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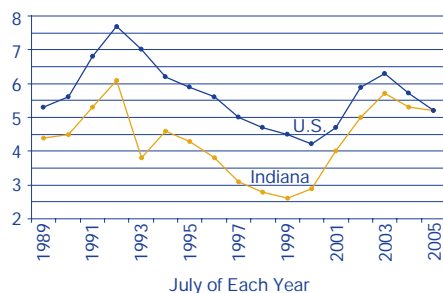
- Boomer Retirements in Indiana 1
- The Katrina Catastrophe 3
- The Michigan City-La Porte Metro Area 4
- Health Insurance Costs and Coverage 6
- Who Owns Hoosier Businesses? 9
- The Confluence of Change: 2005 Labor Force Estimates 10
- Inside the Data Center 11

Hurricane Katrina

Hurricane Katrina, like many natural disasters, incurs costs and creates benefits to businesses and the economy across the nation. Turn to page 3 to find out which businesses in Indiana are likely to experience a dramatic increase in demand as a result of Katrina's destructive force.

Unemployment for July 2005

Indiana and the nation both had a 5.2 percent unemployment rate for July 2005, with Indiana's dropping from the 5.7 percent reported the same time last year. It is the first time since 1989 that Indiana's July unemployment rate has not been lower than the nation's unemployment rate. For a map of the latest rates by county, visit www.incontext.indiana.edu.



*Not seasonally adjusted

Boomer Retirements in Indiana

Type the words “aging” and “workforce” in the Google search box. The outcome? Over one million results. The looming exodus of baby-boomers from the workforce into retirement has made the aging of the workforce a hotter topic than Indy 500 racer Danica Patrick (about 600,000 Google results). As the boomers approach retirement, here is what Indiana can expect.

known as “baby-busters”); Generation Y, born between 1977 and 1999; and the 2nd Millennium Generation, born in 2000 and after. By 2015, Generation Y, the youngest generation currently in the labor force, will compose 46 percent while the boomers’ retirements will decrease that generation’s share of the labor force to 27 percent. From now through 2015, Generation Y’s workforce numbers will increase faster than boomers retire.¹

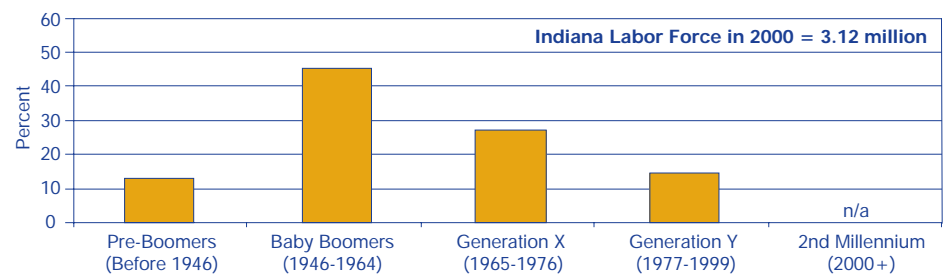
The Generational Shift

In the year 2000, baby-boomers, those born between 1946 and 1964, composed 46 percent of Indiana’s labor force—the largest segment of all generational groups (see Figure 1). Other generational groups include Generation X, born between 1965 and 1976 (also

The boomers’ exit from the workforce will become most painful when 2020 arrives, as shown in Figure 2. By then, the number of boomer retirements will outpace the increase of Generation Y’s contribution to the workforce. Indiana’s workforce is projected to decline in

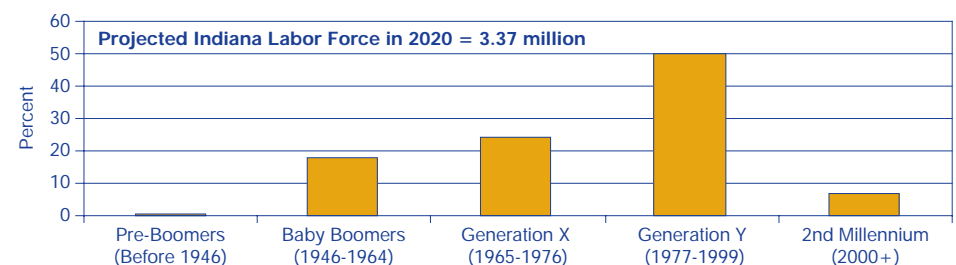
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FIGURE 1: PERCENT OF INDIANA LABOR FORCE BY GENERATION, 2000



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

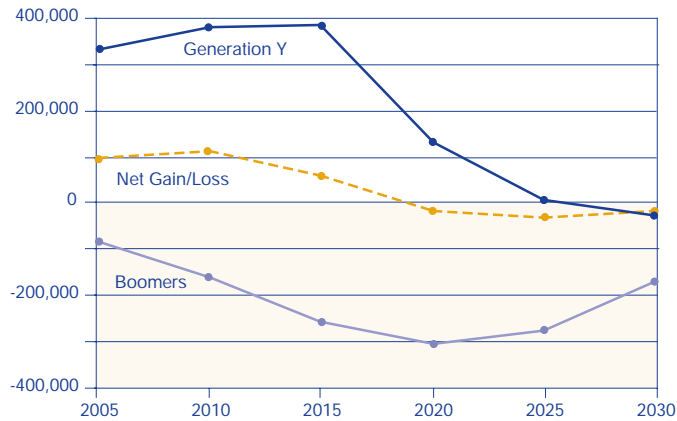
FIGURE 2: PROJECTED PERCENT OF INDIANA LABOR FORCE BY GENERATION, 2020



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

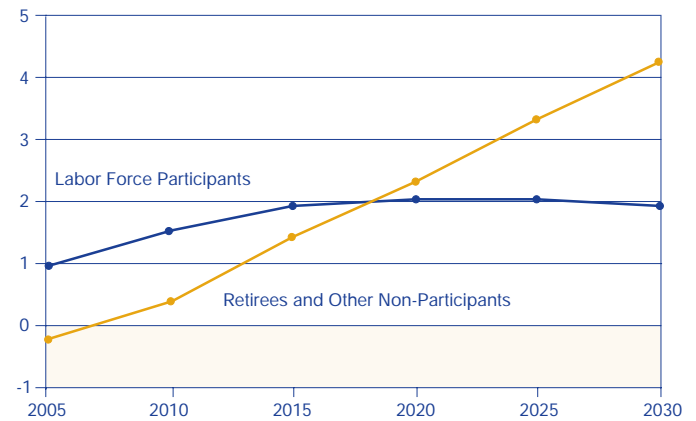
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FIGURE 3: INDIANA LABOR FORCE GAINS AND LOSSES, 2005 TO 2030



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

FIGURE 4: CHANGE IN AVERAGE AGE, 2000 TO 2030



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

total participants from 2020 through 2030 (see **Figure 3**). The average age of Indiana workers will have remained relatively stable, while the average age of those who have left the workforce will be increasing steadily. Between 2020 and 2030, the workforce will become younger, and those out of the workforce will be increasingly older (see **Figure 4**).

Vulnerable Industries And Occupations

The U.S. Census Bureau’s Local Economic Dynamics (LED)² program helps determine which industries would likely experience the heaviest and possibly the earliest impacts. Overall, Indiana’s industry employment is made up of 36 percent of workers age 45 and older (as of 2004). By 2020, the youngest of those will be 61—past the age of the early retirement options allowed for in many businesses and very close to the current average retirement age of 62 for women and 63 for men. The industries with the highest percentage of workers in this age group and with monthly wages above the state average are topped by utilities with 61 percent of the jobs held by those age 45 and above (see **Table 1**). Utilities

also have one of the highest average monthly earnings for workers (\$5,226 compared to the statewide average of all industries of \$2,929).

Amongst these “aging workforce industries” all but truck transportation is declining in employment, a decline that is expected to continue.³ As one would expect, most of the occupations within the aging workforce industries are also on the decline.

There are four additional industries that should be noted as well—each is in the “top ten” in terms of employment of workers age 45 and older, each have average wages above the state average and each employ a greater percentage of older workers than the state average. Those four are transportation equipment manufacturing (42 percent, \$4,207), hospitals (41 percent, \$3,095), merchant wholesalers (40 percent, \$3,884) and ambulatory health care services (39 percent, \$3,820). Importantly, each of these industries has high employment

totals today and is expected to grow. While previously mentioned industries may resolve some of the problem of replacing retiring workers via technological change or attrition, these four industries will have a pressing need to find ways to make up for the loss of older workers.

Occupations that would most likely be affected by the generational shifts due to their prominence in the aging workforce industries are a variety of occupations in engineering, electricity, health care, sales, maintenance and repair, production and transportation, and material moving. All of these areas have individual occupations that are both high paying and dominated by boomers.

(continued on page 12)

TABLE 1: PERCENT OF WORKERS 45 AND OLDER BY INDUSTRY, 2004

Industry	Percent of Workers 45 and Older	Average Monthly Earnings
Utilities	61	\$5,226
Primary Metal Manufacturing	55	\$4,452
Electrical Equipment Manufacturing	54	\$3,282
Petroleum and Coal Manufacturing	51	\$4,645
Wholesale Electronic Markets	50	\$3,802
Computer and Electronic Manufacturing	50	\$3,671
Truck Transportation	47	\$3,160
Machinery Manufacturing	45	\$3,815
Mining (except Oil and Gas)	45	\$4,345
Water Transportation	45	\$4,040

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

The Katrina Catastrophe

Much has already been written and said about the energy costs to the nation resulting from the devastation brought by Hurricane Katrina. Yet there are other costs and, without being ghoulish, benefits to be considered. Some of these will apply to Indiana specifically.

In the next year, hundreds of millions of dollars will be spent on rebuilding homes and businesses in Louisiana, Mississippi and Alabama. Structures will have to be rebuilt which will require both materials and labor. Infrastructure rebuilding in the devastated areas will have similar effects as bridges, roads, levees, electrical and other systems are restored.

Hoosier workers and businesses can benefit from these efforts. At the same time, projects in the Hoosier state may become more expensive as labor and materials flow to meet the needs along the Gulf coast.

Hoosier businesses will benefit as effected Southern enterprises rebuild their inventories. Orders will flow to our factories to replace goods damaged or destroyed in the storm. Machinery will be in high demand for specialized construction efforts.

None of these anticipations are stated with pleasure. The vagaries of natural disasters are never a source of joy.

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



Source: NOAA, U.S. Department of Commerce

TABLE 1: HURRICANE DAMAGE, 1965 TO 2004

	Description of Hurricane	Loss of Life (U.S. Casualties)	Damage Estimates (Adjusted to 2000 Dollars)
1965	HURRICANE BETSY: August 27 - September 12 LOCATION: Southern Florida and Louisiana ESTIMATED DAMAGE: \$1.4 Billion	75	\$8.5 billion
1969	HURRICANE CAMILLE: August 14 - 22 LOCATION: Mississippi, Louisiana, Alabama, Virginia, West Virginia ESTIMATED DAMAGE: Camille \$1.4 Billion	256	\$6.9 billion
1972	HURRICANE AGNES: June 14 - 23 LOCATION: Northwest Florida to New York ESTIMATED DAMAGE: \$2.1 Billion	117	\$8.6 billion
1979	HURRICANE FREDERIC: August 29 - September 15 LOCATION: Alabama and Mississippi ESTIMATED DAMAGE: \$2.3 Billion		\$4.9 billion
1983	HURRICANE ALICIA: August 15 - 21 LOCATION: Galveston and Houston, Texas ESTIMATED DAMAGE: \$2.0 Billion	21	\$3.4 billion
1985	HURRICANE JUAN: October 6 - November 1 LOCATION: Louisiana and the Southeast ESTIMATED DAMAGE: \$1.5 Billion	63	\$2.4 billion
1989	HURRICANE HUGO: September 10 - 22 LOCATION: Caribbean Sea, South Carolina, and North Carolina ESTIMATED DAMAGE: \$7.0 Billion	57	\$9.7 billion
1992	HURRICANE ANDREW: August 22 - 26 LOCATION: Bahamas, Southern Florida, and Louisiana ESTIMATED DAMAGE: \$26.5 Billion	26	\$34.9 billion
1995	HURRICANE OPAL: November 29 LOCATION: Florida Panhandle and Alabama ESTIMATED DAMAGE: \$3.0 Billion	9	\$3.5 billion
1996	HURRICANE FRAN: September 5 LOCATION: North Carolina and Virginia ESTIMATED DAMAGE: \$3.2 Billion	37	\$3.6 billion
1999	HURRICANE FLOYD: September 14 - 18 LOCATION: Bahamas to New England ESTIMATED DAMAGE: \$4.5 Billion	57	\$4.6 billion
2001	TROPICAL STORM ALLISON: June 8 - 15 LOCATION: Gulf Coast to Southern New England ESTIMATED DAMAGE: \$5.0 Billion	41	\$5.0 billion*
2003	HURRICANE ISABEL: September 18 LOCATION: North Carolina and Virginia ESTIMATED DAMAGE: \$3.7 Billion	50	\$3.7 billion*
2004	HURRICANE CHARLEY: August 13 HURRICANE FRANCES: September 5 HURRICANE IVAN: September 16 HURRICANE JEANNE: September 26 LOCATION: Florida, Alabama, and Southern United States TOTAL ESTIMATED DAMAGE: \$42 Billion	152	\$42 billion*

*Not adjusted to 2000 dollars
Sources: IBRC, using "U.S. Hurricanes" from Infoplease at www.infoplease.com/ipa/A0001443.html, and NOAA at www.ncdc.noaa.gov/oa/climate/research/2004/hurricanes04.html#impacts.

The Michigan City–La Porte Metro Area

Along Indiana's northwest urbanized corridor, the Michigan City–La Porte Metropolitan Statistical Area (metro) consists solely of La Porte County, between the Gary metro division and the South Bend–Mishawaka metro. With a 2004 population of 109,755, it is significantly smaller than its neighboring metros, and is the fourth

smallest metro in the state. From a single county perspective, however, La Porte is the 15th largest Hoosier county.

Almost 30 percent of the county population (32,179) reside in Michigan City, the state's 24th largest city. Another 19 percent (20,982) live within the La Porte city limits. Westville, Trail Creek and Long Beach are a few of the other smaller communities

found in the metro. During the past four years (2000–2004), La Porte County has lost 0.4 percent of its population, or 450 people. Its cities and towns lost a total of 1,665 people, ranging from a 705-person decline in Michigan City to a two-person gain in Kingsbury.

Population loss in the city coupled with growth in the unincorporated areas is a trend throughout the state,¹ and La Porte County is no exception. **Figure 1** shows the change in population between the cities and the township balances, where the unincorporated areas gained 1,215 people (a 2.8 percent growth). Moreover, one can quite clearly see that population growth is concentrated in the southern half of the county, both numerically and on a percentage basis. Population projections from the Indiana Business

Research Center indicate that, by 2020, the Michigan City–La Porte metro will grow 2.3 percent (about 2,500 people) from current levels. This is significantly slower than the state's anticipated growth of 8.1 percent. The area is expected to have about 5,000 more senior citizens than it did in Census 2000. The growth rate of 34.1 percent for those 65 and older is slower than the state's anticipated growth of 40.6 percent. However, the metro has a slightly older population to begin with and by 2020, nearly 18 percent of the population will be in the upper age group.

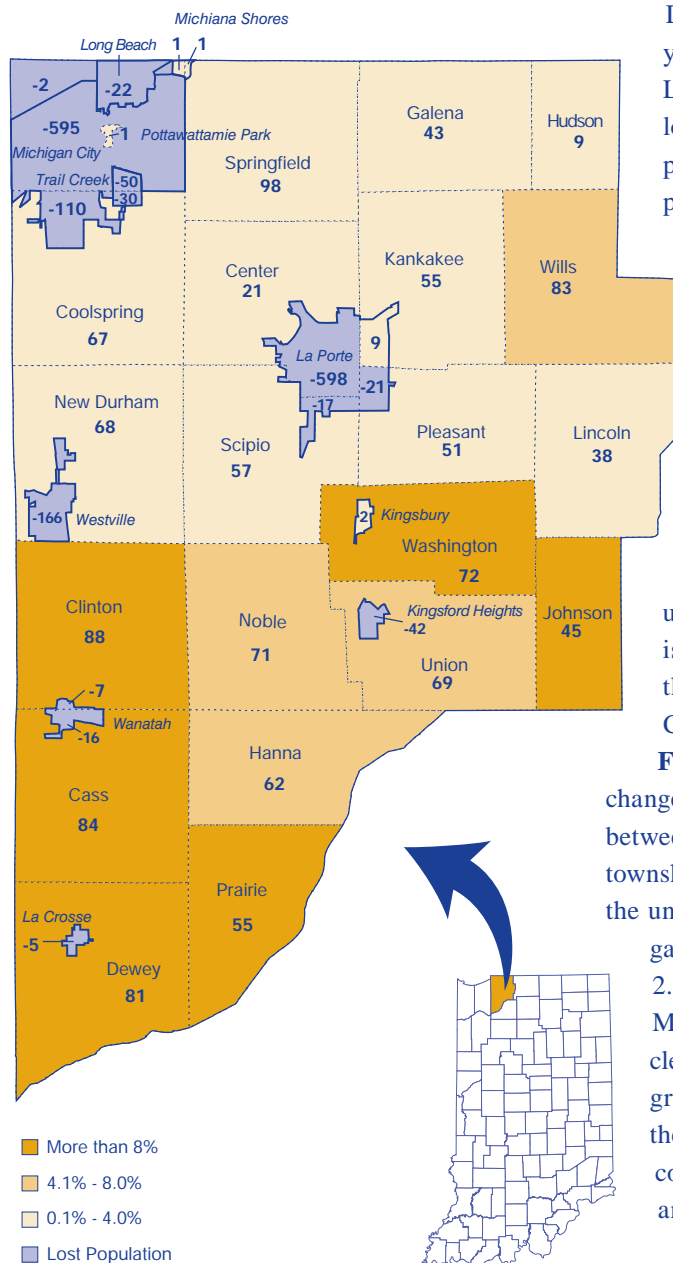
Industrial Mix and Jobs

The Michigan City–La Porte metro's largest sectors include manufacturing (20.5 percent), health care (13.1 percent) and retail trade (12.5 percent). These are all slightly more dominant than in the state as a whole, as of the fourth quarter of 2004.

Major employers in the region include Blue Chip Casino, La Porte Hospital, St. Anthony Memorial Health Center, Weil-McLain (boilers and water heaters), Sullair (air compressors, dryers and filters) and Trans-Apparel (clothing).

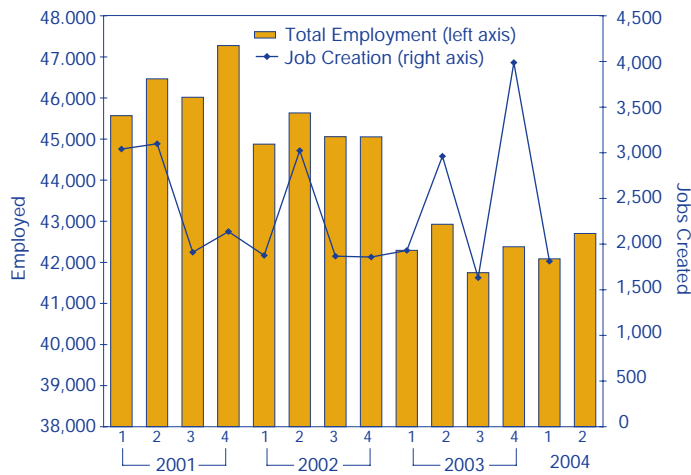
Using the Local Employment Dynamics (LED) data from the U.S. Census Bureau, we see that total employment has dropped off in recent years, for a total of 42,702 in the second quarter of 2004 (see **Figure 2**). Job creation has hovered around 2,000 per quarter during the past several years, excluding the second quarter cyclical spikes in hiring. While the fourth quarter of 2003 saw a huge jump in hiring, the number of jobs created in the first quarter of 2004 (1,812) is lower than the same quarter in previous years.

FIGURE 1: CHANGE IN POPULATION, 2000 TO 2004



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

FIGURE 2: METRO EMPLOYMENT AND JOB CREATION, 2001 TO 2004

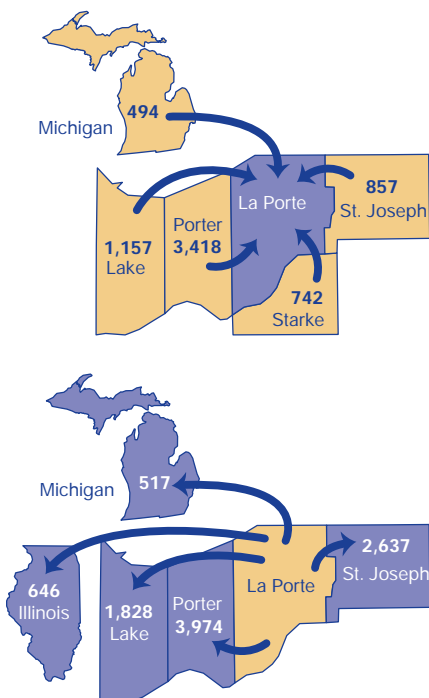


Note: Job creation for 2004:2 was not available
Source: IBRC, using Local Economic Dynamics data

Commuting

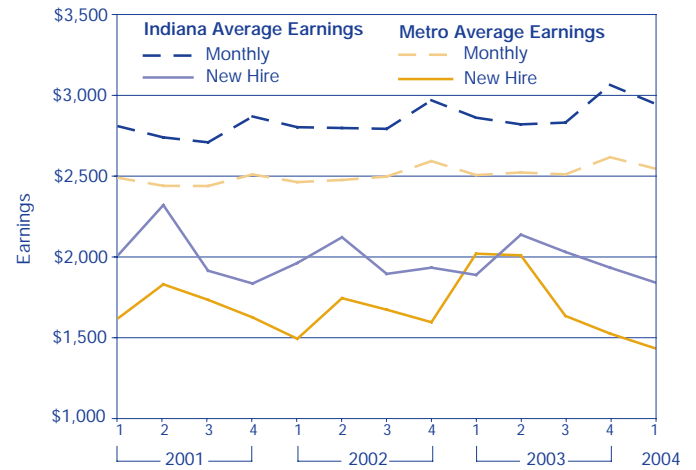
According to the preliminary commuting data for 2003, over 7,500 people commute into La Porte County to work, while almost 10,900 residents commute out of the county (see **Figure 3**). More than 75 percent of commuters who leave the county work in Porter, St. Joseph or Lake County. Another 11 percent cross state lines

FIGURE 3: LA PORTE COMMUTERS, 2003



Source: STATS Indiana Commuting Profiles, Tax Year 2003

FIGURE 4: AVERAGE MONTHLY AND NEW HIRE WAGES, 2001 TO 2004



Source: IBRC, using Local Economic Dynamics data

for job opportunities near Chicago or southwestern Michigan.

Wages and Compensation

Overall, the average weekly wage for La Porte County was \$619, or \$87 less than the state average, for the fourth quarter of 2004. The five highest paying industries include

- Management of Companies and Enterprises, \$1,085
- Manufacturing, \$839
- Construction, \$825
- Wholesale Trade, \$781
- Transportation and Warehousing, \$764

Wages for all sectors were lower than the Indiana average, except for construction and transportation and warehousing, where La Porte surpassed the state's average weekly wage by \$2 and \$13, respectively. The biggest gap occurred in the professional, scientific and technical services, where the La Porte workers earned about \$300 less per week than their counterparts in other areas of the state.²

The LED data set allows us to look at the average monthly wage compared to that of new hires. **Figure 4** shows that the metro has fluctuated in sync with the state during the past several years, albeit at lower wage levels. For

the first quarter of 2004, the average monthly wage in Michigan City–La Porte was \$2,547, while the average new hire earned \$1,436.

Changing our view now and looking at total compensation, which includes employer contributions to pensions and insurance, we find the average annual compensation in La Porte for 2003 (the most current data available) was \$35,630. Employer contributions to pension and insurance funds in La Porte grew 24 percent, while wages grew just 0.5 percent between 2001 and 2003. This compares to a 39 percent growth in pension and insurance contributions and a 4 percent increase in salaries and wages at the state level, where the average compensation per job was \$41,415.

Notes

1. This phenomenon was addressed in an article in the July issue, *Beyond the Limits: Significant Population Gains Occur Outside Cities and Towns*; available online at www.incontext.indiana.edu/2005/july/4.html.
2. Mining technically had the largest gap (\$425) between state and regional weekly wages. However, mining is a very small part of the local economy, accounting for just 38 jobs and 0.1 percent of the local workforce.

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

Health Insurance Costs and Coverage

Health care costs and coverage is always a hot topic and is becoming of increasing interest to the public as they find themselves shouldering more of the costs. The Census Bureau has three program areas that examine health insurance coverage in the nation (all three survey individuals only).

- Current Population Survey (CPS): national and some state data
- Survey of Income and Program Participation: national data only
- Small Area Health Insurance Estimates Program: estimates for all the counties in the nation for 2000.

In addition to the programs at the Census Bureau, several private foundations and other government agencies track health care statistics from both the individual and employer perspectives. The following are some comparisons of the data that are available.

Current Population Survey

The CPS recently released the 2004 report for the nation. It found the number of people with health insurance coverage increased from 2003 to 2004, but so did the number of people without health insurance—an increase of 860,000 Americans (or 1.9 percent) comprising 15.7 percent of the population.¹

Regionally, the Midwest was the only region to have a decline in the number of uninsured residents while the South had the largest increase in the number of uninsured (641,000 people or 3.4 percent). The age group 25 to 34 years old showed the largest decline in the number of uninsured and children under 18 also showed a decline (105,000 or 1.3 percent). The middle-class, with a household income of \$50,000 to \$74,999, had the largest increase in the number of uninsured (616,000 or 8.5 percent). However, the

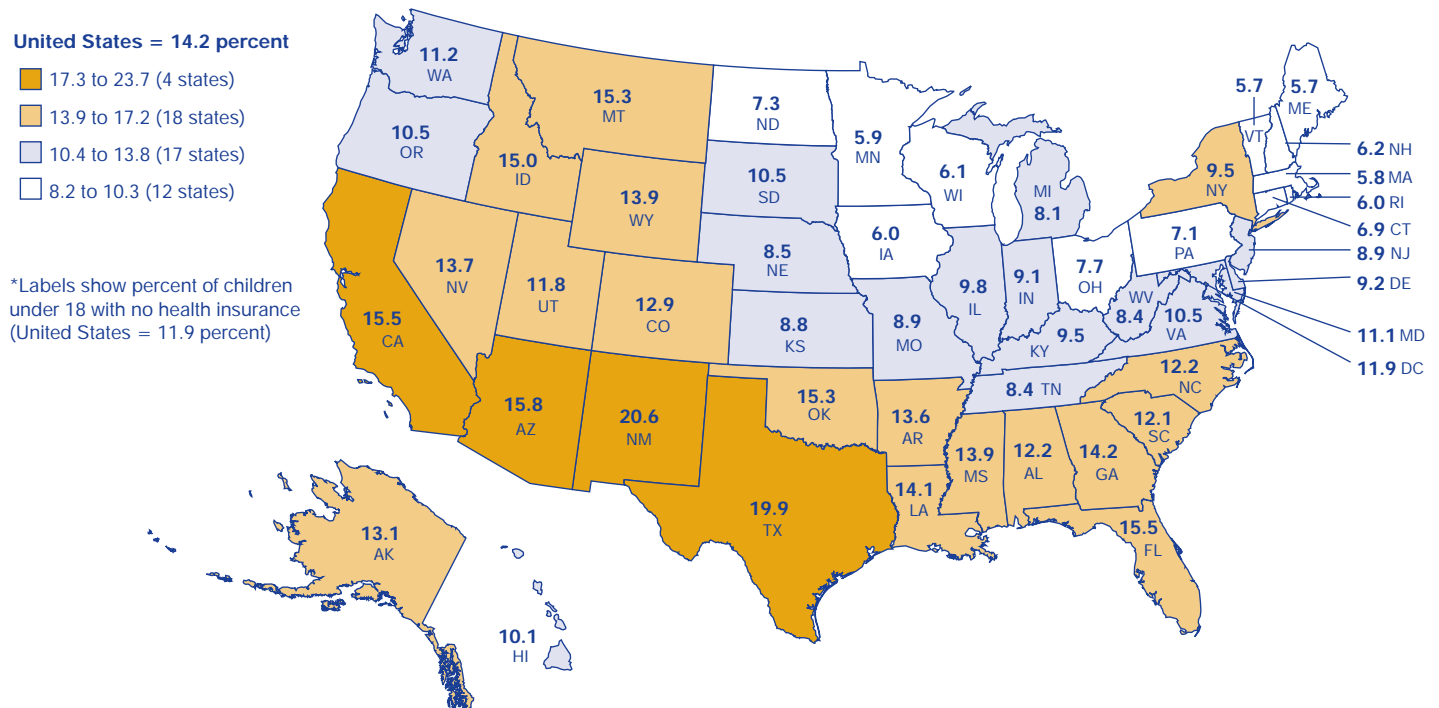
percentage of the population uninsured declines as incomes rise, so even though the middle-class's position on this measure has deteriorated, they still fare much better than individuals making less than \$25,000—almost a quarter of that population is without health insurance.

Small Area Health Insurance Estimates

Regionally, the West and South had a greater percentage of their population without health insurance coverage in 2000 (see **Figure 1**). In Indiana, the percentage of residents without coverage was lower than the national average for total population and children under 18.

Figure 2 shows a connection between where you live in the state and health care coverage; in general, rural counties have a higher percentage of their population without health

FIGURE 1: PERCENT OF TOTAL POPULATION WITHOUT HEALTH INSURANCE, 2000



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

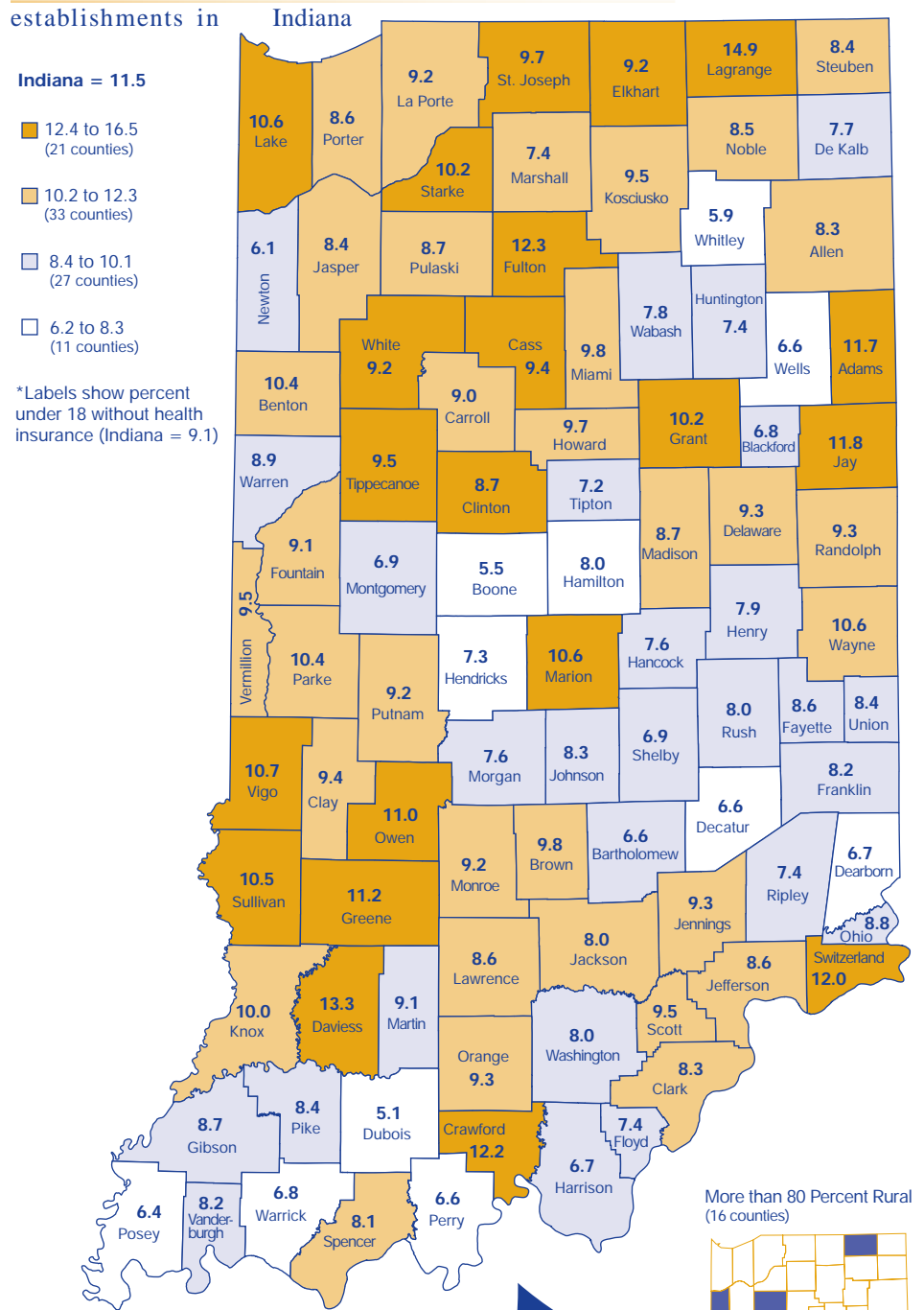
insurance. Lagrange County, which is more than 80 percent rural, had the greatest percent of its population without health coverage for all ages and children under 18. Boone County showed the best results with only 6.2 percent of its population without health insurance and Dubois had the best results for health insurance coverage for children under 18—almost 95 percent of its children are covered. To learn more about the Small Area Health Insurance Estimates program and how these estimates are produced, visit www.census.gov/hhes/www/sahie/.

Employer Health Benefits Survey

The Henry J. Kaiser Family Foundation has 50 states' health insurance coverage and cost data available.² Also, the foundation conducts an annual national survey of private and public employers with three or more workers. The most current Employer Health Benefits survey for 2004 found that health insurance premiums in the nation have moderated over the last year but continue to grow at double-digit rates (11.2 percent). Meanwhile, 52 percent of large firms (200 employees or more) and 15 percent of small firms responded that they were very likely to increase the amount their employees pay for health insurance over the next year.

From 2002 to 2003, 61 percent of Indiana's population was covered by some form of employer-sponsored plan, 7 percentage points higher than the U.S. average. However, employer-sponsored health coverage for adults age 19 to 64 in Indiana has fallen by 6.5 percentage points between 2000 and 2003, a considerably larger decline than in the nation (see **Table 1**).³ Just over 59 percent of private sector

FIGURE 2: PERCENT OF TOTAL POPULATION WITHOUT HEALTH INSURANCE, 2000



offered health insurance in 2002, slightly higher than the U.S. average. Of those private sector establishments, 97.6 percent of the firms with 50 or more employees offered health coverage while only 44.2 percent of firms with fewer than 50 employees offered coverage, 0.3 percentage points

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

TABLE 1: PERCENTAGE POINT CHANGE*

Type of Insurance	Indiana	U.S.
Employer-Sponsored Insurance	-6.5	-3.8
Individual Insurance	-0.9	0.2
Medicaid	2.4	0.8
Uninsured	5.1	2.4

*Nonelderly
 Note: Individuals are assigned family's income and family work status.⁴
 Sources: Urban Institute and Kaiser Commission on Medicaid and the Uninsured estimates, based on March 2001 and March 2004 Current Population Surveys

less than the national average. Perhaps we could improve our uninsured percentage by offering a state COBRA expansion program, which would extend coverage to employees in firms with fewer than 20 workers. Currently, 38 other states have COBRA expansion programs.

COBRA

The Consolidated Omnibus Budget Reconciliation Act (COBRA) was passed in 1986 and temporarily provides the opportunity for individuals or families to continue group health coverage when an employee's coverage is terminated. It acts as a temporary safeguard during certain life events, such as voluntary or involuntary job loss, reduction in hours worked, or transitioning between jobs, to name a few. COBRA currently covers employers who have at least 20 employees for the majority of the calendar year.

While COBRA coverage is often more expensive than the group rate (because the employee must pay the portion of the premium normally paid by the employer), it is usually less expensive than individual health coverage, offering a middle ground for those not reaping the benefits of employer-paid health coverage.

Note: there are certain criteria an individual and his or her dependent (s) and spouse must meet in order to be eligible for COBRA coverage. A detailed description of these criteria is available at www.dol.gov/ebsa/faqs/faq_consumer_cobra.html.

TABLE 2: AVERAGE ANNUAL COST OF EMPLOYMENT-BASED HEALTH INSURANCE, 2003

Contributor	Single Coverage				Family Coverage			
	Indiana		United States		Indiana		United States	
	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
Employee	\$732	21	\$606	17	\$2,301	25	\$2,283	25
Employer	\$2,761	79	\$2,875	83	\$7,014	75	\$6,966	75
Total Premium	\$3,493	100	\$3,481	100	\$9,315	100	\$9,249	100

Source: Kaiser Foundation

In 2003, Indiana employers contributed 75 percent to insurance premiums for family coverage and was slightly higher nominally than the nation. On a percentage basis, Indiana ranked 19th among the states in employer contributions to family coverage premiums, 6.3 percentage points less than the previous year.

Indiana's employee contributions to family coverage premiums increased by \$765 from 2002, which is closer to the nation in terms of employee versus employer contribution percentages. Employees with single coverage did not fair as well in the Hoosier state, contributing more in annual premiums than the national average and ranking eighth on a percentage basis among the 50 states (see **Table 2**).

Behavior Risk Factor Surveillance System

Indiana participates in the Behavior Risk Factor Surveillance System (BRFSS) survey. The Indiana State Department of Health, in partnership with a variety of public and private programs, is responsible for planning, implementing, evaluating and tracking disease and injury prevention programs in the state. The ultimate goal of the national BRFSS survey is to provide valid data to assist in these tasks. The most recent report for 2002 (published in April 2004) is similar to the CPS report. Indiana's sample size for 2002 was 5,789 randomly selected Indiana residents age 18 years or older.

When Hoosiers were asked about health care coverage, 27.1 percent of residents age 18 to 24 reported no health care coverage, whereas 5.7 percent of Hoosiers age 65 and older reported being uninsured. Similarly, the CPS report on the nation found the 18 to 24 age group to have the highest uninsured percentages and the population 65 and older to have the lowest. Also, the BRFSS survey found that Hoosier males were more likely to be uninsured than females, and 35.4 of Hispanics in Indiana are without coverage. The survey found that a definite correlation between income, education and health coverage exists: As income goes up and more degrees are accumulated, health coverage becomes more likely.⁵

Notes

1. The report in its entirety can be viewed at www.census.gov/prod/2005pubs/p60-229.pdf
2. The Kaiser Family website: www.statehealthfacts.org/cgi-bin/healthfacts.cgi?
3. The percentage change in people by coverage type between 2000 and 2003 is statistically significant at the .10 level. Source: Kaiser Family Foundation
4. Family is defined here in terms of "health insurance units"—i.e., groups of related persons whose combined income would be counted in determining Medicaid eligibility in most states, which is similar to persons who would be able to jointly purchase private insurance. For more detail on coverage groups, see "Methodology" at www.statehealthfacts.kff.org/methodology.
5. The BRFSS survey can be found at www.in.gov/isdh/dataandstats/brfss/2002/toc.htm

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

Who Owns Hoosier Businesses?

There are more than 400,000 firms doing business in Indiana (see **Table 1**). The basic demographics of the owners of those firms will be highlighted in this article based on the *Survey of Business Owners* recently released by the Census Bureau.

Out of 433,968 firms surveyed as doing business in Indiana, one-fourth of those (109,811) have paid employees and generated sales and receipts in 2002 of \$482 billion. The remaining firms do business as sole proprietors or have relatives or friends working for the business but not being paid—or at least not in such a way that it is reported via the standard W-2 forms required for tax purposes. Firms with no paid employees generated sales and receipts of \$12 billion (see **Table 2**).

- Most Indiana firms (75 percent) have no paid employees.
- Most sales and receipts (97 percent) are generated by firms with paid employees.
- Men own 56.3 percent of all Indiana firms.
- Most Indiana firms are owned by whites (92 percent, compared to 87 percent nationally).

- Five out of six African American-owned firms have no employees.
- Four out of five women-owned firms have no employees.
- Three out of five Asian-owned firms have no employees.

Many readers may be dismayed that the reference year of this survey is 2002. However, it is the best available public data we have that helps us understand business owner demographics and helps put hard figures behind some of the assumptions we may have about who owns our businesses in Indiana.

—Carol O. Rogers, Executive Editor, Indiana Business Research Center, Kelley School of Business, Indiana University

Survey of Business Owners (SBO)

The SBO is used by economic policymakers in federal, state and local governments to help understand business success and failure by comparing changes in business performance between censuses. For example, the number of firms in Indiana grew 5 percent from 1997 to 2002, and sales and receipts increased by 19 percent. Additional information regarding this survey is available at www.census.gov/csd/sbo.

TABLE 2: INDIANA FIRMS WITHOUT EMPLOYEES, 2002

Type of Ownership	Number of Firms	Percent of all Firms in the Category	Sales and Receipts (Thousands)
Total without Employees	324,157	74.7	\$12,062,727
Female	102,650	86.3	\$2,042,909
Male	174,868	71.6	\$7,698,915
Equally Male-/Female-Owned	42,738	74.3	\$1,805,688
White	302,789	75.8	\$11,117,888
Black	12,656	90.0	\$230,013
American Indian and Alaska Native	1,679	85.1	\$52,078
Asian	3,766	61.9	\$158,278
Hispanic	4,594	83.7	\$144,077
Non-Hispanic	315,661	76.0	\$11,403,435

Source: U.S. Census Bureau, Survey of Business Owners

TABLE 1: FIRMS IN THE UNITED STATES AND INDIANA BY GENDER AND RACE, 2002

Type of Ownership	United States				Indiana			
	Firms		Sales and Receipts		Firms		Sales and Receipts	
	Total	Percent	Total (Thousands)	Percent	Total	Percent	Total (Thousands)	Percent
Total	22,977,164	100	\$22,634,870,406	100	433,968	100	\$482,878,819	100
Female	6,492,795	28.3	\$950,600,079	4.2	118,950	27.4	\$16,637,887	3.4
Male	13,185,703	57.4	\$7,096,465,049	31.4	244,182	56.3	\$152,135,541	31.5
Equally Male-/Female-Owned	2,691,722	11.7	\$731,051,431	3.2	57,546	13.3	\$13,277,788	2.7
White	19,894,823	86.6	\$8,303,716,399	36.7	399,277	92.0	\$177,433,613	36.7
Black	1,197,988	5.2	\$92,681,562	0.4	14,062	3.2	\$1,688,712	0.3
American Indian, Alaska Native	206,125	0.9	\$26,395,707	0.1	1,974	0.5	\$288,461	0.1
Asian	1,105,329	4.8	\$343,321,501	1.5	6,088	1.4	\$2,629,211	0.5
Native Hawaiian/Other Pacific Islander	32,299	0.1	\$5,220,795	0.0	127	0.0	\$85,513	0.0
Hispanic	1,574,159	6.9	\$226,468,398	1.0	5,487	1.3	\$796,645	0.2
Non-Hispanic	20,796,061	90.5	\$8,551,648,161	37.8	415,190	95.7	\$181,254,571	37.5
Publicly-Held, Foreign-Owned, and Nonprofit	491,715	2.1	\$13,790,327,139	60.9	11,122	2.6	\$298,166,909	61.7

Source: U.S. Census Bureau, Survey of Business Owners

The Confluence of Change: 2005 Labor Force Estimates

In June, Indiana submitted revised estimates for January through May 2005 to the Bureau of Labor Statistics. These figures replaced earlier monthly estimates, reflecting the latest iteration of the 2004 benchmarked estimates and correcting some errors resulting from faulty ratios used as inputs. These labor force estimates, along with earlier, preliminary estimates for 2005, implemented a variety of changes discussed below, all designed to improve the quality and accuracy of our monthly estimates and of the re-estimated data for prior years.

“Normal” Benchmarking Revisions

In a normal year, the benchmarking process takes updated information into account, including such items as monthly claims data received after the estimates were completed and updated estimates of nonfarm employment from the Current Employment Statistics program that include six months of universe employment data. These updated data inputs generally create some revisions to the previously published monthly data in and of themselves.

Geographical Change

Effective with the 2005 estimates, the Local Area Unemployment Statistics (LAUS) program adopted changes to the composition of Indiana’s metropolitan statistical areas (metros) that were announced by the Office of Management and Budget in the summer of 2003. Three new metros were introduced—Anderson, Columbus and Michigan City—and most others had changes to the counties which compose them, either adding or dropping one or more counties. Historical data for the revised metro definitions, incorporating

the new modeling software and population controls discussed below will be available back to 2000 once all the benchmarking is complete.

Software Change

A third generation of the LAUS modeling software was introduced for 2005, after a period of dual estimation during 2004. This new software, while continuing the use of most state-specific inputs, allows for “real-time” benchmarking using employment and unemployment estimates from the national Current Population Survey (CPS). The monthly state estimates will be adjusted to census region totals derived from the national estimates, which use the CPS (a detailed, monthly telephone survey of participant households’ work or job-search activities) as their methodology. Individual state portions of the CPS survey results are inadequate to use as a single source in estimating the labor force; however, state CPS data are used as one component for monthly estimation in both the old and new models. This improvement to methodology is expected to result in smaller revisions to monthly state estimates.

Population Controls Change

Estimates for 2005 (and benchmarked estimates for 2000 to 2004) reflect a change to 2000 as the base year in defining the population for the state, metros, counties and cities. The population and the ratio of employment to population derived from the census are key inputs in monthly estimate processing. Census data from 1990, supplemented by interim estimates, were used as inputs from 1995 to 2004.

—Vicki Seegert, Manager, Advanced Economic and Market Analysis Group, Indiana Department of Workforce Development

Indianapolis: A Tale of Two Cities (or at Least Two City Estimates)

The Indiana Department of Workforce Development has been producing two estimates for Indianapolis for years: one for the consolidated city and one for the remainder. Clermont, Crows Nest, Cumberland, Homecroft, Meridian Hills, North Crows Nest, Rocky Ripple, Spring Hill, Warren Park, Williams Creek and Wynnedale each has its own boundaries for geocoding purposes, apart from the core city of Indianapolis, and its own population estimates from each census. The labor force estimates previously published by the department were for the core city of Indianapolis only. Beginning with our June estimates, however, the Department of Workforce Development started publishing both the core and the consolidated city estimates regularly. The Indianapolis (core) city figures will be consistent in scope (although not methodology) with previously published estimates for Indianapolis. The additional data series is being provided as a convenience for our users who wish to use the more comprehensive definition of the city. Please contact the Research and Analysis group of the Department of Workforce Development with any questions.

Note: Estimates for both the core and the consolidated city have been generated and supplied on a monthly basis to the Bureau of Labor Statistics, and are available at <http://data.bls.gov/PDO/outside.jsp?survey=la>.

Inside the Data Center

American Housing Survey

According to the Census Bureau's *American Housing Survey for the Indianapolis Metropolitan Area 2004*, housing and neighborhood quality data for all housing units show that, since 1996, housing and neighborhood quality have declined slightly.

The number of housing units is up from 640,800 in 1996 to 744,900 in 2004, a 16.2 percent increase. The percent of owner-occupied homes increased slightly from 62.2 to 63.1 percent while rentership declined from 30.2 to 25.2 percent. Overall, the vacancy rate increased from 7.4 to 11.6 percent.

With regard to selected deficiencies of housing units, the number of homes with holes in the floors or with open cracks or holes in the interior increased slightly. The number of homes with broken plaster or peeling paint declined, as did the number of those with exposed electrical wiring.

There was a sharp increase in the number of houses with one or more vandalized buildings or buildings with an exposed interior within 300 feet, as well as a modest increase in buildings within 300 feet that have bars on the windows.

TABLE 1: AMERICAN HOUSING SURVEY, 1996 TO 2004

Indianapolis Metropolitan Statistical Area	1996		2004	
	Housing Units (Thousands)	Percent	Housing units (Thousands)	Percent
Total Housing Units	640.8	100	744.9	100
Owner Occupied	398.3	62.2	469.8	63.1
Renter Occupied	193.6	30.2	187.9	25.2
Vacant	47.3	7.4	86.1	11.6
Holes in Floors	6.6	1.0	8.0	1.1
Open Cracks or Holes	34.5	5.4	42.6	5.7
Broken Plaster or Peeling Paint	26.2	4.1	18.8	2.5
Exposed Wiring	12.2	1.9	3.8	0.5
Other Buildings Vandalized or with Interior Exposed within 300 feet	14.2	2.2	54.7	7.3
Bars on Windows of Buildings within 300 feet	9.4	1.5	18.3	2.5
Streets Need Minor Repairs	196.3	30.6	262.6	35.3
Streets Need Major Repairs	13	2.0	45.3	6.1
Minor Accumulation of Trash within 300 feet	135.1	21.1	47.2	6.3
Major Accumulation of Trash within 300 feet	12.7	2.0	21.4	2.9

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

TABLE 2: TOP FIVE SMALL AND DIVERSITY-OWNED BUSINESSES, 2004

Rank	Top Small Businesses	City	Top Diversity Owned Businesses	City
1	Telamon Corporation	Carmel	Telamon Corporation	Carmel
2	Freight Masters Systems, Inc.	Indianapolis	Freight Masters Systems, Inc.	Indianapolis
3	Reynolds Farm Equipment	Fishers	Powers & Sons Construction Co., Inc.	Gary
4	Galbreath Incorporated	Winamac	Fox Contractors Corp.	Fort Wayne
5	Powers & Sons Construction Co., Inc.	Gary	MSW, LLC	Indianapolis

Source: DiversityBusiness.com

Results for street conditions were mixed. The need for both minor and major repairs increased. Reports of minor accumulations of trash, litter or junk on streets or property declined drastically, while there was a slight increase in the report of major accumulations of trash, litter or junk (see **Table 1**).

To access the full report (as well as the 1996 report), visit the American Housing Survey Web page at www.census.gov/prod/www/abs/h170sma.html.

Indiana Business Diversity

DiversityBusiness.com, a leading multicultural business resource portal that links large organizational buyers and multicultural business owners, publishes an annual list of the nation's top diversity-owned and small businesses. Minority- and women-owned business and small-business owners vote for the companies they believe provide the best support to the diversity business community.

Table 2 shows the top five Indiana businesses for 2004 in each category. The complete list is available at www.diversitybusiness.com/Resources/DivLists/2004/.

ACS Online Guide

The Census Bureau has released an online guide about the newest data products, including the first in a series of analytic reports that are being introduced starting with the August 30th data release for the 2004 American Community Survey (ACS). The guide is aimed at both experienced ACS data users and those new to the ACS, including tools to help data users quickly locate the geographic areas in a state for which 2004 ACS estimates will be published, locate and compare the changes between the new base table(s) (also known as detailed tables) and base tables from past years, and locate all the base tables for a specific topic.

For each new base table, there is also a link to the table layout so the user can see exactly how the table will appear in American FactFinder.

In addition to the tools, there are several useful documents that should be of interest to both new and experienced ACS data users. These documents are in a hyperlink list on the main page of the 2004 Guide to the new ACS Data Products and may be found at www.census.gov/acs/www/Products/users_guide/index.htm.

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

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(continued from page 2)

Carrying Their Jobs in Their Saddlebags?

The good news for Indiana's employers is that a sizeable number of the retiring boomers may not need to be replaced. Technology advances (in robotics, improved software products, etc.) and greater efficiencies will allow many businesses to continue operations with fewer employees in the future. Many of the industries and occupations most affected by the departure of the boomers are already considered declining in terms of their projected need for workers through 2012.

Another possibility is that the boomers will take their jobs with them by working as consultants for their former employers or continuing in a job-sharing mode, in order to supplement retirement income or retain partial benefits. Labor force participation has already increased over past experience for older workers. All age groups 45 years and older have higher participation rates today than in 1990, and all are projected to increase participation in the future. Studies have shown that the boomers, particularly those born after 1956, are less inclined to sacrifice consumer products and luxuries in retirement than was the case for the previous generation. This inclination drives them to keep working in some capacity. This tendency becomes even more likely if the intervening years bring changes to Social Security or Medicare that encourage longer workforce participation.

Notes

1. Projections of the labor force from 2000 to 2030 were created by the Research and Analysis Department of the Indiana Department of Workforce Development. The projections were developed using U.S. Census Bureau population projections, U.S. Bureau of Labor Statistics labor force participation rate projections and the Indiana Department of Workforce Development's Advanced Economic and Market Analysis Group labor force participation rate projections.
2. Local Economic Dynamics program (LED) was created by a partnership between state labor market information agencies and the Census Bureau. It is designed to develop new information about local labor market conditions. More information is available at <http://lehd.dsd.census.gov/led/led/led.html>.
3. Indiana's Industry and Occupational Projections 2002–2012 were produced by the Research and Analysis Department of the Indiana Department of Workforce Development.

—Charlie Baer, Terry Brown, and Jon Wright, *Labor Market Analysts, Research and Analysis Department, Advanced Economic and Market Analysis Group, Indiana Department of Workforce Development*

Digital Connections

IN Context

Current workforce and economic news with searchable archives.

www.incontext.indiana.edu

STATS Indiana

Award-winning economic and demographic site provides thousands of current indicators for Indiana and its communities in a national context.

www.stats.indiana.edu

Indiana Economic Digest

The news behind the numbers, the Digest is a unique partnership with daily newspapers throughout Indiana providing access to daily news reports on business and economic events.

www.indianaeconomicdigest.net

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