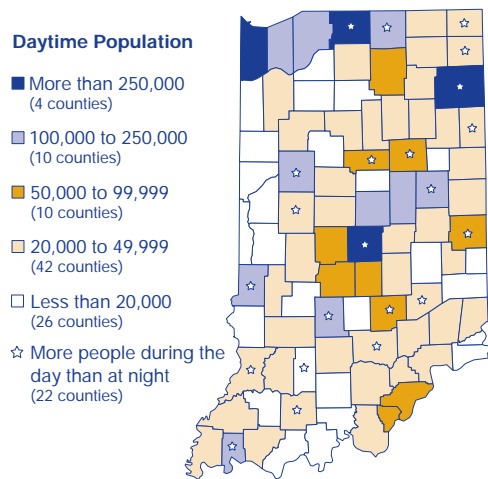


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Indiana's Daytime Population

Daytime population refers to the number of people who are present in an area during normal business hours in contrast to the resident population in the evening (see below). Seventy Hoosier counties have fewer people in them during the day than at night. Marion County has the largest numeric increase due to commuting, while Martin County has the largest percent increase (see table below).



Indiana County	Daytime Population	Change due to Commuting	Percent Change
Martin	12,760	2,391	23.1
Dubois	47,418	7,744	19.5
Vanderburgh	196,954	25,032	14.6
Marion	981,187	120,733	14.0
Elkhart	208,327	25,536	14.0
Howard	95,144	10,180	12.0
Bartholomew	78,961	7,526	10.5

Source: IBRC, using U.S. Bureau of Economic Analysis data

Cautious Optimism for 2006

What does the 2006 economy have in store? To help answer this question, the Kelley School of Business at Indiana University partnered with local economists and traveled the state in November to share national, international and state forecasts. The following are the panel's highlights:

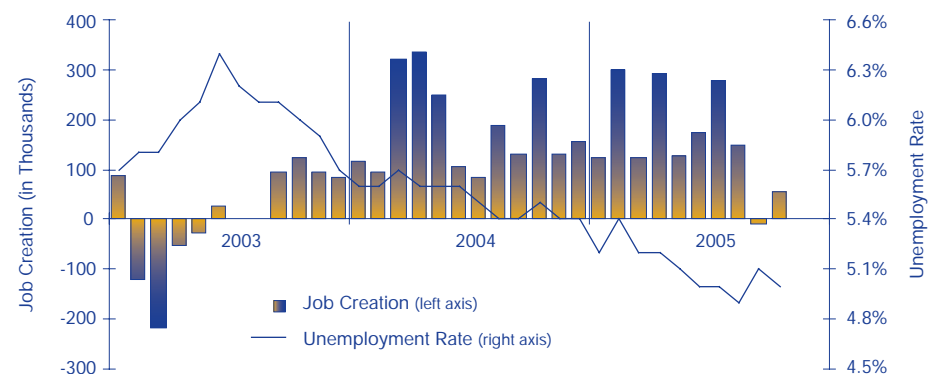
- Growth in gross domestic product is expected to be about 3.6 percent, about the same as 2005. Inflation (as measured by the Consumer Price Index) will be about 3 percent.
- The nation will add close to 2 million jobs, and the unemployment rate will fall back to just below 5 percent (see **Figure 1**).
- The overall national housing market will remain strong, partly due to rebuilding in Louisiana and Mississippi.
- Rising costs of inputs and health and pension benefits will slow corporate profits to around 6 to 8 percent.
- The major risks to the outlook include uncertainty about energy

prices, the possibility of problems in the housing sector, and potentially destabilizing deterioration in the government deficit and the trade balance.

- International trade will grow, but there will be no significant reduction in the trade deficit.
- Employment in Indiana will increase by about 25,000 jobs, slower growth than the national rate.
- Indiana's manufacturing jobs are not expected to grow significantly, though they may rise slowly. Growth is expected in Indiana's professional and business services, health and education services, and construction sectors.
- The federal funds rate will reach at least 4.5 percent. The prime rate will rise to 7.5 percent. Mortgage rates will approach 7 percent.

Look for detailed projections in the upcoming *Indiana Business Review*, available on the Web in December (www.ibrc.indiana.edu/ibr) and in mailboxes by early January.

FIGURE 1: UNEMPLOYMENT AND JOB CREATION, 2003 TO 2005



Source: Bureau of Labor Statistics

Average Annual Pay Comparison

While the rate of average annual pay growth in the past has fluctuated among regions, more recently the rate of growth has aligned for the United States, Midwest and Indiana, according to the Bureau of Labor Statistics.

Indiana experienced a 1.2 percent increase in pay from 2003 to 2004, less than the United States but greater than the Midwest (see **Figure 1**). The 11.3 percent increase in average annual pay for the Midwest in 1997 was mainly due to Michigan's 47 percent increase in wages that dropped back down the following year.¹ Indiana's largest increase was in 1992, when average annual pay grew 4.6 percent. Even though Indiana's growth rates are not far from the rest of the nation and the Midwest, at \$34,694, Hoosiers are paid \$4,660 dollars less than others across the nation and \$3,769 dollars less than other workers across the Midwest (see **Figure 2**). This stubborn pay gap has widened over the last decade (see **Table 1**).

Five-Year Change in Average Annual Pay

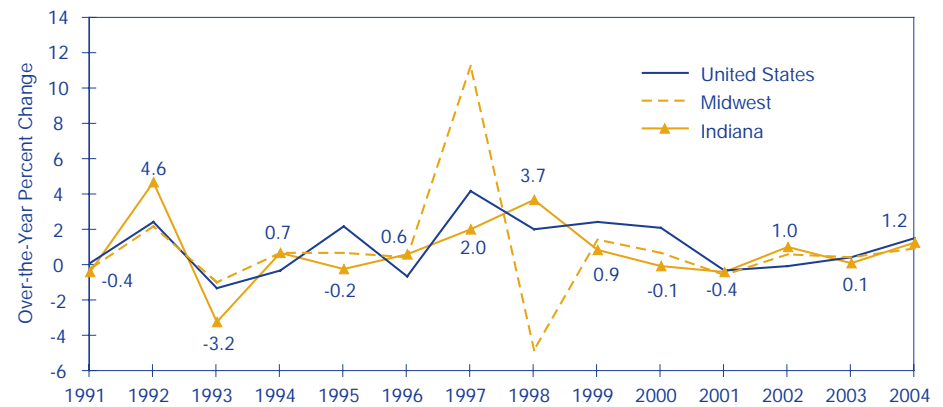
Examining our position from 1999 in relation to 2004, our pay level eroded relative to the Midwest and the rest of the nation. Which sectors contributed the most to this loss of ground?

Table 2 shows the change in average annual pay, while **Table 3** shows the differences between Indiana and other regions. Indiana saw pay decreases in three industries: accommodation and food services, educational services, and mining. Both the United States and the Midwest saw a decline in average annual pay for the information sector, while Indiana experienced a 7 percent increase (\$2,598). An increase of this magnitude is certainly welcomed but

should not overshadow the fact that the state's average annual pay in this sector is \$19,391 less than the United States and \$8,299 less than what other Midwestern workers earn in this sector. Indiana's five-year change in

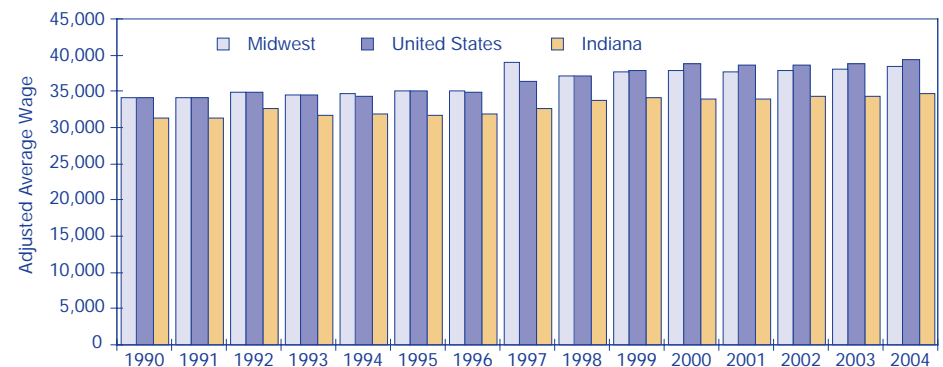
pay was only greater than the United States in the information sector and the professional, scientific and technical services sector. However, Indiana had larger average annual pay increases than the Midwest in 11 out of 20

FIGURE 1: OVER-THE-YEAR PERCENT CHANGE IN AVERAGE ANNUAL PAY, 1991 TO 2004



Notes: Data adjusted for inflation. Midwest includes Illinois, Kentucky, Michigan, Ohio and Wisconsin. Source: Bureau of Labor Statistics

FIGURE 2: ADJUSTED AVERAGE WAGE, 1990 TO 2004



Notes: Midwest includes Illinois, Kentucky, Michigan, Ohio and Wisconsin. Average wage adjusted for inflation. Source: Bureau of Labor Statistics

TABLE 1: DIFFERENCE IN AVERAGE ANNUAL PAY

Year	Indiana – United States	Indiana – Midwest	Percent of United States	Percent of Midwest
2004	-4,660	-3,769	88.2	90.2
2003	-4,503	-3,847	88.4	89.9
2002	-4,369	-3,718	88.7	90.2
2001	-4,735	-3,823	87.7	89.9
2000	-4,729	-3,913	87.8	89.7
1999	-3,902	-3,631	89.7	90.4
1998	-3,299	-3,411	91.1	90.8
1997	-3,764	-6,495	89.6	83.4
1996	-2,951	-3,161	91.5	91.0
1995	-3,365	-3,204	90.4	90.8
1994	-2,561	-2,908	92.6	91.6
1993	-2,883	-2,883	91.6	91.6
1992	-2,282	-2,156	93.5	93.8
1991	-2,894	-2,877	91.5	91.6
1990	-2,759	-2,840	91.9	91.7

Source: Bureau of Labor Statistics

TABLE 2: FIVE-YEAR CHANGE IN AVERAGE ANNUAL PAY, 1999 TO 2004

Industry Sector	Indiana		United States		Midwest	
	Five-Year Change	Percent Change	Five-Year Change	Percent Change	Five-Year Change	Percent Change
Total	\$630	1.9	\$1,388	3.7	\$769	2.0
Management of Companies and Enterprises	\$6,097	10.0	\$8,002	11.1	\$3,374	4.1
Finance and Insurance	\$3,858	8.7	\$7,893	12.7	\$5,549	10.4
Utilities	\$3,738	6.3	\$4,482	7.3	\$2,864	4.5
Information	\$2,598	7.0	-\$1,806	-3.0	-\$1,289	-2.6
Real Estate, Rental and Leasing	\$2,420	9.2	\$3,322	9.8	\$1,763	5.4
Health Care and Social Services	\$2,255	6.9	\$2,516	7.3	\$2,112	6.2
Administrative, Support and Waste Management	\$1,868	9.0	\$2,598	10.5	\$1,918	8.0
Wholesale Trade	\$1,649	3.7	\$1,788	3.5	\$1,376	2.7
Public Administration	\$1,630	5.0	\$3,553	8.5	\$2,708	6.8
Transportation and Warehousing	\$1,163	3.3	\$1,473	3.7	\$1,487	3.7
Arts, Entertainment and Recreation	\$1,146	4.6	\$1,217	4.7	\$411	1.8
Professional, Scientific and Technical Services	\$1,102	2.5	-\$693	-1.1	\$430	0.7
Manufacturing	\$951	2.0	\$2,080	4.5	\$1,047	2.2
Other Services (Except Public Administration)	\$714	3.3	\$1,094	4.5	\$574	2.4
Retail Trade	\$530	2.5	\$611	2.6	\$356	1.6
Construction	\$493	1.3	\$747	1.9	-\$638	-1.5
Agriculture, Forestry, Fishing and Hunting	\$362	1.4	\$1,297	6.1	\$588	2.5
Accommodation and Food Services	-\$18	-0.2	\$236	1.6	\$47	0.4
Educational Services	-\$527	-1.6	\$1,155	3.3	\$955	2.7
Mining	-\$996	-2.0	\$4,823	7.8	\$683	1.4

Note: Data adjusted for inflation
Source: Bureau of Labor Statistics

sectors. The five-year change in pay for all industries combined was \$758 less than the United States and \$138 less than the Midwest.

Overall, only 25 counties saw dollar declines in their average annual pay over the five-year period. As shown in **Figure 3**, Vermillion County had the largest average annual pay decline (\$4,863, -11.6 percent). Gibson County

workers saw the largest increase in their inflation-adjusted average annual pay (\$11,579, 37.9 percent).

In 2004, the average annual pay levels in Indiana were lower than the nation and the Midwest in all sectors except agriculture, forestry, fishing and hunting and in the arts, entertainment and recreation (Midwest only). Of course, average annual pay is not what

you actually get to bring home, and cost of living cannot be ignored when comparing pay levels between areas.

The Bureau of Economic Analysis provides per capita disposable personal income for states for this time period. Although this calculation is based off of personal income, which includes all sources of income and not just work-related income, this can give us an idea of the cost of living for Indiana residents. Note that per capita disposable personal income is personal income from all sources minus taxes which includes income, property tax and motor vehicle licensing. In 2004, Indiana's disposable per capita personal income was \$27,070, an increase of 7.5 percent since 1999. Indiana's disposable per capita personal income growth rate was 0.9 percentage points less than the nation, 1.6 percentage points greater than Illinois and 1.9 percentage points greater than Ohio and Michigan. Per capita disposable personal income in Wisconsin and Kentucky grew faster than in Indiana over this five-year period (0.7 and 0.9 percentage points,

TABLE 3: DIFFERENCE IN FIVE-YEAR AVERAGE ANNUAL PAY, 1999 TO 2004

Industry Description	Indiana-United States		Indiana-Midwest	
	Actual Difference	Percentage Point Difference	Actual Difference	Percentage Point Difference
Total	-\$758	-1.8	-\$138	-0.2
Information	\$4,403	9.9	\$3,887	9.6
Professional, Scientific and Technical Services	\$1,795	3.6	\$672	1.8
Arts, Entertainment and Recreation	-\$71	0.0	\$736	2.9
Retail Trade	-\$81	0.0	\$174	1.0
Wholesale Trade	-\$139	0.2	\$273	1.0
Accommodation and Food Services	-\$254	-1.8	-\$65	-0.5
Construction	-\$254	-0.6	\$1,131	2.7
Health Care and Social Services	-\$260	-0.4	\$143	0.7
Transportation and Warehousing	-\$311	-0.4	-\$325	-0.4
Other Services (Except Public Administration)	-\$380	-1.3	\$140	0.9
Administrative, Support and Waste Management	-\$730	-1.6	-\$51	0.9
Utilities	-\$744	-1.0	\$874	1.9
Real Estate, Rental and Leasing	-\$901	-0.6	\$658	3.8
Agriculture, Forestry, Fishing and Hunting	-\$935	-4.7	-\$226	-1.1
Manufacturing	-\$1,129	-2.5	-\$96	-0.2
Educational Services	-\$1,682	-4.9	-\$1,482	-4.3
Management of Companies and Enterprises	-\$1,905	-1.1	\$2,723	5.9
Public Administration	-\$1,923	-3.4	-\$1,078	-1.8
Finance and Insurance	-\$4,035	-4.0	-\$1,691	-1.7
Mining	-\$5,819	-9.8	-\$1,679	-3.3

Note: Data adjusted for inflation
Source: Bureau of Labor Statistics

(continued on page 12)

Indiana's Occupational Employment Outlook to 2012

Total Growth

Indiana's employment is expected to grow by 253,490 jobs between 2002 and 2012, according to the latest projections from Indiana's Department of Workforce Development. The increase is a little more than 8 percent for the period, well below the nearly 15 percent increase expected for the United States. However, this figure is on par with Illinois, Ohio and Michigan—our neighboring states with similarly heavy employment concentrations in manufacturing.

Major Occupational Groups

The fastest growing major occupational groups are professional and related occupations (19 percent growth), service occupations (13 percent), farming, fishing and forestry occupations (14 percent) and management, business and financial operations occupations (11 percent). Of those, 65 percent of the total growth for the state will come from professional and service occupations, growing by 95,050 jobs and 70,020 jobs, respectively.

Production occupations are expected to show a slight loss, while office and administrative occupations and sales and related occupations will grow only slightly. The remaining groups (construction and extraction, installation, maintenance and repair occupations, and transportation and material moving occupations) will all grow at about the state average (see **Table 1** and **Figure 1**).

Industry Growth Impacts Occupations

Indiana's occupational projections are created by first projecting industry employment, then applying staffing

patterns and occupational change factors (essentially accounting for changes in occupational needs due to technological advancement) to these industry projections. Therefore, occupational growth is very much a function of individual industry growth. Not surprisingly, occupations that are concentrated in fast-growing industries will grow the fastest, and occupations that are concentrated in slow-growing or declining industries will show little to no growth. Since manufacturing industries have declined over the past decade and are projected to decline through 2012, the impact is felt most

heavily in production occupations. Indiana's employment in manufacturing has nearly twice the concentration as the nation (20 percent for Indiana's 2002 employment, 10.6 percent for the United States), which in large part explains the slower growth expectation for the state compared to the nation.

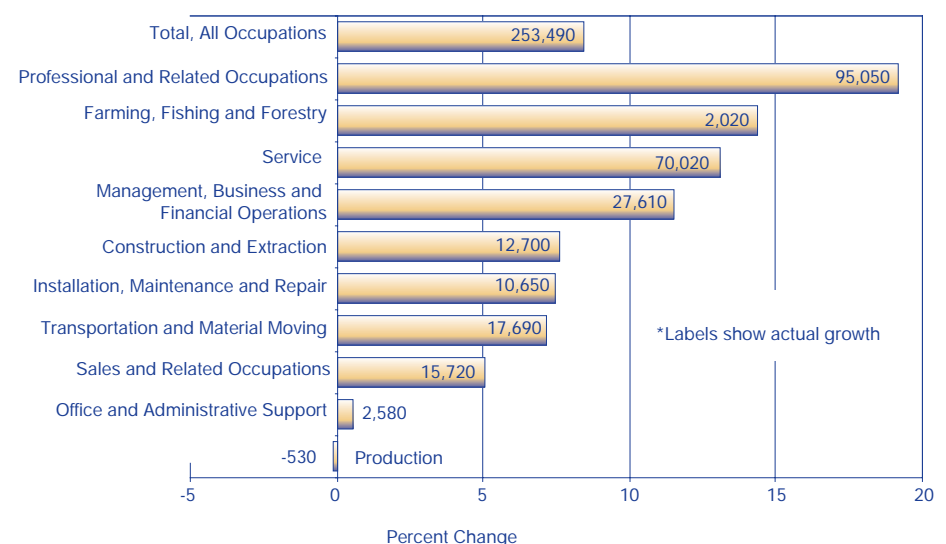
In contrast, professional occupations are concentrated in fast-growing industries, such as health services. Nearly half of health services employment is composed of professional occupations. Ambulatory health services is expected to grow by more than 30 percent. The heavy

TABLE 1: PROJECTED GROWTH FOR MAJOR OCCUPATIONAL GROUPS

Major Occupational Group	2002 Employment	2012 Projection	Total Growth	Percent Change
Total, All Occupations	3,014,950	3,268,430	253,490	8%
Management, Business and Financial Operations	240,510	268,120	27,610	11%
Professional and Related Occupations	496,210	591,250	95,050	19%
Service	536,180	606,210	70,020	13%
Sales and Related Occupations	311,050	326,760	15,720	5%
Office and Administrative Support	449,330	451,900	2,580	1%
Farming, Fishing and Forestry	14,070	16,090	2,020	14%
Construction and Extraction	166,800	179,500	12,700	8%
Installation, Maintenance and Repair	143,000	153,660	10,660	7%
Production	410,620	410,090	-530	0%
Transportation and Material Moving	247,170	264,860	17,690	7%

Source: Research and Analysis Department of the Indiana Department of Workforce Development

FIGURE 1: PERCENT CHANGE IN EMPLOYMENT BY MAJOR OCCUPATIONAL GROUP, 2002 TO 2012



Source: Research and Analysis Department of the Indiana Department of Workforce Development

concentration of professionals in this type of growing industry explains why professional occupations are projected to grow the fastest and provide the greatest number of new jobs.

Detailed Occupations

The dominant major occupational group in terms of percent change is professional and related occupations. **Table 2** lists the 10 fastest growing detailed occupations that had an employment level of at least 100 in 2002. Seven of the 10 occupations are a part of the professional group, while the others were from either the management or services group. While not on the “top 10” list, it should be noted that the detailed occupation that is expected to provide the greatest number of new jobs over the 10-year period is registered nurses—growing at 25 percent (11,740 jobs).

Education and Wages

Indiana’s presentation of occupational projections includes a display of occupations along with the most common educational attainment required and the average wages earned for each occupation. It is clear that most of the fastest growing occupations also require the greater education and are the highest paying jobs (see **Table 3**). All of the educational attainment groups requiring a degree have an average annual wage of over \$42,000, and jobs are expected to grow at double-digit rates. All jobs that require no post-secondary education are expected to grow at a rate below 10 percent. Occupations requiring only short-term on-the-job training pay an average of only \$20,904—less than half of the lowest paying group requiring at least an associate’s degree. Once again, it appears that education pays

and provides the greatest opportunities. (The exception would seem to be in occupations that require a master’s degree, as the average wage for that group of occupations is less than those requiring a bachelor’s degree. Nearly half of those occupations are in community and social services occupations, such as clergy and rehabilitation counselors—low-paying occupations despite the high level of education required. Were these occupations removed from the group, the average wage expectation for a master’s would exceed \$52,000.)

Access to the complete 2002–2012 occupational projections for Indiana can be found at www.in.gov/dwd/inews. The projections tables include data for each detailed occupation within its major group and by educational

requirements. Also included are tables with hourly and annual wages, rankings according to growth percentage, numeric growth and by total job openings due to growth and replacement needs. In addition to the projections for the state as a whole, projections are also available for each of Indiana’s economic growth regions.

Source

All projections data produced by the Research and Analysis Department, Advanced Economic and Market Analysis Group, Indiana Department of Workforce Development.

—Jon Wright, Labor Market Analyst, Research and Analysis Department, Advanced Economic and Market Analysis Group, Indiana Department of Workforce Development

TABLE 2: TOP TEN DETAILED OCCUPATIONS BY GROWTH RATE

Occupational Title	2002 Employment	2012 Projection	Total Growth	Percent Change	Rank
Medical Assistants	7,180	11,170	3,980	55.6%	1
Social and Human Service Assistants	5,400	7,910	2,510	46.5%	2
Physician Assistants	700	1,020	330	45.7%	3
Medical Records and Health Information Technicians	3,830	5,570	1,740	45.4%	4
Dental Hygienists	3,490	5,060	1,560	45.0%	5
Dental Assistants	4,430	6,370	1,950	43.8%	6
Postsecondary Teachers	17,980	24,760	6,780	37.7%	8
Network Systems and Data Communications Analysts	1,950	2,710	760	39.0%	7
Graduate Teaching Assistants	4,940	6,700	1,760	35.6%	9
Veterinary Technologists and Technicians	1,040	1,410	380	35.6%	10

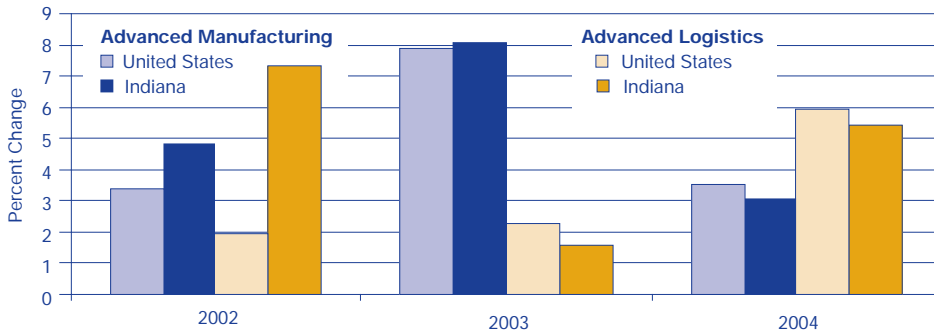
Source: Research and Analysis Department of the Indiana Department of Workforce Development

TABLE 3: GROWTH IN JOBS BY EDUCATIONAL ATTAINMENT REQUIRED

Education Required	2002 Employment	2012 Projection	Total Growth	Percent Change	2004 Annual Wage
Total, All Occupations	3,014,950	3,268,430	253,490	8%	\$33,466
First Professional Degree	25,650	30,680	5,040	20%	\$109,966
Doctoral Degree	20,790	28,430	7,650	37%	\$62,533
Master’s Degree	25,880	30,920	4,990	19%	\$45,493
Bachelor’s (or Higher) Plus Work Experience	102,250	114,990	12,710	12%	\$79,607
Bachelor’s Degree	296,480	340,120	43,730	15%	\$49,954
Associate’s Degree	99,150	122,530	23,410	24%	\$42,705
Postsecondary Vocational Training	150,460	166,850	16,410	11%	\$31,992
Work Experience in a Related Occupation	223,620	235,590	11,970	5%	\$42,901
Long-term On-the-Job Training	277,280	295,690	18,400	7%	\$35,632
Moderate-term On-the-Job Training	640,350	660,990	20,550	3%	\$31,841
Short-term On-the-Job Training	1,073,270	1,153,360	80,090	7%	\$20,904

Source: Research and Analysis Department of the Indiana Department of Workforce Development

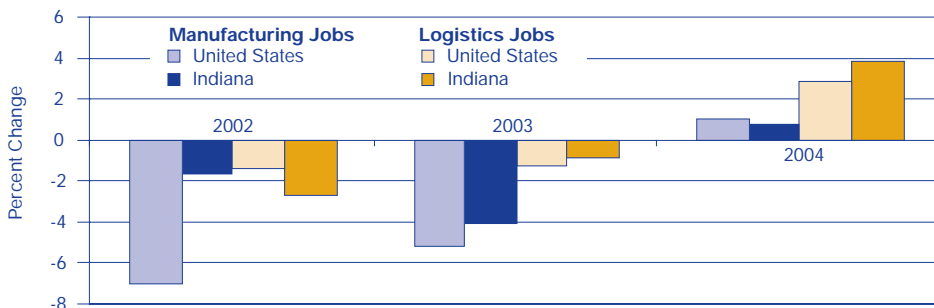
PERCENT CHANGE IN AVERAGE WEEKLY WAGES, 2002:4 TO 2004:4



Source: IBRC, using Bureau of Labor Statistics data

Indiana's average weekly wages for advanced manufacturing in 2004 increased at a slower rate (3.0 percent) than the nation's 3.5 percent. In 2003, Indiana's advanced logistics industry cluster experienced a modest increase (1.6 percent) in average weekly wages, compared to the nation's 2.3 percent increase. Indiana narrowed the gap in 2004 with a 5.4 percent increase, trailing the nation by only 0.6 percentage points.

PERCENT CHANGE IN JOBS, 2002:4 TO 2004:4



Source: IBRC, using Bureau of Labor Statistics data

The percent change in advanced logistics and advanced manufacturing jobs has taken a turn for the better in 2004 for both Indiana and the United States. However, total advanced manufacturing jobs in Indiana are still 5 percent below the state's 2001 level, better than the nation's 11 percent decline. On the other hand, both Indiana's and United States' advanced logistics jobs have had a small increase on both a numeric and percentage basis.

ADVANCED LOGISTICS OVER-THE-YEAR CHANGE IN JOBS, 2004:4

Advanced Logistics	Indiana Job Change	Indiana Percent	U.S. Percent
Air Transportation	-34	-0.5	0.0
Water Transportation	n/a	n/a	5.8
General Freight Trucking	666	1.8	3.2
Specialized Freight Trucking	857	7.8	3.2
Charter Bus Industry	117	25.7	-0.3
All Other Transit and Ground Passenger Transportation	56	72.7	1.7
Pipeline Transportation	14	3.0	-5.7
Support Activities for Air Transportation	-81	-3.1	3.0
Support Activities for Rail Transportation	-20	-5.0	4.0
Support Activities for Water Transportation	80	30.1	6.2
Support Activities for Road Transportation	87	4.4	5.8
Freight Transportation Arrangement	-553	-21.6	3.4
Other Support Activities for Transportation	-40	-7.0	3.9
Couriers	-149	-1.1	-1.7
Local Messengers and Local Delivery	-21	-2.3	1.7
Warehousing and Storage	2,467	13.2	8.4
Process, Physical Distribution and Logistics Consulting Services	152	21.0	4.9
Packaging and Labeling Services	260	10.1	3.1
Total Advanced Logistics	3,858	3.8	2.9

Source: Bureau of Labor Statistics

Warehousing and storage in the advanced logistics sector saw the largest over-the-year increase in total number of jobs. Freight transportation saw the largest percent decline in Indiana, 25.1 percentage points lower than the nation's growth. Overall, the state experienced greater growth than the nation in this industry cluster.

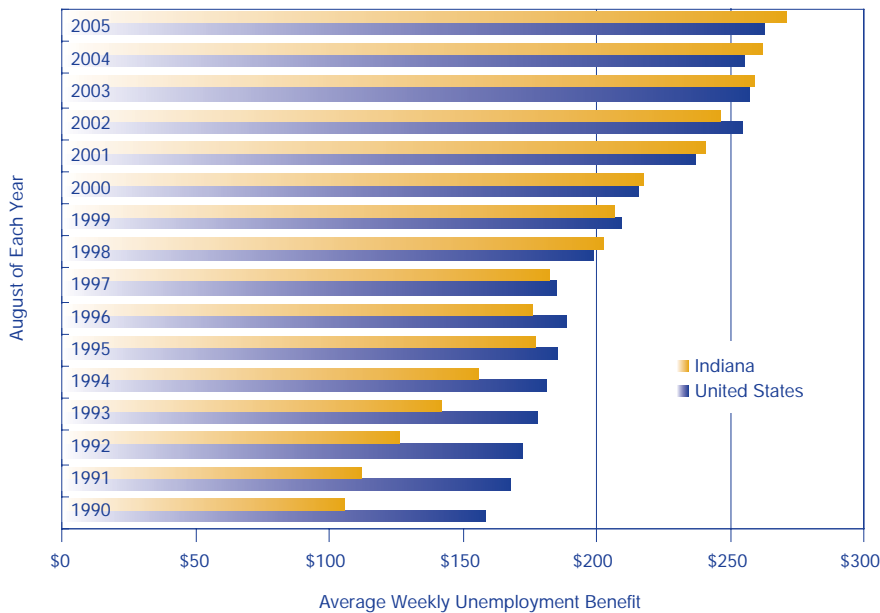
ADVANCED MANUFACTURING JOB CHANGE, 2004:4

Advanced Manufacturing Sector	Indiana Job Change	Indiana Percent	U.S. Percent
Primary Metal Manufacturing	-1,600	-3.2	1.7
Fabricated Metal Product Manufacturing	1,869	3.2	1.9
Machinery Manufacturing	1,063	2.5	1.6
Computer and Electronic Product Manufacturing	-715	-3.3	-0.8
Electrical Equipment, Appliance and Component Manufacturing	-409	-2.8	-1.1
Transportation Equipment Manufacturing	2,253	1.6	1.5
Total Advanced Manufacturing	2,461	0.8	1.0

Source: Bureau of Labor Statistics

The increase in jobs for transportation equipment manufacturing more than offset the large decline in primary metal manufacturing jobs over the previous year. Overall, the United States outpaced Indiana's growth by 0.2 percentage points.

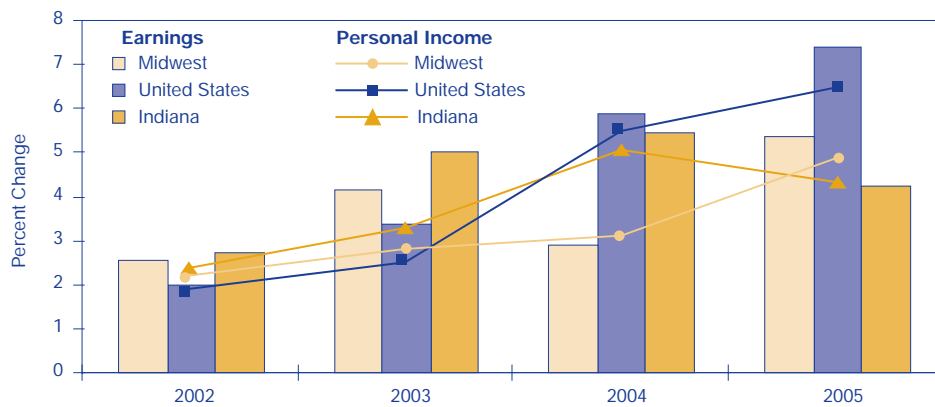
AVERAGE WEEKLY UNEMPLOYMENT BENEFITS*



*Average weekly benefit for weeks of total unemployment
Source: IBRC, using Department of Labor data

For the past three years, Indiana's average weekly unemployment benefit has been higher than the nation's. In 2005, Indiana's average weekly benefit exceeded the nation by \$8.31 (\$432 for the year), up from last year's difference of \$6.67 per week (about \$347 for the year).

PERSONAL INCOME AND EARNINGS BY GEOGRAPHY, SECOND QUARTER OF EACH YEAR*

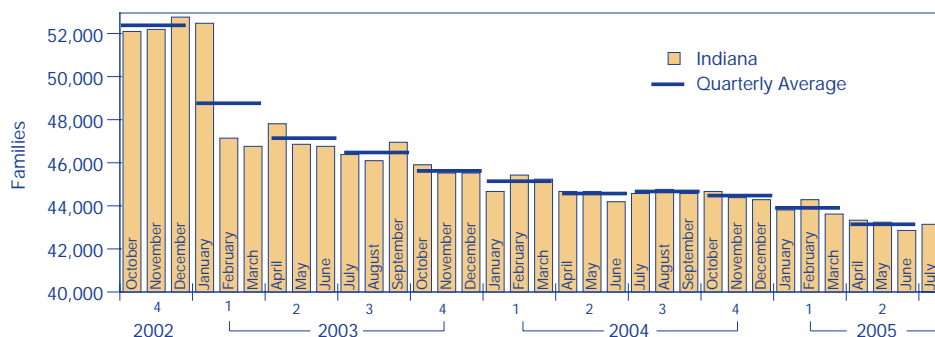


*Percent change calculated off of data that are seasonally adjusted at annual rates
Source: IBRC, using Bureau of Economic Analysis data

Indiana's percent change in personal income did not fare as well in 2005 as did the personal income for the Midwest or the United States. While Indiana's overall earnings increased, the pace of growth in earnings decreased by 1.2 percentage points, further separating Indiana from the Midwest (2.4 percentage points increase) and the United States (1.5 percentage points increase).

Note: Personal Income is the income that is received by all persons from all sources. It is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income and personal current transfer receipts, less contributions for government social insurance. Earnings by place of work is the sum of wage and salary disbursements, supplements to wages and salaries and proprietors' income. All state and local area dollar estimates are in current dollars (not adjusted for inflation).

NUMBER OF INDIANA FAMILIES RECEIVING TANF GRANTS, 2002 TO 2005



Source: IBRC, using Indiana Family and Social Services data

Indiana has experienced a relatively steady decline in the number of families receiving Temporary Assistance for Needy Families (TANF) grants for the past three years; the quarterly average decreased 3.1 percent from 2004:2 to 2005:2.

Note: The sharp decrease from January 2003 to February 2003 was due to a policy change that eliminated the full benefit grant and created \$0 grants, removing those cases from the federal caseload. There have been no substantive changes in eligibility policy since February 2003.

The Terre Haute Metro Area

In the southwest portion of the state next to Illinois is the Terre Haute Metropolitan Statistical Area (metro). Consisting of Vigo, Clay, Sullivan and Vermillion counties, the metro has a total population approaching 169,000. The city of Terre Haute, with a population of 57,224, is the only community in the region exceeding 10,000 people. Brazil,

FIGURE 2: INDUSTRY DISTRIBUTION



*Totals exclude county data that are not available due to nondisclosure requirements
Source: Bureau of Labor Statistics

in Clay county, is the next largest city with a population of 8,244. All told, over 60 percent of the metro's population resides in Vigo County.

Figure 1 shows that the Vigo County population contracted by 2.4 percent (2,516 fewer people) between 2000 and 2004, while the other counties had a combined growth of 0.7 percent (473 more people).

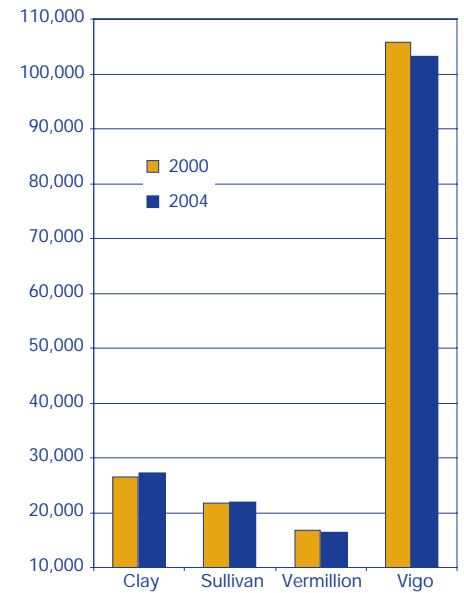
Population projections from the Indiana Business Research Center indicate that the Terre Haute metro will add just over 6,900 residents by 2020, growing 4 percent from its Census 2000 population. This growth rate may be a little high since the region is not on pace to hit its projected population for 2005. Terre Haute is expected to see a decline in school age, college age and young adult populations between 2000 and 2020. Meanwhile, there is an anticipated 18 percent growth in those over age 45 and a 5.7 percent growth in those under age 5.

Industrial Mix and Jobs

For the first quarter of 2005, there were 3,455 establishments supplying nearly 68,000 jobs in the Terre Haute metro. Manufacturing had the most employees, accounting for 17.5 percent of the local job market, slightly less than the 20.2 percent share statewide. As seen in Figure 2, additional industries with more than 10 percent of total employment include retail trade (14.2 percent), health care and social services (13.6 percent), and education (10.6 percent). Major players in the region's education scene include Indiana State University, Rose-Hulman Institute of Technology, St. Mary of the Woods and Ivy Tech.

Terre Haute has added both manufacturing establishments (five) and manufacturing jobs (1,284)

FIGURE 1: TERRE HAUTE METRO POPULATION



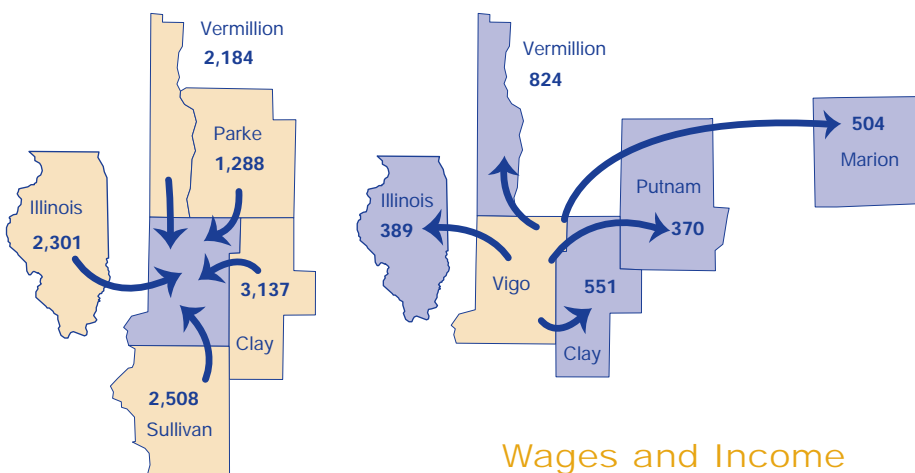
Source: IBRC, using U.S. Census Bureau data

since the first quarter of 2001, when manufacturing accounted for just 15.5 percent of employment and retail trade held the largest share of employment at 16.3 percent. Since 2001, retail trade shed more jobs than manufacturing added, with 48 fewer establishments and 1,435 fewer jobs. This equates to a 12 percent gain in manufacturing employment and a 13 percent drop in retail employment. Indiana experienced a 10 percent loss in manufacturing employment and a 7 percent decline in retail trade. Table 1 shows which industries gained employment and which lost employment during this time period. Overall, the metro lost 94 jobs during the four-year period.

Recent company news indicates that several manufacturers are expanding in the region. Pfizer is planning to expand its current facility so it is equipped to begin production of Exubera (a new diabetes drug) as soon as it receives FDA approval. This upgrade is estimated between \$65 million and \$103.2 million and is planned to be finished by April 2007.¹

Two automotive parts companies in the Vigo County Industrial Park are also working on expansions that will create

FIGURE 3: COMMUTING TO AND FROM VIGO COUNTY



Source: STATS Indiana Commuting Profiles, Tax Year 2003

an estimated 200 jobs. Aisin Brake and Chassis is in the process of more than doubling its space, a \$35 million project, while ThyssenKrupp Presta (steering systems) is investing an initial \$5.5 million in a new assembly line.²

In addition, Sony DADC’s largest North American plant is located in Terre Haute, and employment is expected to rise to about 1,225 by the end of the year (that’s about 125 more workers than the start of the year). New product lines, such as the universal media discs for the new Playstation Portables, are responsible for some of its recent growth.³

Commuting

As the employment hub of the region, Vigo County pulls in quite a few workers from Illinois and the surrounding counties, according to the preliminary data for 2003 (see Figure 3). In addition to the 59,262 people who lived and worked in Vigo County, 14,058 additional people commuted into the county. Meanwhile, just 3,937 Vigo County residents worked in positions outside the county.

Wages and Income

Per capita personal income for 2003 (the latest year available) was \$23,946 for the Terre Haute region. Sullivan and Clay counties fell below this average (\$20,639 and \$22,589, respectively), while Vigo and Vermillion counties topped it (\$24,772 and \$25,313, respectively).

The average weekly wage for the first quarter of 2005 was \$566 for Terre Haute, about \$100 less than the state. Two industries, utilities and education, had average weekly wages higher than the state. At \$1,424,

utilities were the highest paid industry in the metro, while the lowest paid was accommodation and food services at \$198.

Looking at the change since the beginning of 2001, all industries experienced growth in average weekly wage, except for agriculture and education where wages fell \$7 and \$24, respectively. The largest growth was a \$333 increase in management of companies and enterprises average weekly wages. Considering that at the same time the state experienced a drop of \$142, this almost cut in half the significant wage gap between the metro and the state for those in management.

Notes

1. John Chambers, “Pfizer planning expansion in Vigo County” *Inside Indiana Business* 3 October 2005.
2. John Chambers, “Expansion projects bringing 200 jobs to Vigo County” *Tribune-Star* 5 October 2005.
3. John Chambers, “Terre Haute’s Top 40: Sony DADC” *Tribune-Star* 20 September 2005.

—Rachel Justis, Managing Editor, Indiana Business Research Center, Kelley School of Business, Indiana University

TABLE 1: CHANGE IN EMPLOYMENT BY INDUSTRY, 2001:1 TO 2005:1

Industry Sector	Jobs Gained	
	Jobs	Percent
Manufacturing	1,284	12.1
Health Care and Social Services	825	9.8
Administrative, Support and Waste Management*	476	21.8
Educational Services*	223	3.2
Professional, Scientific and Technical Services	144	11.2
Public Administration	79	1.8
Arts, Entertainment and Recreation*	72	23.6
Agriculture, Forestry, Fishing and Hunting	55	27.6
Accommodation and Food Services	35	0.6
Transportation and Warehousing	29	1.2
Real Estate, Rental and Leasing	24	3.3
Industry Sector	Jobs Lost	
Retail Trade	-1,435	-12.9
Construction	-242	-8.1
Information	-183	-15.7
Wholesale Trade	-153	-9.0
Finance and Insurance	-85	-4.1
Other Services (Except Public Administration)	-67	-3.0
Utilities*	-61	-10.7
Management of Companies and Enterprises*	-46	-21.5
Mining*	-6	-26.1

*These totals exclude county data that are not available due to nondisclosure requirements
Source: Bureau of Labor Statistics

The Minimum Wage

Indiana, along with 25 other states, has a minimum wage equal to the United States at \$5.15 per hour. There are 17 states (including the District of Columbia) with minimum wages higher than the national figure, two states (Ohio and Kansas) are lower, while six states have no minimum wage (see **Figure 1**).

The current nominal minimum wage has been in effect since 1997, as seen in **Table 1**. If we adjust for inflation, the real minimum wage, in terms of 2003 buying power, reached its peak in 1968. In that year, the nominal

minimum was \$1.60 but its real 2003 buying power was \$7.18. From 1968 to 2003, the nominal minimum wage increased by \$3.55, but in real buying power it has decreased by \$2.03 or -28.3 percent.

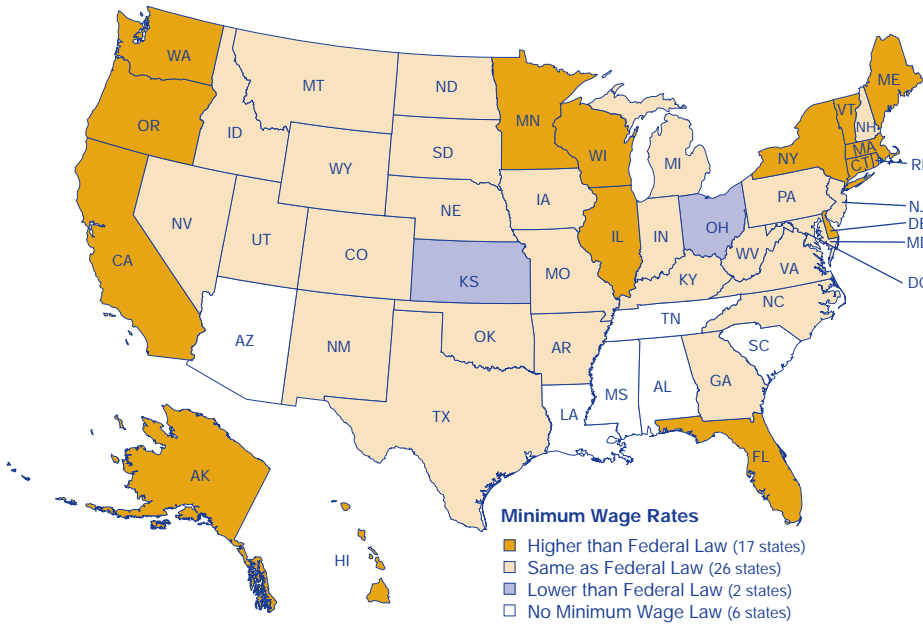
The minimum wage in our times is again about 35 percent of the average wage in the nation, just as it was in 1947 (see **Figure 2**).

If the minimum wage is increased, some workers will lose jobs. Other workers will retain their jobs and have more take-home pay. Therein lies the argument: How many jobs will be

lost versus how many jobs will be retained? It is an argument that has persisted since the idea of a minimum wage was first introduced. Advocates on both sides declare that they have the definitive answers, but the truth probably is different in each of the thousands of labor markets across the nation.

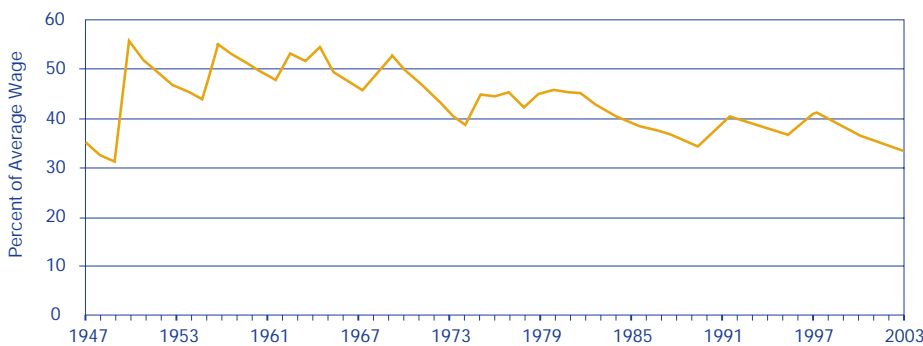
—Morton J. Marcus, Director Emeritus, Indiana Business Research Center, Kelley School of Business, Indiana University

FIGURE 1: MINIMUM WAGE LAWS, 2005



Source: U.S. Department of Labor (available online at www.dol.gov/esa/minwage/america.htm)

FIGURE 2: MINIMUM WAGE RELATIVE TO AVERAGE HOURLY WAGE, 1947 TO 2003



Source: Economic Policy Institute

TABLE 1: MINIMUM WAGES, 1960 TO 2003

Year	Minimum Wage (Current Dollars)	Real Minimum Wage (2003 Dollars)
1960	\$1.00	\$5.26
1961	\$1.15	\$5.99
1962	\$1.15	\$5.94
1963	\$1.25	\$6.37
1964	\$1.25	\$6.28
1965	\$1.25	\$6.19
1966	\$1.25	\$6.01
1967	\$1.40	\$6.53
1968	\$1.60	\$7.18
1969	\$1.60	\$6.88
1970	\$1.60	\$6.56
1971	\$1.60	\$6.28
1972	\$1.60	\$6.10
1973	\$1.60	\$5.74
1974	\$2.00	\$6.53
1975	\$2.10	\$6.33
1976	\$2.30	\$6.55
1977	\$2.30	\$6.16
1978	\$2.65	\$6.81
1979	\$2.90	\$6.81
1980	\$3.10	\$6.55
1981	\$3.35	\$6.47
1982	\$3.35	\$6.11
1983	\$3.35	\$5.87
1984	\$3.35	\$5.64
1985	\$3.35	\$5.46
1986	\$3.35	\$5.36
1987	\$3.35	\$5.19
1988	\$3.35	\$5.00
1989	\$3.35	\$4.80
1990	\$3.80	\$5.19
1991	\$4.25	\$5.60
1992	\$4.25	\$5.46
1993	\$4.25	\$5.33
1994	\$4.25	\$5.22
1995	\$4.25	\$5.09
1996	\$4.75	\$5.54
1997	\$5.15	\$5.89
1998	\$5.15	\$5.80
1999	\$5.15	\$5.68
2000	\$5.15	\$5.50
2001	\$5.15	\$5.35
2002	\$5.15	\$5.27
2003	\$5.15	\$5.15

Source: Economic Policy Institute, using the State of Working America 2004–2005 data

Inside the Data Center

Hoosier Patents Trending Downward

Indiana University recently issued a press release about the record-setting pace of inventions disclosed by its Research and Technology Corporation (IURTC). For the first three months of its 2005 fiscal year beginning July 1, the group disclosed 128 inventions, already more than the 127 inventions disclosed during the entire 2004 fiscal year. At that rate, IURTC could quadruple the number of inventions disclosed this year compared to last. The full press release is available online at <http://newsinfo.iu.edu/news/page/normal/2531.html>.

Patents are granted by the United States Patent and Trademark Office (USPTO) to individuals and groups in the United States, its territories and foreign countries. Utility patents (patents for inventions) comprise by far the largest category of patents granted by the USPTO: in 2004, 89.5 percent of patents of U.S. origin were utility patents. Other types of patents include designs, botanical plants and re-issues.

The IURTC may be on a path to help reverse a downward trend in the number of inventions registered by Indiana residents and organizations. Indiana's rank has steadily fallen from a high of 11 in 1963 to a low of 22 in 2004. Overall, between 1963 and 2004, Indiana ranks 14th, with a total

of 46,151 inventions, 2.1 percent of the 2,216,800 utility patents granted to residents of the United States and territories in that time period. In 1963, Indiana registered 994 inventions, 2.7 percent of the total originated in the United States (see **Figures 1 and 2**). In 2000 and 2004, Indiana registered only 1.7 percent and 1.5 percent of the total, respectively. If the IURTC continues disclosing record numbers of inventions, we might see an increase in the total number and percentage of inventions registered by Indiana in 2005.

Manufacturing Workforce

According to the latest American Community Survey (ACS) estimates from the Census Bureau, Indiana still leads the nation in the percent of workforce in the manufacturing industry. At a 90 percent confidence interval, the 2004 estimates show that 22.5 percent of Indiana's employed civilian population 16 years and over are working in manufacturing (see **Table 1**).

Since the ACS is based on sample data, the estimate for Indiana could be as low as 19.9 percent or as high as 25.1 percent. At that confidence interval, Michigan and Wisconsin are in a statistical tie with Indiana. The estimate for Michigan is 19.9 percent, with lower and upper bound

TABLE 1: PERCENT IN MANUFACTURING, 2004

Civilian Employed People 16 Years or Over			
State	10	20	30
Indiana		◆	
Michigan		●	
Wisconsin		▲	

Source: U.S. Census Bureau, American Community Survey

estimates at 18.9 percent and 20.1 percent, respectively. Wisconsin has an estimated 19.0 percent of its civilian workforce in manufacturing with lower and upper bound estimates at 16.0 percent and 22.0 percent.

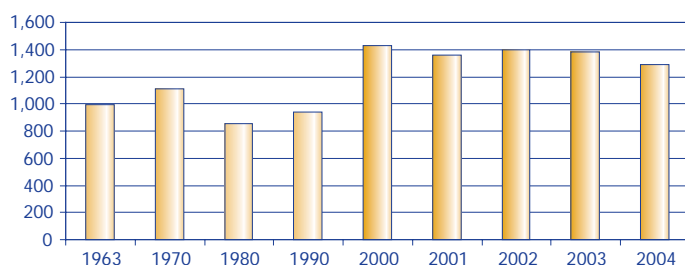
To learn more about the American Community Survey or to see more ranking tables for 2004, visit www.census.gov/acs.

Hurricane-Related Data

As soon as Hurricane Katrina hit the Gulf Coast, the Census Bureau was providing demographic, socio-economic, housing and other economic data to federal, state and local government officials, and other interested parties. The Census has created a website with extensive information, data and maps about the people, economy, transportation and housing affected by Hurricanes Katrina, Rita and Wilma (www.census.gov/Press-Release/www/2005/katrina.htm).

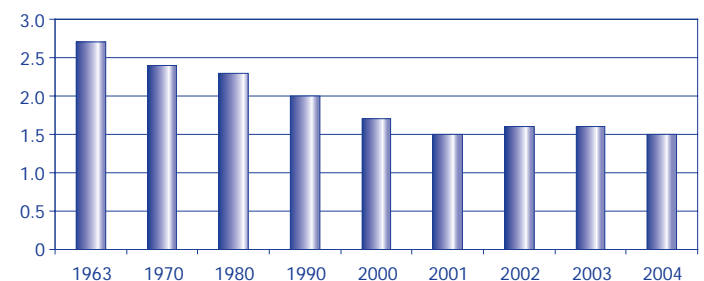
—Frank Wilmot, State Data Center Coordinator, Indiana State Library

FIGURE 1: INDIANA INVENTIONS REGISTERED WITH THE PATENT OFFICE



Source: U.S. Patent and Trademark Office

FIGURE 2: INDIANA INVENTIONS AS A PERCENT OF U.S. ORIGINATED



Source: IBRC, using U.S. Patent and Trademark data

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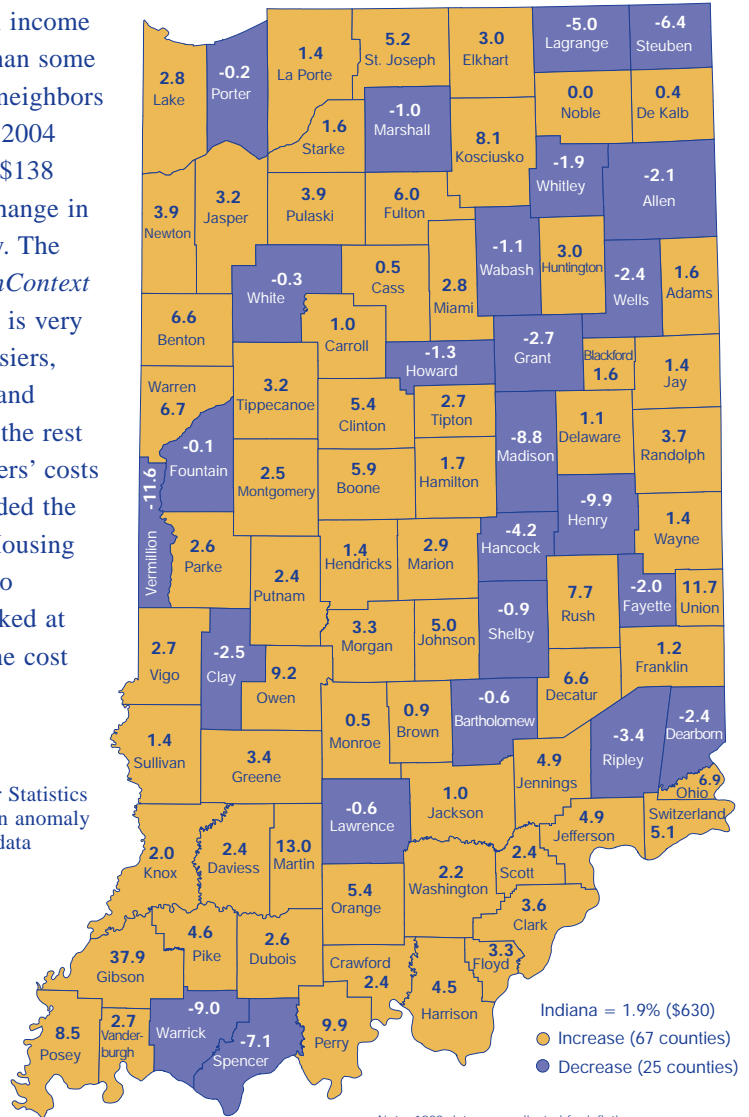
respectively). So the fact that Indiana's disposable per capita personal income has grown faster than some of its Midwestern neighbors between 1999 and 2004 helps to offset the \$138 difference in the change in average annual pay. The October issue of *InContext* found that housing is very affordable for Hoosiers, both homeowners and renters, relative to the rest of the nation (owners' costs in the article included the cost of utilities). Housing and utilities are two variables often looked at when examining the cost of living.

Notes

1. The Bureau of Labor Statistics admits this may be an anomaly in the reconstructed data series.

—Amber Kostelac,
Data Manager,
Indiana Business Research Center,
Kelley School of Business,
Indiana University

FIGURE 3: FIVE-YEAR CHANGE IN AVERAGE ANNUAL PAY



Note: 1999 data were adjusted for inflation
Source: Bureau of Labor Statistics

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IN Context

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www.incontext.indiana.edu

STATS Indiana

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