

# Regional Perspective: Economic Growth Region 3

The 11 counties that make up Indiana's Economic Growth Region (EGR) 3 include Adams, Allen, De Kalb, Grant, Huntington, Lagrange, Noble, Steuben, Wabash, Wells and Whitley counties. The region covers nearly 4,375 square miles of land and boasts a 2004 population of 738,795. While that number was only 11.8 percent of Indiana's population and a miniscule 0.3 percent of the U.S. population, it is larger than 66 of the world's countries. **Table 1** shows the 5 countries with the closest population to EGR 3.

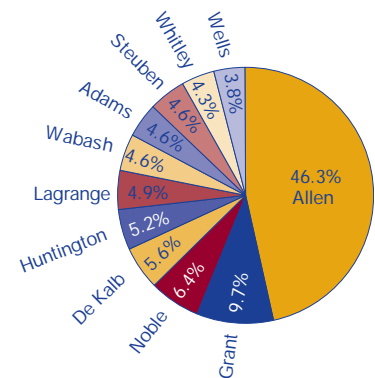
At a more local level, Allen County makes up 46.3 percent of the region's population with 342,168 people. Grant County is next in line with 9.7 percent (71,543 people) of the region's population, while all other counties range from 6.4 percent to 3.8 percent

(see **Figure 1**). From 2000 to 2004, Grant and Wabash counties were the only two to lose residents. All other counties gained anywhere from 24 people (Huntington County) to 9,427 (Allen County). Perhaps one of the most interesting population statistics for the region is that 37 percent of the Lagrange County population is Amish,<sup>1</sup> making it the third largest Amish community in the nation, behind Lancaster County, Pa. (second largest), and Holmes County, Ohio (largest).<sup>2</sup>

## Jobs

In the second quarter of 2005, the manufacturing industry made up 26.1 percent of all jobs in the region, down from its 2001 level of 28.7 percent. EGR 3 experienced a loss of nearly 11,800 manufacturing jobs in those four years. Major increases in the

FIGURE 1: EGR 3 POPULATION DISTRIBUTION



Source: IBRC, using U.S. Census Bureau 2004 estimates

health care and social services, administrative support and waste management, and accommodation and food services industries would have helped offset manufacturing losses if it hadn't been for additional declines in the retail trade, finance and insurance, and information industries (see **Table 2**). As a result of those dramatic decreases, EGR 3 lost over 1,000 more jobs than Indiana lost.

It is important to note that the mining and management of companies and enterprises industries lost 55 percent and 20 percent of jobs, respectively. However, even before these recent losses, they only made up a combined 0.7 percent of all jobs in the industry, meaning that while losses were significant at the individual industry level, they were not as noteworthy in terms of the number of jobs.

## Income and Wages

EGR 3 has not fared as well as the state in terms of average weekly wages paid, neither across all industries nor by individual industry sector. Among all major industry classifications, only educational services paid more (by an average of \$16 more per week) in Region 3 than at the state level (see **Figure 2**). Across all industries, Indiana paid \$37 more per week.

TABLE 1: COUNTRIES WITH THE NEAREST POPULATION TO INDIANA'S EGR 3, 2004

Country	Population	Square Miles	Location
Cyprus	775,927	3,571	Off the southern coast of Turkey
Reunion	766,153	2,510	407 miles off the east coast of Madagascar in the Indian Ocean
Guyana	763,251	83,000	Northern coast of South America. East of Venezuela, North of Brazil
Bahrain	677,886	257	Archipelago in the Persian Gulf
Comoros	651,901	838	190 miles off the coast of Mozambique in the Indian Ocean

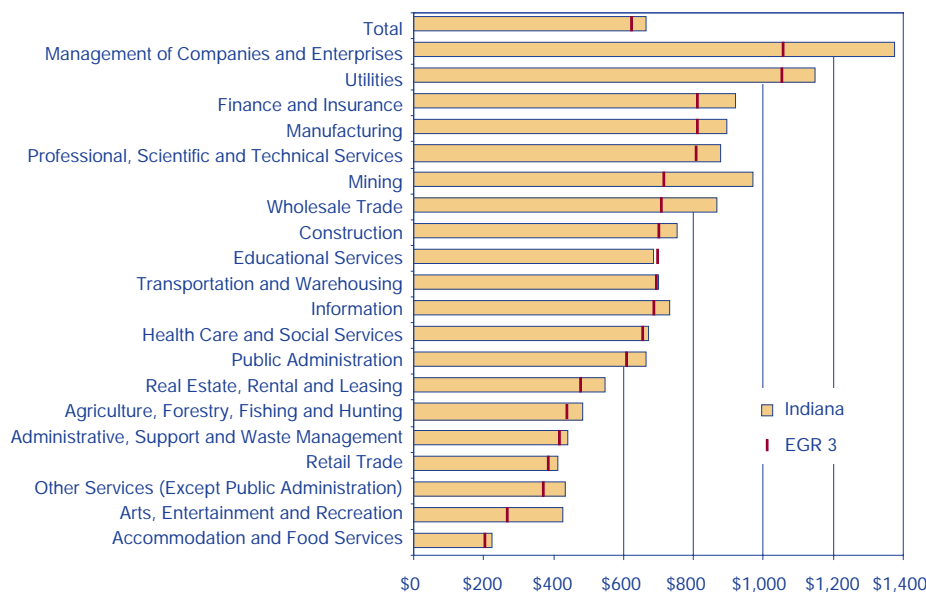
Sources: Population data from the U.S. Census Bureau International Database; square miles and location from InfoPlease.com

TABLE 2: CHANGE IN JOBS IN EGR 3 AND INDIANA, 2001:2 TO 2005:2

Industry	EGR 3			Indiana		
	2005:2	Change Since 2001	Percent Change	2005:2	Change Since 2001	Percent Change
Total	342,315	-9,932	-2.8	2,892,130	-8,900	-0.3
Agriculture, Forestry, Fishing and Hunting	1,329	-82	-5.8	12,014	140	1.2
Mining	116	-142	-55.0	6,577	-255	-3.7
Utilities	822	126	18.1	16,369	-136	-0.8
Construction	15,769	-450	-2.8	150,668	-749	-0.5
Manufacturing	89,419	-11,787	-11.6	574,457	-50,156	-8.0
Wholesale Trade	15,753	-307	-1.9	122,007	-2,049	-1.7
Retail Trade	36,953	-2,431	-6.2	330,856	-18,482	-5.3
Transportation and Warehousing	14,473	277	2.0	127,501	-2,888	-2.2
Information	5,932	-1,120	-15.9	47,482	-4,364	-8.4
Finance and Insurance	11,771	-2,464	-17.3	99,986	-5,787	-5.5
Real Estate, Rental and Leasing	3,150	-155	-4.7	38,254	-198	-0.5
Professional, Scientific and Technical Services	8,067	-516	-6.0	90,233	2,767	3.2
Management of Companies and Enterprises	1,723	-432	-20.0	26,353	-255	-1.0
Administrative, Support and Waste Management	15,738	2,759	21.3	158,953	20,379	14.7
Educational Services	23,446	-663	-2.8	241,265	16,309	7.2
Health Care and Social Services	43,640	4,547	11.6	346,169	27,749	8.7
Arts, Entertainment and Recreation	3,197	-38	-1.2	47,848	-99	-0.2
Accommodation and Food Services	27,996	1,788	6.8	239,483	10,123	4.4
Other Services (Except Public Administration)	9,476	-538	-5.4	84,923	-2,902	-3.3
Public Administration	11,592	511	4.6	129,909	1,822	1.4

Source: IBRC, using Bureau of Labor Statistics data

FIGURE 2: EGR 3 AVERAGE WEEKLY WAGES BY INDUSTRY, 2005:2



Source: IBRC, using Bureau of Labor Statistics data

The good news is that Region 3 is improving. The not-so-good news is that EGR 3 hasn't improved as much as the state. From 2001:2 to 2005:2, regional wages increased across every industry except mining and management of companies and enterprises. Meanwhile, these two industries were among the fastest growing in terms of average weekly wages paid at the state level. Region 3 decreased wages paid in the mining industry by \$153 per week and wages paid in the management of companies and enterprises industry by \$9 per week. At the same time, Indiana's average weekly wages paid in mining and management of companies and enterprises increased by \$108 and \$197, respectively.

### Commuting

Of the 350,582 people that work in the region, 95.8 percent also reside in EGR 3 according to Census data. In other words, only 4.2 percent of the regional workforce lives outside the region. At a more local level, Allen County preceded all the other counties in terms of number of workers who both live and work in the same county, with

nearly 150,000 people falling into that category. The next in line was Grant County, with just under 27,000 people who live and work in the same county, a difference between first and second place of about 123,000 people.

Of the eleven counties, only Allen, Huntington and Whitley provided workers for every county in the region. Meanwhile, more people leave their county of residence for work in a fellow EGR county than for work outside the region altogether, except for Grant and Lagrange counties. Grant County has 3,480 people leaving the region entirely and only 1,958 commuting to fellow EGR counties (see Figure 3). Lagrange County shows similar results, with over 3,700 commuters leaving the region and not quite 2,300 commuting within the region.

### Conclusion

EGR 3 lags the state on numerous economic levels. Population growth in the region was 0.6 percentage

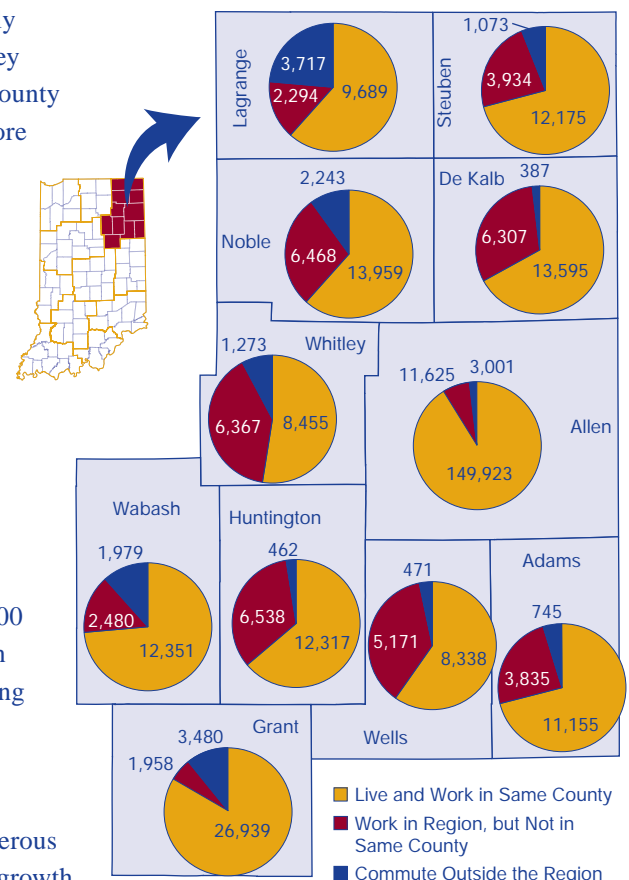
points lower than the state; EGR 3 lost 9,932 jobs compared to 8,900 lost in Indiana; and average weekly wages were less in Region 3 than they were in Indiana overall. Only time will tell how EGR 3 and the rest of Indiana will emerge from economic pressures that seem to weigh heavily on transformations in the manufacturing industry.

### Notes

1. Lagrange County, Indiana, Chamber of Commerce ([www.lagrangechamber.org/](http://www.lagrangechamber.org/))
2. The two largest Amish communities in the United States are in Lancaster County, Pennsylvania and Holmes County, Ohio (<http://en.wikipedia.org/wiki/Amish>). Holmes County, Ohio claims to be the largest (according to the Holmes County Chamber of Commerce at [www.visitamishcountry.com/](http://www.visitamishcountry.com/)), making Lancaster County, Pa. the second largest.

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

FIGURE 3: EGR 3 COMMUTING PATTERNS



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