

**State of the Workforce Report**  
**for the**  
**Green River Area Development District**  
**2005**



**GRADDify Your Community .....**  
**Plan Today, Progress Tomorrow**

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Sandra Hastings of Sandra Hastings Associates analyzed the data and wrote this report for the Green River Area Development District.

## Executive Summary

Creation of a vibrant regional community is dependent upon action and significant changes in the Green River Area's workforce and economic landscape. Some of the most critical outcomes of "doing business as usual" are:

1. A decline in the skills of the existing workforce resulting in additional company closures and the inability to attract new economy industries.
2. The inability to grow the quality of life for citizens because a large portion of the population struggles to read and write and therefore they can't compete for higher wage jobs.
3. A labor shortage due to the inability to fill jobs vacated by retirees.
4. An increase in the poverty level of citizens which impacts the attainment of an education and the quality of life if wages don't improve so that all citizens can attain self-sufficiency.

Progress can be accomplished if the region engages key stakeholders in the design and implementation of the new vision. Specifically, the region will want to:

1. **Assess the needs of the business community** to drive the changes.
2. **Create a shared vision for economic wealth** that responds to the needs of the region's businesses and charts the course for a more diverse, prosperous economy.
3. **Let businesses drive the changes** that will improve the climate for their companies and coordinate activities to provide seamless services.
4. **Make the hard decisions.** Communities that forge partnerships for economic wealth have to disrupt the status quo. Thus, success will require the political will of GRADD's leaders to overcome objections.
5. **Engage multiple industries in creating skill initiatives** that result in greater profitability for firms doing business in the Green River area which results in greater economic wealth for all citizens.

This report highlights the strengths, weaknesses, opportunities and threats that the Green River Area Development District will face as it shapes an economic climate that will provide economic wealth for all of its' local businesses and citizens.

**The workforce development system is no longer described by policy makers as a job training and placement system. Instead, workforce development is being defined as a key component of economic development.**

Creating economic wealth and sustaining vibrant local communities is the shared local, state, and national vision. Attainment of this vision requires innovative economic development supported by strong education and employment (i.e., workforce development) systems or as US DOL refers to it “an E<sup>3</sup> partnership.” The Green River Area Development District’s (GRADD) Workforce Investment Board (WIB) is poised to provide leadership for the strategic collaboration of economic development, education, and employment entities to ensure opportunities for citizens and companies to prosper in the Green River Workforce Investment Area.

In fact, a primary goal of the WIB is to create a demand-driven workforce development system that supports economic growth. To accomplish this objective, the WIB will expand its reach beyond workforce issues with participation in economic development conversations and the positioning of workforce development services as part of the overall local area growth strategies. In response to this shift to a demand-driven system, our local career centers will strengthen and redesign services for both business and job seeker customers to support the strategic economic development decisions of the region.

Community wealth is most likely to evolve if there is a strong presence of private industry sector businesses with skilled workers to sustain competitiveness in the global economy. And, the global economy has created complex challenges that businesses must manage to remain competitive in today’s market. Thus, workforce services traditionally provided by the one-stop system must be augmented with new, innovative services to help local companies remain profitable while operating in our local area (e.g., new recruitment services).

The shift to a demand-driven system is being driven by several key national trends:

1. Many states are using “economic development” as the **reorganization motto** for reorganizing their workforce development system.
2. Many communities (especially those in rural areas) have learned it is just as **important to retain and expand existing businesses** as it is to attract new ones--and **increasing the productivity of the workforce** is key to growth. Consequently, many states are supporting the training of incumbent workers as an economic development strategy.
3. Policy makers are beginning to know what program staff has always known - **education, training, and job placement services are ineffective if there are no or few quality jobs**. Creating high-paying jobs on the supply side of the labor market is necessary for the demand side to work effectively.

4. The **education and skill levels** of the area's workforce has long been seen as a **major contributor to new business decisions to operate in a community** and is increasingly important as jobs require higher skills. A recent report by the U. S. Chamber of Commerce indicated "availability of a quality workforce"---ahead of tax considerations---is the prime consideration by companies which are relocating.
5. A community's **economic climate** does have some effect on attracting business, and local **tax rates** are higher when many people are unemployed or on welfare. The "**quality of life**" (another important consideration) is also greatly affected by the number of **unemployed persons**. Workforce development programs have a contribution to make in improving both.
6. An effective "**labor exchange**" means more **productivity** for businesses when the **right person** is found for the job as **quickly** as possible. Increased productivity means businesses can **expand** and when they expand the result is **economic development**.
7. **Post-employment training** is economic development and **on-the-job training** is an example.

Thus, the WIB believes that positioning around economic development issues can unite the workforce development system and its program partners, provide an invigorating vision and rationale, and expand the WIB's influence with local government and business leaders to ensure a more prosperous region. The aim of the GRADD Workforce Investment Board is to mobilize and leverage all of the area's assets to achieve its full potential.

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## Introduction

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### Purpose of the Report

The GRADD Workforce Investment Board commissioned the *State of the Workforce Report* to gain a comprehensive understanding of the workforce opportunities and challenges that the region faces in the coming years. The report describes the ability of our workforce development system to meet the employment needs of business and industry – today and in the future.

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#### *Purpose*

***To help the Board achieve its broad goal of examining and identifying the changing needs of the GRADD region and proactively promoting and/or implementing programs to address those needs.***

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The *State of the Workforce Report* is one of four initiatives that the Board is undertaking to ensure the creation of a demand-driven system. The other three initiatives are:

- ◆ Identifying and reporting how the workforce system’s partners are currently working together to address the recruitment and training needs of local companies
- ◆ Redesigning job seeker services in the career centers
- ◆ Strengthening business services provided by the career centers

To ensure alignment of all of the initiatives, the Board will incorporate the data and recommendations in the *State of the Workforce Report* in the design of job seekers and business services. The Board also plans to initiate conversations with all key stakeholders to obtain additional ideas for enhancing the existing workforce services. These conversations with businesses and job seekers will augment the focus group data already collected from Board members and the staff and the management of the one-stop system. The desired outcome of these meetings will be a set of shared initiatives that will address the common themes across the seven county area. Together, business, citizens, and the organizations that serve both constituencies will collaborate to improve the region with workforce development solutions.

### Content of the Report

For ease of reading, the report is organized into six major content areas:

1. National, State and Local Landscape
2. Business Climate
3. Worker Readiness
4. Preparedness of Youth
5. Capacity to Help Businesses Respond to Universal Business Challenges

### 6. Recommendations for Action

Each section of the report highlights data and trends that are critical for a comprehensive appreciation of the region's assets and challenges. In addition, the report identifies recommendations that can be used to align human capital with the demand-driven workforce needs of all businesses in the Green River Area Development District.

### The National Perspective

During the past couple of years the nation has been slowly emerging from the recession of 2001 which resulted in slow growth and a large number of layoffs. Many of the layoffs in manual labor, services, material handling, technical trades, and administrative support were precipitated by technological advancements and global competition. As the country recovers from this economic downturn it is predicted that the following positive changes will occur during 2004-2006:

- ◆ Return to the pre-recession employment levels with a 1.8% annual growth in employment
- ◆ A 5.4% growth in annual income
- ◆ Reduction of the unemployment rate to 5.7% by 2006

Kentucky Annual Economic Report 2004

Data released in June and July of 2005 support these predictions. The unemployment rate is 5 percent. Two hundred thousand jobs were added in July '05 and nearly 4 million new jobs have been created since May of 2003 (AFP August 06 '05). In addition the nation's growth rate is at 3.5% and productivity is running at a 2.9% annual rate (Business Week June 20 '05).

A robust national economy is dependent upon strong performance in multiple industry sectors. As part of its demand-driven initiative, U.S. DOL has identified the thirteen industry sectors listed below as major contributors to a "high growth" economy based on labor market projections.

#### High Growth Industries

Healthcare	Information Technology	Biotechnology
Geospatial Technology	Automotive	Retail
Advanced Manufacturing	Construction	Transportation
Hospitality	Financial Services	Aerospace
Energy		

Further analysis of the economy predicts that the ten fastest growing occupations from 1996-2006 are:

1. Database administrators, computer support (118% projected increase)
2. Computer engineers (109% increase)
3. Systems analysts (103%)
4. Personal and home care aides (85% increase)

## National, State, and Local Economy

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5. Physical therapy assistants (79% increase)
6. Home health aides (76% increase)
7. Medical assistants (74% increase)
8. Desktop publishing specialists (74% increase)
9. Physical therapists (71% increase)
10. Occupational therapy assistants (69% increase)

Most of these fastest growing jobs require a higher level of education and training than the jobs that were lost over the past five years. For example, most of these ten occupations require some post secondary education or long-term training program. Only home health aides and personal and home care aides can build skills through short-term and/or on-the-job training (21<sup>st</sup> Century Skills for 21<sup>st</sup> Century Jobs '99). The training and education systems will be challenged to prepare individuals for these high demand jobs and even individuals who are prepared for lower skilled jobs will need to demonstrate mastery of a broader portfolio of skills.

U.S. DOL has recommended that state and local demand-driven systems are designed to address the needs of the businesses in the fastest growing industry sectors and the businesses that will have the greatest number of high growth, high wage jobs.

### State of Kentucky

As reported in *The Recent Economic Performance of Regions in Kentucky* (May 2001), Kentucky is a state with "...envious natural resources and beauty, well-endowed with farmland, forests, minerals, mountains, vistas, rivers and lakes." And, because of its location and the expanse of major highways, telecommunications advances, urbanization, improved education levels of its citizens, and significant investments by major corporations, the state has transformed itself into a modern and diverse economy. In fact, with diversification, Kentucky's economy now mirrors the nation's economy in many ways. Thus, Kentucky's economy is expected to continue to grow over the next couple of years and it is predicted that Kentucky will:

- ◆ Achieve moderate growth during 2005-2006
- ◆ Attain pre-recession levels of employment by 2005 – except for manufacturing.
- ◆ Reduce the unemployment rate from 5.9 percent in 2003 to 5.2 percent in 2006
- ◆ Attain a 5 percent per capita income growth between 2004-2006

During the recession of the 1990's Kentucky was spared the downturn experienced by the nation because of its expanding auto manufacturing industry. During the 2001 recession, however, Kentucky did not fare as well because it lost 13.3% of its manufacturing jobs between July 2000 to July 2003 compared to the national loss of 15.5% during the same time period. While manufacturing employment in Kentucky is expected to outpace the national average, it is not anticipated that the lost manufacturing jobs will be recovered during the upswing. In fact, only a fraction of the jobs that were lost will be regained.

## **National, State, and Local Economy**

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And, it is likely that whatever manufacturing jobs are recovered will require a higher set of skills because traditional manufacturing is being replaced by advanced manufacturing which embodies new technologies.

Kentucky's plan for fostering the growth of its diversified economy is to strengthen the new economy's infrastructure to entice businesses to locate and remain in Kentucky while supporting new economy industries that will drive the state's continued growth and development. The infrastructure will:

- ◆ Provide business startup assistance for entrepreneurs – especially high tech businesses
- ◆ Offer state investment funds for early high tech companies
- ◆ Support venture development
- ◆ Expand information technology development
- ◆ Provide seed funding for innovation

The state will target five new economy industries – (1) medical devices, (2) biosciences, (3) advanced manufacturing, (4) energy and environment, and (5) safety and security.

Both goals will be supported by developing a strong research and development capacity, creating and maintaining an entrepreneurial climate, and fostering and maintaining a motivated, educated workforce. Education and training will be expanded to ensure that each student has the opportunity for higher learning and that educational opportunities match the interests and abilities of each learner.

One of the most significant impediments to success is the dearth of workers and emerging workers with the skills that are needed to propel Kentucky's growth. In fact, the ability to advance and sustain a "knowledge-based" economy will require the improvement of the education levels of the majority of the citizens in Kentucky.

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*“As history clearly shows, our economy is best served by full and vigorous engagement in the global economy. Consequently, we need to increase our efforts to ensure that as many of our citizens as possible have the opportunity to capture the benefits that flow from that engagement...One critical element in creating those opportunities is to provide rigorous education and ongoing training to all members of our society.”*

*Alan Greenspan February 20 '04.*

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### Green River Area Development District

Like the nation and the rest of the state, GRADD has experienced the effects of the economic downturn, especially in the manufacturing industry and a reduction in the unemployment rate during the recovery. The Green River local economy, however, is not as diverse as the rest of the state and job opportunities are limited based on the region's reliance on many industries that do not offer high growth, high wage jobs. Specific facts are:

1. It is anticipated that the occupations with the most annual job openings will be food preparation and service workers (169 positions) and cashiers (157 positions).
2. Seventy-two percent of the new jobs of the future will come from retirements with only 28% of new jobs coming from growth.
3. It is predicted that the jobs with the most changes will be commercial drivers (86%), network and computer systems administrators (83.1%), social and human service assistants (76.6), and computer support specialists (66.1%).

In addition, the region has not invested in the creation of a strategic plan to expand the local economy:

1. There is no plan to build on the state's initiatives to target the five new economy industries and/or attract other economically vital industries to the area.
2. The region does not have a comprehensive plan to create an infrastructure to support entrepreneurs.
3. The region's workforce is not prepared to fill the high growth, high demand occupations that would result from business expansion in the new economy industries.

To create a more diverse local economy with better job opportunities, the WIB's long-term goal is to enhance the working relationship between workforce development and economic development. Collaboration for planning, service delivery, and creation of local initiatives will result in cost savings, more creative solutions because of the cross fertilization of ideas, and the reduction of service delivery silos.

A related short-term goal is to prepare workers to take advantage of new and increasing job opportunities in high-growth/high demand industry sectors as they are created. This goal requires the involvement of workforce development, business and industry, education, training providers and economic development agencies. The critical workforce development strategy is to target training and career development resources on helping workers and the emerging workforce develop the skills and competencies needed to work and build careers in key industries.

### Human Resource (HR) Challenges

The immediate short-term goal of the WIB is to develop a coordinated response to the most pressing challenges that all local businesses face. The *State of the Workforce* report will examine the workforce data (i.e., business climate, worker readiness, and preparedness of youth statistics) in relation to these universal HR challenges:

1. Globalization of the workforce
2. Increased reliance on technology for all jobs
3. A diverse workplace
4. Aging of the workforce resulting in potential worker shortages
5. Implications of literacy in the workplace
6. Development of skill ladders and skill lattices within targeted industries
7. Need for high-skilled workers with post-secondary education and training
8. Creation of a flexible workforce
9. “Youth flight” - the best and brightest leave the area

## National, State, and Local Economy

Trend	What the Trend Means	Preparation for the Future
<p><b>Globalization of the Workforce</b></p> <ul style="list-style-type: none"> <li>◆ A world economy</li> <li>◆ Worldwide markets &amp; workforces</li> <li>◆ Technology changes the “where and how” people work</li> <li>◆ Competing on cost <u>and</u> skills</li> <li>◆ Outsourcing <u>and</u> insourcing</li> <li>◆ Manufacturing <u>and</u> services</li> <li>◆ New jobs - not always the same</li> <li>◆ “Physical contact” jobs provide more job security</li> <li>◆ “Higher skills” jobs provide more job security</li> <li>◆ “Make a living” - not just a job</li> </ul>	<ul style="list-style-type: none"> <li>◆ Creation of new high-skilled jobs and lessening demand for low-skilled work.</li> <li>◆ Challenge of being skilled, not stuck in the new economy as technology and globalization open more opportunities for those who have access to the tools.</li> <li>◆ Challenge of flexibility and family as employers seek more flexibility to compete in the global marketplace and workers pursue more opportunities to spend time with families.</li> <li>◆ Challenge of destiny and diversity as employers hire from a more diverse pool of workers creating new opportunities for economic growth but also raising the potential for persistent discrimination and inequality.</li> <li>◆ Loss of low-skilled jobs to other parts of the world.</li> <li>◆ Training priority in high skilled demand occupation jobs.</li> <li>◆ Linkages between school-based and on-the-job training opportunities to build skills over time.</li> <li>◆ Focus on post-employment training to help workers build new skills to use the emerging technological tools.</li> <li>◆ Development of expertise in diversity to help businesses create an equitable workforce with opportunities for all.</li> <li>◆ Establishment of long-term relationships with job seekers to help them develop life-long education goals to ensure marketability in the global workplace.</li> </ul>	<ol style="list-style-type: none"> <li>1. Establish priority for training in demand occupation jobs (ITAs).</li> <li>2. Link ITAs and on-the-job training opportunities to build skills over time.</li> <li>3. Offer post-employment training options to help businesses train workers to use new technologies and tools.</li> <li>4. Help businesses develop workplace equity with opportunities for all.</li> <li>5. Display labor market information <ul style="list-style-type: none"> <li>▪ Target emerging industry clusters</li> <li>▪ Define occupational demand list</li> <li>▪ Target growing businesses</li> </ul> </li> <li>6. Focus on building transferable skills, not just occupations.</li> <li>7. Provide more intensive career counseling and planning.</li> <li>8. Upgrade skills of incumbent workers.</li> <li>9. Help job seekers plan for income, not just jobs.</li> </ol>

**National, State, and Local Economy**

Trend	What the Trend Means	Preparation for the Future
<p><b>Increased Reliance on Technology</b></p> <ul style="list-style-type: none"> <li>◆ All jobs- all of the time!</li> <li>◆ Thinking like a computer</li> <li>◆ Pre- and post-employment skills</li> <li>◆ Technology core competencies as employment prerequisites</li> <li>◆ Not only on the job, but also applying for the job.</li> </ul> <p>Real average wages in high-tech industries increased 19 percent since 1990 compared with a five percent average increase for the private sector in general.</p> <p>The average high-tech job pays 78% more than the average non-high-tech job.</p>	<ul style="list-style-type: none"> <li>◆ The use of computers and the Internet will become more pervasive in the workplace and the functions performed with the computer will dramatically increase.</li> <li>◆ Technology will redefine and reorganize work and skills in the workplace.</li> <li>◆ An increased reliance on technology in the workplace results in higher productivity and higher wages.</li> <li>◆ Technology has fundamentally changed work as we know it (e.g., new opportunities for individuals with disabilities).</li> <li>◆ Technology has eliminated or greatly reduced the need for many jobs (e.g., decrease in need for secretaries).</li> <li>◆ Technology is allowing workers to take the job everywhere (i.e., virtual office).</li> <li>◆ Because of technology workers will have the ability to choose the employment relationship that meets their changing needs (e.g., virtual workplace).</li> </ul>	<ol style="list-style-type: none"> <li>1. Provide computer training (program and internet) for youth and adults as a program and training service option regardless of field of interest.</li> <li>2. Start directing “what to study” not just “complete school to get a good job.”</li> <li>3. Make math and science a strong focus of school programs and make math and science a contextual part of all program activities.</li> <li>4. Influence K-12 education.</li> <li>5. Audit training for technology - survey what technology is where.</li> <li>6. Help businesses set up computer training and technology training (e.g., onsite training, tuition reimbursement, E-learning) to advance the skills of incumbent workers.</li> <li>7. Prepare workers with the soft skills as well as job specific skills to work from home.</li> <li>8. Seek internet access for all. Teach job seekers how to use the Internet as a method for job search and retention as well as a tool for accessing information.</li> <li>9. Promote ITAs in high technology industries.</li> <li>10. Help businesses retrain workers for soon to be obsolete jobs to keep them in the workforce (training and consortium responses).</li> </ol>

Trend	What the Trend Means	Preparation for the Future
<p><b>A Diverse Workplace – Population and Work Practices</b></p> <ul style="list-style-type: none"> <li>◆ More immigrant workers</li> <li>◆ Shifting composition of the workforce</li> <li>◆ Expanded opportunities for individuals with disabilities.</li> <li>◆ Increased recruitment of minority workers to ensure new markets for products</li> <li>◆ Use diversity in corporations to enhance the marketability of existing products and services and to create new niche market products and services.</li> <li>◆ Changes in marketing of products to attract all populations (e.g., auto dealers hiring salespersons from specific ethnic groups to attract buyers from specific subsets of the population).</li> <li>◆ Implementation of diversity staffing initiatives will separate corporate winners from losers.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Over 85% of new workers will be people of color, immigrants, and people with physical challenges.</li> <li>◆ Immigration will have the largest role in the growth of US through 2050 (approximately 820,000 immigrants will arrive yearly and two of three will be of working age).</li> <li>◆ By 2050 one of every two Americans will be a member of a minority group and by 2010 Hispanics will be the largest minority group.</li> <li>◆ Capitalizing on America’s diversity will give employers a competitive advantage.</li> <li>◆ The workforce of the future will include more people of color, an increased number of older Americans, more women and more people with disabilities.</li> <li>◆ Adults with disabilities who have not completed high school is double the rate of adults with no disabilities.</li> <li>◆ Seven of ten white high school graduates, six of ten black high school graduates, and five of ten Hispanic high school graduates go to college.</li> <li>◆ In 1997 college graduation rates varied significantly by ethnic group (13% black, 11% Hispanic, 25% white, and 42% Asian).</li> <li>◆ Sixty-five percent of employers believe that their firms will expand the use of nontraditional workers in the future:             <ul style="list-style-type: none"> <li>▪ On call workers</li> <li>▪ Independent contractors</li> <li>▪ Temporary workers or leasing agency workers</li> <li>▪ Contingent workers</li> </ul> </li> </ul>	<ol style="list-style-type: none"> <li>1. Identify diversity impact by industry because some will be hurt more than others; some will change more rapidly than others.</li> <li>2. Create opportunities or increase access for those with limited-English proficiency.             <ul style="list-style-type: none"> <li>◆ Pre-Employment Vocational ESL</li> <li>◆ Post-Employment Vocational ESL</li> <li>◆ GED classes for immigrants and individuals with disabilities</li> </ul> </li> <li>3. Increase the education levels and offer more training for individuals with disabilities.</li> <li>4. Teach culture awareness, not just language, work ethic and technical skills.</li> <li>5. Train supervisors within area businesses on the changing nature of the workforce and how to deal with cultural diversity in the workplace.</li> <li>6. Increase outreach and targeting of immigrant populations.</li> <li>7. Build long-term strategies to help minorities obtain college degrees.</li> <li>8. Help businesses obtain adaptive technologies to expand employment options for individuals with disabilities.</li> <li>9. Help businesses develop recruitment strategies that will attract workers that want non-traditional work arrangements.</li> <li>10. Promote nontraditional work arrangements to job seekers in discussions and workshops by talking about the benefits of these work options.</li> <li>11. Increase the local system’s relationships with temporary agencies.</li> </ol>

Trend	What the Trend Means	Preparation for the Future
<p><b>An Aging Workforce</b></p> <ul style="list-style-type: none"> <li>◆ Data show a decline in labor force participation by younger workers.</li> <li>◆ By 2015 workers 55 and older will make up almost 20 percent of the workforce, up from 12.9 percent in 2000.</li> <li>◆ Between 2000 and 2010 the 55-and-older workforce will grow at a 3.9 percent annual rate which is 3.5 times faster than the growth rate of total labor force (1.4%).</li> <li>◆ Eight out of ten baby boomers (80%) plan to continue working at least part-time after they reach age 65 compared to 13 % of the 65+ workers today.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Succession planning is critical for businesses to determine the best way to tap into the knowledge, experience, and institutional memory of retirees. Companies will need to decide who will do the work of the retirees.</li> <li>◆ Determination of how to replace retirees because recent downsizing has resulted in fewer candidates for upward mobility and these candidates may themselves be retiring.</li> <li>◆ Difficulty in filling retirees' positions because there is a national decline in the number of workers in the 25-44 year old range which may make it especially difficult to find qualified candidates to fill key positions (e.g., information technology).</li> <li>◆ Competition with other businesses to keep workers not retiring from seeking advancement opportunities in other industries, companies, or sectors.</li> <li>◆ Hiring and/or retaining skilled employees who can develop and use the new technologies.</li> <li>◆ Providing workplace and job opportunities (promotional as well as lateral) that create loyal employees who want to stay in their current jobs and/or companies.</li> <li>◆ Committing training dollars to capacity building efforts that support the businesses' immediate and long-term strategic direction.</li> <li>◆ Leveraging the workforce development system's training dollars to improve workforce competitiveness.</li> </ul>	<ol style="list-style-type: none"> <li>1. Position youth programs as "emerging worker" services and emphasize youth workforce development as a business development solution.</li> <li>2. Assist in succession planning -- learn as much as you can about area businesses so you can help to build the existing and emerging workforce to meet their skill needs.</li> <li>3. Suggest knowledge management strategies.</li> <li>4. Teach "new world of work," workforce values, and how to advance in the workplace.</li> <li>5. Use intergenerational strategies (mentoring and work experience) to assist in knowledge management and history transfer.</li> <li>6. Help businesses determine the best way to tap into the knowledge, experience, and institutional memory of the retirees.</li> <li>7. Work with businesses to develop and promote part-time work options to keep boomers in the workplace.</li> <li>8. Help retiring workers prepare for their new careers-before they retire. Promote jobs and careers in skill shortage areas. Conduct workshops and seminars for older workers to help them prepare for job and lifestyle changes.</li> <li>9. Encourage younger workers and emerging workers to train for jobs in demand occupations with projected skill shortages.</li> </ol>

Trend	What the Trend Means	Preparation for the Future
<p><b>Implications of Education and Literacy in the Workplace</b></p> <ul style="list-style-type: none"> <li>◆ One fifth of the employees in the workforce have minimal levels of math, reading, literacy, and soft skills (e.g., more that 20 percent of adults read at or below the fifth grade level).</li> <li>◆ In 1998, 36% of job applicants failed pre-employment tests in mid and large sized companies.</li> <li>◆ One in five CEOs of high growth firms found deficiencies in the new hires.</li> <li>◆ One in three CEOs has complained that workers don't have the problem solving skills that they need.</li> <li>◆ Less than 20% of jobs in our economy can be filled by unskilled workers.</li> <li>◆ Each year of education results in an 11% increase in the productivity of individual workers.</li> <li>◆ A competitive advantage lies in the minds and methods of workers.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Most training is done by large companies. Low skilled workers are a disproportionate part of smaller firms and yet only 1% of smaller firms provide basic skills training versus 30% of companies overall.</li> <li>◆ Most employers with 50+ employees do some training. Most of the training is for executives, managers, sales employees, computer technicians, not for service and production workers where the skill deficit is greatest.</li> <li>◆ Five skill sets businesses want:               <ul style="list-style-type: none"> <li>▪ Personal life management skills</li> <li>▪ Basic skills</li> <li>▪ Workplace behavior skills</li> <li>▪ Occupational skills</li> <li>▪ Job skills</li> </ul> </li> </ul>	<ol style="list-style-type: none"> <li>1. Align K-12 education with business goals.</li> <li>2. Institute a “pre-employment certification” that guarantees new hires have basic core competencies that all businesses want – computer skills, business reading, writing, and math skills, customer service skills, interpersonal skills, and work ethic.</li> <li>3. Do more pre-referral skill assessments, company-specific skill assessments, and industry-required skill assessments.</li> <li>4. Work with individual customers to increase literacy as follow-up and post-employment activities through employer-sponsored classes offered during work hours in worksite locations.</li> <li>5. Target training services to small and mid-sized companies first.</li> <li>6. Market occupational literacy services for businesses and industries where the problem is most significant and encourage them to build education coalitions to foster the sharing of training costs.</li> <li>7. Help businesses develop onsite basic skills and literacy classes.</li> <li>8. Promote the linkage of adult basic education services with the business community.</li> <li>9. Develop occupational literacy and basic skills classes.</li> <li>10. Encourage service and production businesses to spend training dollars to improve the skills of the workforce.</li> </ol>

Trend	What the Trend Means	Preparation for the Future
<p><b>Development of Skill Ladders and Skill Lattices Within Targeted Industries</b></p> <ul style="list-style-type: none"> <li>◆ Workers get ahead, grow income, increase skills, and create career opportunities in two ways:                             <p><b>Career ladders</b> offer vertical advancement opportunities within a company.</p> <p><b>Career lattices</b> offer horizontal job opportunities across and within companies and industries.</p> </li> <li>◆ Target industries and businesses with these characteristics:                             <ul style="list-style-type: none"> <li>▪ Add substantial number of new jobs to the economy</li> <li>▪ Have a significant impact on the economy overall</li> <li>▪ Impact the growth of other industries</li> <li>▪ Are being transformed by technology requiring new skill sets for workers</li> <li>▪ Are new and emerging businesses that are projected to grow</li> </ul> </li> <li>◆ Potential Target Sectors- Healthcare, Information Technology, Biotechnology, Geospatial Technology, Automotive, Retail, Advanced Manufacturing, Construction, Transportation, Hospitality, Financial Services.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Business are studying how workers move across jobs and industries:                             <ul style="list-style-type: none"> <li>▪ 76% of bank tellers worked in fast food as an entry point to career advancement – similar skills, different product, and different environment.</li> <li>▪ The Marriott Corporation provides skills training to help workers progress from housekeeping positions to management positions.</li> <li>▪ For five years, the City of Los Angeles has been documenting how employees gain skills and expertise to move up the career ladder.</li> </ul> </li> <li>◆ Some companies are developing talent pipelines by identifying hiring patterns and sources for potential future employees.</li> <li>◆ Other businesses are developing skill alliances within and across industries to ensure a steady supply of workers now and in the future.</li> <li>◆ Businesses have found that they can increase their workers’ skills and improve corporate turnover statistics by offering ongoing educational services through company sponsored training or tuition reimbursement programs.</li> </ul>	<ol style="list-style-type: none"> <li>1. Target a couple of higher growth industries in your area and begin to figure out how workers move within the labor market. Where do they start? Where do they go? What skills take them to the next step? Where and how are their skills acquired?</li> <li>2. Encourage job seekers to consider entrepreneurialism as an option to build skills and become more “marketable” and as a way to create personal career paths.</li> <li>3. Begin to ask employers: What kind of position attracted your exiting employees? Where did the person go that left the job vacancy? What are the next two job opportunities for someone who is hired for this job opening? When hiring from the outside, what types of job experience enhances success in your company?</li> </ol>

Trend	What the Trend Means	Preparation for the Future
<p><b>Need for High-Skilled Workers with Post-Secondary Education and Training</b></p> <ul style="list-style-type: none"> <li>◆ Learn to learn before the job; learn the job on the job, learn for a lifetime to keep the job.</li> <li>◆ Lifelong learning for workers is critical and all workers need to protect themselves from becoming “jobsolete.” Almost all working Americans will need to develop supplementary skills to remain competitive in their existing jobs.</li> <li>◆ Jobs are requiring more than a high school diploma.</li> <li>◆ High school completion rate among all foreign born is considerably lower than native born (65% versus 84%).</li> <li>◆ Today the college graduate earns 71% more than the high school graduate.</li> </ul>	<ul style="list-style-type: none"> <li>◆ The 20 occupations with the highest earnings all require at least a bachelor’s degree.</li> <li>◆ Occupations requiring a college degree are growing twice as fast as others.</li> <li>◆ Real wages for men without post-secondary education have declined significantly over the past twenty years. Wages of men with a high-school degree have fallen one-fifth and wages of men without a high-school degree have fallen one-third.</li> <li>◆ For the three out of four American workers without a bachelor’s degree, skills still play an important role. Some of the jobs being created today- from home health aide to desktop publishers- require less than an associate’s degree, but often require other skills.</li> <li>◆ Verbal skills, math skills, organizational skills, and interpersonal skills will be needed in the future.</li> <li>◆ A larger investment in post-school adult education is being made in workers with higher levels of formal educational attainment (80% of young workers with some college, less than 50% of young workers with high-school degree, and only 22% of young workers with no high-school degree).</li> <li>◆ Workers with some college participate in supervisory, professional development or sales and marketing training at about twice the rate of those with a high-school degree.</li> <li>◆ Only six percent of high-school-only workers and under two percent of high-school dropouts participate in computer software training.</li> <li>◆ Companies faced with continuing skill shortages are more willing to hire skills-deficient job seekers and train them through remedial education.</li> </ul>	<ol style="list-style-type: none"> <li>1. Audit training delivery methods. Go beyond the traditional classroom preparation and incorporate more adult learning theories in all programs to begin the process of lifelong learning.</li> <li>2. Teach “learning” as a skill; promote “a culture of learning” in every program activity and reinforce acceptance of learning for a lifetime.</li> <li>3. Work with businesses to teach supervisors and managers how to promote learning in all daily activities.</li> <li>4. Work with businesses to create employer-sponsored programs that encourage life-long learning and attainment of advanced degrees.</li> <li>5. Help individuals with no interest in pursuing a college education choose the appropriate skills upgrade for goal attainment and advancement and then introduce to participants the option of college education as a long-term goal during follow-up services.</li> <li>6. Help individuals access all types of training funds for skill enhancement.</li> <li>7. Prepare job seekers for E-learning and assist them in identifying and accessing E-Learning opportunities.</li> <li>8. Help businesses in targeted industries create remedial training programs for incumbent workers.</li> </ol>

Trend	What the Trend Means	Preparation for the Future
<p><b>Youth Flight</b></p> <p>Retain the youth you have!</p> <p>Retrain any young worker with obsolete skills!</p> <p>Attract new pool of young workers!</p> <ul style="list-style-type: none"> <li>◆ Youth Flight is more than the local availability of job. It is just as much about friends, social life, and fun.</li> <li>◆ When a young person “goes away” to college, she/he is more likely to stay away than those who attend higher education in the area are to leave the area.</li> <li>◆ Younger people who leave the area are most likely to return for two reasons: <ul style="list-style-type: none"> <li>▪ They have started a family of their own.</li> <li>▪ They have an aging family member and become the caregiver.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>◆ This issue may compound the worker and skill shortage and gives new meaning to “no worker left behind.”</li> <li>◆ Retaining the best and brightest youth is a critical component of the solution to the aging workforce dilemma.</li> <li>◆ Young people of TANF families could be the emerging workforce in many areas.</li> <li>◆ Youth programs must attract participants early to keep them longer and mold the workers of the future.</li> <li>◆ Many young people have (and enjoy) busy, busy lives, like to have “things to do,” and seek areas that have social/cultural activities.</li> <li>◆ Businesses are improving policies and practices, including wages, benefit packages, working conditions family-friendly workplaces, leave and flex time.</li> </ul>	<ol style="list-style-type: none"> <li>1. Help businesses create internships and volunteer positions that help school-aged youth choose viable careers in key industry clusters.</li> <li>2. Define, actively target, and reach out to the “lost workers” in your community.</li> <li>3. Promote services to the nontraditional pool of youth workers including individuals with disabilities, welfare recipients, college dropouts, and others.</li> <li>4. Assist individuals and businesses in accessing needed accommodations to be successful at the workplace and continue partnering with Vocational Rehabilitation.</li> <li>5. Research why young people are leaving your community and begin to organize appropriate long and short-term responses. And remember, it’s not all about work, include social activities, child care coalitions, and elder care, too.</li> <li>6. Include both family and individual interventions in your program design.</li> <li>7. Help businesses create workplace cultures that attract educated youth to end out migration of this critical subset of the population.</li> </ol>

### Labor Force Increases

Over the last 14 years (1990 to 2004) GRADD's labor force has grown by 6.17 percent or 5,964 workers.

During the last decade labor force participation was up although GRADD's average (7.2%) was less than the state's average (12.0%) and the average for the nation (13.3%). Since the recession of 2001, however, the state (-0.3%) and GRADD (-0.9%) has lost workers while the nation added workers at a much slower pace (3.4%) from 2000 to 2004.

Approximately 68 percent of the area's labor force works in Daviess and Henderson counties and both counties experienced a loss in labor force participation during the last four years (12.2%).

Additionally, since employment statistics are always based on non-agriculture employment it's important to understand how many of GRADD's citizens support themselves working in farm-related jobs. In 2002 (latest year reporting farm employment) there were 4,403 people employed on farms in the district.

A county by county analysis of the labor force trends highlights differences across the counties during a time of expansion and a time of recession. In the 1990s Daviess, Hancock, and Henderson counties expanded their workforces only to suffer losses during the recession of 2001. In fact, these three counties have lost more than 2,000 manufacturing jobs and 700 construction jobs since 2000. Conversely, McLean, Union, and Webster counties experienced job cuts during the 1990s and job growth since 2000. The increases in the rural counties of Ohio and Union are due to job growth in the coal mining industry which also added jobs in Daviess and Henderson counties. Only Ohio County has had consistent job growth over this fourteen year period.

With the exception of Ohio County which actually realized a net increase of employment in the retail/wholesale trade and the service sector, all other counties have reported a stable employment rate since 2000. Numerous establishments have opened since 2000, but those new jobs have been offset by the loss of jobs due to the closing of other establishments.

There is a shared belief that a significant number of vacancies exist in the service sector (healthcare, professional services etc.) and in the retail/wholesale trade industry due to a dearth of qualified applicants. In addition, some professional service and retail/wholesale jobs do not attract enough workers because the wages are low.

## Business Climate

Labor Force	1990	2000	% Change 1990-2000	2004	% Change 2000-2004
U.S.	125,840,000	142,583,000	13.3%	147,401,000	3.4%
<b>Kentucky</b>	<b>1,766,539</b>	<b>1,979,248</b>	<b>12.0%</b>	<b>1,973,944</b>	<b>-0.3%</b>
<b>GRADD</b>	<b>96,625</b>	<b>103,536</b>	<b>7.2%</b>	<b>102,589</b>	<b>-0.9%</b>
Daviess	44,097	49,965	13.3%	46,055	-7.8%
Hancock	3,597	4,209	17.0%	4,068	-3.3%
Henderson	22,504	23,822	5.9%	22,767	-4.4%
McLean	4,487	4,333	-3.4%	4,606	6.3%
Ohio	8,761	9,677	10.5%	11,132	15.0%
Union	7,127	5,977	-16.1%	7,383	23.5%
Webster	6,052	5,553	-8.2%	6,578	18.5%

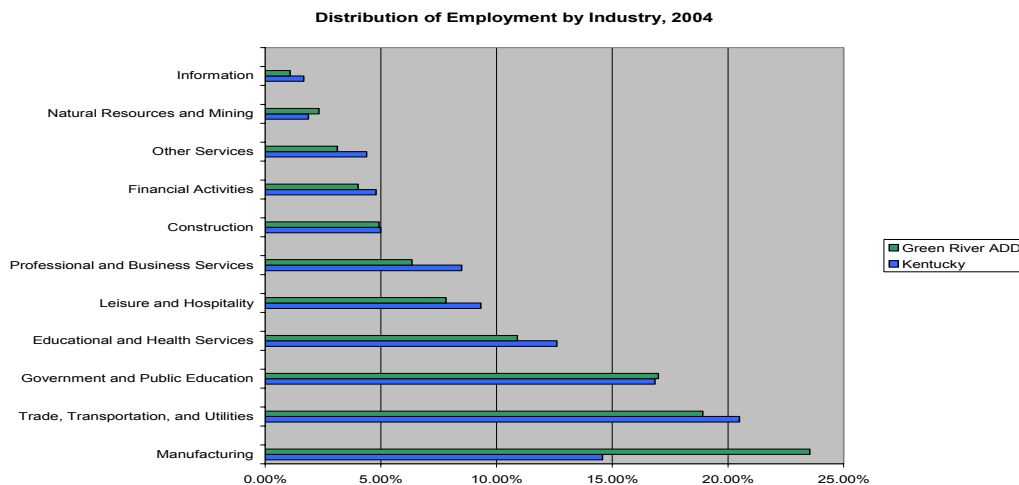
Source: www.workforcekentucky.ky.gov

### Significance

Overall, the availability of more workers bodes well for GRADD. The region will face, however, three significant labor force challenges in the future. First, the workforce system will have to build the skills of the existing and emerging workforce to match the job openings. Second, the Green River area will need to continue to build a larger pool of skilled workers that can attract high growth industries to the area. And, the region will need to minimize out-migration of skilled workers to other areas.

### Manufacturing Sector Leads Employment

As of 2004, the manufacturing sector is the largest employer in Green River employing almost 20,000 people or approximately 25 percent of the workforce. Trade, transportation, and utilities combined employ more than 15,000 workers. Government and public education is the third largest sector employing more than 10,000 employees. Education and health services, leisure and hospitality and professional and business services are the other three industries with workforces of 5,000 or more workers. A comparison to the state's distribution of employment highlights how the GRADD economy is driven by fewer industries than the state's economy.



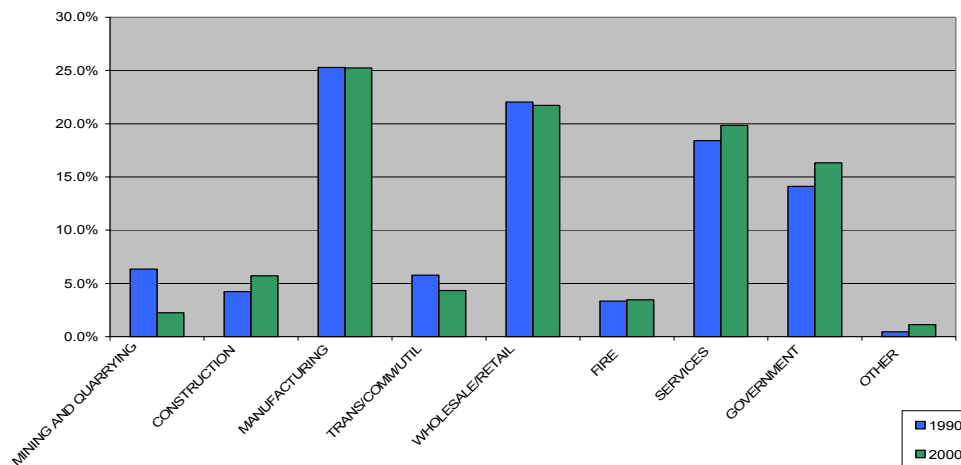
### Significance

Knowing the primary sectors who employ workers allows the region to effectively allocate training resources to build the skills needed for the existing positions. In addition, a comprehensive understanding of the key industry sectors in the region helps the workforce development system prepare workers and emerging workers for the jobs of the future. For example, the manufacturing industry is undergoing tremendous changes that will require new hires to acquire advanced manufacturing expertise to land new jobs that will replace the low-skill higher paying jobs of today.

### Services and Government Have Larger Market Shares

While many areas of the country witnessed a decrease in the manufacturing market share during the last decade, the manufacturing market share in Green River remained constant. In fact, only mining and transportation/utilities experienced decreases in market share. The increase for service and government industries matches a national trend.

Industry Change in Market Share, 1990 & 2000



### Significance

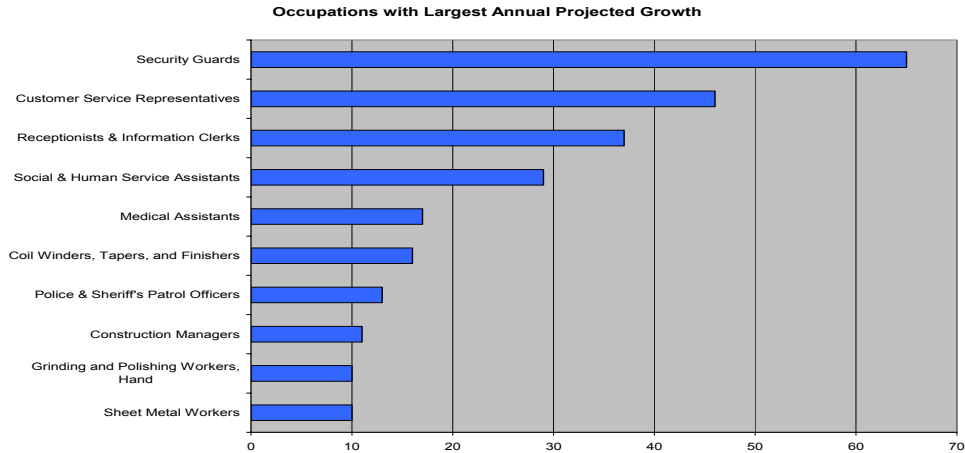
The growth of the services and government sectors and the decline of the mining/quarry and transportation/utilities sectors suggest that the industry base is changing. The gain in employment share of construction, services, and government provide information about corresponding changes in educational demands. While not all occupations in these industries require vocational and post-secondary education, there is a higher demand compared to the declining mining industry. For example, many positions in the service industry are demand occupations with good career advancement opportunities and good wages (e.g., healthcare).

**Most Occupations Require Less Than A College Degree**

To augment the industry data, it is important to understand the key occupations that drive the Green River workforce area. The service, government, and manufacturing/ transportation industries are all represented on the list of Top Occupations. In addition, a number of the jobs can be performed across industries (e.g., secretaries, office clerks, janitors, and cleaners). Only two of the jobs are management jobs. The projected need for healthcare workers mirrors the national trend in healthcare. And, unlike the national trend, only three of the occupations on this list require more than a high school degree or on-the-job training (RNs, General and Operations Managers, and Truck Drivers, Heavy and Tractor Trailer).

<b>2004 Top Occupations (30% of all employment GRADD)</b>			
	<b>Employment</b>	<b>Average Wage</b>	<b>Entry Wage</b>
Other General Secretaries, Admin Assist	3,450	\$ 21,144.00	\$ 14,838.00
Cashiers	2,720	\$ 14,470.00	\$ 12,105.00
Retail Salespersons	2,110	\$ 15,766.00	\$ 12,189.00
Combined Food Prep & Serving	2,060	\$ 13,647.00	\$ 11,849.00
Production Occupations, General	1,950	\$ 25,898.00	\$ 17,237.00
Registered Nurses	1,640	\$ 34,830.00	\$ 24,683.00
Laborers & Freight, Stock, Material	1,610	\$ 18,574.00	\$ 12,508.00
Secretaries, except Legal, Medical, Exec	1,580	\$ 20,522.00	\$ 14,325.00
Maintenance & Repair Workers, General	1,470	\$ 30,313.00	\$ 15,963.00
Office Clerks, General	1,380	\$ 18,966.00	\$ 12,828.00
General & Operations Managers	1,290	\$ 57,798.00	\$ 31,844.00
Truck Drivers, Heavy & Tractor Trailer	1,280	\$ 29,046.00	\$ 18,676.00
Construction & Extraction, General	1,230	\$ 27,671.00	\$ 17,329.00
Nursing Aides, Orderlies & Attendants	1,210	\$ 16,813.00	\$ 12,763.00
Teacher Assistants	1,060	\$ 18,477.00	\$ 14,067.00
Janitors & Cleaners	1,170	\$ 16,330.00	\$ 12,335.00
Customer Service Representatives	1,090	\$ 19,417.00	\$ 15,589.00
First-Line Supervisors, Production	1,020	\$ 43,144.00	\$ 26,324.00
Stock Clerks and Order Fillers	1,010	\$ 17,873.00	\$ 12,860.00

Examination of the ten occupations with the largest annual projected growth further supports these findings. Again, the majority of these positions do not require post-secondary education. Finally, GRADD’s list of top occupations offers fewer good paying jobs than the national list of top occupations.



**Significance**

These lists of occupations suggest that many of the jobs in the region can be performed in multiple contexts which gives GRADD the opportunity to build career lattices for these workers across industries to enhance employment options. Training can also be designed to help job seekers gain the knowledge, skills, and abilities that can be transferred across industries. For example, a customer service representative with a proven job history could be trained to become a medical assistant. In addition, the lack of professional jobs to lure young graduates back to the area adds to the youth flight.

**Majority of the Workforce Is In Low Paying Jobs**

Because most of the area’s top occupations do not require post-secondary education, it is not surprising that workers’ wages are low. Approximately 50 percent of the Green River workforce has a job that pays less than \$25,000 a year and approximately 32 percent of the workforce has a job that pays less than \$20,000. Only 14.8 percent of the GRADD jobs pay at least \$40,000 a year. Since the self-sufficiency wage for a family of three ranges from \$28,000 to \$34,000, it is evident that many of the Green River workers’ families exist at a substandard standard of living.

Wage Paying Jobs	Employment	% of Employment
\$80,000 +	450	0.56%
\$70,000-\$79,999	280	0.35%
\$65,000-\$69,999	350	0.43%
\$60,000-\$64,999	720	0.89%
\$55,000-\$59,999	2340	2.90%
\$50,000-\$54,999	1840	2.28%
\$45,000-\$49,999	1940	2.40%
\$40,000-\$44,999	4030	4.99%
\$35,000-\$39,999	3310	4.10%
\$30,000-\$34,999	10540	13.05%
\$25,000-\$29,999	14040	17.39%
\$20,000-\$24,999	15110	18.71%
\$15,000-\$19,999	18550	22.97%
\$14,999 or less	7240	8.97%

**Significance**

The high percentage of individuals working for low wages is symptomatic of an area that is reliant on industries that do not generate a sufficient number of high paying jobs to create economic wealth for the majority of its citizens. Low wages also impede the attraction and retention of a quality workforce. Specifically, areas that do not have a diverse industry base often lose individuals with post-secondary and college credentials to other parts of the state or other states in the nation which can offer employment that better matches their skill sets. Because twenty five percent of the area’s jobs involve manufacturing, a downturn in this sector which provides many high wage jobs could negatively impact the region’s overall economy.

**Manufacturing Leads Employment in All Counties**

A review of the list of the most significant employers substantiates the other findings in this report. The vast majority of large employers in all seven counties are manufacturing firms engaged in food processing, metal, and automotive production. Metal manufacturing companies pay the best salaries while food processing companies hire typically low wage workers. Two of the major employers are healthcare companies that offer a wide variety of jobs - manual labor to professional with a corresponding range of salaries.

<b>Significant Employers by County</b>		
	<b>Industry Type</b>	<b>Employment Range</b>
<b>Daviess</b>		
Owensboro Medical Health System	Services - Health	2,000 & Over
Daviess County Public Schools	Education	1,000 & Over
Field Packing Company	Manufacturing	500-999
U.S. Bank Home Mortgage	Services - Financial	500-999
Toyotetsu Mid America LLC	Manufacturing	250-499
<b>Hancock</b>		
Commonwealth Aluminum Corp	Manufacturing	500-999
Century Aluminum of Kentucky	Manufacturing	500-999
Weyerhaeuser Company	Manufacturing	250-499
Southwire Co.	Manufacturing	250-499
<b>Henderson</b>		
Tyson Foods	Manufacturing	1,000 & Over
Methodist Hospital	Services - Health	1,000 & Over
Henderson County Schools	Education	1,000 & Over
Gibbs Die Casting Corp	Manufacturing	1,000 & Over
Alcan Primary Metal Group	Manufacturing	500-999
<b>McLean</b>		
McLean County Public Schools	Education	100-249
Advanced Drainage Systems, Inc.	Manufacturing	50-99
Twin Rivers Inc.	Manufacturing	25-99
A & S Fabricating Co.	Manufacturing	25-49
Livermore Brass & Silver Shop	Manufacturing	25 or Less

## Business Climate

Significant Employers by County		
	Industry Type	Employment Range
<b>Ohio</b>		
Perdue Farms	Manufacturing	1,000 & Over
Flexcell Fordsville	Manufacturing	250-499
Nestaway	Manufacturing	100-249
Young Manufacturing	Manufacturing	100-249
Daicel Safety Systems America	Manufacturing	50-99
<b>Union</b>		
Rayloc	Manufacturing	500-999
Sykes Enterprises	Services - Information	250-499
Trelleborg Inc.	Manufacturing	100-249
Dawson Manufacturing Co.	Manufacturing	100-249
The Little Kentucky Smokehouse	Manufacturing	50-99
<b>Webster</b>		
Carhartt Inc.	Manufacturing	250-499
Pittsburg Tank & Tower Co.	Manufacturing	50-99
Pioneer Plastics Inc.	Manufacturing	50-99
Custom Engineering Inc.	Services - Mining	25-49
Scott Manufacturing Inc.	Manufacturing	25-49

Top 100 KY Manufacturers and/or Support Service Facilities Source: [www.thinkkentucky.com](http://www.thinkkentucky.com)

### Significance

Local areas with a diverse industry base are generally protected from the impact of a downturn in a single industry or industry cluster. These areas are able to absorb the dislocated workers in new jobs and are able to offset the downturn in one industry with expansion in others. Because almost 25% of GRADD citizens work for manufacturing firms, the area is susceptible to significant fallout from a downturn in any of the manufacturing firms. Additionally, it is often difficult for these laid off workers to find jobs with comparable wages because they do not have the transferable skills they need. For example, workers losing their manufacturing jobs cannot apply for many healthcare openings because they do not have the requisite skills. And, the problem could be exacerbated because the area does not have multiple industries that provide high wage job opportunities. The region may also be vulnerable because of the trend for manufacturing firms to move manufacturing operations overseas to cut production costs and increase profitability.

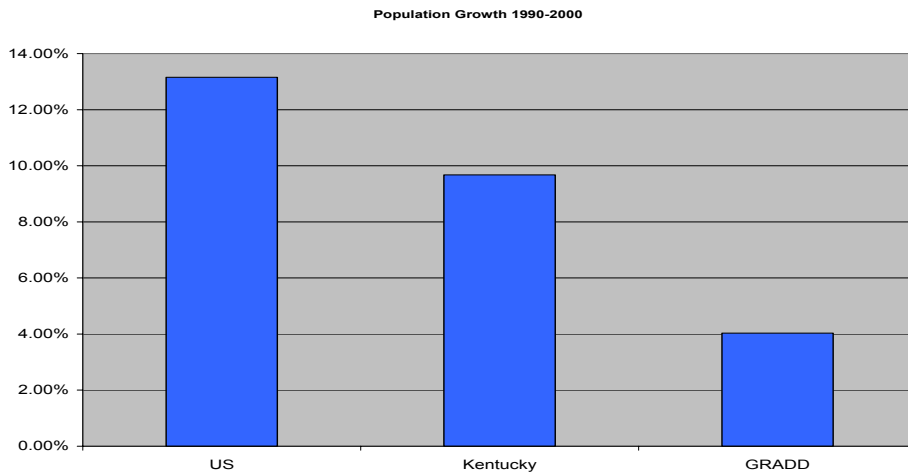
It is expected, however, that the service industry – especially healthcare - will continue to add jobs – short-term and long-term. Many of these jobs will be higher paying jobs. This increase in jobs may offset any losses that would be realized with a loss of manufacturing jobs. The challenge will be to quickly fill anticipated healthcare labor shortages with retrained workers from the other major industries while preparing the emerging workforce for the better paying jobs in the service industry that may go unfilled due to the lack of qualified applicants.

**Population Growth Is Less than the Nation and the State**

During the last decade, the population in the GRADD grew very slowly (4.3%). In fact, both the state population growth (9.63%) and the national population growth (13%) far exceeded the modest gains seen in the Green River area. Only FIVCO (2.38%), Big Sandy (-2.72%), and Kentucky River (-2.30) had less growth.

Ohio County had the largest rate of growth (8.6%), Webster County had the smallest rate of growth (1.2%), and Union County had the only loss (-5.6%) during this timeframe.

Green River accounts for 5.1% of Kentucky’s total population (207,377 residents of the 4,041,769 residents in the state).



**County population figures are as follows:**

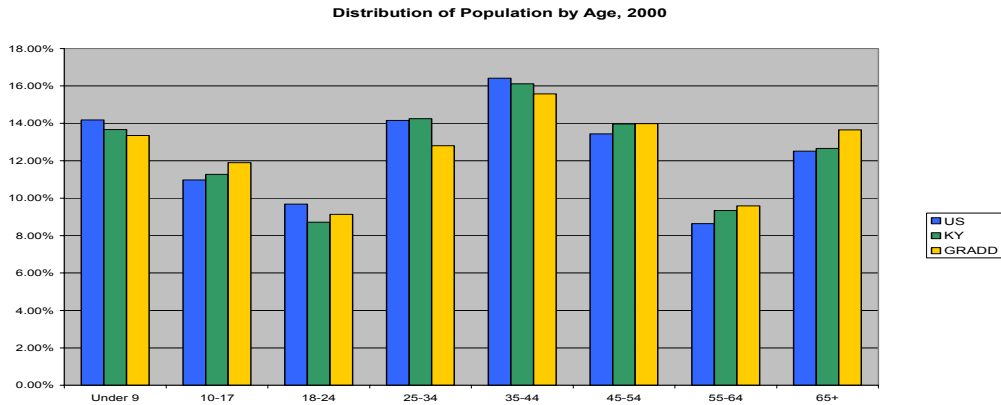
	1990	2000	% Change
<b>Daviess</b>	87,189	91,545	5.0%
<b>Hancock</b>	7,864	8,329	5.9%
<b>Henderson</b>	43,044	44,829	4.1%
<b>McLean</b>	9,628	9,938	3.2%
<b>Ohio</b>	21,105	22,916	8.6%
<b>Union</b>	16,557	15,637	-5.6%
<b>Webster</b>	13,955	14,120	1.2%

**Significance**

Population increases have significant meanings for government officials in terms of economic development, availability of a workforce, zoning, housing, local infrastructure, schools, transportation and other necessary services to support a community. Additionally, population growth spurs labor market growth. Ensuring a stable population growth will allow an area to attract new business by providing a steady pool of workers. Because GRADD’s population growth is one of the smallest in the state, it may be difficult to attract and retain businesses and the requisite workforce.

**Age of the Region's Population is Greater Than the State and Nation**

GRADD has a larger percent of residents over the ages of 45 than both the state and the nation. While GRADD has a larger percentage of workers in the 18-24 year old range than the state, it's percentage of workers in the 25-45 year range is less than both the state and the nation. The data also suggests that the emerging workforce (almost 12%) is greater than the approximate 9% of the population that could be retiring in the next ten years.



This data is misleading, however, when “brain drain” statistics are factored into the equation.

	15-24 Year Olds in 1990	25-34 Year Olds in 2000	Gain or Drain
Daviess	12,372	11,553	5.7% drain
Hancock	1,160	1,131	2.5% drain
Henderson	5,791	6,002	3.6 % gain
McLean	1,329	1,295	2.6% drain
Ohio	2,838	2,952	4.0% gain
**Union	3,706	1,796	51.5% drain
Webster	1,855	1,821	2.0% drain

Someone who was 15-24 years of age (high school-college) in 1990 would be between 25-34 years of age in 2000 (the brain gain or drain age)

*\*\* Union County figure is misleading because a large concentration of the youth (15-24 years of age) is at the Earle C. Clements Job Corps Academy. Nearly 100% of the youth at the center are not residents of Union County and therefore, return to their home base after training*

Approximately, 60% of the Green River population is of working age and 38.5% is part of the experienced workforce (ages 35-64). In addition, there are sufficient numbers of young people in the area to replace exiting workers who can be expected to retire in the coming decade if the region can reverse the existing brain drain.

## Worker Readiness

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### Significance

Analysis of the age distribution chart provides an understanding of the labor supply of the future and allows the area to predict labor shortages. If the area's economy remains stable, an overall labor shortage should be avoided. If, however, the area experiences unprecedented job growth or high migration out of the area by the emerging workforce, the population would be insufficient to meet the demand of the local companies.

The aging of GRADD's population will also require additional support services for those over 45 years of age. In response, a multitude of health care services – new and expanded- could be expected to fill the emerging needs. New spin off businesses could thrive as well.

To ensure an appropriate labor supply for area companies, GRADD needs to reduce the outward migration of the emerging workers, to entice workers to relocate to this area and to re-evaluate current recruitment practices to maintain a viable labor pool. The WIB will want to develop public/private partnerships to find solutions to an inadequate supply of skilled workers for specific industries. Some public strategies include tapping into alternative labor pools including older workers and accessing youth training programs. Additionally, businesses will need to offer flexible work hours and other attractive benefits to recruit and retain a skilled workforce while using government assistance to grow and develop their competitive positions.

### GRADD's Population Is Becoming More Diverse

GRADD Population Change by Race 1990 - 2000				
	1990	% in 1990	2000	% in 2000
White	188,075	93.99%	193,480	92.32%
Black/African American	10,320	5.16%	9,969	4.76%
Hispanic or Latino	753	0.38%	2,193	1.05%
Other (Indian, Asian)	947	0.47%	1,943	0.93%
Two or More Races	0	0.00%	1,985	0.95%

\* Two or More Races data is misleading because U.S. Census recently began tracking that measure

Although GRADD's population is predominately Caucasian (92.32%), there has been a slight increase in the number of Latinos (.67%) and Asians (.46%) that reside in the seven county region. Conversely, the percentage of White (-1.67%) and Black ((-.4%) citizens has declined. The shift in population, however, is not evenly distributed across the region. Members of minority populations tend to migrate to the larger population areas in the region and close to the food processing plants that employ them.

## Worker Readiness

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Population Change in People of Hispanic Origin & People of Asian Decent 1990 - 2000		
	Numeric Growth Hispanic Decent	Numeric Growth Asian Decent
U.S.	12,951,759	5,499,580
Kentucky	16,901	4,093
GRADD	898	45
Daviess	297	106
Hancock	28	-9
Henderson	206	-9
McLean	53	-2
Ohio	129	10
Union	-30	-36
Webster	215	-15

Source: U.S. Census

In fact, Latinos have primarily been locating in Daviess (297), Henderson (206), Webster (215), and Ohio (129) counties. Only Union county has experienced a decline in Latino residents (-30). Asians settling or resettling in the region have chosen to live predominantly in Daviess county (106) with a decrease in Asian population in all other counties but Ohio (increase of 10).

The region's changes in race can be used to predict future demographic trends. Based on the 1990-2000 shifts and the national projections (i.e., Latinos will be the number one minority group in the US by 2010), GRADD can anticipate the greatest change in population will be the continued growth of Latinos in the counties' communities.

### Significance

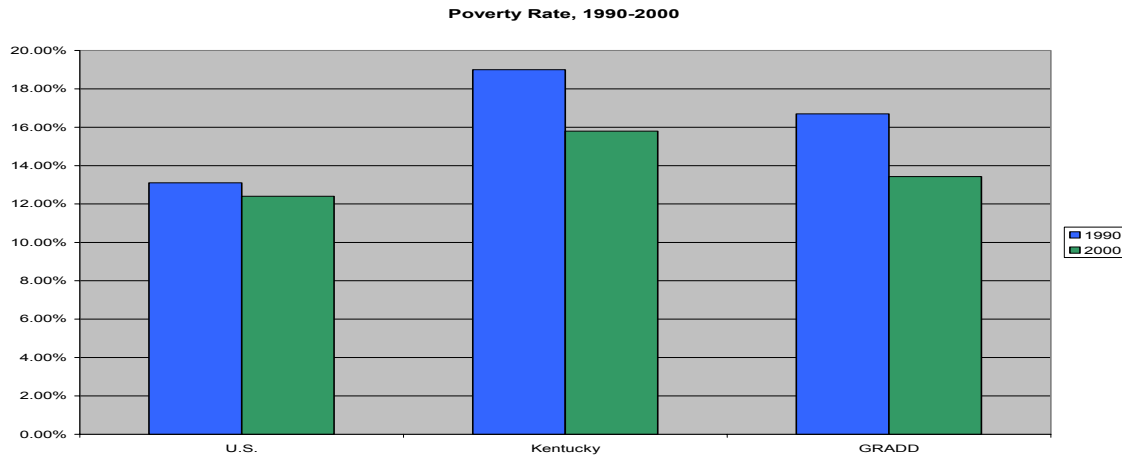
The region will want to use these projections to develop additional workplace, school, and infrastructure resources to support these minority families. For example, occupational English as a Second Language classes may need to be expanded to help new residents prepare for the workplace. Employers may also want to offer occupational Spanish classes for their existing workforce (staff and management) to help them communicate with co-workers and employees. With the anticipated increase in Spanish-speaking individuals in the county, the demand for additional language related services for those who do not speak English will most likely grow. And, companies may require diversity training to seamlessly blend cultural differences at work.

While hard data does not exist to substantiate the claim, focus group participants indicated that there is a substantial illegal alien population present in the region. This population is a particularly difficult population to reach since they prefer to remain invisible and many of them do not speak or read English fluently. For this reason, services that exist to help this population's transition into and advancement in the workforce need to be marketed so that they are accessed by the majority.

### The Poverty Rate Is Decreasing

Both the state and GRADD poverty rates were higher than the U.S. average in 1990 and in 2000. The poverty rate for all three categories, however, did decrease during that ten year period. In fact, the poverty rate in GRADD was reduced by approximately 3% during this decade and remains below the state's average.

In 2000 the urban counties of Daviess (12.4%) and Henderson (12.3%) had lower poverty rates than their rural counterparts (range from 13.4% in Hancock to 17.4% in Union).



### Significance

Poverty levels in a local workforce area contribute significantly to the quality of life. Often, there are corresponding problems that surface in healthcare and education services, including youth services. In addition, childcare and transportation barriers often pose employability challenges. Because having a dependable workforce is a universal mandate for local employers, it is essential that services are available to provide the support that adults need to find and keep jobs. Simultaneously, the area's emerging workforce will need services to overcome the poverty-related risks that will keep them from full participation in the workforce of the future.

### Per Capita Income Does Not Keep Up

While GRADD's per capita income lags behind the per capita income in the state and the nation, it grew by 61.7% in the 1990s. This growth was similar to the growth of the state (62.2%) and both exceeded the U.S. per capita growth rate of 49.7 percent.

Daviess (\$18,739) and Henderson (\$18,470) counties have per capita income rates that are similar to the state average (\$18,093) while the other five counties have per capita income below the state and GRADD averages.

## Worker Readiness

Per Capita Income, 1990-2000		
	1990	2000
U.S.	\$14,420.00	\$21,587.00
Kentucky	\$11,153.00	\$18,093.00
GRADD	\$10,992.00	\$17,777.00

### Significance

Because per capita income is a reflection of the quality of life and GRADD residents make less than their state and national counterparts, this is a critical economic development issue. Economic growth in the seven counties with commensurate wage gains is necessary for residents to afford housing and other essentials while maintaining a high standard of living. High per capita income also attracts new workers to a region.

### Education Levels Are Too Low

Kentucky's citizens are less educated than their U.S. counterparts in all categories. GRADD residents fare better in most comparisons than the state, but the education levels are still lower than the national averages. Almost one quarter of GRADD's citizens (22.94%) do not have a high school diploma and only 37.82% of the adults have some college or a post-secondary diploma.

	U.S	% U.S.	Kentucky	% Kentucky	GRADD	% GRADD
Less than High School	35,715,625	19.60%	685,000	25.88%	31,204	22.94%
HS Graduate/Equivalent or Higher	52,168,981	28.63%	888,277	33.57%	53,392	39.24%
Some College	38,351,595	21.05%	490,170	18.52%	25,759	18.93%
Associate Degree	11,512,833	6.32%	129,481	4.89%	7,536	5.54%
Bachelor's Degree or Higher	44,462,605	24.40%	453,469	17.14%	18,163	13.35%
<b>TOTAL</b>	<b>182,211,639</b>		<b>2,646,397</b>		<b>136,054</b>	

Figures are for individuals who are 25+ years of age.

Educational levels by county are more telling. All counties except Daviess County have more adults without high school diploma than the national average.

### US Average of Adults with Less Than a 9<sup>th</sup> Grade Education (7.4%)

Daviess	6.7%
Hancock	8.8%
Henderson	8.0%
McLean	11.0%
Ohio	15.9%
Union	8.1%
Webster	12.5%

## Worker Readiness

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Additionally, every county except Daviess County have fewer high school graduates than the national average.

### US Average of Adults with at least a H.S. Diploma (80.4%)

Daviess	80.7%
Hancock	77.2%
Henderson	78.3%
McLean	70.8%
Ohio	67.0%
Union	76.9%
Webster	70.9%

Only Henderson County exceeds the national average for adults with an Associate degree.

### US Average of Adults with an Associate Degree (6.3%)

Daviess	5.6%
Hancock	5.5%
Henderson	6.9%
McLean	5.1%
Ohio	4.2%
Union	5.1%
Webster	3.8%

The news is even worse when comparisons are made with the US average for bachelor's degrees. All seven counties fall significantly behind the national average in this category.

### US Average of Adults with a Bachelor's Degree (24.4%)

Daviess	17.0%
Hancock	8.1%
Henderson	13.8%
Ohio	7.4%
McLean	8.7%
Union	10.9%
Webster	7.1%

## Worker Readiness

Literacy Levels of GRADD Working Age Population									
	KY	GRADD	Daviess	Hancock	Henderson	McLean	Ohio	Union	Webster
Working age population (ages 16-64)	2,556,760	131,461	57,747	5,837	28,655	6,272	13,745	10,802	8,403
Number of working age population at Literacy Levels 1 & 2	971,320	50,606	21,886	2,510	10,144	2,810	6,433	3,370	3,454
% of working age population at Literacy Levels 1 & 2	38.0%	38.5%	37.9%	43.0%	35.4%	44.8%	46.8%	31.2%	41.1%

The literacy levels of the workforce suggest that the region will need to educate the existing workforce to attain high-skilled, flexible workers for the jobs of the future.

### Significance

In a global economy, the education of the workforce impacts a company's productivity and ultimately its profitability. For example, a company's productivity is significantly enhanced with an educated workforce that can use critical thinking and problem-solving skills to reduce costs resulting in improved profit margins.

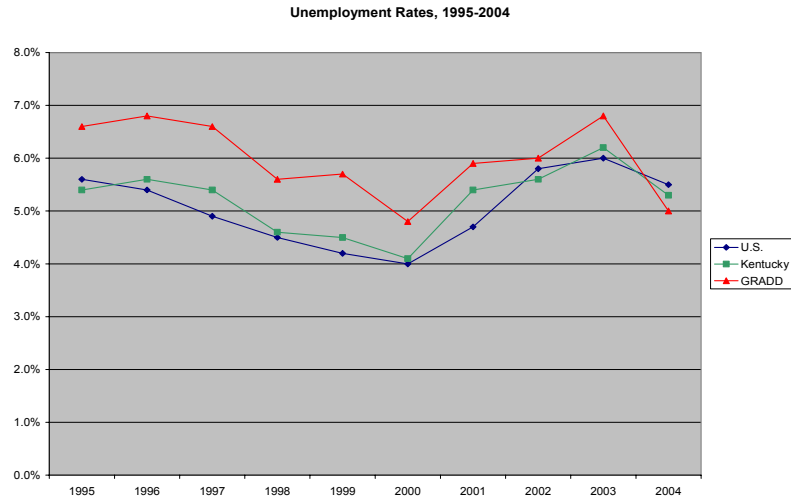
Companies also examine the capabilities of an area's workforce when considering relocation and/or the development of new businesses. Because much of the work of the future will require at a minimum some post-secondary skills (e.g., manufacturing jobs are increasingly dependent on technology), GRADD has a significant disadvantage when trying to attract and retain companies with high demand, high wage jobs. Additionally, educated citizens will choose to move to other areas that can offer greater opportunities and higher wage jobs.

### Unemployment Rates Higher Than State and National Averages

Since 1995 the Green River unemployment rate has risen and fallen in a pattern similar to the U.S. and state patterns. Unfortunately, the unemployment rates in KY and Green River have generally exceeded the national average. Currently, the U.S. unemployment rate is at 4.9%, Kentucky's rate is 6.3% and GRADD's rate is 5.9% (December, 2005). The unemployment rate in the seven counties range from a high of 7.7% in McLean county to a low of 4.7% in Webster county.

## Worker Readiness

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### Significance

The unemployment rate is used to assess how robust a local economy is. Because GRADD's employment rate has historically lagged behind the state and the nation, economic development efforts are required to enhance the viability of the region and the quality of life.

## Youth Preparedness

### Youth Population

The percentage of youth in each category is similar to the national and state averages. The number in each category fluctuates from a low of 13,561 youth under the age of five to a high of 15,715 youth that are 15 to 19 years of age (a difference of 2,154). Overall, the number of youth in this seven county region resembles the U.S. average.

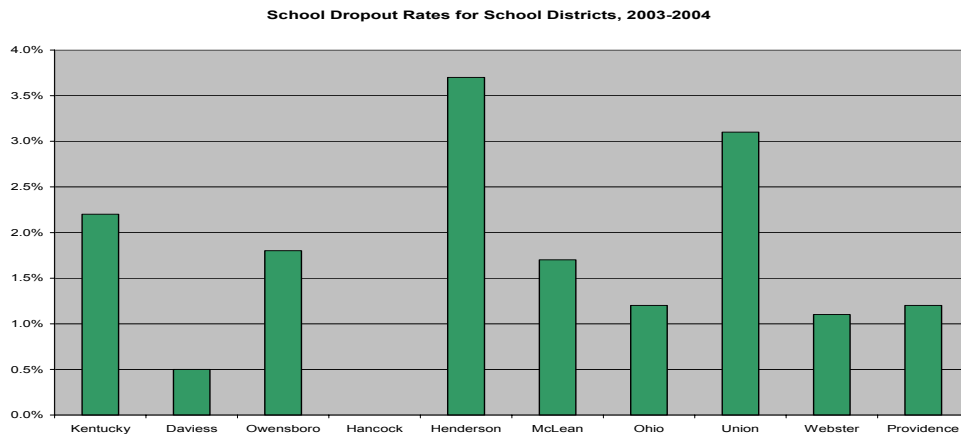
	% Under 5	% 5-9 years	% 10-14 years	% 15-19 years	% Under 20
U.S.	6.8%	7.3%	7.3%	7.2%	28.6%
Kentucky	6.6%	6.9%	6.9%	7.2%	27.6%
GRADD	6.5%	6.9%	7.2%	7.6%	28.2%

### Significance

The number of youth in a local economy is an indicator of the number of replacement workers available for the aging workforce. In the GRADD region the youth comprise approximately 28% of the population. The challenge will be to develop a climate that is attractive to the area's youth while promoting the job opportunities that will appeal to the younger generation's goals and aspirations to avoid a future labor pool crisis. In addition, the schools and workforce systems will need to unite to promote career and employment opportunities that will be available for each cohort group of emerging workers. Career education will be needed to encourage interest in career clusters with the greatest opportunities and related training will need to be designed and delivered. Finally, educators will need to integrate employability skills in all curriculum beginning in kindergarten.

### School Dropout Rates Vary Across the Region

The school dropout rates vary across the region from a high of 3.7% in Henderson county to a low of 0% in Hancock county. Only Henderson and Union counties' dropout rates exceed the state's average. All other counties have a dropout rate of less than 2 percent. Home schooling has become a popular avenue for education in the state. Youth who leave regular school settings in their later years may easily become the hidden "dropouts" of tomorrow.

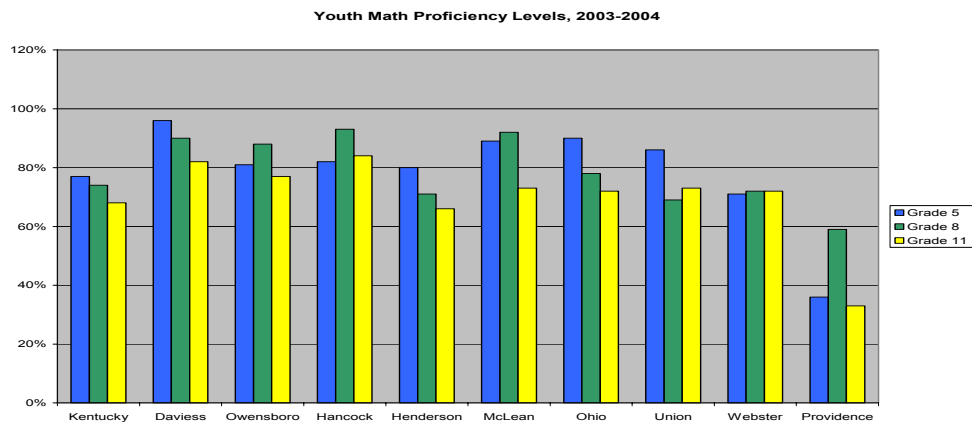


### Significance

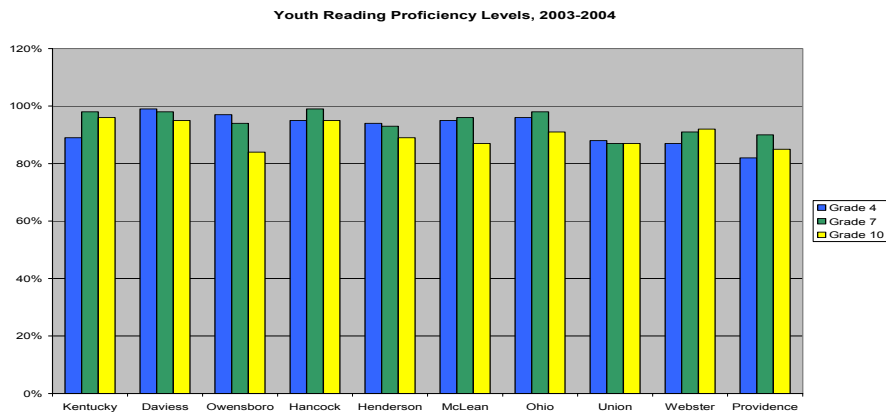
School dropout rates are an indication of how many youth will enter the workforce unprepared for success and unable to replace existing workers who are preparing to retire. In fact, school dropouts who enter the workforce have lower skills than their counterparts who finish high school and/or attain post-secondary education which limits their career options. Finally, school dropouts tend to depend upon other social services to maintain their existence. To combat these problems, school districts will need to strengthen their school-to-work investments, alternative education opportunities, mentor programs, vocational education options, and investment of youth training funds in the districts with the greatest number of at risk youth.

### Proficiency Levels of Youth Suggest Workforce Success

Math proficiency scores for 5<sup>th</sup>, 8<sup>th</sup>, and 11<sup>th</sup> grade students generally mirror the state's trends for 2003-2004. Specifically, the eleventh grade students in most counties demonstrate less grade related proficiency than their 5<sup>th</sup> and 8<sup>th</sup> grade counterparts. Only Daviess and Hancock counties have math proficiency rates of over 80% for the 11<sup>th</sup> grade students.



In addition, the only county that had higher 11<sup>th</sup> grade reading proficiency levels than 5<sup>th</sup> or 8<sup>th</sup> grade reading proficiency levels is Webster county. The reading proficiency, however, exceeds 80% across all counties in all three grade levels.

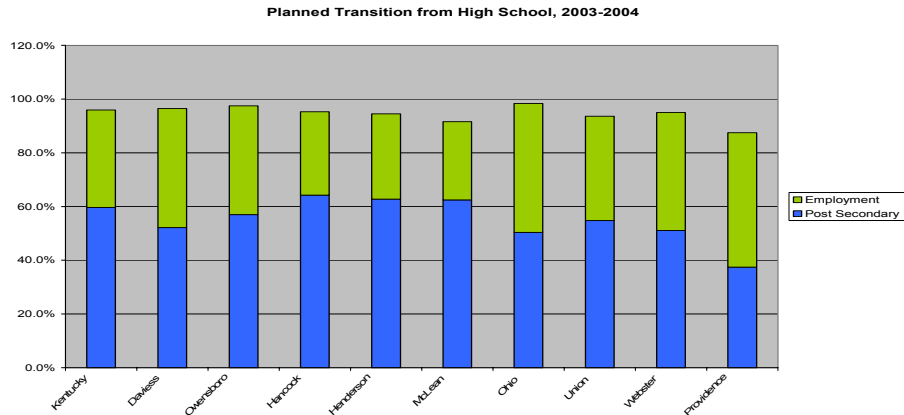


### Significance

Youth must enter the workforce prepared to contribute to their employer's success. Demonstrated proficiency of each student must improve each year to avoid spending resources on remediation in the workplace. Businesses consistently state that students do not have the skills they need to be successful in a knowledge- and skills-based economy. Therefore, it is essential for the health of the GRADD economy for the current 5<sup>th</sup> and 8<sup>th</sup> grade students to increase their math and reading proficiency levels over time.

### High School Students Future Plans Vary By County

Over 60% of the students in Hancock, Henderson, and McLean counties plan to obtain some form of post-secondary education upon graduation. Conversely, the proportion of students planning to enter the workforce upon graduation is highest in Webster and Ohio counties.



### Significance

It is predicted that most jobs of the future will require higher skill levels and some post-secondary education. Thus, school systems must create an interest in lifelong learning for all K-12 students. To accomplish this objective, schools must work with workforce development and local businesses to educate the emerging workforce about job opportunities and requisite skills for employment success. Career development conversations will need to stress post secondary education and offer multiple strategies for attaining the necessary credentials (e.g., part-time college, vocational education, on-the-job training, tuition reimbursement, college loans).

## **Recommendations for Action**

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### **Critical HR Challenges for GRADD**

All of the universal challenges described in the National, State, and Local Landscape section of this report have implications for this area. Some, however, are more significant than others because they have a greater influence on business successes:

1. Implications of Education and Literacy (impact 12 areas in the report)
2. Need for High-Skilled Workforce with post-secondary education and training (11)
3. Aging of the Workforce (9)
4. Development of Skill Ladders and Lattices (8)
5. Increased Reliance on Technology (8)
6. Youth Flight (8)
7. Globalization of the Workforce (5)
8. A Diverse Workforce (5)

### **Current Practices to Address HR Challenges**

The workforce development system and the education system are already helping businesses develop solutions to these challenges to improve productivity and profitability. Some of the most significant interventions are:

1. The Tri-County Training Consortium and the Hancock County Industrial Training Consortium have designed and delivered training for its members to address company specific and universal skill gaps (e.g., computer skills, CPR, fork truck certification).
2. Training and education programs offered by the Community Colleges and the universities and colleges to build high-skilled workers for demand occupations.
3. Adult Education initiatives that target literacy and basic skills issues that impede employment success.
4. Use of WIA and other training funds to prepare workers for high wage, high demand occupations (e.g., healthcare).
5. Use of WIA training funds to prepare youth for competitive employment through degree programs.
6. Pre-employment skill building programs offered to at-risk workforce participants (e.g., ex-felons, non-custodial Dads).
7. Assistance with employee recruitment to ensure a match between job qualifications and candidates' skill sets.
8. Active business participation on the WIB providing insight and leading the changes in the workforce system.

## Recommendations for Action

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9. Utilization and marketing the use of assessment tools, such as WorkKeys to identify skill deficiencies.
10. Redesign of the career centers to improve service delivery.
11. Development of coordinated business services

## Actions to Grow the Economic Wealth of the Region

Over the course of this fiscal year, GRADD will be engaging many stakeholder groups to identify the actions that need to occur to augment the existing best practices. The opportunities highlighted below should be considered as part of the action planning process:

1. **Need for Strategic Economic Development.** GRADD's success in creating a vibrant workforce with a high quality of life is linked to the economic development efforts of the region. Without a concerted effort to attract new economy industries and other key industries/industry sectors that will raise the quality of life for citizens, the region will not prosper. Education, workforce development and economic development need to collaborate to develop shared initiatives that will result in gains for all three entities and their business and job seeker customers. The region must determine the ideal mix of industries/businesses and work together to achieve the common vision.
2. **Expand current best practices to regional initiatives.** Most of the current best practice is not coordinated across all program partners and available to all business customers. Working together, program partners can expand access and increase impact for all businesses.
3. **Develop a comprehensive literacy initiative.** Many existing workers do not have the basic skills and the literacy skills they need to attain promotions and/or to assume new job responsibilities due to changes in technology. Thus, partners will want to work with businesses in key industries to develop multiple strategies to provide incumbent and emerging workers with the opportunities to continually enhance their skills sets with occupational literacy and basic skills training. These efforts need to focus on birth to workplace to maximize impact.
4. **Create a universal pre-employment certification program** by expanding existing efforts to encourage all businesses to participate. Support this program with training that can be accessed in the career center's offices as well as on the Internet. This initiative will require collaboration and adaptation of the existing programs.
5. **Support the upgrading of the skills of the incumbent workforce.** Use multiple strategies to increase the value added by the existing workforce (e.g., industry skill alliances, building career ladders and lattices, providing creative financing).

## Recommendations for Action

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6. **Develop a regional communication plan.** Working together, GRADD partners need to educate the public and staff about how you are solving workforce challenges. Informing and educating the community is essential for widespread understanding and use of the resources available across the region.
7. **Expand the use of testing and credentialing of knowledge and skills mastery.** It is critical for workers, businesses, and educators to use basic skills and technical skills assessments (e.g., adopt WorkKeys as basic skills test for high school and the workplace). Using common tools across the education and workforce systems would create a common language across the region that would connect employer needs with skill development activities.
8. **Market to businesses your commitment to the continuous improvement of workers' skills.** Brag, brag, brag! Let local employers as well as prospective employers know how your collaborative efforts are focused on upgrading the skills of the existing and emerging workforces. Use measures that are meaningful to the business community and broadcast testimonials from existing customers.
9. **Develop and market skill ladders and lattices** for occupational shortages. Educate students in the K-12 system as well as adults who seek services in the career center system.
10. **Develop strategies to stem the youth flight.** In prosperous communities, a significant portion of the youth population remains in the area. This region will need to implement campaigns to attract the talented youth who currently leave the area for better jobs.
11. **Integrate all worker-readiness, testing, and educational offerings** (e.g., online GED courses) in the career center system to increase access by all citizens.
12. **Expand services to businesses-** especially HR services to help them make changes that will enhance their competitiveness.

## Consequences of Inaction

Creation of a vibrant regional community is dependent upon action and significant changes in the workforce and economic landscape. Some of the most critical outcomes of “doing business as usual” are:

1. A decline in the skills of the existing workforce resulting in additional company closures and the inability to attract new economy industries.
2. The inability to grow the quality of life for citizens because a large portion of the population struggles to read and write and therefore they can't compete for higher wage jobs.

## Recommendations for Action

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3. A labor shortage due to the inability to fill jobs vacated by retirees.
4. An increase in the poverty level of citizens which impacts the attainment of an education and the quality of life if wages don't improve so that all citizens can attain self-sufficiency.

## Next Steps

Progress can be accomplished if the region engages key stakeholders in the design and implementation of the new vision. Specifically, the region will want to:

1. **Assess the needs of the business community** to drive the changes.
2. **Create a shared vision for economic wealth** that responds to the needs of the region's businesses and charts the course for a more diverse, prosperous economy.
3. **Let businesses drive the changes** that will improve the climate for their companies and coordinate activities to provide seamless services.
4. **Make the hard decisions.** Communities that forge partnerships for economic wealth have to disrupt the status quo. Thus, success will require the political will of GRADD's leaders to overcome objections.
5. **Engage multiple industries in creating skill initiatives** that result in greater profitability for firms doing business in the Green River area which results in greater economic wealth for all citizens.