

IN the Spotlight:

Are Hoosiers Wealthy and Wise?

Last year, census results provided a picture of our age mix and lifestyles. Now, results from the long-form part of the census (the sample of one in six households) show us our relative wealth and poverty, levels of education we had achieved, the age and value of our housing stock and much more. This article scratches the surface of the data released May 14. Massive amounts of data will be released this summer in the form of Summary File 3, which provides data at the census tract and block group levels of geography. As always, access to the data in profile and other forms is available on STATS Indiana—go to www.stats.indiana.edu.

Wealth and Poverty

In five Hoosier counties, median household income exceeded \$50,000. Four of the five highest-income counties—Hamilton, Hancock, Hendricks and Johnson—are located on the suburban fringe of Indianapolis. Porter County, part of the Gary and Chicago metropolitan areas, also had median household income of \$50,000 or more in 1999 (see Figures 1 and 2).

The next group of counties on the income tier includes six more suburban counties: Boone and Morgan, both in the Indianapolis MSA; Tipton (Kokomo MSA); Dearborn (Cincinnati PMSA); Warrick (Evansville MSA); and Whit-

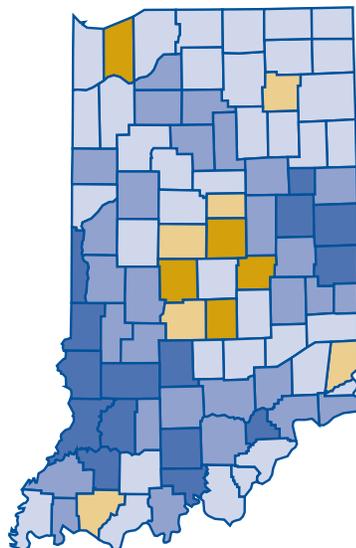
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Indiana Employment Snapshot

Figure 1: Median Household Income by County, 1999

Indiana's median household income in 1999 was \$41,567



Source: U.S. Census Bureau

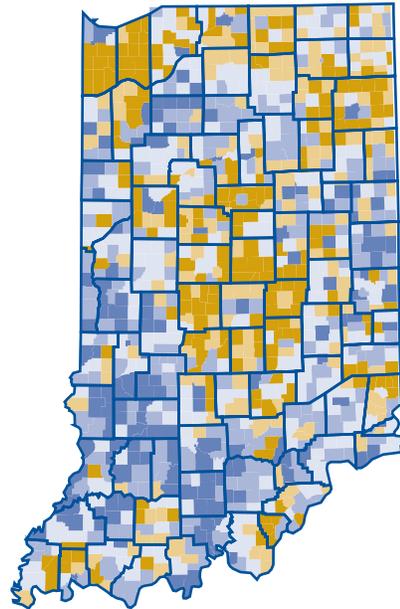
**Indiana
Unemployment
Rate for
March 2002:
5.3%**

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(continued from page 1)

Figure 2: Median Household Income by Township, 1999

Regions in Indiana's southwest stand out as economically deprived



Source: U.S. Census Bureau

ley (Fort Wayne MSA). In each of these counties, the median household income in 1999 fell between \$45,000 and \$50,000.

Fifteen counties had median household income in 1999 below \$35,000. These counties were found mainly in southern Indiana, on or near the Illinois border, and in another cluster in the east central region of the state.

Five contiguous counties in Indiana's southwest region stand out on multiple measures of economic deprivation. Knox, Daviess, Greene, Sullivan and Vigo counties all landed in the low end on median household income and were home to high percentages of households with income under \$10,000 and families living below poverty level.

In each of these counties, median household income in 1999 was less

than \$35,000. Furthermore, 1999 income was under \$10,000 in at least 10 percent of county households. Finally, the family poverty rate was 8 percent or higher in each county.

"In other words, at least one in 12 families in these counties subsisted below the federal poverty level," said John Besl, IBRC demographer. "Five other Indiana counties hit this same trifecta of deprivation. Those five are Crawford, Orange, Scott, Wayne and Delaware."

Gains in Educational Attainment

More than 80 percent of Hoosiers age 25 and older have at least a high school diploma (or equivalency) and 19.4 percent of them have earned a college bachelor's degree or more. On that measure, 17 counties in Indiana

exceeded the state average for adults with a college education. Ten years earlier, only 15 counties met or exceeded the state average of 15.6 percent with a B.A. degree (see Figures 3 and 4).

Earning power directly correlates to educational attainment.

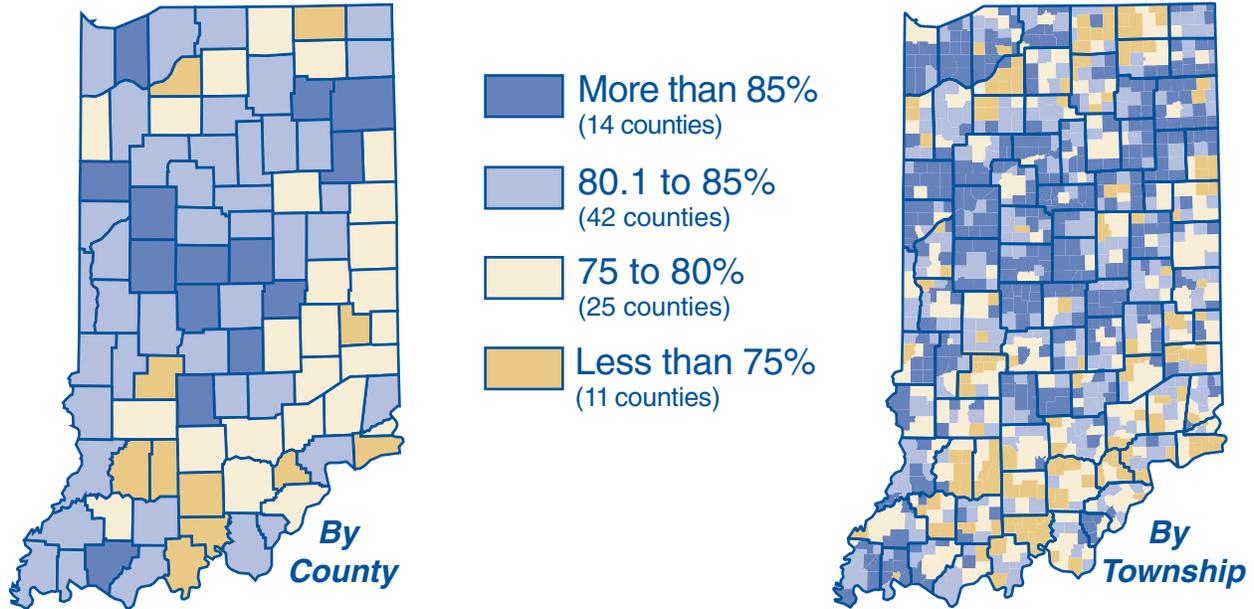
Interest in this measure is significant because of its close association with earning power, as studies such as *What Is It Worth* by the Census Bureau have shown a direct correlation between earning power and educational attainment. For example, the national average monthly earnings of high school graduates in 1996 were \$2,279, compared to \$3,767 for those with a bachelor's degree.

Hamilton County is the most educated county, with nearly 50 percent of its adult population holding a B.A. degree or higher. Six of the most highly educated counties in Indiana are either part of the Indianapolis Metropolitan Statistical Area or another metropolitan area of the state.

Hamilton County was followed by Monroe County, where 39.6 percent of residents have a B.A. degree or higher; Tippecanoe County, 33.2 percent; Boone County, 27.6 percent; Marion County, 25.4 percent; St. Joseph County, 23.6 percent; Hendricks County and Johnson County, 23.1 percent.

Figure 3: Percent of Population (25 and Older) with a High School Diploma, 2000

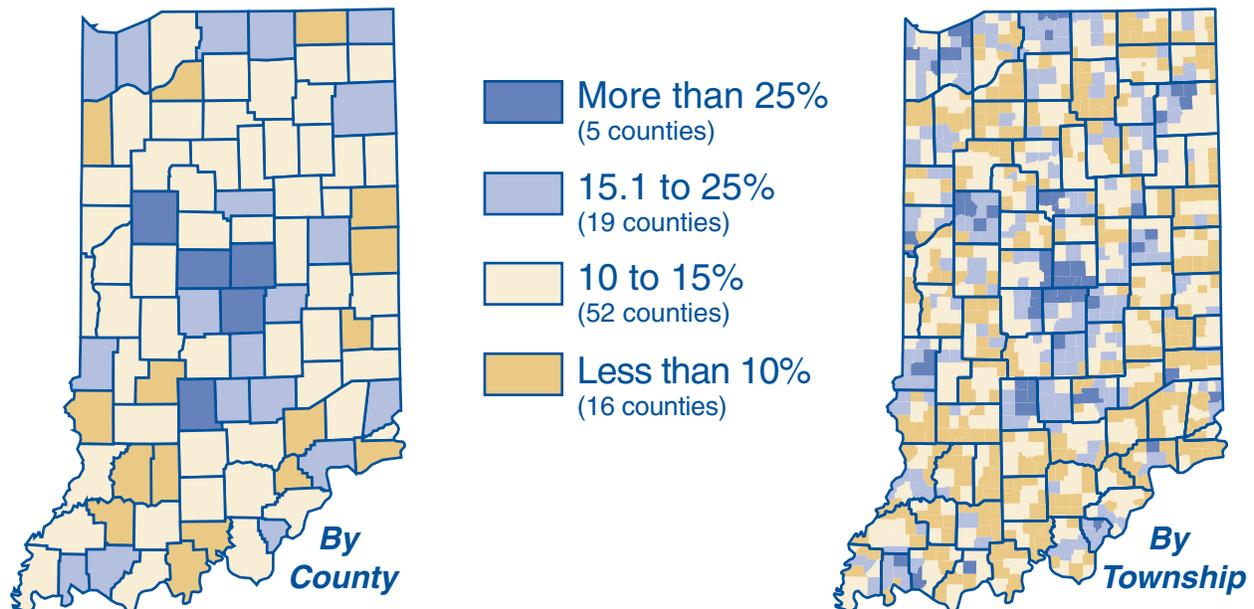
82.1% of Indiana residents have graduated from high school



Source: U.S. Census Bureau

Figure 4: Percent of Population (25 and Older) with a Bachelor's Degree or Higher, 2000

19.4% of Indiana residents have a bachelor's degree



Source: U.S. Census Bureau

IN the Spotlight

(continued from page 3)

Indiana’s most educated township was Wabash, in Tippecanoe County, with 61.3 percent of its adults holding a bachelor’s or higher degree. Tippecanoe and Monroe counties are home to Indiana’s major public universities.

The designation for the most educated city or town in Indiana goes to North Crows Nest in northern Marion County, where all the adults 25 and older are at least high school graduates and 85 percent have a bachelor’s degree or more.

The counties that made the greatest advances in educational attainment were Warren, Starke, Jennings, Scott and Crawford. These mainly rural counties are probably demonstrating an aging of the population with older, less well-educated persons dying or moving away.

But is the focus on the B.A. degree masking other gains Hoosiers have made in furthering their education past high school? Census data show that 45 percent

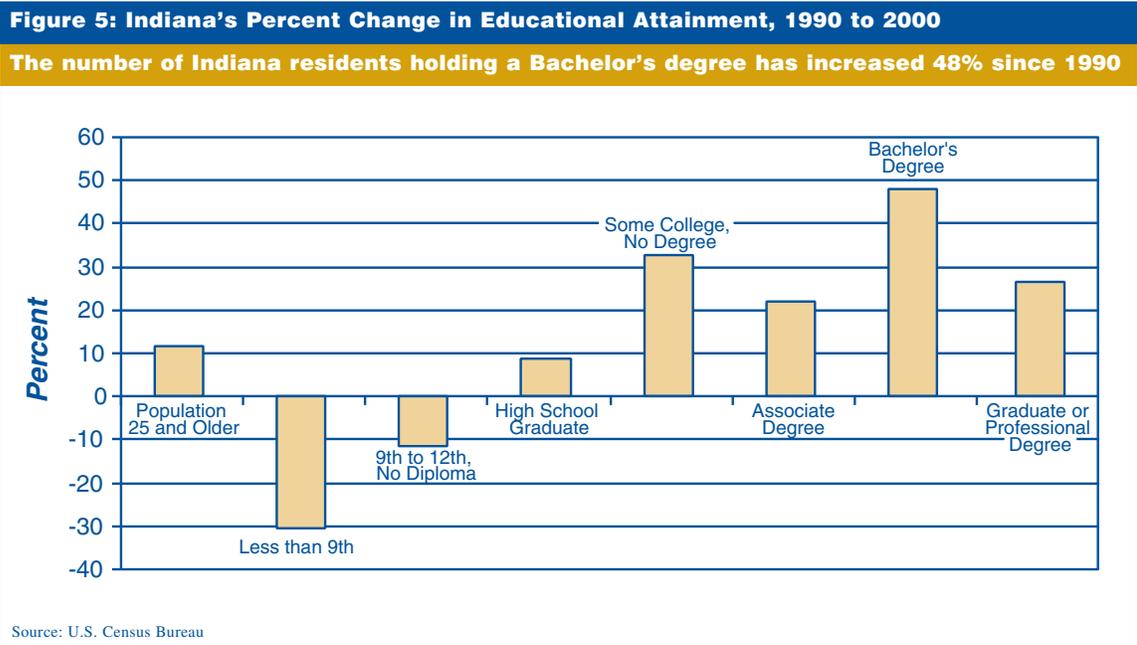
of adults in Indiana (25 and older, that is) have at least some college education, compared to 37 percent who stopped at a high school diploma (or equivalency).

That translates into 1.7 million Hoosiers who have:

- Some college, no degree—19.7% *or*
- An associate degree—5.8% *or*
- Completed a bachelor’s degree—12.2% *or*
- Gone further and attained a graduate or professional degree— 7.2%

Between the censuses of 1990 and 2000, there was a 31 percent decline in the population that had less than a 9th grade education, signaling the end of the era when people bypassed high school altogether to work on the farm or at the local plant (see Figure 5).

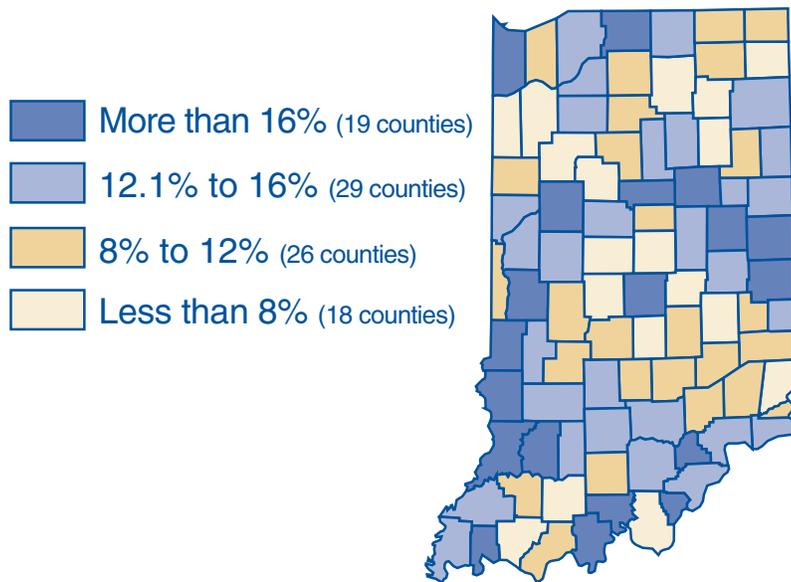
Staff at IU’s Indiana Business Research Center, part of the Kelley School of Business, analyzed the newly released Census data. The center serves as the state’s official liaison with the U.S. Bureau of the Census and has been working with the state and its localities to provide a full and accurate count in the 2000 census. Assistance in accessing the data is also available at the Indiana State Library, partner in the Indiana Data Center Program with the IBRC and the Indiana Department of Commerce. There are 58 affiliates statewide.



Poverty Hits Home

Figure 6: Percent of Families with Children Under 5 Living in Poverty

14% of Hoosier families with young children live in poverty



Source: U.S. Census Bureau

The incidence of poverty in Indiana has declined since the last census in 1990. But, boom times of the 1990s notwithstanding, it didn't go away.

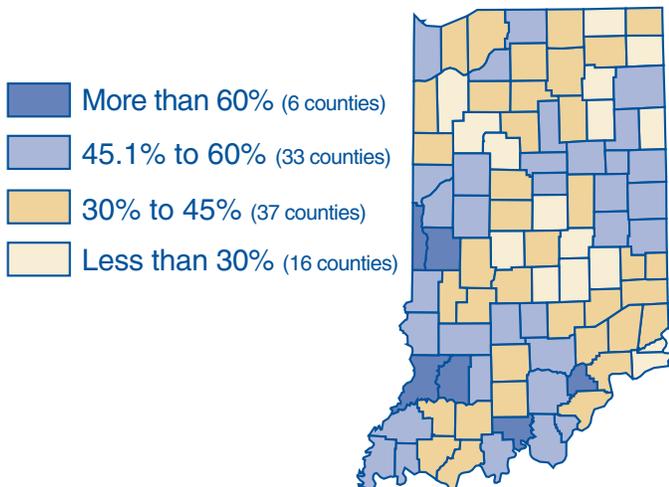
In 1999, more than 550,000 Hoosiers lived at or below the poverty line and nearly 108,000 families lived in poverty. And of those families with children under 5 years of age, 13.7 percent were living in poverty. The most stark figure to come out of the poverty measures is that more than 40 percent of children under 5 in single-mother families live in poverty.

The maps tell the story, showing the pockets of poverty throughout the state.

Poverty Rates (Percent)	1999	1989
Families	6.7	7.9
Families with Related Children Under 5	13.7	15.3
Single Mothers with Related Children Under 5	43.6	55.8
Individuals	9.5	10.7
Individuals Age 65 and Older	7.7	10.8

Figure 7: Single Mothers with Children Under 5 Living in Poverty

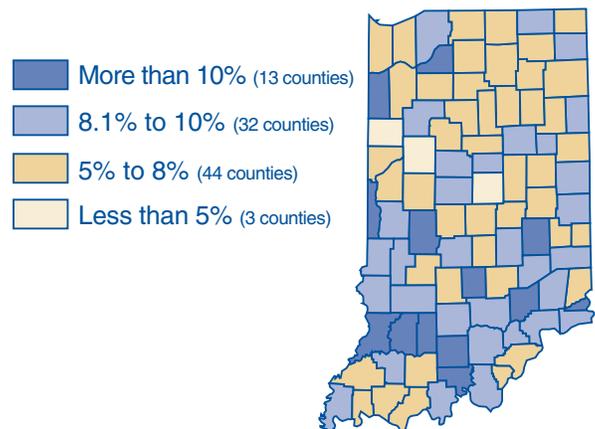
In six counties, 60% of single moms live in poverty



Source: U.S. Census Bureau

Figure 8: Percent of Individuals over 65 Living in Poverty

One senior citizen in 10 lives in poverty



Source: U.S. Census Bureau

Poverty status in 1999: Poverty is measured by using 48 thresholds that vary by family size and number of children within the family and age of the householder. To determine whether a person is poor, one compares the total income of that person's family with the threshold appropriate for that family. If the total family income is less than the threshold, then the person is considered poor, together with every member of his or her family. Not every person is included in the poverty universe: institutionalized people, people in military group quarters, people living in college dormitories, and unrelated individuals under 15 years old are considered neither as "poor" nor as "nonpoor," and are excluded from both the numerator and the denominator when calculating poverty rates.

Income: "Total income" is the sum of the amounts reported separately for wages, salary, commissions, bonuses, or tips; self-employment income from own nonfarm or farm businesses, including proprietorships and partnerships; interest, dividends, net rental income, royalty income, or income from estates and trusts; Social Security or Railroad Retirement income; Supplemental Security Income (SSI); any public assistance or welfare payments from the state or local welfare office; retirement, survivor, or disability pensions; and any other sources of income received regularly such as Veterans' (VA) payments, unemployment compensation, child support, or alimony.

Housing Affordability Stands High in Hoosier State

The National Association of Home Builders (NAHB) has released its latest report on housing affordability, covering the fourth quarter of 2001. NAHB gauges housing affordability with a measure called the Housing Opportunity Index (HOI), which is defined as the share of homes sold in an area that would be affordable to a family earning the median income for that area. The index thus has two major components, income and housing cost, which can vary considerably by region.

The national Housing Opportunity Index for the final quarter of 2001 was 64.1, meaning that 64 of 100 homes sold nationwide were affordable to families in the middle of the income distribution. NAHB also calculates the index for metropolitan areas which meet a minimum threshold for home sales in the quarter. In last year's fourth quarter, the Rockford, Illinois MSA led all metro areas with a Housing Opportunity Index of 95.8. At the opposite end of the spectrum, San

Francisco was the least affordable metro area, with a paltry index score of 8.0. While median family income in San Francisco was 52 percent higher than the national figure, the median sales price for homes sold in the fourth quarter exceeded the national norm by almost 230 percent, pricing families of modest means out of the market.

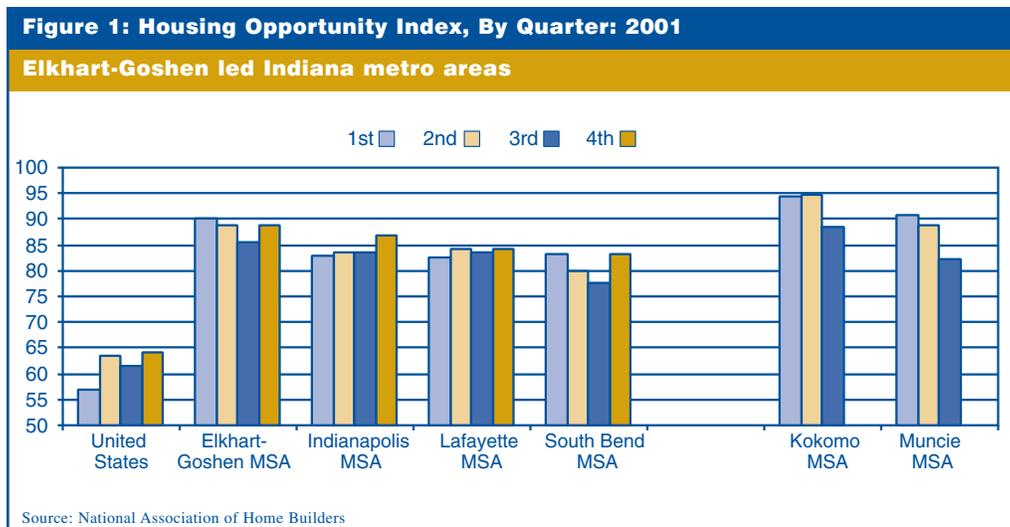
Four Indiana metros made the list of "25 Most Affordable Metro Areas" in last year's fourth quarter, led by the Elkhart-Goshen MSA with a score of 88.9. Among the nation's largest metro areas, those with a population of one million or more, Indianapolis ranked highest on affordability for the second, third, and fourth quarters of 2001. In the most recent quarter, 87 percent of homes sold were judged to be within the means of the "average" family. Also making the top-25 list were Lafayette and South Bend, each with index scores over 80.

Two other Indiana metro areas have scored at or near the top of the affordability rankings in recent quarters, but

a lack of sales data precluded an index calculation for the fourth quarter. The Kokomo MSA ranked #1 in the nation in the first two quarters of 2001, before slipping to #3 in the third quarter. Muncie held the #4 ranking in each of the first two quarters of 2001.

Most observers would agree that affordable housing is a desirable attribute for any area, but affordability may be a byproduct of economic distress. Rockford, for instance, experienced a 3.9 percent drop in nonfarm employment between December 2000 and December 2001. Over roughly the same period, Rockford's HOI increased 4.5 points, from 91.3 in the first quarter to 95.8 in the fourth quarter. Two metro areas with far lower HOI scores—San Jose, California and Portland, Oregon—also experienced job losses in 2001, and large jumps in HOI. In San Jose, nonfarm employment fell 4.3 percent in the 12 months preceding December 2001, with a corresponding HOI increase of 3.3 points, from 14.5 to 17.8. In Portland, HOI grew by 5.6 points (to 45.8) on a 2.4 percent decline in employment.

In the case of Kokomo, median family income is slightly higher than the national median, but low housing prices really drive the metropolitan area's high index score. In the second quarter of 2001, when the Kokomo MSA achieved an HOI score of 94.7, median family income was about \$5,000 above the national figure, but the area's median sales price was \$57,000 below the U.S. median.



Metro Areas Show Diverse Employment Patterns

Indiana's eleven metropolitan statistical areas demonstrate the dangers of making broad statements.

Over the past year (March 2001 to March 2002), the Lafayette MSA was the second fastest growing metro area in the nation in total employment. However, in the same period, employment growth in the Gary and Kokomo MSAs ranked in the bottom ten of 275 metro areas in the nation.

While the nation's metro areas experienced a 0.9 percent decline in total non-farm employment, Indiana's metro areas had a 1.3 percent decline. The range went from a 4.0 percent growth in the Lafayette metro area to a 3.8 percent drop in the Gary MSA (see Figure 1).

It is interesting to note that among the metro areas with the worst record over this one-year period are some of the nation's formerly most attractive "hot spots" including San Francisco and San Jose (CA), plus Atlanta (GA) (see Figure 2).

Figure 2: Ten MSAs with the Fastest Decline in the Past Year

Several MSAs that declined in 2001 were among the nation's former "hot spots"



Nationally, manufacturing accounted for 72.7 percent of the decline in metropolitan area employment, as 681,200 of the 937,200 jobs lost were in manufacturing. Indiana painted a similar picture. Here, manufacturing job losses accounted for 80.8 percent of metro area job losses. Figure 3 details the

gains and losses for both Indiana and the nation by sector.

Indiana exceeded the nation's growth rate in three sectors (government, services, and transportation and public utilities). Relative to the nation, Indiana's performance was weakest in wholesale trade.

Figure 1: Percent Change in Total Employment, Mar. 2001-Mar. 2002

Employment in Indiana's metro areas declined 1.3%

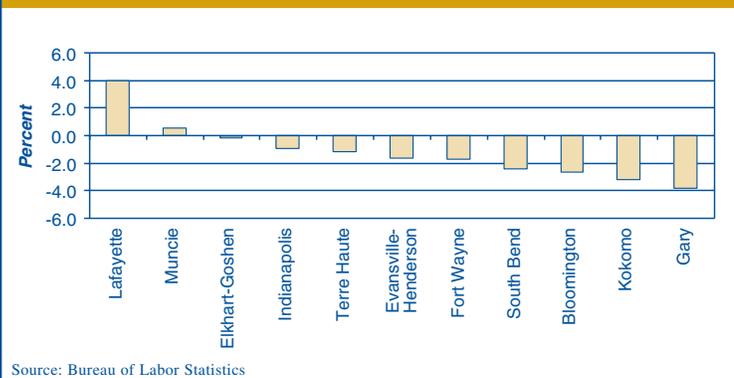
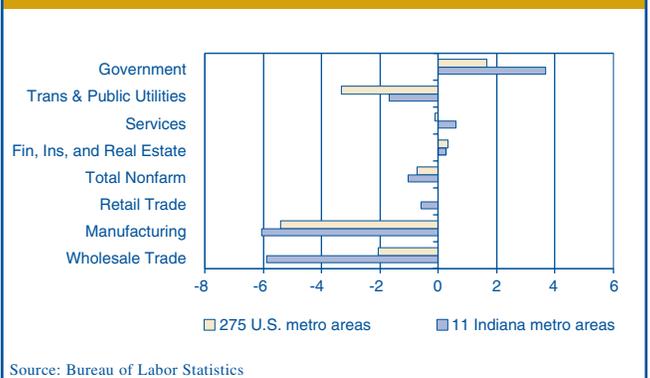


Figure 3: Percent Change by Sector, Mar. 2001-Mar. 2002

Wholesale trade was weakest compared to the U.S.



Changing the Way We View our Economies

The North American Industry Classification System (NAICS)

The way in which economists, government officials and economic developers speak and write about the economy will change over the next 12 to 24 months. New words will be used to describe new industry sectors, resulting from the federal government's new way of classifying business and industry in America—the North American Industry Classification System. Essentially, businesses that use similar production processes will be grouped together. Soon, we will hear monthly, quarterly and annual measures of industry employment and wages for sectors such as information, professional and scientific, health and social assistance, and even gambling (the legal variety, that is).

While the previous issue of *IN Context* provided an overview of the new structure, this time out we will look at a few specific sectors. Based on what we've learned from the Economic Census, the manufacturing, retail and wholesale sectors seem to have shrunk. Well, it's a little like the before and after photographs in weight loss commercials—much of the change depends on camera angle or point-of-view. In this case, one picture (SIC) shows the product, and the other picture (NAICS) shows the process.

Table 1 shows the net effect of changes in classification—moving and re-defining industries within sectors and out of sectors—for three major industries: manufacturing, wholesale trade and retail trade.

The retail sector shows nearly 180,000 fewer jobs under NAICS than

under SIC. This is probably the best example of why it will be difficult, if not impossible, to compare NAICS-based data to SIC-based data. The newly defined retail trade sector no longer includes eating and drinking establishments (see Table 2).

Manufacturing—It's In the Making

Under NAICS, establishments engaged in the mechanical, physical or chemical transformation of materials, substances or components into new products are grouped in manufacturing. This sector has 79 new industries and another 186 were revised. In all, there are 474 NAICS industries in manufacturing, compared with 459 under SIC. The most significant change to manufacturing was the creation of the Computer and Electronic

Product Manufacturing subsector, bringing together establishments engaged in the production of computers, computer peripherals, communications equipment, similar electronic products, and the components for such products.

Out: Publishing has moved to the new Information sector. Logging is now part of Agriculture, Forestry and Fishing.

In: Bakeries and candy stores where the products are made on the premises, custom tailors, makers of custom draperies and tire retreaders.

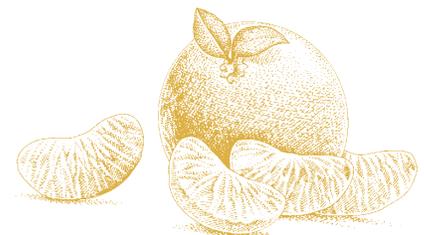
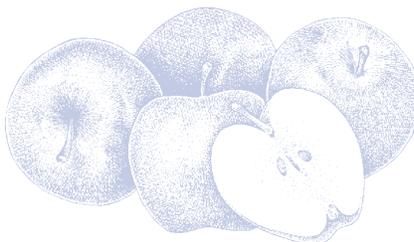
The Fuzzy Line Between Retail and Wholesale Trade

The boundaries between retail and wholesale have changed significantly, because NAICS emphasizes what the

Table 1: Apples to Oranges

Indiana's Economic Census Results (1997) NAICS versus SIC

		Establishments	Jobs	Difference
Manufacturing	NAICS	9,303	625,692	
	SIC	9,361	637,736	12,044
Wholesale trade	NAICS	8,896	112,705	
	SIC	10,612	129,290	16,585
Retail trade	NAICS	24,954	337,867	
	SIC	34,398	516,853	178,986



Source: 1997 Economic Census, U.S. Census Bureau

establishment does rather than to whom it sells. Retailers are now defined as establishments that sell merchandise, generally without transformation, and attract customers using methods such as advertising, point-of-sale location and display of merchandise. A store retailer has a selling place open to the public, merchandise on display or available through sales clerks, facilities for making cash or credit card transactions, and services provided to retail customers.

Wholesale establishments are mostly engaged in selling or arranging the purchase or sale of goods for resale, capital or durable nonconsumer goods, and raw and intermediate materials and supplies used in production. Wholesalers normally operate from a warehouse or office and are characterized by having little or no display of merchandise. In addition, neither the design nor the location of the premises is intended to solicit walk-in traffic.

Table 2: Retail Trade: Side-by-Side Comparison of Subsectors

NAICS	SIC
Building material & garden equipment & supplies dealers	Building materials, hardware, garden supply and mobile home dealers
General merchandise stores	General merchandise stores
Food & beverage stores	Food stores
Motor vehicle & parts dealers	Automotive dealers and gasoline service stations
Clothing & clothing accessories stores	Apparel and accessory stores
Furniture & home furnishings stores	Home furniture, furnishings, and equipment stores
<i>Now a Separate Sector</i>	Eating and drinking places
Miscellaneous store retailers	Miscellaneous retail
Electronics & appliance stores	
Gasoline stations	
Health & personal care stores	
Sporting goods, hobby, book and music stores	
Nonstore retailers	

Wholesalers also don't usually advertise to the general public.

The SIC defined retailers as those establishments that sold primarily to consumers while wholesalers were those establishments that sold primarily to business customers. The distinction between the boundaries of the two SIC divisions was based on class of customer rather than the selling characteristics of the establishment. The Census Bureau estimates that seven percent of computer wholesalers, 22 percent of office supply wholesalers, 35 percent of farm

supply wholesalers and 57 percent of petroleum bulk stations will move to retail.

Restaurants, Bars and Coffee Houses

Another major change to the retail trade sector is the removal of restaurants from retail trade. Restaurants are combined with accommodations (hotels, motels, bed & breakfast inns, etc.) to form a new sector in NAICS, Accommodation and Foodservices. Under SIC, restaurants accounted for about 10 percent of retail trade.

Figure 1: Indiana's Information Industry Establishments

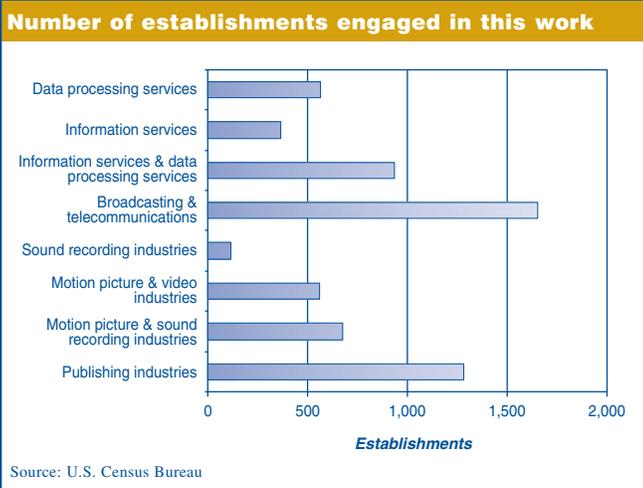
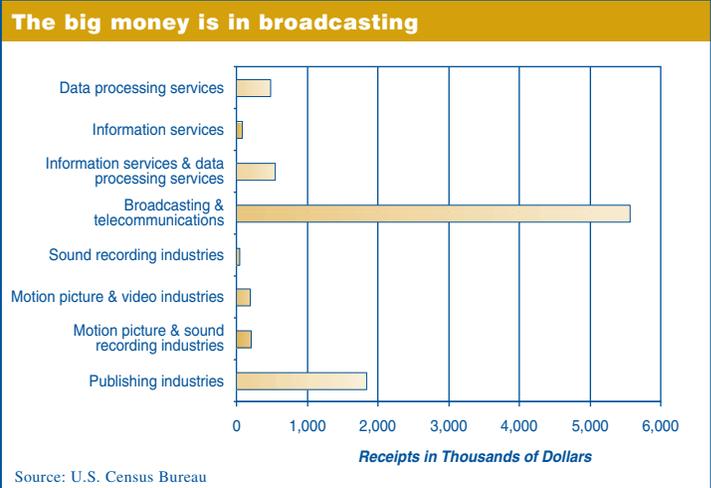


Figure 2: Indiana's Information Industry Receipts



Information Defined for the Information Age

One of the most important changes in NAICS is the recognition of a new Information sector. Information includes establishments that create, disseminate or provide the means to distribute information. It also includes establishments that provide data processing services (see Figures 1 and 2). Specific industries include:

- Newspaper, book and periodical publishers, previously included in the manufacturing sector
- Software publishers, previously included in services
- Broadcasting and telecommunications producers and distributors, previously included with utilities and transportation
- Motion picture and sound recording industries, information services and data processing services, previously included in services

There are 34 industries included in this new subsector, and 20 are new. Among the new industries are satellite telecommunications and paging, cellular and other wireless telecommunications.

The FIRE is Out

Real estate, once part of the Finance, Insurance and Real Estate (FIRE) triumvirate, is now part of the Real Estate and Rental and Leasing sector and now includes industries that used to be part of Services; Finance, Insurance, and Real Estate; and Transportation, Communications, and Public Utilities.

NAICS emphasizes what the establishment does rather than to whom it sells.

Professional, Scientific and Technical Services

Those businesses whose major input is human capital are now grouped together. The industries within this sector are each defined by the expertise and training of the service provider. This sector includes such industries as offices of lawyers, engineering services, architectural services, advertising services, veterinary services and interior design services. Forty-seven industries are grouped in this sector, 28 of which are new.

Administrative and Support; Waste Management and Remediation Services

This sector includes industries from Services; Transportation, Communications, and Utilities; Construction; and Agriculture, Forestry, and Fishing.

Health and Social Assistance

Recognizing that it is sometimes difficult to distinguish between the boundaries of health care and social assistance, NAICS has grouped these

industries in order from those providing the most intensive type of health care to those providing minimal health care with social assistance to providing only social assistance. There are 39 industries in this new sector, 27 of which are new, including HMOs, Family Planning Centers, Blood and Organ Banks, Diagnostic Imaging Centers, Continuing Care Retirement Communities, and Community Food Services. This sector also includes ambulance services which was previously a part of Transportation, Communications, and Public Utilities.

Gambling, Movies and Museums

The new Arts, Entertainment, and Recreation sector includes businesses engaged in meeting the cultural, entertainment and recreational interests of their patrons. Notably, legal casinos and other gambling businesses are recognized for the first time in NAICS, as are historical sites and sports teams. In all, there are 25 industries in the sector, most of which are new.

Enough already!

The changes are big, and the task of explaining them in ways we all can grasp seems even bigger. Next issue of *IN Context* we will tackle Auxiliaries, excluding Corporate, Subsidiary, and Regional Managing Offices and the category Management of Companies and Enterprises. For the impatient reader, all source material can be found on the web at www.census.gov/epcd/www/naics.html. Feel free to email rogersc@indiana.edu with questions about this article.

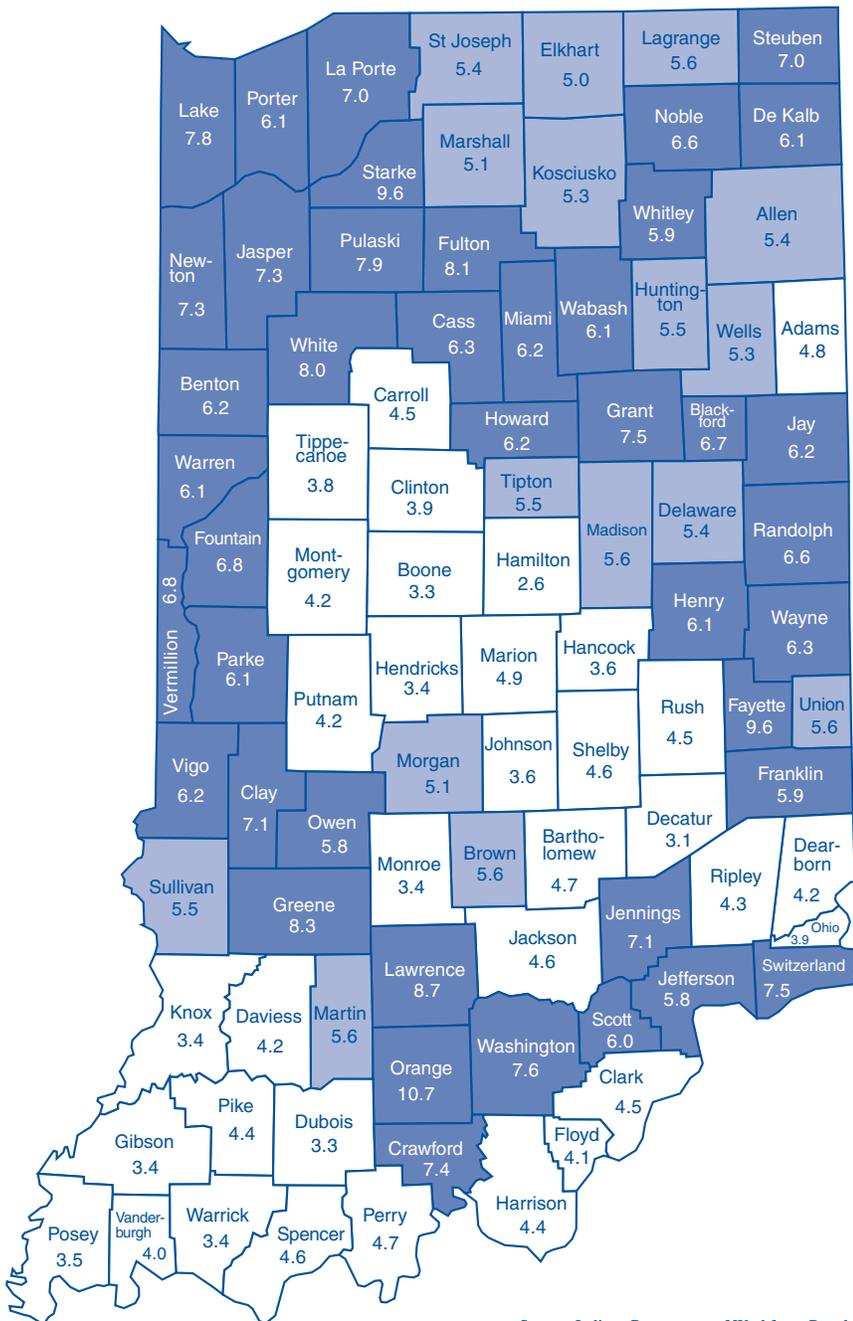
Indiana Employment Snapshot

Figure 1: March 2002 Unemployment Rates by County

Indiana's employment picture brightened in March

State Unemployment Rate = 5.3%

- Above State Rate (42 counties)
- Approx. Equal to State Rate (+/- 0.3) (16 counties)
- Below State Rate (34 counties)



Source: Indiana Department of Workforce Development

Indiana County Rates

- The Indiana statewide unemployment rate dipped slightly in March to 5.3 percent without seasonal adjustment. This was the first decline after five straight months of a rising unemployment rate, which peaked at 5.7 percent in February.
- Eighty-eight of Indiana's 92 counties reported a March unemployment rate that was better than or at least equal to February. The only worsening counties in March were White, Fountain, Wells and Morgan, where unemployment rates inched up by between 0.1 and 0.3 points.
- The biggest improvements in unemployment rate in March occurred in Martin County (2.2 points better), and in Crawford and Fayette counties.
- Counties with the highest March unemployment rates were Orange (10.7%), Starke (9.6%) and Fayette (9.6%).
- Counties with the lowest March unemployment rates were Hamilton (2.6%), Decatur (3.1%), and Boone and Dubois (3.3% each).
- Over the past year, however, a shrinking labor force in some counties accounted for part of the unemployment rate improvement. The total number of residents holding jobs fell compared to a year ago in 53 of 92 counties. Leading the declines were Lake County (5,181 fewer employed people), and Porter County (1,781 fewer).

IN CONTEXT

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The Gap Persists

Indiana women working full-time, year-round, earned 68 cents to the dollar compared to men, results from Census 2000 show. This isn't shocking news. Bureau of

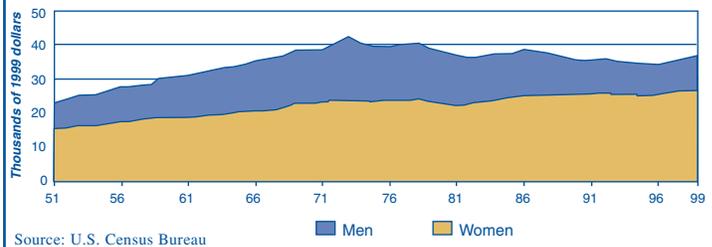
Labor Statistics research has found that in virtually all of the occupations for which data were available, women's median earnings are less than men's. Figure 1 shows national annual earnings for women and men working full-time, year-round from 1951 through 1999 in real dollars.

Results from Census 2000 for Indiana reveal two things: (1) the gap persists, but is growing smaller in many parts of the state and (2) women's median earnings for year-round, full-time work increased considerably between censuses. After adjusting the 1989 figures for inflation, 63 out of 92 counties had percentage increases for women that were 10 percent or greater. Ohio County's change was most significant, with a 40 percent increase. Only six counties saw an increase in male earnings by more than 10 percent. Keep in mind that the base earnings for women were smaller to begin with.

More information on the national wage gap research can be found at www.dol.gov/dol/wb/public/wb_pubs/wagegap2000.htm. Census results for Indiana, compared to 1990, can be found at www.stats.indiana.edu/c2k_menu.html.

Figure 1: Earnings Differences Between Men and Women

Stubborn pay gap persists for almost 50 years



For all the latest state and county figures and complete time series data sets related to the Indiana economy, visit the following Internet sites:

www.ibrc.indiana.edu/incontext
www.stats.indiana.edu
www.indianacommerce.com

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