

INCONTEXT

March / April 2004

INDIANA'S WORKFORCE AND ECONOMY

Vol. 5, Issue 2

INSIDE *this issue:*

- **IN THE SPOTLIGHT** 1
Job Losses Since Peak: Revised and Revisited
- **IN LOCAL AREAS** 3
Three Views from Terre Haute's Groundhog Day Economic Forecast
- **IN THE NEWS** 4
Income Shows Slow but Continuing Growth of Indiana Economy
- **IN THE DETAILS** 6
Crawling Out of the Trough: More on Indiana's Personal Income
- **IN THE WORKFORCE** 8
Baby Boomers May Be Eyeing Hometowns
- **IN METRO AREAS** 10
The Bloomington Metro Area
- **IN CLOSING** 12
December's Unemployment Snapshot

Unemployment Rates for January 2004

Indiana
5.6%

U.S.
6.3%

*Not seasonally adjusted

IN the Spotlight:

Job Losses Since Peak: Revised and Revisited

The advent of spring symbolizes many things—basketball championships, potholes, tax filing and buds on the trees. To those of us who analyze data, spring is benchmarking time ... a time to rethink how we characterize the job loss during and beyond the recent recession. Using the latest benchmarked and revised data from the Indiana Department of Workforce Development, Indiana's job losses between its peak employment year of 2000 (3 million jobs) and 2003 has been pegged at 103,200.

During the past two years, Indiana's job losses, when gauged month-to-month, using seasonally or not seasonally adjusted, were 150,000 or more. Within the pages of this publication, it was pegged at 157,000 jobs lost between July of 2000 to late

summer 2003 (see *In the Details* from the September-October 2003 issue). As of March 2004 and based on the latest benchmarked revisions by the Indiana Department of Workforce Development, Indiana lost 103,200 jobs since our peak in 2000 (see Figure 1). This is more than 50,000 less than what was reported using monthly estimates.

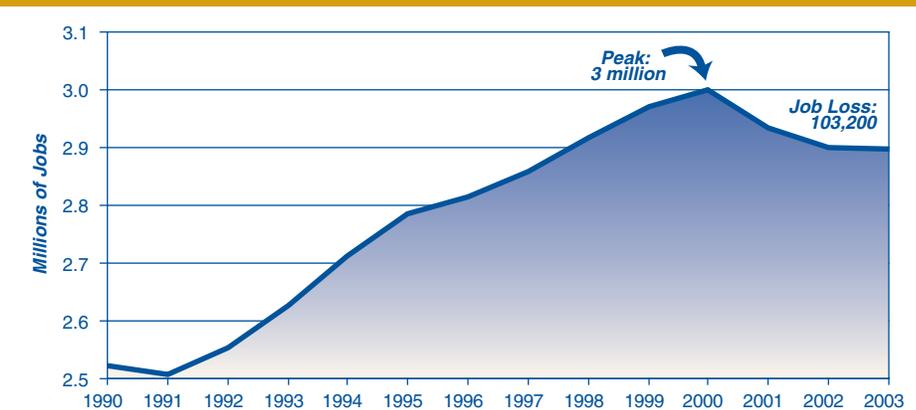
Why Do These Data Change All the Time?

For good, sound reasons. The comings and goings of employees are estimated by use of a monthly survey conducted by the Indiana Department of Workforce Development. This monthly survey of approximately 7,500 payroll establishments in Indiana gives us a month-by-month estimate of payroll

(continued on page 2)

Figure 1: Annual Average of Indiana's Nonfarm Employment, 1990 to 2003

Indiana lost 53,800 fewer jobs than previously estimated



Source: Indiana Department of Workforce Development (revised and benchmarked)

IN the Spotlight

(continued from page 1)

jobs in Indiana and its metropolitan areas. When the current month (there is a six- to eight-week lag) is released, it is marked preliminary. When the next month's data are released, the previous month's data are marked revised because the statistical process accommodates new information from late arrivals of the survey, corrections, etc. The focus of the survey and the processing techniques is on accuracy, which serves us best in the long run.

But this process of continual revisions means that the already published jobs number for a given month can change at least once. But wait, there's more. Note that "at least once." In the interests of accuracy, the current employment statistics are benchmarked against the quarterly payroll census, also collected by the same department. The people who conduct and process the survey, the revisions and the benchmarking are working toward accuracy. Good data

collection and statistical processing takes time—time we aren't always willing to give these people.

Good Things Come to Those Who Are Patient

Now that March 2004 is here, the newly benchmarked estimates for 2003 and previous years' annual averages are ready for those of us who want to know how many jobs Indiana really lost over the past three years. But more importantly, we have more solid estimates from which we can learn which sectors and subsectors were winners or losers over the past two, five or 10 years (see Figure 2). After all, the idea is to use these data to help inform decisions on the economic well-being and the future of our state and communities. Don't we want the best data we can get?

The majority of states lost jobs between 2000 and 2003 (see Figure 3). But 15 states actually gained jobs and

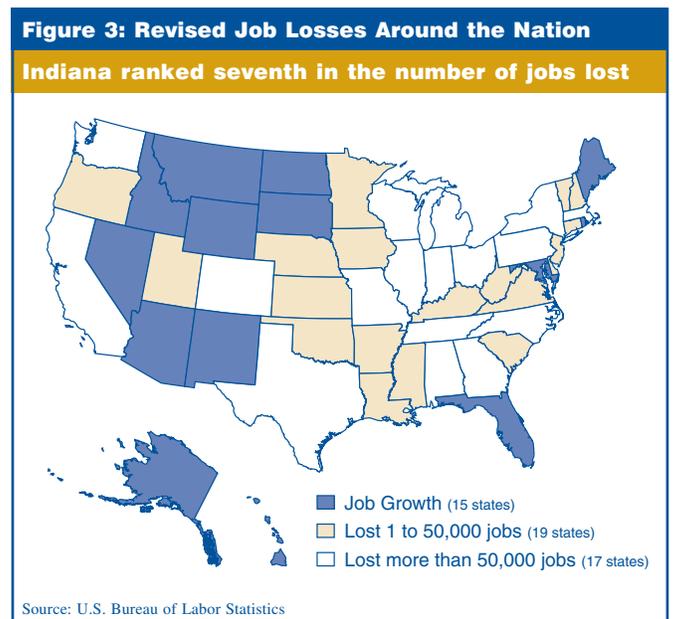
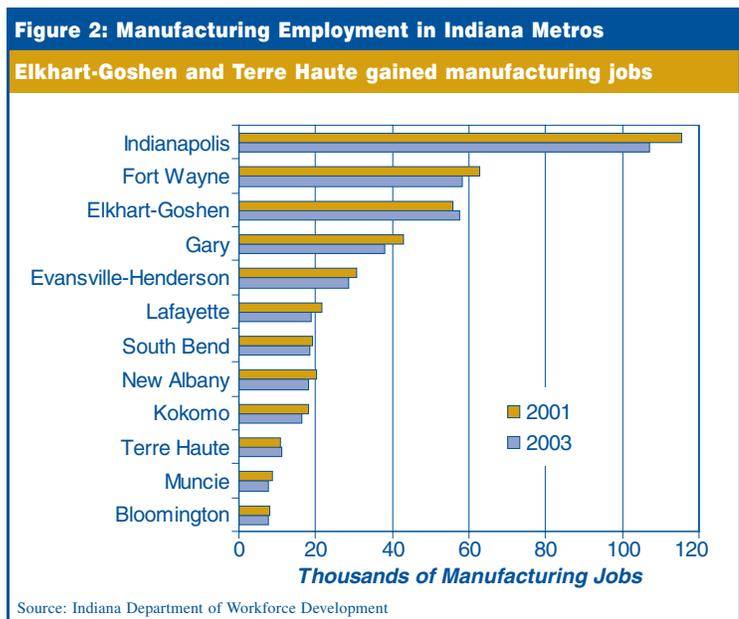
Vermont essentially showed no change in jobs over that time. Remember a year or two ago Indiana was touted as having been the number one job losing state in America. As shown in Table 1, Indiana is not even in the top five when looking at the benchmarked data, although it is part of the Big 10 in more ways than one.

—Carol O. Rogers, Associate Director, Indiana Business Research Center, Kelley School of Business, Indiana University

Table 1: Job Loss from 2000 to 2003

State	Change	% Change
Michigan	-262,100	-5.6
Ohio	-233,600	-4.2
New York	-231,700	-2.7
Illinois	-227,200	-3.8
Massachusetts	-136,900	-4.1
North Carolina	-130,600	-3.3
Indiana	-103,200	-3.4
Georgia	-89,500	-2.3
Pennsylvania	-89,100	-1.6
California	-78,000	-0.5

Based on calculations of the annual averaging of the Current Employment Statistics survey; U.S. Bureau of Labor Statistics



Three Views from Terre Haute's Groundhog Day Economic Forecast

The Economist's Perspective

The national recovery has not yet reached Terre Haute. Indiana State University's (ISU) Dr. Robert Guell, an associate professor of economics, offered a rather glum picture for Terre Haute, citing a Manpower Inc. survey of employer intentions indicating that only 3 percent of local employers were planning to hire in the first quarter of 2004. Meanwhile, 33 percent were likely to scale back on workers.

At the Greater Terre Haute Chamber of Commerce's 2004 Groundhog Day Economic Forecast on February 2, Guell discussed the commonly held view of Terre Haute as a rundown, union-controlled city—known more for sin and odor than economic prosperity. The city must face these issues head-on and not resort to a quick fix mentality. Noting ISU's movement into downtown, the eventual construction of a new Federal Building and the likely raising of the Terre Haute House mean

that the downtown area is turning the corner. Citing work stoppage data, he suggested that Terre Haute is one of the least union-controlled cities in Indiana. Beyond changing perceptions, real economic growth could only occur if the city were willing to step up and make opportunities out of its obstacles. Since the EPA will require significant work to the city's aging wastewater treatment facility anyway, he suggested that Terre Haute invest in a quality scalable system in a new location away from the heavily commercial I-70/US-41 interchange. Such a system would likely bring water-dependent manufacturers and food processors to the city.

The Business Perspective

Luiz Migliora, CEO of CSN, LLC, suggested the U.S. steel industry was in poor shape and that a primary industry in steel was vital to secondary and tertiary steel-using manufacturers. CSN, a Brazilian steel company that purchased Terre Haute's Heartland

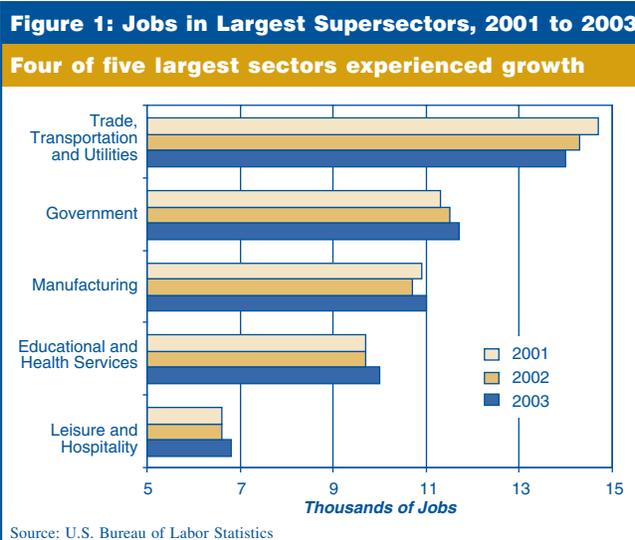
Steel in 2001, purchases raw scrap steel and ships more finished products to manufacturers who use it in their end-use products. Migliora suggested that the loss of the primary steel industry—to China in particular—could eventually mean a loss of jobs in secondary facilities such as CSN's Terre Haute plant and eventually threaten jobs in steel-using manufacturing plants. Whirlpool's decision to locate a manufacturing facility in China was cited as an example of what will eventually happen if the primary steel industry in the U.S. is not revitalized.

The State's Perspective

Lt. Gov. Kathy Davis outlined the steps the governor has taken to prepare Indiana for economic growth. Davis argued that the state's troubles are tied directly to the overall U.S. economy and that Indiana, in particular, is ready for the new jobs that a recovery will bring because of the work invested in job training and education. She added that a piece of the economic growth puzzle is changing to Central Daylight Time. Davis relayed a conversation she had with the CEO of an Indiana-based trucking company who described the excess costs and frustrations associated with Indiana's refusal to observe daylight-saving time. It costs his trucking firm more than \$200,000 a year to reprint schedules and make routing adjustments when surrounding states change their time zone and Indiana does not.

—Reported by Robert Guell, Associate Professor of Economics, Indiana State University

Editor's Note:
The Terre Haute metro area has shown a net gain of 400 jobs since 2001, reversing its decline from the previous year. More information on Terre Haute's economy and demographics is available online at STATS Indiana.



Income Shows Slow but Continuing Growth of Indiana Economy

Personal income in Indiana grew by 3.5 percent from the third quarter of 2002 to the same quarter in 2003, compared to a national increase of 3.6 percent. These data, recently released by the U.S. Bureau of Economic Analysis, suggest a stronger picture of economic advancement in Indiana than will be found on closer inspection.

Indiana did well from a regional point of view. Our 3.5 percent increase compared most favorably with the 2.8 percent growth of the Great Lakes region, which was the second poorest performing of eight regions in the nation (see Figure 1). The Plains states had the best performance (4.5 percent) largely due to dramatically increased farm earnings from abnormally low levels a year ago in states that are highly dependent on agriculture.

Among our neighbors, we were in the middle of the pack (see Figure 2). Indiana did better than Ohio, Illinois and Michigan, but those three states

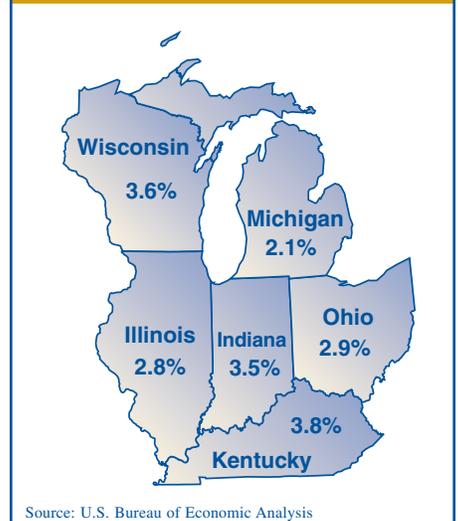
were ranked 44th, 46th and 49th, respectively, in the nation. Kentucky, the best of our neighbors, ranked 27th in the United States, while Wisconsin ranked 32nd and Indiana was 36th in personal income growth.

Components of Income

To assess Indiana's progress, it is necessary to look at the components of personal income. First, let's examine farm earnings in Figure 3. Since our comparison is from the third quarter of 2002 to the same quarter in 2003, the jump in Indiana farm earnings was most dramatic (1,186 percent). Farm earnings nationwide have recovered to their 2001 levels from a very depressed 2002 experience. With this sudden increase, the growth in farm earnings accounted for 10.8 percent of Indiana's personal income increase compared to 7.4 percent nationally. But farm earnings, at their revived levels, still equal only 0.4 percent of the state's personal income.

Figure 2: Personal Income Growth

Indiana = 3.5% for 2002:3 to 2003:3



Another area where Indiana's growth exceeded that of the nation was unemployment compensation. In Indiana, this form of public assistance grew by 34.4 percent, compared to a national increase of 3.6 percent. Although the dollars count and help sustain our people, such growth is not evidence of an economic advance, but rather reflects the hard times being endured by Hoosiers.

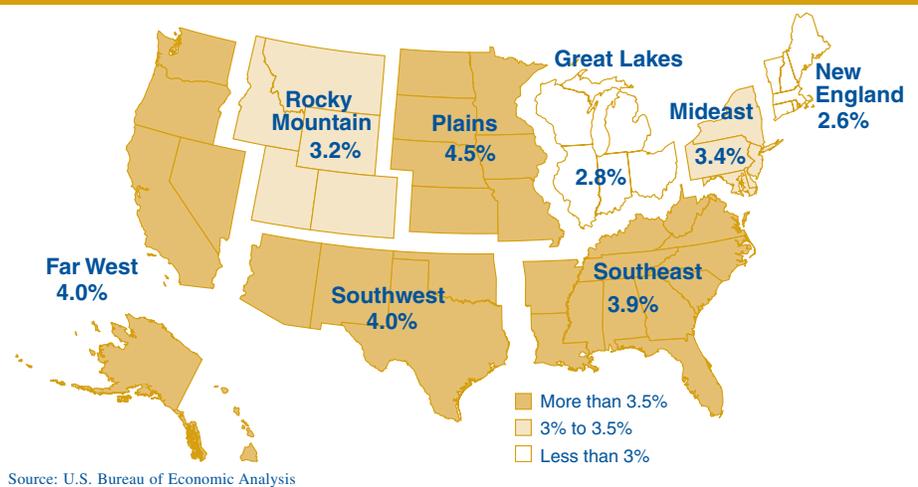
Indiana was adversely affected in the past year by the growth (or rather, the lack thereof) of increased military spending. Nationally, military personnel payments increased by 6.4 percent; in Indiana the increase was a mere 0.9 percent. This is not surprising since we have so few military installations in this state.

The Fate of Private Sector Earnings

The best way to look at the growth of personal income is to examine what has been happening to private sector earnings, the wages and salaries of

Figure 1: Percent Change in Personal Income, 2002:3 to 2003:3

The Great Lakes region was the second poorest performing region



workers plus the income of business proprietors. Table 1 shows the percent changes over the past year in Indiana and the United States.

Table 1 is arranged by the growth rate of business sectors in the country. Overall, U.S. earnings in the nonfarm private sector grew by 3.2 percent, while Indiana trailed at 1.9 percent. In the top four growing sectors, Indiana trailed the nation. In six of the bottom eight sectors, we outperformed the United States. At the extremes, Indiana outperformed the nation by 3.2 percentage points in construction and trailed the country by 5 percentage points in finance and insurance.

In sum, although it would appear that Indiana was just a bit behind the nation in growth of personal income from 2002:3 to 2003:3, in private nonfarm earnings—where it counts most—our advances were weak.

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

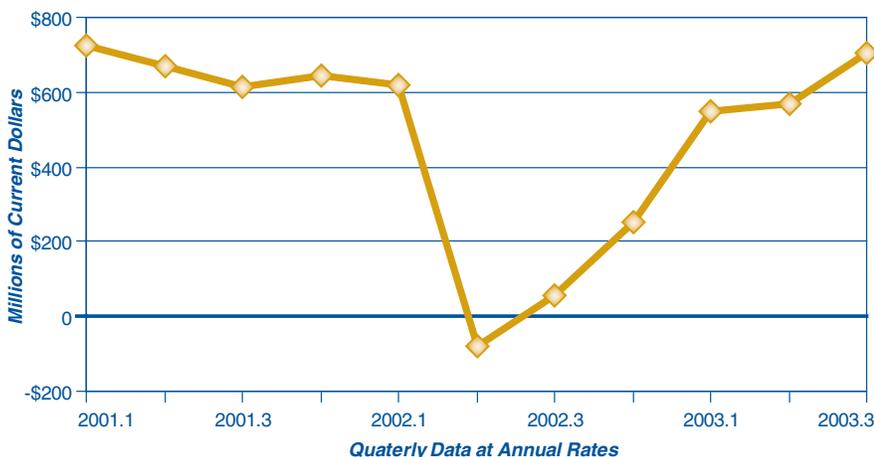
Table 1: Percent Change in Earnings, 2002:3 to 2003:3

Sector	U.S.	Indiana	Difference
<i>Private Nonfarm Earnings</i>	3.2%	1.9%	-1.3
Educational Services	11.1%	9.6%	-1.5
Real Estate and Rental and Leasing	10.7%	9.8%	-0.8
Finance and Insurance	8.0%	3.0%	-5.0
Health Care and Social Assistance	6.7%	6.0%	-0.7
Mining	5.9%	6.3%	0.4
Construction	3.3%	6.5%	3.2
Arts, Entertainment and Recreation	3.2%	5.8%	2.6
Professional, Scientific and Technical Services	3.1%	3.4%	0.3
Wholesale Trade	2.9%	-0.5%	-3.4
Accommodation and Food Services	2.8%	1.8%	-0.9
Retail Trade	2.7%	1.3%	-1.4
Administrative and Support and Waste Mgt.	2.4%	0.2%	-2.2
Other Services (except Public Administration)	1.9%	2.1%	0.3
Utilities	1.8%	2.4%	0.6
Management of Companies and Enterprises	1.4%	3.8%	2.4
Agriculture, Forestry, Fishing and Hunting	1.0%	1.6%	0.7
Information	0.6%	0.8%	0.3
Transportation and Warehousing	0.3%	0.0%	-0.3
Manufacturing—Nondurable Goods	0.1%	2.3%	2.3
Manufacturing—Durable Goods	-1.5%	-2.5%	-1.0

Source: U.S. Bureau of Economic Analysis

Figure 3: Indiana Farm Earnings, 2001 to 2003

Farm earnings have recovered to their 2001 levels



Source: U.S. Bureau of Economic Analysis

Farm earnings grew 1,186 percent since third quarter 2002, but private nonfarm earnings increased just 1.9 percent.

Crawling Out of the Trough: More on Indiana's Personal Income

Indiana's seasonally adjusted personal income increased from \$178.7 billion for the second quarter of 2003 to \$180.8 billion for the third quarter of 2003, yielding a quarterly growth rate of 1.2 percent. This is according to preliminary estimates from the U.S. Bureau of Economic Analysis. Barely greater than the U.S. rate of 1.1 percent over the same period, Indiana's growth ranks 27th among the 50 states. With the estimate for the United States at more than \$9.2 trillion, Indiana's share of U.S. personal income is about 2 percent—a figure that has remained very stable since the early 1980s.

What is personal income? For those readers who are unacquainted with this jargon, it may not be what you think. It is more than just earnings from your source of employment. It consists of wages, salaries, employer paid benefits and proprietors' income; plus dividends,

interest and rent; plus transfer payments (such as social security, welfare, disability and unemployment compensation) for which no services are rendered.

Quarterly Growth

Quarter-to-quarter growth rates since the first quarter of 1990 for Indiana, the Great Lakes region (Illinois, Indiana, Michigan, Ohio and Wisconsin) and the United States tell an interesting story (see Figure 1). Notice the boom, and then decline, in growth preceding the most recent recession (which began in March 2001, according to the National Bureau of Economic Research). Our efforts to claw our way upward since November 2001 (the end of the eight-month recession) resulted in some initial growth spurts, followed by relatively slow growth. This recovery pattern is quite unresponsive compared to that observed following the 1990–91

recession (which also lasted eight months). It seems we've faltered a bit while trying to climb out of the trough, but it also looks like we've recently achieved a slightly ascending trajectory.

The pattern of quarter-to-quarter growth rates can be a little bit herky-jerky, even when analyzing seasonally adjusted data as was done here. However, if we instead look at growth from the same quarter of the previous year, things smooth out a bit, providing a nicer image of the trends (see Figure 2). The verdict on recent progress is still the same, however. The phrase "I've fallen and I can't get up!" comes to mind. Growth has increased, but at a crawl.

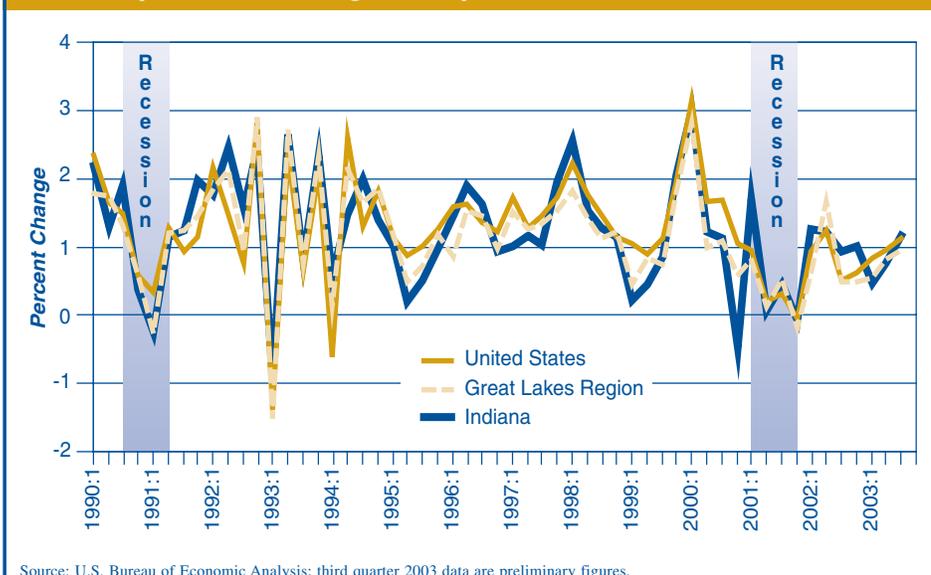
Components of Personal Income

To better understand the trends since the beginning of the 2001 recession, we will look at the proportions of a few select components of personal income for Indiana and the nation (see Table 1). Notice that the proportion of personal income attributed to transfer payments has consistently increased throughout the period under consideration, and Indiana's percentage is continually a bit higher than that of the United States. From the first quarter of 2001 to the third quarter of 2003, the proportion of transfer payments for the nation increased from 13.1 percent to 15.2 percent, while that for Indiana increased from 13.7 percent to 15.8 percent.

One component of nonfarm earnings of particular interest to Hoosiers is the manufacturing sector. Indiana's percentage reliably remains more than 8 percentage points higher than that

Figure 1: Personal Income Growth from Previous Quarter, 1990 to 2003

Indiana's personal income grew 1.2 percent between 2003:2 and 2003:3



Source: U.S. Bureau of Economic Analysis; third quarter 2003 data are preliminary figures.

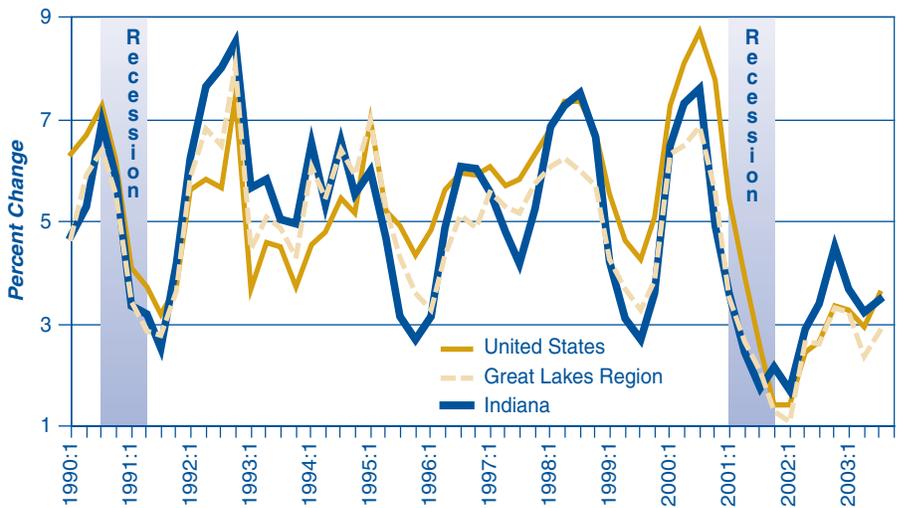
of the United States, and the ongoing decline of the manufacturing sector is reflected in the data. From the first quarter of 2001 to the third quarter of 2003, the U.S. manufacturing component decreased from 9.8 percent to 8.6 percent, while the Hoosier state suffered a decrease from 18 percent to 16.8 percent. (Additional details on the various components of personal income can be found in the article on page 4.)

However, perhaps the scenario for manufacturing income in Indiana is not as grave as it seems. The dollar figure for the manufacturing component nationwide has decreased from \$848 billion to \$791 billion, whereas for Indiana, it has remained right around \$30 billion throughout the period. It's all relative.

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

Figure 2: Personal Income Growth from Same Quarter of Previous Year

Since the 2001 recession, growth has increased—but slowly



Source: U.S. Bureau of Economic Analysis; third quarter 2003 data are preliminary figures.

**Since the beginning of the 2001 recession,
Indiana's manufacturing component
decreased from 18 percent to 16.8 percent.**

Table 1: Select Components—Share of Personal Income, 2001 to 2003

	Income Type	2001.1	2001.2	2001.3	2001.4	2002.1	2002.2	2002.3	2002.4	2003.1	2003.2	2003.3*
United States	Nonfarm personal income	99.5%	99.5%	99.5%	99.5%	99.5%	99.7%	99.6%	99.6%	99.4%	99.4%	99.4%
	Transfer payments	13.1%	13.4%	13.6%	13.9%	14.3%	14.4%	14.6%	14.7%	14.8%	15.0%	15.2%
	State unemployment insurance benefits	0.3%	0.3%	0.4%	0.5%	0.6%	0.8%	0.8%	0.7%	0.7%	0.7%	0.8%
	Nonfarm earnings	71.7%	71.6%	71.4%	71.2%	70.9%	70.8%	70.8%	70.8%	70.7%	70.7%	70.6%
	Manufacturing	9.8%	9.6%	9.5%	9.4%	9.1%	9.1%	9.0%	8.8%	8.8%	8.6%	8.6%
Indiana	Nonfarm personal income	99.6%	99.6%	99.6%	99.6%	99.6%	100.0%	100.0%	99.9%	99.7%	99.7%	99.6%
	Transfer payments	13.7%	13.9%	14.1%	14.3%	14.7%	14.9%	14.9%	15.0%	15.2%	15.6%	15.8%
	State unemployment insurance benefits	0.3%	0.3%	0.4%	0.4%	0.5%	0.7%	0.6%	0.6%	0.5%	0.7%	0.7%
	Nonfarm earnings	69.4%	69.4%	69.4%	69.2%	68.7%	68.9%	69.0%	68.9%	68.6%	68.3%	68.2%
	Manufacturing	18.0%	18.0%	17.8%	17.6%	17.3%	17.6%	17.6%	17.4%	17.1%	17.0%	16.8%

*Third quarter 2003 data are preliminary figures.
Source: U.S. Bureau of Economic Analysis

Baby Boomers May Be Eyeing Hometowns

There is a topic commanding more and more attention among community leaders these days.

As elected officials, businessmen, social service providers, educators and others discuss their problems and opportunities, hardly a conversation ends without the mention of brain drain.

Though no one has adopted a formal definition for brain drain, it can be described as the continual out-migration of a geographic area's best and brightest students. It is most prevalent among smaller and rural communities, but also occurs in inner-city urban areas and across entire countries.

The worst part about the domestic brain drain is that generally no significant counteractive brain gain occurs as new residents move into smaller and

rural communities. Despite the fact that high schools are sending increasingly high numbers of students to post-secondary education, it is difficult, if not impossible, to raise the average educational level of small town America. As a result, there is less brain power available to advance businesses, solve local problems and mentor younger generations.

Economic and community development pundits have rightfully pointed to the lack of appropriate employment and wages as the culprit. Their opinions can be backed up by

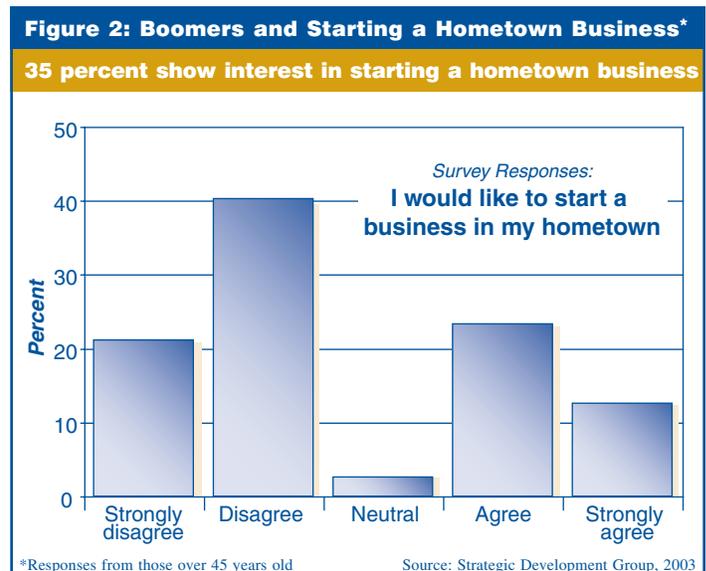
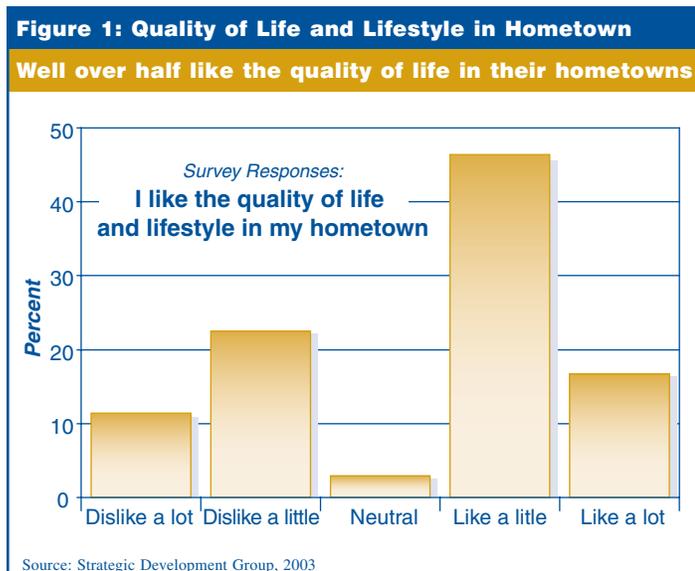
a look at employment patterns and salaries for workers in the affected communities.

Research by the Strategic Development Group (SDG) indicates that the younger generation has concluded that it would be difficult to find an appropriate job at a reasonable rate of pay in the hometown. So community leaders have determined that by creating better jobs and raising wages, the brain drain might be slowed—maybe even reversed. Unfortunately, it may be quite the challenge to put reins on young, intelligent and ambitious people who want to not only see the world, but make their mark on it.

SDG's research into the matter suggests there may be a more practical alternative.

Responses to the U.S. National Brain Drain Survey indicate

In a society where many migrate to the coast, the mountains or to warmer southern states, 58 percent of respondents like the geographic location, climate and physical features of their hometowns.



that the values of younger people, especially those 25 years and younger, contribute to a natural tendency to want to leave the nest and experience new places and new people.

However, maintaining close ties with family and friends, as well as having an affinity for familiar places, are also valuable and seem to remain important as people get older. Amazingly, over half of the respondents indicate that they like the quality of life, lifestyle, geographic location, climate and physical features of their hometowns (see Figure 1).

Some of the survey results are surprising and indicate a sincere appreciation for hometown and small town values. In a society where many people tend to migrate to the coast, the mountains or to warmer southern states, we still have 58 percent of our respondents who like the geographic location, climate and physical features of their hometowns. Nearly 50 percent agreed that adequate recreational and social opportunities exist.

So why would anyone ever want to leave? As a practical matter, most towns would get pretty crowded if no one ever left, and the conversations, relationships and viewpoints might get pretty dull. But SDG's data have identified a promising light at the end of the dark brain drain tunnel.

Respondents over 45 years old with college educations are looking favorably at their hometowns as relocation options. The data show numerous qualities of America's hometowns that make them a viable relocation option for baby boomers.

The U.S. National Brain Drain Survey

The Strategic Development Group (SDG) in Bloomington launched the U.S. National Brain Drain Survey in June 2003 to serve as a national resource for communities dealing with the out-migration of talented and educated residents from small town America.

The survey is accessible on the Internet through SDG's website (www.sdg.us). It asks a variety of demographic questions, as well as questions relating to working and living in the respondent's hometown. More than 95 percent of the responses through the end of 2003 have been from nonmetropolitan zip codes.

SDG's Internet-based survey attracted its intended audience. According to officials at the firm, more than 78 percent of the adult respondents have completed college and over 40 percent have advanced degrees. All of the adult respondents so far have completed high school and slightly over 20 percent are military veterans.

SDG officials are quick to point out the opportunities for communities wishing to benefit from its database. For starters, each community has a large regional area as its "brain recruitment" market. Responses to the survey include hometown zip code and the firm can identify all those in their database who live within any given radius of any given community.

Prospects can be selected by educational level, military status, age or ethnicity. SDG can also send an email message directly to each respondent with an invitation to contact their hometown representative for relocation or business development information.

It also shows that as many as 35 percent of individuals in this age group would like to start a business in their hometowns (see Figure 2).

Returning baby boomers represent a significant cultural and economic resource for small towns. Technology savvy respondents see opportunities for continued education, staying close

to family and friends and holding leadership positions among the benefits their hometowns can provide. Some even see opportunities to grow and advance their careers.

—Mark Keillor, Senior Project Manager,
Strategic Development Group

The Bloomington Metro Area

The Area

The Bloomington Metropolitan Statistical Area (metro) is comprised of three south-central Indiana counties: Monroe, Owen and Greene. Aside from Bloomington itself, cities and towns in the metro include Linton, Ellettsville, Spencer and Bloomfield.

The Bloomington metro has nearly 177,000 residents, ranking it ninth among the 16 metro areas within the state, according to 2002 population estimates. Over 68 percent of the population live in Monroe County, with Greene and Owen counties accounting for 18.7 percent and 12.7 percent of the population, respectively.

While Monroe County has over five times the population of Owen County, the latter has outpaced Monroe County's growth in both numeric and percentage terms since Census 2000

(see Figure 1). Coming off of a 26.1 percent growth rate during the 1990s, which ranked fourth in the state and was significantly higher than Monroe's 10.6 percent, Owen County grew an additional 3.5 percent (755 people) between 2000 and 2002. Compare this to the 0.6 percent growth (666 residents) in Monroe County and the 1.3 percent increase in the state overall. Greene County's population, on the other hand, has declined by a total of two people in the two years since 2000.

Projections from the Indiana Business Research Center have the Bloomington metro's population topping 200,000 by 2020. Each of the six major age groups is expected to grow during this time, with the 45 to 64 age group increasing 31.2 percent and the 65 and older cohort increasing by 52 percent—rates that are higher than the state average.

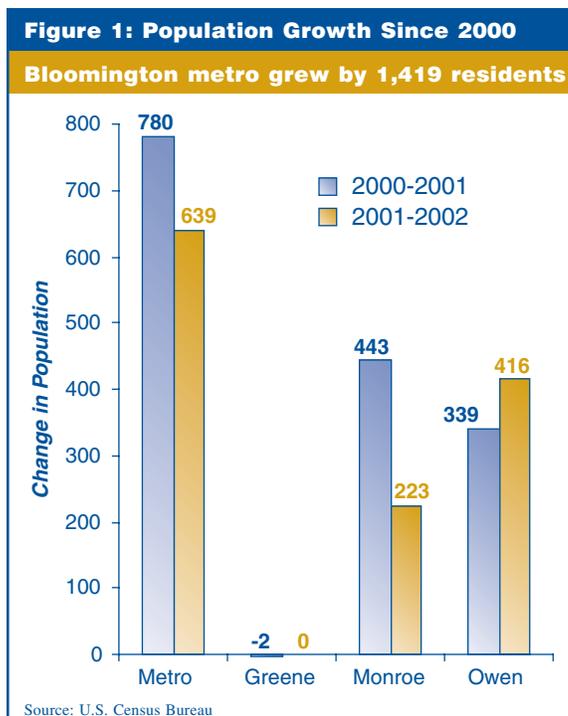
lost 252 manufacturing jobs, declining by nearly 43 percent. Monroe County lost over 500 manufacturing jobs, a 6.3 percent decline. Manufacturing employment in Owen County, on the other hand, grew by 36 jobs, or 2.5 percent.

In December 2003, Winalta USA, a modular home manufacturer in Linton, closed, adding to Greene County's woes with the loss of 80 more jobs. In Monroe County, Otis Elevator will cease all production at the end of 2004, keeping a staff of 200 as technical advisers, but leaving 165 others unemployed.

The life sciences industry has helped offset manufacturing losses in other areas of production, however. The Cook Group has its world headquarters in Bloomington, and its production of minimally invasive medical devices has a key impact on the local economy. Cook has several additional companies in the metro area, including Sabin Corp. in Bloomington and Cook Urological in Spencer. Baxter Healthcare in Bloomington and Boston Scientific in Spencer both play major roles in the metro's life sciences industry as well. All in all, the Indiana Health Industry Forum has identified 14 life sciences-related companies in the area, making it one of the most health industry oriented economies in the southern half of the state.

Commuting Patterns

Of the nearly 103,000 people in the Bloomington metro area labor force, 89.3 percent worked within the metro area in 2002 (see Figure 2). About 5 percent commuted to the Indianapolis metro, with 2,305 Monroe County



Industrial Mix and Jobs

With Indiana University as a mainstay in the Bloomington economy, it is not surprising that 19.2 percent of the employment in the region was in educational services for the second quarter of 2003. Manufacturing employment followed at 13.4 percent, or about 9,500 jobs.

Between the second quarters of 2001 and 2003, the metro area lost 732 manufacturing jobs, a decline of 7.1 percent—a smaller decline than the state's 8.1 percent. At the county level, Greene County

Figure 2: Commuting in the Bloomington Metro, 2002

89.3% of the metro labor force works within the metro

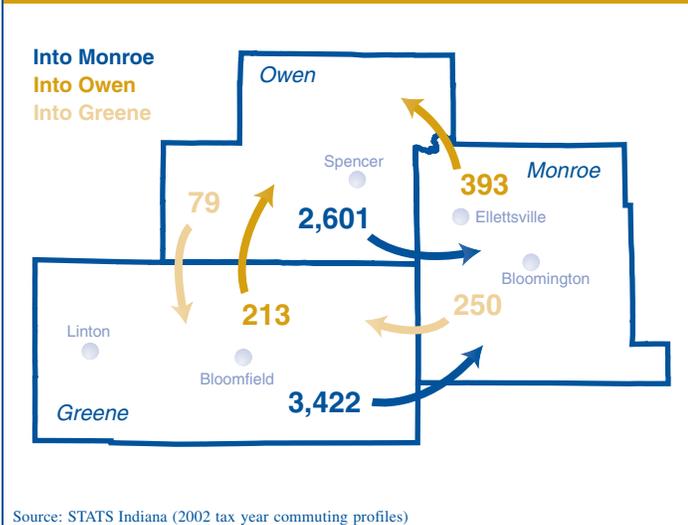
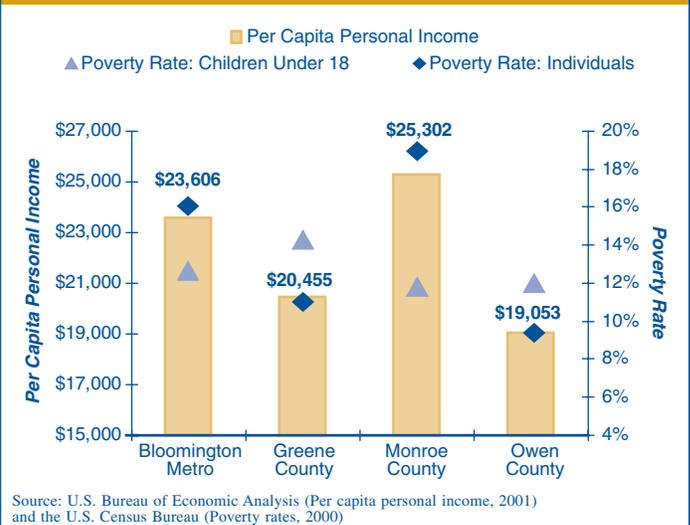


Figure 3: Income and Poverty in the Bloomington Metro

Per capita personal income varies widely by county



residents and 2,828 Owen County residents going to Indianapolis.

While the dominant portion of the Greene County labor force finds employment in Monroe County (16.2 percent), more employees at the Naval Surface Warfare Center Crane Division (NSWC Crane) are from Greene County than anywhere else. According to a report released by the Southern Indiana Business Alliance in 2003, the Martin County base employed 929 Greene County residents. When looking at both the direct and indirect jobs stemming from NSWC Crane, the result is employment for nearly 13 percent of Greene County’s labor force. Crane also accounted for \$52.7 million in wages, or 20.5 percent of Greene County totals, according to the study.

Income and Wages

Per capita personal income (PCPI) for the Bloomington metro was \$23,606 for 2001, over \$3,900 below the state

average. Monroe County came in at \$25,302, while Owen County was a mere \$19,053—ranking it 89th among the 92 counties. Along with PCPI, Figure 3 shows the Census 2000 poverty rates for the area. Monroe County’s abnormally high poverty rate among individuals ranked first in the state. However, this misleading statistic can mostly be attributed to the mass of Indiana University students who earn very little income during their tenure at the university.

College students also impact housing markets. While Monroe County’s PCPI was 8.8 percent lower than the state, median rent was 7.5 percent higher in 2000. At \$560 a month, this was the 10th highest in the state. In contrast, Greene County ranked 87th out of the 92 counties at \$375, while Owen County landed closer to the middle at \$455 per month.

One must also take into consideration the difference in property values: the

total assessed property values per capita were \$5,820 for Greene County and \$5,581 for Owen County. This ranked them 90th and 92nd, respectively, among Indiana’s 92 counties. Monroe County did significantly better with a total assessed property value per capita of \$8,189; however, even that was \$1,558 less than the state.

Wages for the second quarter of 2003 in the Bloomington metro were also lower than Indiana’s averages, except for a handful of industries. To illustrate the spectrum, those in finance and insurance earned \$203 less per week than those in other parts of the state, while individuals employed in the management of companies and enterprises within the Bloomington metro earned a whopping \$936 above the Indiana average each week.

—Rachel Justis, *IN Context* Managing Editor; Indiana Business Research Center, Kelley School of Business, Indiana University

Published six times per year by a partnership of:

Indiana Business Research Center

Kelley School of Business
Indiana University

Director: Jerry Conover

Editor: Carol O. Rogers

Managing Editor: Rachel Justis

Circulation: Nikki Livingston

Bloomington Campus
1275 E. Tenth Street, Suite 3110
Bloomington, IN 47405

IUPUI Campus
777 Indiana Avenue, Suite 210
Indianapolis, IN 46202

Web: www.ibrc.indiana.edu
E-mail: context@indiana.edu

INDIANA UNIVERSITY

KELLEY
School of Business

Indiana Department of Commerce

Executive Director: Tim Monger

Research Director: Dennis Paramore

One North Capitol
Suite 700
Indianapolis, IN 46204

Web: www.indianacommerce.com



December's Unemployment Snapshot

With 158,311 residents seeking work, Indiana ranked 13th in the nation for its over-the-month (OTM) percentage change in unemployment (3.9 percent), and fourth in absolute change (5,930). According to these nonseasonally adjusted figures, only Ohio, Wisconsin and Minnesota had higher OTM absolute gains in unemployment. When looking at Indiana's 2003 annual average, however, with a 5.1 percent unemployment rate, it is still well below the nation's 6 percent—the highest percentage point spread since 1999.

Commerce Region 11 had the lowest unemployment rate among the regions for December, with an IBRC-calculated unemployment rate of 3.7 percent, and Commerce Region 4 had the highest (6.3 percent). Commerce Region 1, also known as the Gary Metropolitan Division, had the greatest OTM absolute increase in the number of people seeking work (1,575). Unfortunately, Gary may not have seen the last of high unemployment. According to an article in the *Times* of Northwest Indiana, Indiana University Northwest economics professor Don Coffin expects the region to lose up to 1,200 jobs in 2004, with unemployment rising to 7 percent.

—Amber Dodez-Kostelac, Data Manager, Indiana Business Research Center, Kelley School of Business, Indiana University

For the latest information and news, these are must-bookmark websites:

IN Context Online

www.incontext.indiana.edu

STATS Indiana

www.stats.indiana.edu

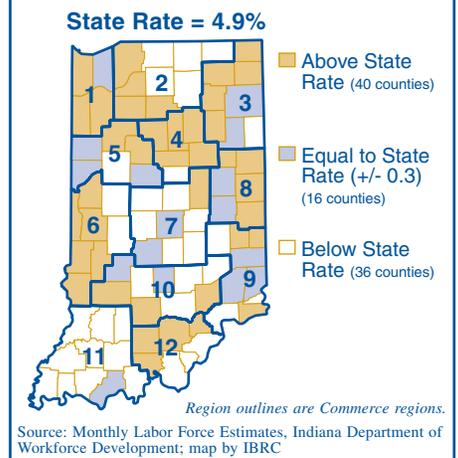
Indiana Economic Digest

www.indianaeconomicdigest.net



Figure 1: December Unemployment

Indiana's rate was 4.9 percent



Indiana Business Research Center
Kelley School of Business
Indiana University, IUPUI Campus
777 Indiana Avenue, Suite 210
Indianapolis, IN 46202

Nonprofit
Organization
U.S. Postage
PAID
Permit No. 4245
Indianapolis, Indiana