



NEWS RELEASE

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2012 Manufacturing & Logistics Report Card: Indiana's business climate helps the state thrive in the global economy – but workforce challenges continue to threaten future growth

(INDIANAPOLIS, Ind., June 19, 2012) Conexus Indiana and the Ball State Center for Business and Economic Research today released the 2012 Indiana Manufacturing and Logistics Report Card, the 5th annual assessment of the strengths, challenges and opportunities impacting two industries that collectively employ nearly one of every four Hoosiers.

According to the report, manufacturing and logistics continue to drive Indiana's recovery and employment – the state again ranks as the most manufacturing-intensive economy in the nation, and first among states in manufacturing employment per capita. Indiana ranks 9th in logistics employment and 10th in freight shipments by tonnage. The strength of these and other data earned Indiana 'A' grades in the strength of both its manufacturing and logistics sectors (Ohio is the only other state to earn an A in both categories).

Indiana also thrives in the global economy, receiving an A in Global Position; the state ranks 10th in manufacturing exports per capita and first in income derived from foreign manufacturing investment.

According to Ball State economist Michael Hicks, Indiana's solid tax and fiscal policies have kept the state's historically-strong manufacturing and logistics industries competitive. The state earned another A grade for its tax climate, and a B for a new category – Expected Liability Gap – that assesses the state's exposure to future liabilities such as unfunded pension costs and bond obligations.

"Growing businesses are looking for a business climate that's pro-growth *and* predictable," noted Hicks. "Indiana's tax code is favorable for investment today, and the policies that have kept us on solid fiscal footing lowers the risk of abrupt tax hikes or drastic budget cuts in the future based on unmanageable public debt."

Indiana earned an improved B+ grade in the Report Card's Productivity and Innovation category, based on improvements in manufacturing productivity and patent production, a testament to the incumbent Hoosier worker.

"The current manufacturing and logistics workforce is driving growth," said Conexus Indiana President and CEO Steve Dwyer. "But these workers are getting older – the average age for manufacturing and logistics employees is over 50 – and the pipeline for the next generation is weak. That's where our challenge lies."

As Dwyer notes, not all of the news is positive in the Manufacturing and Logistics Report Card. Indiana continues to be dogged by weak educational attainment, a critical challenge for industries that are increasingly high-tech and demand a highly-skilled workforce.

“The majority of U.S. manufacturing workers now have some college education,” Dwyer added. “With Indiana in the bottom half of states for adults with a two- or four-year degree, we’re at a competitive disadvantage for manufacturing and logistics companies looking to hire educated workers with advanced skills.”

The state’s C- grade in Human Capital is attributable to disappointing rankings in the adult population with a high school diploma (31st among states), adults with a four-year college degree (42nd), and associate’s degrees awarded per capita (32nd). While older workers have acquired skills through years of experience, the demands of industry have evolved beyond the educational abilities of future employees, according to Dwyer.

“We have to introduce young Hoosiers to manufacturing and logistics careers early on, and give them opportunities to acquire the skills they need to succeed in 21st century factories and high-tech supply chain operations,” he said.

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). The organization is currently focused on a pilot launch of its new manufacturing and logistics high school curriculum, which will be available to school districts statewide next year.

“We value this annual Report Card as a way to mark our progress and get an objective read on the vitality of these industries, which make up almost a third of our economy,” finished Dwyer. “But we’ve made the strategic decision to focus most of our attention on Human Capital – the story of manufacturing and logistics over the last few decades is the transformation of the workforce, and Indiana still has some catching up to do.”

Other findings in this year’s Report Card include a C- in Benefit Costs driven by healthcare expenditures, and a C+ in Diversification (an improvement from last year’s C grade, demonstrating a breadth of growth across 22 industry sub-sectors identified by Ball State).

Indiana’s grades on all categories of the Manufacturing and Logistics Report Card follow; learn more at www.ConexusIndiana.com.

Subject	Indiana Grade - 2012	Indiana Grade - 2011
Manufacturing Industry Health	A	A
Logistics Industry Health	A	A
Human Capital	C-	C
Benefit Costs	D+	C-
Global Position	A	A
Productivity and Innovation	B+	C+
Tax Climate	A	A
Diversification	C+	C
Public Financing	B	<i>(New for 2012)</i>

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.