

# INCONTEXT

January / February 2004

INDIANA'S WORKFORCE AND ECONOMY

Vol. 5, Issue 1

## INSIDE *this issue:*

- **IN THE SPOTLIGHT** 1  
Indiana's Population Gains: What's Our Rank?
- **IN THE WORKFORCE** 4  
Pass the Ketchup, Please: The Leisure and Hospitality Supersector
- **IN LOCAL AREAS** 5  
The Job Truth Is Out There—But Where?
- **IN BUSINESS** 6  
The Link Between Advanced Manufacturing and Productivity
- **IN THE NEWS** 8  
The Number of Hoosier Businesses Is Shrinking
- **IN METRO AREAS** 10  
The Anderson Metro Area
- **IN CLOSING** 12  
November's Unemployment Snapshot

## IN the Spotlight:

### Indiana's Population Gains: What's Our Rank?

In December, the U.S. Census Bureau released new population estimates for each of the 50 states and the District of Columbia. According to these figures, Indiana's population had grown to almost 6.2 million by the summer of 2003, and the state kept its rank as the 14th largest. Lest the reader think the question in this article's title has been thoroughly answered in the first paragraph, let us continue on and explore a variety of ways to answer it.

Among its Midwestern neighbors, Indiana is holding its own—but in fractions. Indiana's annual rate of growth during these early years of the new century continues to be less than 1 percent and is reminiscent of the 1980s. The latest data show Indiana's growth rate between 2002 and 2003 was 0.6 percent, only 0.1 percentage points higher than the growth of the Midwest

and 0.2 percentage points higher than that of the Northeast (see Table 1).

The estimates show the continued shift of the population to the southern and western portions of the United States (see Figure 1). The four states with the fastest growth from 2002 to 2003 share warm weather characteristics. They are Nevada, with a 3.4 percent growth rate; Arizona, at 2.6 percent (and this state will likely surpass Indiana's population by the end of the decade); Florida, at 2 percent; and Texas, at 1.8 percent. Notable exceptions to the frequently observed relationship between warmer weather and higher population growth rates are Idaho and Delaware, which rank fifth and seventh, respectively. California and Hawaii round out the top 10. By this particular measure, Indiana holds the distinction of being ranked 31st.

*(continued on page 2)*

Table 1: Growth of Indiana Compared to U.S. Regions, 2002 to 2003

Geographic Area	Population Estimates		Change	
	July 1, 2003	July 1, 2002	Number	%
West	66,465,849	65,504,336	961,513	1.5
South	104,538,348	103,197,968	1,340,380	1.3
INDIANA	6,195,643	6,156,913	38,730	0.6
Midwest	65,406,134	65,098,828	307,306	0.5
Northeast	54,399,446	54,172,792	226,654	0.4

Source: U.S. Census Bureau

## Unemployment Rates for November 2003

Indiana  
4.7%

U.S.  
5.6%

\*Not seasonally adjusted

**IN the Spotlight**

*(continued from page 1)*

Of course, if we focus on changes in absolute numbers, we paint a somewhat different picture (see Figure 2). By this criterion, a slightly larger group of cold-weather states gets a piece of the high-growth action. While California, Texas and Florida overwhelmingly dominate this contest of sheer numbers, the states of Illinois, Washington, New Jersey, Maryland and New York each make a very respectable showing (see Table 2). How does the Hoosier state compare via this measure? We fared a bit better than we did by percentage, clocking in at number 18 with an increase of 38,730 people.

**An Opportunity to Offset Brain Drain?**

Notably, North Dakota and the District of Columbia were the only areas to lose population during the 2002 to 2003 time period, decreasing by 74

and 5,773 people, respectively. Interestingly, the district added nearly 50,000 nonfarm jobs between 1998 and 2002, while experiencing a population gain of fewer than 4,000 over the same period; thus, people holding those jobs seem more likely to live in surrounding states. In light of this, perhaps Maryland’s growth is not quite as surprising.

In any case, the long travel times for those commuting workers, combined with the high cost of living in the district, may encourage some D.C. employees to eventually seek employment elsewhere. In fact, this was the case for Amber Dodez-Kostelac, IBRC data manager. Kostelac explains, “Although entry-level positions attract college graduates across the nation to the district, oftentimes the cost of living in D.C. is so expensive that these new graduates find themselves living in

surrounding states such as Virginia, Maryland and, in some cases, as far as West Virginia.”

Could it be that we have uncovered a specific opportunity to help offset Indiana’s so-called brain drain? Our relatively low cost of living is one thing that could be leveraged to try to offset, as well as slow down, brain drain. Of course, brain drain is a topic deserving of its own article; but for our current purposes, suffice it to say that such efforts would help preserve our relative standing in the population growth competition at hand.

**Progress So Far This Decade**

Comparing nearby states, the estimated population growth from July 1, 2000, to July 1, 2003, was about the same for Illinois, Indiana and Kentucky (each at 1.7 percent), and slightly more in Wisconsin (1.8 percent). Growth was relatively slow for Michigan (1.2 percent) and Ohio (0.6 percent). However, all of these were lower than the growth of the nation over the same period (3.1 percent).

Of the 10 states that have a population estimate between 5 million and 7.4 million for 2003, Indiana ranked ninth in growth over the three-year period (see Table 3). Only Massachusetts had slower growth, yielding an increase of just 1.1 percent. Arizona tops this list of peers, stampeding along at an 8 percent three-year growth rate.

Our immediately trailing peer is the state of Washington, with a 2003 estimate of about 6.1 million.

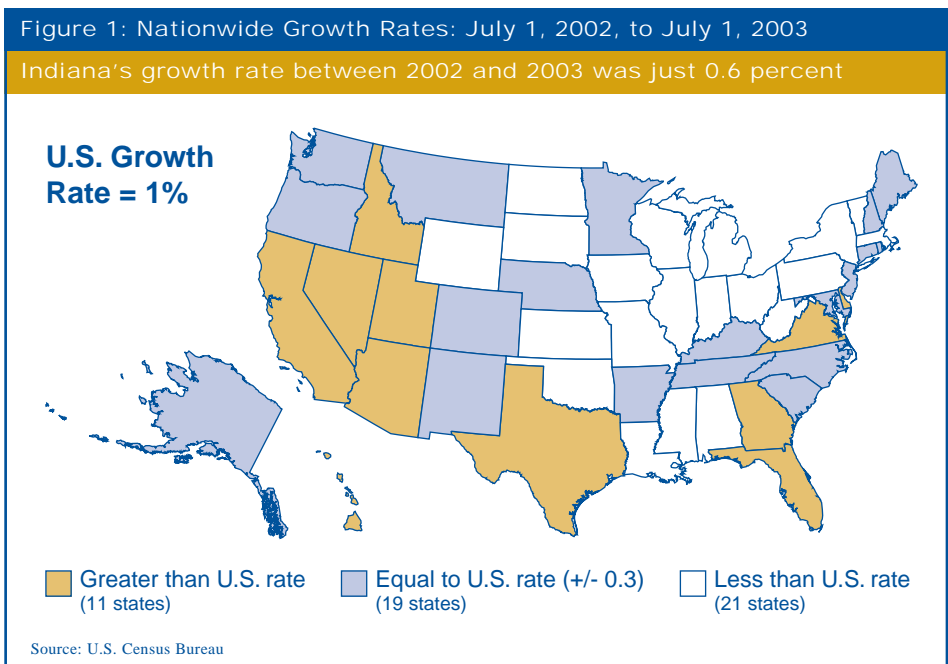


Figure 2: Numeric Change from July 1, 2002, to July 1, 2003

Indiana grew by 38,730 people, ranking it 18th in the nation

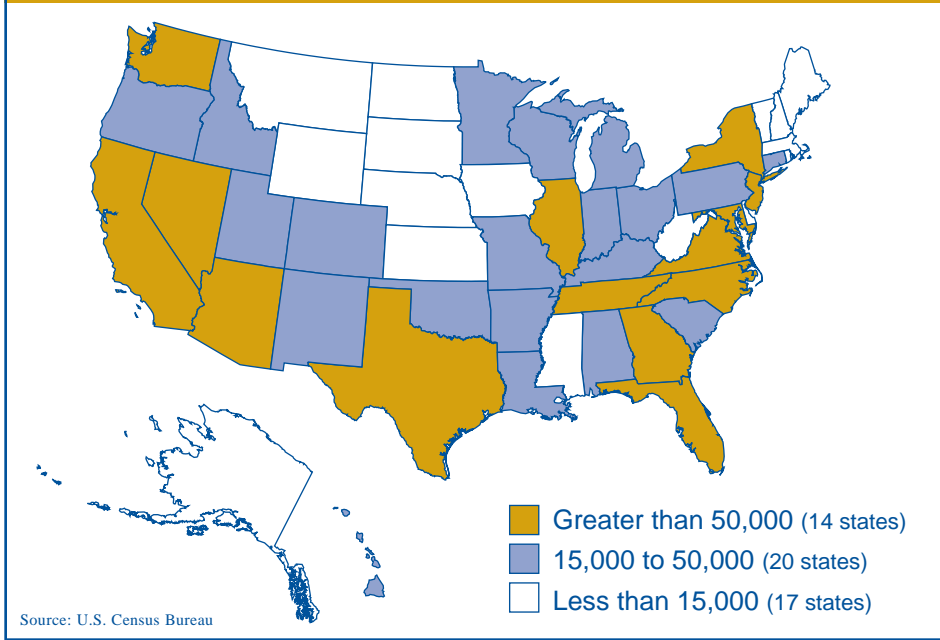


Table 2: Largest Numeric Changes

State	Change 2002-2003	Rank
California	482,467	1
Texas	381,584	2
Florida	327,367	3
Georgia	140,710	4
Arizona	139,686	5
North Carolina	101,428	6
Virginia	98,501	7
Nevada	73,699	8
Illinois	67,097	9
Washington	64,385	10
New Jersey	63,144	11
Maryland	58,384	12
New York	55,822	13
Tennessee	51,952	14

Source: U.S. Census Bureau

Although we've managed to edge out that state so far, it has a three-year growth rate of 3.7 percent, which is 2 percentage points higher than ours. If these trends continue, Washington's population will exceed Indiana's by almost 60,000 in the summer of 2006. Sticking out our necks a bit further with our three-year growth assumptions, Indiana's population would extend about 20,000 beyond that of Massachusetts by July of 2024. Is anyone taking any bets on that?

—Carol O. Rogers, Associate Director, Indiana Business Research Center, Kelley School of Business, Indiana University

—Vincent Thompson, Economic Analyst, Indiana Business Research Center, Kelley School of Business, Indiana University

Table 3: Indiana and Its Peers (within 1.2 million of Indiana's population)

Area	Population Estimates		Change: 2000 to 2003		
	July 1, 2003	July 1, 2000	Number	Percent	Rank
United States	290,809,777	282,177,754	8,632,023	3.1%	-
Arizona	5,580,811	5,165,765	415,046	8.0%	1
Virginia	7,386,330	7,104,852	281,478	4.0%	2
Washington	6,131,445	5,911,043	220,402	3.7%	3
Maryland	5,508,909	5,311,531	197,378	3.7%	4
Minnesota	5,059,375	4,933,648	125,727	2.5%	5
Tennessee	5,841,748	5,702,670	139,078	2.4%	6
Wisconsin	5,472,299	5,373,947	98,352	1.8%	7
Missouri	5,704,484	5,605,995	98,489	1.8%	8
Indiana	6,195,643	6,091,535	104,108	1.7%	9
Massachusetts	6,433,422	6,362,076	71,346	1.1%	10

Source: U.S. Census Bureau

For access to the detailed population change data for all 50 states and the District of Columbia, go to



[www.incontext.indiana.edu/2004/jan-feb04/spotlight.html](http://www.incontext.indiana.edu/2004/jan-feb04/spotlight.html)