

Measuring Income Refined: Per Capita Personal Income Now Adjusted for Regional Price Parities

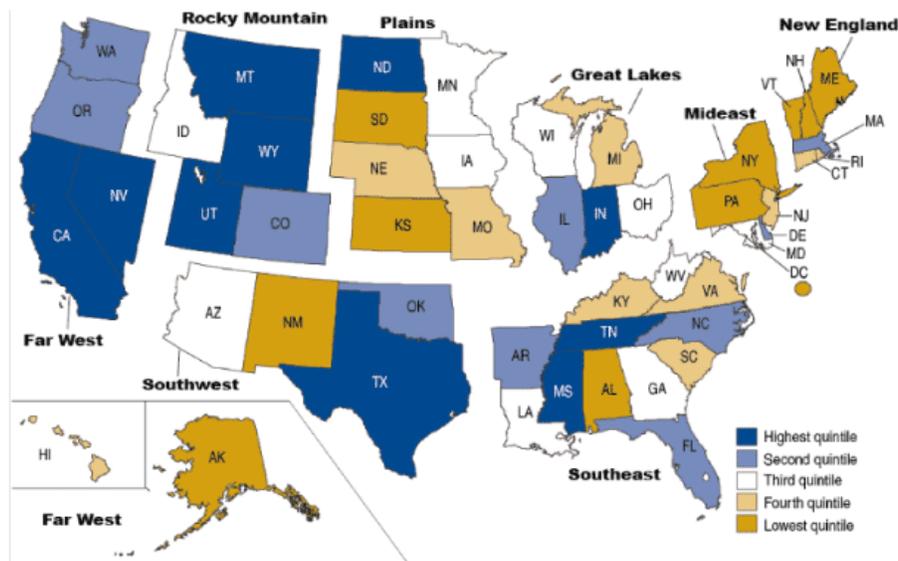
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Anyone who uses per capita income as a comparative measure of “wealth” or spending ability may actually be excited to learn that, for the first time, it is now officially adjusted for price differences across the nation. Such an adjustment can provide us with cost-of-living-based income for any state, essentially giving us “real” personal income.

The U.S. Bureau of Economic Analysis released these first official estimates on April 24, 2014 (un-official preliminary estimates had been available for 2011). According to their release “Americans looking to move or take a job anywhere in the country can compare inflation-adjusted incomes across states and metropolitan areas.”¹ **Figure 1** shows the change in this real personal income (adjusted for inflation) between 2011 and 2012.

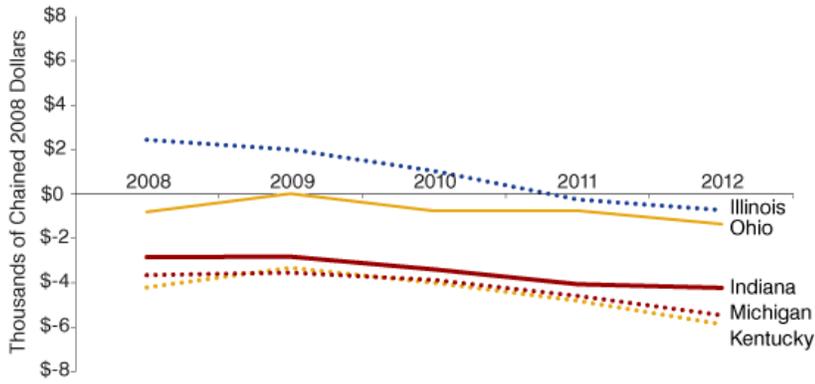
Figure 1: Real Personal Income Percent Change, 2011 to 2012



Source: U.S. Bureau of Economic Analysis

While Indiana’s personal income is accelerating, the gap between Indiana’s per capita and the nation’s persists when using these new data. However, the difference between Indiana and the nation began to plateau in 2011 and continue with no change in 2012 (see **Figure 2**).

Figure 2: Midwest States Relative to U.S. Per Capita Personal Income Shown in Real Terms, 2008 to 2012



Source: IBRC, using U.S. Bureau of Economic Analysis data

More analysis needs to be done on this new data series, but the results show promise in providing for a much more refined method of comparing incomes nationwide by taking prices into account. After all, what we pay for something makes a difference in what we need to earn.

Want to explore these data more? Visit the U.S. Bureau of Economic Analysis and look for “**Real Personal Income for States and Metropolitan Areas**” on the Regional Economic Accounts page.

Notes

1. U.S. Bureau of Economic Analysis, “Real Personal Income for States and Metropolitan Areas, 2008-2012,” April 24, 2014, http://bea.gov/newsreleases/regional/rpp/rpp_newsrelease.htm.

Southwest Central Indiana: First Glimpses of an Emerging Region

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A major new strategic planning effort was initiated in mid-2013 to identify paths to prosperity for an 11-county region in Southwest Central Indiana (SWCI). Following in the footsteps of efforts in other parts of Indiana that have yielded successful regional initiatives for progress,¹ this project has engaged community stakeholders from all 11 counties, researchers from the Indiana Business Research Center (IBRC) and Battelle Technology Partnership Practice, facilitators from Energy Systems Network, and other key partners in major institutions throughout the region.

The IBRC's role was to benchmark the SWCI region's economic and demographic characteristics, analyzing its performance over time and comparing it to peer regions around the nation. Although regional planning is still underway and a report on the full project is not expected until later this year, this article provides a first public look at some findings of the benchmarking analysis, offering insights into a diverse region with both great potential and significant challenges.

The 11 counties comprising SWCI are Brown, Crawford, Daviess, Dubois, Greene, Lawrence, Martin, Monroe, Orange, Owen and Washington counties (though this set may evolve as the planning process develops). This group was selected by combining two formal regions that overlap significantly. The Indiana Department of Workforce Development's Economic Growth Region (EGR) 8 includes eight of the SWCI counties, while the territory served by the economic development organization Radius Indiana also includes eight counties, of which three are not part of EGR 8 and vice versa.

Demographic Dynamics and Contrasts

SWCI is a study in contrasts, as evidenced in **Table 1**. More than a third of its nearly 400,000 residents live in Monroe County, which is more than 13 times as large as the smallest county. From 2000 through 2012, the region's population grew nearly as quickly (averaging 0.56 percent per year) as the state as a whole (0.61 percent), but four counties experienced modest shrinkage over this period. Monroe's growth (1.31 percent), however, outpaced both the state and the region by a wide margin.

Table 1: Population Characteristics, 2012

County	Total Population	Average Annual Percent Change, 2000-2012	Minorities as a Percent of Total Population	Median Age
Brown	15,083	0.07%	3.7%	47.9
Crawford	10,665	-0.06%	3.3%	42.5
Daviess	32,064	0.61%	6.5%	35.1
Dubois	42,071	0.49%	7.9%	40.4
Greene	32,940	-0.05%	2.8%	42.1
Lawrence	46,078	0.03%	3.6%	42.1
Martin	10,260	-0.09%	2.4%	42.1
Monroe	141,019	1.31%	14.4%	28.1
Orange	19,690	0.16%	4.0%	41.2
Owen	21,380	-0.16%	3.2%	43.3
Washington	27,921	0.21%	2.8%	40.1
SWCI Region	399,171	0.56%	6.4%	36.4
Indiana	6,537,334	0.61%	19.0%	37.0

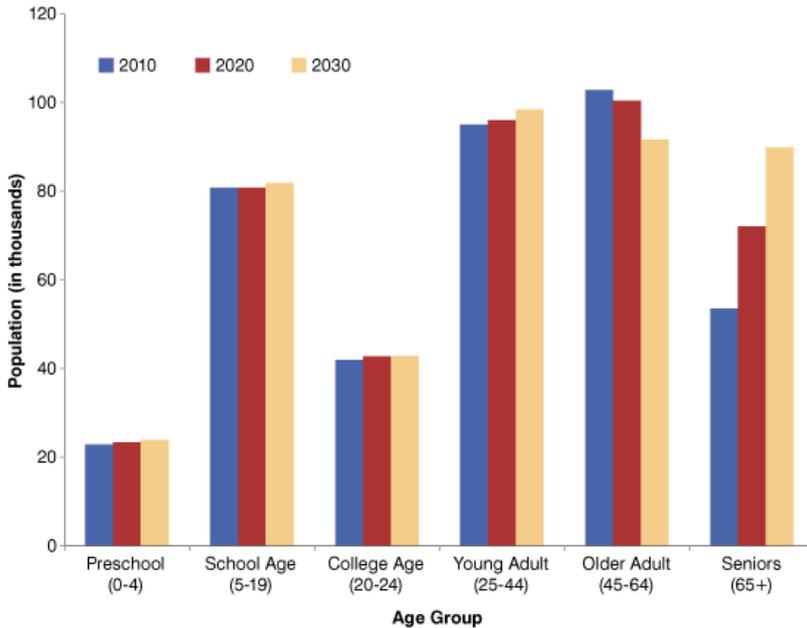
Source: U.S. Census Bureau Population Estimates (Vintage 2012)

SWCI overall is just one-third as diverse as Indiana with respect to minority population (6.4 percent vs. 19.0 percent, respectively), and in most SWCI counties white residents comprise more than 95 percent of the total. Monroe again stands out from the rest of

the region at 14.4 percent minority residents. Not surprisingly, given its large college student population, Monroe County has the youngest median age at 28.1, followed by Daviess at 35.1 years. The remaining counties all have median ages above 40. Thus, the majority of SWCI's nearly 4,500 square miles is occupied by a somewhat older population.

Population and labor force projections offer added perspective on trends in the region. During the 2010-2020 decade, SWCI's population growth is projected to average 0.45 percent annually, falling to 0.32 percent in the 2020-2030 period. **Figure 1** shows a substantial rise in the number of seniors (age 65+) and a corresponding decline in the numbers of older adults (45-64) as the bulk of the baby boom generation moves into traditional retirement age. Growth in the 65+ group will single-handedly drive total population gains in several SWCI counties while only moderating declines in many others.

Figure 1: Population Projections by Age, SWCI Region, 2010 to 2030



Source: Indiana Business Research Center

Table 2 presents projected changes in the size and growth rate of the region's labor force (those working or seeking work) from 2000 through 2030.

Table 2: Labor Force Projections, 2000 to 2030

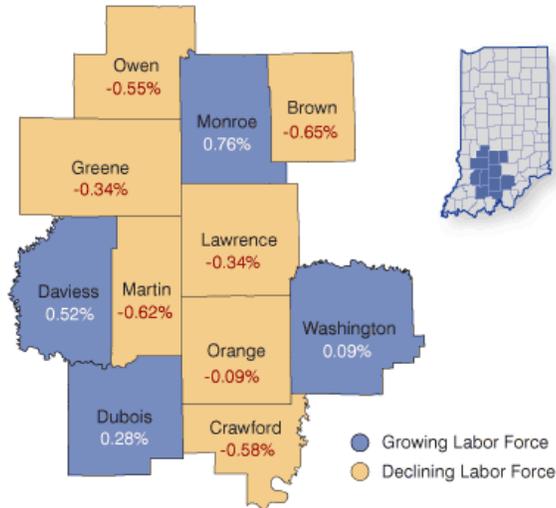
County	Labor Force (thousands)				Average Annual Percent Change		
	2000	2010	2020	2030	2000-2010	2010-2020	2020-2030
Brown	7.7	7.6	7.1	6.4	-0.17%	-0.65%	-1.07%
Crawford	4.9	5.0	4.7	4.3	0.12%	-0.58%	-0.86%
Daviess	13.9	15.2	16.0	16.6	0.87%	0.52%	0.39%
Dubois	21.4	22.0	22.7	21.7	0.27%	0.28%	-0.43%
Greene	16.1	15.7	15.2	14.2	-0.27%	-0.34%	-0.65%
Lawrence	23.0	21.4	20.7	19.2	-0.72%	-0.34%	-0.73%
Martin	5.1	5.0	4.7	4.4	-0.22%	-0.62%	-0.68%
Monroe	64.8	69.4	74.8	78.7	0.69%	0.76%	0.51%
Orange	9.2	9.1	9.1	8.6	-0.11%	-0.09%	-0.51%
Owen	10.9	10.5	9.9	9.0	-0.36%	-0.55%	-0.97%
Washington	13.8	13.6	13.7	13.2	-0.18%	0.09%	-0.33%
SWCI Region	190.9	194.4	198.4	196.4	0.18%	0.21%	-0.10%
SWCI Region without Monroe County	126.1	125.0	123.6	117.6	-0.09%	-0.11%	-0.50%
Indiana	3,120.9	3,253.0	3,370.3	3,362.2	0.42%	0.36%	-0.02%

Source: Indiana Business Research Center

The labor force in SWCI as a whole grew modestly during the last decade—though if one excludes Monroe County, the rest of SWCI’s labor force actually shrank slightly with losses in seven counties. Crawford, Daviess and Dubois join Monroe as counties with growing labor forces during this century’s first decade.

Between 2010 and 2020, the regional labor force is expected to continue its modest growth, with Monroe, Daviess, Dubois and Washington counties experiencing growth (see **Figure 2**).

Figure 2: Projected Average Annual Percent Change in SWCI Labor Force, 2010 to 2020



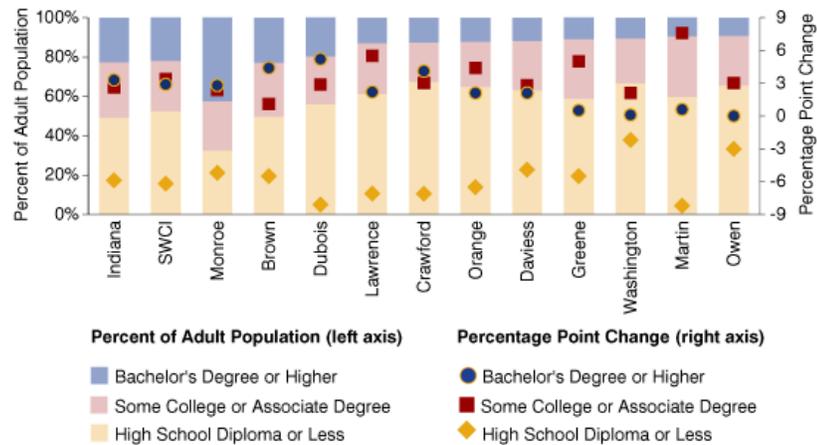
Source: Indiana Business Research Center

In the 2020-2030 decade, all of the counties except Monroe and Daviess are expected to have shrinking labor forces. Addressing the challenge of labor force downsizing will likely be crucial to the region’s economic vitality and the local services that depend on working people spending their paychecks and paying taxes.

Educational Attainment

Critically important to a region’s productivity are the skills and knowledge of its workforce. Although this study did not measure these indicators directly, educational attainment is closely correlated with overall workforce readiness, especially for the higher-income jobs that can propel economic growth. **Figure 3** shows the percentage of each county’s adults (age 25 and older) for each level of educational attainment.

Figure 3: Educational Attainment of the SWCI Region in 2011 and Percentage Point Change since 2000



Note: The adult population includes those age 25 and older.

Source: U.S. Census Bureau, 2000 Census data and 2011 American Community Survey, 5-year estimates

The region as a whole has lower attainment than the state on both college-level attainment measures, and slightly over half of SWCI adults have completed no more than a high-school education. A quarter of the region’s adults have completed some college

or an associate degree, with slightly fewer completing a bachelor's or higher degree.

Attainment varies greatly throughout the region, however. Not surprisingly, Monroe County leads both the region and the state by a wide margin in post-high school education. Among the other counties, in only Brown have more than half of the adults gone beyond high school. The other counties have high-school-or-lower completion levels ranging from 56.2 percent (Dubois) to 67.4 percent (Crawford).

Figure 3 also shows the change in each attainment level from 2000 through 2011. It's encouraging to observe reduction across the board in the share of adults with high-school-or-lower attainment; the region has knocked 6.2 percentage points off this share since 2000. More of the improvement in attainment occurred at the some-college-or-associate-degree level than for bachelor's-and-higher attainment; however, the opposite was true in Monroe, Brown, Crawford and Dubois counties.

Laying the Foundation for Planning

These observations represent just the tip of the iceberg in insights coming from the SWCI initiative. Understanding the nature of this region and how it's changing over time is crucial context for the emerging regional planning effort. Future *InContext* articles will explore additional findings from the study. As planning discussions among regional leaders and stakeholders progress, we hope this background provides useful perspective for setting goals and identifying potential paths to prosperity.

This study and related SWCI work were supported by generous funding from the Lilly Endowment, in collaboration with Energy Systems Network and the Central Indiana Corporate Partnership.

Notes

1. Examples include the **Orthoworx** initiative in northeast Indiana and the **Eco15** initiative in southeast Indiana, both of which leverage regional economic strengths, community engagement and education programs to develop stronger regions.

Annual Commuting Trends

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Indiana tax returns provide us with a valuable source of commuting information through a partnership between state government and the Indiana Business Research Center (IBRC). The annual commuting profiles and maps on **STATS Indiana** are used frequently by the economic development community as they work to attract new businesses.

So how do we get this from a tax form? The Indiana individual tax form asks a question about the county where you lived and the county where you worked (see **Figure 1**). The Indiana Department of Revenue (IDOR) has to ask this for tax reasons, but the IBRC acquires these data in order to create the annual commuting profiles.¹

Figure 1: What the Indiana IT-40 Tax Form Asks

Enter below the 2-digit county code numbers (found on the back of Schedule CT-40) for the county where you lived and worked on January 1, 2013.

County where you lived County where you worked County where spouse lived County where spouse worked

Source: Indiana Department of Revenue

From the responses to that question, we are able to crunch the numbers to obtain the county-to-county work/residence patterns. For example, **Table 1** shows that 7.7 percent of Marion County's workforce lives in Hamilton County.

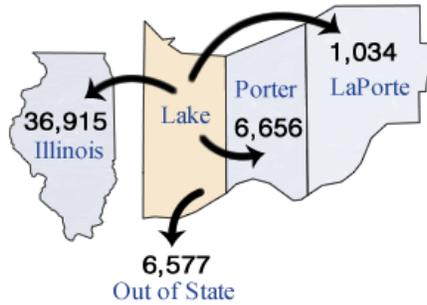
Table 1: Top 10 Counties Sending Workers into Marion County, 2012

County	Number Commuting into Marion County	Percent of Marion County's Workforce
Hamilton County	53,096	7.7
Hendricks County	32,854	4.8
Johnson County	27,231	3.9
Hancock County	15,397	2.2
Morgan County	11,085	1.6
Boone County	10,378	1.5
Madison County	6,057	0.9
Shelby County	4,252	0.6
Out of State	2,497	0.4
Putnam County	2,224	0.3

Source: STATS Indiana Commuting Profiles

One downside to these data is the difficulty in tracking detailed out-of-state flows, which is especially problematic for Indiana's border counties. For example, almost 37,000 Lake County residents commute into Illinois, but this data set does not give us any more detail as to where specifically they are working in the state (see **Figure 2**).

Figure 2: Top 5 Locations Receiving Workers from Lake County, 2012



Source: STATS Indiana Commuting Profiles

However, the upside is currency. At the time of this writing, data for 2012 are available on STATS Indiana, while the most recent year in other commuting-related data sources is 2011 in the Local Employment Dynamics data set² and 2006-2010 averages in the American Community Survey.³

To access these annual profiles, which include high-resolution maps that you can download to include in your own reports and presentations, visit the Commuting Patterns Topic Page at www.stats.indiana.edu/topic/commuting.asp.

Notes

1. The fact that these data are not collected for the sole purpose of tracking commuting does cause some oddities in the resulting data. For example, when filling out the IT-40, retired persons, homemakers and unemployed individuals are instructed to record the county where they live as the county where they work as well. This serves to artificially inflate both the implied resident labor force and the number of people who live and work in the same county.
2. Use the OnTheMap tool to access commuting data from the Local Employment Dynamics data set at <http://lehd.did.census.gov/>.
3. Access Journey to Work data from the U.S. Census Bureau at www.census.gov/hhes/commuting/.