

GULF COAST WORKFORCE BOARD

WORKFORCE

REPORT CARD



.....
A MEASURE OF PROGRESS comparing the Gulf Coast's economy and labor market against those of similar metropolitan regions in the United States
.....

2011

2011 REPORT CARD

	Industry & Employers	Labor Force & Knowledge Jobs	Market Alignment	Education	Income, Wealth, & Poverty	Places to Live & Work
Houston	A	A	B	C	C	B
Atlanta	C	C	C	A	B	C
Dallas	A	B	B	C	B	B
Denver	C	B	C	A	B	C
Miami	C	C	C	C	C	C
San Antonio	A	B	B	C	C	A
San Diego	B	B	A	A	A	C

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SUMMARY

In 2005, the Gulf Coast Workforce Board produced its first Workforce Report Card, comparing the 13-county Gulf Coast area to six competitor regions around the country. We developed the Report Card as a means of benchmarking ourselves against similar metro areas in six key dimensions:

- Industries and Employers
- Labor Force and Knowledge Jobs
- Market Alignment
- Education
- Income, Wealth and Poverty
- Places to Live and Work

THE 2011 WORKFORCE REPORT CARD

The Gulf Coast region ranks:



AT THE TOP in terms of **industries, jobs** and **labor market alignment**;

SOMEWHERE IN THE MIDDLE on indicators of **quality of life**; and

AT THE BOTTOM when looking at the **talent pipeline** and the **well-being** of our people.

Beginning with this report, we include measures that show how the Gulf Coast region fits into the larger global economy. Regional economies are increasingly interdependent and are directly impacted by global trade, foreign investments, and cross-border movement of goods, service, technology and capital. We have identified several studies that rank global cities on a variety of indicators and included the international rankings as sidebars throughout the 2011 Report Card.

The Gulf Coast region continues to create new jobs and retain good jobs; however, following the 2008 recession, unemployment increased, incomes and home values decreased, and homeowners spent less of their incomes on housing costs while renters spent more.

Fewer people used public transportation or carpooled, but commute times to work decreased slightly. For the first time in a long time, population growth in the Gulf Coast region slowed.

Education remains the critical issue for our region. Once again, the Gulf Coast scored at or near the bottom in all of the Report Card's education measures.

MAJOR FINDINGS

If we are not growing our own skilled workforce to keep pace with employer demand, the resulting skills gap will hurt the region's economic growth.

To remain strong, we must:



Improve high school graduation rates;



Encourage students, parents and teachers to consider education in high-skill, high-growth jobs of the future; and



Provide a path for workers whose skills have become obsolete to upgrade or retrain for jobs in demand.

REPORT CARD INDICATORS

Industries and Employers

The industrial make up of a region is a critical component of a robust regional economy and labor market. Ideally, the local economy will have a strong mix of businesses offering a wide variety of high-skill, well-paying (knowledge) jobs. A sign of healthy markets is growth in both the total number of businesses and the overall number of jobs they provide.

2025 GROSS DOMESTIC PRODUCT

Foreign Policy Magazine reports the Gross Domestic Product by city in 2010. Houston's GDP ranks 17th globally but is predicted to rank 14th by 2025 (one of only nine U.S. cities to make it to the top 25 in 2025).

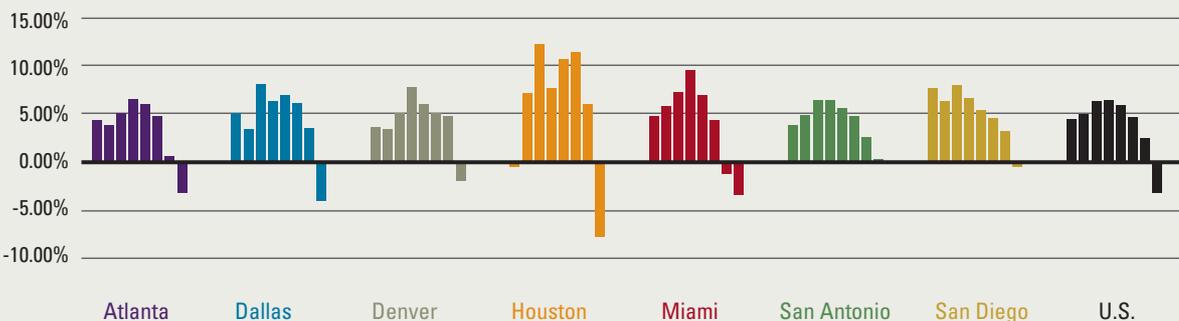
1. New York
2. Tokyo
3. Shanghai
-
11. Tianjin
- 12. Dallas**
13. Washington D.C.
- 14. Houston**
15. Sao Paulo
16. Moscow
17. Chongqing
-

www.foreignpolicy.com

Like the nation, the metropolitan regions in this report experienced an economic slowdown in 2009, but some regions fared better than others. **The metropolitan gross domestic product (GDP)** measures the market value of all final goods and services produced within a metropolitan area in a particular period of time demonstrating economic growth or decline. Although the Gulf Coast had the strongest five-year GDP, we also had the largest one year decline in GDP. Some of this rapid decline is due to the recession hitting the Gulf Coast a year later than other comparison regions. San Antonio appears to have withstood major hits to GDP compared to the other regions with the smallest one-year change down only .14% and the second strongest 5-year GDP.

The five-year rate of employment fell in all regions since the last report, except in regions located in Texas. **Job growth** was highest in the Gulf Coast and San Antonio with rates over 10%. Texas regions' five-year growth slowed in 2010, when job growth declined in every region in our study.

Annual Percent Change in Metropolitan GDP 2001 – 2009



The five-year **growth in business establishments** waned in all regions, but Texas led in this measure and the Gulf Coast region had the highest rate with 7.4%. Miami was the only region to have a negative five-year growth in business establishments.

Industrial diversity measures the extent to which an area is insulated from a sharp downturn in one of its top industries. Less diversity was seen in all regions, except Atlanta and Denver which remained the same since the last report. Dallas and the Gulf Coast once again led in this measure.

Behind the Grades

Texas regions led in *Industries and Employers*, all earning A, demonstrating that even in the tough economic times of 2009

Texas maintained a relatively strong economy. Texas regions took the top three rankings in growth in jobs and business establishments due in part to the state's diverse industry base.

COST OF DOING BUSINESS

"Competitive Alternatives: KPMG's Guide to International Business Location 2010," compares business costs for more than 100 cities in 10 countries measuring the combined impact of 26 cost components including labor, facility, transportation, and utility costs. Houston offers an internationally competitive business environment ranking 17th overall, 7th in the U.S., and 12th in North America.

1. Monterrey
2. Mexico City
3. Montreal

8. Atlanta
13. Miami
14. Baltimore
15. Dallas
16. St. Louis
17. Houston
18. Phoenix
28. Denver
33. San Diego

www.competitivealternatives.com

Labor Force and Knowledge Jobs

The types of jobs residents hold, the relative involvement of working-age people in the labor force, the age of the workforce, and workforce diversity are all important indicators of the relative competitiveness of a region's labor market. The most competitive regions will have a strong share of knowledge jobs, a diverse workforce, and a relatively strong involvement of adults in the workforce.

One of the most apparent effects of the recession is the impact on the **unemployment rate**—which increased about 50% in all regions in 2009. The unemployment rate more than doubled in the U.S. since the last Report Card, and continued to increase in all regions through 2010, when it was over 10% in Atlanta, Miami, and San Diego.

In addition to having the highest unemployment rate at 10%, Miami also had the highest rate of people 16 years and over not in the labor force. **Not in the labor force** measures the degree to which the adult, working age population is “unattached” to the labor force—neither working nor looking for work. When compared to the last report, the rate has dropped in all regions and the nation, except the Gulf Coast, San Antonio and San Diego. A decline may indicate that more individuals, discouraged by the economic climate and higher unemployment, chose not to actively look for work.



jobs. We think this may mean that the Gulf Coast, like the other regions, hung onto more of its good jobs.

ONE OF THE MOST APPARENT EFFECTS OF THE RECESSION IS THE IMPACT ON THE UNEMPLOYMENT RATE—WHICH INCREASED ABOUT 50% IN ALL REGIONS IN 2009.

Although all regions shed jobs during the economic downturn, they also all experienced a slight increase in the percent **of managerial, professional, and related jobs** or “knowledge jobs.” This indicates the regions shed lower skilled jobs at a higher rate than knowledge

The Simpson Index of Diversity measures the likelihood that two individuals in the population will not be from the same racial or ethnic group. The result is a number between zero and one, with a higher number indicating more diversity. This measure remained the same or increased slightly in all regions. The Gulf Coast region remains the most diverse followed by Miami and San Diego. These three regions also have the largest **percentage of foreign-born** individuals. Denver and San Antonio ranked lowest on both measures.

Unemployment Rate

	2009 Unemployment Rate	2008–2009 % Change	2010 Unemployment Rate
Atlanta	9.7%	56.45%	10.2%
Dallas	7.8%	56.00%	8.3%
Denver	8.4%	71.43%	8.9%
Houston	7.6%	58.33%	8.5%
Miami	10.0%	66.67%	11.5%
San Antonio	6.7%	42.55%	10.5%
San Diego	9.7%	61.67%	9.6%

Behind the Grades

The unemployment rate was the only measure for the *Labor Force and Knowledge Jobs* indicator that felt the direct impact of the recession in all regions. The rate of knowledge jobs, rate not in the labor force, diversity index, and rate of foreign-born remained relatively the same since the last report. The grades likewise remained the same except for San Antonio where the unemployment rate increased, but was the lowest among all regions, resulting in a higher grade of B since the last report card.

Market Alignment

Healthy regional economies that work well for both employers and workers are fairly balanced between supply and demand for employees. The **balance between the entering and exiting** indicator measures the average age of the population 25 to 64 years old, not the average age of people who are working. We assume most people 25 to 64 years old are working. The balance tightened for most areas since the last report, but has increased in Atlanta, Dallas, Denver and the nation. Miami is the only region where we see a shift with what looks like more people retiring than starting work. This aging population is also observed in Miami's **median age**, highest among the report regions and the nation.

INTELLECTUAL CAPITAL AND INNOVATION

The PricewaterhouseCoopers' "Cities of Opportunity" report indicator *Intellectual Capital and Innovation* takes a look at a city's workforce. Houston ranked 9th overall among the 26 cities compared. Houston was 2nd in Entrepreneurial Environment and 4th in both Research Performance of Top Universities and Percent of Gross Domestic Expenditure on R&D.

- 1. Stockholm
- 2. Toronto
- 3. New York
-
- 7. Tokyo
- 8. Sydney

9. Houston

- 10. Chicago
- 11. London
- 12. Berlin
-

In the past, the Gulf Coast has had the greatest imbalance of entering and exiting workforce, with more younger working-age people than middle- and retirement-age people. In 2009, we see a rather significant shift with almost the same number of younger people and older people.

Every area saw a decrease in **growth alignment**, echoing slower job growth and relatively stable population growth since the last report. In fact, all regions and the nation had negative growth alignment, meaning there was more growth in the number of workers than jobs. It is not surprising then that the largest imbalances are in the same regions with the largest unemployment rates: Atlanta, Denver, and Miami. Texas regions ranked best on this measure.

Behind the Grades

The economy has shifted the alignment of job growth in all regions. For the first time in the Report Card study, the number of jobs created has been outpaced by the number of workers. This imbalance is reflected in the unemployment rate as more workers are seeking employment than jobs are available to them. Regions maintained the same grade for the *Labor Force and Knowledge Jobs* indicator except for San Diego. San Diego dropped a grade, down to B, with measures falling to the middle of the group since the last report.

Education

On the demand side of a regional economy, the most important element is the skill level of the workforce. The education measures attempt to capture the quality of the output of the workforce development system and the current skill level of today's workforce. Although small gains were made by all regions, each region continues to struggle in increasing educational achievement at all levels.

NATIONAL ASSESSMENT OF EDUCATIONAL PROGRESS 2009

4TH GRADE (AT OR ABOVE BASIC)

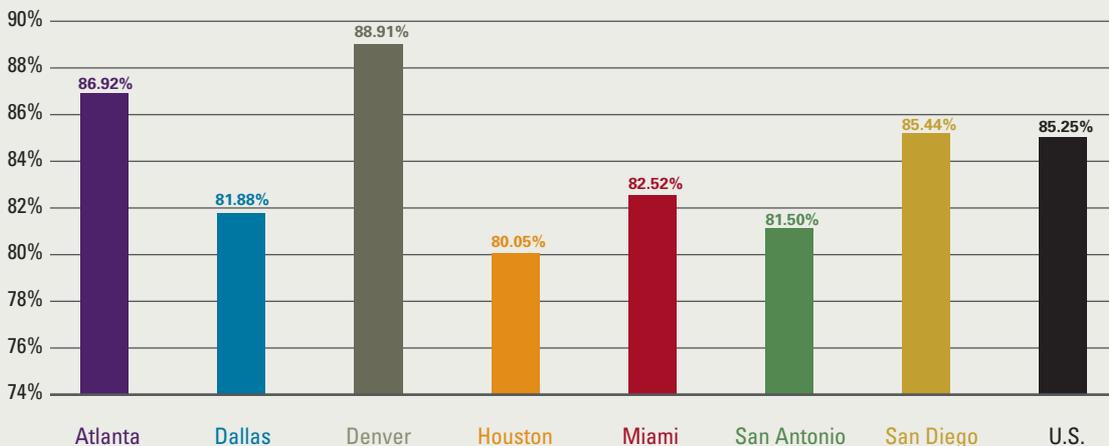
8TH GRADE (AT OR ABOVE BASIC)

	Reading	Math	Science	Reading	Math	Science
District*						
Atlanta	50%	63%	52%	60%	46%	33%
Houston	55%	82%	55%	64%	69%	49%
Miami	68%	81%	66%	73%	64%	49%
San Diego	59%	77%	65%	65%	68%	49%
State						
California	54%	72%	58%	64%	59%	48%
Colorado	72%	84%	77%	78%	76%	70%
Georgia	63%	78%	66%	72%	67%	58%
Florida	73%	86%	75%	76%	70%	57%
Texas	65%	85%	70%	73%	78%	64%
U.S.	67%	82%	72%	75%	73%	63%

*Representative samples of between 1,800 and 4,300 fourth- and eighth-grade public school students from 18 urban districts participated in the 2009 assessment including Atlanta Public Schools, Houston Independent School District, Miami-Dade County Public Schools, and San Diego Unified School District.

The National Assessment of Educational Progress (NAEP) assesses what students know and can do in various subject areas. Houston Independent School District, the largest district in the Gulf Coast region, is behind or tied with the nation on every category in the NAEP 4th and 8th grade assessment at the “basic proficiency” level. This basic level represents students that meet only “partial mastery of prerequisite knowledge and skills that are fundamental for proficient work.” In other words, the minimum skills required for that grade. Among districts with reported NAEP scores,

Diploma/ GED or Equivalent



Houston leads in the **percent of students at or above basic skill level** for 4th and 8th grade math. None of the comparison districts scored higher than the nation meaning that other regions, not in our report, are doing better in reading, math, and science scores. When we compare scores at the state level, Texas scores highest in 8th grade math, but trails behind the nation in 8th grade reading along with California and Georgia.

The averaged freshman graduation rate is an estimate of the percentage of entering freshman graduating four years later. The regions with the lowest averaged freshman graduation rate were Miami, Atlanta and the Gulf Coast. San Diego was the only region with a rate higher than the nation. All but Miami, Atlanta and the Gulf Coast hover around 73% – 75%.

Expenditure per student increased in all regions and the nation since the last report. The nation has the highest expenditure and the Gulf Coast has the lowest. In fact, Texas regions rank the lowest on this indicator. The other regions spend on average about \$1,000 more per student, with the national average \$2,000 more. Among regions, Atlanta had the highest expenditure per student and the second lowest

graduation rate. Atlanta appears to be the most out-of-balance, spending the most per student with some of the poorest results.

Degree attainment has been stable with moderate changes since the last report. Denver once again had the highest rates of attainment in all three areas (**bachelor’s, associate’s and high school diploma or equivalent**). The Gulf Coast had the lowest percent of people with a high school diploma or equivalent at 80.05%.

HIGHER EDUCATION

In the PricewaterhouseCoopers’ “Cities of Opportunity” study, Houston ranked in the middle, 13th, for having a population who has completed higher education (university level).

1. San Francisco
2. Paris
3. Stockholm
-
11. Shanghai
12. Berlin
- 13. Houston**
14. Seoul
15. Los Angeles
-

In fact, Texas regions held the bottom three spots. Attainment continued to increase slightly in 2010 in every region for high school diploma or equivalent except in San Antonio, which decreased by .38%. More significant changes are found in bachelor's and associate's attainment for San Antonio and Dallas, increasing around 3%.

The rate of people with **limited English proficiency** increased in San Diego. Only Atlanta and Denver had rates lower than the nation. The Gulf Coast is still among the highest along with Dallas, Miami and San Diego.

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WHEN WE COMPARE SCORES AT THE STATE LEVEL, TEXAS SCORES HIGHEST IN 8TH GRADE MATH, BUT TRAILS BEHIND THE NATION IN 8TH GRADE READING ALONG WITH CALIFORNIA AND GEORGIA.
.....

Behind the Grades:

The grades for the *Education* indicator remain unchanged since the last report. The numbers show that regions are making small gains in educational attainment, but are in danger of not producing sufficient amounts of skilled workers to meet future workforce needs. The A scores of Atlanta, Denver, and San Diego reflect higher attainment rates than the other regions.

DEMOGRAPHICS AND LIVABILITY

The PricewaterhouseCoopers' "Cities of Opportunity" report indicator *Demographics and Livability* attempts to measure the socioeconomic well being of a city. Houston got high marks for housing costs, commute time, and life satisfaction. However, Houston ranked lower in weather and working age population.

1. Stockholm
2. Sydney
3. Toronto
-
8. Berlin
9. Chicago (tied)
- 9. Houston**
9. Paris (tied)
12. Singapore
13. Abu Dhabi

Income, Wealth & Poverty

Income, wealth, and poverty levels show how well regional economies and labor markets work for residents of regions. The numbers show that many families have been hard hit financially by the economic downturn resulting in increases in poverty and the need for public assistance to make ends meet.

Median household income decreased in all regions and the nation except for San Antonio. All regions except Miami and San Antonio had higher median incomes than the nation. The largest decreases, over 5%, are found in Miami and Atlanta. Median income continued to decline in 2010, with only San Antonio experiencing an increase of 4.7% in median income.

The percent of families in poverty increased in all regions and the nation since the last report card. San Antonio, Miami and the Gulf Coast had the highest rates of poverty and are the only areas with rates higher than the nation.

Similarly, the **percentage of households receiving public assistance** increased across all regions and the nation. San Antonio and Miami were the only regions with higher rates receiving public assistance than the nation. Increases in both percent of families in poverty and percentage of households receiving public assistance continued into 2010 in all regions and the nation, with the exception of San Antonio, which experienced a small decline in poverty in 2010.

The Gulf Coast had the highest rate of **individuals (16 years and over) in poverty and working**, 37.44% of working age Gulf Coast residents earn below the 2009 Census poverty threshold of \$10,956 (for a family of one). All regions except Miami had rates higher than the nation's rate of 31.25%.

Individuals who do not have health insurance coverage face insufficient access to medical care and greater exposure to significant financial risk. Among the report regions, Miami had the highest rates of individuals with **no health insurance** and the lowest **percent with employer provided health insurance**. Denver had the lowest uninsured rate and the highest rate of employer-provided health care. The Gulf Coast had the second-highest rate of individuals with no health insurance, a rate also higher than the nation, placing over 24% of residents at risk of financial hardship.

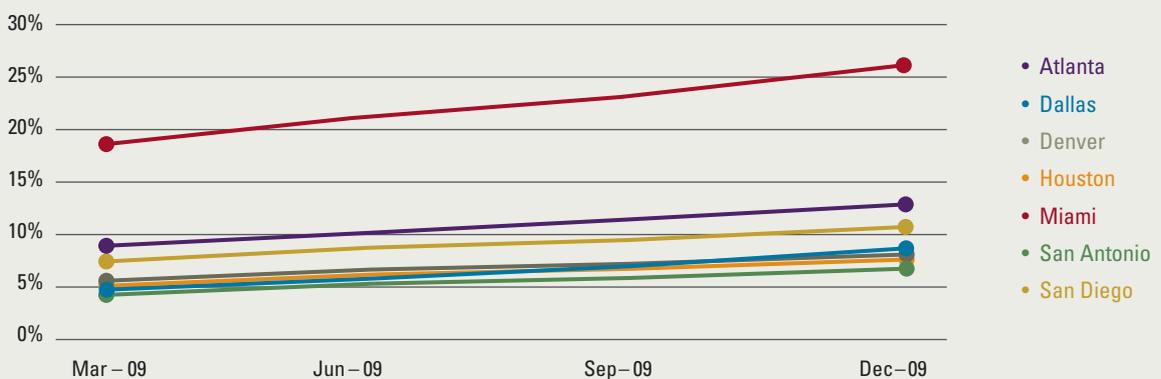
Median home value declined in all regions and the nation except for Dallas, which increased almost 1%. San Diego and Denver had the highest median household income and not surprisingly the highest median home value. Denver also experienced the largest decline in value, down 21.82% since the last report. Texas regions maintained a lower median value than the nation.

The nation's **serious delinquency rate** peaked in December 2009 (the percent of all mortgages either 90 or more days delinquent or in the foreclosure inventory). At this time, Miami had the highest rate at 25.9%, increasing 6.5% since March 2009, followed by Atlanta and San Diego. As a subset of the serious delinquency rate, the **foreclosure rate** mirrored the same pattern. Highest foreclosure rates were in Miami and the lowest rates in Texas regions.

Behind the Grades

The Gulf Coast, Miami, and San Antonio once again had the lowest grades for *Income, Wealth and Poverty*. These three regions remained in the bottom half of our comparison group for median household income and households receiving public assistance.

2009 Serious Delinquency Rate



Places to Live & Work

The general desirability of a region as a place to live has an indirect, but important effect on the region's competitiveness and health of its labor market. Regions that are perceived as being pleasant places to live have an advantage in attracting and retaining both the best employers and the best employees.

Texas regions continue to have the lowest ratio **home value to annual income**, although all regions exceed the accepted 2.5 ratio. Largest ratios are seen in Miami and San Diego, which also have the highest housing costs and lowest rates of homeownership. The **rate of homeownership versus renting** declined in every city and the nation. Atlanta was the only city with a higher rate of homeownership than the nation and the largest **estimated 5-year population growth**. San Diego and Miami had the lowest projected growth and were the only regions with lower growth than the nation, possibly resulting from a higher cost of living.



SUSTAINABILITY

The PricewaterhouseCoopers' "Cities of Opportunity" report indicator *Sustainability* captures a city's ability to mitigate a negative environmental impact as a result of urbanization. Houston ranked third from bottom, with lowest rankings on air pollution (18th) and city carbon footprint (23rd), a measure of CO2 emissions by population. All U.S. cities rank low in this measure with the exception of San Francisco.

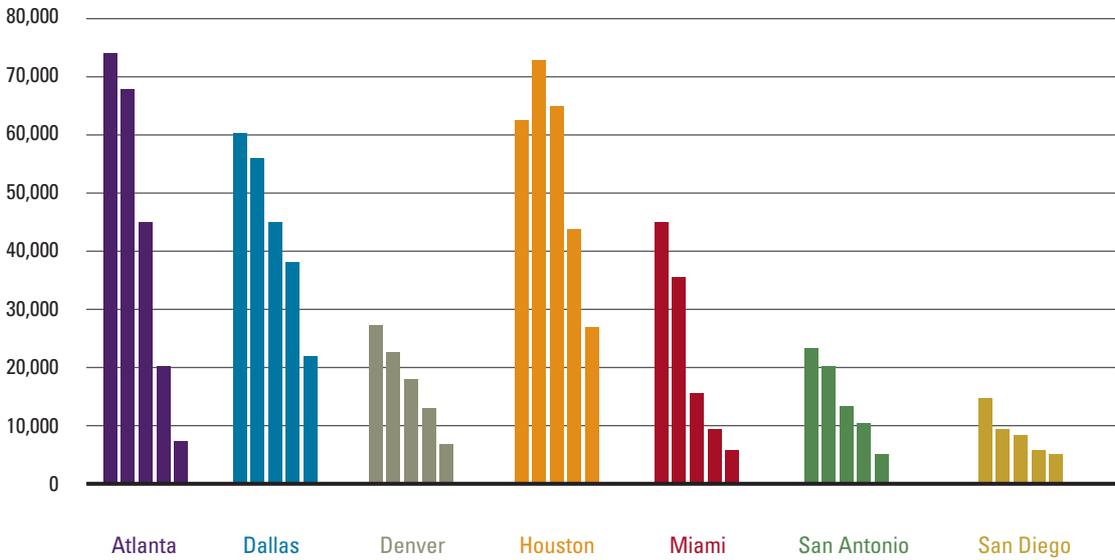
1. Berlin
2. Sydney
3. Stockholm
-
22. Mexico City
23. Chicago
- 24. Houston**
25. Moscow
26. Abu Dhabi

Average home appreciation slowed for all regions and the nation since the last report. Atlanta, Miami, and San Diego experienced negative appreciation. As housing appreciation declined and the economy slowed, **total housing unit building permits** also declined in all regions. The largest decline was in Atlanta, followed by Denver and Miami. The Gulf Coast had the lowest rate of decline (down 36.05%) with most of this decline in single-family unit permits.

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WITH MOST OF THIS DECLINE IN
SINGLE-FAMILY UNIT PERMITS.**
.....

Percent Monthly Home Ownership and Rental Costs Greater than 30% rankings mirror each other for all regions. Texas regions once again had the lowest rates and Miami and San Diego remain the highest.

Total Housing Unit Building Permits 2005 – 2009



Mean travel time to work ranged from 24 to 30 minutes—San Diego with the shortest time to work and Atlanta and the Gulf Coast with the longest. The percent of the **population using public transportation** decreased in all regions and the nation, except Atlanta. The Gulf Coast had the largest decrease in public transportation use. Only Dallas uses public transportation less than the Gulf Coast. Percentage of the **population that carpools** decreased in all regions and the nation, except in Miami. Despite this, the Gulf Coast once again ranked first with just over 12% carpooling.



Behind the Grades

San Antonio once again has the highest grade for *Places to Live & Work* with an A. San Antonio continues to experience affordable living with short commute times and strong housing appreciation. Dallas and the Gulf Coast were close behind, earning a B.

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THE GULF COAST ONCE AGAIN RANKED FIRST WITH JUST OVER 12% CARPOOLING

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IMPROVING **THE GRADE**



12

The diversity of businesses and the region's strong ties to the oil and gas industry and health care are important factors that have kept the Gulf Coast region's economy a step above the other regions during the recession. Although business and industry indicators remain strong, the recession of 2009 had a more direct impact on individuals and families.

The most striking evidence of this is in the unemployment rate which reached a high of 8.2% in July 2009. Jobs were cut in greater numbers in lower skill occupations and support jobs that more often pay lower wages, while higher paying, higher skilled managerial, professional and related jobs actually increased in 2009. When we look at unemployment by education level in 2009, we find that those with less education were more likely to be unemployed. The unemployment rate for those with a high school diploma or less was 8.3% in the Gulf Coast and drops over half for those with at least a bachelor's degree to only 3.8%. With more people out of work, we saw a 25% increase of families in poverty and a 4% decrease in household income since the 2010 Report Card.

Job growth fell 24% for the Gulf Coast region in 2009 and between December 2008 and January 2010 lost over 150,000 jobs. During this period every industry except education, health services and government lost jobs — with the largest declines in construction, manufacturing, and oil and gas industries.

Today, as the Gulf Coast economy continues to recover from the recession, we still have only reclaimed 79% of the total jobs lost since December 2008 and the unemployment rate remains higher than 2009 levels. The Gulf Coast economy is not growing at a pace to adequately absorb the unemployed and population growth. The unemployment rate remained high throughout 2011 and we do not expect it to recover to pre-recession levels for several years. However, Gulf Coast employers are beginning to hire again, and employers have the advantage of a large pool of applicants. Those who are better educated with more experience and skill are in a better position to be hired first. Sectors such as retail and service jobs dominated by lower-skilled workers have also begun to rehire, just at a slower rate, and unemployment for this group remains high.

Education and Economic Recovery

It is still too early to understand the long term changes, if any, to the makeup of the Gulf Coast economy—industries, businesses, and workers. Although the oil and gas industry has been leading the economic recovery with employment rising to above pre-recession levels, its highest level since 1984, not all industries are experiencing the same growth. Information, construction, and manufacturing are still lagging behind pre-recession employment levels. Many experts warn of a structural shift in the economy, resulting in many of the jobs lost during recession, such as semi-skilled jobs related to manufacturing and customer service, not coming back. Structural shifts will involve the movement toward a more “knowledge economy” with jobs at all levels requiring more skill and education as jobs become more and more technology driven.

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THE STUDY FOUND THAT THE AVERAGE GULF COAST OCCUPATION REQUIRES MORE EDUCATION THAN THE AVERAGE WORKING-AGE RESIDENT HAS EARNED.

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With more current and future jobs requiring more skill and education, the Gulf Coast will suffer if too few workers have the skills required to be employed in the jobs available. If we are not growing our own skilled workforce to keep pace with employer demand, a skills gap will emerge. This gap between the supply and demand for educated workers has

been quantified in a recent Brookings Institute report “Education, Demand, and Unemployment in Metropolitan America.” The study found that the average Gulf Coast occupation requires more education than the average working-age resident has earned. The Gulf Coast ranked 89th in education gap among the 100 largest metropolitan areas compared in the study.

The importance of an education is evident, however the different pathways of when and how to get there is not. Advanced education beyond high school comes in many forms: on-the-job training, certification, associate degrees and beyond. Among the Gulf Coast 2009 high school graduates, 27% enrolled in a 4-year institution and 29% enrolled in a 2-year institution the following fall semester (school year immediately following graduation), according to the Texas Higher Education Coordinating Board (THECB). Although not all students can afford to begin school right away, the chance of finishing school increases dramatically for those that do. The six-year graduation rate for students who start higher education immediately is 44.78% (includes certificate, associates degree, and bachelors degree) compared to 2.1% for those that did not attend immediately.

GULF COAST HIGHER EDUCATION

Six-year college graduation rate for 2001, 2002, and 2003 Gulf Coast high school graduates:

- 56.5% that immediately started at a four year college graduated with a Bachelor's within six years.
- 13% of those that started at a two-year college ended up earning a bachelor's degree in six years.

www.THECB.gov

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FOR THE GULF COAST REGION TO
ATTRACT NEW BUSINESS AND KEEP
THE BUSINESSES WE DO HAVE, WE
MUST INVEST IN CURRENT AND
FUTURE EMPLOYEES.
.....

For those that do make it into a higher education institution, many still face multiple barriers to finishing. One concern is the number of students unable to complete exams to satisfy the Texas Success Initiative (TSI). TSI requires students meet minimum test scores in mathematics, writing, and reading demonstrating readiness for freshman-level academic college coursework. Among the Gulf Coast 2008 high school graduates required to take a TSI exam, 64% passed all three sections of the exam. However, far too many students were unable to pass one or more sections — 28% in math, 17% in writing, and 22% in reading. It is alarming that the Gulf Coast is graduating students from high school who are unable to complete a basic exam.

.....
IT IS ALARMING THAT THE GULF COAST IS
GRADUATING STUDENTS FROM HIGH SCHOOL
WHO ARE UNABLE TO COMPLETE A BASIC EXAM.
.....

Students unable to pass the exam must enroll and pay for the appropriate remedial education class. This is an additional cost to education that will not count toward the credits needed to earn an education credential. This is discouraging many students with limited time and resources from continuing their education. The THECB reports that among Gulf Coast community college students requiring remedial education classes in 2006, only 56% returned to school the following fall semester.

The good jobs of today and tomorrow will continue to require higher skill levels than expected in previous generations, but as the Report Card shows the Gulf Coast region continues to have low levels of education attainment. A high school diploma is no longer enough, but 20% of Gulf Coast residents do not have this credential and the averaged high school freshmen graduation rate for the class of 2008 was 76%. For the Gulf Coast region to attract new business and keep the businesses we do have, we must invest in current and future employees. Businesses that cannot find workers locally will bring in employees from outside of the region.

College is not for everyone and not every good paying job requires a bachelor's degree. However, virtually every good job requires some kind of post-secondary education or training. Access to living wage employment can begin right after high school for students who take advantage of career and technology education (CTE) which can prepare them for an industry recognized certification. In addition to learning a skill, the National Association of State Directors of Career Technical Education Consortium (NASDCTE) reports that CTE students are more motivated by learning opportunities that link education to the real world and are less likely to drop out of high school than non-CTE students.

Entry into living wage employment can also come in the form of on-the-job training and apprenticeship programs where employees learn a trade as they earn wages. In addition, adult learners can take advantage of a multitude of short-term certificate and associate degree programs through local community colleges.

These opportunities are not necessarily stand-alone activities, but can be accomplished over a period of years as a person gains more experience, financial stability, and a clearer understanding of what they want to do when they grow up.

The Board is a strong advocate of life-long learning because not every person is able or willing to complete an education on the “traditional” trajectory of high school to higher education. For this reason we strongly advocate for school districts, higher education, employers and others to come together to identify these pathways. The ultimate goal is for individuals to reach their full potential and for employers to have the workers they need to be successful here in the Gulf Coast region.



Gulf Coast Workforce Board Strategies

The Gulf Coast Workforce Board is committed to improving the human capital required to sustain and operate Gulf Coast businesses. The Board’s strategic plan guides our efforts to help employers meet their human resource needs and individuals build careers that ultimately result in:

- More competitive employers
- A better educated workforce
- More and better jobs
- Higher incomes

More than 10 years ago, the Board created a service model that focused on industry sectors important to the local economy. The Board targets industries and companies that have the greatest potential for sustainable high job growth and offer skilled, well-paying jobs and identifies and trains employees to fill these jobs. Taking a demand-driven approach, initially in health care, the Board expanded its model to include the energy, industrial construction, aerospace, and education industries.

The Board's industry liaisons work with key industry-led committees of employers and community leaders across the region. Each liaison supports workforce development by assessing and forecasting industry trends and future business conditions; outreaching to high-performing employers; supporting industry-focused committees, providing them with strategic planning and change management consultation; and identifying opportunities for companies to collaborate in economic development and education.

This support provides an early warning system for downward industry cycles, workforce shortages and potential layoffs, as well as knowledge of new business development and opportunities for strategic planning to address industry-based workforce improvements. Strong industry relationships have led to better connectivity when there has been a need to respond to unplanned events (natural disasters) and planned events (company closures and major layoffs).

Not only does this work strive to meet the outcomes outlined in the strategic plan but ultimately improve the grades of the Gulf Coast region. To illustrate what this work looks like, we have included a few examples below.



Education Industry

In response to labor market information and input provided by industry employers, the Education Industry Workgroup was formed to address the workforce needs of local school districts by increasing the quantity and improving the quality of the workforce. This employer-led committee has identified several common staffing issues across districts and has begun to identify solutions. In a specific case, filling jobs in craft services, such as heating, ventilation and air conditioning, posed a common difficulty for local area school districts. Districts

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**UPON FURTHER ANALYSIS, THE
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were not receiving sufficient amounts of qualified applicants for these jobs. School districts historically had shown a gap in wages in comparison to the private sector which workgroup members targeted as the lack of applicants. However, Board analysis revealed

wages to be near equivalent, and in some cases higher, to positions in the open market. Upon further analysis, the workgroup found that the real issue was a lack of marketing.

With the technical assistance of Board staff, the districts have begun posting jobs on external sources, such as WorkinTexas.com, where experienced craft services job seekers more readily visit rather than limiting postings to internal job banks. Board staff has also worked with regional school districts to align job titles and descriptions, both internally and externally, to better match comparable positions with job seeker searches. Within six months, Workforce Solutions staff helped districts fill over 400 positions.

Currently, the Education Industry Workgroup has tasked itself with recruiting and identifying processes related to the instructional workforce including higher education and alternative certification training, screening processes, job qualifications and specified work related duties.

Health Care Industry

Nursing continues to be a demand occupation in the Gulf Coast region. The Gulf Coast Health Services Steering Committee (HSSC) is an industry-based health care workforce development group formed to improve the quantity and quality of trained health care workers for the Gulf Coast region. HSSC's first and primary focus is the nursing shortage facing the region.

During the recession, many nurses delayed retirement while others rejoined the workforce. This resulted in a decline in new openings as well as a larger pool of experienced applicants. Employers often prefer hiring more experienced RNs and therefore many new registered nurse graduates are challenged to find positions in traditional urban hospital settings. However, openings for RNs remain available in rural areas, smaller community hospitals, most post-acute care and community ambulatory settings.

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THE LONG-TERM SHORTAGE OF NURSES IS STILL ON THE HORIZON FOR THE GULF COAST REGION AND THE STATE.

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The long-term shortage of nurses is still on the horizon for the Gulf Coast region and the state. HSSC is working with educational institutions and employers to support new graduates entering the workforce so they can be successful in these less traditional "first job" venues.

HSSC, in partnership with the Board of Nursing and regional nurse employers, conducted a study to compare skills required to complete an accredited registered nurse education program with skills identified by employer nurse executives as necessary for novice nurse employees. The comparison found that there were no gaps in the identified skills but there were gaps in competency and confidence. Recommendations from the study focused on ways that nurse educational programs and employers can work together to improve entry level skill confidence and competencies.



HSSC continues to work with regional nursing educational programs and employers to support the centralized clinical nurse placement system. In addition, the Greater Houston Partnership (GHP) and the HSSC are working together to create a portal for health care institutions on the GHP website in an effort to highlight the benefits of re-locating to Houston as a professional destination.

Energy and Aerospace Industries

The Gulf Coast region dominates U.S. oil and gas production and is a leading international center for many segments of the energy industry. Energy's contributions to future economic growth are potentially compromised by the lack of skilled professionals, especially engineers and geoscientists, working to find and produce more oil and gas. At the same time, our region is experiencing layoffs associated with the retirement of the space shuttle program, affecting thousands of NASA contractors. These highly trained workers have a wealth of knowledge and experience that we want to keep in the Gulf Coast region.



The Board, in partnership with business leaders, identified the potential for laid off workers to transfer their current skills to fill immediate openings in the oil and gas industry. An assessment revealed that 70% of the aerospace workforce is degreed engineers with highly transferable skills. The Energy and Aerospace Industry Liaison worked closely with Unemployment Insurance Rapid Response staff to identify specific service and training needs, and they help coordinate re-employment efforts. This team approach reduced the necessary lead time to set up and deliver orientation sessions and facilitated the operations and services provided to meet the needs of transitioning employees from job to job and from industry to industry.

The Board established the Aerospace Transition Center (ATC) to meet the intensive and specialized service demand created by massive layoffs at NASA and its aerospace contractor community. ATC exemplifies how a targeted population with high-level skill sets can be served through improved integration and connectivity within the system. With this in mind,



the industry liaison and ATC staff established a LinkedIn community for these UI claimants and the team provides frequent workshops and online classes on “Rebranding Your Skills.” The design of ATC encourages networking, supports employer recruitment events, and includes community-based services. To help transition these workers to another industry, the Board shared the aerospace workforce assessment with regional energy/petrochemical committees and employers, educating them on how well the skills of aerospace UI claimants would transfer to energy industry jobs. As a result, many energy companies are hiring these talented workers.



Career Planning in Schools

The Gulf Coast Workforce Board created the Education Committee after the 2005 Workforce Report Card highlighted the critical nature of our education system to the overall prosperity of the region and success of the Board's mission in achieving its results. The challenge for the Board has been how to best develop strategies to use its limited resources to nudge the larger education systems toward the Board-established result — a better educated workforce.

The Board wanted to reach out to students early in life to make sure they understand the connection between staying in school and employment. The Board has developed a series of career planning products that are designed to help students and adult students learn more about well-paying, high-demand Gulf Coast jobs, the variety of education levels required for these jobs, and resources on how to begin their career journey. These tools include:

CareerCube

- **The Career Cube** is an interactive, web-based tool for educators, parents, students and the general workforce that highlights four key industries. www.careercube.org

FOCUS ON

- **Focus On profiles** provide career information for each of the Board's key industries and high-skill/high-growth occupations. www.wrksolutions.com/jobs/focuson.html

When I Grow Up...

- **When I Grow Up** is a series of career education curricula for teachers to use with students, pre-kindergarten to 5th grade, that provide them with information about various careers and good jobs. The When I Grow Up curricula and supporting materials are posted on our website and can be downloaded at no cost. www.whenigrowup.careercube.org

LANDING THAT
FIRST JOB!

- **Landing That First Job!** workshop was adapted from our successful job search workshop to have a more youth-friendly appeal to helping young people who have little or no work experience find a job. www.wrksolutions.com/jobs/youth.html

The Board has made significant contributions toward improving the region in terms of balancing the demand for skilled workers and the supply of Gulf Coast residents ready to fill those jobs. Through the team of industry-specialists, the Board builds bridges between employers and education providers to ensure a pipeline of skilled workers. Through Workforce Solutions offices, staff connects individuals to employment and education and training scholarship opportunities to fill jobs in these targeted industries. But to improve the larger Gulf Coast regional workforce system to compete in the global market, it takes the combined, collaborative effort of business, education, and community leaders. The Board looks forward to building new and strengthening current partnerships to build a better, stronger Gulf Coast region.

EXPLANATION OF INDICATORS

Industries and Employers

Industrial Diversity is a measure of the extent to which an area is insulated from a sharp downturn in one of its top industries. The measure looks at 14 different industrial sectors, separates the top three based on total employment, and then calculates the total employment distribution of the remaining sectors. This last calculation is the score for the area. A higher number indicates more diversity, and is desirable.

Rate of Job Growth measures the rate of increase in total employment over five years. A higher number is desirable.

Total Job Growth measures the total job growth over five years. This information is presented for information purposes only.

Metropolitan Gross Domestic Product measures the market value of all final goods and services produced within a metropolitan area in a particular period of time demonstrating economic growth or decline.

Percentage Growth in Business Establishments measures the rate of increase in total number of business establishments over a five-year period. A higher number is desirable.

Labor Force and Knowledge Jobs

Percentage Managerial, Professional, and Technical Jobs identifies the percentage of all occupations that are classified as managerial, professional, and technical jobs, essentially “high-skill, white-collar jobs.” This excludes occupations such as clerical positions, operators, and laborers. A higher number is desirable.

Percent Change in Unemployment Rate measures the change in unemployment. A positive number indicates an increase in unemployment. A negative number is desirable.

Unemployment Rate is the rate of unemployment in the report year. A lower number is desirable.

Percent Not in the Labor Force, Age 16+ measures the degree to which the adult, working age population is “unattached” to the labor force. These are individuals not working and not looking for work. While this measure can include younger workers still in school, spouses of workers who choose not to work themselves, and retired workers, it can also measure “at-risk” populations that simply are not in the labor market but otherwise should be. A lower number is therefore desirable.

The Simpson Diversity Index is a measure of the likelihood that two individuals in the population will not be from the same racial or ethnic group. It is calculated using self-identified racial and ethnic data from the Census. The result is a number between zero and one, with a higher number indicating more diversity. A higher number is desirable.

The Foreign-Born Percentage is an additional measure of diversity. A higher number is desirable.

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Market Alignment

Balance Between Entry and Exiting Workforce represents the difference in the percentage of population age 15–24 and the population age 55–64. This measure allows for the identification of potential labor force imbalances. Given the job growth documented in the Industries and Employers section, a higher number is desirable.

The Median Age shows the median age of the overall population in the community. It is provided for information purposes in relation to the change in median age, and is not itself part of the report card scoring.

Change in Median Age represents the change in median age over a two year period. Scores closest to zero in absolute value received the highest scores.

Growth Alignment measures the alignment between job growth and labor force growth over a 10-year period by Metropolitan Statistical Area. It is the difference between the percentage growth in jobs and the percentage growth in the labor force. A score close to 0 is best.

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Education

Educational Attainment, Bachelor's or Higher represents the percentage of population age 25 and over that holds a Bachelor's Degree or higher as the highest level of educational attainment. A higher percentage is desirable.

Educational Attainment, Associate's or Higher represents the percentage of population age 25 and over that holds an Associate's degree or higher as the highest level of educational attainment. A higher percentage is desirable.

Educational Attainment, High School Diploma or Equivalent represents the percentage of population age 25 and over that holds a high school diploma or equivalent as the highest level of educational attainment. A higher percentage is desirable.

Percent Limited English Proficiency is the percentage of the population 5 and over that speaks a language other than English and does not speak English well. It is an indication of English literacy challenges. A lower percentage is desirable.

Expenditure per Student provides a basis of comparing the public investment in education for each metropolitan statistical area.

Pupil/Teacher Ratio represents the number of students per teacher. A lower number is desirable. Teacher is defined as full-time equivalent, professional school staff member who instructs students and maintains daily student attendance records.

Averaged Freshman Graduation Rate is an estimate of the percentage of an entering freshman class graduating in four years. A higher percentage is desirable.



Income, Wealth and Poverty

Median Household Income is a basis for comparing relative earning power. A higher number is desirable.

Median Home Value is included as a measure of accumulated wealth on the part of owners. A higher number is desirable.

Percentage of Families with Single Female Parent is a measure of families at greater economic risk. A lower percentage is desirable.

Percent of Families in Poverty represents the percent of all family households living below the poverty threshold as defined by the U.S. Census. A lower percentage is desirable.

Percent in Poverty that are Working represents the percent of individuals 16 years and over that are living below the poverty threshold as defined by the U.S. Census and working.

Percent with No Health Insurance represents the percent of individuals with no health insurance coverage. A lower percentage is desirable.

Percent with Employer Provided Health Insurance represents the percent of individuals with employer-provided health insurance coverage. A higher percentage is desirable.

Percent of all Households Receiving Public Assistance represents those households that report receiving public assistance as a source of income during the year. Public assistance includes cash welfare payments and food stamps. A lower percentage is desirable.

Places to Live and Work

Monthly Home Ownership Costs represents the percent of population spending at least 30% of their monthly income on home ownership costs. Ideally, very few people should be exceeding this threshold. A lower percentage is desirable.

Monthly Rental Housing Costs represents the percent of population spending at least 30% of their monthly income on rental housing costs. Ideally, very few people should be exceeding this threshold. A lower percentage is desirable.

Percent of Housing Units that are owned versus rented represents the number of occupied housing units that are owner occupied. A higher percentage is desirable.

Home Value to Annual Income represents the amount of years it would take the median annual income to pay for the median home value, if the owner chose to do nothing with the annual income but pay for the home. Economists suggest this figure should not exceed 2.5.

Mean Travel Time to Work in Minutes identifies the one-way commuting burden of commuters in the area. A lower number is desirable.

Percent Carpooling or Using Public Transportation to Travel to Work identifies areas where ride-sharing is practiced, including both those who carpool to work and those who take public transportation. This measure provides a view of an area's success in reducing "vehicle density." A higher percentage is desirable.

Five Year Estimated Population Growth compares the estimated percent change in total population as an indication of an area's ability to attract and retain people. A higher percentage is desirable.

Average Home Appreciation by MSA measures the percent appreciation in home value for the prior five years by Metropolitan Statistical Area. This measure demonstrates "cache" and accounts for the positive side of high costs of homes in the *Cost of Living* indicator. A higher percentage is desirable.

Number of Days Air Rated "Unhealthy," "Very Unhealthy," or "Unhealthy for Sensitive Groups" is calculated from Environmental Protection Agency measures of air quality (carbon monoxide, ozone, particle pollution, and sulfur dioxide). It reflects the number of days in a year a county reports air that is unhealthy, very unhealthy, and unhealthy for sensitive groups. MSA data is currently not available for this measure. We instead used data from the largest county in each MSA.

MEASURE	INDICATOR
	Total Population
INDUSTRIES & EMPLOYERS	Industrial Diversity (BLS 2009) Rate of Job Growth (BLS 2004 – 2009) Total Job Growth (BLS 2004 – 2009) % Change Metropolitan GDP (BEA 2008 – 2009) % Change Metropolitan GDP (BEA 2004 – 2009) % Growth in Business Establishment (Economic Census 2004 – 2009)
LABOR FORCE & KNOWLEDGE JOBS	% Managerial, Professional & Related Jobs (ACS 2009) % Change in Unemployment Rate (ACS 2008 – 2009) Unemployment Rate (BLS 2009) % Not in the Labor Force (ACS 2009) Simpson Index of Racial & Ethnic Diversity (ACS 2009) % Foreign Born (ACS 2009)
MARKET ALIGNMENT	Balance Between Entering & Exiting Workforce (ACS 2009) Median Age (ACS 2009) Change in Median Age by Years (ACS 2007 – 2009) Growth Alignment-Job Growth-Labor Force Growth (BLS 1999 – 2009)
EDUCATION	% Bachelor's or Higher (25 and older) (ACS 2009) % Associate's or Higher (25 and older) (ACS 2009) % HS Diploma or Equivalent (25 and older) (ACS 2009) % Limited English Proficiency (ACS 2009) Expenditure by Student (NCES 2007 – 2008) Averaged Freshman Graduation Rate (NCES 2007 – 2008)
INCOME, WEALTH & POVERTY	Median Household Income (ACS 2009) Median Home Value (ACS 2009) % of Family Households with Single Female Parent (ACS 2009) % of Families in Poverty (ACS 2009) % in Poverty and Working — 16 years and over (ACS 2009) % No Health Insurance (ACS 2009) % with Employer Provided Health Insurance (ACS 2009) % of Households Receiving Public Assistance (ACS 2009)
PLACES TO LIVE & WORK	
Cost of Living, Housing	% Monthly Home Ownership Cost Greater than 30% (ACS 2009) % Monthly Rental Cost Greater than 30% (ACS 2009) % Housing Units Owned versus Rent (ACS 2009) Home Value to Annual Income (ACS 2009)
Travel to Work	Mean Travel Time to Work (minutes) (ACS 2009) % Using Public Transportation (ACS 2009) % Carpooling (ACS 2009)
Growth Indicators	Population Growth (Census Estimates 2004 – 2009) Average Home Appreciation, 5 years through Q4 (FHFA 2004 – 2009) Number of Days Air Rate "Unhealthy" or "Unhealthy for Sensitive Groups" (EPA 2009)

GULF COAST	ATLANTA	DALLAS	DENVER	MIAMI	SAN ANTONIO	SAN DIEGO	U.S.
5,867,489	5,475,213	6,447,615	3,110,436	5,547,051	2,072,128	3,053,793	307,006,550
50.75%	46.51%	51.08%	49.51%	47.25%	49.09%	46.56%	49.04%
10.81%	1.05%	6.21%	2.82%	-2.09%	10.04%	-2.29%	-0.48%
247,100	23,800	167,400	39,383	-47,000	76,300	-28,900	-628,000
-7.98%	-2.70%	-3.39%	-1.68%	-3.03%	-0.14%	-0.54%	-2.47%
30.25%	16.04%	22.57%	23.87%	16.75%	27.70%	19.38%	17.60%
7.41%	3.51%	5.03%	3.35%	-0.06%	6.82%	2.44%	0.62%
35.73%	38.38%	35.56%	41.92%	33.06%	33.95%	39.72%	35.69%
58.33%	56.45%	56.00%	74.43%	66.67%	42.55%	61.67%	60.34%
7.60%	9.70%	7.80%	8.40%	10.00%	6.70%	9.70%	9.30%
31.54%	27.62%	27.20%	26.59%	36.18%	35.12%	33.93%	32.64%
0.68	0.61	0.64	0.49	0.66	0.57	0.64	0.54
21.80%	13.02%	17.71%	11.54%	37.12%	11.27%	22.73%	12.55%
1.91%	3.36%	4.26%	2.36%	-0.38%	2.23%	2.11%	2.74%
32.9	34.4	33.0	35.2	39.2	33.7	34.7	36.8
-0.1	-0.3	-0.3	-0.2	-0.7	0.4	0.5	0.1
-2.84%	-15.51%	-5.22%	-10.32%	-10.53%	-2.30%	-8.39%	-9.19%
27.89%	34.10%	30.01%	38.54%	27.78%	24.79%	34.56%	27.90%
33.64%	40.52%	36.25%	46.09%	36.17%	31.65%	42.51%	35.42%
80.05%	86.92%	81.88%	88.91%	82.52%	81.50%	85.44%	85.25%
16.91%	7.32%	14.04%	8.47%	23.19%	11.24%	16.27%	8.60%
\$8,006	\$9,867	\$8,070	\$9,450	\$9,508	\$8,266	\$9,717	\$10,297
71.57%	68.39%	74.56%	73.04%	62.65%	73.86%	75.49%	74.90%
\$54,146	\$55,464	\$54,539	\$59,037	\$45,946	\$47,955	\$60,231	\$50,221
\$139,800	\$187,300	\$149,700	\$249,400	\$227,400	\$125,800	\$417,700	\$185,200
11.72%	12.76%	11.72%	9.67%	12.39%	13.01%	9.73%	11.09%
13.49%	11.68%	12.41%	11.45%	14.79%	15.06%	10.54%	13.44%
37.44%	33.68%	35.52%	36.92%	26.96%	33.53%	31.77%	31.25%
24.60%	19.22%	23.98%	15.12%	25.56%	20.03%	17.02%	15.15%
52.70%	57.66%	53.97%	61.22%	43.00%	51.45%	52.83%	56.60%
10.12%	9.27%	8.31%	6.17%	11.56%	11.50%	4.59%	11.08%
26.15%	31.72%	27.19%	29.71%	47.49%	24.11%	44.68%	30.37%
46.57%	50.25%	46.03%	49.81%	60.22%	45.60%	56.43%	47.68%
62.26%	68.48%	62.21%	65.80%	64.61%	65.01%	55.18%	65.87%
2.58	3.38	2.74	4.22	4.95	2.62	6.93	3.69
27.6	30.1	26.1	26.3	26.7	25.1	23.9	25.1
2.24%	3.66%	1.53%	4.42%	3.51%	2.32%	3.08%	4.99%
12.06%	10.55%	10.32%	9.17%	10.43%	11.40%	9.87%	10.04%
13.04%	14.01%	13.32%	10.13%	3.44%	12.38%	4.02%	4.76%
21.14%	-1.26%	10.46%	0.77%	-7.62%	23.99%	-21.54%	5.41%
22	6	10	0	1	3	28	not available

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Workforce Solutions is an equal opportunity employer/program. Auxiliary
aids and services are available upon request to individuals with disabilities.
Texas Relay Numbers: 1-800-735-2989 (TDD) 1-800-735-2988 (voice) or 711
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