Bloomington

Linda Williamson  
President, Bloomington Economic Development Corporation

One need only look to Bloomington and Monroe County to find where the new economy is taking root. Recent announcements, ribbon-cuttings, and construction projects indicate the life sciences and advanced manufacturing sectors are alive and well. Local information technology firms are expanding, and jobs in the professional and technical services are growing.

Buoyed by the recent investments of Cook Group Incorporated and fueled through strong support and assistance from both Indiana University and Ivy Tech Community College, area companies are creating jobs. Cook Group Inc.’s investments include over $70 million in the new Cook Pharmica LLC and $12 million in an expansion of Cook Inc. These projects will create over 450 jobs, which when added to those being created by the new BioConvergence LLC and the recent expansions at Baxter Pharmaceutical Solutions total about 1,300 new jobs (see Figure 1).

While the job news has been mostly positive, there have been layoffs and business closings in the past year. General Electric cut nearly 500 jobs and Otis Elevator ceased manufacturing operations earlier this year, eliminating nearly 200 jobs. The most closely watched employer in the community may be Indiana University. With declining state funding and changing demographics, both enrollment and employment at Indiana University are monitored closely.

The continued decline in traditional jobs mixed with the new job growth leads to predictions of modest net job growth for the coming year. Job growth will be spread over most business sectors including hospitality, health care, and other service industries.

With the changing business mix, it remains to be seen if the local per capita income will begin to rise. The most recent per capita income data (2003) shows that Bloomington is well below the state and national income levels (see Figure 2). However, the lower per capita income can be partially attributed to college students working part time.

Population estimates continue to predict slow to moderate growth for the Bloomington area of just less than 1 percent per year for the next ten years. Meanwhile, the number of people commuting into Monroe County for employment continues to grow with nearly 16,000 workers driving into the county daily (see Figure 3).

Construction activity has been strong in Monroe County since the late 1990s. Building permit activity for single-family homes has been very consistent and looks to stay that way into the future. Permits for 2005 are on track to match the annual average of five hundred new units. The major change will be in the construction of multi-family housing. With nearly five hundred new bedrooms constructed in the downtown area and large apartment complexes completed on both the east and west sides of town in recent years, there is currently only one project under consideration.

Local planners report that 2005 has been a strong year for office, commercial, and industrial construction. Work continued on a new Hilton Garden hotel, Monroe Hospital (the community’s second hospital), the first office building in North Park, Cook Pharmica, Cook Inc., and BioConvergence. Lighter caseloads currently in local planning departments may indicate a decline in the area’s construction industry for 2006.
Bloomington’s economy continues to transition. The presence of a large research university and a regional community college continues to provide stability for the current economy and a workforce for the new economy. Successful entrepreneurs who start and grow their businesses in the community, continued emphasis on development in the life science and information technology sectors, and strategic public investments should allow for continued, though modest, growth and improvement in the local economy.

Columbus

James C. Smith
Senior Lecturer in Finance and Co-director, Center for Econometric Model Research, Kelley School of Business, Indiana University

Columbus and Bartholomew County are sensitive places. When the U.S. economy is happy, the local area is very happy. When the U.S. economy is a little sad, Columbus and Bartholomew County feel terrible.

Figure 1 shows the historical patterns of unemployment, illustrating this special sensitivity. Coming out of the recession of the early 1990s, the U.S. unemployment rate improved by about 1.5 percentage points in the first two years of the recovery. Bartholomew County’s rate dropped faster, falling 2 full points. Unemployment in this area improved to a low point by 1998 and remained there in 1999, a decline of 3.5 points from its recent peak. The U.S. rate also shrank by 3.5 percentage points but took longer to get there.

This area tends to react quickly to changes in the national economy—sometimes even getting a head start. The recession of 2000 pushed the national unemployment rate up by 2 percentage points, starting in 2000. Sensitive Bartholomew County reacted more strongly. Its rate went up 3 points, and the problems started almost a year earlier.

This pattern shows up in many sectors of the Bartholomew County economy. Take the construction industry: Figure 2 shows how that sector in Columbus and Bartholomew County has reacted to the general level of economic activity in the nation. The bars show the rate of growth or decline in construction employment in this county. The line tracks the annual percent change in U.S. gross domestic product (GDP). (There is no data point for Bartholomew County in 2001 because the definition of construction has changed between SIC and NAICS.)

The dip in GDP in 1991 caused a big drop in the number of jobs. Afterwards the strong national recovery during the early 1990s led to even stronger growth rates in Columbus-area construction employment: the bars are higher than the GDP line. The relatively mild national slowdown in 2000, however, caused real whiplash locally. The last two years of available data show significant declines in jobs.

Bartholomew County’s manufacturing sector is big (more than 35 percent of all jobs in the county) but it reacts to national