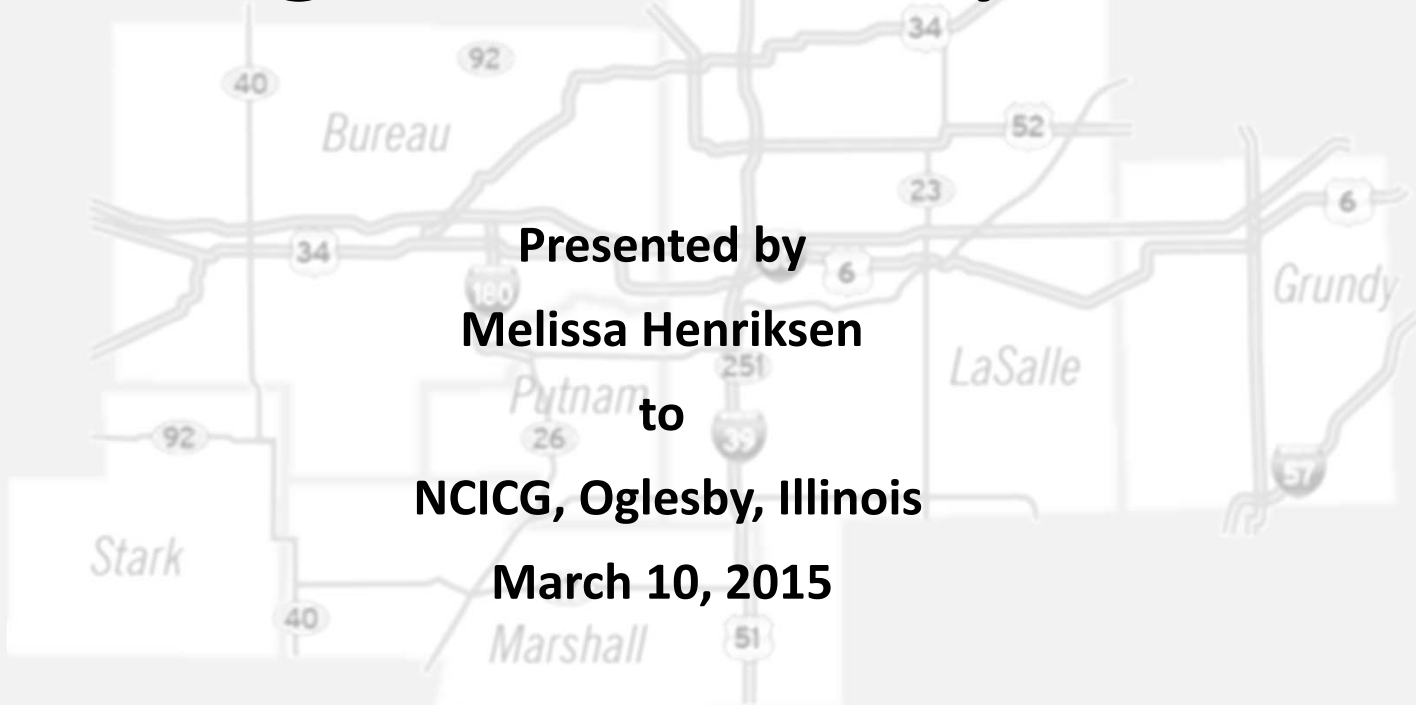


North Central Illinois *Regional Analysis*



Presented by
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to
NCICG, Oglesby, Illinois
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Overview

What Do I, Melissa Henriksen, Actually Do?

- **I Do NOT...**

- Have all the answers – I have lots of possible strategies and best practices to share, but I can not choose for you (*I'm the health instructor*).
- Pretend to know more about your community (ies) than you do...but I may be more impartial 😊
- Run economic impacts—I can explain them, but not detailed analysis.

- The **Center for Governmental Studies (CGS-NIU)** helps decision-makers implement efficient, sustainable, and cost-effective approaches to social, economic, and information management issues.

- **CGS** projects focus on **five outcomes**:

- Reinvigorating local economies
- Supporting local governments
- Promoting balanced communities
- Informing sound decision-making
- Reskilling the workforce

Bottomline: CGS does **really** important things behind the scenes that lead to large reports, with hopefully a handful of great actionable strategies to be carried out by local, regional, state, federal, and sometimes national leaders.

Geographic Scope, Where to Begin?

North Central Illinois Regional Analysis

- Clusters and potential economic development analysis-Laborshed and industry supply chains **extend well beyond borders of any one county/community.**

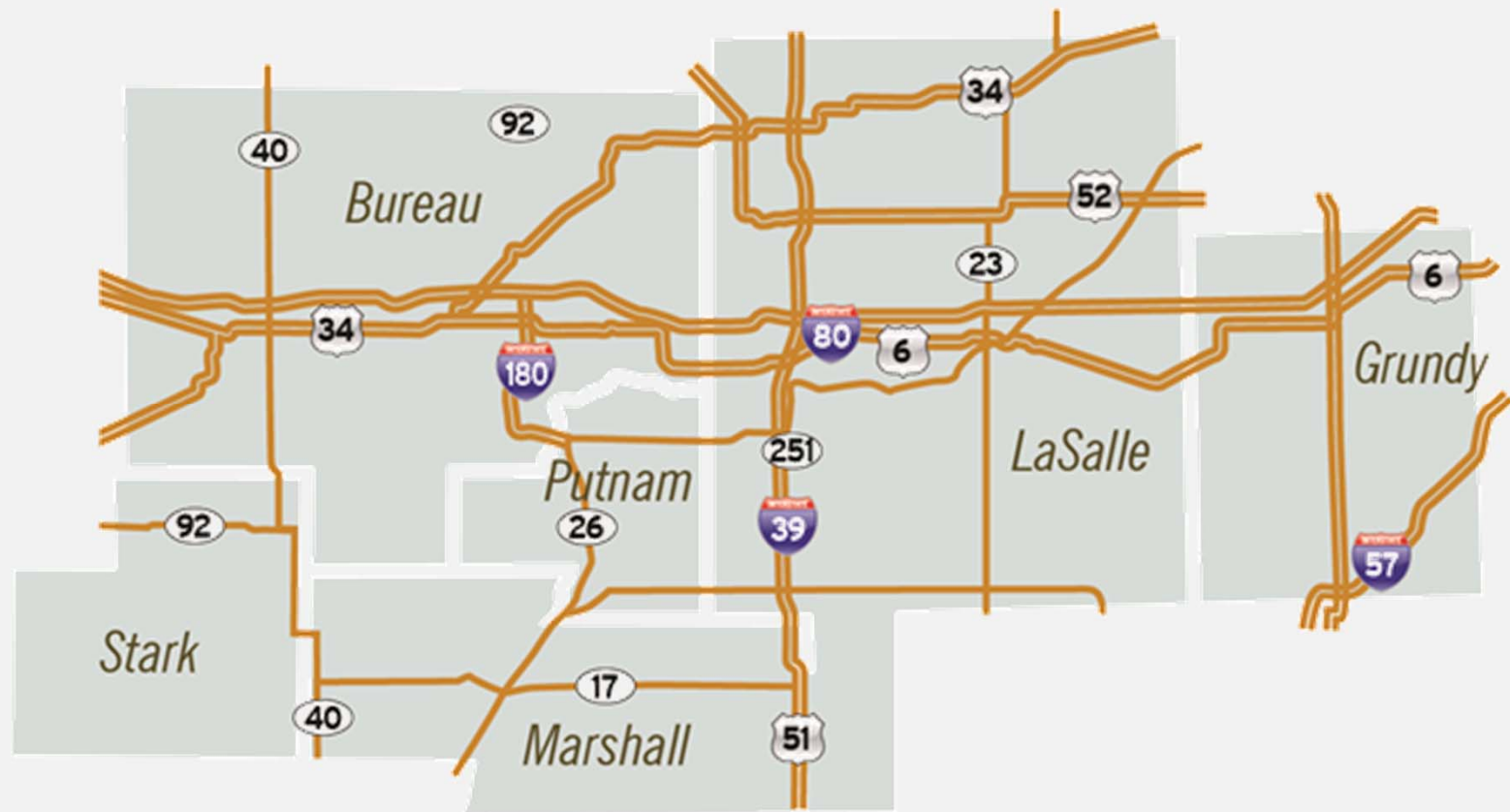
Laborshed: Area from which an employment center draws its commuting workers from, and industry supply chains.

- Cluster analysis identifies potential development opportunities by examining **commuting patterns and linking businesses within a broad geographic context.**

The context for this analysis includes the six counties in the NCICG region (Bureau, Grundy, LaSalle, Marshall, Putnam and Stark Counties).

Geographic Scope

North Central Illinois Regional Analysis



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Methodology-How Did We Get Here?

North Central Illinois Regional Analysis

- Regional analysis included qualitative and quantitative evaluation including:
 - demographics;
 - commuting patterns of the workforce;
 - business trends;
 - existing industry assessment;
 - site selection criteria; and
 - education, business vitality, and site selection rankings.
- Qualitative research included a review of plans related to the regional business climate.
 - *2012 Comprehensive Economic Development Strategy (CEDS): North Central Illinois Economic Development District* document was reviewed and it identified 10 clusters in the region:
 1. Transportation & Logistics
 2. Transportation Equipment Manuf.
 3. Advanced Materials
 4. Primary Metal Manuf.
 5. Machinery Manuf.
 6. Mining
 7. Agribusiness, Food Processing & Technology
 8. Chemicals & Chemical Based Products
 9. Glass & Ceramics
 10. Fabricated Metal Product Manuf.
- Data were derived from a variety of sources including:
 - The U.S. Census Bureau, the U.S. Bureau of Labor Statistics (BLS), the Illinois Department of Employment Security (IDES), and several private vendors.

Overview

North Central Illinois Regional Analysis

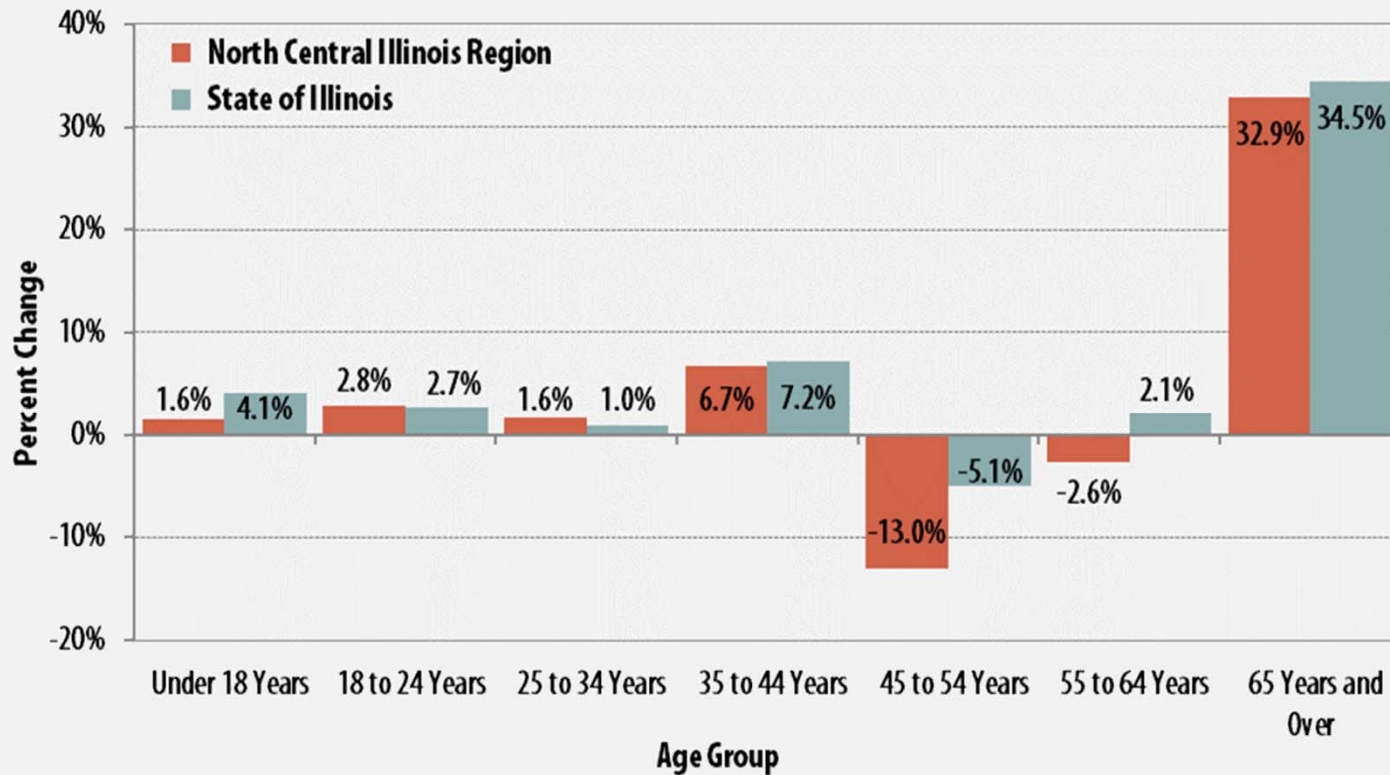
- April 2014, NCICG asked CGS to prepare a regional analysis for its six county service area.
- **The Objective:** to analyze demographic, business trends and characteristics of the region, and ultimately identify industry clusters.
- **Clusters are** concentrations of competing, complementary, and/or interdependent firms and industries which conduct business with each other and/or have common needs for talent, technology, and infrastructure.
- Identified **five high potential industry clusters** that are compatible with existing or proposed land use, zoning, and infrastructure capacity of the development area.
 1. **Agribusiness, Food Processing and Technology;**
 2. **Energy (Conventional and Renewable);**
 3. **Machinery Manufacturing;**
 4. **Mining; and**
 5. **Transportation and Logistics**
- The “recommendations” may be used to develop strategies and marketing for the region; benefit existing, expanding, and new industries; as well as enhance the workforce.

Significant Findings

North Central Illinois Regional Analysis

- **Significant Findings Related to the Five Clusters:**
 - Several clusters consist of industries that serve, or potentially serve, more than 1 cluster.
 - Industries represent opportunity to enhance economic development efforts for greater results.
 - Aligning public investments with industry development strategies will be critical for regional competitive advantage, especially Transportation and Logistics.
 - Expected job growth will vary by industry, but replacement demands for retiring workers will be the greatest source of job openings.
 - Competition for skilled workers will be aggressive given the limited number of younger workers.
 - The *DCEO Illinois Economic Development Plan* was completed in July 2014 and identified several key clusters for Illinois to pursue including:
 - Agribusiness, Food Processing and Technology, Energy, Machinery Manufacturing, and Transportation and Logistics.
 - Over the next five years, business development efforts will focus on these clusters based on their potential for creating and sustaining high paying, value-added jobs.
next decade.

Population Demographics, *Population Trends by Age Group 2014-2025*



Source: Woods and Poole Economics, Inc., 2014.



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Population Demographics, *What Does this Mean for the Region?*

- Number of workers between 18 and 35 is projected to be well below those ages 65 and older.

The aging of the Baby Boomer generation
will

- A substantial number of younger workers will be required during the next 15 to 20 years to **fill new positions as well as to replace Boomers.**
- The succeeding generation of workers replacing the Boomers can lack the values, skills, and knowledge to make them competitive.
- In a recent labor availability report (2014), employers surveyed had favorable opinions about the quality of workforce in the NCI Region.
 - Job readiness of workers, as well as the availability of skilled, technical, and professional employees.

Moving Forward:

- **This transition will be challenging for the North Central Illinois Region**, in less populated areas.
- **Region is unique because of its rapid population growth over the past 20 years and the potential to attract workers from the adjacent metropolitan counties.**
- Need to address the 'values, skills and knowledge gap' through cooperation and creativity by local officials, training facilities, and businesses.

Education Demographics

North Central Illinois Regional Analysis

- The NCI Region compares favorably with Illinois and the U.S. in proportion of residents who have a high school diploma or higher (non-degree) credentials.

Education Attainment, as a Percent of the Population 25 Years of Age and Older

ATTAINMENT LEVEL BY YEAR	YEAR	NORTH CENTRAL ILLINOIS	ILLINOIS	U.S.
High School Graduate or Higher	2010	89.1%	86.9%	85.6%
	2013	89.4	87.7	86.3
	2018	89.6	89.1	87.3
Some College (no degree)	2010	24.7	21.2	21.2
	2013	24.5	21.9	22.0
	2018	23.9	23.1	23.4
Associate's Degree	2010	8.7	7.3	7.6
	2013	8.2	7.3	7.8
	2018	7.2	7.3	8.0
Bachelor's Degree	2010	11.4	19.3	17.9
	2013	11.7	19.8	18.2
	2018	12.0	20.6	18.6
Master's Degree or Higher	2010	5.0	11.7	10.6
	2013	4.6	12.0	10.8
	2018	4.1	12.5	11.3

Source: EASI Analytics, Inc. (2013).

- Area of concern is the relatively small proportion of those with Bachelor's or higher degrees.
 - May not have much effect on the recruitment for production and similar jobs.
 - Can have a negative impact on competitiveness for supplying professional, technical, and managerial workers needed for the industries identified in this report.



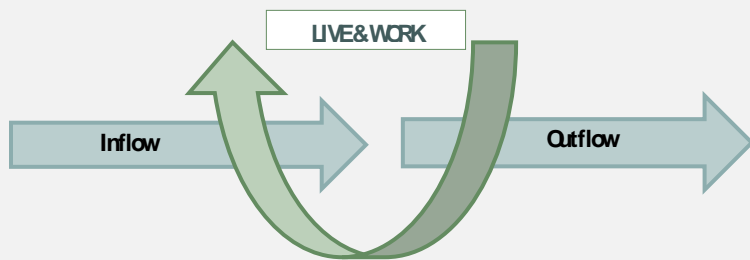
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Workforce Commuter Trends, *North Central Illinois Regional Analysis*

- Worker commuting patterns are one indicator of actual size and scope of regional labor market.
- Commuting patterns are best described in terms of:
 - ‘worker inflow’ (workers living in other areas but employed in the NCI Region); and
 - ‘worker outflow’ (employed residents in the NCI Region who work outside the area).

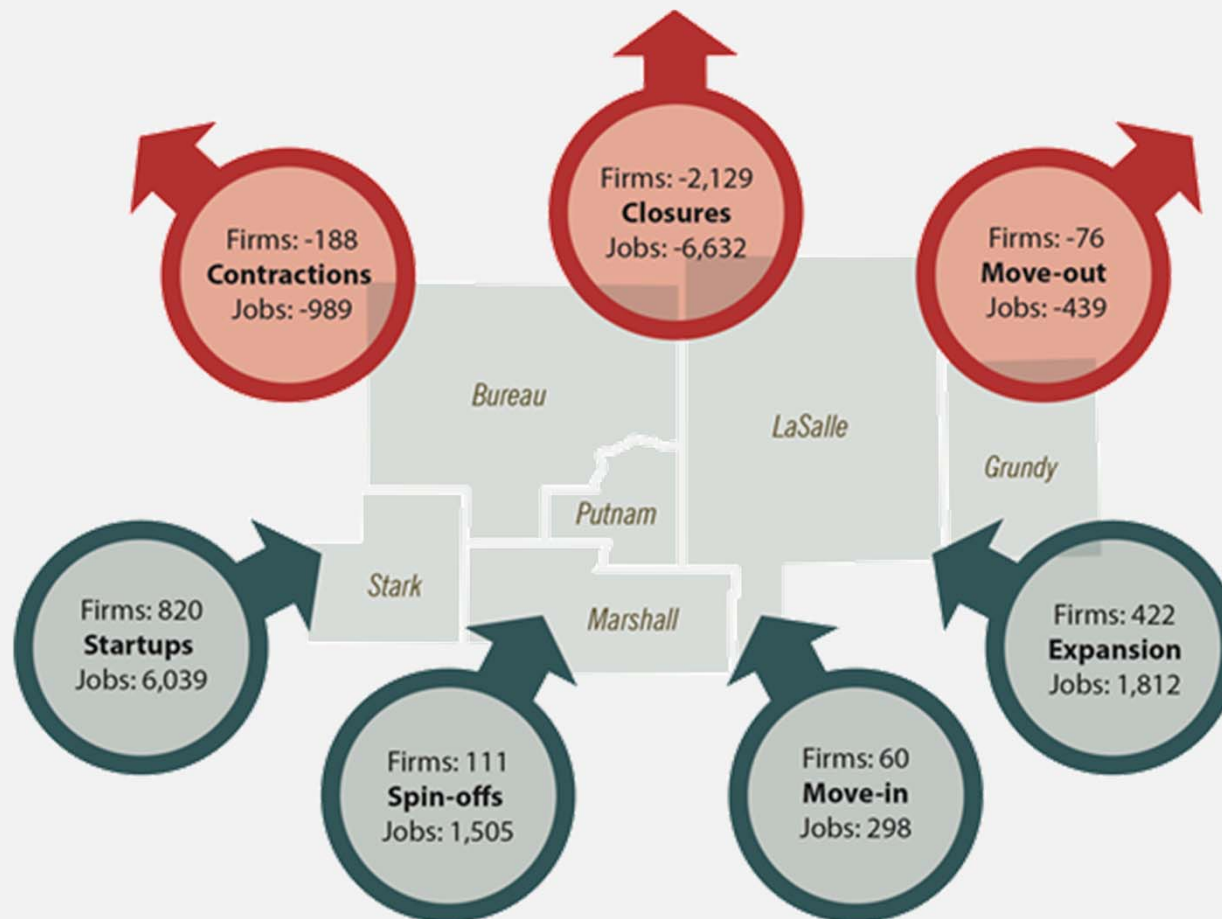


Current out-bound commuters may be attracted to employment opportunities closer to home **provided there is a positive trade-off between compensation and the cost of commuting.**

NORTH CENTRAL ILLINOIS	2011	2008	2005	2002
Workers <i>Employed</i> In the Region	71,338	72,060	72,003	69,627
Workers <i>Living</i> in the Region	98,679	96,483	94,777	90,775
Net Job Inflow (+) or Outflow (-)	-27,341	-24,423	-22,774	-21,148

Source: U.S. Census Bureau. Local Employment Dynamics. (2014).

Business Churn, *North Central Illinois Regional Analysis*



North Central Illinois EDD Labor Availability Report

Key Findings

- The North Central Illinois region has...
 - a household population of approximately 170,100;
 - a civilian labor force of approximately 87,100;
 - and a pool of approximately **9,400 unemployed persons** who are actively seeking work.
- Survey indicates that a new/expanding employer can attract employees from an additional pool of **16,300 underemployed workers**.

Total Available Workers	
Number of Underemployed Workers	16,300
Number of Unemployed, Actively Seeking Work Individuals	<u>9,400</u>
Total Number of Workers Available for Employers	25,700

- Together with the **unemployed**, actively seeking work individuals, the North Central Illinois region has **approximately 25,700 available workers for new or existing employers**.

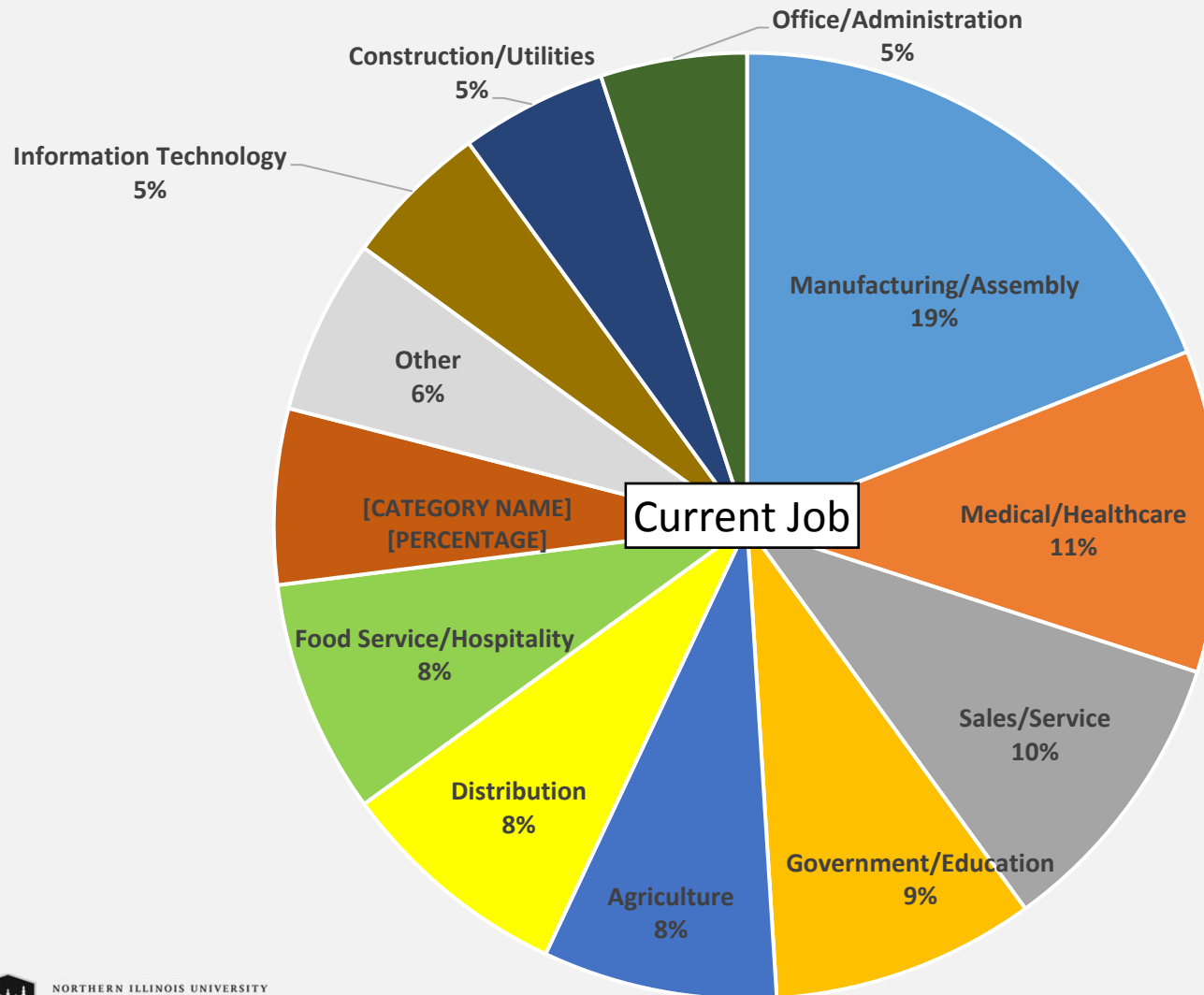
Characteristics of the Underemployed

North Central Illinois EDD Labor Availability Report

- The 16,300 underemployed workers might also be termed “upgraders”.
 - ❖ They desire to move into an upgraded job and appear to possess the skills, education, and experience to do so.
- The gender split is roughly equal (52% Male/48% Female).
- Average age of underemployed respondents is **42 years**; the largest share (34%) are between 45 and 54 years old.
- Approximately 38% of underemployed hold a college or vocational/technical degree. An additional 26% have some college but no degree.
- The average commute distance of the underemployed workers is 17 miles, but would be **willing to commute nearly twice that distance for a better job**.
- Approximately **60% have been in their current job 5 years or less**.

Characteristics of the Underemployed

North Central Illinois EDD Labor Availability Report



Characteristics of the Unemployed

North Central Illinois EDD Labor Availability Report

- There are approximately **9,400 unemployed** workers that are actively seeking work.
- The gender distribution is approximately 2:1 (66% Male/34% Female).
- Average age of unemployed respondents is **41 years**; the largest share (41%) are between 45 and 54 years old.
- Approximately 38% of the unemployed hold a college or vocational/technical degree. An additional 20% have some college but no degree.
- While 51% have been out of work a year or less, **28% have been unemployed for more than 24 months.**
- The most frequently **reason** cited for being out of work was because of **layoffs or job elimination.**



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Employer's View of the Workforce

North Central Illinois EDD Labor Availability Report

The Pathfinders analysis was based on interviews with senior management and human resources professionals from 20 companies in the North Central Illinois region.

Employer Recruitment Methods

Recruiting Method	Hourly Workers Percent of Employers	Salaried Workers Percent of Employers
Word of Mouth	50%	45%
Newspaper Ads	45%	30%
Internet	40%	55%
Staffing, Temp Agency	15%	15%
Walk-Ins	15%	20%

Note: Employers were allowed to select multiple recruitment methods.

Detailed Cluster Analysis

North Central Illinois Regional Analysis

The selected clusters have a significant presence in NCI Region as determined by an assessment of regional factors:

- Demographics
- Economic and Industry Trends, including Location Quotients
- Physical Assets
- Current and Projected Business Climate
- Existing Industries



Detailed Cluster Analysis

North Central Illinois Regional Analysis

Location Quotients (LQ)

Used to evaluate local development opportunities and find businesses especially suited for region.

- ✓ The **ratio of the employment percentage represented by a given industry** in the county to the percentage which industry represents in the state or a representative area of interest.
 - ✓ A **ratio greater than 1.0** indicates a higher local concentration and a likelihood of exports from the county.
 - ✓ A **ratio less than 1.0** may suggest that goods or services are imported into the region.

DESCRIPTION	NORTH CENTRAL ILLINOIS					
	EMPLOYMENT (2012)	EMPLOYMENT LQ(2012)	% CHANGE (2009-2012)	ANNUAL AVG WAGE (2012)	WAGE LQ(2012)	% CHANGE (2009-2012)
Agribusiness, Food Processing & Technology	3,884	22	1.9	\$44,629	31	110.4
Energy (Conventional & Renewable)	4,730	1.4	-1.4	\$67,487	1.4	166.9
Machinery Manufacturing	663	5.7	32.2	\$73,023	7.4	180.6
Mining	1,053	2.3	-2.5	\$81,243	3.4	200.9
Transportation & Logistics	4,095	1.7	13.1	\$45,482	1.9	112.5



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Detailed Cluster Analysis

Agribusiness, Food Processing and Technology

Agribusiness, Food Processing and Technology-
enhances the food production value-chain by increasing the economic value of raw commodities as they move through the stages of production to consumers. Report concentrates on value-added agriculture and food manufacturing.

Key Takeaways

- *High Concentration of Firms and Employment.* Agribusiness, Food Processing, and Technology cluster in the NCI Region has a concentration of firms which is 2.4 times greater the national average and an employment concentration which is 2.2 times greater than the national average.
- *Maintain Specialization in Agribusiness.* The Agribusiness component of the cluster is relatively specialized in the types of agricultural commodities produced with corn and soybeans being the dominant crops.
- *Develop Existing Opportunities for Food Processing.* In the Food processing segment of the cluster, canned or frozen foods, processed meats, bread, bakery goods and livestock feed, have the potential for further development based on their supply chain relationships to other industries in the region.
- *Explore New Opportunities for Food Processing.* Opportunities likely exist for grain and livestock producers to work with food processors to develop new value-added products or to process more locally. *Explore Alternative Value-Added Opportunities.* Alternative value-added opportunities, such as organic food production or the conversion of grain, oilseeds, or by-products into fuel from the bio-based materials.



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Detailed Cluster Analysis

Energy

Energy – encompasses all aspects of energy production, transmission and distribution. It includes conventional sources of electricity and fuel such as petroleum, coal, and nuclear, as well as a range of emerging alternative energy sources and technologies (solar, wind, hydrogen, biomass, and biofuels).

Key Takeaways

- *High Concentration of Firms and Employment.* Energy cluster in the NCI Region has a concentration of firms which is 1.1 times greater than the national average and an employment concentration 1.4 times greater than the national average. The Region also compares favorably with the state which ranks above the national average.
- *Develop Infrastructure to Expand Energy and Other Industries.* Further development of Energy and Transportation and Logistics clusters not only offers the prospect of more jobs but also important infrastructure assets.
- *Continue to Develop Low-Cost Energy.* A distinctive advantage for the state is its relatively low cost of energy, as well as the diversity and abundance of its natural resources. The NCI Region is well positioned to benefit from the state's renewed focus on the development of its diverse energy resources
- *Develop Workforce Training and Skills.* As new opportunities in the Energy cluster emerge, workforce training and skills will be critical to increasing the Region's competitive advantage.

Detailed Cluster Analysis

Machinery Manufacturing

Machinery Manufacturing- comprised of a broad and diverse range of machinery or components which are used in agriculture, mining, construction, or manufacturing.

Major products of companies in the Region include farm and construction machinery, metalworking, and HVAC equipment. Products have a high engineering content, usually involve CAD systems.

Key Takeaways

- *High Wage Jobs with a Strong Presence in the Region.* Despite the continuing declines in the number of firms and employment, the Machinery Manufacturing cluster maintains a strong presence in the NCI Region. Employment concentration is 2.3 times greater than the national average and cluster boasts the highest wages in the NCI Region.
- *New Supply Chain Companies.* Opportunities likely exist for companies to develop new supply chain relationships with companies outside the industries that they already serve. Purchase of Hennepin Steel plant will help create opportunities.
- *Take Advantage of Additional Resources.* The *DCEO: Illinois Economic Development Plan* has identified Machinery Manufacturing and related industries as a focus of its business development efforts over the next five .
- *Competitive Compensation for Machinery Manufacturing Employees.* Production and related employment account for a majority of jobs in this cluster. Ensuring that appropriately skilled production workers are available at competitive compensation rates will be critical to maintaining the Region's Machinery Manufacturing cluster.

Detailed Cluster Analysis

Mining

Mining— includes the extraction, refining and transport of metallic and non-metallic minerals. The North Central Illinois Region has abundant sand and stone resources combined with excellent transportation network linking it to national, as well as regional markets. Focused on the production of aggregates (sand, gravel and crushed stone) for construction and energy industries.

Key Takeaways

- *High Concentration of Firms and Employment.* Mining cluster has a concentration of firms which is 3.8 times greater than the national average and employment concentration 5.8 times the national average. Average wage rates are also well above the average for the Region and have increased significantly.
- *Develop Growth Opportunities.* The going demand for aggregates in the energy and construction industries should continue to provide growth opportunities through the next decade.
 - The *DCEO: Illinois Economic Development Plan* identified the continued development and maintenance of the state's road transportation system as a key strategy for attracting and retaining business and industry.
- *Address Workforce Challenges.* Competition for similarly skilled workers in the mining and energy industries to replace retirees may prove challenging for businesses, educators and workforce officials.

Detailed Cluster Analysis

Transportation and Logistics

Transportation and Logistics— encompasses road, rail, and air freight transportation companies, as well as warehousing, parcel couriers, and related logistics services. Cluster has a growing presence in the NCI Region, driven by access and proximity to Chicago area and regional markets.

Key Takeaways

- *High Concentration of Firms and Employment.* Transportation and Logistics cluster has grown significantly since end of recession in terms of number of firms and employment. Concentration of firms is 1.7 times the national average and employment concentration is 1.4 times the national average.
- *Competitive Compensation for Transportation and Logistics Employees.* Job growth in the cluster is expected be significant, but demand for retiring workers will create most of the demand for new workers. Competition for skilled workers will be aggressive.
- *Take Advantage of Additional Resources.* The Transportation and Logistics cluster has also been cited in the *DCEO: Illinois Economic Development Plan* as one of seven clusters with high growth potential in the state.
- *Leverage Assets of the Transportation and Logistics Cluster.* Transportation and Logistics and the Energy clusters are unique because they create and maintain infrastructure (e.g. roads, rail line and electric power generation) and other assets (e.g. warehousing) that are vital to the operations other industries.
 - The coordinated development and marketing of these assets could be used to attract new business.

Questions?



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