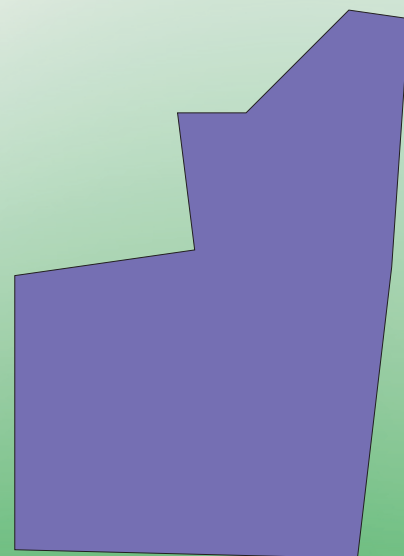


Economic Development Goal Setting Study

Lowndes County Mississippi

January - 2012



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Prepared for

Columbus - Lowndes Development Link

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Summary.

A local economy will grow and expand, decline and fall in direct proportion to the amount of money being imported to the area. Money is imported by way of the primary industries which sell their goods or services outside the area. The quality of the economy, the economic quality of life for the people who live and work in an area, depends upon the wages paid by the primary employers in an area.

Over the last twenty years, Lowndes County has had very slow growth in the size of its economy. However, the quality of the economy grew in an exception manner.

Economic projections for the area show that if the county does not create new, high and middle wage primary jobs, the economy will have little growth and the quality will decline in the future.

As a result, two economic growth goals have been created. Each can be achieved by the community through an aggressive, well financed economic development program. If the goals are achieved, the economy will grow significantly in size and be high in quality. This will enable a vast majority of the residents to enjoy a prosperous life and move many from being dependent upon social welfare programs to gainful employment.

The economic goal is achieved by creating new primary industry jobs. To attain the goal, the community needs to reach the milestones in the following chart.

<u>Milestones</u>	Goal			Aggressive Goal		
	<u>Primary Jobs</u>	<u>Primary Wage</u>	<u>% of Area Wage</u>	<u>Primary Jobs</u>	<u>Primary Wage</u>	<u>% of Area Wage</u>
2012	135	47,684	102%	265	49,595	106%
2013	180	49,075	102%	360	51,556	107%
2014	195	50,533	101%	380	53,582	108%
2015	210	52,036	101%	396	55,706	108%
2016	225	53,586	101%	412	58,472	110%
2017	240	55,720	101%	428	61,378	111%
2018	255	57,939	102%	444	64,429	113%
2019	270	60,828	103%	460	67,633	114%
2020	285	63,861	105%	476	71,674	116%
2021	300	67,047	106%	492	75,957	118%
2022	315	71,062	109%	508	80,498	120%
2023	330	75,319	111%	524	85,311	122%
2024	345	79,831	113%	540	90,413	124%
2025	360	84,614	115%	556	95,821	126%

Introduction – How a local economy works.

A local economy is a geographic area where a vast majority of the people live and work, earn and spend. The geographic boundary of a local economy is mainly determined by the commuting patterns of the people in the area. The location and number of “jobs” within an area determines how big geographically the economy will be.

A local economy will grow in size based upon the amount of money being imported to the area. After money enters a local economy, it is mixed and churned, being circulated among the businesses and the people. Money or wealth eventually leaves a local economy as it is “consumed.”

Wealth enters a local economy principally by way of the business activity of the “primary industries.” A primary industry or business sells its goods or services outside the area, thus importing money to the area.

The quality of an economy refers to the amount of money individuals in an area earn each year. The greater the personal earnings, the greater the disposable income and the economic “quality of life” for the individual.

In order to increase the size and improve the quality of a local economy, a community needs to create more primary industry jobs which pay a wage higher than the area average wage.

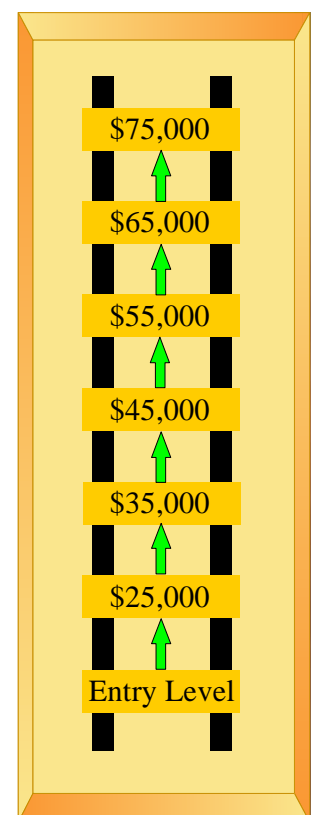
By doing this, more money will flow into the economy and the quality of the economy will improve over time. Not only will the wages for the workers enter the local area, so will all the spending and taxes paid by the companies themselves. As a result, all businesses will grow, more taxes will flow to local government enabling more and better services, schools will improve, and socio-economic problems will begin to fade.

When a community increases the number of high-wage primary industry jobs, a “force” pulls up the bottom rung of the economic ladder, lifting all through a series of wage and skill steps, improving the standard of living for most people.

This “force” causes part-time low paying retail and service jobs to fold into full-time jobs at higher wage levels and with fringe benefits.

The quality of the economy will continue to rise if the new primary jobs created in the area pay a wage higher than the local average.

However, the quality will regress, decline, or dilute if new primary jobs created pay less than the area average.¹



¹ For a more detailed explanation on how a local economy works, please review “The Flow of Money” which is a 28 page booklet published by POLICOM. It is available in PDF format at www.policom.com.

Purpose of this study.

The Lowndes County community has embarked on an aggressive program to improve the area's economy. By funding its economic development program, developing large tracts of industrial property, and creating linkages with education and industrial resources, the area has the opportunity to become one of the strongest local economies in the United States.

This study is being created to provide the community with a "path to follow" which, if traveled, will increase the size and improve the quality of the economy.

If the community is successful in reaching the goals in this study, all residents will have more opportunities to enjoy a more prosperous life.

This study is composed of three parts:

1. The economic history of Lowndes County is examined for the growth in quality and size.
2. Economic projections to the year 2025 are generated to estimate the future level of the economy based upon a "left to chance" scenario.
3. Economic goals are created to the year 2025, determining an economic level for which the community can reach if the employment and earnings milestones are achieved.

Two "goals" are produced.

The first is a "reasonable, achievable" goal which, if achieved, will enhance and expand the Lowndes County economy.

The second is an "aggressive goal" which can be achieved if all the political, educational, and industrial resources work in full cooperation. If this goal is attained, the economy will be catapulted into one of the strongest, most dynamic areas in the nation.

This study is ancillary to the *Historical, Comparative Economic Analysis for Lowndes County* created by POLICOM in July - 2011. The Analysis details the history and components of the economy, determines the level of the economy, and compares Lowndes County's economic growth for more than 80 economic elements for five time periods to the nation, state, and the 576 Micropolitan areas.

For more comprehensive information and data regarding the economy of Lowndes County, please refer to this study which is available in PDF format from the Columbus - Lowndes Development Link.

Databases.

Three economic databases have been used to create this study. They include:

- 1) Regional Economic Information System (REIS) maintained by the Bureau of Economic Analysis, U.S. Department of Commerce. It is composed of “source data” which has been taken from the administrative records of numerous government agencies as opposed to monthly surveys and polls. It is the most accurate data published by the Federal government. The most recent year for which data is available is 2009 which was released in April, 2011.
- 2) “Covered Workers Data” or “ES-202 data published by the Bureau of Labor Statistics, U.S. Department of Labor. The source of this data is the quarterly UCT filings by our nation’s employers and includes data for wage and salaried workers, but not proprietors and most farm enterprises. This set provides data to the five-digit NAICS code level, pending suppression. The most recent year for which data is available is 2010.
- 3) “Monthly Employment Survey” published by the Bureau of Labor Statistics. This is the least accurate data set but the most current, as data is available as recent as two months from the point of study. The most recent data available at the time of this study is for October - 2011.

Additional sources will be footnoted.

Terms.

Unless otherwise noted the following shall mean:

Earnings: The total amount of wages and salaries paid to all full and part-time workers, the profits of proprietors, and “other labor income,” which includes employer’s contribution to private retirement programs.

Employment: The total number of full and part-time wage and salaried workers and the number of proprietors.

Wages: The annual earnings per worker, which is derived by dividing the total earnings by total employment.

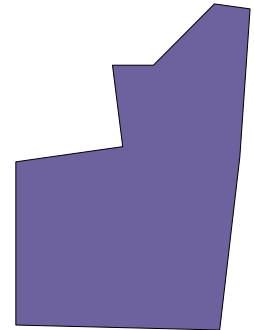
Lowndes County Economy.

There are 366 Metropolitan areas and 576 Micropolitan areas in the United States.

A Metropolitan area needs to be at least one county and have an urban area of at least 50,000 people. Most are multiple counties.

A Micropolitan area needs to be at least one county and have an urban area of at least 10,000 people but not more than 50,000 people. Most Micropolitan areas are a single county.

The Office of Management and Budget (OMB) defines the Metropolitan and Micropolitan areas. Each is determined to be a “contained” economy when a preponderance of the people live and work in an area irrespective of county boundaries.



Typically, if 75% of the people live and work in an area, it is determined to be a contained economy.

Lowndes County is a defined Micropolitan area - named the Columbus, MS Micropolitan Statistical Area - as a vast majority of the people who work in the county, live in the county and a vast majority of the people who live the county, work in the county. (Commuting is tracked incoming and outgoing.)

The following chart is based upon census data and used by the OMB to determine contained economies. For both the 2010 and 2000 census years, approximately 87% of the people who lived in Lowndes County worked in Lowndes County. This is a very high percentage.

Live in Lowndes, work in Lowndes	
2010	87%
2000	87%
Live in Oktibbeha, work in Oktibbeha	
2010	82%
2000	82%
Bureau of Census	

Oktibbeha County – adjacent to the west of Lowndes - is also known as the Starkville, MS Micropolitan area and home to Mississippi State University. A vast majority of the people (82%) who live in Oktibbeha County also work in their home county.

The next question to ask is “of those who work in Lowndes, where do they live?”

The chart, based upon the 2000 census, shows that 78% of the people who work in Lowndes County live in the county. Only about 4% of the workforce comes from Oktibbeha County. Also, Pickens and Clay counties each provide about 3% of the workforce.

Work in Lowndes, where do they live	
Lowndes Co. MS	78%
Oktibbeha Co. MS	4%
Pickens Co. AL	3%
Clay Co. MS	3%
Work in Oktibbeha where do they live	
Oktibbeha Co. MS	80%
Lowndes Co. MS	4%
Webster Co. MS	3%
Choctaw Co. MS	3%
2000 Census	

For Oktibbeha County, 80% of the workforce is local residents. Lowndes County residents comprise 4% of the Oktibbeha labor market followed by Webster and Choctaw counties with 3% each. (2010 data not available for this measure at this time.)

When looking at commuting patterns between Oktibbeha and Lowndes, about the same number of people commute from Oktibbeha to Lowndes as commute from Lowndes to Oktibbeha.

From a review of the commuting patterns, it can be easily deduced that Lowndes County is a contained economy with a vast majority of the people living and working in the county.

Annually POLICOM ranks the Metropolitan and Micropolitan areas for economic strength.² The Columbus, MS Micropolitan area has improved in the rankings over the last eight years. The following are the rankings among the 576 areas.

576 Micropolitan Areas	2011	2010	2009	2008	2007	2006	2005	2004
Columbus, MS (McrSA)	57	77	100	174	211	257	322	374

In 2004, Lowndes County ranked 374th but by 2011 it rose to 57th. This is a significant improvement. There are two reasons the area rose in the rankings: the quality of the economy improved and the area economy is relatively consistent. These are two important factors in determining the rankings.

² For an explanation of “economic strength” and the rankings for all Metropolitan and Micropolitan areas, go to www.policom.com.

To provide a direct comparison for the economic growth of the county, the average annual percentage increase for several categories for Lowndes County was ranked against the 576 Micropolitan areas for two time periods: 1990 – 1999 and 2000 – 2009.³

Lowndes County, MS Growth Ranking 576 Micropolitan Areas	2000 - 2009 Rank	1990 - 1999 Rank
Population	468	353
Employment	435	503
Earnings	348	470
Annual Wages	201	258
Number of NF Proprietors	151	327
Per Capita Personal Income	240	423
Per Capita Government Transfers	37	161

Lowndes County, over the last 20 years, has had a relatively slow growth in the number of jobs, total worker earnings, and population. Wage growth has improved in the last ten years.

The growth of government transfers (entitlements) was the 37th fastest from 2000 – 2009.

The following chart compares the actual amount for three years to the 576 Micropolitan areas.

Lowndes County, MS Actual Amount	2009 Rank	1999 Rank	1989 Rank
Population	59,658 175	61,631 149	58,744 132
Annual Wages	43,311 54	30,815 72	21,745 91
Per Capita Personal Income	31,135 283	20,973 334	14,169 289
Per Capita Government Transfers	7,266 380	3,226 488	1,764 513
Per Capita Medicare	1,729 320	607 457	266 510
Per Capita Medicaid	1,182 232	31,010 266	9,057 301
Per Capita Welfare - Actual	1,006 119	491 104	280 121

In 1989, Lowndes County was the 132nd largest Micropolitan area. As a result of slow population growth, it is now ranked 175th.

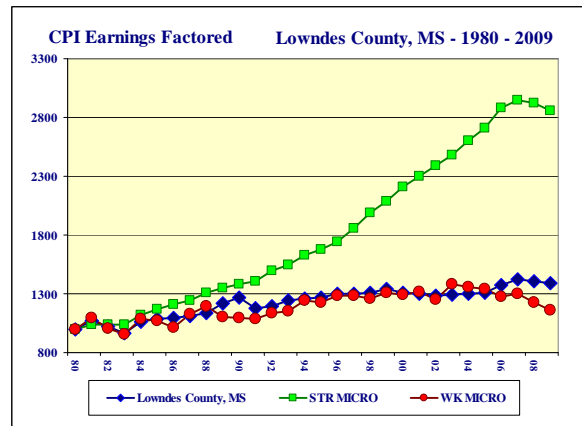
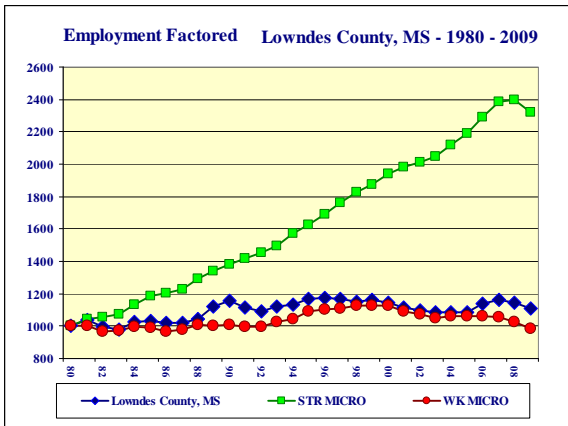
The area had impressive improvement in the average annual wage. In 1989 the Lowndes County wage ranked 91st but by 2009 it improved to 51st, in the top 10% of the Micropolitan areas.

Of concern is the relatively high Per Capital Welfare (\$1,006) which ranks 119th. This is an indication there is “economic distress” in the area.

³ For growth comparisons for more than eighty issues, please see Section 3 of the *Historical – Comparative Economic Analysis*.

The following graphs visually compare the growth of Lowndes County to the 10 strongest and 10 weakest Micropolitan areas in the United States.

The data has been factored to enable direct visual comparison on the graph. Earnings and wages have been adjusted for inflation to the value of the 2009 dollar.⁴



The above graphs show how the county has grown in size relative to the 10 strongest and 10 weakest areas. Since 1980, the relative growth in size has been comparable to the average of the 10 weakest Micropolitan areas. While the growth has been very slow, it has been consistent with few volatile changes or swings between years.

To create this consistency, the flow of money into the area as caused by the primary employers has been consistent while the volume of money has not increased significantly.

⁴ To visually compare the growth of the economy, much of the data is “factored.” This simply means the data for all the areas is statistically brought to a common denominator for direct visual comparison. All areas can be compared, apples to apples, on the same graph.

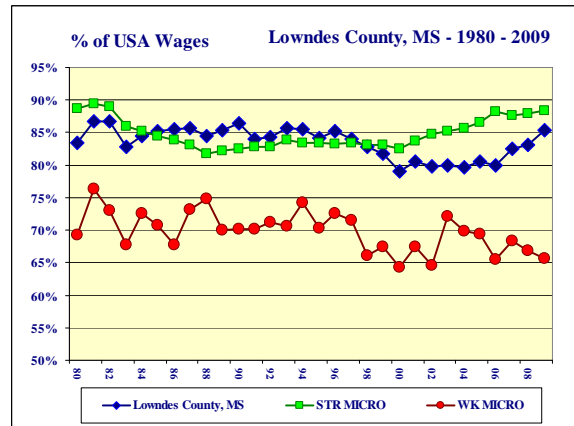
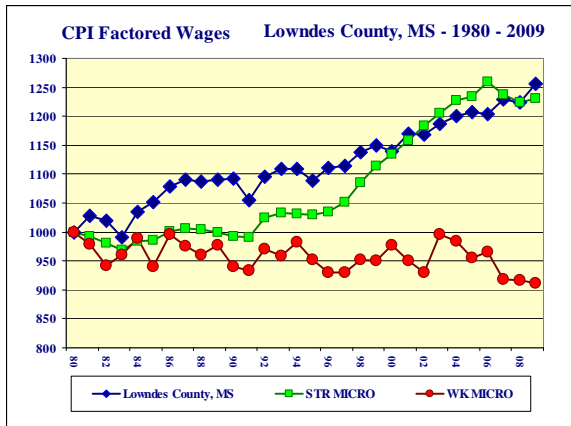
The mathematics is rather simple. First, the annual percentage increase from the previous year is calculated for each year of the study term (the term in this Section is from 1980 through 2009). Second, the annual percentage increase is multiplied by the same number or factor for each area. It does not matter what number it is, as long as it is the same number for all areas. POLICOM chooses 1000 as the factor beginning.

Some of the data is adjusted for inflation prior to the factoring process (CPI). Earnings and wages are brought to the value of the 2009 dollar, then the growth percentages are calculated, then the data is factored.

The year “1980” serves as the basis year. All areas begin at 1000 at this point. Where they wind up is determined by their respective percentage increase.

This process is similar to the start of a track race. Every runner begins at the same spot. By factoring the data, direct, visual comparisons can be made.

While the area grew in size at a very slow rate, its growth in quality has been exceptional.



The first graph, CPI Factored Wages, represents the relative improvement of the quality of the economy based upon wages. The county improved almost every year from 1980 to 2009. In fact, the rate of improvement during this time was better than the average of the 10 strongest Micropolitan areas.

The second graph shows the percentage the Lowndes County wage is of the national average wage.

It is not necessary for an area to have an average wage as high as or higher than the national average, as costs of living vary throughout the country.

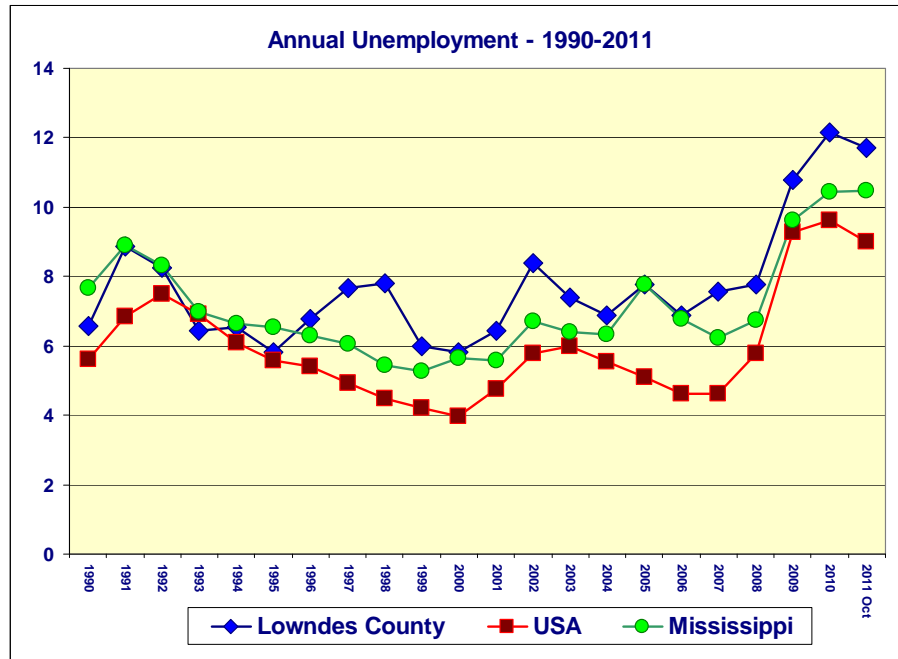
In fact, only fourteen of the 576 Micropolitan areas have an average wage greater than the national average. However, the higher the average wage, the greater the opportunity for an individual to enjoy “economic quality of life.”

When the average wage for a community increases relative to the national average, then the overall quality of the economy is improving relative to the nation.

As you can see, the Lowndes County wage was higher than the 10 strongest Micropolitan areas for many years. Beginning in 1996 through 2000, the Lowndes average dipped. However, beginning in 2005 the area gained significantly, going from 80% to 86% of the national average.

Also note how consistent the wage lines are compared to the weakest 10 economies which are quite erratic. Consistency shows there is “strength” in the economy.

Unemployment in Lowndes County has been chronically high. Over the last thirty years, only in 1983 was the county’s unemployment lower than the nation. Since 1986 unemployment in the county has been higher than both the USA and the state of Mississippi.



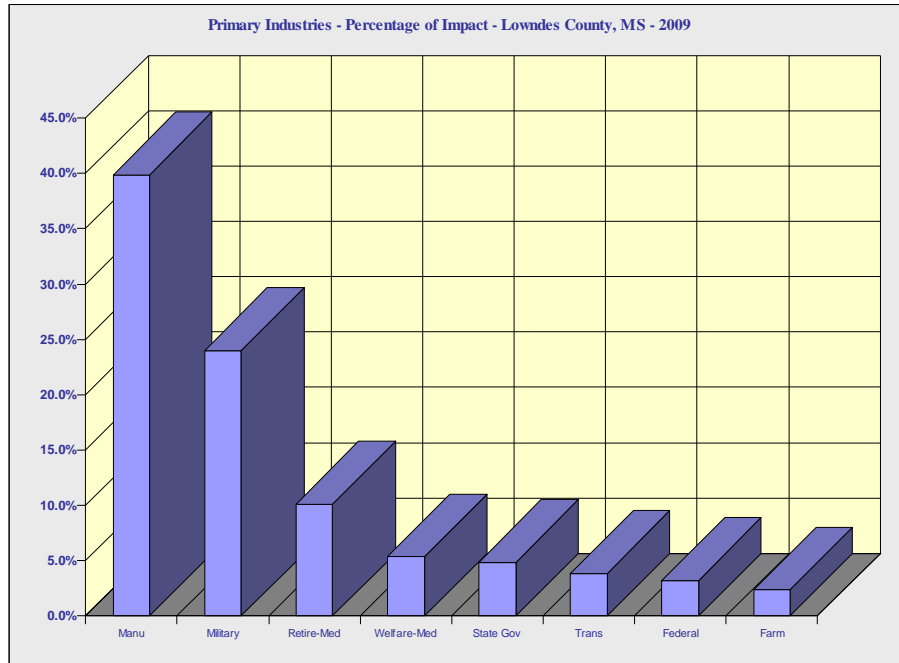
Primary Industries.

To understand why the area grew in quality while it did not grow in size, the primary industries need to be examined.

A local economy will grow and expand in direct proportion to the amount of money being imported to the area. A primary industry is one which imports money to a local economy. Typically primary industries are private sector enterprises which sell their goods or services outside the economy.

Sometimes “government” can be “primary” in nature if the amount of tax money entering the area is greater than what is being extracted. As an example, Mississippi State University in Oktibbeha County is a primary industry. Additionally, government entitlements (welfare, social security) can be primary if to amount of entitlements exceed that which has been taxed for the area.

The graph shows the percentage of contribution of the various primary industries in Lowndes County. The estimates are based upon formulas developed by POLICOM which measure the sources and amounts of personal income, earned income, government entitlements and transfers.



Manufacturing imports approximately 40% of the wealth to the county followed by Military with 24%. Government entitlements (Medicare, Medicaid, Social Security, and Welfare) then combine for about 25%.

Over the last ten years, the number of military personnel stationed in Lowndes County has been relatively constant - has not grown. The number employed in Manufacturing has declined mildly. Since the two most important primary industries did not grow, the economy did not grow.

However, both of these industries, plus Transportation, pay a very high wage.

A vast, vast majority of all businesses in an area are consumptive and dependent upon the wealth imported by primary businesses. The wages for these industries will be drawn toward the wages paid by the primary industries. If the primary industries are low-wage industries, the area will be a low-wage economy. If the primary industries are high-wage, then all wages will move upward.

This is what has happened in Lowndes County.

The following chart compares the wages for Lowndes, Oktibbeha, and Clay Counties for two contributory sectors - Other Services⁵ and Retail.

⁵ Other Services includes businesses such as dry cleaners, repair shops, barber shops, and household services.

Clay County borders Lowndes to the northwest and is also known as the West Point, MS Micropolitan Area.

The principle primary industry in Oktibbeha County is State Government with an annual wage of about \$47,000. The main primary industries in Clay County are Farming and Manufacturing. However, wages in Manufacturing in Clay are about 80% of what are paid in Lowndes.

	Lowndes	Oktibbeha	Clay
Area Average Wage	43,311	36,246	37,913
Other Services	32,052	29,086	29,085
Retail Trade	27,251	25,087	24,211

As you can see, even though the counties adjoin, the wage wages paid in the two consumptive sectors are much higher in Lowndes. In fact, a person working in Other Services is paid 10% more in Lowndes than either Oktibbeha or Clay. Wages paid in Lowndes for Other Services ranks 72nd and Retail 83rd among the 576 Micropolitan areas.

Since the primary industries pay a high-wage in Lowndes the wages in all other sectors are pulled upward, causing the overall quality of the economy to be relatively high.

In conclusion, the economy did not grow in size over the last ten years since the number of primary jobs did not increase.

The quality of the economy is relatively high since the existing primary industries pay a very high wage and have increased wages over the years.

Economic Projections.

The purpose of this study is to assist the community in determining certain benchmark goals which, when achieved, will significantly improve the economy.

The first step in this process is to project the condition of the economy.

Projections have been created from 2012 through 2025 **based upon the assumption the county will not attract new primary employers to the area.**

The projections are created for the purpose of determining the condition of the economy if little or no effort is made to add new, high-wage primary jobs to the economy. Essentially, this is a “do nothing” scenario.

The projections include employment, worker earnings, and wages for each industrial sector for each year. When graphed, all earnings and wages have been adjusted for an annual inflation rate of 2.5%.

The projections are based upon the following:

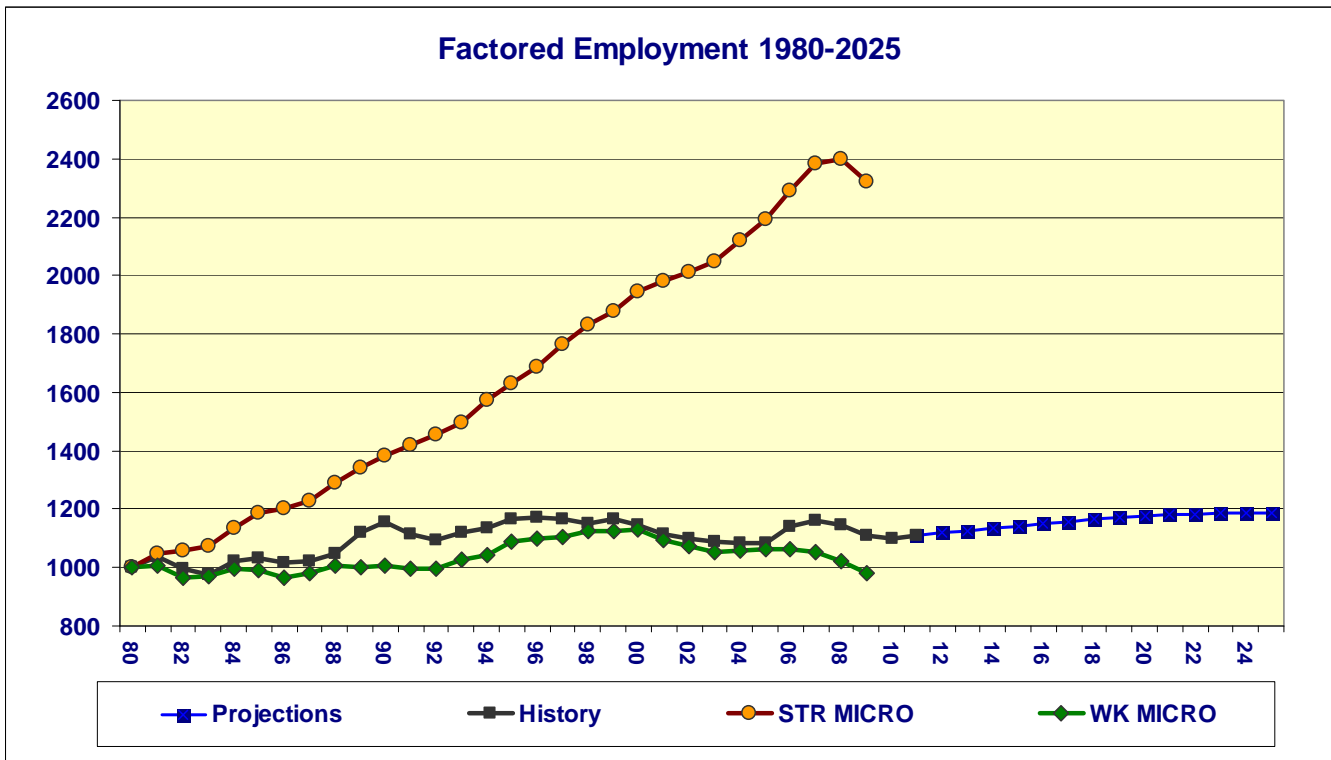
- The current level of military personnel will increase modestly.
- The existing high-wage employers in the county will maintain their employment.⁶
- There will be an increase in entitlements for income assistance.
- Specifically not included in the projections is the formation of primary industry jobs other than those created by the retirement, government (state, federal), and tourism.

The projections serve as the baseline upon which the future economy will be built.

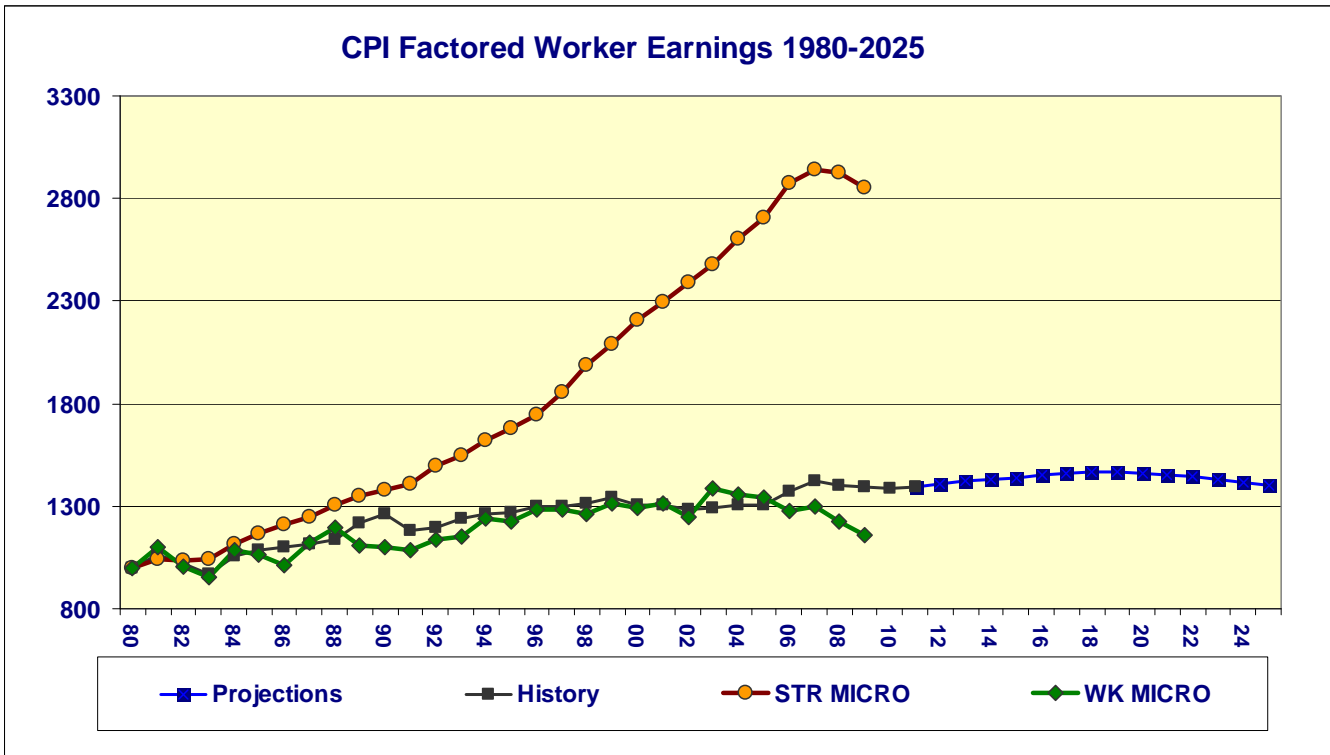
⁶ If employment in either Military or the existing high-wage manufacturers is significantly reduced, then the overall economy will decline at a rate much faster than the Projections.

The following graphs represent the result of the projections upon employment, worker earnings, and wages. "History" is the data which appeared on the previous Lowndes County graphs. Additionally, the previous data for the strongest and weakest Micropolitan areas is provided for visual comparison.

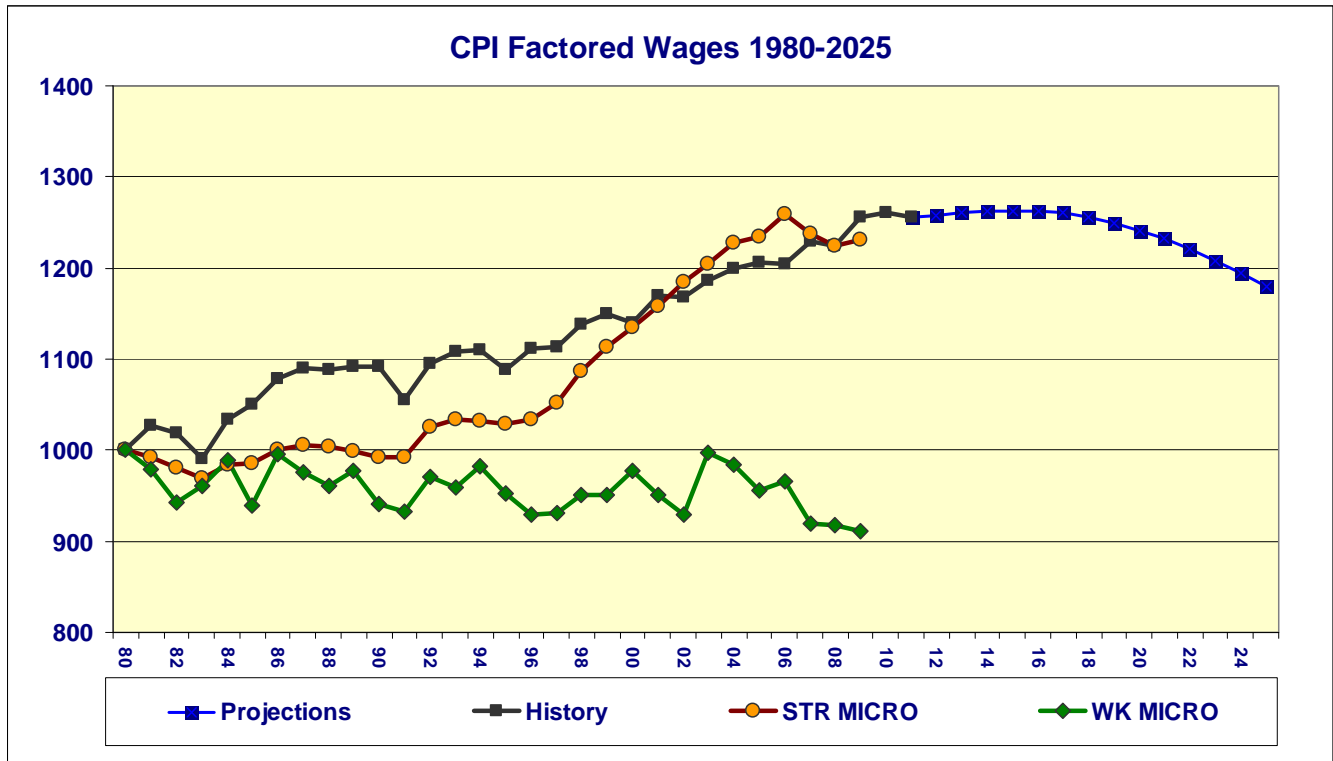
The projections show the economy will have very little growth to the year 2025. Additionally, the quality of the economy will begin to decline.



Total employment in the county will not reach the 1996 (35,713) level until the year 2019.



After adjusting for inflation, the size of the economy will begin to decline beginning in 2019.



After adjusting for inflation, the quality of the economy will begin to decline in 2018. This is the result of two factors: 1) while few in number, most of the new jobs created will be low-wage service and retail jobs generated as a result of an increase in government entitlement and 2) there will be a gradual, natural loss of high-wage manufacturing jobs.

Keep in mind, the projections will occur if the county does not add or retain new high-wage primary jobs.

Economic Goal.

A local economy will grow in size in direct proportion to the amount of money flowing into the area.

The economy will grow in quality by increasing the number of primary jobs which pay a wage higher than the area average wage.

In order to do both in Lowndes County the number of new, high-wage primary jobs needs to be increased significantly.

To determine a reasonable number of new primary jobs and associated wages, the history of new primary job formation has been examined.

POLICOM has developed formulas which determine the number of private sector primary jobs in an area based upon industrial activity.

Once again, a primary business sells its goods or services outside the area, importing money to the economy.

The chart on the next page provides the following from 2003 to 2010:

- Total employment – includes government and military workers (ES-202 data).⁷
- Total number of private sector primary jobs by industrial sector.
- The average wage for primary jobs by industrial sector.

Specifically not included in this data set are primary jobs for government. State and federal government employment is desirable but is very difficult to “recruit” as location decisions for the most part are political decisions.

Also not included are primary jobs created by the tourism or retirement industries. Typically an economic development organization does not attempt to recruit these industries and each create low-wage service and retail jobs which will dilute the quality of the economy.

⁷ ES-202 data includes only wage and salaried workers and does not include proprietors. Wages do not include any benefits or contributions to retirement programs. This data set is used to determine primary jobs as it is published to the five-digit industrial sector level pending suppression.

Lowndes County Primary Job History

		2003	2003	2004	2004	2005	2005	2006	2006	2007	2007	2008	2008	2009	2009	2010	2010
		<u>Jobs</u>	<u>Wages</u>	<u>Jobs</u>	<u>Wages</u>	<u>Jobs</u>	<u>Wages</u>	<u>Jobs</u>	<u>Wages</u>	<u>Jobs</u>	<u>Wages</u>	<u>Jobs</u>	<u>Wages</u>	<u>Jobs</u>	<u>Wages</u>	<u>Jobs</u>	<u>Wages</u>
10	Total - All Workers	24,019	27,487	24,241	28,061	24,273	29,136	25,349	30,609	25,766	33,057	25,425	34,264	24,205	34,840	23,639	35,244
10.1	Total - Private Sector	19,590	27,570	19,800	28,229	19,958	29,126	21,228	30,472	21,590	33,273	21,177	34,625	19,936	35,208	19,432	35,402
	Primary Industries	5,574	33,618	5,088	34,672	5,080	37,631	5,168	40,348	5,459	48,316	5,586	51,324	5,195	53,123	4,701	53,620
22	Utilities	148	43,920	148	46,948	147	48,025	136	49,032	139	51,901	126	50,071	125	57,801	122	56,971
31	Manufacturing	4,333	32,711	4,119	34,402	3,785	36,879	3,830	40,228	4,094	50,116	4,287	53,200	4,021	54,752	3,592	55,308
42	Wholesale Trade	385	35,276	422	36,207	417	40,823	424	42,563	448	42,419	440	43,602	431	41,876	433	42,491
44	Retail Trade	7	33,104	10	33,213	12	34,010	35	40,714	30	41,417	26	41,026	26	35,872	25	40,634
48	Transportation and Warehousing	475	36,198	148	28,772	448	40,833	456	41,461	486	45,468	455	48,244	450	50,725	436	52,046
51	Information	145	31,200	167	25,618	163	24,672	157	25,413	167	27,318	153	29,825	41	28,070	38	29,389
52	Finance and Insurance	30	45,329	21	39,357	24	39,556	24	52,284	23	42,276	24	52,093	20	48,860	16	49,932
54	Professional and Technical	3	38,768														
55	Management of Companies	48	44,710	47	52,932	51	49,282	63	42,841	41	52,651	44	68,811	36	80,330	30	70,892
56	Administrative Service					30	38,393	33	40,401	30	42,981	32	41,571	44	38,889	9	32,659

ES-202 data - Straight wages which do not include Other Labor Income.

As you can see, Manufacturing is the most dominate private sector primary industry. The decline in Manufacturing employment which occurred in 2009 and 2010 can likely be attributed to the national recession. Nationally, every manufacturing sub-sector except for the manufacturing of animal food and the manufacturing of dairy products have declined since 2008.

The Transportation and Wholesale Trade sectors also have a strong presence.

Of note, wages in Manufacturing and Transportation have increased steadily over the years.

From this review of the private sector primary industries, the reason the Lowndes economy has not grown in size over the years is confirmed – the number of primary jobs did not increase.

However, the quality remained high as wages in the primary sectors increased on a regular basis for several years.

To create the Goal it is therefore determined the size of the economy needs to be increased while maintaining the quality of the economy.

The Projections previously created serve as the baseline for the goal.

To increase the size and maintain the quality of the Lowndes economy, new primary jobs are created annually from 2012 to 2025. These jobs and the associated impact are added to the Projections.

In essence, money is poured into the economy by the formation of the primary jobs.

While this is not a “target industry study,” some of the geographic – economic assets of the area are taken into consideration when creating the Goal. Some of these include:

- Large tracks of improved industrial property are available.
- A university with research activity is in close proximity.
- Multi-modal transportation systems are present.
- Local educational resources are being utilized for worker training and general assistance to existing industry.

From a review of the primary jobs in Lowndes and state and national growth trends, POLICOM added new primary jobs to the Lowndes economy from the following sectors:

- Manufacturing
- Wholesale Trade
- Transportation and Warehousing
- Information
- Professional and Technical Services⁸

It actually does not matter in what industrial sector the jobs are created as long as the wage paid meets the goal milestone which follows. However, manufacturing has the greatest economic impact as capital investment (property taxes) and the number of support industries are typically higher in manufacturing.

A proportionate number of “spin-off jobs are created after adding the primary jobs to the economy.

⁸ Presently there are not any detectable primary jobs in the sector in the Lowndes economy. However, this has been a growth industry in the United States and will continue in the future. Since there is a research university in close proximity, there is opportunity for Lowndes to develop this sector.

Spin-off jobs form in almost every industrial sector. The spin-off jobs are the result of what is known as the “ripple effect.” Typically, for each new primary job created, an additional 1.8 consumptive jobs are eventually formed in the economy. The ripple effect varies among industries as some have greater impact than others.

Two primary jobs scenarios were created.

Goal: The addition of primary jobs at a rate which will significantly increase the size of the economy and maintain the quality of the economy. The Goal is what can be reasonably achieved through a diligent effort by the community.

Aggressive Goal: Since the county has created an abundant supply of industrial real estate and strong linkages with the higher education community, it is possible for the area to cause economy growth which will catapult the county into one of the most dynamic areas in the nation.

In order to achieve either goal, the number of new primary jobs with associated wage has been created.

It is not likely the community will meet the annual milestones exactly each year. One year it will gain more, another fewer, perhaps even having a net loss. However, over the years, the community needs to cumulatively reach both the job and wage milestones.

The following chart provides annual milestones for the community to achieve regarding the formation of new primary jobs to meet either goal.

<u>Milestones</u>	Goal			Aggressive Goal		
	<u>Primary Jobs</u>	<u>Primary Wage</u>	<u>% of Area Wage</u>	<u>Primary Jobs</u>	<u>Primary Wage</u>	<u>% of Area Wage</u>
2012	135	47,684	102%	265	49,595	106%
2013	180	49,075	102%	360	51,556	107%
2014	195	50,533	101%	380	53,582	108%
2015	210	52,036	101%	396	55,706	108%
2016	225	53,586	101%	412	58,472	110%
2017	240	55,720	101%	428	61,378	111%
2018	255	57,939	102%	444	64,429	113%
2019	270	60,828	103%	460	67,633	114%
2020	285	63,861	105%	476	71,674	116%
2021	300	67,047	106%	492	75,957	118%
2022	315	71,062	109%	508	80,498	120%
2023	330	75,319	111%	524	85,311	122%
2024	345	79,831	113%	540	90,413	124%
2025	360	84,614	115%	556	95,821	126%

Primary Jobs: This represents the “net gain” in the number of primary jobs. On the previous chart which showed the history of primary jobs for the county, there was a decline in the number of jobs in Manufacturing. However, that was a “net decline.”

During that time some companies might have increased employment while others decreased employment in greater numbers.

In the future, the community might recruit a company to the area which employs 500 people. But if ten existing companies reduce their employment by 50 workers, there will not be a gain.

Primary Wage: The average of the new primary jobs needs to be at or about this wage in order to add enough money to the economy to increase both the size and quality of the economy.

Note the average wage (\$47,684) for the Goal in 2012 is lower than the average wage (\$53,620) for all primary jobs in 2010. Why is creating primary jobs which pay a wage less than the area primary job average be recommended?

One of the problems cited for the Lowndes County economy is the level of “distress” among some of the residents. With chronically high unemployment and Per Capital Welfare being 119th highest among the Micropolitan areas, there are individuals who are not participating in the economy.

It is assumed many of these individuals do not have the necessary skills to accept positions which pay a high-wage.

One of the purposes of this study is to create an economy which reduces the number of unemployed people or individuals receiving government assistance.

In order to do this, jobs need to be created which reflect the present day aptitude of these individuals. Afterwards, having gained skills and work experience, they will be able to climb the wage-skill ladder and enjoy a prosperous life.

The typical low-wage sectors such as retailing and personal services serve as entry level positions. Steps are needed to close the gap between these jobs and the \$50,000 – \$70,000 high-skilled jobs

When creating the milestones, POLICOM incorporated a blend of high-wage and middle-wage primary jobs.

As an example, wages paid in Manufacturing in Lowndes County vary considerably. The chart shows the wages paid in three sub-sectors.

Code	Industrial Sub-sector	Wage
322	Paper Manufacturing	72,453
332	Fabricated Metal Product Manufacturing	52,085
337	Furniture and Related Product Manufacturing	23,878

In order to provide quality employment opportunities for individuals which need to learn skills and work habits, a blend of skill levels were included in creating the milestones.

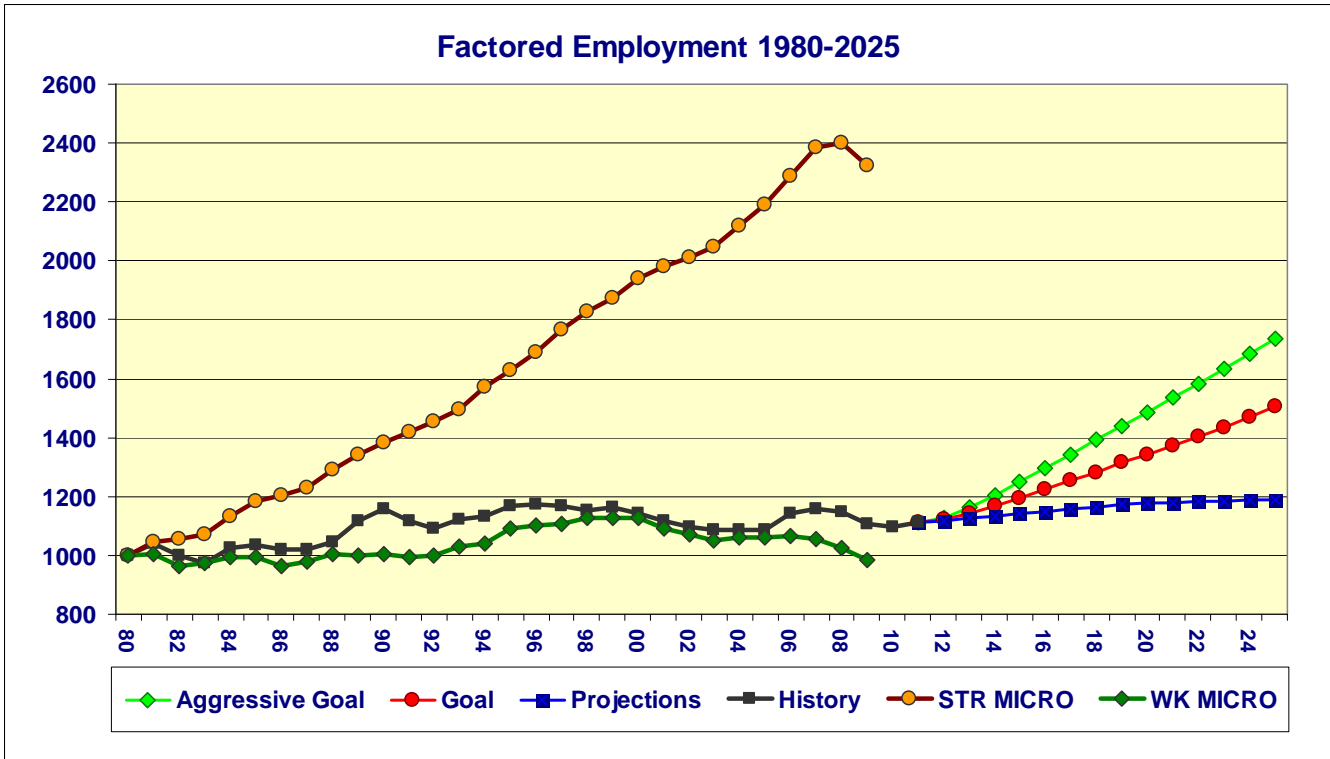
As a result, the overall average wage for the new primary jobs to be created is initially lower than the current primary jobs average.

However, the primary job wage in the milestones is still higher than the overall average wage in the county.

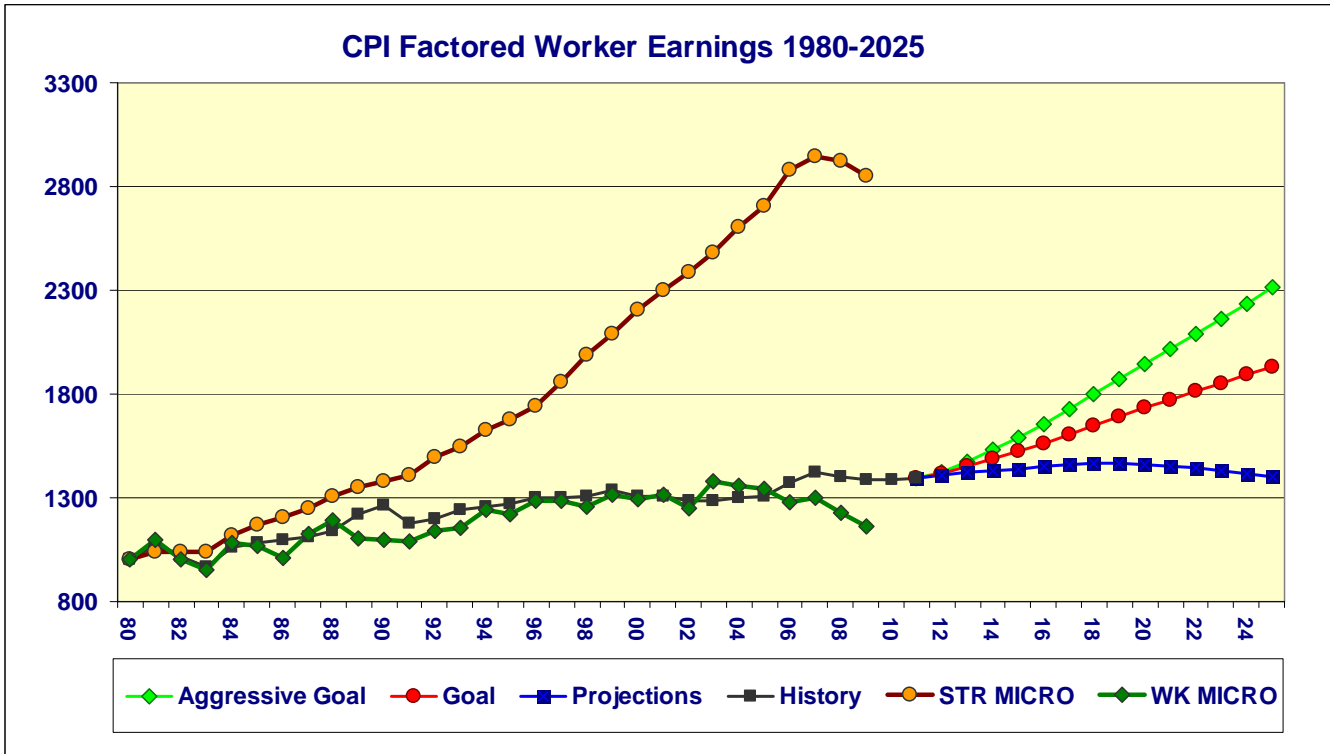
Eventually, this will cause a mild dilution in the quality of the economy, but more Lowndes County residents will be participating in the economy and the amount of government assistance will be reduced.

If the annual primary jobs milestones are achieved along with the associated wage, the impact upon the economy will be significant.

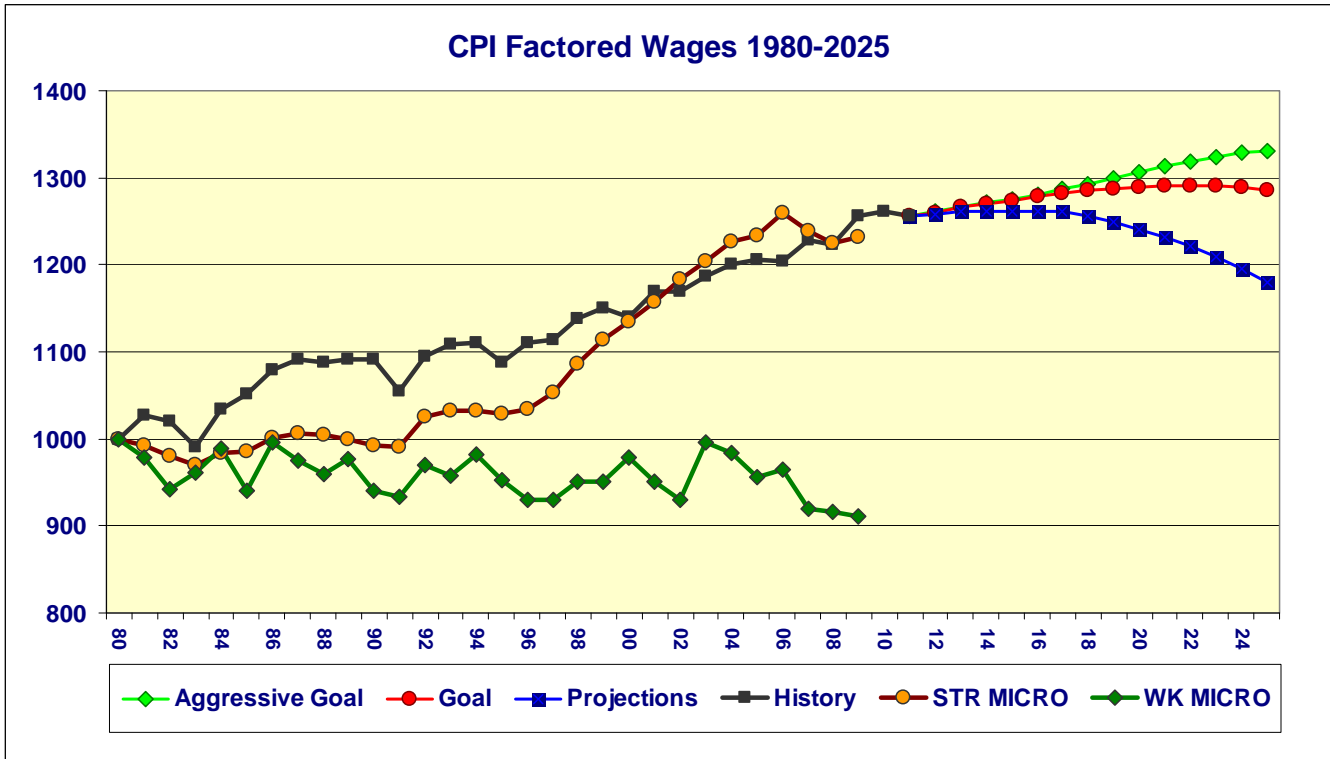
The following graphs and charts show the differences in Goal and the Aggressive Goal.



Even if the Aggressive Goal is achieved, the growth in employment will still be modestly slower than the average of the 10 strongest Micropolitan Areas from 1980 and 2009.



The volume of worker earnings will increase significantly if either scenario is achieved.



If the Goal is achieved, the quality of the economy will gradually increase. However, by 2020 its growth will level off. This is not a terrible situation. While it is desirable to keep the quality increasing, by this time a vast number of the unemployed individuals and those receiving welfare will be participating in the workforce.

If the Aggressive Goal is achieved, the quality of the economy will continue to improve. The milestones for the Aggressive Goal included “middle-wage” jobs, just like the Goal, but included more “high-wage” jobs.

Both goal scenarios are achievable. The growth rates are typical for strong economies.

Employment – Total Jobs.

Employment	2001 Actual	2011 Estimate	2025 Projections	2025 Goal	2025 Aggressive
All Workers	34,149	34,051	36,433	46,057	53,219
Farm	594	509	519	519	519
Forestry	137	177	219	252	276
Mining	92	174	190	256	316
Utilities	235	256	294	458	578
Construction	2,682	2,472	2,820	3,411	3,843
Manufacturing	5,578	4,198	3,979	6,622	8,192
Wholesale	794	1,008	1,154	2,047	2,662
Retail	5,040	3,985	3,937	4,462	4,846
Transportation	1,548	1,509	1,623	2,614	3,441
Information	362	313	359	655	871
Finance	853	1,218	1,311	1,639	1,879
Real estate	662	1,086	1,113	1,310	1,454
Professional	848	1,014	1,113	1,409	1,625
Management	63	59	60	195	523
Administrative	1,391	1,610	1,728	2,089	2,353
Educational	291	469	500	763	955
Health	2,751	3,368	3,879	4,470	4,956
Entertainment	264	420	464	661	805
Restaurant & Hotel	1,917	2,205	2,412	2,708	3,056
Other Services	1,821	1,881	2,019	2,512	2,872
Federal	861	870	956	1,022	1,070
Military	1,768	1,769	2,013	2,013	2,013
State Gov	995	742	802	868	916
Local Gov	2,602	2,739	2,969	3,101	3,197

If the Goal is achieved, there will be about 10,000 more jobs in the economy than what are Projected. The number of jobs in Manufacturing will be modestly more than in the year 2000 (6,200).

Employment – Average Annual Increase.

Employment Average Annual Increase	2001-2011 Estimate	2012 -2025 Projections	2012 -2025 Goal	2012 -2025 Aggressive
All Workers	0.0%	0.5%	2.2%	3.2%
Farm	-1.5%	0.1%	0.1%	0.1%
Forestry	2.7%	1.5%	2.6%	3.2%
Mining	7.6%	0.6%	2.8%	4.4%
Utilities	0.9%	1.0%	4.3%	6.0%
Construction	-0.3%	0.9%	2.3%	3.2%
Manufacturing	-2.6%	-0.4%	3.3%	4.9%
Wholesale	2.5%	1.0%	5.2%	7.2%
Retail	-2.3%	-0.1%	0.8%	1.4%
Transportation	-0.2%	0.5%	4.0%	6.1%
Information	-1.3%	1.0%	5.4%	7.6%
Finance	3.7%	0.5%	2.1%	3.2%
Real estate	5.2%	0.2%	1.4%	2.1%
Professional	1.9%	0.7%	2.4%	3.4%
Management	0.5%	0.1%	8.9%	17.3%
Administrative	3.8%	0.5%	1.9%	2.8%
Educational	5.2%	0.5%	3.5%	5.2%
Health	2.1%	1.0%	2.0%	2.8%
Entertainment	5.4%	0.7%	3.3%	4.8%
Restaurant & Hotel	1.5%	0.6%	1.5%	2.4%
Other Services	0.4%	0.5%	2.1%	3.1%
Federal	0.1%	0.7%	1.2%	1.5%
Military	0.0%	0.9%	0.9%	0.9%
State Gov	-2.2%	0.6%	1.1%	1.5%
Local Gov	0.5%	0.6%	0.9%	1.1%

When compared to the job growth rates for the 576 Micropolitan areas from 2000 to 2009 (includes the recession), the Goal increase of 2.2% would have ranked 39th. The Aggressive Goal (3.2%) would have ranked 12th.

Employment – Percentage of Workforce.

Employment Percentage of Workforce	2001 Actual	2011 Estimate	2025 Projections	2025 Goal	2025 Aggressive
Farm	1.7%	1.5%	1.4%	1.1%	1.0%
Forestry	0.4%	0.5%	0.6%	0.5%	0.5%
Mining	0.3%	0.5%	0.5%	0.6%	0.6%
Utilities	0.7%	0.8%	0.8%	1.0%	1.1%
Construction	7.9%	7.3%	7.7%	7.4%	7.2%
Manufacturing	16.3%	12.3%	10.9%	14.4%	15.4%
Wholesale	2.3%	3.0%	3.2%	4.4%	5.0%
Retail	14.8%	11.7%	10.8%	9.7%	9.1%
Transportation	4.5%	4.4%	4.5%	5.7%	6.5%
Information	1.1%	0.9%	1.0%	1.4%	1.6%
Finance	2.5%	3.6%	3.6%	3.6%	3.5%
Real estate	1.9%	3.2%	3.1%	2.8%	2.7%
Professional	2.5%	3.0%	3.1%	3.1%	3.1%
Management	0.2%	0.2%	0.2%	0.4%	1.0%
Administrative	4.1%	4.7%	4.7%	4.5%	4.4%
Educational	0.9%	1.4%	1.4%	1.7%	1.8%
Health	8.1%	9.9%	10.6%	9.7%	9.3%
Entertainment	0.8%	1.2%	1.3%	1.4%	1.5%
Restaurant & Hotel	5.6%	6.5%	6.6%	5.9%	5.7%
Other Services	5.3%	5.5%	5.5%	5.5%	5.4%
Federal	2.5%	2.6%	2.6%	2.2%	2.0%
Military	5.2%	5.2%	5.5%	4.4%	3.8%
State Gov	2.9%	2.2%	2.2%	1.9%	1.7%
Local Gov	7.6%	8.0%	8.2%	6.7%	6.0%

Worker Earnings – Total Earnings.

Worker Earnings (\$000)	2001 Actual	2011 Estimate	2025 Projections	2025 Goal	2025 Aggressive
All Workers	1,137,200	1,544,082	2,449,822	3,377,367	4,040,336
Farm	34,156	4,867	8,585	8,977	9,146
Forestry	4,377	6,514	10,492	12,627	14,095
Mining	3,277	6,158	11,661	16,404	20,604
Utilities	12,586	22,861	44,295	72,209	92,842
Construction	91,022	84,932	155,263	210,392	248,862
Manufacturing	242,247	319,650	426,847	752,446	936,476
Wholesale	32,126	60,450	108,358	192,385	260,122
Retail	105,122	108,222	155,830	198,074	225,959
Transportation	63,348	98,049	157,329	257,145	346,224
Information	12,703	13,922	26,256	50,058	67,828
Finance	26,727	28,707	59,113	77,273	90,240
Real estate	11,233	22,276	34,542	42,532	48,105
Professional	32,224	39,797	66,982	88,677	104,216
Management	3,059	3,098	4,684	17,023	51,213
Administrative	24,319	32,072	59,612	80,698	95,408
Educational	6,691	9,858	16,554	26,410	33,681
Health	101,596	172,152	308,151	371,466	419,668
Entertainment	2,397	3,939	8,934	14,220	18,160
Restaurant & Hotel	22,492	34,056	66,591	78,140	89,836
Other Services	45,134	63,741	94,062	131,252	157,638
Federal	42,425	63,571	124,182	138,764	148,016
Military	105,022	178,711	222,034	232,520	237,052
State Gov	27,499	37,044	61,385	69,470	74,705
Local Gov	85,418	129,435	218,078	238,205	250,242

If the Goal is achieved, there will be almost \$1 billion more money being earned by workers in Lowndes County than what is Projected.

Worker Earnings – Average Annual Increase.

Earnings Average Annual Increase	2001-2011 Estimate	2012 -2025 Projections	2012 -2025 Goal	2012 -2025 Aggressive
All Workers	3.1%	3.4%	5.8%	7.1%
Farm	-14.0%	4.1%	4.5%	4.6%
Forestry	4.5%	3.5%	4.8%	5.7%
Mining	9.9%	4.7%	7.3%	9.0%
Utilities	6.3%	4.8%	8.6%	10.5%
Construction	0.5%	4.4%	6.7%	8.0%
Manufacturing	3.1%	2.1%	6.3%	8.0%
Wholesale	6.7%	4.3%	8.6%	11.0%
Retail	0.4%	2.6%	4.4%	5.4%
Transportation	4.5%	3.4%	7.1%	9.4%
Information	1.0%	4.6%	9.6%	12.0%
Finance	0.8%	5.3%	7.3%	8.5%
Real estate	8.0%	3.2%	4.7%	5.7%
Professional	2.2%	3.8%	5.9%	7.1%
Management	2.7%	3.0%	12.9%	22.6%
Administrative	6.6%	4.5%	6.8%	8.1%
Educational	4.1%	3.8%	7.3%	9.2%
Health	5.4%	4.2%	5.6%	6.6%
Entertainment	5.8%	6.0%	9.6%	11.6%
Restaurant & Hotel	4.3%	4.9%	6.1%	7.2%
Other Services	3.7%	2.8%	5.3%	6.7%
Federal	4.2%	4.9%	5.7%	6.2%
Military	5.5%	1.6%	1.9%	2.0%
State Gov	3.1%	3.7%	4.6%	5.1%
Local Gov	4.3%	3.8%	4.5%	4.8%

The percentage increase for the Goal of 5.8% ranks 51st and the Aggressive Goal of 7.1% ranks 21st among the 576 Micropolitan Areas when compared to the time period from 2000 to 2009.

Worker Earnings – Percentage of Earnings.

Worker Earnings Percentage of All Earnings	2001 Actual	2011 Estimate	2025 Projections	2025 Goal	2025 Aggressive
Farm	3.0%	0.3%	0.4%	0.3%	0%
Forestry	0.4%	0.4%	0.4%	0.4%	0%
Mining	0.3%	0.4%	0.5%	0.5%	1%
Utilities	1.1%	1.5%	1.8%	2.1%	2%
Construction	8.0%	5.5%	6.3%	6.2%	6%
Manufacturing	21.3%	20.7%	17.4%	22.3%	23%
Wholesale	2.8%	3.9%	4.4%	5.7%	6%
Retail	9.2%	7.0%	6.4%	5.9%	6%
Transportation	5.6%	6.3%	6.4%	7.6%	9%
Information	1.1%	0.9%	1.1%	1.5%	2%
Finance	2.4%	1.9%	2.4%	2.3%	2%
Real estate	1.0%	1.4%	1.4%	1.3%	1%
Professional	2.8%	2.6%	2.7%	2.6%	3%
Management	0.3%	0.2%	0.2%	0.5%	1%
Administrative	2.1%	2.1%	2.4%	2.4%	2%
Educational	0.6%	0.6%	0.7%	0.8%	1%
Health	8.9%	11.1%	12.6%	11.0%	10%
Entertainment	0.2%	0.3%	0.4%	0.4%	0%
Restaurant & Hotel	2.0%	2.2%	2.7%	2.3%	2%
Other Services	4.0%	4.1%	3.8%	3.9%	4%
Federal	3.7%	4.1%	5.1%	4.1%	4%
Military	9.2%	11.6%	9.1%	6.9%	6%
State Gov	2.4%	2.4%	2.5%	2.1%	2%
Local Gov	7.5%	8.4%	8.9%	7.1%	6%

Wages – Annual Wages.⁹

Wages	2001 Actual	2011 Estimate	2025 Projections	2025 Goal	2025 Aggressive
All Workers	33,301	45,346	67,242	73,331	75,919
Farm	57,502	9,559	16,553	17,308	17,634
Forestry	31,949	36,771	47,856	50,087	51,050
Mining	35,620	35,393	61,289	64,087	65,294
Utilities	53,557	89,414	150,719	157,612	160,587
Construction	33,938	34,351	55,067	61,683	64,760
Manufacturing	43,429	76,151	107,263	113,631	114,318
Wholesale	40,461	59,976	93,900	93,969	97,705
Retail	20,858	27,160	39,585	44,390	46,626
Transportation	40,922	64,982	96,964	98,355	100,604
Information	35,091	44,546	73,088	76,438	77,883
Finance	31,333	23,573	45,093	47,135	48,015
Real estate	16,968	20,515	31,030	32,461	33,078
Professional	38,000	39,245	60,173	62,945	64,141
Management	48,556	52,519	78,366	87,088	97,834
Administrative	17,483	19,927	34,507	38,632	40,549
Educational	22,993	21,001	33,086	34,607	35,263
Health	36,931	51,117	79,448	83,103	84,680
Entertainment	9,080	9,367	19,239	21,497	22,545
Restaurant & Hotel	11,733	15,443	27,607	28,858	29,394
Other Services	24,785	33,887	46,590	52,257	54,894
Federal	49,274	73,033	129,917	129,917	129,917
Military	59,402	101,032	110,293	110,293	110,293
State Gov	27,637	49,899	76,509	76,509	76,509
Local Gov	32,828	47,253	73,442	76,821	78,280

⁹ Wages include “Other Labor Income” which is the employer’s contribution to retirement programs and some other compensation. Other Labor Income is not included in ES-202 data.

Wages – Average Annual Increase.

Wages Average Annual Increase	2001-2011 Estimate	2012 -2025 Projections	2012 -2025 Goal	2012 -2025 Aggressive
All Workers	3.1%	2.9%	3.5%	3.8%
Farm	-12.7%	4.0%	4.3%	4.5%
Forestry	1.8%	1.9%	2.2%	2.4%
Mining	2.5%	4.0%	4.3%	4.5%
Utilities	5.3%	3.8%	4.1%	4.3%
Construction	0.4%	3.4%	4.3%	4.6%
Manufacturing	5.8%	2.5%	2.9%	2.9%
Wholesale	4.1%	3.3%	3.3%	3.5%
Retail	2.7%	2.7%	3.6%	3.9%
Transportation	4.8%	2.9%	3.0%	3.2%
Information	2.5%	3.6%	3.9%	4.1%
Finance	-2.7%	4.7%	5.1%	5.2%
Real estate	2.7%	3.0%	3.3%	3.5%
Professional	0.4%	3.1%	3.4%	3.6%
Management	3.0%	2.9%	3.7%	4.5%
Administrative	1.5%	4.0%	4.8%	5.2%
Educational	-0.6%	3.3%	3.6%	3.8%
Health	3.3%	3.2%	3.5%	3.7%
Entertainment	0.4%	5.3%	6.1%	6.5%
Restaurant & Hotel	2.8%	4.3%	4.6%	4.7%
Other Services	3.2%	2.3%	3.1%	3.5%
Federal	4.1%	4.2%	4.2%	4.2%
Military	5.5%	0.6%	0.6%	0.6%
State Gov	6.6%	3.1%	3.1%	3.1%
Local Gov	3.7%	3.2%	3.5%	3.7%

The percentage wage increase for the Goal of 3.5% ranks 194th and the Aggressive Goal of 3.8% ranks 134th among the 576 Micropolitan Areas when compared to the time period from 2000 to 2009.

Wages – Percentage of County Average.

Wages Percentage of County Average	2001 Actual	2011 Estimate	2025 Projections	2025 Goal	2025 Aggressive
Farm	173%	21%	25%	24%	23%
Forestry	96%	81%	71%	68%	67%
Mining	107%	78%	91%	87%	86%
Utilities	161%	197%	224%	215%	212%
Construction	102%	76%	82%	84%	85%
Manufacturing	130%	168%	160%	155%	151%
Wholesale	122%	132%	140%	128%	129%
Retail	63%	60%	59%	61%	61%
Transportation	123%	143%	144%	134%	133%
Information	105%	98%	109%	104%	103%
Finance	94%	52%	67%	64%	63%
Real estate	51%	45%	46%	44%	44%
Professional	114%	87%	89%	86%	84%
Management	146%	116%	117%	119%	129%
Administrative	53%	44%	51%	53%	53%
Educational	69%	46%	49%	47%	46%
Health	111%	113%	118%	113%	112%
Entertainment	27%	21%	29%	29%	30%
Restaurant & Hotel	35%	34%	41%	39%	39%
Other Services	74%	75%	69%	71%	72%
Federal	148%	161%	193%	177%	171%
Military	178%	223%	164%	150%	145%
State Gov	83%	110%	114%	104%	101%
Local Gov	99%	104%	109%	105%	103%

In summary, the Lowndes County economy has not grown in size over the last 20 years but has grown in quality. There is also economic distress among some of the residents in the area.

By creating the primary jobs with associated wages for either goal scenario, the economy will significantly grow in size providing a better economic quality of life for all residents.

This study has been created by

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