In this issue, the quarterly focus is on the local labor force. The Director’s Corner offers insight on the recent release on the best-performing cities from the Milken Institute.

This newsletter is also available on our website: http://new.ipfw.edu/centers/cri/reports.

The Labor Force is defined as those age 16 and over currently employed or actively looking for a job. Note that the unemployment rate is calculated using this data series. The labor participation rate is the percent of the population age 16 and over who are in the labor force. The recession and the aging of the population have contributed to a lower participation rate; nationally, the 2012 rate was the lowest since 1979.

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We have always found it interesting that this area has a higher labor participation rate than other areas. Some years ago, Dr. Thomas Guthrie offered his opinion that there may be a connection between lower pay in the area and therefore a need for additional jobs through part-time work or more persons in a household working. Given the recurring observations concerning low wages, there may indeed may a connection.
Employment and Unemployment by Sector

As shown in the following chart, workers from some industries are experiencing more unemployment than others. For example, manufacturing employees in Allen County make up 14.4 percent of the employee base, but 23.1 percent of the unemployed come from the manufacturing ranks (excluding those for which there is no prior employment or the prior occupation is unknown). In Allen County, there are large variances between sector employment and unemployment within these sectors, notably in manufacturing, construction, health care, and government (with these latter two resulting in the opposite observation—the percent of the unemployed is far less than the employed).

Percent of Allen County Employment and Unemployment by Sector
Sorted by Sector of the Unemployed

Source: EMSI

Notes:
1. Administrative and Support and Waste Management represents almost 7 percent of all Allen County jobs in 2012, and over 50% of these jobs were temporary help jobs or through PEO in Allen County in 2012.
2. Not shown in the chart above is the percent of the unemployed who have no prior work experience or did not disclose it. Over 15 percent of the unemployed in Allen County in 2012 were in this category.

Allen County Workforce and Educational Attainment

In Allen County, the percent of the population with any type of degree (associates and above) is the same as the national level (36.3 percent), although the county has a higher percentage of associate’s degree and fewer bachelor and above degrees. Allen also has a higher percentage of the population with either some college or no degree with 24.4 percent of the adult population compared to 20.9 percent at the state level. It is unfortunate that we do not have more information on this 24.4 percent. Are these “college dropouts” or persons who attended college to gain specific knowledge necessary to obtain an industry certification? Data is simply not available at this level. When reviewed by employment status, two important points regarding education and employment stand out: the more education, the more likely one is in the labor force, and of those in labor force, those with more education have a lower unemployment rate—see table.

<table>
<thead>
<tr>
<th></th>
<th>United States</th>
<th>Indiana</th>
<th>Allen County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than high school graduate:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In Labor Force</td>
<td>60.9%</td>
<td>56.9%</td>
<td>63.5%</td>
</tr>
<tr>
<td>Unemployed</td>
<td>15.6%</td>
<td>18.6%</td>
<td>18.6%</td>
</tr>
<tr>
<td>High school graduate:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In Labor Force</td>
<td>73.6%</td>
<td>75.8%</td>
<td>76.2%</td>
</tr>
<tr>
<td>Unemployed</td>
<td>11.0%</td>
<td>10.4%</td>
<td>10.3%</td>
</tr>
<tr>
<td>Some college or associate’s degree:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In Labor Force</td>
<td>79.4%</td>
<td>81.2%</td>
<td>80.6%</td>
</tr>
<tr>
<td>Unemployed</td>
<td>8.8%</td>
<td>8.6%</td>
<td>9.3%</td>
</tr>
<tr>
<td>Bachelor’s degree or higher:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In Labor Force</td>
<td>85.8%</td>
<td>87.2%</td>
<td>87.3%</td>
</tr>
<tr>
<td>Unemployed</td>
<td>4.6%</td>
<td>3.2%</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, 2011 ACS 1 Year Estimate
Unemployment Claims

A final look at our labor force attempts to identify the unemployed who receive claims and those who do not. This newsletter regularly reports data on initial claims filed which serves as an indicator or as a comparison to previous years, but there are other unemployment benefits such as continued claims, extended benefits, and emergency benefits, as shown in chart A. The Bureau of Labor Statistics provides data on those in the workforce who are unemployed, but how many of these people are not receiving benefits? Some have not been eligible, not filed, or exhausted their unemployment benefits. Although data is not precise since unemployment programs have been adjusted in these past five years, it appears that the number of people in the labor force who no longer claim unemployment benefits has increased by 40 percent since 2008 (see trend line in Chart B below). In 2008 and 2009, approximately 5,000 unemployed persons did not receive benefits. In 2011 and 2012, that average was 7,000.

Workforce by Age Group

The following charts summarize workforce data by age groups in Allen County. Jobs (not the count of employed workers) are represented, and the data does not include self-employed workers or independent contractors.

Unemployment Claims in Allen County Selected Weeks

Source: Indiana Department of Workforce Development

Comparison of Claims Data and Unemployed Estimates

Sources: Indiana Department of Workforce Development and U.S. Bureau of Labor Statistics, LAUS
Preliminary 2012 annual unemployment data from Local Area Unemployment Statistics (LAUS), a federal-state cooperative program which produces monthly estimates of labor force and unemployment data, were released recently and are summarized here. Allen County increased its labor force by almost 3,000 (1.6 percent increase from 2011) while the labor force declined in the state by almost 14,000 (-0.4 percent).

### Unemployment Rates

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012 (P)</th>
<th>Dec 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allen County</td>
<td>9.1</td>
<td>7.8</td>
<td>7.9</td>
</tr>
<tr>
<td>FW MSA</td>
<td>9.0</td>
<td>7.7</td>
<td>7.9</td>
</tr>
<tr>
<td>Indiana</td>
<td>9.0</td>
<td>8.2</td>
<td>8.5</td>
</tr>
<tr>
<td>U.S.</td>
<td>8.9</td>
<td>8.1</td>
<td>7.6</td>
</tr>
</tbody>
</table>

Note: Data is not seasonally adjusted.

### Average Annual Wage

<table>
<thead>
<tr>
<th></th>
<th>Allen County</th>
<th>Indiana</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$39,535</td>
<td>$40,248</td>
<td>$48,040</td>
</tr>
<tr>
<td>2012</td>
<td>$40,061</td>
<td>$40,689</td>
<td>$48,527</td>
</tr>
</tbody>
</table>

Note: All data is for 2011 unless noted otherwise.
Allen County Business Dynamics- 4th Quarter

A quarterly review of events occurring with the business establishments in Allen County

Note: The annual report for 2012 will be released by the Northeast Indiana Regional Partnership, expected release date is February 2013.

There were no announced closings or downsizings for the period, although Lincoln Foodservice will be closing all manufacturing operations in 2013, and keeping a small service staff in Allen County. The CRI Business Dynamics reports events in the quarter in which they occur, not announced. All of the events listed to the right for the fourth quarter are expansions.

In contrast, the 4th quarter summary for 2011 included one closure and three downsizings which affected 369 jobs. In addition, there were seven expansion events for 171 jobs and $279 million in investment activity.

Note: CRI does not track changes in some sectors such as retail, restaurant, accommodations, or small services. Business dynamics data is continuously revised and updated.

Company | People/Jobs | Investment in Millions
--- | --- | ---
Parkview Hospital | 0 | 2
Vibra Hospital of Fort Wayne | 0 | 1
Glaze Tool and Engineering | 3 | 0.185
States Engineering | 4 | 0.325
Phoenix America Inc. | 1 | 0.265
Old Dominion Freight Line | 38 | 5.8
DOWCO | 18 | 0.52
Tippmann Sports | 5 | 0
Sweetwater Sound | 316 | 23.6
Press-Seal Gasket Corporation | 5 | 0.92
The Spinach Ball Company | 0 | Unknown
Precise Manufacturing, Inc. | 0 | 0.75
Parco Inc. | 6 | Unknown
Total | 396 | 35.365

Note: CRI does not track changes in some sectors such as retail, restaurant, accommodations, or small services. Business dynamics data is continuously revised and updated.

Director’s Corner

Fort Wayne Metro Area Ranking Jumps up on Milken Institute’s Index of Best-Performing Cities

Each year the Milken Institute, an economic “think-tank” located in California, tracks and ranks the performance of the 200 largest metropolitan areas in the United States. Their overall performance ranking is based on a nine-component index that measures growth in jobs, in wages and salaries, and in technology output over a five-year span. This longer-term view allows for a “smoothing out” of the extreme variations that can come with business cycles. The index also incorporates measures of shorter-term economic performance by including jobs, technology and wage data for the 2009-10, 2010-11 and for the May, 2011 to May, 2012 periods.

The most recent report, Best-Performing Cities 2012: Where America’s Jobs are Created and Sustained, was released in mid-January and it contains positive affirmation that the Fort Wayne metropolitan area has been a leading region in the economic recovery from the Great Recession. Our area moved up to the 59th best ranking of the 200 largest metro areas. Last year the Fort Wayne MSA was ranked 127th out of 200. In fact, we have been experiencing a steady climb in this ranking over the past decade. As can be seen in the figure below, the Fort Wayne MSA ranked as low as 191st in both 2003 and 2004.

The Fort Wayne MSA includes Allen, Wells and Whitley counties.
Among the index components for which the Fort Wayne MSA scored well was job growth between May, 2011 and May, 2012. The Fort Wayne MSA ranked 13th among the 200 largest metro areas. This continues the pattern of strong post-recession job growth as last year the Fort Wayne MSA ranked 7th best on this component.

We can utilize data from Economic Modeling Specialists Inc (EMSI) to help understand which sectors of the Fort Wayne MSA economy were driving this employment growth. Reviewing sector employment from 2010 to 2012, total non-farm employment in the MSA grew by 12,500. The Health Services sector grew by 2,500 employees, and the Professional and Business Services (which includes temporary employees) contributed 1,900 of the additional employment of the two-year growth. Other leading sectors included Transportation and Warehousing, and the Leisure and Hospitality sector, both contributing 1,600; and Retail Trade with 1,400. After solid increases in 2010 and 2011, the manufacturing sector has been essentially level in 2012 from its 2011 employment. The 2010-11 employment increase in manufacturing really contributed to the gains witnessed in other sectors in 2012.

The Fort Wayne MSA also performed well on the Milken Institute’s Relative Five-Year High-Tech Gross Domestic Product Growth component – ranking 15th best of the 200 MSAs. This component of the Best-Performing Cities index measures the high-tech sector output growth relative to the United States average between 2006 and 2011. The Fort Wayne MSA scored at 114.74 (U.S. average = 100). This is up substantially from the 2011 index score of 103.41.

As has been the case with other measures of economic vitality, the Milken Institute’s index does point to wage and salary growth as an area of weakness for the Fort Wayne MSA economy. The 2012 index ranks our MSA 169th out of 200 on five-year wage and salary growth and 75th on one-year wage and salary growth. Both rankings are improvements from last year, when the Fort Wayne MSA was 185th out of 200 on the longer-term term wage and salary growth component and 151st on the shorter-term wage and salary component.

For the past several years, the Community Research Institute has been comparing the Fort Wayne MSA’s economic performance with that of fourteen other Midwestern metropolitan areas. These “comparison communities” are generally of similar size to the Fort Wayne area but do represent a variety of differing business sector mixes. All fourteen are included in the Milken Institute’s 200 largest metro areas and are ranked in the Best-Performing Cities 2012 report. Of the fourteen, only Nashville and Indianapolis ranked above Fort Wayne in the 2012 Index – Knoxville at 27th and Indianapolis at 51st.

This is a substantial improvement from a decade ago when the Fort Wayne MSA ranked above only the Toledo and Rockford MSAs among the fourteen “comparison communities”.

Rankings such as the Milken Institute’s Best-Performing Cities Index are highly dependent upon the criteria and weighting used in their index. A given community’s ranking also may vary widely from year to year given the significant importance placed on several categories of one-year data. However, the Fort Wayne MSAs continued improvement, virtually year-after-year, is very encouraging. It is an important indicator for local policy-makers and should gain additional attention from outside observers tracking the performance of regional economies across the United States. The full Milken Institute 2012 Best-Performing Cities report and additional supporting information can be found at http://bestcities.milkeninstitute.org/best-performing-cities-2012-large.html.