Fast Foods in the Fast Lane

Thousands of young Hoosiers will be leaving high school for the job market in a few weeks. Where should they seek employment?

Would you recommend an industry that is expanding rapidly or one that shows less robust growth? Between 1992 and 1996, total employment in Indiana grew by 10.1%. Goods producing jobs, those including mining, construction, and manufacturing, grew by 8.6% but jobs at eating and drinking establishments advanced by 14.9% (see figure 1).

FIG. 1 Employment Growth in Indiana 1992-1996

If you think a youngster should go where the jobs are developing, then you would have to suggest that he or she seek work in restaurants, bars, fast food outlets, and similar establishments. This seems contrary to our inclinations. Normally, we think young people should go into those goods producing firms which have good jobs and a real future.

But look at the growth characteristics of eating and drinking establishments compared with goods producing firms (see figure 2). Between 1992 and 1996, eating and drinking places outpaced goods producing firms in three key factors: First, average hourly earnings (after adjustment for inflation) grew by 8.5% in eating and drinking places compared with a weak 1.7% in goods producing workplaces.

Second, the average number of hours a worker was employed in eating and drinking establishments also advanced twice as fast as in goods producing firms (5.3% compared with 2.7%). Finally, in combination, these two factors yielded a growth of 14.2% in average weekly earnings (again, after adjustment for inflation) for workers in eating and drinking places compared to a limited 4.4% growth in goods producing jobs.

Before you urge your children, nieces, nephews, and grandchildren to careers in food services, remember that the workers in the goods producing industries earn much higher hourly rates than those who labor in eating and drinking places. In 1996, this difference averaged $8.90 per hour (see figure 3).

The average hourly earnings of goods producing workers in 1996 was at $14.76 or 152% higher than the hourly returns for workers in eating and drinking places. Even though hourly rates in eating and drinking places are growing rapidly, it will take nearly 49 years, at current growth rates, for the two industries to offer equivalent hourly compensation. Many young workers do not have the patience to wait until they are ready for retirement to have superior pay rates. Can you blame them?
Indiana Economic Activity

Raw Steel Production
American Iron and Steel Institute
(Millions)
Feb. 1995 - 1.801
Feb. 1996 - 1.857
Feb. 1997 - 1.836

Total Construction Activity
F. W. Dodge Construction Potentials Bulletin
(Millions)
Feb. 1995 - $406.7
Feb. 1996 - $501.0
Feb. 1997 - $604.7

Industrial Electricity Sales
(The 5 investor owned utilities)
(Billions)
Feb. 1995 - 2.668
Feb. 1996 - 2.775
Feb. 1997 - 2.750

Initial Unemployment Insurance Claims
Indiana Department of Workforce Development
Feb. 1995 - 26,557
Feb. 1996 - 22,431
Feb. 1997 - 19,392

Continued Unemployment Insur. Claims
Indiana Department of Workforce Development
Feb. 1995 - 149,614
Feb. 1996 - 201,410
Feb. 1997 - 274,155

New Car Registrations
R. L. Polk and Company
Feb. 1995 - 9,743
Feb. 1996 - 10,893
Feb. 1997 - 11,970

Housing Starts
F. W. Dodge Construction Potentials Bulletin
Feb. 1995 - 1,608
Feb. 1996 - 2,065
Feb. 1997 - 1,935

Retail Sales
Bureau of the Census
(Billions)

Please note that the Census Bureau has discontinued the Retail Sales data, effective January 1997.
Income... Poverty...

The good news is that the Census Bureau has released county-level poverty and household income estimates. The cautious news is that this is the first such series of estimates; the Census Bureau asks that we exercise care in applying them.

What we see at first glance is that many of the counties in Indiana with the highest median household income are the so-called "ring" counties around Indianapolis (noted with an *)

Wealthiest Indiana Counties (1993)

<table>
<thead>
<tr>
<th>County</th>
<th>Median Household Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boone</td>
<td>$41,364</td>
</tr>
<tr>
<td>Dubois</td>
<td>$37,984</td>
</tr>
<tr>
<td>Hamilton</td>
<td>$54,141</td>
</tr>
<tr>
<td>Hancock</td>
<td>$43,347</td>
</tr>
<tr>
<td>Hendricks</td>
<td>$46,514</td>
</tr>
<tr>
<td>Johnson</td>
<td>$40,956</td>
</tr>
<tr>
<td>Morgan</td>
<td>$37,057</td>
</tr>
<tr>
<td>Porter</td>
<td>$43,321</td>
</tr>
<tr>
<td>Posey</td>
<td>$37,206</td>
</tr>
<tr>
<td>Warrick</td>
<td>$40,359</td>
</tr>
</tbody>
</table>

Indiana's median household income at that time was $31,055, compared to the national median of $31,241. The richest state was Connecticut ($42,105).

Twenty-five counties in Indiana had 13% or more of their population living in poverty in 1993.

Poorest Indiana Counties (1993)

<table>
<thead>
<tr>
<th>County</th>
<th>Poverty Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crawford</td>
<td>16.4%</td>
</tr>
<tr>
<td>Daviess &amp; Grant</td>
<td>14.9%</td>
</tr>
<tr>
<td>Delaware</td>
<td>15.7%</td>
</tr>
<tr>
<td>Lake</td>
<td>15.9%</td>
</tr>
<tr>
<td>Marion</td>
<td>15.1%</td>
</tr>
<tr>
<td>Randolph</td>
<td>15.8%</td>
</tr>
<tr>
<td>Scott</td>
<td>15.8%</td>
</tr>
<tr>
<td>Starke</td>
<td>16.4%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>15.5%</td>
</tr>
<tr>
<td>Washington</td>
<td>16.3%</td>
</tr>
</tbody>
</table>

Indiana's poverty rate for 1993 was 11.9%, the nation's, 15.1. The poorest state was Mississippi, with 24.6 percent of its population living in poverty and the lowest median household income ($22,952).

See our web site for estimates for each of our 92 counties, plus explanations of use:

www.bus.indiana.edu/research/