



The Evolution of Indiana's Labor Force
1968-1997
A Comparative Analysis

December 1998

Executive Summary

This is a descriptive statistical analysis of the labor force of the State of Indiana and that of six peer states. Using data collected over the thirty year period 1968-1997 from the March supplement to the Current Population Survey (CPS), this study has analyzed the rates of participation, the occupational structure, and the earnings of the Indiana workforce, in an attempt to comprehensively document and understand the areas in which the state economy has exceeded, equaled, or fallen short of the performance of other states.

These comparisons take place over a period that saw much change in labor markets nationwide. The data for all states reflect many of these trends: the increasing participation of women in the labor market, the continued shrinkage of the farm economy, and the rising importance of the services producing side of the economy are evident in the data for every state.

But the study has also found numerous, striking differences between the makeup of the Indiana labor force and that of its neighbors, which will uniquely affect the performance of the state economy in the coming years. The main findings of this report are:

- *Indiana's labor force is significantly behind its Midwest neighbors in jobs in two high-paying occupational categories: Professional and Specialty occupations, and Executive, Administrative and Managerial occupations. These two categories have accounted for three out of every four net new jobs created nationwide since 1989, but a significant, widening gap exists between the concentration of these kinds of jobs in our state compared to our peer states.*
- *The Indiana labor force is more concentrated in the two middle-paying occupations that have ranked last in growth nationwide during the 1990's. The state's share of jobs in the Precision, Craft, and Repair occupations and Machine Operators occupations is higher than peer states.*
- *While similar overall to other states, the rates of participation in the labor force of certain subgroups of the Indiana population differs markedly from those of other states. Rates of participation of blacks have fallen in the 1990's, an experience not found elsewhere, while the involvement of young adults in the full time labor force in Indiana is higher than some of its peers.*
- *Indiana's occupational mix cannot be explained solely on the basis of compensation. While earnings here do generally fall short of some of our neighbor states, in some job categories, notably Professional and Specialty job occupations, workers in Indiana may even be paid a premium to remain in the state.*