

HOWARD COUNTY, INDIANA WORKFORCE REPORT

Produced for:

**Kokomo/Howard County
Development Corporation**

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Compiled and Produced by:

THE PATHFINDERS



Dallas, Texas

TABLE OF CONTENTS

I. EXECUTIVE SUMMARY.....1-3

II. WORKFORCE REPORT.....4-6

A. Total Available Workers 7

B. Cost of Those Workers8

C. Education/Age/Gender9

D. Skills and Experience.....10-11

III. EMPLOYERS’ VIEWS OF WORKFORCE.....12

A. Basic Communications/Calculations Ability13

B. Availability, Attitudes, Productivity14

C. Comparisons with Other Areas.....15-16

IV. NATIONAL COMPARATIVE OBSERVATIONS.....17

A. Costs18

B. Experience19-20

C. Skills21-22

V. CLOSING REMARKS23

EXECUTIVE SUMMARY

The Pathfinders has employed its experience in workforce assessments for corporate site-selection clients and a methodology developed for U.S. Department of Defense projects in assessments of the civilian workforce in locations where military installations were scheduled for closure to produce this evaluation of the Howard County, Indiana workforce. The Pathfinders functions primarily as site-selection consultants for many of America's largest corporations. Senior human resources executives from among those clients assisted in refining this methodology and report format. Moreover, companies which have made location decisions based upon these surveys have reported that when staffing actually began, the numbers reported proved to be accurate and highly reliable. The findings contained herein include the following observations:

- ~~✍~~ In addition to the unemployed in Howard County, Indiana, a new or existing employer will be able to attract employees from an additional pool of about 23,100 **UNDEREMPLOYED** workers.
- ~~✍~~ Those workers possess the skills, experience, and education to qualify them for the pay rates at which they would take a new job, ranging from less than \$7.00 to over \$25.00 per hour.
- ~~✍~~ About 25% of those workers would take a new job for \$10.03 per hour or less. At the upper end, the 25% most qualified and experienced will command more than \$16.93 per hour.
- ~~✍~~ Roughly 4,100 people, neither employed nor seeking work, might re-enter the workforce for the proper job.

The Howard County, Indiana survey area (Carroll, Cass, Clinton, Grant, Howard, Miami and Tipton Counties) has an estimated total civilian labor force of approximately 148,100 people. In addition, the labor shed contains approximately 4,100 unemployed people who are seeking work.

While the unemployed may be considered a potentially good source of employees, the type of quality employer that Howard County, Indiana is attempting to attract typically does not rely on the unemployed to staff a new operation. As a consequence, The Pathfinders was retained to quantify the extent to which UNDEREMPLOYMENT exists in the area, as well as to document the cost, skills, experience, and education of that hidden workforce.

This report presents data quite different from published government statistics which show wages and employment for the entire workforce, most of whom have no interest in changing jobs. This report includes data only on people in the area who might change jobs and would, therefore, be potential candidate workers for a new or existing employer. As opposed to average wages, this report quantifies the number of those workers available for an employer in various wage ranges.

The results of this assessment determined that in addition to the 4,100 unemployed, approximately 23,100 people can be defined as UNDEREMPLOYED: those individuals who would take a better job if offered by a new or existing employer and who possess the skills, education, and experience to qualify them for a better job. Over 8,000 workers in the Howard County, Indiana would do so for \$10.99 per hour or less, while one-half would take that job for \$12.88 per hour or less. A detailed breakout of desired pay is presented herein.

Over 30% of the 23,100 underemployed individuals have some college experience and almost 15% have earned a college degree. As these data relate solely to those UNDEREMPLOYED, they will vary from data representative of the population as a whole.

The reader, however, should consider that while the number of underemployed workers identified in the area is accurate (as are their skills, experience, education, and costs), all of those individuals would not be acceptable candidates for an employer. Their previous work records, stability, integrity, intelligence, appearance, and other factors could not be considered in the report.

Site searches to identify the optimum location for new facilities have been conducted by The Pathfinders for such clients as AT&T, DuPont, Celanese, 3M Corporation, IMC Global, AIG, Ciba-Geigy, and others of a similar stature. The availability of workers is a critical factor in selecting a location for a new operation, and a workforce analysis has been a key component of the site searches conducted by The Pathfinders for corporate clients. The Pathfinders has applied its site-search experience to this assessment of the Howard County, Indiana workforce. In instances where similar workforce surveys have been conducted for corporate clients in site-selection projects, or companies considering expansions the accuracy of the findings has been repeatedly verified as those clients located and began staffing new operations.

The information presented herein has been developed independently of the client, and the client has not influenced the findings. It represents The Pathfinders' objective, professional view of the workforce availability, cost, skills, and quality that a new employer can expect in Howard County, Indiana. Representatives of a prospect company who may read this report should feel free to contact either Joe White or David Brandon in the Dallas office of The Pathfinders (972-418-7588) with any questions.

WORKFORCE REPORT

The current state of the nation's economy is very strong, with production and business activity at near record levels, thus creating an increase in the demand for workers. In most regions of the nation, employers are expressing difficulty in finding workers. Although this difficulty is historically true for skilled workers, recent experience of The Pathfinders indicates that in today's work environment, more employers are expressing the same opinion relative to unskilled workers. The result is an unavoidable upward pressure on wage rates. Howard County, Indiana shares in that strong economy and, as a consequence, The Pathfinders was retained to quantify the extent to which UNDEREMPLOYMENT exists in the area, as well as to quantify the cost, skills, experience, and education of that hidden workforce.

In this study, The Pathfinders employed a methodology developed for U.S. Department of Defense projects to determine civilian workforce characteristics and availability in communities across the nation where military installations were scheduled for closure. That methodology was then refined by senior site selection and human resources executives from among corporate clients of The Pathfinders to produce the workforce information needed in assessing communities as a location for a new operation.

The details of our viewpoint are presented herein. Those details contain current information about immediately employable workers and their job-upgrade objectives. In addition to the hourly wage desires of underemployed persons, this report provides real-time data on the numbers of underemployed by desired-wage category; their marketable employment skills and work experiences; their age and gender characteristics; their educational attainment; and, their one-way commuting distances. Further, we present similar information about those invisible potential workers who are no longer counted in the civilian labor force and who have confirmed their interest in re-entering the workforce given the opportunity to obtain a good job. All in all, these details portray, with field-proven reliability, a presently available workforce which new and existing companies can tap to satisfy their labor requirements.

In this workforce assessment, The Pathfinders conducted telephone interviews with individuals throughout the survey area. Those individuals were stratified across age (19-49), gender, household income (up to \$100,000), local telephone exchange areas, and zip codes. The purpose was to ascertain availability for work with a new or existing employer; to determine desired pay rates; and, to collect information on age, education, commuting patterns, experience, and skills. Sufficient surveys were completed with individuals to produce results for that entire population group which vary by no more than plus or minus 5 percentage points. At that level of variance, the 23,100 people identified as underemployed might actually be as many as 24,255 (plus 5%) or as few as 21,945 (minus 5%). If the survey were repeated 100 times, 95 times out of 100 the results would be the same as those resulting from a survey of the entire population.

The Pathfinders also applied a proprietary process to the analysis of the data to correct for invalid responses. This process considers that to be counted as underemployed, the individual must be currently employed and willing to take another job at a pay rate commensurate with personal skills, education, and experience. Moreover, persons with fifteen or more years with their present employers are not considered to be true candidates for new jobs for the purposes of this study. Those indicating that they would take a new job but also indicating the desire for increased pay that is not reasonable are also not counted in the results. Similarly, an individual who may be truly underemployed but is within a very few years of qualifying for retirement benefits with his or her existing employer may state a willingness to change jobs but is not considered likely to do so and is, therefore, not included in these results.

Current pay alone is not the qualifying factor for underemployment status in this study. Individuals, for example, making \$6.50 per hour, possessing no high school degree or skills, and being in the workforce for less than one year may consider themselves to be underemployed but are not considered to be so in this report. On the other hand, education, skills, and experience may qualify the person making \$22.00 per hour as truly underemployed.

As corporate site-selection consultants, we know that the question which most often drives the search for a new business location is whether the candidate location has the workforce needed. In a poll of our corporate clients, we found that their experience suggests less than 10% of the new hires for their new operations come from the ranks of the unemployed. Instead, they staff a new operation principally with UNDEREMPLOYED people.

The primary source of good employees is the category of the UNDEREMPLOYED, those individuals who are now working but desire a better job and who possess the skills, education, and experience to qualify them for better jobs. In Howard County, Indiana, approximately 23,100 people, ages 19-49, fall in that category. About 10% of these individuals would change jobs for under \$8.01 per hour; one-third would do so for less than \$10.87 per hour; and, one-half would change for \$12.88 or less. This group of people has a variety of skills, with 50% possessing some degree of familiarity with computer operations. (That fact is reflective of the area's adaptation to changing technology in the workplace and in schools.) Additionally, a significant number of individuals within this group exhibits data processing, distribution, manufacturing/assembly, customer service or sales experience, along with comparatively high proportions of warehouse/materials handling, assembly/fabrication and office/data processing skills.

Again, the reader is cautioned that, while the number of underemployed workers identified in the region is accurate (as are their skills, experience, education, and costs), all of those individuals may not be acceptable candidates for an employer. Their previous work records, stability, integrity, intelligence, appearance, and other factors are not considered in this report.

UNDEREMPLOYED WORKERS**Howard County, Indiana**

Total number of workers available for employers	31,300
Underemployed	23,100
Unemployed, seeking work	4,100
Not working, but contemplating re-entering the workforce	4,100

The 23,100 underemployed workers might also be termed upgraders. They desire to move into an upgraded job and appear to possess the skills, education, and experience which enable them to do so. The pay rates they expect to achieve range from under \$7.00 to over \$25.00 per hour.

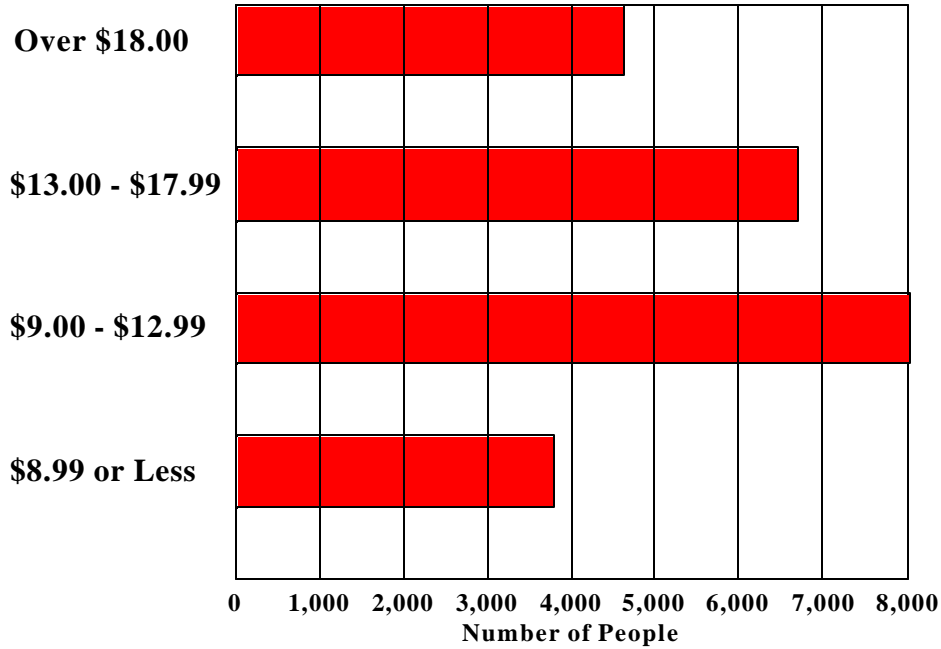
The following charts represent the desired pay rates of the underemployed in Howard County, Indiana. Many workers expressed their wage requirements in weekly, monthly, or annual terms, but all figures in this report are presented in hourly rates. Selected conversions may add perspective to the hourly rates.

CONVERSION CHART

Hourly	Weekly	Monthly	Annually
\$ 8.00	\$ 320.00	\$ 1,386.00	\$ 16,640.00
\$ 10.00	\$ 400.00	\$ 1,733.00	\$ 20,800.00
\$ 15.00	\$ 600.00	\$ 2,600.00	\$ 31,200.00
\$ 20.00	\$ 800.00	\$ 3,466.00	\$ 41,600.00
\$ 25.00	\$ 1,000.00	\$ 4,500.00	\$ 52,000.00

DESIRED WAGE RATE

Howard County, Indiana Underemployed



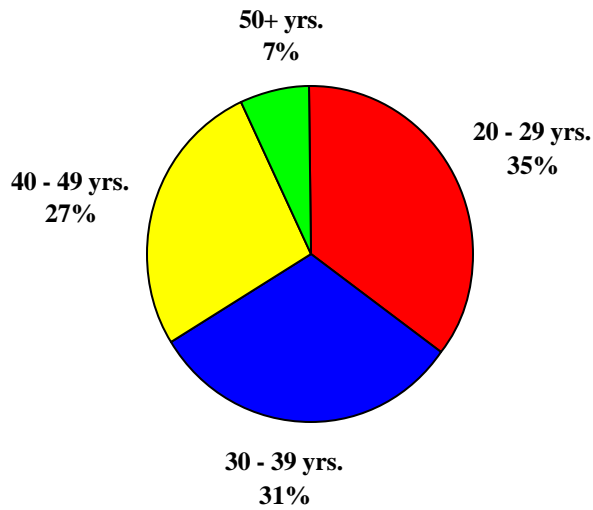
AVAILABLE (ROUNDED) AT SPECIFIC HOURLY PAY RATES

Howard County, Indiana Underemployed

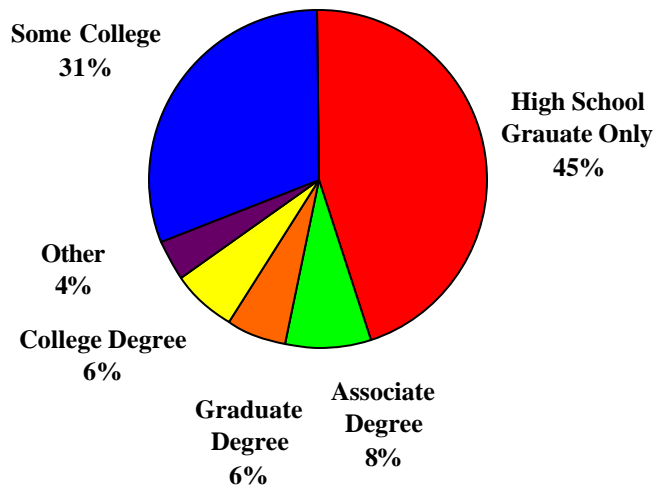
<u>\$ 6.99 or Less</u>	<u>\$ 7.00 - \$ 7.99</u>	<u>\$ 8.00 - \$ 8.99</u>	<u>\$ 9.00 - \$ 9.99</u>
800	1,500	1,500	1,900
<u>\$ 10.00 - \$ 10.99</u>	<u>\$ 11.00 - \$ 11.99</u>	<u>\$ 12.00 - \$ 12.99</u>	<u>\$ 13.00 - \$ 13.99</u>
2,300	1,700	2,100	1,500
<u>\$ 14.00 - \$ 14.99</u>	<u>\$ 15.00 - \$ 15.99</u>	<u>\$ 16.00 - \$ 16.99</u>	<u>\$ 17.00 - \$ 17.99</u>
1,100	1,900	1,100	1,100
<u>\$ 18.00 - \$ 18.99</u>	<u>\$ 19.00 - \$ 19.99</u>	<u>\$ 20.00 - \$ 24.99</u>	<u>\$ 25.00 or More</u>
900	1,000	1,500	1,200

The following charts provide information on the characteristics of the underemployed workers in Howard County, Indiana. These characteristics include selected skills, previous experience, education, gender, age, and commuting distances.

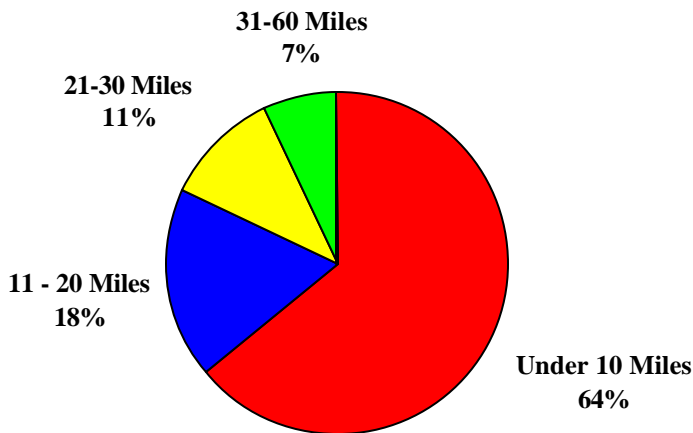
AGE



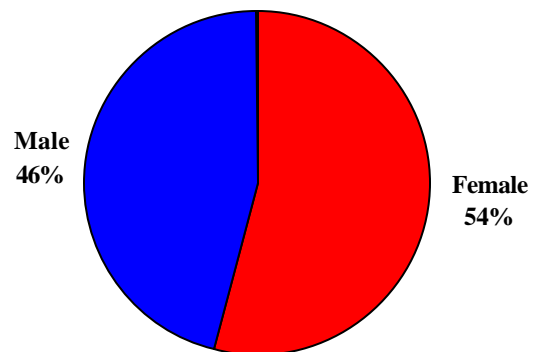
EDUCATION



COMMUTING DISTANCES



GENDER



**EMPLOYMENT SKILLS OF UNDEREMPLOYED WORKERS
HOWARD COUNTY, INDIANA**

Skill	Number of Persons	Percentage*
Office/Data/Word Processing	12,200	53%
Warehouse/Materials Handling	11,300	49%
Assembly/Fabrication	10,400	45%
Maintenance/Mechanical	7,400	32%
Technician/Quality Assurance	4,600	20%
Industrial/Machine	8,300	36%
Telecommunications	5,300	23%
Welding	4,400	19%

**PREVIOUS EXPERIENCE OF UNDEREMPLOYED WORKERS
HOWARD COUNTY, INDIANA**

Experience	Number of Persons	Percentage*
Manufacturing/Assembly	12,200	53%
Sales	10,900	47%
Office/Data Processing	9,700	42%
Distribution	8,500	37%
Government/Processing/Education	4,400	19%
Customer Service	11,100	48%

* All percentages are rounded to the nearest whole

While unemployment rates indicate that there are some 4,100 unemployed persons in the labor shed, the results of this workforce assessment suggest that an additional 4,100 people, not employed or actively seeking work, would re-enter the workforce and take a good job if offered. About 74% of those additional 4,100 people are female, and the group is four and one-half years older on average than the underemployed.

The education of this additional group roughly mirrors that of the underemployed members of the workforce, albeit with a somewhat higher concentration of “college degree” graduates. The same is true for their skills and experience, except that they possess slightly greater experience in call center, government/education and retail or wholesale sales. Similarly, they exhibit competitive measures of office, data processing, word processing, and telecommunications.

The pay rate required by this group to re-enter the workforce appears to be in a range between \$7.00 and \$25.00, with \$10.15 per hour as the median. The lower quartile would take \$8.90 or less, and the upper quartile desires \$10.95 per hour or more.

The determinations for this segment of the workforce have a larger statistical variance than that for the underemployed.

EMPLOYERS' VIEWS OF WORKFORCE

In developing a profile of existing workers in Howard County, Indiana, The Pathfinders considered such factors as labor availability, productivity, unionization, attitudes, costs, and education. The analysis is based upon interviews conducted by The Pathfinders with senior management and human resources professionals from local companies in each of the counties in the survey area. Each of these companies operates in the industrial, commercial, or service sectors. The interview sampling was sufficiently large to make valid workforce judgements.

The Pathfinders asked those employers interviewed to provide a subjective view of their workers, in addition to objective and quantitative measurements of labor productivity, availability, attitudes, and costs. Those employers with operations in other regions of the United States were asked to compare their experiences in those areas with those in Howard County, Indiana.

The area workforce received high marks for productivity. That is consistent with the fact that many of the companies interviewed stated that their local operation compared favorably with operations in other locations in terms of profitability and production. That is indicative not only of good management but also of a very productive workforce.

Based upon The Pathfinders experience in evaluating the labor force in various locations, a definite correlation between productivity, absentee rates, tardiness rates, and turnover appears to exist. That correlation goes beyond the fact that an absent worker is obviously unproductive. Rather, those factors are indicative of an employee's attitude toward the job. Overwhelmingly, the companies interviewed judged absenteeism and tardiness to be manageable. Most of the companies reported turnover to be moderate or low. Most stated that substance abuse incidence is low.

One of the most common employer complaints throughout the nation relates to the basic educational competencies of the workforce. Following are the ratings that Howard County, Indiana employers give employees in the general labor categories relative to the basic educational competencies of reading, writing, and calculations.

PERCENT OF EMPLOYERS RATING

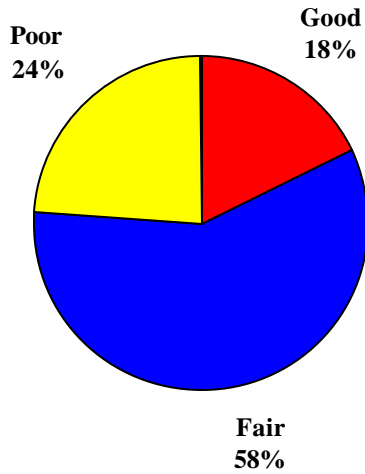
	Excellent	Good	Fair	Poor
Reading/Writing Competency	0%	47%	41%	12%
Calculations Competency	0%	41%	59%	0%

Another common employer complaint relates to the shortage of skilled workers. The availability of skilled workers in Howard County, Indiana must be viewed from the perspective of comparative availability when other areas of the state and nation are considered. Skilled workers are in great demand and difficult to find in the vast majority of locations. Of the companies interviewed, 18% considered skilled worker availability to be good, while 58% considered skilled worker availability in the area to be fair. About half of the interviewed companies rate the availability of unskilled workers in Howard County, Indiana as good to excellent. Viewed together, they provide a composite portrait of employers' experience with and opinions of the Howard County, Indiana workers. Taken in context with the data gathered and presented in our workforce survey, they provide a balanced profile of the attributes of underemployed persons available to fill the labor needs of new and expanding firms.

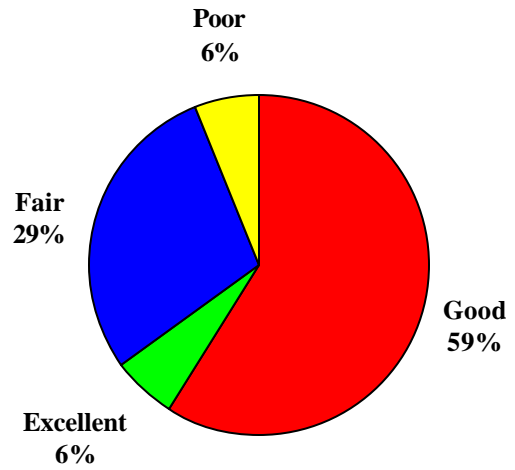
The following charts illustrate additional employer ratings of the workforce in Howard County, Indiana.

PERCENT OF EMPLOYERS RATING

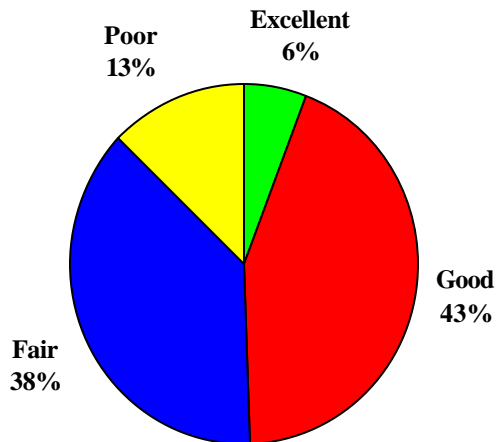
SKILLED AVAILABILITY



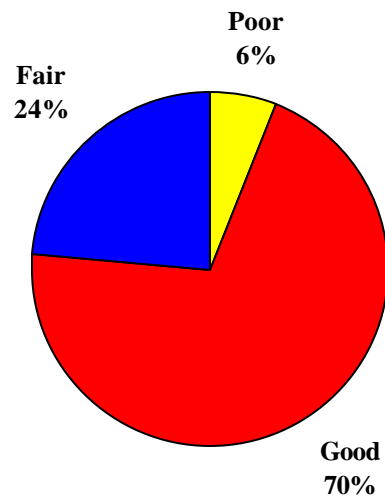
WORKER ATTITUDES



UNSKILLED AVAILABILITY



WORKER PRODUCTIVITY



COMPARISONS OF EMPLOYER RATINGS ALL LOCATIONS / HOWARD COUNTY, INDIANA

The following charts represent the percent of employers in the survey area who gave excellent, good, fair, or poor ratings for the indicated factors. The median and highest numbers represent all locations previously surveyed. For example, 70% of the employers in Howard County, Indiana rated worker productivity as “Good”, while the median of all locations surveyed has been 55% of the employers rating worker productivity as “Good”. Similarly, the highest “Good” rating so far is 82%. Howard County, Indiana is shown as “Survey Area” in the charts below.

WORKER PRODUCTIVITY

Excellent		Good		Fair		Poor	
Highest	67%	Highest	82%	Highest	79%	Highest	11%
Survey Area	0%	Survey Area	70%	Survey Area	24%	Survey Area	6%
Median	27%	Median	55%	Median	13%	Median	7%

AVAILABILITY OF SKILLED WORKERS

Excellent		Good		Fair		Poor	
Highest	20%	Highest	64%	Highest	75%	Highest	80%
Survey Area	0%	Survey Area	18%	Survey Area	58%	Survey Area	24%
Median	9%	Median	33%	Median	35%	Median	31%

AVAILABILITY OF UNSKILLED WORKERS

Excellent		Good		Fair		Poor	
Highest	58%	Highest	71%	Highest	70%	Highest	30%
Survey Area	6%	Survey Area	43%	Survey Area	38%	Survey Area	13%
Median	25%	Median	46%	Median	26%	Median	12%

READING/WRITING COMPETENCY

Excellent		Good		Fair		Poor	
Highest	25%	Highest	80%	Highest	50%	Highest	20%
Survey Area	0%	Survey Area	47%	Survey Area	41%	Survey Area	12%
Median	12%	Median	53%	Median	36%	Median	9%

CALCULATIONS COMPETENCY

Excellent		Good		Fair		Poor	
Highest	29%	Highest	75%	Highest	50%	Highest	25%
Survey Area	0%	Survey Area	41%	Survey Area	59%	Survey Area	0%
Median	10%	Median	44%	Median	40%	Median	10%

NATIONAL COMPARATIVE OBSERVATIONS

As a matter of course in site-selection projects, The Pathfinders evaluates published government workforce statistics. Those statistics, however, depict the entire workforce while only a minority segment of those workers will be considered for or have an interest in new jobs with a company. The characteristics of the select, underemployed workforce group represented in this report may vary significantly from the workforce as a whole as reported in published government data. Accordingly, the information presented in the workforce report for Howard County, Indiana covers those members of the workforce who are, by virtue of their underemployment, potential candidates for new jobs. Existing employers, or new employers recruited to Howard County, Indiana, typically will not depend heavily on the unemployed to staff a new operation or to fill vacancies in existing operations caused by turnover or expansions. Companies look to the ranks of people who are already employed but are seeking to better themselves. Those individuals in that category who possess the education, skills, and experience to merit a better job are classified as UNDEREMPLOYED.

The workforce report issued by The Pathfinders documents the availability of underemployed workers as well as the skills, experience, education, and costs of individuals in that hidden workforce in Howard County, Indiana. This section of the report provides a comparison of the characteristics of the region's underemployed workforce with the underemployed workforce in other communities surveyed throughout the nation. The database includes over twenty-five million workers in hundreds of communities across the nation for whom The Pathfinders has conducted workforce verification surveys. A prospect company considering Howard County, Indiana as a location will judge the area's workforce on a comparative basis. This section of the report will allow local economic development professionals to view the region's workforce in relation to others across the nation.

The workforce verification report documented the number of underemployed workers in Howard County, Indiana who would be available for an employer at various pay rates ranging from \$7 per hour or below to \$25 per hour or above and who have the skills, experience, and education to justify the desired pay rates. The table below shows that 25% of the underemployed workers in the survey area merit and would take a new job for \$10.03 per hour or less. In all locations surveyed to date by The Pathfinders, the lowest pay rate in that lower quartile is \$6.95 or less, the median \$9.18 or less, and the highest pay is \$12.64 or less.

DESIRED PAY – LOWER QUARTILE – UNDEREMPLOYED WORKERS

Desired Pay Rate Survey Area	Lowest Pay Rate All Areas Surveyed	Median Pay Rate All Areas Surveyed	Highest Pay Rate All Areas Surveyed
\$10.03 or Less	\$ 6.95 or Less	\$ 9.18 or Less	\$ 12.64 or Less

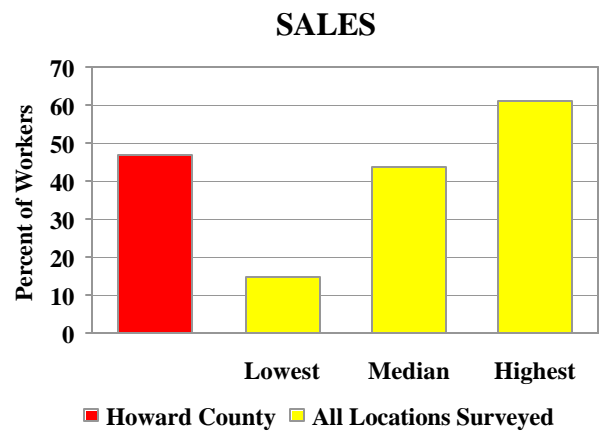
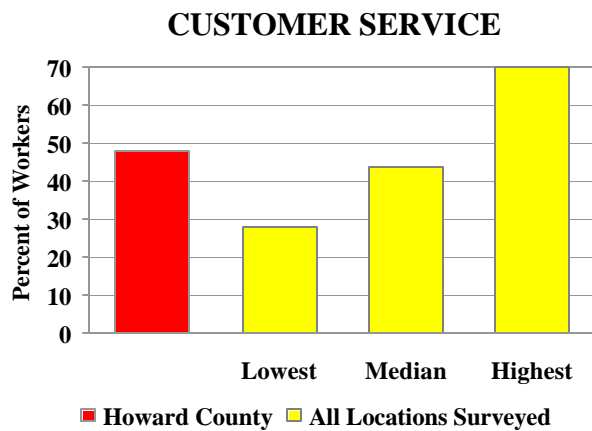
Those in the upper quartile have superior education, greater skills, and more experience. Yet based on current pay rates, they are still underemployed. In Howard County, Indiana, those individuals in the upper 25% can command \$16.93 per hour or more. That wage is just below the median for the upper quartile in all areas surveyed (\$17.27) and is well below the highest of all areas surveyed of more than \$25.00 per hour.

DESIRED PAY – UPPER QUARTILE – UNDEREMPLOYED WORKERS

Desired Pay Rate Survey Area	Lowest Pay Rate All Areas Surveyed	Median Pay Rate All Areas Surveyed	Highest Pay Rate All Areas Surveyed
\$16.93 or More	\$12.67 or More	\$17.27 or More	\$25.00 or More

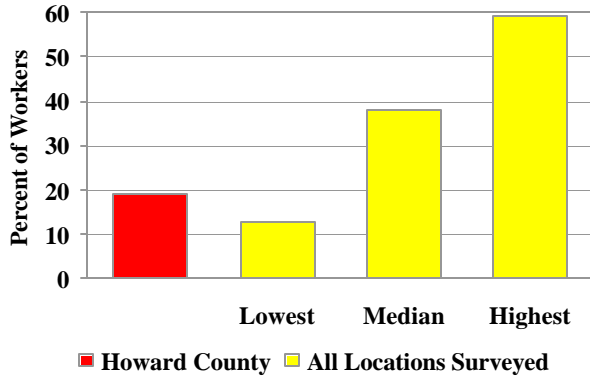
The charts on the following pages compare the percentage of workers in all locations surveyed who have experience in various fields of employment with the percent of workers in Howard County, Indiana who have the same type of experience. These charts are followed by additional charts which compare the percentage of workers in all locations surveyed who are skilled in various types of employment with the percentage of workers in Howard County, Indiana who are skilled in the same fields. Again, Howard County, Indiana is compared to the lowest, median, and highest of all areas surveyed in each experience and skill category.

**EXPERIENCE OF WORKERS IN ALL LOCATIONS SURVEYED
(25,300,000 Workers)**

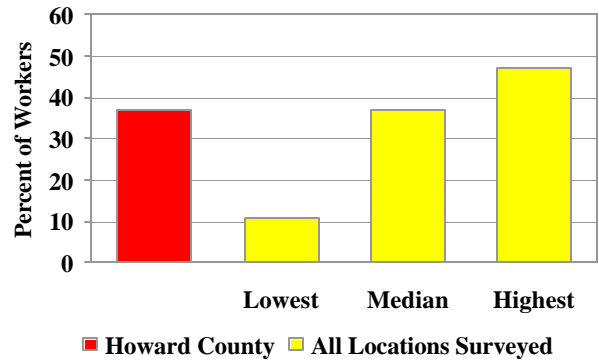


EXPERIENCE OF WORKERS IN ALL LOCATIONS SURVEYED

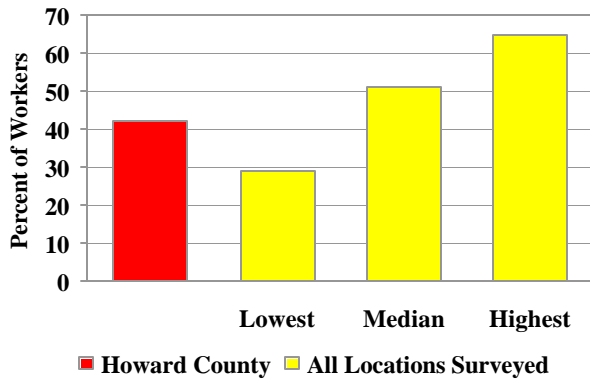
GOV'T/EDUCATION



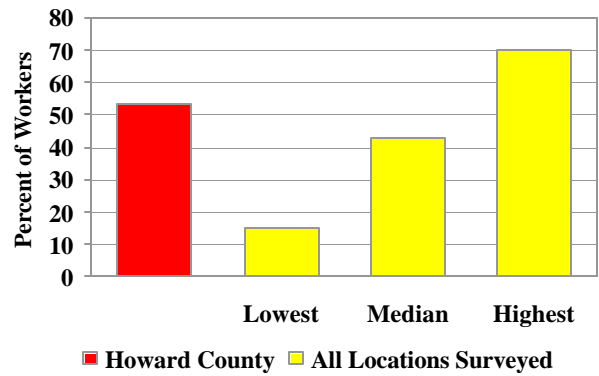
DISTRIBUTION



OFFICE/DATA PROCESSING

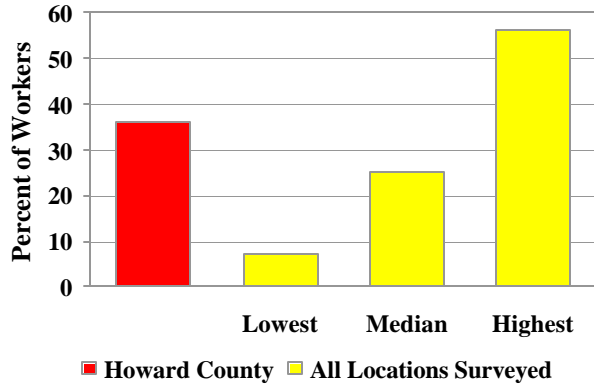


MANUFACT'NG/ASSEMBLY

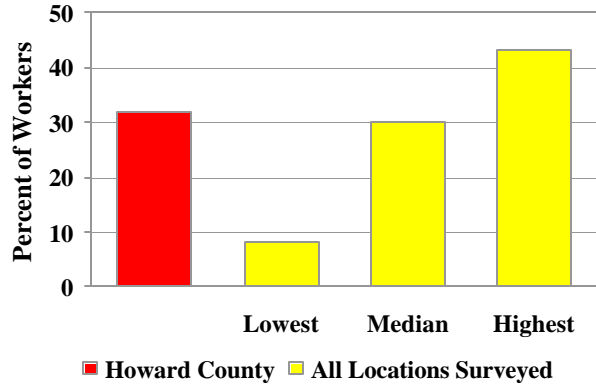


SKILLS OF WORKERS IN ALL LOCATIONS SURVEYED

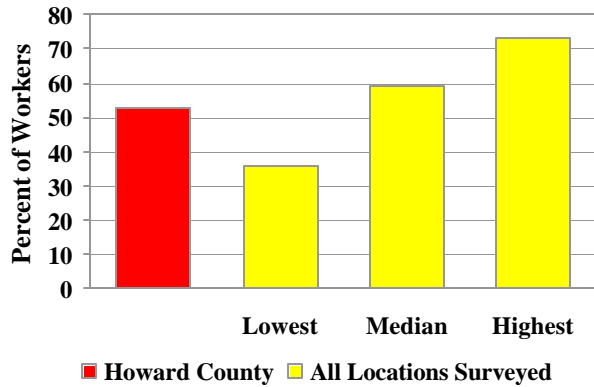
INDUSTRIAL MACHINE



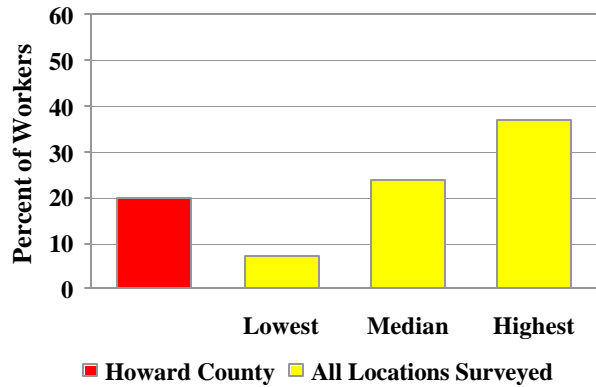
MAINTENANCE



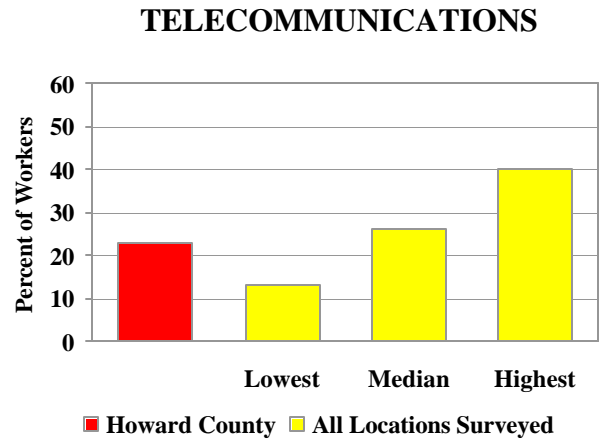
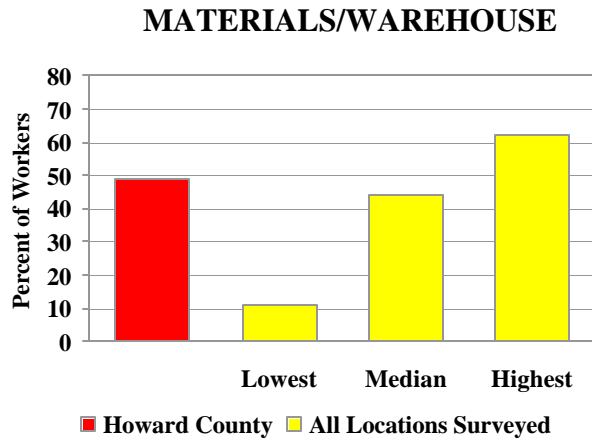
OFFICE-RELATED



TECHNICIAN



SKILLS OF WORKERS IN ALL LOCATIONS SURVEYED



SIZE OF WORKFORCE

Howard County, Indiana	148,100
Largest <u>Previously</u> Surveyed	3,452,000
Median <u>Previously</u> Surveyed	173,000
Smallest <u>Previously</u> Surveyed.....	10,815
Number of Locations Previously Surveyed.....	144
TOTAL WORKERS REPRESENTED IN DATABASE.....	25,300,000

CLOSING REMARKS

The foregoing report represents a workforce assessment of Howard County, Indiana. It includes a set of important interlocking measurements of the number of underemployed workers, their cost, skills, experience, education, reliability, productivity, and related other factors. The information also allows the economic development professional and the site-selection team to view Howard County, Indiana as compared to other locations.

Attention should be given to the Employers' Views of Workforce section in this report which compares local employers' views of the characteristics of local workers with employers' views in other locations where the identical questions have been asked in an identical fashion.

Similarly, attention should be given the final section of this report, National Comparative Observations, which compares costs, experience, and skills of local workers with those in other locations where these surveys have been conducted employing an identical methodology.

More than twenty-five million workers are represented in this database from more than one-hundred survey locations. While the number of underemployed workers in Howard County, Indiana, including their cost, skills, and experience, is the focus of this report, those data should be interpreted in a comparative perspective just as the corporate site selector will in deciding among competing locations.