-Time Enrollment	2,571	2,600	2,567
Part-Time Enrollment	2,416	2,219	2,223
Graduation Rate	27%	25%	32%
Purdue University Calumet			
Full-Time Enrollment	5,167	5,313	5,607
Part-Time Enrollment	4,136	3,990	4,000
Graduation Rate	23%	24%	23%
Purdue University North Central			
Full-Time Enrollment	2,055	2,295	2,354
Part-Time Enrollment	1,464	1,429	1,550
Graduation Rate	17%	20%	19%
Saint Joseph's College			
Full-Time Enrollment	886	958	1,018
Part-Time Enrollment	117	73	52
Graduation Rate	48%	50%	51%
Valparaiso University			
Full-Time Enrollment	3,511	3,505	3,457
Part-Time Enrollment	352	363	415
Graduation Rate	71%	76%	77%
Total, All Institutions			
Full-Time Enrollment	16,008	16,618	17,202
Part-Time Enrollment	12,209	11,949	12,021

Source: National Center for Education Statistics

Degrees Awarded by Area of Study from Colleges and Universities in Northwest Indiana, 2008–2009

Area of Study	Associate's Degrees	Bachelor's Degrees
Business, management, marketing, and related support services	291	531
Health professions and related clinical sciences	674	343
Education	15	205
Security and protective services	68	181
Social sciences	2	145
Liberal arts and sciences, general studies, and humanities	63	143
Communication, journalism, and related programs	1	125
Engineering	2	111
Psychology	0	108
Engineering technologies and technicians	108	98
Biological and biomedical sciences	1	87
English language and literature/letters	0	75
Physical sciences	1	64
Visual and performing arts	0	58
Computer and information sciences and support services	28	54
Parks, recreation, leisure, and fitness studies	0	51
History	0	46
Multi/Interdisciplinary studies	2	42
Family and consumer sciences/human services	12	32
Mathematics and statistics	0	28
Foreign languages, literatures, and linguistics	0	26
Public administration and social service professions	1	20
Philosophy and religious studies	1	16
Construction trades	48	14
Theology and religious students	0	7
Legal professions and studies	37	4
Area, ethnic, cultural, and gender studies	0	3
Natural resources and conservation	0	1
Mechanic and repair technologies/technicians	5	0
Personal and culinary services	6	0
Precision production	0	0
TOTAL, All Areas of Study	**1,363**	**2,618**

Source: NCES, U.S. Department of Education

Note: These areas of study come from the Classification of Instructional Programs (CIP) taxonomy developed by the National Center for Education Statistics. For more information on CIP, visit http://nces.ed.gov/pubs2002/cip2000/

Colleges and Universities in Northwest Indiana

Name	City/Cities	County	Type of Institution
Brown Mackie College	Merrillville Michigan City	Lake La Porte	Private for-profit, Four-Year (Primarily Associate's)
Calumet College of St. Joseph	Whiting	Lake	Private, Four-Year
College of Court Reporting, Inc.	Hobart	Lake	Private for-profit, Two-Year
Don Roberts School of Hair Design	Schererville	Lake	Private for-profit, < Two-Year
Don Roberts Beauty School	Valparaiso	Porter	Private for-profit, < Two-Year
Everest College	Merrillville	Lake	Private for-profit, < Two-Year
Indiana University Northwest	Gary	Lake	Public, Four-Year
Indiana Wesleyan University	Merrillville	Lake	Private, Four-Year
Ivy Tech Community College—Northwest	East Chicago Gary Michigan City Valparaiso	Lake Lake La Porte Porter	Public, Two-Year
Kaplan College	Hammond Merrillville	Lake Lake	Private for-profit, Two-Year
Knox Beauty College	Knox	Starke	Private for-profit, < Two-Year
Merrillville Beauty College	Merrillville	Lake	Private for-profit, < Two-Year
Moler Hairstyling College	Gary	Lake	Private for-profit, < Two-Year
Purdue University Calumet	Hammond	Lake	Public, Four-Year
Purdue University North Central	Westville Valparaiso	La Porte Porter	Public, Four-Year
Saint Joseph's College	Rensselaer	Jasper	Private, Four-Year
Success Schools LLC	Merrillville	Lake	Private for-profit, < Two-Year
University of Phoenix	Merrillville	Lake	Private for-profit, Four-Year
Valparaiso University	Valparaiso	Porter	Private, Four-Year

Returns on Education in the Labor Market

Children are constantly reminded by parents, teachers, and other adults that, to get anywhere in life, you need an education. The value of education is hard to quantify for a variety of reasons, but there is a clear correlation between education beyond high school and higher earnings and salaries later on in life. As we have seen above, higher education is a broad field. There are many different types of certificates, degrees, and awards available to workers, and earning one tends to dramatically improve a person's chances of finding a job.

Occupational projections are often inaccurate—how many economists predicted this most recent economic recession? The information available suggests that businesses will be seeking to reward individuals that invest in themselves through post-secondary education. Between 2008 and 2018, Northwest Indiana is expected to add close to 18,400 jobs, a 4.4% increase. The most in-demand workers will be those that have at least some form of post-secondary education and credentials.

While employment growth is one measure of the demand for labor, it fails to incorporate the true number of job openings. Even if fewer workers are employed by a particular occupation in the future, there are still likely to be job openings in that field. Another way of measuring labor market demand is by looking at the number of new and replacement jobs. Over the next decade, there will be about 125,000 job openings, either due to the creation of a new job (new) or through replacement of a worker that separates from an employer (replacement). Once again, education pays. Occupations that require at least a post-secondary vocational award will have an above average number of job openings. These occupations are also more likely to experience job creation rather than just replacement of workers due to separation.

Northwest Indiana Occupation Projections by Level of Education, 2008–2018

Education Level	Jobs		Change		Current Median Hourly Earnings
	2008	2018	Number	Percent	
Short-term on-the-job training	147,410	152,335	4,925	3.34%	$10.23
Moderate-term on-the-job training	87,622	86,104	-1,518	-1.73%	$16.69
Long-term on-the-job training	36,208	34,916	-1,292	-3.57%	$18.88
Work experience in a related field	36,844	39,125	2,281	6.19%	$17.36
Postsecondary vocational award	28,182	32,033	3,851	13.66%	$22.32
Associate's degree	13,628	15,929	2,301	16.88%	$25.24
Bachelor's degree	39,402	44,436	5,034	12.78%	$21.18
Degree plus work experience	13,556	14,505	949	7.00%	$27.18
Master's degree	4,805	5,783	978	20.35%	$21.39
Doctoral degree	2,757	2,941	154	5.59%	$30.21
First professional degree	5,318	6,103	785	14.76%	$65.61
Total, all levels of education	**418,452**	**436,986**	**18,444**	**4.41%**	**$16.13**

Source: EMSI Complete Employment —1st Quarter 2010

Adult Education: Looking Beyond High School Diplomas

High School attainment alone does not mean that adults are functionally literate. Ivy Tech Community College—Northwest reports that as many as 70% of their incoming students need remedial education before they can even begin their primary programs of study. Anecdotal conversations with graduates of area high school often reveal stories of students woefully unprepared for a college education. Employers too have communicated that they do not place the same value in a high school education as they used to, often looking for candidates with some form of higher education, credential, or certificate to verify the skills of new hires. While this is hardly evidence that there is a crisis in the career readiness of the adult population, some focused attention on the issue is necessary. This section will look at trends in adult functional literacy, English literacy, and the educational attainment of the adult population.

Adult Functional Literacy

The data on adult functional literacy is limited. Only estimates of the population, not survey data, are available for the state and

Estimated Population of Adults (Age 16+) Lacking Basic Prose Literacy Skills, 1992–2003

Location	Percent Lacking Basic Prose Literacy Level		Estimated Population Lacking Basic Prose Literacy		Change, 1992–2003	
	1992	2003	1992	2003	Number	Percent
Indiana	10.45%	8.02%	454,859	371,634	-83,225	–18.3%
Northwest Indiana	14.36%	8.41%	84,075	52,806	–34,269	–39.4%
Jasper County	9.14%	7.75%	1,759	1,796	37	2.1%
Lake County	18.51%	8.95%	67,287	32,961	–34,325	–51.0%
La Porte County	8.76%	8.99%	7,427	7,268	–159	–2.1%
Newton County	10.55%	9.38%	1,094	1,047	–47	–4.3%
Porter County	5.96%	5.98%	6,060	6,982	922	15.2%
Pulaski County	10.42%	8.96%	1,027	940	–87	–8.4%
Starke County	14.25%	10.58%	2,421	1,812	–609	–25.2%

Sources: U.S. Dept. of Education, Institute of Education Sciences, National Center for Education Statistics, 1992 National Adult Literacy Survey, and 2003 National Assessment of Adult Literacy counties of Northwest Indiana. Comparing estimates from the two national surveys conducted by the Department of Education, the Region's population lacking at least Basic Prose Literacy Skills appears to be on the decline but still lags behind the rest of Indiana. According to the National Center for Education Statistics:

> *"Adults in the Below Basic group and those not able to take the assessment because of a language barrier are classified as lacking* Basic Prose Literacy Skills (BPLS). *The percentage of adults who lack BPLS ranges from being unable to read and understand any written information to being able only to locate easily identifiable information in short, commonplace prose text in English, but nothing more advanced. For the indirect estimates [used in the State of the Workforce Report], adults who were not able to take the assessment because of a language barrier are included."*[10]

Between the 1992 National Adult Literacy Survey and the 2003 National Assessment of Adult Literacy, the number of adults lacking *Basic Prose Literacy Skills* in Northwest Indiana dropped by more than 34,000, a 39.4% decline. The decrease in BPLS was particularly acute in Lake County, which fell by 51%. Porter County actually saw a net increase in this population, although the share of the population rose from 5.96% in 1992 to just 5.98% in 2003. The percent of the population below *BPLS* in Porter County is still far below state levels and one of only two counties (Jasper) in the Region under the Indiana rate. While Lake, Newton, and Pulaski Counties all moved in line with La Porte County and the average for the Region, Starke County now has the highest rate of below *BPLS* in the Region, with 10.58% of the adult population below this critical threshold.

English Literacy

More than 29,000 individuals at least five years old in Northwest Indiana, about 4% of the population, speaks English less than "very well," according to the U.S. Census Bureau's American Community Survey (ACS)[11] estimates from 2006 to 2008. The bulk of these individuals, as many as 23,500 (roughly 81%), live in Lake County. While the Census Bureau's methods to survey English literacy are not as robust and detailed as the National Assessment of Adult Literacy conducted by the National Center for Education Statistics, the ACS data is more frequent and comparable to the 2000 Census.

The Census Bureau estimates show the share of adults that primarily speak a foreign language and cannot speak English at least "Very Well" is growing in both total numbers and as a percent of the population. In both the Gary Metro Division (Jasper, Lake, Newton, and Porter Counties) and La Porte County, the largest group of individuals with lower levels of English proficiency speak Spanish as their primary language. While speakers of Asian and Pacific Islander languages make up a much smaller share of the population, this group is growing rapidly. This population increased by 73% in the Region, growing from 1,300 individuals to 2,249.

Estimated Percent of Population in Northwest Indiana That Speaks English Less than "Very Well"

	Gary Metro		La Porte County		Total	
Language Spoken at Home	**2000**	**2006–08**	**2000**	**2006–08**	**2000**	**2006–08**
English only	88.7%	88.2%	94.0%	94.3%	89.5%	89.1%
Language other than English	11.3%	11.8%	5.9%	5.6%	10.5%	10.9%
Speak English less than "very well"	4.0%	4.2%	2.1%	1.9%	3.7%	3.9%
Spanish	7.0%	7.8%	3.1%	3.6%	6.5%	7.2%
Speak English less than "very well"	2.6%	2.8%	1.4%	1.4%	2.5%	2.6%
Other Indo-European languages	3.4%	2.8%	2.2%	1.3%	3.3%	2.6%
Speak English less than "very well"	1.0%	0.9%	0.6%	0.4%	0.9%	0.8%
Asian and Pacific Islander languages	0.5%	0.7%	0.2%	0.4%	0.4%	0.7%
Speak English less than "very well"	0.2%	0.3%	0.4%	0.8%	0.2%	0.3%
Other languages	0.3%	0.5%	0.4%	0.3%	0.4%	0.4%
Speak English less than "very well"	0.1%	0.2%	0.1%	0.1%	0.1%	0.1%

Source: U.S. Census Bureau, 2000 Census and 2006–2008 American Community Survey

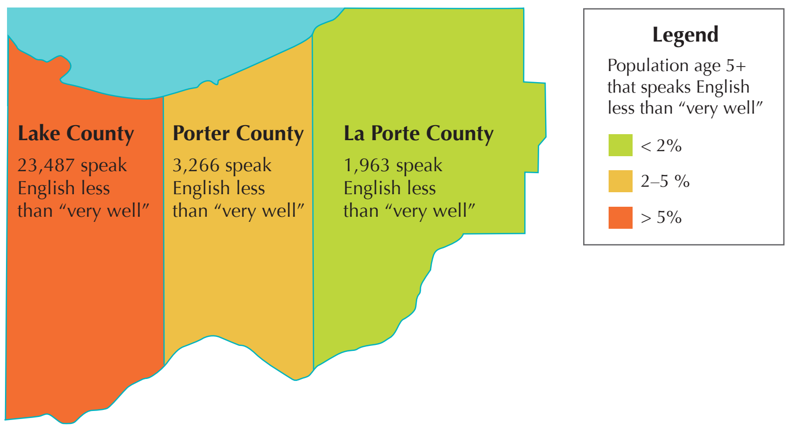
Note: Gary Metro includes Jasper, Lake, Newton, and Porter Counties, Indiana

[10] From the National Center for Education Statistics, Frequently Asked Questions about the National Assessment of Adult Literacy, State & County Estimates of Low Literacy. Available online at http://nces.ed.gov/naal/estimates/FAQ.aspx

[11] The 2006–2008 American Community Survey estimates only covers geographies with populations greater than 20,000 individuals. As such, counties with populations below this threshold (Newton and Pulaski Counties) did not receive this survey. For counties with smaller populations, many data sets were not available due to sample size. This section of the State of the Workforce Report looks at the Gary Metro Division (Jasper, Lake, Newton, and Porter Counties) and the Michigan City-La Porte Metropolitan Statistical Area (La Porte County) and does not include Starke or Pulaski Counties.

Estimated Percent of Population in Northwest Indiana That Speaks English Less than "Very Well," 2006–2008

County	Any < Very Well	Spanish < Very Well	Other Indo... < Very Well	Asian & Island < Very Well	Other < Very Well
Lake Co. (N= 23,487)	5.1%	3.6%	1.0%	0.3%	0.2%
Porter Co. (N= 3,266)	2.2%	1.2%	0.5%	0.5%	0.1%
La Porte Co. (N= 1,963)	1.9%	1.4%	0.4%	0.1%	0.1%



Source: U.S. Census Bureau, American Community Survey 2006–2008

Educational Attainment of the Adult Population

Educational attainment of the adult population is a measure of the percentage of adults by the highest level of education completed. As noted in the section on education, the number of dropouts, as reported by schools and the Region's share of the state's dropout problem, appears to be on the decline.

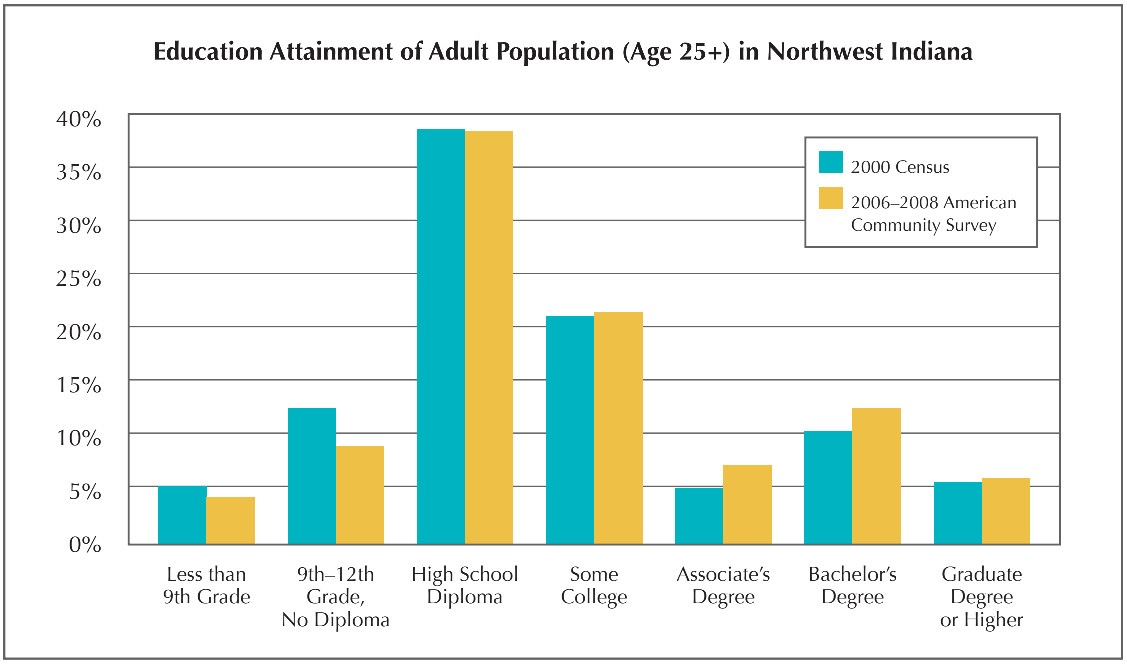
The adult population in Northwest Indiana exhibits two distinct characteristics:

Estimated Educational Attainment of the Adult Population (Age 25+), 2008

Level of Education	Northwest Indiana	Indiana	United States
Less than 9th Grade	4.3%	4.4%	6.4%
9th–12th Grade, No Diploma	9.2%	9.8%	9.1%
High School Graduate (or GED)	38.6%	36.4%	29.6%
Some College, No Degree	21.6%	19.8%	20.1%
Associate's Degree	7.4%	7.3%	7.4%
Bachelor's Degree	12.8%	14.2%	17.3%
Graduate or Professional Degree	6.1%	8.0%	10.1%

Sources: U.S. Census Bureau, 2000 Census and 2006–2008 American Community Survey

1. A smaller share of the Region's adults, when compared to Indiana and the United States, has less than a high school diploma and that population is shrinking. The Region's adult population seems to be reaching a minimal standard of education.
2. While Northwest Indiana's adults are more likely to have completed high school, the Region has not been as successful at retaining highly-educated individuals. There is a larger concentration of adults with at least some college completed, and the share of the population with a Bachelor's, Master's, or higher degree is increasing quickly. There was a 27% increase in the number of adults with a Bachelor's Degree, but the share of the population that has completed a Bachelor's Degree or higher still lags behind the rest of the State and the Nation. When combining this trend with the data on high school students' intent to pursue a four-year degree, this suggests there is a significant "Brain Drain" of adults with a Bachelor's Degree or higher. The share of adults with an Associate's Degree is equivalent in both Indiana and the United States. Once students receive their Bachelor's Degree, they are more likely to leave the Region.



Sources: U.S. Census Bureau, 2000 Census and 2006–2008 American Community Survey

Labor Force Characteristics: Dramatic Changes Underway

Economists believe the labor market is a lagging indicator of the overall health of the economy. That is, the labor force show signs of economic growth and decline after the rest of the economy has already made a change. This most recent recession has provided reinforcement for that viewpoint. The National Bureau of Economic Research states the current economic recession officially began in December 2007, but Northwest Indiana's labor market did not display signs until as late as October 2008. Fortunately, at the time of this writing, the recession appears to be over or at least in the midst of a transition period. However, the labor force has yet to fully respond. This section will take a look at the labor force of Northwest Indiana in the broadest sense, looking at the overall employment and unemployment trends of the Region's workforce. To begin, a brief look will be taken at the dominant trends in the labor force over the past several years.

Labor Force Estimates

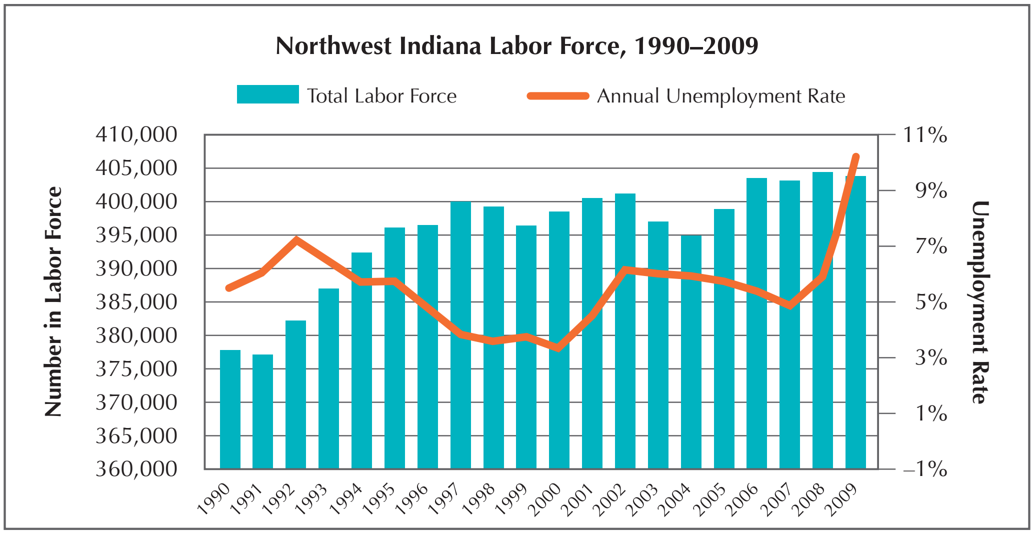
Labor Force Estimates are the broadest measure of the size and health of the workforce. The total number of people in the labor force includes both those that are employed and those that are out of work and seeking employment. The unemployment rate is a measure of those out of work divided by the total labor force. It provides a quick look at the share of the total labor force available for work at that point in time.

The estimated number of unemployed persons in Northwest Indiana practically doubled between October 2008 and March 2009.

Northwest Indiana Average Annual Labor Force Estimates (Not Seasonally Adjusted), 2000–2009

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Labor Force	398,388	400,415	401,240	398,776	397,128	398,906	403,332	403,165	404,438	401,600
Employed	384,738	381,903	376,515	374,794	373,618	376,009	381,582	383,582	380,413	360,279
Unemployed	13,650	18,512	24,725	23,982	23,510	22,897	21,750	19,583	24,025	41,321
Unemployment Rate	3.4%	4.6%	6.2%	6.0%	5.9%	5.7%	5.4%	4.9%	5.9%	10.3%

Source: Indiana Department of Workforce Development—Research and Analysis Unit



Source: Bureau of Labor Statistics; Indiana Department of Workforce Development

After experiencing a gradual decline in unemployment following the recession of 2001–2003, the labor force of Northwest Indiana took a big hit in late 2008 and throughout 2009. The unemployment rate (not seasonally adjusted) shot up from 5.9% in October 2008 to 10.9% in March 2009. The estimated number of persons unemployed nearly doubled during this time period, rising from 23,757 in October 2008 to 44,043 in March 2009, an 85% increase.

Northwest Indiana lost 5% of all its jobs between 2007 and 2009, and the unemployment rate more than doubled.

By late 2007, Northwest Indiana seemed to be recovering from the recession of 2001 – 2002 and had experienced several years of declining unemployment coupled with overall growth in the total labor force. Since that point, the employment base of the Region, the number of individuals employed in the labor force, has declined by at least 5% in all seven counties and by as much as 9.7% in Pulaski County. In other words, Northwest Indiana lost 5% of all its jobs between 2007 and 2009. With the exception of Lake County, the number of people unemployed has more than doubled throughout the Region since the beginning of the current recession. There has been a larger increase in the number unemployed than the decrease in employment, which could be attributable to residents that commute outside the Region for work. This recession has uncovered the premise that Northwest Indiana might be a net importer of unemployed individuals.

Labor Force Estimates (Not Seasonally Adjusted) in Northwest Indiana, 2007–2009

					Change, 2007–2009	
	County	2007	2008	2009	Number	Percent
Jasper	Labor Force	15,575	15,653	15,599	24	0.2%
	Employed	14,838	14,739	14,069	–769	–5.2%
	Unemployed	737	914	1,530	793	107.6%
	Unemployment Rate	4.7%	5.8%	9.8%	5.1%	108.5%
Lake	Labor Force	227,048	228,056	227,329	281	0.1%
	Employed	215,329	213,890	204,166	–11,163	–5.2%
	Unemployed	11,719	14,166	23,163	11,444	97.7%
	Unemployment Rate	5.2%	6.2%	10.2%	5.0%	96.2%
La Porte	Labor Force	52,796	52,597	52,805	9	0.0%
	Employed	50,128	49,321	46,782	–3,346	–6.7%
	Unemployed	2,668	3,276	6,023	3,355	125.7%
	Unemployment Rate	5.1%	6.2%	11.4%	6.3%	123.5%
Newton	Labor Force	6,996	7,024	7,029	33	0.5%
	Employed	6,630	6,586	6,286	–344	–5.2%
	Unemployed	366	438	743	377	103.0%
	Unemployment Rate	5.2%	6.2%	10.6%	5.4%	103.8%
Porter	Labor Force	83,423	83,710	83,600	177	0.2%
	Employed	80,233	79,697	76,073	–4,160	–5.2%
	Unemployed	3,190	4,013	7,527	4,337	136.0%
	Unemployment Rate	3.8%	4.8%	9.0%	5.2%	136.8%
Pulaski	Labor Force	6,829	6,794	6,589	–240	–3.5%
	Employed	6,546	6,410	5,914	–632	–9.7%
	Unemployed	283	384	675	392	138.5%
	Unemployment Rate	4.1%	5.7%	10.2%	6.1%	148.8%
Starke	Labor Force	10,496	10,607	10,652	156	1.5%
	Employed	9,877	9,771	9,169	–708	–7.2%
	Unemployed	619	836	1,483	864	139.6%
	Unemployment Rate	5.9%	7.9%	13.9%	8.0%	135.6%

Source: Indiana Department of Workforce Development

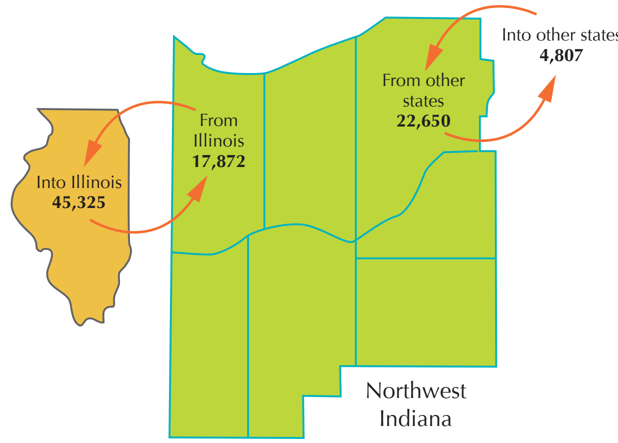
Commuting Patterns

Northwest Indiana is a net exporter of workers. Chicago will soon overtake Hammond as the second-biggest destination of NWI workers and is gaining ground on Gary. Among counties, Cook County, Illinois, is the second-biggest destination for workers that live in Northwest Indiana, employing more than Porter or La Porte Counties. In 2008, more than 45,000 residents of Northwest Indiana traveled to Cook County for their primary jobs. This trend is likely to increase. Ford Motor Company has recently announced plans to return to three shifts at its assembly plant near Ford Heights, Illinois, just across the border from Hammond. Local municipalities are contributing to these commuting patterns. Dyer, Hobart, and Valparaiso, among others, have begun or are in the process of establishing daily bus routes into Chicago's downtown business district, the Loop.

Northwest Indiana residents are traveling to Chicago for higher-paying jobs. While workers in the Region are relatively evenly distributed across the income spectrum, more than half of all residents that work in Cook County, Illinois, earn more than $3,333 per month. Many of these high-paying jobs are held by workers in their prime working years, age 31 to 54. Locally, Generation X and the younger Baby Boomers make up a little more than half (56.7%) of the resident labor force on the Indiana side of the border. Almost two-thirds (65.4%) of the workers that commute to Cook County fall within this category. A much smaller share of the commuting workforce falls into the younger and older worker categories.

Northwest Indiana Commuting Patterns, 2008

Residents and workers that commute across state lines for primary employment



Sources: U.S. Census Bureau, Local Employment Dynamics; STATS Indiana

Not only does the Chicago area draw workers with higher salaries, they also draw them in during their prime working years.

The national recession has also contributed to the high unemployment in Northwest Indiana. While data from 2009 is not yet available, there was a sharp decline in the number of individuals who lived in Northwest Indiana but worked in Cook County, Illinois.

Comparison of Residents Working in Cook County, Illinois versus Individuals Working in Northwest Indiana, 2008

	Northwest Indiana Residents that Work in Cook County, IL		Individuals that Work in Northwest Indiana	
	Number	Share	Number	Share
Total Primary Jobs	45,325	100.0%	301,324	100.0%
Jobs by Worker Age				
Age 30 or Younger	8,407	18.5%	74,868	24.8%
Age 31 to 54	29,625	65.4%	166,256	55.2%
Age 55 or Older	7,293	16.1%	60,200	20.0%
Jobs by Earnings Paid				
$1,250 per Month or Less	5,255	11.6%	80,910	26.9%
$1,251 to $3,333 per Month	13,827	30.5%	112,676	37.4%
More Than $3,333 per Month	26,243	57.9%	107,738	35.8%
Jobs by Industry Type				
Goods Producing	12,397	27.4%	70,919	24.8%
Trade, Transportation, and Utilities	9,474	20.9%	63,511	22.3%
All Other Services	23,454	51.7%	150,981	52.9%

Sources: U.S. Census Bureau, Local Employment Dynamics OnTheMap-Destination Database

Employment Patterns: Less Work for Younger Workers

The recession has been hard on everyone and has led to a weak labor market for all. But some groups within our community are feeling the effects worse than others. Quarterly Workforce Indicators (QWI) published by the U.S. Census Bureau allow for the analysis of key labor market trends by certain categories of workers. This unique dataset gives us the ability to look at labor market trends affecting special populations of workers, such as younger workers or racial and ethnic groups. The different categories of workforce indicators include total employment, new hires, separations, turnover, and average earnings. The QWI tool gives us a deeper knowledge of the workforce and will help identify target populations in need of services and new strategies to gain employment.

This recession has shown that businesses value experience. While employment of older workers, age 55 and up, has stayed constant or even risen a little, the numbers are not encouraging for the least experienced. Youth employment is down substantially over the past few years. There were 2,000 fewer youth between the ages of 14 and 18 employed in the 2nd Quarter of 2009 than during the same time the previous year. The downward trend in youth employment began much earlier in the decade. Employment of youth between the ages of 14 and 18 reached a peak in the summer of 1999 but has fallen abruptly since then. In the summer of 2008, employment of the youngest workers reached only 13,135. The most recent figures available show only 9,274 workers between the ages of 14 and 18 were employed during the second quarter of 2009 (April 1st–June 30th).

Shifting the focus to employment patterns of different age groups, the trend towards preference for older workers becomes even clearer. Some of these patterns can be attributed to an older population. The Region's population between the ages of 45 and 54, for example, has increased rapidly over the past decade. Yet the increase in total employment of that age group has surpassed the increase in population. It seems that, during the past decade, businesses have retained their older workers at the expense of younger, less experienced individuals.

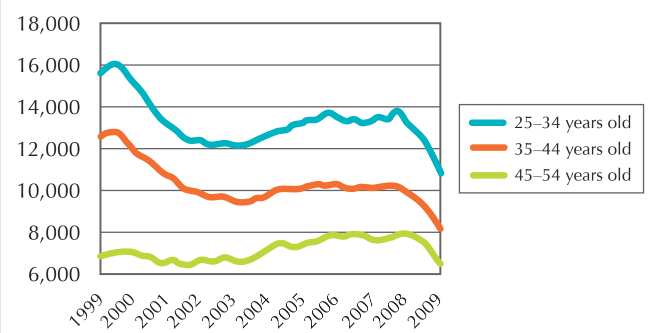
Change in Employment versus Change in Population, 1999–2008

	Change in Average Employment (by Quarter)	Change in Population
Young Adults (Ages 25–44)	–12.0%	–7.1%
Older Adults (Ages 45–64)	23.5%	17.2%

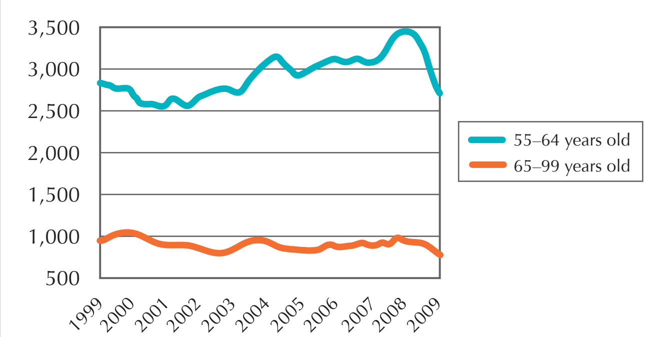
Sources: U.S. Census Bureau; Indiana Department of Workforce Development

Fourth Quarter Average of New Hires of Younger Workers, 1999–2009

Fourth Quarter Average of New Hires of Workers in Prime Working Years, 1999–2009



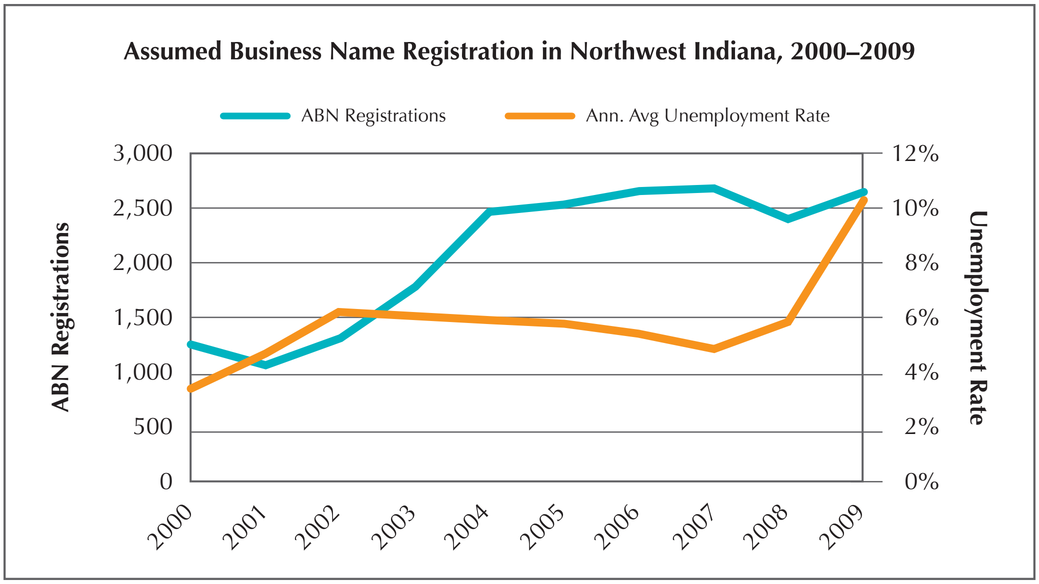
Fourth Quarter Average of New Hires of Older Workers, 1999–2009



Entrepreneurship: A Response to Limited Employment Opportunities?

According to the U.S. Census Bureau, as much as two-thirds of all establishments have no employees. These business entities account for a scant 3% of all receipts, but they also represent areas of employment for entrepreneurs. The decision to start a business could also generate employment for those able to grow the venture. Research conducted for the U.S. Small Business Administration further shows that start-ups of "nonemployer" entities run counter to economic and labor force cycles.[12] In other words, during periods of high unemployment, many individuals respond by starting their own business venture.

Records collected from county administration offices in Northwest Indiana show that most of the decade has been a heightened period of entrepreneurship for the Region. Purdue University Calumet and the cities of Hammond, Michigan City, and Valparaiso all launched business incubators within the past 10 years. While this primary data is inconclusive, the trend is important and worth monitoring for the foreseeable future. Shifts in individual behavior may lag labor market trends by a few years, so the next 3-5 years could see a real flourishing of business creation and entrepreneurship. Given the low contribution to receipts from these nonemployer entities, the Region may face a challenge in helping these new ventures generate revenue and jobs.



Source: County records

Assumed Business Name Registrations in Northwest Indiana, 2000–2009

Year	Jasper	Lake	La Porte	Newton	Porter	Pulaski	Starke	TOTAL
2000	96	431	126	15	552	13	0	1,233
2001	70	263	2	13	687	9	21	1,066
2002	52	354	175	5	678	9	22	1,306
2003	50	650	176	17	856	10	20	1,779
2004	99	974	204	25	1,111	19	21	2,453
2005	79	1,041	194	21	1,143	16	28	2,522
2006	117	1,064	173	33	1,196	21	42	2,646
2007	55	1,100	185	13	1,249	25	44	2,671
2008	175	905	160	10	1,089	26	42	2,407
2009	124	891	441	20	1,088	21	39	2,624

Source: County records

Notes: (1) Porter County combines partnerships and assume names into one file, (2) Pulaski County 2000 records unavailable, and (3) Mid period increase possibly due to banking account requirement for Assumed Name certificate.

[12] Acs, Zoltan J., Brian Headd, and Hezekiah Agwara. "Nonemployer Start-up Puzzle." Working paper of the U.S. Small Business Administration, December 2009. Available online at http://www.sba.gov/advo/research/wkpapers.html

Income and Education: A Needs Assessment for Workforce Development

By combining data on wages and education, a rough estimate of the population in need of workforce development services can be created. Commonly, data on wages and earnings is often reported in an overly simplistic or even misleading manner. The median, average, or prevailing wage for any given occupation does not therefore imply that all individuals in any particular occupation earn that amount. There are many occupations where some earn far less or far more than the average. In fact, few people might actually earn the "typical" salary listed for an occupation.

For example, there were an estimated 1,913 electricians in Northwest Indiana in 2010, and the average earnings for these workers were about $30.83 per hour. However, there were approximately 752 (39.3%) individuals that earned $29 an hour or less and only about 136 (7.1%) that earned between $30 and $31 dollars an hour. While it could be said that the typical electrician earns about $31 per hour, few electricians are typical. Often, the way researchers analyze incomes and the way the data is reported by statistical agencies fails to focus on the large number of individuals that earn more or less than the median or average salary.

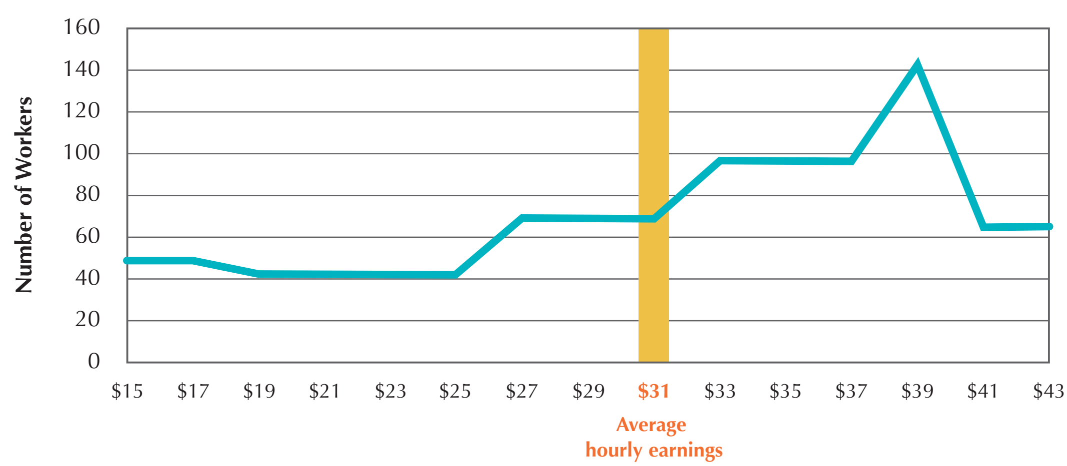
This section will rely on income data and the level of education associated with individual occupations to paint a picture of Northwest Indiana's population that is in need of workforce development services. We will attempt to separate "good jobs" from occupations that provide earnings that would make it difficult to support a family. Assumptions in this analysis have been made that individuals should not have to work two jobs, nor should families be forced to rely on two or more incomes. The reliance on secondary data, data collected by statistical agencies not originally intended for this specific application, requires some other postulations and results in estimates of the population in need. We feel strongly that these are valid assumptions and the resulting analysis provides value for defining the need for workforce development services.

Using a Wage Curve to Define a Target Population

Workforce development offers assistance and services to individuals that need additional training, education, and skills development in order to secure gainful employment. The target population then is individuals that are either unemployed or in need of skills development to earn wages necessary to support a family. One approach to estimating the target population would be to look at all the occupations that require only on-the-job training, training that does not require post-secondary education, that also pays less than some arbitrary cutoff point. That cutoff point in this analysis will be placed at 200% of the federal poverty level for a family of four. In 2009, the federal poverty level for a family of four was set at $22,050[13] in annual salary, which is equivalent to about $10.60 per hour of full-time employment (2,080 hours of work per year). The wage cutoff at 200% of poverty would then be $21.20 per hour.

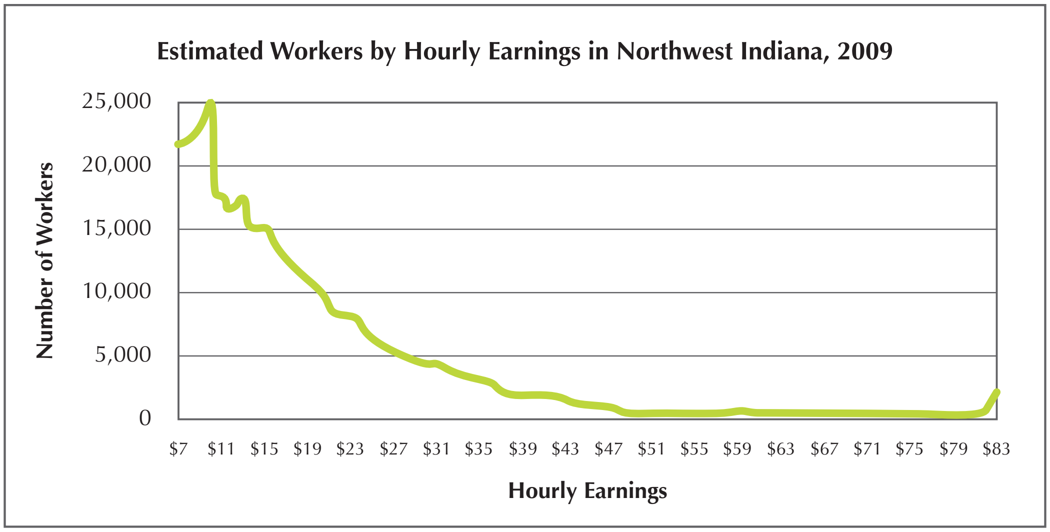
The proprietary calculations used in this report round off earnings to the nearest whole dollar. Therefore, the cutoff point will be set at $21 per hour. For purposes of comparison, individuals that earn hourly wages that would place them below the federal

Estimated Number of Electricians by Hourly Earnings in Northwest Indiana, 2010



Sources: Economic Modeling Specialists, Inc. Complete Employment—1st Quarter 2010; Proprietary Computation

[13] The poverty level guidelines used by the Department of Health and Human Services and other federal agencies can be found online at http://aspe.hhs.gov/poverty/09poverty.shtml



Sources: EMSI Covered Employment—1st Quarter 2010; Proprietary Calculation

Low Wage Workers in Northwest Indiana by Level of Education, 2010

Level of Education	Number of Workers that Earn: Less than \$11 per hour	\$11–\$21 per hour	More than \$21 per hour
Short-term on-the-job training	68,592	52,893	5,538
Moderate-term on-the-job training	9,578	42,861	21,248
Long-term on-the-job training	2,522	9,948	12,404
All other levels of education (including experience in a related field)	7,198	34,753	56,867

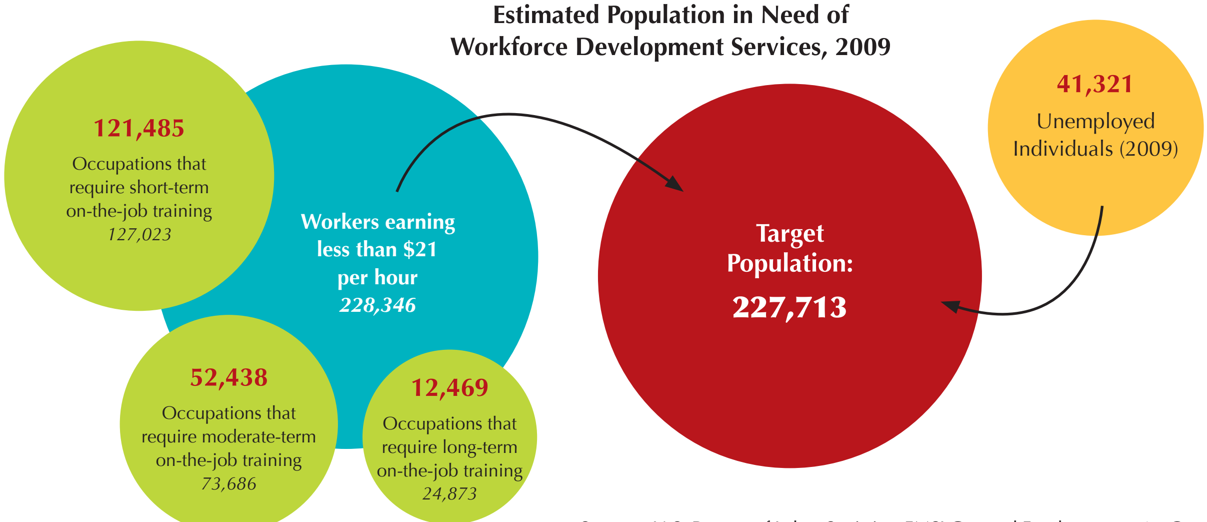
Sources: EMSI Covered Employment—1st Quarter 2010; Proprietary calculation

poverty level, less than $11 per hour of full time work, are included with the number that earn more than $21 per hour.

The majority of individuals with occupations that require at least some form of post-secondary education earn an hourly wage that is arbitrarily sufficient to support a family of four, assuming that individual is the only income earner in the family and they work full-time. Combining those individuals with the unemployed yields the resultant amount of people in need of workforce development services. This is a rough estimate that excludes outside income, investments and savings, but it does allow for the selection of a target group of individuals that require skills upgrading, job search assistance, and other staples of the public workforce investment system.

The labor force of Northwest Indiana includes close to 400,000 individuals. The target population of 227,713 individuals, approximately 56.7% of Northwest Indiana's labor force, currently earns less than the necessary income to sustain a family of four and without the

Estimated Population in Need of Workforce Development Services, 2009



Sources: U.S. Bureau of Labor Statistics; EMSI Covered Employment—1st Quarter 2010; Proprietary Calculation benefit of some form of higher education that is often required to gain employment. Amazingly, more than 122,000 individuals in these low skills-required occupations, about 30% of the workforce, earn less than $11 per hour. For those individuals with only one source of income, falling into this category places them in danger of earning less than is necessary to meet the federal poverty guidelines.

The true population in need is probably greater than even this estimate. The work of the Center of Labor Market Studies at Northeastern University has shown that the recent recession has led to an increase in the population that is underemployed (working part-time for economic reasons), missing (not currently looking for work), and mal-employed (not using their formal education in the workplace). Unfortunately, due to sample size and other restrictions, the information on this population is unavailable at the local level. Given the assumptions made and lack of local data, these estimates of the population in need are likely too conservative.

Industry and Economic Base: Areas of Employment and Regional Competitiveness

Essentially, all the jobs created in Northwest Indiana throughout the first half of the decade were eliminated during the recent recession. After reaching a peak of nearly 337,000 jobs in 2007, industry employment retracted by close to 10,500 jobs in two years, a 3.1% decline. The recession has taken its toll on many industry sectors. Despite a widespread decline in employment, some sectors performed very well this decade. This section will identify some of those sectors, including a look at broad industry super-sectors, target clusters, and some specific industries that are adding jobs and contributing to regional competitiveness.

Economic Base

This analysis will look beyond the bottom line to identify key trends affecting the Region's economic competitiveness. Even if local businesses had to lay off workers, the concentration of employment in the Region indicates that some industries performed well in Northwest Indiana. Many pieces of information indicate that this Region's workforce attributed to overall economic competitiveness.

Northwest Indiana's Economic Base, 2009

Economic Sector[14]	Jobs 2009	Earnings (K)	Percent of Jobs	Percent of Earnings
Manufacturing	121,735	$6,827,299	30%	39%
Residents' Outside Income	96,657	$3,115,122	24%	18%
Government	49,980	$2,139,424	12%	12%
Services	47,629	$1,621,492	12%	9%
Visitors	27,477	$826,873	7%	5%
Exogenous Investment	16,316	$710,980	4%	4%
Construction	15,530	$847,661	4%	5%
All Other	14,372	$739,181	4%	4%
Finance	13,017	$454,751	3%	3%
Communications	2,331	$81,605	1%	0%
Agriculture	1,184	$34,494	0%	0%
Mining	476	$25,761	0%	0%

Source: EMSI Complete Employment—1st Quarter 2010

First, a look at the economic base of Northwest Indiana. The economic base is an attempt to quantify the dollars that individual sectors and activities bring in to the regional economy. This includes wages, employment, and jobs multipliers. Below, we will see that businesses in the manufacturing industries only employed about 45,000 workers in 2009. A jobs multiplier is used to capture additional jobs that are supported by that industry. Individuals employed by an industry with a large jobs multiplier support workers in other industries, such as hospitals, local government, food services, etc. As shown above, the manufacturing sector supports up to 121,735 jobs in the Region. Residents' outside income, which includes Social Security payments received and income earned in other states, is the second-largest economic sector of the regional economy. The 45,000 individuals that commute to Cook County, Illinois, among other places, support more than 96,500 jobs in Northwest Indiana. Since service industries tend to re-circulate dollars that already exist in the community, the thousands of service-sector jobs are supported by manufacturing workers and others that purchase homes, appliances, automobiles, and other goods and services in the area.

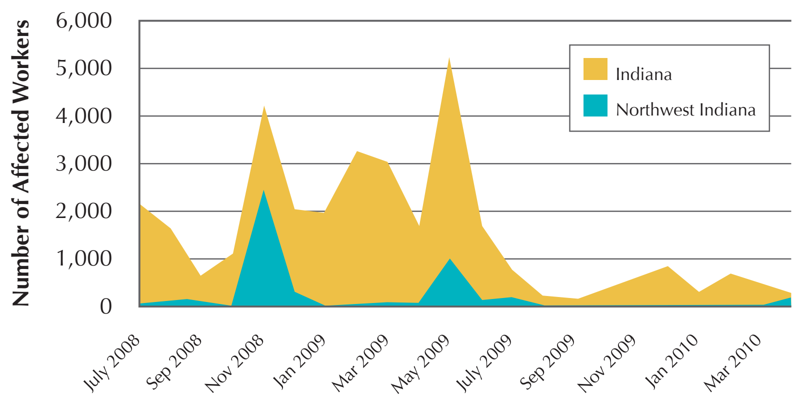
As we delve into employment figures, industry, and occupational analysis, this economic base will be important to remember. These figures show the share of Northwest Indiana's economy that is supported by the various industry sectors discussed below. Fundamentally, the economic base analysis adds weight to each job added or lost discussed in this section.

Northwest Indiana was remarkably unscathed by closings and major layoffs during this recession, although the unemployment rate has risen above 10%. According to publicly-filed notices with the Indiana Department of Workforce Development, companies in Northwest Indiana only filed 12 WARN Notices[15] with the Indiana

[14] In this application, the term "Economic Sector" is distinct from "Industry Sector," which is used throughout the rest of this section. 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.

[15] So-named for the 1988 Worker Adjustment and Retraining Notification (WARN) Act, which requires businesses to provide its workforce and the community with an adequate amount of time—at least 60 days—to prepare for a mass layoff (affecting at least 50 workers) event.

Workers Affected by Large-Scale Layoffs and Closings, July 1, 2008–April 16, 2010



Source: Indiana Department of Workforce Development

Department of Workforce Development, affecting a total of 4,441 workers. Two of those notices were filed by ArcelorMittal, a steel manufacturer with operations in Burns Harbor and East Chicago. These temporary layoffs accounted for 77.1% of all the workers affected by WARN notices in the Region. ArcelorMittal has since recalled workers as it restarted its blast furnaces. In total, Indiana has suffered 204 WARN notices affecting 32,736 (as of April 19, 2010) since July 1, 2008.

Area businesses with operations in other communities sometimes chose to shut down, keeping their doors open here. Such was the case with ArcelorMittal, who closed its Granite City, Illinois plant in favor of keeping its Burns Harbor and East Chicago, Indiana facilities open and operational. While overall employment is down of late, the Region stands poised to reap the benefits of a national economic recovery, even if the return to prosperity is painfully gradual.

Northwest Indiana's Industrial Base

Goods-Producing Industries

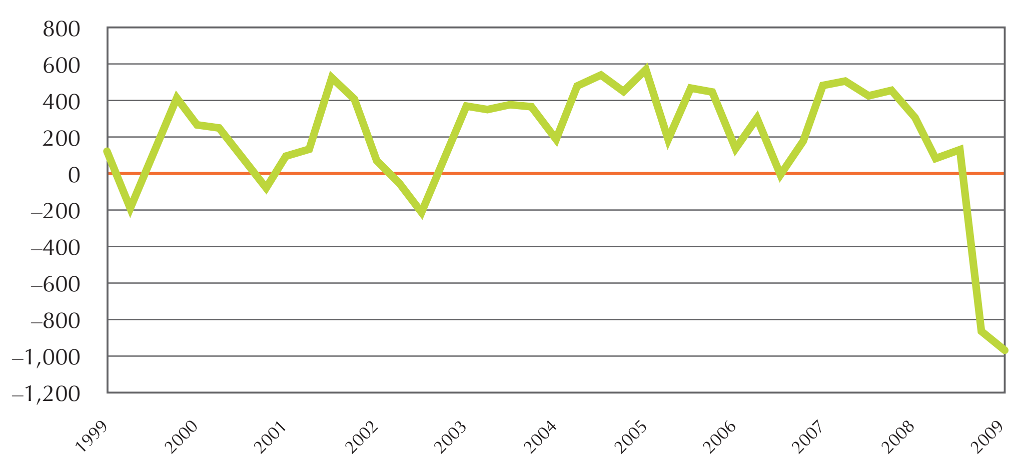
Agriculture, Natural Resources, and Mining

Despite the abundance of farmland and the rural setting found throughout much of Northwest Indiana, farming and natural resources does not provide significant employment to the base of the regional economy. Fewer than 1,500 individuals, less than 1% of the total workforce, were employed in this sector in 2010. This sector has also been a source of job loss throughout the decade, contracting by 300 jobs and 18%.

Construction

Construction tends to be one of the most difficult industries to assess through public records. Many construction workers operate in the "cash economy," trading their services "on the side" for cash payments from individual home owners. While many of these

4-Quarter Average of Net Job Flows in the Construction Industry of Northwest Indiana, 1999, Quarter 1–2009, Quarter 1



Source: Quarterly Workforce Indicators, U.S. Census Bureau workers are counted in most labor market statistics cited throughout this report, their true status remains hidden when tax returns are not collected on these side jobs. The downturn in housing permits and overall activity in the residential housing sector indicates this industry has been hit hard by the recent recession.

Still, there are subsectors of the construction industry, namely heavy engineering, industrial, and commercial construction that have shown positive growth throughout the last decade. Despite the bad news publicized about the downturn in the US homebuyers market, construction has been a stable industry in Northwest Indiana.

Between 2002 and 2010, construction employment increased by nearly 300 jobs, about 1.5%. Throughout most of the decade, the sector has been a consistent job creator. Net job flows, which measures the difference between new hires and separations, were mostly positive for the sector throughout much of the last decade. The chart on the previous page shows the 4-quarter average of net job flows in the Region since the beginning of 1999. The sector was consistently averaging more new hires than separations until late 2008. Since that time, there has been a sharp contraction in construction employment.

More than 3,000 construction jobs were lost in the past two years, a decline of 15%. The declines would have been much worse had it not been for several heavy industrial and civil construction projects. The $3.8 billion modernization project at the BP Whiting Refinery, the single largest private investment in the history of Indiana, and the reconstruction of the interchange between Interstates 65 and 80/94 among other projects, have led to the generation of more than 900 jobs, a 45% increase in the lucrative field of heavy and civil engineering construction.

Manufacturing

Employment in the manufacturing sector in Northwest Indiana over the last decade exhibits three distinct trends. In the early part of the decade, restructuring and consolidation of the steel mills led to a dramatic decline in manufacturing employment. As the single largest contributor to the Region's economy, this trend had ripple effects felt in many sectors. The steel industry shed around 3,500 jobs in just a few short years. However, employment stabilized for most of the decade and the sector as a whole held its growth until late 2008.

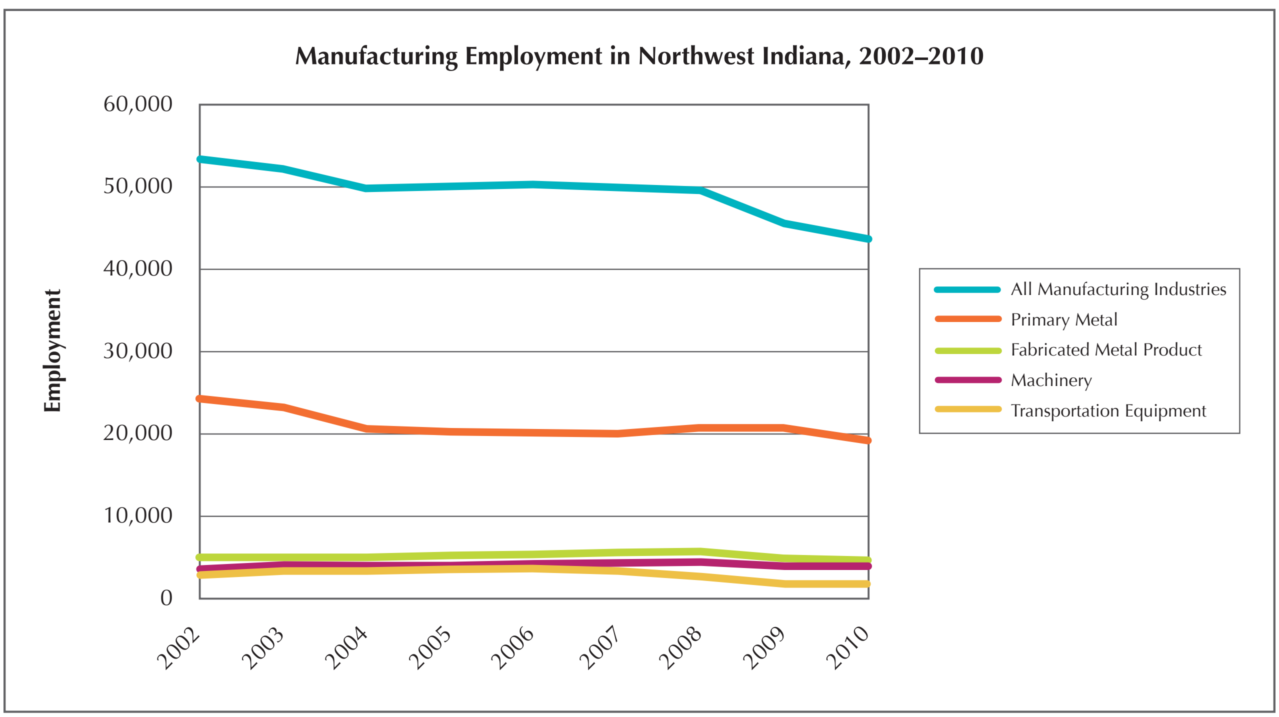
The recession brought another sharp decline in employment. In a few short months, close to 5,500 manufacturing jobs were eliminated. This reduction was not isolated to one sub-cluster or industry. In fact, employment in primary metal manufacturing did not suffer significant declines over the past few years. Other sub-clusters, most notably transportation equipment and plastics and rubber products manufacturing, were forced to make cuts.

Buried beneath the jobs cuts, there were some positive trends in the Region's manufacturing sector. The section on Advanced Manufacturing will delve deeper into the labor market numbers and discuss how employment patterns show that the competitiveness of the Region's manufacturing sector gained ground over the past decade.

Service-Providing Industries

Trade, Transportation, and Utilities

Many economists believe that trade and transportation are leading indicators for an economy, so it is no surprise to see this cluster was among the first and hardest-hit sectors during the recession. Wholesale trade, which had been adding jobs, lost employment



Source: EMSI Covered Employment—1st Quarter 2010 during the recession. Retail trade was a mixed bag. Overall employment in this sub-sector was down, but some of the trends began earlier in the decade, not just during the recent recession. The severe decline in demand for automobiles, which was affected by both high gasoline prices and restricted access to credit, severely affected motor vehicle and parts dealers. Other areas of retail trade that shed jobs included food and beverage stores, furniture and home furnishings stores, gasoline stations, and general merchandising stores, among others.

There were some positive developments in the retail trade subsector, although many of the larger developments took place at least five years ago. The opening of Bass Pro Shops in Portage and Cabela's in Hammond helped the sporting goods, hobby, book and music store industry gain significant ground. Other gainers included nonstore retailers, building material and garden supply stores, and clothing and clothing accessory stores. These retailers not only added employment, they also became significantly concentrated in Northwest Indiana. If sales taxes in neighboring Cook County, Illinois remain significantly higher than in Indiana, these industries could continue to bring businesses across the state line.

Transportation and warehousing have been significant sources of job growth for the Region. This sub-sector has added 1,550 jobs and has withstood the recession reasonably well. The Region, due to its location at the southern tip of Lake Michigan and proximity to the Chicago market, has significant concentrations of workers in rail, truck, and pipeline transportation. The "support activities for transportation" subsector has also added jobs and seems to be developing into a highly concentrated regional cluster. The specific contributions of these industries will be covered in more depth below.

Information

The information sector experienced significant declines in employment throughout the decade. This sector is lightly concentrated in the Region. Publishing industries, telecommunications, and internet service providers have all lost large shares of their workforce.

Financial Activities

Financial activities represent a small piece of the overall economy, perhaps due to Northwest Indiana's proximity to Chicago. Job losses in the Region in this sector were not out of line with state and national trends.

Professional and Business Services

Growth of professional and business services, which includes technical and scientific services, and management of companies and enterprises, has been a positive for Northwest Indiana. The sector added more than 2,450 jobs from 2002 through 2010, a 15% increase. While growth has been positive, the Region still lags behind the state and the nation in these critical sectors. Some of the most promising business developments are taking place within this super-sector. Two of the largest industries (at the 6-digit NAICS Code Level) within professional and business services are engineering services and managing offices.

Presumably, engineering services are drawn to the Region due to the large industrial developments and public infrastructure projects. The BP refinery project in Whiting and the highly concentrated manufacturing industries have likely drawn several engineering service firms to establish local offices or even led to the creation of new firms. The Region is home to at least two corporate headquarters, one of which, NiSource, is a Fortune 500 company. The growth in this sector is particularly positive due to the elevated earnings per worker this industry supplies. Nationally, managing companies average over $100,000 in earnings per worker,[16] but only about $84,000 in the Region. Still, this is significantly greater than the average for all industries and a potential bright spot for the regional economy. Compared to national figures, these two industries, engineering services and managing offices, are not highly concentrated in Northwest Indiana but have the potential to become so.

Private Education and Health Services

Education and healthcare are some of the leading industry sectors in the national, state, and regional economies. The sector is a consistent contributor to job growth, adding nearly 10,000 jobs to the local economy since the beginning of the decade. Ambulatory health care services in particular, which does not offer inpatient care, has shown outstanding growth. This subsector accounted for more than half of the health services sector's growth, adding 5,150 jobs from 2002 to 2010, a 43% increase. This sector has also increased its concentration within Northwest Indiana relative to both the state and the nation. The particulars of the healthcare industry will be discussed in more depth in a special section.

Leisure and Hospitality

Overall, leisure and hospitality has been a growing sector for Northwest Indiana. Gambling has taken its hits, and employment seems to be down slightly from its peak in 2003. Accommodation appears to be down as well, with the subsector losing 460 jobs, 23% of its total from 2002. Growth in the Region's food services and drinking places subsector has kept pace with state and national trends, even during the recession. While small in total employment and hardly concentrated in the Region, performing arts and spectator sports have been on a positive growth trend since 2002. The special section on Hospitality, Entertainment, Arts, Recreation, and Tourism (HEART) will provide deeper insight into the sector.

Regional Economic Development

Prior to 2009, no single entity could legitimately represent the voice of economic development in more than one county in Northwest Indiana. After years of discussion, the Northwest Indiana Economic Development District was established between public and private interests in Lake, Porter, and La Porte Counties. In February of 2010, the Economic Development District released

[16] Earnings per Worker (EPW) is a simple calculation, similar to Per Capita Personal Income. EPW is calculated by dividing the earnings generated by the number of workers in that industry. It measures how much money the industry generates per employee. EPW is not the same as average wages or typical salary and is used primarily to measure the contribution an industry provides to the regional economy.

a report called the *Comprehensive Economic Development Strategy* (CEDS)[17], a requirement to apply for federal funding from the Economic Development Administration of the U.S. Department of Commerce. The CEDS report included a SWOT analysis, a strategic planning tool used to identify strengths, weaknesses, opportunities, and threats, where regional leaders identified "competition among regional entities" as a weakness for Northwest Indiana. Up until this time, individual municipalities had developed independent economic development strategies for their own communities, rarely expanding their vision beyond city or county boundaries. As such, a truly regional approach to economic development has not yet emerged.

Some regional target industries have emerged. The Northwest Indiana Forum, a private, not-for-profit membership association, economic development organization, and participant in the Northwest Indiana Economic Development District, has identified several regional industry clusters to target, based on the particular strengths of the Region's economy. These targets include advanced manufacturing, infrastructure growth, professional office space, technology/information technology (IT), transit-oriented development, and Transportation, Distribution, and Logistics (TDL), see the Industry Cluster Spotlight in this section for more detail. Unfortunately, the CEDS report notes that these and other regional efforts have not yet found traction. Current goals for economic development from the CEDS report include:

- Improve the workforce of the Region to accommodate growth in emerging industries
- Maximize technology, productivity, and efficiency of existing core industries
- Create diverse, emerging, and sustainable industries
- Strengthen public/private partnerships resulting in increased Regional investment
- Redevelop urban core areas
- Utilization/expansion of transportation and other infrastructure advantages
- Promote growth that protects and enhances the environmental assets of Northwest Indiana; and
- Recreate a Region desirable for businesses to locate and people to live and work

With the Northwest Indiana Economic Development District serving as a "coordinator and clearinghouse for Regional economic development efforts," (CEDS Report, p. 74), previously disparate economic development efforts can begin to take shape. One of the primary performance measures of the Economic Development District is the number of jobs created. This initiative will, for the first time, create a regional look at the number of jobs created as a result of economic development efforts. Unfortunately, the District does not include Jasper, Newton, Pulaski, or Starke Counties at this time. The whole of Northwest Indiana still does not have a single measure of job creation as a result of truly regional economic development efforts.

This *State of the Workforce Report* seeks to identify those areas of workforce development that will help the Region achieve these economic development goals and the other objectives outlined in the CEDS Report. The Northwest Indiana Workforce Board and the Center of Workforce Innovations are pleased to take on the challenge of improving the workforce of the Region to accommodate growth in emerging industries.

Industry Cluster Spotlights

The target industries in these spotlights provide approximately 43% of all the jobs in Northwest Indiana. These are the industries that are the foci of regional and state economic development organizations. The recent recession has led to employment declines in several of these clusters, but there has also been some very positive news as well. The concentration of many industries within these clusters speaks to the economic strength and stability of the economy and workforce of the Region. Even during periods of steep unemployment, the evidence herein suggests that businesses concentrated their efforts on retaining and consolidating their operations in Northwest Indiana

Target Industry Cluster Employment and Earnings Distribution in Northwest Indiana, 2010

Industry Cluster	Total Jobs	Average Hourly Earnings	Jobs: Less than $11/Hr		Jobs: $11-$21/Hr		Jobs: More than $21/Hr	
All Industries/Occupations	324,403	$18.84	87,890	27.1%	140,455	43.3%	96,057	29.6%
Adv. Manufacturing	33,261	$18.99	6,141	18.5%	16,592	49.9%	10,529	31.7%
Healthcare	31,689	$25.81	3,126	9.9%	13,655	43.1%	14,908	47.0%
HEART	49,281	$10.68	32,160	65.3%	15,453	31.4%	1,668	3.4%
TDL	36,617	$16.97	9,236	25.2%	18,685	51.0%	8,695	23.7%

Sources: EMSI Covered Employment—1st Quarter 2010

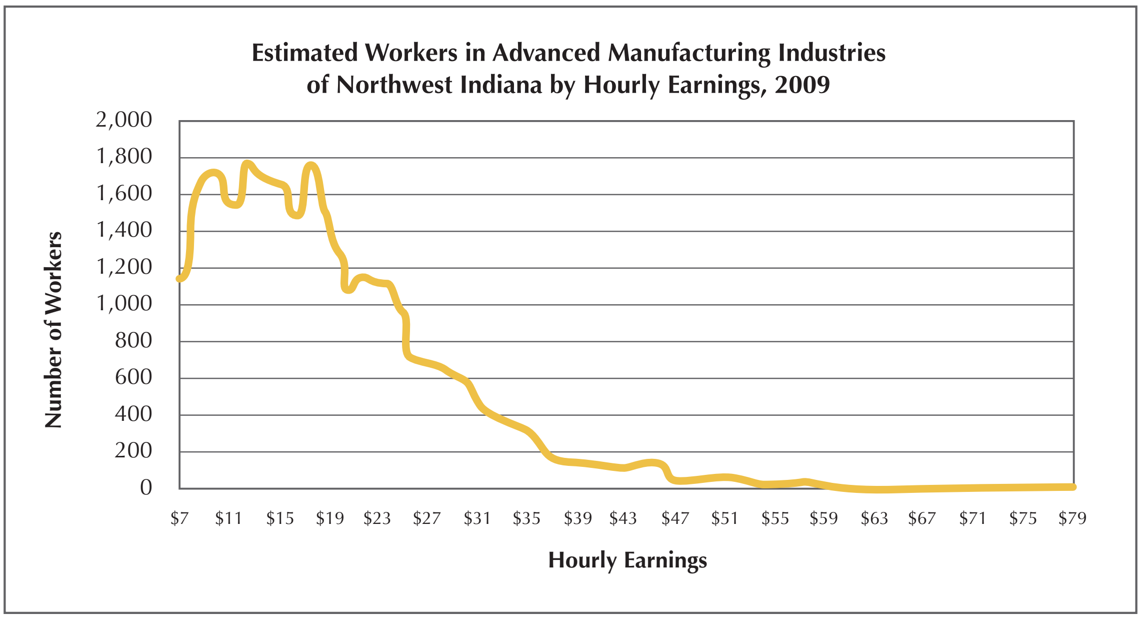
[17] The full report can be accessed online at http://www.nirpc.org/home/pdf/CEDS7_Final.pdf

ADVANCED MANUFACTURING

Advanced manufacturing provides thousands of good paying jobs to Northwest Indiana. The income distribution in the wage curve above shows how less skewed the wages are towards lower hourly earnings. The shape of the curve alone shows that the cluster provides a positive contribution to individual incomes in the Region. Despite the decline in total employment, some industries within the advanced manufacturing cluster added jobs throughout this decade and deserve special recognition.

The machinery manufacturing industries were truly leaders in the regional economy. Although employment was down in the last year, employment in these industries grew between 2002 and 2010 and in location quotient at the state and national level. This is a very positive trend for the Region as this industry is one of the few that offers higher earnings per worker than in Indiana or the rest of the United States. Despite the gains, machinery manufacturing is still not as highly concentrated as in the rest of Indiana. Within the machinery manufacturing industries, a few specialty industries led the way in total employment and employment growth, all of which are highly concentrated (state and national location quotients greater than 1.2) in the Region. (See table below.)

These seven industries (at the six-digit NAICS Code level) accounted for approximately 74% of employment within the broader machinery manufacturing industry in 2010. Their continued growth and concentration within Northwest Indiana contributes to the overall



Sources: EMSI Covered Employment—1st Quarter 2010; Proprietary Calculation

Leading Machinery Manufacturing Industries in Northwest Indiana

Industry	Jobs		Change		LQ 2010		Earnings per Worker
	2002	2010	Number	Percent	State	National	
Air and Gas Compressor Manufacturing	558	781	223	40.0%	6.37	16.38	$71,421
Elevator and Moving Stairway Manufacturing	427	638	211	49.4%	5.22	32.98	$74,071
Miscellaneous General Purpose Machinery Manufacturing	251	383	132	52.6%	1.43	4.50	$87,830
Air Purification Equipment Manufacturing	61	290	229	375.4%	5.54	7.98	$34,655
Other Engine Equipment Manufacturing	<10	268	N/A	N/A	N/A	N/A	N/A
Food Product Machinery Manufacturing	195	260	65	33.3%	6.01	7.02	$84,300
Industrial and Commercial Fan and Blower Manufacturing	58	222	164	282.8%	1.93	8.92	$69,788

Source: EMSI Complete Employment—1st Quarter 2010 economic competitiveness of the Region, particularly in the global economy. Many of the businesses in these industries ship their durable goods outside of the Region and to international destinations, bringing in dollars to the economy through trade and additional employment. They also provide ancillary growth and development in the form of transportation and other retail and wholesale activities.

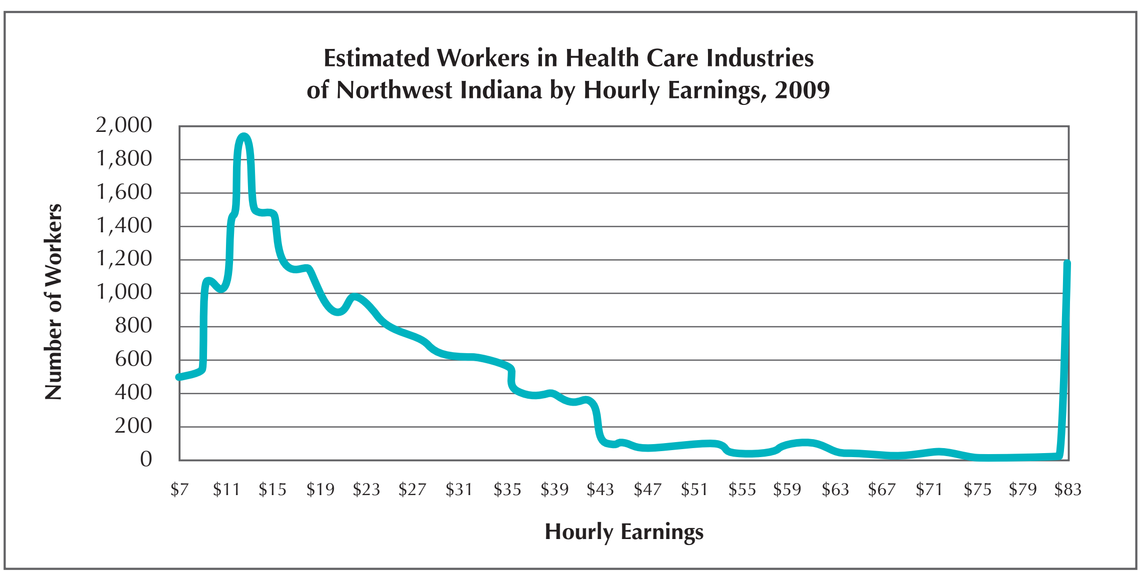
Other broader industries in the advanced manufacturing cluster that added jobs and employed at least 500 workers included food manufacturing and computer and electronic equipment manufacturing. Two other industries lost total employment yet made gains in regional concentration: nonmetallic mineral product and primary metal manufacturing. Primary metal manufacturing, which includes the steel mills, experienced the bulk of its job losses between 2002 and 2004 and again between 2009 and 2010. The industry was able to retain its employment between 2004 and 2009. This five year period of employment retention broke up a streak of job losses within the industry that stretches back to the layoffs of the late 1970s and early 1980s. As noted in the section on the labor force, the labor force is no longer solely reliant on this industry, but the continued prosperity and regional concentration of steel manufacturing in Northwest Indiana is a significant contributor to the Region's economic competitiveness. While employment is down to about 19,000, these are important jobs. The entire advanced manufacturing cluster in Northwest Indiana suffered during the recent recession, but the overall health and competitiveness of many industries gained ground during this period.

HEALTH CARE

Employment in medical and clinical laboratories has grown by an astonishing 387% between 2002 and 2010 and has become highly concentrated in Northwest Indiana.

The health care cluster in Northwest Indiana is being driven by an aging population and advances in medical technology. It is one of the few clusters to gain employment consistently throughout the last decade, and it should continue to take on a larger share of the Region's employment for the foreseeable future. While the nature of comprehensive health care reform legislation passed by Congress in early 2010 will likely alter employment trends in the health care cluster, the nature of those changes remain unclear. What is clear is the overall contribution to the economy and workforce this cluster provides to Northwest Indiana.

Health care industries supply approximately 65% of all jobs in Northwest Indiana that pay more than $80 an hour. The cluster consists of three subsectors/industries: ambulatory health care services, hospitals, and nursing and residential care facilities. Employment by hospitals has been relatively flat, growing by just 3% between 2002 and 2010. This industry, in 2002, was the largest source of employment in the cluster, but has since been surpassed by ambulatory health care services. While employment by



Sources: EMSI Covered Employment—1st Quarter 2010; Proprietary Calculation

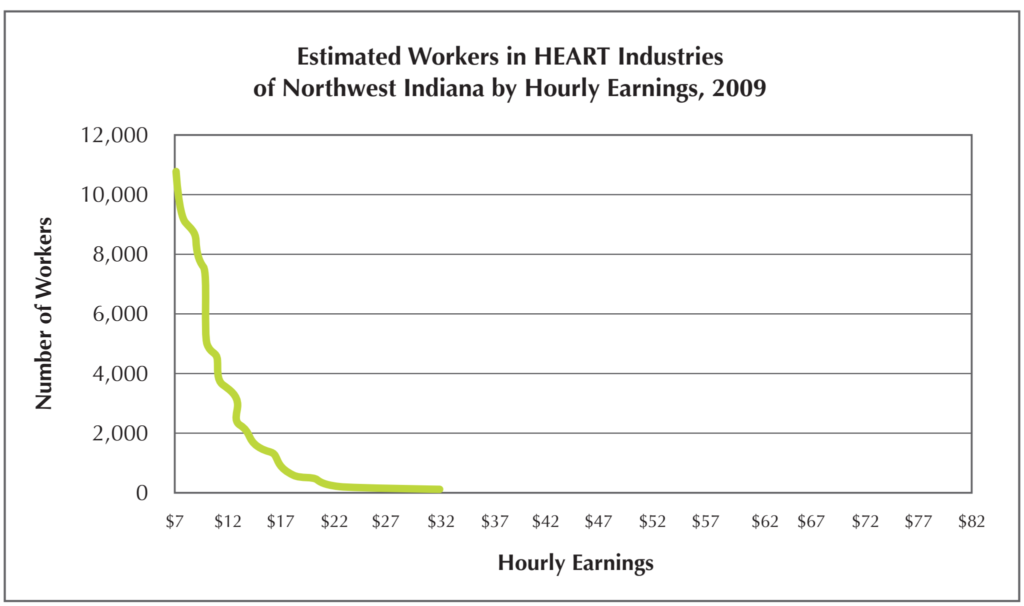
nursing and residential care facilities grew by about 10% during this period, the field has not grown in employment at quite the same pace as in the rest of Indiana or the United States.

Ambulatory health care services, which includes offices of doctors and physicians, dentists, optometrists, and other primary health care providers in an outpatient setting, is the source of much of the employment growth within the broader cluster. Of particular note are medical and clinical laboratories, which have grown by an astonishing 387% in employment between 2002 and 2010 in the Region. The state and national location quotients have both gone from less than 0.8 (not concentrated) to 1.68 and 2.56, respectively, in 2010. This industry employs many of the medical technicians identified in the section on occupation clusters that are likewise highly concentrated in Northwest Indiana. Truly, this is an area of regional competitiveness and one of the brightest sectors of the economy.

HOSPITALITY, ENTERTAINMENT, ARTS, RECREATION, AND TOURISM (HEART)

Northwest Indiana received a boost in the hospitality and related industries when casinos and gambling were legalized by the state legislature in the 1990s. Since that time, furious competition has emerged between the five hotel/casinos in Northwest Indiana that line Lake Michigan and new developments both within the Region and in the neighboring states of Michigan and Illinois. Developments from this sector include the recent opening of a 22-story hotel and spa, by far the tallest building in Northwest Indiana, at Blue Chip Casino in Michigan City and remodeling of the Horseshoe Casino in Hammond. The City of Gary contributed to the cluster with the building of the U.S. Steel Yard, home to the Gary South Shore Railcats minor league baseball team. Additional remodeling of the Radisson Star Plaza in Merrillville, the largest hotel and convention center in the Region, also highlight some of the investments the HEART cluster has contributed to the economy.

Despite the growth and investments in HEART, employment growth in the cluster has been mixed. Employment in performing arts, spectator sports, museums, historical sites, zoos, and parks (private) are very small. A little more than 400 workers were employed in these specific industries in 2010, although the rate of growth has been rapid. Still, these industries are far from being concentrated. Employment by casinos and accommodation, as mentioned above in the section on leisure and hospitality, has fallen and lost concentration in the Region both relative to the state and nation. Furthermore, as can be seen from the wage curve, a disproportionate share of workers employed by companies in this cluster earns low wages. More than 65% of the workers in the HEART cluster earn less than $11 per hour in their jobs, a little more than one third of all jobs of this type in the Region. Likely, many of these occupations come from the food services and drinking places industry and are not directly tied to the casinos, hotels, and convention centers listed above. Due to the nature of employment in restaurants and similar establishments, many of the individuals most in need of workforce development services are currently employed in this sector.

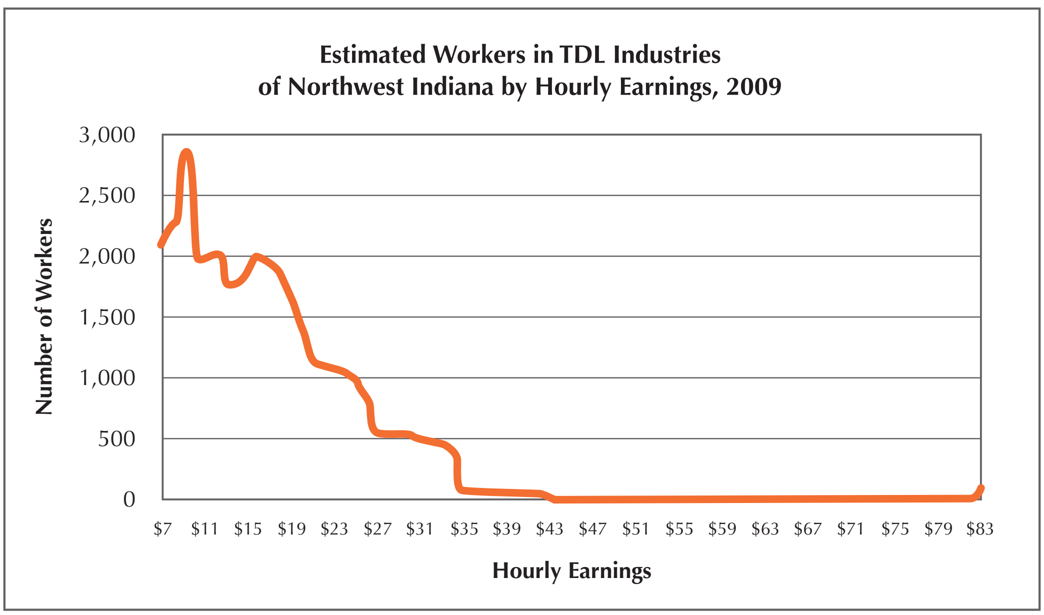


Sources: EMSI Covered Employment—1st Quarter 2010; Proprietary Calculation

TRANSPORTATION, DISTRIBUTION, AND LOGISTICS (TDL)

The strategic location of Northwest Indiana along the southern shores of Lake Michigan, just on the outskirts of Chicago led to the growth and development of the Region's transportation infrastructure. At its nearest point, the City of Hammond is a scant 19 miles to the Loop downtown business district in Chicago. Practically all the truck and rail transportation traveling between the East Coast and the greater Chicagoland area must travel through the Region's transportation and logistics infrastructure. This has led to the development of one of the nation's most vital hubs and trading routes, creating thousands of jobs and billions of dollars of investments.

The TDL cluster was hit hard by the recent recession. Between 2008 and 2010, what once was a growing cluster lost more than 1,000 jobs. Hardest hit were electronic markets, agents, and brokers and the postal service. Four industries stand out in the TDL cluster as both sources of employment growth and growth in regional concentration: rail, truck, and pipeline transportation and support activities for transportation. Few employers in the rail transportation industries exist in Northwest Indiana, but several thousand workers are employed in this industry. Truck transportation, including long distance and local, has added more than 2,000 jobs between 2002 and 2010. While few in total employment, the pipeline transportation industry has increased its hiring as well, further evidence of the impact chemical, oil, and petroleum refining and manufacturing provides to the regional economy. The support activities for transportation industry in Northwest Indiana is very broad in scope but has focused on road, freight, and rail transportation support activities. Rail transportation in particular provides higher than average earnings per worker. The majority (51%) of workers in the TDL cluster earn between $11 and $21 per hour. While there are many lower-income workers in the cluster than in comparison to advanced manufacturing or health care, there is a large group of middle-income earners in the TDL cluster. Clearly, this cluster contributes significantly to the competitiveness of the regional economy.



Sources: EMSI Covered Employment—1st Quarter 2010; Proprietary Calculation

Occupation Clusters:
Strategizing Workforce Development Investments

Workforce development stands at the nexus point between education, economic development, and the business community. A strong education system is often a necessary component in the high-stakes world of business attraction and recruitment. Businesses interested in moving locations or setting up a new plant demand to know the availability and quality of the labor force when they target particular communities. The attributes of the workforce, in particular the unique mix of occupations and skill-sets that make up that workforce, are of keen interest to businesses. Likewise, good information about the labor force is critically important to guide public policy and decisions about education for schools and training providers throughout the Region.

Unfortunately, many of the traditional tools of measuring the quality of the workforce have been rudimentary at best and misleading at worst. For example, a simple count of the population with a Bachelor's Degree does not provide adequate depth of knowledge about the competency of the overall workforce. Many of the individuals who hold a degree or certificate could be underemployed or stuck in jobs for which they are overqualified. Fortunately, there is a growing depth of understanding about the particular attributes that contribute to a globally competitive workforce.

Occupation Clusters

This section will take a look at the workforce—its skills and attributes—in ways that have never been attempted in Northwest Indiana. This new approach is called Occupation Clusters analysis. It delves into the knowledge-based workers driving the changes in our economy. Few regions in the United States today can compete with low-cost labor in emerging economies. Therefore, the Occupation Clusters analysis looks at the knowledge-intensive occupations in which Northwest Indiana and the rest of the United States can compete.

Many of the findings in this section of the report are based on research conducted by the Economic Development Administration and its research partners. The Center for Regional Development at Purdue University, the Indiana Business Research Center, and Economic Modeling Specialists, Inc., among others, have collaborated to expand upon this new and exciting area of research. This approach will help identify the strengths and gaps of the Region's workforce and identify areas where a pipeline of workers needs to become the focus of regional development.

This section of the report relies on the use of the Location Quotient (LQ), a tool of labor market, economic, and demographic analysis that compares the concentration or share of one population against another. In the *State of the Workforce Report,* the concentration of Occupation Clusters in Northwest Indiana is compared to the State of Indiana and the United States. A highly concentrated Occupation Cluster is a foundation of regional competitiveness. Conversely, a weak cluster, one with a low LQ score, can be an area of deficiency in some situations. An LQ of 1.0 denotes the given cluster is equally concentrated in comparison to the referent geography. Any score above 1.0 means the cluster is more locally concentrated than the referent, but the conservative cutoff point of 1.2 is used to identify truly concentrated clusters in this analysis.

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

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

These categories help to quickly identify which Occupation Clusters are contributing to or detracting from regional competitiveness.

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.

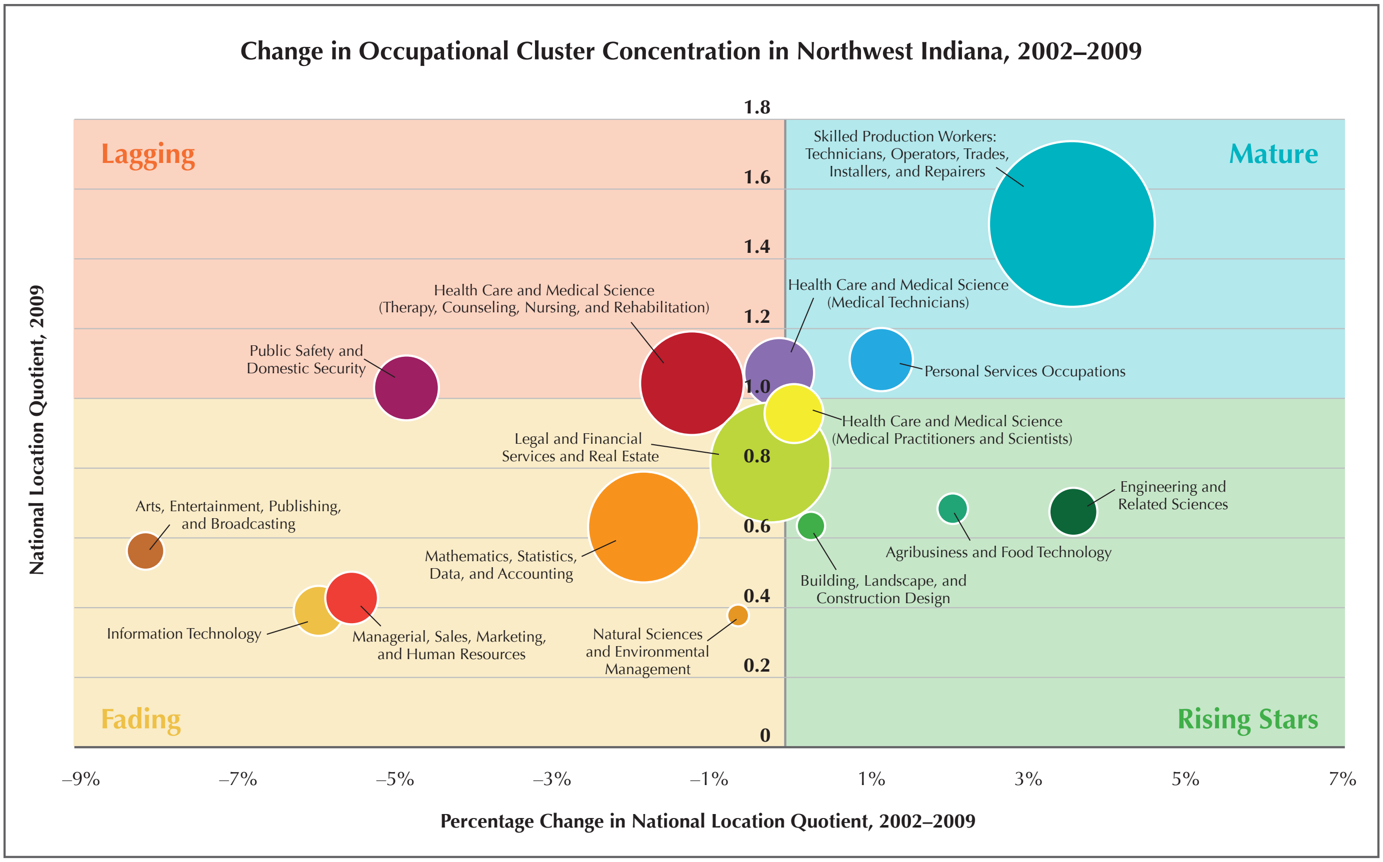
Fading clusters are losing overall employment and concentration in the Region. These are the least competitive of the Occupation Clusters. Not only are area businesses decreasing their hiring of workers within this cluster, they are likely looking to move or growing elsewhere. The businesses that rely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

Occupation Clusters of Opportunity in Northwest Indiana

Occupation Cluster	Occupations 2009	Change in LQ, 2002–2009	
		State	National
Agribusiness and Food Technology	1,051	–1.8%	2.1%
Arts, Entertainment, Publishing, and Broadcasting	1,633	–8.9%	–8.1%
Building, Landscape, and Construction Design	1,055	2.6%	0.3%
Engineering and Related Sciences	2,584	5.5%	3.6%
Health Care and Medical Science (Aggregate)	22,927	–5.5%	–0.7%
Health Care and Medical Science (Medical Practitioners and Scientists)	3,981	–2.6%	0.1%
Health Care and Medical Science (Medical Technicians)	5,922	–3.5%	–0.1%
Health Care and Medical Science (Therapy, Consulting, Nursing, and Rehab.)	12,954	–7.2%	–1.2%
Managerial, Sales, Marketing, and Human Resources	14,704	–2.4%	–1.8%
Information Technology	2,923	–11.1%	–5.9%
Legal and Financial Services and Real Estate	17,820	–1.4%	–0.2%
Mathematics, Statistics, Data, and Accounting	3,390	–6.9%	–5.5%
Natural Sciences and Environmental Management	670	–1.7%	–0.6%
Personal Services Occupations	5,109	1.1%	1.2%
Public Safety and Domestic Security	4,934	–7.4%	–4.8%
Skilled Production Workers: Technicians, Operators, Trades, Installers, and Repairers	33,636	5.6%	3.6%

Sources: Purdue Center for Regional Development; Economic Modeling Specialists, Inc. Covered Employment—1st Quarter 2010

Cluster	Location Quotient, 2009	
	State	National
Rising Stars		
Personal Service Occupations	1.37	1.10
Health Care and Medical Science (Medical Practitioners and Scientists)	0.96	0.95
Agribusiness and Food Technology	0.76	0.68
Engineering and Related Sciences	0.75	0.67
Building, Landscape, and Construction Design	0.99	0.63
Maturing		
Skilled Production Workers: Technicians, Operators, Tenders, Installers and Repairers	1.17	1.48
Lagging		
Health Care and Medical Science (Medical Technicians)	1.13	1.20
Health Care and Medical Science (Therapy, Counseling, Nursing, and Rehabilitation)	0.99	1.03
Public Safety and Domestic Security	1.14	1.02
Legal and Financial Services and Real Estate	0.94	0.81
Natural Sciences and Environmental Management	0.56	0.38
Fading		
Managerial, Sales, Marketing, and Human Resources	0.77	0.63
Arts, Entertainment, Publishing, and Broadcasting	0.64	0.56
Mathematics, Statistics, Data and Accounting	0.58	0.43
Information Technology	0.57	0.39



Sources: Purdue University Center for Regional Development; EMSI Covered Employment—1st Quarter 2010

Note: The size of each bubble is based on the number of workers within each occupation cluster

At the same time, these are the clusters most in need of strategies to compete in the global economy.

Within each broad category, the individual Occupation Clusters can be further broken down into groups that are highly concentrated (an LQ of 1.2 or greater), lightly concentrated (between 1.0 and 1.19), diffuse (less than 1.0 but greater than 0.8), or weak (less than or equal to 0.8). The highly concentrated clusters for Northwest Indiana, Skilled Production Workers and Health Care and Medical Science (Medical Technicians), are areas of strength for the Region. These are the clusters that are driving the regional economy and should be marketed to businesses that rely on these workers.

The lightly concentrated clusters, Personal Service Workers, Health Care and Medical Science (Therapy, Counseling, Nursing, and Rehabilitation), and Public Safety and Domestic Security, are also areas of strength for the Region, but more work needs to be done to convert them into highly concentrated workers. These are the clusters that need to make the leap from good to great so the economy can move forward.

Diffuse and weak clusters need strategies to mitigate the Region's deficiencies in these areas. Particularly disturbing are the collection of Fading clusters. These clusters are sources of high-wage jobs and are essential to innovation and regional competitiveness. The skills of workers found in management, mathematics, and information technology clusters are commonly cited as requirements by businesses that contribute to a truly competitive economy. Regional innovation and competitiveness in the global economy are threatened as long as these Occupation Clusters remain in the Fading category.

Key Findings

The numbers within this report paint a picture of a community facing serious challenges. Northwest Indiana is suffering from a large and growing unemployed population. Youth are having difficulty entering the labor force and maintaining employment. Our friends and neighbors are out of work and struggling to afford their mortgage payments. The financial crisis and resultant economic recession appears to have affected nearly every industry and every type of worker. Everything that we knew and believed about the workforce and economy is being questioned and re-evaluated as a result of these challenges. This report is an attempt to capture and understand these dynamic forces.

The economy creates both winners and losers. Some economists believe that the true definition of a recession is when there are more losers than winners. In the midst of bleak news on several fronts, some positive developments have gone overlooked. Northwest Indiana has seen increased concentration and employment in key Occupation Clusters and industry sectors. Challenges and opportunities abound. Below is a listing of some of these key findings, both positive and negative:

Demographics:

- Northwest Indiana is a tale of two regions: one of growth and another that struggles. The urban core communities in northern Lake County suffer from population loss and concentrated poverty. Meanwhile, the urban core is surrounded by a collar of affluent and quickly-growing suburban communities. The result is a Region marred by geographic disparity.
- The population of the Region is aging quickly and is older than Indiana and the United States. Older adults, fueled by the Baby Boomers, are the fastest-growing part of the population. An older and aging population is likely to result in a tight labor market in the foreseeable future and may even lead to labor shortages.

Education:

- The Region suffers from a concentration of low-performing high schools in the urban core communities of northern Lake County. Using 2008-09 academic year data, seven school districts in Northwest Indiana with a total high school (grades 9-12) enrollment of over 11,000 students fall in the bottom 10 percent of districts in the state. Six of these seven districts are contiguous (touching), forming a zone of low achievement.
- Without changes, as many as 3,600 high school dropouts could enter the community over the next four years. More than 40% of these dropouts are projected to come from the seven low achievement districts mentioned above. While the dropout rate has declined in Northwest Indiana, more needs to be done to address this critical issue.
- The fastest employment growth is projected to be among occupations requiring an Associate's Degree yet the share of high school students intending to pursue these college degrees has not increased over the past few years.

Adult Education and Literacy:

- Northwest Indiana lags the state in basic prose literacy skills, although this measure has improved in the past decade. Still, more than 50,000 adults fell below this critical level, about 8% of the adult population in the Region. These individuals lack the necessary literacy to properly function in society.
- Around 29,000 individuals in the Region speak English less than "very well."
- Northwest Indiana has difficulty retaining college graduates. While the Region has a smaller share of adults without a high school diploma or GED, it also has a smaller share with at least a Bachelor's Degree or higher level of education.

Labor Force Characteristics:

- The number of people unemployed in Northwest Indiana practically doubled between October 2008 and March 2009. During this five month period, the Region saw an increase of more than 20,000 unemployed individuals. While the unemployment rate doubled, Northwest Indiana lost 5% of all its jobs between 2007 and 2009.
- Northwest Indiana is home to a large and growing population of commuters. Chicago, Illinois will soon overtake Hammond as the second-biggest destination for workers from the Region. Commuting patterns and labor force estimates suggest Northwest Indiana is a net importer of unemployed individuals. Many people that traveled outside the Region for work lost their jobs, and now are part of this region's unemployed population.
- Businesses value experience, which may help explain the low employment rates for younger workers. In the spring of 2009, there were 2,000 fewer youth between the ages of 14 and 18 with a job than during the same time period in 2008. The downward trend in youth employment began earlier in the decade, signaling a long-term problem for youth entering the labor force. Conversely, employment rates for older adults (between 45 and 64 years of age) have outpaced population growth.
- The current decade has been a heightened period of entrepreneurship. As the unemployment rate has risen, so too has the number of new businesses. Individuals that have had difficulty in finding a new job have taken to starting their own business. As the economy enters a post-recession period, these new "non-employer" businesses could be a vital source of new jobs if they can make the transition to an establishment with employees.

Income and Education:

- Under the assumption that an individual needs to earn at least $21 an hour in a full-time job to support a family of four (200% of the federal poverty level), there are approximately 227,713 individuals in Northwest Indiana in need of workforce development services. With a labor force of close to 400,000 individuals, that means that 56.7% of the Region's workers earns less than what is necessary to support a typical family.

Industry and Economic Base:

- When taking business receipts into account, manufacturing industries support about 121,700 jobs in Northwest Indiana, about 30% of the total and 39% of all earnings paid to workers. Residents' Outside Income ranked second with 24% of jobs and 18% of earnings followed by government at 12% of both jobs and earnings.
- While the unemployment rate has topped 10%, few layoffs and closings have affected Northwest Indiana in comparison to the rest of the state. Since July 1, 2008, more than 4,400 workers have been affected by 12 mass layoffs and closings.
- One industry that was hit hard by the recent economic recession was construction. Over the past two years, more than 3,000 construction jobs in Northwest Indiana were lost, a decline of 15%. Most of these losses came from residential construction. In the midst of this dour news, heavy industrial and civil engineering construction has been a bright spot, growing by 45% in employment and adding more than 900 jobs in recent years.
- Certain types of retail operations and transportation industries have performed very well over the past decade. Earlier in the decade, several large stores opened along the I-94 retail corridor, but recent projects have not been developed at the same pace. But during the recession, transportation and warehousing added 1,550 jobs.
- Professional and business services have provided other bright spots in Northwest Indiana's economy, growing by 15% while adding 2,450 jobs between 2002 and 2010. Engineering services and managing offices led the way, although the overall sector is much smaller in the Region than in Indiana or nearby Chicago.
- Healthcare, and outpatient healthcare in particular, has been a consistent source of job creation and employment growth in Northwest Indiana throughout the past decade. Employment in medical and clinical laboratories has grown by an astonishing 387% between 2002 and 2010 and has become highly concentrated in the Region. Hospital employment has not grown as rapidly, only 3% over the same time period. Nursing and residential did grow at a very rapid pace, 10%, but has not kept pace with the state or nation.
- Hospitality, Entertainment, Arts, Recreation, and Tourism (HEART) is a fairly large but stagnant sector in Northwest Indiana. Employment at casinos and hotels is down since 2003, but food services and restaurants have seen gains during this time period. More than 65% of workers employed in the HEART subsector earn less than $11 per hour. Due to the nature of employment in restaurants and similar establishments, many of the individuals most in need of workforce development services are currently employed in this sector.

Occupation Clusters:

- Based on location quotient analysis and employment growth patterns, Northwest Indiana has two leading occupation clusters, groupings of occupations that have similar skill sets and employment characteristics. These clusters are Skilled Production Workers and Health Care and Medical Science (Medical Technicians). Although not as large or concentrated as those listed above, other occupation clusters that offer promise for the Region include Personal Service Workers, Health Care and Medical Science (Therapy, Counseling, Nursing, and Rehabilitation), and Public Safety and Domestic Security.
- Northwest Indiana needs to develop strategies to grow some important Occupation Clusters, most notably its workforce in the management, mathematics, and information technology clusters. These clusters, which include many high-wage occupations critical to regional innovation and entrepreneurship, have all experienced declining employment and concentration over the past decade.

To face these challenges, Northwest Indiana will need to show true leadership. The Region is blessed with many caring individuals and organizations that all share a common or similar purpose. This is our community, our home, and we want to see it thrive. To accomplish this shared task, the issues outlined above will take strong partnerships and dedication that stretches across both real and imagined boundaries. The members of the Northwest Indiana Workforce Board and the staff of the Center of Workforce Innovations stand ready to address these issues. It is our hope that this report serves to draw attention to the most pressing topics and focus the resources of the Region.

Only together can many of these systemic challenges be properly addressed. With your help, we believe that we can build a Northwest Indiana workforce that is highly skilled, motivated, and diverse, earning sustainable or higher wages and actively engaged in skill enhancement and lifelong learning. We hope to mobilize and integrate the leadership, services, and resources of the community to support workforce development. Please join us in these efforts and work to ensure that the next *State of the Workforce Report* will show real and measureable progress on these issues.

The Center of Workforce Innovations conducted research, compiled information, wrote and prepared the 2010 State of the Workforce Report on behalf of the Northwest Indiana Workforce Board.

The Center of Workforce Innovations (CWI) is a nonprofit corporation formed in 1999. CWI offers ground-breaking workforce solutions for employers, educators, and job seekers, ranging from innovative programming, to workplace literacy, to grants for improving workplace skills.

Having administered more than 35 public/private ventures intended to improve the quality of the workforce and enhance the business climate, CWI helps to ensure the realization of a higher quality of life.

With their extensive workforce development experience, the Center was selected by the Northwest Indiana Workforce Board, to support their work and to oversee the reengineering and operations of the WorkOne sites throughout the seven counties in Northwest Indiana. These sites serve as comprehensive career and employment resource centers for job seekers and employers.

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