

October 2014

Friends,

The South Bend/Elkhart region of Indiana is on its way to becoming one of the nation's great communities.

Dallas/Fort Worth. Raleigh/Durham. Minneapolis/St. Paul.

These weren't communities that always thrived as they do now. We believe South Bend/Elkhart could join these nationally recognized regions.

Winning one of the three Regional Cities grants in Indiana was historic for the three counties of St. Joseph, Elkhart and Marshall. For decades, we've been like siblings who didn't talk much. Now we're talking. With that, we can plan to grow together.

As members of the Regional Development Authority of Northern Indiana, we see both the tremendous opportunities we have to grow as a region and, with the help of many others who have undertaken this work, what we need to do together to make that happen.

Wages have stagnated in our region where they were once above the national average. That's no longer true.

Despite world-class educational institutions, our region lags in retaining the great talent that comes to be educated here.

We have a unique opportunity to change the region and the lives of those who live here. A \$42 million grant which provides seed money for dozens of projects is just one way. We hope you'll step forward to be involved in the other ways, including a strategic planning process that could change how we live and work together in this region.

Sincerely,

John Affleck Graves, Ph.D.

John

Executive Vice President
University of Notre Dame

Pete McCown, Ph.D.

Pete

President
Community Foundation of Elkhart County

Economic Development Planning Framework For the South Bend – Elkhart Region

Mission

To grow the North Central Indiana economy by improving wages and livability. Elkhart, Marshall and St. Joseph Counties will move forward together as one region to attract and grow the best industries and workers. The region must unify to fight the enemy of declining wages and population stagnation. Together we will capitalize on the significant manufacturing and educational resources already available.

Vision

To become a growing region with a new identity centered on its unique density of higher education institutions providing a talented, 21st century workforce as well as the region's powerful manufacturing base. To do this we will focus our efforts around five key areas, or pillars:

- Educating a world-class workforce
- Recruiting and retaining great talent
- Attracting and growing new economy companies in complement to our remarkably strong manufacturing industries
- Helping entrepreneurs thrive
- Promoting inclusion and sparking opportunities for minorities

A great Indiana region

Given its central Midwest location and proximity to Chicago, Detroit, and Indianapolis, the South Bend/Elkhart region enables access to major cities, markets and customers. Residents and visitors to the region have access to local amenities such as Lake Michigan beaches, bike trails, a burgeoning local culinary scene, minor league baseball, theaters and a zoo, not to mention the cultural, sporting and community activities that the region's higher education institutions provide. Cities such as Elkhart, Goshen, Mishawaka, Plymouth and South Bend have urban attractions of riverfronts and water amenities.

Regional Cities is only one part

The Northern Indiana Regional Development Authority (RDA) was formed in late 2014 as a quasi-governmental authority, governed by a five-member board, to carry out economic development projects in Elkhart, Marshall and St. Joseph Counties and the municipalities within those counties.

The region was one of three in Indiana to win a \$42 million grant from the Indiana Regional Cities Initiative. The \$126 million given to the regions around Elkhart/South Bend, Fort Wayne and Evansville are intended to be matching grants to spur growth and development.

Through the Innovate Indiana Plan, North Central Indiana is planning 40 regional development projects with \$736.93 million in investment, including renovations to South Bend's former Studebaker buildings, improvements to downtown riverfronts, the addition of mixed use residential and retail amenities and the construction of a number of recreational facilities including a world-class natatorium in downtown Elkhart.

Strategizing to get stronger

In early 2016, the Northern Indiana Regional Development Authority invited 15 leaders from the three counties to work together to develop underlying principles for a regional development plan. The group gathered regularly for eight months to discuss how to improve as a region and which areas need the most attention. Following these discussions, Karl King, retired partner with Crowe Horwath LLC, drafted "A Plan for Prosperity, Growth and Inclusion Version 1.0." The 90-page report outlines in detail the data points for the region compared to benchmarks from peer regions, including Appleton, WI; Cedar Rapids, IA; Lancaster, PA; Wichita, KS; and York, PA.

How we'll improve

Over the coming year, focus groups will gather to discuss each of the five pillars and focus on specific plans to grow together as a region. These groups could be called strike teams organized to fight the common enemy of declining wages on different fronts. They'll start with documented facts and set smart goals that are specific and measurable over a set period of time. The teams will propose explicit strategies for the region to succeed in these key areas.

The common enemy

Fifty years ago, per capita personal income in the region was above the national average. Today, the South Bend/Elkhart region's per capita income is approximately 80% of the national average according to statistics from the U.S. Bureau of Economic Analysis. We must do something about this.

Even compared to the five other similar Metropolitan Statistical Areas we compared ourselves to, North Central Indiana wages were 11.9 percent lower.

The five pillars

Educating a world-class workforce

Educational attainment is a serious issue in our region. Though more than 40,000 people are studying here in higher education, the number and percentage of its residents with more than a high school education is lower than other communities. That plays a key role in the kind of jobs and industries that are available.

More than one-fourth of all occupations here — 27 percent — do not require a high school diploma. Just over half the jobs in the region can be filled with someone who graduated high school, but never took another class. Only 22 percent of the jobs in the South Bend/Elkhart region require a college degree or technical training beyond high school.

Education is workforce development. Our educational institutions, ranging from daycares to the many public and private school systems to the colleges and universities, must be in the business of creating a workforce that will stay and work in our share of the global economy.

Charge to the Task Force: *How do we educate, train and prepare young people in our community who can grow our economy in the future?*

Recruiting and retaining great talent

The South Bend/Elkhart region has succeeded in attracting some of the best and brightest to the region as college students. More than 40,000 students are enrolled in higher education in the region and another 10,000 are enrolled in nearby institutions just outside the South Bend/Elkhart region. However, the region retains only a small percentage of these well-educated young people once they graduate.

The problem extends beyond the region. Indiana graduates the 14th highest number of college graduates in the United States, but ranks 48th in keeping them. Lilly Endowment, based in Indianapolis, has admirably poured millions of dollars into trying to solve the issue, but what remains clear is there must be opportunities for graduates in order for them to work and have the lifestyle they want in order to consider staying. “Experience and economic research has demonstrated that the root of the net out-migration problem is a lack of opportunities for young professionals, not their lack of preparedness or awareness,” said the Innovate Indiana Regional Development Plan.

Charge to the Task Force: *How do we pave the path for the great talent that is already coming to the region for an education to enter our workforce here once they have graduated?*

Attracting and growing new economy companies in complement to our remarkably strong manufacturing industries

The Elkhart/South Bend region has a higher concentration of manufacturing jobs than almost anywhere in the United States. In Elkhart County, more than four in ten people work in the sector, a level nearly five times higher than the national average.

We need to keep those jobs, but in the same way a company would scale up to add a product line, North Central Indiana can scale up in job “clusters” that build on what’s already here.

That’s both more likely and more practical than trying to add completely new clusters. It’s not likely that the region will become a mining-sector hub, but since it ranks 85th in the United States in printing cluster jobs and 88th in the paper and packaging cluster, it could add more jobs in those sectors. Those jobs pay an average of \$54,812, well above the median wage and per capita income. The same model applies to Distribution and e-Commerce, and also to Metalworking. Those in turn could create additional Information Technology and Business Services jobs, which have annual pay of \$63,693 and \$81,272, respectively.

Charge to the Task Force: *How do we grow and attract new economy companies that build on our historic success and unique skill in manufacturing?*

Helping entrepreneurs thrive

Wooing a company to bring its operations to the South Bend/Elkhart region is an age-old economic development strategy, but helping entrepreneurs with vision and moxie to establish new companies for the modern age also makes a great deal of sense.

The South Bend/Elkhart region has a proud history of entrepreneurship and innovation in various industries. Companies like Oliver Plow, Miles Laboratories, Studebaker, AM General, Skyline Homes, Hoosier Racing Tire, Jayco, Press-Ganey, Conn-Selmer, Smoker Craft Marine, Crowe Horwath and many others created tens of thousands of jobs here because of a courageous and creative spirit that is part of our region.

In the 21st century, this region can become a hub for a new set of companies with highly skilled workers using advanced tools and methods for bringing products to the global marketplace.

Entrepreneurs often need not only capital, but also business services and a range of support from a local economy. The better the region is at providing that, and communicating and connecting what is already available and happening here, the more will be possible.

Charge to the Task Force: *What are entrepreneur’s needs and how to we provide the resources, workers and research needed for them to succeed?*

Promoting diversity and sparking opportunities for minorities

The South Bend/Elkhart region is among the most diverse in the state of Indiana and minority populations continue to grow at a fast rate.

All three counties in the region became more diverse from 2010 to 2015. Much of that increasing diversity in Indiana is in its child population, according to the Indiana Business Research Center at Indiana University's Kelley School of Business. In its assessment of the 2013 estimates, it predicted climbing Hispanic and Asian populations and declining non-Hispanic white populations.

As the region looks at growing opportunities, it would make sense to assure that its minority populations are key contributors both as employees and business owners. The region can become better poised in the global marketplace as its diversity grows. We must create a community that embraces the value of diverse experiences, skills and ideas.

The region is doing better than its peer communities in terms of minority-owned businesses and employment opportunities but there's still significant room for improvement. The African-American unemployment rate is 2 times that of the total population. For Hispanics, the rate is 1.5 times higher.

Charge to the Task Force: *How does the region assure that every citizen can thrive and succeed in its economy and help the region thrive by bringing skills and ideas to the marketplace?*