

State of the Workforce Report IV: Region 6

Funding for this project
was provided by

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Alabama Department of Economic
and Community Affairs



Alabama Department of
Industrial Relations



Alabama Department of
Postsecondary Education



Alabama Industrial Development Training



Alabama Power Company



Governor's Office of Workforce Development



The University of Alabama



October 2009

Center for Business and Economic Research
University Center for Economic Development
Institute for Social Science Research

THE UNIVERSITY OF ALABAMA

Acknowledgments

Completion of this project was due to the timely contributions of many people. We are very grateful to the Labor Market Information (LMI) Division of the Alabama Department of Industrial Relations (ADIR). In addition to financial support from ADIR for the project, LMI provided significant staff time and this report would not have been possible without large amounts of data from LMI.

Many thanks also to our colleagues at the Center for Business and Economic Research, Institute for Social Science Research, and University Center for Economic Development for their help on various phases of this research project. Last, but not least, much gratitude is owed to the thousands of Alabamians who responded to the extensive survey on the state's workforce and related issues, as well as to the community and industry leaders whose work on these issues provides the critical data required in reports of this kind.

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Summary

- This report analyzes workforce supply and demand issues using available metrics of workforce characteristics for Workforce Development Region 6 and presents implications and recommendations.
- Region 6 had a high 15.9 percent unemployment rate in May 2009, with 5,648 unemployed. An underemployment rate of 24.6 percent for 2009 means that the region has a 12,983-strong available labor pool that includes 7,335 underemployed workers who are looking for better jobs and are willing to commute farther and longer for such jobs.
- Net out-commuting went from -5 workers in 2000 to 3,327 in 2006. More people are traveling to work and both commute time and distance are up in 2009. All of this points to worsening congestion, which could slow economic development. This implies that continuous maintenance and development of transportation infrastructure and systems is important.
- By sector, the top five employers in the region are manufacturing, health care and social assistance, educational services, retail trade, and public administration. In the third quarter of 2008 these five industries provided 22,200 jobs, 72 percent of the regional total. Two of the leading employers paid more than the region's average monthly wage of \$2,635, but they were not the highest paying sectors. Economic development should aim to diversify and strengthen the region's economy by retaining, expanding, and attracting more high-wage providing industries; workforce development should also focus on preparing workers for these industries.
- On average 1,774 jobs were created per quarter from second quarter 2001 to third quarter 2008; quarterly net job flows averaged 61. Job creation is the number of new jobs that are created either by new businesses or through expansion of existing firms. Net job flows reflect the difference between current and previous employment at all businesses.
- The top five high-demand occupations are Retail Salespersons; Janitors and Cleaners, Except Maids and Housekeeping; Licensed Practical and Licensed Vocational Nurses; Home Health Aides; and Nursing Aides, Orderlies, and Attendants.
- The top five fast-growing occupations are Home Health Aides; Licensed Practical and Licensed Vocational Nurses; Pharmacy Technicians; Farm, Ranch, and Other Agricultural Managers; and Nursing Aides, Orderlies, and Attendants.
- The top 50 high-earning occupations are mainly in management, health, engineering, and education fields and have a minimum salary of \$46,519. Six of the top 10 are management occupations, three are in health, and one is in engineering.
- Of the top 30 high-demand, the top 19 fast-growing, and 50 high-earning occupations, only Registered Nurses belong to all three categories. Four occupations are both high-demand and high-earning. Seventeen occupations are both high-demand and fast-growing.

- Of the region's 591 occupations and occupational categories, 114 are expected to decline over the 2006 to 2016 period. Twenty-five occupations are expected to sharply decline by at least 6 percent, with each losing a minimum of 20 jobs. Education and training for these 25 occupations should slow accordingly.
- Skill and education requirements for jobs keep rising. Educational and training requirements of high-demand, fast-growing, and high-earning occupations demonstrate the importance of education in developing the future workforce. In the future, more jobs will require postsecondary education and training at a minimum.
- The importance of basic skills generally and for high-demand, high-growth, and high-earning jobs indicates a strong need for training in these skills. For Region 6 the pace of training needs to increase for technical, system, and complex problem solving skills while the scale of training is raised for social and basic skills. Ideally, all high school graduates should possess basic skills so that postsecondary and higher education can focus on other and more complex skills. Employers should be an integral part of planning for training as they can help identify future skill needs and any existing gaps.
- Worker shortfalls of about 383 and 4,295 are estimated by 2016 and 2025, respectively, due to moderate economic output growth combined with a declining labor force and population, low labor force participation, and low educational attainment in the region. Strategies to address these shortfalls and worker skills needs should aim at increasing labor force participation, encouraging in-migration, reducing out-migration, and raising worker productivity. Such strategies might include: (1) improvements in education and its funding; (2) continuation and enhancement of programs to assess, retrain, and place dislocated workers; (3) focus on hard-to-serve populations (e.g. out-of-school youth); (4) lowering the high school dropout rate; (5) use of economic opportunities to attract new residents; (6) encouragement of older worker participation in the labor force; and (7) facilitation of in-commuting
- Improving education is important because (i) a highly educated and productive workforce is a critical economic development asset, (ii) productivity rises with education, (iii) educated people are more likely to work, and (iv) it yields high private and social rates of return on investment. Workforce development must view all of education and other programs (e.g. adult education, career technical training, worker retraining, career readiness, etc.) as one system. Funding to support workforce development may require tax reform at state and local levels and should provide for flexibility as workforce needs change over time and demand different priorities. Publicizing both private and public returns to education can encourage individuals to raise their own educational attainment levels, while also promoting public and legislative support for education.
- Higher incomes that come with improved educational attainment and work skills will help to increase personal income for the region as well as raise additional local (county and city) tax revenues. This is especially important for a region with a declining population and labor force.
- Together, workforce development and economic development can build a strong, well-diversified Region 6 economy. Indeed, one cannot achieve success without the other.

Workforce Supply

Labor Force Activity

The labor force includes all persons in the civilian noninstitutional population who are age 16 and over and who have a job or are actively looking for one. Typically, those who have no job and are not looking for one are not included (e.g. students, retirees, the disabled, and discouraged workers). Table 6.1 shows labor force information for Region 6 and its five counties for 2008 and May 2009.¹

Table 6.1 Region 6 Labor Force Information

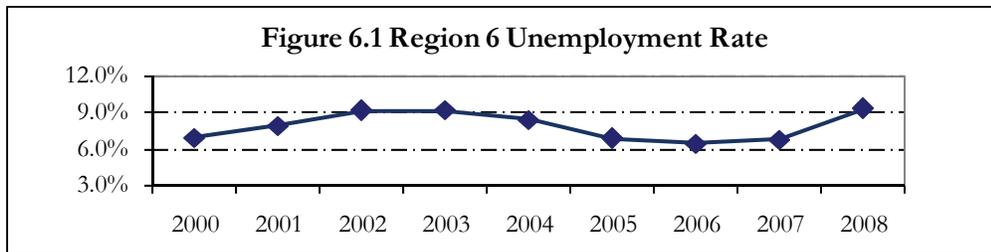
	2008			
	Labor Force	Employed	Unemployed	Rate (%)
Dallas	15,289	13,746	1,543	10.1
Marengo	7,894	7,369	525	6.7
Perry	3,525	3,165	360	10.2
Sumter	4,690	4,322	368	7.8
Wilcox	3,419	2,984	435	12.7
Region 6	34,817	31,586	3,231	9.3
Alabama	2,162,479	2,053,502	108,977	5.0
U.S.	154,287,000	145,362,000	8,924,000	5.8
	May 2009			
	Labor Force	Employed	Unemployed	Rate (%)
Dallas	15,774	12,983	2,790	17.7
Marengo	7,813	6,908	905	11.6
Perry	3,610	3,021	589	16.3
Sumter	4,648	4,071	577	12.4
Wilcox	3,585	2,798	787	22.0
Region 6	35,430	29,781	5,648	15.9
Alabama	2,124,766	1,938,686	186,081	8.8
U.S.	153,830,000	140,265,000	13,565,000	8.8

Source: Alabama Department of Industrial Relations and U.S. Bureau of Labor Statistics.

The recession that began in December 2007 has increased the number of unemployed and raised county unemployment rates from a range of 6.7 percent to 12.7 percent for 2008 (9.3 percent for the region) to between 11.6 percent and 22.0 percent in May 2009, with 15.9 percent for the region. Marengo County had the lowest unemployment rate and Wilcox had the highest. The region and its counties all had unemployment rates above the state's 8.8 percent.

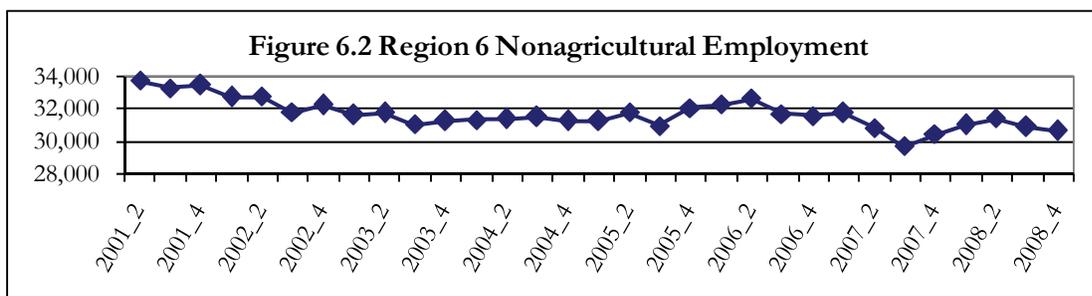
Annual unemployment rates for 2000 to 2008 are shown in Figure 6.1. The region's unemployment rate was below 7.0 percent before the 2001 and the most recent recession. After reaching a rate of 9.1 percent in 2003, employment gains lowered unemployment to 6.4 percent in 2006. The recent recession has raised unemployment to its highest rate for this decade. Year-to-date monthly labor force data point to a higher regional unemployment rate for 2009 than the 9.3 percent seen in 2008; the recession is expected to keep unemployment high for several years.

¹ Alabama labor force information is available from the Labor Market Information (LMI) Division of the Alabama Department of Industrial Relations. LMI compiles data in cooperation with the U.S. Bureau of Labor Statistics.



Source: Alabama Department of Industrial Relations.

Nonagricultural employment of the region's residents averaged 31,682 quarterly from the second quarter of 2001 to the fourth quarter of 2008 (Figure 6.2). The number of jobs has been declining since second quarter 2008.



Source: Alabama Department of Industrial Relations and U.S. Census Bureau.

Table 6.2 shows worker distribution by age in Region 6 for the third quarter of 2008. Older workers, age 45 and over, are 46.0 percent of the region's nonagricultural employment. This is much higher than the state's 39.9 percent; the region also has more workers who are age 65 and over, 4.2 percent versus 3.7 percent for the state. To meet long term occupational projections for growth and replacement, labor force participation of younger residents must increase; else older workers may have to work longer.

Table 6.2 Workers by Age Group Q3 2008

	Nonagricultural Employment	
	Number	Percent
14-18	897	2.9
19-24	2,854	9.2
25-34	5,916	19.1
35-44	7,065	22.9
45-54	8,064	26.1
55-64	4,793	15.5
65+	1,313	4.2
45 and over total	14,217	46.0
Total all ages	30,904	100.0

Note: Rounding errors may be present. Nonagricultural employment is by place of work not residence.

Source: U.S. Census Bureau, Local Employment Dynamics Program.

Commuting Patterns

In 2000 the number of residents who commuted out of the region for work roughly balanced nonresidents who commuted in (Table 6.3); net commuter inflow was just five people. By 2006, more people were commuting, but the region had a net outflow of 3,327. Table 6.3 also shows that the one-way average commute time and distance for workers are up slightly in 2009 from 2008. The sharp increase in the number of commuters, significant commuting inside the region, and rising commute time and distance all point to possible or worsening congestion. This suggests that transportation infrastructure and systems must be properly maintained and developed to ensure that the flow of goods and the movement of workers are not interrupted. Congestion, which impedes the mobility of workers and goods, can delay or slow economic development.

Table 6.3 Commuting Patterns

Area	Inflow, 2000		Outflow, 2000	
	Number	Percent	Number	Percent
Dallas	1,828	34.8	1,598	30.5
Marengo	1,488	28.3	1,489	28.4
Perry	290	5.5	852	16.2
Sumter	543	10.3	499	9.5
Wilcox	1,101	21.0	807	15.4
Region 6	5,250	100.0	5,245	100.0
Region 5				
	Inflow, 2006		Outflow, 2006	
Region 5	9,186	100.0	12,513	100.0
Percent of workers				
Average commute time (one-way)	2004	2005/2006	2008	2009
Less than 20 minutes	52.8	58.5	57.6	60.1
20 to 40 minutes	26.1	26.9	24.5	20.2
40 minutes to an hour	13.6	6.6	10.4	12.7
More than an hour	4.0	3.3	5.0	4.5
Average commute distance (one-way)	2004	2005/2006	2008	2009
Less than 10 miles	43.2	47.8	47.8	52.1
10 to 25 miles	24.7	27.5	25.0	20.7
25 to 45 miles	15.6	14.0	13.2	18.4
More than 45 miles	12.2	5.1	11.8	8.4

Note: Rounding errors may be present.

Source: U.S. Census Bureau; Alabama Department of Industrial Relations; and Center for Business and Economic Research, The University of Alabama.

Population

The Region 6 population estimate of 100,634 for 2008 is 7.5 percent less than was recorded for 2000 (Table 6.4). Population shrank in all five counties. The region's population is projected to fall 7.8 percent in this decade to about 100,300 by 2010, with all counties losing residents. The largest declines will be for Sumter and Perry counties and the smallest in Wilcox.

Table 6.4 Region 6 Population

	1990 Census	2000 Census	2008 Estimate	% Change 2000-2008	2010 Projection	% Change 2000-2010
Dallas	48,130	46,365	42,867	-7.5	42,719	-7.9
Marengo	23,084	22,539	21,055	-6.6	20,939	-7.1
Perry	12,759	11,861	10,643	-10.3	10,563	-10.9
Sumter	16,174	14,798	13,266	-10.4	13,145	-11.2
Wilcox	13,568	13,183	12,803	-2.9	12,911	-2.1
Region 6	113,715	108,746	100,634	-7.5	100,277	-7.8
Alabama	4,040,587	4,447,100	4,661,900	4.8	4,768,769	7.2
U.S.	248,709,873	281,421,906	304,059,724	8.0	310,232,863	10.2

Source: Center for Business and Economic Research, The University of Alabama and U.S. Census Bureau.

Table 6.5 shows population counts, estimates, and projections by age group. The population aged 65 and over will grow rapidly after 2010, with the first of the baby boom generation turning 65 in 2011. At the same time, the prime working age group (20-64) and youth (0-19) populations are expected to decline at a faster rate than the general population. This poses a significant challenge for workforce development. If employment growth outpaces labor force growth as is expected in the long term, communities that experience job gains may need to consider investments in amenities and infrastructure to attract new residents while retaining current residents.

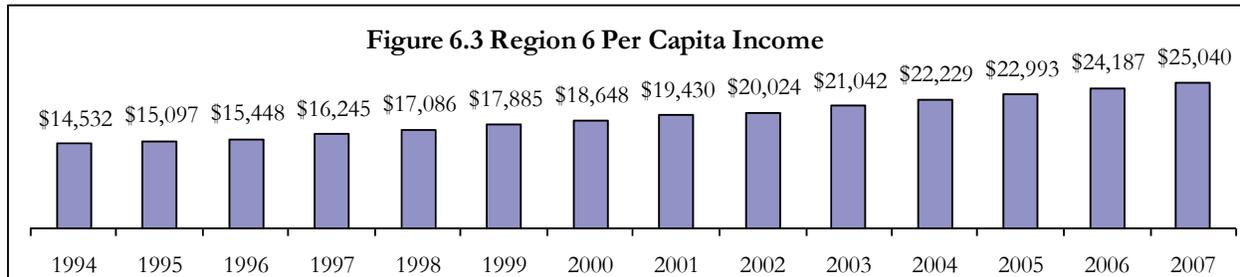
Table 6.5 Population by Age Group (2000-2006) and Projections

Age Group	2000	2006	2016	2025
0-19	35,162	31,556	29,280	28,991
20-24	6,903	6,931	6,971	6,790
25-29	6,412	4,976	5,772	5,575
30-34	6,201	5,439	5,198	5,717
35-39	7,387	5,806	4,706	5,518
40-44	7,920	6,788	5,473	5,190
45-49	7,187	7,378	5,810	4,615
50-54	6,345	6,908	6,758	5,669
55-59	5,086	6,058	7,234	5,745
60-64	4,800	4,850	6,527	6,604
65+	15,343	14,471	16,014	19,334
20-64 Total	58,241	55,135	54,449	51,423
Total Population	108,746	101,162	99,743	99,748
<i>Change from 2006</i>				
0-19			-7.2%	-8.1%
20-64			-1.2%	-6.7%
Total Population			-1.4%	-1.4%

Source: Center for Business and Economic Research, The University of Alabama and U.S. Census Bureau.

Per Capita Income

Per capita income (PCI) in Region 6 was \$25,040 in 2007 (Figure 6.3), up 72 percent from 1994, but \$7,379 below the state average of \$32,419. Marengo County had the highest PCI with \$28,686 and Wilcox County had the lowest with \$19,504.



Source: U.S. Bureau of Economic Analysis and Center for Business and Economic Research, The University of Alabama.

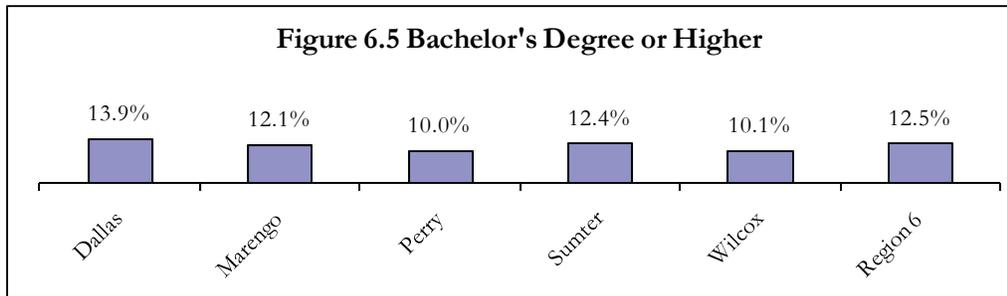
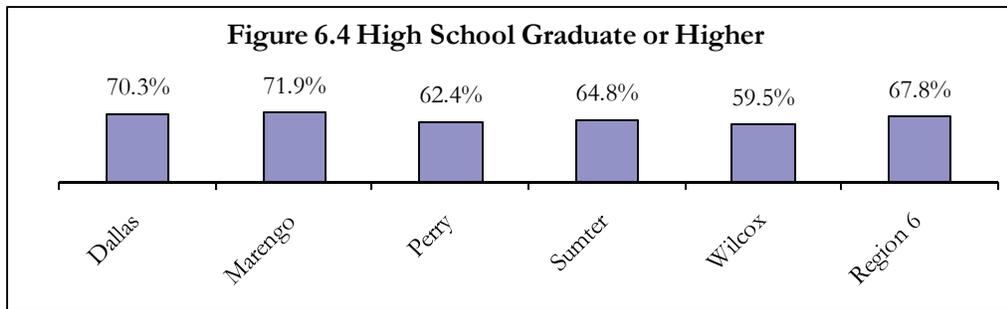
Educational Attainment

Educational attainment in 2000 of Region 6 residents who were 25 years old and over is shown in Table 6.6 and Figures 6.4 and 6.5. About 68 percent graduated from high school and 12.5 percent held a bachelor's or higher degree. Marengo County had the highest percentage of high school graduates and Dallas had the highest bachelor's or higher degree holders. Educational attainment is important as skills rise with education and high-wage jobs for the 21st century demand more skills.

Table 6.6 Educational Attainment in 2000, Population 25 Years and Over

	Dallas	Marengo	Perry	Sumter	Wilcox	Region 6
Total	28,742	14,326	6,978	8,731	7,979	66,756
No schooling completed	645	259	206	276	244	1,630
Nursery to 4th grade	356	280	120	160	185	1,101
5th and 6th grade	941	411	280	400	182	2,214
7th and 8th grade	1,154	479	384	451	487	2,955
9th grade	1,240	618	330	352	313	2,853
10th grade	1,550	511	350	360	449	3,220
11th grade	1,225	685	441	459	584	3,394
12th grade, no diploma	1,413	777	514	619	784	4,107
High school graduate/equivalent	9,646	5,351	2,119	2,719	2,414	22,249
Some college, less than 1 year	1,599	761	513	439	418	3,730
Some college, 1+ years, no degree	3,355	1,765	735	1,123	792	7,770
Associate degree	1,614	697	285	287	318	3,201
Bachelor's degree	2,443	1,105	365	639	604	5,156
Master's degree	989	511	240	309	162	2,211
Professional school degree	510	72	48	91	25	746
Doctorate degree	62	44	48	47	18	219

Source: Center for Business and Economic Research, The University of Alabama and U.S. Census Bureau.



Underemployment and Available Labor

Labor force data are often limited to information on the employed and the unemployed that is available from government sources. However, this information is not complete from the perspective of employers. New or expanding employers are also interested in underemployment because current workers are potential employees. In fact, experience requirements in job ads are evidence that many prospective employers look beyond the unemployed for workers.

Workers in occupations that underutilize their experience, training, and skills are underemployed. These workers might look for other work because their current wages are below what they believe they can earn or because they wish to not be underemployed. Underemployment occurs for various reasons including (i) productivity growth, (ii) spousal employment and income, and (iii) family constraints or personal preferences. Underemployment is unique to areas because of the various contributing factors combined with each area's economic, social, and geographic characteristics.

The existence of underemployment identifies economic potential that is not being realized. It is extremely difficult to measure this economic potential because of uncertainties regarding additional income that the underemployed can bring to an area. It is clear, however, that underemployment provides opportunities for selective job creation and economic growth. A business that needs skills prevalent among the underemployed could locate in places that have such workers regardless of those areas' unemployment rates. A low unemployment rate, which may falsely suggest limited labor availability, is therefore not a hindrance to the business.

The underemployed present a significant pool of labor because they tend to respond to job opportunities that they believe are better for reasons that include (i) higher income, (ii) more benefits, (iii) superior terms and conditions of employment, and (iv) a better match with skills,

training, and experience. The underemployed also create opportunities for entry level workers as they leave lower-paying jobs for better-paying ones. Even if their previously-held positions are lost or not filled (perhaps due to low unemployment or adverse economic conditions), there is economic growth in gaining higher-paying jobs. Such income growth boosts consumption, savings, and tax collections. Quantifying the size of the underemployed is a necessary first step in considering this group for economic development, workforce training, planning, and other purposes. It is important to note that the underemployed can take on more responsibilities and earn more income, but they cannot be counted on to address possible future worker shortages as they are already employed.

Region 6 had an underemployment rate of 24.6 percent in 2009. Applying this rate to May 2009 labor force data means that 7,335 employed residents were underemployed (Table 6.7). Adding the unemployed gives a total available labor pool of 12,983 for the region. This is 2.3 times the number of unemployed and is a more realistic measure of the available labor pool in the region. Prospective employers must be able to offer the underemployed higher wages, better benefits or terms of employment, or some other incentives to induce them to change jobs. Underemployment rates ranged from 15.4 percent for Perry County to 30.0 percent for Sumter. Dallas County had the largest available labor pool and Perry had the smallest.

Table 6.7 Underemployed and Available Labor by County

	<u>Region 6</u>	<u>Dallas</u>	<u>Marengo</u>	<u>Perry</u>	<u>Sumter</u>	<u>Wilcox</u>
Labor Force	35,430	15,774	7,813	3,610	4,648	3,585
Employed	29,781	12,983	6,908	3,021	4,071	2,798
Underemployment rate	24.6%	25.0%	28.8%	15.4%	30.0%	23.5%
Underemployed workers	7,335	3,246	1,990	465	1,221	658
Unemployed	5,648	2,790	905	589	577	787
Available labor pool	12,983	6,036	2,895	1,054	1,798	1,445

Note: Rounding errors may be present. Based on May 2009 labor force data and 2009 underemployment rates.

Source: Center for Business and Economic Research, The University of Alabama and Alabama Department of Industrial Relations.

Underemployment rates for counties, Workforce Development Regions (WDRs), and the state were determined from an extensive survey on the state's workforce. In 2009, a total of 629 complete responses were obtained from Region 6. About 43 percent (268 respondents) were employed, of whom 66 stated that they were underemployed. A lack of job opportunities in their area, low wages at available jobs, and living too far from jobs are the primary reasons given for being underemployed. Ongoing economic development efforts can help in this regard. Nonworkers cite retirement and disability as the main reasons for their status, but some also cite a lack of job opportunities in their area, low wages at available jobs, and living too far from jobs as additional major reasons. Such workers may become part of the labor force if their problems can be addressed.

A comparison of underemployed workers to the overall workforce in Region 6 shows that:

- Fewer work full-time and more of the part-timers prefer full-time work.
- More hold multiple jobs.
- They have slightly less commute time, but similar commute distance.
- Fewer are managers, teachers, professionals, or administrative support and clerical workers; more are hotel, restaurant, and household help.

- They earn less and have shorter job tenure.
- Fewer believe their jobs fit well with their education and training, skills, and experience.
- More believe they are qualified for a better job.
- More would leave their current jobs for higher income.
- More are willing to commute longer and farther for a better job.
- Fewer are satisfied with their current jobs.
- More have sought better jobs in the preceding quarter.
- More are willing to train for a better job even if they have to pay part or all of the cost.
- They are younger, but have similar educational attainment.
- Fewer are married.
- More are male.
- Fewer are white.
- More are Hispanic.

Table 6.8 shows the detailed survey results on job satisfaction and willingness to train. Responses for overall job satisfaction as well as various aspects of the job were obtained. In general most of the region's workers (80.6 percent) are satisfied or completely satisfied with their jobs. Workers are most satisfied with the work that they do and least satisfied with the earnings they receive. Clearly, fewer underemployed workers are satisfied with their jobs (57.5 percent). The underemployed are also much more dissatisfied with their earnings.

Workers are generally willing to train for a new or better job, with the underemployed being much more willing (88.7 percent vs. 73.4 percent). However, the willingness to train is strongly influenced by who pays for the cost of training. Workers typically do not wish to pay for the training and so their willingness is highest when the cost is fully borne by government and lowest when the trainee must pay the full costs. In every case of cost burden considered, the underemployed are more willing to train for the new or better job. The results strongly show that workers expect the government to bear at least part of the training cost. This expectation may result from worker awareness of government workforce programs that provide such assistance.

Table 6.8 2009 Job Satisfaction and Willingness to Train (Percent)

Job Satisfaction						
		Completely Dissatisfied	Dissatisfied	Neutral	Satisfied	Completely Satisfied
Employed						
Overall		1.1	3.0	14.9	28.0	52.6
	Earnings	12.7	10.8	21.3	25.0	30.2
	Retention	3.0	4.1	11.6	19.4	60.5
	Work	1.1	1.5	6.0	22.0	69.4
	Hours	5.6	4.5	9.7	22.0	57.1
	Shift	2.6	1.5	7.5	17.2	70.5
	Conditions	1.1	5.2	16.4	26.5	50.8
	Commuting Distance	5.6	6.3	10.8	14.2	63.1
Underemployed						
Overall		3.0	6.1	31.8	24.2	33.3
	Earnings	19.7	19.7	28.8	18.2	13.6
	Retention	9.1	7.6	13.6	18.2	48.5
	Work	4.6	3.0	10.6	18.2	63.6
	Hours	10.6	7.6	13.6	19.7	47.0
	Shift	4.6	1.5	10.6	19.7	63.6
	Conditions	3.0	12.1	16.7	28.8	39.4
	Commuting Distance	4.6	4.6	12.1	21.2	57.6
Willingness to Train						
		Completely Unwilling	Unwilling	Neutral	Willing	Completely Willing
Employed						
For a new or better job		11.4	1.1	11.4	12.5	60.9
	If paid by trainee	41.7	16.6	23.9	8.6	6.1
	If paid by trainee and government	6.1	9.2	35.6	20.3	27.0
	If paid by government	0.6	2.5	4.9	8.0	82.8
Underemployed						
For a new or better job		3.8	0.0	5.7	7.6	81.1
	If paid by trainee	27.5	21.6	27.5	11.8	9.8
	If paid by trainee and government	2.0	3.9	31.4	23.5	39.2
	If paid by government	0.0	2.0	0.0	7.8	90.2

Note: Rounding errors may be present.

Source: Center for Business and Economic Research, The University of Alabama.

Workforce Demand

Industry Mix

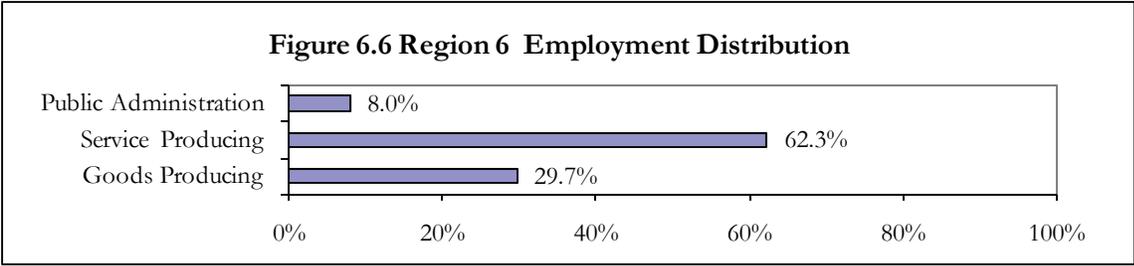
The manufacturing sector was the region's leading employer with 7,512 jobs in the third quarter of 2008 (Table 6.9), followed by health care and social assistance, educational services, retail trade, and public administration. These five industries provided 22,200 jobs, 71.8 percent of the region's total. The region's average monthly wage across all industries was \$2,635; two leading employers paid more. New hire monthly earnings averaged \$1,879, about 71 percent of the average monthly wage. The highest average monthly wages were for utilities at \$4,308, transportation and warehousing \$3,306, and wholesale trade \$3,226. Accommodation and food services paid the least at \$1,165. The management of companies and enterprises sector had the highest average monthly new hire wages with \$3,165, followed by transportation and warehousing with \$2,874, and professional, scientific, and technical services at \$2,346. Accommodation and food services and arts, entertainment, and recreation paid newly hired workers the least, \$808.

Table 6.9 Industry Mix (Third Quarter 2008)

Industry by 2-digit NAICS Code	Total Employment	Share	Rank	Average Monthly Wage	Average Monthly New Hire Earnings
11 Agriculture, Forestry, Fishing and Hunting	732	2.37%	9	\$2,708	\$2,070
21 Mining	35	0.11%	20	\$2,092	\$1,198
22 Utilities	350	1.13%	15	\$4,308	\$2,027
23 Construction	901	2.92%	8	\$3,013	\$2,029
31-33 Manufacturing	7,512	24.31%	1	\$3,088	\$2,245
42 Wholesale Trade	691	2.24%	11	\$3,226	\$2,229
44-45 Retail Trade	3,809	12.33%	4	\$2,003	\$1,408
48-49 Transportation and Warehousing	542	1.75%	13	\$3,306	\$2,874
51 Information	251	0.81%	17	\$2,936	\$2,125
52 Finance and Insurance	717	2.32%	10	\$3,177	\$2,140
53 Real Estate and Rental and Leasing	315	1.02%	16	\$2,158	\$1,367
54 Professional, Scientific, and Technical Services	392	1.27%	14	\$3,071	\$2,346
55 Management of Companies and Enterprises	182	0.59%	18	\$2,613	\$3,165
56 Administrative and Support and Waste Management and Remediation Services	689	2.23%	12	\$2,298	\$1,786
61 Educational Services	3,958	12.81%	3	\$3,026	\$2,214
62 Health Care and Social Assistance	4,458	14.43%	2	\$2,559	\$1,960
71 Arts, Entertainment, and Recreation	148	0.48%	19	\$1,845	\$808
72 Accommodation and Food Services	1,721	5.57%	6	\$1,165	\$808
81 Other Services (Except Public Administration)	1,036	3.35%	7	\$1,708	\$1,205
92 Public Administration	2,463	7.97%	5	\$2,396	\$1,573
ALL INDUSTRIES	30,902	100.00%		\$2,635	\$1,879

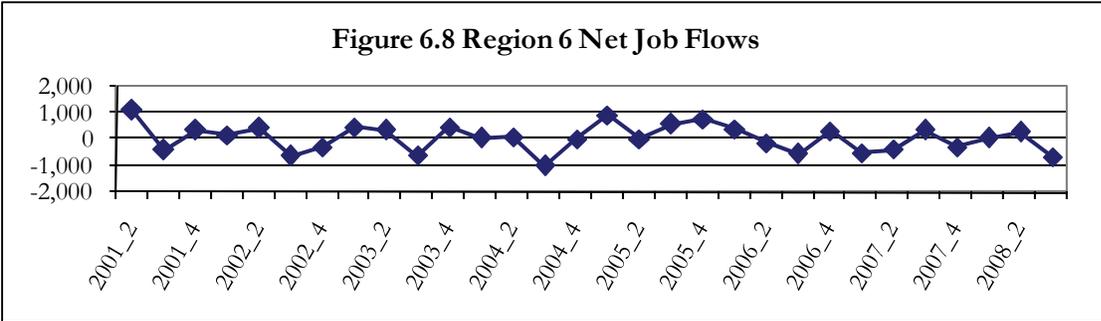
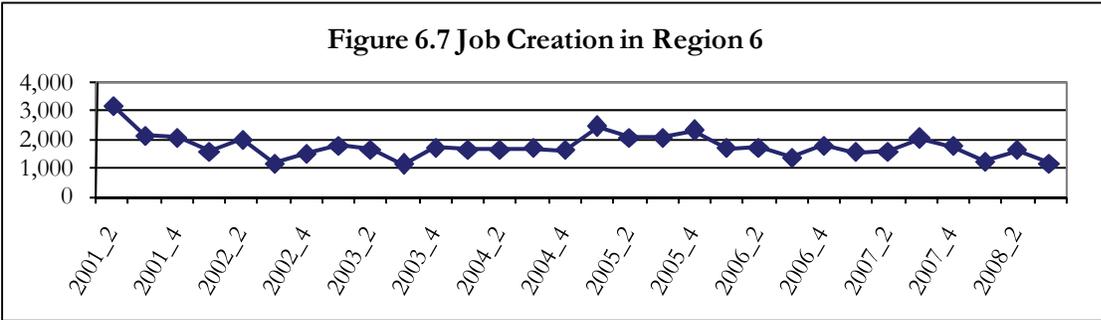
Source: Alabama Department of Industrial Relations and U.S. Census Bureau.

By broad industry classification, service providing industries generated 62.3 percent of jobs in third quarter 2008 (Figure 6.6). Goods producing industries were next with 29.7 percent and public administration accounted for 8.0 percent. The distribution is for all nonagricultural jobs in the region, but there is significant variation by county.



Job Creation and Net Job Flows

On average, 1,774 jobs were created per quarter from second quarter 2001 to third quarter 2008 (Figure 6.7); quarterly net job flows averaged 61 (Figure 6.8). Both job creation and net job flows seem to be headed downward from second quarter 2008. Job creation has been generally declining since third quarter 2007. Net job flows fluctuate greatly and have ranged from a gain of 1,098 in second quarter 2001 to a loss of 998 in third quarter 2004. Beginning in the second quarter of 2006, there have been more quarterly job losses than gains. Job creation refers to the number of new jobs that are created either by new area businesses or through the expansion of existing firms. Net job flows reflect the difference between current and previous employment at all businesses.



Source: Alabama Department of Industrial Relations and U.S. Census Bureau.

High-Demand, Fast-Growing, High-Earning, and Sharp-Declining Occupations

Out of a total 591 occupations and occupational categories in the region, 477 are single occupations. Table 6.10 shows the 30 occupations that are expected to be in high-demand, ranked by projected average annual job openings over the 2006 to 2016 period. Many of these occupations are common to the five largest employment sectors identified earlier (Table 6.9): manufacturing; health care and social assistance; educational services; retail trade; and public administration. Thus, these sectors will continue to dominate employment in the region.

The top five high-demand occupations are Retail Salespersons; Janitors and Cleaners, Except Maids and Housekeeping; Licensed Practical and Licensed Vocational Nurses; Home Health Aides; and Nursing Aides, Orderlies, and Attendants. Seventeen of the high-demand occupations are also fast-growing. This means that these 17 occupations have a minimum annual growth rate of 0.57 percent, faster than the regional occupational growth rate of -0.16 percent, but much slower than the statewide occupational growth rate of 1.4 percent.

The 19 fastest growing occupations ranked by projected growth of employment are listed in Table 6.11. Only one of these occupations, Registered Nurses, is high-earning. The top five fast-growing occupations are Home Health Aides; Licensed Practical and Licensed Vocational Nurses; Pharmacy Technicians; Farm, Ranch, and Other Agricultural Managers; and Nursing Aides, Orderlies, and Attendants.

Table 6.12 shows the 50 selected highest earning occupations in the region. Many of these occupations are in management, health, engineering, and education fields. Six of the top 10 listed are management occupations, three are in health, and one is in engineering. Any discussion of earnings must consider that wages vary with experience. Occupations with the highest entry level wages may not necessarily have the highest average or experienced wages.

The selected high-earning occupations are generally not fast-growing or in high-demand. One occupation, Registered Nurses, is in high-demand, fast-growing, and high-earning (Table 6.12). The following four occupations are both high-earning and in high-demand:

1. Registered Nurses
2. First-Line Supervisors/Managers of Mechanics, Installers, and Repairers
3. Electrical Power-Line Installers and Repairers
4. Industrial Machinery Mechanics

Of the region's 591 occupations and occupational categories, 114 are expected to decline over the 2006 to 2016 period. Employment in the 25 sharpest-declining occupations will fall by at least 6 percent, with each losing a minimum of 20 jobs over the period (Table 6.13). No efforts should be made to sustain these occupations because they are declining as a result of structural changes in the economy of the region.

Table 6.10 Selected High-Demand Occupations (Base Year 2006 and Projected Year 2016)

Occupation	Average Annual Job Openings		
	Total	Due to Growth	Due to Separations
Retail Salespersons *	25	5	20
Janitors and Cleaners, Except Maids and Housekeeping *	20	10	10
Licensed Practical and Licensed Vocational Nurses *	15	5	10
Home Health Aides *	15	10	5
Nursing Aides, Orderlies, and Attendants *	15	10	5
Customer Service Representatives *	15	5	10
First-Line Supervisors/Managers of Retail Sales Workers	15	0	15
Child Care Workers *	15	5	10
Combined Food Preparation and Serving Workers *	15	5	10
Registered Nurses *	10	5	5
Elementary School Teachers, Except Special Education	10	0	10
Truck Drivers, Heavy and Tractor-Trailer	10	0	10
Tellers *	10	0	10
Bookkeeping, Accounting, and Auditing Clerks	10	0	10
Child, Family, and School Social Workers *	5	0	5
First-Line Supervisors/Managers of Mechanics, Installers, and Repairers	5	0	5
Correctional Officers and Jailers *	5	0	5
Electrical Power-Line Installers and Repairers	5	0	5
Industrial Machinery Mechanics	5	0	5
Postal Service Mail Carriers	5	0	5
Pharmacy Technicians *	5	0	5
Police and Sheriff's Patrol Officers	5	0	5
Food Preparation Workers *	5	0	5
Welders, Cutters, Solderers, and Brazers *	5	0	5
Plumbers, Pipefitters, and Steamfitters	5	0	5
Bus and Truck Mechanics and Diesel Engine Specialists	5	0	5
Automotive Service Technicians and Mechanics	5	0	5
Cutting, Punching, and Press Machine Setters, Operators, Metal and Plastic	5	0	5
Cleaners of Vehicles and Equipment *	5	0	5
Farm, Ranch, and Other Agricultural Managers *	5	5	0

Note: Occupations are growth- and wages-weighted and data are rounded to the nearest 5. Occupations in bold are also high-earning.

* Qualify as both high-demand and fast-growing occupations.

Source: Alabama Department of Industrial Relations and Center for Business and Economic Research, The University of Alabama.

Table 6.11 Selected Fast-Growing Occupations (Base Year 2006 and Projected Year 2016)

Occupation	Employment		Percent Change	Annual Growth (Percent)	Average Annual Job Openings
	2006	2016			
Home Health Aides *	290	380	31	2.74	15
Licensed Practical and Licensed Vocational Nurses *	390	470	21	1.88	15
Pharmacy Technicians *	100	120	20	1.84	5
Farm, Ranch, and Other Agricultural Managers *	210	250	19	1.76	5
Nursing Aides, Orderlies, and Attendants *	600	710	18	1.70	15
Food Preparation Workers *	120	140	17	1.55	5
Child, Family, and School Social Workers *	150	170	13	1.26	5
Janitors and Cleaners, Except Maids and Housekeeping *	650	730	12	1.17	20
Child Care Workers *	380	420	11	1.01	15
Correctional Officers and Jailers *	190	210	11	1.01	5
Combined Food Preparation and Serving Workers *	440	480	9	0.87	15
Registered Nurses *	440	480	9	0.87	10
Tellers *	230	250	9	0.84	10
Customer Service Representatives *	360	390	8	0.80	15
Cleaners of Vehicles and Equipment *	120	130	8	0.80	5
Counter and Rental Clerks	120	130	8	0.80	5
Maids and Housekeeping Cleaners	440	470	7	0.66	15
Welders, Cutters, Solderers, and Brazers *	150	160	7	0.65	5
Retail Salespersons *	690	730	6	0.57	25

Note: Employment data are rounded to the nearest 10 and job openings are rounded to the nearest 5. Occupations in bold are also high-earning.

* Qualify as both high-demand and fast-growing occupations.

Source: Alabama Department of Industrial Relations and Center for Business and Economic Research, The University of Alabama.

Table 6.12 Selected High-Earning Occupations (Base Year 2006 and Projected Year 2016)

Occupation	Employment		Annual Growth (Percent)	Average Annual Job Openings	Mean Annual Salary (\$)
	2006	2016			
Physicians and Surgeons, All Other	20	20	0.00	0	178,686
Education Administrators, Postsecondary	100	90	-1.05	5	107,298
Engineering Managers	10	10	0.00	0	92,659
Sales Managers	20	10	-6.70	0	89,156
Pharmacists	60	60	0.00	0	80,012
Physical Therapists	20	30	4.14	0	76,674
General and Operations Managers	430	400	-0.72	10	75,232
Marketing Managers	20	10	-6.70	0	74,562
Mechanical Engineers	20	20	0.00	0	70,638
Human Resources Managers, All Other	20	10	-6.70	0	69,188
Administrative Services Managers	30	20	-3.97	0	68,792
Electrical Engineers	20	10	-6.70	0	68,703
Purchasing Managers	10	10	0.00	0	67,343
Clergy	90	100	1.06	0	67,084
Financial Managers	70	60	-1.53	0	66,584
First-Line Supervisors/Managers of Non-Retail Sales Workers	90	90	0.00	0	66,472
Medical and Health Services Managers	40	40	0.00	0	66,082
Managers, All Other	200	200	0.00	5	64,204
Loan Officers	40	40	0.00	0	63,679
Transportation, Storage, and Distribution Managers	10	10	0.00	0	61,829
Computer and Information Systems Managers	20	20	0.00	0	61,342
Civil Engineers	30	30	0.00	0	61,312
Industrial Engineers	30	30	0.00	0	61,194
Occupational Therapists	20	20	0.00	0	60,873
Education Administrators, Elementary and Secondary School	80	80	0.00	0	60,717
Instructional Coordinators	20	20	0.00	0	60,007
Electricians	170	160	-0.60	5	59,583
First-Line Supervisors/Managers of Mechanics, Installers, and Repairers *	180	180	0.00	5	59,037
Industrial Production Managers	60	60	0.00	0	57,975
Network and Computer Systems Administrators	30	40	2.92	0	56,134
Electrical Power-Line Installers and Repairers *	80	80	0.00	5	55,973
Foresters	40	40	0.00	0	55,823
Construction Managers	170	160	-0.60	5	55,124
Mathematical Science Teachers, Postsecondary	40	40	0.00	0	53,757
Bridge and Lock Tenders	10	10	0.00	0	53,420
Stationary Engineers and Boiler Operators	20	20	0.00	0	52,951
English Language and Literature Teachers, Postsecondary	50	60	1.84	0	52,807
Postmasters and Mail Superintendents	40	40	0.00	0	52,667
Registered Nurses *	440	480	0.87	10	52,358
Radiologic Technologists and Technicians	40	40	0.00	0	51,889
Industrial Machinery Mechanics *	290	300	0.34	5	51,743
First-Line Supervisors/Managers of Production and Operating Workers	410	380	-0.76	5	50,665
Accountants and Auditors	130	130	0.00	0	49,820
Compliance Officers, Except Agriculture, Construction, Safety, and Transportation	10	10	0.00	0	49,280
Electrical & Electronics Repairers, Commercial and Industrial Equipment	10	10	0.00	0	48,599
Social and Community Service Managers	40	40	0.00	0	48,008
Business Operations Specialists, All Other	50	50	0.00	0	46,787
Educational, Vocational, and School Counselors	120	120	0.00	0	46,729
First-Line Supervisors/Managers of Farming, Fisheries, and Forestry Workers	100	90	-1.05	0	46,617
Vocational Education Teachers, Secondary School	60	50	-1.81	0	46,519

Note: Employment data are rounded to the nearest 10; openings to the nearest 5. The salary data provided are based on the May 2008 release of the Occupational Employment Statistics (OES) combined employment and wage file. Estimates for specific occupations may include imputed data. Occupations in bold are also fast-growing.

* Qualify as both high-earning and high-demand occupations.

Source: Center for Business and Economic Research, The University of Alabama and Alabama Department of Industrial Relations.

Table 6.13 Selected Sharp-Declining Occupations (Base Year 2006 and Projected Year 2016)

Occupation	Employment		Net Change	Percent Change
	2006	2016		
Sewing Machine Operators	1,080	850	-230	-21
Cashiers	1,480	1,390	-90	-6
Laborers and Freight, Stock, and Material Movers, Hand	670	590	-80	-12
Secretaries, Except Legal, Medical, and Executive	790	720	-70	-9
Helpers--Production Workers	390	340	-50	-13
Machine Feeders and Offbearers	210	160	-50	-24
Maintenance and Repair Workers, General	590	550	-40	-7
Sawing Machine Setters, Operators, and Tenders, Wood	170	130	-40	-24
Paper Goods Machine Setters, Operators, and Tenders	250	210	-40	-16
Packers and Packagers, Hand	270	230	-40	-15
General and Operations Managers	430	400	-30	-7
Stock Clerks and Order Fillers	340	310	-30	-9
First-Line Supervisors/Managers of Production and Operating Workers	410	380	-30	-7
Inspectors, Testers, Sorters, Samplers, and Weighers	180	150	-30	-17
Packaging and Filling Machine Operators and Tenders	240	210	-30	-13
Industrial Truck and Tractor Operators	190	160	-30	-16
Chief Executives	80	60	-20	-25
Secondary School Teachers, Except Special and Vocational Education	260	240	-20	-8
Logging Equipment Operators	270	250	-20	-7
Carpenters	230	210	-20	-9
Construction Laborers	210	190	-20	-10
Operating Engineers and Other Construction Equipment Operators	140	120	-20	-14
Cutting and Slicing Machine Setters, Operators, and Tenders	130	110	-20	-15
Extruding, Forming, Pressing, and Compacting Machine Setters, Operators, and Tenders	NA	NA	-20	-11
Furnace, Kiln, Oven, Drier, and Kettle Operators and Tenders	80	60	-20	-25

Note: Employment data are rounded to the nearest 10. NA - Not available.

Source: Alabama Department of Industrial Relations and Center for Business and Economic Research, The University of Alabama.

Skills and Skills Gap Analyses

Jobs require skill sets and it is necessary that jobholders have the relevant skills. Table 6.14 shows skill types and definitions as provided by O*NET Online, which offers skill sets for all occupations ranked by the degree of importance. High-earning occupations typically require skills that are obtained in the pursuit of the high educational attainment levels that such jobs require. Lower earning occupations require more basic skill sets. Some occupations have no minimum skill set requirements (e.g. dishwashers and maids).

Table 6.15 shows the percentage of selected occupations in the region that list a particular skill as primary. We define primary skills as the 10 most important skills in the required skill set for an occupation. It is important to note that a particular skill may be more important and more extensively used in one occupation than another. Table 6.15 does not address such cross-occupational skill importance comparisons. In general, basic skills are most frequently listed as primary, which means that they are important for practically all jobs.

Table 6.14 Skill Types and Definitions

<p>Basic Skills: Developed capacities that facilitate learning or the more rapid acquisition of knowledge.</p> <p>Active Learning — Understanding the implications of new information for both current and future problem-solving and decision-making.</p> <p>Active Listening — Giving full attention to what other people are saying, taking time to understand the points being made, asking questions as appropriate, and not interrupting at inappropriate times.</p> <p>Critical Thinking — Using logic and reasoning to identify the strengths and weaknesses of alternative solutions, conclusions, or approaches to problems.</p> <p>Learning Strategies — Selecting and using training/instructional methods and procedures appropriate for the situation when learning or teaching new things.</p> <p>Mathematics — Using mathematics to solve problems.</p> <p>Monitoring — Monitoring/Assessing performance of yourself, other individuals, or organizations to make improvements or take corrective action.</p> <p>Reading Comprehension — Understanding written sentences and paragraphs in work-related documents.</p> <p>Science — Using scientific rules and methods to solve problems.</p> <p>Speaking — Talking to others to convey information effectively.</p> <p>Writing — Communicating effectively in writing as appropriate for the needs of the audience.</p> <p>Complex Problem Solving Skills: Developed capacities used to solve novel, ill-defined problems in complex, real-world settings.</p> <p>Complex Problem Solving — Identifying complex problems and reviewing related information to develop and evaluate options and implement solutions.</p> <p>Resource Management Skills: Developed capacities used to allocate resources efficiently.</p> <p>Management of Financial Resources — Determining how money will be spent to get the work done and accounting for these expenditures.</p> <p>Management of Material Resources — Obtaining and seeing to the appropriate use of equipment, facilities, and materials needed to do certain work.</p> <p>Management of Personnel Resources — Motivating, developing, and directing people as they work, identifying the best people for the job.</p> <p>Time Management — Managing one's own time and the time of others.</p> <p>Social Skills: Developed capacities used to work with people to achieve goals.</p> <p>Coordination — Adjusting actions in relation to others' actions.</p> <p>Instructing — Teaching others how to do something.</p> <p>Negotiation — Bringing others together and trying to reconcile differences.</p> <p>Persuasion — Persuading others to change their minds or behavior.</p> <p>Service Orientation — Actively looking for ways to help people.</p> <p>Social Perceptiveness — Being aware of others' reactions and understanding why they react as they do.</p> <p>Systems Skills: Developed capacities used to understand, monitor, and improve socio-technical systems.</p> <p>Judgment and Decision Making — Considering the relative costs and benefits of potential actions to choose the most appropriate one.</p> <p>Systems Analysis — Determining how a system should work and how changes in conditions, operations, and the environment will affect outcomes.</p> <p>Systems Evaluation — Identifying measures or indicators of system performance and the actions needed to improve or correct performance, relative to the goals of the system.</p> <p>Technical Skills: Developed capacities used to design, set-up, operate, and correct malfunctions involving application of machines or technological systems.</p> <p>Equipment Maintenance — Performing routine maintenance on equipment and determining when and what kind of maintenance is needed.</p> <p>Equipment Selection — Determining the kind of tools and equipment needed to do a job.</p> <p>Installation — Installing equipment, machines, wiring, or programs to meet specifications.</p> <p>Operation and Control — Controlling operations of equipment or systems.</p> <p>Operation Monitoring — Watching gauges, dials, or other indicators to make sure a machine is working properly.</p> <p>Operations Analysis — Analyzing needs and product requirements to create a design.</p> <p>Programming — Writing computer programs for various purposes.</p> <p>Quality Control Analysis — Conducting tests and inspections of products, services, or processes to evaluate quality or performance.</p> <p>Repairing — Repairing machines or systems using the needed tools.</p> <p>Technology Design — Generating or adapting equipment and technology to serve user needs.</p> <p>Troubleshooting — Determining causes of operating errors and deciding what to do about it.</p>
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Source: O*NET Online (<http://online.onetcenter.org/skills/>).

Table 6.15 Percentage of Selected Occupations for Which Skill Is Primary

	Selected High-Demand Occupations	Selected Fast-Growing Occupations	Selected High-Earning Occupations
Basic Skills			
Active Learning	30	32	56
Active Listening	67	79	72
Critical Thinking	47	47	64
Learning Strategies	20	21	12
Mathematics	23	32	28
Monitoring	40	47	30
Reading Comprehension	60	63	78
Science	3	0	14
Speaking	50	74	52
Writing	37	42	34
Complex Problem Solving Skills			
Complex Problem Solving	3	0	18
Resource Management Skills			
Management of Financial Resources	0	0	10
Management of Material Resources	0	0	6
Management of Personnel Resources	7	0	14
Time Management	40	37	58
Social Skills			
Coordination	17	21	32
Instructing	40	47	34
Negotiation	3	5	12
Persuasion	3	5	8
Service Orientation	40	53	20
Social Perceptiveness	37	53	26
Systems Skills			
Judgment and Decision Making	20	16	40
Systems Analysis	0	0	2
Systems Evaluation	0	0	4
Technical Skills			
Equipment Maintenance	27	11	10
Equipment Selection	17	0	10
Installation	17	0	12
Operation and Control	10	0	6
Operation Monitoring	7	0	6
Operations Analysis	0	0	6
Programming	0	0	0
Quality Control Analysis	7	0	4
Repairing	17	5	8
Technology Design	0	0	2
Troubleshooting	20	5	16

Note: Rounding errors may be present.

Source: O*NET Online and Center for Business and Economic Research, The University of Alabama.

High-earning occupations require more active learning, critical thinking, reading comprehension, science, complex problem solving, resource management, and systems skills than both high-demand and fast-growing jobs. These skills require long training periods and postsecondary education. High-earning jobs require less social (except negotiation and persuasion) and technical (except operations analysis) skills than high-demand and fast-growing jobs. High-demand occupations require more technical skills than fast-growing occupations; but less basic and social skills.

Table 6.16 shows skill gap indexes for all 35 skills in Table 6.14. Skills gap indexes range up to 100 and are standardized measures of the gap between current supply and projected demand. The index does not provide any information about current or base year skill supply. Its focus is on the projection period, which for Table 6.16 is 2006 to 2016, and identifies critical skill needs. The index essentially ranks expected training needs. The higher the index the more critical is the skill over the specified projection period.

For policy and planning purposes, skill gap indexes have to be considered together with replacement indexes, which are the expected shares of job openings due to replacement. Replacement is necessary because of turnover and people leaving the labor force. The smaller the replacement index, the larger the share of job openings due to growth, which in turn implies a need to increase the pace of skill training. Skill gap indexes point to the need to ramp up the scale of skill training while replacement indexes address the pace of training.

By skill type the skill gap indexes show that basic and social skills are most critical in Region 6 followed by resource management, technical, system, and complex problem solving skills. The importance of basic skills generally and for high-demand, high-growth, and high-earning jobs indicates a strong need for training in these skills. The pace of training needs to increase for technical, system, and complex problem solving skills; the scale of training should be raised for social and basic skills.

Education and Training Issues

Educational attainment in Region 6 is low compared to the state as a whole. Sixty-eight percent of residents age 25 and over have graduated from high school, compared to 75 percent for Alabama. Of the age 25 and over population, 12.5 percent have a bachelor's or higher degree versus 19 percent for the state. Skill and education requirements for jobs keep rising. This highlights a strong need to raise educational attainment in the region.

Table 6.17 shows the number of selected occupations in the region for which a particular education/training category is most common. In general, high-earning occupations require high educational attainment levels; 17 high-earning occupations do not require a bachelor's or higher degree. Just four of the 30 high-demand occupations and three of the 19 fast-growing occupations require at least an associate degree. Three high-demand occupations and two fast-growing occupations require a bachelor's or higher degree at the minimum.

Expected job declines are the main reasons for the relatively lower education and training requirements for high-demand, fast-growing, and high-earning jobs in the region. Economic development efforts that bring higher-wage jobs will require postsecondary education and training at

a minimum. Of the region's 591 occupations and occupational categories, 114 are expected to decline over the period and education and training for these should slow accordingly.

Table 6.16 Skills Gap Indexes (Base Year 2006 and Projected Year 2016)

Skill	Total Openings (Projected Demand)	Replacement Index	Skills Gap Index
Social Perceptiveness	170	85	100
Service Orientation	125	88	97
Reading Comprehension	260	85	88
Monitoring	205	85	88
Instructing	215	88	88
Speaking	190	87	79
Coordination	200	85	79
Time Management	165	85	79
Critical Thinking	235	87	76
Complex Problem Solving	100	85	73
Active Learning	190	89	70
Science	15	67	64
Identification of Key Causes	100	85	64
Systems Evaluation	20	75	61
Programming	0	0	58
Learning Strategies	135	93	52
Troubleshooting	65	92	52
Persuasion	125	92	44
Technology Design	5	100	44
Equipment Selection	90	89	44
Writing	170	91	38
Operation and Control	35	86	38
Management of Material Resources	25	80	35
Judgment and Decision Making	0	0	32
Mathematics	100	85	29
Operation Monitoring	60	92	26
Active Listening	255	92	20
Installation	40	100	20
Operations Analysis	10	100	11
Repairing	40	100	11
Management of Financial Resources	35	86	11
Quality Control	15	100	8
Negotiation	65	92	5
Management of Personnel Resources	85	88	2
Equipment Maintenance	80	94	0

Source: Alabama Department of Industrial Relations.

Table 6.17 Number of Selected Occupations by Education/Training Requirement

Most Common Education/Training Requirements Categories	Selected High-Demand Occupations	Selected Fast-Growing Occupations	Selected High-Earning Occupations
First Professional Degree	0	0	2
Doctoral Degree	0	0	0
Master's Degree	0	0	7
Work Experience Plus a Bachelor's or Higher Degree	1	1	13
Bachelor's Degree	2	1	11
Associate Degree	1	1	2
Postsecondary Vocational Training	4	2	1
Work Experience in a Related Occupation	2	0	8
Long-term On-the-job Training	5	1	5
Moderate-term On-the-job Training	6	3	0
Short-term On-the-job Training	9	10	1

Note: The last three education and training requirements categories are based on the length of time it generally takes an average worker to achieve proficiency for occupations in which postsecondary training is usually not needed for entry. **Long-term** requires more than 12 months on-the-job training that can include up to four years of apprenticeship, formal classroom instruction, and short-term employer-sponsored training. Trainees are generally considered to be employed in the occupation. **Moderate-term** requires one to 12 months on-the-job experience and informal training. **Short-term** requires up to one month on-the-job experience and training.

Source: O*NET Online; Center for Business and Economic Research, The University of Alabama; and Alabama Department of Industrial Relations.

Implications and Recommendations

Job growth is expected to exceed population and labor force growth through 2016 and 2025 (Table 6.18). From a 2006 base, worker shortfalls of 383 and 4,295 are estimated by 2016 and 2025, respectively, driven largely by declining population generally and for the 20-64 age group in particular. A focus on both worker skills and shortfalls are necessary through 2025.

Table 6.18 Expected Jobs Shortfall

	2006-2016	2006-2025
Total population growth (percent)	-1.4	-1.4
Age 20-64 population growth (percent)	-1.2	-6.7
Job growth (percent)	-0.3	4.2
Worker shortfall (percent)	1.0	10.9
Worker shortfall (number)	383	4,295

Source: Center for Business and Economic Research, The University of Alabama.

Employment is critical to economic development and so strategies to address the potential shortfalls and skill needs must be adopted and implemented. Such strategies must aim at increasing labor force participation, encouraging in-migration, and raising worker productivity. Specific efforts could include: (1) improvements in education and its funding; (2) continuation and enhancement of programs to assess, retrain, and place dislocated workers; (3) focus on hard-to-serve populations (e.g. out-of-school youth); (4) lowering the high school dropout rate; (5) use of economic opportunities to attract new residents; (6) facilitation of in-commuting; and (7) encouragement of older worker participation in the labor force.

Improving education is vital because a highly educated and productive workforce is a critical economic development asset. The educational and training requirements of high-demand, fast-growing, and high-earning occupations show the significance of education in developing the workforce of the future. The importance of basic skills generally and for high-demand, high-growth, and high-earning jobs demonstrates a strong need for training in these skills. In Region 6, the pace of training needs to increase for technical, system, and complex problem solving skills. The scale of training must be raised for social and basic skills. Ideally, all high school graduates should possess basic skills so that postsecondary and higher education can focus on other and more complex skills while enhancing these basic skills. Employers should be an integral part of planning for training as they can help identify future skill needs and any existing gaps. Education and training for the 25 sharp-declining occupations in Table 6.13 should slow accordingly.

Another very important reason to improve education is that more educated people are more likely to work; data on worker participation and educational attainment show that labor force participation increases with worker education. Productivity also rises with education, which yields high private and social returns. Workforce development must view all of the education and other programs (e.g. adult education, career technical training, worker retraining, career readiness, etc.) as one system. Funding to support workforce development may require tax reform at state and local levels and must provide for flexibility as workforce needs change over time and demand different priorities.

Programs to assess, retrain, and place dislocated workers—especially those affected by outsourcing and structural changes in the economy—should be continued and enhanced because they can improve the labor force participation rate. Hard-to-serve populations include persons in poverty, those receiving welfare, residents of sparsely populated areas, out-of-school youth, and people on active parole. These populations are often outside of the mainstream economy and are poor. They usually have difficulty finding work because they have low levels of educational attainment, lack occupational skills, or face geographic or other barriers. They are a potential human resource and investment in training, transportation, child care, infrastructure, etc. may be needed to tap this resource.

In-migration is one way of growing the labor force as it helps population growth. The region's population growth rate is low and may hinder its ability to meet the expected job demand barring future economic slowdowns. Higher employment demand could be alleviated somewhat with in-commuting. However, new residents can be attracted using higher-paying job opportunities from the region's economic development successes. Investment in amenities and infrastructure may be needed to support such growth. In-migration is generally more beneficial than in-commuting since it grows the economy faster and adds to the tax base.

Policies that facilitate and encourage older worker participation are needed as older workers can help meet the region's workforce challenge. Such policies can be related to income taxation, job flexibility, and retirement programs. As the share of older people in the population is projected to increase (see Table 6.5), it becomes even more important that they be active in the workforce. Older worker participation has been rising nationally since the early 1990s. This has been attributed to reasons including:

- Older workers can work longer because they are healthier
- The number of physically demanding jobs is falling
- Defined contribution plans are replacing pensions
- There are fewer employer-paid retiree health insurance programs
- Social security reforms affecting those born after 1938 that (i) gradually raise the normal retirement age from 65 to 67, (ii) increase the rate at which monthly payments rise with delayed benefits, and (iii) eliminate the reduction in benefits for those working beyond the full retirement age.

Diversifying the region's economy will strengthen it. This demands that economic development also focus on retaining, expanding, and attracting businesses that provide more high-earning jobs. Current workers—including the underemployed—would welcome higher-earning opportunities. An economic development focus on diversification would require that workforce development pay attention to postsecondary and higher educational systems to ensure a ready and available workforce for new and expanding businesses. The higher incomes earned by graduates of these institutions would help raise personal income for the region and provide additional local (county and city) tax revenue. Raising personal income by improving educational attainment and technological skills for a region that has low population and labor force growth rates is an effective economic development strategy. Together, workforce development and economic development can build a strong, well-diversified Region 6 economy. Indeed, one cannot achieve success without the other.