

Kokomo

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The recovery is officially on, the economy is perking upward, and we expect continued growth in the world, nation, and state. However, the Kokomo economy, while improving, is still lagging a bit behind the national and state economies.

Kokomo's economy remains heavily weighted toward manufacturing. Employment in manufacturing industries peaked statewide in June 2000, and while recent losses have been much less than before (and some months have even posted gains), employment has still not regained anywhere close to its peak. Like the rest of the state, individuals and firms in the area remain apprehensive about the economy and what it holds for them personally. This area remains heavily invested in industrial production and is very subject to economic disruptions as industrial production increases and decreases. The really important news is that many of these job losses will be permanent due to increasing productivity, job losses to overseas, the troubles in the automobile industry, etc. This means that manufacturing production, while increasing somewhat, is unlikely to return to the glory days of the past. In the first quarter of 2005, Howard County had 15,728 manufacturing

jobs paying an average of \$1,452 per week. In the first quarter of 2006, the number of manufacturing employers had risen from 74 to 77; the job totals had fallen to 14,436 (a net loss of 1,292 jobs or 8.2 percent); and the pay had risen to \$1,640 per week (which is a 13 percent increase).

Many other categories show small improvements (for example, transportation and warehousing had forty or so new jobs paying weekly salaries of \$737). However, these new jobs in categories other than manufacturing do not pay the same high wages as manufacturing. Thus, while job growth is occurring, it is not in the same high paid industries that drove the Kokomo economy for so long. This has an impact on stores and restaurants, as the buying habits of workers making \$800 per week may not be equivalent to those earning \$1,640 per week. Economic theory says that the lower paid workers may dine out less, buy less clothing (or buy clothing at less-expensive stores), travel less, buy less-expensive electronics, etc. (all of those goods being what economic theory calls normal goods). So service-oriented businesses need to be aware of these trends and plan accordingly.

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There are some bright spots—agriculture is doing reasonably well. The 10-31 land swaps have put quite a few dollars into the local economies as land has changed hands. There are new businesses starting in the area, and Indiana, as noted in the state report, has had some success in attracting new large business operations.

Overall, steady growth for the Kokomo economy that is certainly not spectacular is projected for 2007. Trends in the automobile and other manufacturing industries will need to be watched carefully, and local authorities will need to remain proactive on preparing their stakeholders for the future. In particular, school-age students will need to be reminded that their futures lie in industries very different from those of their parents and that they need to acquire the skills required for their future. ■

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Facts about Howard County

People and Income	Value	Rank (among Indiana's 92 counties)
Population (2005)	84,977	18
Growth (%) since 1990	5.1%	62
Households (2000)	34,800	18
Labor Force (2005)	39,102	19
Per Capita Personal Income (2004)	\$31,134	18
Median Household Income (2003)	\$45,856	17
Poverty Rate (2003)	10.3	26