State of the Workforce 2008

NORTHWEST INDIANA

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Northwest Indiana Workforce Board, Inc.

The Center of Workforce Innovations
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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 life long learning.

Prepared by:
The Center of Workforce Innovations
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Executive Summary

The State of the Workforce Report is a product of the Northwest Indiana Workforce Board (NWIWB) and prepared by the Center of Workforce Innovations (CWI). The NWIWB and CWI are committed to improving workforce development in Northwest Indiana and to provide solutions for the emerging pipeline of new workers to facilitate their work readiness. This report is intended to help guide decision makers and set the agenda for workforce development for the next few years.

Research for this report indicates that Northwest Indiana needs to take action today to meet the challenges of tomorrow. Economic projections indicate that the regional supply of labor should tighten over the coming decade. The real number of region residents aged 20 through their mid-fifties is expected to drop by nearly 20,000 between 2007 and 2017.[1] This group is the bulk of the workforce, particularly in manufacturing. Area manufacturers and employers of all types will face the countervailing pressures of increasing production to meet improved demand for American goods but limited access to new labor.

Not only will there be a reduction in the pool of available workers, there will also be an experience drain. The population of Northwest Indiana is expected to continue growing steadily well into the future. This growth will be concentrated among the baby boomers that will begin retiring very soon. As these workers leave the plants, they will take lifetimes of important skills, knowledge, and competencies with them.

These two factors – the aging population coupled with increased demand for American goods abroad – place enormous pressure on our educators, employers, and workforce development community to work together to create solutions that address the coming labor crunch. The State of the Workforce Report goes into great depth to uncover and explain important developments that will affect Northwest Indiana.

This third State of the Workforce Report builds on the work of the previous two versions, published in 2001 and 2005. Naturally, economic and labor market information changes over time. This version is both revised and expanded with up-to-date information and new levels of analysis. It provides the most in-depth look at the workforce to date and provides both an historical context to regional trends and recent developments.

Highlights of the new State of the Workforce Report

- The 2005 report (which relied on data from 2004 and earlier) stated an overall loss in jobs in Northwest Indiana. This report shows that NWI was able to add jobs in both 2005 and 2006, rebounding from the recession in the earlier part of the decade.
- The Indiana Business Review predicted that it would be more likely for the Gary Metropolitan Area (Jasper, Lake, Newton, and Porter Counties) to experience more job losses than substantial gain in 2005.
- Manufacturing is no longer the largest-employing sector of the Northwest Indiana economy. Retail trade is, followed by government and health care.

[1] Economic Modeling Specialists, Inc.

- Manufacturers, including the steel mills, have added workers by small amounts in 2004, 2005, and 2006, a major reversal in historic trends stretching back three decades.
- The region's unemployment rate has dropped to levels below the national rate at times in 2007 and is nearly on par with the rest of the State of Indiana.
- Projections based on the 2000 Census predicted that the region's population would decrease in total size by the year 2010. Instead, the number of residents in NWI is already above the number projected for the year 2020.
- The intent of today's high school graduates to pursue higher education in NWI is on par with the rest of the state, which was not the case at the time of the previous report.

Key Additions

- Commuting patterns into and out of NWI.
- An analysis of suburban versus urban growth rates.
- Determinants of population changes.

Introduction

In 2001 and 2005, the Center of Workforce Innovations (CWI) published the first two iterations of The State of the Workforce Report. This third report comes at a time when the local, state, and national economy and labor market is in a drastically different climate than those first two reports. In 2001, Northwest Indiana and the rest of the country were enjoying one of the longest and largest economic expansions in recorded history. Unemployment was low. Jobs and wages were increasing at record levels. At the beginning of the new millennium, things were looking better than ever.

By 2005, the data presented in the State of the Workforce Report told a completely different story. The recession that began in 2001 erased many jobs. Unemployment shot up again. The number of college graduates in Indiana and in Northwest Indiana (NWI) had shrunk – not just in percentage but in actual numbers. Local manufacturers continued to cut back on workforce by the thousands. In short, the labor market and the economy were not horrible *per se*, but not in good shape either.

The most recent data available for this third State of the Workforce Report is closer to the situation in 2001. The region and the nation weathered the latest recession and continued in a positive direction. Unemployment is low once again. Manufacturing employment has leveled off and even recorded some very modest gains. However, NWI is at a crossroads. The region is tied to the state and national economy. A crisis in the sub-prime lending market has caused financial turmoil on Wall Street. If the national mortgage crisis seriously affects the construction industry or purchasing habits, the economy could fall into a broader crisis. But the labor market is strong. All across NWI, unemployment rates are low and heading lower still. Employment in key sectors is increasing for the time being. In short, the news is mostly positive with some concerning trends emerging.

This report attempts to analyze local labor market information to provide a comprehensive look at the workforce, its dynamics, its strengths, weaknesses, opportunities, and threats. There are forces that are pulling the region in positive and negative directions. Policy leaders and entrepreneurs should be able to use this report and the information provided within to move the region in a positive direction.

The data in this report is broad. There is no shortage of numbers indicating the relative health of the labor market. Consequently, the CWI chose to provide this report as a narrative, an attempt to explain the dynamics that are shaping the changes in the workforce. The report has been broken into four sections that include data tables, charts, and graphs to support the conclusions. Those four sections are:

- The population and growth of Northwest Indiana
- Education
- The labor force and unemployment
- Occupations and wages

Section 1: The Population and Growth of Northwest Indiana

Home to 850,000 people, Northwest Indiana is growing once again following years of economic turmoil in the manufacturing industry. The area remains the second largest population center in the State of Indiana, accounting for about two in every fifteen Hoosiers, down from 15.6% in 1960. The region borders the city of Chicago, Illinois, home to more than 9 million and third largest metropolitan area in the United States.

Table 1.1

Northwest Indiana Population Change 1990-2006

				Change 1990 - 2000		Change 2000 - 2006	
Population	**1990**	**2000**	**2006**	**#**	**%**	**#**	**%**
Jasper County	24,960	30,043	32,296	5,083	20.36%	2,253	7.50%
Lake County	475,594	484,564	494,202	8,970	1.89%	9,638	1.99%
La Porte County	107,066	110,106	110,479	3,040	2.84%	373	0.34%
Newton County	13,551	14,566	14,293	1,015	7.49%	-273	-1.87%
Porter County	128,932	146,798	160,105	17,866	13.86%	13,307	9.06%
Pulaski County	12,643	13,755	13,861	1,112	8.80%	106	0.77%
Starke County	22,747	23,556	23,069	809	3.56%	-487	-2.07%
TOTAL	**785,493**	**823,388**	**848,305**	**37,895**	**4.82%**	**24,917**	**3.03%**
State of Indiana	5,544,156	6,080,485	6,313,520	536,329	9.67%	233,035	3.83%
NWI Share of State Population	14.17%	13.54%	13.44%				

SOURCE: U.S. Census Bureau

Manufacturing, especially steel manufacturing, spurred population growth along the shore of Lake Michigan starting in the early twentieth century. Starting in the 1970's, the steel mills and other producers of goods reduced their workforce by the thousands and caused a drop in population in the region. Since 1990, however, the area has been growing again. This section will look at how the population is changing, why the area has grown faster than it was predicted, and changes in the makeup of the population.

1.1 The Rural, Urban, and Suburban Divide

Different governmental and trade agencies classify the region in their own way, including or omitting areas that the Indiana Department of Workforce Development has chosen as Economic Growth Region 1 (EGR-1). Each provides a different set of numbers, as some areas have different growth rates, median age of the population, ethnic profile, etc.

The US Census Bureau and other federal agencies provide data on national regions, states, metropolitan areas, and counties. EGR-1 is strictly a state classification. For federal agencies, Lake, Porter, Newton, and Jasper County comprise the Gary Division, part of the Chicago Combined Statistical Metropolitan Area that extends from Jasper County in Indiana all the way to Kenosha County, Wisconsin. La Porte County makes up the Michigan City-La Porte Metropolitan Area, a metro area with a population of less

than 250,000. Starke and Pulaski are each non-metro counties with an urban population between 2,500 and 19,999, but adjacent to a larger metro area[2].

Table 1.2

Relative Rurality of NWI	1990	2000
Jasper	0.548	0.484
Lake	0.174	0.172
LaPorte	0.326	0.300
Newton	0.616	0.604
Porter	0.300	0.259
Pulaski	0.633	0.574
Starke	0.529	0.489

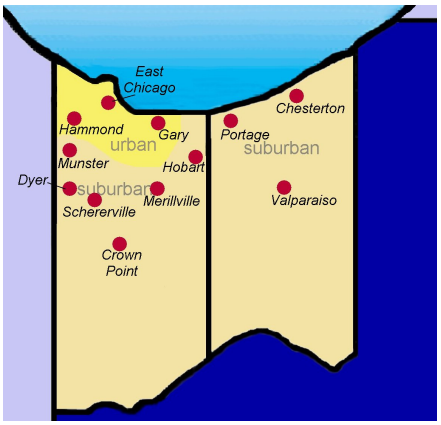
SOURCE: Professor Brigitte S. Waldorf

Many counties that are classified as belonging to urban areas are not themselves heavily populated or industrial. Newton County, part of a large and vast metro area, is by no means urban, though. Recently, a grant from the U.S. Economic Development Agency funded a joint research project between Purdue University, Indiana University, the Indiana-based firm Strategic Development Group, and local stake-holders to help rural communities plan for economic development.[3] A major component of the research involved categorizing every county in Indiana and the United States on its relative rurality, or how rural each county is in comparison to the other counties in the state and country. An index score of 1.0 indicates that county as being the most rural while 0.00 would be completely urban. A quick glance at the scores indicates how the counties in the region fall into two groupings. With scores between 0.172 and .300, Lake, Porter and La Porte Counties can generally be considered urban and/or suburban. Newton, Jasper, Starke, and Pulaski are decidedly more rural. This index helps to understand the setting of each county better than relying on the classification system devised by the U.S. Census Bureau. Newton County, for example, has the highest score on the relative rurality index in Northwest Indiana, but still belongs to a metro area of more than one million people according to federal agencies. Clearly, though, the labor force dynamics are much different there than in the urban core of the Chicago metro.

1.2 The Shifting Population

The city of Gary, the largest in Northwest Indiana, is still shrinking in total population, continuing its contraction since the heydays of industrial employment in the mid-twentieth century. The urban core of Northwest Indiana – the cities of Gary, Hammond, and East Chicago – has been losing its population throughout the last forty years. Meanwhile, the ring of suburban cities in Lake and Porter Counties continue a very different trend of oftentimes rapid growth. Almost all of the fastest-growing communities in the region can be found in cities that ring Gary and their share of the region population has changed dramatically in the past 15 years.

Graph 1.1 Urban and Suburban Cities in Northwest Indiana



Population projections indicate that this shift from urban to suburban will continue as the collar communities take on a still larger share of the region population. In fact, those projections, produced by the Indiana Business Research Center (IBRC) out to the year 2040, were inaccurate. The published projections predicted the region's population to reach 850,000 close to the year 2020. The U.S. Census Bureau estimated that the area had a population close to 848,000 in 2006, at least ten years ahead of schedule. The projections for Lake and Porter Counties are the most inaccurate. Porter County's

[2] U.S. Department of Agriculture
[3] "Unlocking Rural Competitiveness: The Role of Regional Clusters," January, 2007.

estimated population in 2006 was 160,105[4], more than 7,000 and almost 5% more than the projection for 2005. Lake County's 2006 estimate was 494,202 while the projection for 2020 was 492,535. The urban areas have not stopped their losses, but the suburban collar communities have more than made up for the losses and spurred development in the region. The next section will address what is driving this population growth in Northwest Indiana.

1.3 Components of Population Change

Change in population can be broken down into three separate factors. The first is natural increase (or decrease as the case may be), which measures the number of births minus deaths. Second, people and families can either move into an area in search of employment or a new home or out of that region for any number of economic or quality of life issues. This is known as domestic migration. Finally, international migration measures the influx of people from other countries. Combining these three components provides the total change in population for an area.

Table 1.3

Components of Population Change, 2001-06

	Natural Increase	Net Domestic Migration	Net International Migration	Total Net Increase
2001	3,632	-3,140	1,087	1,579
2002	3,239	-1,407	1,084	2,916
2003	3,233	68	951	4,252
2004	3,319	982	872	5,173
2005	3,381	2,665	922	6,968
2006	3,198	1,709	929	5,836

SOURCE: U.S. Census Bureau

Table 1.4

Net Domestic Migration by County, 2001 - 2006

	Jasper	Lake	LaPorte	Newton	Porter	Pulaski	Starke
2001	108	-2,316	-319	-181	732	34	-1,198
2002	165	-1,983	-550	-67	1,002	-77	103
2003	298	-859	-761	51	1,270	86	-17
2004	252	-377	-341	-71	1,432	-25	112
2005	61	40	316	97	2,012	8	131
2006	355	-413	-155	-118	1,958	40	42

SOURCE: U.S. Census Bureau

Looking at the three components of population change, Northwest Indiana has increased its rate of growth recently and become a destination for domestic and international migration while maintaining its steady natural increase. The dip in international migration follows state and national trends that were likely driven by international and domestic reactions to the September 11th, 2001 terrorist attacks. There has been a slight rebound in foreigners moving to NWI in the last two years—2005 and '06—but the biggest change is obviously the reversal in net domestic migration. In 2001, domestic migration resulted in a net loss in people, but that has since changed. Both domestic and international migration were positive from 2003 to the present.

Table 1.5

Lake County Migration Pattern, 2001-06

	Net Domestic Migration	Net International Migration	Total Net Migration
2001	-2,316	740	-1,576
2002	-1,983	736	-1,247
2003	-859	643	-216
2004	-377	588	211
2005	40	627	667
2006	-413	629	216

SOURCE: U.S. Census Bureau

[4] U.S. Census Bureau

Lake County has been the main source of domestic out-migration during the last six years. The only year that this most urban county in NWI has exhibited domestic in-migration was in 2005, when forty more people moved into the county than left. The same was true for La Porte County, when net domestic migration that year was 316. Conversely, Porter County was a major destination for relocation while Jasper County was one as well, but to a lesser extent.

Lake County has been a destination for foreign immigrants, showing positive and stable net international migration. Natives of the urban core in the northern part of the county have been moving out, but the increasing immigrant community has more than made up for their loss.

1.4 The Commuting Workforce

People are not just moving into or out of Northwest Indiana to live. They are driving in or taking public transportation out of the Region to get to work. Unfortunately, data on commuting is not very precise[5] and does not go back past 1997, but the information that is available suggests that a large group of people are choosing to live in Northwest Indiana, work in Chicago or South Bend, and then return each night. Their ranks are growing, too. Another trend is the increasing numbers that choose to commute into Northwest Indiana for work. The group of persons that do this has almost tripled from 1997 to 2005.

Table 1.6

Commuting for Work Patterns, Northwest Indiana

Leaving for Work	1997		2001		2005	
To:	Labor Force	Commuters	Labor Force	Commuters	Labor Force	Commuters
Indiana		10,011		9,999		10,195
Illinois		29,316		42,612		50,667
Other State		14,191		14,164		9,578
TOTAL	**495,536**	**53,518**	**522,949**	**66,775**	**517,219**	**70,440**
Percent Commute:		**10.80%**		**12.77%**		**13.62%**
Coming into Work						
From:	Workforce	Commuters	Workforce	Commuters	Workforce	Commuters
Indiana		3,787		3,645		3,840
Illinois		2,079		13,440		14,505
Other State		1,544		2,120		2,790
TOTAL	**449,329**	**7,410**	**470,400**	**19,205**	**467,826**	**21,135**
Percent Commute:		**1.65%**		**4.08%**		**4.52%**

SOURCE: Indiana Department of Revenue

The commuting patterns data indicates that Porter County in particular is becoming a destination for workers. The number of people that commute into this county has more than doubled from 1997 to 2005. At the same time, though, people who leave the county each day has increased by 2,000, or 35%, compared to an increase of around 800 that travel in for employment. The data on demographics, including commuting patterns, continues to point out how much suburban growth is occurring in Northwest Indiana.

[5] The commuting figures are based on tax returns, so the numbers are only estimates. Persons who live in Pennsylvania, for example, but have moved to Northwest Indiana for work are considered commuters in this analysis. Still, the data does give a good idea about the number of people that live in the area and work in Chicago or Southwestern Michigan as well as commuters coming into NWI for work.

It seems likely that a significant portion of the increase in out-commuters, people traveling out of NWI for work each day, may be coming from persons that once lived in Illinois and have maintained their employment there. The number of people out-commuting to the rest of Indiana or other states has remained relatively constant or decreased, but the group commuting to Illinois has grown. Little demographic information exists on the type of people moving to NWI to live, though, so there is no definite information on this phenomenon at this time.

Graph 1.2 Commuting Patterns for Northwest Indiana, 2005

1.5 The Aging Population

Looking forward, perhaps the most startling demographic change is expected to be the age of Northwest Indiana residents. This is not just a local phenomenon. Over the last 16 years, the median age of the American population has increased by more then 3 years. The U.S. Census Bureau projects that the entire nation is expected to become even older, with the resident population aged 65-84 doubling by the year 2050 and people aged 85 and older nearly quadrupling in size.[6]

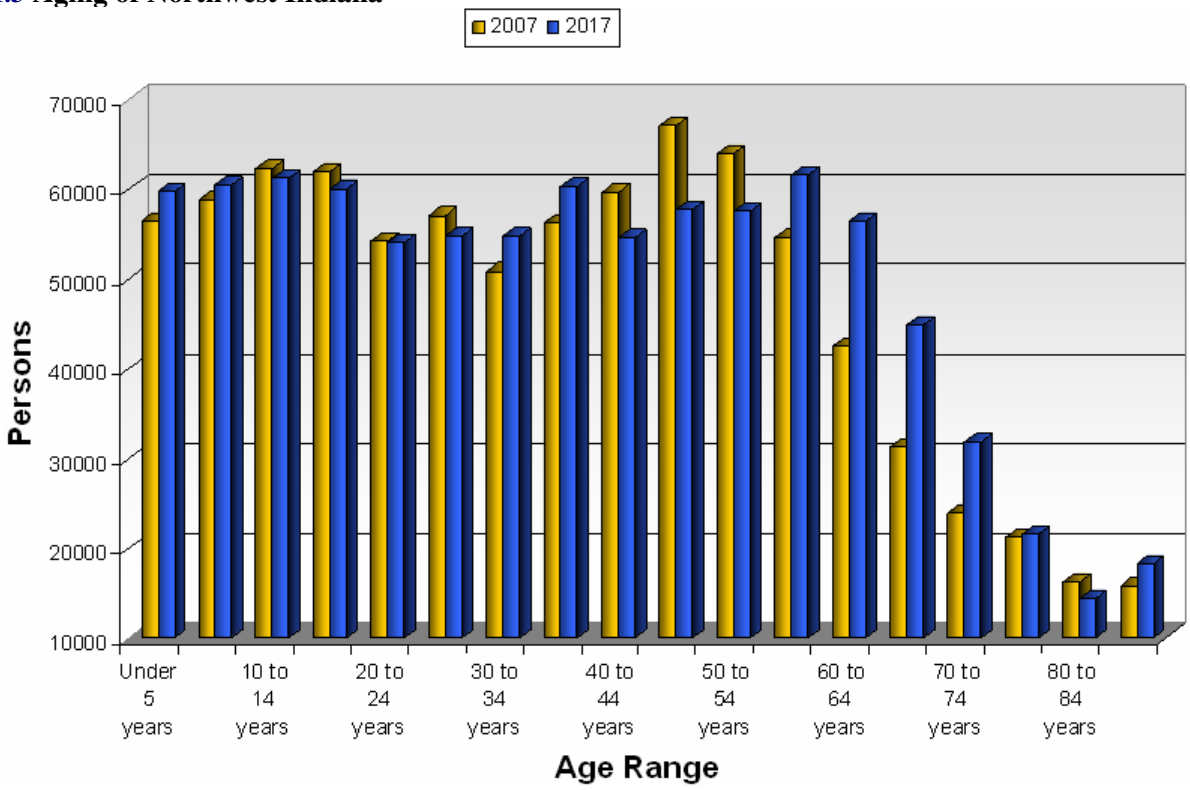
Locally, areas that have experienced the most aging – or graying of the population as some call it – have been the outlying rural areas. Newton, Starke, Pulaski, and to a lesser extent, La Porte County have all shown an increase in the median age of the population above state and national levels. In fact, the median age for every one of the counties, except Jasper, has been higher than the nation and the state.

Driving this important change over the next several decades will be a dramatic increase in the number of people in their mid-fifties through their mid-seventies. Much of the growth in the region will be sustained by these individuals as new residents migrate in and older people live longer. There will be a real decline in the teenage and young-adult population, particularly in La Porte, Newton, Starke, and

[6] U.S. Census Bureau, 2004. "U.S. Interim Projections by Age, Sex, Race, and Hispanic Origin."

Pulaski Counties. At the same time, there will be an increase in 30 to 39 year-olds to offset this loss. The most severe declines will be in another group in their prime working age – 40 to 54 year olds. Demographic projections indicate that Northwest Indiana will experience a population loss of almost 20,000 over the next decade among people aged 20 to 54,[7] a key group. These individuals comprise the bulk of the working population. As a result, slow growth of the labor pool or even a labor shortage could plague the region.

Graph 1.3 Aging of Northwest Indiana



1.6 Racial/Ethnic Diversity

The vast majority of Region residents are White, non-Hispanic[8], and that should not change going forward. The two fastest-growing racial or ethnic groups are persons of Asian descent (an increase of 14.95% between 2007 and 2017 projected) or persons of two or more races (14.13%)[9]. These two populations are currently very small, though, with Asians accounting for less than two-tenths of a percent of the total population and persons of two or more races a little over one percent.

[7] EMSI, 12/2007
[8] The term "White" refers to race while "Hispanic" is considered an ethnic group. A person can be Hispanic as well as White or of a different race, such as Black or African American. Some groups prefer to call this group White or Caucasian
[9] Economic Modeling Specialists, Inc., 10/2007

Table 1.7

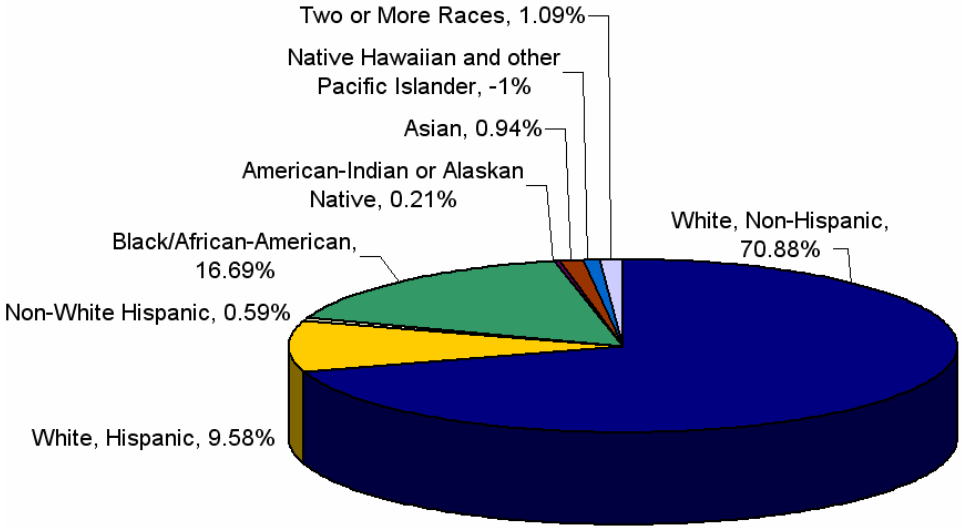
Increasing Diversity of Northwest Indiana	1990		2006	
	Number	Share	Number	Share
Total Population	785,493	100.00%	848,305	100.00%
White / Caucasian	653,158	83.15%	683,548	80.58%
African-American	127,959	16.29%	144,748	17.06%
Hispanic or Latino (of any race)	51,055	6.50%	85,909	10.13%
Asian	4,410	0.56%	7,992	0.94%
American Indian or Alaskan Native	1,629	0.21%	2,674	0.32%

SOURCE: U.S. Census Bureau

Historically[10], the big change in the racial/ethnic profile pie chart has been the slice of the population that is Hispanic. From 1990 to 2006, that group has grown almost 70%, the overwhelming majority residing in Lake County. Porter County has seen an explosion in this group over the same time period, as they have grown by more than 150% the last 16 years. This county now houses about 11.5% of the Region's Hispanics. As a share of the state population, Northwest Indiana had more than half of Hoosier Hispanics in 1990 but now is home to less than 30%.

Another important difference between Northwest Indiana and the rest of the state is the Black/African-American population. While the region is home to about 13% of the state population for all groups, it is where more than one quarter of its Black/African-American population resides. The growth rate of this group regionally has lagged behind the rest of the state only very slightly from 1990 to 2006. The Black population has outpaced the region's growth for this time, though, growing 13% for the one group compared to a little less than 8% for all.

Graph 1.3 Racial/Ethnic Profile of Northwest Indiana, 2007



SOURCE: Economic Modeling Specialists, Inc.

[10] All historical population figures for racial/ethnic profile come from the U.S. Census Bureau

1.7 How Population and Demographic Changes Affect the Labor Market

The last few years have been a period of dynamic transformation for Northwest Indiana. Demographic changes tend to signal a change in the labor force, too. This review highlights some key findings:

- The population is growing faster than the projections from the 2000 Census.
- The suburban collar that rings Chicago, Illinois and Gary, Hammond, and East Chicago in Indiana is driving growth and housing the largest share of the regional populace.
- A large group of individuals are choosing to live in Northwest Indiana but work in Chicago, South Bend, or elsewhere. At the same time, an increasing number of people are coming into the region for work.
- Area residents are older than the rest of the state and will continue to age at a quick rate. This should create more demand for services and higher wages but retard growth in the labor force. Area employers will face the challenge of replacing retirees, which creates pressure to train current workers and prepare the future workforce.
- Northwest Indiana is one of the most ethnically diverse areas in the state and should continue to be well into the future. This diversity presents opportunities for businesses that cater to ethnic minorities but also creates challenges for employers to integrate a diverse workforce.

To truly understand the workforce and its dynamic changes, though, more information is needed. The types of people that move into the area, their racial/ethnic profile, age, earnings, commuting patterns, etc, needs to be studied. If migrants have above-average wages, for example, then a new strategy to attract people to the region could be devised. If they move seeking employment, though, an entirely different challenge awaits the community leaders. While this report looks at the population and its characteristics in depth, there is clearly a gap of information that could be a great service to the community.

Section 2: Education

The education of a region represents both the resources of the current or incumbent workforce and the potential for growth in the emerging workforce. Eighth-grade students today will be 18 years old in just five years. A majority of them will enter the workforce or go on to higher education at that time. For many people, thinking about 13 and 14 year-olds in this way is extremely difficult. It is incumbent upon the community to prepare these children for work and arm them with the skills they will need to drive innovation and lead society.

Report after report shows that higher levels of education equate to sustained economic growth and higher wages for families. Measuring the level of education and supporting the attainment of skills is a fundamental aspect of workforce development. The Center of Workforce Innovation's own research has affirmed that area employers demand more skills from their employees and look for postsecondary certification as well as the willingness to achieve higher education. This section of the report is thus crucial in assessing the overall state of the workforce.

2.1 Educational Attainment of the Adult Workforce

A first glance at the adult population of Northwest Indiana reveals 1) a large share of the population has attained a high school diploma and 2) few have achieved an associate, bachelor, or higher education degree. The difference between education levels is particularly startling when compared to neighbors Cook County, Illinois and the whole state of Indiana (data includes Northwest Indiana). NWI mirrors the rest of the state in its share of the population that has not completed high school, but has much few percentages that hold degrees from higher education.

Table 2.1

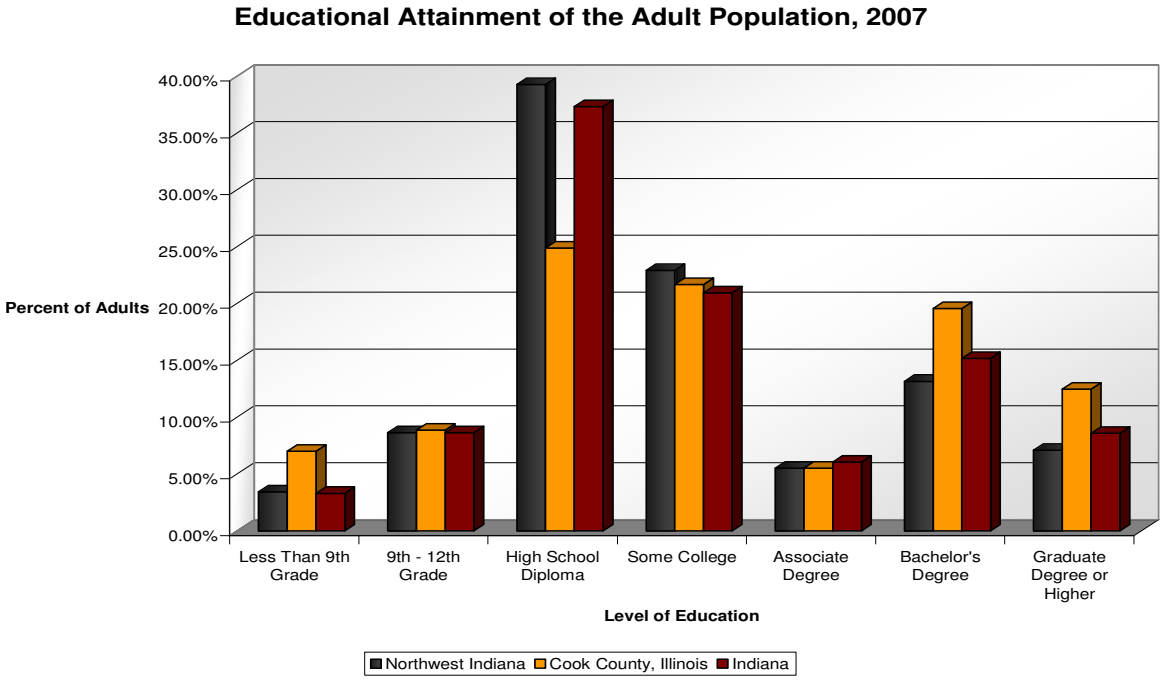
Educational Attainment of the Adult Population (age 25+)

	2002			2007			2017*		
	NWI	Cook County	Indiana	NWI	Cook County	Indiana	NWI	Cook County	Indiana
Less Than 9th Grade	4.43%	7.64%	4.25%	3.42%	7.01%	3.30%	2.90%	6.91%	2.83%
9th – 12th Grade	10.58%	9.73%	10.48%	8.64%	8.88%	8.63%	7.84%	8.79%	7.92%
High School Diploma	37.92%	25.62%	36.16%	39.27%	24.87%	37.33%	38.90%	24.50%	36.85%
Some College	21.44%	21.85%	19.71%	22.91%	21.66%	20.94%	23.31%	21.78%	21.16%
Associate Degree	5.27%	5.61%	5.73%	5.51%	5.52%	6.04%	5.50%	5.50%	6.06%
Bachelor's Degree	13.15%	18.12%	15.02%	13.15%	19.56%	15.16%	14.57%	19.80%	16.18%
Graduate Degree or Higher	7.22%	11.44%	8.68%	7.10%	12.47%	8.58%	7.51%	12.72%	9.00%

SOURCE: EMSI – 09/2007

* -- Projected

During the 2001 recession, the regional adult population lost total numbers of people with a bachelor's degree or higher. The State of Indiana suffered this as well, as college graduates chose to leave during the economic downturn. The number of adults without a high school diploma dropped as well, though. Since 2003, the total number of college graduates increased in the region along with high school graduates and persons that had taken some college courses as well. At the same time, adults without a high school diploma continued to drop in total numbers and as a share of the population.



2.2 High Schools

Measuring high school performance can be extremely difficult. The state of Indiana requires that students pass a state standardized test of scholastic achievement, titled ISTEP+, in order to graduate from high school and recently they have added a curriculum known as Core 40 that is intended to prepare high school students for success in higher education and the workforce. On top of state performance measures, area high schools must meet testing standards set by the United States Department of Education. A majority of high school students also take a host of tests like the SAT and ACT as well as Advanced Placement tests that can earn college credits. Schools also provide data on graduation rates, the percentage of students who are eligible for free or reduced-price lunches, and many other types of information. In short, there are various ways to measure high school performance, so selecting the measures that relate directly to the workforce can be very difficult.

Two common measures of performance for a high school are the graduation rate and the number of students going on to higher education. First, a look at graduation rates; a majority of the schools that have low graduation rates (less than 70%) in Northwest Indiana are located in urban settings. None of the high schools in Gary had a rate above 70% and two were below 50%. Of the top ten high schools by graduation rate, half are from rural communities while four are in the suburbs. Rural schools varied between 65.1% (South Newton Senior High School) all the way to the top performing school, Morgan Township Middle and High School in southern Porter County. Both of these schools had enrollment below 400 students in the 2006-07 school year, which highlights how small differences in the number of graduates can affect the graduation rate. This phenomenon makes it difficult to use graduation rates as a basis to compare high schools in such a diverse area.

Another measure of high school performance – one that is especially useful in assessing the labor force – is the percentage of high school graduates that pursue higher education. Currently, data exists on the intent of students to attend higher education, but there is no information on the number of students who

follow through on their intent. That data shows that NWI high school graduates intending to go on to higher education have caught up to the rest of the state. In 2005, 81.33% of NWI high-school students planned to attend a two or four-year institution, a vocational or technical school, or the military. The state average was higher at 82.31%, but NWI had a higher share of its students wishing to attend a four-year college or university (STATS Indiana). Once again, these numbers reflect just the intent of a high school student, not the actual numbers that follow through and pursue higher education.

Table 2.2

Northwest Indiana High School Graduates Higher Education Intent, 2003 – 2005

	2003		2004		2005	
	NWI	**Indiana**	**NWI**	**Indiana**	**NWI**	**Indiana**
Total Graduates	8,658	58,620	8,272	59,191	7,788	58,702
Total to Higher Education	6,491	46,474	6,544	48,138	6,334	48,317
% to Higher Ed.	74.97%	79.28%	79.11%	81.33%	81.33%	82.31%
Four-year Institution	5,189	35,042	5,259	35,896	5,181	36,140
Two-year Institution	663	7,180	680	7,725	577	7,957
Vocational/Technical School	639	4,252	605	4,517	576	4,220
Military	263	1,904	215	1,846	162	1,539

SOURCE: Indiana Department of Education, 2007

2.3 Higher Education

Northwest Indiana is home to several institutions of higher education. There are three private four-year universities, three branch campuses of large state colleges, and several local campuses of the state community college system. In the 2005 – 06 academic year, enrollment at local colleges was in excess of 26,000 full and part-time undergraduates and accelerated degree-seeking students.

Table 2.3

Undergraduate Enrollment, 2 and 4-year Institutions, 2005-06

Calumet College of St. Joseph	1,081*
Indiana University Northwest	4,987
Ivy Tech Community College	7,710
Purdue University Calumet	8,387
Purdue University North Central	3,635
Saint Joseph's College	1,015
Valparaiso University	2,904
TOTAL	**28,638**

*--Traditional and Accelerated Degree-Seeking Students

SOURCES: Calumet College of Saint Joseph, Indiana University Reporting and Research, Ivy Tech Community Colleges Office of Institutional Research, Princeton Review, Purdue University Office of Enrollment

Enrollment data provided by some of the schools show that Purdue University Calumet and the Ivy Tech Campuses, particularly in Valparaiso and Michigan City, are increasing enrollment. These schools draw the vast majority of their students from Northwest Indiana. The education attainment of the adult workforce, analyzed above, also shows that the recent increase in high school graduates was coupled with a similar increase in adults with some college coursework completed. This indicates that area residents are going to college more than ever before. Given the data about the scarcity of area adults with a higher education, this is a very positive trend for the region.

2.4 Education in the Workforce

One last thing to consider is the level of educational attainment of not just the workforce, but of the occupations available to Northwest Indiana residents. A thorough analysis of the Occupational Employment Statistics Survey from December of 2006[11] revealed that 69% of all jobs in NWI required short, moderate, or long-term on-the-job training as their highest level of education. Almost two-fifths of all occupations needed just short-term on-the-job training. These jobs provide the lowest wages but are expected to add the most number of employees in the next ten years. However, the growth rate for these low-skill jobs lags behind occupations that require higher education. These high-skill jobs are expected to increase at more than twice the rate than occupations that require on-the-job training only.

2.5 Information on Education

The 2001 recession reduced the total number of area residents with a college degree. This is troubling for a number of reasons, as these individuals earn higher wages and drive innovation and growth. The economic recovery since 2003 resulted in an increase in degreed persons, but Northwest Indiana has still not established itself as a home for a highly-educated workforce. Still, the adults in the region are more likely to have earned a high school diploma or GED, and both high school graduates and college students have increased.

This area needs further analysis. School corporations and universities are not required to track their students once they leave the schools. While those graduates have a mindset to pursue a four-year college degree more than ever before, there is little information available to confirm if the intent matches up with the outcomes. To truly judge educational performance, data needs to be collected on at least two fronts:

- Do area high school graduates attend and succeed in college?
- Do local college graduates stay in Northwest Indiana after they leave school?

Several indicators mentioned above suggest that the education level in the region is improving, though. To understand how this trend affects the workforce, the next sections will look at the labor force and its growth, unemployment, industry employment trends, and wages and income in the region.

[11] Produced by the Research and Analysis Unit, Indiana Department of Workforce Development

Section 3: The Labor Force and Unemployment

The labor force is a major component of the national economy. Labor market information can alter the stock market, interest rates, and nearly every economic measure, including the value of the U.S. dollar. The United States Labor Department in October of 2007 single-handedly buoyed the Dow Jones industrial average and S&P 500 by releasing a correction to its most recent labor report that indicated that the U.S. had in fact added 110,000 jobs in September 2007[12]. That report of modest employment gains led the S&P to a record high. The Labor Department had originally sent stock markets plummeting by reporting that September was the first month in more than four years that the United States had not had a net increase in jobs. When the correction was issued, stocks rallied and confidence in American currency was raised across the globe. Understanding the labor force and its characteristics are integral parts to any meaningful economic analysis.

Locally, an increasing labor force is a sign of a healthy community. Past, present, and future employment levels are used to inform companies regionally and nationally in their decisions to relocate to an area, retain or expand their workforce, or provide for their employees to learn new skills. A tight labor pool increases the relative value of current personnel as replacements become harder to find. A strong economy can cause labor shortages but can also attract new workers into the area. To understand these trends and assess the current state of the workforce, a thorough analysis incorporating several indicators is needed.

3.1 The Recent Labor Market in Northwest Indiana

Like the rest of the country, Northwest Indiana has gone through some jarring economic changes over the last decade. The late 1990s were a period of historically low unemployment and sustained economic success. In the region, total employment grew by 30,000+ from 1990 to 2000 while the number of unemployed was slashed by two-fifths. The 2001 recession was short but acute, and much of the gains in the labor force were eliminated in a quick time. From 2000 until 2004, the labor force shrunk by almost 3%, totaling more than 11,000 jobs. At the same time, the unemployment rate shot up, nearly doubling.

Table 3.1

The Labor Force and Unemployment Rate, 2000 - 2004

	Labor Force	Employed	Change in Employment %	Change in Employment #	Unemployment Rate
2000	398,388	384,738	1.55%	5,858	3.4%
2001	400,415	381,903	-0.74%	-2,835	4.6%
2002	401,240	376,515	-1.42%	-5,388	6.2%
2003	398,776	374,794	-0.46%	-1,721	6.0%
2004	397,128	373,618	-0.31%	-1,176	5.9%
		TOTAL	-2.89%	-11,120	

Note: Due to a change in the Current Population Survey (CPS), mandated by Congress, estimates for year 2001 and later may not be fully comparable with those of earlier periods

SOURCE: Research and Analysis Unit, Indiana Department of Workforce Development

[12] Barnhart, Bill. "Jobs Report Sends Dow Up, S&P to New Record High," *Chicago Tribune*. October 5, 2007.

The economy since then has experienced some very dramatic and positive changes. In just two years, the employment losses were erased and new jobs were created. 2005 saw employment expand by 5,660 workers, a 1.51% rise. 2006 saw an even larger gain of 6,002, a 1.58% increase. Both years, the number of employed persons increased while the total number of unemployed dropped.

The increase in employment has been greater than the decrease of the unemployed, suggesting that new workers are entering the labor force. Area businesses have rebounded strongly from the 2001 recession. Increased employment is almost always a result of increased revenues.

Table 3.2

The Labor Force and Unemployment Rate, 2005 - 2006

	Labor Force	Employed	Change in Employment %	Change in Employment #	Unemployment Rate
2005	402,310	379,278	1.51%	5,660	5.7%
2006	407,378	385,280	1.58%	6,002	5.4%
		TOTAL	3.12%	11,662	

SOURCE: Research and Analysis Unit, Indiana Department of Workforce Development

3.2 Local Versus Regional Trends

Just like the population, the labor market is not the same within the region. One of the most important dynamics in Northwest Indiana is the disparity between the urban core, the suburban ring, and the rural areas beyond. The urban areas – Gary, Hammond, East Chicago, and Michigan City – are decreasing in population while the suburbs around them grow at very fast rates. Porter County contains four of the fastest growing communities in NWI (Portage, Valparaiso, Chesterton, and Porter). Its labor force has increased in total size from 1995 to 2005 by 10.53%. This is much greater than the rest of the state of Indiana during this time period (2.35%) and the county even exceeded national growth from 2001 to 2005.[13]

A comparison of urban and suburban cities highlights how different the labor market is within the region. Cities like Schererville and Valparaiso have very low unemployment, especially compared to Gary and East Chicago. The rural counties tend to have low unemployment and steady labor forces. Over time, the population and labor force have increased in Newton, Jasper, and to a lesser extent, Starke County. Pulaski County has only seen an increase in the labor pool of a few hundred people since 1980.

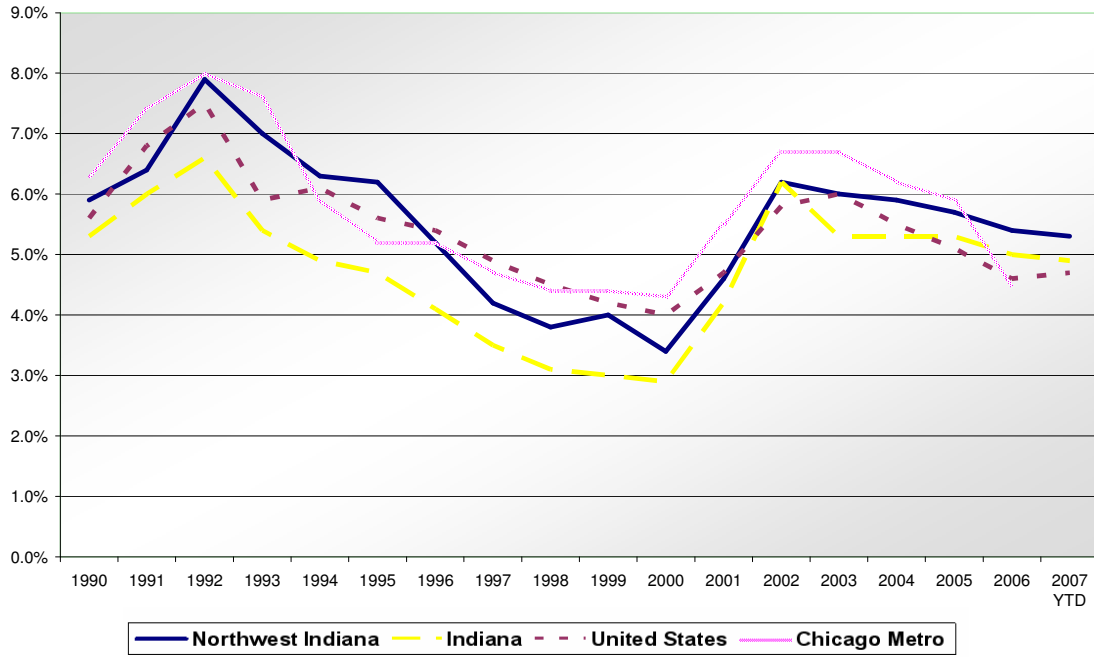
But the most recent data (at the time of publication) labor market information is mixed. Local home sales[14] and construction starts have dipped, mirroring national trends. The nation as a whole has experienced an economic downturn spurred by a crisis in the sub-prime lending market. Meanwhile, almost every county in the region posted 12-months lows in unemployment in the most recently recorded months[15] that were lower than the previous four to five years.

[13] Research and Analysis Unit, Indiana Department of Workforce Development
[14] Napoleon, Carrie. "Pricier Home Sales Lag in NWI" *Post-Tribune*, October 3, 2007
[15] U.S. Census Bureau

3.3 Unemployment

While the size of the labor market has decreased slightly, the unemployment figures are encouraging, showing declines over the year in nearly every locale within Northwest Indiana. Not unexpectedly, the urban areas had higher unemployment than the suburban and rural communities. Cities like Valparaiso and Schererville had extremely low unemployment, at less than 4.0%. Almost all areas of the region showed declines in unemployment over the year from September 2006 to September 2007, though the rates had uniformly risen from July to August 2007.[16] The number of unemployed persons fell across the board from August to September 2007, and in most cases was far below the August level.

Graph 3.1 Unemployment Rates. 1990 – 2007



Looking ahead, unemployment should increase in the region. Since the early 1980's, the unemployment rate in Northwest Indiana has followed state and national trends. The sub-prime meltdown has caused a recent spike in unemployment filings nationally,[17] so the short-term economic outlook for the region is not as encouraging as the previous two years. It is unclear how long this economic trend will last. Compounding this uncertainty, Indiana has had the lowest unemployment rates in the Midwest.[18] Northwest Indiana is closely tied to the economy of Illinois, so it is difficult to determine just how much state and national trends will affect the region.

3.4 Conclusions About the Labor Force

The labor force data suggests that the suburban collar is drawing people and jobs and driving expansion. The urban core suffers from higher unemployment, but the outlying counties have not had the same fate. The rural counties have slowly increased employment while maintaining low unemployment rates. The labor force for all of Northwest Indiana is steady and moving in a positive direction.

[16] Research and Analysis Unit, Indiana Department of Workforce Development.
[17] Crustinger, Martin. "Jobless Claims Rise Sharply," *The Chicago Tribune*, October 18, 2007.
[18] Indiana Department of Workforce Development, "September 2007 Indiana Employment Report." October 19, 2007.

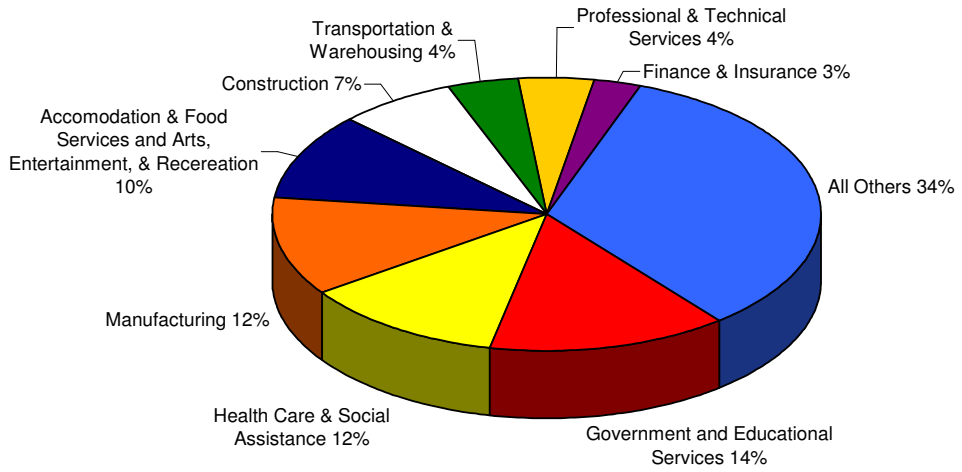
Section 4: Occupations and Wages

Northwest Indiana is best known for its heavy manufacturing industry, specifically the steel mills along the shores of Lake Michigan that make the region one of the largest steel-producing regions in the world. National employment in manufacturing, though, has dropped sharply over the last few decades, and the country has moved towards more white-collar jobs. NWI has followed a similar path but has not moved away from manufacturing as dramatically as Chicago, the State of Indiana, or the rest of the United States. Still, the regional economy has made some very significant changes and will continue to shift employment towards new and growing industries.

4.1 Total Job Growth

Recently, Northwest Indiana reached a milestone; manufacturing is no longer the largest employing industry. Location quotient analysis[19] shows that manufacturing is highly represented in the region and has increased its concentration relative to the rest of the country. But total employment has dropped while other types of business have added thousands of jobs to more than make up for the loss of traditional blue-collar occupations. Today, more people are employed in government, education and health care each than in manufacturing.

Graph 4.1 Industry Employment Breakdown



In all industries, Northwest Indiana has added jobs the past five years at roughly the same pace as the rest of the state – 4.47% to 4.82%. National job growth has exceeded both state and local rates, but Cook County, Illinois, has increased payrolls by less than 2%. The increase there is coming in spite of a shrinking population, so it is likely more people are commuting in to Chicago for work. We have seen how Northwest Indiana is sending more people to work in Chicago, but the job growth data for the region indicates that the area has been a source of new jobs as well as commuters.

[19] Location Quotient is a measure of how prevalent an industry or occupation is in an area. It is derived by dividing the share of employment in an industry regionally by the national rate. For example, if Industry A represents 15% of all jobs in the region but only 10% of jobs nationally, then the location quotient for that industry would be 1.5. A score above one (1) indicates that industry has a higher local concentration. A score below one (1) indicates that industry is under-represented in comparison to the rest of the country.

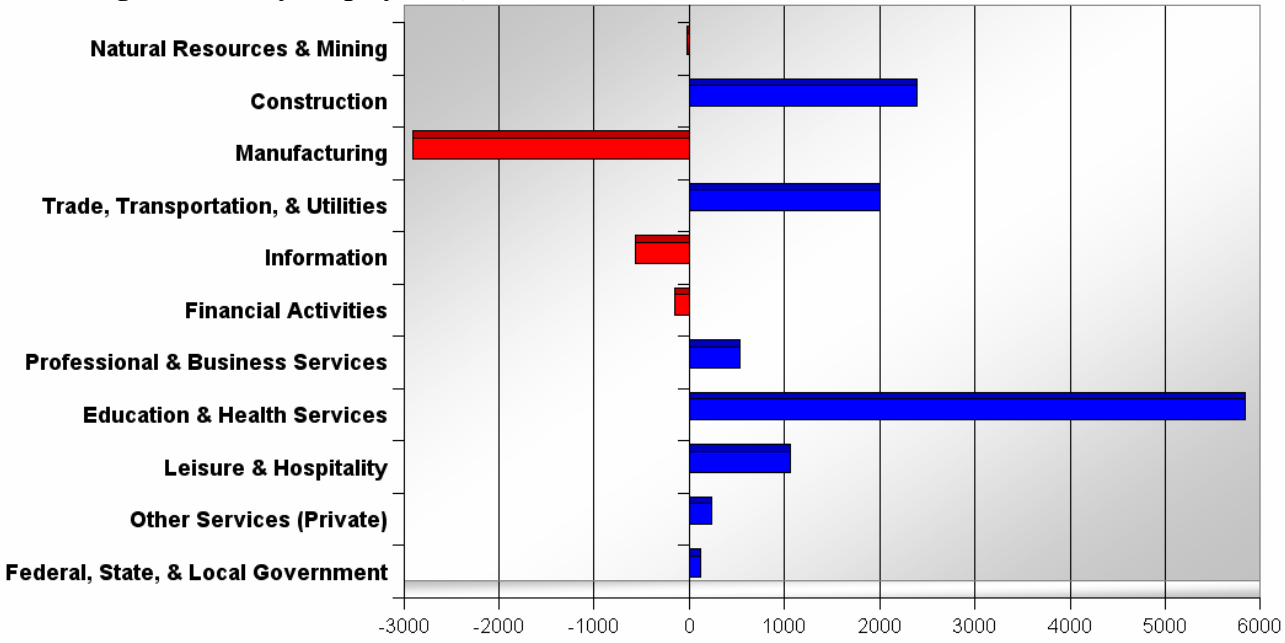
Table 4.1

Occupations and Employment in Northwest Indiana, 2002 - 2007	Industry Jobs		Growth		Location Quotient ('07)
	2002	2007	#	%	
Agriculture, Forestry, Fishing, & Hunting	5,646	5,240	-406	-7.19%	0.57
Mining	637	608	-29	-4.63%	0.3
Utilities	2,583	2,365	-217	-8.42%	1.71
Construction	26,042	29,653	3,611	13.86%	1.12
Manufacturing	53,872	49,814	-4,058	-7.53%	1.46
Wholesale Trade	13,001	13,143	143	1.10%	0.86
Retail Trade	50,579	51,618	1,039	2.05%	1.15
Transportation & Warehousing	17,321	18,033	712	4.11%	1.19
Information	4,309	3,905	-404	-9.38%	0.46
Finance & Insurance	11,642	11,799	157	1.35%	0.61
Real Estate & Rental & Leasing	11,872	14,143	2,271	19.13%	0.86
Professional & Technical Services	15,062	17,908	2,846	18.89%	0.62
Management of Companies & Enterprises	1,633	1,911	278	17.04%	0.43
Administrative & Waste Services	19,646	20,674	1,028	5.23%	0.78
Educational Services	6,874	8,266	1,352	19.67%	0.93
Health Care & Social Assistance	44,078	50,054	5,976	13.56%	1.17
Arts, Entertainment, & Recreation	13,208	13,072	-136	-1.03%	1.52
Accommodation & Food Services	27,091	29,113	2,022	7.46%	1.02
Other Services (Private)	25,603	27,416	1,813	7.08%	1.17
Government	50,609	50,548	-61	-0.12%	0.92
Total, All Industries	**401,308**	**419,212**	**17,934**	**4.47%**	**-**

SOURCE: EMSI, 10/2007

Regionally, the biggest employment gains have been in Porter County, which has added more than 6,000 jobs the last five years, a 9.15% increase. Lake County employment increased by 7,600+, but that was only a 3.2% improvement. Like the population, La Porte County job growth was static, while the rural counties of Newton, Starke, and Pulaski saw some positive increases and an additional 1,500 positions. Jasper County was a star in regional job creation, where more than 2,300 jobs were created, an astonishing 14.87% increase. With the exception of La Porte County, the suburban ring and rural communities have been able to leverage local talent and infrastructure to add new jobs.

Graph 4.2 Change in Industry Employment, 2002 – 2006



The largest gaining industries have been:

- Health Care and Social Assistance
- Construction
- Professional and Technical Services
- Real Estate and Rental and Leasing
- Accommodation and Food Services

This represents a fundamental economic transformation. Jobs that require little education but provide high wages and stability are not being created as quickly as jobs that demand greater skills and higher education. Still, there has been growth in low-wage and low-skill jobs as well. The fastest growth has been in industries that require more specialized knowledge from their workers, such as health care.

4.2 Projected Job Growth

The U.S. Census Bureau projections for population gain in Northwest Indiana have already been shown to be erroneous and overly conservative. Predicting job growth can be similarly difficult. The places people live dictates where they shop and demand services, and an increasing population will draw new employers to an area, perhaps away from areas around them that are not growing as rapidly. The recent increase in construction employment is an example of this. Employment gains in this industry were not evenly distributed throughout the region. La Porte County had a very small increase in population and only saw a 1% increase in construction occupations between 2002 and 2007 while Porter County grew rapidly. The construction industry there employed 25% more people by 2007, adding an additional 1,200 jobs. The growth in construction employment is reflected in the demographic changes within the region.

Table 4.2

Occupations and Employment Projections, 2007 - 2017	Industry Jobs		Growth		Location Quotient
	2007	2017	#	%	('17)
Agriculture, Forestry, Fishing, & Hunting	5,240	4,800	-440	-8.39%	0.59
Mining	608	476	-132	-21.72%	0.30
Utilities	2,365	2,534	169	7.14%	1.90
Construction	29,653	30,881	1,228	4.14%	1.16
Manufacturing	49,814	43,493	-6,320	-12.69%	1.42
Wholesale Trade	13,143	12,464	-680	-5.17%	0.83
Retail Trade	51,618	51,026	-592	-1.15%	1.11
Transportation & Warehousing	18,033	17,565	-468	-2.60%	1.15
Information	3,905	3,375	-530	-13.57%	0.38
Finance & Insurance	11,799	11,653	-146	-1.24%	0.62
Real Estate & Rental & Leasing	14,143	16,674	2,531	17.89%	0.88
Professional & Technical Services	17,908	20,698	2,791	15.58%	0.65
Management of Companies & Enterprises	1,911	2,146	234	12.27%	0.51
Administrative & Waste Services	20,674	23,004	2,330	11.27%	0.75
Educational Services	8,266	9,815	1,588	19.31%	0.95
Health Care & Social Assistance	50,054	57,998	7,944	15.87%	1.19
Arts, Entertainment, & Recreation	13,072	16,816	3,743	28.64%	1.73
Accommodation & Food Services	29,113	29,451	338	1.16%	1.00
Other Services (Private)	27,416	30,428	3,012	10.99%	1.23
Government	50,548	50,955	408	0.81%	0.93
Total, All Industries	**419,212**	**436,251**	**17,009**	**4.06%**	-

SOURCE: EMSI, 10/2007

The projected job growth figurers continue the trends of the past five years in some cases. Industries that employ large numbers of low-skill workers are not expected to add to their payrolls as quickly as traditionally high-skill (and high-wage) occupations. The top industries by projected growth are health care & social assistance; arts, entertainment, & recreation; other services (private); professional & technical services; and real estate & rental & leasing. These projections from Economic Modeling Specialists, Inc. suffer from the same error inherent in the Census Bureau population projections.[20] Northwest Indiana is already three to five years ahead of the projections, so these employment growth figures are likely to be inaccurate as a result. Still, they do suggest that the industries that are increasing employment are different from the low-skill/high-wage jobs of the past.

[20] In order to capture a complete picture of industry employment, EMSI basically combines covered employment data from Quarterly Census of Employment and Wages (QCEW) produced by the Department of Labor with total employment data in Regional Economic Information System (continued on next page) (REIS) published by the Bureau of Economic Analysis (BEA), augmented with County Business Patterns (CBP) and Nonemployer Statistics (NES) published by the U.S. Census Bureau. Projections are based on the latest available EMSI industry data combined with past trends in each industry and the industry growth rates in national projections (Bureau of Labor Statistics) and states' own projections, where available. SOURCE: EMSI, 10/2007

4.3 Wages and Earnings

Employers need to limit their expenses. Wage rates in an area are important to them from a cost perspective just as they are to public officials and economic developers in understanding what sort of jobs are being created or lost in the labor force. Northwest Indiana traditionally has low wages, particularly in comparison to Chicago. This is not true for all industries, but by and large, people earn less for their work in this area.

Table 4.3

Earnings Per Worker by Industry

	2006 Average Earnings/Worker[21]		
	NWI	Cook County, IL	Indiana
Agriculture, Forestry, Fishing, & Hunting	$13,665	$24,835	$12,317
Mining	$71,976	$134,175	$66,712
Utilities	$97,368	$156,455	$102,508
Construction	$51,199	$65,927	$47,053
Manufacturing	$73,267	$70,015	$64,139
Wholesale Trade	$57,272	$81,919	$58,210
Retail Trade	$25,552	$30,257	$25,153
Transportation & Warehousing	$50,089	$58,958	$46,112
Information	$49,316	$82,261	$56,000
Finance & Insurance	$52,025	$123,329	$62,911
Real Estate & Rental & Leasing	$36,452	$50,663	$38,893
Professional & Technical Services	$38,388	$101,137	$49,553
Management of Companies & Enterprises	$84,950	$126,837	$83,563
Administrative & Waste Services	$22,651	$32,214	$25,396
Educational Services	$21,054	$42,558	$24,996
Health Care & Social Assistance	$42,151	$45,101	$42,614
Arts, Entertainment, & Recreation	$34,250	$37,030	$30,921
Accommodation & Food Services	$14,126	$24,771	$14,984
Other Services (Private)	$22,737	$31,958	$22,470
Government	$45,031	$64,757	$49,745
Total, All Industries	**$41,143**	**$60,949**	**$42,353**

SOURCE: EMSI, 10/2007

Wages are merely one cost for an employer so the added expenditure of benefits per worker along with the wages gives a more accurate representation of the cost of employing. This is known as earnings per worker (EPW), and this data for NWI shows that earnings are mostly on par with the rest of the state but lag behind significantly in some areas. While manufacturing is no longer the largest source of employment, it is the largest source of earnings for the region.[22] In fact, manufacturing is significant to the region for several reasons. It is the only industry in Northwest Indiana that has a higher location quotient *and* earnings per worker than Cook County, Illinois.[23]

[21] Earnings Per Worker include wages and benefits
[22] Labor Market Information Unit, Indiana Department of Workforce Development
[23] EMSI, 10/2007

Table 4.4

Employment Concentration and Earnings -- NWI and Cook County, Illinois						
	NWI			Cook County, IL		
	2007 Jobs	National LQ	2006 EPW	2007 Jobs	National LQ	2006 EPW
Retail Trade	51,618	1.15	$25,552	284,409	0.80	$30,257
Government	50,548	0.92	$45,031	327,231	0.75	$64,757
Health Care and Social Assistance	50,054	1.17	$42,151	366,707	1.08	$45,101
Manufacturing	49,814	1.46	$73,267	238,428	0.88	$70,015
Construction	29,653	1.12	$51,199	158,443	0.76	$65,927
Accommodation and Food Services	29,113	1.02	$14,126	211,574	0.94	$24,771
Other Services (Private)	27,416	1.17	$22,737	211,574	1.02	$31,958
Administrative & Waste Services	20,674	0.78	$22,651	259,928	1.23	$32,214
Transportation and Warehousing	18,033	1.19	$50,089	178,617	1.49	$58,958
Professional and Technical Services	17,908	0.62	$38,388	312,304	1.37	$101,137
Real Estate & Rental & Leasing	14,143	0.86	$36,452	140,407	1.07	$50,663
Wholesale Trade	13,143	0.86	$57,272	130,456	1.07	$81,919
Arts, Entertainment & Recreation	13,072	1.52	$34,250	71,029	1.04	$37,030
Finance & Insurance	11,799	0.61	$52,025	232,090	1.52	$123,329
Educational Services	8,226	0.93	$21,054	101,318	1.44	$42,558
Agriculture. Forestry, Fishing, & Hunting	5,240	0.58	$13,665	1,216	0.02	$24,835
Information	3,905	0.46	$49,316	69,582	1.03	$82,261
Utilities	2,365	1.71	$97,368	4,050	0.37	$156,455
Management of Companies & Enterprises	1,911	0.43	$84,950	48,968	1.40	$126,837
Mining	608	0.30	$71,976	2,364	0.15	$134,175
Average EPW:			**$41,143**			**$60,949**

SOURCE: EMSI, 10/2007

Wage data alone does not provide an accurate picture. Wages are very high in mining, for example, but employment in that industry in 2007 was approximately 600 people. Combining earnings and location quotient analysis provides insight into the relative advantage the region has in some industries. Manufacturing is the fourth-largest source of employment in the region and has EPW well above the national and state average. Its high location quotient and wages is an advantage to the area. Similarly, construction, health care and social assistance, and transportation & warehousing are all highly concentrated and growing industries with large employment that also provide above-average earnings per worker. Retail trade and accommodation and food services employ many people but provide low earnings.

4.4 A Note on Manufacturing

While manufacturing is no longer the largest employing industry in the region, it is the highest value-added sector of the economy. High wages and benefits create jobs in other sectors of the economy. The future of this industry is crucial to the region and the workforce. Although employment in this industry is down about 4,000 over the last five years, there is some good news. Manufacturing jobs have been created from 2004 to 2006, with an increase of about 500 jobs over the three years.[24] This is a major reversal of historic trends that have lasted at least three decades. Jobs were lost in this sector over the same time period in the state and the nation.

[24] EMSI, 10/2007

Manufacturing is different in Northwest Indiana with the largest employers in the state specializing in automobile and transportation manufacturing. Almost all of the iron and steel mills in the state and 90% of employment in iron and steel mills are located NWI.[25]

Another noticeable trend in manufacturing is the ability to cut workforce but increase earnings at the same time. Similarly, wages and EPW for workers has increased. The steel mills pay the highest earnings in the industry, so maintaining employment at the mills is incredibly important to many sectors of the local economy. Continued job losses would put strains on retail, government, transportation and warehousing, and many other industries. The workforce and economic development community must be ever-aware of employment trends at the mills as it is critically important to the whole region.

4.5 Emerging Trends in the Workforce

Industry employment and wage data highlight several trends that have placed pressures on the workforce and will continue to do so. The shift towards high-skills occupations and away from narrowly classified manufacturing jobs places added pressures and urgency upon the community to prepare workers to be productive in the short and long term. Certain changes are already underway as the emerging and incumbent workforce will likely have to adapt to several changes to Northwest Indiana.

In order to better address these issues, the Center of Workforce Innovations, in conjunction with the Indiana Department of Workforce Development, selected and researched key industries crucial to the future of the region. The resulting project, the Strategic Skills Initiative (SSI) produced three reports in 2005 and 2006, collectively titled "Decade of Promise: Positioning Northwest Indiana's Workforce for Economic Growth." Through a series of interviews, surveys, and related research, the CWI team was able to identify some important trends with the potential to impact the workforce.

The broadest changes were presented in the first report, "Occupation and Skill Shortages in Northwest Indiana" and include the flattening of organizational hierarchies, redefinition of jobs, and a reduction in some job categories.

These shifts are being seen in the labor market today. In manufacturing, the largest employment gains the last few years in NWI have been among team assemblers,[26] a broad and generic title that increasingly incorporates more functions from individual workers as large manufacturers consolidate and eliminate narrow job categories.

The fundamental economic shifts identified in the SSI and this State of the Workforce report has many implications:[27]

- Job classifications are becoming more generic as people are required to do more activities at work. This makes data collection more difficult.
- Job hunters will need to demonstrate existing skills as well as an ability to learn.
- Employers will be looking for prior knowledge but also *the willingness to learn* as technology and other conditions change.

[25] Ibid.
[26] EMSI, 10/2007
[27] Center of Workforce Innovations & Lake County (IN) Integrated Services Delivery Board. "Occupation and Skill Shortages in Northwest Indiana," *Decade of Promise: Positioning Northwest Indiana's Workforce for Economic Growth*, 2005. Pgs. 48-49.

Conclusion

As this report has shown, Northwest Indiana has experienced some key changes that will alter the labor market for employers and job seekers in the short and long term. These changes include:

Demographics

- A growing population that is moving out of urban areas and into the suburbs
- More people are commuting into and out of Northwest Indiana for work each day, most going to Chicago
- NWI has an older workforce than the rest of the state and nation, which should slow the growth of the labor pool in the coming decade
- NWI also is more ethnically diverse than the rest of the state

Education

- A smaller percentage of the adult population of NWI, compared to the rest of Indiana or neighboring areas like Chicago, has a college degree or higher level of educational attainment
- During the 2001 recession, college graduates left the region and the state but have increased in number since 2003
- A high percentage of the adult population in the region has earned a high school diploma, but a smaller share have achieved a college degree or higher when compared to the state or nation
- Local high school students aspire to attend college at the same rate as the rest of Hoosier high school students, whereas the region once lagged the state
- Undergraduate enrollment at some area colleges and universities has increased within the past few years

Labor Force and Unemployment

- From 2000 to 2004, the local economy lost 11,000 net jobs but more than gained those back in 2005 and 2006
- Unemployment is low across the region and back to levels close to where they were in the late 1990's
- The lowest unemployment rates were in suburban communities in Lake and Porter County, but all counties posted low unemployment near state and national levels

Occupations and Wages

- Regional wages remain lower than in Chicago or the rest of Indiana except in some goods-producing industries
- Retail trade, followed by government then health care and social assistance have recently supplanted manufacturing as the industries that employ the most NWI workers
- Manufacturing employment has leveled off over the past few years, a halt in the three-decade-long trend of job losses in the sector

One of the themes within this report is a lack of information on certain issues. For instance, there is little information on demographic characteristics of persons migrating into the region. In general, this is due to a lack of communication between governmental agencies. For years, tax returns have held all sorts of information about individuals, yet it was not until 1997 that a collaboration between federal and state agencies resulted in those returns being used to generate data on commuting patterns. Over time, more innovative uses of technology and greater inter-governmental cooperation will hopefully provide more data that will inform decision makers and analysts about the state of the workforce.

One other area where not enough information could be found is in education. Local high schools and colleges do not track graduates and students that have dropped out of school. As a result, nothing could be found that indicates these learners are or are not ready for higher education or the workforce.

In the face of a tightening labor market, area employers may be tempted to make decisions that could hurt the region, such as limiting hiring, outsourcing jobs, or even closing local operations and moving to areas with more available talent. To ensure that this does not happen, the Northwest Indiana Workforce Board and the Center of Workforce Innovations remains committed to workforce development issues.

The 2008 Northwest Indiana State of the Workforce Report was commissioned by the Northwest Indiana Workforce Board (NWIWB) and was compiled and prepared by the Center of Workforce Innovations.

The Center of Workforce Innovations (CWI) is a non-profit corporation formed in 1999 and currently serves as the Regional Operator for the Region 1 and the Northwest Indiana Workforce Board.

Having administered more than 30 public/private ventures intended to improve the quality of the workforce and enhance the business climate, CWI remains a leader in workforce and economic development. With continual efforts to improve education and skill levels among workers in the region, CWI helps to ensure the realization of a higher quality of life.

VISION: Optimizing Talent, Strengthening Communities

MISSION: To be a catalyst for community and business investment in workforce, education, and economic development to build and enhance collective capacity to succeed in a new global economy.

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