



June 10, 2010

Breaking News

BREAKING: Governor announces major land conservation initiative - 20 Hours Ago



81st Fair to feature truck and tractor pull, game shows

The action is heating up already at the Vigo County Fairgrounds, as planning is under way for the 81st annual fair.

NEW: Report forecasts Indiana headed for robust economic recovery

By Maureen Hayden
CNHI Statehouse Bureau

INDIANAPOLIS — A new economic study predicts Indiana's major manufacturing cities are headed for a robust economic rebound next year, forecasting a 7.3 percent growth in manufacturing income for the state.

Three cities hit hard by the recession - Kokomo, Columbus and Elkhart - are headed for double-digit growth in manufacturing income in 2011, according to the report released today.

"I am extraordinarily optimistic about Indiana's short- and mid-term economic recovery," said Ball State University economist Michael Hicks, who conducted the study for Conexus Indiana, a privately funded industry-development group.

Hicks, the director of Ball State's Center for Business and Economic Research, is more cautious about the state's long-term financial health, citing a concern about workforce readiness. As the report notes, Indiana ranks near the bottom of all states in the percentage of college-educated workers.

"That may erode our future competitiveness," Hicks said.

But the near-future looks rosy. In the 2010 Manufacturing and Logistics Report Card, Hicks forecasts a dramatic manufacturing recovery during the second half of 2010 and 2011. He projects Indiana's total manufacturing compensation will grow by nearly \$2.5 billion over the next 18 months.

Hicks said the report was uncharacteristically optimistic for him. "My wife calls me OEDr. Glum," he said.

Hicks cites a host of factors, including the decision announced Wednesday by Chrysler Group LLC to invest \$300 million to update manufacturing facilities in Kokomo, as evidence of economic recovery already under way in the state. His report card gives Indiana high grades for having positioned itself to take advantage of a post-recession economic recovery.

The state earned top grades for its high level of manufacturing exports and foreign investment, along with its business-friendly tax climate. The report card also gives the state a good grade in transportation logistics, ranking Indiana in the top 10 states for per capita logistics employment.

But the state earned a C grade in productivity and innovation. And among the lowest grades earned was for "human capital," due to concerns about the lack of a well-educated workforce.

Steve Dwyer, president and CEO of Conexus Indiana, said the report card's mixed grades indicate the state has work to do. "We can quickly lose ground if we don't focus on building tomorrow's workforce and regaining a leadership position in innovation."

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How Indiana ranks

The 2010 Manufacturing and Logistics Report Card, released by Conexus Indiana, forecasts a dramatic recovery in the state's manufacturing industry. But it also warns the state could lose its competitive edge due to a lack of an educated workforce. Among key findings:

- Indiana earned a low grade for human capital. The state ranks 31st in percentage of the workforce with a high school diploma or greater and 42nd in college-educated workers.
- Indiana ranks first among states in per capita manufacturing employment economic output and ninth in logistics employment per capita.
- Indiana ranks first in per capita income derived from foreign-owned manufacturing operations.
- Indiana scored a "C" in benefit costs. It ranks second among states in workers compensation rates and fifth in long-term health costs, but it also ranks 40th in health care premiums.

Indiana's 2010 Manufacturing and Logistics Report Card

Manufacturing: A

Logistics: B+

Human Capital: C-

Benefit Costs: C

Global Position: A

Productivity/Innovation: C

Tax Climate: A

Industry Diversification: C-

Venture Capital: C

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