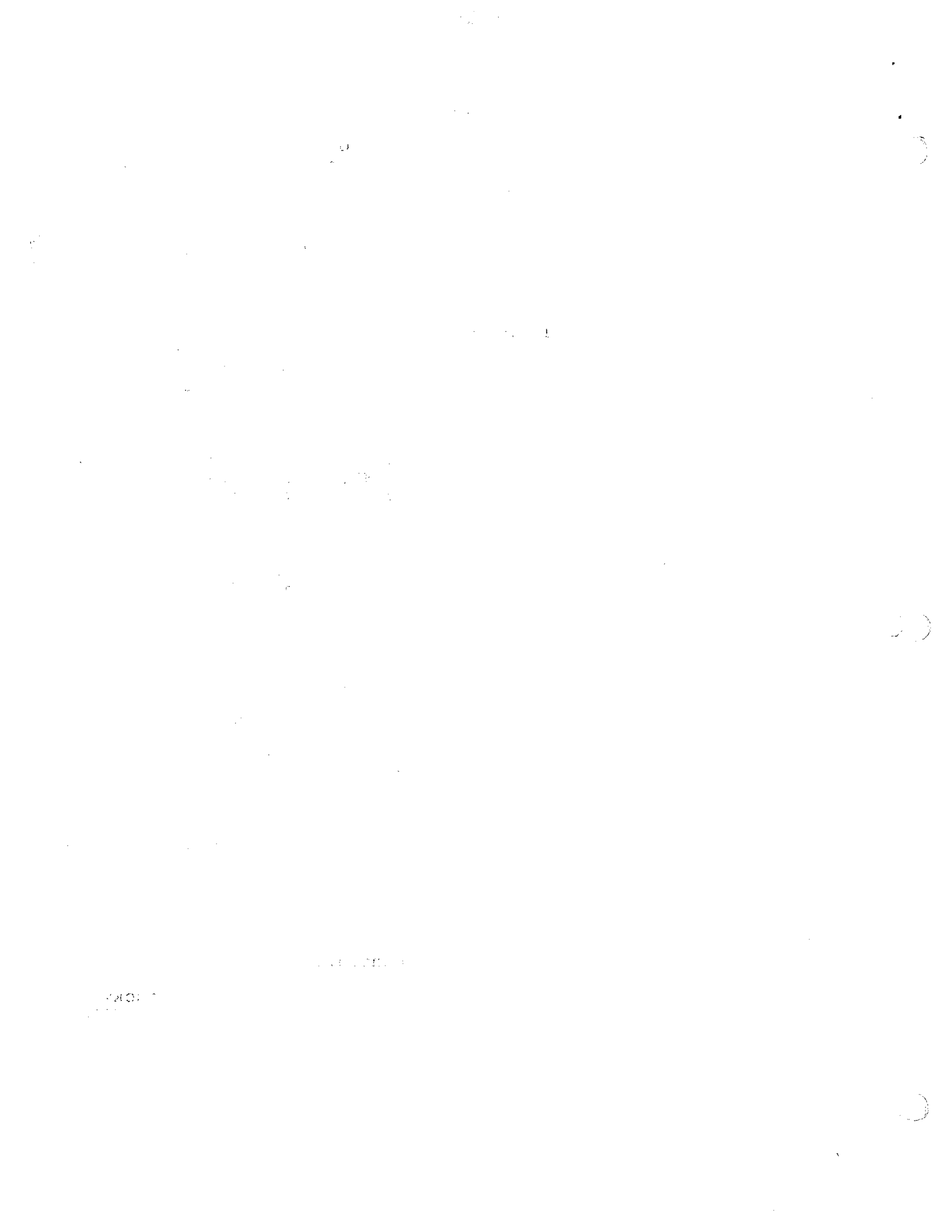


438. Vic Hellard, Jr., Director - Economic Trends in Kentucky Counties, 1969-1987 - KNOX COUNTY. Feb., 1990. (Virginia Wilson/ Donna A. Cantrell)
438. Vic Hellard, Jr., Director - Economic Trends in Kentucky Counties, 1969-1987 - LARUE COUNTY. Feb., 1990. (Virginia Wilson/ Donna A. Cantrell)
438. Vic Hellard, Jr., Director - Economic Trends in Kentucky Counties, 1969-1987 - LAUREL COUNTY. Feb., 1990. (Virginia Wilson/ Donna A. Cantrell)
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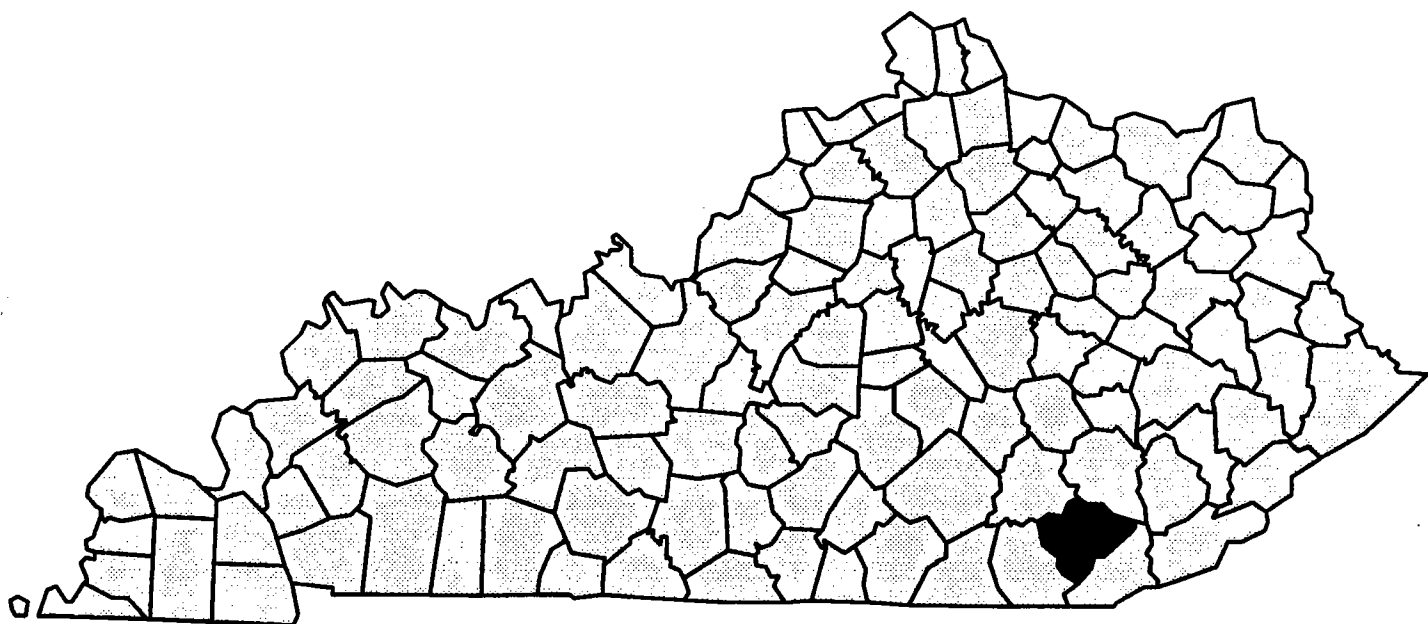


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ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

**KNOX COUNTY**



Prepared by  
Virginia Wilson  
Donna A. Cantrell

RESEARCH MEMORANDUM 438  
Legislative Research Commission  
Frankfort, Kentucky  
February, 1990



ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

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KNOX COUNTY

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February, 1990





## FOREWORD

This publication is one of a set of 120, highlighting economic trends in each county in Kentucky from 1969-1987. This effort is part of the ongoing activities sponsored by the Legislative Research Commission to provide a long-term perspective on issues for decision makers. The economies of individual counties do not always parallel overall state trends. This set of publications is an attempt to look at the economic trends in each county over time and to point out where the economies of individual counties may be performing differently from the economy of the state as a whole.

This publication was prepared by Virginia Wilson and Donna Cantrell. Susan Dance assisted in production of the manuscript and Charles Bush edited the report. The assistance of Carol Straus from the Center for Business and Economic Research at the University of Kentucky in deciphering data is gratefully acknowledged.

Vic Hellard, Jr.  
Director

The Capitol  
Frankfort  
February, 1990



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## SUMMARY

The Knox County economy, as measured by personal income, grew strongly in the 1970's and was relatively constant in the 1980's. Knox County increased its share of Kentucky personal income in the 1970's and maintained its share in the 1980's. Both per capita personal income and average earnings per job were below those of the state. Knox County generates a smaller percent of personal income from earnings and a larger percent from transfer payments than does the state as a whole.

The county economy was heavily impacted by the volatile goods-producing sectors of mining and manufacturing. The share of earnings from both sectors was very erratic. The manufacturing sector decreased its share of employment, while the mining sector's employment share increased. At the state level, these sectors decreased their shares of the Kentucky economy.

The service sector's share of the county economy, measured by both earnings and employment, declined, while the trade sector's share increased. State and local government was generally constant. At the state level, the services and trade sectors increased their shares, while state and local government was constant.

Events in the international energy markets, specifically a sharp increase in the price of oil in 1973, resulted in an increased demand for coal. This provided the impetus for economic growth in Knox County in the mid-to-late 1970's.

Activity in the county's goods-producing sectors contributed to a volatile economic history. The goods-producing sectors are very sensitive to national economic conditions and are vulnerable to production cutbacks and employment layoffs during low or no-growth periods. These industries, especially the coal mining sector, are very sensitive to economic fluctuations. The non-goods-producing sectors tend to be more resilient during periods of economic stagnation. Knox County's non-goods-producing sectors are a relatively large share of the county economy. The national outlook is for expansion of the services and trade sectors. Future economic growth in Knox County should be enhanced by the county's strength in these sectors.



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## INTRODUCTION

This is one of a series of reports called Economic Trends in Kentucky Counties. The purpose of this series is to describe the economic structure of Kentucky counties and to assess their economic performance relative to their own history and relative to the Kentucky economy. Information on the structure and patterns of change in county economies and an understanding of their relationship to the Kentucky economy can help in making policy decisions that are intended to shape Kentucky's economic future.

When assessing any economy there are several pertinent questions which may be addressed. The first concerns changes in the absolute size of the economy over time. Here the relevant comparison is between the Knox County economy and its own history. Since most economic variables are given in dollars and since inflation causes the value of a dollar to vary over time, all dollar values in this report are presented in constant 1988 dollars. This allows analysis of real changes over time by controlling for the effects of inflation.

A second question concerns the structure and nature of the Knox County economy. The structure of an economy refers to the relative share contributed by the various segments of the economy, while the nature deals with how this share has changed over time.

A third question concerns the performance of the Knox County economy when compared to the Kentucky economy. For example, if a county has a higher proportion of earnings or employment in a particular sector it would indicate a specialization in that sector. Differences in economic structure may explain variations in relative economic well being between a county and the state as a whole.

Economic data for counties are usually published after a lag of two years. Therefore, most data in this report cover the period 1969 to 1987. All data for this report was obtained from the Kentucky Economic Information System, an on-line database maintained by the University of Kentucky Center for Business and Economic Development.

There are certain caveats which should be remembered when analyzing data. First, it is a common and useful approach to evaluate the percentage an economic sector contributes to the total economy. However, one must remember that a sector's percentage contribution may decline even when its absolute value is increasing, if another sector's contribution is growing at a faster rate. Secondly, when reviewing data in graphical analyses, the scales used to present data should be noted. In this report most graphs are presented with the narrowest scale which will cover all data points. This can accentuate visual patterns over time even when absolute changes are relatively small.

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\*For an analysis of economic trends in Kentucky, see Virginia Wilson, Patterns of Growth and Decline in the Kentucky Economy 1969-1988, Research Memorandum 437, Legislative Research Commission, November 1989.



## ECONOMIC TRENDS IN KNOX COUNTY

The following analysis includes a brief description of the county economy and is accompanied by graphical illustrations. Data tables are also included at the end of this report. Three principal components of the Knox County economy are analyzed. They are:

1. Personal Income
2. Earnings
3. Employment

Also, because coal production has been an important component in the Kentucky economy and in many local economies, the coal sector is analyzed in counties which have a history of coal production.

### Personal Income

Personal income is often used as a measure of the economic activity in an area. Personal income is the sum of all the dollar income received by individuals in an area from any legal source. Personal income data is published by the Bureau of Economic Analysis (BEA) for most major geographic regions, including states, counties, and major cities.

In general, income can be obtained in three ways. First, it can be earned by the work of an individual. This type of income includes wages and salaries income and proprietors' earnings. Second, income can be earned by property. Included are earnings from rents, dividends, and interest. Finally, income can be received as a gift or an entitlement. This type of income constitutes the component of personal income called transfer payments. Included in this component is income from sources such as retirement benefits, unemployment benefits, food stamps, and medical programs such as Medicare and Medicaid.

As can be seen in Chart 1A, the size of the Knox County economy, as measured by real personal income, increased, from \$115 million in 1969 to \$249 million in 1987, after adjusting for inflation. Chart 1B shows Knox County total personal income as a percent of Kentucky total personal income. Knox County's share of Kentucky personal income increased in the early 1970's and was constant thereafter.

A similar pattern emerges from an examination of per capita personal income (Charts 1C and 1D). Per capita personal income is simply the total personal income of an area divided by its population. Per capita personal income is often used as a measure of the economic well-being of the residents of an area. Knox County real per capita income generally increased over the time period to a level of \$8,322 per person in 1987. Knox County's per capita personal income was 66.6 percent of the Kentucky per capita personal income in 1987.

A better understanding of the nature of economic activity can be gleaned from an examination of the relative contribution of the components of personal income and how their shares have changed over time. This information is illustrated in Charts 2A-2D. Total earnings increased from \$83 million in 1969 to a high of \$160 million in 1978. After a significant decline, corresponding to a national recession, earnings increased to \$149 million in 1987 (in constant 1988 dollars). Earnings as a percent of personal income declined over the period. Earnings accounted for 60.0 percent of Knox County's total personal income in 1987, less than Kentucky's 67.5 percent share.

Transfer payments contributed \$26 million to total personal income in 1969 and \$70 million in 1987. Transfer payments contributed a much higher percentage of personal income in Knox County than in Kentucky during the period. In 1987, 28.0 percent of Knox County personal income was derived from transfer payments, compared to 17.2 percent of Kentucky personal income.

Income from property in Knox County grew at a stable rate through the time period. Income from property totalled \$7 million in 1969 and increased to \$30 million in 1987.

## Earnings

Earnings are the component of personal income reflecting payments to individuals in return for labor. Earnings include both wages and salaries and proprietor's earnings. Earnings in the goods-producing industries were erratic during the period (Chart 3A). In 1969, Knox County received 17.9 percent of its earnings from manufacturing. This percentage fluctuated during the period but increased to 19.0 percent in 1987. Earnings from the farming sector were relatively stable and accounted for 1.0 percent in 1987. The mine sector's share of earnings was 4.3 percent in 1969. This sector's share increased erratically in the 1970's, then declined through the 1980's to 13.4 percent in 1987. Overall, the percent of total earnings from these sectors declined at the state level.

Earnings from non-goods-producing industries are illustrated in Chart 3B. The percent of total earnings from services decreased from 28.8 percent in 1969 to 16.5 percent in 1987. The percent of earnings from the trade sector increased from 15.0 percent in 1969 to 17.4 percent in 1987. The percentage of earnings in the state and local government sectors decreased from 16.2 percent in 1969 to 14.4 percent in 1987. At the state level, the share of earnings from services showed a substantial increase, while the shares from trade and state and local government remained constant.

Average earnings per job (adjusted for inflation) for Knox County and Kentucky are shown in Chart 3D. In Kentucky, average earnings per job reached a high of \$20,121 per person in 1978. Since this time average earnings per job have declined and in 1987 they were \$18,636 per person. Similarly, in Knox County earnings per job increased during the 1970's. Since this time, average earnings decreased to a level of \$16,170 in 1987, which was below the Kentucky average.



## Employment

Employment is considered to be any activity for which one receives financial remuneration in the form of wages or profits. In 1969, total employment stood at 4,726 people. By 1987, employment had increased to 8,141 people.

The unemployment rate, often used as an indicator of economic well-being, is the ratio of unemployed to the total civilian labor force. Unemployment is described as a condition of being out of work while actively seeking employment within the last thirty days. The civilian labor force is described as the proportion of population age 16 or older employed or actively seeking employment. Annual unemployment rates for Kentucky and Knox County are presented in Chart 4B. Knox County unemployment rates were above those of the state during the period. In 1987, the unemployment rate in Knox County was 10.9 percent, compared to 8.8 percent in Kentucky.

Another employment concept includes the discouraged worker. Discouraged workers are persons who want jobs but made no attempt to find work in the last thirty days because they believe they could not find it. These individuals are not included when calculating official unemployment rates. The Cabinet for Human Resources does not estimate discouraged workers by county. However, preliminary research by the Cabinet indicates that the inclusion of discouraged workers in the civilian labor force estimate would increase the unemployment rate by approximately 4 percent for the state. This figure would vary by county depending on the labor market in a county or within commuting distance.

Employment in the goods-producing industries is illustrated in Chart 4C. The percent of Knox County total employment in manufacturing decreased over the time period. Manufacturing represented 19.7 percent of total employment in 1969. This decreased to 13.7 percent in 1987. The farm sector's share of employment increased and accounted for 6.0 percent of the total in 1987. The mining sector accounted for 4.0 percent of total employment in 1969. This share increased to 10.8 percent in 1987. Overall, Kentucky saw employment shares in these sectors decline during the period.

Knox County employment in the non-goods-producing industries is illustrated in Chart 4D. Employment in the service sector as a percent of total employment decreased from 28.8 percent in 1969 to 19.2 percent in 1987. The percent of employment in trade increased from 15.2 percent in 1969 to 21.2 percent in 1987. The percent of employment in state and local government remained relatively stable and accounted for 14.0 percent in 1987. These county employment patterns are somewhat different from state patterns, where the shares of employment in services and trade increased and the share in state and local government remained constant.

## Population

The census conducted each decade counts the actual population in an area. Population is then statistically estimated during intervening years.

The demographic composition of this population growth has important implications for the future demand for goods and services, and ultimately, the economic structure of Knox County.

The Knox County population increased from 23,800 in 1969 to 29,900 in 1987 (Chart 5A). It was estimated that in 1986, 9.3 percent of Knox County's population was under six years of age, compared to 8.6 percent for the state. In the same year, 16.9 percent of the Knox County population was sixty years of age or over, compared to 16.5 percent of all Kentucky residents.

## Coal

The coal sector provides significant income and employment to the Kentucky economy. This sector also contributes directly to the Commonwealth's General Fund revenues through severance tax collections. Coal production had a strong impact on the Knox County economy.

Knox County coal production patterns are presented in Chart 6A. Coal production is estimated by the Energy Information Administration of the U.S. Department of Energy. Estimates of production are calculated from a sample of coal shipments from each county. Coal production increased erratically in the 1970's to a high of 1,942 thousand tons in 1980. This production increase was likely stimulated by changes in international energy markets. Specifically, a sharp increase in the price of oil resulted in increased demand for coal by utilities and resulted in increases in the price of coal. However, when oil prices declined in the early 1980's, coal production declined to 677 thousand tons in 1982. In 1987, 1,643 thousand tons of coal was mined in Knox County.

Employment in the mining sector, which includes coal and other forms of mining, is illustrated in Chart 6B. In 1969, this sector provided 188 jobs in Knox County. Employment increased through the 1970's, declined in the early 1980's, then increased. In 1987, there were 880 people employed in mining in Knox County. The large changes in employment illustrate the volatile nature of coal production and its impact on local economies.

The average value per ton for coal is illustrated in Chart 6C. Similar to patterns for the national coal market, average value per ton increased in the 1970's, then declined during the 1980's.

Coal severance tax receipts are presented in Chart 6D. The Kentucky Revenue Cabinet collects severance taxes on processed coal. Receipts are then allocated to counties, based on the value of the coal mined in the county and the value attributed to any processing done in the county. Therefore, trends in severance tax collections may not exactly parallel those of the coal production figures in Chart 6A. Coal severance tax collections in Knox County totalled \$2.9 million in 1986.

CHART 1A  
KNOX COUNTY  
REAL PERSONAL INCOME  
Millions of 1988 dollars

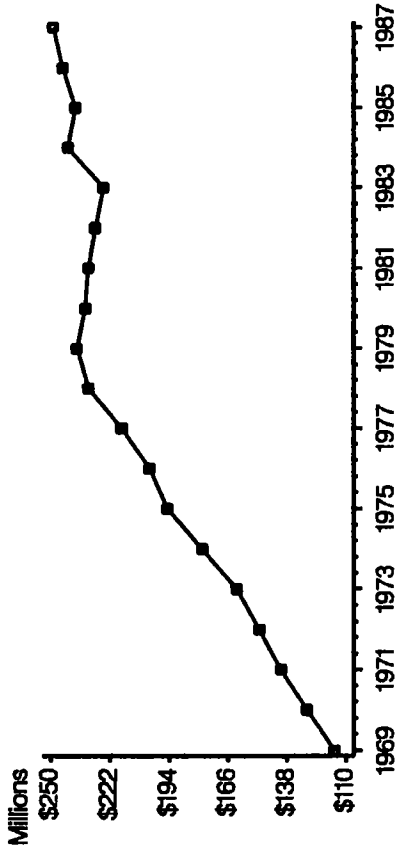


CHART 1B  
KNOX COUNTY  
PERSONAL INCOME  
as a Percent of Kentucky Personal Income

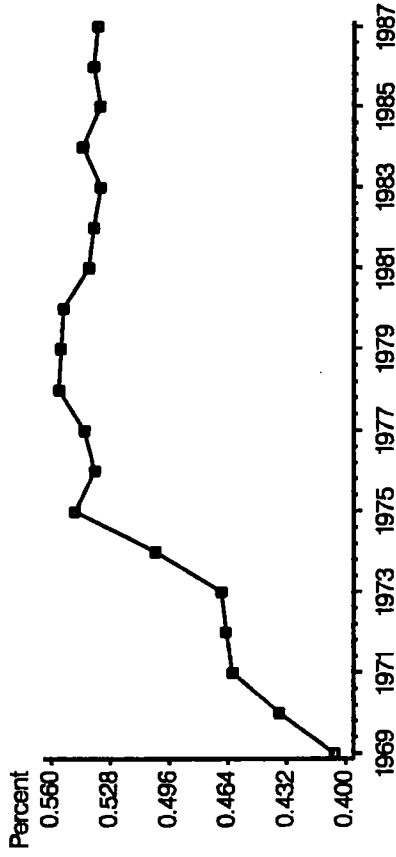


CHART 1C  
KNOX COUNTY  
PER CAPITA PERSONAL INCOME  
in Constant 1988 Dollars

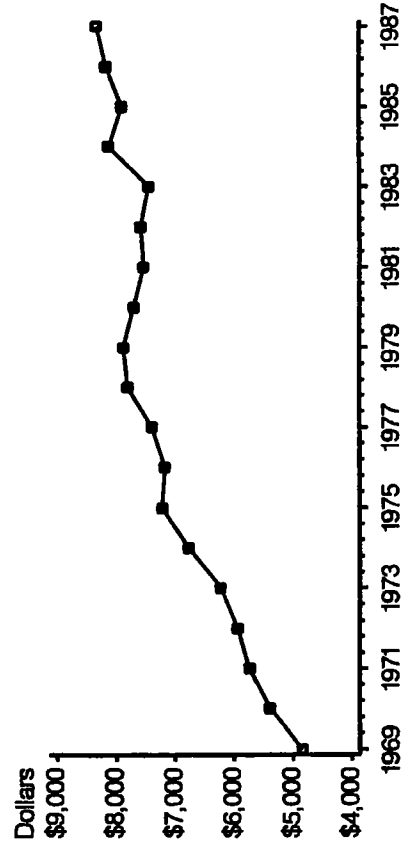


CHART 1D  
KNOX COUNTY  
PER CAPITA PERSONAL INCOME  
as a Percent of Kentucky Per Capita Personal Income

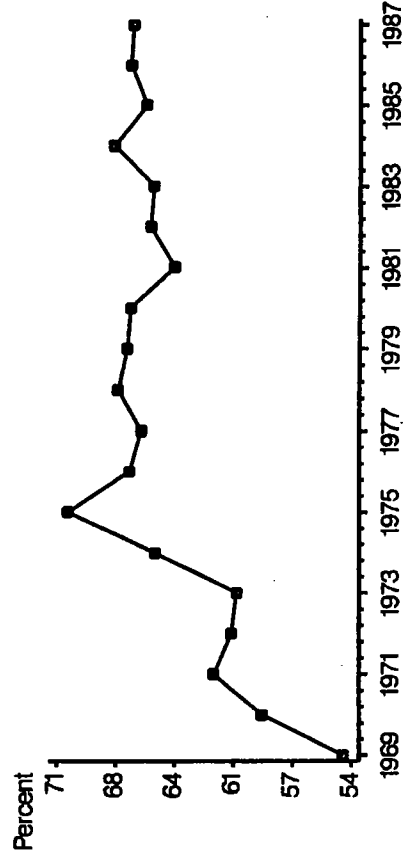


CHART 2A  
KNOX COUNTY  
REAL TOTAL EARNINGS  
Millions of 1988 dollars

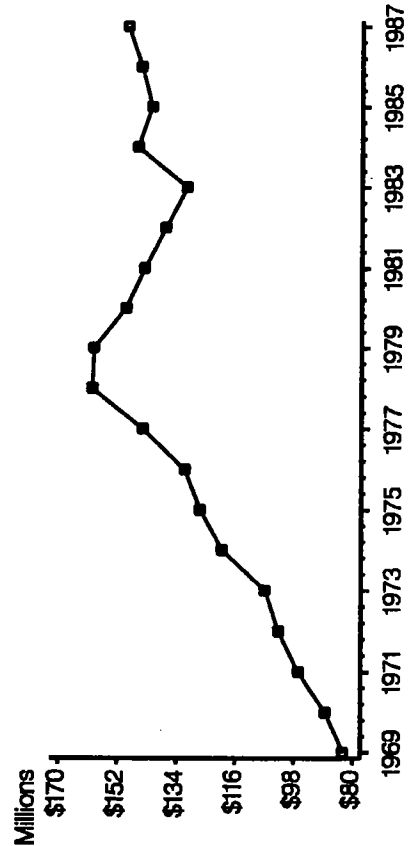


CHART 2B  
KNOX COUNTY  
TRANSFER PAYMENTS and INCOME FROM PROPERTY  
Millions of 1988 Dollars

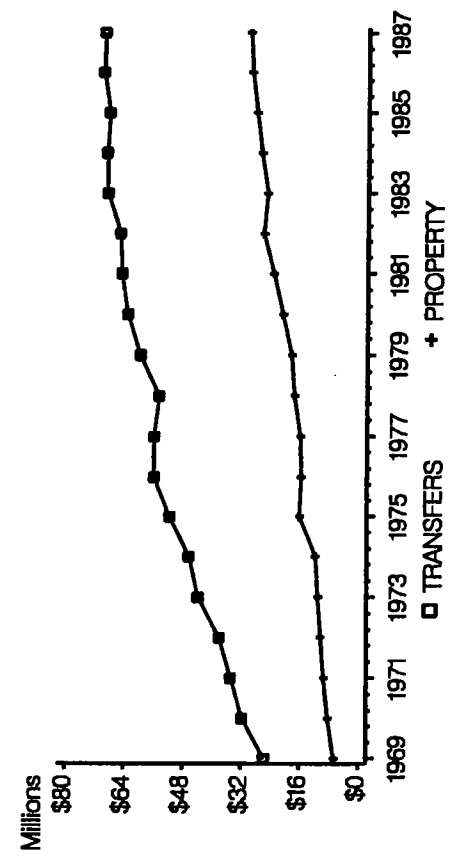


CHART 2C  
KNOX COUNTY  
TOTAL EARNINGS  
as a Percent of Personal Income

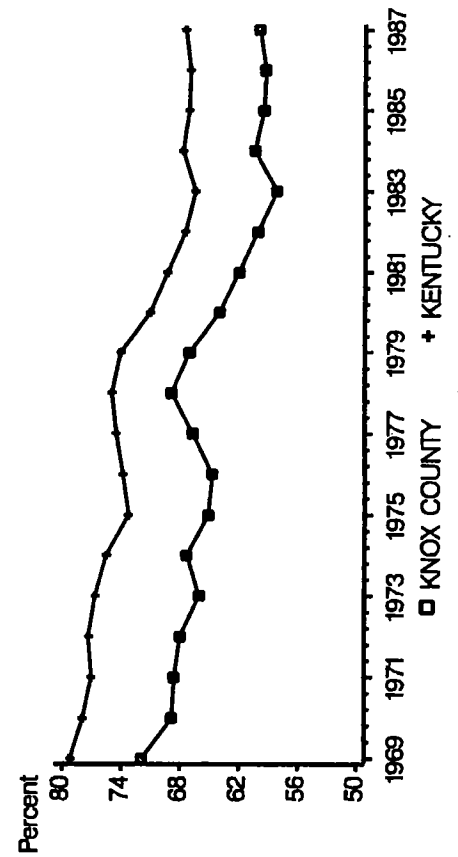


CHART 2D  
KNOX COUNTY  
TRANSFER PAYMENTS  
as a Percent of Personal Income

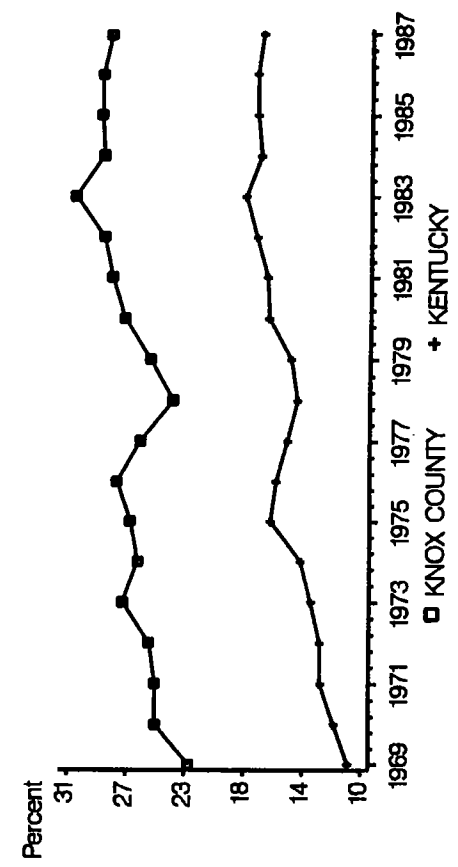


CHART 3A  
KNOX COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

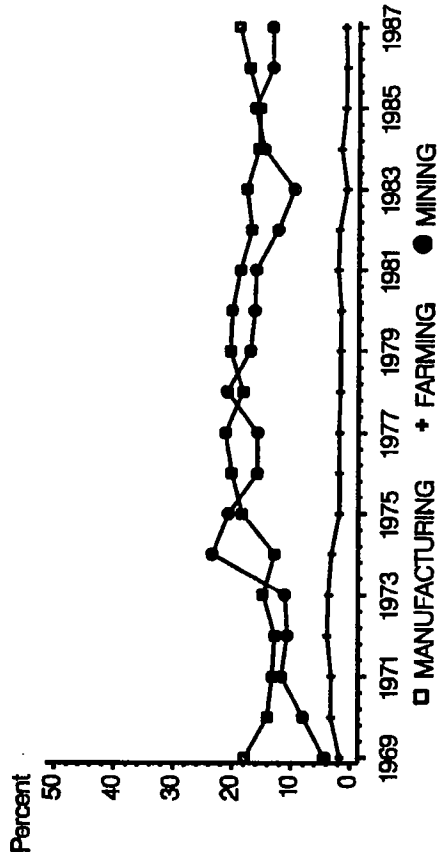


CHART 3B  
KNOX COUNTY

EARNINGS IN NON-GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

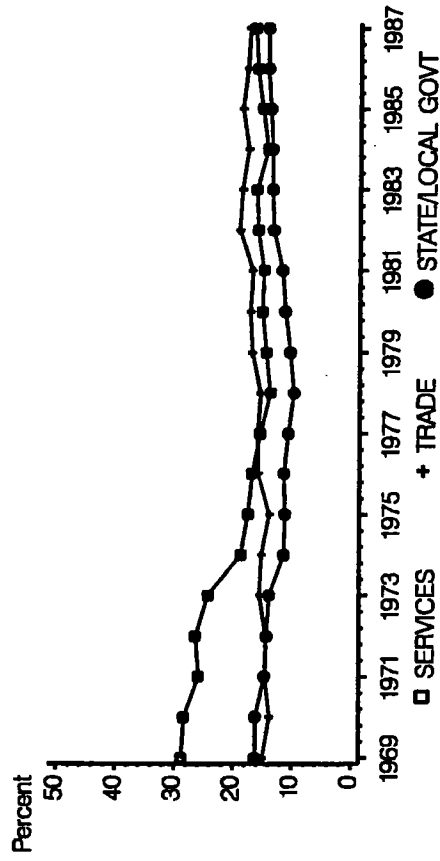


CHART 3C  
KNOX COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Kentucky Industries

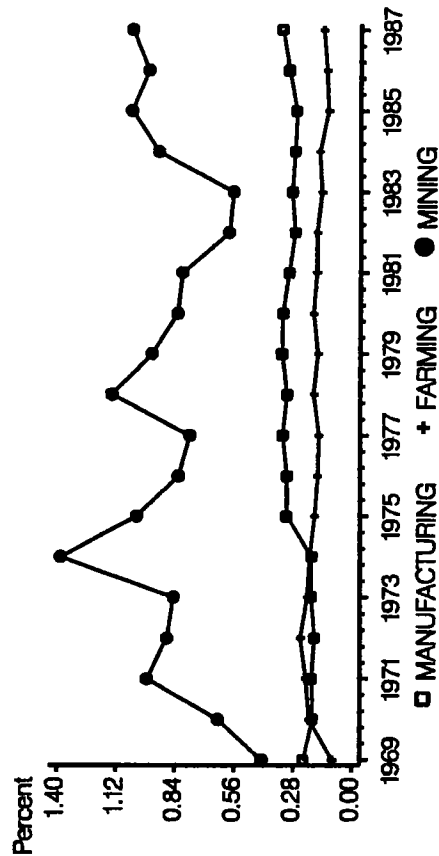


CHART 3D  
KNOX COUNTY

AVERAGE EARNINGS PER JOB  
in Constant 1988 Dollars

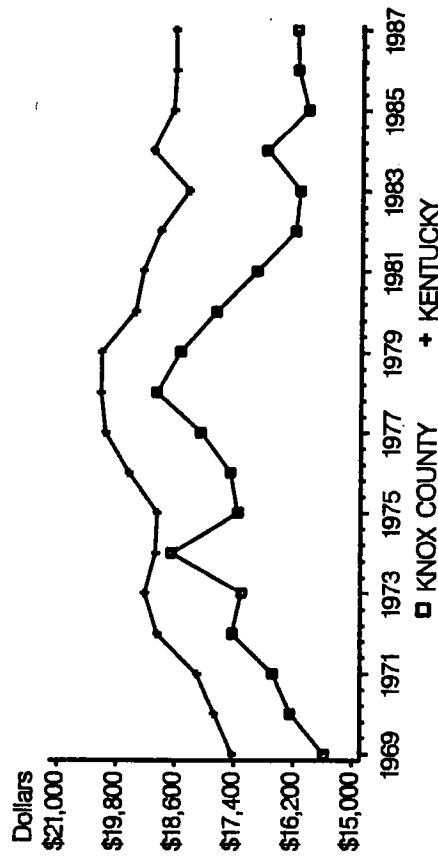


CHART 4A  
KNOX COUNTY  
TOTAL EMPLOYMENT  
Thousands of People

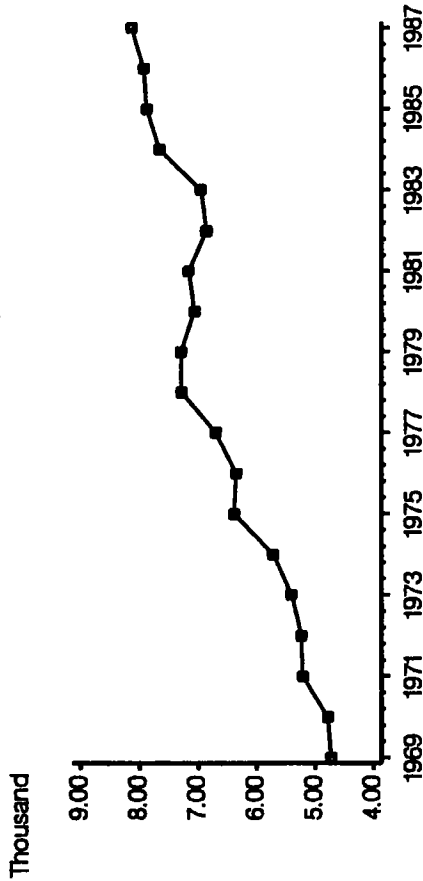


CHART 4B  
KNOX COUNTY  
ANNUAL UNEMPLOYMENT RATE

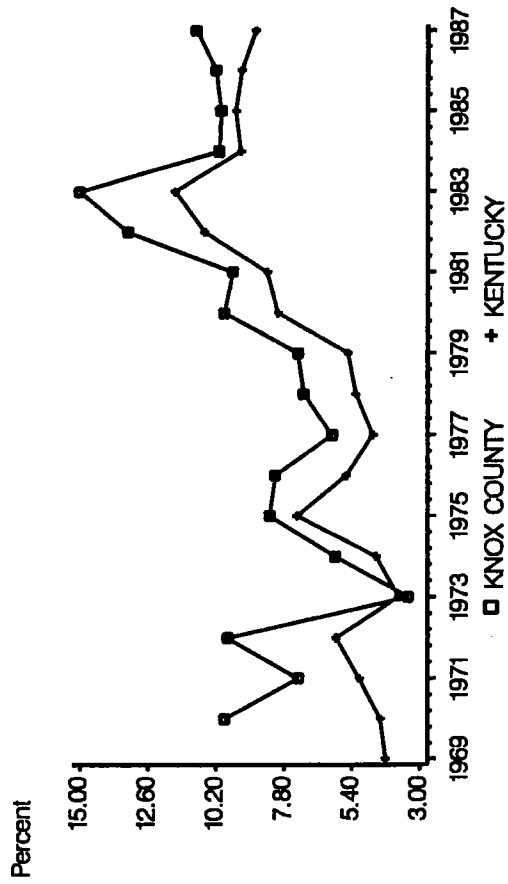


CHART 4C  
KNOX COUNTY  
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

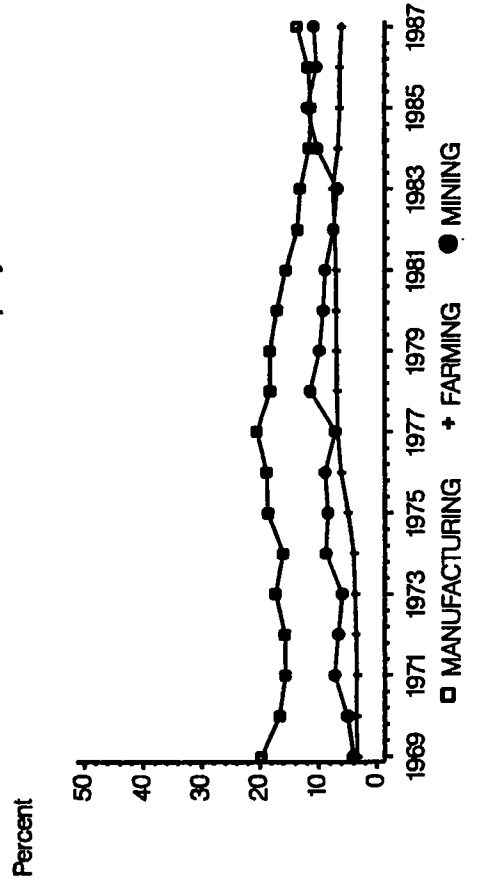


CHART 4D  
KNOX COUNTY  
EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

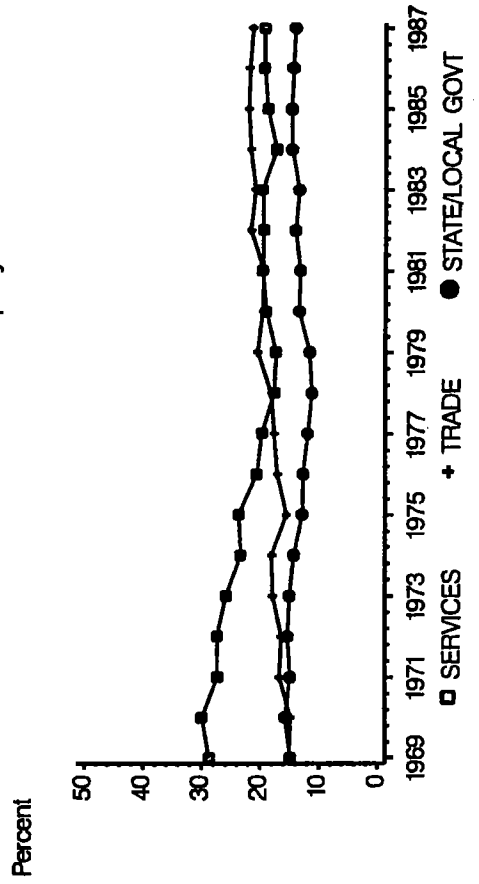


CHART 5A  
KNOX COUNTY  
POPULATION  
Thousands of People

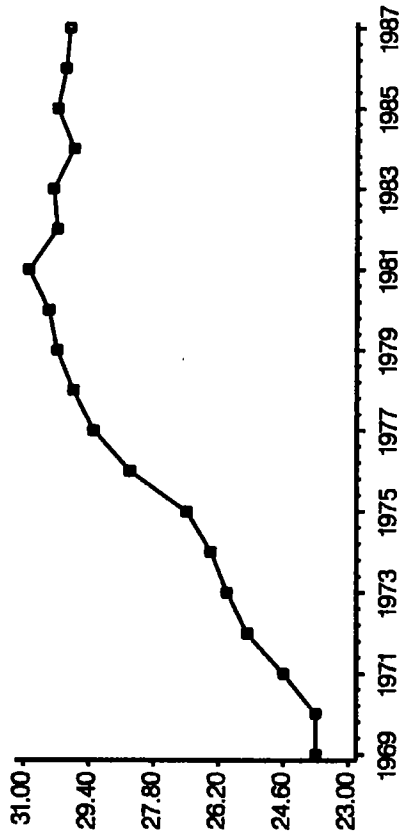


CHART 5B  
KNOX COUNTY  
POPULATION  
as a Percent of Kentucky Population

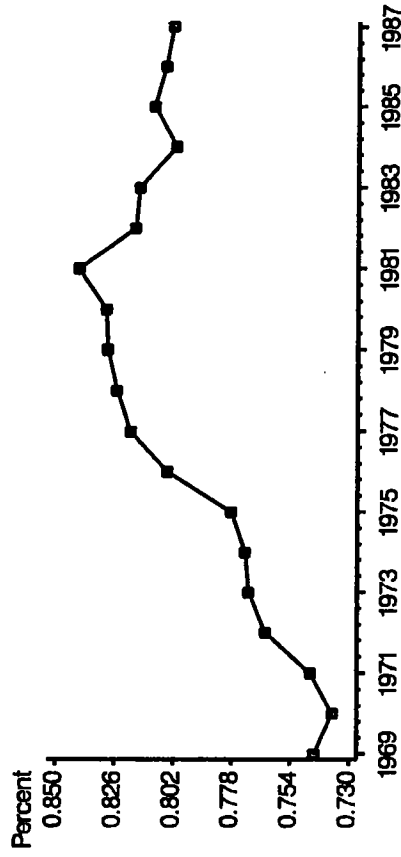


CHART 5C  
KNOX COUNTY  
POPULATION 5 AND UNDER  
as a Percent of Total Population

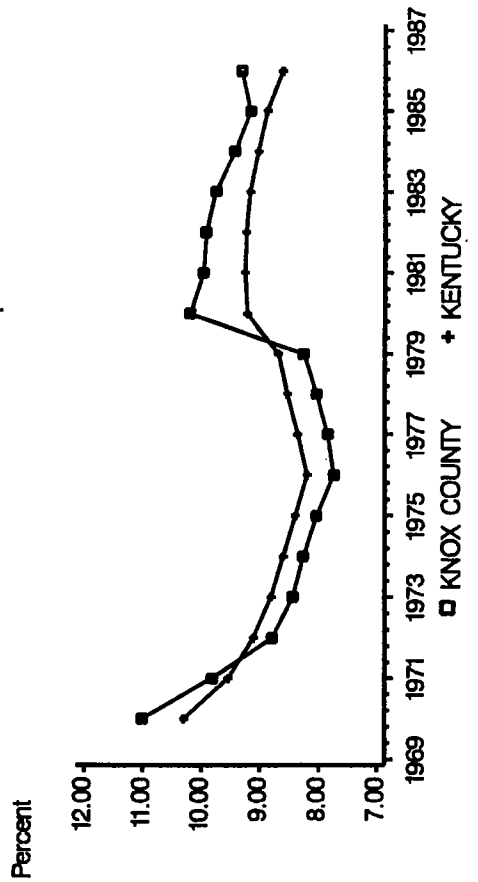


CHART 5D  
KNOX COUNTY  
POPULATION 60 AND OVER  
as a Percent of Total Population

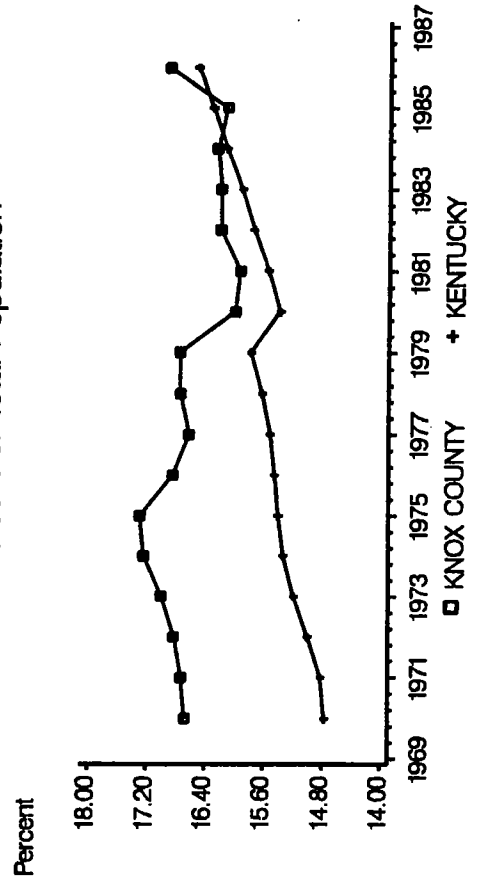


CHART 6A  
KNOX COUNTY  
TOTAL COAL PRODUCTION (SHIPMENTS)  
Thousands of Tons

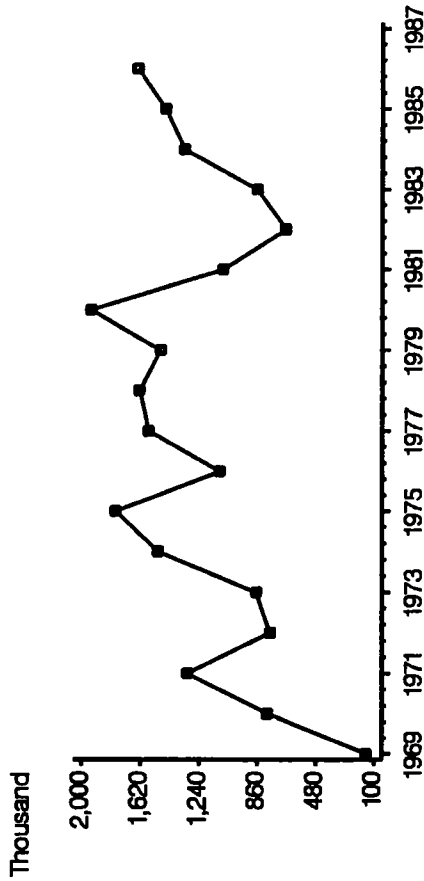


CHART 6B  
KNOX COUNTY  
MINING EMPLOYMENT  
Thousands of People

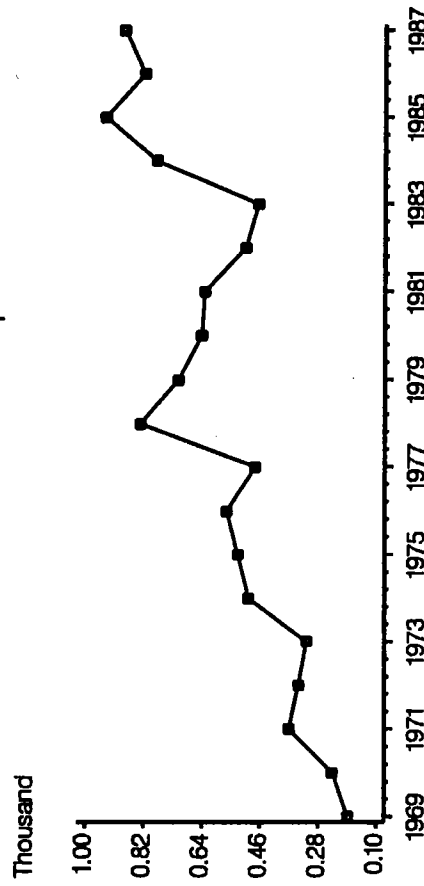


CHART 6C  
KNOX COUNTY  
AVERAGE VALUE PER TON FOR COAL  
Constant 1988 Dollars

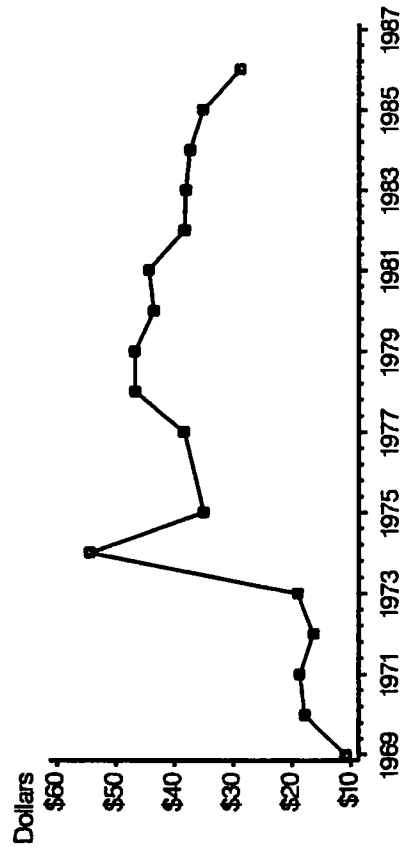
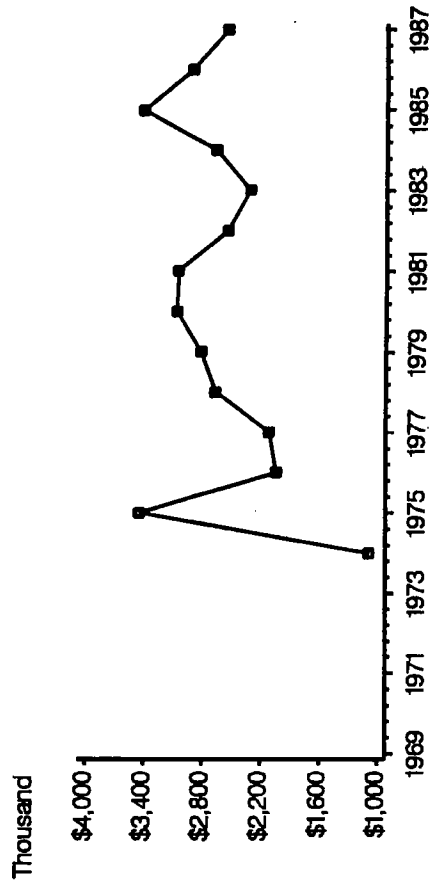


CHART 6D  
KNOX COUNTY  
TAX RECEIPTS ON COAL SEVERED OR PROCESSED  
Thousands of 1988 Dollars





KNOX COUNTY

PERSONAL INCOME  
In Millions of 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	115	0.41	4,840	54.5
1970	128	0.44	5,392	59.2
1971	141	0.46	5,734	62.0
1972	151	0.47	5,934	60.9
1973	162	0.47	6,222	60.6
1974	178	0.50	6,768	65.3
1975	195	0.55	7,218	70.3
1976	203	0.54	7,172	66.8
1977	217	0.54	7,390	66.1
1978	232	0.56	7,804	67.5
1979	238	0.55	7,871	66.9
1980	234	0.55	7,699	66.8
1981	232	0.54	7,528	64.2
1982	229	0.54	7,578	65.6
1983	225	0.53	7,445	65.4
1984	242	0.54	8,115	67.7
1985	239	0.53	7,897	65.8
1986	245	0.54	8,164	66.7
1987	249	0.53	8,322	66.6

COMPONENTS OF PERSONAL INCOME  
In Constant 1988 Dollars

Year	EARNINGS			TRANSFER PAYMENTS			INCOME from PROPERTY		
	M\$	Percent of Personal Income		M\$	Percent of Personal Income		M\$	Percent of Personal Income	
		County	Kentucky		County	Kentucky		County	Kentucky
1969	83	71.9	79.2	26	22.3	10.9	7	5.8	9.9
1970	88	68.8	77.9	32	24.7	11.9	8	6.5	10.2
1971	97	68.6	77.0	35	24.7	12.9	9	6.7	10.1
1972	103	68.0	77.3	38	25.2	12.9	10	6.8	9.7
1973	107	66.1	76.6	44	27.1	13.6	11	6.8	9.7
1974	120	67.3	75.5	46	26.0	14.4	12	6.6	10.1
1975	127	65.2	73.3	52	26.5	16.5	16	8.3	10.1
1976	132	64.8	73.9	56	27.5	16.1	16	7.7	10.0
1977	145	66.8	74.6	56	25.8	15.3	16	7.4	10.1
1978	160	68.9	75.0	55	23.5	14.6	18	7.6	10.4
1979	159	67.1	74.1	60	25.1	15.1	18	7.8	10.8
1980	150	64.0	71.1	63	27.0	16.7	21	8.9	12.2
1981	144	62.0	69.3	65	27.9	16.8	24	10.1	13.8
1982	138	60.1	67.5	65	28.5	17.6	26	11.4	14.9
1983	131	58.2	66.6	69	30.5	18.4	25	11.2	15.1
1984	146	60.4	67.8	69	28.5	17.3	27	11.1	14.9
1985	142	59.5	67.2	68	28.7	17.6	28	11.8	15.3
1986	145	59.3	67.1	70	28.6	17.6	30	12.1	15.3
1987	149	60.0	67.5	70	28.0	17.2	30	12.1	15.3

KNOX COUNTY

SECTOR EARNINGS as a PERCENT of TOTAL COUNTY EARNINGS and  
as a PERCENT of KENTUCKY SECTOR EARNINGS

YEAR	MANUFACTURING		FARMING		MINING	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	17.9	0.23	1.8	0.09	4.3	0.43
1970	14.0	0.19	3.2	0.20	8.0	0.64
1971	13.2	0.19	3.2	0.22	11.7	0.97
1972	12.8	0.18	3.9	0.24	10.7	0.88
1973	14.8	0.19	3.6	0.21	11.1	0.85
1974	12.9	0.19	3.1	0.20	23.4	1.38
1975	18.4	0.31	1.8	0.18	20.7	1.02
1976	20.1	0.31	1.9	0.16	15.8	0.82
1977	21.2	0.33	1.9	0.16	15.8	0.77
1978	18.2	0.31	1.8	0.18	20.9	1.14
1979	20.4	0.33	1.7	0.16	17.0	0.95
1980	20.1	0.33	1.7	0.18	16.3	0.83
1981	18.7	0.30	2.1	0.17	16.1	0.81
1982	16.8	0.27	1.9	0.17	12.4	0.59
1983	17.7	0.29	0.7	0.14	9.7	0.56
1984	15.7	0.27	1.7	0.15	14.8	0.92
1985	15.5	0.27	0.9	0.11	16.3	1.05
1986	17.3	0.30	0.8	0.12	13.4	0.97
1987	19.0	0.34	1.0	0.14	13.4	1.05

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	28.8	0.69	15.0	0.30	16.2	0.56
1970	28.3	0.71	13.8	0.28	16.2	0.56
1971	25.9	0.69	14.5	0.32	14.7	0.54
1972	26.4	0.71	14.4	0.32	14.3	0.53
1973	24.3	0.63	15.5	0.33	13.9	0.51
1974	18.7	0.57	15.2	0.38	11.5	0.48
1975	17.5	0.53	13.9	0.35	11.3	0.47
1976	16.9	0.48	15.9	0.37	11.5	0.45
1977	15.5	0.46	15.9	0.40	10.7	0.45
1978	13.8	0.44	15.5	0.42	9.8	0.44
1979	14.5	0.44	16.9	0.44	10.4	0.44
1980	15.2	0.42	17.2	0.44	11.3	0.45
1981	15.0	0.40	16.9	0.44	11.8	0.46
1982	16.0	0.38	19.1	0.46	13.4	0.47
1983	16.2	0.37	18.7	0.45	13.5	0.47
1984	14.3	0.35	17.6	0.47	13.6	0.53
1985	15.3	0.35	18.7	0.48	13.9	0.52
1986	16.2	0.35	17.8	0.46	14.3	0.52
1987	16.5	0.34	17.4	0.45	14.4	0.52

KNOX COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	932	19.7	157	3.3	188	4.0
1970	795	16.6	168	3.5	236	4.9
1971	817	15.7	178	3.4	371	7.1
1972	825	15.8	187	3.6	341	6.5
1973	936	17.3	200	3.7	317	5.9
1974	918	16.1	225	3.9	496	8.7
1975	1,187	18.6	312	4.9	529	8.3
1976	1,198	18.9	388	6.1	564	8.9
1977	1,377	20.5	446	6.7	476	7.1
1978	1,327	18.2	488	6.7	830	11.4
1979	1,332	18.3	495	6.8	713	9.8
1980	1,206	17.1	486	6.9	641	9.1
1981	1,117	15.6	495	6.9	631	8.8
1982	935	13.6	494	7.2	505	7.4
1983	918	13.2	522	7.5	466	6.7
1984	890	11.6	503	6.6	780	10.2
1985	883	11.2	492	6.2	937	11.9
1986	939	11.8	494	6.2	817	10.3
1987	1,116	13.7	485	6.0	880	10.8

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	1,359	28.8	716	15.2	705	14.9
1970	1,430	29.9	708	14.8	751	15.7
1971	1,425	27.3	870	16.7	777	14.9
1972	1,435	27.4	857	16.4	805	15.4
1973	1,398	25.9	964	17.8	811	15.0
1974	1,333	23.3	1,027	18.0	818	14.3
1975	1,511	23.7	993	15.6	823	12.9
1976	1,302	20.5	1,083	17.1	809	12.7
1977	1,317	19.6	1,180	17.6	801	11.9
1978	1,281	17.6	1,316	18.1	814	11.2
1979	1,265	17.3	1,489	20.4	844	11.6
1980	1,339	18.9	1,381	19.5	948	13.4
1981	1,402	19.6	1,386	19.3	951	13.3
1982	1,335	19.5	1,484	21.6	967	14.1
1983	1,364	19.6	1,448	20.8	934	13.4
1984	1,318	17.2	1,657	21.6	1,121	14.6
1985	1,473	18.7	1,733	22.0	1,160	14.7
1986	1,532	19.3	1,728	21.8	1,146	14.4
1987	1,567	19.2	1,729	21.2	1,143	14.0

KNOX COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	4,726	\$15,569	\$17,440	.	4.2
1970	4,779	\$16,263	\$17,811	9.9	4.4
1971	5,216	\$16,626	\$18,166	7.3	5.1
1972	5,237	\$17,443	\$18,970	9.8	6.0
1973	5,407	\$17,257	\$19,232	3.4	3.7
1974	5,716	\$18,680	\$19,008	6.0	4.5
1975	6,382	\$17,331	\$18,976	8.3	7.3
1976	6,350	\$17,488	\$19,563	8.1	5.6
1977	6,703	\$18,100	\$20,031	6.1	4.7
1978	7,281	\$18,990	\$20,121	7.1	5.3
1979	7,295	\$18,517	\$20,110	7.3	5.5
1980	7,066	\$17,791	\$19,439	9.9	8.0
1981	7,164	\$16,964	\$19,286	9.6	8.4
1982	6,861	\$16,194	\$18,931	13.3	10.6
1983	6,957	\$16,105	\$18,358	15.0	11.6
1984	7,664	\$16,780	\$19,080	10.1	9.3
1985	7,880	\$15,937	\$18,676	10.0	9.5
1986	7,935	\$16,151	\$18,627	10.2	9.3
1987	8,141	\$16,170	\$18,636	10.9	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER 6		PERCENT 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	23,800	0.74	.	.	.	.
1970	23,800	0.74	11.0	10.3	16.7	14.8
1971	24,600	0.75	9.8	9.6	16.7	14.8
1972	25,500	0.76	8.8	9.1	16.8	15.0
1973	26,000	0.77	8.4	8.8	17.0	15.2
1974	26,400	0.77	8.3	8.6	17.2	15.3
1975	27,000	0.78	8.0	8.4	17.3	15.4
1976	28,400	0.80	7.7	8.2	16.8	15.5
1977	29,300	0.82	7.8	8.4	16.6	15.5
1978	29,800	0.83	8.0	8.5	16.7	15.6
1979	30,200	0.83	8.3	8.7	16.7	15.8
1980	30,400	0.83	10.2	9.2	16.0	15.4
1981	30,900	0.84	10.0	9.3	15.9	15.5
1982	30,200	0.82	9.9	9.2	16.2	15.7
1983	30,300	0.82	9.8	9.2	16.2	15.9
1984	29,800	0.80	9.4	9.0	16.2	16.1
1985	30,200	0.81	9.2	8.9	16.1	16.3
1986	30,000	0.81	9.3	8.6	16.9	16.5
1987	29,900	0.80	.	.	.	.

KNOX COUNTY

COAL MINING STATISTICS

YEAR	PRODUCTION (Thousand Tons)	EMPLOYMENT	AVERAGE VALUE PER TON	COAL TAX RECEIPTS (000)
1969	150	188	\$10.93	.
1970	795	236	\$17.79	.
1971	1,315	371	\$18.66	.
1972	777	341	\$16.26	.
1973	867	317	\$19.03	.
1974	1,506	496	\$54.32	\$1,091
1975	1,781	529	\$35.12	\$3,449
1976	1,105	564	.	\$2,043
1977	1,569	476	\$38.40	\$2,114
1978	1,628	830	\$46.76	\$2,673
1979	1,492	713	\$46.82	\$2,818
1980	1,942	641	\$43.52	\$3,065
1981	1,086	631	\$44.40	\$3,052
1982	677	505	\$38.38	\$2,551
1983	864	466	\$38.14	\$2,316
1984	1,338	780	\$37.41	\$2,667
1985	1,461	937	\$35.24	\$3,408
1986	1,643	817	\$28.75	\$2,903
1987	.	886	.	.

Note: All dollar figures are presented in constant 1988 dollars.



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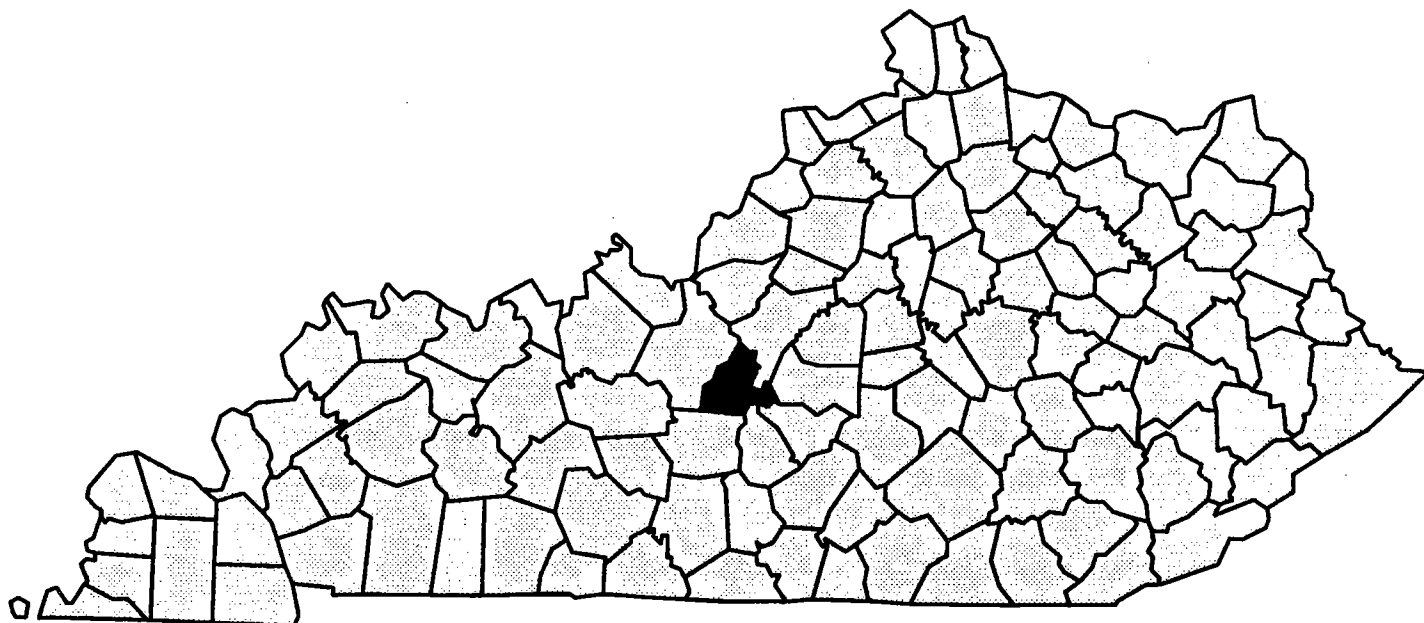
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ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

**LARUE COUNTY**



Prepared by  
Virginia Wilson  
Donna A. Cantrell

RESEARCH MEMORANDUM 438  
Legislative Research Commission  
Frankfort, Kentucky  
February, 1990



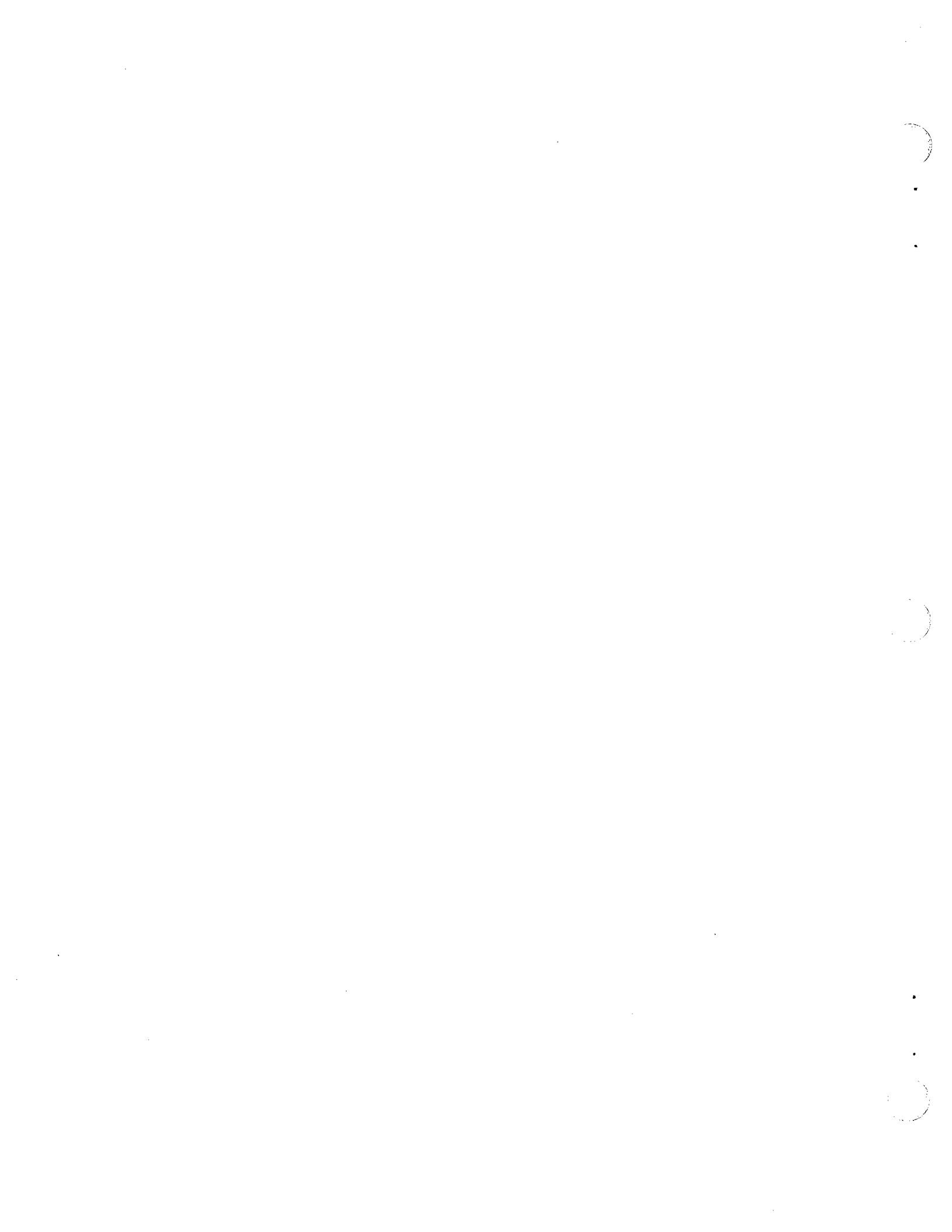
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KENTUCKY COUNTIES  
1969 – 1987

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## FOREWORD

This publication is one of a set of 120, highlighting economic trends in each county in Kentucky from 1969-1987. This effort is part of the ongoing activities sponsored by the Legislative Research Commission to provide a long-term perspective on issues for decision makers. The economies of individual counties do not always parallel overall state trends. This set of publications is an attempt to look at the economic trends in each county over time and to point out where the economies of individual counties may be performing differently from the economy of the state as a whole.

This publication was prepared by Virginia Wilson and Donna Cantrell. Susan Dance assisted in production of the manuscript and Charles Bush edited the report. The assistance of Carol Straus from the Center for Business and Economic Research at the University of Kentucky in deciphering data is gratefully acknowledged.

Vic Hellard, Jr.  
Director

The Capitol  
Frankfort  
February, 1990



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## SUMMARY

The Larue County economy, as measured by personal income, grew moderately from 1969 to 1987 and generally maintained its share of the Kentucky economy. This indicates that county economic growth kept pace with that of the state.

The most prominent economic trend in Larue County was a decline in earnings from the farm sector. Farm employment also declined, but to a much lesser degree. This indicates that average earnings in this sector declined.

The decline in the farm sector was offset by increases in the manufacturing and service sectors. The growth sectors at the state level have been the service and trade sectors, while manufacturing has declined.

The trend toward an increase in the manufacturing sector is unlike state and national trends. Manufacturing industries are often sought in economic development efforts, primarily because they are relatively high wage industries. However, manufacturing industries are very sensitive to economic fluctuations. Consequently, a high concentration in manufacturing may make the county more susceptible to recessionary contractions.

There is a national and state trend toward declining farm employment. Therefore, the outlook for this sector in Larue County is for continued decline. Future economic growth in Larue County will most likely be dependent upon further expansion of the service and trade sectors.



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## INTRODUCTION

This is one of a series of reports called Economic Trends in Kentucky Counties. The purpose of this series is to describe the economic structure of Kentucky counties and to assess their economic performance relative to their own history and relative to the Kentucky economy. Information on the structure and patterns of change in county economies and an understanding of their relationship to the Kentucky economy can help in making policy decisions that are intended to shape Kentucky's economic future.\*

When assessing any economy there are several pertinent questions which may be addressed. The first concerns changes in the absolute size of the economy over time. Here the relevant comparison is between the county economy and its own history. Since most economic variables are given in dollars and since inflation causes the value of a dollar to vary over time, all dollar values in this report are presented in constant 1988 dollars. This allows analysis of real changes over time by controlling for the effects of inflation.

A second question concerns the structure and nature of the county economy. The structure of an economy refers to the relative share contributed by the various segments of the economy, while the nature deals with how this share has changed over time.

A third question concerns the performance of the county economy when compared to the Kentucky economy. For example, if a county has a higher proportion of earnings or employment in a particular sector it would indicate a specialization in that sector. Differences in economic structure may explain variations in relative economic well-being between a county and the state as a whole.

Economic data for counties are usually published after a lag of two years. Therefore, most data in this report cover the period 1969 to 1987. All data for this report was obtained from the Kentucky Economic Information System, an on-line database maintained by the University of Kentucky Center for Business and Economic Development.

There are certain caveats which should be remembered when analyzing data. First, it is a common and useful approach to evaluate the percentage an economic sector contributes to the total economy. However, one must remember that a sector's percentage contribution may decline even when its absolute value is increasing if another sector's contribution is growing at a faster rate. Secondly, when reviewing data in graphical analyses, the scales used to present data should be noted. In this report most graphs are presented with the narrowest scale which will cover all data points. This can accentuate visual patterns over time even when absolute changes are relatively small.

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\*For an analysis of economic trends in Kentucky, see Virginia Wilson, Patterns of Growth and Decline in the Kentucky Economy 1969-1988, Research Memorandum 437, Legislative Research Commission, November 1989.



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## ECONOMIC TRENDS IN LARUE COUNTY

The following analysis includes a brief description of the county economy and is accompanied by graphical illustrations. Data tables are also included at the end of this report. Three principal components of the Larue County economy are analyzed. They are:

1. Personal Income
2. Earnings
3. Employment

### Personal Income

Personal income is often used as a measure of the economic activity in an area. Personal income is the sum of all the dollar income received by individuals in an area from any legal source. Personal income data is published by the Bureau of Economic Analysis (BEA) for most major geographic regions, including states, counties, and major cities.

In general, income can be obtained in three ways. First, it can be earned by the work of an individual. This type of income includes wage and salary income and proprietors' earnings. Second, income can be earned by property. This component includes earnings from rents, dividends, and interest. Finally, income can be received as a gift or an entitlement. This type of income constitutes the component of personal income called transfer payments. Included in this component is income from sources such as retirement benefits, unemployment benefits, food stamps, and medical programs such as Medicare and Medicaid.

As can be seen in Chart 1A, the Larue County economy, as measured by personal income, increased from \$94 million in 1969 to \$135 million in 1987, after adjusting for inflation. Chart 1B shows Larue County total personal income as a percent of Kentucky total personal income. Larue County generally maintained its share of Kentucky personal income.

A similar pattern emerges from an examination of per capita personal income. Per capita personal income is simply the total personal income of an area divided by its population. Per capita personal income is often used as a measure of the economic well-being of the residents of an area. Charts 1C and 1D indicate that Larue County per capita income increased over the time period to a level of \$11,561 per person in 1987, when it was 92.5 percent of Kentucky per capita personal income.

A better understanding of the nature of economic activity can be gleaned from an examination of the relative contribution of the components of personal income and how their shares have changed over time. This information is illustrated in Charts 2A-2D. Total earnings were extremely volatile, especially during the 1975 and 1982 national recessions. Total earnings increased from \$76 million in 1969 to \$87 million in 1987 (in constant 1988 dollars). Earnings as a percent of personal income decreased over time. This trend occurred at the state level as well. In 1987, earnings accounted for

64.2 percent of Larue County's total personal income, compared to Kentucky's 67.5 percent share.

Transfer payments contributed \$10 million to total personal income in 1969 and \$27 million in 1987. Since 1975, transfer payments contributed a higher percentage of personal income in Larue County than in Kentucky.

Income from property in Larue County grew rapidly in the late 1970's and thereafter grew at a moderate rate. Income from property totalled \$8 million in 1969 and increased to \$21 million in 1987.

## **Earnings**

Earnings are the component of personal income reflecting payments to individuals in return for labor. Earnings include both wages and salaries and proprietor's income. The farm sector has generally been the primary source of earnings in Larue County. However, the percent of earnings from the farm sector decreased from 38.1 percent in 1969 to 20.9 percent in 1987 (Chart 3A). The trend toward declining earnings in the farm sector is consistent with state and national trends.

In 1969, Larue County received 12.1 percent of total earnings from manufacturing. This percentage increased to 15.2 percent in 1987. This is unlike the trend in the state in which manufacturing's share of total earnings declined throughout this period.

Earnings from non-goods-producing industries as a percent of total earnings are illustrated in Chart 3B. The percent of earnings from the service sector increased from 9.2 percent in 1969 to 14.2 percent in 1987. The trade sector's share of earnings remained stable and accounted for 11.1 percent in 1987. Earnings from the state and local government sector increased from 10.8 percent in 1969 to 12.6 percent in 1987. At the state level, the percent of earnings from services increased, while the percent of earnings from trade and state and local government were stable.

Average earnings per job (adjusted for inflation) for Larue County and Kentucky are shown in Chart 3D. In Kentucky, average earnings per job reached a high of \$20,121 per person in 1978. Since then, average earnings per job declined and in 1987 they were \$18,636 per person. In Larue County, average earnings, \$11,999 in 1987, were well below those of the state.

## **Employment**

Employment is considered any activity for which one receives financial remuneration in the form of wages or profits. Total employment in Larue County generally increased during the data period. In 1969, total employment stood at 3,460 people. By 1987, that figure had increased to 4,061.

The unemployment rate, often used as an indicator of economic well-being, is the ratio of unemployed to the total civilian labor force. Unemployment is described as a condition of being out of work while actively

seeking employment within the last thirty days. The civilian labor force is described as the proportion of population age 16 or older employed or actively seeking employment. Annual unemployment rates for Kentucky and Larue County are presented in Chart 4B. Unemployment rates in Larue County followed state trends. In 1987, the county unemployment rate was 7.9 percent, compared to 8.8 percent for Kentucky.

Another employment concept includes the discouraged worker. Discouraged workers are persons who want jobs but made no attempt to find work in the last thirty days because they believe they could not find it. These individuals are not included when calculating official unemployment rates. The Cabinet for Human Resources does not estimate discouraged workers by county. However, preliminary research by the Cabinet indicates that the inclusion of discouraged workers in the civilian labor force estimate would increase the unemployment rate by approximately four percent for the state. This figure would vary by county depending on the labor market in a county or within commuting distance.

Employment in the goods-producing industries is illustrated in Chart 4C. The farm sector was the primary source of county employment throughout the period. However, employment in this sector declined from 41.8 percent of total employment in 1969 to 30.1 percent in 1987. Farm sector employment also declined at the state and national levels.

The percent of total employment in manufacturing increased from 10.0 percent in 1969 to 12.9 percent in 1987. At the state level, manufacturing's share of employment declined.

Employment in the non-goods-producing industries is presented in Chart 4D. Employment in the trade sector decreased, accounting for 12.3 percent of employment in 1987. The percent of employment in the service sector increased from 11.7 percent in 1969 to 15.5 percent in 1987. The employment share in state and local government remained stable, accounting for 8.9 percent in 1987. At the state level, employment shares in both the service and trade sectors increased, while the government employment share remained constant.

## **Population**

The census conducted each decade counts the actual population in an area. Population is then statistically estimated during intervening years. The demographic composition of this population growth has important implications for the future demand for goods and services, and ultimately, the economic structure of Larue County.

The Larue County population grew from 10,600 in 1969 to 11,700 in 1987 (Chart 5A). Larue County had a lower proportion of younger residents and a higher proportion of older residents than the state. It was estimated that in 1986, 7.6 percent of Larue County's population was under six years of age, compared to 8.6 percent for the state. Conversely, for the same year 19.6 percent of the Larue County population was 60 years of age and over, while 16.5 percent of all Kentucky residents fell in this age group.

CHART 1A  
 LARUE COUNTY  
 REAL PERSONAL INCOME  
 Millions of 1988 dollars

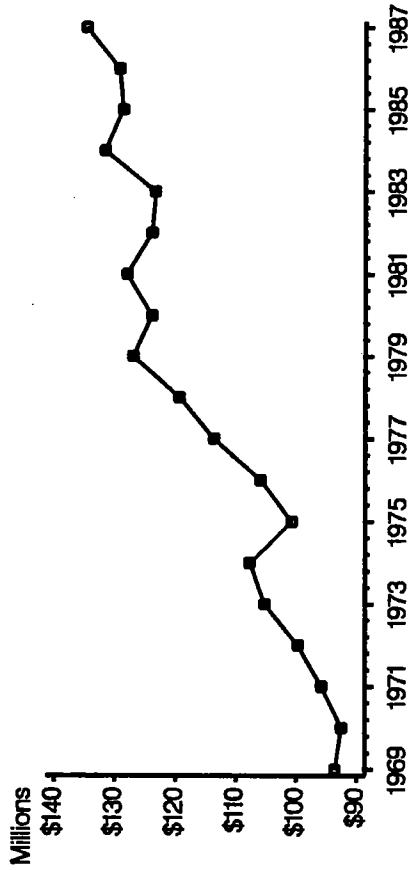


CHART 1B  
 LARUE COUNTY  
 PERSONAL INCOME  
 as a Percent of Kentucky Personal Income

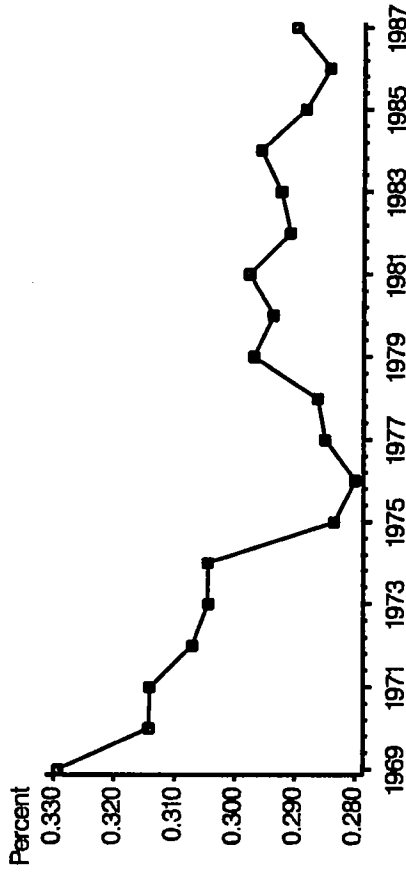


CHART 1C  
 LARUE COUNTY  
 PER CAPITA PERSONAL INCOME  
 in Constant 1988 Dollars

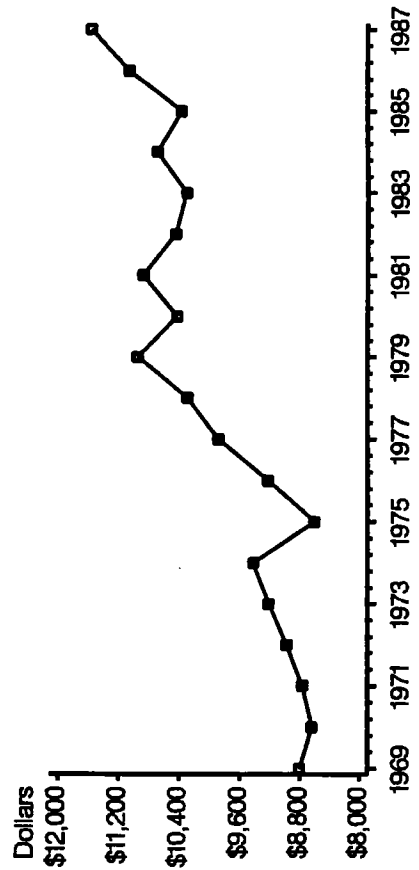


CHART 1D  
 LARUE COUNTY  
 PER CAPITA PERSONAL INCOME  
 as a Percent of Kentucky Per Capita Personal Income

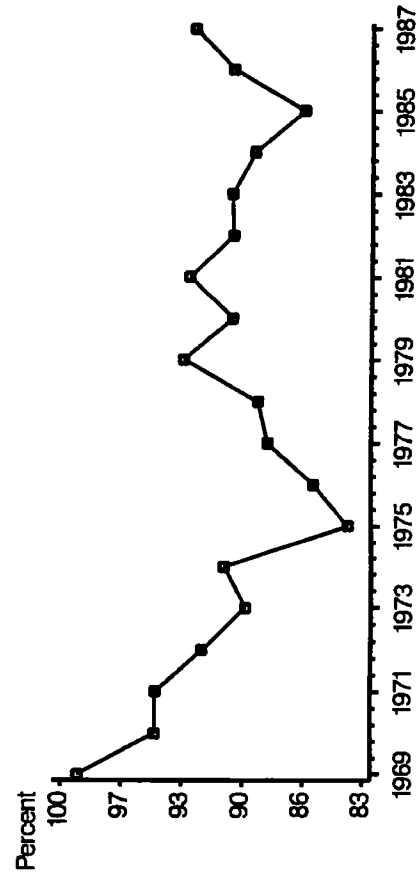


CHART 2A  
 LARUE COUNTY  
 REAL TOTAL EARNINGS  
 Millions of 1988 dollars

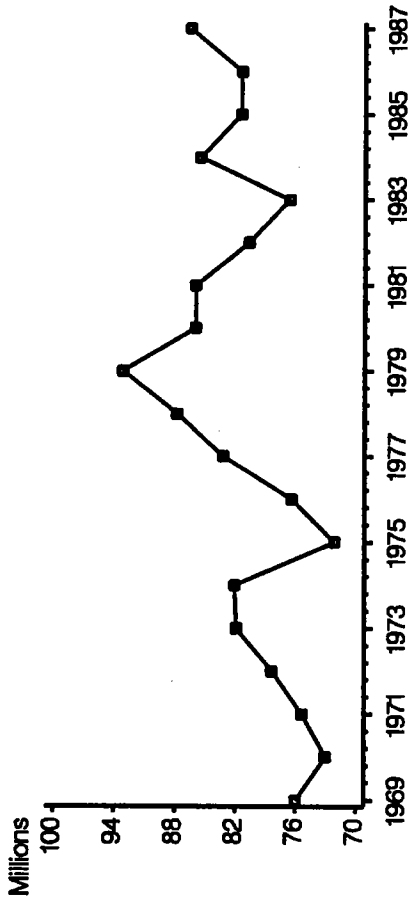


CHART 2B  
 LARUE COUNTY  
 TRANSFER PAYMENTS and INCOME FROM PROPERTY  
 Millions of 1988 Dollars

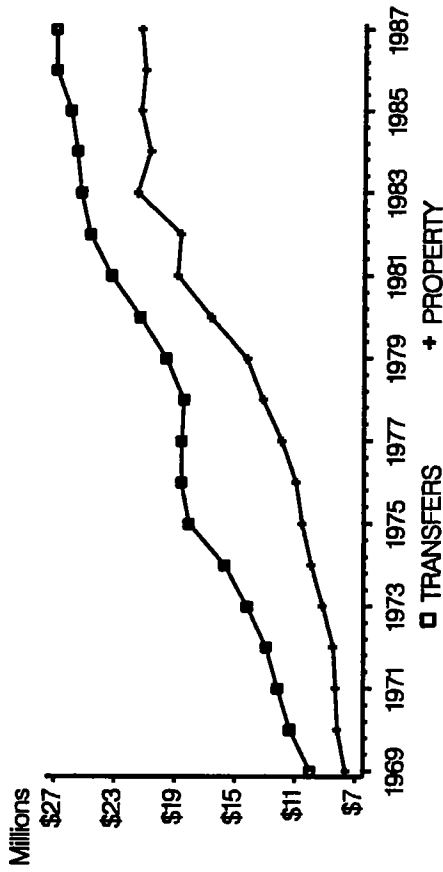


CHART 2C  
 LARUE COUNTY  
 TOTAL EARNINGS  
 as a Percent of Personal Income

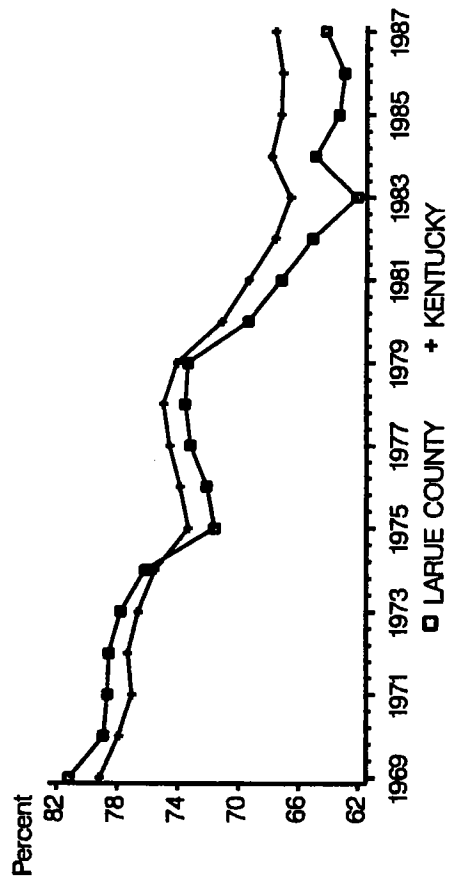


CHART 2D  
 LARUE COUNTY  
 TRANSFER PAYMENTS  
 as a Percent of Personal Income

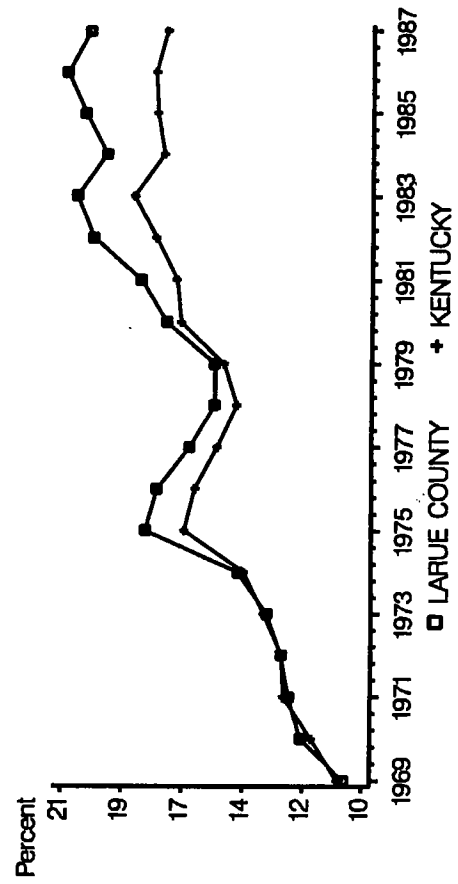


CHART 3A  
 LARUE COUNTY  
 EARNINGS IN GOODS PRODUCING INDUSTRIES  
 as a Percent of Total Earnings

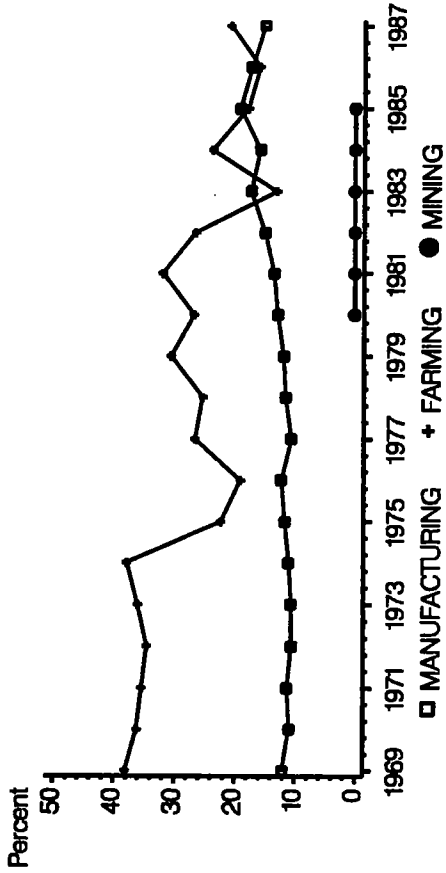


CHART 3B  
 LARUE COUNTY  
 EARNINGS IN NON - GOODS PRODUCING INDUSTRIES  
 as a Percent of Total Earnings

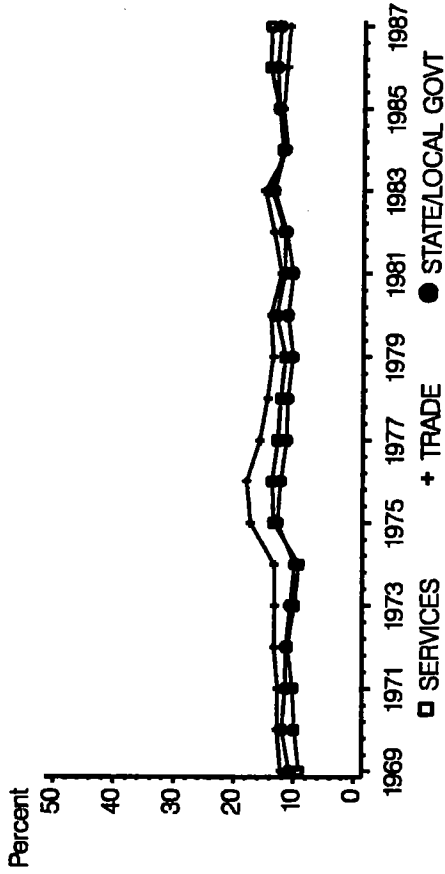


CHART 3C  
 LARUE COUNTY  
 EARNINGS IN GOODS PRODUCING INDUSTRIES  
 as a Percent of Kentucky Industries

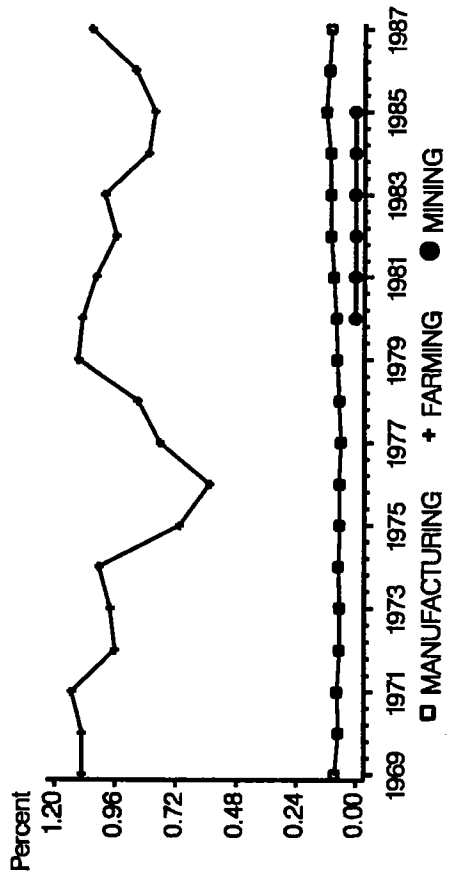


CHART 3D  
 LARUE COUNTY  
 AVERAGE EARNINGS PER JOB  
 in Constant 1988 Dollars

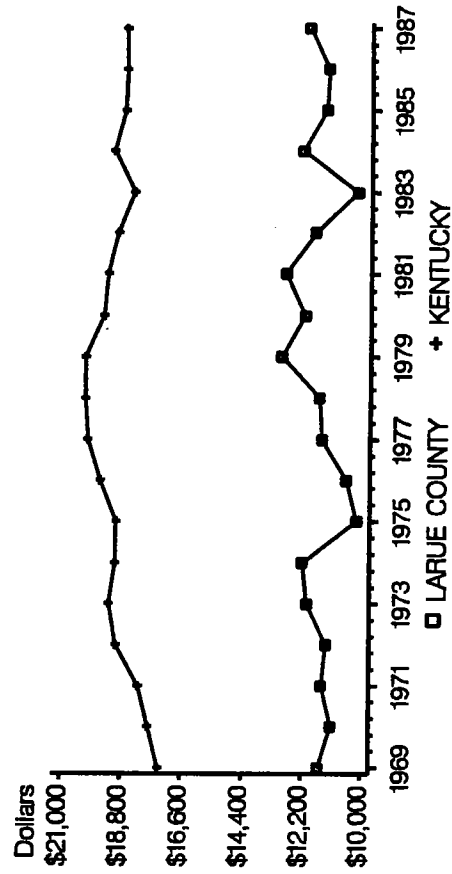




CHART 4A  
LARUE COUNTY  
TOTAL EMPLOYMENT  
Thousands of People

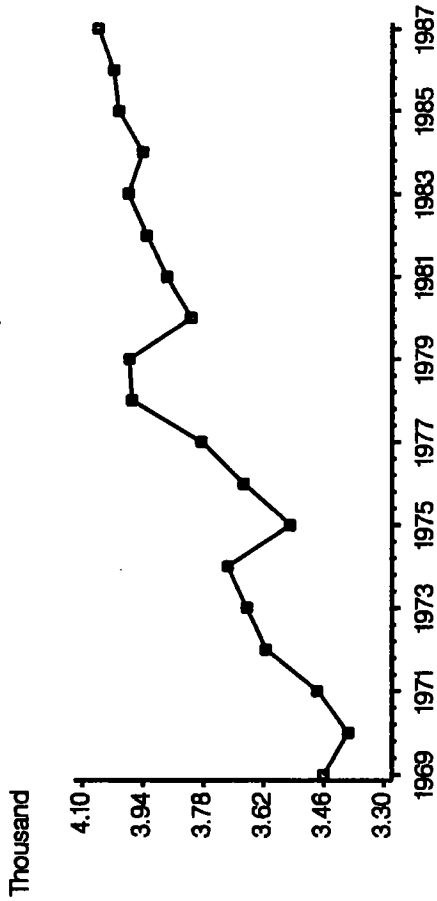


CHART 4B  
LARUE COUNTY  
ANNUAL UNEMPLOYMENT RATE

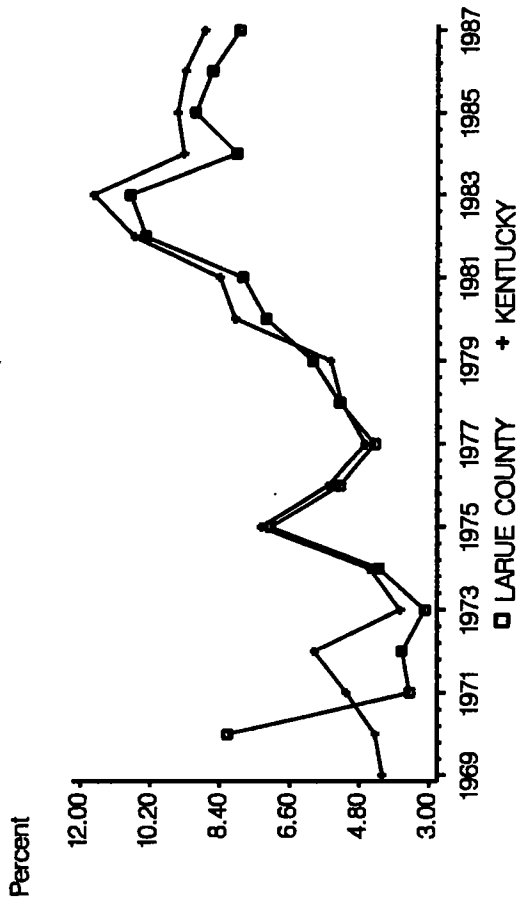


CHART 4C  
LARUE COUNTY  
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

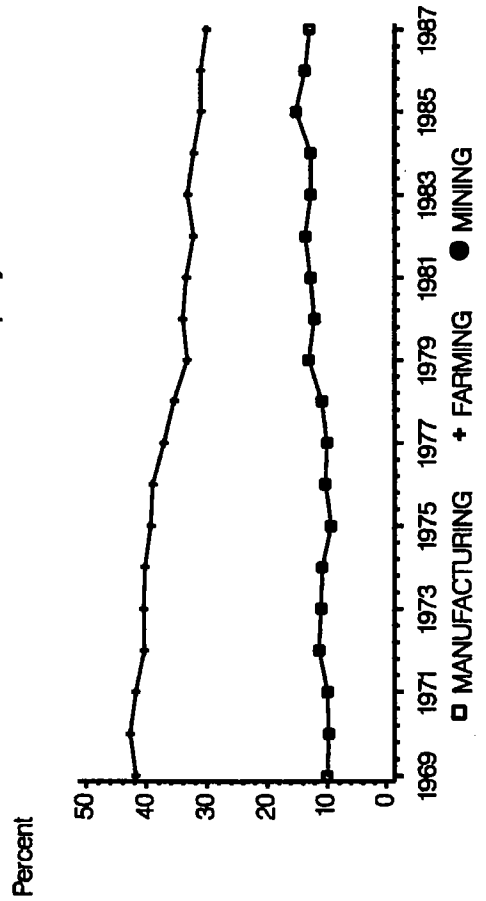


CHART 4D  
LARUE COUNTY  
EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

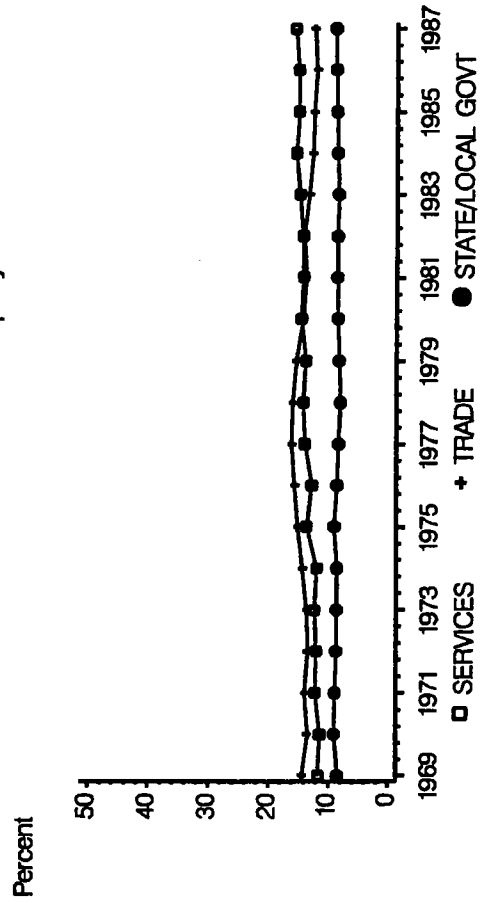


CHART 5A  
LARUE COUNTY  
POPULATION  
Thousands of People

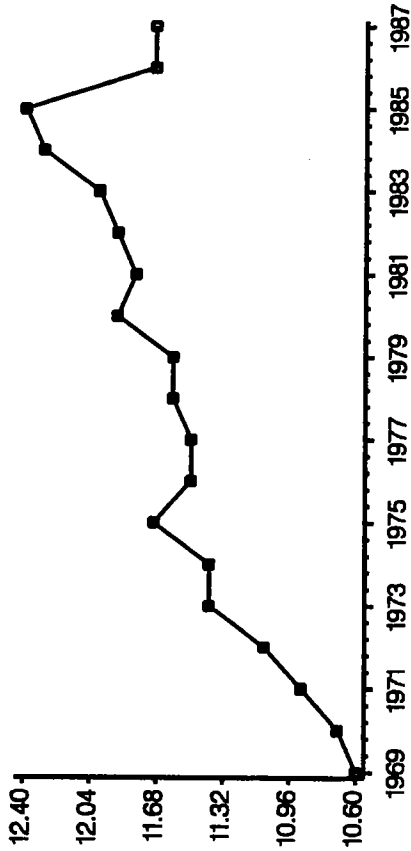


CHART 5B  
LARUE COUNTY  
POPULATION  
as a Percent of Kentucky Population

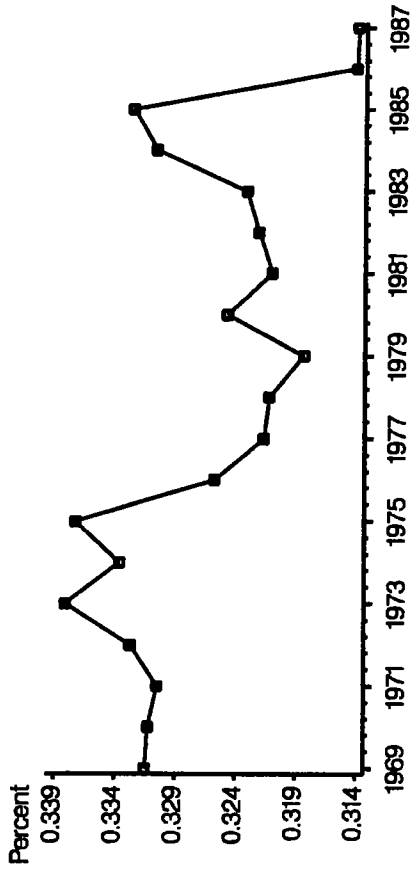


CHART 5C  
LARUE COUNTY  
POPULATION 5 AND UNDER  
as a Percent of Total Population

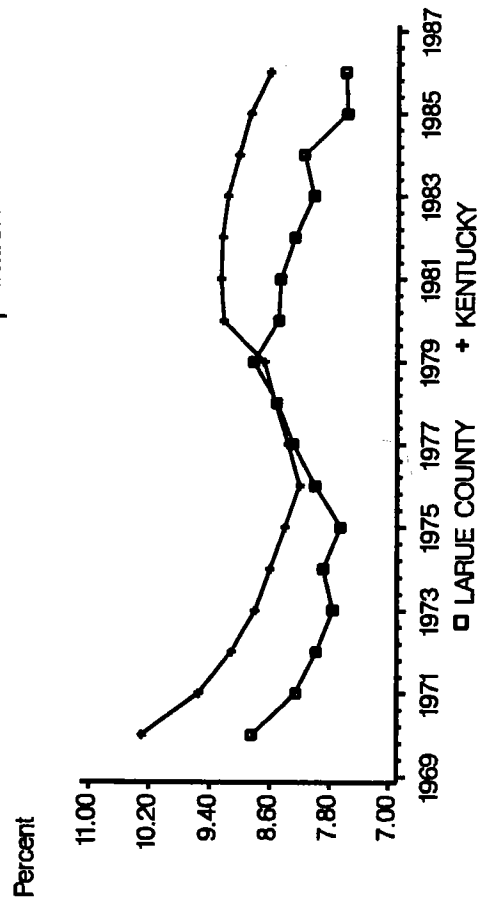
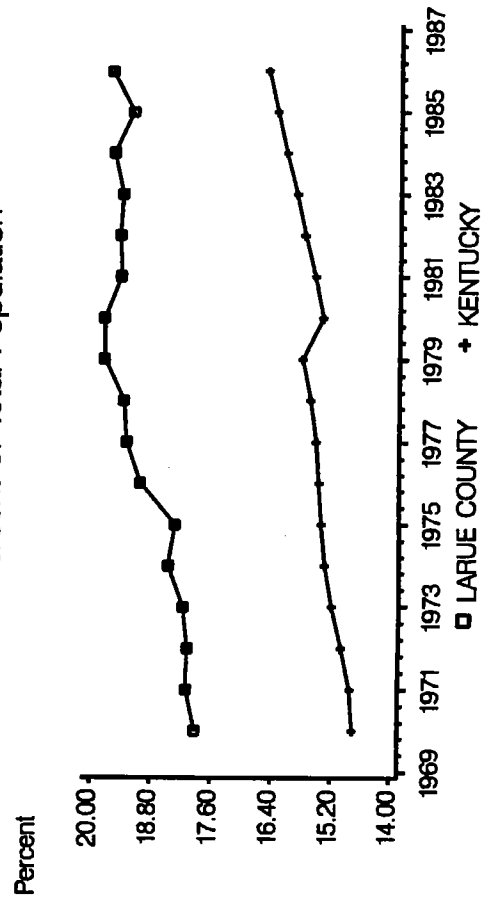


CHART 5D  
LARUE COUNTY  
POPULATION 60 AND OVER  
as a Percent of Total Population



LARUE COUNTY

PERSONAL INCOME  
In Constant 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	94	0.33	8,800	99.0
1970	93	0.31	8,637	94.7
1971	96	0.31	8,765	94.7
1972	100	0.31	8,971	92.1
1973	105	0.30	9,204	89.6
1974	108	0.30	9,412	90.8
1975	101	0.28	8,604	83.8
1976	106	0.28	9,214	85.8
1977	114	0.28	9,878	88.4
1978	120	0.29	10,287	88.9
1979	127	0.30	10,949	93.1
1980	124	0.29	10,424	90.4
1981	128	0.30	10,876	92.8
1982	124	0.29	10,442	90.4
1983	123	0.29	10,294	90.4
1984	132	0.30	10,687	89.1
1985	129	0.29	10,364	86.4
1986	130	0.28	11,058	90.4
1987	135	0.29	11,561	92.5

COMPONENTS OF PERSONAL INCOME  
In Constant 1988 Dollars

Year	EARNINGS			TRANSFER PAYMENTS			INCOME from PROPERTY		
	M\$	Percent of Personal Income		M\$	Percent of Personal Income		M\$	Percent of Personal Income	
		County	Kentucky		County	Kentucky		County	Kentucky
1969	76	81.2	79.2	10	10.7	10.9	8	8.1	9.9
1970	73	78.9	77.9	11	12.3	11.9	8	8.8	10.2
1971	75	78.6	77.0	12	12.7	12.9	8	8.7	10.1
1972	78	78.6	77.3	13	13.0	12.9	8	8.5	9.7
1973	82	77.8	76.6	14	13.5	13.6	9	8.7	9.7
1974	82	76.2	75.5	16	14.6	14.4	10	9.2	10.1
1975	72	71.6	73.3	18	18.0	16.5	11	10.5	10.1
1976	76	72.1	73.9	19	17.5	16.1	11	10.4	10.0
1977	83	73.2	74.6	19	16.3	15.3	12	10.5	10.1
1978	88	73.5	75.0	18	15.4	14.6	13	11.0	10.4
1979	93	73.4	74.1	20	15.4	15.1	14	11.2	10.8
1980	86	69.4	71.1	21	17.2	16.7	17	13.4	12.2
1981	86	67.1	69.3	23	18.1	16.8	19	14.7	13.8
1982	81	65.1	67.5	25	19.9	17.6	19	15.0	14.9
1983	77	62.1	66.6	25	20.5	18.4	22	17.4	15.1
1984	86	64.9	67.8	26	19.4	17.3	21	15.7	14.9
1985	82	63.3	67.2	26	20.2	17.6	21	16.5	15.3
1986	81	62.9	67.1	27	20.8	17.6	21	16.3	15.3
1987	87	64.2	67.5	27	20.0	17.2	21	15.8	15.3

LARUE COUNTY

SECTOR EARNINGS as a PERCENT of TOTAL COUNTY EARNINGS and  
as a PERCENT of KENTUCKY SECTOR EARNINGS

YEAR	MANUFACTURING		FARMING		MINING	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	12.1	0.08	38.1	1.09	.	.
1970	11.0	0.07	36.2	1.09	.	.
1971	11.3	0.08	35.5	1.13	.	.
1972	10.6	0.07	34.6	0.96	.	.
1973	10.7	0.07	36.1	0.98	.	.
1974	11.1	0.07	37.9	1.03	.	.
1975	11.7	0.07	22.4	0.71	.	.
1976	12.3	0.07	19.2	0.59	.	.
1977	10.7	0.06	26.7	0.79	.	.
1978	11.7	0.07	25.4	0.87	.	.
1979	12.0	0.07	30.7	1.11	.	.
1980	13.0	0.08	26.9	1.09	0.2	0.00
1981	13.6	0.09	32.2	1.04	0.2	0.00
1982	15.1	0.10	26.6	0.96	0.2	0.00
1983	17.5	0.10	13.2	1.00	0.2	0.00
1984	15.9	0.10	23.9	0.83	0.1	0.00
1985	19.3	0.12	18.0	0.81	0.2	0.00
1986	17.4	0.11	16.1	0.88	.	.
1987	15.2	0.10	20.9	1.06	.	.

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	9.2	0.12	12.2	0.13	10.8	0.20
1970	9.9	0.12	12.8	0.13	12.0	0.20
1971	10.2	0.12	12.8	0.13	11.4	0.19
1972	11.1	0.13	13.3	0.13	11.4	0.19
1973	10.0	0.12	13.2	0.13	10.7	0.18
1974	9.2	0.12	13.4	0.14	9.9	0.18
1975	13.4	0.13	17.4	0.14	12.8	0.17
1976	13.8	0.14	18.0	0.15	12.3	0.17
1977	12.8	0.14	15.7	0.14	11.3	0.17
1978	12.4	0.13	14.5	0.13	11.2	0.17
1979	11.6	0.14	13.6	0.13	10.4	0.17
1980	13.1	0.13	14.0	0.13	11.2	0.16
1981	11.7	0.13	12.3	0.13	10.3	0.16
1982	11.8	0.12	13.6	0.14	11.4	0.17
1983	13.9	0.11	15.1	0.13	13.5	0.17
1984	12.1	0.11	11.4	0.11	11.7	0.17
1985	12.8	0.11	12.1	0.11	12.8	0.17
1986	14.3	0.11	11.5	0.11	13.1	0.17
1987	14.2	0.11	11.1	0.11	12.6	0.17

LARUE COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	345	10.0	1,448	41.8	.	.
1970	330	9.7	1,452	42.8	.	.
1971	346	10.0	1,454	41.8	.	.
1972	408	11.3	1,460	40.4	.	.
1973	401	10.9	1,484	40.5	.	.
1974	402	10.8	1,496	40.3	.	.
1975	333	9.4	1,394	39.3	.	.
1976	378	10.3	1,432	39.0	.	.
1977	379	10.0	1,408	37.2	.	.
1978	431	10.9	1,409	35.5	.	.
1979	517	13.0	1,327	33.4	.	.
1980	462	12.1	1,299	34.1	.	.
1981	493	12.7	1,299	33.5	.	.
1982	532	13.5	1,270	32.3	.	.
1983	505	12.7	1,325	33.3	.	.
1984	500	12.7	1,272	32.3	.	.
1985	605	15.1	1,243	31.0	.	.
1986	546	13.6	1,249	31.1	.	.
1987	522	12.9	1,221	30.1	.	.

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	404	11.7	496	14.3	295	8.5
1970	387	11.4	454	13.4	307	9.0
1971	423	12.2	481	13.8	310	8.9
1972	434	12.0	483	13.4	316	8.7
1973	449	12.3	496	13.5	317	8.6
1974	441	11.9	530	14.3	320	8.6
1975	482	13.6	536	15.1	322	9.1
1976	468	12.7	573	15.6	317	8.6
1977	526	13.9	610	16.1	316	8.3
1978	562	14.2	632	15.9	321	8.1
1979	547	13.8	611	15.4	331	8.3
1980	553	14.5	541	14.2	324	8.5
1981	549	14.2	531	13.7	335	8.6
1982	560	14.2	553	14.1	337	8.6
1983	589	14.8	526	13.2	336	8.4
1984	607	15.4	499	12.7	339	8.6
1985	598	14.9	499	12.5	349	8.7
1986	603	15.0	482	12.0	354	8.8
1987	628	15.5	501	12.3	360	8.9

LARUE COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	3,460	\$11,566	\$17,440	.	4.2
1970	3,395	\$11,092	\$17,811	8.2	4.4
1971	3,477	\$11,455	\$18,166	3.5	5.1
1972	3,614	\$11,282	\$18,970	3.7	6.0
1973	3,665	\$12,016	\$19,232	3.1	3.7
1974	3,716	\$12,182	\$19,008	4.3	4.5
1975	3,550	\$10,183	\$18,976	7.1	7.3
1976	3,674	\$10,549	\$19,563	5.3	5.6
1977	3,786	\$11,468	\$20,031	4.4	4.7
1978	3,971	\$11,572	\$20,121	5.3	5.3
1979	3,977	\$12,955	\$20,110	6.0	5.5
1980	3,814	\$12,124	\$19,439	7.2	8.0
1981	3,878	\$12,826	\$19,286	7.8	8.4
1982	3,932	\$11,755	\$18,931	10.3	10.6
1983	3,981	\$10,192	\$18,358	10.7	11.6
1984	3,943	\$12,221	\$19,080	8.0	9.3
1985	4,007	\$11,358	\$18,676	9.0	9.5
1986	4,020	\$11,273	\$18,627	8.6	9.3
1987	4,061	\$11,999	\$18,636	7.9	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER AGE 6		PERCENT AGE 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	10,600	0.33	.	.	.	.
1970	10,700	0.33	8.8	10.3	17.9	14.8
1971	10,900	0.33	8.2	9.6	18.1	14.8
1972	11,100	0.33	8.0	9.1	18.1	15.0
1973	11,400	0.34	7.8	8.8	18.2	15.2
1974	11,400	0.33	7.9	8.6	18.5	15.3
1975	11,700	0.34	7.7	8.4	18.3	15.4
1976	11,500	0.33	8.0	8.2	19.0	15.5
1977	11,500	0.32	8.3	8.4	19.3	15.5
1978	11,600	0.32	8.5	8.5	19.4	15.6
1979	11,600	0.32	8.8	8.7	19.7	15.8
1980	11,900	0.32	8.5	9.2	19.7	15.4
1981	11,800	0.32	8.5	9.3	19.4	15.5
1982	11,900	0.32	8.3	9.2	19.4	15.7
1983	12,000	0.32	8.0	9.2	19.4	15.9
1984	12,300	0.33	8.1	9.0	19.6	16.1
1985	12,400	0.33	7.6	8.9	19.2	16.3
1986	11,700	0.31	7.6	8.6	19.6	16.5
1987	11,700	0.31	.	.	.	.



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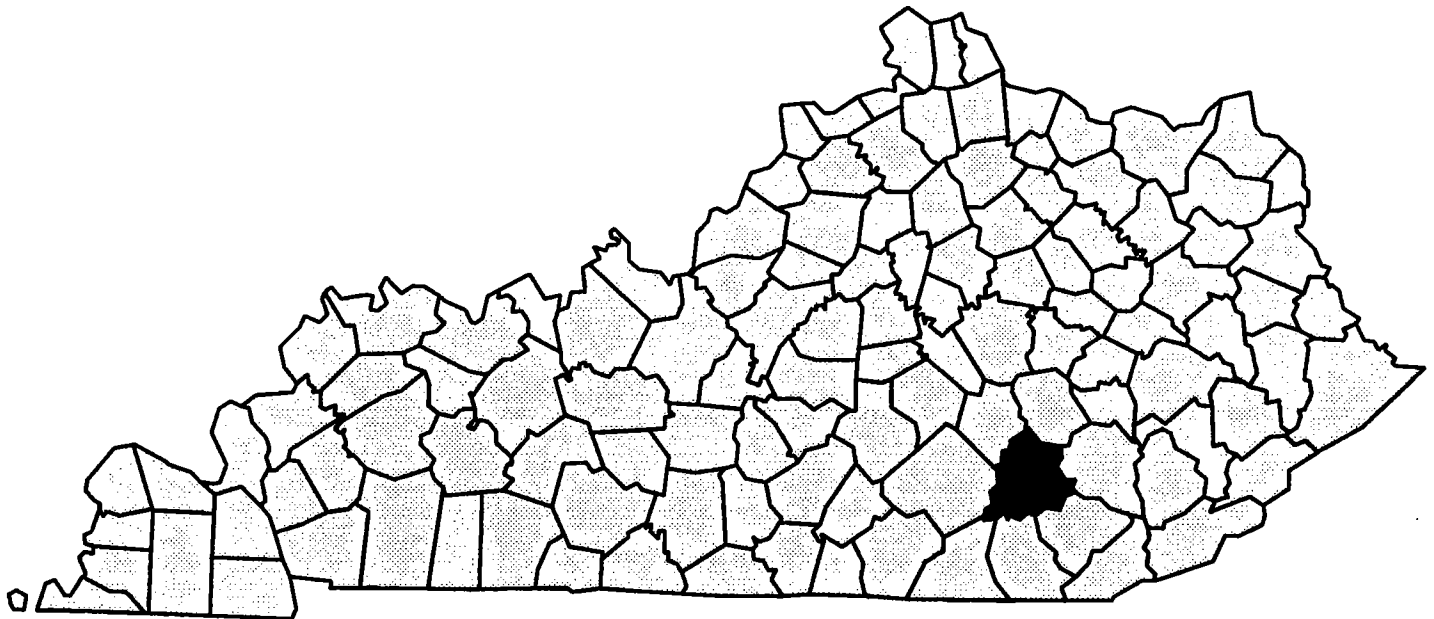
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ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

LAUREL COUNTY



Prepared by  
Virginia Wilson  
Donna A. Cantrell

RESEARCH MEMORANDUM 438  
Legislative Research Commission  
Frankfort, Kentucky  
February, 1990



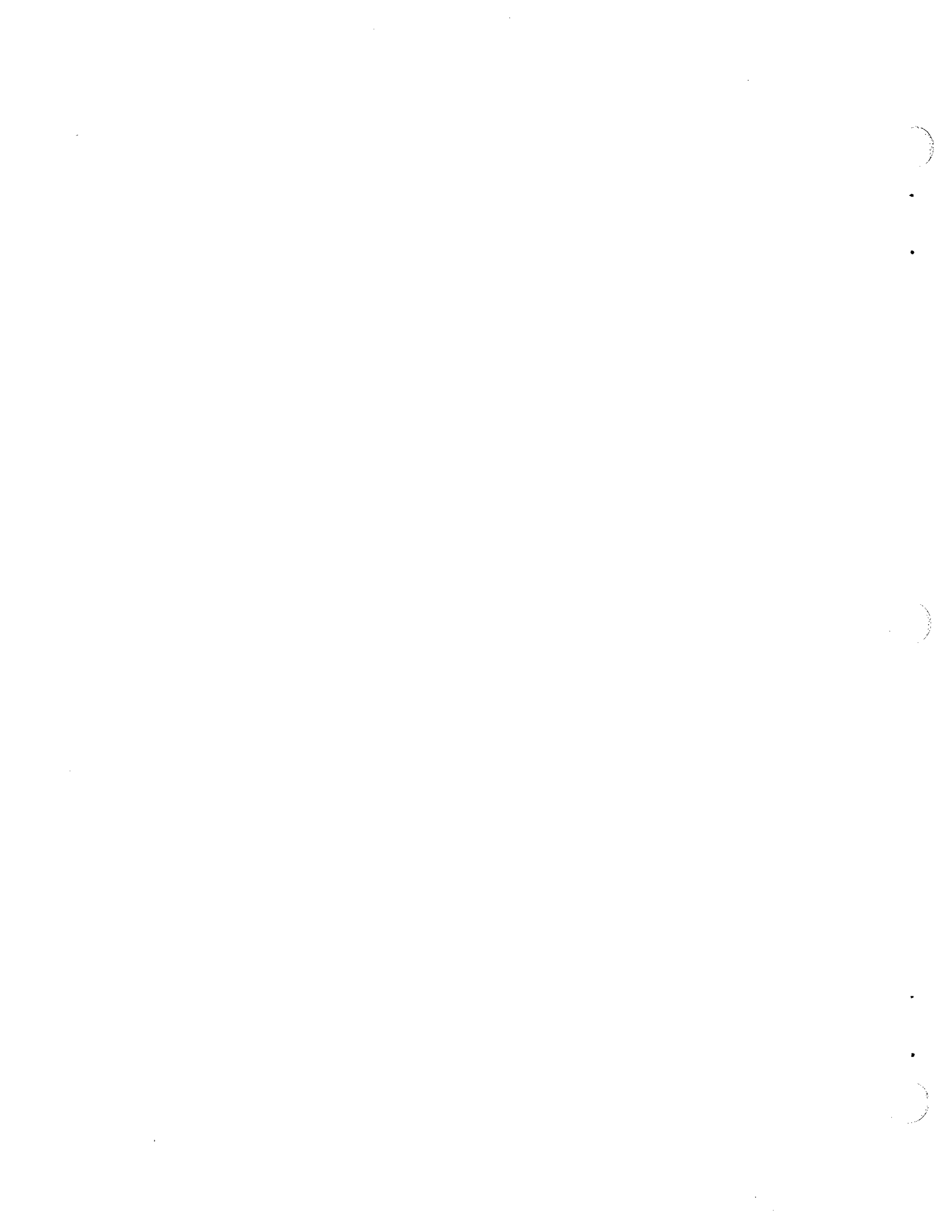
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1969 – 1987

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LAUREL COUNTY

Prepared by  
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RESEARCH MEMORANDUM 438  
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Frankfort, Kentucky  
February, 1990



## FOREWORD

This publication is one of a set of 120, highlighting economic trends in each county in Kentucky from 1969-1987. This effort is part of the ongoing activities sponsored by the Legislative Research Commission to provide a long-term perspective on issues for decision makers. The economies of individual counties do not always parallel overall state trends. This set of publications is an attempt to look at the economic trends in each county over time and to point out where the economies of individual counties may be performing differently from the economy of the state as a whole.

This publication was prepared by Virginia Wilson and Donna Cantrell. Susan Dance assisted in production of the manuscript and Charles Bush edited the report. The assistance of Carol Straus from the Center for Business and Economic Research at the University of Kentucky in deciphering data is gratefully acknowledged.

Vic Hellard, Jr.  
Director

The Capitol  
Frankfort  
February, 1990



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## SUMMARY

The Laurel County economy, as measured by personal income, grew strongly from 1969 to 1987. Laurel County increased its share of Kentucky personal income, indicating that the county economy grew faster than the state economy. However, both per capita personal income and average earnings per job were below those of the state.

The county has historically had a strong concentration in the manufacturing sector. However, the county share of earnings and employment in manufacturing increased in the early 1970's, then declined in the 1980's. The county's share of earnings and employment in the farming and mining sectors also declined. These trends parallel those of the state.

The non-goods-producing sectors, particularly service and trade, experienced significant growth at the state level. While the service sector increased significantly in Laurel County, the trade and state and local government sectors declined.

Overall, Laurel County had a diversified economic base. However, the county's strong economic growth was, in large part, driven by increases in the service sector. The national economic outlook is for continued growth in this sector. Future economic growth in Laurel County will be enhanced by its diversified economic base and a growing service sector.





## INTRODUCTION

This is one of a series of reports called Economic Trends in Kentucky Counties. The purpose of this series is to describe the economic structure of Kentucky counties and to assess their economic performance relative to their own history and relative to the Kentucky economy. Information on the structure and patterns of change in county economies and an understanding of their relationship to the Kentucky economy can help in making policy decisions that are intended to shape Kentucky's economic future.\*

When assessing any economy there are several pertinent questions which may be addressed. The first concerns changes in the absolute size of the economy over time. Here the relevant comparison is between the county economy and its own history. Since most economic variables are given in dollars and since inflation causes the value of a dollar to vary over time, all dollar values in this report are presented in constant 1988 dollars. This allows analysis of real changes over time by controlling for the effects of inflation.

A second question concerns the structure and nature of the county economy. The structure of an economy refers to the relative share contributed by the various segments of the economy, while the nature deals with how this share has changed over time.

A third question concerns the performance of the county economy when compared to the Kentucky economy. For example, if a county has a higher proportion of earnings or employment in a particular sector it would indicate a specialization in that sector. Differences in economic structure may explain variations in relative economic well-being between a county and the state as a whole.

Economic data for counties are usually published after a lag of two years. Therefore, most data in this report cover the period 1969 to 1987. All data for this report was obtained from the Kentucky Economic Information System, an on-line database maintained by the University of Kentucky Center for Business and Economic Development.

There are certain caveats which should be remembered when analyzing data. First, it is a common and useful approach to evaluate the percentage an economic sector contributes to the total economy. However, one must remember that a sector's percentage contribution may decline even when its absolute value is increasing if another sector's contribution is growing at a faster rate. Secondly, when reviewing data in graphical analyses, the scales used to present data should be noted. In this report most graphs are presented with the narrowest scale which will cover all data points. This can accentuate visual patterns over time even when absolute changes are relatively small.

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\*For an analysis of economic trends in Kentucky, see Virginia Wilson, Patterns of Growth and Decline in the Kentucky Economy 1969-1988, Research Memorandum 437, Legislative Research Commission, November 1989.



## ECONOMIC TRENDS IN LAUREL COUNTY

The following analysis includes a brief description of the county economy and is accompanied by graphical illustrations. Data tables are also included at the end of this report. Three principal components of the Laurel County economy are analyzed. They are:

1. Personal Income
2. Earnings
3. Employment

Also, because coal production has been an important component in the Kentucky economy and in many local economies, the coal sector is analyzed in counties which have a history of coal production.

### Personal Income

Personal income is often used as a measure of the economic activity in an area. Personal income is the sum of all the dollar income received by individuals in an area from any legal source. Personal income data is published by the Bureau of Economic Analysis (BEA) for most major geographic regions, including states, counties, and major cities.

In general, income can be obtained in three ways. First, it can be earned by the work of an individual. This type of income includes wage and salary income and proprietors' earnings. Second, income can be earned by property. This component includes earnings from rents, dividends, and interest. Finally, income can be received as a gift or an entitlement. This type of income constitutes the component of personal income called transfer payments. Included in this component is income from sources such as retirement benefits, unemployment benefits, food stamps, and medical programs such as Medicare and Medicaid.

As can be seen in Chart 1A, the size of the Laurel County economy, as measured by personal income, increased significantly, from \$163 million in 1969 to \$442 million in 1987, after adjusting for inflation. Chart 1B shows Laurel County total personal income as a percent of Kentucky total personal income. Laurel County increased its share of Kentucky personal income.

A similar pattern emerges from an examination of per capita personal income. Per capita personal income is simply the total personal income of an area divided by its population. Per capita personal income is often used as a measure of the economic well-being of the residents of an area. Charts 1C and 1D indicate that Laurel County per capita income increased over the time period to a level of \$10,196 in 1987, when it was 81.6 percent of Kentucky per capita personal income.

A better understanding of the nature of economic activity can be gleaned from an examination of the relative contribution of the components of personal

income and how their shares have changed over time. This information is illustrated in Charts 2A-2D. Earnings showed very strong growth during the period. Total earnings increased from \$126 million in 1969 to \$310 million in 1987 (in constant 1988 dollars). While earnings increased, their share of personal income declined over time. This trend occurred at the state level as well. In 1987, earnings accounted for 70.3 percent of Laurel County's total personal income, compared to Kentucky's 67.5 percent share.

Transfer payments contributed \$27 million to total personal income in 1969 and \$82 million in 1987. In 1987, transfer payments contributed 18.5 percent of personal income in Laurel County, compared to 17.2 percent in Kentucky.

Income from property in Laurel County grew steadily through the time period. Income from property totalled \$11 million in 1969 and increased to \$50 million in 1987.

## Earnings

Earnings are the component of personal income reflecting payments to individuals in return for labor. Earnings include both wages and salaries and proprietor's income. In 1969, Laurel County received 15.8 percent of total earnings from manufacturing. This percentage increased through the 1970's then declined slightly in the 1980's, to 23.0 percent in 1987 (Chart 3A). At the state level, the percentage of earnings from manufacturing showed a steady decline over the period.

Mining sector earnings increased from 1.7 percent of total earnings to 10.1 percent in 1977. However, this share declined to 5.4 percent in 1987. Farming's contribution to total county earnings decreased from 9.4 percent in 1969 to 1.4 percent in 1987. The trend toward declining share of earnings from these sectors is consistent with state and national trends.

Earnings from non-goods-producing industries as a percent of total earnings are illustrated in Chart 3B. The percent of earnings from the service sector increased from 11.6 percent in 1969 to 17.1 percent in 1987. The percent of earnings from the trade sector declined slightly to 19.2 percent in 1987. The share of earnings from the state and local government sector remained stable. At the state level, the percent of earnings from services increased, while the percents from trade and state and local government were stable.

Average earnings per job (adjusted for inflation) for Laurel County and Kentucky are shown in Chart 3D. In Kentucky, average earnings per job reached a high of \$20,121 per person in 1978. Since then, average earnings per job declined and in 1987 they were \$18,636 per person. Laurel County average earnings per job were below those of the state. County average earnings were \$16,749 in 1987.

## Employment

Employment is considered any activity for which one receives financial remuneration in the form of wages or profits. Total employment in Laurel County increased substantially during the data period. In 1969, total employment stood at 7,305 people. By 1987, that figure had increased to 19,358.

The unemployment rate, often used as an indicator of economic well-being, is the ratio of unemployed to the total civilian labor force. Unemployment is described as a condition of being out of work while actively seeking employment within the last thirty days. The civilian labor force is described as the proportion of population age 16 or older employed or actively seeking employment. Annual unemployment rates for Kentucky and Laurel County are presented in Chart 4B. Unemployment trends in Laurel County followed those of the state throughout the period. However, in 1987, the county unemployment rate was 10.7 percent, higher than 8.8 percent for Kentucky.

Another employment concept includes the discouraged worker. Discouraged workers are persons who want jobs but made no attempt to find work in the last thirty days because they believe they could not find it. These individuals are not included when calculating official unemployment rates. The Cabinet for Human Resources does not estimate discouraged workers by county. However, preliminary research by the Cabinet indicates that the inclusion of discouraged workers in the civilian labor force estimate would increase the unemployment rate by approximately four percent for the state. This figure would vary by county depending on the labor market in a county or within commuting distance.

Employment in the goods-producing industries is illustrated in Chart 4C. The percent of total employment in manufacturing increased from 15.4 percent in 1969 to 30.3 percent in 1974, then decreased to 19.3 percent in 1987. The farm sector's share of employment declined from 14.0 percent in 1969 to 8.2 percent in 1987. The share of employment in the mining sector increased from 0.9 percent in 1969 to 5.1 percent in 1982, then declined to 3.0 percent in 1987. At the state level, employment shares in all three of these sectors showed a decline.

Employment in the non-goods-producing industries is presented in Chart 4D. Service sector employment increased from 1969 to 1987. In 1969, the service sector accounted for 12.1 percent of employment. This share increased to 19.8 percent in 1987. The trade sector's share of employment declined during the period to 22.7 percent in 1987. The percent of employment in state and local government decreased from 11.5 percent in 1969 to 8.0 percent in 1987. At the state level, service and trade employment increased significantly, while government employment remained constant.

## Population

The census conducted each decade counts the actual population in an area. Population is then statistically estimated during intervening years.

The demographic composition of this population growth has important implications for the future demand for goods and services, and ultimately, the economic structure of Laurel County.

The Laurel County population grew significantly, from 27,100 in 1969 to 43,300 in 1987 (Chart 5A). It was estimated that in 1986, 9.0 percent of Laurel County's population was under six years of age, compared to 8.6 percent for the state. In the same year, 14.9 percent of the Laurel County population was sixty years of age and over, while 16.5 percent of all Kentucky residents fell in this age group.

## Coal

The coal sector provides significant income and employment to the Kentucky economy. This sector also contributes directly to the Commonwealth's General Fund revenues through severance tax collections. While mining employment and earnings are a small percent of their respective totals for Laurel County, coal production has been a nontrivial sector of the county economy.

Laurel County coal production patterns are presented in Chart 6A. Coal production is estimated by the Energy Information Administration of the U.S. Department of Energy. Estimates of production are calculated from a sample of coal shipments from each county. Coal production increased significantly in the mid-1970's to a high of 2,255 thousand tons in 1981. This production increase was likely stimulated by changes in international energy markets. Specifically, a sharp increase in the price of oil resulted in increased demand for coal by utilities and resulted in increases in the price of coal. However, when oil prices declined, coal production also declined. In 1986, 265 thousand tons of coal was mined in Laurel County.

Employment in the mining sector, which includes coal and other forms of mining, is illustrated in Chart 6B. In 1969 there were only 66 people employed in mining in Laurel County. Employment increased steadily to a high of 839 people in 1982. In 1987, this sector provided 573 jobs in Laurel County. The dramatic changes in employment illustrate the volatile nature of coal production and its impact on local economies.

The average value per ton for coal is illustrated in Chart 6C. Similar to patterns for the national coal market, average value per ton increased in the 1970's, then declined significantly during the 1980's.

Coal severance tax receipts are presented in Chart 6D. The Kentucky Revenue Cabinet collects severance taxes on processed coal. Receipts are then allocated to counties, based on the value of the coal mined in the county and the value attributed to any processing done in the county. Therefore, trends in severance tax collections may not exactly parallel those of the coal production figures in Chart 6A. Coal severance tax collections from Laurel County reached a high of \$3.8 million in 1982. In 1986, coal severance tax collections allocated to Laurel County totalled \$487,000.

CHART 1A  
LAUREL COUNTY  
REAL PERSONAL INCOME  
Millions of 1988 dollars

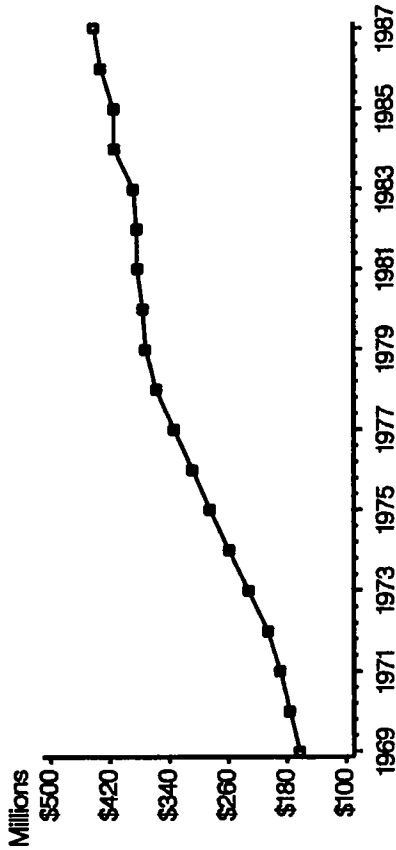


CHART 1B  
LAUREL COUNTY  
PERSONAL INCOME  
as a Percent of Kentucky Personal Income

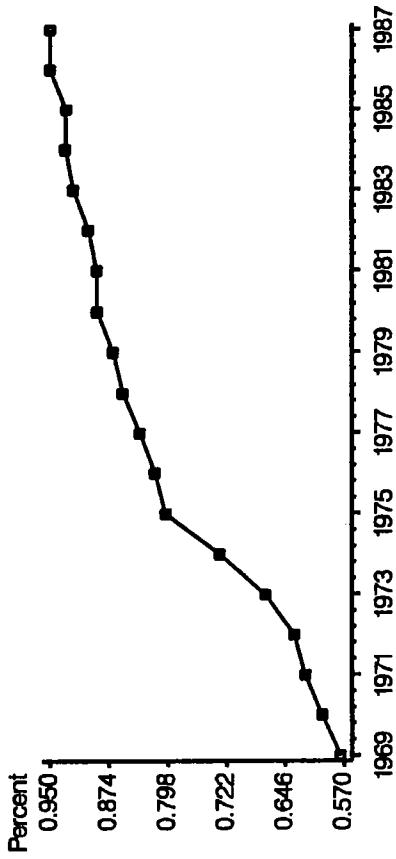


CHART 1C  
LAUREL COUNTY  
PER CAPITA PERSONAL INCOME  
in Constant 1988 Dollars

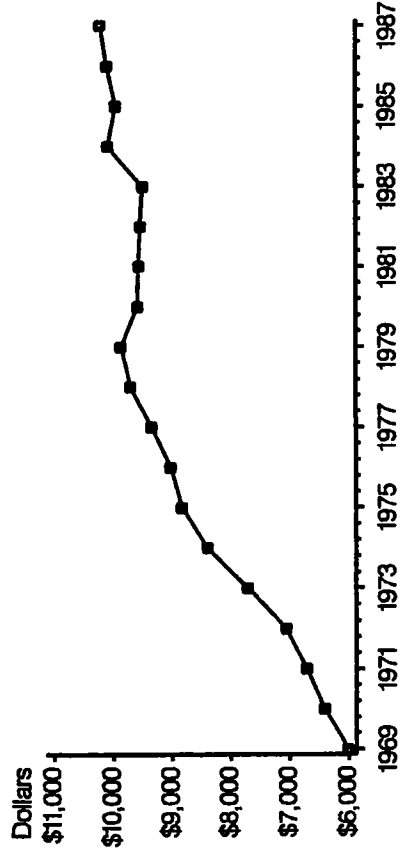


CHART 1D  
LAUREL COUNTY  
PER CAPITA PERSONAL INCOME  
as a Percent of Kentucky Per Capita Personal Income

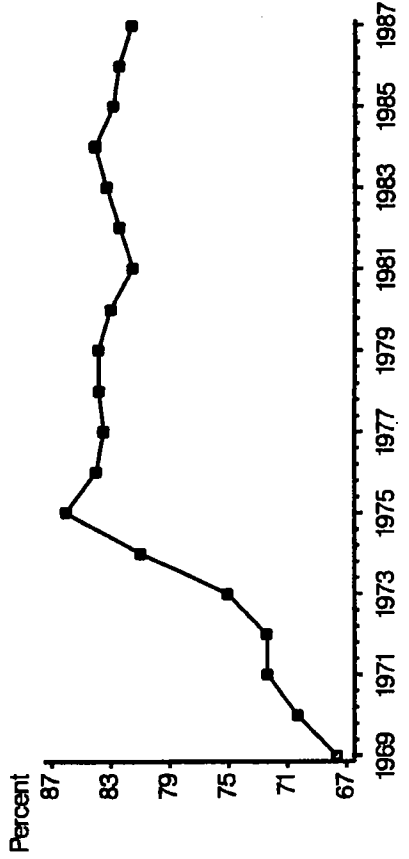


CHART 2A

LAUREL COUNTY

REAL TOTAL EARNINGS

Millions of 1988 dollars

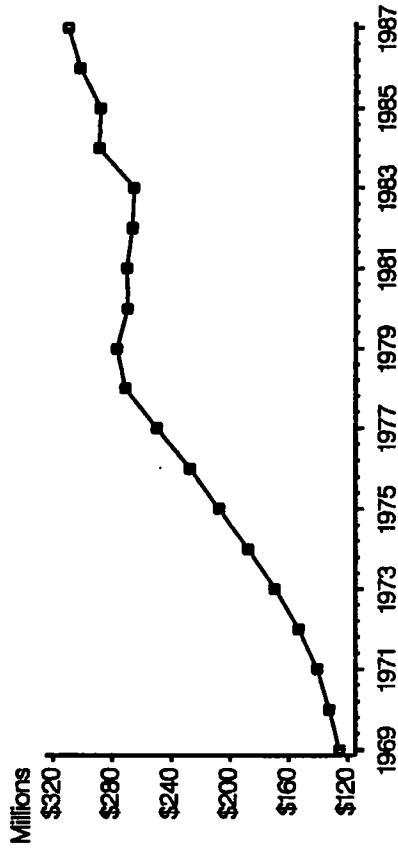


CHART 2B

LAUREL COUNTY

TRANSFER PAYMENTS and INCOME FROM PROPERTY

Millions of 1988 Dollars

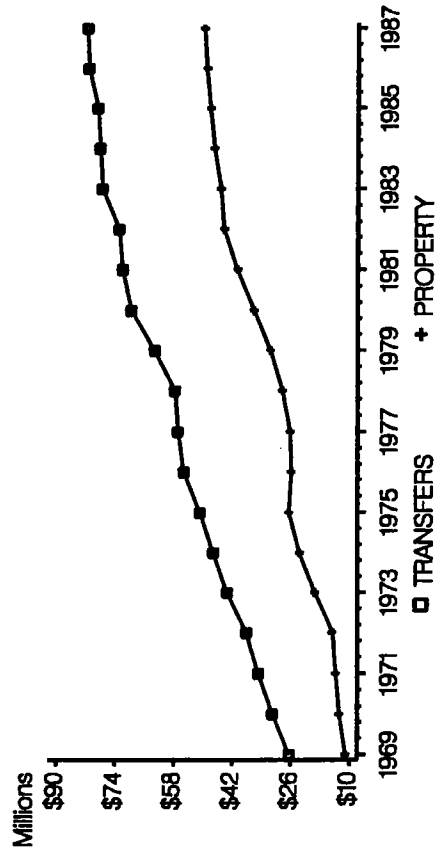


CHART 2C

LAUREL COUNTY

TOTAL EARNINGS

as a Percent of Personal Income

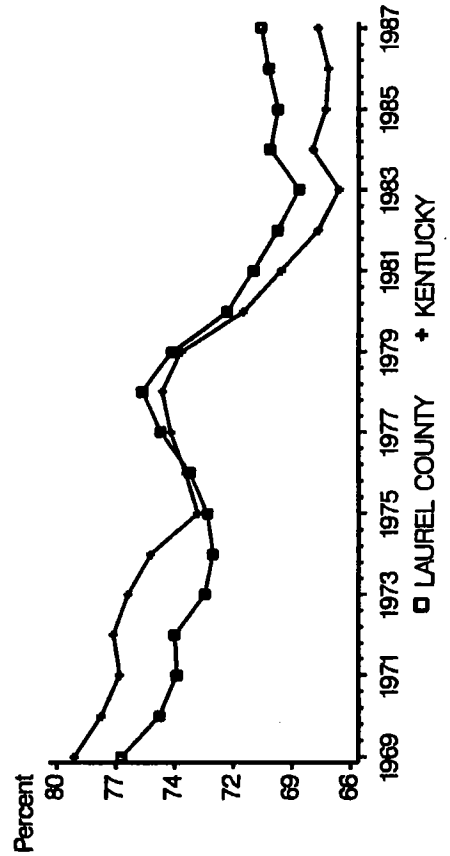


CHART 2D

LAUREL COUNTY

TRANSFER PAYMENTS

as a Percent of Personal Income

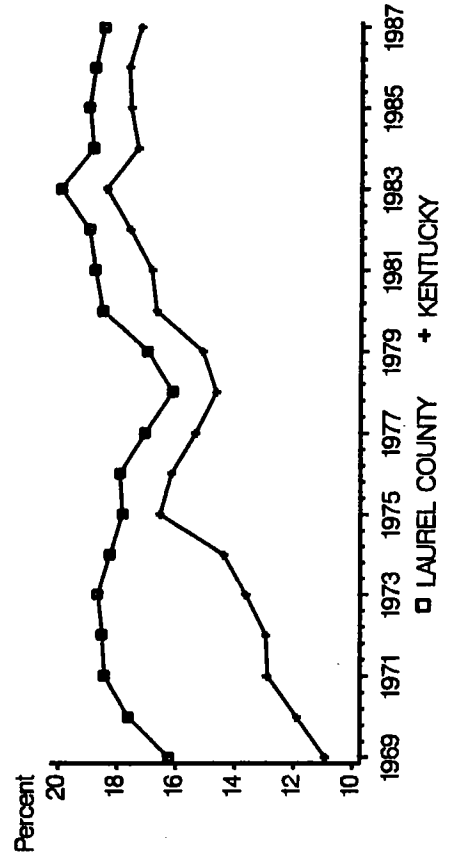




CHART 3A

LAUREL COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

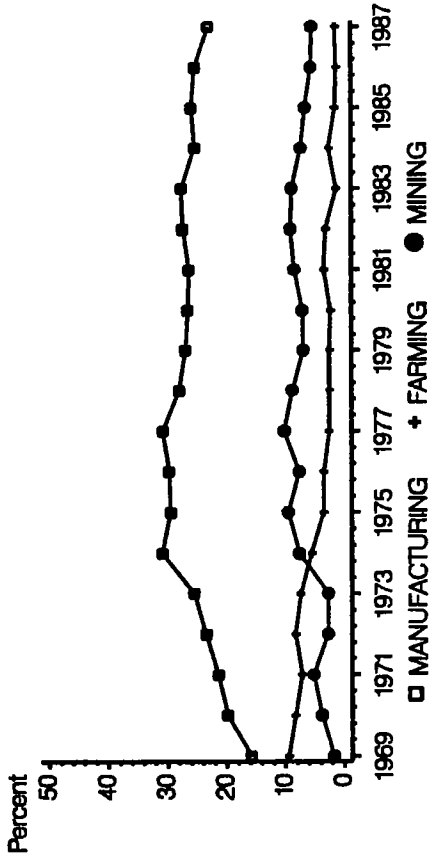


CHART 3B

LAUREL COUNTY

EARNINGS in NON - GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

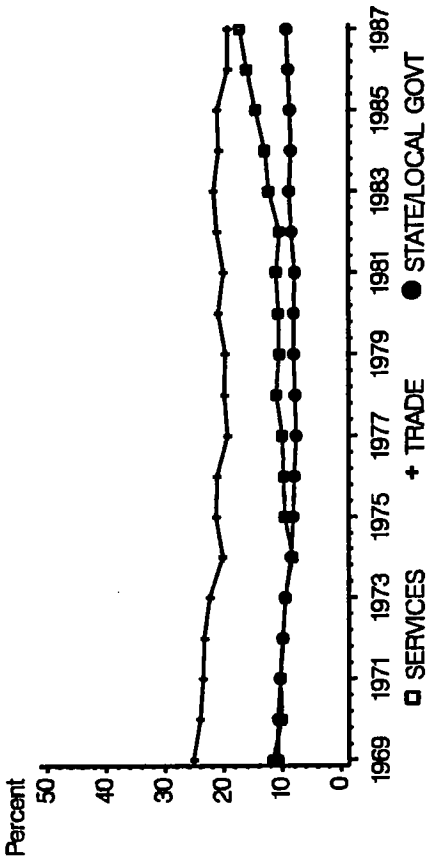


CHART 3C

LAUREL COUNTY

EARNINGS in GOODS PRODUCING INDUSTRIES  
as a Percent of Kentucky Industries

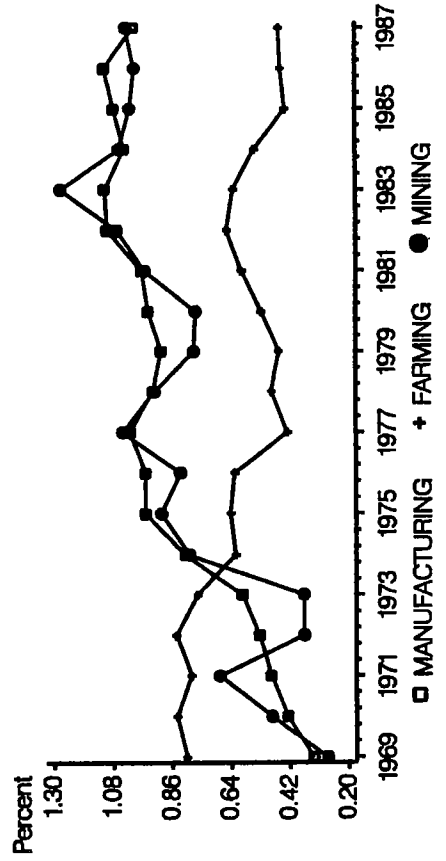


CHART 3D

LAUREL COUNTY

AVERAGE EARNINGS PER JOB  
in Constant 1988 Dollars

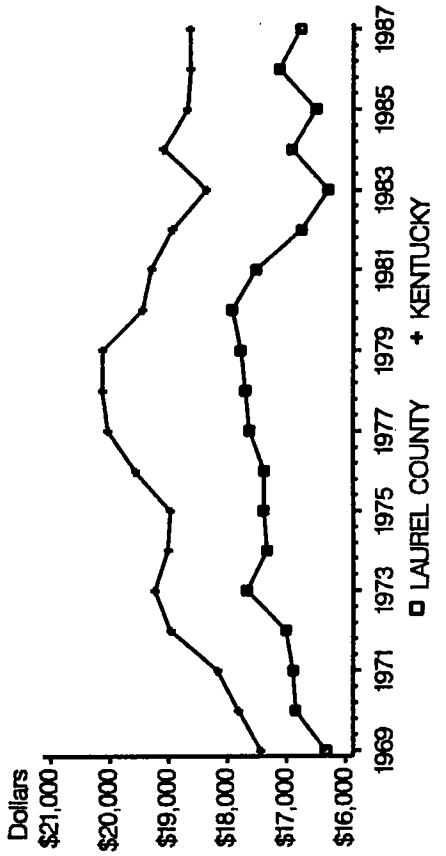


CHART 4A  
LAUREL COUNTY  
TOTAL EMPLOYMENT  
Thousands of People

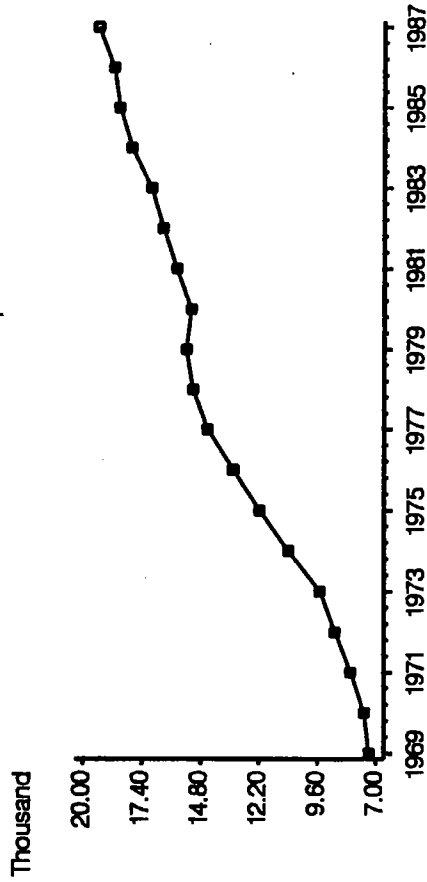


CHART 4B  
LAUREL COUNTY  
ANNUAL UNEMPLOYMENT RATE

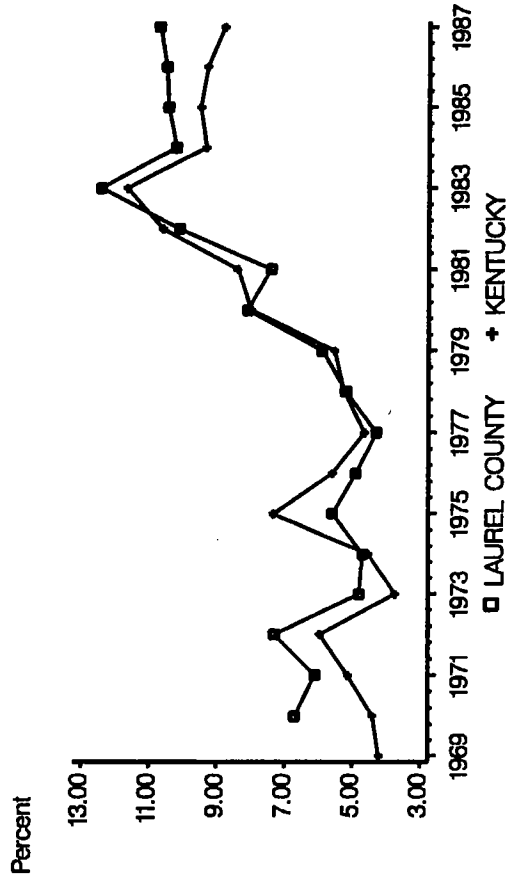


CHART 4C  
LAUREL COUNTY  
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

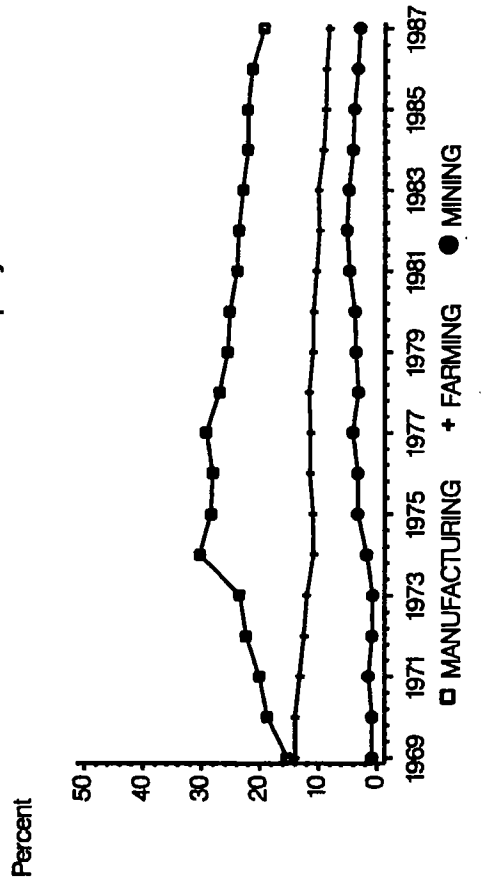


CHART 4D  
LAUREL COUNTY  
EMPLOYMENT in NON-GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

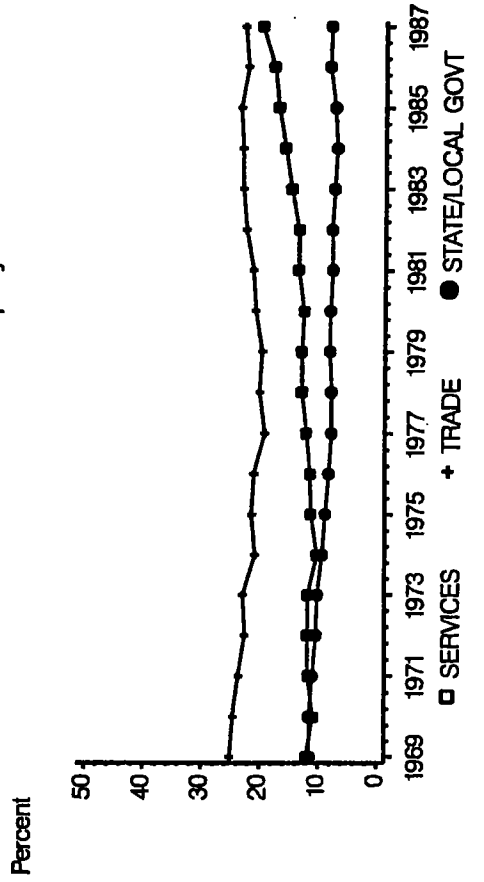


CHART 5A  
LAUREL COUNTY  
POPULATION  
Thousands of People

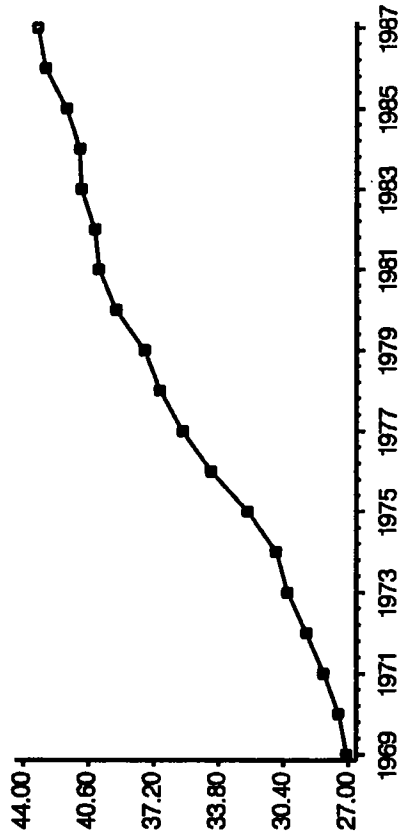


CHART 5B  
LAUREL COUNTY  
POPULATION  
as a Percent of Kentucky Population

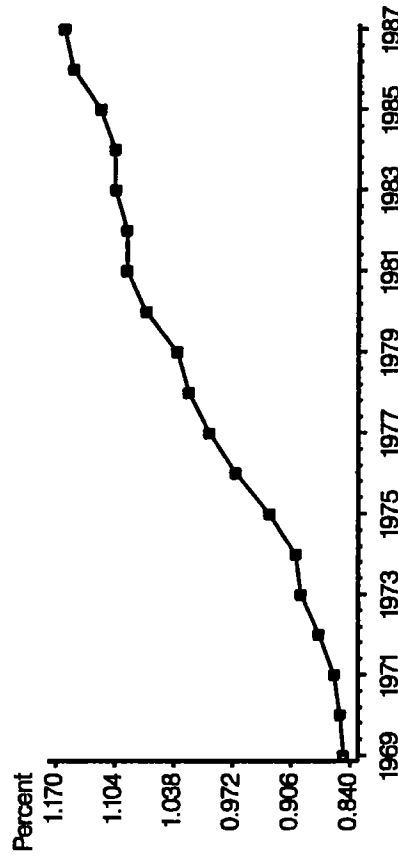


CHART 5C  
LAUREL COUNTY  
POPULATION 5 AND UNDER  
as a Percent of Total Population

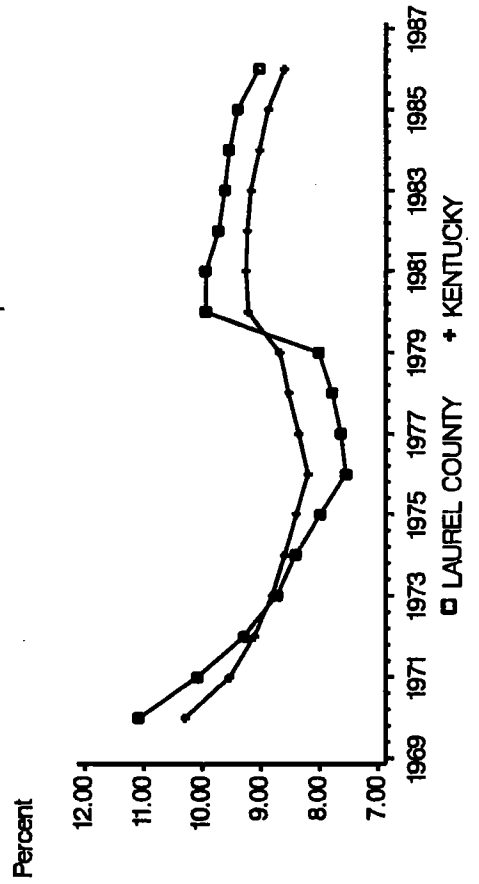
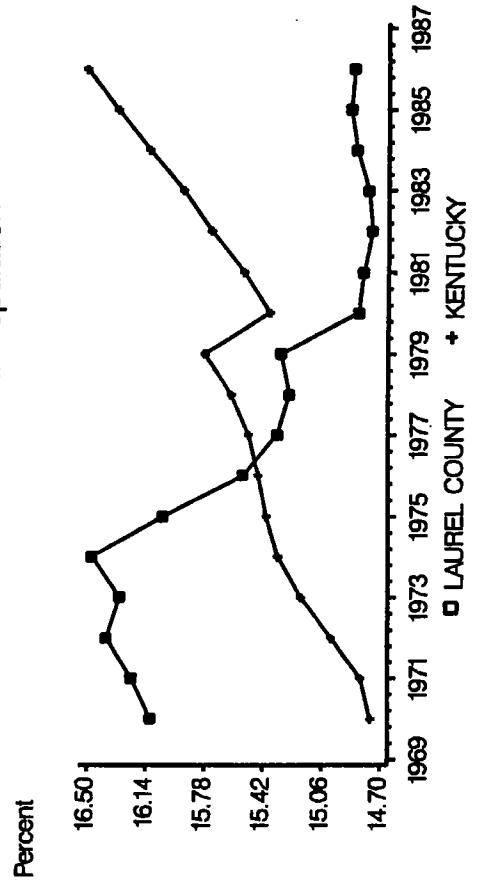
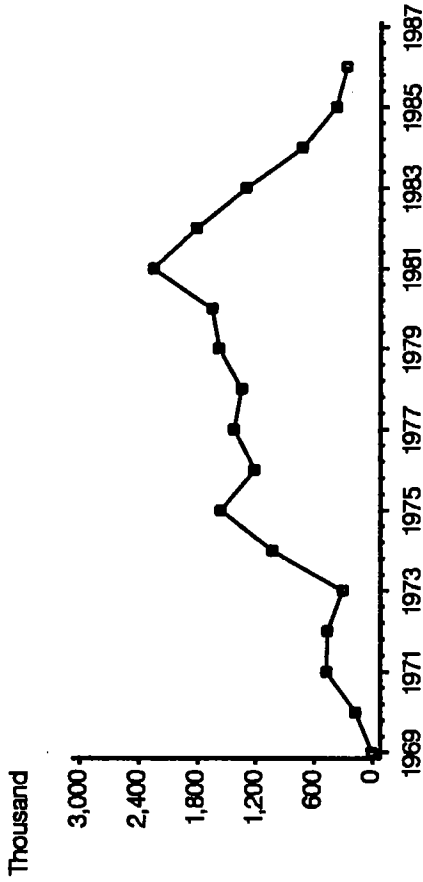


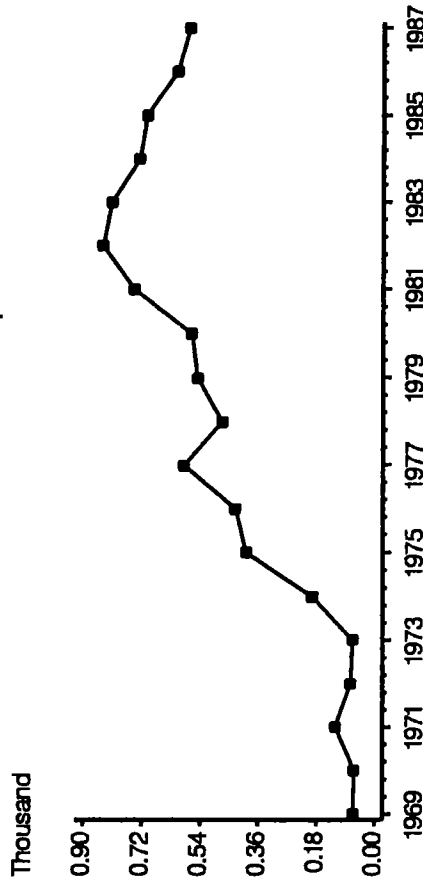
CHART 5D  
LAUREL COUNTY  
POPULATION 60 AND OVER  
as a Percent of Total Population



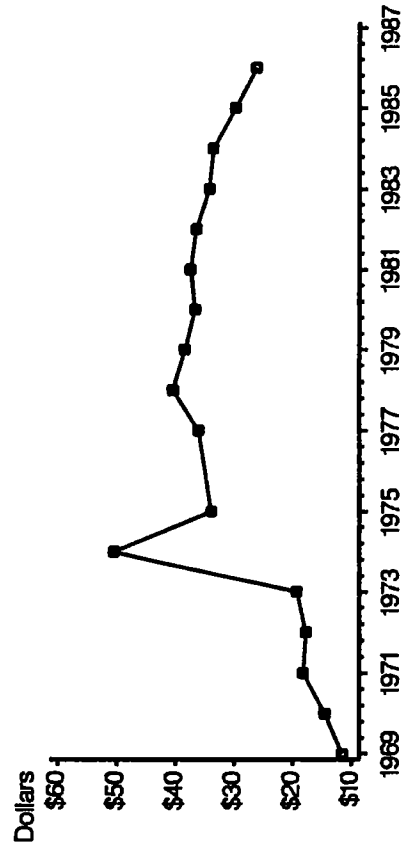
**CHART 6A**  
**LAUREL COUNTY**  
**TOTAL COAL PRODUCTION (SHIPMENTS)**  
 Thousands of Tons



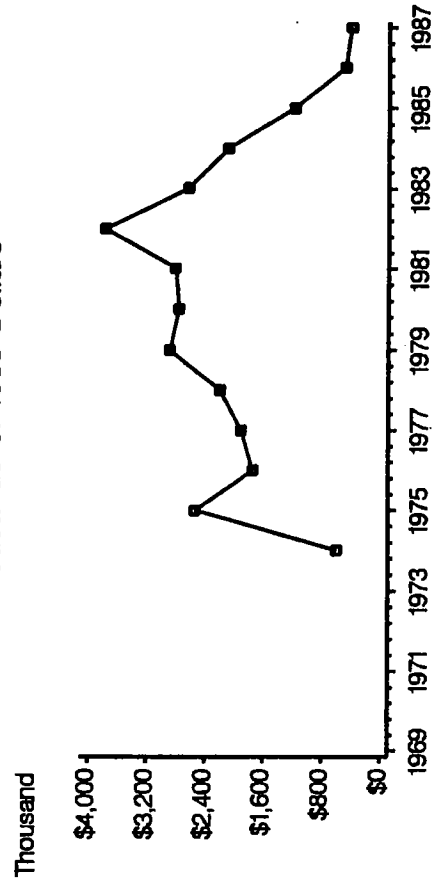
**CHART 6B**  
**LAUREL COUNTY**  
**MINING EMPLOYMENT**  
 Thousands of People



**CHART 6C**  
**LAUREL COUNTY**  
**AVERAGE VALUE PER TON FOR COAL**  
 Constant 1988 Dollars



**CHART 6D**  
**LAUREL COUNTY**  
**TAX RECEIPTS ON COAL SEVERED OR PROCESSED**  
 Thousands of 1988 Dollars



LAUREL COUNTY

PERSONAL INCOME  
In Millions of 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	163	0.57	6,015	67.7
1970	176	0.60	6,411	70.3
1971	189	0.62	6,702	72.4
1972	206	0.63	7,059	72.4
1973	233	0.67	7,708	75.1
1974	259	0.73	8,392	81.0
1975	285	0.80	8,829	86.0
1976	309	0.81	9,017	84.0
1977	333	0.83	9,333	83.5
1978	357	0.86	9,694	83.8
1979	372	0.87	9,858	83.8
1980	376	0.89	9,576	83.0
1981	383	0.89	9,556	81.5
1982	384	0.90	9,523	82.4
1983	388	0.92	9,483	83.3
1984	415	0.93	10,080	84.1
1985	415	0.93	9,939	82.8
1986	433	0.95	10,090	82.4
1987	442	0.95	10,196	81.6

COMPONENTS OF PERSONAL INCOME  
In Constant 1988 Dollars

Year	EARNINGS			TRANSFER PAYMENTS			INCOME from PROPERTY		
	M\$	Percent of Personal Income		M\$	Percent of Personal Income		M\$	Percent of Personal Income	
		County	Kentucky		County	Kentucky		County	Kentucky
1969	126	76.9	79.2	27	16.2	10.9	11	6.8	9.9
1970	132	75.1	77.9	31	17.6	11.9	13	7.3	10.2
1971	141	74.3	77.0	35	18.4	12.9	14	7.3	10.1
1972	153	74.4	77.3	38	18.5	12.9	15	7.1	9.7
1973	170	73.0	76.6	43	18.7	13.6	19	8.4	9.7
1974	188	72.6	75.5	47	18.3	14.4	24	9.2	10.1
1975	208	72.9	73.3	51	17.8	16.5	27	9.3	10.1
1976	227	73.7	73.9	55	17.9	16.1	26	8.4	10.0
1977	250	75.1	74.6	57	17.1	15.3	26	7.9	10.1
1978	271	75.9	75.0	58	16.1	14.6	28	7.9	10.4
1979	277	74.5	74.1	63	17.0	15.1	32	8.5	10.8
1980	270	71.9	71.1	69	18.5	16.7	36	9.6	12.2
1981	271	70.6	69.3	72	18.8	16.8	41	10.6	13.8
1982	267	69.5	67.5	73	19.0	17.6	44	11.5	14.9
1983	266	68.5	66.6	77	19.9	18.4	45	11.6	15.1
1984	290	69.8	67.8	78	18.8	17.3	47	11.3	14.9
1985	288	69.5	67.2	79	19.0	17.6	48	11.6	15.3
1986	303	69.9	67.1	81	18.8	17.6	49	11.3	15.3
1987	310	70.3	67.5	82	18.5	17.2	50	11.3	15.3

LAUREL COUNTY

SECTOR EARNINGS as a PERCENT of TOTAL COUNTY EARNINGS and  
as a PERCENT of KENTUCKY SECTOR EARNINGS

YEAR	MANUFACTURING		FARMING		MINING	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	15.8	0.33	9.4	0.81	1.7	0.28
1970	19.8	0.43	8.3	0.84	3.7	0.49
1971	21.4	0.49	7.2	0.79	5.2	0.68
1972	23.5	0.53	8.3	0.85	2.7	0.36
1973	25.5	0.60	7.4	0.77	2.7	0.37
1974	30.9	0.81	5.5	0.62	7.6	0.79
1975	29.4	0.96	3.4	0.64	9.5	0.90
1976	29.7	0.96	3.4	0.62	7.6	0.83
1977	30.8	1.01	2.5	0.43	10.1	1.04
1978	28.0	0.93	2.4	0.49	8.7	0.92
1979	26.9	0.90	2.4	0.46	6.8	0.78
1980	26.5	0.95	2.2	0.52	7.0	0.77
1981	26.3	0.97	3.3	0.60	8.4	0.96
1982	27.3	1.10	3.0	0.65	9.0	1.06
1983	27.6	1.11	1.2	0.63	8.8	1.27
1984	25.3	1.04	2.5	0.55	7.2	1.05
1985	25.9	1.07	1.4	0.43	6.5	1.01
1986	25.3	1.11	1.2	0.45	5.5	1.00
1987	23.0	1.00	1.4	0.46	5.4	1.03

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	11.6	0.45	25.1	0.82	10.7	0.60
1970	10.1	0.41	24.0	0.80	10.8	0.60
1971	10.3	0.43	23.4	0.83	10.4	0.60
1972	9.9	0.43	23.3	0.85	9.9	0.60
1973	9.5	0.44	22.3	0.86	9.5	0.62
1974	8.2	0.44	20.1	0.88	8.5	0.63
1975	9.6	0.56	21.2	1.01	8.1	0.65
1976	9.7	0.58	21.1	1.04	7.9	0.66
1977	10.0	0.63	19.2	1.03	7.6	0.67
1978	10.9	0.68	19.8	1.03	7.7	0.68
1979	10.4	0.65	19.6	1.03	7.9	0.68
1980	10.6	0.64	20.8	1.17	8.0	0.69
1981	11.0	0.67	19.9	1.19	7.8	0.69
1982	10.4	0.61	21.0	1.25	8.4	0.73
1983	12.2	0.68	21.6	1.28	8.7	0.75
1984	12.8	0.74	20.7	1.30	8.4	0.77
1985	14.4	0.80	20.9	1.30	8.6	0.77
1986	15.9	0.86	19.1	1.24	8.9	0.81
1987	17.1	0.88	19.2	1.23	9.2	0.82

LAUREL COUNTY  
 COUNTY EMPLOYMENT by SECTOR  
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YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	1,123	15.4	1,024	14.0	66	0.9
1970	1,403	18.7	1,052	14.0	63	0.8
1971	1,628	20.0	1,077	13.3	122	1.5
1972	1,976	22.4	1,103	12.5	74	0.8
1973	2,234	23.5	1,142	12.0	68	0.7
1974	3,307	30.3	1,182	10.8	193	1.8
1975	3,464	28.4	1,341	11.0	397	3.3
1976	3,758	28.1	1,533	11.5	432	3.2
1977	4,233	29.2	1,649	11.4	590	4.1
1978	4,089	27.0	1,763	11.6	472	3.1
1979	3,958	25.6	1,692	10.9	548	3.5
1980	3,855	25.3	1,652	10.8	566	3.7
1981	3,813	24.0	1,652	10.4	743	4.7
1982	3,901	23.7	1,623	9.8	839	5.1
1983	3,904	23.0	1,705	10.0	812	4.8
1984	3,950	22.1	1,640	9.2	728	4.1
1985	4,066	22.1	1,605	8.7	704	3.8
1986	3,980	21.3	1,613	8.6	611	3.3
1987	3,729	19.3	1,578	8.2	573	3.0

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	882	12.1	1,839	25.2	837	11.5
1970	817	10.9	1,851	24.6	873	11.6
1971	957	11.8	1,923	23.7	896	11.0
1972	1,051	11.9	1,995	22.6	914	10.4
1973	1,123	11.8	2,174	22.9	963	10.1
1974	1,119	10.3	2,271	20.8	1,020	9.3
1975	1,379	11.3	2,607	21.4	1,074	8.8
1976	1,530	11.4	2,808	21.0	1,099	8.2
1977	1,759	12.1	2,784	19.2	1,126	7.8
1978	1,963	12.9	3,040	20.0	1,187	7.8
1979	2,007	13.0	3,035	19.6	1,253	8.1
1980	1,924	12.6	3,172	20.8	1,223	8.0
1981	2,157	13.6	3,373	21.2	1,220	7.7
1982	2,233	13.5	3,709	22.5	1,282	7.8
1983	2,519	14.8	3,901	22.9	1,250	7.4
1984	2,835	15.8	4,129	23.1	1,235	6.9
1985	3,129	17.0	4,301	23.3	1,334	7.2
1986	3,309	17.7	4,147	22.2	1,533	8.2
1987	3,825	19.8	4,386	22.7	1,543	8.0

LAUREL COUNTY  
EMPLOYMENT STATISTICS

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YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	7,305	\$16,331	\$17,440	.	4.2
1970	7,518	\$16,835	\$17,811	6.7	4.4
1971	8,126	\$16,884	\$18,166	6.1	5.1
1972	8,823	\$17,009	\$18,970	7.3	6.0
1973	9,497	\$17,668	\$19,232	4.8	3.7
1974	10,910	\$17,337	\$19,008	4.7	4.5
1975	12,185	\$17,394	\$18,976	5.6	7.3
1976	13,363	\$17,386	\$19,563	4.9	5.6
1977	14,502	\$17,632	\$20,031	4.3	4.7
1978	15,165	\$17,698	\$20,121	5.2	5.3
1979	15,455	\$17,771	\$20,110	5.9	5.5
1980	15,235	\$17,917	\$19,439	8.1	8.0
1981	15,883	\$17,518	\$19,286	7.4	8.4
1982	16,491	\$16,738	\$18,931	10.1	10.6
1983	17,006	\$16,295	\$18,358	12.4	11.6
1984	17,888	\$16,899	\$19,080	10.2	9.3
1985	18,426	\$16,492	\$18,676	10.4	9.5
1986	18,682	\$17,121	\$18,627	10.5	9.3
1987	19,358	\$16,749	\$18,636	10.7	8.8

POPULATION STATISTICS

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YEAR	POPULATION	% OF KY	PERCENT UNDER 6		PERCENT 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	27,100	0.85	.	.	.	.
1970	27,500	0.85	11.1	10.3	16.1	14.8
1971	28,300	0.86	10.1	9.6	16.2	14.8
1972	29,200	0.88	9.3	9.1	16.4	15.0
1973	30,200	0.90	8.7	8.8	16.3	15.2
1974	30,800	0.90	8.4	8.6	16.5	15.3
1975	32,300	0.93	8.0	8.4	16.0	15.4
1976	34,200	0.97	7.5	8.2	15.5	15.5
1977	35,700	1.00	7.6	8.4	15.3	15.5
1978	36,900	1.02	7.8	8.5	15.3	15.6
1979	37,700	1.03	8.0	8.7	15.3	15.8
1980	39,200	1.07	9.9	9.2	14.8	15.4
1981	40,100	1.09	10.0	9.3	14.8	15.5
1982	40,300	1.09	9.7	9.2	14.8	15.7
1983	41,000	1.10	9.6	9.2	14.8	15.9
1984	41,100	1.10	9.5	9.0	14.8	16.1
1985	41,800	1.12	9.4	8.9	14.9	16.3
1986	42,900	1.15	9.0	8.6	14.9	16.5
1987	43,300	1.16	.	.	.	.



LAUREL COUNTY

COAL MINING STATISTICS

YEAR	PRODUCTION (Thousand Tons)	EMPLOYMENT	AVERAGE VALUE PER TON	COAL TAX RECEIPTS (000)
1969	6	66	\$11.66	.
1970	176	63	\$14.51	.
1971	474	122	\$18.19	.
1972	466	74	\$17.73	.
1973	306	68	\$19.28	.
1974	1,030	193	\$50.50	\$598
1975	1,564	397	\$33.92	\$2,537
1976	1,215	432	.	\$1,744
1977	1,426	590	\$36.10	\$1,910
1978	1,349	472	\$40.39	\$2,201
1979	1,583	548	\$38.43	\$2,884
1980	1,653	566	\$36.73	\$2,760
1981	2,255	743	\$37.48	\$2,807
1982	1,810	839	\$36.49	\$3,765
1983	1,303	812	\$34.23	\$2,630
1984	725	728	\$33.60	\$2,087
1985	376	704	\$29.67	\$1,184
1986	265	611	\$26.17	\$487
1987	.	573	.	.

Note: All dollar figures are presented in constant 1988 dollars.



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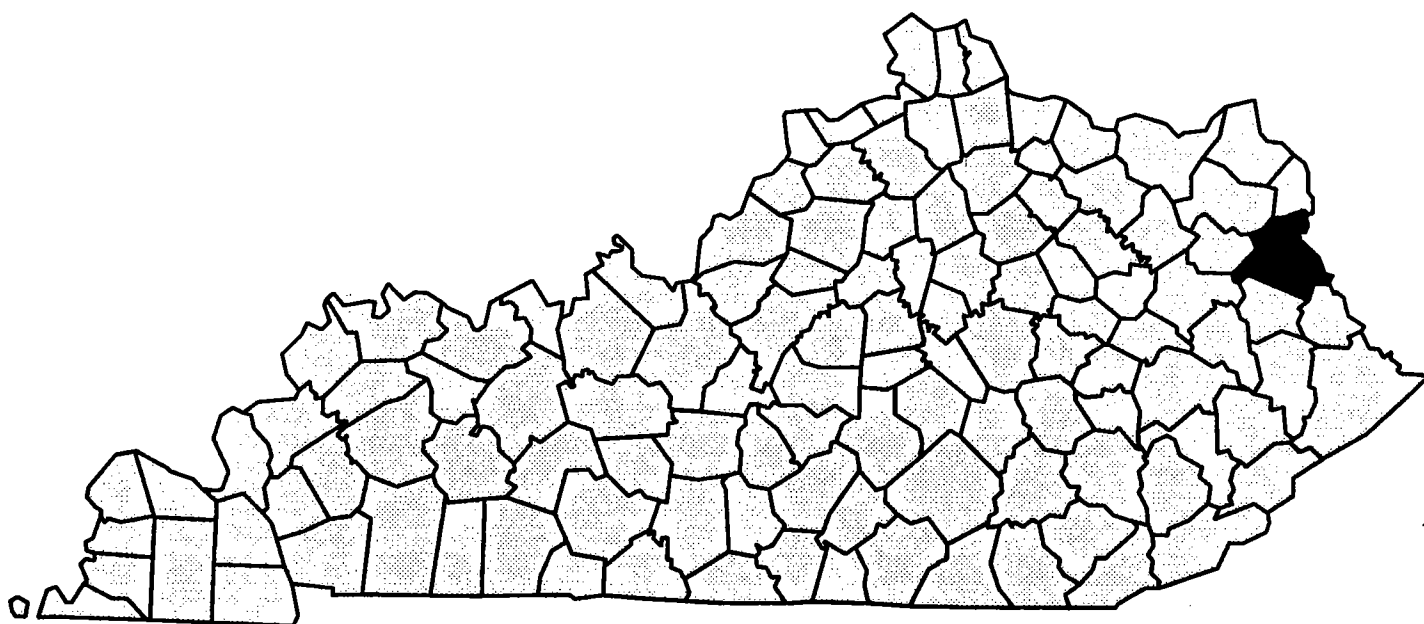


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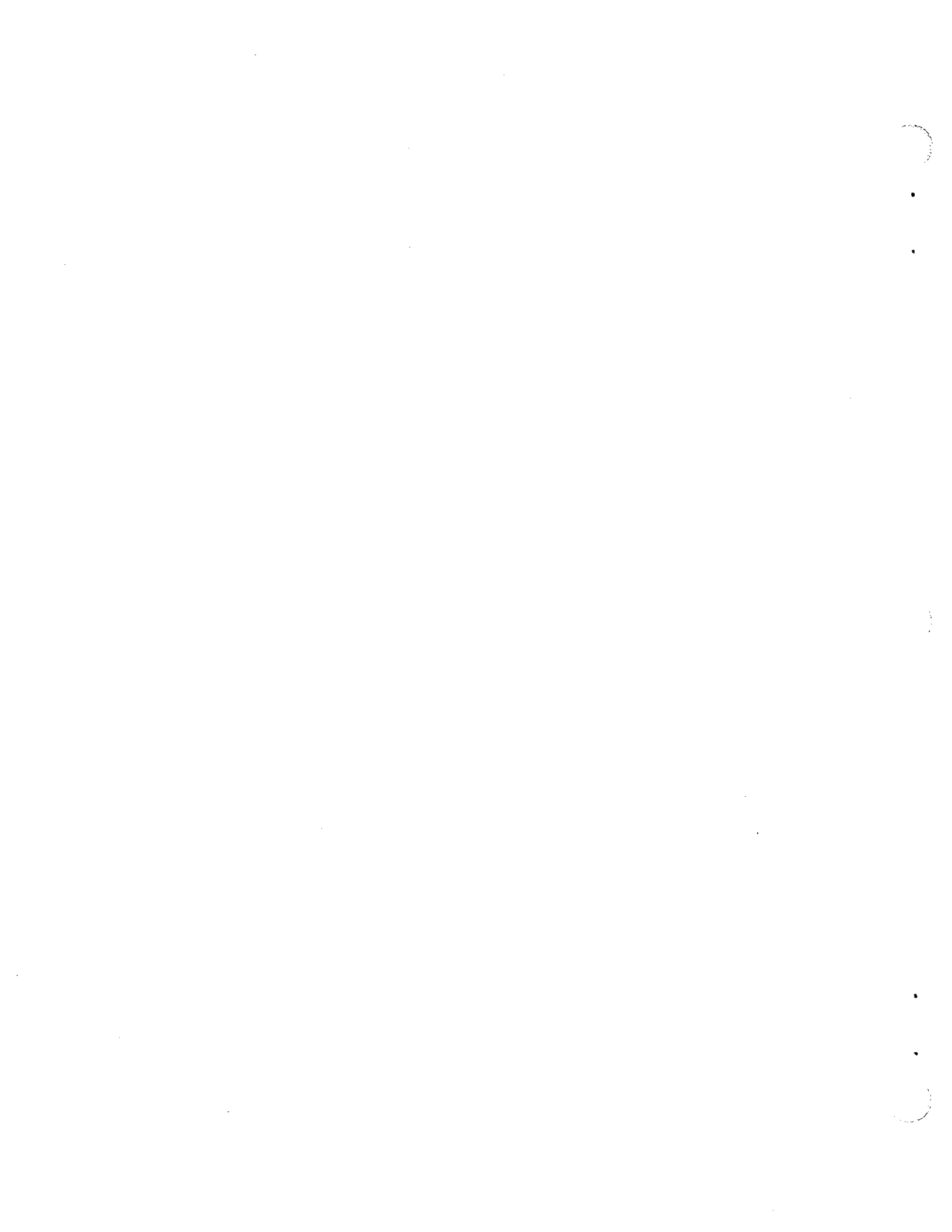
ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

**LAWRENCE COUNTY**



Prepared by  
Virginia Wilson  
Donna A. Cantrell

RESEARCH MEMORANDUM 438  
Legislative Research Commission  
Frankfort, Kentucky  
February, 1990



ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

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No. 438  
1990

LAWRENCE COUNTY

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## FOREWORD

This publication is one of a set of 120, highlighting economic trends in each county in Kentucky from 1969-1987. This effort is part of the ongoing activities sponsored by the Legislative Research Commission to provide a long-term perspective on issues for decision makers. The economies of individual counties do not always parallel overall state trends. This set of publications is an attempt to look at the economic trends in each county over time and to point out where the economies of individual counties may be performing differently from the economy of the state as a whole.

This publication was prepared by Virginia Wilson and Donna Cantrell. Susan Dance assisted in production of the manuscript and Charles Bush edited the report. The assistance of Carol Straus from the Center for Business and Economic Research at the University of Kentucky in deciphering data is gratefully acknowledged.

Vic Hellard, Jr.  
Director

The Capitol  
Frankfort  
February, 1990



## SUMMARY

The Lawrence County economy, as measured by personal income, grew strongly in the 1970's and was relatively constant in the 1980's. Lawrence County increased its share of Kentucky personal income in the 1970's and decreased its share in the mid-1980's. Both per capita personal income and average earnings per job were significantly below those of the state. Lawrence County generates a smaller percent of personal income from earnings and a larger percent from transfer payments than does the state as a whole.

The county economy was heavily impacted by volatile goods-producing sectors. The percent of employment in farming increased, the percent in manufacturing declined, and the percent in mining was erratic. The county's share of earnings from these sectors was very erratic during the period. At the state level, earnings and employment from these sectors declined.

The non-goods-producing sectors of services and state and local government experienced growth at the county level, while the trade sector was constant. At the state level, the service and trade sectors increased, while the state and local government sector was constant.

Goods-producing industries tend to be very sensitive to economic fluctuations and market competition. The non-goods-producing sectors tend to be more resilient during periods of economic decline. The long-term economic outlook at the state and national levels is for continued increase in the latter sectors, especially the service sector. Future economic growth in Lawrence County would be enhanced by growth in these sectors.



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## INTRODUCTION

This is one of a series of reports called Economic Trends in Kentucky Counties. The purpose of this series is to describe the economic structure of Kentucky counties and to assess their economic performance relative to their own history and relative to the Kentucky economy. Information on the structure and patterns of change in county economies and an understanding of their relationship to the Kentucky economy can help in making policy decisions that are intended to shape Kentucky's economic future.

When assessing any economy there are several pertinent questions which may be addressed. The first concerns changes in the absolute size of the economy over time. Here the relevant comparison is between the Lawrence County economy and its own history. Since most economic variables are given in dollars and since inflation causes the value of a dollar to vary over time, all dollar values in this report are presented in constant 1988 dollars. This allows analysis of real changes over time by controlling for the effects of inflation.

A second question concerns the structure and nature of the Lawrence County economy. The structure of an economy refers to the relative share contributed by the various segments of the economy, while the nature deals with how this share has changed over time.

A third question concerns the performance of the Lawrence County economy when compared to the Kentucky economy. For example, if a county has a higher proportion of earnings or employment in a particular sector it would indicate a specialization in that sector. Differences in economic structure may explain variations in relative economic well being between a county and the state as a whole.

Economic data for counties are usually published after a lag of two years. Therefore, most data in this report cover the period 1969 to 1987. All data for this report was obtained from the Kentucky Economic Information System, an on-line database maintained by the University of Kentucky Center for Business and Economic Development.

There are certain caveats which should be remembered when analyzing data. First, it is a common and useful approach to evaluate the percentage an economic sector contributes to the total economy. However, one must remember that a sector's percentage contribution may decline even when its absolute value is increasing, if another sector's contribution is growing at a faster rate. Secondly, when reviewing data in graphical analyses, the scales used to present data should be noted. In this report most graphs are presented with the narrowest scale which will cover all data points. This can accentuate visual patterns over time even when absolute changes are relatively small.

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\*For an analysis of economic trends in Kentucky, see Virginia Wilson, Patterns of Growth and Decline in the Kentucky Economy 1969-1988, Research Memorandum 437, Legislative Research Commission, November 1989.



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## ECONOMIC TRENDS IN LAWRENCE COUNTY

The following analysis includes a brief description of the county economy and is accompanied by graphical illustrations. Data tables are also included at the end of this report. Three principal components of the Lawrence County economy are analyzed. They are:

1. Personal Income
2. Earnings
3. Employment

Also, because coal production has been an important component in the Kentucky economy and in many local economies, the coal sector is analyzed in counties which have a history of coal production.

### Personal Income

Personal income is often used as a measure of the economic activity in an area. Personal income is the sum of all the dollar income received by individuals in an area from any legal source. Personal income data is published by the Bureau of Economic Analysis (BEA) for most major geographic regions, including states, counties, and major cities.

In general, income can be obtained in three ways. First, it can be earned by the work of an individual. This type of income includes wage and salary income and proprietors' earnings. Second, income can be earned by property. Included are earnings from rents, dividends, and interest. Finally, income can be received as a gift or an entitlement. This type of income constitutes the component of personal income called transfer payments. Included in this component is income from sources such as retirement benefits, unemployment benefits, food stamps, and medical programs such as Medicare and Medicaid.

The Lawrence County economy experienced significant growth during the data period. As can be seen in Chart 1A, the size of the Lawrence County economy, as measured by real personal income, increased from \$60 million in 1969 to \$118 million in 1987, after adjusting for inflation. Chart 1B shows Lawrence County total personal income as a percent of Kentucky total personal income. Lawrence County's share of Kentucky personal income increased through 1982, then declined slightly.

A similar pattern emerges from an examination of per capita personal income (Charts 1C and 1D). Per capita personal income is simply the total personal income of an area divided by its population. Per capita personal income is often used as a measure of the economic well-being of the residents of an area. Lawrence County real per capita income generally increased over the time period, to a level of \$8,272 in 1987. Lawrence County's per capita personal income then was 66.2 percent of Kentucky's per capita personal income, down from a peak of 74.0 percent in 1982.

A better understanding of the nature of economic activity can be gleaned from an examination of the relative contribution of the components of personal income and how their shares have changed over time. This information is illustrated in Charts 2A-2D. Total earnings increased from \$41 million in 1969 to a high of \$82 million in 1979, then declined to \$69 million in 1987 (in constant 1988 dollars). Earnings as a percent of personal income have declined over the period. Earnings accounted for 58.5 percent of Lawrence County's total personal income in 1987, compared to Kentucky's 67.5 percent share.

Transfer payments contributed \$15 million to total personal income in 1969 and \$35 million in 1987. Transfer payments contributed a larger percentage of personal income in Lawrence County than in Kentucky. In 1987, 29.7 percent of Lawrence County personal income was derived from transfer payments, compared to 17.2 percent for the state.

Income from property in Lawrence County grew steadily through the time period. Income from property totalled \$4 million in 1969 and increased to \$14 million in 1987.

## Earnings

Earnings are the component of personal income reflecting payments to individuals in return for labor. Earnings include both wages and salaries and proprietor's income. Earnings from goods-producing sectors were volatile (Chart 3A). In 1969, Lawrence County received 6.7 percent of its earnings from manufacturing. This percentage decreased to 1.3 percent in 1987. This pattern of a decline in the percent of total earnings from manufacturing parallels that of the state.

Farming's share of earnings increased and decreased sporadically through most of the period. In 1987, the farm sector accounted for 4.1 percent of earnings. Earnings from the mine sector exhibited equally erratic changes. By 1987, 11.9 percent of earnings were generated in mining. At the state level, the share of earnings from the farming and mining sectors declined.

Earnings from non-goods-producing industries are illustrated in Chart 3B. The percent of total earnings from services generally increased from 10.4 percent in 1969 to 18.8 percent in 1987. Overall, the percentage of earnings from the trade sector increased slightly and accounted for 12.7 percent in 1987. The share of earnings from state and local government increased and was 13.1 percent in 1987. At the state level, the percent of earnings from services increased, while the percents from trade and state and local government were stable.

Average earnings per job (adjusted for inflation) for Lawrence County and Kentucky are shown in Chart 3D. In Kentucky, average earnings per job reached a high of \$20,121 per person in 1978. Since this time average earnings per job have declined and in 1987 they were \$18,636. In Lawrence County, average earnings per job generally decreased over the period to a level of \$15,242 in 1987, well below the Kentucky average.



## **Employment**

Employment is considered to be any activity for which one receives financial remuneration in the form of wages or profits. After a decline in employment in 1970, employment increased to 4,002 by 1987.

The unemployment rate, often used as an indicator of economic well-being, is the ratio of unemployed to the total civilian labor force. Unemployment is described as a condition of being out of work while actively seeking employment within the last thirty days. The civilian labor force is described as the proportion of population age 16 or older employed or actively seeking employment. Annual unemployment rates for Kentucky and Lawrence County are presented in Chart 4B. Lawrence County unemployment rates were above Kentucky rates during the period. In 1987, the county unemployment rate was 14.2 percent, compared to 8.8 percent for the state.

Another employment concept includes the discouraged worker. Discouraged workers are persons who want jobs but made no attempt to find work in the last thirty days because they believe they could not find it. These individuals are not included when calculating official unemployment rates. The Cabinet for Human Resources does not estimate discouraged workers by county. However, preliminary research by the Cabinet indicates that the inclusion of discouraged workers in the civilian labor force estimate would increase the unemployment rate by approximately 4 percent for the state. This figure would vary by county depending on the labor market in a county or within commuting distance.

Employment in the goods-producing industries is illustrated in Chart 4C. Manufacturing accounted for 9.9 percent of total employment in 1969. This share decreased to 2.1 percent in 1987. The farm sector's share of employment increased from 8.7 percent in 1969 to 11.2 percent in 1987. The mining sector's share of employment fluctuated during the period and accounted for 6.6 percent in 1987. At the state level, the employment share in these sectors declined.

Lawrence County employment in the non-goods-producing industries is illustrated in Chart 4D. Employment in the service sector as a percent of total employment increased from 12.4 percent in 1969 to 22.3 percent in 1987. The percent of employment from trade fluctuated during the period and accounted for 19.5 percent in 1987. The percent of employment in state and local government remained relatively stable and accounted for 12.3 percent in 1987. At the state level, the percent of employment in the service and trade sectors increased, while state and local government remained relatively constant.

## **Population**

The census conducted each decade counts the actual population in an area. Population is then statistically estimated during intervening years. The demographic composition of this population growth has important implications for the future demand for goods and services, and ultimately, the economic structure of Lawrence County.

The Lawrence County population grew from 10,900 in 1969 to 14,300 in 1987 (Chart 5A). In 1986, 9.2 percent of Lawrence County's population was under six years of age, compared to 8.6 percent for the state. The percent of the county population sixty years old or older declined during the period. In 1986, 16.4 percent of the Lawrence County population was sixty years of age or over, compared to 16.5 percent for Kentucky.

## Coal

The coal sector provides significant income and employment to the Kentucky economy. This sector also contributes directly to the Commonwealth's General Fund revenues through severance tax collections. Coal production has been a volatile sector of the county economy.

Lawrence County coal production patterns are presented in Chart 6A. Coal production is estimated by the Energy Information Administration of the U.S. Department of Energy. Estimates of production are calculated from a sample of coal shipments from each county. Coal production increased significantly between 1974 and 1977. This production increase was likely stimulated by changes in international energy markets. Specifically, a sharp increase in the price of oil resulted in increased demand for coal by utilities and resulted in increases in the price of coal. Coal production increased again in 1985, then declined to 927 thousand tons in 1986.

Employment in the mining sector, which includes coal and other forms of mining, is illustrated in Chart 6B. In 1969 there were only 51 people employed in mining in Lawrence County. In 1987, this sector provided 265 jobs in Lawrence County. However, employment during the period was erratic. The erratic patterns in employment illustrate the volatile nature of coal production and its impact on local economies.

The average value per ton for coal is illustrated in Chart 6C. Similar to patterns for the national coal market, average value per ton increased in the 1970's, then declined significantly during the 1980's.

Coal severance tax receipts are presented in Chart 6D. The Kentucky Revenue Cabinet collects severance taxes on processed coal. Receipts are then allocated to counties, based on the value of the coal mined in the county and the value attributed to any processing done in the county. Therefore, trends in severance tax collections may not exactly parallel those of the coal production figures in Chart 6A.

Coal severance tax collections were cyclical over the period. In 1986, coal severance tax collections allocated to Lawrence County totalled \$1.3 million.

CHART 1A  
LAWRENCE COUNTY  
REAL PERSONAL INCOME  
Millions of 1988 dollars

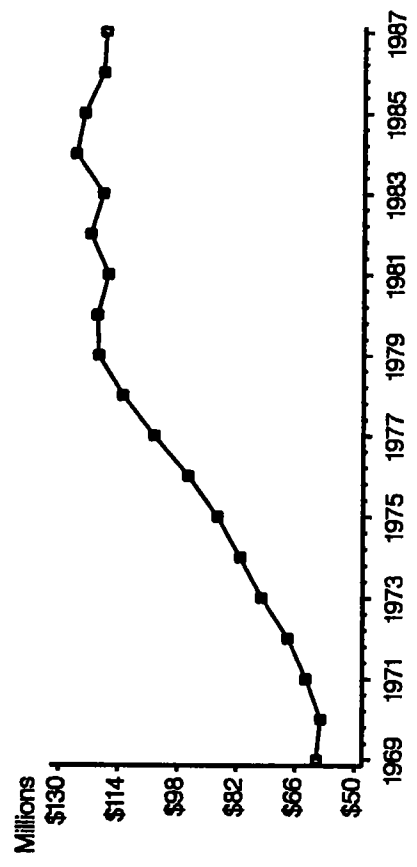


CHART 1B  
LAWRENCE COUNTY  
PERSONAL INCOME  
as a Percent of Kentucky Personal Income

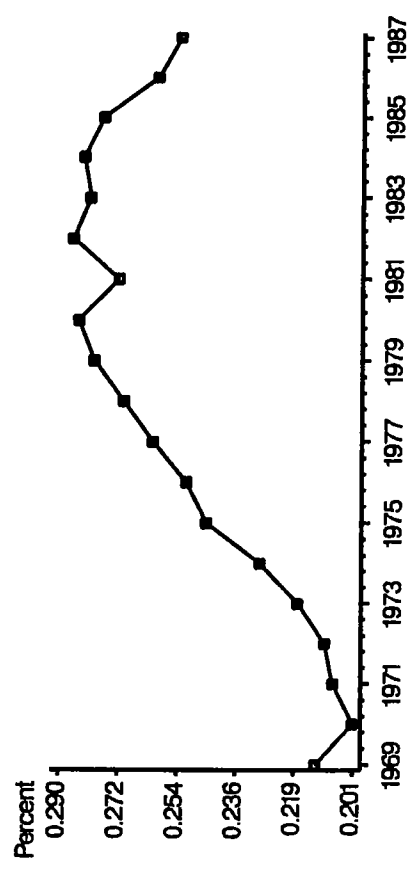


CHART 1C  
LAWRENCE COUNTY  
PER CAPITA PERSONAL INCOME  
in Constant 1988 Dollars

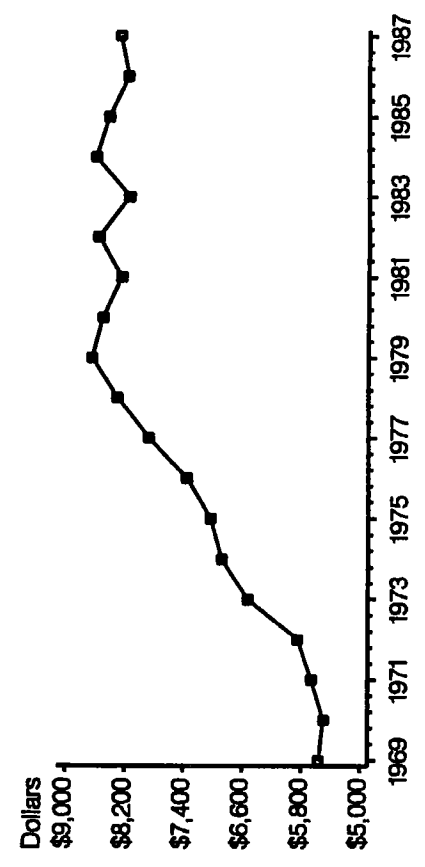


CHART 1D  
LAWRENCE COUNTY  
PER CAPITA PERSONAL INCOME  
as a Percent of Kentucky Per Capita Personal Income

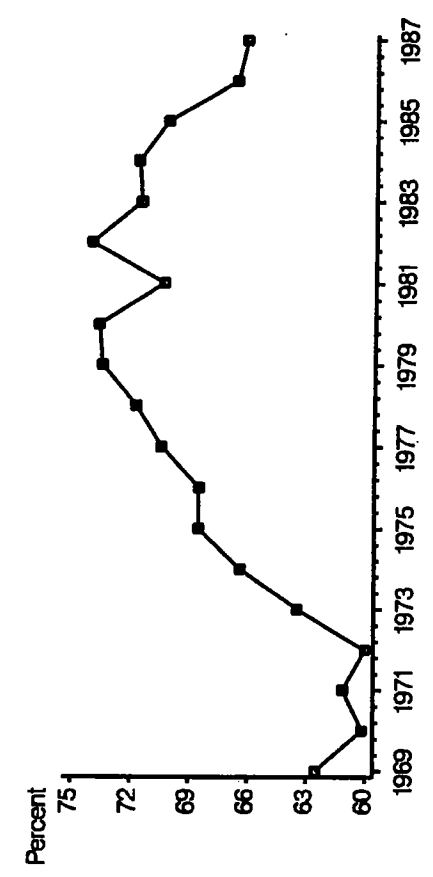


CHART 2A  
LAWRENCE COUNTY  
REAL TOTAL EARNINGS  
Millions of 1988 dollars

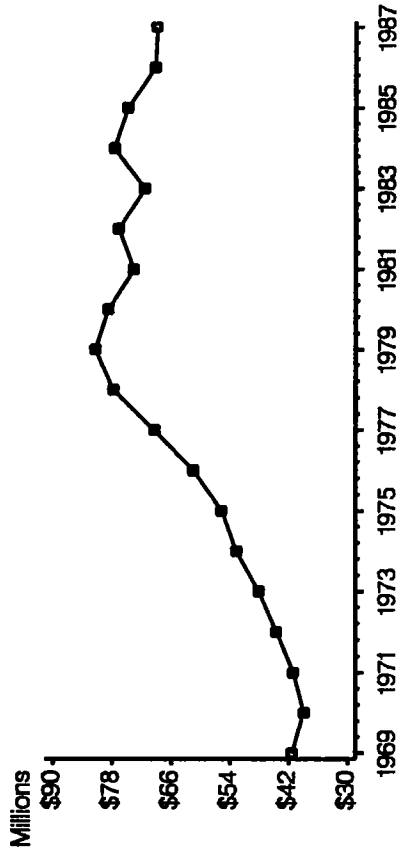


CHART 2B  
LAWRENCE COUNTY  
TRANSFER PAYMENTS and INCOME FROM PROPERTY  
Millions of 1988 Dollars

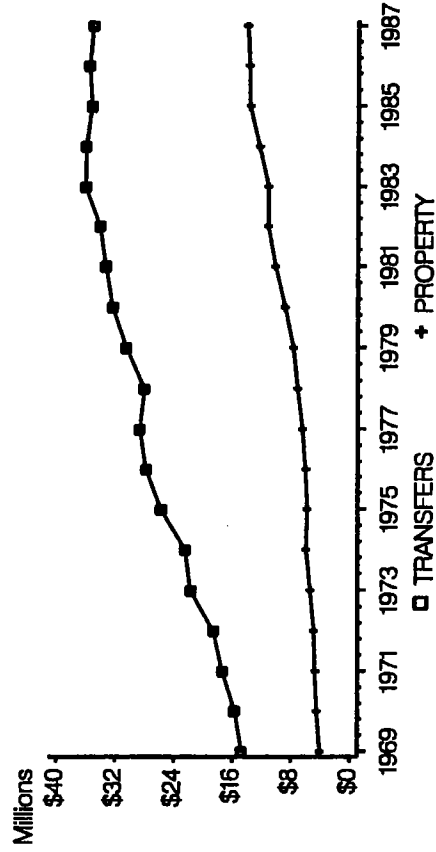


CHART 2C  
LAWRENCE COUNTY  
TOTAL EARNINGS  
as a Percent of Personal Income

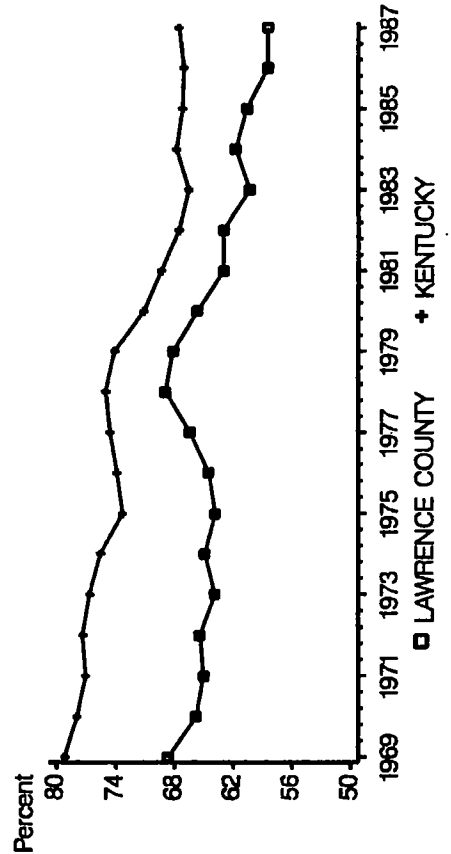


CHART 2D  
LAWRENCE COUNTY  
TRANSFER PAYMENTS  
as a Percent of Personal Income

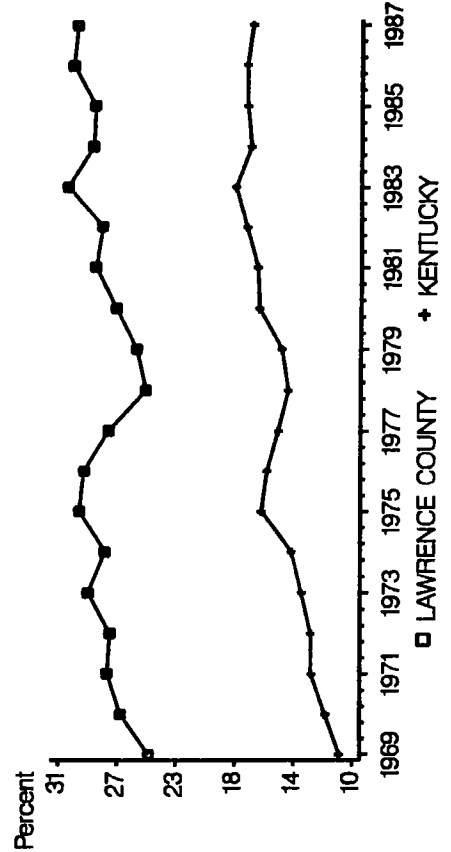


CHART 3A

LAWRENCE COUNTY  
EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

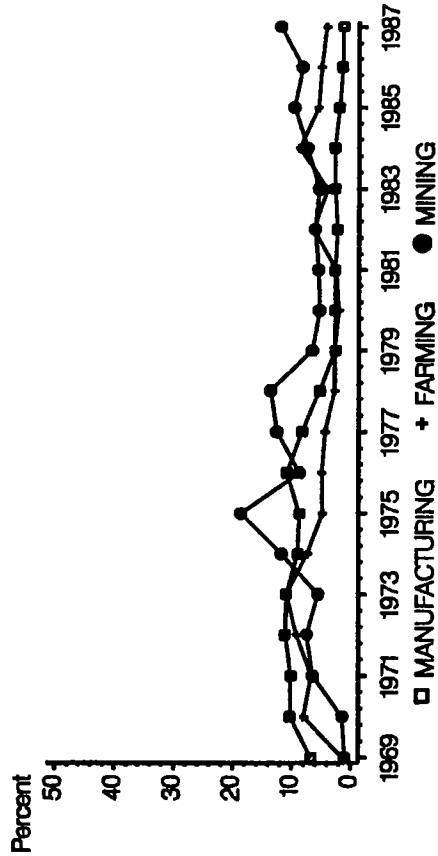


CHART 3B

LAWRENCE COUNTY  
EARNINGS IN NON - GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

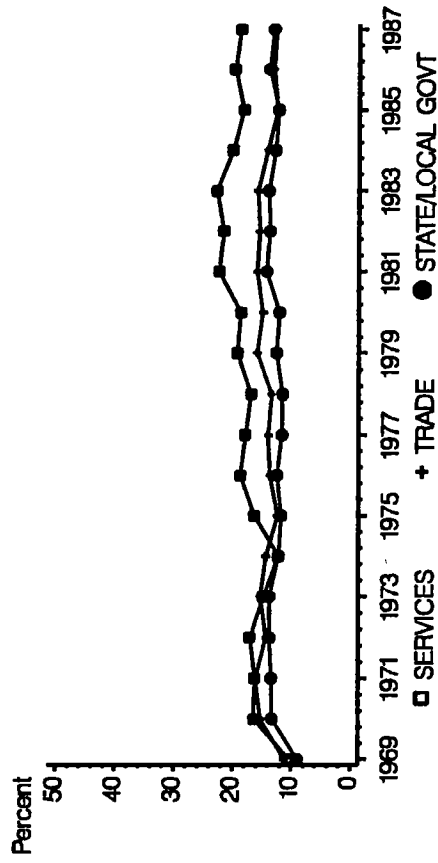


CHART 3C

LAWRENCE COUNTY  
EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Kentucky Industries

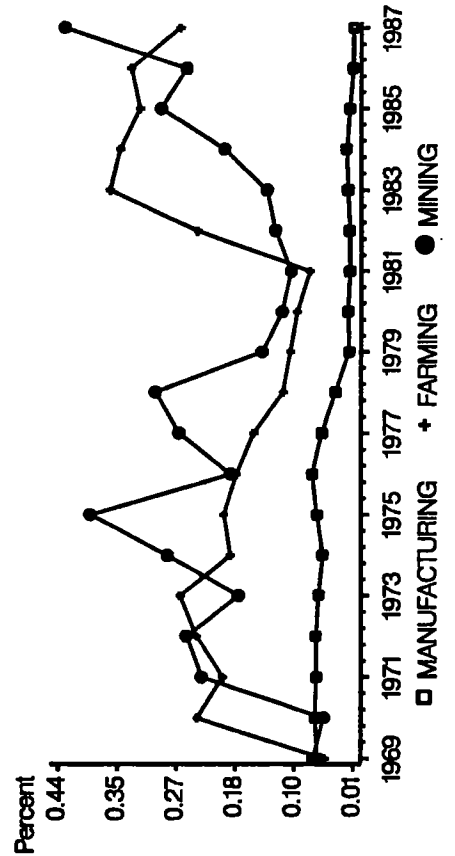


CHART 3D

LAWRENCE COUNTY  
AVERAGE EARNINGS PER JOB  
in Constant 1988 Dollars

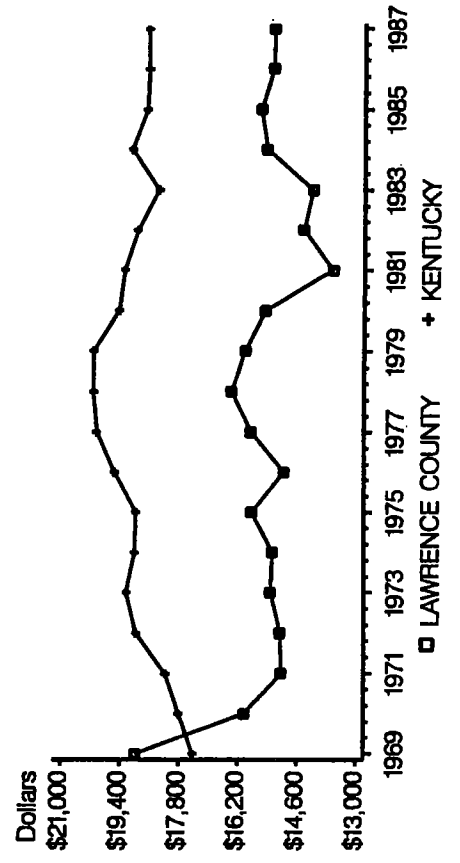


CHART 4A  
LAWRENCE COUNTY  
TOTAL EMPLOYMENT  
Thousands of People

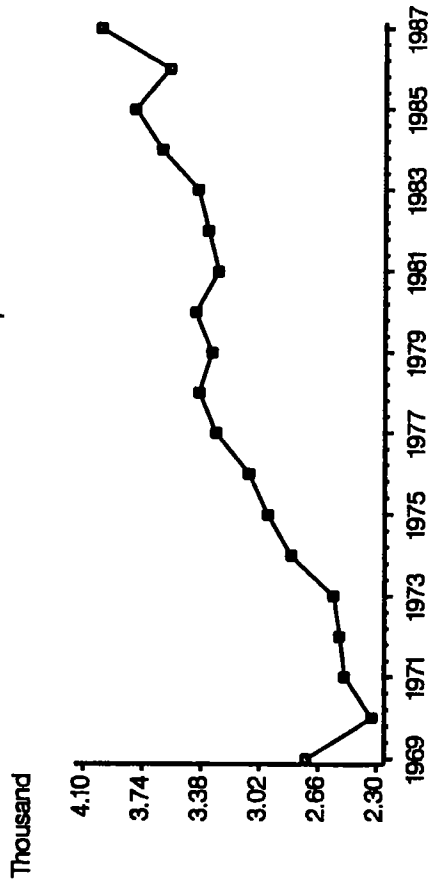


CHART 4B  
LAWRENCE COUNTY  
ANNUAL UNEMPLOYMENT RATE

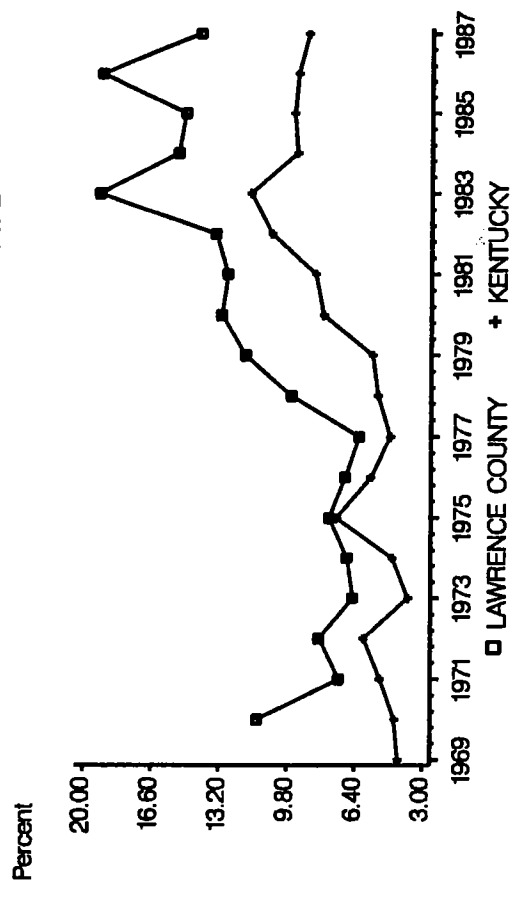


CHART 4C  
LAWRENCE COUNTY  
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

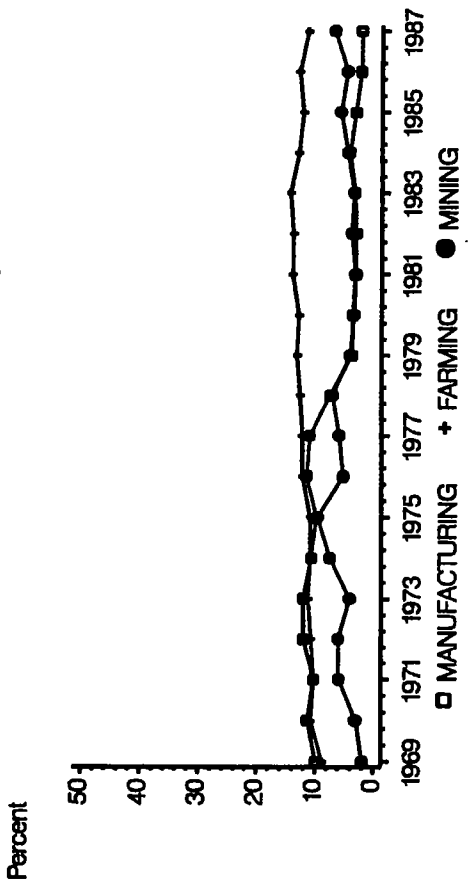


CHART 4D  
LAWRENCE COUNTY  
EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

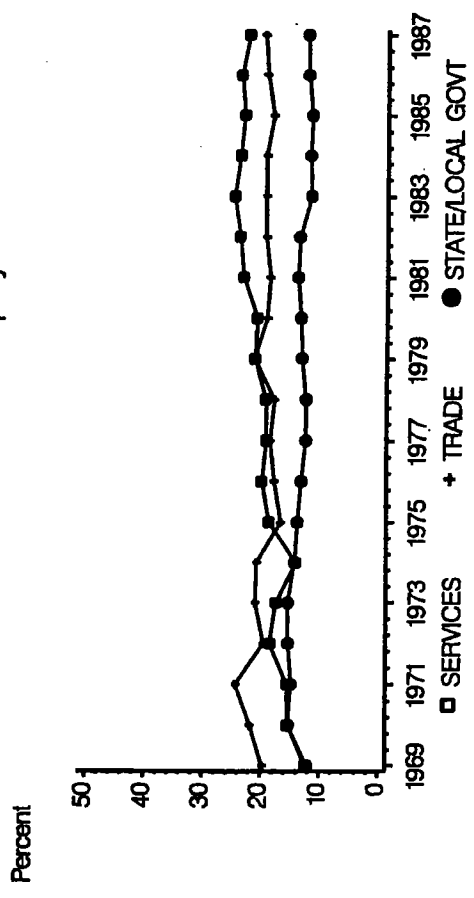


CHART 5A

LAWRENCE COUNTY  
POPULATION  
Thousands of People

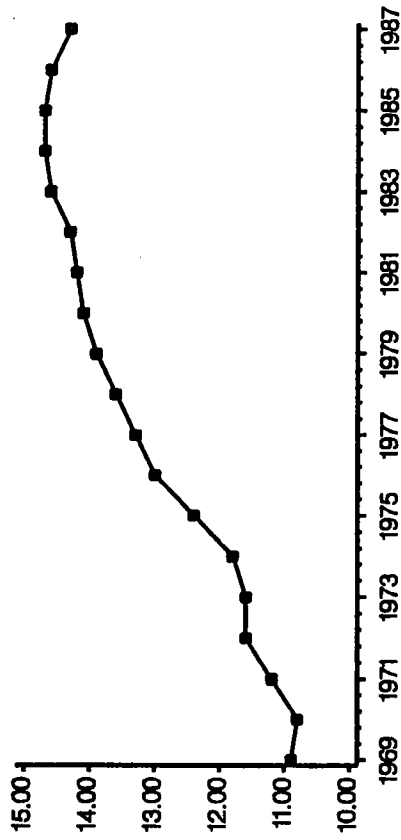


CHART 5B  
LAWRENCE COUNTY  
POPULATION  
as a Percent of Kentucky Population

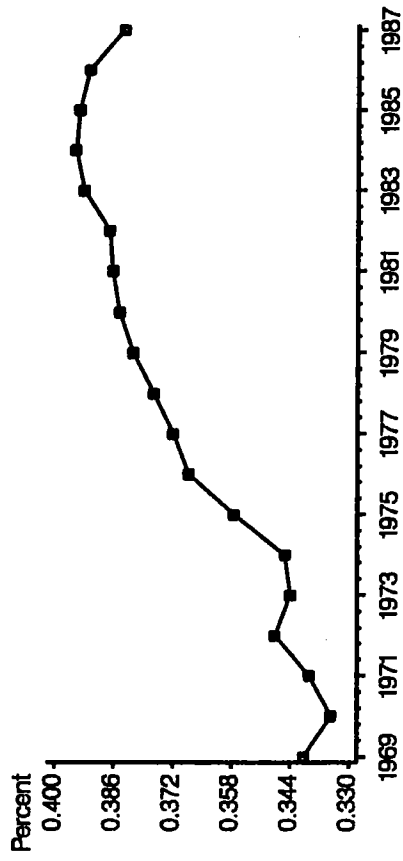


CHART 5C

LAWRENCE COUNTY  
POPULATION 5 AND UNDER  
as a Percent of Total Population

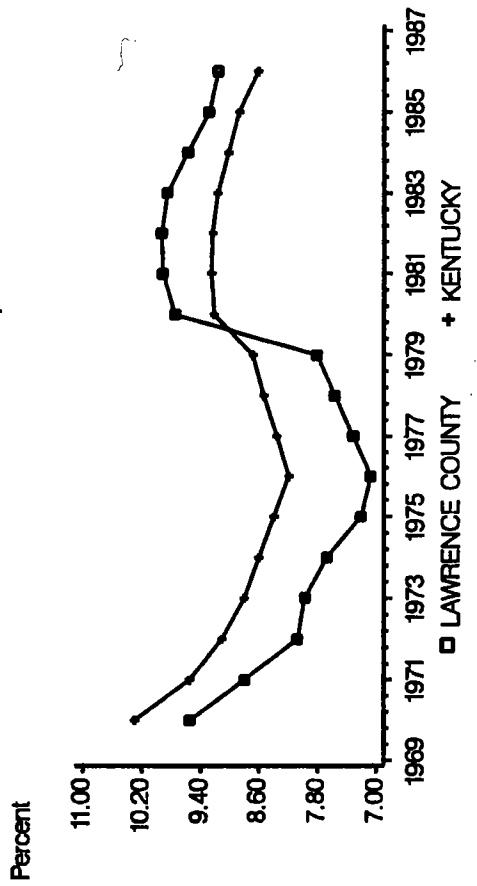
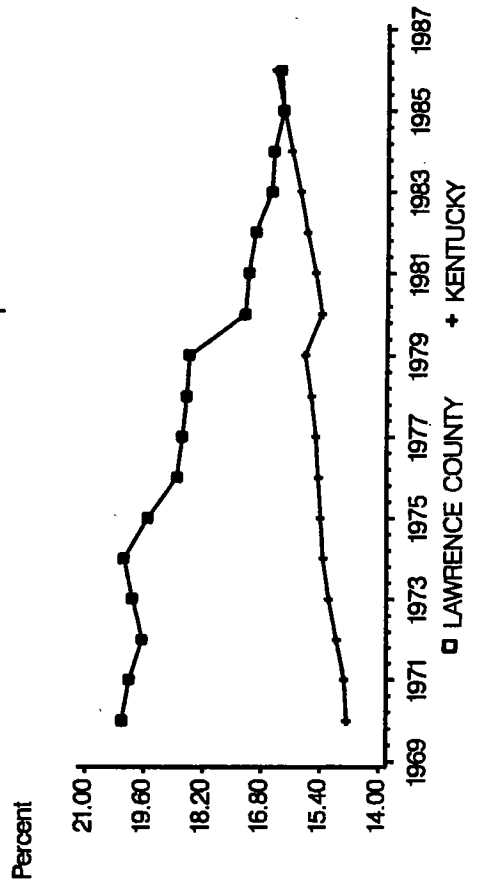
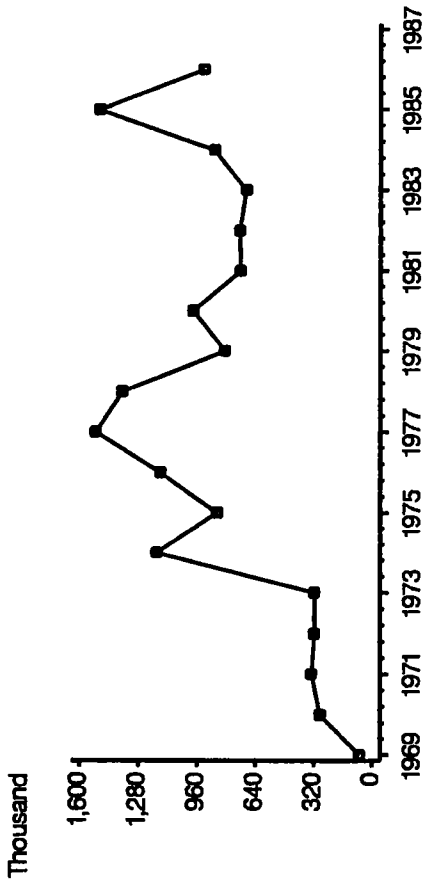


CHART 5D

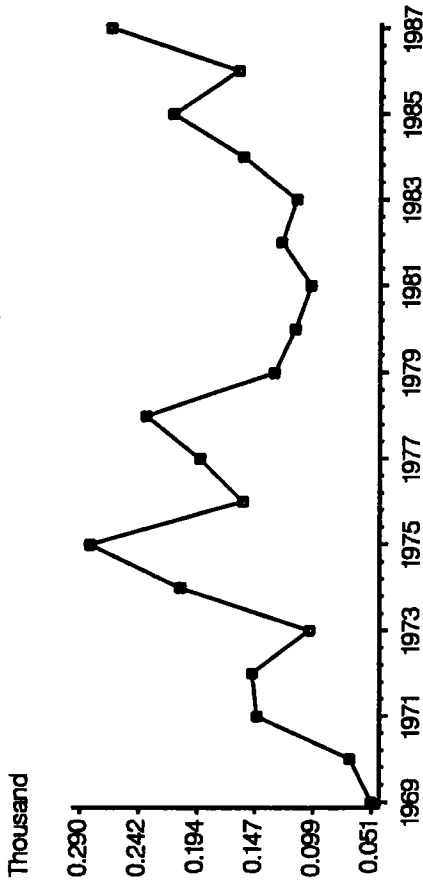
LAWRENCE COUNTY  
POPULATION 60 AND OVER  
as a Percent of Total Population



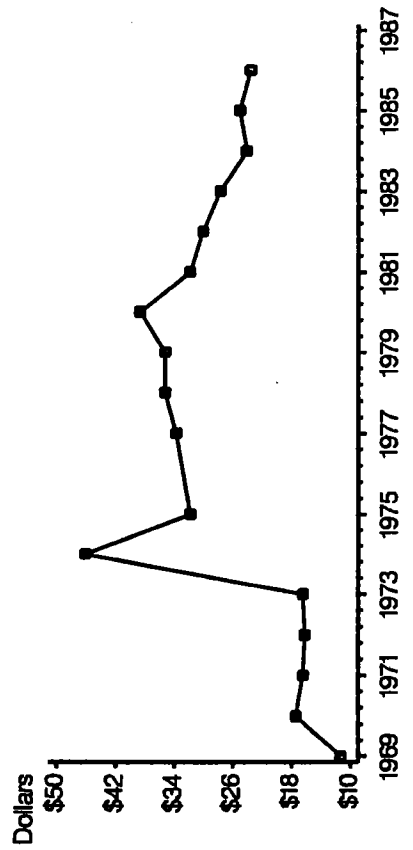
**CHART 6A**  
**LAWRENCE COUNTY**  
**TOTAL COAL PRODUCTION (SHIPMENTS)**  
 Thousands of Tons



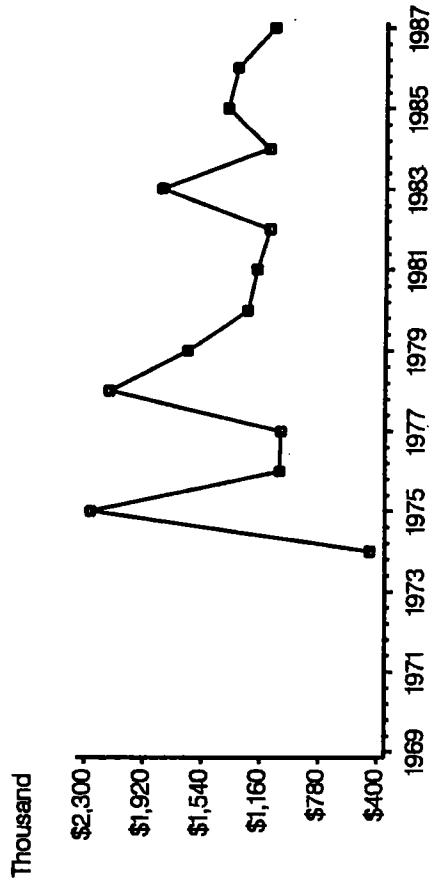
**CHART 6B**  
**LAWRENCE COUNTY**  
**MINING EMPLOYMENT**  
 Thousands of People



**CHART 6C**  
**LAWRENCE COUNTY**  
**AVERAGE VALUE PER TON FOR COAL**  
 Constant 1988 Dollars



**CHART 6D**  
**LAWRENCE COUNTY**  
**TAX RECEIPTS ON COAL SEVERED OR PROCESSED**  
 Thousands of 1988 Dollars





LAWRENCE COUNTY

PERSONAL INCOME  
In Millions of 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	60	0.21	5,554	62.5
1970	59	0.20	5,485	60.2
1971	63	0.21	5,659	61.1
1972	68	0.21	5,849	60.0
1973	75	0.22	6,521	63.5
1974	81	0.23	6,882	66.4
1975	87	0.25	7,037	68.6
1976	95	0.25	7,359	68.5
1977	105	0.26	7,873	70.4
1978	113	0.27	8,299	71.8
1979	120	0.28	8,640	73.5
1980	120	0.28	8,494	73.6
1981	117	0.27	8,246	70.4
1982	122	0.29	8,553	74.0
1983	119	0.28	8,142	71.5
1984	126	0.28	8,593	71.7
1985	124	0.28	8,419	70.2
1986	119	0.26	8,159	66.7
1987	118	0.25	8,272	66.2

COMPONENTS OF PERSONAL INCOME  
In Constant 1988 Dollars

Year	EARNINGS			TRANSFER PAYMENTS			INCOME from PROPERTY		
	M\$	Percent of Personal Income		M\$	Percent of Personal Income		M\$	Percent of Personal Income	
		County	Kentucky		County	Kentucky		County	Kentucky
1969	41	68.6	79.2	15	24.5	10.9	4	6.8	9.9
1970	39	65.8	77.9	16	26.6	11.9	5	7.6	10.2
1971	41	65.0	77.0	17	27.5	12.9	5	7.5	10.1
1972	45	65.4	77.3	19	27.3	12.9	5	7.2	9.7
1973	48	63.9	76.6	22	28.9	13.6	5	7.2	9.7
1974	53	65.0	75.5	22	27.7	14.4	6	7.4	10.1
1975	56	63.8	73.3	26	29.5	16.5	6	6.7	10.1
1976	62	64.5	73.9	28	29.2	16.1	6	6.3	10.0
1977	69	66.4	74.6	29	27.4	15.3	6	6.1	10.1
1978	78	68.9	75.0	28	24.8	14.6	7	6.3	10.4
1979	82	68.1	74.1	30	25.4	15.1	8	6.4	10.8
1980	79	65.7	71.1	32	26.9	16.7	9	7.4	12.2
1981	74	62.9	69.3	33	28.4	16.8	10	8.7	13.8
1982	77	62.9	67.5	34	27.9	17.6	11	9.2	14.9
1983	72	60.3	66.6	36	30.4	18.4	11	9.4	15.1
1984	78	61.7	67.8	36	28.5	17.3	12	9.8	14.9
1985	75	60.5	67.2	35	28.4	17.6	14	11.0	15.3
1986	69	58.4	67.1	36	29.9	17.6	14	11.6	15.3
1987	69	58.5	67.5	35	29.7	17.2	14	11.9	15.3

LAWRENCE COUNTY

SECTOR EARNINGS as a PERCENT of TOTAL COUNTY EARNINGS and  
as a PERCENT of KENTUCKY SECTOR EARNINGS

YEAR	MANUFACTURING		FARMING		MINING	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	6.7	0.06	1.4	0.05	1.0	0.07
1970	10.3	0.07	8.0	0.24	1.4	0.05
1971	10.1	0.06	6.7	0.20	6.4	0.23
1972	11.1	0.06	9.2	0.24	7.4	0.25
1973	10.9	0.06	10.8	0.26	5.5	0.18
1974	9.0	0.05	7.3	0.19	11.8	0.28
1975	8.7	0.06	4.8	0.20	18.7	0.39
1976	10.8	0.07	4.9	0.18	8.7	0.19
1977	8.3	0.06	4.4	0.16	12.5	0.26
1978	5.3	0.04	2.7	0.11	13.6	0.30
1979	2.6	0.02	2.7	0.10	6.5	0.14
1980	2.7	0.02	2.0	0.09	5.4	0.11
1981	2.7	0.02	2.5	0.07	5.5	0.10
1982	2.3	0.02	6.3	0.24	6.1	0.12
1983	2.6	0.02	4.0	0.36	5.4	0.14
1984	2.7	0.02	8.7	0.35	7.3	0.20
1985	1.9	0.02	5.5	0.32	9.6	0.29
1986	1.4	0.01	5.0	0.33	8.2	0.25
1987	1.3	0.01	4.1	0.26	11.9	0.43

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	10.4	0.18	11.3	0.16	9.0	0.22
1970	16.4	0.20	15.2	0.15	13.3	0.22
1971	16.2	0.19	16.1	0.16	13.5	0.21
1972	17.1	0.19	14.3	0.13	13.7	0.21
1973	14.8	0.16	15.3	0.14	13.8	0.21
1974	12.2	0.15	14.4	0.14	12.2	0.21
1975	16.3	0.21	12.4	0.13	11.8	0.21
1976	18.7	0.22	13.7	0.13	12.5	0.21
1977	17.9	0.23	14.0	0.15	11.6	0.21
1978	16.9	0.22	13.5	0.15	11.6	0.21
1979	19.3	0.23	15.9	0.16	12.6	0.21
1980	18.6	0.22	14.9	0.16	12.1	0.20
1981	22.3	0.22	15.9	0.15	14.3	0.21
1982	21.5	0.22	15.5	0.16	13.8	0.21
1983	22.8	0.22	15.8	0.16	14.0	0.21
1984	20.0	0.21	14.1	0.16	12.8	0.22
1985	18.2	0.20	12.5	0.15	12.3	0.22
1986	19.7	0.18	13.1	0.15	13.8	0.21
1987	18.8	0.18	12.7	0.15	13.1	0.22

LAWRENCE COUNTY  
COUNTY EMPLOYMENT by SECTOR  
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YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	270	9.9	237	8.7	51	1.9
1970	263	11.3	249	10.7	69	3.0
1971	255	10.2	257	10.3	145	5.8
1972	303	12.0	270	10.7	149	5.9
1973	307	12.0	287	11.2	102	4.0
1974	301	10.6	306	10.8	208	7.4
1975	288	9.7	322	10.8	282	9.5
1976	355	11.5	376	12.2	157	5.1
1977	359	10.9	404	12.3	192	5.8
1978	250	7.4	429	12.6	236	6.9
1979	122	3.7	436	13.1	131	3.9
1980	120	3.5	438	12.8	114	3.3
1981	102	3.1	456	13.9	101	3.1
1982	100	3.0	460	13.8	125	3.7
1983	111	3.3	486	14.3	113	3.3
1984	148	4.1	467	12.9	157	4.3
1985	118	3.1	459	12.1	214	5.6
1986	80	2.2	458	12.8	161	4.5
1987	85	2.1	450	11.2	265	6.6

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	339	12.4	536	19.6	331	12.1
1970	357	15.3	507	21.8	356	15.3
1971	387	15.5	607	24.3	371	14.9
1972	465	18.4	492	19.5	387	15.3
1973	445	17.4	535	20.9	395	15.4
1974	399	14.1	585	20.7	404	14.3
1975	555	18.7	496	16.7	412	13.9
1976	614	19.9	551	17.8	410	13.3
1977	629	19.1	610	18.5	411	12.5
1978	655	19.3	606	17.8	424	12.5
1979	701	21.1	705	21.3	440	13.3
1980	712	20.8	654	19.1	461	13.5
1981	761	23.2	611	18.6	459	14.0
1982	796	23.8	646	19.3	458	13.7
1983	845	24.8	659	19.4	399	11.7
1984	863	23.8	701	19.3	431	11.9
1985	874	23.0	689	18.2	440	11.6
1986	847	23.6	687	19.2	439	12.3
1987	891	22.3	782	19.5	494	12.3

LAWRENCE COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	2,732	\$18,973	\$17,440	.	4.2
1970	2,327	\$16,025	\$17,811	11.3	4.4
1971	2,497	\$15,032	\$18,166	7.2	5.1
1972	2,526	\$15,060	\$18,970	8.2	6.0
1973	2,564	\$15,327	\$19,232	6.5	3.7
1974	2,827	\$15,276	\$19,008	6.8	4.5
1975	2,971	\$15,838	\$18,976	7.7	7.3
1976	3,088	\$14,974	\$19,563	6.9	5.6
1977	3,291	\$15,853	\$20,031	6.2	4.7
1978	3,396	\$16,380	\$20,121	9.6	5.3
1979	3,317	\$16,011	\$20,110	11.9	5.5
1980	3,419	\$15,478	\$19,439	13.1	8.0
1981	3,278	\$13,638	\$19,286	12.8	8.4
1982	3,342	\$14,436	\$18,931	13.4	10.6
1983	3,405	\$14,184	\$18,358	19.2	11.6
1984	3,626	\$15,442	\$19,080	15.3	9.3
1985	3,792	\$15,595	\$18,676	14.9	9.5
1986	3,582	\$15,266	\$18,627	19.1	9.3
1987	4,002	\$15,242	\$18,636	14.2	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER 6		PERCENT 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	10,900	0.34	.	.	.	.
1970	10,800	0.33	9.5	10.3	20.1	14.8
1971	11,200	0.34	8.8	9.6	20.0	14.8
1972	11,600	0.35	8.1	9.1	19.7	15.0
1973	11,600	0.34	8.0	8.8	19.9	15.2
1974	11,800	0.35	7.7	8.6	20.1	15.3
1975	12,400	0.36	7.2	8.4	19.5	15.4
1976	13,000	0.37	7.1	8.2	18.8	15.5
1977	13,300	0.37	7.3	8.4	18.7	15.5
1978	13,600	0.38	7.6	8.5	18.6	15.6
1979	13,900	0.38	7.8	8.7	18.5	15.8
1980	14,100	0.38	9.7	9.2	17.2	15.4
1981	14,200	0.39	9.9	9.3	17.1	15.5
1982	14,300	0.39	9.9	9.2	17.0	15.7
1983	14,600	0.39	9.8	9.2	16.6	15.9
1984	14,700	0.40	9.6	9.0	16.5	16.1
1985	14,700	0.39	9.3	8.9	16.3	16.3
1986	14,600	0.39	9.2	8.6	16.4	16.5
1987	14,300	0.38	.	.	.	.

LAWRENCE COUNTY

COAL MINING STATISTICS

YEAR	PRODUCTION (Thousand Tons)	EMPLOYMENT	AVERAGE VALUE PER TON	COAL TAX RECEIPTS (000)
1969	71	51	\$11.36	.
1970	286	69	\$17.41	.
1971	334	145	\$16.42	.
1972	318	149	\$16.18	.
1973	317	102	\$16.39	.
1974	1,182	208	\$46.07	\$449
1975	851	282	\$31.86	\$2,261
1976	1,163	157	.	\$1,037
1977	1,516	192	\$33.75	\$1,028
1978	1,369	236	\$35.25	\$2,139
1979	811	131	\$35.22	\$1,633
1980	985	114	\$38.66	\$1,243
1981	724	101	\$31.89	\$1,183
1982	729	125	\$30.14	\$1,104
1983	693	113	\$27.69	\$1,803
1984	868	157	\$24.09	\$1,107
1985	1,497	214	\$25.05	\$1,378
1986	927	161	\$23.58	\$1,313
1987	.	265	.	.

Note: All dollar figures are presented in constant 1988 dollars.



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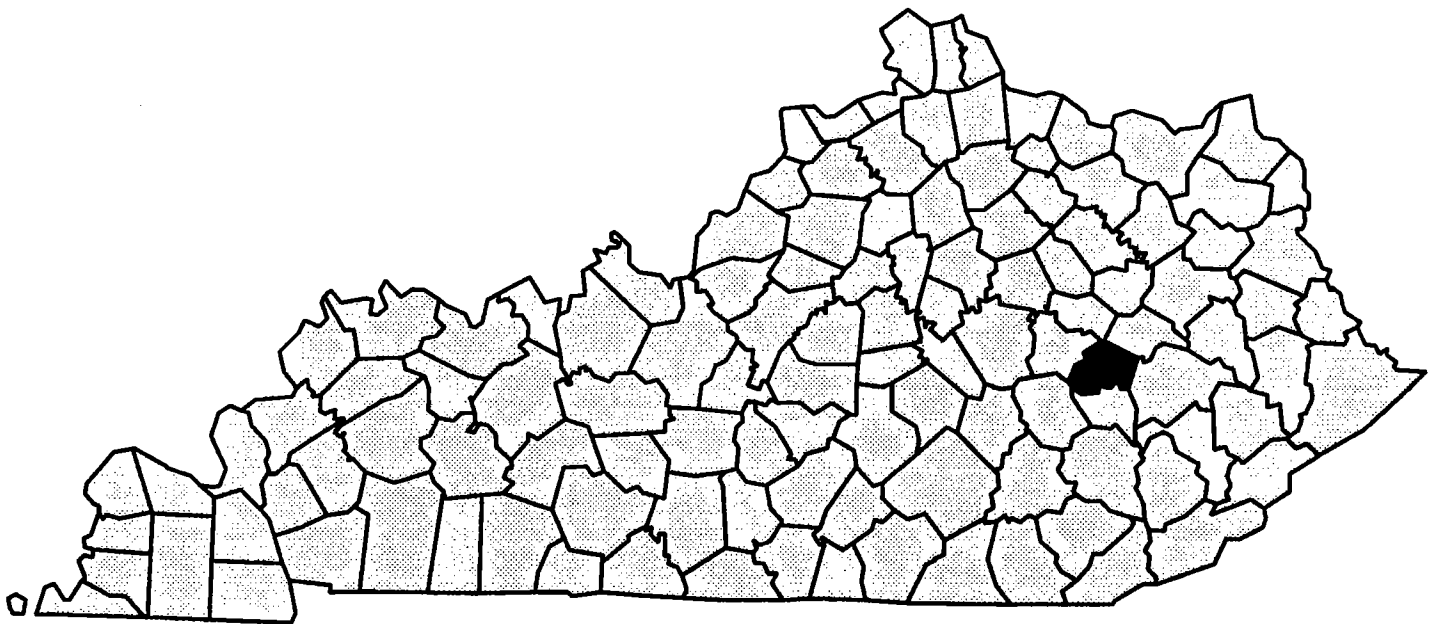






ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

**LEE COUNTY**



Prepared by  
Virginia Wilson  
Donna A. Cantrell

RESEARCH MEMORANDUM 438  
Legislative Research Commission  
Frankfort, Kentucky  
February, 1990



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KENTUCKY COUNTIES  
1969 – 1987

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1990

LEE COUNTY

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Frankfort, Kentucky  
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## FOREWORD

This publication is one of a set of 120, highlighting economic trends in each county in Kentucky from 1969-1987. This effort is part of the ongoing activities sponsored by the Legislative Research Commission to provide a long-term perspective on issues for decision makers. The economies of individual counties do not always parallel overall state trends. This set of publications is an attempt to look at the economic trends in each county over time and to point out where the economies of individual counties may be performing differently from the economy of the state as a whole.

This publication was prepared by Virginia Wilson and Donna Cantrell. Susan Dance assisted in production of the manuscript and Charles Bush edited the report. The assistance of Carol Straus from the Center for Business and Economic Research at the University of Kentucky in deciphering data is gratefully acknowledged.

Vic Hellard, Jr.  
Director

The Capitol  
Frankfort  
February, 1990



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## SUMMARY

The Lee County economy, as measured by personal income, grew moderately from 1969 to 1987. Lee County decreased its share of Kentucky personal income. Both per capita personal income and average earnings per job were significantly below those of the state. Lee County generates a smaller percent of personal income from earnings and a larger percent from transfer payments than does the state as a whole.

The county economy was heavily impacted by volatile goods-producing sectors. Earnings and employment in both the mining and manufacturing sectors fluctuated greatly during the period. The county's share of earnings and employment from farming declined, while employment's share increased.

The non-goods-producing sectors of services and trade declined at the county level, while the state and local government sector increased. At the state level, the services and trade sectors increased, while state and local government was constant.

Goods-producing industries, especially durable manufacturing, tend to be very sensitive to economic fluctuations and market competition. The non-goods-producing sectors tend to be more resilient during periods of economic decline. The long-term economic outlook at the state and national levels is for continued increase in these sectors, especially the service sector. Future economic growth in Lee County would be enhanced by growth in these sectors.



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## INTRODUCTION

This is one of a series of reports called Economic Trends in Kentucky Counties. The purpose of this series is to describe the economic structure of Kentucky counties and to assess their economic performance relative to their own history and relative to the Kentucky economy. Information on the structure and patterns of change in county economies and an understanding of their relationship to the Kentucky economy can help in making policy decisions that are intended to shape Kentucky's economic future.

When assessing any economy there are several pertinent questions which may be addressed. The first concerns changes in the absolute size of the economy over time. Here the relevant comparison is between the Lee County economy and its own history. Since most economic variables are given in dollars and since inflation causes the value of a dollar to vary over time, all dollar values in this report are presented in constant 1988 dollars. This allows analysis of real changes over time by controlling for the effects of inflation.

A second question concerns the structure and nature of the Lee County economy. The structure of an economy refers to the relative share contributed by the various segments of the economy, while the nature deals with how this share has changed over time.

A third question concerns the performance of the Lee County economy when compared to the Kentucky economy. For example, if a county has a higher proportion of earnings or employment in a particular sector it would indicate a specialization in that sector. Differences in economic structure may explain variations in relative economic well being between a county and the state as a whole.

Economic data for counties are usually published after a lag of two years. Therefore, most data in this report cover the period 1969 to 1987. All data for this report was obtained from the Kentucky Economic Information System, an on-line database maintained by the University of Kentucky Center for Business and Economic Development.

There are certain caveats which should be remembered when analyzing data. First, it is a common and useful approach to evaluate the percentage an economic sector contributes to the total economy. However, one must remember that a sector's percentage contribution may decline even when its absolute value is increasing, if another sector's contribution is growing at a faster rate. Secondly, when reviewing data in graphical analyses, the scales used to present data should be noted. In this report most graphs are presented with the narrowest scale which will cover all data points. This can accentuate visual patterns over time even when absolute changes are relatively small.

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\*For an analysis of economic trends in Kentucky, see Virginia Wilson, Patterns of Growth and Decline in the Kentucky Economy 1969-1988, Research Memorandum 437, Legislative Research Commission, November 1989.



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## ECONOMIC TRENDS IN LEE COUNTY

The following analysis includes a brief description of the county economy and is accompanied by graphical illustrations. Data tables are also included at the end of this report. Three principal components of the Lee County economy are analyzed. They are:

1. Personal Income
2. Earnings
- \* 3. Employment

Also, because coal production has been an important component in the Kentucky economy and in many local economies, the coal sector is analyzed in counties which have a history of coal production.

### Personal Income

Personal income is often used as a measure of the economic activity in an area. Personal income is the sum of all the dollar income received by individuals in an area from any legal source. Personal income data is published by the Bureau of Economic Analysis (BEA) for most major geographic regions, including states, counties, and major cities.

In general, income can be obtained in three ways. First, it can be earned by the work of an individual. This type of income includes wage and salary income and proprietors' earnings. Second, income can be earned by property. Included are earnings from rents, dividends, and interest. Finally, income can be received as a gift or an entitlement. This type of income constitutes the component of personal income called transfer payments. Included in this component is income from sources such as retirement benefits, unemployment benefits, food stamps, and medical programs such as Medicare and Medicaid.

As can be seen in Chart 1A, the size of the Lee County economy, as measured by real personal income, increased from \$34 million in 1969 to \$55 million in 1987, after adjusting for inflation. Chart 1B shows Lee County total personal income as a percent of Kentucky total personal income. Lee County's share of Kentucky personal income decreased.

A similar pattern emerges from an examination of per capita personal income (Charts 1C and 1D). Per capita personal income is simply the total personal income of an area divided by its population. Per capita personal income is often used as a measure of the economic well-being of the residents of an area. Lee County real per capita income generally increased over the time period to a level of \$7,151 in 1987, which was 57.2 percent of Kentucky per capita personal income.

A better understanding of the nature of economic activity can be gleaned from an examination of the relative contribution of the components of personal income and how their shares have changed over time. This information is illustrated in Charts 2A-2D. Earnings were volatile during the period. Total earnings increased from \$22 million in 1969 to a high of \$31 million in 1978, then declined to \$28 million in 1987 (in constant 1988 dollars). Earnings as a percent of personal income declined over the period. Earnings accounted for 51.4 percent of Lee County's total personal income in 1987, compared to Kentucky's 67.5 percent share.

Transfer payments contributed \$10 million to total personal income in 1969 and \$20 million in 1987. Transfer payments contributed a higher percentage of personal income in Lee County than in Kentucky. In 1987, 36.2 percent of Lee County personal income was derived from transfer payments, compared to 17.2 percent for the state.

Income from property in Lee County grew slowly through the time period. Income from property totalled \$2 million in 1969 and increased to \$7 million in 1987.

## Earnings

Earnings are the component of personal income reflecting payments to individuals in return for labor. Earnings include both wages and salaries and proprietor's income. Earnings from goods-producing sectors are presented in Chart 3A. In 1969, Lee County received 9.4 percent of its earnings from manufacturing. This share decreased through the mid-1970's, to 1.0 percent in 1976, then increased to 6.5 percent in 1987. Earnings from farming declined from 5.9 percent in 1969 to 1.1 percent in 1987. Earnings from mining increased from 13.1 percent in 1969 to 25.7 percent in 1981, but declined to 15.7 percent in 1987. At the state level the share of earnings from all three of these sectors declined during the period.

Earnings from non-goods-producing industries are illustrated in Chart 3B. The percent of total earnings from services declined in the early 1970's, then increased to 12.7 percent in 1987. The percentage of earnings from the trade sector decreased from 27.0 percent in 1969 to 20.1 percent in 1987. The share from state and local government increased from 15.8 percent in 1969 to 20.9 percent in 1987. At the state level the share of earnings from services increased, while the shares from trade and government were constant.

Average earnings per job (adjusted for inflation) for Lee County and Kentucky are shown in Chart 3D. In Kentucky, average earnings per job reached a high of \$20,121 per person in 1978. Average earnings then declined and in 1987 they were \$18,636 per person. In Lee County, average earnings per job decreased over the period to a level of \$13,480 in 1987, well below the Kentucky average.

## Employment

Employment is considered to be any activity for which one receives financial remuneration in the form of wages or profits. Total employment in Lee County increased erratically during the data period. In 1969, total employment stood at 1,532 people. By 1987, employment had increased to 2,000 people.

The unemployment rate, often used as an indicator of economic well-being, is the ratio of unemployed to the total civilian labor force. Unemployment is described as a condition of being out of work while actively seeking employment within the last thirty days. The civilian labor force is described as the proportion of population age 16 or older employed or actively seeking employment. Annual unemployment rates for Kentucky and Lee County are presented in Chart 4B. Lee County unemployment rates were above Kentucky rates during the period. In 1987, the county unemployment rate was 14.9 percent, compared to 8.8 percent for the state.

Another employment concept includes the discouraged worker. Discouraged workers are persons who want jobs but made no attempt to find work in the last thirty days because they believe they could not find it. These individuals are not included when calculating official unemployment rates. The Cabinet for Human Resources does not estimate discouraged workers by county. However, preliminary research by the Cabinet indicates that the inclusion of discouraged workers in the civilian labor force estimate would increase the unemployment rate by approximately 4 percent for the state. This figure would vary by county depending on the labor market in a county or within commuting distance.

Employment in the goods-producing industries was volatile (Chart 4C). The percent of Lee County total employment in manufacturing decreased significantly in the 1970's, then increased in the mid-1980's. Manufacturing represented 1.8 percent of total employment in 1976. This share increased to 8.8 percent in 1987. Farming's share of employment increased from 5.9 percent in 1969 to 14.6 percent in 1978, then declined to 12.4 percent by 1987. Mine sector employment was cyclical. In 1987, mining's share of total employment was 9.4 percent. The state share of employment in these sectors generally declined.

Lee County employment in the non-goods-producing sectors is illustrated in Chart 4D. Employment in the service sector as a percent of total employment decreased from 19.4 percent in 1969 to 12.5 percent in 1987. The percent of employment from trade declined through 1983, then increased to 20.0 percent by 1987. The percent of employment in state and local government increased from 15.2 percent in 1969 to 18.0 percent in 1987. Employment in the service and trade sectors increased as a percent of total state employment, while state employment's share in state and local government was relatively constant.

## Population

The census conducted each decade counts the actual population in an area. Population is then statistically estimated during intervening years. The demographic composition of this population growth has important implications for the future demand for goods and services, and ultimately, the economic structure of Lee County.

Population trends for Lee County reflect the cycles of economic activity in the area. Population growth was erratic. Overall, Lee County population grew from 6,700 in 1969 to 7,600 in 1987 (Chart 5A). In 1986, 9.5 percent of Lee County's population was under six years of age, compared to 8.6 percent for the state. In the same year, 18.2 percent of the Lee County population were sixty years of age and over, while 16.5 percent of all Kentucky residents fell in this age group.

## Coal

The coal sector provides significant income and employment to the Kentucky economy. This sector also contributes directly to the Commonwealth's General Fund revenues through severance tax collections.

Lee County coal production patterns are presented in Chart 6A. Coal production is estimated by the Energy Information Administration of the U.S. Department of Energy. Estimates of production are calculated from a sample of coal shipments from each county. Coal production increased significantly between 1974 and 1977, declined in 1979, then increased again in 1984. In 1987, 118 thousand tons of coal was mined in Lee County.

Employment in the mining sector, which includes coal and other forms of mining, is illustrated in Chart 6B. Employment trends in this sector paralleled production trends. In 1987, this sector provided 188 jobs in Lee County.

The average value per ton for coal is illustrated in Chart 6C. At the national level, average value per ton increased in the 1970's, then declined significantly during the 1980's. The average value per ton for coal mined in Lee County was volatile.

Coal severance tax receipts are presented in Chart 6D. The Kentucky Revenue Cabinet collects severance taxes on processed coal. Receipts are then allocated to counties, based on the value of the coal mined in the county and the value attributed to any processing done in the county. Therefore, trends in severance tax collections may not exactly parallel those of the coal production figures in Chart 6A. Severance tax collections were cyclical over the period. In 1986, coal severance tax collections allocated to Lee County totalled \$255,000.

CHART 1A  
LEE COUNTY  
REAL PERSONAL INCOME  
Millions of 1988 dollars

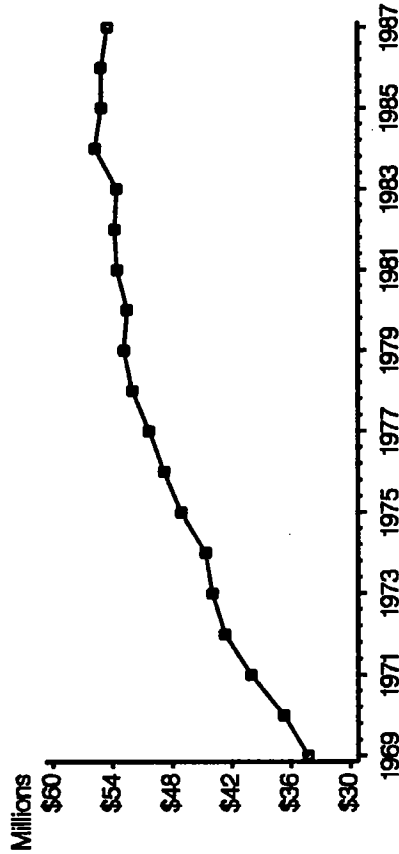


CHART 1B  
LEE COUNTY  
PERSONAL INCOME  
as a Percent of Kentucky Personal Income

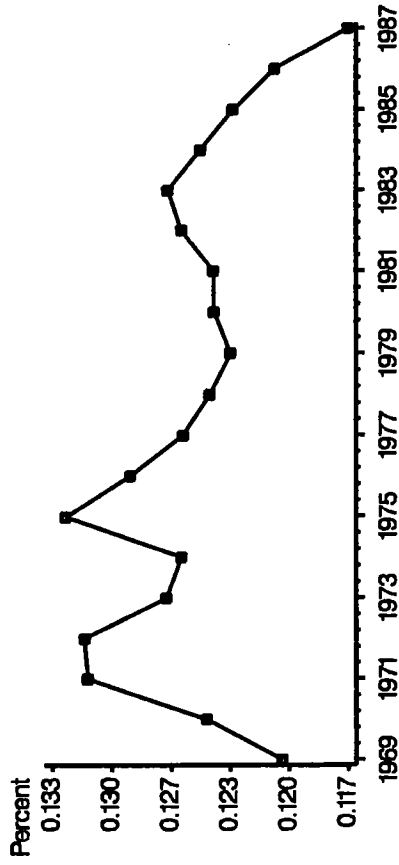


CHART 1C  
LEE COUNTY  
PER CAPITA PERSONAL INCOME  
in Constant 1988 Dollars

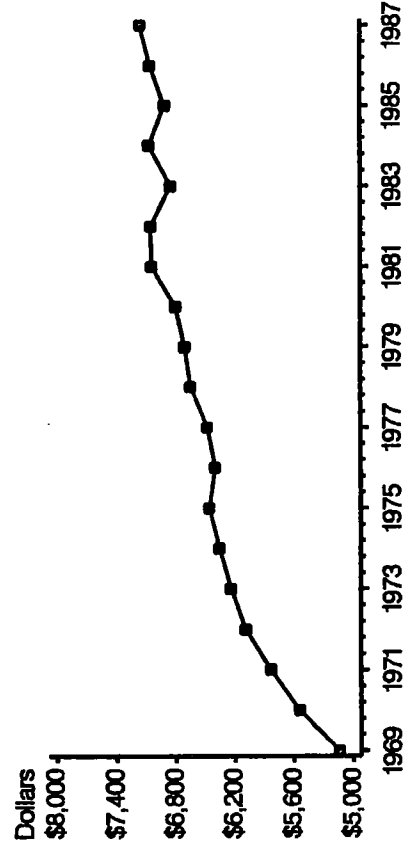


CHART 1D  
LEE COUNTY  
PER CAPITA PERSONAL INCOME  
as a Percent of Kentucky Per Capita Personal Income

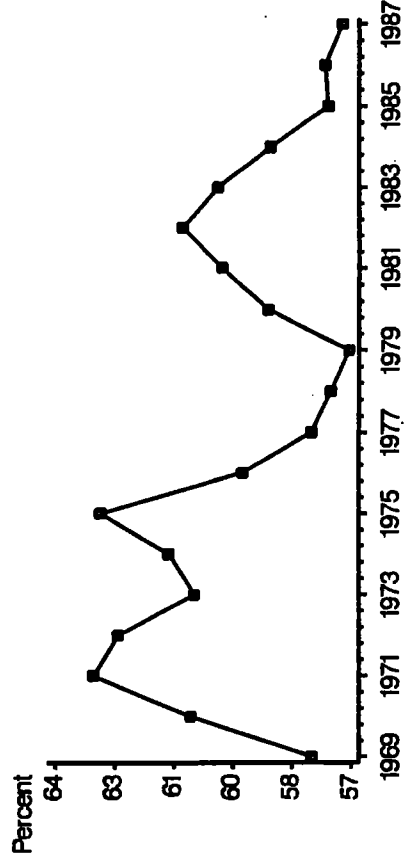


CHART 2A  
LEE COUNTY  
REAL TOTAL EARNINGS  
Millions of 1988 dollars

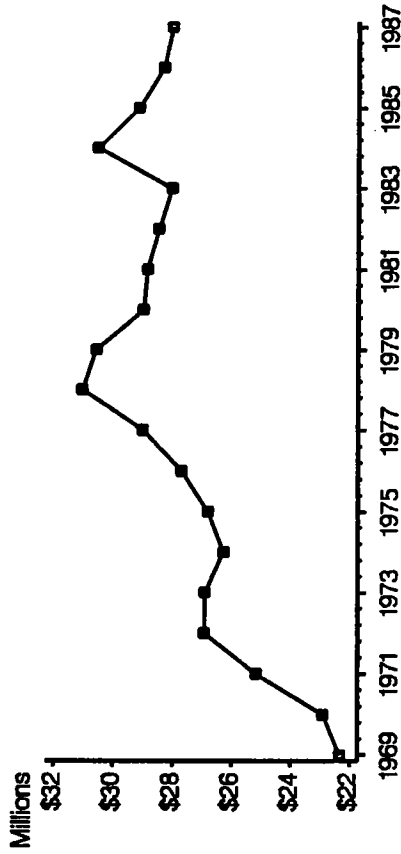


CHART 2B  
LEE COUNTY  
TRANSFER PAYMENTS and INCOME FROM PROPERTY  
Millions of 1988 Dollars

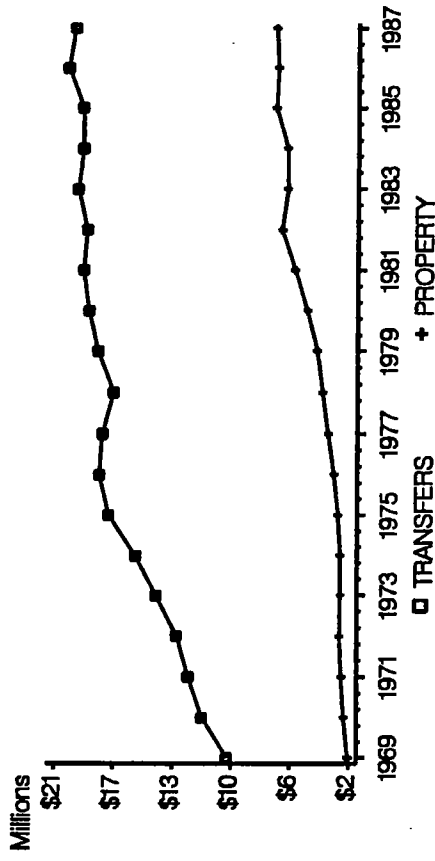


CHART 2C  
LEE COUNTY  
TOTAL EARNINGS  
as a Percent of Personal Income

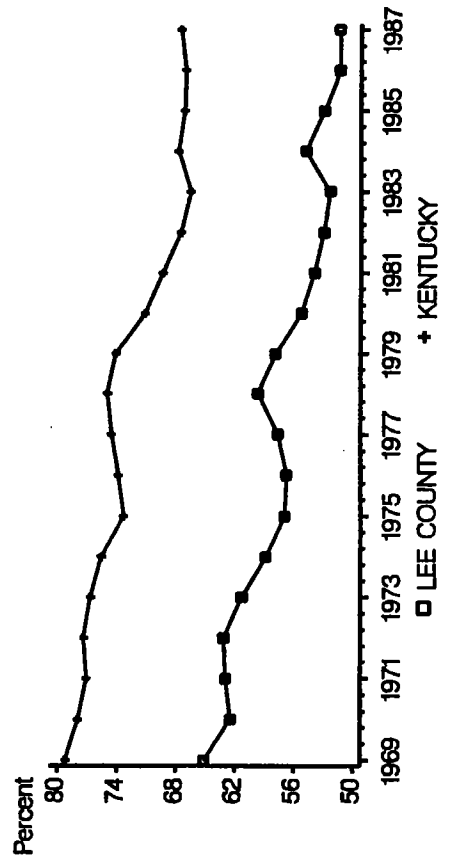


CHART 2D  
LEE COUNTY  
TRANSFER PAYMENTS  
as a Percent of Personal Income

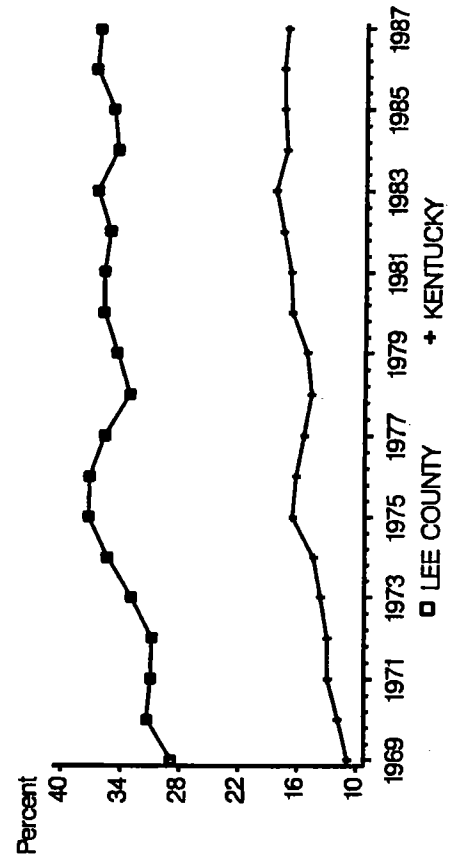




CHART 3A  
LEE COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

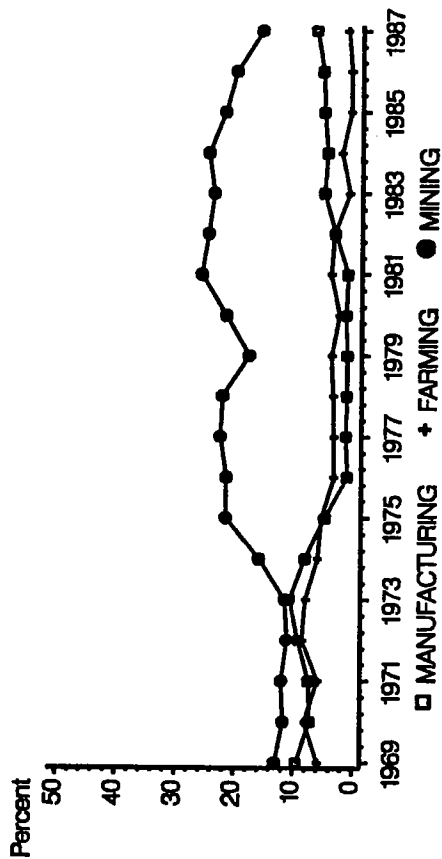


CHART 3B  
LEE COUNTY

EARNINGS IN NON-GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

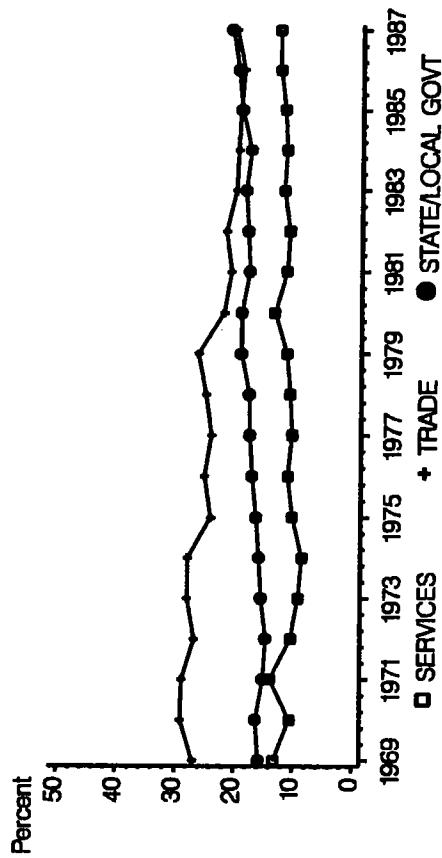


CHART 3C  
LEE COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Kentucky Industries

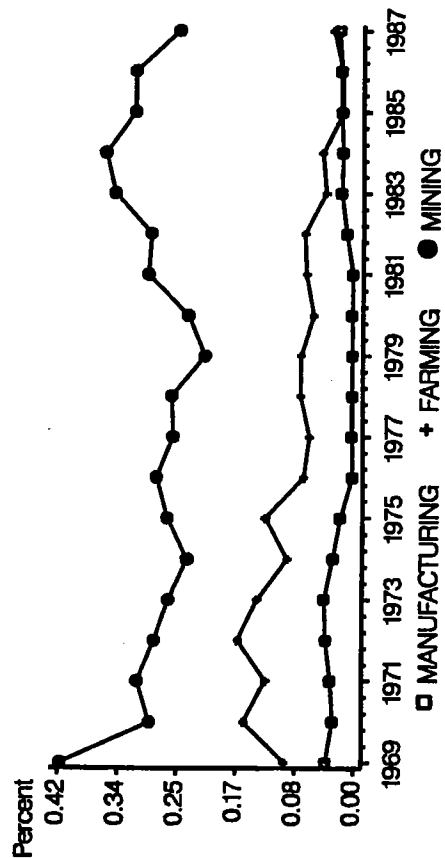


CHART 3D  
LEE COUNTY

AVERAGE EARNINGS PER JOB  
in Constant 1988 Dollars

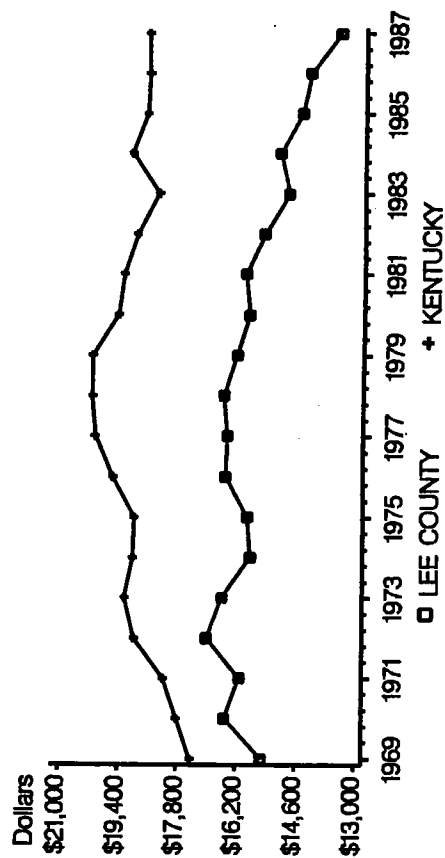


CHART 4A  
LEE COUNTY  
TOTAL EMPLOYMENT  
Thousands of People

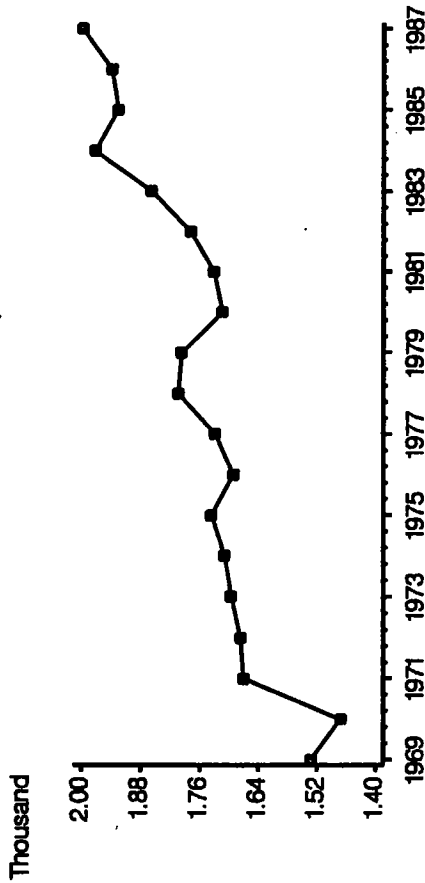


CHART 4B  
LEE COUNTY  
ANNUAL UNEMPLOYMENT RATE

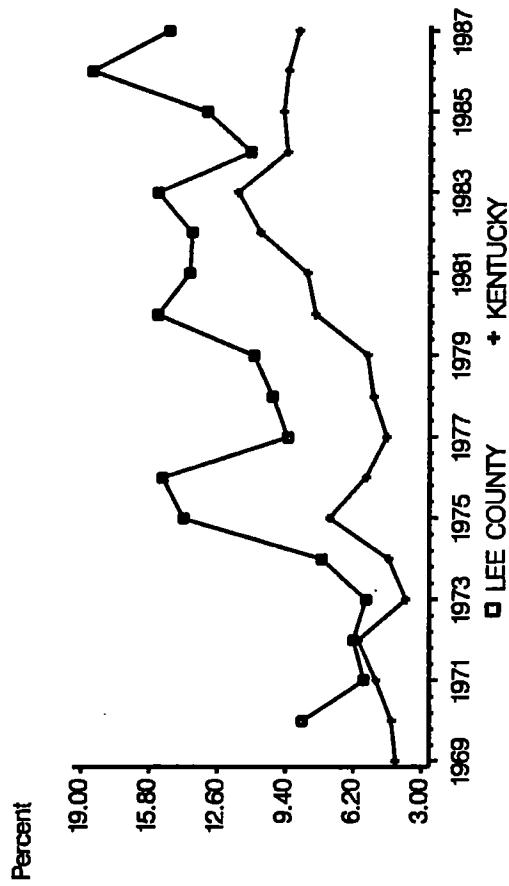


CHART 4C  
LEE COUNTY  
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

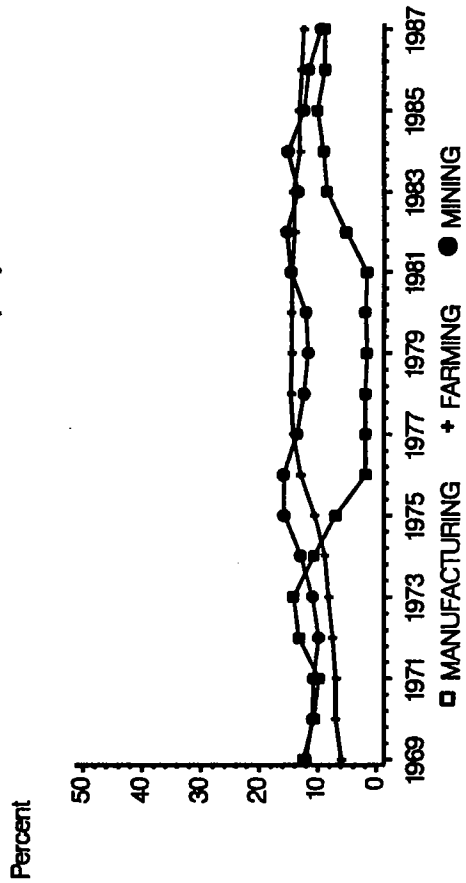


CHART 4D  
LEE COUNTY  
EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

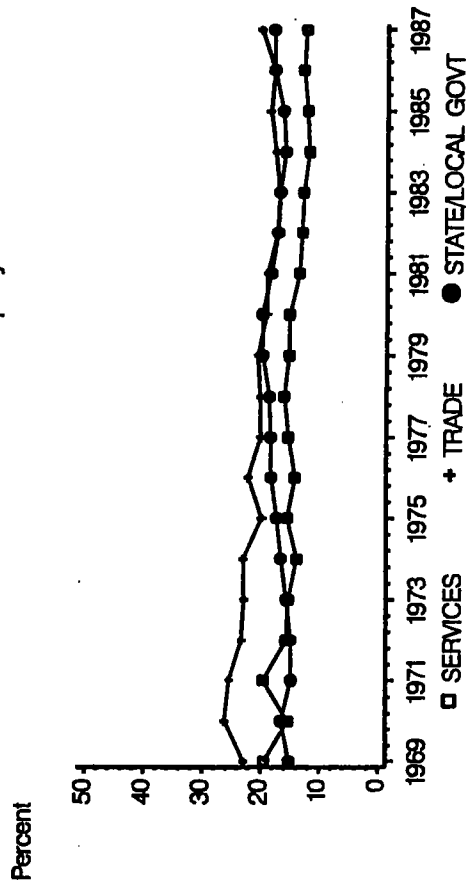


CHART 5A  
LEE COUNTY  
POPULATION

Thousands of People

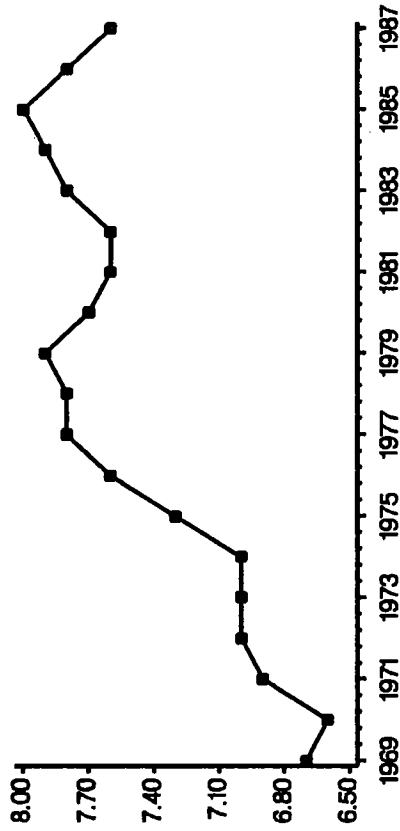


CHART 5B  
LEE COUNTY  
POPULATION  
as a Percent of Kentucky Population

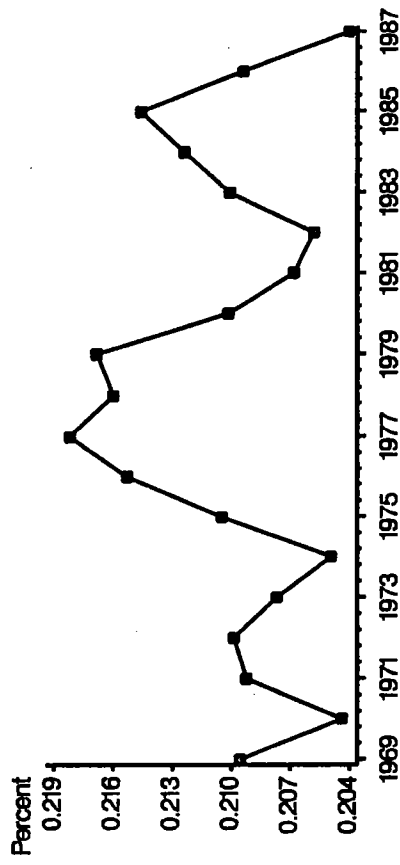


CHART 5C  
LEE COUNTY  
POPULATION 5 AND UNDER  
as a Percent of Total Population

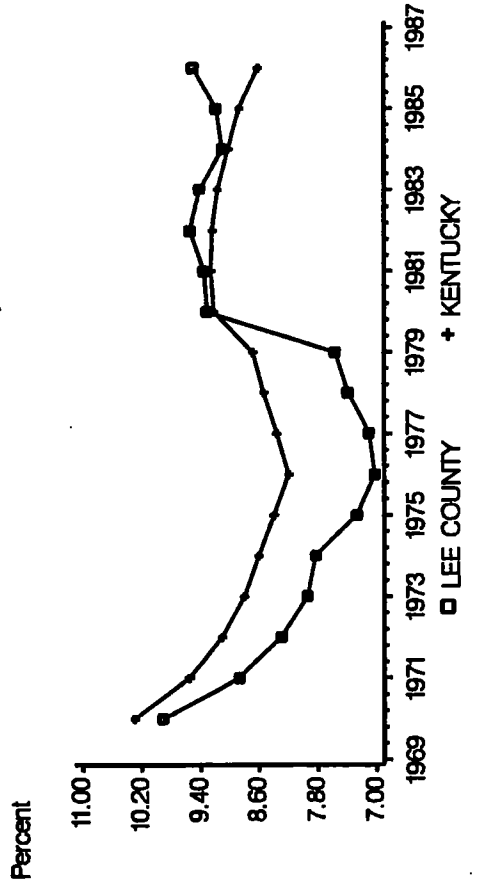
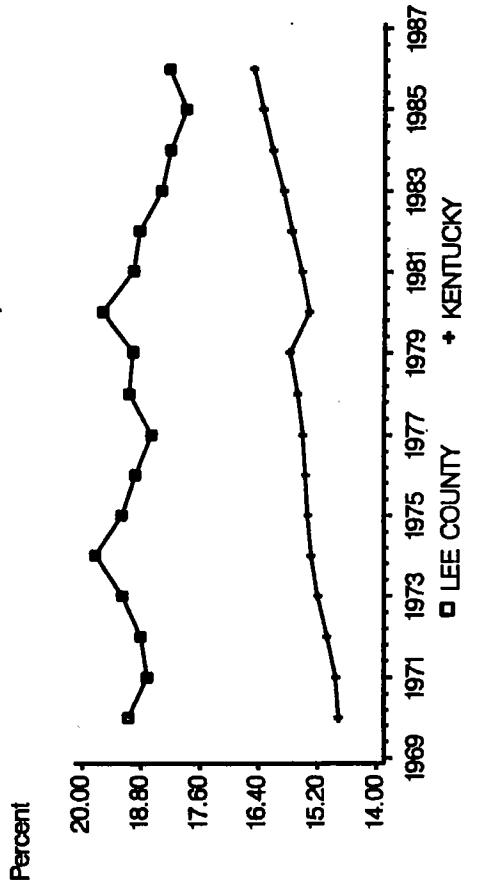
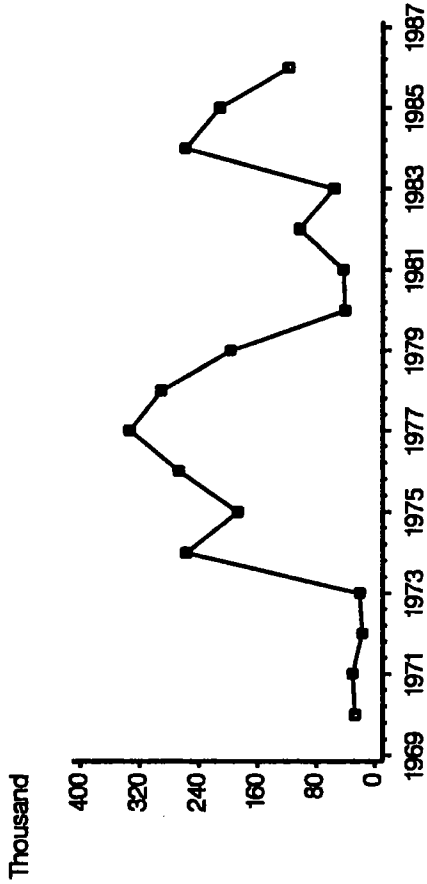


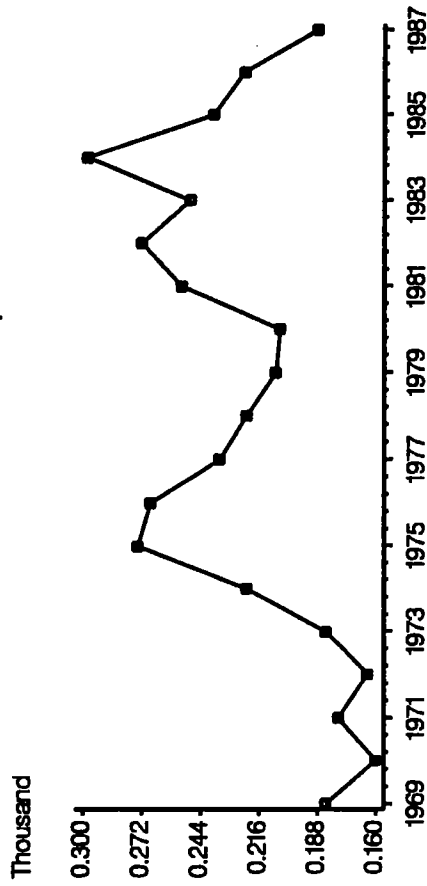
CHART 5D  
LEE COUNTY  
POPULATION 60 AND OVER  
as a Percent of Total Population



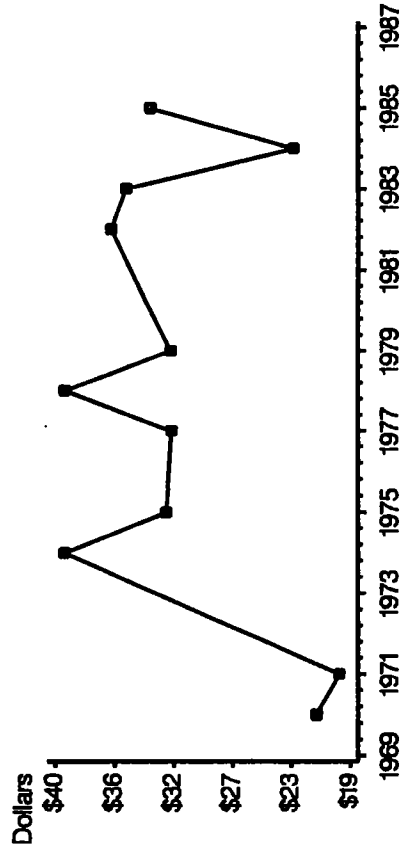
**CHART 6A**  
**LEE COUNTY**  
**TOTAL COAL PRODUCTION (SHIPMENTS)**  
 Thousands of Tons



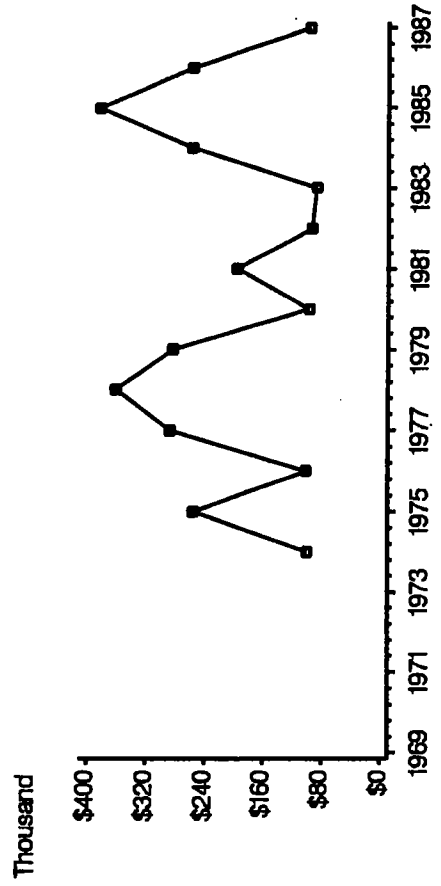
**CHART 6B**  
**LEE COUNTY**  
**MINING EMPLOYMENT**  
 Thousands of People



**CHART 6C**  
**LEE COUNTY**  
**AVERAGE VALUE PER TON FOR COAL**  
 Constant 1988 Dollars



**CHART 6D**  
**LEE COUNTY**  
**TAX RECEIPTS ON COAL SEVERED OR PROCESSED**  
 Thousands of 1988 Dollars



LEE COUNTY

PERSONAL INCOME  
In Millions of 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	34	0.12	5,147	57.9
1970	37	0.12	5,543	60.8
1971	40	0.13	5,840	63.1
1972	43	0.13	6,092	62.5
1973	44	0.13	6,235	60.7
1974	45	0.13	6,354	61.3
1975	47	0.13	6,458	62.9
1976	49	0.13	6,396	59.6
1977	50	0.13	6,475	57.9
1978	52	0.12	6,649	57.5
1979	53	0.12	6,709	57.1
1980	53	0.12	6,800	59.0
1981	54	0.12	7,038	60.0
1982	54	0.13	7,047	61.0
1983	54	0.13	6,846	60.1
1984	56	0.13	7,063	58.9
1985	55	0.12	6,904	57.5
1986	55	0.12	7,051	57.6
1987	55	0.12	7,151	57.2

COMPONENTS OF PERSONAL INCOME  
In Constant 1988 Dollars

Year	EARNINGS			TRANSFER PAYMENTS			INCOME from PROPERTY		
	M\$	Percent of Personal Income		M\$	Percent of Personal Income		M\$	Percent of Personal Income	
		County	Kentucky		County	Kentucky		County	Kentucky
1969	22	65.1	79.2	10	28.8	10.9	2	6.0	9.9
1970	23	62.4	77.9	11	31.3	11.9	2	6.3	10.2
1971	25	62.9	77.0	12	30.9	12.9	2	6.2	10.1
1972	27	63.1	77.3	13	30.8	12.9	3	6.2	9.7
1973	27	61.2	76.6	14	32.9	13.6	3	5.8	9.7
1974	26	58.9	75.5	16	35.4	14.4	3	5.8	10.1
1975	27	56.9	73.3	18	37.3	16.5	3	5.8	10.1
1976	28	56.7	73.9	18	37.1	16.1	3	6.1	10.0
1977	29	57.6	74.6	18	35.7	15.3	3	6.7	10.1
1978	31	59.7	75.0	17	33.1	14.6	4	7.2	10.4
1979	31	57.8	74.1	18	34.4	15.1	4	7.7	10.8
1980	29	55.2	71.1	19	35.8	16.7	5	9.0	12.2
1981	29	53.9	69.3	19	35.8	16.8	6	10.4	13.8
1982	28	52.9	67.5	19	35.2	17.6	6	11.9	14.9
1983	28	52.3	66.6	20	36.4	18.4	6	11.2	15.1
1984	31	54.7	67.8	19	34.4	17.3	6	10.8	14.9
1985	29	52.9	67.2	19	34.8	17.6	7	12.3	15.3
1986	28	51.3	67.1	20	36.6	17.6	7	12.1	15.3
1987	28	51.4	67.5	20	36.2	17.2	7	12.4	15.3

LEE COUNTY

SECTOR EARNINGS as a PERCENT of TOTAL COUNTY EARNINGS and  
as a PERCENT of KENTUCKY SECTOR EARNINGS

YEAR	MANUFACTURING		FARMING		MINING	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	9.4	0.04	5.9	0.10	13.1	0.42
1970	7.2	0.03	8.0	0.16	11.7	0.29
1971	7.4	0.03	5.8	0.13	11.9	0.31
1972	9.2	0.04	8.5	0.16	11.1	0.28
1973	10.7	0.04	7.9	0.14	11.5	0.26
1974	8.0	0.03	5.9	0.10	15.9	0.24
1975	4.7	0.02	5.3	0.13	21.5	0.27
1976	1.0	0.00	3.3	0.07	21.5	0.28
1977	1.3	0.00	3.3	0.06	22.5	0.26
1978	1.1	0.00	3.5	0.08	22.1	0.26
1979	1.1	0.00	3.7	0.08	17.7	0.21
1980	1.3	0.00	2.4	0.06	21.5	0.24
1981	1.0	0.00	3.8	0.07	25.7	0.29
1982	3.2	0.01	3.3	0.07	24.6	0.29
1983	5.1	0.02	0.8	0.04	23.7	0.34
1984	4.6	0.02	2.1	0.05	24.6	0.35
1985	5.1	0.02	0.6	0.02	21.8	0.31
1986	5.4	0.02	0.6	0.02	20.0	0.31
1987	6.5	0.02	1.1	0.03	15.7	0.25

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	13.2	0.10	27.0	0.17	15.8	0.18
1970	10.5	0.08	29.1	0.19	16.3	0.17
1971	13.9	0.12	28.8	0.20	15.1	0.17
1972	10.4	0.09	26.8	0.19	14.7	0.17
1973	9.2	0.07	28.1	0.18	15.5	0.17
1974	8.6	0.07	28.0	0.18	15.8	0.17
1975	10.3	0.08	24.1	0.15	16.4	0.17
1976	11.0	0.08	25.2	0.15	17.1	0.17
1977	10.3	0.07	24.0	0.14	17.5	0.17
1978	10.7	0.07	24.9	0.14	17.7	0.17
1979	11.2	0.07	26.2	0.15	19.0	0.17
1980	13.3	0.08	21.9	0.12	19.0	0.16
1981	11.3	0.07	20.7	0.12	17.7	0.16
1982	10.9	0.06	21.6	0.13	17.9	0.16
1983	11.9	0.07	20.0	0.12	18.4	0.16
1984	11.4	0.07	19.7	0.12	17.5	0.16
1985	11.8	0.06	19.4	0.11	19.1	0.16
1986	12.6	0.06	18.7	0.11	19.7	0.16
1987	12.7	0.05	20.1	0.11	20.9	0.16

LEE COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	192	12.5	90	5.9	184	12.0
1970	155	10.5	101	6.9	160	10.9
1971	162	9.7	114	6.8	178	10.7
1972	222	13.2	124	7.4	164	9.8
1973	241	14.2	137	8.1	184	10.9
1974	181	10.6	149	8.7	222	13.0
1975	119	6.9	182	10.5	274	15.8
1976	31	1.8	219	13.0	268	15.8
1977	32	1.9	245	14.2	235	13.6
1978	34	1.9	263	14.6	222	12.3
1979	29	1.6	259	14.4	208	11.6
1980	33	1.9	249	14.5	206	12.0
1981	29	1.7	250	14.4	253	14.6
1982	91	5.1	248	13.9	272	15.3
1983	155	8.3	264	14.2	249	13.4
1984	176	8.9	257	13.0	298	15.1
1985	192	10.0	254	13.2	238	12.4
1986	168	8.7	248	12.8	223	11.5
1987	175	8.8	248	12.4	188	9.4

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	297	19.4	351	22.9	233	15.2
1970	227	15.4	385	26.2	244	16.6
1971	326	19.5	425	25.4	249	14.9
1972	264	15.8	390	23.3	252	15.0
1973	261	15.4	387	22.8	267	15.8
1974	239	14.0	393	23.0	285	16.7
1975	271	15.6	345	19.9	302	17.4
1976	242	14.3	375	22.2	310	18.3
1977	267	15.4	348	20.1	319	18.4
1978	292	16.2	364	20.2	337	18.7
1979	277	15.4	370	20.6	355	19.8
1980	263	15.3	328	19.1	341	19.9
1981	237	13.7	329	19.0	319	18.4
1982	235	13.2	310	17.4	308	17.3
1983	241	13.0	317	17.1	315	16.9
1984	237	12.0	349	17.7	317	16.1
1985	237	12.3	358	18.6	318	16.5
1986	252	13.0	348	17.9	347	17.9
1987	250	12.5	401	20.0	360	18.0

LEE COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	1,532	\$15,505	\$17,440	.	4.2
1970	1,471	\$16,493	\$17,811	8.6	4.4
1971	1,670	\$16,091	\$18,166	5.7	5.1
1972	1,676	\$17,006	\$18,970	6.2	6.0
1973	1,695	\$16,582	\$19,232	5.6	3.7
1974	1,709	\$15,828	\$19,008	7.7	4.5
1975	1,736	\$15,912	\$18,976	14.2	7.3
1976	1,691	\$16,493	\$19,563	15.2	5.6
1977	1,729	\$16,448	\$20,031	9.3	4.7
1978	1,804	\$16,550	\$20,121	10.0	5.3
1979	1,797	\$16,204	\$20,110	10.9	5.5
1980	1,714	\$15,883	\$19,439	15.4	8.0
1981	1,731	\$15,990	\$19,286	13.9	8.4
1982	1,779	\$15,506	\$18,931	13.8	10.6
1983	1,859	\$14,851	\$18,358	15.4	11.6
1984	1,974	\$15,092	\$19,080	11.0	9.3
1985	1,927	\$14,497	\$18,676	13.1	9.5
1986	1,940	\$14,276	\$18,627	18.5	9.3
1987	2,000	\$13,480	\$18,636	14.9	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER 6		PERCENT 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	6,700	0.21	.	.	.	.
1970	6,600	0.20	9.9	10.3	19.1	14.8
1971	6,900	0.21	8.9	9.6	18.7	14.8
1972	7,000	0.21	8.3	9.1	18.8	15.0
1973	7,000	0.21	7.9	8.8	19.2	15.2
1974	7,000	0.20	7.8	8.6	19.7	15.3
1975	7,300	0.21	7.3	8.4	19.2	15.4
1976	7,600	0.22	7.0	8.2	18.9	15.5
1977	7,800	0.22	7.1	8.4	18.6	15.5
1978	7,800	0.22	7.4	8.5	19.1	15.6
1979	7,900	0.22	7.6	8.7	19.0	15.8
1980	7,700	0.21	9.3	9.2	19.6	15.4
1981	7,600	0.21	9.4	9.3	19.0	15.5
1982	7,600	0.21	9.5	9.2	18.8	15.7
1983	7,800	0.21	9.4	9.2	18.4	15.9
1984	7,900	0.21	9.1	9.0	18.2	16.1
1985	8,000	0.21	9.2	8.9	17.9	16.3
1986	7,800	0.21	9.5	8.6	18.2	16.5
1987	7,600	0.20	.	.	.	.



LEE COUNTY

COAL MINING STATISTICS

YEAR	PRODUCTION (Thousand Tons)	EMPLOYMENT	AVERAGE VALUE PER TON	COAL TAX RECEIPTS (000)
1969	.	184	.	.
1970	27	160	\$21.42	.
1971	30	178	\$19.80	.
1972	17	164	.	.
1973	20	184	.	.
1974	257	222	\$39.35	\$100
1975	187	274	\$32.13	\$255
1976	267	268	.	\$101
1977	334	235	\$31.77	\$287
1978	291	222	\$39.31	\$361
1979	197	208	\$31.81	\$283
1980	41	206	.	\$97
1981	43	253	.	\$195
1982	103	272	\$36.04	\$93
1983	56	249	\$34.96	\$87
1984	259	298	\$23.03	\$256
1985	212	238	\$33.24	\$381
1986	118	223	.	\$255
1987	.	188	.	.

Note: All dollar figures are presented in constant 1988 dollars.



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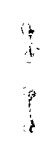
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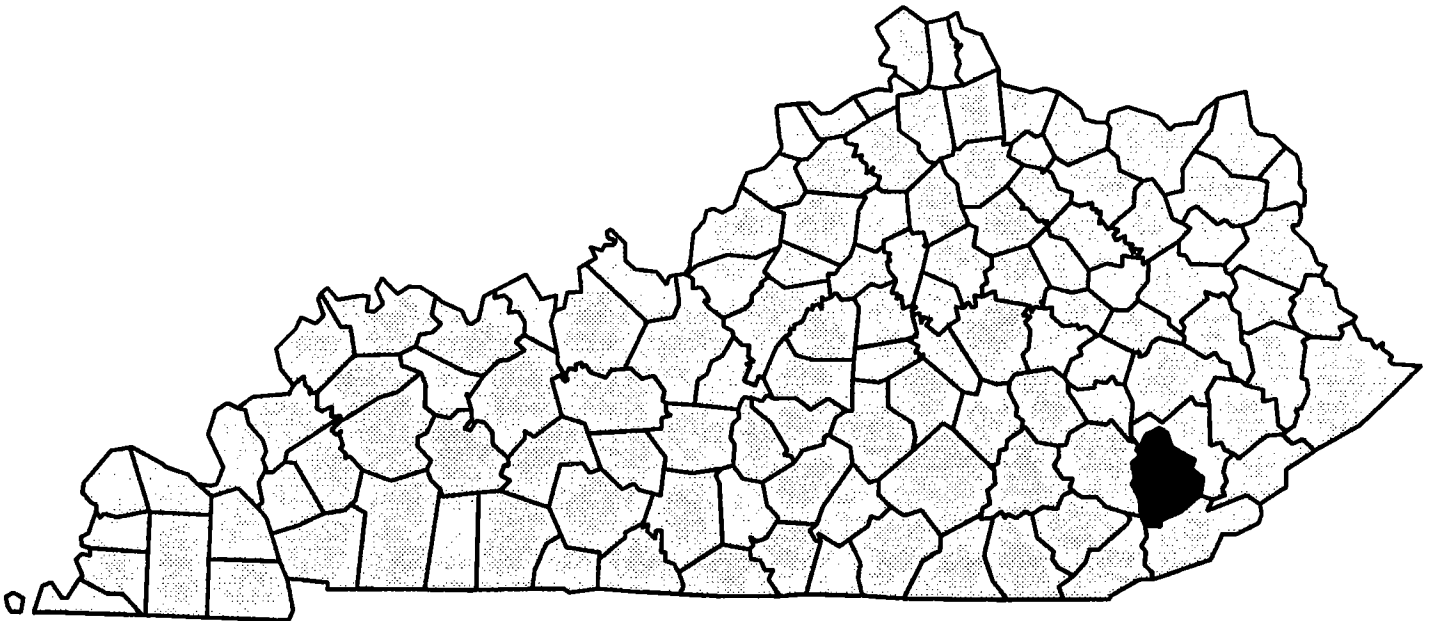
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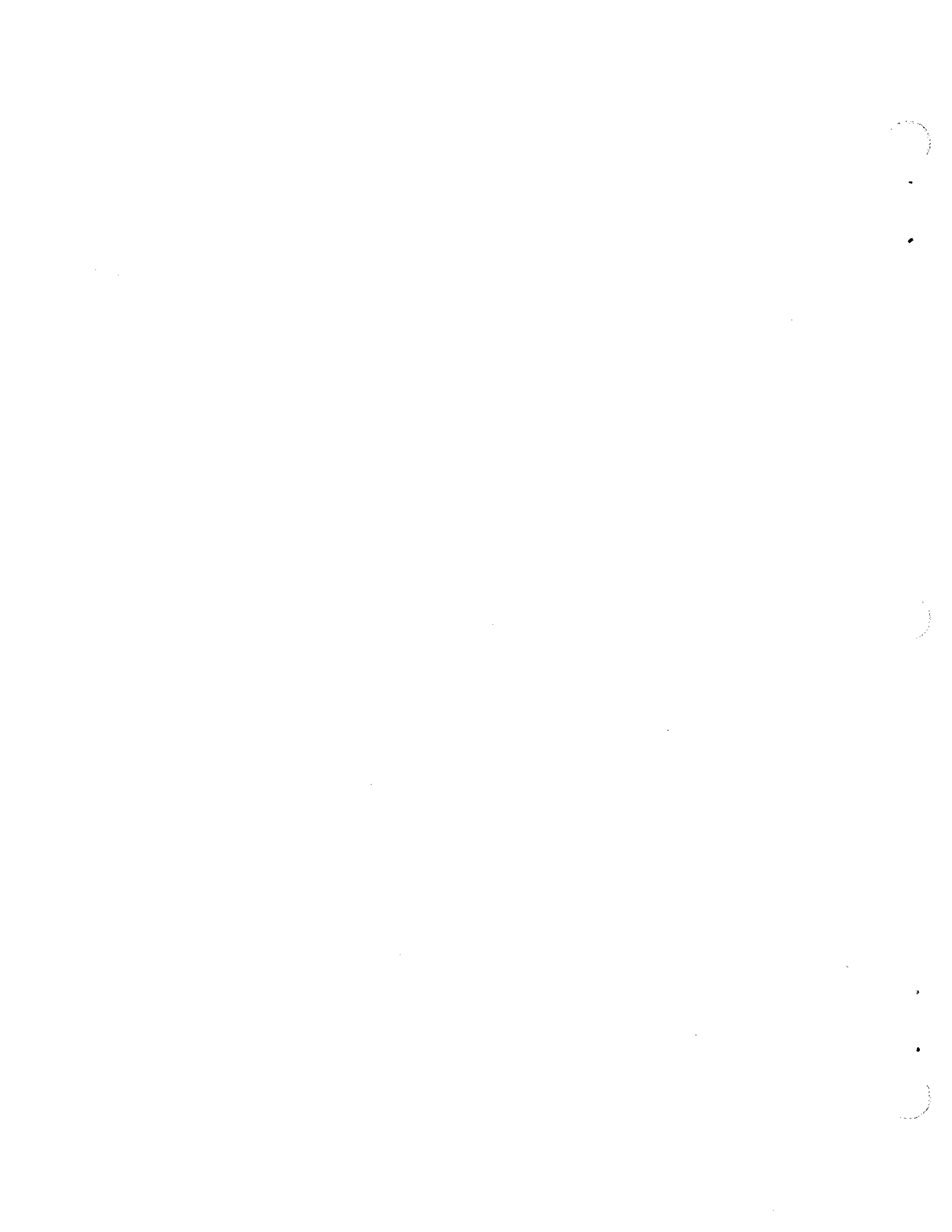
ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

**LESLIE COUNTY**



Prepared by  
Virginia Wilson  
Donna A. Cantrell

RESEARCH MEMORANDUM 438  
Legislative Research Commission  
Frankfort, Kentucky  
February, 1990



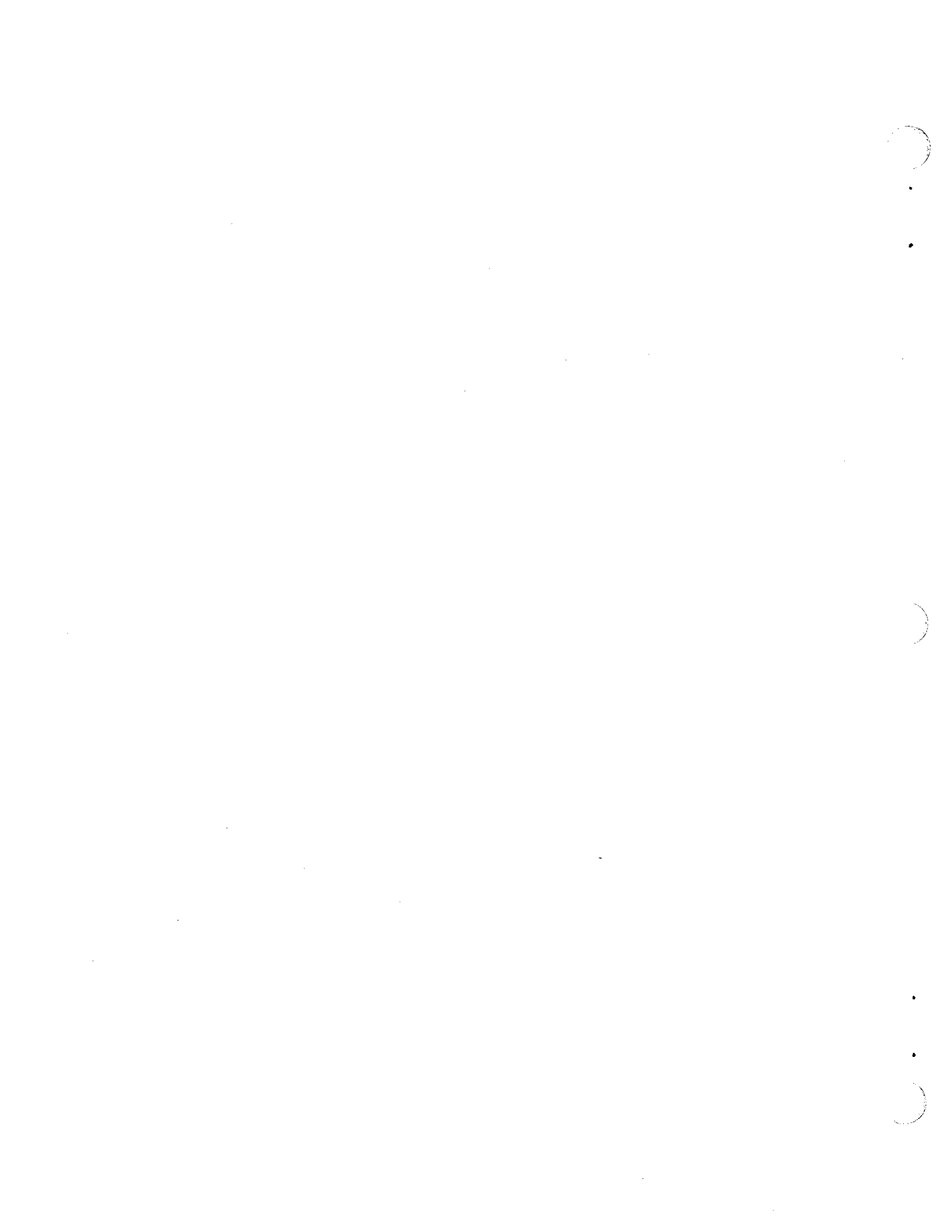
ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

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LESLIE COUNTY

Prepared by  
Virginia Wilson  
Donna A. Cantrell

RESEARCH MEMORANDUM 438  
Legislative Research Commission  
Frankfort, Kentucky  
February, 1990





## FOREWORD

This publication is one of a set of 120, highlighting economic trends in each county in Kentucky from 1969-1987. This effort is part of the ongoing activities sponsored by the Legislative Research Commission to provide a long-term perspective on issues for decision makers. The economies of individual counties do not always parallel overall state trends. This set of publications is an attempt to look at the economic trends in each county over time and to point out where the economies of individual counties may be performing differently from the economy of the state as a whole.

This publication was prepared by Virginia Wilson and Donna Cantrell. Susan Dance assisted in production of the manuscript and Charles Bush edited the report. The assistance of Carol Straus from the Center for Business and Economic Research at the University of Kentucky in deciphering data is gratefully acknowledged.

Vic Hellard, Jr.  
Director

The Capitol  
Frankfort  
February, 1990



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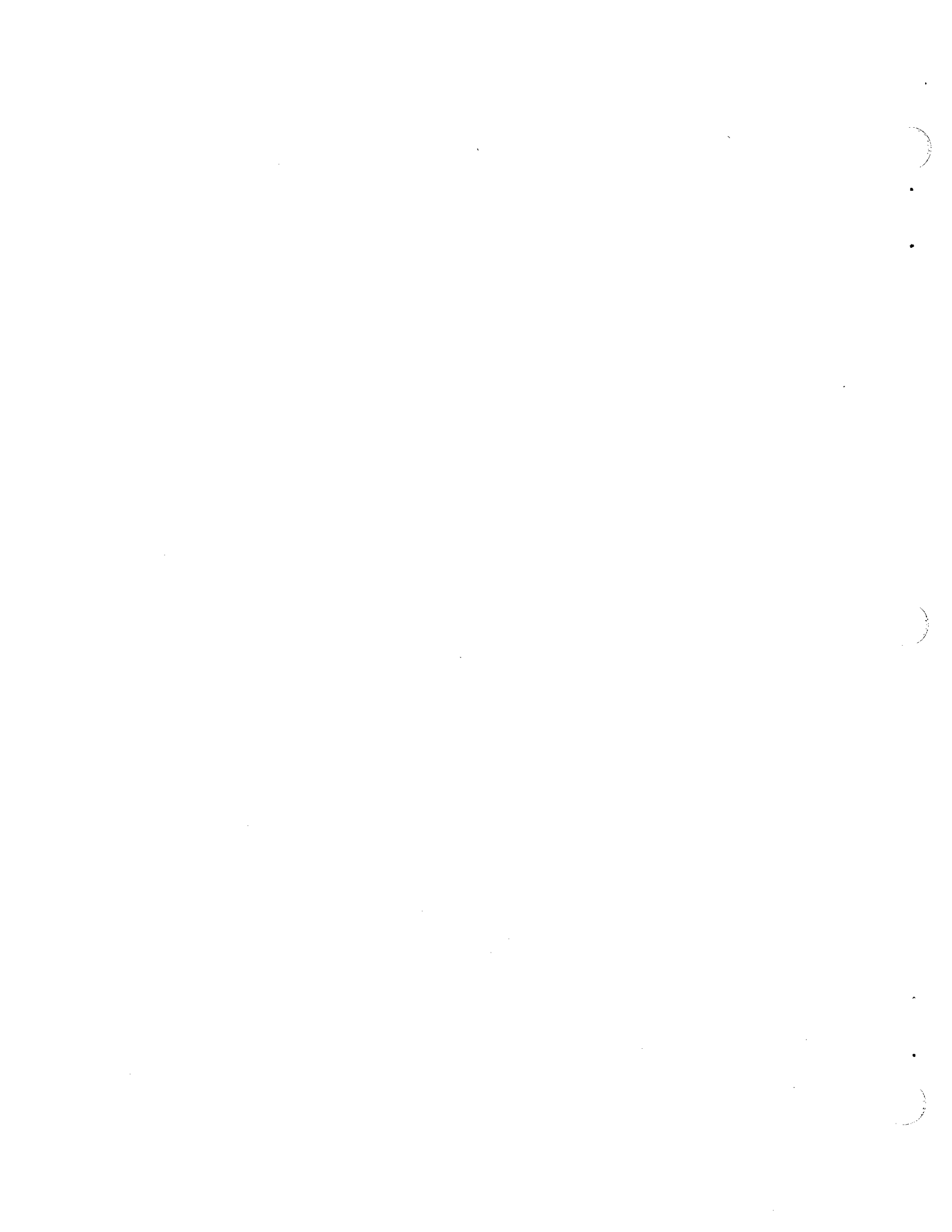
## SUMMARY

The Leslie County economy, as measured by personal income, grew strongly in the 1970's but declined slightly in the 1980's. Leslie County increased its share of Kentucky personal income in the 1970's and decreased its share in the 1980's. By 1987, both per capita personal income and average earnings per job were significantly below those of the state. Leslie County generates a larger percent of personal income from transfer payments than does the state as a whole.

The county economy was heavily impacted by the mining sector. The mine sector's share of earnings and employment increased in the 1970's then declined in the 1980's. The county's share of earnings and employment from farming declined, while the share from manufacturing increased.

The non-goods-producing sector of state and local government increased its share of earnings and employment. The trade sector's share of employment increased, while earnings' share declined. The service sector declined. At the state level, the services and trade sectors increased their shares, while state and local government was constant.

The county was heavily vested in the mining sector. However, this sector has had a volatile employment history and has an uncertain economic future. The coal mining sector is very sensitive to economic fluctuations, international energy markets and national policies. Further, this sector is becoming less labor intensive, which limits its potential for employment growth. Leslie County has a well-developed economic base in the non-goods-producing sectors. The national economic outlook is for growth in these sectors, especially the services and trade sectors. Future economic growth in Leslie County would be enhanced by further development of such sectors.



## INTRODUCTION

This is one of a series of reports called Economic Trends in Kentucky Counties. The purpose of this series is to describe the economic structure of Kentucky counties and to assess their economic performance relative to their own history and relative to the Kentucky economy. Information on the structure and patterns of change in county economies and an understanding of their relationship to the Kentucky economy can help in making policy decisions that are intended to shape Kentucky's economic future.

When assessing any economy there are several pertinent questions which may be addressed. The first concerns changes in the absolute size of the economy over time. Here the relevant comparison is between the Leslie County economy and its own history. Since most economic variables are given in dollars and since inflation causes the value of a dollar to vary over time, all dollar values in this report are presented in constant 1988 dollars. This allows analysis of real changes over time by controlling for the effects of inflation.

A second question concerns the structure and nature of the Leslie County economy. The structure of an economy refers to the relative share contributed by the various segments of the economy, while the nature deals with how this share has changed over time.

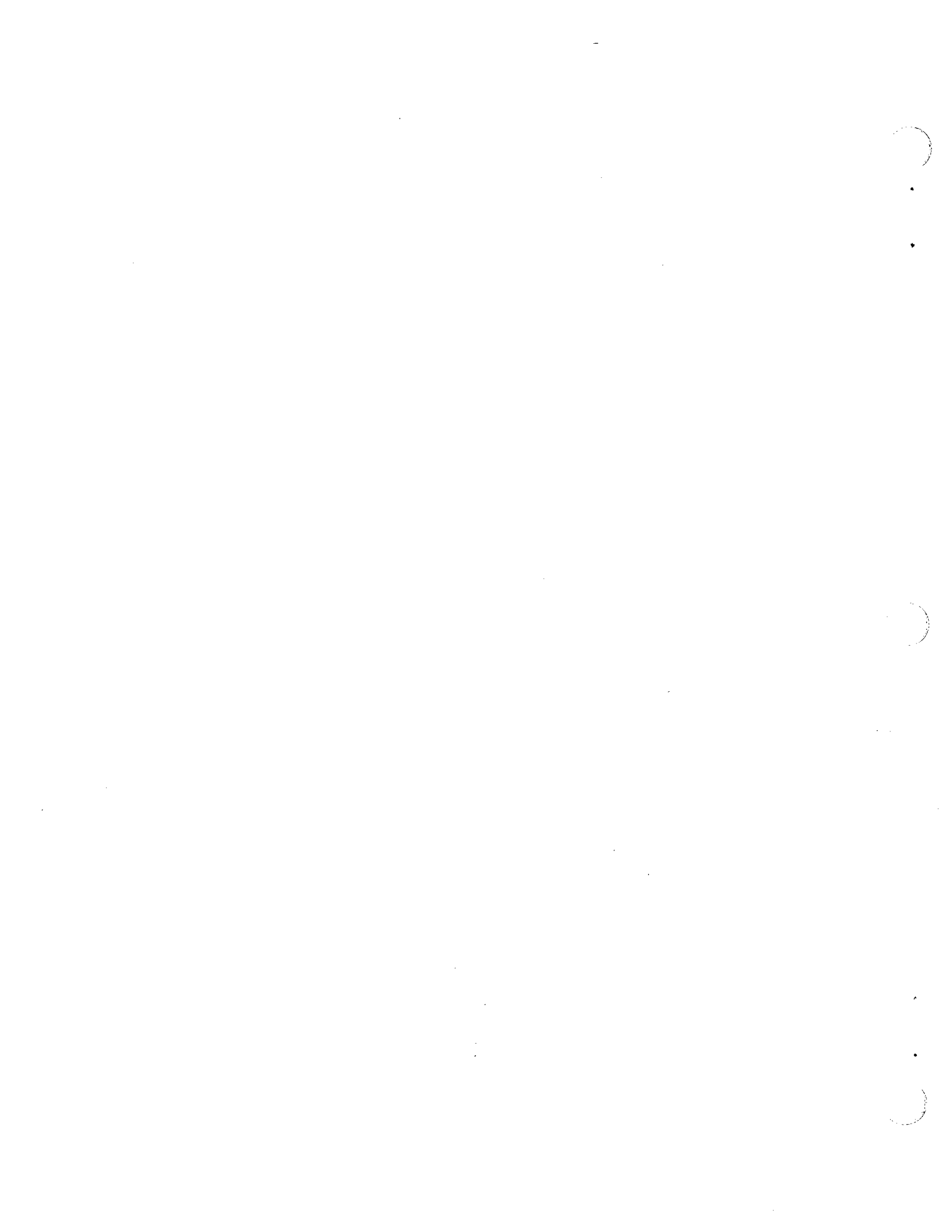
A third question concerns the performance of the Leslie County economy when compared to the Kentucky economy. For example, if a county has a higher proportion of earnings or employment in a particular sector it would indicate a specialization in that sector. Differences in economic structure may explain variations in relative economic well being between a county and the state as a whole.

Economic data for counties are usually published after a lag of two years. Therefore, most data in this report cover the period 1969 to 1987. All data for this report was obtained from the Kentucky Economic Information System, an on-line database maintained by the University of Kentucky Center for Business and Economic Development.

There are certain caveats which should be remembered when analyzing data. First, it is a common and useful approach to evaluate the percentage an economic sector contributes to the total economy. However, one must remember that a sector's percentage contribution may decline even when its absolute value is increasing, if another sector's contribution is growing at a faster rate. Secondly, when reviewing data in graphical analyses, the scales used to present data should be noted. In this report most graphs are presented with the narrowest scale which will cover all data points. This can accentuate visual patterns over time even when absolute changes are relatively small.

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\*For an analysis of economic trends in Kentucky, see Virginia Wilson, Patterns of Growth and Decline in the Kentucky Economy 1969-1988, Research Memorandum 437, Legislative Research Commission, November 1989.



## ECONOMIC TRENDS IN LESLIE COUNTY

The following analysis includes a brief description of the county economy and is accompanied by graphical illustrations. Data tables are also included at the end of this report. Three principal components of the Leslie County economy are analyzed. They are:

1. Personal Income
2. Earnings
- \* 3. Employment

Also, because coal production has been an important component in the Kentucky economy and in many local economies, the coal sector is analyzed in counties which have a history of coal production.

### Personal Income

Personal income is often used as a measure of the economic activity in an area. Personal income is the sum of all the dollar income received by individuals in an area from any legal source. Personal income data is published by the Bureau of Economic Analysis (BEA) for most major geographic regions, including states, counties, and major cities.

In general, income can be obtained in three ways. First, it can be earned by the work of an individual. This type of income includes wages and salaries income and proprietors' earnings. Second, income can be earned by property. Included are earnings from rents, dividends, and interest. Finally, income can be received as a gift or an entitlement. This type of income constitutes the component of personal income called transfer payments. Included in this component is income from sources such as retirement benefits, unemployment benefits, food stamps, and medical programs such as Medicare and Medicaid.

As can be seen in Chart 1A, the size of the Leslie County economy, as measured by real personal income, increased from \$44 million in 1969 to a high of \$117 million in 1979. There was a slight decline to \$112 million in 1987, after adjusting for inflation. Chart 1B shows Leslie County total personal income as a percent of Kentucky total personal income. Leslie County's share of Kentucky personal income increased through the 1970's and declined in the 1980's.

A similar pattern emerges from an examination of per capita personal income (Charts 1C and 1D). Per capita personal income is simply the total personal income of an area divided by its population. Per capita personal income is often used as a measure of the economic well-being of the residents of an area. Leslie County real per capita income generally increased over the time period, to a level of \$7,487 in 1987, 59.9 percent of Kentucky per capita personal income.

A better understanding of the nature of economic activity can be gleaned from an examination of the relative contribution of the components of personal income and how their shares have changed over time. This information is illustrated in Charts 2A-2D. Total earnings increased from \$30 million in 1969 to a high of \$86 million in 1978, then declined to \$73 million in 1987 (in constant 1988 dollars). Earnings as a percent of personal income increased until 1978, then declined. Earnings accounted for 65.3 percent of Leslie County's total personal income in 1987, compared to Kentucky's 67.5 percent share.

Transfer payments contributed \$13 million to total personal income in 1969 and \$31 million in 1987. Transfer payments contributed a much higher percentage of personal income in Leslie County than in Kentucky during the period.

Income from property in Leslie County grew slowly through the time period. Income from property totalled \$1 million in 1969 and increased to \$8 million in 1987.

## Earnings

Earnings are the component of personal income reflecting payments to individuals in return for labor. Earnings include both wages and salaries and proprietor's earnings. Earnings in the goods-producing industries are illustrated in Chart 3A. In 1969, Leslie County received 1.6 percent of its earnings from manufacturing. This percentage fluctuated during the period and increased to 5.4 percent in 1987. The mine sector's share of earnings increased from 16.1 percent in 1969 to 43.8 percent in 1978. Earnings from this sector declined through the 1980's to 12.8 percent in 1987. The farm sector's share of earnings was minimal through the period. The shares of earnings from all three of these sectors declined in the state as a whole.

Earnings from non-goods-producing industries are illustrated in Chart 3B. The percent of total earnings from services decreased in the 1970's, then increased in the 1980's to 23.8 percent in 1987. The percent of earnings from the trade sector decreased from 16.1 percent in 1969 to 10.5 percent in 1987. The percentage of earnings in the state and local government sectors decreased in the 1970's, then increased in the 1980's to 22.9 percent in 1987. At the state level, the share of earnings from services showed a substantial increase, while the shares from trade and state and local government remained constant.

Average earnings per job (adjusted for inflation) for Leslie County and Kentucky are shown in Chart 3D. In Kentucky, average earnings per job reached a high of \$20,121 per person in 1978. Since then average earnings per job have declined and in 1987 they were \$18,636 per person. Similarly, in Leslie County earnings per job increased during the 1970's. Then they decreased to a level of \$15,858 in 1987, below the Kentucky average.



## Employment

Employment is considered to be any activity for which one receives financial remuneration in the form of wages or profits. Employment increased rapidly in the 1970's. In 1969, total employment stood at 1,600 people. By 1987, employment had increased to 2,584 people.

The unemployment rate, often used as an indicator of economic well-being, is the ratio of unemployed to the total civilian labor force. Unemployment is described as a condition of being out of work while actively seeking employment within the last thirty days. The civilian labor force is described as the proportion of population age 16 or older employed or actively seeking employment. Annual unemployment rates for Kentucky and Leslie County are presented in Chart 4B. Leslie County unemployment rates were generally above those of the state during the period. In 1987, the unemployment rate in Leslie County was 14.1 percent, compared to 8.8 percent in Kentucky.

Another employment concept includes the discouraged worker. Discouraged workers are persons who want jobs but made no attempt to find work in the last thirty days because they believe they could not find it. These individuals are not included when calculating official unemployment rates. The Cabinet for Human Resources does not estimate discouraged workers by county. However, preliminary research by the Cabinet indicates that the inclusion of discouraged workers in the civilian labor force estimate would increase the unemployment rate by approximately 4 percent for the state. This figure would vary by county depending on the labor market within a county.

Employment in the goods-producing industries is illustrated in Chart 4C. The percent of Leslie County total employment in manufacturing fluctuated during the time period. Manufacturing accounted for 4.5 percent of total employment in 1987. The mining sector accounted for 17.1 percent of total employment in 1969 increasing to 27.6 percent in 1978. However, this share declined through the 1980's to 7.2 percent in 1987. The farm sector's share of employment remained relatively constant and accounted for 1.9 percent in 1987. Overall, Kentucky saw the employment share in these sectors drop during the period.

Leslie County employment in the non-goods-producing industries is illustrated in Chart 4D. Employment in the service sector as a percent of total employment decreased from 31.6 percent in 1969 to 24.3 percent in 1987. The percent of employment in trade increased from 15.5 percent in 1969 to 17.7 percent in 1987. The percent of employment in state and local government increased from 20.5 percent in 1969 to 23.4 percent in 1987. These county patterns are different from state patterns, where the shares of employment in services and trade increased and the share in state and local government remained constant.

## Population

The census conducted each decade counts the actual population in an area. Population is then statistically estimated during intervening years.

The demographic composition of this population growth has important implications for the future demand for goods and services, and ultimately, the economic structure of Leslie County.

The Leslie County population increased from 11,500 in 1969 to 15,000 in 1987 (Chart 5A). It was estimated that in 1986, 9.6 percent of Leslie County's population was under six years of age, compared to 8.6 percent for the state. In 1986, 11.3 percent of the Leslie County population was sixty years of age or over, compared to 16.5 percent of all Kentucky residents.

## Coal

\* The coal sector provides significant income and employment to the Kentucky economy. This sector also contributes directly to the Commonwealth's General Fund revenues through severance tax collections.

Leslie County coal production patterns are presented in Chart 6A. Coal production is estimated by the Energy Information Administration of the U.S. Department of Energy. Estimates of production are calculated from a sample of coal shipments from each county. Coal production generally increased during the period. In 1986, 7,583 thousand tons of coal was mined in Leslie County.

Employment in the mining sector, which includes coal and other forms of mining, is illustrated in Chart 6B. In 1969, this sector provided 273 jobs in Leslie County. Employment increased to 733 in 1978. However, by 1987 there were only 185 people employed in mining in Leslie County. The dramatic changes in employment illustrate the volatile nature of coal production and its impact on local economies.

The average value per ton for coal is illustrated in Chart 6C. Average value per ton increased sharply in 1974, then declined, and since has been relatively stable. In 1986, average value per ton of coal mined in Leslie County was \$30.89.

Coal severance tax receipts are presented in Chart 6D. The Kentucky Revenue Cabinet collects severance taxes on processed coal. Receipts are then allocated to counties, based on the value of the coal mined in the county and the value attributed to any processing done in the county. Therefore, trends in severance tax collections may not exactly parallel those of the coal production figures in Chart 6A. Severance tax collections increased to \$10.9 million in 1982. By 1986, coal severance tax collections allocated to Leslie County totalled \$9.1 million.

CHART 1A

LESLIE COUNTY

REAL PERSONAL INCOME

Millions of 1988 dollars

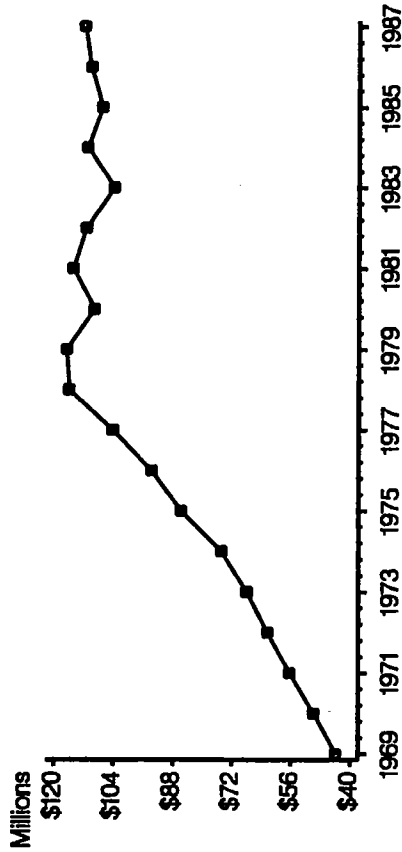


CHART 1B

LESLIE COUNTY

PERSONAL INCOME

as a Percent of Kentucky Personal Income

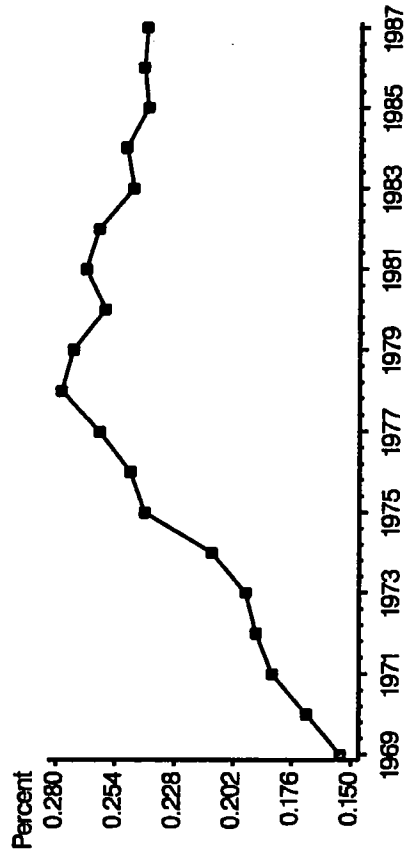


CHART 1C

LESLIE COUNTY

PER CAPITA PERSONAL INCOME

in Constant 1988 Dollars

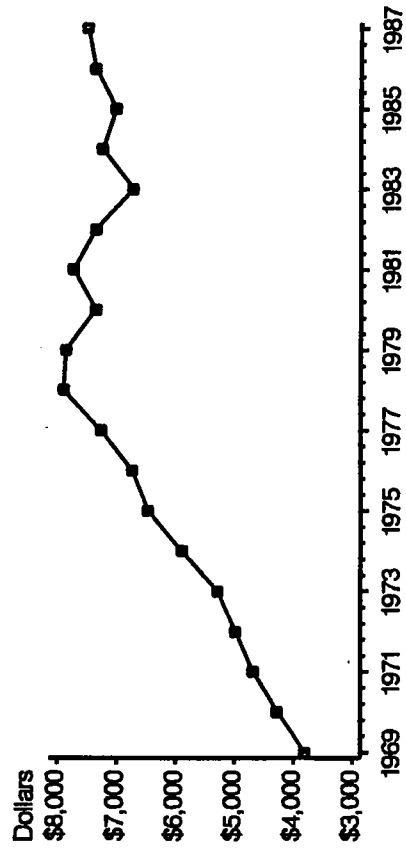


CHART 1D

LESLIE COUNTY

PER CAPITA PERSONAL INCOME

as a Percent of Kentucky Per Capita Personal Income

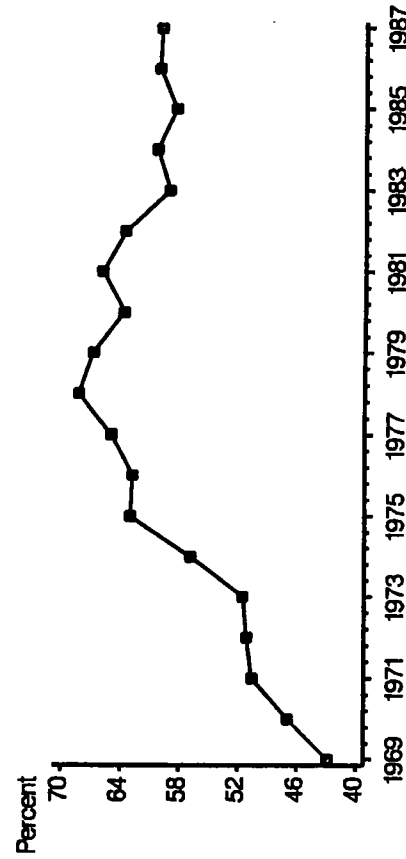


CHART 2A  
 LESLIE COUNTY  
 REAL TOTAL EARNINGS  
 Millions of 1988 dollars

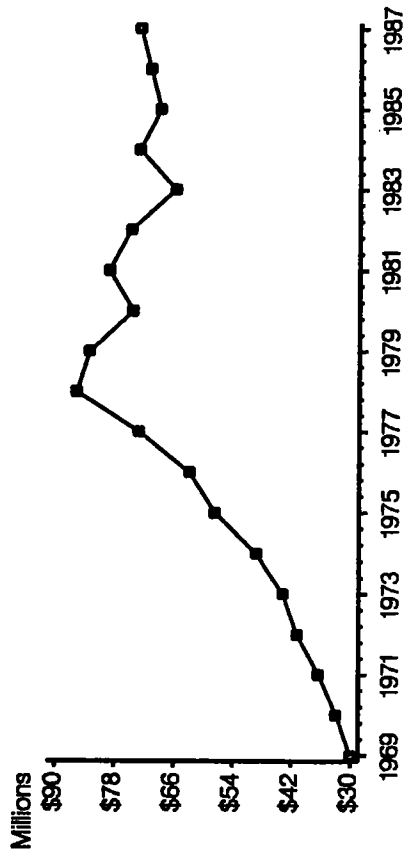


CHART 2B  
 LESLIE COUNTY  
 TRANSFER PAYMENTS and INCOME FROM PROPERTY  
 Millions of 1988 Dollars

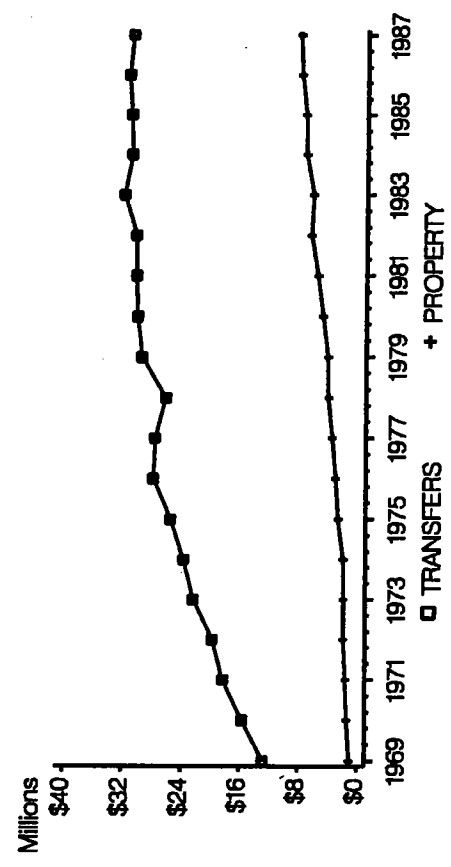


CHART 2C  
 LESLIE COUNTY  
 TOTAL EARNINGS  
 as a Percent of Personal Income

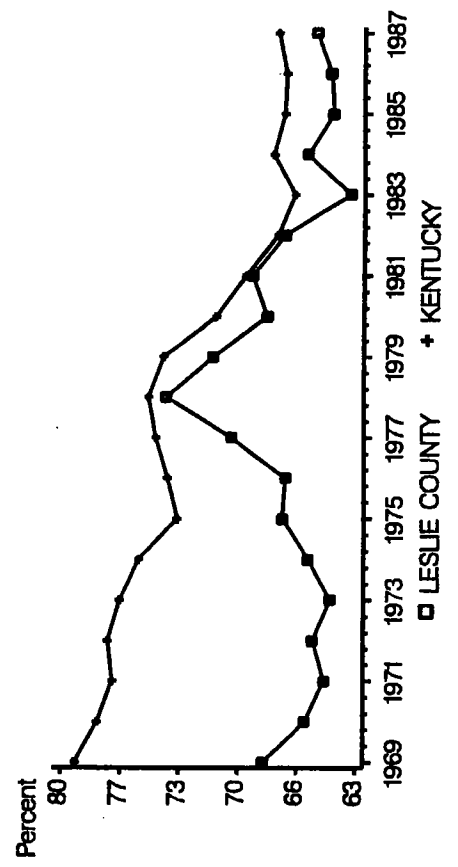


CHART 2D  
 LESLIE COUNTY  
 TRANSFER PAYMENTS  
 as a Percent of Personal Income

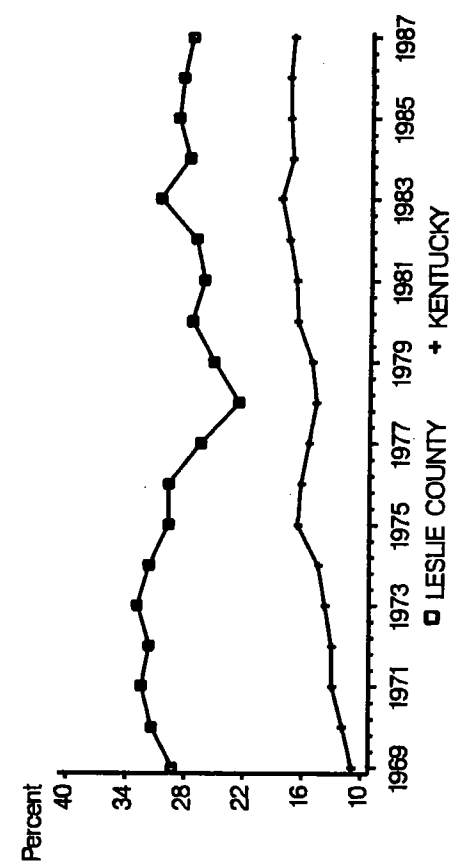


CHART 3A  
LESLIE COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

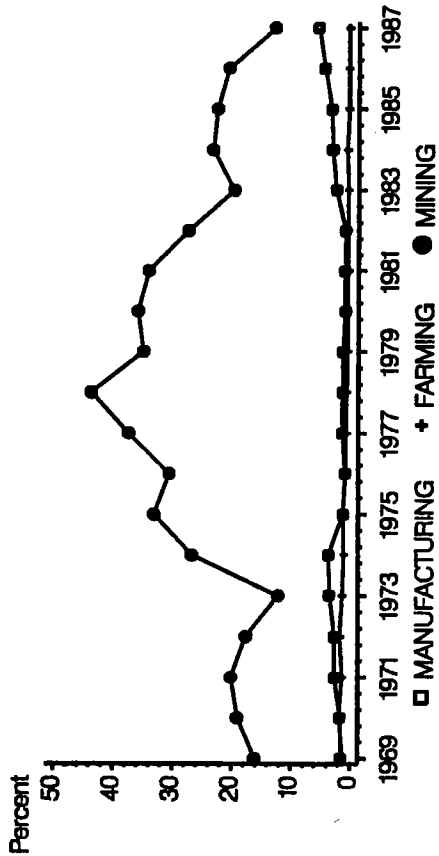


CHART 3B  
LESLIE COUNTY

EARNINGS in NON - GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

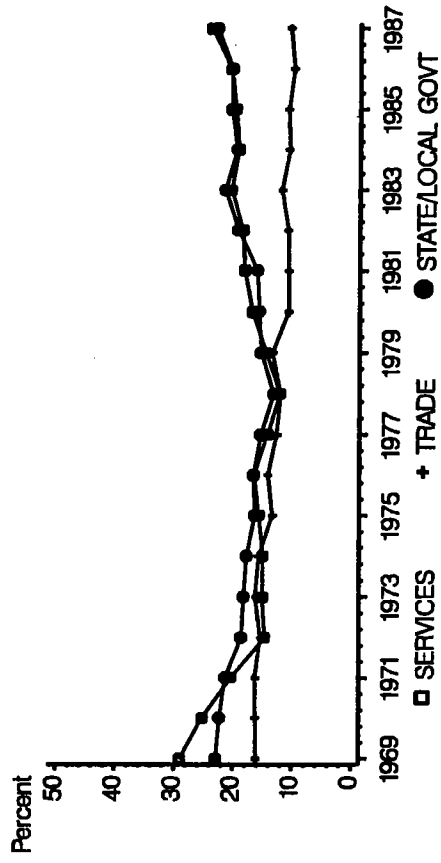


CHART 3C  
LESLIE COUNTY

EARNINGS in GOODS PRODUCING INDUSTRIES  
as a Percent of Kentucky Industries

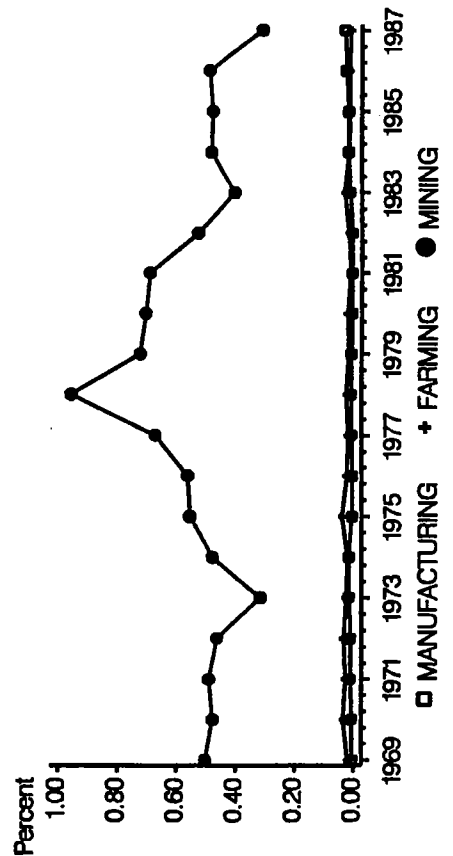


CHART 3D  
LESLIE COUNTY

AVERAGE EARNINGS PER JOB  
in Constant 1988 Dollars

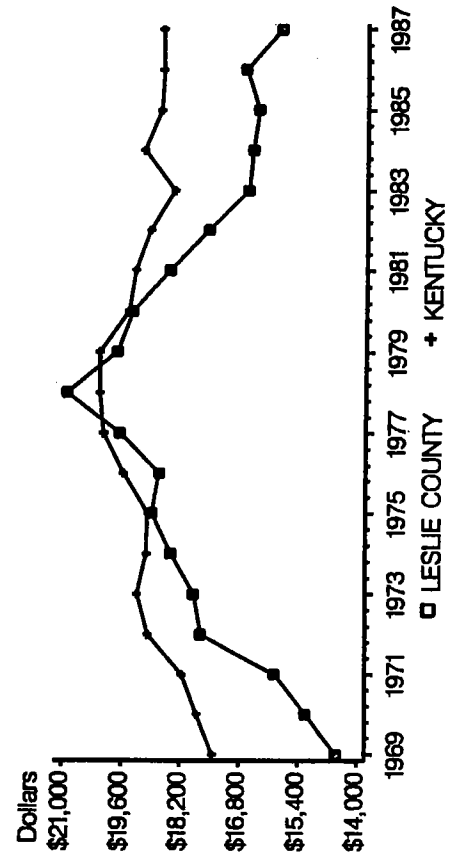


CHART 4A  
LESLIE COUNTY  
TOTAL EMPLOYMENT  
Thousands of People

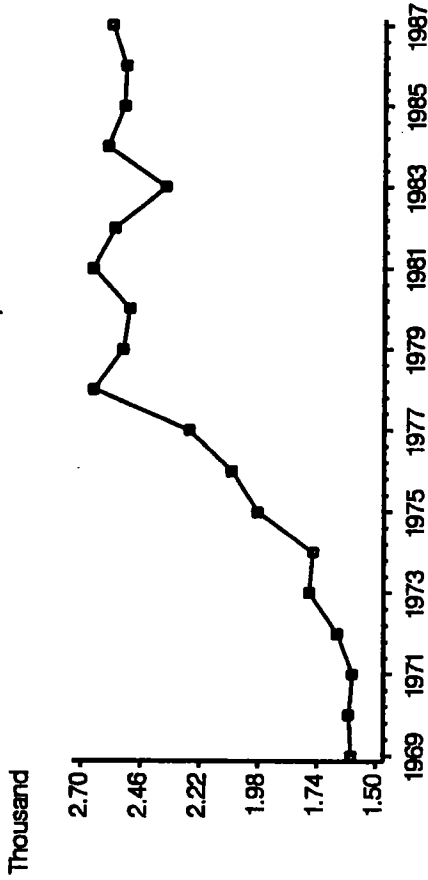


CHART 4B  
LESLIE COUNTY  
ANNUAL UNEMPLOYMENT RATE

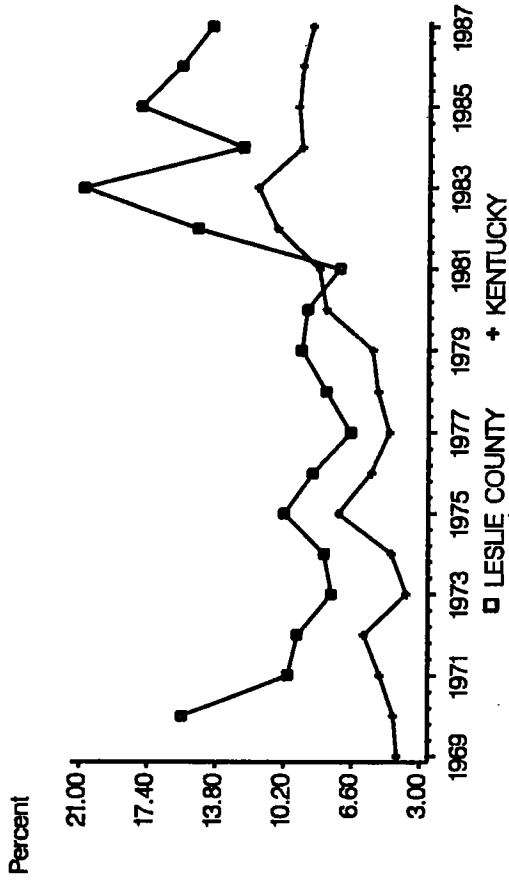


CHART 4C  
LESLIE COUNTY  
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

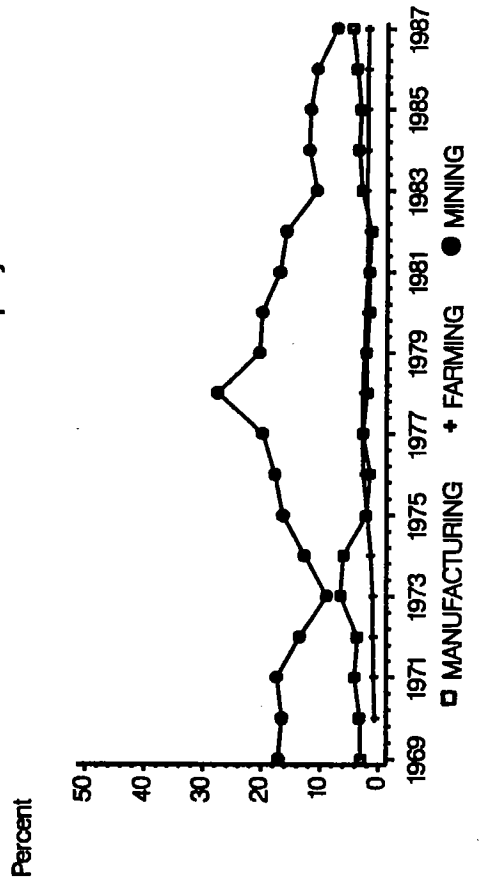


CHART 4D  
LESLIE COUNTY  
EMPLOYMENT in NON-GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

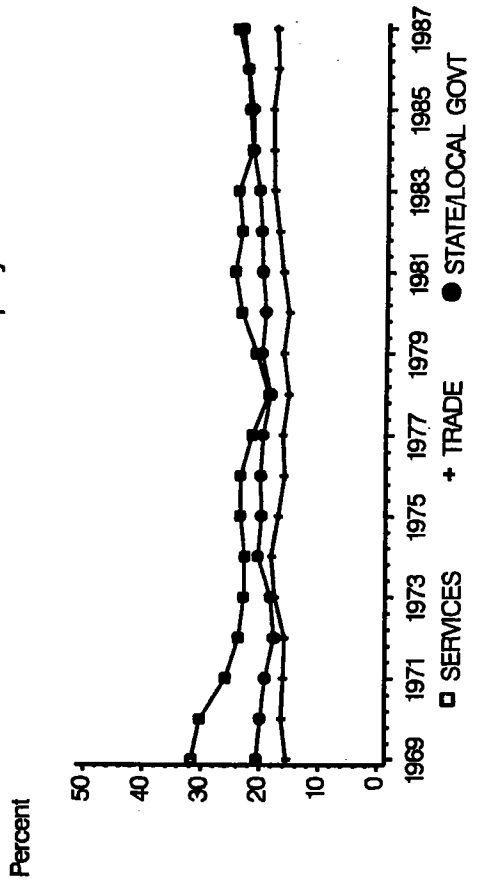


CHART 5A  
LESLIE COUNTY  
POPULATION  
Thousands of People

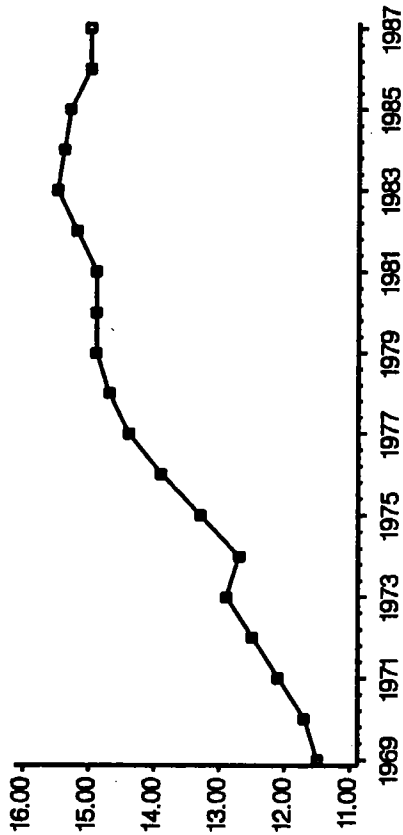


CHART 5B  
LESLIE COUNTY  
POPULATION  
as a Percent of Kentucky Population

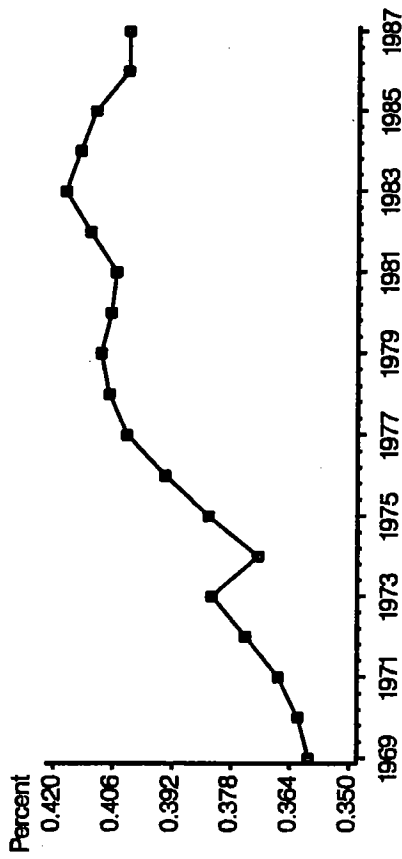


CHART 5C  
LESLIE COUNTY  
POPULATION 5 AND UNDER  
as a Percent of Total Population

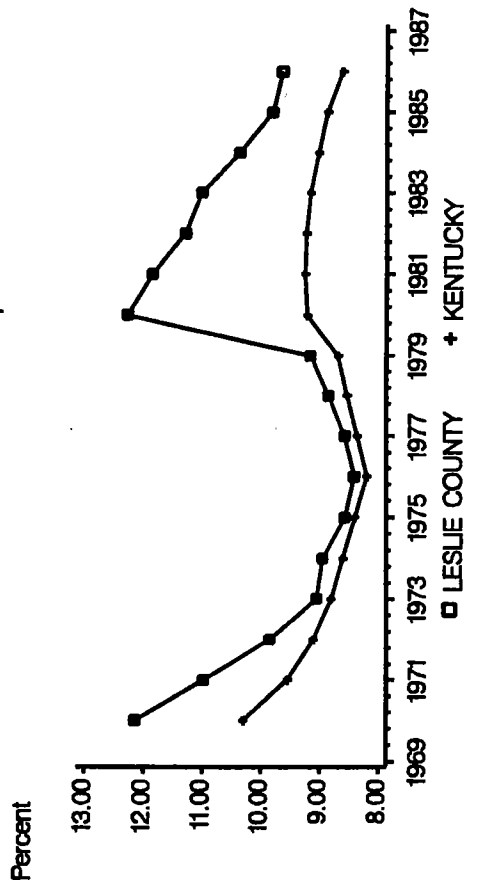


CHART 5D  
LESLIE COUNTY  
POPULATION 60 AND OVER  
as a Percent of Total Population

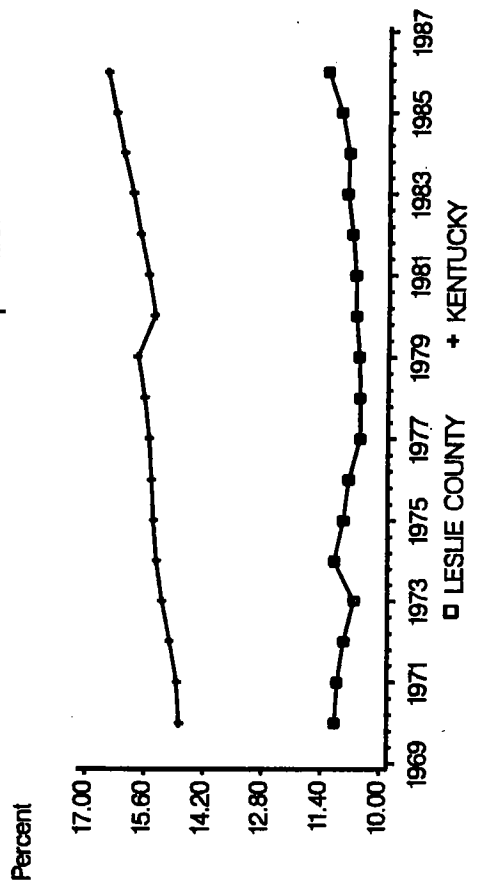


CHART 6A  
LESLIE COUNTY  
TOTAL COAL PRODUCTION (SHIPMENTS)  
Thousands of Tons

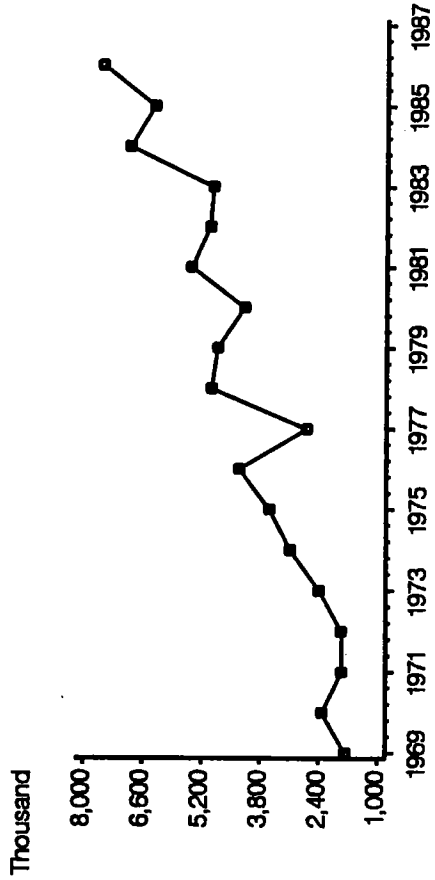


CHART 6B  
LESLIE COUNTY  
MINING EMPLOYMENT  
Thousands of People

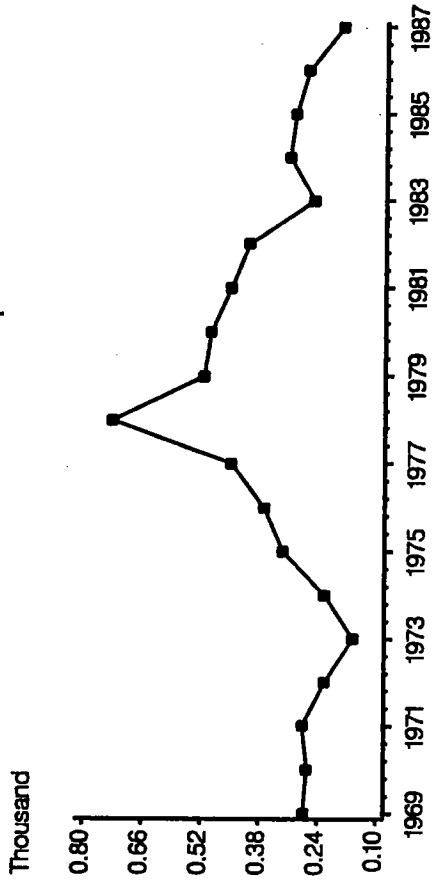


CHART 6C  
LESLIE COUNTY  
AVERAGE VALUE PER TON FOR COAL  
Constant 1988 Dollars

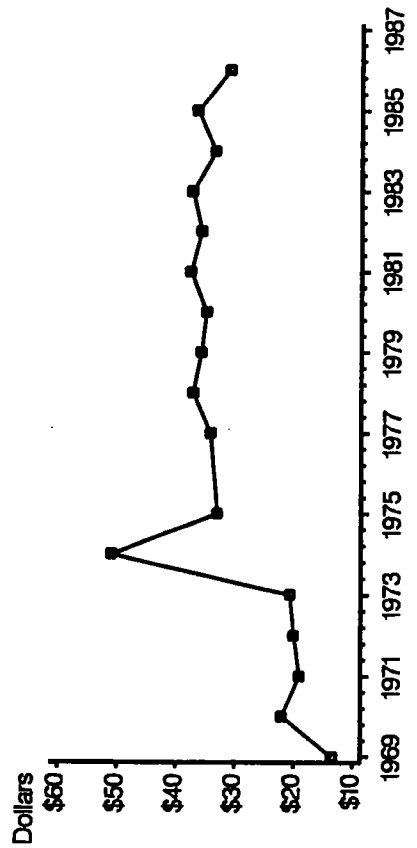
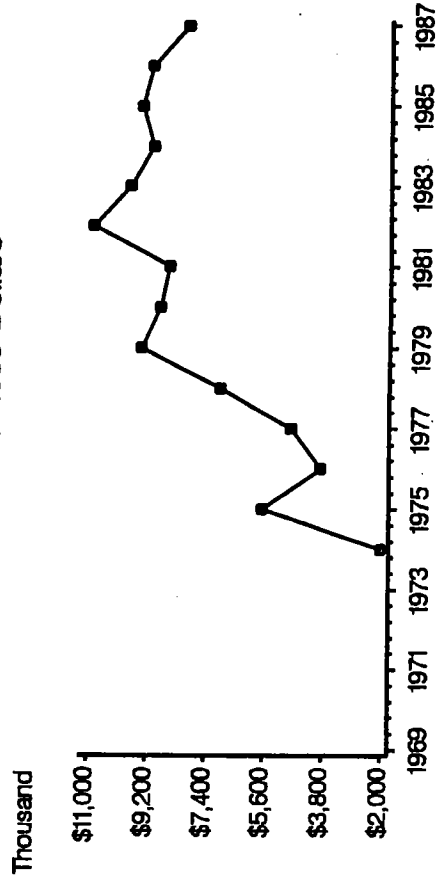


CHART 6D  
LESLIE COUNTY  
TAX RECEIPTS ON COAL SEVERED OR PROCESSED  
Thousands of 1988 Dollars





LESLIE COUNTY

PERSONAL INCOME  
In Millions of 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	44	0.15	3,805	42.8
1970	50	0.17	4,281	47.0
1971	56	0.18	4,678	50.5
1972	62	0.19	4,977	51.1
1973	68	0.20	5,289	51.5
1974	75	0.21	5,896	56.9
1975	86	0.24	6,467	63.0
1976	94	0.25	6,742	62.8
1977	104	0.26	7,263	65.0
1978	116	0.28	7,891	68.2
1979	117	0.27	7,849	66.7
1980	109	0.26	7,345	63.7
1981	115	0.27	7,721	65.9
1982	112	0.26	7,346	63.6
1983	104	0.25	6,726	59.1
1984	111	0.25	7,236	60.3
1985	107	0.24	7,011	58.4
1986	110	0.24	7,353	60.1
1987	112	0.24	7,487	59.9

COMPONENTS OF PERSONAL INCOME  
In Constant 1988 Dollars

Year	EARNINGS			TRANSFER PAYMENTS			INCOME from PROPERTY		
	M\$	Percent of Personal Income		M\$	Percent of Personal Income		M\$	Percent of Personal Income	
		County	Kentucky		County	Kentucky		County	Kentucky
1969	30	68.4	79.2	13	29.2	10.9	1	2.4	9.9
1970	33	65.9	77.9	16	31.3	11.9	1	2.8	10.2
1971	37	64.8	77.0	18	32.4	12.9	2	2.8	10.1
1972	41	65.5	77.3	20	31.6	12.9	2	2.9	9.7
1973	44	64.4	76.6	22	32.8	13.6	2	2.7	9.7
1974	49	65.7	75.5	24	31.7	14.4	2	2.6	10.1
1975	58	67.3	73.3	25	29.7	16.5	3	3.1	10.1
1976	63	67.1	73.9	28	29.7	16.1	3	3.2	10.0
1977	73	70.2	74.6	28	26.4	15.3	4	3.4	10.1
1978	86	74.0	75.0	26	22.6	14.6	4	3.5	10.4
1979	83	71.3	74.1	29	25.2	15.1	4	3.5	10.8
1980	75	68.1	71.1	30	27.5	16.7	5	4.4	12.2
1981	79	69.0	69.3	30	26.2	16.8	6	4.8	13.8
1982	75	67.1	67.5	30	27.1	17.6	6	5.8	14.9
1983	66	63.3	66.6	32	30.7	18.4	6	6.0	15.1
1984	73	65.8	67.8	31	27.8	17.3	7	6.5	14.9
1985	69	64.3	67.2	31	28.9	17.6	7	6.8	15.3
1986	71	64.4	67.1	31	28.4	17.6	8	7.2	15.3
1987	73	65.3	67.5	31	27.5	17.2	8	7.2	15.3

LESLIE COUNTY

SECTOR EARNINGS as a PERCENT of TOTAL COUNTY EARNINGS and  
as a PERCENT of KENTUCKY SECTOR EARNINGS

YEAR	MANUFACTURING		FARMING		MINING	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	1.6	0.01	1.2	0.02	16.1	0.50
1970	1.6	0.01	1.8	0.04	19.0	0.48
1971	2.6	0.01	1.4	0.03	20.1	0.49
1972	2.6	0.01	1.7	0.03	17.6	0.46
1973	3.5	0.02	1.3	0.03	12.2	0.31
1974	3.6	0.02	1.1	0.02	26.8	0.48
1975	1.2	0.01	1.2	0.04	33.1	0.56
1976	0.9	0.00	0.8	0.02	30.6	0.56
1977	1.3	0.01	0.7	0.02	37.4	0.67
1978	1.3	0.01	0.6	0.02	43.8	0.96
1979	1.2	0.01	0.5	0.02	35.0	0.72
1980	0.8	0.01	0.5	0.02	35.9	0.70
1981	0.9	0.01	0.4	0.01	34.1	0.69
1982	0.8	0.01	0.5	0.02	27.4	0.53
1983	2.4	0.01	0.4	0.03	19.7	0.40
1984	3.1	0.02	0.6	0.02	23.3	0.48
1985	3.2	0.02	0.3	0.01	22.5	0.48
1986	4.4	0.03	0.3	0.02	20.6	0.49
1987	5.4	0.03	0.3	0.01	12.8	0.31

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	28.9	0.22	16.1	0.10	22.9	0.25
1970	25.2	0.20	16.2	0.10	22.3	0.24
1971	20.4	0.16	16.3	0.11	21.3	0.23
1972	14.7	0.13	15.3	0.11	18.6	0.22
1973	15.1	0.13	16.3	0.12	18.3	0.23
1974	15.0	0.14	15.7	0.12	17.8	0.23
1975	15.7	0.16	13.4	0.11	16.4	0.23
1976	16.5	0.17	14.2	0.12	16.6	0.23
1977	14.2	0.16	12.7	0.12	15.4	0.24
1978	12.1	0.16	11.9	0.13	13.2	0.24
1979	14.5	0.16	13.4	0.13	15.3	0.24
1980	16.8	0.18	10.6	0.11	15.7	0.24
1981	18.1	0.19	10.6	0.11	16.0	0.25
1982	18.5	0.18	10.8	0.11	19.2	0.28
1983	20.4	0.16	11.9	0.10	21.4	0.26
1984	19.2	0.16	10.6	0.09	19.4	0.25
1985	19.7	0.15	10.8	0.09	20.4	0.25
1986	20.5	0.15	9.9	0.08	20.3	0.24
1987	23.8	0.15	10.5	0.09	22.9	0.26

LESLIE COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	48	3.0	.	.	273	17.1
1970	51	3.2	10	0.6	265	16.5
1971	64	4.0	13	0.8	276	17.3
1972	59	3.6	15	0.9	223	13.4
1973	114	6.4	18	1.0	156	8.8
1974	104	5.9	24	1.4	224	12.7
1975	42	2.1	39	2.0	324	16.3
1976	31	1.5	54	2.6	370	17.7
1977	61	2.7	63	2.8	449	19.8
1978	52	2.0	71	2.7	733	27.6
1979	54	2.1	63	2.5	515	20.3
1980	41	1.6	57	2.3	498	19.8
1981	47	1.8	52	2.0	450	16.9
1982	34	1.3	50	1.9	407	15.8
1983	69	2.9	53	2.2	253	10.7
1984	90	3.5	52	2.0	312	12.0
1985	80	3.2	51	2.0	298	11.8
1986	95	3.8	50	2.0	268	10.6
1987	117	4.5	50	1.9	185	7.2

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	506	31.6	248	15.5	328	20.5
1970	487	30.3	263	16.3	320	19.9
1971	414	26.0	256	16.1	304	19.1
1972	393	23.7	263	15.9	291	17.6
1973	404	22.8	310	17.5	323	18.2
1974	398	22.7	318	18.1	358	20.4
1975	465	23.4	337	17.0	393	19.8
1976	489	23.4	334	16.0	417	20.0
1977	485	21.4	369	16.3	444	19.6
1978	494	18.6	407	15.3	486	18.3
1979	528	20.8	412	16.3	505	19.9
1980	588	23.4	386	15.4	484	19.3
1981	654	24.6	437	16.4	528	19.9
1982	602	23.4	441	17.2	517	20.1
1983	568	24.0	425	18.0	484	20.5
1984	565	21.7	470	18.1	562	21.6
1985	561	22.1	462	18.2	547	21.6
1986	570	22.5	440	17.4	570	22.5
1987	627	24.3	457	17.7	604	23.4

LESLIE COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	1,600	\$14,491	\$17,440	.	4.2
1970	1,609	\$15,219	\$17,811	15.6	4.4
1971	1,594	\$15,963	\$18,166	10.0	5.1
1972	1,658	\$17,715	\$18,970	9.5	6.0
1973	1,771	\$17,892	\$19,232	7.7	3.7
1974	1,757	\$18,421	\$19,008	8.1	4.5
1975	1,984	\$18,879	\$18,976	10.2	7.3
1976	2,090	\$18,701	\$19,563	8.7	5.6
1977	2,265	\$19,646	\$20,031	6.7	4.7
1978	2,654	\$20,892	\$20,121	8.0	5.3
1979	2,535	\$19,713	\$20,110	9.3	5.5
1980	2,509	\$19,342	\$19,439	9.0	8.0
1981	2,659	\$18,468	\$19,286	7.3	8.4
1982	2,570	\$17,564	\$18,931	14.8	10.6
1983	2,363	\$16,608	\$18,358	20.8	11.6
1984	2,601	\$16,519	\$19,080	12.4	9.3
1985	2,533	\$16,379	\$18,676	17.8	9.5
1986	2,528	\$16,680	\$18,627	15.7	9.3
1987	2,584	\$15,858	\$18,636	14.1	8.8

POPULATION STATISTICS

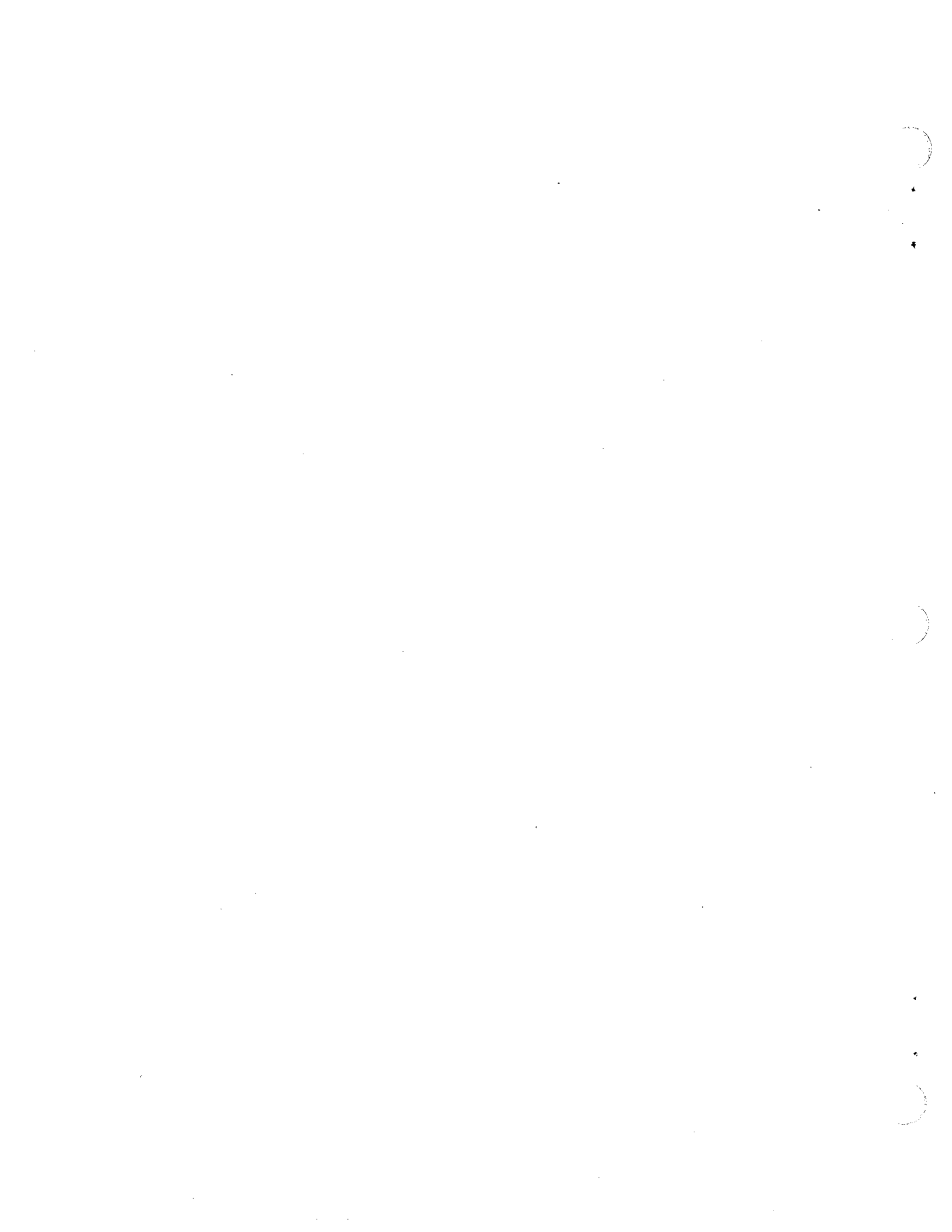
YEAR	POPULATION	% OF KY	PERCENT UNDER 6		PERCENT 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	11,500	0.36	.	.	.	.
1970	11,700	0.36	12.1	10.3	11.1	14.8
1971	12,100	0.37	11.0	9.6	11.0	14.8
1972	12,500	0.37	9.8	9.1	10.8	15.0
1973	12,900	0.38	9.1	8.8	10.6	15.2
1974	12,700	0.37	8.9	8.6	11.1	15.3
1975	13,300	0.38	8.6	8.4	10.9	15.4
1976	13,900	0.39	8.4	8.2	10.7	15.5
1977	14,400	0.40	8.6	8.4	10.5	15.5
1978	14,700	0.41	8.9	8.5	10.5	15.6
1979	14,900	0.41	9.2	8.7	10.5	15.8
1980	14,900	0.41	12.3	9.2	10.6	15.4
1981	14,900	0.41	11.9	9.3	10.6	15.5
1982	15,200	0.41	11.3	9.2	10.7	15.7
1983	15,500	0.42	11.0	9.2	10.8	15.9
1984	15,400	0.41	10.4	9.0	10.8	16.1
1985	15,300	0.41	9.8	8.9	10.9	16.3
1986	15,000	0.40	9.6	8.6	11.3	16.5
1987	15,000	0.40	.	.	.	.

LESLIE COUNTY

COAL MINING STATISTICS

YEAR	PRODUCTION (Thousand Tons)	EMPLOYMENT	AVERAGE VALUE PER TON	COAL TAX RECEIPTS (000)
1969	1,774	273	\$13.48	.
1970	2,322	265	\$22.06	.
1971	1,855	276	\$18.99	.
1972	1,869	223	\$20.02	.
1973	2,403	156	\$20.71	.
1974	3,104	224	\$50.96	\$2,007
1975	3,595	324	\$33.06	\$5,644
1976	4,323	370	.	\$3,854
1977	2,713	449	\$34.23	\$4,791
1978	4,989	733	\$37.21	\$6,967
1979	4,843	515	\$35.82	\$9,376
1980	4,206	498	\$34.95	\$8,802
1981	5,475	450	\$37.69	\$8,531
1982	5,029	407	\$35.83	\$10,851
1983	4,961	253	\$37.39	\$9,732
1984	6,935	312	\$33.46	\$9,037
1985	6,362	298	\$36.55	\$9,392
1986	7,583	268	\$30.89	\$9,061
1987	.	185	.	.

Note: All dollar figures are presented in constant 1988 dollars.





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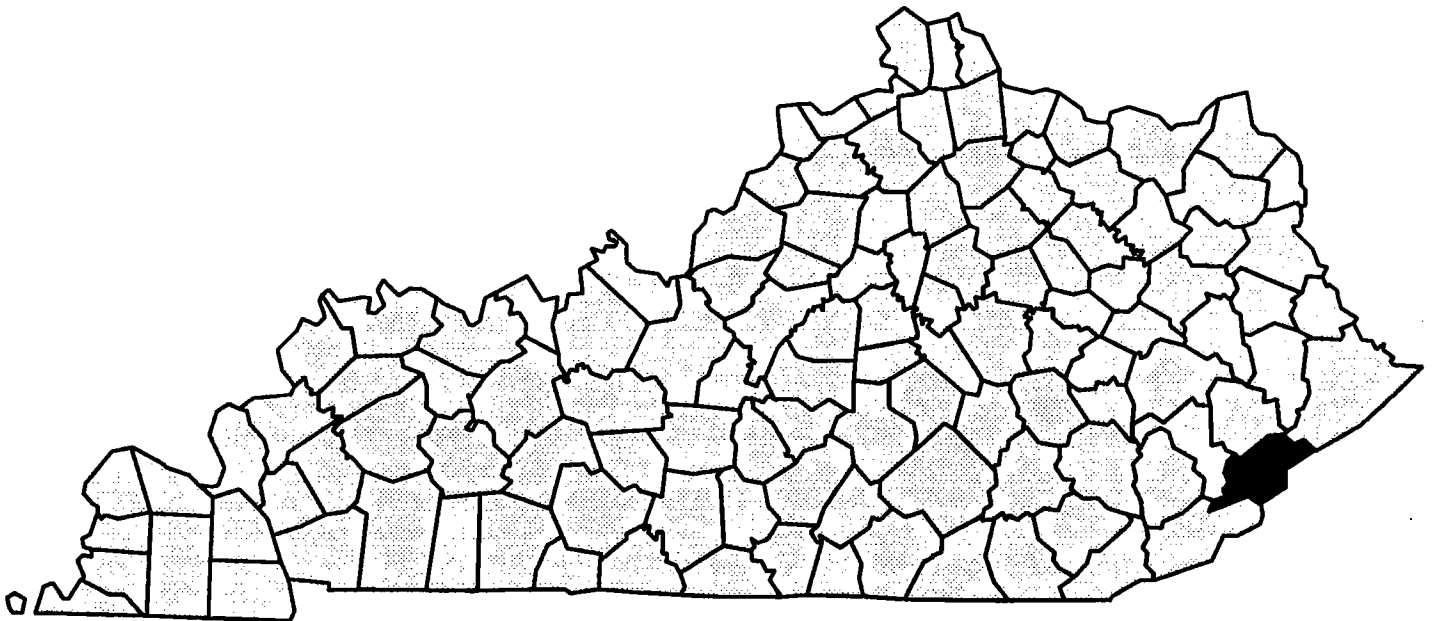
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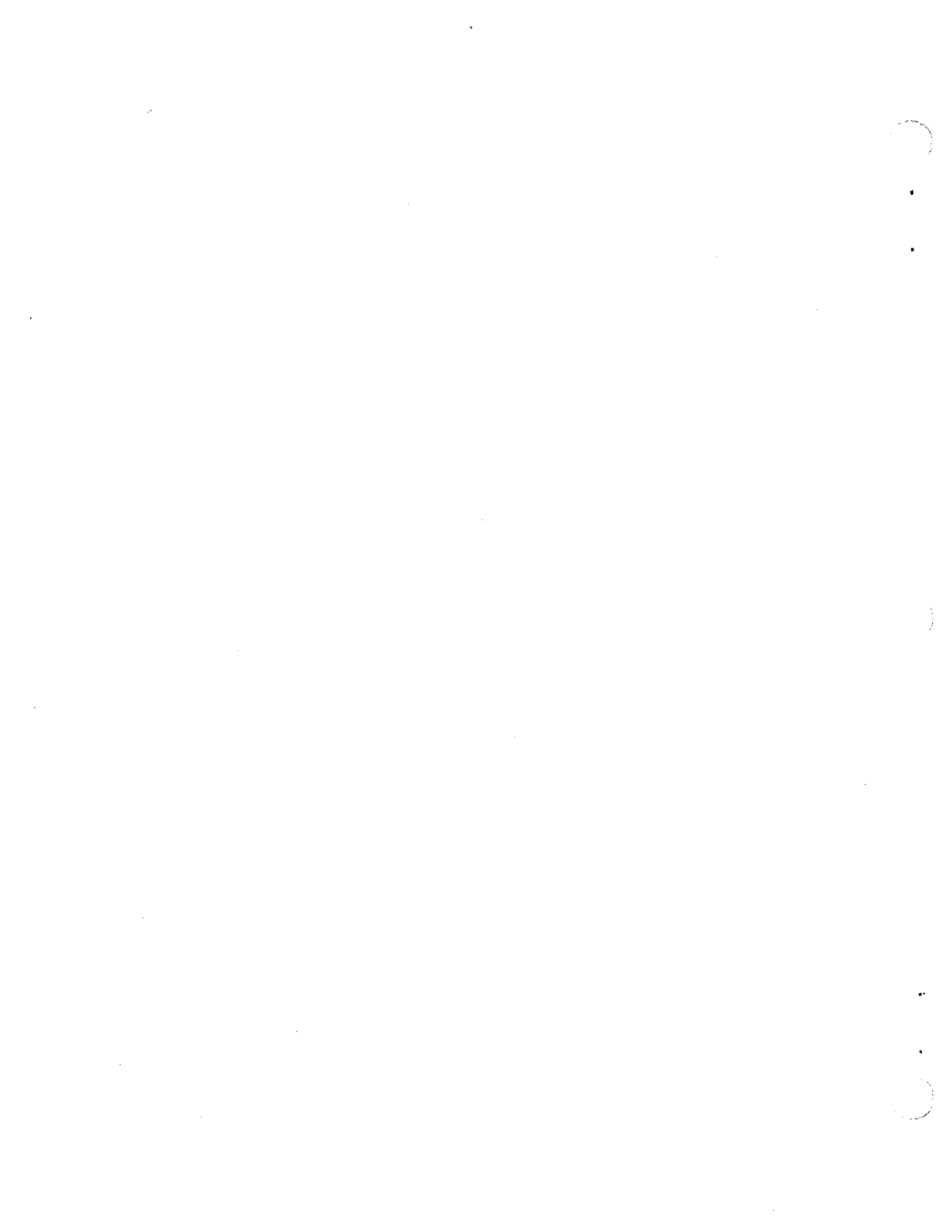
ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

**LETCHER COUNTY**



Prepared by  
Virginia Wilson  
Donna A. Cantrell

RESEARCH MEMORANDUM 438  
Legislative Research Commission  
Frankfort, Kentucky  
February, 1990



ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

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1990

LETCHER COUNTY

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## FOREWORD

This publication is one of a set of 120, highlighting economic trends in each county in Kentucky from 1969-1987. This effort is part of the ongoing activities sponsored by the Legislative Research Commission to provide a long-term perspective on issues for decision makers. The economies of individual counties do not always parallel overall state trends. This set of publications is an attempt to look at the economic trends in each county over time and to point out where the economies of individual counties may be performing differently from the economy of the state as a whole.

This publication was prepared by Virginia Wilson and Donna Cantrell. Susan Dance assisted in production of the manuscript and Charles Bush edited the report. The assistance of Carol Straus from the Center for Business and Economic Research at the University of Kentucky in deciphering data is gratefully acknowledged.

Vic Hellard, Jr.  
Director

The Capitol  
Frankfort  
February, 1990



## SUMMARY

The Letcher County economy, as measured by personal income, grew strongly in the 1970's but declined slightly in the 1980's. Letcher County had small increases in its share of Kentucky personal income in the 1970's and large decreases in its share in the 1980's. In 1987, per capita personal income was significantly below that of the state, while average earnings per job were above those of the state. Letcher County generates a smaller percent of personal income from earnings and a larger percent from transfer payments than does the state as a whole.

The county economy was heavily impacted by the mining sector, which was the primary source of earnings and employment in Letcher County. However, these components declined substantially in the 1980's. The county had a minimal share of earnings and employment from farming and manufacturing .

The non-goods-producing sectors of services, trade, and state and local government increased their shares of earnings and employment. At the state level, the services and trade sectors increased their shares, while the state and local government share was constant.

Events in the international energy markets, specifically a sharp increase in the price of oil, resulted in an increased demand for coal. This provided the impetus for economic growth in Letcher County in the mid-1970's. However, these favorable coal market conditions were not sustained. Earnings and employment from this sector subsequently declined.

The county's high concentration in the mining sector contributed to a volatile economic history and projects an uncertain economic future. The coal mining sector is very sensitive to fluctuations in international energy markets and national policy. Further, this sector is becoming less labor intensive, reducing its potential for sustained employment growth in the county. Consequently, while a high concentration in mining supported the economy during a period of high energy prices, these conditions will not ensure future economic growth. Future economic growth in Letcher County would be enhanced by development of other sectors.



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## INTRODUCTION

This is one of a series of reports called Economic Trends in Kentucky Counties. The purpose of this series is to describe the economic structure of Kentucky counties and to assess their economic performance relative to their own history and relative to the Kentucky economy. Information on the structure and patterns of change in county economies and an understanding of their relationship to the Kentucky economy can help in making policy decisions that are intended to shape Kentucky's economic future.

When assessing any economy there are several pertinent questions which may be addressed. The first concerns changes in the absolute size of the economy over time. Here the relevant comparison is between the Letcher County economy and its own history. Since most economic variables are given in dollars and since inflation causes the value of a dollar to vary over time, all dollar values in this report are presented in constant 1988 dollars. This allows analysis of real changes over time by controlling for the effects of inflation.

A second question concerns the structure and nature of the Letcher County economy. The structure of an economy refers to the relative share contributed by the various segments of the economy, while the nature deals with how this share has changed over time.

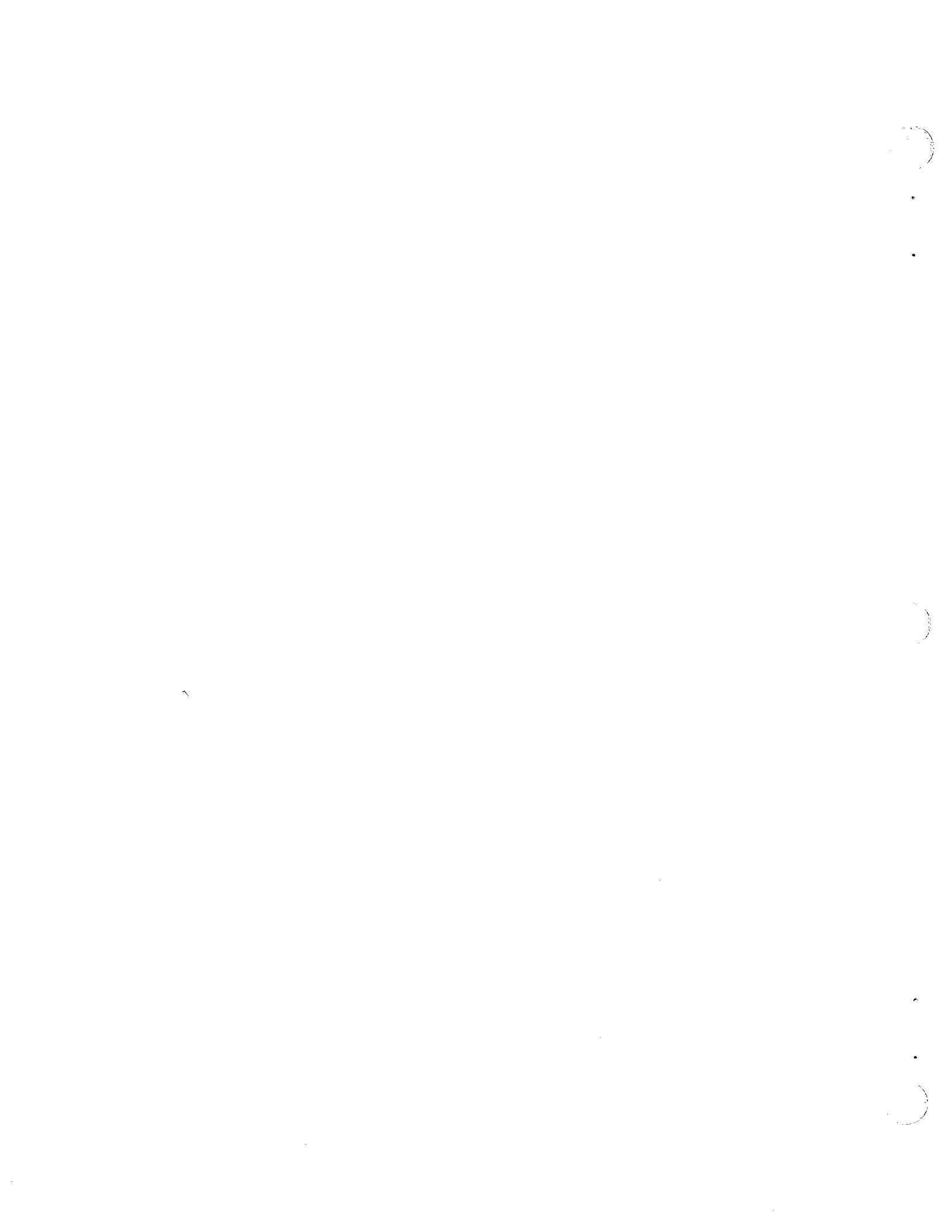
A third question concerns the performance of the Letcher County economy when compared to the Kentucky economy. For example, if a county has a higher proportion of earnings or employment in a particular sector it would indicate a specialization in that sector. Differences in economic structure may explain variations in relative economic well being between a county and the state as a whole.

Economic data for counties are usually published after a lag of two years. Therefore, most data in this report cover the period 1969 to 1987. All data for this report was obtained from the Kentucky Economic Information System, an on-line database maintained by the University of Kentucky Center for Business and Economic Development.

There are certain caveats which should be remembered when analyzing data. First, it is a common and useful approach to evaluate the percentage an economic sector contributes to the total economy. However, one must remember that a sector's percentage contribution may decline even when its absolute value is increasing, if another sector's contribution is growing at a faster rate. Secondly, when reviewing data in graphical analyses, the scales used to present data should be noted. In this report most graphs are presented with the narrowest scale which will cover all data points. This can accentuate visual patterns over time even when absolute changes are relatively small.

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\*For an analysis of economic trends in Kentucky, see Virginia Wilson, Patterns of Growth and Decline in the Kentucky Economy 1969-1988, Research Memorandum 437, Legislative Research Commission, November 1989.



## ECONOMIC TRENDS IN LETCHER COUNTY

The following analysis includes a brief description of the county economy and is accompanied by graphical illustrations. Data tables are also included at the end of this report. Three principal components of the Letcher County economy are analyzed. They are:

1. Personal Income
2. Earnings
3. Employment

Also, because coal production has been an important component in the Kentucky economy and in many local economies, the coal sector is analyzed in counties which have a history of coal production.

### Personal Income

Personal income is often used as a measure of the economic activity in an area. Personal income is the sum of all the dollar income received by individuals in an area from any legal source. Personal income data is published by the Bureau of Economic Analysis (BEA) for most major geographic regions, including states, counties, and major cities.

In general, income can be obtained in three ways. First, it can be earned by the work of an individual. This type of income includes wages and salaries income and proprietors' earnings. Second, income can be earned by property. Included are earnings from rents, dividends, and interest. Finally, income can be received as a gift or an entitlement. This type of income constitutes the component of personal income called transfer payments. Included in this component is income from sources such as retirement benefits, unemployment benefits, food stamps, and medical programs such as Medicare and Medicaid.

As can be seen in Chart 1A, the size of the Letcher County economy, as measured by real personal income, increased from \$153 million in 1969 to a high of \$275 million in 1978 (after adjusting for inflation). There was a subsequent decline to \$242 million in 1987. Chart 1B shows Letcher County total personal income as a percent of Kentucky total personal income. Letcher County's share of Kentucky personal income increased through 1975 and declined thereafter.

A similar pattern emerges from an examination of per capita personal income (Charts 1C and 1D). Per capita personal income is simply the total personal income of an area divided by its population. Per capita personal income is often used as a measure of the economic well-being of the residents of an area. Letcher County real per capita income increased in the early 1970's and declined slightly in the 1980's to a level of \$8,221 in 1987, when it was 65.8 percent of the Kentucky per capita personal income. This percentage declined during most of the period.

A better understanding of the nature of economic activity can be gleaned from an examination of the relative contribution of the components of personal income and how their shares have changed over time. This information is illustrated in Charts 2A-2D. Total earnings increased from \$115 million in 1969 to a high of \$195 million in 1978, then declined to \$140 million in 1987 (in constant 1988 dollars). Earnings as a percent of personal income declined over the period. Earnings accounted for 57.8 percent of Letcher County's total personal income in 1987, which was significantly less than Kentucky's 67.5 percent share.

Transfer payments contributed \$31 million to total personal income in 1969 and \$73 million in 1987. Transfer payments contributed a much higher percentage of personal income in Letcher County than in Kentucky. In 1987, 30.2 percent of county personal income was from transfer payments, compared to 17.2 percent for state personal income.

Income from property in Letcher County grew steadily through the time period. Income from property totalled \$6 million in 1969 and increased to \$29 million in 1987.

## Earnings

Earnings are the component of personal income reflecting payments to individuals in return for labor. Earnings include both wages and salaries and proprietor's income. Earnings in the goods-producing industries are illustrated in Chart 3A. The mine sector's share of earnings was substantial. This sector accounted for 52.5 percent of total earnings in 1969. The share of earnings from this sector increased in the late 1970's, then declined to 39.2 percent in 1987. In 1969, Letcher County received 2.6 percent of its earnings from manufacturing. This percentage decreased to 0.7 percent in 1987. Earnings from the farming sector were minimal during the period. The shares of earnings from all three of these sectors declined in the state as a whole.

Earnings from non-goods-producing industries are illustrated in Chart 3B. The percent of total earnings from services declined in the 1970's and increased in the 1980's to 18.1 percent in 1987. The percent of earnings from the trade sector also declined in the 1970's, then increased to 13.1 percent in 1987. The percentage of earnings from the state and local government sectors increased from 9.5 percent in 1969 to 13.1 percent in 1987. The declining share of earnings from these industries in the 1970's most likely reflects increases in the mine sector rather than absolute declines in the sectors. At the state level, the share of earnings from services showed a substantial increase, while the shares from trade and state and local government remained constant.

Average earnings per job (adjusted for inflation) for Letcher County and Kentucky are shown in Chart 3D. In Kentucky, average earnings per job reached a high of \$20,121 per person in 1978. Since this time average earnings per job have declined and in 1987 they were \$18,636 per person. Similarly, in

Letcher County earnings per job increased during the 1970's to a high of \$26,807 in 1978. Since this time, average earnings decreased to a level of \$19,008 in 1987 and were above the Kentucky average.

## Employment

Employment is considered to be any activity for which one receives financial remuneration in the form of wages or profits. Letcher County employment was volatile during the period. In 1969, total employment stood at 6,268 people. By 1977, employment had increased to 7,728 people. After a substantial decline in 1983, employment increased to 6,845 by 1987.

The unemployment rate, often used as an indicator of economic well-being, is the ratio of unemployed to the total civilian labor force. Unemployment is described as a condition of being out of work while actively seeking employment within the last thirty days. The civilian labor force is described as the proportion of population age 16 or older employed or actively seeking employment. Annual unemployment rates for Kentucky and Letcher County are presented in Chart 4B. Letcher County unemployment rates were above those of the state during the period. In 1987, the unemployment rate in Letcher County was 16.6 percent, compared to 8.8 percent in Kentucky.

Another employment concept includes the discouraged worker. Discouraged workers are persons who want jobs but made no attempt to find work in the last thirty days because they believe they could not find it. These individuals are not included when calculating official unemployment rates. The Cabinet for Human Resources does not estimate discouraged workers by county. However, preliminary research by the Cabinet indicates that the inclusion of discouraged workers in the civilian labor force estimate would increase the unemployment rate by approximately 4 percent for the state. This figure would vary by county depending on the labor market in a county or within commuting distance.

Employment in the goods-producing industries is illustrated in Chart 4C. Mining was the primary source of employment during the period. The mine sector accounted for 37.9 percent of total employment in 1969. This share increased in the 1970's, then declined through the 1980's to 23.3 percent in 1987. The percent of Letcher County total employment in manufacturing decreased over the time period to 1.4 percent in 1987. Farm sector employment was minimal in Letcher County. Overall, Kentucky saw the employment share in these sectors decline during the period.

Letcher County employment in the non-goods-producing industries is illustrated in Chart 4D. Employment in the service sector as a percent of total employment increased from 18.9 percent in 1969 to 22.1 percent in 1987. The percent of employment in trade increased from 16.3 percent in 1969 to 20.2 percent in 1987. The percent of employment in state and local government increased from 11.9 percent in 1969 to 15.0 percent in 1987. These county employment patterns are slightly different from state patterns, where the shares of employment in services and trade increased and the share in state and local government remained constant.

## Population

The census conducted each decade counts the actual population in an area. Population is then statistically estimated during intervening years. The demographic composition of this population growth has important implications for the future demand for goods and services, and ultimately, the economic structure of Letcher County.

The Letcher County population increased from 23,800 in 1969 to 29,400 in 1987 (Chart 5A). There was a significant correction in the estimate of population under six years of age with the 1980 census. It was estimated that in 1986, 9.4 percent of Letcher County's population was under six years of age, compared to 8.6 percent for the state. In 1986, 15.2 percent of the Letcher County population was sixty years of age or over, compared to 16.5 percent of all Kentucky residents.

## Coal

The coal sector provides significant income and employment to the Kentucky economy. This sector also contributes directly to the Commonwealth's General Fund revenues through severance tax collections. Coal production had a strong impact on the Letcher County economy .

Letcher County coal production patterns are presented in Chart 6A. Coal production is estimated by the Energy Information Administration of the U.S. Department of Energy. Estimates of production are calculated from a sample of coal shipments from each county. Coal production was erratic during the period. Production totaled 5,977 thousand tons in 1969. By 1986, 6,374 thousand tons of coal was mined in Letcher County.

Employment in the mining sector, which includes coal and other forms of mining, is illustrated in Chart 6B. In 1969, this sector provided 2,378 jobs in Letcher County. Employment increased slightly in the 1970's and dropped dramatically in the 1980's. In 1987 there were 1,598 people employed in mining in Letcher County. The dramatic decrease in employment illustrates the volatile nature of coal production and its impact on local economies.

The average value per ton for coal is illustrated in Chart 6C. Similar to patterns for the national coal market, average value per ton increased during the 1970's. This value increase was likely stimulated by changes in international energy markets. Specifically, a sharp increase in the price of oil resulted in increased demand for coal by utilities and resulted in increases in the price of coal. However, when the price of oil decreased in the 1980's, the average value per ton of coal also declined.

Coal severance tax receipts are presented in Chart 6D. The Kentucky Revenue Cabinet collects severance taxes on processed coal. Receipts are then allocated to counties, based on the value of the coal mined in the county and the value attributed to any processing done in the county. Therefore, trends in severance tax collections may not exactly parallel those of the coal production figures in Chart 6A. Severance tax collections were erratic during the period. By 1986, coal severance tax collections allocated to Letcher County totalled \$9.3 million.

CHART 1A  
 LETCHER COUNTY  
 REAL PERSONAL INCOME  
 Millions of 1988 dollars

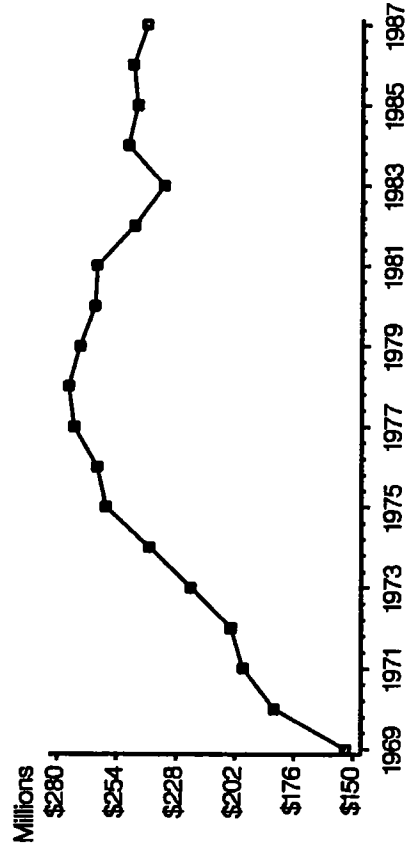


CHART 1B  
 LETCHER COUNTY  
 PERSONAL INCOME  
 as a Percent of Kentucky Personal Income

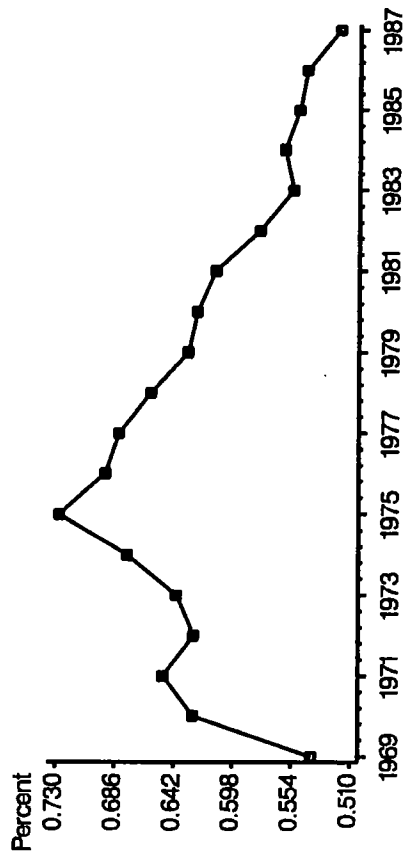


CHART 1C  
 LETCHER COUNTY  
 PER CAPITA PERSONAL INCOME  
 in Constant 1988 Dollars

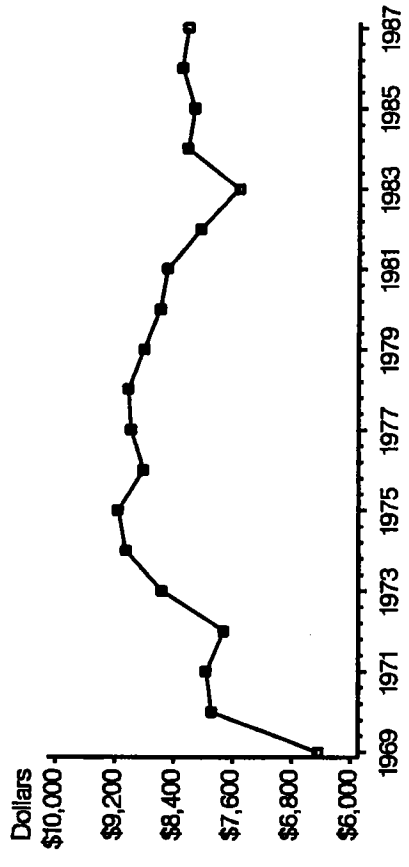


CHART 1D  
 LETCHER COUNTY  
 PER CAPITA PERSONAL INCOME  
 as a Percent of Kentucky Per Capita Personal Income

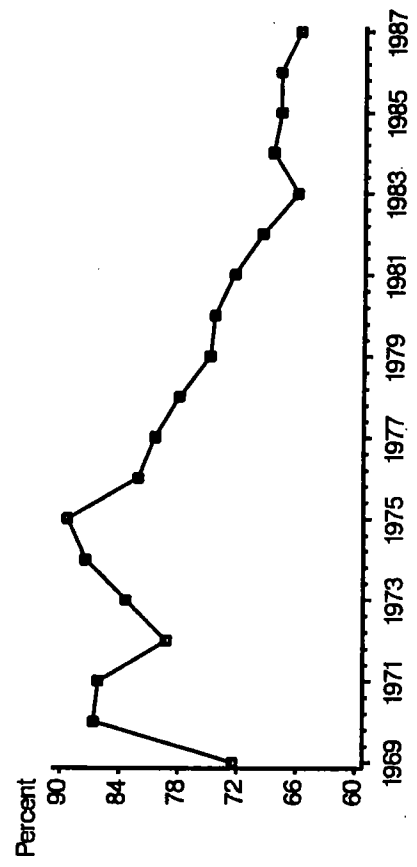


CHART 2A  
 LETCHER COUNTY  
 REAL TOTAL EARNINGS  
 Millions of 1988 dollars

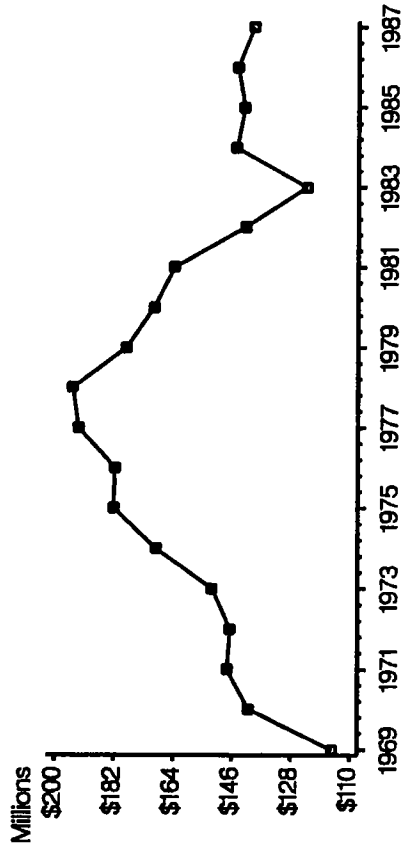


CHART 2B  
 LETCHER COUNTY  
 TRANSFER PAYMENTS and INCOME FROM PROPERTY  
 Millions of 1988 Dollars

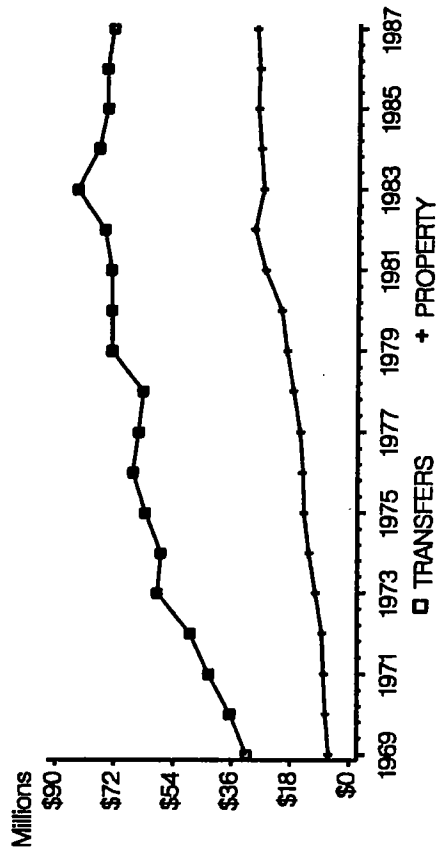


CHART 2C  
 LETCHER COUNTY  
 TOTAL EARNINGS  
 as a Percent of Personal Income

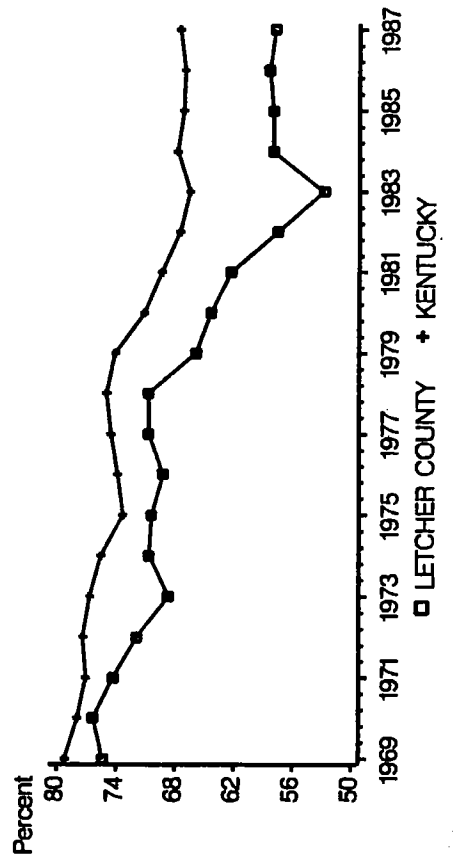


CHART 2D  
 LETCHER COUNTY  
 TRANSFER PAYMENTS  
 as a Percent of Personal Income

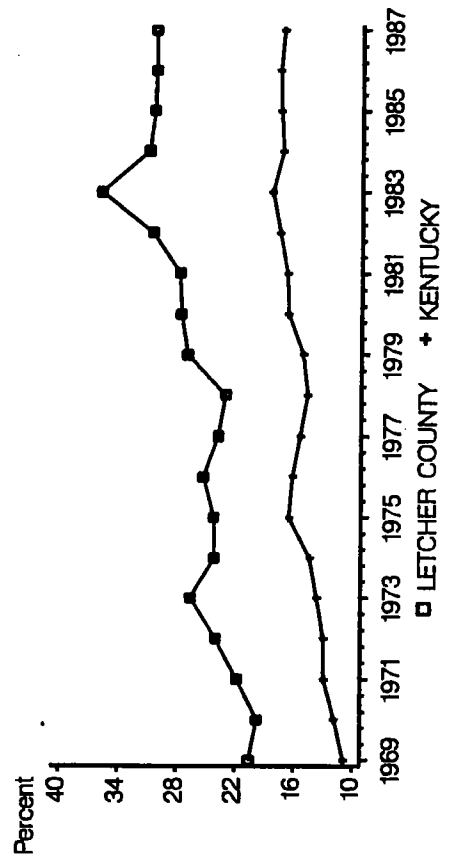




CHART 3A  
 LETCHER COUNTY  
 EARNINGS IN GOODS PRODUCING INDUSTRIES  
 as a Percent of Total Earnings

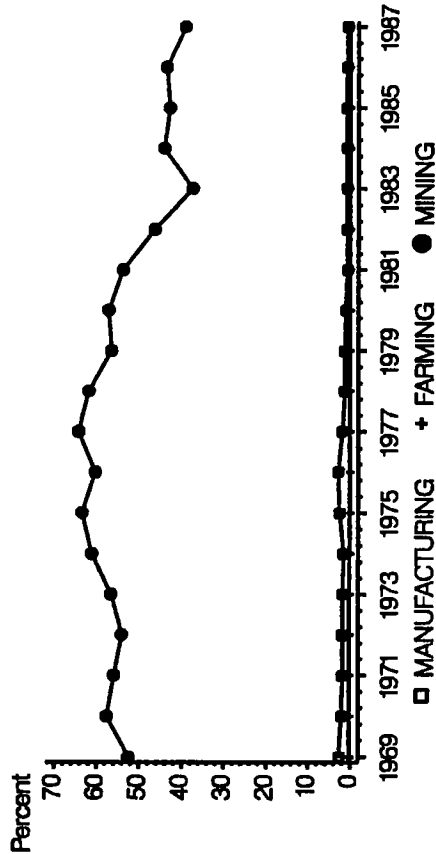


CHART 3B  
 LETCHER COUNTY  
 EARNINGS IN NON-GOODS PRODUCING INDUSTRIES  
 as a Percent of Total Earnings

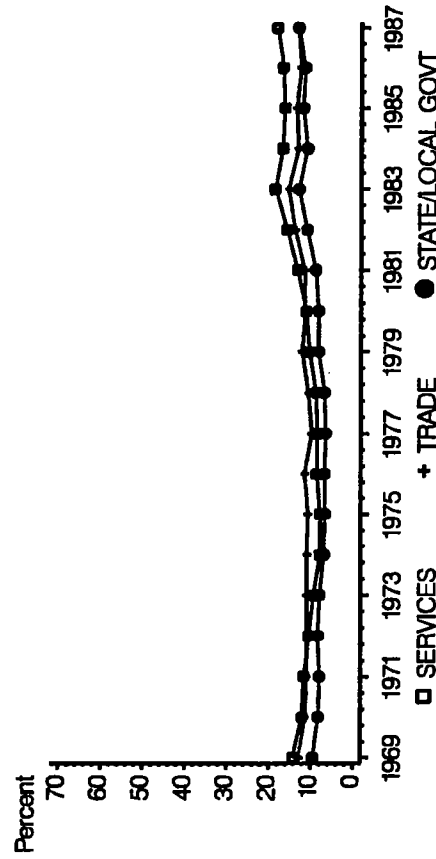


CHART 3C  
 LETCHER COUNTY  
 EARNINGS IN GOODS PRODUCING INDUSTRIES  
 as a Percent of Kentucky Industries

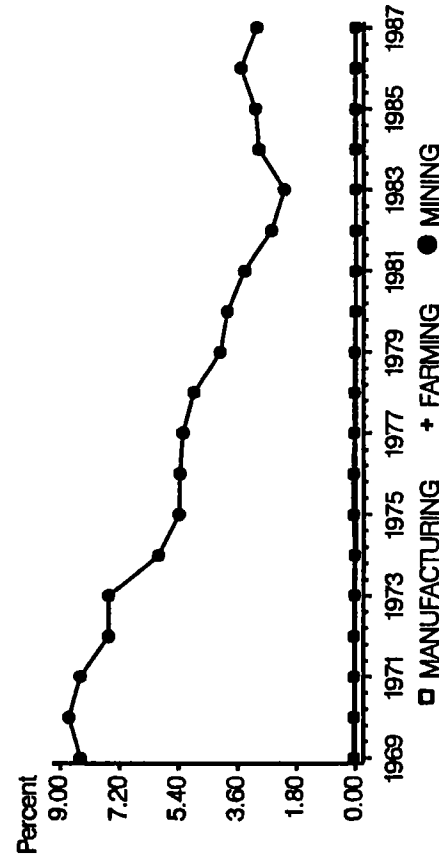


CHART 3D  
 LETCHER COUNTY  
 AVERAGE EARNINGS PER JOB  
 in Constant 1988 Dollars

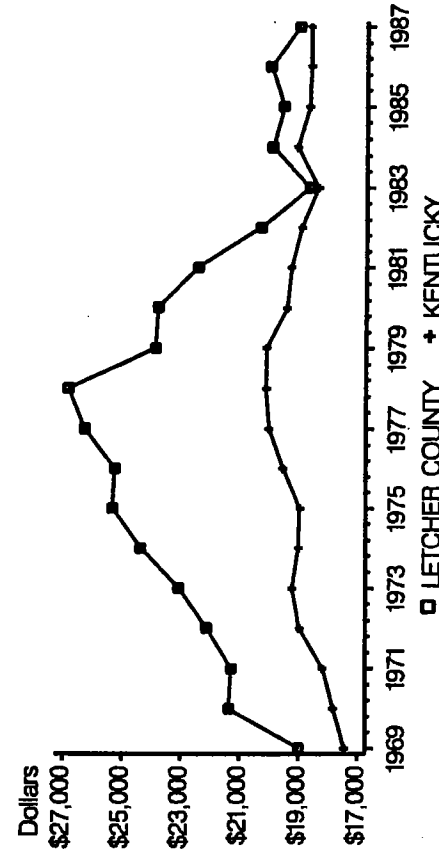


CHART 4A  
LETCHEM COUNTY  
TOTAL EMPLOYMENT  
Thousands of People

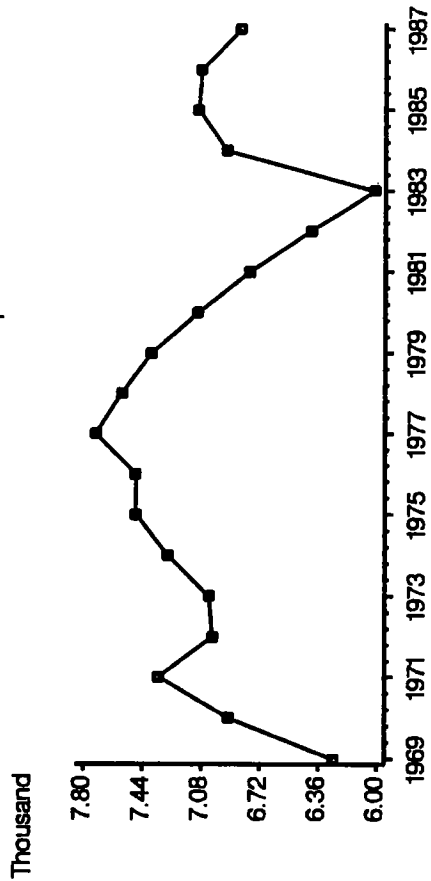


CHART 4B  
LETCHEM COUNTY  
ANNUAL UNEMPLOYMENT RATE

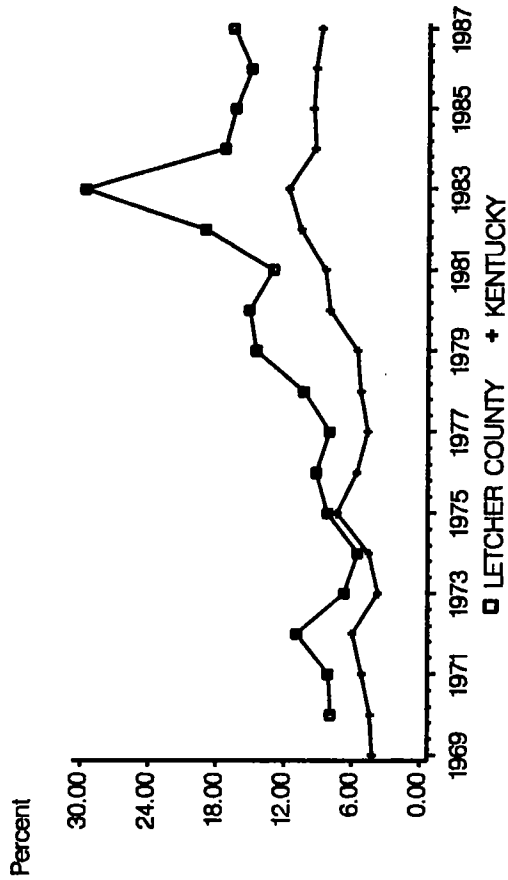


CHART 4C  
LETCHEM COUNTY  
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

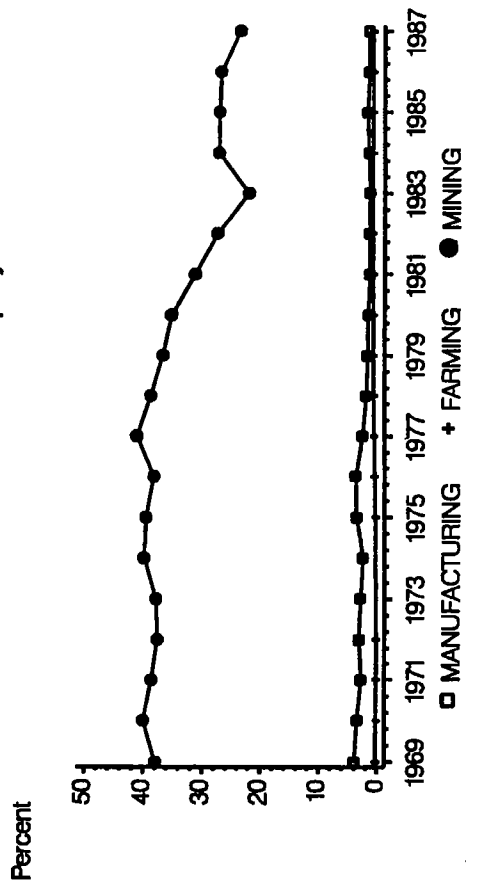


CHART 4D  
LETCHEM COUNTY  
EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

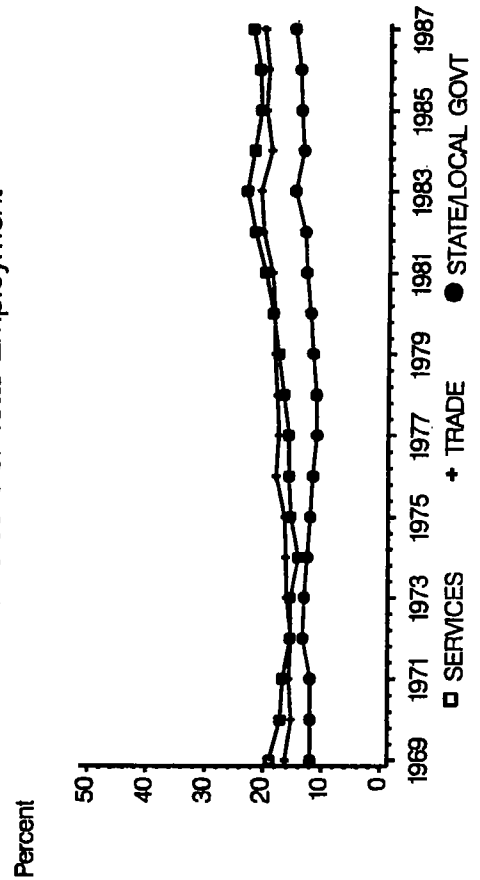


CHART 5A  
 LETCHER COUNTY  
 POPULATION  
 Thousands of People

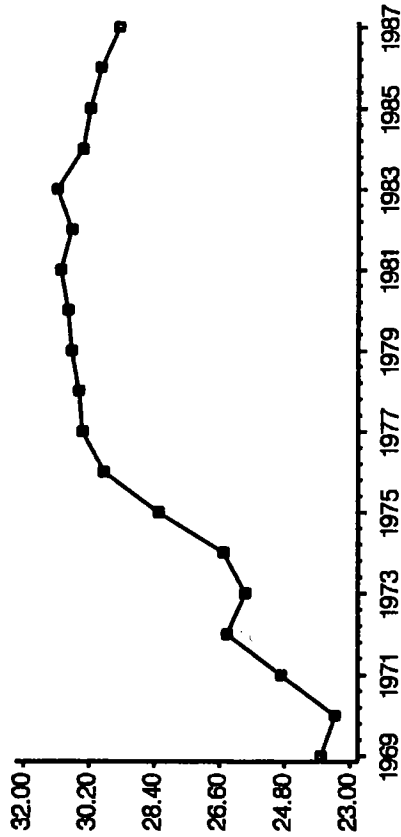


CHART 5B  
 LETCHER COUNTY  
 POPULATION  
 as a Percent of Kentucky Population

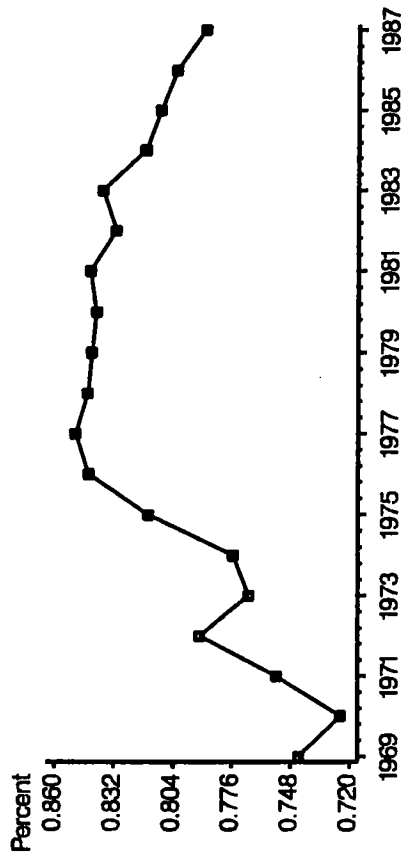


CHART 5C  
 LETCHER COUNTY  
 POPULATION 5 AND UNDER  
 as a Percent of Total Population

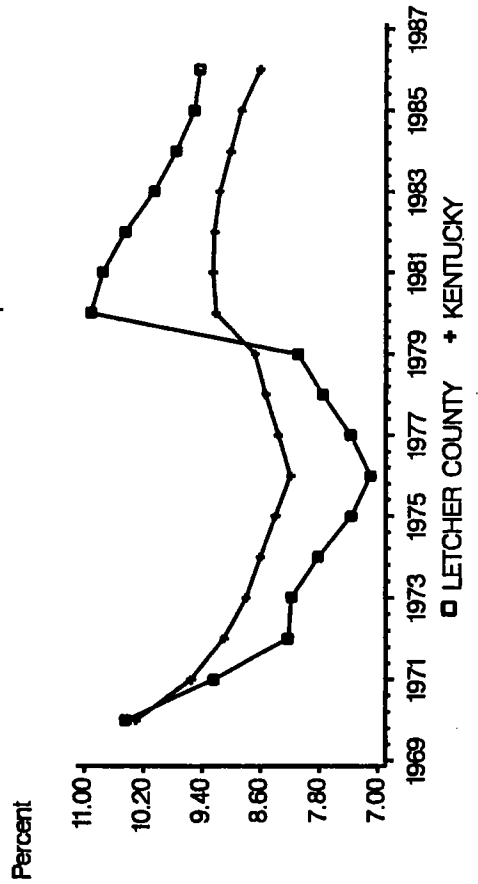


CHART 5D  
 LETCHER COUNTY  
 POPULATION 60 AND OVER  
 as a Percent of Total Population

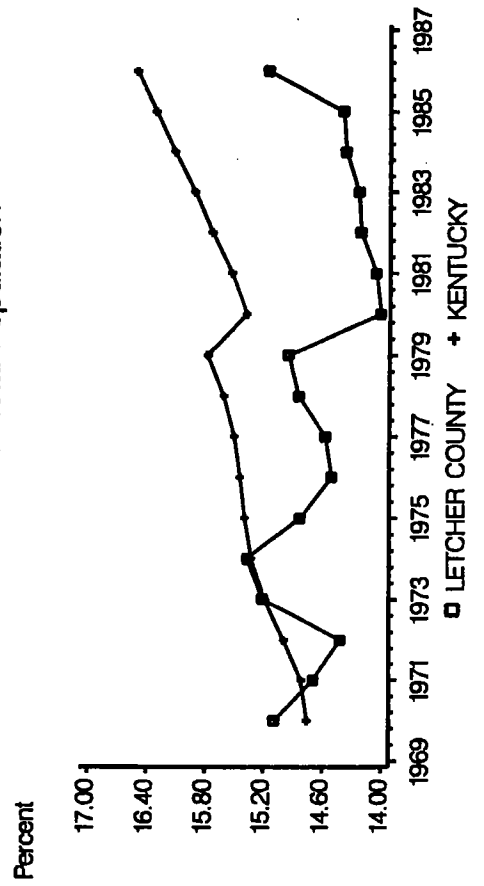


CHART 6A  
LETCHER COUNTY  
TOTAL COAL PRODUCTION (SHIPMENTS)  
Thousands of Tons

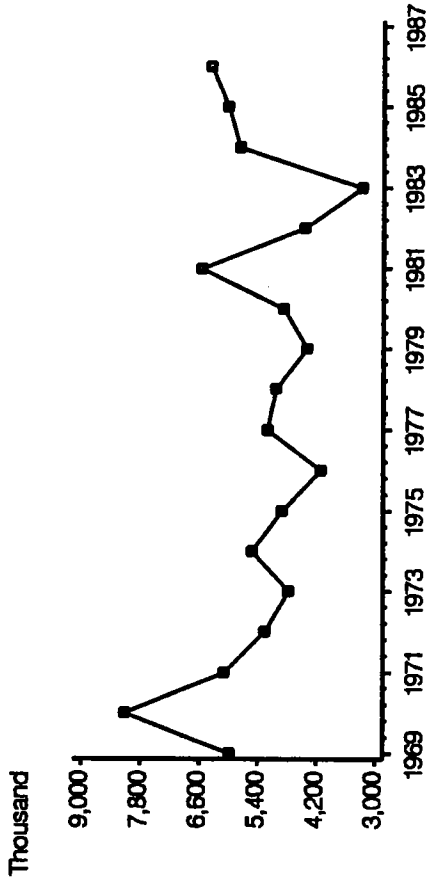


CHART 6B  
LETCHER COUNTY  
MINING EMPLOYMENT  
Thousands of People

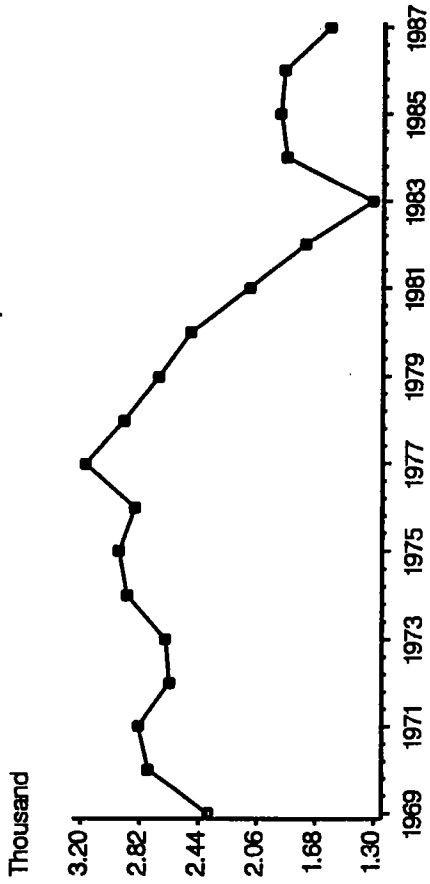


CHART 6C  
LETCHER COUNTY  
AVERAGE VALUE PER TON FOR COAL  
Constant 1988 Dollars

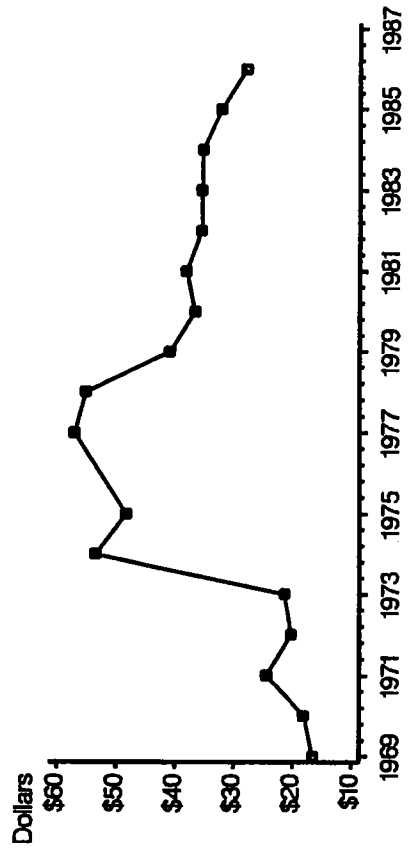
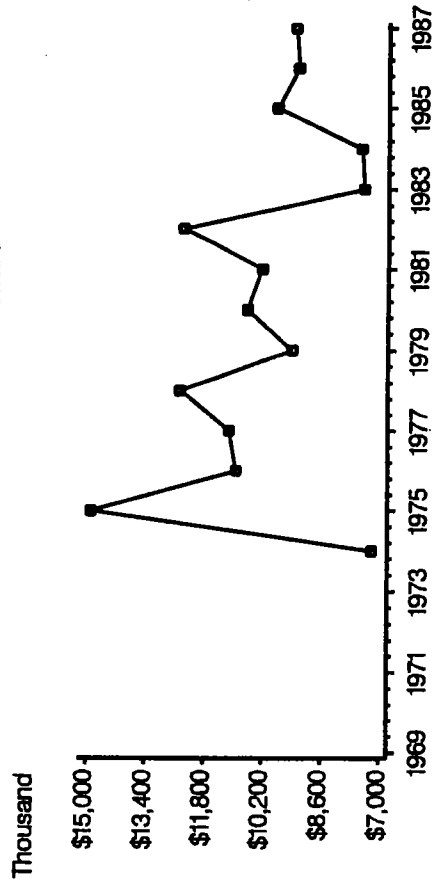


CHART 6D  
LETCHER COUNTY  
TAX RECEIPTS ON COAL SEVERED OR PROCESSED  
Thousands of 1988 Dollars



LETCHER COUNTY

PERSONAL INCOME  
In Millions of 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	153	0.54	6,435	72.4
1970	185	0.63	7,891	86.6
1971	198	0.65	7,969	86.1
1972	204	0.63	7,721	79.2
1973	222	0.64	8,559	83.4
1974	240	0.68	9,056	87.4
1975	259	0.73	9,161	89.3
1976	263	0.69	8,816	82.1
1977	273	0.68	8,986	80.4
1978	275	0.66	9,023	78.0
1979	271	0.63	8,804	74.9
1980	264	0.62	8,583	74.4
1981	263	0.61	8,486	72.4
1982	247	0.58	8,043	69.6
1983	234	0.55	7,512	66.0
1984	250	0.56	8,222	68.6
1985	246	0.55	8,133	67.8
1986	248	0.54	8,300	67.8
1987	242	0.52	8,221	65.8

COMPONENTS OF PERSONAL INCOME  
In Constant 1988 Dollars

Year	EARNINGS			TRANSFER PAYMENTS			INCOME from PROPERTY		
	M\$	Percent of Personal Income		M\$	Percent of Personal Income		M\$	Percent of Personal Income	
		County	Kentucky		County	Kentucky		County	Kentucky
1969	115	75.3	79.2	31	20.6	10.9	6	4.1	9.9
1970	141	76.3	77.9	37	19.8	11.9	7	3.9	10.2
1971	147	74.3	77.0	43	21.8	12.9	8	4.0	10.1
1972	147	71.9	77.3	49	24.0	12.9	8	4.1	9.7
1973	152	68.7	76.6	59	26.6	13.6	10	4.7	9.7
1974	169	70.6	75.5	58	24.2	14.4	12	5.2	10.1
1975	182	70.4	73.3	63	24.2	16.5	14	5.4	10.1
1976	182	69.2	73.9	66	25.3	16.1	14	5.5	10.0
1977	193	70.7	74.6	65	23.7	15.3	15	5.6	10.1
1978	195	70.7	75.0	63	23.0	14.6	17	6.3	10.4
1979	178	65.9	74.1	73	27.0	15.1	19	7.1	10.8
1980	170	64.4	71.1	73	27.7	16.7	21	8.0	12.2
1981	164	62.2	69.3	73	27.8	16.8	26	9.9	13.8
1982	142	57.6	67.5	75	30.5	17.6	29	11.9	14.9
1983	123	52.8	66.6	84	35.8	18.4	27	11.5	15.1
1984	145	58.0	67.8	77	30.9	17.3	28	11.1	14.9
1985	143	58.0	67.2	75	30.4	17.6	29	11.6	15.3
1986	145	58.4	67.1	75	30.2	17.6	28	11.4	15.3
1987	140	57.8	67.5	73	30.2	17.2	29	12.0	15.3

LETCHER COUNTY

SECTOR EARNINGS as a PERCENT of TOTAL COUNTY EARNINGS and  
as a PERCENT of KENTUCKY SECTOR EARNINGS

YEAR	MANUFACTURING		FARMING		MINING	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	2.6	0.05	0.2	0.02	52.5	8.39
1970	2.1	0.05	0.2	0.03	57.6	8.73
1971	1.9	0.05	0.2	0.03	55.9	8.39
1972	1.9	0.04	0.2	0.02	54.1	7.53
1973	1.8	0.04	0.2	0.02	56.7	7.53
1974	1.6	0.04	0.1	0.01	61.2	6.01
1975	2.5	0.07	0.1	0.01	63.5	5.39
1976	2.8	0.07	0.1	0.01	60.4	5.37
1977	1.8	0.05	0.0	0.01	64.3	5.27
1978	1.3	0.03	0.1	0.01	61.9	4.94
1979	1.2	0.03	0.1	0.01	56.7	4.13
1980	1.0	0.02	0.1	0.01	57.3	3.91
1981	0.6	0.01	0.1	0.01	53.9	3.38
1982	0.7	0.01	0.1	0.01	46.4	2.58
1983	0.8	0.01	0.1	0.03	37.4	2.19
1984	0.8	0.01	0.1	0.01	44.2	2.95
1985	0.9	0.02	0.1	0.01	42.9	3.06
1986	0.8	0.01	0.1	0.02	43.7	3.49
1987	0.7	0.01	0.1	0.02	39.2	3.02

STATE and LOCAL  
GOVERNMENT

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	14.1	0.55	12.8	0.42	9.5	0.53
1970	12.0	0.57	11.2	0.44	8.1	0.53
1971	11.6	0.56	10.9	0.44	7.9	0.52
1972	10.4	0.47	10.9	0.41	8.2	0.51
1973	9.3	0.42	10.9	0.41	7.9	0.50
1974	7.8	0.39	10.9	0.45	6.8	0.48
1975	7.8	0.40	10.6	0.45	6.6	0.47
1976	8.6	0.41	11.4	0.46	6.8	0.46
1977	8.4	0.42	9.8	0.41	6.5	0.45
1978	8.7	0.41	10.6	0.42	6.8	0.45
1979	10.4	0.41	12.1	0.41	8.1	0.45
1980	11.1	0.41	11.3	0.39	8.2	0.44
1981	13.2	0.44	11.4	0.37	8.9	0.43
1982	15.6	0.44	13.7	0.39	10.9	0.45
1983	18.6	0.42	15.3	0.37	12.9	0.45
1984	16.8	0.44	13.1	0.38	10.9	0.46
1985	16.3	0.42	13.5	0.38	11.9	0.49
1986	16.7	0.40	12.5	0.36	11.5	0.46
1987	18.1	0.37	13.1	0.34	13.0	0.47

LETCHER COUNTY  
 COUNTY EMPLOYMENT by SECTOR  
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YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	242	3.9	16	0.3	2,378	37.9
1970	234	3.4	14	0.2	2,766	40.0
1971	201	2.7	12	0.2	2,830	38.6
1972	219	3.1	11	0.2	2,630	37.5
1973	199	2.8	.	.	2,655	37.8
1974	178	2.4	.	.	2,905	39.9
1975	262	3.5	22	0.3	2,958	39.5
1976	276	3.7	34	0.5	2,856	38.2
1977	197	2.5	44	0.6	3,176	41.1
1978	146	1.9	48	0.6	2,928	38.7
1979	126	1.7	50	0.7	2,703	36.6
1980	109	1.5	48	0.7	2,496	35.1
1981	89	1.3	49	0.7	2,115	31.2
1982	90	1.4	49	0.8	1,754	27.4
1983	79	1.3	52	0.9	1,316	21.9
1984	100	1.4	51	0.7	1,877	27.1
1985	119	1.7	50	0.7	1,920	27.0
1986	99	1.4	49	0.7	1,895	26.7
1987	95	1.4	49	0.7	1,598	23.3

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	1,186	18.9	1,019	16.3	748	11.9
1970	1,181	17.1	1,053	15.2	825	11.9
1971	1,225	16.7	1,151	15.7	877	11.9
1972	1,082	15.4	1,072	15.3	930	13.3
1973	1,088	15.5	1,127	16.0	918	13.1
1974	1,027	14.1	1,187	16.3	910	12.5
1975	1,155	15.4	1,229	16.4	898	12.0
1976	1,176	15.7	1,342	17.9	865	11.6
1977	1,219	15.8	1,349	17.5	838	10.8
1978	1,261	16.7	1,347	17.8	831	11.0
1979	1,297	17.6	1,344	18.2	860	11.6
1980	1,320	18.6	1,299	18.3	859	12.1
1981	1,352	19.9	1,272	18.7	875	12.9
1982	1,388	21.7	1,303	20.3	841	13.1
1983	1,388	23.1	1,246	20.7	898	14.9
1984	1,511	21.8	1,315	19.0	931	13.4
1985	1,472	20.7	1,414	19.9	986	13.9
1986	1,483	20.9	1,381	19.5	996	14.1
1987	1,513	22.1	1,382	20.2	1,027	15.0

LETCHER COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	6,268	\$18,982	\$17,440	.	4.2
1970	6,913	\$21,354	\$17,811	7.9	4.4
1971	7,340	\$21,273	\$18,166	8.1	5.1
1972	7,010	\$22,133	\$18,970	10.9	6.0
1973	7,032	\$23,073	\$19,232	6.7	3.7
1974	7,286	\$24,366	\$19,008	5.5	4.5
1975	7,481	\$25,327	\$18,976	8.2	7.3
1976	7,485	\$25,238	\$19,563	9.2	5.6
1977	7,728	\$26,251	\$20,031	8.0	4.7
1978	7,568	\$26,807	\$20,121	10.3	5.3
1979	7,389	\$23,859	\$20,110	14.5	5.5
1980	7,106	\$23,783	\$19,439	15.1	8.0
1981	6,785	\$22,440	\$19,286	13.0	8.4
1982	6,408	\$20,308	\$18,931	19.0	10.6
1983	6,014	\$18,667	\$18,358	29.6	11.6
1984	6,928	\$19,933	\$19,080	17.3	9.3
1985	7,106	\$19,560	\$18,676	16.4	9.5
1986	7,086	\$19,992	\$18,627	15.0	9.3
1987	6,845	\$19,008	\$18,636	16.6	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER 6		PERCENT 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	23,800	0.74	.	.	.	.
1970	23,400	0.72	10.4	10.3	15.1	14.8
1971	24,900	0.75	9.2	9.6	14.7	14.8
1972	26,400	0.79	8.2	9.1	14.4	15.0
1973	25,900	0.77	8.2	8.8	15.2	15.2
1974	26,500	0.78	7.8	8.6	15.4	15.3
1975	28,300	0.82	7.4	8.4	14.8	15.4
1976	29,800	0.84	7.1	8.2	14.5	15.5
1977	30,400	0.85	7.4	8.4	14.6	15.5
1978	30,500	0.84	7.8	8.5	14.8	15.6
1979	30,700	0.84	8.1	8.7	15.0	15.8
1980	30,800	0.84	10.9	9.2	14.0	15.4
1981	31,000	0.84	10.8	9.3	14.1	15.5
1982	30,700	0.83	10.4	9.2	14.2	15.7
1983	31,100	0.84	10.1	9.2	14.2	15.9
1984	30,400	0.82	9.8	9.0	14.4	16.1
1985	30,200	0.81	9.5	8.9	14.4	16.3
1986	29,900	0.80	9.4	8.6	15.2	16.5
1987	29,400	0.79	.	.	.	.



LETCHER COUNTY

COAL MINING STATISTICS

YEAR	PRODUCTION (Thousand Tons)	EMPLOYMENT	AVERAGE VALUE PER TON	COAL TAX RECEIPTS (000)
1969	5,977	2,378	\$16.46	.
1970	8,119	2,766	\$18.08	.
1971	6,090	2,830	\$24.48	.
1972	5,256	2,630	\$20.21	.
1973	4,774	2,655	\$21.39	.
1974	5,522	2,905	\$53.44	\$7,220
1975	4,912	2,958	\$48.33	\$14,870
1976	4,116	2,856	.	\$10,939
1977	5,216	3,176	\$56.99	\$11,136
1978	5,036	2,928	\$55.05	\$12,449
1979	4,403	2,703	\$40.87	\$9,412
1980	4,887	2,496	\$36.70	\$10,622
1981	6,558	2,115	\$38.22	\$10,227
1982	4,451	1,754	\$35.66	\$12,367
1983	3,272	1,316	\$35.56	\$7,466
1984	5,786	1,877	\$35.38	\$7,518
1985	6,028	1,920	\$32.16	\$9,818
1986	6,374	1,895	\$27.85	\$9,254
1987	.	1,598	.	.

Note: All dollar figures are presented in constant 1988 dollars.



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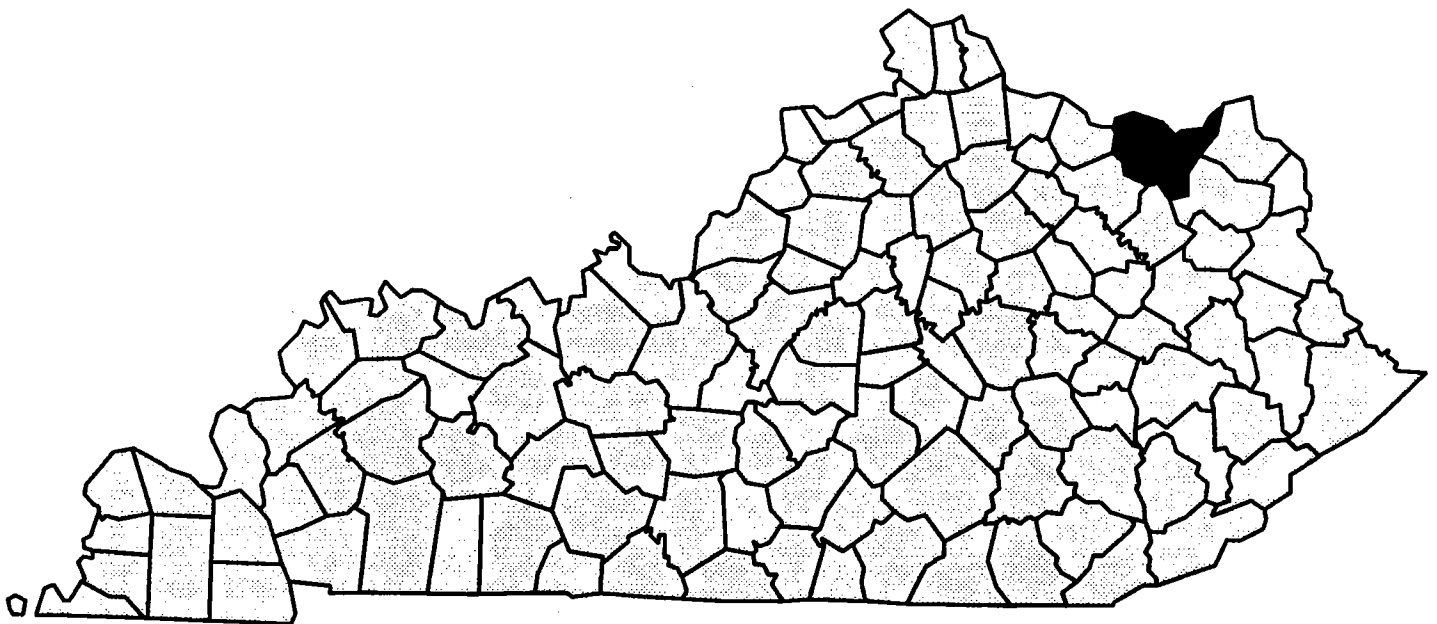
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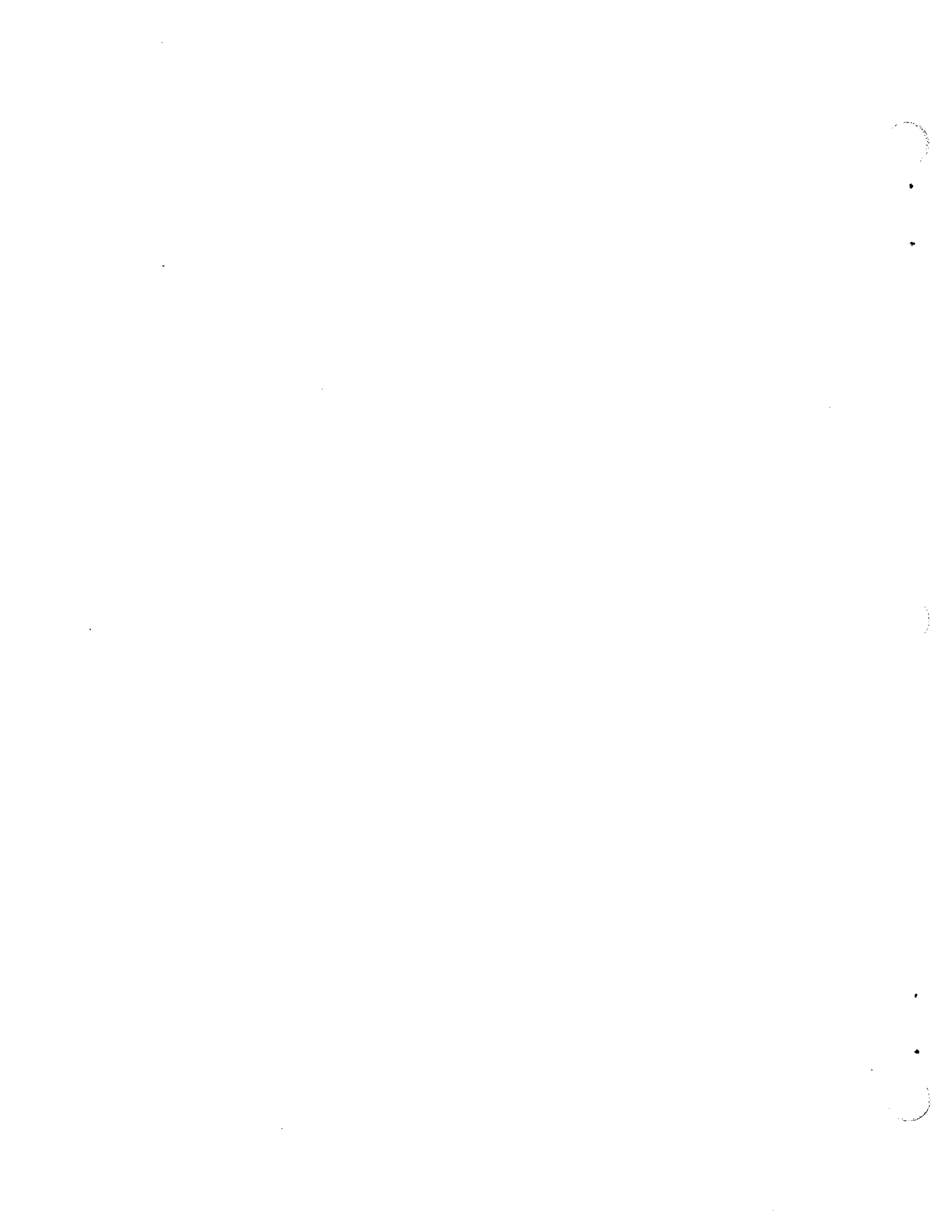
ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

**LEWIS COUNTY**



Prepared by  
Virginia Wilson  
Donna A. Cantrell

RESEARCH MEMORANDUM 438  
Legislative Research Commission  
Frankfort, Kentucky  
February, 1990



ECONOMIC TRENDS IN  
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1969 – 1987

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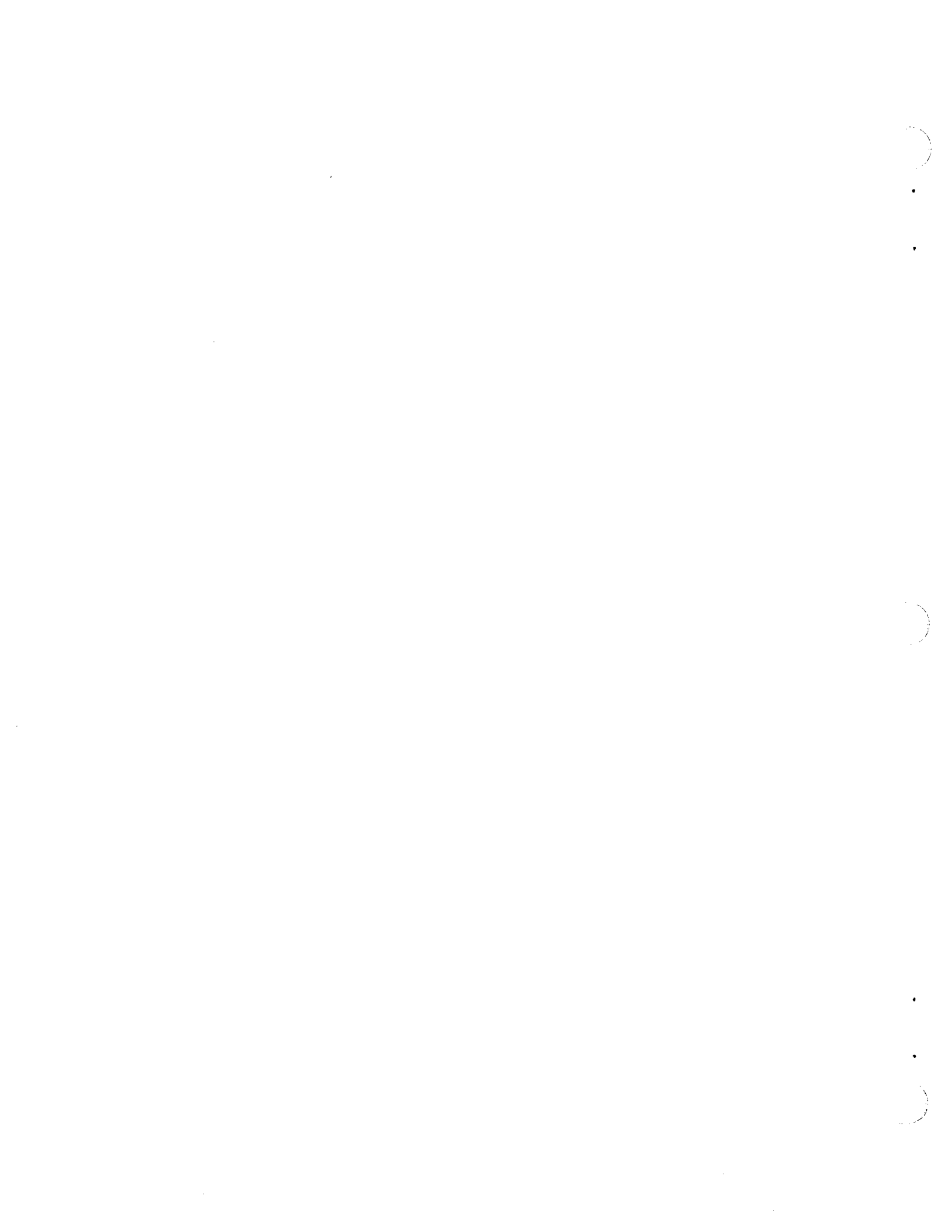
## FOREWORD

This publication is one of a set of 120, highlighting economic trends in each county in Kentucky from 1969-1987. This effort is part of the ongoing activities sponsored by the Legislative Research Commission to provide a long-term perspective on issues for decision makers. The economies of individual counties do not always parallel overall state trends. This set of publications is an attempt to look at the economic trends in each county over time and to point out where the economies of individual counties may be performing differently from the economy of the state as a whole.

This publication was prepared by Virginia Wilson and Donna Cantrell. Susan Dance assisted in production of the manuscript and Charles Bush edited the report. The assistance of Carol Straus from the Center for Business and Economic Research at the University of Kentucky in deciphering data is gratefully acknowledged.

Vic Hellard, Jr.  
Director

The Capitol  
Frankfort  
February, 1990



## SUMMARY

The Lewis County economy, as measured by personal income, grew strongly from 1969 to 1981. However, from 1981 to 1987 the economy was relatively constant. Lewis County showed only small changes in its share of Kentucky personal income, indicating that the county economy generally grew at a rate similar to the state economy. However, both per capita personal income and average earnings per job were significantly below those of the state.

The county has historically been heavily dependent on the goods-producing industries of manufacturing and farming. While the state share of earnings and employment in manufacturing declined, the shares of these components of the Lewis County economy grew in importance.

Earnings in the farm sector declined substantially, while employment declined to a lesser extent. The non-goods-producing sectors, particularly service and trade, experienced significant growth at the state level. In Lewis County, the service and state and local government sectors increased their shares of the county economy.

Economies which depend too heavily on one sector are susceptible to extreme economic swings when events in the national and international economies affect that sector. Goods-producing industries, especially durable manufacturing industries, are very sensitive to economic fluctuations. Consequently, while a high concentration in manufacturing may support the economy during periods of national economic growth, it may also make the county more susceptible to recessionary contractions. The non-goods-producing industries tend to be more resilient to economic events. The national economic outlook is for continued expansion of the service and trade sectors. Future growth and economic stability in Todd County may be enhanced by expansion of these sectors.



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## INTRODUCTION

This is one of a series of reports called Economic Trends in Kentucky Counties. The purpose of this series is to describe the economic structure of Kentucky counties and to assess their economic performance relative to their own history and relative to the Kentucky economy. Information on the structure and patterns of change in county economies and an understanding of their relationship to the Kentucky economy can help in making policy decisions that are intended to shape Kentucky's economic future.\*

When assessing any economy there are several pertinent questions which may be addressed. The first concerns changes in the absolute size of the economy over time. Here the relevant comparison is between the county economy and its own history. Since most economic variables are given in dollars and since inflation causes the value of a dollar to vary over time, all dollar values in this report are presented in constant 1988 dollars. This allows analysis of real changes over time by controlling for the effects of inflation.

A second question concerns the structure and nature of the county economy. The structure of an economy refers to the relative share contributed by the various segments of the economy, while the nature deals with how this share has changed over time.

A third question concerns the performance of the county economy when compared to the Kentucky economy. For example, if a county has a higher proportion of earnings or employment in a particular sector it would indicate a specialization in that sector. Differences in economic structure may explain variations in relative economic well-being between a county and the state as a whole.

Economic data for counties are usually published after a lag of two years. Therefore, most data in this report cover the period 1969 to 1987. All data for this report was obtained from the Kentucky Economic Information System, an on-line database maintained by the University of Kentucky Center for Business and Economic Development.

There are certain caveats which should be remembered when analyzing data. First, it is a common and useful approach to evaluate the percentage an economic sector contributes to the total economy. However, one must remember that a sector's percentage contribution may decline even when its absolute value is increasing if another sector's contribution is growing at a faster rate. Secondly, when reviewing data in graphical analyses, the scales used to present data should be noted. In this report most graphs are presented with the narrowest scale which will cover all data points. This can accentuate visual patterns over time even when absolute changes are relatively small.

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\*For an analysis of economic trends in Kentucky, see Virginia Wilson, Patterns of Growth and Decline in the Kentucky Economy 1969-1988, Research Memorandum 437, Legislative Research Commission, November 1989.



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## ECONOMIC TRENDS IN LEWIS COUNTY

The following analysis includes a brief description of the county economy and is accompanied by graphical illustrations. Data tables are also included at the end of this report. Three principal components of the Lewis County economy are analyzed. They are:

1. Personal Income
2. Earnings
3. Employment

### Personal Income

Personal income is often used as a measure of the economic activity in an area. Personal income is the sum of all the dollar income received by individuals in an area from any legal source. Personal income data is published by the Bureau of Economic Analysis (BEA) for most major geographic regions, including states, counties, and major cities.

In general, income can be obtained in three ways. First, it can be earned by the work of an individual. This type of income includes wage and salary income and proprietors' earnings. Second, income can be earned by property. This component includes earnings from rents, dividends, and interest. Finally, income can be received as a gift or an entitlement. This type of income constitutes the component of personal income called transfer payments. Included in this component is income from sources such as retirement benefits, unemployment benefits, food stamps, and medical programs such as Medicare and Medicaid.

As can be seen in Chart 1A, the Lewis County economy, as measured by personal income, increased strongly during the 1970's. However, in the 1980's the economy has been fairly sluggish. Personal income increased from \$80 million in 1969 to \$120 million in 1981, after adjusting for inflation. However, by 1987 personal income declined to \$115 million. Chart 1B shows Lewis County total personal income as a percent of Kentucky total personal income. Lewis County has maintained its share of Kentucky personal income (0.25 percent in 1987) and has shown only small changes over the time period.

A similar pattern emerges from an examination of per capita personal income. Per capita personal income is simply the total personal income of an area divided by its population. Per capita personal income is often used as a measure of the economic well-being of the residents of an area. Charts 1C and 1D indicate that Lewis County per capita income increased over the time period to a level of \$8,286 in 1987, when it was 66.3 percent of Kentucky per capita personal income.

A better understanding of the nature of economic activity can be gleaned from an examination of the relative contribution of the components of personal income and how their shares have changed over time. This information is

illustrated in Charts 2A-2D. Earnings grew through 1981. However, with the national recession of 1982, earnings dropped significantly. Overall, total earnings increased from \$64 million in 1969 to \$74 million in 1987 (in constant 1988 dollars). While earnings increased, their share of personal income declined over time. This trend occurred at the state level as well. In 1987, earnings accounted for 64.7 percent of Lewis County's total personal income, compared to Kentucky's 67.5 percent share.

Transfer payments contributed \$11 million to total personal income in 1969 and \$30 million in 1987. During the same period, transfer payments contributed a much higher percentage of personal income in Lewis County than in Kentucky.

Income from property in Lewis County grew at a slow but steady rate through the time period. Income from property totalled \$4 million in 1969 and increased to \$11 million in 1987.

## Earnings

Earnings are the component of personal income reflecting payments to individuals in return for labor. Earnings include both wages and salaries and proprietor's income. In 1969, Lewis County received 23.0 percent of total earnings from manufacturing. This percentage increased to 26.5 percent in 1987 (Chart 3A). The county trend toward increasing concentration in manufacturing was different from that for the state, where the percentage of earnings from manufacturing showed a steady decline over the period.

Farming's contribution to total county earnings decreased from 29.0 percent in 1969 to 15.2 percent in 1987. The trend toward declining earnings in the farm sector is consistent with state and national trends.

Earnings from non-goods-producing industries as a percent of total earnings are illustrated in Chart 3B. The percent of earnings from the service sector increased from 4.4 percent in 1969 to 10.5 percent in 1987. The percent of earnings from the trade sector declined to 10.3 percent in 1987. The share of earnings from the state and local government sector increased from 10.6 percent in 1969 to 17.4 percent in 1987. At the state level, the percent of earnings from services increased, while the percents from trade and state and local government were stable.

Average earnings per job (adjusted for inflation) for Lewis County and Kentucky are shown in Chart 3D. In Kentucky, average earnings per job reached a high of \$20,121 per person in 1978. Since then, average earnings per job declined and in 1987 they were \$18,636 per person. Lewis County average earnings per job were below those of the state throughout the period. Average earnings reached \$11,377 in 1987, well below the Kentucky average.



## Employment

Employment is considered any activity for which one receives financial remuneration in the form of wages or profits. Total employment in Lewis County increased during the data period. In 1969, total employment stood at 3,323 people. By 1987, that figure had increased to 4,123.

The unemployment rate, often used as an indicator of economic well-being, is the ratio of unemployed to the total civilian labor force. Unemployment is described as a condition of being out of work while actively seeking employment within the last thirty days. The civilian labor force is described as the proportion of population age 16 or older employed or actively seeking employment. Annual unemployment rates for Kentucky and Lewis County are presented in Chart 4B. Unemployment rates in Lewis County have been above those of the state since 1976. In 1987, the county unemployment rate was 13.3 percent, compared to 8.8 percent for Kentucky.

Another employment concept includes the discouraged worker. Discouraged workers are persons who want jobs but made no attempt to find work in the last thirty days because they believe they could not find it. These individuals are not included when calculating official unemployment rates. The Cabinet for Human Resources does not estimate discouraged workers by county. However, preliminary research by the Cabinet indicates that the inclusion of discouraged workers in the civilian labor force estimate would increase the unemployment rate by approximately four percent for the state. This figure would vary by county depending on the labor market in a county or within commuting distance.

Employment in the goods-producing industries is illustrated in Chart 4C. The percent of total employment in manufacturing increased from 21.4 percent in 1969 to 23.9 percent in 1987. Again, this trend is unlike that of the state.

The farm sector was the primary source of employment throughout the period. However, farming's share of employment declined from 33.8 percent in 1969 to 27.7 percent in 1987.

Employment in the non-goods-producing industries is presented in Chart 4D. Service sector employment increased from 1969 to 1987. In 1969, the service sector accounted for 5.4 percent of employment. This share increased to 11.2 percent in 1987. The percent of employment in state and local government remained constant and accounted for 11.1 percent in 1987. The trade sector's share of employment declined slightly and was 10.0 percent in 1987. At the state level, service and trade employment increased significantly, while government employment remained constant.

## Population

The census conducted each decade counts the actual population in an area. Population is then statistically estimated during intervening years. The demographic composition of this population growth has important

implications for the future demand for goods and services, and ultimately, the economic structure of Lewis County.

The Lewis County population grew through the 1970's from 12,400 in 1969 to 14,700 in 1981 (Chart 5A). However, by 1987 population had declined to 13,900. It was estimated that in 1986, 8.5 percent of Lewis County's population was under six years of age, compared to 8.6 for the state. Lewis County has a lower proportion than the state of residents age sixty or older. In 1986, 15.8 percent of the Lewis County population was 60 years of age and over, while 16.5 percent of all Kentucky residents fell in this age group.

CHART 1A  
LEWIS COUNTY  
REAL PERSONAL INCOME  
Millions of 1988 dollars

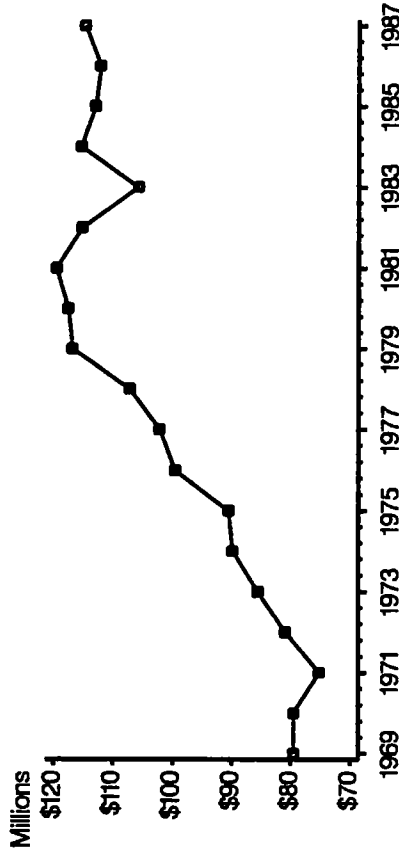


CHART 1B  
LEWIS COUNTY  
PERSONAL INCOME  
as a Percent of Kentucky Personal Income

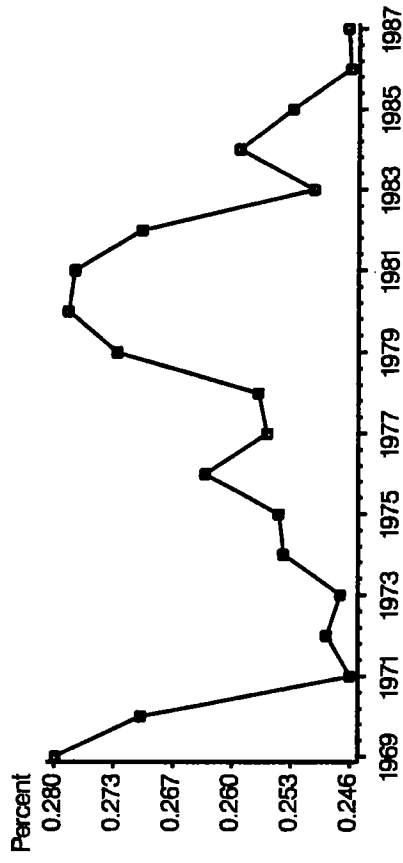


CHART 1C  
LEWIS COUNTY  
PER CAPITA PERSONAL INCOME  
in Constant 1988 Dollars

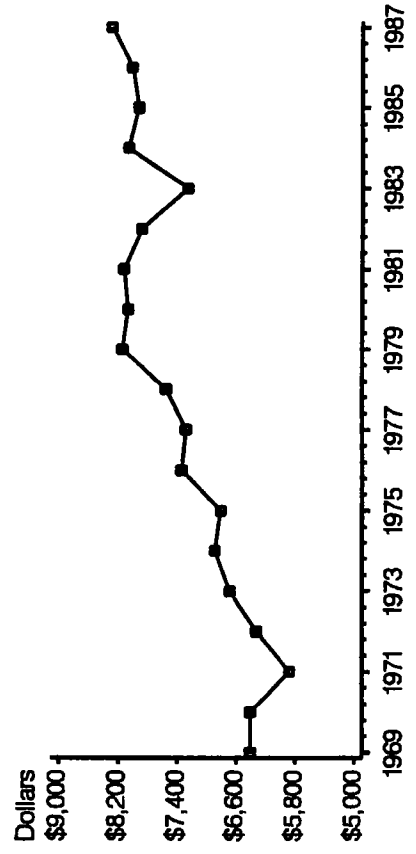


CHART 1D  
LEWIS COUNTY  
PER CAPITA PERSONAL INCOME  
as a Percent of Kentucky Per Capita Personal Income

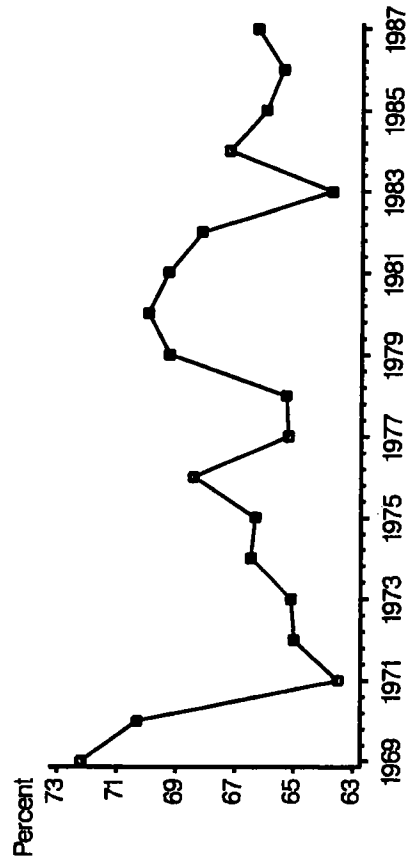


CHART 2A  
LEWIS COUNTY  
REAL TOTAL EARNINGS  
Millions of 1988 dollars

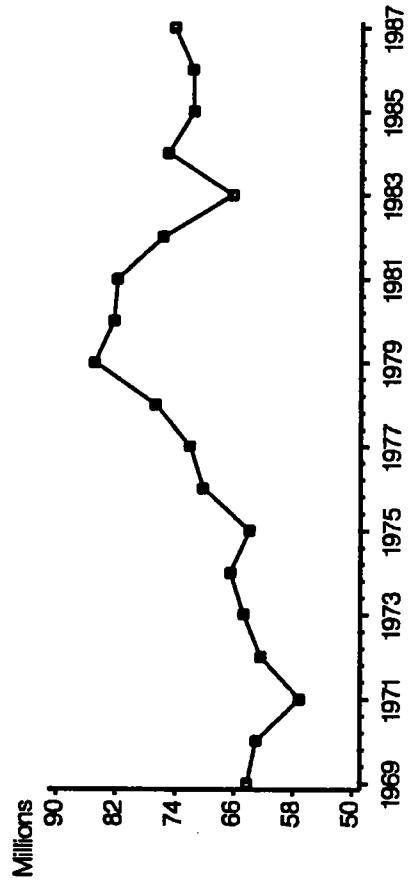


CHART 2B  
LEWIS COUNTY  
TRANSFER PAYMENTS and INCOME FROM PROPERTY  
Millions of 1988 Dollars

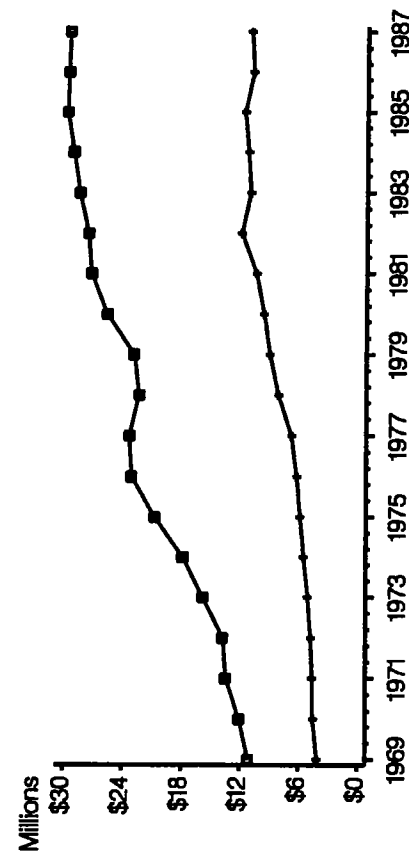


CHART 2C  
LEWIS COUNTY  
TOTAL EARNINGS  
as a Percent of Personal Income

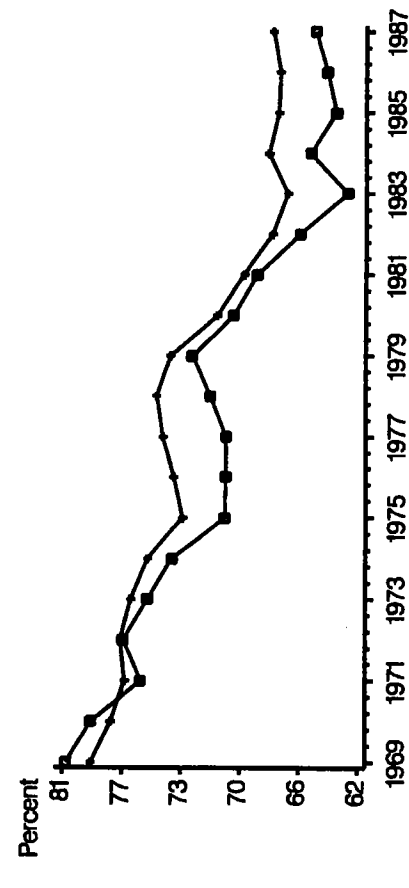


CHART 2D  
LEWIS COUNTY  
TRANSFER PAYMENTS  
as a Percent of Personal Income

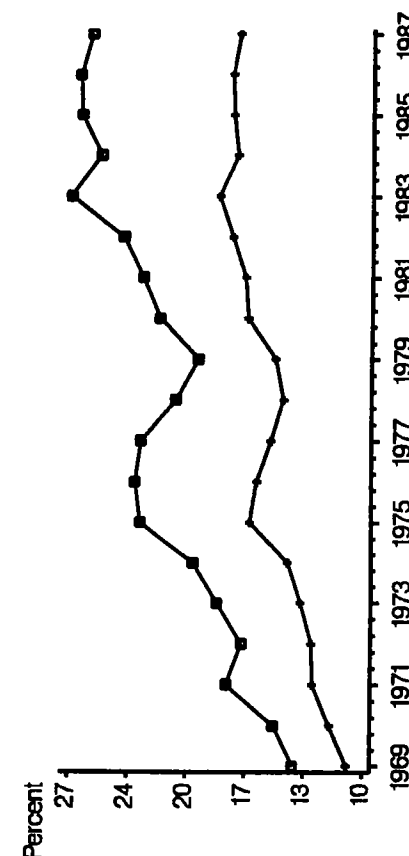


CHART 3A

LEWIS COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

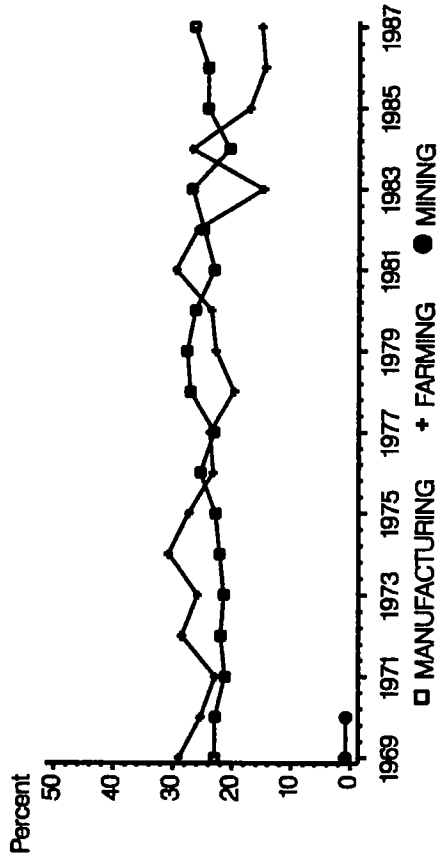


CHART 3B

LEWIS COUNTY

EARNINGS in NON - GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

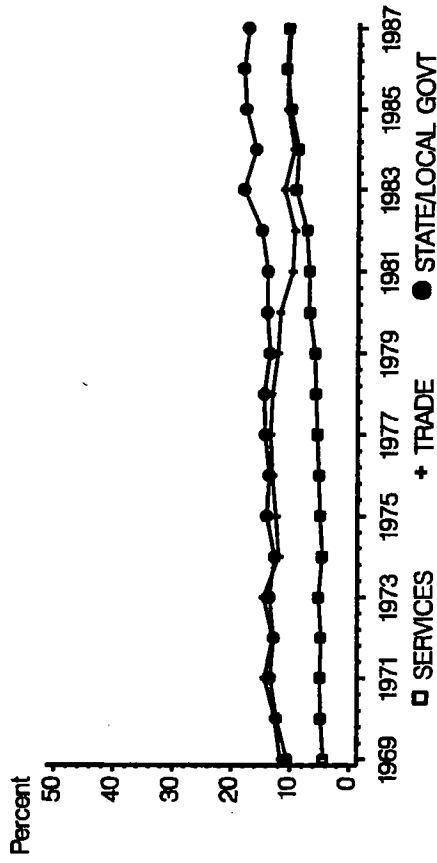


CHART 3C

LEWIS COUNTY

EARNINGS in GOODS PRODUCING INDUSTRIES  
as a Percent of Kentucky Industries

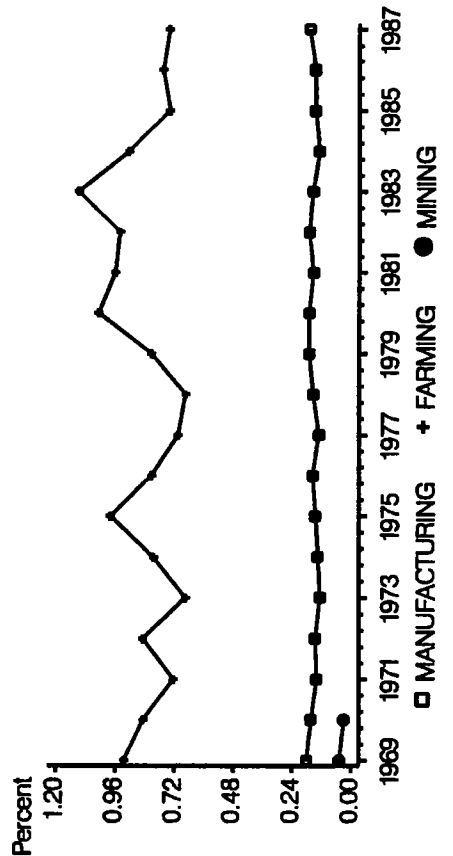


CHART 3D

LEWIS COUNTY

AVERAGE EARNINGS PER JOB  
in Constant 1988 Dollars

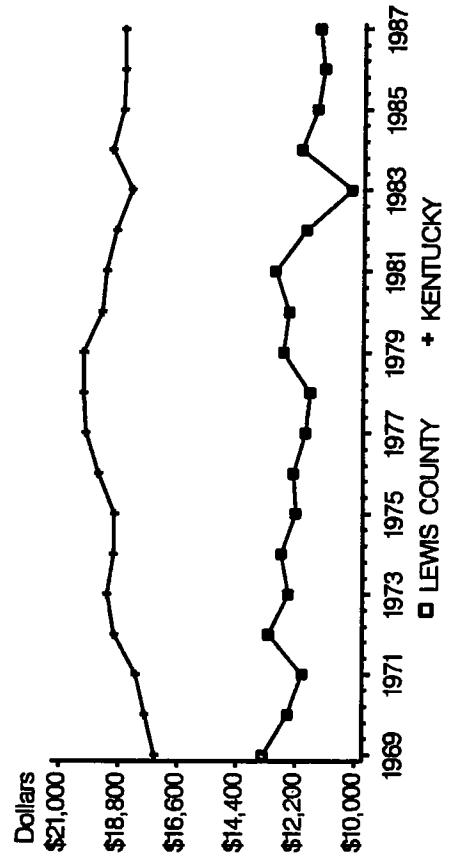


CHART 4A

LEWIS COUNTY

TOTAL EMPLOYMENT  
Thousands of People

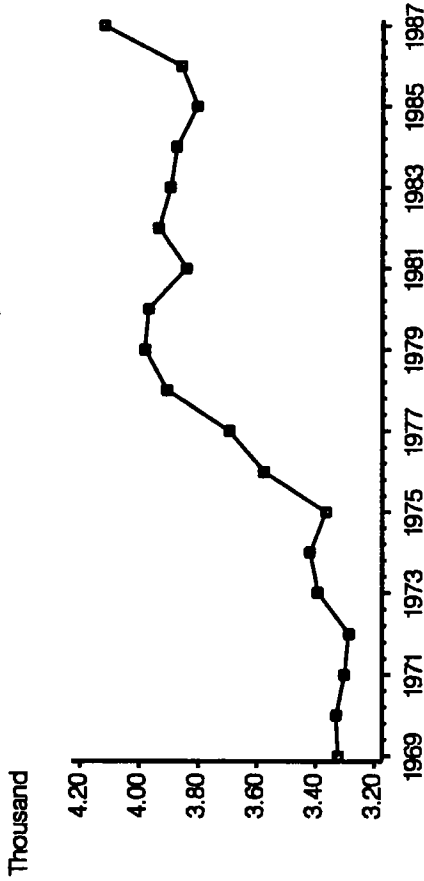


CHART 4B

LEWIS COUNTY

ANNUAL UNEMPLOYMENT RATE

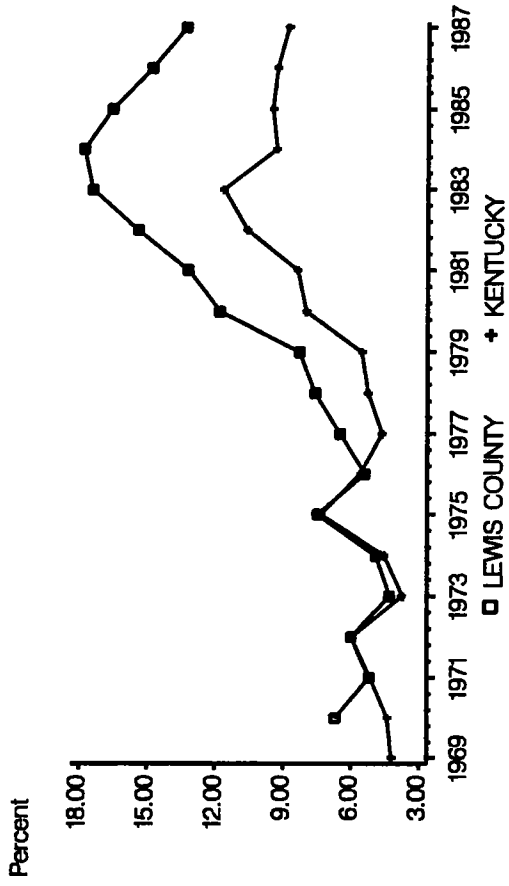


CHART 4C

LEWIS COUNTY

EMPLOYMENT IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

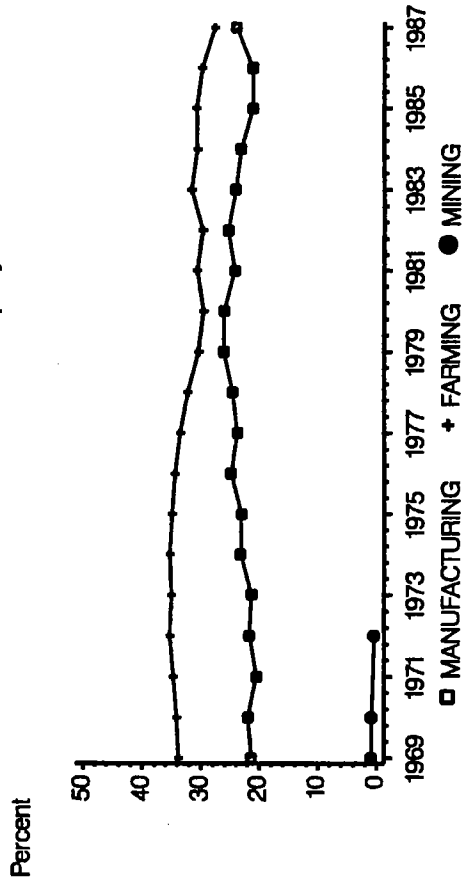


CHART 4D

LEWIS COUNTY

EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

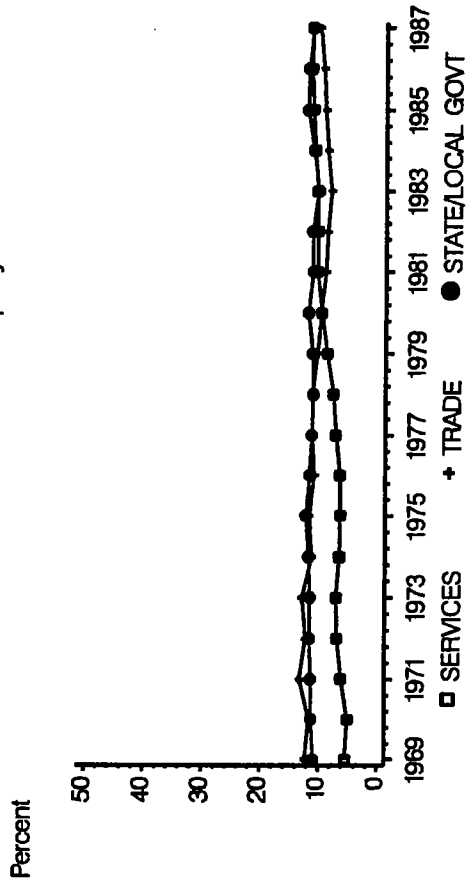


CHART 5A  
LEWIS COUNTY  
POPULATION

Thousands of People

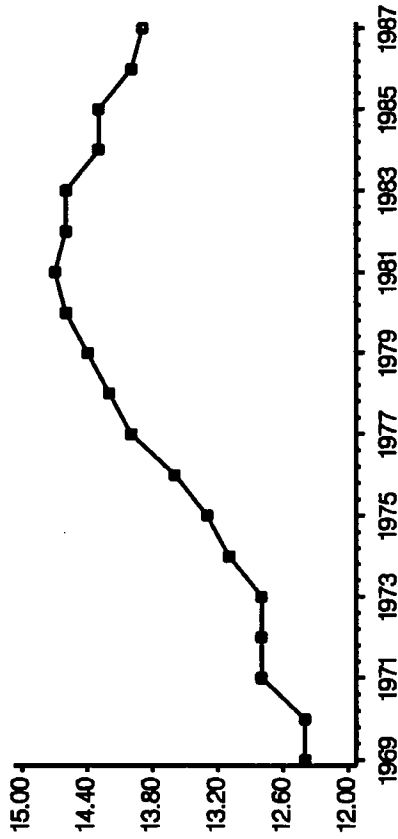


CHART 5B  
LEWIS COUNTY  
POPULATION

as a Percent of Kentucky Population

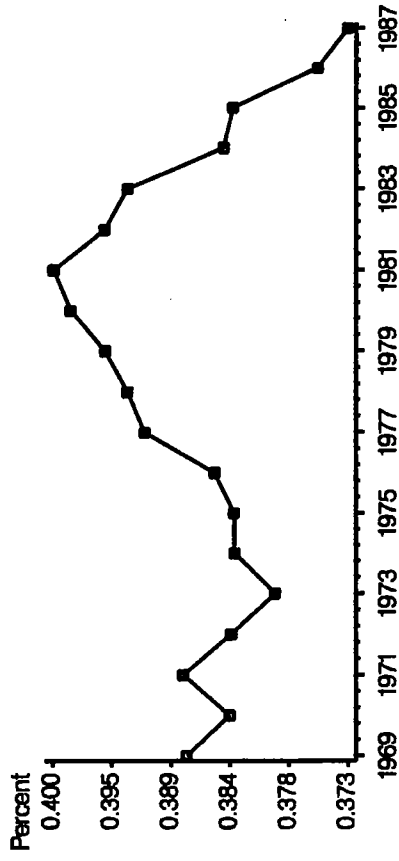


CHART 5C  
LEWIS COUNTY  
POPULATION 5 AND UNDER

as a Percent of Total Population

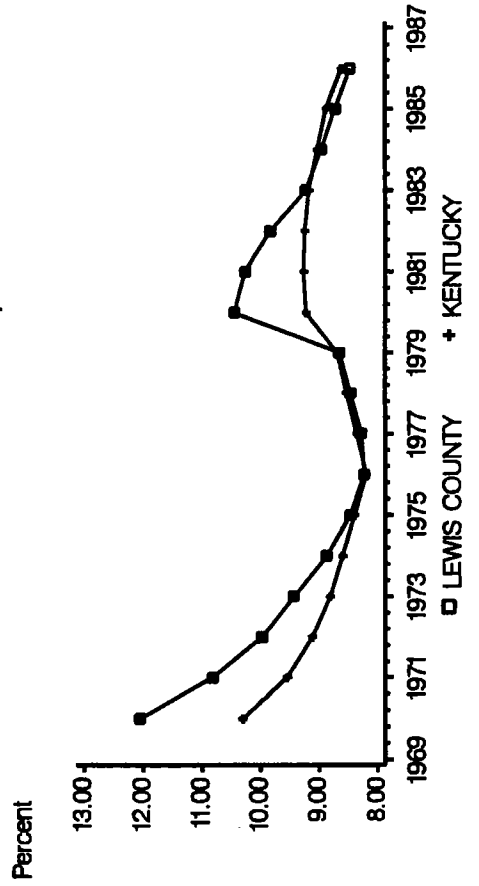
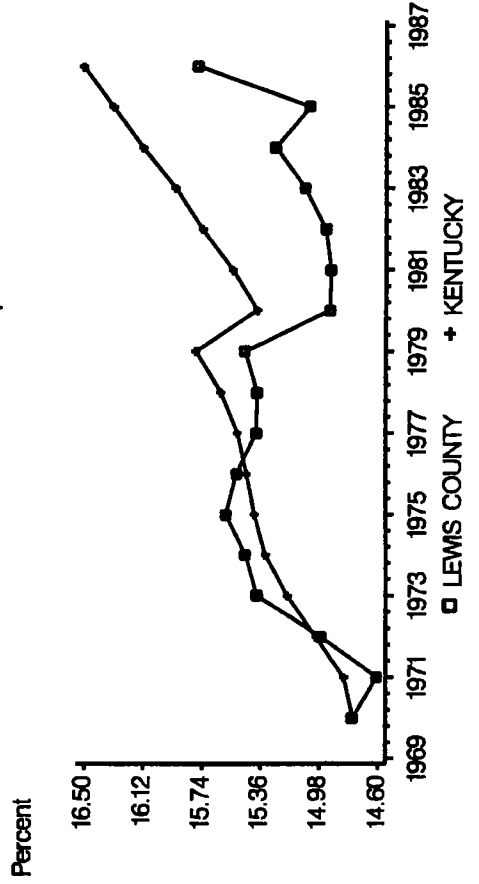


CHART 5D  
LEWIS COUNTY  
POPULATION 60 AND OVER

as a Percent of Total Population



LEWIS COUNTY

PERSONAL INCOME  
In Constant 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	80	0.28	6,413	72.2
1970	80	0.27	6,408	70.3
1971	75	0.25	5,878	63.5
1972	81	0.25	6,332	65.0
1973	86	0.25	6,684	65.1
1974	90	0.25	6,888	66.5
1975	91	0.25	6,808	66.3
1976	100	0.26	7,345	68.4
1977	102	0.26	7,287	65.2
1978	107	0.26	7,550	65.3
1979	117	0.27	8,142	69.2
1980	118	0.28	8,067	69.9
1981	120	0.28	8,120	69.3
1982	115	0.27	7,873	68.1
1983	106	0.25	7,256	63.7
1984	116	0.26	8,057	67.2
1985	113	0.25	7,918	66.0
1986	112	0.25	8,004	65.4
1987	115	0.25	8,286	66.3

COMPONENTS OF PERSONAL INCOME  
In Constant 1988 Dollars

Year	EARNINGS			TRANSFER PAYMENTS			INCOME from PROPERTY		
	M\$	Percent of Personal Income		M\$	Percent of Personal Income		M\$	Percent of Personal Income	
		County	Kentucky		County	Kentucky		County	Kentucky
1969	64	80.8	79.2	11	14.0	10.9	4	5.2	9.9
1970	63	79.2	77.9	12	15.2	11.9	5	5.7	10.2
1971	57	76.0	77.0	13	17.9	12.9	5	6.2	10.1
1972	62	77.1	77.3	14	17.0	12.9	5	5.9	9.7
1973	65	75.6	76.6	16	18.5	13.6	5	6.0	9.7
1974	67	74.0	75.5	18	19.9	14.4	6	6.2	10.1
1975	64	70.6	73.3	21	22.9	16.5	6	6.5	10.1
1976	70	70.5	73.9	23	23.2	16.1	6	6.3	10.0
1977	72	70.5	74.6	23	22.8	15.3	7	6.7	10.1
1978	77	71.6	75.0	22	20.8	14.6	8	7.6	10.4
1979	85	72.7	74.1	23	19.5	15.1	9	7.7	10.8
1980	82	70.0	71.1	26	21.8	16.7	10	8.2	12.2
1981	82	68.5	69.3	27	22.8	16.8	10	8.7	13.8
1982	76	65.8	67.5	28	23.9	17.6	12	10.4	14.9
1983	66	62.7	66.6	28	26.9	18.4	11	10.4	15.1
1984	75	65.0	67.8	29	25.2	17.3	11	9.8	14.9
1985	72	63.4	67.2	30	26.3	17.6	12	10.3	15.3
1986	72	64.0	67.1	30	26.4	17.6	11	9.6	15.3
1987	74	64.7	67.5	30	25.7	17.2	11	9.6	15.3



LEWIS COUNTY

SECTOR EARNINGS as a PERCENT of TOTAL COUNTY EARNINGS and  
as a PERCENT of KENTUCKY SECTOR EARNINGS

YEAR	MANUFACTURING		FARMING		MINING	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	23.0	0.18	29.0	0.93	0.8	0.05
1970	22.9	0.16	25.4	0.85	0.7	0.03
1971	21.2	0.14	22.9	0.72	.	.
1972	21.9	0.14	28.6	0.85	.	.
1973	21.4	0.13	25.9	0.68	.	.
1974	22.1	0.13	30.8	0.80	.	.
1975	22.8	0.14	27.4	0.98	.	.
1976	25.4	0.15	23.3	0.81	.	.
1977	23.1	0.13	23.8	0.71	.	.
1978	27.1	0.15	19.8	0.68	.	.
1979	27.7	0.17	22.9	0.81	.	.
1980	26.3	0.17	23.6	1.03	.	.
1981	23.1	0.15	29.6	0.96	.	.
1982	25.0	0.17	25.9	0.94	.	.
1983	26.9	0.15	14.8	1.11	.	.
1984	20.6	0.13	26.9	0.90	.	.
1985	24.3	0.14	17.2	0.74	.	.
1986	24.2	0.14	14.6	0.77	.	.
1987	26.5	0.17	15.2	0.74	.	.

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	4.4	0.06	11.7	0.14	10.6	0.22
1970	4.8	0.06	12.6	0.14	12.3	0.23
1971	5.0	0.06	14.4	0.15	13.5	0.22
1972	4.8	0.06	13.0	0.14	12.8	0.22
1973	5.2	0.06	14.6	0.14	13.5	0.22
1974	4.6	0.06	12.0	0.12	12.7	0.22
1975	5.0	0.06	12.5	0.12	14.1	0.22
1976	5.2	0.06	13.1	0.12	13.7	0.21
1977	5.5	0.06	13.4	0.12	14.3	0.22
1978	5.7	0.06	13.1	0.12	14.5	0.22
1979	5.9	0.07	12.2	0.12	13.6	0.21
1980	6.8	0.07	11.8	0.12	14.0	0.22
1981	6.9	0.08	9.7	0.10	13.9	0.22
1982	7.4	0.07	9.4	0.09	14.9	0.22
1983	9.2	0.07	11.1	0.09	18.0	0.22
1984	8.8	0.08	9.6	0.09	16.0	0.23
1985	10.1	0.08	10.6	0.09	17.8	0.23
1986	10.9	0.08	10.6	0.09	18.2	0.22
1987	10.5	0.08	10.3	0.10	17.4	0.23

LEWIS COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	710	21.4	1,123	33.8	31	0.9
1970	730	21.9	1,136	34.1	30	0.9
1971	675	20.4	1,145	34.7	.	.
1972	712	21.7	1,159	35.3	15	0.5
1973	722	21.3	1,187	35.0	.	.
1974	793	23.2	1,206	35.3	.	.
1975	775	23.0	1,173	34.9	.	.
1976	889	24.9	1,229	34.4	.	.
1977	879	23.8	1,237	33.5	.	.
1978	962	24.6	1,259	32.2	.	.
1979	1,041	26.1	1,210	30.4	.	.
1980	1,035	26.1	1,173	29.5	.	.
1981	929	24.2	1,178	30.7	.	.
1982	997	25.3	1,169	29.7	.	.
1983	936	24.0	1,230	31.6	.	.
1984	896	23.1	1,187	30.6	.	.
1985	801	21.0	1,170	30.7	.	.
1986	815	21.1	1,151	29.8	.	.
1987	987	23.9	1,143	27.7	.	.

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	179	5.4	411	12.4	363	10.9
1970	165	5.0	386	11.6	373	11.2
1971	199	6.0	437	13.2	374	11.3
1972	223	6.8	402	12.2	378	11.5
1973	235	6.9	437	12.9	389	11.5
1974	220	6.4	382	11.2	401	11.7
1975	212	6.3	391	11.6	412	12.2
1976	228	6.4	384	10.7	414	11.6
1977	261	7.1	414	11.2	415	11.2
1978	292	7.5	432	11.1	429	11.0
1979	342	8.6	409	10.3	443	11.1
1980	379	9.5	384	9.7	471	11.9
1981	398	10.4	341	8.9	424	11.0
1982	402	10.2	340	8.6	442	11.2
1983	405	10.4	311	8.0	395	10.1
1984	416	10.7	333	8.6	426	11.0
1985	420	11.0	343	9.0	459	12.1
1986	440	11.4	360	9.3	459	11.9
1987	462	11.2	411	10.0	459	11.1

LEWIS COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	3,323	\$13,422	\$17,440	.	4.2
1970	3,329	\$12,485	\$17,811	6.7	4.4
1971	3,301	\$11,940	\$18,166	5.2	5.1
1972	3,286	\$13,231	\$18,970	6.0	6.0
1973	3,392	\$12,475	\$19,232	4.3	3.7
1974	3,419	\$12,757	\$19,008	4.9	4.5
1975	3,364	\$12,200	\$18,976	7.5	7.3
1976	3,576	\$12,297	\$19,563	5.4	5.6
1977	3,695	\$11,845	\$20,031	6.5	4.7
1978	3,908	\$11,678	\$20,121	7.6	5.3
1979	3,983	\$12,694	\$20,110	8.3	5.5
1980	3,970	\$12,482	\$19,439	11.8	8.0
1981	3,841	\$13,013	\$19,286	13.2	8.4
1982	3,936	\$11,852	\$18,931	15.4	10.6
1983	3,897	\$10,187	\$18,358	17.4	11.6
1984	3,876	\$12,028	\$19,080	17.8	9.3
1985	3,806	\$11,453	\$18,676	16.5	9.5
1986	3,861	\$11,221	\$18,627	14.8	9.3
1987	4,123	\$11,377	\$18,636	13.3	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER AGE 6		PERCENT AGE 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	12,400	0.39	.	.	.	.
1970	12,400	0.38	12.1	10.3	14.8	14.8
1971	12,800	0.39	10.8	9.6	14.6	14.8
1972	12,800	0.38	10.0	9.1	15.0	15.0
1973	12,800	0.38	9.4	8.8	15.4	15.2
1974	13,100	0.38	8.9	8.6	15.5	15.3
1975	13,300	0.38	8.5	8.4	15.6	15.4
1976	13,600	0.39	8.2	8.2	15.5	15.5
1977	14,000	0.39	8.3	8.4	15.4	15.5
1978	14,200	0.39	8.5	8.5	15.4	15.6
1979	14,400	0.40	8.6	8.7	15.5	15.8
1980	14,600	0.40	10.4	9.2	14.9	15.4
1981	14,700	0.40	10.3	9.3	14.9	15.5
1982	14,600	0.40	9.8	9.2	14.9	15.7
1983	14,600	0.39	9.2	9.2	15.1	15.9
1984	14,300	0.38	9.0	9.0	15.3	16.1
1985	14,300	0.38	8.7	8.9	15.0	16.3
1986	14,000	0.38	8.5	8.6	15.8	16.5
1987	13,900	0.37	.	.	.	.





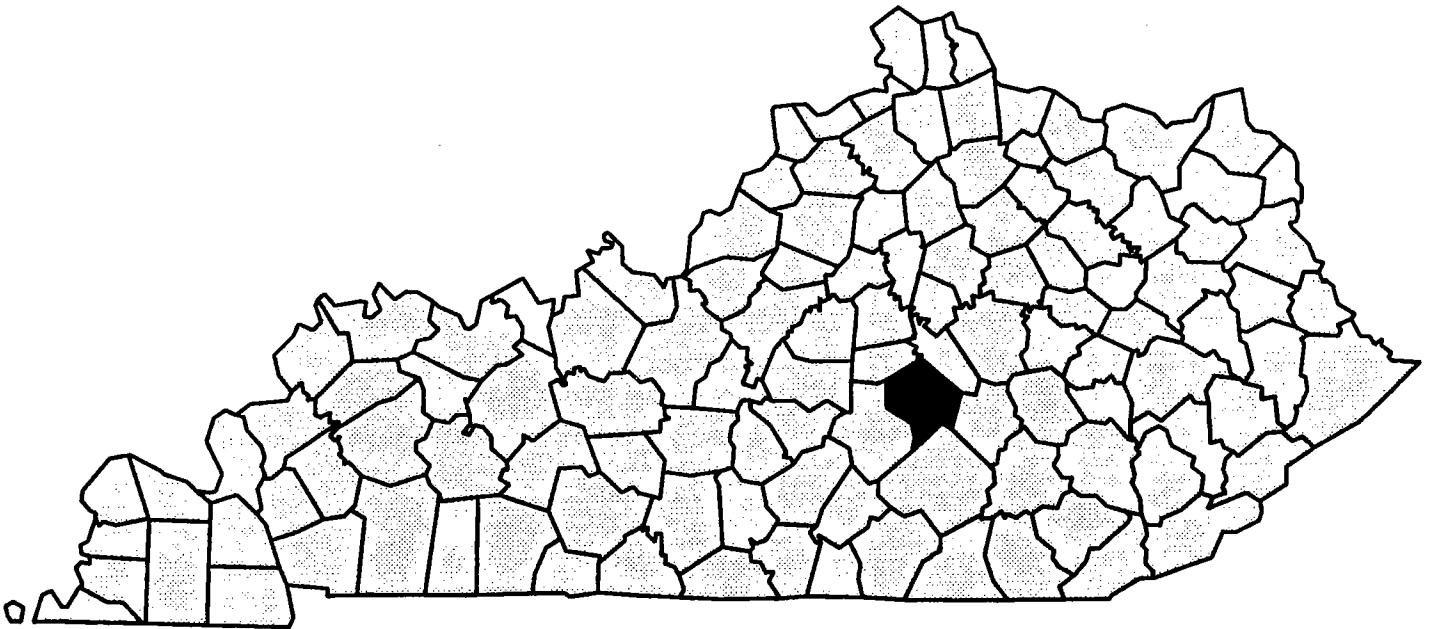
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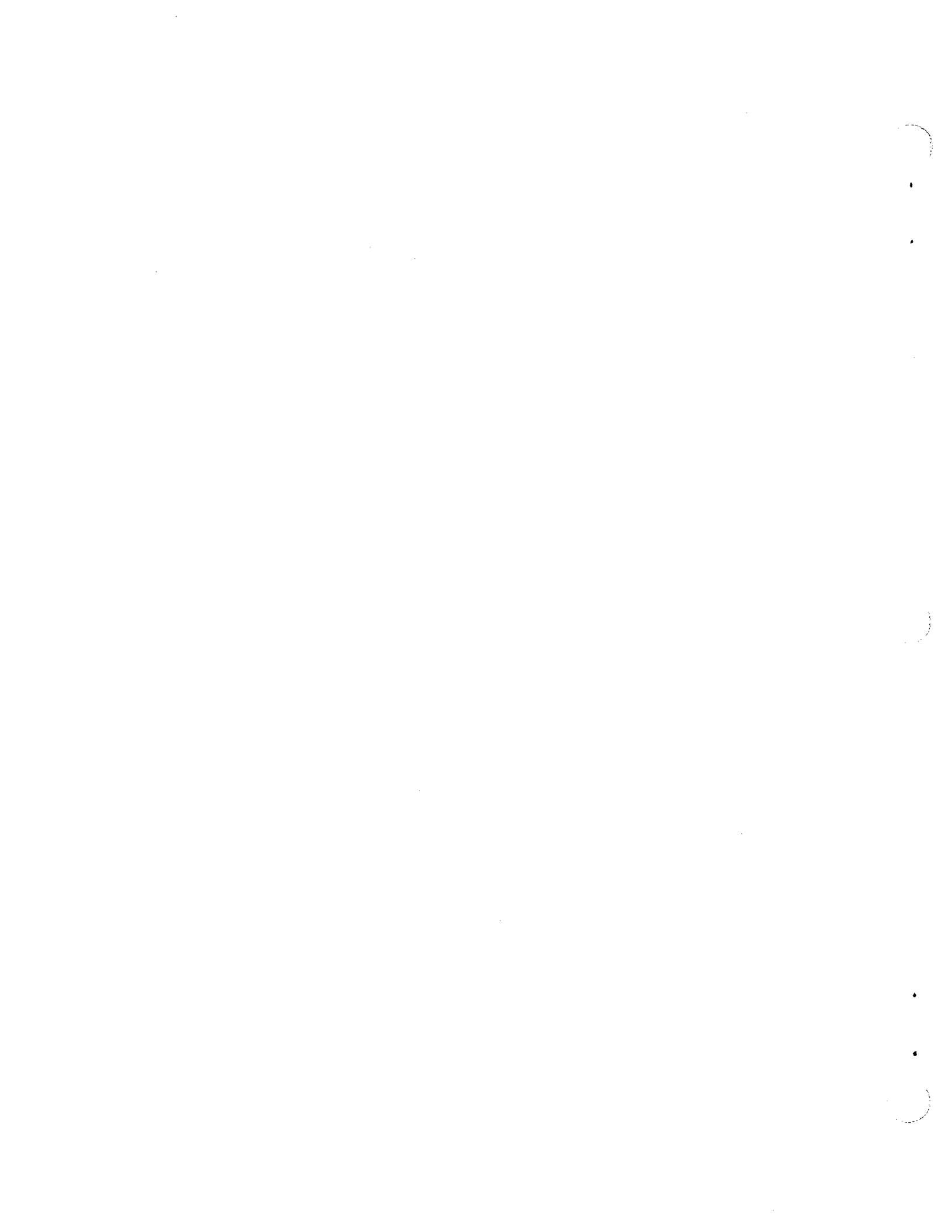
ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

LINCOLN COUNTY



Prepared by  
Virginia Wilson  
Donna A. Cantrell

RESEARCH MEMORANDUM 438  
Legislative Research Commission  
Frankfort, Kentucky  
February, 1990





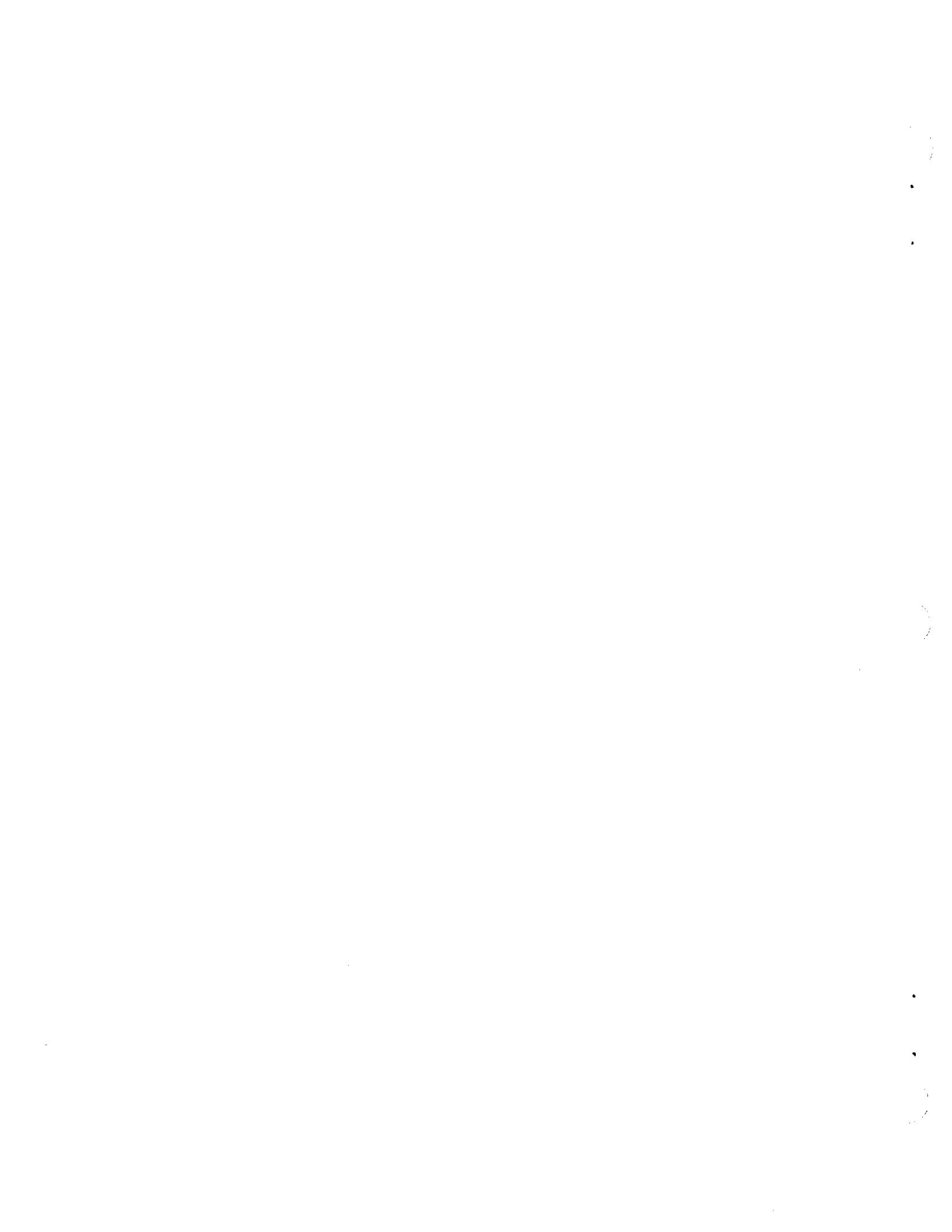
ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

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No. 438  
1990

LINCOLN COUNTY

Prepared by  
Virginia Wilson  
Donna A. Cantrell

RESEARCH MEMORANDUM 438  
Legislative Research Commission  
Frankfort, Kentucky  
February, 1990



## FOREWORD

This publication is one of a set of 120, highlighting economic trends in each county in Kentucky from 1969-1987. This effort is part of the ongoing activities sponsored by the Legislative Research Commission to provide a long-term perspective on issues for decision makers. The economies of individual counties do not always parallel overall state trends. This set of publications is an attempt to look at the economic trends in each county over time and to point out where the economies of individual counties may be performing differently from the economy of the state as a whole.

This publication was prepared by Virginia Wilson and Donna Cantrell. Susan Dance assisted in production of the manuscript and Charles Bush edited the report. The assistance of Carol Straus from the Center for Business and Economic Research at the University of Kentucky in deciphering data is gratefully acknowledged.

Vic Hellard, Jr.  
Director

The Capitol  
Frankfort  
February, 1990



## SUMMARY

The Lincoln County economy, as measured by personal income, grew moderately from 1969 to 1987, and generally maintained its share of the Kentucky economy. This indicates the county economy grew at rates comparable to the state economy.

The most prominent economic trend in Lincoln County was a decline in earnings from the farm sector. Farm employment also declined, but to a much lesser degree. This indicates that average earnings from this sector also declined.

While Lincoln County experienced some economic growth, it came primarily from increases in the non-goods-producing industries. The service and state and local government sectors significantly increased their shares of both county earnings and employment. The growth sectors at the state level have been the service and trade sectors.

There is a national and state trend toward declining farm employment. Therefore, the outlook for this sector in Lincoln County is for continued decline. Future economic growth in Lincoln County will most likely be dependent upon further expansion of the service and trade sectors.



## INTRODUCTION

This is one of a series of reports called Economic Trends in Kentucky Counties. The purpose of this series is to describe the economic structure of Kentucky counties and to assess their economic performance relative to their own history and relative to the Kentucky economy. Information on the structure and patterns of change in county economies and an understanding of their relationship to the Kentucky economy can help in making policy decisions that are intended to shape Kentucky's economic future.

When assessing any economy there are several pertinent questions which may be addressed. The first concerns changes in the absolute size of the economy over time. Here the relevant comparison is between the county economy and its own history. Since most economic variables are given in dollars and since inflation causes the value of a dollar to vary over time, all dollar values in this report are presented in constant 1988 dollars. This allows analysis of real changes over time by controlling for the effects of inflation.

A second question concerns the structure and nature of the county economy. The structure of an economy refers to the relative share contributed by the various segments of the economy, while the nature deals with how this share has changed over time.

A third question concerns the performance of the county economy when compared to the Kentucky economy. For example, if a county has a higher proportion of earnings or employment in a particular sector it would indicate a specialization in that sector. Differences in economic structure may explain variations in relative economic well-being between a county and the state as a whole.

Economic data for counties are usually published after a lag of two years. Therefore, most data in this report cover the period 1969 to 1987. All data for this report was obtained from the Kentucky Economic Information System, an on-line database maintained by the University of Kentucky Center for Business and Economic Development.

There are certain caveats which should be remembered when analyzing data. First, it is a common and useful approach to evaluate the percentage an economic sector contributes to the total economy. However, one must remember that a sector's percentage contribution may decline even when its absolute value is increasing if another sector's contribution is growing at a faster rate. Secondly, when reviewing data in graphical analyses, the scales used to present data should be noted. In this report most graphs are presented with the narrowest scale which will cover all data points. This can accentuate visual patterns over time even when absolute changes are relatively small.

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\*For an analysis of economic trends in Kentucky, see Virginia Wilson, Patterns of Growth and Decline in the Kentucky Economy 1969-1988, Research Memorandum 437, Legislative Research Commission, November 1989.





## ECONOMIC TRENDS IN LINCOLN COUNTY

The following analysis includes a brief description of the county economy and is accompanied by graphical illustrations. Data tables are also included at the end of this report. Three principal components of the Lincoln County economy are analyzed. They are:

1. Personal Income
2. Earnings
3. Employment

### Personal Income

Personal income is often used as a measure of the economic activity in an area. Personal income is the sum of all the dollar income received by individuals in an area from any legal source. Personal income data is published by the Bureau of Economic Analysis (BEA) for most major geographic regions, including states, counties, and major cities.

In general, income can be obtained in three ways. First, it can be earned by the work of an individual. This type of income includes wage and salary income and proprietors' earnings. Second, income can be earned by property. This component includes earnings from rents, dividends, and interest. Finally, income can be received as a gift or an entitlement. This type of income constitutes the component of personal income called transfer payments. Included in this component is income from sources such as retirement benefits, unemployment benefits, food stamps, and medical programs such as Medicare and Medicaid.

As can be seen in Chart 1A, the Lincoln County economy, as measured by personal income, increased from \$112 million in 1969 to \$180 million in 1987, after adjusting for inflation. Chart 1B shows Lincoln County total personal income as a percent of Kentucky total personal income. Lincoln County's share of Kentucky personal income was 0.39 percent in 1987, having had only small changes throughout the period.

A similar pattern emerges from an examination of per capita personal income. Per capita personal income is simply the total personal income of an area divided by its population. Per capita personal income is often used as a measure of the economic well-being of the residents of an area. Charts 1C and 1D indicate that Lincoln County per capita income increased over the time period to a level of \$9,292 per person in 1987, when it was 74.3 percent of Kentucky per capita personal income.

A better understanding of the nature of economic activity can be gleaned from an examination of the relative contribution of the components of personal income and how their shares have changed over time. This information is illustrated in Charts 2A-2D. Except for declines corresponding to national recessions in 1975 and 1983, total earnings generally increased, from \$84

million in 1969 to \$113 million in 1987 (in constant 1988 dollars). Earnings as a percent of personal income declined over time. This trend is occurring at the state level as well. In 1987, earnings accounted for 62.9 percent of Lincoln County's total personal income, compared to Kentucky's 67.5 percent share.

Transfer payments contributed \$18 million to total personal income in 1969 and \$41 million in 1987. During the same period, transfer payments contributed a larger percentage of personal income in Lincoln County than in Kentucky.

Income from property in Lincoln County grew steadily through the time period. Income from property totalled \$9 million in 1969 and increased to \$26 million in 1987.

## **Earnings**

Earnings are the component of personal income reflecting payments to individuals in return for labor. Earnings include both wages and salaries and proprietor's income. The farm sector was the primary source of earnings in Lincoln County. The percent of earnings from the farm sector decreased from 35.8 percent in 1969 to 19.5 percent in 1987 (Chart 3A). This trend toward declining earnings is consistent with state and national trends.

In 1969, Lincoln County received 15.4 percent of total earnings from manufacturing. The percentage decreased to 9.7 percent in 1987. This parallels state trends, where manufacturing's share of total earnings also declined.

Earnings from non-goods-producing industries as a percent of total earnings are illustrated in Chart 3B. The percent of earnings from the service sector increased from 8.3 percent in 1969 to 21.2 percent in 1987. The trade sector's share of earnings remained constant and was 14.0 percent in 1987. Earnings from the state and local government sector increased from 10.8 percent in 1969 to 17.0 percent in 1987. At the state level, the percent of earnings from services increased, while the percent of earnings from trade and state and local government were stable.

Average earnings per job (adjusted for inflation) for Lincoln County and Kentucky are shown in Chart 3D. In Kentucky, average earnings per job reached a high of \$20,121 per person in 1978. Since then, average earnings per job declined and in 1987 they were \$18,636 per person. In Lincoln County, average earnings were below those of the state; they were \$10,059 in 1987.

## **Employment**

Employment is considered any activity for which one receives financial remuneration in the form of wages or profits. Except for a significant decline in 1975, total employment in Lincoln County increased slightly during

the data period. In 1969, total employment stood at 5,614 people. By 1987, that figure had increased to 5,850.

The unemployment rate, often used as an indicator of economic well-being, is the ratio of unemployed to the total civilian labor force. Unemployment is described as a condition of being out of work while actively seeking employment within the last thirty days. The civilian labor force is described as the proportion of population age 16 or older employed or actively seeking employment. Annual unemployment rates for Kentucky and Lincoln County are presented in Chart 4B. Unemployment rates in Lincoln County exceeded state unemployment rates throughout the period. In 1987, the county unemployment rate was 15.2 percent, compared to 8.8 percent for Kentucky.

Another employment concept includes the discouraged worker. Discouraged workers are persons who want jobs but made no attempt to find work in the last thirty days because they believe they could not find it. These individuals are not included when calculating official unemployment rates. The Cabinet for Human Resources does not estimate discouraged workers by county. However, preliminary research by the Cabinet indicates that the inclusion of discouraged workers in the civilian labor force estimate would increase the unemployment rate by approximately four percent for the state. This figure would vary by county depending on the labor market in a county or within commuting distance.

Employment in the goods-producing industries is illustrated in Chart 4C. The farm sector was the primary source of county employment. However, employment in this sector declined from 43.0 percent of total employment in 1969 to 35.8 percent in 1987. This paralleled state trends.

The percent of total employment in manufacturing decreased from 13.1 percent in 1969 to 6.5 percent in 1987. At the state level, manufacturing's share of employment also declined.

Employment in the non-goods-producing industries is presented in Chart 4D. Employment in the trade sector remained stable and accounted for 13.9 percent of employment in 1987. The percent of employment in the service sector increased from 10.1 percent in 1969 to 17.3 percent in 1987. The employment share in state and local government increased from 8.4 percent in 1969 to 10.7 percent in 1987. At the state level, employment shares in both the service and trade sectors increased, while the government employment share remained constant.

## Population

The census conducted each decade counts the actual population in an area. Population is then statistically estimated during intervening years. The demographic composition of this population growth has important implications for the future demand for goods and services, and ultimately, the economic structure of Lincoln County.

The Lincoln County population grew from 16,600 in 1969 to 19,400 in 1987 (Chart 5A). Lincoln County had a lower proportion of younger residents and a higher proportion of older residents than the state. This is a trend common to agriculturally dominated counties. It was estimated that in 1986, 7.7 percent of Lincoln County's population was under six years of age, compared to 8.6 percent for the state. Conversely, for the same year 18.5 percent of the Lincoln County population was 60 years of age and over, while 16.5 percent of all Kentucky residents fell in this age group.

CHART 1A  
 LINCOLN COUNTY  
 REAL PERSONAL INCOME  
 Millions of 1988 dollars

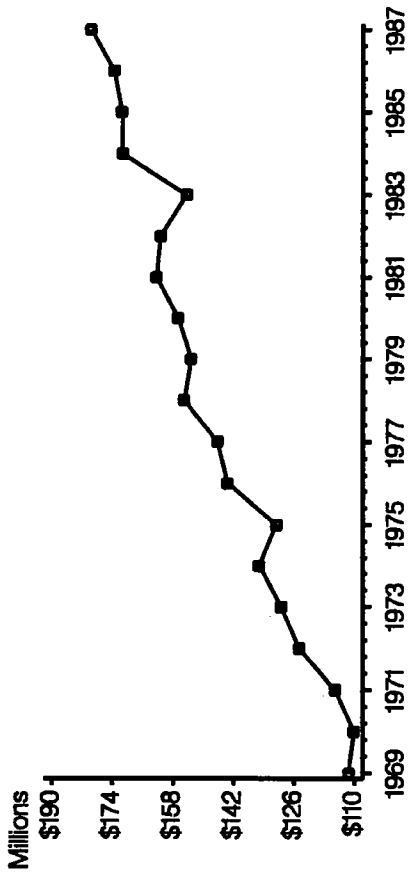


CHART 1B  
 LINCOLN COUNTY  
 PERSONAL INCOME  
 as a Percent of Kentucky Personal Income

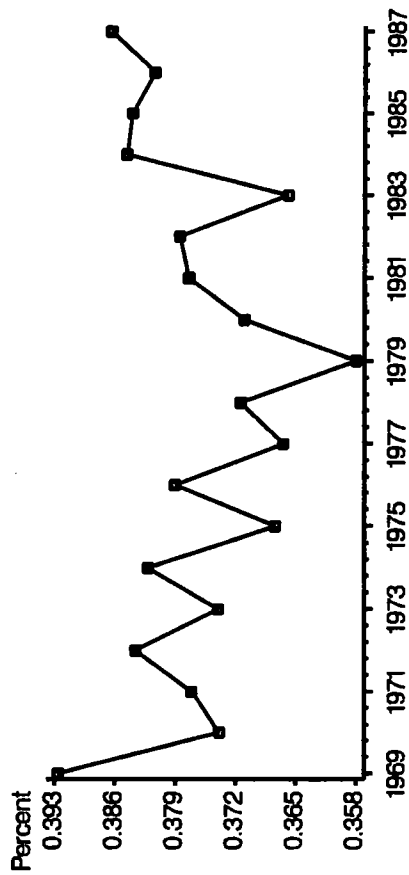


CHART 1C  
 LINCOLN COUNTY  
 PER CAPITA PERSONAL INCOME  
 in Constant 1988 Dollars

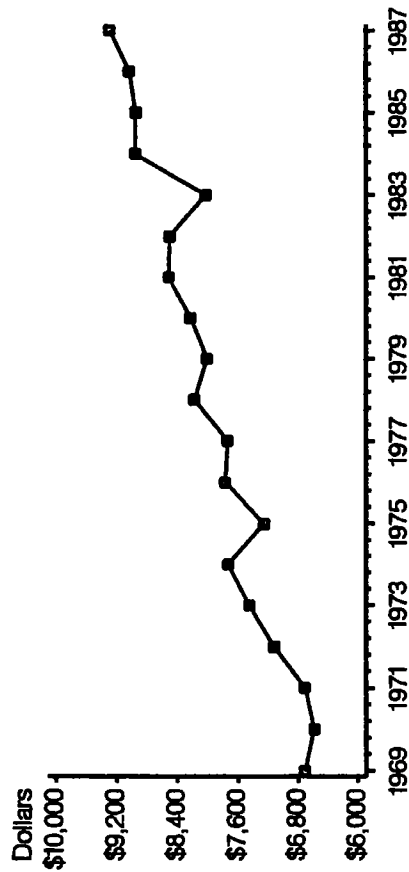


CHART 1D  
 LINCOLN COUNTY  
 PER CAPITA PERSONAL INCOME  
 as a Percent of Kentucky Per Capita Personal Income

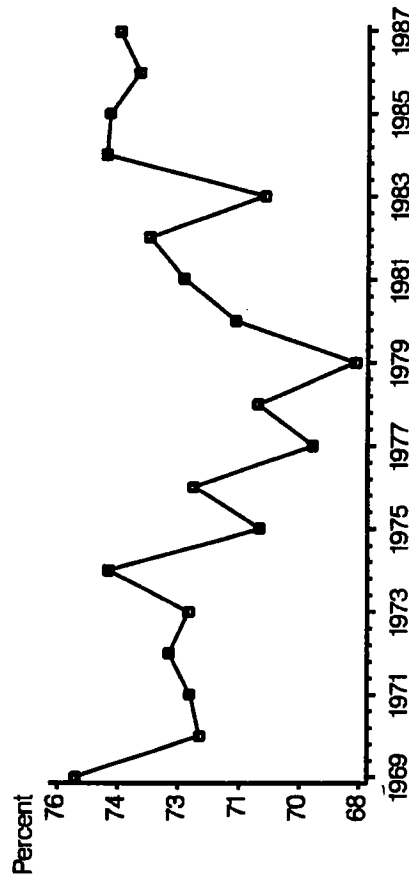


CHART 2A

LINCOLN COUNTY  
REAL TOTAL EARNINGS  
Millions of 1988 dollars

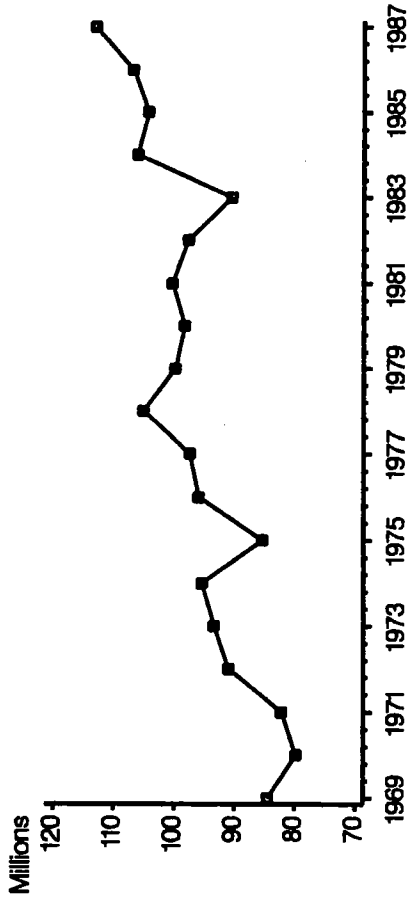


CHART 2C

LINCOLN COUNTY  
TOTAL EARNINGS  
as a Percent of Personal Income

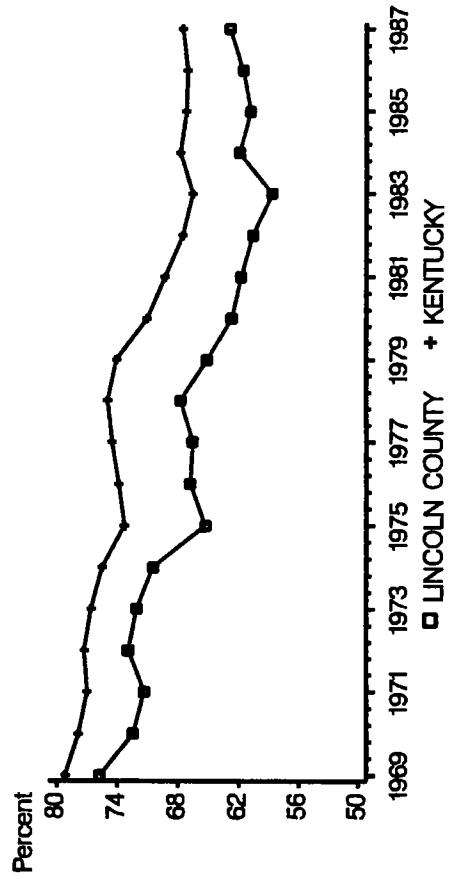


CHART 2B

LINCOLN COUNTY  
TRANSFER PAYMENTS and INCOME FROM PROPERTY  
Millions of 1988 Dollars

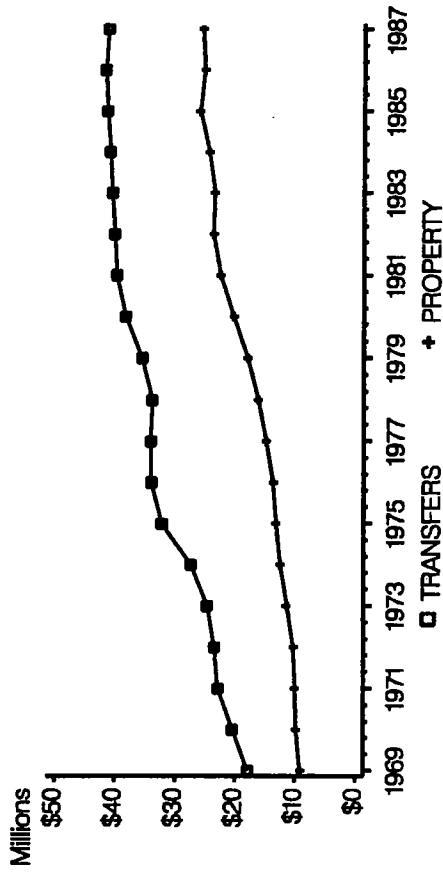


CHART 2D

LINCOLN COUNTY  
TRANSFER PAYMENTS  
as a Percent of Personal Income

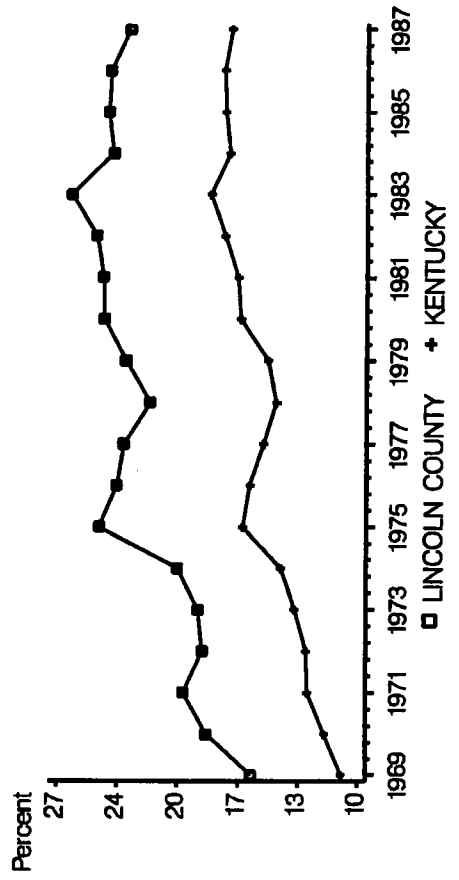


CHART 3A  
LINCOLN COUNTY  
EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

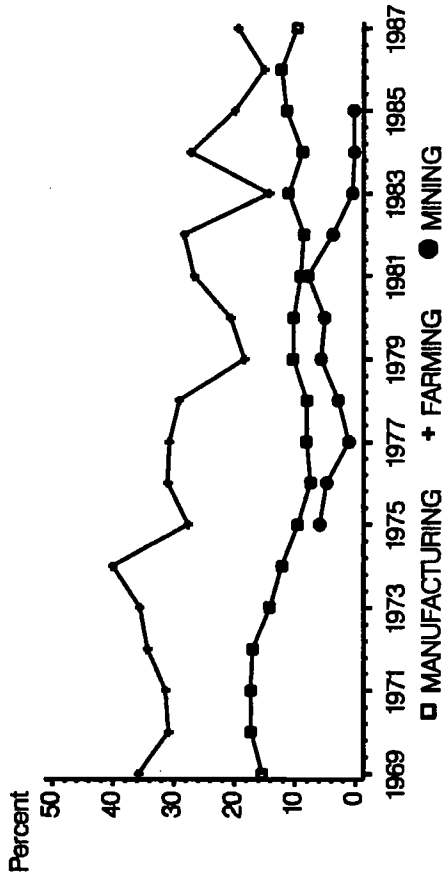


CHART 3B  
LINCOLN COUNTY  
EARNINGS in NON - GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

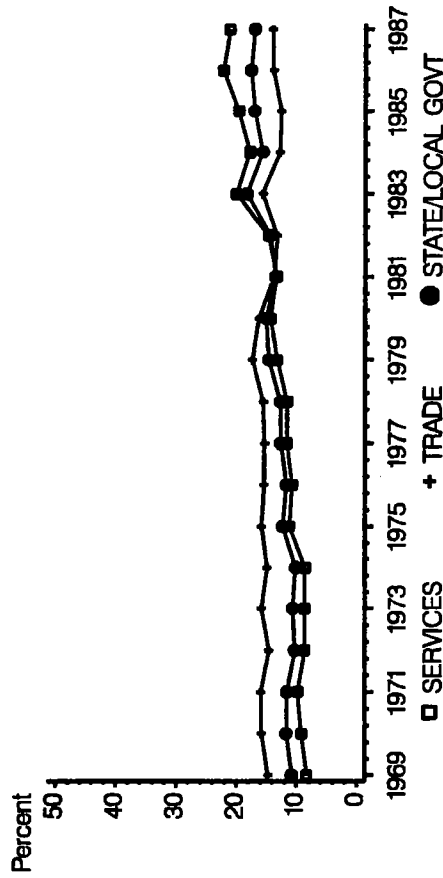


CHART 3C  
LINCOLN COUNTY  
EARNINGS in GOODS PRODUCING INDUSTRIES  
as a Percent of Kentucky Industries

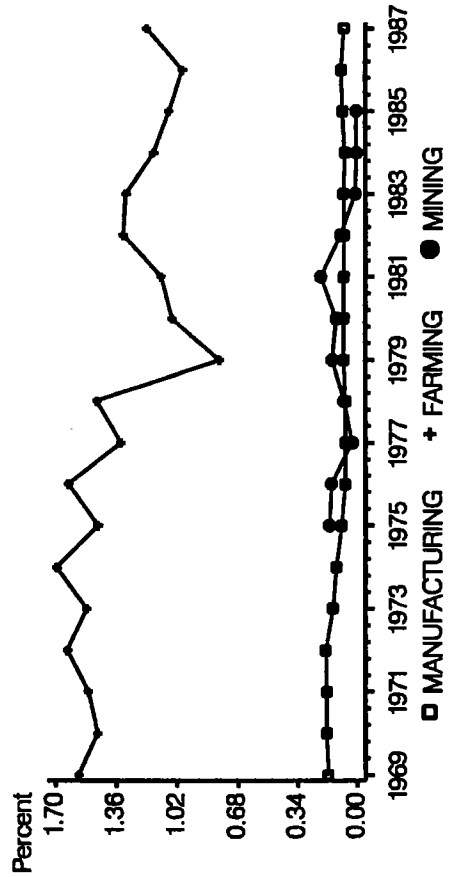


CHART 3D  
LINCOLN COUNTY  
AVERAGE EARNINGS PER JOB  
in Constant 1988 Dollars

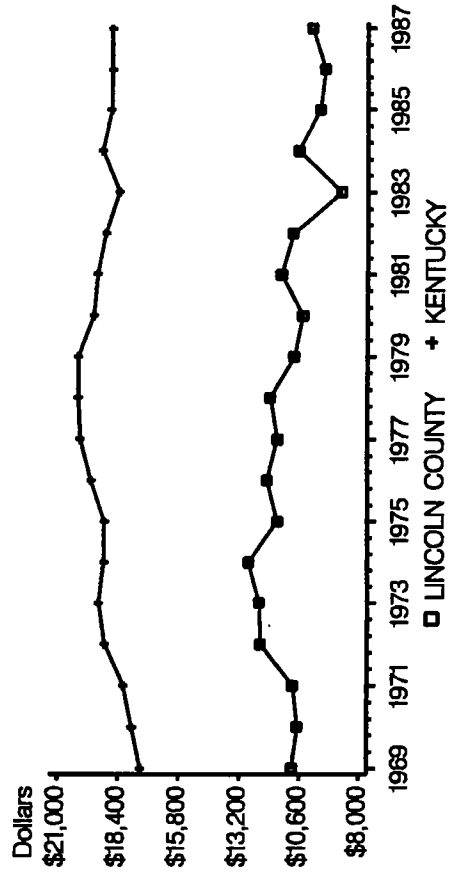


CHART 4A  
LINCOLN COUNTY  
TOTAL EMPLOYMENT  
Thousands of People

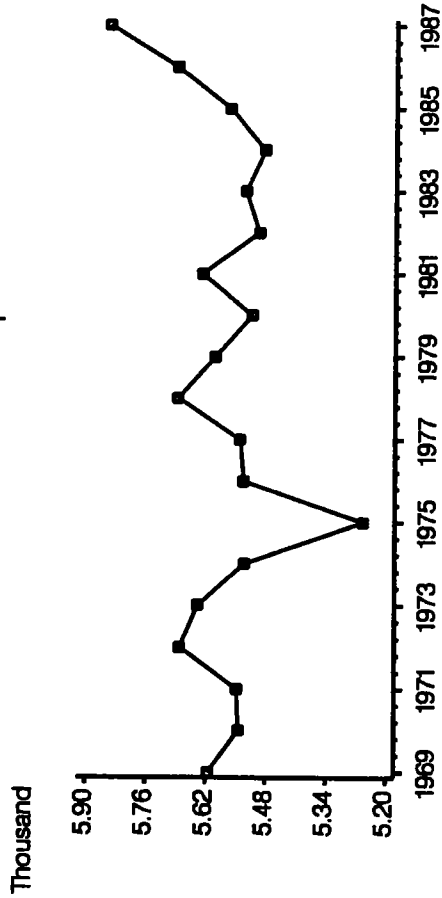


CHART 4B  
LINCOLN COUNTY  
ANNUAL UNEMPLOYMENT RATE

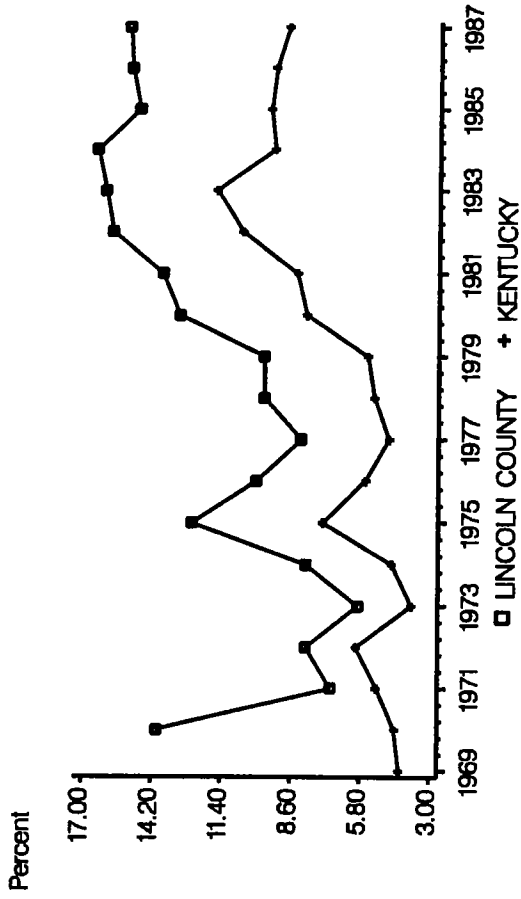


CHART 4C  
LINCOLN COUNTY  
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

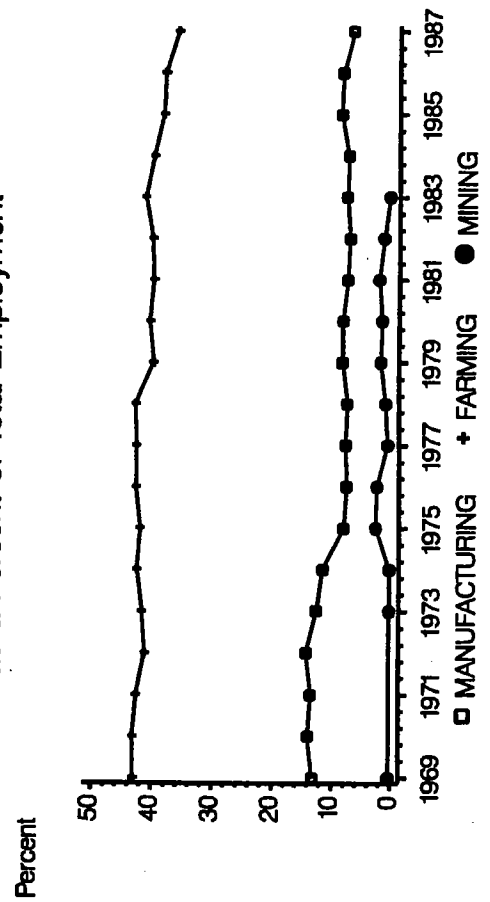


CHART 4D  
LINCOLN COUNTY  
EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

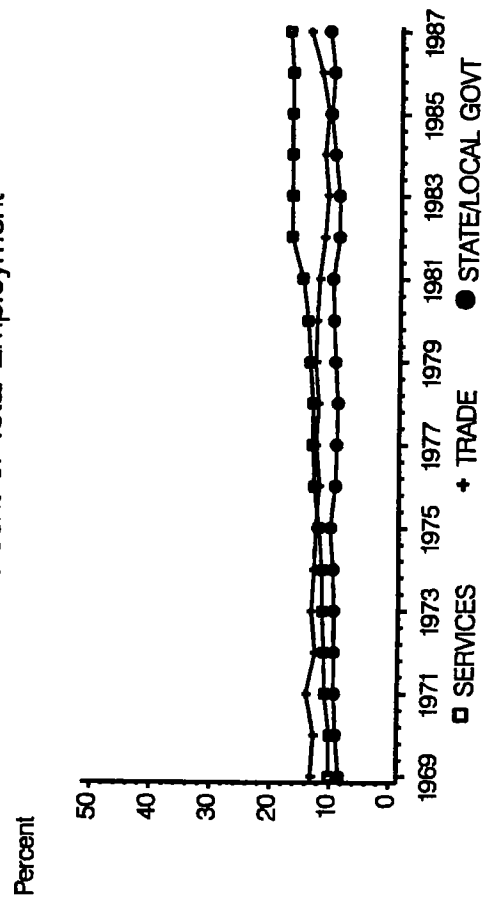




CHART 5A  
LINCOLN COUNTY  
POPULATION  
Thousands of People

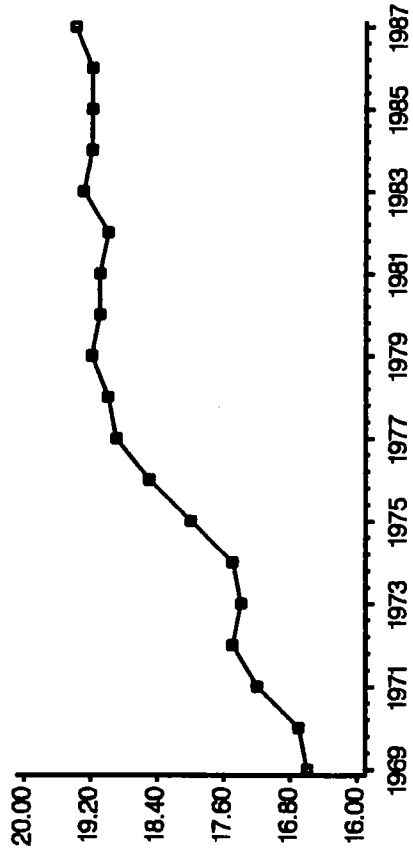


CHART 5B  
LINCOLN COUNTY  
POPULATION  
as a Percent of Kentucky Population

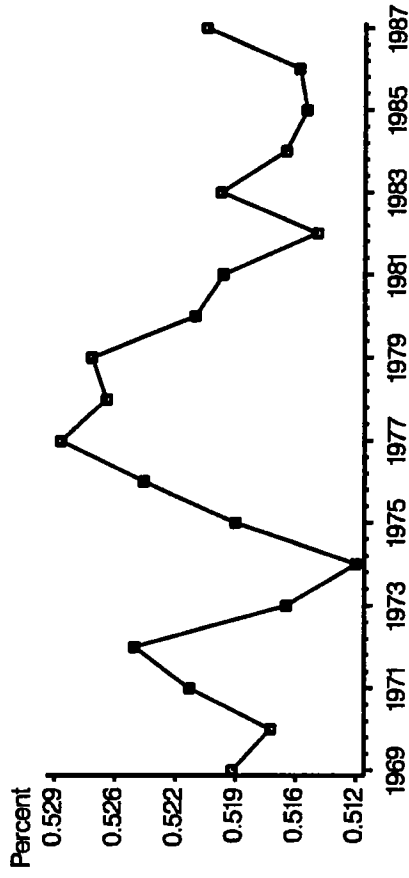


CHART 5C  
LINCOLN COUNTY  
POPULATION 5 AND UNDER  
as a Percent of Total Population

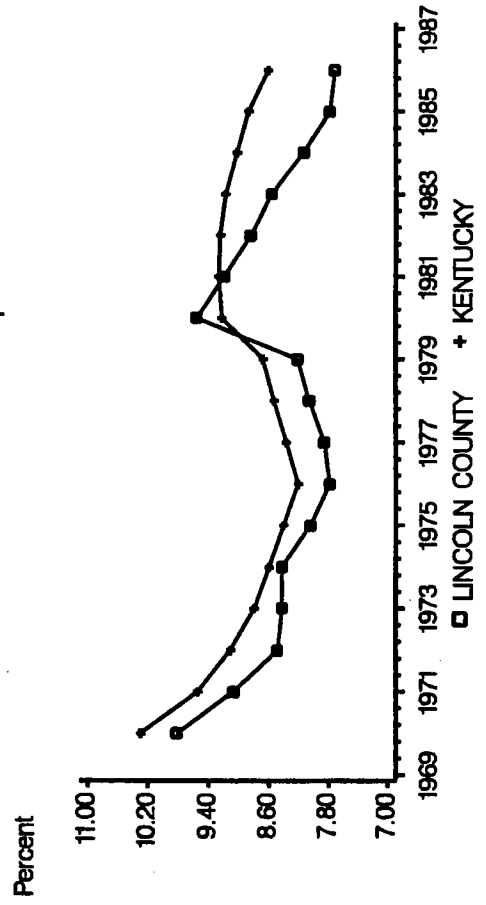
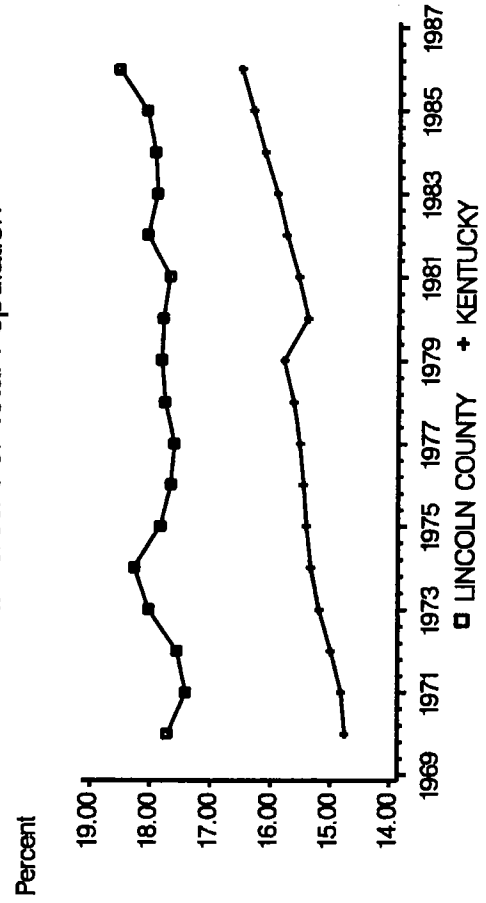


CHART 5D  
LINCOLN COUNTY  
POPULATION 60 AND OVER  
as a Percent of Total Population



LINCOLN COUNTY

PERSONAL INCOME  
In Constant 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	112	0.39	6,711	75.5
1970	110	0.37	6,585	72.2
1971	115	0.38	6,710	72.5
1972	125	0.38	7,118	73.1
1973	130	0.37	7,447	72.5
1974	135	0.38	7,736	74.7
1975	131	0.37	7,249	70.6
1976	144	0.38	7,772	72.4
1977	146	0.37	7,739	69.2
1978	155	0.37	8,176	70.7
1979	153	0.36	8,008	68.1
1980	157	0.37	8,223	71.3
1981	163	0.38	8,516	72.7
1982	162	0.38	8,501	73.6
1983	155	0.37	8,026	70.5
1984	172	0.38	8,958	74.7
1985	172	0.38	8,953	74.6
1986	174	0.38	9,036	73.8
1987	180	0.39	9,292	74.3

COMPONENTS OF PERSONAL INCOME  
In Constant 1988 Dollars

Year	EARNINGS			TRANSFER PAYMENTS			INCOME from PROPERTY		
	M\$	Percent of Personal Income		M\$	Percent of Personal Income		M\$	Percent of Personal Income	
		County	Kentucky		County	Kentucky		County	Kentucky
1969	84	75.7	79.2	18	16.1	10.9	9	8.2	9.9
1970	80	72.5	77.9	20	18.6	11.9	10	9.0	10.2
1971	82	71.4	77.0	23	19.9	12.9	10	8.7	10.1
1972	91	72.9	77.3	23	18.8	12.9	10	8.3	9.7
1973	93	72.1	76.6	25	19.1	13.6	11	8.8	9.7
1974	95	70.5	75.5	27	20.2	14.4	13	9.3	10.1
1975	85	65.3	73.3	32	24.6	16.5	13	10.1	10.1
1976	96	66.8	73.9	34	23.6	16.1	14	9.5	10.0
1977	97	66.6	74.6	34	23.3	15.3	15	10.2	10.1
1978	105	67.7	75.0	34	21.8	14.6	16	10.5	10.4
1979	100	65.1	74.1	35	23.1	15.1	18	11.7	10.8
1980	98	62.7	71.1	38	24.4	16.7	20	12.9	12.2
1981	100	61.7	69.3	40	24.4	16.8	23	13.8	13.8
1982	98	60.5	67.5	40	24.8	17.6	24	14.7	14.9
1983	91	58.6	66.6	41	26.2	18.4	24	15.2	15.1
1984	106	61.9	67.8	41	23.8	17.3	24	14.3	14.9
1985	104	60.8	67.2	41	24.1	17.6	26	15.1	15.3
1986	107	61.5	67.1	42	24.0	17.6	25	14.5	15.3
1987	113	62.9	67.5	41	22.9	17.2	26	14.2	15.3

LINCOLN COUNTY

SECTOR EARNINGS as a PERCENT of TOTAL COUNTY EARNINGS and  
as a PERCENT of KENTUCKY SECTOR EARNINGS

YEAR	MANUFACTURING		FARMING		MINING	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	15.4	0.17	35.8	1.57	.	.
1970	17.2	0.17	30.9	1.47	.	.
1971	17.3	0.17	31.4	1.52	.	.
1972	17.0	0.18	34.4	1.63	.	.
1973	14.2	0.14	35.7	1.53	.	.
1974	12.1	0.12	40.1	1.69	.	.
1975	9.5	0.09	27.7	1.46	5.9	0.16
1976	7.5	0.07	31.1	1.63	4.8	0.15
1977	8.1	0.07	30.8	1.34	1.1	0.03
1978	8.0	0.07	29.2	1.47	2.8	0.08
1979	10.4	0.08	18.4	0.78	5.7	0.14
1980	10.3	0.08	20.7	1.05	5.1	0.12
1981	9.1	0.08	26.8	1.11	7.9	0.21
1982	8.6	0.07	28.4	1.32	3.7	0.09
1983	11.1	0.08	14.3	1.31	0.5	0.01
1984	8.8	0.07	27.3	1.15	0.2	0.00
1985	11.4	0.08	20.0	1.07	0.2	0.01
1986	12.3	0.09	15.2	0.99	.	.
1987	9.7	0.08	19.5	1.19	.	.

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	8.3	0.17	14.7	0.25	10.8	0.31
1970	9.2	0.17	15.8	0.25	11.7	0.31
1971	9.8	0.18	15.9	0.25	11.6	0.29
1972	8.6	0.18	14.6	0.25	10.3	0.29
1973	8.6	0.17	15.8	0.25	10.6	0.29
1974	8.6	0.17	14.9	0.24	10.1	0.28
1975	11.2	0.19	15.8	0.22	12.3	0.28
1976	10.7	0.18	15.4	0.22	11.7	0.28
1977	11.6	0.18	15.3	0.20	12.7	0.28
1978	11.5	0.18	15.6	0.20	12.7	0.28
1979	13.2	0.18	17.4	0.20	14.6	0.28
1980	14.3	0.18	16.3	0.19	15.0	0.27
1981	13.3	0.19	13.7	0.19	13.5	0.28
1982	14.6	0.19	13.2	0.17	14.4	0.27
1983	20.0	0.20	15.7	0.16	18.3	0.28
1984	17.8	0.20	12.8	0.16	15.6	0.28
1985	19.7	0.19	12.6	0.14	17.1	0.27
1986	22.2	0.20	13.9	0.15	17.7	0.27
1987	21.2	0.20	14.0	0.16	17.0	0.28

LINCOLN COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	738	13.1	2,416	43.0	20	0.4
1970	768	13.9	2,390	43.1	.	.
1971	742	13.4	2,360	42.5	.	.
1972	805	14.2	2,339	41.2	.	.
1973	704	12.5	2,348	41.6	14	0.2
1974	635	11.5	2,347	42.4	12	0.2
1975	420	8.0	2,203	41.9	132	2.5
1976	415	7.5	2,358	42.6	127	2.3
1977	424	7.6	2,359	42.6	28	0.5
1978	420	7.4	2,429	42.7	48	0.8
1979	460	8.2	2,227	39.8	95	1.7
1980	450	8.2	2,223	40.3	81	1.5
1981	416	7.4	2,236	39.7	114	2.0
1982	387	7.0	2,196	39.9	66	1.2
1983	414	7.5	2,275	41.1	12	0.2
1984	396	7.2	2,178	39.7	.	.
1985	471	8.5	2,125	38.2	.	.
1986	468	8.2	2,156	37.9	.	.
1987	378	6.5	2,093	35.8	.	.

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	569	10.1	732	13.0	472	8.4
1970	555	10.0	700	12.6	500	9.0
1971	601	10.8	769	13.9	516	9.3
1972	632	11.1	712	12.5	535	9.4
1973	642	11.4	742	13.2	534	9.5
1974	634	11.5	707	12.8	532	9.6
1975	634	12.1	659	12.5	531	10.1
1976	710	12.8	667	12.1	515	9.3
1977	726	13.1	695	12.5	508	9.2
1978	747	13.1	698	12.3	511	9.0
1979	760	13.6	713	12.7	530	9.5
1980	773	14.0	694	12.6	537	9.7
1981	842	15.0	686	12.2	563	10.0
1982	927	16.9	627	11.4	493	9.0
1983	928	16.8	602	10.9	498	9.0
1984	925	16.9	630	11.5	536	9.8
1985	939	16.9	606	10.9	584	10.5
1986	955	16.8	682	12.0	568	10.0
1987	1,010	17.3	811	13.9	626	10.7

LINCOLN COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	5,614	\$10,910	\$17,440	.	4.2
1970	5,544	\$10,683	\$17,811	14.0	4.4
1971	5,548	\$10,867	\$18,166	7.0	5.1
1972	5,682	\$12,263	\$18,970	8.0	6.0
1973	5,640	\$12,319	\$19,232	5.9	3.7
1974	5,532	\$12,777	\$19,008	8.0	4.5
1975	5,255	\$11,525	\$18,976	12.6	7.3
1976	5,534	\$11,983	\$19,563	10.0	5.6
1977	5,543	\$11,526	\$20,031	8.2	4.7
1978	5,688	\$11,836	\$20,121	9.7	5.3
1979	5,601	\$10,820	\$20,110	9.7	5.5
1980	5,516	\$10,463	\$19,439	13.1	8.0
1981	5,632	\$11,372	\$19,286	13.8	8.4
1982	5,500	\$10,873	\$18,931	15.8	10.6
1983	5,532	\$8,778	\$18,358	16.1	11.6
1984	5,487	\$10,642	\$19,080	16.4	9.3
1985	5,569	\$9,713	\$18,676	14.8	9.5
1986	5,693	\$9,477	\$18,627	15.1	9.3
1987	5,850	\$10,059	\$18,636	15.2	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER AGE 6		PERCENT AGE 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	16,600	0.52	.	.	.	.
1970	16,700	0.52	9.8	10.3	17.7	14.8
1971	17,200	0.52	9.1	9.6	17.4	14.8
1972	17,500	0.52	8.5	9.1	17.6	15.0
1973	17,400	0.52	8.4	8.8	18.0	15.2
1974	17,500	0.51	8.4	8.6	18.3	15.3
1975	18,000	0.52	8.0	8.4	17.8	15.4
1976	18,500	0.52	7.8	8.2	17.7	15.5
1977	18,900	0.53	7.9	8.4	17.6	15.5
1978	19,000	0.53	8.1	8.5	17.8	15.6
1979	19,200	0.53	8.2	8.7	17.8	15.8
1980	19,100	0.52	9.6	9.2	17.8	15.4
1981	19,100	0.52	9.2	9.3	17.7	15.5
1982	19,000	0.51	8.8	9.2	18.1	15.7
1983	19,300	0.52	8.6	9.2	17.9	15.9
1984	19,200	0.52	8.1	9.0	17.9	16.1
1985	19,200	0.51	7.8	8.9	18.1	16.3
1986	19,200	0.52	7.7	8.6	18.5	16.5
1987	19,400	0.52	.	.	.	.



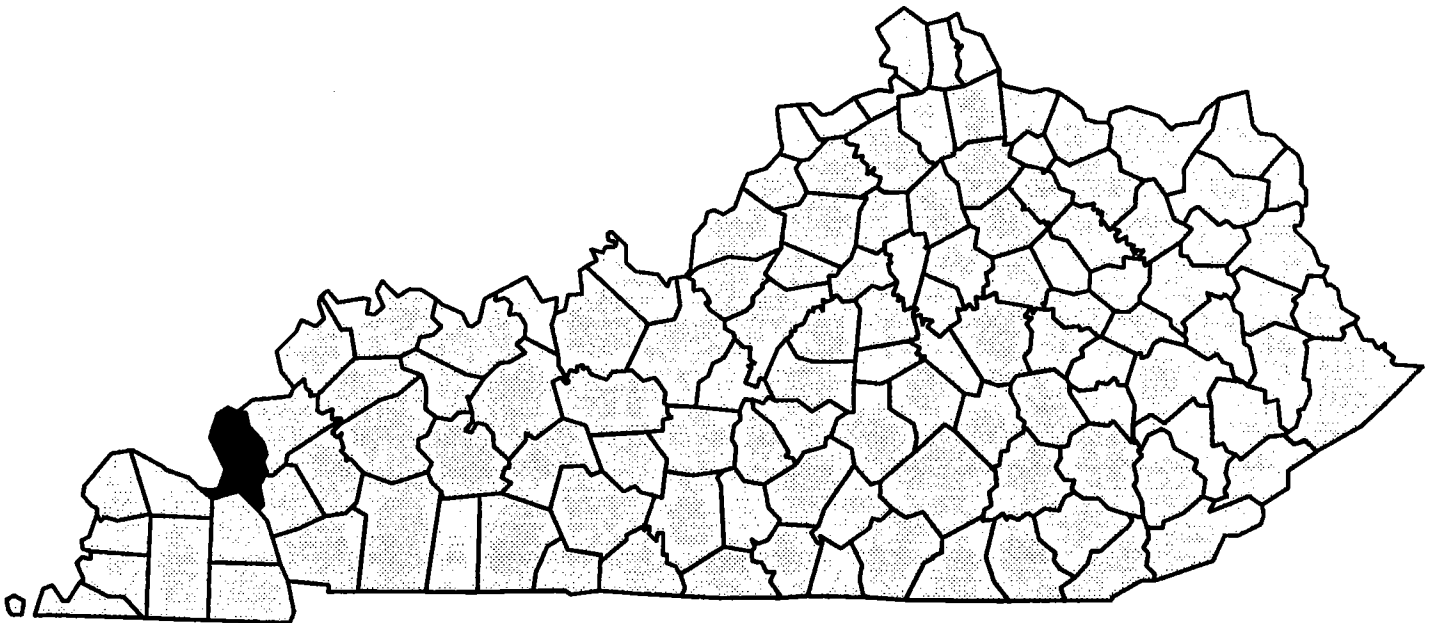






ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

**LIVINGSTON COUNTY**



Prepared by  
Virginia Wilson  
Donna A. Cantrell

RESEARCH MEMORANDUM 438  
Legislative Research Commission  
Frankfort, Kentucky  
February, 1990



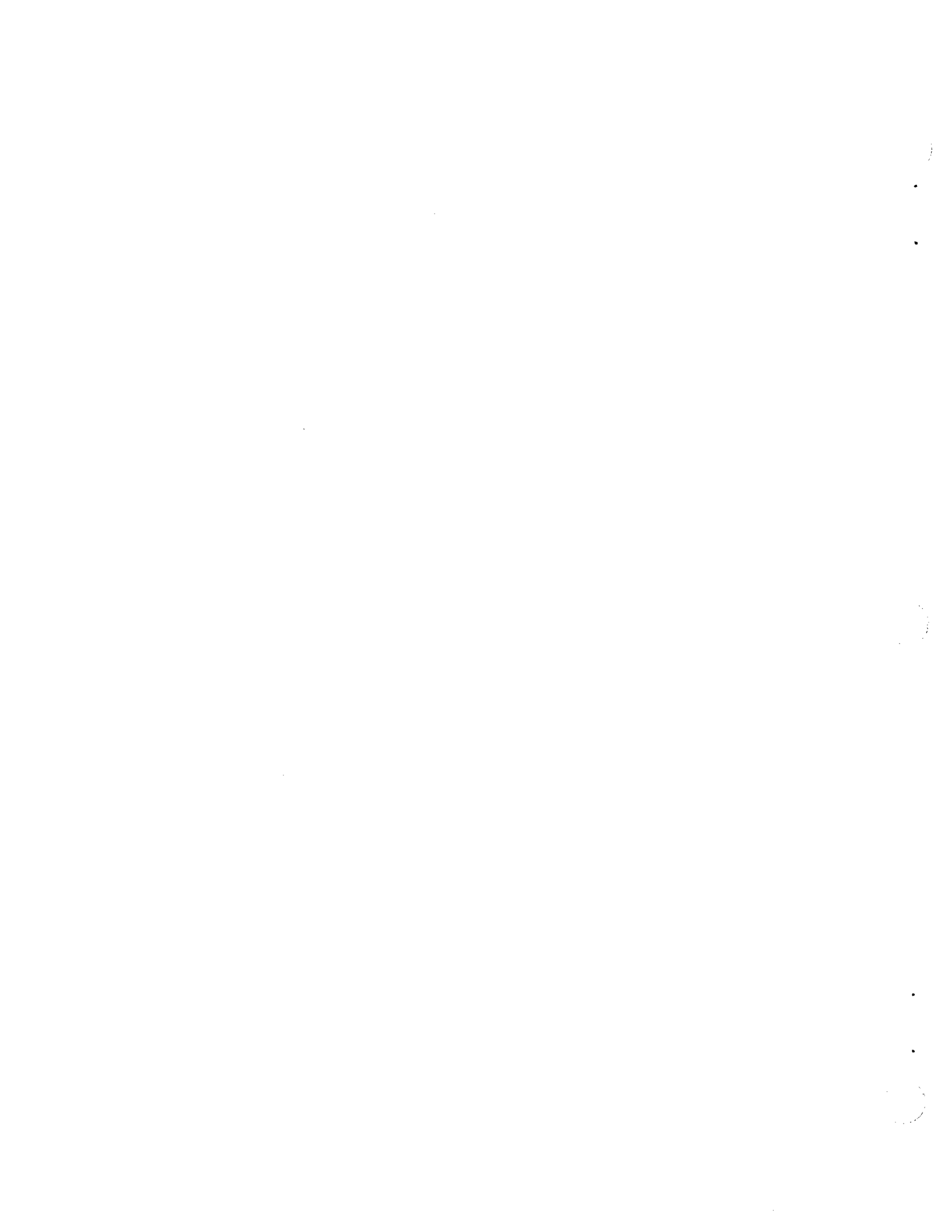
ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

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No. 438  
1990

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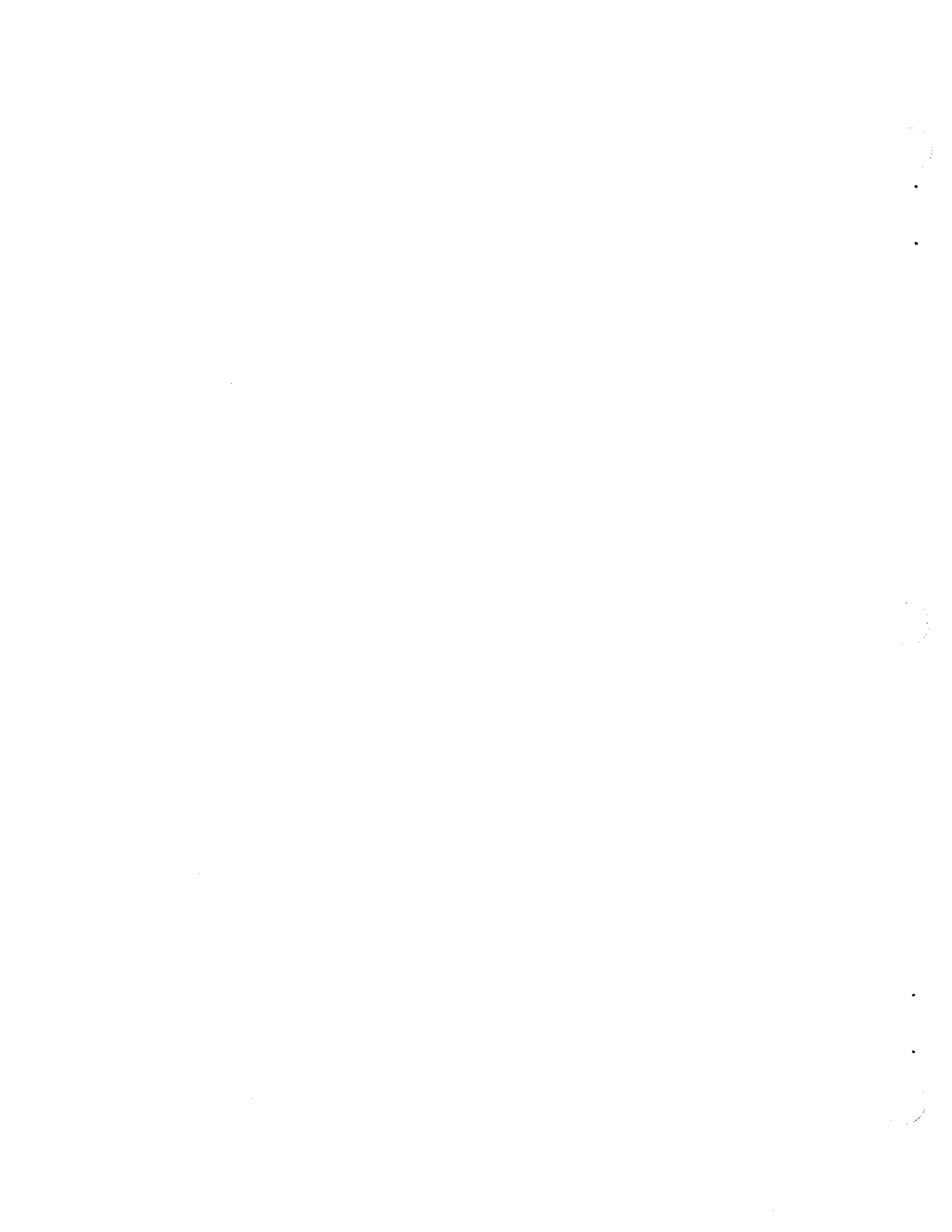
## FOREWORD

This publication is one of a set of 120, highlighting economic trends in each county in Kentucky from 1969-1987. This effort is part of the ongoing activities sponsored by the Legislative Research Commission to provide a long-term perspective on issues for decision makers. The economies of individual counties do not always parallel overall state trends. This set of publications is an attempt to look at the economic trends in each county over time and to point out where the economies of individual counties may be performing differently from the economy of the state as a whole.

This publication was prepared by Virginia Wilson and Donna Cantrell. Susan Dance assisted in production of the manuscript and Charles Bush edited the report. The assistance of Carol Straus from the Center for Business and Economic Research at the University of Kentucky in deciphering data is gratefully acknowledged.

Vic Hellard, Jr.  
Director

The Capitol  
Frankfort  
February, 1990



## SUMMARY

The Livingston County economy, as measured by personal income, exhibited strong growth through the 1970's but did not grow much in the 1980's. Livingston County generally maintained its share of Kentucky personal income, indicating that the county economy kept pace with the state economy. The county suffered only slightly in the 1975 recession, but the 1982-1983 recession had an extreme affect on the county economy. This was exhibited by a sharp drop in both personal income and earnings.

The county has historically been heavily dependent on the goods-producing industries of farming and mining. The mining sector increased its share of the Livingston County, economy while the farming sector showed a decline. The non-goods-producing sectors, particularly service and trade, experienced significant growth at the state level but remained fairly constant in the county.





## INTRODUCTION

This is one of a series of reports called Economic Trends in Kentucky Counties. The purpose of this series is to describe the economic structure of Kentucky counties and to assess their economic performance relative to their own history and relative to the Kentucky economy. Information on the structure and patterns of change in county economies and an understanding of their relationship to the Kentucky economy can help in making policy decisions that are intended to shape Kentucky's economic future.\*

When assessing any economy there are several pertinent questions which may be addressed. The first concerns changes in the absolute size of the economy over time. Here the relevant comparison is between the county economy and its own history. Since most economic variables are given in dollars and since inflation causes the value of a dollar to vary over time, all dollar values in this report are presented in constant 1988 dollars. This allows analysis of real changes over time by controlling for the effects of inflation.

A second question concerns the structure and nature of the county economy. The structure of an economy refers to the relative share contributed by the various segments of the economy, while the nature deals with how this share has changed over time.

A third question concerns the performance of the county economy when compared to the Kentucky economy. For example, if a county has a higher proportion of earnings or employment in a particular sector it would indicate a specialization in that sector. Differences in economic structure may explain variations in relative economic well-being between a county and the state as a whole.

Economic data for counties are usually published after a lag of two years. Therefore, most data in this report cover the period 1969 to 1987. All data for this report was obtained from the Kentucky Economic Information System, an on-line database maintained by the University of Kentucky Center for Business and Economic Development.

There are certain caveats which should be remembered when analyzing data. First, it is a common and useful approach to evaluate the percentage an economic sector contributes to the total economy. However, one must remember that a sector's percentage contribution may decline even when its absolute value is increasing if another sector's contribution is growing at a faster rate. Secondly, when reviewing data in graphical analyses, the scales used to present data should be noted. In this report most graphs are presented with the narrowest scale which will cover all data points. This can accentuate visual patterns over time even when absolute changes are relatively small.

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\*For an analysis of economic trends in Kentucky, see Virginia Wilson, Patterns of Growth and Decline in the Kentucky Economy 1969-1988, Research Memorandum 437, Legislative Research Commission, November 1989.



## ECONOMIC TRENDS IN LIVINGSTON COUNTY

The following analysis includes a brief description of the county economy and is accompanied by graphical illustrations. Data tables are also included at the end of this report. Three principal components of the Livingston County economy are analyzed. They are:

1. Personal Income
2. Earnings
3. Employment

### Personal Income

Personal income is often used as a measure of the economic activity in an area. Personal income is the sum of all the dollar income received by individuals in an area from any legal source. Personal income data is published by the Bureau of Economic Analysis (BEA) for most major geographic regions, including states, counties, and major cities.

In general, income can be obtained in three ways. First, it can be earned by the work of an individual. This type of income includes wage and salary income and proprietors' earnings. Second, income can be earned by property. This component includes earnings from rents, dividends, and interest. Finally, income can be received as a gift or an entitlement. This type of income constitutes the component of personal income called transfer payments. Included in this component is income from sources such as retirement benefits, unemployment benefits, food stamps, and medical programs such as Medicare and Medicaid.

The Livingston County economy, as measured by personal income, generally grew throughout the period. However, there were two significant declines in 1975 and 1982. These declines coincide with national recessions. (The Kentucky economy responded to the 1982 national recession in 1983). County personal income increased from \$61 million in 1969 to \$107 million in 1987, after adjusting for inflation. Chart 1B shows Livingston County total personal income as a percent of Kentucky total personal income. Livingston County's share of Kentucky personal income was 0.23 percent in 1987 and had only small changes through the period.

A similar pattern emerges from an examination of per capita personal income. Per capita personal income is simply the total personal income of an area divided by its population. Per capita personal income is often used as a measure of the economic well-being of the residents of an area. Charts 1C and 1D indicate that Livingston County per capita income generally increased over the time period to a level of \$12,004 in 1987, when it was 96.0 percent of Kentucky per capita personal income.

A better understanding of the nature of economic activity can be gleaned from an examination of the relative contribution of the components of personal

income and how their shares have changed over time. This information is illustrated in Charts 2A-2D. Earnings dropped significantly with the national recessions of 1975 and 1982. Earnings were \$48 million in 1969 and reached their highest level in 1979, at \$83 million (in constant 1988 dollars). Earnings subsequently declined to \$69 million in 1987. Earnings' share of personal income declined over time. This trend occurred at the state level as well. In 1987, earnings accounted for 64.4 percent of Livingston County's total personal income, compared to Kentucky's 67.5 percent share.

Transfer payments contributed \$9 million to total personal income in 1969 and \$22 million in 1987. During the same period, transfer payments contributed a higher percentage of personal income in Livingston County than in Kentucky.

Income from property in Livingston County grew at a slow but steady rate through the time period. Income from property totalled \$5 million in 1969 and increased to \$17 million in 1987.

## Earnings

Earnings are the component of personal income reflecting payments to individuals in return for labor. Earnings include both wages and salaries and proprietor's income. In 1969, Livingston County received 0.8 percent of total earnings from manufacturing. This percentage increased through the late 1970's to 3.6 percent in 1979 (Chart 3A). By 1987, manufacturing's share declined to 1.7 percent.

The mining sector is very prominent in Livingston County. This mining activity involves extraction of non-coal resources. In 1969, 11.4 percent of total earnings were from the mine sector. This share increased to 24.8 percent in 1987.

Farming's share of total county earnings was 19.6 percent in 1969 and was negative in 1983. By 1987, 8.1 percent of total earnings was derived in the farm sector. The trend toward declining farm earnings is consistent with state and national trends.

Earnings from non-goods-producing industries as a percent of total earnings generally declined in the 1970's and increased in the 1980's (Chart 3B). The percent of earnings from the service sector was 15.4 percent in 1987. The percent from the trade sector was 9.1 percent in 1987. The share of earnings from the state and local government was 8.2 percent in 1987. At the state level, the percent of earnings from services increased, while the percents from trade and state and local government were stable.

Average earnings per job (adjusted for inflation) for Livingston County and Kentucky are shown in Chart 3D. In Kentucky, average earnings per job reached a high of \$20,121 per person in 1978. Since then, average earnings per job declined and in 1987 they were \$18,636 per person. Livingston County average earnings per job increased dramatically in the 1970's, and generally declined in the 1980's. Average county earnings were \$17,470 in 1987, below the Kentucky average.

## Employment

Employment is considered any activity for which one receives financial remuneration in the form of wages or profits. Similar to trends in earnings, total employment in Livingston County increased substantially in the 1970's and declined in the early 1980's. However, by 1984 employment once again increased. In 1969, total employment stood at 2,283 people. By 1987, that figure had increased to 3,170.

The unemployment rate, often used as an indicator of economic well-being, is the ratio of unemployed to the total civilian labor force. Unemployment is described as a condition of being out of work while actively seeking employment within the last thirty days. The civilian labor force is described as the proportion of population age 16 or older employed or actively seeking employment. Annual unemployment rates for Kentucky and Livingston County are presented in Chart 4B. Unemployment rates in Livingston County paralleled those of the state in the 1970's and exceeded state rates in the 1980's. In 1987, the county unemployment rate was 11.1 percent, compared to 8.8 percent for Kentucky.

Another employment concept includes the discouraged worker. Discouraged workers are persons who want jobs but made no attempt to find work in the last thirty days because they believe they could not find it. These individuals are not included when calculating official unemployment rates. The Cabinet for Human Resources does not estimate discouraged workers by county. However, preliminary research by the Cabinet indicates that the inclusion of discouraged workers in the civilian labor force estimate would increase the unemployment rate by approximately four percent for the state. This figure would vary by county depending on the labor market in a county or within commuting distance.

Employment in the goods-producing industries is illustrated in Chart 4C. The percent of total employment in manufacturing increased from 1.0 percent in 1969 to 5.7 percent in 1979. This share decreased to 3.9 percent in 1987. The mining sector experienced relatively small changes through 1982. However, the mine sector's share of employment dropped substantially in 1983. By 1987, this sector regained strength and accounted for 11.5 percent of the total.

The farm sector was the primary source of employment through 1986. However, farming's share of employment declined from 31.0 percent in 1969 to 16.2 percent in 1987.

Employment in the non-goods-producing industries is presented in Chart 4D. Service sector employment generally increased from 1969 to 1987. In 1969, the service sector accounted for 12.0 percent of employment. This share increased to 17.2 percent in 1987. The percent of employment in state and local government remained constant and accounted for 9.3 percent in 1987. The trade sector's share of employment generally remained constant and accounted for 15.4 percent in 1987. At the state level, service and trade employment increased significantly, while government employment remained constant.

## Population

The census conducted each decade counts the actual population in an area. Population is then statistically estimated during intervening years. The demographic composition of this population growth has important implications for the future demand for goods and services, and ultimately, the economic structure of Livingston County.

The Livingston County population grew through the 1970's from 7,500 in 1969 to 9,400 in 1979 (Chart 5A). However, by 1987, the population declined to 8,900. It was estimated that in 1986, 6.9 percent of Livingston County's population was under six years of age, compared to 8.6 for the state. Livingston County has a higher proportion of residents age sixty or over than the state. In 1986, 20.3 percent of the Livingston County population was sixty years of age and over, while 16.5 percent of all Kentucky residents fell in this age group.

CHART 1A

LIVINGSTON COUNTY  
REAL PERSONAL INCOME  
Millions of 1988 dollars

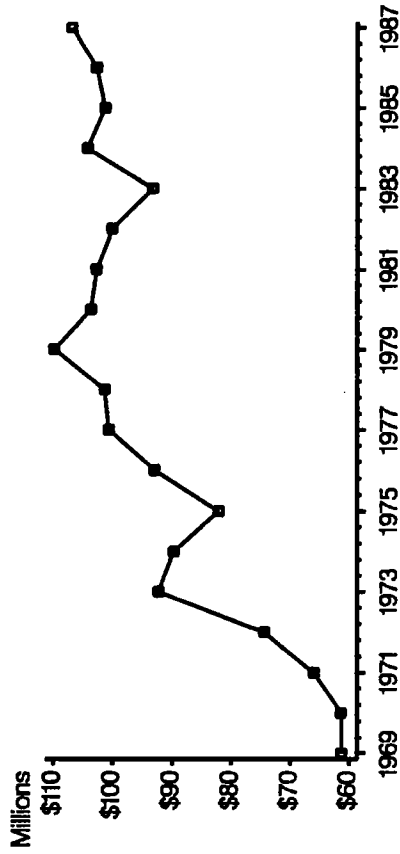


CHART 1B  
LIVINGSTON COUNTY  
PERSONAL INCOME  
as a Percent of Kentucky Personal Income

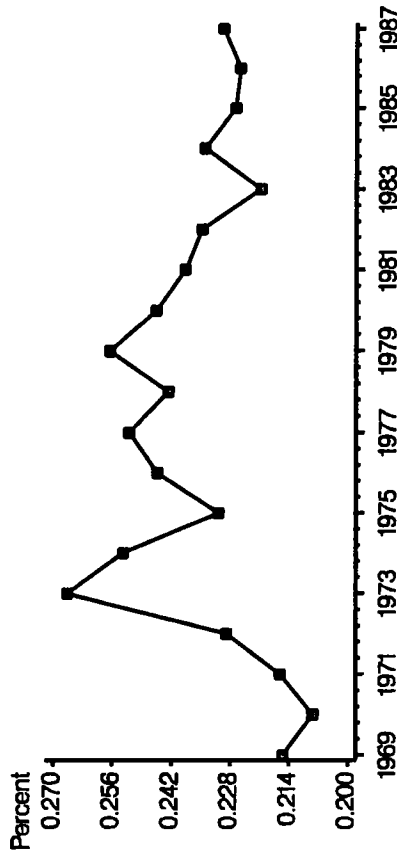


CHART 1C

LIVINGSTON COUNTY  
PER CAPITA PERSONAL INCOME  
in Constant 1988 Dollars

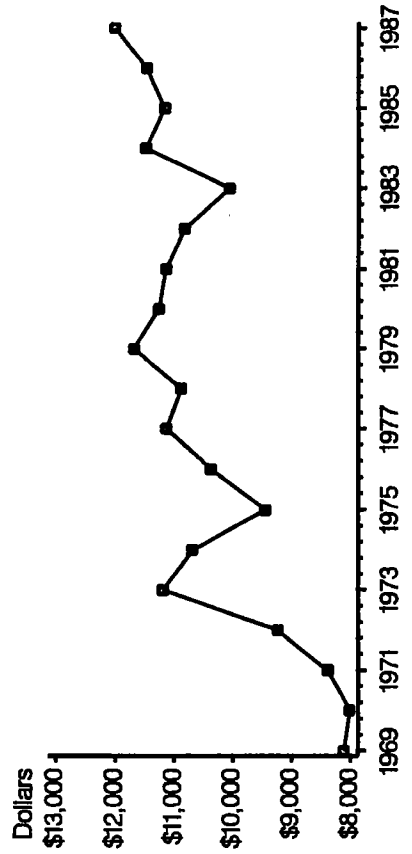


CHART 1D  
LIVINGSTON COUNTY  
PER CAPITA PERSONAL INCOME  
as a Percent of Kentucky Per Capita Personal Income

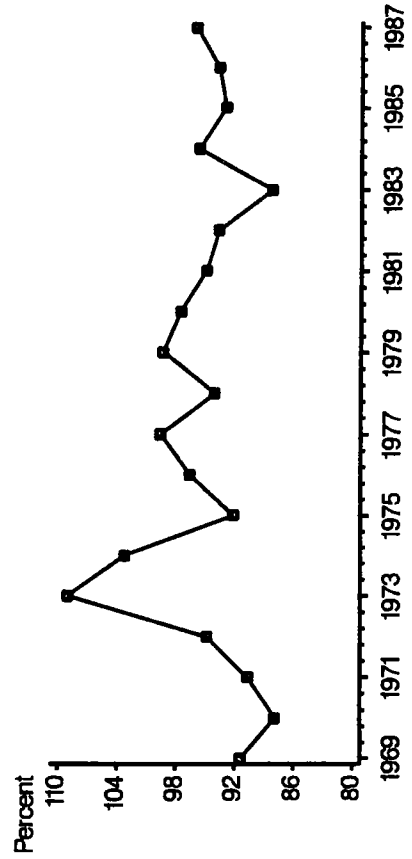


CHART 2A  
LIVINGSTON COUNTY  
REAL TOTAL EARNINGS  
Millions of 1988 dollars

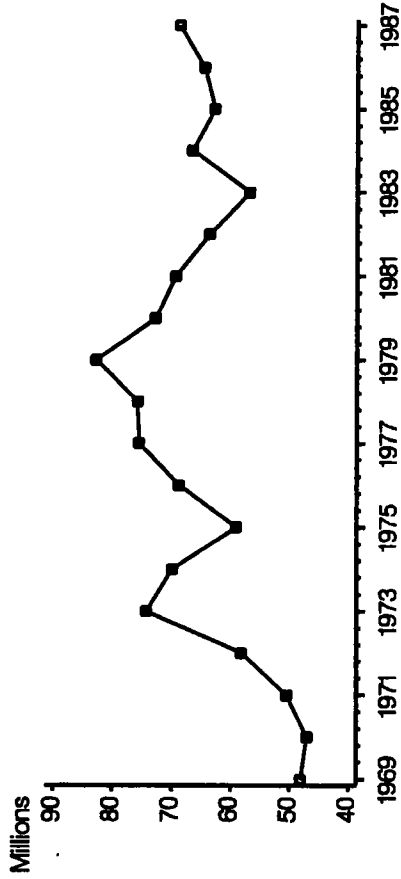


CHART 2B  
LIVINGSTON COUNTY  
TRANSFER PAYMENTS and INCOME FROM PROPERTY  
Millions of 1988 Dollars

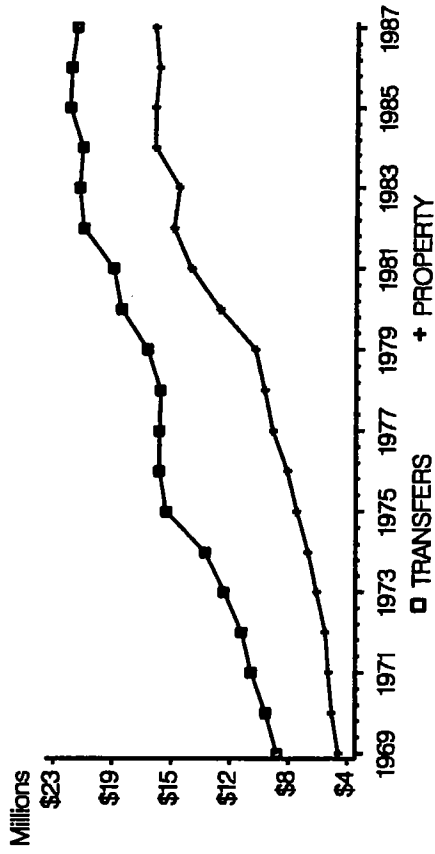


CHART 2C  
LIVINGSTON COUNTY  
TOTAL EARNINGS  
as a Percent of Personal Income

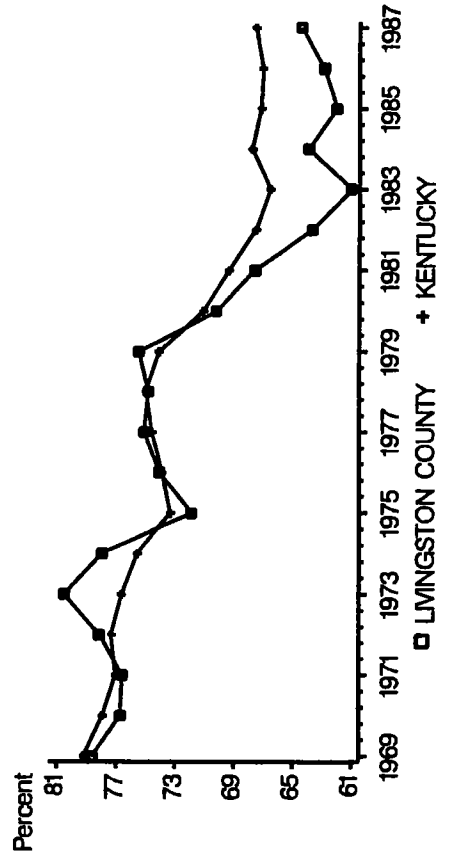


CHART 2D  
LIVINGSTON COUNTY  
TRANSFER PAYMENTS  
as a Percent of Personal Income

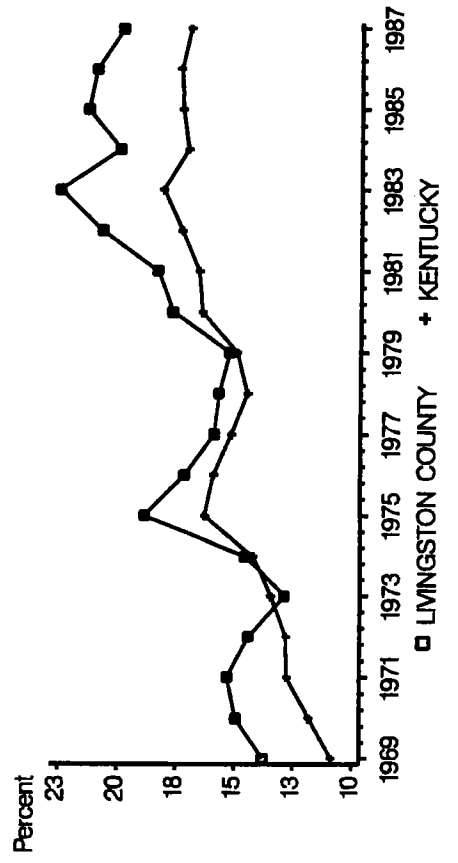




CHART 3A

LIVINGSTON COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

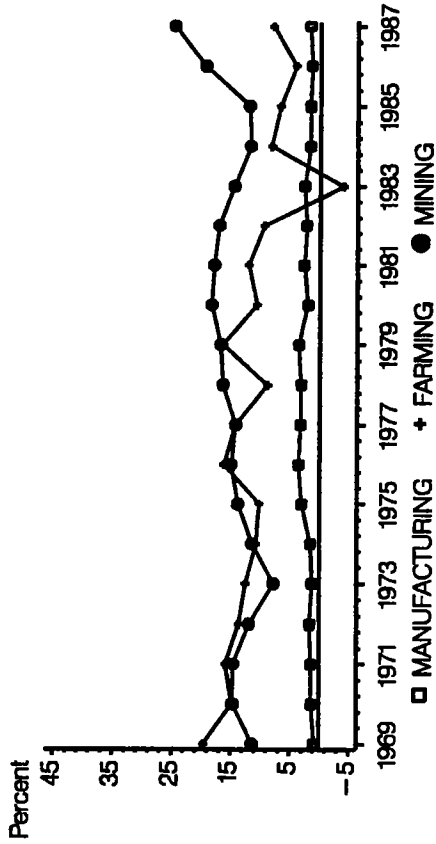


CHART 3B

LIVINGSTON COUNTY

EARNINGS IN NON - GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

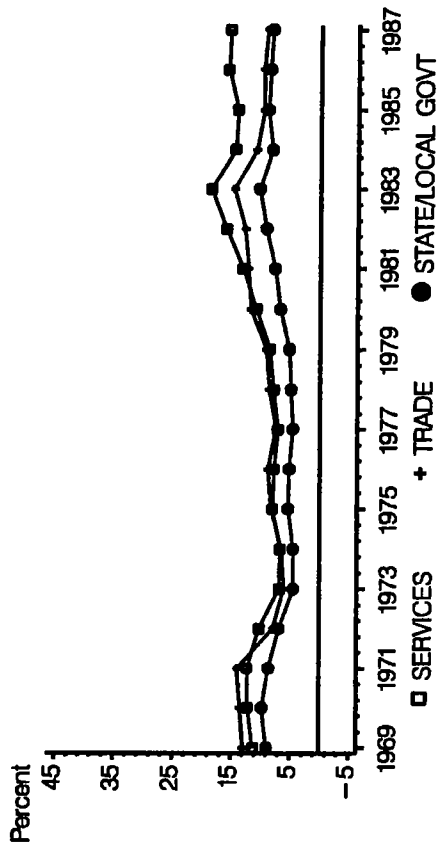


CHART 3C

LIVINGSTON COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Kentucky Industries

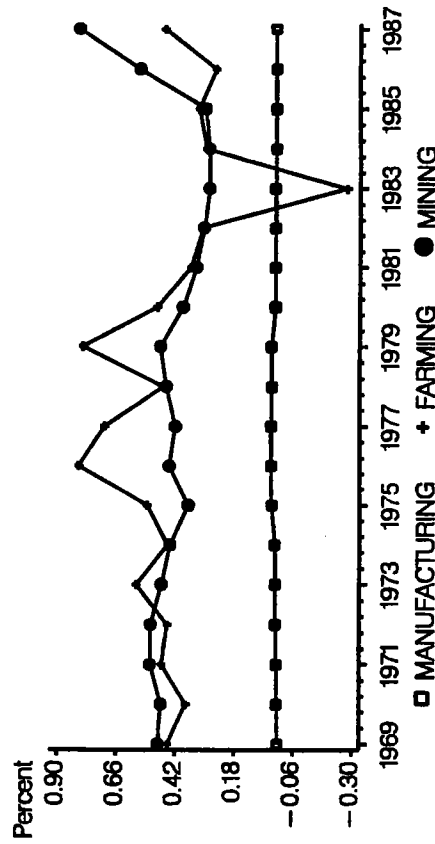


CHART 3D

LIVINGSTON COUNTY

AVERAGE EARNINGS PER JOB  
in Constant 1988 Dollars

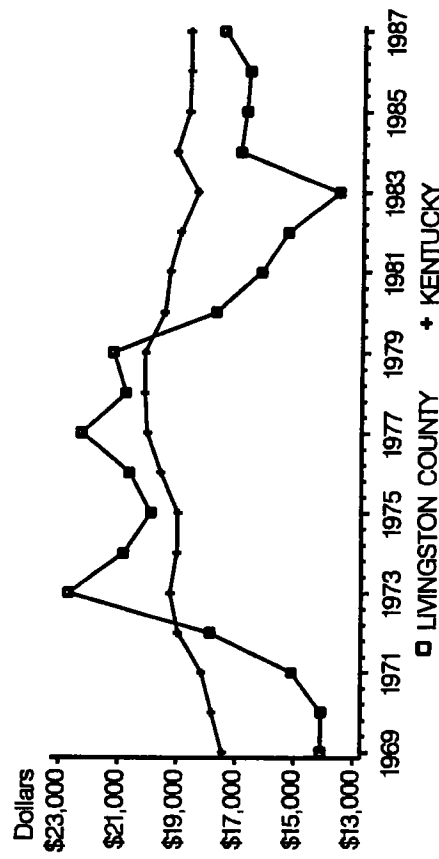


CHART 4A  
LIVINGSTON COUNTY  
TOTAL EMPLOYMENT  
Thousands of People

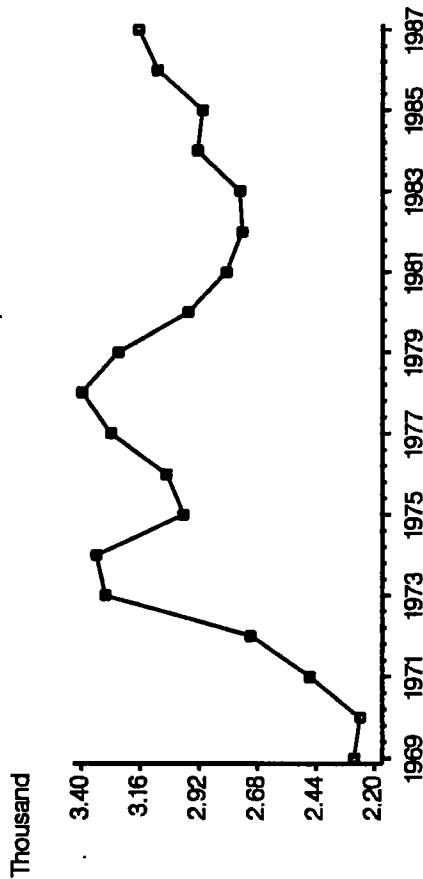


CHART 4B  
LIVINGSTON COUNTY  
ANNUAL UNEMPLOYMENT RATE

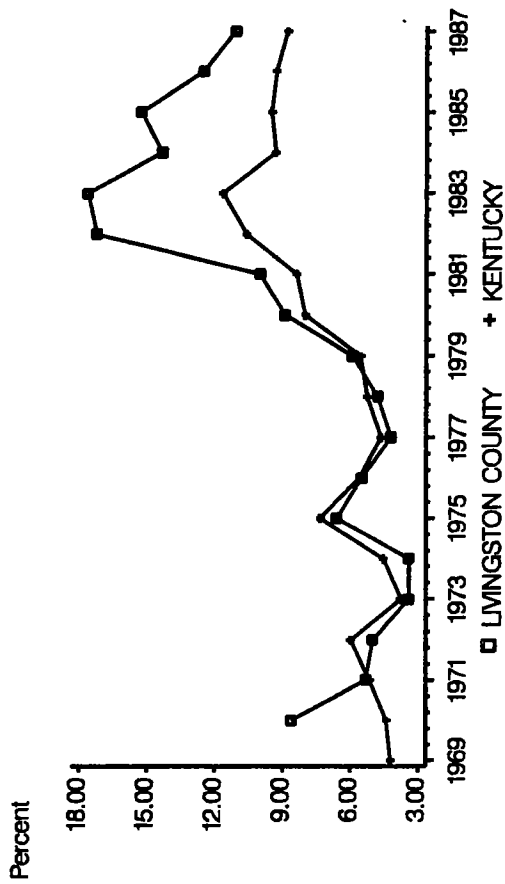


CHART 4C  
LIVINGSTON COUNTY  
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

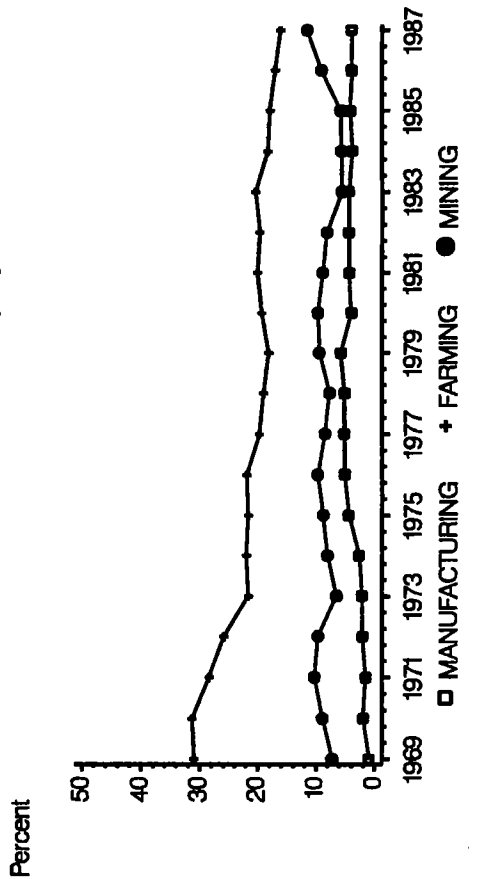


CHART 4D  
LIVINGSTON COUNTY  
EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

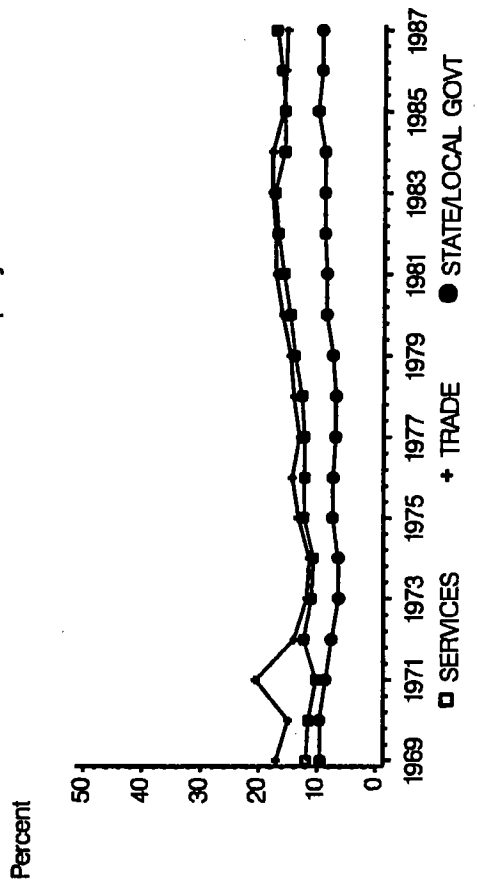


CHART 5A  
LIVINGSTON COUNTY  
POPULATION  
Thousands of People

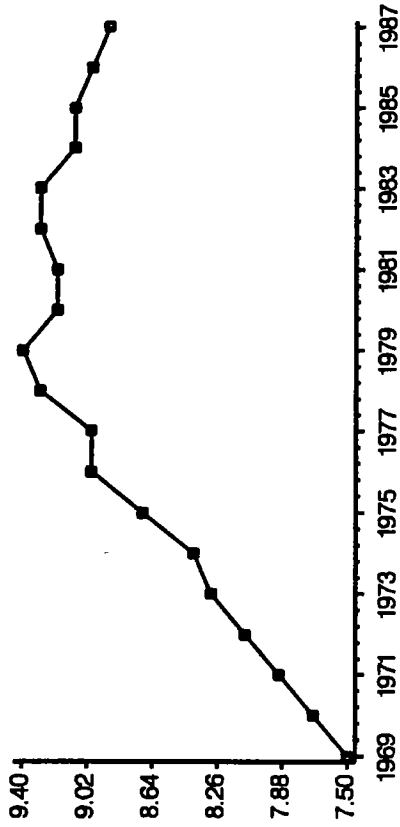


CHART 5B  
LIVINGSTON COUNTY  
POPULATION  
as a Percent of Kentucky Population

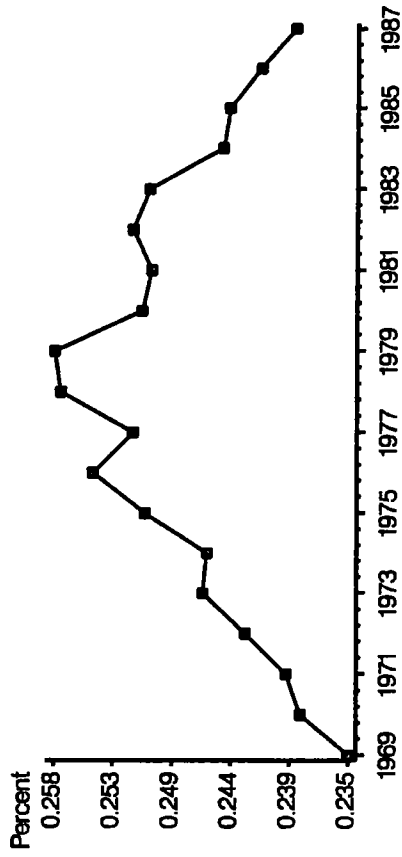


CHART 5C  
LIVINGSTON COUNTY  
POPULATION 5 AND UNDER  
as a Percent of Total Population

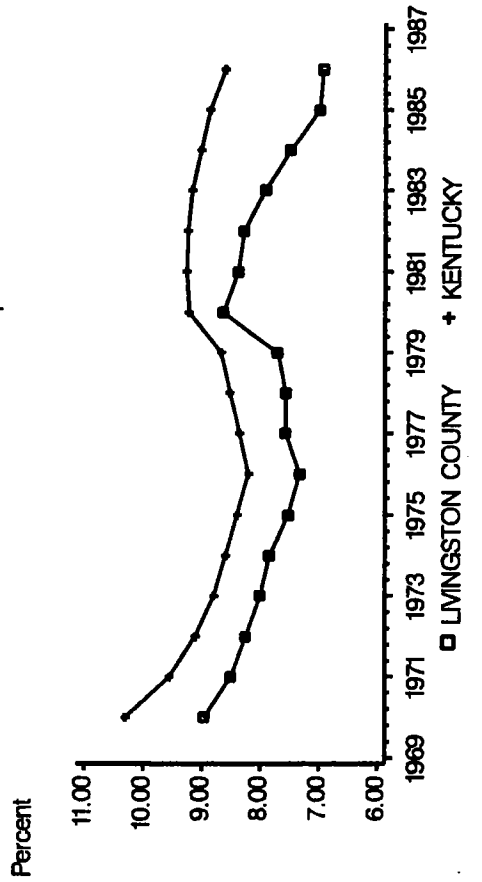
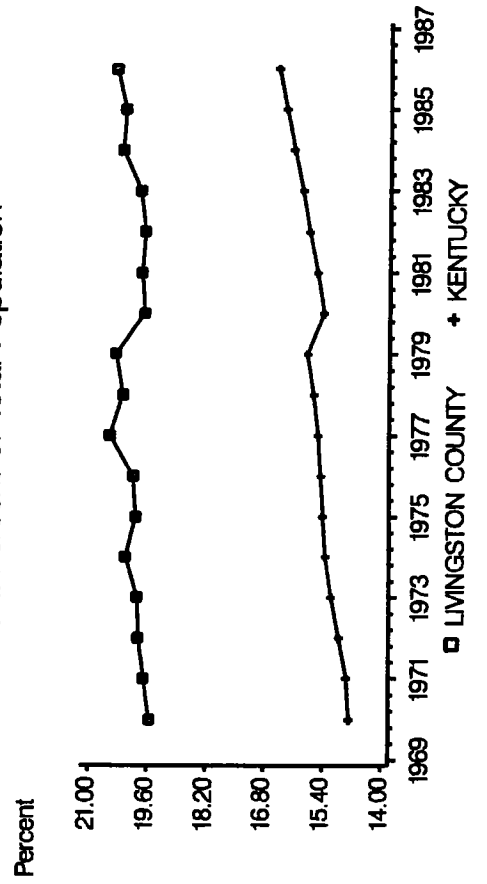


CHART 5D  
LIVINGSTON COUNTY  
POPULATION 60 AND OVER  
as a Percent of Total Population



LIVINGSTON COUNTY

PERSONAL INCOME  
In Constant 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	61	0.22	8,120	91.4
1970	61	0.21	8,016	87.9
1971	66	0.22	8,391	90.7
1972	74	0.23	9,243	94.9
1973	92	0.27	11,187	108.9
1974	90	0.25	10,698	103.2
1975	82	0.23	9,455	92.1
1976	93	0.25	10,376	96.6
1977	101	0.25	11,130	99.6
1978	101	0.24	10,883	94.1
1979	110	0.26	11,679	99.3
1980	104	0.25	11,251	97.6
1981	103	0.24	11,133	95.0
1982	100	0.23	10,819	93.6
1983	93	0.22	10,050	88.3
1984	104	0.23	11,476	95.7
1985	101	0.23	11,153	93.0
1986	103	0.23	11,464	93.7
1987	107	0.23	12,004	96.0

COMPONENTS OF PERSONAL INCOME  
In Constant 1988 Dollars

Year	EARNINGS			TRANSFER PAYMENTS			INCOME from PROPERTY		
	M\$	Percent of Personal Income		M\$	Percent of Personal Income		M\$	Percent of Personal Income	
		County	Kentucky		County	Kentucky		County	Kentucky
1969	48	78.6	79.2	9	14.0	10.9	5	7.4	9.9
1970	47	76.7	77.9	9	15.1	11.9	5	8.2	10.2
1971	51	76.6	77.0	10	15.5	12.9	5	7.9	10.1
1972	58	78.1	77.3	11	14.6	12.9	5	7.3	9.7
1973	74	80.5	76.6	12	13.0	13.6	6	6.5	9.7
1974	70	77.9	75.5	13	14.7	14.4	7	7.3	10.1
1975	59	71.9	73.3	16	19.2	16.5	7	8.9	10.1
1976	69	74.1	73.9	16	17.4	16.1	8	8.5	10.0
1977	76	75.1	74.6	16	16.1	15.3	9	8.8	10.1
1978	76	74.8	75.0	16	15.9	14.6	9	9.3	10.4
1979	83	75.5	74.1	17	15.4	15.1	10	9.1	10.8
1980	73	70.2	71.1	19	18.0	16.7	12	11.8	12.2
1981	69	67.6	69.3	19	18.6	16.8	14	13.8	13.8
1982	64	63.6	67.5	21	21.1	17.6	15	15.3	14.9
1983	57	61.0	66.6	21	22.9	18.4	15	16.0	15.1
1984	67	63.9	67.8	21	20.3	17.3	17	15.8	14.9
1985	63	62.0	67.2	22	21.7	17.6	17	16.3	15.3
1986	65	62.9	67.1	22	21.3	17.6	16	15.8	15.3
1987	69	64.4	67.5	22	20.2	17.2	17	15.5	15.3

LIVINGSTON COUNTY

SECTOR EARNINGS as a PERCENT of TOTAL COUNTY EARNINGS and  
as a PERCENT of KENTUCKY SECTOR EARNINGS

YEAR	MANUFACTURING		FARMING		MINING	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	0.8	0.00	19.6	0.45	11.4	0.49
1970	1.3	0.01	14.8	0.38	14.6	0.48
1971	1.4	0.01	15.9	0.48	14.6	0.52
1972	1.6	0.01	13.7	0.45	11.9	0.52
1973	1.2	0.01	12.5	0.58	7.8	0.48
1974	1.5	0.01	10.8	0.45	11.4	0.44
1975	3.0	0.03	10.3	0.53	13.8	0.37
1976	3.6	0.03	16.3	0.81	15.0	0.44
1977	3.2	0.03	14.3	0.71	14.3	0.42
1978	3.2	0.03	8.9	0.47	16.4	0.46
1979	3.6	0.03	16.4	0.79	16.8	0.48
1980	2.0	0.01	10.7	0.49	18.4	0.39
1981	2.7	0.02	12.1	0.36	17.9	0.34
1982	2.3	0.01	9.5	0.31	17.1	0.31
1983	2.7	0.01	-4.0	-0.28	14.6	0.28
1984	1.7	0.01	8.3	0.30	11.9	0.28
1985	1.7	0.01	6.8	0.33	12.0	0.30
1986	1.4	0.01	4.1	0.26	19.5	0.57
1987	1.7	0.01	8.1	0.46	24.8	0.81

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	11.3	0.12	13.0	0.11	9.0	0.14
1970	12.1	0.12	13.5	0.11	9.7	0.14
1971	12.2	0.14	14.0	0.13	8.6	0.13
1972	10.2	0.15	7.9	0.09	6.9	0.13
1973	6.8	0.14	6.1	0.11	4.4	0.13
1974	6.7	0.13	6.5	0.10	4.5	0.12
1975	8.0	0.13	8.4	0.11	5.4	0.12
1976	7.8	0.13	8.9	0.12	5.2	0.12
1977	7.1	0.13	7.5	0.11	4.6	0.11
1978	7.9	0.13	8.6	0.12	4.9	0.11
1979	8.6	0.13	9.1	0.12	5.2	0.11
1980	10.8	0.13	11.9	0.13	6.8	0.11
1981	13.2	0.13	12.3	0.12	7.7	0.11
1982	16.0	0.14	12.8	0.12	9.2	0.12
1983	18.6	0.14	14.6	0.12	10.4	0.12
1984	14.5	0.14	10.9	0.11	8.2	0.12
1985	14.1	0.13	9.7	0.10	9.0	0.13
1986	15.7	0.14	9.8	0.10	8.6	0.13
1987	15.4	0.13	9.1	0.10	8.2	0.13

LIVINGSTON COUNTY  
 COUNTY EMPLOYMENT by SECTOR  
 -----

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	22	1.0	707	31.0	164	7.2
1970	44	1.9	706	31.3	200	8.9
1971	38	1.5	701	28.4	253	10.3
1972	56	2.1	701	25.9	260	9.6
1973	71	2.1	714	21.6	212	6.4
1974	88	2.6	733	21.9	266	8.0
1975	131	4.4	645	21.6	259	8.7
1976	155	5.1	667	21.8	294	9.6
1977	168	5.1	646	19.7	274	8.4
1978	172	5.1	645	19.0	258	7.6
1979	184	5.7	589	18.1	304	9.4
1980	117	3.9	572	19.3	286	9.6
1981	122	4.3	562	20.0	248	8.8
1982	120	4.4	538	19.6	222	8.1
1983	121	4.4	559	20.3	152	5.5
1984	111	3.8	535	18.3	163	5.6
1985	121	4.2	520	17.9	166	5.7
1986	120	3.9	528	17.1	278	9.0
1987	125	3.9	512	16.2	365	11.5

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	273	12.0	391	17.1	215	9.4
1970	259	11.5	340	15.1	215	9.5
1971	250	10.1	506	20.5	211	8.6
1972	333	12.3	381	14.1	203	7.5
1973	363	11.0	390	11.8	208	6.3
1974	357	10.7	382	11.4	214	6.4
1975	368	12.3	399	13.4	220	7.4
1976	373	12.2	439	14.4	221	7.2
1977	402	12.3	430	13.1	225	6.9
1978	432	12.7	481	14.1	232	6.8
1979	456	14.0	479	14.7	239	7.4
1980	438	14.8	478	16.1	251	8.5
1981	448	15.9	485	17.3	238	8.5
1982	464	16.9	477	17.4	242	8.8
1983	481	17.5	494	17.9	243	8.8
1984	464	15.8	523	17.9	258	8.8
1985	458	15.7	468	16.1	291	10.0
1986	503	16.3	484	15.6	289	9.3
1987	546	17.2	489	15.4	295	9.3

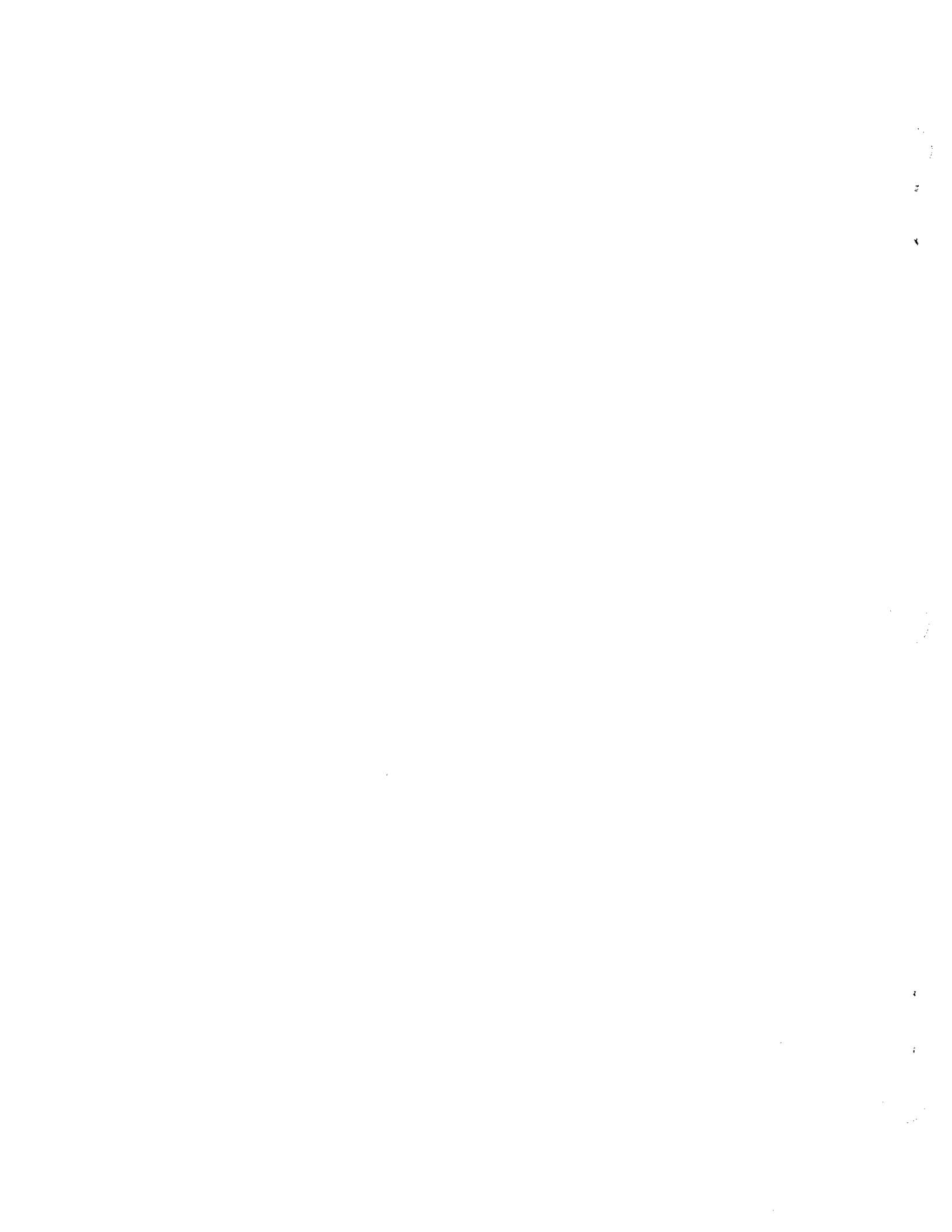
LIVINGSTON COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	2,283	\$14,075	\$17,440	.	4.2
1970	2,258	\$14,069	\$17,811	8.6	4.4
1971	2,467	\$15,098	\$18,166	5.3	5.1
1972	2,709	\$17,875	\$18,970	5.0	6.0
1973	3,303	\$22,669	\$19,232	3.4	3.7
1974	3,340	\$20,815	\$19,008	3.4	4.5
1975	2,984	\$19,886	\$18,976	6.6	7.3
1976	3,054	\$20,632	\$19,563	5.5	5.6
1977	3,280	\$22,235	\$20,031	4.2	4.7
1978	3,400	\$20,756	\$20,121	4.8	5.3
1979	3,251	\$21,187	\$20,110	5.9	5.5
1980	2,966	\$17,702	\$19,439	8.9	8.0
1981	2,809	\$16,186	\$19,286	10.0	8.4
1982	2,745	\$15,274	\$18,931	17.2	10.6
1983	2,754	\$13,547	\$18,358	17.6	11.6
1984	2,928	\$16,908	\$19,080	14.3	9.3
1985	2,908	\$16,722	\$18,676	15.2	9.5
1986	3,093	\$16,619	\$18,627	12.5	9.3
1987	3,170	\$17,470	\$18,636	11.1	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER AGE 6		PERCENT AGE 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	7,500	0.23	.	.	.	.
1970	7,700	0.24	9.0	10.3	19.5	14.8
1971	7,900	0.24	8.5	9.6	19.7	14.8
1972	8,100	0.24	8.2	9.1	19.8	15.0
1973	8,300	0.25	8.0	8.8	19.8	15.2
1974	8,400	0.25	7.8	8.6	20.1	15.3
1975	8,700	0.25	7.5	8.4	19.9	15.4
1976	9,000	0.25	7.3	8.2	19.9	15.5
1977	9,000	0.25	7.6	8.4	20.5	15.5
1978	9,300	0.26	7.6	8.5	20.2	15.6
1979	9,400	0.26	7.7	8.7	20.4	15.8
1980	9,200	0.25	8.6	9.2	19.7	15.4
1981	9,200	0.25	8.4	9.3	19.7	15.5
1982	9,300	0.25	8.3	9.2	19.7	15.7
1983	9,300	0.25	7.9	9.2	19.8	15.9
1984	9,100	0.24	7.5	9.0	20.2	16.1
1985	9,100	0.24	7.0	8.9	20.1	16.3
1986	9,000	0.24	6.9	8.6	20.3	16.5
1987	8,900	0.24	.	.	.	.



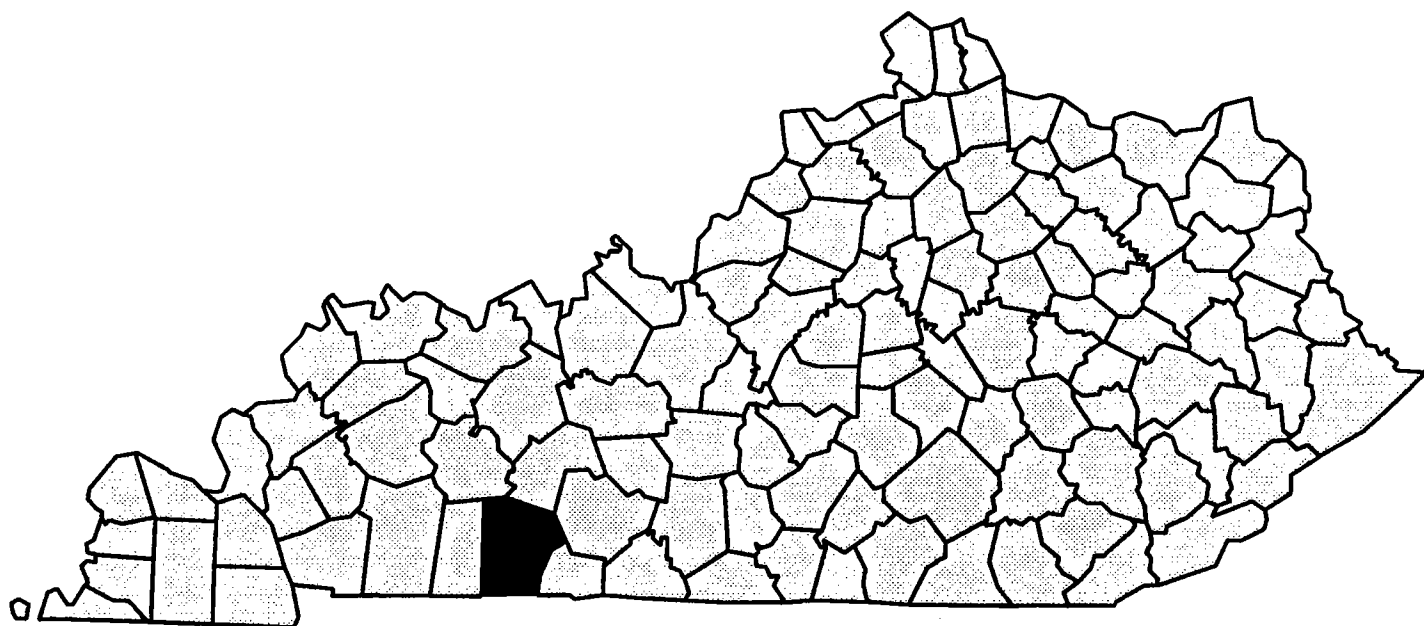






ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

**LOGAN COUNTY**



Prepared by  
Virginia Wilson  
Donna A. Cantrell

RESEARCH MEMORANDUM 438  
Legislative Research Commission  
Frankfort, Kentucky  
February, 1990



ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

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No. 438  
1990

LOGAN COUNTY

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RESEARCH MEMORANDUM 438  
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## FOREWORD

This publication is one of a set of 120, highlighting economic trends in each county in Kentucky from 1969-1987. This effort is part of the ongoing activities sponsored by the Legislative Research Commission to provide a long-term perspective on issues for decision makers. The economies of individual counties do not always parallel overall state trends. This set of publications is an attempt to look at the economic trends in each county over time and to point out where the economies of individual counties may be performing differently from the economy of the state as a whole.

This publication was prepared by Virginia Wilson and Donna Cantrell. Susan Dance assisted in production of the manuscript and Charles Bush edited the report. The assistance of Carol Straus from the Center for Business and Economic Research at the University of Kentucky in deciphering data is gratefully acknowledged.

Vic Hellard, Jr.  
Director

The Capitol  
Frankfort  
February, 1990





## SUMMARY

While the Logan County economy, as measured by personal income, grew moderately from 1969 to 1987, it experienced significant volatility. The earnings component of personal income declined substantially during the national recessions of 1975 and 1982-1983. There was also a significant decline in 1980 that did not correspond directly to economic conditions at the state or national levels. Earnings from the manufacturing and farming sectors appear to have been the underlying factor in this volatility.

The county has historically been heavily dependent on the goods-producing industries of manufacturing and farming. While the state share of earnings and employment in manufacturing declined, the shares of this component of the Logan County economy grew in importance. The agricultural sector of the county economy declined, which parallels state trends.

The non-goods-producing sectors, particularly service and trade, experienced significant growth at the state level. While the service sector of Logan County grew, the trade and government sectors remained relatively constant.

The county's economy was dominated by the manufacturing sector. Manufacturing industries are very sensitive to economic fluctuations. Consequently, while the high concentration in manufacturing supported the local economy during periods of national economic growth, it may also have made the county more susceptible to recessionary contractions.



## INTRODUCTION

This is one of a series of reports called Economic Trends in Kentucky Counties. The purpose of this series is to describe the economic structure of Kentucky counties and to assess their economic performance relative to their own history and relative to the Kentucky economy. Information on the structure and patterns of change in county economies and an understanding of their relationship to the Kentucky economy can help in making policy decisions that are intended to shape Kentucky's economic future.

When assessing any economy there are several pertinent questions which may be addressed. The first concerns changes in the absolute size of the economy over time. Here the relevant comparison is between the county economy and its own history. Since most economic variables are given in dollars and since inflation causes the value of a dollar to vary over time, all dollar values in this report are presented in constant 1988 dollars. This allows analysis of real changes over time by controlling for the effects of inflation.

A second question concerns the structure and nature of the county economy. The structure of an economy refers to the relative share contributed by the various segments of the economy, while the nature deals with how this share has changed over time.

A third question concerns the performance of the county economy when compared to the Kentucky economy. For example, if a county has a higher proportion of earnings or employment in a particular sector it would indicate a specialization in that sector. Differences in economic structure may explain variations in relative economic well-being between a county and the state as a whole.

Economic data for counties are usually published after a lag of two years. Therefore, most data in this report cover the period 1969 to 1987. All data for this report was obtained from the Kentucky Economic Information System, an on-line database maintained by the University of Kentucky Center for Business and Economic Development.

There are certain caveats which should be remembered when analyzing data. First, it is a common and useful approach to evaluate the percentage an economic sector contributes to the total economy. However, one must remember that a sector's percentage contribution may decline even when its absolute value is increasing if another sector's contribution is growing at a faster rate. Secondly, when reviewing data in graphical analyses, the scales used to present data should be noted. In this report most graphs are presented with the narrowest scale which will cover all data points. This can accentuate visual patterns over time even when absolute changes are relatively small.

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\*For an analysis of economic trends in Kentucky, see Virginia Wilson, Patterns of Growth and Decline in the Kentucky Economy 1969-1988, Research Memorandum 437, Legislative Research Commission, November 1989.



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## ECONOMIC TRENDS IN LOGAN COUNTY

The following analysis includes a brief description of the county economy and is accompanied by graphical illustrations. Data tables are also included at the end of this report. Three principal components of the Logan County economy are analyzed. They are:

1. Personal Income
2. Earnings
3. Employment

### Personal Income

Personal income is often used as a measure of the economic activity in an area. Personal income is the sum of all the dollar income received by individuals in an area from any legal source. Personal income data is published by the Bureau of Economic Analysis (BEA) for most major geographic regions, including states, counties, and major cities.

In general, income can be obtained in three ways. First, it can be earned by the work of an individual. This type of income includes wage and salary income and proprietors' earnings. Second, income can be earned by property. This component includes earnings from rents, dividends, and interest. Finally, income can be received as a gift or an entitlement. This type of income constitutes the component of personal income called transfer payments. Included in this component is income from sources such as retirement benefits, unemployment benefits, food stamps, and medical programs such as Medicare and Medicaid.

As can be seen in Chart 1A, the size of the Logan County economy, as measured by personal income, generally increased, from \$165 million in 1969 to \$276 million in 1987, after adjusting for inflation. Chart 1B shows Logan County total personal income as a percent of Kentucky total personal income. Logan County had 0.59 percent of Kentucky personal income and showed only small changes in its share.

A similar pattern emerges from an examination of per capita personal income. Per capita personal income is simply the total personal income of an area divided by its population. Per capita personal income is often used as a measure of the economic well-being of the residents of an area. Charts 1C and 1D indicate that Logan County per capita income increased over the time period to a level of \$10,934 per person in 1987, when it was 87.5 percent of Kentucky per capita personal income.

A better understanding of the nature of economic activity can be gleaned from an examination of the relative contribution of the components of personal income and how their shares have changed over time. This information is illustrated in Charts 2A-2D. Earnings were extremely volatile throughout the period. Earnings dropped substantially with the national recessions of 1975

and 1982. Overall, total earnings increased from \$129 million in 1969 to \$184 million in 1987 (in constant 1988 dollars). While earnings increased in absolute terms, their share of personal income declined over time. This trend occurred at the state level as well. In 1987, earnings accounted for 66.9 percent of Logan County's total personal income, compared to Kentucky's 67.5 percent share.

Transfer payments contributed \$22 million to total personal income in 1969 and \$51 million in 1987. During the same period, transfer payments contributed a higher percentage of personal income in Logan County than in Kentucky.

Income from property in Logan County grew steadily through the time period. Income from property totalled \$14 million in 1969 and increased to \$41 million in 1987.

## Earnings

Earnings are the component of personal income reflecting payments to individuals in return for labor. Earnings include both wages and salaries and proprietor's income. Earnings from Logan County goods-producing industries were volatile. In 1969, Logan County received 39.4 percent of total earnings from manufacturing. The share of earnings from manufacturing dipped in 1975 and 1983 then increased to 48.9 percent in 1987 (Chart 3A). The county trend toward increasing concentration in manufacturing was different from that for the state, where the percentage of earnings from manufacturing showed a steady decline over the period.

Farming's contribution to total county earnings decreased through the period. In 1969, 19.0 percent of earnings were generated in the farm sector. Farm earnings were negative in 1983. By 1987, 7.4 percent of earnings were from the farm sector. The trend toward declining earnings is consistent with state and national trends.

Earnings from non-goods-producing industries as a percent of total earnings are illustrated in Chart 3B. The percent of earnings from the service sector increased from 8.1 percent in 1969 to 13.9 percent in 1987. The percent from the trade sector declined steadily and accounted for 9.6 percent in 1987. The share of earnings from the state and local government sector remained stable. At the state level, the percent of earnings from services increased, while the percents from trade and state and local government were stable.

Average earnings per job (adjusted for inflation) for Logan County and Kentucky are shown in Chart 3D. In Kentucky, average earnings per job reached a high of \$20,121 per person in 1978. Since then, average earnings per job declined and in 1987 they were \$18,636 per person. In Logan County, average earnings per job were below those of the state during the period, and were also volatile. They were \$15,742 in 1987.

## Employment

Employment is considered any activity for which one receives financial remuneration in the form of wages or profits. Total employment in Logan County fluctuated during the data period and followed the volatile patterns of earnings. In 1969, total employment stood at 10,252 people. By 1987, that figure had increased to 11,775.

The unemployment rate, often used as an indicator of economic well-being, is the ratio of unemployed to the total civilian labor force. Unemployment is described as a condition of being out of work while actively seeking employment within the last thirty days. The civilian labor force is described as the proportion of population age 16 or older employed or actively seeking employment. Annual unemployment rates for Kentucky and Logan County are presented in Chart 4B. In 1987, the county unemployment rate was 8.5 percent, compared to 8.8 percent for Kentucky.

Another employment concept includes the discouraged worker. Discouraged workers are persons who want jobs but made no attempt to find work in the last thirty days because they believe they could not find it. These individuals are not included when calculating official unemployment rates. The Cabinet for Human Resources does not estimate discouraged workers by county. However, preliminary research by the Cabinet indicates that the inclusion of discouraged workers in the civilian labor force estimate would increase the unemployment rate by approximately four percent for the state. This figure would vary by county depending on the labor market in a county or within commuting distance.

Employment in the goods-producing industries is illustrated in Chart 4C. Manufacturing employment was the underlying source of the volatility in total employment. The percent of total employment in manufacturing increased from 29.6 percent in 1969 to 34.4 percent in 1987. Again, this trend is unlike that of the state.

Farm sector employment declined steadily throughout the period. Farming's share of employment decreased from 27.0 percent in 1969 to 17.3 percent in 1987.

Employment in the non-goods-producing industries is presented in Chart 4D. Service sector employment increased slightly from 1969 to 1987. In 1969, the service sector accounted for 11.0 percent of employment. This share increased to 14.8 percent in 1987. The percent of employment in the trade and state and local government sectors remained constant. The trade sector accounted for 13.6 percent of employment in 1987, while the government sector accounted for 6.8 percent. At the state level, service and trade employment increased significantly, while government employment remained constant.

## Population

The census conducted each decade counts the actual population in an area. Population is then statistically estimated during intervening years.

The demographic composition of this population growth has important implications for the future demand for goods and services, and ultimately, the economic structure of Logan County.

The Logan County population grew from 21,700 in 1969 to 25,200 in 1987 (Chart 5A). It was estimated that in 1986, 8.6 percent of Logan County's population was under six years of age, equal to that for the state. Logan County has a higher proportion of residents age sixty or over than the state. In 1986, 19.8 percent of the Logan County population was sixty years of age and over, while 16.5 percent of all Kentucky residents fell in this age group.



CHART 1A  
 LOGAN COUNTY  
 REAL PERSONAL INCOME  
 Millions of 1988 dollars

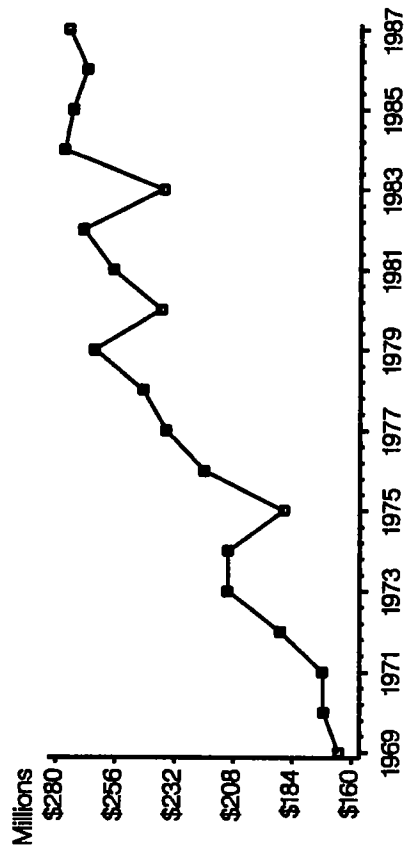


CHART 1B  
 LOGAN COUNTY  
 PERSONAL INCOME  
 as a Percent of Kentucky Personal Income

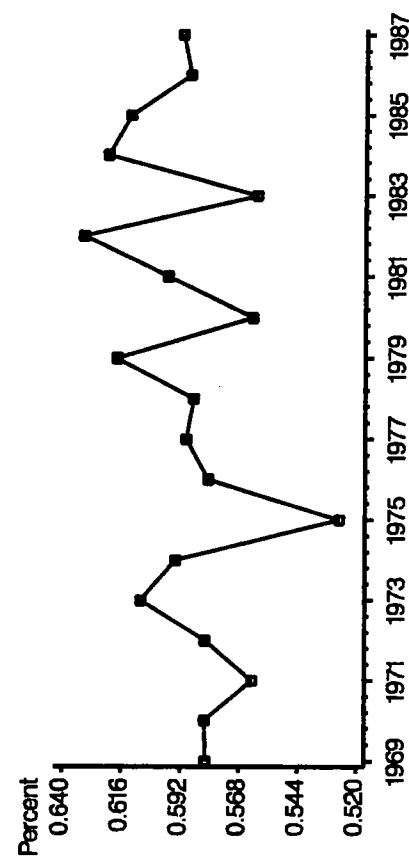


CHART 1C  
 LOGAN COUNTY  
 PER CAPITA PERSONAL INCOME  
 in Constant 1988 Dollars

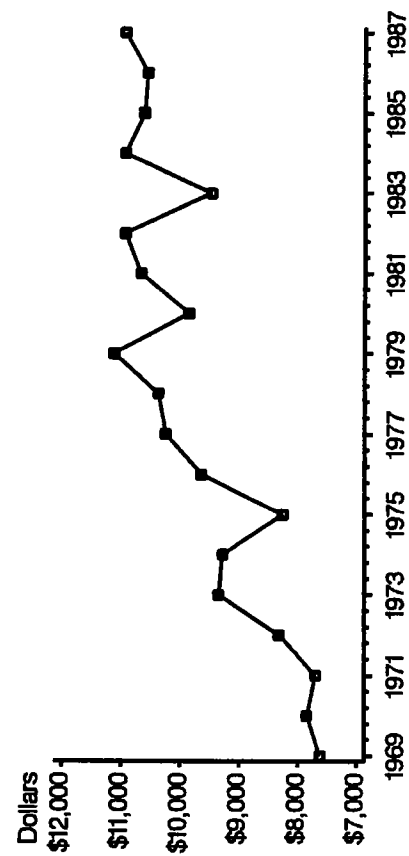


CHART 1D  
 LOGAN COUNTY  
 PER CAPITA PERSONAL INCOME  
 as a Percent of Kentucky Per Capita Personal Income

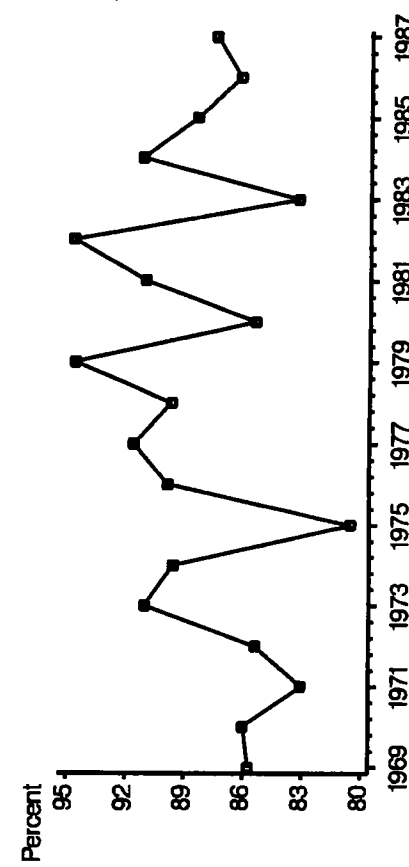


CHART 2A

LOGAN COUNTY

REAL TOTAL EARNINGS

Millions of 1988 dollars

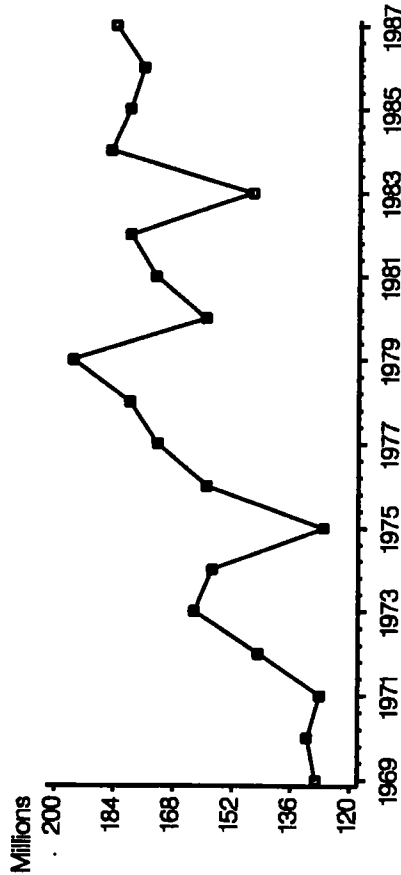


CHART 2B

LOGAN COUNTY

TRANSFER PAYMENTS and INCOME FROM PROPERTY

Millions of 1988 Dollars

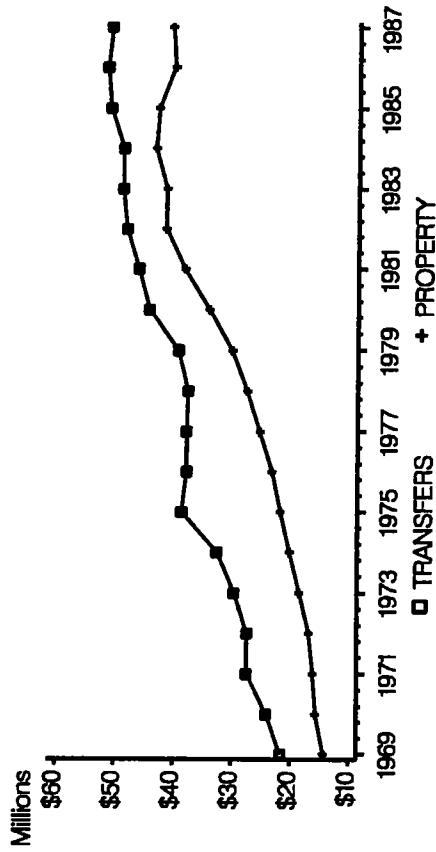


CHART 2C

LOGAN COUNTY

TOTAL EARNINGS

as a Percent of Personal Income

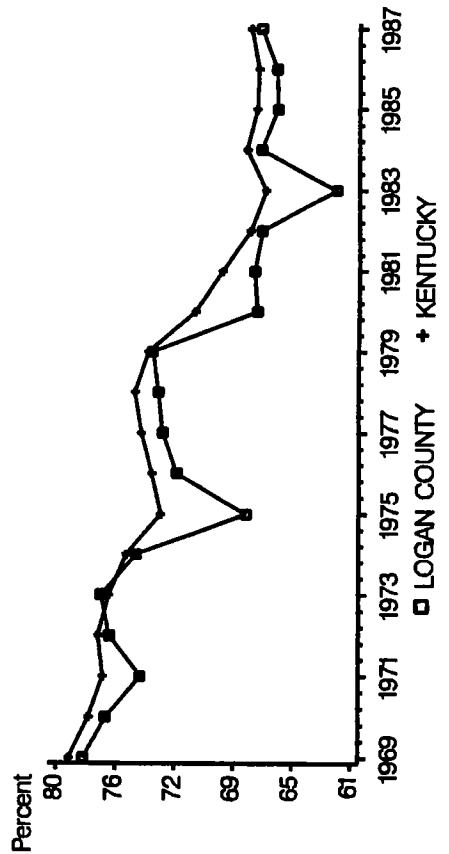


CHART 2D

LOGAN COUNTY

TRANSFER PAYMENTS

as a Percent of Personal Income

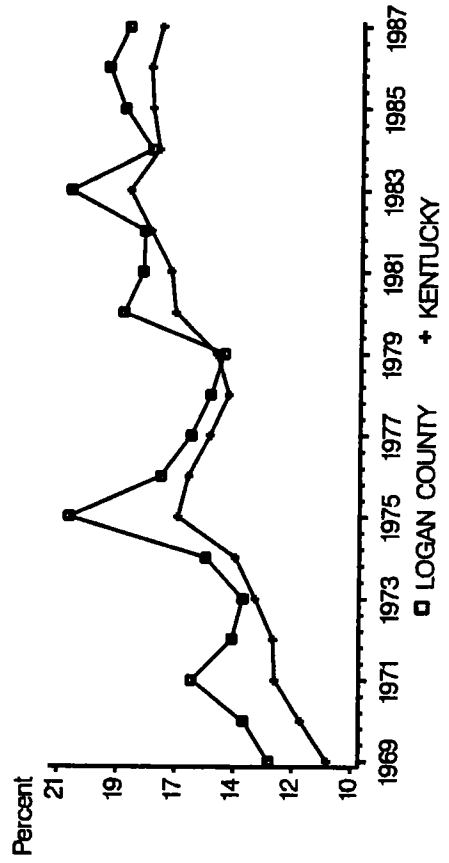


CHART 3A

LOGAN COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

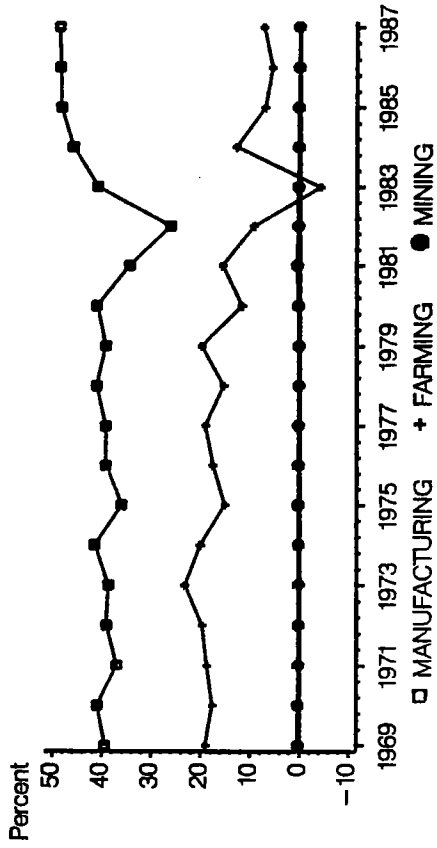


CHART 3B

LOGAN COUNTY

EARNINGS IN NON-GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

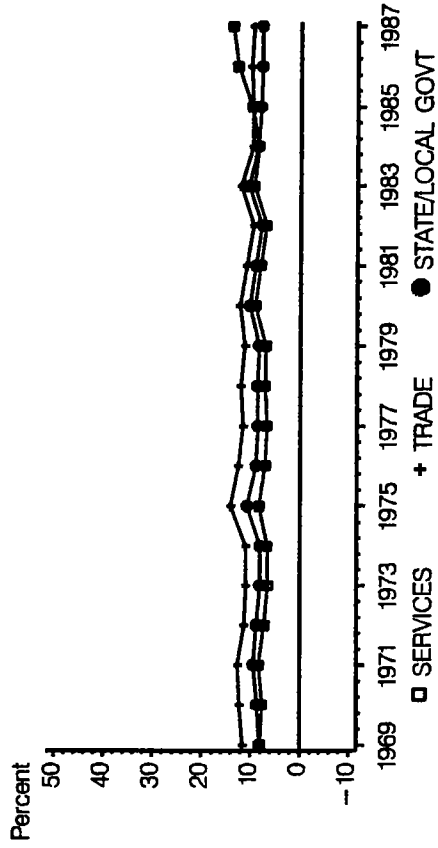


CHART 3C

LOGAN COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Kentucky Industries

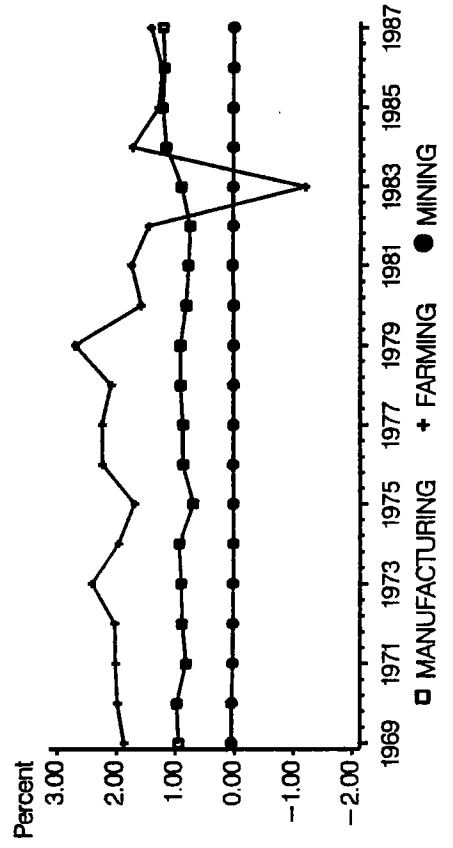


CHART 3D

LOGAN COUNTY

AVERAGE EARNINGS PER JOB  
in Constant 1988 Dollars

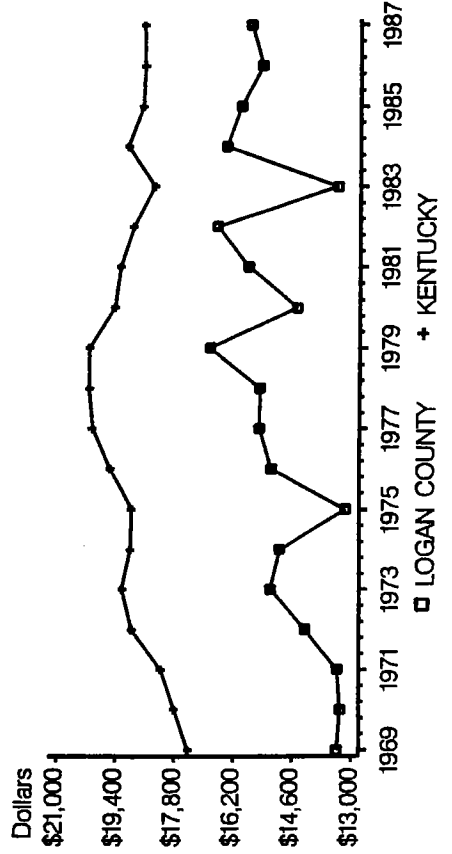


CHART 4A  
LOGAN COUNTY  
TOTAL EMPLOYMENT  
Thousands of People

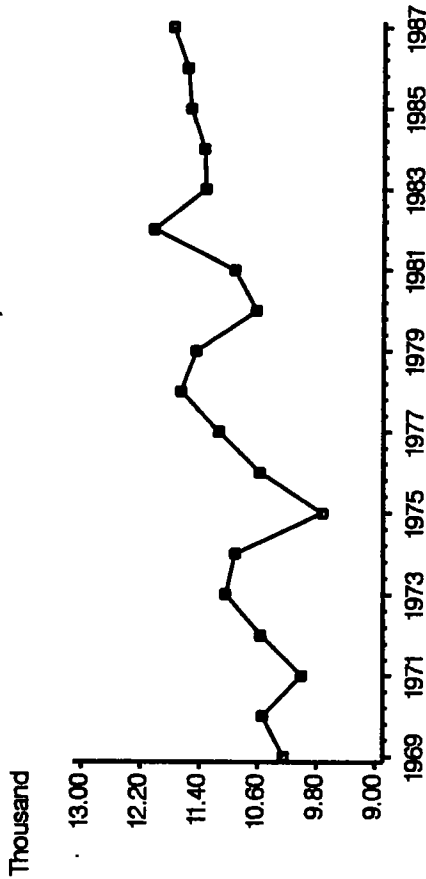


CHART 4B  
LOGAN COUNTY  
ANNUAL UNEMPLOYMENT RATE  
Percent

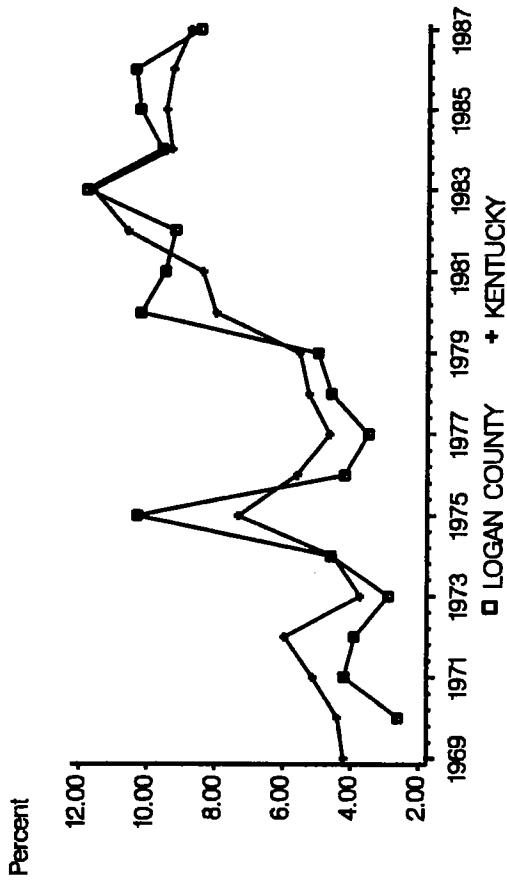


CHART 4C  
LOGAN COUNTY  
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

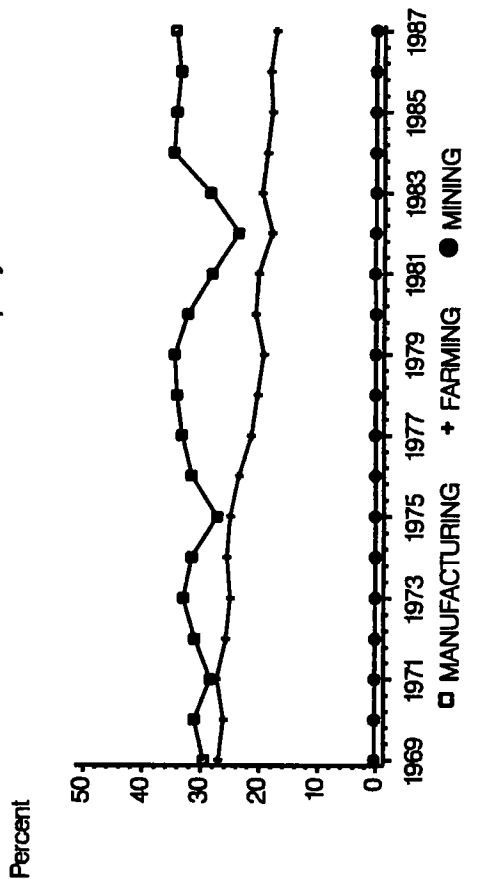


CHART 4D  
LOGAN COUNTY  
EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

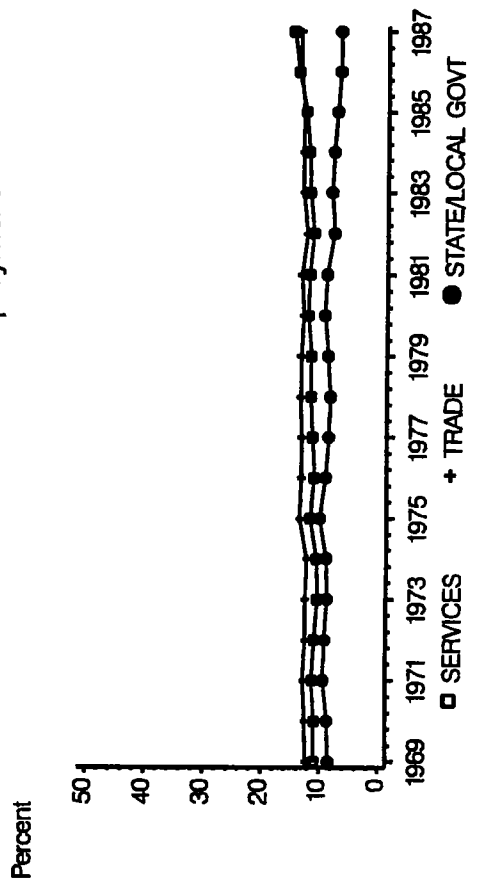


CHART 5A  
LOGAN COUNTY  
POPULATION  
Thousands of People

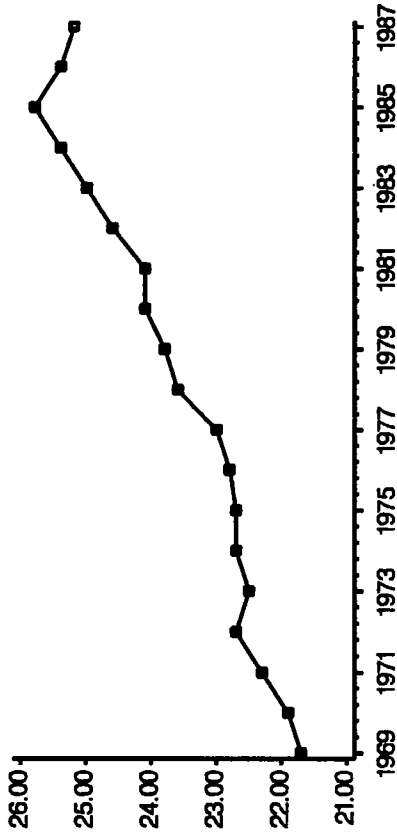


CHART 5B  
LOGAN COUNTY  
POPULATION  
as a Percent of Kentucky Population

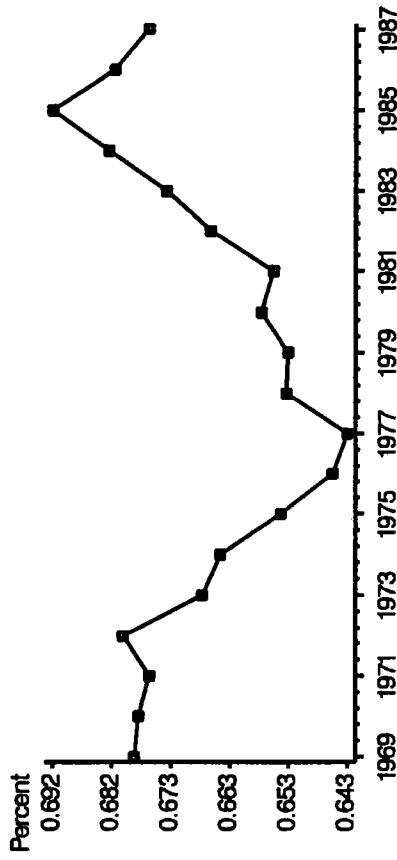


CHART 5C  
LOGAN COUNTY  
POPULATION 5 AND UNDER  
as a Percent of Total Population

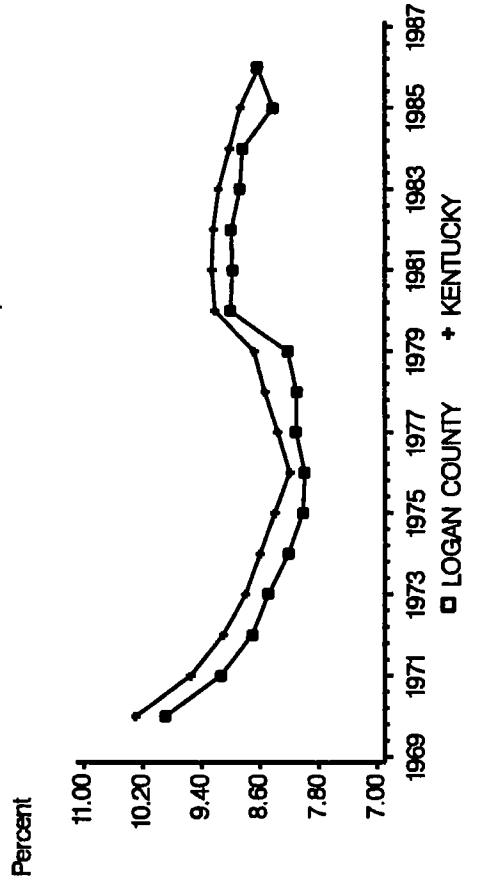
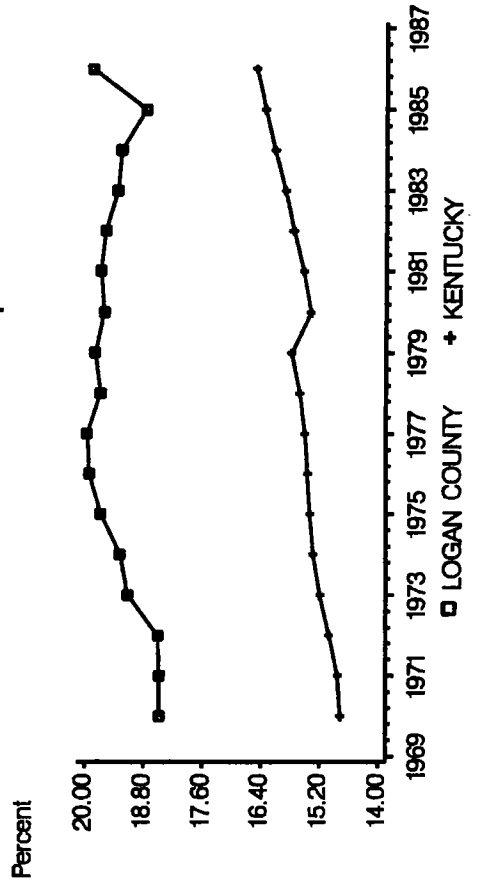


CHART 5D  
LOGAN COUNTY  
POPULATION 60 AND OVER  
as a Percent of Total Population



LOGAN COUNTY

PERSONAL INCOME  
In Constant 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	165	0.58	7,616	85.7
1970	171	0.58	7,839	86.0
1971	172	0.56	7,689	83.1
1972	189	0.58	8,320	85.4
1973	211	0.61	9,348	91.0
1974	210	0.59	9,283	89.6
1975	188	0.53	8,265	80.5
1976	220	0.58	9,648	89.9
1977	236	0.59	10,240	91.6
1978	245	0.59	10,372	89.7
1979	265	0.62	11,122	94.6
1980	238	0.56	9,851	85.4
1981	257	0.60	10,668	91.0
1982	269	0.63	10,936	94.7
1983	237	0.56	9,476	83.3
1984	277	0.62	10,934	91.2
1985	274	0.61	10,612	88.4
1986	268	0.59	10,553	86.2
1987	276	0.59	10,934	87.5

COMPONENTS OF PERSONAL INCOME  
In Constant 1988 Dollars

Year	EARNINGS			TRANSFER PAYMENTS			INCOME from PROPERTY		
	M\$	Percent of Personal Income		M\$	Percent of Personal Income		M\$	Percent of Personal Income	
		County	Kentucky		County	Kentucky		County	Kentucky
1969	129	78.2	79.2	22	13.1	10.9	14	8.7	9.9
1970	132	76.8	77.9	24	14.0	11.9	16	9.1	10.2
1971	128	74.6	77.0	27	16.0	12.9	16	9.4	10.1
1972	145	76.6	77.3	27	14.5	12.9	17	8.9	9.7
1973	162	77.1	76.6	30	14.1	13.6	19	8.8	9.7
1974	158	74.9	75.5	33	15.5	14.4	20	9.6	10.1
1975	127	67.8	73.3	39	20.6	16.5	22	11.6	10.1
1976	159	72.3	73.9	38	17.2	16.1	23	10.6	10.0
1977	172	73.2	74.6	38	16.1	15.3	25	10.8	10.1
1978	180	73.5	75.0	38	15.3	14.6	28	11.2	10.4
1979	196	73.8	74.1	39	14.8	15.1	30	11.4	10.8
1980	160	67.1	71.1	44	18.6	16.7	34	14.3	12.2
1981	173	67.3	69.3	46	17.9	16.8	38	14.8	13.8
1982	180	66.8	67.5	48	17.8	17.6	41	15.4	14.9
1983	147	62.0	66.6	49	20.6	18.4	41	17.5	15.1
1984	185	66.9	67.8	49	17.5	17.3	43	15.6	14.9
1985	180	65.8	67.2	51	18.6	17.6	43	15.6	15.3
1986	177	65.9	67.1	51	19.2	17.6	40	14.9	15.3
1987	184	66.9	67.5	51	18.4	17.2	41	14.7	15.3

LOGAN COUNTY

SECTOR EARNINGS as a PERCENT of TOTAL COUNTY EARNINGS and  
as a PERCENT of KENTUCKY SECTOR EARNINGS

YEAR	MANUFACTURING		FARMING		MINING	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	39.4	0.95	19.0	1.87	0.3	0.05
1970	41.0	0.98	17.7	1.98	0.3	0.04
1971	37.0	0.83	18.8	2.02	0.2	0.03
1972	39.1	0.89	19.8	2.03	0.2	0.02
1973	38.8	0.91	23.3	2.41	0.2	0.02
1974	41.5	0.94	20.2	1.97	0.2	0.02
1975	36.1	0.71	15.2	1.70	0.3	0.02
1976	39.3	0.88	17.6	2.24	0.3	0.02
1977	39.4	0.88	19.1	2.24	0.2	0.02
1978	41.2	0.92	15.4	2.09	0.2	0.01
1979	39.4	0.92	19.9	2.69	0.2	0.01
1980	41.2	0.83	11.8	1.59	0.3	0.02
1981	34.6	0.79	15.7	1.76	0.5	0.04
1982	26.2	0.77	9.4	1.46	0.3	0.02
1983	41.0	0.90	-4.2	-1.20	0.3	0.02
1984	46.1	1.16	12.9	1.74	0.2	0.02
1985	48.5	1.22	7.1	1.29	0.2	0.02
1986	48.7	1.19	5.7	1.22	0.1	0.01
1987	48.9	1.22	7.4	1.43	0.1	0.01

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	8.1	0.36	11.6	0.44	8.2	0.53
1970	7.6	0.34	12.2	0.45	8.7	0.54
1971	8.3	0.34	12.6	0.43	9.5	0.53
1972	7.2	0.32	11.3	0.42	8.8	0.53
1973	6.5	0.30	10.9	0.42	8.1	0.53
1974	6.6	0.31	11.0	0.42	8.1	0.52
1975	8.3	0.29	14.1	0.40	10.7	0.51
1976	7.1	0.29	12.6	0.43	8.9	0.51
1977	6.7	0.29	11.7	0.42	8.6	0.51
1978	7.1	0.30	12.0	0.42	8.7	0.51
1979	7.0	0.30	11.3	0.42	8.4	0.50
1980	9.2	0.31	12.3	0.39	10.3	0.50
1981	8.1	0.30	11.0	0.40	9.1	0.50
1982	6.9	0.30	9.5	0.41	7.8	0.50
1983	9.5	0.29	12.1	0.39	10.6	0.50
1984	8.5	0.30	9.7	0.38	8.6	0.49
1985	9.9	0.34	9.7	0.37	8.1	0.45
1986	12.8	0.38	10.1	0.37	7.9	0.40
1987	13.9	0.41	9.6	0.35	7.8	0.40

LOGAN COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	3,033	29.6	2,770	27.0	32	0.3
1970	3,282	31.2	2,755	26.1	29	0.3
1971	2,846	28.5	2,735	27.4	25	0.3
1972	3,279	31.0	2,726	25.8	20	0.2
1973	3,640	33.0	2,764	25.0	12	0.1
1974	3,445	31.6	2,792	25.6	11	0.1
1975	2,655	27.3	2,433	25.0	17	0.2
1976	3,344	31.6	2,480	23.4	17	0.2
1977	3,703	33.2	2,381	21.4	17	0.2
1978	3,975	34.1	2,362	20.3	15	0.1
1979	3,950	34.5	2,200	19.2	16	0.1
1980	3,429	32.3	2,189	20.6	15	0.1
1981	3,082	28.2	2,206	20.2	32	0.3
1982	2,840	23.6	2,158	17.9	23	0.2
1983	3,227	28.5	2,221	19.6	16	0.1
1984	3,940	34.7	2,122	18.7	18	0.2
1985	3,950	34.2	2,063	17.9	17	0.1
1986	3,877	33.5	2,107	18.2	13	0.1
1987	4,047	34.4	2,032	17.3	12	0.1

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	1,124	11.0	1,269	12.4	864	8.4
1970	1,142	10.8	1,319	12.5	911	8.6
1971	1,125	11.3	1,284	12.8	933	9.3
1972	1,150	10.9	1,321	12.5	959	9.1
1973	1,147	10.4	1,385	12.5	965	8.7
1974	1,157	10.6	1,345	12.3	972	8.9
1975	1,143	11.8	1,315	13.5	978	10.1
1976	1,163	11.0	1,407	13.3	959	9.1
1977	1,259	11.3	1,481	13.3	952	8.5
1978	1,362	11.7	1,572	13.5	967	8.3
1979	1,333	11.6	1,535	13.4	997	8.7
1980	1,297	12.2	1,387	13.1	991	9.3
1981	1,308	12.0	1,465	13.4	987	9.0
1982	1,357	11.3	1,500	12.5	937	7.8
1983	1,355	12.0	1,487	13.1	932	8.2
1984	1,380	12.2	1,502	13.2	893	7.9
1985	1,463	12.7	1,502	13.0	848	7.4
1986	1,618	14.0	1,585	13.7	794	6.9
1987	1,744	14.8	1,605	13.6	799	6.8



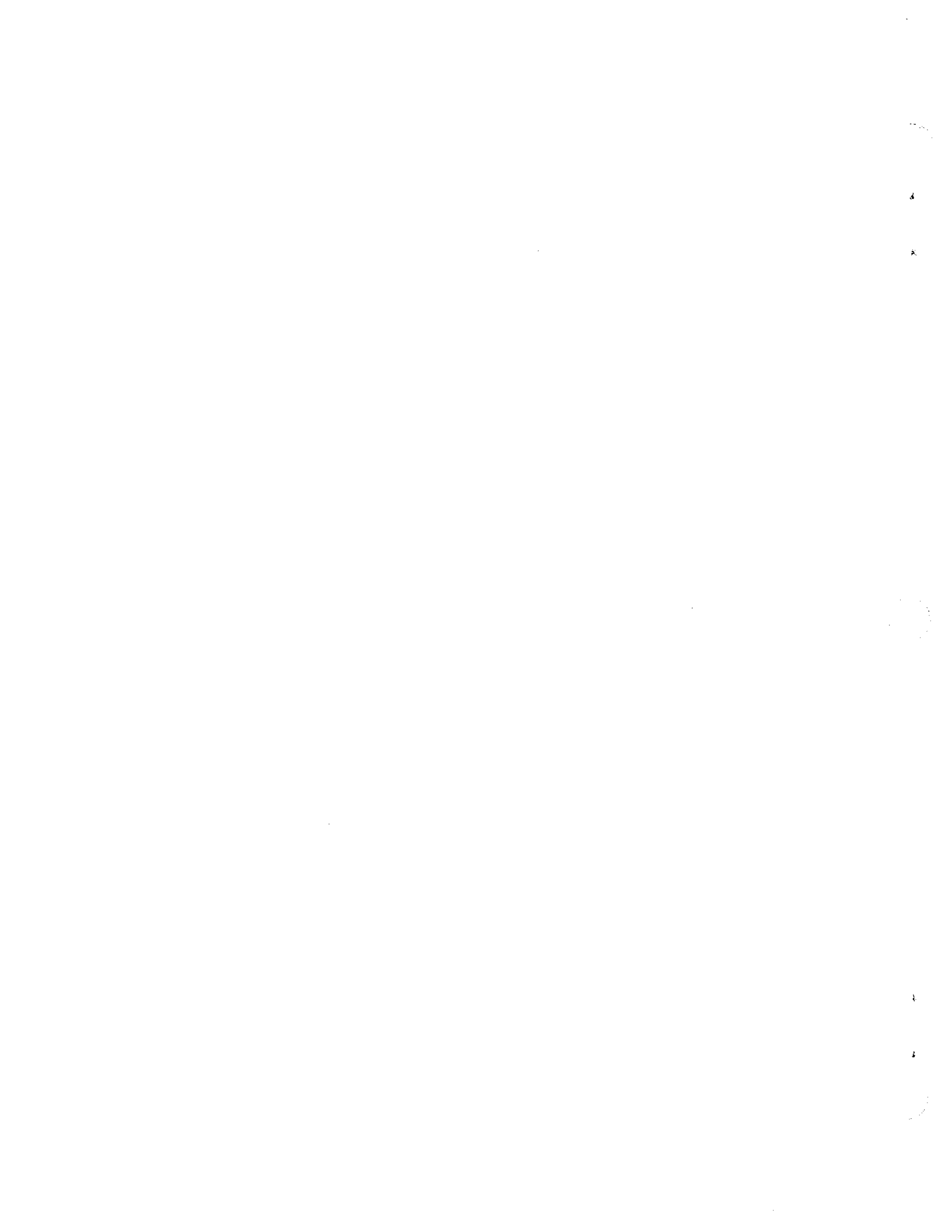
LOGAN COUNTY

EMPLOYMENT STATISTICS

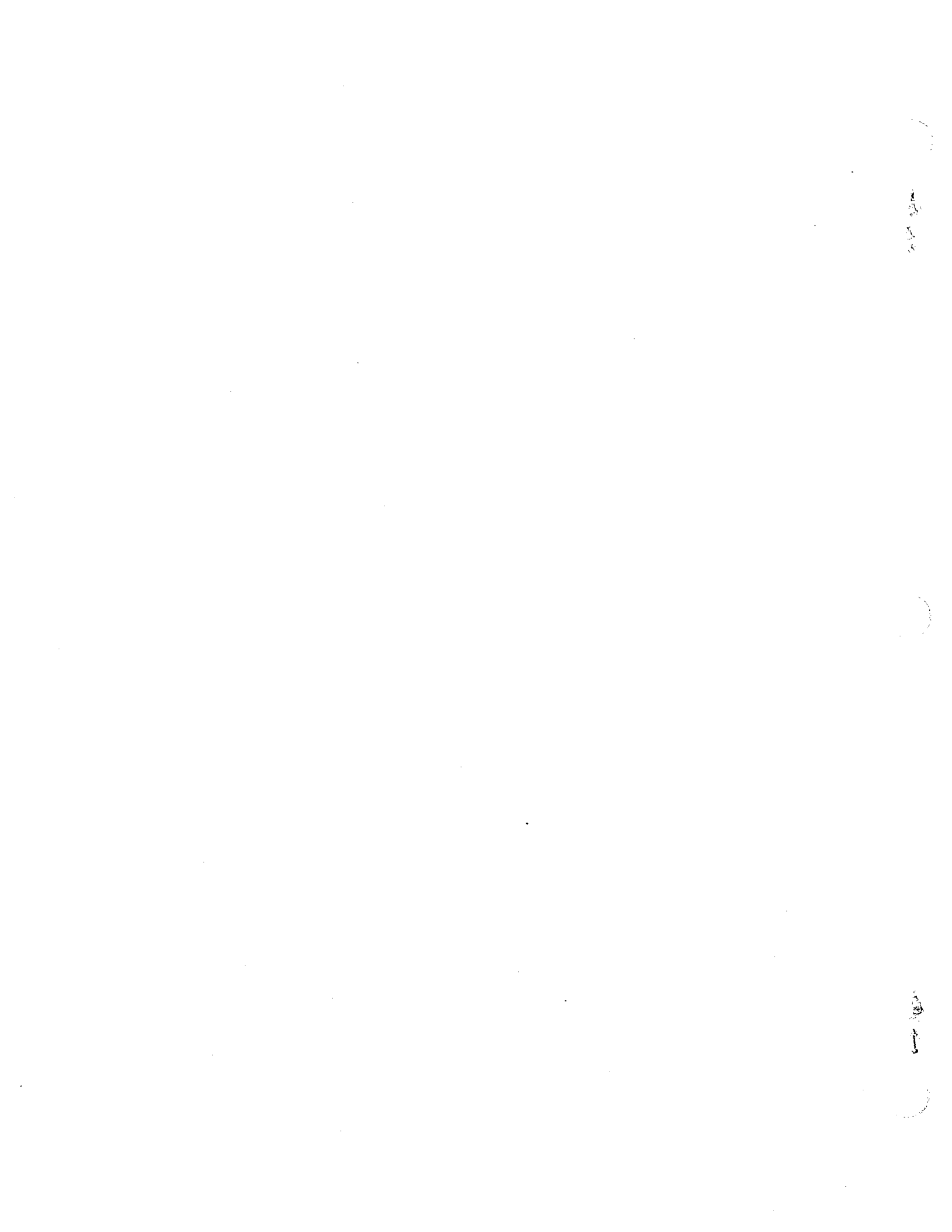
YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	10,252	\$13,388	\$17,440	.	4.2
1970	10,536	\$13,295	\$17,811	2.6	4.4
1971	10,000	\$13,376	\$18,166	4.2	5.1
1972	10,561	\$14,252	\$18,970	3.9	6.0
1973	11,044	\$15,201	\$19,232	2.9	3.7
1974	10,914	\$14,951	\$19,008	4.6	4.5
1975	9,722	\$13,165	\$18,976	10.3	7.3
1976	10,578	\$15,189	\$19,563	4.2	5.6
1977	11,140	\$15,517	\$20,031	3.5	4.7
1978	11,657	\$15,493	\$20,121	4.6	5.3
1979	11,448	\$16,844	\$20,110	5.0	5.5
1980	10,628	\$14,479	\$19,439	10.2	8.0
1981	10,931	\$15,811	\$19,286	9.5	8.4
1982	12,029	\$16,657	\$18,931	9.2	10.6
1983	11,330	\$13,391	\$18,358	11.8	11.6
1984	11,350	\$16,406	\$19,080	9.6	9.3
1985	11,533	\$16,010	\$18,676	10.3	9.5
1986	11,579	\$15,439	\$18,627	10.4	9.3
1987	11,775	\$15,742	\$18,636	8.5	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER AGE 6		PERCENT AGE 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	21,700	0.68	.	.	.	.
1970	21,900	0.68	9.9	10.3	18.5	14.8
1971	22,300	0.68	9.1	9.6	18.5	14.8
1972	22,700	0.68	8.7	9.1	18.5	15.0
1973	22,500	0.67	8.5	8.8	19.1	15.2
1974	22,700	0.66	8.2	8.6	19.3	15.3
1975	22,700	0.65	8.0	8.4	19.7	15.4
1976	22,800	0.65	8.0	8.2	19.9	15.5
1977	23,000	0.64	8.1	8.4	20.0	15.5
1978	23,600	0.65	8.1	8.5	19.7	15.6
1979	23,800	0.65	8.2	8.7	19.8	15.8
1980	24,100	0.66	9.0	9.2	19.6	15.4
1981	24,100	0.66	9.0	9.3	19.7	15.5
1982	24,600	0.67	9.0	9.2	19.6	15.7
1983	25,000	0.67	8.9	9.2	19.3	15.9
1984	25,400	0.68	8.8	9.0	19.3	16.1
1985	25,800	0.69	8.4	8.9	18.8	16.3
1986	25,400	0.68	8.6	8.6	19.8	16.5
1987	25,200	0.68	.	.	.	.

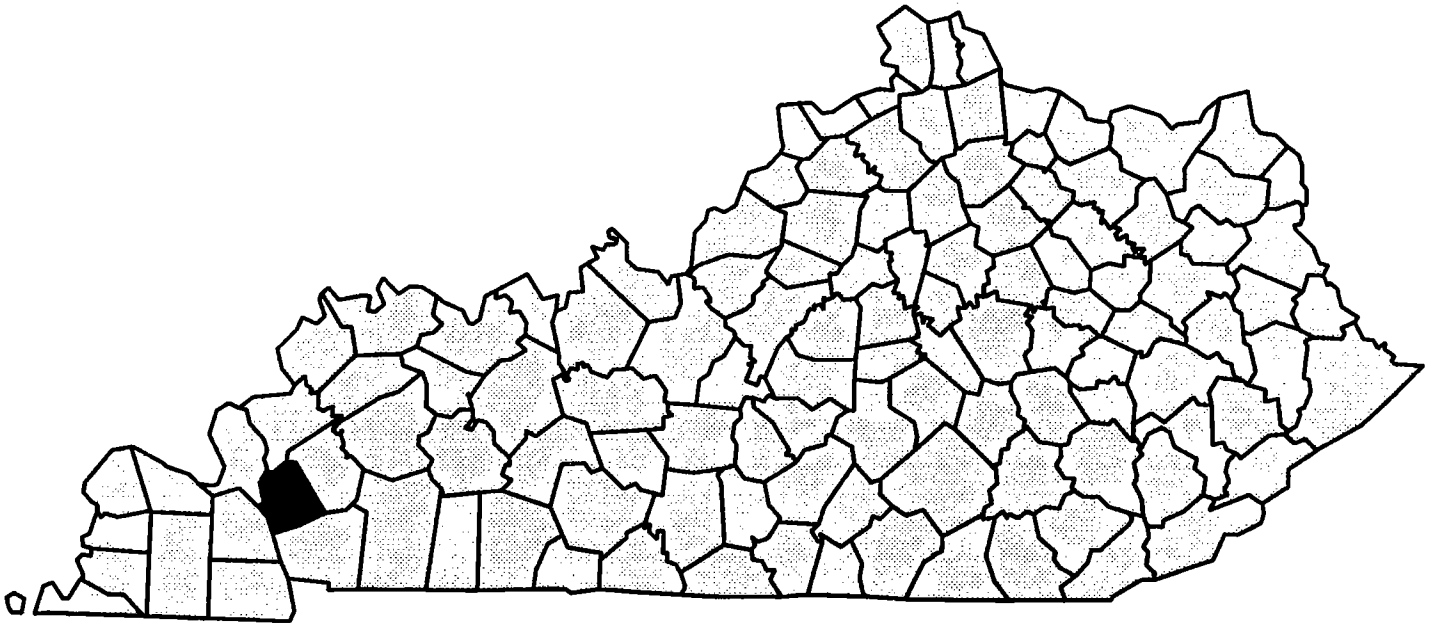






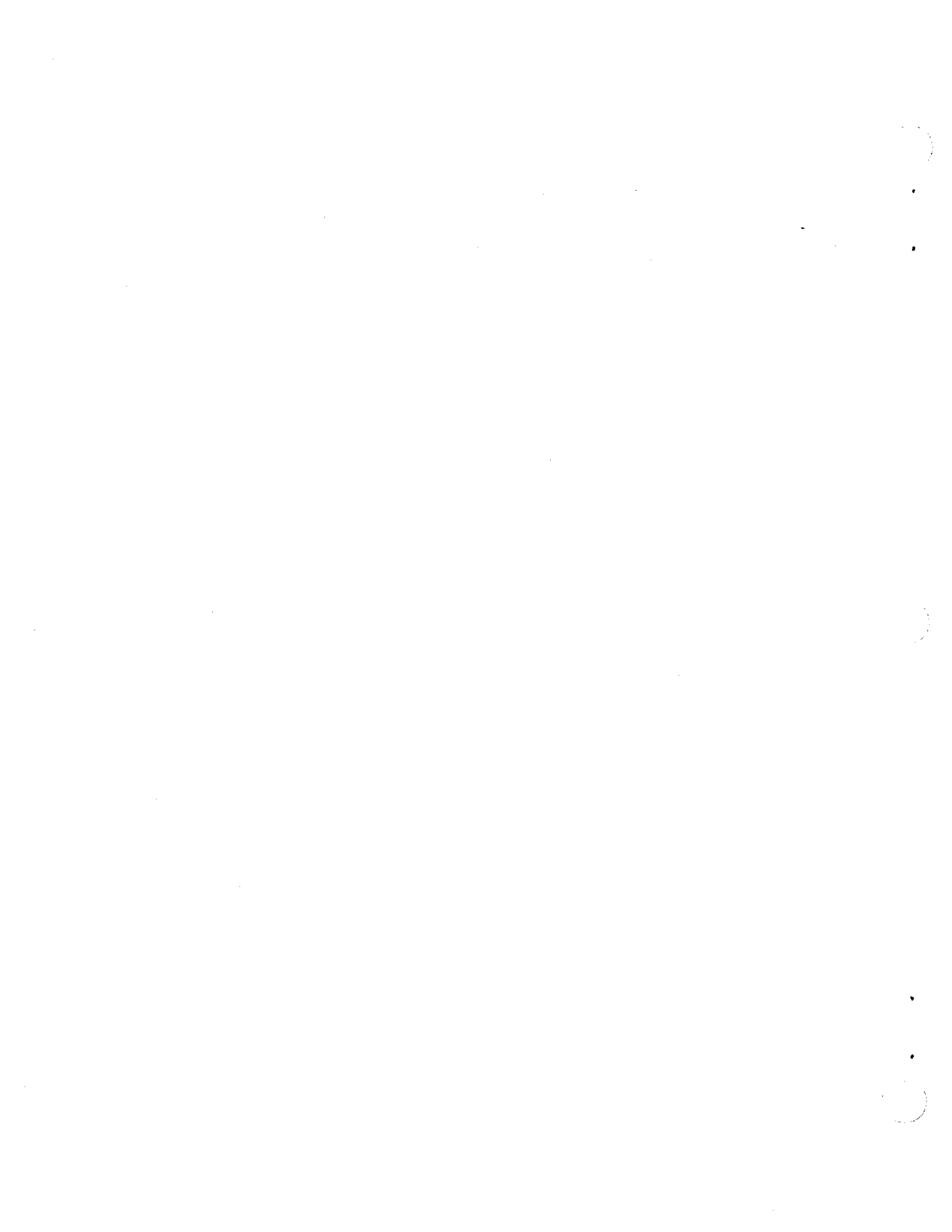
ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

LYON COUNTY



Prepared by  
Virginia Wilson  
Donna A. Cantrell

RESEARCH MEMORANDUM 438  
Legislative Research Commission  
Frankfort, Kentucky  
February, 1990



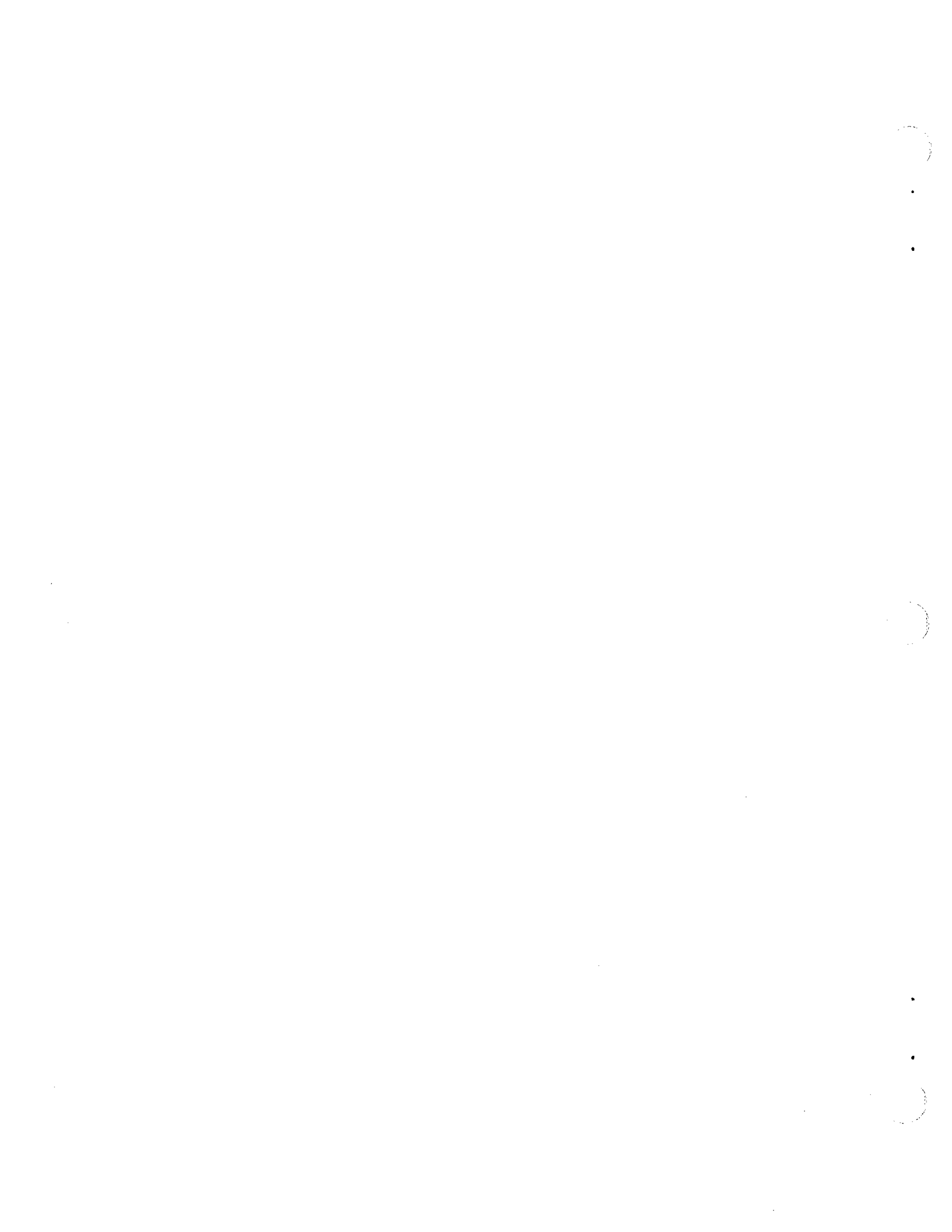
ECONOMIC TRENDS IN  
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1969 – 1987

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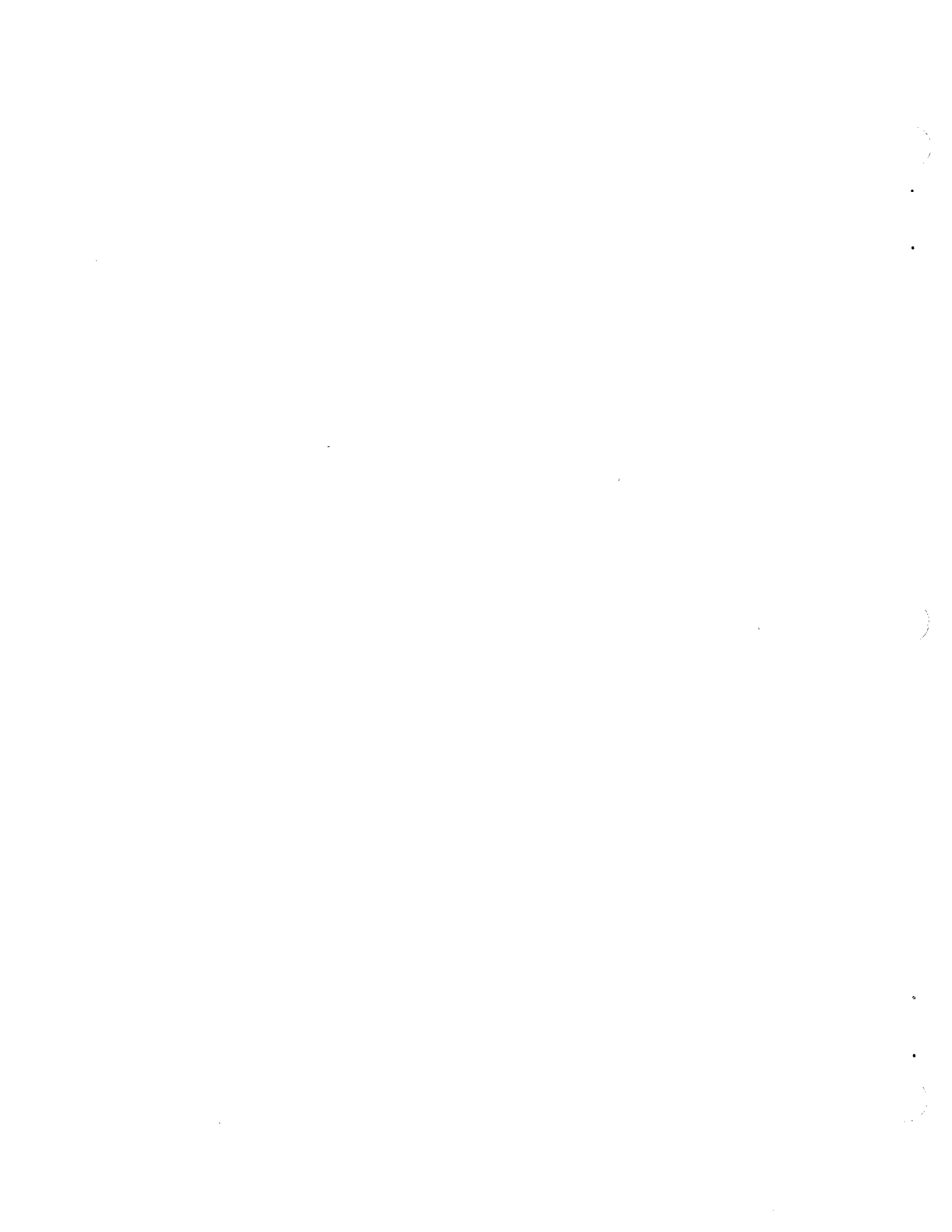
## FOREWORD

This publication is one of a set of 120, highlighting economic trends in each county in Kentucky from 1969-1987. This effort is part of the ongoing activities sponsored by the Legislative Research Commission to provide a long-term perspective on issues for decision makers. The economies of individual counties do not always parallel overall state trends. This set of publications is an attempt to look at the economic trends in each county over time and to point out where the economies of individual counties may be performing differently from the economy of the state as a whole.

This publication was prepared by Virginia Wilson and Donna Cantrell. Susan Dance assisted in production of the manuscript and Charles Bush edited the report. The assistance of Carol Straus from the Center for Business and Economic Research at the University of Kentucky in deciphering data is gratefully acknowledged.

Vic Hellard, Jr.  
Director

The Capitol  
Frankfort  
February, 1990



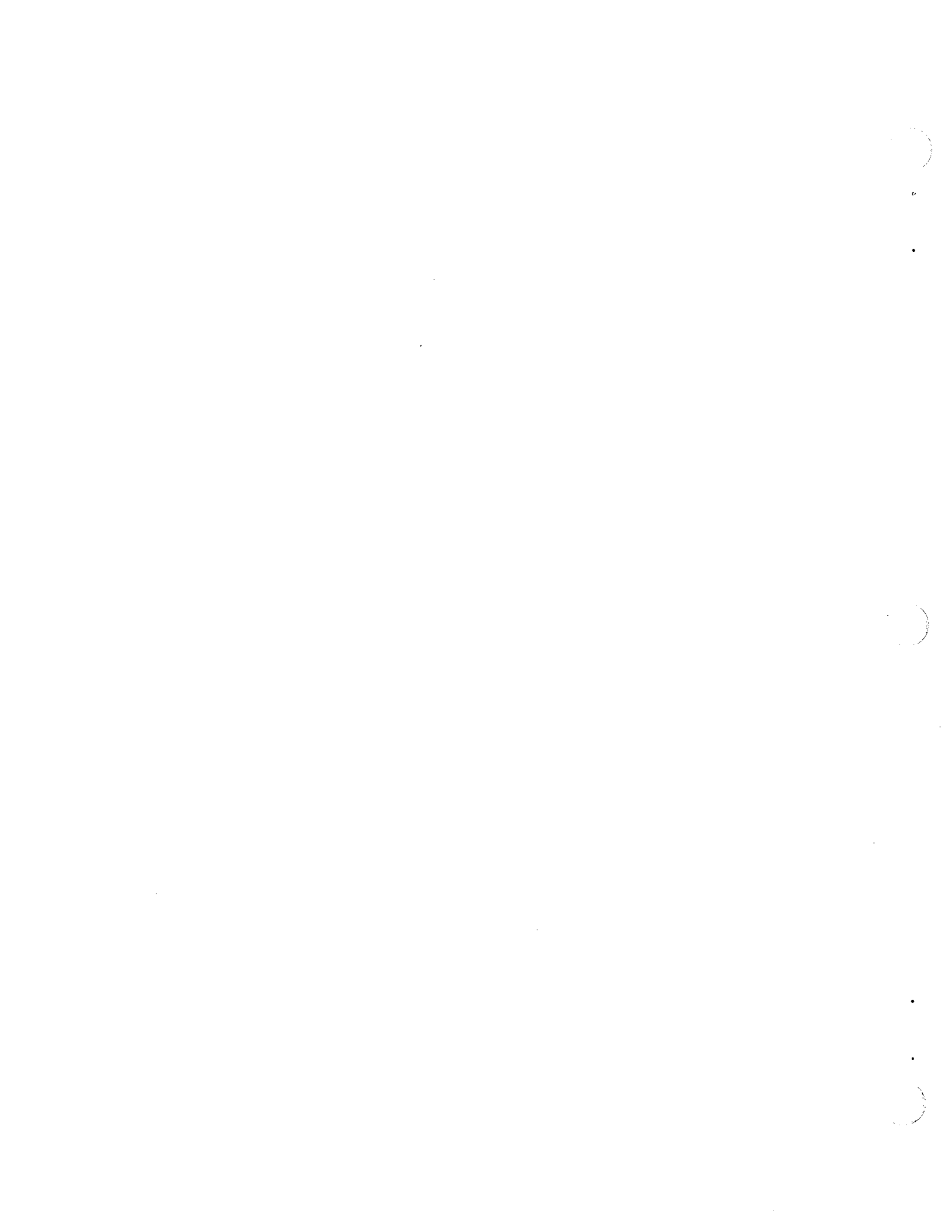
## SUMMARY

The Lyon County economy, as measured by personal income, grew moderately from 1969 to 1987. This economic growth was dampened by sharp declines in the earnings component of personal income, corresponding to the recessionary periods in 1975 and 1982-1983.

Lyon County received a smaller percent of income from earnings and a larger percent from transfer payments than did the state. Lyon County had a much higher percentage of population age sixty or over than the state. This may partly explain the relatively high percent of personal income from transfer payments. Elderly residents would be more likely to receive retirement and medical benefits, which are classified as transfer payments.

The Lyon County economy differed from that of the state in that it was characterized by a heavy concentration in the state and local government sector. This sector was the primary source of earnings throughout the period. The growth sectors of the state economy were services and trade. In Lyon County, service sector employment increased while earnings remained constant. The trade sector decreased its share of both earnings and employment.

Lyon County had a significant increase in the manufacturing sector in the early 1970's. Since then, this sector has generally maintained its share of the county economy. The farm sector also experienced a decline through the period. These sectors declined at the state level during the period as well.



## INTRODUCTION

This is one of a series of reports called Economic Trends in Kentucky Counties. The purpose of this series is to describe the economic structure of Kentucky counties and to assess their economic performance relative to their own history and relative to the Kentucky economy. Information on the structure and patterns of change in county economies and an understanding of their relationship to the Kentucky economy can help in making policy decisions that are intended to shape Kentucky's economic future.\*

When assessing any economy there are several pertinent questions which may be addressed. The first concerns changes in the absolute size of the economy over time. Here the relevant comparison is between the county economy and its own history. Since most economic variables are given in dollars and since inflation causes the value of a dollar to vary over time, all dollar values in this report are presented in constant 1988 dollars. This allows analysis of real changes over time by controlling for the effects of inflation.

A second question concerns the structure and nature of the county economy. The structure of an economy refers to the relative share contributed by the various segments of the economy, while the nature deals with how this share has changed over time.

A third question concerns the performance of the county economy when compared to the Kentucky economy. For example, if a county has a higher proportion of earnings or employment in a particular sector it would indicate a specialization in that sector. Differences in economic structure may explain variations in relative economic well-being between a county and the state as a whole.

Economic data for counties are usually published after a lag of two years. Therefore, most data in this report cover the period 1969 to 1987. All data for this report was obtained from the Kentucky Economic Information System, an on-line database maintained by the University of Kentucky Center for Business and Economic Development.

There are certain caveats which should be remembered when analyzing data. First, it is a common and useful approach to evaluate the percentage an economic sector contributes to the total economy. However, one must remember that a sector's percentage contribution may decline even when its absolute value is increasing if another sector's contribution is growing at a faster rate. Secondly, when reviewing data in graphical analyses, the scales used to present data should be noted. In this report most graphs are presented with the narrowest scale which will cover all data points. This can accentuate visual patterns over time even when absolute changes are relatively small.

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\*For an analysis of economic trends in Kentucky, see Virginia Wilson, Patterns of Growth and Decline in the Kentucky Economy 1969-1988, Research Memorandum 437, Legislative Research Commission, November 1989.



## ECONOMIC TRENDS IN LYON COUNTY

The following analysis includes a brief description of the county economy and is accompanied by graphical illustrations. Data tables are also included at the end of this report. Three principal components of the Lyon County economy are analyzed. They are:

1. Personal Income
2. Earnings
3. Employment

### Personal Income

Personal income is often used as a measure of the economic activity in an area. Personal income is the sum of all the dollar income received by individuals in an area from any legal source. Personal income data is published by the Bureau of Economic Analysis (BEA) for most major geographic regions, including states, counties, and major cities.

In general, income can be obtained in three ways. First, it can be earned by the work of an individual. This type of income includes wage and salary income and proprietors' earnings. Second, income can be earned by property. This component includes earnings from rents, dividends, and interest. Finally, income can be received as a gift or an entitlement. This type of income constitutes the component of personal income called transfer payments. Included in this component is income from sources such as retirement benefits, unemployment benefits, food stamps, and medical programs such as Medicare and Medicaid.

As can be seen in Chart 1A, the Lyon County economy, as measured by personal income, increased from \$34 million in 1969 to \$66 million in 1987, after adjusting for inflation. Chart 1B shows Lyon County total personal income as a percent of Kentucky total personal income. Lyon County generally maintained its share of Kentucky personal income after the mid-1970's.

A similar pattern emerges from an examination of per capita personal income. Per capita personal income is simply the total personal income of an area divided by its population. Per capita personal income is often used as a measure of the economic well-being of the residents of an area. Charts 1C and 1D indicate that Lyon County per capita income increased over the time period to a level of \$10,445 in 1987, when it was 83.6 percent of Kentucky per capita personal income.

A better understanding of the nature of economic activity can be gleaned from an examination of the relative contribution of the components of personal income and how their shares have changed over time. This information is illustrated in Charts 2A-2D. Total earnings increased in the early 1970's and dropped significantly in the recession years of 1975 and 1982-83. In 1987, earnings totaled \$39 million. Earnings as a percent of personal income declined over time. This trend occurred at the state level as well. In 1987,

earnings accounted for 59.1 percent of Lyon County's total personal income, which was less than Kentucky's 67.5 percent share.

Transfer payments contributed \$5 million to total personal income in 1969 and \$15 million in 1987. During the period, transfer payments contributed a higher percentage of personal income in Lyon County than in Kentucky.

Income from property in Lyon County grew steadily through the time period. Income from property totalled \$4 million in 1969 and increased to \$12 million in 1987.

## Earnings

Earnings are the component of personal income reflecting payments to individuals in return for labor. Earnings include both wages and salaries and proprietor's income. Earnings from the farm sector have been volatile (Chart 3A). The percent of earnings from the farm sector generally decreased, from 18.6 percent in 1969 to 13.4 percent in 1987. The trend toward a declining share of earnings from the farm sector is consistent with state and national trends. In 1969, Lyon County received 2.9 percent of total earnings from manufacturing. This percentage increased dramatically in 1970 and reached 16.5 percent in 1987. At the state level, manufacturing's share of earnings declined steadily over the period.

Earnings from non-goods-producing industries as a percent of total earnings are illustrated in Chart 3B. The percent of earnings from the service sector was generally constant and accounted for 10.1 percent in 1987. The trade sector's share of earnings decreased from 11.9 percent in 1969 to 6.8 percent in 1987. The state and local government sector was the primary source of earnings in Lyon County. The share of earnings from the state and local government sector decreased through the 1970's but increased in the 1980's. By 1987, 34.4 percent of earnings was from the state and local government sector. At the state level, the percent of earnings from services increased, while the percents of earnings from trade and state and local government were stable.

Average earnings per job (adjusted for inflation) for Lyon County and Kentucky are shown in Chart 3D. In Kentucky, average earnings per job reached a high of \$20,121 per person in 1978. Since then, average earnings per job declined and in 1987 they were \$18,636 per person. In Lyon County, average earnings were volatile. They were \$14,616 in 1987, which was well below those of the state.

## Employment

Employment is considered any activity for which one receives financial remuneration in the form of wages or profits. Total employment in Lyon County increased during the data period. In 1969, total employment stood at 1,265 people. By 1987, that figure had increased to 2,107.

The unemployment rate, often used as an indicator of economic well-being, is the ratio of unemployed to the total civilian labor force.



Unemployment is described as a condition of being out of work while actively seeking employment within the last thirty days. The civilian labor force is described as the proportion of population age 16 or older employed or actively seeking employment. Annual unemployment rates for Kentucky and Lyon County are presented in Chart 4B. Unemployment rates in Lyon County decreased dramatically in 1971, then generally followed state trends. In 1987, the county unemployment rate was 8.3 percent, compared to 8.8 percent for Kentucky.

Another employment concept includes the discouraged worker. Discouraged workers are persons who want jobs but made no attempt to find work in the last thirty days because they believe they could not find it. These individuals are not included when calculating official unemployment rates. The Cabinet for Human Resources does not estimate discouraged workers by county. However, preliminary research by the Cabinet indicates that the inclusion of discouraged workers in the civilian labor force estimate would increase the unemployment rate by approximately four percent for the state. This figure would vary by county depending on the labor market in a county or within commuting distance.

Employment in the goods-producing industries is illustrated in Chart 4C. The percent of total employment in manufacturing increased from 1.1 percent in 1969 to 14.3 percent in 1971. By 1987, 12.0 percent of county employment was in the manufacturing sector. At the state level, manufacturing's share of employment declined. The farm sector's share of county employment decreased from 31.9 percent of total employment in 1969 to 18.7 percent in 1987.

Employment in the non-goods-producing industries is presented in Chart 4D. Employment in the trade sector decreased from 15.6 percent in 1969 to 9.6 percent in 1987. The percent of employment in the service sector increased from 10.4 percent in 1969 to 15.4 percent in 1987. The employment share in state and local government remained relatively constant and accounted for 27.5 percent in 1987. At the state level, employment shares in both the service and trade sectors increased, while the government employment share remained constant.

## **Population**

The census conducted each decade counts the actual population in an area. Population is then statistically estimated during intervening years. The demographic composition of this population growth has important implications for the future demand for goods and services, and ultimately, the economic structure of Lyon County.

The Lyon County population grew from 5,600 in 1969 to 6,700 in 1981 (Chart 5A). However, population subsequently declined and was 6,300 in 1987. Lyon County had a smaller proportion of younger residents and a larger proportion of older residents than the state. It was estimated that in 1986, 4.7 percent of Lyon County's population was under six years of age, compared to 8.6 percent for the state. Conversely, for the same year 24.0 percent of the Lyon County population was sixty years of age and over, while 16.5 percent of all Kentucky residents fell in this age group.

CHART 1A  
LYON COUNTY  
REAL PERSONAL INCOME  
Millions of 1988 dollars

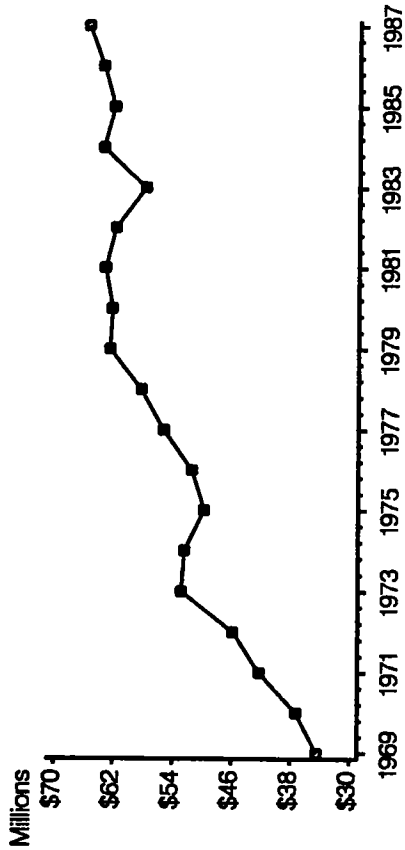


CHART 1B  
LYON COUNTY  
PERSONAL INCOME  
as a Percent of Kentucky Personal Income

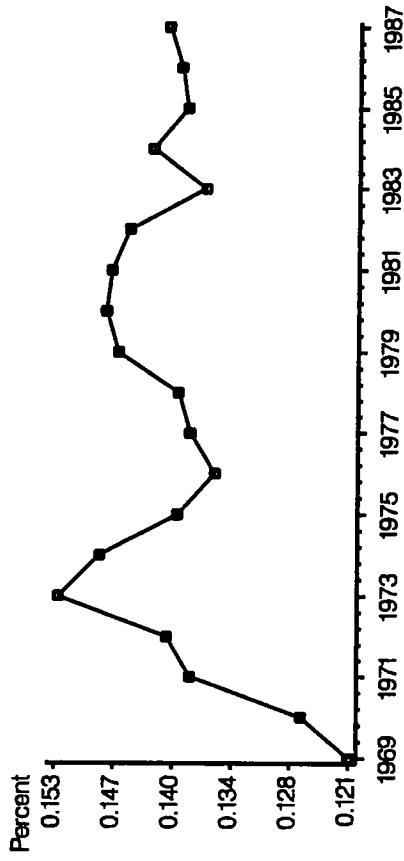


CHART 1C  
LYON COUNTY  
PER CAPITA PERSONAL INCOME  
in Constant 1988 Dollars

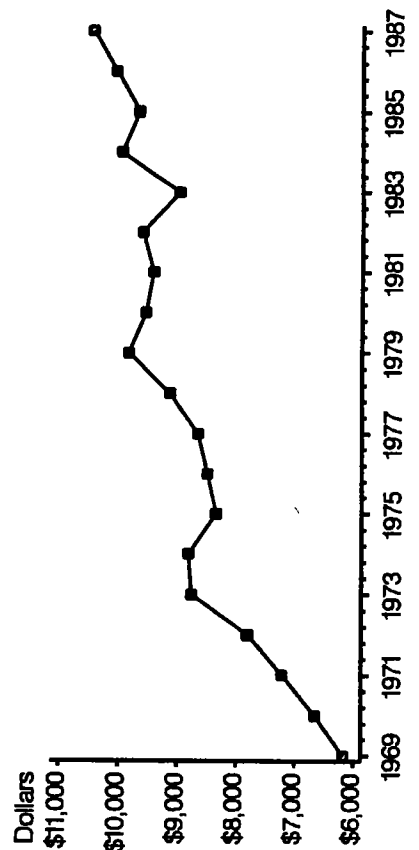


CHART 1D  
LYON COUNTY  
PER CAPITA PERSONAL INCOME  
as a Percent of Kentucky Per Capita Personal Income

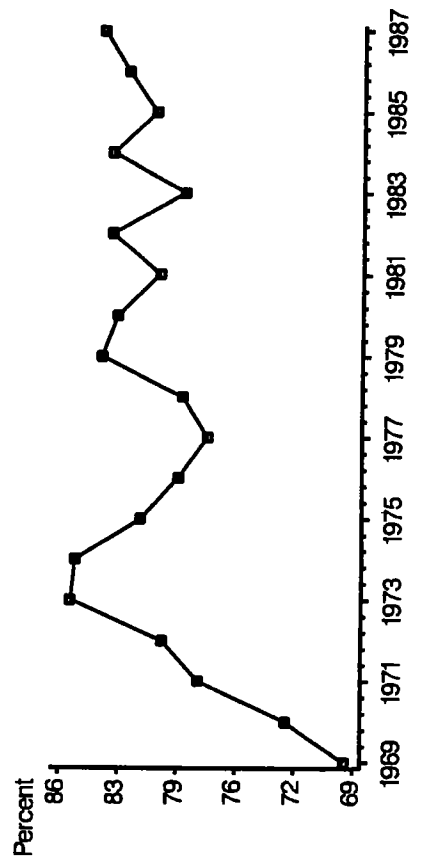


CHART 2A  
LYON COUNTY  
REAL TOTAL EARNINGS  
Millions of 1988 dollars

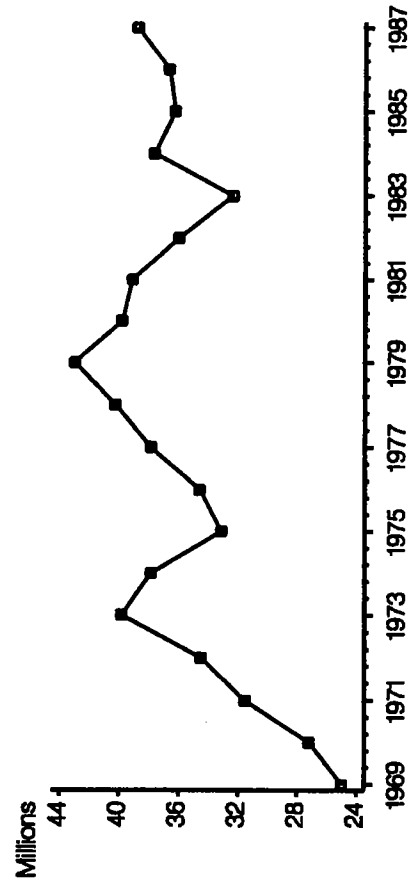


CHART 2B  
LYON COUNTY  
TRANSFER PAYMENTS and INCOME FROM PROPERTY  
Millions of 1988 Dollars

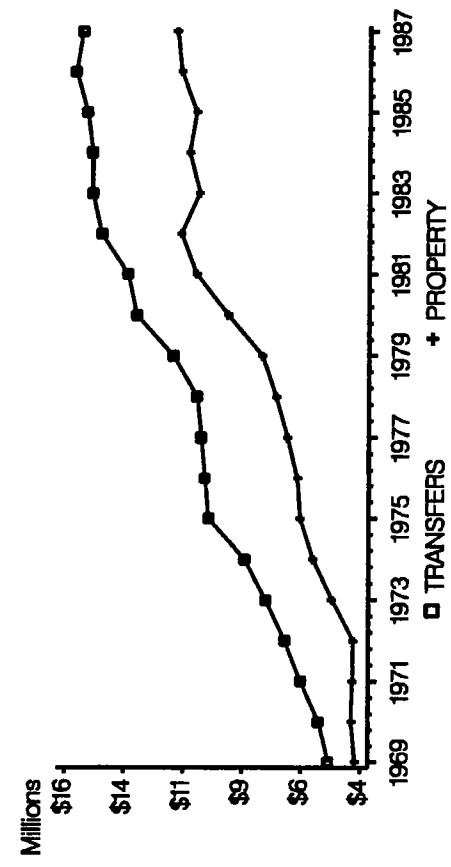


CHART 2C  
LYON COUNTY  
TOTAL EARNINGS  
as a Percent of Personal Income

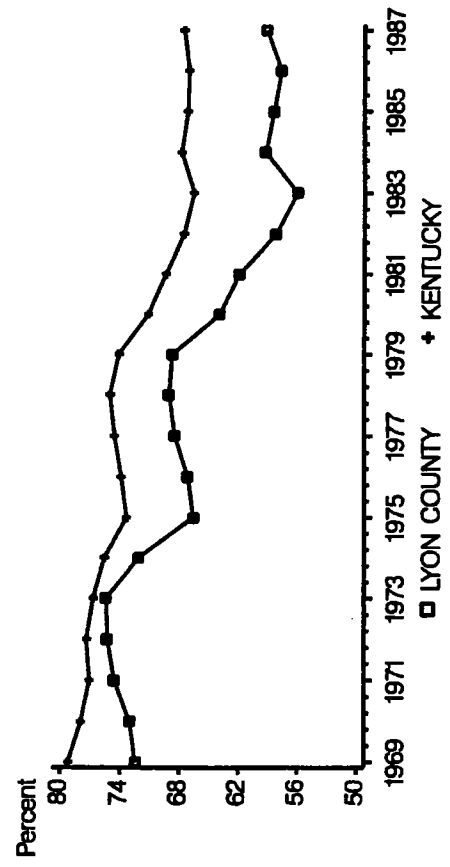


CHART 2D  
LYON COUNTY  
TRANSFER PAYMENTS  
as a Percent of Personal Income

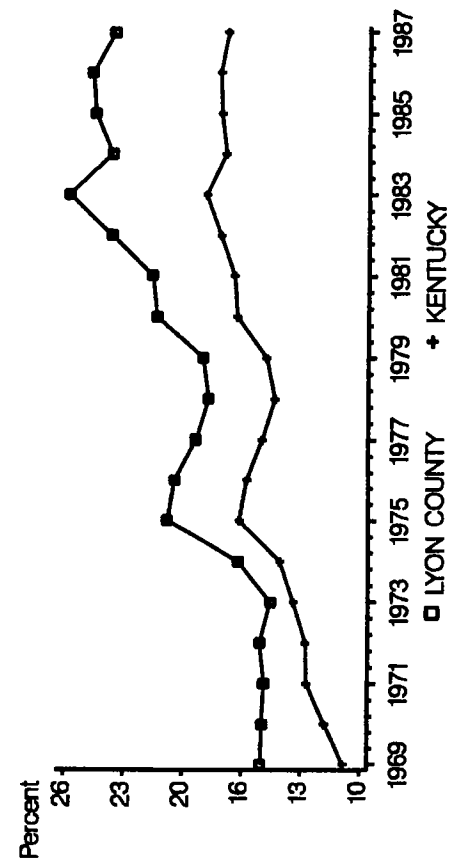


CHART 3A

LYON COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

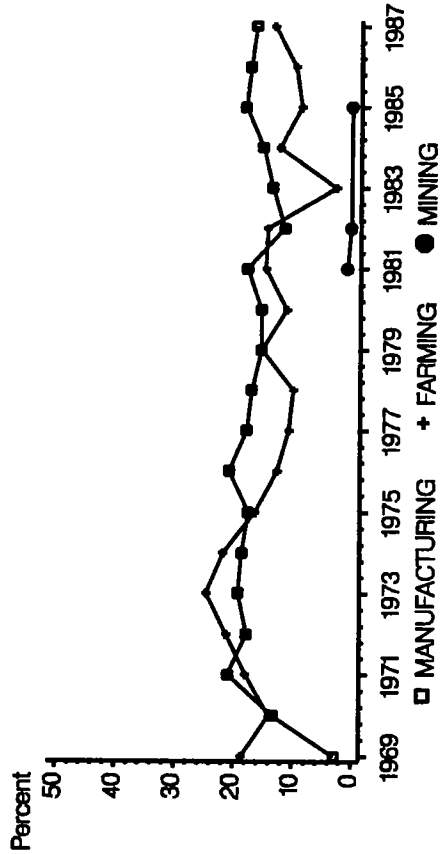


CHART 3B

LYON COUNTY

EARNINGS IN NON - GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

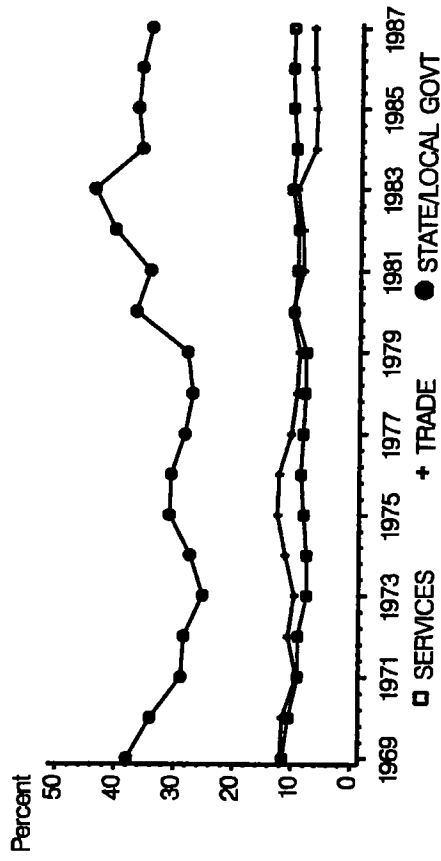


CHART 3C

LYON COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Kentucky Industries

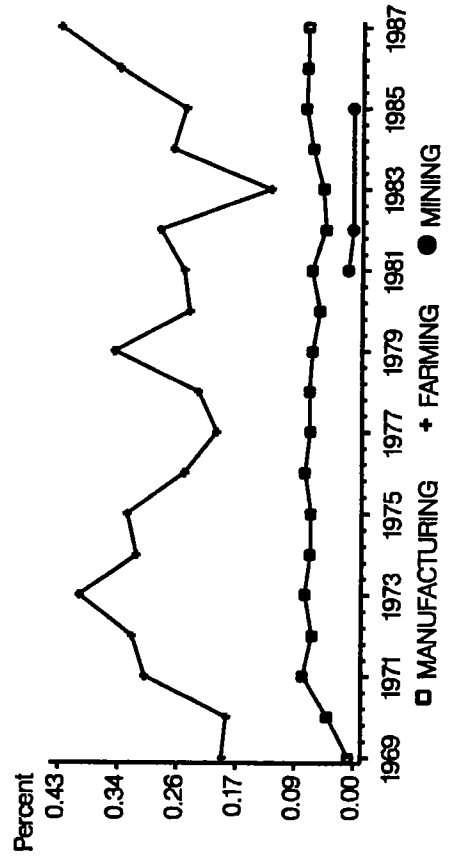


CHART 3D

LYON COUNTY

AVERAGE EARNINGS PER JOB  
in Constant 1988 Dollars

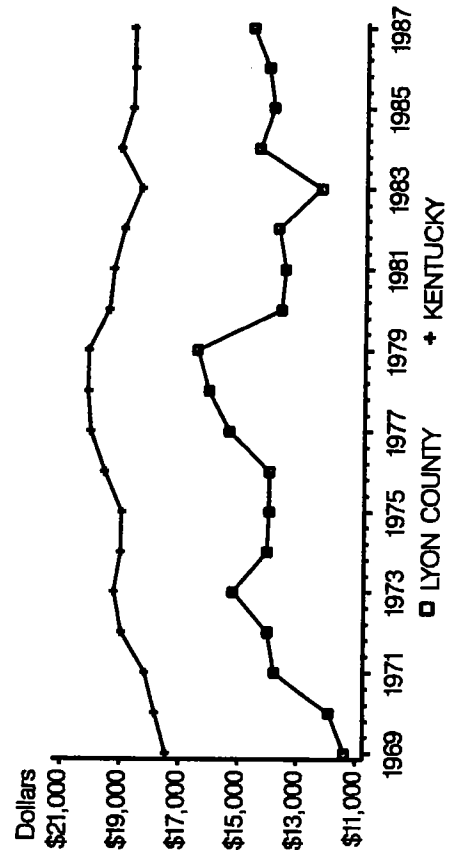


CHART 4A

LYON COUNTY

TOTAL EMPLOYMENT

Thousands of People

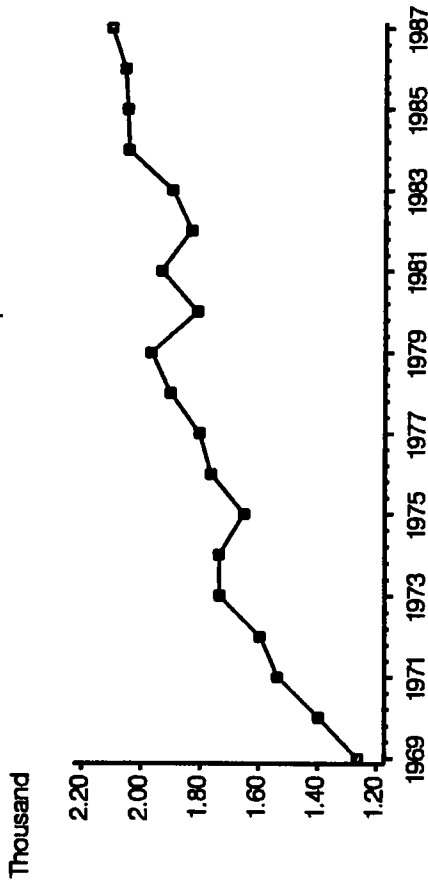


CHART 4B

LYON COUNTY

ANNUAL UNEMPLOYMENT RATE

Percent

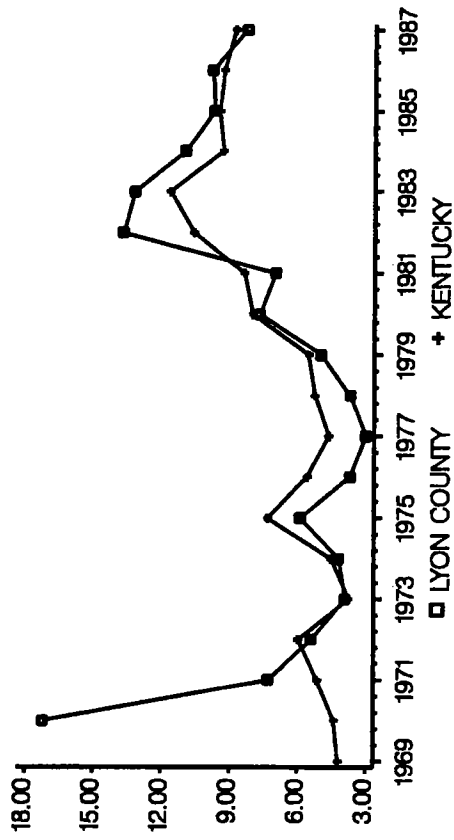


CHART 4C

LYON COUNTY

EMPLOYMENT IN GOODS PRODUCING INDUSTRIES

as a Percent of Total Employment

Percent

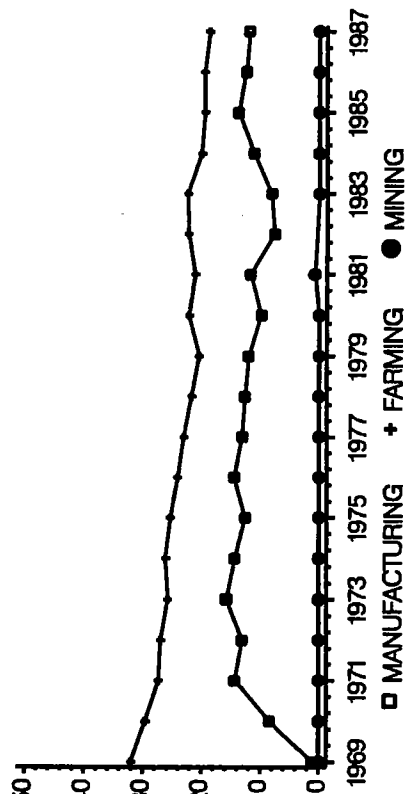


CHART 4D

LYON COUNTY

EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES

as a Percent of Total Employment

Percent

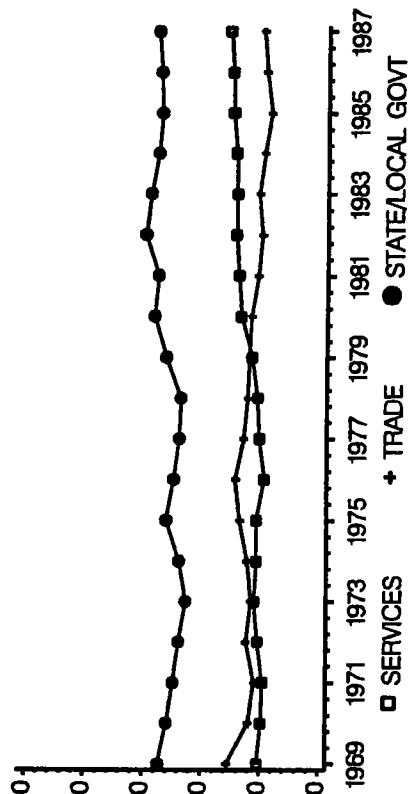


CHART 5A  
LYON COUNTY  
POPULATION  
Thousands of People

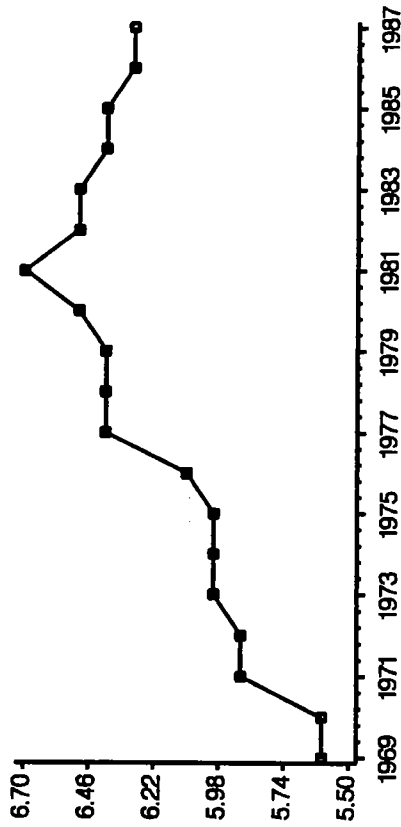


CHART 5B  
LYON COUNTY  
POPULATION  
as a Percent of Kentucky Population

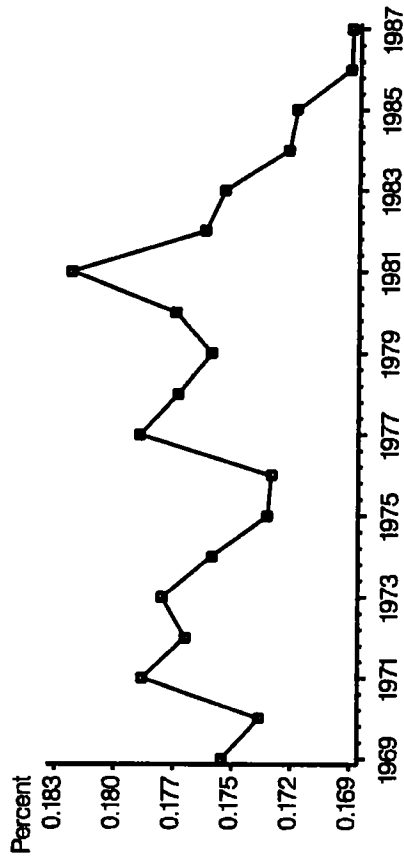


CHART 5C  
LYON COUNTY  
POPULATION 5 AND UNDER  
as a Percent of Total Population

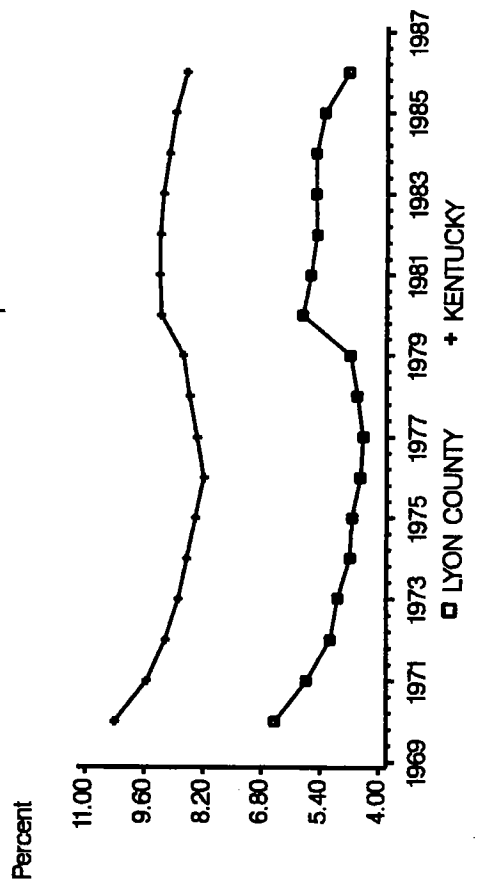
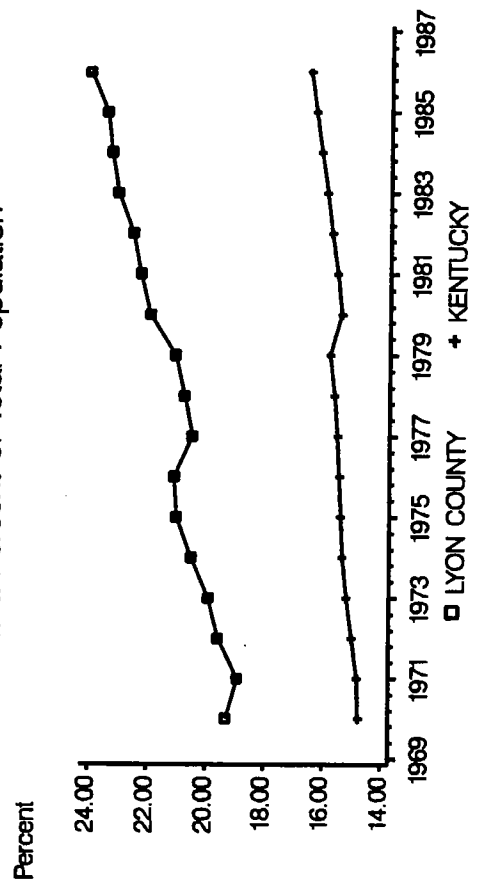


CHART 5D  
LYON COUNTY  
POPULATION 60 AND OVER  
as a Percent of Total Population



LYON COUNTY

PERSONAL INCOME  
In Constant 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	34	0.12	6,176	69.5
1970	37	0.13	6,646	72.9
1971	42	0.14	7,218	78.0
1972	46	0.14	7,801	80.1
1973	53	0.15	8,763	85.3
1974	52	0.15	8,815	85.1
1975	50	0.14	8,345	81.3
1976	52	0.14	8,498	79.2
1977	55	0.14	8,661	77.5
1978	58	0.14	9,132	79.0
1979	63	0.15	9,831	83.6
1980	62	0.15	9,539	82.7
1981	63	0.15	9,410	80.3
1982	62	0.15	9,594	83.0
1983	58	0.14	8,977	78.9
1984	64	0.14	9,955	83.0
1985	62	0.14	9,662	80.5
1986	64	0.14	10,051	82.1
1987	66	0.14	10,445	83.6

COMPONENTS OF PERSONAL INCOME  
In Constant 1988 Dollars

Year	EARNINGS			TRANSFER PAYMENTS			INCOME from PROPERTY		
	M\$	Percent of Personal Income		M\$	Percent of Personal Income		M\$	Percent of Personal Income	
		County	Kentucky		County	Kentucky		County	Kentucky
1969	25	72.4	79.2	5	15.4	10.9	4	12.2	9.9
1970	27	73.0	77.9	6	15.3	11.9	4	11.7	10.2
1971	32	74.6	77.0	6	15.2	12.9	4	10.2	10.1
1972	35	75.2	77.3	7	15.4	12.9	4	9.3	9.7
1973	40	75.4	76.6	8	14.9	13.6	5	9.8	9.7
1974	38	72.1	75.5	9	16.6	14.4	6	11.3	10.1
1975	33	66.6	73.3	10	20.4	16.5	6	13.0	10.1
1976	35	67.2	73.9	10	20.1	16.1	7	12.8	10.0
1977	38	68.5	74.6	10	18.9	15.3	7	12.6	10.1
1978	40	69.0	75.0	11	18.2	14.6	7	12.7	10.4
1979	43	68.7	74.1	12	18.5	15.1	8	12.8	10.8
1980	40	63.9	71.1	13	21.0	16.7	9	15.1	12.2
1981	39	61.9	69.3	13	21.3	16.8	11	16.9	13.8
1982	36	58.2	67.5	15	23.5	17.6	11	18.3	14.9
1983	32	56.0	66.6	15	25.7	18.4	11	18.3	15.1
1984	38	59.3	67.8	15	23.4	17.3	11	17.3	14.9
1985	36	58.4	67.2	15	24.4	17.6	11	17.2	15.3
1986	37	57.7	67.1	16	24.5	17.6	11	17.8	15.3
1987	39	59.1	67.5	15	23.3	17.2	12	17.5	15.3

LYON COUNTY

SECTOR EARNINGS as a PERCENT of TOTAL COUNTY EARNINGS and  
as a PERCENT of KENTUCKY SECTOR EARNINGS

YEAR	MANUFACTURING		FARMING		MINING	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	2.9	0.01	18.6	0.19	.	.
1970	13.3	0.04	13.9	0.19	.	.
1971	20.9	0.07	18.0	0.31	.	.
1972	17.8	0.06	21.2	0.32	.	.
1973	19.3	0.07	24.6	0.40	.	.
1974	18.6	0.06	21.8	0.32	.	.
1975	17.5	0.06	16.4	0.33	.	.
1976	20.8	0.07	12.7	0.25	.	.
1977	17.9	0.06	10.7	0.20	.	.
1978	17.1	0.06	10.0	0.23	.	.
1979	15.4	0.06	15.4	0.35	.	.
1980	15.4	0.05	11.1	0.24	.	.
1981	17.8	0.06	14.7	0.25	0.9	0.01
1982	11.6	0.04	14.5	0.28	0.3	0.00
1983	13.6	0.05	2.8	0.12	.	.
1984	15.3	0.06	12.5	0.27	.	.
1985	18.3	0.07	8.8	0.25	0.2	0.00
1986	17.4	0.07	9.8	0.34	.	.
1987	16.5	0.07	13.4	0.43	.	.

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	11.5	0.05	11.9	0.05	37.9	0.26
1970	10.6	0.06	11.6	0.05	34.0	0.25
1971	8.9	0.06	9.2	0.05	28.8	0.26
1972	9.0	0.06	10.6	0.06	28.3	0.25
1973	7.5	0.06	9.6	0.06	25.1	0.26
1974	7.5	0.05	11.2	0.06	27.3	0.26
1975	8.0	0.05	12.5	0.06	30.8	0.27
1976	8.6	0.05	12.3	0.06	30.6	0.27
1977	8.2	0.06	10.3	0.06	28.3	0.27
1978	7.9	0.06	9.3	0.06	27.0	0.27
1979	7.8	0.06	8.9	0.06	27.9	0.28
1980	9.9	0.05	10.3	0.05	36.6	0.28
1981	9.3	0.05	8.3	0.05	34.2	0.29
1982	9.2	0.05	8.5	0.05	40.2	0.32
1983	10.2	0.05	9.5	0.05	43.8	0.32
1984	9.6	0.05	6.4	0.04	35.8	0.32
1985	10.2	0.05	6.2	0.04	36.6	0.31
1986	10.3	0.05	6.8	0.04	35.9	0.30
1987	10.1	0.05	6.8	0.04	34.4	0.29



LYON COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	14	1.1	404	31.9	0	0.0
1970	116	8.3	413	29.6	0	0.0
1971	220	14.3	420	27.3	0	0.0
1972	209	13.1	431	27.0	0	0.0
1973	273	15.7	447	25.8	0	0.0
1974	249	14.3	454	26.1	0	0.0
1975	208	12.6	419	25.4	0	0.0
1976	255	14.4	426	24.1	0	0.0
1977	237	13.1	416	23.0	0	0.0
1978	241	12.7	413	21.7	0	0.0
1979	237	12.0	402	20.4	0	0.0
1980	178	9.8	401	22.1	0	0.0
1981	227	11.7	408	21.1	15	0.8
1982	138	7.5	409	22.3	.	.
1983	153	8.1	426	22.4	0	0.0
1984	228	11.1	409	20.0	0	0.0
1985	283	13.8	399	19.4	0	0.0
1986	258	12.5	402	19.5	0	0.0
1987	252	12.0	393	18.7	0	0.0

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	131	10.4	197	15.6	345	27.3
1970	135	9.7	167	12.0	361	25.9
1971	145	9.4	167	10.9	380	24.7
1972	165	10.3	197	12.3	380	23.8
1973	190	11.0	200	11.5	392	22.6
1974	184	10.6	213	12.3	413	23.8
1975	176	10.7	224	13.6	430	26.0
1976	163	9.2	252	14.3	436	24.7
1977	183	10.1	232	12.9	429	23.8
1978	199	10.5	232	12.2	448	23.5
1979	225	11.4	234	11.9	513	26.1
1980	243	13.4	210	11.6	510	28.1
1981	268	13.9	203	10.5	533	27.5
1982	263	14.3	180	9.8	544	29.7
1983	269	14.2	196	10.3	546	28.8
1984	293	14.3	194	9.5	563	27.5
1985	304	14.8	171	8.3	553	26.9
1986	308	14.9	189	9.2	558	27.1
1987	324	15.4	203	9.6	580	27.5

LYON COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	1,265	\$11,381	\$17,440	.	4.2
1970	1,396	\$11,899	\$17,811	17.2	4.4
1971	1,537	\$13,775	\$18,166	7.3	5.1
1972	1,597	\$14,023	\$18,970	5.4	6.0
1973	1,734	\$15,181	\$19,232	3.9	3.7
1974	1,737	\$14,045	\$19,008	4.2	4.5
1975	1,652	\$13,977	\$18,976	5.9	7.3
1976	1,765	\$13,981	\$19,563	3.7	5.6
1977	1,805	\$15,328	\$20,031	3.0	4.7
1978	1,904	\$16,032	\$20,121	3.7	5.3
1979	1,969	\$16,433	\$20,110	5.0	5.5
1980	1,813	\$13,612	\$19,439	7.7	8.0
1981	1,935	\$13,479	\$19,286	7.0	8.4
1982	1,834	\$13,720	\$18,931	13.7	10.6
1983	1,899	\$12,274	\$18,358	13.2	11.6
1984	2,048	\$14,377	\$19,080	11.0	9.3
1985	2,053	\$13,910	\$18,676	9.7	9.5
1986	2,061	\$14,080	\$18,627	9.8	9.3
1987	2,107	\$14,616	\$18,636	8.3	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER AGE 6		PERCENT AGE 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	5,600	0.18	.	.	.	.
1970	5,600	0.17	6.5	10.3	19.3	14.8
1971	5,900	0.18	5.7	9.6	18.9	14.8
1972	5,900	0.18	5.2	9.1	19.6	15.0
1973	6,000	0.18	5.0	8.8	19.9	15.2
1974	6,000	0.18	4.7	8.6	20.5	15.3
1975	6,000	0.17	4.6	8.4	21.0	15.4
1976	6,100	0.17	4.4	8.2	21.1	15.5
1977	6,400	0.18	4.4	8.4	20.5	15.5
1978	6,400	0.18	4.5	8.5	20.7	15.6
1979	6,400	0.18	4.7	8.7	21.1	15.8
1980	6,500	0.18	5.8	9.2	21.9	15.4
1981	6,700	0.18	5.6	9.3	22.3	15.5
1982	6,500	0.18	5.5	9.2	22.5	15.7
1983	6,500	0.18	5.5	9.2	23.0	15.9
1984	6,400	0.17	5.5	9.0	23.3	16.1
1985	6,400	0.17	5.3	8.9	23.4	16.3
1986	6,300	0.17	4.7	8.6	24.0	16.5
1987	6,300	0.17	.	.	.	.



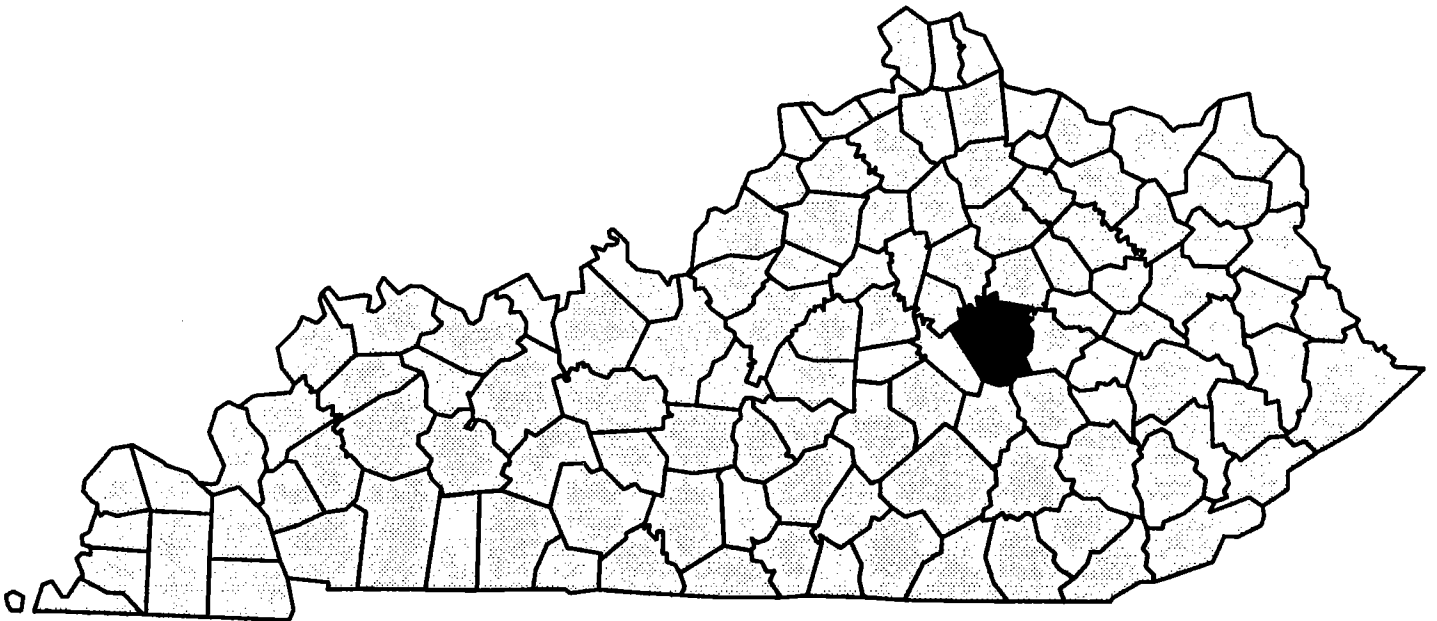
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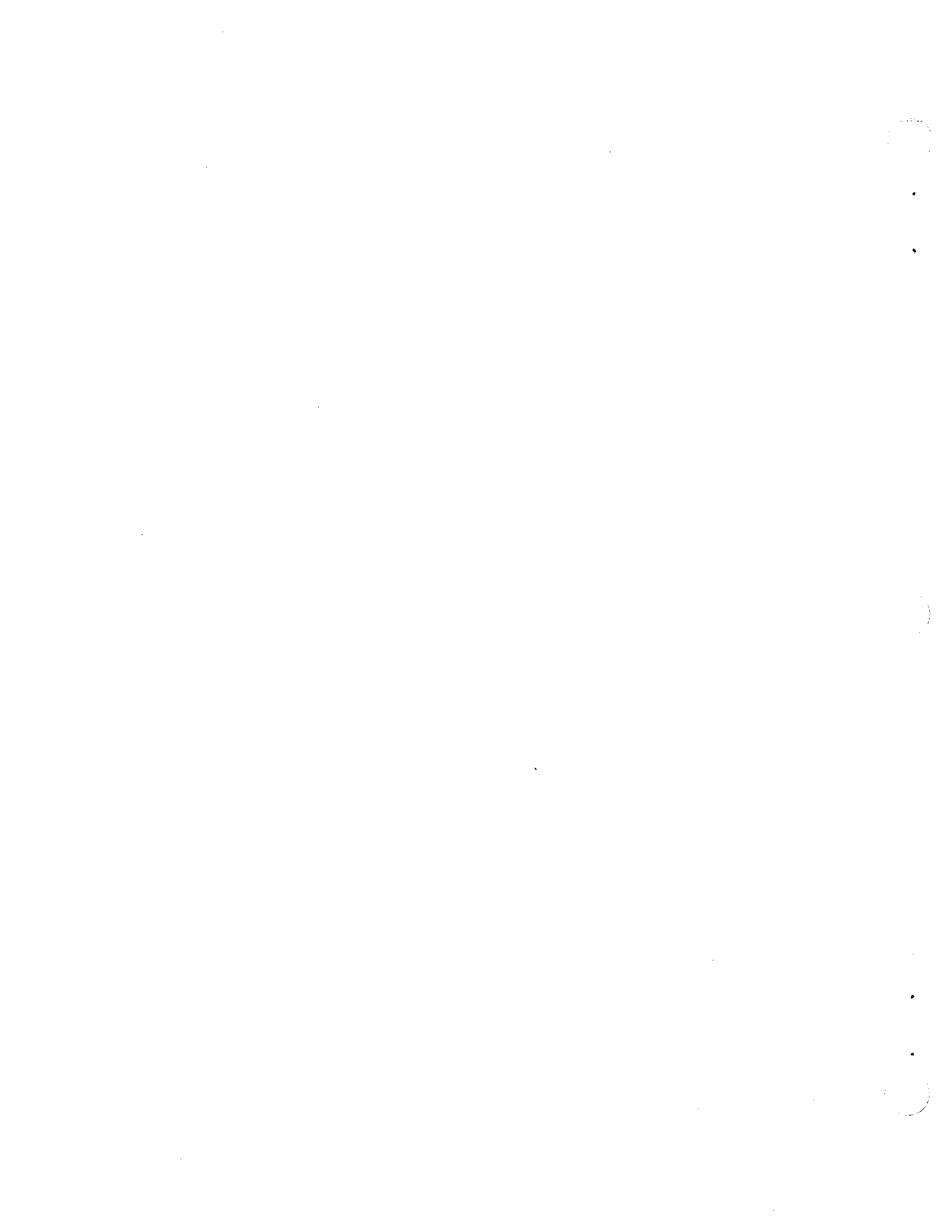
ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

**MADISON COUNTY**



Prepared by  
Virginia Wilson  
Donna A. Cantrell

RESEARCH MEMORANDUM 438  
Legislative Research Commission  
Frankfort, Kentucky  
February, 1990



ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

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No. 438  
1990

MADISON COUNTY

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RESEARCH MEMORANDUM 438  
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Frankfort, Kentucky  
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## FOREWORD

This publication is one of a set of 120, highlighting economic trends in each county in Kentucky from 1969-1987. This effort is part of the ongoing activities sponsored by the Legislative Research Commission to provide a long-term perspective on issues for decision makers. The economies of individual counties do not always parallel overall state trends. This set of publications is an attempt to look at the economic trends in each county over time and to point out where the economies of individual counties may be performing differently from the economy of the state as a whole.

This publication was prepared by Virginia Wilson and Donna Cantrell. Susan Dance assisted in production of the manuscript and Charles Bush edited the report. The assistance of Carol Straus from the Center for Business and Economic Research at the University of Kentucky in deciphering data is gratefully acknowledged.

Vic Hellard, Jr.  
Director

The Capitol  
Frankfort  
February, 1990



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## SUMMARY

The Madison County economy, as measured by personal income, grew steadily from 1969 to 1987. Madison County increased its share of Kentucky personal income, indicating that the county economy grew faster than the state economy. However, both per capita personal income and average earnings per job were below those of the state.

Madison County is heavily vested in the non-goods-producing sectors of services, trade, and state and local government. These sectors experienced strong growth from 1969 to 1987. Trends in the services and trade sectors in Madison County paralleled those of the state, while the state and local government sector outperformed that of the state.

Manufacturing was also a strong economic sector in Madison County, especially in the 1970's. However, this sector stabilized by the 1980's. The farm sector in Madison County declined. At the state level, the manufacturing and farming sectors decreased their shares of the Kentucky economy.

Goods-producing industries tend to be very sensitive to economic fluctuations in national and international markets. The non-goods-producing sectors tend to be more resilient during periods of economic decline. The long-term economic outlook at the state and national levels is for continued increase in these sectors, especially the service sector. Madison County's strength in this sector makes it well positioned to take full advantage of this growth.



## INTRODUCTION

This is one of a series of reports called Economic Trends in Kentucky Counties. The purpose of this series is to describe the economic structure of Kentucky counties and to assess their economic performance relative to their own history and relative to the Kentucky economy. Information on the structure and patterns of change in county economies and an understanding of their relationship to the Kentucky economy can help in making policy decisions that are intended to shape Kentucky's economic future.

When assessing any economy there are several pertinent questions which may be addressed. The first concerns changes in the absolute size of the economy over time. Here the relevant comparison is between the county economy and its own history. Since most economic variables are given in dollars and since inflation causes the value of a dollar to vary over time, all dollar values in this report are presented in constant 1988 dollars. This allows analysis of real changes over time by controlling for the effects of inflation.

A second question concerns the structure and nature of the county economy. The structure of an economy refers to the relative share contributed by the various segments of the economy, while the nature deals with how this share has changed over time.

A third question concerns the performance of the county economy when compared to the Kentucky economy. For example, if a county has a higher proportion of earnings or employment in a particular sector it would indicate a specialization in that sector. Differences in economic structure may explain variations in relative economic well-being between a county and the state as a whole.

Economic data for counties are usually published after a lag of two years. Therefore, most data in this report cover the period 1969 to 1987. All data for this report was obtained from the Kentucky Economic Information System, an on-line database maintained by the University of Kentucky Center for Business and Economic Development.

There are certain caveats which should be remembered when analyzing data. First, it is a common and useful approach to evaluate the percentage an economic sector contributes to the total economy. However, one must remember that a sector's percentage contribution may decline even when its absolute value is increasing if another sector's contribution is growing at a faster rate. Secondly, when reviewing data in graphical analyses, the scales used to present data should be noted. In this report most graphs are presented with the narrowest scale which will cover all data points. This can accentuate visual patterns over time even when absolute changes are relatively small.

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\*For an analysis of economic trends in Kentucky, see Virginia Wilson, Patterns of Growth and Decline in the Kentucky Economy 1969-1988, Research Memorandum 437, Legislative Research Commission, November 1989.



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## ECONOMIC TRENDS IN MADISON COUNTY

The following analysis includes a brief description of the county economy and is accompanied by graphical illustrations. Data tables are also included at the end of this report. Three principal components of the Madison County economy are analyzed. They are:

1. Personal Income
2. Earnings
3. Employment

### Personal Income

Personal income is often used as a measure of the economic activity in an area. Personal income is the sum of all the dollar income received by individuals in an area from any legal source. Personal income data is published by the Bureau of Economic Analysis (BEA) for most major geographic regions, including states, counties, and major cities.

In general, income can be obtained in three ways. First, it can be earned by the work of an individual. This type of income includes wage and salary income and proprietors' earnings. Second, income can be earned by property. This component includes earnings from rents, dividends, and interest. Finally, income can be received as a gift or an entitlement. This type of income constitutes the component of personal income called transfer payments. Included in this component is income from sources such as retirement benefits, unemployment benefits, food stamps, and medical programs such as Medicare and Medicaid.

As can be seen in Chart 1A, the size of the Madison County economy, as measured by personal income, increased from \$331 million in 1969 to \$599 million in 1987, after adjusting for inflation. Chart 1B shows Madison County total personal income as a percent of Kentucky total personal income. Madison County increased its share of Kentucky personal income.

A similar pattern emerges from an examination of per capita personal income. Per capita personal income is simply the total personal income of an area divided by its population. Per capita personal income is often used as a measure of the economic well-being of the residents of an area. Charts 1C and 1D indicate that Madison County per capita income increased over the time period to a level of \$10,681 per person in 1987, when it was 85.5 percent of Kentucky per capita personal income.

A better understanding of the nature of economic activity can be gleaned from an examination of the relative contribution of the components of personal income and how their shares have changed over time. This information is illustrated in Charts 2A-2D. Except for small recessionary declines in 1975 and the early 1980's, earnings showed strong growth. Total earnings increased from \$267 million in 1969 to \$410 million in 1987 (in constant 1988 dollars).

While earnings increased, their share of personal income declined over time. This trend occurred at the state level as well. In 1987, earnings accounted for 68.4 percent of Madison County's total personal income, which was higher than Kentucky's 67.5 percent share.

Transfer payments contributed \$32 million to total personal income in 1969 and \$110 million in 1987. Transfer payments generally contributed equally to personal income in Madison County and in Kentucky.

Income from property in Madison County grew at a steady rate through the time period. Income from property totalled \$31 million in 1969 and increased to \$79 million in 1987.

## **Earnings**

Earnings are the component of personal income reflecting payments to individuals in return for labor. Earnings include both wages and salaries and proprietor's income. In 1969, Madison County received 17.1 percent of total earnings from manufacturing. This percentage increased to 22.4 percent in 1987 (Chart 3A). The county trend toward increasing concentration in manufacturing is different from that for the state, where the percentage of earnings from manufacturing has shown a steady decline over the period.

Farming's contribution to total county earnings decreased from 11.0 percent in 1969 to 3.1 percent in 1987. The trend toward declining farm earnings is consistent with state and national trends.

Earnings from non-goods-producing industries as a percent of total earnings are illustrated in Chart 3B. The percent of earnings from the service sector increased from 15.6 percent in 1969 to 20.2 percent in 1987. The percent of earnings from the trade sector remained relatively constant and accounted for 17.8 percent in 1987. The share of earnings from the state and local government increased from 13.0 percent in 1969 to 19.7 percent in 1987. At the state level, the percent of earnings from services increased, while the percents from trade and state and local government were stable.

Average earnings per job (adjusted for inflation) for Madison County and Kentucky are shown in Chart 3D. In Kentucky, average earnings per job reached a high of \$20,121 per person in 1978. Since then, average earnings per job declined and in 1987 they were \$18,636 per person. Average earnings in Madison County were \$15,703 in 1987, below the Kentucky average.

## **Employment**

Employment is considered any activity for which one receives financial remuneration in the form of wages or profits. Total employment in Madison County increased substantially during the data period. In 1969, total employment stood at 17,431 people. By 1987, that figure had increased to 25,493.



The unemployment rate, often used as an indicator of economic well-being, is the ratio of unemployed to the total civilian labor force. Unemployment is described as a condition of being out of work while actively seeking employment within the last thirty days. The civilian labor force is described as the proportion of population age 16 or older employed or actively seeking employment. Annual unemployment rates for Kentucky and Madison County are presented in Chart 4B. Unemployment rates in Madison County were generally lower than those of the state. In 1987, the county unemployment rate was 5.7 percent, compared to 8.8 percent for Kentucky.

Another employment concept includes the discouraged worker. Discouraged workers are persons who want jobs but made no attempt to find work in the last thirty days because they believe they could not find it. These individuals are not included when calculating official unemployment rates. The Cabinet for Human Resources does not estimate discouraged workers by county. However, preliminary research by the Cabinet indicates that the inclusion of discouraged workers in the civilian labor force estimate would increase the unemployment rate by approximately four percent for the state. This figure would vary by county depending on the labor market in a county or within commuting distance.

Employment in the goods-producing industries is illustrated in Chart 4C. The percent of total employment in manufacturing increased from 14.4 percent in 1969 to 19.7 percent in 1979. However, this share decreased to 15.2 percent in 1987. Farming's share of employment declined from 15.5 percent in 1969 to 8.9 percent in 1987. The decline in the goods-producing industries' share of employment parallels state employment trends.

Employment in the non-goods-producing industries is presented in Chart 4D. Service sector employment increased slightly from 1969 to 1987. In 1969, the service sector accounted for 19.9 percent of employment. This share increased to 21.5 percent in 1987. The trade sector increased its share of employment from 18.7 percent in 1969 to 23.9 percent in 1987. The percent of employment in state and local government increased from 12.4 percent in 1969 to 15.5 percent in 1987. At the state level, service and trade employment increased significantly, while government employment remained constant.

## Population

The census conducted each decade counts the actual population in an area. Population is then statistically estimated during intervening years. The demographic composition of this population growth has important implications for the future demand for goods and services, and ultimately, the economic structure of Madison County.

The Madison County population grew from 41,800 in 1969 to 56,100 in 1987 (Chart 5A). It was estimated that in 1986, 7.0 percent of Madison County's population was under six years of age, compared to 8.6 for the state. Madison County has a smaller proportion of residents age sixty or over than the state. In 1986, 12.2 percent of the Madison County population was sixty years of age and over, while 16.5 percent of all Kentucky residents fell in this age group.

CHART 1A

MADISON COUNTY  
REAL PERSONAL INCOME  
Millions of 1988 dollars

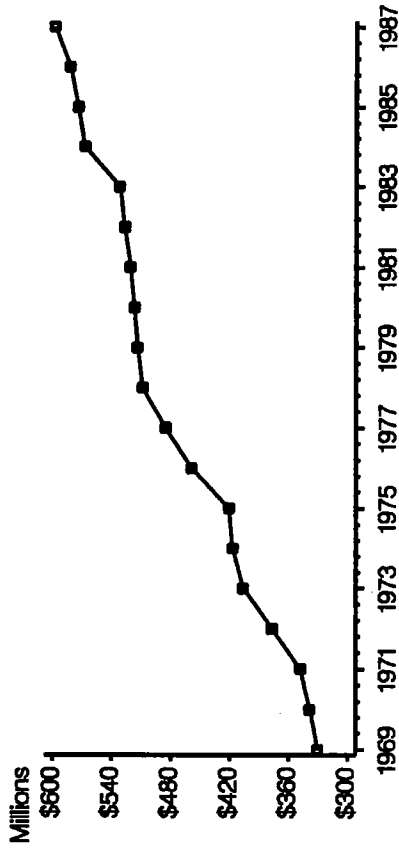


CHART 1B  
MADISON COUNTY  
PERSONAL INCOME  
as a Percent of Kentucky Personal Income

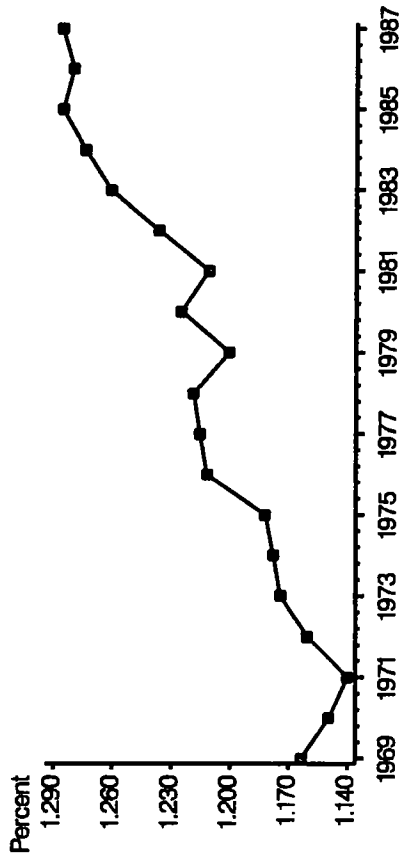


CHART 1C

MADISON COUNTY  
PER CAPITA PERSONAL INCOME  
in Constant 1988 Dollars

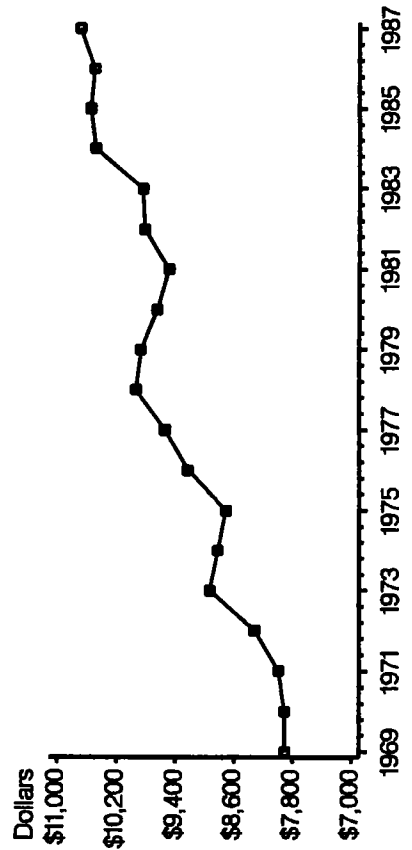


CHART 1D

MADISON COUNTY  
PER CAPITA PERSONAL INCOME  
as a Percent of Kentucky Per Capita Personal Income

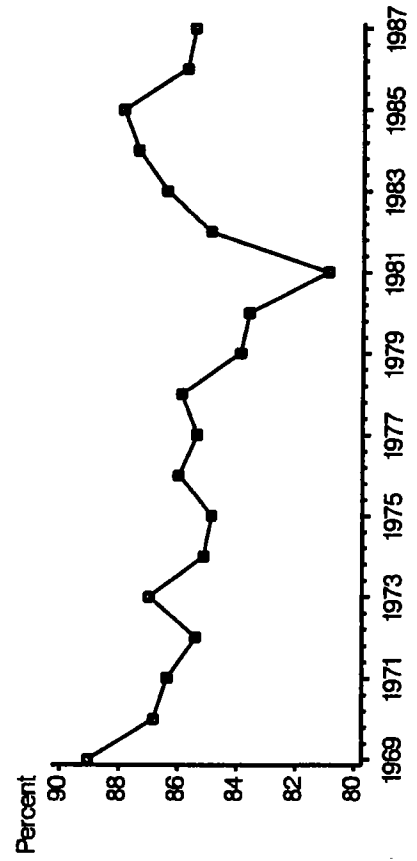


CHART 2A

MADISON COUNTY

REAL TOTAL EARNINGS

Millions of 1988 dollars

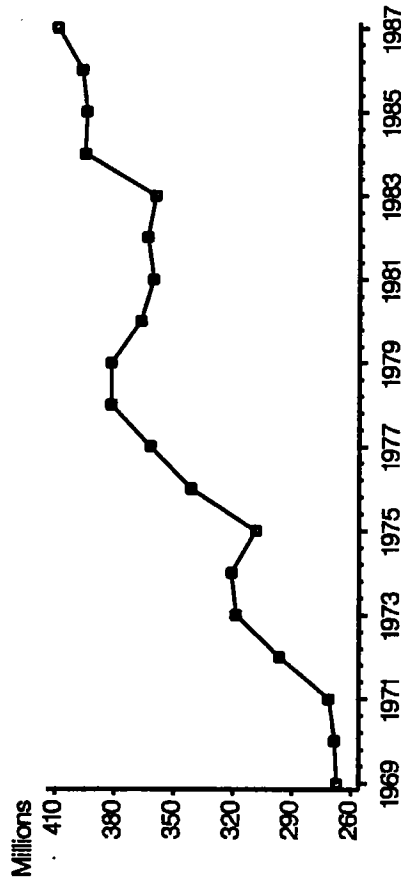


CHART 2B

MADISON COUNTY

TRANSFER PAYMENTS and INCOME FROM PROPERTY

Millions of 1988 Dollars

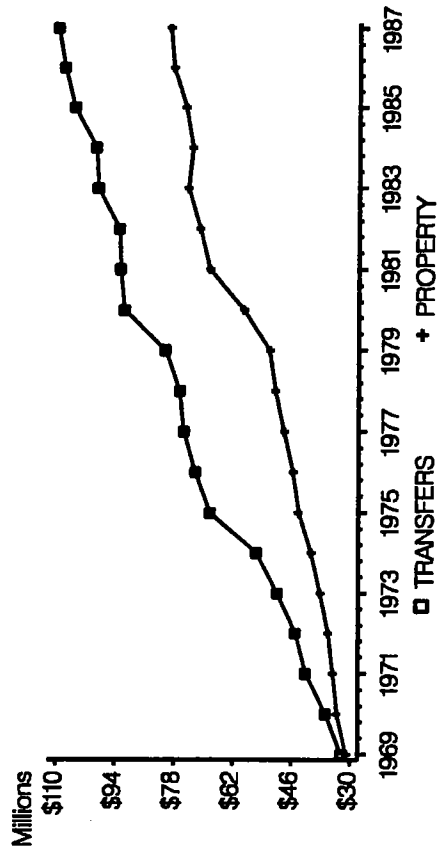


CHART 2C

MADISON COUNTY

TOTAL EARNINGS

as a Percent of Personal Income

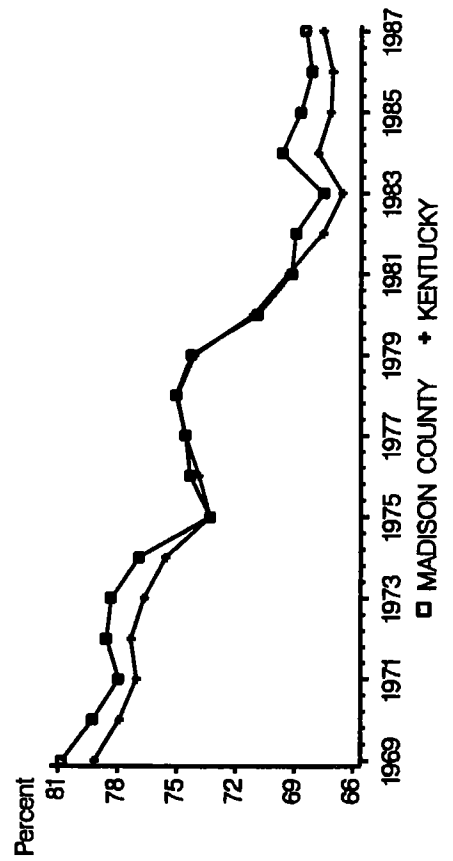


CHART 2D

MADISON COUNTY

TRANSFER PAYMENTS

as a Percent of Personal Income

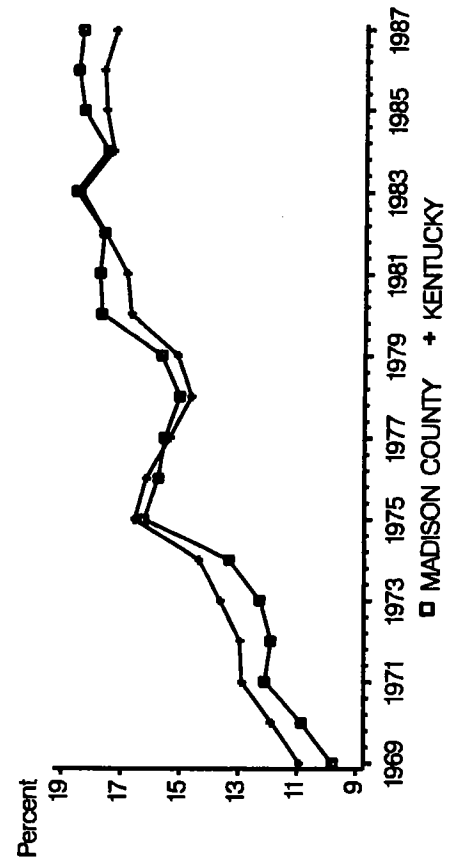


CHART 3A

MADISON COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

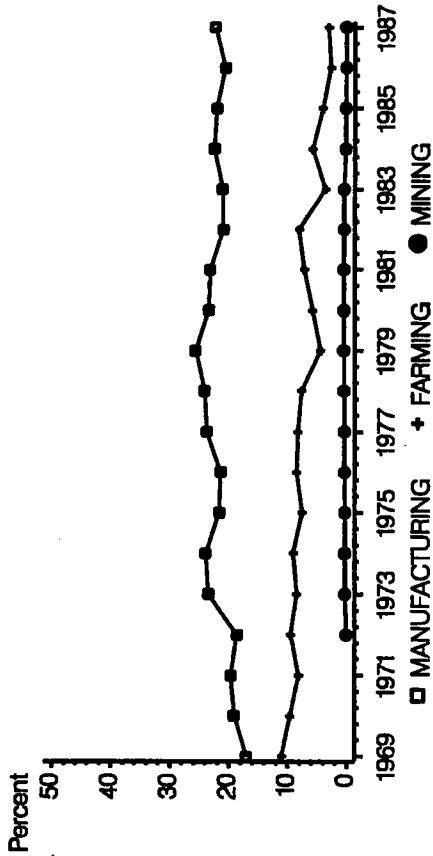


CHART 3B

MADISON COUNTY

EARNINGS IN NON - GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

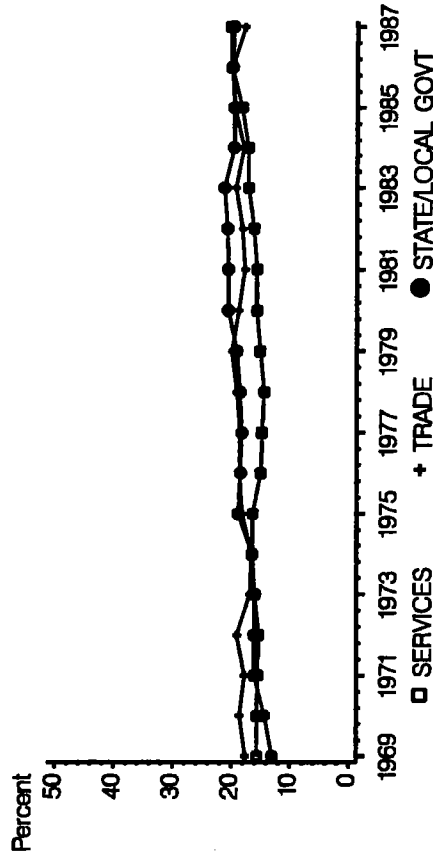


CHART 3C

MADISON COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Kentucky Industries

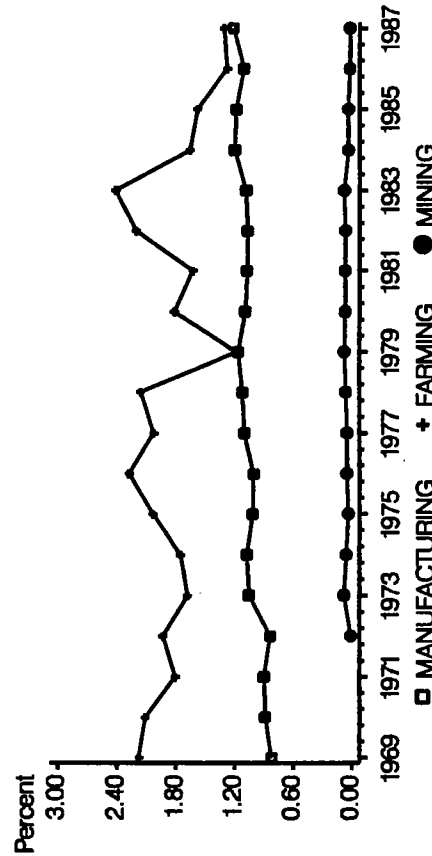


CHART 3D

MADISON COUNTY

AVERAGE EARNINGS PER JOB  
in Constant 1988 Dollars

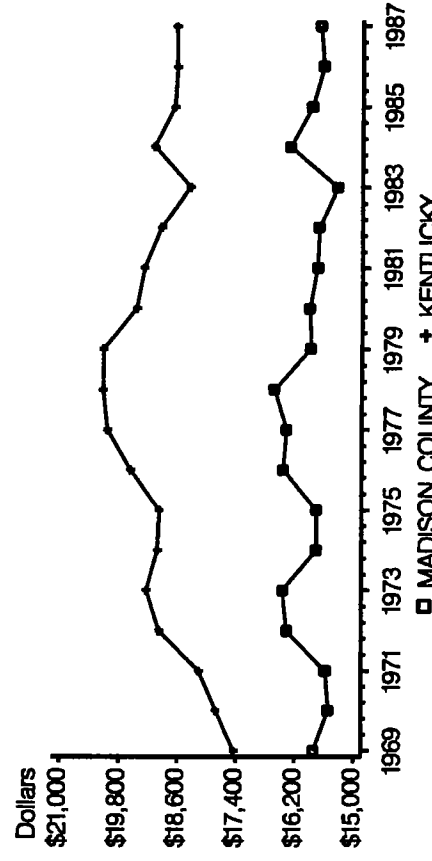


CHART 4A

MADISON COUNTY  
TOTAL EMPLOYMENT  
Thousands of People

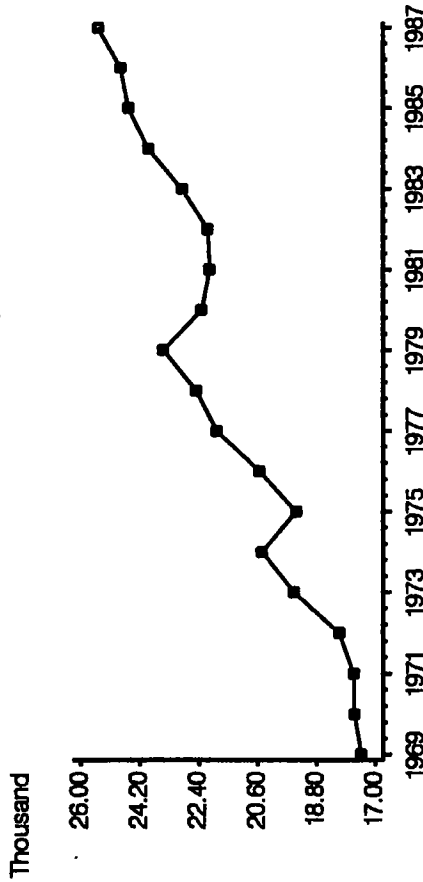


CHART 4B

MADISON COUNTY  
ANNUAL UNEMPLOYMENT RATE

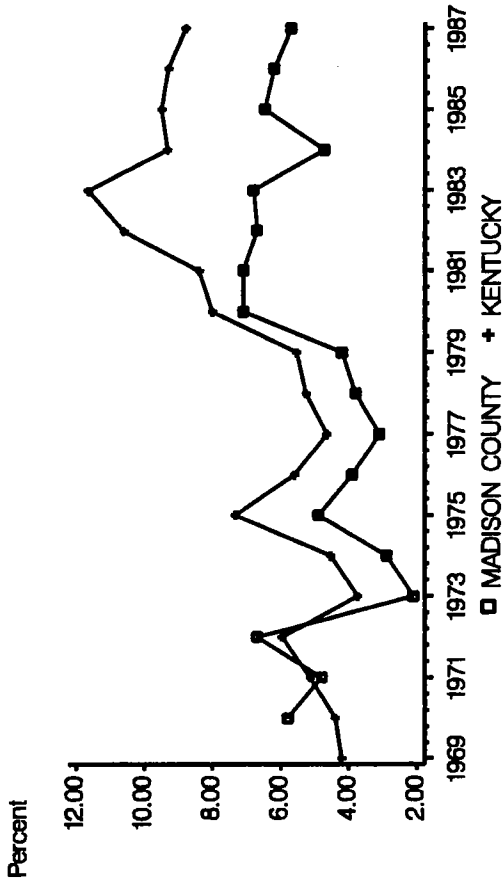


CHART 4C

MADISON COUNTY  
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

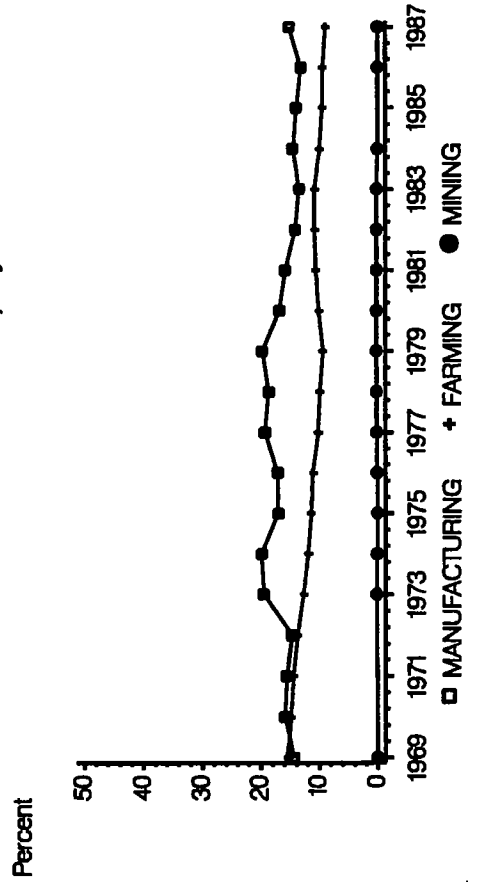


CHART 4D

MADISON COUNTY  
EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

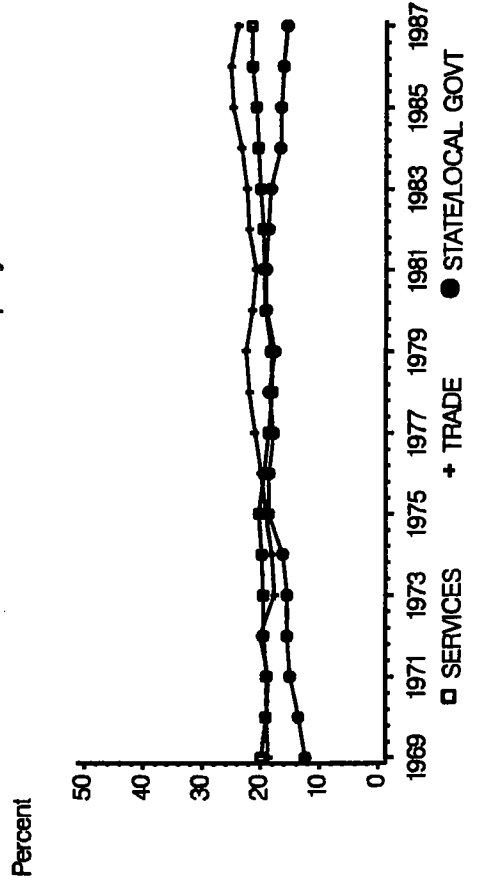


CHART 5A  
MADISON COUNTY  
POPULATION  
Thousands of People

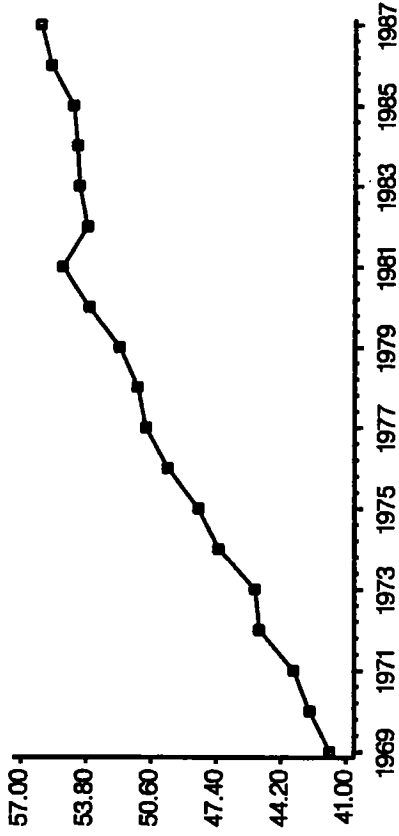


CHART 5B  
MADISON COUNTY  
POPULATION  
as a Percent of Kentucky Population

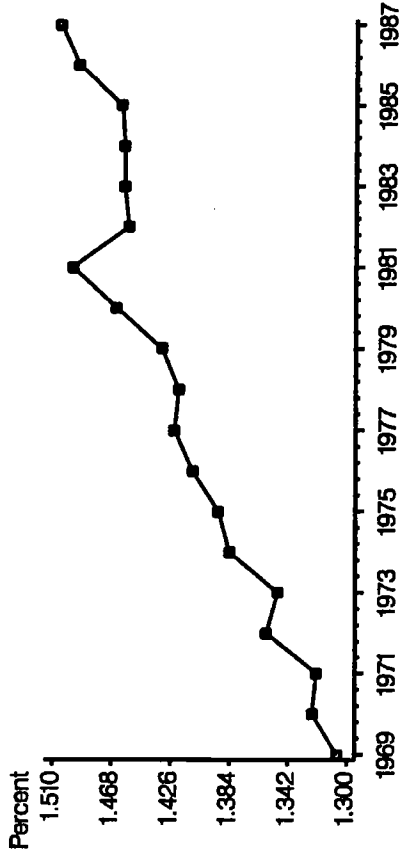


CHART 5C  
MADISON COUNTY  
POPULATION 5 AND UNDER  
as a Percent of Total Population

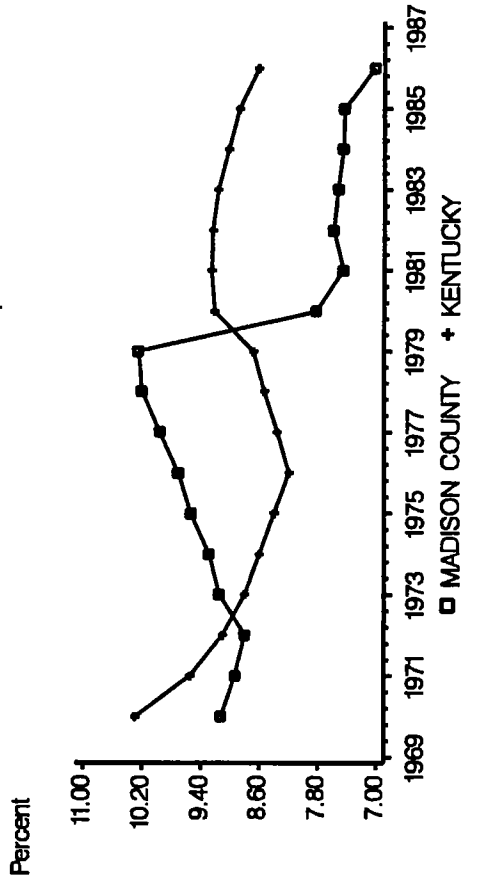
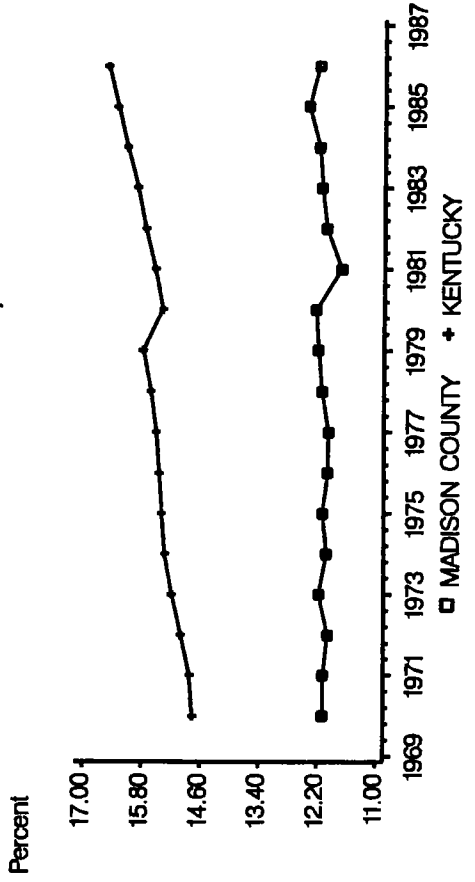


CHART 5D  
MADISON COUNTY  
POPULATION 60 AND OVER  
as a Percent of Total Population



MADISON COUNTY

PERSONAL INCOME  
In Constant 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	331	1.16	7,910	89.0
1970	339	1.15	7,914	86.8
1971	348	1.14	7,994	86.4
1972	377	1.16	8,323	85.4
1973	407	1.17	8,931	87.0
1974	417	1.18	8,822	85.1
1975	421	1.18	8,709	84.9
1976	459	1.21	9,232	86.0
1977	486	1.22	9,542	85.4
1978	509	1.22	9,936	85.9
1979	515	1.20	9,864	83.9
1980	518	1.23	9,642	83.6
1981	522	1.21	9,484	80.9
1982	528	1.24	9,811	84.9
1983	533	1.26	9,834	86.4
1984	568	1.27	10,476	87.4
1985	575	1.29	10,543	87.9
1986	584	1.28	10,492	85.7
1987	599	1.29	10,681	85.5

COMPONENTS OF PERSONAL INCOME  
In Constant 1988 Dollars

Year	EARNINGS			TRANSFER PAYMENTS			INCOME from PROPERTY		
	M\$	Percent of Personal Income		M\$	Percent of Personal Income		M\$	Percent of Personal Income	
		County	Kentucky		County	Kentucky		County	Kentucky
1969	267	80.8	79.2	32	9.8	10.9	31	9.4	9.9
1970	268	79.2	77.9	37	10.8	11.9	34	9.9	10.2
1971	271	77.9	77.0	42	12.1	12.9	35	9.9	10.1
1972	297	78.6	77.3	45	11.9	12.9	36	9.5	9.7
1973	318	78.3	76.6	50	12.3	13.6	38	9.4	9.7
1974	321	76.9	75.5	56	13.3	14.4	41	9.8	10.1
1975	309	73.3	73.3	68	16.2	16.5	44	10.5	10.1
1976	341	74.3	73.9	72	15.7	16.1	46	9.9	10.0
1977	362	74.6	74.6	75	15.5	15.3	48	9.9	10.1
1978	382	75.0	75.0	77	15.0	14.6	51	9.9	10.4
1979	382	74.2	74.1	80	15.6	15.1	52	10.1	10.8
1980	367	70.9	71.1	92	17.7	16.7	59	11.4	12.2
1981	361	69.1	69.3	93	17.8	16.8	68	13.1	13.8
1982	364	68.9	67.5	93	17.6	17.6	71	13.5	14.9
1983	360	67.5	66.6	99	18.5	18.4	74	14.0	15.1
1984	396	69.6	67.8	99	17.5	17.3	73	12.9	14.9
1985	395	68.7	67.2	105	18.3	17.6	75	13.0	15.3
1986	397	68.1	67.1	108	18.5	17.6	78	13.4	15.3
1987	410	68.4	67.5	110	18.3	17.2	79	13.3	15.3

MADISON COUNTY

SECTOR EARNINGS as a PERCENT of TOTAL COUNTY EARNINGS and  
as a PERCENT of KENTUCKY SECTOR EARNINGS

YEAR	MANUFACTURING		FARMING		MINING	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	17.1	0.83	11.0	2.18	.	.
1970	19.1	0.89	9.6	2.11	.	.
1971	19.7	0.90	8.2	1.81	.	.
1972	18.6	0.84	9.6	1.93	0.0	0.01
1973	23.5	1.05	8.5	1.69	0.3	0.08
1974	23.9	1.07	9.1	1.76	0.3	0.06
1975	21.6	1.01	7.6	2.03	0.3	0.04
1976	21.4	1.00	8.5	2.28	0.3	0.05
1977	23.8	1.10	8.3	2.02	0.3	0.05
1978	24.1	1.12	7.7	2.16	0.4	0.06
1979	25.7	1.16	4.5	1.18	0.5	0.08
1980	23.5	1.09	5.8	1.82	0.5	0.07
1981	23.2	1.07	7.2	1.63	0.5	0.07
1982	21.0	1.06	8.1	2.20	0.4	0.07
1983	21.2	1.08	3.7	2.41	0.4	0.08
1984	22.6	1.19	5.9	1.65	0.2	0.04
1985	22.1	1.18	4.1	1.58	0.2	0.04
1986	20.7	1.10	2.7	1.27	0.1	0.02
1987	22.4	1.20	3.1	1.30	0.1	0.02

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	15.6	1.40	17.7	1.33	13.0	1.69
1970	15.6	1.37	18.6	1.34	14.4	1.74
1971	15.4	1.30	17.8	1.26	16.1	1.86
1972	15.3	1.33	19.1	1.38	16.1	1.92
1973	15.9	1.43	16.8	1.25	16.0	1.99
1974	16.4	1.50	16.6	1.24	16.4	2.09
1975	16.4	1.37	18.2	1.25	18.8	2.16
1976	15.0	1.30	18.7	1.34	18.4	2.22
1977	14.8	1.30	18.5	1.38	18.2	2.24
1978	14.4	1.26	19.1	1.39	18.5	2.26
1979	15.1	1.27	19.9	1.42	19.1	2.22
1980	15.7	1.23	18.8	1.37	20.6	2.30
1981	15.6	1.19	17.7	1.32	20.6	2.29
1982	16.2	1.21	18.1	1.36	20.7	2.29
1983	17.1	1.22	19.3	1.46	21.2	2.33
1984	17.2	1.29	17.9	1.46	19.6	2.33
1985	18.2	1.30	19.5	1.55	19.6	2.26
1986	20.0	1.30	19.9	1.57	19.9	2.19
1987	20.2	1.28	17.8	1.41	19.7	2.18



MADISON COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	2,511	14.4	2,704	15.5	12	0.1
1970	2,816	16.0	2,633	14.9	.	.
1971	2,766	15.7	2,562	14.5	.	.
1972	2,669	14.7	2,501	13.8	.	.
1973	3,801	19.5	2,475	12.7	36	0.2
1974	4,064	19.8	2,440	11.9	30	0.1
1975	3,318	17.1	2,220	11.4	10	0.1
1976	3,525	17.2	2,270	11.0	33	0.2
1977	4,209	19.3	2,219	10.2	45	0.2
1978	4,183	18.6	2,215	9.8	55	0.2
1979	4,626	19.7	2,201	9.4	59	0.3
1980	3,760	16.8	2,241	10.0	53	0.2
1981	3,506	15.9	2,339	10.6	48	0.2
1982	3,139	14.2	2,380	10.8	51	0.2
1983	3,080	13.4	2,463	10.7	45	0.2
1984	3,482	14.5	2,358	9.8	15	0.1
1985	3,420	13.9	2,305	9.4	.	.
1986	3,254	13.1	2,326	9.4	13	0.1
1987	3,871	15.2	2,265	8.9	11	0.0

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	3,464	19.9	3,259	18.7	2,159	12.4
1970	3,363	19.1	3,350	19.0	2,393	13.6
1971	3,346	18.9	3,285	18.6	2,655	15.0
1972	3,526	19.5	3,635	20.1	2,811	15.5
1973	3,805	19.5	3,446	17.7	3,030	15.5
1974	4,042	19.7	3,716	18.1	3,333	16.3
1975	3,937	20.3	3,704	19.1	3,623	18.6
1976	3,976	19.3	4,087	19.9	3,815	18.6
1977	4,066	18.6	4,574	20.9	3,897	17.8
1978	4,062	18.1	4,929	21.9	4,177	18.6
1979	4,290	18.3	5,286	22.5	4,145	17.6
1980	4,295	19.2	4,784	21.4	4,253	19.0
1981	4,288	19.4	4,605	20.9	4,220	19.1
1982	4,335	19.6	4,878	22.0	4,137	18.7
1983	4,595	20.0	5,136	22.4	4,191	18.3
1984	4,894	20.4	5,589	23.3	4,003	16.7
1985	5,091	20.7	6,071	24.7	4,079	16.6
1986	5,303	21.4	6,234	25.1	4,006	16.1
1987	5,482	21.5	6,089	23.9	3,950	15.5

MADISON COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	17,431	\$15,805	\$17,440	.	4.2
1970	17,636	\$15,509	\$17,811	5.8	4.4
1971	17,662	\$15,569	\$18,166	4.8	5.1
1972	18,105	\$16,369	\$18,970	6.7	6.0
1973	19,492	\$16,456	\$19,232	2.1	3.7
1974	20,483	\$15,758	\$19,008	2.9	4.5
1975	19,428	\$15,758	\$18,976	4.9	7.3
1976	20,552	\$16,448	\$19,563	3.9	5.6
1977	21,856	\$16,377	\$20,031	3.1	4.7
1978	22,492	\$16,634	\$20,121	3.8	5.3
1979	23,496	\$15,879	\$20,110	4.2	5.5
1980	22,326	\$15,905	\$19,439	7.1	8.0
1981	22,081	\$15,753	\$19,286	7.1	8.4
1982	22,132	\$15,722	\$18,931	6.7	10.6
1983	22,922	\$15,353	\$18,358	6.8	11.6
1984	23,949	\$16,315	\$19,080	4.7	9.3
1985	24,560	\$15,866	\$18,676	6.5	9.5
1986	24,806	\$15,633	\$18,627	6.2	9.3
1987	25,493	\$15,703	\$18,636	5.7	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER AGE 6		PERCENT AGE 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	41,800	1.31	.	.	.	.
1970	42,800	1.32	9.1	10.3	12.1	14.8
1971	43,600	1.32	8.9	9.6	12.1	14.8
1972	45,300	1.36	8.8	9.1	12.0	15.0
1973	45,500	1.35	9.2	8.8	12.2	15.2
1974	47,300	1.38	9.3	8.6	12.0	15.3
1975	48,300	1.39	9.5	8.4	12.1	15.4
1976	49,800	1.41	9.7	8.2	12.0	15.5
1977	50,900	1.42	10.0	8.4	12.0	15.5
1978	51,300	1.42	10.2	8.5	12.1	15.6
1979	52,200	1.43	10.3	8.7	12.2	15.8
1980	53,700	1.47	7.8	9.2	12.2	15.4
1981	55,000	1.50	7.4	9.3	11.7	15.5
1982	53,800	1.46	7.6	9.2	12.0	15.7
1983	54,200	1.46	7.5	9.2	12.1	15.9
1984	54,300	1.46	7.4	9.0	12.2	16.1
1985	54,500	1.46	7.4	8.9	12.4	16.3
1986	55,600	1.49	7.0	8.6	12.2	16.5
1987	56,100	1.51	.	.	.	.

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438. Vic Hellard, Jr., Director - Economic Trends in Kentucky Counties, 1969-1987 - MADISON COUNTY. Feb., 1990. (Virginia Wilson/ Donna A. Cantrell)
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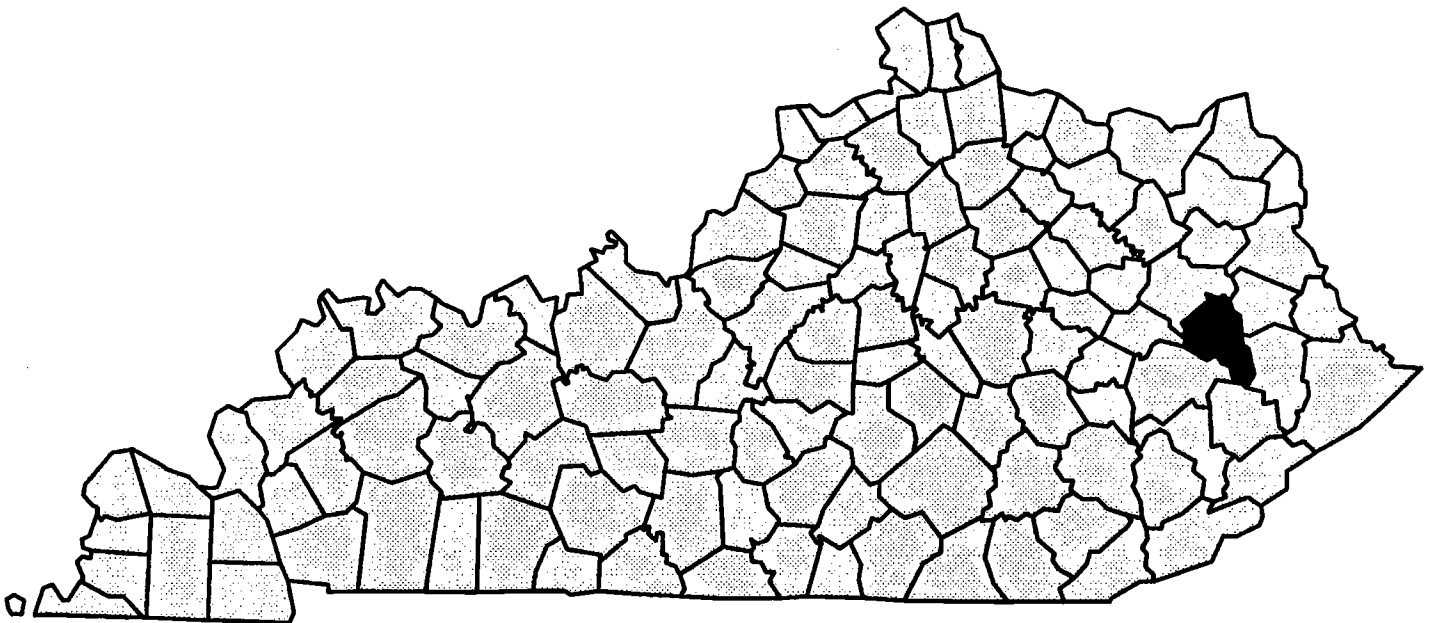
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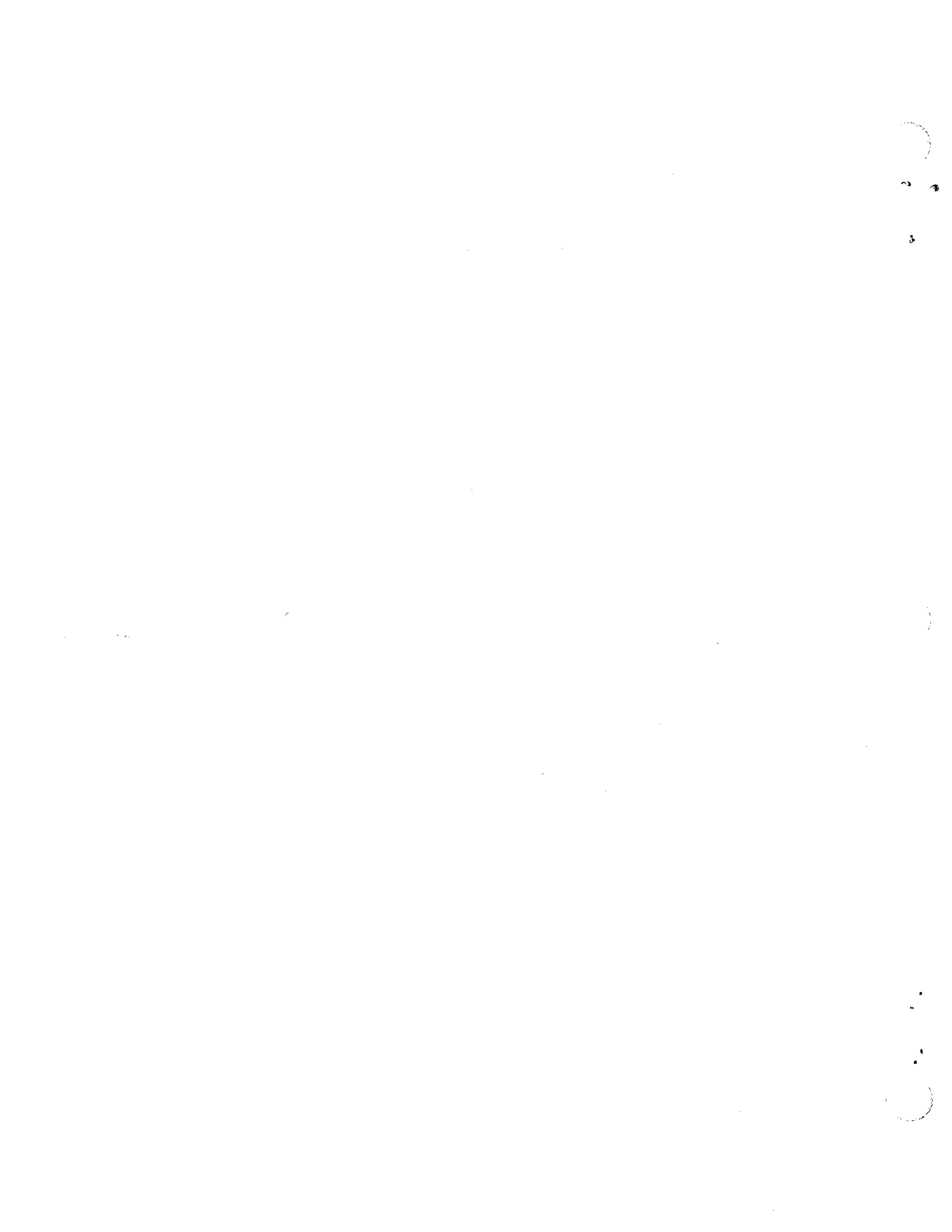
ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

**MAGOFFIN COUNTY**



Prepared by  
Virginia Wilson  
Donna A. Cantrell

RESEARCH MEMORANDUM 438  
Legislative Research Commission  
Frankfort, Kentucky  
February, 1990



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1969 – 1987

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## FOREWORD

This publication is one of a set of 120, highlighting economic trends in each county in Kentucky from 1969-1987. This effort is part of the ongoing activities sponsored by the Legislative Research Commission to provide a long-term perspective on issues for decision makers. The economies of individual counties do not always parallel overall state trends. This set of publications is an attempt to look at the economic trends in each county over time and to point out where the economies of individual counties may be performing differently from the economy of the state as a whole.

This publication was prepared by Virginia Wilson and Donna Cantrell. Susan Dance assisted in production of the manuscript and Charles Bush edited the report. The assistance of Carol Straus from the Center for Business and Economic Research at the University of Kentucky in deciphering data is gratefully acknowledged.

Vic Hellard, Jr.  
Director

The Capitol  
Frankfort  
February, 1990



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## SUMMARY

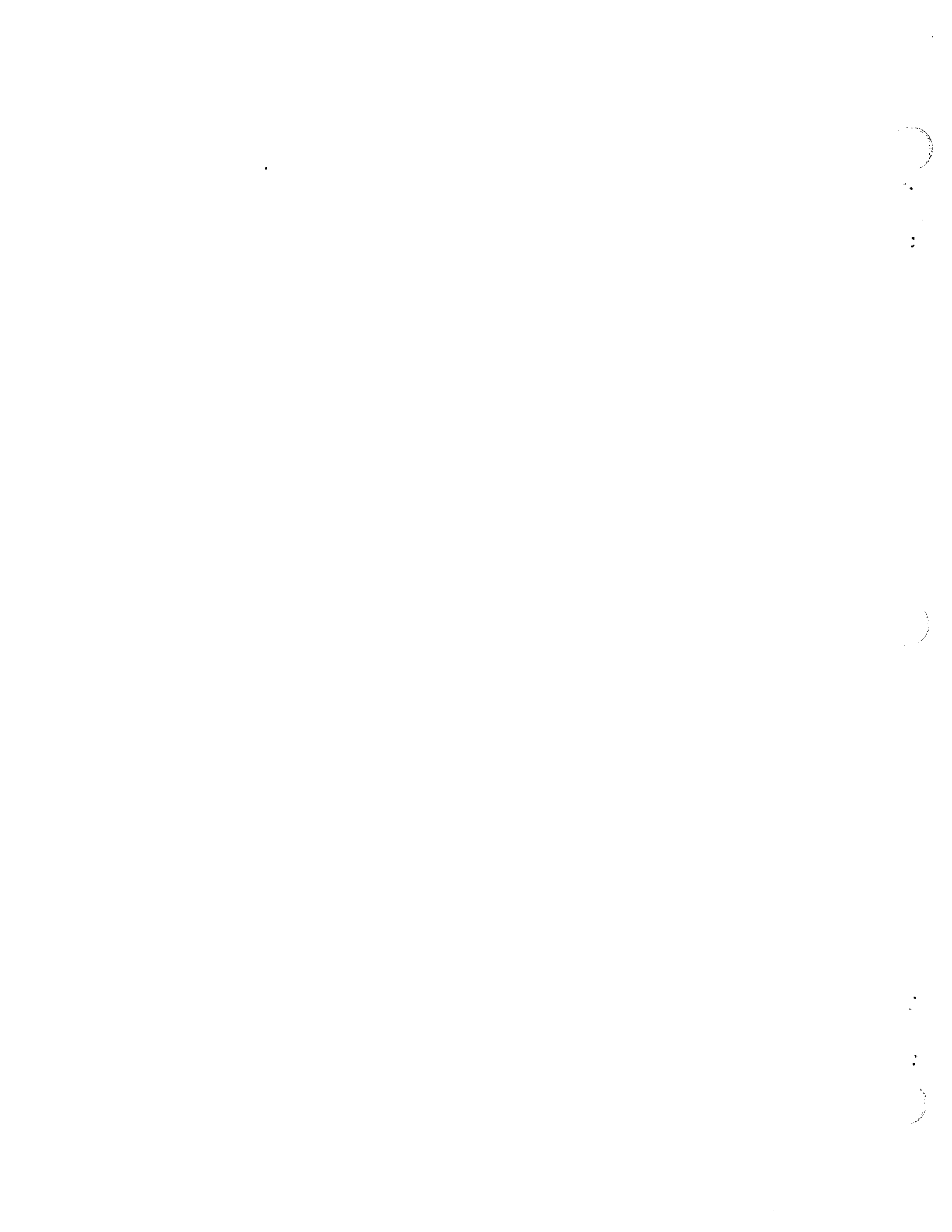
The Magoffin County economy, as measured by personal income, grew strongly in the 1970's and was relatively constant in the 1980's. Magoffin County increased its share of Kentucky personal income in the 1970's, and slightly decreased its share in the 1980's. Per capita personal income was significantly below that of the state. Magoffin County generates a smaller percent of personal income from earnings and a larger percent from transfer payments than does the state as a whole.

The county economy was heavily impacted by the volatile goods-producing industries of mining, manufacturing and farming. The percent of employment and earnings from mining increased significantly in the late 1970's then declined in the 1980's. The county's share of earnings and employment from manufacturing were very erratic. While the employment share in the farm sector was relatively constant, the earnings share declined. At the state level, all of these sectors declined during the period.

The county service sector increased its share of earnings and employment. Conversely, the trade and state and local government sectors experienced declines. At the state level, the services and trade sectors increased their shares, while the state and local government share was constant.

Events in the international energy markets, specifically a sharp increase in the price of oil, resulted in an increased demand for coal. This provided the impetus for economic growth in Magoffin County in the 1970's. However, these favorable coal market conditions were not sustained. Earnings and employment from this sector subsequently declined.

The county's concentration in the goods-producing sectors contributed to a volatile economic history and projects an uncertain economic future. These industries, especially the coal mining sector, are very sensitive to international markets and national policy. Further, the coal mining sector is becoming less labor intensive. Consequently, while a high concentration in mining supported the economy during a period of high energy prices, these conditions may not ensure future economic growth. Future economic growth in Magoffin County would probably be enhanced by development of less volatile sectors.





## INTRODUCTION

This is one of a series of reports called Economic Trends in Kentucky Counties. The purpose of this series is to describe the economic structure of Kentucky counties and to assess their economic performance relative to their own history and relative to the Kentucky economy. Information on the structure and patterns of change in county economies and an understanding of their relationship to the Kentucky economy can help in making policy decisions that are intended to shape Kentucky's economic future.

When assessing any economy there are several pertinent questions which may be addressed. The first concerns changes in the absolute size of the economy over time. Here the relevant comparison is between the Magoffin County economy and its own history. Since most economic variables are given in dollars and since inflation causes the value of a dollar to vary over time, all dollar values in this report are presented in constant 1988 dollars. This allows analysis of real changes over time by controlling for the effects of inflation.

A second question concerns the structure and nature of the Magoffin County economy. The structure of an economy refers to the relative share contributed by the various segments of the economy, while the nature deals with how this share has changed over time.

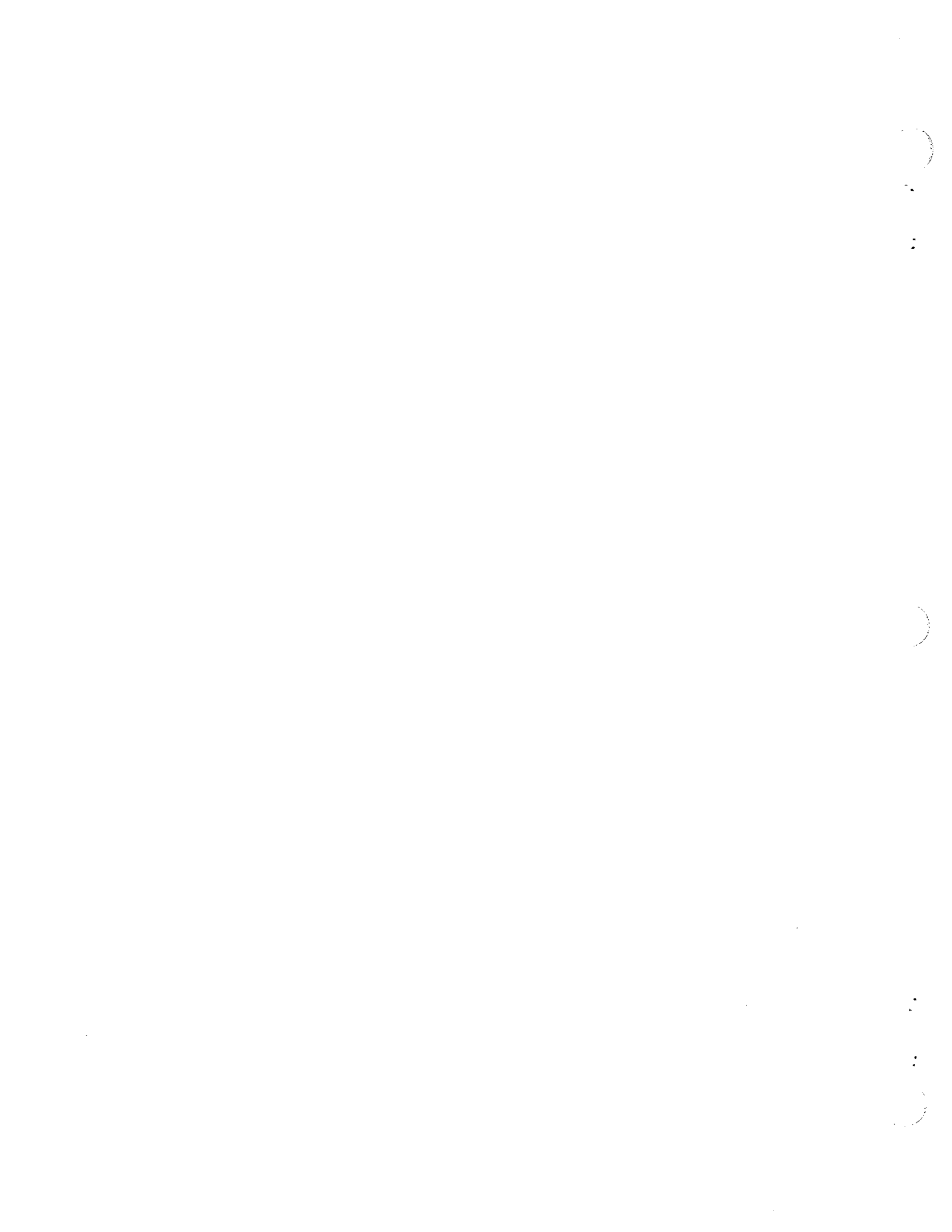
A third question concerns the performance of the Magoffin County economy when compared to the Kentucky economy. For example, if a county has a higher proportion of earnings or employment in a particular sector it would indicate a specialization in that sector. Differences in economic structure may explain variations in relative economic well being between a county and the state as a whole.

Economic data for counties are usually published after a lag of two years. Therefore, most data in this report cover the period 1969 to 1987. All data for this report was obtained from the Kentucky Economic Information System, an on-line database maintained by the University of Kentucky Center for Business and Economic Development.

There are certain caveats which should be remembered when analyzing data. First, it is a common and useful approach to evaluate the percentage an economic sector contributes to the total economy. However, one must remember that a sector's percentage contribution may decline even when its absolute value is increasing, if another sector's contribution is growing at a faster rate. Secondly, when reviewing data in graphical analyses, the scales used to present data should be noted. In this report most graphs are presented with the narrowest scale which will cover all data points. This can accentuate visual patterns over time even when absolute changes are relatively small.

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\*For an analysis of economic trends in Kentucky, see Virginia Wilson, Patterns of Growth and Decline in the Kentucky Economy 1969-1988, Research Memorandum 437, Legislative Research Commission, November 1989.



## ECONOMIC TRENDS IN MAGOFFIN COUNTY

The following analysis includes a brief description of the county economy and is accompanied by graphical illustrations. Data tables are also included at the end of this report. Three principal components of the Magoffin County economy are analyzed. They are:

1. Personal Income
2. Earnings
3. Employment

Also, because coal production has been an important component in the Kentucky economy and in many local economies, the coal sector is analyzed in counties which have a history of coal production.

### Personal Income

Personal income is often used as a measure of the economic activity in an area. Personal income is the sum of all the dollar income received by individuals in an area from any legal source. Personal income data is published by the Bureau of Economic Analysis (BEA) for most major geographic regions, including states, counties, and major cities.

In general, income can be obtained in three ways. First, it can be earned by the work of an individual. This type of income includes wages and salaries income and proprietors' earnings. Second, income can be earned by property. Included are earnings from rents, dividends, and interest. Finally, income can be received as a gift or an entitlement. This type of income constitutes the component of personal income called transfer payments. Included in this component is income from sources such as retirement benefits, unemployment benefits, food stamps, and medical programs such as Medicare and Medicaid.

As can be seen in Chart 1A, the size of the Magoffin County economy, as measured by real personal income, increased, from \$42 million in 1969 to \$107 million in 1987, after adjusting for inflation. Chart 1B shows Magoffin County total personal income as a percent of Kentucky total personal income. Magoffin County's share of Kentucky personal income increased in the early 1970's and was relatively constant in the 1980's.

A similar pattern emerges from an examination of per capita personal income (Charts 1C and 1D). Per capita personal income is simply the total personal income of an area divided by its population. Per capita personal income is often used as a measure of the economic well-being of the residents of an area. Magoffin County real per capita income increased in the early 1970's and was relatively constant thereafter. Per capita income was \$7,514 in 1987, which was 60.1 percent of the Kentucky per capita personal income.

A better understanding of the nature of economic activity can be gleaned from an examination of the relative contribution of the components of personal income and how their shares have changed over time. This information is illustrated in Charts 2A-2D. Earnings were volatile during the period. Total earnings increased from \$27 million in 1969 to a high of \$76 million in 1978, then declined to \$61 million in 1987 (in constant 1988 dollars). Earnings as a percent of personal income declined over the period. Earnings accounted for 57.0 percent of Magoffin County's total personal income in 1987, significantly less than Kentucky's 67.5 percent share.

Transfer payments contributed \$12 million to total personal income in 1969 and \$34 million in 1987. Transfer payments contributed a much higher percentage of personal income in Magoffin County than in Kentucky. In 1987, transfer payments accounted for 31.8 percent of county personal income, compared to 17.2 percent of state personal income.

Income from property in Magoffin County grew slowly through the time period. Income from property totalled \$2 million in 1969 and increased to \$12 million in 1987.

## Earnings

Earnings are the component of personal income reflecting payments to individuals in return for labor. Earnings include both wages and salaries and proprietor's income. Earnings in the goods-producing industries were erratic during the period (Chart 3A). In 1969, Magoffin County received 9.0 percent of its earnings from manufacturing. This percentage fluctuated during the period and decreased to 6.1 percent in 1987. This decline in the percent of total earnings from manufacturing parallels the state trend.

Earnings from the farming sector generally declined, from 14.1 percent in 1970 to 2.8 percent in 1987. The mine sector's share of earnings increased from 10.9 percent in 1969 to a high of 54.9 percent in 1978. Earnings from this sector declined through the 1980's to 36.5 percent in 1987. The shares of earnings in the farm and mining sectors declined for the state as a whole.

Earnings from non-goods-producing industries are illustrated in Chart 3B. The percent of total earnings from services increased from 6.4 percent in 1969 to 10.7 percent in 1987. The percent of earnings from the trade sector decreased from 20.3 percent in 1969 to 9.0 percent in 1987. The percentage of earnings in the state and local government sector was erratic but generally decreased from 17.5 percent in 1969 to 15.4 percent in 1987. At the state level, the percent of earnings from services increased, while the percents of earnings from trade and state and local government were stable.

Average earnings per job (adjusted for inflation) for Magoffin County and Kentucky are shown in Chart 3D. In Kentucky, average earnings per job reached a high of \$20,121 per person in 1978. Average earnings per job have since declined and in 1987 they were \$18,636 per person. Magoffin County earnings per job were very erratic during the period. Average earnings increased to a high of \$28,580 in 1974, then decreased to a level of \$17,032 in 1987.

## Employment

Employment is considered to be any activity for which one receives financial remuneration in the form of wages or profits. In 1969, total employment stood at 1,415 people. By 1987, employment had increased to 3,307 people.

The unemployment rate, often used as an indicator of economic well-being, is the ratio of unemployed to the total civilian labor force. Unemployment is described as a condition of being out of work while actively seeking employment within the last thirty days. The civilian labor force is described as the proportion of population age 16 or older employed or actively seeking employment. Annual unemployment rates for Kentucky and Magoffin County are presented in Chart 4B. Magoffin County unemployment rates were above those of the state during the period. In 1987, the unemployment rate in Magoffin County was 20.1 percent, compared to 8.8 percent in Kentucky.

Another employment concept includes the discouraged worker. Discouraged workers are persons who want jobs but made no attempt to find work in the last thirty days because they believe they could not find it. These individuals are not included when calculating official unemployment rates. The Cabinet for Human Resources does not estimate discouraged workers by county. However, preliminary research by the Cabinet indicates that the inclusion of discouraged workers in the civilian labor force estimate would increase the unemployment rate by approximately 4 percent for the state. This figure would vary by county depending on the labor market in a county or within commuting distance.

Employment in the goods-producing industries is illustrated in Chart 4C. The percent of Magoffin County total employment in manufacturing increased in the mid-1970's, then declined to 4.8 percent in 1987. The farm sector's share of employment increased slightly and accounted for 16.9 percent in 1987. The mining sector represented 8.1 percent of total employment in 1969. Mine sector employment increased to 23.7 percent in 1981. However, this share declined through the 1980's to 13.4 percent in 1987. At the state level, the employment shares in these sectors declined.

Magoffin County employment in the non-goods-producing industries is illustrated in Chart 4D. Employment in the service sector as a percent of total employment increased from 9.3 percent in 1969 to 15.1 percent in 1987. The percent of employment in trade decreased from 19.6 percent in 1969 to 16.1 percent in 1987. The percent of employment in state and local government decreased from 18.8 percent in 1969 to 15.9 percent in 1987. At the state level, the percents of employment in the service and trade sectors increased, while the percent in government was constant.

## Population

The census conducted each decade counts the actual population in an area. Population is then statistically estimated during intervening years. The demographic composition of this population growth has important

implications for the future demand for goods and services, and ultimately, the economic structure of Magoffin County.

The Magoffin County population increased from 10,500 in 1969 to 14,200 in 1987 (Chart 5A). It was estimated that in 1986, 10.6 percent of Magoffin County's population was under six years of age, compared to 8.6 percent for the state. Magoffin County's proportion of residents age sixty or over declined through the period. In 1986, 12.5 percent of the Magoffin County population was sixty years of age or over, compared to 16.5 percent of all Kentucky residents.

## Coal

The coal sector provides significant income and employment to the Magoffin County and Kentucky economies. This sector also contributes directly to the Commonwealth's General Fund revenues through severance tax collections.

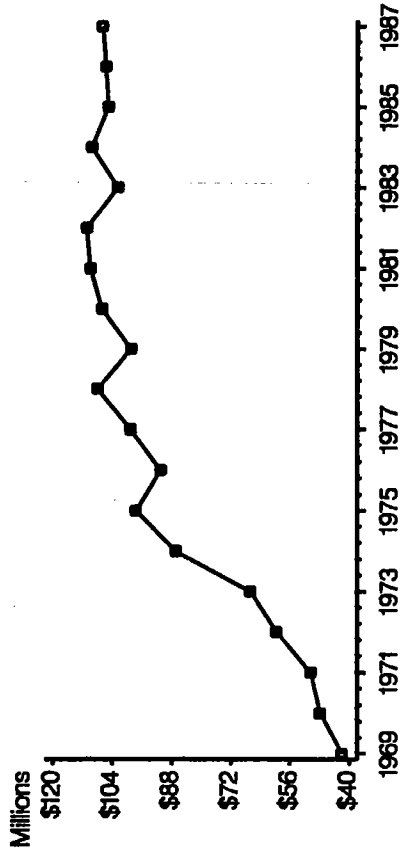
Magoffin County coal production patterns are presented in Chart 6A. Coal production is estimated by the Energy Information Administration of the U.S. Department of Energy. Estimates of production are calculated from a sample of coal shipments from each county. Coal production increased significantly in 1981 to a high of 4,141 thousand tons. This production increase was likely stimulated by changes in international energy markets. Specifically, a sharp increase in the price of oil resulted in increased demand for coal by utilities and resulted in increases in the price of coal. However, when oil prices declined, coal production also declined. In 1986, 1,730 thousand tons of coal was mined in Magoffin County.

Employment in the mining sector, which includes coal and other forms of mining, is illustrated in Chart 6B. In 1969, this sector provided 115 jobs in Magoffin County. Employment increased to 796 in 1981. However, by 1987 there were 442 people employed in mining in Magoffin County. The changes in employment illustrate the volatile nature of coal production and its impact on local economies.

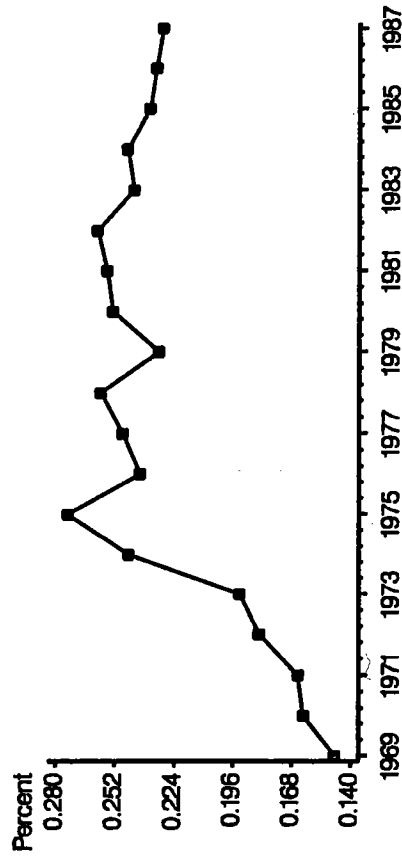
The average value per ton for coal is illustrated in Chart 6C. Similar to patterns for the national coal market, average value per ton increased in the 1970's, then declined during the 1980's.

Coal severance tax receipts are presented in Chart 6D. The Kentucky Revenue Cabinet collects severance taxes on processed coal. Receipts are then allocated to counties, based on the value of the coal mined in the county and the value attributed to any processing done in the county. Therefore, trends in severance tax collections may not exactly parallel those of the coal production figures in Chart 6A. Severance tax collections increased to \$5.9 million in 1982. By 1986, coal severance tax collections allocated to Magoffin County totalled \$2.7 million.

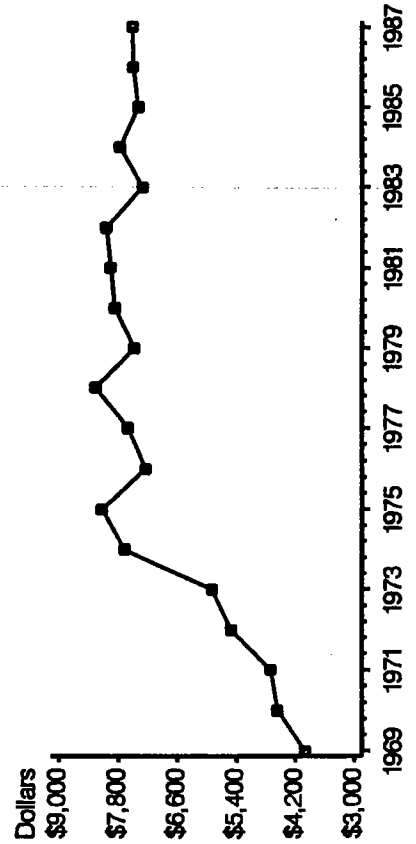
**CHART 1A**  
**MAGOFFIN COUNTY**  
**REAL PERSONAL INCOME**  
 Millions of 1988 dollars



**CHART 1B**  
**MAGOFFIN COUNTY**  
**PERSONAL INCOME**  
 as a Percent of Kentucky Personal Income



**CHART 1C**  
**MAGOFFIN COUNTY**  
**PER CAPITA PERSONAL INCOME**  
 in Constant 1988 Dollars



**CHART 1D**  
**MAGOFFIN COUNTY**  
**PER CAPITA PERSONAL INCOME**  
 as a Percent of Kentucky Per Capita Personal Income

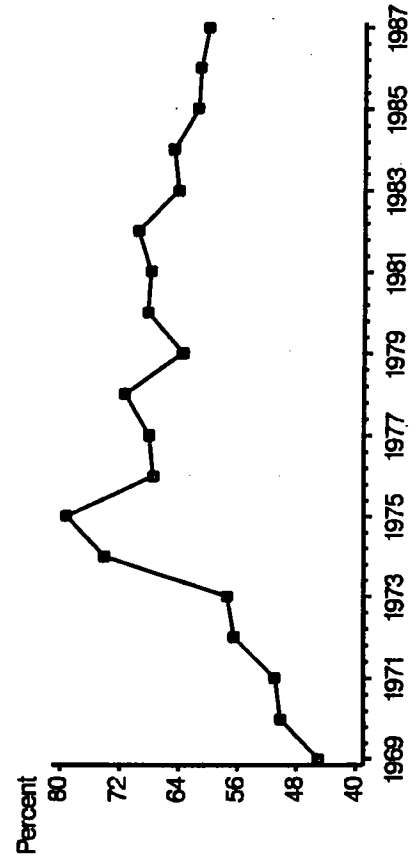


CHART 2A  
MAGOFFIN COUNTY  
REAL TOTAL EARNINGS  
Millions of 1988 dollars

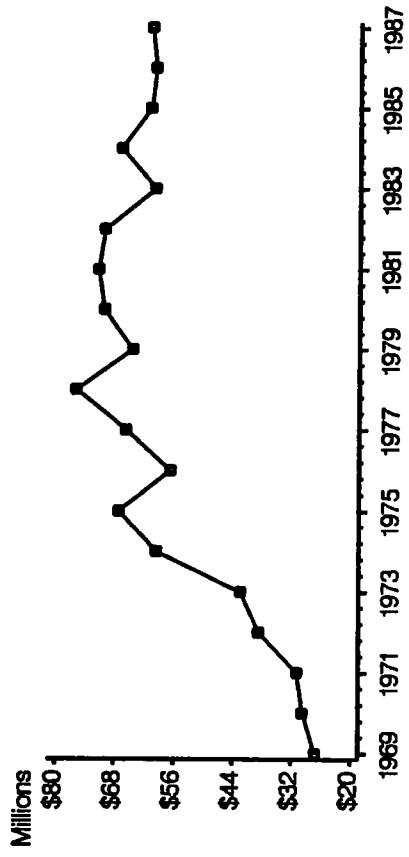


CHART 2B  
MAGOFFIN COUNTY  
TRANSFER PAYMENTS and INCOME FROM PROPERTY  
Millions of 1988 Dollars

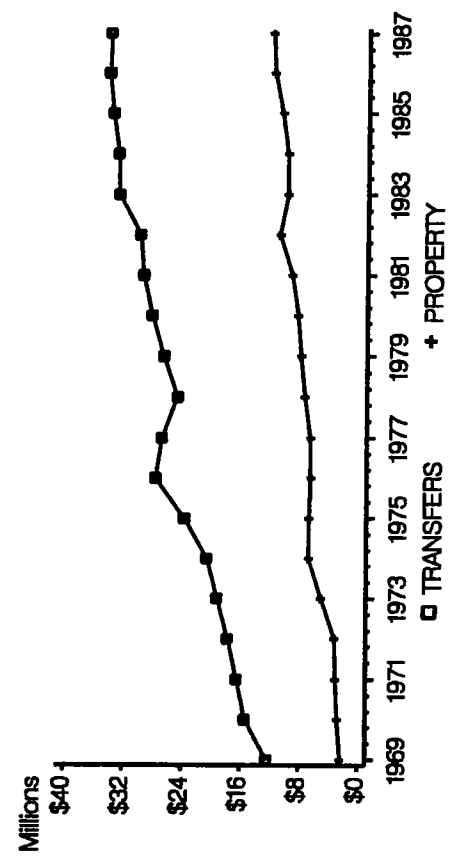


CHART 2C  
MAGOFFIN COUNTY  
TOTAL EARNINGS  
as a Percent of Personal Income

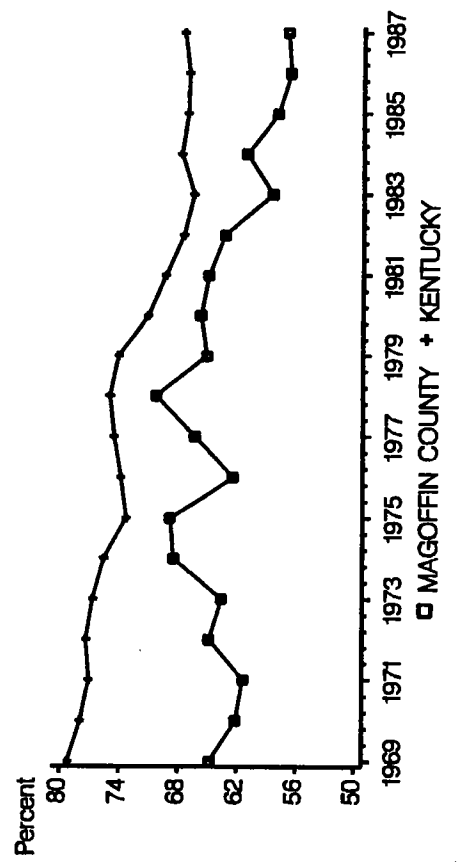


CHART 2D  
MAGOFFIN COUNTY  
TRANSFER PAYMENTS  
as a Percent of Personal Income

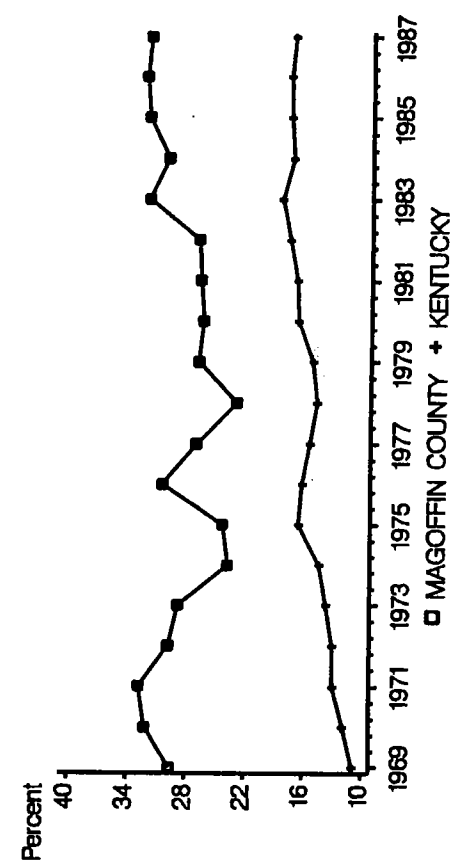




CHART 3A  
MAGOFFIN COUNTY  
EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

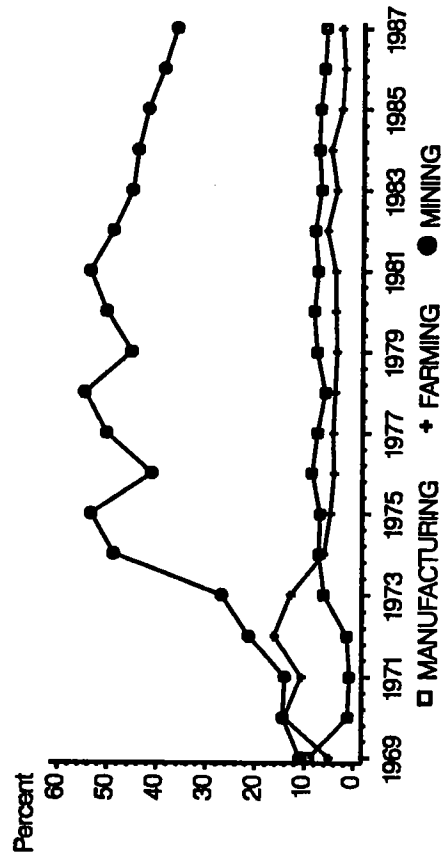


CHART 3B  
MAGOFFIN COUNTY  
EARNINGS IN NON - GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

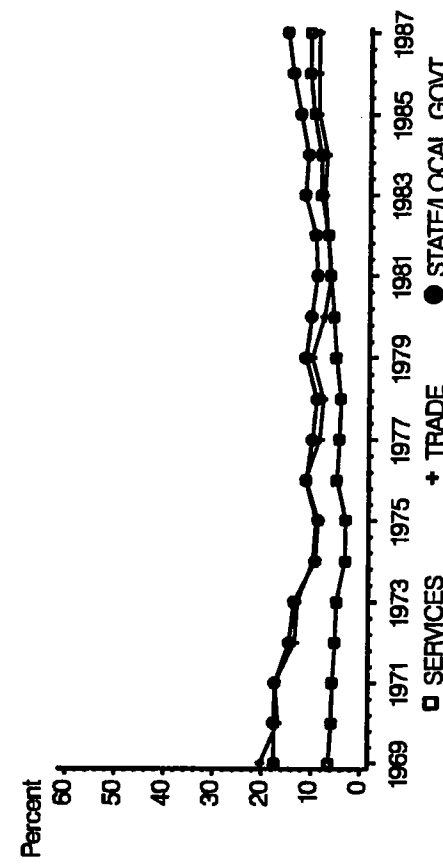


CHART 3C  
MAGOFFIN COUNTY  
EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Kentucky Industries

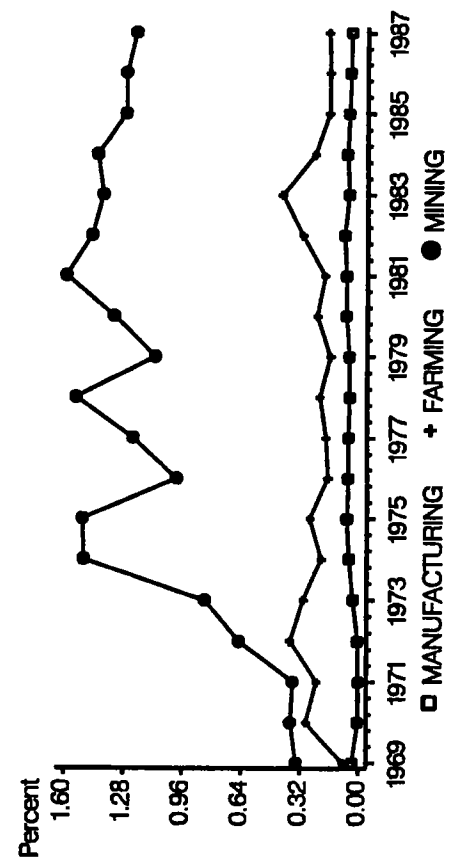


CHART 3D  
MAGOFFIN COUNTY  
AVERAGE EARNINGS PER JOB  
in Constant 1988 Dollars

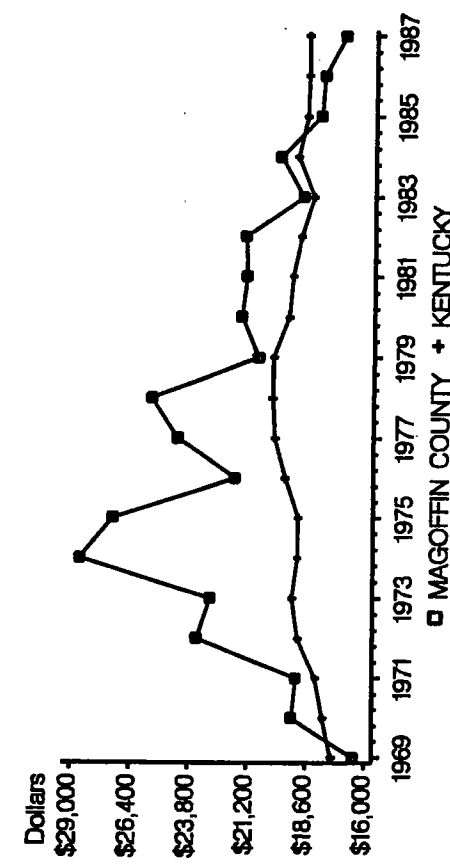


CHART 4A

MAGOFFIN COUNTY  
TOTAL EMPLOYMENT  
Thousands of People

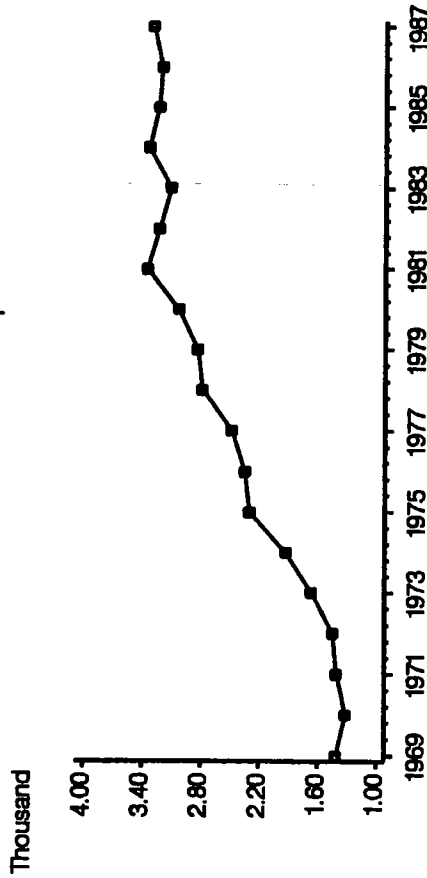


CHART 4B  
MAGOFFIN COUNTY  
ANNUAL UNEMPLOYMENT RATE

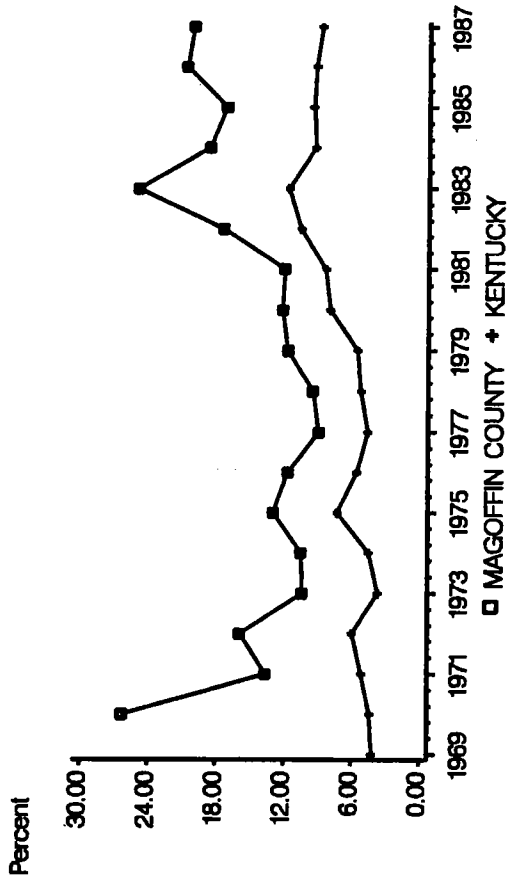


CHART 4C

MAGOFFIN COUNTY  
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

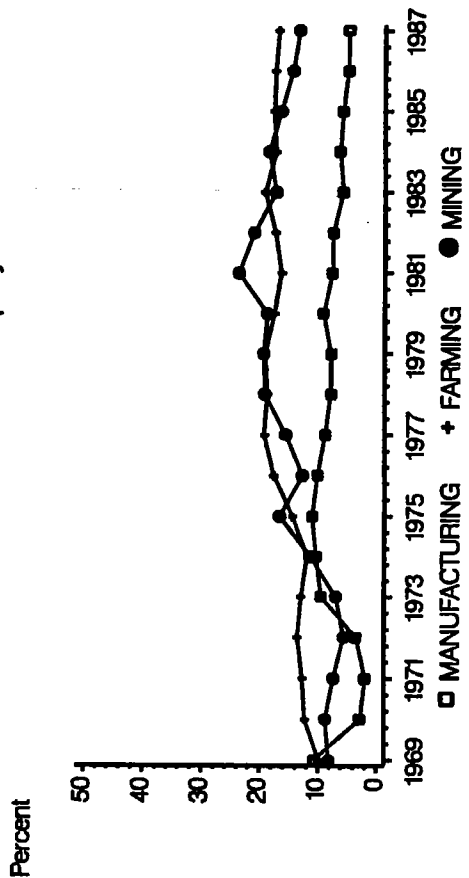


CHART 4D

MAGOFFIN COUNTY  
EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

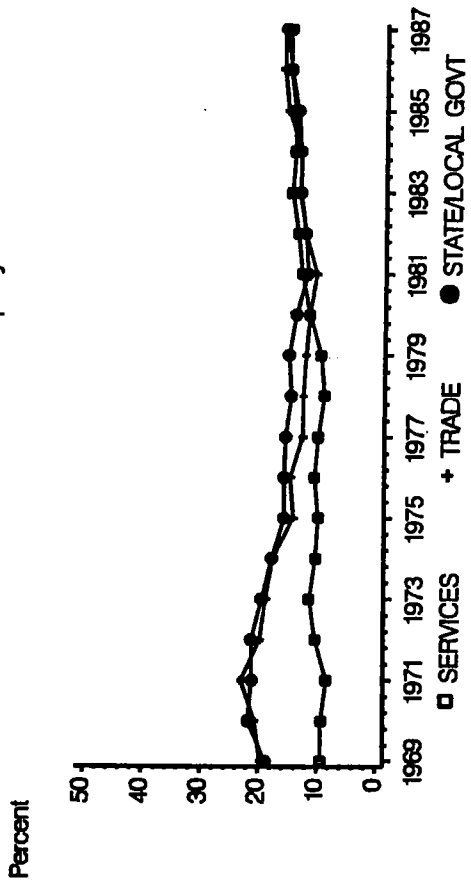


CHART 5A  
MAGOFFIN COUNTY  
POPULATION  
Thousands of People

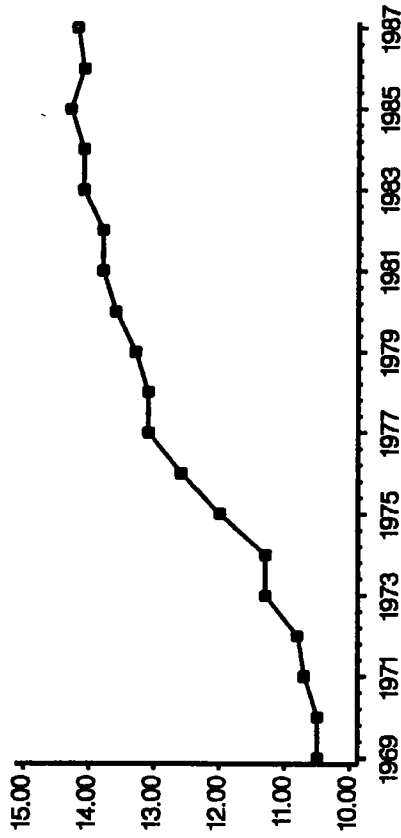


CHART 5B  
MAGOFFIN COUNTY  
POPULATION  
as a Percent of Kentucky Population

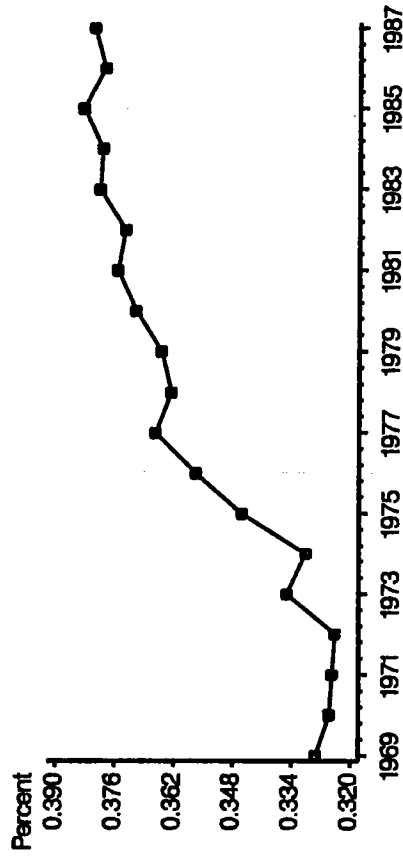


CHART 5C  
MAGOFFIN COUNTY  
POPULATION 5 AND UNDER  
as a Percent of Total Population

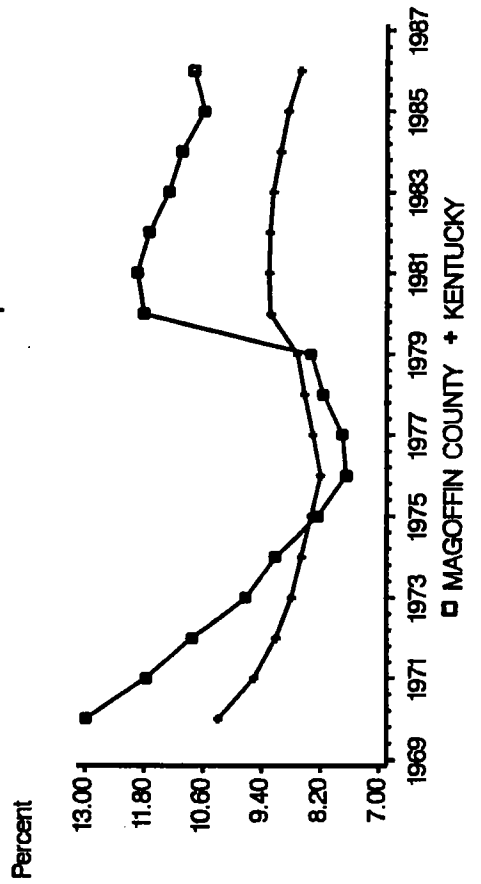


CHART 5D  
MAGOFFIN COUNTY  
POPULATION 60 AND OVER  
as a Percent of Total Population

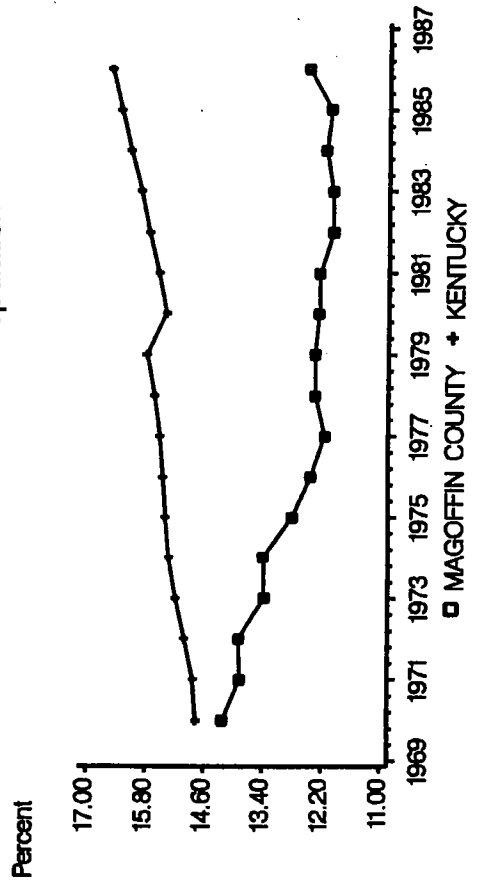


CHART 6A  
MAGOFFIN COUNTY  
TOTAL COAL PRODUCTION (SHIPMENTS)  
Thousands of Tons

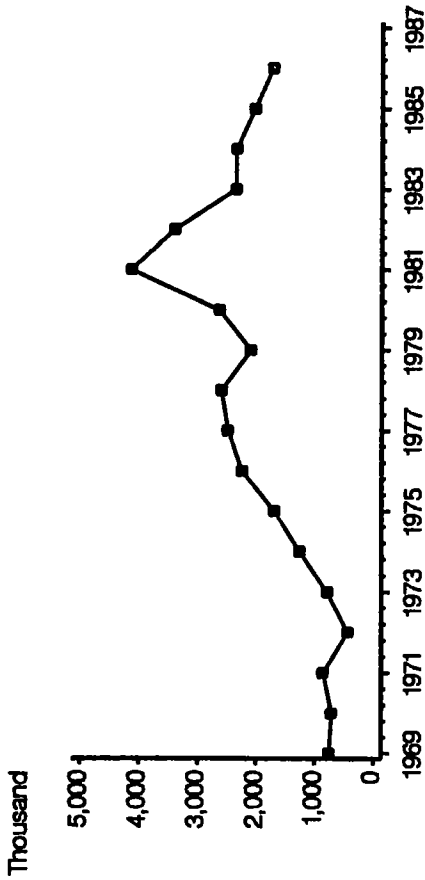


CHART 6B  
MAGOFFIN COUNTY  
MINING EMPLOYMENT  
Thousands of People

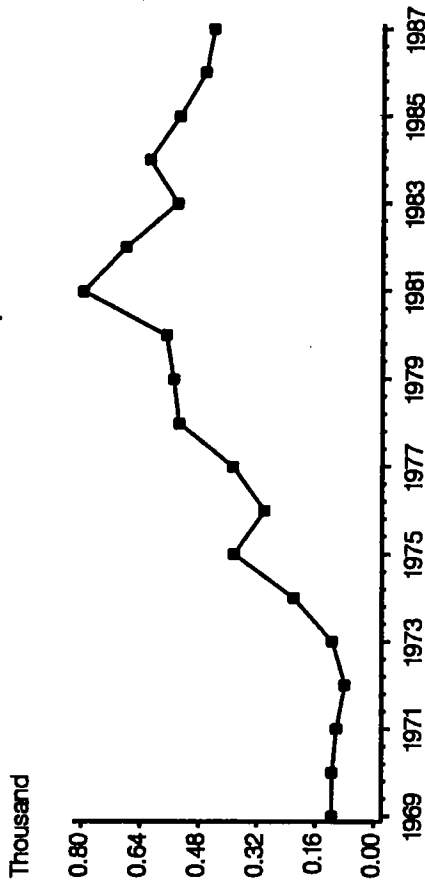


CHART 6C  
MAGOFFIN COUNTY  
AVERAGE VALUE PER TON FOR COAL  
Constant 1988 Dollars

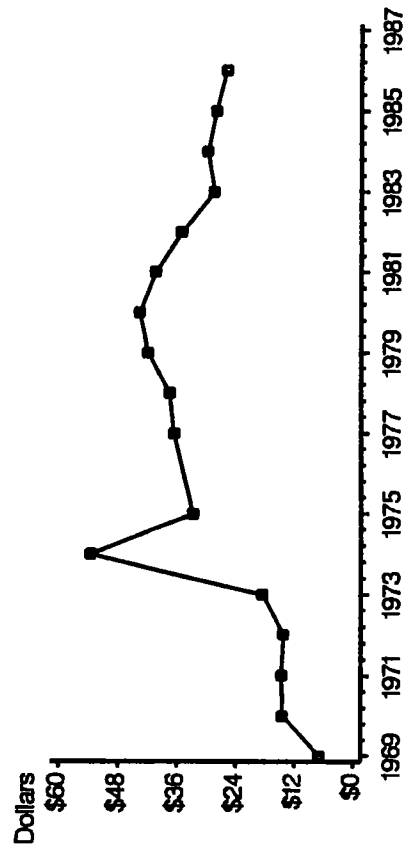
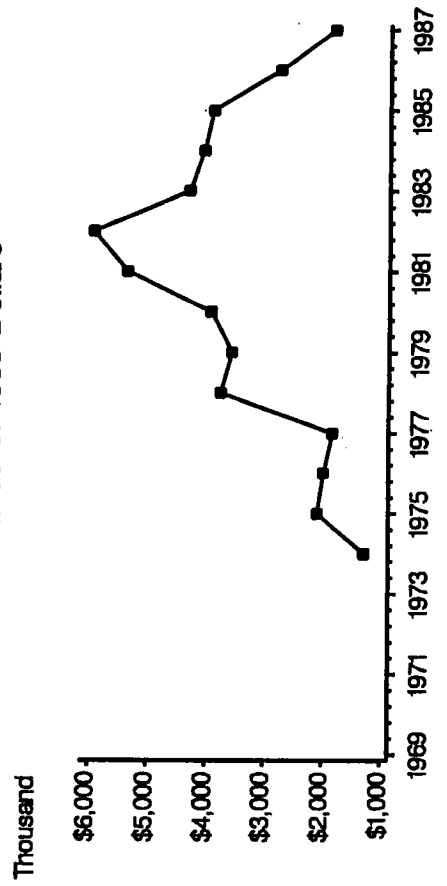


CHART 6D  
MAGOFFIN COUNTY  
TAX RECEIPTS ON COAL SEVERED OR PROCESSED  
Thousands of 1988 Dollars



MAGOFFIN COUNTY

PERSONAL INCOME  
In Millions of 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	42	0.15	3,996	45.0
1970	48	0.16	4,574	50.2
1971	50	0.17	4,717	51.0
1972	60	0.18	5,505	56.5
1973	67	0.19	5,896	57.4
1974	87	0.25	7,674	74.1
1975	98	0.27	8,124	79.2
1976	91	0.24	7,241	67.5
1977	99	0.25	7,603	68.0
1978	108	0.26	8,252	71.3
1979	99	0.23	7,470	63.5
1980	107	0.25	7,873	68.3
1981	110	0.26	7,953	67.9
1982	111	0.26	8,039	69.6
1983	103	0.24	7,304	64.2
1984	110	0.25	7,768	64.8
1985	105	0.24	7,386	61.6
1986	106	0.23	7,494	61.2
1987	107	0.23	7,514	60.1

COMPONENTS OF PERSONAL INCOME  
In Constant 1988 Dollars

Year	EARNINGS			TRANSFER PAYMENTS			INCOME from PROPERTY		
	M\$	Percent of Personal Income		M\$	Percent of Personal Income		M\$	Percent of Personal Income	
		County	Kentucky		County	Kentucky		County	Kentucky
1969	27	64.8	79.2	12	29.6	10.9	2	5.6	9.9
1970	30	62.1	77.9	15	32.1	11.9	3	5.8	10.2
1971	31	61.3	77.0	17	32.7	12.9	3	5.9	10.1
1972	39	64.9	77.3	18	29.7	12.9	3	5.4	9.7
1973	42	63.6	76.6	19	28.8	13.6	5	7.6	9.7
1974	60	68.5	75.5	21	23.7	14.4	7	7.8	10.1
1975	67	68.8	73.3	24	24.3	16.5	7	6.9	10.1
1976	57	62.4	73.9	28	30.4	16.1	7	7.2	10.0
1977	66	66.4	74.6	27	27.0	15.3	7	6.7	10.1
1978	76	70.3	75.0	25	22.9	14.6	7	6.8	10.4
1979	65	65.2	74.1	27	26.8	15.1	8	8.0	10.8
1980	70	65.8	71.1	28	26.4	16.7	8	7.8	12.2
1981	72	65.0	69.3	29	26.7	16.8	9	8.3	13.8
1982	70	63.3	67.5	30	26.9	17.6	11	9.8	14.9
1983	60	58.5	66.6	33	31.9	18.4	10	9.6	15.1
1984	67	61.1	67.8	33	29.9	17.3	10	9.0	14.9
1985	61	58.0	67.2	34	31.9	17.6	11	10.1	15.3
1986	60	56.7	67.1	34	32.2	17.6	12	11.1	15.3
1987	61	57.0	67.5	34	31.8	17.2	12	11.2	15.3

MAGOFFIN COUNTY

SECTOR EARNINGS as a PERCENT of TOTAL COUNTY EARNINGS and  
as a PERCENT of KENTUCKY SECTOR EARNINGS

YEAR	MANUFACTURING		FARMING		MINING	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	9.0	0.04	5.1	0.08	10.9	0.34
1970	1.1	0.00	14.1	0.29	14.4	0.37
1971	0.8	0.00	10.6	0.23	14.0	0.36
1972	1.4	0.01	16.2	0.38	21.4	0.65
1973	6.1	0.03	12.8	0.30	26.9	0.84
1974	7.2	0.06	6.2	0.20	48.9	1.49
1975	6.9	0.07	4.9	0.27	53.5	1.50
1976	8.6	0.06	4.2	0.17	41.2	0.99
1977	7.5	0.06	4.4	0.18	50.4	1.23
1978	6.0	0.05	4.0	0.21	54.9	1.54
1979	7.7	0.06	3.7	0.15	45.4	1.11
1980	8.3	0.07	4.0	0.23	50.5	1.33
1981	7.5	0.07	4.0	0.19	53.9	1.59
1982	8.2	0.08	5.7	0.31	49.2	1.45
1983	6.9	0.06	3.8	0.42	45.4	1.39
1984	7.4	0.07	5.0	0.24	44.3	1.42
1985	7.2	0.06	2.8	0.16	42.2	1.27
1986	6.4	0.05	2.3	0.16	39.0	1.27
1987	6.1	0.05	2.8	0.17	36.5	1.22

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	6.4	0.05	20.3	0.13	17.5	0.19
1970	5.8	0.05	16.7	0.11	17.6	0.20
1971	5.6	0.05	17.3	0.12	17.4	0.20
1972	5.2	0.05	13.4	0.11	14.5	0.20
1973	4.9	0.05	12.8	0.11	13.5	0.20
1974	3.1	0.05	9.7	0.12	9.2	0.20
1975	3.0	0.05	9.1	0.13	8.7	0.20
1976	4.9	0.06	11.2	0.12	11.2	0.20
1977	4.4	0.07	8.5	0.11	10.0	0.21
1978	4.2	0.07	7.7	0.11	9.0	0.21
1979	5.2	0.07	10.0	0.11	11.4	0.21
1980	5.7	0.08	7.6	0.10	10.2	0.21
1981	6.4	0.10	6.3	0.10	9.1	0.21
1982	6.9	0.10	7.0	0.10	9.5	0.21
1983	8.3	0.10	7.8	0.10	11.7	0.21
1984	8.4	0.11	7.3	0.10	11.0	0.22
1985	9.9	0.11	9.0	0.11	12.6	0.22
1986	10.8	0.11	9.1	0.11	14.2	0.23
1987	10.7	0.10	9.0	0.10	15.4	0.24

MAGOFFIN COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	152	10.7	140	9.9	115	8.1
1970	36	2.7	162	12.3	114	8.7
1971	27	1.9	179	12.7	102	7.2
1972	50	3.5	197	13.6	79	5.5
1973	158	9.5	217	13.0	114	6.8
1974	200	10.3	230	11.9	221	11.4
1975	255	11.1	334	14.5	384	16.6
1976	238	10.1	415	17.6	301	12.8
1977	218	8.8	478	19.2	388	15.6
1978	217	7.8	523	18.7	535	19.1
1979	221	7.8	543	19.1	550	19.3
1980	278	9.2	534	17.6	570	18.8
1981	255	7.6	552	16.4	796	23.7
1982	242	7.5	564	17.4	681	21.0
1983	179	5.7	598	19.2	540	17.3
1984	209	6.2	580	17.3	616	18.4
1985	187	5.8	572	17.6	534	16.4
1986	156	4.8	560	17.4	465	14.4
1987	158	4.8	559	16.9	442	13.4

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	132	9.3	278	19.6	266	18.8
1970	121	9.2	271	20.6	286	21.7
1971	117	8.3	323	22.9	297	21.1
1972	150	10.4	287	19.8	308	21.3
1973	191	11.4	314	18.8	326	19.5
1974	200	10.3	343	17.7	345	17.8
1975	229	9.9	329	14.3	365	15.8
1976	250	10.6	348	14.8	373	15.8
1977	248	10.0	316	12.7	388	15.6
1978	250	8.9	354	12.7	412	14.7
1979	272	9.6	349	12.3	431	15.2
1980	354	11.7	353	11.6	424	14.0
1981	437	13.0	350	10.4	405	12.1
1982	446	13.8	402	12.4	404	12.5
1983	463	14.8	423	13.5	418	13.4
1984	480	14.3	443	13.2	447	13.4
1985	468	14.4	505	15.5	450	13.9
1986	489	15.2	524	16.3	486	15.1
1987	499	15.1	533	16.1	525	15.9

MAGOFFIN COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	1,415	\$16,492	\$17,440	.	4.2
1970	1,315	\$19,223	\$17,811	26.3	4.4
1971	1,408	\$19,033	\$18,166	13.6	5.1
1972	1,449	\$23,436	\$18,970	15.9	6.0
1973	1,671	\$22,847	\$19,232	10.4	3.7
1974	1,934	\$28,580	\$19,008	10.5	4.5
1975	2,307	\$27,131	\$18,976	13.0	7.3
1976	2,354	\$21,760	\$19,563	11.7	5.6
1977	2,488	\$24,305	\$20,031	9.0	4.7
1978	2,794	\$25,460	\$20,121	9.5	5.3
1979	2,843	\$20,761	\$20,110	11.7	5.5
1980	3,038	\$21,517	\$19,439	12.2	8.0
1981	3,360	\$21,307	\$19,286	12.0	8.4
1982	3,240	\$21,359	\$18,931	17.4	10.6
1983	3,122	\$18,836	\$18,358	24.9	11.6
1984	3,348	\$19,866	\$19,080	18.6	9.3
1985	3,249	\$18,065	\$18,676	17.2	9.5
1986	3,218	\$17,919	\$18,627	20.7	9.3
1987	3,307	\$17,032	\$18,636	20.1	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER 6		PERCENT 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	10,500	0.33	.	.	.	.
1970	10,500	0.33	13.0	10.3	14.2	14.8
1971	10,700	0.32	11.8	9.6	13.9	14.8
1972	10,800	0.32	10.8	9.1	13.9	15.0
1973	11,300	0.34	9.7	8.8	13.4	15.2
1974	11,300	0.33	9.1	8.6	13.4	15.3
1975	12,000	0.35	8.3	8.4	12.8	15.4
1976	12,600	0.36	7.7	8.2	12.4	15.5
1977	13,100	0.37	7.7	8.4	12.1	15.5
1978	13,100	0.36	8.1	8.5	12.3	15.6
1979	13,300	0.37	8.4	8.7	12.3	15.8
1980	13,600	0.37	11.8	9.2	12.3	15.4
1981	13,800	0.38	11.9	9.3	12.2	15.5
1982	13,800	0.37	11.7	9.2	12.0	15.7
1983	14,100	0.38	11.3	9.2	12.0	15.9
1984	14,100	0.38	11.0	9.0	12.1	16.1
1985	14,300	0.38	10.6	8.9	12.0	16.3
1986	14,100	0.38	10.8	8.6	12.5	16.5
1987	14,200	0.38	.	.	.	.



MAGOFFIN COUNTY

COAL MINING STATISTICS

YEAR	PRODUCTION (Thousand Tons)	EMPLOYMENT	AVERAGE VALUE PER TON	COAL TAX RECEIPTS (000)
1969	755	115	\$6.83	.
1970	714	114	\$14.51	.
1971	859	102	\$14.67	.
1972	438	79	\$14.24	.
1973	789	114	\$18.57	.
1974	1,265	221	\$53.53	\$1,285
1975	1,701	384	\$32.81	\$2,084
1976	2,249	301	.	\$1,976
1977	2,493	388	\$36.64	\$1,822
1978	2,600	535	\$37.51	\$3,748
1979	2,096	550	\$41.87	\$3,561
1980	2,640	570	\$43.58	\$3,919
1981	4,141	796	\$40.23	\$5,341
1982	3,408	681	\$35.07	\$5,910
1983	2,360	540	\$28.40	\$4,285
1984	2,350	616	\$29.75	\$4,039
1985	2,042	534	\$27.98	\$3,883
1986	1,730	465	\$25.75	\$2,748
1987	.	442	.	.

Note: All dollar figures are presented in constant 1988 dollars.



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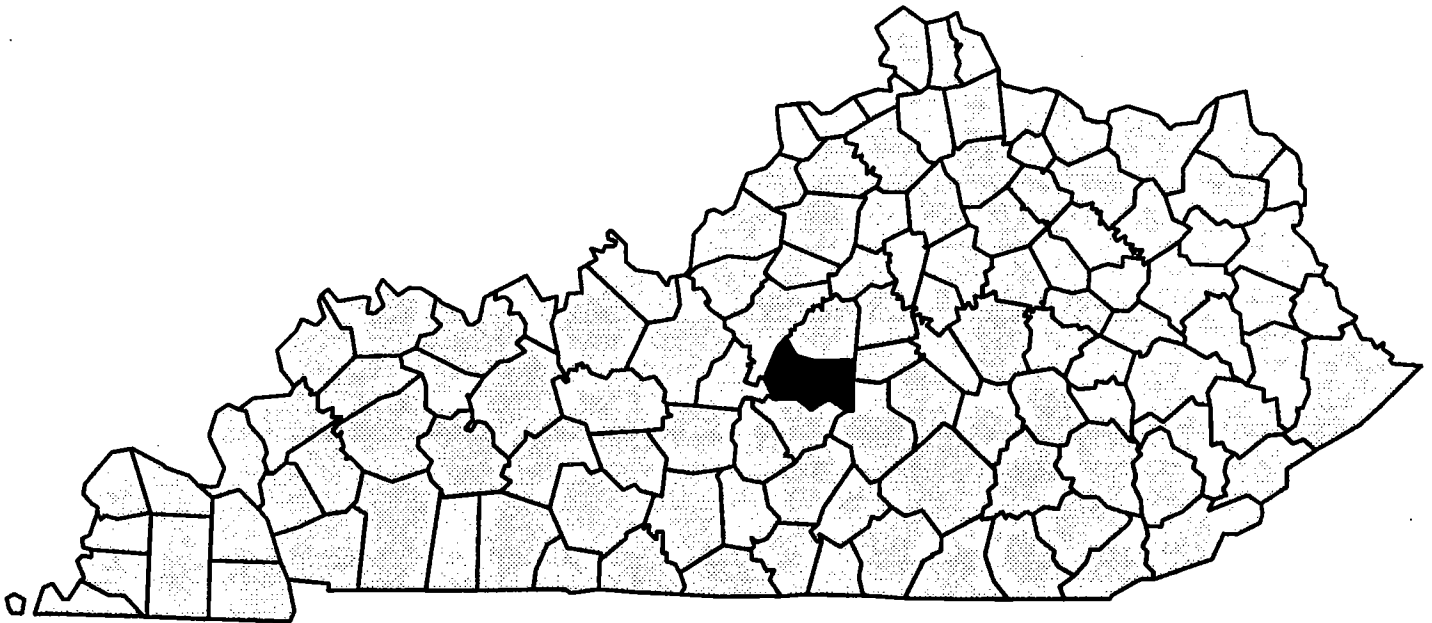
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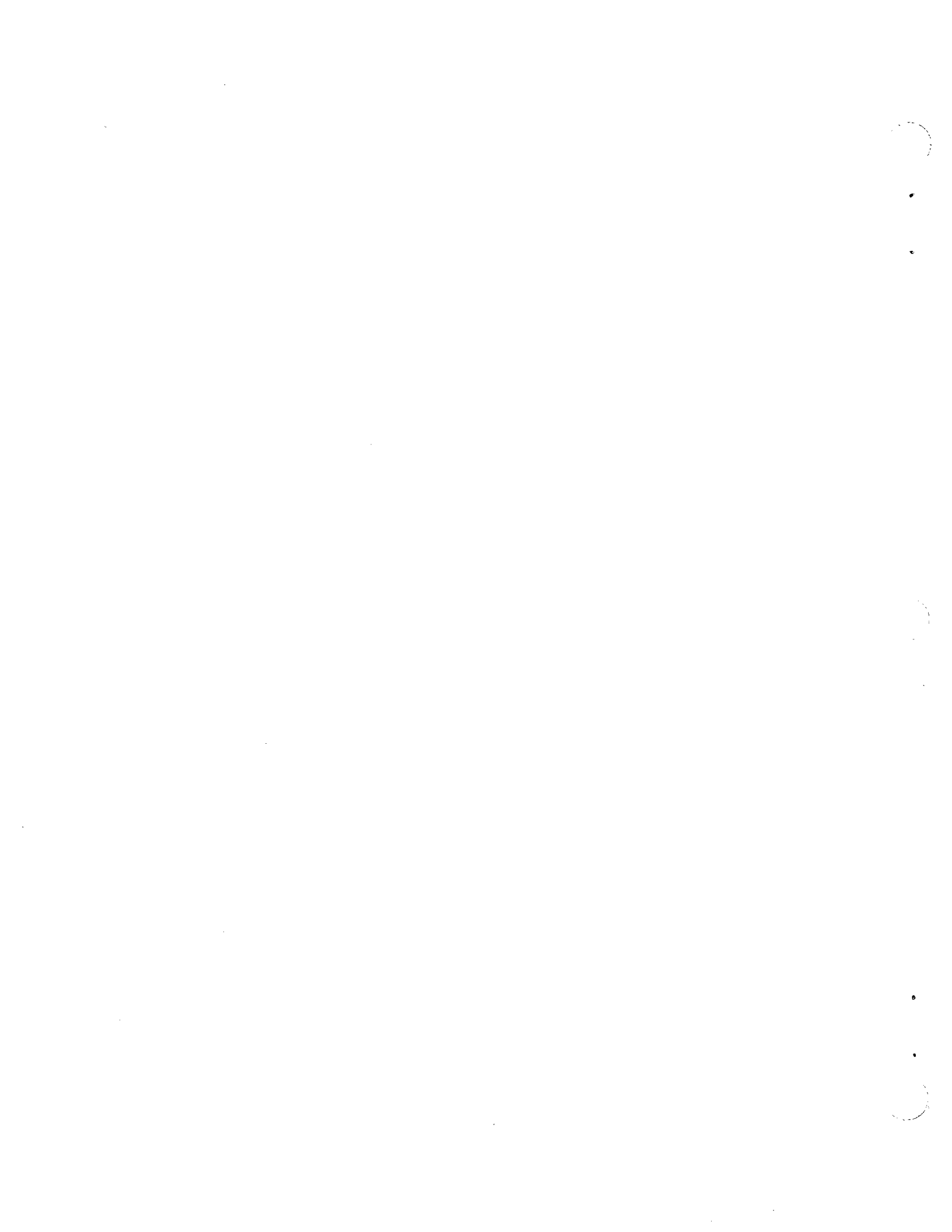
ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

**MARION COUNTY**



Prepared by  
Virginia Wilson  
Donna A. Cantrell

RESEARCH MEMORANDUM 438  
Legislative Research Commission  
Frankfort, Kentucky  
February, 1990



ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

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MARION COUNTY

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## FOREWORD

This publication is one of a set of 120, highlighting economic trends in each county in Kentucky from 1969-1987. This effort is part of the ongoing activities sponsored by the Legislative Research Commission to provide a long-term perspective on issues for decision makers. The economies of individual counties do not always parallel overall state trends. This set of publications is an attempt to look at the economic trends in each county over time and to point out where the economies of individual counties may be performing differently from the economy of the state as a whole.

This publication was prepared by Virginia Wilson and Donna Cantrell. Susan Dance assisted in production of the manuscript and Charles Bush edited the report. The assistance of Carol Straus from the Center for Business and Economic Research at the University of Kentucky in deciphering data is gratefully acknowledged.

Vic Hellard, Jr.  
Director

The Capitol  
Frankfort  
February, 1990



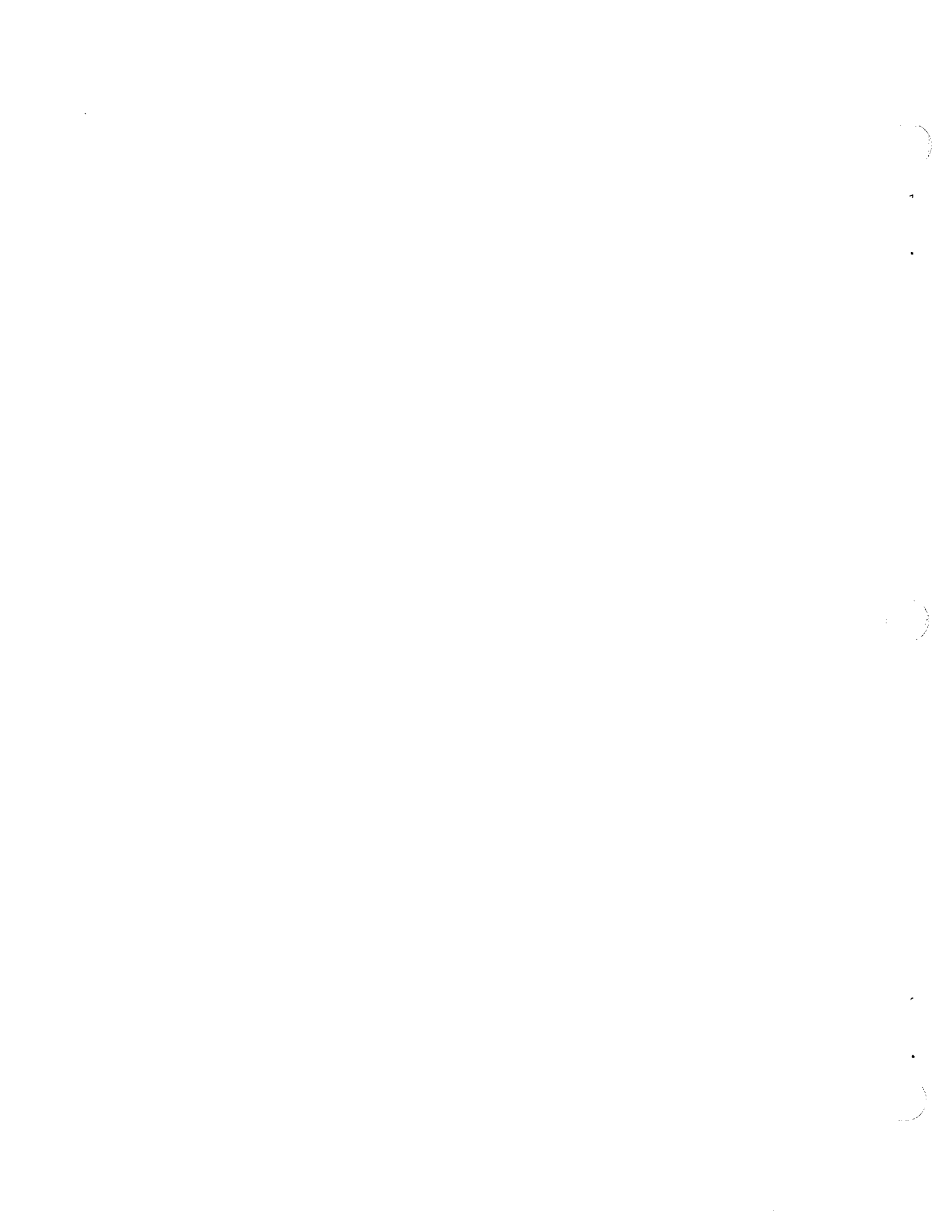
## SUMMARY

The Marion County economy, as measured by personal income, grew moderately from 1969 to 1987. However, earnings were an extremely volatile component of personal income, especially during the national recessions of 1975 and 1982. Both per capita personal income and average earnings per job were significantly below those of the state.

The county was heavily dependent on the goods-producing industries of manufacturing and farming. However, the share of earnings from the farm sector declined significantly over the period, while employment declined to a lesser extent. The manufacturing sector's share of employment declined. These sectors also declined as a percent of the state economy.

The non-goods-producing sectors of services, trade, and state and local government experienced growth in the county. At the state level, the service and trade sectors also showed strong growth.

Goods-producing industries tend to be very sensitive to economic fluctuations in national and international markets. The non-goods-producing sectors tend to be more resilient during periods of economic decline. The long-term economic outlook at the state and national levels is for continued growth in these sectors, especially the service sector. Future economic growth in Marion County may be enhanced by promoting these sectors.



## INTRODUCTION

This is one of a series of reports called Economic Trends in Kentucky Counties. The purpose of this series is to describe the economic structure of Kentucky counties and to assess their economic performance relative to their own history and relative to the Kentucky economy. Information on the structure and patterns of change in county economies and an understanding of their relationship to the Kentucky economy can help in making policy decisions that are intended to shape Kentucky's economic future.\*

When assessing any economy there are several pertinent questions which may be addressed. The first concerns changes in the absolute size of the economy over time. Here the relevant comparison is between the county economy and its own history. Since most economic variables are given in dollars and since inflation causes the value of a dollar to vary over time, all dollar values in this report are presented in constant 1988 dollars. This allows analysis of real changes over time by controlling for the effects of inflation.

A second question concerns the structure and nature of the county economy. The structure of an economy refers to the relative share contributed by the various segments of the economy, while the nature deals with how this share has changed over time.

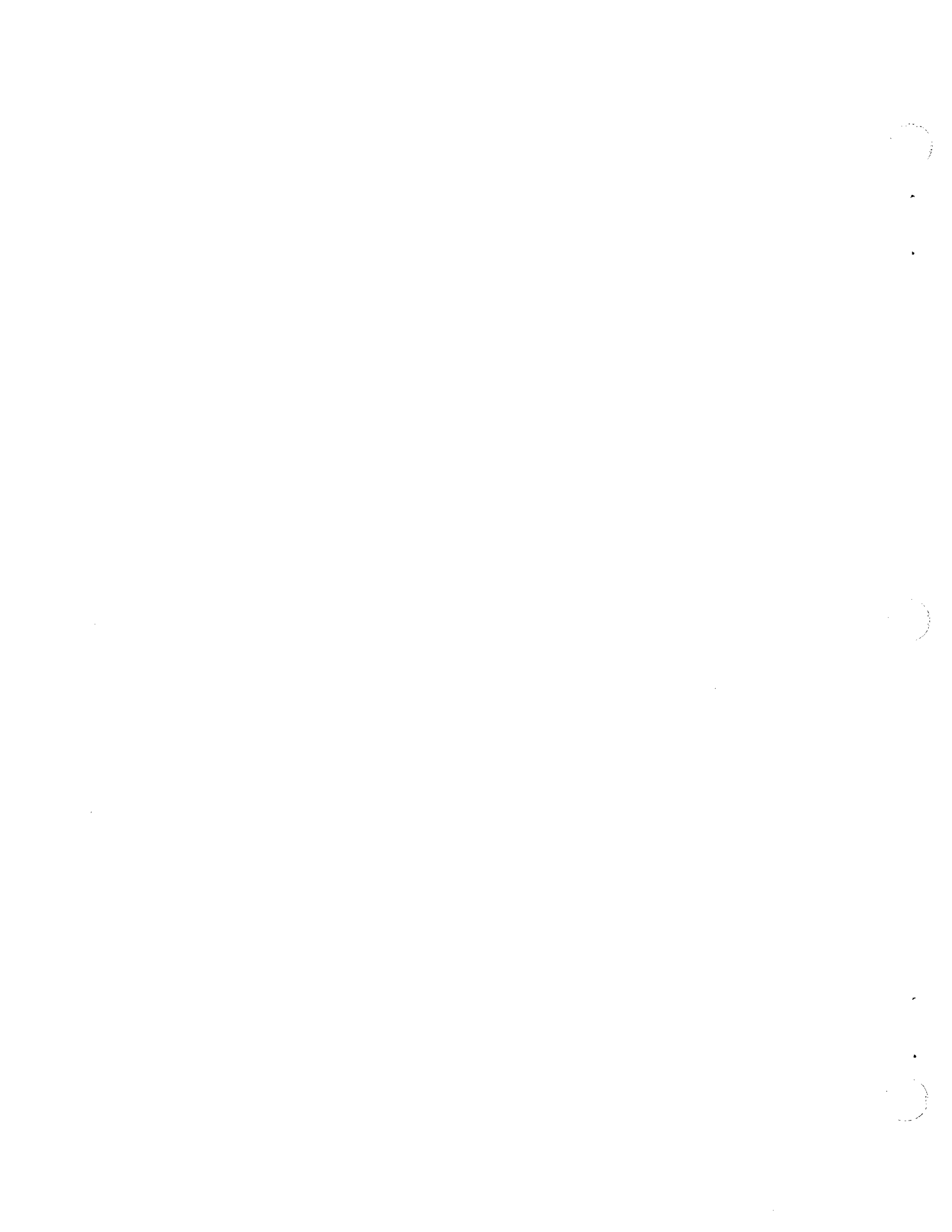
A third question concerns the performance of the county economy when compared to the Kentucky economy. For example, if a county has a higher proportion of earnings or employment in a particular sector it would indicate a specialization in that sector. Differences in economic structure may explain variations in relative economic well-being between a county and the state as a whole.

Economic data for counties are usually published after a lag of two years. Therefore, most data in this report cover the period 1969 to 1987. All data for this report was obtained from the Kentucky Economic Information System, an on-line database maintained by the University of Kentucky Center for Business and Economic Development.

There are certain caveats which should be remembered when analyzing data. First, it is a common and useful approach to evaluate the percentage an economic sector contributes to the total economy. However, one must remember that a sector's percentage contribution may decline even when its absolute value is increasing if another sector's contribution is growing at a faster rate. Secondly, when reviewing data in graphical analyses, the scales used to present data should be noted. In this report most graphs are presented with the narrowest scale which will cover all data points. This can accentuate visual patterns over time even when absolute changes are relatively small.

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\*For an analysis of economic trends in Kentucky, see Virginia Wilson, Patterns of Growth and Decline in the Kentucky Economy 1969-1988, Research Memorandum 437, Legislative Research Commission, November 1989.



## ECONOMIC TRENDS IN MARION COUNTY

The following analysis includes a brief description of the county economy and is accompanied by graphical illustrations. Data tables are also included at the end of this report. Three principal components of the Marion County economy are analyzed. They are:

1. Personal Income
2. Earnings
3. Employment

### Personal Income

Personal income is often used as a measure of the economic activity in an area. Personal income is the sum of all the dollar income received by individuals in an area from any legal source. Personal income data is published by the Bureau of Economic Analysis (BEA) for most major geographic regions, including states, counties, and major cities.

In general, income can be obtained in three ways. First, it can be earned by the work of an individual. This type of income includes wage and salary income and proprietors' earnings. Second, income can be earned by property. This component includes earnings from rents, dividends, and interest. Finally, income can be received as a gift or an entitlement. This type of income constitutes the component of personal income called transfer payments. Included in this component is income from sources such as retirement benefits, unemployment benefits, food stamps, and medical programs such as Medicare and Medicaid.

As can be seen in Chart 1A, the size of the Marion County economy, as measured by personal income, increased from \$115 million in 1969 to \$174 million in 1987, after adjusting for inflation. Chart 1B shows Marion County total personal income as a percent of Kentucky total personal income. Marion County's share of Kentucky personal income decreased sharply in 1975 but increased slightly in the 1980's.

A similar pattern emerges from an examination of per capita personal income. Per capita personal income is simply the total personal income of an area divided by its population. Per capita personal income is often used as a measure of the economic well-being of the residents of an area. Charts 1C and 1D indicate that Marion County per capita income increased over the time period to a level of \$9,950 per person in 1987, when it was 79.6 percent of Kentucky per capita personal income.

A better understanding of the nature of economic activity can be gleaned from an examination of the relative contribution of the components of personal income and how their shares have changed over time. This information is illustrated in Charts 2A-2D. Earnings in Marion County showed extremely erratic growth. Earnings dropped significantly in 1975 and in 1983,

reflecting national and state recessions. Total earnings were \$108 million in 1987 (in constant 1988 dollars). The share of personal income from earnings declined over time. This trend occurred at the state level as well. In 1987, earnings accounted for 62.2 percent of Marion County's total personal income, which was lower than Kentucky's 67.5 percent share.

Transfer payments contributed \$14 million to total personal income in 1969 and \$35 million in 1987. During the period, transfer payments contributed a much higher percentage of personal income in Marion County than in Kentucky.

Income from property in Marion County grew steadily through the time period. Income from property totalled \$11 million in 1969 and increased to \$31 million in 1987.

## Earnings

Earnings are the component of personal income reflecting payments to individuals in return for labor. Earnings include both wages and salaries and proprietor's income. The manufacturing sector's share of earnings in Marion County was fairly constant throughout the period. In 1987, 18.8 percent of earnings were generated in the manufacturing sector. At the state level, the percentage of earnings from manufacturing showed a steady decline over the period.

Farming's contribution to total county earnings decreased from 28.4 percent in 1969 to 9.9 percent in 1987. The trend toward declining earnings is consistent with state and national trends.

Earnings from non-goods-producing industries as a percent of total earnings are illustrated in Chart 3B. The percent of earnings from the service sector increased from 16.3 percent in 1969 to 21.7 percent in 1987. The percent of earnings from the trade sector increased from 11.4 percent in 1969 to 17.4 percent in 1987. The share of earnings from the state and local government sector also increased, from 7.2 percent in 1969 to 13.1 percent in 1987. At the state level, the percent of earnings from services increased, while the percents from trade and state and local government were stable.

Average earnings per job (adjusted for inflation) for Marion County and Kentucky are shown in Chart 3D. In Kentucky, average earnings per job reached a high of \$20,121 per person in 1978. Since then, average earnings per job declined and in 1987 they were \$18,636 per person. County average earnings were \$11,797 in 1987, well below the Kentucky average.

## Employment

Employment is considered any activity for which one receives financial remuneration in the form of wages or profits. In 1969, total employment stood at 6,190 people. In 1975, employment dropped significantly to 5,562. However, by 1987, that figure had increased to 6,368.



The unemployment rate, often used as an indicator of economic well-being, is the ratio of unemployed to the total civilian labor force. Unemployment is described as a condition of being out of work while actively seeking employment within the last thirty days. The civilian labor force is described as the proportion of population age 16 or older employed or actively seeking employment. Annual unemployment rates for Kentucky and Marion County are presented in Chart 4B. Unemployment rates in Marion County exceeded those of the state throughout the period. In 1987, the county unemployment rate was 12.9 percent, compared to 8.8 percent for Kentucky.

Another employment concept includes the discouraged worker. Discouraged workers are persons who want jobs but made no attempt to find work in the last thirty days because they believe they could not find it. These individuals are not included when calculating official unemployment rates. The Cabinet for Human Resources does not estimate discouraged workers by county. However, preliminary research by the Cabinet indicates that the inclusion of discouraged workers in the civilian labor force estimate would increase the unemployment rate by approximately four percent for the state. This figure would vary by county depending on the labor market in a county or within commuting distance.

Employment in the goods-producing industries is illustrated in Chart 4C. The farm sector was the primary source of employment throughout the period. However, farming's share of employment declined from 31.9 percent in 1969 to 24.9 percent in 1987. The percent of total employment in manufacturing decreased from 16.0 percent in 1969 to 11.5 percent in 1987.

Employment in the non-goods-producing industries is presented in Chart 4D. Service sector employment increased from 1969 to 1987. In 1969, the service sector accounted for 17.3 percent of employment. This share increased to 20.1 percent in 1987. The trade sector's share of employment increased from 12.9 percent in 1969 to 17.3 percent in 1987. The percent of employment in state and local government increased slightly and was 9.0 percent in 1987. At the state level, service and trade employment increased significantly, while government employment remained constant.

## Population

The census conducted each decade counts the actual population in an area. Population is then statistically estimated during intervening years. The demographic composition of this population growth has important implications for the future demand for goods and services, and ultimately, the economic structure of Marion County.

The Marion County population grew slightly, from 16,700 in 1969 to 18,100 in 1979 (Chart 5A). However, by 1987, county population declined to 17,500. It was estimated that in 1986, 9.1 percent of Marion County's population was under six years of age, compared to 8.6 for the state. In the same year, 15.4 percent of the Marion County population was sixty years of age and over, while 16.5 percent of all Kentucky residents fell in this age group.

CHART 1A

MARION COUNTY  
REAL PERSONAL INCOME  
Millions of 1988 dollars

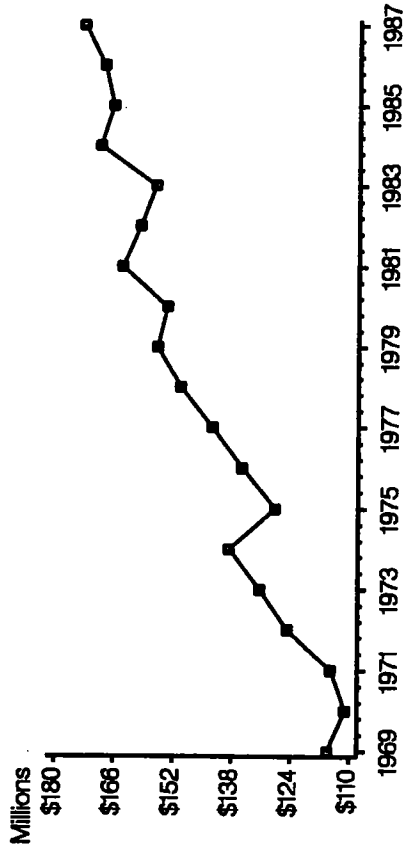


CHART 1B  
MARION COUNTY  
PERSONAL INCOME  
as a Percent of Kentucky Personal Income

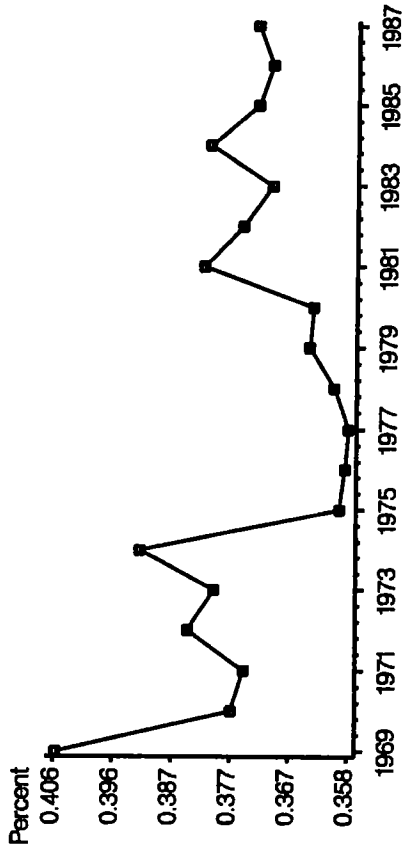


CHART 1C

MARION COUNTY  
PER CAPITA PERSONAL INCOME  
in Constant 1988 Dollars

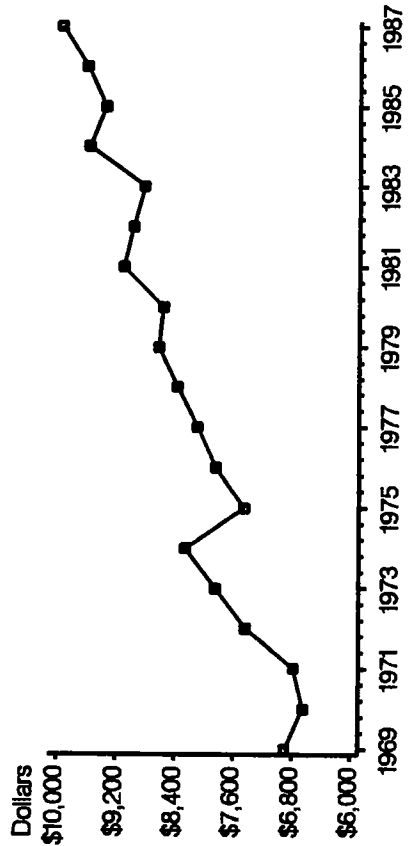


CHART 1D

MARION COUNTY  
PER CAPITA PERSONAL INCOME  
as a Percent of Kentucky Per Capita Personal Income

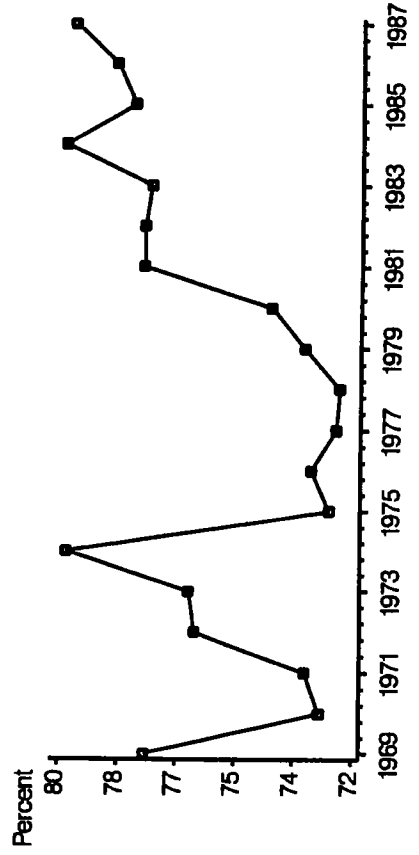


CHART 2A

MARION COUNTY

REAL TOTAL EARNINGS

Millions of 1988 dollars

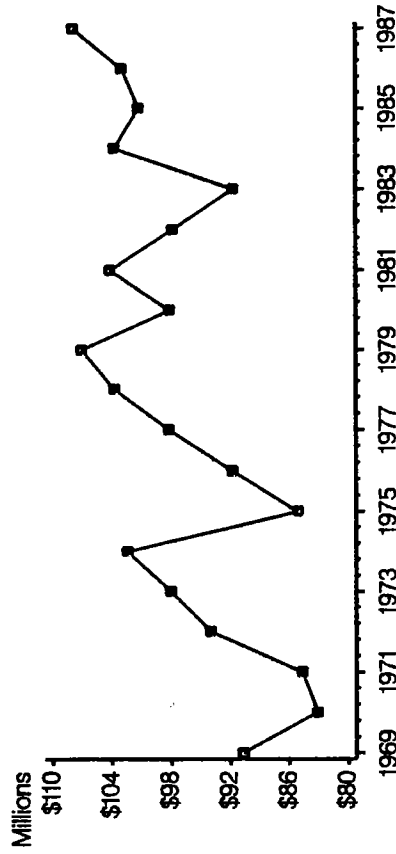


CHART 2B

MARION COUNTY

TRANSFER PAYMENTS and INCOME FROM PROPERTY

Millions of 1988 Dollars

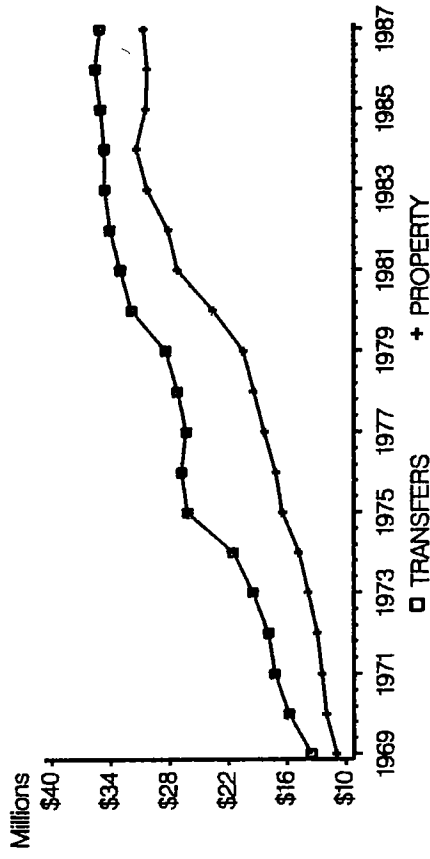


CHART 2C

MARION COUNTY

TOTAL EARNINGS

as a Percent of Personal Income

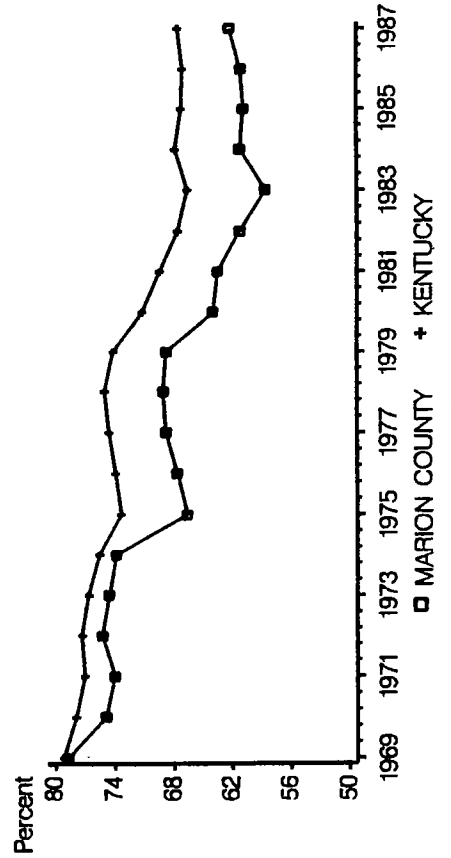


CHART 2D

MARION COUNTY

TRANSFER PAYMENTS

as a Percent of Personal Income

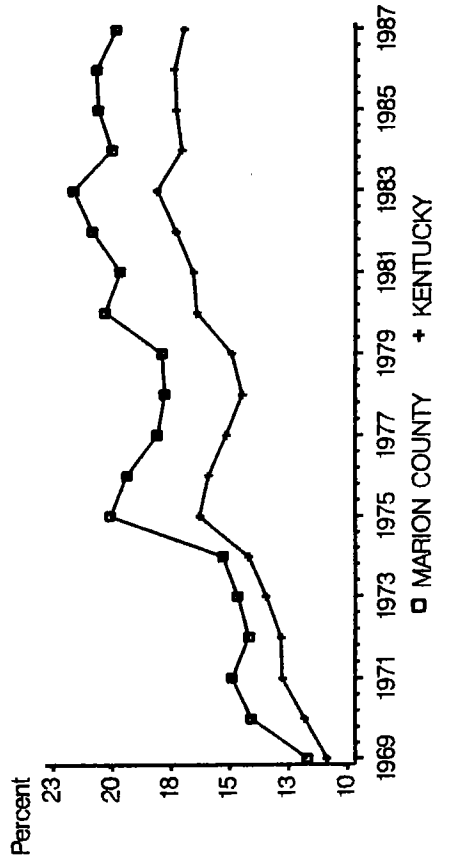


CHART 3A

MARION COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

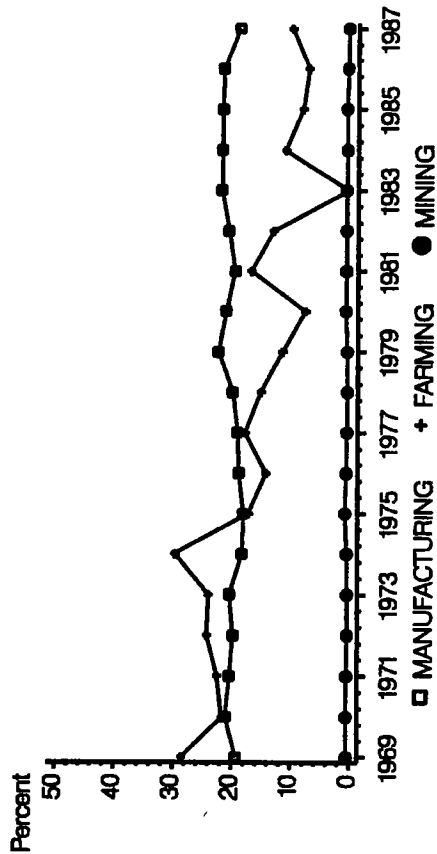


CHART 3B

MARION COUNTY

EARNINGS in NON - GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

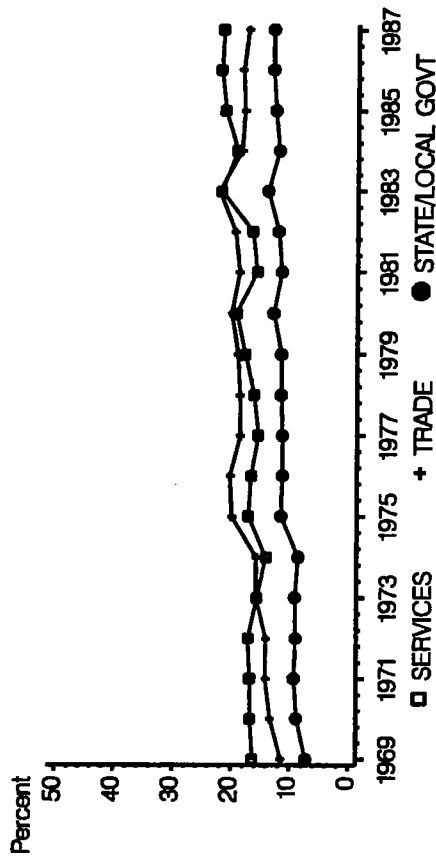


CHART 3C

MARION COUNTY

EARNINGS in GOODS PRODUCING INDUSTRIES  
as a Percent of Kentucky Industries

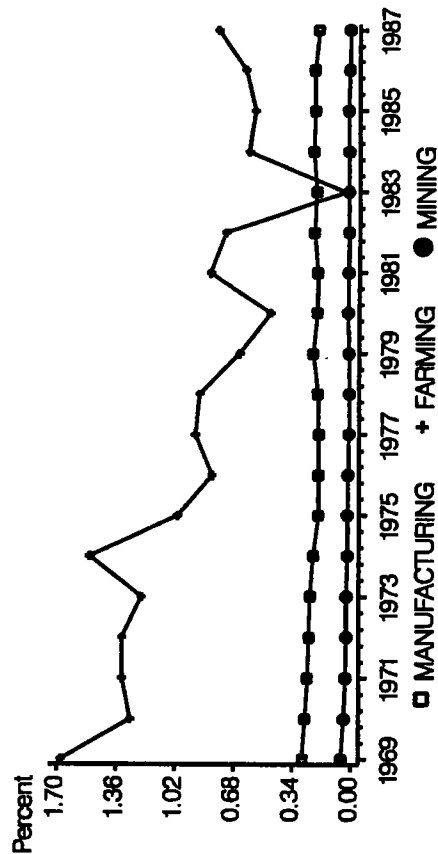


CHART 3D

MARION COUNTY

AVERAGE EARNINGS PER JOB  
in Constant 1988 Dollars

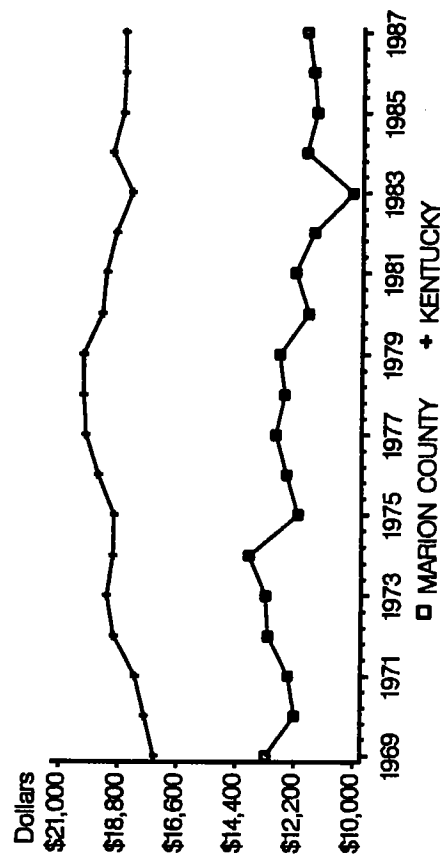


CHART 4A  
MARION COUNTY  
TOTAL EMPLOYMENT  
Thousands of People

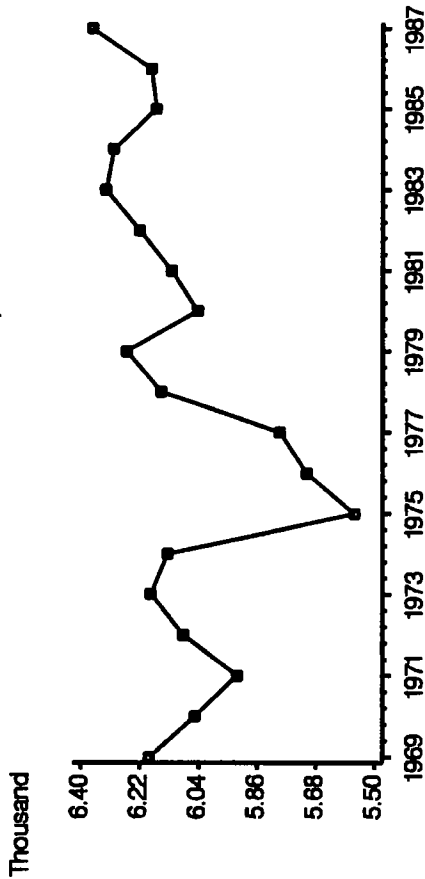


CHART 4B  
MARION COUNTY  
ANNUAL UNEMPLOYMENT RATE

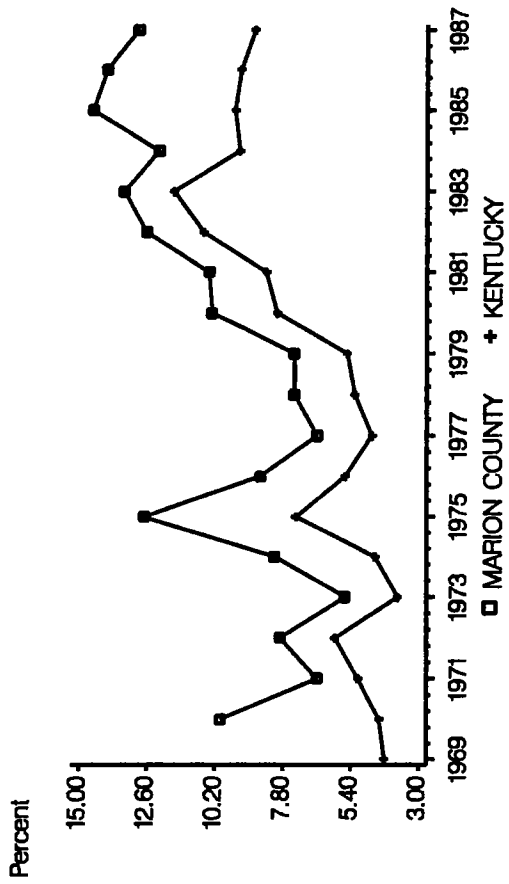


CHART 4C  
MARION COUNTY  
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

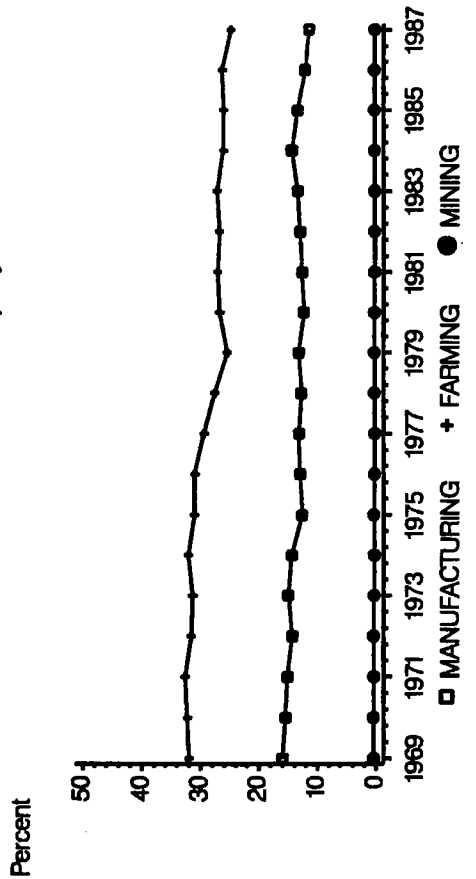


CHART 4D  
MARION COUNTY  
EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

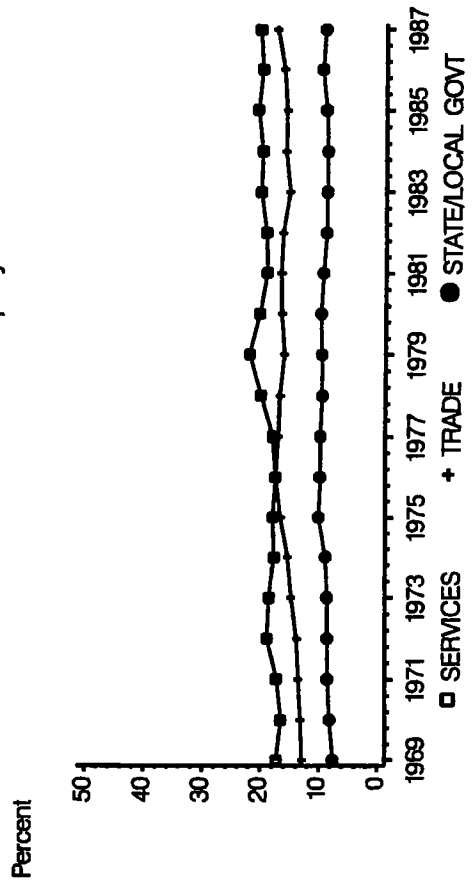


CHART 5A  
MARION COUNTY  
POPULATION  
Thousands of People

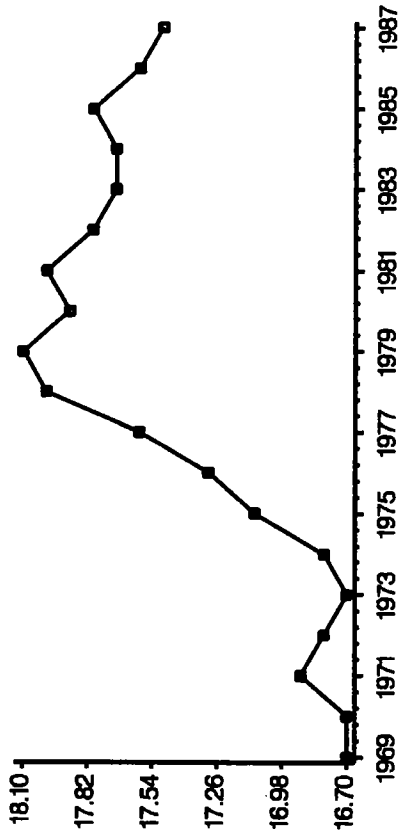


CHART 5B  
MARION COUNTY  
POPULATION  
as a Percent of Kentucky Population

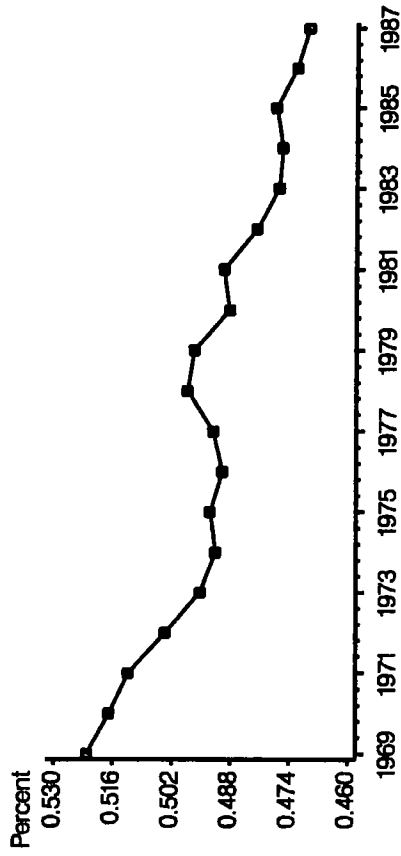


CHART 5C  
MARION COUNTY  
POPULATION 5 AND UNDER  
as a Percent of Total Population

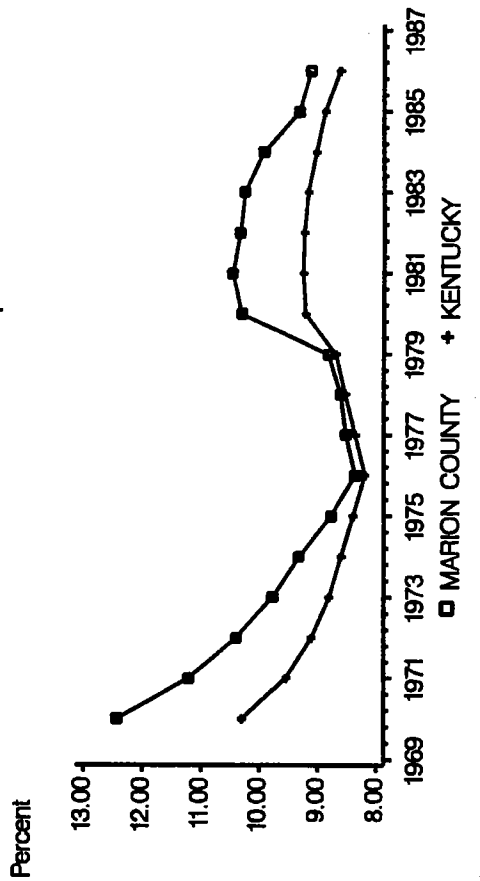
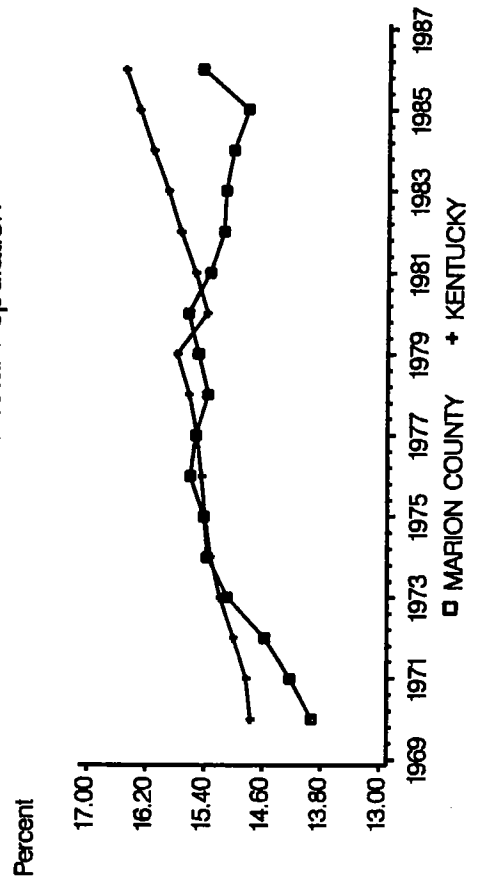


CHART 5D  
MARION COUNTY  
POPULATION 60 AND OVER  
as a Percent of Total Population



MARION COUNTY

PERSONAL INCOME  
In Constant 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	115	0.41	6,899	77.6
1970	111	0.38	6,643	72.9
1971	114	0.37	6,782	73.3
1972	125	0.38	7,435	76.3
1973	131	0.38	7,852	76.5
1974	139	0.39	8,267	79.8
1975	128	0.36	7,455	72.6
1976	136	0.36	7,850	73.1
1977	143	0.36	8,099	72.5
1978	150	0.36	8,371	72.4
1979	156	0.36	8,621	73.3
1980	154	0.36	8,563	74.2
1981	164	0.38	9,109	77.7
1982	160	0.38	8,976	77.7
1983	157	0.37	8,824	77.5
1984	170	0.38	9,573	79.8
1985	167	0.37	9,355	78.0
1986	169	0.37	9,605	78.5
1987	174	0.37	9,950	79.6

COMPONENTS OF PERSONAL INCOME  
In Constant 1988 Dollars

Year	EARNINGS			TRANSFER PAYMENTS			INCOME from PROPERTY		
	M\$	Percent of Personal Income		M\$	Percent of Personal Income		M\$	Percent of Personal Income	
		County	Kentucky		County	Kentucky		County	Kentucky
1969	91	78.7	79.2	14	11.8	10.9	11	9.5	9.9
1970	83	74.9	77.9	16	14.3	11.9	12	10.8	10.2
1971	85	74.0	77.0	17	15.1	12.9	12	10.9	10.1
1972	94	75.3	77.3	18	14.3	12.9	13	10.4	9.7
1973	98	74.6	76.6	20	14.9	13.6	14	10.6	9.7
1974	102	73.8	75.5	22	15.5	14.4	15	10.7	10.1
1975	85	66.6	73.3	26	20.5	16.5	17	12.9	10.1
1976	92	67.6	73.9	27	19.7	16.1	17	12.7	10.0
1977	98	68.7	74.6	26	18.4	15.3	18	12.8	10.1
1978	104	69.0	75.0	27	18.1	14.6	19	12.9	10.4
1979	107	68.7	74.1	28	18.2	15.1	20	13.1	10.8
1980	98	63.9	71.1	32	20.7	16.7	24	15.4	12.2
1981	104	63.4	69.3	33	20.1	16.8	27	16.5	13.8
1982	98	61.1	67.5	34	21.3	17.6	28	17.6	14.9
1983	92	58.6	66.6	35	22.1	18.4	30	19.3	15.1
1984	104	61.1	67.8	35	20.4	17.3	31	18.5	14.9
1985	101	60.8	67.2	35	21.0	17.6	30	18.2	15.3
1986	103	61.0	67.1	36	21.1	17.6	30	17.9	15.3
1987	108	62.2	67.5	35	20.2	17.2	31	17.6	15.3

MARION COUNTY

SECTOR EARNINGS as a PERCENT of TOTAL COUNTY EARNINGS and  
as a PERCENT of KENTUCKY SECTOR EARNINGS

YEAR	MANUFACTURING		FARMING		MINING	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	19.3	0.28	28.4	1.67	0.5	0.06
1970	21.0	0.26	21.6	1.28	0.5	0.04
1971	20.3	0.25	22.4	1.33	0.5	0.03
1972	19.8	0.24	24.2	1.33	0.4	0.03
1973	20.4	0.23	23.9	1.21	0.4	0.03
1974	18.3	0.22	29.6	1.51	0.4	0.02
1975	18.1	0.19	17.2	1.01	0.7	0.02
1976	18.9	0.19	14.3	0.81	0.6	0.02
1977	19.1	0.18	17.8	0.91	0.4	0.01
1978	19.9	0.19	15.1	0.88	0.4	0.01
1979	22.4	0.22	11.5	0.65	0.4	0.01
1980	21.1	0.19	7.6	0.47	0.7	0.02
1981	19.5	0.19	16.8	0.82	0.6	0.02
1982	20.6	0.22	13.1	0.73	0.6	0.02
1983	21.9	0.20	0.3	0.04	0.6	0.02
1984	21.8	0.22	11.0	0.59	0.5	0.02
1985	21.7	0.21	8.1	0.56	0.6	0.02
1986	21.6	0.21	7.1	0.61	0.4	0.02
1987	18.8	0.19	9.9	0.77	0.3	0.01

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	16.3	0.44	11.4	0.26	7.2	0.28
1970	16.7	0.40	13.3	0.26	8.8	0.29
1971	16.8	0.38	14.1	0.27	9.3	0.29
1972	17.1	0.40	14.1	0.28	9.0	0.29
1973	15.6	0.36	15.8	0.30	9.1	0.29
1974	14.1	0.34	15.8	0.31	8.6	0.29
1975	17.2	0.32	20.0	0.30	11.5	0.29
1976	16.7	0.31	20.3	0.31	11.3	0.29
1977	15.5	0.29	18.6	0.29	11.4	0.29
1978	16.2	0.29	18.7	0.28	11.6	0.29
1979	17.8	0.32	19.0	0.29	11.6	0.29
1980	19.2	0.30	20.1	0.29	13.0	0.29
1981	15.8	0.26	18.8	0.30	11.5	0.28
1982	16.6	0.25	19.5	0.30	12.1	0.28
1983	21.9	0.28	22.3	0.30	13.9	0.28
1984	19.2	0.27	18.4	0.29	12.1	0.27
1985	21.3	0.28	18.0	0.26	12.7	0.27
1986	22.0	0.26	18.3	0.27	13.1	0.27
1987	21.7	0.26	17.4	0.26	13.1	0.27



MARION COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	993	16.0	1,977	31.9	25	0.4
1970	938	15.5	1,953	32.3	26	0.4
1971	899	15.2	1,932	32.6	22	0.4
1972	875	14.4	1,922	31.6	24	0.4
1973	931	15.0	1,940	31.4	18	0.3
1974	888	14.5	1,969	32.1	17	0.3
1975	704	12.7	1,729	31.1	21	0.4
1976	743	13.0	1,771	31.0	15	0.3
1977	767	13.2	1,707	29.5	12	0.2
1978	786	12.8	1,702	27.6	16	0.3
1979	827	13.2	1,597	25.5	17	0.3
1980	747	12.4	1,620	26.8	17	0.3
1981	780	12.7	1,662	27.1	17	0.3
1982	810	13.0	1,669	26.8	17	0.3
1983	849	13.4	1,725	27.3	15	0.2
1984	907	14.4	1,649	26.2	15	0.2
1985	830	13.4	1,611	26.1	16	0.3
1986	753	12.2	1,632	26.4	16	0.3
1987	730	11.5	1,585	24.9	13	0.2

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	1,068	17.3	801	12.9	464	7.5
1970	998	16.5	798	13.2	488	8.1
1971	1,020	17.2	805	13.6	500	8.4
1972	1,146	18.8	843	13.8	515	8.5
1973	1,146	18.5	919	14.9	529	8.6
1974	1,085	17.7	947	15.4	544	8.9
1975	995	17.9	927	16.7	559	10.1
1976	994	17.4	991	17.4	559	9.8
1977	1,037	17.9	986	17.0	564	9.7
1978	1,225	19.9	1,031	16.7	579	9.4
1979	1,371	21.9	1,006	16.1	596	9.5
1980	1,221	20.2	1,001	16.6	587	9.7
1981	1,162	19.0	1,021	16.7	574	9.4
1982	1,190	19.1	1,021	16.4	550	8.8
1983	1,267	20.0	965	15.3	551	8.7
1984	1,244	19.7	996	15.8	543	8.6
1985	1,266	20.5	970	15.7	547	8.9
1986	1,223	19.8	1,002	16.2	589	9.5
1987	1,279	20.1	1,103	17.3	572	9.0

MARION COUNTY

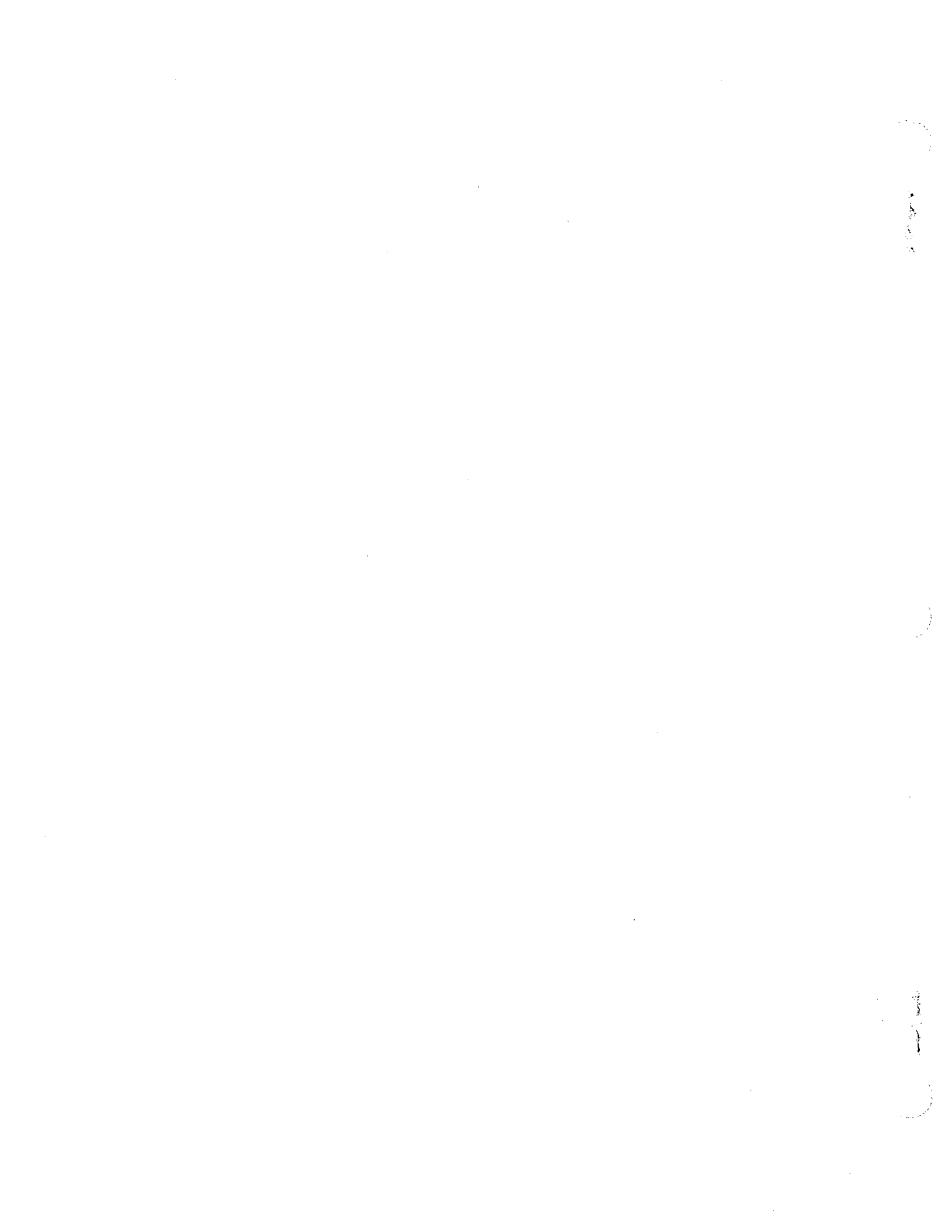
EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	6,190	\$13,270	\$17,440	.	4.2
1970	6,052	\$12,177	\$17,811	10.0	4.4
1971	5,921	\$12,442	\$18,166	6.6	5.1
1972	6,087	\$13,212	\$18,970	7.9	6.0
1973	6,187	\$13,296	\$19,232	5.6	3.7
1974	6,135	\$13,911	\$19,008	8.1	4.5
1975	5,562	\$12,074	\$18,976	12.7	7.3
1976	5,709	\$12,530	\$19,563	8.6	5.6
1977	5,792	\$12,935	\$20,031	6.6	4.7
1978	6,156	\$12,610	\$20,121	7.4	5.3
1979	6,262	\$12,802	\$20,110	7.4	5.5
1980	6,044	\$11,708	\$19,439	10.3	8.0
1981	6,124	\$12,221	\$19,286	10.4	8.4
1982	6,223	\$11,509	\$18,931	12.6	10.6
1983	6,326	\$10,102	\$18,358	13.4	11.6
1984	6,302	\$11,804	\$19,080	12.2	9.3
1985	6,172	\$11,437	\$18,676	14.5	9.5
1986	6,188	\$11,564	\$18,627	14.0	9.3
1987	6,368	\$11,797	\$18,636	12.9	8.8

POPULATION STATISTICS

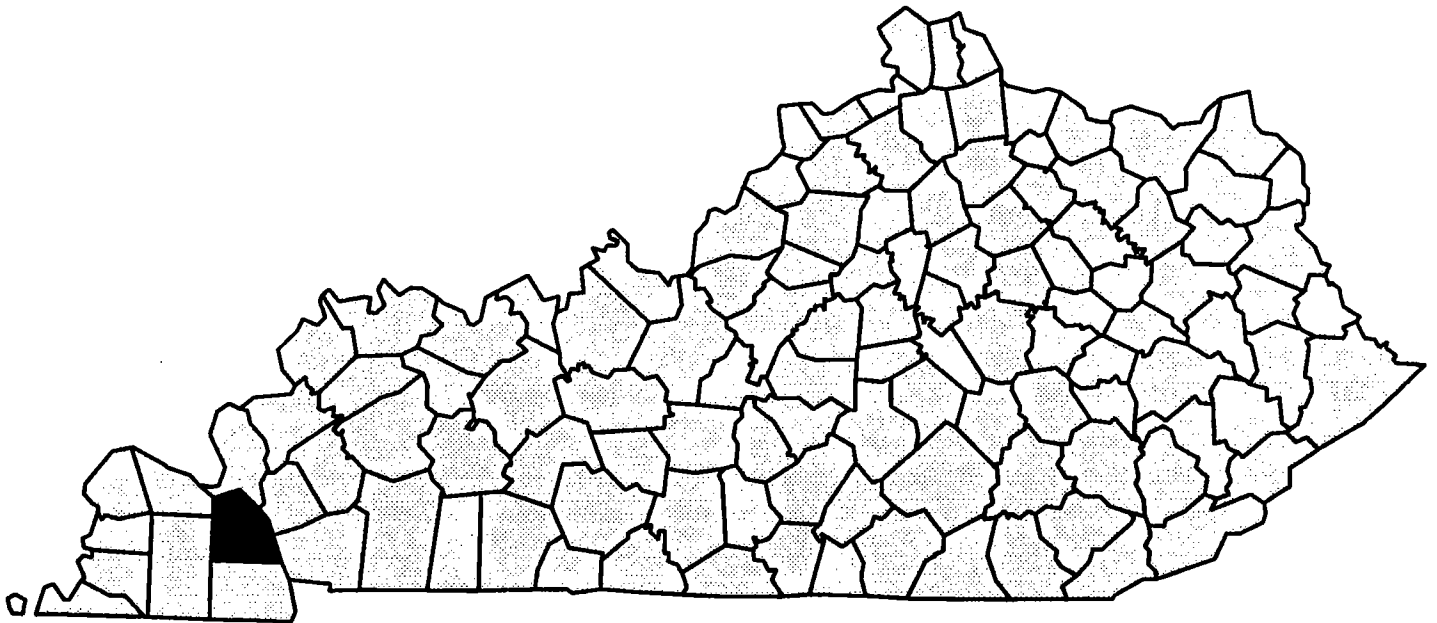
YEAR	POPULATION	% OF KY	PERCENT UNDER AGE 6		PERCENT AGE 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	16,700	0.52	.	.	.	.
1970	16,700	0.52	12.4	10.3	13.9	14.8
1971	16,900	0.51	11.2	9.6	14.2	14.8
1972	16,800	0.50	10.4	9.1	14.6	15.0
1973	16,700	0.50	9.8	8.8	15.1	15.2
1974	16,800	0.49	9.3	8.6	15.4	15.3
1975	17,100	0.49	8.8	8.4	15.4	15.4
1976	17,300	0.49	8.4	8.2	15.6	15.5
1977	17,600	0.49	8.5	8.4	15.5	15.5
1978	18,000	0.50	8.6	8.5	15.4	15.6
1979	18,100	0.50	8.8	8.7	15.5	15.8
1980	17,900	0.49	10.3	9.2	15.6	15.4
1981	18,000	0.49	10.5	9.3	15.3	15.5
1982	17,800	0.48	10.3	9.2	15.2	15.7
1983	17,700	0.48	10.2	9.2	15.1	15.9
1984	17,700	0.48	9.9	9.0	15.0	16.1
1985	17,800	0.48	9.3	8.9	14.8	16.3
1986	17,600	0.47	9.1	8.6	15.4	16.5
1987	17,500	0.47	.	.	.	.





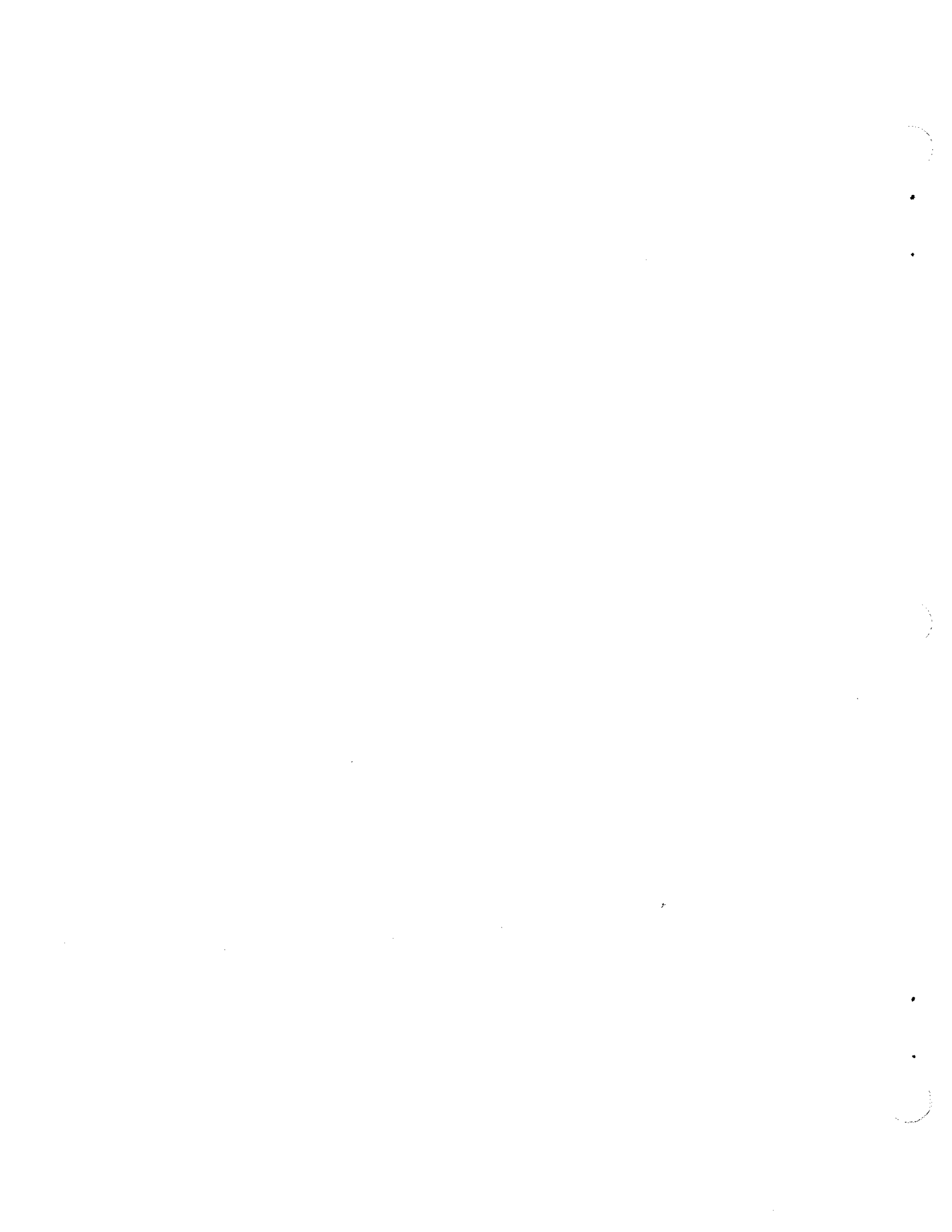
ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

**MARSHALL COUNTY**



Prepared by  
Virginia Wilson  
Donna A. Cantrell

RESEARCH MEMORANDUM 438  
Legislative Research Commission  
Frankfort, Kentucky  
February, 1990



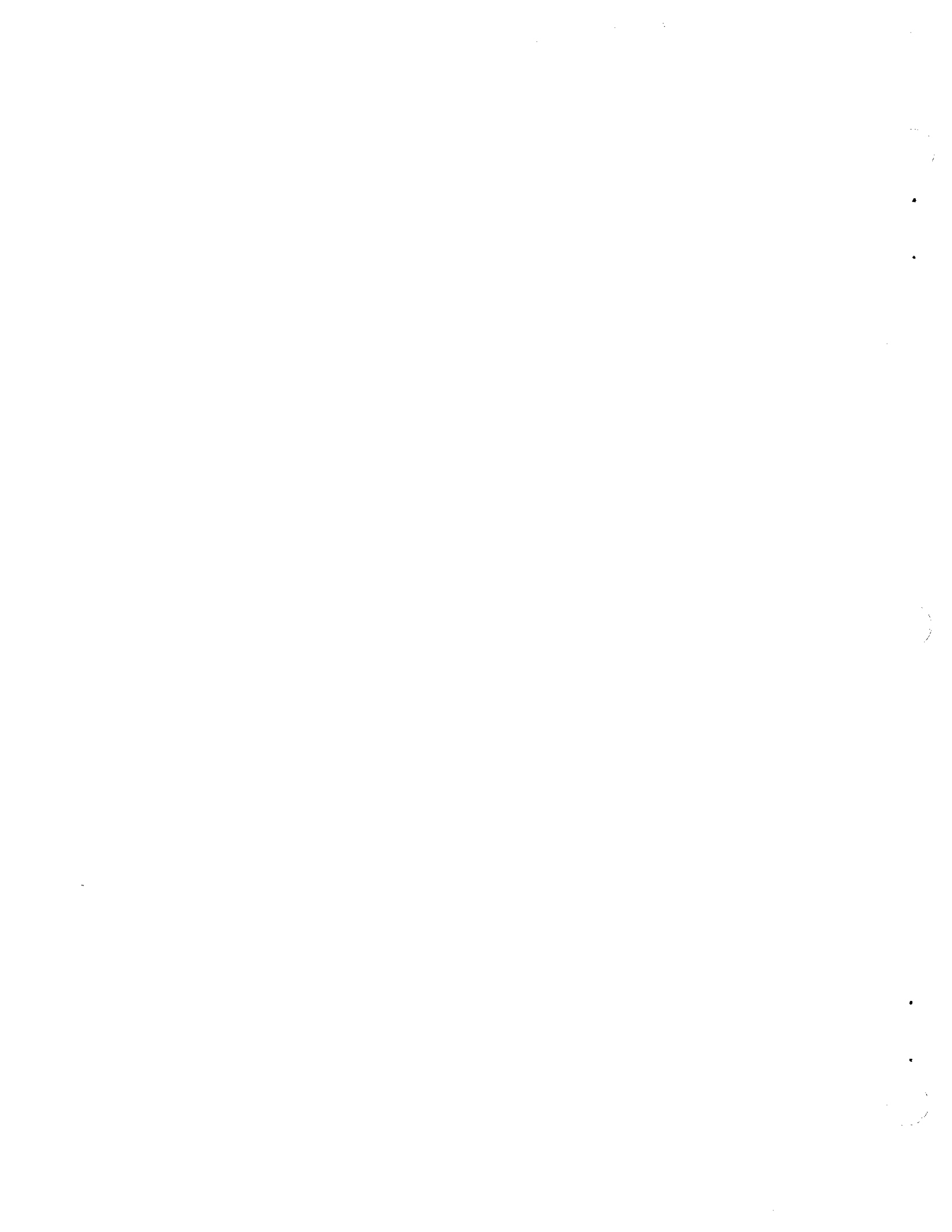
ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

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MARSHALL COUNTY

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RESEARCH MEMORANDUM 438  
Legislative Research Commission  
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## FOREWORD

This publication is one of a set of 120, highlighting economic trends in each county in Kentucky from 1969-1987. This effort is part of the ongoing activities sponsored by the Legislative Research Commission to provide a long-term perspective on issues for decision makers. The economies of individual counties do not always parallel overall state trends. This set of publications is an attempt to look at the economic trends in each county over time and to point out where the economies of individual counties may be performing differently from the economy of the state as a whole.

This publication was prepared by Virginia Wilson and Donna Cantrell and edited by Charles Bush of the LRC staff. The assistance of Carol Straus from the Center for Business and Economic Research at the University of Kentucky in deciphering data is gratefully acknowledged.

Vic Hellard, Jr.  
Director

The Capitol  
Frankfort  
February, 1990



## SUMMARY

The Marshall County economy, as measured by personal income, grew robustly from 1969 to 1987. Marshall County generally increased its share of Kentucky personal income, indicating that the county economy grew faster than the state economy. While total earnings were volatile, Marshall County's average earnings per job were significantly higher than state average earnings.

The county was heavily vested in the manufacturing sector. Manufacturing's share of earnings was much higher than its share of employment. This suggests the existence of high wage industries. However, manufacturing's share of the county economy declined over the period.

The non-goods-producing sectors of services, trade, and government experienced significant growth in the county. These are also the growth sectors of the state and national economies.

The county's economy was helped by its high concentration in a growing manufacturing sector. This is because manufacturing is a relatively high wage industry. However, manufacturing industries are very sensitive to economic fluctuations. Consequently, while a high concentration in manufacturing supported the economy during a period of national economic growth, it may also make the county more susceptible to recessionary contractions. While the county has enjoyed above average earnings, county unemployment rates exceeded state rates. A further expansion of the non-goods-producing industries may help to diversify the county economy and allow it to enjoy further economic growth.



## INTRODUCTION

This is one of a series of reports called Economic Trends in Kentucky Counties. The purpose of this series is to describe the economic structure of Kentucky counties and to assess their economic performance relative to their own history and relative to the Kentucky economy. Information on the structure and patterns of change in county economies and an understanding of their relationship to the Kentucky economy can help in making policy decisions that are intended to shape Kentucky's economic future.\*

When assessing any economy there are several pertinent questions which may be addressed. The first concerns changes in the absolute size of the economy over time. Here the relevant comparison is between the county economy and its own history. Since most economic variables are given in dollars and since inflation causes the value of a dollar to vary over time, all dollar values in this report are presented in constant 1988 dollars. This allows analysis of real changes over time by controlling for the effects of inflation.

A second question concerns the structure and nature of the county economy. The structure of an economy refers to the relative share contributed by the various segments of the economy, while the nature deals with how this share has changed over time.

A third question concerns the performance of the county economy when compared to the Kentucky economy. For example, if a county has a higher proportion of earnings or employment in a particular sector it would indicate a specialization in that sector. Differences in economic structure may explain variations in relative economic well-being between a county and the state as a whole.

Economic data for counties are usually published after a lag of two years. Therefore, most data in this report cover the period 1969 to 1987. All data for this report was obtained from the Kentucky Economic Information System, an on-line database maintained by the University of Kentucky Center for Business and Economic Development.

There are certain caveats which should be remembered when analyzing data. First, it is a common and useful approach to evaluate the percentage an economic sector contributes to the total economy. However, one must remember that a sector's percentage contribution may decline even when its absolute value is increasing if another sector's contribution is growing at a faster rate. Secondly, when reviewing data in graphical analyses, the scales used to present data should be noted. In this report most graphs are presented with the narrowest scale which will cover all data points. This can accentuate visual patterns over time even when absolute changes are relatively small.

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\*For an analysis of economic trends in Kentucky, see Virginia Wilson, Patterns of Growth and Decline in the Kentucky Economy 1969-1988, Research Memorandum 437, Legislative Research Commission, November 1989.

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## ECONOMIC TRENDS IN MARSHALL COUNTY

The following analysis includes a brief description of the county economy and is accompanied by graphical illustrations. Data tables are also included at the end of this report. Three principal components of the Marshall County economy are analyzed. They are:

1. Personal Income
2. Earnings
3. Employment

### Personal Income

Personal income is often used as a measure of the economic activity in an area. Personal income is the sum of all the dollar income received by individuals in an area from any legal source. Personal income data is published by the Bureau of Economic Analysis (BEA) for most major geographic regions, including states, counties, and major cities.

In general, income can be obtained in three ways. First, it can be earned by the work of an individual. This type of income includes wage and salary income and proprietors' earnings. Second, income can be earned by property. This component includes earnings from rents, dividends, and interest. Finally, income can be received as a gift or an entitlement. This type of income constitutes the component of personal income called transfer payments. Included in this component is income from sources such as retirement benefits, unemployment benefits, food stamps, and medical programs such as Medicare and Medicaid.

The Marshall County economy grew strongly through the 1970's and more moderately in the 1980's. As can be seen in Chart 1A, the size of the Marshall County economy, as measured by personal income, increased from \$171 million in 1969 to \$337 million in 1987, after adjusting for inflation. Chart 1B shows Marshall County total personal income as a percent of Kentucky total personal income. Marshall County generally increased its share of Kentucky personal income.

A similar pattern emerges from an examination of per capita personal income. Per capita personal income is simply the total personal income of an area divided by its population. Per capita personal income is often used as a measure of the economic well-being of the residents of an area. Charts 1C and 1D indicate that Marshall County per capita income increased over the time period to a level of \$12,616 per person in 1987, when it was 100.9 percent of Kentucky per capita personal income.

A better understanding of the nature of economic activity can be gleaned from an examination of the relative contribution of the components of personal income and how their shares have changed over time. This information is illustrated in Charts 2A-2D. Earnings showed very strong growth through

1978. However, earnings dropped significantly in the early 1980's. By 1984, earnings were increasing again and they reached \$218 million in 1987 (in constant 1988 dollars). While earnings increased, their share of personal income declined over time. This trend occurred at the state level as well. In 1987, earnings accounted for 64.6 percent of Marshall County's total personal income, which was lower than Kentucky's 67.5 percent share.

Transfer payments contributed \$19 million to total personal income in 1969 and \$63 million in 1987. During the period, transfer payments contributed a slightly higher percentage of personal income in Marshall County than in Kentucky.

Income from property in Marshall County grew steadily through the time period. Income from property totalled \$15 million in 1969 and increased to \$56 million in 1987.

## Earnings

Earnings are the component of personal income reflecting payments to individuals in return for labor. Earnings include both wages and salaries and proprietor's income. The manufacturing sector was the primary source of earnings in Marshall County. In 1969, Marshall County received 51.1 percent of total earnings from manufacturing. This percentage decreased to 42.9 percent in 1987 (Chart 3A). The county trend is like that of the state, where the percentage of earnings from manufacturing showed a steady decline over the period.

The farm sector contributed minimally to total earnings. In 1987, 1.4 percent of earnings were generated in the farm sector.

Earnings from non-goods-producing industries as a percent of total earnings are illustrated in Chart 3B. The percent of earnings from the service sector increased from 6.6 percent in 1969 to 11.6 percent in 1987 (Chart 3B). The percent of earnings from the trade sector remained steady and accounted for 8.0 percent in 1987. The share of earnings from the state and local government increased from 4.7 percent in 1969 to 7.9 percent in 1987. At the state level, the percent of earnings from services increased, while the percents from trade and state and local government were stable.

Average earnings per job (adjusted for inflation) for Marshall County and Kentucky are shown in Chart 3D. In Kentucky, average earnings per job reached a high of \$20,121 per person in 1978. Since then, average earnings per job declined and in 1987 they were \$18,636 per person. Trends in Marshall County average earnings per job were above those of the state throughout the period. Average earnings reached \$21,450 in 1987, well above the Kentucky average.



## Employment

Employment is considered any activity for which one receives financial remuneration in the form of wages or profits. Total employment in Marshall County increased from 8,811 people in 1969 to 11,661 in 1987.

The unemployment rate, often used as an indicator of economic well-being, is the ratio of unemployed to the total civilian labor force. Unemployment is described as a condition of being out of work while actively seeking employment within the last thirty days. The civilian labor force is described as the proportion of population age 16 or older employed or actively seeking employment. Annual unemployment rates for Kentucky and Marshall County are presented in Chart 4B. Unemployment rates in Marshall County were above those of the state throughout the period. In 1987, the county unemployment rate was 10.9 percent, compared to 8.8 percent for Kentucky.

Another employment concept includes the discouraged worker. Discouraged workers are persons who want jobs but made no attempt to find work in the last thirty days because they believe they could not find it. These individuals are not included when calculating official unemployment rates. The Cabinet for Human Resources does not estimate discouraged workers by county. However, preliminary research by the Cabinet indicates that the inclusion of discouraged workers in the civilian labor force estimate would increase the unemployment rate by approximately four percent for the state. This figure would vary by county depending on the labor market in a county or within commuting distance.

Employment in the goods-producing industries is illustrated in Chart 4C. The percent of total employment in manufacturing decreased from 39.3 percent in 1969 to 22.6 percent in 1987. The farm sector's share of employment increased through the 1970's and then declined in the 1980's. By 1987, 6.7 percent of employment was in the farm sector.

Employment in the non-goods-producing industries is presented in Chart 4D. Service sector employment increased from 1969 to 1987. In 1969, the service sector accounted for 9.9 percent of employment. This share increased to 16.2 percent in 1987. The percent of employment in state and local government increased from 7.3 percent in 1969 to 10.2 percent in 1987. The trade sector's share of employment increased from 12.6 percent in 1969 to 15.0 percent in 1987. At the state level, service and trade employment increased significantly, while government employment remained constant.

## Population

The census conducted each decade counts the actual population in an area. Population is then statistically estimated during intervening years. The demographic composition of this population growth has important implications for the future demand for goods and services, and ultimately, the economic structure of Marshall County.

The Marshall County population grew steadily from 19,900 in 1969 to 26,700 in 1987 (Chart 5A). It was estimated that in 1986, 6.9 percent of Marshall County's population was under six years of age, compared to 8.6 for the state. Marshall County has a larger proportion of residents age sixty or over than the state. In 1986, 21.4 percent of the Marshall County population was sixty years of age and over, while 16.5 percent of all Kentucky residents fell in this age group.

CHART 1A  
MARSHALL COUNTY  
REAL PERSONAL INCOME  
Millions of 1988 dollars

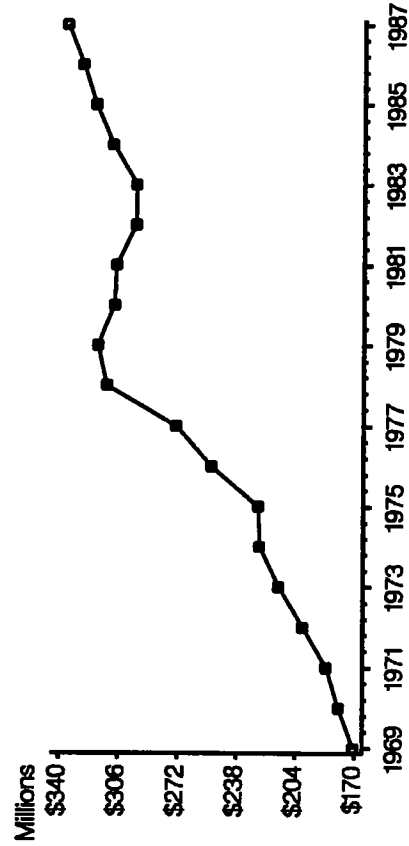


CHART 1B  
MARSHALL COUNTY  
PERSONAL INCOME  
as a Percent of Kentucky Personal Income

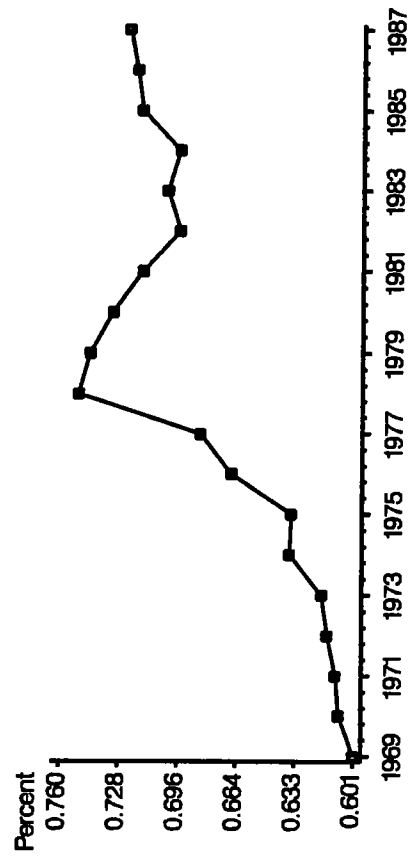


CHART 1C  
MARSHALL COUNTY  
PER CAPITA PERSONAL INCOME  
in Constant 1988 Dollars

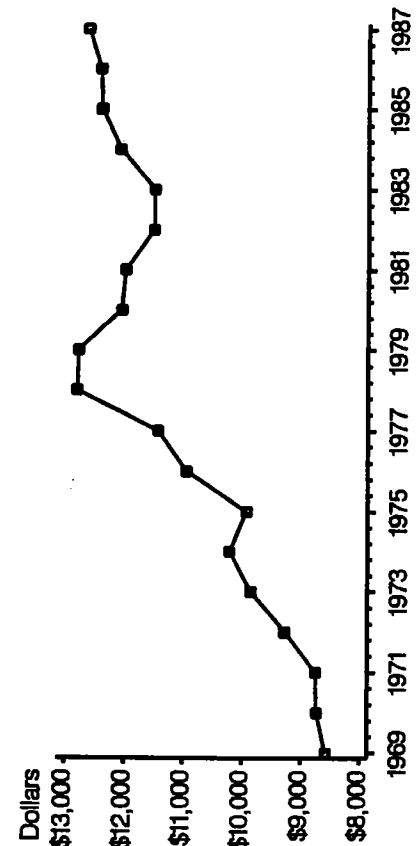


CHART 1D  
MARSHALL COUNTY  
PER CAPITA PERSONAL INCOME  
as a Percent of Kentucky Per Capita Personal Income

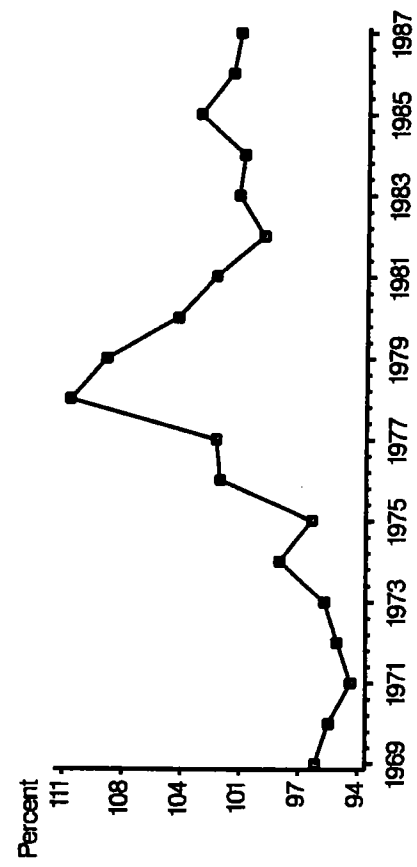


CHART 2A

MARSHALL COUNTY  
REAL TOTAL EARNINGS  
Millions of 1988 dollars

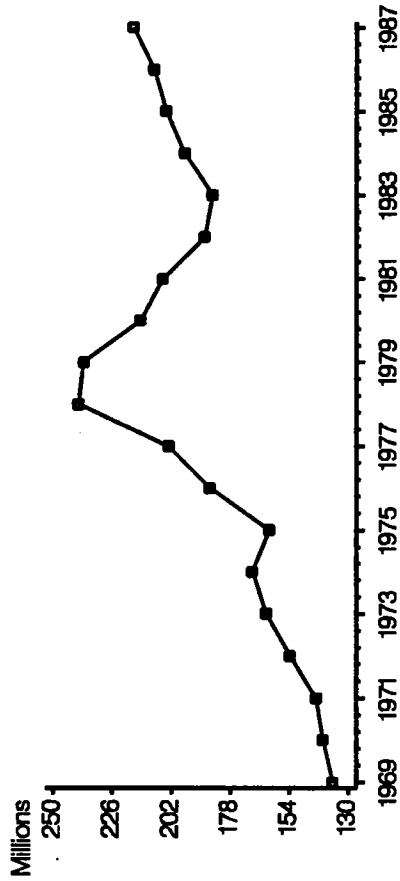


CHART 2B  
MARSHALL COUNTY  
TRANSFER PAYMENTS and INCOME FROM PROPERTY  
Millions of 1988 Dollars

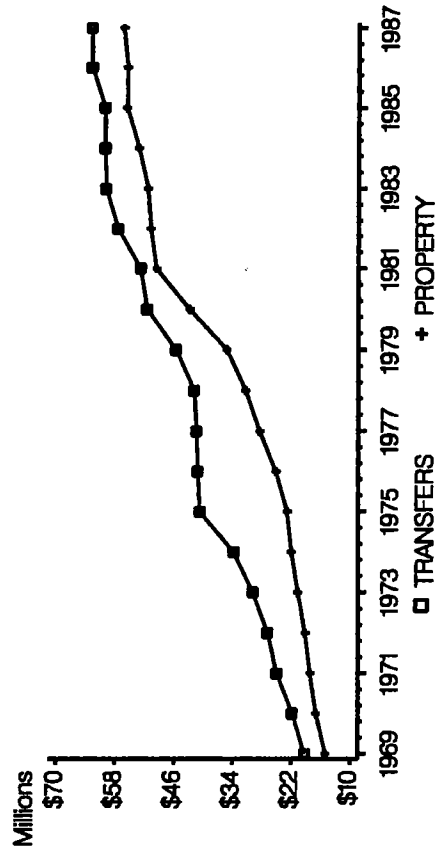


CHART 2C

MARSHALL COUNTY  
TOTAL EARNINGS  
as a Percent of Personal Income

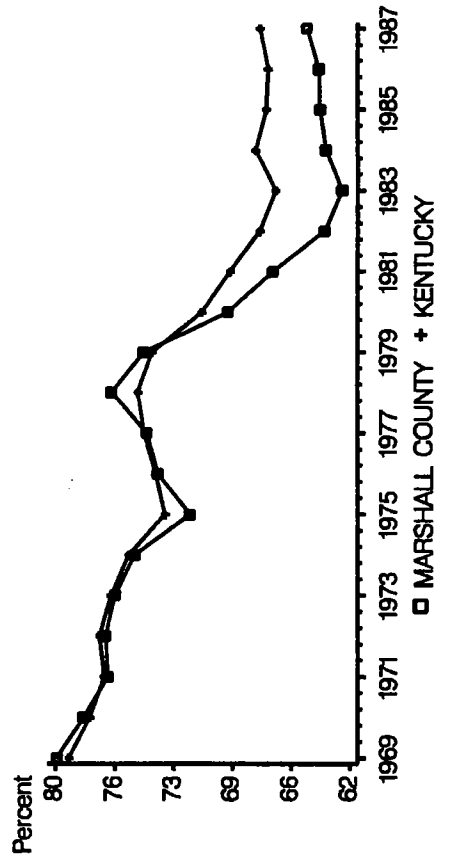


CHART 2D  
MARSHALL COUNTY  
TRANSFER PAYMENTS  
as a Percent of Personal Income

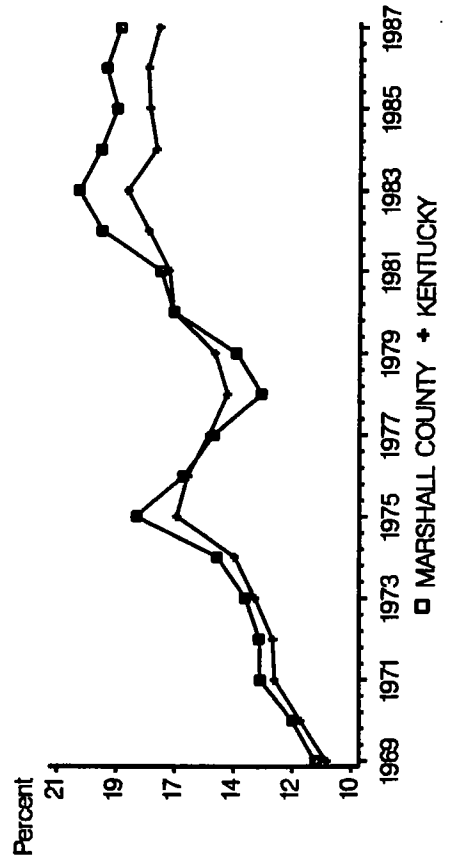


CHART 3A

MARSHALL COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES

as a Percent of Total Earnings

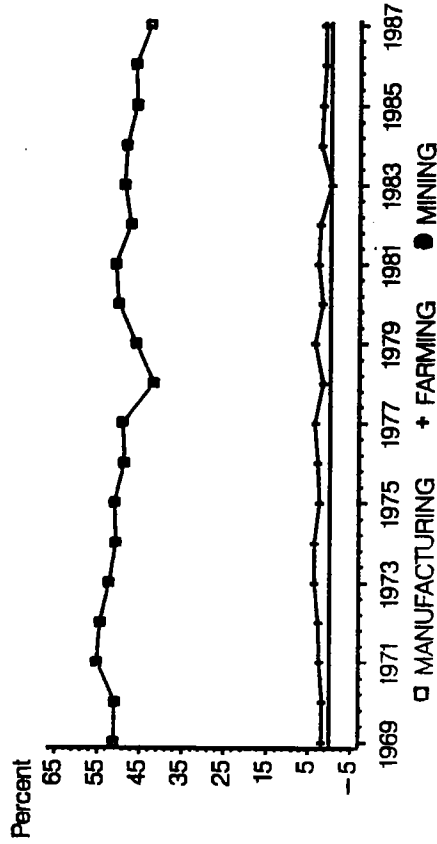


CHART 3B

MARSHALL COUNTY

EARNINGS IN NON - GOODS PRODUCING INDUSTRIES

as a Percent of Total Earnings

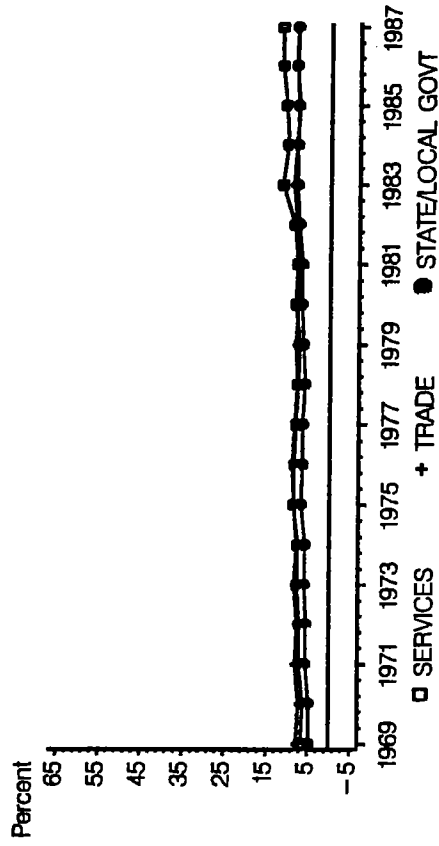


CHART 3C

MARSHALL COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES

as a Percent of Kentucky Industries

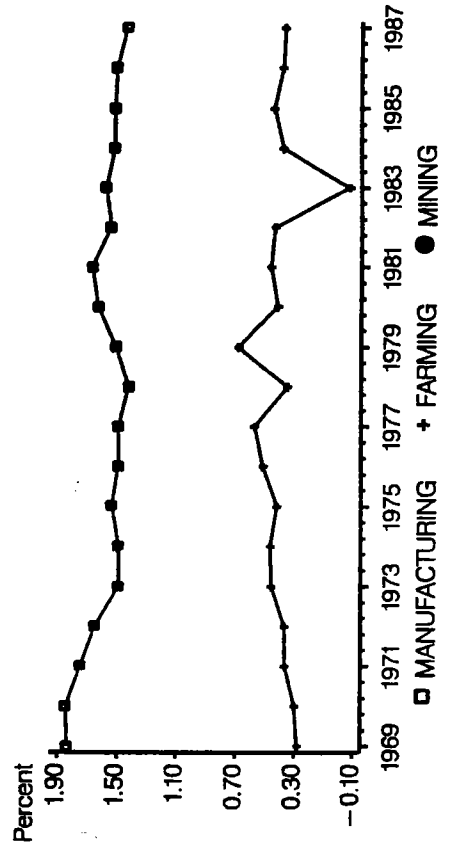


CHART 3D

MARSHALL COUNTY

AVERAGE EARNINGS PER JOB

in Constant 1988 Dollars

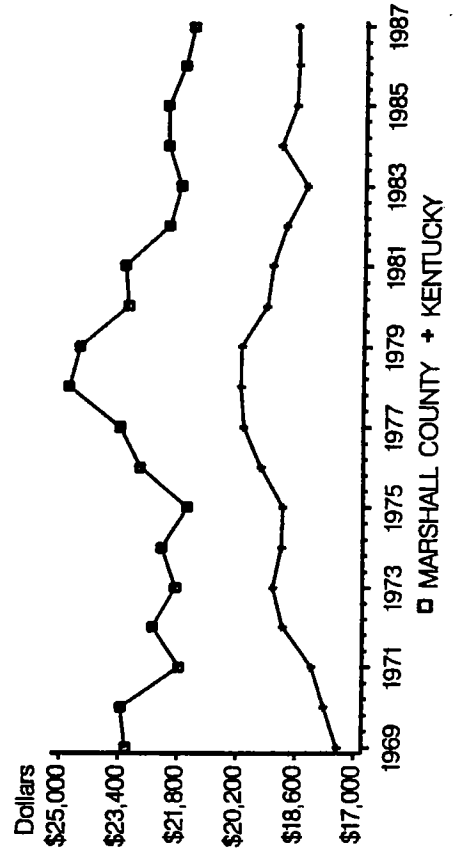


CHART 4A  
MARSHALL COUNTY  
TOTAL EMPLOYMENT  
Thousands of People

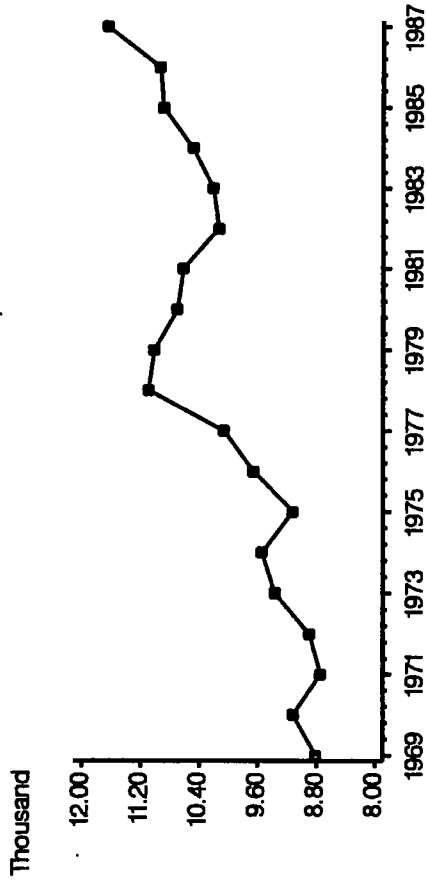


CHART 4B  
MARSHALL COUNTY  
ANNUAL UNEMPLOYMENT RATE

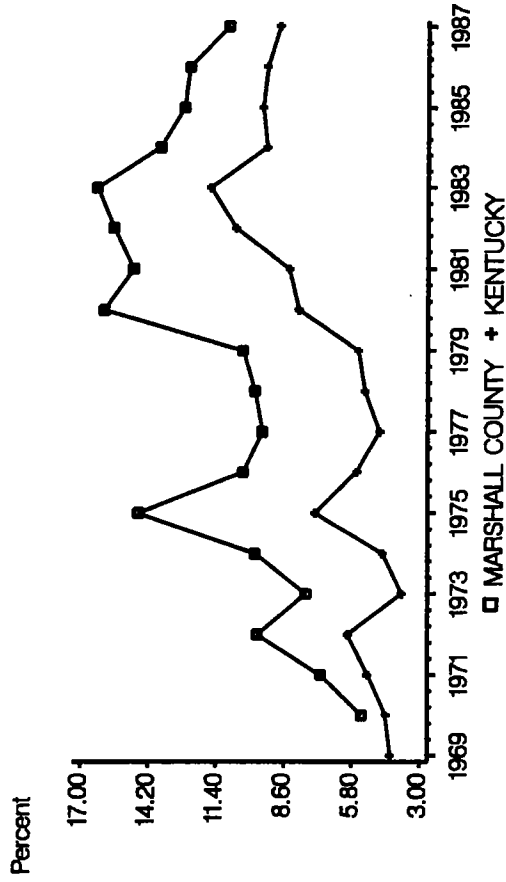


CHART 4C  
MARSHALL COUNTY  
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

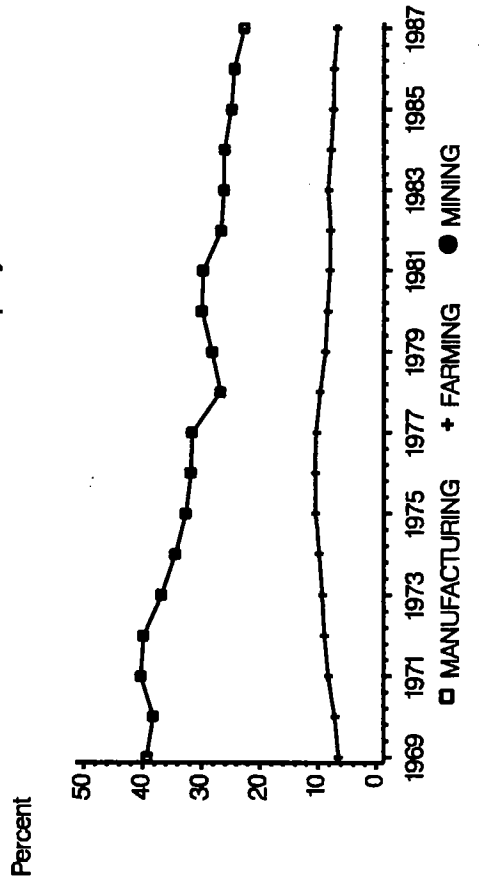


CHART 4D  
MARSHALL COUNTY  
EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

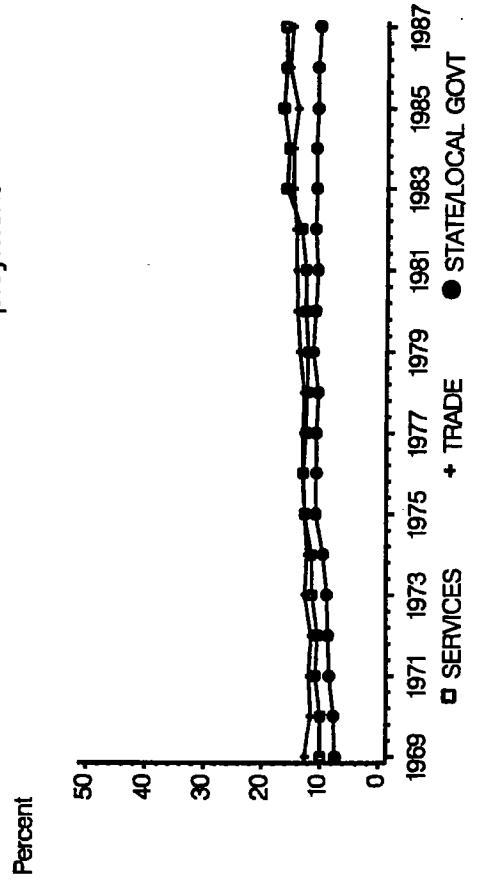


CHART 5A  
MARSHALL COUNTY  
POPULATION  
Thousands of People

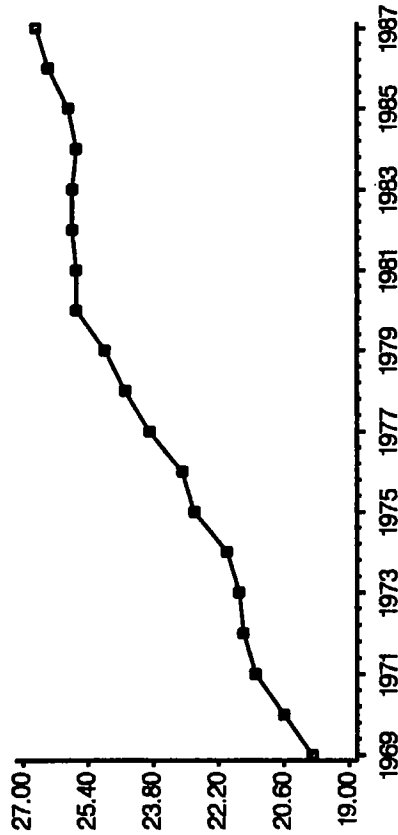


CHART 5B  
MARSHALL COUNTY  
POPULATION  
as a Percent of Kentucky Population

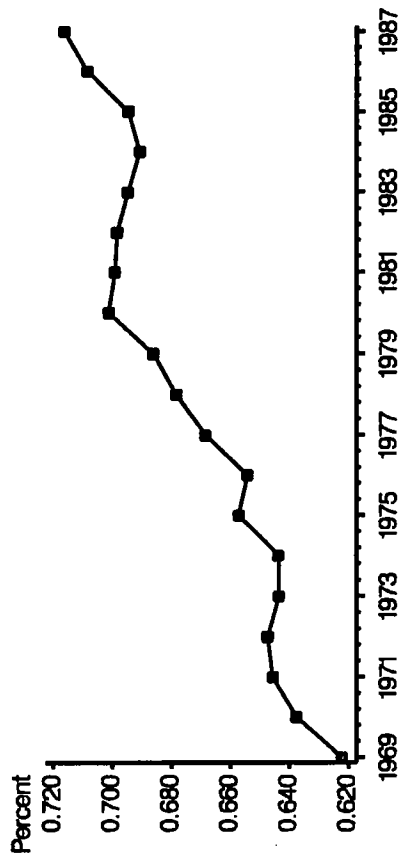


CHART 5C  
MARSHALL COUNTY  
POPULATION 5 AND UNDER  
as a Percent of Total Population

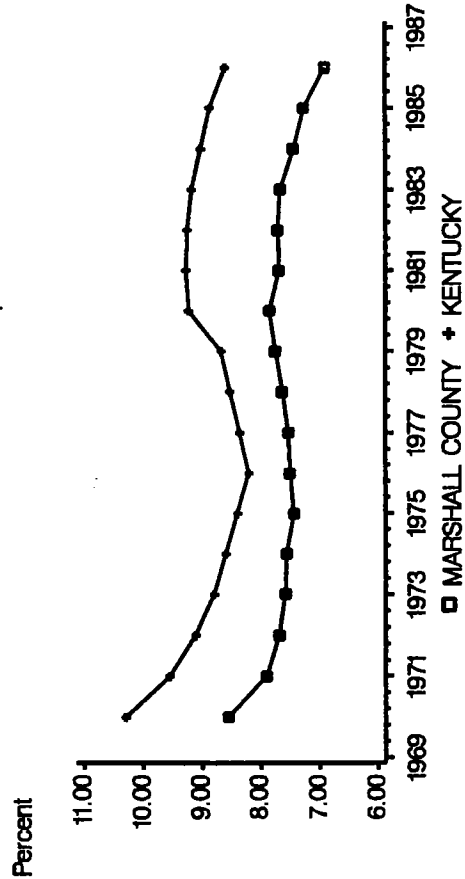
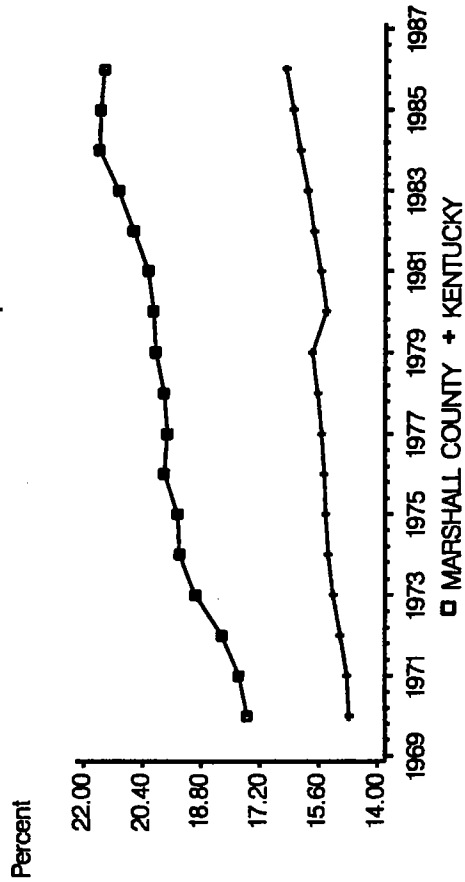


CHART 5D  
MARSHALL COUNTY  
POPULATION 60 AND OVER  
as a Percent of Total Population



MARSHALL COUNTY

PERSONAL INCOME  
In Constant 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	171	0.60	8,566	96.4
1970	179	0.61	8,718	95.6
1971	186	0.61	8,740	94.4
1972	200	0.62	9,278	95.2
1973	214	0.62	9,850	95.9
1974	225	0.64	10,214	98.6
1975	226	0.63	9,920	96.7
1976	253	0.67	10,950	102.0
1977	273	0.68	11,427	102.2
1978	313	0.75	12,794	110.6
1979	319	0.74	12,765	108.6
1980	309	0.73	12,049	104.5
1981	308	0.72	11,988	102.3
1982	297	0.70	11,503	99.6
1983	297	0.70	11,494	101.0
1984	310	0.70	12,072	100.7
1985	320	0.72	12,390	103.3
1986	328	0.72	12,405	101.4
1987	337	0.72	12,616	100.9

COMPONENTS OF PERSONAL INCOME  
In Constant 1988 Dollars

Year	EARNINGS			TRANSFER PAYMENTS			INCOME from PROPERTY		
	M\$	Percent of Personal Income		M\$	Percent of Personal Income		M\$	Percent of Personal Income	
		County	Kentucky		County	Kentucky		County	Kentucky
1969	136	79.9	79.2	19	11.3	10.9	15	8.8	9.9
1970	140	78.3	77.9	22	12.2	11.9	17	9.5	10.2
1971	143	76.8	77.0	25	13.4	12.9	18	9.8	10.1
1972	154	77.0	77.3	27	13.4	12.9	19	9.6	9.7
1973	164	76.4	76.6	30	14.0	13.6	21	9.6	9.7
1974	169	75.2	75.5	34	15.0	14.4	22	9.8	10.1
1975	162	71.8	73.3	41	18.0	16.5	23	10.1	10.1
1976	186	73.7	73.9	41	16.3	16.1	25	10.0	10.0
1977	203	74.4	74.6	41	15.2	15.3	29	10.4	10.1
1978	240	76.6	75.0	42	13.4	14.6	31	10.0	10.4
1979	238	74.6	74.1	46	14.3	15.1	35	11.1	10.8
1980	215	69.5	71.1	52	16.7	16.7	43	13.9	12.2
1981	206	66.7	69.3	53	17.1	16.8	50	16.1	13.8
1982	189	63.5	67.5	57	19.4	17.6	51	17.1	14.9
1983	186	62.5	66.6	60	20.2	18.4	51	17.3	15.1
1984	197	63.5	67.8	60	19.4	17.3	53	17.2	14.9
1985	204	63.8	67.2	60	18.8	17.6	56	17.4	15.3
1986	209	63.9	67.1	63	19.2	17.6	56	17.0	15.3
1987	218	64.6	67.5	63	18.7	17.2	56	16.7	15.3



MARSHALL COUNTY

SECTOR EARNINGS as a PERCENT of TOTAL COUNTY EARNINGS and  
as a PERCENT of KENTUCKY SECTOR EARNINGS

YEAR	MANUFACTURING		FARMING		MINING	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	51.1	1.84	1.9	0.28	.	.
1970	50.9	1.85	1.8	0.30	.	.
1971	55.1	1.75	2.4	0.37	.	.
1972	54.3	1.65	2.7	0.37	.	.
1973	52.3	1.49	3.6	0.46	.	.
1974	50.6	1.49	3.7	0.46	.	.
1975	51.0	1.54	2.4	0.42	.	.
1976	48.8	1.49	2.9	0.51	.	.
1977	49.2	1.49	3.6	0.57	.	.
1978	41.9	1.42	1.7	0.35	.	.
1979	46.2	1.51	3.6	0.68	.	.
1980	50.3	1.63	1.9	0.42	.	.
1981	51.0	1.67	2.9	0.46	.	.
1982	47.4	1.55	2.5	0.43	.	.
1983	49.0	1.58	-0.2	-0.08	.	.
1984	48.5	1.52	2.3	0.38	.	.
1985	46.1	1.52	1.9	0.44	.	.
1986	46.5	1.51	1.3	0.38	.	.
1987	42.9	1.44	1.4	0.37	.	.

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	6.6	0.44	7.8	0.43	4.7	0.45
1970	6.2	0.42	7.2	0.40	4.8	0.45
1971	7.1	0.42	8.1	0.40	5.6	0.45
1972	7.1	0.42	7.7	0.38	5.5	0.44
1973	7.7	0.44	8.3	0.39	5.9	0.47
1974	7.5	0.45	7.7	0.38	5.7	0.48
1975	8.5	0.46	8.5	0.38	6.7	0.50
1976	8.4	0.48	8.9	0.42	6.4	0.51
1977	8.0	0.46	8.3	0.41	6.4	0.52
1978	7.6	0.49	7.7	0.41	5.9	0.53
1979	7.2	0.44	8.0	0.41	6.3	0.53
1980	8.1	0.45	7.6	0.39	6.7	0.53
1981	7.8	0.42	7.5	0.40	6.7	0.53
1982	8.5	0.41	8.1	0.39	7.4	0.53
1983	11.4	0.51	8.8	0.42	8.0	0.55
1984	10.2	0.45	8.2	0.40	7.9	0.56
1985	10.6	0.47	7.5	0.37	7.8	0.56
1986	11.6	0.46	8.3	0.40	8.2	0.55
1987	11.6	0.46	8.0	0.40	7.9	0.55

MARSHALL COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	3,462	39.3	569	6.5	.	.
1970	3,485	38.2	643	7.0	.	.
1971	3,524	40.3	712	8.1	.	.
1972	3,548	39.9	784	8.8	.	.
1973	3,443	36.7	860	9.2	.	.
1974	3,284	34.4	933	9.8	.	.
1975	2,979	32.6	947	10.4	.	.
1976	3,074	31.8	1,008	10.4	.	.
1977	3,179	31.6	1,030	10.2	.	.
1978	2,965	26.7	1,062	9.6	.	.
1979	3,110	28.2	953	8.6	.	.
1980	3,204	29.9	886	8.3	.	.
1981	3,158	29.7	839	7.9	.	.
1982	2,699	26.6	791	7.8	.	.
1983	2,673	26.2	836	8.2	.	.
1984	2,733	26.0	807	7.7	.	.
1985	2,707	24.8	795	7.3	.	.
1986	2,656	24.3	785	7.2	.	.
1987	2,633	22.6	778	6.7	.	.

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	874	9.9	1,113	12.6	645	7.3
1970	907	9.9	1,060	11.6	693	7.6
1971	943	10.8	1,039	11.9	732	8.4
1972	934	10.5	1,028	11.6	764	8.6
1973	1,072	11.4	1,190	12.7	829	8.8
1974	1,100	11.5	1,173	12.3	906	9.5
1975	1,159	12.7	1,161	12.7	982	10.8
1976	1,256	13.0	1,269	13.1	1,029	10.6
1977	1,258	12.5	1,313	13.0	1,074	10.7
1978	1,364	12.3	1,429	12.9	1,155	10.4
1979	1,346	12.2	1,508	13.7	1,248	11.3
1980	1,356	12.7	1,513	14.1	1,166	10.9
1981	1,343	12.6	1,516	14.3	1,121	10.6
1982	1,362	13.4	1,464	14.4	1,117	11.0
1983	1,644	16.1	1,523	14.9	1,101	10.8
1984	1,639	15.6	1,561	14.9	1,138	10.8
1985	1,806	16.6	1,541	14.1	1,155	10.6
1986	1,758	16.1	1,695	15.5	1,160	10.6
1987	1,886	16.2	1,754	15.0	1,187	10.2

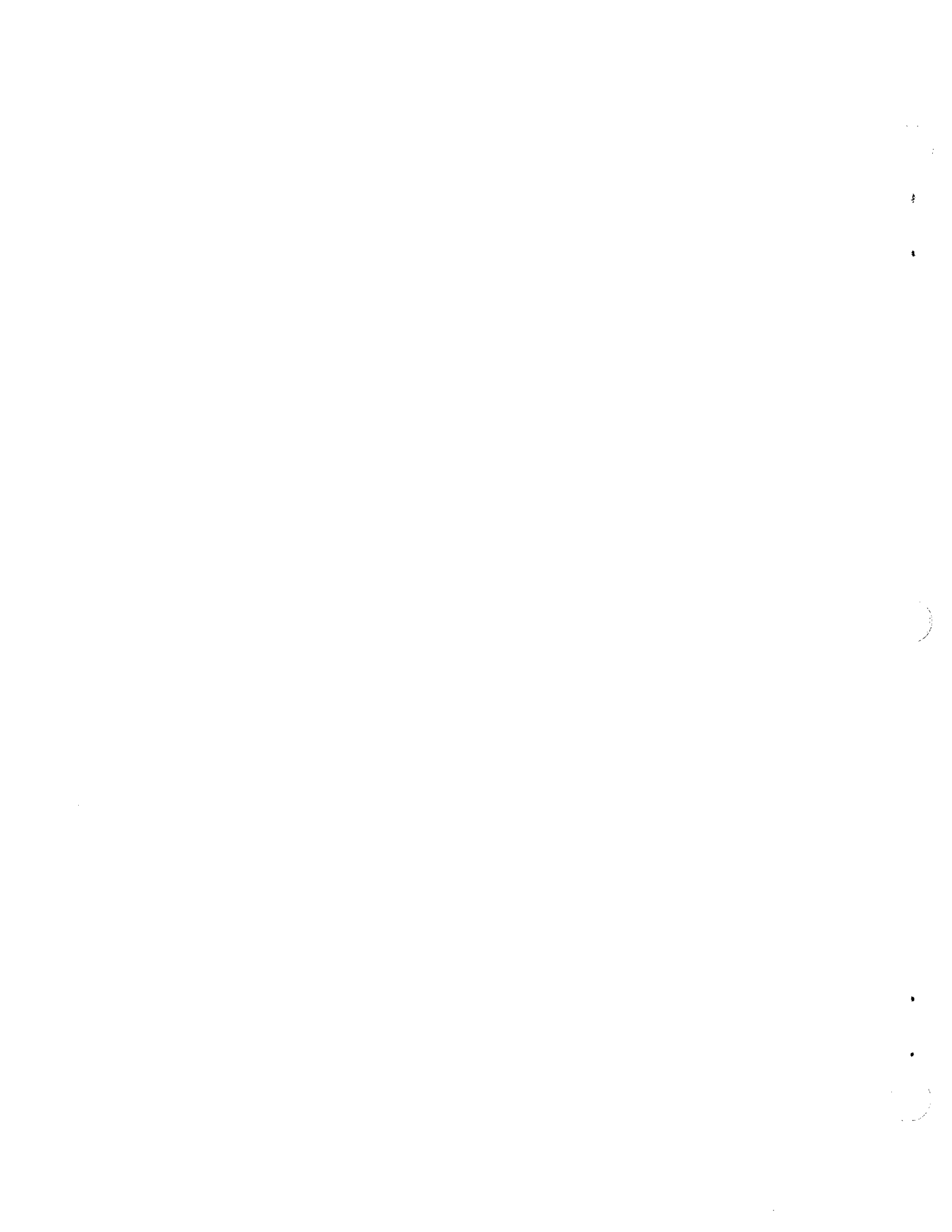
MARSHALL COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	8,811	\$23,212	\$17,440	.	4.2
1970	9,121	\$23,347	\$17,811	5.4	4.4
1971	8,744	\$21,758	\$18,166	7.1	5.1
1972	8,898	\$22,493	\$18,970	9.7	6.0
1973	9,370	\$21,870	\$19,232	7.7	3.7
1974	9,547	\$22,249	\$19,008	9.8	4.5
1975	9,125	\$21,565	\$18,976	14.6	7.3
1976	9,663	\$22,846	\$19,563	10.3	5.6
1977	10,067	\$23,392	\$20,031	9.5	4.7
1978	11,097	\$24,787	\$20,121	9.8	5.3
1979	11,018	\$24,488	\$20,110	10.3	5.5
1980	10,705	\$23,201	\$19,439	16.0	8.0
1981	10,621	\$23,300	\$19,286	14.8	8.4
1982	10,136	\$22,090	\$18,931	15.6	10.6
1983	10,215	\$21,783	\$18,358	16.3	11.6
1984	10,493	\$22,126	\$19,080	13.7	9.3
1985	10,901	\$22,134	\$18,676	12.7	9.5
1986	10,943	\$21,688	\$18,627	12.5	9.3
1987	11,661	\$21,450	\$18,636	10.9	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER AGE 6		PERCENT AGE 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	19,900	0.62	.	.	.	.
1970	20,600	0.64	8.6	10.3	17.5	14.8
1971	21,300	0.65	7.9	9.6	17.8	14.8
1972	21,600	0.65	7.7	9.1	18.3	15.0
1973	21,700	0.64	7.6	8.8	19.0	15.2
1974	22,000	0.64	7.6	8.6	19.4	15.3
1975	22,800	0.66	7.4	8.4	19.4	15.4
1976	23,100	0.65	7.5	8.2	19.8	15.5
1977	23,900	0.67	7.5	8.4	19.7	15.5
1978	24,500	0.68	7.6	8.5	19.8	15.6
1979	25,000	0.69	7.7	8.7	20.0	15.8
1980	25,700	0.70	7.8	9.2	20.1	15.4
1981	25,700	0.70	7.7	9.3	20.3	15.5
1982	25,800	0.70	7.7	9.2	20.7	15.7
1983	25,800	0.69	7.7	9.2	21.1	15.9
1984	25,700	0.69	7.4	9.0	21.6	16.1
1985	25,900	0.69	7.3	8.9	21.5	16.3
1986	26,400	0.71	6.9	8.6	21.4	16.5
1987	26,700	0.72	.	.	.	.

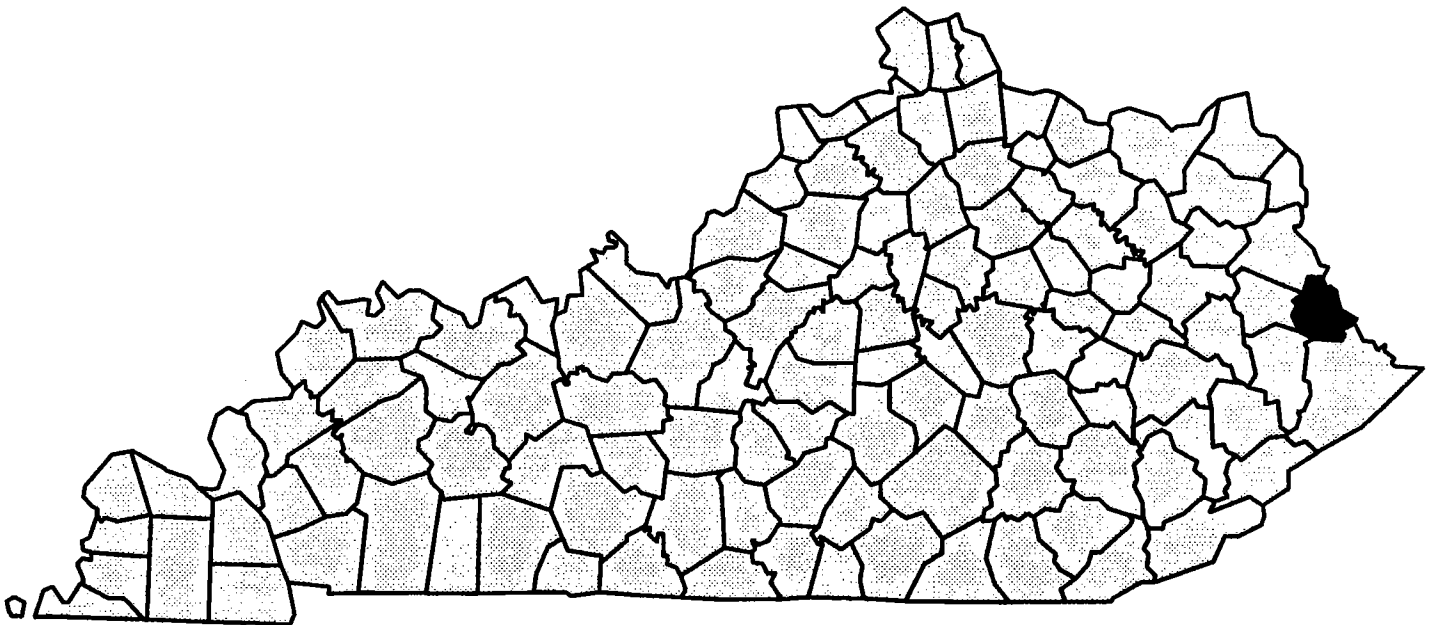






ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

**MARTIN COUNTY**



Prepared by  
Virginia Wilson  
Donna A. Cantrell

RESEARCH MEMORANDUM 438  
Legislative Research Commission  
Frankfort, Kentucky  
February, 1990





ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

K4  
65  
L3111  
No. 438  
1990

MARTIN COUNTY

Prepared by  
Virginia Wilson  
Donna A. Cantrell

RESEARCH MEMORANDUM 438  
Legislative Research Commission  
Frankfort, Kentucky  
February, 1990



## FOREWORD

This publication is one of a set of 120, highlighting economic trends in each county in Kentucky from 1969-1987. This effort is part of the ongoing activities sponsored by the Legislative Research Commission to provide a long-term perspective on issues for decision makers. The economies of individual counties do not always parallel overall state trends. This set of publications is an attempt to look at the economic trends in each county over time and to point out where the economies of individual counties may be performing differently from the economy of the state as a whole.

This publication was prepared by Virginia Wilson and Donna Cantrell. Susan Dance assisted in production of the manuscript and Charles Bush edited the report. The assistance of Carol Straus from the Center for Business and Economic Research at the University of Kentucky in deciphering data is gratefully acknowledged.

Vic Hellard, Jr.  
Director

The Capitol  
Frankfort  
February, 1990



## SUMMARY

The Martin County economy, as measured by personal income, grew strongly in the 1970's and declined slightly in the 1980's. Martin County increased its share of Kentucky personal income in the 1970's and decreased its share in the 1980's. Per capita personal income was below that of the state, while average earnings per job were significantly above those of the state.

The county economy was heavily impacted by the mining sector. The mine sector was the primary source of earnings and employment in Martin County. However, earnings from this sector declined in the late 1980's. The county's share of earnings and employment from farming and manufacturing were minimal.

The percent of employment in the non-goods-producing sectors of services and trade were generally constant. The percent of employment in state and local government declined. At the state level, the services and trade sectors increased their shares, while state and local government was constant.

Events in the international energy markets, specifically a sharp increase in the price of oil in 1973, resulted in an increased demand for coal. This provided the impetus for economic growth in Martin County in the 1970's. However, these favorable coal market conditions were not sustained. Earnings and employment from this sector subsequently declined.

The county's high concentration in the coal sector contributed to an economic boom in the 1970's. However, the coal mining sector is very sensitive to economic fluctuations in energy markets, international competition, and national policy. Consequently, while a high concentration in mining supported the economy during a period of high energy prices, these conditions may not ensure future economic growth. Future economic growth in Martin County would be enhanced by development of other sectors.



## INTRODUCTION

This is one of a series of reports called Economic Trends in Kentucky Counties. The purpose of this series is to describe the economic structure of Kentucky counties and to assess their economic performance relative to their own history and relative to the Kentucky economy. Information on the structure and patterns of change in county economies and an understanding of their relationship to the Kentucky economy can help in making policy decisions that are intended to shape Kentucky's economic future.

When assessing any economy there are several pertinent questions which may be addressed. The first concerns changes in the absolute size of the economy over time. Here the relevant comparison is between the Martin County economy and its own history. Since most economic variables are given in dollars and since inflation causes the value of a dollar to vary over time, all dollar values in this report are presented in constant 1988 dollars. This allows analysis of real changes over time by controlling for the effects of inflation.

A second question concerns the structure and nature of the Martin County economy. The structure of an economy refers to the relative share contributed by the various segments of the economy, while the nature deals with how this share has changed over time.

A third question concerns the performance of the Martin County economy when compared to the Kentucky economy. For example, if a county has a higher proportion of earnings or employment in a particular sector it would indicate a specialization in that sector. Differences in economic structure may explain variations in relative economic well being between a county and the state as a whole.

Economic data for counties are usually published after a lag of two years. Therefore, most data in this report cover the period 1969 to 1987. All data for this report was obtained from the Kentucky Economic Information System, an on-line database maintained by the University of Kentucky Center for Business and Economic Development.

There are certain caveats which should be remembered when analyzing data. First, it is a common and useful approach to evaluate the percentage an economic sector contributes to the total economy. However, one must remember that a sector's percentage contribution may decline even when its absolute value is increasing, if another sector's contribution is growing at a faster rate. Secondly, when reviewing data in graphical analyses, the scales used to present data should be noted. In this report most graphs are presented with the narrowest scale which will cover all data points. This can accentuate visual patterns over time even when absolute changes are relatively small.

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\*For an analysis of economic trends in Kentucky, see Virginia Wilson, Patterns of Growth and Decline in the Kentucky Economy 1969-1988, Research Memorandum 437, Legislative Research Commission, November 1989.





## ECONOMIC TRENDS IN MARTIN COUNTY

The following analysis includes a brief description of the county economy and is accompanied by graphical illustrations. Data tables are also included at the end of this report. Three principal components of the Martin County economy are analyzed. They are:

1. Personal Income
2. Earnings
3. Employment

Also, because coal production has been an important component in the Kentucky economy and in many local economies, the coal sector is analyzed in counties which have a history of coal production.

### Personal Income

Personal income is often used as a measure of the economic activity in an area. Personal income is the sum of all the dollar income received by individuals in an area from any legal source. Personal income data is published by the Bureau of Economic Analysis (BEA) for most major geographic regions, including states, counties, and major cities.

In general, income can be obtained in three ways. First, it can be earned by the work of an individual. This type of income includes wages and salaries income and proprietors' earnings. Second, income can be earned by property. Included are earnings from rents, dividends, and interest. Finally, income can be received as a gift or an entitlement. This type of income constitutes the component of personal income called transfer payments. Included in this component is income from sources such as retirement benefits, unemployment benefits, food stamps, and medical programs such as Medicare and Medicaid.

As can be seen in Chart 1A, the size of the Martin County economy, as measured by real personal income, increased, from \$37 million in 1969 to a high of \$161 million in 1982 (after adjusting for inflation). There was a subsequent decline to \$134 million in 1987. Chart 1B shows Martin County total personal income as a percent of Kentucky total personal income. Martin County's share of Kentucky personal income increased through the 1970's and early 1980's, and declined in the later period.

A similar pattern emerges from an examination of per capita personal income (Charts 1C and 1D). Per capita personal income is simply the total personal income of an area divided by its population. Per capita personal income is often used as a measure of the economic well-being of the residents of an area. Martin County real per capita income generally increased to a level of \$11,447 in 1979. However, by 1987, per capita personal income declined to \$9,522, 76.2 percent of Kentucky per capita personal income.

A better understanding of the nature of economic activity can be gleaned from an examination of the relative contribution of the components of personal income and how their shares have changed over time. This information is illustrated in Charts 2A-2D. Total earnings increased from \$25 million in 1969 to a high of \$124 million in 1979, then declined to \$93 million in 1987 (in constant 1988 dollars). Earnings as a percent of personal income increased in the 1970's and declined in the 1980's. At the state level, the percent of personal income from earnings declined steadily during the period. Earnings accounted for 69.2 percent of Martin County's total personal income in 1987, compared to Kentucky's 67.5 percent.

Transfer payments contributed \$10 million to total personal income in 1969 and \$29 million in 1987. Transfer payments contributed a much higher percentage of personal income in Martin County than in Kentucky from 1969 until 1979, a generally equal share from 1980 to 1983, then a higher share after 1983.

Income from property in Martin County grew steadily through the time period. Income from property totalled \$2 million in 1969 and increased to \$12 million in 1987.

## Earnings

Earnings are the component of personal income reflecting payments to individuals in return for labor. Earnings include both wages and salaries and proprietor's earnings. Earnings in the goods-producing industries are illustrated in Chart 3A. The mine sector was the primary source of earnings during the period. Earnings from this sector accounted for 28.2 percent of earnings in 1969. This share increased to 85.7 percent in 1981, then declined to 75.2 percent in 1987. In 1969, Martin County received 1.8 percent of its earnings from manufacturing. This percentage decreased during the period to 0.1 percent in 1987. Earnings from the farming sector generally declined from 1.0 percent in 1969 to 0.2 percent in 1987. At the state level the share of earnings from all three of these sectors declined.

Earnings from non-goods-producing industries are illustrated in Chart 3B. The percent of total earnings from services decreased from 13.3 percent in 1969 to 5.1 percent in 1987. The percent of earnings from the trade sector decreased from 17.0 percent in 1969 to 5.3 percent in 1987. The percentage of earnings in the state and local government sectors decreased from 21.5 percent in 1969 to 6.6 percent in 1987. Much of the decline in these sector's shares of earnings reflect the dramatic increases in the mine sector, rather than absolute declines. These patterns are different from state patterns where the share of earnings from services increased significantly and the shares from trade and government were constant.

Average earnings per job (adjusted for inflation) for Martin County and Kentucky are shown in Chart 3D. In Kentucky, average earnings per job reached a high of \$20,121 per person in 1978. Average earnings per job have since declined and in 1987 they were \$18,636 per person. Martin County earnings per job increased dramatically during the 1970's to a high of \$41,397 in 1980.

Average earnings then decreased to a level of \$33,681 in 1987, remaining well above the Kentucky average.

## Employment

Employment is considered to be any activity for which one receives financial remuneration in the form of wages or profits. In 1969, total employment stood at 1,398 people. By 1981, employment had increased to 4,921 people but then it declined to 3,946 by 1987.

The unemployment rate, often used as an indicator of economic well-being, is the ratio of unemployed to the total civilian labor force. Unemployment is described as a condition of being out of work while actively seeking employment within the last thirty days. The civilian labor force is described as the proportion of population age 16 or older employed or actively seeking employment. Annual unemployment rates for Kentucky and Martin County are presented in Chart 4B. Martin County unemployment rates were above those of the state after 1983. In 1987, the unemployment rate in Martin County was 13.7 percent, compared to 8.8 percent in Kentucky.

Another employment concept includes the discouraged worker. Discouraged workers are persons who want jobs but made no attempt to find work in the last thirty days because they believe they could not find it. These individuals are not included when calculating official unemployment rates. The Cabinet for Human Resources does not estimate discouraged workers by county. However, preliminary research by the Cabinet indicates that the inclusion of discouraged workers in the civilian labor force estimate would increase the unemployment rate by approximately 4 percent for the state. This figure would vary by county depending on the labor market in a county or within commuting distance.

Employment in the goods-producing industries is illustrated in Chart 4C. The mine sector was the primary source of employment in Martin County. The mining sector represented 19.3 percent of total employment in 1969. The share of mine sector employment increased to 67.5 percent in 1981. However, this share declined to 50.1 percent in 1987. Manufacturing and farming represented a minimal share of total employment through the period. Overall, Kentucky saw a decrease in the share of employment from all of these sectors.

Martin County employment in the non-goods-producing industries is illustrated in Chart 4D. Employment in the service sector as a percent of total employment decreased through the early 1980's, then increased slightly, to account for 8.4 percent in 1987. The percent of employment in trade decreased through the 1970's and increased in the 1980's to 13.6 percent in 1987. The percent of employment in state and local government decreased from 38.2 percent in 1969 to 14.3 percent in 1987. At the state level, the share of employment in services and trade increased and the share in state and local government remained constant.

## Population

The census conducted each decade counts the actual population in an area. Population is then statistically estimated during intervening years. The demographic composition of this population growth has important implications for the future demand for goods and services, and ultimately, the economic structure of Martin County.

The Martin County population increased from 9,500 in 1969 to 14,100 in 1987 (Chart 5A). There was a major correction in the estimate of population under six years of age in the 1980 census. It was estimated that in 1986, 10.5 percent of Martin County's population was under six years of age, compared to 8.6 percent for the state. Martin County's proportion of residents age sixty or older declined through the period. In 1986, 11.3 percent of the Martin County population was sixty years of age, compared to 16.5 percent of all Kentucky residents.

## Coal

The coal sector provides significant income and employment to the Martin County and Kentucky economies. This sector also contributes directly to the Commonwealth's General Fund revenues through severance tax collections.

Martin County coal production patterns are presented in Chart 6A. Coal production is estimated by the Energy Information Administration of the U.S. Department of Energy. Estimates of production are calculated from a sample of coal shipments from each county. Coal production increased significantly during the period. Production increased from 1,268 thousand tons in 1969 to a high of 15,807 thousand tons in 1982. This production increase was likely stimulated by changes in international energy markets. Specifically, a sharp increase in the price of oil resulted in increased demand for coal by utilities and resulted in increases in the price of coal. However, when oil prices declined, coal production also declined. In 1986, 11,166 thousand tons of coal was mined in Martin County.

Employment in the mining sector, which includes coal and other forms of mining, is illustrated in Chart 6B. In 1969, this sector provided 270 jobs in Martin County. This increased to 3,321 in 1981. However, by 1987 there were 1,978 people employed in mining in Martin County. The dramatic changes in employment illustrate the volatile nature of coal production and its impact on local economies.

The average value per ton for coal is illustrated in Chart 6C. Similar to patterns for the national coal market, average value per ton increased in the 1970's, then declined during the 1980's.

Coal severance tax receipts are presented in Chart 6D. The Kentucky Revenue Cabinet collects severance taxes on processed coal. Receipts are then allocated to counties, based on the value of the coal mined in the county and the value attributed to any processing done in the county. Therefore, trends in severance tax collections may not exactly parallel those of the coal

production figures in Chart 6A. Severance tax collections increased to \$27.97 million in 1982. By 1986, coal severance tax collections allocated to Martin County totalled \$20.32 million.

CHART 1A

MARTIN COUNTY

REAL PERSONAL INCOME

Millions of 1988 dollars

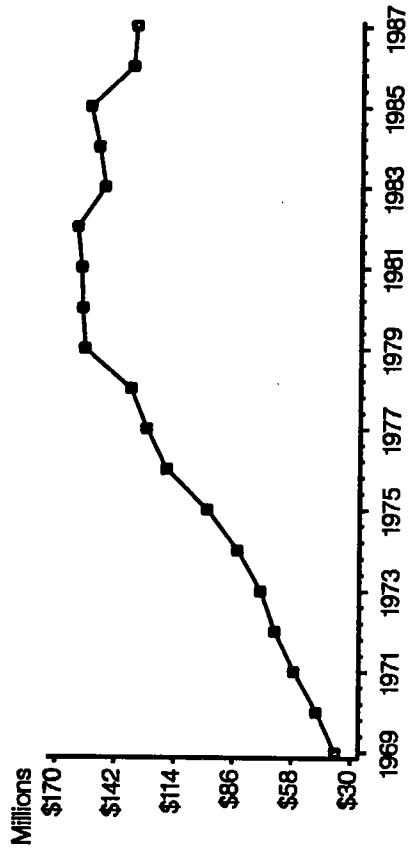


CHART 1B

MARTIN COUNTY

PERSONAL INCOME

as a Percent of Kentucky Personal Income

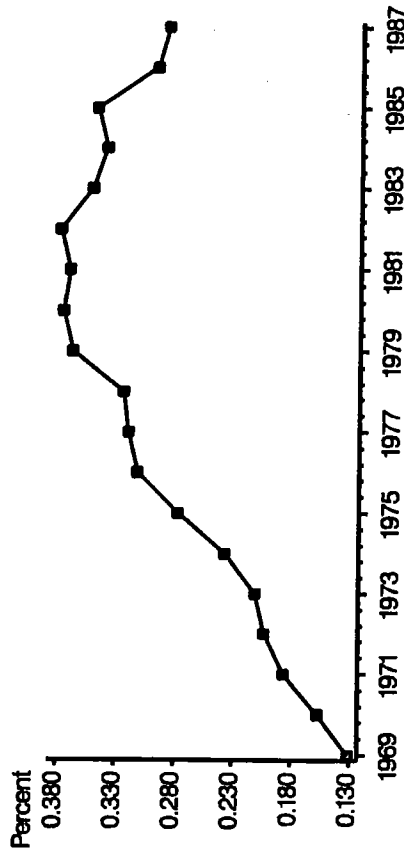


CHART 1C

MARTIN COUNTY

PER CAPITA PERSONAL INCOME

in Constant 1988 Dollars

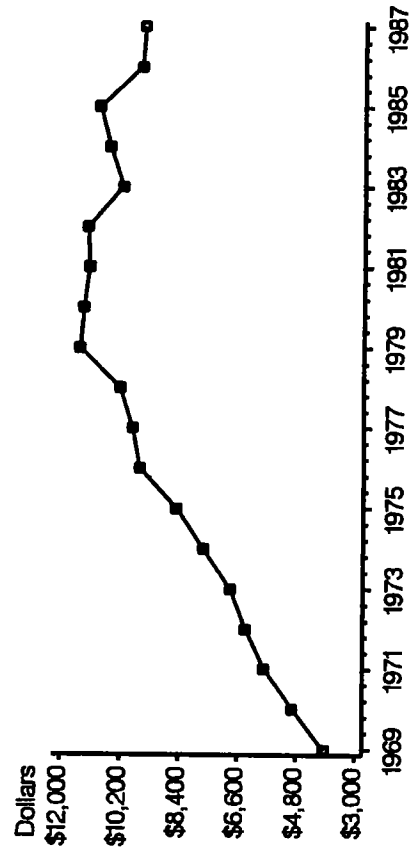


CHART 1D

MARTIN COUNTY

PER CAPITA PERSONAL INCOME

as a Percent of Kentucky Per Capita Personal Income

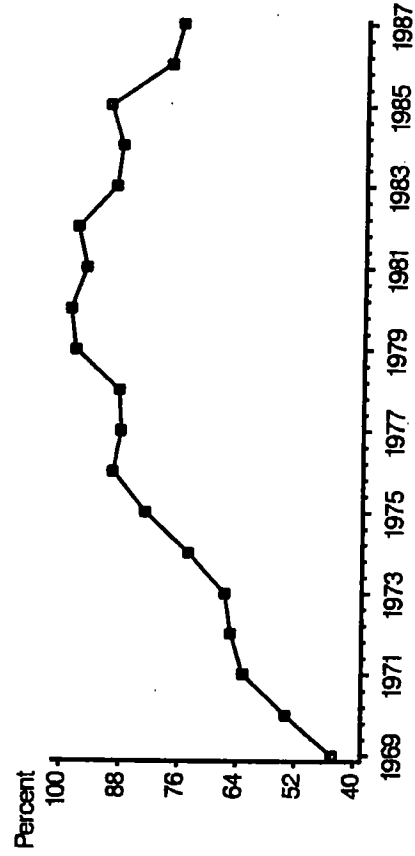


CHART 2A  
MARTIN COUNTY

REAL TOTAL EARNINGS  
Millions of 1988 dollars

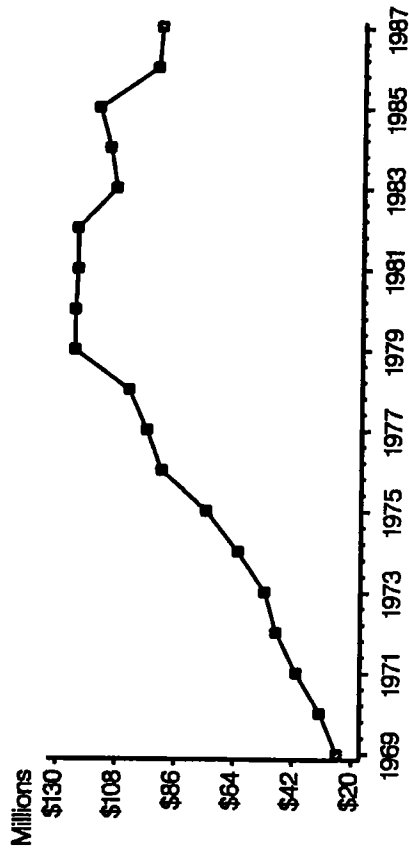


CHART 2B

MARTIN COUNTY

TRANSFER PAYMENTS and INCOME FROM PROPERTY  
Millions of 1988 Dollars

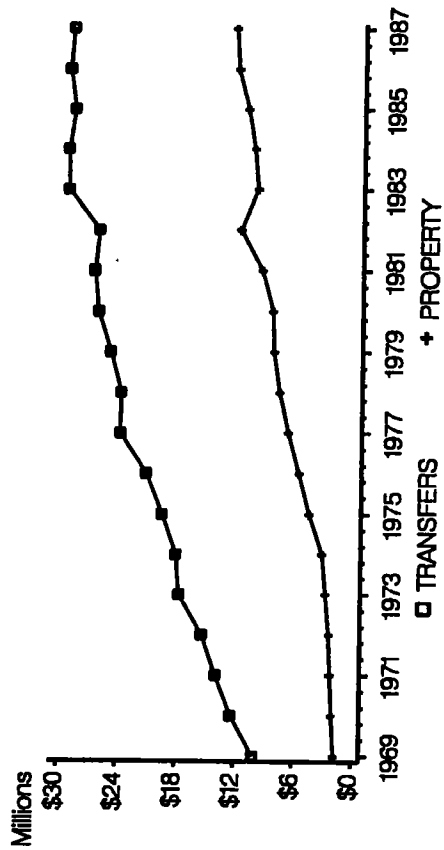


CHART 2C

MARTIN COUNTY

TOTAL EARNINGS  
as a Percent of Personal Income

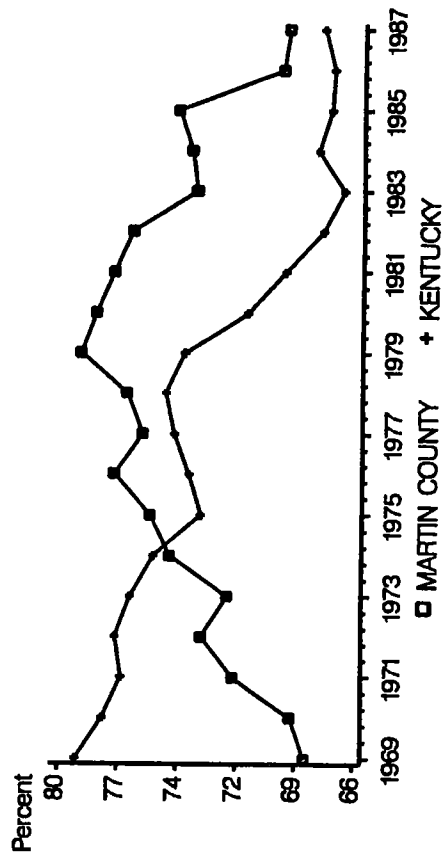


CHART 2D

MARTIN COUNTY

TRANSFER PAYMENTS  
as a Percent of Personal Income

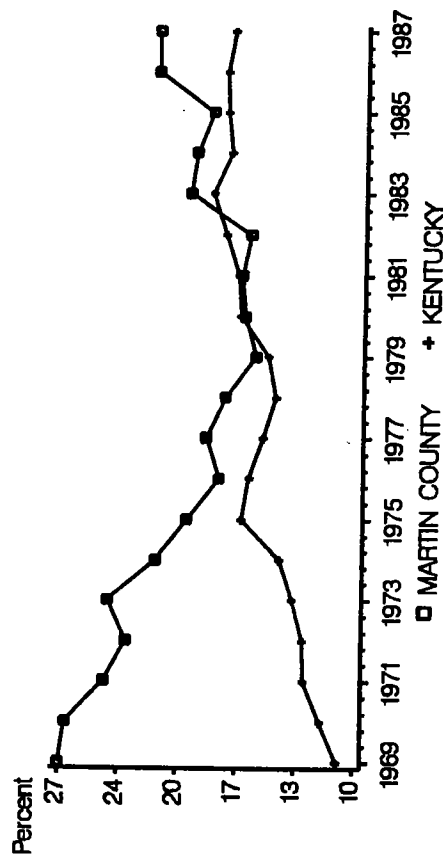


CHART 3A

MARTIN COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

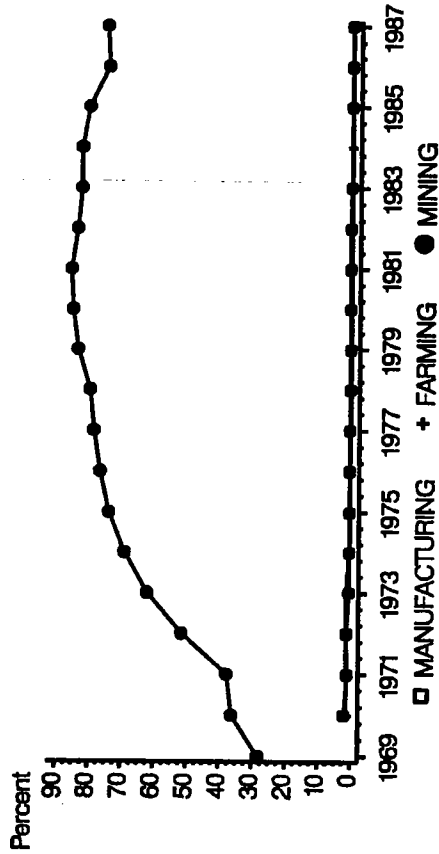


CHART 3C

MARTIN COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Kentucky Industries

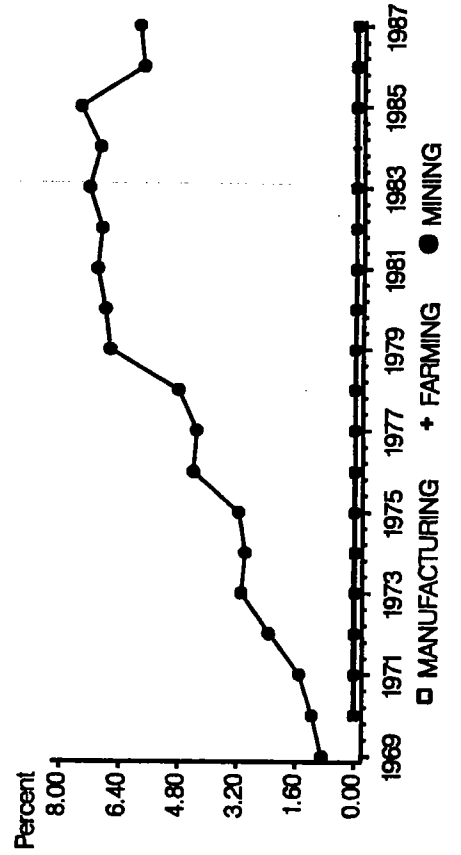


CHART 3B

MARTIN COUNTY

EARNINGS in NON - GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

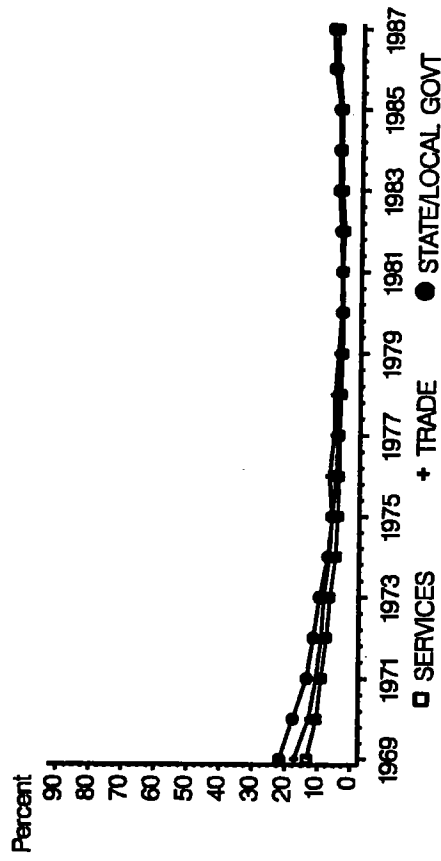


CHART 3D

MARTIN COUNTY

AVERAGE EARNINGS PER JOB  
in Constant 1988 Dollars

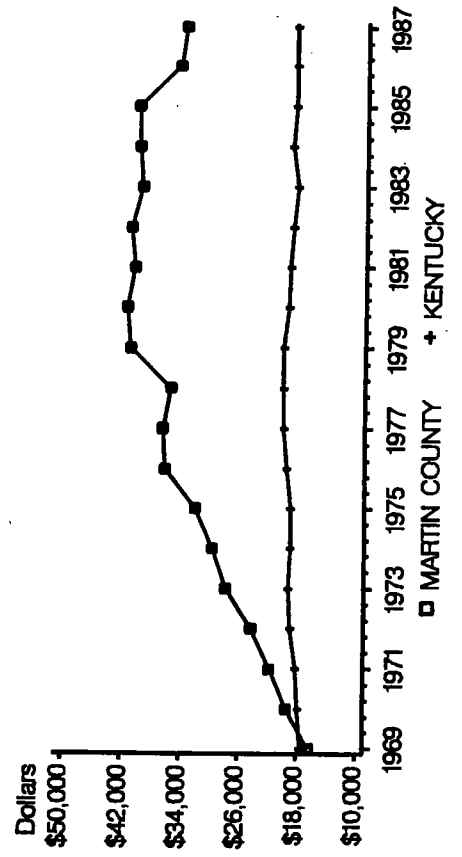




CHART 4A

MARTIN COUNTY

TOTAL EMPLOYMENT

Thousands of People

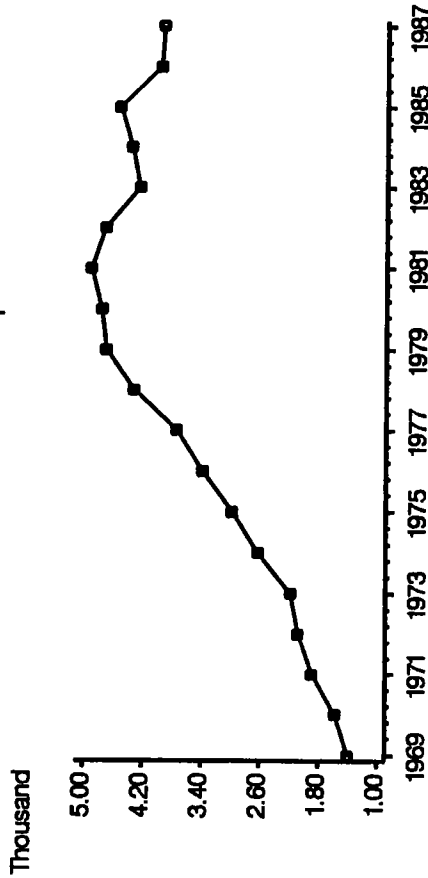


CHART 4B

MARTIN COUNTY

ANNUAL UNEMPLOYMENT RATE

Percent

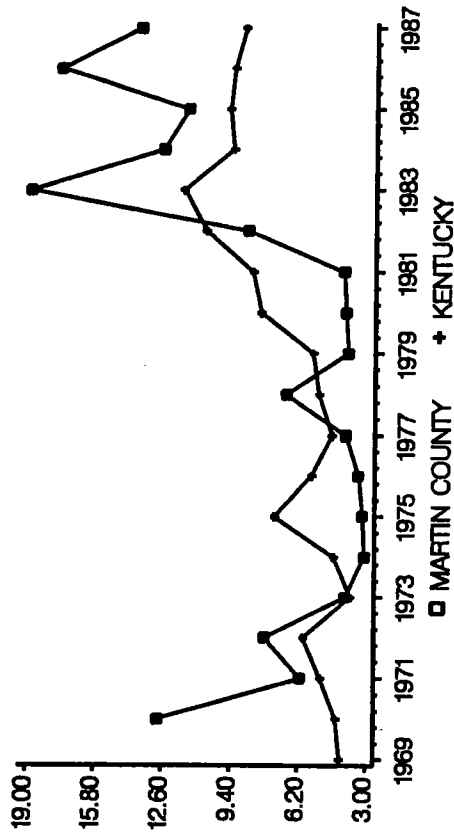


CHART 4C

MARTIN COUNTY

EMPLOYMENT IN GOODS PRODUCING INDUSTRIES

as a Percent of Total Employment

Percent

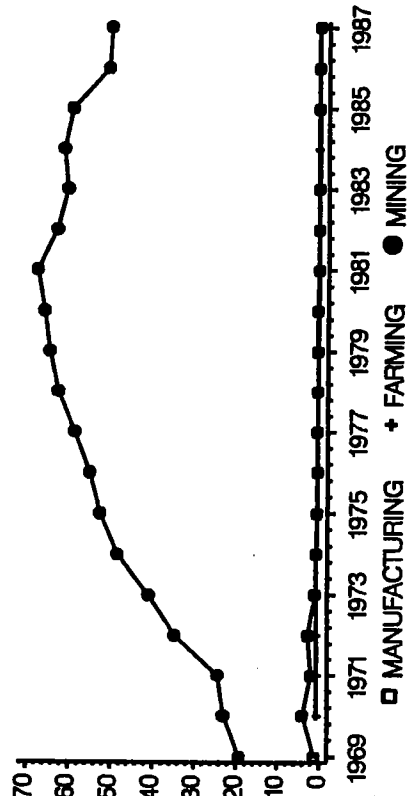


CHART 4D

MARTIN COUNTY

EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES

as a Percent of Total Employment

Percent

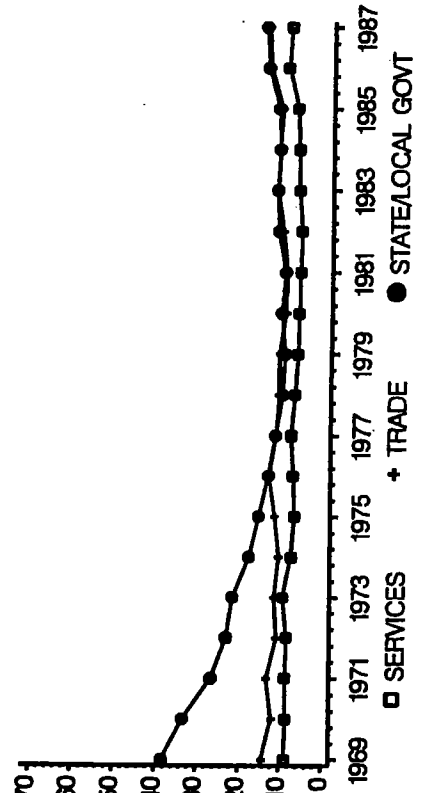


CHART 5A  
MARTIN COUNTY  
POPULATION  
Thousands of People

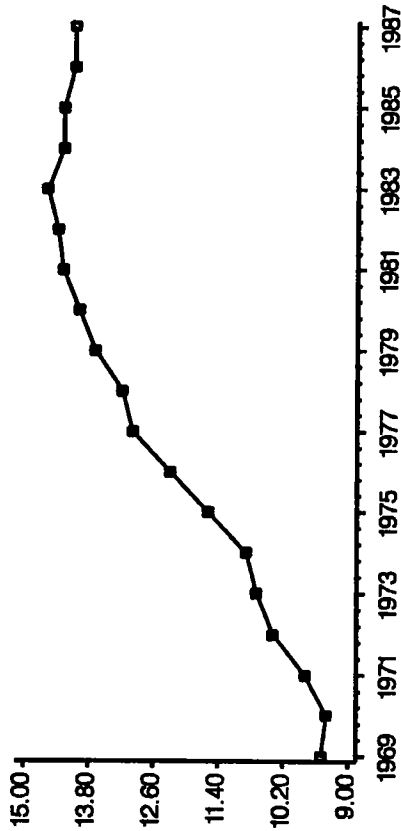


CHART 5B  
MARTIN COUNTY  
POPULATION  
as a Percent of Kentucky Population

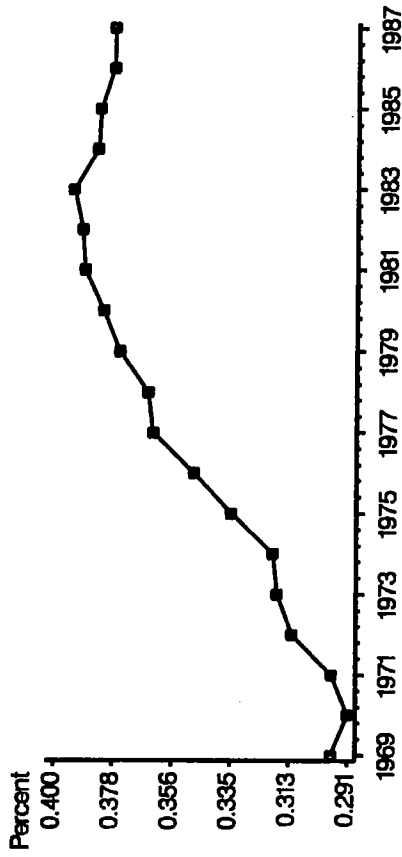


CHART 5C  
MARTIN COUNTY  
POPULATION 5 AND UNDER  
as a Percent of Total Population

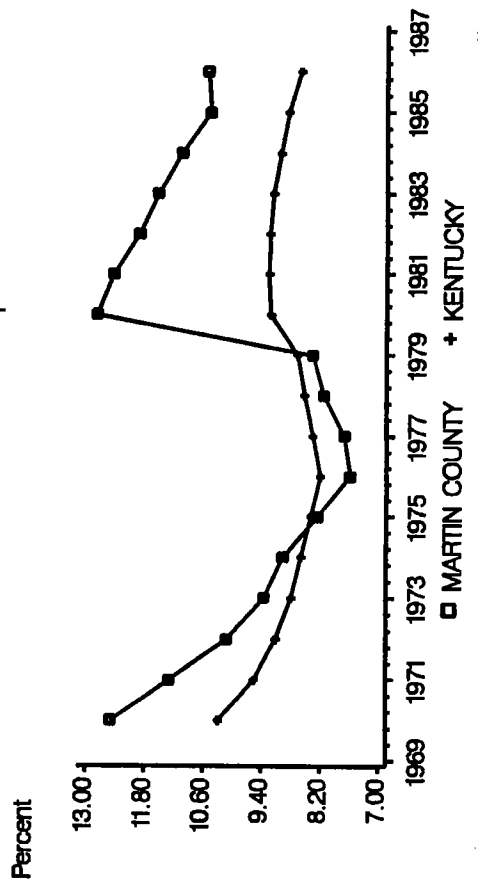
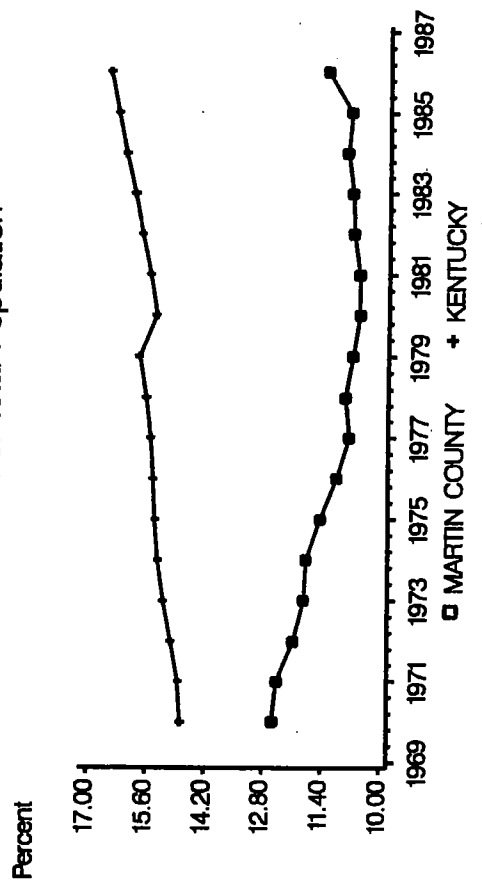
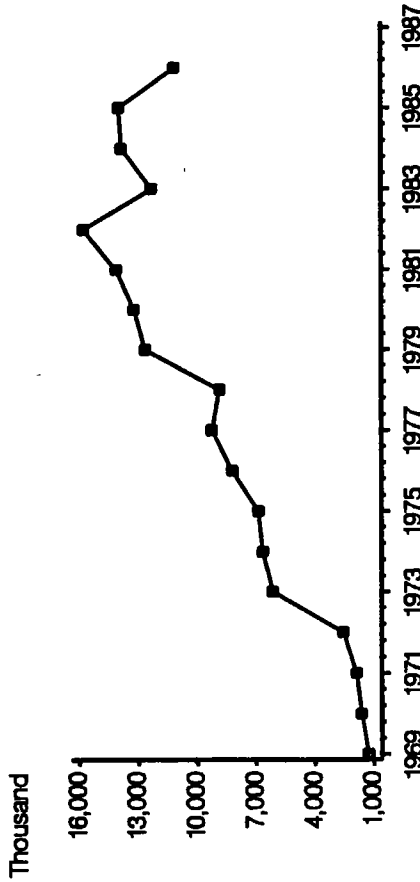


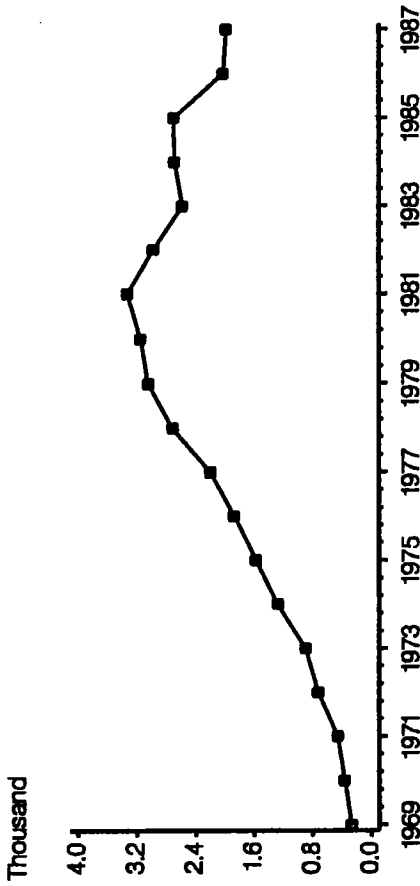
CHART 5D  
MARTIN COUNTY  
POPULATION 60 AND OVER  
as a Percent of Total Population



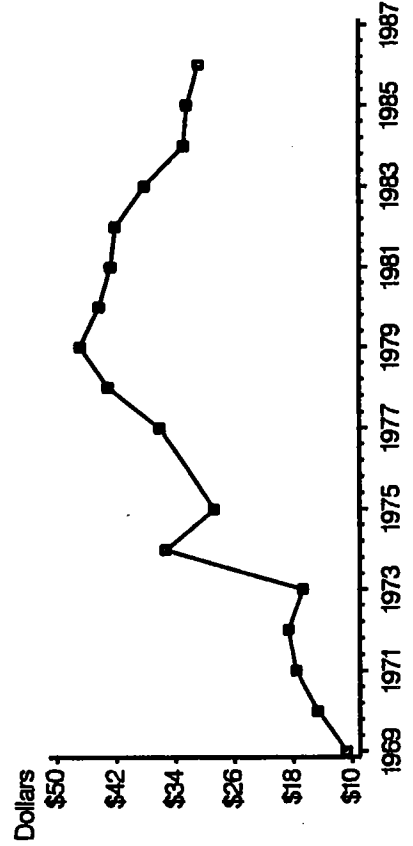
**CHART 6A**  
**MARTIN COUNTY**  
**TOTAL COAL PRODUCTION (SHIPMENTS)**  
 Thousands of Tons



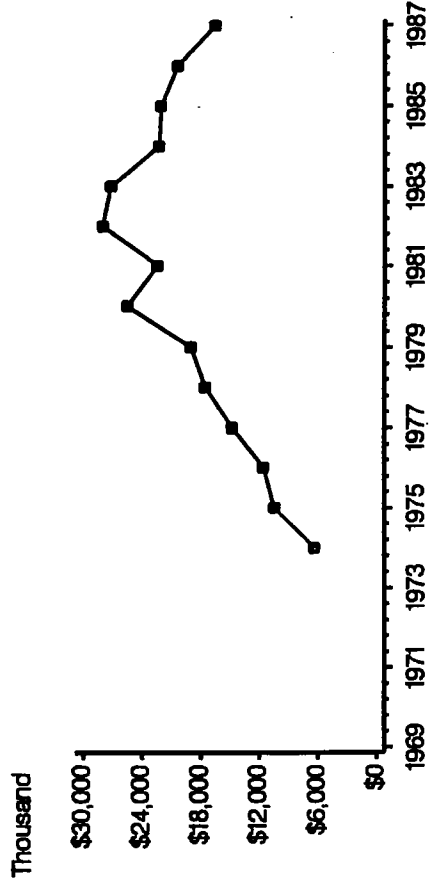
**CHART 6B**  
**MARTIN COUNTY**  
**MINING EMPLOYMENT**  
 Thousands of People



**CHART 6C**  
**MARTIN COUNTY**  
**AVERAGE VALUE PER TON FOR COAL**  
 Constant 1988 Dollars



**CHART 6D**  
**MARTIN COUNTY**  
**TAX RECEIPTS ON COAL SEVERED OR PROCESSED**  
 Thousands of 1988 Dollars



MARTIN COUNTY

PERSONAL INCOME  
In Millions of 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	37	0.13	3,948	44.4
1970	46	0.16	4,913	53.9
1971	57	0.19	5,801	62.7
1972	66	0.20	6,353	65.2
1973	73	0.21	6,830	66.5
1974	84	0.24	7,681	74.1
1975	99	0.28	8,505	82.9
1976	118	0.31	9,622	89.6
1977	128	0.32	9,841	88.0
1978	135	0.32	10,231	88.5
1979	157	0.37	11,447	97.3
1980	159	0.38	11,336	98.3
1981	159	0.37	11,171	95.3
1982	161	0.38	11,220	97.1
1983	148	0.35	10,173	89.4
1984	151	0.34	10,575	88.2
1985	156	0.35	10,887	90.7
1986	135	0.30	9,601	78.5
1987	134	0.29	9,522	76.2

COMPONENTS OF PERSONAL INCOME  
In Constant 1988 Dollars

Year	EARNINGS			TRANSFER PAYMENTS			INCOME from PROPERTY		
	M\$	Percent of Personal Income		M\$	Percent of Personal Income		M\$	Percent of Personal Income	
		County	Kentucky		County	Kentucky		County	Kentucky
1969	25	68.3	79.2	10	27.0	10.9	2	4.7	9.9
1970	32	69.0	77.9	12	26.6	11.9	2	4.4	10.2
1971	41	71.8	77.0	14	24.4	12.9	2	3.9	10.1
1972	48	73.3	77.3	15	23.2	12.9	2	3.6	9.7
1973	53	72.0	76.6	18	24.2	13.6	3	3.8	9.7
1974	63	74.8	75.5	18	21.5	14.4	3	3.7	10.1
1975	75	75.7	73.3	19	19.7	16.5	4	4.5	10.1
1976	92	77.4	73.9	21	17.9	16.1	6	4.7	10.0
1977	97	76.1	74.6	24	18.7	15.3	7	5.3	10.1
1978	104	76.8	75.0	24	17.5	14.6	8	5.6	10.4
1979	124	79.0	74.1	25	15.8	15.1	8	5.2	10.8
1980	124	78.3	71.1	26	16.4	16.7	8	5.3	12.2
1981	123	77.4	69.3	26	16.6	16.8	9	5.9	13.8
1982	124	76.6	67.5	26	16.2	17.6	12	7.3	14.9
1983	109	73.6	66.6	29	19.7	18.4	10	6.8	15.1
1984	112	73.8	67.8	29	19.3	17.3	10	6.8	14.9
1985	116	74.4	67.2	29	18.4	17.6	11	7.1	15.3
1986	94	69.5	67.1	29	21.6	17.6	12	8.9	15.3
1987	93	69.2	67.5	29	21.5	17.2	12	9.2	15.3

MARTIN COUNTY

SECTOR EARNINGS as a PERCENT of TOTAL COUNTY EARNINGS and  
as a PERCENT of KENTUCKY SECTOR EARNINGS

YEAR	MANUFACTURING		FARMING		MINING	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	.	.	.	.	28.2	0.87
1970	1.8	0.01	1.0	0.02	36.2	1.14
1971	0.9	0.01	1.1	0.04	37.7	1.50
1972	1.2	0.01	1.1	0.04	51.6	2.34
1973	0.4	0.00	1.2	0.05	62.1	3.08
1974	0.4	0.00	0.5	0.02	69.1	2.98
1975	0.3	0.00	0.3	0.03	73.9	3.17
1976	0.3	0.01	0.2	0.02	76.6	4.42
1977	0.3	0.01	0.1	0.01	78.6	4.33
1978	0.3	0.01	0.1	0.01	79.8	4.82
1979	0.3	0.01	0.1	0.01	83.6	6.68
1980	0.4	0.01	0.1	0.01	85.2	6.80
1981	0.5	0.01	0.0	0.00	85.7	7.02
1982	0.4	0.01	.	.	83.9	6.91
1983	0.2	0.01	0.1	0.02	82.7	7.25
1984	.	.	0.1	0.02	82.7	6.96
1985	0.1	0.00	0.1	0.02	80.5	7.48
1986	0.2	0.00	0.2	0.03	74.7	5.78
1987	0.1	0.00	0.2	0.03	75.2	5.91

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	13.3	0.10	17.0	0.11	21.5	0.23
1970	10.3	0.10	12.6	0.10	17.5	0.24
1971	8.9	0.11	10.5	0.11	13.4	0.23
1972	7.4	0.11	9.0	0.11	11.4	0.23
1973	6.4	0.11	8.3	0.12	9.6	0.23
1974	4.7	0.10	6.6	0.12	7.1	0.22
1975	4.2	0.11	6.1	0.13	5.9	0.21
1976	3.8	0.12	6.8	0.18	4.8	0.21
1977	3.9	0.13	5.4	0.15	4.4	0.21
1978	3.4	0.12	5.4	0.16	4.1	0.20
1979	3.0	0.13	4.5	0.16	3.4	0.20
1980	2.9	0.13	3.5	0.14	3.4	0.21
1981	3.2	0.14	3.2	0.14	3.4	0.21
1982	2.8	0.12	3.6	0.15	3.9	0.24
1983	3.4	0.12	3.8	0.14	4.5	0.24
1984	3.9	0.13	3.9	0.14	4.4	0.24
1985	3.8	0.13	3.7	0.14	4.4	0.24
1986	5.6	0.13	5.0	0.14	6.2	0.24
1987	5.1	0.11	5.3	0.14	6.6	0.24

MARTIN COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	17	1.2	.	.	270	19.3
1970	63	4.0	11	0.7	362	23.0
1971	39	2.1	14	0.7	460	24.3
1972	57	2.7	17	0.8	725	34.8
1973	24	1.1	20	0.9	895	40.9
1974	23	0.9	20	0.8	1,276	48.4
1975	19	0.6	21	0.7	1,570	52.6
1976	20	0.6	22	0.6	1,868	55.0
1977	25	0.7	23	0.6	2,196	58.6
1978	22	0.5	22	0.5	2,708	62.5
1979	29	0.6	21	0.4	3,041	64.5
1980	34	0.7	19	0.4	3,142	65.8
1981	21	0.4	23	0.5	3,321	67.5
1982	22	0.5	21	0.4	2,967	62.8
1983	15	0.4	21	0.5	2,572	60.3
1984	.	.	21	0.5	2,679	61.2
1985	17	0.4	20	0.4	2,690	59.3
1986	17	0.4	21	0.5	2,019	50.7
1987	12	0.3	20	0.5	1,978	50.1

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	121	8.7	198	14.2	534	38.2
1970	133	8.4	187	11.9	522	33.1
1971	163	8.6	247	13.1	498	26.3
1972	173	8.3	225	10.8	477	22.9
1973	202	9.2	249	11.4	469	21.5
1974	195	7.4	272	10.3	462	17.5
1975	199	6.7	338	11.3	455	15.2
1976	238	7.0	433	12.8	436	12.8
1977	282	7.5	412	11.0	421	11.2
1978	291	6.7	455	10.5	418	9.6
1979	290	6.2	491	10.4	429	9.1
1980	288	6.0	436	9.1	481	10.1
1981	285	5.8	435	8.8	455	9.2
1982	264	5.6	467	9.9	519	11.0
1983	265	6.2	480	11.3	483	11.3
1984	279	6.4	478	10.9	473	10.8
1985	307	6.8	471	10.4	504	11.1
1986	360	9.0	524	13.2	548	13.8
1987	332	8.4	536	13.6	563	14.3

MARTIN COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	1,398	\$16,343	\$17,440	.	4.2
1970	1,576	\$19,406	\$17,811	12.8	4.4
1971	1,892	\$21,800	\$18,166	6.1	5.1
1972	2,083	\$24,313	\$18,970	7.8	6.0
1973	2,186	\$27,711	\$19,232	4.0	3.7
1974	2,634	\$29,632	\$19,008	3.1	4.5
1975	2,984	\$32,031	\$18,976	3.2	7.3
1976	3,394	\$36,133	\$19,563	3.4	5.6
1977	3,746	\$36,419	\$20,031	4.0	4.7
1978	4,333	\$35,403	\$20,121	6.8	5.3
1979	4,714	\$40,923	\$20,110	3.9	5.5
1980	4,775	\$41,397	\$19,439	4.0	8.0
1981	4,921	\$40,407	\$19,286	4.1	8.4
1982	4,724	\$40,893	\$18,931	8.6	10.6
1983	4,262	\$39,442	\$18,358	18.8	11.6
1984	4,376	\$39,823	\$19,080	12.6	9.3
1985	4,540	\$39,942	\$18,676	11.5	9.5
1986	3,983	\$34,471	\$18,627	17.4	9.3
1987	3,946	\$33,681	\$18,636	13.7	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER 6		PERCENT 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	9,500	0.30	.	.	.	.
1970	9,400	0.29	12.5	10.3	12.6	14.8
1971	9,800	0.30	11.3	9.6	12.5	14.8
1972	10,400	0.31	10.1	9.1	12.1	15.0
1973	10,700	0.32	9.3	8.8	11.8	15.2
1974	10,900	0.32	9.0	8.6	11.8	15.3
1975	11,600	0.33	8.3	8.4	11.4	15.4
1976	12,300	0.35	7.6	8.2	11.0	15.5
1977	13,000	0.36	7.7	8.4	10.7	15.5
1978	13,200	0.37	8.1	8.5	10.8	15.6
1979	13,700	0.38	8.4	8.7	10.7	15.8
1980	14,000	0.38	12.8	9.2	10.5	15.4
1981	14,300	0.39	12.4	9.3	10.5	15.5
1982	14,400	0.39	11.9	9.2	10.7	15.7
1983	14,600	0.39	11.5	9.2	10.7	15.9
1984	14,300	0.38	11.0	9.0	10.8	16.1
1985	14,300	0.38	10.5	8.9	10.7	16.3
1986	14,100	0.38	10.5	8.6	11.3	16.5
1987	14,100	0.38	.	.	.	.

MARTIN COUNTY

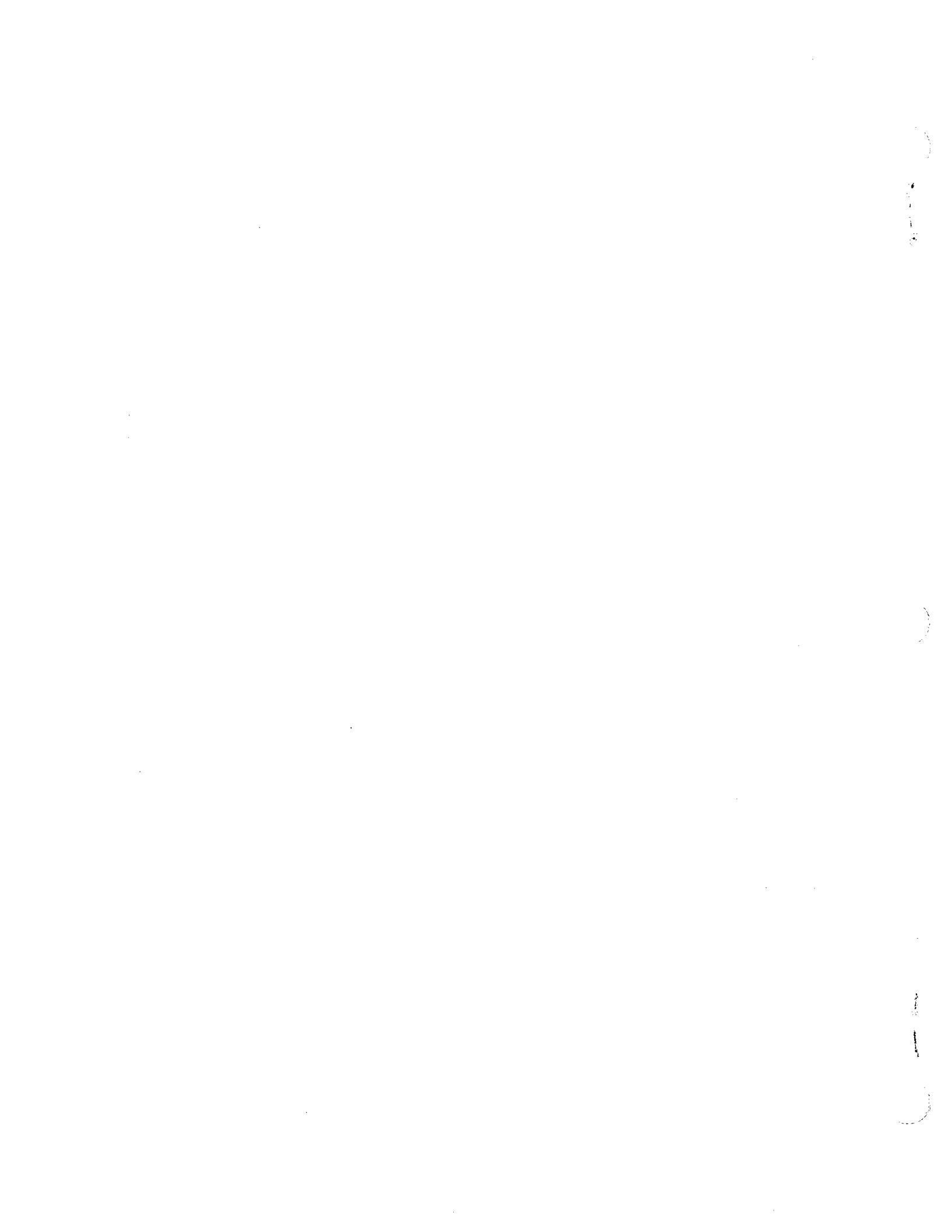
COAL MINING STATISTICS

YEAR	PRODUCTION (Thousand Tons)	EMPLOYMENT	AVERAGE VALUE PER TON	COAL TAX RECEIPTS (000)
1969	1,268	270	\$10.84	.
1970	1,612	362	\$14.66	.
1971	1,887	460	\$17.58	.
1972	2,546	725	\$18.61	.
1973	6,154	895	\$16.62	.
1974	6,666	1,276	\$35.26	\$6,393
1975	6,872	1,570	\$28.71	\$10,483
1976	8,215	1,868	.	\$11,580
1977	9,250	2,196	\$36.02	\$14,789
1978	8,865	2,708	\$43.02	\$17,580
1979	12,654	3,041	\$46.74	\$19,002
1980	13,223	3,142	\$44.19	\$25,487
1981	14,137	3,321	\$42.65	\$22,434
1982	15,807	2,967	\$42.03	\$27,973
1983	12,320	2,572	\$38.04	\$27,127
1984	13,875	2,679	\$32.75	\$22,235
1985	14,010	2,690	\$32.33	\$22,053
1986	11,166	2,019	\$30.73	\$20,315
1987	.	1,978	.	.

Note: All dollar figures are presented in constant 1988 dollars.

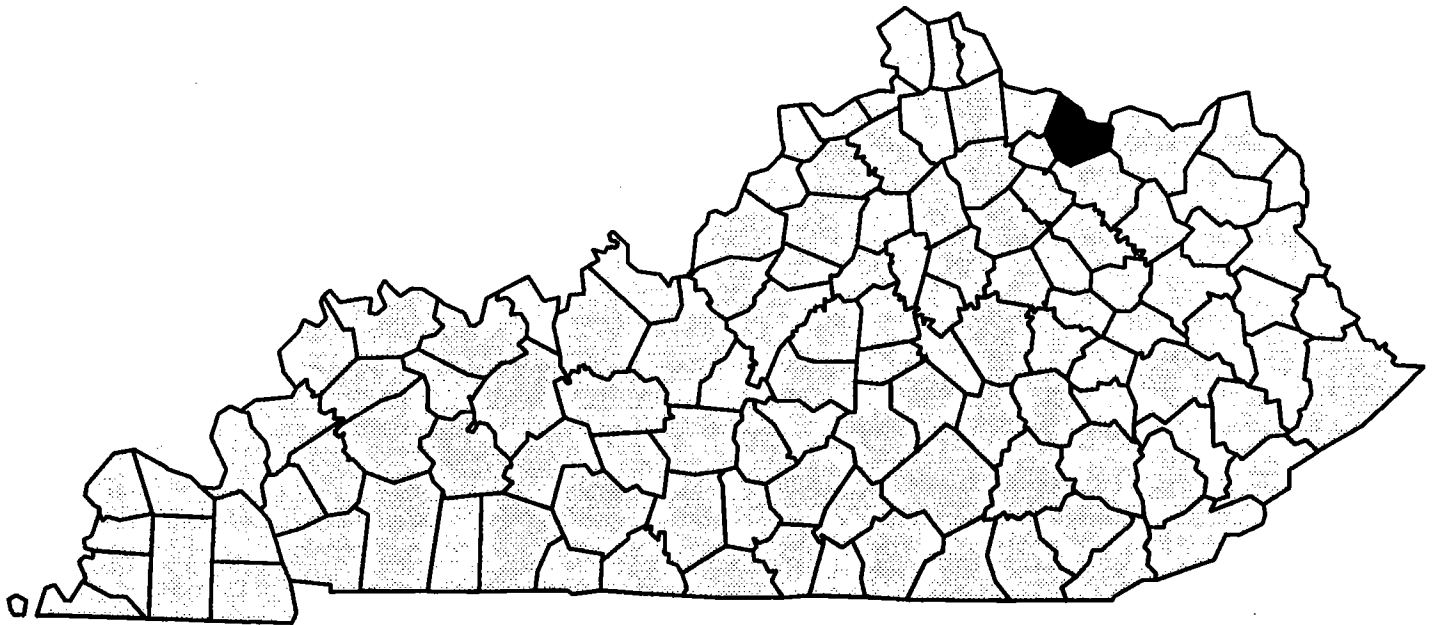






ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

MASON COUNTY



Prepared by  
Virginia Wilson  
Donna A. Cantrell

RESEARCH MEMORANDUM 438  
Legislative Research Commission  
Frankfort, Kentucky  
February, 1990

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ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

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No. 438  
1990

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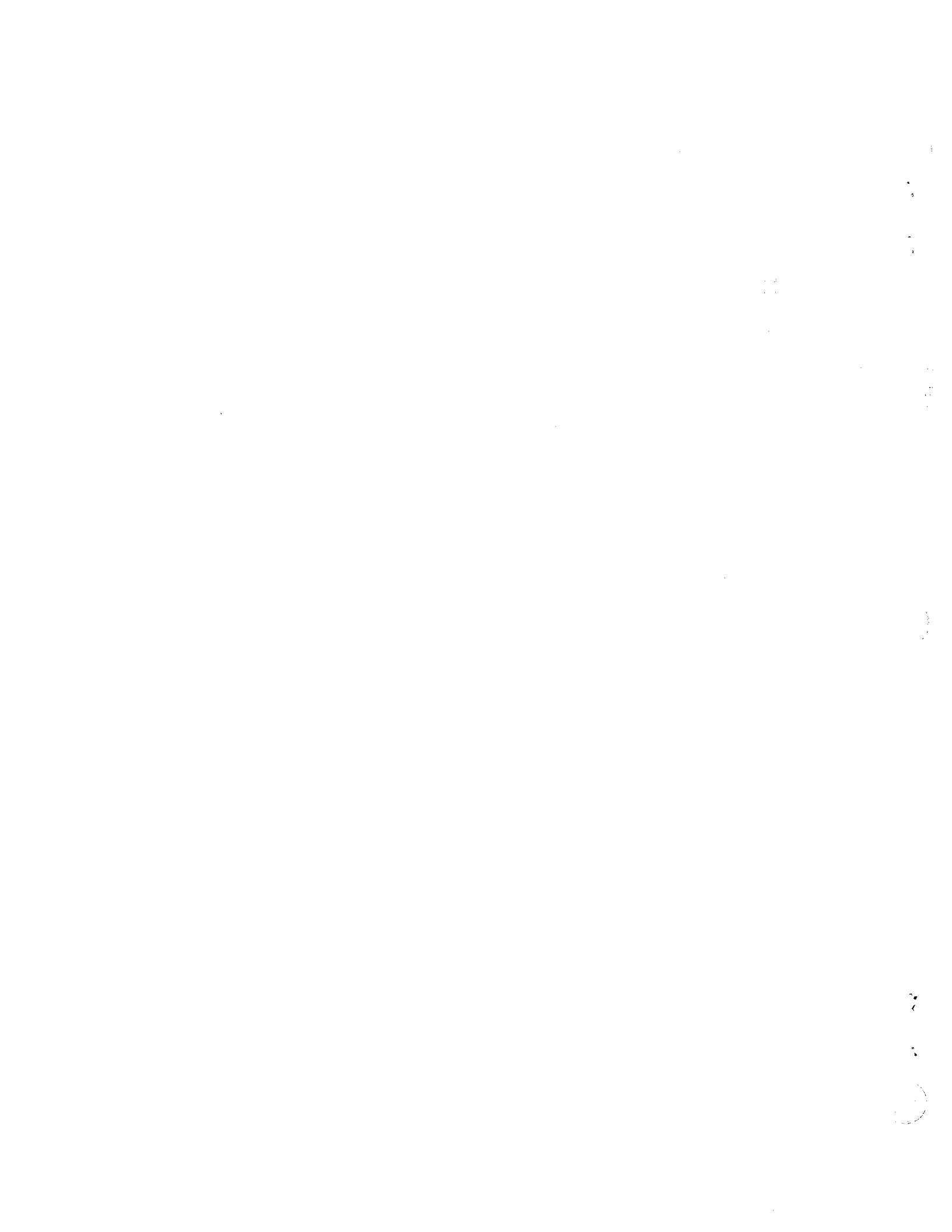
## FOREWORD

This publication is one of a set of 120, highlighting economic trends in each county in Kentucky from 1969-1987. This effort is part of the ongoing activities sponsored by the Legislative Research Commission to provide a long-term perspective on issues for decision makers. The economies of individual counties do not always parallel overall state trends. This set of publications is an attempt to look at the economic trends in each county over time and to point out where the economies of individual counties may be performing differently from the economy of the state as a whole.

This publication was prepared by Virginia Wilson and Donna Cantrell. Susan Dance assisted in production of the manuscript and Charles Bush edited the report. The assistance of Carol Straus from the Center for Business and Economic Research at the University of Kentucky in deciphering data is gratefully acknowledged.

Vic Hellard, Jr.  
Director

The Capitol  
Frankfort  
February, 1990





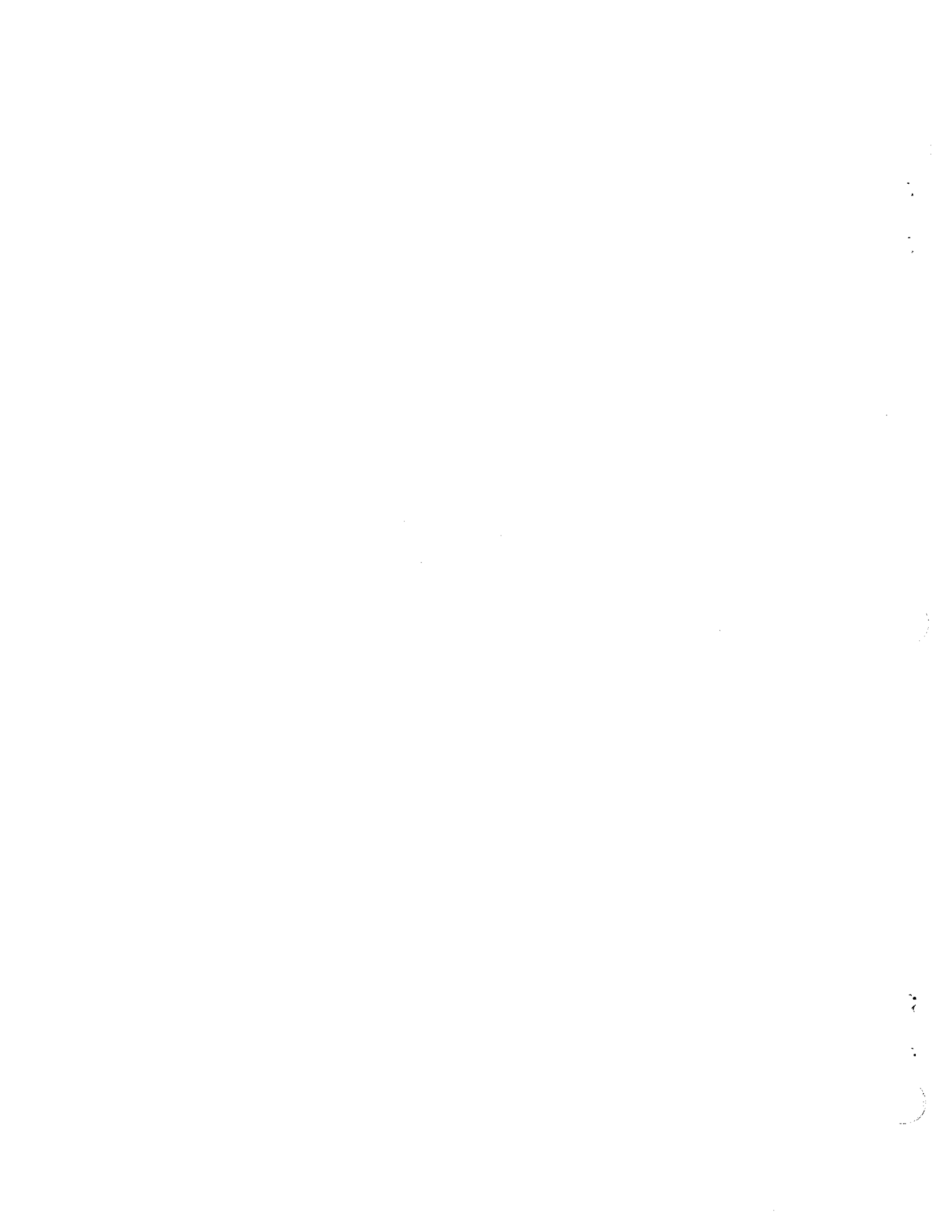
## SUMMARY

The Mason County economy, as measured by personal income, grew strongly through the 1970's. However, the county economy showed little growth in the 1980's. Mason County decreased its share of Kentucky personal income, indicating the county economy grew more slowly than the state economy. In fact, total county earnings, adjusted for inflation, declined in the 1980's.

The county has historically been heavily dependent on the goods-producing industries of manufacturing and farming. While the share of employment from manufacturing remained constant, the farm sector's share of the economy declined. Both of these sectors declined at the state level.

The non-goods-producing sectors, particularly service and trade, experienced significant growth at the state level. These sectors experienced only moderate growth in Mason County.

The county economy was characterized by a high concentration in the manufacturing sector. However, manufacturing industries are very sensitive to economic fluctuations. Consequently, a high concentration in manufacturing may make the county more susceptible to recessionary contractions. The non-goods-producing sectors are less vulnerable to recessionary declines and have been the fastest growing sectors in the state and national economy. Furthermore, the long-term economic outlook for these sectors is for continued growth. Future economic growth in Mason County may be enhanced by development of these sectors.



## INTRODUCTION

This is one of a series of reports called Economic Trends in Kentucky Counties. The purpose of this series is to describe the economic structure of Kentucky counties and to assess their economic performance relative to their own history and relative to the Kentucky economy. Information on the structure and patterns of change in county economies and an understanding of their relationship to the Kentucky economy can help in making policy decisions that are intended to shape Kentucky's economic future.

When assessing any economy there are several pertinent questions which may be addressed. The first concerns changes in the absolute size of the economy over time. Here the relevant comparison is between the county economy and its own history. Since most economic variables are given in dollars and since inflation causes the value of a dollar to vary over time, all dollar values in this report are presented in constant 1988 dollars. This allows analysis of real changes over time by controlling for the effects of inflation.

A second question concerns the structure and nature of the county economy. The structure of an economy refers to the relative share contributed by the various segments of the economy, while the nature deals with how this share has changed over time.

A third question concerns the performance of the county economy when compared to the Kentucky economy. For example, if a county has a higher proportion of earnings or employment in a particular sector it would indicate a specialization in that sector. Differences in economic structure may explain variations in relative economic well-being between a county and the state as a whole.

Economic data for counties are usually published after a lag of two years. Therefore, most data in this report cover the period 1969 to 1987. All data for this report was obtained from the Kentucky Economic Information System, an on-line database maintained by the University of Kentucky Center for Business and Economic Development.

There are certain caveats which should be remembered when analyzing data. First, it is a common and useful approach to evaluate the percentage an economic sector contributes to the total economy. However, one must remember that a sector's percentage contribution may decline even when its absolute value is increasing if another sector's contribution is growing at a faster rate. Secondly, when reviewing data in graphical analyses, the scales used to present data should be noted. In this report most graphs are presented with the narrowest scale which will cover all data points. This can accentuate visual patterns over time even when absolute changes are relatively small.

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\*For an analysis of economic trends in Kentucky, see Virginia Wilson, Patterns of Growth and Decline in the Kentucky Economy 1969-1988, Research Memorandum 437, Legislative Research Commission, November 1989.



## ECONOMIC TRENDS IN MASON COUNTY

The following analysis includes a brief description of the county economy and is accompanied by graphical illustrations. Data tables are also included at the end of this report. Three principal components of the Mason County economy are analyzed. They are:

1. Personal Income
2. Earnings
3. Employment

### Personal Income

Personal income is often used as a measure of the economic activity in an area. Personal income is the sum of all the dollar income received by individuals in an area from any legal source. Personal income data is published by the Bureau of Economic Analysis (BEA) for most major geographic regions, including states, counties, and major cities.

In general, income can be obtained in three ways. First, it can be earned by the work of an individual. This type of income includes wage and salary income and proprietors' earnings. Second, income can be earned by property. This component includes earnings from rents, dividends, and interest. Finally, income can be received as a gift or an entitlement. This type of income constitutes the component of personal income called transfer payments. Included in this component is income from sources such as retirement benefits, unemployment benefits, food stamps, and medical programs such as Medicare and Medicaid.

As can be seen in Chart 1A, the size of the Mason County economy, as measured by personal income, increased through the 1970's and was fairly constant in the 1980's, after adjusting for inflation. By 1987, personal income was \$194 million. Chart 1B shows Mason County total personal income as a percent of Kentucky total personal income. Mason County decreased its share of Kentucky personal income.

A similar pattern emerges from an examination of per capita personal income. Per capita personal income is simply the total personal income of an area divided by its population. Per capita personal income is often used as a measure of the economic well-being of the residents of an area. Charts 1C and 1D indicate that Mason County per capita income generally increased over the time period to a level of \$11,237 in 1987, when it was 89.9 percent of Kentucky per capita personal income.

A better understanding of the nature of economic activity can be gleaned from an examination of the relative contribution of the components of personal income and how their shares have changed over time. This information is illustrated in Charts 2A-2D. Earnings were strong through 1981. However, earnings dropped significantly in the 1980's, especially during the national

recession of 1982. Total earnings decreased from \$130 million in 1969 to \$121 million in 1987 (in constant 1988 dollars). The percent of personal income from earnings also declined over time. This trend occurred at the state level as well. In 1987, earnings accounted for 62.1 percent of Mason County's total personal income, which was lower than Kentucky's 67.5 percent share.

Transfer payments contributed \$17 million to total personal income in 1969 and \$36 million in 1987. Transfer payments contributed a slightly higher percentage of personal income in Mason County than in Kentucky during the 1980's.

Income from property in Mason County grew steadily through the time period. Income from property totalled \$20 million in 1969 and increased to \$38 million in 1987.

## **Earnings**

Earnings are the component of personal income reflecting payments to individuals in return for labor. Earnings include both wages and salaries and proprietor's income. The manufacturing sector was the primary source of earnings in Mason County. The percent of total earnings from manufacturing remained relatively constant over time and was 33.7 percent in 1987 (Chart 3A). The county trend is different from that for the state, where the percentage of earnings from manufacturing showed a steady decline over the period.

Farming's contribution to total county earnings decreased from 18.0 percent in 1969 to 7.7 percent in 1987. The trend toward declining farm earnings is consistent with state and national trends.

Earnings from non-goods-producing industries as a percent of total earnings are illustrated in Chart 3B. The percent of earnings from the service sector fluctuated through the period and was 16.4 percent in 1987. The percent of earnings from the trade sector was relatively constant and accounted for 16.5 percent in 1987. The share of earnings from the state and local government sector increased slightly and accounted for 8.2 percent in 1987. At the state level, the percent of earnings from services increased, while the percents from trade and state and local government were stable.

Average earnings per job (adjusted for inflation) for Mason County and Kentucky are shown in Chart 3D. In Kentucky, average earnings per job reached a high of \$20,121 per person in 1978. Since then, average earnings per job declined and in 1987 they were \$18,636 per person. Average earnings in Mason County were \$17,082 in 1987, below the Kentucky average.

## **Employment**

Employment is considered any activity for which one receives financial remuneration in the form of wages or profits. Total employment in Mason County increased in the 1970's and declined in the 1980's. Total employment

increased from 8,709 in 1969 to 10,759 in 1979. However, by 1987, employment declined to 9,722 people.

The unemployment rate, often used as an indicator of economic well-being, is the ratio of unemployed to the total civilian labor force. Unemployment is described as a condition of being out of work while actively seeking employment within the last thirty days. The civilian labor force is described as the proportion of population age 16 or older employed or actively seeking employment. Annual unemployment rates for Kentucky and Mason County are presented in Chart 4B. Unemployment rates in Mason County were below those of the state in the 1970's and have since followed state rates. In 1987, the county unemployment rate was 7.9 percent, compared to 8.8 percent for Kentucky.

Another employment concept includes the discouraged worker. Discouraged workers are persons who want jobs but made no attempt to find work in the last thirty days because they believe they could not find it. These individuals are not included when calculating official unemployment rates. The Cabinet for Human Resources does not estimate discouraged workers by county. However, preliminary research by the Cabinet indicates that the inclusion of discouraged workers in the civilian labor force estimate would increase the unemployment rate by approximately four percent for the state. This figure would vary by county depending on the labor market in a county or within commuting distance.

Employment in the goods-producing industries is illustrated in Chart 4C. The manufacturing sector was the primary source of employment. The percent of total employment in manufacturing increased from 26.9 percent in 1969 to 31.7 percent in 1979. This share decreased to 23.5 percent by 1987.

Farming's share of employment declined from 20.8 percent in 1969 to 14.9 percent in 1987. The farm sector's share of state employment also declined.

Employment in the non-goods-producing industries is presented in Chart 4D. Service sector employment increased slightly and accounted for 16.4 percent in 1987. The trade sector's share of employment increased from 18.0 percent in 1969 to 22.9 percent in 1987. The percent of employment in state and local government also increased slightly and was 7.7 percent in 1987. At the state level, service and trade employment increased significantly, while government employment remained constant.

## **Population**

The census conducted each decade counts the actual population in an area. Population is then statistically estimated during intervening years. The demographic composition of this population growth has important implications for the future demand for goods and services, and ultimately, the economic structure of Mason County.

The Mason County population grew from 17,400 in 1969 to 18,000 in 1979 (Chart 5A). However, by 1987, it declined to 17,300. It was estimated that in 1986, 7.7 percent of Mason County's population was under six years of age, compared to 8.6 for the state. Mason County has a higher proportion of residents age sixty or over than the state. In 1986, 20.3 percent of the Mason County population was sixty years of age and over, while 16.5 percent of all Kentucky residents fell in this age group.



CHART 1A  
MASON COUNTY  
REAL PERSONAL INCOME  
Millions of 1988 dollars

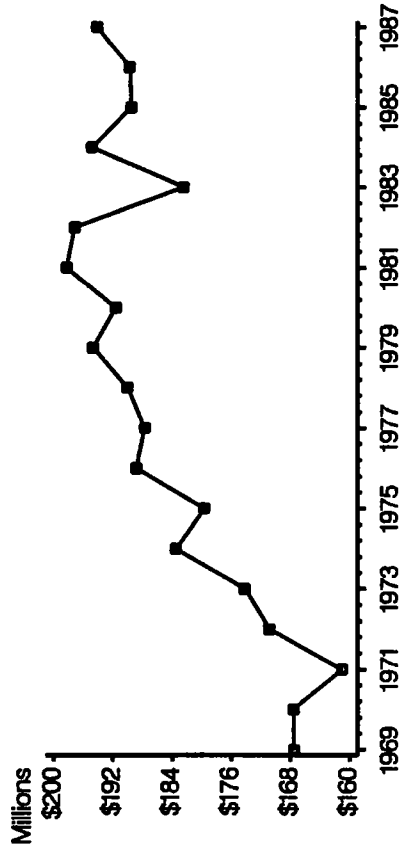


CHART 1B  
MASON COUNTY  
PERSONAL INCOME  
as a Percent of Kentucky Personal Income

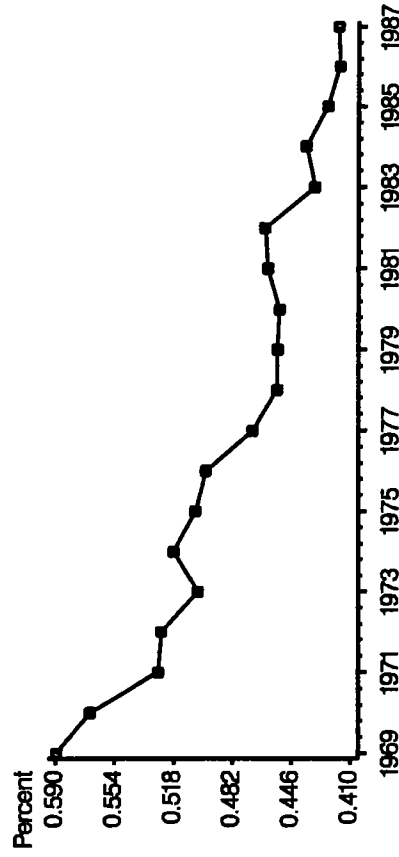


CHART 1C  
MASON COUNTY  
PER CAPITA PERSONAL INCOME  
in Constant 1988 Dollars

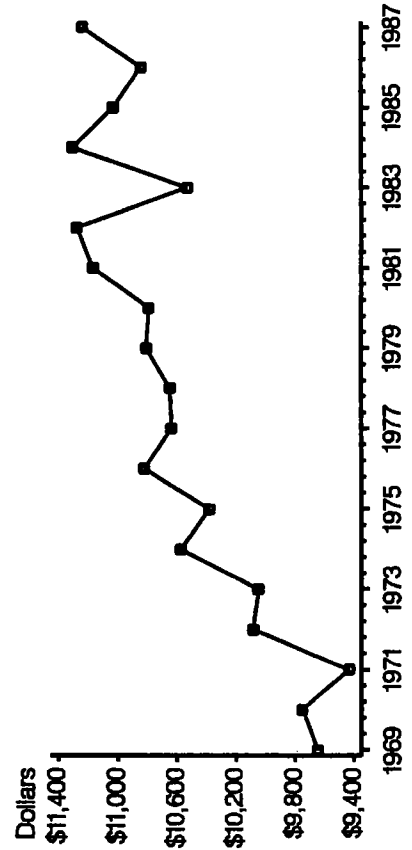


CHART 1D  
MASON COUNTY  
PER CAPITA PERSONAL INCOME  
as a Percent of Kentucky Per Capita Personal Income

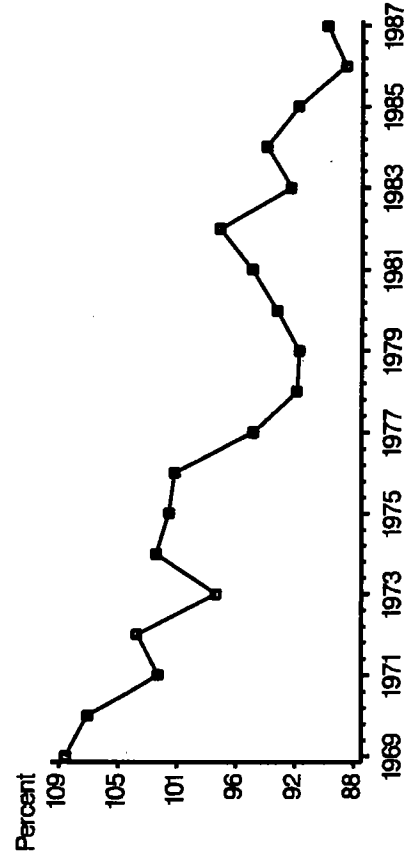


CHART 2A

MASON COUNTY

REAL TOTAL EARNINGS

Millions of 1988 dollars

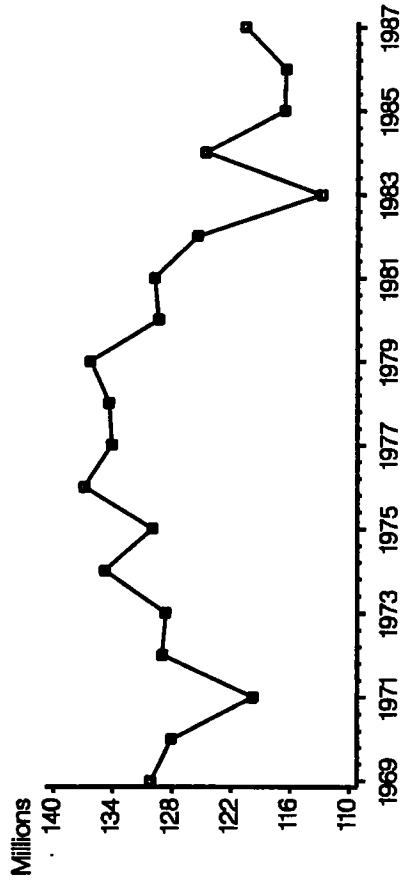


CHART 2B

MASON COUNTY

TRANSFER PAYMENTS and INCOME FROM PROPERTY

Millions of 1988 Dollars

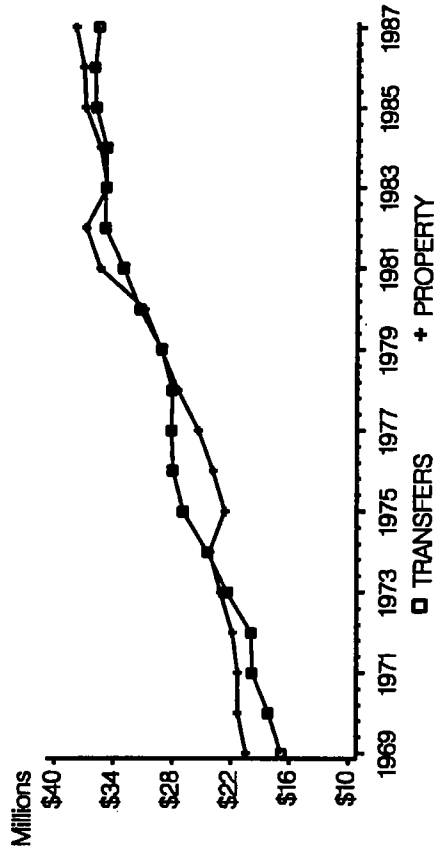


CHART 2C

MASON COUNTY

TOTAL EARNINGS

as a Percent of Personal Income

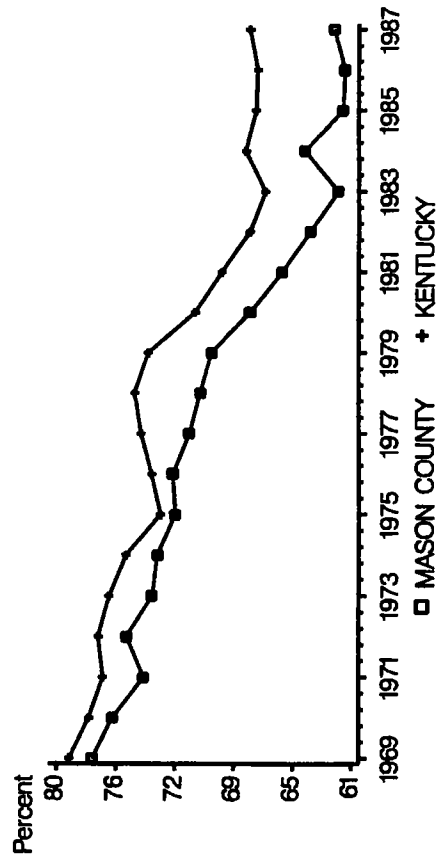


CHART 2D

MASON COUNTY

TRANSFER PAYMENTS

as a Percent of Personal Income

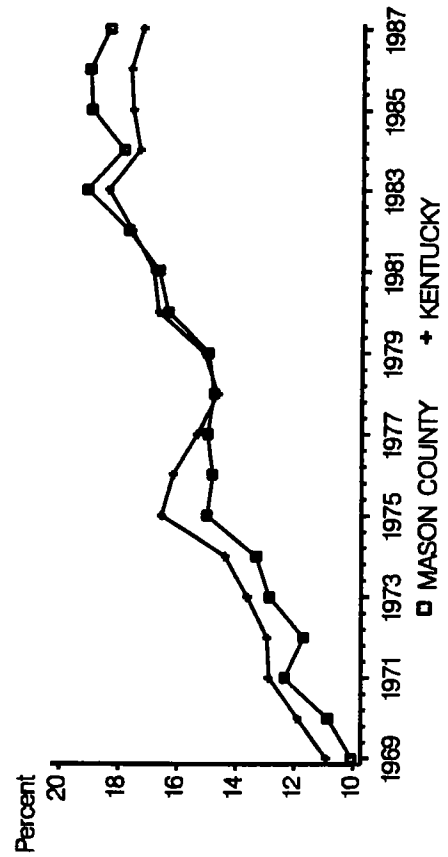


CHART 3A

MASON COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

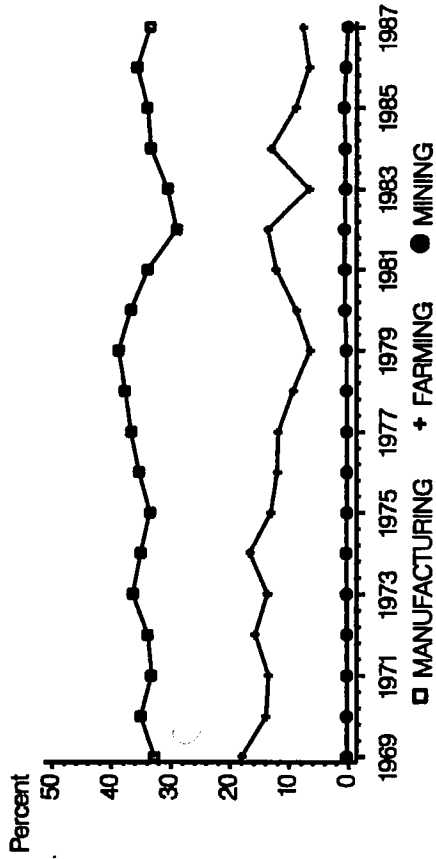


CHART 3B

MASON COUNTY

EARNINGS in NON - GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

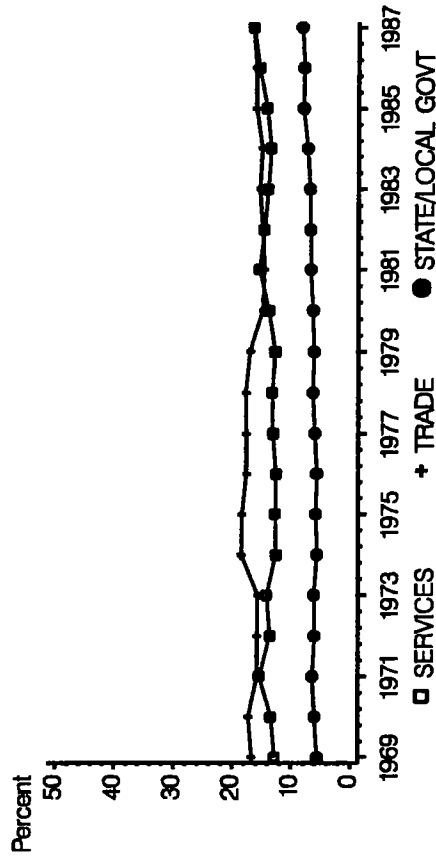


CHART 3C

MASON COUNTY

EARNINGS in GOODS PRODUCING INDUSTRIES  
as a Percent of Kentucky Industries

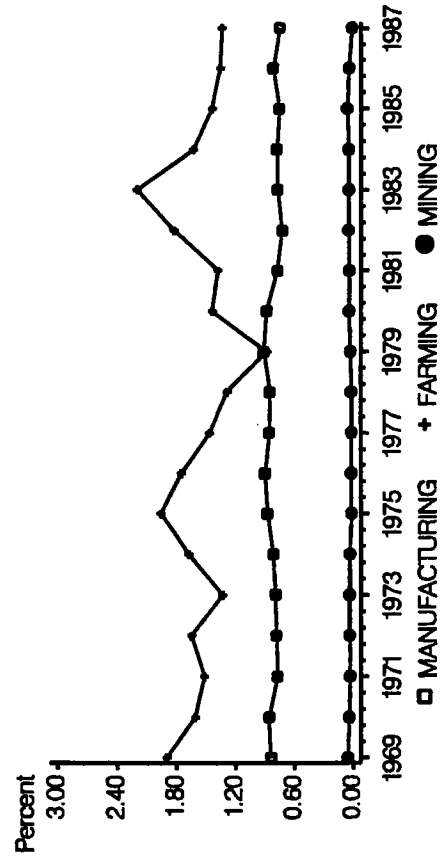


CHART 3D

MASON COUNTY

AVERAGE EARNINGS PER JOB  
in Constant 1988 Dollars

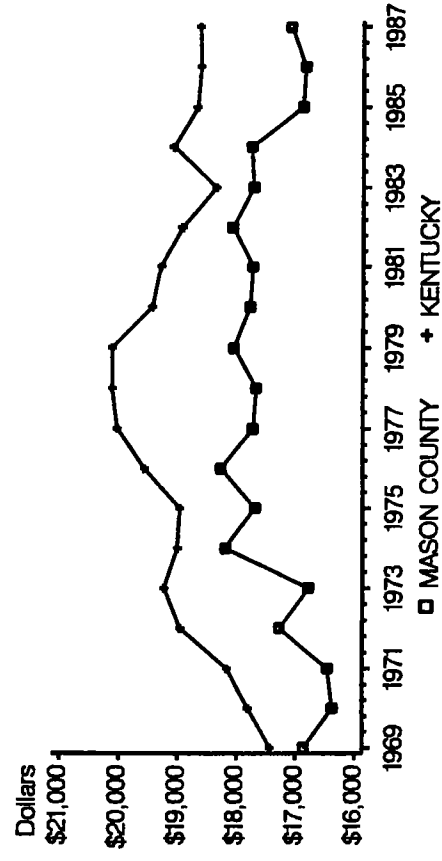


CHART 4A  
MASON COUNTY  
TOTAL EMPLOYMENT  
Thousands of People

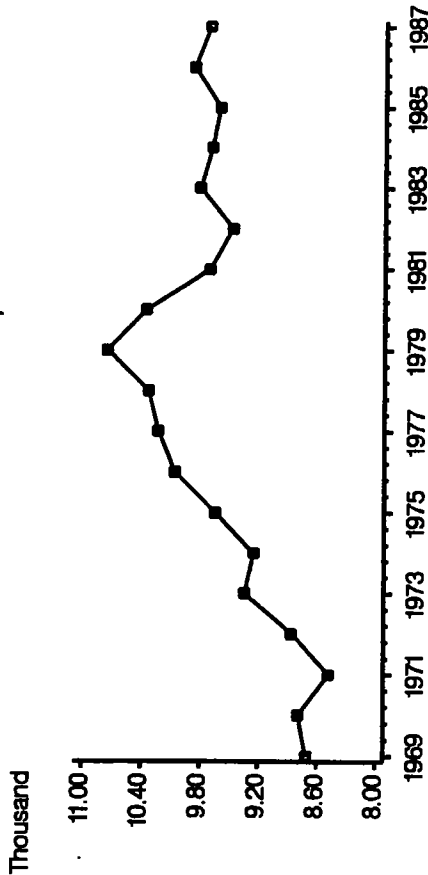


CHART 4B  
MASON COUNTY  
ANNUAL UNEMPLOYMENT RATE

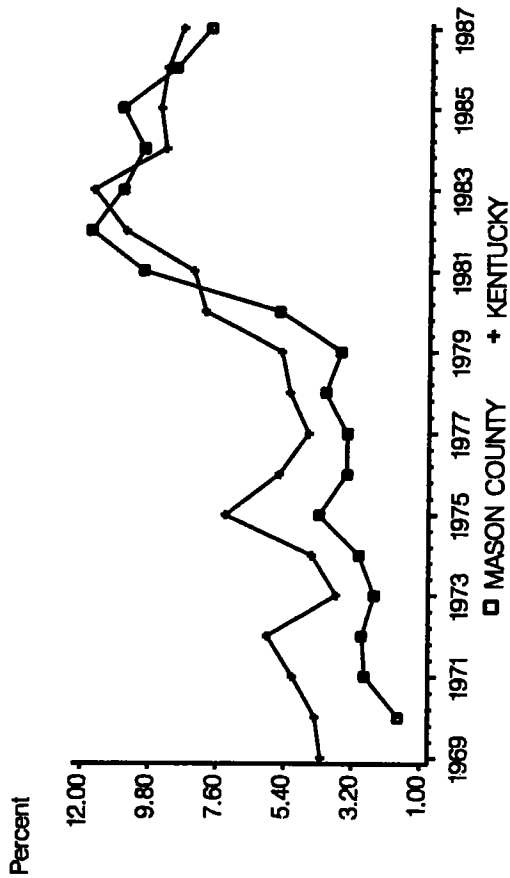


CHART 4C  
MASON COUNTY  
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

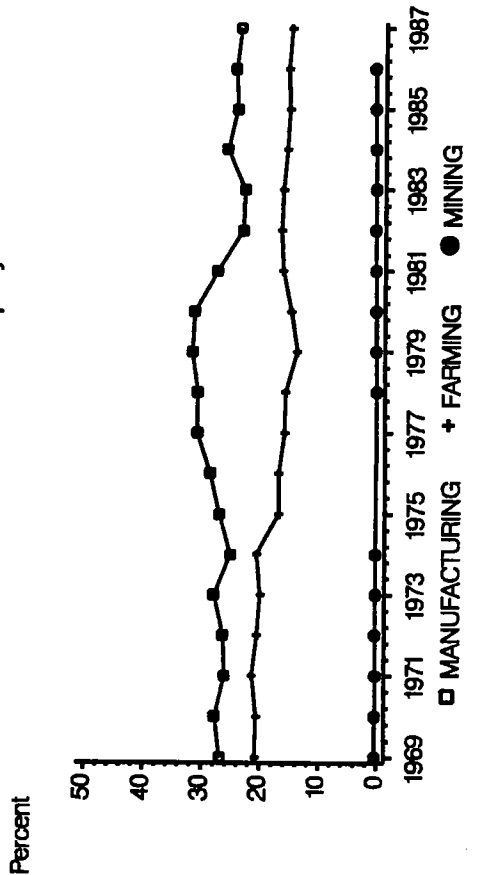


CHART 4D  
MASON COUNTY  
EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

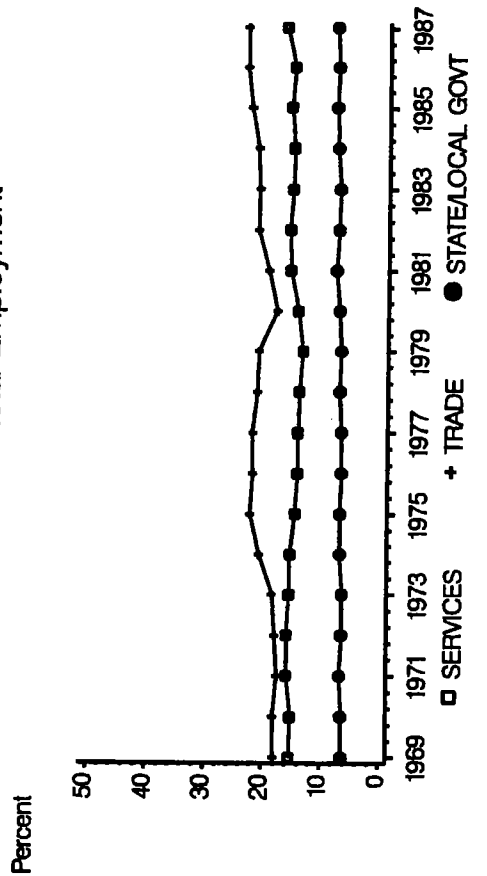


CHART 5A  
MASON COUNTY  
POPULATION  
Thousands of People

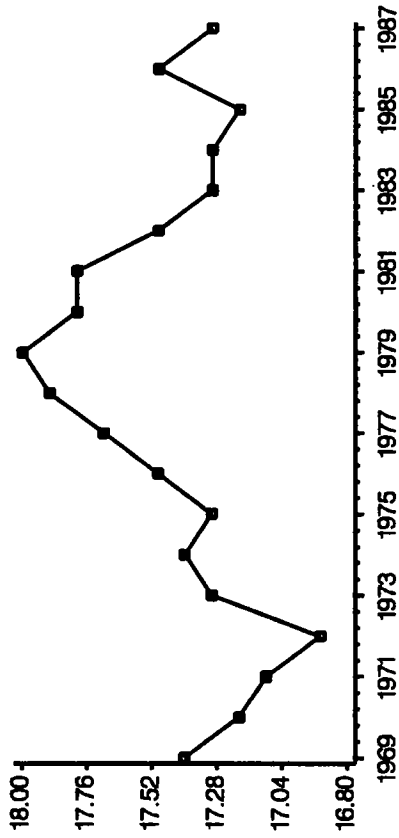


CHART 5B  
MASON COUNTY  
POPULATION  
as a Percent of Kentucky Population

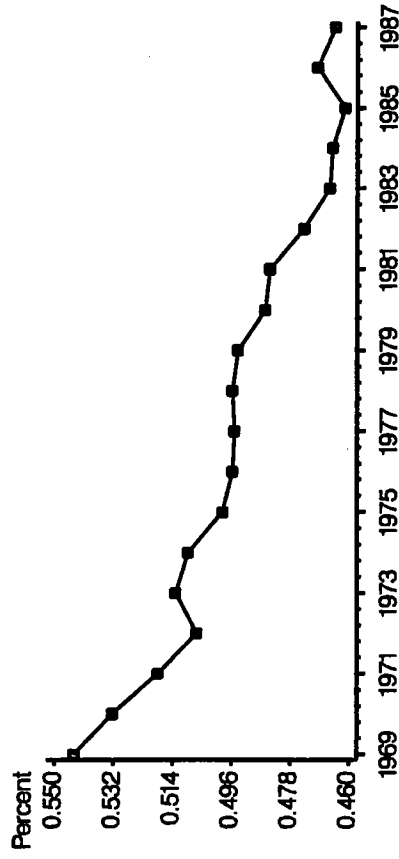


CHART 5C  
MASON COUNTY  
POPULATION 5 AND UNDER  
as a Percent of Total Population

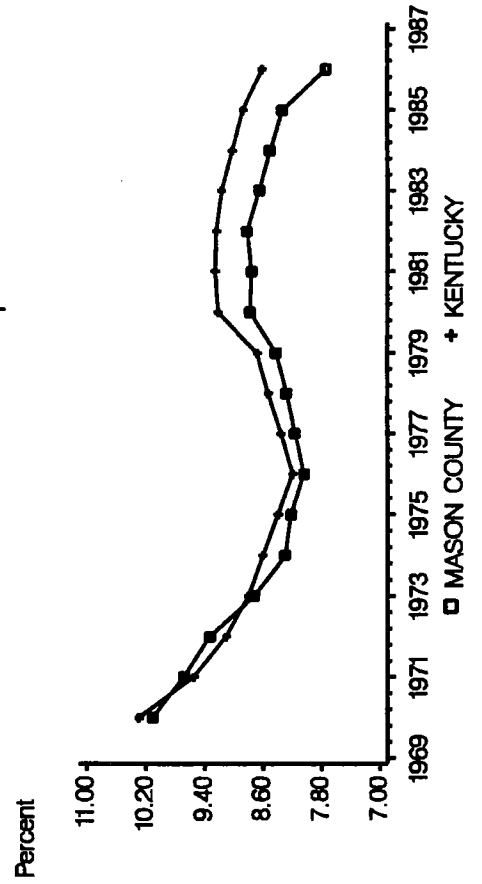
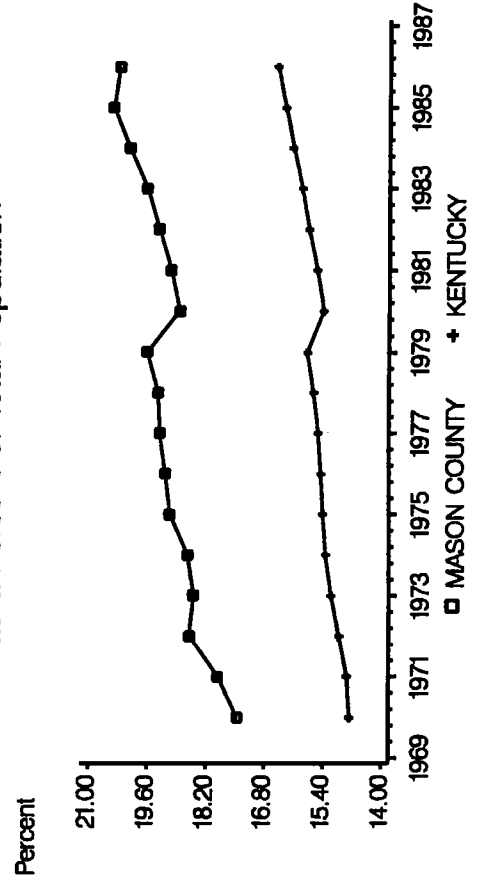


CHART 5D  
MASON COUNTY  
POPULATION 60 AND OVER  
as a Percent of Total Population



MASON COUNTY

PERSONAL INCOME  
In Constant 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	168	0.59	9,641	108.5
1970	168	0.57	9,748	106.9
1971	161	0.53	9,433	101.9
1972	171	0.53	10,083	103.5
1973	174	0.50	10,048	97.8
1974	184	0.52	10,576	102.1
1975	180	0.50	10,383	101.2
1976	189	0.50	10,819	100.8
1977	188	0.47	10,636	95.2
1978	190	0.45	10,645	92.0
1979	195	0.45	10,805	91.9
1980	192	0.45	10,787	93.5
1981	198	0.46	11,163	95.2
1982	197	0.46	11,272	97.6
1983	183	0.43	10,530	92.5
1984	195	0.44	11,301	94.2
1985	190	0.42	11,031	91.9
1986	190	0.42	10,842	88.6
1987	194	0.42	11,237	89.9

COMPONENTS OF PERSONAL INCOME  
In Constant 1988 Dollars

Year	EARNINGS			TRANSFER PAYMENTS			INCOME from PROPERTY		
	M\$	Percent of Personal Income		M\$	Percent of Personal Income		M\$	Percent of Personal Income	
		County	Kentucky		County	Kentucky		County	Kentucky
1969	130	77.7	79.2	17	10.1	10.9	20	12.2	9.9
1970	128	76.4	77.9	18	10.9	11.9	21	12.7	10.2
1971	120	74.4	77.0	20	12.3	12.9	21	13.3	10.1
1972	129	75.5	77.3	20	11.7	12.9	22	12.8	9.7
1973	129	73.9	76.6	22	12.9	13.6	23	13.3	9.7
1974	135	73.5	75.5	24	13.3	14.4	24	13.2	10.1
1975	130	72.4	73.3	27	15.0	16.5	23	12.6	10.1
1976	137	72.5	73.9	28	14.8	16.1	24	12.7	10.0
1977	134	71.5	74.6	28	15.0	15.3	25	13.5	10.1
1978	134	70.8	75.0	28	14.8	14.6	28	14.5	10.4
1979	136	70.0	74.1	29	15.0	15.1	29	15.0	10.8
1980	129	67.5	71.1	31	16.4	16.7	31	16.1	12.2
1981	130	65.5	69.3	33	16.7	16.8	35	17.9	13.8
1982	125	63.6	67.5	35	17.7	17.6	37	18.7	14.9
1983	113	61.8	66.6	35	19.1	18.4	35	19.1	15.1
1984	125	64.0	67.8	35	17.9	17.3	35	18.2	14.9
1985	117	61.5	67.2	36	18.9	17.6	37	19.5	15.3
1986	117	61.4	67.1	36	19.0	17.6	37	19.6	15.3
1987	121	62.1	67.5	36	18.3	17.2	38	19.6	15.3

MASON COUNTY

SECTOR EARNINGS as a PERCENT of TOTAL COUNTY EARNINGS and  
as a PERCENT of KENTUCKY SECTOR EARNINGS

YEAR	MANUFACTURING		FARMING		MINING	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	32.8	0.85	18.0	1.90	0.3	0.06
1970	35.1	0.86	14.0	1.62	0.3	0.04
1971	33.3	0.77	13.6	1.52	0.3	0.03
1972	33.9	0.79	15.8	1.65	0.3	0.04
1973	36.4	0.80	13.7	1.33	0.3	0.04
1974	35.1	0.82	16.7	1.68	0.4	0.04
1975	33.5	0.88	13.1	1.96	0.3	0.02
1976	35.4	0.90	12.1	1.76	0.3	0.02
1977	36.7	0.86	11.9	1.46	0.3	0.02
1978	37.8	0.85	9.4	1.28	0.3	0.02
1979	38.9	0.92	6.5	0.89	0.4	0.03
1980	36.8	0.89	8.9	1.44	0.6	0.05
1981	34.0	0.78	12.3	1.38	0.6	0.05
1982	29.1	0.73	13.7	1.83	0.7	0.05
1983	30.7	0.77	6.7	2.20	0.5	0.05
1984	33.5	0.78	13.1	1.63	0.6	0.05
1985	34.1	0.76	9.0	1.43	0.8	0.06
1986	35.8	0.82	6.7	1.35	0.5	0.05
1987	33.7	0.75	7.7	1.33	0.1	0.01

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	12.8	0.61	16.7	0.67	5.6	0.39
1970	13.4	0.62	17.3	0.66	6.0	0.38
1971	15.4	0.66	15.8	0.57	6.4	0.38
1972	13.6	0.61	15.8	0.59	6.1	0.37
1973	14.2	0.62	15.7	0.57	6.1	0.37
1974	12.6	0.60	18.5	0.72	5.6	0.37
1975	12.7	0.60	18.4	0.71	5.8	0.37
1976	12.6	0.59	17.6	0.68	5.7	0.37
1977	13.1	0.58	17.6	0.67	6.0	0.37
1978	13.3	0.56	17.7	0.63	6.3	0.37
1979	12.7	0.56	17.0	0.63	6.1	0.37
1980	13.8	0.56	14.9	0.56	6.3	0.37
1981	15.4	0.58	14.6	0.54	6.7	0.37
1982	14.6	0.54	14.8	0.55	6.8	0.37
1983	14.0	0.49	15.4	0.57	6.9	0.37
1984	13.4	0.44	15.0	0.54	7.2	0.38
1985	14.2	0.42	16.0	0.53	7.9	0.38
1986	15.5	0.43	16.0	0.54	7.9	0.37
1987	16.4	0.43	16.5	0.54	8.2	0.38

MASON COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	2,343	26.9	1,809	20.8	29	0.3
1970	2,441	27.8	1,810	20.6	30	0.3
1971	2,213	26.1	1,809	21.3	23	0.3
1972	2,343	26.4	1,819	20.5	32	0.4
1973	2,615	28.0	1,863	19.9	21	0.2
1974	2,325	25.1	1,902	20.6	26	0.3
1975	2,613	27.1	1,629	16.9	.	.
1976	2,880	28.6	1,698	16.9	.	.
1977	3,153	30.8	1,631	15.9	.	.
1978	3,177	30.7	1,631	15.8	10	0.1
1979	3,406	31.7	1,484	13.8	23	0.2
1980	3,241	31.3	1,536	14.8	27	0.3
1981	2,664	27.4	1,580	16.3	31	0.3
1982	2,185	23.1	1,566	16.5	41	0.4
1983	2,232	22.7	1,593	16.2	34	0.3
1984	2,500	25.8	1,512	15.6	43	0.4
1985	2,318	24.1	1,463	15.2	49	0.5
1986	2,408	24.4	1,522	15.4	58	0.6
1987	2,288	23.5	1,448	14.9	.	.

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	1,339	15.4	1,570	18.0	547	6.3
1970	1,330	15.1	1,597	18.2	561	6.4
1971	1,347	15.9	1,485	17.5	562	6.6
1972	1,406	15.9	1,590	17.9	565	6.4
1973	1,451	15.5	1,714	18.3	592	6.3
1974	1,423	15.4	1,909	20.6	620	6.7
1975	1,407	14.6	2,142	22.2	651	6.7
1976	1,428	14.2	2,192	21.8	662	6.6
1977	1,442	14.1	2,233	21.8	677	6.6
1978	1,439	13.9	2,167	21.0	713	6.9
1979	1,433	13.3	2,241	20.8	723	6.7
1980	1,473	14.2	1,848	17.8	732	7.1
1981	1,512	15.6	1,866	19.2	741	7.6
1982	1,488	15.7	1,990	21.0	688	7.3
1983	1,497	15.3	2,051	20.9	697	7.1
1984	1,458	15.0	2,046	21.1	721	7.4
1985	1,496	15.6	2,140	22.3	742	7.7
1986	1,487	15.0	2,269	23.0	740	7.5
1987	1,595	16.4	2,225	22.9	748	7.7



MASON COUNTY

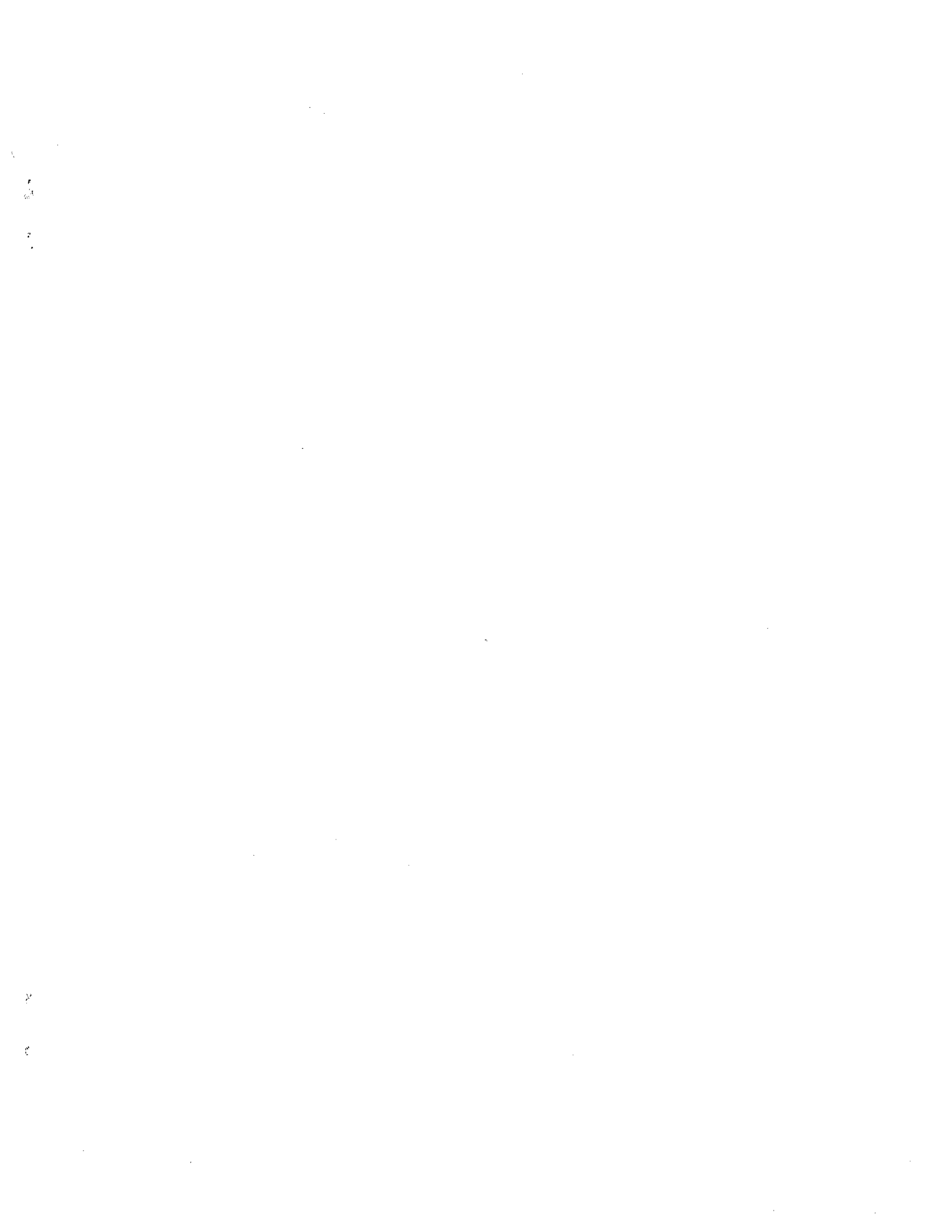
EMPLOYMENT STATISTICS

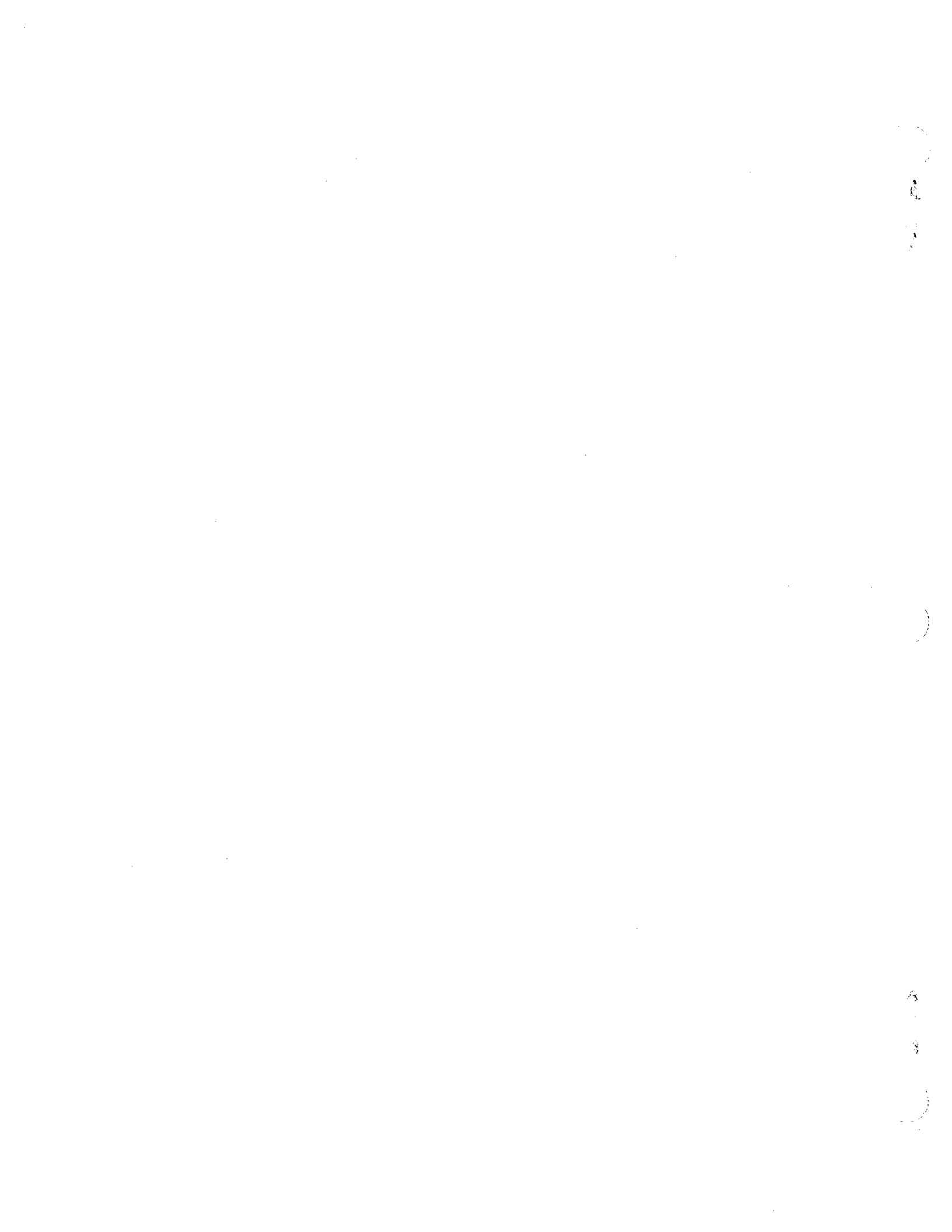
YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	8,709	\$16,859	\$17,440	.	4.2
1970	8,792	\$16,379	\$17,811	1.7	4.4
1971	8,478	\$16,462	\$18,166	2.8	5.1
1972	8,861	\$17,281	\$18,970	2.9	6.0
1973	9,343	\$16,777	\$19,232	2.5	3.7
1974	9,250	\$18,187	\$19,008	3.0	4.5
1975	9,648	\$17,697	\$18,976	4.3	7.3
1976	10,062	\$18,265	\$19,563	3.4	5.6
1977	10,234	\$17,732	\$20,031	3.4	4.7
1978	10,334	\$17,679	\$20,121	4.1	5.3
1979	10,759	\$18,049	\$20,110	3.6	5.5
1980	10,361	\$17,788	\$19,439	5.6	8.0
1981	9,711	\$17,743	\$19,286	10.0	8.4
1982	9,478	\$18,072	\$18,931	11.7	10.6
1983	9,816	\$17,724	\$18,358	10.7	11.6
1984	9,697	\$17,755	\$19,080	10.0	9.3
1985	9,616	\$16,881	\$18,676	10.7	9.5
1986	9,882	\$16,841	\$18,627	9.0	9.3
1987	9,722	\$17,082	\$18,636	7.9	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER AGE 6		PERCENT AGE 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	17,400	0.54	.	.	.	.
1970	17,200	0.53	10.1	10.3	17.4	14.8
1971	17,100	0.52	9.7	9.6	17.9	14.8
1972	16,900	0.51	9.3	9.1	18.6	15.0
1973	17,300	0.51	8.7	8.8	18.5	15.2
1974	17,400	0.51	8.3	8.6	18.6	15.3
1975	17,300	0.50	8.2	8.4	19.1	15.4
1976	17,500	0.50	8.0	8.2	19.2	15.5
1977	17,700	0.50	8.2	8.4	19.3	15.5
1978	17,900	0.50	8.3	8.5	19.3	15.6
1979	18,000	0.49	8.4	8.7	19.6	15.8
1980	17,800	0.49	8.8	9.2	18.8	15.4
1981	17,800	0.48	8.8	9.3	19.0	15.5
1982	17,500	0.47	8.8	9.2	19.3	15.7
1983	17,300	0.47	8.6	9.2	19.6	15.9
1984	17,300	0.47	8.5	9.0	20.0	16.1
1985	17,200	0.46	8.3	8.9	20.4	16.3
1986	17,500	0.47	7.7	8.6	20.3	16.5
1987	17,300	0.46	.	.	.	.

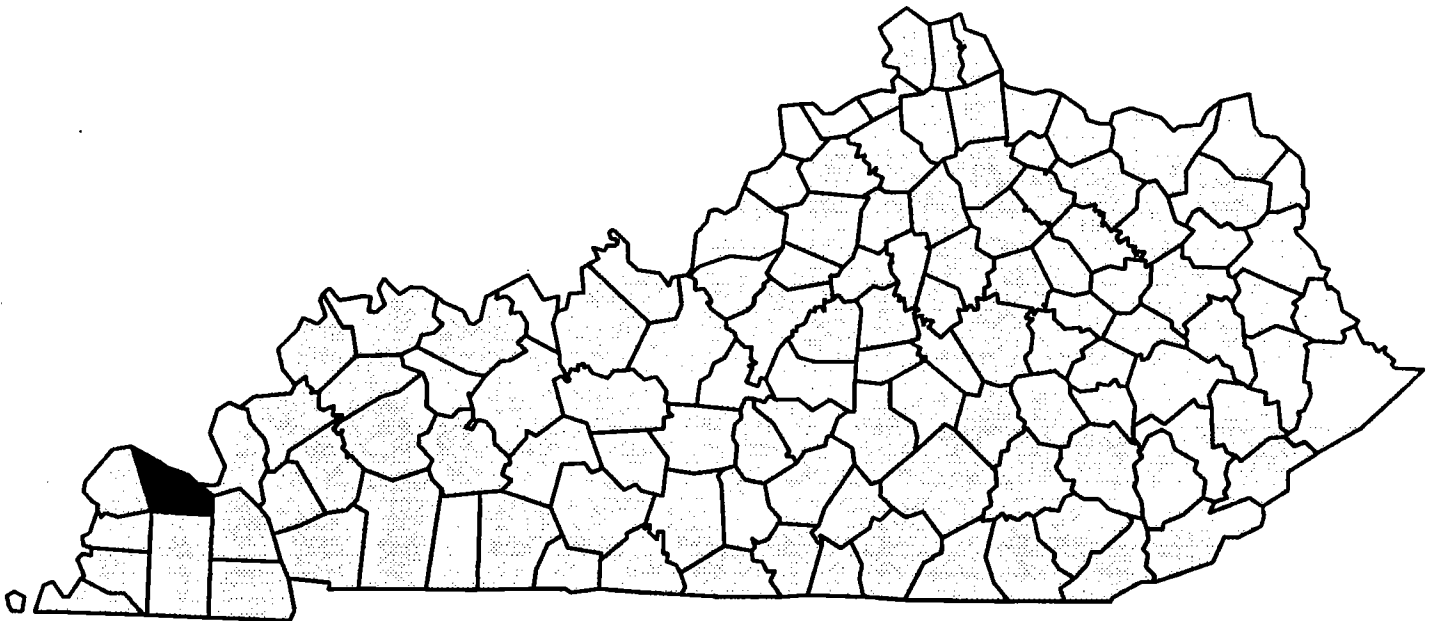






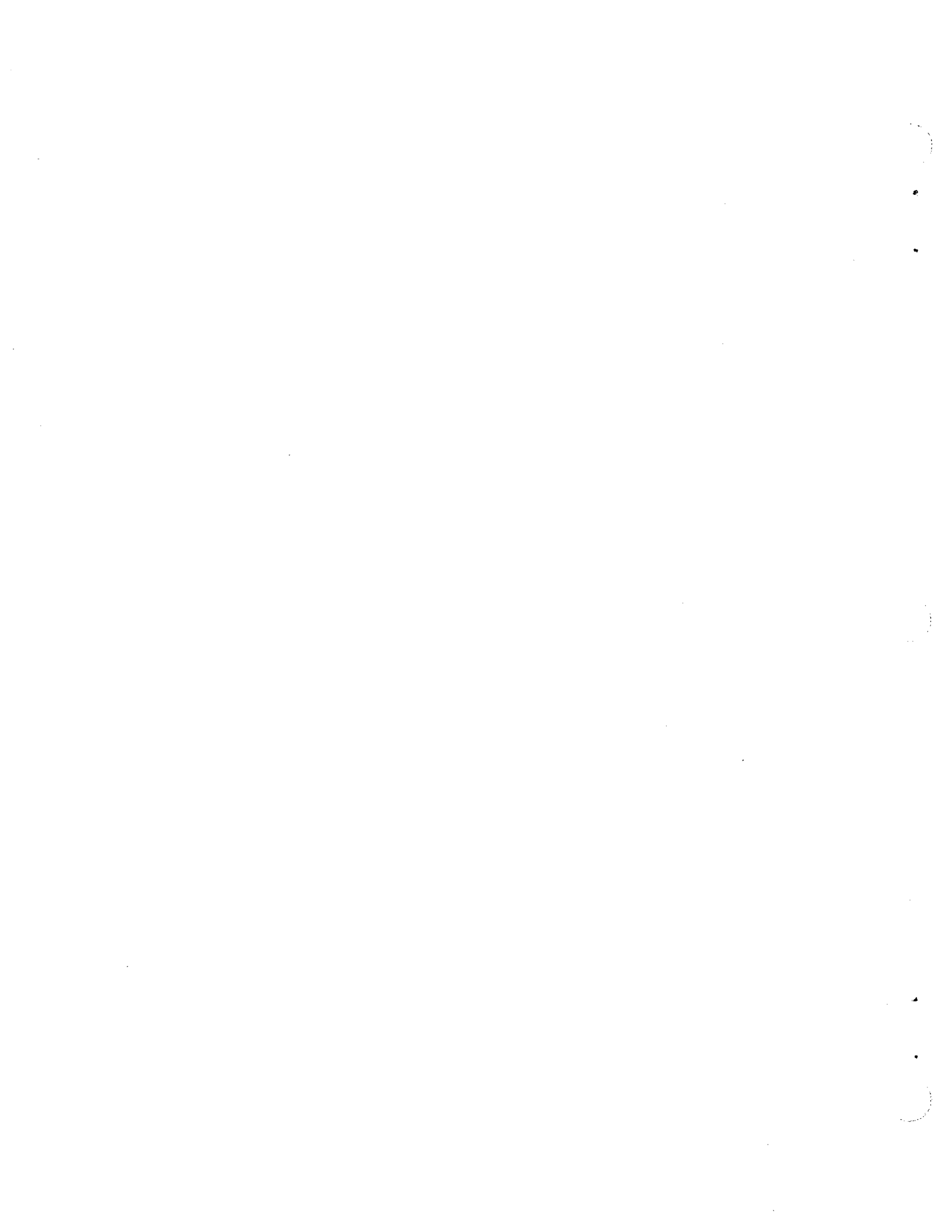
ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

**McCRACKEN COUNTY**



Prepared by  
Virginia Wilson  
Donna A. Cantrell

RESEARCH MEMORANDUM 438  
Legislative Research Commission  
Frankfort, Kentucky  
February, 1990



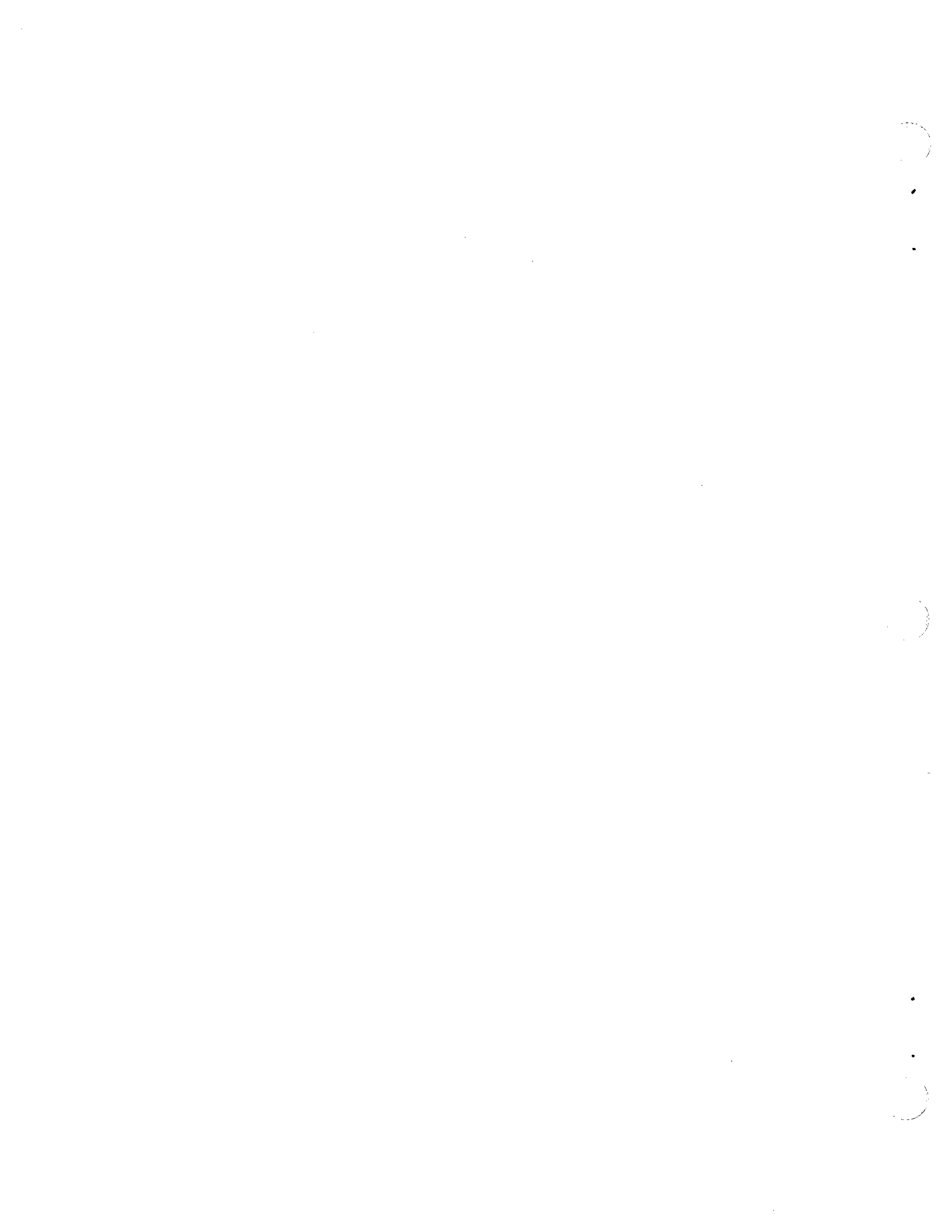
ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

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McCRACKEN COUNTY

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## FOREWORD

This publication is one of a set of 120, highlighting economic trends in each county in Kentucky from 1969-1987. This effort is part of the ongoing activities sponsored by the Legislative Research Commission to provide a long-term perspective on issues for decision makers. The economies of individual counties do not always parallel overall state trends. This set of publications is an attempt to look at the economic trends in each county over time and to point out where the economies of individual counties may be performing differently from the economy of the state as a whole.

This publication was prepared by Virginia Wilson and Donna Cantrell. Susan Dance assisted in production of the manuscript and Charles Bush edited the report. The assistance of Carol Straus from the Center for Business and Economic Research at the University of Kentucky in deciphering data is gratefully acknowledged.

Vic Hellard, Jr.  
Director

The Capitol  
Frankfort  
February, 1990



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## SUMMARY

The McCracken County economy, as measured by personal income, grew steadily from 1969 to 1987. However, McCracken County decreased its share of Kentucky personal income, indicating that the county economy grew more slowly than the state economy. However, both per capita personal income and average earnings per job were significantly above those of the state.

McCracken County economic trends paralleled those of the state. The county is dominated by activity in the non-goods-producing sectors of services and trade. Earnings and employment in the service sector increased. While the share of earnings from the trade sector remained constant, employment from this sector increased.

The manufacturing sector steadily decreased its share of the county economy. This decreasing share is a trend which also occurred at state and national levels.

The long-term economic outlook at the state and national level is for a continued increase in the service sector. McCracken County's strength in this sector makes it well positioned to take full advantage of such growth.



## INTRODUCTION

This is one of a series of reports called Economic Trends in Kentucky Counties. The purpose of this series is to describe the economic structure of Kentucky counties and to assess their economic performance relative to their own history and relative to the Kentucky economy. Information on the structure and patterns of change in county economies and an understanding of their relationship to the Kentucky economy can help in making policy decisions that are intended to shape Kentucky's economic future.\*

When assessing any economy there are several pertinent questions which may be addressed. The first concerns changes in the absolute size of the economy over time. Here the relevant comparison is between the county economy and its own history. Since most economic variables are given in dollars and since inflation causes the value of a dollar to vary over time, all dollar values in this report are presented in constant 1988 dollars. This allows analysis of real changes over time by controlling for the effects of inflation.

A second question concerns the structure and nature of the county economy. The structure of an economy refers to the relative share contributed by the various segments of the economy, while the nature deals with how this share has changed over time.

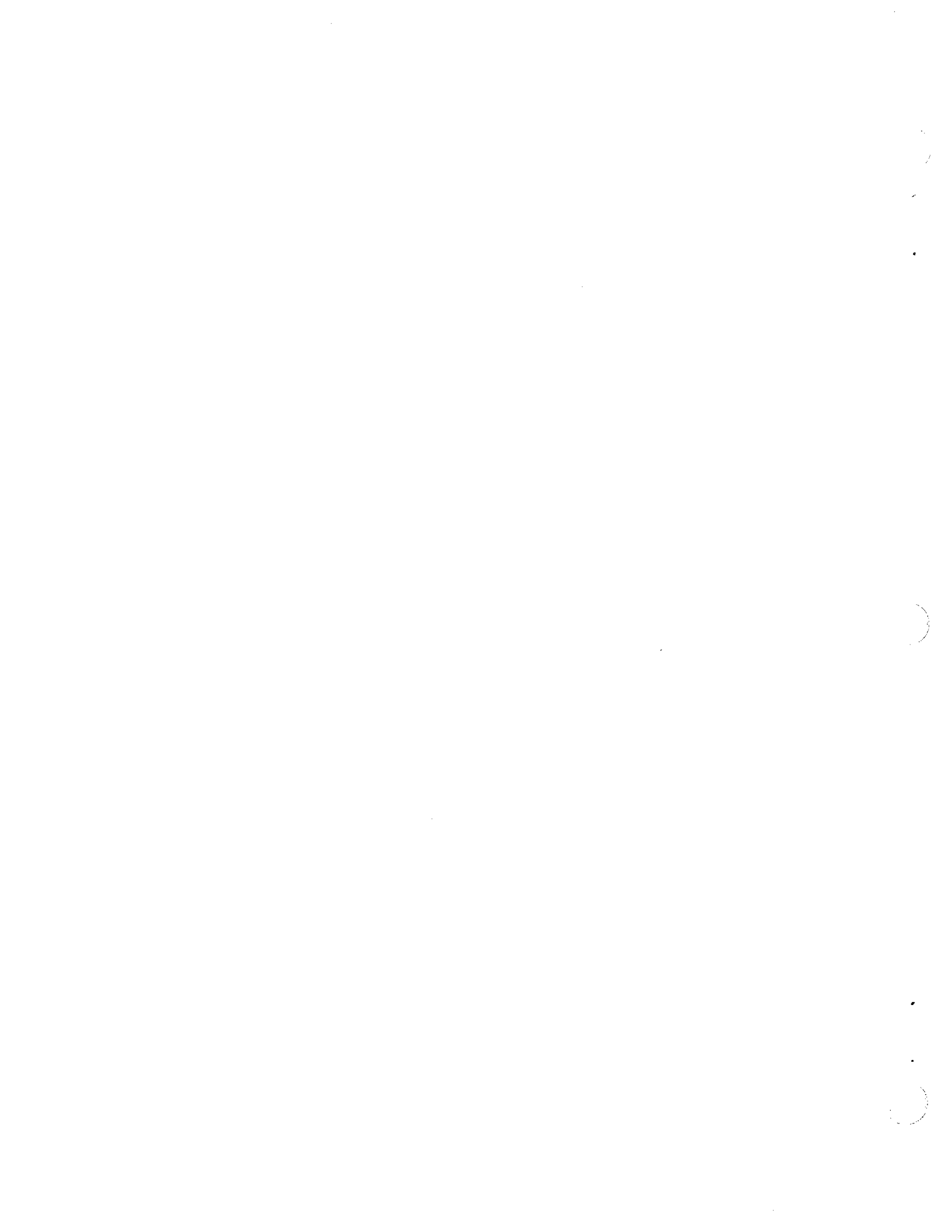
A third question concerns the performance of the county economy when compared to the Kentucky economy. For example, if a county has a higher proportion of earnings or employment in a particular sector it would indicate a specialization in that sector. Differences in economic structure may explain variations in relative economic well-being between a county and the state as a whole.

Economic data for counties are usually published after a lag of two years. Therefore, most data in this report cover the period 1969 to 1987. All data for this report was obtained from the Kentucky Economic Information System, an on-line database maintained by the University of Kentucky Center for Business and Economic Development.

There are certain caveats which should be remembered when analyzing data. First, it is a common and useful approach to evaluate the percentage an economic sector contributes to the total economy. However, one must remember that a sector's percentage contribution may decline even when its absolute value is increasing if another sector's contribution is growing at a faster rate. Secondly, when reviewing data in graphical analyses, the scales used to present data should be noted. In this report most graphs are presented with the narrowest scale which will cover all data points. This can accentuate visual patterns over time even when absolute changes are relatively small.

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\*For an analysis of economic trends in Kentucky, see Virginia Wilson, Patterns of Growth and Decline in the Kentucky Economy 1969-1988, Research Memorandum 437, Legislative Research Commission, November 1989.



## ECONOMIC TRENDS IN MCCRACKEN COUNTY

The following analysis includes a brief description of the county economy and is accompanied by graphical illustrations. Data tables are also included at the end of this report. Three principal components of the McCracken County economy are analyzed. They are:

1. Personal Income
2. Earnings
3. Employment

### Personal Income

Personal income is often used as a measure of the economic activity in an area. Personal income is the sum of all the dollar income received by individuals in an area from any legal source. Personal income data is published by the Bureau of Economic Analysis (BEA) for most major geographic regions, including states, counties, and major cities.

In general, income can be obtained in three ways. First, it can be earned by the work of an individual. This type of income includes wage and salary income and proprietors' earnings. Second, income can be earned by property. This component includes earnings from rents, dividends, and interest. Finally, income can be received as a gift or an entitlement. This type of income constitutes the component of personal income called transfer payments. Included in this component is income from sources such as retirement benefits, unemployment benefits, food stamps, and medical programs such as Medicare and Medicaid.

As can be seen in Chart 1A, the size of the McCracken County economy, as measured by personal income, increased from \$581 million in 1969 to \$915 million in 1987, after adjusting for inflation. Chart 1B shows McCracken County total personal income as a percent of Kentucky total personal income. McCracken County decreased its share of Kentucky personal income.

A similar pattern emerges from an examination of per capita personal income. Per capita personal income is simply the total personal income of an area divided by its population. Per capita personal income is often used as a measure of the economic well-being of the residents of an area. Charts 1C and 1D indicate that McCracken County per capita income increased over the time period to a level of \$15,344 per person in 1987, which was 122.8 percent of Kentucky per capita personal income.

A better understanding of the nature of economic activity can be gleaned from an examination of the relative contribution of the components of personal income and how their shares have changed over time. This information is illustrated in Charts 2A-2D. Earnings showed very strong growth through 1979 and then dropped significantly in the early 1980's. Total earnings increased from \$460 million in 1969 to \$643 million in 1979 (in constant 1988 dollars).

After a decline, earnings increased to \$596 million in 1987. Earnings' share of personal income declined over time. This trend is occurring at the state level as well. In 1987, earnings accounted for 65.1 percent of McCracken County's total personal income, which was lower than Kentucky's 67.5 percent share.

Transfer payments contributed \$62 million to total personal income in 1969 and \$159 million in 1987. Transfer payments generally contributed equally to personal income in McCracken County and at the state level.

Income from property in McCracken County increased rapidly through the late 1970's. Income from property totalled \$59 million in 1969 and increased to \$160 million in 1987.

## **Earnings**

Earnings are the component of personal income reflecting payments to individuals in return for labor. Earnings include both wages and salaries and proprietor's income. In 1969, McCracken County received 22.0 percent of total earnings from manufacturing. This percentage decreased to 12.9 percent in 1987 (Chart 3A). The county trend toward decreasing concentration in manufacturing is like that for the state. The farm and mine sectors contributed minimally to total county earnings.

Earnings from non-goods-producing industries as a percent of total earnings are illustrated in Chart 3B. The percent of earnings from the service sector increased from 16.4 percent in 1969 to 28.4 percent in 1987. The percent of earnings from the trade sector remained constant and accounted for 21.2 percent in 1987. The share of earnings from the state and local government sector also remained stable and was 8.2 percent in 1987. These trends parallel state trends, where the percent of earnings from services increased, while the percents from trade and state and local government were stable.

Average earnings per job (adjusted for inflation) for McCracken County and Kentucky are shown in Chart 3D. In Kentucky, average earnings per job reached a high of \$20,121 per person in 1978. Since then, average earnings per job declined and in 1987 they were \$18,636 per person. McCracken County average earnings per job have generally exceeded those of the state and they were \$19,034 in 1987.

## **Employment**

Employment is considered any activity for which one receives financial remuneration in the form of wages or profits. Total employment in McCracken County increased substantially during the data period. In 1969, total employment stood at 27,301 people. By 1987, that figure had increased to 36,503.



The unemployment rate, often used as an indicator of economic well-being, is the ratio of unemployed to the total civilian labor force. Unemployment is described as a condition of being out of work while actively seeking employment within the last thirty days. The civilian labor force is described as the proportion of population age 16 or older employed or actively seeking employment. Annual unemployment rates for Kentucky and McCracken County are presented in Chart 4B. Unemployment rates in McCracken County have followed those of the state. In 1987, the county unemployment rate was 8.2 percent, compared to 8.8 percent for Kentucky.

Another employment concept includes the discouraged worker. Discouraged workers are persons who want jobs but made no attempt to find work in the last thirty days because they believe they could not find it. These individuals are not included when calculating official unemployment rates. The Cabinet for Human Resources does not estimate discouraged workers by county. However, preliminary research by the Cabinet indicates that the inclusion of discouraged workers in the civilian labor force estimate would increase the unemployment rate by approximately four percent for the state. This figure would vary by county depending on the labor market in a county or within commuting distance.

Employment in the goods-producing industries is illustrated in Chart 4C. The percent of total employment in manufacturing decreased from 20.0 percent in 1969 to 9.3 percent in 1987. The farm sector's share of employment was minimal and accounted for 1.9 percent in 1987.

Employment in the non-goods-producing industries is presented in Chart 4D. Service sector employment increased from 1969 to 1987. In 1969, the service sector accounted for 20.9 percent of employment. This share increased to 27.4 percent in 1987. The percent of employment in state and local government remained constant. The trade sector's share of employment increased from 23.5 percent in 1969 to 29.9 percent in 1987. Once again, trends in these sectors parallel those of the state.

## Population

The census conducted each decade counts the actual population in an area. Population is then statistically estimated during intervening years. The demographic composition of this population growth has important implications for the future demand for goods and services, and ultimately, the economic structure of McCracken County.

The McCracken County population grew from 58,100 in 1969 to 61,700 in 1981 (Chart 5A). However, by 1987, population declined to 59,700. It was estimated that in 1986, 8.1 percent of McCracken County's population was under six years of age, compared to 8.6 for the state. McCracken County had a larger proportion of residents age sixty or older than the state. In 1986, 20.9 percent of the McCracken County population was sixty years of age and over, while 16.5 percent of all Kentucky residents fell in this age group.

CHART 1A  
 McCRACKEN COUNTY  
 REAL PERSONAL INCOME  
 Millions of 1988 dollars

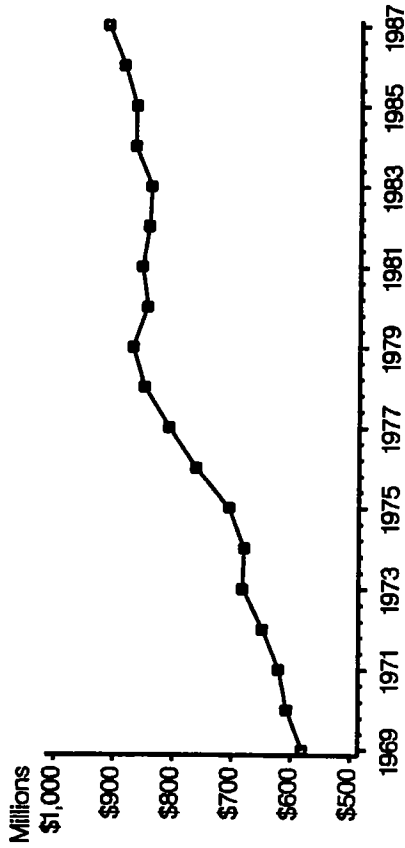


CHART 1B  
 McCRACKEN COUNTY  
 PERSONAL INCOME  
 as a Percent of Kentucky Personal Income

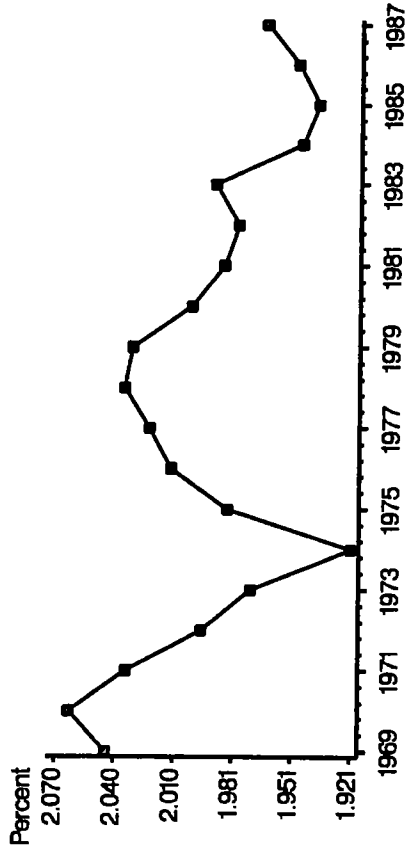


CHART 1C  
 McCRACKEN COUNTY  
 PER CAPITA PERSONAL INCOME  
 in Constant 1988 Dollars

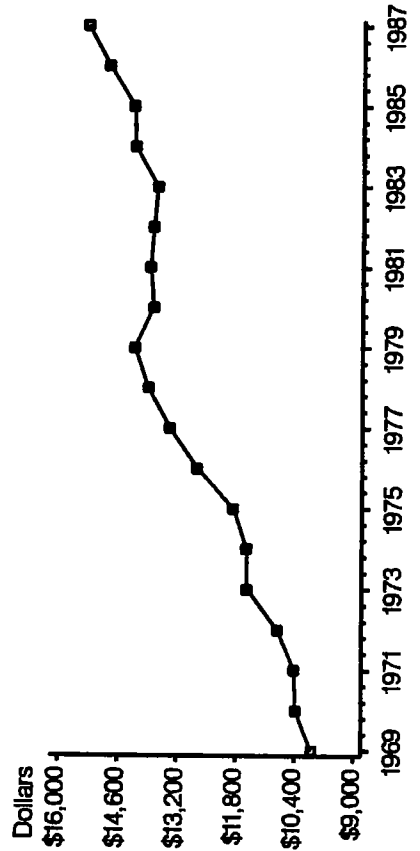


CHART 1D  
 McCRACKEN COUNTY  
 PER CAPITA PERSONAL INCOME  
 as a Percent of Kentucky Per Capita Personal Income

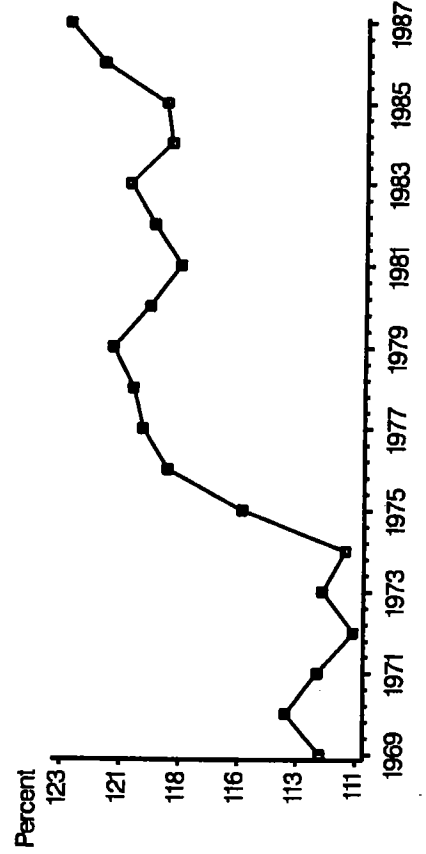


CHART 2A  
 McCRACKEN COUNTY  
 REAL TOTAL EARNINGS  
 Millions of 1988 dollars

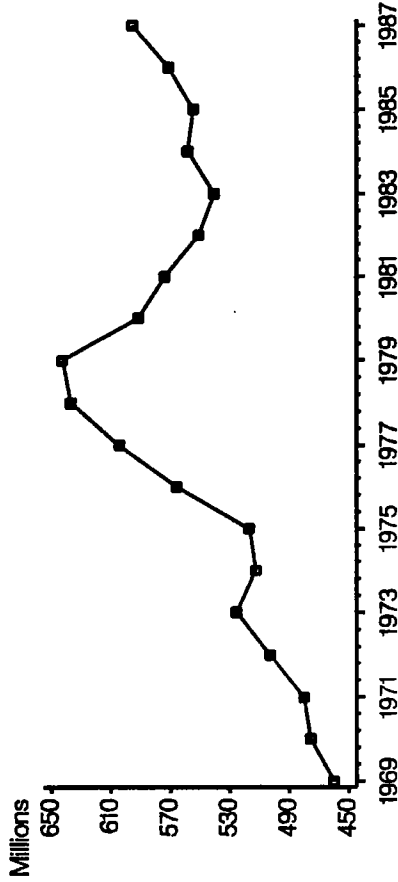


CHART 2B  
 McCRACKEN COUNTY  
 TRANSFER PAYMENTS and INCOME FROM PROPERTY  
 Millions of 1988 Dollars

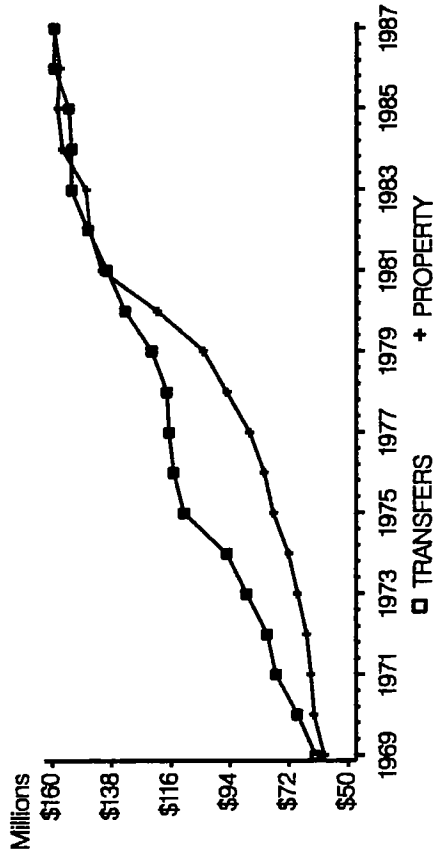


CHART 2C  
 McCRACKEN COUNTY  
 TOTAL EARNINGS  
 as a Percent of Personal Income

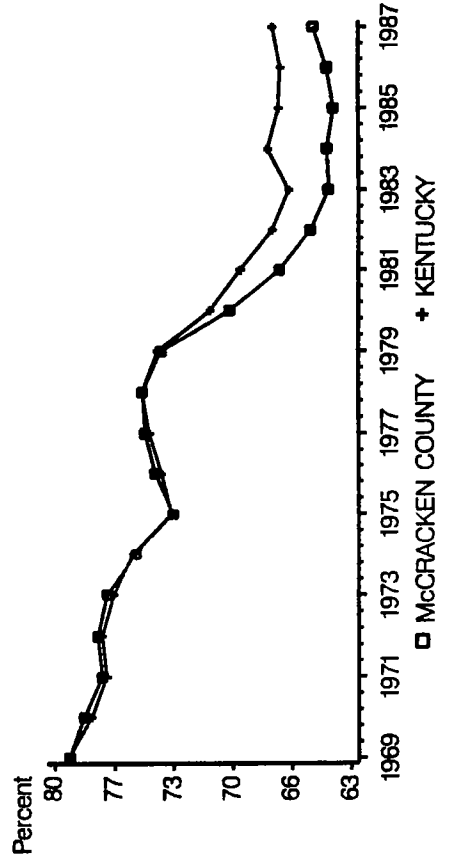


CHART 2D  
 McCRACKEN COUNTY  
 TRANSFER PAYMENTS  
 as a Percent of Personal Income

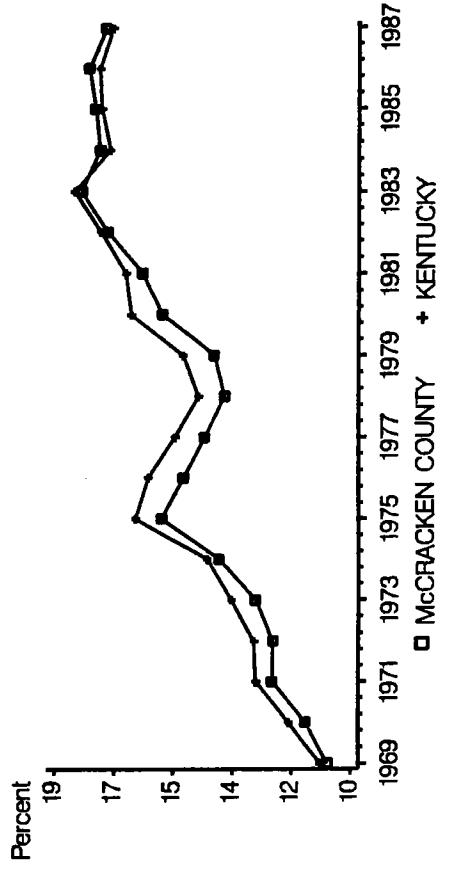


CHART 3A

McCRACKEN COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

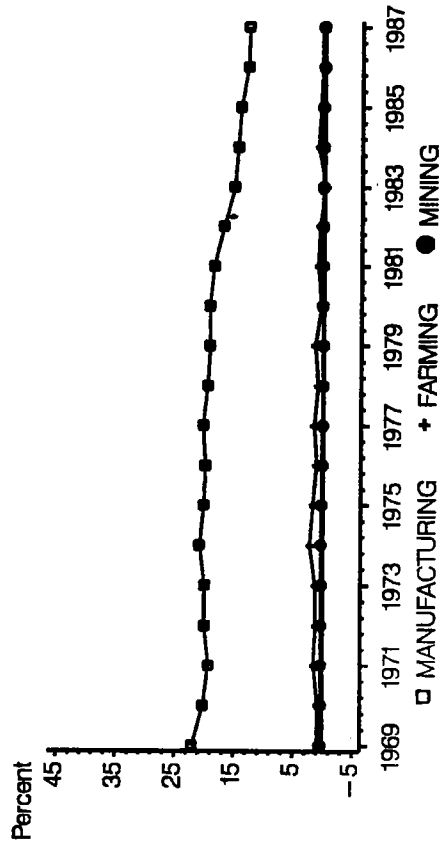


CHART 3B

McCRACKEN COUNTY

EARNINGS IN NON - GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

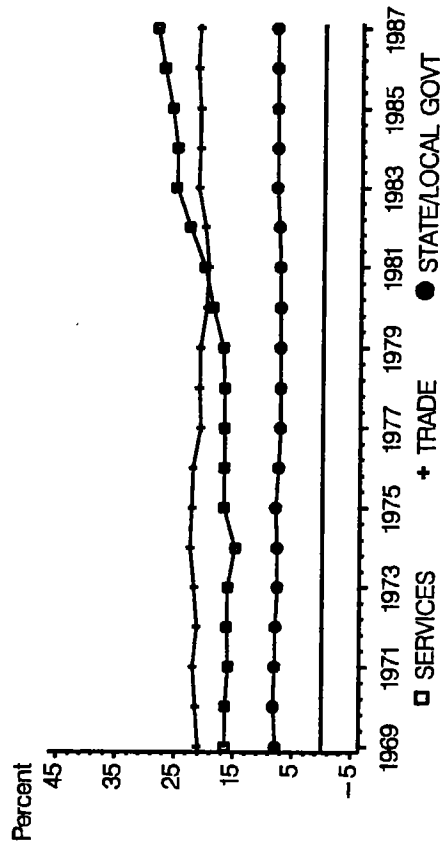


CHART 3C

McCRACKEN COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Kentucky Industries

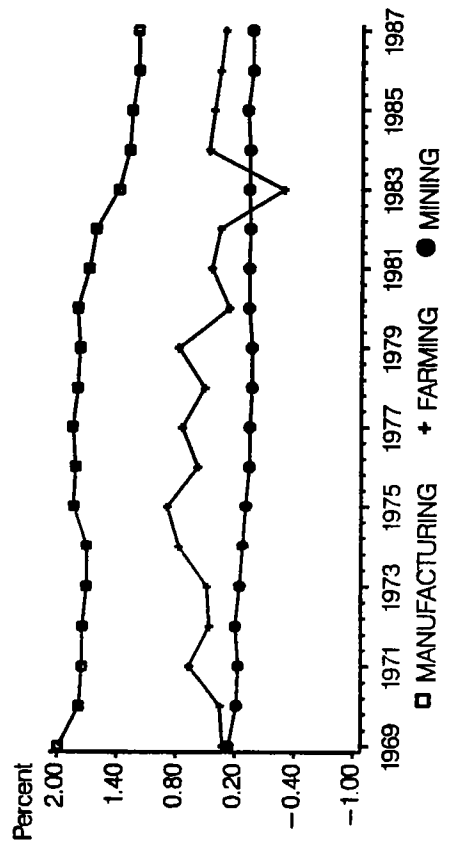


CHART 3D

McCRACKEN COUNTY

AVERAGE EARNINGS PER JOB  
in Constant 1988 Dollars

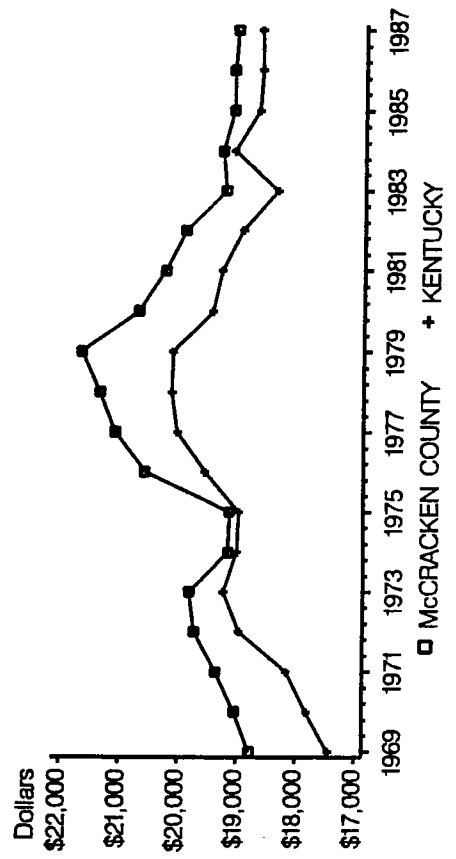


CHART 4A  
 McCRACKEN COUNTY  
 TOTAL EMPLOYMENT  
 Thousands of People

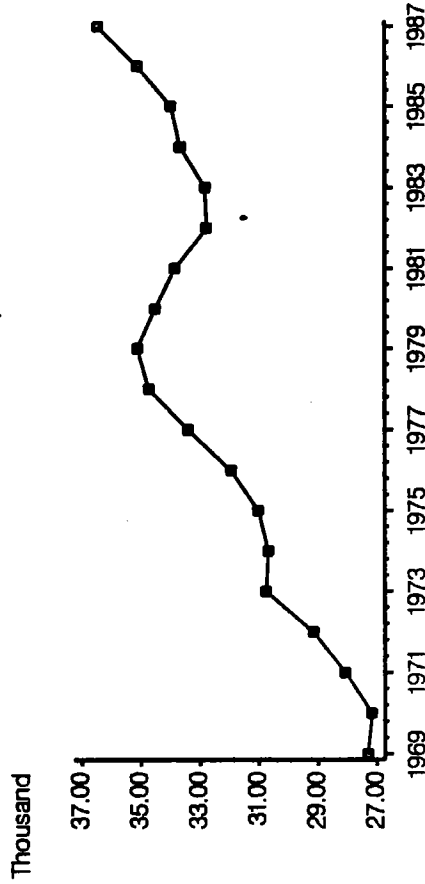


CHART 4B  
 McCRACKEN COUNTY  
 ANNUAL UNEMPLOYMENT RATE

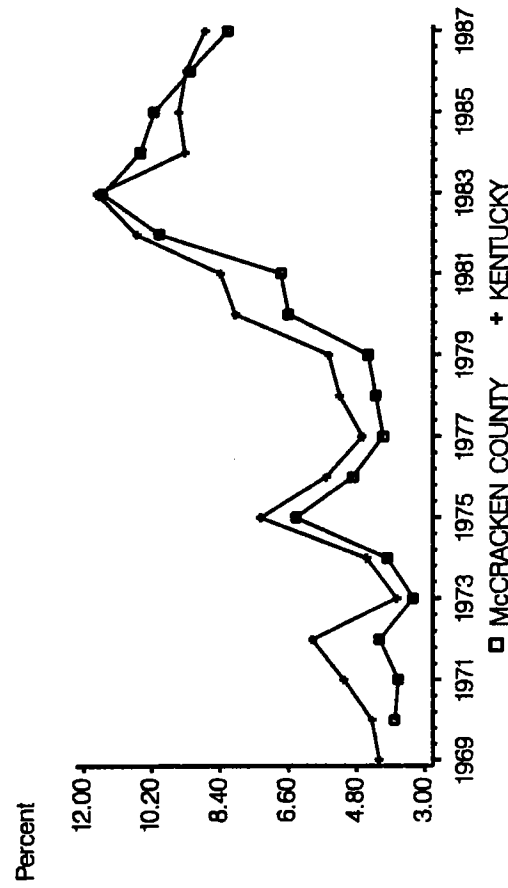


CHART 4C  
 McCRACKEN COUNTY  
 EMPLOYMENT IN GOODS PRODUCING INDUSTRIES  
 as a Percent of Total Employment

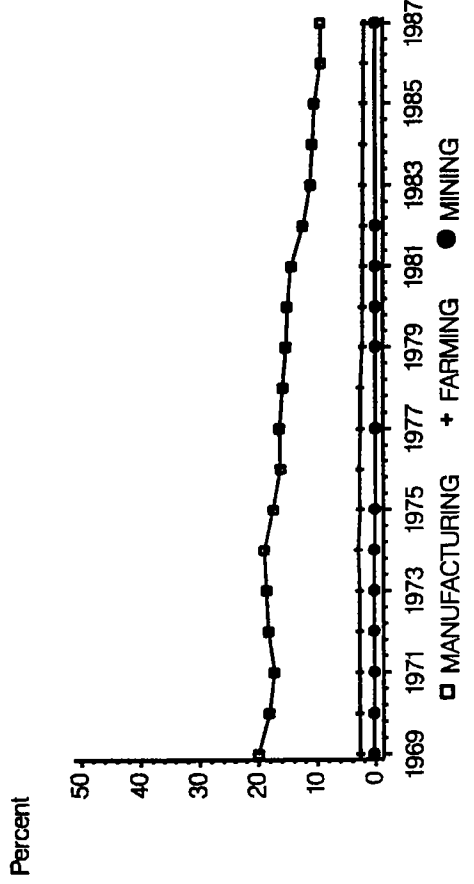


CHART 4D  
 McCRACKEN COUNTY  
 EMPLOYMENT in NON - GOODS PRODUCING INDUSTRIES  
 as a Percent of Total Employment

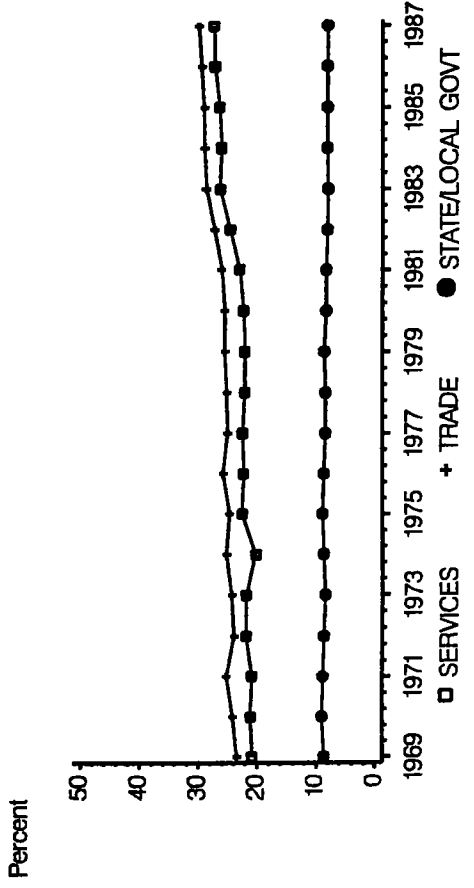


CHART 5A  
McCRACKEN COUNTY  
POPULATION  
Thousands of People

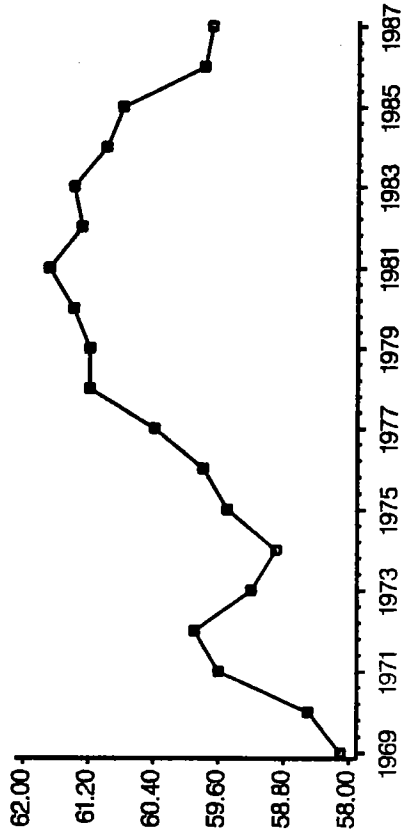


CHART 5B  
McCRACKEN COUNTY  
POPULATION  
as a Percent of Kentucky Population

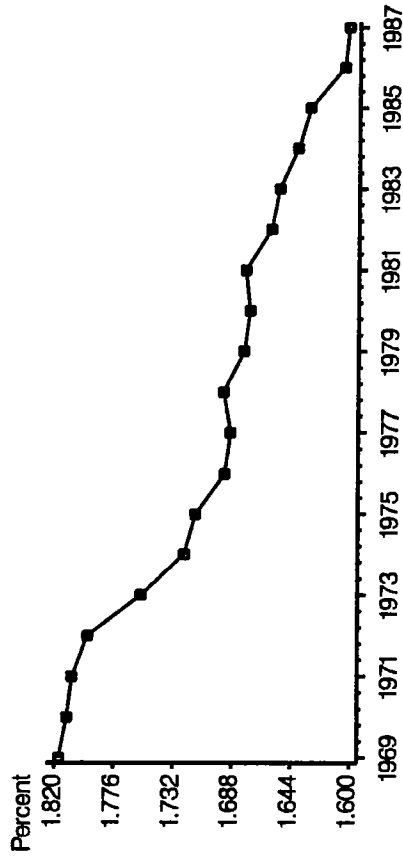


CHART 5C  
McCRACKEN COUNTY  
POPULATION 5 AND UNDER  
as a Percent of Total Population

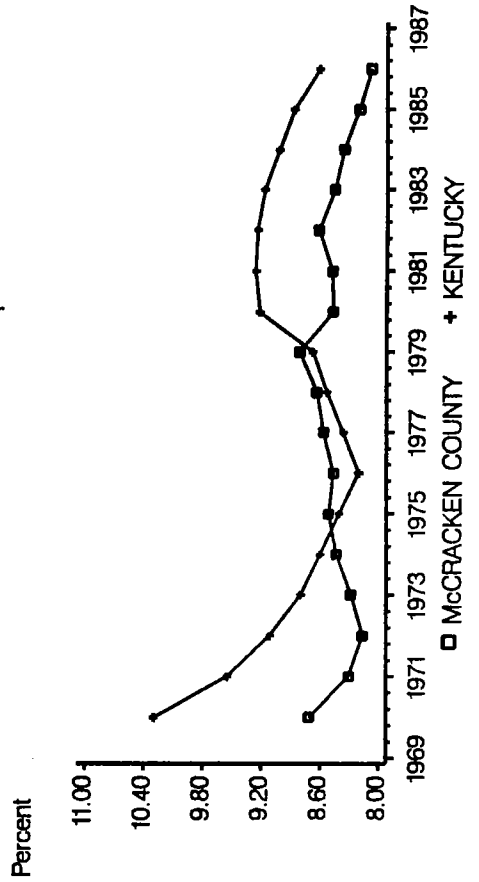
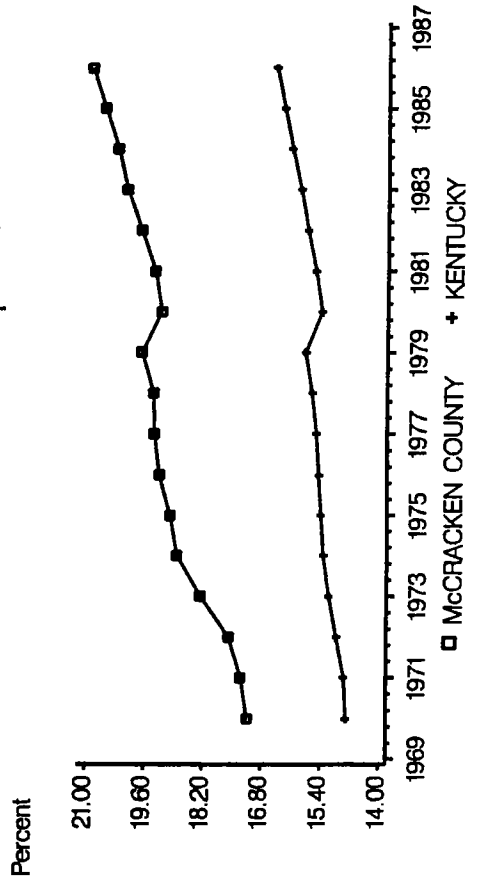


CHART 5D  
McCRACKEN COUNTY  
POPULATION 60 AND OVER  
as a Percent of Total Population



McCRACKEN COUNTY

PERSONAL INCOME  
In Constant 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	581	2.04	9,990	112.4
1970	608	2.06	10,378	113.8
1971	621	2.03	10,418	112.6
1972	649	2.00	10,826	111.1
1973	683	1.97	11,539	112.4
1974	680	1.92	11,550	111.5
1975	706	1.98	11,870	115.7
1976	763	2.01	12,744	118.7
1977	808	2.02	13,381	119.7
1978	850	2.04	13,893	120.1
1979	870	2.03	14,222	120.9
1980	846	2.00	13,777	119.5
1981	855	1.99	13,858	118.2
1982	844	1.98	13,783	119.3
1983	841	1.99	13,690	120.3
1984	868	1.95	14,222	118.6
1985	867	1.94	14,258	118.8
1986	888	1.95	14,855	121.4
1987	915	1.96	15,344	122.8

COMPONENTS OF PERSONAL INCOME  
In Constant 1988 Dollars

Year	EARNINGS			TRANSFER PAYMENTS			INCOME from PROPERTY		
	M\$	Percent of Personal Income		M\$	Percent of Personal Income		M\$	Percent of Personal Income	
		County	Kentucky		County	Kentucky		County	Kentucky
1969	460	79.1	79.2	62	10.7	10.9	59	10.1	9.9
1970	476	78.3	77.9	69	11.4	11.9	63	10.3	10.2
1971	480	77.3	77.0	77	12.4	12.9	64	10.3	10.1
1972	503	77.5	77.3	80	12.4	12.9	66	10.1	9.7
1973	526	77.0	76.6	88	12.9	13.6	69	10.1	9.7
1974	513	75.4	75.5	95	14.0	14.4	72	10.6	10.1
1975	517	73.2	73.3	111	15.7	16.5	78	11.0	10.1
1976	566	74.2	73.9	115	15.1	16.1	81	10.7	10.0
1977	605	74.8	74.6	117	14.4	15.3	87	10.7	10.1
1978	637	75.0	75.0	118	13.8	14.6	95	11.2	10.4
1979	643	73.9	74.1	123	14.1	15.1	104	12.0	10.8
1980	592	69.9	71.1	133	15.7	16.7	121	14.3	12.2
1981	574	67.1	69.3	140	16.3	16.8	142	16.6	13.8
1982	551	65.3	67.5	147	17.4	17.6	146	17.3	14.9
1983	541	64.3	66.6	153	18.2	18.4	148	17.5	15.1
1984	559	64.4	67.8	153	17.6	17.3	157	18.0	14.9
1985	555	64.0	67.2	154	17.8	17.6	158	18.2	15.3
1986	572	64.4	67.1	159	17.9	17.6	157	17.7	15.3
1987	596	65.1	67.5	159	17.4	17.2	160	17.4	15.3

McCRACKEN COUNTY

SECTOR EARNINGS as a PERCENT of TOTAL COUNTY EARNINGS and  
as a PERCENT of KENTUCKY SECTOR EARNINGS

YEAR	MANUFACTURING		FARMING		MINING	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	22.0	1.99	0.9	0.33	0.4	0.27
1970	20.2	1.78	0.9	0.36	0.3	0.18
1971	19.3	1.75	1.5	0.67	0.3	0.17
1972	20.0	1.74	1.2	0.47	0.4	0.20
1973	20.0	1.70	1.3	0.49	0.3	0.15
1974	20.9	1.70	2.2	0.78	0.4	0.12
1975	20.2	1.84	1.7	0.89	0.3	0.09
1976	19.9	1.82	1.1	0.59	0.2	0.06
1977	20.3	1.84	1.6	0.74	0.2	0.05
1978	19.6	1.80	0.9	0.52	0.1	0.03
1979	19.2	1.77	1.5	0.78	0.1	0.03
1980	19.3	1.80	0.4	0.27	0.2	0.06
1981	18.6	1.68	1.0	0.45	0.2	0.07
1982	17.0	1.62	0.7	0.36	0.2	0.06
1983	15.2	1.39	-0.2	-0.28	0.2	0.07
1984	14.7	1.29	1.0	0.48	0.2	0.06
1985	14.2	1.26	0.7	0.43	0.2	0.08
1986	13.0	1.19	0.5	0.37	0.1	0.03
1987	12.9	1.20	0.4	0.31	0.1	0.04

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	16.4	2.74	21.0	2.94	7.9	1.90
1970	16.4	2.72	21.5	2.93	8.2	1.88
1971	15.9	2.66	21.9	3.07	8.1	1.84
1972	16.1	2.73	21.3	2.99	7.9	1.82
1973	16.0	2.72	21.8	3.06	7.6	1.80
1974	14.8	2.46	22.4	3.05	7.7	1.78
1975	16.7	2.72	22.2	2.96	7.9	1.76
1976	16.7	2.80	22.0	3.06	7.5	1.75
1977	16.7	2.89	20.8	3.05	7.2	1.75
1978	16.7	2.89	21.0	3.03	7.2	1.74
1979	16.9	2.91	20.9	3.04	7.3	1.73
1980	18.7	2.96	19.8	2.90	7.3	1.63
1981	20.2	3.02	19.6	2.86	7.4	1.63
1982	22.8	3.18	20.2	2.85	7.6	1.57
1983	25.1	3.21	21.3	2.88	8.0	1.58
1984	25.0	3.10	21.1	2.86	7.9	1.57
1985	25.8	3.07	21.1	2.81	8.0	1.55
1986	27.2	3.07	21.6	2.93	8.0	1.54
1987	28.4	3.12	21.2	2.92	8.2	1.57



McCRACKEN COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	5,454	20.0	747	2.7	90	0.3
1970	4,926	18.1	776	2.9	86	0.3
1971	4,861	17.3	802	2.9	77	0.3
1972	5,338	18.3	830	2.8	88	0.3
1973	5,724	18.6	874	2.8	87	0.3
1974	5,819	19.0	929	3.0	81	0.3
1975	5,415	17.5	841	2.7	55	0.2
1976	5,180	16.2	896	2.8	.	.
1977	5,483	16.4	886	2.7	12	0.0
1978	5,498	15.8	910	2.6	.	.
1979	5,352	15.2	797	2.3	10	0.0
1980	5,190	15.0	767	2.2	10	0.0
1981	4,866	14.4	741	2.2	12	0.0
1982	4,055	12.4	705	2.2	11	0.0
1983	3,637	11.1	734	2.2	.	.
1984	3,609	10.7	704	2.1	.	.
1985	3,503	10.3	686	2.0	.	.
1986	3,241	9.2	696	2.0	.	.
1987	3,383	9.3	676	1.9	10	0.0

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	5,694	20.9	6,413	23.5	2,351	8.6
1970	5,728	21.1	6,570	24.2	2,426	8.9
1971	5,852	20.8	7,099	25.3	2,457	8.8
1972	6,358	21.8	6,968	23.9	2,476	8.5
1973	6,692	21.8	7,478	24.3	2,553	8.3
1974	6,184	20.1	7,741	25.2	2,647	8.6
1975	6,996	22.5	7,686	24.8	2,739	8.8
1976	7,113	22.3	8,262	25.9	2,754	8.6
1977	7,503	22.5	8,369	25.1	2,770	8.3
1978	7,678	22.1	8,762	25.2	2,878	8.3
1979	7,750	22.1	8,973	25.5	2,972	8.5
1980	7,699	22.3	8,841	25.6	2,820	8.2
1981	7,786	23.0	8,845	26.1	2,771	8.2
1982	8,077	24.6	8,965	27.3	2,620	8.0
1983	8,665	26.4	9,415	28.7	2,587	7.9
1984	8,795	26.1	9,763	29.0	2,696	8.0
1985	8,984	26.4	9,872	29.0	2,702	7.9
1986	9,571	27.2	10,352	29.4	2,808	8.0
1987	9,990	27.4	10,924	29.9	2,888	7.9

McCRACKEN COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	27,301	\$18,778	\$17,440	.	4.2
1970	27,167	\$19,032	\$17,811	3.8	4.4
1971	28,072	\$19,363	\$18,166	3.7	5.1
1972	29,161	\$19,731	\$18,970	4.2	6.0
1973	30,766	\$19,815	\$19,232	3.3	3.7
1974	30,695	\$19,157	\$19,008	4.0	4.5
1975	31,027	\$19,133	\$18,976	6.4	7.3
1976	31,952	\$20,570	\$19,563	4.9	5.6
1977	33,409	\$21,081	\$20,031	4.1	4.7
1978	34,746	\$21,335	\$20,121	4.3	5.3
1979	35,139	\$21,646	\$20,110	4.5	5.5
1980	34,536	\$20,686	\$19,439	6.6	8.0
1981	33,864	\$20,236	\$19,286	6.8	8.4
1982	32,787	\$19,901	\$18,931	10.0	10.6
1983	32,841	\$19,222	\$18,358	11.5	11.6
1984	33,694	\$19,280	\$19,080	10.5	9.3
1985	34,007	\$19,098	\$18,676	10.1	9.5
1986	35,161	\$19,089	\$18,627	9.2	9.3
1987	36,503	\$19,034	\$18,636	8.2	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER AGE 6		PERCENT AGE 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	58,100	1.82	.	.	.	.
1970	58,500	1.81	8.7	10.3	17.1	14.8
1971	59,600	1.81	8.3	9.6	17.3	14.8
1972	59,900	1.80	8.2	9.1	17.6	15.0
1973	59,200	1.76	8.3	8.8	18.3	15.2
1974	58,900	1.72	8.4	8.6	18.8	15.3
1975	59,500	1.72	8.5	8.4	19.0	15.4
1976	59,800	1.69	8.5	8.2	19.3	15.5
1977	60,400	1.69	8.6	8.4	19.4	15.5
1978	61,200	1.69	8.6	8.5	19.4	15.6
1979	61,200	1.68	8.8	8.7	19.7	15.8
1980	61,400	1.68	8.5	9.2	19.2	15.4
1981	61,700	1.68	8.5	9.3	19.4	15.5
1982	61,300	1.66	8.6	9.2	19.7	15.7
1983	61,400	1.65	8.5	9.2	20.0	15.9
1984	61,000	1.64	8.4	9.0	20.3	16.1
1985	60,800	1.63	8.2	8.9	20.6	16.3
1986	59,800	1.61	8.1	8.6	20.9	16.5
1987	59,700	1.60	.	.	.	.

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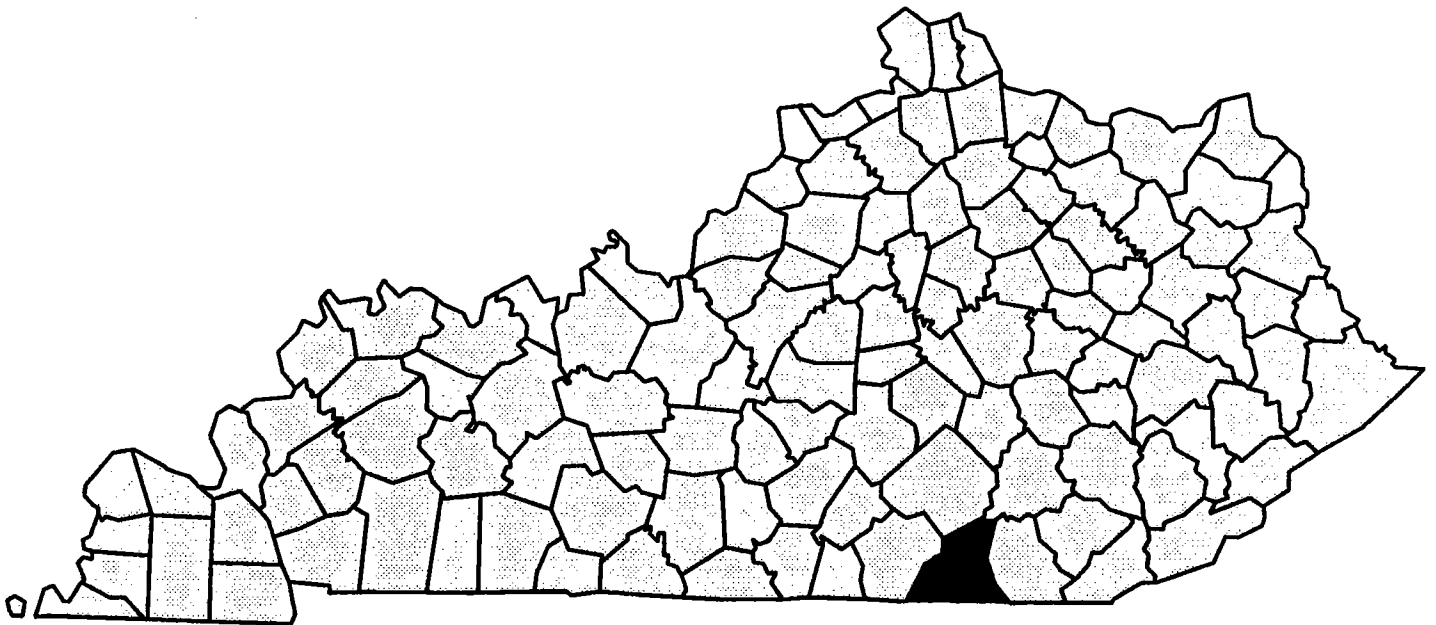
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ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

**McCREARY COUNTY**



Prepared by  
Virginia Wilson  
Donna A. Cantrell

RESEARCH MEMORANDUM 438  
Legislative Research Commission  
Frankfort, Kentucky  
February, 1990



ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

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No. 438  
1990

McCREARY COUNTY

Prepared by  
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Donna A. Cantrell

RESEARCH MEMORANDUM 438  
Legislative Research Commission  
Frankfort, Kentucky  
February, 1990





## FOREWORD

This publication is one of a set of 120, highlighting economic trends in each county in Kentucky from 1969-1987. This effort is part of the ongoing activities sponsored by the Legislative Research Commission to provide a long-term perspective on issues for decision makers. The economies of individual counties do not always parallel overall state trends. This set of publications is an attempt to look at the economic trends in each county over time and to point out where the economies of individual counties may be performing differently from the economy of the state as a whole.

This publication was prepared by Virginia Wilson and Donna Cantrell. Susan Dance assisted in production of the manuscript and Charles Bush edited the report. The assistance of Carol Straus from the Center for Business and Economic Research at the University of Kentucky in deciphering data is gratefully acknowledged.

Vic Hellard, Jr.  
Director

The Capitol  
Frankfort  
February, 1990



## SUMMARY

The McCreary County economy, as measured by personal income, grew strongly in the 1970's but showed little change in the 1980's. McCreary County increased its share of Kentucky personal income in the 1970's but decreased its share in the 1980's. Both per capita personal income and average earnings per job were significantly below those of the state. McCreary County generates a much smaller percent of personal income from earnings and a much larger percent from transfer payments than does the state as a whole.

The county economy was heavily impacted by the volatile goods-producing sectors. Overall, earnings and employment from the manufacturing sector increased. The county's share of earnings and employment from farming was minimal through most of the period. Mining earnings and employment was extremely volatile during the period. By 1987, mining accounted for a minimal share of earnings and employment. At the state level, these sectors decreased their shares of the Kentucky economy.

The non-goods-producing sectors of services and state and local government experienced growth at the county level, while the trade sector declined. At the state level, the service and trade sectors increased their shares, while state and local government was constant.

Goods-producing industries, especially durable manufacturing, tend to be very sensitive to economic fluctuations and market competition. The non-goods-producing sectors tend to be more resilient during periods of economic decline. The long-term economic outlook at the state and national levels is for continued increase in these sectors, especially the service sector. Future economic growth in McCreary County could be enhanced by growth in such sectors.



## INTRODUCTION

This is one of a series of reports called Economic Trends in Kentucky Counties. The purpose of this series is to describe the economic structure of Kentucky counties and to assess their economic performance relative to their own history and relative to the Kentucky economy. Information on the structure and patterns of change in county economies and an understanding of their relationship to the Kentucky economy can help in making policy decisions that are intended to shape Kentucky's economic future.

When assessing any economy there are several pertinent questions which may be addressed. The first concerns changes in the absolute size of the economy over time. Here the relevant comparison is between the McCreary County economy and its own history. Since most economic variables are given in dollars and since inflation causes the value of a dollar to vary over time, all dollar values in this report are presented in constant 1988 dollars. This allows analysis of real changes over time by controlling for the effects of inflation.

A second question concerns the structure and nature of the McCreary County economy. The structure of an economy refers to the relative share contributed by the various segments of the economy, while the nature deals with how this share has changed over time.

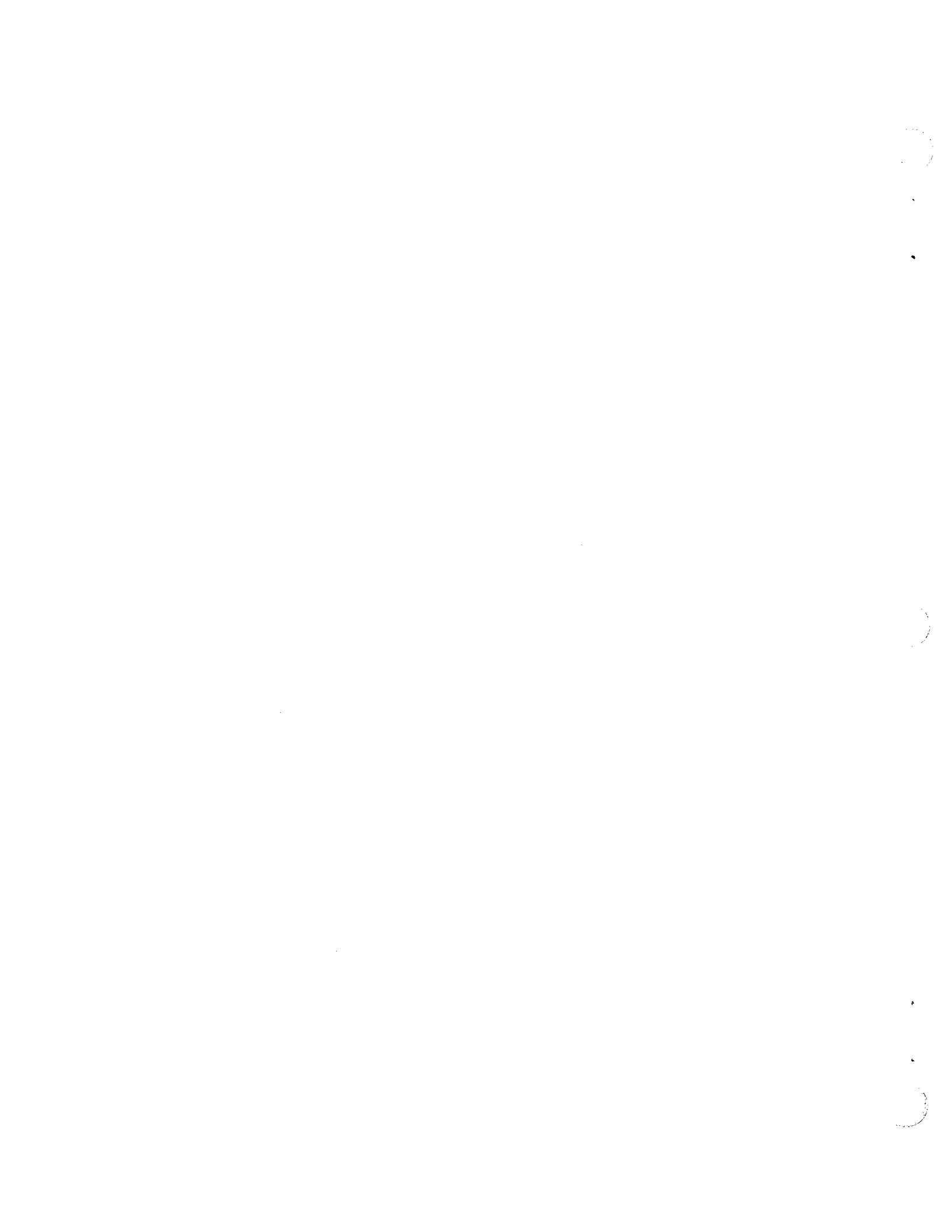
A third question concerns the performance of the McCreary County economy when compared to the Kentucky economy. For example, if a county has a higher proportion of earnings or employment in a particular sector it would indicate a specialization in that sector. Differences in economic structure may explain variations in relative economic well being between a county and the state as a whole.

Economic data for counties are usually published after a lag of two years. Therefore, most data in this report cover the period 1969 to 1987. All data for this report was obtained from the Kentucky Economic Information System, an on-line database maintained by the University of Kentucky Center for Business and Economic Development.

There are certain caveats which should be remembered when analyzing data. First, it is a common and useful approach to evaluate the percentage an economic sector contributes to the total economy. However, one must remember that a sector's percentage contribution may decline even when its absolute value is increasing, if another sector's contribution is growing at a faster rate. Secondly, when reviewing data in graphical analyses, the scales used to present data should be noted. In this report most graphs are presented with the narrowest scale which will cover all data points. This can accentuate visual patterns over time even when absolute changes are relatively small.

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\*For an analysis of economic trends in Kentucky, see Virginia Wilson, Patterns of Growth and Decline in the Kentucky Economy 1969-1988, Research Memorandum 437, Legislative Research Commission, November 1989.



## ECONOMIC TRENDS IN MCCREARY COUNTY

The following analysis includes a brief description of the county economy and is accompanied by graphical illustrations. Data tables are also included at the end of this report. Three principal components of the McCreary County economy are analyzed. They are:

1. Personal Income
2. Earnings
3. Employment

Also, because coal production has been an important component in the Kentucky economy and in many local economies, the coal sector is analyzed in counties which have a history of coal production.

### Personal Income

Personal income is often used as a measure of the economic activity in an area. Personal income is the sum of all the dollar income received by individuals in an area from any legal source. Personal income data is published by the Bureau of Economic Analysis (BEA) for most major geographic regions, including states, counties, and major cities.

In general, income can be obtained in three ways. First, it can be earned by the work of an individual. This type of income includes wage and salary income and proprietors' earnings. Second, income can be earned by property. Included are earnings from rents, dividends, and interest. Finally, income can be received as a gift or an entitlement. This type of income constitutes the component of personal income called transfer payments. Included in this component is income from sources such as retirement benefits, unemployment benefits, food stamps, and medical programs such as Medicare and Medicaid.

The McCreary County economy has experienced periods of growth and periods of decline during the data period. As can be seen in Chart 1A, the size of the McCreary County economy, as measured by real personal income, increased substantially, from \$45 million in 1969 to a high of \$95 million in 1987, after adjusting for inflation. Chart 1B shows McCreary County total personal income as a percent of Kentucky total personal income. McCreary County's share of Kentucky personal income increased slightly overall.

A similar pattern emerges from an examination of per capita personal income (Charts 1C and 1D). Per capita personal income is simply the total personal income of an area divided by its population. Per capita personal income is often used as a measure of the economic well-being of the residents of an area. McCreary County real per capita income generally increased over the time period to a level of \$5,803 in 1987, 46.4 percent of the Kentucky per capita personal income.

A better understanding of the nature of economic activity can be gleaned from an examination of the relative contribution of the components of personal income and how their shares have changed over time. This information is illustrated in Charts 2A-2D. Total earnings increased from \$28 million in 1969 to a high of \$51 million in 1981, then declined to \$45 million in 1987 (in constant 1988 dollars). Earnings as a percent of personal income declined over the period. Earnings accounted for 47.8 percent of McCreary County's total personal income in 1987, compared to Kentucky's 67.5 percent share.

Transfer payments contributed \$15 million to total personal income in 1969 and \$41 million in 1987. In 1987, 42.8 percent of McCreary County personal income was derived from transfer payments, much higher than the 17.2 percent for the state.

Income from property in McCreary County grew slowly through the time period. Income from property totalled \$3 million in 1969 and increased to \$9 million in 1987.

## Earnings

Earnings are the component of personal income reflecting payments to individuals in return for labor. Earnings include both wages and salaries and proprietor's income. Earnings from goods-producing sectors are presented in Chart 3A. In 1969, McCreary County received 8.0 percent of its earnings from manufacturing. This percentage increased to 11.7 percent in 1987. Earnings from mining were erratic during the period. Mining's share of earnings increased substantially in 1975, then declined, then increased again to 25.8 percent in 1981. By 1987, only 0.6 percent of earnings originated in the mine sector. Earnings from farming were minimal through most of this period. Overall, Kentucky saw declines in the share of earnings from these sectors.

Earnings from non-goods-producing industries were also volatile (Chart 3B). The percent of total earnings from services decreased in the 1970's, then increased to 16.1 percent in 1987. The percentage of earnings from the trade sector declined from 23.6 percent in 1969 to 14.6 percent in 1987. The share from state and local government declined during the 1970's to 14.3 percent in 1974, then increased to 25.3 percent in 1987. At the state level, the share of earnings from services showed a substantial increase, while the shares from trade and state and local government remained constant.

Average earnings per job (adjusted for inflation) for McCreary County and Kentucky are shown in Chart 3D. In Kentucky, average earnings per job reached a high of \$20,121 per person in 1978. Since this time average earnings per job have declined and in 1987 they were \$18,636 per person. Similarly, in McCreary County earnings per job peaked in 1978 at an average of \$17,418. After that time, average earnings decreased over the period to a level of \$12,572 in 1987, well below the Kentucky average.



## Employment

Employment is considered to be any activity for which one receives financial remuneration in the form of wages or profits. In 1969, total employment stood at 1,752 people. By 1981, employment increased to 3,275 people, then declined to 2,976 by 1987.

The unemployment rate, often used as an indicator of economic well-being, is the ratio of unemployed to the total civilian labor force. Unemployment is described as a condition of being out of work while actively seeking employment within the last thirty days. The civilian labor force is described as the proportion of population age 16 or older employed or actively seeking employment. Annual unemployment rates for Kentucky and McCreary County are presented in Chart 4B. McCreary County unemployment rates were above Kentucky rates during the period. In 1987, the county unemployment rate was 20.5 percent, compared to 8.8 percent for the state.

Another employment concept includes the discouraged worker. Discouraged workers are persons who want jobs but made no attempt to find work in the last thirty days because they believe they could not find it. These individuals are not included when calculating official unemployment rates. The Cabinet for Human Resources does not estimate discouraged workers by county. However, preliminary research by the Cabinet indicates that the inclusion of discouraged workers in the civilian labor force estimate would increase the unemployment rate by approximately 4 percent for the state. This figure would vary by county depending on the labor market in a county or within commuting distance.

Employment in the goods-producing industries is illustrated in Chart 4C. The percent of McCreary County total employment in manufacturing increased over the time period. Manufacturing accounted for 13.1 percent of total employment in 1969. This share increased to 19.0 percent in 1987. Mining employment was erratic, mirroring the trends in earnings from this sector. Mining employment increased to 12.8 percent in 1975. By 1985, only 0.4 percent of employment was in mining. Data was not available for later periods because of nondisclosure rules. The farm sector's share of employment remained relatively constant and accounted for 4.2 percent in 1987. Overall, Kentucky saw employment shares in all these sectors decline during the period.

Changes in McCreary County employment in the non-goods-producing industries parallel state trends (Chart 4D). Employment in the service sector as a percent of total employment increased from 15.1 percent in 1969 to 17.8 percent in 1987. While the percent of employment from trade increased in the 1970's, employment in this sector decreased in the 1980's to 16.4 percent in 1987. The percent of employment in state and local government decreased from 26.2 percent in 1969 to 18.5 percent in 1987.

## Population

The census conducted each decade counts the actual population in an area. Population is then statistically estimated during intervening years.

The demographic composition of this population growth has important implications for the future demand for goods and services, and ultimately, the economic structure of McCreary County.

The McCreary County population grew from 12,500 in 1969 to 16,400 in 1987 (Chart 5A). In 1986, 9.9 percent of McCreary County's population was under six years of age, compared to 8.6 percent for the state. In the same year, 15.4 percent of the McCreary County population were 60 years of age and over, while 16.5 percent of all Kentucky residents fell in this age group.

## Coal

The coal sector provides significant income and employment to the Kentucky economy. This sector also contributes directly to the Commonwealth's General Fund revenues through severance tax collections. Coal production had a volatile impact on the county economy.

McCreary County coal production patterns are presented in Chart 6A. Coal production is estimated by the Energy Information Administration of the U.S. Department of Energy. Estimates of production are calculated from a sample of coal shipments from each county. Coal production was sporadic in McCreary County. In 1986, 969 thousand tons of coal was mined in the county.

Employment in the mining sector, which includes coal and other forms of mining, is illustrated in Chart 6B. Mine sector employment was also volatile. The mine sector employed 331 people in 1981. However, by 1985, this sector provided only 12 jobs in McCreary County. The changes in mining employment illustrate the volatile nature of coal production and its impact on local economies.

The average value per ton for coal is illustrated in Chart 6C. Similar to patterns for the national coal market, average value per ton declined during the 1980's.

Coal severance tax receipts are presented in Chart 6D. The Kentucky Revenue Cabinet collects severance taxes on processed coal. Receipts are then allocated to counties, based on the value of the coal mined in the county and the value attributed to any processing done in the county. Therefore, trends in severance tax collections may not exactly parallel those of the coal production figures in Chart 6A. Severance tax collections were cyclical over the period. In 1986, coal severance tax collections allocated to McCreary County totalled \$1.99 million.

CHART 1A  
 McCREARY COUNTY  
 REAL PERSONAL INCOME  
 Millions of 1988 dollars

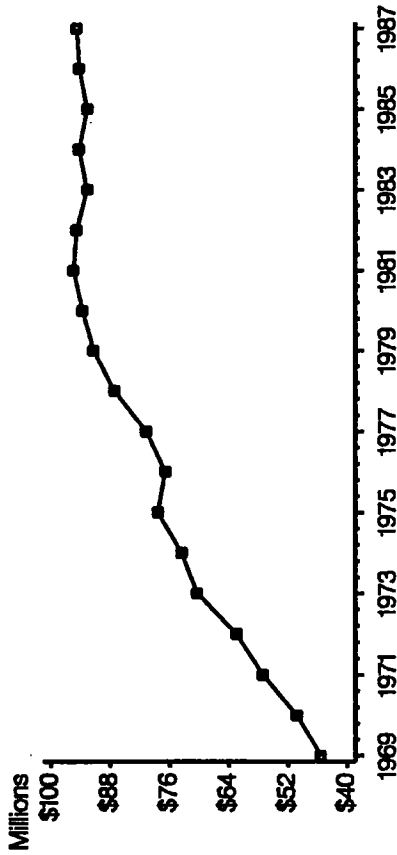


CHART 1B  
 McCREARY COUNTY  
 PERSONAL INCOME  
 as a Percent of Kentucky Personal Income

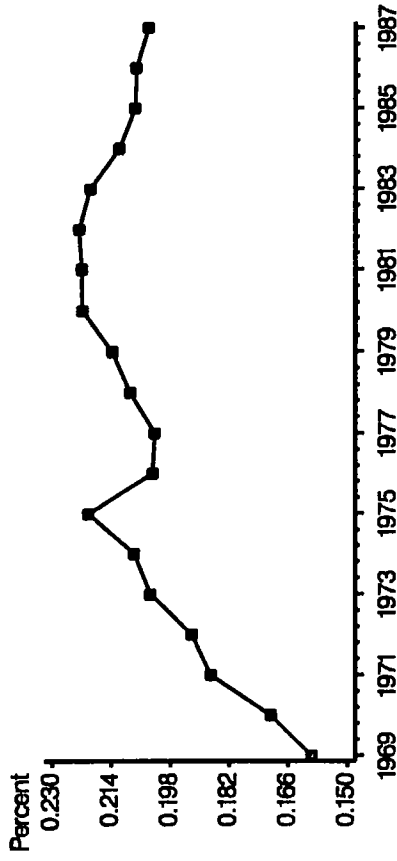


CHART 1C  
 McCREARY COUNTY  
 PER CAPITA PERSONAL INCOME  
 in Constant 1988 Dollars

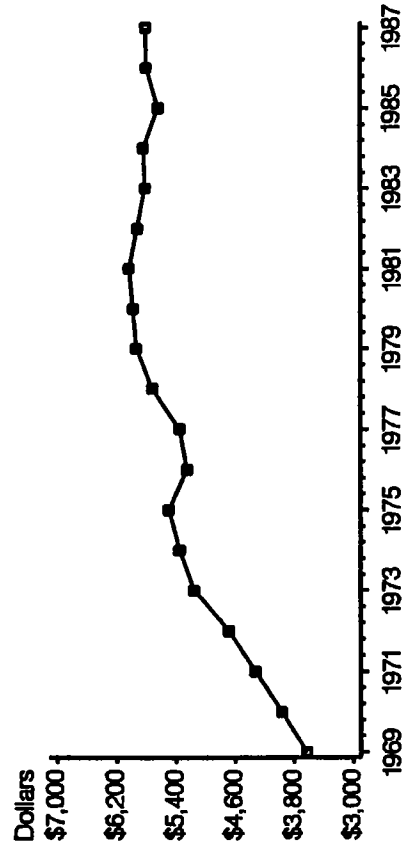


CHART 1D  
 McCREARY COUNTY  
 PER CAPITA PERSONAL INCOME  
 as a Percent of Kentucky Per Capita Personal Income

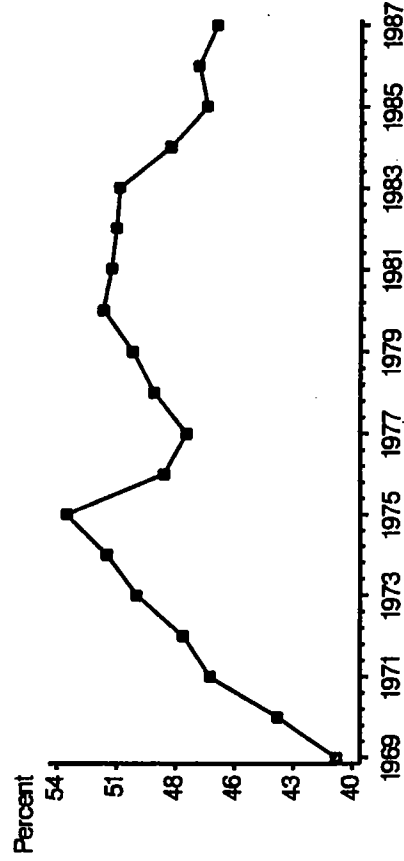


CHART 2A

McCREARY COUNTY  
REAL TOTAL EARNINGS  
Millions of 1988 dollars

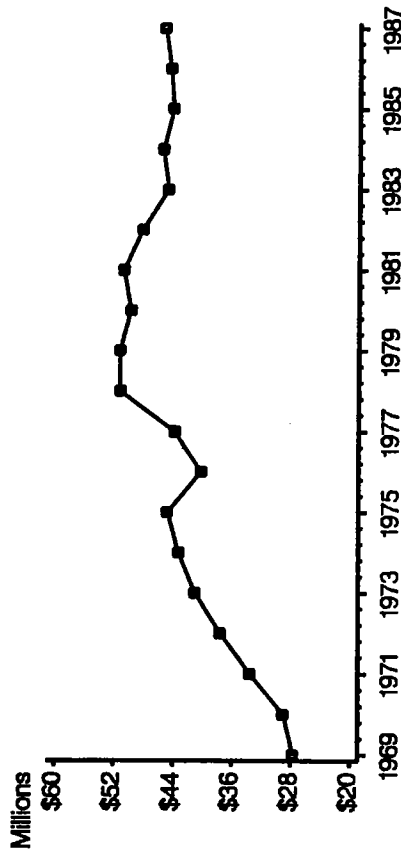


CHART 2B  
McCREARY COUNTY  
TRANSFER PAYMENTS and INCOME FROM PROPERTY  
Millions of 1988 Dollars

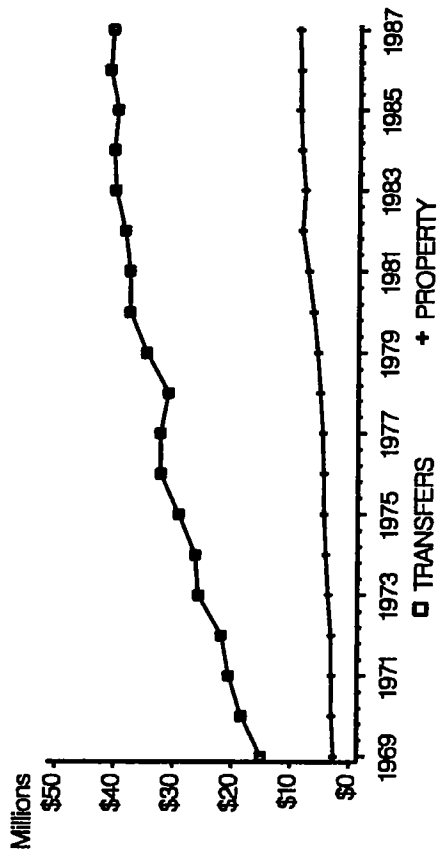


CHART 2C

McCREARY COUNTY  
TOTAL EARNINGS  
as a Percent of Personal Income

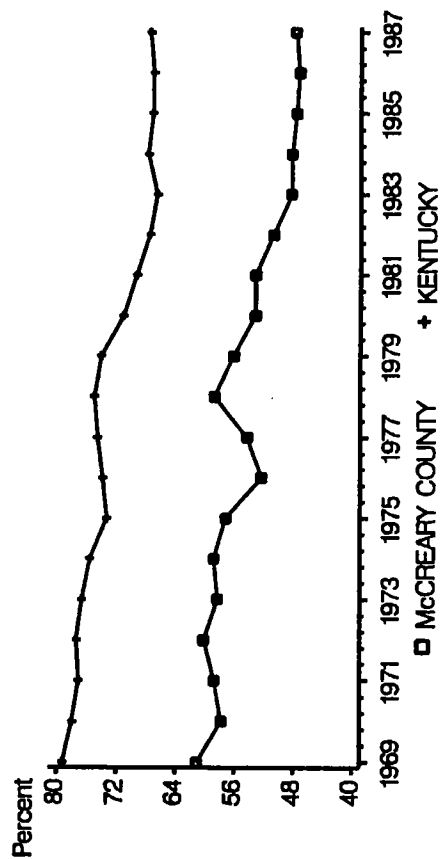


CHART 2D

McCREARY COUNTY  
TRANSFER PAYMENTS  
as a Percent of Personal Income

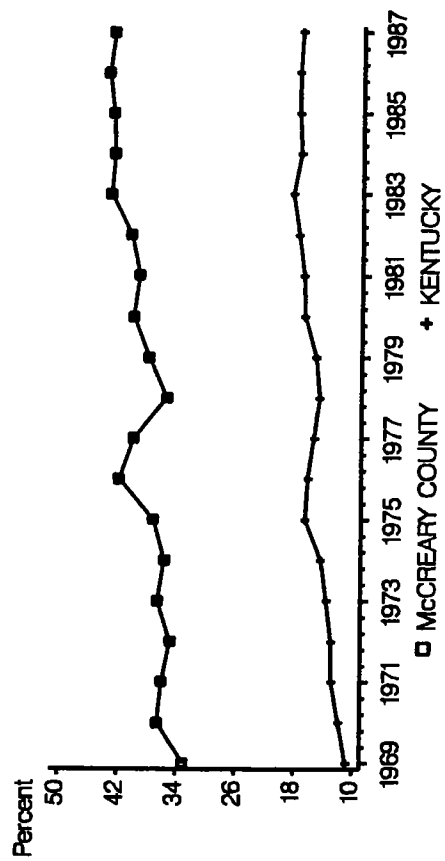


CHART 3A

McCREARY COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

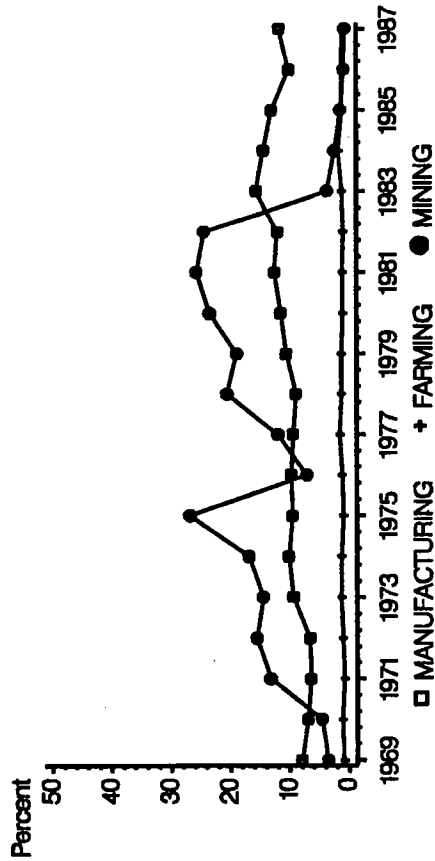


CHART 3B

McCREARY COUNTY

EARNINGS in NON - GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

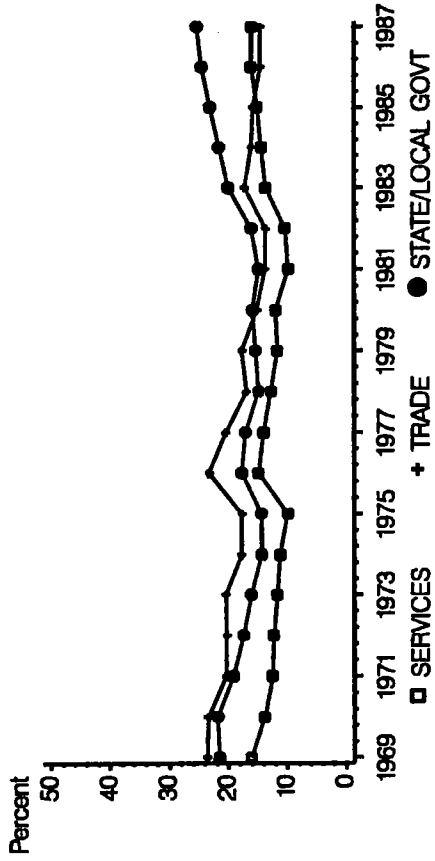


CHART 3C

McCREARY COUNTY

EARNINGS in GOODS PRODUCING INDUSTRIES  
as a Percent of Kentucky Industries

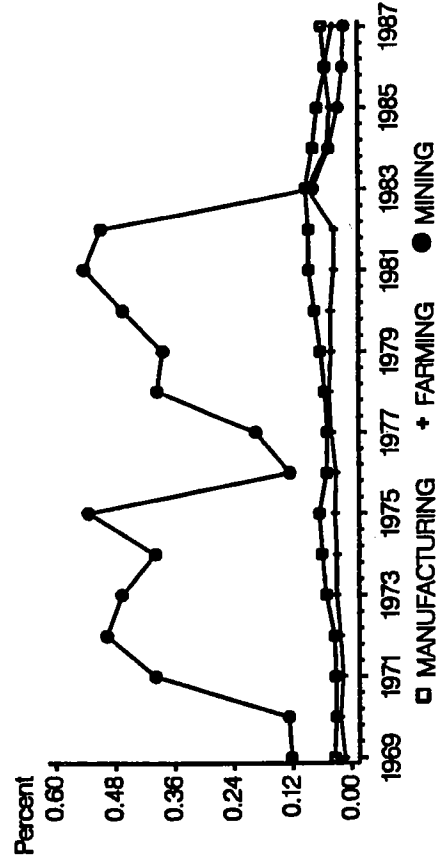


CHART 3D

McCREARY COUNTY

AVERAGE EARNINGS PER JOB  
in Constant 1988 Dollars

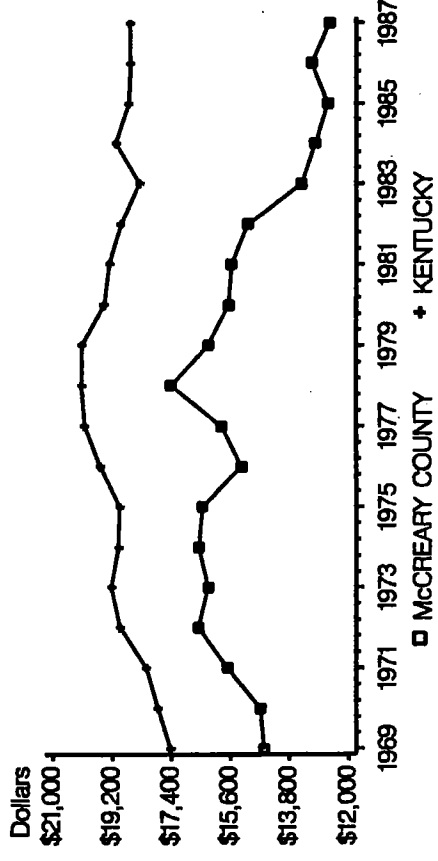


CHART 4A

McCREARY COUNTY  
TOTAL EMPLOYMENT  
Thousands of People

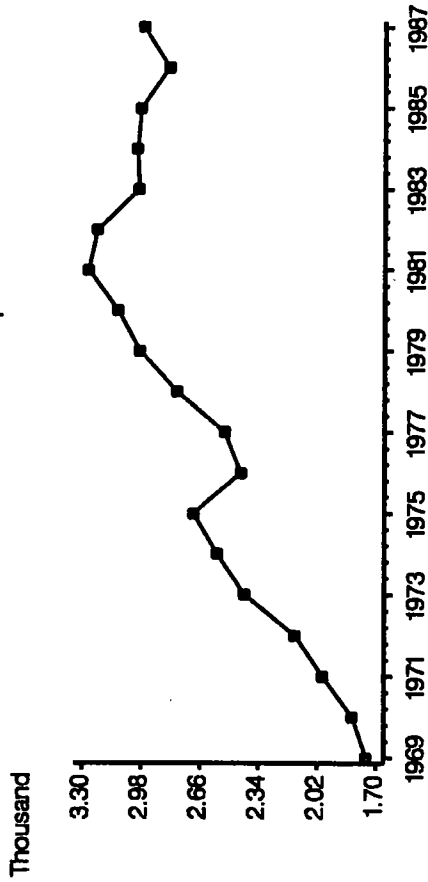


CHART 4B  
McCREARY COUNTY  
ANNUAL UNEMPLOYMENT RATE

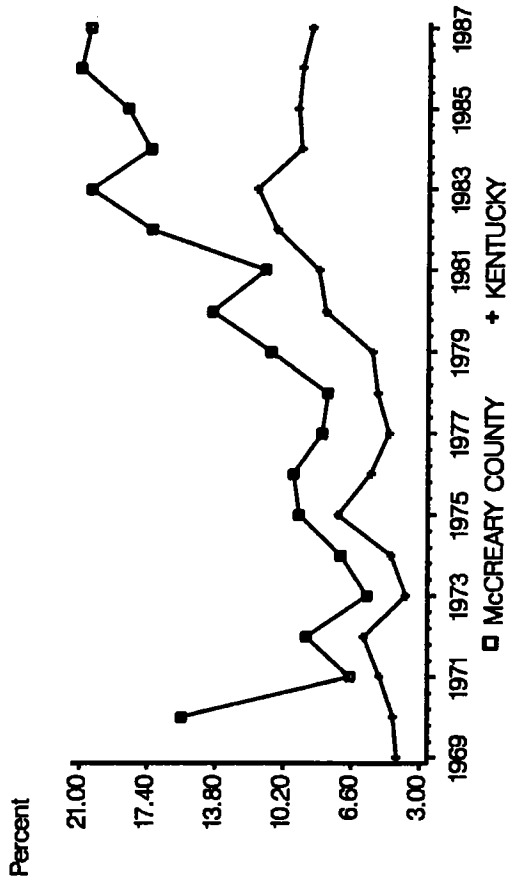


CHART 4C

McCREARY COUNTY  
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

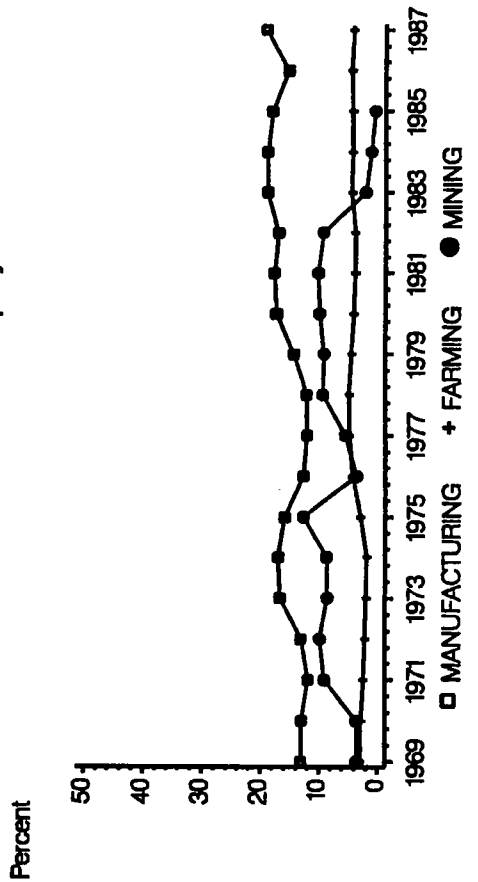


CHART 4D

McCREARY COUNTY  
EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

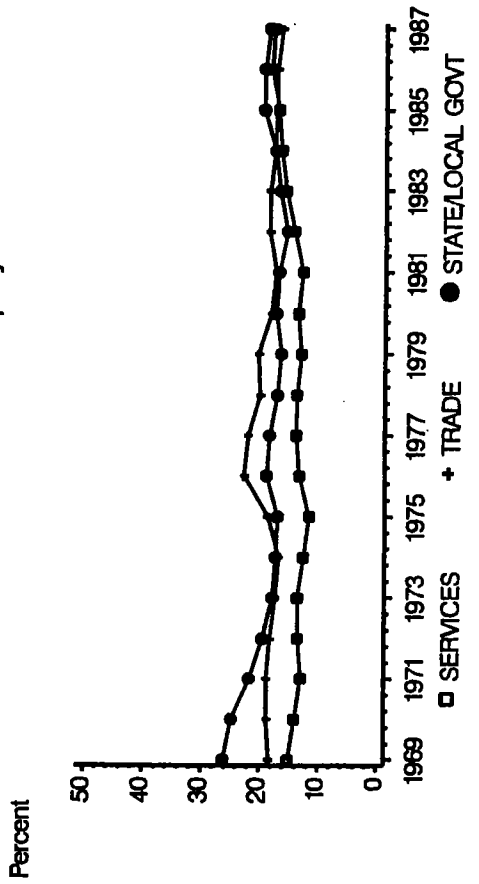


CHART 5A  
 McCREARY COUNTY  
 POPULATION  
 Thousands of People

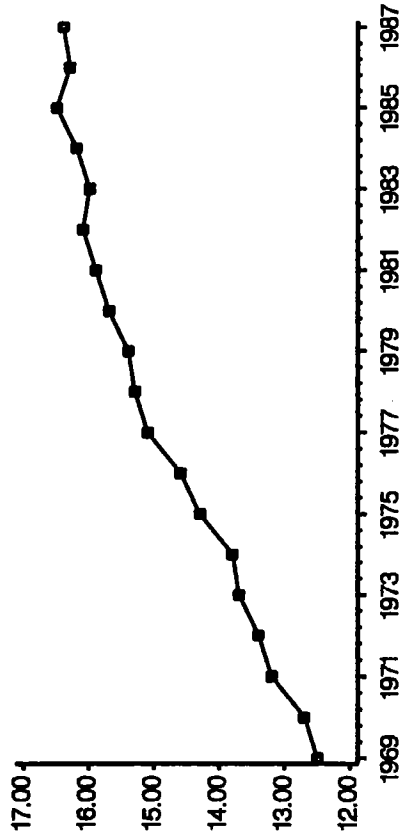


CHART 5B  
 McCREARY COUNTY  
 POPULATION  
 as a Percent of Kentucky Population

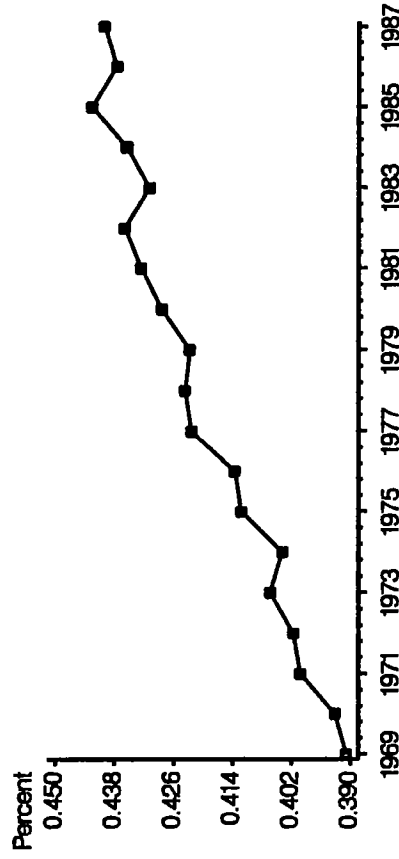


CHART 5C  
 McCREARY COUNTY  
 POPULATION 5 AND UNDER  
 as a Percent of Total Population

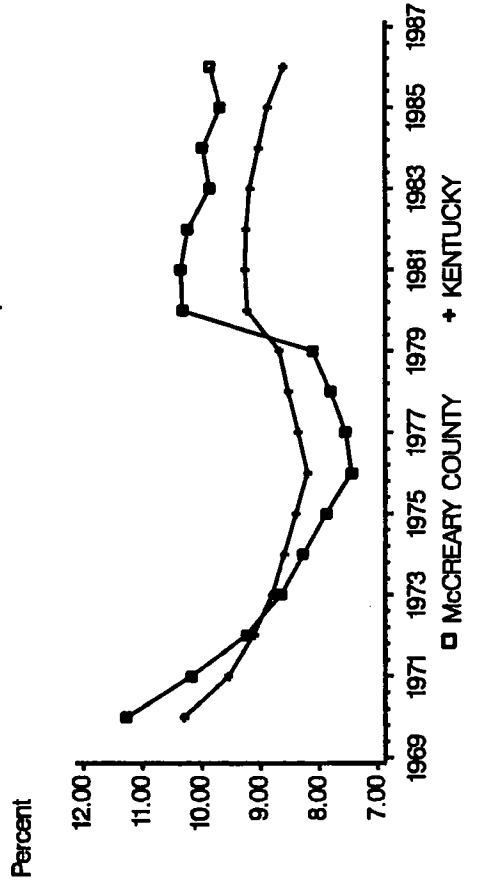
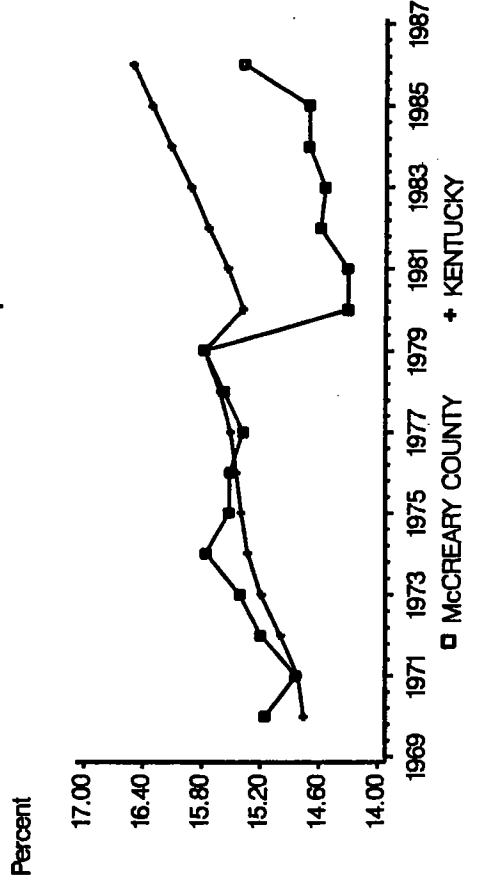
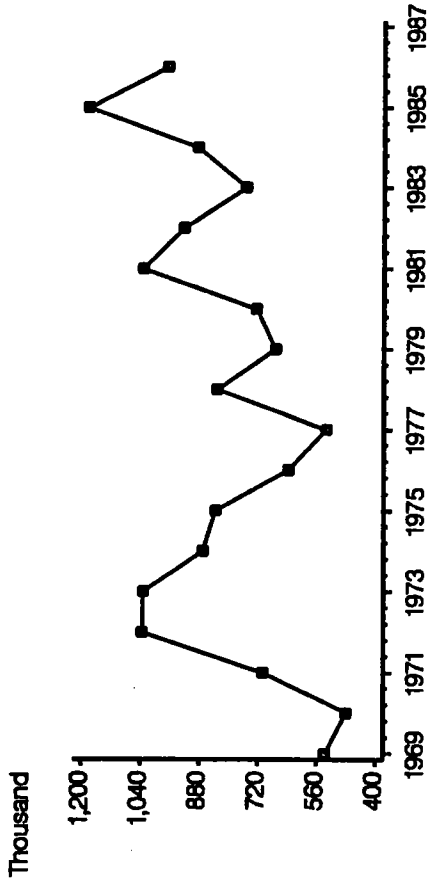


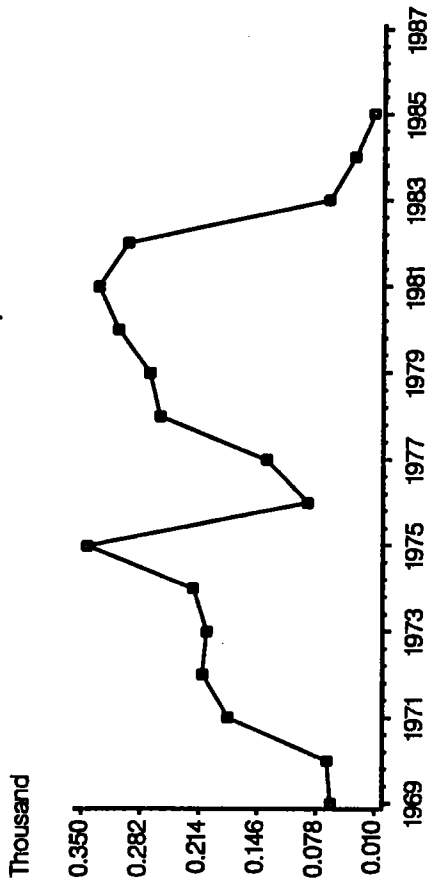
CHART 5D  
 McCREARY COUNTY  
 POPULATION 60 AND OVER  
 as a Percent of Total Population



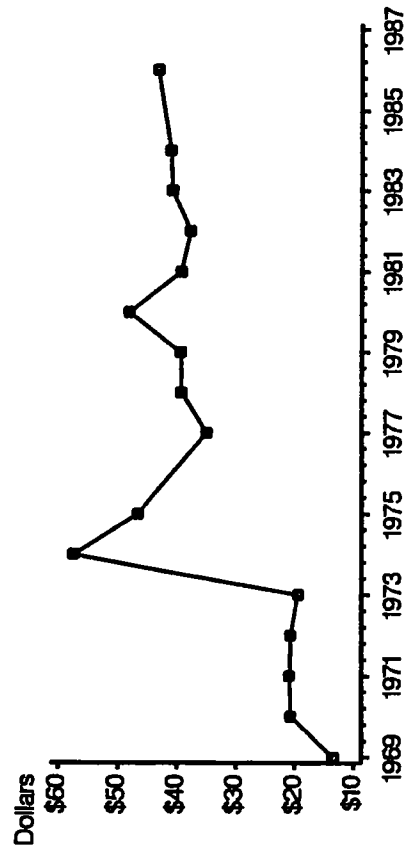
**CHART 6A**  
**McCREARY COUNTY**  
**TOTAL COAL PRODUCTION (SHIPMENTS)**  
 Thousands of Tons



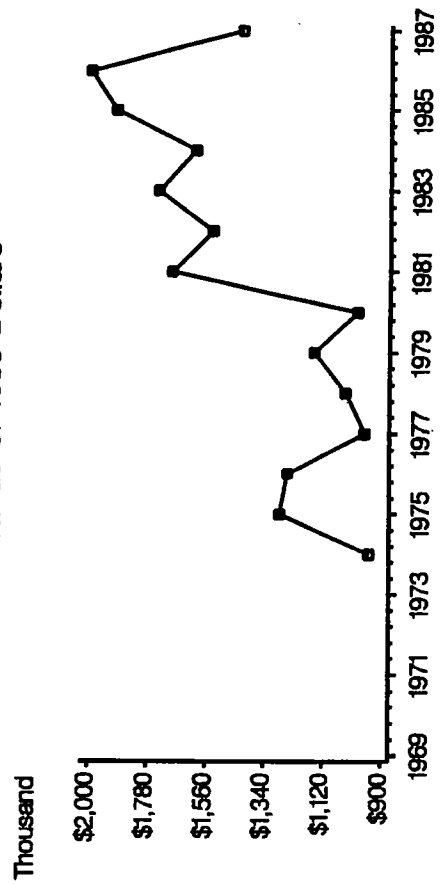
**CHART 6B**  
**McCREARY COUNTY**  
**MINING EMPLOYMENT**  
 Thousands of People



**CHART 6C**  
**McCREARY COUNTY**  
**AVERAGE VALUE PER TON FOR COAL**  
 Constant 1988 Dollars



**CHART 6D**  
**McCREARY COUNTY**  
**TAX RECEIPTS ON COAL SEVERED OR PROCESSED**  
 Thousands of 1988 Dollars





McCREARY COUNTY

PERSONAL INCOME  
In Millions of 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	45	0.16	3,623	40.8
1970	50	0.17	3,970	43.6
1971	57	0.19	4,328	46.8
1972	62	0.19	4,681	48.0
1973	70	0.20	5,158	50.2
1974	74	0.21	5,353	51.7
1975	78	0.22	5,493	53.5
1976	77	0.20	5,252	48.9
1977	81	0.20	5,351	47.9
1978	87	0.21	5,714	49.4
1979	92	0.21	5,930	50.4
1980	94	0.22	5,976	51.8
1981	96	0.22	6,030	51.4
1982	95	0.22	5,917	51.2
1983	93	0.22	5,811	51.1
1984	94	0.21	5,832	48.6
1985	93	0.21	5,629	46.9
1986	94	0.21	5,790	47.3
1987	95	0.20	5,803	46.4

COMPONENTS OF PERSONAL INCOME  
In Constant 1988 Dollars

Year	EARNINGS			TRANSFER PAYMENTS			INCOME from PROPERTY		
	M\$	Percent of Personal Income		M\$	Percent of Personal Income		M\$	Percent of Personal Income	
		County	Kentucky		County	Kentucky		County	Kentucky
1969	28	61.1	79.2	15	33.1	10.9	3	5.8	9.9
1970	29	57.7	77.9	18	36.5	11.9	3	5.8	10.2
1971	34	58.7	77.0	21	35.9	12.9	3	5.3	10.1
1972	38	60.2	77.3	22	34.8	12.9	3	5.0	9.7
1973	41	58.3	76.6	26	36.6	13.6	4	5.2	9.7
1974	43	58.8	75.5	26	35.7	14.4	4	5.5	10.1
1975	45	57.2	73.3	29	37.2	16.5	4	5.6	10.1
1976	40	52.4	73.9	32	41.8	16.1	4	5.8	10.0
1977	44	54.3	74.6	32	39.9	15.3	5	5.8	10.1
1978	51	58.7	75.0	31	35.4	14.6	5	5.9	10.4
1979	51	56.1	74.1	35	37.8	15.1	6	6.1	10.8
1980	50	53.2	71.1	37	40.0	16.7	6	6.8	12.2
1981	51	53.2	69.3	38	39.2	16.8	7	7.5	13.8
1982	48	50.8	67.5	38	40.4	17.6	8	8.8	14.9
1983	45	48.4	66.6	40	43.2	18.4	8	8.5	15.1
1984	46	48.3	67.8	40	42.7	17.3	9	9.0	14.9
1985	44	47.6	67.2	40	42.8	17.6	9	9.5	15.3
1986	45	47.2	67.1	41	43.5	17.6	9	9.3	15.3
1987	45	47.8	67.5	41	42.8	17.2	9	9.5	15.3

McCREARY COUNTY

SECTOR EARNINGS as a PERCENT of TOTAL COUNTY EARNINGS and  
as a PERCENT of KENTUCKY SECTOR EARNINGS

YEAR	MANUFACTURING		FARMING		MINING	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	8.0	0.04	0.9	0.02	3.6	0.12
1970	7.0	0.03	1.1	0.02	4.6	0.13
1971	6.5	0.03	0.7	0.02	13.3	0.40
1972	6.6	0.04	1.0	0.02	15.6	0.50
1973	9.4	0.05	1.3	0.03	14.5	0.47
1974	10.2	0.06	1.2	0.03	16.9	0.40
1975	9.6	0.07	0.9	0.03	26.8	0.53
1976	9.7	0.05	1.1	0.03	7.1	0.12
1977	9.4	0.05	1.5	0.04	12.0	0.19
1978	8.9	0.05	1.2	0.05	20.6	0.39
1979	10.6	0.06	1.2	0.04	19.0	0.38
1980	11.5	0.07	1.0	0.04	23.5	0.46
1981	12.6	0.09	1.1	0.04	25.8	0.54
1982	12.1	0.09	0.9	0.04	24.5	0.51
1983	15.7	0.09	1.1	0.09	3.6	0.08
1984	14.4	0.08	1.7	0.05	2.4	0.04
1985	13.1	0.07	1.1	0.04	1.3	0.03
1986	10.1	0.05	1.2	0.05	0.8	0.02
1987	11.7	0.06	0.9	0.04	0.6	0.01

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	16.1	0.13	23.6	0.16	21.5	0.26
1970	13.9	0.12	23.4	0.17	21.8	0.26
1971	12.5	0.12	20.4	0.16	19.2	0.25
1972	12.3	0.13	20.3	0.18	17.4	0.25
1973	11.7	0.13	20.5	0.19	16.1	0.25
1974	11.3	0.14	17.8	0.18	14.3	0.24
1975	9.9	0.12	17.7	0.18	14.3	0.24
1976	14.9	0.14	23.3	0.18	17.7	0.24
1977	14.0	0.14	20.4	0.17	17.1	0.24
1978	12.8	0.14	17.0	0.16	14.9	0.24
1979	11.7	0.13	17.7	0.17	15.4	0.23
1980	12.0	0.13	15.1	0.15	15.9	0.24
1981	9.8	0.11	13.7	0.15	14.9	0.24
1982	10.4	0.11	13.7	0.14	16.0	0.25
1983	13.7	0.11	17.2	0.15	20.0	0.25
1984	14.4	0.11	16.1	0.13	21.6	0.26
1985	15.1	0.10	15.8	0.12	23.1	0.26
1986	16.1	0.10	14.6	0.11	24.5	0.26
1987	16.1	0.09	14.6	0.11	25.3	0.26

McCREARY COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	229	13.1	52	3.0	61	3.5
1970	238	13.0	51	2.8	65	3.6
1971	237	11.9	48	2.4	180	9.0
1972	280	13.1	46	2.1	210	9.8
1973	402	16.6	47	1.9	205	8.5
1974	436	17.0	48	1.9	221	8.6
1975	429	15.9	79	2.9	344	12.8
1976	310	12.7	104	4.3	88	3.6
1977	306	12.1	122	4.8	136	5.4
1978	339	12.2	136	4.9	260	9.3
1979	430	14.4	133	4.4	272	9.1
1980	538	17.3	127	4.1	308	9.9
1981	577	17.6	126	3.8	331	10.1
1982	546	16.9	125	3.9	297	9.2
1983	565	18.8	133	4.4	64	2.1
1984	565	18.8	129	4.3	34	1.1
1985	537	18.0	127	4.2	12	0.4
1986	434	15.3	126	4.4	.	.
1987	566	19.0	125	4.2	.	.

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	265	15.1	321	18.3	459	26.2
1970	256	14.0	342	18.7	452	24.7
1971	258	12.9	374	18.8	432	21.7
1972	289	13.5	390	18.2	417	19.5
1973	328	13.6	419	17.3	430	17.8
1974	323	12.6	432	16.8	444	17.3
1975	312	11.6	500	18.5	458	17.0
1976	325	13.3	552	22.6	460	18.9
1977	350	13.8	556	22.0	464	18.4
1978	382	13.7	556	19.9	477	17.1
1979	390	13.0	607	20.3	493	16.5
1980	421	13.5	563	18.1	539	17.3
1981	420	12.8	569	17.4	552	16.9
1982	462	14.3	596	18.5	501	15.5
1983	473	15.8	553	18.4	502	16.7
1984	498	16.5	531	17.6	526	17.5
1985	509	17.0	519	17.4	581	19.4
1986	517	18.2	490	17.3	548	19.3
1987	530	17.8	489	16.4	551	18.5

McCREARY COUNTY  
EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	1,752	\$14,585	\$17,440	.	4.2
1970	1,829	\$14,702	\$17,811	15.6	4.4
1971	1,993	\$15,678	\$18,166	6.7	5.1
1972	2,143	\$16,582	\$18,970	9.0	6.0
1973	2,418	\$16,273	\$19,232	5.8	3.7
1974	2,569	\$16,571	\$19,008	7.2	4.5
1975	2,697	\$16,446	\$18,976	9.4	7.3
1976	2,439	\$15,254	\$19,563	9.7	5.6
1977	2,528	\$15,866	\$20,031	8.2	4.7
1978	2,790	\$17,418	\$20,121	7.9	5.3
1979	2,993	\$16,268	\$20,110	10.9	5.5
1980	3,112	\$15,643	\$19,439	14.0	8.0
1981	3,275	\$15,561	\$19,286	11.2	8.4
1982	3,225	\$15,072	\$18,931	17.2	10.6
1983	3,000	\$13,416	\$18,358	20.4	11.6
1984	3,010	\$13,009	\$19,080	17.3	9.3
1985	2,991	\$12,631	\$18,676	18.5	9.5
1986	2,836	\$13,112	\$18,627	21.0	9.3
1987	2,976	\$12,572	\$18,636	20.5	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER 6		PERCENT 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	12,500	0.39	.	.	.	.
1970	12,700	0.39	11.3	10.3	15.1	14.8
1971	13,200	0.40	10.2	9.6	14.8	14.8
1972	13,400	0.40	9.2	9.1	15.2	15.0
1973	13,700	0.41	8.7	8.8	15.4	15.2
1974	13,800	0.40	8.3	8.6	15.8	15.3
1975	14,300	0.41	7.9	8.4	15.5	15.4
1976	14,600	0.41	7.4	8.2	15.5	15.5
1977	15,100	0.42	7.5	8.4	15.4	15.5
1978	15,300	0.42	7.8	8.5	15.6	15.6
1979	15,400	0.42	8.1	8.7	15.8	15.8
1980	15,700	0.43	10.3	9.2	14.3	15.4
1981	15,900	0.43	10.4	9.3	14.3	15.5
1982	16,100	0.44	10.2	9.2	14.6	15.7
1983	16,000	0.43	9.9	9.2	14.5	15.9
1984	16,200	0.44	10.0	9.0	14.7	16.1
1985	16,500	0.44	9.7	8.9	14.7	16.3
1986	16,300	0.44	9.9	8.6	15.4	16.5
1987	16,400	0.44	.	.	.	.

MC CREARY COUNTY

COAL MINING STATISTICS

YEAR	PRODUCTION (Thousand Tons)	EMPLOYMENT	AVERAGE VALUE PER TON	COAL TAX RECEIPTS (000)
1969	537	61	\$13.51	.
1970	479	65	\$20.75	.
1971	706	180	\$20.93	.
1972	1,035	210	\$20.74	.
1973	1,033	205	\$19.45	.
1974	871	221	\$57.41	\$948
1975	836	344	\$46.67	\$1,284
1976	637	88	.	\$1,255
1977	535	136	\$35.07	\$964
1978	832	260	\$39.35	\$1,036
1979	674	272	\$39.42	\$1,153
1980	726	308	\$48.09	\$992
1981	1,034	331	\$39.36	\$1,688
1982	923	297	\$37.80	\$1,538
1983	754	64	\$40.81	\$1,741
1984	887	34	\$41.08	\$1,601
1985	1,184	12	.	\$1,899
1986	969	.	\$43.20	\$1,994
1987	.	.	.	.

Note: All dollar figures are presented in constant 1988 dollars.





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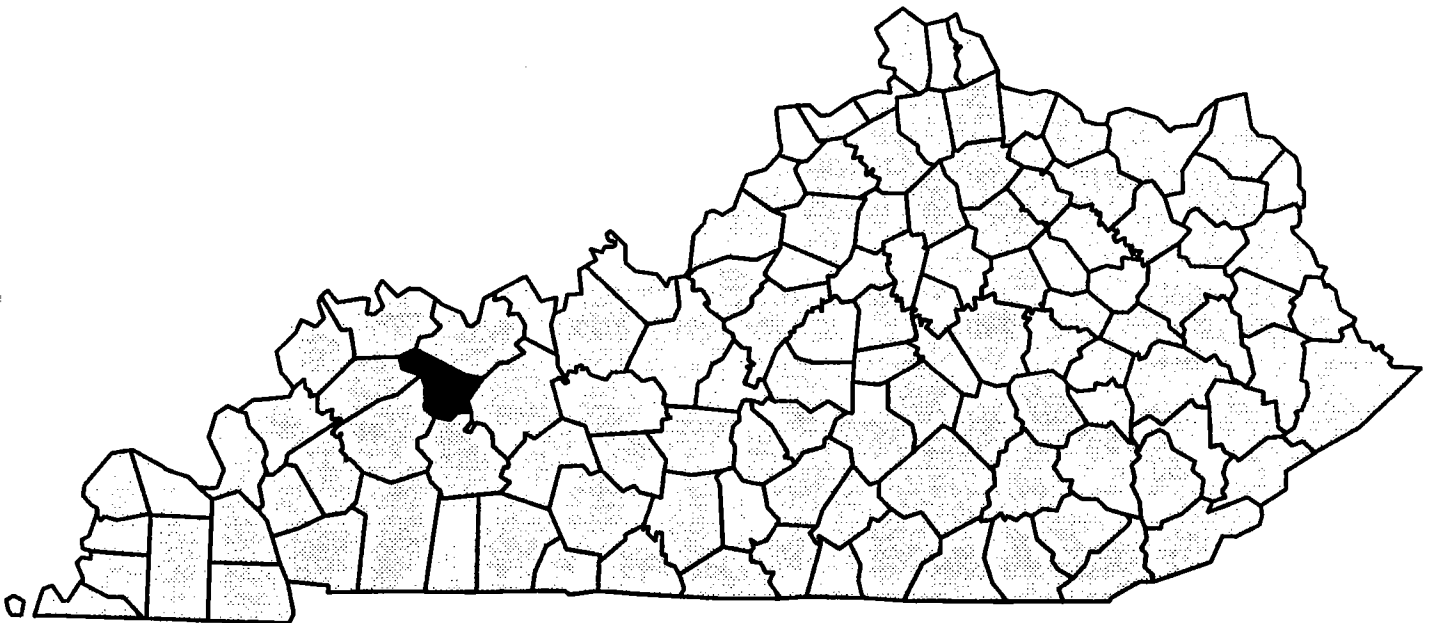
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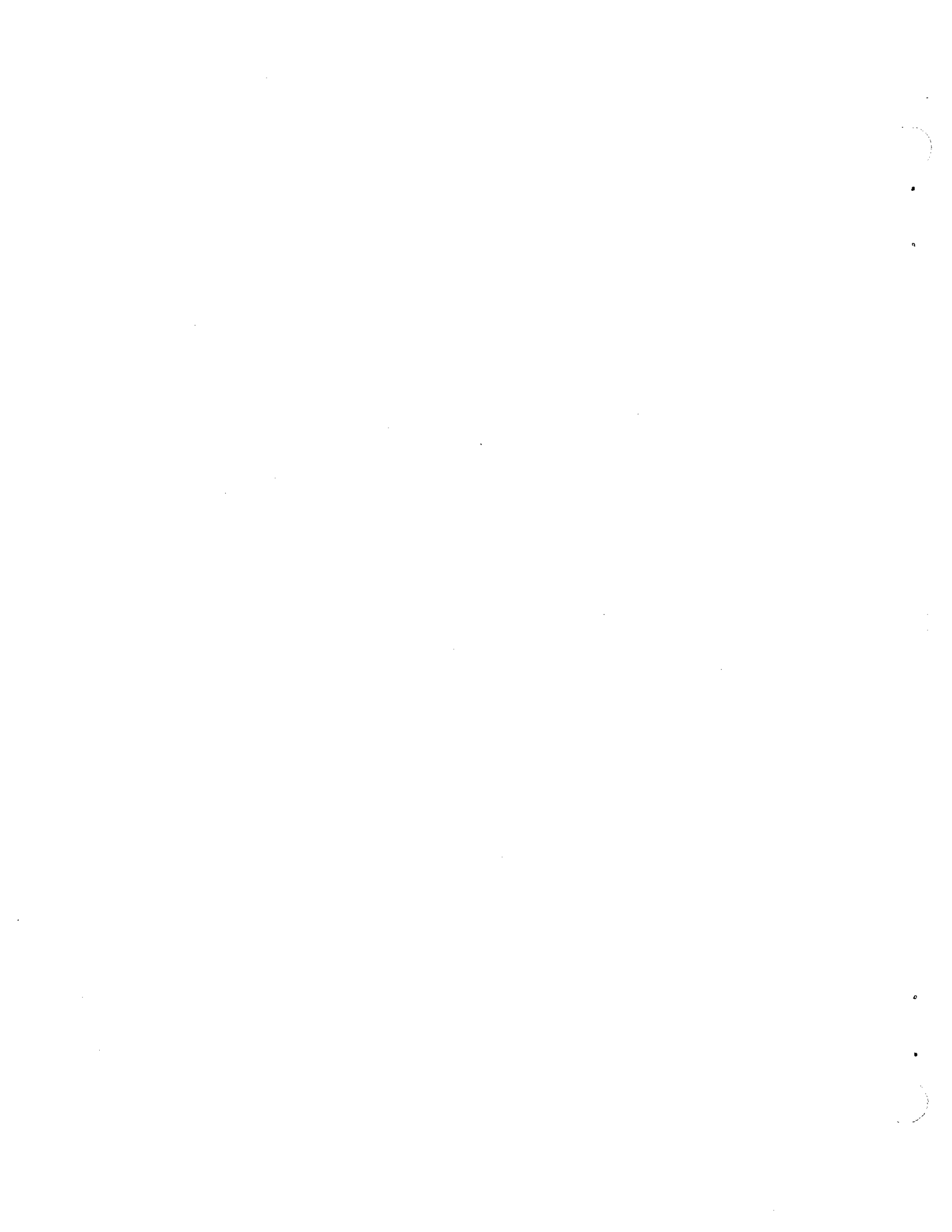
ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

**McLEAN COUNTY**



Prepared by  
Virginia Wilson  
Donna A. Cantrell

RESEARCH MEMORANDUM 438  
Legislative Research Commission  
Frankfort, Kentucky  
February, 1990



ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

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No. 438  
1990

MCLEAN COUNTY

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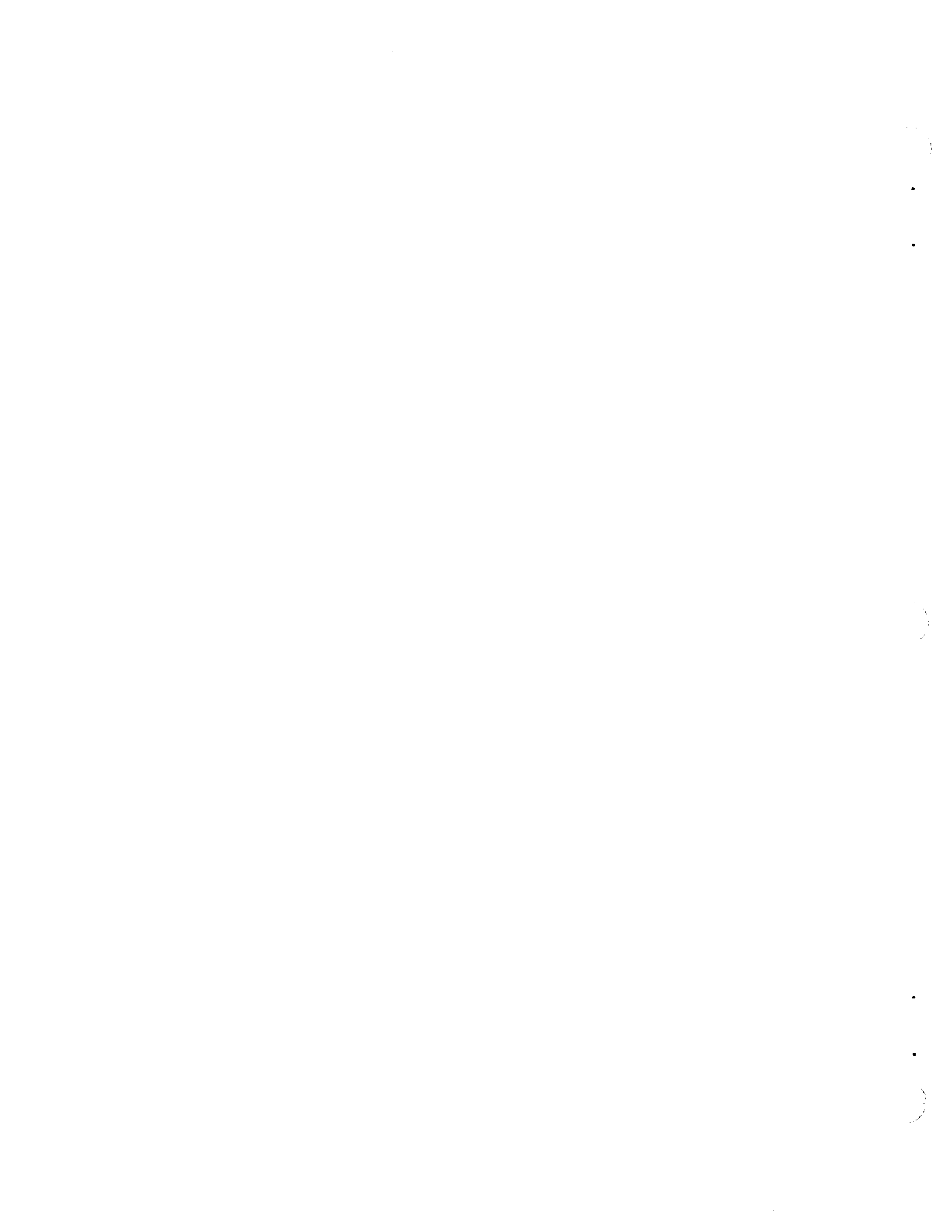
## FOREWORD

This publication is one of a set of 120, highlighting economic trends in each county in Kentucky from 1969-1987. This effort is part of the ongoing activities sponsored by the Legislative Research Commission to provide a long-term perspective on issues for decision makers. The economies of individual counties do not always parallel overall state trends. This set of publications is an attempt to look at the economic trends in each county over time and to point out where the economies of individual counties may be performing differently from the economy of the state as a whole.

This publication was prepared by Virginia Wilson and Donna Cantrell. Susan Dance assisted in production of the manuscript and Charles Bush edited the report. The assistance of Carol Straus from the Center for Business and Economic Research at the University of Kentucky in deciphering data is gratefully acknowledged.

Vic Hellard, Jr.  
Director

The Capitol  
Frankfort  
February, 1990



## SUMMARY

The McLean County economy, as measured by personal income, grew in the 1970's and was relatively constant in the 1980's. McLean County had small increases in its share of Kentucky personal income in the 1970's and small decreases in its share in the 1980's.

The county economy was heavily impacted by the volatile goods-producing industries of mining, manufacturing and farming. The farm sector was the primary source of employment in McLean County. However, earnings from this sector declined substantially. The county's share of earnings and employment from mining increased in 1975, then declined to minimal levels by 1987. The manufacturing sector increased its share of earnings and employment.

The non-goods-producing sectors of services, and state and local government increased their shares of employment. The trade sector declined slightly. At the state level, the services and trade sectors increased their shares, while the state and local government share was constant.

The county's high concentration in the goods-producing sectors contributed to a volatile economic history. These industries are very sensitive to economic fluctuations, especially durable goods manufacturing. The national outlook is for continued decline in farm sector employment and continued growth for the services and trade sector. Future economic growth in McLean County would probably be enhanced by development of the less volatile non-goods-producing industries.





## INTRODUCTION

This is one of a series of reports called Economic Trends in Kentucky Counties. The purpose of this series is to describe the economic structure of Kentucky counties and to assess their economic performance relative to their own history and relative to the Kentucky economy. Information on the structure and patterns of change in county economies and an understanding of their relationship to the Kentucky economy can help in making policy decisions that are intended to shape Kentucky's economic future.\*

When assessing any economy there are several pertinent questions which may be addressed. The first concerns changes in the absolute size of the economy over time. Here the relevant comparison is between the McLean County economy and its own history. Since most economic variables are given in dollars and since inflation causes the value of a dollar to vary over time, all dollar values in this report are presented in constant 1988 dollars. This allows analysis of real changes over time by controlling for the effects of inflation.

A second question concerns the structure and nature of the McLean County economy. The structure of an economy refers to the relative share contributed by the various segments of the economy, while the nature deals with how this share has changed over time.

A third question concerns the performance of the McLean County economy when compared to the Kentucky economy. For example, if a county has a higher proportion of earnings or employment in a particular sector it would indicate a specialization in that sector. Differences in economic structure may explain variations in relative economic well being between a county and the state as a whole.

Economic data for counties are usually published after a lag of two years. Therefore, most data in this report cover the period 1969 to 1987. All data for this report was obtained from the Kentucky Economic Information System, an on-line database maintained by the University of Kentucky Center for Business and Economic Development.

There are certain caveats which should be remembered when analyzing data. First, it is a common and useful approach to evaluate the percentage an economic sector contributes to the total economy. However, one must remember that a sector's percentage contribution may decline even when its absolute value is increasing, if another sector's contribution is growing at a faster rate. Secondly, when reviewing data in graphical analyses, the scales used to present data should be noted. In this report most graphs are presented with the narrowest scale which will cover all data points. This can accentuate visual patterns over time even when absolute changes are relatively small.

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\*For an analysis of economic trends in Kentucky, see Virginia Wilson, Patterns of Growth and Decline in the Kentucky Economy 1969-1988, Research Memorandum 437, Legislative Research Commission, November 1989.



## ECONOMIC TRENDS IN MCLEAN COUNTY

The following analysis includes a brief description of the county economy and is accompanied by graphical illustrations. Data tables are also included at the end of this report. Three principal components of the McLean County economy are analyzed. They are:

1. Personal Income
2. Earnings
3. Employment

Also, because coal production has been an important component in the Kentucky economy and in many local economies, the coal sector is analyzed in counties which have a history of coal production.

### Personal Income

Personal income is often used as a measure of the economic activity in an area. Personal income is the sum of all the dollar income received by individuals in an area from any legal source. Personal income data is published by the Bureau of Economic Analysis (BEA) for most major geographic regions, including states, counties, and major cities.

In general, income can be obtained in three ways. First, it can be earned by the work of an individual. This type of income includes wages and salaries income and proprietors' earnings. Second, income can be earned by property. Included are earnings from rents, dividends, and interest. Finally, income can be received as a gift or an entitlement. This type of income constitutes the component of personal income called transfer payments. Included in this component is income from sources such as retirement benefits, unemployment benefits, food stamps, and medical programs such as Medicare and Medicaid.

As can be seen in Chart 1A, the size of the McLean County economy, as measured by real personal income, increased from \$70 million in 1969 to a high of \$124 million in 1979 (after adjusting for inflation). There was a subsequent decline to \$110 million in 1987. Chart 1B shows McLean County total personal income as a percent of Kentucky total personal income. McLean County's share of Kentucky personal income increased through the 1970's and declined in the 1980's.

A similar pattern emerges from an examination of per capita personal income (Charts 1C and 1D). Per capita personal income is simply the total personal income of an area divided by its population. Per capita personal income is often used as a measure of the economic well-being of the residents of an area. McLean County real per capita income generally increased over the time period to a level of \$11,423 per person in 1987. While McLean County's per capita personal income was 91.4 percent of the Kentucky per capita personal income in 1987, this percentage was erratic during the period.

A better understanding of the nature of economic activity can be gleaned from an examination of the relative contribution of the components of personal income and how their shares have changed over time. This information is illustrated in Charts 2A-2D. Earnings were volatile during the period. Total earnings increased from \$54 million in 1969 to a high of \$91 million in 1979 then declined to \$70 million in 1987 (in constant 1988 dollars). Earnings as a percent of personal income declined over the period. Earnings accounted for 63.7 percent of McLean County's total personal income in 1987, which was less than Kentucky's 67.5 percent share.

Transfer payments contributed \$9 million to total personal income in 1969 and \$22 million in 1987. In 1987, transfer payments contributed 19.6 percent of personal income in McLean County, compared to 17.2 percent in Kentucky.

Income from property in McLean County grew rapidly in the late 1970's and was constant in the 1980's. Income from property totalled \$7 million in 1969 and increased to \$18 million in 1987.

## Earnings

Earnings are the component of personal income reflecting payments to individuals in return for labor. Earnings include both wages and salaries and proprietor's earnings. Earnings in the goods-producing industries were volatile during the period (Chart 3A). In 1969, McLean County received 13.0 percent of its earnings from manufacturing. This percentage fluctuated during the period but increased to 23.1 percent by 1987. Earnings from the farming sector were also erratic but generally declined from 28.7 percent in 1969 to 10.7 percent in 1987. Farm earnings were negative in 1983, corresponding to a national recession in the farm sector. The mine sector's share of earnings was minimal in the early 1970's. However, this sector's share increased to 11.4 percent in 1975. Earnings from this sector subsequently declined through the 1980's to 0.3 percent in 1987. The shares of earnings from all three of these sectors declined in the state as a whole.

The share of earnings from non-goods-producing industries was also volatile during the period (Chart 3B). The percent of total earnings from services decreased in the 1970's, then increased in the 1980's to 16.4 percent in 1987. The percent of earnings from the trade sector was 14.3 percent in 1987. The share of earnings from the state and local government sector was 14.3 percent in 1987. At the state level, the share of earnings from services showed a substantial increase, while the shares from trade and state and local government remained constant.

Average earnings per job (adjusted for inflation) for McLean County and Kentucky are shown in Chart 3D. In Kentucky, average earnings per job reached a high of \$20,121 per person in 1978. Average earnings per job have since declined and in 1987 they were \$18,636 per person. McLean County average earnings per job increased to \$18,580 in 1977, then decreased to a level of \$12,253 in 1987, below the Kentucky average.

## Employment

Employment is considered to be any activity for which one receives financial remuneration in the form of wages or profits. In 1969, total employment stood at 2,759 people. By 1974, employment had increased to 3,323 people but then declined to 3,224 by 1987.

The unemployment rate, often used as an indicator of economic well-being, is the ratio of unemployed to the total civilian labor force. Unemployment is described as a condition of being out of work while actively seeking employment within the last thirty days. The civilian labor force is described as the proportion of population age 16 or older employed or actively seeking employment. Annual unemployment rates for Kentucky and McLean County are presented in Chart 4B. McLean County unemployment rates were above those of the state after 1982. In 1987, the unemployment rate in McLean County was 15.0 percent, compared to 8.8 percent in Kentucky.

Another employment concept includes the discouraged worker. Discouraged workers are persons who want jobs but made no attempt to find work in the last thirty days because they believe they could not find it. These individuals are not included when calculating official unemployment rates. The Cabinet for Human Resources does not estimate discouraged workers by county. However, preliminary research by the Cabinet indicates that the inclusion of discouraged workers in the civilian labor force estimate would increase the unemployment rate by approximately 4 percent for the state. This figure would vary by county depending on the labor market in a county or within commuting distance.

Employment in the goods-producing industries is illustrated in Chart 4C. The percent of McLean County total employment in manufacturing increased from 11.2 percent of total employment in 1969 to 13.0 percent in 1987. The farm sector was the primary source of employment in McLean County. The farm sector's share of employment decreased from 39.7 percent in 1969 to 25.3 percent in 1987. The mining sector represented a minimal share of total employment until 1974. Mine sector employment increased to 5.1 percent of total employment in 1975. However, this share declined through the 1980's to 0.7 percent in 1987. Overall, Kentucky saw employment shares of these sectors decline during the period.

McLean County employment in the non-goods-producing industries is illustrated in Chart 4D. Employment in the service sector as a percent of total employment increased from 11.3 percent in 1969 to 21.0 percent in 1987. The percent of employment in trade decreased from 16.1 percent in 1969 to 14.9 percent in 1987. The percent of employment in state and local government remained relatively constant and accounted for 10.9 percent in 1987. These county employment patterns were largely similar to state patterns, where the shares of employment in services and trade increased, while the share in state and local government remained constant.

## Population

The census conducted each decade counts the actual population in an area. Population is then statistically estimated during intervening years. The demographic composition of this population growth has important implications for the future demand for goods and services, and ultimately, the economic structure of McLean County.

The McLean County population increased from 9,100 in 1969 to 10,400 in 1978, then declined to 9,600 by 1987 (Chart 5A). It was estimated that in 1986, 8.0 percent of McLean County's population was under six years of age, compared to 8.6 percent for the state. In the same year, 19.6 percent of the McLean County population was sixty years of age and over, compared to 16.5 percent of all Kentucky residents.

## Coal

The coal sector provides significant income and employment to the Kentucky economy. This sector also contributes directly to the Commonwealth's General Fund revenues through severance tax collections. Coal production had a strong impact on the McLean County economy.

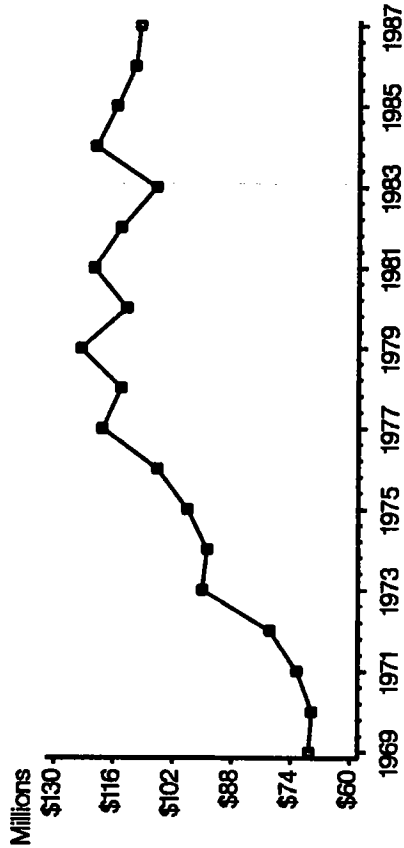
McLean County coal production patterns are presented in Chart 6A. Coal production is estimated by the Energy Information Administration of the U.S. Department of Energy. Estimates of production are calculated from a sample of coal shipments from each county. Coal production increased to a high of 1,312 thousand tons in 1973. By 1986, production declined to 102 thousand tons of coal.

Employment in the mining sector, which includes coal and other forms of mining, is illustrated in Chart 6B. In 1969, this sector provided only 38 jobs in McLean County. Employment increased to 168 in 1975. However, in 1987 there were only 21 people employed in mining in McLean County. The changes in employment illustrate the volatile nature of coal production and its impact on local economies.

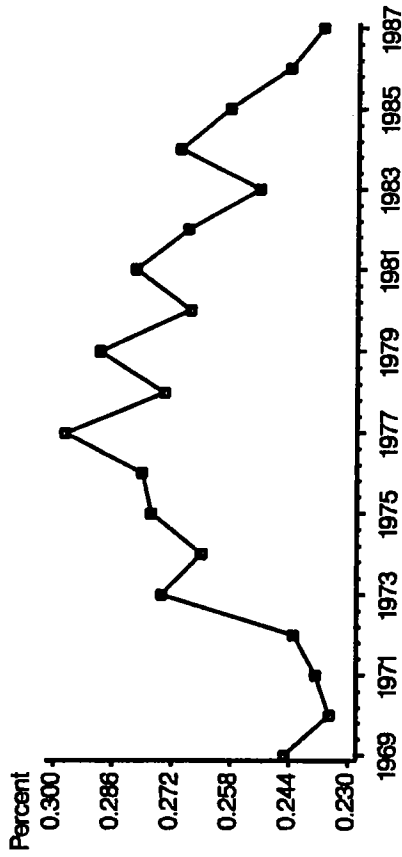
The average value per ton for coal is illustrated in Chart 6C. Nationally, average value per ton increased in the 1970's, then declined significantly during the 1980's. Most data on the average value per ton for McLean County is not available because of nondisclosure rules.

Coal severance tax receipts are presented in Chart 6D. The Kentucky Revenue Cabinet collects severance taxes on processed coal. Receipts are then allocated to counties, based on the value of the coal mined in the county and the value attributed to any processing done in the county. Therefore, trends in severance tax collections may not exactly parallel those of the coal production figures in Chart 6A. Severance tax collections increased to \$1.5 million in 1975. By 1986, coal severance tax collections allocated to McLean County totalled \$0.2 million.

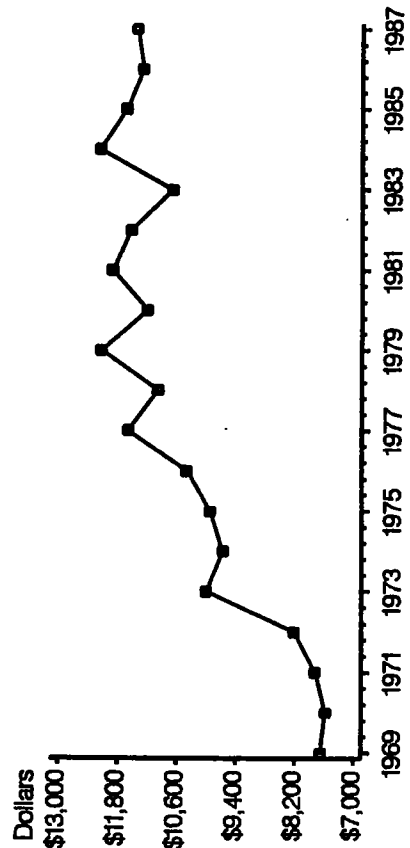
**CHART 1A**  
**McLEAN COUNTY**  
**REAL PERSONAL INCOME**  
 Millions of 1988 dollars



**CHART 1B**  
**McLEAN COUNTY**  
**PERSONAL INCOME**  
 as a Percent of Kentucky Personal Income



**CHART 1C**  
**McLEAN COUNTY**  
**PER CAPITA PERSONAL INCOME**  
 in Constant 1988 Dollars



**CHART 1D**  
**McLEAN COUNTY**  
**PER CAPITA PERSONAL INCOME**  
 as a Percent of Kentucky Per Capita Personal Income

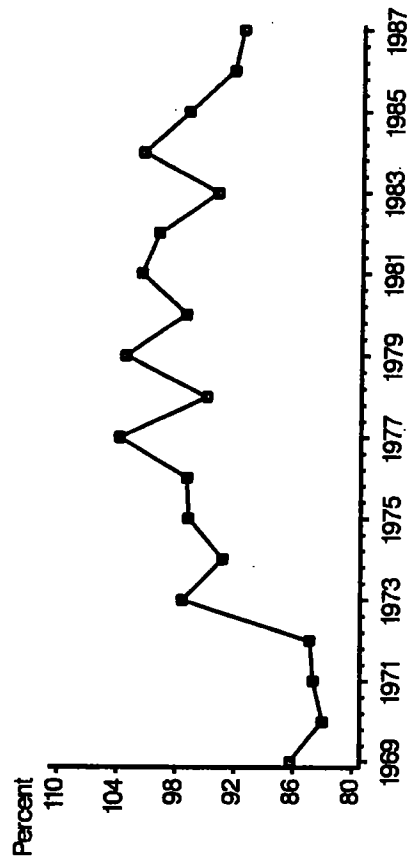


CHART 2A

McLEAN COUNTY

REAL TOTAL EARNINGS

Millions of 1988 dollars

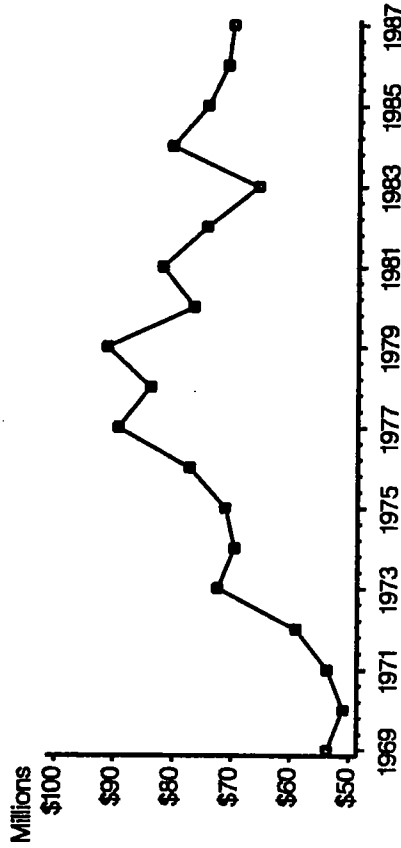


CHART 2C

McLEAN COUNTY

TOTAL EARNINGS

as a Percent of Personal Income

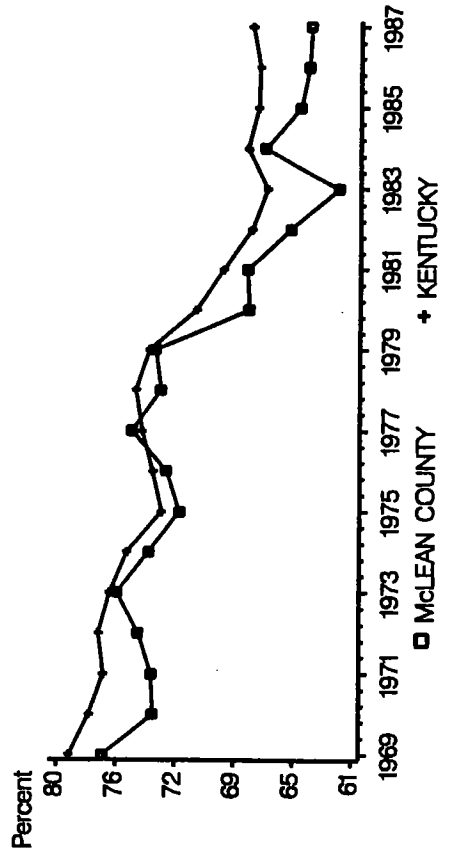


CHART 2B

McLEAN COUNTY

TRANSFER PAYMENTS and INCOME FROM PROPERTY

Millions of 1988 Dollars

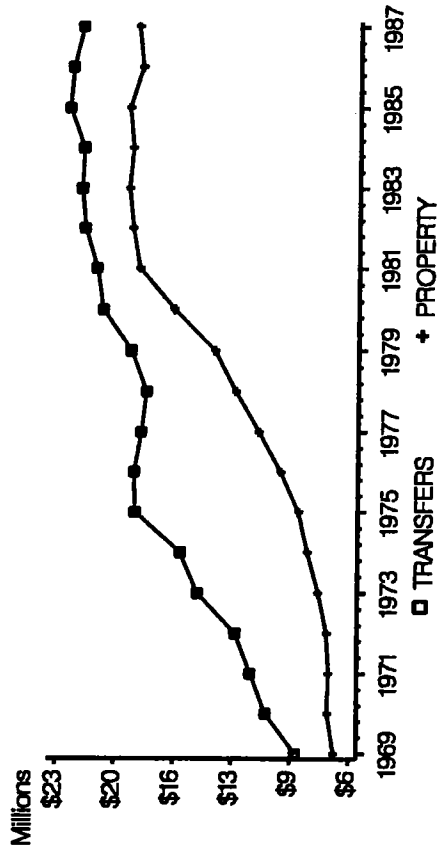


CHART 2D

McLEAN COUNTY

TRANSFER PAYMENTS

as a Percent of Personal Income

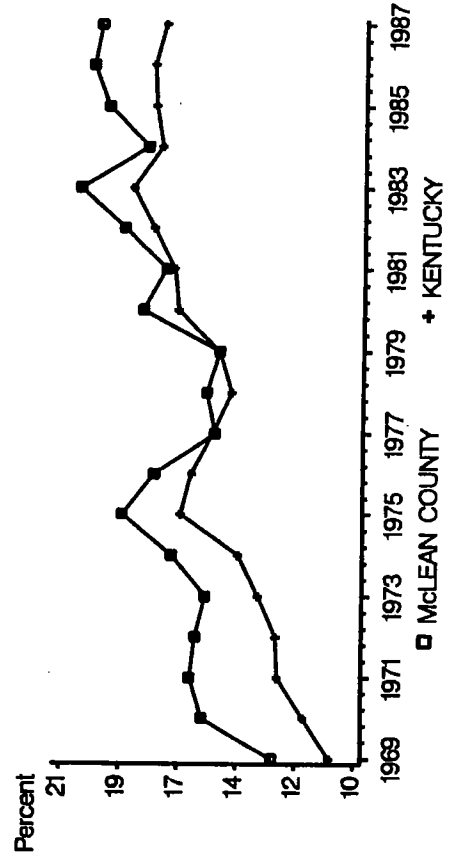




CHART 3A

McLEAN COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

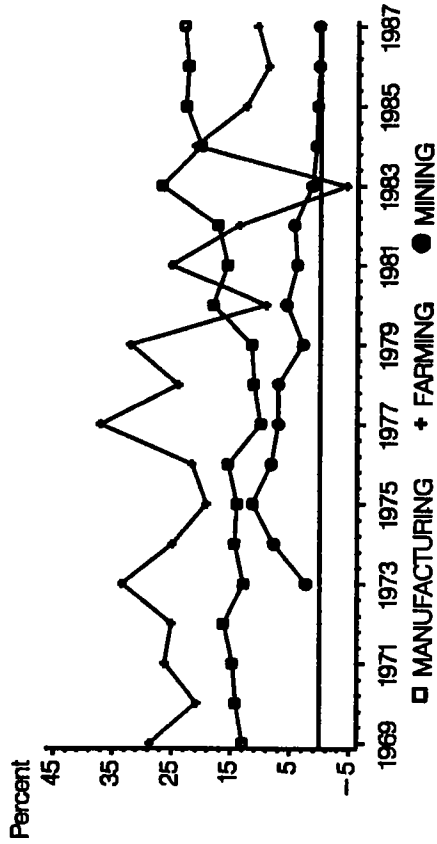


CHART 3B

McLEAN COUNTY

EARNINGS in NON - GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

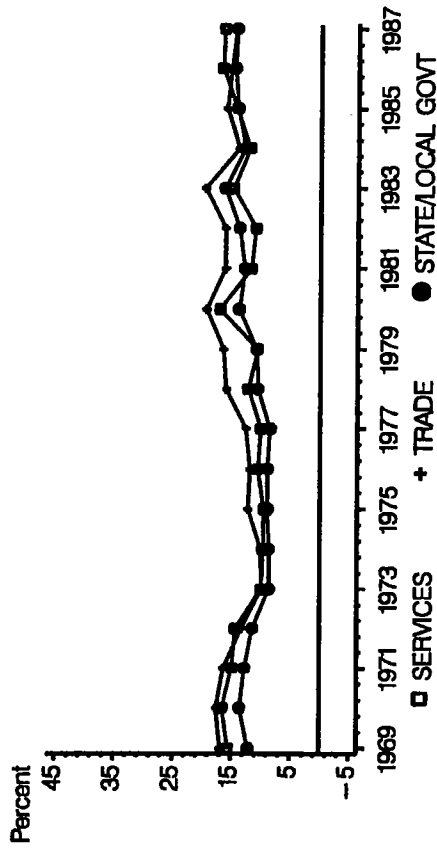


CHART 3C

McLEAN COUNTY

EARNINGS in GOODS PRODUCING INDUSTRIES  
as a Percent of Kentucky Industries

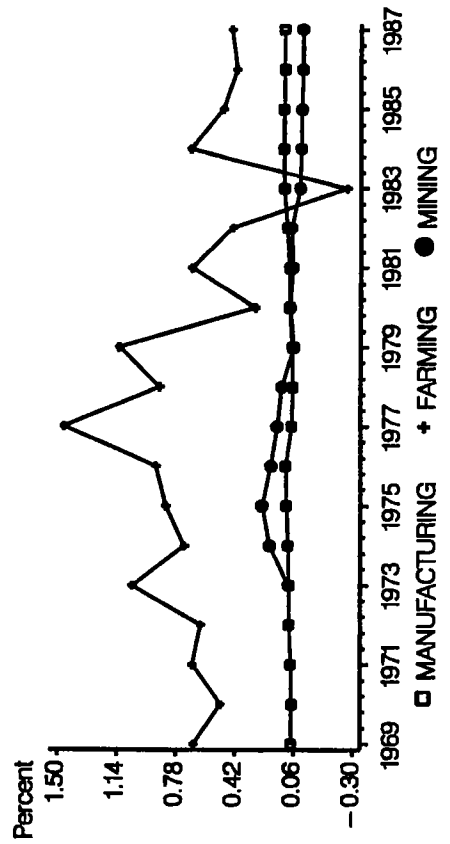


CHART 3D

McLEAN COUNTY

AVERAGE EARNINGS PER JOB  
in Constant 1988 Dollars

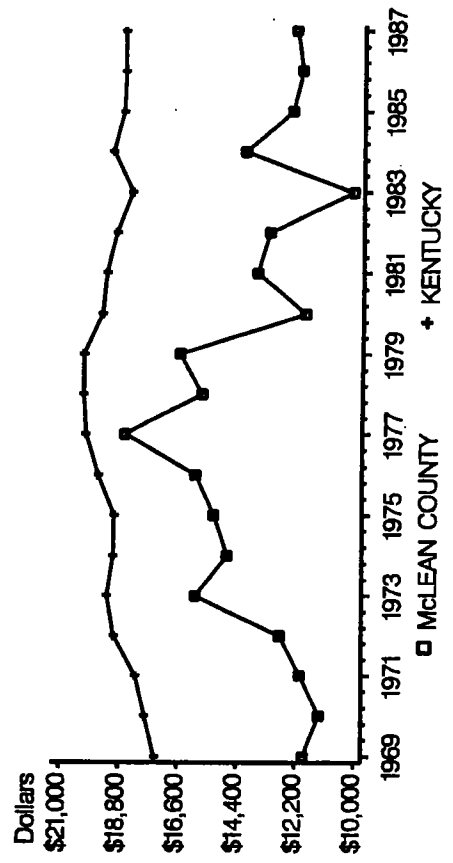


CHART 4A  
McLEAN COUNTY  
TOTAL EMPLOYMENT  
Thousands of People

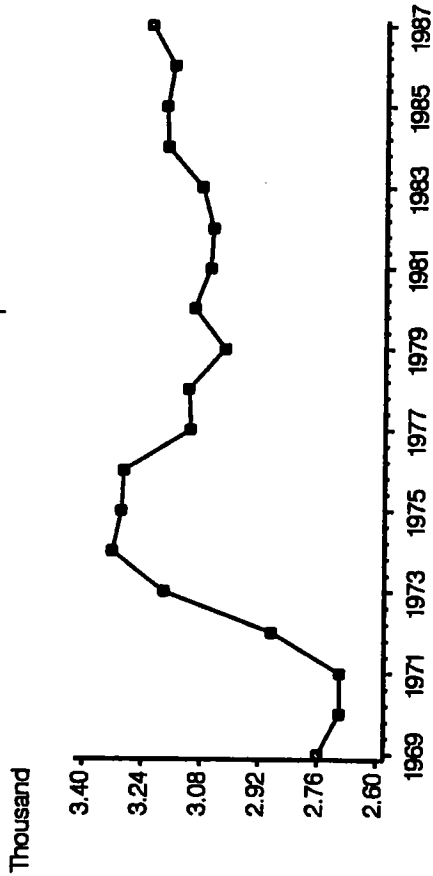


CHART 4B  
McLEAN COUNTY  
ANNUAL UNEMPLOYMENT RATE

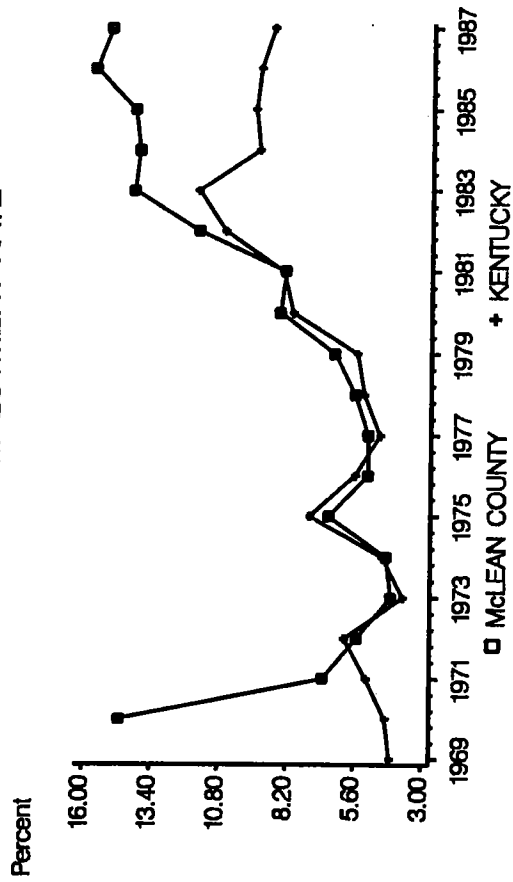


CHART 4C  
McLEAN COUNTY  
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

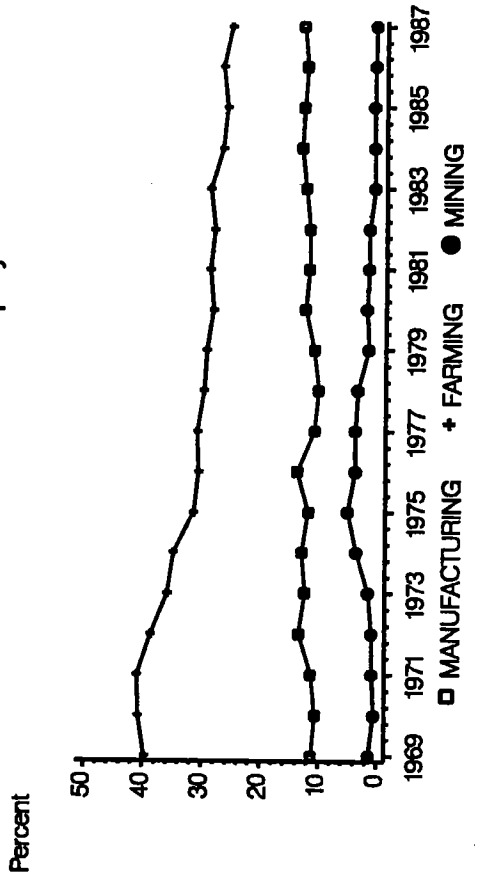


CHART 4D  
McLEAN COUNTY  
EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

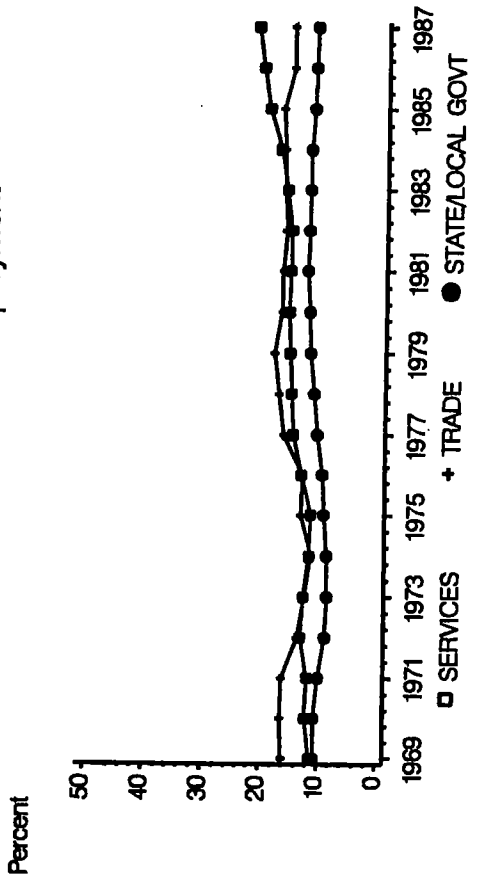


CHART 5A  
McLEAN COUNTY  
POPULATION  
Thousands of People

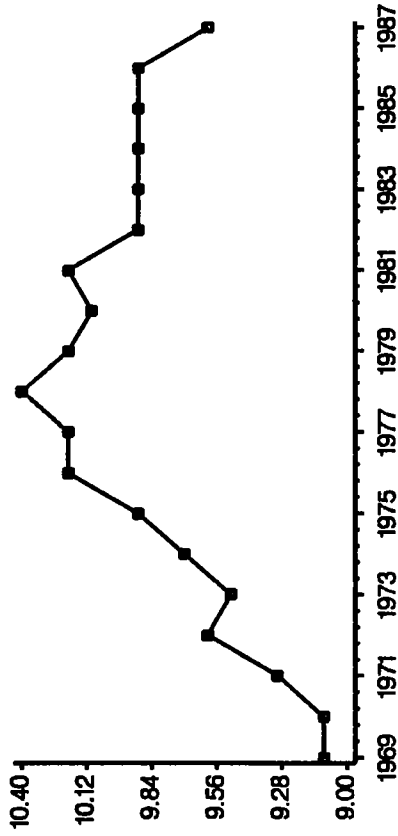


CHART 5B  
McLEAN COUNTY  
POPULATION  
as a Percent of Kentucky Population

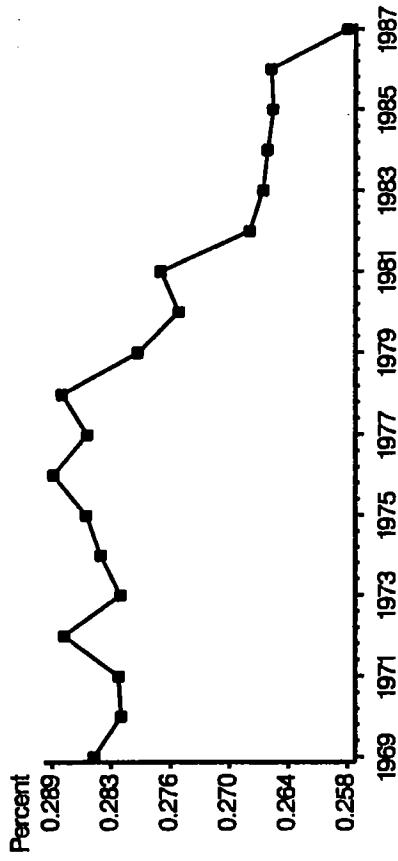


CHART 5C  
McLEAN COUNTY  
POPULATION 5 AND UNDER  
as a Percent of Total Population

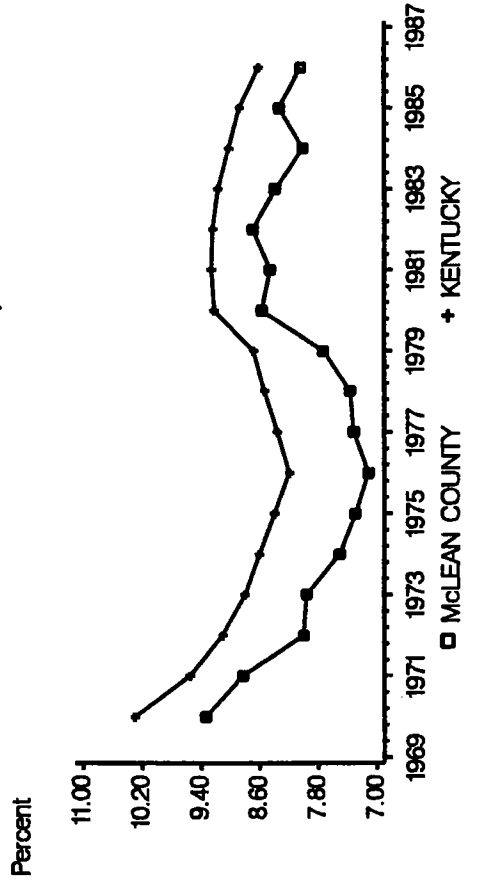


CHART 5D  
McLEAN COUNTY  
POPULATION 60 AND OVER  
as a Percent of Total Population

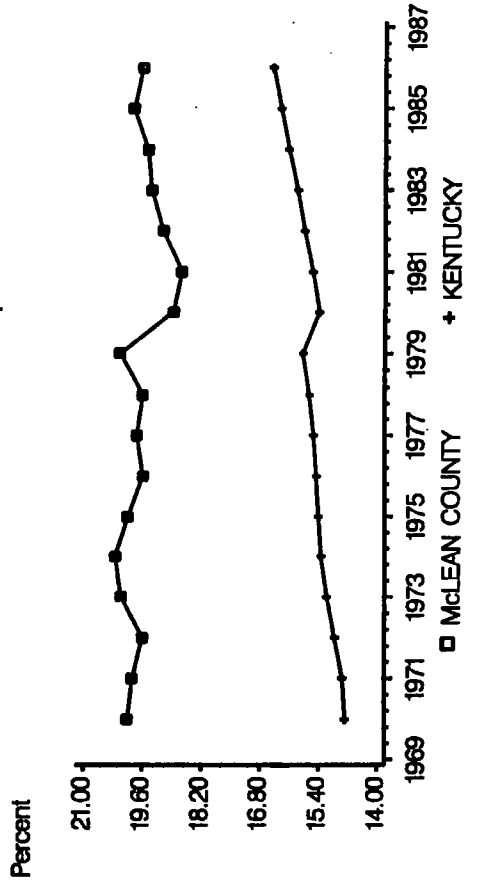


CHART 6A  
McLEAN COUNTY  
TOTAL COAL PRODUCTION (SHIPMENTS)  
Thousands of Tons

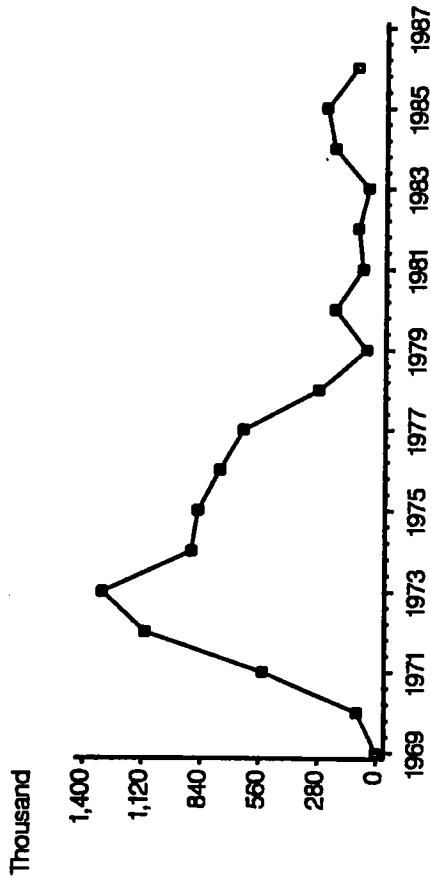


CHART 6B  
McLEAN COUNTY  
MINING EMPLOYMENT  
Thousands of People

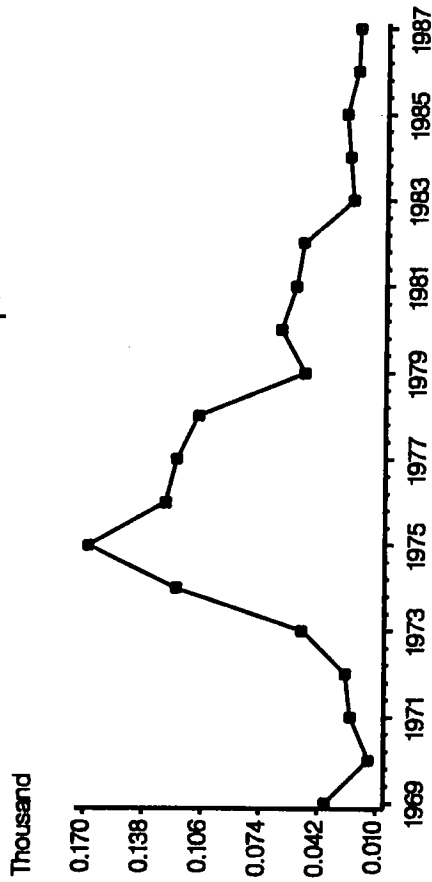


CHART 6C  
McLEAN COUNTY  
AVERAGE VALUE PER TON FOR COAL  
Constant 1988 Dollars

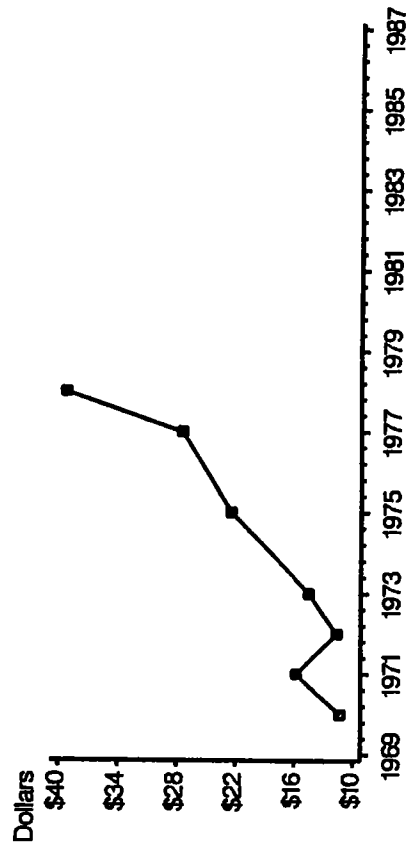
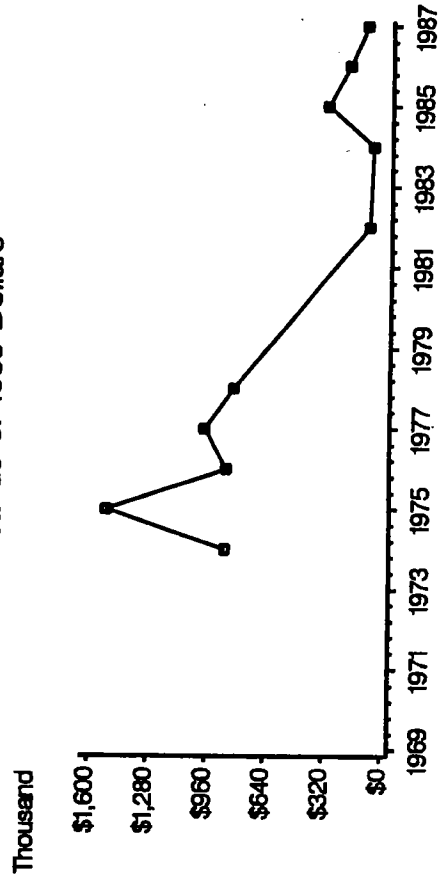


CHART 6D  
McLEAN COUNTY  
TAX RECEIPTS ON COAL SEVERED OR PROCESSED  
Thousands of 1988 Dollars



McLEAN COUNTY

PERSONAL INCOME  
In Millions of 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	70	0.25	7,667	86.3
1970	69	0.23	7,566	83.0
1971	73	0.24	7,769	83.9
1972	79	0.24	8,214	84.3
1973	95	0.27	10,000	97.4
1974	94	0.27	9,662	93.2
1975	99	0.28	9,935	96.8
1976	106	0.28	10,409	97.0
1977	119	0.30	11,601	103.8
1978	114	0.27	10,986	95.0
1979	124	0.29	12,135	103.2
1980	113	0.27	11,198	97.1
1981	121	0.28	11,912	101.6
1982	115	0.27	11,540	99.9
1983	106	0.25	10,693	93.9
1984	121	0.27	12,167	101.5
1985	116	0.26	11,628	96.9
1986	111	0.24	11,298	92.3
1987	110	0.24	11,423	91.4

COMPONENTS OF PERSONAL INCOME  
In Constant 1988 Dollars

Year	EARNINGS			TRANSFER PAYMENTS			INCOME from PROPERTY		
	M\$	Percent of Personal Income		M\$	Percent of Personal Income		M\$	Percent of Personal Income	
		County	Kentucky		County	Kentucky		County	Kentucky
1969	54	77.1	79.2	9	13.1	10.9	7	9.9	9.9
1970	51	73.8	77.9	11	15.7	11.9	7	10.5	10.2
1971	54	73.9	77.0	12	16.2	12.9	7	9.9	10.1
1972	59	74.8	77.3	13	16.0	12.9	7	9.2	9.7
1973	72	76.2	76.6	15	15.6	13.6	8	8.2	9.7
1974	70	74.1	75.5	16	16.9	14.4	8	9.0	10.1
1975	71	72.2	73.3	18	18.7	16.5	9	9.1	10.1
1976	77	73.0	73.9	19	17.5	16.1	10	9.5	10.0
1977	89	75.2	74.6	18	15.3	15.3	11	9.5	10.1
1978	84	73.4	75.0	18	15.6	14.6	13	11.1	10.4
1979	91	73.7	74.1	19	15.1	15.1	14	11.2	10.8
1980	77	67.7	71.1	20	18.0	16.7	16	14.3	12.2
1981	82	67.8	69.3	21	17.1	16.8	18	15.1	13.8
1982	74	65.0	67.5	21	18.7	17.6	19	16.3	14.9
1983	66	61.9	66.6	22	20.3	18.4	19	17.8	15.1
1984	80	66.7	67.8	22	17.8	17.3	19	15.5	14.9
1985	74	64.4	67.2	22	19.3	17.6	19	16.3	15.3
1986	71	63.8	67.1	22	19.9	17.6	18	16.3	15.3
1987	70	63.7	67.5	22	19.6	17.2	18	16.7	15.3

McLEAN COUNTY

SECTOR EARNINGS as a PERCENT of TOTAL COUNTY EARNINGS and  
as a PERCENT of KENTUCKY SECTOR EARNINGS

YEAR	MANUFACTURING		FARMING		MINING	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	13.0	0.07	28.7	0.67	.	.
1970	14.2	0.07	20.8	0.51	.	.
1971	14.7	0.08	26.3	0.68	.	.
1972	16.3	0.09	25.1	0.63	.	.
1973	12.9	0.09	33.5	1.05	2.3	0.10
1974	14.4	0.10	25.0	0.73	7.8	0.21
1975	14.1	0.11	19.2	0.84	11.4	0.26
1976	15.6	0.11	21.7	0.90	8.2	0.20
1977	10.0	0.07	37.2	1.46	7.1	0.16
1978	11.2	0.07	24.0	0.88	7.1	0.14
1979	11.6	0.07	32.2	1.13	2.9	0.06
1980	18.1	0.09	9.2	0.30	5.7	0.08
1981	15.8	0.09	25.3	0.69	3.9	0.07
1982	17.4	0.10	13.8	0.43	4.4	0.08
1983	26.9	0.12	-4.5	-0.26	1.4	0.02
1984	20.3	0.12	21.3	0.69	0.7	0.02
1985	22.9	0.12	12.7	0.49	0.5	0.01
1986	22.5	0.12	8.9	0.41	0.2	0.00
1987	23.1	0.12	10.7	0.44	0.3	0.01

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	15.5	0.17	16.9	0.15	12.1	0.19
1970	16.5	0.16	17.6	0.14	13.5	0.18
1971	14.9	0.15	16.4	0.14	12.7	0.17
1972	14.3	0.15	13.2	0.12	11.4	0.17
1973	9.9	0.14	9.8	0.11	8.6	0.17
1974	9.7	0.13	10.1	0.11	8.7	0.17
1975	9.5	0.13	12.3	0.14	8.9	0.17
1976	10.6	0.14	12.0	0.13	8.9	0.17
1977	10.1	0.14	12.6	0.15	8.5	0.17
1978	12.3	0.14	16.0	0.15	10.6	0.17
1979	10.6	0.12	16.4	0.16	10.8	0.17
1980	17.0	0.14	19.3	0.15	13.8	0.16
1981	11.7	0.11	16.1	0.14	12.8	0.17
1982	11.0	0.10	16.2	0.14	13.8	0.18
1983	14.8	0.09	19.5	0.13	16.2	0.16
1984	12.0	0.10	13.9	0.13	12.8	0.18
1985	14.2	0.10	15.9	0.13	14.1	0.17
1986	16.7	0.11	15.2	0.12	14.6	0.16
1987	16.4	0.10	14.3	0.11	14.3	0.16

McLEAN COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	309	11.2	1,096	39.7	38	1.4
1970	285	10.6	1,101	40.8	14	0.5
1971	305	11.3	1,107	41.0	24	0.9
1972	388	13.4	1,118	38.7	27	0.9
1973	397	12.5	1,142	35.9	51	1.6
1974	433	13.0	1,160	34.9	120	3.6
1975	392	11.9	1,039	31.5	168	5.1
1976	457	13.9	1,011	30.7	126	3.8
1977	337	10.8	961	30.9	120	3.9
1978	317	10.2	930	29.8	108	3.5
1979	331	11.0	888	29.4	50	1.7
1980	390	12.6	878	28.3	63	2.0
1981	366	12.0	884	28.9	55	1.8
1982	361	11.8	860	28.2	51	1.7
1983	386	12.5	891	28.9	24	0.8
1984	420	13.2	851	26.8	26	0.8
1985	409	12.9	829	26.1	28	0.9
1986	391	12.4	847	26.8	22	0.7
1987	418	13.0	817	25.3	21	0.7

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	311	11.3	445	16.1	293	10.6
1970	327	12.1	442	16.4	285	10.6
1971	318	11.8	437	16.2	266	9.9
1972	375	13.0	392	13.6	251	8.7
1973	398	12.5	392	12.3	267	8.4
1974	385	11.6	372	11.2	283	8.5
1975	374	11.3	432	13.1	299	9.1
1976	427	13.0	423	12.8	308	9.4
1977	452	14.5	502	16.1	320	10.3
1978	462	14.8	528	16.9	340	10.9
1979	457	15.1	539	17.9	350	11.6
1980	478	15.4	516	16.6	366	11.8
1981	466	15.2	506	16.5	375	12.3
1982	460	15.1	487	16.0	368	12.1
1983	491	15.9	500	16.2	367	11.9
1984	541	17.0	521	16.4	375	11.8
1985	605	19.0	529	16.6	358	11.3
1986	634	20.1	470	14.9	350	11.1
1987	677	21.0	480	14.9	351	10.9

McLEAN COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	2,759	\$11,870	\$17,440	.	4.2
1970	2,700	\$11,275	\$17,811	14.6	4.4
1971	2,699	\$12,001	\$18,166	6.8	5.1
1972	2,886	\$12,786	\$18,970	5.5	6.0
1973	3,181	\$15,944	\$19,232	4.2	3.7
1974	3,323	\$14,740	\$19,008	4.4	4.5
1975	3,298	\$15,253	\$18,976	6.6	7.3
1976	3,292	\$15,950	\$19,563	5.1	5.6
1977	3,111	\$18,580	\$20,031	5.1	4.7
1978	3,116	\$15,717	\$20,121	5.6	5.3
1979	3,018	\$16,550	\$20,110	6.4	5.5
1980	3,102	\$11,859	\$19,439	8.5	8.0
1981	3,059	\$13,683	\$19,286	8.3	8.4
1982	3,052	\$13,234	\$18,931	11.6	10.6
1983	3,083	\$10,111	\$18,358	14.1	11.6
1984	3,178	\$14,135	\$19,080	13.9	9.3
1985	3,182	\$12,395	\$18,676	14.1	9.5
1986	3,162	\$12,019	\$18,627	15.6	9.3
1987	3,224	\$12,253	\$18,636	15.0	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER 6		PERCENT 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	9,100	0.28	.	.	.	.
1970	9,100	0.28	9.3	10.3	20.0	14.8
1971	9,300	0.28	8.8	9.6	19.8	14.8
1972	9,600	0.29	8.0	9.1	19.6	15.0
1973	9,500	0.28	8.0	8.8	20.1	15.2
1974	9,700	0.28	7.5	8.6	20.2	15.3
1975	9,900	0.29	7.3	8.4	19.9	15.4
1976	10,200	0.29	7.1	8.2	19.6	15.5
1977	10,200	0.29	7.3	8.4	19.7	15.5
1978	10,400	0.29	7.4	8.5	19.6	15.6
1979	10,200	0.28	7.7	8.7	20.1	15.8
1980	10,100	0.28	8.6	9.2	18.9	15.4
1981	10,200	0.28	8.5	9.3	18.7	15.5
1982	9,900	0.27	8.7	9.2	19.1	15.7
1983	9,900	0.27	8.4	9.2	19.4	15.9
1984	9,900	0.27	8.0	9.0	19.5	16.1
1985	9,900	0.27	8.3	8.9	19.8	16.3
1986	9,900	0.27	8.0	8.6	19.6	16.5
1987	9,600	0.26	.	.	.	.



McLEAN COUNTY

COAL MINING STATISTICS

YEAR	PRODUCTION (Thousand Tons)	EMPLOYMENT	AVERAGE VALUE PER TON	COAL TAX RECEIPTS (000)
1969	0	38	.	.
1970	94	14	\$11.35	.
1971	544	24	\$15.81	.
1972	1,106	27	\$11.65	.
1973	1,312	51	\$14.48	.
1974	887	120	.	\$861
1975	856	168	\$22.42	\$1,503
1976	751	126	.	\$854
1977	640	120	\$27.49	\$971
1978	281	108	\$39.21	\$813
1979	54	50	.	.
1980	205	63	.	.
1981	73	55	.	.
1982	96	51	.	\$82
1983	46	24	.	.
1984	209	26	.	\$64
1985	249	28	.	\$309
1986	102	22	.	.
1987	.	21	.	.

Note: All dollar figures are presented in constant 1988 dollars.





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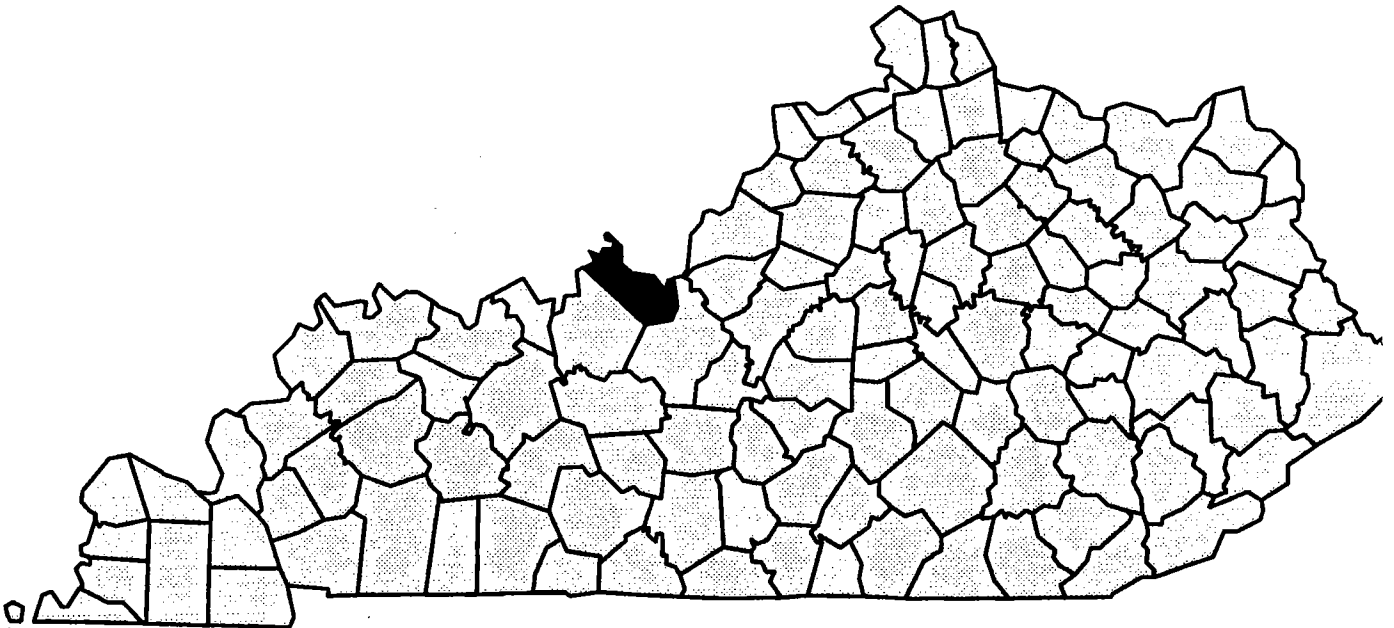
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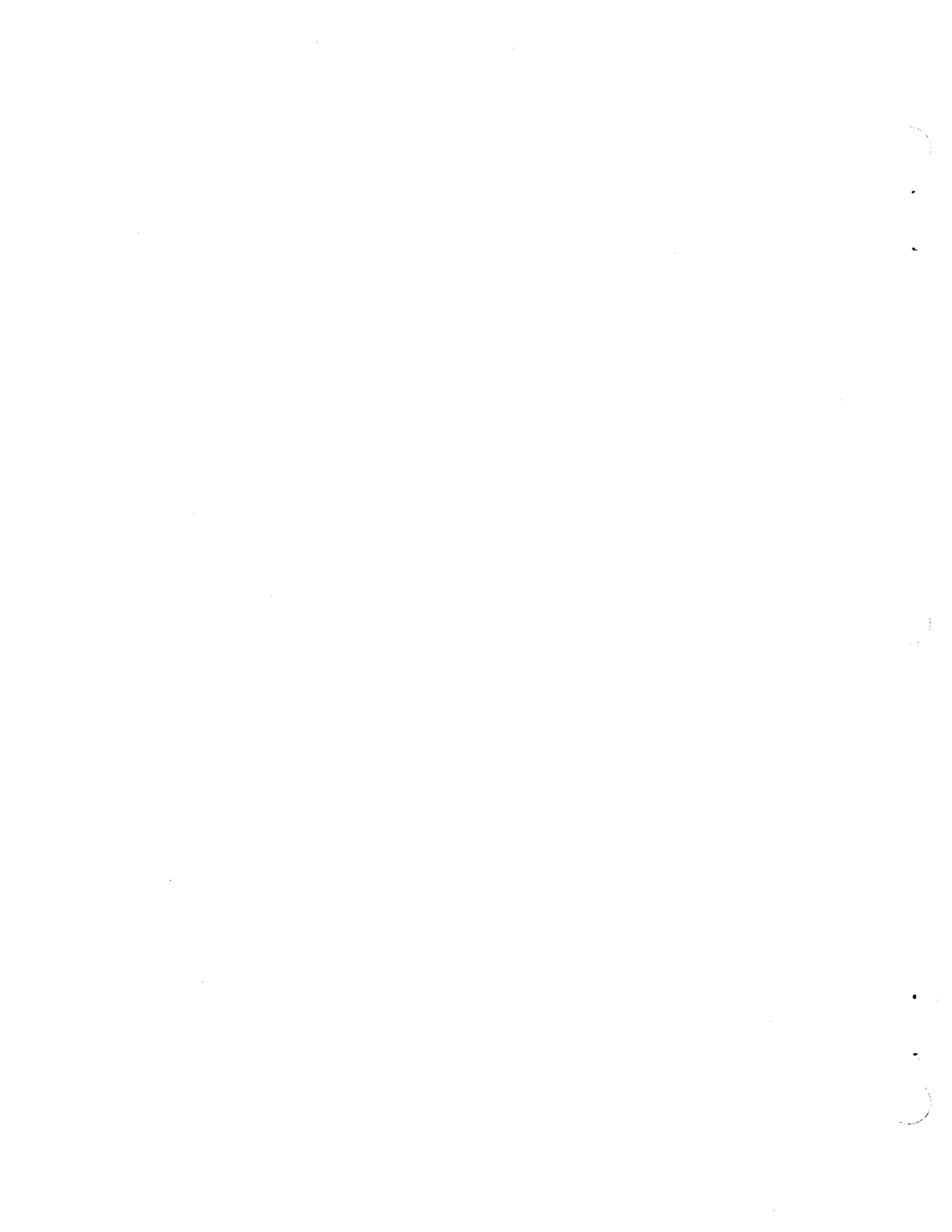
ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

**MEADE COUNTY**



Prepared by  
Virginia Wilson  
Donna A. Cantrell

RESEARCH MEMORANDUM 438  
Legislative Research Commission  
Frankfort, Kentucky  
February, 1990



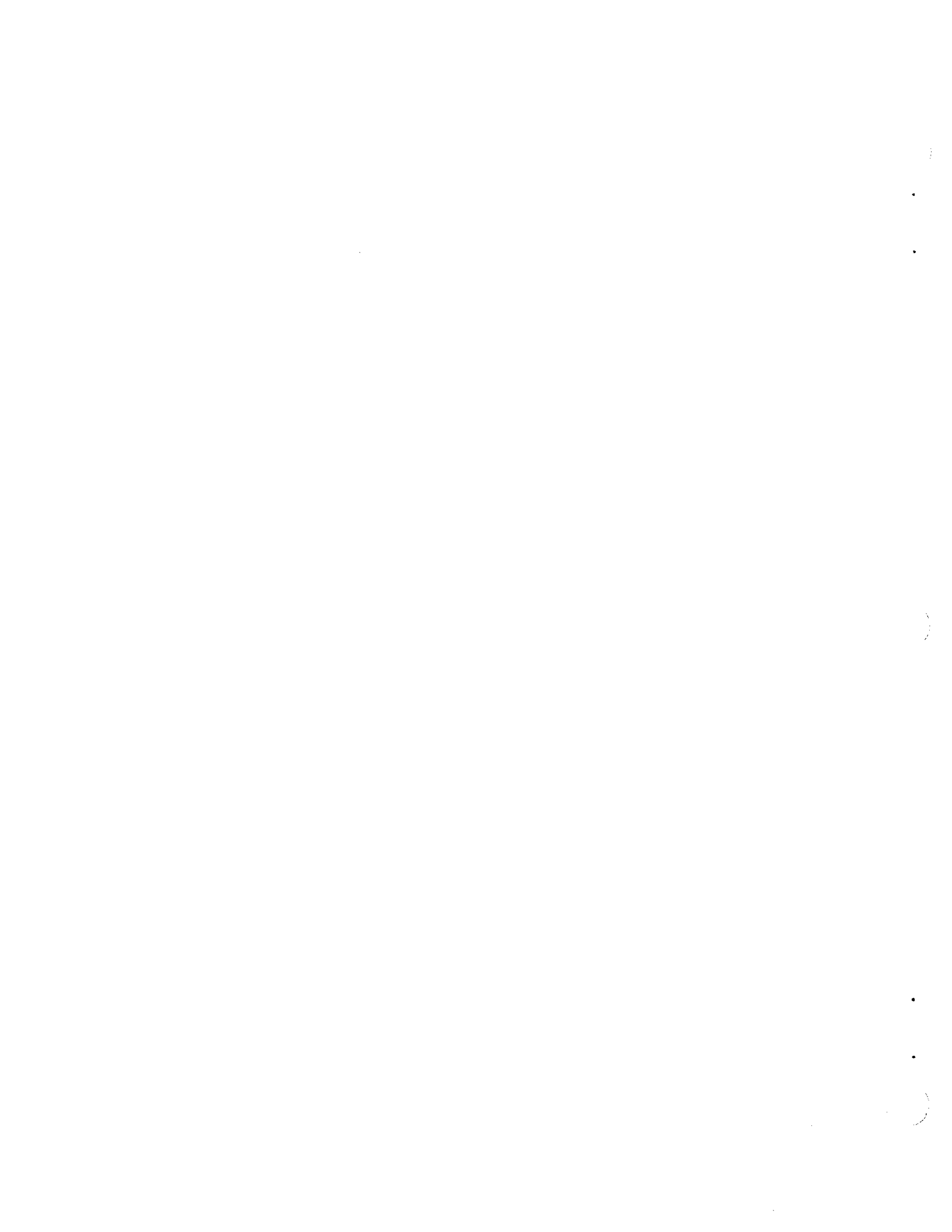
ECONOMIC TRENDS IN  
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1969 – 1987

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MEADE COUNTY

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## FOREWORD

This publication is one of a set of 120, highlighting economic trends in each county in Kentucky from 1969-1987. This effort is part of the ongoing activities sponsored by the Legislative Research Commission to provide a long-term perspective on issues for decision makers. The economies of individual counties do not always parallel overall state trends. This set of publications is an attempt to look at the economic trends in each county over time and to point out where the economies of individual counties may be performing differently from the economy of the state as a whole.

This publication was prepared by Virginia Wilson and Donna Cantrell. Susan Dance assisted in production of the manuscript and Charles Bush edited the report. The assistance of Carol Straus from the Center for Business and Economic Research at the University of Kentucky in deciphering data is gratefully acknowledged.

Vic Hellard, Jr.  
Director

The Capitol  
Frankfort  
February, 1990



## SUMMARY

The Meade County economy, as measured by personal income, grew moderately from 1969 to 1987. Meade County decreased its share of Kentucky personal income, indicating that the county economy grew more slowly than the state economy. Both per capita personal income and average earnings per job were significantly below those of the state.

The county has historically been heavily dependent on the goods-producing industries of farming and manufacturing. However, these sectors declined in the county during this period. This decline has been somewhat offset by increases in the non-goods-producing sectors, particularly services and trade. Similar structural changes occurred in the state economy.

Total earnings were extremely erratic during the period. This is partially attributable to the county's concentration in the volatile farm and manufacturing sectors. These goods-producing sectors, especially manufacturing, are very sensitive to national economic conditions. The non-goods-producing sectors tend to be more resilient during economic slowdowns. The growth of these sectors in Meade County helped to diversify the county economic base and makes it well positioned to enjoy future economic growth.



## INTRODUCTION

This is one of a series of reports called Economic Trends in Kentucky Counties. The purpose of this series is to describe the economic structure of Kentucky counties and to assess their economic performance relative to their own history and relative to the Kentucky economy. Information on the structure and patterns of change in county economies and an understanding of their relationship to the Kentucky economy can help in making policy decisions that are intended to shape Kentucky's economic future.

When assessing any economy there are several pertinent questions which may be addressed. The first concerns changes in the absolute size of the economy over time. Here the relevant comparison is between the county economy and its own history. Since most economic variables are given in dollars and since inflation causes the value of a dollar to vary over time, all dollar values in this report are presented in constant 1988 dollars. This allows analysis of real changes over time by controlling for the effects of inflation.

A second question concerns the structure and nature of the county economy. The structure of an economy refers to the relative share contributed by the various segments of the economy, while the nature deals with how this share has changed over time.

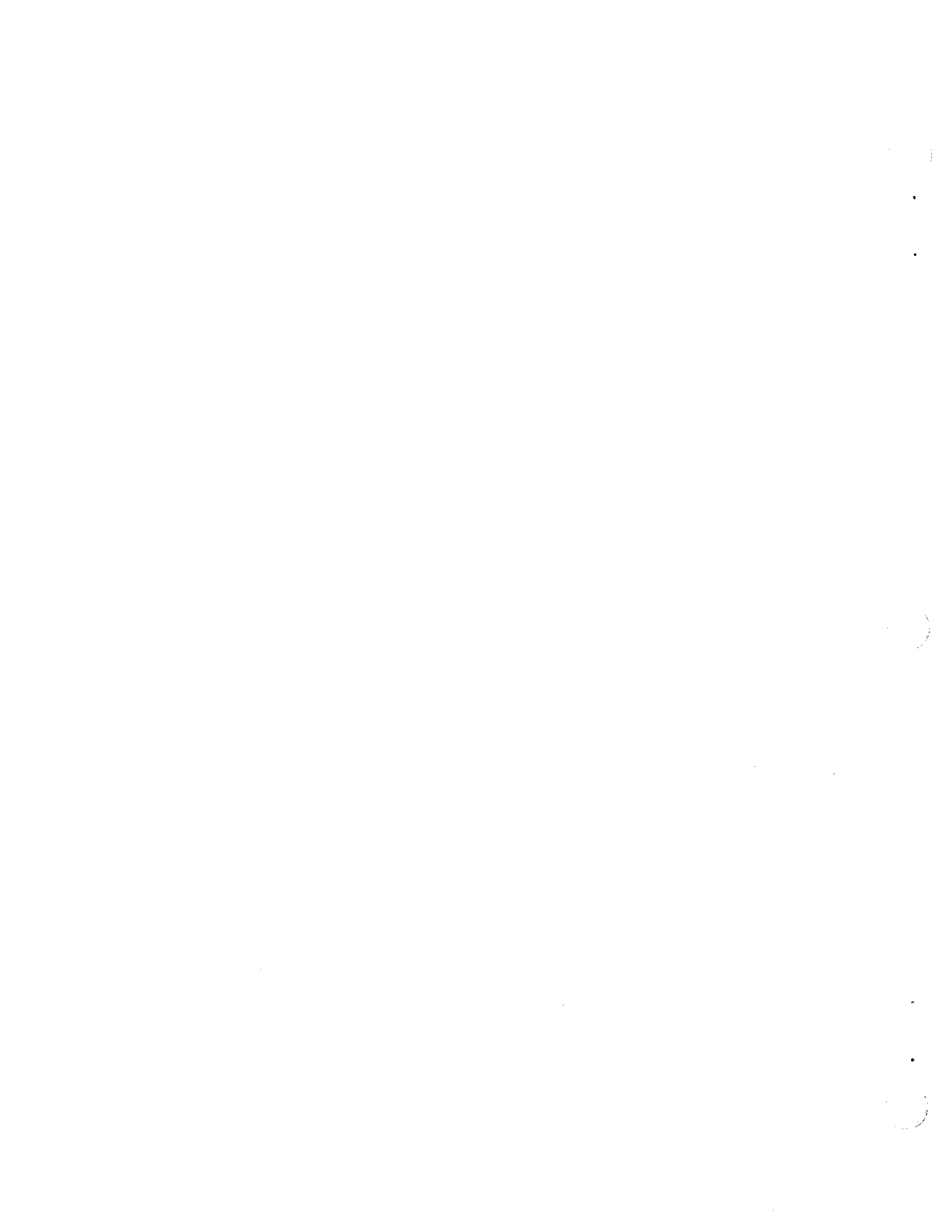
A third question concerns the performance of the county economy when compared to the Kentucky economy. For example, if a county has a higher proportion of earnings or employment in a particular sector it would indicate a specialization in that sector. Differences in economic structure may explain variations in relative economic well-being between a county and the state as a whole.

Economic data for counties are usually published after a lag of two years. Therefore, most data in this report cover the period 1969 to 1987. All data for this report was obtained from the Kentucky Economic Information System, an on-line database maintained by the University of Kentucky Center for Business and Economic Development.

There are certain caveats which should be remembered when analyzing data. First, it is a common and useful approach to evaluate the percentage an economic sector contributes to the total economy. However, one must remember that a sector's percentage contribution may decline even when its absolute value is increasing if another sector's contribution is growing at a faster rate. Secondly, when reviewing data in graphical analyses, the scales used to present data should be noted. In this report most graphs are presented with the narrowest scale which will cover all data points. This can accentuate visual patterns over time even when absolute changes are relatively small.

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\*For an analysis of economic trends in Kentucky, see Virginia Wilson, Patterns of Growth and Decline in the Kentucky Economy 1969-1988, Research Memorandum 437, Legislative Research Commission, November 1989.



## ECONOMIC TRENDS IN MEADE COUNTY

The following analysis includes a brief description of the county economy and is accompanied by graphical illustrations. Data tables are also included at the end of this report. Three principal components of the Meade County economy are analyzed. They are:

1. Personal Income
2. Earnings
3. Employment

### Personal Income

Personal income is often used as a measure of the economic activity in an area. Personal income is the sum of all the dollar income received by individuals in an area from any legal source. Personal income data is published by the Bureau of Economic Analysis (BEA) for most major geographic regions, including states, counties, and major cities.

In general, income can be obtained in three ways. First, it can be earned by the work of an individual. This type of income includes wage and salary income and proprietors' earnings. Second, income can be earned by property. This component includes earnings from rents, dividends, and interest. Finally, income can be received as a gift or an entitlement. This type of income constitutes the component of personal income called transfer payments. Included in this component is income from sources such as retirement benefits, unemployment benefits, food stamps, and medical programs such as Medicare and Medicaid.

As can be seen in Chart 1A, the size of the Meade County economy, as measured by personal income, increased from \$167 million in 1969 to \$229 million in 1987, after adjusting for inflation. Chart 1B shows Meade County total personal income as a percent of Kentucky total personal income. Meade County decreased its share of Kentucky personal income.

Per capita personal income is simply the total personal income of an area divided by its population. Per capita personal income is often used as a measure of the economic well-being of the residents of an area. Charts 1C and 1D indicate that Meade County per capita income was volatile over the time period and was \$9,349 per person in 1987, which was 74.8 percent of Kentucky per capita personal income.

A better understanding of the nature of economic activity can be gleaned from an examination of the relative contribution of the components of personal income and how their shares have changed over time. This information is illustrated in Charts 2A-2D. Earnings were extremely volatile over the period. There was a significant decline in the mid-1970's and the early 1980's. Overall, total earnings increased from \$151 million in 1969 to \$171 million in 1987 (in constant 1988 dollars). While earnings increased, their

share of personal income declined over time. This trend is occurring at the state level as well. In 1987, earnings accounted for 74.6 percent of Meade County's total personal income, which was higher than Kentucky's 67.5 percent share.

Transfer payments contributed \$9 million to total personal income in 1969 and \$34 million in 1987. During the same period, transfer payments contributed a lower percentage of personal income in Meade County than in Kentucky.

Income from property in Meade County grew steadily through the time period. Income from property totalled \$7 million in 1969 and increased to \$24 million in 1987.

## Earnings

Earnings are the component of personal income reflecting payments to individuals in return for labor. Earnings include both wages and salaries and proprietor's income. In 1969, Meade County received 32.7 percent of total earnings from manufacturing. This percentage decreased to 21.1 percent in 1987 (Chart 3A). The county trend toward a decline in the percentage of earnings from manufacturing also occurred at the state level.

The farm sector's share of earnings was volatile over the period and was negative in 1983. Farming's contribution to total county earnings decreased from 16.7 percent in 1969 to 9.9 percent in 1987. The trend toward declining earnings is consistent with state and national trends.

Earnings from non-goods-producing industries as a percent of total earnings are illustrated in Chart 3B. The percent of earnings from the service sector increased from 5.8 percent to 12.2 percent in 1987. The percent of earnings from the trade sector increased and was 14.1 percent in 1987. The share of earnings from the state and local government sector increased from 9.1 percent in 1969 to 14.0 percent in 1987. At the state level, the percent of earnings from services increased, while the percents from trade and state and local government were stable.

Average earnings per job (adjusted for inflation) for Meade County and Kentucky are shown in Chart 3D. In Kentucky, average earnings per job reached a high of \$20,121 per person in 1978. Since then, average earnings per job declined and in 1987 they were \$18,636 per person. Meade County average earnings per job have also been volatile. Average earnings were \$14,793 in 1987, well below the Kentucky average.

## Employment

Employment is considered any activity for which one receives financial remuneration in the form of wages or profits. Total employment in Meade County increased during the data period. In 1969, total employment stood at 3,440 people. By 1987, that figure had increased to 4,407.



The unemployment rate, often used as an indicator of economic well-being, is the ratio of unemployed to the total civilian labor force. Unemployment is described as a condition of being out of work while actively seeking employment within the last thirty days. The civilian labor force is described as the proportion of population age 16 or older employed or actively seeking employment. Annual unemployment rates for Kentucky and Meade County are presented in Chart 4B. Unemployment rates in Meade County followed state rates. In 1987, the county unemployment rate was 10.5 percent, compared to 8.8 percent for Kentucky.

Another employment concept includes the discouraged worker. Discouraged workers are persons who want jobs but made no attempt to find work in the last thirty days because they believe they could not find it. These individuals are not included when calculating official unemployment rates. The Cabinet for Human Resources does not estimate discouraged workers by county. However, preliminary research by the Cabinet indicates that the inclusion of discouraged workers in the civilian labor force estimate would increase the unemployment rate by approximately four percent for the state. This figure would vary by county depending on the labor market in a county or within commuting distance.

Employment in the goods-producing industries is illustrated in Chart 4C. The percent of total employment in manufacturing decreased from 17.5 percent in 1969 to 8.8 percent in 1987. The farm sector was the primary source of employment throughout the period. However, farming's share of employment declined from 29.2 percent in 1969 to 24.1 percent in 1987.

Employment in the non-goods-producing industries is presented in Chart 4D. Service sector employment increased from 1969 to 1987. In 1969, the service sector accounted for 9.9 percent of employment. This share increased to 16.2 percent in 1987. The percent of employment in state and local government remained constant and was 11.3 percent in 1987. The trade sector's share of employment increased from 13.6 percent in 1969 to 16.6 percent in 1987. These county employment trends parallel state employment trends.

## **Population**

The census conducted each decade counts the actual population in an area. Population is then statistically estimated during intervening years. The demographic composition of this population growth has important implications for the future demand for goods and services, and ultimately, the economic structure of Meade County.

The Meade County population grew from 18,800 in 1969 to 24,500 in 1987 (Chart 5A). It was estimated that in 1986, 8.3 percent of Meade County's population was under six years of age, compared to 8.6 for the state. Meade County has a lower proportion than the state of residents age sixty or older. In 1986, 9.8 percent of the Meade County population was sixty years of age and over, while 16.5 percent of all Kentucky residents fell in this age group.

CHART 1A  
MEADE COUNTY  
REAL PERSONAL INCOME  
Millions of 1988 dollars

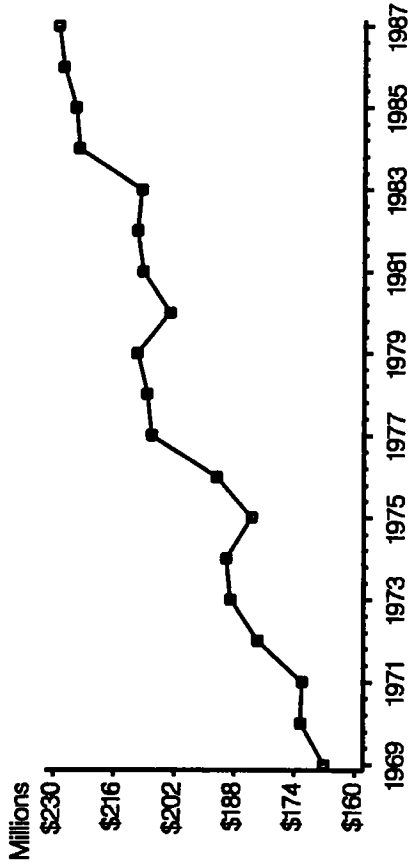


CHART 1B  
MEADE COUNTY  
PERSONAL INCOME  
as a Percent of Kentucky Personal Income

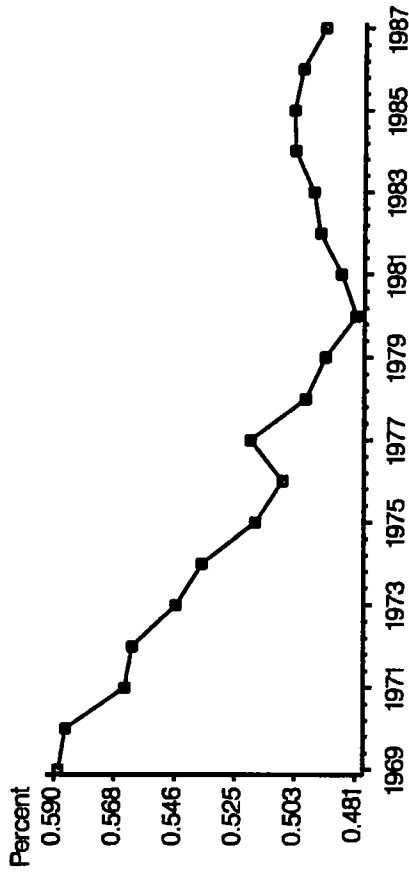


CHART 1C  
MEADE COUNTY  
PER CAPITA PERSONAL INCOME  
in Constant 1988 Dollars

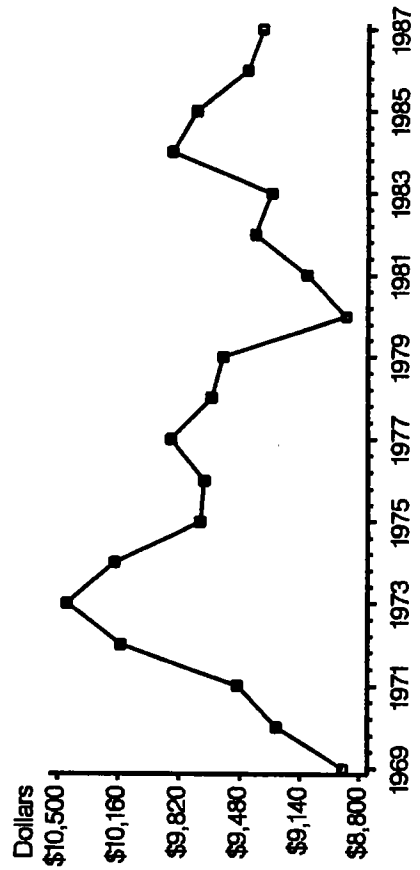
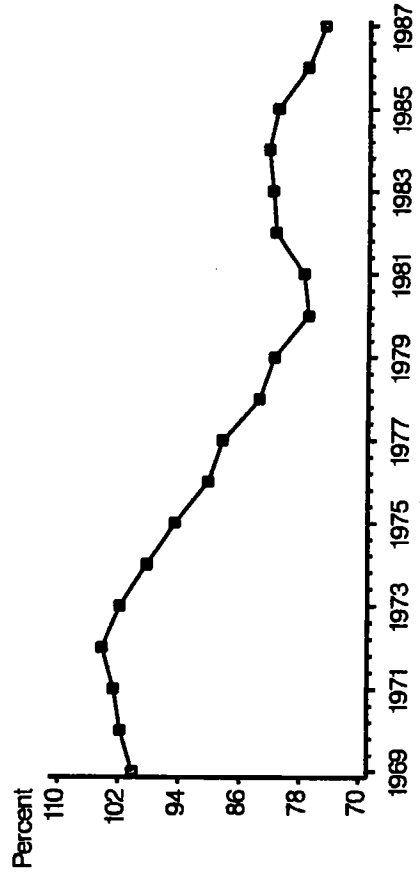
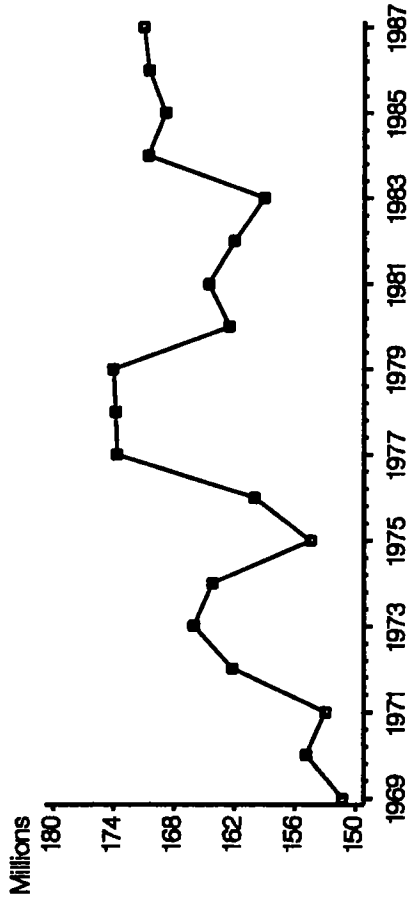


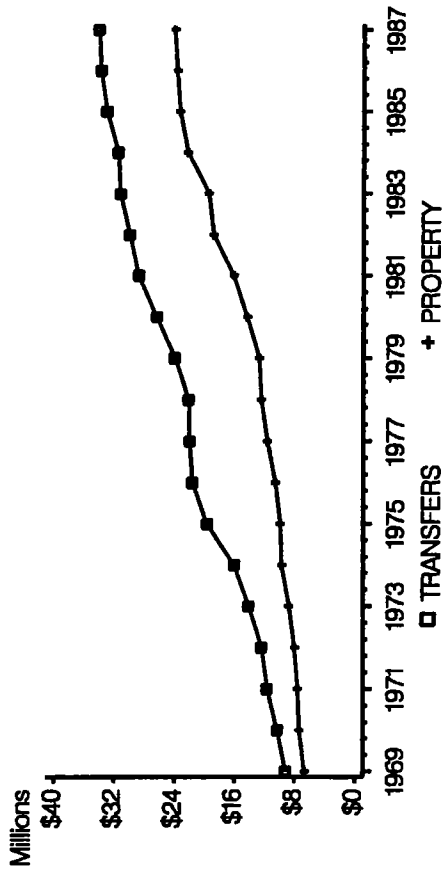
CHART 1D  
MEADE COUNTY  
PER CAPITA PERSONAL INCOME  
as a Percent of Kentucky Per Capita Personal Income



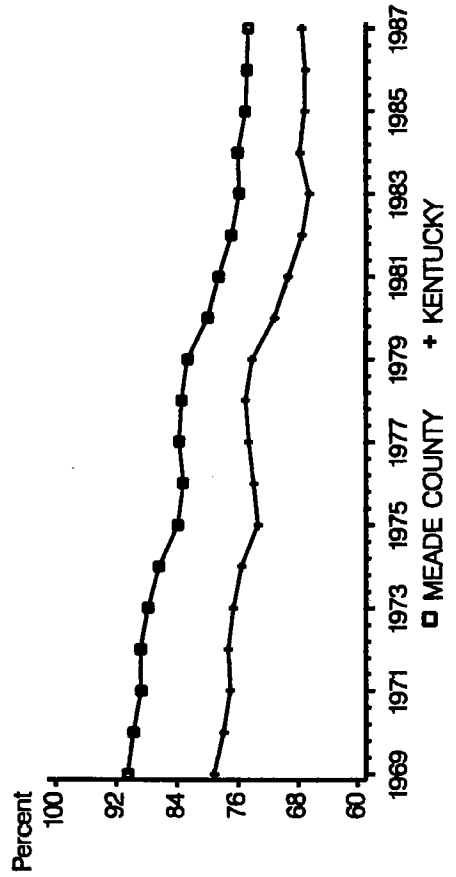
**CHART 2A**  
**MEADE COUNTY**  
**REAL TOTAL EARNINGS**  
 Millions of 1988 dollars



**CHART 2B**  
**MEADE COUNTY**  
**TRANSFER PAYMENTS and INCOME FROM PROPERTY**  
 Millions of 1988 Dollars



**CHART 2C**  
**MEADE COUNTY**  
**TOTAL EARNINGS**  
 as a Percent of Personal Income



**CHART 2D**  
**MEADE COUNTY**  
**TRANSFER PAYMENTS**  
 as a Percent of Personal Income

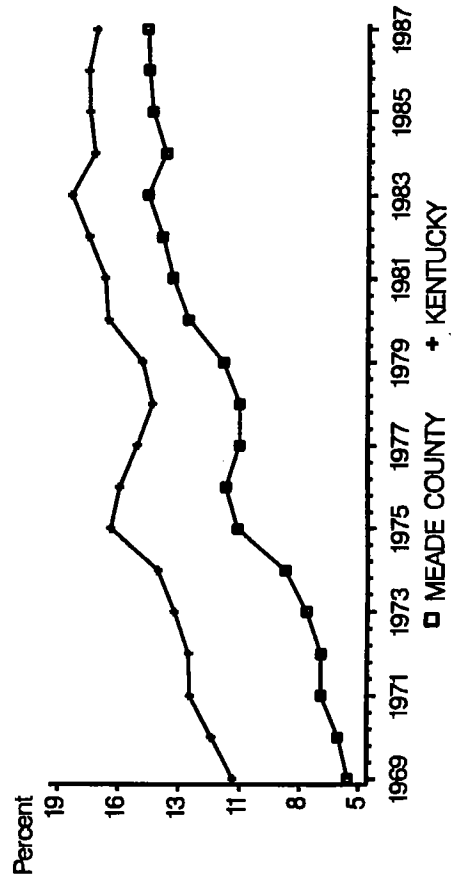


CHART 3A  
 MEADE COUNTY  
 EARNINGS IN GOODS PRODUCING INDUSTRIES  
 as a Percent of Total Earnings

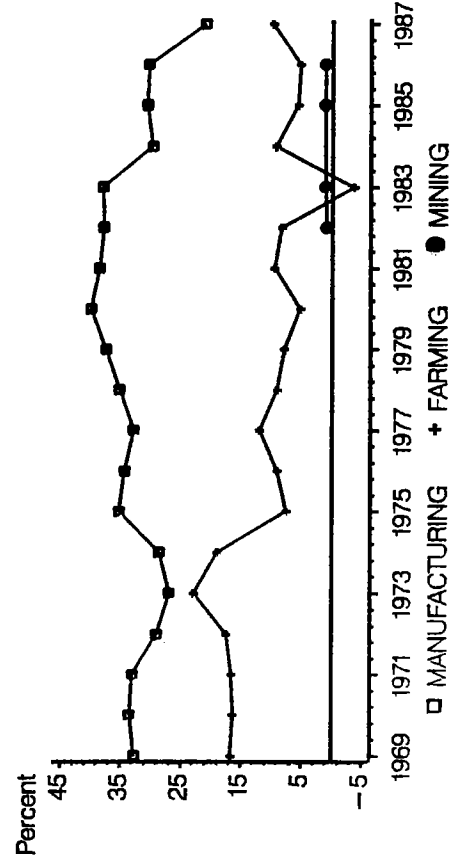


CHART 3B  
 MEADE COUNTY  
 EARNINGS in NON - GOODS PRODUCING INDUSTRIES  
 as a Percent of Total Earnings

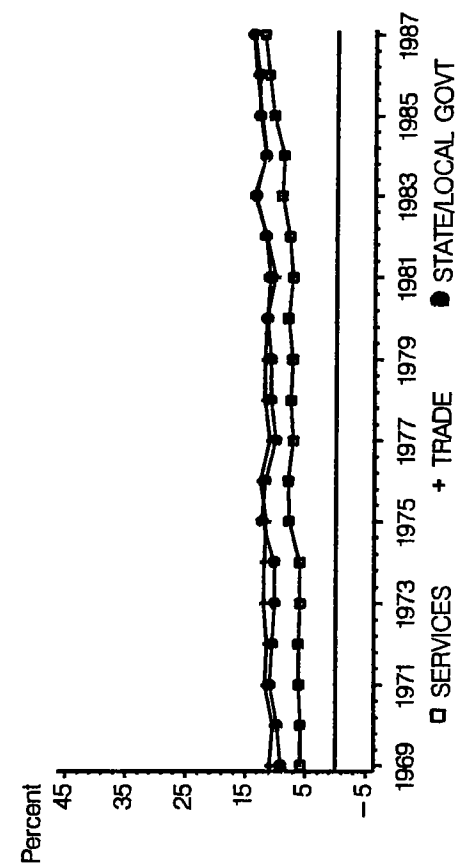


CHART 3C  
 MEADE COUNTY  
 EARNINGS in GOODS PRODUCING INDUSTRIES  
 as a Percent of Kentucky Industries

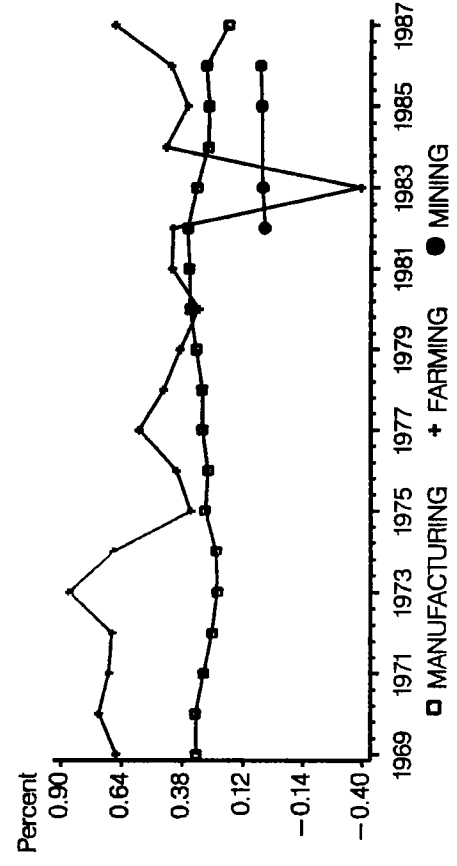


CHART 3D  
 MEADE COUNTY  
 AVERAGE EARNINGS PER JOB  
 in Constant 1988 Dollars

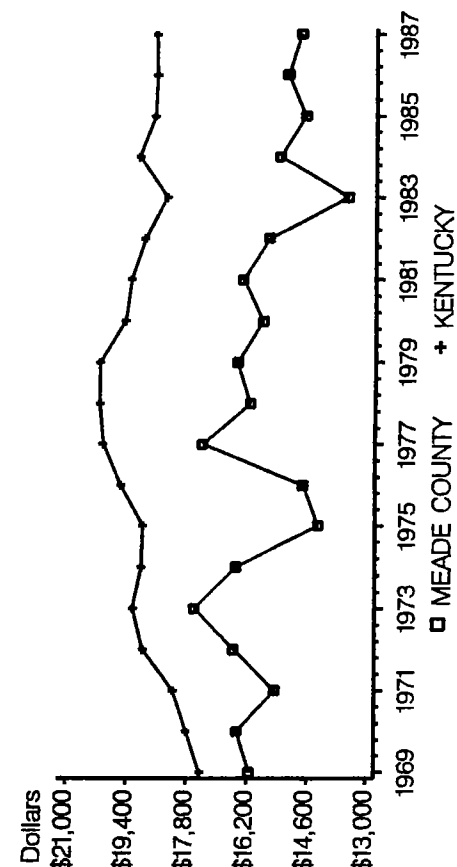


CHART 4A

MEADE COUNTY  
TOTAL EMPLOYMENT  
Thousands of People

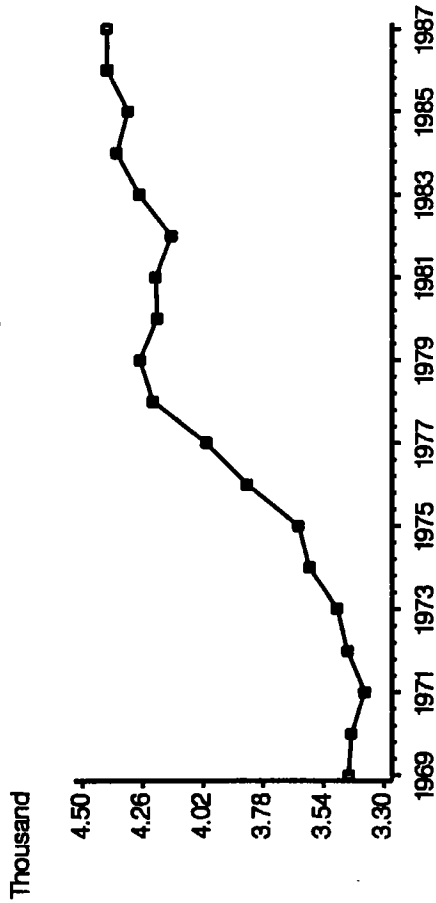


CHART 4B  
MEADE COUNTY  
ANNUAL UNEMPLOYMENT RATE

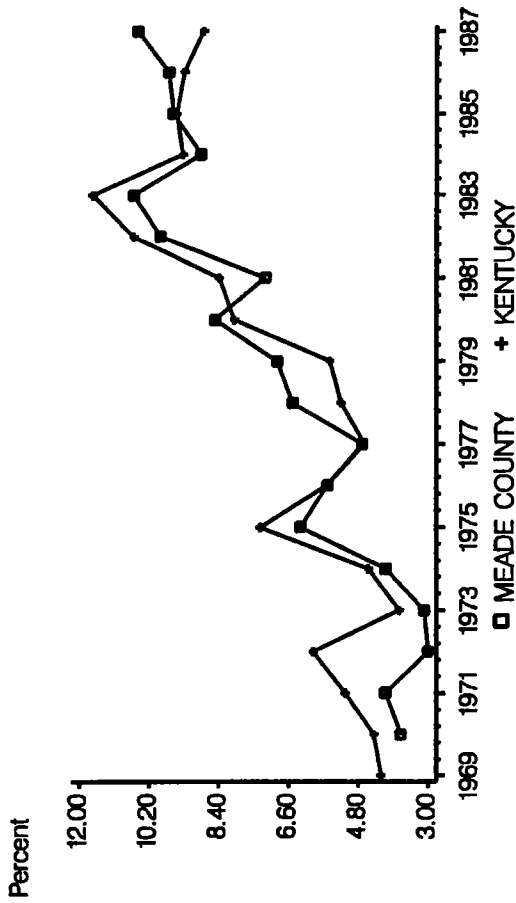


CHART 4C

MEADE COUNTY  
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

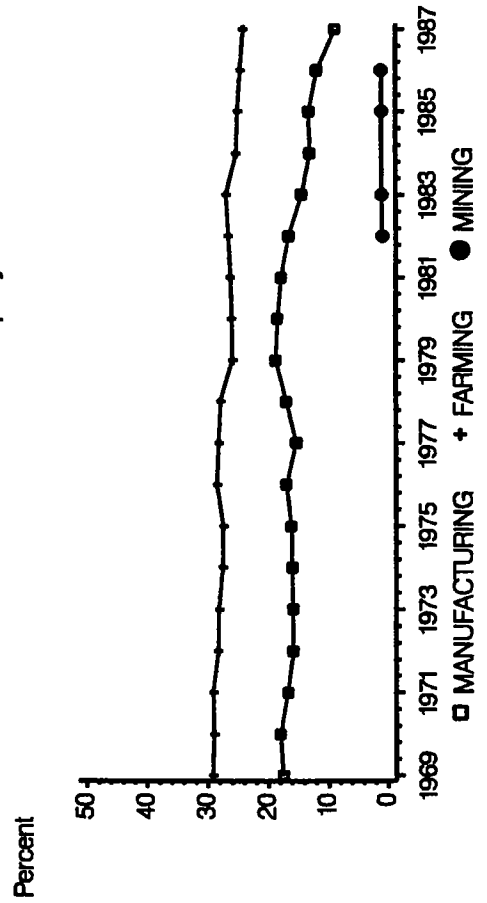


CHART 4D

MEADE COUNTY  
EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

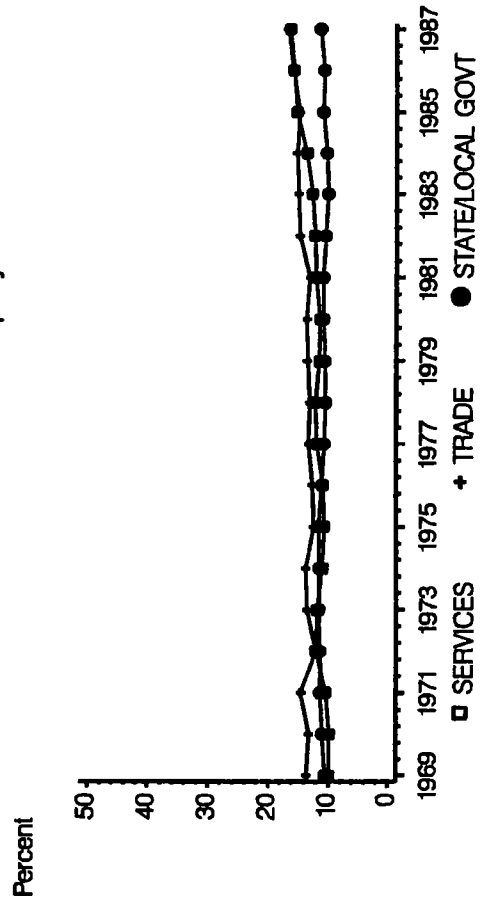


CHART 5A  
 MEADE COUNTY  
 POPULATION  
 Thousands of People

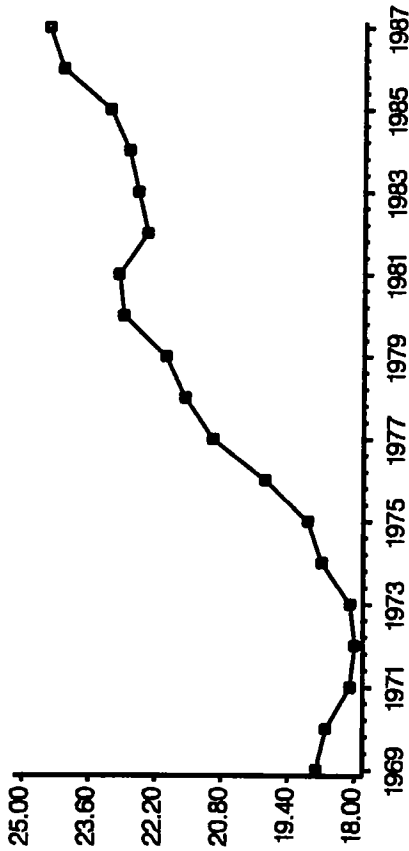


CHART 5B  
 MEADE COUNTY  
 POPULATION  
 as a Percent of Kentucky Population

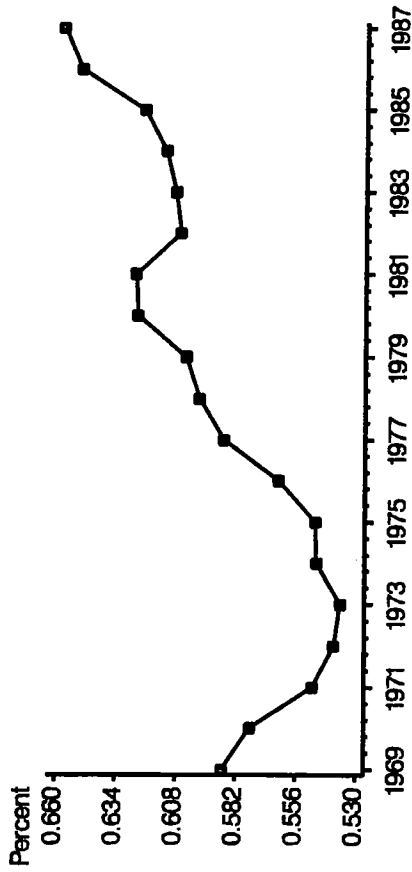


CHART 5C  
 MEADE COUNTY  
 POPULATION 5 AND UNDER  
 as a Percent of Total Population

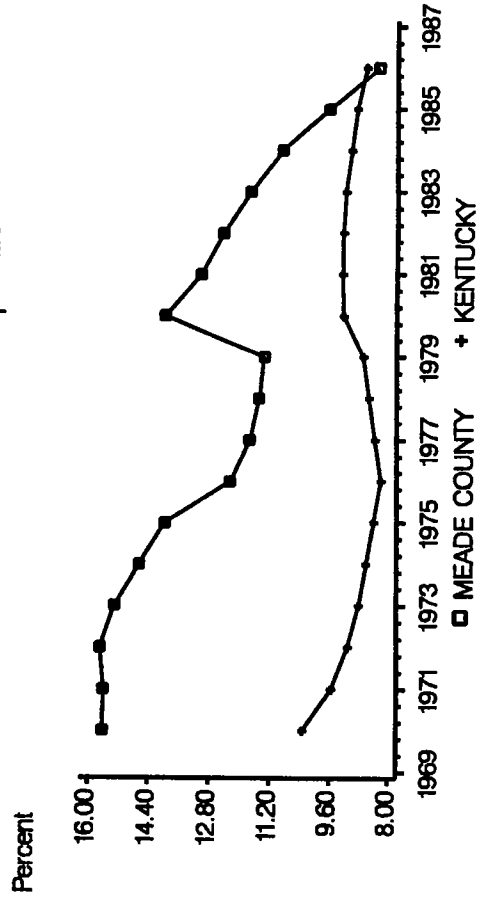
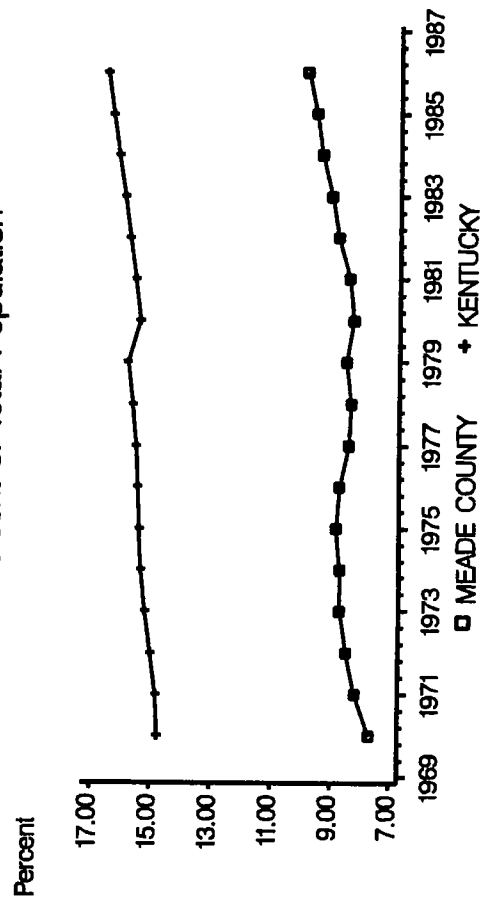


CHART 5D  
 MEADE COUNTY  
 POPULATION 60 AND OVER  
 as a Percent of Total Population



MEADE COUNTY

PERSONAL INCOME  
In Constant 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	167	0.59	8,894	100.1
1970	173	0.59	9,272	101.7
1971	172	0.56	9,494	102.6
1972	183	0.56	10,147	104.1
1973	189	0.55	10,449	101.8
1974	190	0.54	10,183	98.3
1975	184	0.52	9,703	94.5
1976	192	0.51	9,680	90.2
1977	207	0.52	9,869	88.3
1978	208	0.50	9,640	83.3
1979	211	0.49	9,575	81.4
1980	203	0.48	8,877	77.0
1981	209	0.49	9,102	77.7
1982	211	0.49	9,394	81.3
1983	210	0.50	9,299	81.7
1984	224	0.50	9,861	82.2
1985	225	0.50	9,722	81.0
1986	228	0.50	9,437	77.1
1987	229	0.49	9,349	74.8

COMPONENTS OF PERSONAL INCOME  
In Constant 1988 Dollars

Year	EARNINGS			TRANSFER PAYMENTS			INCOME from PROPERTY		
	M\$	Percent of Personal Income		M\$	Percent of Personal Income		M\$	Percent of Personal Income	
		County	Kentucky		County	Kentucky		County	Kentucky
1969	151	90.5	79.2	9	5.5	10.9	7	4.0	9.9
1970	155	89.8	77.9	10	6.0	11.9	7	4.3	10.2
1971	153	88.8	77.0	12	6.8	12.9	8	4.4	10.1
1972	162	88.8	77.3	12	6.8	12.9	8	4.4	9.7
1973	166	87.9	76.6	14	7.5	13.6	9	4.7	9.7
1974	164	86.4	75.5	16	8.5	14.4	10	5.1	10.1
1975	154	83.9	73.3	20	10.7	16.5	10	5.4	10.1
1976	160	83.2	73.9	22	11.2	16.1	11	5.5	10.0
1977	174	83.8	74.6	22	10.6	15.3	12	5.6	10.1
1978	174	83.4	75.0	22	10.6	14.6	12	6.0	10.4
1979	174	82.6	74.1	24	11.4	15.1	13	6.0	10.8
1980	163	80.0	71.1	26	13.0	16.7	14	7.1	12.2
1981	165	78.6	69.3	29	13.7	16.8	16	7.7	13.8
1982	162	76.9	67.5	30	14.2	17.6	19	8.9	14.9
1983	159	75.8	66.6	31	14.9	18.4	19	9.3	15.1
1984	171	76.1	67.8	31	14.0	17.3	22	9.9	14.9
1985	169	75.0	67.2	33	14.7	17.6	23	10.4	15.3
1986	171	74.8	67.1	34	14.8	17.6	24	10.4	15.3
1987	171	74.6	67.5	34	14.9	17.2	24	10.5	15.3

MEADE COUNTY

SECTOR EARNINGS as a PERCENT of TOTAL COUNTY EARNINGS and  
as a PERCENT of KENTUCKY SECTOR EARNINGS

YEAR	MANUFACTURING		FARMING		MINING	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	32.7	0.32	16.7	0.66	.	.
1970	33.5	0.32	16.3	0.74	.	.
1971	33.1	0.29	16.6	0.70	.	.
1972	29.0	0.25	17.5	0.68	.	.
1973	26.9	0.23	22.9	0.87	.	.
1974	28.7	0.24	19.0	0.67	.	.
1975	35.3	0.28	7.6	0.34	.	.
1976	34.4	0.27	9.1	0.41	.	.
1977	32.9	0.30	12.0	0.57	.	.
1978	35.3	0.30	9.1	0.46	.	.
1979	37.6	0.32	7.9	0.39	.	.
1980	40.1	0.35	5.3	0.31	.	.
1981	38.6	0.35	9.6	0.43	.	.
1982	37.9	0.36	8.4	0.42	0.9	0.03
1983	38.1	0.32	-3.6	-0.39	1.2	0.03
1984	29.9	0.27	9.4	0.45	.	.
1985	30.8	0.27	5.7	0.36	1.2	0.04
1986	30.6	0.28	5.4	0.43	1.2	0.04
1987	21.1	0.18	9.9	0.67	.	.

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	5.8	0.11	11.0	0.17	9.1	0.24
1970	5.9	0.11	10.4	0.16	9.8	0.24
1971	6.1	0.10	11.8	0.16	11.0	0.24
1972	6.2	0.10	11.5	0.16	10.6	0.24
1973	5.9	0.10	12.1	0.17	10.2	0.24
1974	6.1	0.10	11.9	0.16	10.3	0.24
1975	7.8	0.11	11.6	0.14	12.3	0.24
1976	8.0	0.12	12.6	0.15	11.8	0.24
1977	7.2	0.12	11.1	0.16	10.1	0.24
1978	7.6	0.12	11.9	0.16	10.9	0.24
1979	7.3	0.12	11.9	0.16	10.9	0.24
1980	8.0	0.12	11.7	0.16	11.5	0.24
1981	7.3	0.11	10.2	0.15	11.1	0.25
1982	7.9	0.11	11.7	0.16	11.9	0.24
1983	9.2	0.11	13.8	0.17	13.5	0.24
1984	8.9	0.11	11.8	0.16	11.9	0.24
1985	10.6	0.12	12.7	0.16	13.0	0.24
1986	11.4	0.13	13.6	0.18	13.1	0.25
1987	12.2	0.13	14.1	0.18	14.0	0.25



MEADE COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	602	17.5	1,003	29.2	.	.
1970	615	17.9	993	29.0	.	.
1971	562	16.6	981	29.1	.	.
1972	543	15.8	975	28.3	.	.
1973	552	15.8	981	28.1	.	.
1974	573	15.9	989	27.5	.	.
1975	586	16.1	997	27.4	.	.
1976	650	16.9	1,094	28.4	.	.
1977	610	15.2	1,127	28.1	.	.
1978	713	16.9	1,174	27.8	.	.
1979	798	18.7	1,104	25.8	.	.
1980	772	18.4	1,093	26.0	.	.
1981	747	17.7	1,104	26.2	.	.
1982	683	16.5	1,100	26.5	34	0.8
1983	613	14.3	1,149	26.9	39	0.9
1984	567	13.0	1,105	25.3	.	.
1985	568	13.1	1,081	25.0	39	0.9
1986	521	11.8	1,085	24.6	44	1.0
1987	390	8.8	1,063	24.1	.	.

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	341	9.9	467	13.6	363	10.6
1970	336	9.8	452	13.2	378	11.0
1971	350	10.4	489	14.5	382	11.3
1972	415	12.0	414	12.0	390	11.3
1973	413	11.8	469	13.5	401	11.5
1974	394	11.0	493	13.7	413	11.5
1975	389	10.7	453	12.4	424	11.6
1976	420	10.9	488	12.7	425	11.1
1977	477	11.9	531	13.2	429	10.7
1978	513	12.2	551	13.1	442	10.5
1979	491	11.5	573	13.4	453	10.6
1980	478	11.4	570	13.6	454	10.8
1981	505	12.0	549	13.0	457	10.9
1982	508	12.2	611	14.7	435	10.5
1983	542	12.7	638	14.9	429	10.0
1984	592	13.6	662	15.2	449	10.3
1985	655	15.2	637	14.7	469	10.9
1986	691	15.7	692	15.7	471	10.7
1987	715	16.2	730	16.6	496	11.3

MEADE COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RA	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	3,440	\$16,133	\$17,440	.	4.2
1970	3,429	\$16,469	\$17,811	3.7	4.4
1971	3,376	\$15,442	\$18,166	4.1	5.1
1972	3,445	\$16,561	\$18,970	3.0	6.0
1973	3,486	\$17,598	\$19,232	3.1	3.7
1974	3,596	\$16,503	\$19,008	4.1	4.5
1975	3,640	\$14,315	\$18,976	6.3	7.3
1976	3,846	\$14,721	\$19,563	5.6	5.6
1977	4,008	\$17,378	\$20,031	4.7	4.7
1978	4,220	\$16,124	\$20,121	6.5	5.3
1979	4,274	\$16,470	\$20,110	6.9	5.5
1980	4,205	\$15,777	\$19,439	8.5	8.0
1981	4,211	\$16,327	\$19,286	7.2	8.4
1982	4,148	\$15,620	\$18,931	9.9	10.6
1983	4,277	\$13,516	\$18,358	10.6	11.6
1984	4,367	\$15,344	\$19,080	8.9	9.3
1985	4,322	\$14,676	\$18,676	9.6	9.5
1986	4,406	\$15,142	\$18,627	9.7	9.3
1987	4,407	\$14,793	\$18,636	10.5	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER AGE 6		PERCENT AGE 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	18,800	0.59	.	.	.	.
1970	18,600	0.58	15.6	10.3	7.7	14.8
1971	18,100	0.55	15.6	9.6	8.2	14.8
1972	18,000	0.54	15.7	9.1	8.5	15.0
1973	18,100	0.54	15.3	8.8	8.7	15.2
1974	18,700	0.55	14.6	8.6	8.7	15.3
1975	19,000	0.55	14.0	8.4	8.8	15.4
1976	19,900	0.56	12.2	8.2	8.7	15.5
1977	21,000	0.59	11.7	8.4	8.4	15.5
1978	21,600	0.60	11.5	8.5	8.3	15.6
1979	22,000	0.60	11.3	8.7	8.5	15.8
1980	22,900	0.62	14.0	9.2	8.3	15.4
1981	23,000	0.63	13.0	9.3	8.4	15.5
1982	22,400	0.61	12.4	9.2	8.8	15.7
1983	22,600	0.61	11.7	9.2	9.0	15.9
1984	22,800	0.61	10.9	9.0	9.4	16.1
1985	23,200	0.62	9.6	8.9	9.5	16.3
1986	24,200	0.65	8.3	8.6	9.8	16.5
1987	24,500	0.66	.	.	.	.

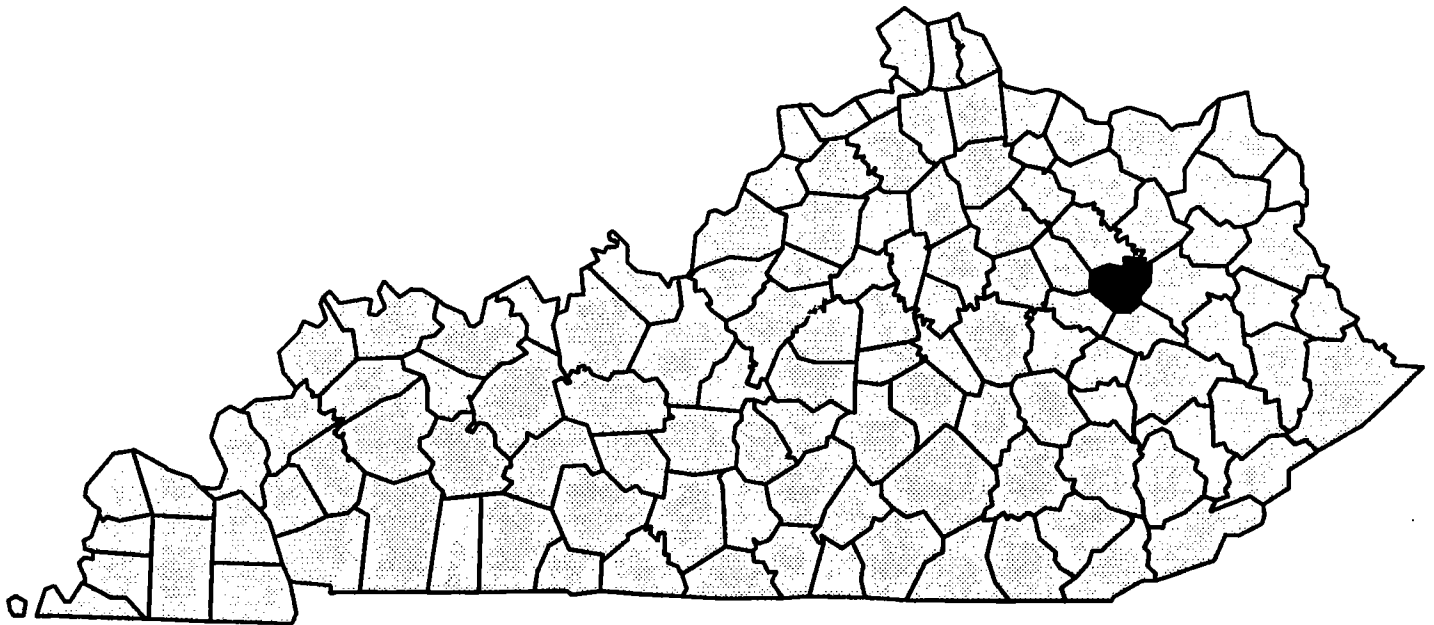


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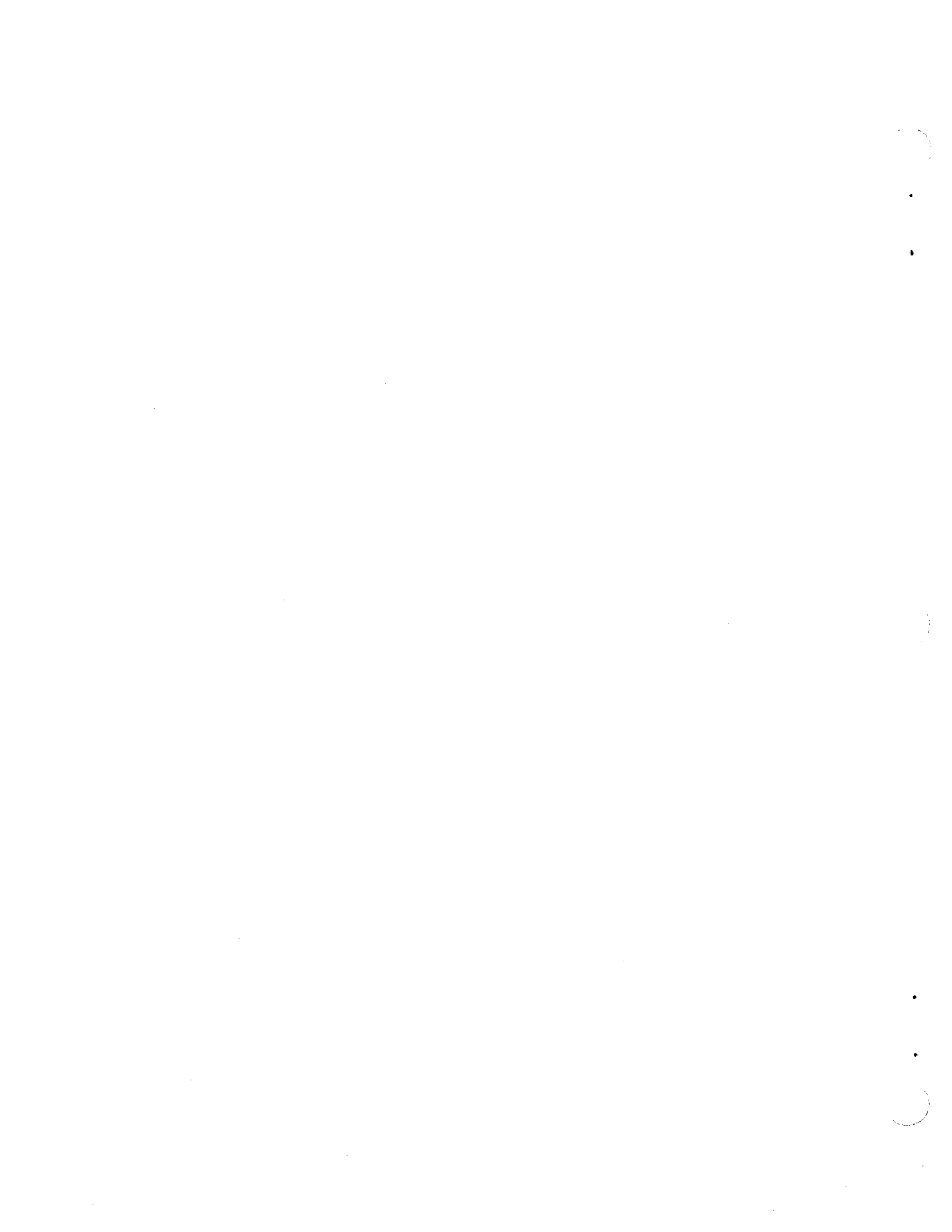
ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

**MENIFEE COUNTY**



Prepared by  
Virginia Wilson  
Donna A. Cantrell

RESEARCH MEMORANDUM 438  
Legislative Research Commission  
Frankfort, Kentucky  
February, 1990



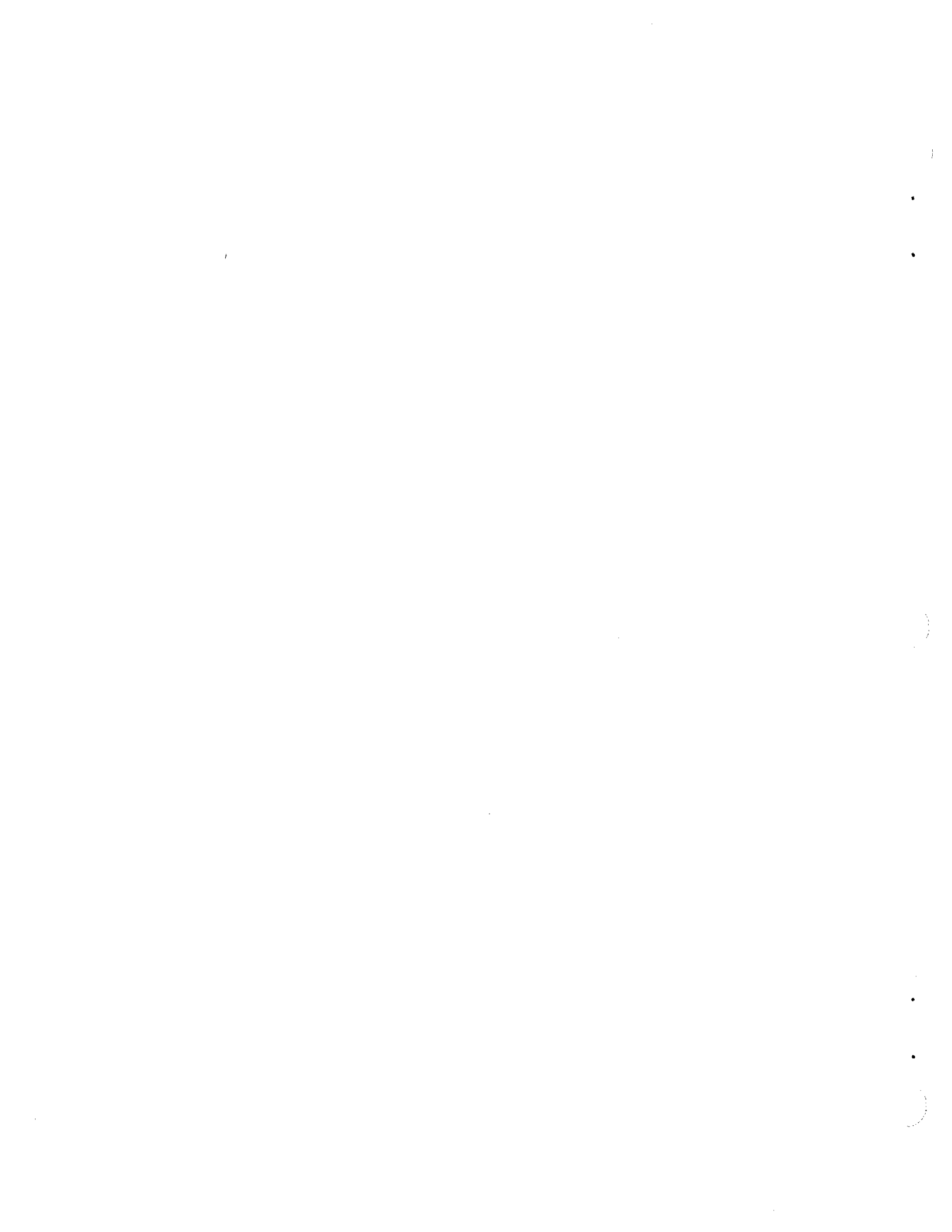
ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

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MENIFEE COUNTY

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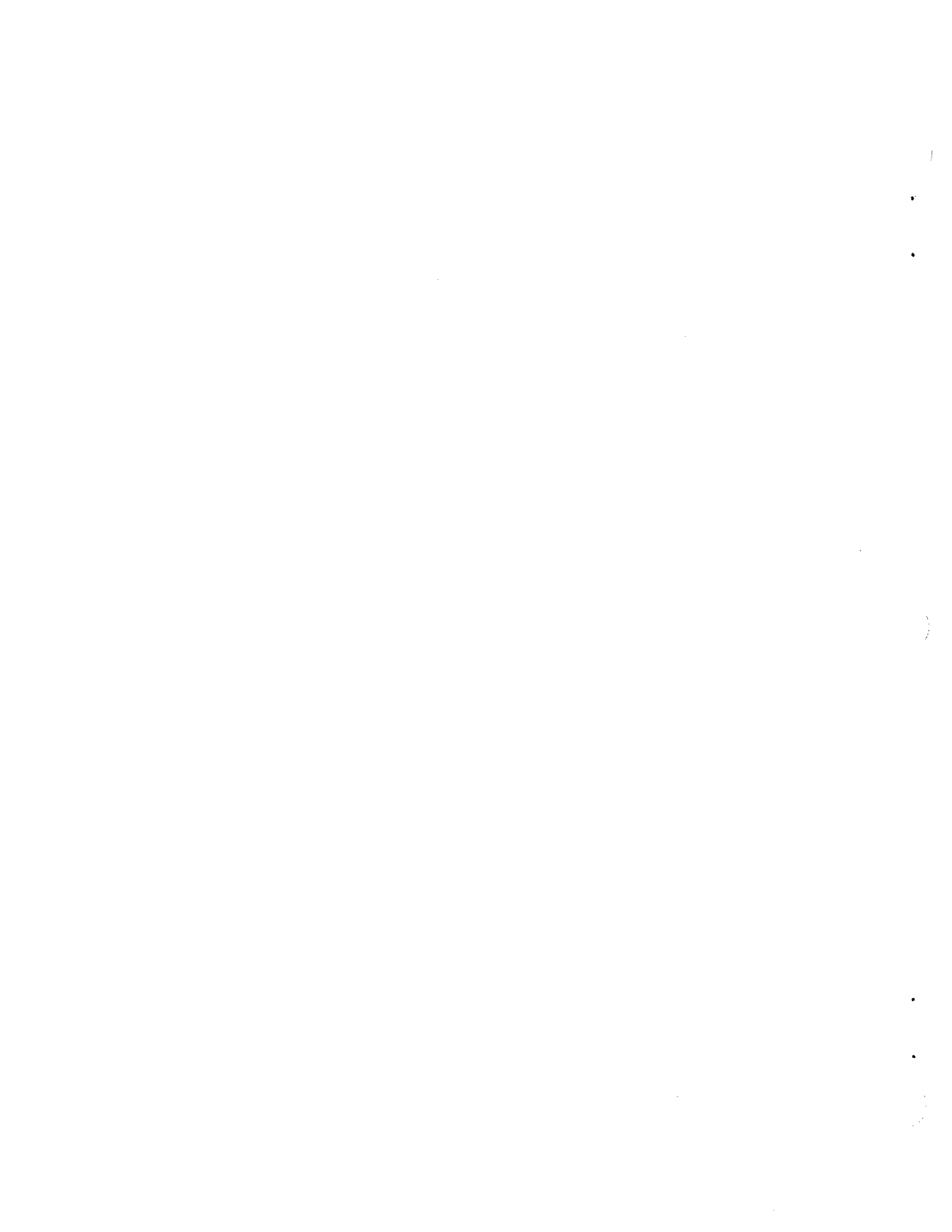
## FOREWORD

This publication is one of a set of 120, highlighting economic trends in each county in Kentucky from 1969-1987. This effort is part of the ongoing activities sponsored by the Legislative Research Commission to provide a long-term perspective on issues for decision makers. The economies of individual counties do not always parallel overall state trends. This set of publications is an attempt to look at the economic trends in each county over time and to point out where the economies of individual counties may be performing differently from the economy of the state as a whole.

This publication was prepared by Virginia Wilson and Donna Cantrell. Susan Dance assisted in production of the manuscript and Charles Bush edited the report. The assistance of Carol Straus from the Center for Business and Economic Research at the University of Kentucky in deciphering data is gratefully acknowledged.

Vic Hellard, Jr.  
Director

The Capitol  
Frankfort  
February, 1990



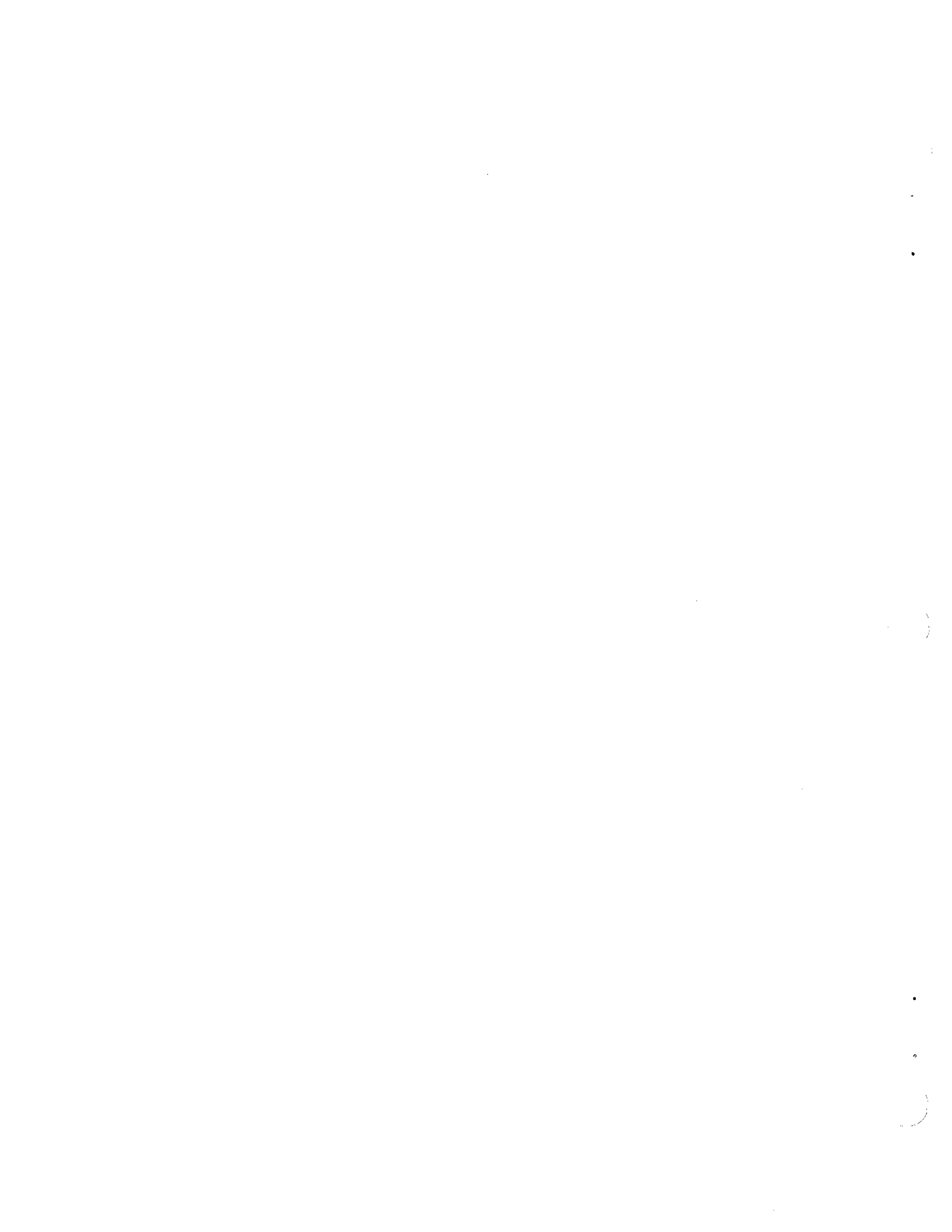
## SUMMARY

The Menifee County economy, as measured by personal income, grew moderately from 1969 to 1987. Menifee County generally maintained its share of the Kentucky economy. However, both per capita income and average earning per job were significantly below those for the state. Also, the county derives a much higher proportion of personal income from transfer payments than does the state.

The most prominent economic trend in Menifee County was a decline in earnings from the farm sector. Farm employment also declined, but to a much lesser degree. The manufacturing sector decreased its share of earnings and increased its share of employment. These goods-producing industries also declined at the state level.

Menifee County experienced some economic growth in the non-goods-producing industries. The state and local government sector grew in importance and accounts for a significant share of both county earnings and employment. The growth sectors at the state level were the service and trade sectors. While the service sector increased in Menifee County, the trade sector declined.

There is a national and state trend toward declining farm employment. Therefore, the outlook for this sector in Menifee County is for continued decline. The national economic outlook is for expansion of the service and trade sectors. Future economic growth in Menifee County will most likely be dependent upon further expansion of these sectors.



## INTRODUCTION

This is one of a series of reports called Economic Trends in Kentucky Counties. The purpose of this series is to describe the economic structure of Kentucky counties and to assess their economic performance relative to their own history and relative to the Kentucky economy. Information on the structure and patterns of change in county economies and an understanding of their relationship to the Kentucky economy can help in making policy decisions that are intended to shape Kentucky's economic future.

When assessing any economy there are several pertinent questions which may be addressed. The first concerns changes in the absolute size of the economy over time. Here the relevant comparison is between the county economy and its own history. Since most economic variables are given in dollars and since inflation causes the value of a dollar to vary over time, all dollar values in this report are presented in constant 1988 dollars. This allows analysis of real changes over time by controlling for the effects of inflation.

A second question concerns the structure and nature of the county economy. The structure of an economy refers to the relative share contributed by the various segments of the economy, while the nature deals with how this share has changed over time.

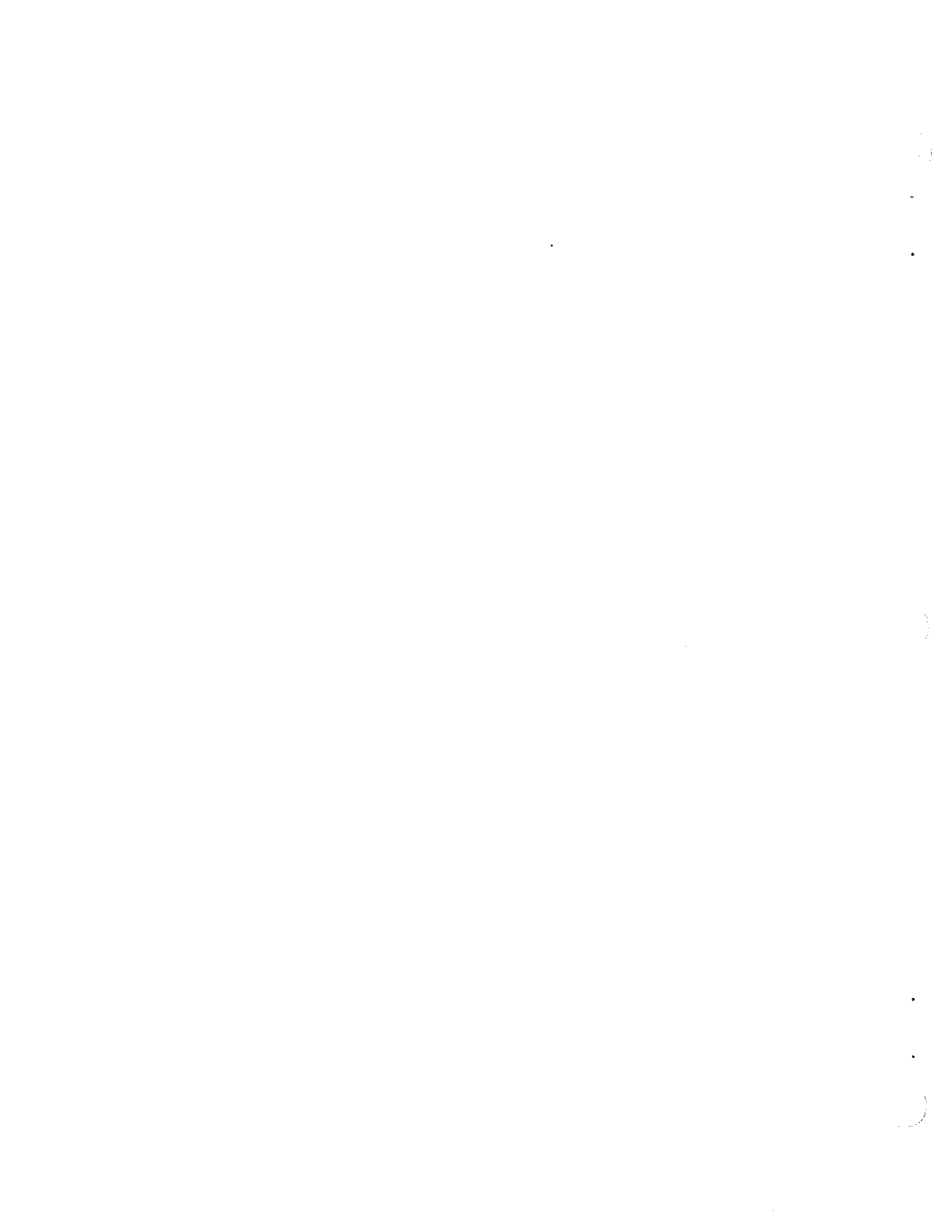
A third question concerns the performance of the county economy when compared to the Kentucky economy. For example, if a county has a higher proportion of earnings or employment in a particular sector it would indicate a specialization in that sector. Differences in economic structure may explain variations in relative economic well-being between a county and the state as a whole.

Economic data for counties are usually published after a lag of two years. Therefore, most data in this report cover the period 1969 to 1987. All data for this report was obtained from the Kentucky Economic Information System, an on-line database maintained by the University of Kentucky Center for Business and Economic Development.

There are certain caveats which should be remembered when analyzing data. First, it is a common and useful approach to evaluate the percentage an economic sector contributes to the total economy. However, one must remember that a sector's percentage contribution may decline even when its absolute value is increasing if another sector's contribution is growing at a faster rate. Secondly, when reviewing data in graphical analyses, the scales used to present data should be noted. In this report most graphs are presented with the narrowest scale which will cover all data points. This can accentuate visual patterns over time even when absolute changes are relatively small.

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\*For an analysis of economic trends in Kentucky, see Virginia Wilson, Patterns of Growth and Decline in the Kentucky Economy 1969-1988, Research Memorandum 437, Legislative Research Commission, November 1989.



## ECONOMIC TRENDS IN MENIFEE COUNTY

The following analysis includes a brief description of the county economy and is accompanied by graphical illustrations. Data tables are also included at the end of this report. Three principal components of the Menifee County economy are analyzed. They are:

1. Personal Income
2. Earnings
3. Employment

### Personal Income

Personal income is often used as a measure of the economic activity in an area. Personal income is the sum of all the dollar income received by individuals in an area from any legal source. Personal income data is published by the Bureau of Economic Analysis (BEA) for most major geographic regions, including states, counties, and major cities.

In general, income can be obtained in three ways. First, it can be earned by the work of an individual. This type of income includes wage and salary income and proprietors' earnings. Second, income can be earned by property. This component includes earnings from rents, dividends, and interest. Finally, income can be received as a gift or an entitlement. This type of income constitutes the component of personal income called transfer payments. Included in this component is income from sources such as retirement benefits, unemployment benefits, food stamps, and medical programs such as Medicare and Medicaid.

As can be seen in Chart 1A, the Menifee County economy, as measured by personal income, increased from \$21 million in 1969 to \$34 million in 1987, after adjusting for inflation. Chart 1B shows Menifee County total personal income as a percent of Kentucky total personal income. Menifee County had only small changes in its share of Kentucky personal income.

Per capita personal income is simply the total personal income of an area divided by its population. Per capita personal income is often used as a measure of the economic well-being of the residents of an area. Charts 1C and 1D indicate that Menifee County per capita income was more volatile than total personal income and generally increased over the time period to a level of \$6,379 in 1987, which was 51.0 percent of Kentucky per capita personal income.

A better understanding of the nature of economic activity can be gleaned from an examination of the relative contribution of the components of personal income and how their shares have changed over time. This information is illustrated in Charts 2A-2D. Total earnings increased from \$15 million in 1969 to \$22 million in 1979 (in constant 1988 dollars). After a significant decline in the early 1980's, earnings were \$20 million in 1987. Earnings as a percent of personal income also declined over time. This trend occurred at

the state level as well. In 1987, earnings accounted for 60.2 percent of Menifee County's total personal income, which was less than Kentucky's 67.5 percent share.

Transfer payments contributed \$4 million to total personal income in 1969 and \$10 million in 1987. During the same period, transfer payments contributed a much higher percentage of personal income in Menifee County than in Kentucky.

Income from property in Menifee County grew slightly through the time period. Income from property totalled \$1 million in 1969 and increased to \$3 million in 1987.

## Earnings

Earnings are the component of personal income reflecting payments to individuals in return for labor. Earnings include both wages and salaries and proprietor's income. The farm sector was generally the primary source of earnings in Menifee County in the 1970's. However, the percent of earnings from the farm sector decreased from 26.0 percent in 1969 to 12.0 percent in 1987 (Chart 3A). The trend toward declining farm earnings is consistent with state and national trends. The percent of total earnings from manufacturing showed some volatility and was 3.2 percent in 1987.

There was a surge in the mining sector in Menifee County in the late 1970's. In 1978, 20.1 percent of total earnings was in the mine sector. However, by 1982 this sector declined. Data on this sector was not disclosed by the data collection agency after 1981. Nondisclosure rules prevent the release of data when either there are few firms operating in a particular sector, or when one firm provides most of the activity in that sector.

Earnings from non-goods-producing industries as a percent of total earnings are illustrated in Chart 3B. The percent of earnings from the service sector increased from 7.5 percent in 1969 to 11.1 percent in 1987. The trade sector's share of earnings decreased from 27.0 percent in 1969 to 14.1 percent in 1987. During the 1980's, state and local government surpassed farming to become the primary source of earnings. Earnings from the state and local government sector increased from 20.3 percent in 1969 to 29.0 percent in 1987. At the state level, the percent of earnings from services increased, while the percents of earnings from trade and state and local government were stable.

Average earnings per job (adjusted for inflation) for Menifee County and Kentucky are shown in Chart 3D. In Kentucky, average earnings per job reached a high of \$20,121 per person in 1978. Since then, average earnings per job declined and in 1987 they were \$18,636 per person. In Menifee County, average earnings generally declined over time to \$9,093 in 1987, well below those of the state.



## Employment

Employment is considered any activity for which one receives financial remuneration in the form of wages or profits. Total employment in Menifee County increased during the data period. In 1969, total employment stood at 719 people. By 1987, that figure had increased to 1,209.

The unemployment rate, often used as an indicator of economic well-being, is the ratio of unemployed to the total civilian labor force. Unemployment is described as a condition of being out of work while actively seeking employment within the last thirty days. The civilian labor force is described as the proportion of population age 16 or older employed or actively seeking employment. Annual unemployment rates for Kentucky and Menifee County are presented in Chart 4B. Unemployment rates in Menifee County were above state rates during the period. In 1987, the county unemployment rate was 15.4 percent, compared to 8.8 percent for Kentucky.

Another employment concept includes the discouraged worker. Discouraged workers are persons who want jobs but made no attempt to find work in the last thirty days because they believe they could not find it. These individuals are not included when calculating official unemployment rates. The Cabinet for Human Resources does not estimate discouraged workers by county. However, preliminary research by the Cabinet indicates that the inclusion of discouraged workers in the civilian labor force estimate would increase the unemployment rate by approximately four percent for the state. This figure would vary by county depending on the labor market in a county or within commuting distance.

Employment in the goods-producing industries is illustrated in Chart 4C. The farm sector was the primary source of county employment. Employment in this sector declined slightly, from 40.6 percent of total employment in 1969 to 36.4 percent in 1987. The percent of total employment in manufacturing increased slightly, from 3.8 percent in 1969 to 5.1 percent in 1987. Similar to trends in earnings, the mining sector's share of employment increased in the late 1970's to 7.3 percent in 1978. By 1982, this data was not available. At the state level, the share of employment in these sectors also declined.

Employment in the non-goods-producing industries is presented in Chart 4D. The percent of employment in the trade sector decreased from 18.1 percent in 1969 to 10.8 percent in 1987. The percent of employment in the service sector increased from 6.0 percent in 1969 to 9.1 percent in 1987. The employment share in state and local government remained relatively constant and accounted for 15.8 percent in 1987. At the state level, employment shares in both the service and trade sectors increased, while the government employment share remained constant.

## Population

The census conducted each decade counts the actual population in an area. Population is then statistically estimated during intervening years.

The demographic composition of this population growth has important implications for the future demand for goods and services, and ultimately, the economic structure of Menifee County.

The Menifee County population grew from 4,100 in 1969 to 5,300 in 1987 (Chart 5A). It was estimated that in 1986, 7.8 percent of Menifee County's population was under six years of age, compared to 8.6 percent for the state. For the same year 15.1 percent of the Menifee County population was sixty years of age and over, while 16.5 percent of all Kentucky residents fell in this age group.

CHART 1A

MENIFEE COUNTY  
REAL PERSONAL INCOME  
Millions of 1988 dollars

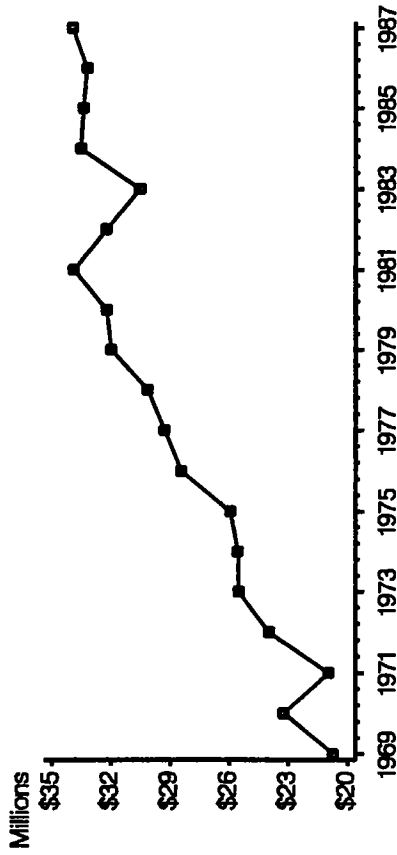


CHART 1B  
MENIFEE COUNTY  
PERSONAL INCOME  
as a Percent of Kentucky Personal Income

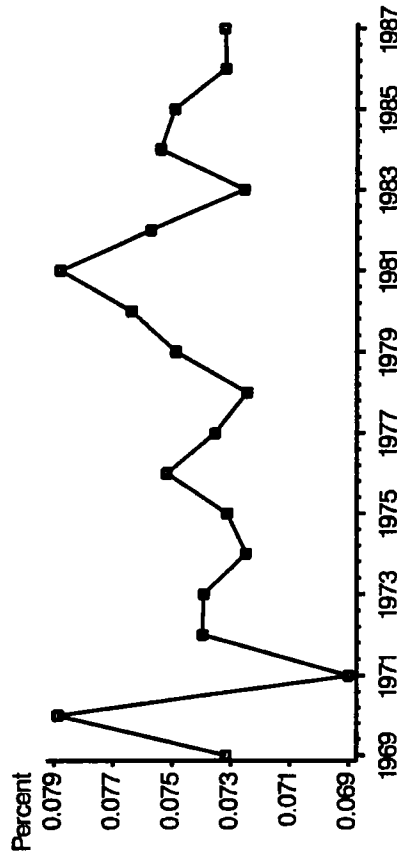


CHART 1C

MENIFEE COUNTY  
PER CAPITA PERSONAL INCOME  
in Constant 1988 Dollars

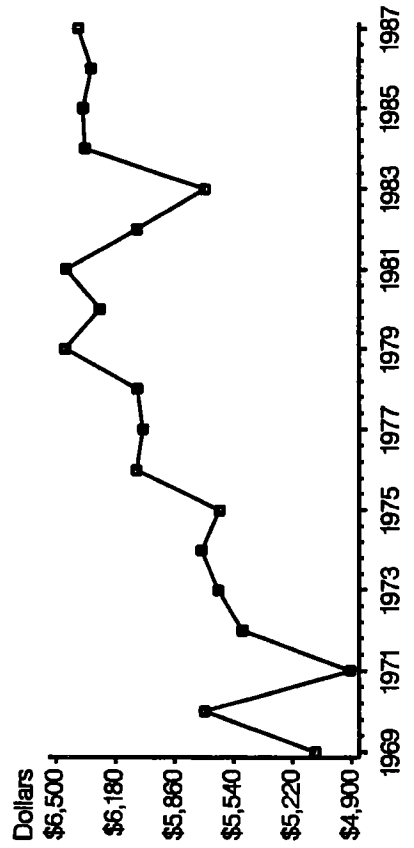


CHART 1D

MENIFEE COUNTY  
PER CAPITA PERSONAL INCOME  
as a Percent of Kentucky Per Capita Personal Income

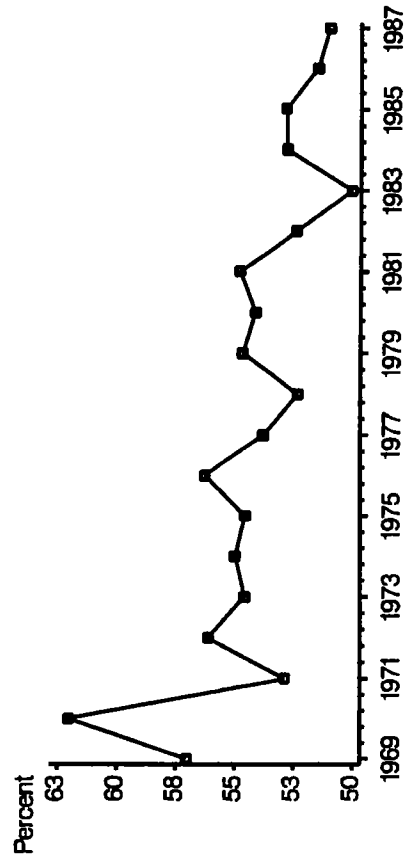


CHART 2A  
MENIFEE COUNTY  
REAL TOTAL EARNINGS  
Millions of 1988 dollars

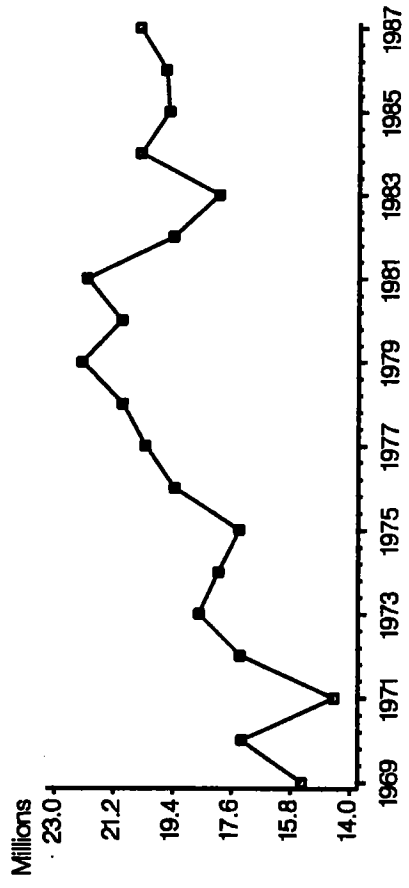


CHART 2C  
MENIFEE COUNTY  
TOTAL EARNINGS  
as a Percent of Personal Income

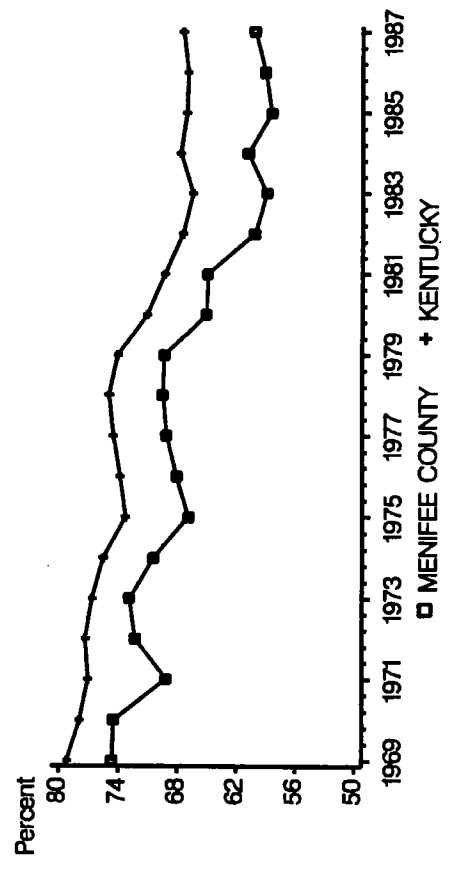


CHART 2B  
MENIFEE COUNTY  
TRANSFER PAYMENTS and INCOME FROM PROPERTY  
Millions of 1988 Dollars

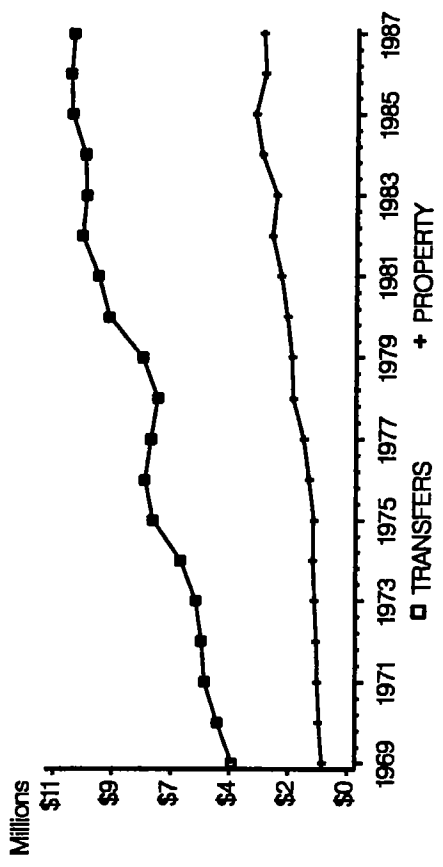


CHART 2D  
MENIFEE COUNTY  
TRANSFER PAYMENTS  
as a Percent of Personal Income

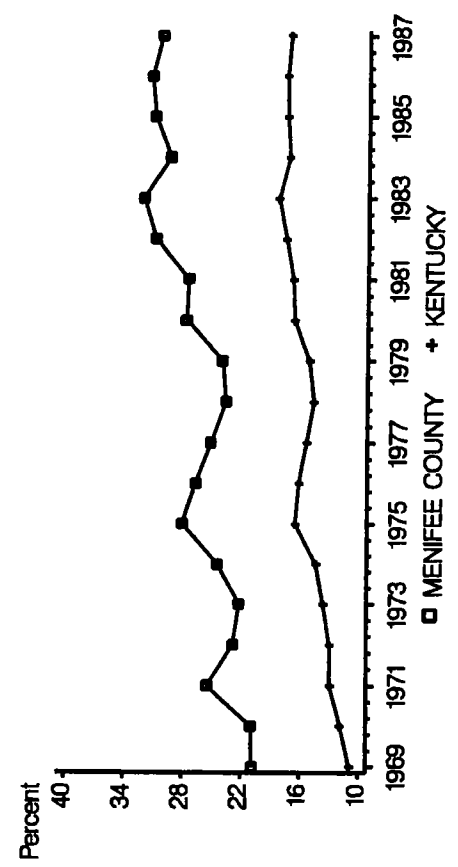


CHART 3A

MENIFEE COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

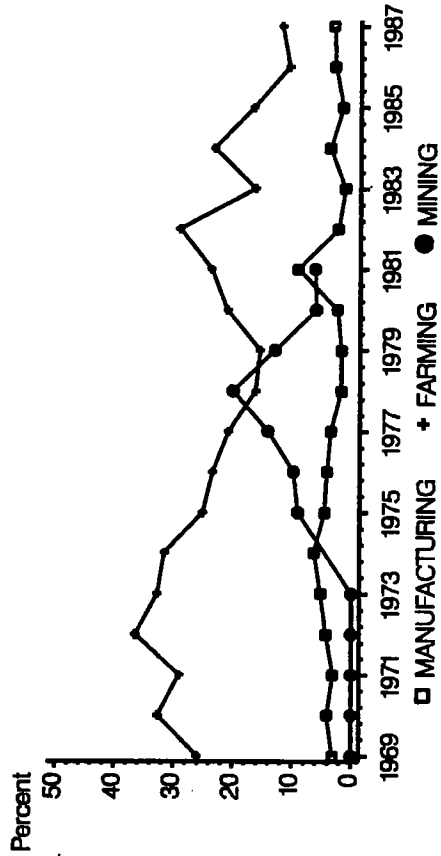


CHART 3C

MENIFEE COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Kentucky Industries

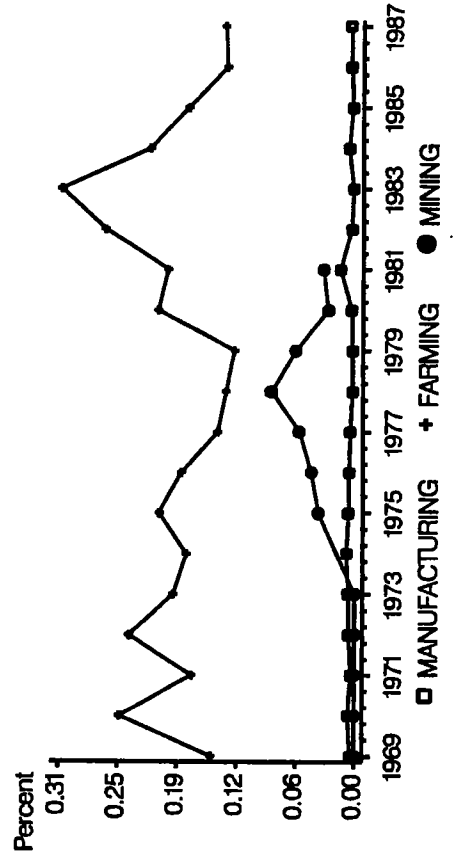


CHART 3B

MENIFEE COUNTY

EARNINGS IN NON - GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

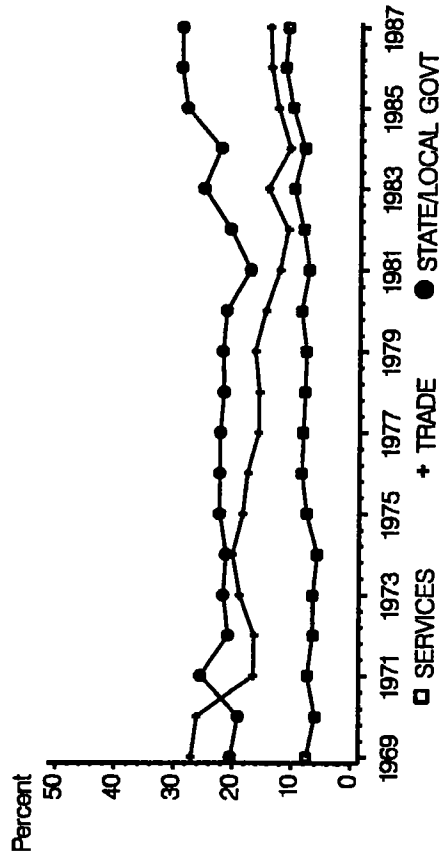


CHART 3D

MENIFEE COUNTY

AVERAGE EARNINGS PER JOB  
in Constant 1988 Dollars

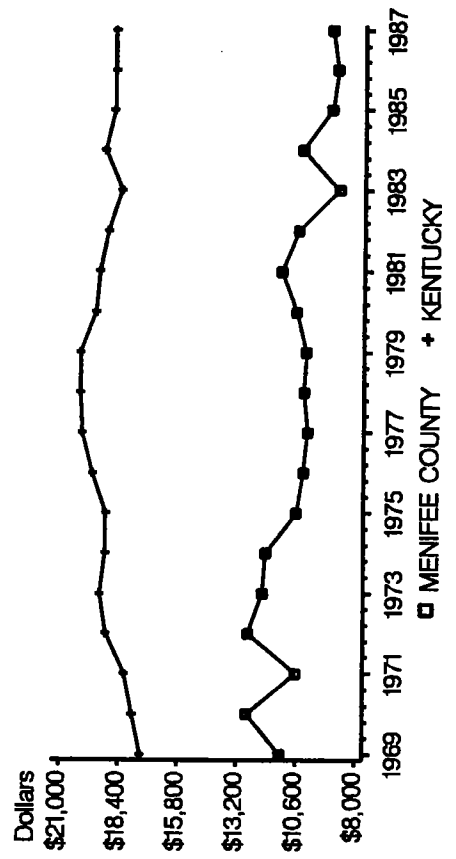


CHART 4A  
MENIFEE COUNTY  
TOTAL EMPLOYMENT  
Thousands of People

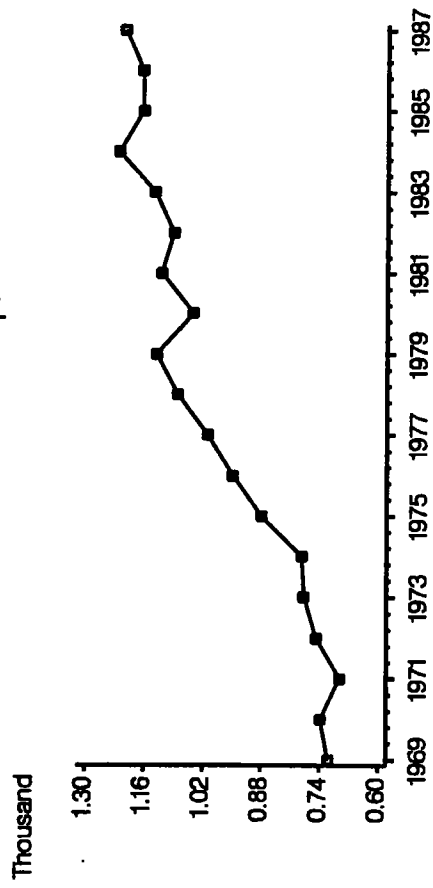


CHART 4B  
MENIFEE COUNTY  
ANNUAL UNEMPLOYMENT RATE

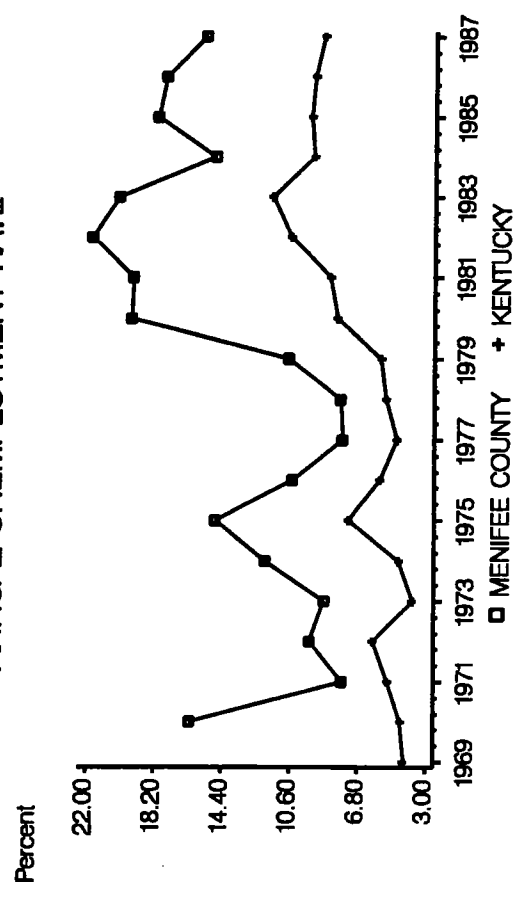


CHART 4C  
MENIFEE COUNTY  
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

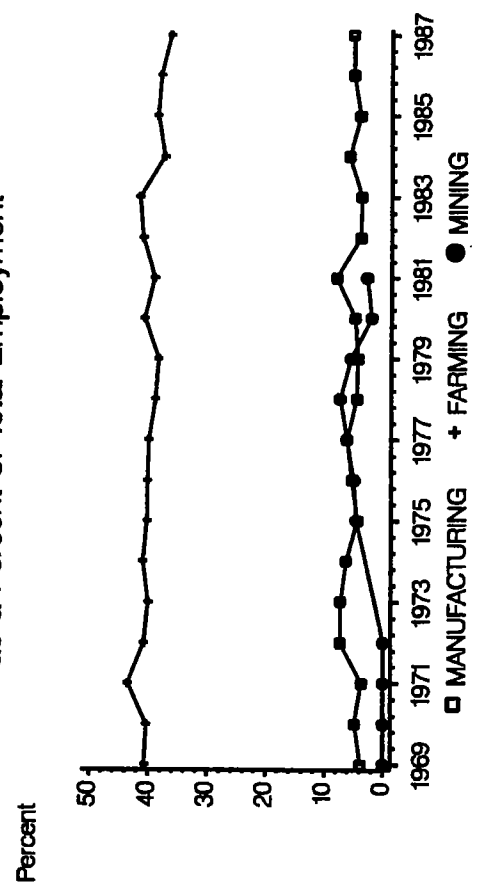


CHART 4D  
MENIFEE COUNTY  
EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

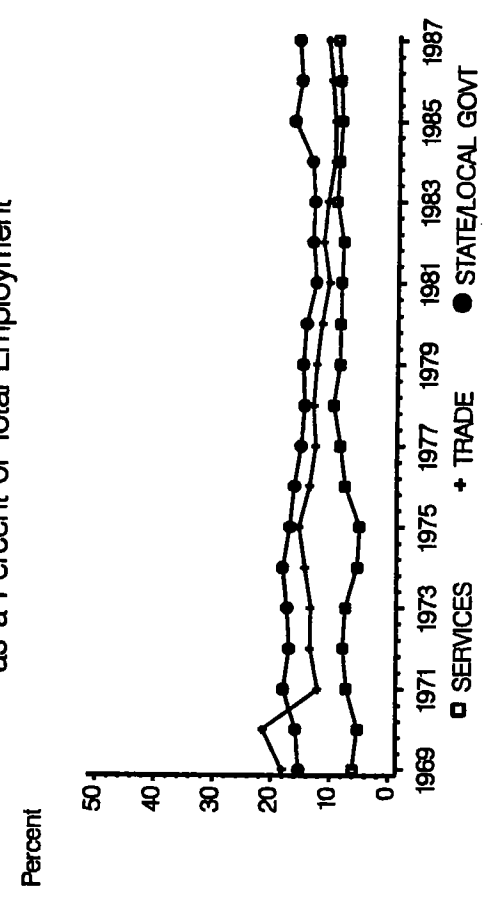


CHART 5A  
MENIFEE COUNTY  
POPULATION  
Thousands of People

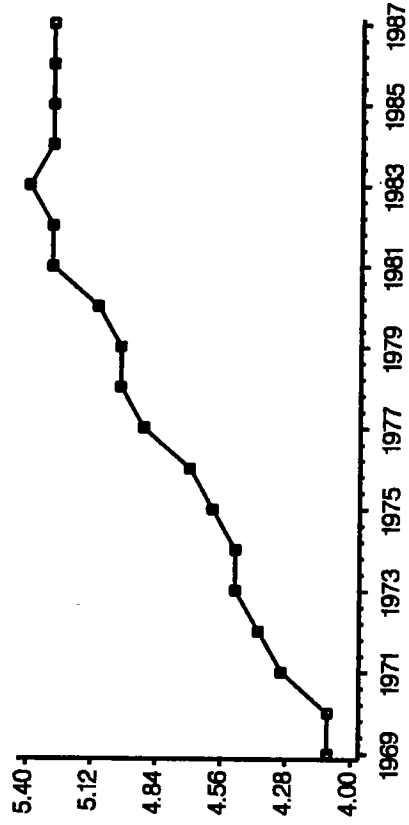


CHART 5B  
MENIFEE COUNTY  
POPULATION  
as a Percent of Kentucky Population

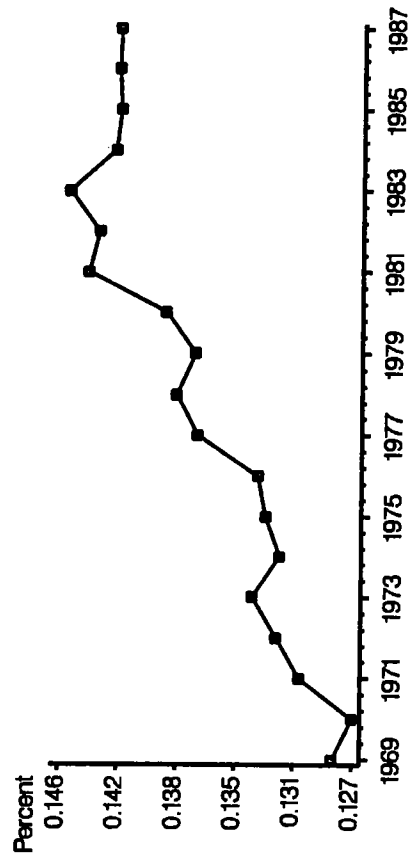


CHART 5C  
MENIFEE COUNTY  
POPULATION 5 AND UNDER  
as a Percent of Total Population

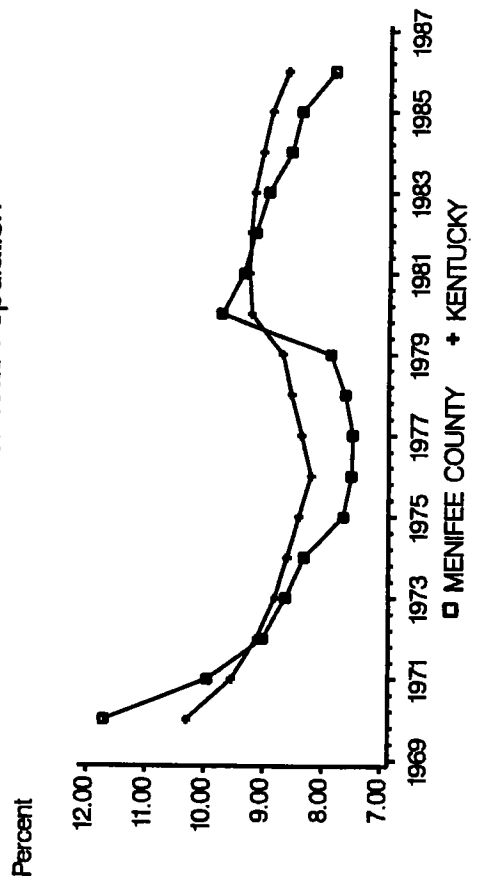
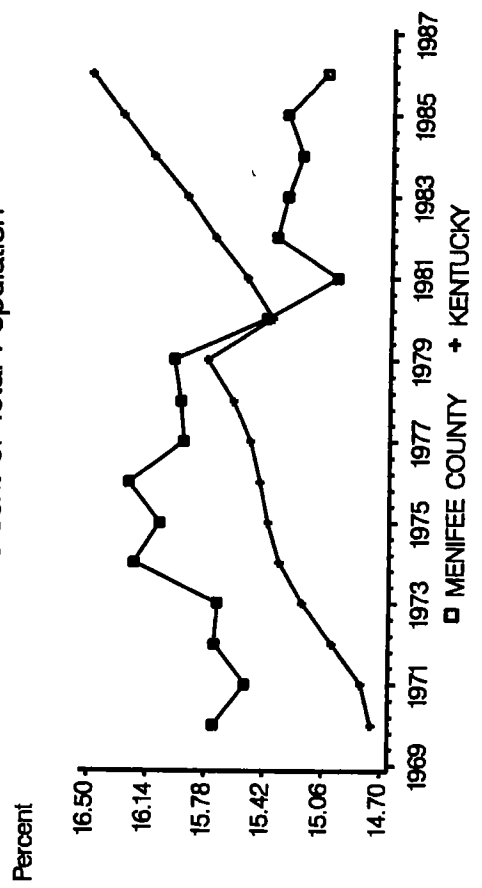


CHART 5D  
MENIFEE COUNTY  
POPULATION 60 AND OVER  
as a Percent of Total Population



MENIFEE COUNTY

PERSONAL INCOME  
In Constant 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	21	0.07	5,095	57.3
1970	23	0.08	5,697	62.5
1971	21	0.07	4,905	53.0
1972	24	0.07	5,492	56.4
1973	26	0.07	5,623	54.8
1974	26	0.07	5,716	55.2
1975	26	0.07	5,617	54.7
1976	28	0.08	6,066	56.5
1977	29	0.07	6,031	54.0
1978	30	0.07	6,062	52.4
1979	32	0.07	6,449	54.8
1980	32	0.08	6,262	54.3
1981	34	0.08	6,445	55.0
1982	32	0.08	6,062	52.5
1983	31	0.07	5,696	50.0
1984	34	0.08	6,344	52.9
1985	33	0.07	6,353	53.0
1986	33	0.07	6,309	51.6
1987	34	0.07	6,379	51.0

COMPONENTS OF PERSONAL INCOME  
In Constant 1988 Dollars

Year	EARNINGS			TRANSFER PAYMENTS			INCOME from PROPERTY		
	M\$	Percent of Personal Income		M\$	Percent of Personal Income		M\$	Percent of Personal Income	
		County	Kentucky		County	Kentucky		County	Kentucky
1969	15	74.6	79.2	4	20.8	10.9	1	4.5	9.9
1970	17	74.5	77.9	5	21.0	11.9	1	4.6	10.2
1971	14	69.2	77.0	5	25.5	12.9	1	5.4	10.1
1972	17	72.3	77.3	5	22.8	12.9	1	4.9	9.7
1973	19	72.9	76.6	6	22.2	13.6	1	4.9	9.7
1974	18	70.4	75.5	6	24.5	14.4	1	5.1	10.1
1975	17	67.0	73.3	7	28.1	16.5	1	4.9	10.1
1976	19	68.1	73.9	8	26.8	16.1	1	5.1	10.0
1977	20	69.2	74.6	7	25.2	15.3	2	5.6	10.1
1978	21	69.5	75.0	7	23.6	14.6	2	6.8	10.4
1979	22	69.4	74.1	8	24.0	15.1	2	6.6	10.8
1980	21	65.1	71.1	9	27.8	16.7	2	7.1	12.2
1981	22	65.0	69.3	9	27.6	16.8	3	7.4	13.8
1982	19	60.2	67.5	10	30.9	17.6	3	8.9	14.9
1983	18	59.0	66.6	10	32.1	18.4	3	8.9	15.1
1984	20	60.9	67.8	10	29.4	17.3	3	9.7	14.9
1985	20	58.5	67.2	10	31.0	17.6	4	10.5	15.3
1986	20	59.2	67.1	10	31.3	17.6	3	9.5	15.3
1987	20	60.2	67.5	10	30.3	17.2	3	9.5	15.3



MENIFEE COUNTY

SECTOR EARNINGS as a PERCENT of TOTAL COUNTY EARNINGS and  
as a PERCENT of KENTUCKY SECTOR EARNINGS

YEAR	MANUFACTURING		FARMING		MINING	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	3.1	0.00	26.0	0.15	0.0	0.00
1970	4.0	0.01	32.6	0.25	0.0	0.00
1971	3.1	0.00	29.0	0.17	0.0	0.00
1972	4.2	0.01	36.5	0.24	0.0	0.00
1973	5.2	0.01	32.8	0.19	0.0	0.00
1974	6.3	0.01	31.6	0.18	.	.
1975	4.6	0.01	25.2	0.21	9.1	0.04
1976	4.1	0.01	23.5	0.18	9.8	0.05
1977	3.5	0.00	20.8	0.14	14.2	0.06
1978	1.8	0.00	16.3	0.14	20.1	0.09
1979	1.8	0.00	15.6	0.13	13.0	0.06
1980	2.5	0.00	21.1	0.21	6.1	0.03
1981	9.1	0.02	23.8	0.20	6.2	0.03
1982	2.3	0.00	29.2	0.26	.	.
1983	1.2	0.00	16.4	0.31	.	.
1984	3.8	0.01	23.4	0.21	.	.
1985	1.6	0.00	16.7	0.17	.	.
1986	3.0	0.00	10.7	0.13	.	.
1987	3.2	0.00	12.0	0.14	.	.

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	7.5	0.02	27.0	0.06	20.3	0.08
1970	6.0	0.02	26.0	0.06	19.1	0.08
1971	7.3	0.02	16.5	0.03	25.5	0.08
1972	6.4	0.02	16.4	0.04	20.8	0.08
1973	6.5	0.02	18.9	0.04	21.7	0.08
1974	5.8	0.02	20.1	0.04	21.3	0.08
1975	7.5	0.02	18.3	0.04	22.3	0.08
1976	8.4	0.02	17.6	0.04	22.3	0.08
1977	8.2	0.02	15.8	0.03	22.3	0.08
1978	7.9	0.02	15.7	0.03	21.7	0.08
1979	7.7	0.02	16.4	0.04	21.9	0.08
1980	8.6	0.02	14.6	0.03	21.3	0.07
1981	7.3	0.02	12.3	0.03	17.2	0.07
1982	8.3	0.02	10.9	0.03	20.7	0.08
1983	9.9	0.02	14.3	0.03	25.2	0.08
1984	8.2	0.02	10.6	0.03	22.3	0.09
1985	10.2	0.02	12.7	0.03	28.1	0.09
1986	11.5	0.02	14.0	0.03	29.1	0.09
1987	11.1	0.02	14.1	0.03	29.0	0.09

MENIFEE COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	27	3.8	292	40.6	0	0.0
1970	35	4.7	298	40.4	0	0.0
1971	25	3.6	301	43.5	0	0.0
1972	54	7.2	305	40.8	0	0.0
1973	56	7.2	312	40.1	.	.
1974	49	6.3	321	41.0	.	.
1975	38	4.3	355	40.3	40	4.5
1976	50	5.3	382	40.3	47	5.0
1977	62	6.1	404	40.0	62	6.1
1978	48	4.4	421	38.9	79	7.3
1979	49	4.3	435	38.4	62	5.5
1980	50	4.8	426	40.8	22	2.1
1981	89	7.9	438	39.1	32	2.9
1982	43	3.9	448	41.1	.	.
1983	43	3.8	473	41.6	.	.
1984	71	5.8	458	37.4	.	.
1985	46	3.9	450	38.6	.	.
1986	59	5.1	444	38.0	.	.
1987	62	5.1	440	36.4	.	.

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	43	6.0	130	18.1	110	15.3
1970	38	5.1	158	21.4	117	15.9
1971	49	7.1	84	12.1	124	17.9
1972	58	7.8	101	13.5	127	17.0
1973	57	7.3	104	13.4	135	17.4
1974	42	5.4	113	14.4	142	18.1
1975	44	5.0	136	15.5	149	16.9
1976	71	7.5	130	13.7	154	16.2
1977	84	8.3	128	12.7	153	15.2
1978	103	9.5	141	13.0	158	14.6
1979	96	8.5	142	12.5	169	14.9
1980	88	8.4	122	11.7	150	14.4
1981	93	8.3	117	10.4	143	12.8
1982	88	8.1	126	11.5	146	13.4
1983	105	9.2	123	10.8	149	13.1
1984	108	8.8	118	9.6	165	13.5
1985	98	8.4	112	9.6	193	16.6
1986	102	8.7	119	10.2	180	15.4
1987	110	9.1	130	10.8	191	15.8

MENIFEE COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	719	\$11,296	\$17,440	.	4.2
1970	738	\$12,746	\$17,811	16.2	4.4
1971	692	\$10,612	\$18,166	7.7	5.1
1972	748	\$12,703	\$18,970	9.5	6.0
1973	778	\$12,086	\$19,232	8.7	3.7
1974	783	\$11,948	\$19,008	12.0	4.5
1975	880	\$10,604	\$18,976	14.8	7.3
1976	949	\$10,294	\$19,563	10.5	5.6
1977	1,009	\$10,106	\$20,031	7.7	4.7
1978	1,081	\$10,268	\$20,121	7.8	5.3
1979	1,132	\$10,175	\$20,110	10.7	5.5
1980	1,044	\$10,637	\$19,439	19.5	8.0
1981	1,120	\$11,314	\$19,286	19.4	8.4
1982	1,091	\$10,564	\$18,931	21.7	10.6
1983	1,137	\$8,771	\$18,358	20.2	11.6
1984	1,223	\$10,384	\$19,080	14.9	9.3
1985	1,165	\$9,110	\$18,676	18.1	9.5
1986	1,167	\$8,873	\$18,627	17.6	9.3
1987	1,209	\$9,093	\$18,636	15.4	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER AGE 6		PERCENT AGE 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	4,100	0.13	.	.	.	.
1970	4,100	0.13	11.7	10.3	15.7	14.8
1971	4,300	0.13	10.0	9.6	15.5	14.8
1972	4,400	0.13	9.0	9.1	15.7	15.0
1973	4,500	0.13	8.6	8.8	15.7	15.2
1974	4,500	0.13	8.3	8.6	16.2	15.3
1975	4,600	0.13	7.6	8.4	16.1	15.4
1976	4,700	0.13	7.5	8.2	16.3	15.5
1977	4,900	0.14	7.5	8.4	15.9	15.5
1978	5,000	0.14	7.6	8.5	15.9	15.6
1979	5,000	0.14	7.9	8.7	16.0	15.8
1980	5,100	0.14	9.7	9.2	15.4	15.4
1981	5,300	0.14	9.4	9.3	15.0	15.5
1982	5,300	0.14	9.2	9.2	15.4	15.7
1983	5,400	0.15	8.9	9.2	15.3	15.9
1984	5,300	0.14	8.5	9.0	15.2	16.1
1985	5,300	0.14	8.4	8.9	15.3	16.3
1986	5,300	0.14	7.8	8.6	15.1	16.5
1987	5,300	0.14	.	.	.	.



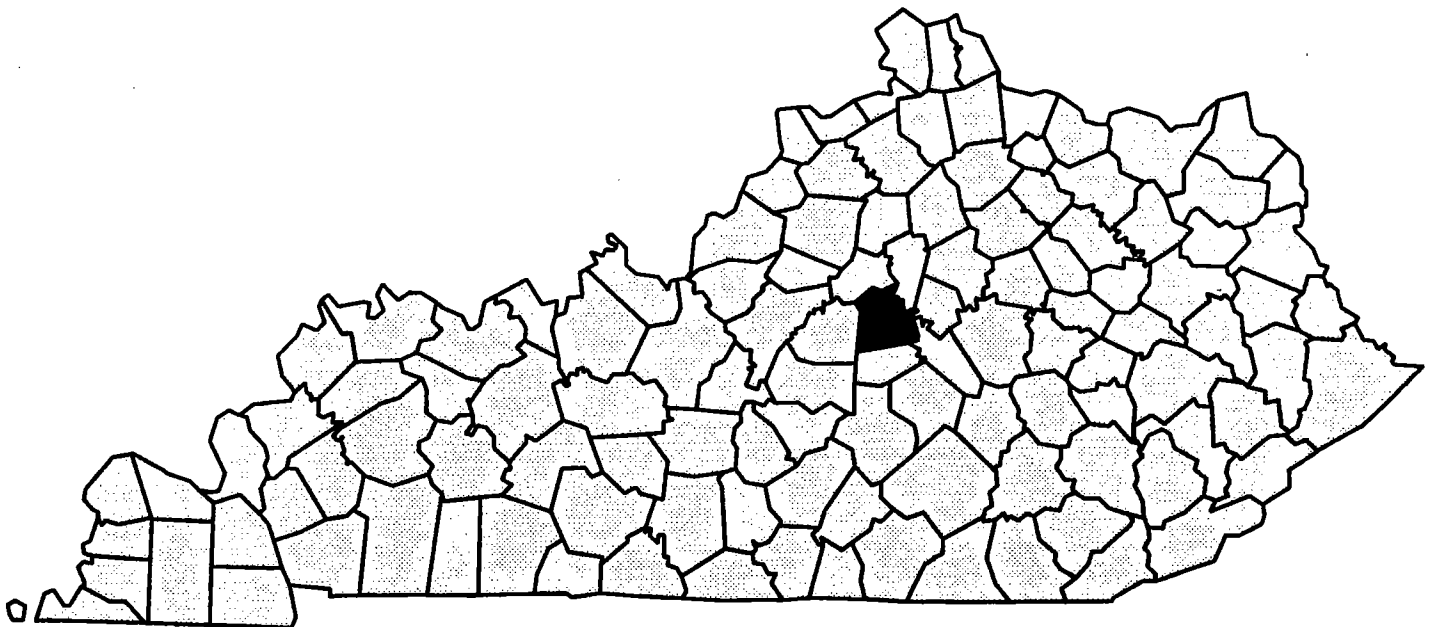


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ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

**MERCER COUNTY**



Prepared by  
Virginia Wilson  
Donna A. Cantrell

RESEARCH MEMORANDUM 438  
Legislative Research Commission  
Frankfort, Kentucky  
February, 1990





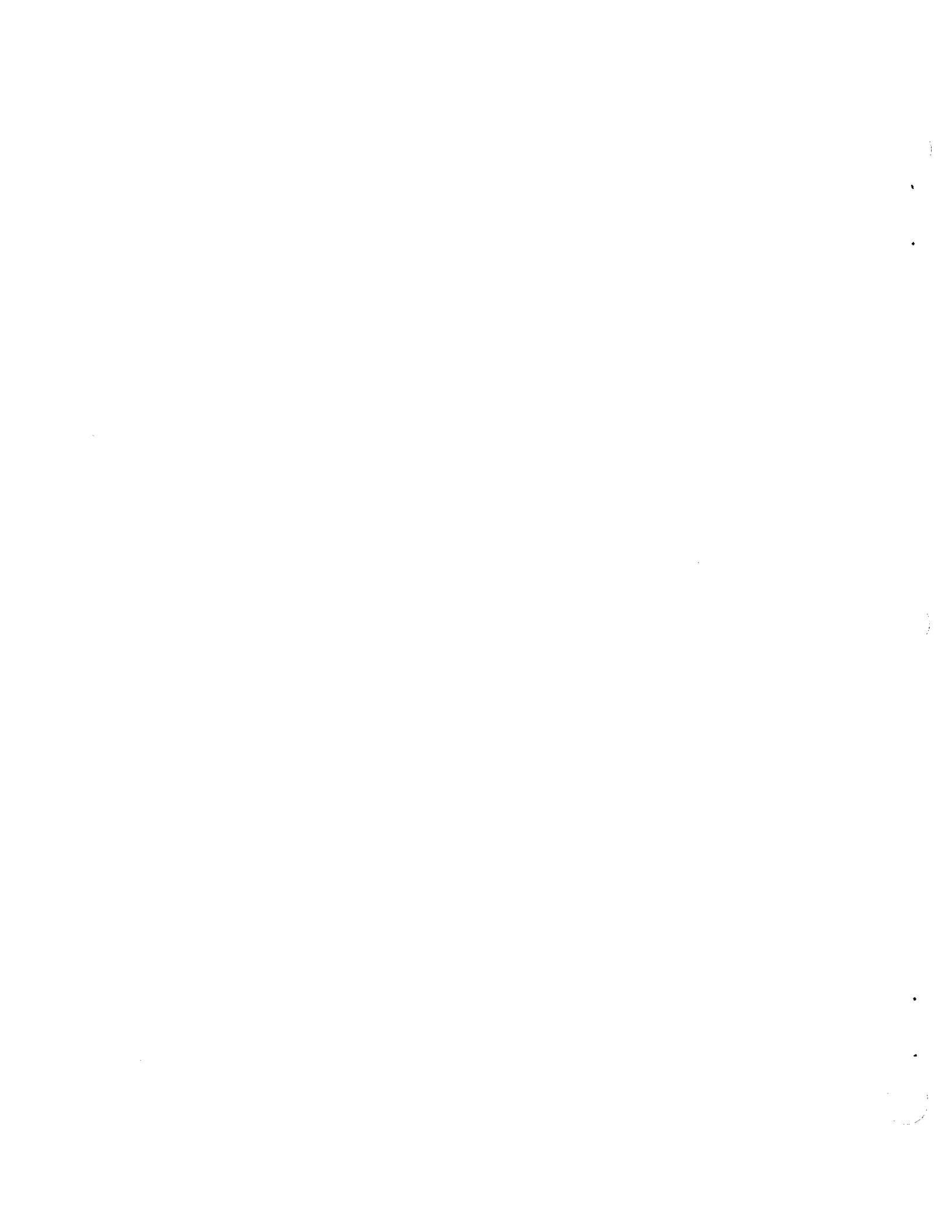
ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

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1990

MERCER COUNTY

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Frankfort, Kentucky  
February, 1990



## FOREWORD

This publication is one of a set of 120, highlighting economic trends in each county in Kentucky from 1969-1987. This effort is part of the ongoing activities sponsored by the Legislative Research Commission to provide a long-term perspective on issues for decision makers. The economies of individual counties do not always parallel overall state trends. This set of publications is an attempt to look at the economic trends in each county over time and to point out where the economies of individual counties may be performing differently from the economy of the state as a whole.

This publication was prepared by Virginia Wilson and Donna Cantrell. Susan Dance assisted in production of the manuscript and Charles Bush edited the report. The assistance of Carol Straus from the Center for Business and Economic Research at the University of Kentucky in deciphering data is gratefully acknowledged.

Vic Hellard, Jr.  
Director

The Capitol  
Frankfort  
February, 1990



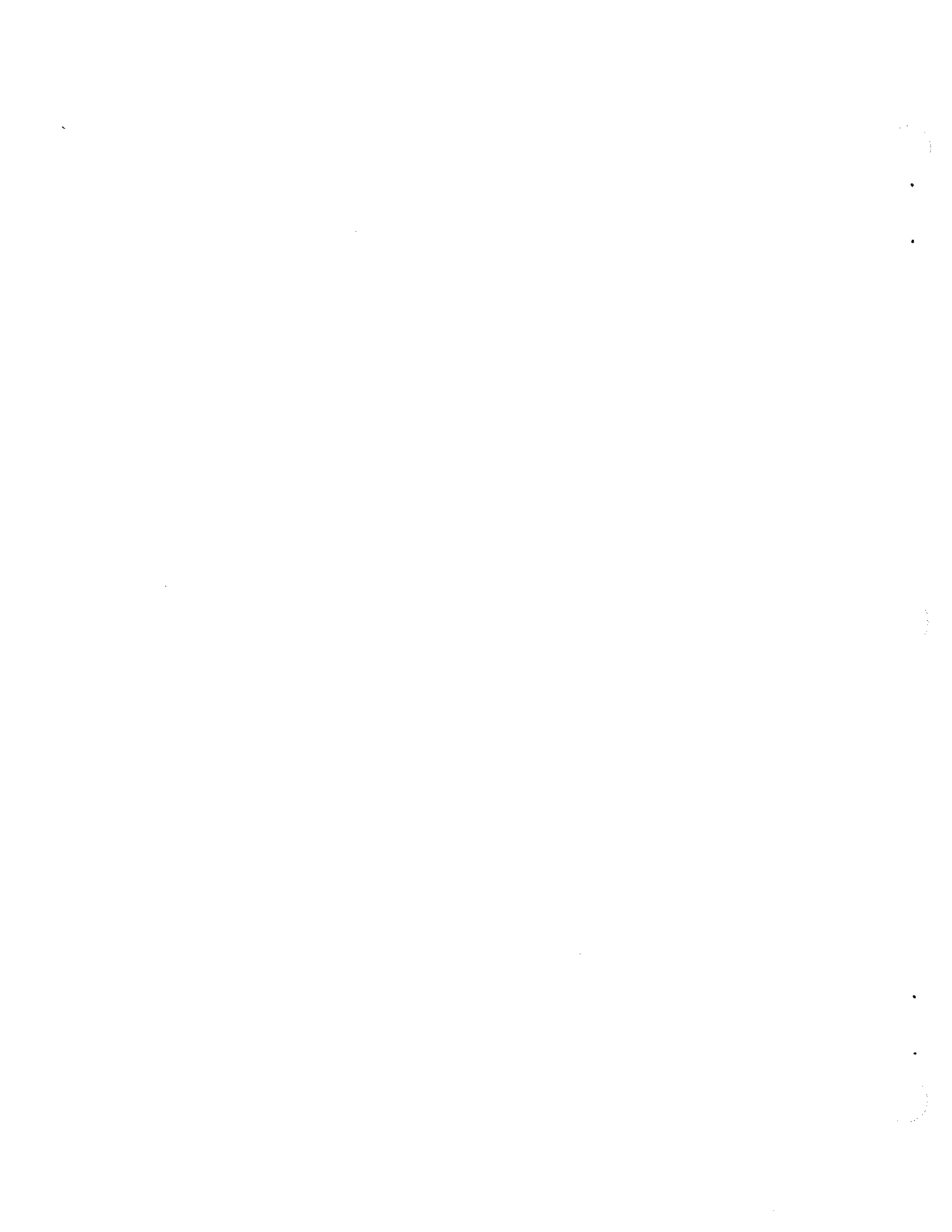
## SUMMARY

Despite erratic employment trends, Mercer County experienced significant economic growth from 1969 to 1987. Personal income almost doubled over this period. Mercer County also increased its share of Kentucky personal income, indicating that the county economy grew at a faster rate than the state economy.

The economic growth was spurred to a large extent by increases in the service and trade sectors. These sectors have also grown at the state and national level.

Mercer County was dominated by the goods-producing industries of manufacturing and farming. However, earnings and employment in these sectors declined through the period. This is also a trend occurring at the state level.

Economies which depend too heavily on one sector are susceptible to extreme cyclical swings. The goods-producing industries, especially manufacturing, are very sensitive to national economic conditions and are vulnerable to production cutbacks and employment layoffs during low or no-growth periods. The non-goods-producing sectors tend to be more resilient during periods of economic stagnation. The growth of the service and trade sectors in Mercer County may help to stabilize the county economy during recessionary periods and promote future economic growth.



## INTRODUCTION

This is one of a series of reports called Economic Trends in Kentucky Counties. The purpose of this series is to describe the economic structure of Kentucky counties and to assess their economic performance relative to their own history and relative to the Kentucky economy. Information on the structure and patterns of change in county economies and an understanding of their relationship to the Kentucky economy can help in making policy decisions that are intended to shape Kentucky's economic future.

When assessing any economy there are several pertinent questions which may be addressed. The first concerns changes in the absolute size of the economy over time. Here the relevant comparison is between the county economy and its own history. Since most economic variables are given in dollars and since inflation causes the value of a dollar to vary over time, all dollar values in this report are presented in constant 1988 dollars. This allows analysis of real changes over time by controlling for the effects of inflation.

A second question concerns the structure and nature of the county economy. The structure of an economy refers to the relative share contributed by the various segments of the economy, while the nature deals with how this share has changed over time.

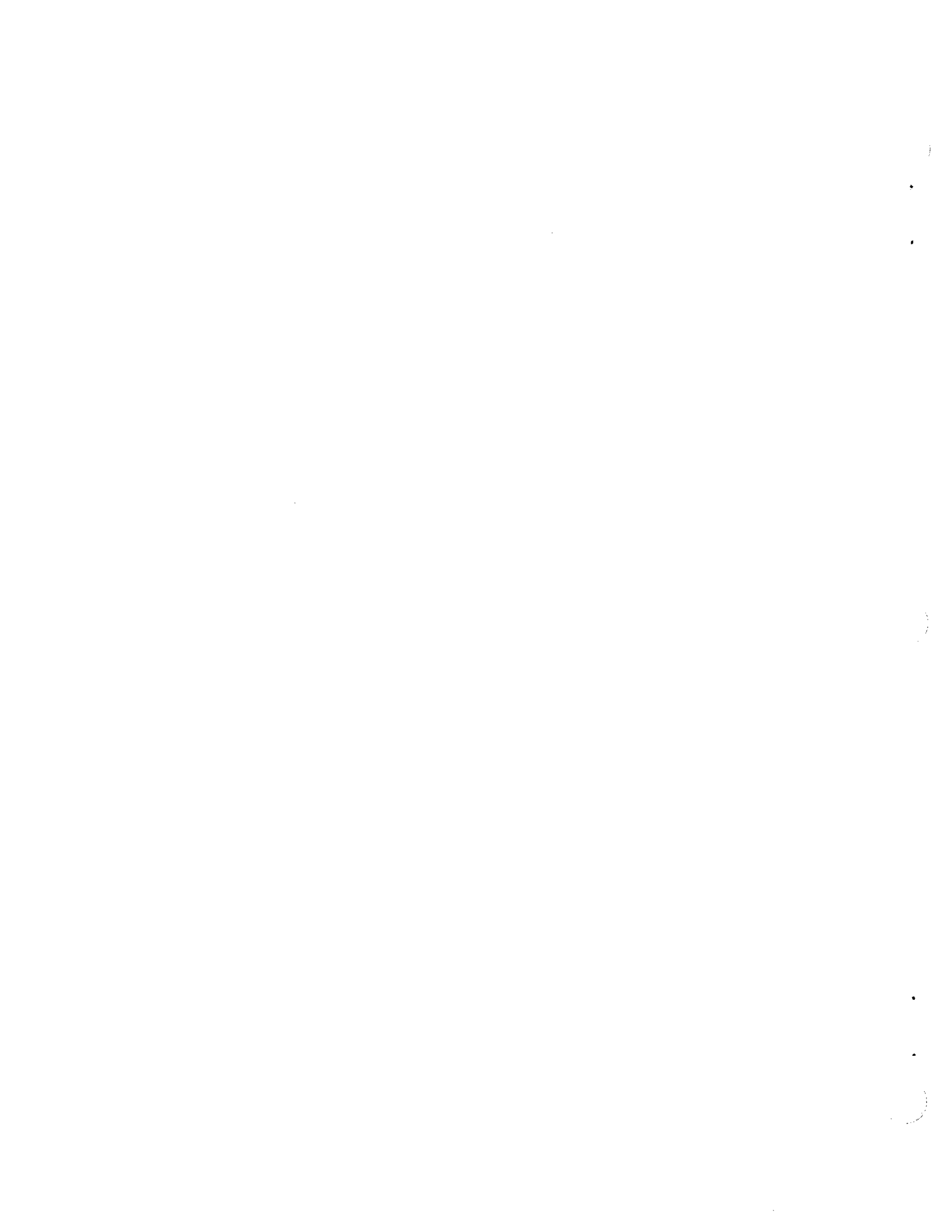
A third question concerns the performance of the county economy when compared to the Kentucky economy. For example, if a county has a higher proportion of earnings or employment in a particular sector it would indicate a specialization in that sector. Differences in economic structure may explain variations in relative economic well-being between a county and the state as a whole.

Economic data for counties are usually published after a lag of two years. Therefore, most data in this report cover the period 1969 to 1987. All data for this report was obtained from the Kentucky Economic Information System, an on-line database maintained by the University of Kentucky Center for Business and Economic Development.

There are certain caveats which should be remembered when analyzing data. First, it is a common and useful approach to evaluate the percentage an economic sector contributes to the total economy. However, one must remember that a sector's percentage contribution may decline even when its absolute value is increasing if another sector's contribution is growing at a faster rate. Secondly, when reviewing data in graphical analyses, the scales used to present data should be noted. In this report most graphs are presented with the narrowest scale which will cover all data points. This can accentuate visual patterns over time even when absolute changes are relatively small.

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\*For an analysis of economic trends in Kentucky, see Virginia Wilson, Patterns of Growth and Decline in the Kentucky Economy 1969-1988, Research Memorandum 437, Legislative Research Commission, November 1989.





## ECONOMIC TRENDS IN MERCER COUNTY

The following analysis includes a brief description of the county economy and is accompanied by graphical illustrations. Data tables are also included at the end of this report. Three principal components of the Mercer County economy are analyzed. They are:

1. Personal Income
2. Earnings
3. Employment

### Personal Income

Personal income is often used as a measure of the economic activity in an area. Personal income is the sum of all the dollar income received by individuals in an area from any legal source. Personal income data is published by the Bureau of Economic Analysis (BEA) for most major geographic regions, including states, counties, and major cities.

In general, income can be obtained in three ways. First, it can be earned by the work of an individual. This type of income includes wage and salary income and proprietors' earnings. Second, income can be earned by property. This component includes earnings from rents, dividends, and interest. Finally, income can be received as a gift or an entitlement. This type of income constitutes the component of personal income called transfer payments. Included in this component is income from sources such as retirement benefits, unemployment benefits, food stamps, and medical programs such as Medicare and Medicaid.

As can be seen in Chart 1A, the Mercer County economy, as measured by personal income, increased from \$136 million in 1969 to \$253 million in 1987, after adjusting for inflation. Chart 1B shows Mercer County total personal income as a percent of Kentucky total personal income. Mercer County increased its share of Kentucky personal income.

A similar pattern emerges from an examination of per capita personal income. Per capita personal income is simply the total personal income of an area divided by its population. Per capita personal income is often used as a measure of the economic well-being of the residents of an area. Charts 1C and 1D indicate that Mercer County per capita income increased over the time period to a level of \$12,641 per person in 1987, which was 101.1 percent of Kentucky per capita personal income.

A better understanding of the nature of economic activity can be gleaned from an examination of the relative contribution of the components of personal income and how their shares have changed over time. This information is illustrated in Charts 2A-2D. Except for small declines corresponding to national recessions, total earnings increased from \$107 million in 1969 to \$174 million in 1987 (in constant 1988 dollars). Earnings as a percent of

personal income declined over time. This trend is occurring at the state level as well. In 1987, earnings accounted for 69.0 percent of Mercer County's total personal income, compared to Kentucky's 67.5 percent share.

Transfer payments contributed \$15 million to total personal income in 1969 and \$38 million in 1987. During the period, transfer payments contributed a lower percentage of personal income in Mercer County than in Kentucky.

Income from property in Mercer County grew steadily through the time period. Income from property totalled \$15 million in 1969 and increased to \$40 million in 1987.

## **Earnings**

Earnings are the component of personal income reflecting payments to individuals in return for labor. Earnings include both wages and salaries and proprietor's income. The manufacturing sector has been the primary source of earnings in Mercer County. The percent of earnings from manufacturing increased in the early 1970's and subsequently declined to 29.7 percent in 1987 (Chart 3A). Earnings from the farm sector were volatile but generally declined. In 1969, Mercer County received 21.7 percent of total earnings from the farm sector. This percentage decreased to 6.9 percent in 1987. The trend toward declining earnings from these sectors is consistent with state and national trends.

Earnings from non-goods-producing industries as a percent of total earnings are illustrated in Chart 3B. The percent of earnings from the service sector increased from 11.2 percent in 1969 to 15.8 percent in 1987. The trade sector's share of earnings remained stable and was 14.3 percent in 1987. Earnings from the state and local government sector increased from 6.9 percent in 1969 to 9.2 percent in 1987. At the state level, the percent of earnings from services also increased, while the percents of earnings from trade and state and local government were stable.

Average earnings per job (adjusted for inflation) for Mercer County and Kentucky are shown in Chart 3D. In Kentucky, average earnings per job reached a high of \$20,121 per person in 1978. Since then, average earnings per job declined and in 1987 they were \$18,636 per person. In Mercer County, average earnings were below those of the state throughout the period; they were \$14,392 in 1987.

## **Employment**

Employment is considered any activity for which one receives financial remuneration in the form of wages or profits. Total employment in Mercer County was erratic. Employment declined in 1975, increased in the late-1970's then declined in the 1980's. By 1987, total employment stood at 8,141 people.

The unemployment rate, often used as an indicator of economic well-being, is the ratio of unemployed to the total civilian labor force. Unemployment is described as a condition of being out of work while actively seeking employment within the last thirty days. The civilian labor force is described as the proportion of population age 16 or older employed or actively seeking employment. Annual unemployment rates for Kentucky and Mercer County are presented in Chart 4B. Unemployment rates in Mercer County paralleled state trends. In 1987, the county unemployment rate was 10.2 percent, compared to 8.8 percent for Kentucky.

Another employment concept includes the discouraged worker. Discouraged workers are persons who want jobs but made no attempt to find work in the last thirty days because they believe they could not find it. These individuals are not included when calculating official unemployment rates. The Cabinet for Human Resources does not estimate discouraged workers by county. However, preliminary research by the Cabinet indicates that the inclusion of discouraged workers in the civilian labor force estimate would increase the unemployment rate by approximately four percent for the state. This figure would vary by county depending on the labor market in a county or within commuting distance.

Employment in the goods-producing industries is illustrated in Chart 4C. The percent of total employment in manufacturing decreased from 20.6 percent in 1969 to 17.3 percent in 1987. The farm sector's share of employment declined from 29.6 percent of total employment in 1969 to 20.2 percent in 1987. The share of employment in these sectors also declined at the state level.

Employment in the non-goods-producing industries is presented in Chart 4D. The percent of employment in the trade sector increased from 13.6 percent in 1969 to 16.7 percent in 1987. The percent of employment in the service sector increased from 14.7 percent in 1969 to 20.1 percent in 1987. The employment share in state and local government remained fairly constant and accounted for 7.4 percent in 1987. These employment trends parallel state employment trends.

## **Population**

The census conducted each decade counts the actual population in an area. Population is then statistically estimated during intervening years. The demographic composition of this population growth has important implications for the future demand for goods and services, and ultimately, the economic structure of Mercer County.

The Mercer County population grew from 15,800 in 1969 to 20,000 in 1987 (Chart 5A). Mercer County had a smaller proportion of younger residents and a larger proportion of older residents than the state. It was estimated that in 1986, 7.4 percent of Mercer County's population was under six years of age, compared to 8.6 percent for the state. Conversely, for the same year 19.1 percent of the Mercer County population was sixty years of age and over, while 16.5 percent of all Kentucky residents fell in this age group.

CHART 1A

MERCER COUNTY  
REAL PERSONAL INCOME  
Millions of 1988 dollars

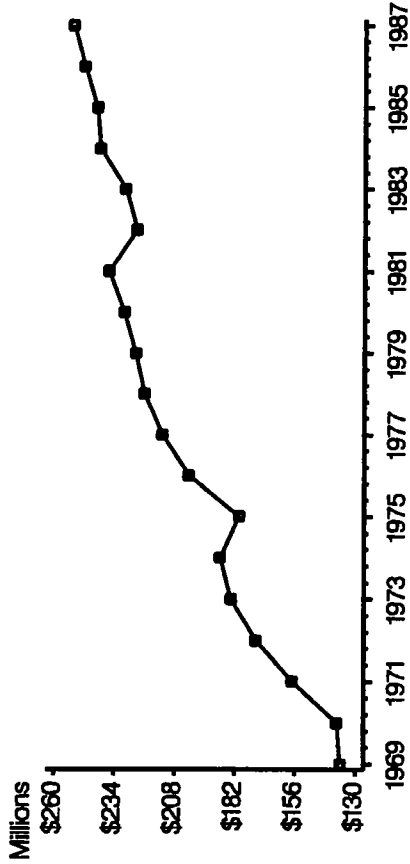


CHART 1B  
MERCER COUNTY  
PERSONAL INCOME  
as a Percent of Kentucky Personal Income

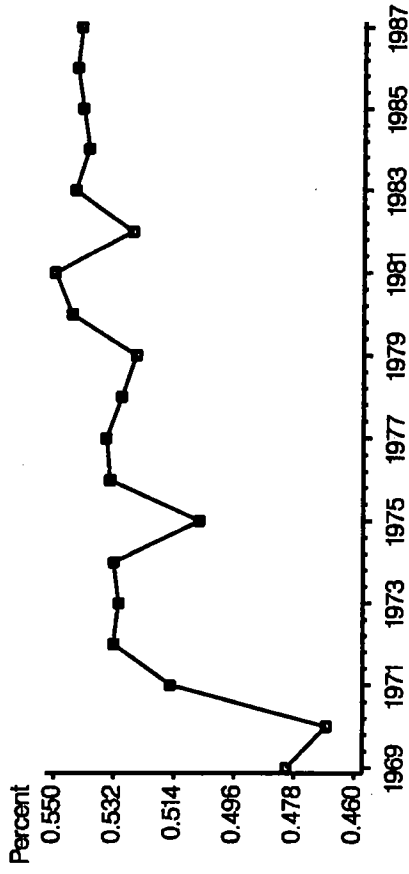


CHART 1C

MERCER COUNTY  
PER CAPITA PERSONAL INCOME  
in Constant 1988 Dollars

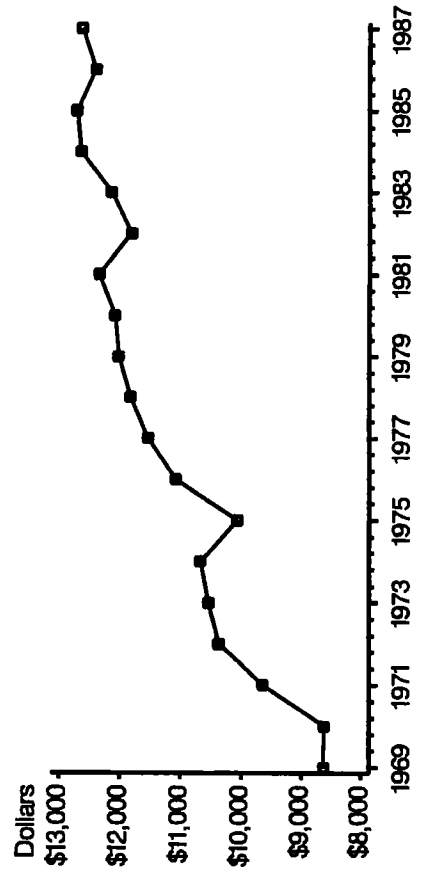


CHART 1D

MERCER COUNTY  
PER CAPITA PERSONAL INCOME  
as a Percent of Kentucky Per Capita Personal Income

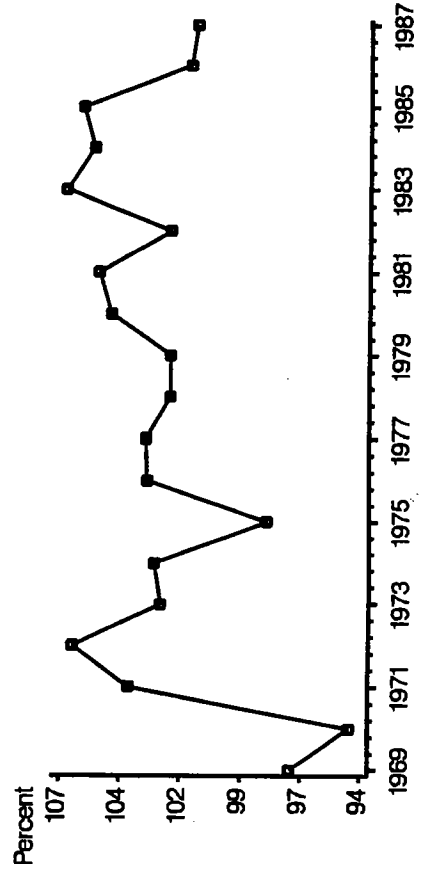


CHART 2A

MERCER COUNTY

REAL TOTAL EARNINGS

Millions of 1988 dollars

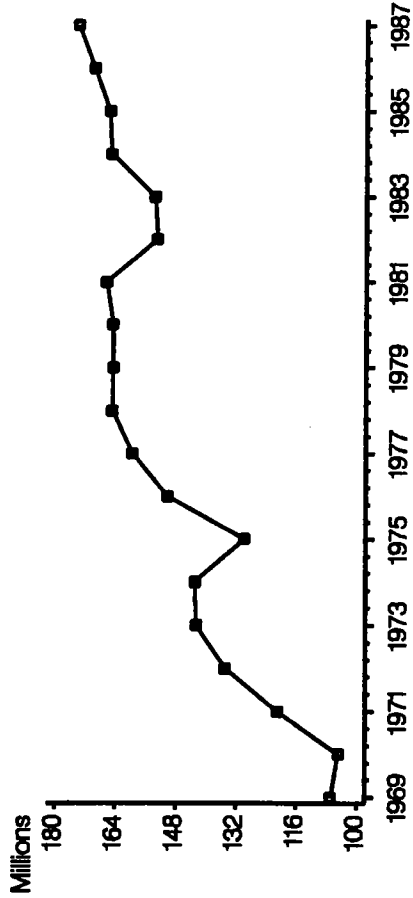


CHART 2C

MERCER COUNTY

TOTAL EARNINGS

as a Percent of Personal Income

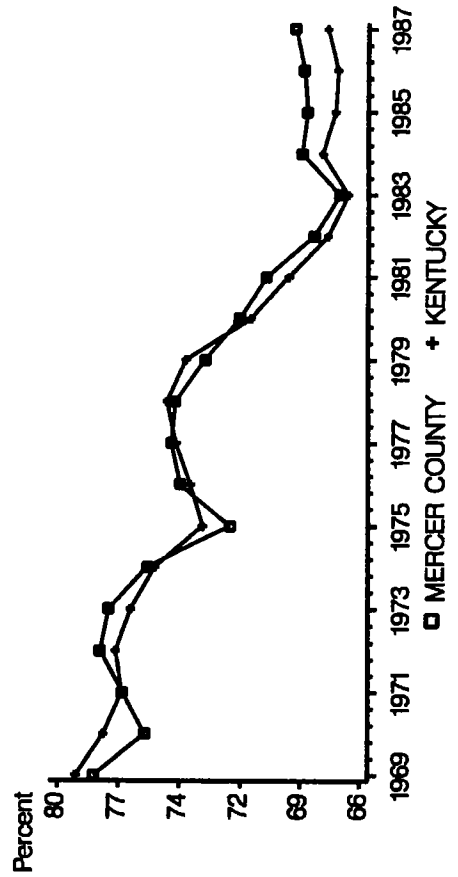


CHART 2B

MERCER COUNTY

TRANSFER PAYMENTS and INCOME FROM PROPERTY

Millions of 1988 Dollars

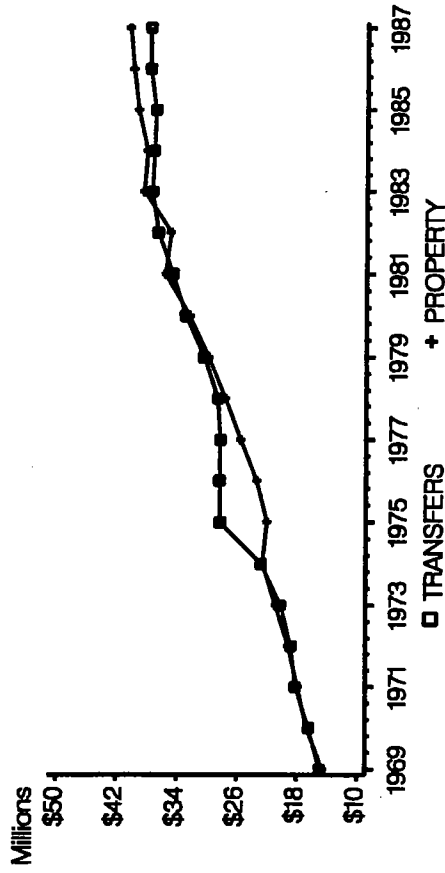


CHART 2D

MERCER COUNTY

TRANSFER PAYMENTS

as a Percent of Personal Income

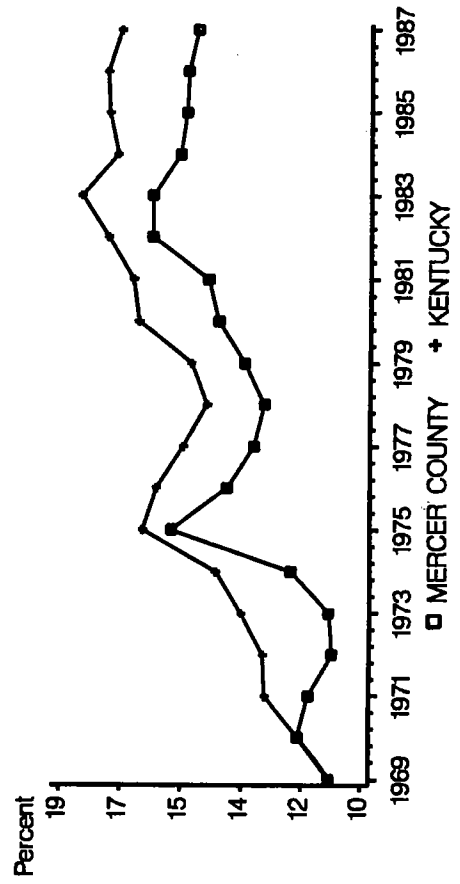


CHART 3A  
MERCER COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

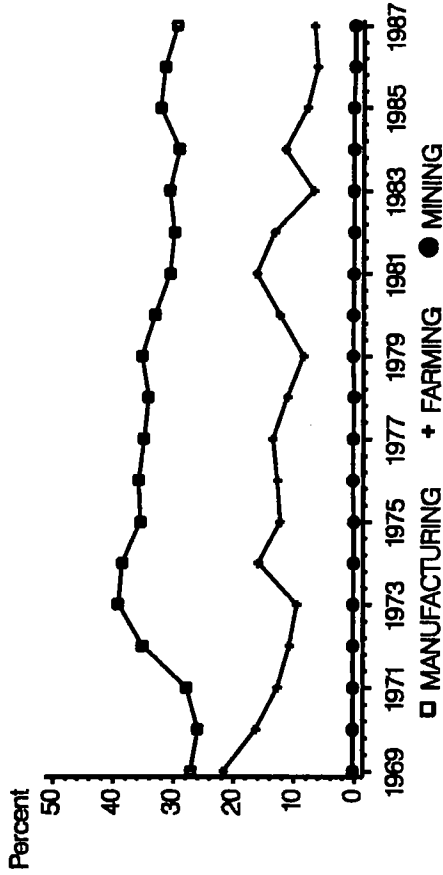


CHART 3B  
MERCER COUNTY

EARNINGS IN NON-GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

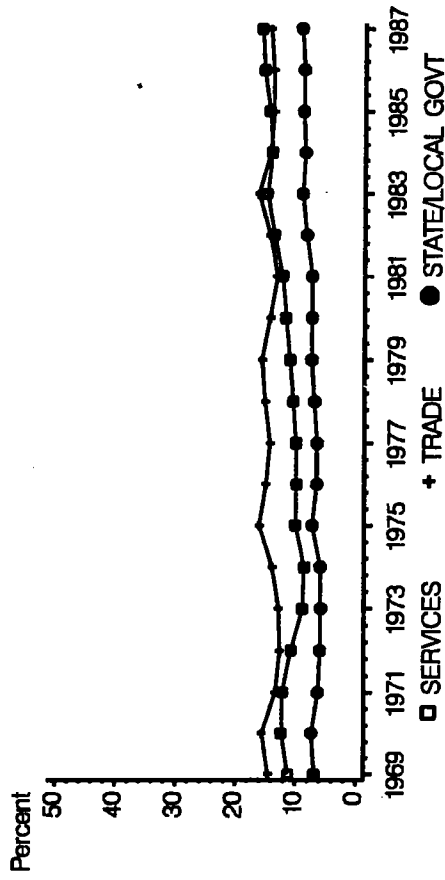


CHART 3C  
MERCER COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Kentucky Industries

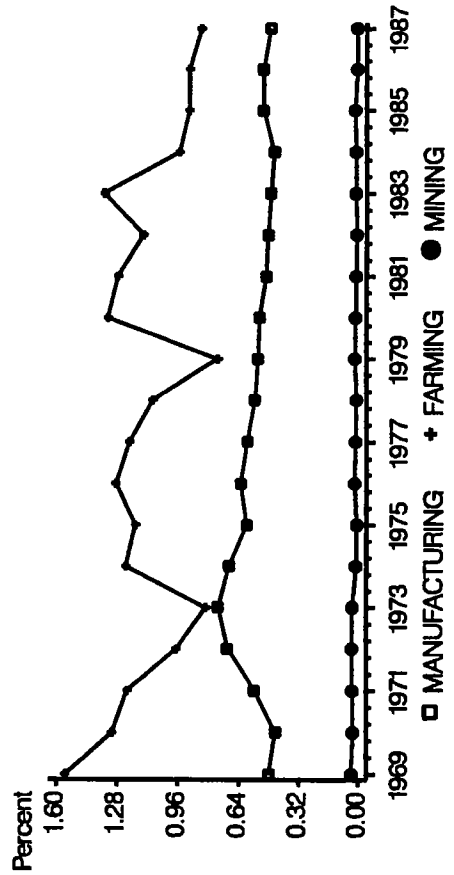


CHART 3D  
MERCER COUNTY

AVERAGE EARNINGS PER JOB  
in Constant 1988 Dollars

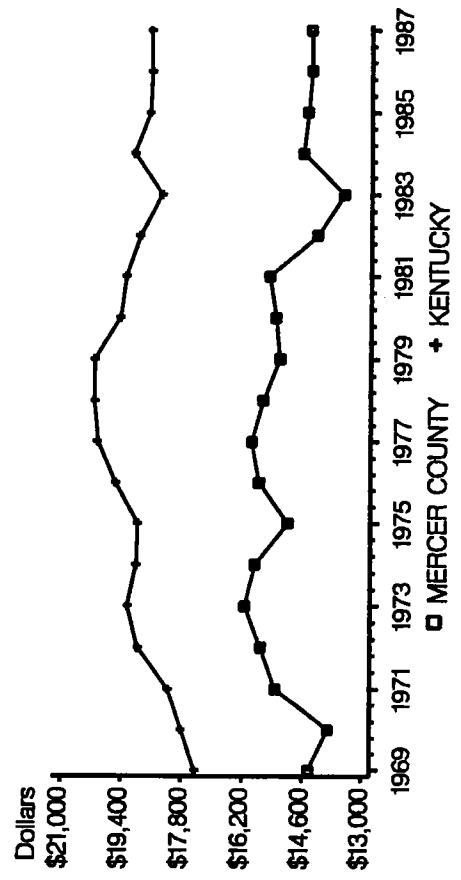


CHART 4A  
MERCER COUNTY  
TOTAL EMPLOYMENT  
Thousands of People

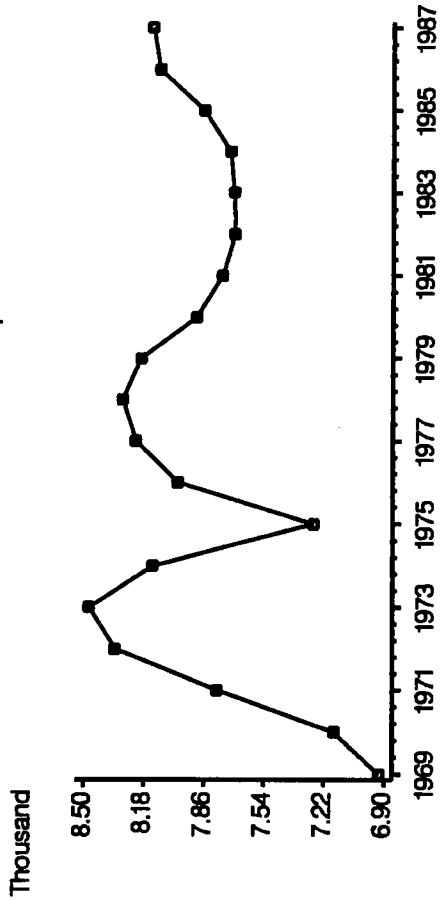


CHART 4B  
MERCER COUNTY  
ANNUAL UNEMPLOYMENT RATE

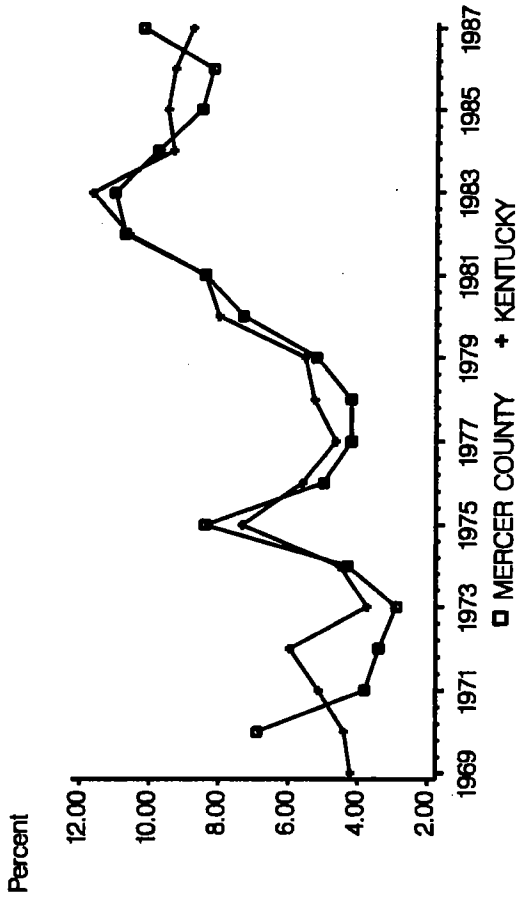


CHART 4C  
MERCER COUNTY  
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

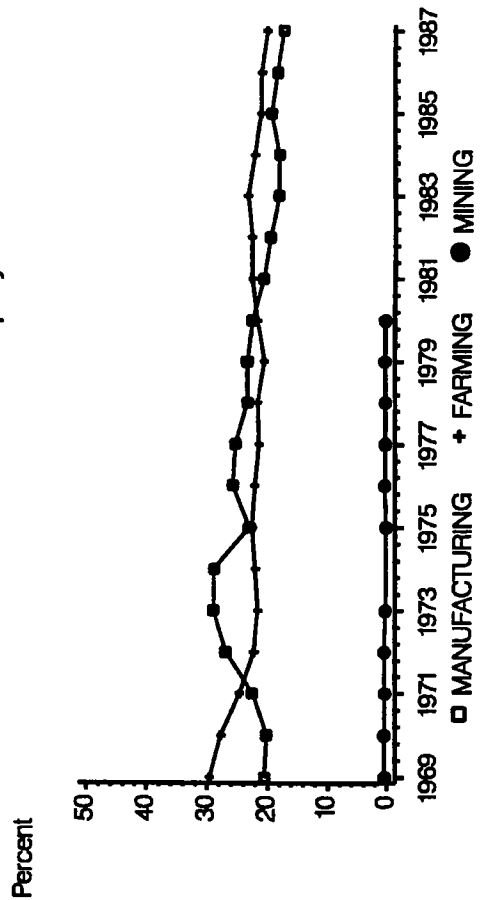


CHART 4D  
MERCER COUNTY  
EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

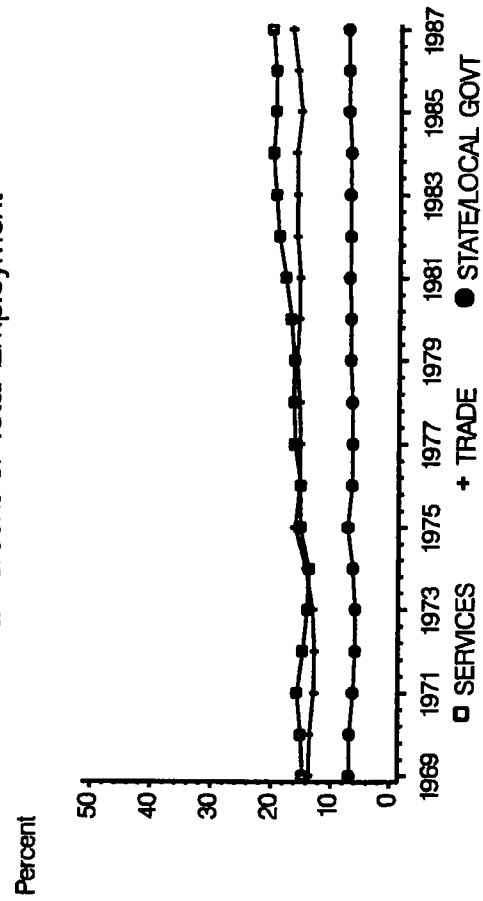


CHART 5A  
MERCER COUNTY  
POPULATION  
Thousands of People

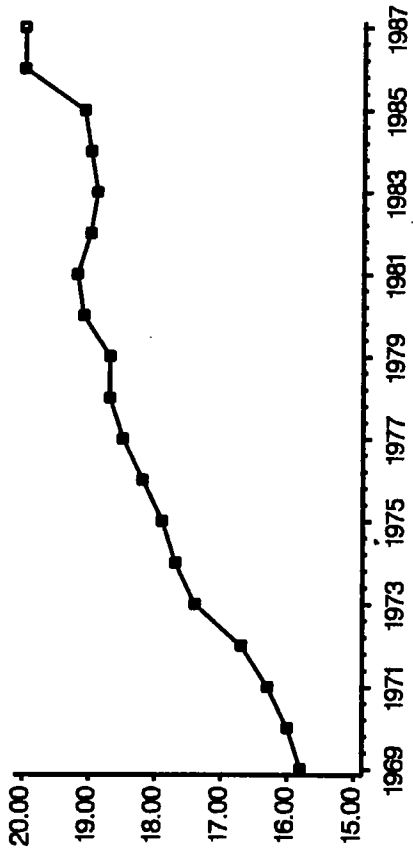


CHART 5B  
MERCER COUNTY  
POPULATION  
as a Percent of Kentucky Population

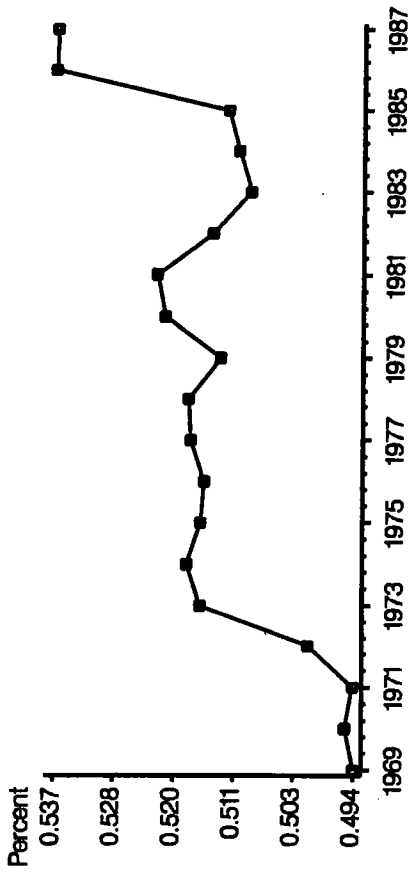


CHART 5C  
MERCER COUNTY  
POPULATION 5 AND UNDER  
as a Percent of Total Population

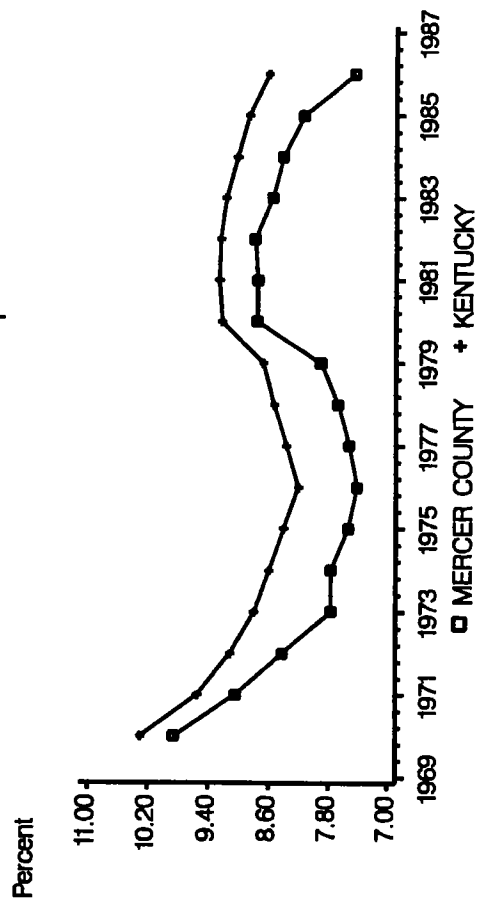
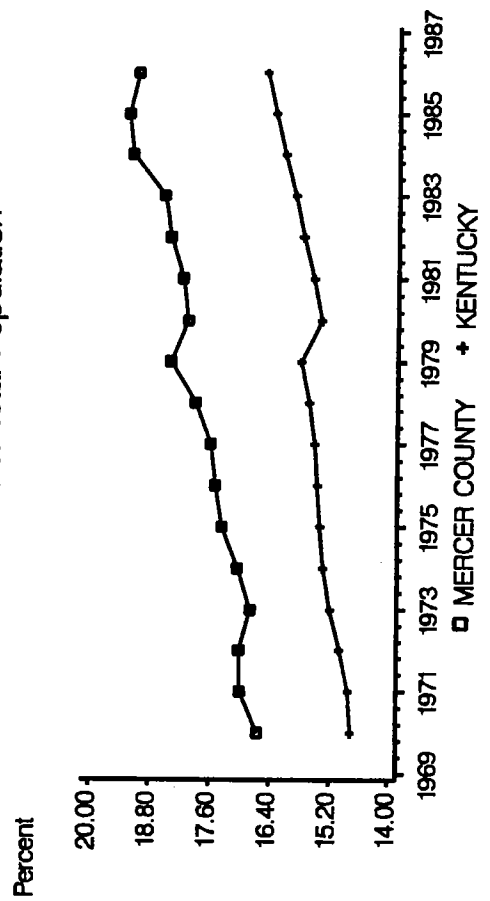


CHART 5D  
MERCER COUNTY  
POPULATION 60 AND OVER  
as a Percent of Total Population





MERCER COUNTY

PERSONAL INCOME  
In Constant 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	136	0.48	8,624	97.1
1970	138	0.47	8,611	94.5
1971	157	0.52	9,627	104.0
1972	173	0.53	10,371	106.4
1973	184	0.53	10,540	102.6
1974	188	0.53	10,664	102.9
1975	180	0.51	10,063	98.1
1976	202	0.53	11,084	103.2
1977	214	0.53	11,545	103.3
1978	221	0.53	11,828	102.3
1979	225	0.53	12,023	102.2
1980	230	0.54	12,085	104.8
1981	237	0.55	12,346	105.3
1982	225	0.53	11,813	102.2
1983	230	0.54	12,147	106.7
1984	241	0.54	12,655	105.5
1985	242	0.54	12,720	106.0
1986	248	0.54	12,409	101.4
1987	253	0.54	12,641	101.1

COMPONENTS OF PERSONAL INCOME  
In Constant 1988 Dollars

Year	EARNINGS			TRANSFER PAYMENTS			INCOME from PROPERTY		
	M\$	Percent of Personal Income		M\$	Percent of Personal Income		M\$	Percent of Personal Income	
		County	Kentucky		County	Kentucky		County	Kentucky
1969	107	78.3	79.2	15	11.0	10.9	15	10.7	9.9
1970	105	76.0	77.9	16	11.9	11.9	17	12.1	10.2
1971	121	77.0	77.0	18	11.6	12.9	18	11.4	10.1
1972	135	78.0	77.3	19	10.9	12.9	19	11.1	9.7
1973	143	77.6	76.6	20	11.0	13.6	21	11.4	9.7
1974	143	75.9	75.5	23	12.1	14.4	23	12.0	10.1
1975	130	72.1	73.3	28	15.7	16.5	22	12.2	10.1
1976	150	74.4	73.9	28	14.0	16.1	23	11.6	10.0
1977	160	74.8	74.6	28	13.2	15.3	26	12.0	10.1
1978	165	74.6	75.0	29	12.9	14.6	28	12.5	10.4
1979	165	73.2	74.1	30	13.5	15.1	30	13.3	10.8
1980	165	71.6	71.1	33	14.3	16.7	32	14.1	12.2
1981	167	70.4	69.3	35	14.6	16.8	36	15.0	13.8
1982	153	68.2	67.5	37	16.3	17.6	35	15.5	14.9
1983	154	67.0	66.6	37	16.3	18.4	39	16.8	15.1
1984	166	68.7	67.8	37	15.5	17.3	38	15.8	14.9
1985	166	68.5	67.2	37	15.3	17.6	39	16.2	15.3
1986	170	68.6	67.1	38	15.2	17.6	40	16.1	15.3
1987	174	69.0	67.5	38	14.9	17.2	40	16.0	15.3

MERCER COUNTY

SECTOR EARNINGS as a PERCENT of TOTAL COUNTY EARNINGS and  
as a PERCENT of KENTUCKY SECTOR EARNINGS

YEAR	MANUFACTURING		FARMING		MINING	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	27.2	0.48	21.7	1.55	0.3	0.04
1970	26.0	0.44	16.4	1.31	0.3	0.03
1971	27.9	0.55	12.8	1.23	0.3	0.03
1972	35.2	0.70	10.8	0.97	0.3	0.03
1973	39.2	0.75	9.6	0.81	0.3	0.03
1974	38.6	0.69	16.0	1.23	0.2	0.01
1975	35.6	0.59	12.4	1.18	0.1	0.01
1976	35.9	0.63	12.9	1.29	0.3	0.02
1977	35.0	0.59	13.7	1.22	0.3	0.02
1978	34.3	0.55	11.2	1.09	0.2	0.01
1979	35.4	0.53	8.6	0.75	0.4	0.02
1980	33.3	0.53	12.5	1.33	0.3	0.01
1981	30.8	0.49	16.4	1.28	0.2	0.01
1982	30.0	0.48	13.4	1.14	0.2	0.01
1983	30.9	0.47	6.9	1.35	0.3	0.01
1984	29.3	0.45	11.7	0.95	0.2	0.01
1985	32.4	0.50	8.0	0.90	0.3	0.02
1986	31.7	0.51	6.4	0.90	0.1	0.01
1987	29.7	0.47	6.9	0.84	0.1	0.01

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	11.2	0.36	14.6	0.40	6.9	0.32
1970	12.3	0.39	15.6	0.41	7.3	0.32
1971	12.2	0.45	13.4	0.41	6.3	0.31
1972	10.7	0.41	12.6	0.40	5.9	0.31
1973	8.8	0.34	12.9	0.41	5.8	0.31
1974	8.6	0.31	13.9	0.42	5.9	0.30
1975	10.1	0.30	16.1	0.39	7.3	0.30
1976	9.9	0.32	15.0	0.40	6.5	0.29
1977	10.0	0.32	14.3	0.39	6.5	0.29
1978	10.5	0.32	15.1	0.38	6.9	0.29
1979	11.0	0.31	15.7	0.37	7.4	0.29
1980	11.7	0.31	14.3	0.36	7.3	0.28
1981	12.3	0.32	13.2	0.34	7.4	0.28
1982	13.7	0.32	14.4	0.34	8.3	0.29
1983	14.9	0.31	16.3	0.36	9.0	0.29
1984	14.0	0.30	14.4	0.34	8.6	0.29
1985	14.5	0.30	13.8	0.32	8.9	0.30
1986	15.5	0.30	13.9	0.33	8.8	0.29
1987	15.8	0.29	14.3	0.33	9.2	0.30

MERCER COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	1,424	20.6	2,051	29.6	27	0.4
1970	1,448	20.2	1,987	27.7	34	0.5
1971	1,761	22.6	1,921	24.7	24	0.3
1972	2,245	26.9	1,864	22.4	34	0.4
1973	2,456	29.0	1,839	21.7	18	0.2
1974	2,347	28.9	1,798	22.1	.	.
1975	1,680	23.1	1,650	22.7	10	0.1
1976	2,061	25.8	1,774	22.2	25	0.3
1977	2,082	25.3	1,768	21.5	19	0.2
1978	1,939	23.4	1,805	21.8	19	0.2
1979	1,918	23.4	1,693	20.7	23	0.3
1980	1,786	22.6	1,718	21.7	15	0.2
1981	1,611	20.7	1,759	22.6	.	.
1982	1,508	19.6	1,746	22.7	.	.
1983	1,398	18.1	1,798	23.3	.	.
1984	1,397	18.1	1,716	22.2	.	.
1985	1,530	19.4	1,668	21.2	.	.
1986	1,490	18.4	1,709	21.1	.	.
1987	1,412	17.3	1,646	20.2	.	.

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	1,015	14.7	942	13.6	480	6.9
1970	1,071	14.9	960	13.4	490	6.8
1971	1,213	15.6	991	12.7	489	6.3
1972	1,218	14.6	1,055	12.7	492	5.9
1973	1,175	13.9	1,094	12.9	502	5.9
1974	1,106	13.6	1,146	14.1	515	6.3
1975	1,099	15.1	1,162	16.0	525	7.2
1976	1,203	15.0	1,221	15.3	524	6.5
1977	1,324	16.1	1,247	15.2	529	6.4
1978	1,346	16.2	1,268	15.3	545	6.6
1979	1,332	16.2	1,294	15.8	560	6.8
1980	1,328	16.8	1,222	15.5	540	6.8
1981	1,376	17.7	1,191	15.3	551	7.1
1982	1,456	18.9	1,221	15.9	536	7.0
1983	1,499	19.5	1,220	15.8	547	7.1
1984	1,540	19.9	1,233	16.0	534	6.9
1985	1,534	19.5	1,190	15.1	575	7.3
1986	1,583	19.5	1,287	15.9	597	7.4
1987	1,636	20.1	1,357	16.7	606	7.4

MERCER COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	6,927	\$14,427	\$17,440	.	4.2
1970	7,166	\$13,892	\$17,811	6.9	4.4
1971	7,791	\$15,303	\$18,166	3.8	5.1
1972	8,336	\$15,692	\$18,970	3.4	6.0
1973	8,475	\$16,127	\$19,232	2.9	3.7
1974	8,135	\$15,856	\$19,008	4.3	4.5
1975	7,278	\$14,978	\$18,976	8.4	7.3
1976	8,002	\$15,749	\$19,563	5.0	5.6
1977	8,227	\$15,942	\$20,031	4.2	4.7
1978	8,298	\$15,637	\$20,121	4.2	5.3
1979	8,198	\$15,203	\$20,110	5.2	5.5
1980	7,904	\$15,311	\$19,439	7.3	8.0
1981	7,767	\$15,481	\$19,286	8.4	8.4
1982	7,701	\$14,222	\$18,931	10.7	10.6
1983	7,705	\$13,499	\$18,358	11.0	11.6
1984	7,726	\$14,609	\$19,080	9.8	9.3
1985	7,867	\$14,488	\$18,676	8.5	9.5
1986	8,102	\$14,382	\$18,627	8.2	9.3
1987	8,141	\$14,392	\$18,636	10.2	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER AGE 6		PERCENT AGE 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	15,800	0.49	.	.	.	.
1970	16,000	0.50	9.9	10.3	16.6	14.8
1971	16,300	0.49	9.0	9.6	17.0	14.8
1972	16,700	0.50	8.4	9.1	17.0	15.0
1973	17,400	0.52	7.8	8.8	16.8	15.2
1974	17,700	0.52	7.8	8.6	17.0	15.3
1975	17,900	0.52	7.5	8.4	17.4	15.4
1976	18,200	0.52	7.4	8.2	17.5	15.5
1977	18,500	0.52	7.5	8.4	17.6	15.5
1978	18,700	0.52	7.7	8.5	17.9	15.6
1979	18,700	0.51	7.9	8.7	18.4	15.8
1980	19,100	0.52	8.8	9.2	18.1	15.4
1981	19,200	0.52	8.8	9.3	18.2	15.5
1982	19,000	0.51	8.8	9.2	18.4	15.7
1983	18,900	0.51	8.6	9.2	18.5	15.9
1984	19,000	0.51	8.4	9.0	19.2	16.1
1985	19,100	0.51	8.1	8.9	19.2	16.3
1986	20,000	0.54	7.4	8.6	19.1	16.5
1987	20,000	0.54	.	.	.	.



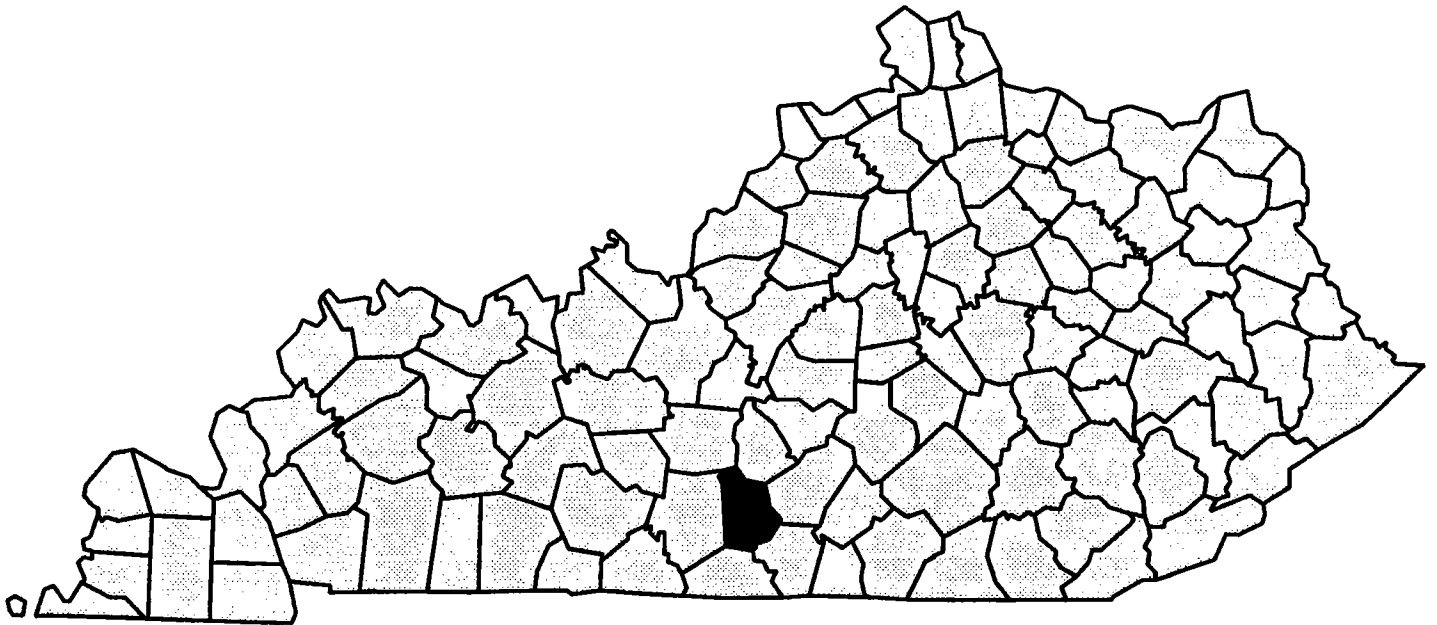
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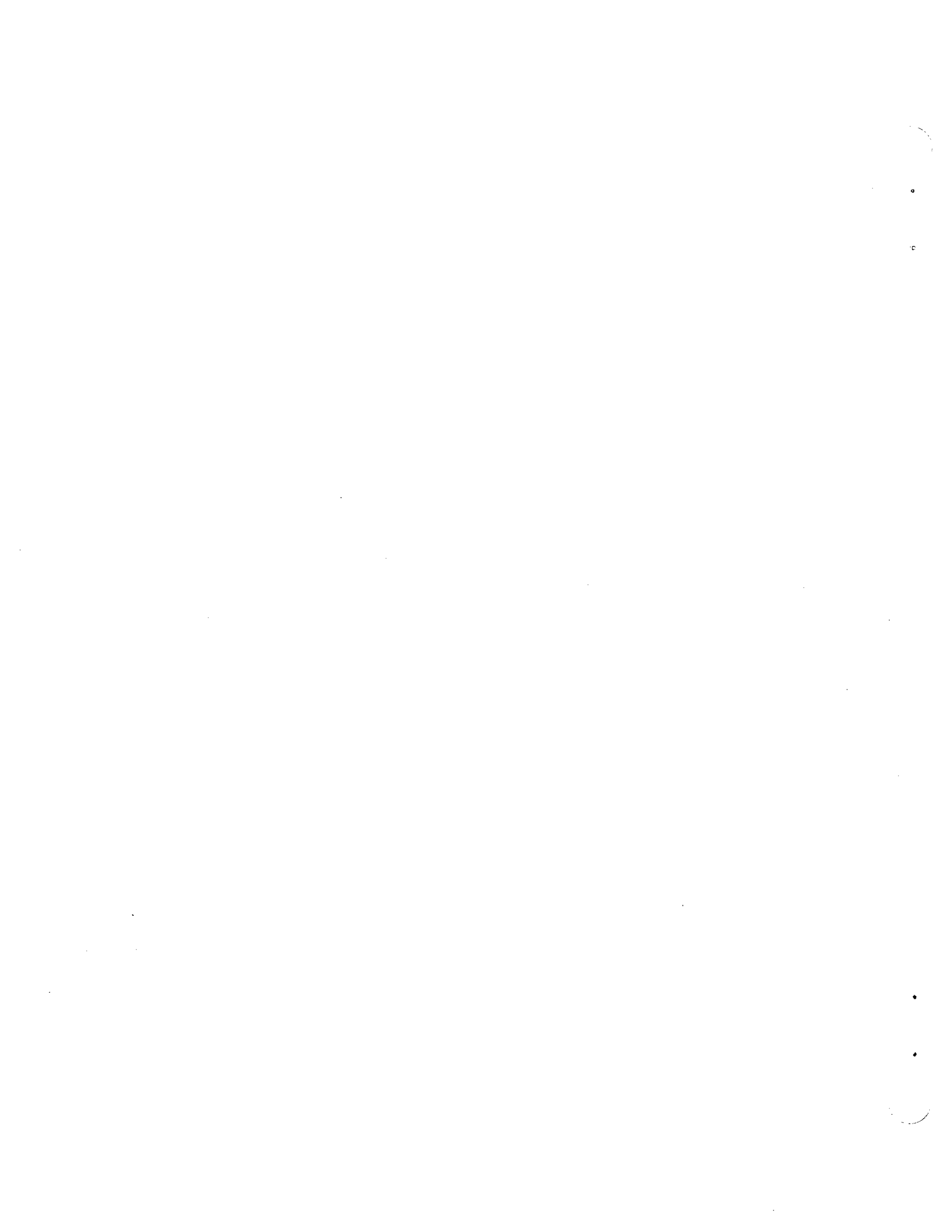
ECONOMIC TRENDS IN  
KENTUCKY COUNTIES  
1969 – 1987

**METCALFE COUNTY**



Prepared by  
Virginia Wilson  
Donna A. Cantrell

RESEARCH MEMORANDUM 438  
Legislative Research Commission  
Frankfort, Kentucky  
February, 1990





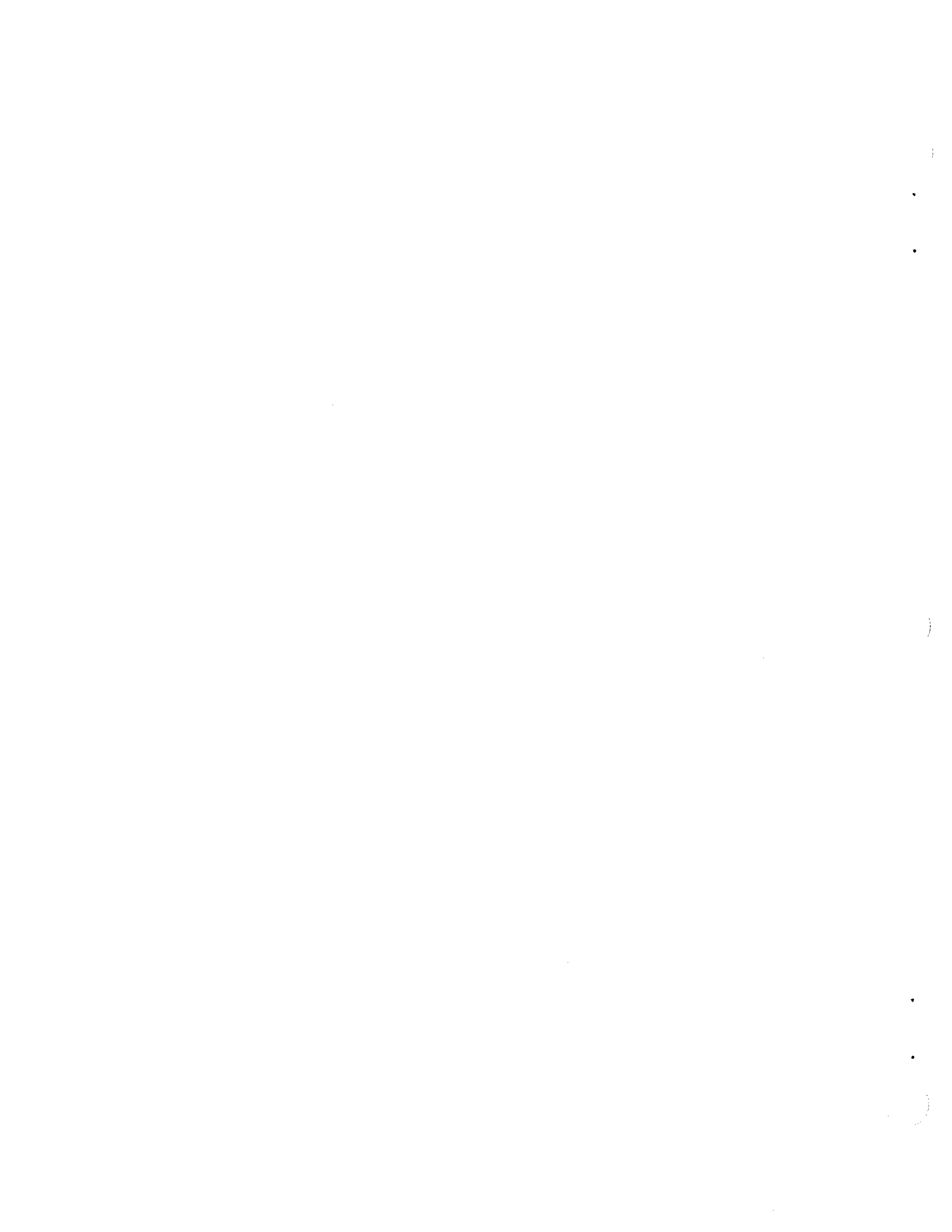
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KENTUCKY COUNTIES  
1969 – 1987

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METCALFE COUNTY

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## FOREWORD

This publication is one of a set of 120, highlighting economic trends in each county in Kentucky from 1969-1987. This effort is part of the ongoing activities sponsored by the Legislative Research Commission to provide a long-term perspective on issues for decision makers. The economies of individual counties do not always parallel overall state trends. This set of publications is an attempt to look at the economic trends in each county over time and to point out where the economies of individual counties may be performing differently from the economy of the state as a whole.

This publication was prepared by Virginia Wilson and Donna Cantrell. Susan Dance assisted in production of the manuscript and Charles Bush edited the report. The assistance of Carol Straus from the Center for Business and Economic Research at the University of Kentucky in deciphering data is gratefully acknowledged.

Vic Hellard, Jr.  
Director

The Capitol  
Frankfort  
February, 1990



## SUMMARY

The Metcalfe County economy, as measured by personal income, grew moderately from 1969 to 1987 and generally maintained its share of the Kentucky economy. Metcalfe County generates a smaller percent of personal income from earnings and a larger percent from transfer payments than does the state as a whole. This is partially explained by the county's relatively high proportion of elderly residents, who would be expected to receive retirement and medical benefits, which are classified as transfer payments.

The most prominent economic trend in Metcalfe County was a decline in earnings from the farm sector. Farm employment also declined, but to a much lesser degree.

The decline in the farm sector was offset by increases in the manufacturing sector and the non-goods-producing industries. The state and local government and trade sectors significantly increased their share of the county economy. The growth sectors at the state level were the service and trade sectors. The service sector in Metcalf County increased its share of earnings and decreased its share of employment.

There is a national and state trend toward declining farm employment. Therefore, the outlook for this sector in Metcalfe County is for continued decline. Future economic growth in Metcalfe County will most likely be dependent upon expansion of other sectors.



## INTRODUCTION

This is one of a series of reports called Economic Trends in Kentucky Counties. The purpose of this series is to describe the economic structure of Kentucky counties and to assess their economic performance relative to their own history and relative to the Kentucky economy. Information on the structure and patterns of change in county economies and an understanding of their relationship to the Kentucky economy can help in making policy decisions that are intended to shape Kentucky's economic future.

When assessing any economy there are several pertinent questions which may be addressed. The first concerns changes in the absolute size of the economy over time. Here the relevant comparison is between the county economy and its own history. Since most economic variables are given in dollars and since inflation causes the value of a dollar to vary over time, all dollar values in this report are presented in constant 1988 dollars. This allows analysis of real changes over time by controlling for the effects of inflation.

A second question concerns the structure and nature of the county economy. The structure of an economy refers to the relative share contributed by the various segments of the economy, while the nature deals with how this share has changed over time.

A third question concerns the performance of the county economy when compared to the Kentucky economy. For example, if a county has a higher proportion of earnings or employment in a particular sector it would indicate a specialization in that sector. Differences in economic structure may explain variations in relative economic well-being between a county and the state as a whole.

Economic data for counties are usually published after a lag of two years. Therefore, most data in this report cover the period 1969 to 1987. All data for this report was obtained from the Kentucky Economic Information System, an on-line database maintained by the University of Kentucky Center for Business and Economic Development.

There are certain caveats which should be remembered when analyzing data. First, it is a common and useful approach to evaluate the percentage an economic sector contributes to the total economy. However, one must remember that a sector's percentage contribution may decline even when its absolute value is increasing if another sector's contribution is growing at a faster rate. Secondly, when reviewing data in graphical analyses, the scales used to present data should be noted. In this report most graphs are presented with the narrowest scale which will cover all data points. This can accentuate visual patterns over time even when absolute changes are relatively small.

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\*For an analysis of economic trends in Kentucky, see Virginia Wilson, Patterns of Growth and Decline in the Kentucky Economy 1969-1988, Research Memorandum 437, Legislative Research Commission, November 1989.





## ECONOMIC TRENDS IN METCALFE COUNTY

The following analysis includes a brief description of the county economy and is accompanied by graphical illustrations. Data tables are also included at the end of this report. Three principal components of the Metcalfe County economy are analyzed. They are:

1. Personal Income
2. Earnings
3. Employment

### Personal Income

Personal income is often used as a measure of the economic activity in an area. Personal income is the sum of all the dollar income received by individuals in an area from any legal source. Personal income data is published by the Bureau of Economic Analysis (BEA) for most major geographic regions, including states, counties, and major cities.

In general, income can be obtained in three ways. First, it can be earned by the work of an individual. This type of income includes wage and salary income and proprietors' earnings. Second, income can be earned by property. This component includes earnings from rents, dividends, and interest. Finally, income can be received as a gift or an entitlement. This type of income constitutes the component of personal income called transfer payments. Included in this component is income from sources such as retirement benefits, unemployment benefits, food stamps, and medical programs such as Medicare and Medicaid.

As can be seen in Chart 1A, the Metcalfe County economy, as measured by personal income, increased from \$45 million in 1969 to \$78 million in 1987, after adjusting for inflation. Chart 1B shows Metcalfe County total personal income as a percent of Kentucky total personal income. Metcalfe County had only small increases in its share of Kentucky personal income.

A similar pattern emerges from an examination of per capita personal income. Per capita personal income is simply the total personal income of an area divided by its population. Per capita personal income is often used as a measure of the economic well-being of the residents of an area. Charts 1C and 1D indicate that Metcalfe County per capita income increased over the time period to a level of \$7,903 in 1987, when it was 63.2 percent of Kentucky per capita personal income.

A better understanding of the nature of economic activity can be gleaned from an examination of the relative contribution of the components of personal income and how their shares have changed over time. This information is illustrated in Charts 2A-2D. Total earnings generally increased during the 1970's and dropped significantly in 1982 and 1983. Earnings then rebounded and were \$47 million in 1987. Earnings as a percent of personal income

declined over time. This trend occurred at the state level as well. In 1987, earnings accounted for 60.1 percent of Metcalfe County's total personal income which was less than Kentucky's 67.5 percent share.

Transfer payments contributed \$7 million to total personal income in 1969 and \$20 million in 1987. During the same period, transfer payments contributed a higher percentage of personal income in Metcalfe County than in Kentucky.

Income from property in Metcalfe County grew steadily during the time period. Income from property totalled \$4 million in 1969 and increased to \$11 million in 1987.

## **Earnings**

Earnings are the component of personal income reflecting payments to individuals in return for labor. Earnings include both wages and salaries and proprietor's income. The farm sector was the primary source of earnings in Metcalfe County early in the period. The percent of earnings from the farm sector declined from 52.2 percent in 1969 to 14.2 percent in 1987 (Chart 3A). Farm earnings were negative in 1983, a national recessionary period for the farm sector. The trend toward declining farm earnings is consistent with state and national trends. The decline in the farm sector was offset by an increase in the manufacturing sector. In 1969, Metcalfe County received 7.7 percent of total earnings from manufacturing. This percentage increased to 16.2 percent in 1987.

Earnings from non-goods-producing industries as a percent of total earnings are illustrated in Chart 3B. The percent of earnings from the service sector increased from 8.9 percent in 1969 to 13.6 percent in 1987. The trade sector's share of earnings increased from 11.6 percent in 1969 to 16.1 percent in 1987. Earnings from the state and local government sector also increased, from 11.0 percent in 1969 to 21.1 percent in 1987. At the state level, the percent of earnings from services increased, while the percent of earnings from trade and state and local government were stable.

Average earnings per job (adjusted for inflation) for Metcalfe County and Kentucky are shown in Chart 3D. In Kentucky, average earnings per job reached a high of \$20,121 per person in 1978. Since then, average earnings per job declined and in 1987 they were \$18,636 per person. In Metcalfe County, average earnings declined through the period to \$8,402 in 1987, well below those of the state.

## **Employment**

Employment is considered any activity for which one receives financial remuneration in the form of wages or profits. Total employment in Metcalfe County increased during the data period. In 1969, total employment stood at 2,873 people. By 1987, that figure had increased to 3,429.

The unemployment rate, often used as an indicator of economic well-being, is the ratio of unemployed to the total civilian labor force. Unemployment is described as a condition of being out of work while actively seeking employment within the last thirty days. The civilian labor force is described as the proportion of population age 16 or older employed or actively seeking employment. Annual unemployment rates for Kentucky and Metcalfe County are presented in Chart 4B. Unemployment trends in Metcalfe County followed state trends. In 1987, the county unemployment rate was 10.1 percent compared to 8.8 percent for Kentucky.

Another employment concept includes the discouraged worker. Discouraged workers are persons who want jobs but made no attempt to find work in the last thirty days because they believe they could not find it. These individuals are not included when calculating official unemployment rates. The Cabinet for Human Resources does not estimate discouraged workers by county. However, preliminary research by the Cabinet indicates that the inclusion of discouraged workers in the civilian labor force estimate would increase the unemployment rate by approximately four percent for the state. This figure would vary by county depending on the labor market in a county or within commuting distance.

Employment in the goods-producing industries is illustrated in Chart 4C. The farm sector was the primary source of county employment. However, employment in this sector decreased from 54.6 percent of total employment in 1969 to 39.6 percent in 1987. The percent of total employment in manufacturing increased from 6.6 percent in 1969 to 16.1 percent in 1987. At the state level, manufacturing's share of employment declined.

Employment in the non-goods-producing industries is presented in Chart 4D. Employment in the trade sector increased slightly and accounted for 12.2 percent of employment in 1987. The percent of employment in the service sector decreased from 10.8 percent in 1969 to 8.3 percent in 1987. The employment share in state and local government increased from 6.6 percent in 1969 to 11.6 percent in 1987. At the state level, employment shares in both the service and trade sectors increased, while the government employment share remained constant.

## **Population**

The census conducted each decade counts the actual population in an area. Population is then statistically estimated during intervening years. The demographic composition of this population growth has important implications for the future demand for goods and services, and ultimately, the economic structure of Metcalfe County.

The Metcalfe County population grew from 8,200 in 1969 to 9,800 in 1987 (Chart 5A). Metcalfe County had a smaller proportion of younger residents and a larger proportion of older residents than the state. It was estimated that in 1986, 7.4 percent of Metcalfe County's population was under six years of age, compared to 8.6 percent for the state. Conversely, for the same year 19.8 percent of the Metcalfe County population was sixty years of age and over while 16.5 percent of all Kentucky residents fell in this age group.

CHART 1A

METCALFE COUNTY  
REAL PERSONAL INCOME  
Millions of 1988 dollars

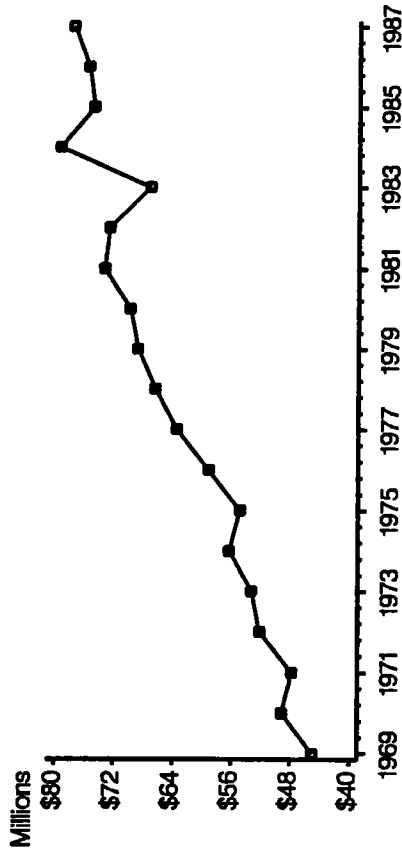


CHART 1B  
METCALFE COUNTY  
PERSONAL INCOME  
as a Percent of Kentucky Personal Income

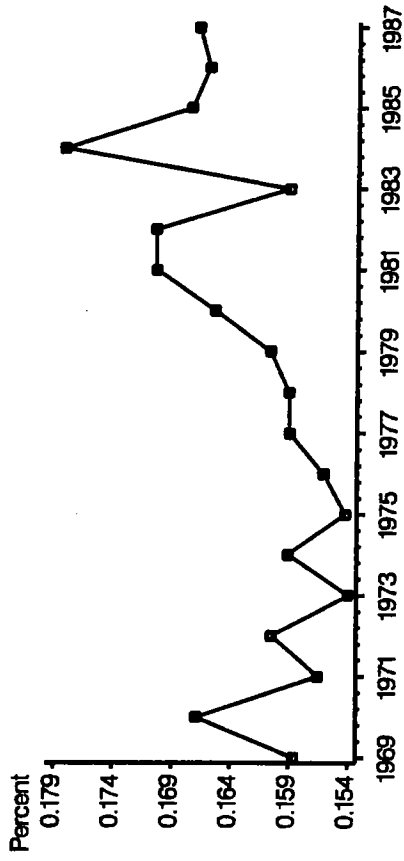


CHART 1C

METCALFE COUNTY  
PER CAPITA PERSONAL INCOME  
in Constant 1988 Dollars

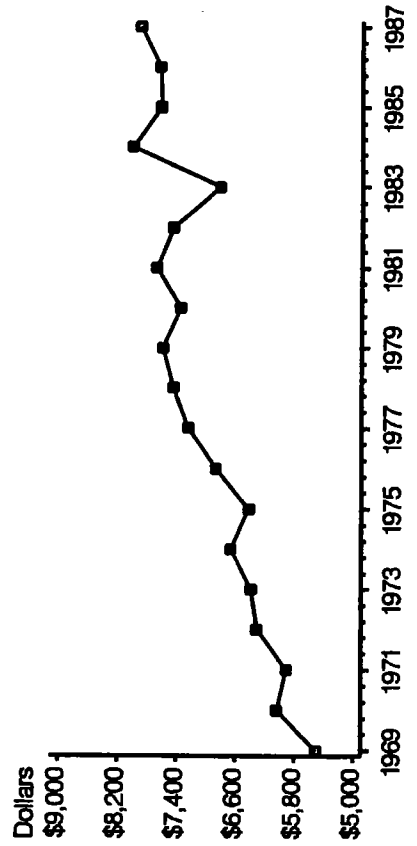


CHART 1D

METCALFE COUNTY  
PER CAPITA PERSONAL INCOME  
as a Percent of Kentucky Per Capita Personal Income

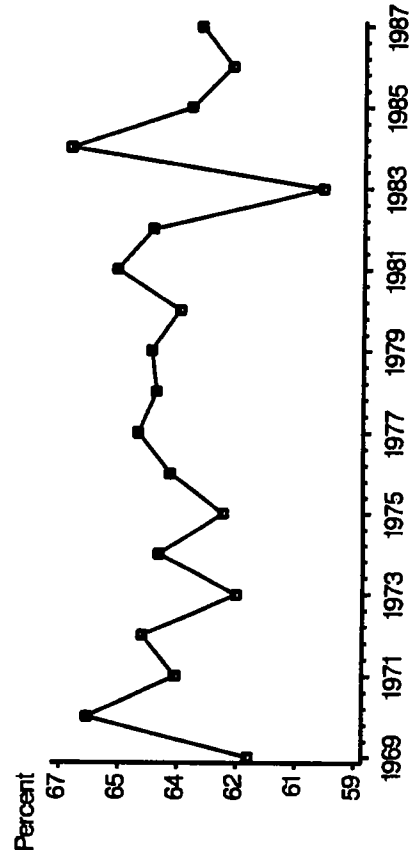


CHART 2A

METCALFE COUNTY  
REAL TOTAL EARNINGS  
Millions of 1988 dollars

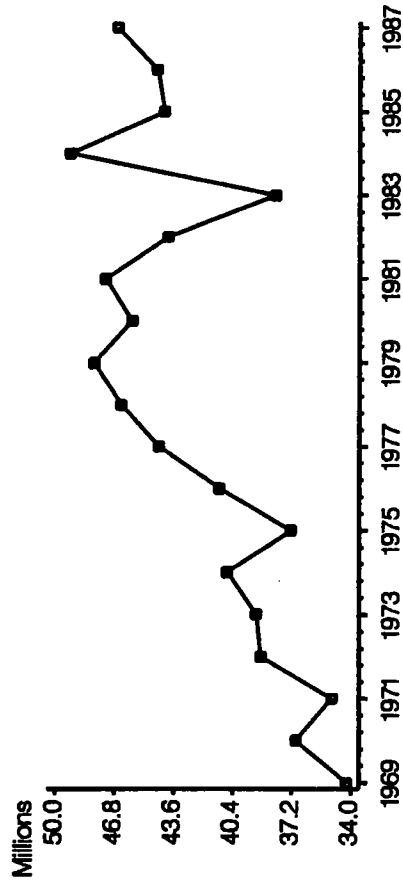


CHART 2B  
METCALFE COUNTY  
TRANSFER PAYMENTS and INCOME FROM PROPERTY  
Millions of 1988 Dollars

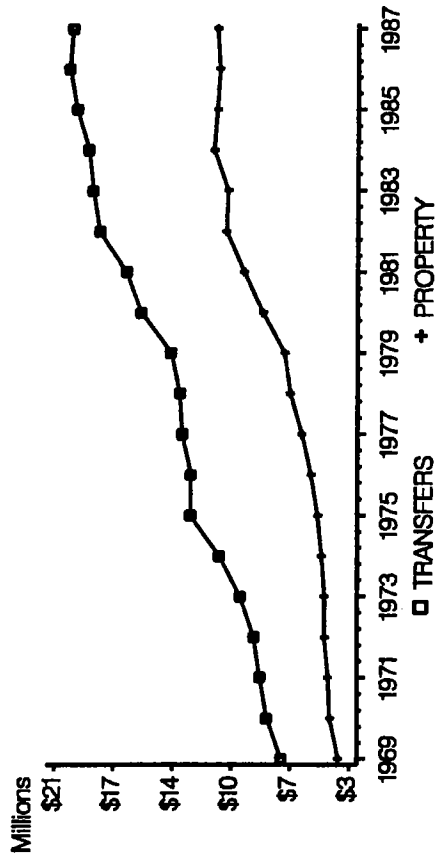


CHART 2C

METCALFE COUNTY  
TOTAL EARNINGS  
as a Percent of Personal Income

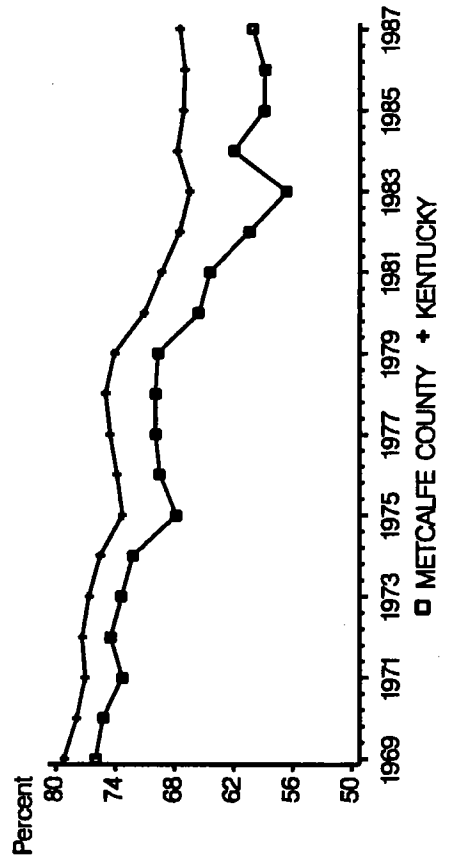


CHART 2D  
METCALFE COUNTY  
TRANSFER PAYMENTS  
as a Percent of Personal Income

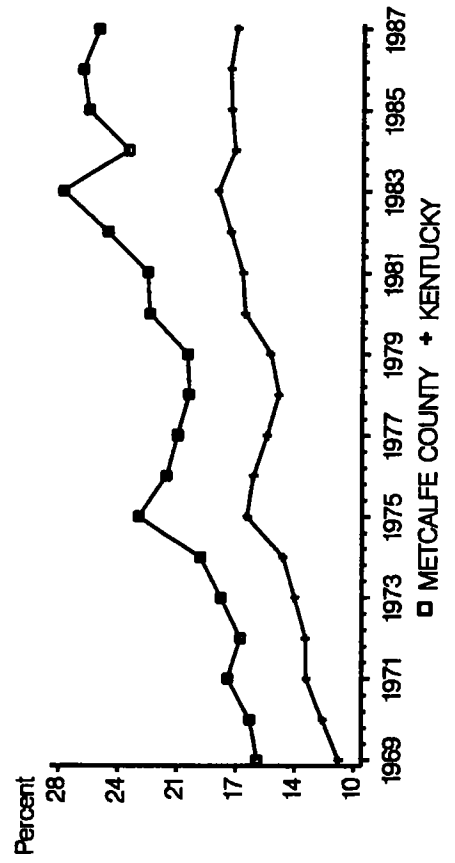


CHART 3A  
METCALFE COUNTY  
EARNINGS IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

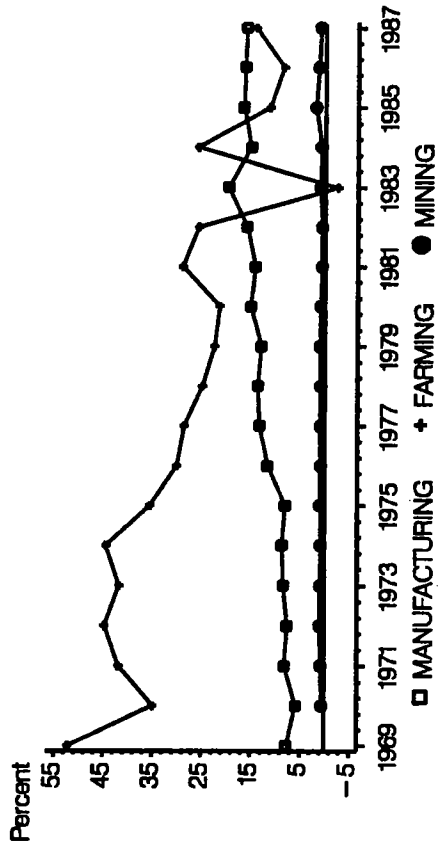


CHART 3B  
METCALFE COUNTY  
EARNINGS in NON - GOODS PRODUCING INDUSTRIES  
as a Percent of Total Earnings

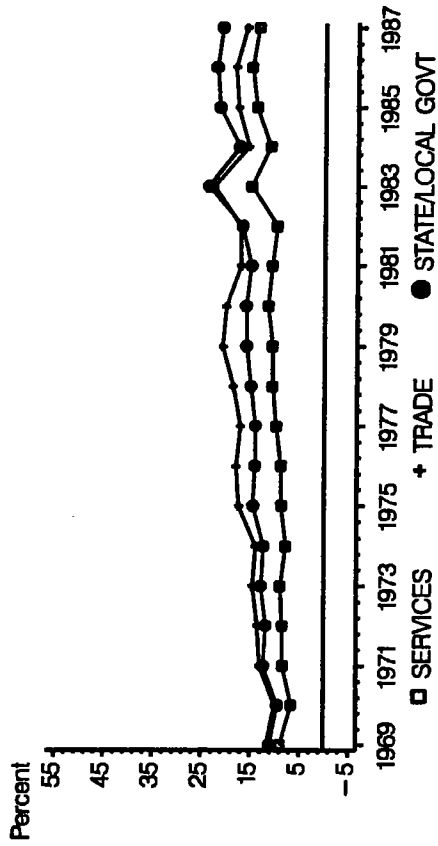


CHART 3C  
METCALFE COUNTY  
EARNINGS in GOODS PRODUCING INDUSTRIES  
as a Percent of Kentucky Industries

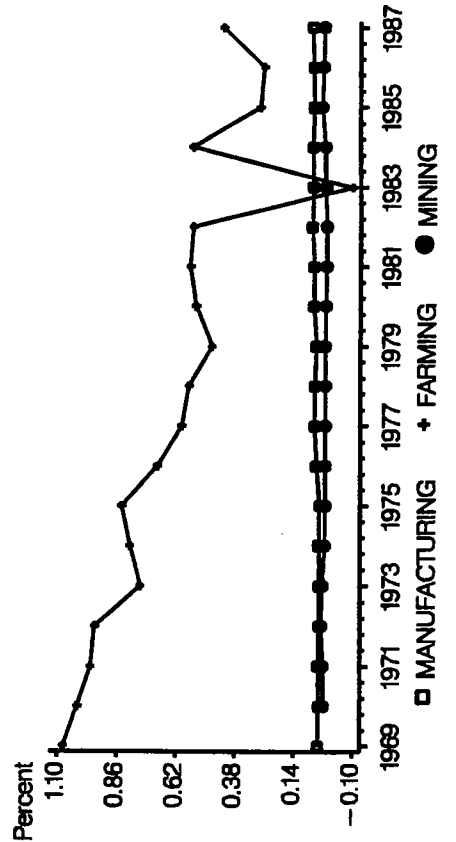


CHART 3D  
METCALFE COUNTY  
AVERAGE EARNINGS PER JOB  
in Constant 1988 Dollars

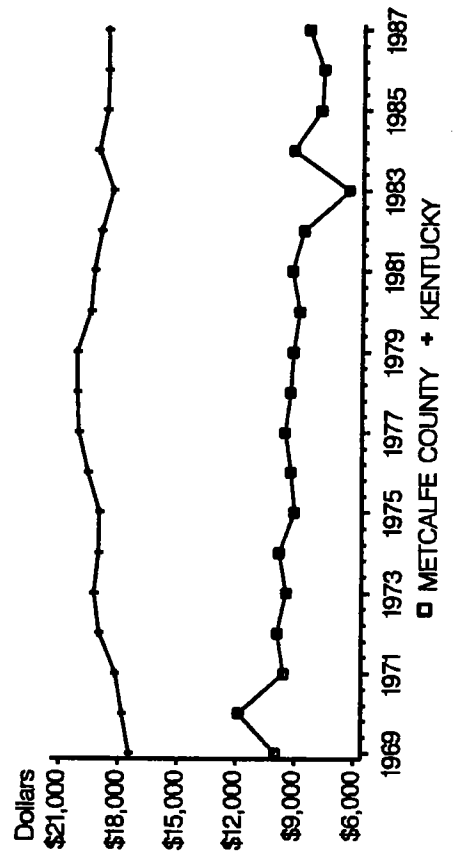


CHART 4A  
METCALFE COUNTY  
TOTAL EMPLOYMENT  
Thousands of People

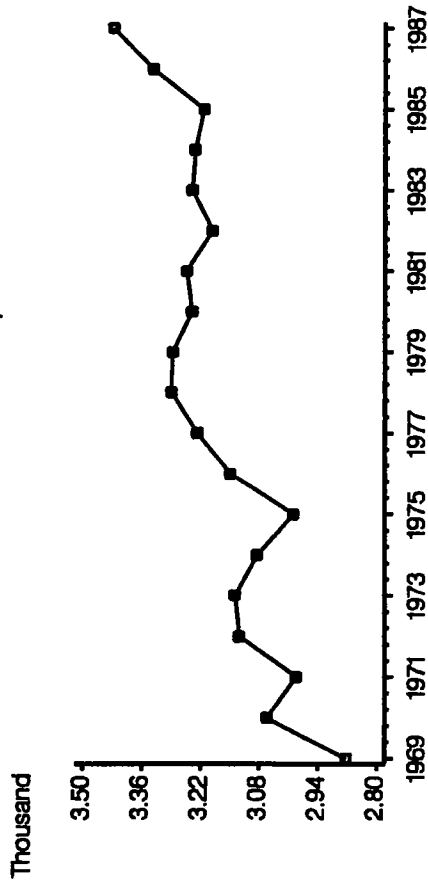


CHART 4B  
METCALFE COUNTY  
ANNUAL UNEMPLOYMENT RATE

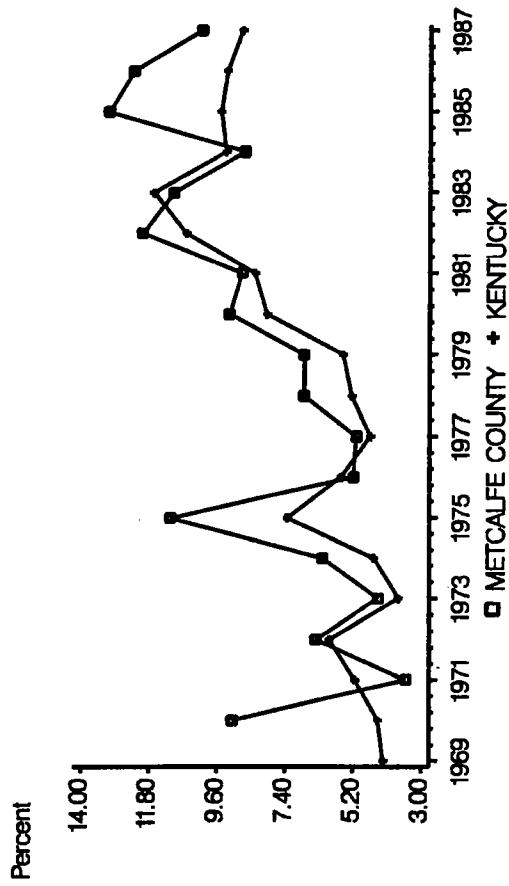


CHART 4C  
METCALFE COUNTY  
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

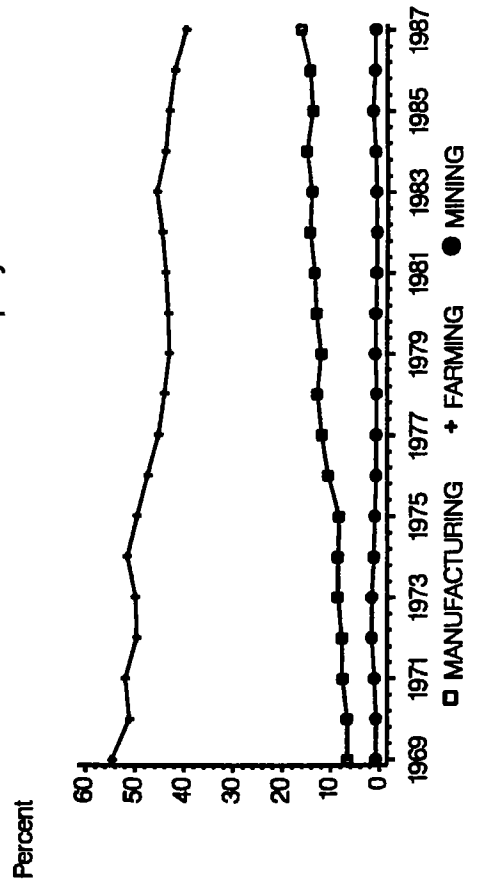


CHART 4D  
METCALFE COUNTY  
EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES  
as a Percent of Total Employment

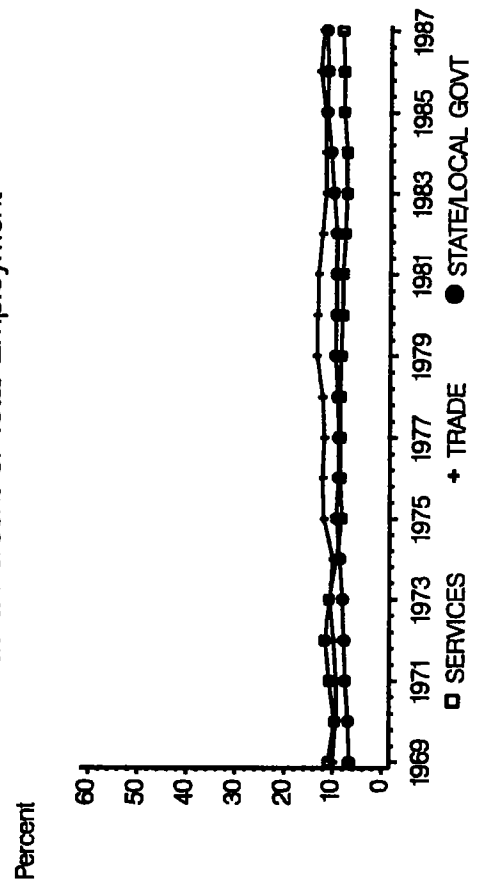


CHART 5A  
METCALFE COUNTY  
POPULATION  
Thousands of People

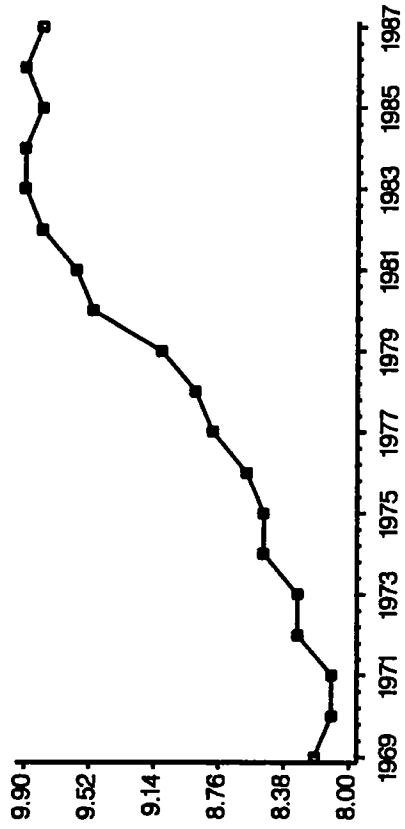


CHART 5B  
METCALFE COUNTY  
POPULATION  
as a Percent of Kentucky Population

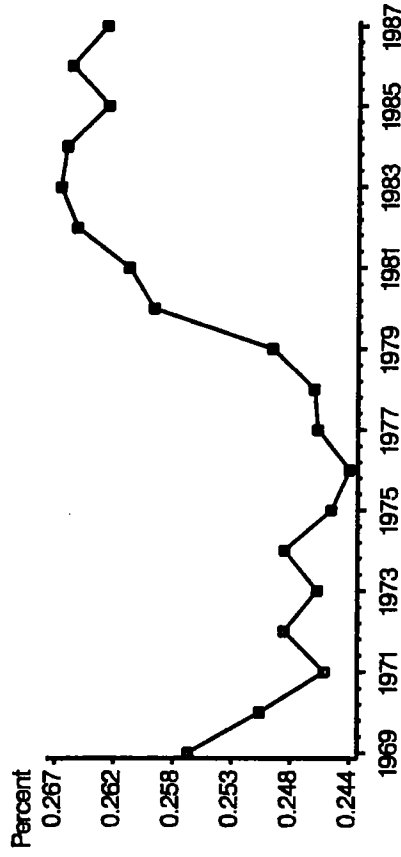


CHART 5C  
METCALFE COUNTY  
POPULATION 5 AND UNDER  
as a Percent of Total Population

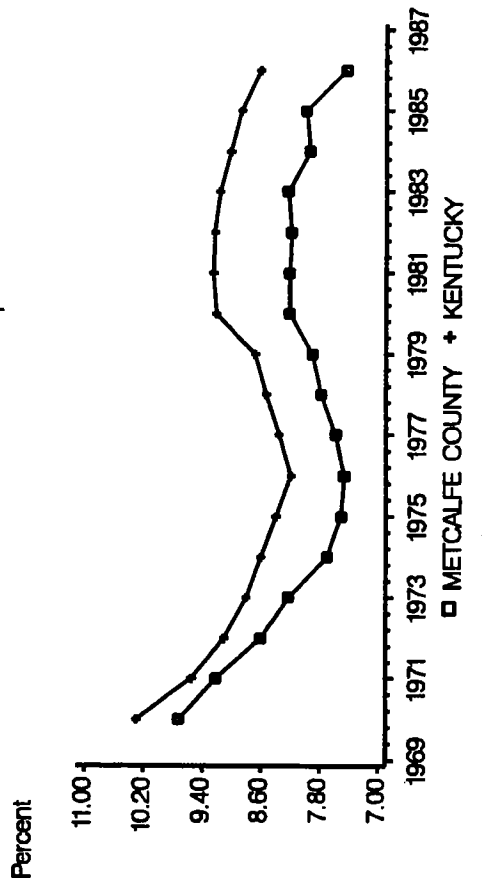
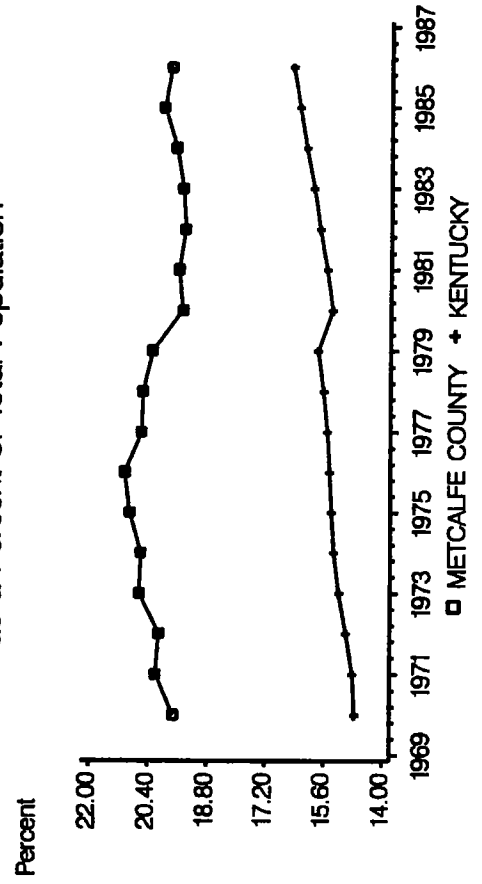


CHART 5D  
METCALFE COUNTY  
POPULATION 60 AND OVER  
as a Percent of Total Population





METCALFE COUNTY

PERSONAL INCOME  
In Constant 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	45	0.16	5,499	61.9
1970	49	0.17	6,039	66.3
1971	48	0.16	5,912	63.9
1972	52	0.16	6,310	64.8
1973	53	0.15	6,388	62.2
1974	56	0.16	6,666	64.3
1975	55	0.15	6,423	62.6
1976	59	0.16	6,873	64.0
1977	64	0.16	7,253	64.9
1978	66	0.16	7,449	64.4
1979	69	0.16	7,589	64.5
1980	70	0.17	7,356	63.8
1981	73	0.17	7,677	65.5
1982	73	0.17	7,454	64.5
1983	67	0.16	6,819	59.9
1984	79	0.18	8,003	66.7
1985	75	0.17	7,618	63.5
1986	76	0.17	7,634	62.4
1987	78	0.17	7,903	63.2

COMPONENTS OF PERSONAL INCOME  
In Constant 1988 Dollars

Year	EARNINGS			TRANSFER PAYMENTS			INCOME from PROPERTY		
	M\$	Percent of Personal Income		M\$	Percent of Personal Income		M\$	Percent of Personal Income	
		County	Kentucky		County	Kentucky		County	Kentucky
1969	34	76.0	79.2	7	15.9	10.9	4	8.1	9.9
1970	37	75.2	77.9	8	16.3	11.9	4	8.5	10.2
1971	35	73.3	77.0	8	17.7	12.9	4	9.0	10.1
1972	39	74.5	77.3	9	16.9	12.9	4	8.6	9.7
1973	39	73.4	76.6	10	18.1	13.6	5	8.5	9.7
1974	41	72.2	75.5	11	19.4	14.4	5	8.3	10.1
1975	37	67.8	73.3	13	23.2	16.5	5	9.0	10.1
1976	41	69.5	73.9	13	21.5	16.1	5	9.0	10.0
1977	44	69.9	74.6	13	20.8	15.3	6	9.3	10.1
1978	46	69.9	75.0	13	20.1	14.6	7	10.0	10.4
1979	48	69.7	74.1	14	20.2	15.1	7	10.1	10.8
1980	46	65.6	71.1	16	22.5	16.7	8	11.9	12.2
1981	47	64.4	69.3	17	22.7	16.8	9	12.9	13.8
1982	44	60.4	67.5	18	25.1	17.6	11	14.5	14.9
1983	38	56.7	66.6	19	27.8	18.4	10	15.5	15.1
1984	49	62.0	67.8	19	23.8	17.3	11	14.2	14.9
1985	44	58.9	67.2	20	26.2	17.6	11	14.8	15.3
1986	45	58.9	67.1	20	26.6	17.6	11	14.5	15.3
1987	47	60.1	67.5	20	25.6	17.2	11	14.3	15.3

METCALFE COUNTY

SECTOR EARNINGS as a PERCENT of TOTAL COUNTY EARNINGS and  
as a PERCENT of KENTUCKY SECTOR EARNINGS

YEAR	MANUFACTURING		FARMING		MINING	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	7.7	0.04	52.2	1.08	.	.
1970	5.8	0.04	35.0	1.02	0.5	0.02
1971	8.1	0.04	41.9	0.96	0.7	0.02
1972	7.6	0.04	44.8	0.95	1.0	0.03
1973	8.4	0.03	41.8	0.76	0.9	0.02
1974	8.6	0.04	44.5	0.81	0.8	0.01
1975	8.0	0.03	35.5	0.84	0.9	0.01
1976	11.6	0.05	30.1	0.69	0.8	0.01
1977	13.3	0.05	28.6	0.60	0.9	0.01
1978	13.7	0.05	24.9	0.57	0.9	0.01
1979	13.0	0.05	22.5	0.47	1.0	0.01
1980	15.1	0.06	21.5	0.54	0.9	0.01
1981	14.2	0.06	29.0	0.56	0.6	0.01
1982	15.9	0.06	25.8	0.55	0.6	0.01
1983	19.7	0.06	-2.6	-0.10	1.0	0.01
1984	15.1	0.06	25.9	0.55	0.8	0.01
1985	16.7	0.06	11.3	0.28	2.0	0.02
1986	16.4	0.06	8.5	0.26	1.4	0.02
1987	16.2	0.06	14.2	0.43	1.0	0.02

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	8.9	0.08	11.6	0.09	11.0	0.15
1970	6.6	0.08	9.9	0.10	9.4	0.15
1971	8.3	0.07	13.1	0.10	12.3	0.15
1972	8.5	0.08	13.6	0.10	11.9	0.15
1973	9.0	0.07	14.6	0.10	12.9	0.15
1974	7.8	0.07	13.9	0.10	12.3	0.15
1975	8.7	0.06	17.5	0.11	14.5	0.15
1976	8.9	0.07	18.1	0.11	14.2	0.15
1977	9.9	0.07	17.2	0.11	14.1	0.15
1978	10.6	0.08	18.7	0.11	15.0	0.15
1979	10.6	0.07	20.8	0.12	16.0	0.15
1980	11.6	0.07	20.1	0.12	16.1	0.14
1981	10.8	0.07	17.2	0.11	15.0	0.14
1982	9.8	0.06	17.2	0.10	16.9	0.15
1983	15.1	0.06	22.8	0.10	23.8	0.15
1984	11.2	0.06	15.7	0.10	17.6	0.16
1985	14.0	0.06	17.9	0.09	21.6	0.16
1986	15.1	0.06	18.3	0.10	22.3	0.16
1987	13.6	0.06	16.1	0.09	21.1	0.17

METCALFE COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	189	6.6	1,568	54.6	23	0.8
1970	204	6.7	1,564	51.1	25	0.8
1971	227	7.6	1,554	52.0	33	1.1
1972	241	7.7	1,552	49.6	51	1.6
1973	266	8.5	1,567	50.0	53	1.7
1974	263	8.5	1,590	51.5	39	1.3
1975	248	8.3	1,486	49.6	30	1.0
1976	330	10.5	1,492	47.4	24	0.8
1977	381	11.8	1,459	45.2	24	0.7
1978	418	12.7	1,446	44.0	22	0.7
1979	391	11.9	1,412	43.0	31	0.9
1980	419	12.9	1,400	43.2	27	0.8
1981	434	13.3	1,424	43.8	23	0.7
1982	458	14.3	1,418	44.4	20	0.6
1983	451	13.9	1,475	45.5	26	0.8
1984	484	15.0	1,415	43.8	29	0.9
1985	439	13.7	1,380	43.0	44	1.4
1986	474	14.2	1,395	41.8	33	1.0
1987	553	16.1	1,358	39.6	29	0.8

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	311	10.8	283	9.9	191	6.6
1970	293	9.6	282	9.2	210	6.9
1971	319	10.7	276	9.2	224	7.5
1972	362	11.6	309	9.9	240	7.7
1973	337	10.7	331	10.6	252	8.0
1974	284	9.2	308	10.0	265	8.6
1975	248	8.3	357	11.9	278	9.3
1976	269	8.5	382	12.1	281	8.9
1977	277	8.6	380	11.8	287	8.9
1978	281	8.5	402	12.2	299	9.1
1979	278	8.5	443	13.5	315	9.6
1980	266	8.2	432	13.3	307	9.5
1981	267	8.2	428	13.2	307	9.4
1982	248	7.8	395	12.4	303	9.5
1983	242	7.5	377	11.6	326	10.1
1984	240	7.4	380	11.8	343	10.6
1985	257	8.0	381	11.9	369	11.5
1986	270	8.1	427	12.8	379	11.4
1987	286	8.3	418	12.2	397	11.6

METCALFE COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	2,873	\$10,003	\$17,440	.	4.2
1970	3,061	\$11,858	\$17,811	9.1	4.4
1971	2,991	\$9,580	\$18,166	3.5	5.1
1972	3,127	\$9,917	\$18,970	6.4	6.0
1973	3,137	\$9,458	\$19,232	4.4	3.7
1974	3,085	\$9,828	\$19,008	6.2	4.5
1975	2,998	\$9,030	\$18,976	11.1	7.3
1976	3,149	\$9,214	\$19,563	5.2	5.6
1977	3,228	\$9,527	\$20,031	5.1	4.7
1978	3,290	\$9,256	\$20,121	6.8	5.3
1979	3,287	\$9,121	\$20,110	6.8	5.5
1980	3,241	\$8,813	\$19,439	9.2	8.0
1981	3,254	\$9,210	\$19,286	8.8	8.4
1982	3,192	\$8,615	\$18,931	12.0	10.6
1983	3,241	\$6,348	\$18,358	11.0	11.6
1984	3,234	\$9,139	\$19,080	8.7	9.3
1985	3,213	\$7,777	\$18,676	13.1	9.5
1986	3,335	\$7,667	\$18,627	12.3	9.3
1987	3,429	\$8,402	\$18,636	10.1	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER AGE 6		PERCENT AGE 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	8,200	0.26	.	.	.	.
1970	8,100	0.25	9.7	10.3	19.7	14.8
1971	8,100	0.25	9.2	9.6	20.2	14.8
1972	8,300	0.25	8.6	9.1	20.1	15.0
1973	8,300	0.25	8.2	8.8	20.7	15.2
1974	8,500	0.25	7.7	8.6	20.6	15.3
1975	8,500	0.25	7.5	8.4	20.9	15.4
1976	8,600	0.24	7.5	8.2	21.0	15.5
1977	8,800	0.25	7.6	8.4	20.6	15.5
1978	8,900	0.25	7.8	8.5	20.6	15.6
1979	9,100	0.25	7.9	8.7	20.3	15.8
1980	9,500	0.26	8.2	9.2	19.5	15.4
1981	9,600	0.26	8.2	9.3	19.6	15.5
1982	9,800	0.27	8.2	9.2	19.4	15.7
1983	9,900	0.27	8.2	9.2	19.5	15.9
1984	9,900	0.27	7.9	9.0	19.7	16.1
1985	9,800	0.26	8.0	8.9	20.0	16.3
1986	9,900	0.27	7.4	8.6	19.8	16.5
1987	9,800	0.26	.	.	.	.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes that this is crucial for ensuring transparency and accountability in the organization's operations.

2. The second part of the document outlines the various methods and tools used to collect and analyze data. It highlights the need for consistent data collection procedures and the use of advanced analytical techniques to derive meaningful insights from the data.

3. The third part of the document focuses on the role of technology in data management and analysis. It discusses how modern software solutions can streamline data collection, storage, and processing, thereby improving efficiency and accuracy.

4. The fourth part of the document addresses the challenges associated with data management, such as data quality, security, and privacy. It provides strategies to mitigate these risks and ensure that the data remains reliable and secure throughout its lifecycle.

5. The fifth part of the document concludes by summarizing the key findings and recommendations. It stresses the importance of a data-driven approach in decision-making and the need for continuous monitoring and improvement of the data management process.

