

IN the Spotlight:

Indiana Population Exceeds 6 Million, but U.S. House Seat Is Lost

On Dec. 28, 2000, the U.S. Census Bureau released the first population numbers from Census 2000. The Bureau announced that the nation's April 1, 2000, resident population stood at 281.4 million, an increase of 13.2%, or up 32.7 million people, from the 1990 census count.

For Indiana, the initial census results are a story of good news-bad news. For the first time, the number of Hoosier residents surpassed 6 million, allowing Indiana to hold onto its ranking as the 14th largest state in population. After anemic growth of 1% in the 1980s, Indiana's population increased 9.7% between 1990 and 2000. In comparison to its neighboring states, Indiana matched Kentucky's 9.7% growth rate

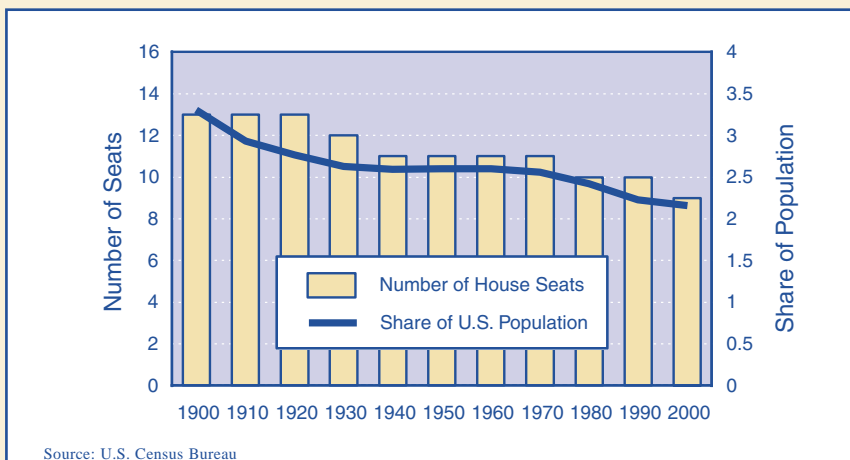
and exceeded Michigan's, Illinois's and Ohio's. In absolute numbers, the state added 536,000 residents in the 1990s, a number 10 times higher than the population gain of the 1980s. Despite this impressive turnaround, bad news still crept in. The state's growth rate failed to keep pace with the nation, and Indiana's share of the total U.S. population continued to slide. Figure 1 portrays Indiana's declining population share since 1900 and the negative outcome: the state's loss of four congressional seats since 1900.

The primary reason for conducting the decennial headcount is the constitutional requirement that the House of Representatives is to be
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Local Unemployment Rates Spread over Wide Range

Figure 1: Indiana's Seats in the U.S. House and Share of Nation's Population, 1900-2000



**Indiana
Unemployment Rate
for November 2000:
2.4%**
*Ranging from 1.1% in
Bloomington to 3.9%
in Terre Haute*

IN the Spotlight

(continued from page 1)

reapportioned among the states every 10 years on the basis of their respective populations. The apportionment population totals consist of resident population as well as overseas federal employees (military and civilian) and their dependents living with them, allocated to their home states.

In the 2000 census apportionment, Indiana's congressional delegation will drop from 10 to nine. The state's fate is not unique; nine other states will see their delegations shrink in the 108th

Congress, which convenes in 2003. New York and Pennsylvania will each lose two seats. Joining Indiana in dropping one seat are Connecticut, Illinois, Michigan, Mississippi, Ohio, Oklahoma, and Wisconsin. With the exception of Minnesota, all the states bordering the Great Lakes will lose congressional representation. In all, the Great Lakes region will lose nine House seats.

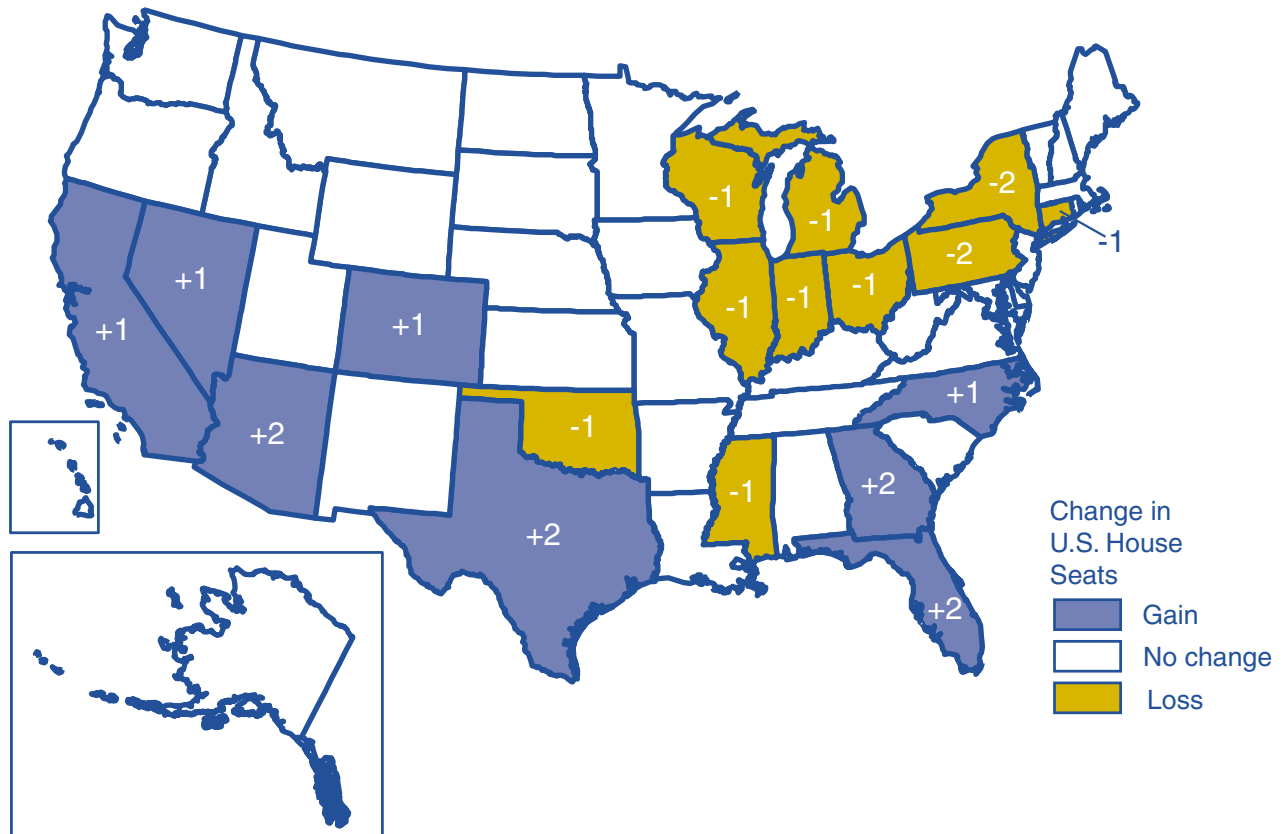
Continuing a trend from earlier decades, some southern and western states gained population at a much faster pace than the rest of the nation. As the founding fathers intended,

political power in Congress follows population shifts. Arizona, Florida, Georgia and Texas will each gain two seats in the next Congress. Four other states — California, Colorado, Nevada and North Carolina — will each pick up one House seat. Figure 2 presents a map detailing the winners and losers in the 2000 census apportionment.

The initial release of Census 2000 results was intended only to meet the constitutional mandate regarding congressional apportionment, and is therefore limited in scope. Stay tuned to these pages over the coming months for the latest Indiana census data.

Figure 2: 2000 Census Apportionment Changes

Seven of eight Great Lakes states will lose U.S. House seats



Source: U.S. Census Bureau

Developing the Snapshot of Indiana

During the spring of 2000, Indiana had its picture taken. Not with a camera, but with an instrument that will give us an extraordinarily detailed demographic view of the people living in households and group quarters throughout Indiana: the 2000 Census.

The snapshot taken of Indiana in April 2000 will comprise thousands of data points for our cities, towns, counties and neighborhoods. This snapshot — or, really, thousands of snapshots that make up the Hoosier census album — will provide us with important information about the communities of Indiana. This photo album will be looked at intensely throughout the decade for many purposes: to determine the distribution of federal and state funds; as research for the writing of proposals to build

new schools or fund medical research projects; and to assist in transportation planning, government initiatives, business marketing, and community and economic development. Knowing the number and types of people who live in an area, based on their ages and income and skill levels, is an essential thread in all development and planning.

It takes time to develop this Census photograph of Indiana. Millions of forms have been processed according to very strict quality-control guidelines to ensure accuracy and comprehensive and equitable coverage nationwide. A very small but important first picture of the nation was released at the end of 2000, in the form of state population totals used in apportioning seats in the U.S. House of Representatives, the results of which can be seen in this

publication (see *IN the Spotlight* on page 1).

The remainder of our Hoosier photo album will be released in stages over the next two years. Beginning in April, the governor and the leaders of the Indiana General Assembly will receive the population counts by age 18 and older by race. These data will be used to redraw the congressional and legislative districts. By summer of 2001, more pieces will arrive with details that show us the composition of our populace by age, race, gender and household type. We will begin to see how much we have changed in the 10 years since the last picture was taken. It could be a shock, or we may find that we haven't changed much at all. More likely, we will find that parts of Indiana changed significantly over time, while others did not.

Table 1: Highlights of the Census 2000 Timeline for Release of Data and Major Products

Timeline (approximate)	Data	Geography	Media
2001 RELEASES			
March-April	Population 18 and older by race and Hispanic origin	Voting districts for the state, plus county, city/town, census tract, census block and more...	Internet, CD, DVD
June-September	Population totals with selected population and housing characteristics	Places Census tracts (Internet only)	Internet, CD, DVD
June-September	Summary File (SF1) All short-form data results: population, age, race, Hispanic origin, sex, owner/renter (aka tenure)	Everything: states, counties, cities and towns, townships, census tracts, block groups and blocks	Internet, CD, DVD
2002 RELEASES			
December 2001 — March 2002	Profile with social, economic and housing characteristics	Cities and towns Census tracts (Internet only)	Internet, CD, DVD, paper
June-September	Summary File 3 (SF3) All long-form data results: income, education, occupation, commuting, ancestry, housing costs and more...	Everything: states, counties, cities and towns, townships, census tracts and groupings of blocks	Internet, CD, DVD

Source: U.S. Census Bureau

Go to www.census.indiana.edu to see more detail on the Web

What's Size Got to Do with It?

Small establishments represent the majority of all Indiana establishments, while large establishments are the major employers and wage payers.

Understanding the distribution of business by size is a necessary element of economic development planning at both the state and local levels. This article examines the distribution of Indiana's businesses by employment size and wages. The data, collected as part of the quarterly U.S. Bureau of Labor Statistics Covered Employment and Wages Survey, represent Indiana for the quarter ending in March 2000.

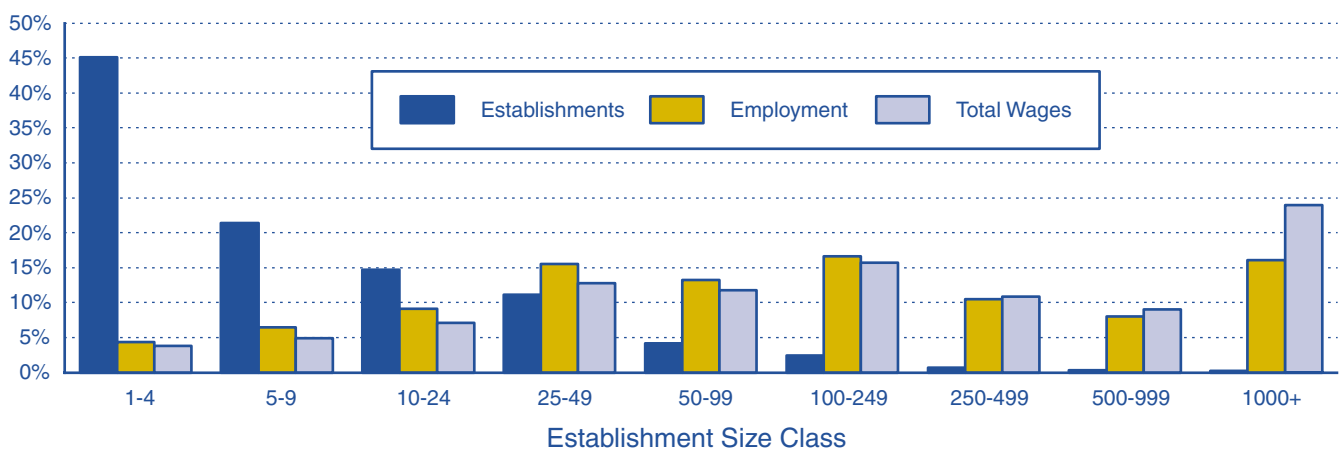
The first step in such an analysis is to define establishment size classes. According to the Small Business Administration (SBA), large establishments employ 500 or more workers. For this study, however, any establishment with employment greater than 250 is considered a large establishment. This is done for two reasons. First, like establishments with greater than 500 employees, establishments with employment between 250 and 499 also constitute a very small segment of Indiana establishments (0.7%). Second, while

an establishment of this size ceasing operation in Marion or Elkhart Counties would have minor repercussions, it could have a major impact on smaller Indiana counties, such as Orange, Fulton or Randolph. It is important to understand that we are discussing single locations. For example, while some retailers are among the state's largest employers, there are very few retail establishments with 250 or more employees.

Small establishments represent the majority of all Indiana establishments, while large establishments are the major employers and wage payers. Establishments with fewer than four employees account for more than 45% of all the single establishments in Indiana (see Figure 1). Establishments with fewer than 50 employees account for more than 92% of all Indiana establishments. Large establishments, on the other hand, account for only 1.2% of all Indiana establishments (see Table 1). Yet, while great in number, smaller establishments are not the

Figure 1: Percent Distribution of Establishments, Employment and Wages by Establishment Size, March 2000

Largest establishments are few in number but are major sources of jobs and wages



Source: Indiana Department of Workforce Development

dominant employers by employment or wages; that is the realm of large establishments. Indiana's 1,462 large establishments also account for more than 34% of all employment and more than 43% of all wages paid. In real terms, this means these large establishments account for more than

1 million Indiana employees and more than \$10 billion in wages paid.

Although these results are derived from labeling establishments with employment greater than 250 as large establishments, we can get similar results with different criteria. For example, if the SBA criterion is used,

large establishments account for only one-half of 1% of all establishments, but still total nearly a quarter of Indiana employment and a third of all wages. If large establishments include those with 100 or more employees, they account for less than 4% of all establishments but more than half of Indiana employment and nearly 60% of all wages. Any way we define large establishments, we arrive at the same conclusion: Large Indiana establishments are few in number, but dominate Indiana employment and wages.

Large establishments not only comprise a higher share of total wages, but also pay higher average wages than smaller establishments (see Figure 2). Explanations for this difference are many and varied. Larger establishments may have more high-wage executive positions, pay bonuses or be unionized. Interestingly, the smallest employment class is not the lowest-paying category. A variety of explanations may account for this, but the most probable is that high-wage small consulting firms may skew the overall average upward.

What industry sectors are most likely to have large establishments? Figure 3 on page 6 shows the distribution by industry of the Indiana establishments with more than 1,000 employees. Manufacturing, which includes primary metals and transportation equipment, accounts for more than 40% of large establishment employment. The public sector, made up of Health Services, Government and Education Services, constitutes 41% of employment. Indiana's largest

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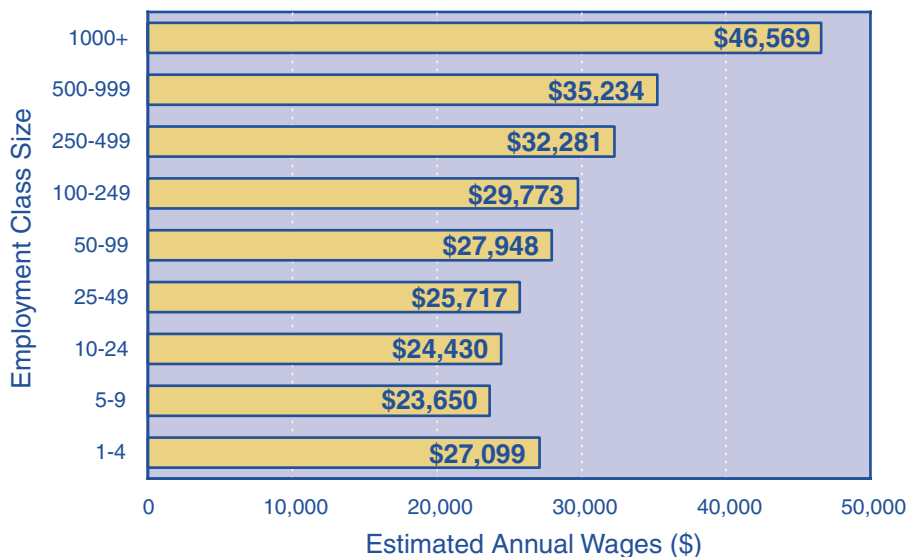
Table 1: Indiana Establishments by Employment Size Class, March 2000

Employment Size Class	Reporting Units	Employment	Total Wages
1-4	60,364	129,019	\$874,068,546
5-9	28,658	189,862	\$1,122,571,029
10-24	19,607	265,134	\$1,619,273,078
25-49	14,860	453,618	\$2,916,463,550
50-99	5,612	386,999	\$2,703,945,039
100-249	3,215	483,603	\$3,599,533,942
250-499	905	307,927	\$2,485,078,241
500-999	344	233,906	\$2,060,341,237
1000+	213	470,911	\$5,482,407,811
All Establishments	133,778	2,920,979	\$22,863,682,473

Source: Indiana Department of Workforce Development

Figure 2: Estimated Annual Wages by Employment Size Class

Large establishments on average have higher annual average wages



Source: Indiana Department of Workforce Development

IN Business

(continued from page 5)

employers are a combination of schools, hospitals, government and manufacturers.

The distribution of establishments by size at the county level should be of particular interest to local economic developers as they plan retention and attraction strategies for their area. The availability of establishment size data for the majority of Indiana counties, however, cannot be disclosed because of confidentiality restrictions on releasing data that could reveal the operations of individual establishments.

Some general information, however, can be drawn from the data. For example, in 87 counties, establish-

ments with between one and four employees account for 40% of all establishments. The situation reverses when employment and wages are considered. Establishments of this size account for less than 10% of county employment in 89 counties and wages in 91 counties. At the opposite end of the spectrum, in no county do establishments with 1,000 or more employees account for more than 10% of establishments. They represent less than 10% in 48 counties, and 44 counties have no establishments of this size. Of the 48 counties with establishments of 1,000 or more employees, they account for 10% or more of employment and wages in 40 and 43 counties, respectively. In 13 counties, they account for 20% or

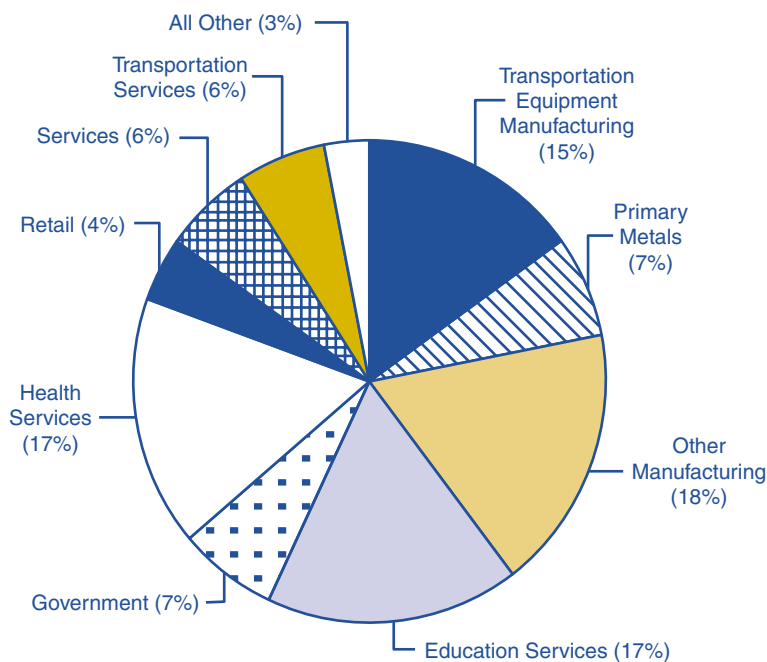
more of employment, and in 26 counties they account for 20% or more of wages. In one county, large establishments account for more than 70% of wages. Other large size classes also play an important role. Establishments with between 100 and 250 employees account for 20% or more of employment and wages in 25 and 28 counties, respectively.

If we focus on wages, the area in which large establishments are most prevailing, we find 40 Indiana counties in which large establishments account for 40% or more of wages (see Figure 4). More detail is not available due to confidentiality restrictions, but we can say that in 17 of these counties, large establishments account for more than 50% of wages. A number of counties listed are large urban centers with many large establishments. Marion County alone has 49 establishments with employment greater than 1,000. Most of the other counties have less employment, but have one or more large establishments. These are more likely to have a higher percentage of large-establishment employment than do the large urban counties.

The final aspect to consider is what would happen if the largest establishment in a county would suddenly cease operation. While this may be of the most interest, it is also the limiting aspect of confidentiality restrictions. In 41 counties, such a closing would involve less than 10% of all county wages (see Table 2). For 33 counties, the impact increases to between 10% and 19%. The number of counties decreases to just nine for the 20% to 29% range, but for the

Figure 3: Employment at Large Establishments (1,000+ Employees)

Manufacturing has most large establishments



Source: Indiana Department of Workforce Development

remaining nine counties, wages affected would be 30% or more. In four of the counties in the latter group, the largest employer accounts for more than 50% of all wages. It should be noted that if this large employer were to leave, it would impact more than just the immediate county. In many of these counties, evidence suggests employees are not only from the local county, but from neighboring counties as well.

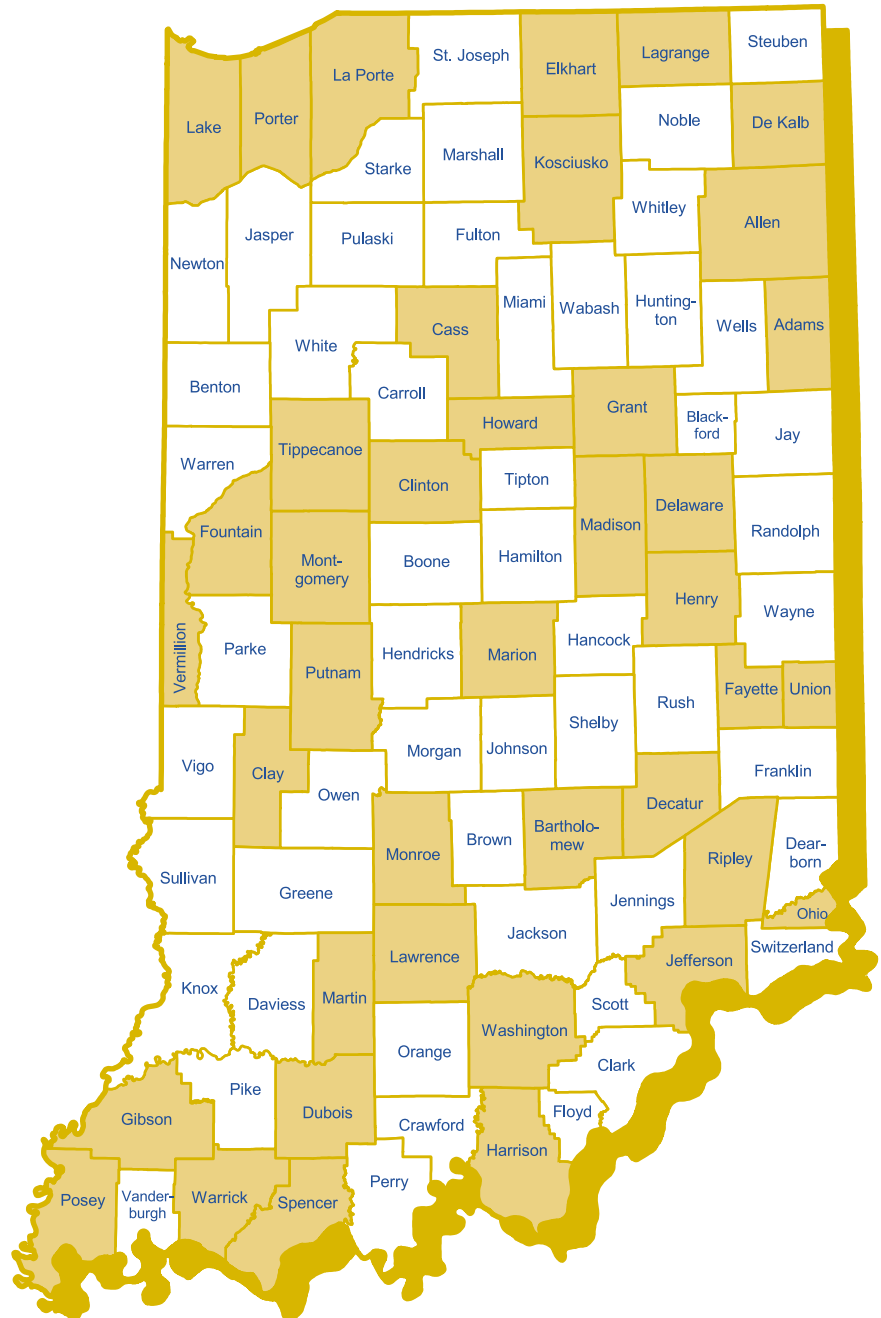
This information demonstrates that large establishments still play a major role in the Indiana economy. This is true not only in the area of employment, but more importantly, in what they contribute in wages. Large establishments also play a major role in the national economy. While comparable Bureau of Labor Statistics data are not available, data from county business patterns and the 1997 Economic Census indicate that nationally, large establishments are few in number, but constitute a major share of employment and wages. Thus, while there is always a risk of sustaining an industry that has reached the end of its product life cycle, the support and retention of these large establishments, where practical, is sound economic policy at all levels of government.

Table 2: Percent of County Wages Contributed by Largest County Employer

Percent of Total	Number of Counties
10% or less41
10% to 19.9%33
20% to 29.9%9
30% or more9

Source: Indiana Department of Workforce Development

Figure 4: Shaded Counties have 40% of Wages in Large Establishments
Forty Indiana counties fall into this category



Source: Indiana Department of Workforce Development

Business Services Sector Increases Its Share of Jobs

Within the services sector of the Indiana economy over the last decade, one of the most robust segments was the heterogeneous group of enterprises included under the heading of business services.

During a period when most industry divisions held or lost ground in terms of their share of Indiana's employment, the services sector enlarged its share of Indiana's employment pie by 3.8 percentage points (see Figure 1). Within the sector, business services employment grew even faster, from 16.3% of total services (84,700 out of 519,700) in 1990 to 20.5% in 2000 (150,200 out of 733,700).

The burgeoning business services sector is made up of eight categories: advertising; consumer credit reporting agencies, mercantile reporting agencies, and adjustment and

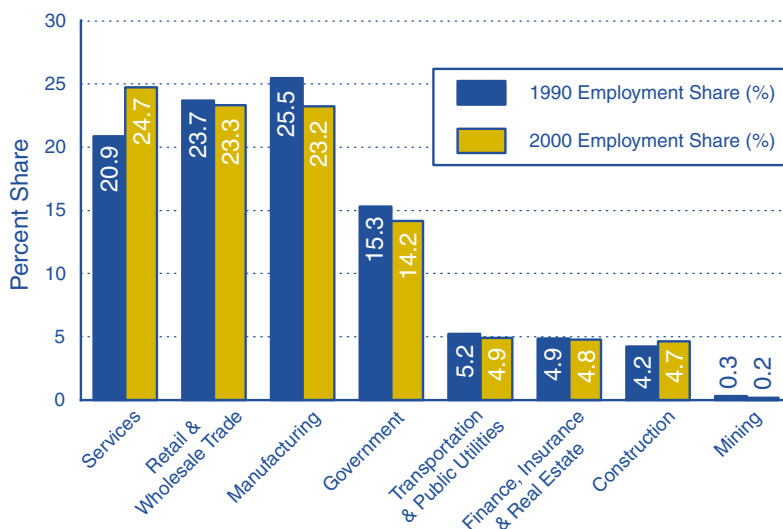
collection agencies; mailing, reproduction, commercial art and photography, and stenographic services; services to dwellings and other buildings; miscellaneous equipment rental and leasing; personnel supply services; computer programming, data processing and other computer-related services; and miscellaneous business services. Examples of types of establishments that fall under each category are listed below.

- **Advertising:** Traditional advertising agencies, billboard advertising, handbill-distribution services, shopping news advertising and skywriting.
- **Consumer Credit Reporting Agencies, Mercantile Reporting Agencies, and Adjustment and Collection Agencies:** Consumer credit-reporting bureaus, credit-investigation services and collection agencies.

- **Mailing, Reproduction, Commercial Art and Photography, and Stenographic Services:** Direct-mail advertising services, photocopying and duplicating services, commercial photography, commercial art and graphic design, and secretarial and court reporting services (including résumé writing and word-processing services).
- **Services to Dwellings and Other Buildings:** Disinfecting and pest control, and building cleaning and maintenance services.
- **Miscellaneous Equipment Rental and Leasing:** Medical equipment rental and leasing, heavy construction equipment rental and leasing, and other miscellaneous equipment rental and leasing (from tools to video recorders, to pianos, to office machines, to airplanes, to party supplies).
- **Personnel Supply Services:** Employment agencies (from registries for nurses, maids, chauffeurs and ship crews to executive placement services and labor contractors) and help supply agencies, including temporary help services and employee leasing services.
- **Computer Programming, Data Processing and Other Computer-Related Services:** Programmer services and custom software development; design, development and production of pre-packaged software; integrated systems design; computer time share, optical scanning and data entry services; computer rental and leasing; maintenance and repair services; and computer consultants.

Figure 1: Shares of Indiana Employment by Major Industry, 1990 and 2000

Services sector gains share



Source: U.S. Bureau of Labor Statistics

• **Miscellaneous Business Services:** Runs the gamut from armored car services, detective agencies, private investigators, security guard services and security systems for homes and businesses to news syndicates, photo-finishing laboratories, swimming pool cleaning, automobile repossession, arbitration, check validation, interior decoration, speakers bureaus, telemarketing and even time-of-day services.

Three Largest Services Sectors

The U.S. Bureau of Labor Statistics tracks statewide employment in the three largest segments of business services on a monthly basis. Its Current Employment Statistics survey covers services to dwellings and other buildings; personnel supply services; and computer programming, data processing and other computer-related services, commonly referred to as information technology services. Figure 2 shows the March employment level in these three segments from

1990 to 2000. The dip in 1991 reflects Indiana’s most recent recession. The 1996 drop in personnel supply services resulted from weakness in this industry across the entire country in the last quarter of 1995, combined with a larger-than-usual December-to-January drop. Analysis at the time attributed this nationwide pattern to general sluggishness in the economy. Personnel supply services did show significant recovery during the remainder of 1996 and was almost back to the 1995 level by January 1997.

The information technology sector also showed rather remarkable growth, especially since 1995, as networks, e-mail, the Internet and “e-commerce” have become key components of survival for many businesses.

Another force fueling this growth in business services was the ongoing downsizing at companies in Indiana. Firms in many industry segments moved to contract out services and functions not perceived as “core” to their corporate mission, including such

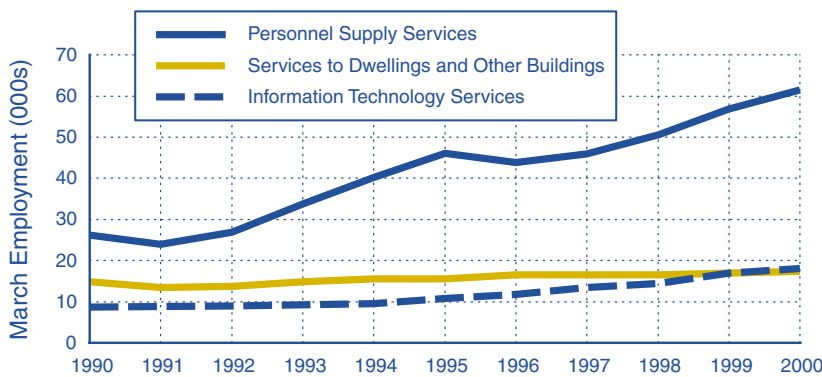
In part, the job growth in business services reflects the shifting of jobs from other industry sectors into the business services category, rather than outright job creation.

former in-house functions as personnel recruiting, software development and programming.

In addition, the use of temporary services and labor leasing ballooned as employers sought to trim benefit costs and sidestep the hassles of recruiting personnel in a tight labor market. Employment statistics for leased employees are not typically allocated to the industry in which they are working. Therefore, employment in the personnel supply services sector expanded while the industry sectors that actually were utilizing the workers appeared to shrink. At least in part, then, the job growth in business services has reflected the shifting of jobs from other industry sectors into the business services category, rather than outright job creation.

Figure 2: Indiana Employment in Major Services Sectors

Personnel supply services boomed in the 1990s



Source: U.S. Bureau of Labor Statistics

Local Unemployment Rates Spread over Wide Range

The unemployment rate in Indiana has been at very low levels for more than two years. According to figures released recently by the Indiana Department of Workforce Development, the statewide rate in November was 2.4%. The comparable rate for the entire nation was 3.8%.

The chart in Figure 1 shows the long-term trend since the beginning of 1998. Indiana's unemployment rate and the comparable U.S. non-seasonally adjusted rate are tracked as six-month moving averages. Although the U.S. rate declined steadily over the two-year period, Indiana's rate was always lower.

Indiana's neighboring states also generally post higher numbers than Indiana. The November monthly

unemployment rate was 4.1% in Illinois, 3.6% in Kentucky, 3.3% in Michigan and 3.7% in Ohio.

In fact, Indiana's November monthly unemployment rate of 2.4% was the seventh-lowest in the nation. The only states with a lower unemployment rate than Indiana in November were Connecticut (1.6%), New Hampshire (1.9%), Virginia (2.0%), South Dakota (2.2%), Iowa (2.3%) and Massachusetts (2.3%).

That low 2.4% rate, however, is not found consistently across Indiana. Rates in individual Indiana counties ranged from a low of 1.0% in Hamilton County to 5.6% in Perry County (see Figure 2).

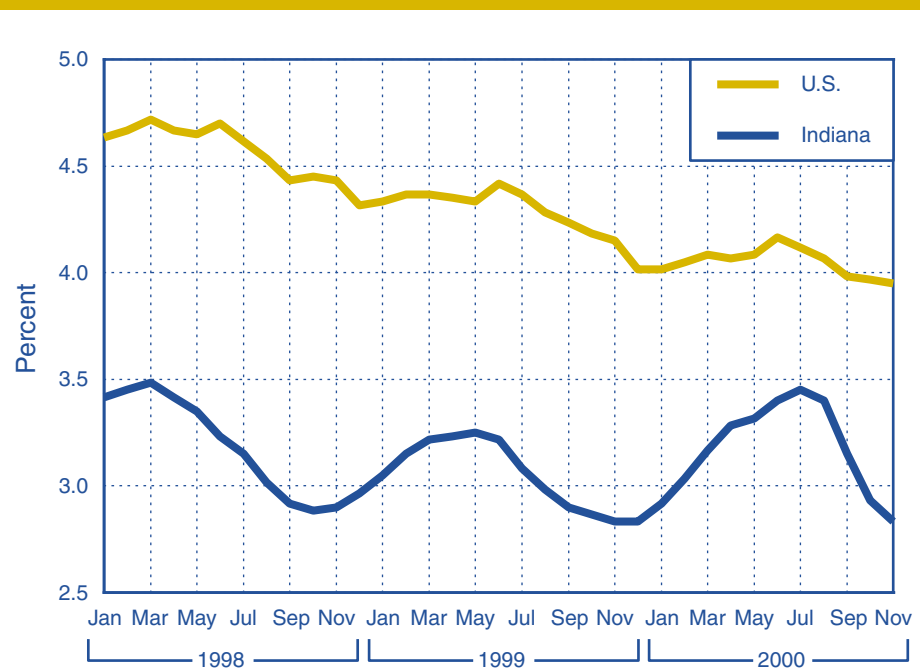
Metropolitan areas differed widely, too (see Table 1). In November, the unemployment rate in greater

Indianapolis was only 1.8%. That's well below the average rate for the state as a whole. Indianapolis is much larger than any other metro area in the state, though. So as the table shows, in order for the state average to have been 2.4%, most other metro areas had rates higher than the state average. Terre Haute came in with the highest November rate for Indiana metro areas, at 3.9%.

County and metro area unemployment rates are calculated by the Department of Workforce Development, Labor Market Information division, for the Bureau of Labor Statistics, U.S. Department of Labor, using sophisticated estimation models. The models use Indiana data from a national household sample, other key state unemployment indicators and the historical average relationship between the local area and the state.

Figure 1: Indiana Unemployment Rate Stays Below U.S. Rate

Six-month moving average, not seasonally adjusted



Source: Indiana Department of Workforce Development

Table 1: Unemployment Rates in Indiana Metro Areas Differed Widely in November 2000

Indiana Metropolitan Areas	Unemployment Rate in November 2000
Bloomington	1.1%
Lafayette	1.6%
Indianapolis	1.8%
Muncie	2.1%
South Bend	2.4%
Evansville-Henderson	2.5%
Fort Wayne	2.5%
Elkhart-Goshen	2.7%
Kokomo	2.8%
Gary	3.0%
Terre Haute	3.9%

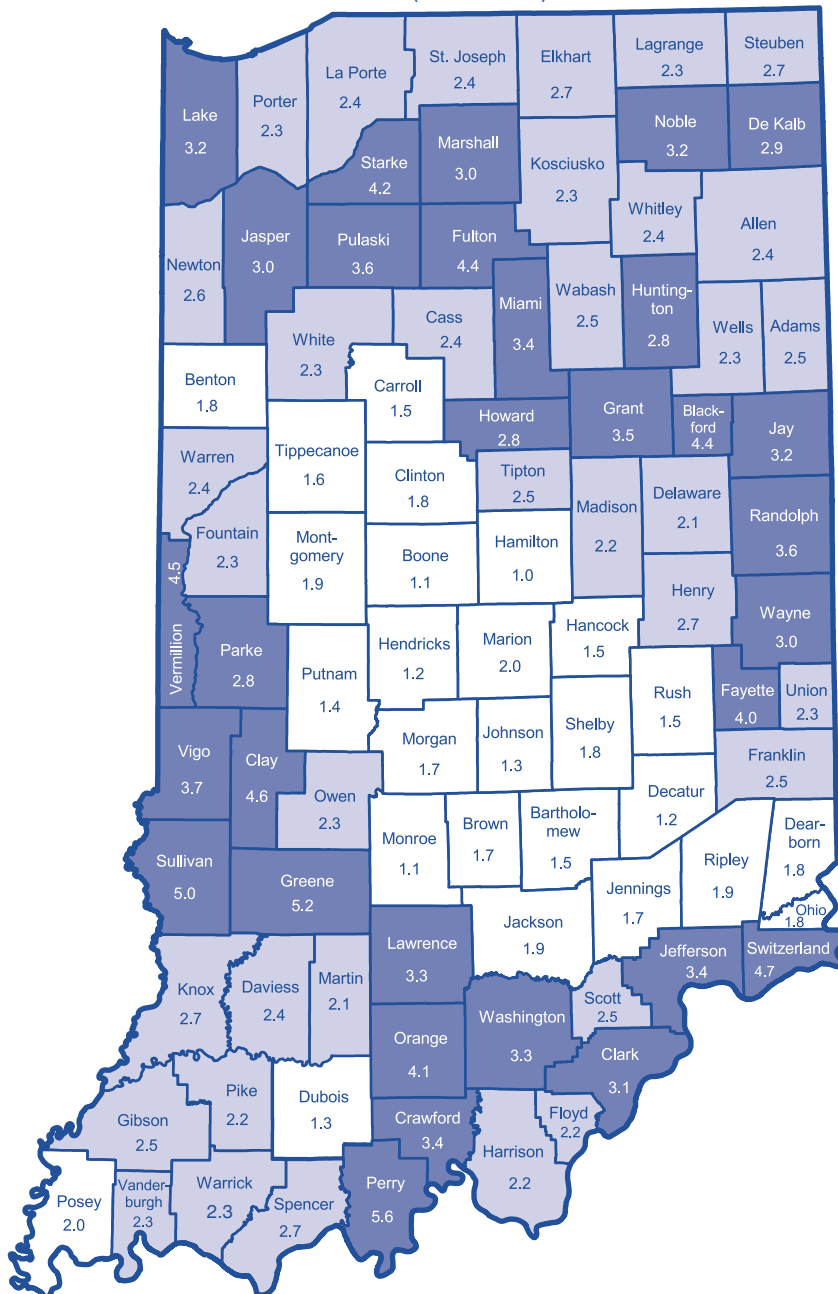
Source: Indiana Department of Workforce Development

Figure 2: November Unemployment Rates by County

The national unemployment rate for November was 3.8%

Indiana Unemployment Rate = 2.4%

- Above State Rate (31 counties)
- Approx. Equal to State Rate (+/- 0.3) (35 counties)
- Below State Rate (26 counties)



Source: Indiana Department of Workforce Development

Indiana's November unemployment rate of 2.4% was the seventh-lowest in the nation.

INCONTEXT

Published monthly by a partnership of:

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IN Depth:

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