

Indiana Economic OUTLOOK



December 12, 2018



First Merchants



**BALL STATE
UNIVERSITY**

Center for Business and
Economic Research

Opening Remarks



Richard Gill

Co-Owner of Gill Brothers
Furniture and Chair of the
Ball State Business
Roundtable

Lunch

*Please wait until your table
is released.*

2019 Forecast



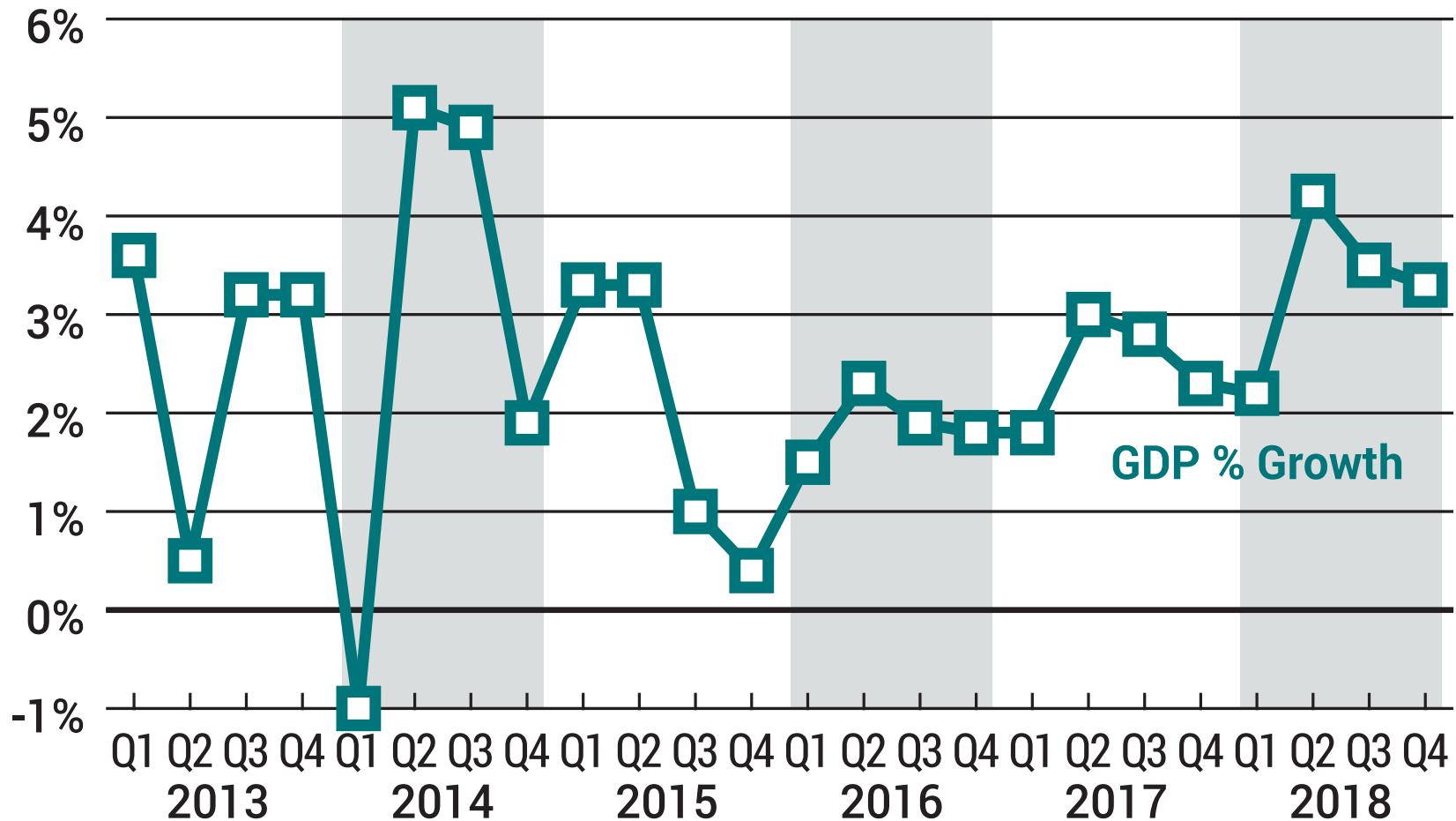
Michael J. Hicks, PhD

Director and George & Frances
Ball Distinguished Professor

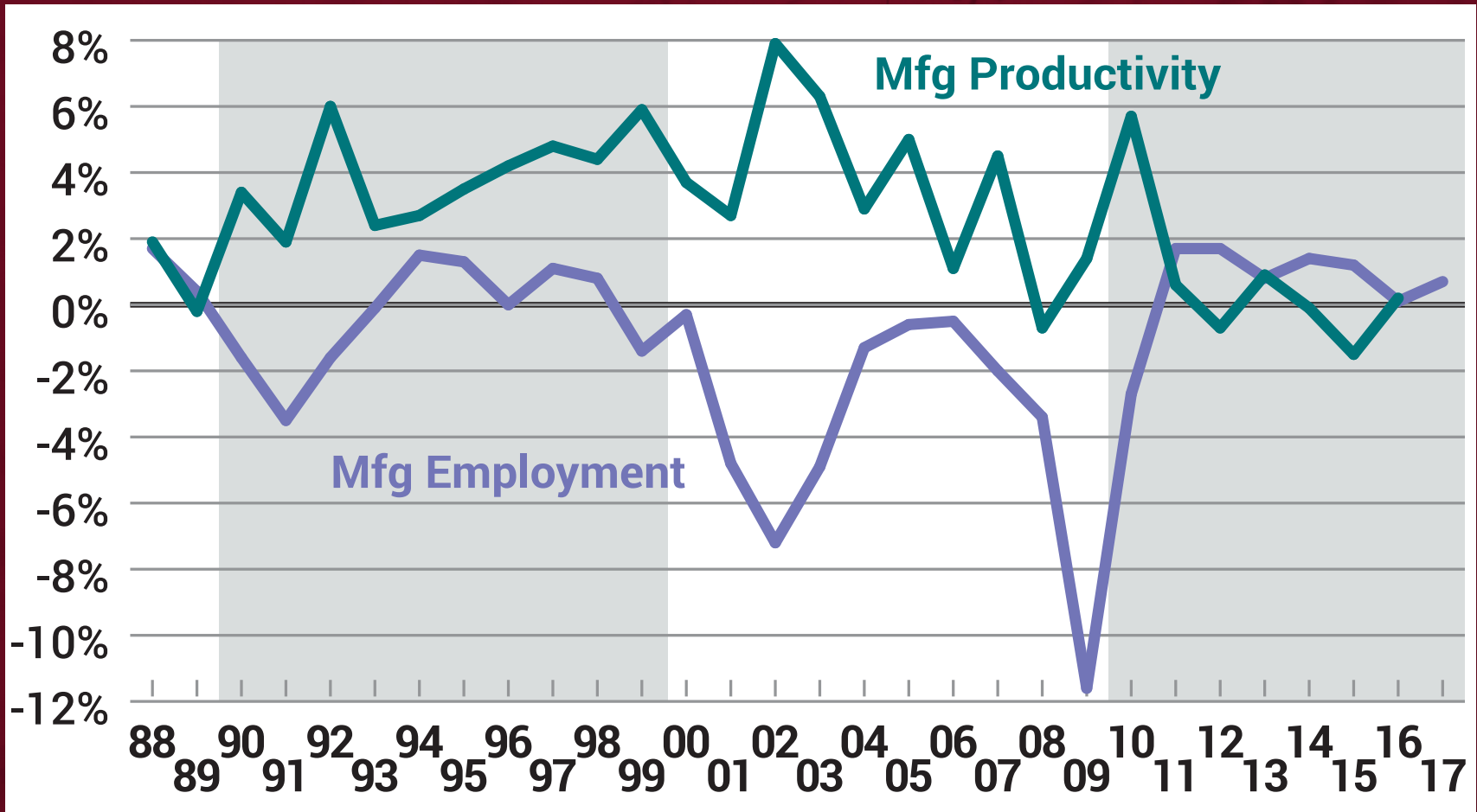
Forecast GDP in USA and Midwest

	2017	<i>Actual 2017</i>	2018	<i>Actual 2018 Q1-Q2</i>	2019	2020	2021	2022
USA	2.5%	2.2%	2.2%	3.2%	1.8%	1.8%	2.0%	2.1%
Illinois	0.6%	0.4%	0.8%	3.6%	1.0%	0.6%	0.4%	0.1%
Indiana	2.3%	1.8%	2.1%	3.6%	1.8%	1.8%	1.9%	2.0%
Michigan	2.0%	2.2%	1.6%	5.4%	1.1%	1.1%	1.4%	1.6%
Ohio	1.6%	1.6%	2.0%	3.2%	1.0%	2.0%	1.8%	2.5%
Wisconsin	2.1%	1.3%	1.9%	2.8%	1.7%	1.7%	1.8%	1.9%

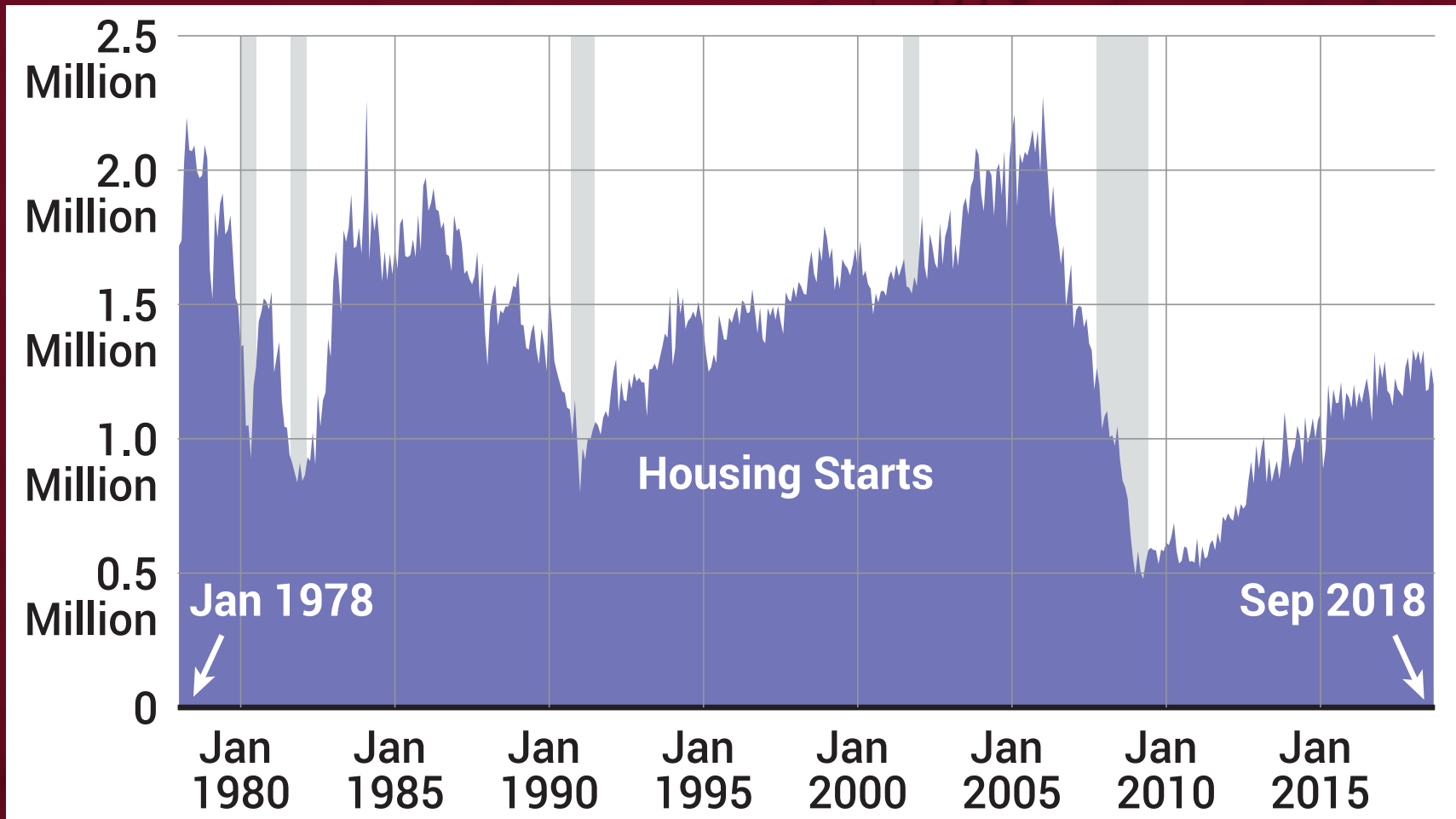
US GDP Growth, 2013-2018



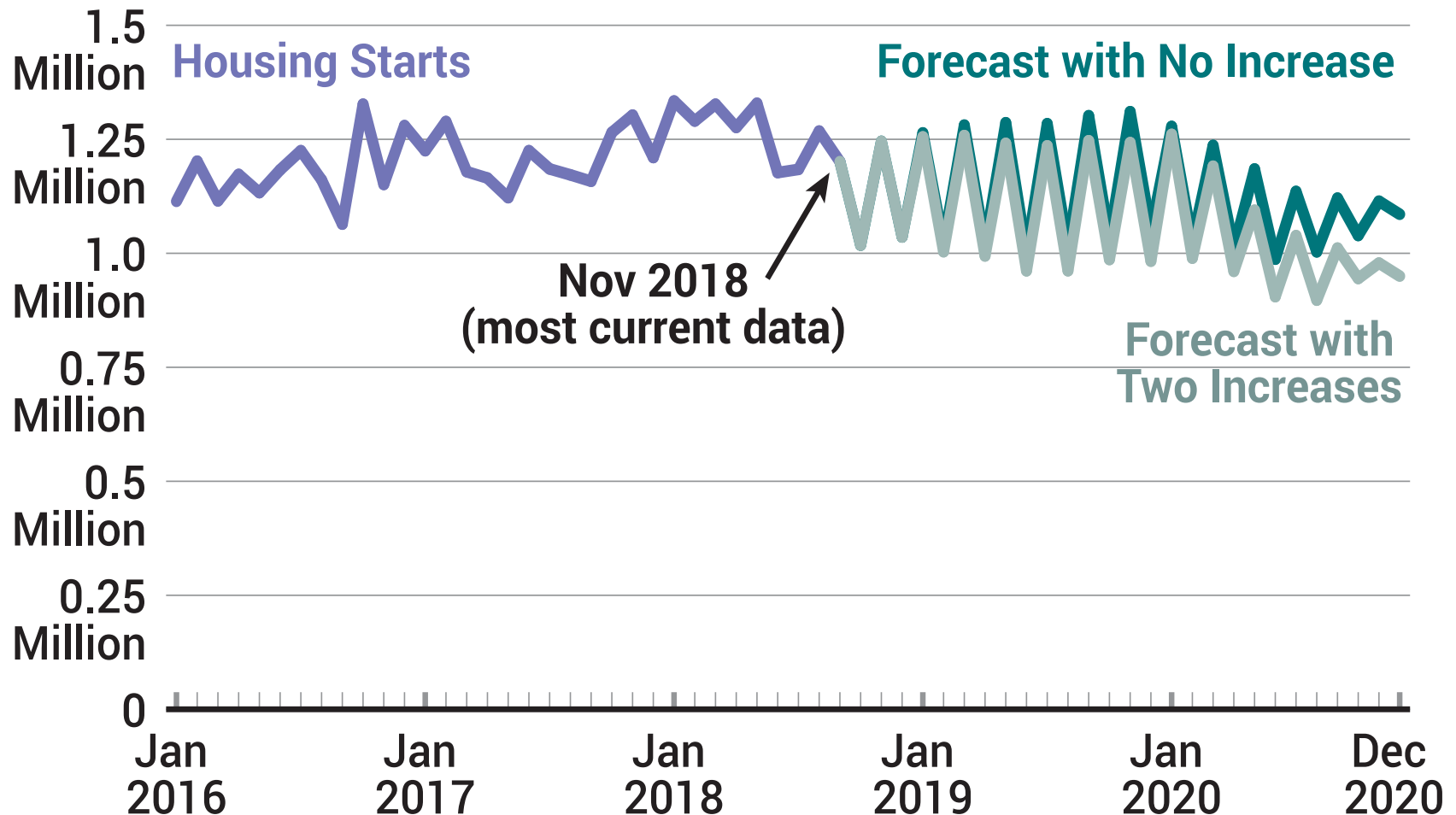
US Manufacturing Growth, 1988-2017



US Housing Starts, 1978-2018



Forecast for US Housing Starts



Estimated Cost of New Tariffs

List 1		2018		List 2		2019
Tariff	Value of Affected Imports (Billions)	Tariff Rate	Additional Cost Burden (Billions)	Value of Affected Imports (Billions)	Tariff Rate	Additional Cost Burden (Billions)
Section 232, Steel	\$23.40	25%	\$5.80	\$23.40	50%	\$11.70
Section 232, Aluminum	\$16.60	10%	\$1.70	\$8.30	25%	\$8.10
Section 301, Pt 1	\$32.30	25%	\$8.10	\$16.15	25%	\$3.40
Section 301, Pt 2	\$13.70	25%	\$3.40	\$6.85	25%	\$39.30
Section 301, Pt 3	\$159.30	25%	\$39.30	\$79.65	25%	\$39.30
Total	\$245.30	...	\$58.80	\$134.35	...	\$101.80

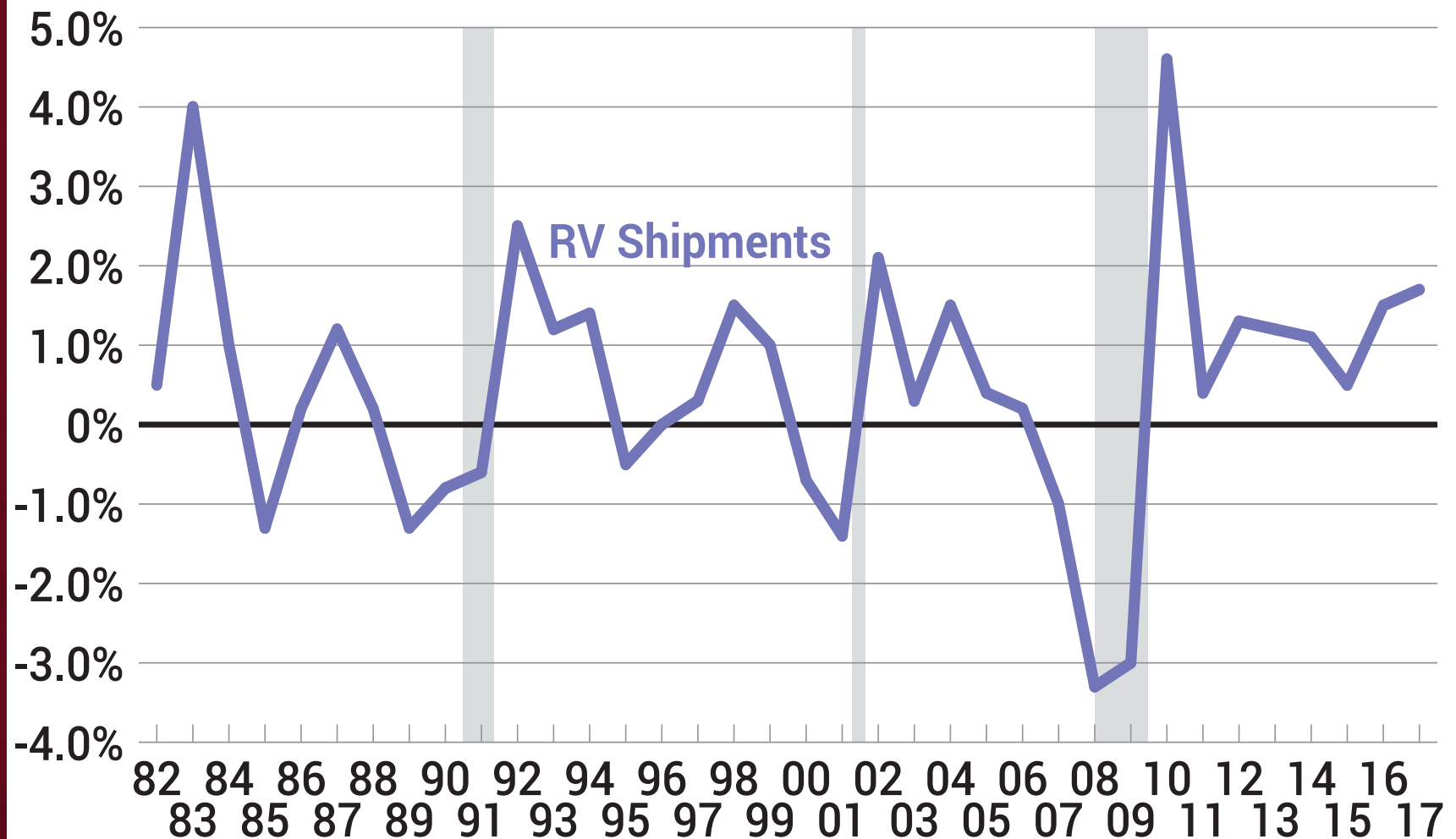
Tax Cut and Jobs Act Estimated Effects on GDP

	GDP Effect as Percent Change		
	2018-2020	2020-2025	2025 & later
Barro and Furman	0.2 – 1.0
Congressional Budget Office	0.6	0.7	0.6
Hicks	0.4	0.7	0.0
International Monetary Fund	0.8	0.6	...
Moody's	0.4	0.3	0.4
Penn-Wharton Budget Model	...	0.6	...
Tax Policy Center	0.7	0.5	0.0

Net Effects of TCJA and Tariffs (Trade War)

	TCJA	Tariffs	Net Effect
GDP	0.4% to 0.7%	-0.59%	-0.19% to 0.11%
GDP (Billions)	\$100.56 to \$175.99	-\$148.33	-\$48 to \$28
Employment	310,000 to 542,000	-459,000	-149,000 to 83,000

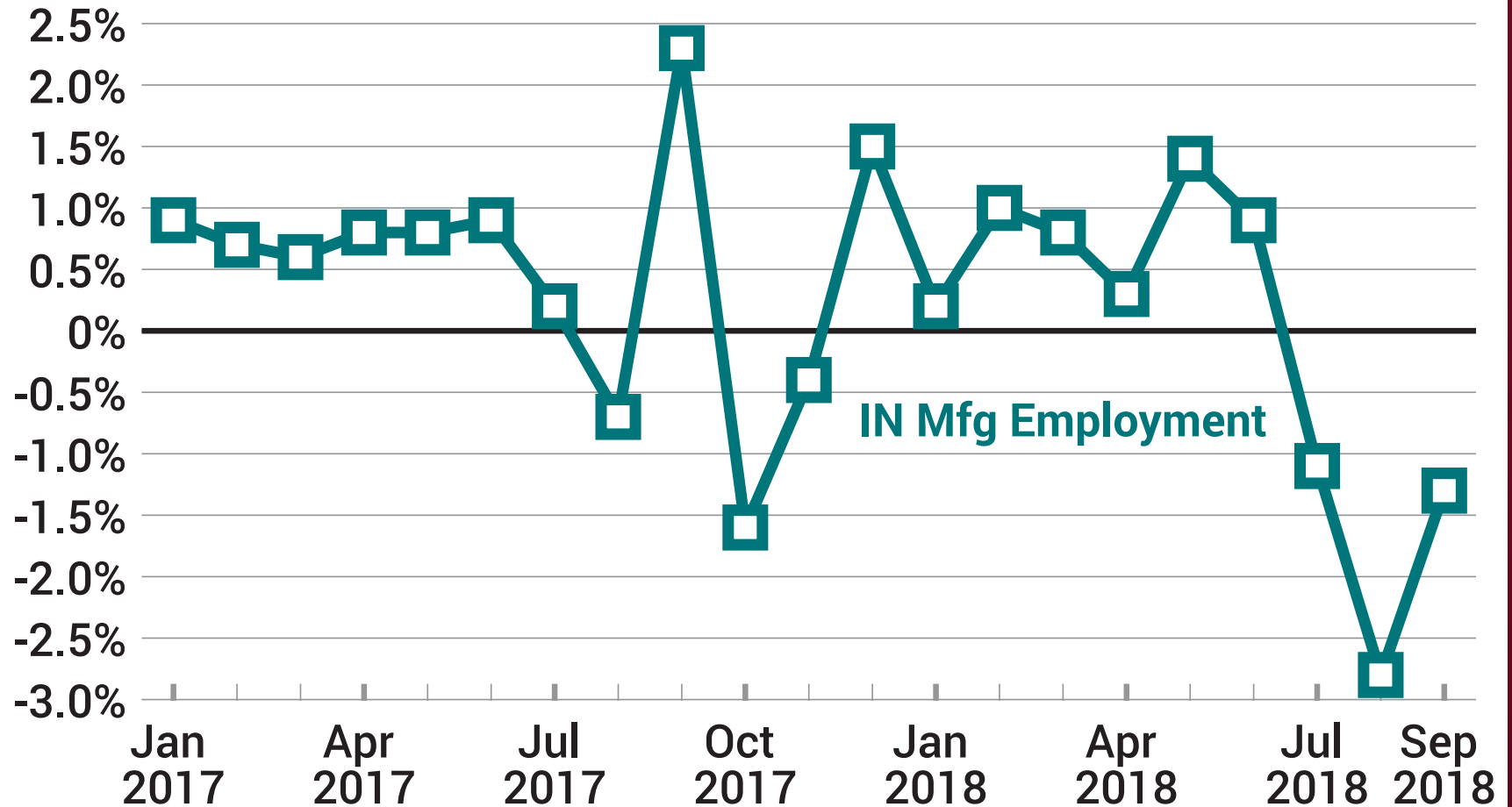
RV Shipments, 1982-2017



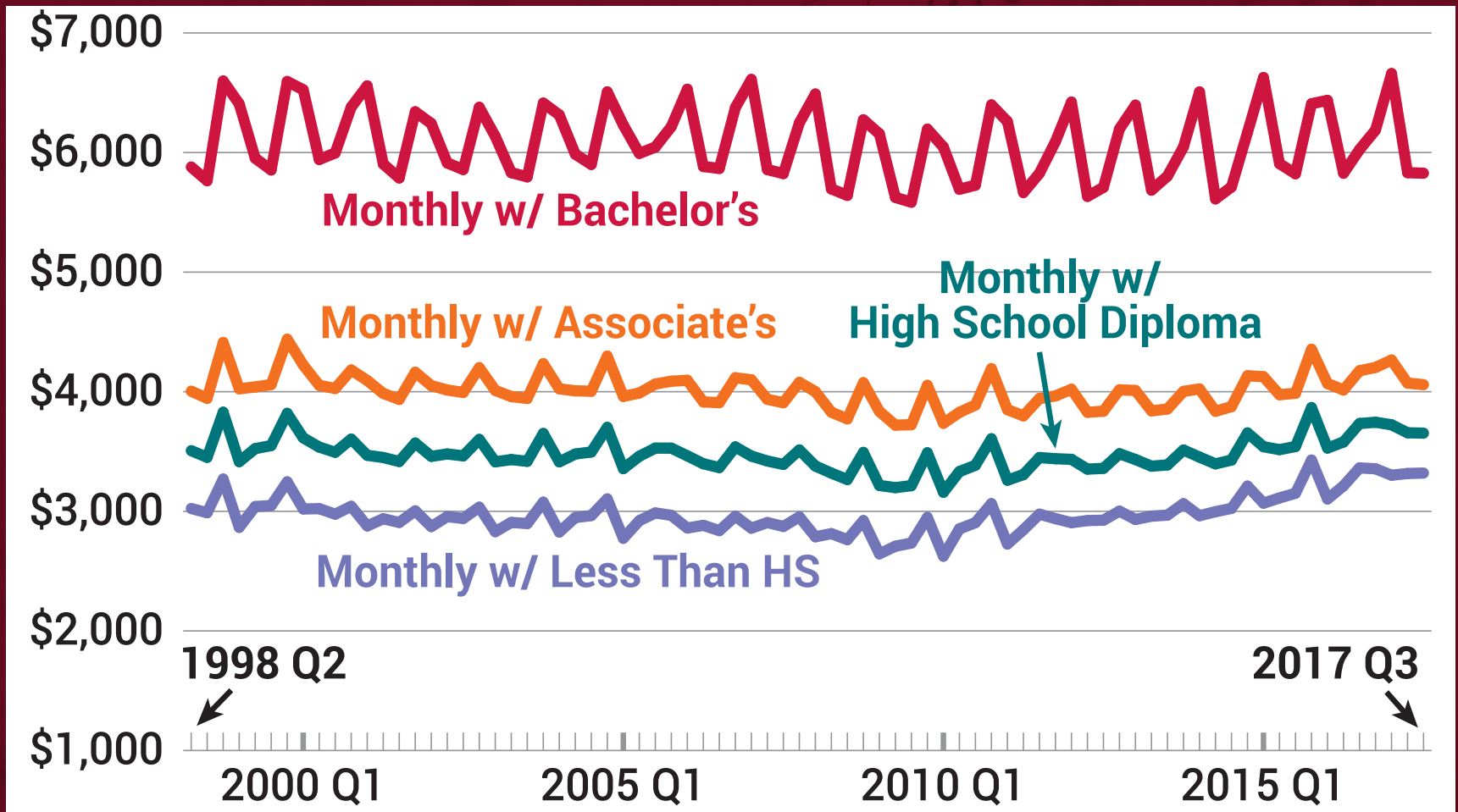
US and Midwest Forecast

	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2019
USA	2.8%	2.4%	2.1%	1.9%	2.3%
Illinois	2.0%	1.6%	1.2%	1.0%	1.5%
Indiana	2.9%	2.3%	1.8%	1.5%	2.1%
Michigan	2.2%	1.5%	1.1%	0.7%	1.4%
Ohio	2.0%	1.6%	1.3%	1.0%	1.5%
Wisconsin	2.2%	1.8%	1.5%	1.3%	1.7%

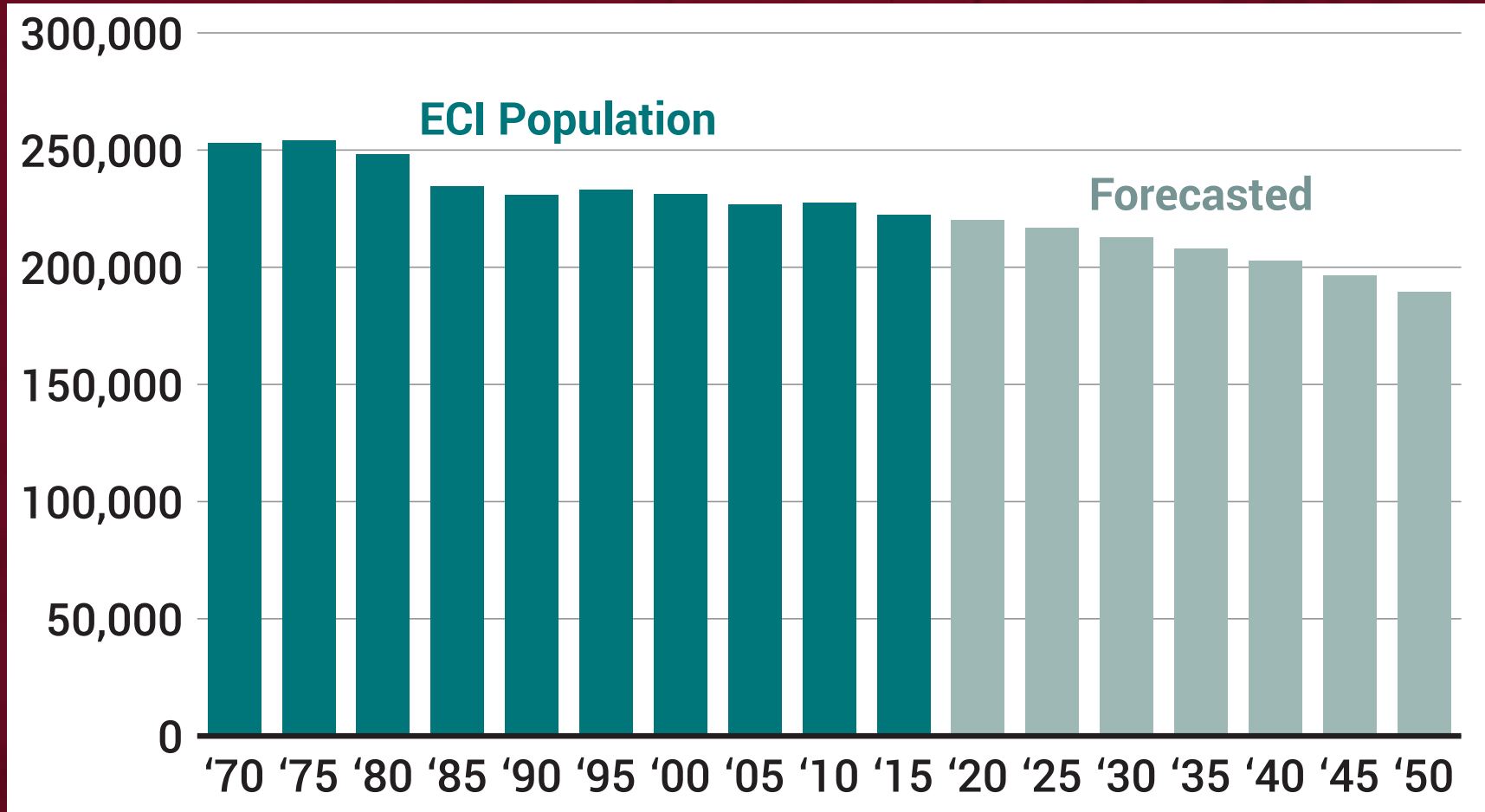
Indiana Manufacturing Employment



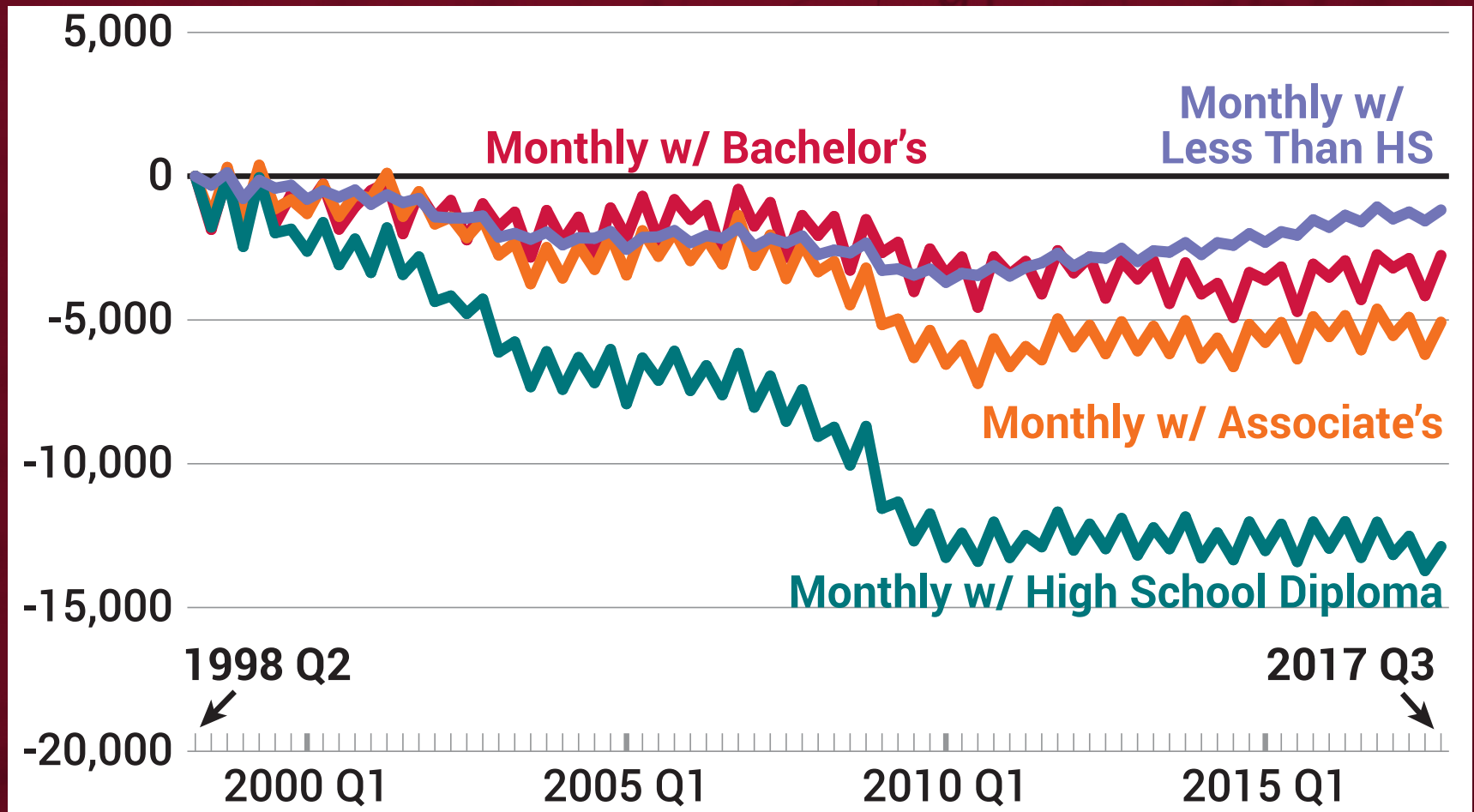
Indiana Real Monthly Earnings by Education Level



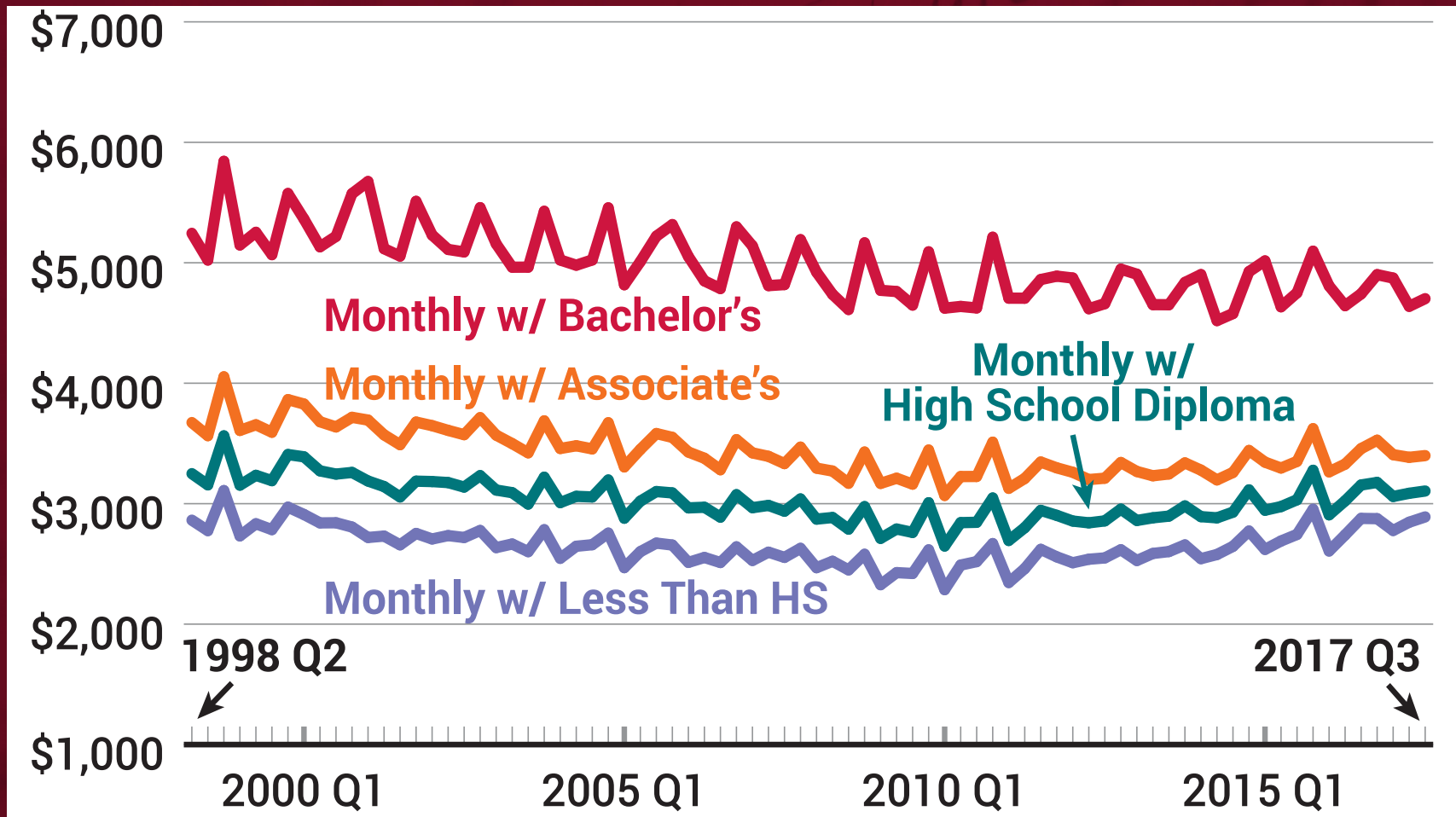
East Central Indiana Population, 1970-2050



ECI Cumulative Employment Change by Education Level



ECI Real Monthly Earnings by Education Level



Summary

- TCJA was a stimulus to consumption, not investment, so is transitory.
- Tariffs offset the TCJA effects, more than doubling expected in March will more than offset benefits of TCJA.
- Federal Reserve will continue to tighten to prevent more rapid inflation.
- Broad formal and informal indicators signal a slowdown of economic activity in 2019.
- This is a policy induced cycle of risk.
- ECI is more insulated to a business cycle than in past decades, but faces deeper structural problems.

Keynote Presentation



**Jennifer
McCormick**

State Superintendent
of Public Instruction

The Role of Education in Developing *Indiana's* Workforce and Economy

December 12, 2018

Dr. Jennifer McCormick

State Superintendent of Public Instruction



@suptdrmcormick



@EducateIN

Working Together for Student Success

This is Us

**Languages
Spoken**
291

**English
Learners**
5%

Migrant
2,101
<1%

Total Students
1.2 Million

**Free &
Reduced**
48%

**Special
Education**
15%

	Districts	Students
Urban	26%.	30%
Sub/Town	38%.	40%
Rural	36%.	30%

High Ability
13%



This is Us - Indiana Students

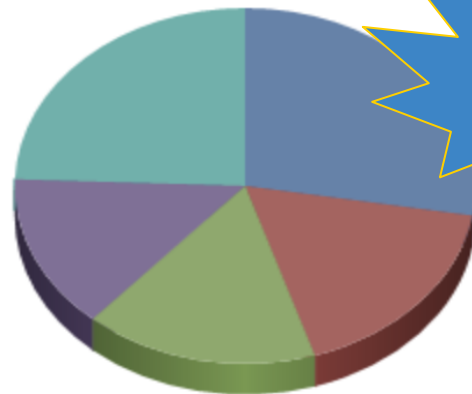
Ethnicity	Graduation Rate (SY 17-18)	ISTEP+ Grade 10 Pass Rate (ELA & Math)	AP Participation/ Pass Rate	
White	89.4%	39.2%	74.3%	21.1%
Black	77.9%	11.9%	5.2%	5.4%
Hispanic	83.3%	18.8%	9.2%	12.1%
Multiracial	84.1%	28.4%	3.7%	16.4%
Asian	88%	53.5%	3.3%	45.3%
American Indian, Native Hawaiian, Other Pacific Islander	83.3%	18.2%	0.3%	10.7%



This is Us - Indiana Teachers

78,000
Indiana
Teachers

Largest
Increase
Since 2010
2,000



0-5 years 11-15 years 20+ years
6-10 years 16-20 years

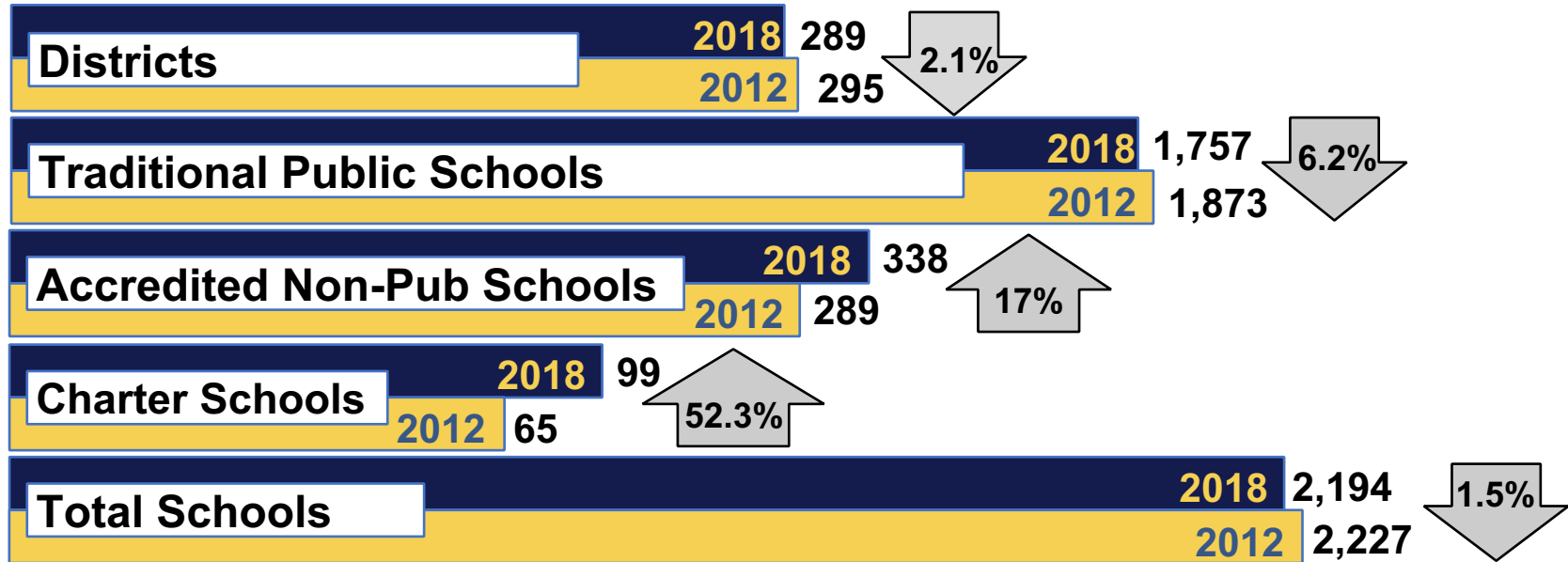
35% Leave
Profession
Years 1-5

Teacher Prep
Programs
41 Traditional
4 T-2-T

Years of Experience



This is Us - Indiana Schools



Enrollment Changes

Indiana Education Enrollment

157/289 (54%) Districts
Declining Enrollment
2016-2018



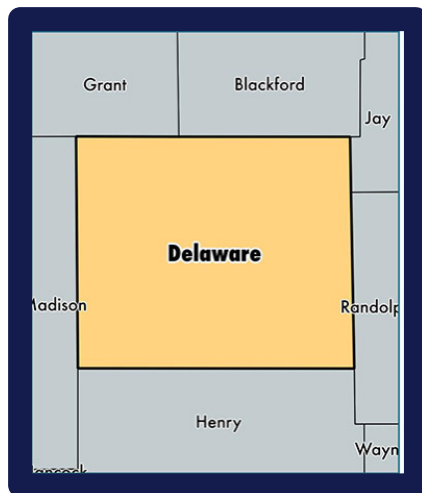
Indiana Population

37/92 (40%) Counties
Declining Populations
2016-2017¹

¹hoosierdata.in.gov



Enrollment Changes - Delaware County



Population

2016 - 115,483

2017 - 115,184

School Enrollment: SY 17-18 – SY 18-19

Cowan Comm. Sch. Corp.: 811 ↓

Daleville Comm. Sch.: 961 ↑

Delaware Comm. Sch. Corp.: 2,647 ↓

Liberty-Perry Comm. Sch. Corp.: 1,193 ↓

Muncie Comm. Sch.: 5,264 ↑

Wes-Del Comm. Sch.: 877 ↓

Yorktown Comm. Sch.: 2,645 ↑

Excel Center - Muncie: N/A

Inspire Academy: 178 ↓

Burris Laboratory: 669 ↓

Indiana Academy for Sci., Math, & Hum.: 307 ↓

Delaware Christian Academy: 17 ↓

Heritage Hall Christian School: 191 ↑

Temple Christian Academy: N/A

Saint Lawrence School: 59 ↑

Saint Mary School: 163 ↓

9 (64%) ↓

5 (36%) ↑



Voucher Financial Impact

Delaware Community Schools (Delaware) 9	\$378,527.77
Muncie Community Schools (Delaware) 191	\$1,037,761.52
Yorktown Community Schools (Delaware) 26	\$352,569.06
Northwest Allen (Allen)	\$1,133,383.42
MSD Lawrence Schools (Marion)	\$2,335,696.72
Brownstown Central (Jackson)	\$225,562.07
New Albany (Floyd)	\$1,679,836.13
Indianapolis Public Schools (Marion)	\$6,352,256.19
Ft. Wayne (Allen)	\$4,469,590.19
Evansville (Vanderburgh)	\$3,383,577.74



IDOE Strategic Plan Goals

Goal 1.

Indiana will increase overall *literacy* proficiency.



Goal 2.

Indiana students will have greater access to quality *STEM* opportunities.



Goal 3.

Indiana will increase the number of *college-and-career* ready graduates.



IDOE Strategic Plan Goals

Department Efforts & Accomplishments



Goal 1.

Indiana will increase overall *literacy* proficiency.

Available NOW

Literacy Framework
Assessment
Literacy Training
MTSS

- Academics
- SEL

Coming 2019

Math Framework
Science Framework



Require
CS 2021

IDOE Strategic Plan Goals

Department Efforts & Accomplishments

Goal 2.

Indiana students will have greater access to quality *STEM* opportunities.



STEM Plan
2017-2018

Certified
60
STEM Schools

Robotics Teams
1,013 Elem
440 MS
168 HS

Cyber
27 Pilots

eLearning
8,000 Teachers
2018

Computer
Science
750 Teachers
2018-2019

STEM
Acceleration
Grants
2M
60 Awarded

SCRIPT District
CS Planning
38 Districts
2018-2019



@suptdrmcormick



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Indiana Department of Education



IDOE Strategic Plan Goals

Department Efforts & Accomplishments



Goal 3.

Indiana will increase the number of *college-and-career* ready graduates.

CTE Funding Biennium

CTE Funding
\$2M State
\$26 M Federal

CTE SY 17-18

70% HS Students
Enrolled in Course

88% Grads
CTE Participants

Opportunities

Redefined Concentrator

K-12
Employability Skills

Summer Expansion
Grants

CareerWise
Swiss Model
RPM
Next Generation-Ford

Educator
Externships



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Indiana Department of Education



Thank you!



Q&A

Please wait for the microphone so the audience can hear your question!

Event materials will be added this week at
bsu.edu/cber/outlook

Thank you Table Sponsors!

- Ball State University Economics Department
- George and Frances Ball Foundation
- Muncie Central High School AP Economics Class
- Mutual Bank
- STAR Financial
- Whiting & Co.
- Yorktown High School AP Economics Class
- Youth Opportunity Center

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