

Bloomington

The headlines in Bloomington about layoffs and plant closings might lead you to believe the area entered a recession a year ago. So why has the unemployment rate in Bloomington been among the lowest of any metropolitan area in the state? How much will Bloomington be affected by the nationwide recession?

In the third quarter of 2001, Bloomington posted an unemployment rate of 3.3 percent. Among the 11 metropolitan statistical areas in Indiana, only Lafayette at 2.7 percent and Indianapolis at 3.1 percent were lower. (The Indiana portion of the Louisville MSA also had a third quarter rate of 3.1 percent. The Louisville metro area as a whole, however, was at 3.8 percent.) And Bloomington has maintained its unemployment rate advantage over the rest of the state for many years (see **Figure 1**).

It turns out there is more strength in the Bloomington economy than the publicity about layoffs would suggest. Layoffs get headlines; the hirings that have continued, one person at a time, at many Bloomington area firms do not.

The Bloomington metro area, which includes all of Monroe County, was home to 120,563 people as of the 2000 census (college students are counted as residents). That figure represented a 10.6 percent growth rate over 1990. Indiana's population statewide grew 9.7 percent. This moderate but steady growth in the number of residents is one thing that continues to fuel the area's economy, as more people bring their spending to Bloomington.

The mix of jobs people in Bloomington hold has shifted in a way that has helped blunt the effects of the 2001-2002 recession so far. In 1995, 16 percent of the area's employment was found in manufacturing industries. The annual average for 2000 was down to 14 percent. Since manufacturing employment has led the decline nationwide in this recession, Bloomington has slightly less exposure than in the past.

Nevertheless, the manufacturing sector cost Bloomington dearly in jobs in the early months of the recession. From the late-1990s peak of 10,000 manufacturing jobs, the total had fallen to just over 6,000 by the end of the third quarter of 2001. This drop contributed to the rise in the area's unemployment rate from 1.2 percent in September 2000 to 3.0 percent in September 2001.

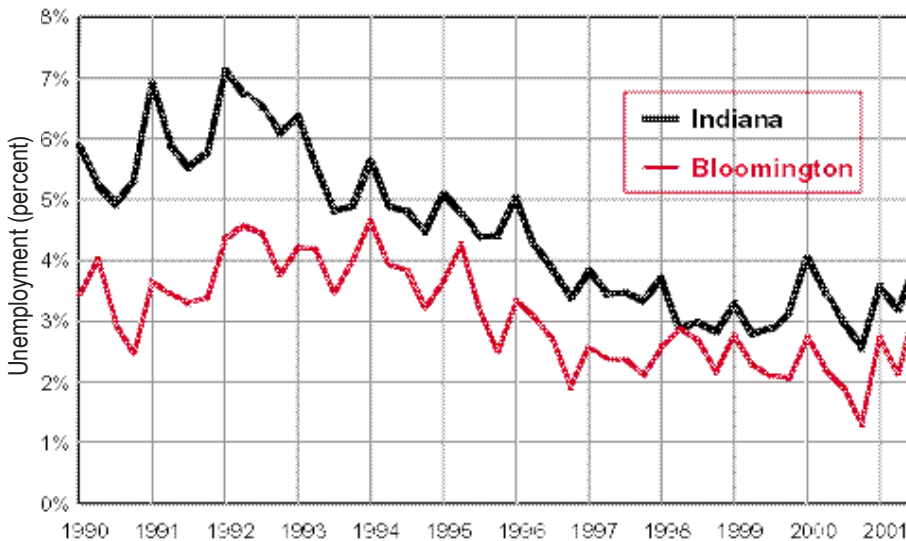
To some extent, though, these lost manufacturing jobs have been replaced by jobs in the services industries. Employment in services in the third quarter of 2001 was higher by more than 400 jobs than in the comparable period in 2000. Other sectors of the area economy showed little or no change in 2001 compared to 2000. In particular, the retail trade sector has not swelled: there is no evidence to substantiate the fear that high-paying manufacturing jobs are being replaced by lower-paying retail jobs.

Bloomington's health care services, business services and management services (engineering and accounting firms) are not likely to be affected by the recession as much as manufacturing has been. So in 2002, while the unemployment rate will climb further, it probably will top out at around 5.5 percent by mid-year, and it will start down again in the fall when the nationwide recovery takes hold. And as the services sector expands further in the second half of 2002, Bloomington's economy will continue to enjoy lower unemployment than most other Indiana metro areas.

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Figure 1
Unemployment Rates by Quarter, 1990-2001: Indiana and Bloomington



Source: Indiana Department of Workforce Development and STATS Indiana.