The latest U.S. Census Bureau population estimates by race and ethnicity show that Indiana continues to become more diverse, even as the pace of growth in several of the state's large racial and ethnic groups has slowed in recent years. This increasing diversity is most pronounced in Indiana's child population.

As shown in Figure 1, the majority of Indiana's 6.57 million residents in 2013 are non-Hispanic whites (5.3 million), followed by African-Americans (603,260), Hispanics (422,454) and Asians (121,002). All other non-Hispanic single-race categories (Native American, Hawaiian or Pacific Islander) combined to total 17,051. The number of Hoosiers identifying themselves as multi-race now stands at 106,918.

From 2010 to 2013, the Hispanic population showed the largest growth of any race or ethnic group in the state with an average increase of 10,230 new residents per year. By comparison, the state's black population and Asian population have both grown by an average of roughly 5,600 residents per year over the same period (see Figure 2).
The state's non-Hispanic white population has increased by 1,810 residents per year over the past three years. The Hispanic population alone accounted for 38 percent of Indiana's total growth so far in this decade.

With the exception of the Asian population, the growth in each of Indiana's major race and ethnic groups in recent years has been much lower than their average annual increase from 2000 to 2010. Indiana's Hispanic population grew by an average of 17,510 residents per year in the past decade, while the black population averaged 7,660 new residents per year. Over the same period, the state's non-Hispanic white population grew by an average of 6,430 residents per year, and the Asian population had an annual increase of 4,320.

As a result of these varying growth trends, Indiana has become more diverse. The non-Hispanic white population's share of Indiana's total dropped to 80.7 percent in 2013 from 86 percent in 2000. Over the same period, the state's black population climbed from 8.4 percent of the total to 9.2 percent. Indiana's Hispanic residents now account for 6.4 percent of the state's population, compared to 3.5 percent in 2000.

Looking at the nation as a whole, the non-Hispanic white population accounts for 62.6 percent of the total population. The Hispanic population is the nation's second-largest race or ethnic group at 17.1 percent of the total, followed by the black population at 12.4 percent.

Greater Diversity in Youth Population

The nature of the growth within the state's child population underscores Indiana's growing racial and ethnic diversity.

From 2010 to 2013, the number of non-Hispanic whites younger than 18 declined by nearly 32,820 residents, while the number of black children in the state fell by 2,560 over the same period.

Meanwhile, the Hispanic population younger than 18 increased by 7,900 residents and the number of Asian children grew by 3,820. In all, the state's total child population dropped by roughly 19,860 residents in the past three years—a 1.2 percent decline.

Because of its strong growth in the younger age groups, Hispanic residents now account for 10.3 percent of the total Indiana child population, compared to 5.2 percent of the state's population age 18 or older. By contrast, non-Hispanic white residents make up 73 percent of the state's population younger than 18, compared to 83.1 percent of the adult population. Indiana's black residents account for 11 percent of the child population and 8.6 percent of the adult population (see Figure 3).

![Figure 3: Race/Ethnicity by Age Group, 2013](image)

Note: American Indians, Native Hawaiians and Pacific Islanders comprise 0.2 percent of both age groups. Hispanic is an ethnicity, not a race. Hispanic residents may be of any race. All references to race groups exclude Hispanic residents of that race.

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

Local Population Shifts

Most of the counties with the greatest concentration of Hispanic residents are found in northern Indiana. In Lake, Elkhart, Clinton and Cass counties, more than 13 percent of the population is Hispanic. These four are followed by Noble (9.9 percent), Marion (9.7 percent), Marshall (9.3 percent) and Porter (9.2 percent) counties (see Figure 4).

![Figure 4: Hispanic Residents as a Percent of Total Population, 2013](image)
Among counties with at least 500 Hispanic residents, Lawrence County had the fastest Hispanic growth rate from 2010 to 2013 (8.6 percent increase per year), followed by Dearborn (6.2 percent), Boone (6 percent), Hendricks (5.8 percent) and Wells (5.3 percent) counties. In each of these counties, however, the Hispanic population still represents a relatively small share of the county total compared to the state average.

Marion County had the state's largest numeric increase in the black population over the past three years, averaging 3,145 new residents per year since 2010, followed by Hamilton (592 per year), Hendricks (531), Allen (454) and Tippecanoe (439) counties. Among counties with at least 500 black residents, Boone County's 17 percent average annual increase in its black population was the state's most rapid growth rate from 2010 to 2013. Johnson County was not far behind with a 13.7 percent annual growth rate over the last three years.

In terms of absolute numbers, Marion County and Lake County combined to account for 61.4 percent of Indiana's total black population in 2013.

Marion County leads the state with an Asian population of 22,114, followed by Hamilton County with 15,923 Asian residents. The university communities of Tippecanoe County (6.7 percent of all residents) and Monroe County (6 percent) had the highest concentrations of Asian residents, followed by Hamilton County (5.4 percent) and Bartholomew County (5 percent).

For more information about these estimates, go to the Population topic page at STATS Indiana.
Farm Financials

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In early May, the U.S. Department of Agriculture’s (USDA) National Agriculture Statistics Service (NASS) released the results from the 2012 Census of Agriculture. This release provided researchers a treasure trove of data to analyze in order to better understand the agriculture industry.

Due to the vast amount of interesting data, InContext is publishing a mini-series on the Census of Agriculture results. This article serves as the second installment concentrating on farm finances and management. (See the first article for highlights of the Census results).

Record Levels
Nationally, agricultural sales were at record levels for both crop and livestock sectors in 2012. Compared to the 2007 Census of Agriculture, farm income was higher, yet so were production expenses. Unfortunately, not all sectors had increased incomes and the winners and losers were often concentrated geographically or by farm category or industry.

For the second time in census history, crop sales exceeded livestock sales nationally. Within Indiana, crop sales also exceeded livestock sales, but both categories experienced strong growth since 2007.

The surge in crop sales is likely attributable to high corn and soybean prices due to the dramatic drought that afflicted many of the crop-producing states in 2012. Indeed, the corn and soybean yield in 2012 was substantially smaller than 2013’s bountiful crop. The drought caused farmers to have a record crop insurance payout year, which helped buoy their operations—at least for the 75 percent that purchased coverage. While much of the attention in 2012 was given to the corn and soybean growers whose yields withered in the heat, livestock producers and other agricultural sectors were also affected.

Agricultural Sales
Nationally, U.S. farms sold approximately $395 billion in agricultural products, a 33 percent increase over 2007. Indiana’s farms sold $11.2 billion, a 35.5 percent increase since 2007 (see Table 1). Among all states, Indiana ranked 10th in its agricultural sales as it contributed 2.8 percent of the national total. As expected, grains comprised the bulk of the state’s agricultural goods in terms of market value (95.9 percent).

The only sector that witnessed a decline in market value was in the “all other” category for crops—which included fruits and vegetables, floriculture, woody forest products and tobacco. More information on the state’s production quantities, values and geographic concentrations will be provided in the next and final article about the 2012 Agriculture Census.

Table 1: Indiana’s Market Value of Agricultural Products, 2007 and 2012

<table>
<thead>
<tr>
<th></th>
<th>2007 (in billions)</th>
<th>2012 (in billions)</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Products</td>
<td>$8.3</td>
<td>$11.2</td>
<td>35.5%</td>
</tr>
<tr>
<td>Crops</td>
<td>$5.3</td>
<td>$7.5</td>
<td>41.6%</td>
</tr>
<tr>
<td>Grains</td>
<td>$5.0</td>
<td>$7.2</td>
<td>43.7%</td>
</tr>
<tr>
<td>Fruits and Vegetables</td>
<td>$0.1</td>
<td>$0.1</td>
<td>17.8%</td>
</tr>
</tbody>
</table>
All Other $0.2 $0.2 -1.5%
Livestock $3.0 $3.7 24.7%
Cattle and Calves $0.5 $0.5 14.5%
Pigs and Hogs $1.0 $1.3 30.7%
Poultry $0.9 $1.2 31.2%
All Other $0.6 $0.7 13.7%

Source: IBRC, using 2012 Census of Agriculture data

As can be expected, the larger the farming operation, the greater share of the state’s total market value and government payments it receives. Likewise, these operations have tremendous expenses due to the sheer volume of goods they need, as well as investments to maximize efficiency. Figure 1 breaks down by farm size the market value and government payments received (along with the number of farms in each category). Here one clearly sees the Pareto principle, otherwise known as the 80-20 rule. Roughly 80 percent of the state’s agriculture income from market and government payments came from 20 percent of the farming operations.

Figure 1: Indiana’s Market Value and Government Payments by Farm Size, 2012

Source: IBRC, using 2012 Census of Agriculture data

The Balance Sheet: Income and Expenses

It takes a strong stomach to witness the large sums of money associated with the inputs and outputs of farming operations, all of which are typically at the mercy of the weather. In recent history, farm operators have had relatively high market prices for their products, yet the margins remain narrow due to rising expenses.

Income

The market values of agricultural products are the primary income sources for the farming operation; however, other sources of farm income do exist. Examples of other farm income include government payments (crop and livestock insurance and subsidy programs), agri-tourism, custom work and sales of forest products.

Government Payments

Government payments to farmers include payments for disaster, loan deficiencies, conservation, as well as other federal programs. The 2012 census data reflects programs in effect from the 2008 farm bill. Nationally, 38.6 percent (811,387) of farmers received a total of $8.1 billion in government payments from federal farm programs. Fewer farms received payments (3 percent), yet payments increased by 1 percent. The most notable change occurred in fewer farmers electing to participate in conservation programs, so payouts in this area declined.
Within Indiana, these national trends held true, with 10.5 percent fewer farms receiving government payments despite a 2.5 percent increase in payouts. The conservation program was the primary source of lost participation and payouts.

**Farm-Related Income**

In 2012, Indiana had an astronomical surge in crop and livestock insurance payments relative to 2007 (1,239 percent), as shown in Figure 2. When looking at 2007 figures, one will notice that crop and livestock insurance payments was the third highest farm-related income source, thus solidifying the fact that it’s not typical for producers to collect large sums of insurance payouts. The second largest farm-related income in 2012 (the top source in 2007) was cash rent or share payments, which increased 64 percent since 2007.

Farm ground is considered a valuable investment and often serves as a steady and lucrative income source. It may seem perplexing as to why this income source would be present considering that many farmers consider it an expense. One must keep in mind that it’s not uncommon for the principal operator to retain ownership of the farm ground while another operator pays rent to farm it. A perfect example would be an elderly widow whose husband was a farmer (thus the farm is still in her name). She is not able to farm; therefore, she rents it out to her son (who has his own farming operation). Therefore, the elderly woman considers cash rent as an income, whereas the farmer considers it an expense.

**Figure 2: Indiana’s Farm-Related Income Sources, 2007 and 2012**

![Figure 2: Indiana’s Farm-Related Income Sources, 2007 and 2012](source: IBRC, using 2012 Census of Agriculture data)

**Expenses**

Between 2007 and 2012, production expenses increased 36.4 percent nationally and 45.2 percent statewide. Table 2 shows that feed, fertilizer and cash rents were the top three expenses for Indiana’s farmers, of which the average increase was 52.8 percent since 2007. The expenses with the most change during the census years were custom work (104.3 percent), seeds (80.2 percent) and fertilizer (62.6 percent). Of the production expenses categories depicted, Indiana has experienced stronger growth in eight of them with the most dramatic difference being between custom work and seeds.

**Table 2: Indiana’s Production Expenses, 2007 and 2012**

<table>
<thead>
<tr>
<th>Expenses (in millions)</th>
<th>2007</th>
<th>2012</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$6,281</td>
<td>$9,117</td>
<td>45.2%</td>
</tr>
<tr>
<td>Feed</td>
<td>$1,092</td>
<td>$1,592</td>
<td>45.8%</td>
</tr>
<tr>
<td>Fertilizer</td>
<td>$888</td>
<td>$1,444</td>
<td>62.6%</td>
</tr>
<tr>
<td>Cash rent</td>
<td>$702</td>
<td>$1,052</td>
<td>49.9%</td>
</tr>
<tr>
<td>Seeds</td>
<td>$515</td>
<td>$928</td>
<td>80.2%</td>
</tr>
<tr>
<td>Livestock and poultry purchases</td>
<td>$511</td>
<td>$509</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Supplies and repairs</td>
<td>$424</td>
<td>$523</td>
<td>23.5%</td>
</tr>
<tr>
<td>Chemicals</td>
<td>$374</td>
<td>$564</td>
<td>50.9%</td>
</tr>
</tbody>
</table>
Bottom Line: Net Cash Farm Income

Despite all of the changes in market values, farm incomes and production expenses, the most important measure to farmers (and any business person, for that matter) is the bottom line. Net cash farm income is the amount an operation receives from agricultural sales, government payments and farm-related income after expenses. Here the figures can be reported at a high level—for all farms in a given region—or at a more understandable level: a per farm average.

Nationally, the net cash farm income in 2012 was $92.3 billion, an increase of 23.7 percent, which is statistically significant. In Indiana, these figures were $3.1 billion, an increase of 24.2 percent.

The 2012 per farm average in the U.S. was $43,750 vs. $52,861 in Indiana. In reporting the per farm average, one must realize that the average greatly obscures the range in net cash farm income earned in the state. When a farmer has a net cash farm income, they can choose to roll it into the next farming season’s expenses (such as seed, feed, fertilizer, etc.), save it and/or spread the wealth around through non-farm purchases. The ripple effect of such actions within Indiana’s agricultural industry was documented in a report titled “Agriculture’s Bounty: The Economic Contribution of Agriculture.”

Summary

Some may view the farming occupation as an idyllic one, but in reality, farming is a capital intensive occupation within a high-risk and stressful environment. It is high-risk because farmers are at the mercy of the weather and the markets. The stress has been enhanced with the advent of technology that allows farmers to continuously check the markets and weather, prompting continuous decisions on whether to buy or sell their inputs and outputs. Managing expenses and selling at the high points of the market is the key to helping these farmers attain positive net cash farm incomes at the end of a farming year.

Stay tuned for the final article in this series, which will delve into the production and market value of Indiana’s agricultural products.

Notes

1. USDA’s NASS published an informative farm economics document using 2012 Census of Agriculture data at the national level: [www.agcensus.usda.gov/Publications/2012/Online_Resources/Highlights/Farm_Economics/](http://www.agcensus.usda.gov/Publications/2012/Online_Resources/Highlights/Farm_Economics/).
Has the Grass Turned to Mud? Employer Concerns about Skilled Labor

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The press is filled with numerous articles detailing the lack of adequately trained workers. Firms complain that they are unable to find those with the specific skills required. The argument holds that the state should refocus educational efforts to eliminate this gap in specific skills. Traditionally, government taught fundamental and softer skills which could be transferred to numerous positions within the economy. Despite the recent turn in literature calling into question the skills gap, the state is increasingly being asked to teach specific skills. With data suggesting growth of educational attainment over time, one could question how this public policy debate evolved? The answer to this question may come from examining old England.

In the development of England, towns were established and governed by the citizens. At the time, agriculture was a vital part of prosperity. In an effort to aid the local farmers, the town would secure a piece of land and protect it from citizens of adjoining towns and predator animals. Any citizen within the town could graze their livestock on the common area, which became known as the town “commons.” Interestingly, in the years following the establishment of the town’s commons, these areas would often times become a muddy wasteland rather than a point of town pride. This phenomenon would later be known as the “Tragedy of the Commons.”

One aspect of shared resources is that the benefits of use are accrued to the individual but the costs are borne by everyone. If one herded sheep in England, the addition of more sheep to the individual’s flock benefited the person. As the common area was owned by all, the individual cost of having more sheep grazing was very little. Since every herder faced the same incentive structure, sheep became plentiful and the commons were quickly reduced to muddy fields due to overgrazing. The solution was to have private ownership of grazing rights, or forms of sanctioned resource rationing. If one grazes their own land, for example, the cost of overgrazing would be entirely felt by the individual (in the loss of the herd as it starves). Thus, the true benefits and costs are known at the individual level, and any incentive to overgraze is lost.

The “Tragedy of the Commons” is well known in resource economics literature, but less so in labor economics. However, what is a nation’s primary resource if not its workforce? For this reason, the lessons learned from the commons in old England should be a concern for labor economics.

My father would often tell me that he went to school to “learn how to learn.” After graduation, the company that hired my father spent three years training him in their management program. He went to numerous facilities all over the country and learned all aspects of the company. In contrast, in my generation, it was expected that the university provided direct skills, while the company, upon hiring, provided a three-hour orientation.

Why the difference in training experiences in one generation? Over time, some companies realized that they could forego the cost of training by hiring individuals a few years removed from school who had already gone through the training programs of other companies. The incentive structure rewarded companies that could shift their training costs to other companies. The firms that still provided employee training quickly realized they were paying the training costs for everyone else and ceased such training. The entire private sector training infrastructure quickly deflated and was put on the backs of universities or the public sector. Adding to the ease at which company training was dismantled were the vast green pastures of skilled and trained workers. The corresponding cost of not training was small in the short run.

The true extent of the problem caused by cutting training would take years to materialize. Most of the Boomer generation had received sufficient training and experience, and their numbers were plentiful. However, as the Boomers began to move out of the workforce, the newer generation did not have the benefits of sufficient training programs for specific skills. It was at this point that the true cost for the lack of training investment by the private sector in the labor force started to be revealed. The commons had turned from grass to mud.
Given the positive externalities associated with education, the state has a clear incentive to provide education to its citizenry. However, the lack of specific skills is at least partially the result of insufficient private sector training. Addressing the issue with market solutions could be beneficial as it allows for the market to determine the most efficient allocation of labor force skills. Companies might be better served by providing the training themselves, or providing sufficiently high wages to incentivize individuals to acquire needed skills.

Notes

Evolving Industries in Southwest Central Indiana

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As discussed in a previous issue of InContext, an 11-county region in southwest central Indiana (SWCI) is involved in a major strategic planning initiative to chart a course for growth and vitality in the years ahead. Examining the industry makeup and employment dynamics of this region over the last 10 years, we find that some industries and counties fared notably better than others during and after the Great Recession.

Jobs Up and Down, Wages Growing, Fewer Employers

As shown in Figure 1, the SWCI region’s total employment was rising at a healthy rate from 2003 to 2007, adding about 1,500 jobs (1 percent) annually. Then the recession hit, and payrolls shed nearly 8,000 workers over the next three years—a 5 percent drop. After bottoming out in 2010, SWCI employment has resumed growing, but at only one-third the pace of its pre-recession growth. Total employment in 2013 averaged 148,631.

Even though employment had its ups and downs during this turbulent period, total wages experienced only a very slight recession-related decline, growing in all but one year of the decade (see Figure 1). Regional payroll wages in 2013 totaled $5.4 billion, an increase of a billion dollars (25 percent) since 2003. The number of establishments paying those workers, however (not shown), has shrunk since 2007 by 3.4 percent to 8,442 in 2013.

Figure 1: SWCI Region Employment and Wages, 2003 to 2013

Source: IBRC, using annual averages from the Quarterly Census of Employment and Wages (Bureau of Labor Statistics); 2013 data are preliminary.

Not All Jobs Are Created Equal

Figure 2 shows the average wage per job in SWCI, broken out by major industry sector, in 2003 and 2013. Quite apparent is the great variation across sectors.

Figure 2: SWCI Region Average Wage by Industry Sector, 2003 and 2013
Not surprisingly, management of companies and enterprises led the pack at $88,111 in 2013; this sector accounted for fewer than 1,000 jobs last year, a slight decline over the decade. Though well paid, this small industry accounts for only 1.5 percent of total regional wages, as seen in Figure 3.

**Figure 3: Industry Sector Contribution to Total SWCI Wages, 2013**

Not surprisingly, management of companies and enterprises led the pack at $88,111 in 2013; this sector accounted for fewer than 1,000 jobs last year, a slight decline over the decade. Though well paid, this small industry accounts for only 1.5 percent of total regional wages, as seen in Figure 3.

Other small but highly paid sectors in SWCI include utilities and mining/quarrying/oil/gas extraction, each of which employs fewer than 1,000 workers. At the other end of the spectrum, but comparably small (946 employees), is arts, entertainment, and recreation, which has the second-lowest average wage and the smallest contribution of all sectors to total regional wages.

All the industry sectors had average-wage growth between 2003 and 2013 (not adjusted for inflation), but the improvements were quite modest in dollar terms for lower-wage industries, including accommodation/food services, arts/entertainment/recreation, and retail. Percentage growth in average wages was highest (55 percent) for the professional/scientific/technical services sector, which also had the highest percentage growth in employment (40 percent) and total wages (117 percent) over the decade.

**Figure 3** reveals that just over half of total 2013 SWCI wages came from manufacturing (22 percent), educational services (16 percent), health care and social assistance (11 percent), and retail trade (9 percent).
percent) and health care/social assistance (13 percent). Manufacturing’s total-wages growth over the decade (not shown), however, was under 3 percent. Meanwhile, total wages in educational services grew by 28 percent and in health care/social assistance by 51 percent.

**Differences within the Region**

From 2003 to 2013, only three SWCI counties experienced substantial employment growth: Monroe (1,446), Orange (1,336) and Daviess (704), as seen in Figure 4.

**Figure 4: SWCI County-Level Change in Employment, 2003 to 2013**

Seven counties saw declines, four of which were substantial: Lawrence (-1,365), Greene (-899), Washington (-636) and Dubois (-603).

The drivers of employment growth were different in each county:

- **Monroe**: Health care and social assistance; accommodation and food services
- **Orange**: Accommodation and food services
- **Daviess**: Construction; transportation and warehousing; professional/scientific/technical services

Employment shrinkage also varied by county, led by the following:

- **Lawrence**: Manufacturing (by far the largest); retail; public administration
- **Greene**: Mining/quarrying/oil and gas extraction; retail; professional/scientific/technical services; construction; public administration
- **Washington**: Manufacturing
- **Dubois**: Manufacturing (by far the largest); retail; construction; management of companies and enterprises

Such differences across counties, both positive and negative, accent the diverse nature of the southwest central Indiana region. Those involved in the SWCI strategic planning initiative should seek ways to leverage the region’s strengths in some areas to help offset weaknesses in others.

*The SWCI initiative is supported by generous funding from the Lilly Endowment, in collaboration with Energy Systems Network and the Central Indiana Corporate Partnership.*

**Notes**