Indiana Bank Performance During the Current Financial Crisis

The current financial crisis delivered financial and economic activity unprecedented in historical terms. Initially, most of the damage was inflicted on financial institutions, and observers saw trouble among banks of different sizes and locations. Much has been written in the popular press about the large nationwide banks, and some of the larger regional banks, such as PNC, National City and Fifth Third. The focus of this analysis, however, is on banks headquartered in Indiana. Results on various performance measures of banks across Indiana regions are provided and the state's bank performance is also compared with its neighbors: Michigan, Kentucky, Illinois and Ohio.

Overview

This analysis examines FDIC bank data from September 2002 through September 2008. This period includes both increasing and declining home prices, as measured by the Case-Shiller Home Price Index. The objective is to capture long-term changes in key financial ratios due to the rise and fall in housing values, and the subsequent challenges confronting banks. We begin the observation period after the last recession, which ended in November 2001. Asset write-downs, bank capital and profitability are this article's focus, along with bank funding, which has surfaced as a problem among some banks.

Table 1: Common Banking Definitions

<table>
<thead>
<tr>
<th>Item</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Risk-Based Capital Ratio</td>
<td>Total risk-based capital as a percent of risk-weighted assets as defined by the appropriate federal regulator for prompt corrective action during that time period.</td>
</tr>
<tr>
<td>Net Interest Margin</td>
<td>Total interest income less total interest expense as a percent of average earning asset.</td>
</tr>
<tr>
<td>Return on Assets</td>
<td>Net income as a percent of average total assets.</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>Net income as a percent of average equity.</td>
</tr>
<tr>
<td>Retained earnings to average equity</td>
<td>Net income, less cash dividends declared, as a percent of average total equity capital.</td>
</tr>
<tr>
<td>Non-current loans to loans</td>
<td>Total non-current loans and leases, loans and leases 90 days or more past due plus loans in nonaccrual status, as a percent of gross loans and leases.</td>
</tr>
<tr>
<td>Loan loss allowance to non-current loans</td>
<td>Allowance for loan and lease losses as a percent of non-current loans and leases.</td>
</tr>
<tr>
<td>Loan loss allowance to loans</td>
<td>An allowance set aside for bad loans (customer defaults, or terms of a loan have to be renegotiated, etc.) as a portion of all loans.</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Restructured Loans and Leases</td>
<td>Total loans and leases restructured and in compliance with modified terms.</td>
</tr>
<tr>
<td>Net charge-offs to Loans</td>
<td>Gross loan and lease financing receivable charge-offs less gross recoveries (annualized) as a percent of average total loans and lease financing receivables.</td>
</tr>
<tr>
<td>Net Loans and Leases</td>
<td>Total loans and lease financing receivables minus unearned income and loan loss allowances.</td>
</tr>
<tr>
<td>FHLB Advances</td>
<td>Borrowings or &quot;advances&quot; from Federal Home Loan Banks (FHLB).</td>
</tr>
</tbody>
</table>

**Bank Capital Ratios**

Ohio and Michigan experienced the largest declines in the total risk-based capital ratio, with Michigan faring the worst (see **Figure 1** for state financial ratios). Both states have been hit hard with auto manufacturing-related job losses, and unemployment rates have exceeded the national average. Indiana banks experienced the smallest decline in the total risk-based capital ratio (TRBCR), and Kentucky actually experienced a small increase in the TRBCR.¹

**Figure 1: Percent Changes in Key Ratios, 2002 to 2008**

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¹ Indiana Bank Performance During the Current Financial Crisis

http://www.incontext.indiana.edu/2009/may-jun/article1.asp
A weakening economy or the inability of borrowers to repay results in charge-offs, and charge-offs reduce the capital base of a bank. So the large decline in capital for Michigan may be related to the large increase in net charge-offs to loans. On the other hand, Kentucky actually saw a decline in charge-offs, and an increase in the total risk-based capital ratio.
Within Indiana, the Lawrenceburg-Madison-New Albany and Indianapolis regions saw the largest declines in the TRBCR. To the contrary, the Evansville and Gary-South Bend regions saw small increases in their respective TRBCR (see Figure 2 and Figure 3).

Figure 2: Indiana Three-Digit Zip Codes by Region

Source: Indiana Business Research Center

Figure 3: Percent Change in Total Risk-Based Capital Ratio, 2002 to 2008
Profitability Ratios

All profitability ratios examined exhibited declines over the entire period. Michigan experienced declines in return on assets and return on equity ratios much steeper than neighboring states. When the two ratios are combined, Kentucky observed the smallest declines. It is no coincidence that states experiencing the smallest decline in capital ratios also experienced the smallest decline in return on equity.

Net interest margin is determined by the difference between interest paid on funding assets and interest earned on earning assets, or as the spread between rates earned on loans and rates paid on deposits. The change in net interest margin across all states was approximately the same. The cost of funding assets and the yield on earning assets are both primarily driven by external capital market influences and Federal Reserve monetary policy. Across the board, all states experienced declines in net interest margins. Michigan did observe the largest decline, and this decline shows up in the larger declines in return on equity and assets.

The same was true in Indiana—all regions experienced a negative percentage change in net interest margin (see Figure 4). Evansville saw the smallest decline while Fort Wayne and Eastern saw the largest decline.

Figure 4: Percent Change in Net Interest Margin, 2002 to 2008

Across Indiana, all regions realized a negative percentage change in return on assets (see Figure 5). The Gary-South Bend region saw the largest decline in return on assets. All other regions saw return on assets decline by at least 50 percent from 2002 to 2008.

Source: Federal Deposit Insurance Corporation, www2.fdic.gov/sdi/index.asp
Similar results are observed for return on equity (see Figure 6). The Gary-South Bend region did see a small increase in its return on equity ratio, however. All other regions saw declines in bank return on equity ratios that hovered around a 50 percent drop.

**Figure 6: Percent Change in Return on Equity, 2002 to 2008**

Source: Federal Deposit Insurance Corporation, [www2.fdic.gov/sdi/index.asp](http://www2.fdic.gov/sdi/index.asp)

**Loans and Delinquencies**

All states are experiencing an increase in non-current loans to loans. Consistent with the bank capital and profitability ratios, Kentucky has experienced the smallest increase in non-current loans to loans. Michigan, meanwhile, has seen its non-current loans to loans almost triple.

Even though all five states are showing an increase in the percentage of non-current loans to loans, not all have generated a simultaneous increase in loss allowance to loans. Only Michigan and Indiana exhibit an increase in loan loss allowances to loans. Michigan is expectedly showing the largest increase, given the significantly higher level of non-current loans to loans.

However, when one observes loan loss allowance to *non-current* loans, one may arrive at a different conclusion. Declines in loan loss allowances to non-current loans occurred in all states except Illinois. As non-current loans increase, the likelihood of utilizing loan loss
allowances increases as well. Hence, an increase in non-current loans should be accompanied by a corresponding increase in loan loss allowances. However, even as non-current loans have increased, banks in all states have not increased loan loss allowances in proportion to the level of non-current loans. A proportionate increase in loan loss reserves and non-current loans should produce a constant loan loss reserves to non-current loans ratio.

Michigan and Ohio show the largest increases in restructured loans and leases. No doubt, this is in response to the increase in non-current loans stemming from higher unemployment rates and auto-related job losses.

All regions within Indiana are experiencing an increase in non-current loans to loans (see Figure 7). The Evansville region is seeing the smallest increase in non-current loans, while the Lawrenceburg-Madison-New Albany and Gary-South Bend regions are experiencing the highest increases.

**Figure 7: Percent Change in Non-Current Loans to Loans, 2002 to 2008**

![Graph showing percent change in non-current loans to loans for different regions in Indiana]

Source: Federal Deposit Insurance Corporation, [www2.fdic.gov/sdi/index.asp](http://www2.fdic.gov/sdi/index.asp)

Indiana banks have not increased loan loss allowances in response to the higher level of non-current loans, however. The loss allowance to non-current loans ratio decreased in all geographic areas across Indiana (see Figure 8). Areas with the highest increase in non-current loans to loans are also realizing the largest decline in loan loss allowance to non-current loans. So this mismatch between the increase in non-current loans and the corresponding decrease in loan loss allowances to non-current loans could represent a potential concern. This mismatch implies that banks could see additional declines in capital and subsequent profitability challenges.

**Figure 8: Percent Change in Loan Loss Allowance to Non-Current Loans, 2002 to 2008**
Figure 9 through Figure 11 show additional indicators by Indiana region.

**Figure 9: Percent Change in Retained Earnings to Average Equity, 2002 to 2008**

![Graph showing percent change in retained earnings to average equity by region.]

Source: Federal Deposit Insurance Corporation, www2.fdic.gov/sdi/index.asp

**Figure 10: Percent Change in Loan Loss Allowance to Loans, 2002 to 2008**

![Graph showing percent change in loan loss allowance to loans by region.]

Source: Federal Deposit Insurance Corporation, www2.fdic.gov/sdi/index.asp
Funding Sources
Much of the financial crisis has dealt with the issue of funding sources and general liquidity. Even though total deposits are up across all states, deposits as a percent of liabilities declined from 2002 to 2008. This suggests that banks have increased their reliance on other sources of funding. While only two states saw increases in federal funds as a percent of total liabilities, all states experienced significant increases in FHLB advances as a percent of total liabilities. So it appears that banks in all five states are relying more on advances from the Federal Home Loan Banks.

Summary
Overall, Indiana banking is in a relatively better position than its neighbors to the west, east, and north. Michigan bank performance lags all five states examined, while Kentucky leads the group in key ratios. State averages point to declines in profitability and increases in non-current loans. All states, with the exception of Kentucky, also observe declines in the total risk-based capital ratio examined.

Across Indiana, all regions show declines in profitability at variable levels, and all regions are showing an increase in non-current loans. A potential area of concern is the increase in non-current loans and the corresponding decrease in loan loss allowances expressed as a percent of non-current loans. This mismatch implies that banks could see additional declines in capital and subsequent profitability challenges.

Notes
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Personal Income Growth Slows

One of the most closely watched indicators of our economic health is the change in personal income, which includes income individuals receive from all sources.

Data recently released by the U.S. Bureau of Economic Analysis reveal that, while personal income continued growing in 2008, the rate of growth slowed to 3.89 percent in 2008 from 5.98 percent in 2007. The modest 2008 growth rate slightly exceeded the inflation rate (3.35 percent for personal consumption expenditures), a sign that individuals did not experience much income gain during the first full year of the current recessionary period.

Indiana’s personal income grew by 3.34 percent, the 38th fastest rate in the nation and the state’s best ranking since 2003. This is about half a percentage point below the nation’s rate but better than the Great Lakes region’s 3.23 percent growth. As has been true since 2004, the Great Lakes region lagged all other regions in income growth. Michigan and Ohio ranked last in the nation at 51st and 44th, respectively, while Wisconsin placed just ahead of Indiana at 37th. Illinois’ 3.98 percent growth ranked 31st. Figure 1 depicts 2008 personal income growth for all states and the District of Columbia.

Figure 1: Personal Income Growth by State, 2007 to 2008

Source: IBRC, using Bureau of Economic Analysis data
How Much Income per Person?

One factor in the decades-long deficit Indiana experienced in personal income growth compared to the nation was the Hoosier State’s slowly growing population. Faster-growing populations are naturally likelier to experience faster growth in total personal income (TPI). To control for differences in population growth and level the playing field among states, we look at per capita personal income (PCPI). Indiana’s PCPI in 2008 was $34,103, meaning that the average Hoosier received $5,648 less (in current dollars) than the average American.

Figure 2 shows that for some brief periods, Indiana’s PCPI has equaled or exceeded the nation’s. This was the case during World War II when Indiana factories were busy cranking out goods for the war, and in the post-war era when factories refocused their energies on a long-deprived consumer market hungry for goods. Indiana’s prominence in manufacturing contributed to strong personal incomes in those days. The last time Indiana PCPI matched the nation was 1965. In the late 1960s and much of the 1970s, the gap was only a few percentage points, but the subsequent flight of production, workers and corporate headquarters to the Sun Belt led to a substantial decline in relative PCPI over the next several years. Nonetheless, Indiana PCPI persisted in the low-90 percent range relative to the United States until around the bottom of the last economic cycle in 2003-2004, when companies sought to cut costs through productivity gains and outsourcing. This led to the current trend of steady widening of the gap between Indiana and U.S. PCPI.

Figure 2: Indiana PCPI as a Percent of the United States, 1929 to 2008

Source: IBRC, using Bureau of Economic Analysis data

Figure 3 portrays these trends since 1965 for Indiana, the Great Lakes region, and the nation in real (inflation-adjusted) terms. Until the last several years, the region’s real personal income has grown at about the same rate as the nation’s, while Indiana’s has grown more slowly. For the past decade, however, the region and state have followed nearly parallel paths, while stronger growth in other parts of the nation kept the U.S. PCPI growing. In 2008, PCPI actually decreased in real terms for all three areas.

Figure 3: Real PCPI in Indiana, the Great Lakes and the United States,
**1965 to 2008**

![Graph showing personal income growth from 1965 to 2008.](image)

Source: IBRC, using Bureau of Economic Analysis data

**Components of Growth in Personal Income**

Personal income includes three main elements: earnings from working; investments (dividends, interest and rents received); and transfer receipts (government payments to individuals not for labor, such as Social Security, welfare, unemployment and veterans' benefits, Medicare and Medicaid, etc.). The contribution of each to Indiana’s lagging growth between 2007 and 2008 is illustrated in **Figure 4**.

**Figure 4: Contributions to Percent Change in Personal Income, 2007 to 2008**

![Bar chart showing contributions to percent change in personal income.](image)

Source: IBRC, using Bureau of Economic Analysis data

Immediately apparent is the sizable disparity between the United States and Indiana or the Great Lakes in the contribution of net earnings to personal income growth from 2007 to 2008. Earnings accounted for more than half of the total growth in personal income nationally, but
only about two-fifths of total growth in the state and region. A closer examination of the data reveals that wage and salary disbursements account for the majority of this disparity, adding around 1 percentage point to income growth in Indiana and the Great Lakes, but 1.6 points for the nation as a whole. Proprietors’ income, interestingly, contributed notably more (0.29 percentage points) to income growth in Indiana than in the Great Lakes (0.23) or the United States (0.22).

The relative contribution of investments to personal income was about the same across the three areas, adding about half a percentage point to income growth. Growth in transfer receipts contributed slightly more (1.47 percentage points) to the personal income growth in Indiana than in the region (1.37 points) or the nation (1.34 points). In fact, growth in transfer receipts surpassed earnings as a source of personal income growth in both Indiana and the Great Lakes region. State unemployment insurance benefits accounted for 7.5 percent of total personal income growth in Indiana vs. 6.5 percent in the Great Lakes and 4.4 percent in the nation. This may reflect Indiana’s relatively high limit on weekly benefits compared to other states, coupled with a rapidly increasing demand for benefits led by major layoffs in the manufacturing sector.

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The Gary Division Story: Told by STATS Indiana

This is the 12th article in a series about Indiana's metropolitan statistical areas (metros). All of the data used in this article can be found using the USA Counties and Metros Side-by-Side feature on STATS Indiana (www.stats.indiana.edu).

The Area

The Chicago-Naperville-Joliet metro includes four northwest Indiana counties (Jasper, Lake, Newton and Porter). These four counties, also known as the Gary division, contained about 702,460 people in 2008, making up 7.3 percent of the Chicago metro and 11 percent of Indiana. Between 1980 and 1990, the Gary division saw a decrease of about 40,000 people. By 2000, the population had nearly rebounded and has since surpassed its 1980 level.

The most recent population component trends show that the biggest factor in the Gary division's increased population are from natural increase (more births than deaths). To a much smaller extent, domestic and international migration brought additional residents to the area. The percent of people in each age group was fairly consistent across the Gary division, the Chicago metro, Indiana and the United States (see Figure 1). There was only a slightly higher percentage of older adults in the Gary division and a slightly lower percentage of people in the young adults category.

Figure 1: Percent of People by Age Group in the Gary Division, Chicago Metro, Indiana and the United States, 2007

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

Jobs
Overall jobs in the Gary division followed the same trend as the three other geographies in this article from 1997 to 2007, except that the Gary division started seeing a decline in jobs in 1999 while the Chicago metro, Indiana and the United States didn't start losing jobs until 2000. However, the division also started rebounding a year sooner (2002) than the other areas in this comparison and has been increasing ever since (see Figure 2).

**Figure 2: Total Jobs in the Gary Division, Chicago Metro, Indiana and the United States, 1997 to 2007**

![Graph showing job trends in Gary Division, Chicago Metro, Indiana, and United States from 1997 to 2007](source: IBRC, using Bureau of Labor Statistics data)

While manufacturing had the highest percentage of workers in the Gary division in 2007 (14.2 percent of total covered employment), it was still a lower proportion than that of the state's 18.9 percent of jobs in manufacturing (see Figure 3). Jobs in the health care and social services industry were more popular in the Gary division (13.6 percent of total jobs) than in the Chicago metro as a whole (11.2 percent), Indiana (12.4 percent) or the United States (12.5 percent).

**Figure 3: Jobs as a Percent of Total in the Gary Division, Chicago Metro, Indiana and the United States, 2007**

![Graph showing job percentages in Gary Division, Chicago Metro, Indiana, and United States in 2007](source: IBRC, using Bureau of Labor Statistics data)
Average annual wages in the Gary division have fallen as a percent of U.S. wages from 1997 to 2007. After adjusting all dollar amounts to 2007 dollars, the Gary division saw an increase of 1.5 percent. Meanwhile, the Chicago metro increased 11.1 percent, Indiana increased 5 percent and U.S. wages increased 11.5 percent.

The highest paying industry in the Gary division, the Chicago metro, Indiana and the United States is management of companies and enterprises. The Chicago metro paid the highest average for this service industry at $116,543. Indiana had the lowest average for management of companies and enterprises, paying an average annual wage of $72,683 (see Figure 4).

Not surprisingly, accommodation and food services was the lowest paying industry across the board. The Gary division paid less than Indiana, averaging $11,427 and $12,452 per year, respectively. The Chicago metro paid the highest in the accommodation and food services industry with an average annual wage of $17,624.

**Figure 4: Industry Wages in the Gary Division, Chicago Metro, Indiana and the United States, 2007**
Conclusion
As such a small percentage of the Chicago metro, it is not surprising that the Gary division doesn't reflect the metro's demographic and economic trends to the same degree. Both areas grew in population from 1990 to 2008, but the Gary division grew at a much slower pace than the metro. The same was true with jobs from 1997 to 2007 (the Gary division increased 0.1 percent while the Chicago metro increased jobs 4.7 percent). Wages had an even more dramatic difference (a 1.5 percent increase in the Gary division and an 11.1 percent increase in the Chicago metro). Despite the fact that the Gary division is growing more slowly than the metro, there is good news behind these numbers—the Gary division is growing.

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Source: IBRC, using Bureau of Labor Statistics data
More Than One Census

Upon hearing the word “census,” the decennial census, which concerns itself primarily with the characteristics of the nation’s residents, is likely what comes to mind. However, two other major censuses have recently released data: the Census of Agriculture and the Economic Census. Both of these censuses occur every five years, covering years ending in “2” and “7.”

The Census of Agriculture

Conducted by the U.S. Department of Agriculture, the 2007 Census of Agriculture covers all things farm and livestock related, providing the only source of uniform county-level agricultural data for the entire nation. Among other things, it looks at land use, ownership, operator characteristics, production practices, income and expenditures. Data and maps are available at http://www.agcensus.usda.gov/Publications/2007/.

The following are just a few Indiana highlights:

- With 60,938 farms, Indiana had a 1 percent increase in the number of farms since 2002, but a 2 percent decrease in the number of acres farmed. Indeed, the average farm size decreased slightly to 242 acres. However, it is worth noting that 33 percent of farms are much smaller, harvesting less than 50 acres.
- Over half of the harvested cropland was devoted to corn, with soybeans accounting for an additional 40 percent. **Figure 1** and **Figure 2** show the county-level percentages for these crops nationwide.
- The state ranks third in the nation in the number of layers (i.e., chickens) raised, fourth in the number of acres devoted to soybeans and fifth in acres devoted to corn (see **Table 1**).
- In terms of dollar value, the grains, oilseeds, dry beans and dry peas category made up 61 percent of Indiana farm sales in 2007. Hogs and pigs ranked second at 12 percent, closely followed by the poultry and eggs category.

**Figure 1: Acres of Corn Harvested for Grain as a Percent of Harvested Cropland Acreage, 2007**
Figure 2: Acres of Soybeans Harvested for Beans as a Percent of Harvested Cropland Acreage, 2007

Source: 2007 Census of Agriculture
Table 1: Indiana's Livestock and Crops, 2007

<table>
<thead>
<tr>
<th>Top Livestock Inventory Items</th>
<th>Number of Animals</th>
<th>U.S. Rank</th>
<th>Universe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Layers</td>
<td>24,238,513</td>
<td>3</td>
<td>50</td>
</tr>
<tr>
<td>Pullets for laying flock replacement</td>
<td>6,928,062</td>
<td>5</td>
<td>50</td>
</tr>
<tr>
<td>Turkeys</td>
<td>5,971,548</td>
<td>7</td>
<td>50</td>
</tr>
<tr>
<td>Broilers and other meat-type chickens</td>
<td>5,536,933</td>
<td>23</td>
<td>50</td>
</tr>
<tr>
<td>Hogs and pigs</td>
<td>3,669,057</td>
<td>5</td>
<td>50</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Top Crop Items</th>
<th>Number of Acres</th>
<th>U.S. Rank</th>
<th>Universe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn for grain</td>
<td>6,362,576</td>
<td>5</td>
<td>49</td>
</tr>
<tr>
<td>Soybeans for beans</td>
<td>4,783,821</td>
<td>4</td>
<td>40</td>
</tr>
<tr>
<td>Forage-land used for all hay and haylage, grass silage, and greenchop</td>
<td>546,764</td>
<td>33</td>
<td>50</td>
</tr>
<tr>
<td>Wheat for grain, all</td>
<td>362,571</td>
<td>19</td>
<td>47</td>
</tr>
<tr>
<td>Corn for silage</td>
<td>105,937</td>
<td>17</td>
<td>48</td>
</tr>
</tbody>
</table>

Note: Universe is number of states in U.S. with item
The Economic Census
Conducted by the U.S. Census Bureau, the 2007 Economic Census collects detailed data on the economy by industry for a variety of geographies: national, states, metro areas, counties, places and ZIP codes.

The first set of data, the Core Business Statistics Advance Report, was released in March for the national level, showing preliminary data for sectors and industries. This release will be followed by more in-depth datasets throughout the remainder of 2009 all the way through late 2011. Data are released via American FactFinder at http://www.census.gov/econ/census07/.

The following are some U.S. highlights from the 2007 Core Business Statistics Advance Report:

- Retail trade had the largest number of establishments, at 1.1 million.
- Health care and social assistance employed the largest number of people (nearly 16.9 million) followed by retail trade (see Table 2).
- Wholesale trade and manufacturing had the largest number of sales, each exceeding $5 trillion.
- Manufacturing had the largest numeric increase in sales ($1.4 trillion) since the 2002 Economic Census, while simultaneously experiencing the largest decline in employees in both numeric and percentage terms (see Table 3).

Table 2: National Economic Census Overview by Sector, 2007

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of Establishments</th>
<th>Sales, Shipments, Receipts, Revenue, or Business Done ($1,000)</th>
<th>Annual Payroll ($1,000)</th>
<th>Number of Paid Employees for Pay Period Including March 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care and Social Assistance</td>
<td>779,074</td>
<td>1,697,230,614</td>
<td>665,831,857</td>
<td>16,859,513</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>1,122,703</td>
<td>3,932,027,444</td>
<td>364,991,713</td>
<td>15,610,710</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>293,919</td>
<td>5,339,345,058</td>
<td>612,474,100</td>
<td>13,333,390</td>
</tr>
<tr>
<td>Accommodation and Food Services</td>
<td>626,558</td>
<td>612,949,468</td>
<td>169,845,677</td>
<td>11,587,814</td>
</tr>
<tr>
<td>Administrative, Support and Waste Management</td>
<td>381,599</td>
<td>629,304,120</td>
<td>290,546,420</td>
<td>10,153,833</td>
</tr>
<tr>
<td>Professional, Scientific and Technical Services</td>
<td>852,026</td>
<td>1,352,114,151</td>
<td>515,074,611</td>
<td>8,121,171</td>
</tr>
<tr>
<td>Construction</td>
<td>725,101</td>
<td>1,781,778,684</td>
<td>348,138,262</td>
<td>7,399,047</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>503,156</td>
<td>3,641,082,600</td>
<td>494,484,693</td>
<td>6,562,546</td>
</tr>
</tbody>
</table>
Wholesale Trade | 432,094 | 6,039,227,184 | 336,128,248 | 6,295,109
Transportation and Warehousing* | 217,926 | 655,857,245 | 172,166,275 | 4,435,760
Other Services (Except Public Administration) | 537,820 | 417,512,388 | 99,809,780 | 3,515,796
Information | 141,034 | 1,075,153,974 | 223,376,793 | 3,428,262
Real Estate, Rental and Leasing | 376,799 | 452,412,814 | 85,248,945 | 2,249,353
Arts, Entertainment and Recreation | 123,965 | 188,975,642 | 57,545,590 | 2,070,524
Mining | 21,169 | 369,191,012 | 37,308,193 | 703,129
Utilities | 16,879 | 581,553,952 | 50,893,874 | 632,432
Educational Services | 60,689 | 47,241,063 | 14,584,076 | 562,210

*Railroad transportation and U.S. postal service are out of scope for the 2007 Economic Census. Large certified air passenger carriers are included in the 2007 data, not included in the 2002 data, affecting comparability for this industry.

Note: Data for management of companies and enterprises were withheld because the estimate did not meet Census Bureau publication standards
Source: 2007 Economic Census

Table 3: U.S. Numeric and Percent Change by Sector, 2002 to 2007

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of establishments</th>
<th>Sales, shipments, receipts, revenue, or business done ($1,000)</th>
<th>Annual payroll ($1,000)</th>
<th>Number of paid employees for pay period including March 12</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Numeric</td>
<td>Percent</td>
<td>Numeric</td>
<td>Percent</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-56,809</td>
<td>-16%</td>
<td>1,424,625,895</td>
<td>36%</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>-3,427</td>
<td>-1%</td>
<td>1,404,472,072</td>
<td>30%</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>8,066</td>
<td>1%</td>
<td>875,605,447</td>
<td>29%</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>62,888</td>
<td>14%</td>
<td>837,227,732</td>
<td>30%</td>
</tr>
<tr>
<td>Construction</td>
<td>14,792</td>
<td>2%</td>
<td>573,045,132</td>
<td>47%</td>
</tr>
<tr>
<td>Health Care and Social Assistance</td>
<td>74,548</td>
<td>11%</td>
<td>489,930,880</td>
<td>41%</td>
</tr>
<tr>
<td>Professional, Scientific and Technical Services</td>
<td>80,721</td>
<td>10%</td>
<td>465,313,113</td>
<td>52%</td>
</tr>
<tr>
<td>Transportation and</td>
<td>18,308</td>
<td>9%</td>
<td>273,705,205</td>
<td>72%</td>
</tr>
<tr>
<td>Industry</td>
<td>2007 Dollars</td>
<td>2002 Dollars</td>
<td>Change, %</td>
<td>2007 Dollars</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>--------------</td>
<td>--------------</td>
<td>-----------</td>
<td>--------------</td>
</tr>
<tr>
<td>Warehousing*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative, Support and Waste Management</td>
<td>31,016</td>
<td>196,726,540</td>
<td>45%</td>
<td>84,107,091</td>
</tr>
<tr>
<td>Mining</td>
<td>-2,918</td>
<td>186,279,919</td>
<td>107%</td>
<td>16,262,868</td>
</tr>
<tr>
<td>Information</td>
<td>3,356</td>
<td>183,308,018</td>
<td>21%</td>
<td>28,706,630</td>
</tr>
<tr>
<td>Utilities</td>
<td>-224</td>
<td>182,646,908</td>
<td>46%</td>
<td>8,476,044</td>
</tr>
<tr>
<td>Accommodation and Food Services</td>
<td>60,968</td>
<td>163,450,750</td>
<td>36%</td>
<td>42,291,194</td>
</tr>
<tr>
<td>Real Estate, Rental and Leasing</td>
<td>53,984</td>
<td>116,825,108</td>
<td>35%</td>
<td>25,026,361</td>
</tr>
<tr>
<td>Other Services (Except Public Administration)</td>
<td>244</td>
<td>110,462,927</td>
<td>36%</td>
<td>16,854,841</td>
</tr>
<tr>
<td>Arts, Entertainment and Recreation</td>
<td>13,652</td>
<td>47,071,533</td>
<td>33%</td>
<td>12,376,473</td>
</tr>
<tr>
<td>Educational Services</td>
<td>11,370</td>
<td>16,550,356</td>
<td>54%</td>
<td>4,419,698</td>
</tr>
</tbody>
</table>

*Railroad transportation and U.S. postal service are out of scope for the 2007 Economic Census. Large certified air passenger carriers are included in the 2007 data, not included in the 2002 data, affecting comparability for this industry.

Note: Data for management of companies and enterprises were withheld because the estimate did not meet Census Bureau publication standards

Source: 2007 Economic Census

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Indiana Business Research Center, Kelley School of Business, Indiana University