

The Economic Importance of Manufacturing

Article submitted by James Campbell, Executive Director, Brownwood Economic Development Corporation

Manufacturing has long been a cornerstone of our national economy. This crucial sector is central to the creation and retention of good jobs and a good standard of living for working families. In both larger cities and smaller communities, manufacturing jobs offer powerful economic benefits. As a sector, manufacturing firms are especially valuable to the economy because, when they export goods, they bring back to their communities much of the wealth earned from sales around the region, the country and the world. The positive effects of a healthy industrial sector spread far beyond manufacturing itself. Reports from the National Association of Manufacturing indicate that each dollar's worth of manufactured goods creates another \$1.43 of activity in other sectors, twice the \$.71 multiplier for services. Also, two thirds of U.S. research and development capacity is concentrated in manufacturing. Manufacturing has long been a dynamic economic sector, registering remarkably sustained productivity growth.

For local economies like those in the West Central Texas region, manufacturing firms are an essential building block. In the communities where these firms are located, manufacturing has traditionally been one of the better-paid economic sectors. In addition to the productivity levels, the good wages and the value multipliers, high-wage manufacturing is critical to communities in other ways. This sector has been a basic contributor to tax revenues, responsible throughout the 1990s and into the 21st century for over one third of all corporate taxes collected by state and local governments.

Manufacturing – despite the job losses it has recently sustained – is still a vital and important sector for regional economies throughout the nation. More than 14 million people are working in manufacturing today, and many firms in our region report that they are hiring. Nationwide, manufacturing hiring projections for the second quarter of 2007 are outpacing last year's numbers, according to the Bureau of National Affairs' latest quarterly survey. Prospects are especially bright for manufacturing workers looking for jobs in smaller firms, over one third of which report that they expect to hire in the spring and summer.

Targeted workforce strategies and training programs such as those provided by the West Central Texas Workforce Development Board can coordinate the training necessary to respond rapidly and flexibly to changes in the demand for skills and, frequently, achieve economies of scale – saving valuable time and resources – through multi-employer initiatives. Workforce investments in incumbent worker training should be tied to the necessary technological and production changes needed by employers. Workforce strategies should also make use of existing skill standards and credentialing programs in order to ensure that the necessary foundational and specialized skills are being taught by the education and training community. Workforce strategies need to take into account that not all manufacturing is equal. Successful partnerships should look to assist those firms (both big and small) that pay good wages, have high productivity and are closely linked to the regional economy. They can be identified by looking at pay and benefits, efforts to improve the performance of their local facilities, and their exports from the regional economy and purchases from within it. Using joint approaches to the challenges of change, manufacturing firms and their public partners can insure that we continue to maintain the highly-skilled men and women needed to sustain America's families and strengthen our country's economic foundation.

Of Local Interest--Within the past year, the West Central Texas Workforce Development Board launched the Manufacturing Industry Cluster Initiative. Area manufacturers are currently involved in a consortium with the Workforce Board, the Development Corporation of Abilene, the Workforce Center, Cisco Junior College, and TSTC West Texas in two separate training initiatives--the Fast Track Welding Project and the Manufacturing Production Technician Certification Training. Also through the manufacturing cluster initiative, local employers will be involved in mapping the talent pipeline for the industry to determine where their workforce comes from and how to strategically develop talent to address future industry needs. A marketing campaign directed at students and parents to encourage careers in manufacturing has also been discussed. For more information on the Manufacturing Industry Cluster Initiative, contact Nancy Smith, Community Development Consultant, at (325) 795-4306 or by e-mail at nancy.smith@workforcesystem.org.

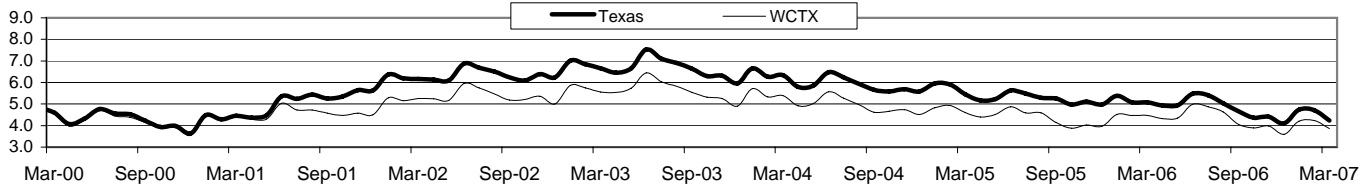
West Central Texas Workforce Development Area

March 2007

Civilian Labor Force Estimates (Not Seasonally Adjusted)

	West Central Texas WDA				Texas			
	CLF	Employed	Unemployed	Rate	CLF	Employed	Unemployed	Rate
Mar-07	158,662	152,539	6,123	3.9	11,526,821	11,038,579	488,242	4.2
Feb-07	158,265	151,556	6,709	4.2	11,520,337	10,977,132	543,205	4.7
Mar-06	157,490	150,446	7,044	4.5	11,374,874	10,797,459	577,415	5.1

Historical Unemployment Rates



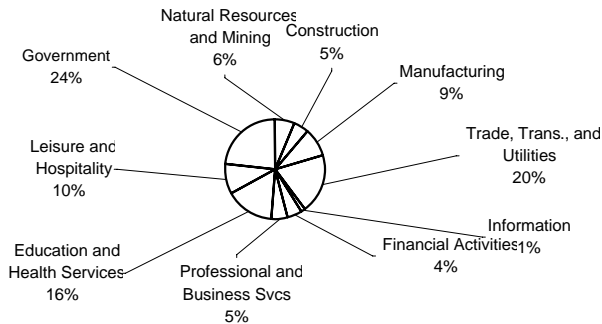
Total Claims

	Mar-07	Feb-07	Mar-06	OTY
Initial	507	441	489	18
Continued	2,281	2,348	3,583	-1,302
Continued Claims for the Week of the 12th				
Continued	560	658	697	-137

Average Weekly Wage

	WCTX	Change	Texas
3rd Qtr 2006	\$562.59	26.40	\$785.35
2005 Average	\$536.20	20.63	\$822.95
2004 Average	\$515.57		\$799.03

West Central WDA Industry Composition 3rd Quarter 2006



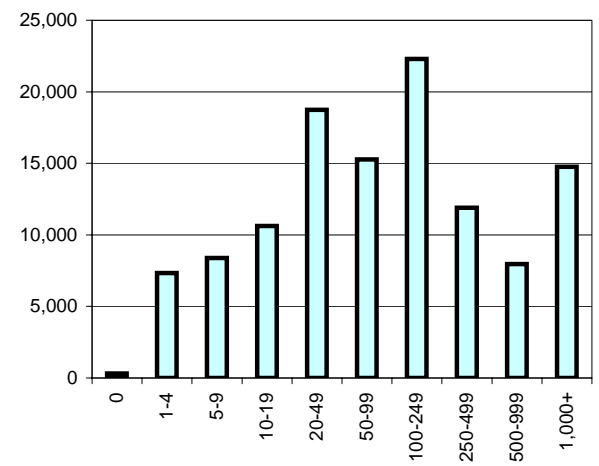
Top 10 Private Employers in the WDA 3rd Quarter 2006

3M COMPANY MANUFACTURING COMPANY
 ABILENE CHRISTIAN UNIVERSITY
 ABILENE REGIONAL MEDICAL CENTER
 AMS BUSINESS SOLUTIONS & STERLING PERSONNEL
 BROWNWOOD MEDICAL CENTER LLC
 GIRLING HEALTH CARE INC
 HENDRICK MEDICAL CENTER
 KOHLER COMPANY
 UNITED SUPERMARKETS LTD
 WAL-MART ASSOCIATES INC

NAICS COVERED EMPLOYMENT QUARTERLY DATA 3rd Quarter 2006

SUPER SECTOR	Total	Change Quarter	Year
Natural Resources & Mining	7,348	309	1,303
Construction	5,760	55	958
Manufacturing	10,273	-36	478
Trade, Trans., and Utilities	21,907	-61	361
Information	1,662	-25	42
Financial Activities	5,119	-42	89
Professional and Business Svcs.	6,217	-266	181
Education & Health Services	18,009	15	-512
Leisure & Hospitality	11,045	-181	1,086
Other Services	3,402	-137	-120
Federal Government	2,028	36	305
State Government	5,939	-107	-48
Local Government	18,563	-891	-781
Nonclassified & Confidential	301	135	228
TOTAL	117,573	-1,196	3,570

Size Class Employment Composition 3rd Quarter 2006



Workforce Grant Recipients Named

The West Central Texas Workforce Development Board is pleased to announce that Transcend Services, Inc. and Telephony for Information System Corporation (Tel-IS) have been named recipients of grant funds offered through the Workforce Investment Fund (WIF). The WIF was created by the Workforce Board to provide funds for customized training, upgrading skills of current employees, developing new training programs, creating new high-skill or high-wage jobs, or retraining employees for new or emerging occupations. Training funds awarded to Transcend provide an opportunity for individuals with basic medical transcription training, without experience, to become employed in a high demand medical occupation in our region. Tel-IS will use WIF funding to provide a certification training program essential for their employees in the communications technology industry. Primary applicants for grant funding through the Workforce Investment Fund include small and medium-size businesses, chambers of commerce, economic development entities, or labor organizations. Grants of up to \$50,000 are awarded quarterly through a competitive application process, and the deadline for the next grant cycle is June 30, 2007. Application information may be accessed at www.workforcesystem.org.

Training Project Receives State Award

In an awards ceremony held last week in Houston, Abilene received a Texas Economic Development Council's (TEDC) Workforce Best Practices Award for its implementation of the Fast Track Welding Project. A group of independent evaluators selected winners for projects based on innovation, community leverage and commitment, transferability, secondary benefits, and measured outcomes. Attending the award presentation ceremony on April 19th to accept the award were Charlotte Speegle with Cisco Junior College, Gary Robinett with the Abilene Industrial Foundation, and Robert Puls and Nancy Smith with the West Central Texas Workforce Development Board.



WEST CENTRAL TEXAS WORKFORCE
DEVELOPMENT BOARD
400 Oak St. * Abilene, Texas 79602

The Workforce Center is an equal opportunity employer. Auxiliary aids and services are available upon request in individuals with disabilities. For TDD call 1-800-735-2898 or voice accessible communication at 1-800-735-2988