

IN the Spotlight

Income and Population: Indiana's Regions

The Indiana Department of Workforce Development has identified 12 Workforce Investment Planning Regions. These aggregations of counties help us understand labor force issues far better than single-county analyses.

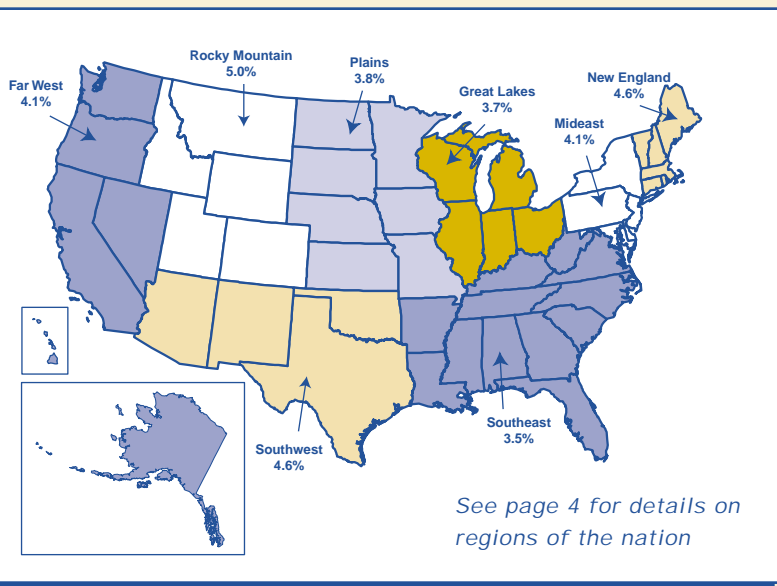
Figure 1 (see page 2) shows these 12 regions and each individual county's share of population within the corresponding region. The regions have considerable variability in certain dimensions. For example, Region 2 (South Bend-Elkhart) has just four counties, while Regions 9 (our eastern border from Richmond south to the Ohio River) and 11 (southwestern counties) each have 11 counties.

Region 8 (Indianapolis and suburbs) has 1.4 million people, while Regions 5 (Kokomo) and 7 (Terre Haute) have approximately 225,000 people each.

Figure 2 (see page 3) displays the variation in real per capita personal income (PCPI) that exists among Indiana's regions. Region 8 enjoys PCPI at \$28,727, which is not only 17.5% higher than the figure for the entire state, but also 8.7% above the national level. Last in PCPI among the regions is Region 7 at \$19,989, or 18.2% below the state level. The spread between the highest and lowest regions is 35.7%, the highest differential recorded in the past three decades.

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Indiana Unemployment Rate
Lower than in Neighboring States

Indiana
Unemployment Rate
for May 2000:
3.0%
Down from
3.4% in April

IN the Spotlight
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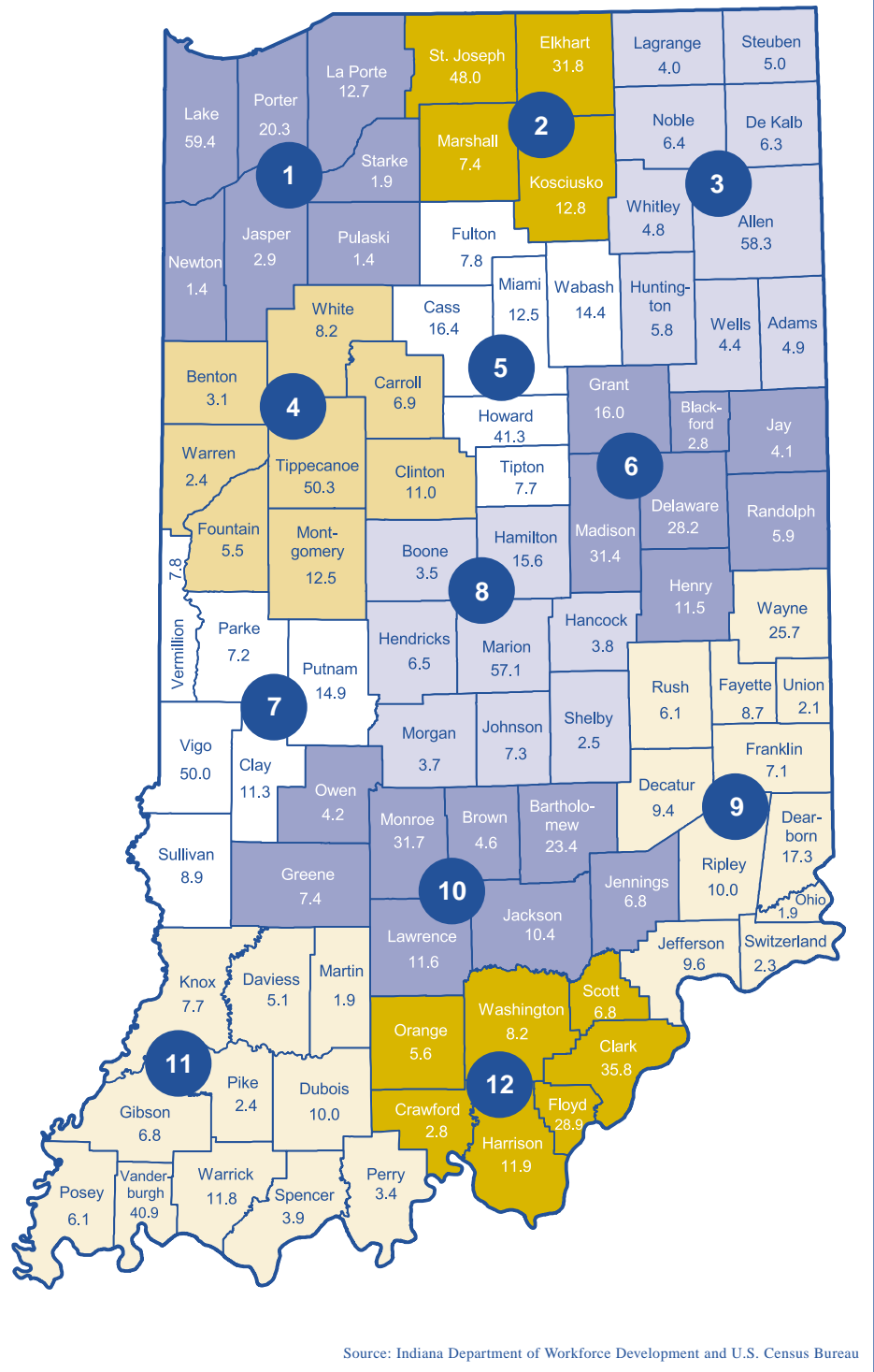
Table 1 indicates that in the most recent year for which regional data are available (1997-98), Region 12 (Clark-Floyd) and Region 8 (Indianapolis) topped both the state and the nation in growth of personal income, population and per capita personal income. Regions 2 (South Bend-Elkhart) and 11 (Evansville) also exceeded the nation's growth rate for personal income and PCPI by realizing slow population growth. Regions 3 (Fort Wayne) and 4 (Lafayette) both had more vigorous population growth combined with lackluster personal income growth and therefore did not match the state or the nation in PCPI growth. By contrast, Region 7 (Terre Haute) managed a somewhat better PCPI growth because it lost population.

The distribution of personal income across the state has been shifting since 1969. Figure 3 demonstrates that Region 8 (Indianapolis) has grown faster than other regions and thereby has added 4.1 percentage points to its share of the state's personal income. To give abstract percentage points some realism: That is more than \$6 billion in 1998 dollars. The largest negative shifts have been in Regions 1 and 6, while small gains have been made by Regions 3, 10 and 12.

Such shifts are part of the continuously changing competitive marketplace, and, if not too rapid, they are economically healthy.

Figure 1: Workforce Investment Planning Regions

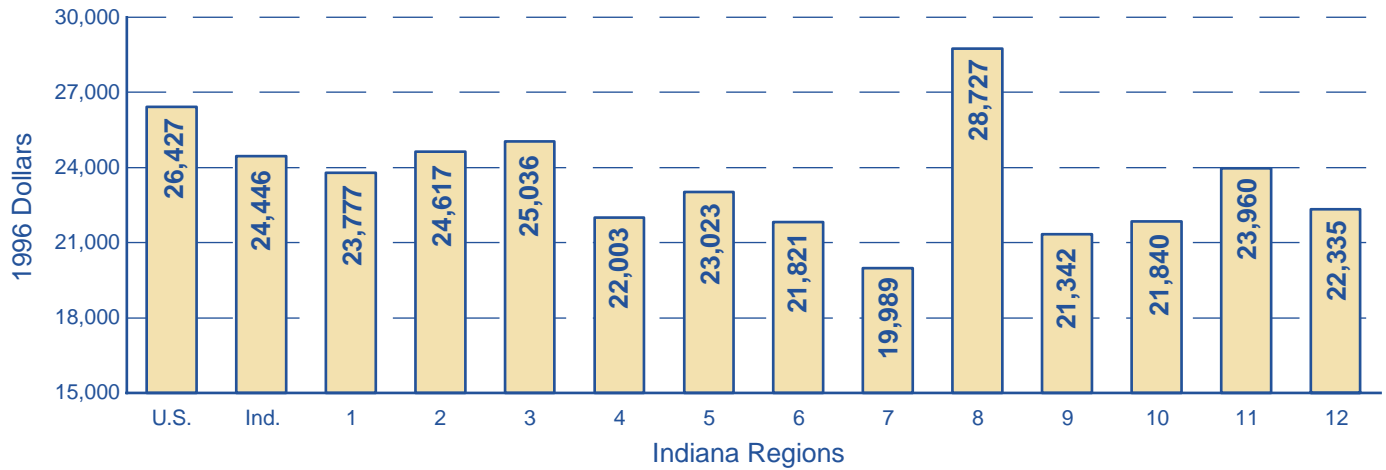
Each county's share of region's population



Source: Indiana Department of Workforce Development and U.S. Census Bureau

Figure 2: Real Per Capita Personal Income

Region 8 (Indianapolis) has a higher PCPI than the U.S. average



Source: U.S. Bureau of Economic Analysis

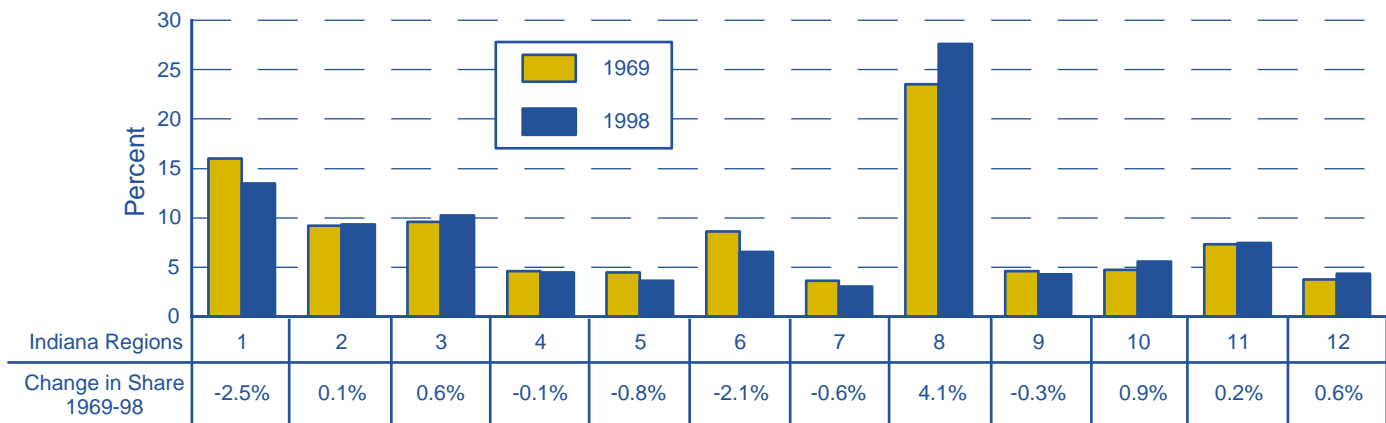
Table 1: Components of Change in PCPI: Percent Change 1997 to 1998

| Percent Change in: | Indiana's 12 Regions | | | | | | | | | | | | | |
|----------------------------|----------------------|------|-----|-----|-----|-----|-----|------|-----|-----|-----|-----|-----|-----|
| | U.S. | Ind. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Real Total Personal Income | 4.9 | 4.9 | 4.6 | 5.0 | 4.3 | 3.6 | 3.1 | 2.9 | 3.9 | 6.0 | 4.1 | 4.3 | 5.0 | 7.9 |
| Population | 0.9 | 0.6 | 0.3 | 0.5 | 0.9 | 1.3 | 0.1 | -0.6 | 0.1 | 1.1 | 0.4 | 0.8 | 0.2 | 1.1 |
| PCPI | 4.0 | 4.3 | 4.2 | 4.4 | 3.3 | 2.3 | 3.0 | 3.5 | 3.8 | 4.9 | 3.7 | 3.5 | 4.8 | 6.8 |

Source: U.S. Bureau of Economic Analysis

Figure 3: Share of State's Personal Income 1969 and 1998

Region 8 grows, while six regions lose share



| Indiana Regions | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
|-------------------------|-------|------|------|-------|-------|-------|-------|------|-------|------|------|------|
| Change in Share 1969-98 | -2.5% | 0.1% | 0.6% | -0.1% | -0.8% | -2.1% | -0.6% | 4.1% | -0.3% | 0.9% | 0.2% | 0.6% |

Source: U.S. Bureau of Economic Analysis