incontext

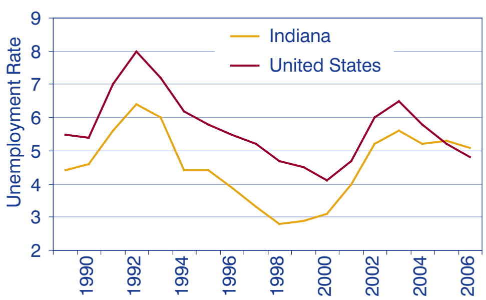
INDIANA'S WORKFORCE AND ECONOMY

AUGUST 2006

inside

June Unemployment

Indiana's unemployment rate fell 0.2 percentage points to 5.1 percent in June. However, the state rate in June has been higher than the national rate for two consecutive years, with a difference in 2006 of 0.3 percentage points.



*not seasonally adjusted

News Articles on Honda, Toyota and Subaru (click to visit)

- Columbus one of six "shovel-ready" sites in state
- North Vernon mayor joining economic development officials on Japan trip
- Precision Products engine venture will create 66 jobs in Jefferson County
- Lafayette panel recommends tax breaks for Toyota suppliers
- Supplier for Toyota ready to move to Lafayette
- Honda's ripple effect could impact three of Johnson County's largest plants

Automobile Assembly in Indiana

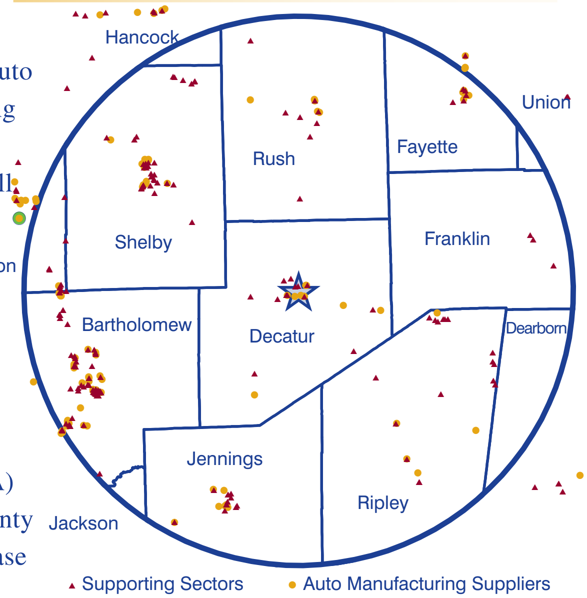
The infusion of 2,000 to 4,000 manufacturing jobs at the Honda plant in Decatur County is good news for auto suppliers in Indiana and surrounding states. Certainly, the effect will be regional in scope, but only time will tell us what the true metrics will show in terms of economic impact.

Indiana has a long history with major auto plants, the most recent of which has been Toyota Motor Manufacturing of Indiana (TMMI) in Gibson County and Subaru of Indiana Automotive (SIA) in Tippecanoe County. Gibson County has seen the most significant increase in wages between the time prior to TMMI and more recently. With a 52 percent increase in jobs and an average increase in wages of 66 percent, it isn't difficult to see what the effect can be on a county with a relatively small population base. Decatur County will see similar effects on its wages and jobs because of the small population and small workforce.

In counties such as Tippecanoe and Howard, the effects of a big assembly plant are muted by the existence of a larger economic base (see **Table 1**). Even though Howard County has an illustrious history in the automotive industry, it is less dependent on manufacturing than Gibson and Decatur counties. Decatur County, with the infusion of between 2,000 and 4,000 new Honda jobs, will see its proportion of jobs in manufacturing jump over 50 percent. This, of course, will be the downside when the inevitable downturns in the auto industry occur.

—Carol Rogers, Executive Editor, Indiana Business Research Center, Kelley School of Business, Indiana University

FIGURE 1: Selected Employers with 25 Employees or More in a 30-Mile Radius from Greensburg



Source: IBRC, using Quarterly Census of Employment and Wages data

TABLE 1: Jobs and Wages in Major Auto Assembly Plant Counties

Counties	Per Capita Income	Average Wage		Jobs		Manufacturing Jobs		Ten-Year Change	
		2004	1994	2004	1994	2004	Percent of Total	Wages	Jobs
Decatur*	$27,194	$29,647	$27,290	12,345	11,727	4,987	40%	9%	5%
Gibson	$29,583	$42,091	$25,410	15,480	10,211	6,599	43%	66%	52%
Howard	$31,134	$45,900	$44,697	42,006	44,808	14,993	36%	3%	-6%
Tippecanoe*	$26,752	$34,982	$31,862	73,471	67,086	14,629	20%	10%	10%

*These figures are current data and do not reflect the Honda jobs nor the new jobs anticipated for Toyota at Subaru.
Note: Major auto assembly refers to those plants where the automobiles are assembled and come off the line ready to go to the dealers.

Living in the Suburbs

Twelve of Indiana's 20 largest cities have lost residents since Census 2000, according to the latest population estimates for 2005 (see **Table 1**). Of course, don't make the mistake of thinking everyone is packing up and moving to Fishers. More often than not, Hoosiers are merely living outside the city limits in nearby suburbs or unincorporated areas within the county.

Speaking of Fishers, the Hamilton County town grew an astounding 50.8 percent, adding almost 19,300 people since 2000. That's like having the entire population of Logansport relocate to the area during the five-year period. Six of the eight large cities that have grown since the start of the decade, including Fishers, are in the Indianapolis metro area (the two exceptions being Mishawaka and Columbus).

TABLE 1: Population Change in Indiana's Twenty Largest Cities, 2000 to 2005

City or Town	2005 Population	Change	Percent Change
Fishers	57,220	19,274	50.8
Noblesville	38,825	9,940	34.4
Greenwood	42,236	5,864	16.1
Carmel	59,243	7,759	15.1
Lawrence	40,959	2,044	5.3
Mishawaka	48,497	1,870	4.0
Columbus	39,380	315	0.8
Indianapolis	784,118	2,254	0.3
Elkhart	52,270	-204	-0.4
Fort Wayne	223,341	-1,637	-0.7
Kokomo	46,178	-400	-0.9
Lafayette	60,459	-754	-1.2
Muncie	66,164	-1,851	-2.7
South Bend	105,262	-3,107	-2.9
Bloomington	69,017	-2,600	-3.6
Anderson	57,500	-2,235	-3.7
Gary	98,715	-4,031	-3.9
Terre Haute	56,893	-2,733	-4.6
Hammond	79,217	-3,831	-4.6
Evansville	115,918	-5,664	-4.7

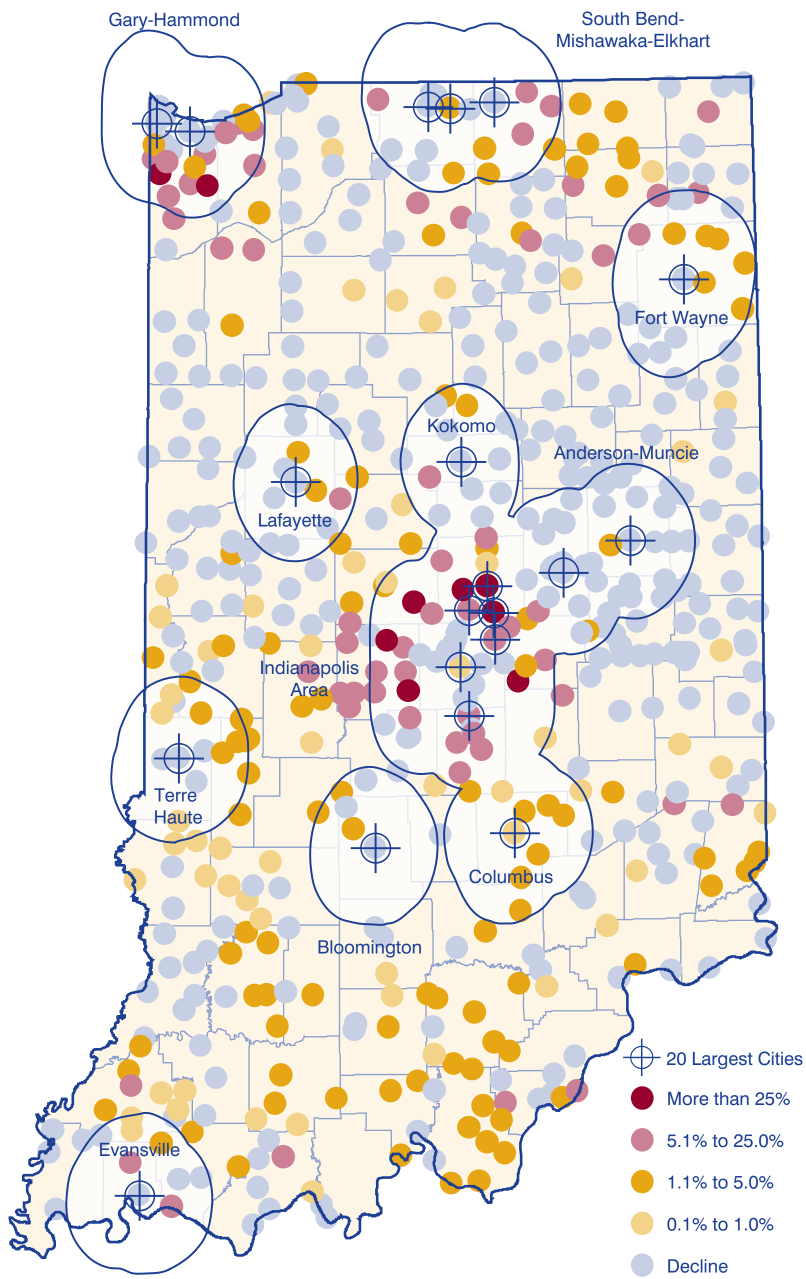
Source: IBRC, using U.S. Census Bureau data

Note that when population change is discussed in this article, it uses the Census 2000 estimates base, which takes into account annexations and other changes in city and town boundaries, so that true population change (be it migration or natural increase) in the area is measured.

Around Indiana's Largest Cities

Figure 1 shows the state's largest cities, each with a 15-mile radius to better highlight their suburbs. The dots display all of Indiana's incorporated places, indicating their change in population since Census 2000. One can clearly see the

FIGURE 1: Percent Change in Population in Indiana's Incorporated Places, 2000 to 2005



Note: Radius = 15 miles
Source: IBRC, using U.S. Census Bureau data

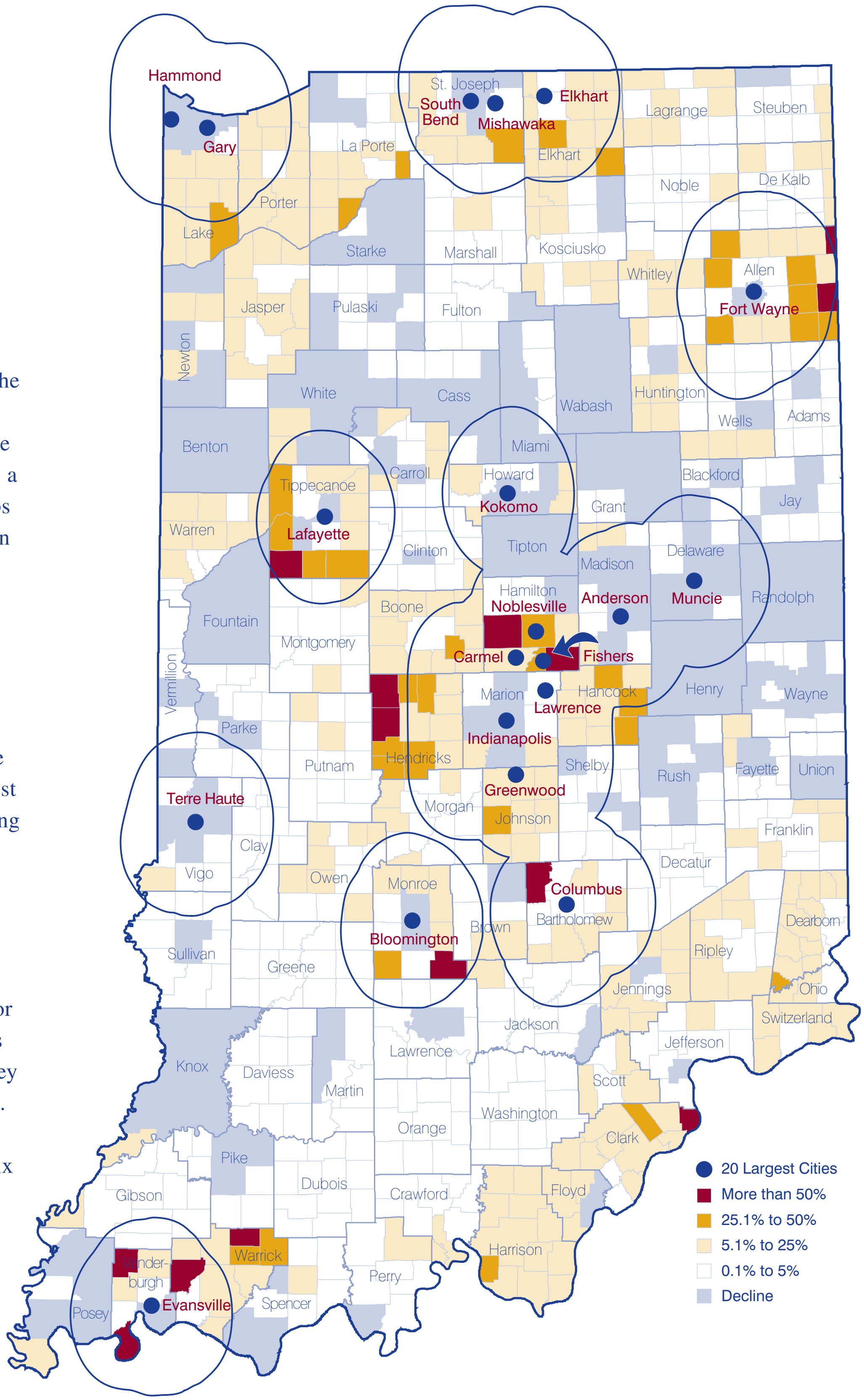
> “While the cities of Gary and Hammond lost a combined 7,862 residents, the suburbs within a 15-mile radius had a net gain of 18,470 residents.”

continuing suburbanization trend in the Indianapolis area, but it’s happening elsewhere as well. For example, while the cities of Gary and Hammond lost a combined 7,862 residents, the suburbs within a 15-mile radius had a net gain of 18,470 residents.

On the other hand, suburbs within a 15-mile radius of Terre Haute, Anderson–Muncie, Kokomo and Lafayette, each had a net decrease in residents, ranging from -69 for Terre Haute to -362 in Lafayette. The Anderson–Muncie region had the most suburbs (36 out of 44) with a declining population.

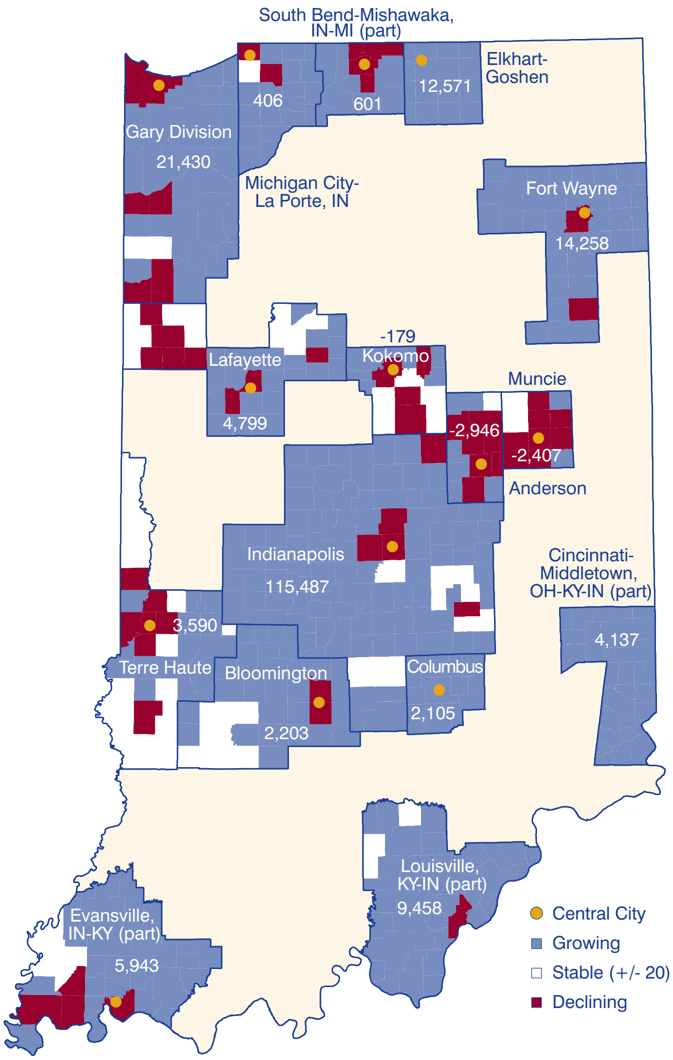
Of course, it is misleading to look only at incorporated places because many people are living in unincorporated regions of the state (see **Figure 2**). Take Bloomington, for example: Its six incorporated suburbs lie to the northeast, and combined they had a net gain of about 160 residents. However, looking at population change by township shows that the six townships just south of Bloomington added 1,185 residents and the four townships to the east added 867. And even in the northeast where the suburbs are, one sees people moving to the unincorporated

FIGURE 2: Percent Change in Population by Township, 2000 to 2005



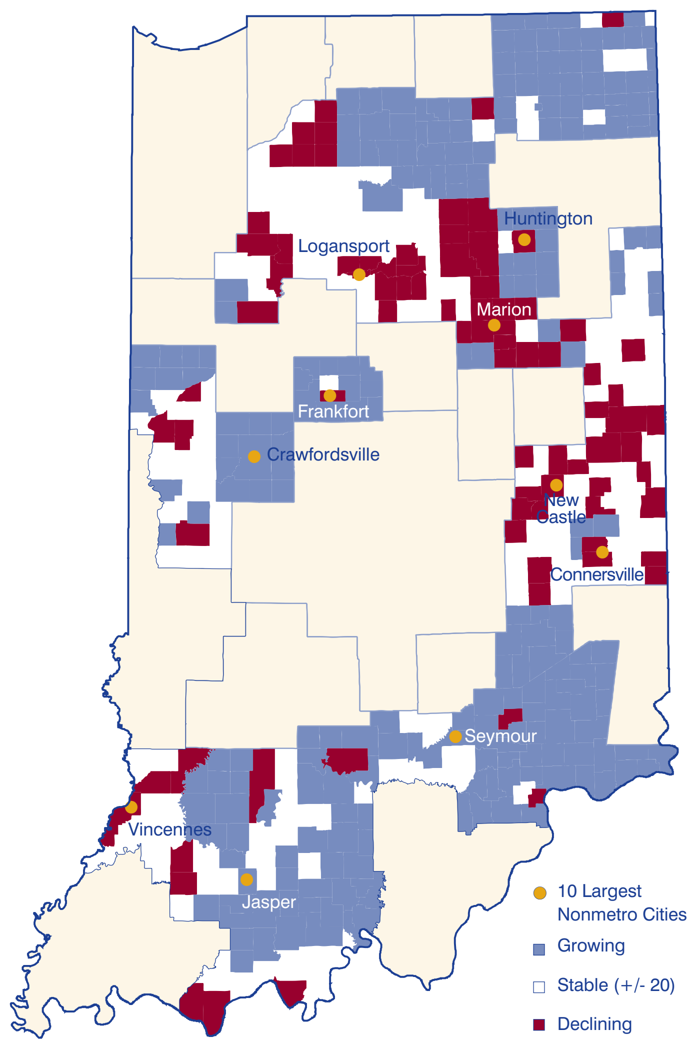
Note: Radius = 15 miles
Source: IBRC, using U.S. Census Bureau data

FIGURE 3: Population Change by Township for Metros, 2000–2005



Source: IBRC, using U.S. Census Bureau data

FIGURE 4: Population Change by Township for Nonmetros, 2000



areas near Ellettsville and Stinesville rather than inside the town limits themselves.

Inside Indiana's Metros

Does the picture change when looking at the metropolitan statistical area definitions? Not really (see **Figure 3**). In most cases, townships containing central cities are declining, while outlying townships are growing. The Elkhart–Goshen and Columbus metros, along with the Indiana portion of the Cincinnati–Middletown metro, are notable in that all townships experienced growth between 2000 and 2005. Anderson and Muncie are noteworthy exceptions in the other direction, with significant population losses across townships.

For related discussion on this topic, see the summer issue of the Indiana Business Review at www.ibrc.indiana.edu/ibr

Outside Indiana's Metros

Figure 4 shows the population change for the nonmetro portion of the state, along with the 10 largest nonmetro cities. East of Seymour, all but a handful of townships grew. The same can be said of northeast Indiana and, to a lesser degree, southwest Indiana. Other areas of the state were largely mixed between stability and population losses.

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

Hoosier Students and the Public Schools

More than 1.1 million Hoosier children are preparing to return to school this month, along with nearly 60,500 teachers and 3,300 administrators. The following is a bird's eye view of Indiana's public school corporations.

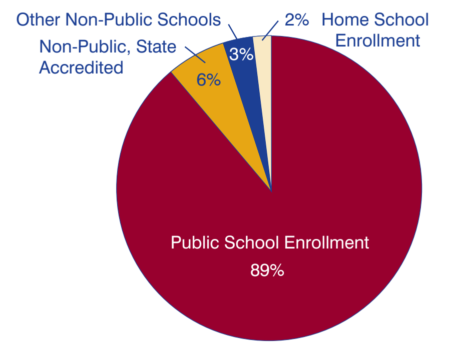
Enrollment

A little over 1 million Hoosier children attended public school during the 2005–06 school year (see **Figure 1**). Among school corporations, Indianapolis Public Schools had the highest enrollment (38,142), while Dewey Township Schools in La Porte County had a mere 154 pupils (see **Figure 2**).

Within the past 10 years, public school enrollment has increased by 5 percent in Indiana. Meanwhile—though accounting for only 2 percent of children statewide—the number of children home-schooled has skyrocketed 332 percent to total almost 23,500 children. Since 2001, however, the annual rate of growth in home schooling has begun to slow down, dropping to a 5 percent increase in 2004–05 from the previous year (compared to a 1 percent over-the-year increase in public school enrollment).

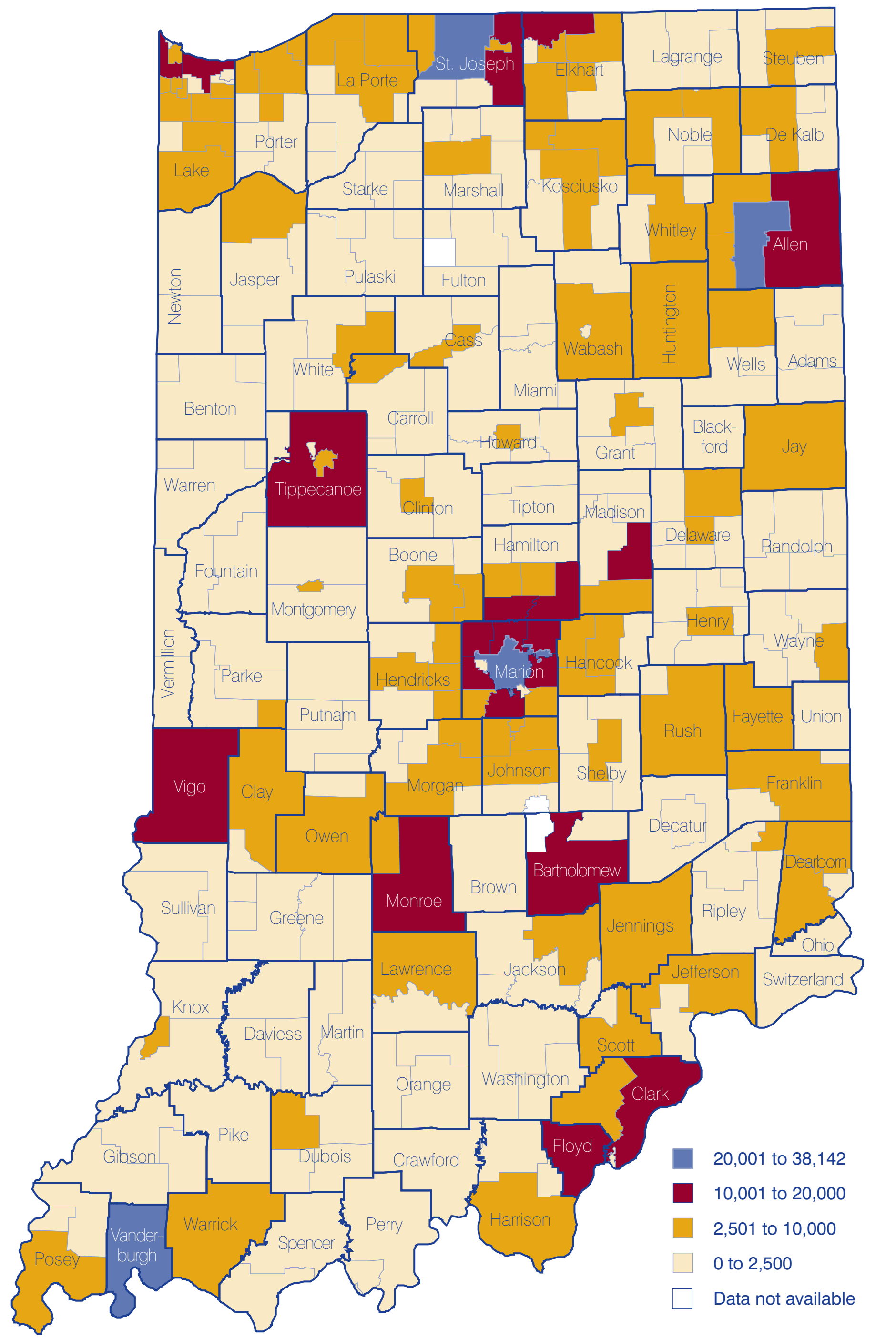
The Indiana Department of Education (IDOE) projects that within the next 10 years, public school enrollment will increase from current levels by about 4 percent—that's more than 43,500 new children. (Projections for those home-schooled, as well as those enrolled in private schools, were unavailable.)

FIGURE 1: INDIANA ENROLLMENT, 2005-06



Source: IBRC, using Indiana Department of Education data

FIGURE 2: ENROLLMENT BY SCHOOL DISTRICT, 2005–06

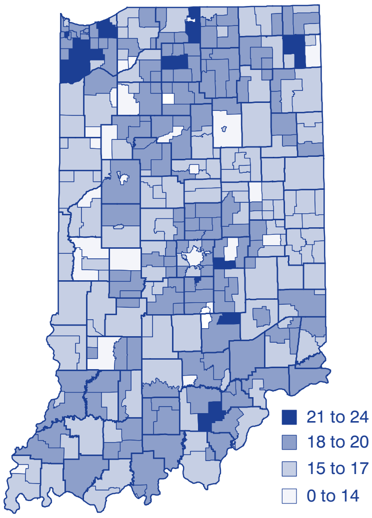


Source: IBRC, using Indiana Department of Education data

Teachers

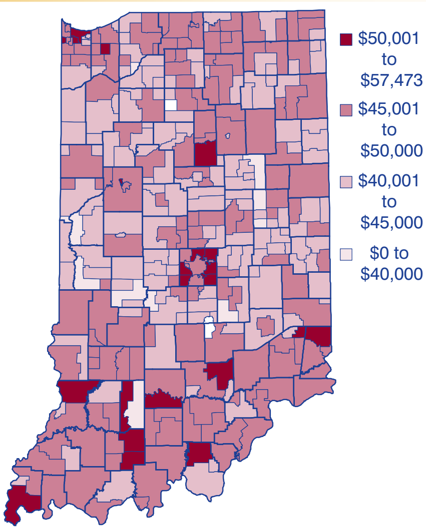
The student-teacher ratio during the 2004–05 school year ranged from eight students per teacher in Dewey Township Schools to 24 students per teacher in Lake County's Tri-Creek School Corporation (see **Figure 3**). Statewide, the average teacher salary equaled $46,591 (see **Figure 4**). In Morgan County, Eminence Community

FIGURE 3: Students per Teacher, 04-05



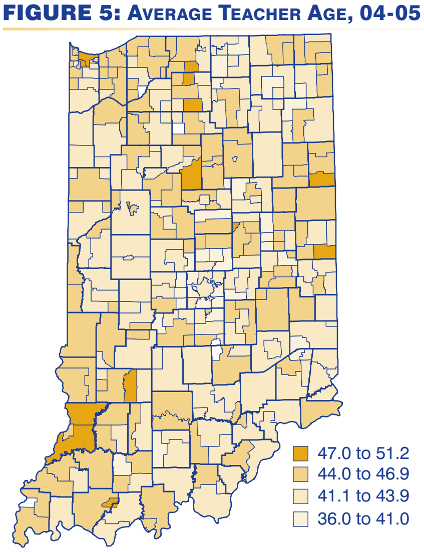
Source: IBRC, using Indiana Department of Education data

FIGURE 4: Average Teacher Salary, 04-05



Source: IBRC, using Indiana Department of Education data

FIGURE 5: Average Teacher Age, 04-05



Source: IBRC, using Indiana Department of Education data

School teachers had the lowest average salary in the state at $32,579 (incidentally, they also had the youngest average teacher age of 36 years—see **Figure 5**). West Lafayette Community School Corporation, on the other hand, had an average teacher salary of $57,473 (and an average teacher age of 47). Gary Community Schools had the oldest average teacher age statewide at 51 years (and an average teacher salary of $51,405).

A $6 Billion Endeavor

During the 2004–05 school year, school corporations spent $6.06 billion, according to IDOE's annual report, for all general fund purposes. However, that $6 billion averaged out to just $6,160 per student.

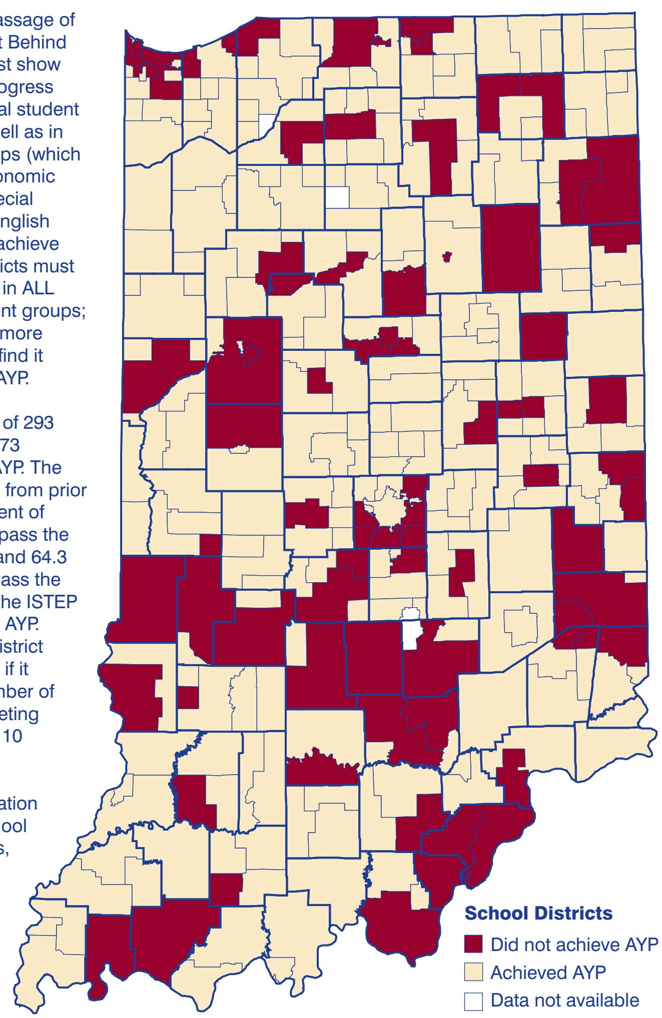
Total per pupil expenses, on the other hand, include capitol outlays not paid out of the general fund and are averaged across three years to help smooth out spikes resulting from

No Child Left Behind

With the 2001 passage of the No Child Left Behind Act, schools must show annual yearly progress (AYP) in their total student population, as well as in student subgroups (which involve race, economic background, special education and English proficiency). To achieve AYP, school districts must meet the criteria in ALL applicable student groups; thus, larger and more diverse districts find it harder to make AYP.

In 2005, 213 out of 293 school districts (73 percent) made AYP. The "bar" was raised from prior years: 65.7 percent of students had to pass the English portion and 64.3 percent had to pass the math portion of the ISTEP in order to make AYP. Alternatively, a district could make AYP if it reduced the number of students not meeting these targets by 10 percent.

For more information and detailed school AYP breakdowns, visit Indiana's No Child Left Behind website at www.doe.state.in.us/esea/.



Source: IBRC, using Indiana Department of Education data

TABLE 1: Standardized Test Scores by Grade, 2005–06

Grade	Pupils Tested		Percent Pass		
	Public	Nonpublic	Both English and Math	English	Math
3	76,341	6,132	66%	76%	74%
4	77,869	6,119	67%	75%	76%
5	77,651	6,048	68%	75%	77%
6	78,314	5,628	67%	72%	79%
7	80,863	5,202	64%	70%	77%
8	80,514	5,396	63%	70%	73%
9	82,597	4,327	61%	68%	71%
10	78,782	5,218	58%	69%	65%

Source: IBRC, using Indiana Department of Education data

Find more school district or statewide education data at www.doe.state.in.us/asap/. STATS Indiana provides county-level aggregations of education data based on the IDOE reports. It also provides regional school district boundary maps at www.stats.indiana.edu/maptools/school_districts.htm.

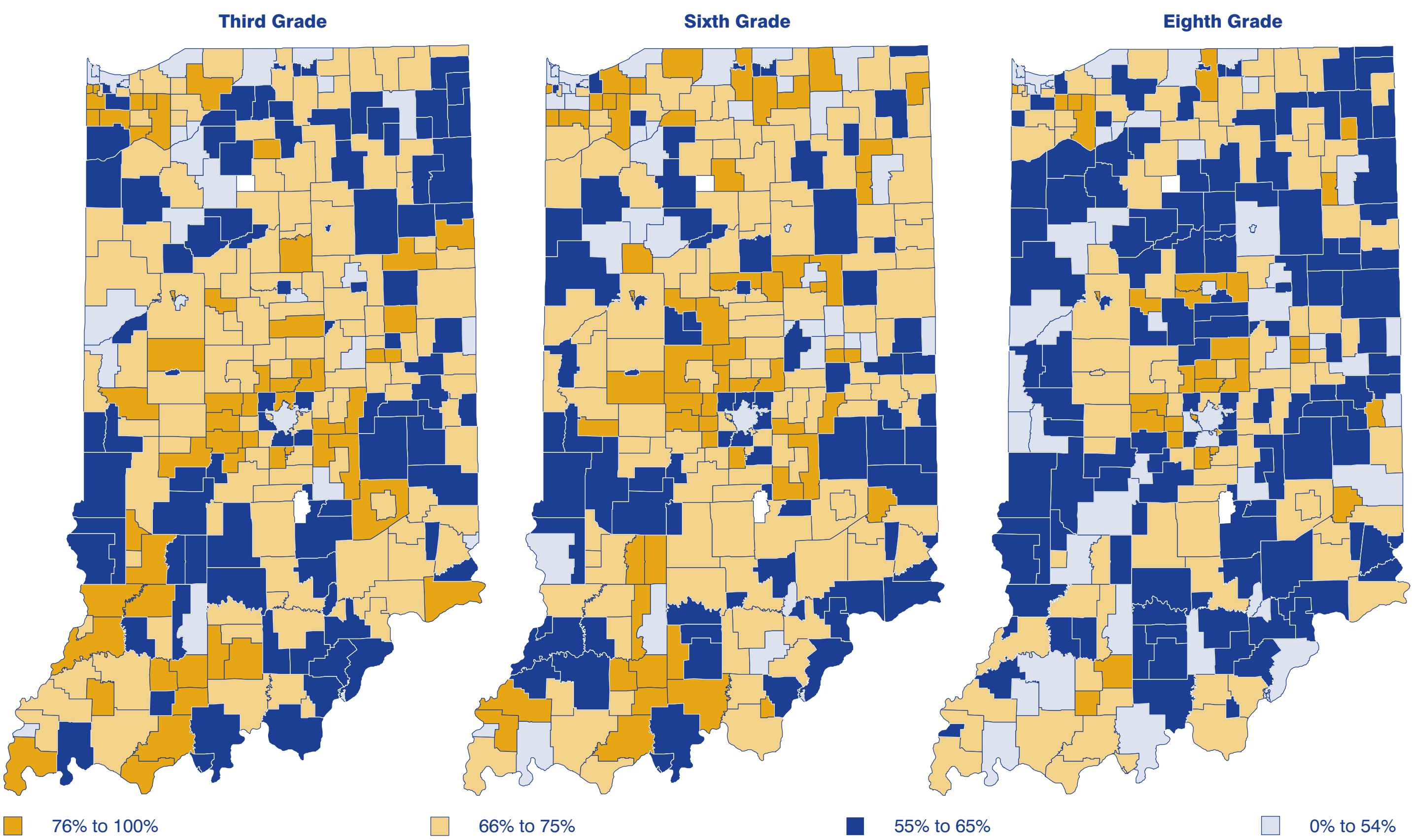
building projects and the like. From 2002 to 2004, the Indiana average was $9,115 per pupil.

Achievement

Quantifying student achievement is fraught with difficulty, and standardized tests—for better or worse—are often the proxy used. **Table 1** shows the statewide scores for 2005–06. Whereas 68 percent of fifth graders passed both English and math, that dropped to just 58 percent of high school sophomores. The number passing the math portion showed a similar pattern—peaking in the sixth grade at 79 percent and falling to 65 percent of sophomores. English scores peaked at 76 percent of third graders, falling to a low of 69 percent of 10th graders. **Figure 6** shows the percentage of students in each school corporation passing both English and math.

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

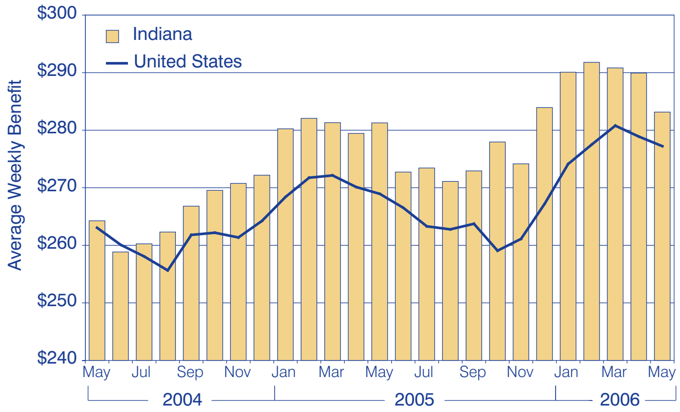
FIGURE 6: Percent of Students Passing Both English and Math ISTEP Requirements by School District, 2004–05



Source: IBRC, using Indiana Department of Education data

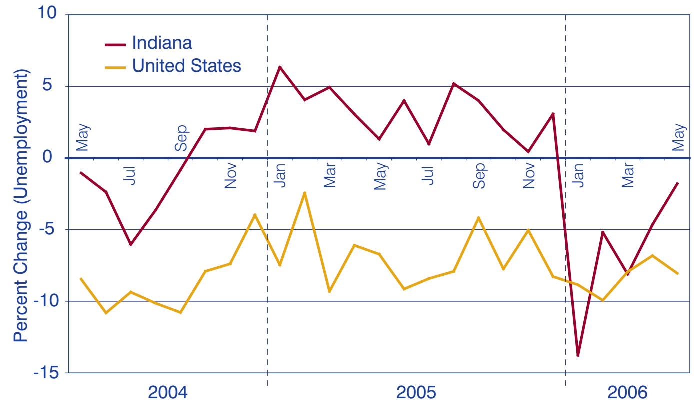
Monthly Metrics: Indiana's Economic Indicators

Average Weekly Benefits Paid for Unemployment Insurance Claims, May 2004 to 2006



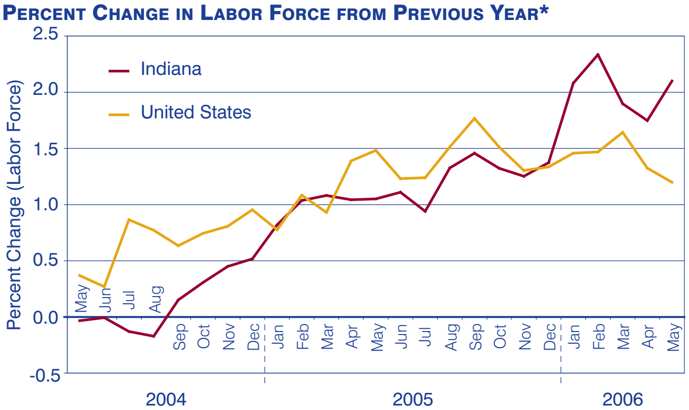
Source: U.S. Department of Labor

Percent Change in Unemployment from the Previous Year*



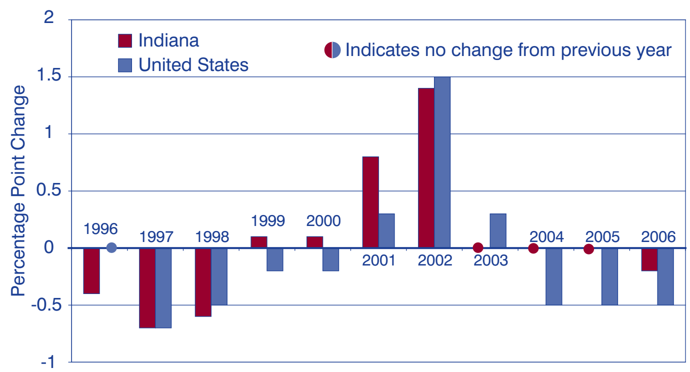
*seasonally adjusted
Source: IBRC, using Bureau of Labor Statistics data

Percent Change in Labor Force from Previous Year*



*seasonally adjusted
Source: IBRC, using Bureau of Labor Statistics data

Change in Unemployment Rate From May of Previous Year*



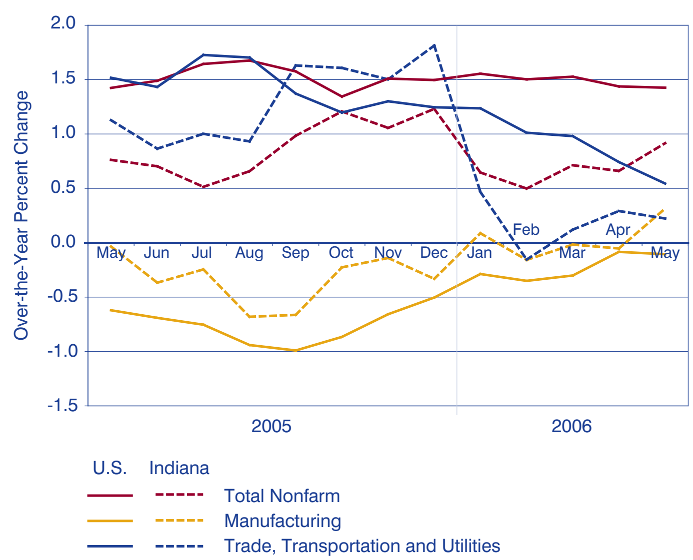
*seasonally adjusted
Source: IBRC, using Bureau of Labor Statistics data

Change in Employment by Industry Super-Sector, 2005 to 2006*

Industry	Indiana		United States
	Change in Jobs	Percent Change	Percent Change
Total Nonfarm	27,000	0.9	1.4
Financial Activities	3,000	2.2	2.7
Educational and Health Services	7,700	2.1	2.3
Leisure and Hospitality	5,200	1.9	1.7
Information	700	1.7	-0.1
Natural Resources and Mining	100	1.4	8.2
Professional and Business Services	2,500	0.9	2.8
Manufacturing	1,800	0.3	-0.1
Trade, Transportation and Utilities	1,300	0.2	0.5
Government	100	0.0	0.7
Other Services	0	0.0	0.5

*May of each year, seasonally adjusted
Source: IBRC, using Bureau of Labor Statistics data

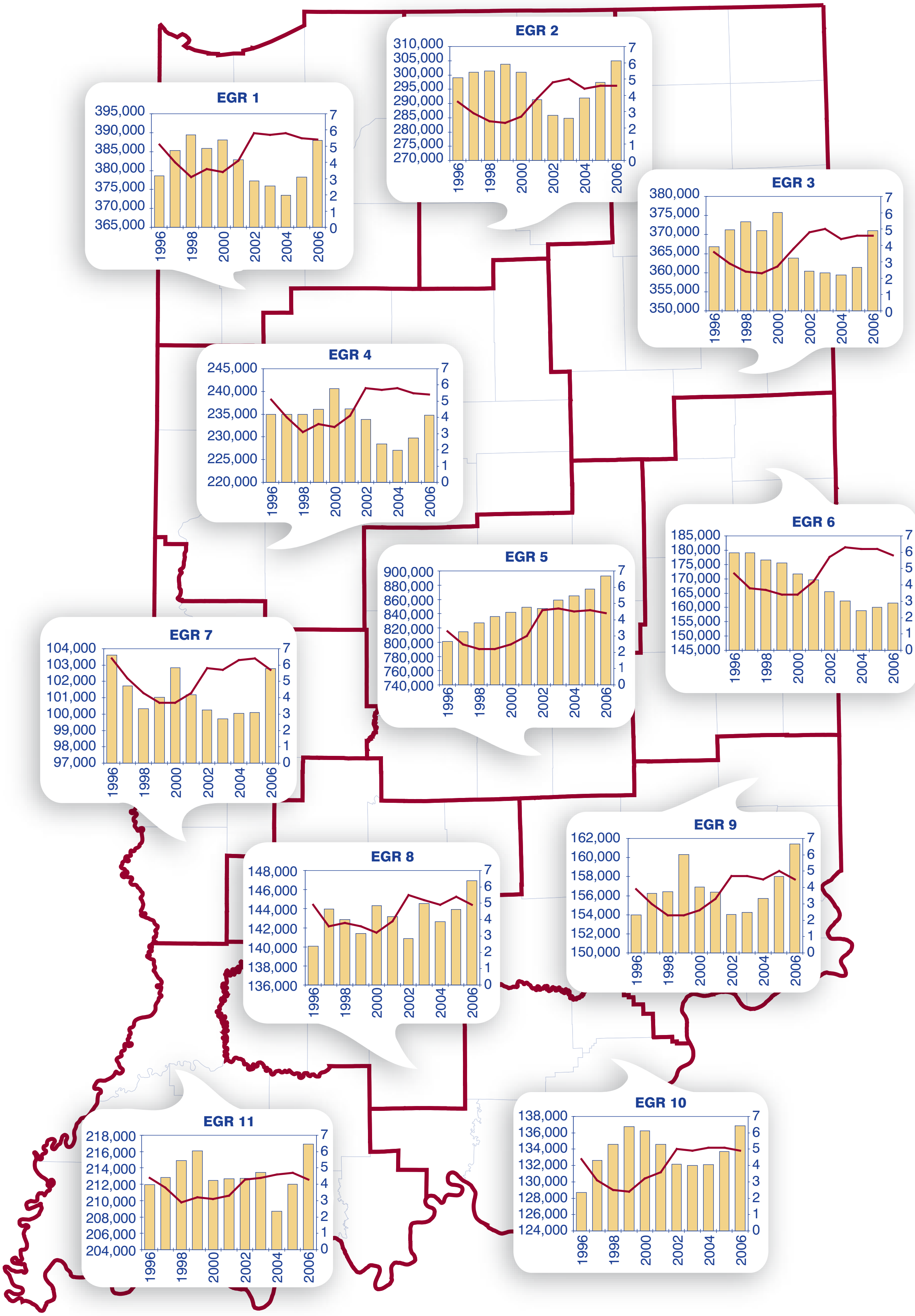
Over-the-Year Percent Change in Employment by Super-Sector*



*seasonally adjusted
Source: IBRC, using Bureau of Labor Statistics and Indiana Department of Workforce Development data

Regional Unemployment Rates and Employment

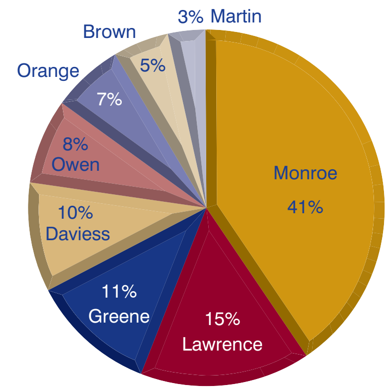
May of Each Year (not seasonally adjusted) Employed (left axis) Unemployment Rate (right axis)



Regional Perspective: Economic Growth Region 8

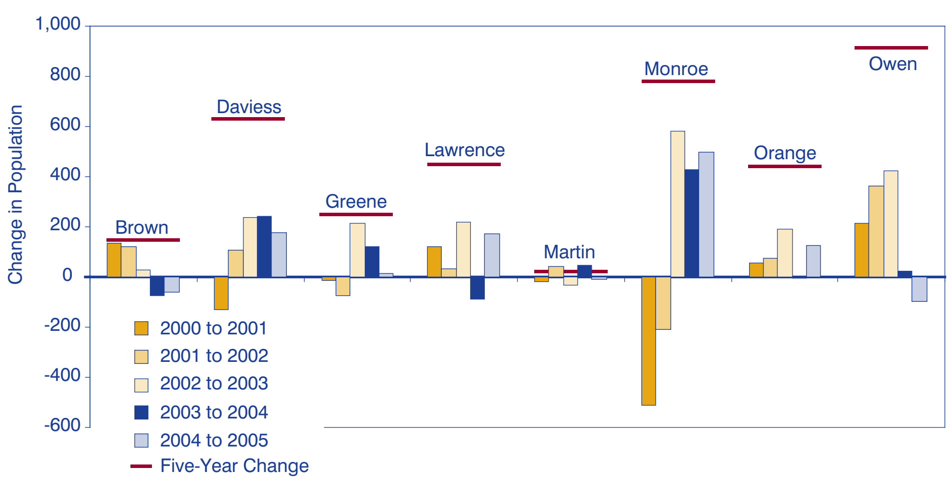
Economic Growth Region (EGR) 8 is located in the central southwestern portion of Indiana and consists of the following eight counties: Brown, Daviess, Greene, Lawrence, Martin, Monroe, Orange and Owen. With a combined 2005 population nearing 300,000 people, the region made up 4.8 percent of the state's population. While population changes have been somewhat inconsistent at the county level (see **Figure 1**), the region has seen an overall population gain of about 3,680 people from July 2000 to 2005; across all five years, each county increased in population. Owen County showed the largest decrease from 2004 to 2005 but has actually added the most number of people over the five-year span, for an overall increase of 922 people. As seen in **Figure 1**, Martin County showed the least change since 2000, with an increase of only about 29 people.

FIGURE 2: Population Distribution, EGR 8



Source: IBRC, using U.S. Census Bureau data

FIGURE 1: Change in Population in EGR 8, 2000 to 2005



Source: IBRC, using U.S. Census Bureau data

TABLE 1: Jobs in Indiana and EGR 8, 2001:3 to 2005:3

	EGR 8			Indiana		
Industry	2005:3	Change	Percent Change	2005:3	Change	Percent Change
Total	114,765	4,407	4.0	2,879,527	7,553	0.3
Public Administration	7,902	3,065	63.4	131,786	646	0.5
Agriculture, Forestry, Fishing and Hunting	594	203	51.9	14,289	-1,137	-7.4
Administrative, Support and Waste Management	3,750	793	26.8	163,665	22,953	16.3
Professional, Scientific and Technical Services	3,248	367	12.7	90,212	4,221	4.9
Wholesale Trade	2,726	253	10.2	122,664	-473	-0.4
Finance and Insurance	2,539	235	10.2	100,555	-4,378	-4.2
Construction	6,451	581	9.9	156,147	-367	-0.2
Health Care and Social Services	13,630	1,225	9.9	348,193	26,688	8.3
Arts, Entertainment and Recreation	628	50	8.7	49,948	289	0.6
Educational Services	3,080	141	4.8	207,280	11,293	5.8
Real Estate, Rental and Leasing	1,628	51	3.2	39,072	-9	0.0
Accommodation and Food Services	11,467	185	1.6	240,761	9,681	4.2
Other Services (Except Public Administration)	3,225	3	0.1	84,382	-2,485	-2.9
Management of Companies and Enterprises	222	-9	-3.9	26,175	-372	-1.4
Retail Trade	13,172	-577	-4.2	332,377	-13,955	-4.0
Manufacturing	17,899	-1,038	-5.5	572,432	-39,048	-6.4
Utilities	695	-44	-6.0	16,508	11	0.1
Transportation and Warehousing	3,126	-296	-8.6	128,179	-1,730	-1.3
Information	1,965	-237	-10.8	47,446	-4,000	-7.8
Mining	947	-457	-32.5	6,567	-426	-6.1

Note: Highlighted rows show the industries that gained at the regional level but lost jobs statewide
Source: IBRC, using Bureau of Labor Statistics data

At the county level, Monroe County made up 41 percent of the region's population (see **Figure 2**). Located within Monroe County, the city of Bloomington (home to Indiana University's largest campus) makes up 23 percent of the region's population. That is more than any other county's population share (at second place, Lawrence County's share of the regional population is 15 percent).

Jobs

There were about 7,000 establishments supplying jobs for 114,765 people in EGR 8 in the third quarter of 2005, making up 4 percent of all jobs in the state. This is up from 3.8 percent of the state total in the same quarter of 2001.

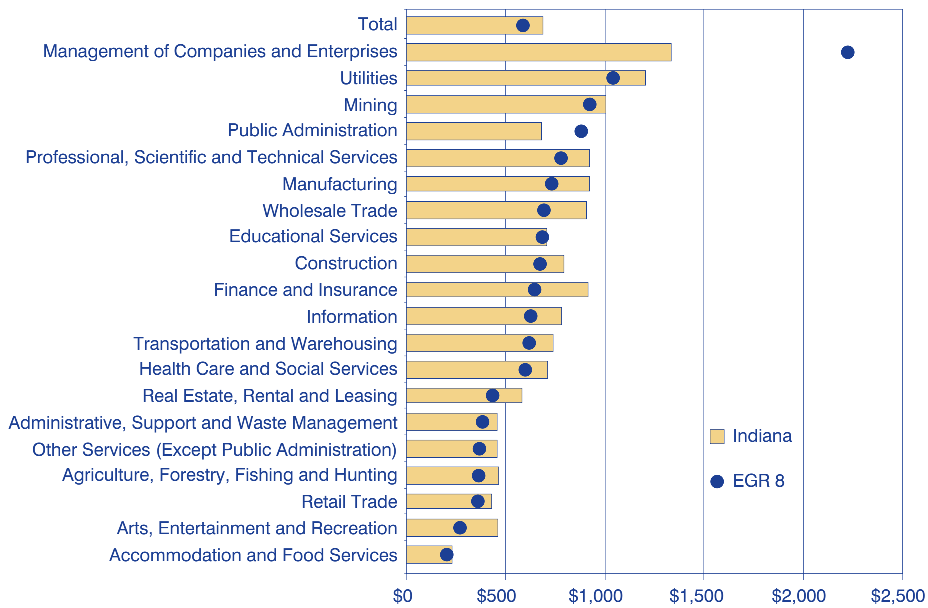
Overall gains totaled more than 4,400 jobs for a 4 percent increase over the four years. That is 3.7 percentage points higher than the growth at the state level, which saw an increase of 7,553 jobs. The increase in jobs at the regional level can be mostly attributed to two industries: the public administration industry added 3,065 jobs and the health care and social services industry improved by another 1,225 jobs.

While manufacturing makes up a higher percentage of jobs at both the regional and state levels than any other single industry, it is not as prominent in EGR 8 as it is at the state level, with 15.6 and 19.9 percent of jobs, respectively. There were five industries that lost jobs at the state level but gained at the regional level:

1. Construction
2. Wholesale Trade
3. Finance and Insurance
4. Real Estate, Rental and Leasing
5. Other services

Meanwhile, the utilities industry was the only one to lose jobs in EGR 8 and add statewide (see **Table 1**).

Figure 3: Average Weekly Wages in Indiana and EGR 8, 2005:3

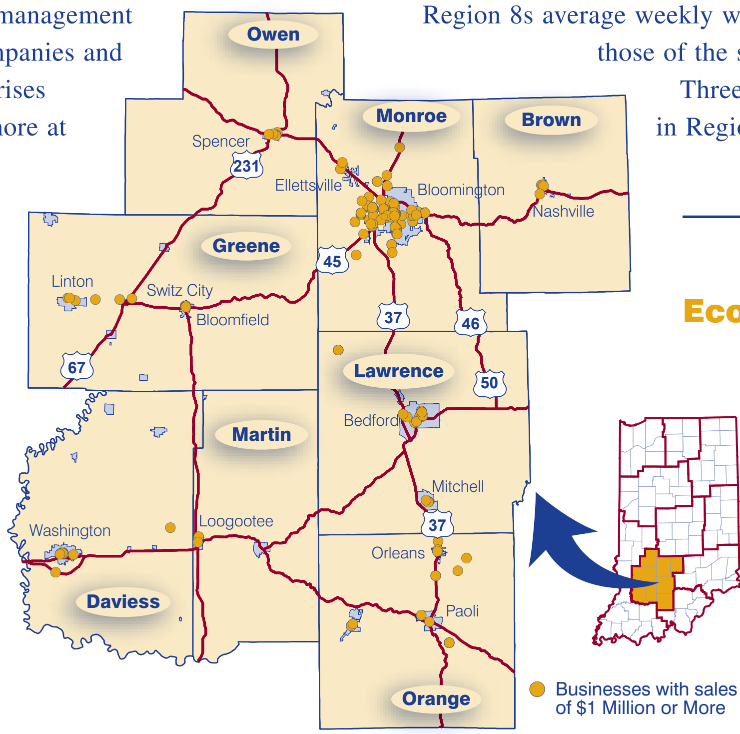


Source: IBRC, using Bureau of Labor Statistics data

Wages

Along with adding jobs, Region 8 saw an increase of $82 in average weekly wages. Despite this increase, EGR 8 still pays less than the state average by $93 per week. An even closer look reveals that only two individual industries paid higher wages in the region than in the state: management of companies and enterprises paid more at the regional level than it did statewide by an average of $896 per week and public administration paid an average of $209 more per week in EGR 8 than in Indiana overall. **Figure 3** compares Region 8s average weekly wages to those of the state.

Three industries in Region 8 saw a decrease in average weekly wages: agriculture, forestry, fishing and hunting (down by $2 per week); arts, entertainment and recreation (down by $16 per week); and management of companies and enterprises (down by $583 per week). Despite the large drop in average weekly wages for the management of companies and



Note: Symbols are geocoded positions of businesses using latitude-longitude data, street, and mailing addresses. The data is from Dun and Bradstreet, while the geocoding process used is ESRI StreetMap USA.

Economic Developments in EGR 8

The U.S. Economic Development Administration (EDA) is funding research to develop a "clusters of innovation" model that can be used in America's rural communities. The strategy developed by analyzing Region 8s demographic, economic and industrial composition is intended to set the stage for the implementation of an ongoing regional initiative to stimulate new investment and job creation within all participating counties.

This map shows the locations for businesses in the region that had at least $1 million in sales in 2004. The city of Bloomington in Monroe County shows the heaviest concentration of these businesses. Martin County claims the least number of businesses in this category, but does have the Crane Naval Surface Warfare Center.

For more maps, data and the preliminary report about the region, state and nation, visit www.ibrc.indiana.edu/innovation.

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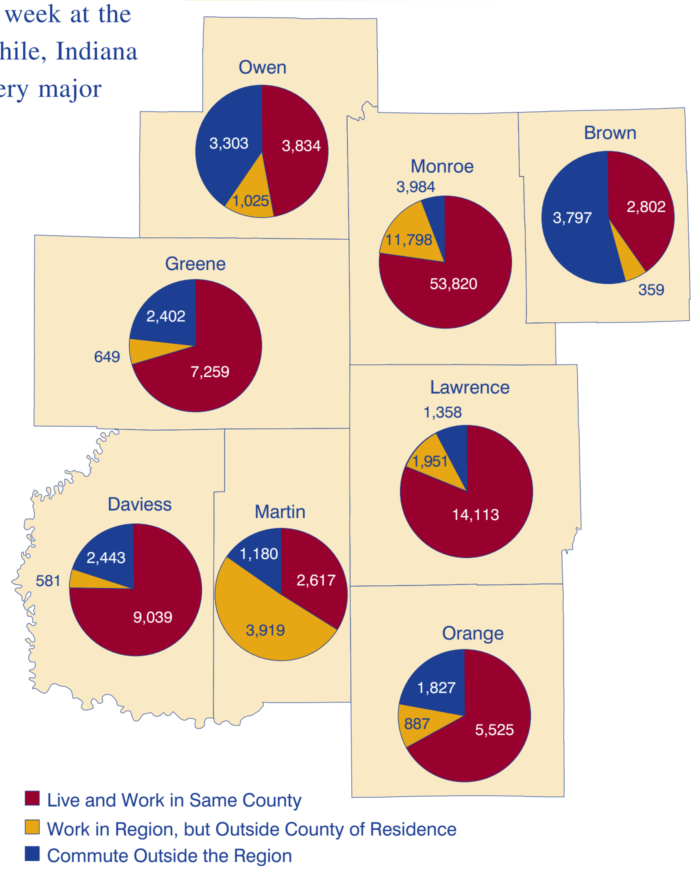
(continued from page 11)

enterprises industry, it still pays almost $900 more per week at the regional level. Meanwhile, Indiana increased wages in every major industry sector.

FIGURE 4: EGR 8 Commuting Patterns, 2000



Source: IBRC, using U.S. Census Bureau data

Commuting

Of the approximate 140,500 people who make up the regional labor force (defined as those who live in the region and work anywhere), 70.5 percent choose to work in the same county in which they live and 85.6 percent stay within EGR 8 boundaries. That leaves about 20,300 people working outside the region. Meanwhile, 7,468 people live outside the region and commute in for work. **Figure 4** shows the county-level commuting patterns.

Let's take a closer look at the 85.6 percent of the labor force that works within the region. Brown County receives and sends the fewest number of workers to the other seven EGR 8 counties, with 359 coming in and 755 leaving (see **Table 2**). At the other end of the spectrum, Monroe County receives the most workers (11,798) and Lawrence County sends out the most (5,830 workers).

—Molly Marlatt, Research Associate, Indiana Business Research Center, Kelley School of Business, Indiana University

TABLE 2: Intra-Regional Commuting, 2000

	To							
From	Brown	Daviess	Greene	Lawrence	Martin	Monroe	Orange	Owen
Brown	2,802		27		1	689		38
Daviess		9,039	224	101	1,126	129	7	
Greene	6	157	7,259	93	910	3,788	22	291
Lawrence	50	10	79	14,113	995	4,022	654	20
Martin		408	41	151	2,617	136	165	
Monroe	303		207	679	720	53,820	34	676
Orange		6		892	128	221	5,525	
Owen			71	35	39	2,813	5	3,834

Source: IBRC, using U.S. Census Bureau data