

Anderson Forecast 2011

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The data available thus far for 2010 suggest that the economic situation in the Anderson Metropolitan Statistical Area (Madison County) has improved over the past year. Aside from the Indianapolis Colts training camp moving back to Anderson after more than a 10-year absence, there are several encouraging signs in the local economy. The number of jobs and the population have remained steady. This could represent a turning point. Anderson, like other cities in the Midwest, is struggling to redefine itself after the great exodus of large-scale manufacturing firms over the past several decades. Added to this mix is the necessary restructuring of local government activities due to property tax caps. To its credit, Anderson has some high-profile companies such as Bright Automotive (hybrid electric vehicles) and Coes (antimicrobial additives) working on

new technologies and the Flagship Enterprise Center is expanding.

This article includes the most current data available on various measures of economic activity from public sources for the Anderson metro area in order 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 peaked at 11.9

percent in early 2010 (see Table 1). The preliminary unemployment rate for September 2010 is 10.7 percent, higher than both the state (9.5 percent) and nation (9.2 percent) using the not seasonally adjusted data. The number of unemployed workers in Madison County has trended down slowly since March but the labor force has also decreased; this led to the stubbornly high unemployment rates for the county and suggests that frustrated job seekers are continuing to drop out of

“In the coming year, we expect employment to remain steady and small gains in income as the economy continues to recover.”

TABLE 1: Labor Force and Unemployment for Madison County, September 2009 to September 2010

Year	Month	Labor Force	Unemployed	Unemployment Rate
2009	September	61,358	6,073	9.9
	October	61,298	6,228	10.2
	November	60,966	6,164	10.1
	December	60,298	6,442	10.7
	Annual	62,046	6,633	10.7
2010	January	60,427	7,040	11.7
	February	60,394	7,175	11.9
	March	60,717	7,238	11.9
	April	61,067	6,764	11.1
	May	62,156	6,757	10.9
	June	61,771	7,176	11.6
	July	61,509	7,165	11.6
	August	61,539	7,021	11.4
	September*	60,674	6,476	10.7

*September 2010 data are preliminary.
Note: Data are not seasonally adjusted.
Source: Bureau of Labor Statistics

TABLE 2: Anderson Metro Employment by Industry, Year-to-Date 2009 to 2010

Industry	2010	Change since 2009	Percent Change 2009-2010
Total Nonfarm	40,822	100	0.2
Total Private	33,967	100	0.3
Goods-Producing	5,100	100	2.0
Manufacturing	3,822	156	4.2
Service-Providing	35,722	0	0.0
Trade, Transportation and Utilities	8,556	144	1.7
Information	511	-78	-13.2
Professional and Business Services	3,033	11	0.4
Educational and Health Services	8,022	11	0.1
Leisure and Hospitality	5,500	-56	-1.0
Financial Activities	1,600	33	2.1
Other Services	1,644	-67	-3.9
Government	6,968	68	1.0

Note: Data are January to September of each year. September 2010 data are preliminary.
Source: Bureau of Labor Statistics

the labor market, that residents are migrating out of the area, or both.

Current Employment Statistics data show a relatively stable jobs situation in 2010. Total nonfarm jobs in Madison County increased by about 100 jobs to around 40,800. This is a decrease of about 6,500 jobs since 2000 but is the first positive increase in year-over-year employment in the 2000s. Manufacturing (adding more than 150 jobs) and trade, transportation and utilities (adding more than 140 jobs) were the sectors with the most job growth. Losses were in information, leisure and hospitality and other services (see **Table 2**). This marks the first net increase in manufacturing employment in this millennium, but it is small relative to the thousands of manufacturing jobs that have been lost over the past four years. (These numbers are preliminary and may be adjusted in the coming months.) The Anderson MSA began the millennium with around 10,500 manufacturing jobs and currently has around 3,800. The peak for manufacturing employment was around 30,000 jobs in the early 1970s.

Average wages were about the same as last year at \$572 per week during the first quarter of 2010 (the most recent data available) and are lower than the state average of \$739 for the same period. **Table 3** shows average weekly wages (not adjusted for inflation) for the first quarter of 2009 and the first quarter of 2010. Several sectors experienced decreases in wages. The hardest hit sectors were transportation and warehousing (-9.1 percent); administrative, support and waste management services (-5.9 percent); and information (-5.3 percent). The sectors with the largest gains in weekly wages were finance and insurance (7.2 percent); agriculture, forestry, fishing and

hunting (6.9 percent); and wholesale trade (6.1 percent). The inflation rate between the first quarters of 2009 and 2010 was 2.4 percent, so workers in

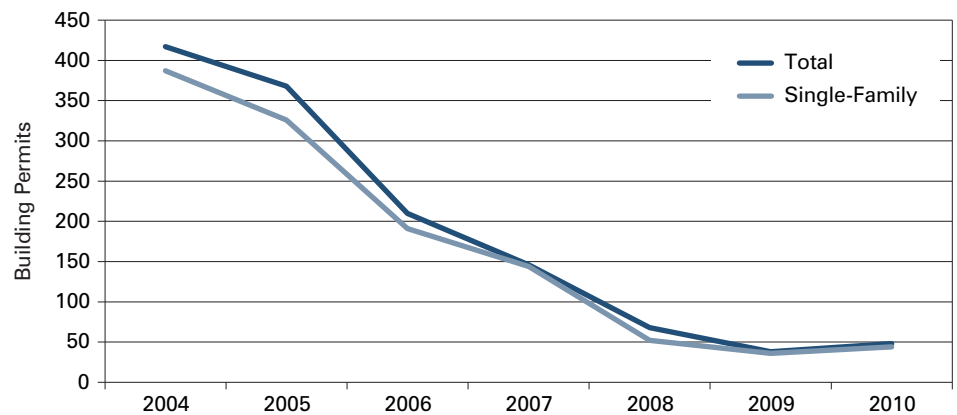
sectors with wage growth below 2.4 percent are worse off in 2010 relative to 2009.

TABLE 3: Average Weekly Wages in Anderson Metro, 2009:1 to 2010:1

Industry	2009:1	2010:1	Percent Change
Total	\$570	\$572	0.4%
Finance and Insurance	693	743	7.2
Agriculture, Forestry, Fishing and Hunting	508	543	6.9
Wholesale Trade	758	804	6.1
Public Administration	680	721	6.0
Construction	665	694	4.4
Arts, Entertainment, and Recreation	370	385	4.1
Manufacturing	824	856	3.9
Other Services (Except Public Administration)	346	359	3.8
Retail Trade	385	385	0.0
Professional, Scientific, and Technical Services	637	637	0.0
Real Estate and Rental and Leasing	451	448	-0.7
Management of Companies and Enterprises	1456	1440	-1.1
Health Care and Social Services	649	634	-2.3
Educational Services	683	667	-2.3
Information	587	556	-5.3
Administrative and Support and Waste Management and Remediation Services	405	381	-5.9
Transportation and Warehousing	727	661	-9.1

Note: Data are not adjusted for inflation.
Source: Bureau of Labor Statistics

FIGURE 1: Madison County Residential Building Permits, Year-to-Date 2004 to 2010



Note: Data are January to September totals for each year.
Source: IBRC, using U.S. Census Bureau data

TABLE 4: Madison County Residential Real Estate Sales, Year-to-Date 2005 to 2010

Year	Units Sold	Average Price
2005	3,586	\$91,101
2006	3,722	84,352
2007	3,676	79,652
2008	3,064	77,362
2009	2,777	70,287
2010	2,495	74,892
Change 2009 to 2010	-282	4,605
Percent Change	-10.2%	6.6%

Note: Data are January to September totals for each year. Dollar values are not adjusted for inflation. Source: Metro Indianapolis Board of Realtors

TABLE 5: Food Stamp Recipients in Madison County, Year-to-Date 2003 to 2010

Year	Average Monthly Food Stamps Issued	Number of Food Stamp Recipients
2003	\$1,013,779	11,910
2004	1,133,426	13,168
2005	1,370,772	14,447
2006	1,458,962	15,350
2007	1,497,539	15,581
2008	1,520,783	14,402
2009	1,920,528	15,340
2010	2,410,044	18,310
Change 2009 to 2010	489,517	2,970
Percent Change	25.5%	19.4%

Note: Data are January to May totals for each year. Dollar values are not adjusted for inflation. Source: STATS Indiana, using FSSA data

Housing

The housing market shows weak signs of recovery in Madison County. Residential construction as measured by new single- and multi-family housing units shows an increase with 48 permits issued between January and September 2010 (see **Figure 1**). This is substantially lower than the number of permits issued during the same months earlier in the decade.

Sales of existing homes show no sign of recovery yet (see **Table 4**). Home sales through September 2010 decreased more than 10 percent relative to the same period in 2009 to just under 2,500 units. The average price of homes sold was almost 7 percent higher, but that is likely due to the mix of houses sold during this period.

Social Safety Net

Changes in the number of food stamp recipients and the dollar amount of food stamp payments is one indicator of economic distress in a community. The number of food stamp recipients and the corresponding amount of food stamps issued increased dramatically during the past year in Madison County (see **Table 5**). The number of food stamp recipients increased almost 20 percent, with the total averaging more than 18,000 individuals (about 14 percent of the population in the county) during the January to May time period. The average monthly dollar amount distributed in food stamps increased by more than 25 percent to exceed \$2.4 million. This increase reflects the state of the economy in east-central Indiana, the slow recovery from the recession, and may also reflect changes to the state administration of assistance programs.

Gaming

May 2010 marked the second full year of operation of Hoosier Park Casino. The recession affected casino winnings and the wagering tax generated at Hoosier Park. Winnings decreased 0.5 percent to \$201.1 million. The wagering tax revenues generated from these winning decreased 0.7 percent to \$55.4 million. For fiscal year 2010, Hoosier Park ranked sixth of the 13 Indiana casinos in terms of total winnings. Last November, Ohio voters approved a ballot initiative to allow casinos in Cincinnati, Cleveland, Columbus and Toledo. The Cincinnati and Columbus casinos are likely to draw patrons from the same geographic area as Indiana's Hoosier Park Casino. The new Columbus and Toledo casinos are currently scheduled to open in 2012.

Outlook

The official numbers show some small improvements over the situation last year in some areas: the level of employment in the county has increased slightly, and average wages have been steady. The high unemployment rate and corresponding increases in the number of people needing public assistance, the slow rate of home sales, and the decreasing labor force in the county are the dark clouds.

In the coming year, we expect employment to remain steady and small gains in income (in the 2 to 3 percent range) as the economy continues to recover.¹

Notes

1. These estimates are based on the August 2010 forecasts from the Center for Econometric Model Research at Indiana University.