

***WORK FORCE ANALYSIS
of the
GREENVILLE (IL) AREA***

PREPARED FOR THE:

City of Greenville, IL

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IN ASSOCIATION WITH:

NORTILLO AND ASSOCIATES, INC.

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Introduction

The City of Greenville commissioned Carter & Burgess, in association with Nortillo and Associates, Inc., to conduct a work force analysis. The report outlines key work force conclusions and challenges facing the community.

The analysis looked at two important economic sectors: general manufacturing and office related. We interviewed many of the major companies within these sectors, plus education providers and other employment related officials. A list of interviewed companies appears in the Appendix.

The analysis examined the critical hiring factors, including labor availability, wages, fringe benefits, commuting distance, labor quality characteristics and others. It examined training and education factors that effect hiring. Finally, it offers recommendations designed to address the challenges.

A National Work Force Perspective

- The following is important information¹ influencing the Greenville labor market: slowdown appears over and it did little to loosen labor markets nationally.
- With the economy picking up again there is little hope that the Fed would cut interest rates again. The question is whether the Fed might raise interest rates again if labor markets tighten further.
- Economists are projecting overall economic growth for the year to reach 4%.
- There is risk that the vigorous economy could fuel inflation.
- The Fed is concerned with “high resource utilization” (very low unemployment rate). It has dropped to 4.4% nationally. According to the Fed: *the apparent tightness in the labor market remained a significant source of upside risk of inflation.*
- American corporations remain in exceptionally strong financial shape. Business investment in new equipment and buildings has risen in the first quarter; they are increasing spending to replace falling inventories; and business construction is accelerating.
- Factory output for the second quarter is on pace to hit 5%, up from 1.2% in the first quarter and a decline of 2.1% in the 4th quarter of 2006. The pickup is broad and includes consumer goods, business equipment and materials (housing related output remains weak). The business equipment rebound includes high-tech gear, transportation equipment and industrial machinery.
- Manufacturers’ exports continue to benefit from strong demand abroad and a more competitive dollar. Overseas shipments continue grow in the 8% to 10% per quarter range.

¹ *Business Week Magazine*, June 2007

The Greenville Area (Bond County) Labor Market

Employment Trends

We looked at the most recent county employment data to determine employment trends from 2002 through 2006. Bond County employment held steady between the years 2002 and 2004. During this period 71 more county residents were employed. Employment increased significantly in 2005 and 2006 with 231 more county residents employed in 2005 and 293 more residents employed in 2006 resulting in a six year low county unemployment rate of 4.9%

- **The overall increase in employment in Bond County from 2002 through 2006 was 7.64% resulting in 595 more Bond County residents employed.**

Bond (IL) County Employment Trends

	<u>Civilian Labor</u>	<u>Employment</u>	<u>Unemployed</u>
	<u>Force</u>		
2002	8,266	7,792	5.7%
2003	8,268	7,756	6.2%
2004	8,381	7,863	6.2%
2005	8,566	8,094	5.5%
2006	8,816	8,387	4.9%

Job Trends

Several industry sectors did see a decline in jobs between 2002 and 2006 as reported by employers in Bond County.

- The Financial sector lost 86 jobs or 48.3%.
- Retail Trade lost 81 jobs or 19.1%.
- Leisure and Hospitality saw 24 jobs lost in this period.
- The Government sector saw a loss of 25 jobs.

Several industries remained steady between 2002 and 2006:

- Manufacturing remained relatively steady reporting a loss of only 3 jobs.
- Construction saw no job loss or gain.

Several industry sectors grew between 2002 and 2006:

- Wholesale trade increased by 86 jobs or 26.8%.
- Education and Health Services increased by 136 jobs or 13%.

Wage & Salary Employment – Bond County (Greenville), IL - Major Categories – 2006.

Source: Illinois Department of Employment Security – 2006

<u>NAICS</u>	<u>Industry</u>	<u># of Employees</u> <u>2006</u>	<u>+-% Change 2002</u>
23	Construction	200	0%
31	Manufacturing	765	-0.33%
42	Wholesale Trade	408	26.8%
44	Retail Trade	344	-19.1%
48	Transportation & Warehousing	179	2.04%
51	Information	90	2.08%
52	Finance	92	-48.32%
54	Professional and Business Services	128	-25.8%
61	Educational and Health Services	1,175	13.1%
72	Leisure and Hospitality	290	-7.64%
81	Other Services	323	22.5%
92	Government	997	-2.46%
Total Bond County Non-Farm Employment		4,991	.47%

Occupation Projections

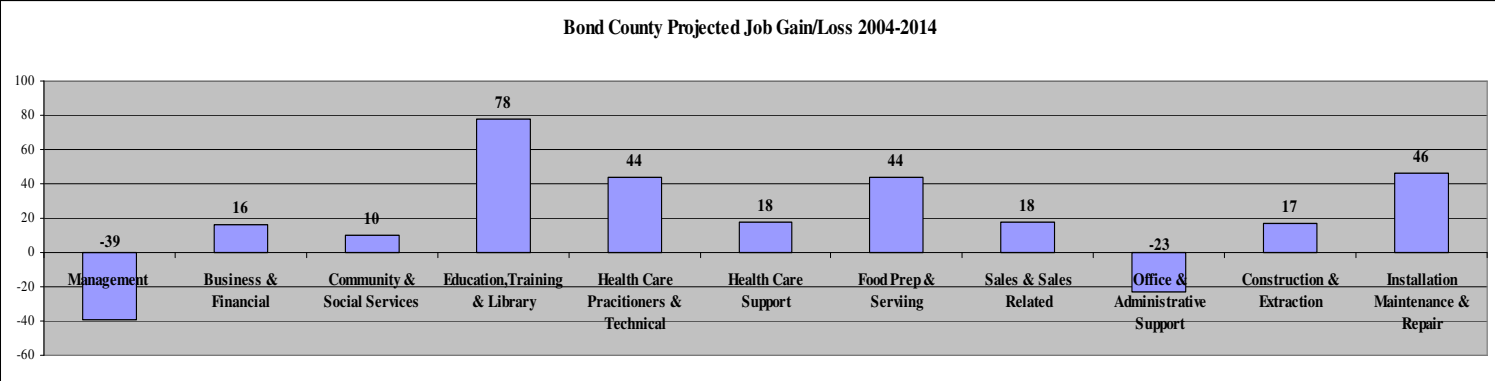
The region’s occupation projections indicate some modest increases, especially in education and health care. The chart below shows the projected number of job gains or losses for select occupations² for the years 2004 through 2014 for Bond County based on 2000 Census Data³.

- 78 new jobs are being projected for the education industry, specifically 41 in special education, and 22 in Postsecondary Faculty.
- The Health Care industry is projected to grow by 62 jobs. This includes 44 new Health Care Practitioners and 18 new jobs in Health Care Support.
- Installation and Repair occupations are expected to increase by 46 new jobs, this includes 32 new auto mechanics positions.
- 39 management and 23 administrative and office support jobs respectively are projected to be lost during this same period.

² Correspond with key occupations chosen for wage comparisons.

³ IDES, Illinois Department of Employment Security, Employment Projections 2002-2014 based on 2000 Census data.

Greenville (IL) Work Force Analysis



Challenge: Meeting the demand for the increase in service industry employment, especially health care and education and slowing the loss of management and administrative support jobs.

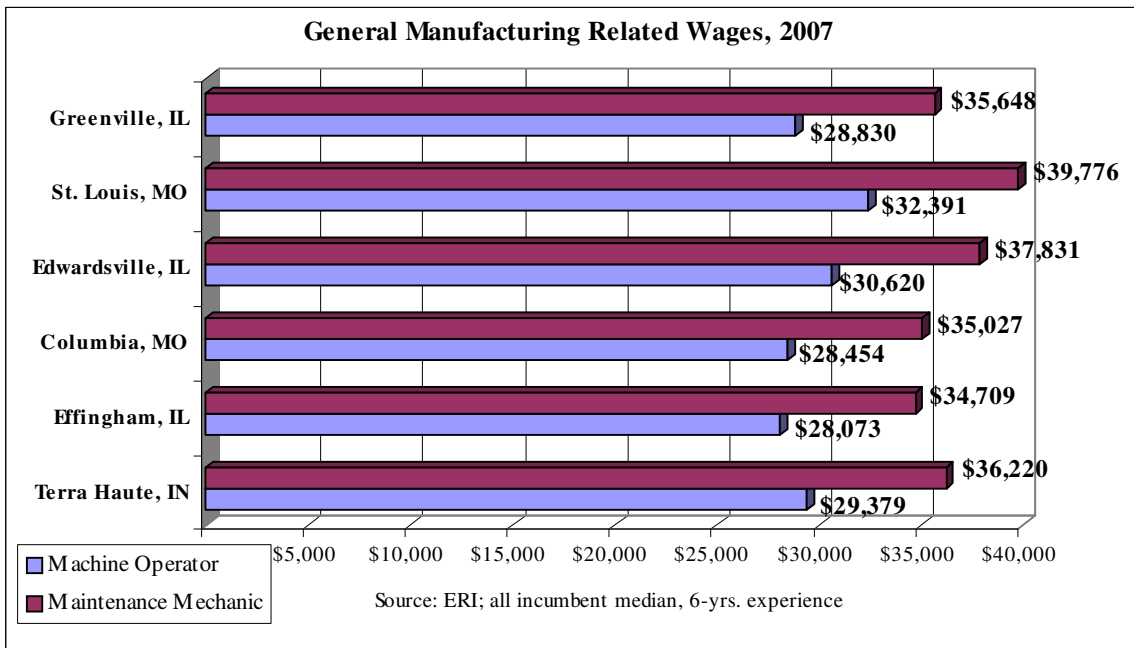
Wages & Salaries

We determined the local wages/salaries through interview results and review of our national wage database⁴. *Database wages collected median level with one-year (or 6-years of manufacturing) experience (no fringe benefits).*

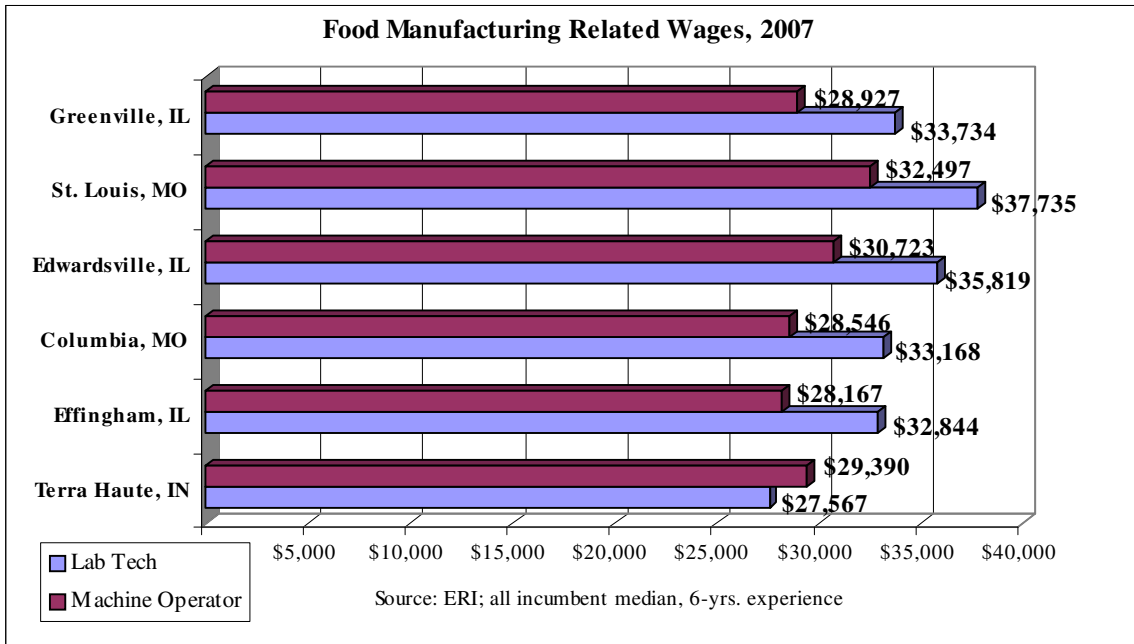
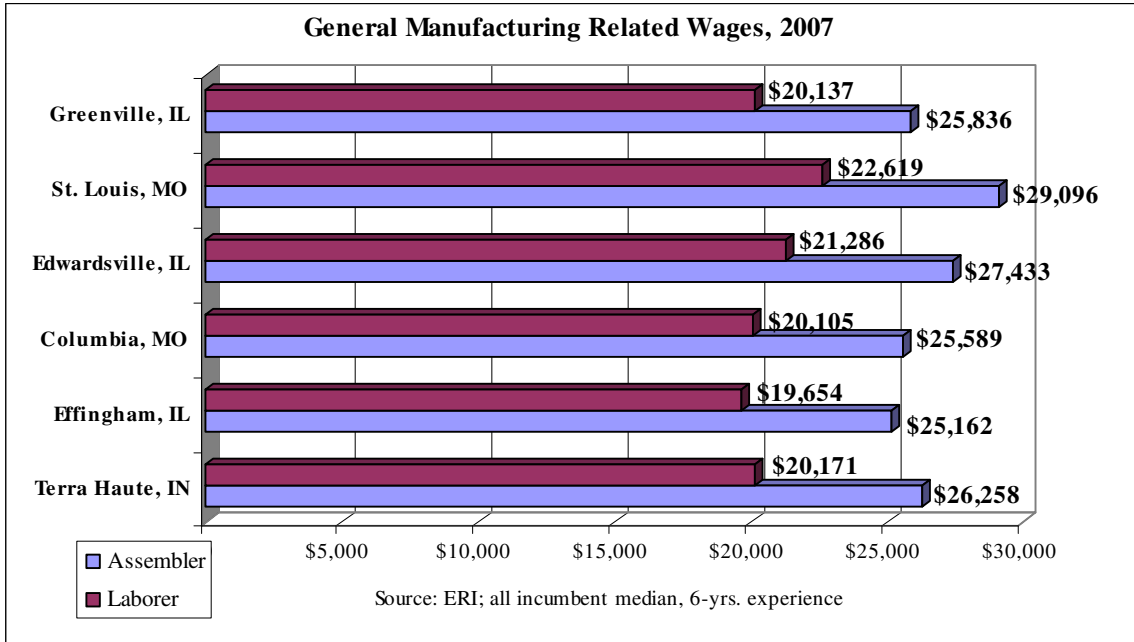
Manufacturing

For manufacturing we used all incumbent median wages (6 years experience) because these were closer to the wages that we collected from actual employers.

- Wages are generally 12% lower than St. Louis; 6 % below Edwardsville; 1% below Terre Haute, but 2% higher than Effingham and 1% above Columbia.

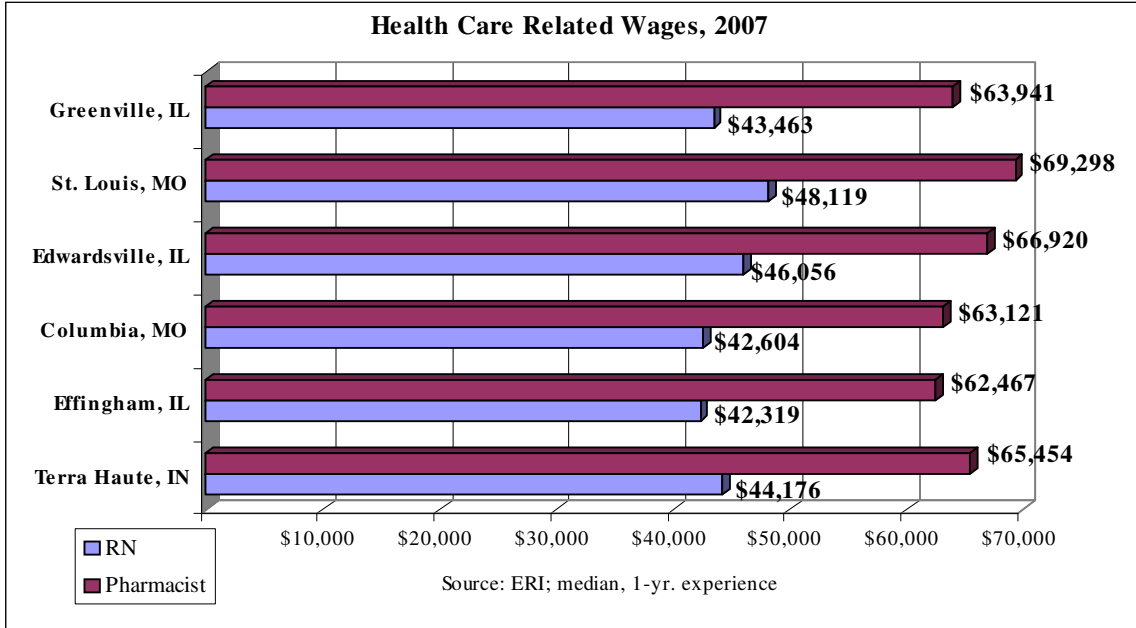


⁴ Economic Resource Institute (ERI), 1st Quarter 2006.



Health Care

- Health care wages are 9.3% higher in St. Louis; 5.2% higher in Edwardsville; 2.1 % higher in Terre Haute, but 1.6% lower in Columbia and 2.4% lower in Effingham.



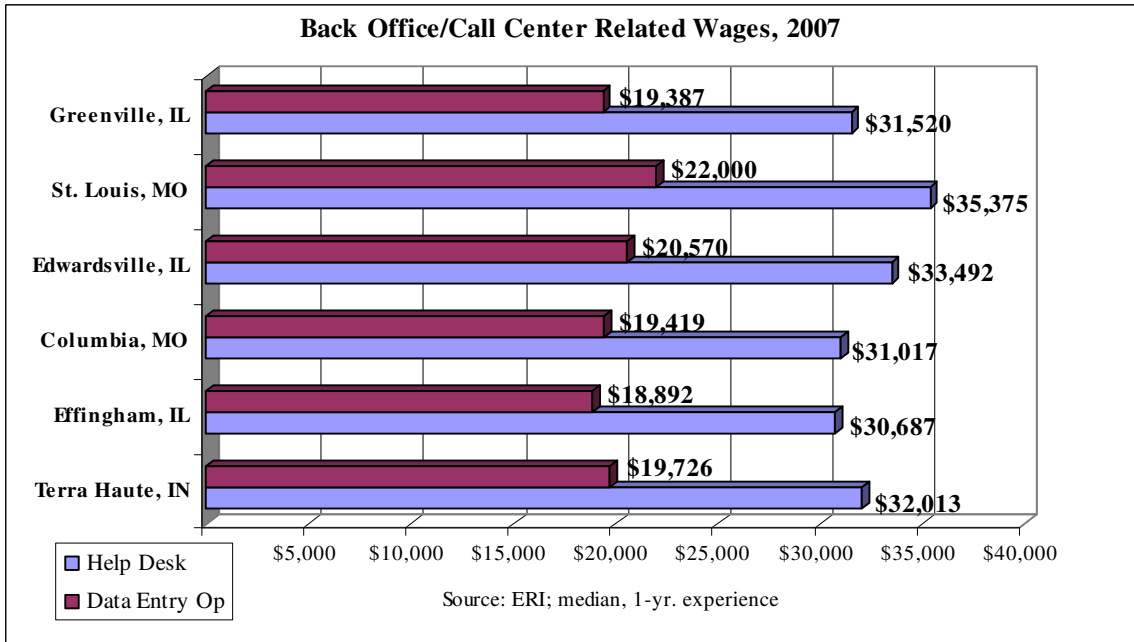
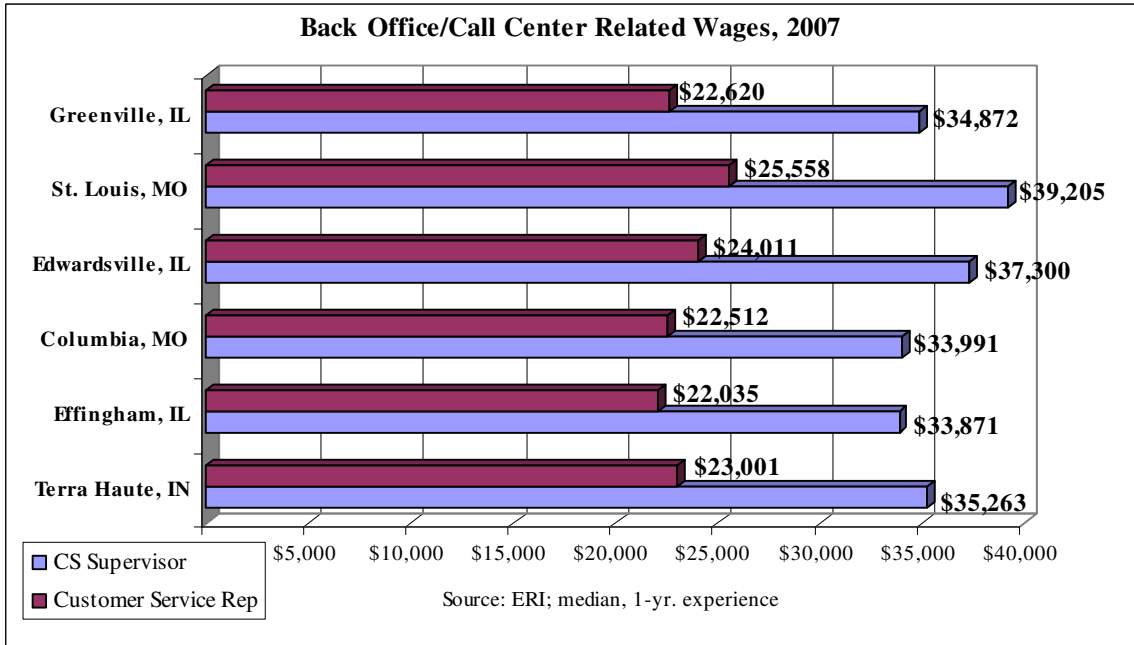
Warehouse/Distribution (DC)

- Greenville DC wages are lower than all competitors (over 13% below St. Louis), except Effingham.



Back Office/Call Center Related

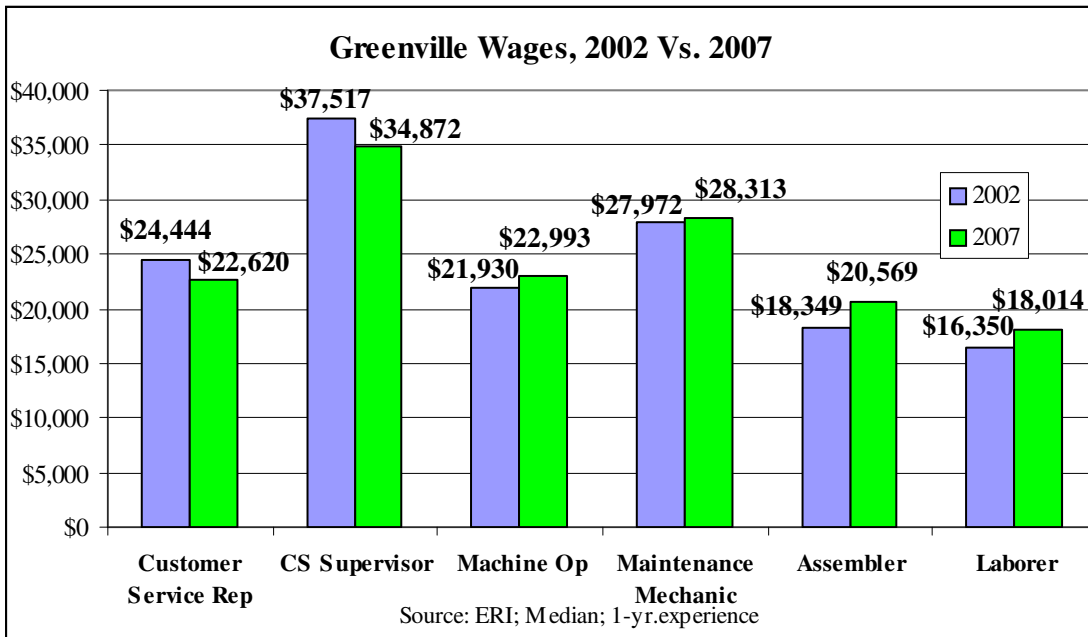
- Wages are generally 13% lower than St. Louis; 6.5 % below Edwardsville; 1.4% below Terre Haute, but 2.5% higher than Effingham and 1% above Columbia.



2002 Vs. 2007 Wages

We next compared select current wages to those in 2002⁵.

- Some back office/call center wages actually lost ground, perhaps tied to the dot-com related losses in the early 2000's.
- Manufacturing experienced very modest gains (1.4%/yr), well under the U.S. average of 3%/yr.



Challenge: Assuring that wages keep pace with market needs and effectively promoting competitive wages to relocating and expanding businesses.

Fringe Benefits

The cost of fringe benefits will greatly affect the ability to attract talent. Of companies interviewed, fringes ranged from a low of 5% to a high of 42% (percent of wage).

- **The average fringe benefit of companies interviewed, shown as a percent of wage, is currently 15.83% for the Greenville Area.**

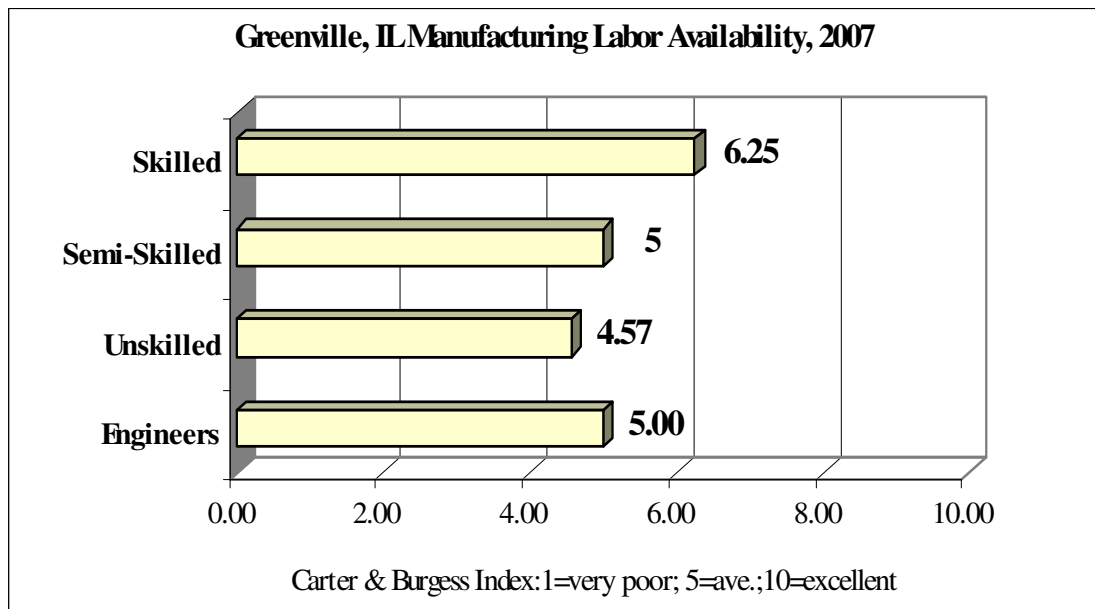
⁵ From Paragon Study

Labor Availability

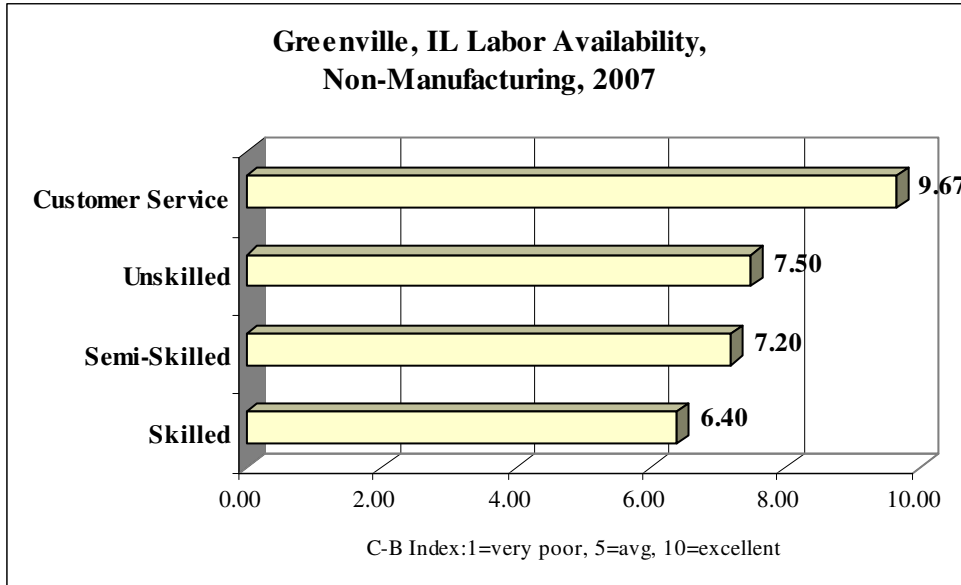
The ability to find qualified workers is critical to the success of any company. Availability of workers is dictated by the size of the market and wages/fringes offered. Through interviews, we were able to determine select availability in the Greenville Area market.

We use an availability index (C-B Index) which measures availability on a one to ten point scale (1= very poor; 5=average; and 10=excellent). We use the same index in all of our labor market analysis nation-wide and this gives a true “apples to apples” comparison of different communities. Generally, scores of 1 to 3 are “poor”; 3 to 4 are “below average”; 4 to 6 are “average”; 6 to 7 are “above average”; 7 to 8 are “good”; 8 to 9 are “very good” and 9 and over are “excellent”.

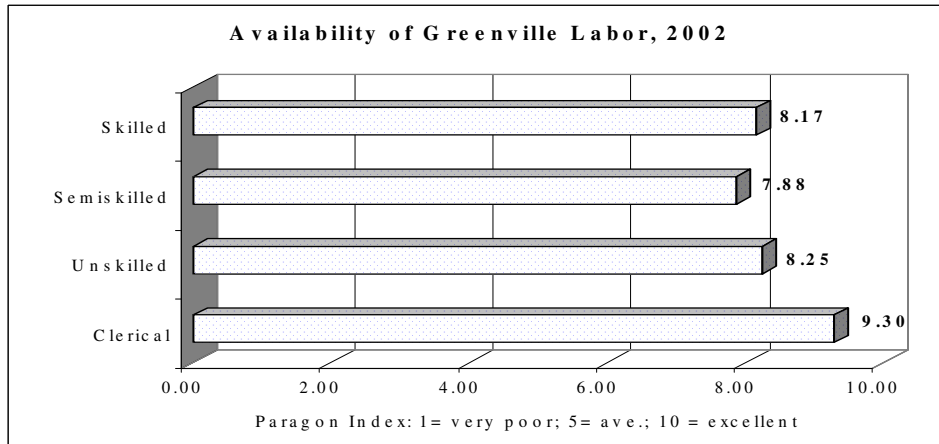
- **Manufacturing positions are tough to fill currently, across the board.**
 - Tightest occupations include: assemblers, CNC machine operators, and technicians. This is consistent with occupation projections.
 - There is better availability for: maintenance workers, some welders, painters and lower level machine operators.



- **Non-manufacturing (i.e. service, office and medical) availability is generally good to excellent.**
 - There is good availability for RNs, customer service reps, tech support specialists, food service and warehouse workers.
 - Those that are tougher to fill include: mechanics, medical techs and sales positions.

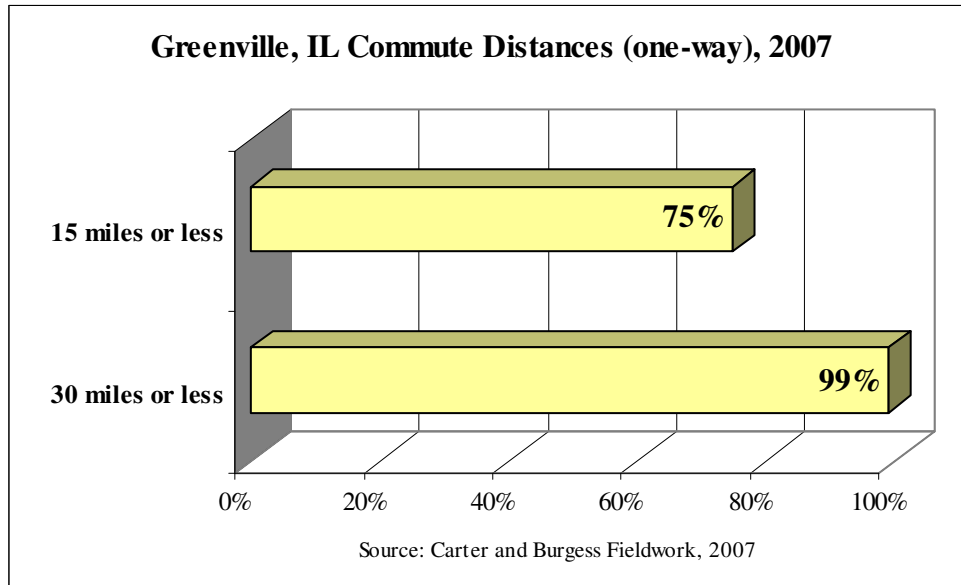


- **When compared to the current situation, availability has deteriorated in some categories since 2002, especially skilled labor.**



Commute Distances

- **The vast majority of the work force commutes less than 30 miles (one-way).**
- This is a short commute compared to many Midwest communities and commuters will go further for better wages/benefits.



What did employers say about availability?

- *Decent work force here.*
- *Easier to find supervisors or quality control people than production workers.*
- *Good availability of customer service and tech support talent here.*
- *Good availability of RNs...Kaskaskia CC and SIU Edwardsville both do their clinicals here and we get many of the grads.*
- *Good luck finding imaging tech and unskilled for dietary and housekeeping.*
- *Hard to find motivated individuals – unskilled labor*
- *Hard to find qualified unskilled workers...4 of 10 cannot pass a 5th grade level test.*
- *Hard to retain workers*
- *Have not had problems finding people*
- *Lab Techs are hard to find, but we just filled one position that had been open for a while.*
- *Not good availability of sales people.*
- *Often find people because they do not want to commute to St. Louis*
- *Only took us three weeks to fill two skilled positions*
- *Relocation is often a problem due to our remote location.*
- *Retaining EE's – hard to find good help that will stay.*

- *Skilled machinists and maintenance workers are tough to find.*
- *Skilled to semi-skilled labor easier to find than unskilled*
- *Spousal employment is an issue.*
- *Students are an untapped labor source...strengths include computer skills, web design, graphics, communications/PR, customer service, marketing, medical, biology, music and accounting.*
- *Tough to find Executive Management*
- *Toughest job to fill is mechanical engineer.*
- *We are only hiring 1 in 20 to 30 unskilled applicants...poor basic skills, especially appearance and communications.*
- *Work force here is pretty decent!*

Challenge: *Improving availability in the key skill shortage categories and promoting good customer service availability.*

Labor Quality

Good quality workers are essential to any successful operation. Through interviews we were able to determine labor quality in the Greenville Area market.

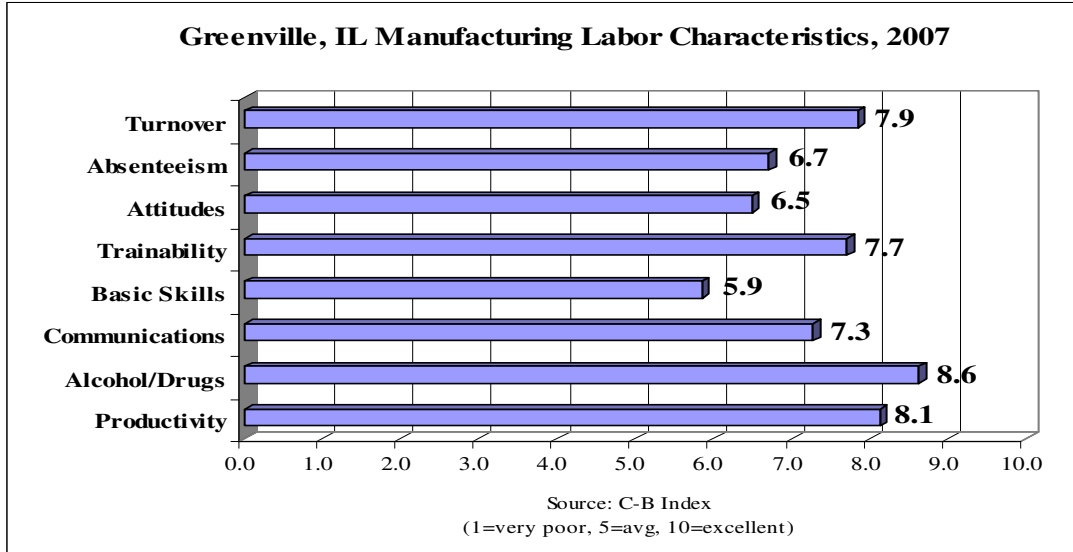
We asked employers to rank select factors on the one to ten point scale. We created the C-B Quality Index from these scores. All factors rate the company's existing work force, except basic skills which rates new applicants. We use the same factors in all of our labor analysis, in order to get an "apples to apples" comparison of communities in different regions. Factors included:

- Turnover
- Absenteeism
- Attitudes – on-the-job
- Trainability – employees response to training
- Basic skills – math, English, grammar, etc. of new applicants.
- Communications – Employer/employee and employee/employee on-the-job.
- Alcohol/drugs – Perceived situation
- Productivity – Employer's measure

Generally, scores of 5 to 6 are "average"; 6 to 7 are "above average"; 7 to 8 are "good"; 8 to 9 are "very good" and 9 and over are "excellent".

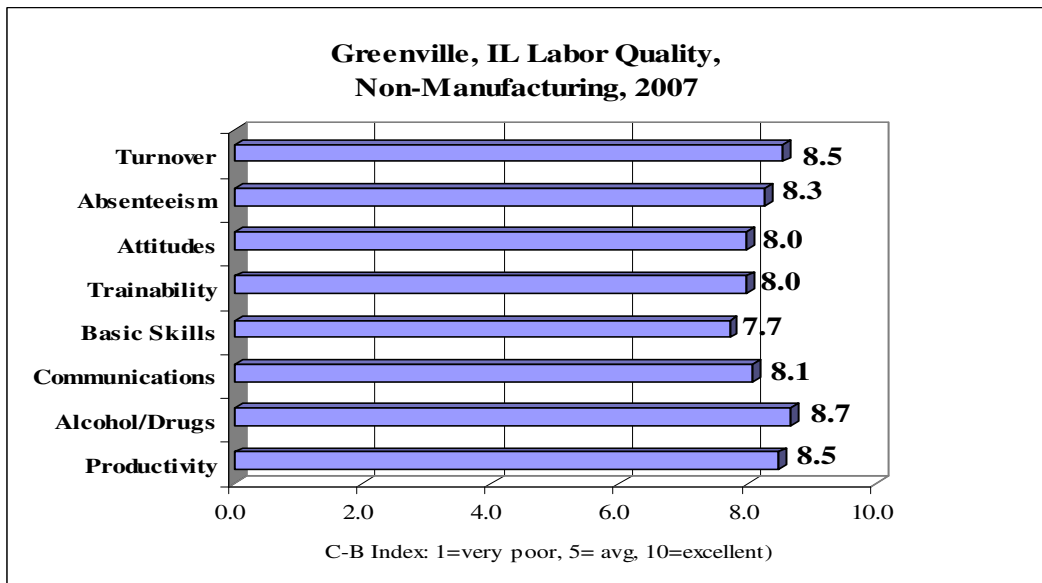
Manufacturing

- **Overall labor quality is good (overall index – 7.34).**
 - Absenteeism and attitudes are areas of some concern.
 - Basic skills are a concern.
 - Productivity and alcohol/drugs are rated very good.

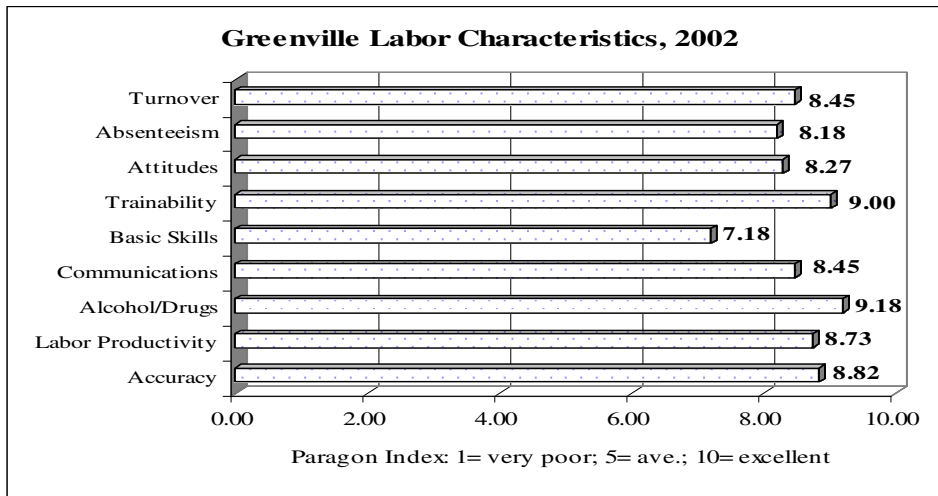


Non-Manufacturing

- **All quality factors are rated good to very good (8.23 overall), much better than manufacturing scores.**



- **In general however, 2007 labor quality has slipped some when compared to 2002.**



What are employers saying about quality today?

- *A real “Can Do” attitude here.*
- *Applicants have poor math skills, but farm hands are hard workers and will learn.*
- *Basic skills are average; some are barely able to fill out the application.*
- *College is a great asset.*
- *Employees are very proud of their work.*
- *Good labor force overall – hard working people.*
- *Good relations with the union.*
- *Labor wise, a good location for manufacturing.*
- *Our productivity has increased substantially over the last 4 years.*
- *Our students show exceptional character and discipline...take work seriously with good soft skills.*
- *Our turnover and absenteeism is low.*
- *Quality of the work force is very strong...strong rural work ethic.*
- *Retaining EE’s – hard to find good help that will stay.*
- *Surveys reveal very good productivity.*
- *Technical schools don’t have the knowledge to train for mechanical positions.*
- *There is a problem with people showing up for work.*
- *They take pride in their work.*
- *Very dependable work force.*
- *Very strong work ethic.*
- *We are only hiring 1 in 20 to 30 unskilled applicants...poor basic skills, especially appearance and communications.*
- *We get all the new company projects here...they say Greenville can do it, if anybody can.*
- *We have almost no turnover.*

- *Work ethic is unbelievable – harder on themselves than we are.*
- *Work force here is pretty decent.*

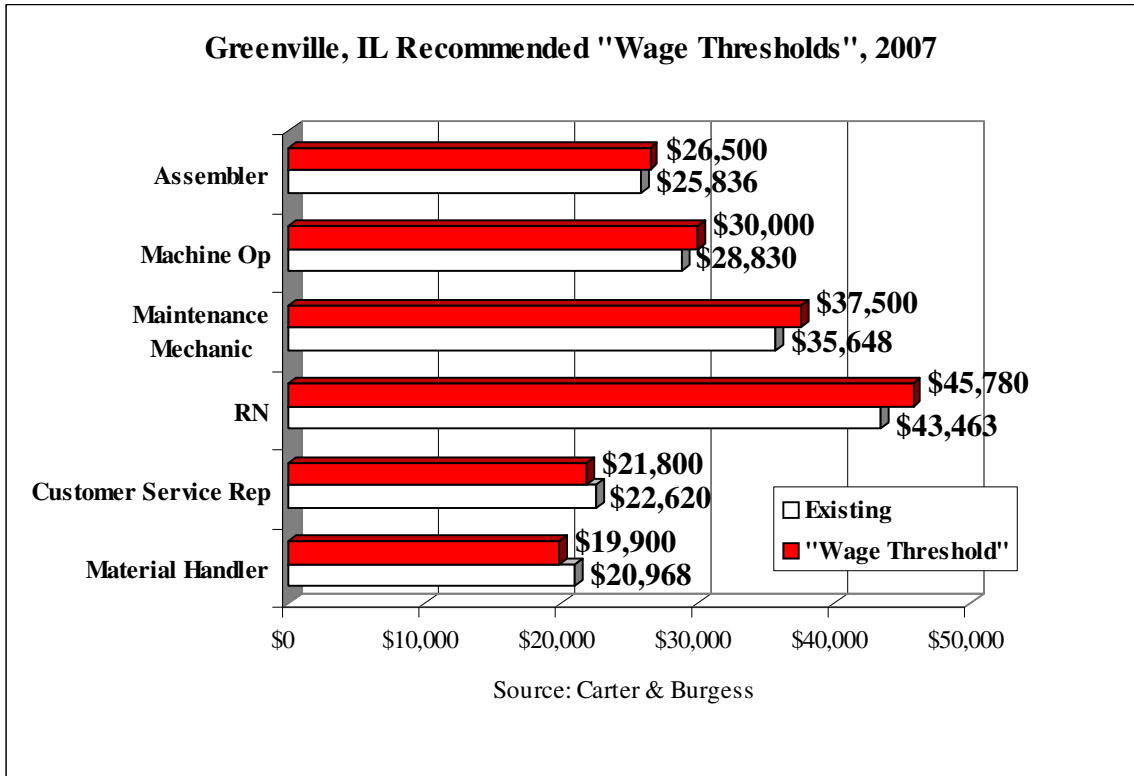
Challenge: Raising the basic skill levels of the manufacturing work force.

The “Wage Threshold”

The “wage threshold” is the ideal wage for attracting and retaining employees. Offering below the threshold will result in poorer recruiting and loss of employment to better paying local companies. Offering above the threshold will result in excellent recruiting, including “pirating” from other local companies, and retention, but will be too costly to the company.

We were able to determine the wage threshold for a number of positions based on current pay (see graph) and availability.

- **Poor availability is dictating the need to raise some manufacturing and health care wages.**
- **Some customer service and warehouse positions could be adjusted downward.**



Challenge: Convincing employers to raise wages in occupations that are experiencing shortages in order to improve availability and productivity.

Education/Training

Today's students are tomorrow's work force. Good training programs are essential for a healthy and growing work force and will improve labor availability. There are several institutions of higher education offering good training/education locally, including:

Kaskaskia College

Located in near-by Centralia, this 2-year community college offers a wide-range of education/training that will benefit locating businesses, including:

Career & Technical Education

24 Associate of Applied Science degrees and 63 certificate degrees in the Career and Technical Department. The Career and Technical Department programs provide education for entry-level jobs, upgrading skills in related areas, and continuing education requirements. The programs are styled in accordance with the wants and needs of students, the community, business and industry.

Greenville College

This four-year, Christian liberal arts college offers traditional undergraduate, graduate and adult degree-completion programs. College has excellent connections with area Community College and offer an "inverted degree" with allows CC students to get their 4-year degree.

It offers a number of well recognized programs from which locating businesses could benefit, including:

- Biology
- Pre-med
- Education
- Music

Employers are generally happy with the area colleges. Here is what they told us:

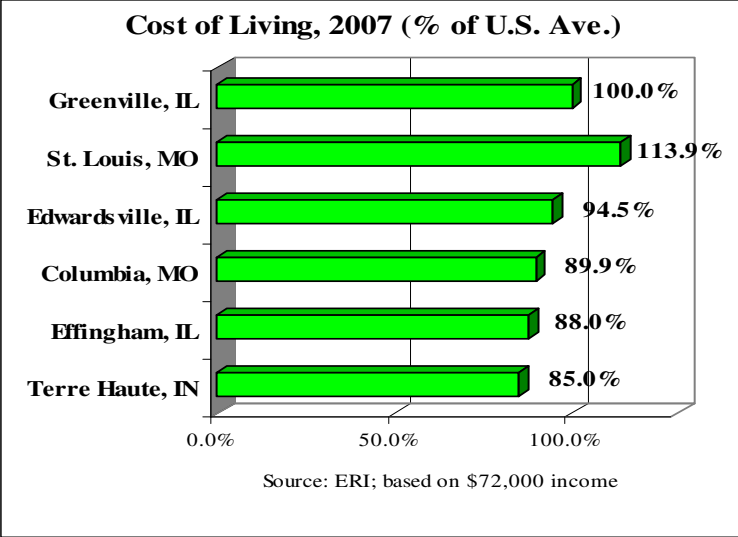
- *College is a great asset!*
- *Kaskaskia College and SIU Edwardsville both do their clinicals here and we get many of the grads.*
- *Kaskaskia College's Business & Industry Center has really helped us.*
- *Kaskaskia could be better, many local students choose to go elsewhere.*
- *Students are an untapped labor source...strengths include computer skills, web design, graphics, communications/PR, customer service, marketing, medical...*
- *Technical schools don't have the knowledge to train for mechanical positions.*

Challenge: *Involving area colleges in programs that improve basic and soft skills and fill skill voids.*

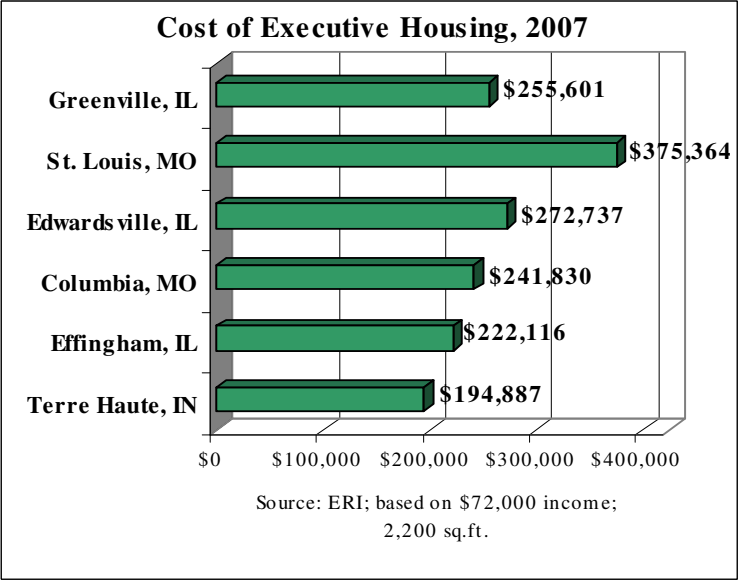
Relocation/Quality of Life

Relocation is a site location factor of growing importance because if key employees refuse to move to the new community, the project may be a failure. Therefore, the overall quality of life and cost of living of a community is critical.

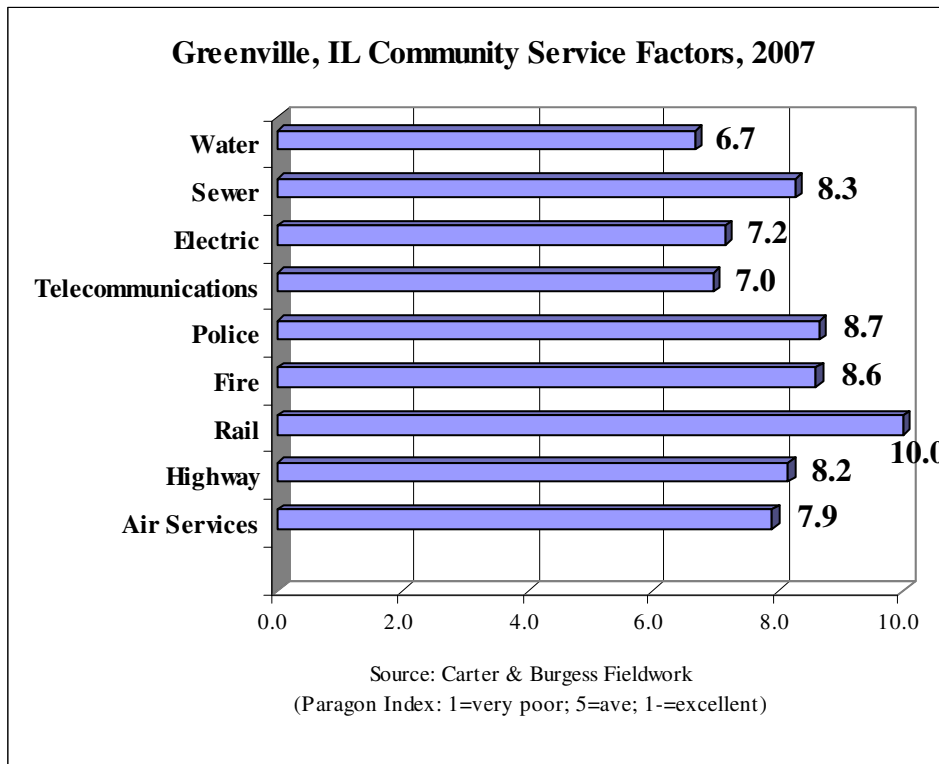
- **Greenville’s cost of living is higher than all competitors except St. Louis.**



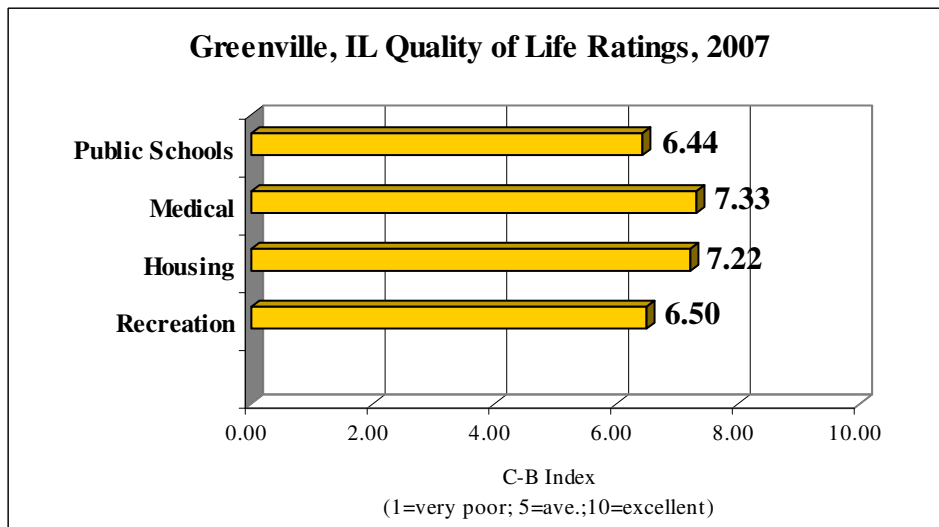
- **Greenville housing costs are low compared to the St. Louis area, but higher than three others.**



- **Greenville area employers are quite satisfied with area services.**
- Quotes tell us that there are some concerns with City services, rising utility costs and doing business in the State of Illinois.



- **Quality of life factors were generally rate good, but there is some concern regarding the area's secondary schools.**



A sampling of what employers are saying about quality of life/service issues follows:

- *Centralized location – close to metro area*
- *Cheaper to do business here*
- *City is very receptive – Watson’s Pharmacy is very helpful to our older residents*
- *City water system is old and could not handle the fire flow for our distribution center.*
- *Codes are difficult for new business.*
- *Extremely pleased with the City.*
- *Frustrating dealing with the City, they have promised road improvements, but nothing yet.*
- *Gas and electric rates are escalating.*
- *Great place, can’t understand why a company would not choose to locate here*
- *Greenville is a great distribution location into IL and MO.*
- *Happy with the schools here.*
- *Illinois is a tough State in which to do business.*
- *Infrastructure for big business is not here.*
- *Local schools need improvement.*
- *Love it here!*
- *Low cost of living and high quality of life with access to St. Louis.*
- *Low crime area.*
- *Make sure you need to be in IL with all their high costs/regulations.*
- *No task force for connecting business to education community.*
- *Not much to do for someone younger.*
- *Real estate is cheap.*
- *State incentives have helped our expansion.*
- *The City lacks preparedness in working with bigger businesses.*
- *There are generational poverty issues in Bond County that affect the high school success rate.*
- *We will not manufacture in IL, WC horrible, taxes too high...don’t trust politicians.*
- *You will find the city very cooperative.*

Challenge: Finding ways to improve relocation efforts in order to offset higher costs and other problem areas.

Critical Conclusions and Challenges Recap

- **Generally, Greenville costs are lower than the St. Louis Area and Terre Haute.**
- **Generally, costs are higher than Effingham and Columbia.**
- **The service sector is in a significant growth mode. Customized training programs should be designed to meet current and projected demand**
- **Wages are generally competitive and will be attractive to new and expanding businesses.**
 - However, “wage thresholds” suggest that some manufacturing positions should be adjusted upward, but some non-manufacturing jobs should be adjusted downward.
- **Manufacturing skills availability is a problem that will tighten in the future.** The region will face significant skill shortages in a number of key skilled positions in the next five to ten years. Projections show declines for many skilled positions.
 - **Greatest skilled position needs include:**
 - Assemblers
 - CNC Machinists
 - Technicians
 - **Greatest skill needs include:**
 - Work ethic (soft skills)
 - Basic skills (math, blue print reading, drafting, etc.)
- **Manufacturing labor availability has declined since 2002, which at that time was rated by employers as good to very good. Employers in 2007 rated most manufacturing labor availability as below average.**
- **99% of workers commute less than 30 miles (one-way) to/from work.**
- **Most non-manufacturing availability is generally good with customer service being excellent.**
- **Manufacturing labor quality is generally good, but was rated slightly better in 2002.** Basic skills of applicants are a concern.
- **Non-manufacturing labor quality is generally very good.**

Education/Training Related

- **Local training providers offer a wide array of manufacturing related programs and employers are generally satisfied with local training programs.**
- **There is a strong need for more basic and “soft skill” training.** Particularly in the areas of basic shop math, communications skills, work ethic, punctuality and industrial work environment.

Relocation/Quality of Life

- **Employers are generally satisfied with quality of life factors in the area.**
- **There is some concern regarding the ability to attract talent to the community.**

Challenges Recap

Challenge: Meeting the demand for the increase in service industry employment, especially health care and education and slowing the loss of management, administrative support jobs.

Challenge: Assuring that wages keep pace with market needs and effectively promoting competitive wages to relocating and expanding businesses.

Challenge: Improving availability in the key skill shortage categories and promoting good customer service availability.

Challenge: Raising the basic skill levels of the manufacturing work force.

Challenge: Convincing employers to raise wages in occupations that are experiencing shortages in order to improve availability and productivity.

Challenge: Involving area colleges in programs that improve basic and soft skills and fill skill voids.

Challenge: Finding ways to improve relocation efforts in order to offset higher costs and other problem areas.

Recommendations

The following are designed to guide the City of Greenville and the Workforce Investment Board at improving the local labor market.

Training

- **Organize a local committee to regularly explore training issues.** Members should include leadership from the City, the WIB, RCGA, local colleges, secondary education, utilities and select companies.
- **Focus short-term training efforts on the existing voids:** assemblers, CNC machine operators, technicians and maintenance-related for manufacturing; mechanics, medical tech and sales-related for non-manufacturing.
- **Gear longer-term training toward medical and advanced manufacturing-related occupations.**
- **Assist with the refinement, design and promotion of internship opportunities that meet local company needs and schedules.**
- **Encourage improved “basic and soft skills” training programs.**
- **Explore the creation of a Basic Manufacturing Skills “Boot Camp”.** This would offer “basic skills” training (shop math, blue print reading, tape measure reading), as well as “soft skills” for potential job applicants.
 - Explore the Elgin Community College Industry Training Center and other programs that provide this training.
 - Solicit support from major area manufacturers.
 - Design a certification program.
 - Consider making it mandatory for applicants to attend if they want a job from participating manufacturing partners.

Marketing

- **Educate local employers on the results of this analysis.** Encourage them to adjust wages to match the “wage thresholds.”
- **Organize cooperative recruitment missions with local companies for occupations where there are severe shortages.** Skills are likely in the St. Louis area, if workers can be convinced to commute longer distances (for better wages).

- **Explore the development of a relocation incentive program designed to assist expanding companies to move key employees to the Greenville Area.** Develop a relocating spouse clearinghouse.
-
- **Conduct an underemployment analysis designed to better determine labor availability and commuter patterns in the labor shed.**
- **Promote positive wage, availability** (particularly customer service) **and quality information.** Refine your target industry promotional materials and web site to reflect information in this report.
- **Update this report at least every three years.**

Carter & Burgess, Inc. and Nortillo & Associates are available to assist in the accomplishment of these recommendations.

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APPENDIX

Interviews Conducted

Agracel
Bass Mollett
Bond County Community Unit School
Carlisle SynTec
Central Illinois Truck Supply
DeMoulin Bros & Co.
Eagle Panel Systems
Enetech Inc.
Federal Correction Facility
Financial Resources of America
Glenwood Assisted Living
Greenville Advocate
Greenville College
Greenville Regional Hospital
Joiner Sheet Metal
Kaskaskia Community College
Mallinckrodt Specialty
Maredy Distribution Company
Naco Printing
NEVCO Scoreboard
Peterson Spring
Southwestern Electric Cooperative
United Stationers