

Indiana's Evolving Labor Market

—

HOW THE PANDEMIC HAS
ACCELERATED MISALIGNMENT IN
TALENT SUPPLY AND DEMAND





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Overview

Indiana's Evolving Labor Market: How the Pandemic has Accelerated Misalignment in Talent Supply and Demand report is the latest in a series of reports intended to capture major changes in the supply and demand for talent in Indiana and Central Indiana (Indianapolis-Carmel-Anderson MSA). This report, compiled by Ascend Indiana and EmployIndy, aims to thoroughly examine the short- and long-term impacts of the Covid-19 pandemic statewide and locally. The report's scope reflects the partners' shared priorities to better align talent supply with employer demand and close gaps in education and workforce readiness between racial, ethnic, and socio-economic groups, as well as gender. For talent supply, the report analyzes outcomes within Indiana's education to workforce pipeline, including secondary, postsecondary, work-based learning, and job training, continuing through the current workforce. For talent demand, the report examines employment, wage, and job posting trends and post-pandemic projections in occupations and industries. Importantly, the report provides additional insight into racial and gender disparities occurring across the education to workforce continuum. These various points of analysis allow us to identify critical areas of misalignment and outline improvement opportunities through education and training programs and public policy.

This report builds from prior reports and collaborative research efforts between Ascend Indiana and EmployIndy to provide a comprehensive perspective on labor market trends and data visualization tools for detailed analysis. The breadth of analysis and level of depth made available in this report reflects the significant changes brought on and, in many cases, accelerated by the pandemic. It is our hope that stakeholders will use this report to identify labor market gaps and pursue solutions leading to better economic outcomes and opportunities for Indiana's current and future workforce.

Readers can access and engage with interactive data visualizations used to inform the report at this link: [Indiana's Evolving Labor Market Report and Visual Summary](#).

Key Findings

The Covid-19 pandemic upended home and work life globally, including here in Indiana. Impacts felt during the pandemic varied significantly by industry and occupation, as well as by race/ethnicity, gender, and income. This is likely to be the case with longer-term impacts as well.¹ At the peak of the public health crisis, lock-down orders and safety protocols prevented work in industries and occupations requiring high levels of person-to-person contact. With pandemic restrictions easing over time, evidence began to accumulate indicating a vastly accelerated and permanent shift toward more highly skilled, highly educated workers coupled with alarming declines in postsecondary enrollment by Indiana residents. Of the multiple points of labor market misalignment found in the analysis, the following takeaways were most prominent.

The Covid-19 pandemic rapidly accelerated demand for degreed talent and slowed demand for non-degreed talent.

The pandemic provided a clear turning point for job growth. From 2011 through 2019, most new jobs in Indiana required a high school diploma or less. Due to the disproportionate impact of the pandemic, prior year gains in these jobs were nearly erased. Postsecondary-level jobs that were minimally impacted in

¹ All future year projections used in this report, including web-based interactive data visualizations, are derived from Lightcast™, www.economicmodeling.com, 2022. Release 2021.3

2020 now account for a larger share of job growth, particularly bachelor's level jobs. The strong long-term growth rates projected for jobs requiring higher education levels suggests this pattern will continue going forward. These changes are likely to accelerate rising wealth inequality by leaving fewer opportunities for non-degreed individuals to attain good paying jobs and greater earning potential for individuals with postsecondary credentials.

Indiana's job landscape was permanently altered during the pandemic, simultaneously accelerating job growth in degreed occupations and decelerating growth in non-degreed jobs.

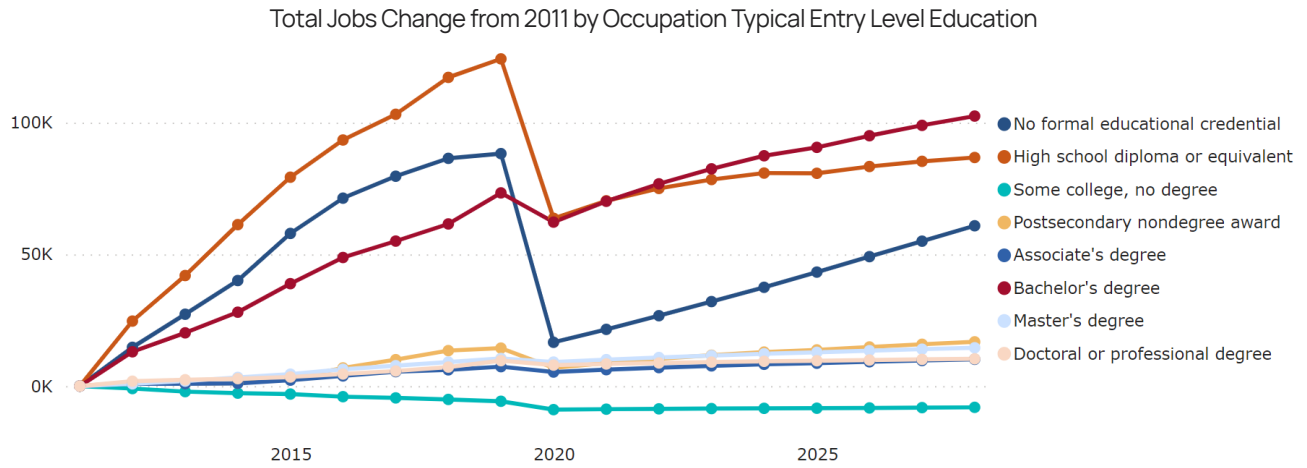


Figure 1. Note: Indiana statewide.
Source: Lightcast™, www.economicmodeling.com, 2022. Release 2021.3

Too few high school students are pursuing postsecondary education, persisting, and graduating with a degree.

Postsecondary enrollment rates once stood at 65% of Indiana high school graduates but declined to 59% by 2019 and hit a new low in 2020 at 53%. These trends are especially worrisome for Black and Hispanic/Latino students, who experienced the sharpest 2020 postsecondary enrollment declines as the pandemic set in. Also concerning is the ongoing decline in male postsecondary enrollment. In 2020, only 46% of males enrolled in postsecondary education after high school graduation compared to 60% of women. Continued decline in the share of Indiana high school graduates who enroll in postsecondary education after graduation jeopardizes economic well-being for both future workers and the state as a whole. See graph (pg. 3).

Too few students graduate from high school. This is especially true for Black, Hispanic or Latino, and male students

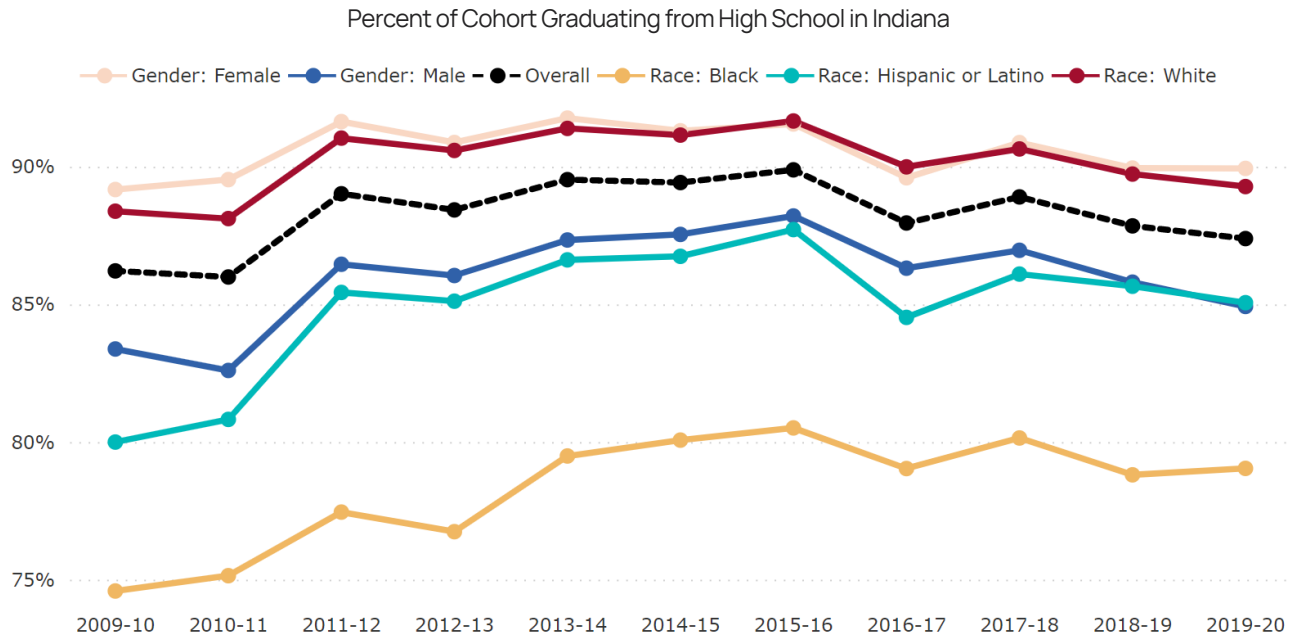


Figure 2. Note: For each high school graduation cohort, numbers reflect the percent of the cohort that graduated high school, including students who received a waiver to graduate. These percentages will not exactly match the official graduation rates from the Indiana Department of Education, as the IDOE has a defined approach for adjusting cohort sizes due to student mobility during the high school years.

Source: High School Graduate value from Indiana Commission for Higher Education "College Readiness Report;" See: [College Readiness 2020 | Tableau Public](#). Cohort value for percentage calculations from Indiana Management and Performance Hub.

Equity gaps in postsecondary education reflect those found in the workforce.

Postsecondary outcomes diverge significantly by race/ethnicity and gender. Gaps in persistence and completion rates for Black students are largely unchanged over time. There are also significant differences between racial/ethnic and gender groups in the degree levels and degree programs pursued in higher education. This is particularly true for Black and Hispanic/Latino students, who are more likely to graduate with sub-bachelor's degrees and less likely to pursue STEM degrees in comparison to other demographic groups. These disparities carry over into workforce outcomes where people of color are underrepresented in high paying, fast growing careers that drive Indiana's economy forward. See graph (pg. 4).

Disproportionate numbers of Black and Hispanic or Latino students fail to advance through Indiana's education pipeline.

Percent of Indiana High School Cohort Advancing to Graduation from High School and Indiana Public Postsecondary Institutions

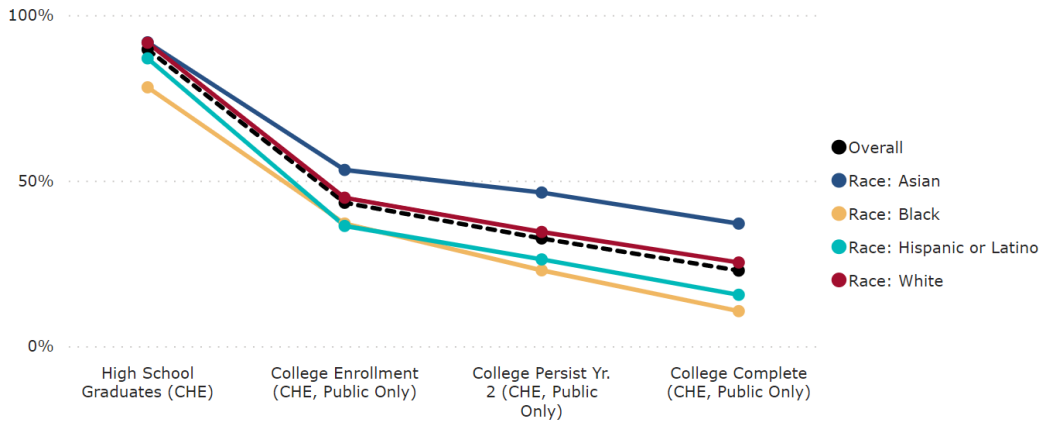


Figure 3. Note: Visual displays Indiana high school students who progress through postsecondary education at Indiana's public institutions (2012-13 cohort) by race/ethnicity. College completion reflects any type of completion (on-time or extended time, 2-year degree or 4-year degree). Degree awards include long-term certificates requiring one or more years to complete.

Source: High school graduate through college completion figures from Indiana Commission for Higher Education "College Readiness Report;" See: [College Readiness 2020 | Tableau Public](#). Cohort count is provided by MPH and will not exactly match the cohort numbers used by the Indiana Department of Education.

In Marion County, post-pandemic demand has shifted increasingly toward workers with postsecondary education and degrees.

Post-pandemic job projections for Marion County indicate continued growth in jobs requiring bachelor's or higher degree levels, but a notable decline in jobs requiring a high school diploma or less. The overall number of jobs requiring no postsecondary credential in Marion County are not projected to rebound from pandemic lows in 2020, which stands out in comparison to statewide and Central Indiana positive growth projections. The misalignment between job growth and educational attainment in Marion County will likely present significant short- and near-term challenges associated with deepening poverty levels. See graph (pg.5).

Marion County jobs will struggle to rebound, particularly those requiring lower levels of educational attainment.

Job Change (Current and Projected Percent Change) from 2020 by State and Sub-Regions

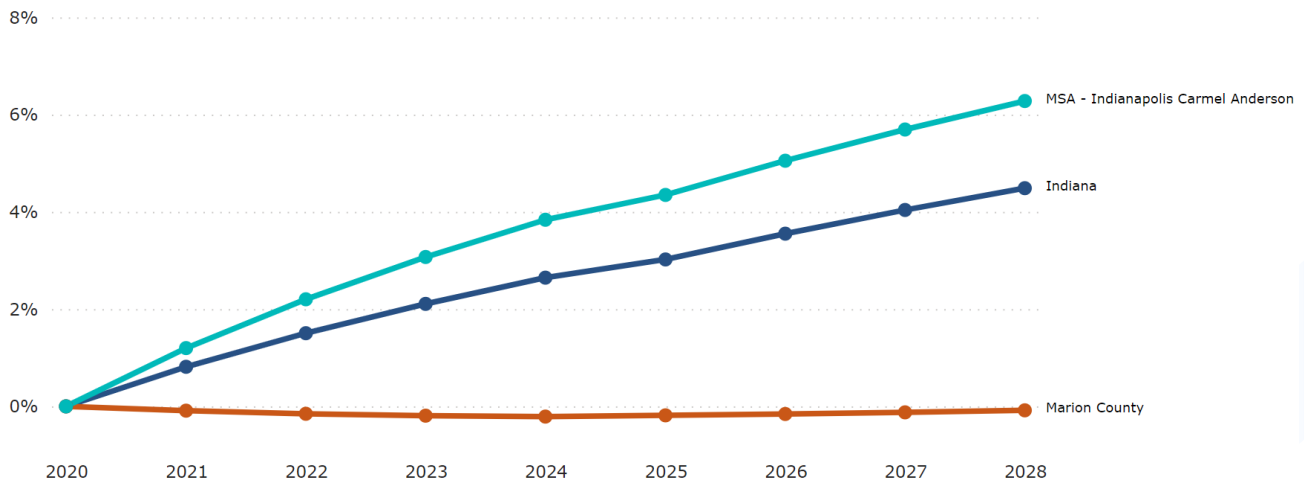


Figure 4.

Source: Lightcast™, www.economicmodeling.com, 2022. Release 2021.3

Indiana does not collect sufficient data needed to assess work-based learning demand, program outcomes, and quality.

Quality work-based learning programs support career readiness and workforce alignment. There is currently very little data available to measure work-based learning activity and outcomes. Metrics are needed to track student progression, success, and long-term impact to inform program expansion and work-based learning policies.

Key Recommendations

The opportunities outlined below are intended as recommendations that address alignment gaps and provide equitable opportunities to obtain quality jobs. There are many stakeholders throughout Indiana committed to addressing current and future gaps between employer demand for talent and individuals' knowledge, skills, and credentials. Despite differences in mission, geography, and constituent scope, the problems outlined in this report are shared in varying degrees throughout the state. These shared challenges can be tackled through collaborative, scaled efforts, and build upon the substantial work already underway. It is our hope that these recommendations can be used to make strides toward improving economic outcomes and prosperity for Hoosiers through a high-functioning education to work talent pipeline.

Aligned Advising

There are not enough students pursuing and completing degrees, credentials, and training programs that align with employer demand. Available research indicates that strong career advising services can improve students' education experience and employment outcomes. This is especially true for first generation and minority students.² Strong advising systems that inform students of these careers enable

² See Undergrad Career Prep Experience Study: <https://cci.stradaeducation.org/pv-release-dec-8-2021/>

them to make choices about their career paths that will allow them the best opportunities for immediate employment in good jobs upon completion of their education and training. Career service support should proactively engage students and ensure students understand career implications of decisions made within the academic experience, particularly those related to job qualifications, job openings, and earning potential.

Statewide Career Advising Commission

A statewide commission should be established to build on the work begun by regional leaders to design a K-12 career advising framework through the evaluation of best practices. Indiana's career advising system consists of innumerable practices and programs throughout the K-12 and postsecondary landscape that should be synthesized for analysis. The commission should develop findings and recommendations to enable delivery of customized college and career advising to every student, particularly students from low-income households and neighborhoods.

Aligned Learning

The labor market is changing at an increasingly rapid rate, placing an increased importance on ensuring students graduate with relevant and marketable knowledge, skills, and abilities. Up-to-date career and technical coursework should combine career exploration with employer-valued knowledge and skills. Importantly, quality career-aligned learning should provide students with a clear view of education, training, or experiential qualifications to work in each field.

Work-based learning is a key point of connection between in-class learning and real-world job readiness. According to the Department of Education's "Baccalaureate and Beyond" longitudinal survey, students of color are generally less likely to hold internship opportunities. Black, Hispanic/Latino and female graduates were least likely to hold a paid internship.³ High-quality work-based learning should be integrated throughout the educational experience, standardized within institutional course offerings, and normalized in student instruction practices.

Education and employer partnerships are foundational to initial development and successful implementation of aligned learning systems. As co-creators of talent, employers can and should actively engage in education processes to train their employees of tomorrow, including curriculum development, instruction, and experience delivery. Employer engagement with education systems must improve to meet accelerating and changing labor market conditions. In the modern economy, the useful lifecycle of individual skills is constantly shortening. Employers should recognize this new paradigm and react with more direct engagement in education and training processes.⁴ Beginning in middle school and extending into high school, employers of all sizes should provide career exploration, engagement, and experience opportunities, such as youth apprenticeship.

Certificate Research and Analysis

A comprehensive study and evaluation of certificates programs and training providers is needed to understand Indiana's certificate landscape. The state's certificate landscape is rapidly expanding and changing, with significant activity not captured in established reporting processes. An analysis of this kind should capture these changes and critically evaluate certificate value, stack-ability, job placement and wage growth.

³ See: Strada Education Network. The Power of Work-Based Learning. See: [031522-PV-report.pdf \(stradaeducation.org\)](#), Page 10

⁴ See: [Deloitte Report](#)

Transcript Clearinghouse

To improve postsecondary student enrollment and retention outcomes, Indiana should develop a secure student transcript clearinghouse to provide postsecondary institutions direct access to high school student transcript information. Access should extend exclusively to Indiana's regionally accredited postsecondary institutions and used to attract, recruit, enroll, and retain Indiana high school students.

FAFSA Completion

Indiana should explore a policy of integrating FAFSA completion as a graduation requirement. Multiple states have pursued a version of this policy, including Louisiana, Texas, and Alabama, and have seen meaningful college enrollment increases.⁵ Indiana should follow these states' lead and pursue a policy that formally integrates FAFSA completion within the high school experience and leads to stronger college enrollment outcomes for Indiana high school graduates.

Streamlined Work-based Learning Reporting

Indiana needs to strengthen its data collection and reporting processes for work-based learning through a streamlined, employer-friendly system. Policymakers should explore opportunities to integrate student-level work-based learning outcome reporting within or alongside existing unemployment insurance reporting platforms and processes. This system should be highly usable for employers, provide linkage to Indiana's Graduation Pathways, and lead to new work-based learning opportunities for students and employers alike.

Employer Training Grant Expansion

Employer training grants should be expanded and aligned with industries/occupations that require middle and high skills and lead to higher paying jobs. The current grant program is designed to train individuals for "middle skill occupations" and requires a minimum wage of \$17 per hour for new employees or 3% pay increase upon training completion for existing employees.⁶ A broadened scope targeting both middle and high skill occupations would allow workers to advance along more comprehensive career ladders that lead to higher paying good jobs over the long-term. Additionally, improved grant design and reporting would yield data on trends in investment in training made by businesses that could also be leveraged for economic development. Talent development leads to better innovation and economic competitiveness for businesses.

Education and Training Provider Rewards

Education and training providers should be rewarded and recognized for increased enrollment, persistence, and completions in high demand fields of study (measured in total and disaggregated). Student outcome metrics should align with meaningful incentive structures that encourage continuous improvement.

21st Century Scholars Automatic Enrollment

Indiana's 21st Century Scholars program provides income-eligible students up to full tuition and enumerated fees at Indiana postsecondary institutions.⁷ The current policy requiring sign up before the end of 8th grade

⁵ See: Digging Deeper into Universal FAFSA Impacts in Four States - National College Attainment Network (ncan.org)

⁶ See: DWD ETG Flyer: https://www.in.gov/dwd/files/NLJ_ETG_Flyer.pdf; ETG Fact Sheet: <https://www.in.gov/dwd/files/NLJ-ETG-Fact-Sheet.pdf>

⁷ <https://learnmoreindiana.org/scholars/>

contributes to under half of eligible students enrolling in the program.⁸ Students who meet 21st Century Scholar income and academic performance requirements should have access to scholarship funds and program benefits. A policy of automatic student enrollment would encourage more high school students to pursue college and help address Indiana's declining postsecondary enrollment trends.

Full Report

The full report, *Indiana's Evolving Labor Market: How the Pandemic has Accelerated Misalignment in Talent Supply and Demand*, can be accessed [here](#).

About Ascend Indiana

An initiative of the Central Indiana Corporate Partnership (CICP), Ascend Indiana is committed to making Indiana a place of economic opportunity for all. Ascend connects job seekers to good and promising career opportunities through an innovative job matching platform, the Ascend Network; catalyzes partnerships and provides consulting services to meet high-demand workforce needs through Ascend Services; and conducts research through Ascend Insights to enable systems-level change that positively impacts individuals throughout the state. To learn more, visit ascendindiana.com.

About EmployIndy

EmployIndy guides the local workforce ecosystem and makes strategic investments to remove barriers to quality employment for underserved and underrepresented residents. Our vision is for all Marion County residents to have access to services and training necessary to secure a livable wage and grow in a career that meets employer demand for talent. As the workforce development board for Marion County, guided by 26 business, civic, education and nonprofit community leaders, EmployIndy invests over \$20 million in public, private and philanthropic funds for both youth and adults annually. Learn more at employindy.org.

⁸ See: 2022 College Readiness Report, page 16: https://www.in.gov/che/files/2022_College_Readiness_Report_06_20_2022.pdf