



Muncie

For at least 30 years, Muncie has been slowly shrinking in terms of its role in the Indiana state economy.

In 1970, people working in the Muncie metropolitan area enjoyed an earnings level that was 2.4% of all Indiana earnings (see **Figure 1**). By 1998, the most recent year for which the U.S. Bureau of Economic Analysis has published local data, the Muncie area's share of state earnings had sunk below 1.8%. Of the 11 metropolitan areas in Indiana, only Gary-Hammond lost more of its share of state earnings over this period than did Muncie.

This slide is reflected in the population of the Muncie metro area, which includes all of Delaware County. During the decade of the 1990s, according to U.S. Census Bureau estimates, Muncie was the only metro area in the state which actually lost population. In the 1990 census, Muncie's population was 119,659. By 1999 the population had drifted down to an estimated 115,472. Bloomington passed Muncie in size in 1998, making Muncie the second smallest metro area in the state, just ahead of Kokomo.

Barring a major unforeseen event, this pattern of unchanged or slightly declining economic activity will be Muncie's fate in 2001 as well. As the rate of economic growth eases across the nation, the heavy manufacturing that is a major part of Indiana's economy is likely to slow more than other sectors

as consumers postpone big-ticket purchases. As its share of the state clicks down another notch, the Muncie area is likely to taper off more than the state average in several areas.

The effects of lower sales of durable goods will be seen clearly in the Muncie area. Without a growing residential population to offset the general economic slowing, Muncie's housing construction industry will retrench significantly. The U.S. automobile business already has slipped from its record levels in early 2000, and car sales in Muncie for 2001 will drop even further below last year's figures.

Economic activity in the state of Indiana has typically generated about 50,000 new jobs a year for the past several years. During this same period, the net gain in jobs each year in the Muncie metro area has been essentially zero. The U.S. Bureau of Labor Statistics reports that just over 61,000 people were employed in the Muncie area in October 1997; in October 2000 there were 60,800. For 2001, the Center for Econometric Model Research in the Kelley School of Business at Indiana University predicts there will be a net increase of about 30,000 jobs in the Indiana economy. When job growth slows across the state, we can expect to see a small net decline in the number of jobs in Muncie, coupled with elimination of factory overtime and perhaps temporary plant shutdowns for inventory adjustment.

Muncie's unemployment rate typically mirrors the state rate. Unemployment in Indiana is expected to inch up slightly in 2001 from the extremely low levels of late 2000. In the Muncie metro area, that will translate to an increase of perhaps a full percentage point in the unemployment rate.

In 2001, as durable goods manufacturing slows and earnings from those jobs are curtailed, other sectors of the Muncie area economy are not in a position to take up the slack. Retail trade supplies 20% of all full-time and part-time employment in the Muncie area, a relatively high proportion (BLS does not publish figures for the share of Muncie employment in health services, another major source of jobs in the area). In Indiana, only Terre Haute at 24% has a larger retail percentage. But retail jobs, which are often part-time, tend to produce lower annual earnings than jobs in manufacturing or in certain kinds of services.

Wholesale trade and manufacturing of nondurable goods are relatively minor parts of the Muncie economy, employing less than 2,000 people each. These sectors are not expected to contribute any growth in the area in 2001.

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Figure 1
Muncie Metro Area Share of Statewide Earnings from Work

