

Savannah JDA Workforce Development Plan

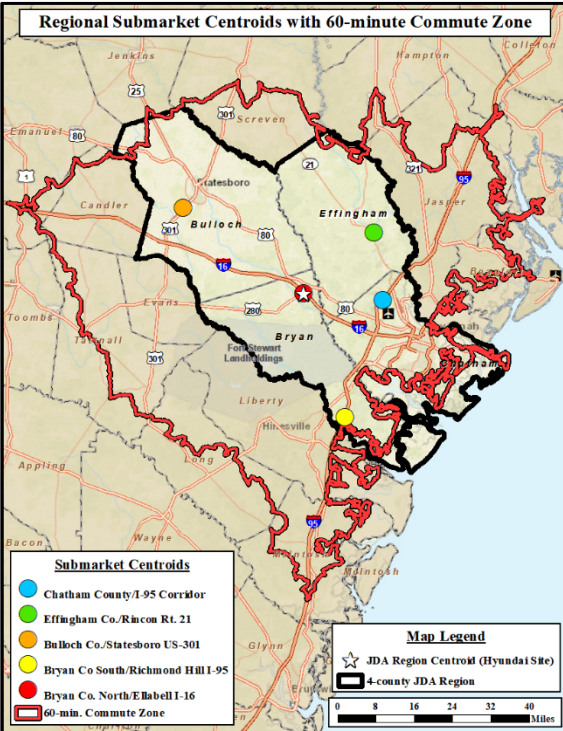
Executive Summary

- Market Analysis
- Immediate Needs and Challenges
- Strategic Workforce Plan

Study Summary
(Tasks 1-3)

- The Savannah Region is a dynamic, transitioning marketplace. The Port is a key economic driver, and this asset is attracting high levels of new industrial development in both manufacturing and distribution.
- Given the high pace of growth and unprecedented pending labor demands, the Savannah Harbor-Interstate 16 Joint Development Authority (JDA) and regional stakeholders anticipate the need for a consolidated approach to addressing workforce development. The Study Area encompasses a one-hour commute shed of the Megasite in Ellabell, Bryan County, (which exhibits a geographically central location and major focus of industrial development). At this time contour, all or part of 16 counties are covered.

The Charge: Identify the present/trending labor supply challenges facing area employers and Develop initiatives that will support a labor supply pipeline of requisite skills while averting exposure to existing and future labor shortages.



- The study results are presented on the following slides:
 - **Task 1 (Market Analysis):** Desktop research in support of a statistical interpretation of the resident workforce resources. Study output defines the market strengths, weaknesses, opportunities, and threats (i.e., SWOT analysis).
 - **Task 2 (Immediate Needs & Challenges):** Confidential interviews with key stakeholders to supplement the Task 1 statistical findings and gain additional insight on labor shortages and necessary remedial actions. Virtual meetings were held with 19 selected employers, and roundtable discussions with multiple participants included educators, economic developers, workforce development organizations, county/municipal political leaders, staffing agencies, and public transportation officials.
 - **Task 3 (Strategic Workforce Plan):** Prior task completions inform the design of a strategic workforce development plan, supported by additional research into potential funding sources and the best workforce development practices being implemented in three markets having significant industrial projects underway (e.g., Bowling Green KY, Columbia SC, and Syracuse-Utica NY).

Selected Population/Workforce Statistics indicate solid growth, however with a challenging recruiting environment

- **The regional population is moderate in size** (nearing 700,000) with favorably high population growth rate projection – a key future labor supply contributor.
- **JDA captures 99% of the 45-minute population (490,136) and will provide the lion’s share of resident labor supplies for any local based employer.** JDA population will grow by 23,750, while the area 15 minutes beyond adds only 9,900.
- **The Megasite will have a regional-based draw from all JDA counties.** Only 6% of regional workforce resides within 20 minutes of the site, forcing dependence on outlying labor. The region’s prevailing unemployment rates of 1.4% to 2.9% are indicative of a *tight* labor supply-demand balance – a trend being seen nationally.
- **The market favors an industrial workforce profile** in terms of education (60% w/HS to Associate), lower income (12% below the nation), and higher concentration of warehousing/mfg. employment (18.8% w/in the JDA territory). Most office activity is ancillary to the manufacturing/distribution function.

Ellell N. Bryan (20-min.)	Savannah Region		U.S. B'Mark
	4-County JDA	60-min. Commute	

Demographics

Population

2022	48,321	484,646	699,907	-
5-Year Projected Change	7.1%	4.9%	4.6%	3.2%

Age Characteristics

Median Age, 2022	37.1	35.7	36.5	39.1
Prime Working Age, 21 - 34 Yrs.	18.7%	21.3%	20.6%	18.7%

Education

No High School Diploma	12.1%	10.4%	11.0%	11.5%
Total HS Diploma to Associates	62.6%	58.9%	60.2%	55.6%
Bachelors	16.4%	18.8%	17.6%	20.2%

Income

Median Household Income, 2022	\$70,481	\$64,372	\$63,673	\$72,465
Percent Earning < \$35,000	22.0%	28.0%	27.6%	24.1%

Commutation

Average Time (Minutes)	30.0	26.8	27.1	29.8
Less than 45 minutes	80.1%	81.3%	80.7%	76.1%

Workforce

Civilian Labor Force

20169	238,343	338,772	-	
Employed	19,893	231,315	329,220	
Unemployment Rate	1.4%	2.9%	2.8%	3.7%

Selected Industry Employment (%)

Manufacturing	12.0%	10.5%	9.8%	10.0%
Retail Trade	11.8%	11.3%	12.4%	11.0%
Transportation and Warehousing	10.5%	8.3%	7.6%	5.5%
Finance / Insurance / Real Estate	4.1%	4.8%	4.6%	6.5%

Highlighted Job Family Statistics shed further context to a challenging environment

- **Employment numbers** reveal very shallow technician employment (982) and unprecedented stress on total production employment (39,669) given growth of new and existing employers.
- **Skillset Concentrations** above 1.25 are indicative of disproportionate demands within that job family. *Red flags* include technicians (1.69), engineers (1.42), logistics (1.31) and unskilled/semi-skilled production (1.27-1.29), all well above the national average.
- **Imported labor** from outside the study area to supplement a local resident labor shortfall is also a *red flag*. *Red flag* conditions are largely consistent with those job families having high location quotients for logistics/distribution and production jobs where JDA’s importation of labor exceeds 10% of the resident employed. Engineering demands are also notably high and present a similar *red flag* as well as nursing, shipping-receiving clerks, and first line supervisors within warehousing.

The market comprises an industrial labor profile per education, lower income, and relatively high concentrations of warehousing-manufacturing employment.

Surprisingly limited is the finance-insurance sector, with no significant related back office/processing employment.

TASK 1: Market Analysis - Projected Labor Supply-Demand Balance

WDGC statistically projected the 60-minute annual labor supply growth versus demand up to the year 2031 (when all currently announced labor expansions are expected to be complete).

- **Office Employment Outlook:** The supply is generally favorable, with only a few noted occupational exceptions (e.g., engineering, first line supervisors, nursing).
- **The industrial labor supply outlook presents the greatest challenge.** For the first time, starting in 2024 annual new industrial demands will outpace office jobs for the rest of the decade and by 2025 the labor supply will no longer cover the demand. This, however in not untypical of other regions of the U.S. which have been successful in attracting industrial growth.
- From the overall projected industrial demands, WDGC forecasted the demand by occupation (by Federal SOC codes). Up to 2027, the top ten occupational needs are listed in the table below. *These ten skillsets represent 81% of the total demands and should receive priority workforce development consideration within the industrial labor ranks.*

Note: Methodologies are detailed in the Full Report Appendix 1 and assumes no workforce development plan impact.

	Industrial Occupations (New Demands: '23-'27)
Total Demand, All B/C Occupations:	20,076
 <u>Top Occupational Demands</u>	
General Laborers (mat'l movers, etc.)	4,469
Assembler & Fabricator	2,365
Forklift/Industrial Truck	1,911
Stocker/Order Filler	1,761
Industrial Maintenance/Mechanic Truck	1,634
Driver	1,119
Machinist/Cutting/Grinding Production	1,113
Workers, Other Inspector/Tester/	929
Sampler Welding/	620
	<u>413</u>
	16,334

Targeted Solutions: Develop workforce development initiatives that will draw more graduates into the trades, increase workforce participation, and attract new workers into the Savannah region.

TASK 2: Immediate Needs & Challenges- Corporate HR Insights

Headcount Profile of Interviewed Firms

- Entry/trainees dominating new hires
- 84% of hires have no more than a HS diploma (extensive training)
- Military resources are underutilized; separating military typically represents 10% of hires (20%+ if aggressively recruited)
- Trends:
 - The key regional industries are expanding and at unprecedented rates (confirming Task 1 statistical projections)
 - Known yearly employment projections vary somewhat by reported source; approximation of +5,700 in 5 years and +12,900 in 9 years
 - Aerospace adding +1,600 over 12 months; logistics adding 550 jobs (ongoing or pending); hospitals adding 400+
 - To lower turnover, firms are avoiding temporary positions (50%+ annual attrition) and improving employee engagement; seasonal jobs are being replaced through flex-time
 - Annual 2022 military separations totaled 3,554; reportedly 65%-70% (2,300-2,500) leave the area plus spouses
 - Channels to connect military discharges with employers are underutilized and not well aligned locally and nationally

19 confidential interviews spread across the 60-minute labor shed (JDA counties plus Liberty, Evans, Screven, Tattnall). **Representative cross-section of regional employers**, focusing on manufacturing, distribution, and healthcare. Office activity largely ancillary to these functions.

Broad Takeaways

Robotics (AI/new technology) having little impact on reducing headcount growth (more in process improvement)

Available labor from military resources is not being fully tapped. Significant supply potential is leaving the area for employment opportunities elsewhere

Improving the labor supply pipeline often begins with the employer

“SkillBridge” can provide work and training for up to 180 days for military service members prior to discharge

Labor Shed/Commute Patterns

- Primary hourly labor draw: 30 mins; 40-45 minutes with a leading wage.
- Significant cross-county commuting within Chatham, Effingham, Bryan.

Labor Shed Definition & Commute Patterns	
Primary Commute Ring	30 minutes consistently reported
Hyundai Expectation	- Mgt. anticipates up to 40 min. draw for hourly under the programmed job/wage offerings - Prof'l draw is extended (UGA, GA Tech, Mercer, GA So.)
Transit Usage	Little to no usage; given absence of service
Need for Transit	Mixed response; greater need in urban corridors
Employee Resident Patterns	
Reside/Work in:	
Same County	46%
Different JDA Counties	47% (i.e., cross-county commuting)
Most Parochial Commute	Interior/outlying counties
Tattnall/Screven/ Bulloch	67% to 91% reside/work in County

Alternative transportation options under study: Micro Transit zones and commuter express/van pools from Megasite to primary employee resident clusters.

The obstacles are severe in offering a fixed/scheduled regional transit system, given multiple/rotating employer shifts, community resistance, lower population densities, security issues (Port area).

Labor Supply & Quality

- Employer comments largely validate the Task 1 statistical findings
- Noticeable hourly applicant flow increase @ entry starting wage of \$19 to \$21 per hour
- Specific noted occupational shortages:
 - Logistics: Truck drivers, precision forklift, crane maintenance
 - Mfg: Ind'l maintenance, machinists, tool & die, welding, supervisors
 - Hospitals: RN/LPN (graduating pool needs to be larger), medical technologist, coders (18 months to certify)
- Growing supply concern relative to engineering disciplines (mechanical, industrial, electrical) given current expected need (~300+ positions)

Most cited labor quality challenges include: "Work ethic of new recruits needs to improve – should be addressed at HS level" Some are lowering job pre-requisites given tight labor supplies (resulting in lower score on quality)

GA Southern offers solid resource (330 annual grads)

Annual Turnover Experience

- The new hire group is least stable: in the first 90 days of employment, cited turnover rates range above 40%
- After start-up, the staffing challenge largely focuses on turnover replacement
- Proper onboarding can stabilize the turnover experience; unfortunately, best practices are often not followed
- Close correlation exists between noncompetitive entry wage offer and high turnover. Lowest turnover reported at rates above \$18/hr.

However, turnover is also influenced by workplace-culture, career advancement, benefits, flexibility and quality of supervision. Employers should take a holistic view of their human resource practices to maximize competitiveness in the labor market and develop the most effective recruiting and retention strategies.

35% turnover average for employers interviewed. Differing annual turnover based on wages: <\$17 = 60-94% >\$18 = 5-18%

Wage and Benefit Offerings

- **Production:** Median *unskilled* starting wage @ \$18/hr. within 60-minute study area. Below this, employers have encountered unprecedented upward wage pressure due to market competition and tightening supplies.
- **Consensus:** Market hourly wage pattern is accelerating toward \$20.00 and local industry expansions will further support upward trend
- **Wage inflation:** Entry hourly production wage up ~20% in 2 years (\$15 vs \$18); those below market are being forced to adopt market median. If an employer offers a market to above-market wage, annual inflation rate falls to between 3% and 7%.

Employment growth at the Megasite will likely establish a new benchmark w/in 2-3 years: Published start rates @ \$22.00-\$22.50

Wage Offerings for Selected High Demand Positions					
	Empirical Interviewed Employer Wages			Statistical Median Production Wages	
	(Excludes Hyundai)			JDA Vs. USA	
	Average	Median	Lowest	JDA	USA
Hourly Wage (start)					
Unskilled	\$17.75	\$18.07	\$12.00	\$15.29	\$16.08
Semi-Skilled	\$21.30	\$21.17	\$16.00	\$19.95	\$19.33
Skilled	\$27.13	\$25.90	\$20.00	\$25.06	\$24.69
Healthcare:					
RN	Range: \$24.50-\$35.00				
Certified LPN	Range: \$18.40-\$23.00				
Coder	Range: \$23.00-\$25.00				
Annual Wage					
Supervisor	\$64,711				
Engineering Grad	\$71,317 (fresh-out)				

A SALIENT THEME ACROSS THE INTERVIEWS

*Several employers supported the need for an employer consortium. Suggested agenda items include: **Address** the need for daycare services. **Provide** new employers with networking guidance, including a targeted list of recruiting sources.*

TASK 2: Immediate Needs & Challenges- Roundtable Insights

Often Cited Economic Development Challenges

- Housing: Limited affordable housing for the growing entry workforce
- Daycare: Absence of services (heightened by Covid)
- High wage inflation/Tight labor supply: Partly driven by expanding wage leaders
- High School labor pool: Need to attract more high school graduates into the trades
- Transportation: Commuter access to worksite is a growing concern
- Utilities: Water restriction within red zone areas (saltwater intrusion) will impact development (focus within Chatham/Effingham)

The Workforce Development Plan

- Consensus Opinion: Many of the organizations/systems are in place, but not the coordinated approach. Need a coordinating unit to ensure all initiatives are effectively addressed and implemented. The program must be broad reaching.
- Potential collaborative participants:
 - Savannah JDA & State/Local Economic Developers: Likely group to provide coordinating services
 - Workforce Development & Employment Services: WorkSource (Region 12) holding virtual hiring events across the State
 - Coastal Regional Commission: Offers possible political connections and knowledge of funding sources
 - Regional Employers: Must have a designated 'point person' with access to corporate leadership to ensure continued engagement
 - Educators: Public school systems, technical colleges, universities, State programs (QuickStart)
 - Military: Bring into play all transition-related programs
 - Other Participants: State/Area transportation stakeholders, nonprofits, county/municipal leaders, Homebuilders Association

Eleven (11) 'virtual' meetings having multiple organizations invited to each session (over 40 individual participants).

Targeted roundtable groups included economic development, higher education, K-12 public school systems, transportation officials, county/municipal political leaders, and local staffing agencies.

"Solutions have been discussed but coordinated effort to implement workforce development changes have not come about." - Interviewee

Task Forces should address:

- *Affordable housing*
- *Messaging corporate HR with guidelines for best practices*
- *Educational initiatives to attract HS/technical school students into the trades*
- *Improvement of transportation services*
- *Greater adoption of recruiting services w/in alternative labor sources (Second Chance, Migrant Workforce, Military Transition, Interns, Disadvantaged)*
- *Access to workforce development funding sources; grant writing*

Benchmark Comparisons: Key Takeaways

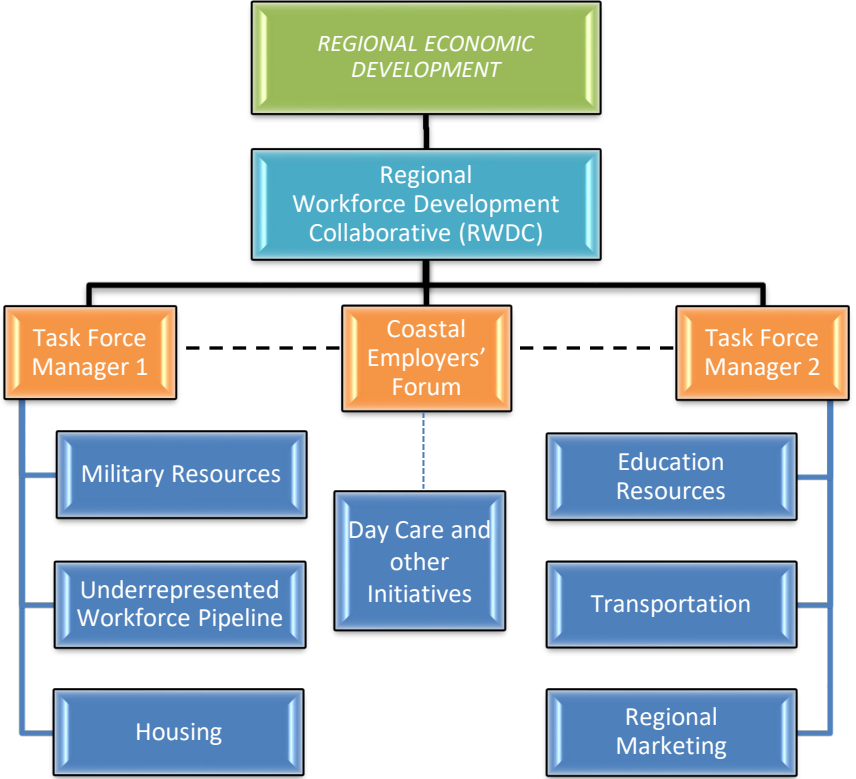
- A regional organization with excellent employer and investor connections and fundraising capabilities
- Long-term workforce development strategy integrated directly into economic development and coordinated with site / infrastructure development
- Coordination between economic / workforce development, businesses, job seekers, and students preparing for the job market (as well as their parents)

Bowling Green (South Central Kentucky Region): Envision AESC (2,000 employees) ramping up by 2027
Columbia, SC (Midlands Region): Scout Motors (4,000+ permanent jobs) ramping up now through 2027
Syracuse (Central New York Region): Micron Technologies 9,000 employees by 2030, hiring starts in 2026

In all three benchmarks, workforce development is being spearheaded by economic development leadership.

CONSULTANT SUGGESTED CONCEPTUAL ORGANIZATIONAL STRUCTURE FOR WORKFORCE DEVELOPMENT PLAN:

Subject to Further Discussion



Both Task 2 interviews and Task 3 benchmark location studies confirm the most effective workforce development strategy begins with a regional coordinator led by an economic development organization.

Budgeting Considerations:
 Staff, People Attraction, Events, Communications, Contingencies

Day Care Needs to be employer driven

Regional Workforce Development Collaborative (RWDC)

- Mission: RWDC**

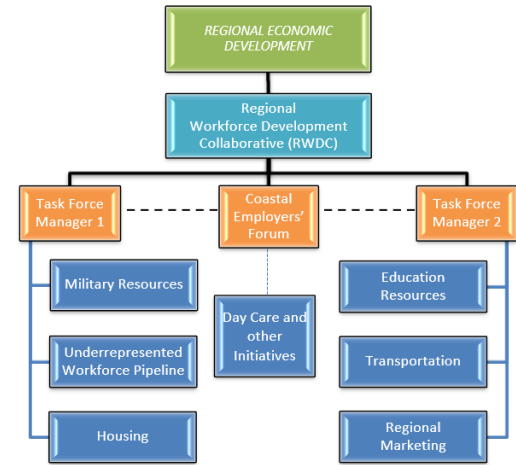
- Principal coordinator of the Workforce Development plan, overseeing the plan's design, implementation, and management
- Establish performance metrics
- Oversee the development and operations of the Coastal Employers' Forum
- Facilitate communications between Task Forces and Coastal Employers' Forum

- Key Initiatives**

- Create branding campaign for marketing the workforce development plan
- Plan defines six Task Forces to be split between the two Task Force Managers

- Coastal Employers Forum**

- Facilitate corporate member messaging of HR guidelines relative to the region's HR best practices for recruiting and retaining employees
- Establish programs and initiatives that improve labor supply for all participating firms



- Membership Procurement
- Forum Survey HR Best Practices
- Job Sharing
- Workforce Development Funding Sources
- Day Care Initiatives

- Task Forces 1-6 Mission Statements**

1: Military Resources:

To inform member firms of the Employers' Forum and separating military personnel of supporting transition/placement services.

2: Underrepresented Workforce Pipeline

Tap into underrepresented workforce pipeline; programs to advocate increased workforce participation within 'nontraditional' workforce segments such as: marginalized workforce, women in nontraditional occupations, justice impaired, and migrant labor pools.

3: Housing

Improve the stock of affordable housing for both low- and moderate-income families.

4: Education Resources

Increase labor supply and quality of those skillsets in shortage and high demand.

5: Transportation

Provide transportation services to improve future access between the commuter and employment centers with measures that also lessen peak traffic congestion and broaden each employer's primary labor draw area.

6: Regional Marketing

Implement proactive measures to attract new industry with the supporting workforce.

Day Care

A critical initiative – further development needed, potentially through the Coastal Employers Forum

Regional Workforce Development Collaborative (RWDC): Task Force Suggested Initiatives

1: Military Resources:

- Provide annual listings and guidance on all area organizations serving military discharge transition and/or placement to members of the Employers' Forum and separating military personnel.
- Link military discharges from all U.S. bases to a Savannah Job Market Applicant database (specifying person's rank and skillsets), to be shared with members of the Employers' Forum.

2: Underrepresented Workforce Pipeline

- Develop channels of communication with Employers' Forum membership regarding training and job placement services for the marginalized workforce, women in nontraditional occupations, justice impaired, and migrant labor pools.

3: Housing

- Adoption of downpayment assistance programs
- Adoption of City/County housing redevelopment projects
- Procurement of financial assistance programs

4: Education Resources

- Build/expand upon the existing Career Pathway and Career Academy programs
- Develop channels of direct interaction between Forum employers, faculty, and students/parents to encourage career choices within the trades
- Establish corporate foundations focused on STEM education in public schools
- Adopt Xcel Strategies mentoring system on a broader scale
- Adopt the Federation for Advanced Manufacturing Education (FAME) program
- Encourage development of internships through interaction between Employers' Forum members

5: Transportation

- Complete studies relative to micro transit zones
- Ongoing development of transportation plan that addresses commuter express/van pool routes from Megasite to the primary employee resident clusters, supported by park-and-ride lots
- Address the transportation needs for students traveling between school/home and internship workplace sites

6: Regional Marketing

- Manage the marketing campaign to attract new talent into the region (i.e., DCI talent attraction blueprint implementation)
- Develop RWDC website with direct linkage to the Employers' Forum open job opportunities
- Develop customized messaging/outreach for small business
- Create monthly Podcasts on career planning and employment opportunities
- Become an ACT Workforce Ready Community