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IN the Spotlight:

People and Goods on the Move: Indiana's Transportation and Warehousing Sector

One area of Indiana's economy that could use more attention from analysts is transportation and warehousing. After all, Indiana is "The Crossroads of America" (the state motto adopted in 1937). Is it merely our geographic location that warrants such a title? That may have been true from the perspective of North America's early explorers and merchants, but there obviously have been many developments in infrastructure and technology since then. Is Indiana worthy of holding that title? Let's see if we can uncover some evidence in the available workforce data.

While reviewing the figures, it would be helpful to keep in mind that the demand for transportation and

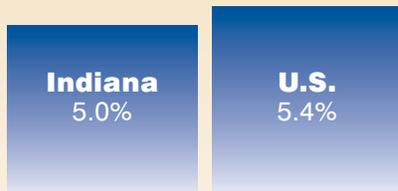
warehousing is a *derived demand*. For example, the demand for warehousing services is derived from the demand for the goods that are being distributed. This way of thinking applies to passenger transportation as well. For example, the demand for an airplane ticket might be derived from the demand to attend a far-away business conference, or alternatively, to go on a vacation in the Bahamas. This may seem obvious, but is worth mentioning before continuing.

How Are We Doing?

Table 1 summarizes how Indiana has fared in transportation and warehousing employment and wages from the first quarter of 2001 to the third quarter

(continued on page 2)

Unemployment for April 2004



*Not seasonally adjusted

Table 1: Indiana's Transportation and Warehousing Employment and Wages

Quarter	Establishments	Jobs	Quarterly Wages	Percent of Jobs	Percent of Wages
2001:1	4,818	127,675	\$1,059,268,609	4.5%	4.6%
2001:2	4,872	130,389	\$1,049,967,829	4.5%	4.7%
2001:3	4,862	129,909	\$1,077,984,218	4.5%	4.9%
2001:4	4,892	128,508	\$1,077,217,063	4.5%	4.6%
2002:1	4,857	122,353	\$1,021,957,691	4.4%	4.5%
2002:2	4,898	122,170	\$1,045,856,162	4.3%	4.6%
2002:3	4,887	122,704	\$1,079,078,621	4.3%	4.8%
2002:4	4,933	124,804	\$1,120,148,517	4.4%	4.6%
2003:1	4,867	120,564	\$1,049,299,644	4.3%	4.5%
2003:2	4,915	120,901	\$1,048,976,231	4.3%	4.6%
2003:3	4,900	120,286	\$1,066,729,540	4.3%	4.6%

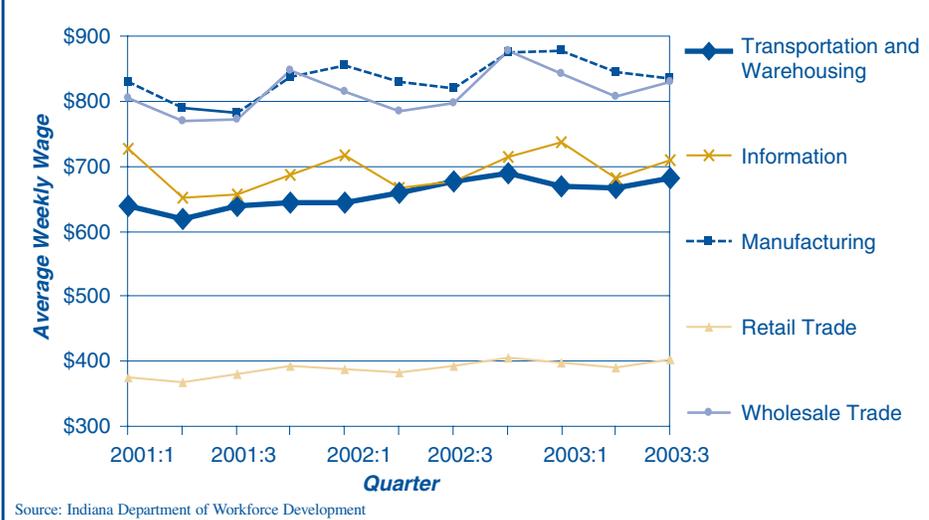
Source: Indiana Department of Workforce Development

IN the Spotlight

(continued from page 1)

Figure 1: Average Weekly Wages in Indiana

Wages rose despite declining employment



Source: Indiana Department of Workforce Development

of 2003 (the most recent quarter available). It is not surprising that jobs in this area have declined, given the corresponding declines in other areas of the economy.

In fact, if we analyze the relationship between employment in this sector and the manufacturing sector, we find a correlation coefficient of +0.85 (a value of +1 would indicate a perfect positive relationship). This means that employment in the two sectors tends to change in the same direction; so when manufacturing jobs decline, as has been the case recently, transportation and warehousing jobs tend to decline as well. The relationship between jobs in the transportation and warehousing sector and jobs in the retail trade sector is even stronger, yielding a correlation of +0.88. Other sectors that have a high correlation with the transportation and warehousing sector include wholesale trade and information, both at +0.9. The result for wholesale trade is not

too surprising, since goods that are bought and sold need to be transported. The information sector may seem out of place here, unless you consider that 31.1 percent of those jobs are in telecommunications and another 5.4 percent are with Internet service providers, Web search portals and data processing services. Those areas have become more closely related to transportation and warehousing as the logistics profession becomes more sophisticated. Moreover, 38.3 percent of information sector jobs are attributed to publishing, motion picture and sound recording industries, which depend on transportation and warehousing workers to distribute hard copies of their works.

Although employment in the transportation and warehousing area has declined, it is notable that the average weekly wage has exhibited a generally increasing trend (see Figure 1). If we compare the third quarter of 2003 to the same quarter of 2001 (the end of the

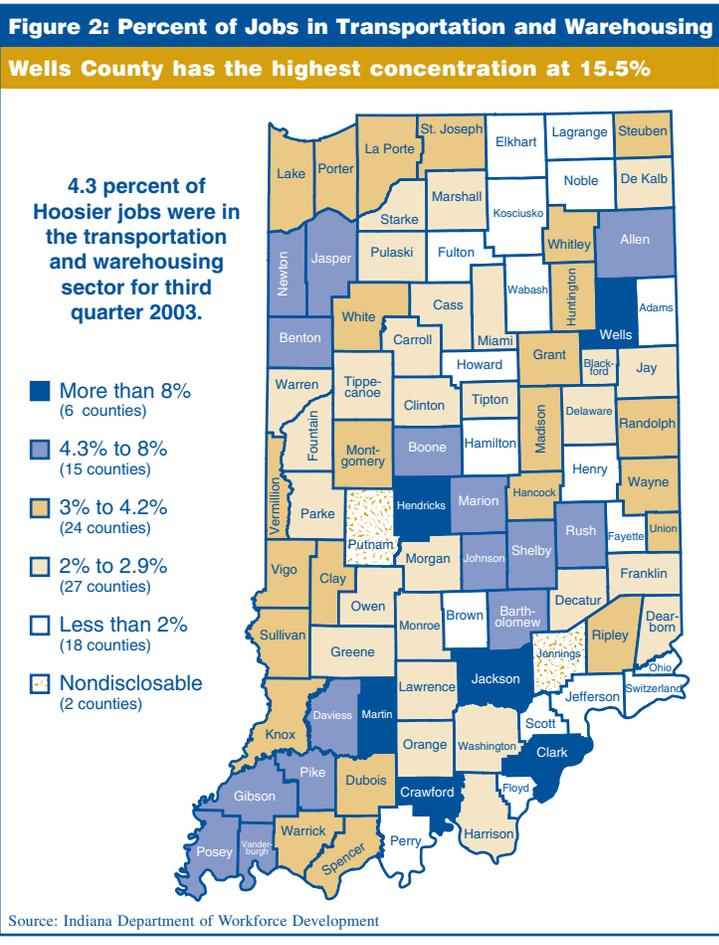
2001 recession), the five industries in question show the following increases:

- Transportation and warehousing: 6.9 percent
- Manufacturing: 6.9 percent
- Retail trade: 5.8 percent
- Wholesale trade: 7.7 percent
- Information: 7.8 percent

According to the change in the average annual Consumer Price Index (CPI) between 2001 and 2003 (released by the U.S. Bureau of Labor Statistics), these increases outpace the inflation we experienced, which was 3.9 percent over the two-year period. The gains are even greater if we compare them to the change in the CPI for the Midwest, which was only 3.2 percent. Why did average wages go up while jobs went down? Perhaps this in part reflects layoffs of the newest employees, who tend to have below average earnings. Also, the remaining employees may work more hours, adding overtime pay to the average.

Where Are the Transportation and Warehousing Jobs?

One way to determine the location of jobs is to look at employment by county. As expected, Marion County holds the lion's share of these jobs, far surpassing all other counties with 37,276 jobs in 2003:3, or 6.5 percent of total employment in the county. Coming in second is Allen County at 8,244 (4.7 percent). Lake County is third with 7,244 jobs (3.8 percent) and fourth is Vanderburgh County with 5,153 jobs (4.8 percent). This author wonders whether Vanderburgh County will rank higher in future decades,



is next at 12.7 percent. Other counties with relatively high concentrations include Martin County (11.3 percent), Clark County (11.1 percent), Hendricks County (9.4 percent) and Crawford County (8.3 percent). Interestingly, Hamilton County ranks last at 1.1 percent.

Nearly one-sixth of Wells County’s wages and jobs come from transportation and warehousing (see Table 2). Notably, the transportation and warehousing sector in Jackson, Clark, Crawford and Hendricks counties pays well above the overall average weekly wage for the county. In Martin County, pay within the sector is comparable to that of other counties; but the overall average weekly wage is \$934, boosted by the presence of Crane Naval Surface Warfare Center.

Another way to look at the distribution of jobs is by industry classification. The transportation and warehousing sector has 11 subsectors (see Table 3). Here we have uncovered some limitations in the data: Two subsectors do not have data available due to nondisclosure requirements (too few establishments or one dominant establishment in the subsector). Also, data for the rail transportation subsector are not available because those workers are not part of covered employment (since they have their own unemployment insurance system). Nonetheless, it is clear that the truck transportation subsector dominates Indiana’s employment in this sector, with 47,869 jobs in the third quarter of 2003. Ranking a distant second is the warehousing and storage subsector at 18,681 jobs.

Table 2: Transportation and Warehousing, 2003:3

County	Share of Total Wages	Average Weekly Wage	Percent of Overall Average Wage	Share of All Jobs
Indiana	4.6	\$682	108.8	4.3
Wells	15.2	\$512	97.9	15.5
Jackson	14.3	\$634	112.2	12.7
Clark	13.9	\$687	125.4	11.1
Crawford	13.2	\$697	159.5	8.3
Hendricks	10.3	\$600	109.7	9.4
Martin	7.4	\$615	65.8	11.3

Source: Indiana Department of Workforce Development

given the eventual construction of the I-69 extension in the next 10 to 15 years.

To examine the concentration of these jobs, let’s focus on the percentage

of total covered employment (see Figure 2). Wells County tops this list at 15.5 percent, well above the state average of 4.3 percent. Jackson County

Keeping Up with the Joneses

How do we measure up in transportation and warehousing employment compared to neighboring states? You might be surprised to see how we rank (see Table 4). According to 2003 average annual employment for Indiana and five surrounding states, we rank third out of six. Of course, this measure is influenced by the size of each state's population; thus, a per capita employment measure would level the playing field. To get these figures, we divided the average annual employment in the sector by the Census Bureau's population estimate for 2003. The interpretation of those minuscule numbers in Table 4 can be simplified if you think in terms of jobs per 10,000. For example, for every 10,000 Hoosiers, about 172 work in the transportation and warehousing sector. By this measure, we rank fourth out of six, although we are nearly equal to third-place Wisconsin. If we instead look at the share of total nonfarm employment, Indiana overtakes Wisconsin by 0.3 percentage points.

What can we make of these ranks? While Indiana has a natural geographic advantage, it seems we are not making full use of it. Many have cited our inventory tax as the culprit for missed opportunities. Now that it is on the way out (and is already gone for some counties), perhaps we will gain some ground. Although not unanimously popular, the upcoming extension of I-69 also promises many opportunities for Indiana's transportation and warehousing firms. Lastly, a lot of folks think it would help to adopt daylight-

Table 3: Indiana's Transportation and Warehousing Subsectors, 2003:3

Subsector (NAICS code)	Establishments	Jobs	Quarterly Wages	Average Weekly Wage
Air Transportation (481)	84	6,255	\$67,051,341	\$825
Water Transportation (483)	D	D	D	D
Truck Transportation (484)	3,073	47,869	\$437,754,403	\$703
Transit and Ground Passenger Transportation (485)	257	6,966	\$34,724,087	\$383
Pipeline Transportation (486)	36	482	\$7,255,921	\$1,158
Scenic and Sightseeing Transportation (487)	D	D	D	D
Support Activities for Transportation (488)	557	8,110	\$79,935,803	\$758
Postal Service (491)	293	15,726	\$179,695,973	\$879
Couriers and Messengers (492)	294	14,398	\$106,936,084	\$571
Warehousing and Storage (493)	293	18,681	\$135,386,328	\$557

D = This item is not available due to nondisclosure requirements.
Source: Indiana Department of Workforce Development

Table 4: Midwestern Employment in Transportation and Warehousing, 2003

State	Average Annual Employment		Share of Total Nonfarm Employment		Per Capita Employment	
	Number	Rank	Percent	Rank	Number	Rank
 Kentucky	80,400	6	4.5	1	0.0195	1
 Illinois	230,000	1	4.0	2	0.0182	2
 Wisconsin	94,600	5	3.4	4	0.0173	3
 Indiana	106,600	3	3.7	3	0.0172	4
 Ohio	159,700	2	3.0	5	0.0140	5
 Michigan	104,700	4	2.4	6	0.0104	6

Source: U.S. Bureau of Labor Statistics (Current Employment Statistics survey) and the U.S. Census Bureau; calculations by the IBRC

saving time, the majority favoring central over eastern. Real costs result from our state's current individualism, especially for the firms under consideration here. Should we spring forward and fall back like everyone else? The logistics professionals who

are spearheading the 21st Century Logistics initiative in our state seem to believe so.

—Vincent Thompson, Economic Analyst, Indiana Business Research Center, Kelley School of Business, Indiana University

Average Wage Trends Inside and Outside Indiana

Average wages per job have become one of the leading factors of concern for economic developers, as well as politicians. Legislation has targeted average wages. Often those laws require that new jobs exceed the average wage in the place where those jobs are to be located. We need to realize that if a new job pays \$8 per hour and replaces a job that pays \$6 per hour, the average wage will rise.

This article presents the latest data from the U.S. Bureau of Economic Analysis on average wages per job for the United States and Indiana's 92 counties. (These data are not adjusted for inflation.)

Indiana Among the States

The average wage per job in the United States was \$36,167 in 2002; in Indiana, it was \$31,975, or 11.6 percent below the national figure. With the exception

of California, the highest paying jobs are found in the Northeast. The lowest paying jobs range more widely, from New Mexico and Idaho to Maine (see Figure 1).

Indiana's position relative to the nation has been slipping during much of the past 10 years. While we recovered faster than the United States after the 1990-91 recession, we did not participate as well in the boom of the late 1990s and fared worse than the nation in the recent recession. The up-tick in 2002 might be a good sign if sustained (see Figure 2).

Our decline in relative position is caused by growing slower than the nation, as seen in Figure 3. From 1992 to 1997, Indiana averaged 3.36 percent annual increases in average wages compared to the national rate of 3.22 percent. This was good enough for us to be ranked 23rd in the United

States. In the next five years (1997 to 2002), our growth edged up to 3.37 percent, but the nation advanced at a 3.91 percent rate, so Indiana's rank fell to 42nd among the 50 states. For the 10-year period from 1992 to 2002, average wages per job in the nation grew by 3.57 percent (see Figure 4), while Indiana's growth was an average of 3.37 percent (35th among the 50 states).

Counties of Indiana

Hoosiers who have been following the recent discussions concerning the Crane Naval Surface Warfare Center will understand that in 2002, the highest wages per job in Indiana could be found in Martin County. From 1992 to 2002, Martin County realized an average rank of 2.00 in the state, second only to Howard County which came in with an average rank

Figure 1: Average Wage per Job, 2002

High-paying jobs are concentrated in the Northeast

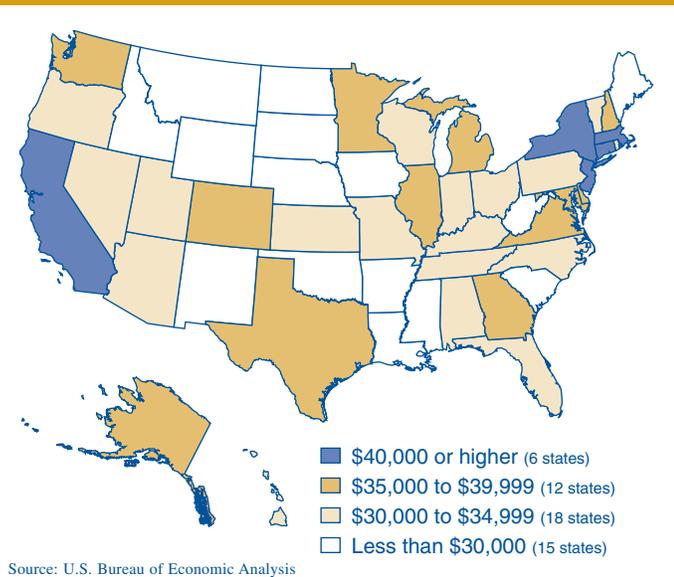


Figure 2: Average Wage per Job Relative to the Nation

In 2002, Indiana was 11.6% below the nation

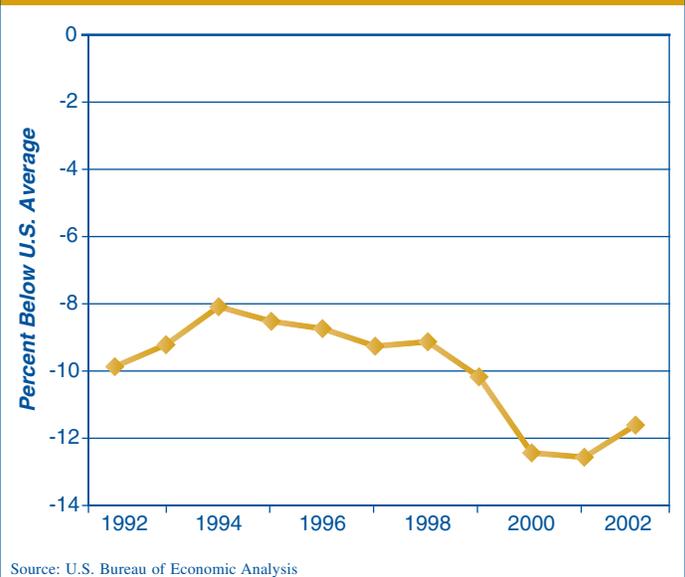
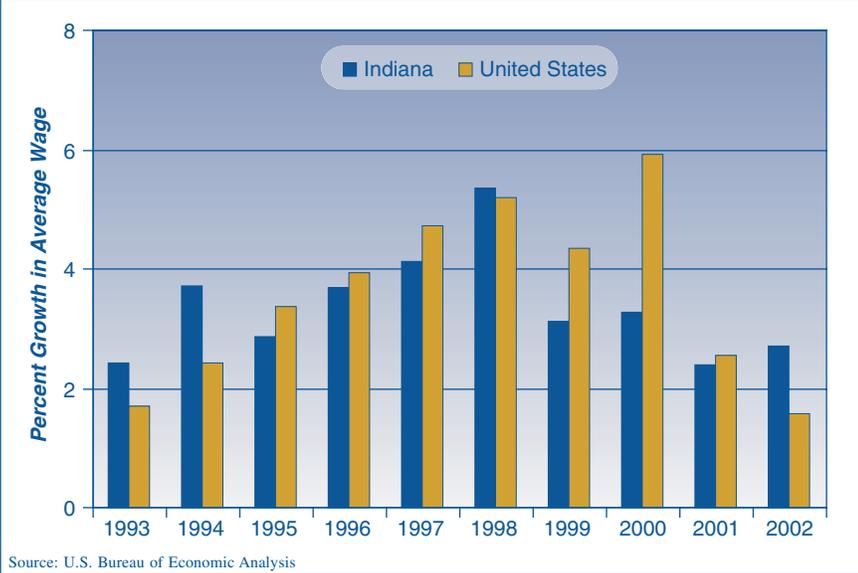


Figure 3: Growth Rates in Wages per Job: Indiana and the Nation

Indiana's growth averaged 3.37% during these 10 years



of 1.27. While the statewide average was \$31,975, Martin County was at \$41,783, or 30.7 percent above the state figure. Of the nine counties more than 5

percent above the state figure, only two were in the Indianapolis metropolitan area (Hamilton and Marion). High-wage jobs are found in Posey, Ripley, Gibson,

Bartholomew and Vermillion counties—not necessarily where we might expect them until we think about which firms are located in those counties.

Most of the state (75 counties) was below the statewide figure (see Figure 5). The lowest paying jobs were in Brown County at \$20,034, which might be influenced by seasonal employment in tourism and retail trade. Normally, Hoosiers divide the state between north and south with I-70 or U.S. 40 as the separator. Yet, 11 of the lowest 13 counties in average wages are west of U.S. 31; perhaps the time has come to think of the state differently.

Are the counties with high wages diverging from those with low wages? One way to answer that question is to look at the highest and lowest counties, shown in Figure 6 using the left axis. On the right axis is the ratio of those two numbers. The general trend of that

Figure 4: Average Annual Percent Change in Wages per Job

Indiana ranked 35th out of 50 for wage growth

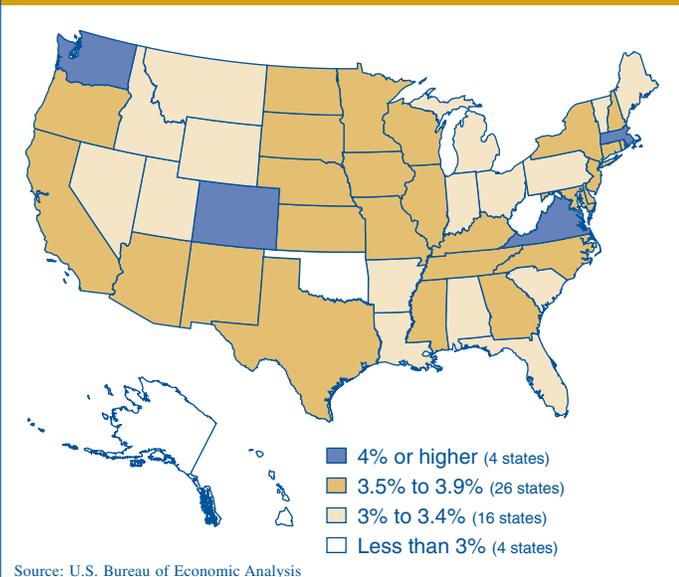
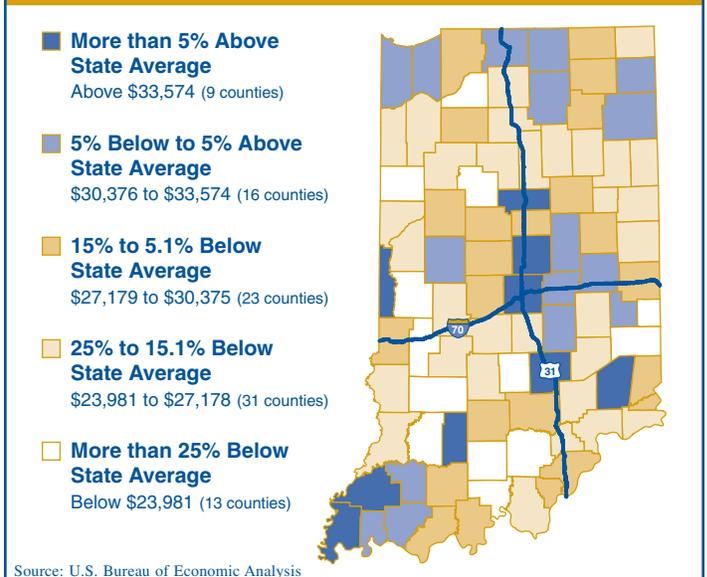


Figure 5: Average Wages per Job, 2002

Lowest paying jobs were in Brown County



ratio is downward, signifying that the spread between the highest and lowest counties is decreasing over time.

Another way to answer that question is to look at the correlation coefficient between the level of wages in 1992 and the rate of growth from 1992 to 2002. For Indiana that coefficient was -0.45, which is not a strong statistical value, but does show the tendency for lower wage counties to have faster rates of growth than the higher wage counties. (Nationally, the correlation coefficient was +0.06, which is totally insignificant and suggests no relationship at all between the level of wages in a state and the rate of growth experienced by the state.)

Between 1992 and 2002, 36 of Indiana's 92 counties exceeded the nation's average annual growth rate of 3.57 percent. At the same time, 52 counties exceeded the state's 3.37 percent average growth rate. As seen in Figure 7, some of the counties with the slowest growing wages are also some of the most populous in the state (Lake, Porter, La Porte, Delaware and Madison). By contrast, counties with the fastest growing wages are among the least populous in the state (Ohio, Gibson, Switzerland and Union). Two of these have benefited from riverboats while another has seen the establishment of a major auto assembly plant. These are examples of state economic development programs at work.

—Morton J. Marcus, Director Emeritus, Indiana Business Research Center, Kelley School of Business, Indiana University

Figure 6: Highest and Lowest Average Wages per Job, 1992 to 2002

The spread between the highest and lowest counties is decreasing

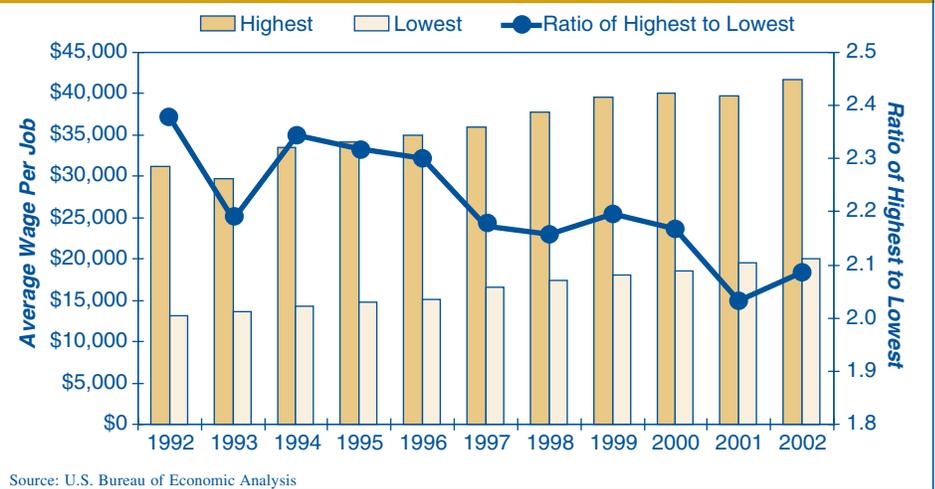
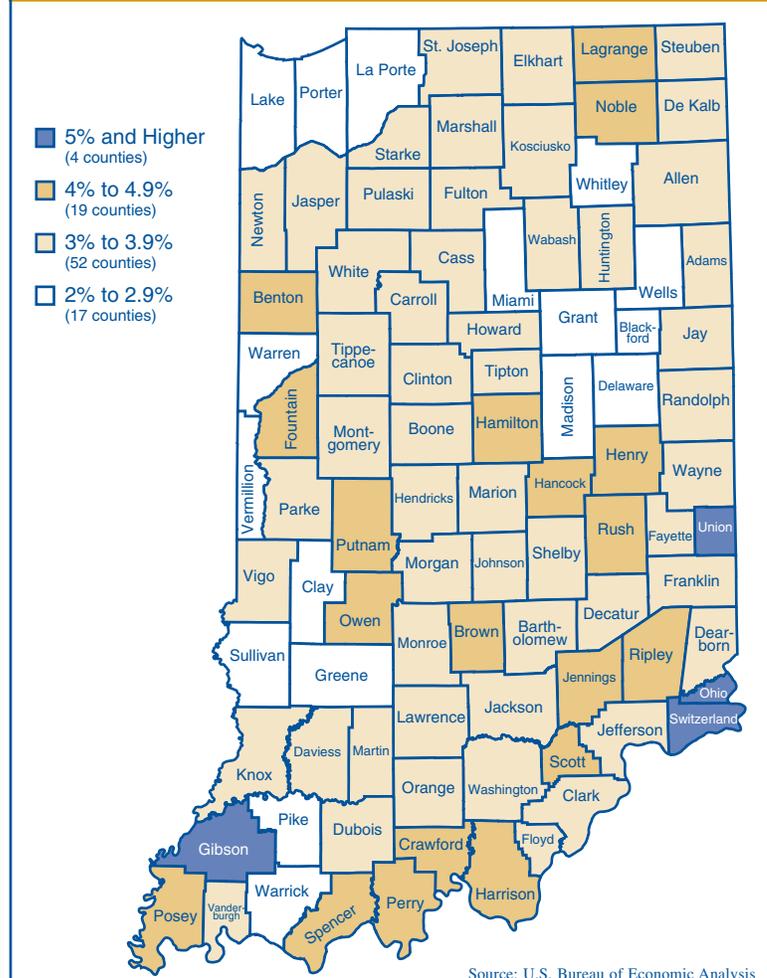


Figure 7: Average Annual Change in Wages per Job

Least populous counties have largest annual growth



The Columbus Metro Area

The Area

Known for its distinctive buildings and proclaimed by some to be an “architectural Mecca,” the Columbus Metropolitan Statistical Area (metro), consisting of Bartholomew County in south-central Indiana, was one of two new Indiana metros added by the federal government. Bisected by I-65 and U.S. 31, the Columbus metro lies just southeast of Indianapolis. When looking at combined statistical areas (CSAs), as defined by the Office of Management and Budget, Bartholomew County is absorbed into the Indianapolis-Anderson-Columbus CSA.

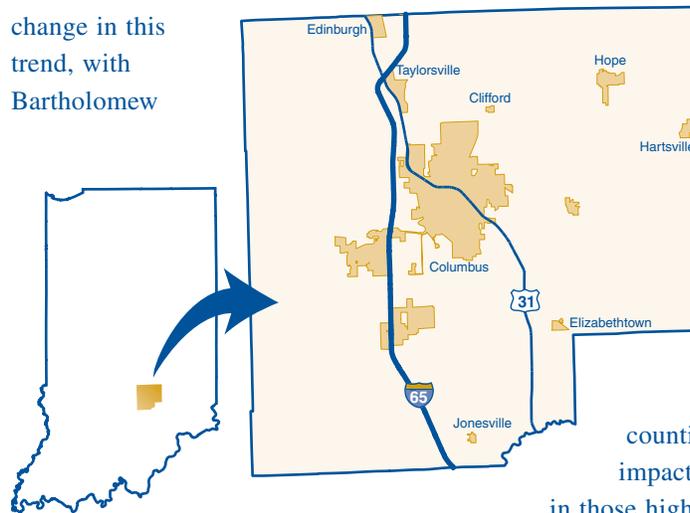
Compared to the rest of the state, Columbus is prosperous and well-educated. Twenty-two percent of Bartholomew County adults over age 25 have a bachelor’s degree or higher, ranking it 12th in the state. Per capita personal income for 2001 ranked eighth. The median home value was \$105,300 in 2000, ranking it 14th among the 92 counties, and the total assessed property value per capita ranked seventh.

Population Trends

The Columbus metro area had 72,341 residents, according to estimates for 2003, a growth of 1.3 percent since Census 2000. While this rate was less than the state’s 1.9 percent increase, Bartholomew County surpassed Grant County to become Indiana’s 20th largest county.

While the decennial percent change in population peaked in 1960, Columbus continued to grow at rates higher than the state, with the exception

of the 2.2 percent decline during the 1980s (see Figure 1). Projections from the Indiana Business Research Center indicate a change in this trend, with Bartholomew



County lagging behind the state. By 2010, the Columbus population is expected to drop 1.5 percent from current levels (a 0.2 percent decline from Census 2000), with the growth rate leveling out around 2.7 percent by 2020. However, it is worth noting that Bartholomew County has exceeded expectations so far. Projections indicated a decline of 557 people by 2005 from the Census 2000 figures, but Census Bureau estimates for 2003 show a three-year gain of 906.

Nevertheless, out-migration poses a challenge for Columbus. When looking at the change between Census 2000 and July 2003, natural increase (births minus deaths) caused Bartholomew County’s gain of 906 residents. Net migration for the area showed a decline of 234 people. Breaking the population change down further, the county showed a net gain of 806 through

international migration, but a net loss of 1,040 through domestic migration.

Out of Indiana’s 92 counties, only 15 exceeded Bartholomew County’s domestic migration losses. And 12 of those counties have larger populations (including seven of the 10 largest counties in the state), so the impact of the out-migration in those highly populated places decreases in significance.

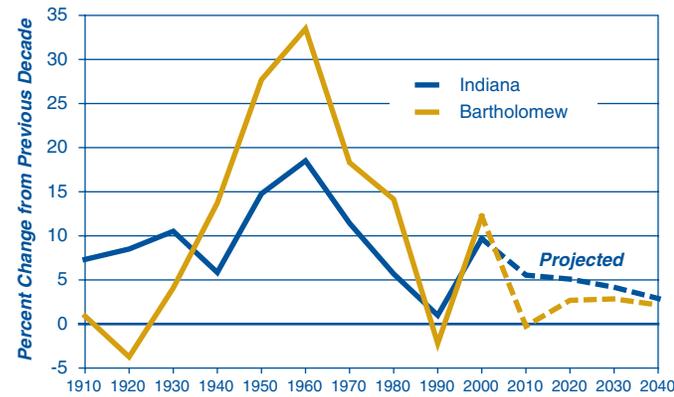
Industrial Mix and Jobs

While the Columbus economy has diversified in recent years, manufacturing remains the dominant player in the region, accounting for nearly 35 percent of employment in third quarter 2003. And in typical Hoosier fashion, it’s the automotive industry playing the lead role.

Cummins Inc. was founded in Columbus 85 years ago and is the area’s largest employer. With corporate headquarters and its largest engine manufacturing facility in the city, about 4,500 of its 25,000 worldwide employees work in Columbus. While the recession proved problematic for the company, it is rebounding. In the past six months, Cummins added about 180 employees at its Columbus and Seymour locations and is gaining market share. According to Columbus’

Figure 1: Percent Change in Population, 1910 to 2040

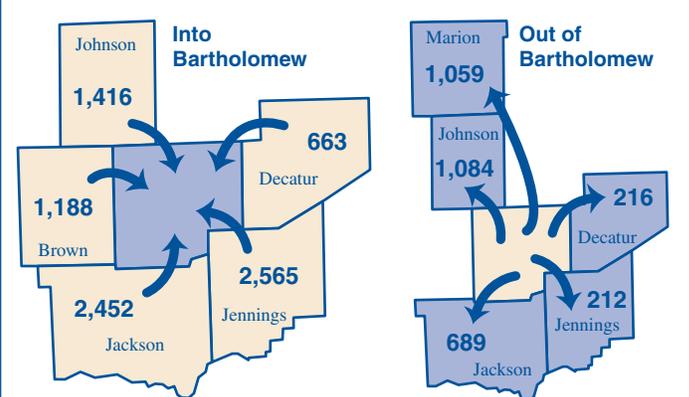
Growth is expected to slow in the coming decades



Source: U.S. Census Bureau (historic) and Indiana Business Research Center (projections)

Figure 2: Commuting Patterns in Columbus, 2002

43,442 people both lived and worked in Bartholomew



Source: STATS Indiana (2002 tax year commuting profiles)

newspaper, *The Republic*, Cummins was the only engine maker to meet 2002's tougher emissions standards on time, thanks to improved technology, productivity increases and a new design approach. The company is already running 2007-compliant engines on the road, giving it a competitive edge in the coming years.

ArvinMeritor, created four years ago by the merger of Columbus-based Arvin Inc. with Meritor Automotive, is a global supplier of automotive exhaust and ride control components. Although the company is based out of Michigan, it remains one of the largest employers in the region. Its 48,000-square-foot North American Information Technology Center is located within the InfoTech Park, the state's seventh Certified Technology Park.

Consisting of 67 acres at the municipal airport in northwest Columbus, the InfoTech Park is a business incubator adjacent to Indiana University–Purdue University Columbus, Ivy Tech State College and the planned \$25 million, 124,000-

square-foot Columbus Learning Center. Tata Consultancy Services, the India-based information technology and management consulting firm, also plans to build within the technology park.

Other expansions in the metro include Diamet, the automotive parts manufacturer, which plans to build a \$1 million, 25,000-square-foot expansion and invest about \$9.6 million in new equipment, and Toyota Industrial Equipment Manufacturing, which is adding 105,000 square feet to its facility at a cost of about \$9.8 million. NTN Driveshaft is in the midst of a \$12 million expansion involving the addition of 210,000 square feet and \$41.9 million in machinery to double its production capacity. Moreover, the county's fifth largest employer, Dorel Juvenile Group (maker of child-safety seats), recently opened its new \$25 million state-of-the-art factory.

Aside from manufacturing, health care and social services comprised the next largest portion of area employment at 13 percent in the third quarter of 2003, followed by retail trade at 10

percent. When combined, these top three industries accounted for nearly 58 percent of the area's 39,144 jobs.

As seen in Figure 2, Columbus drew in a significant number of workers from surrounding counties in 2002, in addition to the 43,442 people who both lived and worked in Bartholomew County. Of the 4,630 in the resident labor force who worked outside of the county, nearly 60 percent of those commuted into the Indianapolis metro.

Income and Wages

Many of those working in the Columbus metro earn more than the average Hoosier. Average weekly wages for third quarter 2003 were \$61 higher than for the state, according to the Indiana Department of Workforce Development. On an industry basis, the differences ranged from arts, entertainment and recreation, averaging \$175 less than Indiana, to finance and insurance at \$222 more than the state average (see Figure 3).

Table 1 shows the annual figures from the U.S. Bureau of Economic

Analysis for the four highest-paying sectors in Bartholomew County for 2001. Earnings for the management sector fall within the top 1 percent of counties nationwide, while those in finance and insurance land within the top 2 percent.

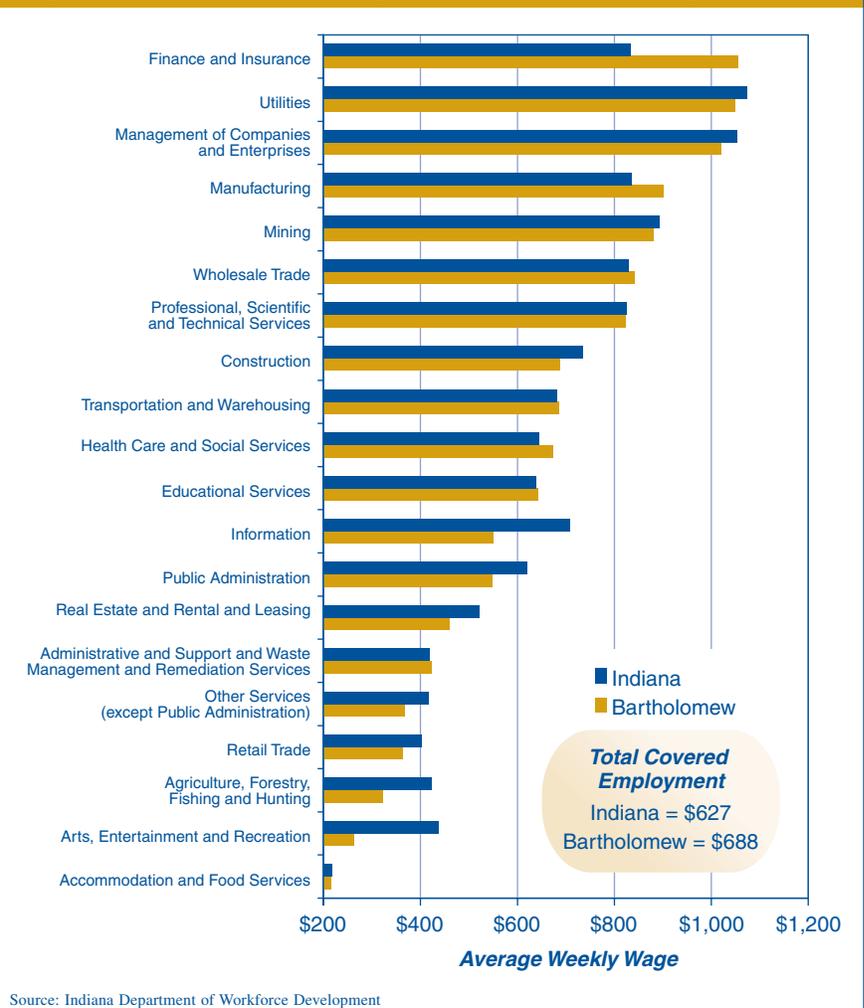
As mentioned earlier, per capita personal income (PCPI) for Bartholomew County ranked eighth in the state at \$30,181 in 2001, exceeding Indiana's \$27,522 average. While this illustrates a 4.9 percent five-year growth from 1996 when adjusted for inflation, Bartholomew's PCPI remained slightly less than the U.S. average of \$30,413.

However, when looking at median household income from 2000, one sees almost the opposite: At \$44,184, Bartholomew County's median household income exceeded both the state and the nation (by 6.3 percent and 5.2 percent, respectively). When adjusted for inflation, this represents a 4.8 percent decline in Bartholomew County's household income between 1995 and 2000. This made it the ninth fastest declining county in the state for that five-year period and ranked it in the bottom 11 percent of counties nationwide. So while the current Bartholomew County household still brings home more than the average American, that wouldn't be the case if current declines in household income were to continue much longer.

—Rachel Justis, Managing Editor, Indiana Business Research Center, Kelley School of Business, Indiana University

Figure 3: Average Weekly Wage Comparisons, Third Quarter 2003

Wages in seven sectors are higher than the state average



Source: Indiana Department of Workforce Development

Table 1: Four Highest-Paying Sectors in the Columbus Metro, 2001

NAICS Sectors	Earnings (\$000)	Jobs	Average Earnings Per Job	Rank		Percent Distribution		
				In State	In U.S.	In County	In State	In U.S.
Utilities	\$14,578	141	\$103,390	21	100	0.3%	0.4%	0.4%
Management of Companies and Enterprises	\$32,585	319	\$102,147	3	34	0.6%	0.8%	1.1%
Finance and Insurance	\$81,116	1,562	\$51,931	3	69	3.0%	3.9%	4.9%
Manufacturing	\$789,615	16,087	\$49,084	16	322	31.1%	17.3%	10.2%

Source: USA Counties IN Profile

Job Gains and Losses by Sector: The First Three Months of 2003 and 2004 Compared

Historically, Indiana (led by manufacturing) has gone into recessions ahead of the nation. Conversely, Indiana has often been among the leaders in job growth at the beginning of recovery periods, again led by manufacturing. While many economists predicted the Indiana recovery would once more be led by manufacturing, manufacturing is still declining (as of the first three months of 2004) and appears to be acting as a drag on the recovery across the nation, particularly in the Midwest (see Table 1 and Figure 1). Indiana gained an estimated 10,000 jobs in the first quarter of 2004, using seasonally

adjusted data. Excluding manufacturing, however, Indiana gained over 23,000 jobs. This effect is more notable in other states: Excluding manufacturing, Ohio goes from a job loss of 32,000 jobs to a gain of almost 2,000.

What should be considered is that recessions are more than business closings and job loss. Recessions often herald major economic restructuring. Continued manufacturing automation, outsourcing, in-sourcing, imports and capital investment relationships may have so altered the economic structure of Hoosier manufacturing that, while a strong recovery may still occur, it may not be as strong as in previous recoveries.

Therefore, if manufacturing is not leading the way, how is Indiana outpacing the nation in job growth, based on the first few

months of 2004? Although the number of manufacturing jobs continues to drop, Indiana's rate of decline is almost half that of the United States (see Table 2). It must be noted that manufacturing jobs were declining nationally before the recession and a Robert Reich article suggested manufacturing job decline is a global issue.

The construction sector in Indiana currently shows the greatest job growth, outperforming the nation with a growth rate more than three times that for the United States (see Figure 2). Since we are using seasonally adjusted data, this increase should not be influenced by seasonal or other time-related factors. Unless this increase is a short-term phenomenon or a data aberration, this is the best indicator that the Indiana economy is rebounding. Construction often precedes growth in other sectors. This sector should be watched closely to determine the strength of its growth and if it is sustained over time.

Hoosiers may be feeling better about their economic condition as job growth

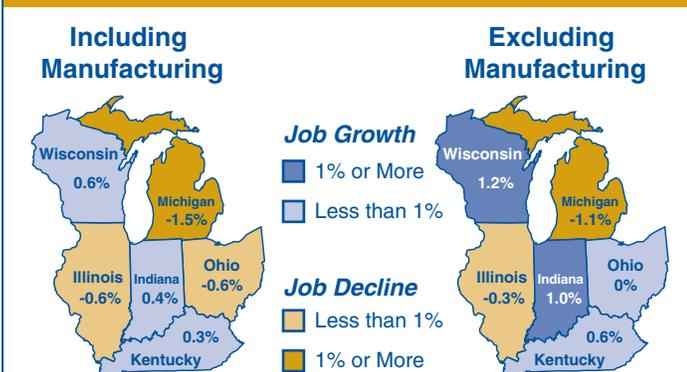
Table 1: Change in Midwestern Jobs, 2003:1 to 2004:1

States	Total Nonfarm Jobs		Excluding Manufacturing	
	Job Change	% Change	Job Change	% Change
United States	136,667	0.1%	741,000	0.6%
Wisconsin	17,233	0.6%	26,100	1.2%
Indiana	10,733	0.4%	23,167	1.0%
Kentucky	6,233	0.3%	8,900	0.6%
Ohio	-31,833	-0.6%	1,933	0.0%
Illinois	-37,500	-0.6%	-16,233	-0.3%
Michigan	-66,867	-1.5%	-39,033	-1.1%

Source: U.S. Bureau of Labor Statistics

Figure 1: Change in Nonfarm Jobs, 2003:1 to 2004:1

Manufacturing declines are slowing growth



Source: U.S. Bureau of Labor Statistics

Table 2: Change by Sector, 2003:1 to 2004:1

Sectors	Indiana		United States	
	Job Change	% Change	Job Change	% Change
Total Nonfarm	10,733	0.4%	136,667	0.1%
Construction	7,300	5.1%	100,333	1.5%
Manufacturing	-12,433	-2.1%	-604,333	-4.0%
Trade, Transportation and Utilities	-100	0.0%	-3,000	0.0%
Information	-33	-0.1%	-146,667	-4.4%
Financial Activities	-200	-0.1%	72,000	0.9%
Professional and Business Services	3,100	1.2%	193,333	1.2%
Educational and Health Services	6,367	1.8%	342,667	2.1%
Leisure and Hospitality	6,233	2.3%	148,000	1.2%
Other Services	-1,167	-1.1%	54,000	1.0%
Government	1,400	0.3%	-26,333	-0.1%

Source: U.S. Bureau of Labor Statistics

Published six times per year by a partnership of:

Indiana Business Research Center

Kelley School of Business
Indiana University

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Editor: Carol O. Rogers

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IN the Workforce

(continued from page 11)

in the leisure and hospitality sector is growing almost twice as fast as the nation. Government jobs are also up slightly while the United States declines. (Before claims of increased bureaucracy are made, remember most employment in this sector comes from public education and public health services, such as city and county hospitals.)

The change in Indiana jobs in trade, transportation and utilities, professional and business

services and educational and health services roughly parallels the nation.

Indiana shows a slight decrease in information jobs, compared to a much greater national downturn. Within the information sector, a sharp downturn in telecommunications, followed by declines in the Internet service providers, search portals and data processing subsector and the Internet publishing and broadcasting subsector, suggests continued fallout from the burst in the IT bubble.

Financial activities and other services are the only sectors showing job decline in Indiana as opposed to national job growth. Detailed information to explain this is not available, but the financial activities sector has been a weak performer in Indiana for many years.

—Ted Jockel, Senior Economist, Indiana Department of Commerce

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IN Context Online

www.incontext.indiana.edu

STATS Indiana

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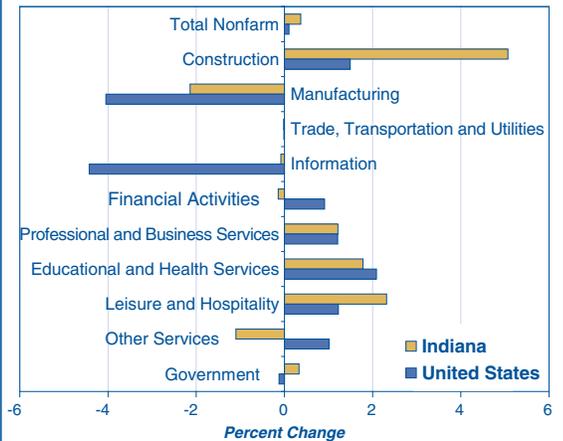
Indiana Economic Digest

www.indianaeconomicdigest.net



Figure 2: Jobs by Sector, 2003:1 to 2004:1

Jobs in Hoosier construction grew 5.1%



Source: U.S. Bureau of Labor Statistics

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