Local Employment Dynamics

An SDC Perspective

Indiana Business Research Center
State Data Center partner since 1978

March 14, 2011

KELLEY SCHOOL OF BUSINESS
INDIANA UNIVERSITY

Indiana Business Research Center

- SDC/BIDC lead partner
- BEA Working Group
- Census Liaison

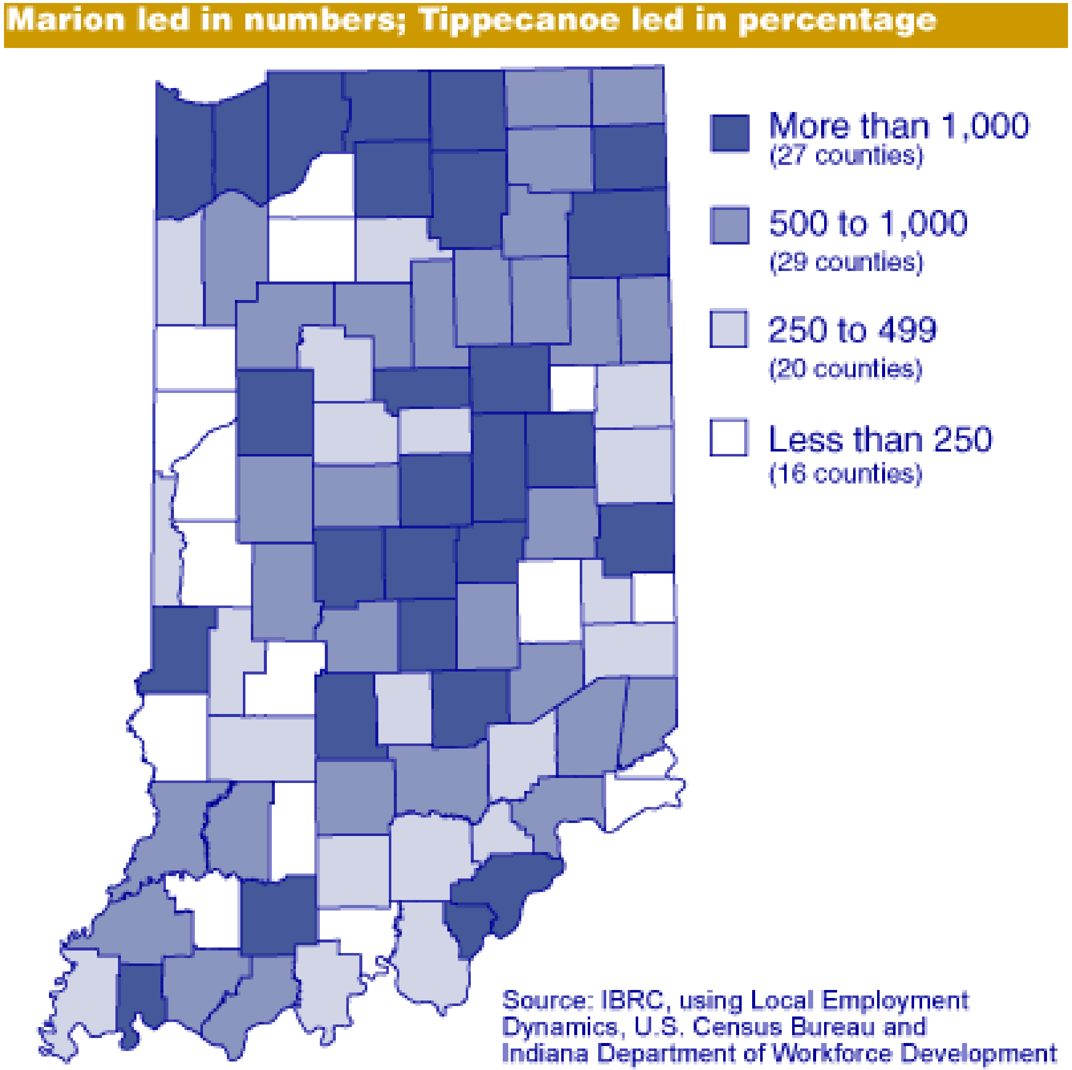
We have a National focus with local action

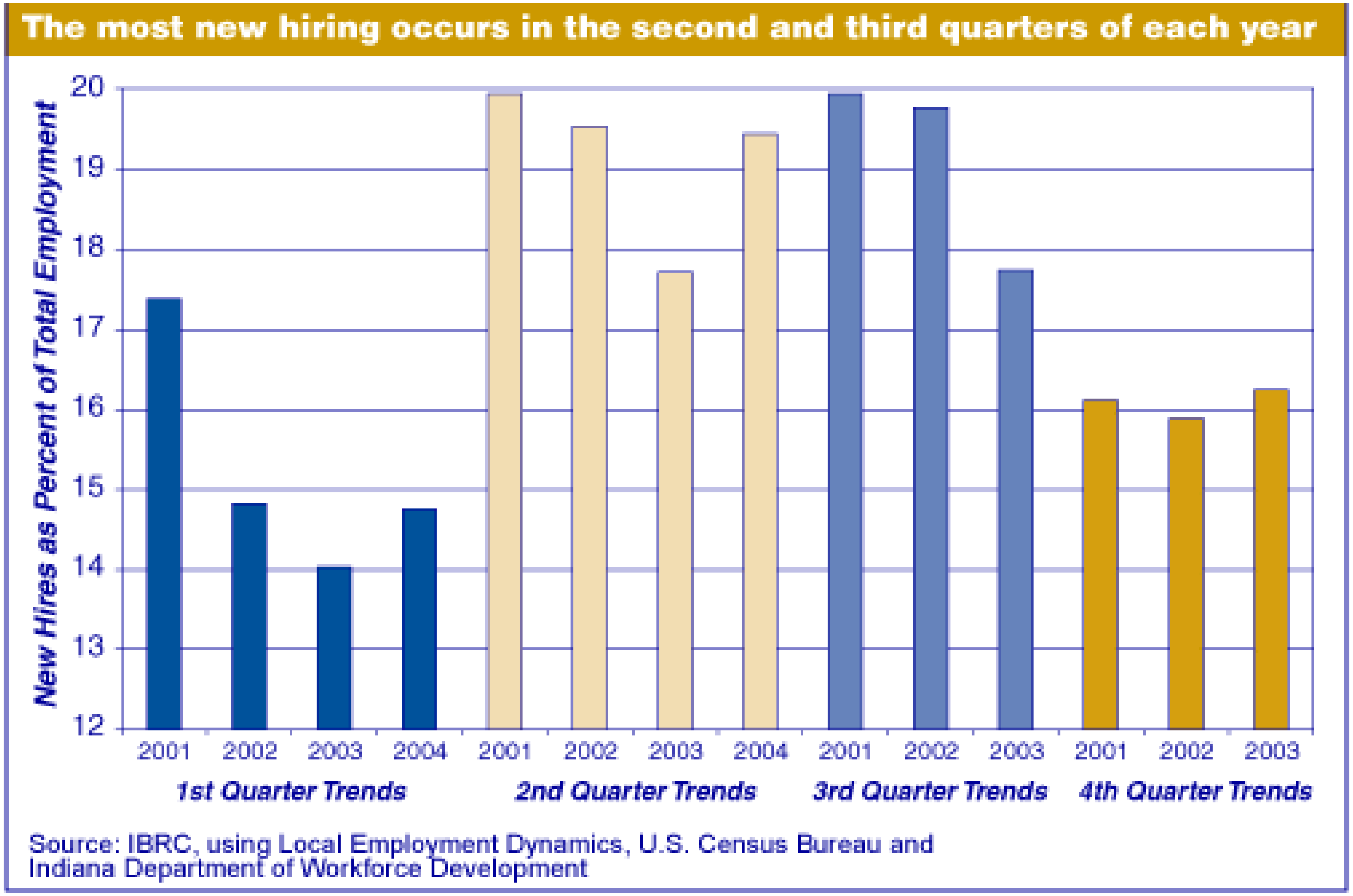
- STATS Indiana, STATS America, Measuring Distress, Innovation Capacity – just a few of the web sites we developed that utilize LED in large or small part
- IN Context and Indiana Business Review publish frequent LED-based articles
- Impact studies, benchmarking reports, defense research, all have utilized LED in some way

LED: Most Popular Uses, Quarter in and Quarter Out

- Aging workforce
- Wages for new hires (comps by industry)
- Commute shed analysis
- Job creation numbers

Job creation data has been "job 1" for LED use in Indiana.





Tracking new hiring has been important, too.

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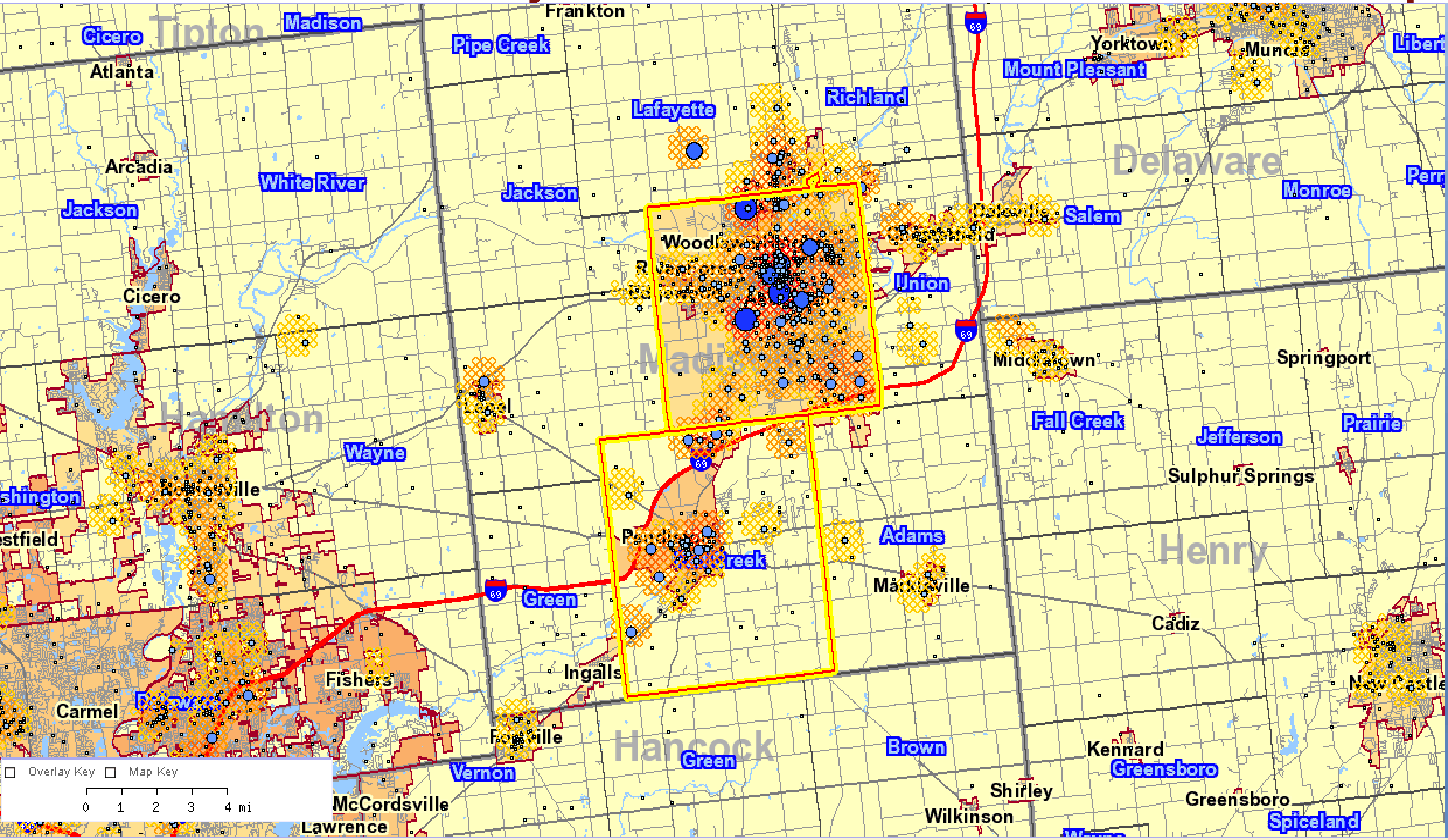
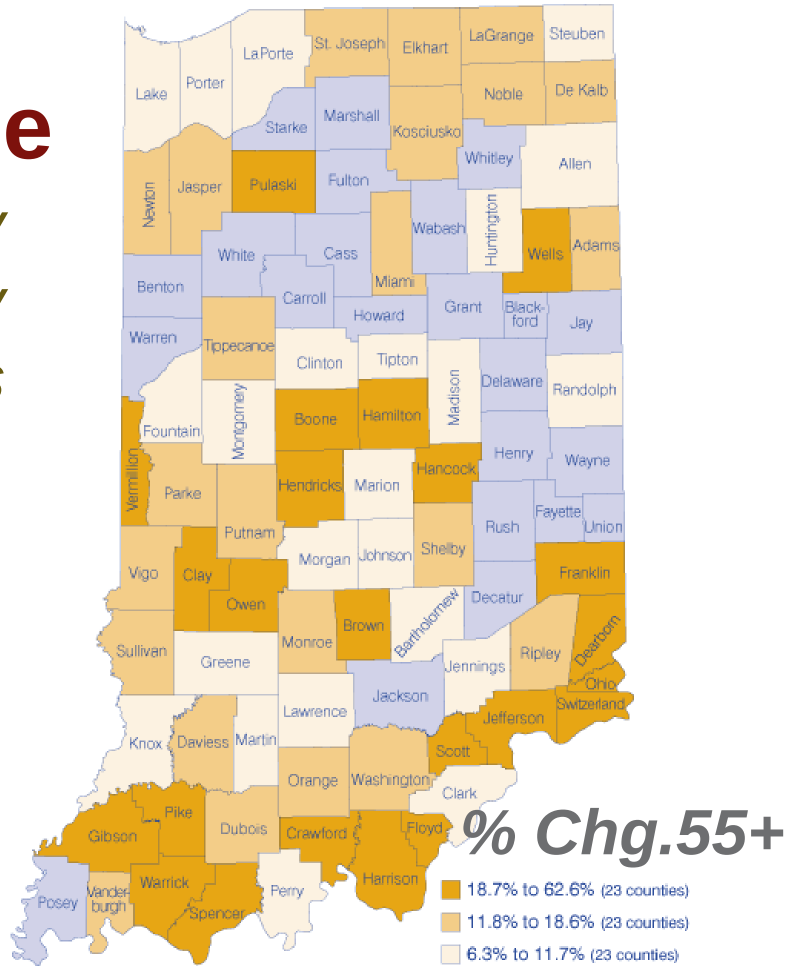
Commute Shed

City of Anderson and Fall Creek Township



Tracking An Aging Workforce

The boom is already being felt by employers



Note: Key values may not reflect precise category breaks due to rounding
Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics Program

Other ways to skin the apple

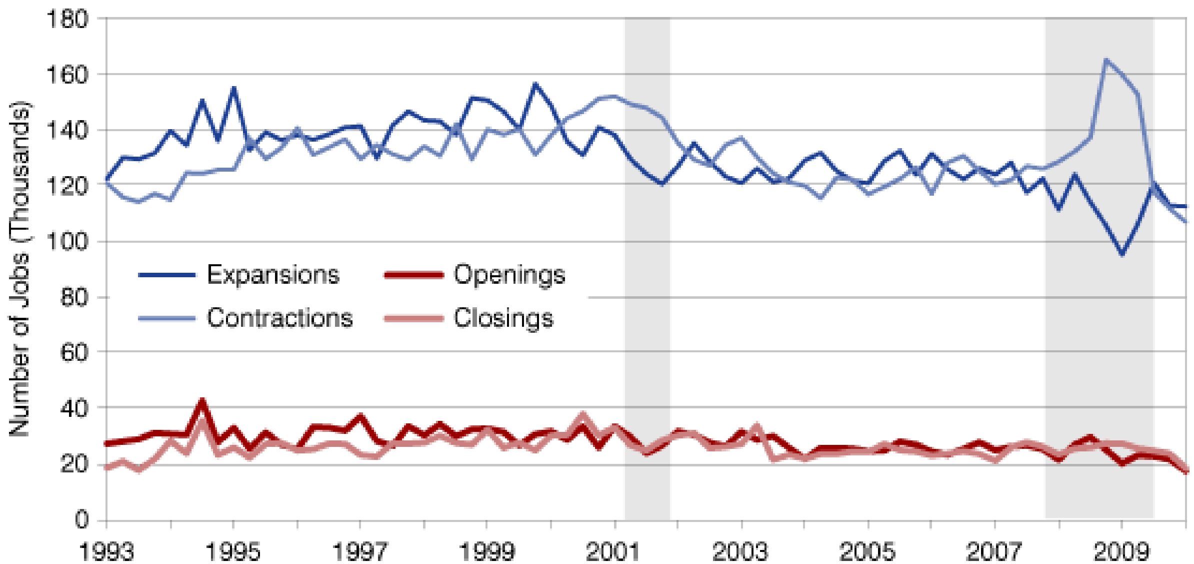
Multiple data sources provide critical information on our capacity to innovate, foster business formation, and improve the workforce

BED – Business Employment Dynamics

Components of Employment Change

The majority of Indiana's employment changes are the result of expansions or contractions of existing establishments. Since 1993, expansions have accounted for 82 percent of Indiana's quarterly job gains on average while 83 percent of quarterly job losses result from establishment contractions. Given that changes at existing establishments drive these data, the trend in Indiana's expansion- and contraction-based job gains largely mirror that of the gross job changes (see **Figure 3**).

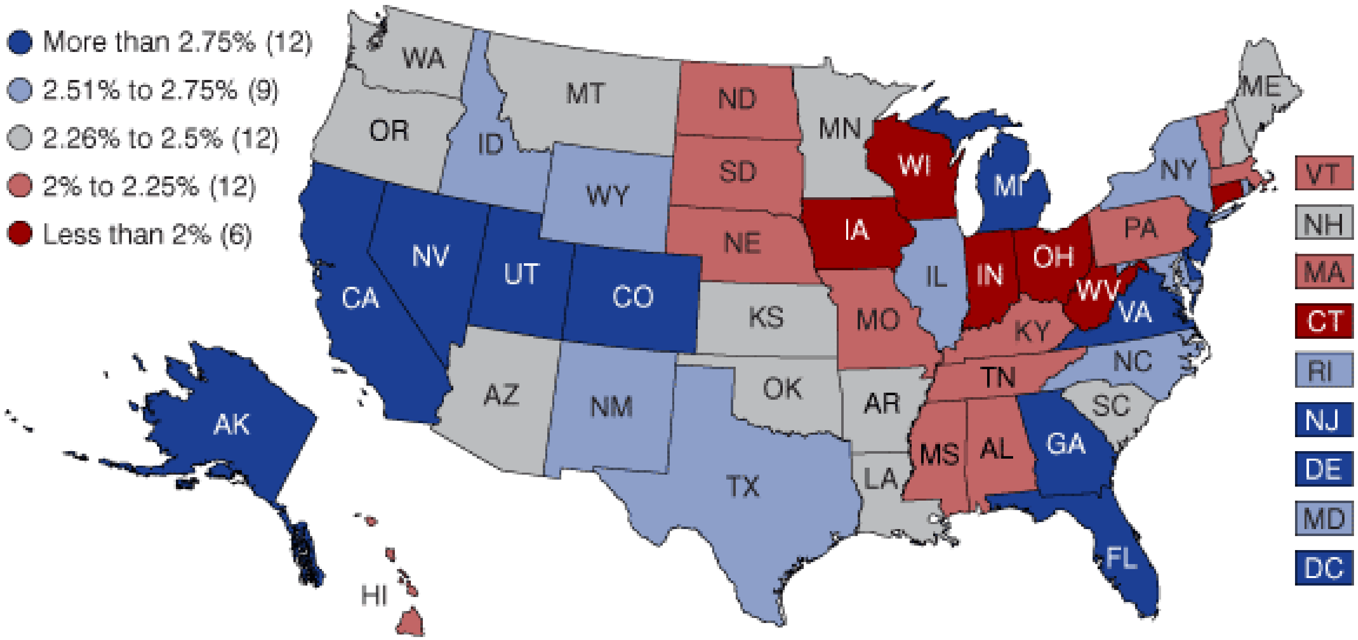
Figure 3: Components of Indiana Private Sector Gross Job Gains and Losses, 1993:1 to 2010:1



Note: Data are seasonally adjusted. Shaded area refers to U.S. recession periods.

Source: IBRC, using Bureau of Labor Statistics data

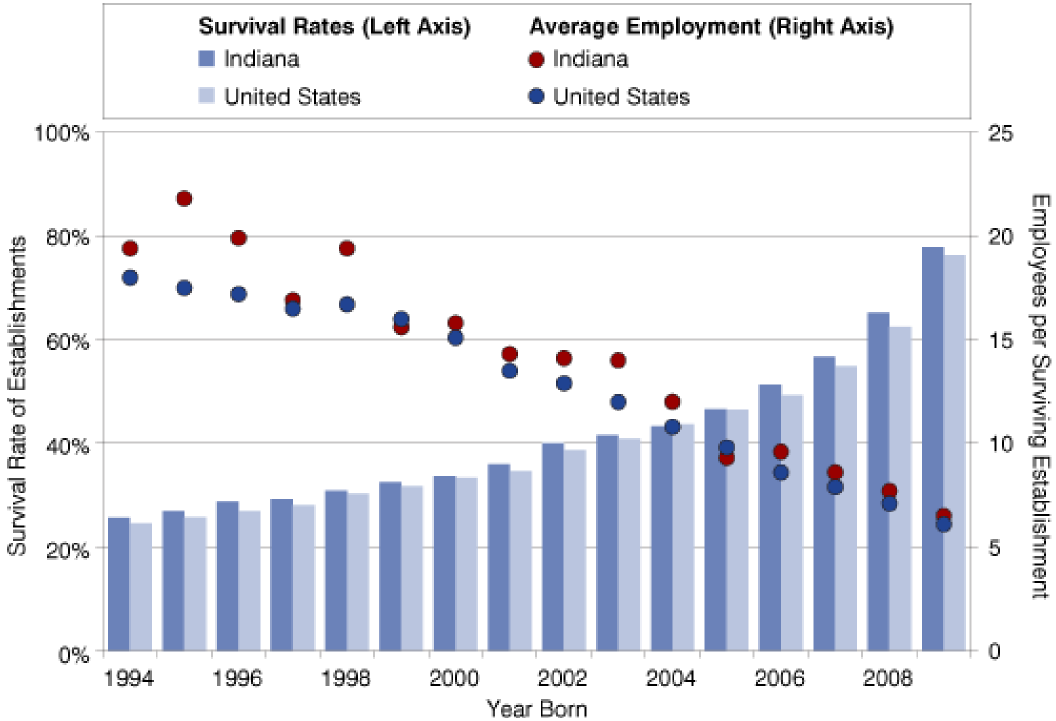
Figure 4: Average Establishment Birth Rates by State, 2009:2 to 2010:1



Source: IBRC, using Bureau of Labor Statistics data

Indiana's lower birth rates mean that the state's economy is more reliant on established companies and traditional industries. As of the first quarter of 2010, 57 percent of Indiana's establishments had been open for 10 years or more compared to 51 percent for the United States (see **Figure 5**). These older employers account for 77 percent of the state's private sector jobs. Meanwhile, 26 percent of Indiana's establishments have been open for four years or less but these younger employers contribute just 11 percent of the state's jobs.

Figure 7: Survival Rates of Private Sector Establishments by Year Born and Average Number of Employees at Surviving Establishments, 1994 to 2009



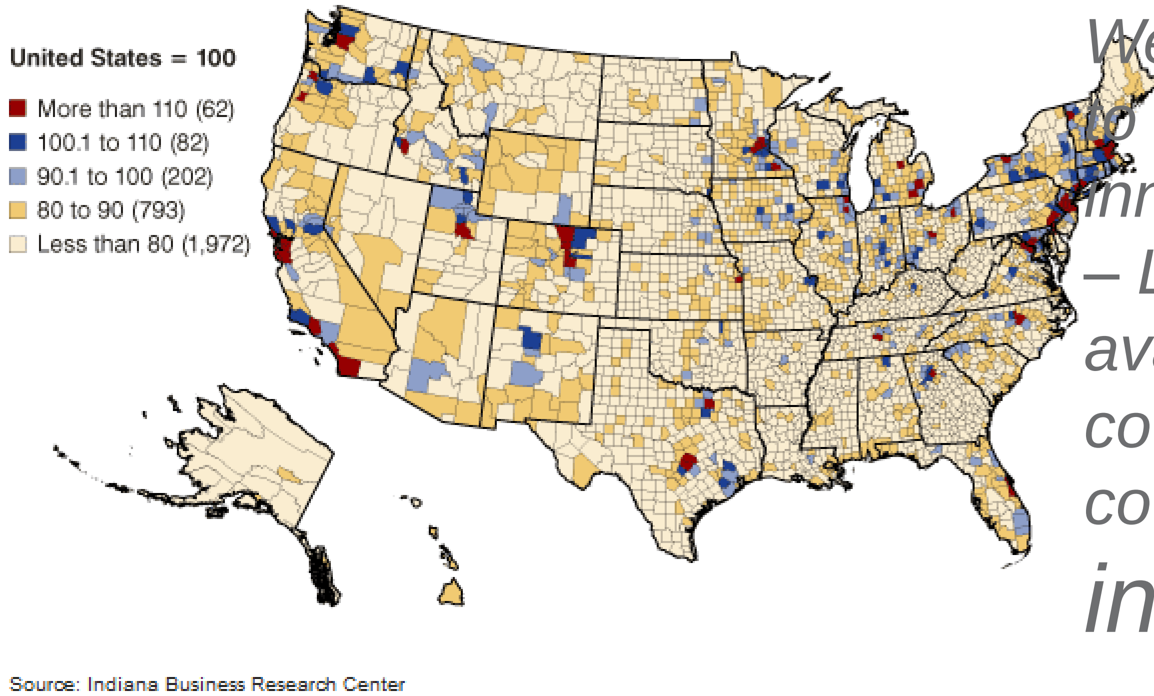
Note: Survival rates refer to establishments still in operation as of March 2010. Annual cohorts are defined as establishments that opened between April of the previous year and March of the year listed.
Source: IBRC, using Bureau of Labor Statistics data

We also see that though new employers do start small, successful establishments expand employment on average as they mature. Indiana typically has more employees per establishment than the U.S. and that gap tends to grow over time suggesting that state is somewhat more dependent on larger firms.

New Uses We've Thought of …

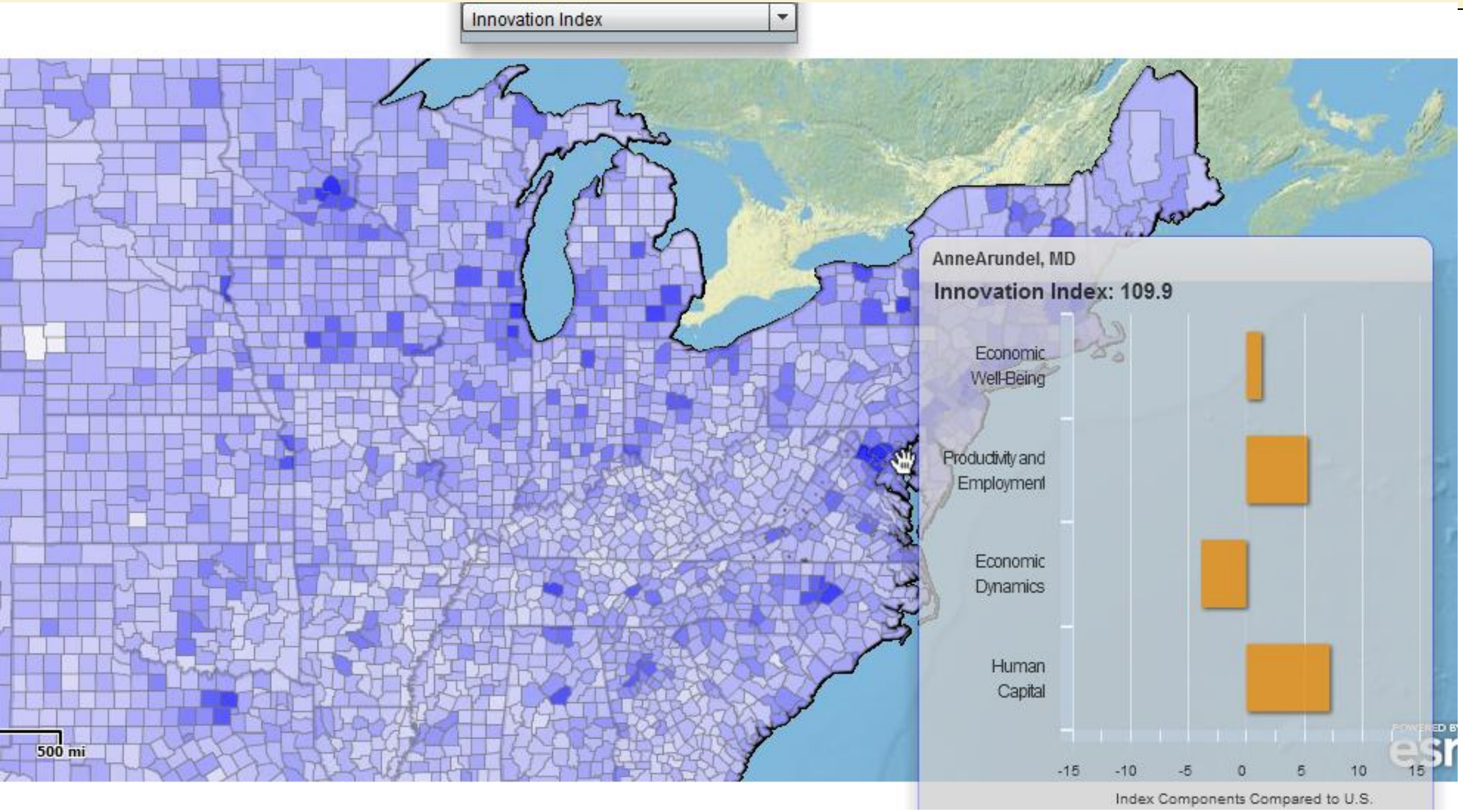
Innovation Capacity of America's Counties

Can we begin to utilize local churn from LED?



We created models to measure innovation capacity – LED, once available for all counties in the U.S., could provide critical inputs.

www.statsamerica.org/innovation



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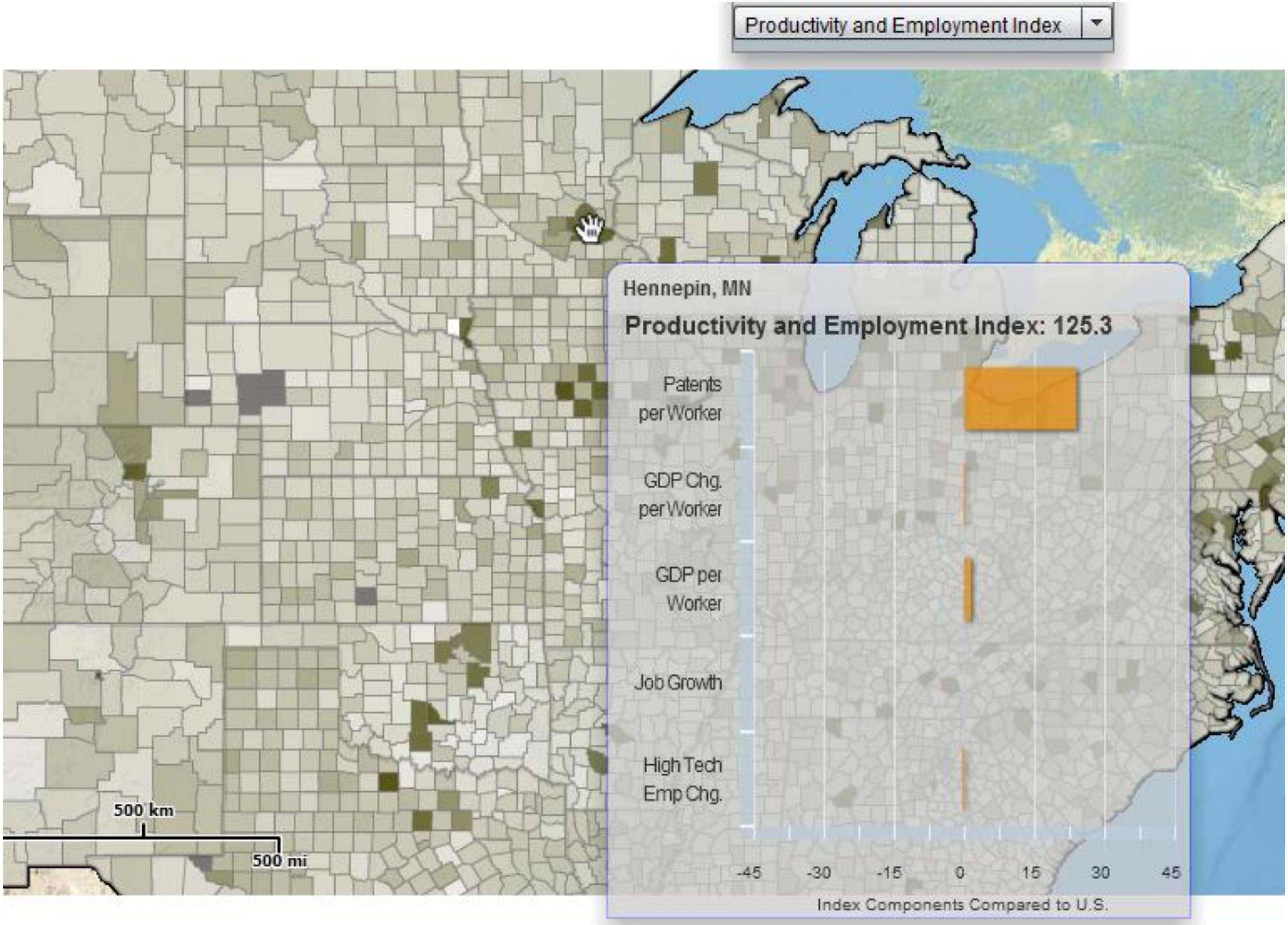

Productivity and Employment Index
Hennepin, MN
Productivity and Employment Index: 125.3
Patents per Worker
GDP Chg. per Worker
GDP per Worker
Job Growth
High Tech Emp Chg.
-45
-30
-15
0
15
30
45
Index Components Compared to U.S.
500 km
500 mi

HOOSIERS by the NUMBERS

An interactive data application analyzing Indiana's workforce

Indiana Department of Workforce Development

Indiana Business Environment Radius Profiles

This profile gives an overview of the business environment for a radius around the selected point. It only includes estimates for Indiana companies.

1. Select a Location

Enter an address, zip code, city or click a location directly on the map.

2. How Big Do You Want the Radius?

Small radius searches return results faster.

Number of Miles: 15

3. Get Profile

Industry Sector Go

Top employers, employment and establishment by major industry, and leading companies by sales value.

Establishment Size Go

Employment and establishments for 6 size classes.

Industry Sub-Sector

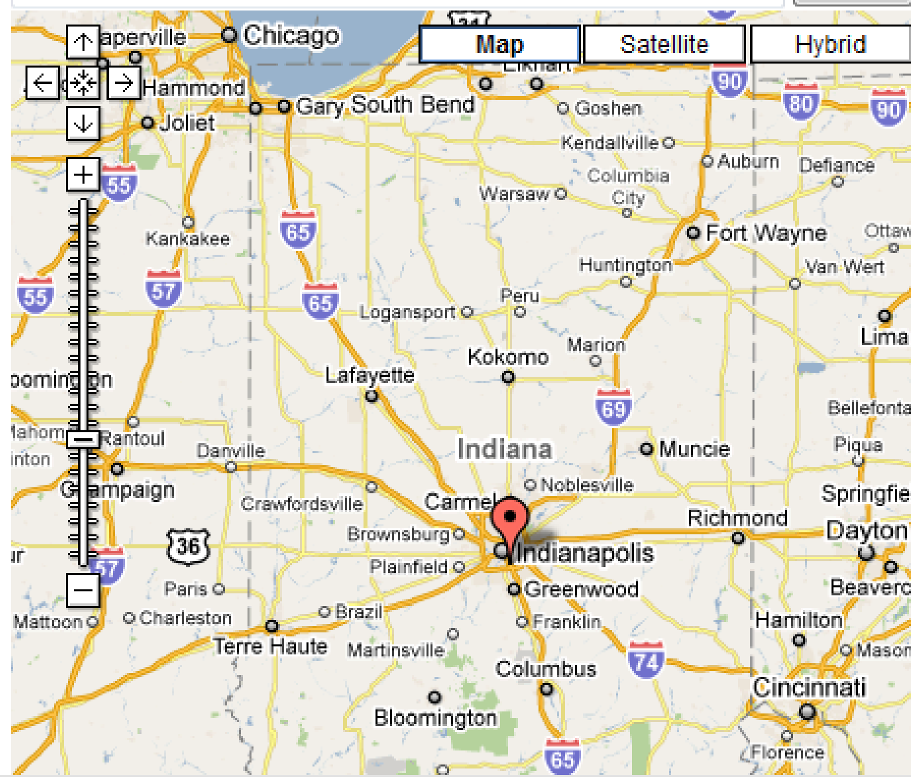
Top employers, employment and establishment by sub-sector, and leading companies by sales value for a single sector.

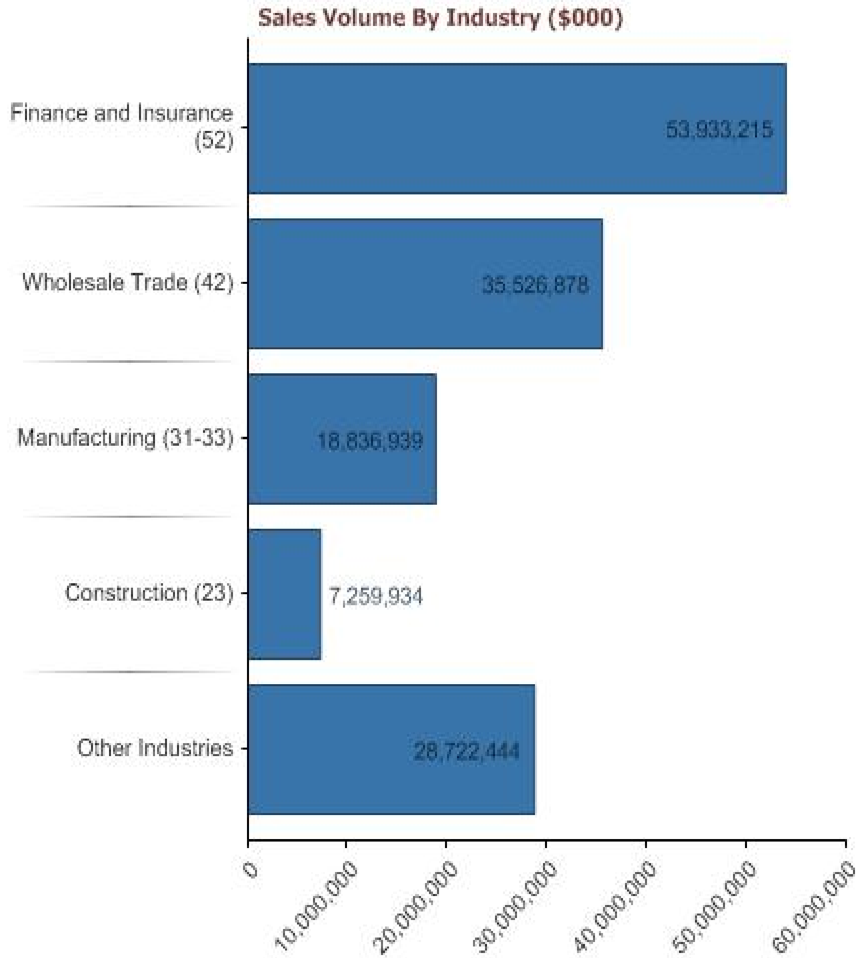
Select a sector:

Wholesale Trade (42) Go

Type in address, or click directly on the map to set a point:

Submit





Top Companies by Sales Value

	Industry	Sales
Federal Home Loan Bank	Banks (522110)	$46,599,066,000
Eli Lilly & Co	Pharmaceutical Products-wholesale (424210)	$8,358,000,000
Indianapolis Power & Light Co	Electric Companies (221122)	$3,620,000,000
General Motors Metal Fab Div	Automobile-manufacturers (336111)	$2,608,161,000
Allison Advanced Dev Co Inc	Aircraft Engines & Engine Parts-mfrs (336412)	$2,193,000,000
M&i Bank	Banks (522110)	$2,032,695,000
Allison Transmission Inc	Transmissions-automobile-manufacturers (336350)	$1,919,000,000
Manheim Indianapolis	Automobile Auctions (whls) (423110)	$1,110,000,000
Cvs Caremark Distribution Ctr	Distribution Centers (whls) (423990)	$944,000,000
Adesa Indianapolis	Automobile Auctions (whls) (423110)	$925,000,000

We could model the LED data and use as an input.

Note our use of the google api.

Index for January 2011

The economic recovery seems to have found its legs. Since the lazy days of summer 2010, the Leading Index for Indiana (LII) has increased for 5 consecutive months.

LII Value	97.4
Change from Previous Month	0.1%
Warning Sign	No

View data | Downloadable 13-month graph

Note: Hover over the lower graph and move the slider to change the time period displayed.

The LII rose to 97.4 in January, the highest it has been since the economy rapidly unraveled in the fall of 2008. Given that the recession started in late 2007 and 2008 saw a rapid decline in the LII from over 100 to less than 96, it will still take some time for the LII to return to its pre-recession levels.

Other economic indicators corroborate this story. The Ceridian-UCLA Pulse of Commerce Index™ (PCI), a real-time measure of the flow

Some ideas …

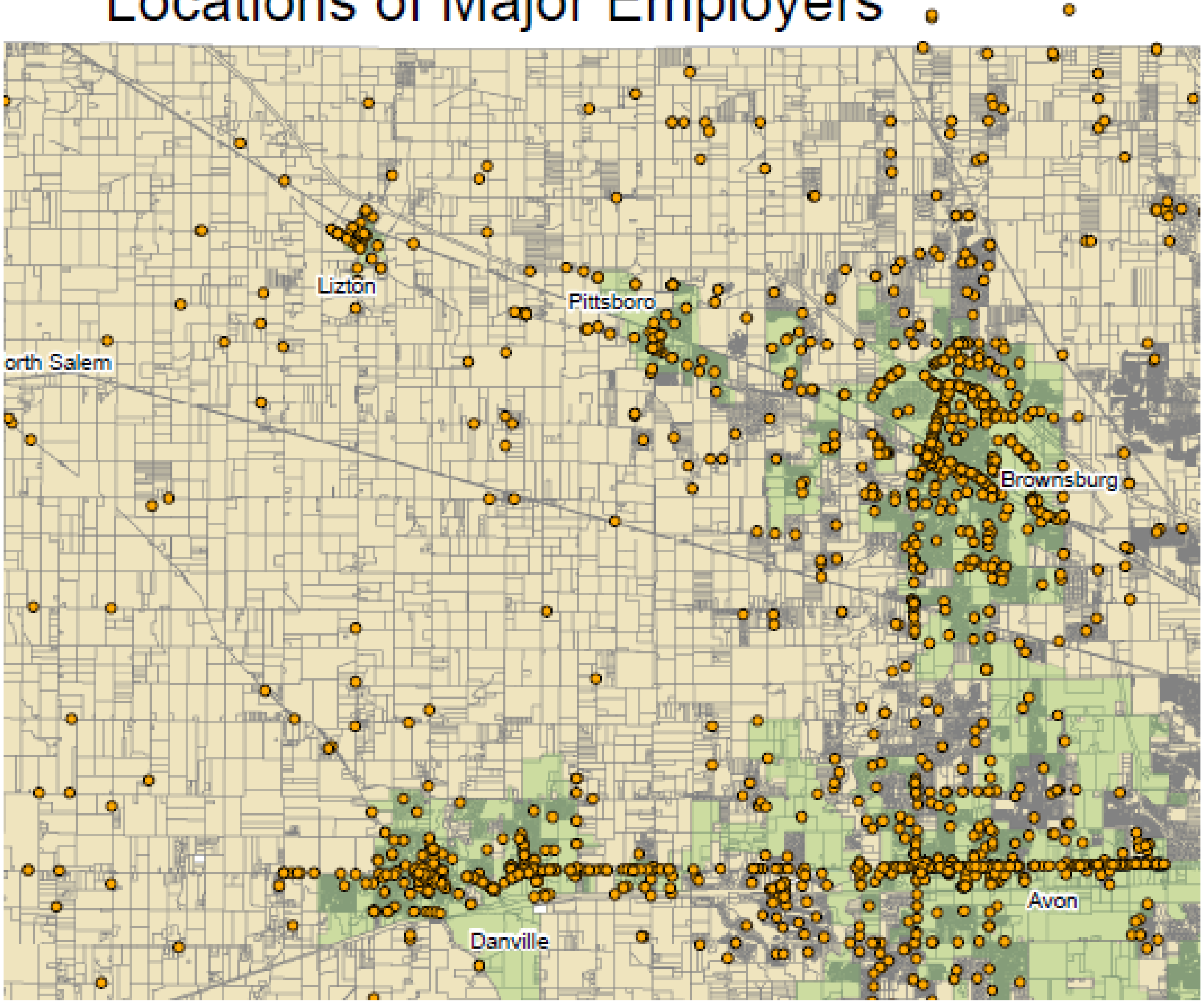
- Create ways we can embed LED components (including On the Map) on our own websites

Embedding

Homes and businesses and more could be shown

- Consider incorporating property parcel data as a layer for On the Map

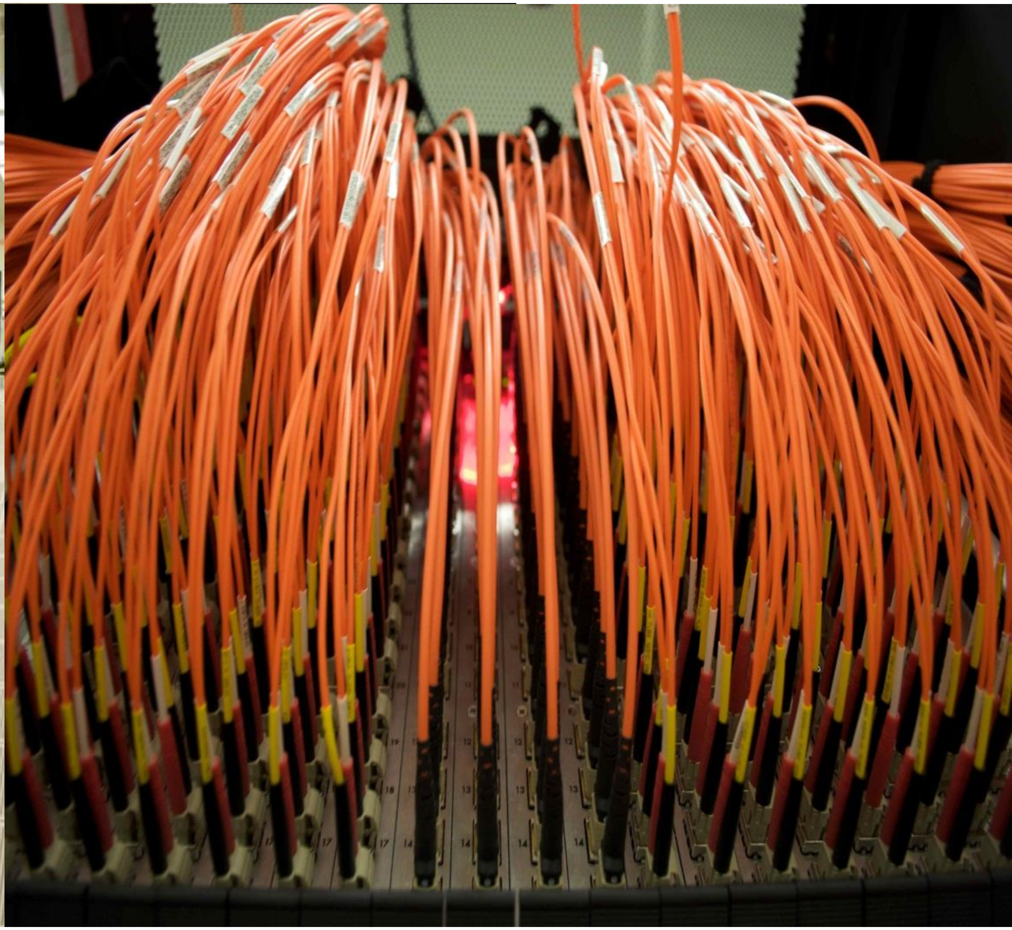
Locations of Major Employers



- Utilize universities willing and able to deploy their massive computing abilities to serve as mirrors or additional computing power

Big Red

40 teraflops, and has achieved more than 28 teraflops on numerical computations



"Most people forget 90% of what they are told within 24 hours"

—www.llrx.com/columns/guide27.htm

True or False?