



NEWS RELEASE

Contact: Chris Watts, Central Indiana Corporate Partnership/Conexus Indiana
Phone: 317.464-2237 or 317.514-3184 E-mail: cwatts@cincorp.com

Indiana scores 'A's on 2011 Manufacturing & Logistics Report Card, but poor showing on workforce threatens future growth

(INDIANAPOLIS, Ind., June 10, 2011) Conexus Indiana and the Ball State Center for Business and Economic Research today released the 2011 Indiana Manufacturing and Logistics Report Card, an annual "grading" of the strengths, challenges and opportunities impacting the two industries that collectively employ nearly one of every four Hoosiers.

This year's Report Card confirms that Indiana's strengths in 'making and moving' products have buoyed the state's economic recovery. Indiana continues to rank among the top tier of states in manufacturing and logistics employment, and Ball State economists predict that the next 12 months will be a "record year" for manufacturing in the state. Indiana's manufacturing employment has risen by 4.6% since the end of the recession.

The Report Card gives Indiana overall 'A' grades in Manufacturing Industry (ranking first among states in share of the economy focused on manufacturing), Logistics Industry, Global Position (measuring manufacturing exports and foreign investment) and Tax Climate. The educational attainment of the Hoosier workforce, however, continues to be a long-term concern.

The state's 'C' grade in Human Capital is a step forward from last year's C-, based on strong enrollment in community college programs and improved high school graduation rates. But Indiana's adult population continues to rank among the least-educated in the nation, leaving Hoosier manufacturing and logistics firms struggling to find qualified applicants for jobs that demand increasingly advanced skills.

"This year's Report Card reiterates that Indiana must do a better preparing the next generation of manufacturing and logistics workers," said Steve Dwyer, Conexus Indiana's President & CEO. "Today's jobs aren't about standing at assembly lines – they're about running computerized equipment and robotic systems, about teamwork and problem-solving.

"We have to give introduce young Hoosiers to these careers early on, and give them opportunities to acquire the skills they need at all levels to create the pipeline of talent that manufacturing and logistics employers need to grow."

As the state's manufacturing and logistics initiative, Conexus Indiana is working with its corporate and academic partners to develop industry-endorsed educational programs, and marketing the careers to young people through its 'Dream It. Do It.' marketing campaign (at www.DreamItDoltIndiana.com).

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The state's 'A' in Logistics Industry was a first in the four-year history of the Report Card, up from a B+ in 2010 based on stronger infrastructure investment relative to other states. Conexus Indiana has prioritized and advocated for critical investments through its Indiana Logistics Council, an industry forum that gathers input from logistics employers across the state.

"Indiana starts with a competitive advantage in logistics based on our position as the 'Crossroads of America,'" Dwyer noted. "But we have to keep making smart choices to keep our edge."

Other key findings from the 2011 Indiana Manufacturing and Logistics Report Card:

- Indiana ranks second among states in per capita manufacturing employment and 9th in logistics employment;
- Indiana ranks first in per capita income derived from foreign-owned manufacturing operations, 9th in manufacturing exports per capita and 13th in export growth;
- Indiana scored a 'C-' in Benefit Costs, based on poor rankings in healthcare and fringe benefit costs;
- Indiana generally ranks in the top tier of states in terms of tax rates – and the recently-enacted corporate income tax cut should bolster the state's current ranking of 21st in corporate taxes;
- The state's 'C' grade in Productivity and Innovation represents a mixed-bag of indicators, with strong rankings in manufacturing productivity (9th) and R&D investment (15th) offset by poor performance in patents-per-capita (32nd);
- With rankings of 31st in percentage of the workforce with a high school diploma or greater, 42nd in college-educated workers, and 26th in younger workers with a two-year degree, human capital remains Indiana's biggest long-term hurdle to future manufacturing and logistics growth.

"This year's analysis shows that Indiana is clearly still a manufacturing state that is taking advantage of its central location and pro-growth business climate," said Michael Hicks, Director of the Ball State Center for Business and Economic Research and primary author of the Report Card. "But I'd echo the warning that every investor has heard – 'Past performance is no guarantee of future results.' Policymakers need to focus on areas like workforce development and healthcare costs to maintain our competitiveness."

Launched by the Central Indiana Corporate Partnership, Conexus Indiana is the state's advanced manufacturing and logistics initiative, dedicated to making Indiana a global leader. Conexus is focused on strategic priorities like workforce development, creating new industry partnerships and promoting Indiana's advantages in manufacturing and logistics. Learn more at www.ConexusIndiana.com.