2007 INDIANA ECONOMIC ANALYSIS REPORT

INDIANA WORKFORCE DEVELOPMENT
AND ITS WorkOne CENTERS

September 2008

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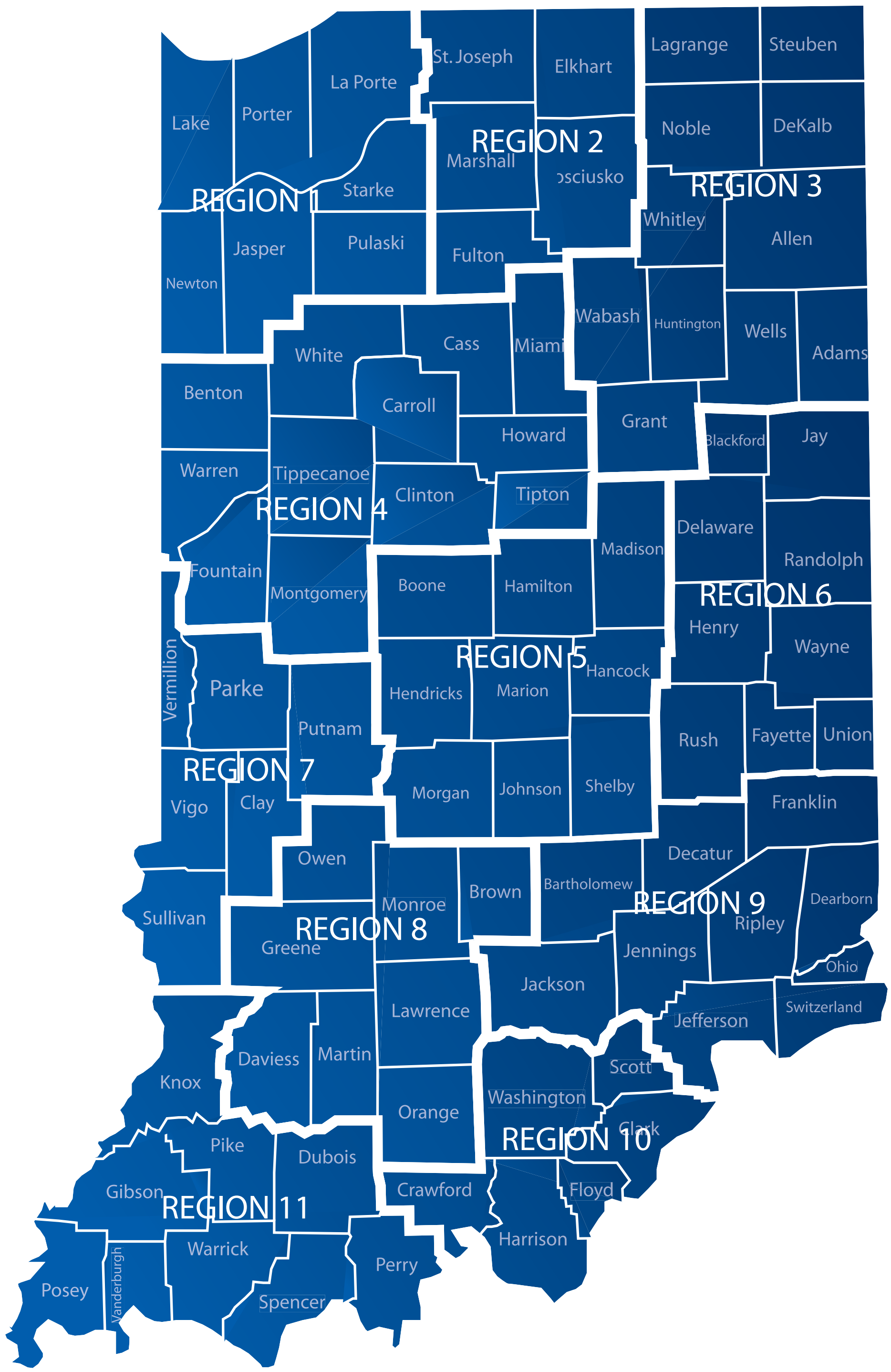
IDWD Economic Growth Regions(EGRs)



2007 Indiana Research and Analysis Quick Facts

INDIANA EMPLOYMENT, FIRMS, AND WAGES BY INDUSTRY 2007

Industries	Units	Total Annual Wages (in billions)	Average Employment	Average Annual Wage
Total	158,834	$109.0	2,905,365	$37,529
Manufacturing	9,096	$28.1	550,158	$51,144
Health Care and Social Assistance	12,389	$13.7	360,816	$38,040
Retail Trade	20,767	$7.4	328,442	$22,578
Educational Services	2,883	$8.6	246,526	$34,913
Accommodation and Food Services	11,742	$3.0	242,193	$12,456
Administrative and Waste Services	8,106	$4.1	164,903	$24,951
Construction	17,428	$6.8	151,202	$44,749
Transportation and Warehousing	6,209	$5.1	131,243	$38,916
Public Administration	2,992	$4.9	129,804	$37,838
Wholesale Trade	13,726	$6.4	125,393	$51,428

*table includes the top 10 industries based on average employment
Source: IDWD, Quarterly Census of Employment and Wages (QCEW)

INDIANA LABOR FORCE AND UNEMPLOYMENT (N.S.A), 1990 - 2007

Year	Labor Force	Employment	Unemployment	Unemployment Rate
1990	2,830,551	2,688,858	141,693	5.0
1992	2,877,772	2,703,403	174,369	6.1
1994	3,049,880	2,911,781	138,099	4.5
1996	3,102,990	2,982,750	120,240	3.9
1998	3,124,509	3,033,444	91,065	2.9
2000	3,144,379	3,052,719	91,660	2.9
2001	3,152,135	3,020,985	131,150	4.2
2002	3,165,768	3,002,515	163,253	5.2
2003	3,180,279	3,011,436	168,843	5.3
2004	3,185,893	3,017,271	168,622	5.3
2005	3,227,444	3,054,803	172,641	5.3
2006	3,232,715	3,073,006	159,709	4.9
2007	3,211,461	3,065,590	145,871	4.5

Source: IDWD, Local Area Unemployment Statistics (LAUS)

INDIANA ECONOMIC GROWTH REGIONS (EGRs), LABOR FORCE AND UNEMPLOYMENT(N.S.A.), 2007

EGR	Labor Force	Employment	Unemployment	Unemployment Rate
EGR 1	400,949	381,457	19,492	4.9
EGR 2	308,842	294,315	14,527	4.7
EGR 3	376,109	357,565	18,544	4.9
EGR 4	238,134	227,571	10,563	4.4
EGR 5	930,914	892,684	38,230	4.1
EGR 6	166,694	157,736	8,958	5.4
EGR 7	105,590	99,966	5,624	5.3
EGR 8	156,342	149,511	6,831	4.4
EGR 9	164,532	157,245	7,287	4.4
EGR 10	143,431	136,977	6,454	4.5
EGR 11	219,927	210,564	9,363	4.3

Source: IDWD, Local Area Unemployment Statistics (LAUS)

INDIANA PROJECTED JOB GROWTH 2006 - 2016

Industries	Annual Average Growth	Growth Rate
Total	22,906	0.8%
Health Care and Social Assistance	7,482	2.1%
Administrative and Support and Waste Management and Remediation Services	4,025	2.5%
Educational Services	2,806	1.2%
Accommodation and Food Services	2,629	1.1%
Professional, Scientific, and Technical Services	2,356	2.5%
Transportation and Warehousing	1,826	1.5%
Wholesale Trade	1,265	1.0%
Construction	1,089	0.7%
Gov, Except Postal, Education and Hospitals	814	0.5%
Arts, Entertainment, and Recreation	798	1.9%
Wholesale Trade	614	0.5%

*table includes the top 10 industries based on annual average growth
Source: IDWD, Advanced Economic and Market Analysis (AEMA)

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Summary

The Year in Review: Indiana

In 2007, the industries of Health and Social Assistance, Professional and Technical Services, Administrative and Waste Services, and Accommodation and Food Services all had considerable employment gains in comparison to the previous year. Average weekly wages for 2007 had employment significant percentage increases for the Mining, Real Estate and Leasing, and Wholesale Trade sectors. Within the realm of Indiana education, the percentage of Indiana students passing the ISTEP test increased for the 2007-08 school year in comparison to the previous school year. The annual average non-seasonally adjusted unemployment rate for Indiana dropped below the national average in 2007. In addition, in 2007 nearly half of the ninety-two Indiana counties had non-seasonally adjusted unemployment rates lower than the annual non-seasonally adjusted rates of the U.S. The number of mass layoff events also dropped in 2007, a continuation of the steady decrease since the 2005 calendar year. Homeownership rates have continued to remain above the rates of the Midwest region in 2007. However, the national housing crisis has affected Indiana's number of authorized housing permits as numbers have fallen for the second straight year.

Employment and Income

Indiana experienced some significant employment gains during the 2002 – 2007 time period. The Health Care and Social Assistance sector saw dramatic employment increases due to the continued additions of new hospitals and expanded services. Another sector with sizable employment gains within the last five years was Professional and Technical Services. The top 3 industries by employment for nine out of eleven Economic Growth Regions (EGRs) are Manufacturing, Health Care, and Retail Trade. The fourth listed industry represented in the top 3 for the remaining two EGRs was that of Educational Services. Despite the hits the manufacturing industry has taken over the last five years, it is still a very strong aspect of Indiana's economy, and it is also still just as vital to the nation as well. Location quotients (LQs) for 2006 shows that out of the top ten LQs calculated for Indiana (statewide) for jobs with a U.S. base, the highest seven LQs are all within the manufacturing sector. The highest average weekly wage percentage increases from 2002 to 2007 were within the Mining, Real Estate Rental and Leasing, and Wholesale Trade sectors. Indiana led all of its bordering states from 2002 to 2006 in the total dollar increase for gross revenue of farm income.

Education

Educational attainment is on the rise in Indiana with significant gains in both categories of associate and bachelors or above degree programs. Most Indiana high school graduates intend to seek a post high school education. Significant to these post graduation intentions, the percentage of Hoosier students that have been passing the ISTEP test each school year is also on the rise.

Workforce Transition

Indiana's unemployment rates rose in 2001, but still remained below the U.S. average until 2005. However, in 2006, the annual rates dropped for the first time since 2001 and then continued to improve as Indiana's rate fell below the national average in 2007. Out of the ninety-two Indiana counties in 2007, thirty-eight counties had annual average non-seasonally adjusted unemployment rates lower than the state rate of 4.5, while seven counties had rates higher than the state rate, but lower than the U.S. rate of 4.6. In 2007, Indiana had the lowest number of annual mass layoff events since the year 2000.

Occupations

According to Indiana's 2006 – 2016 occupational projections, some of the occupations expected to see the most total growth in new jobs include Registered Nurses, Retail Salespersons, and Truck Drivers, Heavy and Tractor – Trailer. Some significant occupations in regards to employment that also have high growth rates include Registered Nurses and Computer Software Engineers.

Workforce and Industry Composition

Several sub sectors of the manufacturing industry in Indiana show substantial representation by female workers. In 2006, eight manufacturing sub sectors had female employment of at least 40% or more. Indiana's labor force is well represented by the 25-34 age group. The Professional, Scientific, and Technical Services, Administrative Support/Waste Management, and Construction sectors are all composed of significant percentages of those between the ages of 25 and 34. The composition of minorities in the workforce has increased by 12% since 2000. Those of Hispanic origin experienced one of the largest increases with a jump of 39% in the workforce from 2000 to 2006.

Housing

From 2002 to 2007, Indiana has maintained a higher percentage of homeownership in comparison to the Midwest as a whole. In 2007, the state logged a rate of 73.8% for Hoosier homeowners compared to 71.9% for the Midwest. The U.S. housing crisis has impacted home building in Indiana over the past two years as total privately owned housing permits authorized have dropped.

Indiana Flood of 2008

One of the most significant events of 2008 was that of the flooding that hit Indiana due to torrential rains in the month of June. Many parts of the state were impacted by this through interstate road closures, temporary business closures, and home evacuations. As many as twenty-nine counties were declared disaster areas by the federal government.

Section 1 – Employment and Income

Employment

According to the Indiana Quarterly Census of Employment and Wages (QCEW)program, from 2002 – 2007, Indiana has experienced some significant employment shifts in several different industry sectors (Table 1). Industry sectors are different industry groups labeled with codes by the North American Industry Classification System (NAICS). A more in depth look into the industry sectors uncovers some of the sub sector causes of the more dramatic increases and decreases.

Table 1

INDIANA AVERAGE ANNUAL EMPLOYMENT BY INDUSTRY (2002 and 2007)

	2002	2007	% Change
Agriculture, Forestry, Fishing, and Hunting	11,782	12,514	6.14%
Mining	6,759	6,649	-1.63%
Construction	145,847	151,231	3.62%
Manufacturing	588,731	550,157	-6.59%
Utilities	16,194	16,396	1.34%
Wholesale Trade	120,149	125,398	4.36%
Retail Trade	341,002	328,418	-3.67%
Transportation and Warehousing	123,013	131,258	6.91%
Information	49,246	47,087	-4.35%
Finance and Insurance	103,018	99,956	-2.97%
Real Estate and Rental and Leasing	36,633	36,934	0.78%
Professional and Technical Services	86,188	97,773	13.45%
Management of Companies and Enterprises	26,495	28,272	6.75%
Administrative and Waste Services	141,583	164,898	16.48%
Educational Services	227,197	246,500	8.79%
Health Care and Social Assistance	326,409	360,842	10.58%
Arts, Entertainment, and Recreation	44,700	44,114	-1.32%
Accommodation and Food Services	226,212	242,385	7.04%
Other Services	84,281	84,444	0.16%
Public Administration	126,487	129,806	2.64%

Source: IDWD, Quarterly Census of Employment and Wages (QCEW)

Agriculture, Forestry, Fishing, and Hunting

Employment in this sector increased from 11,782 to 12,514 from 2002 to 2007. The Animal Production sub sector was the main contributor to this growth with an increase of 656, a 14.96% growth rate.

Mining

Employment in the Mining sector has dropped slightly for this time period for a 1.63% decrease. Among the three sub sectors, The Mining (Except Oil and Gas) sub sector was the prime factor with a loss of 174 employees from 2002 to 2007. The first significant drop in this sector occurred between 2002 and 2003 with a loss of 175 workers which was also attributed to the Mining (Except Oil and Gas) subsector which lost 172 employees.

Construction

The Construction sector experienced moderate gains by increasing from 145,847 to 151,231, a 3.69% growth rate. The Specialty Trade Contractors sub sector was the main contributor to this growth with an employment jump of 3,338 from 2002 to 2007.

Manufacturing

From 2002 to 2007, Manufacturing employment dropped from 588,731 to 550,157. That decrease of 38,574 workers represents a decline of 6.55%. Manufacturing is made up of 21 sub sectors. Out of these 21 manufacturing sub sectors, eight experienced employment gains from 2002 to 2007. They were: Food Manufacturing (4.63%), Beverage and Tobacco Product Manufacturing (24.70%), Textile Mills (15.05%), Textile Product Mills (5.07%), Apparel Manufacturing (27.94%), Leather and Allied Product Manufacturing (13.06%), Petroleum and Coal Products Manufacturing (7.26%), and Miscellaneous Manufacturing (7.74%). Of those recording a loss over the period, the highest numeric loss was in Primary Metal Manufacturing with a decline of 9,527 (-17.23%). The highest percentage loss came in Electrical Equipment, Appliance, and Component Manufacturing at -34.85% (5,903). The lowest percentage loss came in Furniture and Related Product Manufacturing at -1.68% (461).

Utilities

The Utilities sector has shown slight growth from 2002 to 2007 with an increase of 202, a 1.25% growth rate.

Wholesale Trade

The Wholesale Trade sector increased by 5,249 workers from 2002 to 2007, a 4.37% growth rate. The most significant numeric gains took place within the Merchant Wholesalers, Durable Goods sub sector with an increase of 3,428, a growth of 4.61%.

Retail Trade

Since 2002, Retail Trade has experienced a downward trend. Out of the 12 sub sectors, 8 of them dropped in employment from 2002 through 2007. The largest numeric decrease occurred in the sub sector of Food and Beverage Stores with an employment drop of 5,137, a 9.40% decrease. The sub sector with the largest numeric increase was in Clothing and

Clothing Accessories Stores which rose by 3,016 workers, a 13.73% growth rate. The largest drop within this time period occurred between the years of 2002 to 2003. From 2002 to 2003, employment fell from 341,002 to 335,274 workers, a 16.80% decrease. Much of this loss can be attributed to the Food and Beverage Stores subsector (-3.45%) and the General Merchandise stores subsector (-1.80%).69% growth rate.

Transportation and Warehousing

Employment in this sector increased from 2002 to 2007 by 8,245 workers, a 6.70 % growth rate. The largest numeric increase occurred in the sub sector of Truck Transportation which rose by 5,256 workers, a 10.86% increase. The sub sector of Warehousing and Storage also had significant gains during this time period with an increase of 4,976. The industry that experienced the largest numeric decrease was in Air Transportation with a loss of 1,529 workers.

Information

The Information sector experienced a steady decline since 2002. Overall, this sector dropped by 2,159 for a 4.38% decrease. The largest percentage decrease was in the sub sector of Broadcasting at -8.84%. However, the miscellaneous sub sector of Other Information Services experienced a gain from 2002 to 2007 with a growth rate of 9.74%. Examining this time period even further, the most significant loss occurred from 2002 to 2003 which experienced a drop of 1,624 workers, a 3.30% decrease. From 2006 to 2007, the Information sector increased by of 336 workers.

Finance and Insurance

The Finance and Insurance sector experienced a moderate decrease from 2002 to 2007 with a drop of 2.97%. The most notable numeric loss occurred in the sub sector of Credit Intermediation and Related Activities which dropped by 1,964 workers. However, the largest percentage growth took place in the sub sector of Securities, Commodity Contracts, and Investments with an increase of 13.19%. From 2003 to 2004, employment dropped by 2,109, a 2.02% decrease. The sub sector of Insurance Carriers and Related Activities was the main contributor with a drop of 1,520 workers.

Real Estate and Rental and Leasing

The Real Estate and Rental and Leasing sector rose by 301 employees from 2002 to 2007, a mere .82% increase. Two out of the three sub sectors within this industry experienced modest gains. The sub sectors of Real Estate and Rental and Leasing Services both had rates of 2.98%.

Professional and Technical Services

The Professional and Technical Services sector rose 13.44%, increasing by 11,585 employees from 2002 to 2007. Three specific industry groups led the growth with an increase of 3,275 in Architectural and Engineering Services, 3,080 in Management and Technical Consulting Services, and 2,973 in Computer Systems Design and Related Services.

Management of Companies and Enterprises

This sector grew by 1,777 workers from 2002 to 2007, a 6.71% growth rate. The most significant gains occurred between 2006 and 2007 with a percentage increase of 5.88%.

Administrative and Waste Services

Employment rose 23,315 from 2002 to 2007 in this sector, resulting in a significant 16.47% increase. Virtually all of the growth was in the Administrative and Support Services sub sector which rose at the rate of 16.90% gaining 22,822 employees. The industry of Employment Services made up the largest portion of the 16.47% growth rate with an employment growth percentage of 24.54% from 2002 to 2007.

Educational Services

The Educational Services sector has increased by 19,329 to 246,500, an 8.50% growth rate. The largest numerical increase within the sector was in Elementary and Secondary Schools which gained 10,611 workers for a 6.99% increase. Also contributing to the sector's growth numerically was the Colleges, Universities, and Professional Schools sub sector adding 4,565 employees from 2002 to 2007. Two of the largest percentage increases were in the Business Schools and Computer and Management Training sub sector, and the Other Schools and Instruction sub sector at 33.81% and 28.23% respectively.

Health Care and Social Assistance

The Health Care and Social Assistance sector grew by 34,433 workers since 2002, a 10.55% gain. The sub sector of Ambulatory Health Care Services made up the largest portion of the gain with an increase of 15,985, a 16.64% growth rate.

Arts, Entertainment, and Recreation

This sector dropped slightly from 2002 to 2007 with a 1.31% decrease. The Amusements, Gambling, and Recreation industry went from an initial 34,135 in 2002 to 33,772 in 2007, a 1.06% drop. From 2002 to 2003, the Arts, Entertainment, and Recreation sector rose from 44,700 to 45,536 employees, an 18.70% increase. The most significant drop occurred from 2004 to 2005 with employment going from 45,316 to 44,676, a 14.12% decrease. This decrease was attributed to a loss of 624 workers in the Amusements, Gambling, and Recreation sub sector.

Accommodation and Food Services

The Accommodation and Food Services sector climbed from an initial 226,212 in 2002 to 242,385 in 2007, a 7.15% growth rate. The Food Services and Drinking Places sub sector made up the majority of the gain at 16,023, a 7.85% increase.

Other Services

Included in the Other Services sector are the sub sectors of: Repair and Maintenance, Personal and Laundry Services, Member Associations and Organizations, and Private Households. This sector increased by 163 workers during this time period, a mere .19% increase.

The Repair and Maintenance sub sector had the largest numeric gain of the four sub sectors within this industry with an increase of 1,177 from 2002 to 2007.

Public Administration

The Public Administration sector grew by 3,319 employees over the 2002 – 2007 time period representing a 2.62% growth rate. Of the eight existing sub sectors within Public Administration, the sub sector of Executive, Legislative, and Other General Government Support experienced the most gains with an increase of 3,341 employees for a 4.25% increase.

The following map exhibits the top 3 industries for each Economic Growth Region (EGR) based on employment. Also represented are job densities for each region.

Top Industries by Regional Employment, 2007

Rank

- ☆ First
- ○ Second
- ○ Third

Industry

- Educational Services
- Health Care & Social Assistance
- Manufacturing
- Retail Trade

EGR 1
Manufacturing: 49,661
Health Care: 44,757
Retail Trade: 41,381

EGR 2
Manufacturing: 103,339
Health Care: 31,875
Retail Trade: 30,845

EGR 3
Manufacturing: 84,329
Health Care: 45,247
Retail Trade: 36,264

EGR 4
Manufacturing: 53,343
Educational Services: 24,861
Retail Trade: 22,858

EGR 5
Health Care: 109,566
Manufacturing: 98,660
Retail Trade: 97,227

EGR 6
Manufacturing: 25,264
Health Care: 20,782
Retail Trade: 15,772

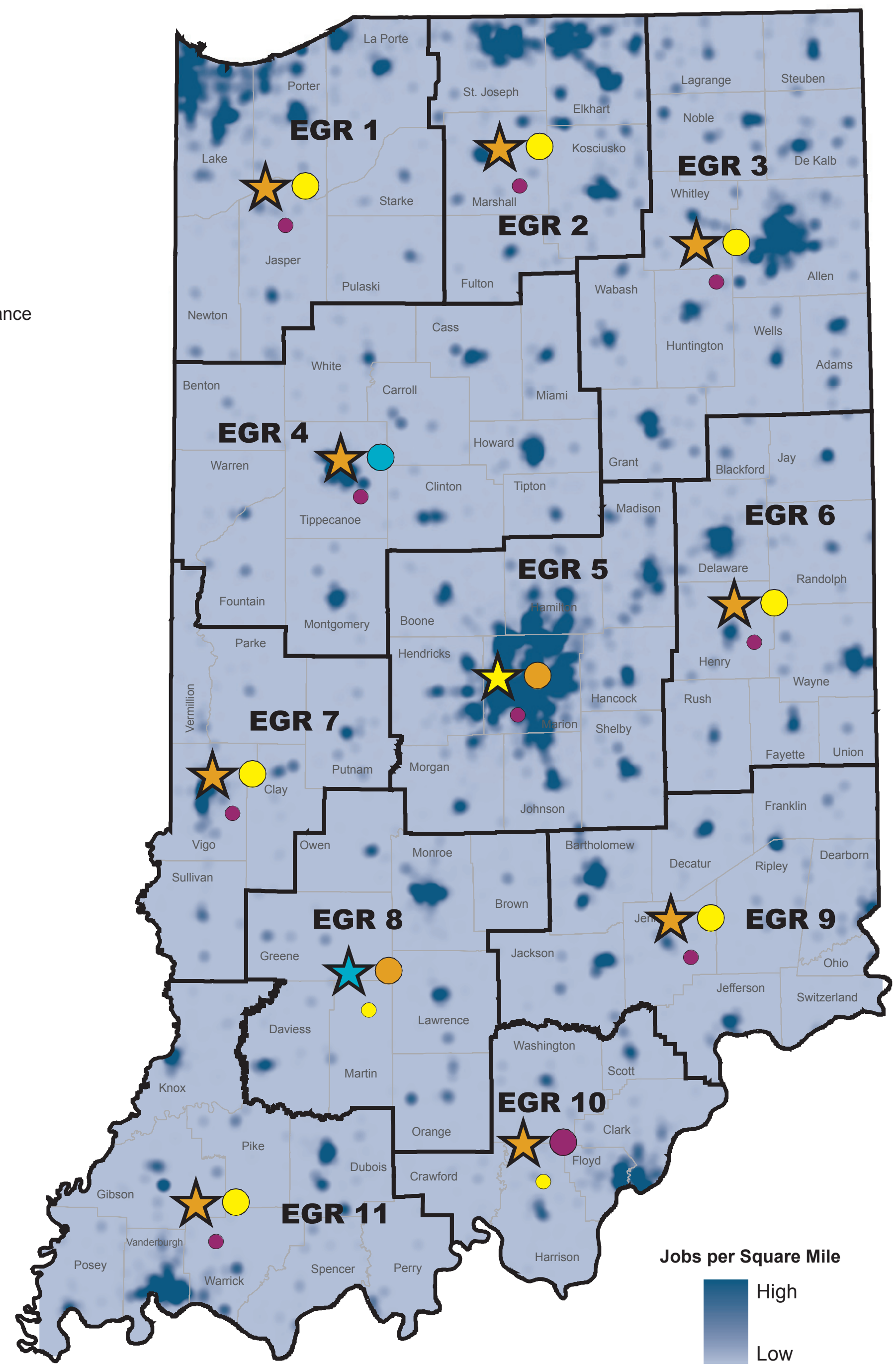
EGR 7
Manufacturing: 15,352
Health Care: 11,460
Retail Trade: 10,702

EGR 8
Educational Service: 18,486
Manufacturing: 17,493
Health Care: 13,941

EGR 9
Manufacturing: 38,058
Health Care: 14,728
Retail Trade: 14,218

EGR 10
Manufacturing: 20,393
Retail Trade: 13,762
Health Care: 12,133

EGR 11
Manufacturing: 43,561
Health Care: 28,187
Retail Trade: 23,160



Job Concentration: block-level QCEW data; Top Industries: regional QCEW data.
Indiana Business Research Center, July 2008

www.in.gov/dwd

Location Quotients

The Bureau of Labor Statistics defines a location quotient as the ratio that compares the concentration of a resource or activity, such as employment, in a defined area to that of a larger base. Location quotients are very important for identifying an area's employment strengths and weaknesses. In Table 2 below, Indiana industry sector location quotients have been calculated for jobs with a U.S. base.

Table 2

INDIANA INDUSTRY SECTOR LOCATION QUOTIENTS

NAICS	INDUSTRY	JOBS LQ (U.S. Base)	Jobs LQ (Indiana Base)
11	Agriculture, Forestry, Fishing, and Hunting	0.48	5.14
21	Mining	0.48	3.80
22	Utilities	1.22	2.57
23	Construction	0.90	3.68
31-33	Manufacturing	1.81	2.63
42	Wholesale Trade	0.95	2.58
44-45	Retail Trade	0.97	2.74
48-49	Transportation and Warehousing	1.18	1.87
51	Information	0.59	1.76
52	Finance and Insurance	0.75	3.24
53	Real Estate and Rental and Leasing	0.77	2.72
54	Professional and Technical Services	0.57	2.36
55	Management of Companies and Enterprises	0.68	2.63
56	Administrative and Waste Services	0.87	2.54
61	Educational Services	0.86	2.09
62	Health Care and Social Assistance	0.98	2.37
71	Arts, Entertainment, and Recreation	1.03	2.08
72	Accommodation and Food Services	0.97	1.71
81	Other Services	0.87	6.15

Source: U.S. Bureau of Labor Statistics(BLS)

Location quotients identify export and import industries in an area. An export industry is an industry that produces more of a good or service than is needed to meet area demand. An import industry is an industry that produces less than enough of a good or service to meet area demand.

A location quotient greater than 1.0 has proportionately more workers than the larger comparison area (or base) and therefore suggests that more of a product is being produced than can be consumed by the area residents. Consequently, an LQ greater than 1.0 is considered to be an exporter. A location quotient less than 1.0 has proportionately less workers than the base and this suggests that less of a product is being produced than can be consumed locally. Consequently, an LQ less than 1.0 is considered to be an importer. This can indicate an opportunity to develop certain industries in the area to meet demand.

Looking at Table 2, it is apparent that two examples of high location quotient/export industries for Indiana are the sectors of Manufacturing (1.81) and Transportation and Warehousing (1.18).

Also from Table 2, two examples of low location quotient/import industries for Indiana are the sectors of Mining (.48) and Information (.59).

Table 3

INDIANA TOP 10 INDUSTRY SUB SECTOR LOCATION QUOTIENTS

NAICS	Industry	Jobs LQ (U.S. Base)
331	Primary metal manufacturing	4.63
336	Transportation equipment manufacturing	3.52
326	Plastics and rubber products manufacturing	2.42
337	Plastics and rubber products manufacturing	2.18
339	Miscellaneous manufacturing	2.06
332	Fabricated metal product manufacturing	1.75
333	Machinery manufacturing	1.74
493	Warehousing and storage	1.69
325	Chemical manufacturing	1.67
484	Truck transportation	1.65
Source: U.S. Bureau of Labor Statistics(BLS)		

Table 3 lists the top 10 industry sub sector LQs for Indiana. Sub sectors within manufacturing dominate the list, taking eight out of the ten spots. Also of note is that Warehousing and Storage and Truck Transportation have high LQs just as their parent Sector displayed in Table 2.

Wages

Average annual/weekly wages are affected by the ratio of full-time to part-time workers as well as the number of individuals in high-paying and low-paying occupations. All twenty of Indiana's industry sectors had an increase in annual average weekly wages from 2002 to 2007 (Table 4). Some sectors experienced a more dramatic percentage change while other sectors were a little more modest in their increase. The Mining sector had the largest percentage increase with a 22.69% change from 2002 to 2007 while the Real Estate Rental and Leasing and Wholesale Trade sectors also posted high percentage increases at 22.03% and 20.76%. From an initial $829 in 2002 to $991 in 2007, the Professional and Technical Services sector rose dramatically as well for a 19.54% change. The lowest percentage increase was within the Educational Services sector at 8.25% for the five year period.

Table 4

INDIANA AVERAGE WEEKLY WAGES BY INDUSTRY (2001 AND 2006)

	2002	2007	% Change
Agriculture, Forestry, Fishing, and Hunting	$470	$538	14.47%
Mining	$899	$1,103	22.69%
Construction	$722	$861	19.25%
Manufacturing	$845	$984	16.45%
Utilities	$1,113	$1,283	15.27%
Wholesale Trade	$819	$989	20.76%
Retail Trade	$392	$434	10.71%
Transportation and Warehousing	$667	$747	11.99%
Information	$693	$815	17.60%
Finance and Insurance	$851	$1,013	19.04%
Real Estate and Rental and Leasing	$513	$626	22.03%
Professional and Technical Services	$829	$991	19.54%
Management of Companies and Enterprises	$1,187	$1,397	17.69%
Administrative and Waste Services	$412	$480	16.50%
Educational Services	$618	$669	8.25%
Health Care and Social Assistance	$628	$731	16.40%
Arts, Entertainment, and Recreation	$472	$560	18.64%
Accommodation and Food Services	$215	$240	11.63%
Other Services	$411	$478	16.30%
Public Administration	$613	$728	18.76%

Source: IDWD, Quarterly Census of Employment and Wages (QCEW)

Farm Income

According to the Bureau of Economic Analysis (BEA), total cash receipts of farm income are the value of gross revenues received from the marketing of agricultural commodities, both livestock and crops, during a given calendar year. In Table 5, total cash receipts of farm income are compared from 2002 – 2006 between Indiana and its four 'border states'.

Table 5

FARM INCOME - TOTAL CASH RECEIPTS(THOUSANDS OF DOLLARS) INDIANA AND 'BORDER STATES' COMPARISON (2002 AND 2006)

	2002	2007	Total Change	% Change
Indiana	$4,773,849	$6,040,112	$1,266,263	26.52%
Illinois	$7,468,657	$8,538,240	$1,069,583	14.32%
Michigan	$3,509,498	$4,600,865	$1,091,367	31.10%
Ohio	$4,425,087	$5,665,082	$1,239,995	28.02%
Kentucky	$3,167,560	$4,025,018	$857,458	27.07%

Source: U.S. Bureau of Economic Analysis

From 2002 to 2006, Indiana led all bordering states with an approximate $1.26 billion increase in total cash receipts. This was followed by Ohio with a $1.23 billion increase, and then Michigan with $1.09 billion in total cash receipts. Breaking these figures down into sub categories, BEA showed Indiana ranking 1st among the other border states in total increase in cash receipts for Poultry and Poultry Products at an approximate $597.2 million increase, and 2nd for Soybeans at a $1.5 billion gain.

Section 2 – Education

Educational Attainment and Population

Table 6

EDUCATIONAL ATTAINMENT, INDIANA POPULATION 25 YEARS & OVER

Year	Some college, no degree	Assoc Degree	BA/BS or Above	Population 25 Yrs & Over
2000	727,387	210,265	749,872	3,893,278
2001	739,281	244,714	789,776	3,882,504
2002	725,926	219,712	794,098	3,845,706
2003	747,449	253,224	811,771	3,863,200
2004	768,437	250,762	838,435	3,889,833
2005	789,952	276,886	840,876	3,956,723
2006	793,376	295,974	887,923	4,110,754
2000-2006	9.07%	40.76%	18.41%	5.59%

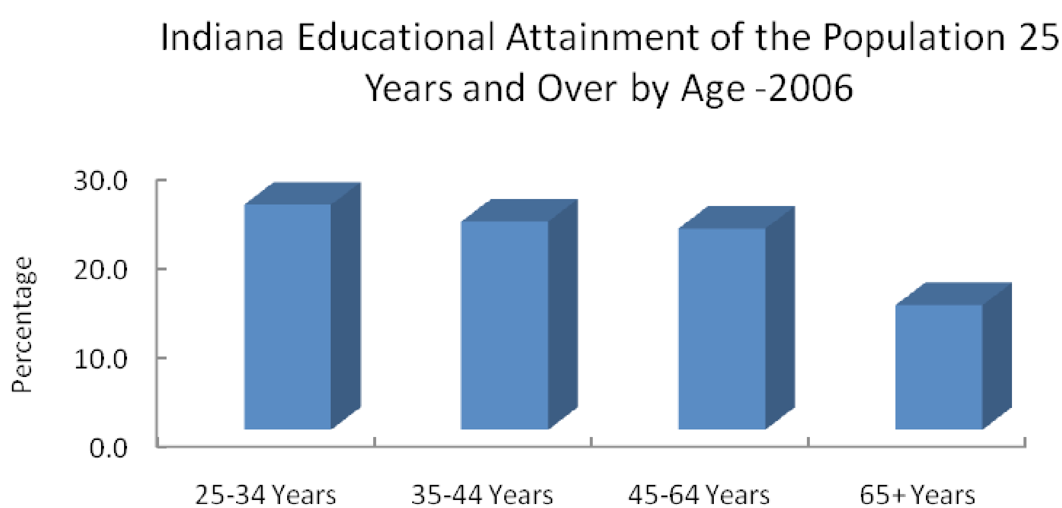
Source: Census 2000, 2001-2006 American Community Survey (ACS), August 2007

Indiana is the 15th most populous state in the United States. The capital and largest city is Indianapolis. From 2000 to 2007, the Indianapolis region has grown by 11.1%. While Indiana's educational attainment rate for bachelors' degrees has lagged the nation and several neighboring states, estimates from Census 2000 and the 2001-2006 American Community Survey indicate that between 2000 and 2006, the number of individuals with "some college", associates' degrees and bachelors' degrees were increasing at a substantially higher rate than the population 25 years and over. In addition, of those Hoosiers who have completed a bachelors' degree or above, 37.0% have attained masters', doctoral or professional degrees, closely matching the national average of 36.7%.

Indiana's excellent state colleges and universities attract students from around the county (the state ranks 4th nationally in terms of net in-migration of college freshman, according to the National Center for Education Studies). These schools also serve as the focus of research and development efforts, assist in the formation of small business "incubators" and award advanced degrees in fields as varied as engineering, economics and pharmacy. In 2004, based on a National Science Foundation (NSF) survey, among the nation's public universities, Indiana ranked 5th in the nation in Academic Research & Development from Institutional funding (including grants and endowments) and 10th in terms of both Industry (for-profit entities) funding and funding from "All Other" sources. In the National Science Foundation 2003-2005 Science and Engineering State Profiles report, Indiana ranks in the top 20 for numbers of Doctoral Scientists, Science and Engineering (S&E) doctorates awarded, S&E and health post doctorates and graduate students in doctorate granting institutions. Purdue University, Indiana University and the University of Notre Dame have all been included in the Financial Times rankings of the world's top business schools.

Educational attainment as an age group percentage is much lower among older adults than younger (Figure 1). Of those in the 25-34 year age group, 25.3% hold a bachelor's degree while only 14% in the 65+ age group have attained a bachelor's degree.

Figure 1

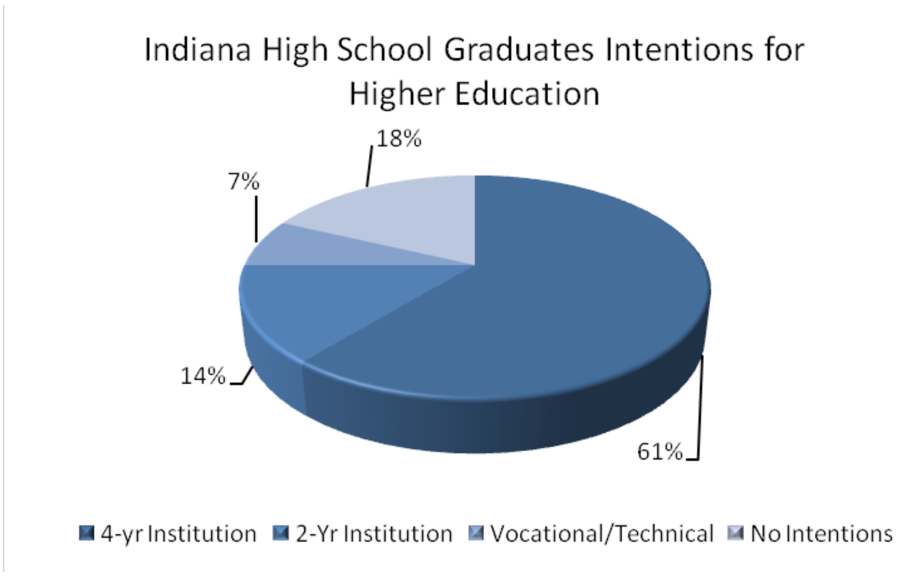


Source: U.S. Bureau of Census, American Community Survey (ACS)

Educational Intentions

According to 2006 data from the Indiana Department of Education, 82% of Indiana high school graduates intend on seeking some form of higher education. From this percentage, sixty-one percent of high school graduates expected to attend a 4 year institution. However, eighteen percent were surveyed as having no intentions for post high school education. See Figure 2.

Figure 2

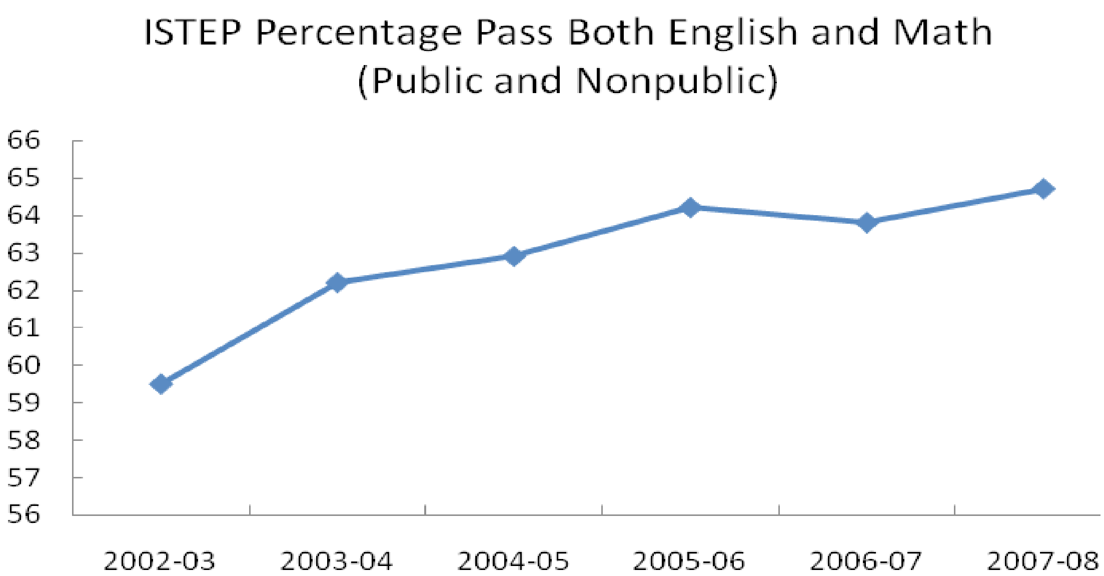


Source: Indiana Department of Education (IDOE)

ISTEP

All students in Indiana, grades 3 through 10, take the ISTEP test (Indiana Statewide Testing for Educational Progress). This testing for language and math skills is crucial for development through each scholastic year and it is a necessity to pass in the 10th grade in order to qualify for graduation. The percentage of students who have passed the ISTEP test in both public and nonpublic schools, with the exception of the 2006-07 school year, has been increasing each year. See Figure 3 below.

Figure 3



Source: Indiana Department of Education (IDOE)

Section 3 – Workforce Transition

Unemployment Rates

Table 7
INDIANA UNEMPLOYMENT RATES, NON-SEASONALLY ADJUSTED (ANNUAL AVERAGES OF MONTHLY DATA)

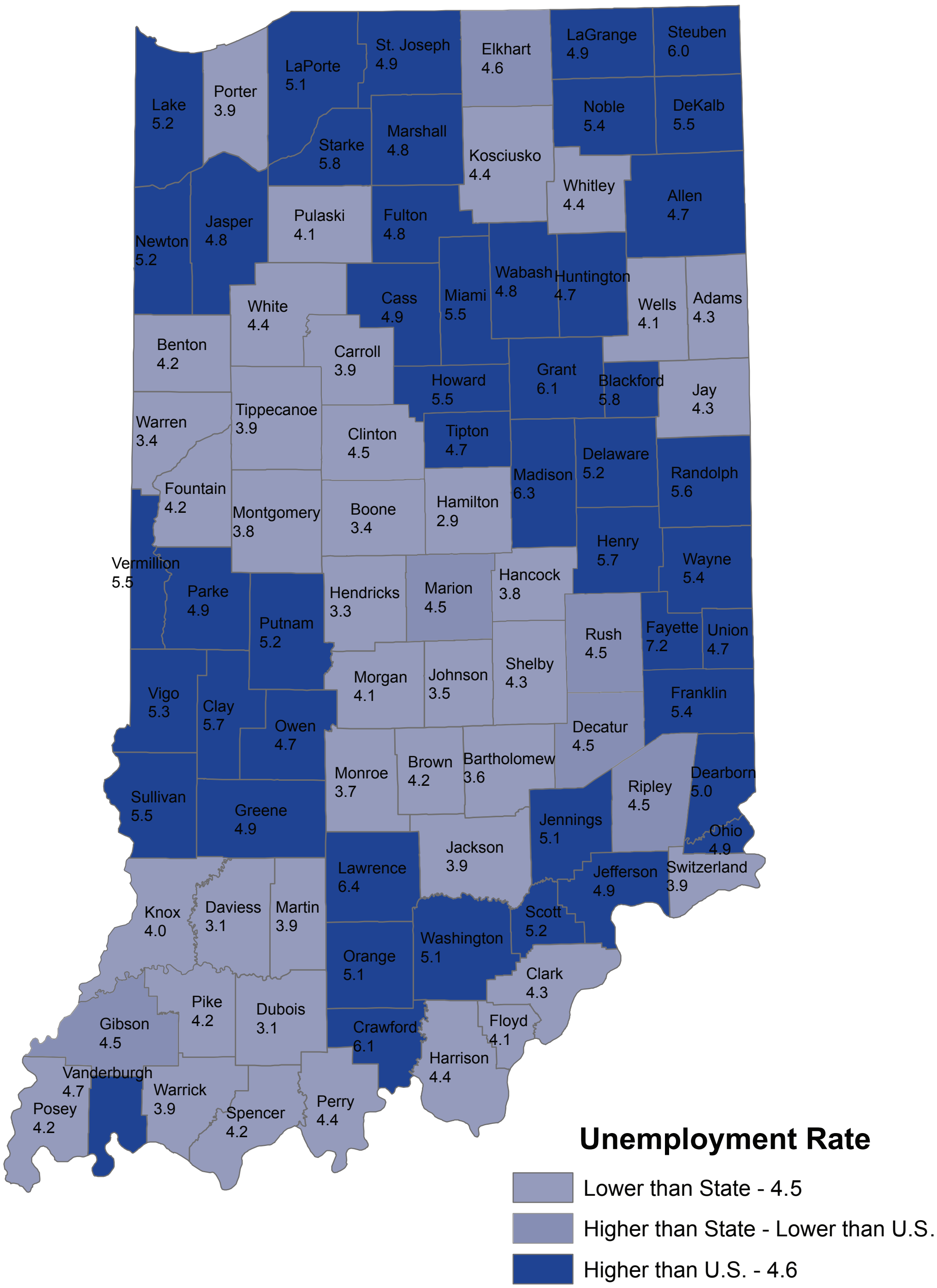
Year	Indiana	U.S.
1996	3.9	5.4
1997	3.3	4.9
1998	2.9	4.5
1999	2.9	4.2
2000	2.9	4.0
2001	4.2	4.7
2002	5.2	5.8
2003	5.3	6.0
2004	5.3	5.5
2005	5.4	5.1
2006	4.9	4.6
2007	4.5	4.6
Source: IDWD, Local Area Unemployment Statistics (LAUS)		

From 1996 to 2004, Indiana's unemployment rate was below the national average. Although a national recession was a contributor to a rate climb beginning in 2001, the Hoosier state still managed to out perform the nation for the next four years. The unemployment rate went above the national average in 2005 and 2006, but rebounded with a 4 point decrease in 2007 to once again pull ahead of the U.S. average. See Figure 4.

Figure 4

The following map is a comparison of unemployment rates for Indiana counties with rates of the U.S and to the state rate as a whole. All rates are non-seasonally adjusted.

2007 Unemployment Rate
Annual Average



www.in.gov/dwd

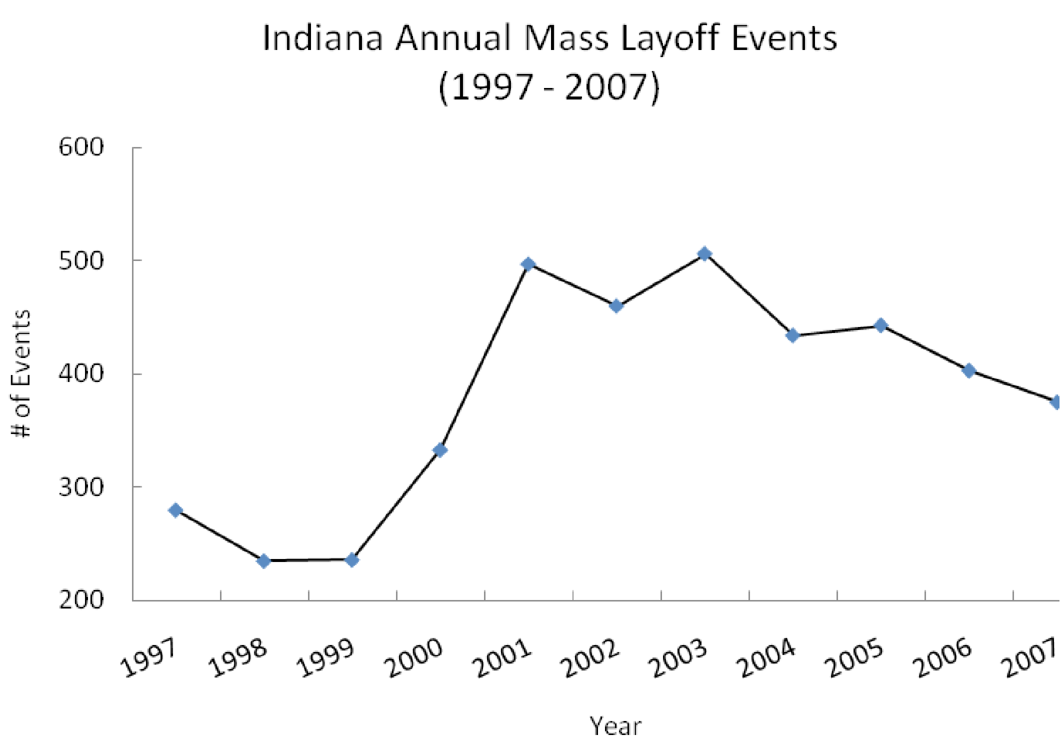
The annual average unemployment rates for 2007 varied from region to region in comparison to the U.S. and to the state as a whole. Several of the counties in the central part of the state had rates lower than the state rate of 4.5. Rates lower than the state was also the case with most southwestern counties as well. Eastern counties as well as counties to the north were among those experiencing rates higher than the U.S. rate of 4.6.

Mass Layoff Events

According to the Bureau of Labor Statistics, a mass layoff event is identified when the number of persons filing an initial claim for unemployment benefits with an employer reaches 50 within
any consecutive five-week period. In Figure 5, the number of mass layoff events in Indiana is graphed annually for the time period of 1997 to 2007.

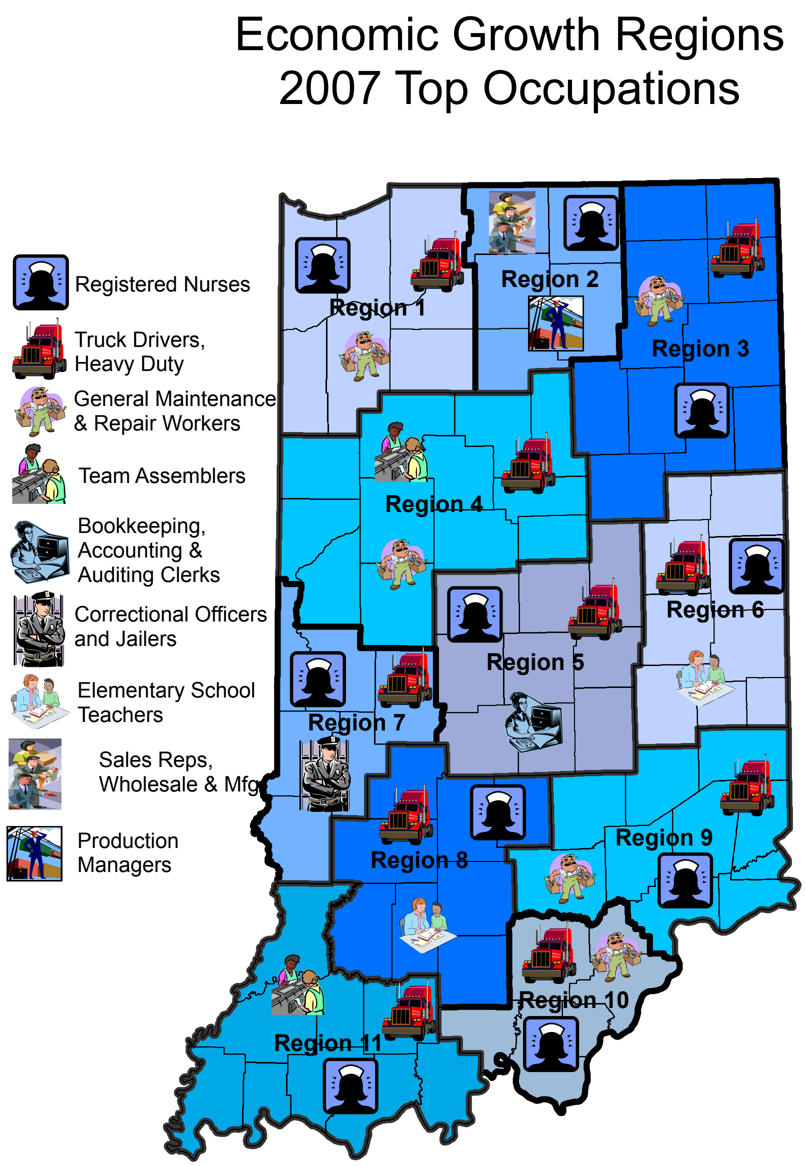
Although the number of mass layoff events in Indiana experienced a sharp rise from 2000 to 2003, the last four years has for the most part seen a steady decline in events. In 2003, a peak
of 506 events was recorded, but this number fell to 434 events in 2004 and dropped again to 403 events in 2006. In 2007, Indiana had 375 mass layoff events which was the lowest number of annual events since the year 2000.

Figure 5



Top Occupations

The following map shows the top 3 occupations of 2007 within each Indiana Economic Growth Region, with wages above the state median wage of $29,400.



Top 3 occupations by total employment and with regional median wage greater than state median annual wage of $29,400.

Source: Indiana Workforce Development, Research and Analysis, Occupational Employment Statistics.

Jobs in Demand

The occupations expected to see the most total growth in new jobs, over the next decade are listed below. Registered nurses continue to top the list, as well as many service-support occupations. The demand for Truck Drivers, Heavy and Tractor-Trailer is also robust. Some of the fastest growing occupations are: Computer Software Engineers, Computer Systems Analysts, Medical Assistants, and Pharmacy Technicians. These occupations are not seen on the listing of jobs with the highest growth in new jobs, as the total number of new jobs is lower. See Table 8 below.

Table 8

Occupational Title	2006 Employment	2016 Projection	Total Growth	Rate
Total, All Occupations	3,087,744	3,326,264	238,520	8%
Registered Nurses	54,428	68,511	14,083	26%
Combined Food Preparation and Serving Workers, Including Fast Food	72,462	84,585	12,123	17%
Retail Salespersons	96,265	105,746	9,481	10%
Customer Service Representatives	38,577	47,023	8,446	22%
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	49,411	56,985	7,574	15%
Truck Drivers, Heavy and Tractor-Trailer	59,452	66,052	6,600	11%
Home Health Aides	11,786	17,194	5,408	46%
Office Clerks, General	52,624	57,913	5,289	10%
Nursing Aides, Orderlies, and Attendants	29,995	35,192	5,197	17%
Waiters and Waitresses	50,869	55,473	4,604	9%

Source: IDWD, Occupational Projections

Females in Manufacturing

Manufacturing has always been considered to be a very important facet of the Indiana economy. Traditionally, manufacturing has been seen as an industry in which its workforce is predominantly male in gender. Nevertheless, females also play an important part within Indiana's manufacturing composition. According to 2006 data from the U.S. Census Bureau, there are several manufacturing sub sectors that are either female dominated or exhibit a rather high percentage of women within its workforce. In Table 10 below, the top 10 manufacturing sub sectors for percentage of female workers are listed.

Table 10

TOP 10 MANUFACTURING SUB SECTORS IN PERCENTAGE OF FEMALES EMPLOYED, 2006

Sub Sector	Average Annual Female Employment (2006)	% of Females in Sub Sector
Apparel Manufacturing	1,175	71%
Leather and Allied Product Manufacturing	328	60%
Textile Product Mills	145,847	54%
Miscellaneous Manufacturing	588,731	47%
Textile Mills	16,194	44%
Printing and Related Support Activities	120,149	43%
Computer and Electronic Product Manufacturing	341,002	43%
Electrical Equipment, Appliance, and Component Manufacturing	123,013	40%
Furniture and Related Product Manufacturing	49,246	39%
Food Manufacturing	103,018	37%
Finance and Insurance	69,049	69%
Real Estate and Rental and Leasing	17,847	48%
Professional and Technical Services	47,182	52%
Management of Companies and Enterprises	14,587	54%
Administrative and Waste Services	70,401	43%
Educational Services	165,850	68%
Arts, Entertainment, and Recreation	22,504	51%
Health Care and Social Assistance	274,669	85%
Accommodation and Food Services	136,482	59%

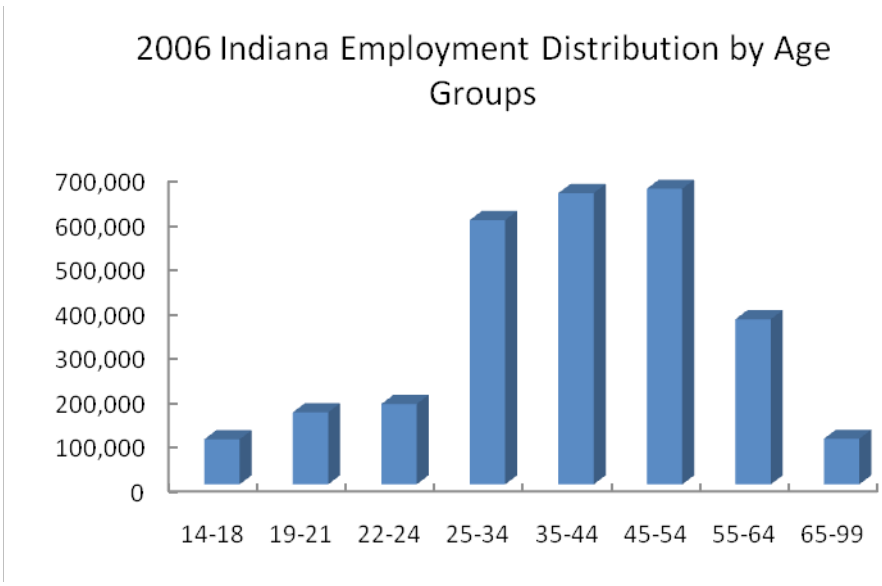
Other Services (except Public Administration)	42,969	51%
Public Administration	48,530	42%

Source: U.S. Census Bureau, Local Employment Dynamics (LED)

Age Groups of the Workforce

Indiana's employment distribution is dominated by three of the eight age groups shown in Figure 6. According to 2006 Local Employment Dynamics (LED) data, the three youngest age groups were composed of somewhat modest employment before spiking dramatically at the 25-34 age range. Specific data shows that 597,093 Indiana workers were between the ages of 25 and 34; 658,017 of the workers were between the ages of 35 and 44; and 667,882 of the workers were between the ages of 45 and 54. These numbers decrease significantly as many of Indiana's employees enter the most common age ranges (55-99) for retirement.

Figure 6



As many of the Hoosier state's youth complete their college educations, the result is a surge in the employment concentration within the 25-34 age group. However, the percentage of those Indiana workers in the 25-34 age group is higher in some industry sectors than in others. Listed in (Table 11) are the top 5 industry sectors for the percentage of workers in the 25-34 age group in 2006.

Table 11

TOP 5 SECTORS IN PERCENTAGE EMPLOYED FOR (25-34 AGE GROUP),2006

NAICS Sector	Ave. Annual Employment (25-34 Age Group)	Ave. Annual Employment (All Age Groups)	% of (25-34 Age Group) Employed in Sector
Professional, Scientific, and Technical Services	24,184	93,446	25.88%
Administrative Support/Waste Management	42,867	167,832	25.54%
Construction	36,315	145,681	24.93%
Finance and Insurance	23,965	100,759	23.78%
Arts, Entertainment, and Recreation	9,823	43,447	22.61%

Source: U.S. Bureau of Census, Local Employment Dynamics (LED)

Race/Ethnicity in the Workforce

The composition of minorities in the workforce has increased by 12% since 2000. The category of Other races increased the most with a 45% change from 2000 to 2006. This was followed by those of Hispanic origin which jumped by 39%. The largest decrease was with the American Indian/Alaska Native group at a 47% drop. The categories of Blacks and Whites experienced a very slight drop at 4% for both. See Table 12 below.

Table 12

RACE/ETHNICITY IN THE WORKFORCE (2000 and 2006)

	2000	2006	% Change
White	2,779,013	2,675,427	-4%
Black	221,231	212,633	-4%
American Indian/ Alaska Native	8,551	4,566	-47%
Asian	30,583	39,445	29%
Two or More Races	31,417	29,138	-7%
Other Races	47,102	68,512	45%
Hispanic origin	97,811	135,954	39%
Total Minority	436,695	490,248	12%

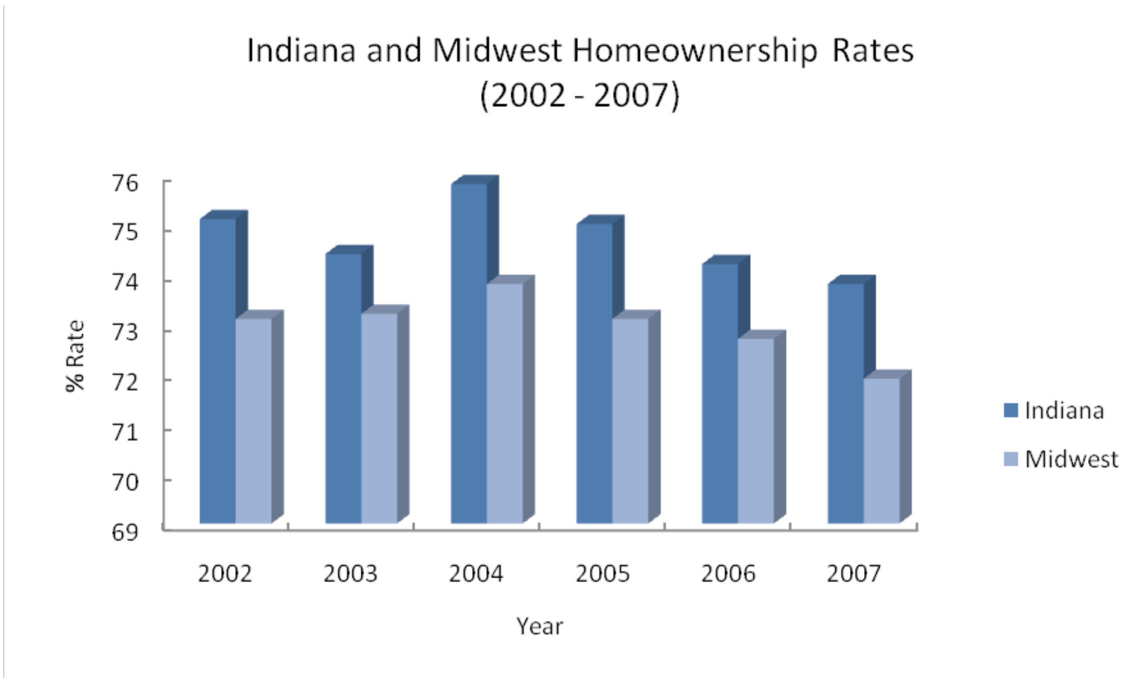
Source: U.S. Bureau of Census (2000 Census), U.S. Bureau of Census, American Community Survey (ACS) 2006

Section 6 – Housing

Homeownership Rates

According to data from the U.S. Bureau of Census's Housing Vacancy Survey (HVS), from 2002-2007 Indiana maintained a higher percentage of homeownership in comparison to the Midwest region as a whole. In 2002, Indiana had a rate of 75.1% to the Midwest's 73.1% and this higher rate was kept by the state for every year leading up to 2007 where Indiana finished with a homeownership rate of 73.8% to the Midwest's 71.9%. For a year by year comparison, see Figure 7.

Figure 7



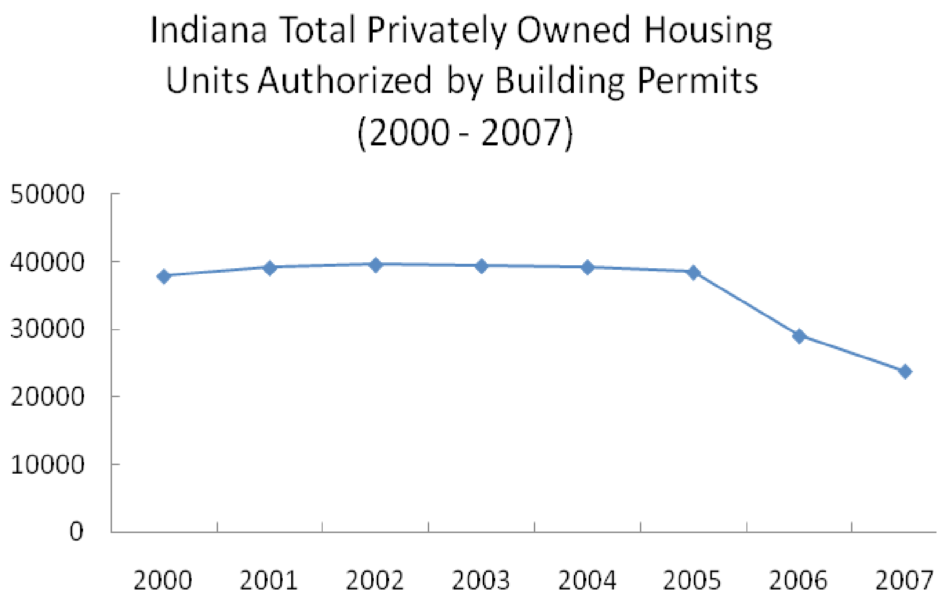
Source: U.S. Bureau of Census, Housing Vacancy Survey (HVS)

*Midwest: Illinois, Indiana, Michigan, Ohio, Wisconsin, Iowa, Kansas, Minnesota, Missouri, NebraskaNorth Dakota, South Dakota

Housing Units

For the past couple of years, the nation has been gripped with a widespread housing crisis. This crisis has had an effect on Indiana as well considering that the construction of new housing units authorized by building permits have fallen. As shown in Figure 8, the number of housing units authorized have been falling since 2002, but have dropped more so in the last two years.

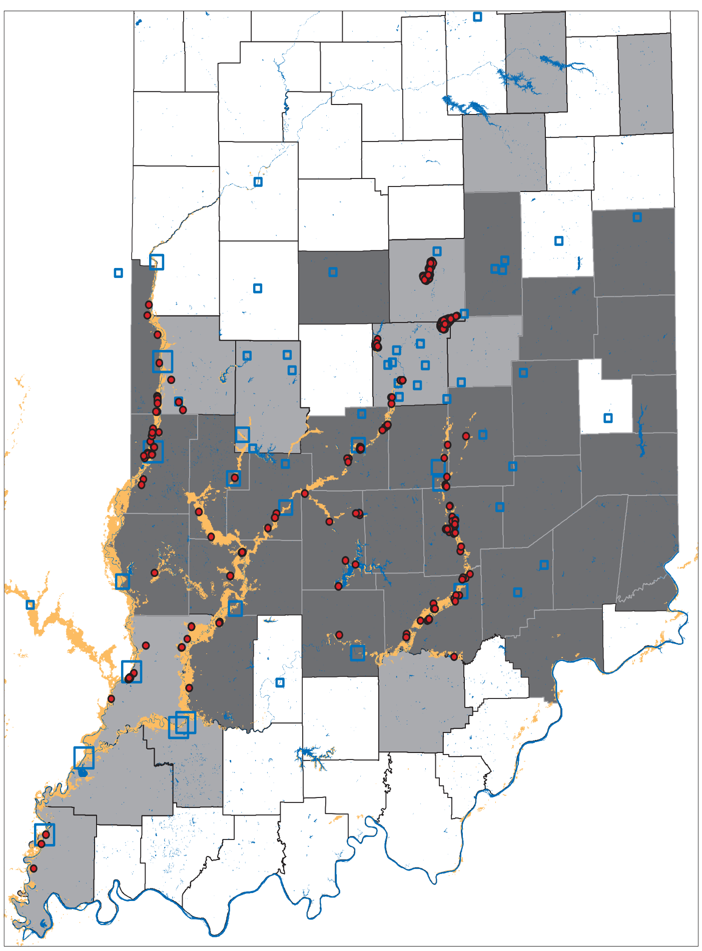
Figure 8



Source: U.S. Bureau of Census

Section 7 - In Focus: Indiana Flood of 2008

FEMA Assistance for June 2008 Flooding and Businesses in Standing Water



In the 29 counties declared federal disaster areas, there are 221 establishments located in an inundated area. They employed 3,394 people in the fourth quarter of 2007.

For the remaining 13 counties approved by FEMA for individual assistance, there are 331 establishments located in an inundated area. They employed 2,158 people in the fourth quarter of 2007.

Legend

- Businesses in Standing Water
- Standing Water as of June 10
- Counties
- Federal Disaster Areas
- Areas Approved for Individual Assistance
- Hydrography

USGS Streamgages Above Flood Stage

- 1 - 7 days
- 8 - 14 days
- 15 - 18 days

Map created by the Indiana Business Research Center.

Streamgage data are from the U.S. Geological Survey at http://water.usgs.gov/waterwatch/?m=mfr&r=in&w=flood%2Cmap (locations above flood stage June 1-23)

Employment and establishment data are from the Department of Workforce Development (private-owned establishments only).

Hydrography is from the IndianaMap maintained by the Indiana Geological Survey.

Standing water as of June 10, 2008, is from Chris Farmer and G. Bob Brakenridge,Dartmouth Floods Observatory, Dartmouth College, Hanover NH

In June of 2008 Indiana was hit with damaging tornados and historic amounts of rain in many areas.

There were storm outbreaks statewide but two events may have a large impact on the Indiana economy. On June 3rd the small down of Moscow located in Rush County Indiana was devastated by a tornado. The storm destroyed a 100 year old covered bridge which was Moscow's historical landmark. This same widespread storm also hit the Indiana National Guard's Camp Atterbury, about 25 miles south of Indianapolis, which injured two troopers and caused millions of dollars in damage.

Record setting rainfall soon followed the storms initial destruction. Periods of rain continued for the next several days triggering flash flood warnings and rising rivers. Then on June 7th torrential rain created serious flooding especially in central and southwestern Indiana. Flooding occurred in and around the cities of Columbus, Franklin, Terre Haute and Martinsville. The communities of Edinburgh and Paragon recorded rain in excess of 10 inches on June 7th. This caused the evacuations of Johnson County Memorial Hospital was well as Columbus Regional Hospital. The rain also forced temporary closures of interstates I-65 and I-70 and caused mud slides to close other major state highways. The Coast Guard was called in to evacuate many areas south of Indianapolis. On June 7 the community of Nineveh, Indiana was threatened when the dam at Prince's Lake failed. Over the next few days cresting rivers continued to cause flooding throughout Indiana. On June 9th the Wabash River caused flooding between Lafayette and Terre Haute and the White River caused extensive flooding in Seymour.

As a result, President Bush declared 29 counties federal disaster areas. Additionally, there were also 13 counties approved by FEMA for individual assistance. There were over 550 business establishments located within the flooded areas employing over 5,000 employees. Nevertheless, these areas have quickly begun the recovery process while public and private economic developers have been monitoring the economic impact the flooding has had.