



# REBUILDING THE DREAM:

## INCLUSIVE GROWTH IN THE INDIANAPOLIS REGION



# WHY ARE WE HERE?

The enduring promise of the American Dream is that hard work earns a place in the middle class, and that each generation can – and will – do better than the one before. However, this ideal is becoming less and less attainable for too many in our community.

Major metros are facing a reality that rising tides aren't necessarily lifting all boats; **the economy is misaligned between employer needs and workforce capability, and riddled with barriers to upward mobility.**

Our charge is to develop strategies to promote shared prosperity and improved economic outcomes, **creating the conditions for inclusive sustainable growth.**

# TWO-SIDED ECONOMY

**Kiplinger**  
**TOP 10**

Cities to Start  
a Business

LIVABILITY®

**#3**

Best  
Downtown

**Forbes**  
**TOP 10**

Cities for Young  
Professionals, High  
Tech Job Growth

BROOKINGS  
**29th**

In five year  
job creation



**83%**

of jobs created in the  
last decade below  
self-sustaining wages  
statewide

**20%**

of manufacturing  
base gone in last  
decade

**64%**

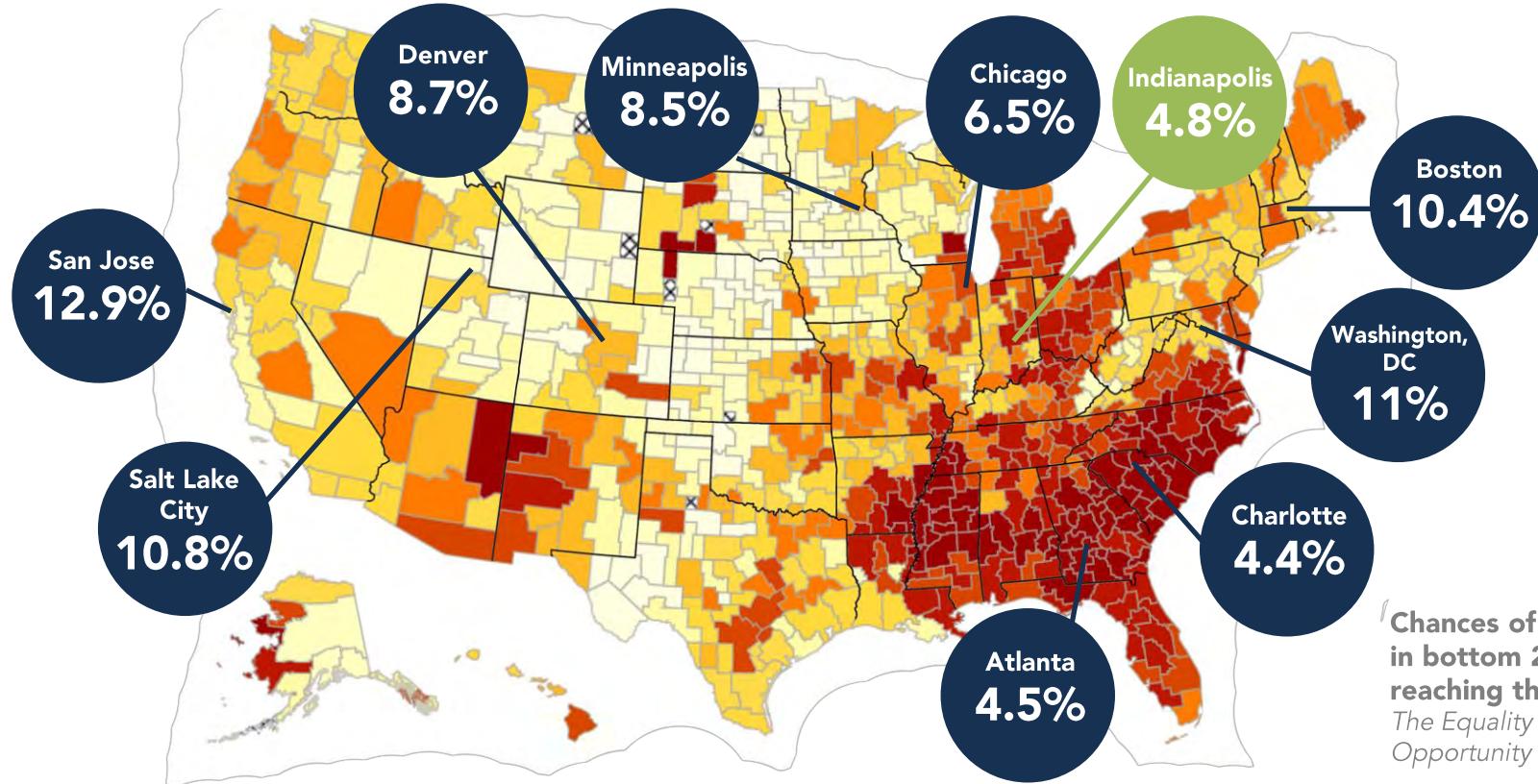
workforce  
participation  
rate

**80%**

increase of  
people in  
poverty over the  
last decade

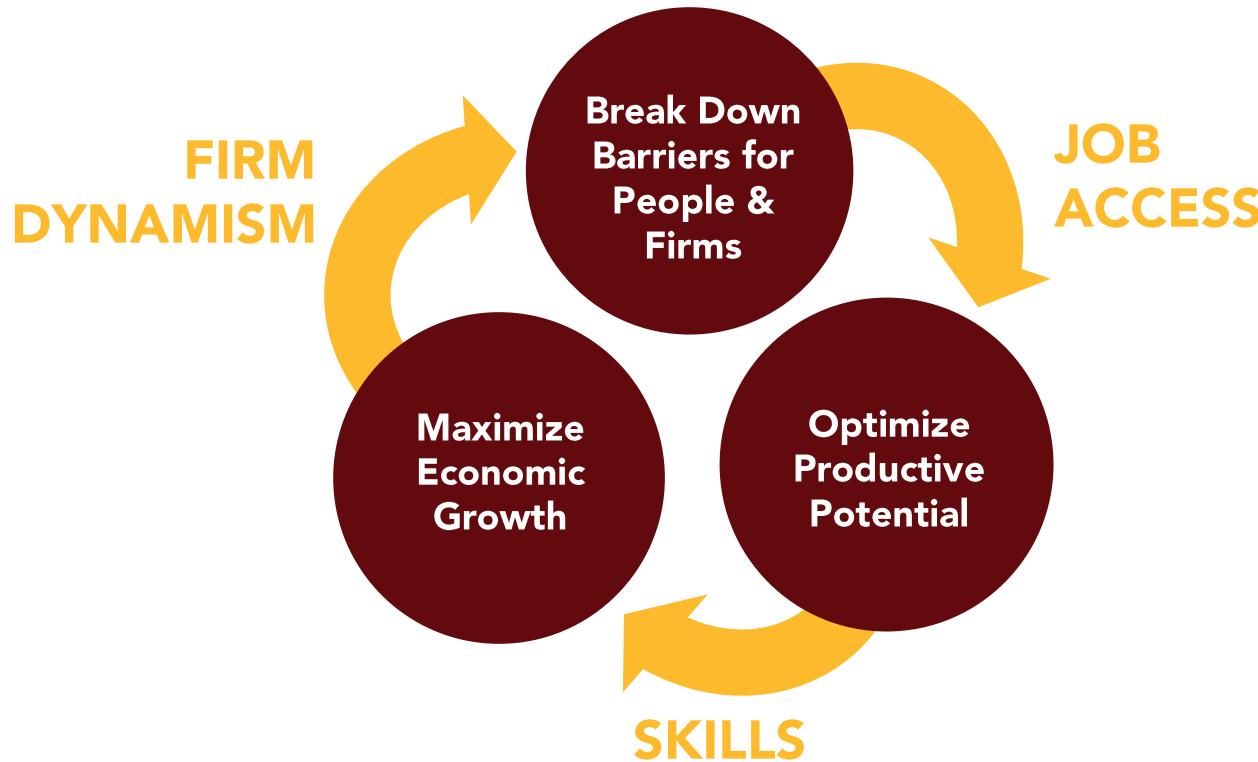


# BORN POOR, LIKELY TO STAY POOR



Chances of child born  
in bottom 20%  
reaching the top 20%,  
The Equality of  
Opportunity Project, 2014

# INCLUSIVE GROWTH CYCLE





# CHANGING NATURE OF WORK



# CHANGE IS HERE.

Local and national trends point to the **shrinking of middle wage jobs** as increases in automation and technology continue. The core of the Indy Region has been disproportionately impacted, as jobs and wages in new industries not fully replaced those in legacy manufacturing.

CHANGING NATURE OF WORK





## CHANGING NATURE OF WORK



# LEGACY MANUFACTURING DISAPPEARING



Closed: 2011  
Peak Jobs: 5,600



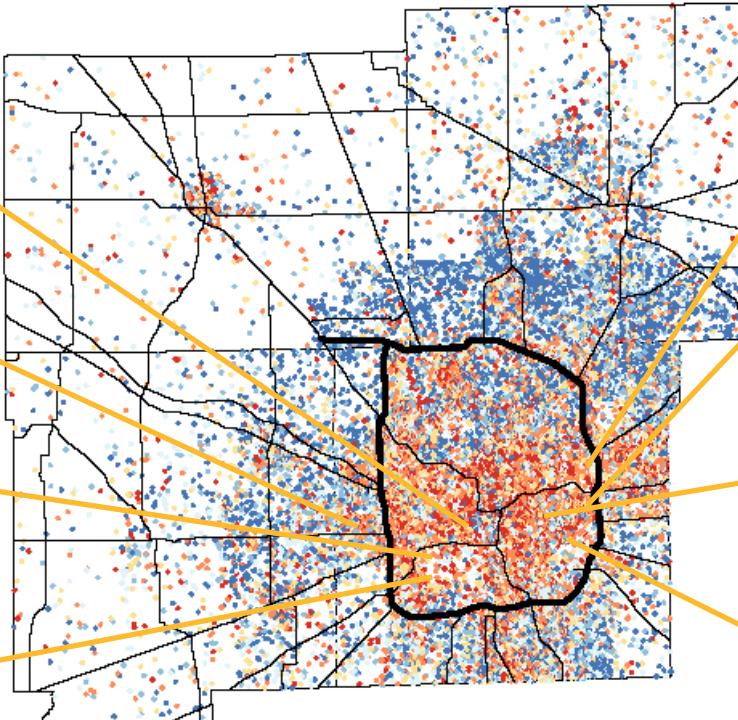
Closed: 2017  
Peak Jobs: 4,000  
Peak Year: 1969



Closed: 2005  
Peak Jobs: 3,500  
Peak Years: 1970s



Closed: 2003  
Peak Jobs: 2,500  
Peak Years: 1940s



SOURCES: Develop Indy

**Western Electric**™

Closed: 1985  
Peak Jobs: 8,000  
Peak Years: 1960s-1970s



Closed: 2008  
Peak Jobs: 3,000  
Peak Years: 1980s-1990s



Closed: 1995  
Peak Jobs: 8,200  
Peak Year: 1950

**NAVISTAR**®

Closed: 2015  
Peak Jobs: 4,450  
Peak Year: 1946

## CHANGING NATURE OF WORK



# THE IMPACT OF AUTOMATION

**49%**

of time spent on work activities worldwide could be automated with existing technologies

**38%**

of American jobs are at high risk of loss to automation by the 2030s.

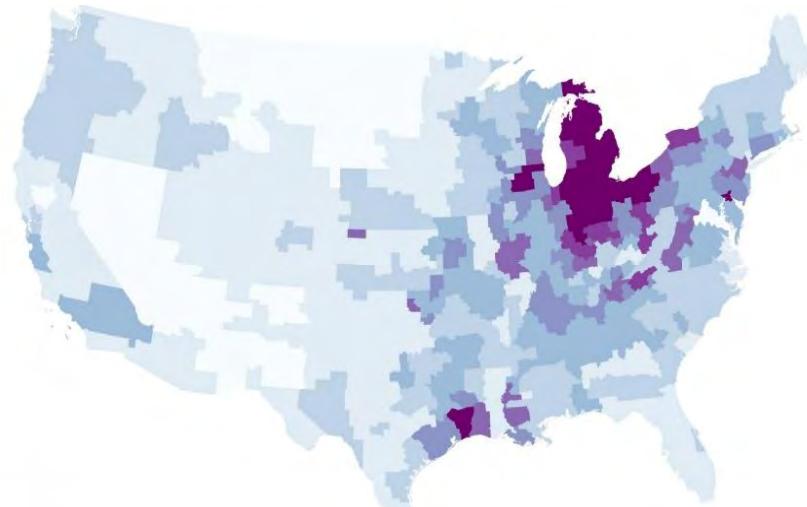
**87%**  
AUTOMATION

**13%**  
TRADE

## MANUFACTURING JOB LOSS



**INCREASE IN ROBOT USAGE,  
1993-2007**



INCREASE PER 1K WORKERS

0 - .25  
.25 - .5  
.5 - .75  
.75 - 1  
1 - 1.25  
1.25 - 1.5  
1.5 - 1.75  
HIGHER

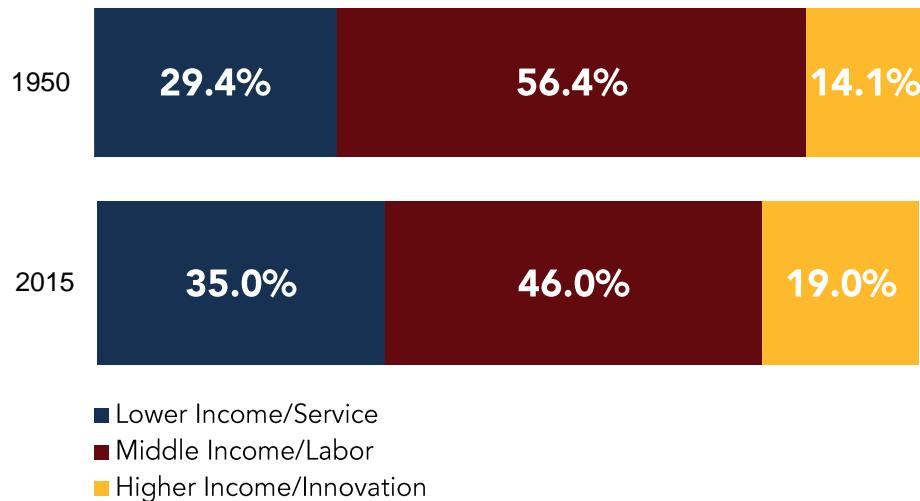
SOURCES: PwC, Conexus Indiana, McKinsey Global Institute, National Bureau of Economic Research, Washington Post

## CHANGING NATURE OF WORK

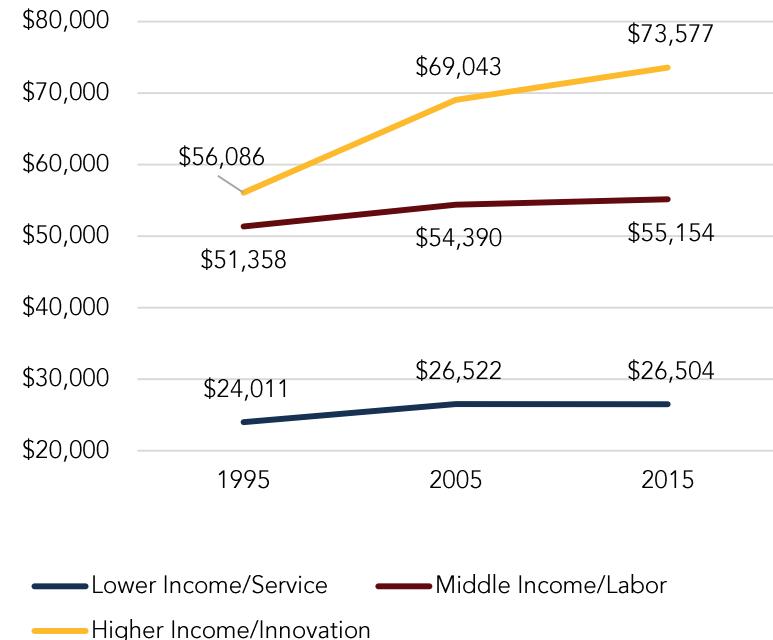


# INDY'S SHRINKING MIDDLE WAGE JOBS

## Job Distribution by Level



## Average Wage by Sector in 2015 Dollars

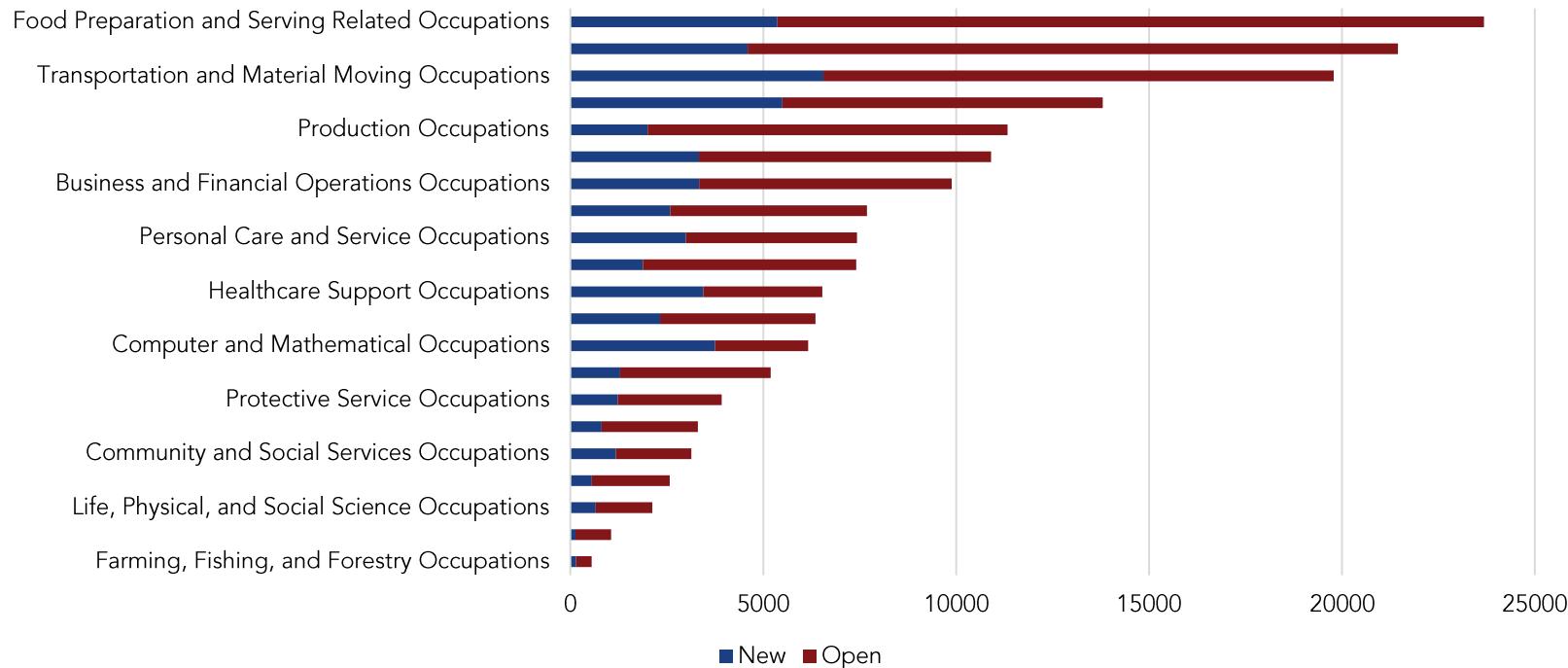


SOURCES: Indiana Department of Workforce Development

CHANGING NATURE OF WORK

# TRENDING TOWARDS LOW WAGE JOBS

**New and Open Jobs by Occupation as projected by DWD**



SOURCES: Indiana Department of Workforce Development

**NEW ECONOMY, NEW SKILLS**





**NEW ECONOMY, NEW SKILLS**



# WORKFORCE, SAY HELLO TO DEMAND.

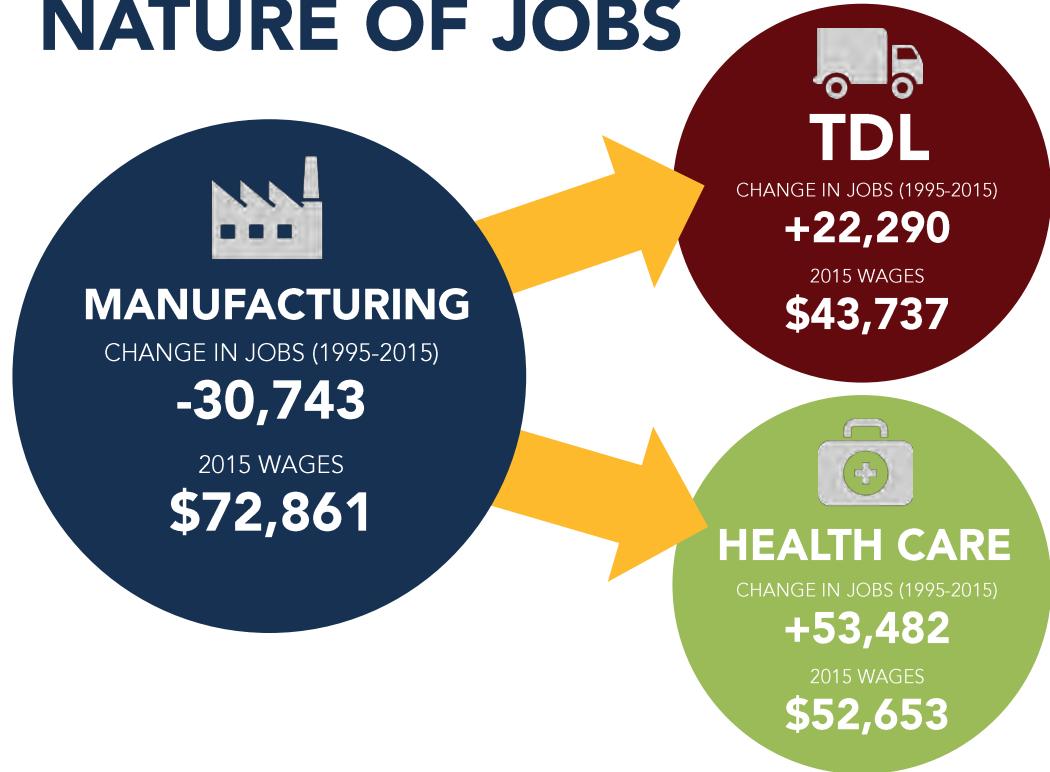
Building the necessary skills for current workforce needs is pivotal to future inclusive growth. The Indy Region has seen the replacement of legacy manufacturing positions by other industries at lower wages, many of these available positions are both low-skill and low-wage.

**The Indy Region currently doesn't have the workers available to fill today's positions.** This is both a challenge and an opportunity.

NEW ECONOMY, NEW SKILLS



# THE CHANGING NATURE OF JOBS



JOB TYPE	CHANGE IN JOBS (1995-2015)	2015 WAGES
Manufacturing	-30,743	\$72,861
Government	-203	\$52,484
Mining	116	\$65,019
Wholesale	1,051	\$66,426
Management	1,075	\$91,692
Agriculture	1,312	\$41,661
Utilities	1,501	\$89,577
FIRE	2,140	\$76,845
Real Estate	2,768	\$49,625
Construction	3,357	\$56,137
Arts	4,544	\$47,246
Other	4,922	\$35,216
Retail	6,929	\$28,617
Education	8,836	\$36,600
TDL	22,290	\$43,737
Pro Services	22,321	\$73,348
Food Services	24,992	\$16,705
Waste/Administration	41,090	\$30,946
Health Care	53,482	\$52,653

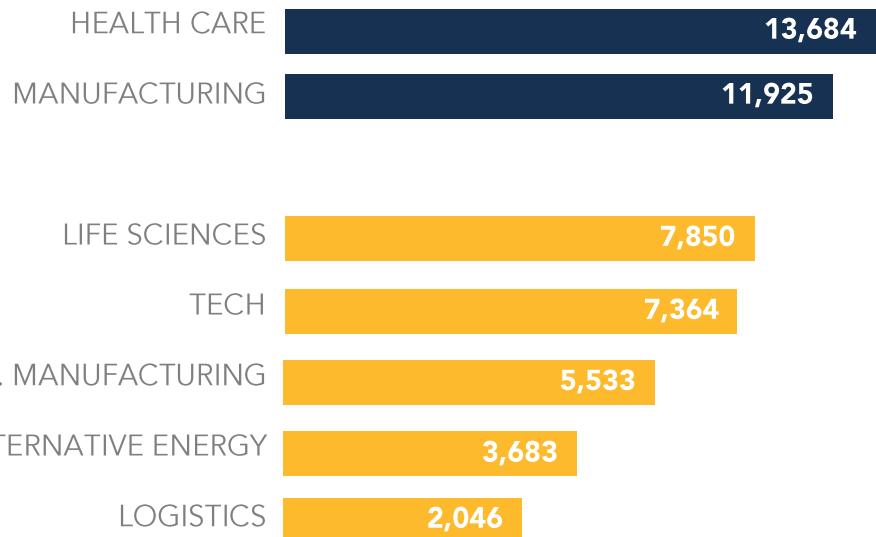
SOURCES: EmployIndy

NEW ECONOMY, NEW SKILLS

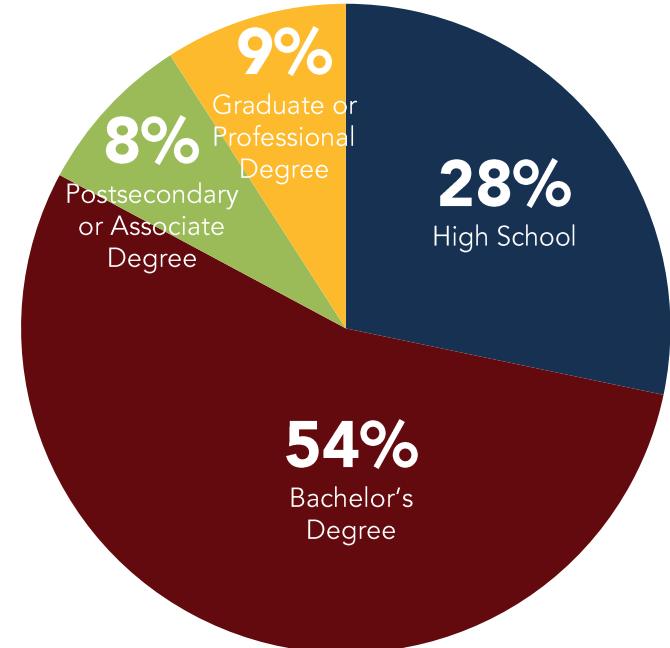


# TECHNICAL SKILLS NEEDED FOR HIGHER PAY

## Job Openings in Central Indiana's Key Sectors & Clusters



## Education Required for Technical Talent in Key Sectors & Clusters



SOURCES: Burning Glass RTLM, 2011-12; EmployIndy

NEW ECONOMY, NEW SKILLS





**FIRM DYNAMISM**



# ADVANCING GROWTH

The Brookings Institution outlines advanced industries as the “tech” sector in its broadest sense, including many industries ranging from manufacturing, energy, high-tech services and more. The common thread of advanced industries is their connection to technology and STEM workers.

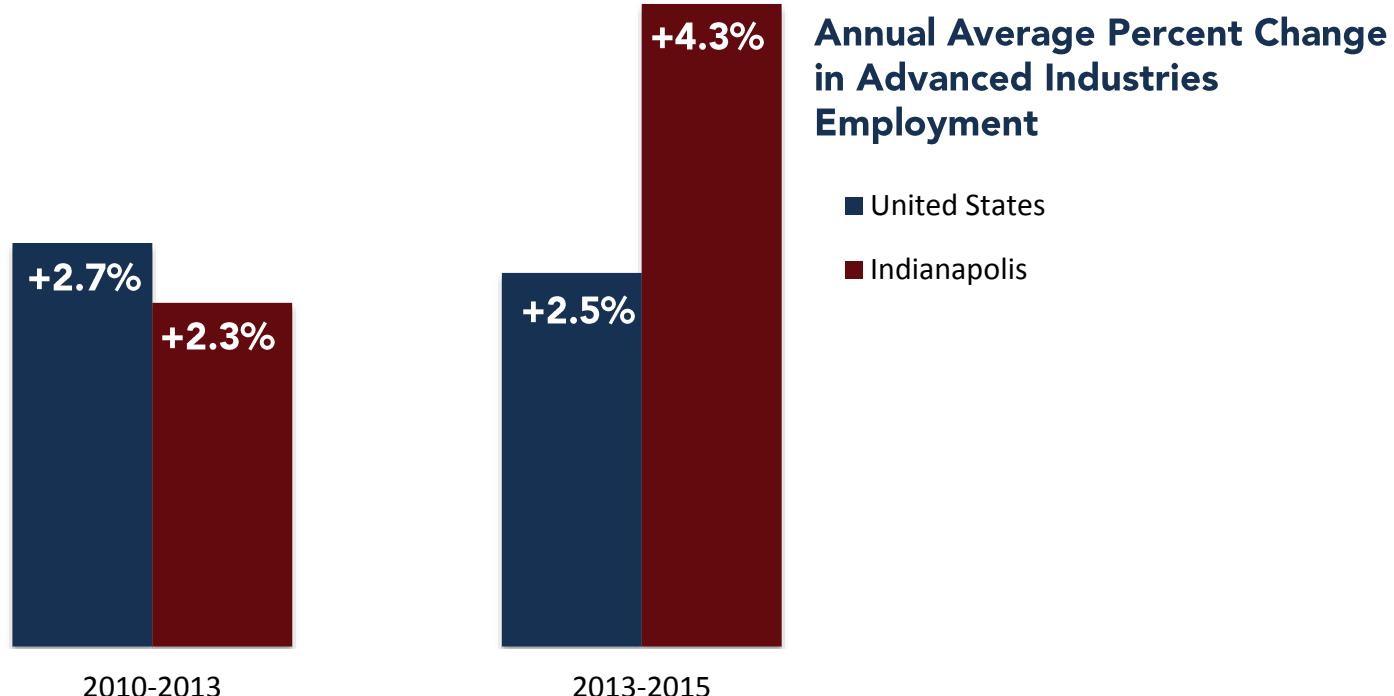
Nationally, **1% of firms account for 72% of job growth**, highlighting a focus on expanding homegrown companies to fuel future economic prosperity. The Indy Region’s concentration of advanced industries creates a tremendous opportunity.

The Indy Region ranks **#20 of the top 100 metros in advanced industry job growth**, accounting for nearly 10% of all jobs in the region. For potential employees with the necessary skills to fill available positions in these fields, this is great news.

**FIRM DYNAMISM**



# FUELING ADVANCED INDUSTRY JOBS

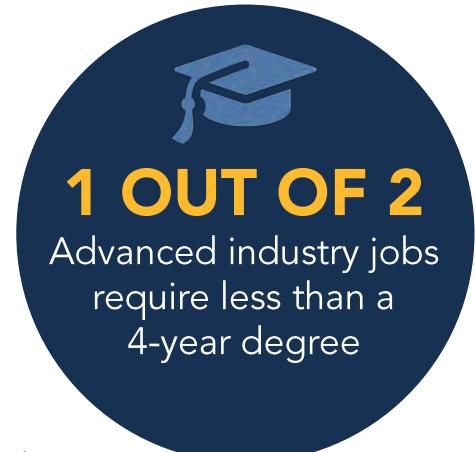
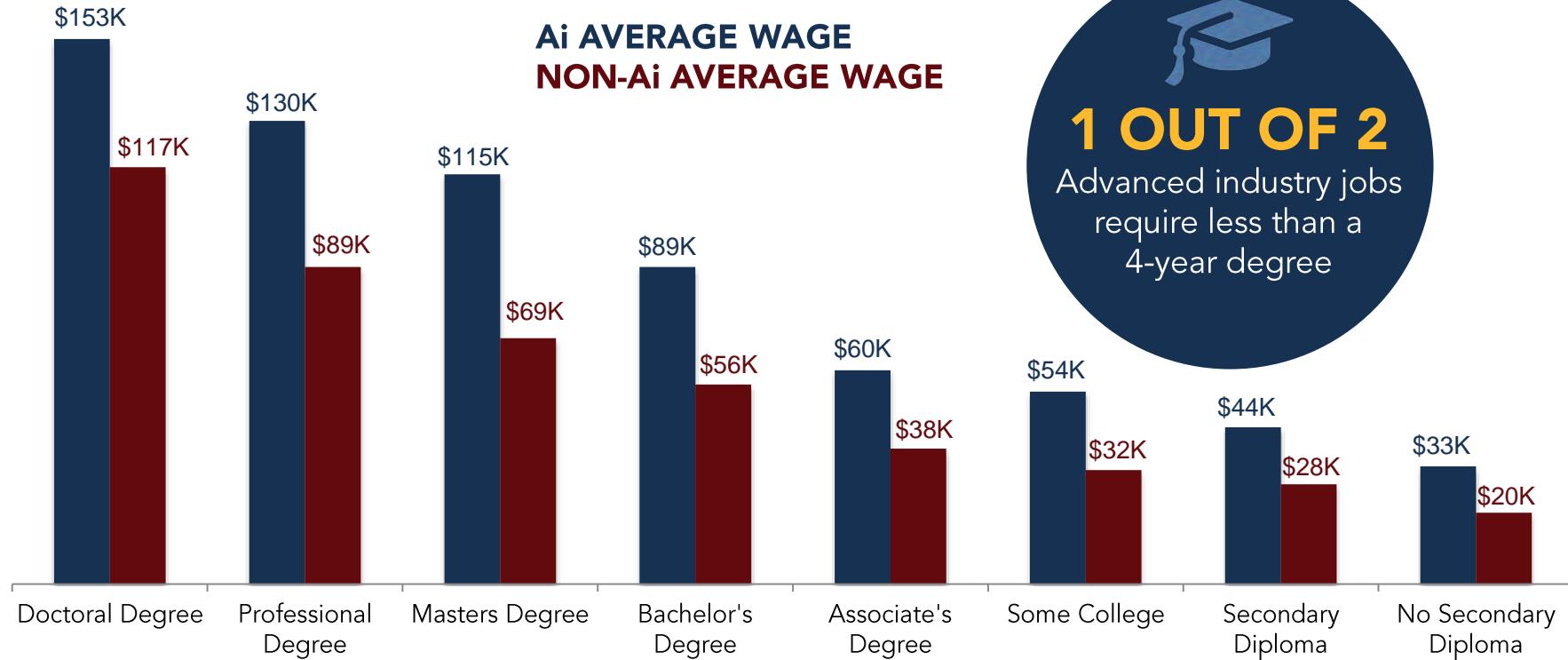


SOURCES: Brookings Institution

**FIRM DYNAMISM**



# WAGE PREMIUMS IN ADVANCED INDUSTRIES



SOURCES: Brookings Institution

**FIRM DYNAMISM**





# ECONOMIC ACCESS

# WORKER PROFILE: CAROL



**FAMILY STATUS:** Single mother of two children

**JOB STATUS:** Recently hired at ABC Call Center, earning a starting wage of \$13.50/hour.

**PROS:** In-house health clinic access, extensive employer training

**CHALLENGES:** Long commute via IndyGo bus system to and from work at inconvenient times, disqualified from child care voucher if wage exceeds \$16/hour, housing options limited due to low wages

SOURCES: In-Person Interviews

## ECONOMIC ACCESS



# EMPLOYER PROFILE: ABC CALL CENTER



**JOB REQUIREMENTS:** High school diploma

**WAGES & BENEFITS:** Starting wages of \$13.50/hour, in-house health clinic, training

**CHALLENGES:** 15% of employees ride IndyGo, employees refuse wage increases from \$15/hour to \$16/hour to remain eligible for child care voucher

**TURNOVER COSTS:** 4-6 weeks of expensive onboarding for 50 new hires per month (600 annually), 40% new hire turnover (240 annually), turnover costs 86% of salary (**\$5.7 million annually**)

SOURCES: In-Person Interviews, Center for Economic & Policy Research

## ECONOMIC ACCESS



# A NARROWER BRIDGE TO PROSPERITY



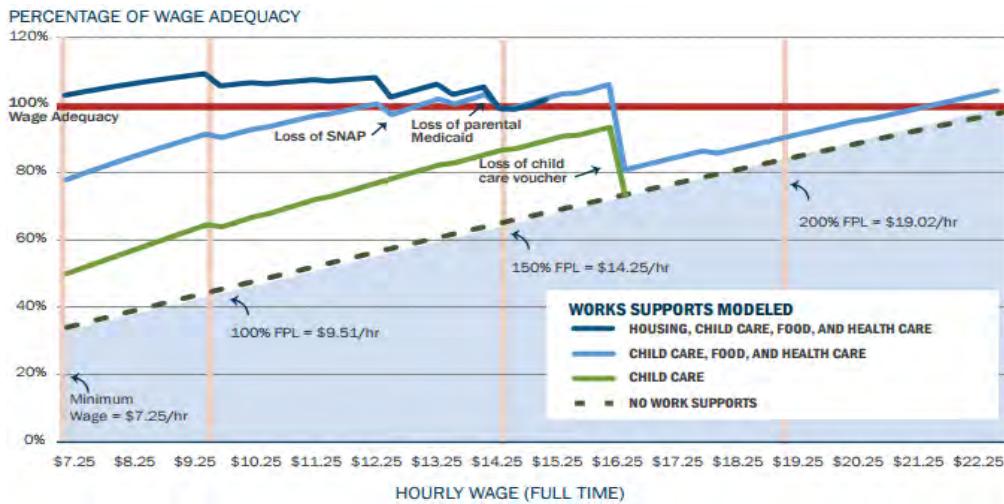
ECONOMIC ACCESS



# BENEFITS CLIFF

## IMPACT OF WORK SUPPORTS ON WAGE ADEQUACY

One adult, one preschooler, and one school-age child: Marion County, IN 2016



## MONTHLY COST OF LIVING FOR MARION COUNTY FAMILIES

<b>Housing:</b>	\$781
<b>Food:</b>	\$526
<b>Childcare:</b>	\$1,160
<b>Health Care:</b>	\$503
<b>Transportation:</b>	\$255
<b>Taxes:</b>	\$527
<b>Other Necessities:</b>	\$322

<b>Total Expenses:</b>	\$4,075
<b>Annual Salary:</b>	\$48,900
<b>Wage Needed:</b>	\$23.15/hr

SOURCES: Indiana Institute for Working Families

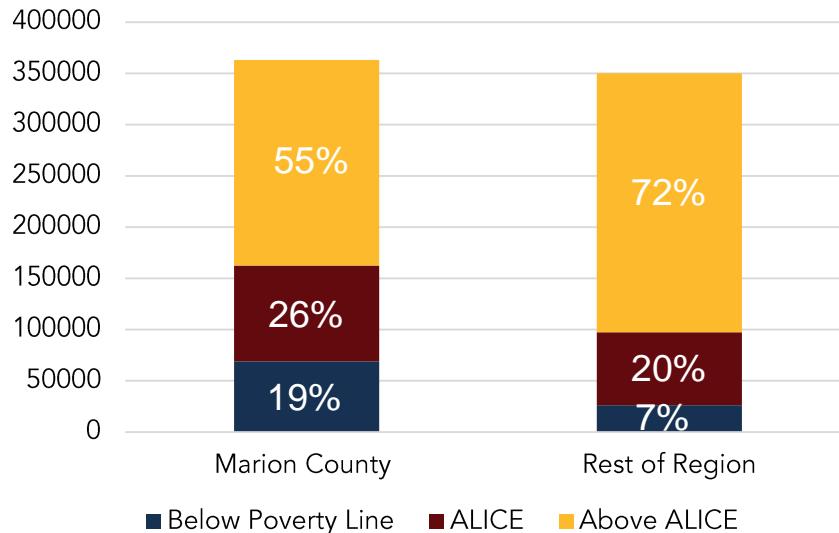
## ECONOMIC ACCESS



# INDY'S WORKING POOR



## Indy's Asset Limited, Income Constrained, Employed (ALICE) and Below

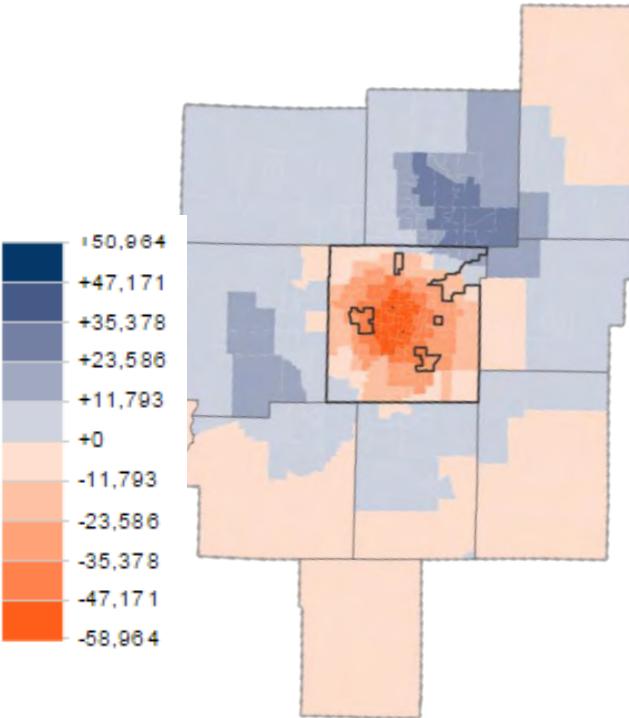


SOURCES: IU Public Policy Institute, Brookings Institution, United Way of Central Indiana

WHY IT MATTERS



# CHANGING LOCATION OF JOBS



## STUCK IN NEUTRAL

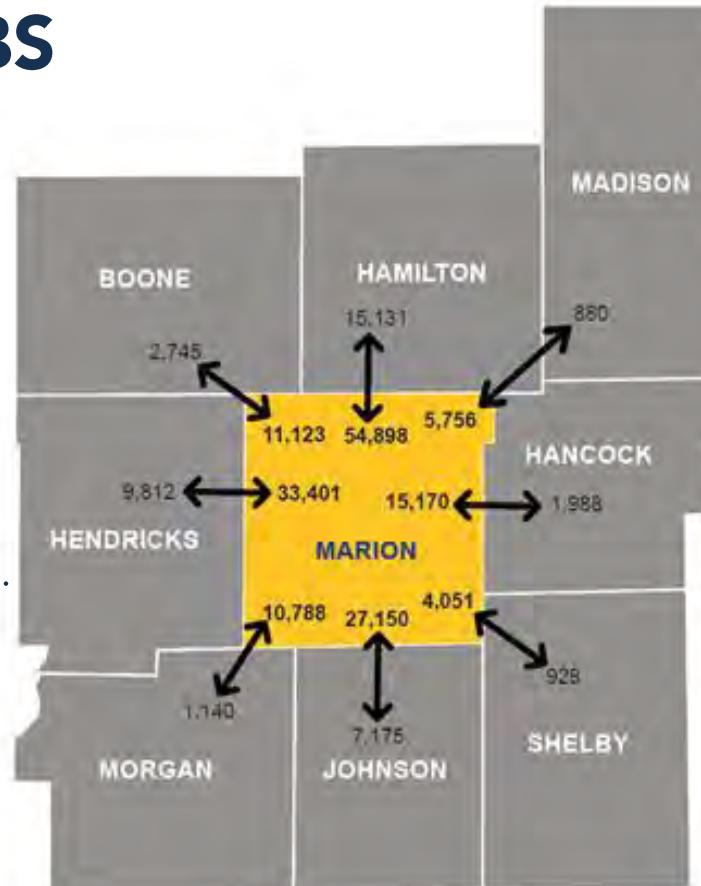
Fewer nearby jobs within a typical commute, 9.2 miles.

## LOCATION, LOCATION, LOCATION

10.6% decrease in nearby jobs overall and 23.6% decrease in nearby jobs in high-poverty neighborhoods.

## SPACIAL MISMATCH

205,000 commuters into Marion County, about 50,000 reverse commute.



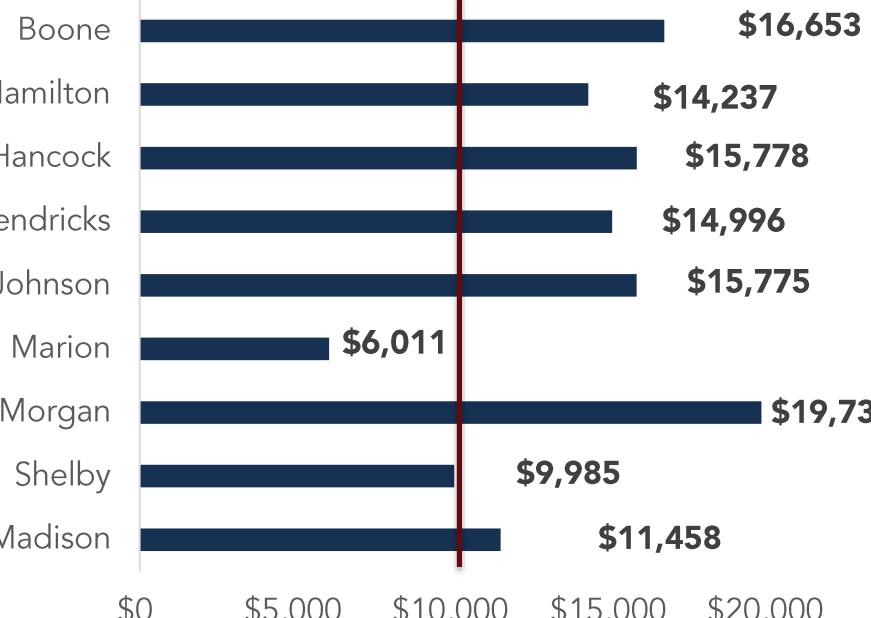
SOURCES: Brookings Institution, Indy Partnership

ECONOMIC ACCESS



# HOUSING & INCOME

## EARNINGS BY COUNTY PER \$10K EARNED BY WORKERS IN COUNTY

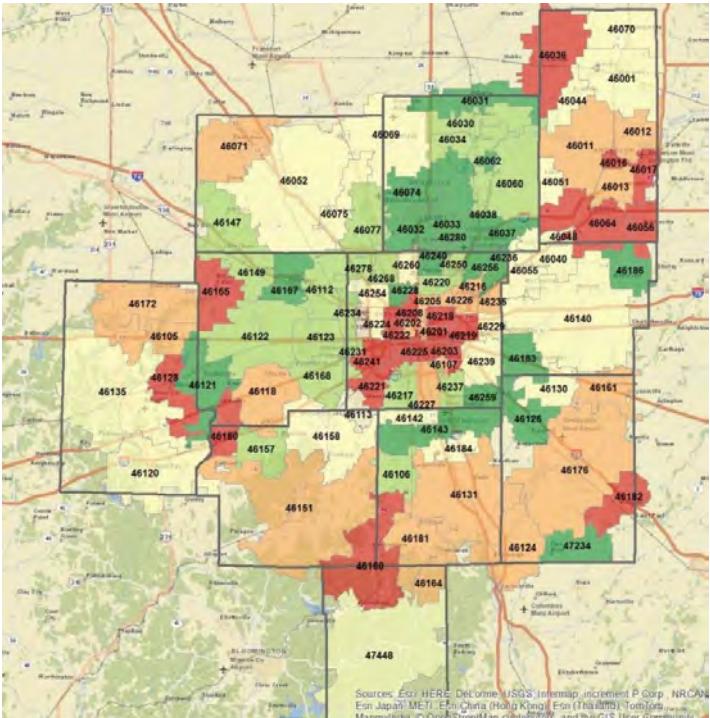


SOURCES: Bureau of Labor Statistics, Stats Indiana

## ECONOMIC ACCESS



# PHYSICAL & MENTAL HEALTH



## LIFE EXPECTANCY IN CENTRAL INDIANA

**#50**

of 50 metros ranked  
by the American  
College of Sports  
Medicine's American  
Fitness Index 2016

**36th**

of 50 metros in total  
mental & behavioral  
health professionals  
per capita

**Bitter  
Pill**  
IN.gov

**80%**

of Indiana employers have  
observed an issue of  
prescription drug abuse in  
the workplace

SOURCES: Richard M. Fairbanks School of Public Health at Indiana University, BitterPill.IN.gov, American College of Sports Medicine, Indiana State Department of Health

# ECONOMIC ACCESS



# BARRIERS IN LANGUAGE & PERSONAL FINANCE



**LIMITED ENGLISH**  
MARION COUNTY: 14,262  
SUBURBS: 2,879



**ESTIMATES OF  
HOUSEHOLD WEALTH  
& FINANCIAL ACCESS  
IN INDIANAPOLIS, IN METRO**

Asset Poverty

**23%**

Liquid Asset Poverty

**37.7%**

Unbanked

**11%**

Underbanked

**18%**

SOURCES: Assets & Opportunity Local Data Center

**ECONOMIC ACCESS**





WHY IT MATTERS



# TALENT NEEDED.

While the Indy Region will continue its efforts to attract the type of talent needed for a 21<sup>st</sup> century economy, we must also recognize that we're not the only major metro with talent attraction efforts. **The answer to some of our workforce challenges may be a little closer to home.**

Our opportunity lies in untapped talent already living in our region: those who are unemployed, underemployed and could fulfill today's job needs with certification or some postsecondary education.

Not only would this approach greatly improve the upward mobility of our workforce, but infuse money back into the economy to help it grow.

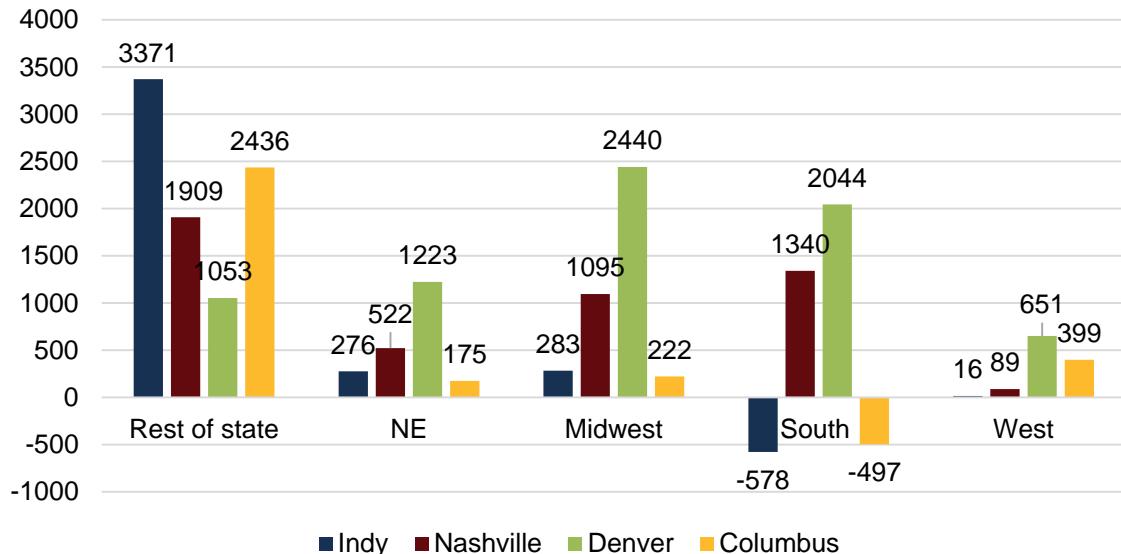
**WHY IT MATTERS**



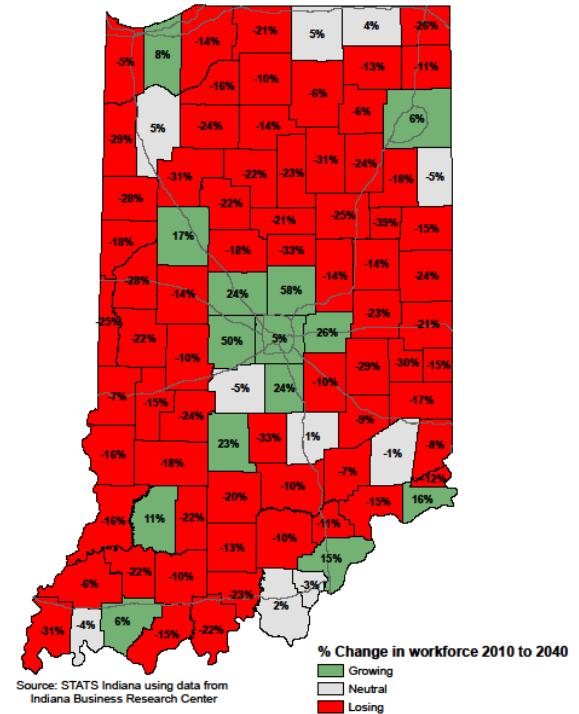
# EMPLOYERS NEED TALENT

## Net Metro Migration

2014-2015 IRS



Estimated Changes in Age 25-64 Population  
2010-2040

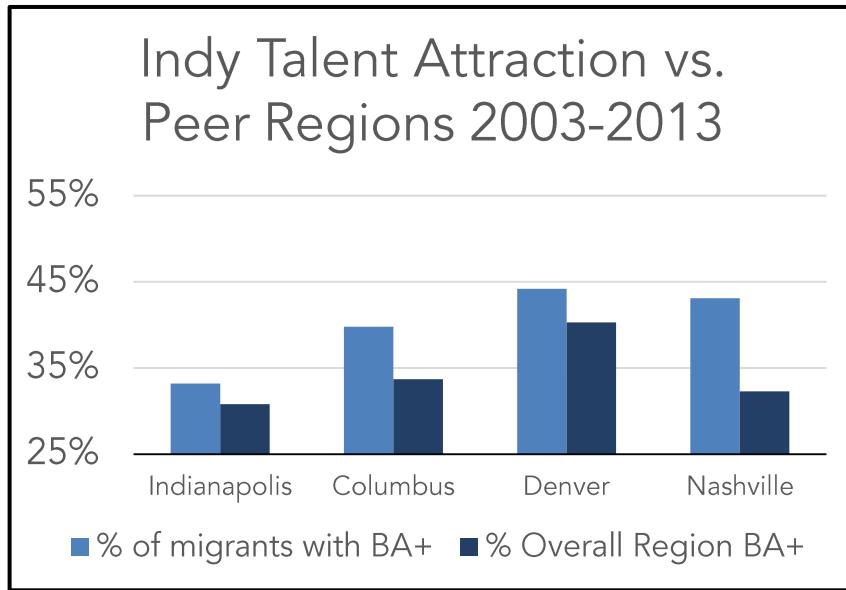


SOURCES: IU Public Policy Institute

WHY IT MATTERS



# EMPLOYERS NEED TALENT

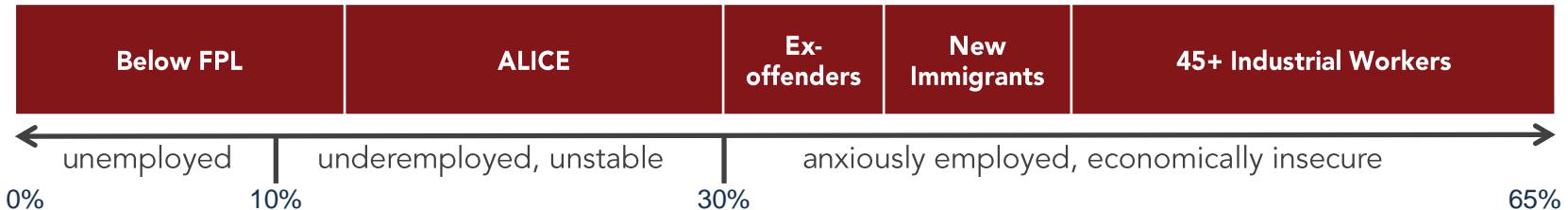


Region	Total STEM Talent	Graduate Supply	Earnings Gain moving to Indy
New York	451,861	(18,336)	\$4.59
San Francisco	236,916	(14,353)	\$1.52
Washington, DC	345,849	(10,497)	(\$5.05)
Los Angeles	317,802	(10,447)	\$6.31
Dallas	220,634	(10,320)	(\$4.84)
San Jose	202,162	(9,742)	(\$5.97)
Seattle	204,287	(9,253)	(\$5.12)
Boston	228,120	(8,606)	\$2.29
Houston	196,632	(8,532)	(\$8.27)
Chicago	228,459	(8,128)	\$0.37
Detroit	154,503	(7,064)	(\$4.66)
Atlanta	157,368	(6,315)	(\$3.67)
Denver	117,036	(6,263)	(\$3.67)
Minneapolis-St. Paul	134,679	(4,458)	(\$1.84)
Indianapolis	53,583	(2,755)	-

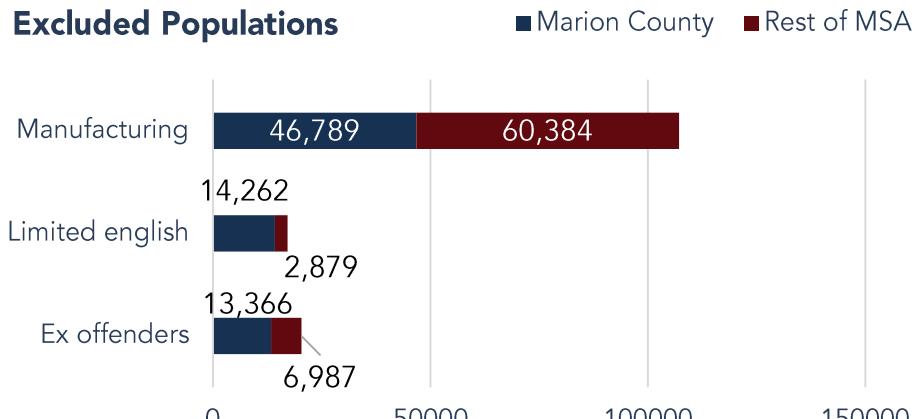
SOURCES: IU Public Policy Institute, UCSD

## WHY IT MATTERS

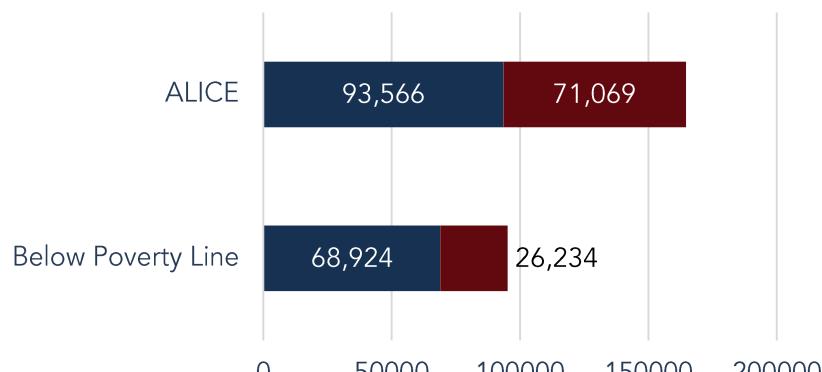
# LEVERAGING LOCAL TALENT



## Excluded Populations



## Struggling Indy Households



SOURCES: IU Public Policy Institute

WHY IT MATTERS



# BOOSTING THE REGION'S GDP

## UPWARD MOBILITY

Measured by the expected position in national income distribution in 2011-2012 for children born at the 25<sup>th</sup> percentile between 1980-1982



**\$5-16  
BILLION**

could be created if  
Indy's level of absolute  
mobility reached that  
of San Diego

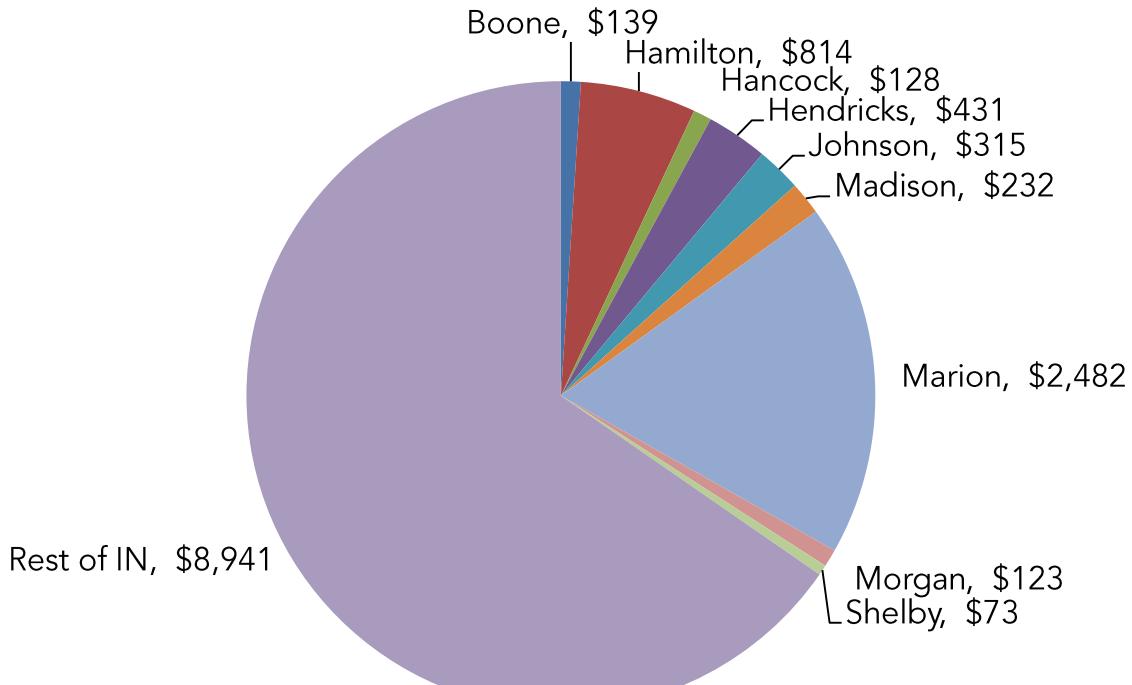
SOURCES: The Brookings Institution

WHY IT MATTERS



# BIGGEST IMPACT ON STATE REVENUE

## 2010 Gross Tax Contributions to Indiana (Millions \$)



## INDY REGION IS:

- 1 20% of Indiana Land Area
- 2 35% of Indiana Population
- 3 40% of Indiana GDP

SOURCES: Indiana Fiscal Policy Institute

WHY IT MATTERS



A night photograph of the Indianapolis skyline. On the left, the Indiana World War Memorial is visible, with its tall, illuminated column and surrounding statues. To its right is the Chase Tower, a modern skyscraper with a grid of illuminated windows. Further right is a building with the words "CHASE TOWER" on its facade. The sky is dark, and the city lights create a vibrant glow.

# WHAT TO DO



# BREAK DOWN BARRIERS.

Often the issues of employees and employers are talked about as mutually exclusive, yet many emanate from the same root causes. **Education and skills training are critical to our long-term success, but these alone will not solve long-term challenges. A comprehensive approach must be taken to break down other barriers to people fully accessing the workforce and the economy.** In a region like Indy where many organizations are doing great work to break down these barriers, it's important to make sure that efforts aren't being duplicated and that overlooked areas are being addressed.

**WHAT TO DO**



# BARRIERS

## EMPLOYEE

Job Access  
Physical/Mental Health  
Childcare  
Benefits Cliff  
Drug Testing  
Criminal Record  
Language Skills  
Financial Literacy  
Lack of Insurance  
Work/Life/Training Balance  
Loan Debt vs. Wages

## EMPLOYER

Drug Testing  
Skills Deficit  
Turnover  
Lack of Applicants  
Liability  
Stalled Productivity  
Health Care Costs  
Training Costs  
Absenteeism  
Soft Skills

## CAUSES

Job Location  
Transportation  
Attainable Housing  
Social Capital  
Familial Challenges  
Work Ethic  
Low Pay  
Health & Food Deserts  
Concentrated Poverty  
Cost of Living

# ALIGN ECONOMIC & COMMUNITY DEVELOPMENT

## ONGOING STRATEGIES



## NASCENT STRATEGIES

- ① Anchor Institutions
- ② Equitable Transit Oriented Development
- ③ 16 Tech/IBRI
- ④ Indy Promise
- ⑤ Inclusive Public Incentives
- ⑥ Return & Complete
- ⑦ Next Level Jobs Program

## PROMISING STRATEGIES

- ① Workforce Housing
- ② Wrap Around Services (Childcare/SNAP)
- ③ Regional Tax Policy
- ④ Brownfield Redevelopment
- ⑤ STEM Education

## WHAT'S MISSING?

- ① Infrastructure & Parks
- ② Food Deserts
- ③ Criminal Justice
- ④ Technology
- ⑤ Physical/Mental Health Care

## WHAT TO DO



# QUESTIONS?



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**MARK FISHER** - [mfisher@indychamber.com](mailto:mfisher@indychamber.com)



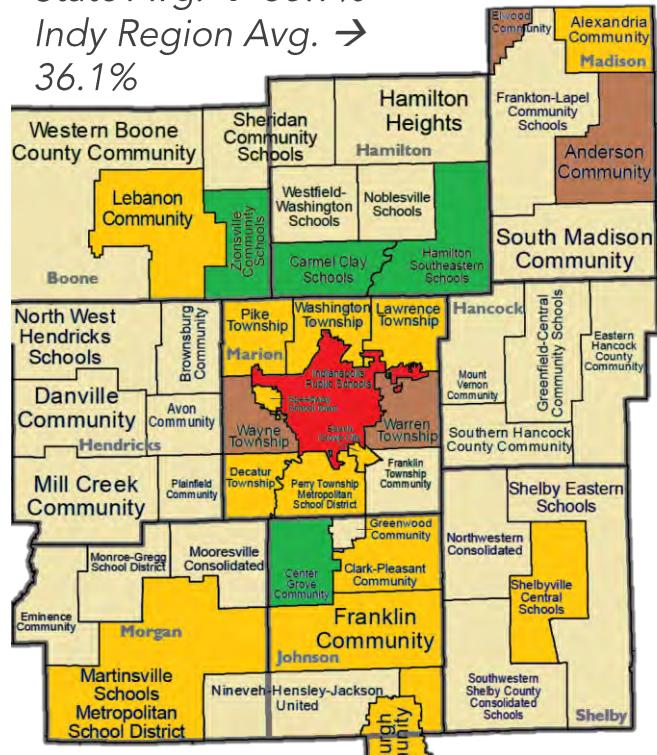
**DREW KLACIK** - [dklacik@iupui.edu](mailto:dklacik@iupui.edu)

# PROLIFERATION OF POVERTY

2007

State Avg. → 35.9%

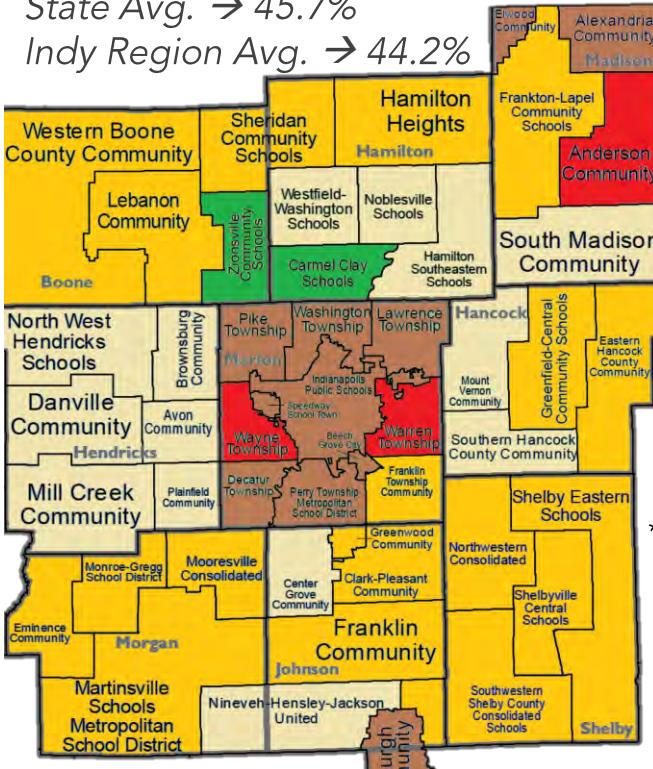
Indy Region Avg. →  
36.1%



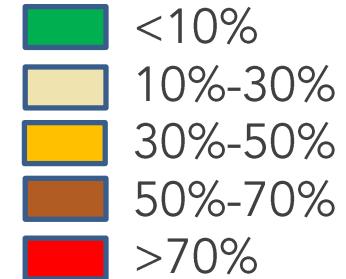
2017

State Avg. → 45.7%

Indy Region Avg. → 44.2%



Free & Reduced Lunch Student Pop.\*



\*Does not include charter school data

WHY IT MATTERS

