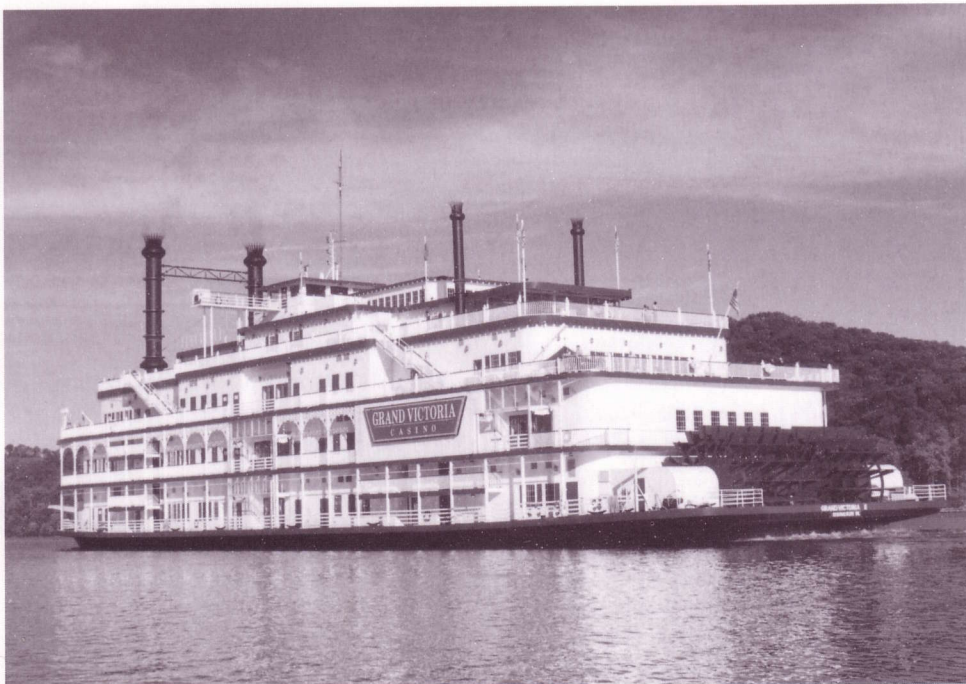
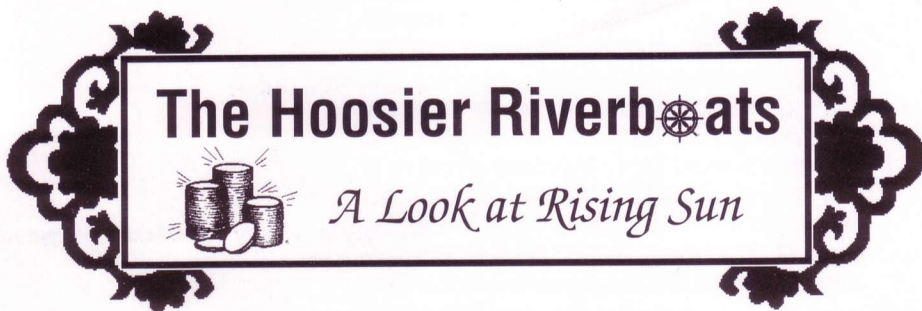


April 1998



Indiana Business Review



**Cities, Towns,
and Townships**
*The Latest Population
Estimates*

**New Labor
Market Data**

- *Plus updates
on Census 2000
and industry
classification*

KELLEY
School of Business

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Riverboats. People. Labor. On the surface, an eclectic set of articles for this quarter's issue. But each explores aspects of Indiana's economy. * Just five years ago, riverboat gambling was approved by the state; today there are nine such sites in Indiana. Our first article explores what these riverboats have brought to their local areas, focusing in particular on Rising Sun, a small community in our smallest county. * Indiana is on a steady incline in terms of population, but how fare our cities and towns? Our article on population explores the growth and decline in the numbers of people among our communities. * Understanding the labor market is crucial to economic development efforts, and a new data set from the Bureau of Labor Statistics might just bring better wage by occupation data to Indiana. * Finally, we bring you an update on activities relating to the upcoming Census 2000.

Looking for current information on the economy or people of Indiana? Check out the IBRC web site at www.iupui.edu/it/ibrc. Other useful sites include: www.ai.org (State of Indiana) and www.fedstats.gov (federal government sites)

The Hoosier Riverboats: A Look at Rising Sun



The Riverboat Gambling Act, which took effect July 1, 1993, authorized the Indiana Gaming Commission to issue licenses for the express purpose of riverboat gambling in the state of Indiana. These licenses could be granted in counties that had held a referendum and approved riverboat gambling. Five were authorized for the Ohio River and five for Lake Michigan. To date, as illustrated in **Table 1**, nine certificates of suitability have been awarded and eight boats have opened. The award of the fifth Ohio River license is pending.

Located in southeast Indiana at the highest point of the Ohio River between Cincinnati and Louisville, Ohio County is the smallest in the Hoosier state. Its population in 1993 was 5,500; that of its county seat, Rising Sun, was 2,411. In 1990, 10.7% of Rising Sun's population was below the poverty level. More than three-quarters of the work force traveled outside the county for employment, whereas one-third held jobs out of state. The per capita income was \$10,786, or 82% of the state's, which stood at \$13,149. Manufacturing employment comprised the largest share of the work force.

Ohio County, and principally the city of Rising Sun, conducted a selection and endorsement process. The mayor and the city council appointed a local task force of four citizens which, along with the assistance of an outside consultant, Monte Denbo Associates, Inc., conducted interviews with each casino that applied and made recommendations to the city council. Four applicants were reviewed, with two remaining at the conclusion of the process. The city entered into project agreements with both.

On June 30, 1995, the Indiana Gaming Commission issued a Certificate of Suitability for a Riverboat Owner's License for a riverboat to be docked in Rising Sun. Grand Victoria Casino & Resort by Hyatt (formerly Rising Sun Riverboat Casino & Resort, LLC) received its license on September 16, 1996, and, after two test cruises, commenced full-time gaming opera-

tions two weeks later on October 4. What follows is a review of Grand Victoria's first year of operation.

Development Activities

The 2,700-passenger riverboat opened with 40,000 square feet of gaming space. A 200-room hotel with a 125,000-square-foot permanent pavilion and 2,000 parking spaces opened on July 25, 1997. Construction of an 18-hole golf course is slated to begin this year pending approval by the Army Corps of Engineers, and a 1,100-seat event showroom that is part of the pavilion was completed last December.

Grand Victoria spent \$32 million more than the \$94.5 million agreed to for the development of the project. This included an additional \$15.8 million for the boat, an extra \$6.6 million for casino equipment, and \$10.8 million more for land-based construction. Grand Victoria estimates that it might incur an additional \$16 million in construction costs to complete the development.

Other Commitments

As **Table 2** illustrates, Grand Victoria is on schedule with all of its incentive payments. The Rising Sun Redevelopment Commission has used the \$2 million from the casino for:

- Main Street improvements, including new cement and brick sidewalks, Victorian-style lamp posts, benches, and street repaving;
- Walnut Street improvements, including new drainage systems, street widening, curbing, and new sidewalks;
- establishment of a revolving loan program to help local residents develop their individual properties and businesses;
- creation of a Downtown Business Retention and Recruitment Program;
- downtown "incubator" buildings, purchased by the Redevelopment Commission, that will be renovated and resold to promote business development;

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Table 1
Awarding of Riverboat Gambling Licenses in Indiana

City/County	Company	Date Certificate of Suitability Awarded	Date Opened
Gary/Lake	Trump Indiana Inc.	December 9, 1994	June 11, 1996
Gary/Lake	The Majestic Star Casino	December 9, 1994	June 11, 1996
Evansville/Vanderburgh	Aztar Indiana Gaming Corp.	February 10, 1995	December 8, 1995
Rising Sun/Ohio	Grand Victoria Casino & Resort by Hyatt	June 30, 1995	October 4, 1996
Lawrenceburg/Dearborn	Indiana Gaming Company, LP/ Argosy Casino	June 30, 1995	December 13, 1996
Hammond/Lake	Empress Casino Hammond Corp.	November 17, 1995	June 29, 1996
East Chicago/Lake	Showboat Marina Partnership	January 8, 1996	April 18, 1997
Michigan City/La Porte	Indiana Blue Chip Hotel & Riverboat Casino Resort Corp.	April 17, 1996	August 22, 1997
Harrison County	Caesar's Riverboat Casino, LLC	May 20, 1996	NOT OPEN

Table 2
Schedule and Description of Incentive Payments

Incentive	Promised Amount	Recipient	Amount Paid through 9/30/97	Status
A. Rising Sun Redevelopment Commission	\$3,500,000	Town of Rising Sun	\$2,157,296	Ongoing
B. Community Park	\$500,000	Town of Rising Sun	\$207,594	Ongoing
C. Rising Sun/Ohio Co. Convention, Tourism, & Visitors Bureau	\$300,000	Town of Rising Sun	\$300,000	Complete
D. Contribution to Rising Sun Regional Foundation	\$1 per admission, no limit	Town of Rising Sun	\$2,156,393	Ongoing
E. Road improvement advance	\$4,000,000	Town of Rising Sun	\$689,372*	Ongoing
F. Road improvements	Up to \$2,500,000	Town of Rising Sun	\$3,000,000**	Complete
G. Reimbursement for legal, financial, and consulting fees	Up to \$112,500	Town of Rising Sun	\$112,500	Complete

* These funds represent a non-recourse, non-interest bearing loan to the City of Rising Sun to be reimbursed to the Grand Victoria from a portion (15%) of riverboat tax revenue received by the city from the State.

** Grand Victoria currently is negotiating with Rising Sun as to whether or not \$500,000 of this expenditure will be considered a loan, to be repaid through a reduction in admission tax.

Table 3
Rising Sun Regional Foundation Grants

Grant	Amount	Grant	Amount
Switzerland County		Milan Housing for the Elderly, Inc.	\$2,500
Florence Regional Sewage District	\$75,000	Osgood Lions Club	\$2,500
Vevay Town Board	\$50,000	Dearborn County	
Vevay Park Board	\$35,875	Town of Dillsboro	\$50,000
Switzerland County Public Library	\$21,031	American Legion, St. Joseph Post 464 in St. Leon	\$50,000
Historic Vevay, Inc.	\$2,500	Hillforest Historical Foundation in Aurora	\$10,000
Switzerland County Emergency Units Inc.	\$1,400	Ohio County	
Ripley County		Rising Sun/Ohio County Community School Corp.	\$50,000
Town of Milan	\$50,000	Ohio County Historical Society	\$45,413
Sunman Elementary School	\$39,250	Rising Sun Soccer Association	\$2,500
St. Anthony of Padua Catholic Church	\$23,200	Multiple Counties	
Town of Versailles	\$20,000	Historic Hoosier Hills Resource Conserv. & Dev't. Council Inc.	\$38,635
Ripley County Department of Parks and Recreation	\$20,000	Educational Scholarships	\$13,000
Southern Ripley County Humane Society	\$20,000	New Horizons Rehabilitation, Inc.	\$12,981
Southeastern Indiana YMCA	\$15,000	Area 12 Council on Aging and Community Service	\$10,000
Milan Lions Club	\$14,000	Southern Indiana Rural Development Project, Inc.	\$8,000
South Ripley Junior Senior High School	\$6,425	American Red Cross, Dearborn/Ohio County Chapter	\$2,485
Versailles Police Department	\$5,110		

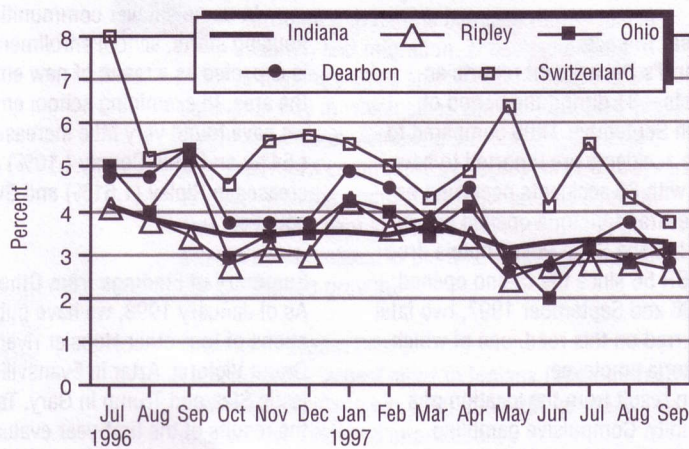
- creation of downtown parking areas;
- development of a Walnut Street Business District and a new City Government Center;
- riverfront development, including a new riverwalk between Grand Victoria and Rising Sun's business district, as well as a pedestrian plaza at the foot of Main Street;
- development of a Community Medical Center, to be completed by spring 1998; and
- development of a Sign and Technical Assistance Program to give business sign grants that will improve the appearance of the business district.

For every casino admission, Grand Victoria makes a \$1 contribution to the Rising Sun Regional

Foundation. To date, \$1,550,000 has been contributed to Dearborn, Ripley, and Switzerland counties to enable participating communities to establish community foundations. Another \$546,295 has been set aside as a permanent reserve fund. **Table 3** lists the grants the foundation made to organizations in southeastern Indiana through July 1997.

Rising Sun and Ohio County share one-half of the admission tax revenue generated by Grand Victoria. Every quarter, two counties and 14 municipalities receive a portion of the proceeds, with the formula for revenue sharing based on population—the greater the population, the more money the government will receive. Ripley and Switzerland counties are

Figure 1
Local and State Unemployment Rates



part of this plan, as are the following municipalities: Aurora, Dillsboro, Greendale, Moores Hill, St. Leon, and West Harrison (Dearborn County); Holton, Milan, Napoleon, Osgood, Sunman, and Versailles (Ripley County); and Patriot and Vevay (Switzerland County).

Community Activity

During the flooding that devastated much of southeastern Indiana in March 1997, Grand Victoria's management assisted the towns of Aurora and Patriot with flood relief. Although the casino closed during the period of March 3–9, the company paid 200 employees to assist in flood cleanup. Grand Victoria employees also staffed the emergency command centers in Aurora and Patriot and served meals to flood victims.

Employment and Earnings

In its application for an Indiana gaming license, Grand Victoria estimated it would employ 1,398 people in the casino and hotel, with annual wages totaling approximately \$39 million. As of October 1, 1997, it had 1,591 employees. Salaries and wages for 1996-97 came to \$38 million, including tips to dealers (but not to bar and wait staff). This was \$1 million less than the employee earnings Grand Victoria estimated in its application. However, the application estimate of first-year wages included a hotel, which did not open until July 1997, nine months into the casino's first year of operation. Part-time workers comprise 8% of all employees, and only full-time employees receive health care coverage and life insurance benefits.

In 1996, Grand Victoria had adjusted gross gaming receipts of \$135.3 million, or 23.6% more than its application estimate. Gross revenues totaled \$159 million—\$13.4 million more than the \$145.6 million

estimated in the application. However, Grand Victoria overestimated receipts per passenger per trip.

Total local taxes ran to \$12.9 million, or \$3 million more than the projection of \$9.9 million. Total state taxes were \$23.3 million, or \$4.7 million more than projected. Altogether, total gaming-related taxes paid came to \$36.2 million.

As of October 1997, 55% of Grand Victoria's employees were women, 4% comprised minorities, 21% were from Rising Sun, and 68% were residents of Dearborn, Ohio, Ripley, and Switzerland counties. The goal in its application was to have 90% of its employees comprising local residents, so the riverboat has fallen short in this respect. However, Grand Victoria employed 1,591 workers out of a local labor force of 42,292. It also competes with Argosy Casino in nearby Lawrenceburg for employees. As of October 30, 1997, 29% of Grand Victoria's employees were from out of state, with the majority residing in Ohio.

As **Figure 1** illustrates, unemployment rates for the local counties have decreased since 1996, as has the state unemployment rate. Obviously, the opening of riverboats in the area had an effect on unemployment, as did the region's growing economy. However, as of last September, unemployment rates for Dearborn and Switzerland counties were still above that of the state. The unemployment rate for Ohio County fell below the Indiana rate for May through August, then increased to the same level as the state in September. Ripley County maintained an unemployment rate below that of the state for the entire period.

Local Economic Impact

In addition to the gaming taxes paid to the city and state, Grand Victoria paid \$586,127 in sales and use taxes for the period October 1996 through September 1997. Moreover, it paid \$32,845 in property taxes during the same period. Payroll of \$38 million and purchases of \$3 million from local vendors also contributed to the local economy. This spending has led to several new developments since the riverboat opened, including five new bed-and-breakfast establishments, a new restaurant, an apartment complex, a gas station, and two new bank branches.

Impact on Tourism

Through September 1997, more than one-third of the total visits to Grand Victoria were made by Indiana residents, with approximately one-third of those visitors being from the local area. In 1996-97, Grand Victoria had 3,000,000 paid admissions, which is about 800,000—or 40%—greater than its attendance projection in the application.

According to the Rising Sun/Ohio County Convention, Tourism, & Visitors Bureau, occupancy at local B&B accommodations and inns increased be-

tween 1996 and 1997, resulting in approximately 27 new rooms. This the Bureau attributes to visitation to Grand Victoria.

Legal Issues and Other Impacts

The Ohio County Sheriff's Department reports an increase in DWI arrests—31 during the period of October 1995 through September 1996 compared to 92 a year later. Traffic accidents are reported to have decreased, however, with 60 accidents occurring on State Route 56 before Grand Victoria opened and 49 occurring afterward. Indiana State Police note a drop in fatal accidents on SR 56 since the casino opened; between October 1996 and September 1997, two fatal traffic accidents occurred on this road, one of which involved a Grand Victoria employee.

Other effects can result from the location of a riverboat in a community. Compulsive gambling might become a problem, which could lead to higher rates of bankruptcy and a greater need for social services. From October 1996 through October 1997, ten calls for help from gambling problems were made by Dearborn County residents, and one call was made by a Ripley County resident to the "Deal With It" line provided by the Commission for a Drug Free Indiana. In the previous year, residents of Dearborn or Ripley counties had made no calls. Nor did the Commission

for a Drug-Free Indiana receive any calls from Ohio County or Switzerland County residents in 1996 or 1997.

In some smaller communities, an impact on housing starts, school enrollment, and other factors is expected as a result of new employees moving into the area. In examining school enrollments, however, we have found very little increase in Dearborn County (.54%) and Ohio County (.10%) and only slight increases in Ripley (1.61%) and Switzerland (1.34%) counties.

Summary of Findings from Other Riverboats

As of January 1998, we have published annual evaluations of four other Hoosier riverboats in addition to Grand Victoria: Aztar in Evansville and Empress, Majestic Star, and Trump in Gary. **Table 4** summarizes the results of the first-year evaluation of these four boats.

Grand Victoria has met or exceeded most of its goals, as have the four others. Employment is one area in which projections still need to be met for several of the boats, including Grand Victoria. Overall, though, as can be seen from examining local incentives and tax payments, the local governments have enjoyed substantial fiscal returns from the presence of the riverboats.

Table 4
First-Year Evaluation of Four Indiana Riverboats

	<i>Aztar</i>	<i>Empress</i>	<i>Trump</i>	<i>Majestic Star</i>
Development spending	\$121 million (\$21 million more than estimated)	\$127.9 million (\$15.9 million more than estimated)	\$106 million (\$13 million more than estimated)	\$108.9 million (\$8.1 million more than est.)
Incentive payments	Ahead of schedule	On schedule except for commercial development and renovation of existing housing	On schedule except for renovation of hotel and police substation	On schedule
Employment	1,308 employees (slightly less than projected)	1,695 employees (twice the amount projected)	1,461 employees (signif. more than projected)	1,073 employees (signif. more than projected)
Wages, benefits, tips	\$30 million	\$31 million	\$32.7 million	\$24.4 million
Employment goals	Met or exceeded (except hiring from Vanderburgh County—goal 90%, actual 80%)	No specific goals (35% minorities and 51% from Hammond)	Has not met goals for minorities, Gary residents, and Lake County residents	Has not met goals for minorities, Gary residents, and Lake County residents
Total (state and local) gaming taxes paid (wagering and admissions)	\$28.2 million	\$52.4 million	\$42.4 million	\$27.7 million
Other local taxes paid	\$800,000 in sales and use taxes, \$2.2 million in property taxes	\$224,704 in sales and use taxes, \$341,646 in property taxes	\$140,467 in sales and use taxes	\$80,942 in sales and use taxes
Gross gaming receipts and total revenues	Less than projected	Higher than projected	Higher than projected	Less than projected

Cities, Towns, and Townships in Indiana— The Latest Estimates of Population

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State, county, and township borders within Indiana are very stable. When we consider population change for these areas, we can attribute it to natural increase (births minus deaths) and migration. Those factors also apply to Indiana's cities and towns, but there is an additional way in which cities can increase their population: annexation. Annexing surrounding areas not only expands a community's geographic area, but can also increase the population of the area as a result. This should be kept in mind when considering the growth trends related in the following highlights of city population growth.

Indiana's Largest Cities

Looking at the largest cities in Indiana (those with an estimated population in 1996 of 20,000 or more), we uncover the following information:

- The fastest-growing "big" city between 1990 and 1996 was Fishers in Hamilton County. From a 1990 population of about 7,000, it has reached an estimated population of more than 20,000, almost tripling its size. This translates to a growth rate of 188%, with more than 13,000 people added to its citizenry in the six years since the census. Indeed, its growth has been so fast that Fishers has now embarked on its fourth special census since 1990. And its 188% growth rate is four times that of Carmel, the second fastest-growing city.

- After Fishers, the next two fastest-growing large Hoosier cities are also in Hamilton County: Carmel (45%) and Noblesville (36%). Other cities experiencing growth exceeding 10% include Lawrence in Marion County (22%), Schererville in Lake County (16%), Greenwood in Johnson County (15%), Merrillville in Lake County (12%), and Portage in Porter County (12%).

- Compare these rates to those of the state (5.3%) and the nation (6.7%) during the same time period, and you have an idea of just how fast their growth is occurring.

- Other Hoosier cities multiplying faster than the state between 1990 and 1996 were Jeffersonville in Clark County (7%), Bloomington in Monroe County (7%), Valparaiso in Porter County (6%), and Mishawaka up in St. Joseph County (6%).

- Cities adding the largest numbers of people between 1990 and 1996 were Indianapolis (15,300), Fishers (13,500), Carmel (11,500), Noblesville (6,300), Lawrence (5,800), Bloomington (4,500), and Greenwood (4,100).

- Cities that have experienced a population decline exceeding 2,000 include Fort Wayne (7000, Allen County), Gary (5671, Lake), Hammond (4200, Lake), South Bend (3400, St. Joseph), Terre Haute (2900, Vigo), Evansville (2800, Vanderburgh), Marion (2600, Grant), East Chicago (2100, Lake), and Muncie (2100, Delaware).

- Large cities with the highest rates of population loss were Marion (8.1%), East Chicago (6.3%), and Terre Haute (5.0%).

The estimates indicate that there has been no change in the ranking of Indiana's ten largest (most populous) cities since 1990. These continue to include:

Indianapolis (757,000)	Hammond (80,000)
Fort Wayne (185,000)	Muncie (69,000)
Evansville (123,000)	Bloomington (66,000)
Gary (111,000)	Anderson (59,000)
South Bend (102,000)	Terre Haute (55,000)

Fishers jumped from being the 80th largest Hoosier community in 1990 to 35th in 1996. Carmel is up from 26th in 1990 to 17th in 1996, and Noblesville's rank increased from 40th to 31st. Marion, however, dropped from 20th to 25th. Cities new to the 20,000-plus group since 1990 include Fishers, Munster, and Noblesville.

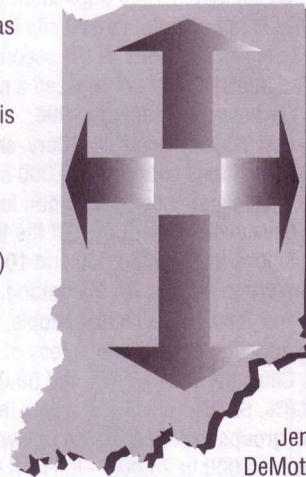
Smaller Cities and Towns

Westfield in Hamilton County is the fastest-growing town in the state. It more than doubled its 1990 census population of 3,300 with a 1996 estimate of 7,400 people and a growth rate of 125%. Other fast-growing Hoosier towns and small cities and their growth rates include North Vernon (69%, Jennings County), St. John (56%, Lake), DeMotte (51%, Jasper), Whiteland (41%, Johnson), Angola (41%, Steuben), Mooresville (36%, Morgan), Porter (33%, Porter), Cloverdale (33%, Putnam), and Brownsburg (31%, Hendricks).

The city of Peru in Miami County had an estimated loss of 1,700 people, with a 13.2% rate of decline since the 1990 census.

A Closer Look at Hamilton County

These estimates are consistent with previously released county population estimates for 1996. According to the latter, Hamilton County grew by 35.6% between 1990 and 1996. All of its townships, cities, and towns have increased as well during this period; however, the growth is not evenly distributed across the county. Most of it has occurred in the three largest



cities—Fishers, Carmel, and Noblesville. Together, they account for 80% of Hamilton County's population explosion.

Population Loss in Miami County

Miami County has experienced a decline of 11.4% between 1990 and 1996. All 14 of its townships lost population, with decline rates ranging from 8.1% for Clay Township to 14.3% for Pipe Creek Township. Combined population loss of more than 2,700 people for Peru and Pipe Creek townships accounts for 65% of the county's population decline. The resident personnel at Grissom Air Force Base and their families are included in the Census Bureau's estimates; the number of people assigned to Grissom has been greatly reduced since 1990.

Indiana Townships

Of the 1,008 townships in Indiana, 935 of them experienced population increases between April 1, 1990 and July 1, 1996. The remaining 73 townships experienced a decline.

Grouping Cities by Size

With an estimated 1996 population of 757,000, Indianapolis is not only the largest city in the state, it is four times as populous as the second largest city, Fort Wayne. Indianapolis experienced a population growth of 2.1% between 1990 and 1996.

Fort Wayne, Evansville, Gary, and South Bend— with populations between 100,000 and 200,000— have each experienced population loss. As a group, they have declined by 3.5%. Of the five cities with populations between 50,000 and 100,000, only Bloomington has grown; Hammond, Muncie, Anderson, and Terre Haute all lost people. The group of five cities together experienced a loss of 1.5%.

Cities between 25,000 and 50,000 together grew by 4.8%. Smaller cities and towns in the lower population groups experienced the following rates of increase: 15,000 to 25,000—8.3%; 5,000 to 15,000—6.4%; and under 5,000—4.7%.

As for the nation, there has been no change in the rankings of the six largest U.S. cities since 1990: New York City, Los Angeles, Chicago, Houston, Philadelphia, and San Diego. Phoenix has jumped from 9th in 1990 to 7th in 1996; San Antonio has moved up from 10th to 8th position, followed by Dallas. Detroit has dropped from 7th in 1990 to 10th in 1996, whereas San Jose retains 11th position. Indianapolis has passed Baltimore since the 1990 census to become the nation's 12th largest city.

What Are These Estimates?

Population estimates for Indiana for 1996 are available through our office or at the Indiana State Library

Data Center for all 1,008 Indiana townships and for incorporated places (cities and towns) in Indiana. Remember, they are only estimates and are not the result of an attempt to directly count the population, as in a census year. The city and town estimates are accompanied by revised 1990 Census figures that may reflect newer boundaries for the communities. They are based on the Boundary and Annexation Survey of the Census Bureau, though not all communities participate in this survey each year.

These estimates were produced by the U.S. Bureau of the Census using the Distributive Housing Method. Starting with the number of housing units in each geographic area from the 1990 census, and using building permit and demolition data for 1990 to 1996, an estimate of the number of housing units for July 1, 1996 for each geographic area is calculated. Then, applying the "persons per household" rates

"With an estimated 1996 population of 757,000, Indianapolis is not only the largest city in the state, it is four times as populous as the second largest city, Fort Wayne."

from the 1990 Census, estimates of the household population are calculated. Estimates of 1996 group quarters population are added to the household population estimates to yield total estimates for each area.

Using The Estimates

Even census numbers are not what they seem to be because our communities are not what they were. A case in point is the city of Fort Wayne, which appears to be declining in population when using current boundaries compared to 1990 Census figures. The official 1990 Census for Fort Wayne, published soon after the count, was 173,072 people. But because of boundary changes over the past seven years, the city of Fort Wayne requested a retabulation of its 1990 census figure, as allowed by Indiana state law.

Using boundaries current as of February 1996, the Census Bureau retabulated its 1990 figures, resulting in a count of 195,680. But late last year, as part of its estimation series, the Bureau also published a retabulated 1990 number of 191,839. Why is there a difference of nearly 4,000 people between these retabulated numbers when one set was produced for the city of Fort Wayne and the other for the estimation series, but both by the same agency?

For the moment, we have no answer to that question. It may involve differences in methodology

or the fact that different units within the Census Bureau conducted the work. The net result is that the base population for 1990, used by the Bureau in estimating the 1996 population, is smaller and resulted in a lower estimate for Fort Wayne in 1996 than otherwise might have been the case.

This could be cause for concern for Fort Wayne, as well as other cities in Indiana. The Census Bureau's estimates and its modified 1990 Census figures

(based on more current city boundaries) are published and readily available, but readers should be encouraged to exercise considerable caution when using them.

Table 1 provides a more detailed breakdown of these population estimates. For further information, please use our web site at www.iupui.edu/it/ibrc or contact us in writing (see address on back cover) or by telephone at 317-274-2979 or 812-855-5507.

Table 1
Population Estimates for Indiana Cities Whose 1996 Population Exceeds 20,000

	<i>Census Population</i>	<i>Rank</i>	<i>Estimated Population</i>	<i>Rank</i>	<i>Population Change</i>	<i>Rank of Change</i>	<i>Percent Change</i>	<i>Rank of % Change</i>
	<i>4/1/90</i>	<i>1990</i>	<i>7/1/96</i>	<i>1996</i>	<i>1990-96</i>		<i>1990-96</i>	
Anderson	59,518	9	59,131	9	-387	539	-0.7	435
Bloomington	62,015	8	66,479	8	4,464	6	7.2	168
Carmel	25,380	26	36,837	17	11,457	3	45.1	7
Columbus	33,948	17	32,963	19	-985	555	-2.9	483
East Chicago	33,892	18	31,761	22	-2,131	559	-6.3	546
Elkhart	44,661	12	44,224	14	-437	542	-1.0	445
Evansville	126,272	3	123,456	3	-2,816	561	-2.2	469
Fishers	7,189	80	20,665	35	13,476	2	187.5	2
Fort Wayne	191,839	2	184,783	2	-7,056	566	-3.7	497
Gary	116,646	4	110,975	4	-5,671	565	-4.9	527
Goshen	23,794	30	24,930	29	1,136	31	4.8	235
Greenwood	26,507	24	30,600	23	4,093	8	15.4	47
Hammond	84,236	6	80,081	6	-4,155	564	-4.9	526
Highland	23,696	31	23,569	32	-127	527	-0.5	427
Hobart	24,440	27	24,463	30	23	278	0.1	402
Indianapolis	741,866	1	757,171	1	15,305	1	2.1	341
Jeffersonville	24,016	29	25,787	28	1,771	21	7.4	161
Kokomo	44,996	11	45,785	11	789	45	1.8	347
La Porte	21,507	32	20,696	34	-811	552	-3.8	499
Lafayette	44,622	13	44,344	13	-278	535	-0.6	431
Lawrence	26,849	23	32,642	20	5,793	5	21.6	30
Marion	32,607	20	29,964	25	-2,643	560	-8.1	554
Merrillville	27,257	22	30,577	24	3,320	12	12.2	78
Michigan City	33,822	19	32,979	18	-843	553	-2.5	475
Mishawaka	42,635	14	45,045	12	2,410	15	5.7	206
Muncie	71,170	7	69,058	7	-2,112	558	-3.0	485
Munster	19,949	34	20,438	36	489	54	2.5	325
New Albany	36,322	16	38,224	15	1,902	20	5.2	220
Noblesville	17,655	40	23,960	31	6,305	4	35.7	11
Portage	29,062	21	32,419	21	3,357	11	11.6	83
Richmond	38,705	15	37,312	16	-1,393	556	-3.6	494
Schererville	20,155	33	23,322	33	3,167	13	15.7	44
South Bend	105,511	5	102,100	5	-3,411	563	-3.2	488
Terre Haute	57,475	10	54,585	10	-2,890	562	-5.0	530
Valparaiso	24,414	28	25,804	27	1,390	24	5.7	207
West Lafayette	26,144	25	27,177	26	1,033	33	4.0	266

Source: U.S. Bureau of the Census. As it appears here, the 1990 Census figure reflects boundary changes to the cities since 1990 and is used by the Bureau for comparability purposes.

New Data for the Labor Market



A new set of labor market data is available that employers, workers, and researchers will find quite useful. The new data describe the wages Hoosier workers earn in each of several hundred specific occupations. In addition to explaining these data and how they can be used, we shall discuss some limitations of wage analysis and recommend ways in which the new data relate to Indiana's current labor shortages.

Until recently, the office of Labor Market Information Services (LMIS) at Indiana's Department of Workforce Development produced a biennial report of wages for each of 150 occupations. The latest version covered 1994-95 and reported wages for each of Indiana's 16 service delivery areas. It also disclosed what six different industries paid for the same occupation. This wage survey was a good tool. Unfortunately, other states did not use the same methodology, so our rates could not be compared with them.

The Federal Bureau of Labor Statistics (BLS) has just released the first findings from a new wage survey that will make cross-state comparisons possible. The early release of the data is on the Internet at http://stats.bls.gov/oes/oes_data.htm. This new BLS wage information is going to be the only source for most communities, because the state LMIS is discontinuing its survey.

New Wage Data From BLS

The new Occupational Employment and Wage Data report covers three points of data for each of 476 occupations: (1) the estimated number of workers employed in the occupation; (2) the mean, or average, hourly wage; and (3) the median hourly wage. **Table 1** shows a small sample of the data.

The BLS will survey a rotation of employers every year and estimate wages from a combination of three years of data. Most forms of direct financial compensation will be included (except tips and overtime pay), but the value of fringe benefits will not be considered in the survey.

Much of what is revealed in these new data is not surprising. The highest-paid occupation is physi-

cians, at \$53.71 per hour. Dentists, lawyers, pharmacists, and engineering and science managers complete the top five. According to the BLS, the number of Hoosiers holding these jobs is 23,090. This means that one out of 130 working Hoosiers is in this group of top earners.

The five lowest-paid occupations are lunch counter workers, fast-food and short-order cooks, waiters and waitresses, parking lot attendants, and ushers and ticket-takers. Indiana has 87,430 workers in these occupations, so one in 35 Hoosier workers is employed in one of the five lowest-paying jobs.

Indiana workers earn less than their national counterparts in most occupations. According to the BLS, Indiana wages are about 92.8% of the national rate for the ten largest clerical occupations. Production wages are the exception. Indiana employers pay more for five of the ten largest production occupations. Hoosier assemblers and fabricators make \$10.88 per hour—more than a dollar per hour more than their national counterparts.

Putting The New Data To Use

Accurate, detailed, and current occupational wage data are potentially useful for employers, job seekers, students, economic developers, and almost anyone else interested in the labor market. It is relatively easy to obtain anecdotal salary information about a specific job opening. It is much more difficult to get accurate information about the entire pool of workers in the occupation.

Economic developers will use the new data to show business prospects what they will have to pay to compete for workers with necessary skills. And because the survey is done the same way in every state, it will be easy to compare Indiana's labor costs to those of other locations. Workers and employers both can use the data when they are negotiating contracts.

Job seekers and students can consider wage rates when they are deciding where to look for work or what career to prepare for. It is hoped that when students see the low wage rates offered for some Indiana jobs, they will remember that the cost of living in Indiana is below the national rate. According to the American Federation of Teachers Index, Indiana's cost of living was 91.4% of the United States in 1995. Thus, a worker's actual purchasing power may be *greater* in Indiana despite lower nominal wages.

Providers of training services, welfare reformers, and other social mechanics may find these new data illuminating. A great national debate is bubbling as to whether there are enough jobs for welfare recipients who are moving into the work force. The new data set reports the number of Hoosier workers in each occupation.

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Table 1
New Occupational Employment and Wage Data: A Sample

Occupation Title	Employment	Mean Wage	Median Wage
Automotive mechanics	14,070	12.73	12.25
Automotive body and related repairers	6,060	13.04	12.12
Motorcycle repairers	160	10.36	10.30
Bus and truck mechanics and diesel engine specialists	6,900	13.46	12.94
Mobile heavy equipment mechanics	2,240	13.44	12.42

Source: Federal Bureau of Labor Statistics

The difference between the median and mean wage provides a glimpse at the potential for upward mobility within each occupation. When the median is significantly lower than the mean (as in Table 1, in which the median wage for Mobile Heavy Equipment Mechanics is 92.4% of the mean), most workers in the occupation earn relatively low wages, whereas a smaller number earn wages that are quite high. When the median and mean are very close (as with Motorcycle Repairers in Table 1), there are fewer low-end jobs in the occupation and fewer highly compensated career-track jobs.

The Inexact Science of Setting Wage Rates

The new data will help employers set wage levels for their job offers, but it cannot make the task easy. Setting wages is not an exact science. The most rational strategy for an employer is to pay the lowest wage sufficient to attract, retain, and motivate an adequate number of workers with necessary qualifications. Employers who pay less than the sufficient wage often experience understaffing, high rates of turnover, or unmotivated and unproductive employees. Employers who pay more waste money.

Many employers around Indiana these days complain of having hiring problems. In particular, they speak of chronic understaffing, high rates of turnover, and unmotivated and unproductive employees. There is no doubt that the Indiana labor market is not working efficiently. Demand exceeds supply, and disequilibrium persists. Shop marquees that once described the wares available to customers now advise passersby of job opportunities within. Radio advertisements for restaurants proclaim not that you might want to *eat* there, but that you might want to *work* there. The voices of business—such as the Indiana Chamber of Commerce and the Indiana Manufacturers Association—have become active promoters of training and labor exchange improvement. Coping with the “labor shortage” is one of the top issues facing state and local public officials. But the problem is not purely a shortage of workers.

Indiana has more than 3,000,000 working people in its population. Seventy-one percent of all Hoosier adults are in the work force. And for nearly a decade there has been a stream of in-migrating workers from other states and countries. All this translates into a lot of working people! So the labor supply may not be due only to a genuine shortage of workers. It might be caused by faulty market signals. Employers who have persistent problems hiring and retaining workers must acknowledge that there are plenty of people who want to work, then ask themselves why those people don't especially want to work for them!

An employer who is in a bad location or has a bad reputation will be forced to pay more to attract

and keep workers, whereas a company with a good reputation will have no shortage of applicants. Companies that want to retain the most experienced or most skillful workers available will pay extra for them, whereas those that pay less will hire novices and lose experienced workers.

Wages are not the only form of compensation. Fringe benefits, such as health insurance, training allowances, and flex-time, are increasingly important in today's workplace. Some workers even prefer better benefits to higher pay. For these reasons, wage data alone cannot be an exact indicator of what an employer should pay or a worker should demand. Nevertheless, clear, detailed, and timely wage information can help labor market participants get a better handle on at least one part of the combination.

The Meaning of the Mean

The new BLS wage data presents the mean (average) wage for each occupation. But although this is what most data customers ask for, mean wages are a weak indicator. First, the average for all workers is nearly

“There is no doubt that the Indiana labor market is not working efficiently.... Shop marquees that once described the wares available to customers now advise passersby of job opportunities within.”

always higher than the starting wage employers expect to pay new hires. So even when a firm has an accurate and up-to-date indicator of the overall wage for the occupation, it will still be left guessing how much less to pay a beginner.

More important, the average does not provide any picture of the actual distribution of wages. Here is an example of the limited power of averages to describe groups. The average age in the author's household is 17 years, but no teenagers live there at all. Instead, there are three young children and two adults in their 30s. Thus, the numerical average is a good summary statistic for “central tendency” when the population is distributed in a bell curve. But it is often impossible, as in this example, to discern the real distribution from the average. Such is the case with wage distributions. Instead of being bell-shaped, the distribution of wages for most occupations is roughly linear.

Figure 1
Machine Operator Wages

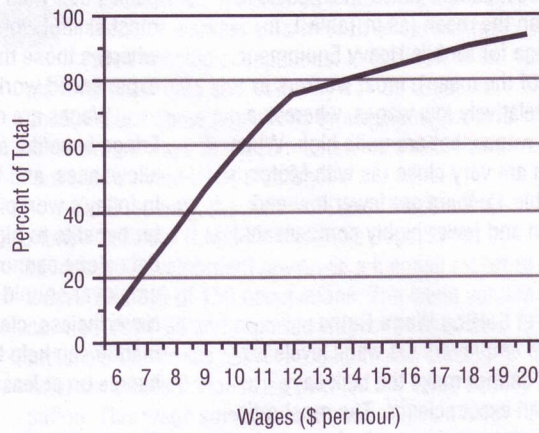


Figure 2
Electrical Repairer Wages

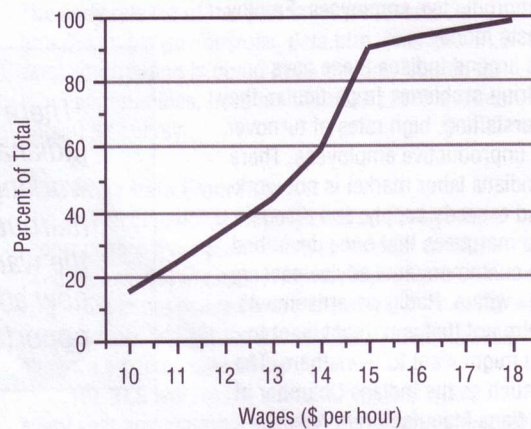


Figure 1 shows the cumulative distribution of wages for Machine Operators in 1994. The average wage was \$10.14, but some employers were paying \$4 per hour less and others were paying twice the average. In a bell-curve distribution, most workers would earn near the average, and few would earn significantly more or less than the average. But **Figure 1** shows that the number of workers is not clustered around the average. It is just one point along the line, with no more significance than any other point along the line.

Figure 2 shows the wage distribution for Electrical Repairers. The curve grows steeper in the middle, indicating that an increment of pay attracts an increasing number of potential applicants in the \$13 to \$15 range. Above \$15, the supply slackens and the

number of new workers attracted by an increment of pay diminishes, just as it does at the high end of **Figure 1**. The flatness at the top end of both curves probably corresponds to the small subset of workers whose skill and seniority allows them to command premium wages.

The two preceding examples illustrate that employers can infer more about the labor market from the distribution than from the average wage. They can more clearly understand where their wages fit in the spectrum and can more reasonably anticipate how the pool of workers will respond to a new wage offer. An employer who boosts the wage for machine operators from \$10.50 to \$12.00 could expect to expand the pool of workers by 13%. But an employer who was paying \$12.00 and boosted the wage by the same \$1.50 increment would increase the pool by only 4%. In the case of electrical repairers, an employer paying \$12.00 would increase the labor pool by 15% by boosting wages \$1.50 per hour. But that same increment would expand the supply by a whopping 41% in the \$13.50 to \$15.00 range.

These wage curves show that the number of additional workers attracted by an increment of wages will change at points along the wage distribution. In neither case (nor in other occupations we at the IEDC have studied) are wages normally distributed around the mean wage.

When we say additional workers are "attracted" by an increment of wages, obviously we don't mean that the actual number of applicants turning up at the hiring desk will be regulated by the wage offer. But every employer is competing for a share of a finite pool of workers with particular skills. Employers who pay less than the top wage—which is most of them—are competing for a subset of the pool. In general terms, the higher the wage, the larger the pool of able and willing workers. An employer may choose to compete in any number of ways: offering flexible work conditions, free transportation, better benefits, and so on. Knowing the wage distribution can help the employer understand what part of the labor pool it is competing for.

Making the Data User-Friendly

Wage distributions and industry-specific details are necessary for good wage analysis. Hoosiers will need occupational wage data that differentiates by region and industry. The BLS internet site does not currently provide that, and probably will not for several years to come.

Fortunately, the Indiana Department of Workforce Development's Office of Labor Market Information Services has been reporting wages by region and industry for years. LMIS should be encouraged to produce regional reports from the BLS data just as

they used to report their own wage survey. Further, they should report the wage distribution for each occupation rather than the average and median.

Their ability to do this depends on two factors: adequate funding to perform state-level analysis, and an adequate survey response from Hoosier employers to allow for the necessary disaggregations. This is not possible in 1998 because the one-year sample is too small, but as the three-year phase-in is completed, a

more detailed analysis will be possible. In fact, the LMIS staff expect to be “overwhelmed with data.”

Data users have a great opportunity this year to cooperate with LMIS and their regional labor market analysts in designing a superior report for wages. If Indiana can implement a source of more detailed and accurate information, employers will be better able to determine a wage level that will ensure an adequate number of skilled and motivated workers.

Census 2000 Update

Carol O. Rogers

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The clock is ticking for the 2000 Census and many activities crucial to Indiana are now under way. The Chicago Regional Census Center has opened in downtown Chicago and many new staff are being added to begin working with the three states in that office's region: Illinois, Indiana, and Wisconsin.

Currently, the geography staff of the Chicago office are working with Indiana's local governments to obtain updated maps. They are also sending out letters asking local officials about their interest in participating in the Local Update of Census Addresses (LUCA) program. Many believe that the “master address file”—the mailing list for the Census, if you will—is the linchpin of a complete count effort. In 1999, communities will receive an address list to review. To help plan for this review, the Census Bureau, in cooperation with the State Data Center Program in each state, will provide training sessions beginning this year. In Indiana, the Indiana Business Research Center and the Indiana State Library will participate in this training effort. Both of these efforts are important because they provide the locality with an opportunity to ensure that the maps and addresses are right—and that census questionnaires will be delivered.

As with past censuses, one of the most important roles Indiana's local governments will play in Census 2000 is helping the Census Bureau develop an accurate and detailed address list and map of their areas (counties, cities, towns, and townships). If you are a local government official and don't recall receiving a letter recently asking for your participation, don't hesitate to call the Chicago Census office at 312-353-9605. There is also a toll-free number available to local government officials seeking information or explanation about these activities: 888-688-6948.

Other news of interest regarding the 2000 Census includes:

- Census director Martha F. Riche resigns; Jim Holmes named acting director while search begins for someone to tackle the job.

- The dress rehearsals in California, Wisconsin, and South Carolina are set to begin in March. The questionnaire is now available (contact us at the IBRC for a copy) and will likely be nearly identical to the one used in 2000.

- The final race question has been formulated and appears as follows in the Dress Rehearsal Questionnaire. Note that the question allows for multiple races to be selected. How this will ultimately translate for data use has yet to be determined.

Question 6

What is this person's race? Mark one or more races to indicate what this person considers himself/herself to be.

- White
 Black, African Am., or Negro
 American Indian or Alaska Native — *Print name of enrolled or principal tribe.*

- | | |
|---|--|
| <input type="checkbox"/> Asian Indian | <input type="checkbox"/> Native Hawaiian |
| <input type="checkbox"/> Chinese | <input type="checkbox"/> Guamanian or Chamorro |
| <input type="checkbox"/> Filipino | <input type="checkbox"/> Samoan |
| <input type="checkbox"/> Japanese | <input type="checkbox"/> Other Pacific Islander — <i>Print race.</i> |
| <input type="checkbox"/> Korean | |
| <input type="checkbox"/> Vietnamese | |
| <input type="checkbox"/> Other Asian — <i>Print race.</i> | |

- Some other race — *Print race.*

Heads Up!

Changes in Industry Classification Imminent

If you know what the letters SIC stand for, read on. And even if you don't know, it can't hurt to learn how the federal government has reclassified industry in North American—not just American—terms. It can dramatically affect your search for industry or company information.

SIC stands for Standard Industrial Classification. Now that acronym is being replaced by a new one—NAICS, which stands for North American Industry Classification System. For anyone who has searched for information or competitive intelligence on companies, sectors, or industries, this coding scheme is crucial to finding that information. Our whole employment-by-industry data structure is dependent on these codes, and in the next couple of years SIC will be entirely replaced by NAICS. This code system has been adopted by Canada, Mexico, and the United States.

This is both good and bad news. It's good because NAICS can code more industries and in a more understandable fashion. New with NAICS are paging, telemarketing, software publishers, HMOs, casinos, pet care, and industrial design. Better still, the Bureaus of Labor, Economic Analysis, and Census will actually provide data for these newly coded industries (beginning sometime in 1999).

The bad part is that there will be significant time series breaks; that is, we won't be able to track certain industries over time. We will begin to see the first published data affected by NAICS coding in early 1999, when the first Economic Census reports come out. Note that for the first time we will see performance indicators for the information industry, which has its own brand new sector code.

NAICS Codes and Sectors

11	Agriculture, forestry, fishing, hunting	54	Professional, scientific and technical services
21	Mining	55	Management of companies
22	Utilities	56	Administrative and support; waste management and remediation services
23	Construction	61	Educational services
31-33	Manufacturing	62	Health care and social assistance
42	Wholesale trade	71	Arts, entertainment and recreation
44-45	Retail trade	72	Accommodation and food services
48-49	Transportation and warehousing	81	Other services
51	Information	92	Public administration
52	Finance and insurance		
53	Real estate and rental and leasing		

Has this left you wanting more detail? Check out the www.census.gov/naics web site devoted to this new coding scheme.

—Carol O. Rogers
Information Services Director