

Benchmarking a Regional Economy: Bloomington and Monroe County

If you receive a 5 percent pay raise, should you be pleased or disappointed? The answer depends greatly on how your peers did. If others in your department all got 3 percent, then your 5 percent sounds pretty good. If everyone else got 10 percent when you were given just 5 percent, then maybe you have a problem.

Regional economic development can be viewed in the same way. If your region grew 5 percent (by some measure), that counts as good performance only if comparable regions mainly grew less than that. The question then is: which regions are comparable to my region?

Last year, the Bloomington Economic Development Corporation (BEDC) brought that question to the Indiana Business Research Center (IBRC) at the Kelley School of Business at Indiana University. BEDC's objective was to benchmark the economic performance of the Bloomington and Monroe County metropolitan area against other metro areas in the United States that could reasonably be considered comparable. Bloomington and Monroe County leaders were not content to view their own economic data in isolation. They wanted to know how their area's performance compared to a peer group.

The Indiana Business Research Center worked with BEDC to conduct a study of all 318 metropolitan areas nationwide. The purpose of the study was to track the economic performance in Bloomington and Monroe County, Indiana over a long period of time. The goal was to use objective, numerical measures and compare Bloomington and Monroe County against other metro areas found to be comparable.

The resulting study covered a period of 29 years, beginning in 1970 and continuing through 1998, the latest year for which reliable data were available. From the pool of 318 U.S. metro areas, 10 were selected as being most like the Bloomington and Monroe County area in 1970. Then, from this more or less common starting point, the IBRC tracked the economic progress of this group of "comparables."

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Comparable metro areas means:

1. Areas similar to the Bloomington and Monroe County area in terms of economic assets—population and economic structure.

2. Areas most like the Bloomington and Monroe County area in 1970, so the performance of initially comparable regions can be tracked over time.

3. Areas designated as Metropolitan Statistical Areas (MSAs), so comparable, reliable data were available:

- MSAs, also called metro areas, are defined by the U.S. Office of Management and Budget. An MSA is made up of one or more counties, centered on the main city in that geographic area.
- The U.S. Bureau of Economic Analysis (BEA) publishes a common set of economic statistics for all MSAs, so the data are as comparable as possible from one metro area to another.
- The Bloomington and Monroe County MSA is defined as all of Monroe County.

Bloomington and Monroe County Comparables

Four economic variables were used as selection criteria to identify comparable metro areas in 1970. The selection criteria were:

Population

Size of population makes a great deal of difference in metro economies

Employment

The number of jobs in the metro area

Earnings

How much money the area generates

Percentage of Earnings from Manufacturing

Manufacturing is a major factor in the Bloomington and Monroe County economy. The study sought to benchmark against metro areas whose economic mix in 1970 was most like that of Bloomington and Monroe County.

The IBRC study also compared the Bloomington and Monroe County economy to the economies of the 10 other Metropolitan Statistical Areas in Indiana.

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Table 1
Metro Areas, Comparable and Not Comparable to Bloomington

	MSA Name	Population in 1970	Earnings from Manufacturing in 1970
Comparables	Athens, GA	87,090	24.5%
	Bellingham, WA	82,606	18.5%
	Bloomington, IN	85,470	25.4%
	Decatur, AL	105,018	33.1%
	Florence, SC	89,851	28.5%
	Fort Collins-Loveland, CO	91,095	15.4%
	Goldsboro, NC	85,747	17.8%
	Medford-Ashland, OR	95,374	18.9%
	Owensboro, KY	79,519	26.4%
	Sherman-Denison, TX	82,644	29.5%
State College, PA	99,495	17.6%	
Non-Comparables	Ann Arbor, MI	375,479	32.5%
	Austin-San Marcos, TX	401,871	8.6%
	Bloomington, IN	85,470	25.4%
	Iowa City, IA	72,308	7.2%
	Lafayette, IN	140,037	23.7%
	Lexington, KY	310,269	20.3%
	Madison, WI	291,071	11.7%

Comparable Metro Areas

The first 10 metro areas listed in **Table 1** emerged from the IBRC's numerical screening process. These areas were found to be the most comparable to Bloomington and Monroe County in 1970.

Non-Comparable Metro Areas

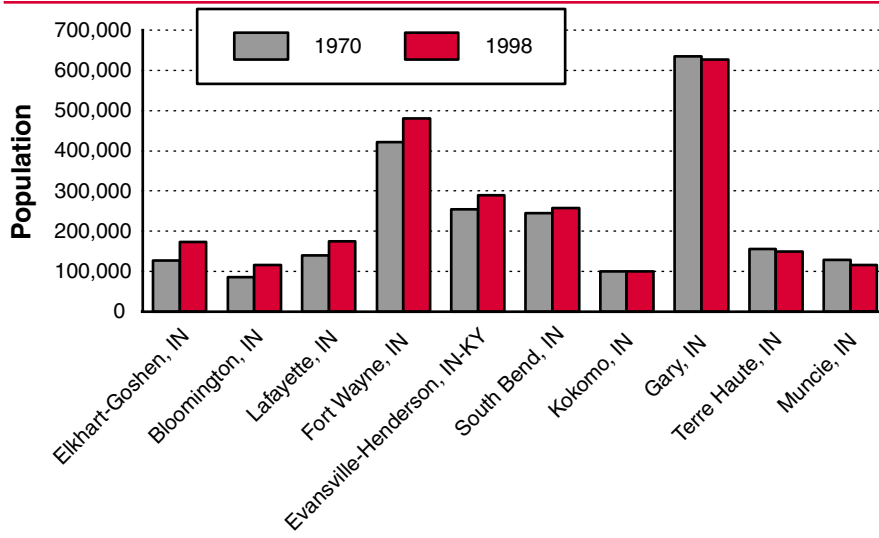
The last seven metro areas listed in **Table 1** are often compared to Bloomington and Monroe County. Yet they differ significantly in population, proportion of earnings from manufacturing, or both. Therefore, they were deemed statistically not comparable.

Once comparable metro areas were identified, the economic performance of the group was analyzed in terms of the four key economic measures described previously: population, employment, earnings and manufacturing. Bloomington and Monroe County results were charted against other Indiana MSAs as well as the 10 comparables.

Population Growth

Figure 1 shows population growth among Indiana MSAs. For each area, the left bar shows 1970 population and the bar on the right gives the 1998 population. The metro areas are listed, left to right, in order of largest to smallest total percent change over the period.

Figure 1
Population Comparison, Indiana Metro Areas, 1970 and 1998



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The Bloomington and Monroe County area was the second-fastest growing metro area in the state on a percentage basis, just behind Elkhart-Goshen. With 116,500 people in 1998, the Bloomington and Monroe County area was approximately equal in population to Muncie. Only Kokomo, at 100,100, was smaller. The Indianapolis metropolitan area, with a 1998 population of 1,519,000, is not shown on this chart. Its percentage growth in population since 1970, however, would rank it fourth on this list, just behind Lafayette.

Figure 2
Population Comparison, Comparable U.S. Metro Areas, 1970 and 1998

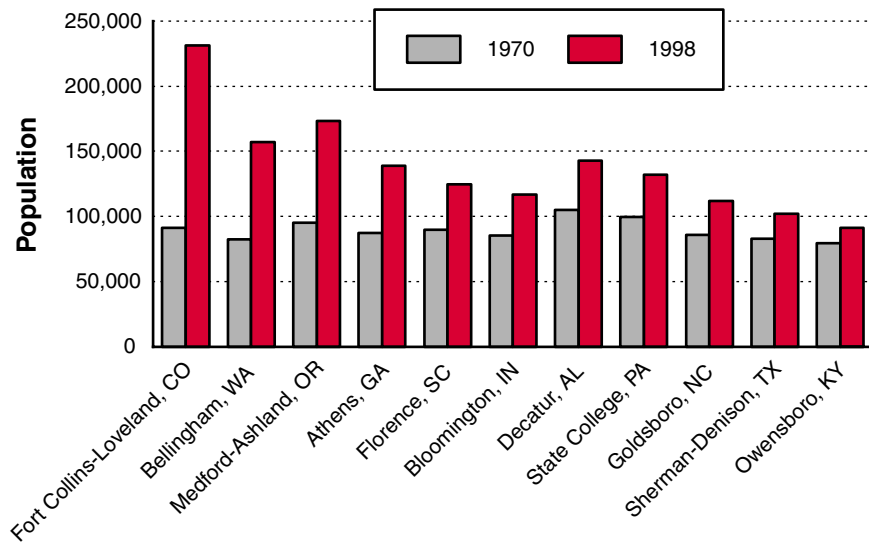
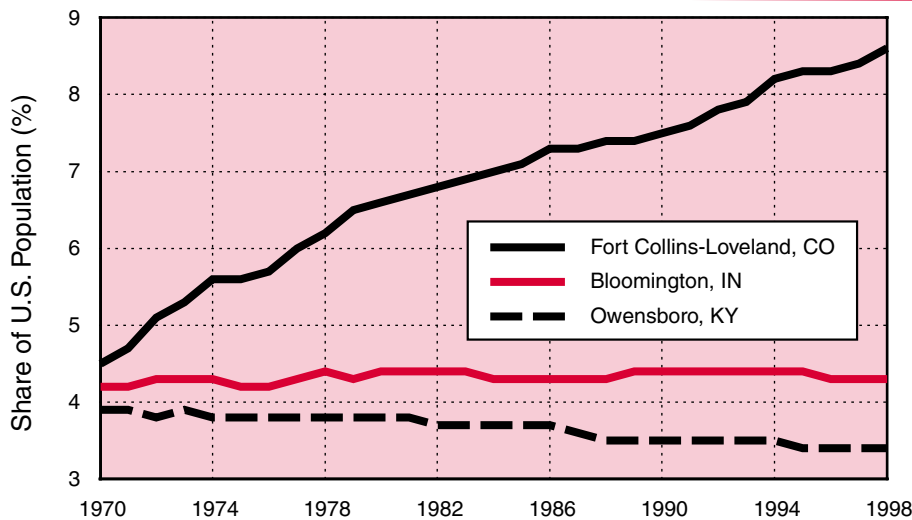


Figure 2 presents the same information for the comparable metro areas outside Indiana. Once again, the metro areas are listed, left to right, in order of largest to smallest percent change.

Fort Collins, Colorado, and other Far West areas led the group in population growth over this period. Athens, Georgia, was not far behind. The Bloomington and Monroe County area is in a cluster in the middle of the group of comparables.

A region's share of the national total of an economic measure is like a market share measure for a private company. Figure 3 shows the highest and lowest performing metro areas among the comparables. Each area's performance is measured by gain or loss of the share of the U.S. population during this 29-year period.

Figure 3
Share of Population, Comparable Metro Areas



A region's share of the national total of an economic measure is like a market share measure for a private company.

This group of comparables all started with approximately the same share in 1970. Some made large gains: Fort Collins topped the list. Others drifted down: Owensboro, Kentucky, lost the most share of any in this group.

The Bloomington and Monroe County area neither gained nor lost significantly in share of U.S. population. Among all 318 MSAs, Bloomington and Monroe County ranked 277th in 1970 and 281st in 1998.

Employment Growth

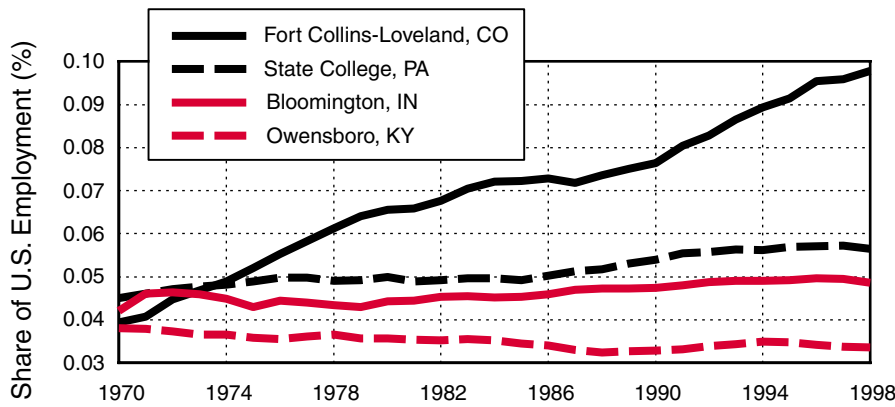
The Bloomington and Monroe County economy led the state in percentage increase in jobs from 1970 to 1998. Employment more than doubled during this period.

Figure 4
Employment Growth Among Comparable MSAs, 1970-1998



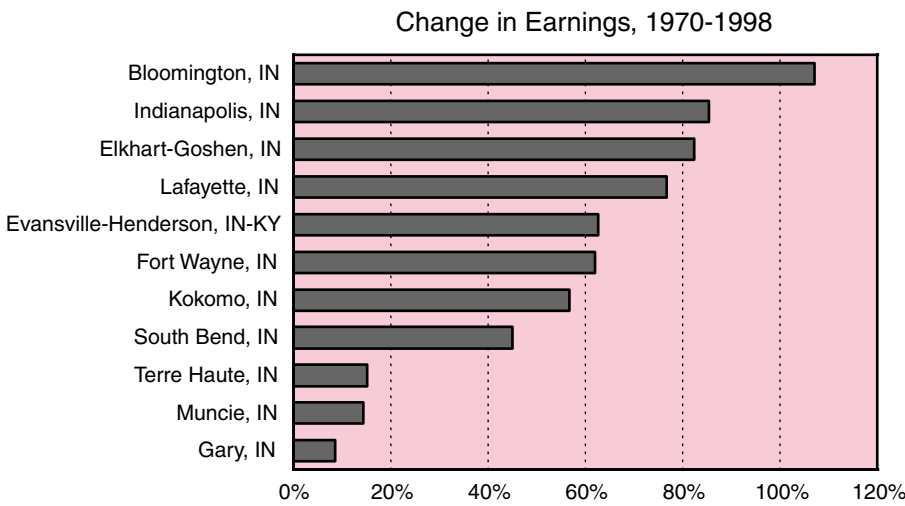
Figure 4 shows how employment growth in Bloomington and Monroe County ranked among its comparables. Though growing, Bloomington and Monroe County did not keep pace with the leaders among the comparables. Employment in Fort Collins more than quadrupled.

Figure 5
Share of U. S. Employment, Comparable Metro Areas, 1970-1998



The change in share of total U.S. employment for selected comparables is charted in **Figure 5**. Comparable metro areas all started with about the same share of employment in 1970. Bloomington's share edged up slightly during these 29 years, to about five-hundredths of one percent of national employment. Fort Collins, by contrast, more than doubled its share of U.S. jobs. State College, Pennsylvania increased its share by 25 percent.

Figure 6
Change in Earnings by Place of Work, Indiana Metro Areas, 1970-1998
(in constant U.S. dollars)



Of Indiana metro areas, only Bloomington and Monroe County exceeded the national increase – though Indianapolis and Elkhart-Goshen were close.

Earnings

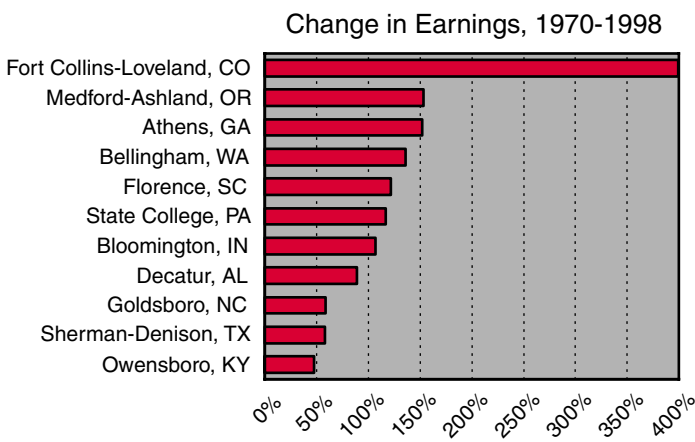
Earnings growth is an excellent measure of a regional economy's strength. It highlights the dollars being generated by the area's economy and shows the ability of the economy to increase these dollars.

The Bloomington and Monroe County area led the state in earnings growth over this period (see **Figure 6**). Total U.S. earnings grew 89 percent in constant dollars over the same period. Of Indiana metro areas, only Bloomington and Monroe County exceeded the national increase – though Indianapolis and Elkhart-Goshen were close to the national figure.

Among the comparable metro areas, the Bloomington and Monroe County area ranked in the middle in earnings growth from 1970 to 1998 (in constant dollars), as shown in **Figure 7**. Six out of the 10 comparables exceeded the national percentage growth in earnings. The other comparable metro areas with major universities (Fort Collins, Athens and State College) all posted higher earnings growth than Bloomington and Monroe County.

Share of U.S. earnings reveals whether an area kept up with the growth in the nation, grew faster, or grew slower. The Bloomington and Monroe County metro area managed a small increase. Its share of national earnings was up 9 percent in 1998 over 1970. Several of the comparables made significant increases in earnings share. Three lost share. Fort Collins' share in 1998 was more than one-and-a-half times what it was in 1970. Medford and Athens grew their shares by a third, and State College's share was up by 25 percent.

Figure 7
Change in Earnings by Place of Work, Comparable Metro Areas, 1970-1998
(in constant U.S. dollars)



Earnings per Job

Earnings per job can indicate the quality and productivity of employment in a region, an important perspective on employment growth. **Figure 8** tracks the earnings per job in Bloomington and Monroe County as a percent of the U.S. average.

Bloomington and Monroe County was more than 15 percent below the national average over this entire period. In 1998, it stood at 78 percent of the national average. The trend in this statistic was down throughout the 1970s and early 1980s. Since then it has been essentially unchanged.

By 1998, earnings from manufacturing had dipped to 20 percent of earnings. By national standards, though, that was still a high figure.

Economic Mix

The economic mix across the U.S. has shifted toward service industries in recent years. The Bloomington and Monroe County area is no exception. As **Figure 9** shows, manufacturing was a major factor in the region's economy in 1970, accounting for 28 percent of wages earned that year. By 1998, earnings from manufacturing had dipped to 20 percent of earnings. By national standards, though, that was still a high figure.

Figure 8
Earnings Per Job as a Percent of U.S. Average, Bloomington and Monroe County, 1970-1998

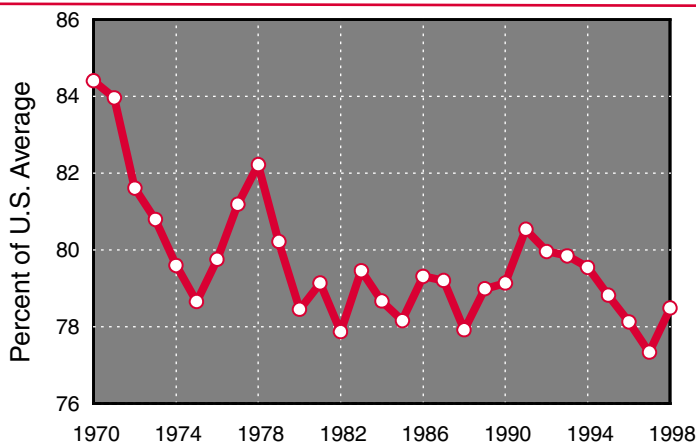


Figure 9
Bloomington and Monroe County Metro Area
Share of Earnings by Industry Sector, 1970 & 1998

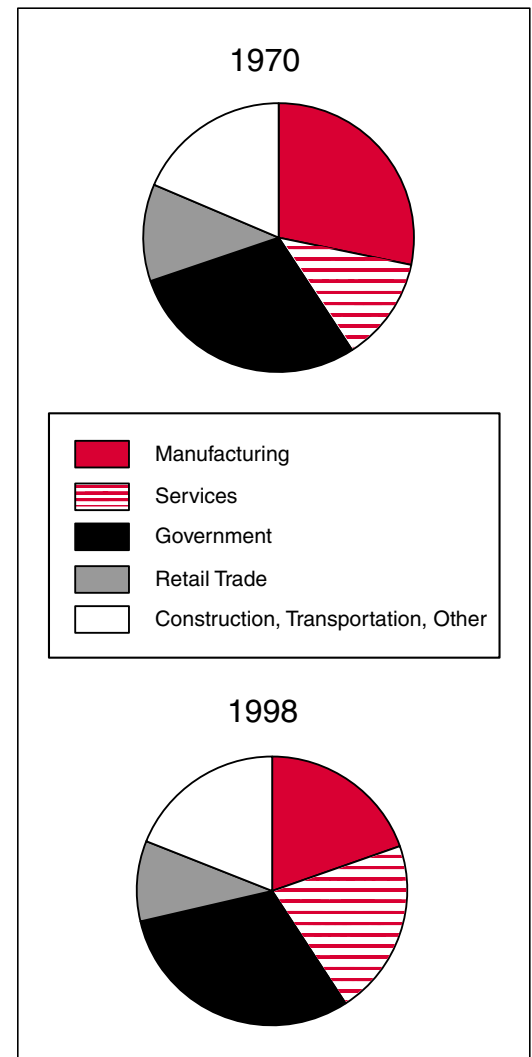


Figure 10 displays the change from 1970 to 1998 in the percent of earnings from manufacturing in the comparable metro areas. Areas are listed, left to right, in order of earnings share growth. At the left are those areas that gained the most in share of U.S. earnings over the period. At the right are those that lost share.

Most areas experienced substantial declines in the percent of area earnings coming from manufacturing. The percent of earnings from manufacturing in the Bloomington and Monroe County area dropped by half. There is no clear correlation, however, between change in manufacturing earnings and overall earnings share growth. Both high-growth areas (at the left of the chart) and low-growth areas (at the right) showed varying degrees of change in the size of the manufacturing sector.

Conclusions about Bloomington

Bloomington and Monroe County's economic performance has been among the best in Indiana. The area led the state in job growth between 1970 and 1998, and it led the state in real earnings growth over the period.

By identifying other U.S. metro areas which were economically comparable to Bloomington and Monroe County, however, the IBRC study placed the area's performance from a national perspective. Relative to comparable metro areas outside Indiana, the record of the Bloomington and Monroe County economy from 1970 to 1998 was only average. Some of the comparable area economies grew very rapidly. Others experienced little or no growth. Bloomington and Monroe County's experience placed it in the middle of the pack.

Share measures confirm that the Bloomington and Monroe County area's economic performance was solid but not outstanding. The area's share of total U.S. population was basically unchanged over this period. Share of U.S. earnings showed a small increase, ranking the area in the middle of the group of comparables.

Bloomington and Monroe County's economic performance has been among the best in Indiana.

Figure 10
Change in Manufacturing Mix, Comparable Metro Areas, 1970-1998

