

# Anderson Forecast 2013

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Thus far, the available data for 2012 show a mixed picture for the Anderson Metropolitan Statistical Area (MSA). The unemployment rate in the Anderson MSA (Madison County) decreased by more than a percentage point during 2012, but still remains above the state's rate. While the labor force decreased, the number of jobs in the MSA increased but still continues to be substantially lower than at the beginning of the recession. There have been nine announcements so far this year of employers planning to come to the area, totaling 1,067 potential jobs. Hoosier Park Casino is facing increased competition as Ohio casinos open for business. Average weekly wages increased in most industry sectors but still lag the state. The housing market appears to have stabilized and the sales of existing homes have increased as has the average home price. Unfortunately, more people are receiving food stamps and city schools continue to lose students.

This article includes the most current data available at the time of writing on various measures of economic activity from public sources for the Anderson MSA. The goal is to analyze changes over the past year. A summary of the labor market forecast for the Anderson area is included in the conclusion.

## Labor Markets

In Madison County, the unemployment rate has decreased over the past year (see **Table 1**). The preliminary unemployment rate for September 2012 is 9.0 percent, down from 10.1 percent a year earlier. The unemployment rate is consistently higher than the state unemployment rate (7.5 percent, not seasonally adjusted). The number of unemployed workers in Madison County has decreased by more than

**TABLE 1: Labor Force and Unemployment for Madison County, September 2011 to September 2012**

Year	Month	Labor Force	Unemployed	Unemployment Rate
2011	September	61,534	6,202	10.1
	October	61,519	6,131	10.0
	November	61,058	6,178	10.1
	December	60,683	6,103	10.1
	<b>Annual</b>	<b>61,156</b>	<b>6,432</b>	<b>10.5</b>
2012	January	60,682	6,550	10.8
	February	60,838	6,303	10.4
	March	61,018	6,120	10.0
	April	60,479	5,393	8.9
	May	60,780	5,536	9.1
	June	60,478	5,889	9.7
	July	59,894	5,893	9.8
	August	60,193	5,708	9.5
	September*	59,967	5,424	9.0

\*September 2012 data are preliminary.  
Note: Data are not seasonally adjusted.  
Source: Bureau of Labor Statistics

**TABLE 2: Anderson Metro Employment by Industry, Year-to-Date 2011 to 2012**

Industry	2012	Change since 2011	Percent Change 2011-2012
Total Nonfarm	39,889	89	0.2%
Total Private	33,800	133	0.4%
Goods-Producing	5,011	89	1.8%
Manufacturing	3,722	44	1.2%
Private Service-Providing	28,789	44	0.2%
Trade, Transportation and Utilities	8,200	-100	-1.2%
Information	500	-67	-11.8%
Financial Activities	1,589	-11	-0.7%
Professional and Business Services	3,544	233	7.0%
Private Educational and Health Services	7,900	22	0.3%
Leisure and Hospitality	5,422	33	0.6%
Other Services	1,633	-67	-3.9%
Government	6,089	-44	-0.7%

Note: year-to-date reflects January to September for each year. September 2012 data are preliminary.  
Source: Bureau of Labor Statistics and Indiana Department of Workforce Development

1,100 over the course of the year, and the labor force has decreased by about 700 workers leading to the decreasing unemployment rate and

suggesting that frustrated job seekers are continuing to drop out of the labor market or migrate out of the area (or both). Additionally, almost

11 percent of those working within the county live elsewhere and travel here only for employment.

A look at the Current Employment Statistics shows variation in employment gains and losses in 2012. Total nonfarm jobs in Madison County averaged 39,890 for the first three quarters of 2012. This is the first increase in nonfarm employment since the recession, yet still represents a decrease of about 1,400 jobs since the beginning of the recession. Professional and business services was the sector with the largest job growth (adding more than 200 jobs). The sector with the largest job losses was trade, transportation and utilities (see **Table 2**).

This marks the second year of net increases in manufacturing employment since 2009, but these are small increases relative to the thousands of manufacturing jobs lost over the past four decades. The Anderson MSA began the millennium with 10,500 manufacturing jobs and currently has around 3,800 (as of September 2012). The peak for manufacturing employment was around 30,000 jobs in the early 1970s.

Average wages increased to \$660 per week during the first quarter of 2012 (the most recent data available) and continue to be lower than the state average of \$821 for the same period. **Table 3** shows average weekly wages (not adjusted for inflation) for the first quarters of 2011 and 2012. Most sectors experienced increases in wages. The sectors with the strongest wage growth were arts, entertainment and recreation (22.3 percent), finance and insurance (12.8 percent), and professional, scientific, and technical services (12.5 percent). Sectors that experienced declines in wages include construction and information. The inflation rate between the first quarter of 2011 and 2012 was 2.8 percent, so workers in most sectors experienced real wage growth over this period.<sup>1</sup>

**TABLE 3: Average Weekly Wages in the Anderson MSA, 2011 Q1 to 2012 Q1**

Industry	2011 Q1	2012 Q1	Percent Change
Total	\$635	\$662	4.3%
Arts, Entertainment, and Recreation	\$422	\$516	22.3%
Finance and Insurance	\$798	\$900	12.8%
Professional, Scientific, and Technical Services	\$608	\$684	12.5%
Accommodation and Food Services	\$213	\$239	12.2%
Public Administration	\$717	\$792	10.5%
Administrative and Support and Waste Management and Remediation Services	\$408	\$447	9.6%
Manufacturing	\$1,057	\$1,148	8.6%
Wholesale Trade	\$804	\$856	6.5%
Transportation and Warehousing	\$722	\$768	6.4%
Educational Services	\$622	\$649	4.3%
Other Services (Except Public Administration)	\$373	\$389	4.3%
Retail Trade	\$401	\$414	3.2%
Real Estate and Rental and Leasing	\$467	\$474	1.5%
Health Care and Social Services	\$678	\$686	1.2%
Agriculture, Forestry, Fishing and Hunting	\$615	\$615	0.0%
Construction	\$767	\$757	-1.3%
Information	\$673	\$657	-2.4%

Note: The authors feel the reported average weekly wages for management of companies and enterprises is inaccurate and therefore excluded it from this table.

Source: Bureau of Labor Statistics and Indiana Department of Workforce Development

### Housing

The housing market showed signs of stabilizing in Madison County. Residential construction as measured by new single- and multi-family housing units was similar to 2011 but still substantially lower than the number of permits issued in the mid-2000s (see **Table 4**). Sales of existing homes increased to more than 950 units (a 21 percent increase). The average price of homes sold also increased to more than \$86,500—a 4.5 percent nominal increase relative to the same period last year (see **Table 5**).

### Social Safety Net

Changes in the number of food stamp recipients and the dollar amount of food stamp payments are one indicator of economic distress in a community. The number of food stamp recipients and the

**TABLE 4: Madison County Residential Building Permits, Year-to-Date 2001 to 2012**

Year	Total	Single-Family	Multi-Family
2001	265	257	8
2002	335	231	104
2003	444	364	80
2004	297	291	6
2005	368	326	42
2006	210	191	19
2007	146	144	2
2008	68	52	16
2009	38	36	2
2010	48	44	4
2011	39	37	2
2012	40	38	2

Note: Each year is based on January through September totals. Source: U.S. Census Bureau

**TABLE 5: Madison County Residential Real Estate Sales, Year-to-Date 2004 to 2012**

Year	Closed Sales	Average Sale Price
2004	1,244	\$89,586
2005	1,221	\$92,021
2006	1,294	\$84,539
2007	1,161	\$80,251
2008	1,038	\$78,093
2009	937	\$73,295
2010	812	\$76,696
2011	786	\$82,804
2012	955	\$86,521

Note: Year-to-date reflects January to September for all years.  
Source: Metro Indianapolis Board of Realtors

**TABLE 6: Food Stamp Recipients in Madison County, January to October Averages, 2004 to 2012**

Year	Average Monthly Food Stamps Issued	Average Monthly Food Stamp Recipients
2004	\$1,173,429	13,389
2005	\$1,376,317	14,524
2006	\$1,457,203	15,388
2007	\$1,546,086	15,812
2008	\$1,574,533	14,879
2009	\$2,085,753	15,832
2010	\$2,506,633	18,796
2011	\$2,838,637	21,411
2012	\$2,954,793	22,354

Note: Dollar amounts are not adjusted for inflation.  
Source: STATS Indiana, using FSSA data

corresponding amount of food stamps issued continued to increase during 2012 in Madison County but at a slower rate than the previous year (see Table 6). The average number of monthly food stamp recipients increased 4.4 percent to more than 22,000 individuals (about 17 percent of the population in the county) during the January to October time period. The dollar amount distributed in food stamps increased by more than 4 percent to exceed \$2.9 million. This increase

reflects the state of the economy in east-central Indiana during the slow recovery from the recession.

### Education

The city schools have been losing students for a number of years and the trend shows little sign of reversing. A significant portion of that loss in students is attributable to families responding to the weak performance of the city’s schools by using the tuition transfers to send their children elsewhere. As better-performing students leave the schools, it creates a spiral in which those very schools continue to suffer and perform poorly, in part because of the aptitudes of students they are left with. After graduation, more than 57 percent of high school graduates go on to a four-year school, yet only 16.6 percent of area residents have a four-year degree. Clearly, this is symptomatic of a brain drain in which educated residents are leaving the community.

### Gaming

May 2012 marked the fourth full year of operation at Hoosier Park Casino. After declining between 2009 and 2010, the winnings generated at Hoosier Park increased over the past couple of years. Winnings increased 2.6 percent to \$222.5 million and \$55.3 million in wagering tax revenues generated from these winnings (see Table 7). As in the previous year, for fiscal year 2012 Hoosier Park ranked sixth of the 13 Indiana casinos in terms of total winnings. In November 2009, Ohio voters approved a

ballot initiative to allow casinos in Cincinnati, Cleveland, Columbus and Toledo. The new casinos opened in Cleveland, Toledo and Columbus earlier this year along with a “racino” in Columbus. A casino is scheduled to open in Cincinnati during the spring of 2013. These casinos are likely to draw patrons from Indiana casinos and negatively affect wagering tax revenue.

### Business Incubation

A large portion of the Flagship Enterprise Center’s 193,200 square feet was occupied by Bright Automotive, a hybrid-vehicle firm founded in 2008. In February 2012, the company—which had plans to build a manufacturing site and produce 50,000 vehicles a year with up to 1,000 workers—folded.

### Outlook

Extrapolating on the numbers and trends presented, the following outlook focuses on the three key areas of employment, education and housing.

**Employment:** Unemployment will continue to be a drain on the local economy for several years. There is a considerable lag and disparity between job announcements and actual payrolls. Manufacturing—one area that showed promise in the state last year and early this year—has sputtered and stalled once more. In Madison County, 72.4 percent of all firms employ less than 10 employees (86.6 percent have less than 20), so it is imperative that entrepreneurship and small business

**TABLE 7: Hoosier Park Casino Win and Wagering Tax Totals, FY 2008 to FY 2012**

Year	Win	Percent Change	Wagering Tax	Percent Change
2008	\$15,873,432	n/a	\$3,980,053	n/a
2009	\$202,201,775	1,173.8%	\$55,808,319	1,302.2%
2010	\$201,116,846	-0.5%	\$55,426,052	-0.7%
2011	\$216,866,917	7.8%	\$60,901,674	9.9%
2012	\$222,463,973	2.6%	\$55,333,226	-9.1%

Source: Indiana Gaming Commission

ownership be nurtured; however, Indiana received a “C” and “D” in a recent Kauffman Thumbtack Small Business Survey in the categories of promoting training and networking programs, respectively. The Indianapolis region (the survey did not hone in on smaller cities) was ranked “C” and “F” in those two areas. Replicating the study, Grant County—our neighbor to the north—found that only 18.3 percent of area business owners identified the economy as the biggest challenge to starting a business, while 30 percent said it was support. This is an area where Anderson could shine and differentiate itself from its neighbors, but it would take a coordinated effort on the part of all the parties that business owners must deal with.

**Education:** A properly educated workforce is necessary to attract high value-added jobs. There is much work to do in this area, but it is encouraging to see the work being done by the Madison County Education Coalition. With a strategic goal of developing a stronger linkage between economic development and education initiatives, this organization has accomplished much in a short period of time. One solution to the brain drain that others in the area (particularly the Grant County Economic Growth Council) are using is “forgivable loans” that reduce the amount of money graduates must pay back if they stay within the area.

**Housing:** It cannot be disputed that we have bottomed out in construction—the number of permits being issued in Madison County has stabilized but is still low compared to pre-recession numbers. The bad news is that the lack of new construction does not mean that the number of existing homes could not still represent a surplus—a condition leading to declining values—if the number of homes desired in the county lessens.

The official numbers show some small improvements over the economic situation in Anderson last year in some areas. In the coming year, we expect employment growth to be flat and small gains in income (in the 2 percent range) as the economy continues its slow recovery.<sup>2</sup> ■

#### Notes

1. Inflation rate for the Midwest region using the CPI for all urban consumers.
2. Forecast from the Center for Econometric Model Research, Indiana University, Bloomington, August 2012.

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**N**ot all good news is good. A reader of *The Atlantic Cities* in early September would have learned that Bloomington, Indiana, from 2010 to 2011, was the second-best metro for a pay raise in the whole country.<sup>1</sup> Wow! Bloomington is doing well! What a great place to live!

But the correct response to this revelation would be, “Huh? Say what?” The report was too good to be true. The claim was supported by a dubious use of data. Bloomington’s average increase in wages was not in fact 7 percent in one year, but a more modest 2.7 percent. That’s a rather average increase, but average can feel pretty good when many other localities have been hit harder. The Bloomington Metropolitan Statistical Area (MSA) has emerged from the Great Recession in reasonably good shape, and the forecast for the Bloomington area is reasonably good too.

The Bloomington area sustained considerable population growth over the past decade. As a whole, the MSA’s population grew by around 10 percent, roughly equivalent to the national average. As **Figure 1** shows, this growth occurred entirely within Monroe County. In contrast, the combined population of Greene and Owen counties has remained relatively constant, with a slight decrease over the last decade. This trend is projected to continue. Data from Moody’s Economy.com suggest that growth in Monroe County