

Allen County *Insight*

A summary of economic events, data, and trends published by the Community Research Institute

On the web: www.ipfw.edu/cri

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From the Director

Allen County employment gains in comparison to other major Indiana counties



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Introduction

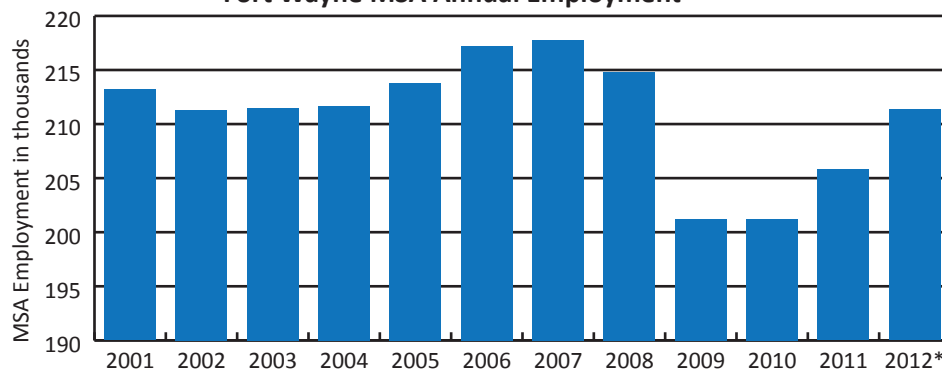
Welcome to the preview issue of the Allen County Insight. Every quarter, it is our intent to provide a recurring report on employment and wage data, as well as business events such as expansion news. In addition, each quarter will focus in detail on specific topics of local interest, for example in this edition, we add some background information and offer an in-depth look at the employment data. The Director's Corner offers additional insight this quarter into changes in employment since the recession. This newsletter will also be available on our website: <http://new.ipfw.edu/centers/cri/reports>.

Allen County Employment

Employment improving from recession lows but we're not back to pre-recession level yet

The seasonally adjusted employment number for the Fort Wayne Metro (Allen, Wells, and Whitley Counties) was 215,000 in May 2012, up from 206,800 in May 2011. Even though we are not back to pre-recession levels, the trend is very encouraging, especially when comparing the Fort Wayne MSA to the largest 100 metros in the country. In the past year, the Fort Wayne MSA has received national attention for achieving year to year employment gains that put it in the top 5 of all 372 metro areas in the country.

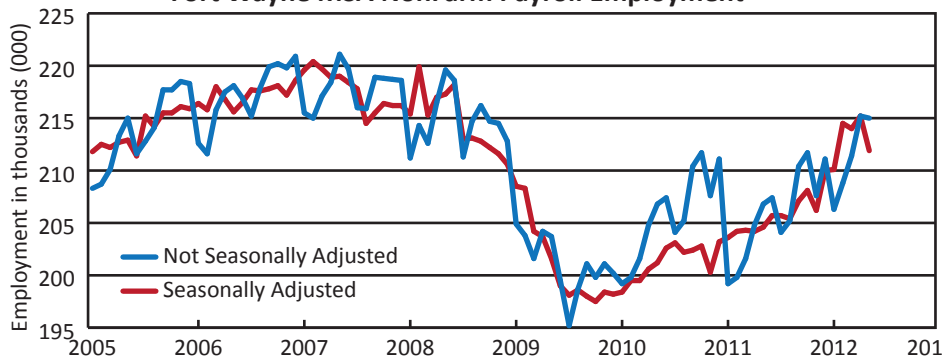
Fort Wayne MSA Annual Employment



Source: U.S. Bureau of Labor Statistics, CES

*Note that 2012 is the average of Jan-May data

Fort Wayne MSA NonFarm Payroll Employment



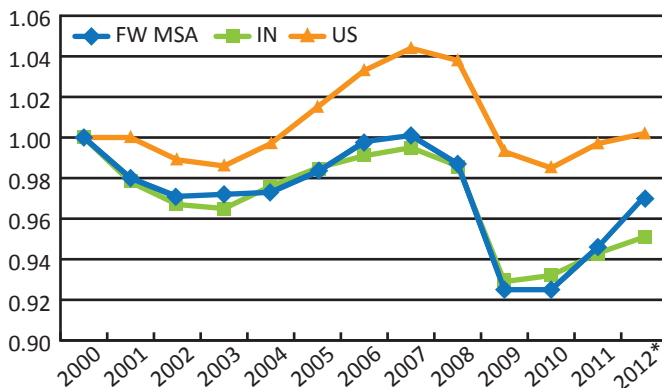
Source: U.S. Bureau of Labor Statistics, CES

Allen County represents approximately 85-89 percent of the employment in the Fort Wayne MSA, depending on which measurement is used. Note both Fort Wayne MSA data and Allen County data are presented throughout this quarterly issue.

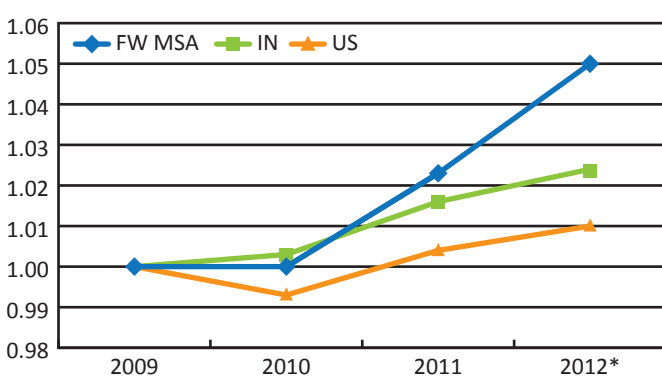
Employment Changes Comparing FW MSA, Indiana, and United States

Comparing the changes in employment of the Fort Wayne MSA with Indiana and the United States is yielding some exciting results, especially when the initial data for 2012 is included. The charts below illustrate the changes in employment from a 2000 base—the long run, as well as a short-run view since 2009—the end of the recession. Current 2012 data indicates that the Fort Wayne MSA is at 97.1 percent of its 2000 employment levels (top chart). This beats the state employment change of 95.1 percent. After taking a hit during the recessions this decade, the U.S. is just now getting back to 2000 employment levels. The second chart illustrates that the FW MSA is now above its 2009 employment totals, and performing better than the state and nation in this 2 ½ year period.

Change in Employment Since 2000



Change in Employment Since 2009



Source: U.S. Bureau of Labor Statistics, CES

* 2012 is an average of January - May

The National Bureau of Economic Research- the group that is generally acknowledged for identifying the peaks and troughs of a recession- had identified December 2007 as the start of the “Great Recession” and June 2009 as the end. Earlier in the decade, March 2001 through November 2001 marked another recession. These are generalized dates which incorporate national GDP data, and therefore do not identify regional recessionary periods. Northeast Indiana has experienced longer and deeper recent recessionary periods than the nation as a whole in recent times.

And What is Changing to Cause this Uptick in Employment?

While the intent is to refrain from economic jargon, we can compare the most recent month of data with a year ago without using seasonally adjusted data. This has been the best May for goods-producing employment since 2008 and April was the highest for service-providing employment in the history of the FW MSA (as is noted later, there is some reassignment of manufacturing jobs, i.e. goods producing, to service producing when employees are hired through a temp agency). The private employment totals are returning to the average levels of the time prior to the great recession (the annual average from 2002 to 2008 was 192,400), and the government totals have been fairly constant this decade.

Fort Wayne MSA Employment (Not Seasonally Adjusted)

	May 2012	May 2011	Percent Change
Nonfarm Payroll Employment	215,000	206,800	4.0%
Goods Producing	43,300	42,500	1.9%
Service Providing	171,700	164,300	4.5%
Total Private	192,300	184,700	4.1%
Total Government including public schools	22,700	22,100	2.7%

Source: U.S. Bureau of Labor Statistics, CES

At a more detailed level and for Allen County only, the following table illustrates the top 10 industries for job change since 2009.

Allen County Industry Level Employment	2009	2012, est.	# Change	% Change
Temporary Help Services*	2,665	4,241	1,576	59.1%
Automobile & Light Duty Motor Vehicle Manufacturing	1,933	3,201	1,268	65.6%
General Medical and Surgical Hospitals (Private)	10,023	11,195	1,172	11.7%
Education (Local Government)*	7,055	7,480	425	6.0%
Limited-Service Eating Places*	5,743	6,148	405	7.1%
Nursing Care Facilities*	2,706	3,081	375	13.9%
Plumbing, Heating, and Air-Conditioning Contractors	2,059	2,427	368	17.9%
Community Care Facilities for the Elderly*	906	1,256	350	38.6%
Home Health Care Services*	1,030	1,323	293	28.4%
Hotels & Motels	788	1,062	274	34.8%

Source: EMSI

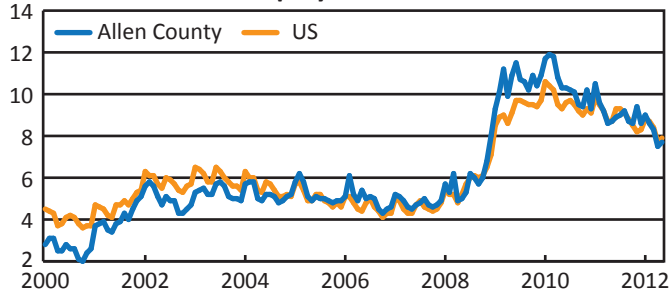
* indicates that the average earnings in these jobs are less than the county average

Allen County Unemployment

With a May unemployment rate of 7.7 percent in Allen County and a April rate of 7.5, we are experiencing the lowest levels in 41 months

From 2000 through 2008, the average unemployment rate in Allen County was less than 5 five percent, yet 7.7 percent appears to be something we can cheer about after experiencing rates as high as 11.9 percent unemployment (Feb 2010, not seasonally adjusted) and averaging 9.9 percent unemployment since January 2009.

Unemployment Rates



Source: U.S Bureau of Labor Statistics, LAUS

Unemployment Rate

	May 2012	May 2011	Percent Change
Allen County	7.7%	8.7%	-1.0%
Fort Wayne MSA	7.5%	8.5%	-1.0%
Indiana	7.8%	8.7%	-0.9%
United States	7.9%	8.7%	-0.8%

Source: U.S. Bureau of Labor Statistics, LAUS

Who is unemployed?

Of those looking for work in Allen County, the table to the right identifies the industries in which they were last employed. The fourth industry in the list (Administrative and Support) no doubt consists mainly those who have recently been employed through a temporary employment agency.

That same industry also had the highest turnover rate in Allen County- 17.5 percent compared with an overall county average turnover of 7.8 percent. Other high turnover industries include "Arts, Entertainment, Recreation" and "Accommodations and Food Services" (15.7 and 13.9 percent, respectively).

Sector	Number	Percent of Total Unemployed
Construction	2,112	14%
Manufacturing	2,408	16%
Retail Trade	1,596	10%
Administrative & Support, Waste Management & Remediation Services	1,308	8%
Health Care and Social Assistance	1,287	8%
Accommodation and Food Services	1,150	7%
No Previous Work Experience/Unspecified	2,224	14%

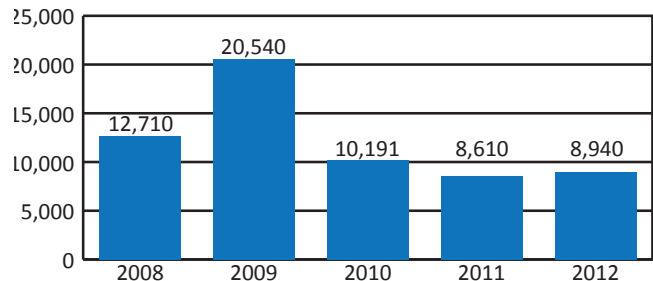
Source: EMSI (Feb. 2012); Census Quarterly Workforce Indicators (2011)

Initial Unemployment Claims

Initial unemployment claims in Allen County have stabilized as shown by the sum of claims filed in the first 5 and a half months each year. Note that in May and June of 2009 General Motors downsized 480 positions and the plant went on extended shut down, allowing the remaining 2,484 workers to apply for unemployment.

Continued unemployment claims have continued to fall from their high point of 9,758 in March 2009 to 2,415 in June 2012, but those numbers are also affected by loss of eligibility and discouraged workers, not just people returning to work.

**Initial Unemployment Claims Filed
Sum of Claims January to mid-June**



Source: Indiana Department of Workforce Development

Components & Calculation of Unemployment Rate

The components to this rate include the labor force- those age 16 and over (civilian, non-institutionalized) who are either seeking a job or are employed, and the number of unemployed (every person with a job counts as employed, even if this is underemployed, or part-time). With discouraged unemployed individuals and the huge numbers of baby boomers now starting to retire, we want to keep an eye on labor force numbers.

Allen County Labor Force

May 2012	182,856
May 2011	176,695
Low point - December 2009	174,381
5 year pre-recession average (2003-2007)	179,680

Source: U.S. Bureau of Labor Statistics, LAUS

Allen County Wages, Income, and Earnings

Income continues to be the area's Achilles' heel. This quarter will focus on Per Capita Personal Income (PCPI). Average Annual Wages for 2011 were released at the end of June and will be the subject of next quarter's "Income in Depth" summary.

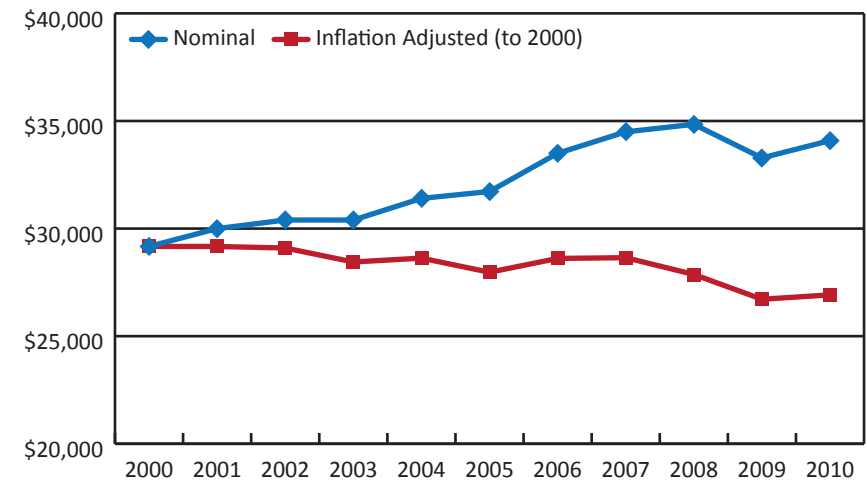
The PCPI in Allen County has increased from \$29,170 in 2000 to \$34,088 in 2010, a 16.9 percent increase. However, inflation has increased by over 26 percent during this time, so residents have actually lost buying power.

The U.S. PCPI was \$39,937 and increased by 31.7 percent during this time. The increase at the state level was also higher than Allen County's-23.75 percent.

The 2010 Per Capita Personal Income data was released in April, 2012.

The components of PCPI include all sources of income-from earnings (i.e. wages and salary, supplements to wage and salaries less contributions to government social insurance), proprietors' income, rental income, interest and dividend income, and personal transfers receipts-these are payments to persons from government and businesses for which no current services are performed such as retirement payments, unemployment benefits, veterans benefits, loans to students, and other programs. Personal current transfers make up almost 20 percent of the Allen County total personal income. With the first baby boomers turning 65 in 2011, it can be expected current transfer receipts will continue to be a growing segment of PCPI. Current transfer receipts have been growing consistently throughout the decade, even prior to the recession.

Per Capita Personal Income Allen County



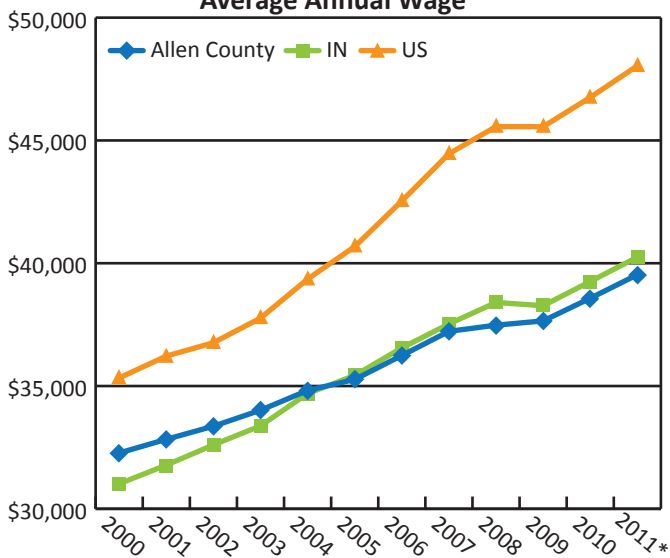
Source: U.S. Bureau of Economic Analysis

Components of PCPI, Allen County

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Net earnings by place of residence	69.3%	69.7%	69.3%	70.7%	69.7%	69.9%	68.0%	67.1%	65.6%	64.9%	64.5%
Dividends, interest, and rent	19.3%	18.1%	18.0%	16.2%	16.9%	15.8%	17.5%	18.2%	18.3%	15.8%	15.9%
Personal current transfer receipts	11.4%	12.2%	12.7%	13.1%	13.4%	14.3%	14.5%	14.7%	16.2%	19.3%	19.6%

Source: U.S. Bureau of Economic Analysis

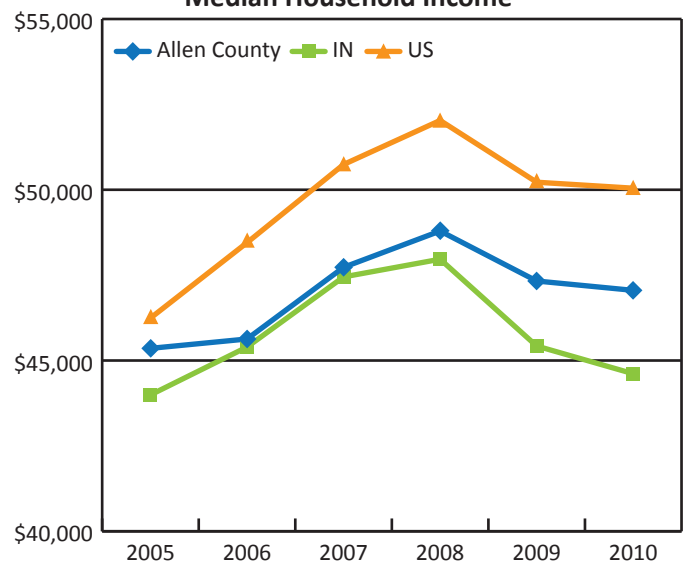
Average Annual Wage



Source: U.S. Bureau of Labor Statistics, QCEW

*Preliminary Data

Median Household Income



Source: U.S. Census Bureau, American Community Survey 1 yr. Est. (B19013)

Allen County Business Dynamics- 2nd Quarter

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

The following reflects business dynamics events that have started in Allen County, although the project may have been announced in a previous quarter or year. CRI does not collect data on some industries such as retail, restaurant, or accommodations. Our focus is on manufacturing, insurance, defense, logistics, medical devices, food processing, and major employers. Some establishments do make changes to their workforce that are not recorded through our business dynamics, although we survey establishments to capture that information- see the Major Employers report.

Event	People/Jobs	Investment in Millions	Company
Expansion	18	3.75	Orthopaedics Northeast
Expansion	20	4	CNC Industries
Expansion	6	1	Quake Manufacturing Inc.
Expansion	5	4.2	Dana Corp.
Expansion	8	1.5	First Gear Engineering & Technology
Expansion	0	5.8	Lutheran Hospital
Expansion	50	1	Logistics Insight Corporation
Expansion	60	8.3	American Mitsuba Corporation
Expansion	50	0	Frontier
Expansion	0	0.34	Lutheran Hospital
New	Unknown	0.315	C&J Services and Supplies Inc.
New	260	25.2	Franklin Electric Co., Inc.

Note that the business dynamics data is continuously being revised.

Major Employers Report

A listing of the top 100 employers in Allen County is available at www.ipfw.edu/cri. Employment is reported in FTE- full time equivalents.

Rank	Company	Employment	Rank	Company	Employment
1	Parkview Health Systems	4,710	21	Sirva	500
2	Lutheran Health Network	4,301	22	AWS	496
3	Fort Wayne Community Schools	4,159	23	Ivy Tech Community College	496
4	General Motors	3,610	24	Indiana Michigan Power	451
5	Lincoln Financial Group	2,007	25	Do it Best Corp.	445
6	City of Fort Wayne	2,003	26	Dana Corp.	425
7	Allen County Government	1,605	27	IN Air National Guard, 122nd Fighter Wing	423
8	BFGoodrich	1,580	28	Easter Seals ARC of Northeast Indiana	423
9	Frontier Communications Corp.	1,523	29	Sweetwater Sound	413
10	IPFW	1,255	30	Fort Wayne Newspapers Inc	404
11	ITT Exelis	1,203	31	Navistar International Corp.	400
12	Raytheon Systems Co	1,040	32	C&M Fine Pack, Inc	384
13	B.A.E. Systems Platform Solutions	1,015	33	Superior Essex	377
14	Vera Bradley	840	34	AT&T	373
14	Northwest Allen County Schools	840	35	Lutheran Life Villages	359
16	Steel Dynamics ¹	825	36	Park Center, Inc	358
17	Norfolk Southern Corp ²	784	37	Wells Fargo	355
18	Fort Wayne Metals Research Products Corp	539	38	Mullinix Packages, Inc	348
19	Edy's Grand Ice Cream	525	39	UPS	345
20	Parker Hannifin Corporation	500	40	Lincoln Foodservice Products	330

1- Steel Dynamics consists of SDI Headquarters, OmniSource, and Superior Aluminum Alloys.

2- Norfolk Southern includes Norfolk Southern, Triple Crown, and TransWorks.

Based on a compilation of reports from 2007 to 2012.



Director's Corner

Allen County is a statewide leader in the economic recovery

Much has been made recently about Indiana leading the nation in private sector job creation in April, 2012. Employment data indicates that Allen County has been among the leaders within the state contributing to the relatively strong recovery Indiana is making since the end of the recession. This review will examine the strength of the Allen County recovery compared with the other larger Indiana counties¹. These fifteen counties currently represent nearly 60 percent of the state's total employment. There is also some indication that these larger counties perform economically somewhat differently than do more rural areas.

For purposes of this article, we will utilize the monthly employment and labor force estimates released by the Indiana Department of Workforce Development under the U.S. Department of Commerce Local Area Unemployment Statistics program. This data source estimates the number of employed residents in each county and the number of those in the labor force (those whom are either employed or actively seeking employment). This data series does not adjust for seasonal impacts at the county level and comparing different months without seasonally adjusting the data is always done with some caution. However, we will be treating all fifteen counties in a similar manner. We will also use the dates of the national recession as determined by the Nation Bureau of Economic Research. Nationally the recession began in December, 2007 and "officially" ended in June, 2009.

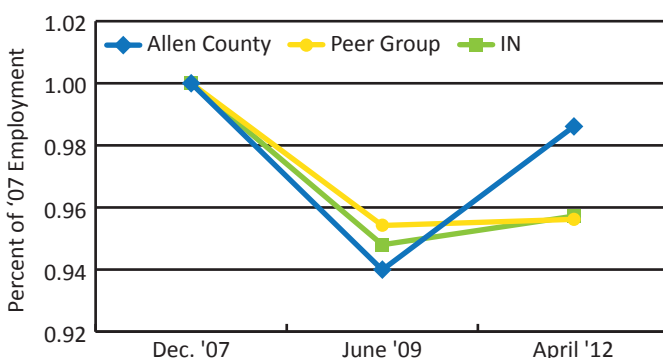
Allen County began to experience a significant drop in employment during late Summer of 2007, somewhat in advance of the official start of the national recession. Resident employment in Allen County declined by 10,306 during the recession (from December, 2007 through June, 2009). This was a 6 percent decrease in employment in Allen County. Over the same time period, the state experienced a 5.2 percent decline. Only three of the fourteen comparison counties had a greater percentage decline in employment of this period than did Allen County (Elkhart at -20.0 percent; Delaware at -8.6 percent; and St. Joseph at -8.4 percent). Of the fifteen largest counties in the state, only these four counties exceeded the rate of statewide employment decline during the recession.

The recovery has been a very different experience in Allen County. It has had the second best recovery – growth in employment since June, 2009 – with a 4.9 percent increase in resident employment. Only Elkhart County has had a stronger recovery with a 14.2 percent increase. Of the fifteen largest Indiana counties, nine have higher employment levels today than they did at the end of the recession while six have fewer employed residents today than at the official end of the recession.

Allen County's employment is now (April, 2012) at 98.6 percent of its pre-recession (December, 2007) total. Statewide, employment is now at 95.7 percent of its pre-recession level. Of the comparison counties, only two – Tippecanoe and Hendricks – are closer to their pre-recession employment than is Allen County. In fact, these two counties now actually exceed their pre-recession employment total. Given how hard Allen County was impacted by the recession, its rate of employment growth during the recovery is impressive – second best improvement rate among the fifteen largest counties.

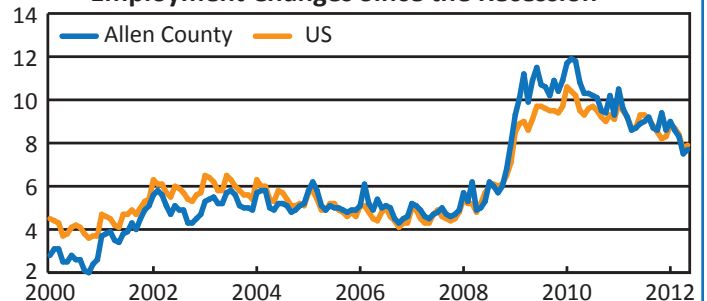
Among Indiana's largest counties, Allen has certainly been a leader in bringing employment totals back to near pre-recession levels. While an unemployment rate at 7.5 percent (April, 2012) is still substantially higher than any would like, the progress being made in Allen County toward regaining employment since the official end of the recession has been strong compared with other Indiana counties.

Employment Changes During the Great Recession



Source: U.S. Bureau of Labor Statistics, LAUS

Employment Changes Since the Recession



Source: U.S. Bureau of Labor Statistics, LAUS

1- The fifteen largest Indiana counties, as defined by resident employment in April, 2012, include: Allen, Clark, Delaware, Elkhart, Hamilton, Hendricks, Johnson, Lake, Madison, Marion, Monroe, St. Joseph, Tippecanoe, Vanderburgh and Porter counties.