

Fort Wayne

John Stafford

Director, Community Research Institute, Indiana University Purdue University, Fort Wayne

Last year's Outlook edition suggested that the Fort Wayne area economy was experiencing a "steady but gradual rebound" from the recession that occurred in the early years of this decade. The job creation numbers for the last twelve months appear to support that assessment. Indeed, 2006 is looking very much like 2005—good but not great news for northeast Indiana. It has become clear that it will take sustained job creation over several years to fully replace the number and quality of jobs lost between 2000 and 2003. For purposes of this article, we will again use the seven county Fort Wayne-Auburn-Huntington Combined Statistical Area (CSA) to geographically define the "Fort Wayne area." The CSA includes the counties of Adams, Allen, DeKalb, Huntington, Noble, Wells, and Whitley.

Based on employer-reported data (the Quarterly Census of Employment and Wages or QCEW), total employment in the area began to increase in the second quarter of 2004 and has increased each of the last eight quarters compared with

the same quarter of the previous year. Between the first quarter of 2005 and the first quarter of 2006, the area gained 2,203 total jobs, a growth rate of 0.8 percent. During the same time period, Indiana's total employment grew by a just slightly higher rate of 0.9 percent. Compared with employment in the first quarter of 2000, a time of peak employment for the Fort Wayne area, we are still down over 15,000 jobs.¹

Figure 1 tracks the QCEW quarterly total "covered" employment with the comparable quarter from the previous year for both the Fort Wayne CSA and the state of Indiana. As the graph illustrates, the Fort Wayne area was more severely impacted by the 2000-2001 economic downturn than the state and also experienced relatively greater job loss in the 2003-2004 downturn than the state. Fort Wayne's current employment recovery appears to be on a nearly parallel path with the state of Indiana.

In the Fort Wayne area, nearly half of the net job gain between the first quarters of 2005 and 2006 occurred

in the health care/social assistance sector with a gain of nearly 1,000 jobs. Conversely, the manufacturing sector lost nearly 1,400 jobs over the same time period. Area manufacturing employment had been on the increase in the second half of 2004 and the first half of 2005, but reversed course in the third quarter of 2005.

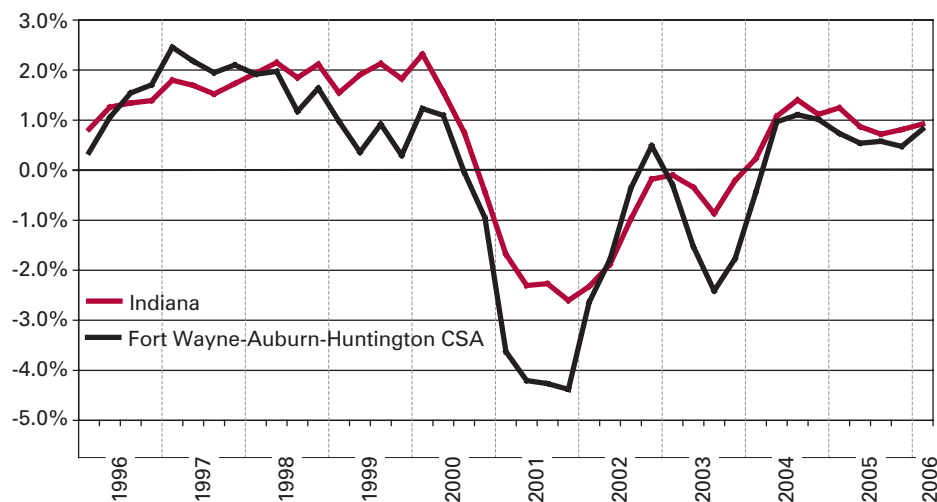
The other primary source of employment data, the monthly household survey (Local Area Unemployment Statistics), supports the premise that the Fort Wayne area is in a relatively sustained period of modest job growth. Comparing each month's employment estimate with that for the same month of the previous year shows that the CSA has experienced employment growth in sixteen of the past seventeen months. This trend is illustrated in Figure 2 and indicates that the current growth period is both longer and more productive in terms of jobs created than was the short-lived 2003 rebound.

In addition to tracking the changes in total employment in the region, increasingly more attention is being placed on the "quality" of those jobs. The average annual wage reported with the QCEW data has indicated that wages in the area have, for some time, been falling behind the nation in relative terms. Data for 2005 (the most recent available on an annual basis) indicate that this trend is continuing. In 2004, the Fort Wayne CSA average annual wage was 84.8 percent of that for the United States. By 2005, the region's wages had fallen to 83.2 percent of the national average.

The Forecast

What lies ahead for 2007? First, the Fort Wayne area is likely to see a continued loss in automotive-related manufacturing jobs as the supply network continues to react

Figure 1
Percent Change in Employment from the Same Quarter of the Previous Year



Source: Bureau of Labor Statistics

to production contractions by the Big Three domestic automakers. Secondly, we are very likely to experience more of the gradual but continuous transformation within the manufacturing sector to a more diversified market mix being served by northeast Indiana companies. Two recent announcements within days of each other typify this transformation—Tower Automotive announced the closing of its Kendallville chassis and suspension components facility eliminating 114 jobs and Micropulse, a Columbia City medical device manufacturer, announced an expansion that should add 100 jobs to its workforce over the next four years. Given this ongoing “churn” in the manufacturing sector and the region’s relatively slow ability to replace manufacturing jobs with higher-paying components of the service sector (such as financial services and professional and business services), the Fort Wayne area will work hard to continue total employment expansion in 2007 at the current rate of approximately 2,000 jobs per year.

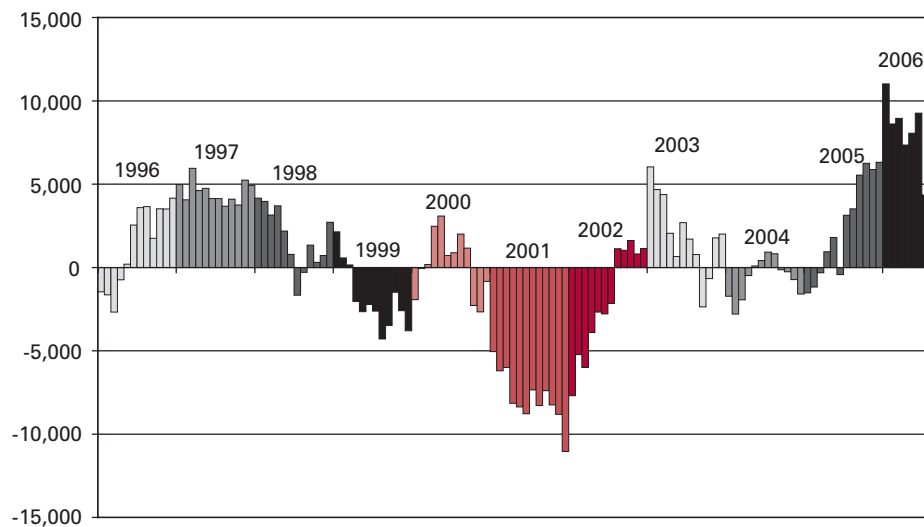
From a longer-term perspective, northeast Indiana is in the process

of putting in place a substantially more robust economic development system than the region has previously supported. For the first time ever, every county in the northeast corner of this state has an active local economic development organization with a full-time professional staff. Entrepreneurial and small business support efforts are gaining momentum. Workforce and economic development initiatives are becoming more closely aligned and a newly-created regional marketing organization has been formed in recent months and is being generously supported by private, public, and foundation capital. Over time, this more aggressive, multi-dimensional effort should pay dividends in both job creation and in increasing relative average wage levels in northeast Indiana. ■

Notes

1. Employment actually peaked in the second quarter of 2000, with Indiana jobs totaling 2,969,508 and Fort Wayne CSA jobs totaling 291,770.

Figure 2
Total Employment Change Since the Previous Year’s Total Employment in the Fort Wayne–Auburn–Huntington CSA



Source: Bureau of Labor Statistics

Gary

Donald A. Coffin, Ph.D.

Associate Professor of Economics,
 School of Business and Economics,
 Indiana University Northwest, Gary

Looking Back

Establishment-Based Estimates of Employment and Earnings:

The northwest Indiana¹ economy has generally lagged the state and the nation over the last decade and more. Between 1995 and 2006, employment in northwest Indiana grew at an average annual rate of 0.22 percent, compared with Indiana’s relatively meager 0.60 average annual growth and the nation’s 1.32 percent. This disappointing overall performance conceals much stronger performance in some sectors and much weaker performance in others.

Table 1 compares average annual employment growth for northwest Indiana with the state and the nation, for selected industries. While employment in construction and in health care services were quite strong, no industry in northwest Indiana experienced faster employment growth than both the state and the nation.

Real weekly earnings also grew more slowly in northwest Indiana (0.25 percent per year) than in the state (0.79 percent per year). Locally, weekly earnings grew more rapidly than the state in construction, manufacturing, and wholesale trade, and more slowly than the state in transportation and utilities, finance, and health care (see **Table 2**).

During the past year, employment growth in northwest Indiana has modestly outpaced the state, 1.02 percent to 0.92 percent (see **Table 3**). Real weekly earnings however, have increased by 3.68 percent at the state level, but only by 2.76 percent in northwest Indiana.²

Household-Based Estimates of the Labor Force, Employment, and Unemployment: Labor force growth locally has also substantially lagged. Between January 1990 and September