

Voices From The Heartland

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Employment trends in Lake County—good news/bad news

Although national news during the first week of the new fiscal year aired headlines that unemployment was at a four-year low indicating underlying strength in the economy, recent reports from the Indiana Department of Workforce Development tell a mixed story about Lake County.¹ While there was some gain in terms of increased wages and a slight dip in the unemployment rate, Lake County also experienced industry-specific job loss.

Employment data is probably the strongest determining factor in ascertaining the well-being of a region. Job growth generally provides growth in income and spending, which is essential to a healthy community. Employment data yield significant information about market dynamics.

Data presented here have been assimilated in a way which allows comparisons of annual growth as a percentage change, and annual growth as an absolute (in actual numbers). Both percentage change and absolute change are essential, as both rate of increase and absolute growth projections are indices which must be examined when analyzing a market.

Labor force

The labor force is defined as people living in the region who are either employed or seeking employment. While minor growth in the labor force took place in Lake County between 2001 and 2003,

the labor force declined by 2 percent during the period between 2003 and 2004 (Table 1). However, the state labor force, which also experienced choppy patterns of growth, increased by 2 percent between the third quarters of 2003 and 2004. The overall recent decline in the labor force in Lake County appears primarily related to the loss of local jobs, especially

manufacturing. The labor force often changes with economic conditions. It will expand as employment opportunities increase, and grow smaller in poor economic conditions as people move out of an area for jobs.

Unemployment

Lake County's unemployment rate fluctuated between 5 and 8 percent since 2001 (Figure 1). The annual average labor force estimates for 2004 show Lake County's unemployment rate at 6.2 percent—down 1.6 percent since 2002, and 0.2 percent from the previous year. Lake County's unemployment rate is significantly higher than the state's (5.3 percent) and nation (4.9 percent).

Lake County's unemployment rates have long remained higher than neighboring Porter County (4.5 percent), La Porte County (5.6 percent), and Newton County (4.7 percent).

... economic trends influence many aspects in the region, including the quality of life indicators of education, family stability, and mental health

Table 1—Change in total labor force

Year	Lake County		Indiana	
	Labor Force	▼	Labor Force	▼
2005	224,220	-2%	3,207,950	2%
2004	228,270	1%	3,158,313	-1%
2003	226,730	<1%	3,168,619	1%
2002	226,690	1%	3,146,824	<1%
2001	224,760	-	3,146,377	-

Source: Indiana Department of Workforce Development

Employment trends

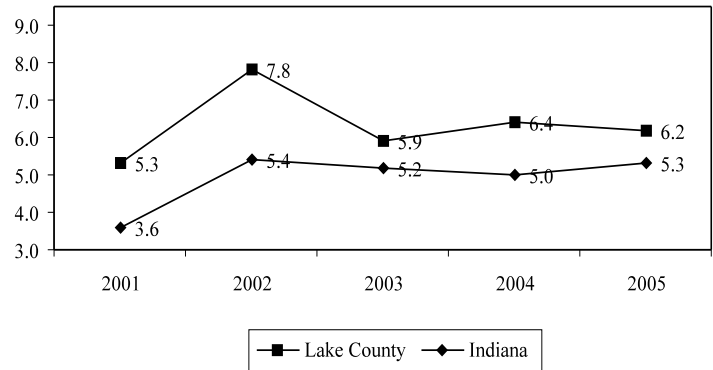
There are disparities in unemployment rates among cities in Lake County. According to the most recent Census data (2000), unemployment rates averaged 8 percent in Gary, East Chicago, and New Chicago. They were significantly higher than the 2 percent average in Munster, Highland and Schererville.

Jobs

Lake County had a net loss of 1,921 jobs, roughly 1 percent, between 2001 and 2003 (Table 2). The manufacturing industry posted the largest loss (5,342 jobs). In 2004 26,500 workers, 14 percent of the employed workforce, were in this industry. Food manufacturing, wood product manufacturing, and chemical manufacturing are just a few of the industries contained in this broad group. Manufacturing was a loser at the state level with significant job loss (6 percent). Over the last six decades, the composition of the workforce has shifted toward service-providing with a corresponding shift away from goods-producing employment.

Job loss in Lake County was offset by a net gain of jobs, mostly attributed to the increase in the number of workers in the healthcare/social assistance, construction, and transportation/warehousing sectors. These sectors yielded a total of more than 2,800 jobs between 2002 and 2004.

Figure 1-Unemployment rates



Source: Indiana Department of Workforce Development

The administrative/waste services sector was the largest growing sector in the state (12 percent).

Business formation

Although jobs are a key piece in the state’s economic picture, business formation is of equal importance. From 2001 to 2004, Lake County had a net increase of 185 businesses (2 percent), growing at an equal pace with the state. On both a percentage and numeric basis, the healthcare/social assistance sector grew faster than all other sectors in Lake County. Seventy-eight healthcare/social assistance businesses were established between 2001 and 2004, an increase of 8 percent. The healthcare/social assistance sector ranked third among the largest industry leaders in the state in terms of job establishments. Accommodation/food

Table 2–Third quarter employment by industry

Industry	Employment				Lake County		Indiana
	2001	2002	2003	2004	Jobs ▼ 2001-2004	Percent ▼ 2001-2004	Percent ▼ 2001-2004
Total employment	193,535	189,914	190,806	191,614	-1,921	-1%	<-1%
Agriculture/forestry/fishing/hunting	233	N/A	257	278	45	19%	-6%
Mining	276	250	261	275	-1	<-1%	-2%
Utilities	1,955	1,816	1,720	1,697	-258	-13%	-1%
Construction	12,290	11,815	13,273	13,471	1,181	10%	<1%
Manufacturing	31,848	28,707	28,698	26,506	-5,342	-17%	-6%
Wholesale trade	6,887	6,540	6,181	6,286	-601	-9%	-2%
Retail trade	25,466	24,868	24,732	24,890	-576	-2%	-4%
Transportation/warehousing	7,384	7,273	7,244	7,965	581	8%	-5%
Information	2,850	2,801	2,508	2,331	-519	-18%	-7%
Financial/insurance	5,116	5,015	5,189	5,203	87	2%	-3%
Real estate/rental/leasing	2,774	2,645	2,696	2,654	-120	-4%	-2%
Professional/technical	5,241	5,161	5,268	5,229	-12	<-1%	3%
Management companies/enterprises	1,148	1,237	1,162	1,266	118	10%	3%
Administrative/waste services	9,248	9,896	9,639	10,163	915	10%	12%
Education	13,951	14,032	13,740	14,198	247	2%	3%
Healthcare/social assistance	25,332	26,150	26,414	27,486	2,154	9%	6%
Arts/entertainment/recreation	8,429	8,462	8,337	8,365	-64	-1%	2%
Accommodation/food services	14,946	15,136	15,106	15,263	317	2%	3%
Other services	7,542	7,555	7,763	7,561	19	<1%	-2%
Public administration	10,610	10,339	10,610	10,520	-90	-1%	2%

Source: Indiana Department of Workforce Development

services and administrative/waste services sectors were the fastest growing industry sectors among the largest industry sectors in the state, reporting 7 percent and 6 percent growth.

Wages

With the exception of agriculture/forestry/fishing/hunting, each industry sector in Lake County showed increased quarterly wages between 2001 and 2004 (Table 3). The manufacturing industry is the highest paid industry sector among the eight largest industry sectors in Lake County (those employing more than 10,000 workers). In 2004, the average quarterly wage for workers in the manufacturing industry in Lake County was nearly \$16,000, up 23 percent from the previous year, ranking it third among all reporting sectors and well above the Indiana average of \$11,635.² The county’s construction industry is the highest paying non-manufacturing sector among the eight largest industry sectors, and the fifth highest paying sector overall. The accommodation/food services industry consistently ranks lowest among the largest industry sectors in terms of third quarter wages (\$2,890). The manufacturing industry ranks highest among the state’s largest industry sectors in terms of quarterly wages (\$11,600). The management of companies and enterprises sector is the highest paid

industry sector in the state overall (\$16,300).

Lake County has made some modest gains in terms of employment rates and job establishments. However, the local economy remains vulnerable to job-loss, particularly in the manufacturing industry. Cities where manufacturing industries are most common will suffer the most severe impacts. Decreased job openings without comparable job establishments will take away from the modest gains in the employment rate. It is important to examine employment data because economic trends influence many aspects in the region, including the quality of life indicators of education, family stability, and mental health.

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¹ Estimates presented are based on data collected by the Indiana Department of Workforce Development for the third quarter of each year data are reported

² Indiana Department of Workforce Development, 2005

Table 3—Third quarter industry wages

Industry	Wages				Lake County		Indiana
	2001	2002	2003	2004	Wages ▼ 2001-2004	Percent ▼ 2001-2004	Percent ▼ 2001-2004
Total employment	\$7,878	\$8,040	\$8,351	\$8,696	\$818	10%	10%
Agriculture/forestry/fishing/hunting	\$3,815	-	\$3,710	\$3,240	-\$575	-15%	10%
Mining	\$13,464	\$15,012	\$13,733	\$15,729	\$2,265	17%	12%
Utilities	\$14,636	\$14,790	\$15,168	\$16,371	\$1,735	12%	9%
Construction	\$10,236	\$10,674	\$11,621	\$11,095	\$859	8%	8%
Manufacturing	\$12,887	\$13,285	\$13,866	\$15,827	\$2,940	23%	15%
Wholesale trade	\$9,370	\$9,740	\$10,380	\$10,590	\$1,220	13%	11%
Retail trade	\$5,041	\$5,100	\$5,199	\$5,474	\$433	8%	9%
Transportation/warehousing	\$9,152	\$9,397	\$9,480	\$9,874	\$722	8%	11%
Information	\$7,089	\$7,346	\$7,719	\$8,167	\$1,078	15%	11%
Financial/insurance	\$8,550	\$8,907	\$9,193	\$8,933	\$383	4%	6%
Real estate/rental/leasing	\$5,359	\$5,965	\$5,807	\$6,146	\$787	15%	14%
Professional/technical	\$8,774	\$8,962	\$9,109	\$9,467	\$693	8%	8%
Management companies/enterprises	\$15,606	\$15,075	\$14,027	\$17,360	\$1,754	11%	16%
Administrative/waste services	\$4,976	\$4,927	\$5,051	\$5,356	\$380	8%	9%
Education	\$7,497	\$7,665	\$7,995	\$7,870	\$373	5%	9%
Healthcare/social assistance	\$7,978	\$8,367	\$8,647	\$8,850	\$872	11%	11%
Arts/entertainment/recreation	\$5,854	\$5,972	\$6,222	\$6,568	\$714	12%	2%
Accommodation/food services	\$2,632	\$2,742	\$2,801	\$2,890	\$258	10%	7%
Other services	\$4,930	\$5,185	\$5,372	\$5,427	\$497	10%	9%
Public administration	\$6,957	\$7,433	\$7,463	\$7,593	\$636	9%	10%

Source: Indiana Department of Workforce Development

