

IN Business

Win-Win: Hoosiers Eat Out, Create Jobs

Workplace establishments identified as “eating places” are Indiana’s largest employer, according to tabulations performed at the finest possible level of detail on data collected quarterly by the Indiana Department of Workforce Development. The eating places classification covers restaurants and other establishments preparing and selling food and drinks for immediate consumption. The category also includes caterers and institutional food service providers. The generic term “restaurants” will be used here to refer to the entire classification.

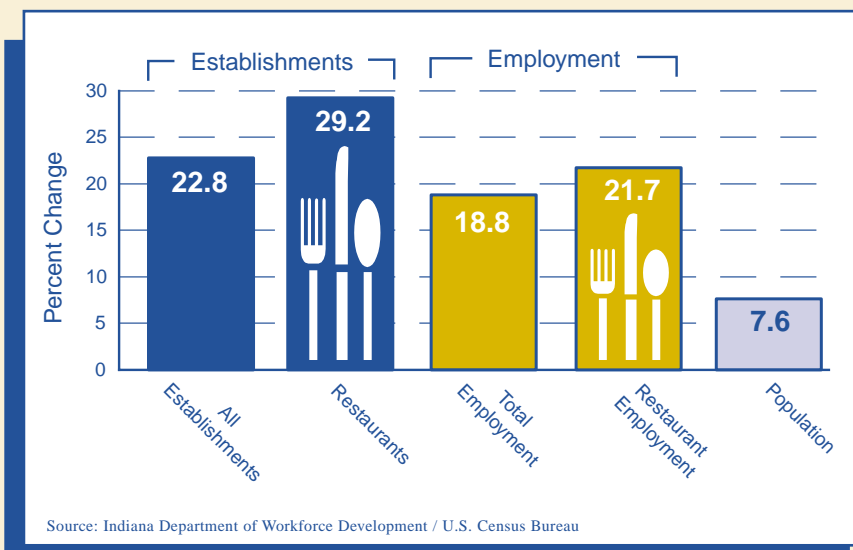
Employment in the restaurant industry was reported as 192,425 as of 1999’s third quarter, far ahead of the second-place industry, elementary and

secondary schools. Ten years earlier, the employment standings were identical, but the restaurant industry has stretched its lead considerably. From third quarter 1989 to third quarter 1999, employment in restaurants increased by 34,000, while employment in elementary and secondary schools fell by 500.

A future Indiana workforce dominated by foodservice workers may have been a fear in the early 1990s when the numbers of restaurants and their workers were increasing at a fast pace. Between ’91 and ’95, restaurant establishments and employment both were growing at an average annual rate of around 4% for the four-year period. However, this expansion cooled from

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Figure 1: Indiana Growth Rate Comparison, 1989–1999



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Unemployment Inside and Out

Indiana
Unemployment
Rate for June
2000:
3.4%

IN Business

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1995 through 1999, with the average annual growth rate dropping to less than 1% for both establishments and employment.

Figure 1 compares Indiana's growth rates for the restaurant industry and all industries, in number of establishments and employment, from 1989 to 1999. The state's 10-year population growth rate is also presented as an additional benchmark. The total number of establishments in all industries increased 22.8%, three times faster than the state's population growth of 7.6%. Employment in all industries increased by 18.8%. Growth in restaurant establishments (29.2%) and employment (21.7%) was even more dramatic.

The map in Figure 2 presents information at the county level on the number of restaurants per 1,000 residents. This kind of per capita measure allows a comparison of restaurant concentration across counties, regardless of population size. Marion County, as expected, led the state in number of restaurants in 1999, but ranked fourth

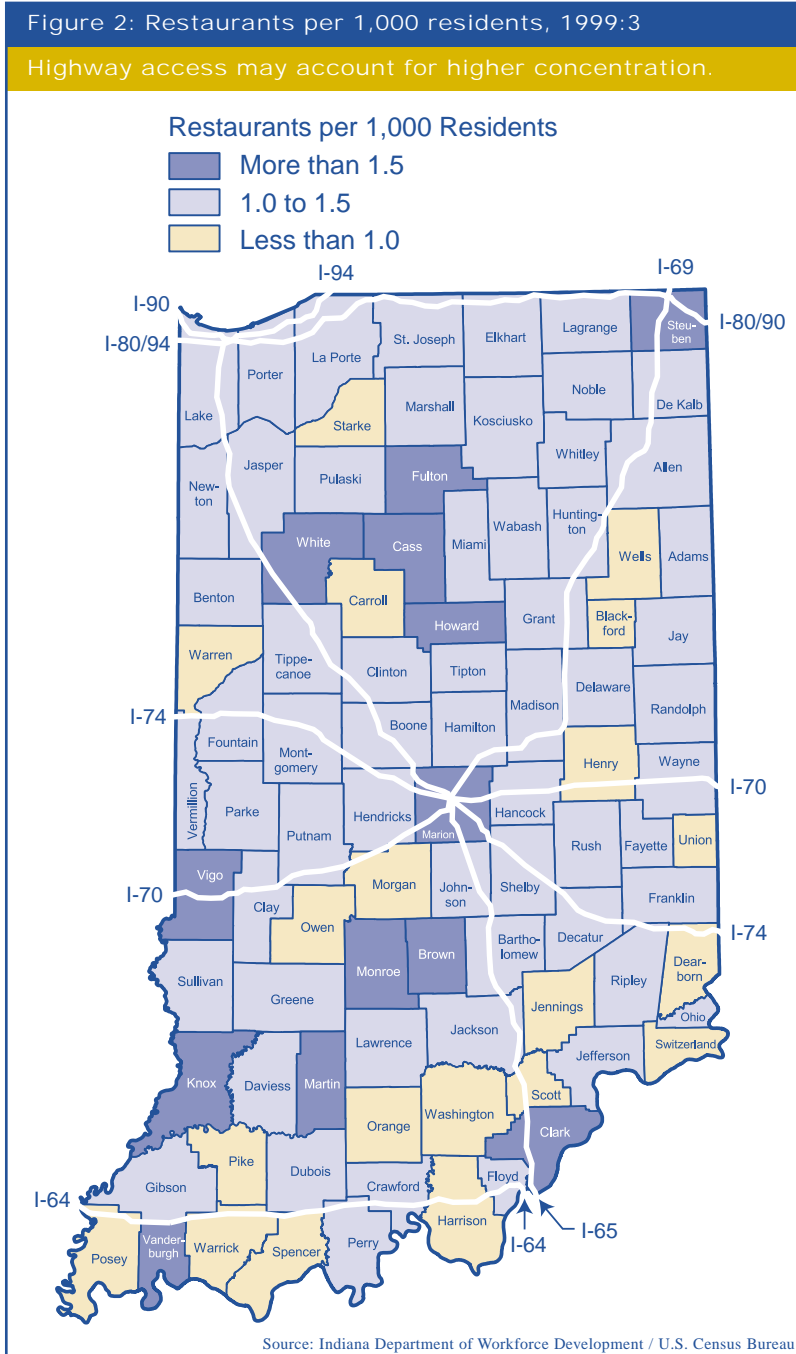
in restaurants per capita, behind White, Steuben and Martin counties. Each of these top three counties ranks in the

comparatively small counties? One reason is that the presence of tourist or cultural attractions may pull in the dinner crowd from outlying counties. The location of interchanges along key highways could be another factor leading to a high concentration of restaurants relative to resident population. White County, for instance, is home to Lake Shafer and Indiana Beach, and is bisected by I-65.

Steuben County straddles two interstate highways and features numerous lakes, Amish settlements and Pokagon State Park. Although Martin County is far off the interstate highway system, restaurants there probably serve a large number of travelers because the county includes the crossroads where U.S. highways 50, 150 and 231 meet.

Regardless of highways and attractions, studies suggest that the sit-down family dinner, prepared and served at home, may be an endangered species. We like to have someone

else feed us, and growing numbers of restaurants are cropping up to meet the demand.



bottom half of Hoosier counties on population size. Why the heavy concentration of restaurants in these

Indy Metro Area: Three Decades of Per Capita Income Growth

The Indianapolis Metropolitan Area, the 37th most populous metro area in the United States, has outpaced the nation in per capita personal income for nearly three decades — except for three years (1982, 1983 and 1984), and those were recession years in Indiana.

In 1998, the Indianapolis metro area ranked 55th out of 318 metro areas, with a per capita income of \$29,022,

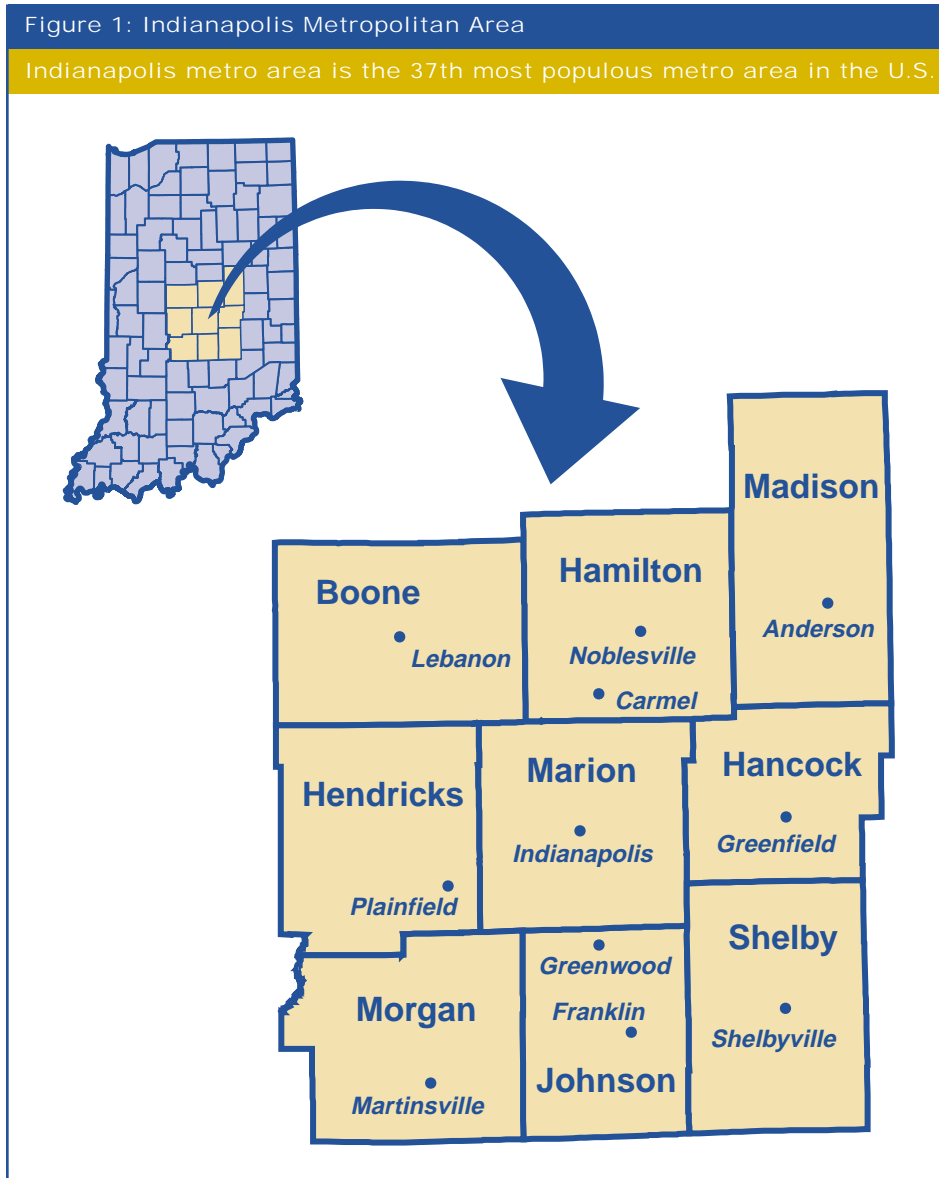
compared to \$27,203 for the nation. These figures, released in June by the U.S. Bureau of Economic Analysis (www.bea.doc.gov), were not adjusted for inflation.

Note: Per capita income is a comparative measure of wealth based on earnings from work and income from dividends, interest, rent and transfer payments.

The Seventies		
Year by Year	PCPI	Percent of U.S.
1970	\$4,138	101.05%
1971	\$4,468	102.76%
1972	\$4,839	102.46%
1973	\$5,458	104.12%
1974	\$5,876	102.73%
1975	\$6,300	102.36%
1976	\$7,011	103.77%
1977	\$7,787	104.93%
1978	\$8,655	104.39%
1979	\$9,570	103.68%

The Eighties		
Year by Year	PCPI	Percent of U.S.
1980	\$10,434	102.46%
1981	\$11,400	101.06%
1982	\$11,738	98.63%
1983	\$12,430	99.01%
1984	\$13,760	99.54%
1985	\$14,726	100.14%
1986	\$15,551	101.00%
1987	\$16,546	101.61%
1988	\$17,773	102.13%
1989	\$19,111	102.94%

The Nineties		
Year by Year	PCPI	Percent of U.S.
1990	\$20,249	103.40%
1991	\$20,883	103.95%
1992	\$22,202	105.31%
1993	\$23,170	106.69%
1994	\$24,417	108.13%
1995	\$25,085	106.46%
1996	\$26,123	105.97%
1997	\$27,399	105.69%
1998	\$29,022	106.69%
1999	No data until June 2001	



Indy Metro Area: Where the Jobs Were, Where the Jobs Are Now

As jobs in service industries expanded their share of national employment, the high concentration of manufacturing jobs in the Indianapolis metro area shrank.

Manufacturing jobs accounted for 28% of the Indianapolis metro area employment in 1969, compared to 23% nationally (see Figure 1). By 1998, manufacturing had fallen to 13% in Indianapolis and 12% in the United States. Over the same period, service-sector employment doubled its share in the Indianapolis metro area, to 30% of all nonfarm jobs.

Making things, selling things and doing things constituted about 70% of the jobs nationally and in the Indianapolis metro area in 1998.

Table 1 compares the major job sectors in Indiana and the United States over time by proportion of total nonfarm employment. The share of jobs in manufacturing throughout the state in 1998, the most recent year for which data are available, is displayed on the map in Figure 2.

Service-sector earnings in Indiana have more than doubled since 1969 —

Figure 1: Employment in Major Sectors, Indianapolis & U.S., 1969 & 1998

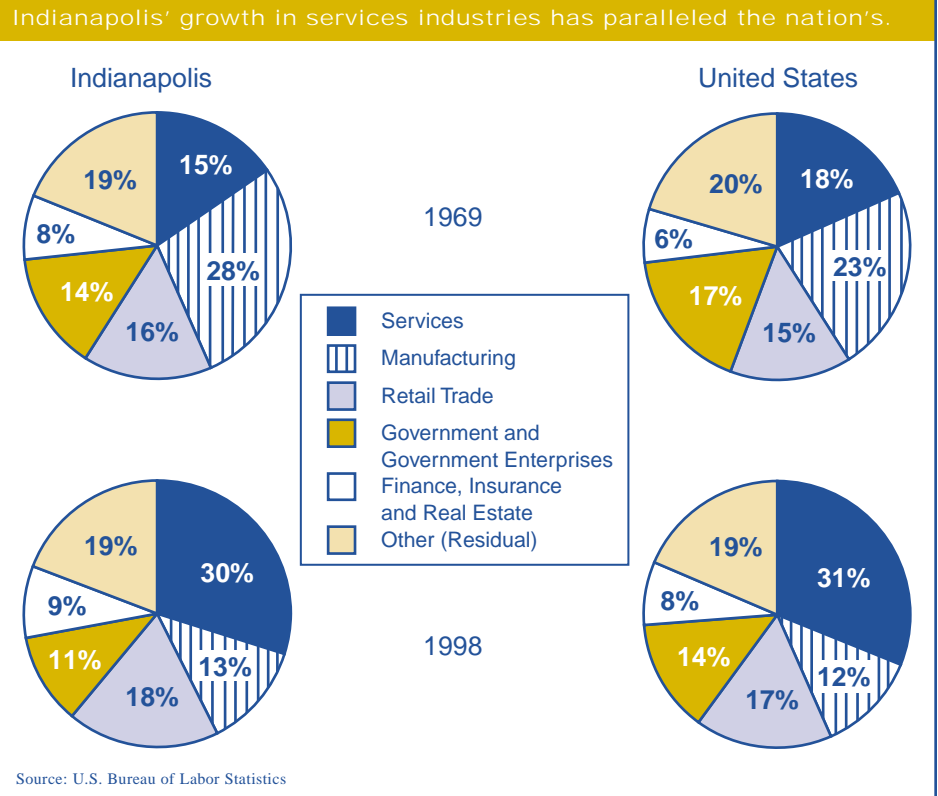


Table 1: Employment in Major Sectors, Indianapolis & U.S., 1969 & 1998

Employment by place of work	INDIANAPOLIS		UNITED STATES	
	1969	1998	1969	1998
Total Employment (#)	600,067	1,029,120	91,057,200	160,198,700
Nonfarm Employment	97.83%	99.27%	95.63%	98.05%
Private Employment	83.51%	88.24%	78.23%	84.35%
Services	15.44%	29.86%	18.37%	31.15%
Retail Trade	15.56%	18.48%	14.77%	16.67%
Manufacturing	28.01%	12.72%	22.56%	12.22%
Government	14.32%	11.04%	17.40%	13.70%
Finance, Insurance & Real Estate	7.78%	8.72%	6.50%	7.63%
Construction	5.21%	6.08%	4.91%	5.49%
Transportation & Public Utilities	5.21%	5.71%	5.27%	4.79%
Wholesale Trade	5.33%	5.71%	4.50%	4.59%
Agricultural Services, Forestry, Fishing and Other	0.20%	na	0.56%	1.28%
Mining	0.19%	na	0.81%	0.53%

Source: U.S. Bureau of Labor Statistics

increasing from 12% of nonfarm earnings to 25% in 1998. Nationally, the service-sector share increased from 15% to 31% within the same period of time. Figure 3 shows the proportion of current nonfarm employment in the

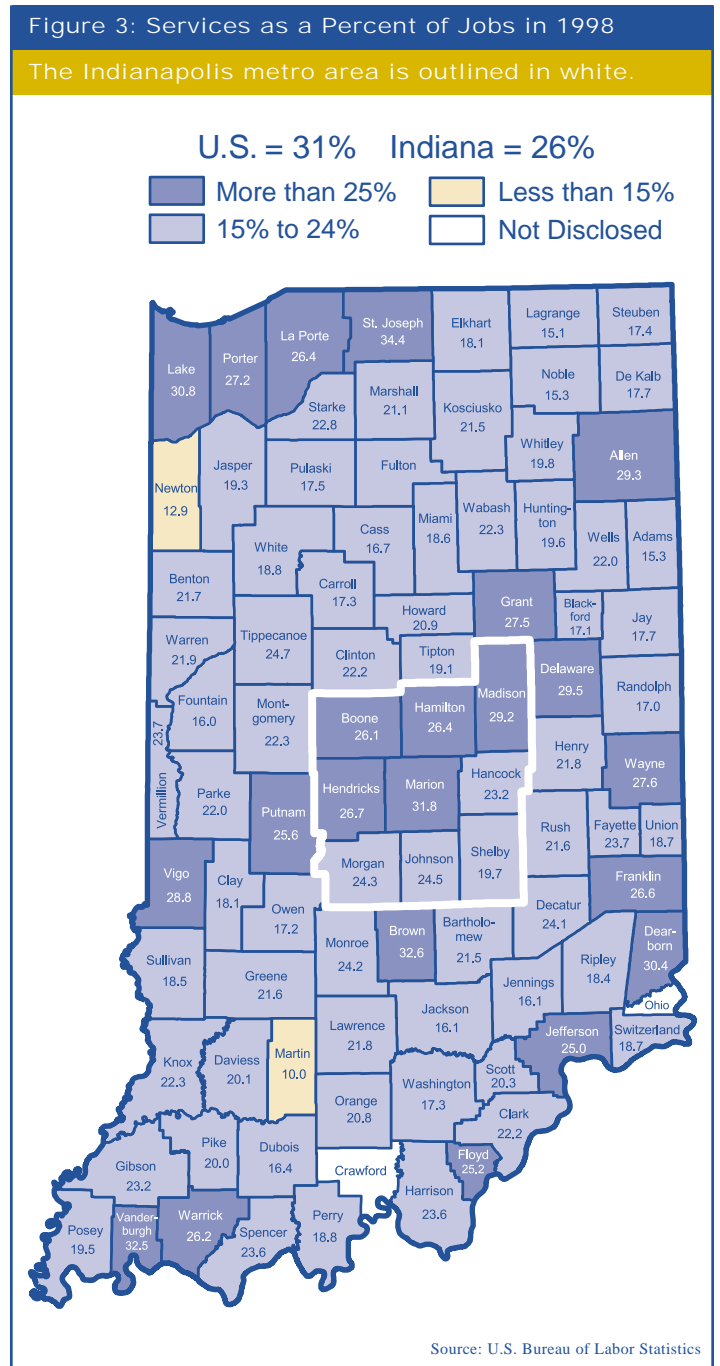
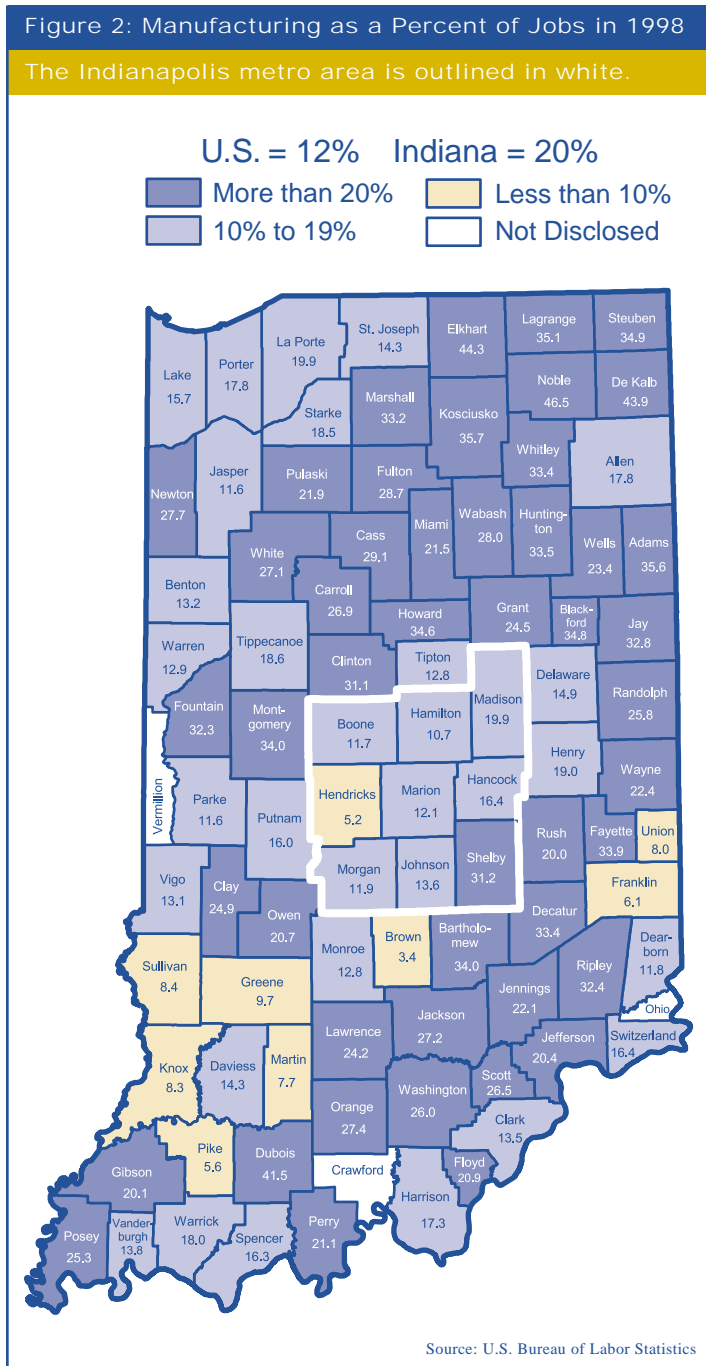
service sector for each Indiana county.

Making things, selling things and doing things constituted about 70% of the jobs nationally and in the Indianapolis metro area in 1998.

Manufacturing (making) accounted for

\$7.5 billion in earnings; finance, insurance and real estate and retail trade (selling) generated earnings of \$6.7 billion; and the services sector (doing) generated \$8.7 billion in 1998

(continued on page 12)



Farmland in Indiana

Nearly two-thirds of Indiana's 23 million acres are farmlands. Five of the state's 92 counties have more than 90% of their land area in farm uses (see Figure 1). Only six counties have less than one-third of their areas in farms.

While it is no surprise that Benton, Adams, Tipton, Carroll and Clinton counties are the leaders in farmland usage, the counties at the other end of the spectrum are interesting. The presence of public park and forest lands puts Brown, Monroe, Floyd and

Figure 1: Percent of Land Area in Farms, 1997

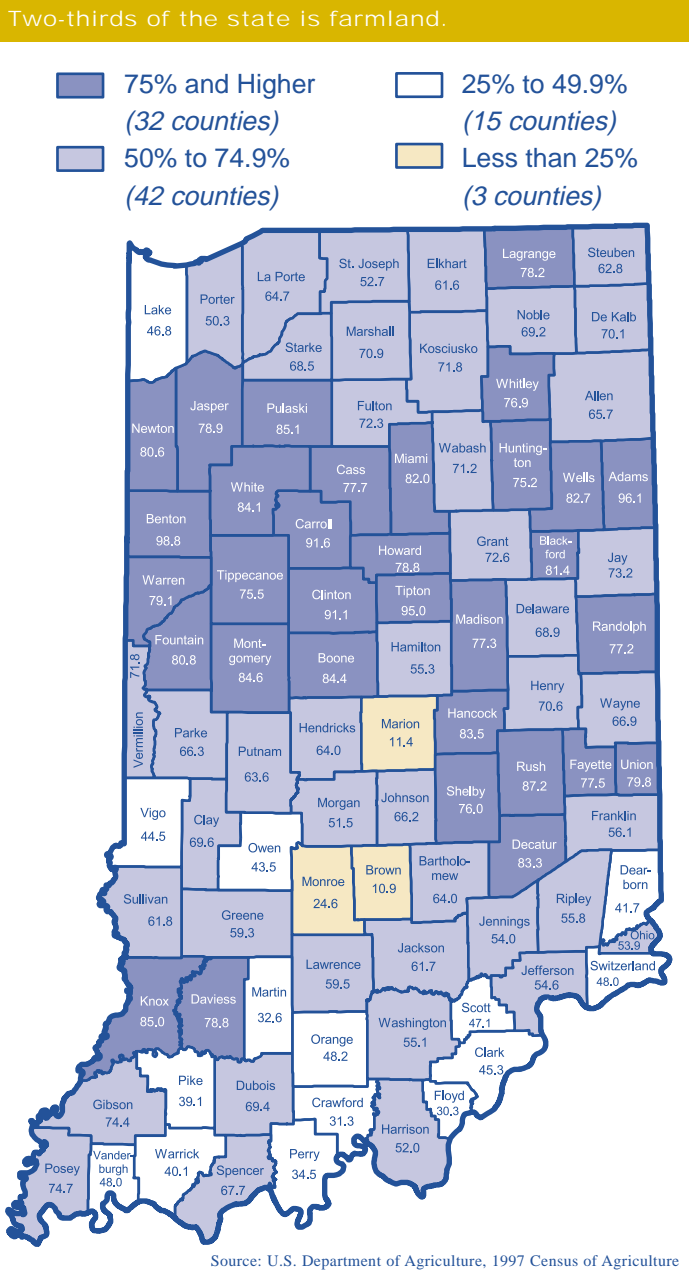
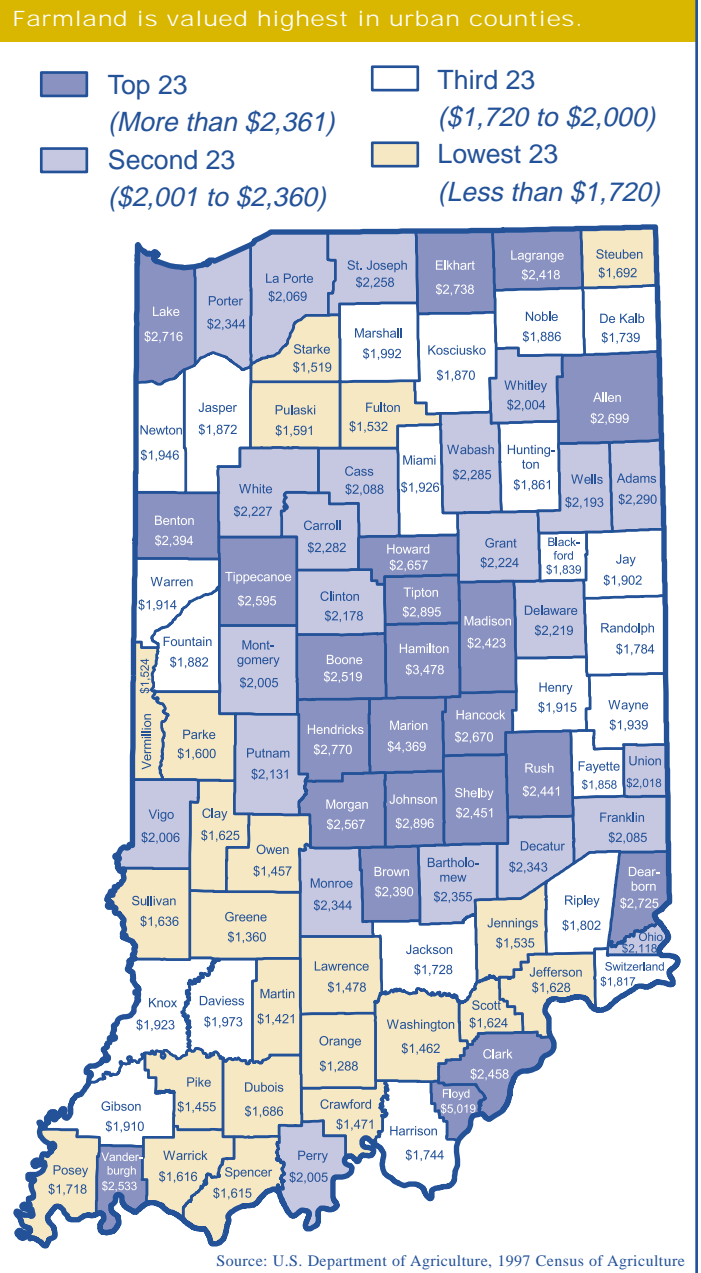


Figure 2: Average Value Per Acre of Farmland, 1997



Indiana Recaptures Manufacturing Employment Strength

June 2000 preliminary figures from the U.S. Bureau of Labor Statistics estimate manufacturing employment at 696,900 workers, or 23.2% of Indiana's total nonfarm employment. The data, collected through the Current Employment Survey, show that jobs in manufacturing have increased by 0.2% since June of last year and are 1% higher than the 1999 annual average.

workers). By the next year, however, average employment in manufacturing dropped by 13.4%. The 1943 level was not exceeded again until 1965. Employment remained above the 1943 level from 1965 until 1982, when it dropped by 9.75% in one year. Since 1988, employment has again exceeded the World War II peak, with the exception of 1991 and 1992, which coincide with the latest recession.

The highest level of manufacturing employment, however, occurred in 1973, with annual average employment reaching 758,200, 8.8% higher than current manufacturing employment and 19% higher than the World War II peak. Other peak years were 1969 (752,300) and 1978 (741,500). The lowest employment since the 1973 peak occurred in 1983. In 1982, manufacturing employment averaged

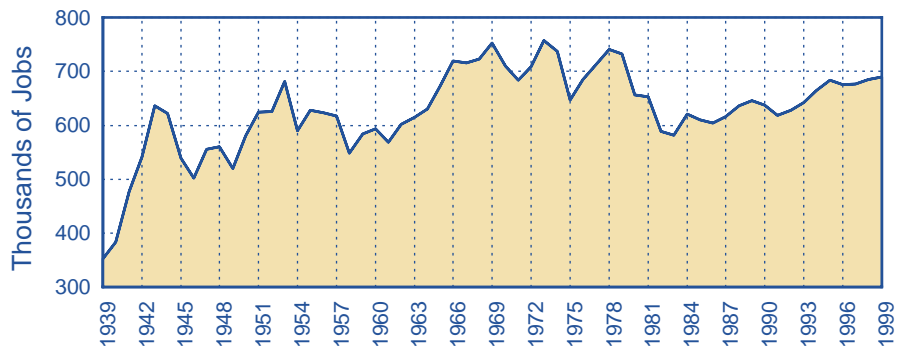
A Historical Perspective

Manufacturing employment in Indiana exploded in 1941 when the United States entered World War II, resulting in a 24.3% increase over 1940 (see Figure 1). By the time peace was restored in 1945, Indiana's manufacturing employment had increased by 53%.

During the war years, employment peaked for Indiana manufacturing in 1943 at an annual average of 636,500, almost double 1939 levels. This peak was not exceeded until 1953, the last year of the Korean War (681,400

Figure 1: Indiana's Manufacturing Employment, 1939-1999

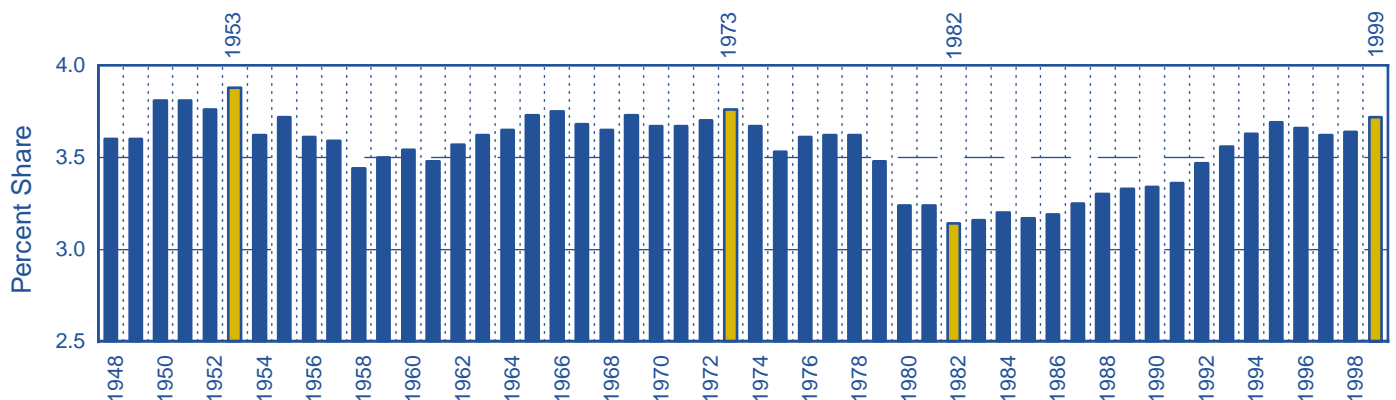
The late 1980s to 1999 show steadier job growth with fewer major drops.



Source: U.S. Bureau of Labor Statistics

Figure 2: Indiana's Share of U.S. Manufacturing Employment, 1948-1999

Indiana was hit hard by the recession of the early 1980s, but regained its share in the 1990s.



Source: U.S. Bureau of Labor Statistics

78% of 1973 levels, and in 1983 it was 77% of the 1973 average. During the 1990s, average manufacturing employment levels were lowest in 1991 (82% of 1973 peak) and highest in 1999 (91% of 1973 peak).

Manufacturing employment in Indiana has hovered around 3.5% of total U.S. manufacturing employment since 1948, the earliest year of U.S. data analyzed (see Figure 2). In 1953, Indiana had its highest share of the national manufacturing workforce, 3.88%. Not surprisingly, this was also a peak employment year for Indiana. Indiana's share of manufacturing employment in the United States reached its lowest point (3.14%) in 1982, a recession year.

Indiana constituted 3.72% of all U.S. manufacturing employment in 1999, the only year since 1973 (3.76%) in which the state came close to reaching its 1953 level of 3.88%.

Manufacturing Wages (1989-99 Annual Averages, June 1989-June 2000)

During the last decade, Indiana's manufacturing workers earned consistently more than the national average (see Figure 3). Average hourly wage rates for June 2000 were \$15.81 in Indiana and \$14.32 in the nation. In 1997, Indiana manufacturing workers earned an average of \$1.62 more per hour than the average worker in the United States. In 1999, this difference fell back to \$1.35, but in June 2000, the Indiana wage differential expanded again to \$1.49. From June 1999 to June 2000, Indiana's annual average hourly manufacturing wages have increased by 3.54%. This is the highest

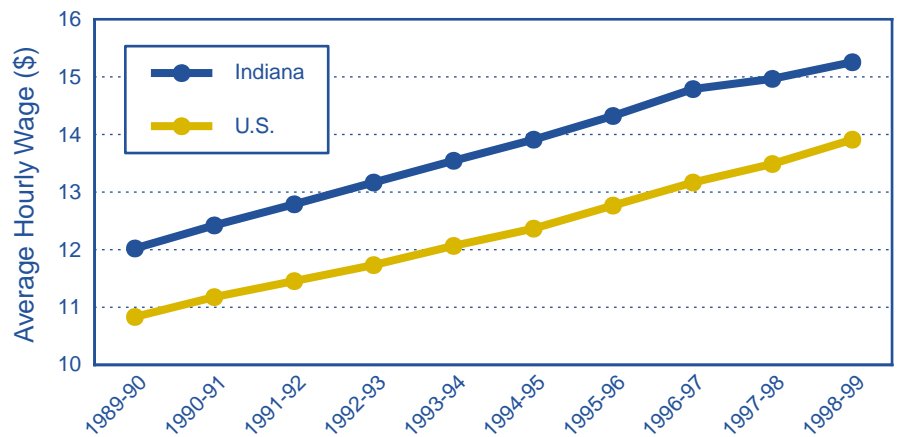
rate of increase in the last three years, and if sustained throughout the year, will result in the highest rate since 1990.

For six of the 10 years between 1989 and 1999, manufacturing wages grew faster in Indiana than in the nation (see Figure 4). Between 1997 and 1999, however, wage growth in

Indiana lagged behind the nation. The 1999 annual average wage for manufacturing workers in Indiana increased by 30.4% from 1989. The U.S. annual average wage increased by 32.7% for the same period, but still remains well below the Indiana average.

Figure 3: Manufacturing Annual Average Hourly Wages, 1989-99

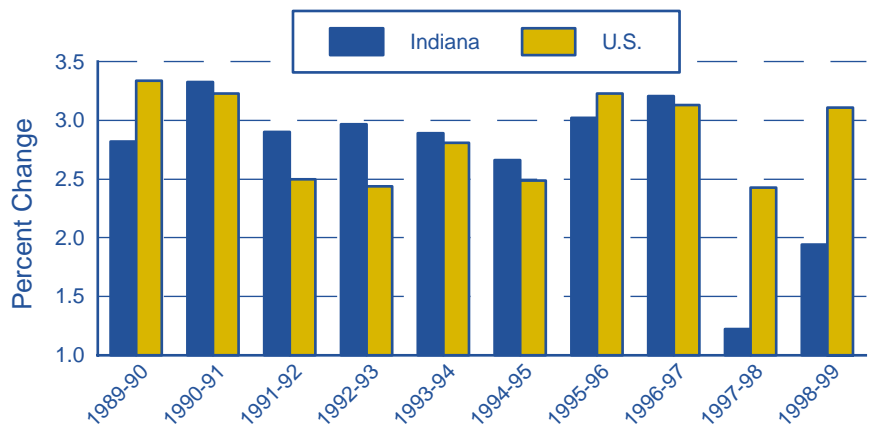
Indiana workers consistently earned wages higher than national average.



Source: U.S. Bureau of Labor Statistics

Figure 4: Annual Change in Average Hourly Wages, 1989-90 to 1998-99

June figures suggest Indiana could grow by as much as 3.6% during 2000.



Source: U.S. Bureau of Labor Statistics

Unemployment Inside and Out

Ranking 17th among 50 states and the District of Columbia, Indiana's 3.4% unemployment rate continues as one of the lowest in the nation and was nearly one percentage point lower than the nation's rate of 4.2% for June 2000.

Among states in this region, only Michigan (3.5%) and Wisconsin (3.8%) came close to Indiana, while Illinois (4.5%), Kentucky (4.0%) and Ohio (4.2%) were at or close to the U.S. rate. Differences of tenths of a percent have attracted attention during these tight labor-market times, even though they may not be statistically significant.

Rates Over Time

Between 1989 and 1999, Indiana's annual average rate of unemployment peaked at 6.6% in 1992 and slid to 3.0% for 1999. The U.S. rate hit 7.5% in 1992 and declined to 4.2% for 1999 (see Figure 1). During that same time period, the 30 Indiana counties in Metropolitan Statistical Areas (MSAs) experienced consistently low

unemployment rates, the highest combined rate being 6.2% in 1992. The lowest combined rate — 2.8% — occurred in 1999.

Those 62 Indiana counties not in an MSA had a combined high of 7.8% in 1992 and a low of 3.5% in 1999. Clearly the high and low years are the same for the state, MSA counties and non-MSA counties, but the rates differ significantly.

Within the state, Hamilton, Tipton, Hendricks, Boone, Johnson and Decatur were the six counties with June 2000 unemployment rates less than 2.0%, while 35 counties in Indiana had rates of less than 3.0%. Counties with the highest rates of unemployment were Switzerland (10.3%), Blackford (8.0%) and Perry (7.5%). A total of 41 counties' June rates were higher than the state's (see Figure 2).

Why has Switzerland County so consistently maintained the dubious rank of No. 1 in unemployment rates in Indiana this year? We contacted Carla Hansin, manager of the Indiana

Department of Workforce Development Employment Office in Vevay, and asked just that question. Hers was a straightforward answer: not enough jobs close by. Hansin went on to tell

A Closer Look at Switzerland County

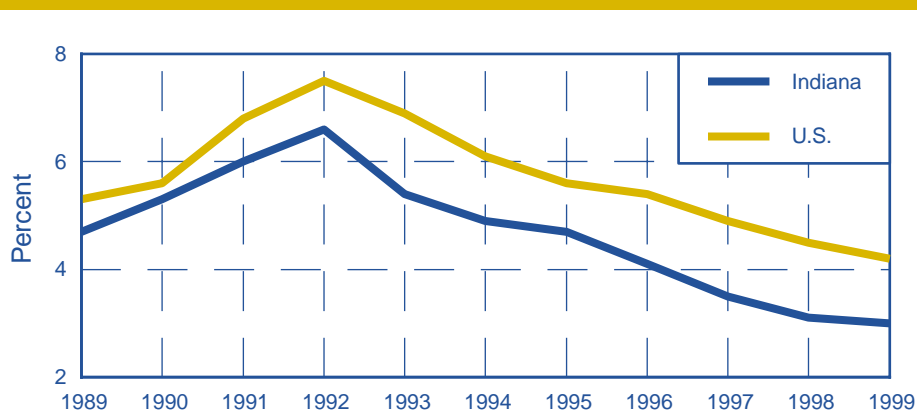
Location: Southwest Indiana on the Ohio border
Population: 8,961 (in 1999, est.)
Growth Rate: 15.8% (since the 1990 Census)
Rank in Population: 89th in 1999, up from 90th in 1990
Labor Force: 3,960 (June '00)
 Employed: 3,555 (June '00)
 Unemployed: 405 (June '00)
*Commuting into county for work:** 178
*Commuting out of county for work:** 2,190

us that this should change with the new casino going in seven miles outside Vevay and the opening of Besi Inc., a maker of school bus seats and safety harnesses for buses and the potential employer of 60 to 80 people. Besi took over the old U.S. Shoe/Nine West building and, based on information gleaned from a recent Vevay Town Council meeting, has a two-year lease with an option to buy — good news to this community. Hansin also noted that a planned road connecting Vevay (pop.1,482) to U.S. 50 would help considerably.

*1998 patterns of work/residence (aka commuting) were culled from the IT-40 State Income Tax form. Commuting profiles for each county in the state are available on STATS Indiana (www.stats.indiana.edu).

Figure 1: Trend in Lowering Rates: Indiana Compared with Nation

Annual Averages, 1989-1999



Source: Indiana Department of Workforce Development

City Unemployment Rates:
A Study in Contrasts

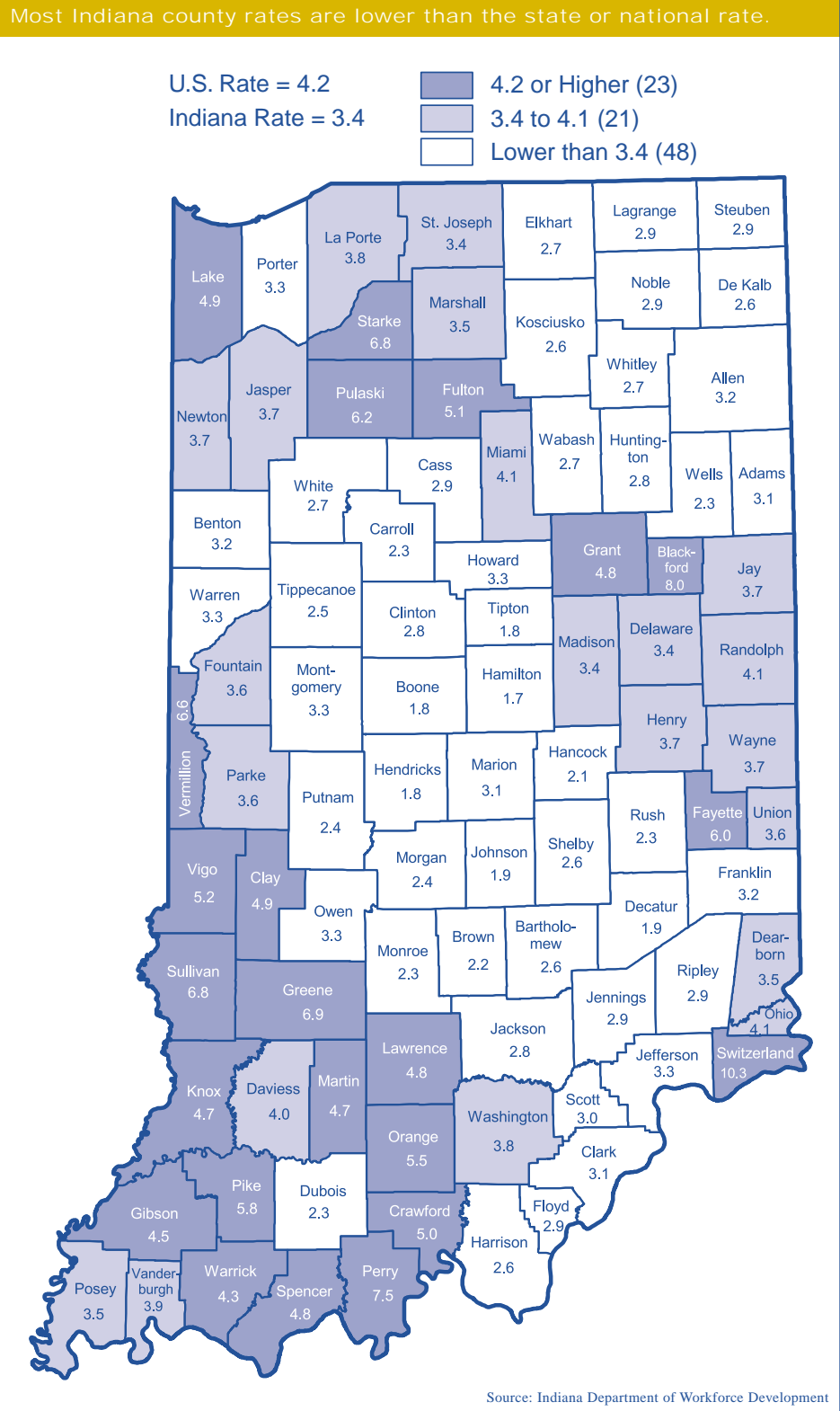
Looking at the most local of local areas, the city of Gary experienced the highest rate (9.9%) of unemployment among the 32 Indiana cities with published rates. The town of Fishers, in Hamilton County, had the lowest rate (0.7%) in June.

Table 1: City Unemployment Rates

City	June '00	May '00	June '99
Gary	9.9	8.8	8.5
East Chicago	8.4	7.5	7.1
Marion	6.8	6.5	5.0
Terre Haute	6.4	5.6	5.0
Michigan City	5.3	5.2	4.5
Hammond	5.1	4.5	4.3
South Bend	4.7	4.3	3.8
Anderson	4.4	3.9	3.9
Evansville	4.4	3.8	3.7
Muncie	4.4	3.8	4.0
Richmond	4.4	4.2	3.8
Portage	4.3	4.1	3.8
Fort Wayne	4.0	3.6	3.7
Kokomo	4.0	2.8	3.2
Elkhart	3.7	3.1	2.7
Jeffersonville	3.5	2.9	3.1
New Albany	3.5	2.9	2.9
Mishawaka	3.3	3.0	2.6
Indianapolis	3.2	2.9	2.7
West Lafayette	3.2	2.9	3.2
Bloomington	2.9	2.5	3.1
Lawrence	2.9	2.6	2.4
Columbus	2.8	2.1	1.8
Valparaiso	2.6	2.5	2.3
Goshen	2.5	2.1	1.9
Lafayette	2.4	2.2	2.4
Merrillville	2.3	2.1	2.0
Highland	2.0	1.8	1.7
Noblesville	1.8	1.6	1.4
Carmel	1.4	1.3	1.1
Greenwood	1.4	1.3	1.3
Fishers	0.7	0.6	0.5

Source: Indiana Department of Workforce Development

Figure 2: June Unemployment Rates by County



INCONTEXT

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IN the News

(continued from page 5)

(the latest year for which these data are available).

The services sector is projected to grow even more over the next 10 years. National projections from the U.S. Bureau of Labor Statistics show that

industries with the fastest wage and salary growth between 1998 and 2008 should include: computer and data processing services (117%); health services (67%); residential care (57%); management and public relations (45%); and security and commodity brokers (40%).

IN Depth:

For all the latest state and county figures and complete time series data sets related to the Indiana economy, visit the following Internet sites:

- www.ibrc.indiana.edu/incontext
- www.stats.indiana.edu
- www.indianacommerce.com
- www.dwd.state.in.us

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