

SOUTH BEND – ELKHART REGION: VISION WITH VELOCITY

In 2008, unemployment skyrocketed to over 20%, putting Elkhart County on the map for the fastest employment decline in the country. In 2011, South Bend was listed among other dying cities by Newsweek. Regional collaboration was scarcely considered. Fast forward to 2014, when we slowly started to move ahead from the final row, a position that had plagued us in the decade prior. When IEDC's Regional Cities Initiative (RCI) was announced, it was then that civic and business leaders across Elkhart, Marshall, and St. Joseph counties came together to pursue, for the first time ever, a multi-county regional approach to economic development and quality of place.

FUELING THE TANK.

In 2015, we defied expectations by being selected as one of the three RCI award regions, surprising both insiders and outsiders alike. In 2018, the South Bend - Elkhart Regional Partnership commissioned TEconomy to conduct a study and develop an investment plan that would help secure the region's economy for long-term, sustainable economic growth and community prosperity. They encouraged the region to build linkages between the region's industrial base and its research assets, thereby improving key facets of the innovation ecosystem; to diversify industry growth; and to create a culture and ecosystem where entrepreneurs and new businesses can thrive.

By 2019, after reflecting on the economic challenges of 2008 – 2011, we collectively committed to never allow such hardships to recur. This led to the establishment of the Labs for Industry Futures and Transformation (LIFT) Network, catalyzed by a \$42.4 million regional award from the Lilly Endowment. LIFT focuses on leveraging the region's strengths in research, technology, and advanced manufacturing to accelerate the commercialization of new technologies, support entrepreneurship, and create high-quality jobs. To date, LIFT has leveraged over \$120M in new investments in tech and talent and 1,300 post-secondary students have engaged with companies.

As we emerged from the throes of a global pandemic in 2021, we secured a \$50 million maximum READI 1.0 allocation, a testament to our resilience and determination. Over the past three years we have rebounded and shown 3% job growth, with recent project announcements including the GM/Samsung EV project happening on the western border of the region, infusing \$3.5 billion in capital and adding 1,900 new jobs. Complementing inbound companies are those growing within the region, including AM General, who recently announced an \$8.5 billion Department of Defense contract, with all production happening in the region.

Preparing for our region's READI 2.0 application, we swiftly mobilized, leveraging existing stakeholder infrastructure developed over the last 10 years. A READI 2.0 steering committee oversaw the engagement process with municipal and anchor partners,



reviewed the stakeholder engagement results from 200 participants at six community workshops, and informed the region's application. The READI Steering Committee includes all members of the Northern Indiana Regional Development Authority (RDA), LEDO partners, and stakeholders drawn from the Regional Partnership's various councils and committees. The RDA, now in its eighth year, has aptly helmed all three major regional funding opportunities. The RDA, and the Regional Partnership's long-standing councils and committees, anchor partners, and philanthropic partners will lead implementation of our plan.

Today, we stand poised and prepared, having revved our regional engine, and having cultivated a spirit of collaboration. With the backing of the Indiana Economic Development Corporation (IEDC) and catalyzed by READI 2.0 funding, we are ready to unleash our full horsepower in pursuit of our shared regional vision.

KICKING THE TIRES.

While we have a determined outlook, there are also shared challenges. Educational attainment rates, demand for accessible childcare far exceeding supply of centers and providers, and wage stagnation present serious challenges across the region, particularly as manufacturing shifts towards Industry 4.0. Efforts to drive demographic diversity, inclusion, and overall economic participation have had varying levels of success, especially through the lens of education and entrepreneurship.

With dependency on the manufacturing sector for 32% of jobs, the region is left exposed to the potential impacts of automation as the global economy shifts towards Industry 4.0, an opinion echoed by the January 2019 Brookings report, which found that Indiana would be one of the top two states for task exposure to automation.

STARTING THE ENGINE.

As with our READI 1.0 Regional Economic Development Strategy, *Smart Connected Communities 2030*, we are keeping our north star focused on increasing the region's per capita personal income to at least the national average by 2030. Our region's past performance with PCPI strongly contributes to the state's target PCPI. Our current PCPI growth rate of 4.43% (based on 10-year average) exceeds the state's historical rate of 3.85%. Our 2022 PCPI of \$57,073 represents 99% of the state's figure. Applying a baseline growth rate, in 2025 our PCPI will meet the state's goal of a \$2,750 annual increase. In 2025 our baseline projected PCPI will overtake the state's projected baseline; in 2029 our baseline would overtake the state's READI 2.0 target of \$77,180.

The goals and strategies captured in our plan, and aligned with the state's priorities, include:

Attracting and Retaining Talent: We will double down on population attraction efforts,



targeting the 33,000 higher education students in our region and “boomerang” talent – those from here or have an affinity for here, and attracting companies building the future economy, bringing with them high-wage, high-demand jobs.

While many counties in the state have been losing population, our region has maintained a tepid population growth rate of 0.24%. With a PCPI growth rate exceeding the state’s and growing employment, igniting population growth remains our final regional challenge. We strongly expect the tailwinds of READI 1.0, sizable recent job announcements, and implementation of our READI 2.0 plan will drive our rate upwards to support the state’s goal more robustly.

Equipping Talent of the Future: We will intensify investment in work-based learning initiatives, expand access to educational opportunities, and forge strategic partnerships to increase post-secondary attainment, address skills gaps and cultivate a talent pipeline for targeted industries.

Our growth rate for individuals with bachelors’ degrees (2.02%) exceeds our population growth rate. In a base-case scenario, we will have grown from a 17.1% share to 20.4% at the end of 10 years, which is a change of 3.3% in the ratio. Our plan will lift us to the state’s goal of 3.5%. Our current initiatives to support work-based learning and certificate attainment are aptly positioned to increase skills acquisition and career progression for current and future workers.

Driving Innovation and Entrepreneurship: Building upon our legacy of innovation, we will foster an ecosystem conducive to entrepreneurship, supporting startups and small businesses through access to capital, resources, and talent programs.

The pace of regional business establishments has moved from an average 1.33% growth rate 2019 – 2021 to more than double that rate for 2021 – Q1 2023 at 3% growth. Between 2020 and Q1 of 2023, over \$211M of capital has been infused into the innovation and entrepreneurship ecosystem, including NSF research awards to higher education institutions, SBIR/STTR awards, Manufacturing Readiness Grants (MRG), and Elevate Ventures investments. Locally-sponsored research at Notre Dame has increased by 2.3x to over \$1.3M per year.

Accelerating Industry Diversification: By identifying and capitalizing on emerging trends and opportunities, we will foster growth and diversification within key sectors, such as advanced manufacturing, healthcare, technology, and tourism.

The region anticipates adding 23,000 jobs by 2027 and 48,000 jobs by 2032. Given that almost every CICE TEconomy report produced for IEDC in the last 2 years for its targeted industries denotes jobs within manufacturing NAICS codes, we anticipate that a substantial number of our current jobs are represented within these targeted industries. Even if only a



fifth of the region's projected jobs in 10 years fall within the manufacturing sector, our plan positions us effectively to contribute to the state's employment goal.

Enhancing Infrastructure: We will invest in housing and critical infrastructure projects both traditional and in support of the digital economy to improve connectivity, mobility, and accessibility, laying the groundwork for sustained economic growth and community development.

Our ten-year past performance rate of total housing units is 0.25%, which is far below projected demand. Though a pro-rata deployment of new housing units could be considered as meeting the state's goal, which we are equipped to do, especially with rental units, we must exceed the state's targeted housing growth rate to satisfy regional projected demand.

IN THE FINAL LAP.

In the South Bend – Elkhart region, there's a different feeling in the air. From a new phase of the University of Notre Dame's role in economic development and applied research, with the University's recent acquisition of the former Tribune Building in downtown South Bend; to Lilly Endowment's College and Community Collaboration program for which six of our nine higher education institutions are eligible; to the private investments happening like those into the Madison Lifestyle District in South Bend and the River District in Elkhart; we're in the midst of a renaissance.

Our region's unique assets – a collaborative spirit, growing job base, and gorgeous riverfront amenities for work and recreation – are part of our toolkit for meeting the state's READI 2.0 goals and KPIs. Through the lens of the local labor force, the South Bend – Elkhart region represents a point of density for Northern Indiana residents. Of the 306,417 workers employed or living in the region, 59% both live and work within the region, a strength that can be tapped into for current and future planning. The region is a job center, with more workers commuting in daily than out for work, anchored by major employers like Beacon Health System, Hoosier Racing Tire, and Lippert Components.

In 2023, the Regional Partnership led discovery trips to Grand Rapids, Minneapolis/St. Paul, Columbus, and Pittsburgh. These regions have seen significant investments, benefitted from increased attention to federal opportunities like the CHIPs Act and revitalization of downtown and river districts, devoted critical attention to quality of place amenities, and prioritized upskilling or reskilling workforces to meet the demands of new economy jobs. As we have in our past plans, we view the Grand Rapids region as a peer region because it has several traits aligning with our region's identity. These include a strong foundation of manufacturing; a high density of higher education institutions; location in proximity to anchor cities; proximity to natural amenities; and similar labor-shed and workforce patterns.



The SBE region has arrived at an inflection point as it looks towards its future economic trajectory. The time has come for strong investments that will propel the region into the future, prioritizing and building upon the progress of recent years and the region's resilience in the face of the Great Recession and, recently, the COVID-19 pandemic.

TAKING POLE POSITION.

This plan is projected to generate over \$2 billion in direct economic activity over the next six years. As a region, we have studied ourselves and others doing regionalism better, we have planned and re-planned to adapt and be proactive to a post-COVID world. We have:

- + A consistent pattern of execution over the past decade, as recognized through receiving the International Economic Development Council's Bronze Award for Regional Collaboration for our READI 1.0 process and more importantly, the successful completed execution of 27 quality of place projects from Regional Cities changing the shape of our skylines.
- + Deepened regional collaboration to achieve big wins, like the recently announced GM/Samsung EVB plant.
- + A clear understanding of our regional needs: We have an incredibly strong job market, with a gap occurring between job availability and labor force availability. When successful, this plan will bring online the mix of housing attractive to the workforce of the future, amenities to support new and existing residents, and honor our region's identity as a place that is building stuff that matters.

We are the fifth largest READI region, with 525,437 residents, and we're already across the starting line and ready to overtake our obstacles. We need the IEDC to be bold, strategically stack investments to achieve the greatest ROI and continue to be our investment partner to cross the finish line.



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