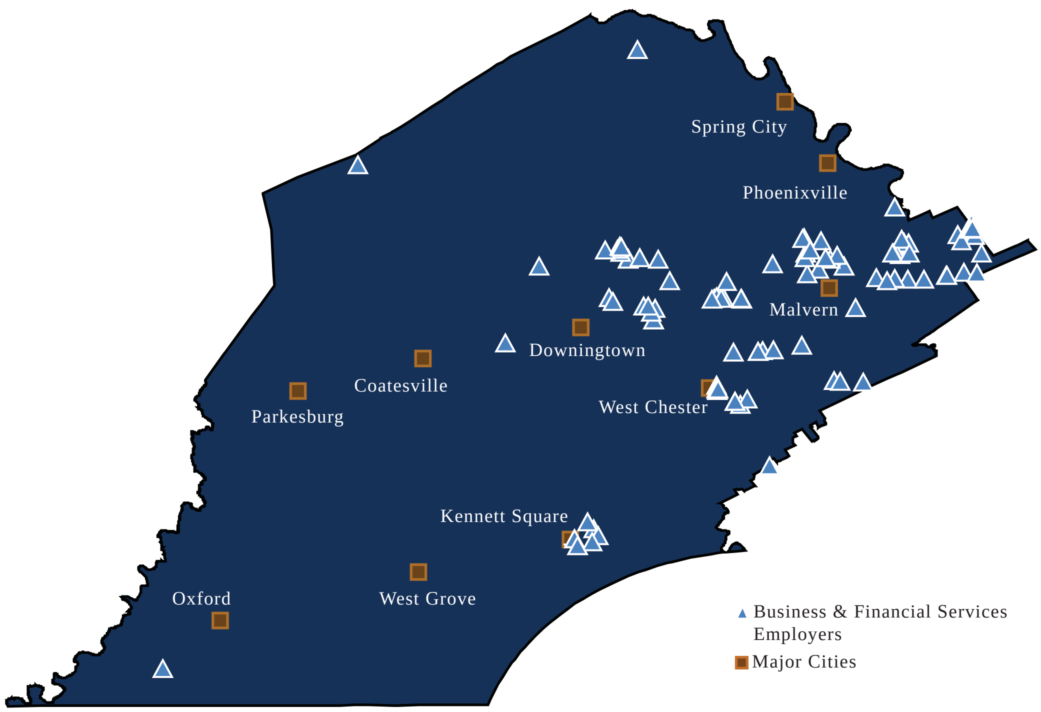
Chester County Workforce Investment Area

QUARTERLY SNAPSHOT



CHESTER COUNTY
WORKFORCE INVESTMENT BOARD
Advancing Chester County's Workforce

October - December 2011

Chester County Workforce Investment Area

Industry Clusters Overview

As shown in **Table 1**, the Chester County Workforce Investment Area (WIA) experienced over-the-year employment growth in the Agriculture & Food Production (AFP), Building & Construction (BC), Business & Financial Services (BFS), Education (ED), Energy (ENGY), Health Care (HC) and Logistics & Transportation (LT) industry clusters. AFP, BFS, Bio-Medical (BM) and Information & Communication Services (ICS) all have a national location quotient (LQ) greater than the state's national LQ (**Table 3**), and are the real backbone of the WIA's economy.

Table 1: Industry Cluster Statistics for Chester County WIA (4th Quarter 2010)

	AFP	AMDM	BC	BFS	BM	ED	ENGY	HC	ICS	LT	LWP
Area Employment	10,519	10,154	11,462	40,087	6,908	24,507	1,594	27,289	17,253	4,351	1,431
Percent Area Employment	4.42%	4.27%	4.82%	16.86%	2.90%	10.31%	0.67%	11.47%	7.25%	1.83%	0.60%
Employment Growth (Q4 2009 - Q4 2010)	272	-16	70	173	-305	210	23	571	-384	78	-29
2010 Annual Average Wage ($)	36,994	66,546	57,222	89,688	123,093	43,244	80,714	51,972	102,776	45,716	48,358
National Location Quotient (Q4 2010)	1.33	0.96	0.92	1.41	2.45	0.95	0.39	0.90	1.67	0.76	0.75

Glossary for Tables 1 - 4

AFP	Agriculture & Food Production
AMDM	Advanced Materials & Diversified Manufacturing
BC	Building & Construction
BFS	Business & Financial Services
BM	Bio-Medical
ED	Education
ENGY	Energy
HC	Health Care
ICS	Information & Communication Services
LT	Logistics & Transportation
LWP	Lumber, Wood & Paper

LQ – Location Quotient: A measure of an industry's concentration in an area relative to the rest of the nation. It compares an industry's share of local employment with its share of national employment and assesses an industry's competitiveness. If the location quotient is greater than 1.00, that industry exports the majority of its goods and services to another area and is considered competitive. If the location quotient is less than 1.00, it is considered a local cluster and the majority of goods and services are used in the local market.

Industry Clusters Overview

Table 2: Industry Cluster Statistics for SEPA (4th Quarter 2010)

	AFP	AMDM	BC	BFS	BM	ED	ENGY	HC	ICS	LT	LWP
SEPA Employment	37,313	64,665	74,368	265,770	43,758	216,688	16,391	285,156	81,394	33,183	9,466
Percent SEPA Employment	2.07%	3.59%	4.13%	14.77%	2.43%	12.04%	0.91%	15.85%	4.52%	1.84%	0.53%
Employment Growth (Q4 2009 - Q4 2010)	-104	-514	-928	387	-1,993	107	174	2,848	-1,464	360	-139
2010 Annual Average Wage ($)	44,205	62,915	61,461	79,605	110,821	48,789	84,270	53,399	86,645	46,102	59,183
National Location Quotient (Q4 2010)	0.62	0.81	0.79	1.24	2.05	1.11	0.54	1.24	1.04	0.77	0.65

To provide some perspective, these same cluster statistics can be found in **Table 2** for the Southeast Pennsylvania (SEPA) region, which consists of Bucks, Chester, Delaware, Montgomery and Philadelphia counties. Over the year, this region has experienced some significant decreases in employment in many of the clusters, but there are a few bright spots with growth in BFS, ED, ENGY, HC and LT. With the exception of Energy (ENGY), ED and HC, the Chester County WIA has an equal or greater national LQ than the SEPA region. This is rather significant to mention considering the SEPA region also includes Chester County employment. An interesting thing to note is that while the WIA employs more than one-quarter of the AFP workforce for the region, the average wage in the WIA is significantly lower than the SEPA average. It is the lowest-paying cluster within the WIA, and the only cluster in the WIA that does not pay more than the statewide annual average (**Table 3**).

Table 3: Industry Cluster Statistics for the State (4th Quarter 2010)

	AFP	AMDM	BC	BFS	BM	ED	ENGY	HC	ICS	LT	LWP
Statewide Employment (in thousands)	149	275	288	650	79	623	97	835	200	157	54
2010 Annual Average Wage ($)	41,457	52,803	50,909	65,520	90,130	42,809	70,744	48,555	72,901	42,333	44,676
National Location Quotient (Q4 2010)	0.80	1.11	0.99	0.99	1.21	1.04	1.02	1.18	0.83	1.18	1.21

Business & Financial Service Cluster

The BFS cluster includes a wide range of services available to today's businesses, from business support services to waste management. Included in this cluster are banking and credit institutions, insurance carriers and brokers, personal and professional business services, advertising and marketing agencies and an assortment of business support services. Surprisingly, BFS has not suffered as greatly as expected during the current recession and in the area, employment is only down a few hundred from it's peak in 2008. This cluster is important to the local area and as the potential for rapid expansion during an economic recovery. Support industries to larger businesses are numerous and offer many entrepreneurial opportunities for a motivated and educated workforce. Compared to the nation, the WIA has an LQ of 1.41.

Table 4: Statistics for BFS Cluster in Chester County

Employer Units (Q4 2010)	3,187
Number of Jobs (Q4 2010)	40,087
Percent of Total Jobs (Q4 2010)	4.82%
Average Annual Wage 2010	$89,688
Net Change in Job Volume (Q4 2009-Q4 2010)	173
Q4 2010 National Location Quotient (LQ)	1.41
Percent Change from Q4 2009 (LQ)	0.16%

Figure 1

Total BFS Employment by County

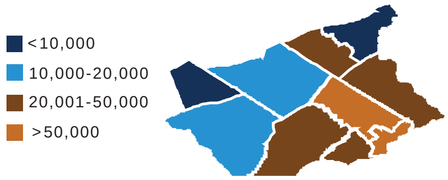
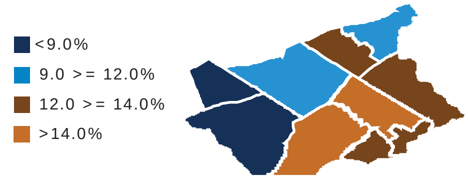


Figure 2

BFS Percent Employment by County



Maps reflect data from 4th Quarter 2010

Business & Financial Service Cluster

Table 5: BFS's Top 5 Industries in 4th Quarter 2010

By Employment		By Most Competitive LQ	
1	Open-end investment funds	1	Open-end investment funds
2	Managing offices	2	Reinsurance carriers
3	Administrative management consulting services	3	Human resource consulting services
4	Landscaping services	4	Environmental consulting services
5	Commercial banking	5	Miscellaneous financial investment activities

In addition to looking at the change in employment, shift/share analysis helps evaluate the significance of that change by removing predictable factors. Shift/Share looks at the National Industry Share (NS), Local Industry Mix (IM) and Net Change (NC) to derive the area's Competitive Component (CC) in employment. **Figure 3** depicts the shift/share analysis of the BFS industry cluster. The formula to derive the Competitive Component is:

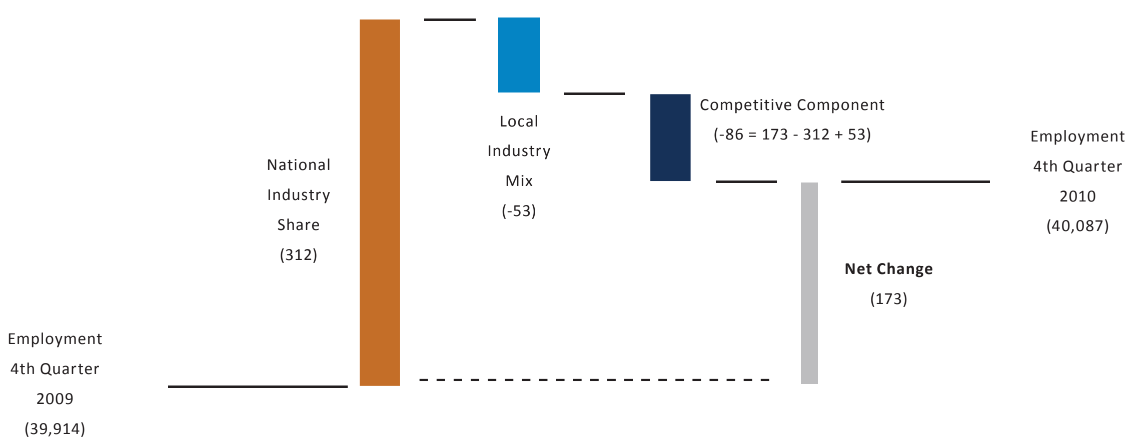
$$CC = NC - NS - IM$$

NC is the change in employment. (4th Quarter 2009 to 4th Quarter 2010)

NS is the predicted change in employment over the time period based on the national employment for **all industries**.

IM is the predicted change in employment over the time period based on the national employment in the **cluster**.

Figure 3: National Shift/Share Analysis of BFS in Chester County



Business & Financial Service Cluster

In this example, we can see that the overall national economy was up slightly from 4th Quarter 2009 to 4th Quarter 2010, and all other things being equal, the cluster would have gained 312 jobs if it followed the national average. At the same time, BFS in the nation contracted moderately and would have accounted for a decrease of 53 jobs. So, while the area gained 173 jobs, the region had a small CC that actually accounted for a decrease of

Table 6: WIA Employment of 2011 Statewide High Priority Occupations in BFS

Statewide BFS High Priority Occupations		Chester County WIA Employment			
SOC Code	SOC Title	Estimated 2008	Projected 2018	Percent Change	Annual Openings
13-1031	Claims Adjusters, Examiners & Investigators	470	430	-8.51%	12
13-1073	Training & Development Specialists	680	720	5.88%	20
13-1111	Management Analysts	2,640	2,900	9.84%	71
13-2011	Accountants & Auditors	2,640	2,740	3.78%	76
13-2051	Financial Analysts	720	810	12.50%	13
13-2052	Personal Financial Advisors	440	500	13.63%	10
13-2053	Insurance Underwriters	570	440	-22.80%	15
13-2072	Loan Officers	720	710	-1.38%	8
15-1031	Computer Software Engineers, Applications	1,580	1,840	16.45%	50
15-1041	Computer Support Specialists	2,780	2,560	-7.91%	86
15-1051	Copputer Systems Analysts	2,110	2,260	7.10%	72
15-1071	Network & Computer Systems Administrators	1,020	1,090	6.86%	30
15-1081	Network Systems & Data Communications Analysts	470	640	36.17%	27
23-2011	Paralegals & Legal Assistants	440	480	9.09%	10
29-2056	Veterinary Technologists and Technicians	330	440	33.33%	21
41-3021	Insurance Sales Agents	1,410	1,180	-16.31%	31
41-3031	Securities, Commodities & Financial Services Sales Agents	500	480	-4.00%	13
41-9022	Real Estate Sales Agents	1,000	910	-9.00%	16
43-1011	Supervisors - Office and Administrative Support Workers	1,890	1,810	-4.23%	39
43-3011	Bill & Account Collectors	410	410	0.00%	6
43-3021	Billing & Posting Clerks & Machine Operators	1,040	970	-6.73%	13
43-3031	Bookkeeping, Accounting & Auditing Clerks	3,510	3,550	1.13%	59
43-4051	Customer Service Representatives	5,130	5,700	11.11%	200
43-6011	Executive Secretaries & Administrative Assistnats	2,020	2,030	0.49%	33
43-6012	Legal Secretaries	370	370	0.00%	6
43-6014	Secretaries	3,230	3,030	-6.19%	51
43-9041	Insurance Claims & Policy Processing Clerks	560	200	-23.07%	3

Business & Financial Service Cluster

86 jobs. This analysis cannot, however, explain why the area is less competitive, as numerous factors could be the causation of the regional advantage; geography, infrastructure, individual employers, tax policies, educational institutions, etc. This is also only a snapshot between two time periods and not a trend analysis, so the CC may fluctuate greatly when evaluating it over different time periods.

The 2011 statewide High Priority Occupations (HPOs) within the BFS cluster are shown on the previous page in **Table 6**. These 27 occupations are considered to be in demand by employers, have higher skill needs and likely provide family-sustaining wages. The employment data listed for the occupations are for all industries, including BFS, in the Chester County WIA. In this area, a little more than one half of the statewide BFS HPOs are expected to experience employment growth through 2018 and combined they will account for 991 annual openings.

Table 7 lists the top BFS occupations by employment in Pennsylvania. Four of the occupations listed appear in the HPO list in **Table 6**. The 10 occupations account for approximately 44 percent of all employment in the BFS cluster statewide. With a statewide 2010 annual average wage of $65,520, the BFS cluster has the fourth highest average annual wage out of the 11 targeted industry clusters. Five of the occupations listed below pay more than the current family-sustaining wage in PA ($29,574).

Table 7: Top 10 BFS Occupations by Employment in PA

SOC Code	SOC Title	2009 Cluster Employment	2010 Occupational Wage
43-4051	Customer Service Representatives	41,674	$33,380
37-2011	Janitors & Cleaners	36,397	$25,630
43-3071	Tellers	30,768	$24,690
43-9061	Office Clerks	26,675	$28,760
13-2011	Accountants & Auditors	26,286	$68,610
33-9032	Security Guards	21,758	$27,720
43-3031	Bookkeeping, Accounting & Auditing Clerks	20,567	$35,540
37-3011	Landscaping & Groundskeeping Workers	17,891	$25,610
23-1011	Lawyers	17,496	$132,770
43-6014	Secretaries	15,758	$30,650