

The Muncie Metro Area

Delaware County, located in east central Indiana, is home to the Muncie Metropolitan Statistical Area (metro) and has a population of 117,774, as of the 2004 estimates. Since 2000, Indiana has grown by 2.4 percent while the metro has lost about 900 residents—a decline of 0.8 percent. The city of Muncie’s 2004 population surpassed 67,000, accounting for 57 percent of the county’s population.

Population projections from the Indiana Business Research Center calculate that, by 2020, the Muncie metro will have added about 8,200 residents, a 6.9 percent growth from its 2000 population. That isn’t bad, considering it is just a few percentage points lower than the state’s anticipated population gain (10.9 percent). However, the county has not, thus far, kept pace with its expected growth. To catch up to its projected 2005 population, the county would need to add nearly 3,200 people in the coming year—a far cry from the nearly 700-person decline experienced between 2003 and 2004.

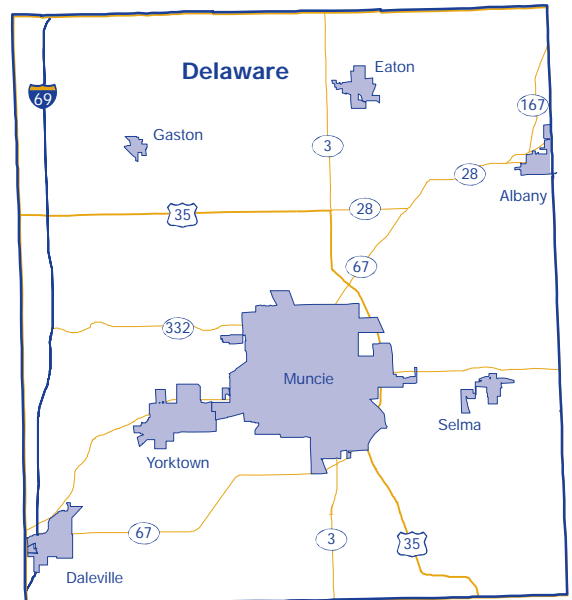
Industrial Mix and Jobs

People are not the only thing Muncie has been losing lately. Between the fourth quarters of 2003 and 2004, total payroll employment declined by 1,752 jobs, or 3.4 percent, according to the Covered Employment and Wages data set from the Indiana Department of Workforce Development.

As shown in **Table 1**, Muncie’s largest sectors include health care and social services (18.5 percent), manufacturing (14.2 percent) and educational services (14.1 percent). These three industries experienced the largest numeric employment declines between 2003 and 2004:

- Health care and social services: -727 jobs (-7.4 percent)
- Manufacturing: -585 jobs (-7.7 percent)
- Educational services: -401 jobs (-5.5 percent)

Administrative, support and waste management had the largest percentage



drop with a 10.5 percent decline, equivalent to 186 jobs.



Industries with the largest job gains in Muncie between 2003 and 2004 included professional, scientific and technical services (75 jobs, or 4.7 percent), arts, entertainment and recreation (58 jobs, or 14.6 percent), and transportation and warehousing (50 jobs, or 4.1 percent). Moreover, of the six industries that increased in employment, five grew at a faster rate in Muncie than they did statewide (see **Figure 1**).

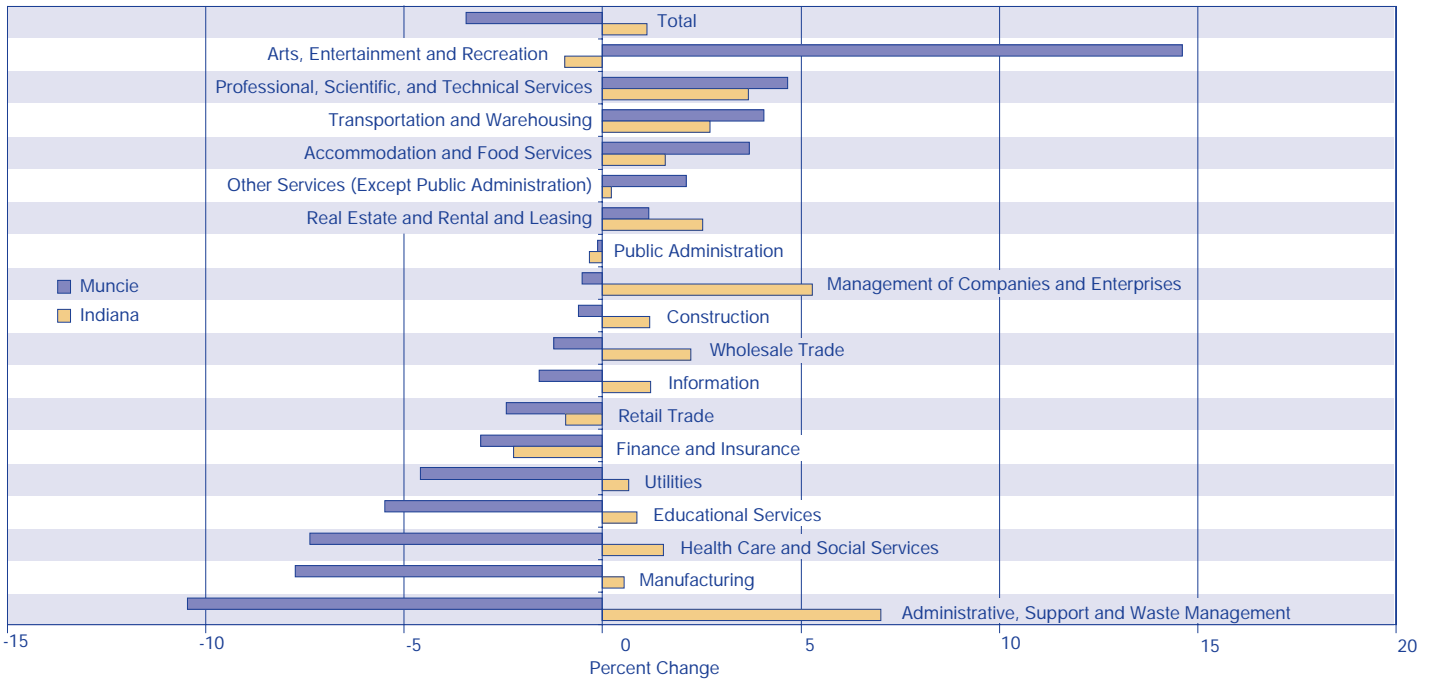
Cardinal Health System and Ball State University are two major employers in the region. General Motor’s Manual Transmissions plant has been a significant player in the local economy since it opened in 1935 (then dubbed Chevrolet-Muncie). However, its workforce shriveled last year, and GM recently announced the plant will completely shut down at the end of March 2006.¹ On the positive side, a new \$55 million Magna DriveTrain plant is planned with the potential for employing around 300 workers by 2007. However,

TABLE 1: MUNCIE METRO JOBS BY INDUSTRY

Industry	Jobs, 2004:4	Change in Jobs from 2003:4
Total	49,176	-1,752
Health Care and Social Services	9,119	-727
Manufacturing	6,966	-585
Educational Services	6,914	-401
Retail Trade	6,904	-171
Accommodation and Food Services	4,518	161
Construction	2,113	-13
Professional, Scientific and Technical Services	1,680	75
Public Administration	1,640	-2
Administrative, Support and Waste Management	1,592	-186
Other Services (Except Public Administration)	1,457	30
Finance and Insurance	1,450	-46
Transportation and Warehousing	1,281	50
Wholesale Trade	1,200	-15
Real Estate, Rental and Leasing	607	7
Information	555	-9
Arts, Entertainment and Recreation	455	58
Management of Companies and Enterprises	391	-2
Utilities	187	-9

*Values for mining and agriculture, forestry, fishing and hunting were nondisclosable. Source: IBRC, using Indiana Department of Workforce Development data

FIGURE 1: PERCENT CHANGE EMPLOYMENT BY INDUSTRY, 2003 TO 2004



*Values for mining and agriculture, forestry, fishing and hunting were nondisclosable. Source: IBRC, using Indiana Department of Workforce Development data

since the plan was announced in 2004, the product line that was to be manufactured at the facility has been moved elsewhere; so, while the company has assured the city that it will continue with the plant as planned, the products to be manufactured are still unknown.²

New job creation has dropped slightly each year since 2001, according to Local Employment Dynamics (LED) data from the U.S. Census Bureau. The average quarterly new job creation for

2001 was almost 3,300. The average for 2003 was nearly 1,000 less at 2,363 new jobs created. Nearly 1,950 new jobs were created in Muncie during the first quarter of 2004 (the latest data available).

Commuting

Figure 2 shows that Randolph County sends the most commuters into Delaware County, while Delaware County itself sends the most commuters to the neighboring Anderson metro (Madison County). Despite fewer employment opportunities as evidenced by declines in total employment, the Muncie metro still has more people commuting into the county (9,853) than it has residents leaving to find

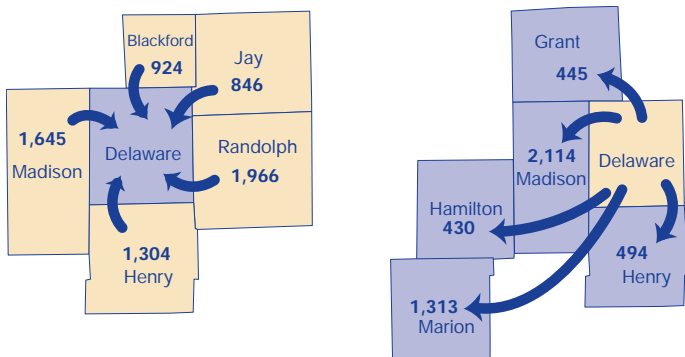
work in neighboring counties (6,679), according to the preliminary commuting data for 2003.

Wages and Compensation

The average weekly wage in Muncie for the fourth quarter of 2004 was \$631. This was up \$28 over the same quarter of the previous year, but still \$75 less than the Indiana average. As seen in Table 2, four Muncie area industries exceeded the statewide industry average: educational services, public administration, real estate, and transportation and warehousing.

Wage growth at the industry level shows that only arts, entertainment and recreation and administrative, support and waste management had average wage declines between 2003:4 and 2004:4. Transportation and warehousing saw the largest jump in wages with an 11.2 percent increase of \$76. Health care and educational services were next in line, with a 9.8 percent growth of \$64 and \$63, respectively (see Figure

FIGURE 2: DELAWARE COMMUTING, 2003



Source: STATS Indiana commuting profiles, tax year 2003

3). Thus, some of the largest increases in average wage occurred at a time when employment was decreasing. This is likely to be partly due to productivity enhancements resulting in higher wages. However, another factor could

be layoffs of the employees with the least seniority, who also happen to be the lowest-paid.

Looking at total compensation, including employer-payments for pensions and insurance, the average

compensation in Muncie for 2003 (latest data available) was \$37,030, a 10.8 percent increase from two years earlier (2001). While average compensation per job was about \$4,400 lower than in the state as a whole, it increased at a slightly faster rate between 2001 and 2003. The bulk of this increase did not show up in the pockets of Muncie employees, per se, but is attributable to higher contributions to pension and insurance funds, where spending increased 39 percent.

TABLE 2: WEEKLY WAGES IN MUNCIE AND INDIANA BY INDUSTRY, 2004:4

Industry	Muncie	Indiana	Difference
Total	\$631	\$706	\$75
Utilities	\$1,112	\$1,225	\$113
Manufacturing	\$958	\$970	\$12
Management of Companies and Enterprises	\$926	\$1,241	\$315
Wholesale Trade	\$805	\$974	\$169
Transportation and Warehousing	\$756	\$751	-\$5
Construction	\$735	\$823	\$88
Professional, Scientific and Technical Services	\$731	\$984	\$253
Health Care and Social Services	\$719	\$743	\$24
Finance and Insurance	\$712	\$971	\$259
Educational Services	\$704	\$611	-\$93
Public Administration	\$686	\$680	-\$6
Real Estate, Rental and Leasing	\$608	\$603	-\$5
Information	\$591	\$782	\$191
Other Services (Except Public Administration)	\$404	\$460	\$56
Retail Trade	\$357	\$436	\$79
Administrative, Support and Waste Management	\$355	\$461	\$106
Arts, Entertainment and Recreation	\$274	\$591	\$317
Accommodation and Food Services	\$212	\$230	\$18

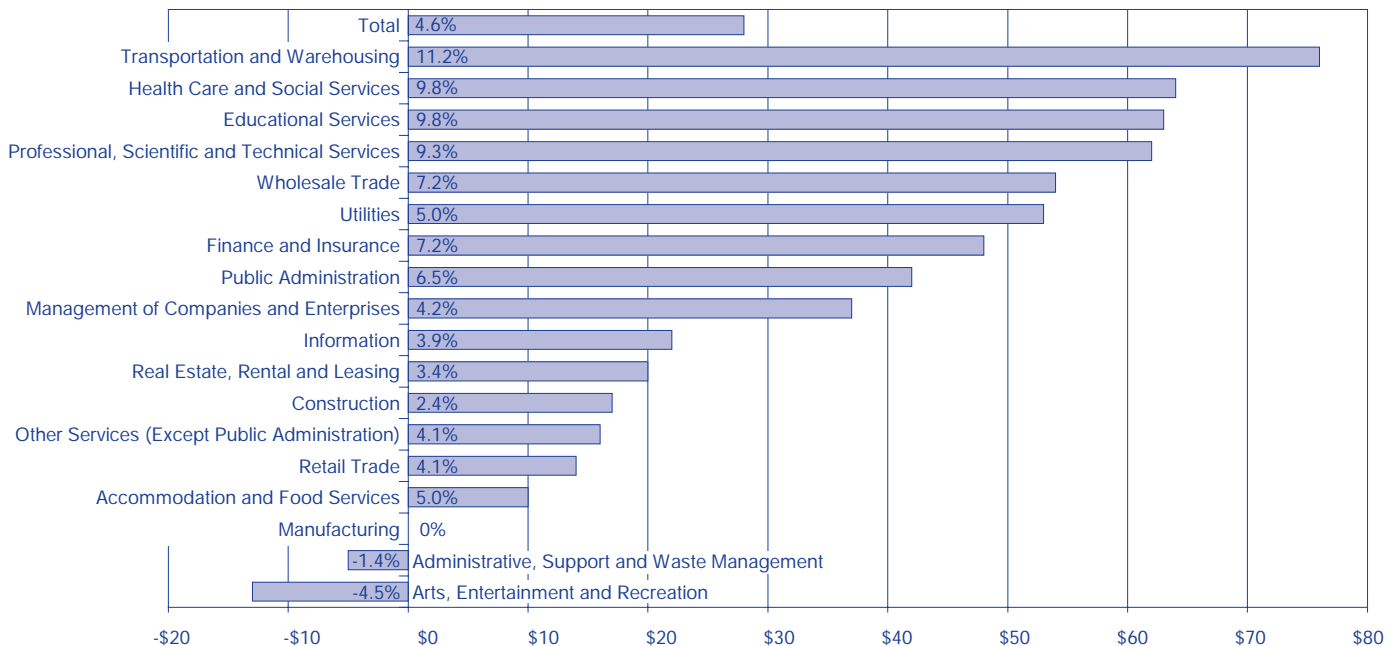
*Values for mining and agriculture, forestry, fishing and hunting were nondiscolable. Source: IBRC, using Indiana Department of Workforce Development data

Notes

1. Rick Yencer and Michael McBride, "GM sets Muncie's Manual Transmissions plant shutdown for March, 2006" *Star Press* 2 August 2005.
2. Keith Roysdon, "Road work shows officials confident plant is still coming" *Star Press* 24 August 2005.

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

FIGURE 3: CHANGE IN AVERAGE WEEKLY WAGE, 2003:4 TO 2004:4



Source: IBRC, using Indiana Department of Workforce Development data