

Muncie Forecast 2014

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The official numbers show small improvements in the Muncie area economy during 2013. The unemployment rate is down. Nonfarm employment increased as did average weekly wages. The housing market, particularly real estate sales, continues to improve, and local real estate agents indicate that there are shortages in some segments of the market. However, the job gains of the past year are not likely to persist. In September, IU Health Ball Memorial Hospital, Delaware County's largest employer, announced that 120 people would be laid off by the end of 2013. Local software maker Ontario Systems recently announced a layoff of 20 workers. These job losses will hamper an already fragile recovery. Earlier this year, Magna Powertrain announced that it is adding up to 76 jobs over the next few years, and recently Progress Rail announced the hiring additional workers on short-term contracts, but net gains in employment in the county are likely to be small.¹

This article includes the most current data available on various measures of economic activity from public sources for the Muncie metropolitan area (Delaware County) to analyze changes over the past year. A summary of the labor market forecast for the Muncie area is included in the conclusion.

Labor Markets

The unemployment rate for August 2013 made a substantial improvement from January 2013, decreasing from 10.4 percent to 8.6 percent. This is also lower than one year ago (August 2012) when the unemployment rate was 9.7 percent (see **Table 1**). However, Delaware County's unemployment rate is still higher than Indiana's rate of 7.5 percent (not seasonally adjusted) in August

TABLE 1: Labor Force and Unemployment, Delaware County, August 2012 to August 2013

Year	Month	Labor Force	Unemployed	Unemployment Rate
2012	August	54,430	5,286	9.7
	September	55,397	4,970	9.0
	October	55,440	4,817	8.7
	November	55,209	4,852	8.8
	December	55,118	5,133	9.3
	Annual		54,245	5,161
2013	January	54,901	5,712	10.4
	February	54,275	5,594	10.3
	March	54,134	5,556	10.3
	April	54,253	4,781	8.8
	May	54,487	4,928	9.0
	June	52,895	5,573	10.5
	July	53,091	5,445	10.3
	August	52,729	4,532	8.6

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

TABLE 2: Muncie Metro Employment by Industry, Year-to-Date 2012 to 2013*

Industry	2013	Change since 2012	Percent Change 2012-2013
Total Nonfarm	50,650	550	1.1%
Total Private	37,463	50	0.1%
Goods-Producing	5,713	88	1.6%
Manufacturing	4,200	75	1.8%
Private Service-Providing	31,750	-38	-0.1%
Trade, Transportation and Utilities	8,900	213	2.4%
Leisure and Hospitality	5,025	113	2.3%
Financial Activities	2,600	75	3.0%
Information	300	-13	-4.0%
Private Educational and Health Services	9,238	-25	-0.3%
Other Services	1,600	-38	-2.3%
Government	13,188	500	3.9%

*January through August average.
Source: Bureau of Labor Statistics and Indiana Department of Workforce Development

2013. Similar to the situation in 2012, the number of unemployed workers decreased at a faster rate (down 20.7 percent) than the change in the labor force (down 4 percent) in 2013. The

decrease in unemployment rate is due in part to a smaller labor force as around 2,000 people left the labor force in Delaware County. The change in the number of unemployed

TABLE 3: Average Weekly Wages in the Muncie MSA, 2013 Q1

Industry	2013 Q1	Percent Change since 2012 Q1
Total	\$682	3.2%
Utilities	\$1,538	10.2%
Health Care and Social Services	\$760	8.6%
Arts, Entertainment and Recreation	\$262	7.4%
Finance and Insurance	\$892	6.8%
Professional, Scientific and Technical Services	\$812	6.0%
Real Estate, Rental and Leasing	\$696	5.9%
Information	\$754	5.5%
Retail Trade	\$436	2.8%
Manufacturing	\$907	2.7%
Transportation and Warehousing	\$803	1.9%
Other Services (Except Public Administration)	\$431	1.2%
Administrative Support and Waste Management	\$440	0.5%
Public Administration	\$731	0.4%
Educational Services	\$798	-1.6%
Accommodation and Food Services	\$231	-2.1%
Wholesale Trade	\$887	-2.5%
Construction	\$706	-3.3%
Management of Companies and Enterprises	\$1,752	-7.2%

Note: Data for agriculture, forestry, fishing and hunting and mining are not included due to nondisclosure requirements
Source: U.S. Bureau of Labor Statistics & Indiana Department of Workforce Development

workers is similar to the state of Indiana which saw a 21.3 percent reduction. However, Indiana’s labor force went in the opposite direction with a 1 percent increase.

For the third straight year, nonfarm employment increased in Delaware County with 550 more jobs. This reverses the 2007–2010 trend where nonfarm employment lost 4,400 jobs. For the third straight year, manufacturing jobs increased and the result was an additional 75 jobs in 2013. Trade, transportation and utilities was the industry sector that provided the largest share of the private nonfarm employment increase with 213 jobs, while government (including public schools and hospitals) added 500 jobs (see **Table 2**).

Average weekly wages in Delaware County rose for the second straight year, increasing from \$661 to \$682 (3.2 percent). This was also the eighth straight year that first quarter average weekly wages either increased or remained constant (see **Table 3**). A majority of the industry sectors in 2013 (13 of 18) experienced positive increases in weekly wages ranging from 0.4 percent to 10.2 percent. Seven of these sectors increased 5 percent or more: utilities (10.2 percent), health care and social services (8.6 percent), arts, entertainment and recreation (7.4 percent), finance and insurance (6.8 percent), professional, scientific and technical services (6.0 percent), real estate, rental and leasing (5.9 percent) and information (5.5 percent). Five sectors saw a decline in average

TABLE 4: Delaware County Residential Building Permits, Year-to-Date 2002 to 2013

Year	Total	Single-Family	Multi-Family
2002	164	156	8
2003	345	156	189
2004	200	154	46
2005	122	115	7
2006	94	79	15
2007	87	73	14
2008	47	43	4
2009	21	21	0
2010	25	23	2
2011	53	43	10
2012	47	42	5
2013	22	22	0

Note: Each year is based on January through August totals.
Source: U.S. Census Bureau

weekly wages in 2013: construction, wholesale trade, educational services, management of companies and enterprises, and accommodation and food services.

The inflation rate between the first quarters of 2012 and 2013 was 1.7 percent, so workers in more than half of the sectors experienced real wage growth over this period.²

Housing

After 2011 and 2012, it looked like new housing construction was on the rebound. However, the number of residential building permits dropped substantially—from 47 permits in 2012 to 22 permits in 2013 (see **Table 4**). There were mixed results in the residential real estate market in 2013. On the positive side, the number of units sold increased for the second straight year—from 713 units in 2012 to 826 units in 2013. However, the average number of days on the market increased by 10 and the average sales price decreased by \$6,621 (falling from \$92,213 in 2012 to

TABLE 5: Residential Real Estate Sales, Delaware County, January to September, 2006 to 2013

Indicator	2006	2007	2008	2009	2010	2011	2012	2013
Units Sold	1,086	984	715	733	714	635	713	826
Average Days on Market	131	128	145	155	130	146	134	144
Average Sale Price	\$98,230	\$92,596	\$91,632	\$90,628	\$85,084	\$85,957	\$92,213	\$85,592
Median Sale Price	\$80,000	\$79,900	\$75,500	\$76,750	\$69,950	\$72,900	\$79,900	\$72,905
Average Property Tax/Average Sales Price	1.18%	1.30%	1.71%	1.54%	1.47%	1.16%	1.28%	1.15%

Source: Jim Kouns with the Mid-Eastern Indiana Association of Realtors (MEIAR)

\$85,592 in 2013). These changes put the 2013 numbers—average days on the market and average sales price—back to 2011 levels (see Table 5).

Social Safety Net

For the fifth straight year, there were increases in the dollar amount of food stamps issued, the number of food stamp recipients and the number of households receiving food stamps (see Table 6). However, the rate of growth in food stamps issued and recipients has been declining over the past three years. In 2013, the dollar amount of food stamps issued was \$2.7 million per month. This is an increase of 3.0 percent compared to the increase of 5.9 percent in 2012 and the increase of 10.1 percent in 2011. The number of food stamp recipients topped 20,000 per month (for the first time) in 2013, an increase of 3.2 percent compared to the increase of 6.3 percent in 2012 and the increase of 11.1 percent in 2011. In 2013, the number of households receiving food stamps was just slightly less than 10,000 per month. This is an increase of 4.1 percent compared to the increase of 8.7 percent in 2012 and the increase of 13.5 percent in 2011.

Outlook

The past year extended the period of slow growth that has become the “new normal” since the Great Recession. The decline in the labor force from 2012 to 2013 indicates that discouraged workers are a persistent

TABLE 6: Food Stamp Recipients in Delaware County, January to September Averages, 2005 to 2013

Year	Average Monthly Food Stamps Issued	Average Monthly Food Stamp Recipients	Number of Households Receiving Food Stamps (monthly average)
2005	\$1,404,316	14,083	6,497
2006	\$1,344,049	14,108	6,632
2007	\$1,411,099	14,351	6,837
2008	\$1,404,418	13,004	6,154
2009	\$1,909,044	14,323	6,662
2010	\$2,282,955	16,787	7,739
2011	\$2,513,198	18,653	8,787
2012	\$2,661,710	19,823	9,549
2013	\$2,740,579	20,455	9,941
Change 2012 to 2013	\$78,869	632	392
Percent Change 2012–2013	3.0%	3.2%	4.1%

Note: Dollar amounts not adjusted for inflation.
Source: STATS Indiana, using FSSA data

issue and the continued increase in the number of food stamp recipients indicates ongoing economic distress for many families in Delaware County. Approximately 17 percent of Delaware County’s population and 20 percent of households received food stamps in 2013. Several years of strong, positive employment and income growth are needed to alleviate the lingering effects of the most recent recession and the closing of large manufacturing plants and associated businesses over the past two decades in East Central Indiana.

In the coming year, we expect small gains in employment (1 percent) and

income (in the 2 percent to 3 percent range) as the economy continues its slow recovery.³

Notes

1. Walker, D. and K. Roysdon, “Progress Rail hiring, but secrecy remains,” *The Star Press*, November 3, 2013, A1. Roysdon, K., *The Star Press*: “Hospital layoffs higher than forecast,” September 23, 2013, A1; “Ontario lays off 20 from workforce of 287,” September 28, 2013, A1; “Magna to add 76 jobs by 2016,” March 27, 2013, A1.
2. Inflation rate for the Midwest region using the CPI for all urban consumers.
3. Forecast from the Center for Econometric Model Research, Indiana University, Bloomington, August 2013.