

Anderson

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Even though we have seen the end of the 1990s, we have not seen the end of the structural change for the Anderson community. Anderson is moving away from its traditional role as a blue collar manufacturing center to a new identity as local service/retail center.

In the decade of the 1990s the county lost over 5,000 manufacturing jobs. We started with over 16,000 jobs in 1990, but finished the decade with just over 11,000 jobs. That is a 31 percent decline. We started the decade with one in three jobs in manufacturing and finished with only one in four.

The evolution of the employment base is also reflected in the community's ability to retain consumer expenditures. From 1990 to 1998, personal income increased by 48 percent in the county. During that same time period, retail sales increased by a similar amount, 50 percent. The growth in income was adequately reflected in the growth in retail sales. This is an indication that the community is becoming a mature local retail center. We are also seeing the development of a more complete service sector. In the past decade, service sector jobs increased by about 16 percent.

performance of the local economy. However, the results are also largely driven by the strong national and state economies. The changing mix of local employment away from cyclically sensitive manufacturing jobs certainly helps to reduce the swings of our unemployment rate over the business cycle. However, the manufacturing sector still commands 25 percent of the county's wage employment. The strong national and state growth in the latter half of the 1990s has helped to keep our unemployment rate low in relative and absolute terms. The local economy is still sensitive to national business cycles, but not to the extent that we saw in the past. Any slowdown in durable spending (particularly auto sales) would result in some decrease in local income as overtime hours would be decreased in local manufacturing facilities. Mild decreases in durable goods spending would not have much impact upon the local unemployment rate.

Income growth has been positive for each year of the 1990s. However, income growth for our county lagged behind income growth for the State of Indiana. Per capita income growth for Madison county is only about 92 percent of the average income growth for the state.

The moderate income performance is largely a reflection of the changing employment mix and demographic configuration for the county. The jobs that have been created are concentrated in the service sector, which is typically low value added (with an average wage of about \$14,000). The shrinking manufacturing base reflects a higher value added (the average manufacturing wage is \$52,000). So, we are gaining jobs that are low paying, and we are losing jobs that are higher paying. Demographics also tend to slow down income growth. The population base shows a large retiree segment. Many of our citizens draw their incomes from pensions and other transfer payments (approximately 17 percent). This large dependence upon fixed income sources tends to reduce the potential for income growth.

The short-term performance for income growth, while positive, does not reveal the long term implications of further structural and demographic trends. Long-term income growth may become problematic in the future unless the county can attract more high value-added employment opportunities. The possibility of attracting these types of jobs could be enhanced by the development of appropriate public infrastructure. This would begin with improvements in primary and secondary education systems.

Table 1
Unemployment Rate Comparison

	U.S. Rate	Madison County Rate	Indiana Rate
1990-1994	6.54%	6.7%	5.64%
1995-1999	4.92%	4.0%	3.68%

Residential construction is still strong for the community. For the first five years of the decade (1990-1994) there was a yearly average of \$28.5 million in residential construction. For the next four years (1995-98) there was a yearly average of \$47.5 million in residential construction in the county. Employment in the construction industry grew by about 25 percent during the decade.

The unemployment picture for our community is stable. **Table 1** compares the unemployment picture in Madison County to the national average and the state average for Indiana. Our yearly average unemployment rate for the first half of the decade was 6.7 percent. For the last half of the decade, the yearly average dropped to 4 percent. We finished 1999 with our lowest rate of the decade, 3.2 percent. The early figures for 2000 are also encouraging. Through the first eight months, the average unemployment rate for Madison County is only 3.5 percent. These results are in part determined by the strong economic