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Unemployment for January 2005

Indiana
6.1%

U.S.
5.7%

*Not seasonally adjusted

IN the Spotlight:

Job Dynamics: Creation, Loss and Wages

More than 150,000 jobs were created in Indiana during the last quarter of 2003.

The quarterly average of new jobs for the year was 149,562 (see **Figure 1**). There were also 465,764 new hires, for jobs that already existed but were unfilled, and 621,802 separations. In 2003, the average quarterly turnover rate for Indiana was 10 percent of total jobs, while 5.4 percent of all jobs were created by new or expanding businesses and had not existed in previous quarters (see **Table 1**).

This new information can help us understand the dynamics of job creation, as well as the job loss in

our economy and within industrial sectors. Among the industries with the highest levels of job creation were transportation equipment, administrative and support services, hospitals, and food services (see **Table 2**).

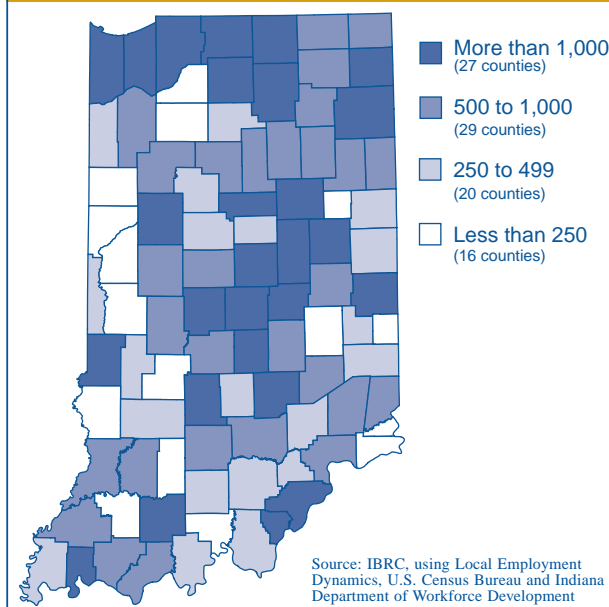
More than half of all new jobs were created by just 10 counties (see **Table 3**). Of the average quarterly creation of 149,562 jobs in Indiana, these 10 counties created 87,738. When job creation is calculated as a percent of all jobs in these counties, all 10 either matched or exceeded the state's 5 percent rate. Tippecanoe County, in particular, experienced the highest rate of job creation at 10 percent.

Table 4 provides an overview of manufacturing data, while **Figure 2** on the back cover highlights total average wages and how the wages of new hires compare in counties across the state.

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

Figure 1: New Job Creation, 2003

Marion led in numbers; Tippecanoe led in percentage



(continued on page 2)

IN the Spotlight*(continued from page 1)***Local Employment Dynamics**

The Census Bureau has created a new methodology for ferreting out job creation, turnover rates, new hire wages and other information from administrative records maintained by various federal and state agencies. The new data set is called longitudinal employer-household dynamics. The general name for the program that publishes these data is the Local Employment Dynamics

program, and it is available on the Web at <http://lehd.dsd.census.gov/led/>.

The program began in 2001 with an invitation to all states to participate in this groundbreaking venture. Indiana accepted this invitation in 2004 and the first Indiana data became available in February 2005. Based on newly released data from the U.S. Census

Bureau, in partnership with the Indiana Department of Workforce Development, Indiana's job dynamics can now be seen not only in terms of the net (which has simply been measured by the change in the total number of jobs from one period of time to another) but in terms of actual new positions, new hires, separations and the resulting turnover rate.

Table 1: Indiana's Job Dynamics

| Indicator | 2003:4 | 2003 Average |
|------------------------|-----------|--------------|
| Total Employment | 2,820,643 | 2,779,562 |
| Net Job Flows | -44,339 | 640 |
| Job Creation | 151,972 | 149,562 |
| New Hires | 465,764 | 459,092 |
| Separations | 621,802 | 554,390 |
| Turnover Rate | 11% | 10% |
| Average Monthly Wages | \$3,074 | \$2,897 |
| Average New Hire Wages | \$1,970 | \$2,006 |

Source: IBRC, using Local Employment Dynamics, U.S. Census Bureau and Indiana Department of Workforce Development

Table 3: Average Quarterly Job Numbers, 2003

| County | Job Creation | Job Levels | Rate of Creation (% of Total Jobs) |
|-------------|--------------|------------|------------------------------------|
| Marion | 29,353 | 592,942 | 5% |
| Lake | 11,254 | 194,231 | 6% |
| Allen | 10,069 | 178,886 | 6% |
| Tippecanoe | 6,675 | 66,084 | 10% |
| Elkhart | 6,264 | 113,128 | 6% |
| St. Joseph | 6,025 | 124,290 | 5% |
| Vanderburgh | 5,656 | 111,525 | 5% |
| Hamilton | 5,587 | 94,251 | 6% |
| Monroe | 3,853 | 62,427 | 6% |
| Porter | 3,003 | 53,326 | 6% |

Source: IBRC, using Local Employment Dynamics, U.S. Census Bureau and Indiana Department of Workforce Development

Table 2: Indiana's Top Ten Growth Industries, 2003

| NAICS | Industry | Jobs Added |
|-------|--|------------|
| 336 | Transportation Equipment Manufacturing | 6,310 |
| 561 | Administrative and Support Services | 5,146 |
| 622 | Hospitals | 3,777 |
| 722 | Food Services and Drinking Places | 2,460 |
| 621 | Ambulatory Health Care Services | 1,836 |
| 331 | Primary Metal Manufacturing | 1,432 |
| 423 | Merchant Wholesalers, Durable Goods | 1,366 |
| 522 | Credit Intermediation and Related Activities | 1,134 |
| 493 | Warehousing and Storage | 1,080 |
| 483 | Water Transportation | 895 |

Source: IBRC, using Local Employment Dynamics, U.S. Census Bureau and Indiana Department of Workforce Development

Table 4: Manufacturing in Indiana

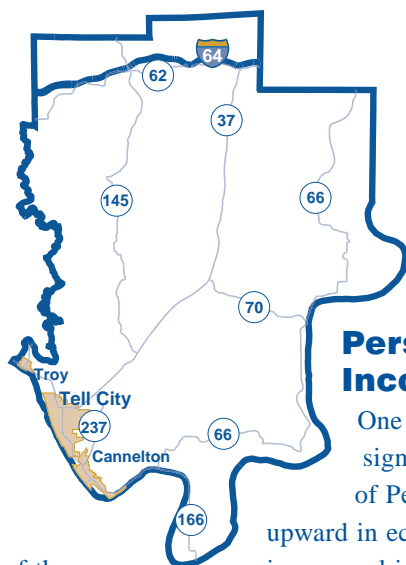
| Manufacturing | 2003:4 | 2003 Average |
|------------------------|---------|--------------|
| Total Employment | 577,728 | 581,737 |
| Net Job Flows | -14,544 | -4,395 |
| Job Creation | 15,894 | 17,294 |
| New Hires | 42,948 | 44,223 |
| Separations | 67,076 | 58,272 |
| Turnover Rate | 7.3% | 6.8% |
| Average Monthly Wages | \$4,066 | \$3,776 |
| Average New Hire Wages | \$3,360 | \$3,070 |

Source: IBRC, using Local Employment Dynamics, U.S. Census Bureau and Indiana Department of Workforce Development

Moving On Up: Perry County's Success in Growing Jobs and Wages

Perry County is bucking economic trends. Instead of their share of the U.S. per capita income going down, it is going up. Instead of their share of Indiana's average wage per job shrinking, it is growing. What gives? Our answer: economic development works and proof can be found in economic indicators. This article highlights a number of those indicators for this southern Indiana county.

Perry County has a relatively small population when compared to other counties in the state, ranking 75th out of 92 counties. But when we look at Perry County's average wage per job, it ranks 37th out of 92, at \$29,306. We will focus on a series of economic indicators specific to Perry County: personal income, wages, job creation, job levels, manufacturing and commuting.



Personal Income

One of the more significant indicators of Perry County's move upward in economic terms is personal income, which is generated by earnings, dividends, rent, interest and government transfers (such as welfare or social security). In 2002, personal income totaled \$440 million, with more than 60 percent coming from work-generated earnings. Dividends, interest and rent generated 19 percent of the \$440 million, while transfers accounted for 18 percent.

By looking at the per capita figure (dividing income by the population), we can compare Perry County to the state, the nation or other counties. Since

Table 1: Per Capita Personal Income in Perry County

| Per Capita Personal Income (PCPI) | PCPI | Rank (of 92) | Percent of State PCPI (State = 100) | Percent of U.S. PCPI (U.S. = 100) |
|-----------------------------------|----------|--------------|-------------------------------------|-----------------------------------|
| 2002 | \$23,396 | 66 | 84% | 76% |
| 1992 (adj. for inflation) | \$18,707 | 85 | 77% | 70% |
| 10-Year Percent Change | 25.1% | 6 | | |

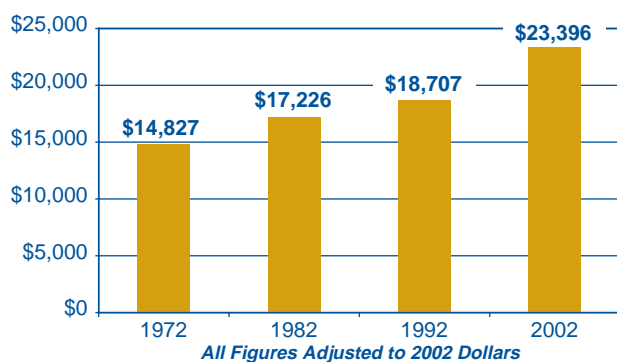
Source: IBRC, using data from the U.S. Bureau of Economic Analysis

1992, Perry County has significantly closed the income gap relative to the state and the nation. In 1992, Perry was 23 points below the state's average per capita income. That gap had shrunk to 16 points by 2002 (the latest figure available until this May). It has also made gains relative to the nation, closing the gap by 6 points during that same 10-year period. Between 1992 and 2002, Perry County's per capita income grew by 25.1 percent, the sixth highest increase among Indiana's 92 counties (see **Table 1** and **Figure 1**). Not bad for a county that saw a 1.1 percent decrease in population over the same general time period.

What does this mean? It shows that the income of Perry County residents is growing, providing greater wealth

Figure 1: Perry County Per Capita Income Growth

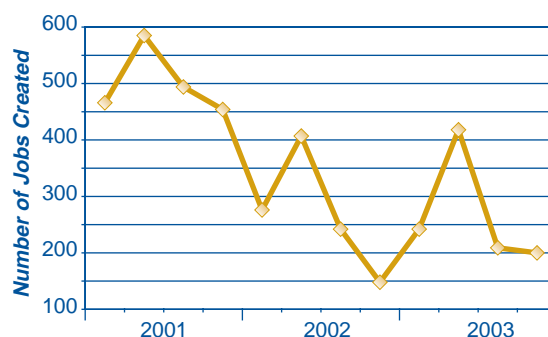
In the past 10 years, Perry County PCPI rose 25 percent



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

Figure 2: Job Creation by Quarter, 2001 to 2003

The three-year quarterly average job creation is 345



Source: IBRC, using Local Employment Dynamics, U.S. Census Bureau and the Indiana Department of Workforce Development

Table 2: Local Employment Dynamics for Perry County and Indiana

| Workforce Indicator | Perry County | | Indiana | |
|------------------------|--------------|--------------|-----------|--------------|
| | 2003:4 | 2003 Average | 2003:4 | 2003 Average |
| Total Employment | 5,631 | 5,465 | 2,820,643 | 2,779,562 |
| Net Job Flows | -62 | 59 | -44,339 | 640 |
| Job Creation | 200 | 267 | 151,972 | 149,562 |
| New Hires | 775 | 790 | 465,764 | 459,092 |
| Separations | 995 | 891 | 621,802 | 554,390 |
| Turnover Rate | 9.1% | 8.5% | 10.7% | 10.0% |
| Average Monthly Wages | \$2,753 | \$2,439 | \$3,074 | \$2,897 |
| Average New Hire Wages | \$1,768 | \$1,610 | \$1,970 | \$2,006 |

Source: IBRC, using Local Employment Dynamics, U.S. Census Bureau and the Indiana Department of Workforce Development

in the county to purchase goods and services, contribute to good causes, partake in entertainment and generally enjoy a better quality of life. In a nutshell, that is the goal of economic development.

Wages Grow by \$6,500

The strongest indication of Perry County's upward movement is the measure of average wages. By comparing the county's average wage to that of the state as a whole, we find:

1. Steady upward gains of nearly 15 points between 1993 and 2003.
2. A \$6,500 increase in average wage over the 10-year period.
3. The 37th highest average wage in the state in 2003, compared to 78th in 1993.

In economic terms, these gains are providing more money in the wallets of people likely to spend money in the county, whether they live and work in Perry or just commute there for work. This means more money to spend on lunch, gasoline and sundries at retail stores. It also means greater financial resources for residents to buy a house or a car, thus driving more money into the Perry County economy.

Compensation

Workers in Perry County received over \$243.6 million in compensation during 2003. Average compensation per job was \$36,851—an increase of 13 percent from 2001 figures. During that time frame, employer contributions to pension and insurance funds grew by 44 percent.

Job Creation

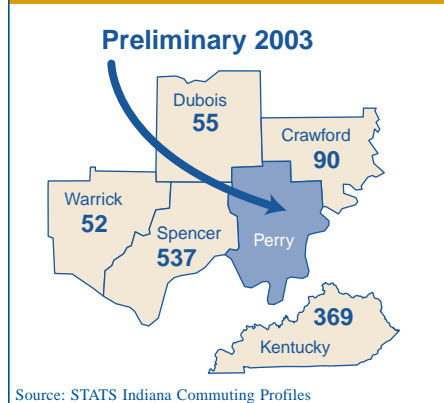
Since 2001, 345 new jobs have been created in Perry County each quarter, according to recent data from the U.S. Census Bureau and the Indiana Department of Workforce Development (see **Figure 2** and **Table 2**). While gains have been offset in more recent quarters by a growing number of job separations (particularly during the recession), this leaves a net average of 60 new jobs each quarter. There were also more than 700 new hires in the county and a turnover rate of 9 percent, which is lower than the state average of 10 percent.

Manufacturing

Manufacturing is a major contributor to Perry County's economy. It ranks 29th in the state in average wage per

Figure 3: Commuting into Perry

Most commute from Spencer County



manufacturing job and in the top 600 (out of 3,141) counties nationwide.

Commuting to Perry

Based on the 2003 commuting information, just over 1,100 workers commute into Perry County for work from the four surrounding counties and Kentucky (see **Figure 3**). The total number commuting into Perry County exceeds 1,200. However, more than 3,000 Perry County residents leave the county to work in surrounding counties. The number of Perry County residents commuting to other counties has declined significantly though from previous years. In 2001, for example, more than 1,000 residents commuted to Kentucky for work, a number that now stands at 895.

Economic Development Works, But Takes Time

Greg Wathen, executive director of the Perry County Development Corporation, believes his county can become great and told his board that in March: "We possess the ability to become a great community, not just a good one."

Table 3: Major Employers by Employment Size

| |
|--|
| ThyssenKrupp Waupaca, Inc. |
| Mulzer Crushed Stone, Inc. |
| Branchville Correctional Facility |
| Wal-Mart |
| Perry County Memorial Hospital |
| ATTC Manufacturing, Inc. (Aisin Takaoka, Ltd.) |
| Tell City–Troy Twp. School Corporation |
| ACCENT Customer Relationship Partners |
| Perry Central School Corporation |
| Oakwood Healthcare |
| Stewart Warner South Wind Corporation |
| Parker Hannifin Corporation |
| Best Home Furnishings |
| Beverly Healthcare |
| Schwab Corporation |
| Swiss Plywood Corporation |
| Phil Etienne's Timber Harvest |
| GE Industrial Systems |
| Cannelton City Schools |
| Webb Wheel Products |
| Can-Clay Corporation |
| Old National Bank |
| Consolidated Recycling Co., Inc. |
| Waupaca Pallet, Inc. |
| First State Bank |
| Fifth Third Bank |
| Bebco Hardwoods, Inc. |
| American Colloid Company |
| Source: Perry County Development Corporation |

Pointing to the 30 years it took for Wal-Mart to explode into the world's largest corporation, however, he pointed out, "Becoming great doesn't take place overnight."¹ Six new companies have located in the county in the past 10 years, generating investment of more than \$300 million and employing more than 1,000 workers. The county's newest company is Webb Wheel Products, the most technologically advanced manufacturer in the county with equipment that does not currently exist in other North American companies (see **Table 3**).

Figure 4: Perry County Peers

Perry County has peers in 19 different states

● **Population Peers**

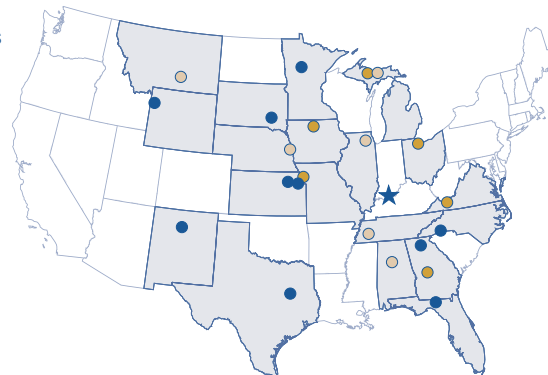
| | |
|----------------|------------------|
| Polk, NC | Pottawatomie, KS |
| Los Alamos, NM | Hubbard, MN |
| Jefferson, KS | Teton, WY |
| Madison, FL | Freestone, TX |
| Davison, SD | Dawson, GA |

● **Average Wage Peers**

| | |
|-------------|---------------|
| Peach, GA | Marquette, MI |
| Bland, VA | Buchanan, MO |
| Hancock, IA | Sandusky, OH |

● **Manufacturing Wage Peers**

| | |
|----------------|-----------------|
| Kane, IL | Yellowstone, MT |
| Alger, MI | Madison, TN |
| Washington, NE | Jefferson, AL |



Source: IBRC, using STATS Indiana

Demographics

Perry County's population is not showing signs of growth. The most recent estimate of 18,717 is a few dozen less than what was counted in the 2000 census. The percentage loss of 1.1 percent is not significant enough to say more than that the county population has been relatively stable over time. **Figure 4** shows Perry County's population peers within the United States, as well as counties with similar wages.

While the county's population losses are not large, the downward trend is not necessarily one that the county wants to see. What is causing this lack of positive population growth? Perry County has a net decrease in migration, meaning more people have moved out than have moved in. It is also one of the few counties in the state with a natural decrease in population—that is, more deaths than births.

When considering the large number of family households without children and the significant number of people living alone, one can see that for now, births are not going to turn around soon without young families moving into the county. However, with the significant

growth in jobs, wages and income in the county over the past several years, it seems more likely that people may begin to move into the county to be closer to those jobs.

What makes people move? Good housing at affordable prices, good schools, access to retail and services, and good infrastructure are the most cited attractions. Does Perry County have those attractions to combine with the jobs it has to offer? Space and time prevent us from considering those issues in this article. However, there is someone in Perry County who can: Greg Wathen, an award-winning and nationally recognized economic development professional who many would say has had a significant role in pushing Perry County's job growth and wage gains. For more information, visit the Perry County Development Corporation at www.pcdcorp.com/.

Notes

1. Kevin Koelling, "Perry County's Economic Engine Still Revving," *Perry County News*, 5 March 2005; available online at the *Indiana Economic Digest*: www.indianaeconomicdigest.net.

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

Job Watch: Indiana Employment Trends

Nonseasonally adjusted employment estimates for December 2004 (see **Figure 1**) show that Indiana posted an over-the-year (OTY) job gain of 15,500 jobs or 0.5 percent, ranking it 43 out of 50 states and the District of Columbia. Ohio, Illinois and Michigan all posted smaller OTY job gains.

Although the trade, transportation and utility sector comprised the largest share of total employment (19.7 percent), it also had the largest job loss (-2,900 jobs or -0.5 percent). This sector will continue to be negatively impacted in the coming months as ATA sheds more jobs due to its bankruptcy filing and restructuring. The construction, education and health services sectors helped offset this loss with a net gain of 12,400 jobs, or approximately 40 percent of the total nonfarm employment gain. Indiana's manufacturing sector also saw an

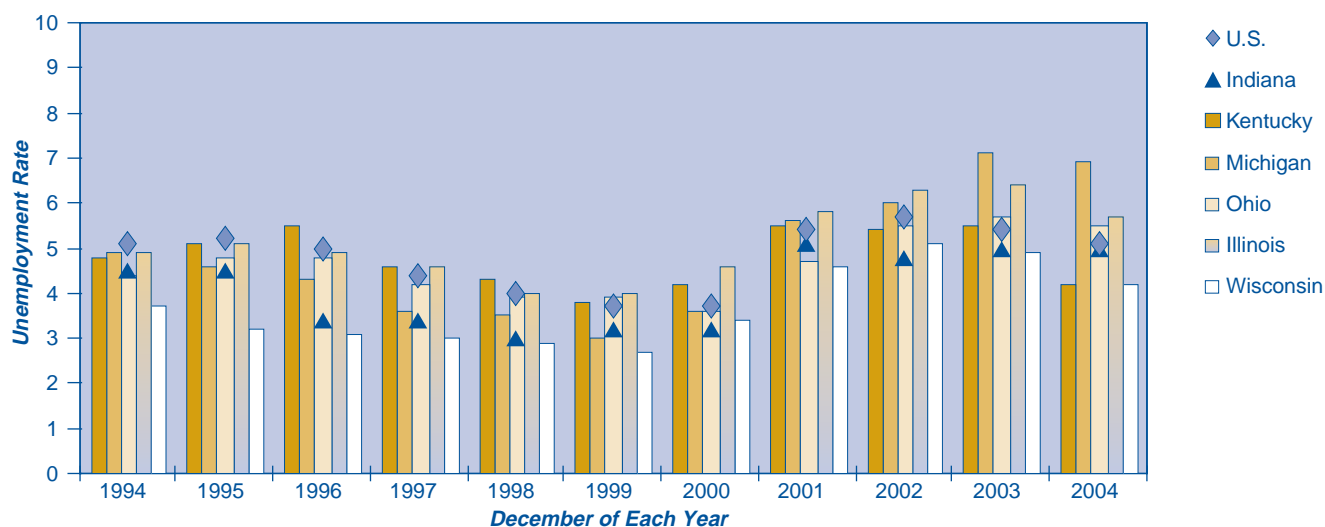
Table 1: Job Changes by Industry, 2003 to 2004 (Second Quarter Comparison)

| NAICS Sectors | Indiana | | United States | |
|---|---------------|----------------|------------------|----------------|
| | Job Change | Percent Change | Job Change | Percent Change |
| Total | 30,574 | 1.1 | 1,467,088 | 1.1 |
| Administrative, Support and Waste Management | 10,639 | 7.5 | 314,470 | 4.1 |
| Mining | 264 | 4.0 | 18,825 | 3.8 |
| Construction | 5,078 | 3.5 | 236,939 | 3.4 |
| Professional, Scientific and Technical Services | 2,904 | 3.4 | 125,242 | 1.9 |
| Agriculture, Forestry, Fishing and Hunting | 236 | 2.0 | 14,664 | 1.2 |
| Educational Services | 4,527 | 1.9 | 97,191 | 0.8 |
| Real Estate and Rental and Leasing | 626 | 1.7 | 26,519 | 1.3 |
| Transportation and Warehousing | 1,994 | 1.6 | 29,202 | 0.6 |
| Accommodation and Food Services | 3,691 | 1.6 | 284,875 | 2.7 |
| Health Care and Social Services | 4,753 | 1.4 | 297,193 | 1.9 |
| Utilities | 184 | 1.2 | -8,951 | -1.1 |
| Wholesale Trade | 1,257 | 1.1 | 38,698 | 0.7 |
| Arts, Entertainment and Recreation | 286 | 0.6 | 43,337 | 1.9 |
| Public Administration | 673 | 0.5 | 11,395 | 0.3 |
| Information | 241 | 0.5 | -82,062 | -2.5 |
| Other Services (except Public Administration) | 196 | 0.2 | 11,395 | 0.3 |
| Manufacturing | -1,519 | -0.3 | -259,451 | -1.8 |
| Retail Trade | -2,458 | -0.7 | 157,679 | 1.1 |
| Management of Companies and Enterprises | -489 | -1.8 | 37,121 | 2.2 |
| Finance and Insurance | -2,277 | -2.2 | 15,459 | 0.3 |

Source: IBRC, using data from the U.S. Bureau of Labor Statistics

Figure 1: Ten Years of Unemployment Rates in Indiana and Neighboring States, 1994 to 2004

Wisconsin's rates tend to be lower and Michigan's rates tend to be higher than Indiana's



Source: IBRC, using data from the U.S. Bureau of Labor Statistics

increase of 1,300 jobs or 0.2 percent, ranking 20th out of 51.

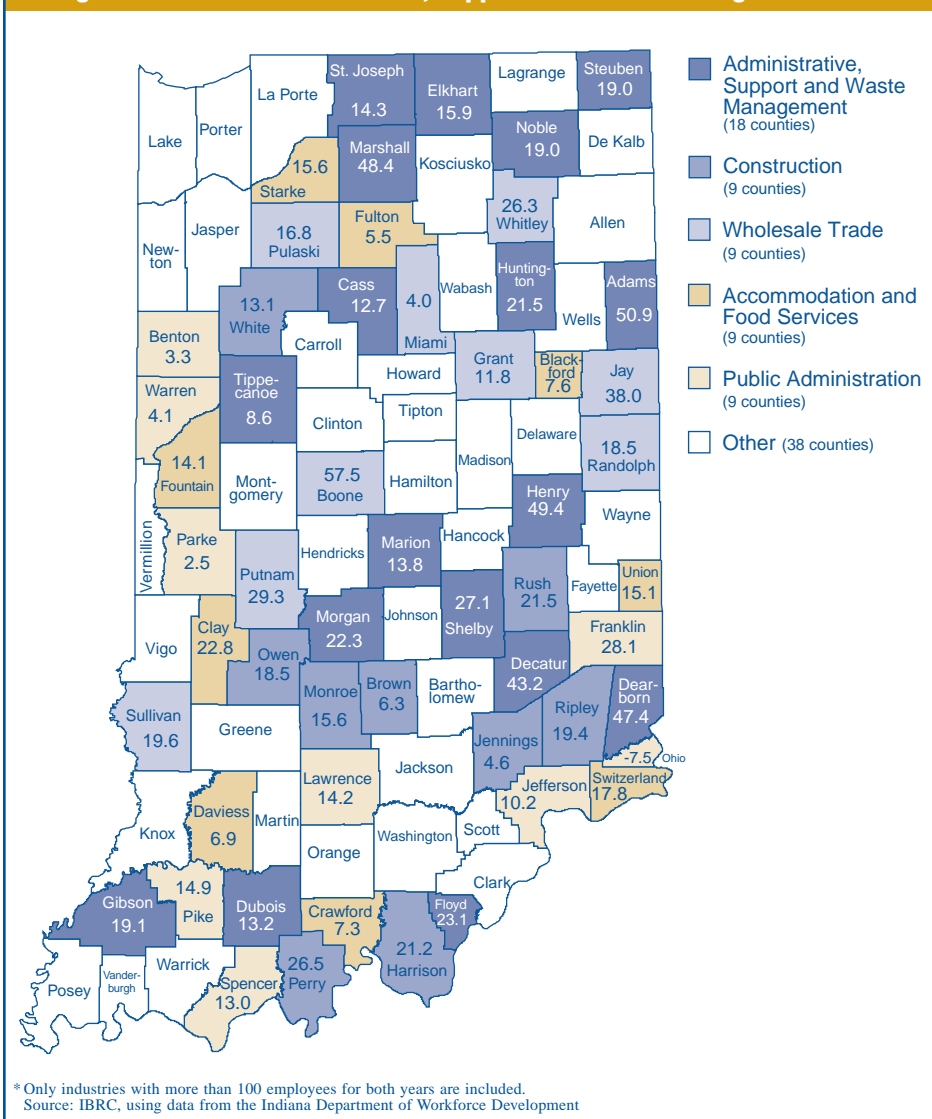
At 5 percent, the state's unemployment rate was the 17th highest in the nation. Indiana shared this distinction with three other states: Alabama, Colorado and North Carolina. The District of Columbia had the highest unemployment rate (8.7 percent) and Hawaii had the lowest (2.7 percent).

Figure 1 provides a historical perspective on unemployment rates in the United States, Indiana and neighboring states. Historically, Wisconsin's rates tend to be lower and Michigan's rates tend to be higher than Indiana's. Additionally, when looking at annual averages, Indiana's rates have long remained below the nation. The greatest percentage point spread occurs with a strong economy, while the gap closes during difficult economic times. Also interesting to note is that Indiana's December rate is within 0.4 percentage points of the state's annual average 87 percent of the time.

Table 1 shows OTY job changes by industry. The employment bases in Indiana and the nation expanded by 1.1 percent, and the state accounted for 2.1 percent of the nation's growth in jobs. The administrative, support and waste management sector performed best in terms of growth. Nationwide, the manufacturing sector experienced the largest job loss, while Indiana's biggest industry loss numerically was in the retail trade sector. The Hoosier finance and insurance sector took the biggest hit on a percentage basis, while the information sector took the biggest hit nationwide.

Figure 2: Industries with Most Percent Growth by County, 2003:2 to 2004:2*

Most growth was in administrative, support and waste management



The Indianapolis Metro Area

The Area

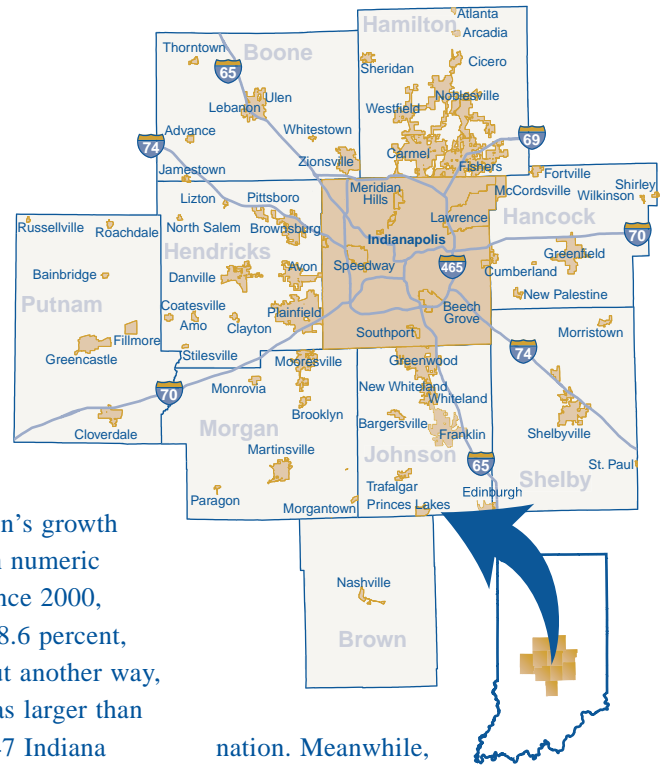
Ten counties in central Indiana, with nearly 1.6 million residents, form the Indianapolis Metropolitan Statistical Area (metro): Boone, Brown, Hamilton, Hancock, Hendricks, Johnson, Marion, Morgan, Putnam and Shelby. The biggest cities in the region include Indianapolis, Fishers, Carmel, Lawrence and Greenwood.

The Indianapolis metro had a 2003 population of 1,595,377, which shows a 4.6 percent growth since Census 2000. Growth in this region (70,273 people) accounted for 61 percent of the growth statewide.

Marion County is the largest county in Indiana, with 860,454 residents, and accounts for 54.1 percent of the Indianapolis metro population. As the

fifth largest in the state, Hamilton County chips in another 13.6 percent of the metro population with 216,826 people.

Suburbanization is alive and well in the region, as Hamilton and Hendricks counties have dominated the region's growth so far this decade in both numeric and percentage terms. Since 2000, Hamilton County grew 18.6 percent, adding 34,986 people. Put another way, this three-year growth was larger than the entire population in 47 Indiana counties. Since 1990, its population has nearly doubled, making it the 22nd fastest-growing county in the



nation. Meanwhile, Hendricks County added 14,757 residents with a growth of 14.2 percent between 2000 and 2003. Marion County, however, gained less than 3,000 people.

Projections from the Indiana Business Research Center indicate that Boone, Hamilton, Hendricks and Johnson counties will be among the five fastest-growing counties in the state, growing more than 40 percent between Census 2000 and 2040. According to these projections, Hamilton will surpass St. Joseph (South Bend) and Allen (Fort Wayne) counties to become the third largest county in the state by 2040. Looking at a smaller time-span, the metro area is expected to grow 20 percent from current levels in the next fifteen years, reaching over 1.9 million by 2020.

Industrial Mix and Jobs

The Indianapolis metro area is home to many of the state's largest and most well-known companies (see Figure 1).

Figure 1: Largest Indianapolis Metro Employers

Over 153,000 people work at the nine largest employers

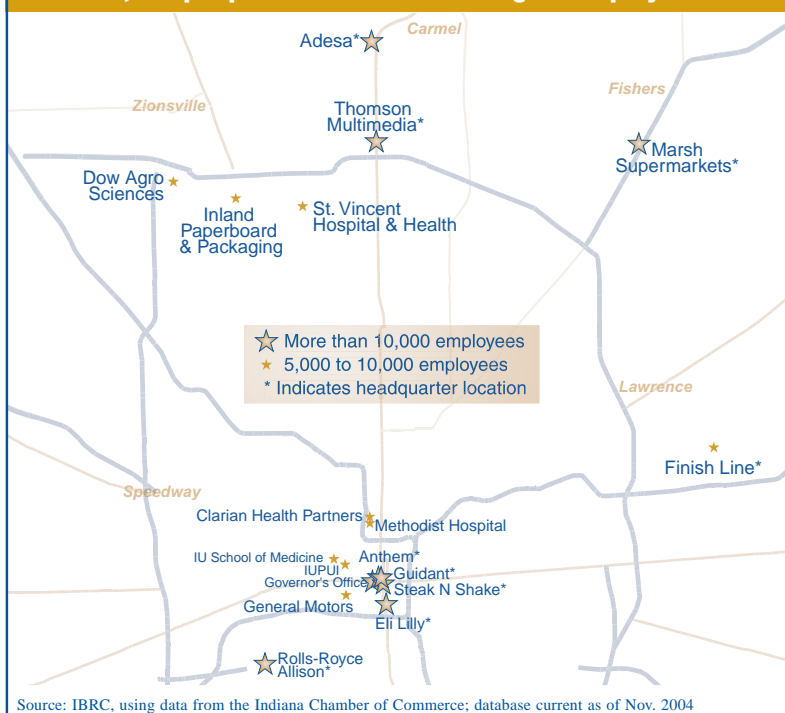
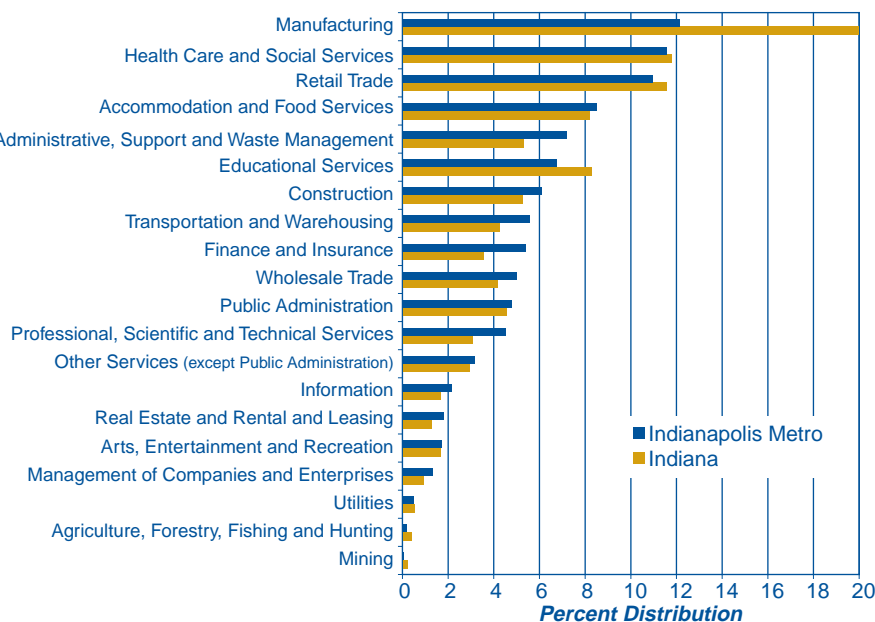


Figure 2: Job Distribution Comparison, 2004:2**Indianapolis has a significantly lower proportion of manufacturing jobs**

Source: IBRC, using data from the Indiana Department of Workforce Development

Indianapolis' metro job mix differs than the state most significantly in manufacturing. As shown in **Figure 2**, the metro had just 12.2 percent of its jobs in manufacturing in the second quarter of 2004—7.8 percentage points less than the state average. It still made up the largest share of employment, however, followed closely by health care and social services (11.6 percent) and retail trade (11 percent).

Sectors playing larger roles in the metro area than in the state's industrial mix overall are wholesale trade; administrative, support and waste management; professional, scientific and technical services; and transportation and warehousing.

As people move toward the edges of the metro, is job growth from new and expanding businesses occurring more there than in Marion County itself? According to local employment

dynamics data, the answer is no. The average quarterly job creation for the Circle 7 region (that is, the counties touching Marion: Boone, Hamilton, Hendricks, Hancock, Morgan, Johnson and Shelby counties) was 2,844 in 2003. For Marion County alone, it was 8,410 jobs. As seen in **Table 1**, administrative and support services had the largest average job creation in Marion County, while hospitals were the industry leader in the Circle 7 region.

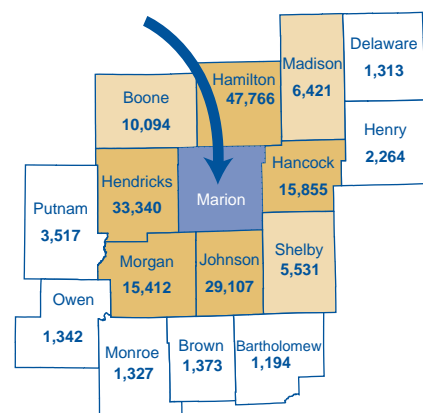
According to the *Indianapolis Business Journal*, the fastest-growing public companies in terms of revenue between 2001 and 2003 in the region include Fortune Diversified Industries, Windrose Medical Properties Trust, Anthem, Galyan's Trading Co., Brightpoint, Finish Line and Guidant.¹ Each company had revenue growth of 40 percent or higher.

Table 1: Top Ten Industries by Average Quarterly Job Creation, 2003

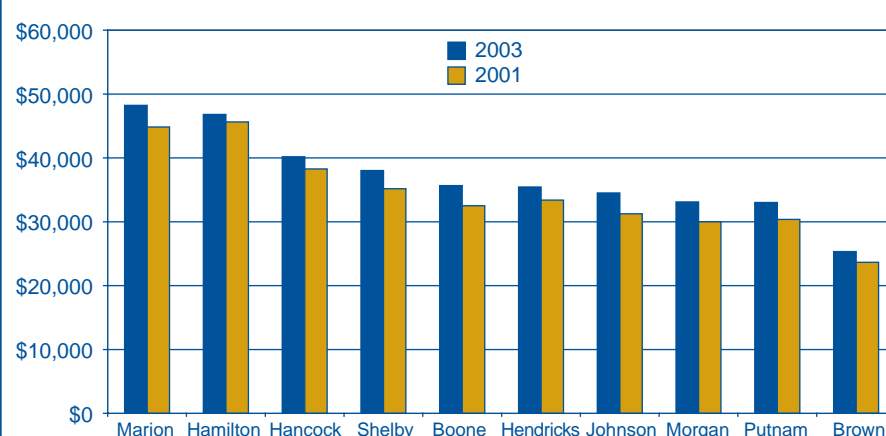
| Marion County | |
|---|-------|
| Administrative and Support Services | 3,098 |
| Transportation Equipment Manufacturing | 1,798 |
| Merchant Wholesalers, Durable Goods | 812 |
| Insurance Carriers and Related Activities | 788 |
| Food Services and Drinking Places | 478 |
| Hospitals | 441 |
| Specialty Trade Contractors | 409 |
| Electronics and Appliance Stores | 305 |
| Educational Services | 205 |
| Ambulatory Health Care Services | 193 |
| All industries average | |
| 8,410 | |
| Circle Seven Region* | |
| Hospitals | 376 |
| Food Services and Drinking Places | 286 |
| Merchant Wholesalers, Nondurable Goods | 257 |
| Transportation Equipment Manufacturing | 234 |
| Administrative and Support Services | 219 |
| Air Transportation | 192 |
| Truck Transportation | 189 |
| Warehousing and Storage | 174 |
| Motor Vehicle and Parts Dealers | 164 |
| Merchant Wholesalers, Durable Goods | 147 |
| All industries average | |
| 2,844 | |
| * Boone, Hamilton, Hendricks, Hancock, Morgan, Johnson and Shelby counties. | |
| Source: IBRC, using Local Employment Dynamics, U.S. Census Bureau and Indiana Department of Workforce Development | |

Commuting

Over 1 million people work in the Indianapolis metro area, according to preliminary commuting data for 2003. Roughly 67 percent of those people work in Marion County, which draws over 190,000 people from other counties, both inside and outside the metro. In fact, 21 Indiana counties send more than 500 commuters into Marion County and 15 counties send more than 1,000 (see **Figure 3**).

Figure 3: Working in Marion, 2003
Five counties send over 15,000


Source: IBRC, using STATS Indiana Commuting Profiles

Figure 4: Total Average Compensation per Job, 2001 and 2003
Average compensation in the Indianapolis metro was \$45,598 in 2003


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

Compensation

Using the new compensation data available from the U.S. Bureau of Economic Analysis, we find that those working in the region received over \$40.6 billion in compensation for 2003 (see **Table 2**). Nearly 81 percent was in the form of wages, with an additional 13.5 percent in the form of employer contributions for employee pension and insurance funds. The remaining 5.8 percent was employer contributions for government social insurance. Not surprisingly, pensions and insurance premiums constitute an increasing percentage of total compensation in the metro, state and nation.

Figure 4 shows the differences in total average compensation per job by county. Marion County led the pack in 2003 at \$48,220, while Brown County trailed at \$25,325. Marion County ranks sixth statewide on this measure, while Hamilton County ranks seventh. (Howard County, with its high concentration of manufacturing employment and recent increases in employer pension contributions, ranks first, and Martin County, with the Crane Naval Base, ranks second. Gibson, Posey and Fayette counties round out the top five.)

Marion County saw the biggest dollar increase (\$3,377) in the region

between 2001 and 2003, while Johnson and Morgan counties saw the largest percent change (10.4 percent). With a 2.6 percent gain totaling \$1,168, Hamilton County compensation did not even keep up with inflation and it had the smallest increase in the metro, both in percentage and numeric terms. That said, average compensation per job in Hamilton County remains among the highest in the state.

Notes

1. "2005 Book of Lists." *Indianapolis Business Journal* 25 (41): 72.

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

Table 2: Breakdown of Compensation, 2003

| Industry | Indianapolis Metro | | Indiana | | United States | |
|---|--------------------|-------------------|-------------------|-------------------|---------------------|-------------------|
| | 2003 | Change since 2001 | 2003 | Change since 2001 | 2003 | Change since 2001 |
| Compensation of Employees, Received | \$40,629,798,000 | 6.1% | \$124,566,530,000 | 8.0% | \$6,276,325,000,000 | 5.8% |
| Total Wage and Salary Disbursements | \$32,794,573,000 | 2.9% | \$98,545,354,000 | 3.7% | \$5,098,695,000,000 | 3.2% |
| Employer Contributions for Employee Pension and Insurance Funds | \$5,469,314,000 | 30.9% | \$18,826,913,000 | 39.2% | \$801,826,000,000 | 25.7% |
| Employer Contributions for Government Social Insurance | \$2,365,911,000 | 6.0% | \$7,194,263,000 | 7.2% | \$375,804,000,000 | 5.5% |
| Total Average Compensation per Job | \$45,598 | 7.3% | \$41,415 | 9.7% | \$45,706 | 6.9% |

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

Indiana: A Petroleum State?

Without knowing a thing about the Beverly Hillbillies, one might ask where this man named Jed might have moved to California from after striking “black gold, Texas tea.” One might make an educated guess and say Texas, Alaska or California. But could he have struck oil in the Hoosier state? According to the U.S. Department of Energy’s Energy Information Administration, Indiana produced 1,865,000 barrels of crude oil in 2003. That’s an average of 5,000 barrels a day. As of 2004, Indiana had 4,788 producing oil wells.¹

Indiana had 19 million barrels of proved crude oil reserves as of 2003, ranking it 21st in the nation. Nevertheless, this accounted for less than 1 percent of the country’s crude oil reserves. Interestingly, to put this number in perspective, if Indiana citizens and businesses relied solely on gasoline produced from Indiana’s crude oil reserves,² at the current rate of

consumption, the state would run out of gasoline in about 44 days.

Refining Oil in Indiana

We may not lead the nation in oil production, but what about refining oil? Well, it just so happens that as of January 2004, Indiana was one of the top 10 petroleum refining states, with an operating crude oil distillation capacity of 433,000 barrels a day (see **Figure 1**).

Indiana’s two refineries are at opposite ends of the state. The BP Products refinery in Whiting is one of the largest in the nation, with a daily distillation capacity of 410,000 barrels. Countrymark Cooperative in Mount Vernon, is significantly smaller, with a capacity of 23,000 barrels per day.

Petroleum and Gasoline Consumption

Indiana ranked 13th nationwide in both total petroleum consumption (17.7 million gallons per day) and gasoline

consumption (8.7 million gallons per day) in 2001.

To see more lists and rankings of various energy data by state, check out www.eia.doe.gov/neic/rankings/rankindex.htm. To access Indiana’s energy profile, visit www.eia.doe.gov/emeu/states/main_in.html.

American Community Survey Handbook

On January 10, the Census Bureau issued a press release entitled “National Mailing of New American Community Survey Marks Historic Shift for Census Bureau.” The shift centers on the timeliness of the data that this new endeavor will bring to communities, businesses, local and state governments, educators and students, nonprofit organizations and more. Last January, the Census Bureau began mailing the new survey to 250,000 addresses a month across the nation. Among the many publications available to the public on the Census website is the new *American Community Survey—A Handbook for State and Local Officials* (www.census.gov/acs/www/Downloads/ACS04HSLO.pdf). As people in your community begin to receive the survey, questions and issues may arise. The booklet is a reference for helping constituents deal with those questions and concerns.

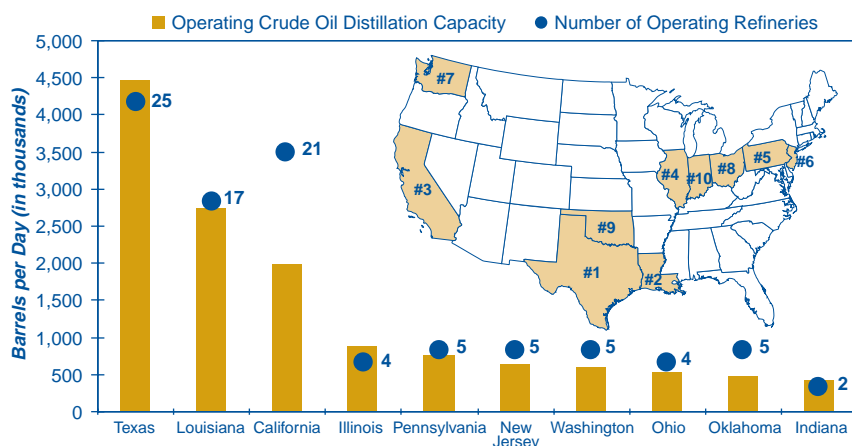
Notes

1. The term means a well that produces in paying quantities (that is, one for which proceeds from production exceed operating expenses).
2. One barrel of crude oil yields 19.9 gallons of motor gasoline, as well as other petroleum products.

—Frank Wilmot, State Data Center Coordinator, Indiana State Library

Figure 1: Top Ten Petroleum Refining States as of January 1, 2004

Indiana ranks 10th with operating capacity of 433,000 barrels per day



Source: IBRC, using data from the Energy Information Administration

Published six times per year by a partnership of:

Indiana Business Research Center

Kelley School of Business
Indiana University

Director: Jerry Conover

Executive Editor: Carol O. Rogers

Managing Editor: Rachel Justis

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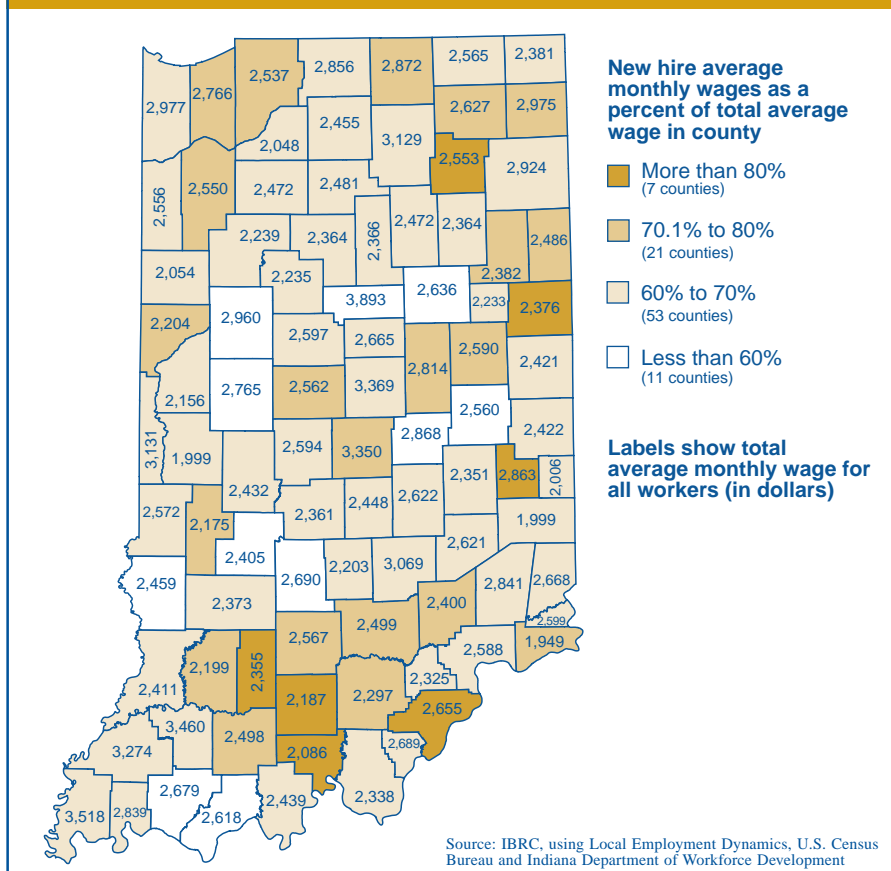


IN the Spotlight

(continued from page 2)

Figure 2: New Hire Average Monthly Wages, 2003

New hires in Howard County earn just 39% of the county average



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

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www.incontext.indiana.edu

Indiana Economic Digest
www.indianaeconomicdigest.net

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www.stats.indiana.edu



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