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# Indiana Business Review Update

A Monthly Overview of Economic Trends

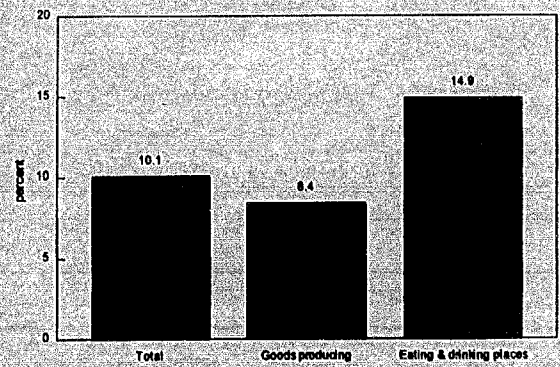
Indiana University School of Business, Indiana Business Research Center

## FAST FOODS IN THE FAST LANE

Thousands of young Hoosiers will be leaving high school for the job market in a few weeks. Where should they seek employment?

Would you recommend an industry that is expanding rapidly or one that shows less robust growth? Between 1992 and 1996, total employment in Indiana grew by 10.1%. Goods producing jobs, those including mining, construction, and manufacturing, grew by 8.4%, but jobs at eating and drinking establishments advanced by 14.9% (see figure 1).

FIG. 1 EMPLOYMENT GROWTH IN INDIANA 1992 - 1996



If you think a youngster should go where the jobs are developing, then you would have to suggest that he or she seek work in restaurants, bars, fast food outlets, and similar establishments. This seems contrary to our inclinations. Normally, we think young people should go into those goods producing firms which have good jobs and a real future.

But look at the growth characteristics of eating and drinking establishments compared with goods producing firms (see figure 2). Between 1992 and 1996, eating and drinking places outpaced goods producing firms in three key factors: First, average hourly earnings (after adjustment for inflation) grew by 8.5% in eating and drinking places compared with a weak 1.7% in goods producing workplaces.

Second, the average number of hours a worker was employed in eating and drinking establishments also advanced twice as fast as in goods producing firms (5.3% compared with 2.7%). Finally, in combination, these two factors yielded a growth of 14.2% in average weekly earnings (again, after adjustment for inflation) for workers in eating and drinking places compared to a limited 4.4% growth in goods producing jobs.

Before you urge your children, nieces, nephews, and grandchildren to careers in food services, remember that the workers in the goods producing industries earn much higher hourly rates than those who labor in eating and drinking places. In 1996, this difference averaged \$8.90 per hour (see figure 3).

The average hourly earnings of goods producing workers in 1996 was at \$14.76 or 152% higher than the hourly returns for workers in eating and drinking places. Even though hourly rates in eating and drinking places are growing rapidly, it will take nearly 49 years, at current growth rates, for the two industries to offer equivalent hourly compensation. Many young workers do not have the patience to wait until they are ready for retirement to have superior pay rates. Can you blame them?

FIG. 2 PERCENT CHANGE 1992-1996, INDIANA

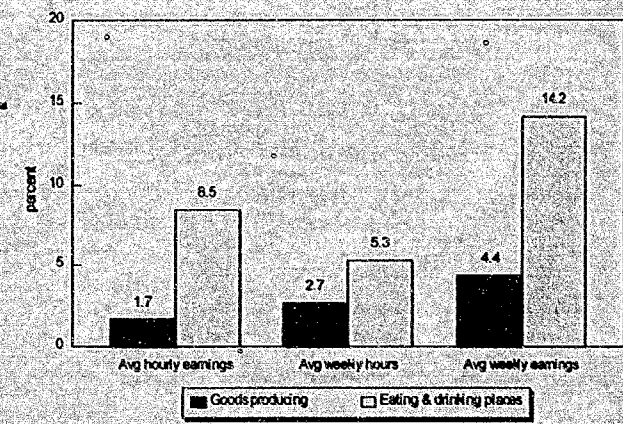
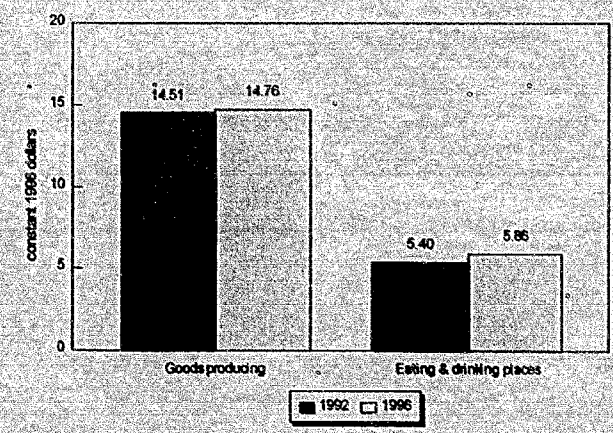
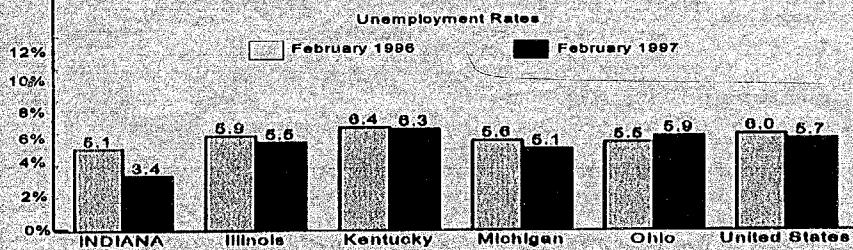


FIG. 3 REAL AVERAGE HOURLY EARNINGS, INDIANA



### The Regional Employment Situation

Total Persons Employed	Feb. 1996	Feb. 1997	Number Change	% Change	Rank in US
INDIANA	2,899,600	2,918,000	18,400	0.6%	46
Illinois	5,672,900	5,740,400	67,500	1.2%	45
Kentucky	1,713,600	1,760,900	47,300	2.8%	19
Michigan	4,463,200	4,590,400	127,200	2.9%	16
Ohio	5,230,600	5,355,500	124,900	2.4%	25
United States	124,137,000	126,887,000	2,750,000	2.2%	N/A



### Employment - Hours - Earnings by Industry

INDIANA	Establishment Related Employment		Average Weekly Hours		Average Weekly (Real) Earnings	
	Feb. 1997	% Chg. 96/97	Feb. 1997	% Chg. 96/97	Feb. 1997	% Chg. 96/97
<b>Total Non-Ag</b>	2,794,100	1.3%	NA	NA	NA	NA
Mining	6,000	7.1%	46.5	1.1%	\$814.22	3.4%
Construction	117,900	3.2%	39.8	2.3%	\$670.23	0.9%
Manufacturing	670,700	-0.5%	42.8	1.7%	\$632.16	3.2%
Durable	481,300	-0.6%	43.6	2.1%	\$662.28	3.5%
Non-durable	189,400	-0.3%	40.6	0.5%	\$549.72	2.9%
Wholesale	138,000	1.4%	37.9	3.0%	\$459.73	2.2%
Retail	527,600	1.0%	29.1	2.5%	\$226.11	1.5%
Finance, Insurance & Real Estate	136,200	3.3%	36.2	0.0%	\$427.16	7.6%
Services*	660,100	4.5%	32.4	-1.8%	\$349.60	0.9%

### Employment - Hours - Earnings

(Not seasonally adjusted)

#### Metropolitan Statistical Areas (MSAs) in Indiana

NON-AG WAGE & SALARIED EMPLOYMENT	Feb. 1996	Feb. 1997	Change	
			Number	Percent
Bloomington MSA	63,700	65,000	1,300	2.0%
Elkhart-Goshen MSA	113,200	116,000	2,800	2.5%
Evansville MSA	148,000	149,200	1,200	0.8%
Fort Wayne MSA	256,600	265,800	9,200	3.6%
Gary MSA	250,500	258,100	7,600	3.0%
Indianapolis MSA	794,400	822,300	27,900	3.5%
Kokomo MSA	51,300	52,200	900	1.8%
Lafayette MSA	91,000	91,000	0	0.0%
Muncie MSA	60,100	60,600	500	0.8%
New Albany Area*	82,700	86,600	3,900	4.7%
South Bend MSA	128,800	131,700	2,900	2.3%
Terre Haute MSA	69,000	68,800	-200	-0.3%

MANUFACTURING	Feb. 1997	Employment	Average Weekly Hours	Average Hourly Earnings	Average Weekly Earnings
Bloomington MSA		9,700	41.0	\$12.81	\$525.21
Elkhart-Goshen MSA		58,200	40.0	\$12.33	\$493.20
Evansville MSA		30,900	43.1	\$14.38	\$619.78
Fort Wayne MSA		73,900	41.6	\$14.50	\$603.20
Gary MSA		51,000	42.7	\$18.60	\$794.22
Indianapolis MSA		125,900	44.2	\$15.74	\$695.71
Kokomo MSA		21,100	46.1	\$19.00	\$875.90
Lafayette MSA		22,100	43.7	\$14.53	\$634.96
Muncie MSA		10,900	43.9	\$14.38	\$631.28
New Albany Area*		19,300	43.4	\$12.12	\$526.01
South Bend MSA		21,700	42.0	\$12.93	\$543.06
Terre Haute MSA		11,500	41.9	\$14.72	\$616.77

\*Employment includes schools; Hours and Earnings excludes schools. The New Albany Area (Clark, Floyd, Harrison, Scott counties) is part of the larger Louisville MSA. (Real) indicates dollars adjusted for changes in consumer prices to 1996 level. Employment and earnings data based on preliminary and revised series provided by the Indiana Department of Workforce Development.

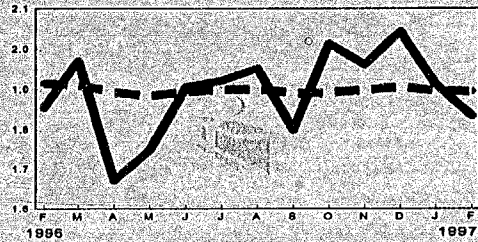
## Indiana Economic Activity

— Monthly Data      - - - - - 12 Month Moving Average

### Raw Steel Production

American Iron and Steel Institute  
(Millions)

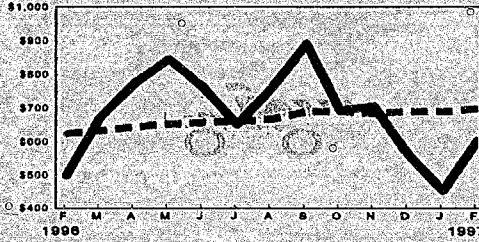
Feb. 1995 — 1.801      Feb. 1996 — 1.857      Feb. 1997 — 1.836



### Total Construction Activity

F. W. Dodge Construction Potentials Bulletin  
(Millions)

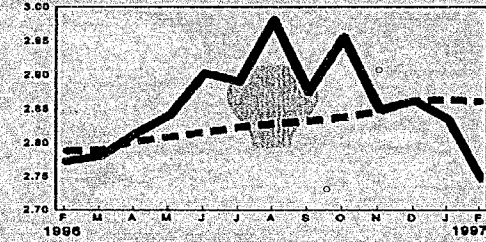
Feb. 1995 — \$480.7      Feb. 1996 — \$501.0      Feb. 1997 — \$604.7



### Industrial Electricity Sales

(The 5 investor owned utilities)  
(Billions)

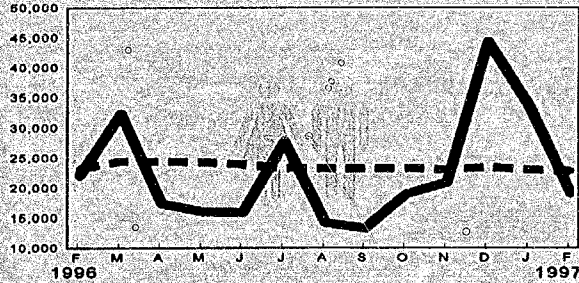
Feb. 1995 — 2.668      Feb. 1996 — 2.775      Feb. 1997 — 2.750



### Initial Unemployment Insurance Claims

Indiana Department of Workforce Development

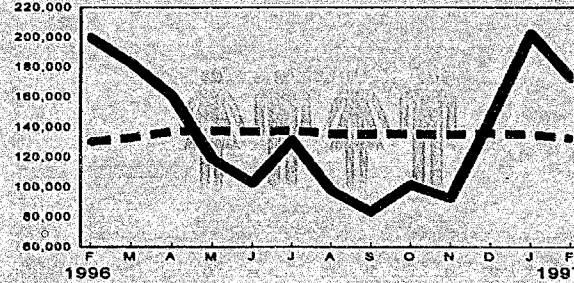
Feb. 1995 — 20,557      Feb. 1996 — 22,432      Feb. 1997 — 19,392



### Continued Unemployment Insur. Claims

Indiana Department of Workforce Development

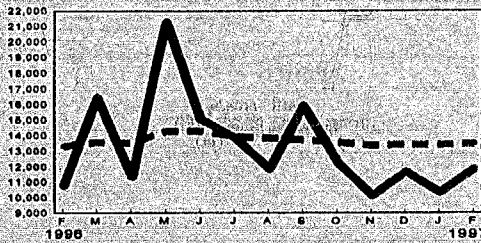
Feb. 1995 — 149,614      Feb. 1996 — 201,410      Feb. 1997 — 174,255



### New Car Registrations

R. L. Polk and Company

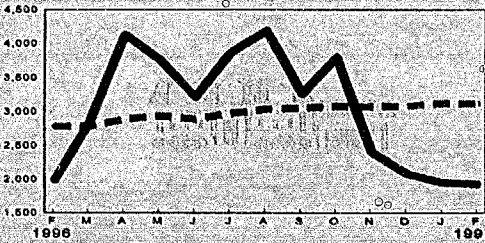
Feb. 1995 — 9,743      Feb. 1996 — 10,893      Feb. 1997 — 11,970



### Housing Starts

F. W. Dodge Construction Potentials Bulletin

Feb. 1995 — 1,608      Feb. 1996 — 2,005      Feb. 1997 — 1,935



### Retail Sales

Bureau of the Census  
(Billions)

*Please note that the Census Bureau has discontinued the Retail Sales data, effective January 1997.*

# Poverty...

Twenty-five counties in Indiana had 13% or more of their population living in poverty in 1993.

## Poorest Indiana Counties (1993)

Crawford	16.4%
Daviess & Grant	14.9
Delaware	15.7
Lake	15.9
Marion	15.1
Randolph	15.8
Scott	15.8
Starke	16.4
Switzerland	15.5
Washington	16.3

Indiana's poverty rate for 1993 was 11.9%, the nation's, 15.1. The poorest state was Mississippi, with 24.6 percent of its population living in poverty and the lowest median household income (\$22,952).

*See our web site for estimates for each of our 92 counties, plus explanations of use:*

[www.bus.indiana.edu/research/](http://www.bus.indiana.edu/research/)

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# Income...

The good news is that the Census Bureau has released county-level poverty and household income estimates. The cautious news is that this is the first such series of estimates; the Census Bureau asks that we exercise care in applying them.

What we see at first glance is that many of the counties in Indiana with the highest median household income are the so-called "ring" counties around Indianapolis (noted with an \*.)

## Wealthiest Indiana Counties (1993)

Boone*	\$41,364
Dubois	\$37,984
Hamilton*	\$54,141
Hancock*	\$43,347
Hendricks*	\$46,534
Johnson*	\$40,956
Morgan*	\$37,057
Porter	\$43,321
Posey	\$37,206
Warrick	\$40,359

Indiana's median household income at that time was \$31,055, compared to the national median of \$31,241. The richest state was Connecticut (\$42,105).

# Indiana Business Review Update

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and the State of Indiana. Data are available from the Indiana State Library, Dept. of Commerce and U.S. Census Bureau. WEB address: <http://www.bus.indiana.edu/research/>

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