

438. Vic Hellard, Jr., Director - Economic Trends in Kentucky Counties, 1969-1987 - METCALFE COUNTY. Feb., 1990. (Virginia Wilson/ Donna A. Cantrell)
438. Vic Hellard, Jr., Director - Economic Trends in Kentucky Counties, 1969-1987 - MONROE COUNTY. Feb., 1990. (Virginia Wilson/ Donna A. Cantrell)
438. Vic Hellard, Jr., Director - Economic Trends in Kentucky Counties, 1969-1987 - MONTGOMERY COUNTY. Feb., 1990. (Virginia Wilson/ Donna A. Cantrell)
438. Vic Hellard, Jr., Director - Economic Trends in Kentucky Counties, 1969-1987 - MORGAN COUNTY. Feb., 1990. (Virginia Wilson/ Donna A. Cantrell)
438. Vic Hellard, Jr., Director - Economic Trends in Kentucky Counties, 1969-1987 - MUHLENBERG COUNTY. Feb., 1990. (Virginia Wilson/ Donna A. Cantrell)
438. Vic Hellard, Jr., Director - Economic Trends in Kentucky Counties, 1969-1987 - NELSON COUNTY. Feb., 1990. (Virginia Wilson/ Donna A. Cantrell)
438. Vic Hellard, Jr., Director - Economic Trends in Kentucky Counties, 1969-1987 - NICHOLAS COUNTY. Feb., 1990. (Virginia Wilson/ Donna A. Cantrell)
438. Vic Hellard, Jr., Director - Economic Trends in Kentucky Counties, 1969-1987 - OHIO COUNTY. Feb., 1990. (Virginia Wilson/ Donna A. Cantrell)
438. Vic Hellard, Jr., Director - Economic Trends in Kentucky Counties, 1969-1987 - OLDHAM COUNTY. Feb., 1990. (Virginia Wilson/ Donna A. Cantrell)

10

1000

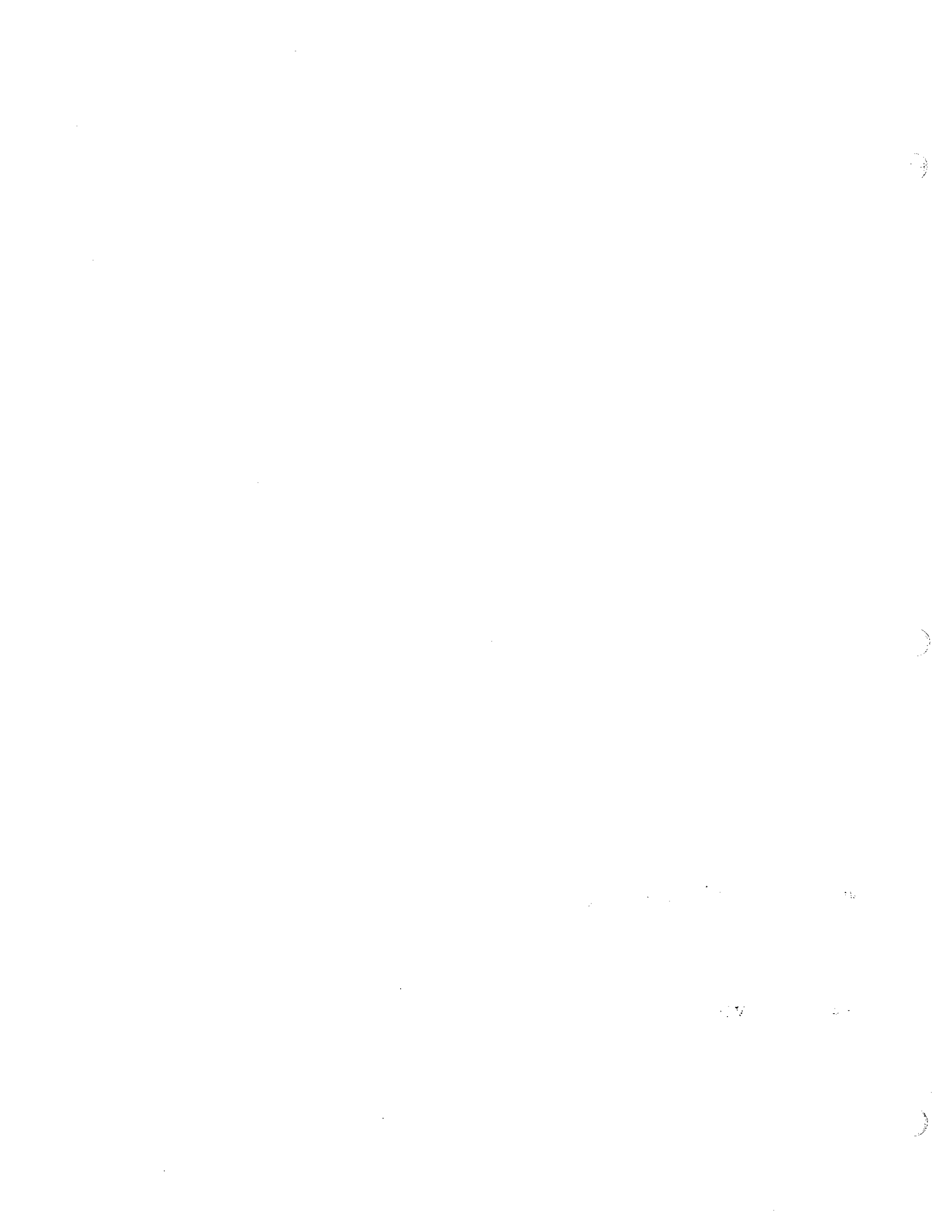
10

10

10

10

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

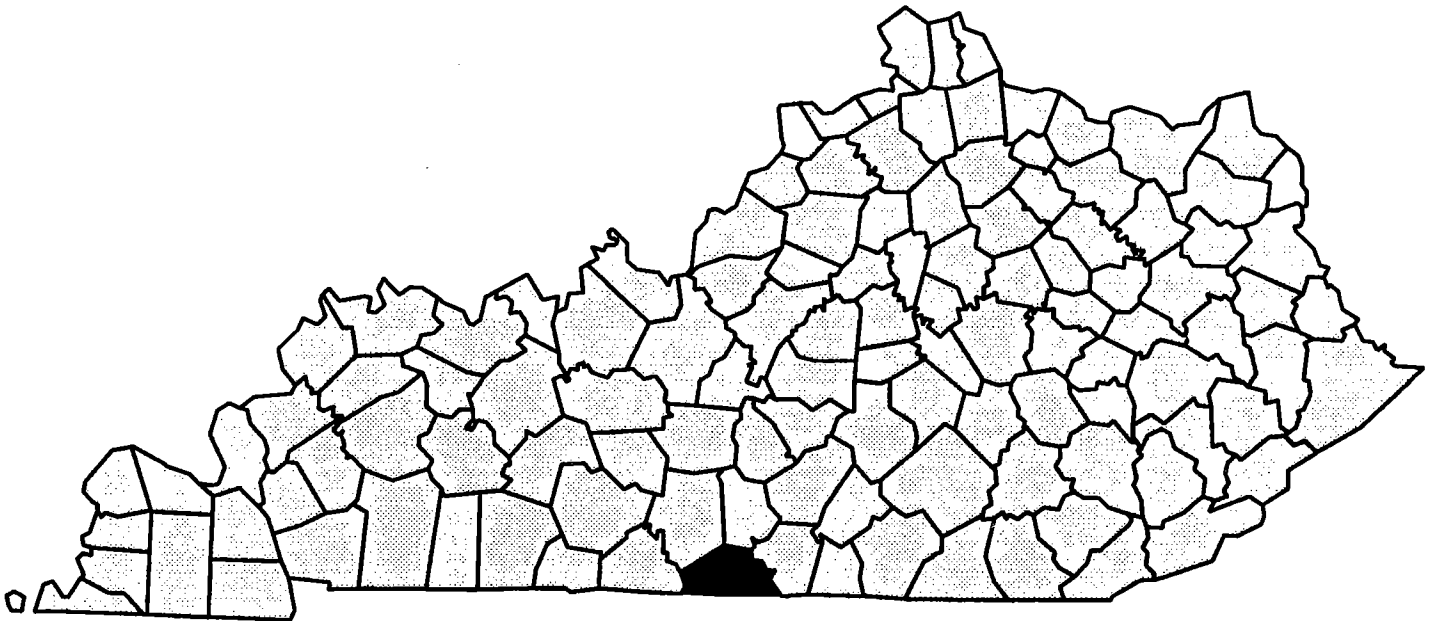


438. Vic Hellard, Jr., Director - Economic Trends in Kentucky Counties, 1969-1987 - PERRY COUNTY. Feb., 1990. (Virginia Wilson/ Donna A. Cantrell)
438. Vic Hellard, Jr., Director - Economic Trends in Kentucky Counties, 1969-1987 - PIKE COUNTY. Feb., 1990. (Virginia Wilson/ Donna A. Cantrell)
438. Vic Hellard, Jr., Director - Economic Trends in Kentucky Counties, 1969-1987 - POWELL COUNTY. Feb., 1990. (Virginia Wilson/ Donna A. Cantrell)
438. Vic Hellard, Jr., Director - Economic Trends in Kentucky Counties, 1969-1987 - PULASKI COUNTY. Feb., 1990. (Virginia Wilson/ Donna A. Cantrell)
438. Vic Hellard, Jr., Director - Economic Trends in Kentucky Counties, 1969-1987 - ROBERTSON COUNTY. Feb., 1990. (Virginia Wilson/ Donna A. Cantrell)
438. Vic Hellard, Jr., Director - Economic Trends in Kentucky Counties, 1969-1987 - ROCKCASTLE COUNTY. Feb., 1990. (Virginia Wilson/ Donna A. Cantrell)
438. Vic Hellard, Jr., Director - Economic Trends in Kentucky Counties, 1969-1987 - ROWAN COUNTY. Feb., 1990. (Virginia Wilson/ Donna A. Cantrell)
438. Vic Hellard, Jr., Director - Economic Trends in Kentucky Counties, 1969-1987 - RUSSELL COUNTY. Feb., 1990. (Virginia Wilson/ Donna A. Cantrell)
438. Vic Hellard, Jr., Director - Economic Trends in Kentucky Counties, 1969-1987 - SCOTT COUNTY. Feb., 1990. (Virginia Wilson/ Donna A. Cantrell)

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

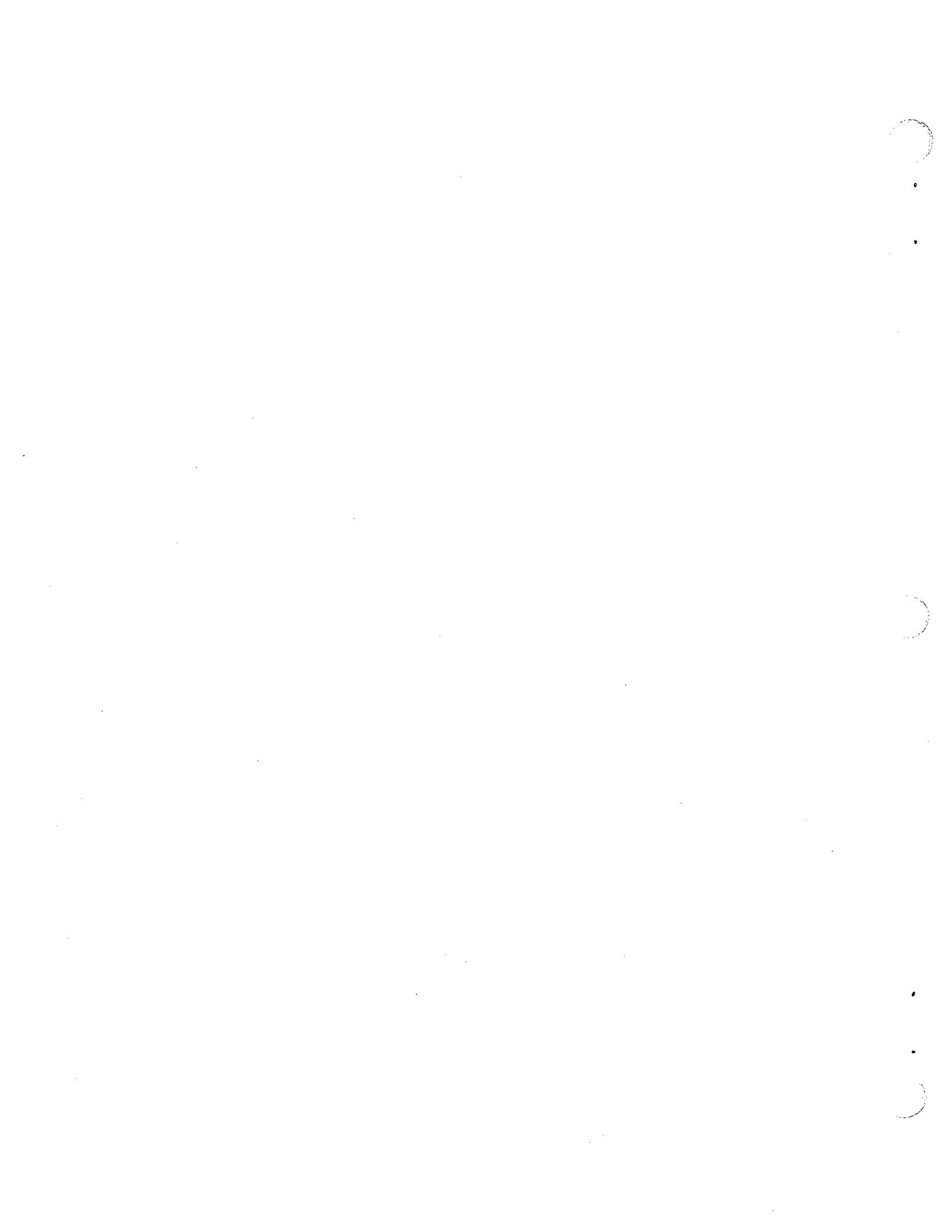
ECONOMIC TRENDS IN
KENTUCKY COUNTIES
1969 – 1987

MONROE 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
.L3pm
No. 438
1990

MONROE 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 Monroe County economy, as measured by personal income, grew strongly from 1969 to 1987. Monroe 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 significantly below those of the state.

Monroe 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 relatively high proportion of elderly residents, who would be expected to receive retirement and medical benefits, which are classified as transfer payments.

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 Monroe County economy grew in importance. The farm sector declined at both the county and state level. The non-goods-producing sectors, particularly service and trade, experienced significant growth at the state level but have declined in the county.

The county's economy has been 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.



.

.



.

.



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.

*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 MONROE 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 Monroe 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 Monroe County economy, as measured by personal income, increased from \$62 million in 1969 to \$121 million in 1987, after adjusting for inflation. Chart 1B shows Monroe County total personal income as a percent of Kentucky total personal income. Monroe 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 Monroe County per capita income increased over the time period to a level of \$10,016 in 1987, when it was 80.1 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. Earnings showed very strong growth through 1979. However, with the national recession of 1982, earnings dropped significantly. By 1985, total earnings increased again and were \$76 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 63.1 percent of Monroe County's total personal income, which was lower than Kentucky's 67.5 percent share.

Transfer payments contributed \$12 million to total personal income in 1969 and \$29 million in 1987. During the same period, transfer payments contributed a much higher percentage of personal income in Monroe County than in Kentucky.

Income from property in Monroe County grew at a steady rate through the time period. Income from property totalled \$5 million in 1969 and increased to \$16 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, Monroe County received 25.7 percent of total earnings from manufacturing. This percentage increased to 41.4 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 showed a steady decline over the period.

Farming's contribution to total county earnings was erratic but generally decreased to 13.2 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 was also erratic but generally maintained a constant share. The percent of earnings from the trade sector declined steadily. 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 Monroe 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 Monroe County average earnings per job paralleled state trends. County average earnings reached \$11,577 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 Monroe County increased during the data period. In 1969, total employment stood at 4,572 people. By 1987, that figure had increased to 6,118.

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 Monroe County are presented in Chart 4B. Unemployment rates in Monroe County were generally above those of the state in the 1970's. However, in 1987, the county unemployment rate was 7.1 percent; the rate for Kentucky 8.8 percent.

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 surpassed farming in 1985 to become the primary source of employment. The percent of total employment in manufacturing increased from 22.9 percent in 1969 to 35.1 percent in 1987. Again, this trend is unlike that of the state, where manufacturing's share of employment declined.

The farm sector was the primary source of employment early in the period. However, farming's share of employment declined slightly, from 29.0 percent in 1969 to 25.0 percent in 1987.

Employment in the non-goods-producing industries is presented in Chart 4D. Service sector employment decreased slightly from 1969 to 1987. In 1969, the service sector accounted for 12.0 percent of employment. This share decreased to 9.4 percent in 1987. The percent of employment in state and local government remained constant and accounted for 9.7 percent in 1987. The trade sector's share of employment declined during the period to 11.9 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 Monroe County.

The Monroe County population grew from 11,700 in 1969 to 12,600 in 1979, then declined to 12,100 in 1987 (Chart 5A). It was estimated that in 1986, 8.1 percent of Monroe County's population was under six years of age, compared to 8.6 for the state. Monroe County had a larger proportion of residents age sixty or over than the state. In 1986, 19.5 percent of the Monroe County population was sixty years of age and over, while 16.5 percent of all Kentucky residents fell in this age group.

CHART 1A

MONROE COUNTY
REAL PERSONAL INCOME
Millions of 1988 dollars

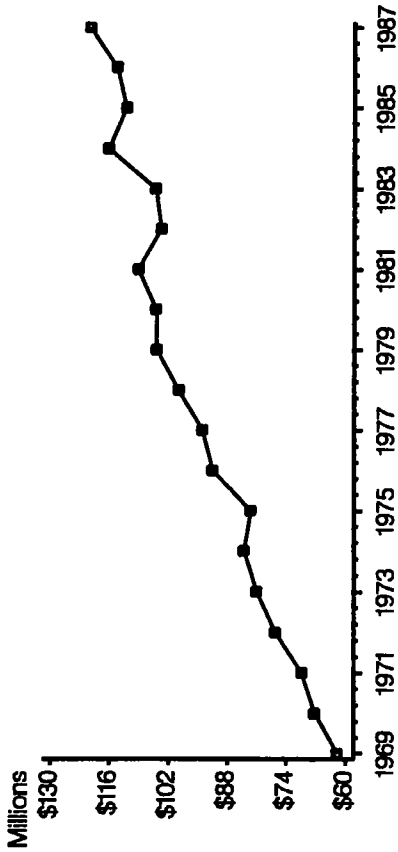


CHART 1B
MONROE COUNTY
PERSONAL INCOME
as a Percent of Kentucky Personal Income

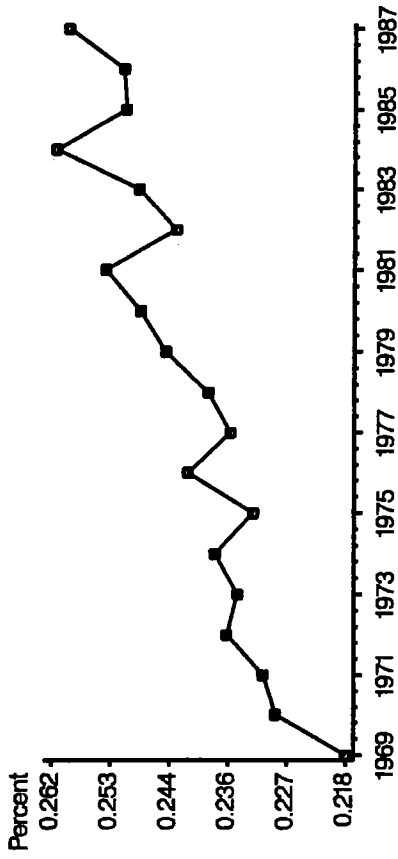


CHART 1C

MONROE COUNTY
PER CAPITA PERSONAL INCOME
in Constant 1988 Dollars

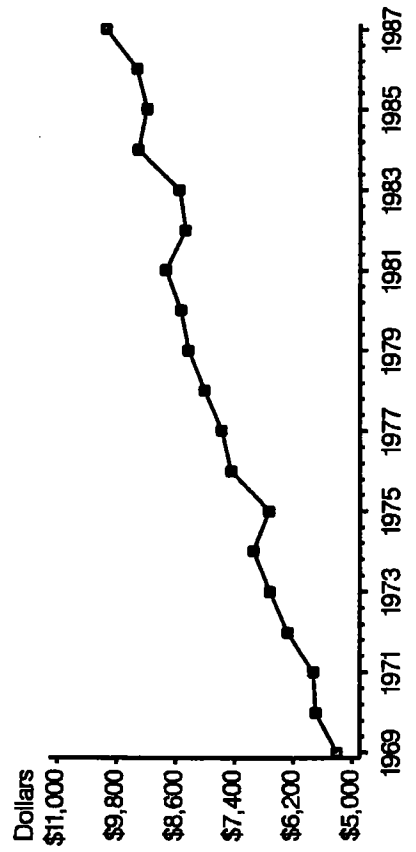


CHART 1D
MONROE COUNTY
PER CAPITA PERSONAL INCOME
as a Percent of Kentucky Per Capita Personal Income

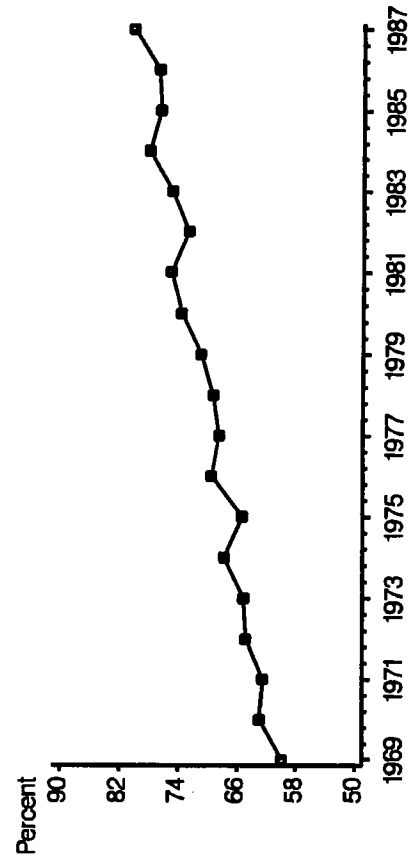


CHART 2A

MONROE COUNTY
REAL TOTAL EARNINGS
Millions of 1988 dollars

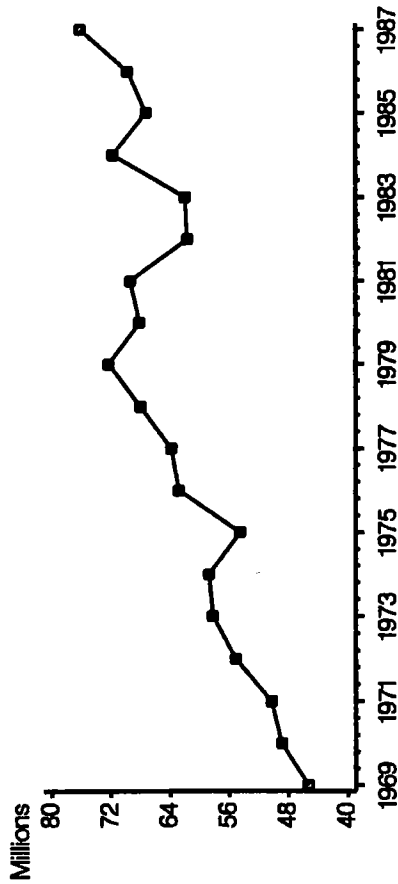


CHART 2B

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

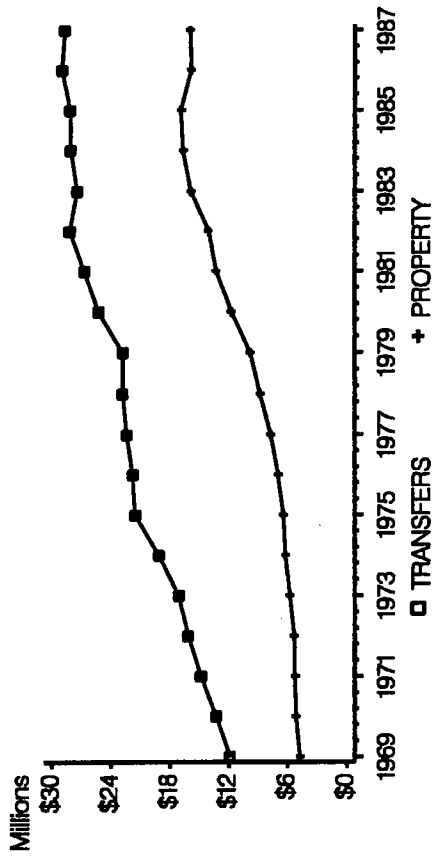


CHART 2C

MONROE COUNTY
TOTAL EARNINGS
as a Percent of Personal Income

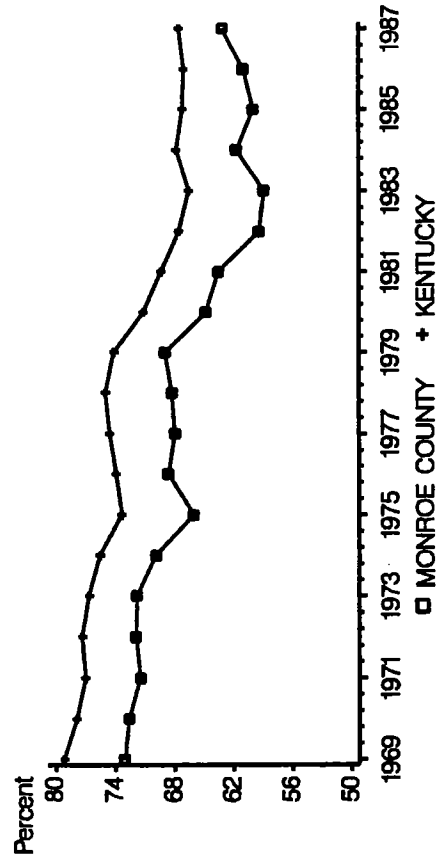


CHART 2D

MONROE COUNTY
TRANSFER PAYMENTS
as a Percent of Personal Income

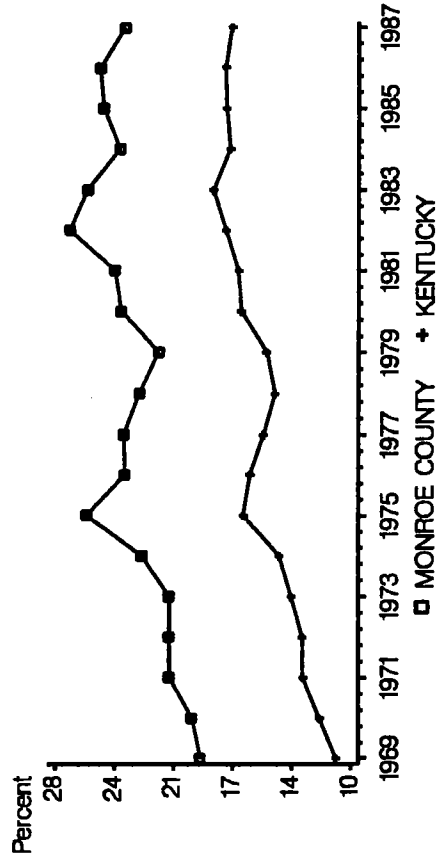


CHART 3A
MONROE COUNTY
EARNINGS IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Earnings

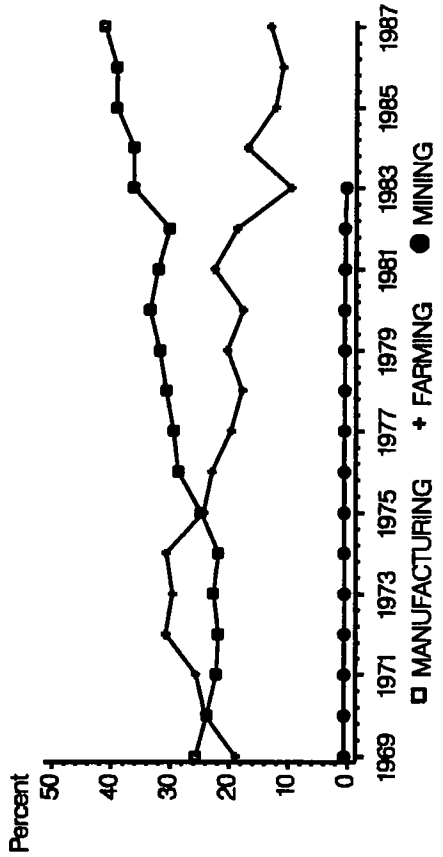


CHART 3B
MONROE COUNTY
EARNINGS in NON - GOODS PRODUCING INDUSTRIES
as a Percent of Total Earnings

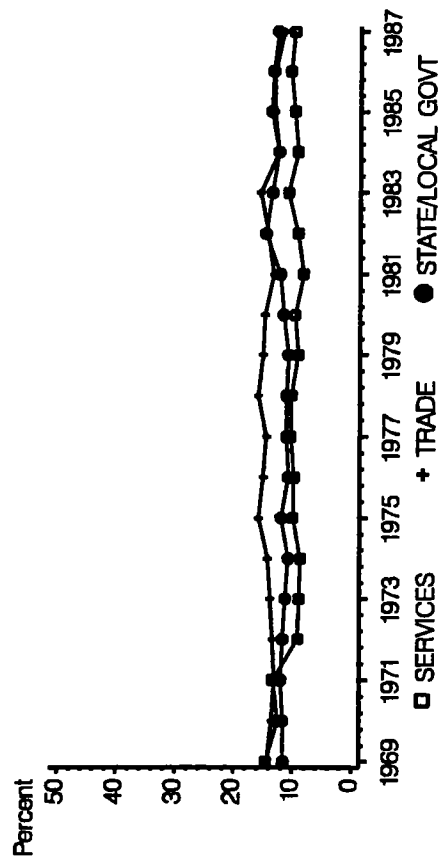


CHART 3C
MONROE COUNTY
EARNINGS in GOODS PRODUCING INDUSTRIES
as a Percent of Kentucky Industries

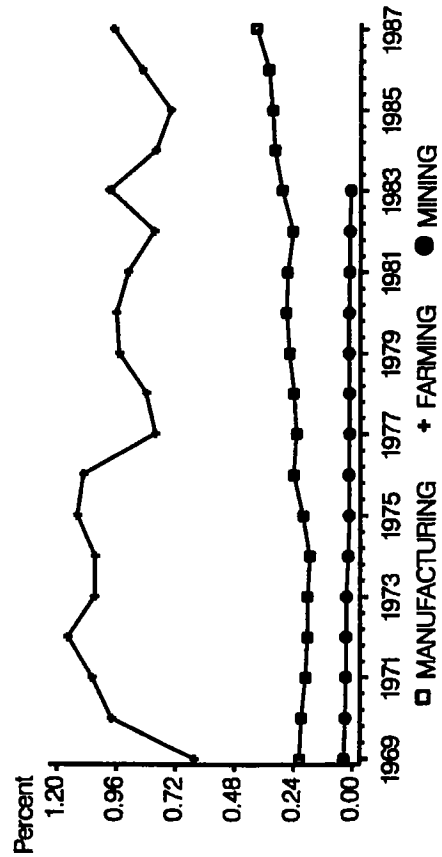


CHART 3D
MONROE COUNTY
AVERAGE EARNINGS PER JOB
in Constant 1988 Dollars

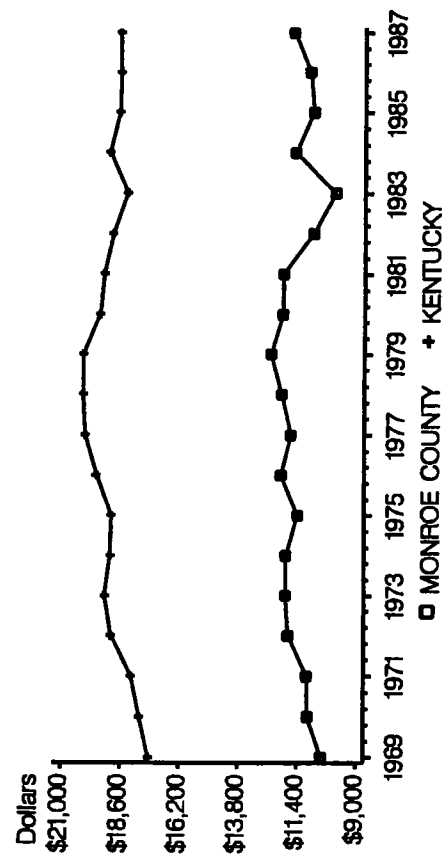


CHART 4A
MONROE COUNTY
TOTAL EMPLOYMENT
Thousands of People

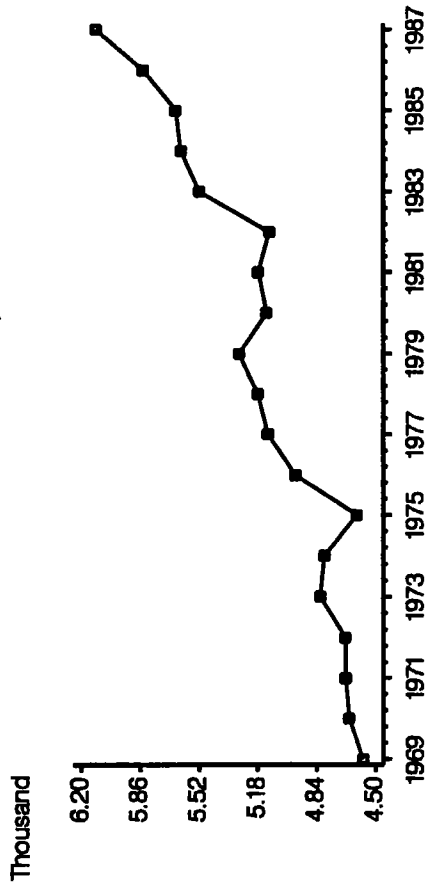


CHART 4B
MONROE COUNTY
ANNUAL UNEMPLOYMENT RATE

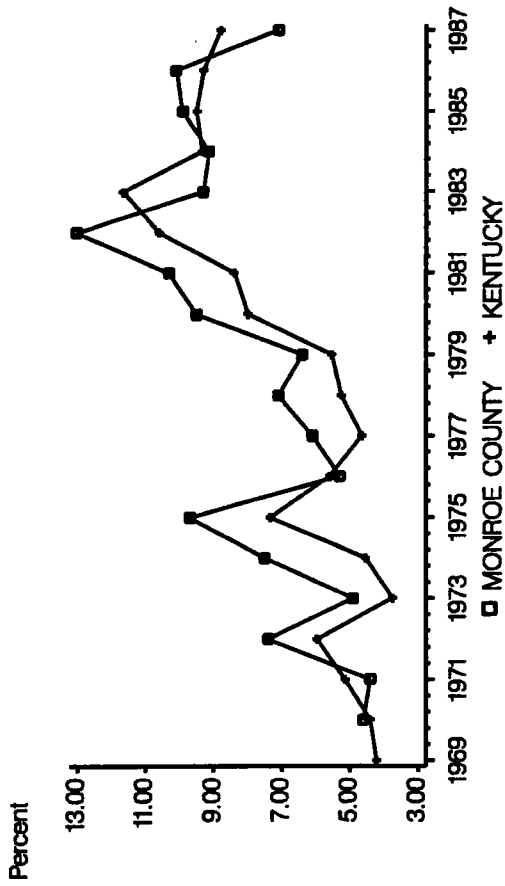


CHART 4C
MONROE COUNTY
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Employment

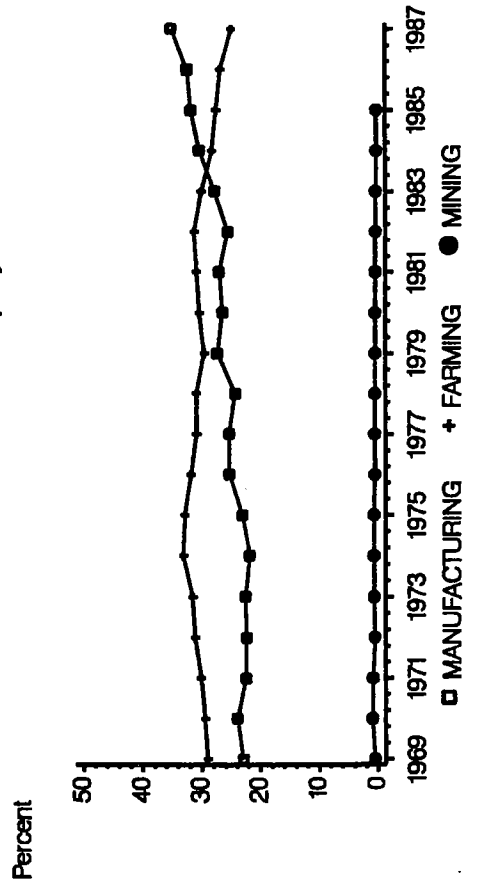


CHART 4D
MONROE COUNTY
EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES
as a Percent of Total Employment

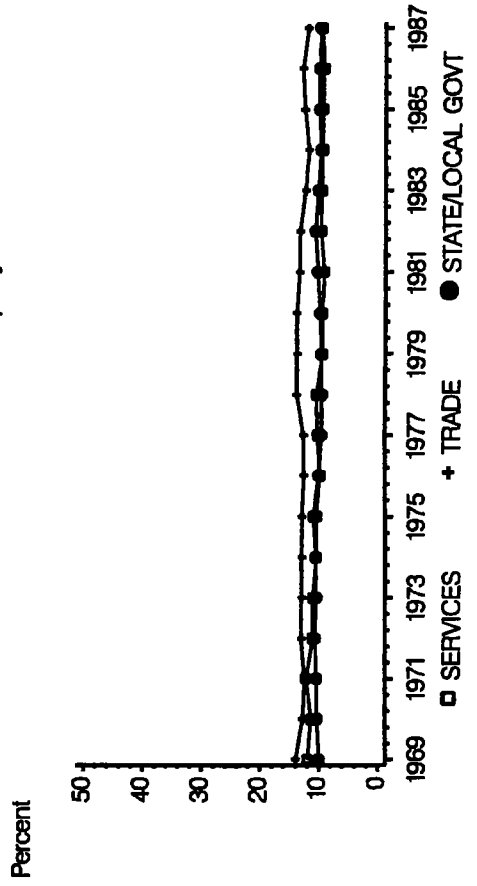


CHART 5A
MONROE COUNTY
POPULATION
Thousands of People

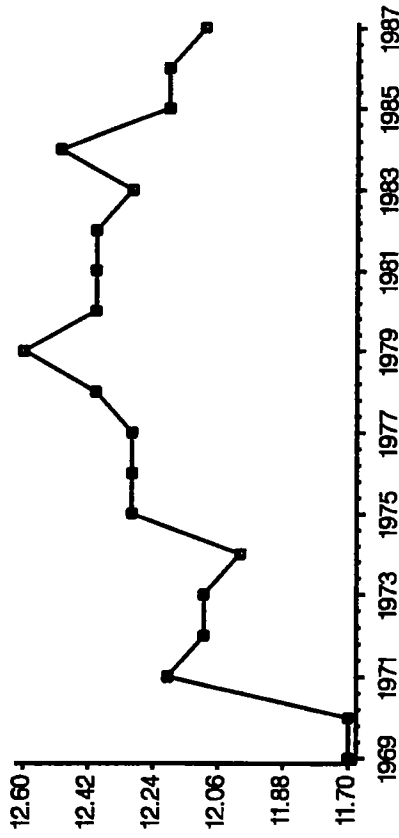


CHART 5B
MONROE COUNTY
POPULATION
as a Percent of Kentucky Population

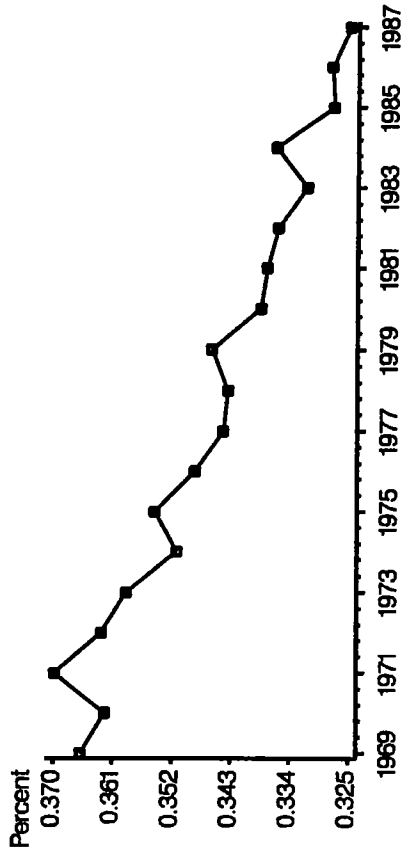


CHART 5C
MONROE COUNTY
POPULATION 5 AND UNDER
as a Percent of Total Population

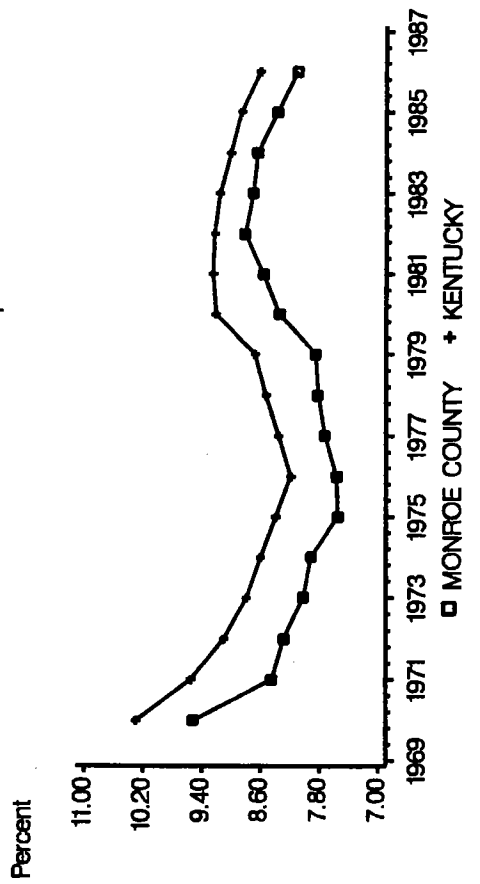
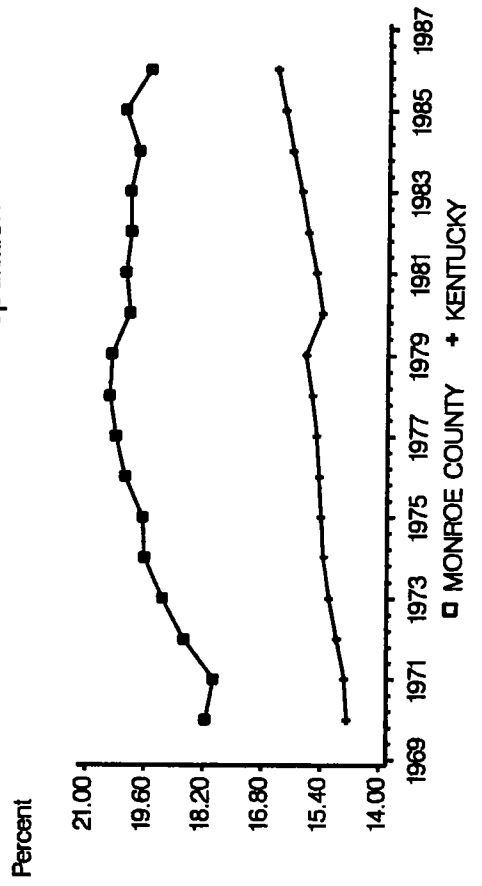


CHART 5D
MONROE COUNTY
POPULATION 60 AND OVER
as a Percent of Total Population



MONROE COUNTY

PERSONAL INCOME
In Constant 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	62	0.22	5,323	59.9
1970	67	0.23	5,740	63.0
1971	70	0.23	5,790	62.6
1972	77	0.24	6,318	64.8
1973	81	0.23	6,689	65.1
1974	84	0.24	7,022	67.8
1975	83	0.23	6,704	65.3
1976	92	0.24	7,464	69.5
1977	94	0.24	7,657	68.5
1978	100	0.24	8,016	69.3
1979	105	0.25	8,349	71.0
1980	105	0.25	8,502	73.7
1981	109	0.25	8,806	75.1
1982	104	0.24	8,407	72.8
1983	105	0.25	8,534	75.0
1984	117	0.26	9,357	78.0
1985	112	0.25	9,181	76.5
1986	115	0.25	9,388	76.7
1987	121	0.26	10,016	80.1

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	45	73.1	79.2	12	19.2	10.9	5	7.7	9.9
1970	49	72.6	77.9	13	19.7	11.9	5	7.7	10.2
1971	50	71.5	77.0	15	21.1	12.9	5	7.5	10.1
1972	55	71.9	77.3	16	21.1	12.9	5	7.0	9.7
1973	58	71.8	76.6	17	21.1	13.6	6	7.1	9.7
1974	59	69.8	75.5	19	22.7	14.4	6	7.4	10.1
1975	55	66.1	73.3	22	26.1	16.5	6	7.8	10.1
1976	63	68.6	73.9	22	23.8	16.1	7	7.6	10.0
1977	64	67.9	74.6	22	23.8	15.3	8	8.2	10.1
1978	68	68.3	75.0	23	22.9	14.6	9	8.9	10.4
1979	72	68.9	74.1	23	21.7	15.1	10	9.4	10.8
1980	68	64.8	71.1	25	24.0	16.7	12	11.2	12.2
1981	69	63.5	69.3	27	24.4	16.8	13	12.2	13.8
1982	62	59.4	67.5	28	27.1	17.6	14	13.5	14.9
1983	62	58.9	66.6	27	26.0	18.4	16	15.1	15.1
1984	72	61.6	67.8	28	24.1	17.3	17	14.3	14.9
1985	67	60.0	67.2	28	25.0	17.6	17	15.0	15.3
1986	70	60.9	67.1	29	25.2	17.6	16	13.8	15.3
1987	76	63.1	67.5	29	23.7	17.2	16	13.2	15.3

MONROE 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	25.7	0.21	19.0	0.65	0.6	0.04
1970	23.8	0.21	24.0	0.98	0.6	0.03
1971	22.2	0.19	25.7	1.06	0.6	0.03
1972	21.9	0.18	30.8	1.16	0.5	0.03
1973	22.7	0.18	29.6	1.05	0.5	0.02
1974	21.9	0.17	30.7	1.05	0.6	0.02
1975	24.9	0.20	24.4	1.12	0.6	0.01
1976	28.7	0.24	23.0	1.09	0.5	0.02
1977	29.5	0.23	19.8	0.80	0.5	0.01
1978	30.8	0.24	17.9	0.84	0.5	0.01
1979	31.9	0.26	20.5	0.95	0.5	0.01
1980	33.6	0.27	17.8	0.96	0.6	0.01
1981	32.2	0.27	22.6	0.91	0.5	0.01
1982	30.3	0.24	18.8	0.81	0.5	0.01
1983	36.4	0.29	9.7	0.99	0.3	0.01
1984	36.3	0.32	17.1	0.80	.	.
1985	39.4	0.33	12.4	0.74	.	.
1986	39.4	0.34	11.1	0.86	.	.
1987	41.4	0.39	13.2	0.97	.	.

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	14.5	0.22	14.4	0.19	11.6	0.26
1970	12.5	0.20	13.5	0.18	11.7	0.26
1971	13.4	0.21	13.1	0.17	12.0	0.26
1972	9.1	0.15	13.4	0.18	11.7	0.26
1973	8.9	0.14	13.9	0.18	11.3	0.25
1974	8.7	0.14	14.3	0.19	10.7	0.24
1975	10.0	0.14	15.7	0.19	11.9	0.23
1976	9.8	0.15	15.0	0.19	10.7	0.23
1977	10.3	0.15	14.5	0.18	11.1	0.23
1978	10.2	0.15	15.9	0.19	11.1	0.23
1979	9.1	0.14	15.1	0.19	10.8	0.22
1980	9.7	0.13	14.8	0.19	11.6	0.23
1981	8.2	0.11	13.3	0.18	12.2	0.24
1982	9.2	0.11	14.3	0.17	14.6	0.26
1983	10.8	0.12	15.6	0.18	13.6	0.23
1984	9.3	0.11	12.5	0.17	12.5	0.25
1985	9.8	0.11	13.2	0.16	13.7	0.25
1986	10.5	0.11	13.1	0.17	13.4	0.24
1987	9.8	0.11	11.6	0.16	12.6	0.25

MONROE COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	1,049	22.9	1,328	29.0	25	0.5
1970	1,113	23.9	1,370	29.5	44	0.9
1971	1,048	22.4	1,409	30.2	41	0.9
1972	1,044	22.3	1,455	31.1	26	0.6
1973	1,085	22.5	1,520	31.5	31	0.6
1974	1,043	21.8	1,587	33.1	33	0.7
1975	1,062	23.1	1,513	32.8	32	0.7
1976	1,255	25.3	1,579	31.8	29	0.6
1977	1,297	25.3	1,579	30.8	29	0.6
1978	1,258	24.3	1,598	30.8	26	0.5
1979	1,447	27.4	1,564	29.6	25	0.5
1980	1,358	26.5	1,560	30.4	24	0.5
1981	1,399	27.0	1,598	30.9	22	0.4
1982	1,306	25.5	1,596	31.2	20	0.4
1983	1,535	27.8	1,659	30.1	20	0.4
1984	1,708	30.4	1,592	28.3	15	0.3
1985	1,796	31.8	1,557	27.5	11	0.2
1986	1,893	32.4	1,567	26.8	.	.
1987	2,148	35.1	1,529	25.0	.	.

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	547	12.0	640	14.0	457	10.0
1970	525	11.3	595	12.8	477	10.3
1971	567	12.1	579	12.4	484	10.4
1972	515	11.0	609	13.0	496	10.6
1973	527	10.9	622	12.9	498	10.3
1974	497	10.4	619	12.9	501	10.5
1975	475	10.3	593	12.9	502	10.9
1976	483	9.7	623	12.6	492	9.9
1977	518	10.1	645	12.6	485	9.5
1978	535	10.3	715	13.8	486	9.4
1979	495	9.4	728	13.8	502	9.5
1980	479	9.3	708	13.8	498	9.7
1981	469	9.1	690	13.3	528	10.2
1982	492	9.6	678	13.3	542	10.6
1983	521	9.4	680	12.3	554	10.0
1984	524	9.3	659	11.7	543	9.7
1985	523	9.2	705	12.5	556	9.8
1986	533	9.1	745	12.7	576	9.9
1987	573	9.4	725	11.9	591	9.7

MONROE COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	4,572	\$10,394	\$17,440	.	4.2
1970	4,651	\$10,947	\$17,811	4.6	4.4
1971	4,671	\$10,986	\$18,166	4.4	5.1
1972	4,672	\$11,768	\$18,970	7.4	6.0
1973	4,818	\$11,888	\$19,232	4.9	3.7
1974	4,794	\$11,875	\$19,008	7.5	4.5
1975	4,606	\$11,394	\$18,976	9.7	7.3
1976	4,963	\$12,088	\$19,563	5.3	5.6
1977	5,121	\$11,674	\$20,031	6.1	4.7
1978	5,180	\$12,054	\$20,121	7.1	5.3
1979	5,289	\$12,501	\$20,110	6.4	5.5
1980	5,129	\$12,020	\$19,439	9.5	8.0
1981	5,178	\$12,005	\$19,286	10.3	8.4
1982	5,113	\$10,777	\$18,931	13.0	10.6
1983	5,520	\$9,889	\$18,358	9.3	11.6
1984	5,626	\$11,500	\$19,080	9.1	9.3
1985	5,656	\$10,773	\$18,676	9.9	9.5
1986	5,846	\$10,911	\$18,627	10.1	9.3
1987	6,118	\$11,577	\$18,636	7.1	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER AGE 6		PERCENT AGE 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	11,700	0.37	.	.	.	.
1970	11,700	0.36	9.5	10.3	18.1	14.8
1971	12,200	0.37	8.5	9.6	18.0	14.8
1972	12,100	0.36	8.3	9.1	18.7	15.0
1973	12,100	0.36	8.0	8.8	19.2	15.2
1974	12,000	0.35	7.9	8.6	19.6	15.3
1975	12,300	0.35	7.5	8.4	19.7	15.4
1976	12,300	0.35	7.6	8.2	20.1	15.5
1977	12,300	0.34	7.7	8.4	20.3	15.5
1978	12,400	0.34	7.8	8.5	20.5	15.6
1979	12,600	0.35	7.9	8.7	20.4	15.8
1980	12,400	0.34	8.3	9.2	20.0	15.4
1981	12,400	0.34	8.6	9.3	20.1	15.5
1982	12,400	0.34	8.8	9.2	20.0	15.7
1983	12,300	0.33	8.7	9.2	20.0	15.9
1984	12,500	0.34	8.6	9.0	19.8	16.1
1985	12,200	0.33	8.4	8.9	20.1	16.3
1986	12,200	0.33	8.1	8.6	19.5	16.5
1987	12,100	0.32	.	.	.	.

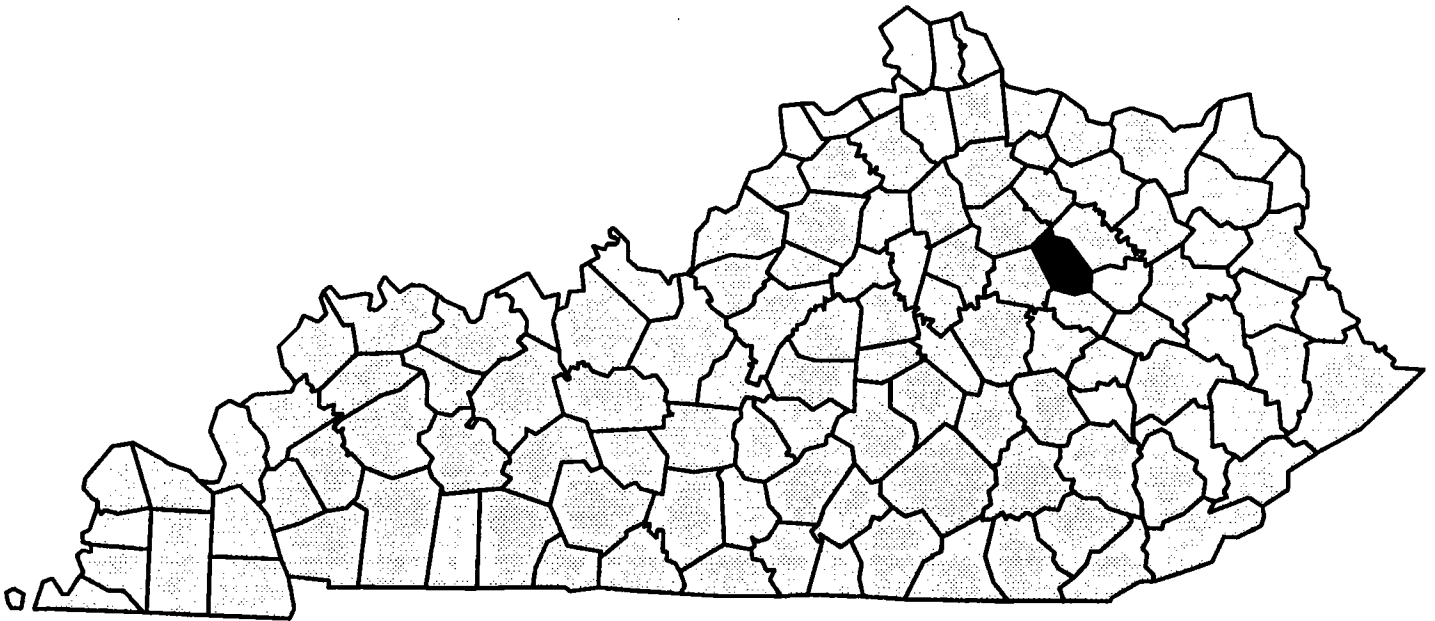
1
2
3

4
5

6
7
8

ECONOMIC TRENDS IN
KENTUCKY COUNTIES
1969 – 1987

MONTGOMERY 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
.L3PM
No. 438
1990

MONTGOMERY 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 Montgomery County economy, as measured by personal income, grew strongly from 1969 to 1979 and was fairly constant from 1980 to 1987. Montgomery County generally maintained its share of Kentucky personal income. However, both per capita personal income and average earnings per job were below those of the state.

The county has historically been heavily dependent on the goods-producing industries of manufacturing and farming. However, the county share of these sectors declined. The non-goods-producing sectors of services, trade, and state and local government experienced significant growth. These county trends parallel state trends.

The growth in the non-goods-producing industries helped to diversify Montgomery County's economic base. Economies which depend too heavily on one economic sector are susceptible to extreme swings when events in the national and international economy affect that sector. The goods-producing sectors are more vulnerable to production cutbacks and employment layoffs during recessionary periods. The non-goods-producing sectors tend to be more resilient. Further, the long-term national economic outlook is for continued expansion of the service and trade sectors. The increase in these sectors in Montgomery County positions it well for 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.

*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 MONTGOMERY 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 Montgomery 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 Montgomery County economy, as measured by personal income, increased from \$128 million in 1969 to \$215 million in 1987, after adjusting for inflation. Chart 1B shows Montgomery County total personal income as a percent of Kentucky total personal income. Montgomery County increased its share of Kentucky personal income in the 1970's but had small decreases 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 Montgomery County per capita income increased over the time period to a level of \$10,578 in 1987, when it was 84.6 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 strong growth through the 1970's. However, with the national recession of the early 1980's, earnings

dropped significantly. Total earnings then increased to \$146 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 68.0 percent of Montgomery County's total personal income, compared to Kentucky's 67.5 percent share.

Transfer payments contributed \$14 million to total personal income in 1969 and \$39 million in 1987. During the 1980's, transfer payments contributed a slightly higher percentage of personal income in Montgomery County than in Kentucky.

Income from property in Montgomery County grew rapidly in the late 1970's and declined slightly in 1983. Income from property totalled \$12 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 income. In 1969, Montgomery County received 34.6 percent of total earnings from manufacturing. This percentage decreased to 30.2 percent in 1987 (Chart 3A). Farming's contribution to total county earnings decreased from 18.9 percent in 1969 to 4.7 percent in 1987. The trend toward declining earnings share from manufacturing and farming was 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 9.8 percent in 1969 to 16.1 percent in 1987. The percent of earnings from the trade sector doubled during the period, reaching 22.8 percent. The share of earnings from the state and local government sector increased slightly and accounted for 9.5 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 Montgomery 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. Montgomery County average earnings per job were below those of the state throughout the period. County average earnings were \$14,593 in 1987.

Employment

Employment is considered any activity for which one receives financial remuneration in the form of wages or profits. Total employment in Montgomery County increased erratically during the data period. In 1969, total employment stood at 7,365 people. By 1987, that figure had increased to 9,613.

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 Montgomery County are presented in Chart 4B. Unemployment rates in Montgomery County generally exceeded those of the state. In 1987, the county unemployment rate was 14.8 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 in the 1970's. However, the percent of total employment in manufacturing decreased from 33.6 percent in 1969 to 21.1 percent in 1987. Farming's share of employment declined from 19.6 percent in 1969 to 13.0 percent in 1987. The employment share of these sectors also declined at the state level.

Employment in the non-goods-producing industries is presented in Chart 4D. The service sector's share of employment increased from 11.0 percent in 1969 to 18.6 percent in 1987. The percent of employment in state and local government increased slightly and was 7.6 percent in 1987. The trade sector's share of employment increased from 13.5 percent in 1969 to 25.5 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 Montgomery County.

The Montgomery County population grew from 15,200 in 1969 to 20,300 in 1987 (Chart 5A). It was estimated that in 1986, 7.8 percent of Montgomery County's population was under six years of age, compared to 8.6 for the state. In 1986, 15.8 percent of the Montgomery County population was sixty years of age and over, while 16.5 percent of all Kentucky residents fell in this age group.

CHART 1A

MONTGOMERY COUNTY
REAL PERSONAL INCOME
Millions of 1988 dollars

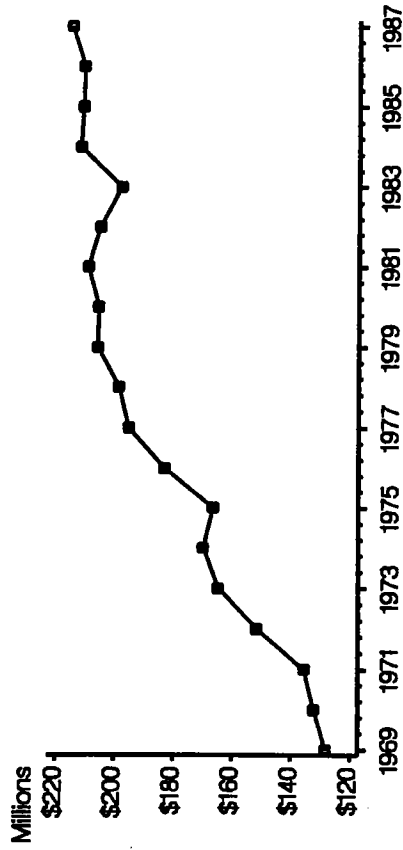


CHART 1B
MONTGOMERY COUNTY
PERSONAL INCOME
as a Percent of Kentucky Personal Income

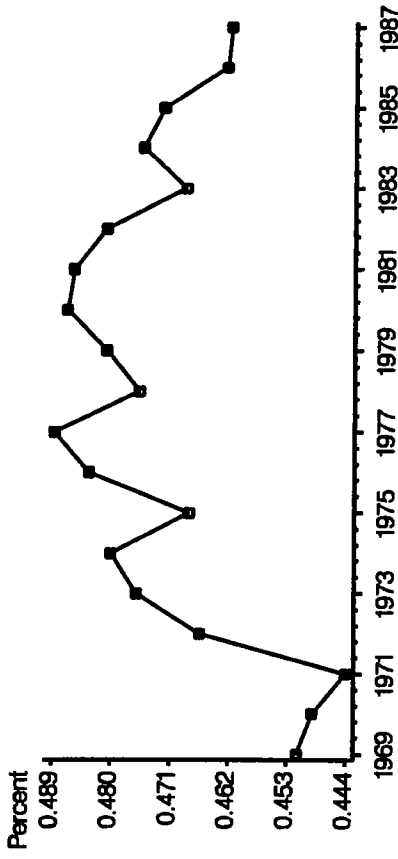


CHART 1C

MONTGOMERY COUNTY
PER CAPITA PERSONAL INCOME
in Constant 1988 Dollars

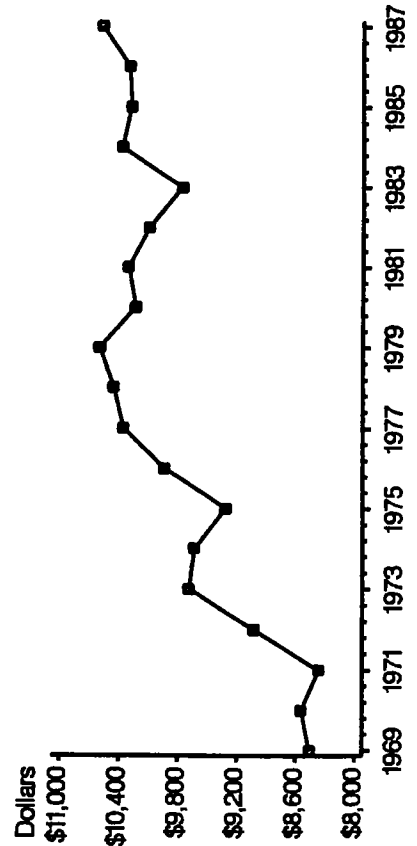


CHART 1D
MONTGOMERY COUNTY
PER CAPITA PERSONAL INCOME
as a Percent of Kentucky Per Capita Personal Income

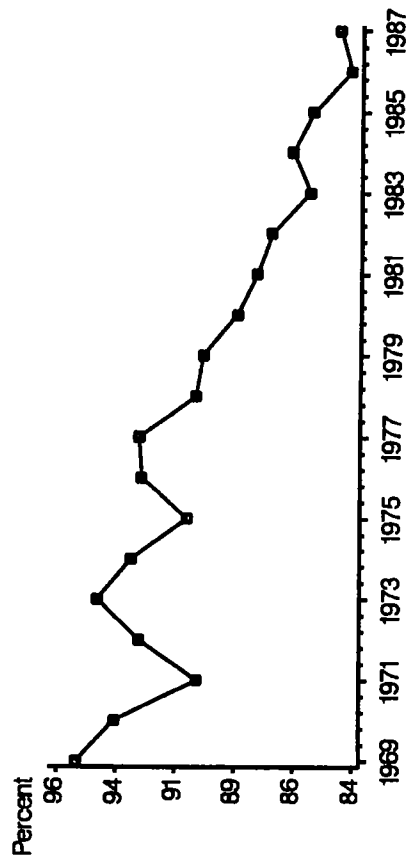


CHART 2A

MONTGOMERY COUNTY
REAL TOTAL EARNINGS
Millions of 1988 dollars

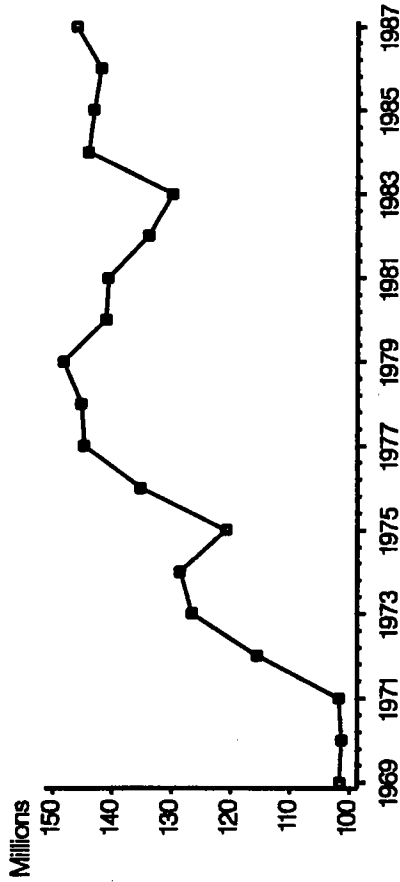


CHART 2B
MONTGOMERY COUNTY
TRANSFER PAYMENTS and INCOME FROM PROPERTY
Millions of 1988 Dollars

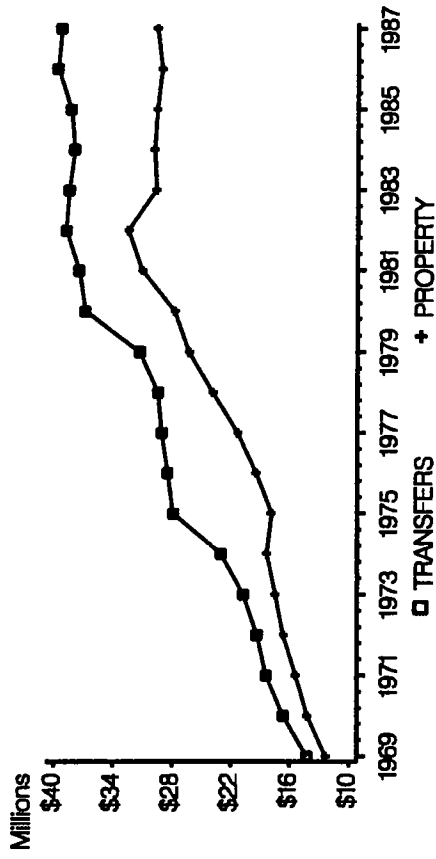


CHART 2C

MONTGOMERY COUNTY
TOTAL EARNINGS
as a Percent of Personal Income

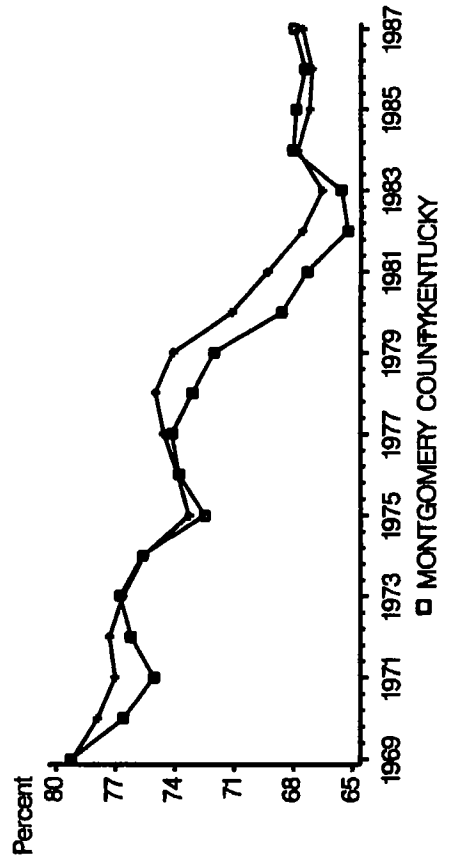


CHART 2D
MONTGOMERY COUNTY
TRANSFER PAYMENTS
as a Percent of Personal Income

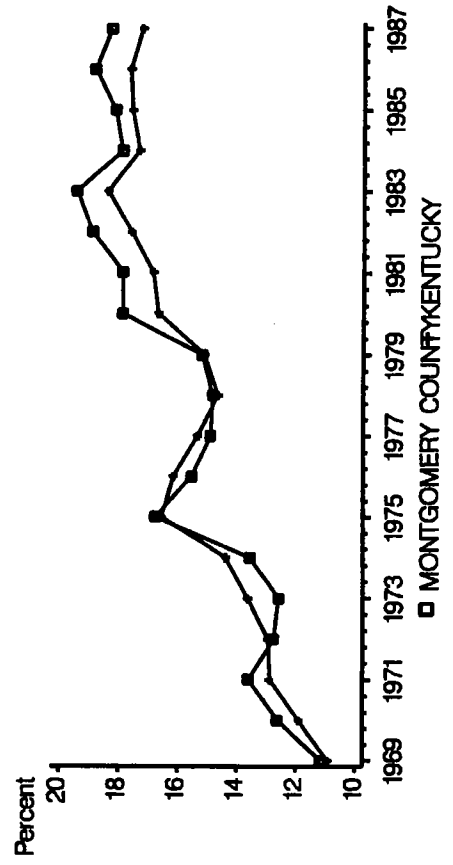


CHART 3A

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

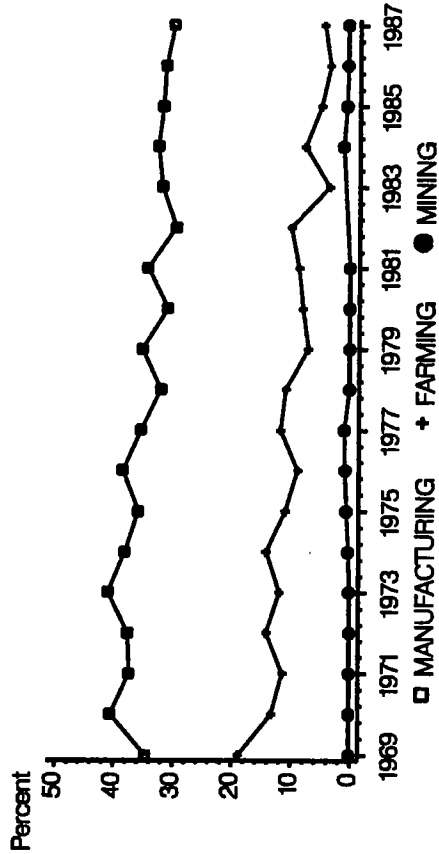


CHART 3B

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

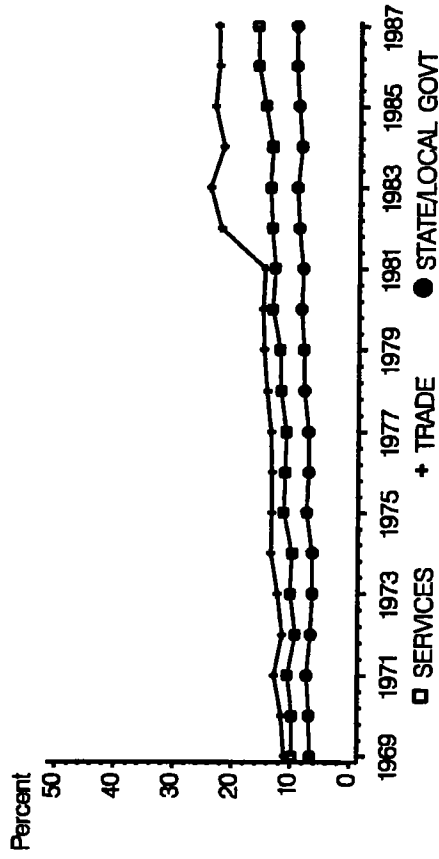


CHART 3C

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

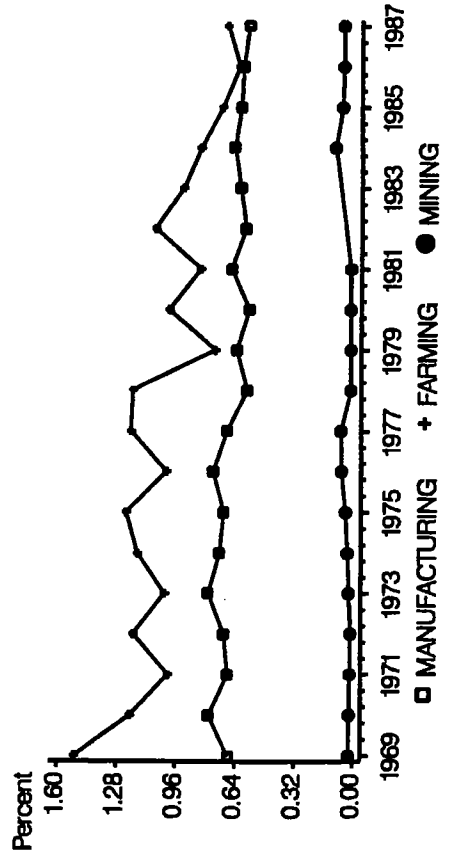


CHART 3D

MONTGOMERY COUNTY
AVERAGE EARNINGS PER JOB
in Constant 1988 Dollars

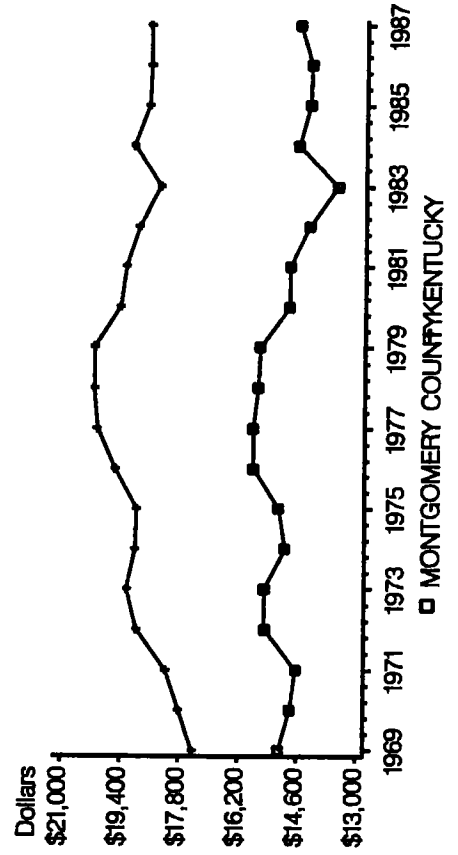


CHART 4A
MONTGOMERY COUNTY
TOTAL EMPLOYMENT
Thousands of People

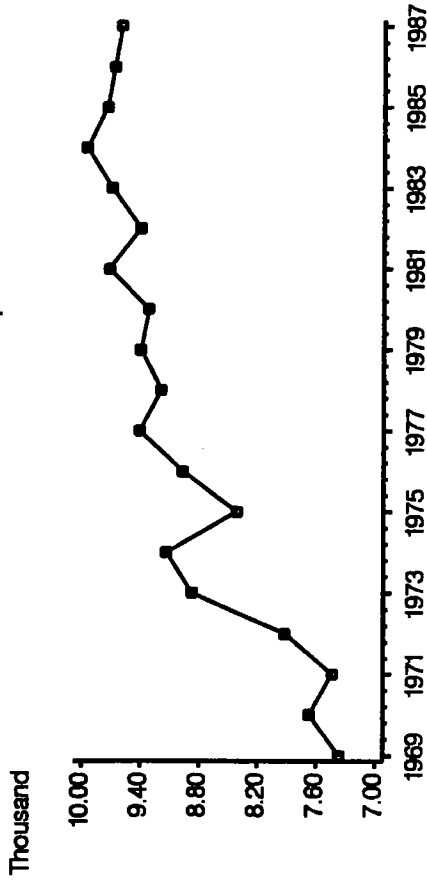


CHART 4B
MONTGOMERY COUNTY
ANNUAL UNEMPLOYMENT RATE

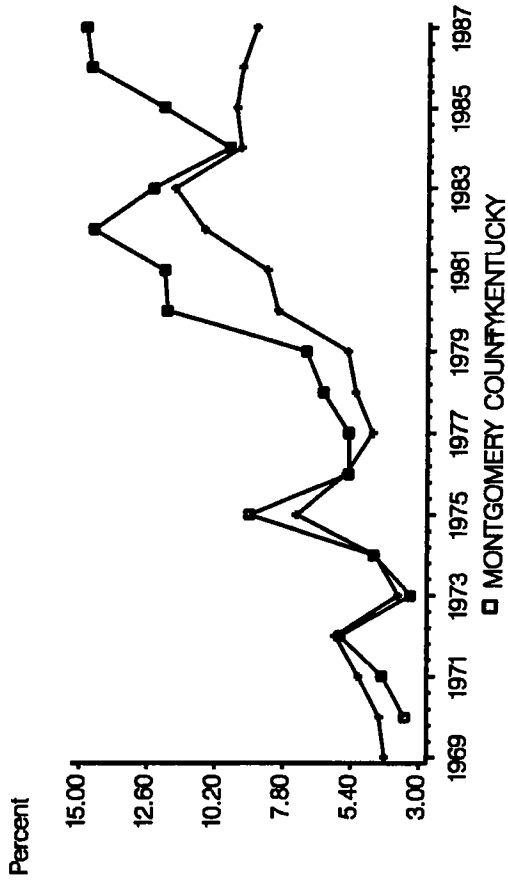


CHART 4C
MONTGOMERY COUNTY
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Employment

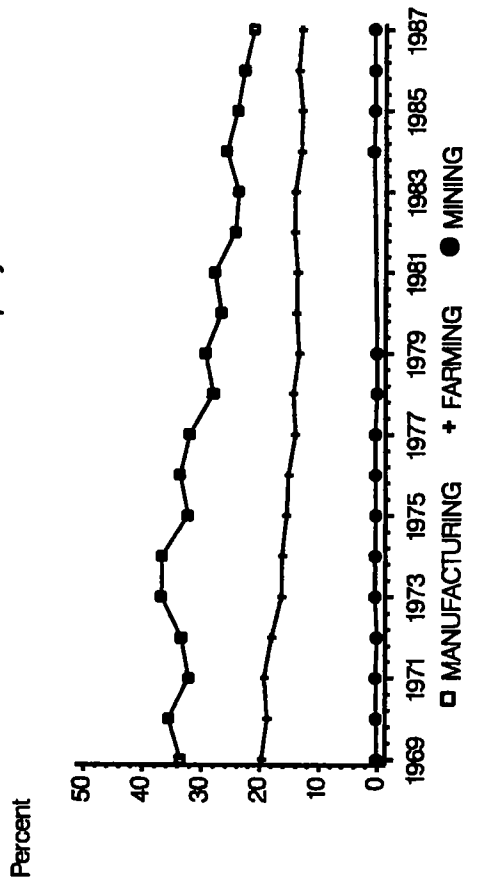


CHART 4D
MONTGOMERY COUNTY
EMPLOYMENT in NON - GOODS PRODUCING INDUSTRIES
as a Percent of Total Employment

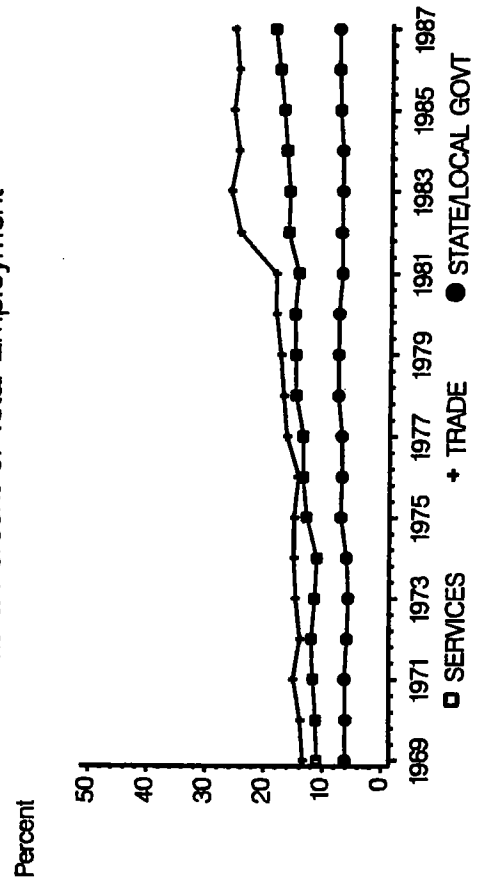


CHART 5A
MONTGOMERY COUNTY
POPULATION
Thousands of People

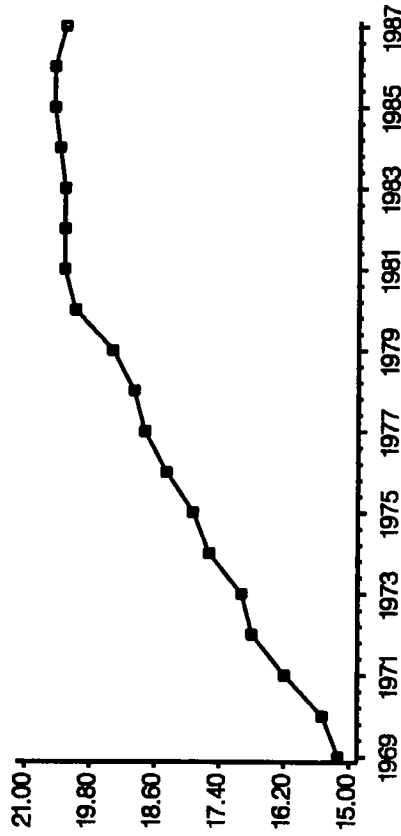


CHART 5B
MONTGOMERY COUNTY
POPULATION
as a Percent of Kentucky Population

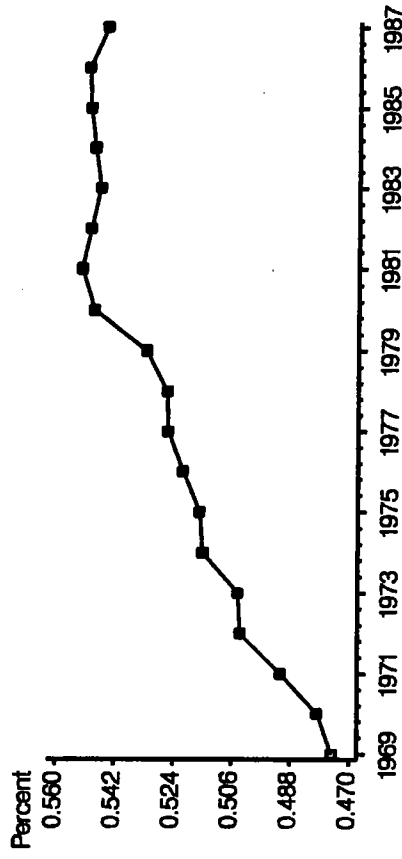


CHART 5C
MONTGOMERY COUNTY
POPULATION 5 AND UNDER
as a Percent of Total Population

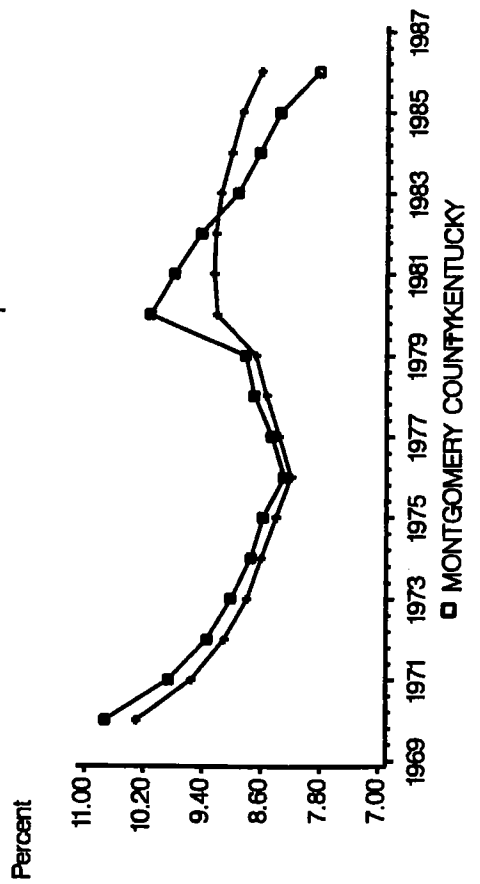
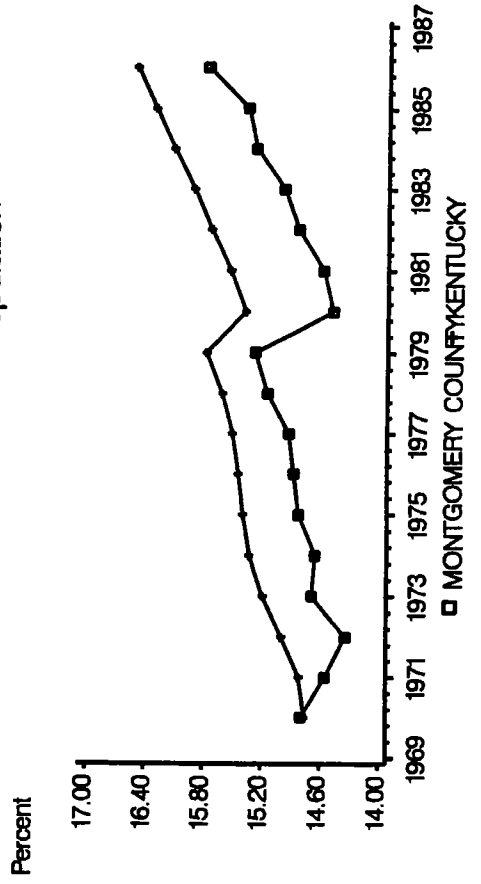


CHART 5D
MONTGOMERY COUNTY
POPULATION 60 AND OVER
as a Percent of Total Population



MONTGOMERY COUNTY

PERSONAL INCOME
In Constant 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	128	0.45	8,457	95.2
1970	132	0.45	8,538	93.7
1971	135	0.44	8,360	90.3
1972	152	0.47	9,030	92.7
1973	165	0.48	9,691	94.4
1974	170	0.48	9,637	93.0
1975	167	0.47	9,314	90.8
1976	183	0.48	9,940	92.6
1977	195	0.49	10,359	92.7
1978	199	0.48	10,457	90.4
1979	206	0.48	10,597	90.1
1980	206	0.49	10,233	88.7
1981	209	0.49	10,310	88.0
1982	205	0.48	10,094	87.4
1983	198	0.47	9,764	85.8
1984	212	0.48	10,372	86.5
1985	211	0.47	10,281	85.7
1986	211	0.46	10,300	84.2
1987	215	0.46	10,578	84.6

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	102	79.2	79.2	14	11.1	10.9	12	9.6	9.9
1970	101	76.6	77.9	17	12.6	11.9	14	10.8	10.2
1971	102	75.0	77.0	18	13.6	12.9	15	11.4	10.1
1972	116	76.2	77.3	19	12.8	12.9	17	11.0	9.7
1973	127	76.8	76.6	21	12.6	13.6	18	10.6	9.7
1974	129	75.6	75.5	23	13.5	14.4	18	10.8	10.1
1975	121	72.5	73.3	28	16.7	16.5	18	10.7	10.1
1976	135	73.8	73.9	28	15.5	16.1	19	10.6	10.0
1977	145	74.2	74.6	29	14.9	15.3	21	10.9	10.1
1978	145	73.1	75.0	29	14.8	14.6	24	12.0	10.4
1979	148	72.0	74.1	31	15.2	15.1	26	12.8	10.8
1980	141	68.6	71.1	37	17.9	16.7	28	13.5	12.2
1981	141	67.3	69.3	37	17.9	16.8	31	14.8	13.8
1982	134	65.3	67.5	39	18.9	17.6	32	15.8	14.9
1983	130	65.6	66.6	38	19.4	18.4	30	15.0	15.1
1984	144	68.0	67.8	38	17.9	17.3	30	14.1	14.9
1985	143	67.8	67.2	38	18.1	17.6	30	14.0	15.3
1986	142	67.4	67.1	40	18.8	17.6	29	13.8	15.3
1987	146	68.0	67.5	39	18.3	17.2	30	13.8	15.3

MONTGOMERY 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	34.6	0.68	18.9	1.51	0.2	0.02
1970	40.6	0.78	13.3	1.21	0.2	0.02
1971	37.4	0.68	11.5	1.00	0.2	0.02
1972	37.7	0.70	14.2	1.19	0.1	0.01
1973	41.0	0.79	12.0	1.02	0.2	0.02
1974	38.2	0.72	14.3	1.17	0.4	0.03
1975	36.0	0.70	11.1	1.23	0.7	0.04
1976	38.7	0.76	9.0	1.01	0.9	0.06
1977	35.5	0.68	11.9	1.20	1.1	0.07
1978	32.2	0.57	11.0	1.19	0.2	0.01
1979	35.4	0.63	7.3	0.75	0.2	0.01
1980	31.1	0.56	8.2	1.00	0.3	0.02
1981	34.5	0.66	8.9	0.83	0.3	0.02
1982	29.7	0.58	10.2	1.07	.	.
1983	32.1	0.61	3.7	0.92	.	.
1984	32.8	0.65	7.9	0.83	1.4	0.10
1985	32.0	0.61	5.2	0.71	0.9	0.06
1986	31.6	0.60	3.7	0.62	0.7	0.06
1987	30.2	0.57	4.7	0.69	0.7	0.06

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	9.8	0.35	11.0	0.33	6.6	0.35
1970	9.8	0.36	11.5	0.35	6.8	0.34
1971	10.6	0.35	12.8	0.36	7.2	0.33
1972	9.2	0.33	11.5	0.35	6.6	0.33
1973	10.1	0.39	12.3	0.39	6.3	0.34
1974	9.8	0.38	13.4	0.43	6.4	0.35
1975	11.3	0.40	13.3	0.38	7.4	0.35
1976	11.1	0.40	13.3	0.40	7.0	0.36
1977	10.9	0.40	13.5	0.42	7.1	0.36
1978	11.9	0.40	14.2	0.40	7.9	0.37
1979	12.0	0.40	14.8	0.42	8.0	0.37
1980	13.4	0.41	15.0	0.43	8.4	0.37
1981	12.9	0.41	14.6	0.45	8.1	0.38
1982	13.5	0.39	22.1	0.64	8.9	0.38
1983	13.8	0.37	24.0	0.68	9.2	0.38
1984	13.5	0.38	21.8	0.66	8.5	0.38
1985	14.7	0.38	23.3	0.67	9.1	0.38
1986	16.0	0.37	22.7	0.64	9.5	0.37
1987	16.1	0.36	22.8	0.63	9.5	0.37

MONTGOMERY COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	2,471	33.6	1,447	19.6	13	0.2
1970	2,730	35.6	1,438	18.7	19	0.2
1971	2,390	32.1	1,430	19.2	28	0.4
1972	2,649	33.4	1,427	18.0	13	0.2
1973	3,272	36.9	1,450	16.3	36	0.4
1974	3,358	36.7	1,485	16.2	36	0.4
1975	2,719	32.3	1,310	15.6	29	0.3
1976	3,019	33.6	1,364	15.2	35	0.4
1977	3,012	32.0	1,327	14.1	39	0.4
1978	2,579	28.0	1,328	14.4	12	0.1
1979	2,762	29.4	1,263	13.4	15	0.2
1980	2,492	26.7	1,298	13.9	.	.
1981	2,710	27.8	1,341	13.8	.	.
1982	2,295	24.4	1,343	14.3	.	.
1983	2,315	23.9	1,373	14.1	.	.
1984	2,579	25.9	1,307	13.1	79	0.8
1985	2,339	24.0	1,265	13.0	57	0.6
1986	2,205	22.8	1,312	13.5	50	0.5
1987	2,032	21.1	1,251	13.0	59	0.6

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	812	11.0	991	13.5	448	6.1
1970	858	11.2	1,062	13.8	458	6.0
1971	867	11.7	1,120	15.1	457	6.1
1972	951	12.0	1,107	14.0	461	5.8
1973	1,012	11.4	1,309	14.7	499	5.6
1974	1,012	11.1	1,370	15.0	541	5.9
1975	1,082	12.9	1,261	15.0	581	6.9
1976	1,217	13.6	1,282	14.3	605	6.7
1977	1,272	13.5	1,530	16.2	638	6.8
1978	1,359	14.8	1,548	16.8	683	7.4
1979	1,402	14.9	1,633	17.4	704	7.5
1980	1,409	15.1	1,696	18.2	692	7.4
1981	1,407	14.5	1,783	18.3	677	7.0
1982	1,526	16.2	2,307	24.5	668	7.1
1983	1,562	16.1	2,527	26.0	671	6.9
1984	1,651	16.6	2,462	24.7	695	7.0
1985	1,664	17.1	2,506	25.7	719	7.4
1986	1,724	17.8	2,405	24.8	736	7.6
1987	1,787	18.6	2,450	25.5	735	7.6

MONTGOMERY COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	7,365	\$15,095	\$17,440	.	4.2
1970	7,674	\$14,786	\$17,811	3.5	4.4
1971	7,438	\$14,627	\$18,166	4.3	5.1
1972	7,925	\$15,484	\$18,970	5.8	6.0
1973	8,876	\$15,502	\$19,232	3.3	3.7
1974	9,139	\$14,949	\$19,008	4.6	4.5
1975	8,416	\$15,131	\$18,976	9.0	7.3
1976	8,972	\$15,805	\$19,563	5.5	5.6
1977	9,416	\$15,819	\$20,031	5.5	4.7
1978	9,197	\$15,684	\$20,121	6.4	5.3
1979	9,406	\$15,636	\$20,110	7.0	5.5
1980	9,327	\$14,848	\$19,439	11.9	8.0
1981	9,733	\$14,841	\$19,286	12.0	8.4
1982	9,409	\$14,318	\$18,931	14.5	10.6
1983	9,705	\$13,559	\$18,358	12.4	11.6
1984	9,966	\$14,620	\$19,080	9.7	9.3
1985	9,757	\$14,314	\$18,676	12.0	9.5
1986	9,684	\$14,282	\$18,627	14.6	9.3
1987	9,613	\$14,593	\$18,636	14.8	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER AGE 6		PERCENT AGE 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	15,200	0.48	.	.	.	.
1970	15,500	0.48	10.7	10.3	14.8	14.8
1971	16,200	0.49	9.9	9.6	14.5	14.8
1972	16,800	0.50	9.3	9.1	14.3	15.0
1973	17,000	0.50	9.0	8.8	14.7	15.2
1974	17,600	0.52	8.7	8.6	14.7	15.3
1975	17,900	0.52	8.6	8.4	14.8	15.4
1976	18,400	0.52	8.3	8.2	14.9	15.5
1977	18,800	0.53	8.5	8.4	14.9	15.5
1978	19,000	0.53	8.7	8.5	15.1	15.6
1979	19,400	0.53	8.8	8.7	15.3	15.8
1980	20,100	0.55	10.1	9.2	14.5	15.4
1981	20,300	0.55	9.8	9.3	14.6	15.5
1982	20,300	0.55	9.4	9.2	14.8	15.7
1983	20,300	0.55	8.9	9.2	15.0	15.9
1984	20,400	0.55	8.6	9.0	15.3	16.1
1985	20,500	0.55	8.4	8.9	15.4	16.3
1986	20,500	0.55	7.8	8.6	15.8	16.5
1987	20,300	0.54	.	.	.	.

100

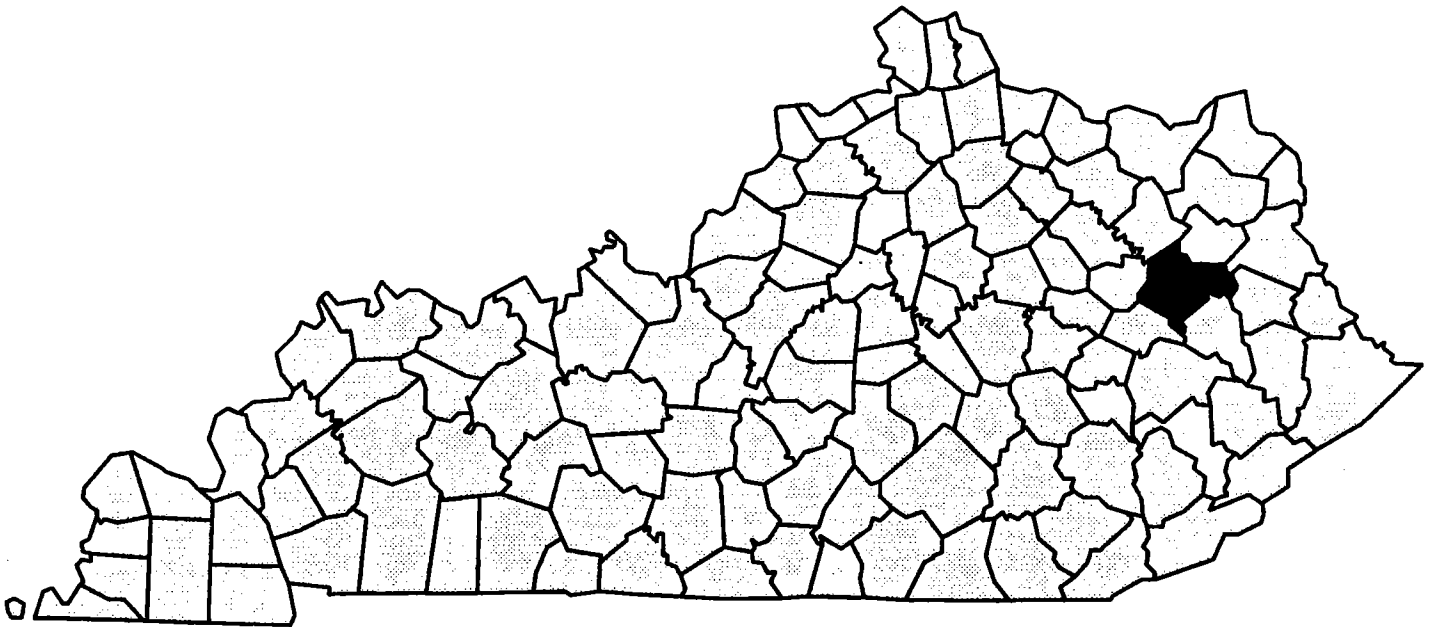
100

100

100

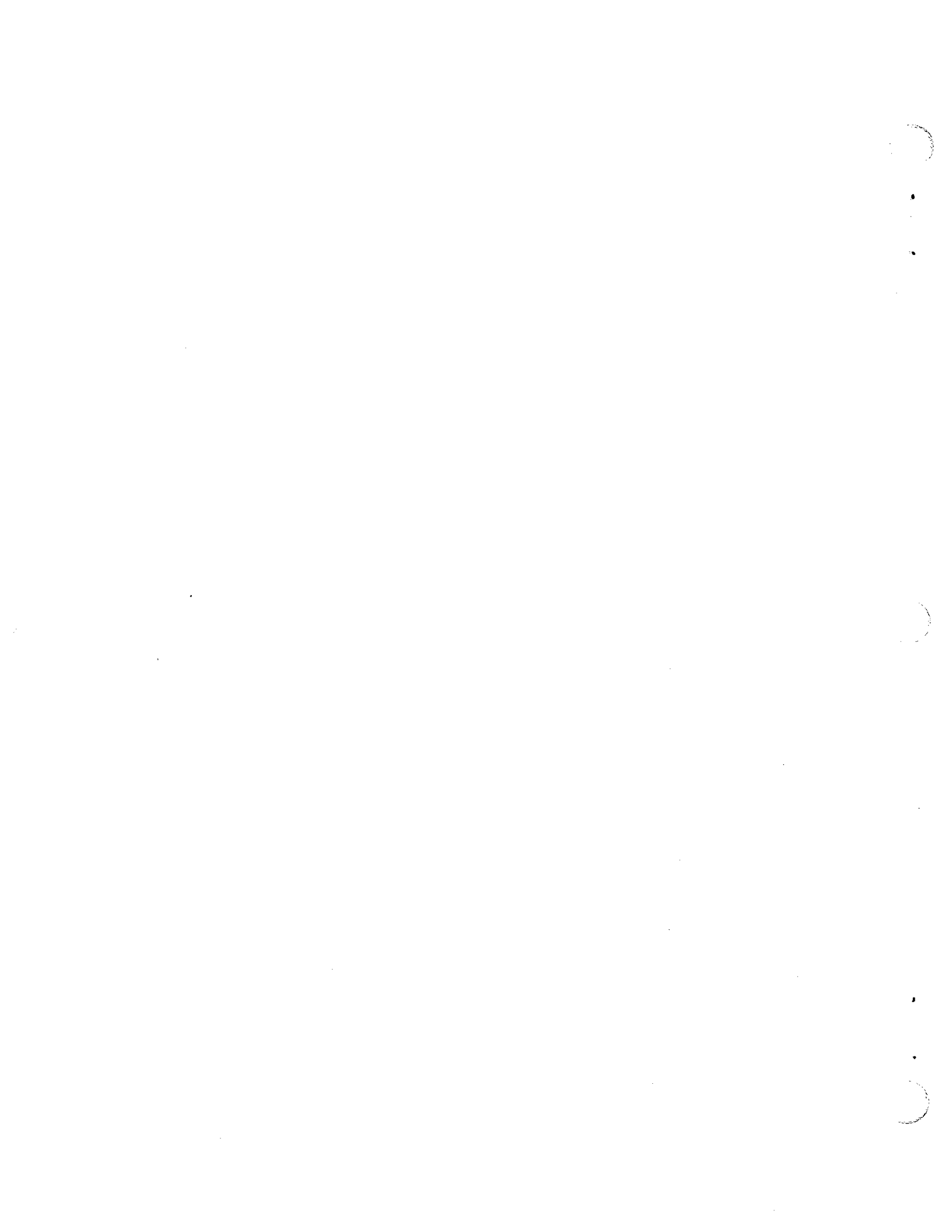
ECONOMIC TRENDS IN
KENTUCKY COUNTIES
1969 – 1987

MORGAN 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

KY
65
.L3PM
No. 438
1990

MORGAN 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 Morgan County economy, as measured by personal income, grew strongly in the 1970's and was relatively constant in the 1980's. Morgan County increased its share of Kentucky personal income in the 1970's and decreased its share in the 1980's. However, both per capita personal income and average earnings per job were significantly below those of the state. Morgan 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 farm sector was the primary source of employment in Morgan County. However, earnings from this sector declined substantially. The share of earnings and employment from mining and manufacturing declined in the county. These sectors also declined at the state level.

The non-goods-producing sectors of services and state and local government have experienced significant growth at the county level, while the trade sector declined. At the state level, the services and trade sectors increased their share, while state and local government 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 Morgan County in the mid- to late-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 goods-producing sectors created a volatile economic history and an uncertain economic future. These industries, especially the coal mining sector, are very sensitive to economic fluctuations. 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. Similarly, the national outlook for the farm sector is for continued decline in employment and average earnings. Future economic growth in Morgan County would be enhanced by development of other, 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 Morgan 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 Morgan 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 Morgan 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.

*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 MORGAN 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 Morgan 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 Morgan County economy, as measured by real personal income increased, from \$47 million in 1969 to a high of \$96 million in 1982 (adjusting for inflation). There was a subsequent decline to \$88 million in 1987. Chart 1B shows Morgan County total personal income as a percent of Kentucky total personal income. Morgan 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. Morgan County real per capita income generally increased over the time period to a level of \$7,681 per person in 1987. Morgan County's per capita personal income was 61.5 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 \$33 million in 1969 to a high of \$65 million in 1978, then declined to \$50 million in 1987 (in constant 1988 dollars). Earnings as a percent of personal income declined over the period. Earnings accounted for 56.8 percent of Morgan 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 \$27 million in 1987. In 1987, transfer payments contributed 30.3 percent of personal income in Morgan County, compared to 17.2 percent in Kentucky.

Income from property in Morgan County grew at a stable rate through the time period. Income from property totalled \$3 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 wage and salary income and proprietor's earnings. Earnings in the goods-producing industries were erratic during the period (Chart 3A). In 1969, Morgan County received 10.4 percent of its earnings from manufacturing. This percentage fluctuated during the period and decreased to 8.3 percent in 1987. Earnings from the farm sector generally declined, from 23.0 percent in 1969 to 8.8 percent in 1987. The mine sector's share of earnings was minimal in 1969. However, this sector's share increased dramatically in the late 1970's and accounted for a high of 26.6 percent in 1978. Earnings from this sector declined through the 1980's to 2.9 percent in 1987. Trends in earnings in the goods-producing sectors of Morgan County parallel those of the state.

Earnings from non-goods-producing industries are illustrated in Chart 3B. The percent of total earnings from services increased from 10.9 percent in 1969 to 17.1 percent in 1987. The percent of earnings from the trade sector declined from 18.9 percent in 1969 to 15.4 percent in 1987. The percentage of earnings in the state and local government sector increased from 14.6 percent in 1969 to 21.1 percent in 1987. At the state level, earnings from the service sectors increased, while those from the trade and state and local government were constant.

Average earnings per job (adjusted for inflation) for Morgan 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 Morgan County average earnings per job increased during the 1970's. Since this time, average earnings decreased to a level of \$11,457 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 2,527 people. Employment increased to 4,176 people in 1983, then declined to 3,706 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 Morgan County are presented in Chart 4B. Morgan County unemployment rates were above those of the state during the period. However, the gap between county and state rates widened substantially in the mid 1980's. In 1987, the unemployment rate in Morgan County was 18.9 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 farm sector was the primary source of employment in Morgan County. The farm sector's share of employment remained relatively constant and accounted for 28.5 percent in 1987. The percent of Morgan County total employment in manufacturing decreased over the time period. Manufacturing's share of total employment was 11.6 percent in 1969 and decreased to 7.7 percent in 1987. Again, this trend parallels the declining concentration in manufacturing for the state.

The mining sector accounted for a minimal share of total employment in the early 1970's. Mine sector employment increased to 11.0 percent of total employment in 1977. However, this share declined through the 1980's to 1.1 percent in 1987.

Morgan 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 9.1 percent in 1969 to 16.5 percent in 1987. The percent of employment in trade declined from 20.1 percent in 1969 to 13.2 percent in 1987. The percent of employment in state and local government increased slightly, from 12.3 percent in 1969 to 13.5 percent in 1987. At the state level, service and trade employment increased significantly, while 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 Morgan County.

The Morgan County population grew slightly, from 10,100 in 1969 to 12,300 in 1983, then declined to 11,500 in 1987 (Chart 5A). It was estimated that in 1986, 9.3 percent of Morgan County's population was under six years of age, compared to 8.6 percent for the state. Morgan County's proportion of residents age sixty or older declined through the period. In the same year, 16.2 percent of the Morgan 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 Kentucky. This sector also contributes directly to the Commonwealth's General Fund revenues through severance tax collections. Coal production had a strong impact on the Morgan County economy in the late 1970's to the mid-1980's.

Morgan 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 1978. Production increased to a high of 2,074 tons in 1978. 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, resulting in increases in the price of coal. However, when oil prices declined, coal production also declined. In 1984, 364 thousand tons of coal was mined in Morgan County. By 1985, there was no recorded coal production.

Employment in the mining sector, which includes coal and other forms of mining, is illustrated in Chart 6B. In 1969, this sector provided 34 jobs in Morgan County. Employment increased to 432 in 1978. However, by 1987 there were only 41 people employed in mining in Morgan County. The dramatic changes in employment from 1975 to 1987 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 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. Severance tax collections increased to \$2.1 million in 1978. By 1986, either the number of producers was too small for the data to be disclosed or there were no coal severance tax collections allocated to Morgan County.

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

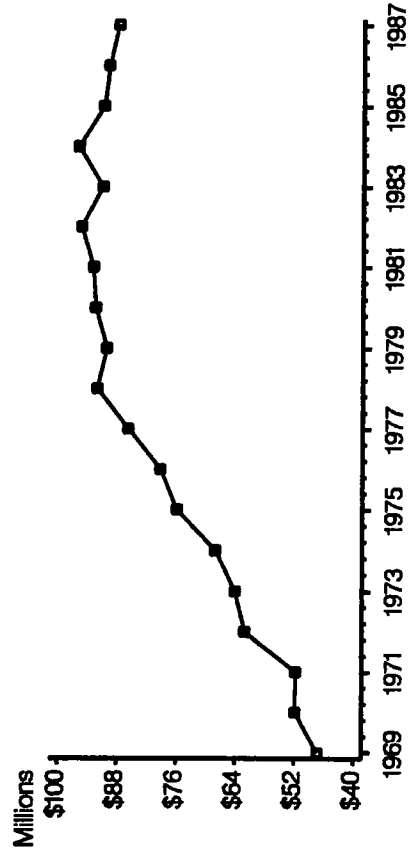


CHART 1B
MORGAN COUNTY
PERSONAL INCOME
as a Percent of Kentucky Personal Income

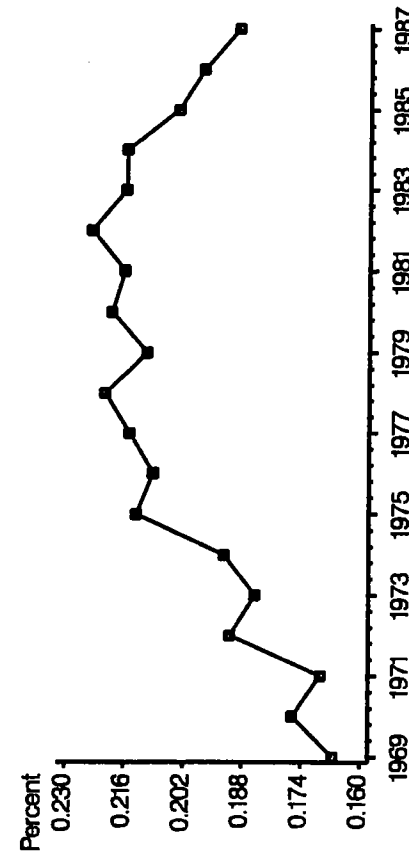


CHART 1C
MORGAN COUNTY
PER CAPITA PERSONAL INCOME
in Constant 1988 Dollars

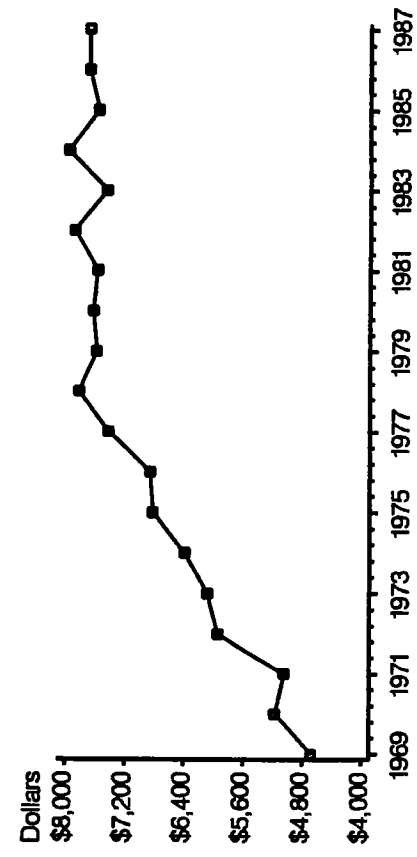


CHART 1D
MORGAN COUNTY
PER CAPITA PERSONAL INCOME
as a Percent of Kentucky Per Capita Personal Income

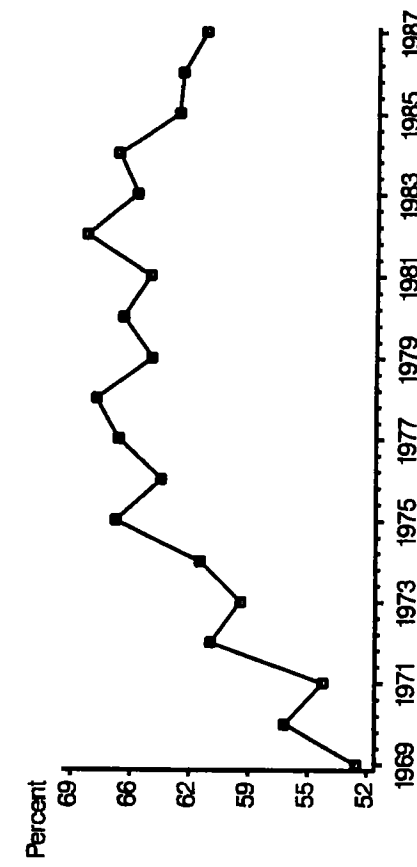


CHART 2A

MORGAN COUNTY
REAL TOTAL EARNINGS
Millions of 1988 dollars

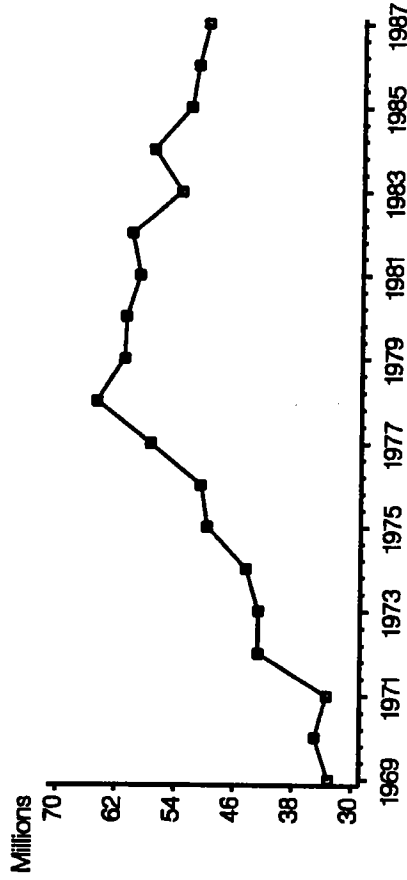


CHART 2B
MORGAN COUNTY
TRANSFER PAYMENTS and INCOME FROM PROPERTY
Millions of 1988 Dollars

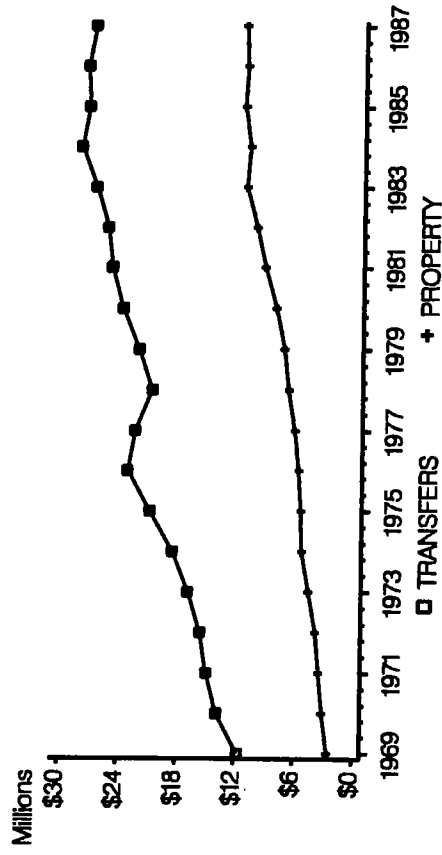


CHART 2C

MORGAN COUNTY
TOTAL EARNINGS
as a Percent of Personal Income

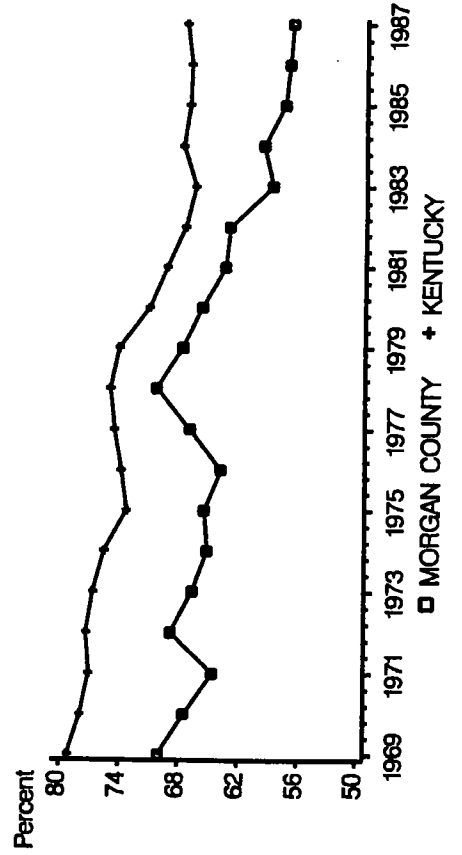


CHART 2D

MORGAN COUNTY
TRANSFER PAYMENTS
as a Percent of Personal Income

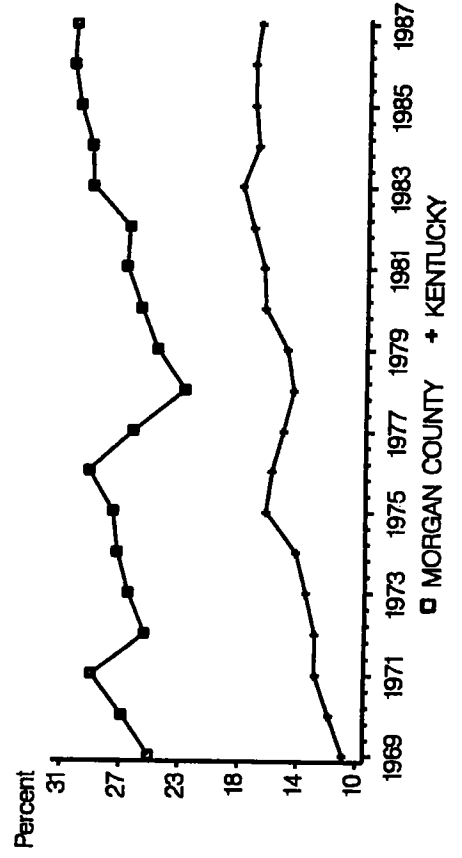


CHART 3A

MORGAN COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Earnings

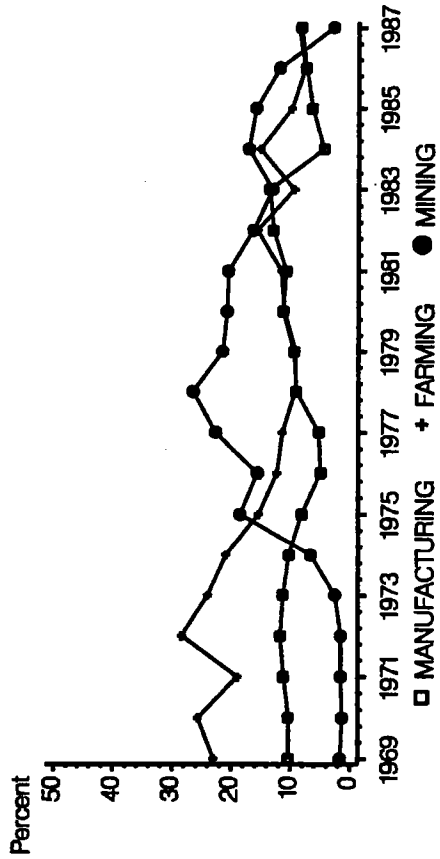


CHART 3B

MORGAN COUNTY

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

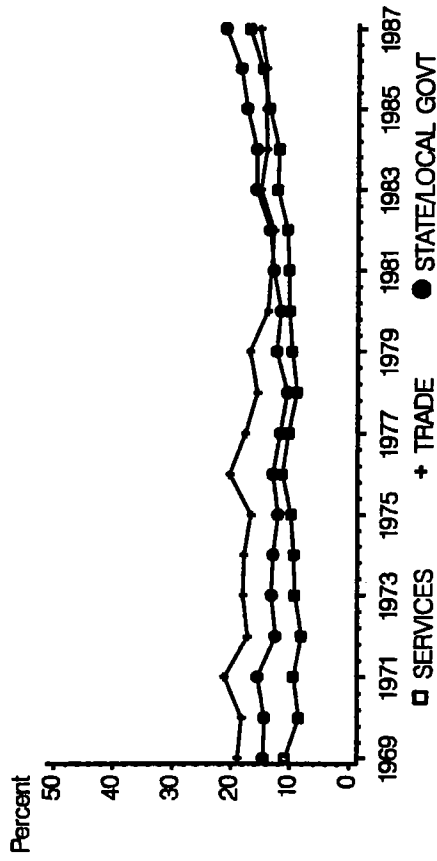


CHART 3C

MORGAN COUNTY

EARNINGS in GOODS PRODUCING INDUSTRIES
as a Percent of Kentucky Industries

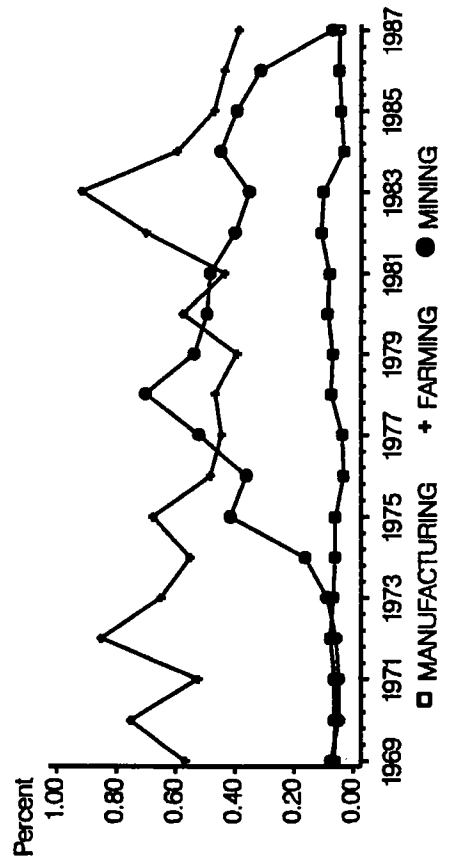


CHART 3D

MORGAN COUNTY

AVERAGE EARNINGS PER JOB
in Constant 1988 Dollars

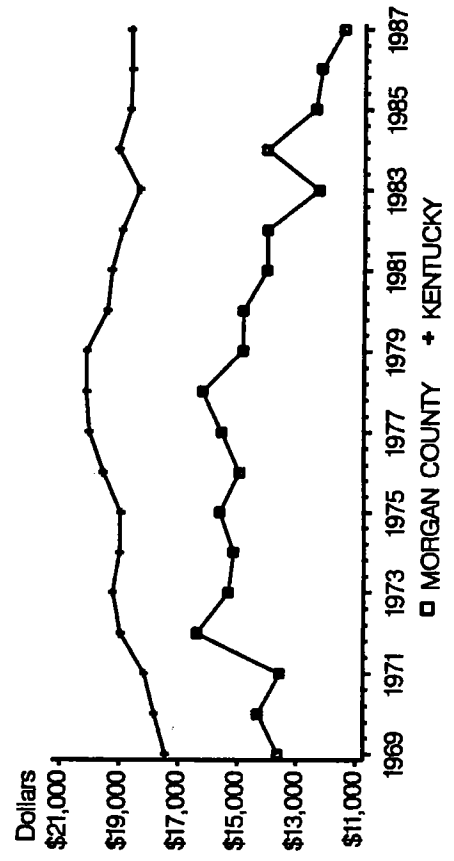


CHART 4A
MORGAN COUNTY
TOTAL EMPLOYMENT
Thousands of People

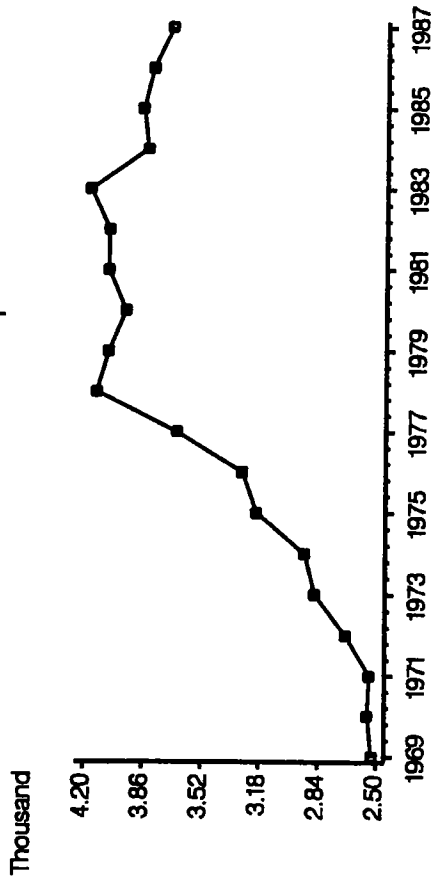


CHART 4B
MORGAN COUNTY
ANNUAL UNEMPLOYMENT RATE

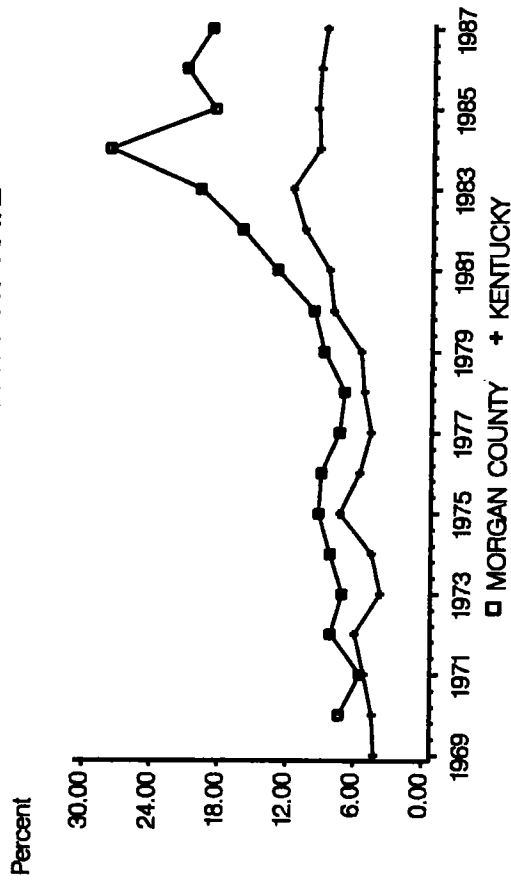


CHART 4C
MORGAN COUNTY
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Employment

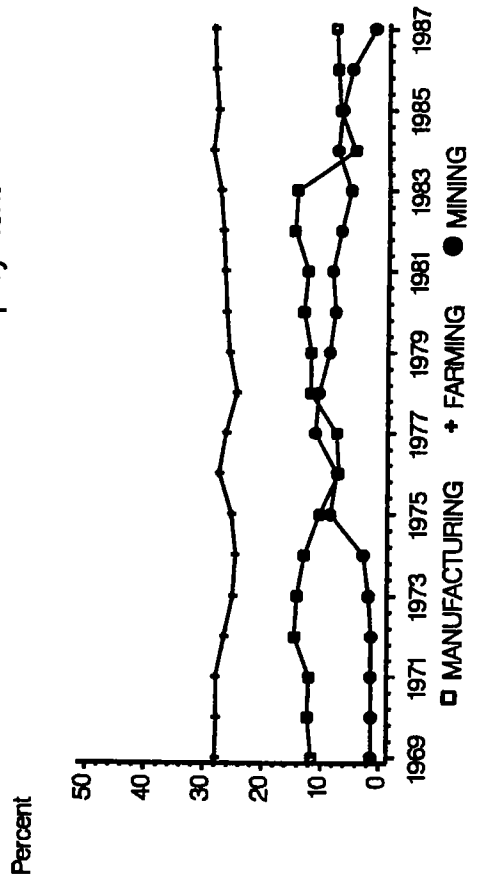


CHART 4D
MORGAN COUNTY
EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES
as a Percent of Total Employment

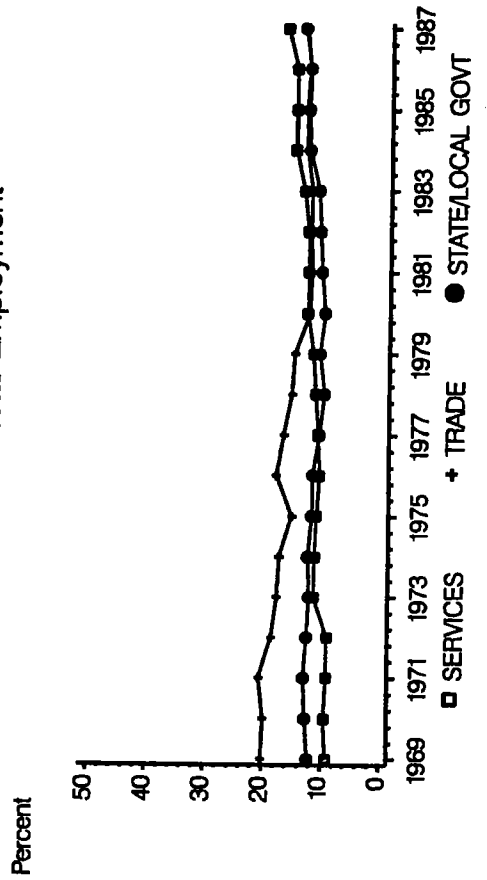


CHART 5A
MORGAN COUNTY
POPULATION
Thousands of People

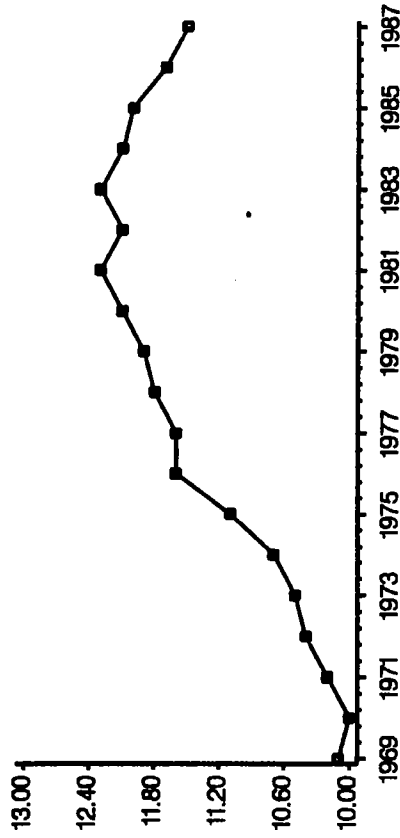


CHART 5B
MORGAN COUNTY
POPULATION
as a Percent of Kentucky Population

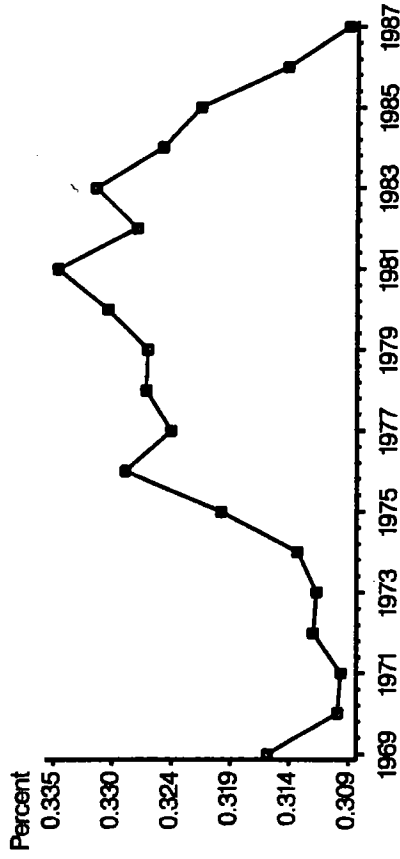


CHART 5C
MORGAN COUNTY
POPULATION 5 AND UNDER
as a Percent of Total Population

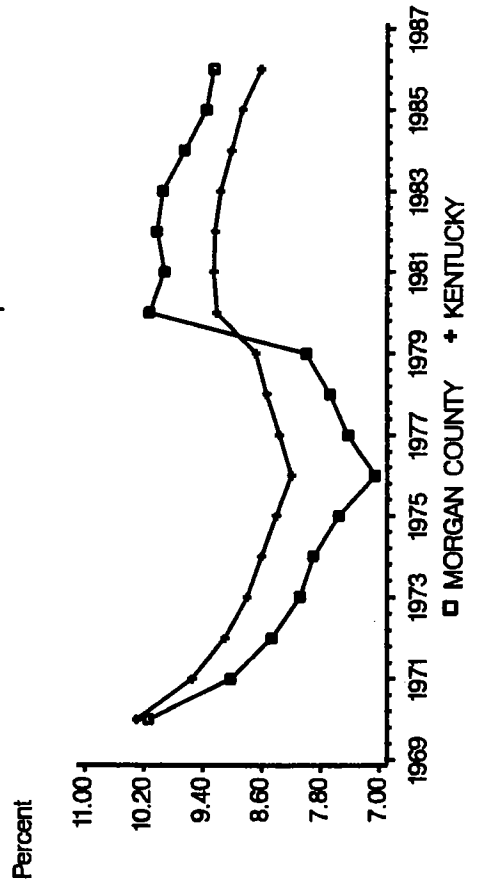


CHART 5D
MORGAN COUNTY
POPULATION 60 AND OVER
as a Percent of Total Population

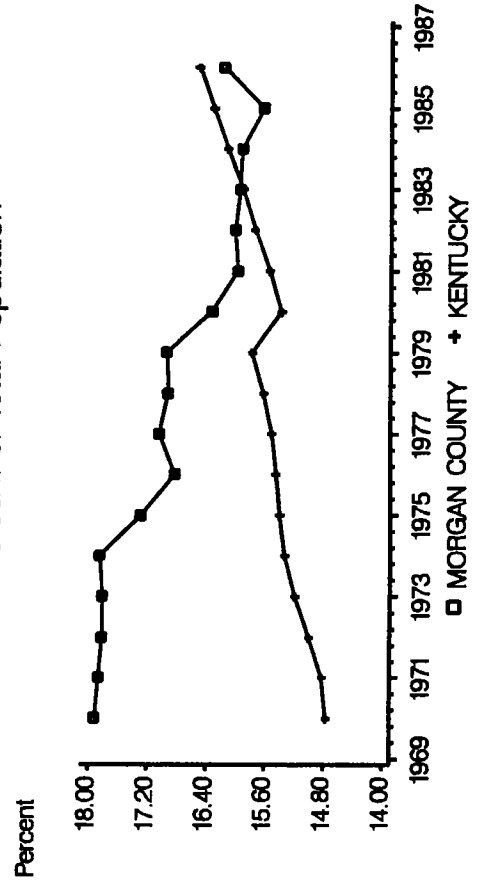


CHART 6A
MORGAN COUNTY
TOTAL COAL PRODUCTION (SHIPMENTS)
Thousands of Tons

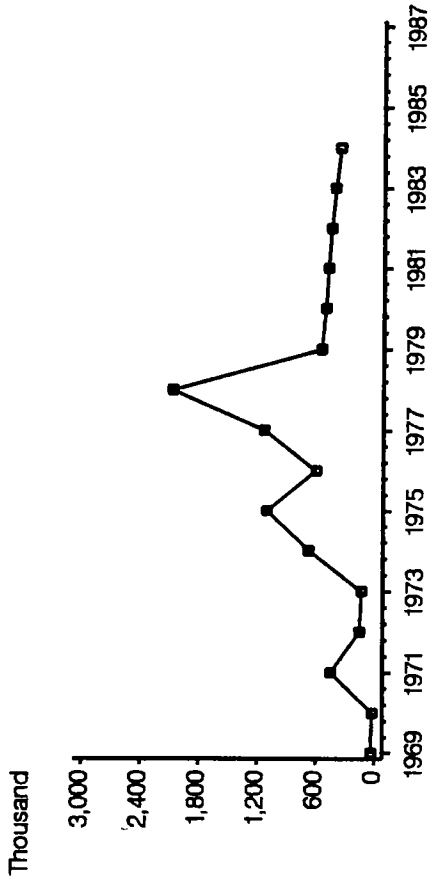


CHART 6B
MORGAN COUNTY
MINING EMPLOYMENT
Thousands of People

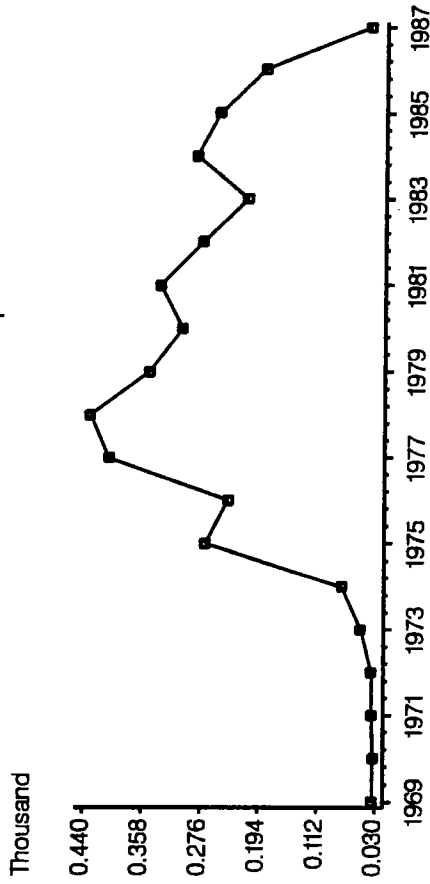


CHART 6C
MORGAN COUNTY
AVERAGE VALUE PER TON FOR COAL
Constant 1988 Dollars

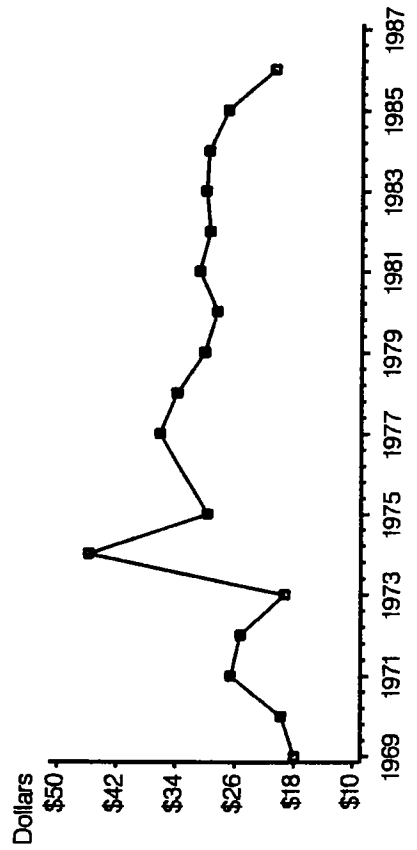
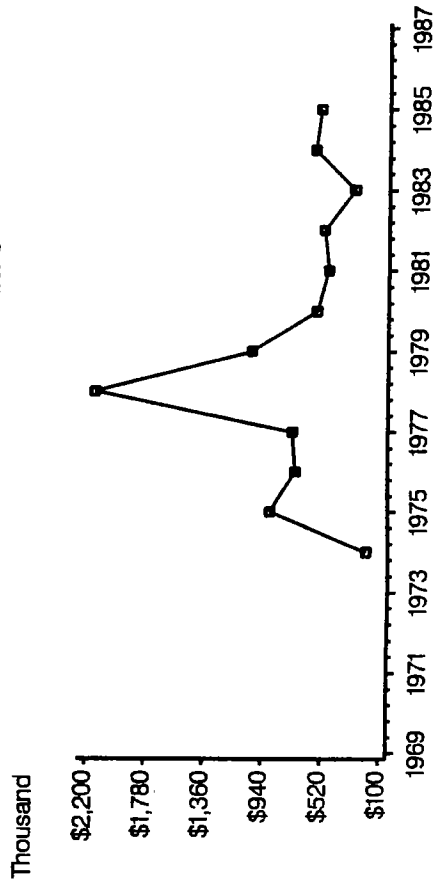


CHART 6D
MORGAN COUNTY
TAX RECEIPTS ON COAL SEVERED OR PROCESSED
Thousands of 1988 Dollars



MORGAN COUNTY

PERSONAL INCOME
In Constant 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	47	0.17	4,676	52.6
1970	52	0.18	5,172	56.7
1971	52	0.17	5,047	54.5
1972	62	0.19	5,948	61.0
1973	64	0.19	6,089	59.3
1974	68	0.19	6,391	61.7
1975	76	0.21	6,824	66.5
1976	79	0.21	6,859	63.9
1977	86	0.21	7,416	66.3
1978	92	0.22	7,821	67.6
1979	90	0.21	7,580	64.5
1980	93	0.22	7,624	66.1
1981	93	0.22	7,569	64.6
1982	96	0.22	7,878	68.2
1983	91	0.22	7,439	65.4
1984	96	0.22	7,963	66.4
1985	91	0.20	7,555	63.0
1986	90	0.20	7,682	62.8
1987	88	0.19	7,681	61.5

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	33	70.0	79.2	12	24.7	10.9	3	5.3	9.9
1970	35	67.4	77.9	14	26.7	11.9	3	5.9	10.2
1971	33	64.6	77.0	15	28.8	12.9	3	6.6	10.1
1972	43	68.8	77.3	16	25.1	12.9	4	6.1	9.7
1973	43	66.6	76.6	17	26.3	13.6	5	7.1	9.7
1974	44	65.2	75.5	18	27.1	14.4	5	7.7	10.1
1975	50	65.5	73.3	21	27.4	16.5	5	7.1	10.1
1976	51	63.8	73.9	23	29.1	16.1	6	7.1	10.0
1977	58	67.0	74.6	22	26.0	15.3	6	7.0	10.1
1978	65	70.3	75.0	21	22.4	14.6	7	7.3	10.4
1979	61	67.7	74.1	22	24.3	15.1	7	8.0	10.8
1980	61	65.8	71.1	24	25.5	16.7	8	8.7	12.2
1981	59	63.5	69.3	25	26.6	16.8	9	9.9	13.8
1982	60	63.0	67.5	25	26.4	17.6	10	10.6	14.9
1983	54	58.7	66.6	26	29.0	18.4	11	12.3	15.1
1984	57	59.6	67.8	28	29.1	17.3	11	11.3	14.9
1985	52	57.5	67.2	27	29.9	17.6	11	12.6	15.3
1986	51	57.1	67.1	27	30.4	17.6	11	12.5	15.3
1987	50	56.8	67.5	27	30.3	17.2	11	12.9	15.3

MORGAN 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	10.4	0.06	23.0	0.57	1.6	0.08
1970	10.4	0.06	25.7	0.75	1.3	0.05
1971	11.2	0.06	19.0	0.53	1.5	0.05
1972	11.8	0.08	28.4	0.85	1.5	0.06
1973	11.3	0.07	24.0	0.65	2.5	0.09
1974	10.3	0.06	21.0	0.55	6.7	0.16
1975	8.1	0.06	15.5	0.68	18.5	0.42
1976	5.0	0.03	12.4	0.48	15.7	0.36
1977	5.3	0.04	11.5	0.45	22.7	0.52
1978	9.2	0.08	9.3	0.47	26.6	0.70
1979	9.5	0.07	9.3	0.39	21.6	0.54
1980	11.3	0.09	11.2	0.58	20.8	0.50
1981	10.8	0.08	11.7	0.44	20.6	0.49
1982	13.1	0.11	15.8	0.70	16.4	0.40
1983	13.6	0.10	9.5	0.92	13.2	0.35
1984	4.5	0.03	15.3	0.60	17.2	0.45
1985	6.5	0.04	10.0	0.47	16.0	0.39
1986	7.5	0.05	7.7	0.43	12.0	0.31
1987	8.3	0.05	8.8	0.39	2.9	0.07

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	10.9	0.12	18.9	0.18	14.6	0.24
1970	8.5	0.10	18.2	0.18	14.4	0.23
1971	9.4	0.10	21.1	0.19	15.5	0.23
1972	8.1	0.10	17.2	0.19	12.5	0.22
1973	9.2	0.11	18.0	0.18	13.2	0.22
1974	9.4	0.12	17.9	0.18	12.9	0.23
1975	9.9	0.14	16.7	0.19	12.1	0.23
1976	11.4	0.14	20.3	0.21	13.0	0.23
1977	10.3	0.14	17.6	0.21	11.7	0.23
1978	9.0	0.14	15.7	0.20	10.6	0.23
1979	9.7	0.13	16.9	0.20	12.4	0.23
1980	10.2	0.13	13.9	0.17	11.7	0.22
1981	10.3	0.13	13.4	0.16	12.9	0.24
1982	10.6	0.13	12.9	0.16	13.6	0.25
1983	12.3	0.13	15.2	0.17	15.9	0.26
1984	12.1	0.12	14.2	0.16	15.9	0.26
1985	13.8	0.12	14.4	0.14	17.6	0.25
1986	14.9	0.12	14.3	0.13	18.6	0.25
1987	17.1	0.11	15.4	0.13	21.1	0.25

MORGAN COUNTY
COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	293	11.6	705	27.9	34	1.3
1970	312	12.2	708	27.7	33	1.3
1971	305	12.0	708	27.9	35	1.4
1972	388	14.5	709	26.5	36	1.3
1973	402	14.0	716	25.0	51	1.8
1974	376	12.9	721	24.7	78	2.7
1975	331	10.3	812	25.4	270	8.4
1976	230	7.0	901	27.4	238	7.2
1977	270	7.4	963	26.3	405	11.0
1978	492	11.9	1,012	24.5	432	10.4
1979	481	11.8	1,047	25.7	349	8.6
1980	522	13.2	1,044	26.3	303	7.6
1981	506	12.4	1,082	26.6	334	8.2
1982	600	14.8	1,094	26.9	274	6.7
1983	599	14.3	1,145	27.4	212	5.1
1984	167	4.3	1,100	28.6	284	7.4
1985	269	6.9	1,077	27.8	252	6.5
1986	282	7.4	1,081	28.3	188	4.9
1987	285	7.7	1,058	28.5	41	1.1

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	230	9.1	508	20.1	310	12.3
1970	240	9.4	505	19.8	324	12.7
1971	231	9.1	523	20.6	331	13.0
1972	241	9.0	496	18.5	337	12.6
1973	326	11.4	504	17.6	349	12.2
1974	329	11.3	505	17.3	364	12.5
1975	352	11.0	487	15.2	379	11.8
1976	345	10.5	587	17.9	384	11.7
1977	396	10.8	610	16.6	387	10.6
1978	467	11.3	632	15.3	403	9.7
1979	475	11.7	605	14.9	429	10.5
1980	506	12.8	493	12.4	387	9.8
1981	515	12.7	493	12.1	422	10.4
1982	518	12.7	500	12.3	434	10.7
1983	565	13.5	509	12.2	459	11.0
1984	579	15.1	506	13.2	486	12.6
1985	580	15.0	513	13.2	497	12.8
1986	570	14.9	492	12.9	484	12.7
1987	613	16.5	490	13.2	502	13.5

MORGAN COUNTY
EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	2,527	\$13,646	\$17,440	.	4.2
1970	2,552	\$14,322	\$17,811	7.3	4.4
1971	2,542	\$13,581	\$18,166	5.5	5.1
1972	2,680	\$16,380	\$18,970	8.1	6.0
1973	2,862	\$15,306	\$19,232	7.1	3.7
1974	2,921	\$15,140	\$19,008	8.2	4.5
1975	3,203	\$15,617	\$18,976	9.2	7.3
1976	3,287	\$14,944	\$19,563	9.0	5.6
1977	3,668	\$15,560	\$20,031	7.4	4.7
1978	4,137	\$16,223	\$20,121	7.0	5.3
1979	4,067	\$14,846	\$20,110	8.8	5.5
1980	3,967	\$14,828	\$19,439	9.7	8.0
1981	4,069	\$14,052	\$19,286	13.0	8.4
1982	4,066	\$14,041	\$18,931	16.1	10.6
1983	4,176	\$12,285	\$18,358	19.8	11.6
1984	3,844	\$14,052	\$19,080	27.8	9.3
1985	3,875	\$12,401	\$18,676	18.6	9.5
1986	3,817	\$12,201	\$18,627	21.1	9.3
1987	3,706	\$11,457	\$18,636	18.9	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER AGE 6		PERCENT AGE 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	10,100	0.32	.	.	.	.
1970	10,000	0.31	10.1	10.3	17.9	14.8
1971	10,200	0.31	9.0	9.6	17.9	14.8
1972	10,400	0.31	8.5	9.1	17.8	15.0
1973	10,500	0.31	8.1	8.8	17.8	15.2
1974	10,700	0.31	7.9	8.6	17.8	15.3
1975	11,100	0.32	7.5	8.4	17.3	15.4
1976	11,600	0.33	7.1	8.2	16.8	15.5
1977	11,600	0.32	7.4	8.4	17.0	15.5
1978	11,800	0.33	7.7	8.5	16.9	15.6
1979	11,900	0.33	8.0	8.7	16.9	15.8
1980	12,100	0.33	10.1	9.2	16.3	15.4
1981	12,300	0.33	9.9	9.3	16.0	15.5
1982	12,100	0.33	10.0	9.2	16.0	15.7
1983	12,300	0.33	10.0	9.2	16.0	15.9
1984	12,100	0.33	9.7	9.0	15.9	16.1
1985	12,000	0.32	9.4	8.9	15.6	16.3
1986	11,700	0.31	9.3	8.6	16.2	16.5
1987	11,500	0.31	.	.	.	.

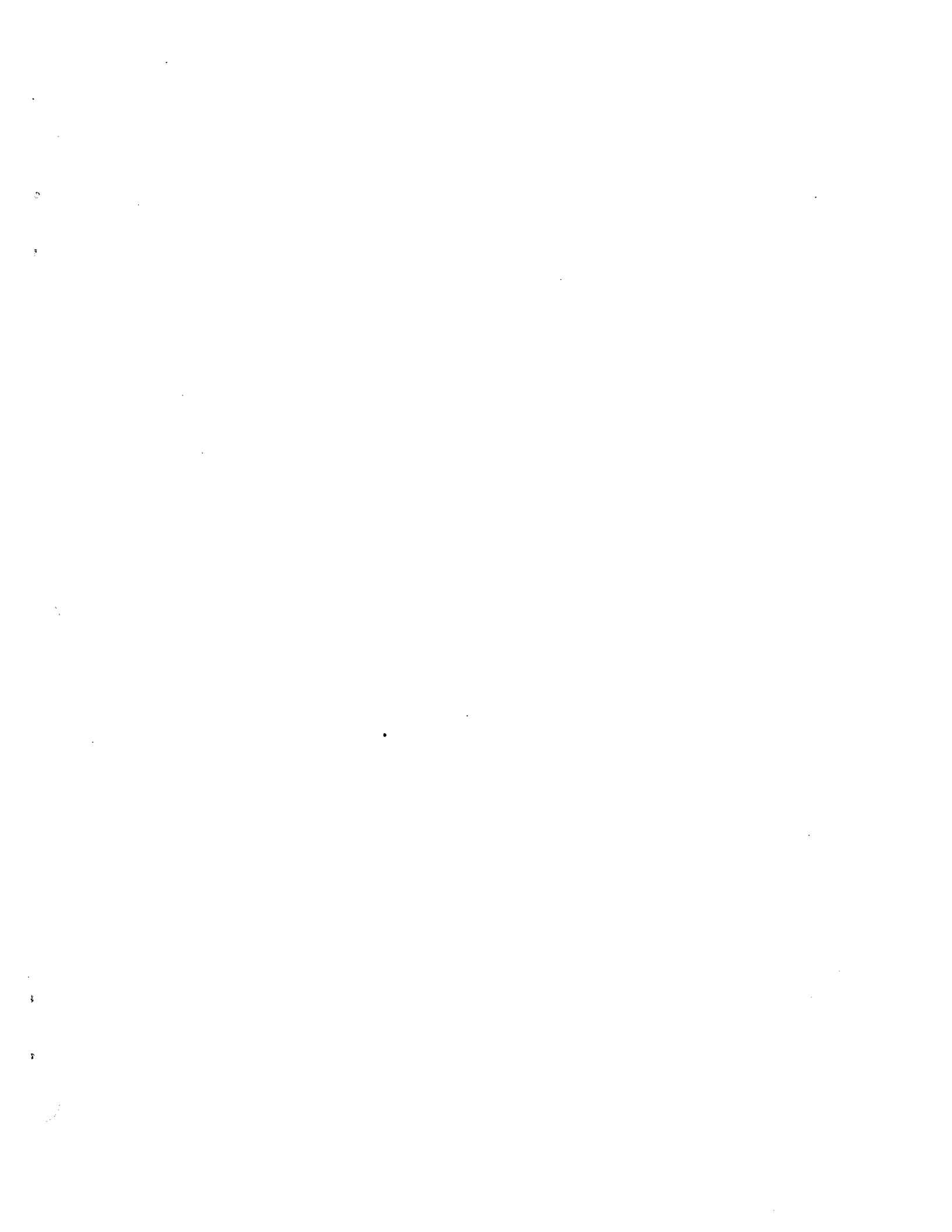
MORGAN COUNTY

COAL MINING STATISTICS

YEAR	PRODUCTION (Thousand Tons)	EMPLOYMENT	AVERAGE VALUE PER TON	COAL TAX RECEIPTS (000)
1969	33	34	\$17.98	.
1970	21	33	\$19.79	.
1971	449	35	\$26.56	.
1972	150	36	\$25.19	.
1973	133	51	\$19.30	.
1974	675	78	\$45.73	\$200
1975	1,107	270	\$29.78	\$887
1976	604	238	.	\$707
1977	1,134	405	\$36.23	\$730
1978	2,074	432	\$33.85	\$2,138
1979	554	349	\$30.22	\$1,020
1980	512	303	\$28.55	\$557
1981	485	334	\$30.95	\$472
1982	454	274	\$29.59	\$506
1983	416	212	\$30.11	\$288
1984	364	284	\$29.71	\$572
1985	.	252	\$27.09	\$534
1986	.	188	\$20.73	.
1987	.	41	.	.

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







11

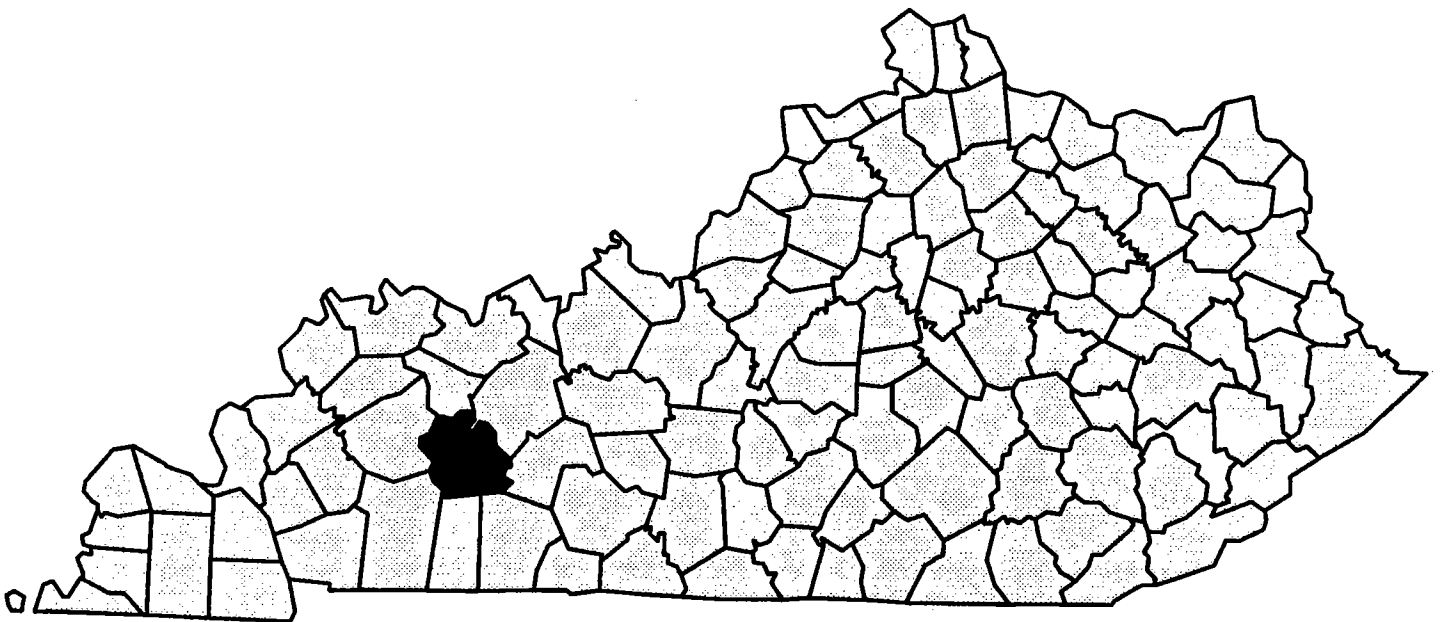


11



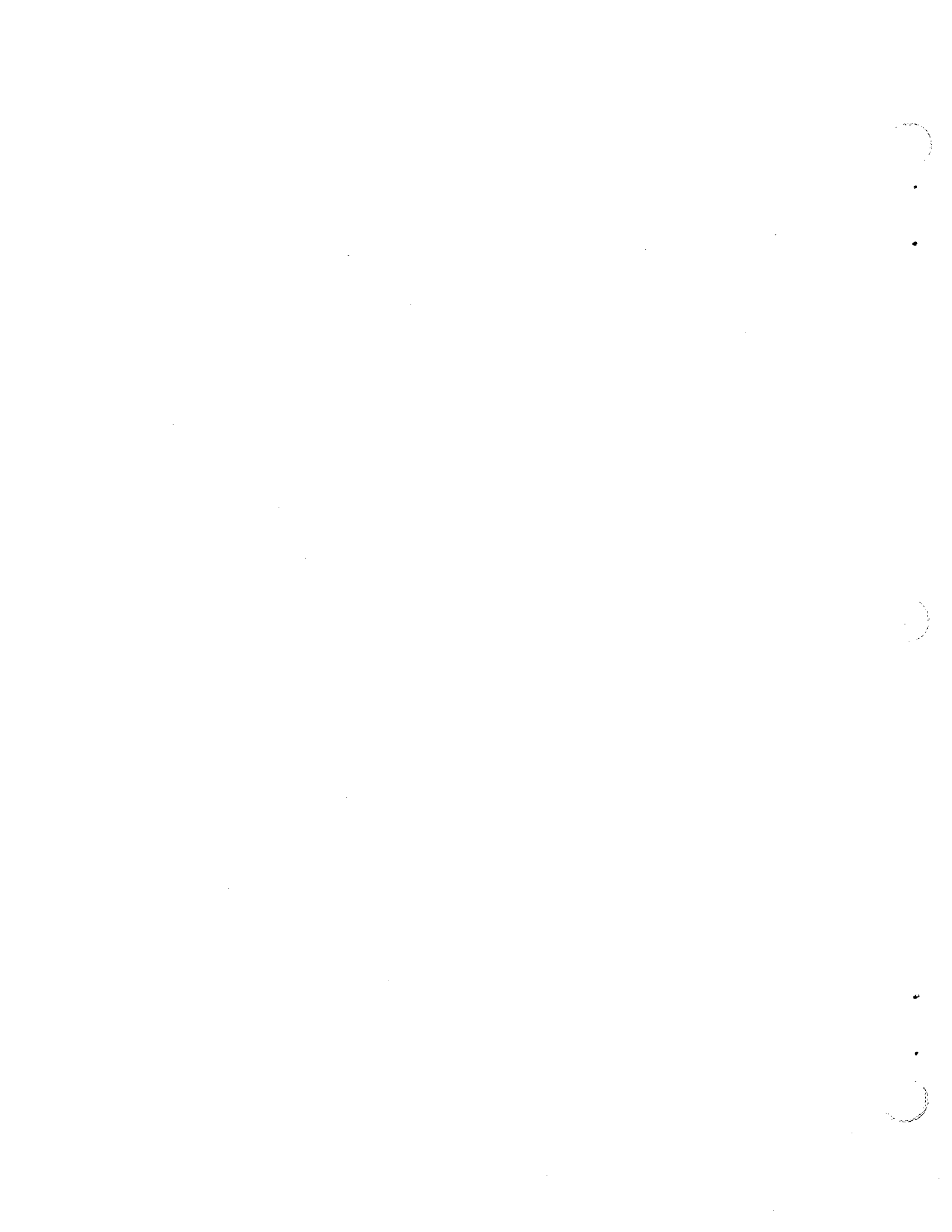
ECONOMIC TRENDS IN
KENTUCKY COUNTIES
1969 – 1987

MUHLENBERG 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

KY
65
L3111
No. 438
1990

MUHLENBERG 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

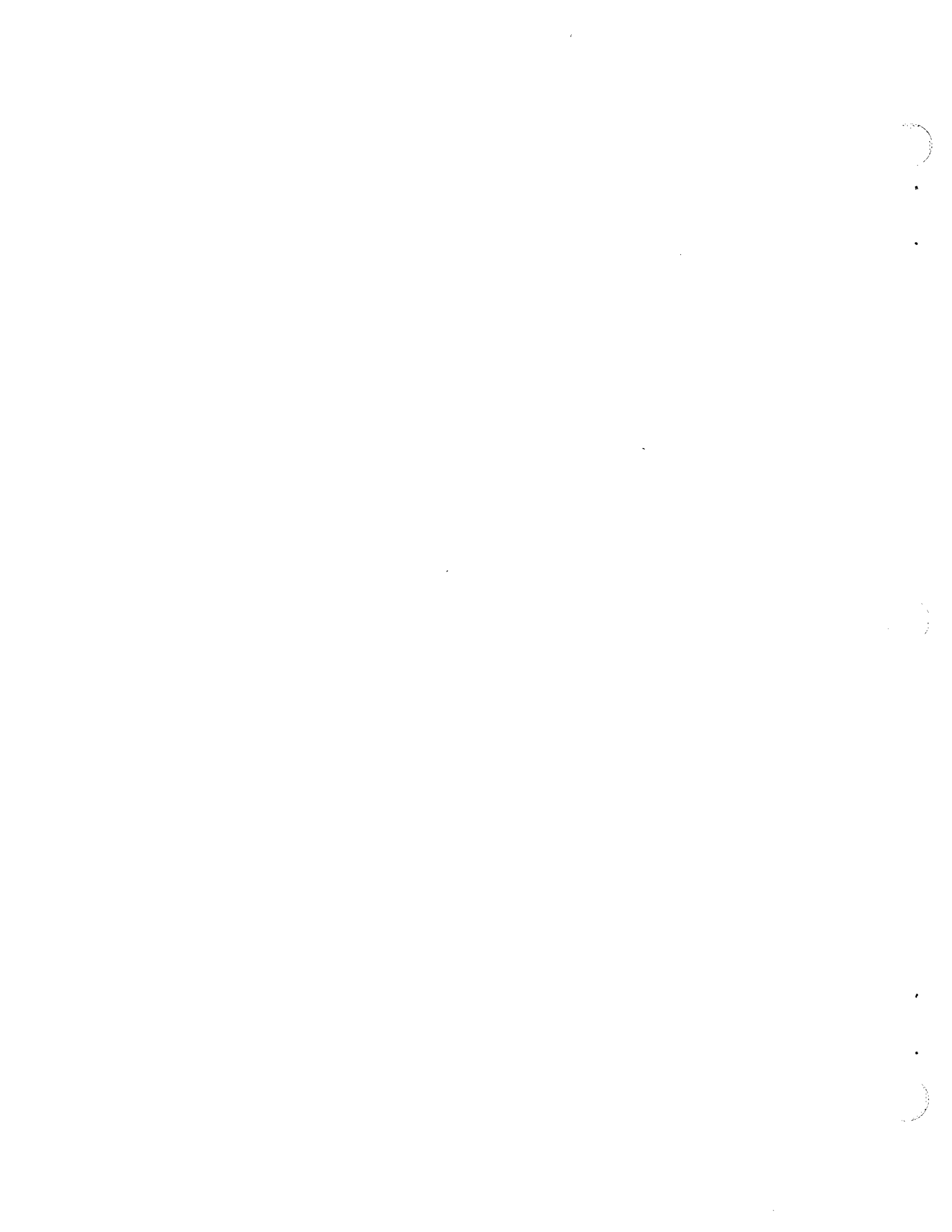
The Muhlenberg County economy, as measured by personal income, grew strongly in the 1970's but declined slightly in the 1980's. Muhlenberg County increased its share of Kentucky personal income in the 1970's and decreased its share in the 1980's. Muhlenberg County generates a smaller percent of personal income from earnings and a larger percent from transfer payments than does the state as a whole.

The county economy was dominated by the mining sector. The mine sector was the primary source of employment in Muhlenberg County through the 1970's and early 1980's. The shares of earning and employment from farming and manufacturing declined in the county. These sectors also declined at the state level.

The non-goods-producing sectors of services, trade, and state and local government increased during the period. 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, resulted in an increased demand for coal. This provided the impetus for economic growth in Muhlenberg County in the mid-to-late 1970's. However, these favorable coal market conditions were not sustained. Earnings and employment from this sector subsequently declined.

The future of the mining sector is uncertain. Coal production is becoming more capital intensive. This industry is also very sensitive to international markets and economic fluctuations. Consequently, while a high concentration in mining supported the economy during a period of high energy prices, these conditions could not sustain county economic growth. The national outlook is for further increases in the services and trade sectors. These sectors grew during the period in Muhlenberg County. Future economic growth in Muhlenberg County will be enhanced by 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 Muhlenberg 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 Muhlenberg 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 Muhlenberg 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.

*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 MUHLENBERG 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 Muhlenberg 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 Muhlenberg County economy, as measured by real personal income, increased, from \$227 million in 1969 to a high of \$382 million in 1979 (after adjusting for inflation). There was a subsequent decline to \$350 million in 1987. Chart 1B shows Muhlenberg County total personal income as a percent of Kentucky total personal income. Muhlenberg 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. Muhlenberg County real per capita income generally increased in the 1970's and was more constant in the 1980's. Muhlenberg County's per capita personal income in 1987 was \$11,426, which was 91.4 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 \$181 million in 1969 to a high of \$270 million in 1979, then declined to \$209 million in 1987 (in constant 1988 dollars). Earnings as a percent of personal income declined erratically over the period. Earnings accounted for 59.7 percent of Muhlenberg County's total personal income in 1987, which was significantly less than Kentucky's 67.5 percent share.

Transfer payments contributed \$29 million to total personal income in 1969 and \$77 million in 1987. Transfer payments contributed a much higher percentage of personal income in Muhlenberg County than in Kentucky.

Income from property in Muhlenberg County grew steadily through the time period. Income from property totalled \$17 million in 1969 and increased to \$64 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 income and proprietor's earnings. The mining sector was the primary source of earnings during the period (Chart 3A). The mine sector's share of earnings was 34.6 percent in 1969; it increased dramatically in the 1970's, reaching 55.5 percent in 1976. Earnings from this sector declined through the 1980's to 36.0 percent in 1987. In 1969, Muhlenberg County received 7.6 percent of its earnings from manufacturing. This percentage declined in the 1970's, then increased slightly to 5.3 percent in 1987. Earnings from the farm sector were relatively constant and accounted for 3.0 percent in 1987. At the state level, the percent of earnings from mining, farming, and manufacturing declined.

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 11.7 percent in 1987. The percent of earnings from trade fluctuated slightly and accounted for 11.7 percent in 1987. The percentage of earnings in the state and local government sector increased from 5.4 percent in 1969 to 7.5 percent in 1987.

Average earnings per job (adjusted for inflation) for Muhlenberg 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 Muhlenberg County earnings per job increased during the 1970's. Since this time, average earnings decreased to a level of \$21,532 in 1987, 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 9,921 people. By 1980, employment had increased to 13,120, but it declined to 11,873 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 Muhlenberg County are presented in Chart 4B. Muhlenberg County unemployment rates were generally equal to those of the state in the 1970's. However, county rates exceeded state rates substantially in the 1980's. In 1987, the unemployment rate in Muhlenberg County was 12.5 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 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 Muhlenberg County total employment in manufacturing decreased over the time period. Manufacturing's share of Muhlenberg County employment decreased from 11.9 in 1969 to 7.2 percent in 1987. This trend parallels the declining concentration in manufacturing for the state. The farm sector's share of employment remained relatively constant and accounted for 7.3 percent in 1987. The mining sector accounted for 18.6 percent of total employment in 1969. Mine sector employment increased to 30.9 percent in 1976. However, this share declined through the 1980's to 16.7 percent in 1987.

Muhlenberg 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 11.4 percent in 1969 to 17.9 percent in 1987. The percent of employment in trade increased from 15.8 percent in 1969 to 19.0 percent in 1987. The percent of employment in state and local government increased from 6.8 percent in 1969 to 8.7 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 Muhlenberg County.

The Muhlenberg County population increased from 27,500 in 1969 to 32,600 in 1981 (Chart 5A). Population subsequently declined to 30,700 in 1987. It was estimated that in 1986, 8.3 percent of Muhlenberg County's population was under six years of age, compared to 8.6 percent for the state. For the same year 18.9 percent of the Muhlenberg 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 Muhlenberg County economy.

Muhlenberg 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. Total coal production decreased significantly during the period. Production was 21,420 thousand tons in 1969. By 1986, 9,559 thousand tons of coal was mined in Muhlenberg County.

Employment in the mining sector, which includes coal and other forms of mining, is illustrated in Chart 6B. In 1969, this sector provided 1,842 jobs in Muhlenberg County. This increased to 3,742 in 1977. However, by 1987 employment declined to 1,987 people. The dramatic changes in employment during the period 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. Average value per ton increased significantly during the 1970's and declined slightly in 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 increased to \$21.31 million in 1977. By 1986, coal severance tax collections declined to \$11.24 million.

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

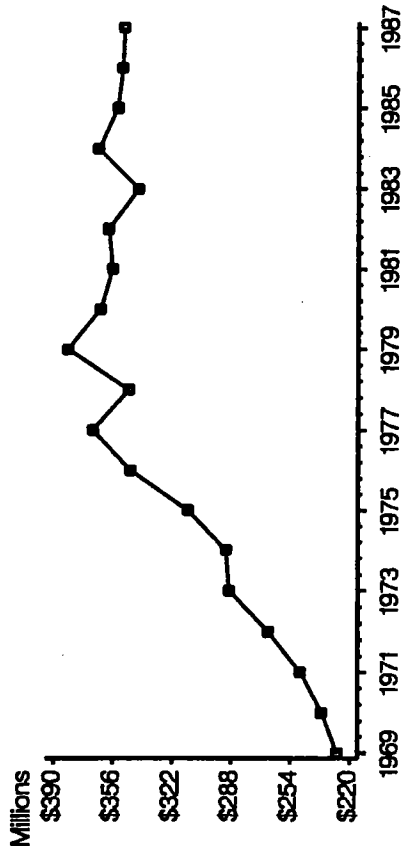


CHART 1B
 MUHLENBERG COUNTY
 PERSONAL INCOME
 as a Percent of Kentucky Personal Income

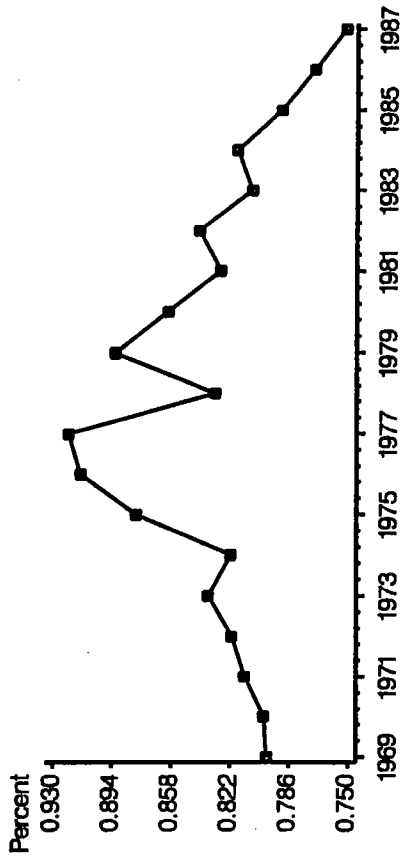


CHART 1C
 MUHLENBERG COUNTY
 PER CAPITA PERSONAL INCOME
 in Constant 1988 Dollars

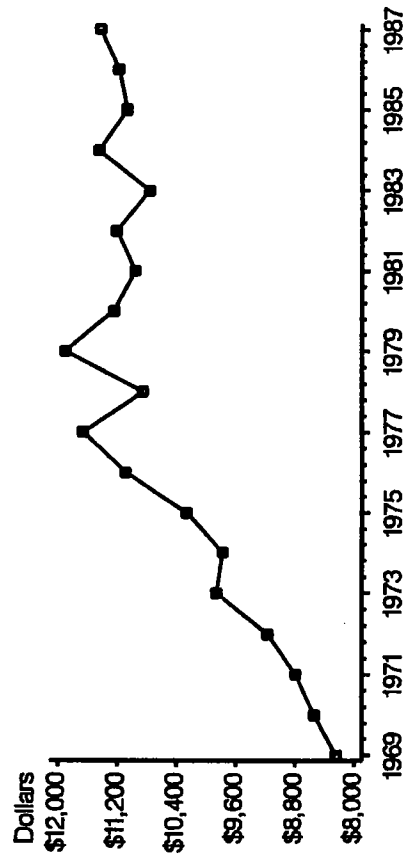


CHART 1D
 MUHLENBERG COUNTY
 PER CAPITA PERSONAL INCOME
 as a Percent of Kentucky Per Capita Personal Income

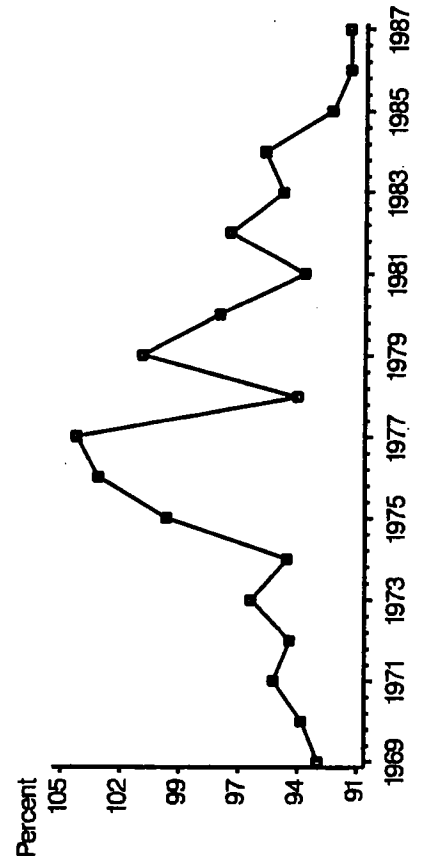


CHART 2A
 MUHLENBERG COUNTY
 REAL TOTAL EARNINGS
 Millions of 1988 dollars

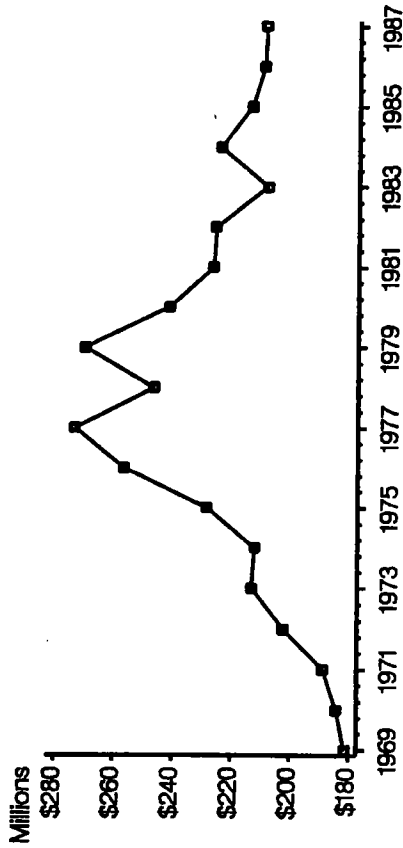


CHART 2B
 MUHLENBERG COUNTY
 TRANSFER PAYMENTS and INCOME FROM PROPERTY
 Millions of 1988 Dollars

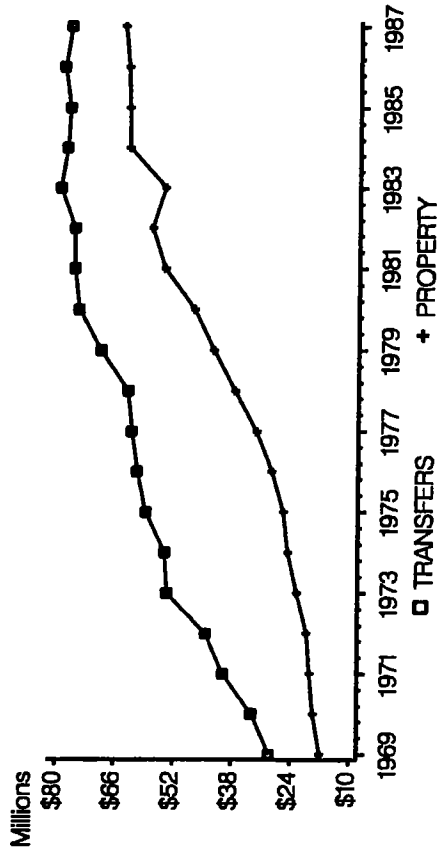


CHART 2C
 MUHLENBERG COUNTY
 TOTAL EARNINGS
 as a Percent of Personal Income

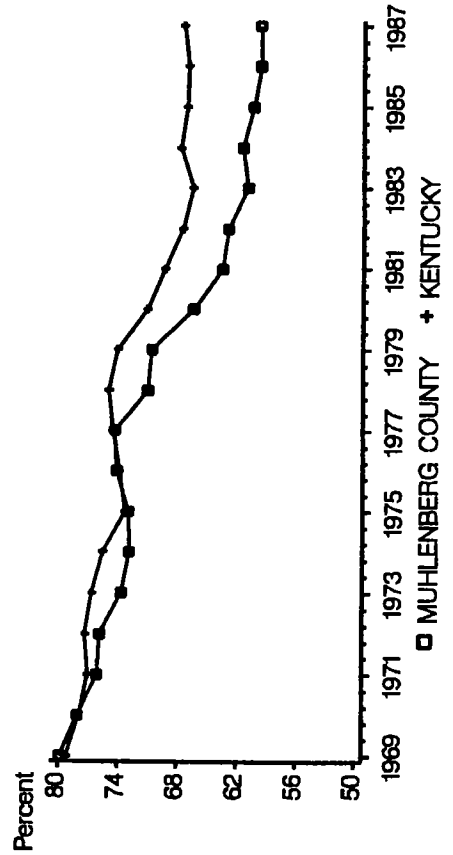


CHART 2D
 MUHLENBERG COUNTY
 TRANSFER PAYMENTS
 as a Percent of Personal Income

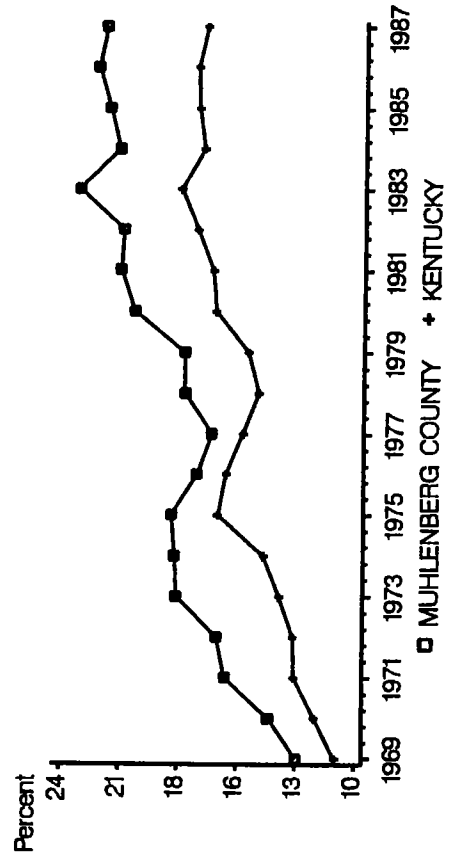


CHART 3A

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

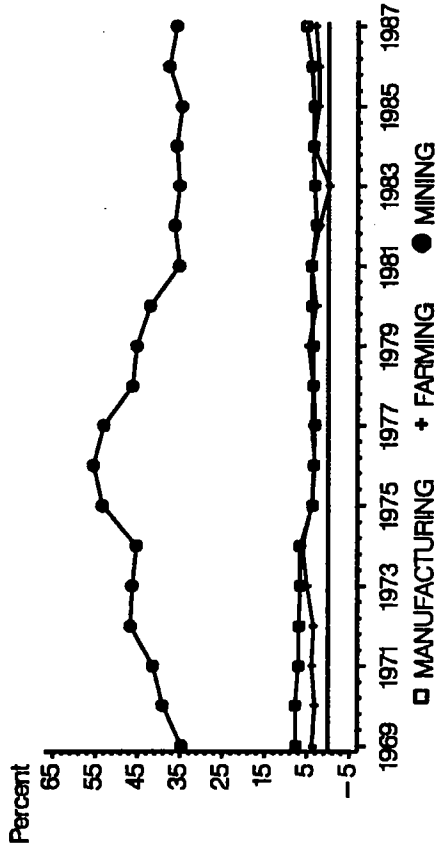


CHART 3B

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

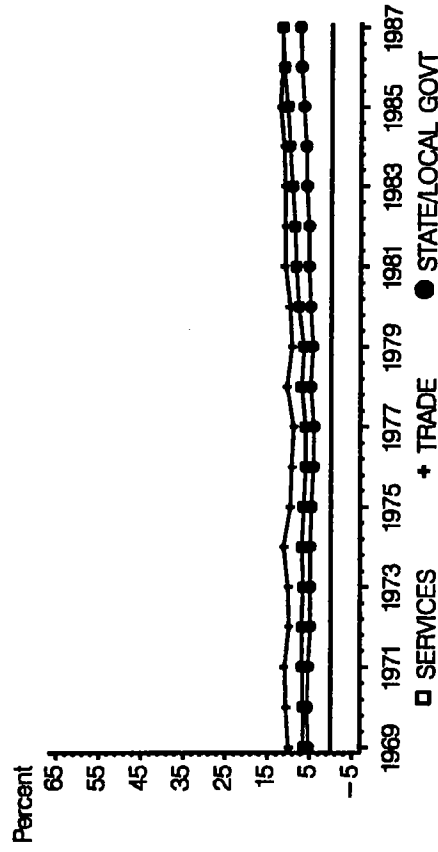


CHART 3C

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

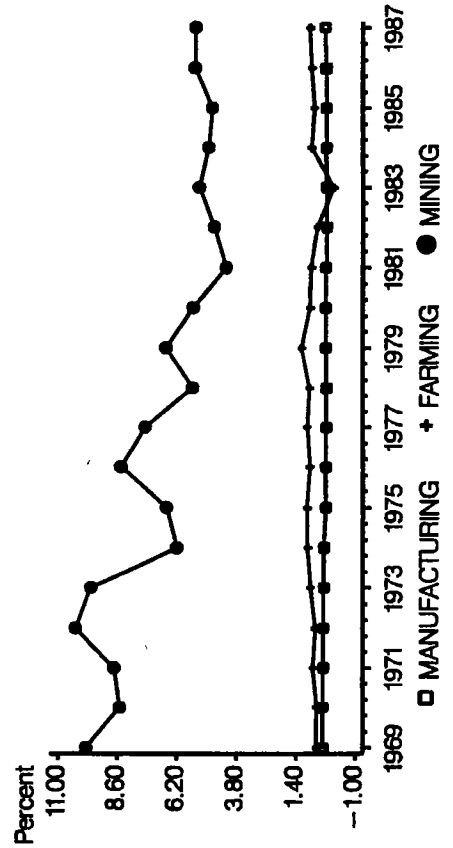


CHART 3D

MUHLENBERG COUNTY
AVERAGE EARNINGS PER JOB
in Constant 1988 Dollars

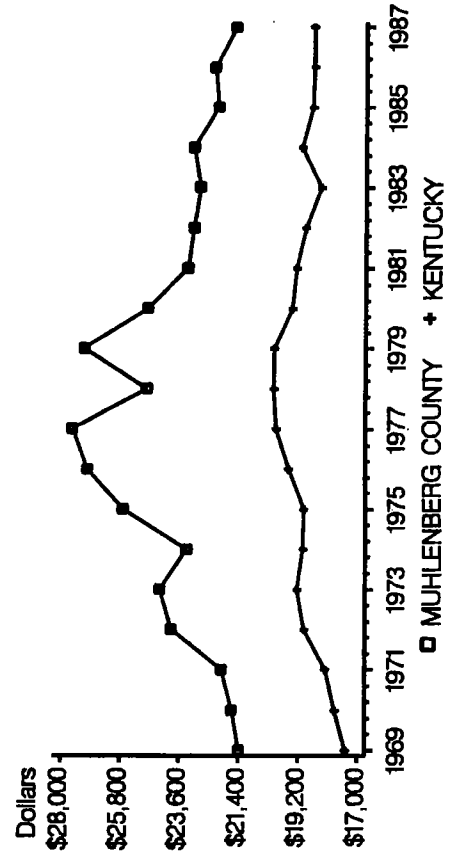


CHART 4A
 MUHLENBERG COUNTY
 TOTAL EMPLOYMENT
 Thousands of People

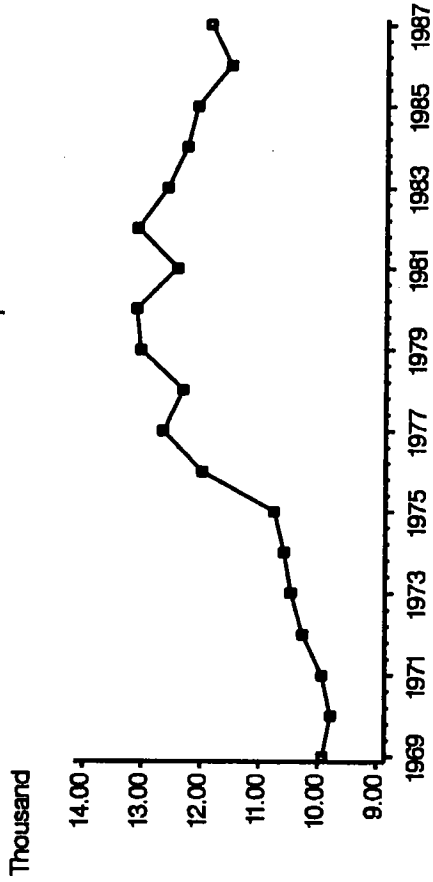


CHART 4B
 MUHLENBERG COUNTY
 ANNUAL UNEMPLOYMENT RATE

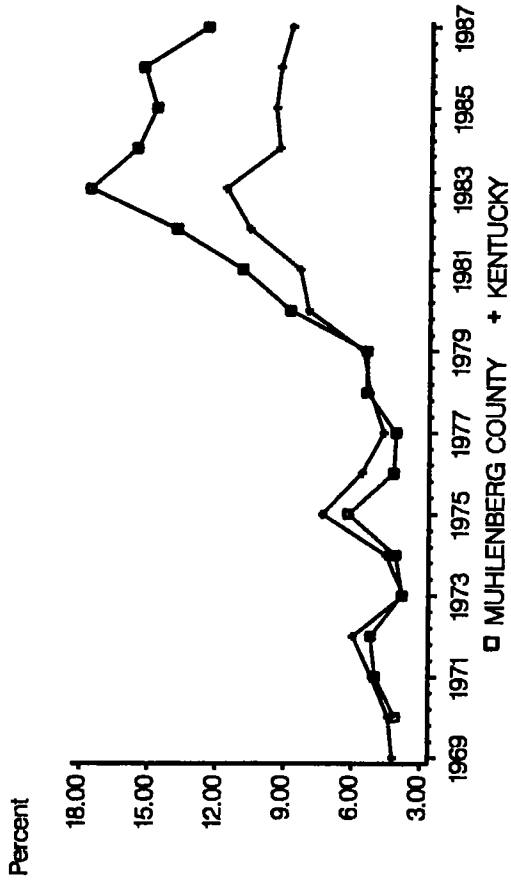


CHART 4C
 MUHLENBERG COUNTY
 EMPLOYMENT IN GOODS PRODUCING INDUSTRIES
 as a Percent of Total Employment

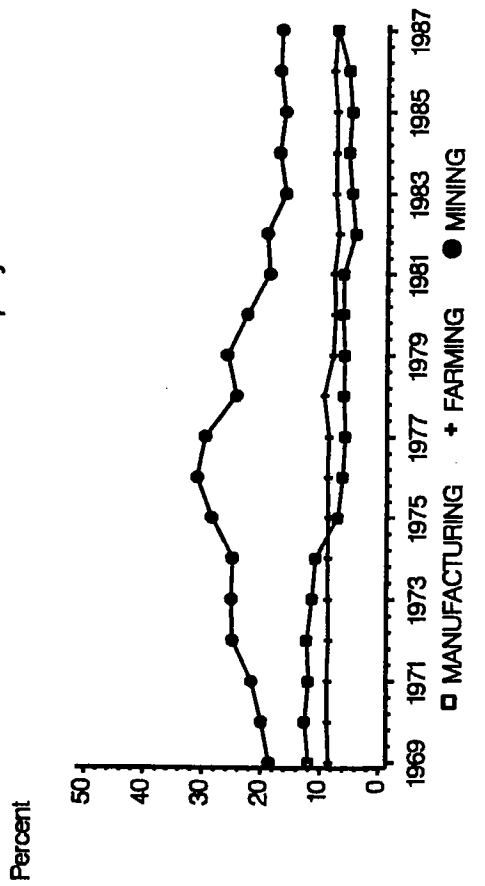


CHART 4D
 MUHLENBERG COUNTY
 EMPLOYMENT in NON - GOODS PRODUCING INDUSTRIES
 as a Percent of Total Employment

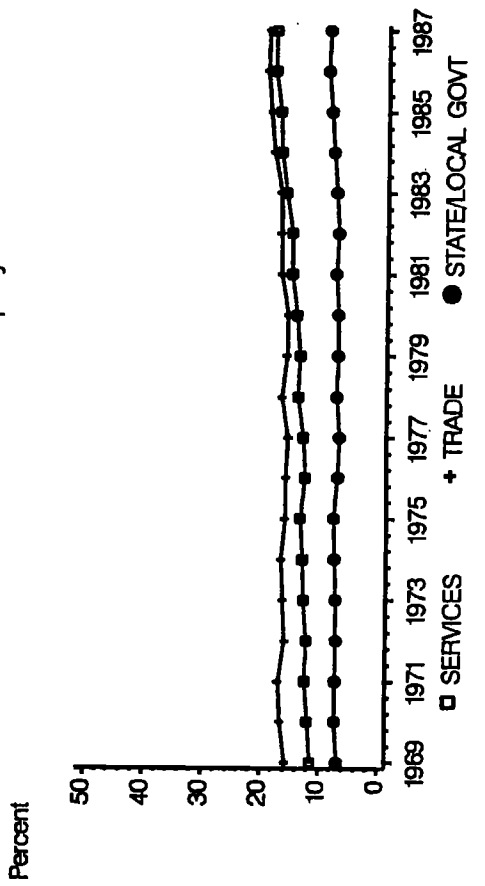


CHART 5A
 MUHLENBERG COUNTY
 POPULATION
 Thousands of People

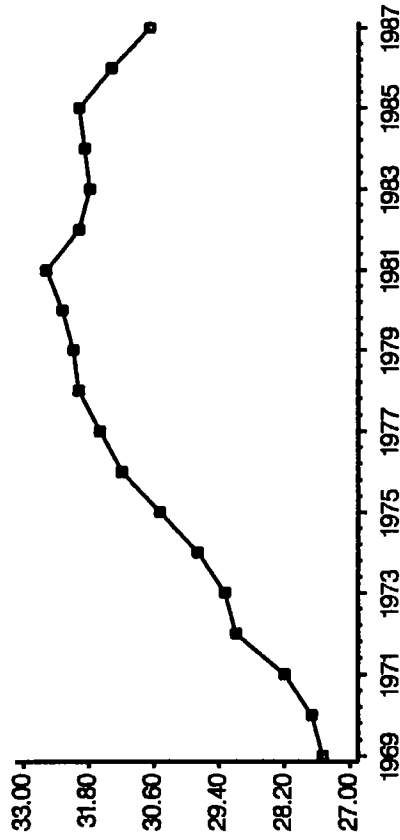


CHART 5B
 MUHLENBERG COUNTY
 POPULATION
 as a Percent of Kentucky Population

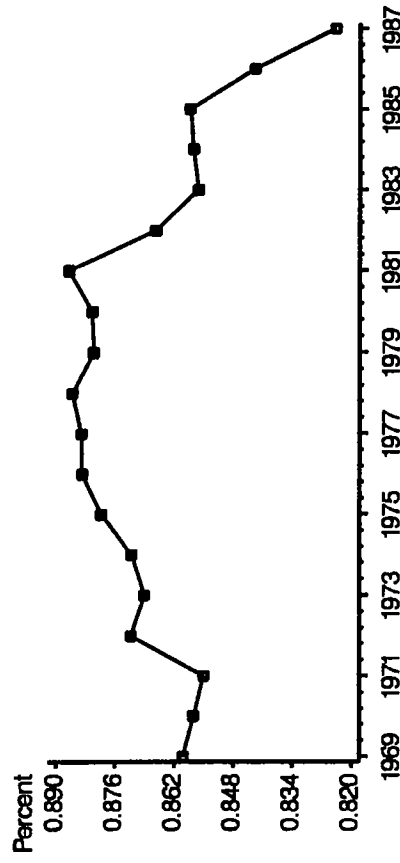


CHART 5C
 MUHLENBERG COUNTY
 POPULATION 5 AND UNDER
 as a Percent of Total Population

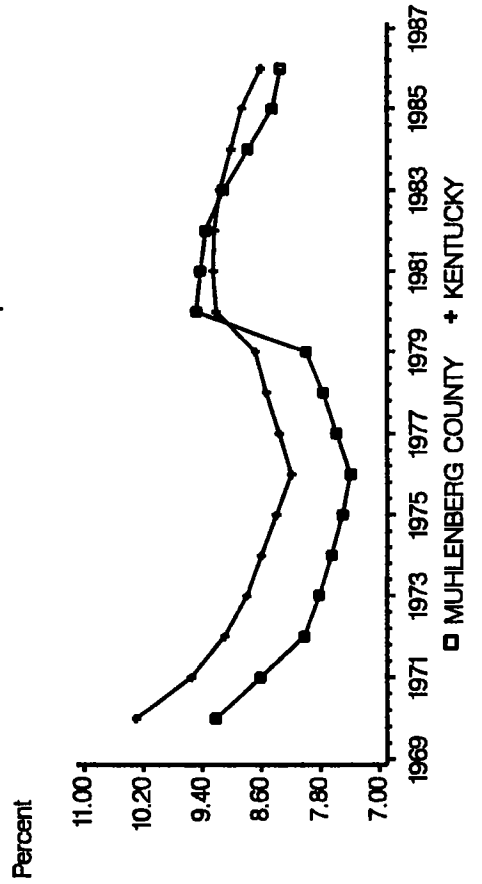


CHART 5D
 MUHLENBERG COUNTY
 POPULATION 60 AND OVER
 as a Percent of Total Population

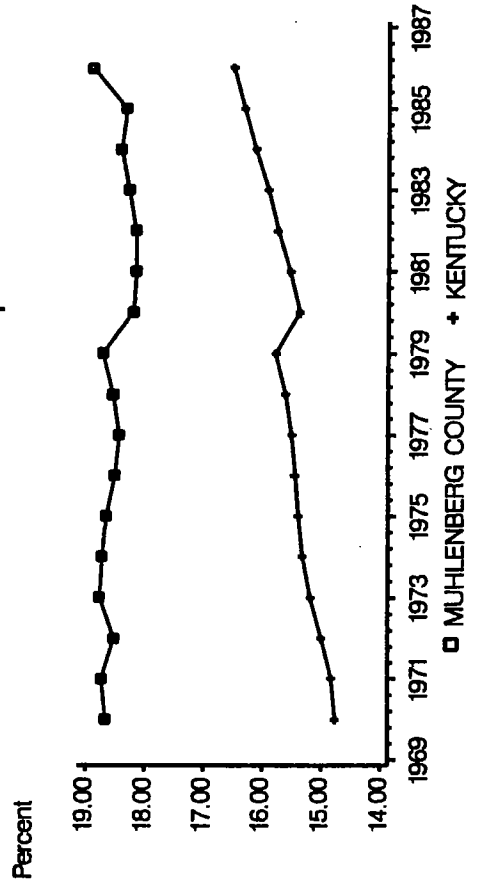


CHART 6A
 MUHLENBERG COUNTY
 TOTAL COAL PRODUCTION (SHIPMENTS)
 Thousands of Tons

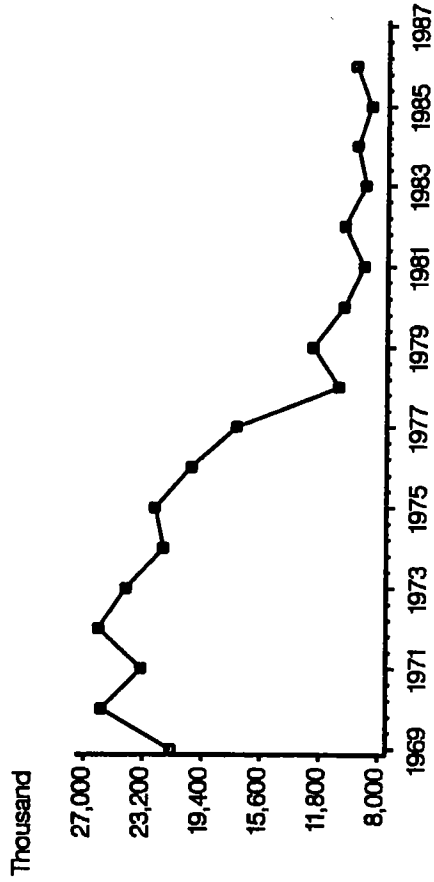


CHART 6B
 MUHLENBERG COUNTY
 MINING EMPLOYMENT
 Thousands of People

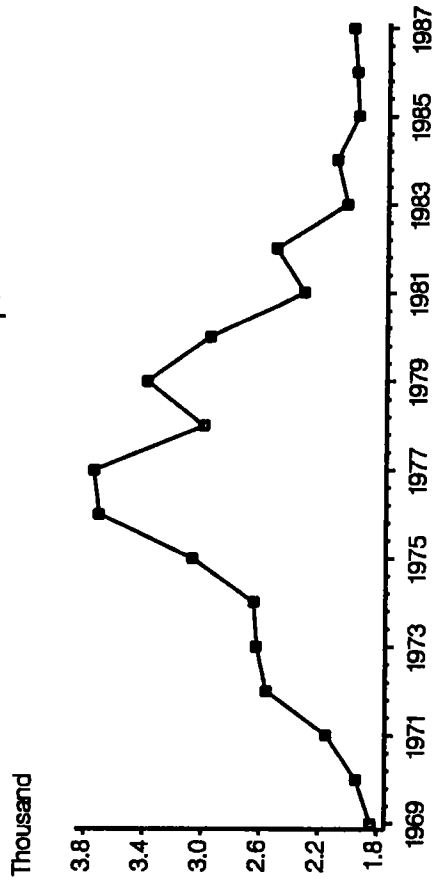


CHART 6C
 MUHLENBERG COUNTY
 AVERAGE VALUE PER TON FOR COAL
 Constant 1988 Dollars

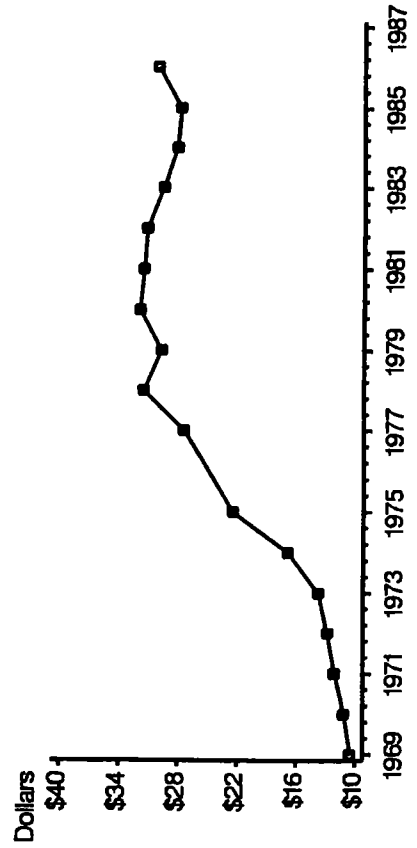
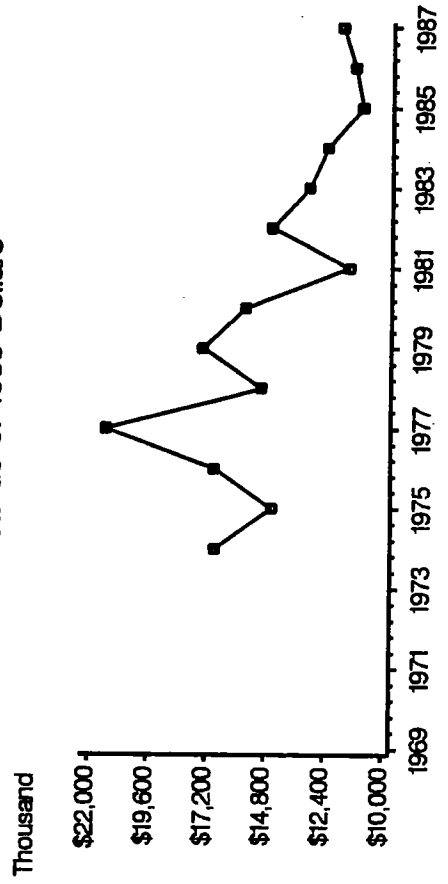


CHART 6D
 MUHLENBERG COUNTY
 TAX RECEIPTS ON COAL SEVERED OR PROCESSED
 Thousands of 1988 Dollars



MUHLENBERG COUNTY

PERSONAL INCOME
In Millions of 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	227	0.80	8,247	92.8
1970	236	0.80	8,532	93.6
1971	248	0.81	8,790	95.0
1972	267	0.82	9,176	94.2
1973	289	0.84	9,860	96.0
1974	291	0.82	9,774	94.3
1975	313	0.88	10,265	100.0
1976	346	0.91	11,086	103.3
1977	368	0.92	11,655	104.3
1978	347	0.83	10,852	93.8
1979	382	0.89	11,896	101.2
1980	364	0.86	11,248	97.5
1981	357	0.83	10,958	93.5
1982	359	0.84	11,210	97.0
1983	342	0.81	10,761	94.5
1984	365	0.82	11,442	95.4
1985	354	0.79	11,069	92.3
1986	351	0.77	11,183	91.4
1987	350	0.75	11,426	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	181	79.8	79.2	29	12.8	10.9	17	7.4	9.9
1970	184	78.0	77.9	33	14.1	11.9	19	7.9	10.2
1971	189	76.0	77.0	40	16.2	12.9	19	7.8	10.1
1972	202	75.8	77.3	44	16.6	12.9	20	7.6	9.7
1973	213	73.7	76.6	54	18.5	13.6	23	7.8	9.7
1974	212	72.9	75.5	54	18.6	14.4	25	8.5	10.1
1975	228	73.0	73.3	59	18.7	16.5	26	8.3	10.1
1976	257	74.2	73.9	61	17.6	16.1	29	8.3	10.0
1977	273	74.3	74.6	62	16.9	15.3	32	8.8	10.1
1978	247	71.0	75.0	63	18.1	14.6	38	10.8	10.4
1979	270	70.7	74.1	69	18.2	15.1	43	11.2	10.8
1980	241	66.4	71.1	75	20.6	16.7	47	13.0	12.2
1981	227	63.5	69.3	76	21.2	16.8	54	15.2	13.8
1982	226	62.9	67.5	76	21.1	17.6	57	16.0	14.9
1983	208	60.9	66.6	79	23.2	18.4	54	15.9	15.1
1984	224	61.5	67.8	78	21.3	17.3	63	17.2	14.9
1985	214	60.4	67.2	77	21.8	17.6	63	17.8	15.3
1986	210	59.7	67.1	78	22.3	17.6	63	18.0	15.3
1987	209	59.7	67.5	77	22.0	17.2	64	18.3	15.3

MUHLENBERG 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	7.6	0.28	3.7	0.56	34.6	9.85
1970	7.7	0.28	3.2	0.54	39.1	8.50
1971	7.0	0.26	3.9	0.68	41.4	8.72
1972	6.9	0.26	3.5	0.59	46.7	10.27
1973	6.6	0.23	5.0	0.78	46.3	9.65
1974	6.6	0.23	6.1	0.89	45.3	6.19
1975	3.7	0.16	3.8	0.93	53.4	6.61
1976	3.4	0.15	3.2	0.81	55.5	8.46
1977	3.1	0.14	3.8	0.91	53.0	7.47
1978	3.5	0.13	3.6	0.83	46.3	5.57
1979	3.5	0.15	4.6	1.14	45.3	6.63
1980	3.8	0.16	2.8	0.80	42.2	5.54
1981	3.9	0.15	4.0	0.75	35.3	4.21
1982	2.8	0.12	2.1	0.50	36.4	4.70
1983	3.3	0.14	-0.3	-0.15	35.3	5.30
1984	3.5	0.13	3.6	0.74	36.0	4.92
1985	3.4	0.12	2.3	0.61	34.7	4.78
1986	4.0	0.14	2.3	0.73	37.7	5.48
1987	5.3	0.18	3.0	0.80	36.0	5.45

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	6.4	0.44	10.0	0.58	5.4	0.54
1970	6.6	0.45	10.6	0.59	5.6	0.52
1971	6.8	0.45	10.9	0.62	5.4	0.49
1972	6.9	0.49	9.8	0.59	4.9	0.48
1973	6.6	0.47	10.2	0.60	4.9	0.48
1974	6.8	0.48	11.2	0.64	4.9	0.48
1975	6.5	0.49	9.7	0.60	4.6	0.48
1976	6.0	0.50	9.3	0.64	4.1	0.48
1977	6.0	0.52	8.9	0.65	4.0	0.48
1978	7.1	0.50	10.6	0.63	4.8	0.48
1979	6.5	0.52	9.3	0.63	4.3	0.48
1980	7.7	0.55	9.8	0.66	4.9	0.50
1981	8.4	0.53	10.9	0.68	5.3	0.49
1982	8.6	0.56	10.9	0.71	5.3	0.51
1983	9.3	0.54	11.1	0.69	5.8	0.52
1984	10.0	0.54	11.3	0.67	6.0	0.52
1985	10.5	0.52	12.2	0.67	6.6	0.52
1986	11.3	0.49	11.8	0.61	7.2	0.53
1987	11.7	0.47	11.7	0.59	7.5	0.53

MUHLENBERG COUNTY
COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	1,183	11.9	838	8.4	1,842	18.6
1970	1,227	12.5	851	8.7	1,943	19.9
1971	1,185	11.9	861	8.7	2,147	21.6
1972	1,258	12.3	875	8.5	2,558	24.9
1973	1,189	11.4	903	8.6	2,627	25.1
1974	1,142	10.8	920	8.7	2,646	25.0
1975	749	7.0	925	8.6	3,065	28.5
1976	737	6.1	1,041	8.7	3,706	30.9
1977	726	5.7	1,079	8.5	3,742	29.6
1978	733	5.9	1,143	9.3	2,993	24.3
1979	765	5.9	1,015	7.8	3,382	25.9
1980	802	6.1	982	7.5	2,952	22.5
1981	750	6.0	956	7.7	2,312	18.6
1982	543	4.1	910	6.9	2,505	19.1
1983	598	4.7	947	7.5	2,024	16.1
1984	650	5.3	907	7.4	2,096	17.1
1985	577	4.8	884	7.3	1,951	16.1
1986	606	5.3	898	7.8	1,962	17.0
1987	851	7.2	870	7.3	1,987	16.7

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	1,134	11.4	1,566	15.8	673	6.8
1970	1,166	11.9	1,623	16.6	699	7.1
1971	1,234	12.4	1,681	16.9	709	7.1
1972	1,253	12.2	1,635	15.9	720	7.0
1973	1,329	12.7	1,701	16.3	751	7.2
1974	1,371	12.9	1,759	16.6	785	7.4
1975	1,441	13.4	1,716	16.0	816	7.6
1976	1,505	12.6	1,904	15.9	828	6.9
1977	1,630	12.9	1,966	15.5	844	6.7
1978	1,709	13.9	2,045	16.6	882	7.2
1979	1,764	13.5	2,055	15.8	910	7.0
1980	1,854	14.1	2,057	15.7	916	7.0
1981	1,866	15.0	2,087	16.8	918	7.4
1982	1,970	15.0	2,218	16.9	919	7.0
1983	2,024	16.1	2,133	16.9	932	7.4
1984	2,076	16.9	2,224	18.1	965	7.9
1985	2,070	17.1	2,262	18.7	1,006	8.3
1986	2,074	18.0	2,219	19.3	1,024	8.9
1987	2,127	17.9	2,259	19.0	1,028	8.7

MUHLENBERG COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	9,921	\$21,378	\$17,440	.	4.2
1970	9,780	\$21,641	\$17,811	4.1	4.4
1971	9,935	\$22,036	\$18,166	5.0	5.1
1972	10,264	\$23,882	\$18,970	5.2	6.0
1973	10,465	\$24,328	\$19,232	3.8	3.7
1974	10,588	\$23,326	\$19,008	4.1	4.5
1975	10,755	\$25,693	\$18,976	6.2	7.3
1976	11,992	\$27,016	\$19,563	4.2	5.6
1977	12,658	\$27,569	\$20,031	4.1	4.7
1978	12,320	\$24,827	\$20,121	5.4	5.3
1979	13,047	\$27,130	\$20,110	5.4	5.5
1980	13,120	\$24,791	\$19,439	8.8	8.0
1981	12,425	\$23,322	\$19,286	10.9	8.4
1982	13,105	\$23,107	\$18,931	13.8	10.6
1983	12,601	\$22,867	\$18,358	17.6	11.6
1984	12,272	\$23,099	\$19,080	15.6	9.3
1985	12,098	\$22,198	\$18,676	14.7	9.5
1986	11,526	\$22,320	\$18,627	15.3	9.3
1987	11,873	\$21,532	\$18,636	12.5	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER 6		PERCENT 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	27,500	0.86	.	.	.	.
1970	27,700	0.86	9.2	10.3	18.7	14.8
1971	28,200	0.85	8.6	9.6	18.7	14.8
1972	29,100	0.87	8.0	9.1	18.5	15.0
1973	29,300	0.87	7.8	8.8	18.8	15.2
1974	29,800	0.87	7.6	8.6	18.7	15.3
1975	30,500	0.88	7.5	8.4	18.6	15.4
1976	31,200	0.88	7.4	8.2	18.5	15.5
1977	31,600	0.88	7.6	8.4	18.4	15.5
1978	32,000	0.89	7.8	8.5	18.5	15.6
1979	32,100	0.88	8.0	8.7	18.7	15.8
1980	32,300	0.88	9.5	9.2	18.2	15.4
1981	32,600	0.89	9.4	9.3	18.2	15.5
1982	32,000	0.87	9.4	9.2	18.2	15.7
1983	31,800	0.86	9.1	9.2	18.3	15.9
1984	31,900	0.86	8.8	9.0	18.4	16.1
1985	32,000	0.86	8.4	8.9	18.3	16.3
1986	31,400	0.84	8.3	8.6	18.9	16.5
1987	30,700	0.82	.	.	.	.

MUHLENBERG COUNTY

COAL MINING STATISTICS

YEAR	PRODUCTION (Thousand Tons)	EMPLOYMENT	AVERAGE VALUE PER TON	COAL TAX RECEIPTS (000)
1969	21,420	1,842	\$10.54	.
1970	25,903	1,943	\$11.14	.
1971	23,321	2,147	\$12.06	.
1972	26,086	2,558	\$12.77	.
1973	24,327	2,627	\$13.71	.
1974	21,913	2,646	\$16.88	\$16,870
1975	22,456	3,065	\$22.44	\$14,540
1976	20,129	3,706	.	\$16,906
1977	17,186	3,742	\$27.48	\$21,313
1978	10,587	2,993	\$31.54	\$14,978
1979	12,281	3,382	\$29.74	\$17,378
1980	10,274	2,952	\$31.96	\$15,654
1981	8,999	2,312	\$31.55	\$11,420
1982	10,267	2,505	\$31.22	\$14,582
1983	8,903	2,024	\$29.53	\$13,094
1984	9,455	2,096	\$28.18	\$12,316
1985	8,573	1,951	\$27.86	\$10,923
1986	9,559	1,962	\$30.13	\$11,242
1987	.	1,987	.	.

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





C

3

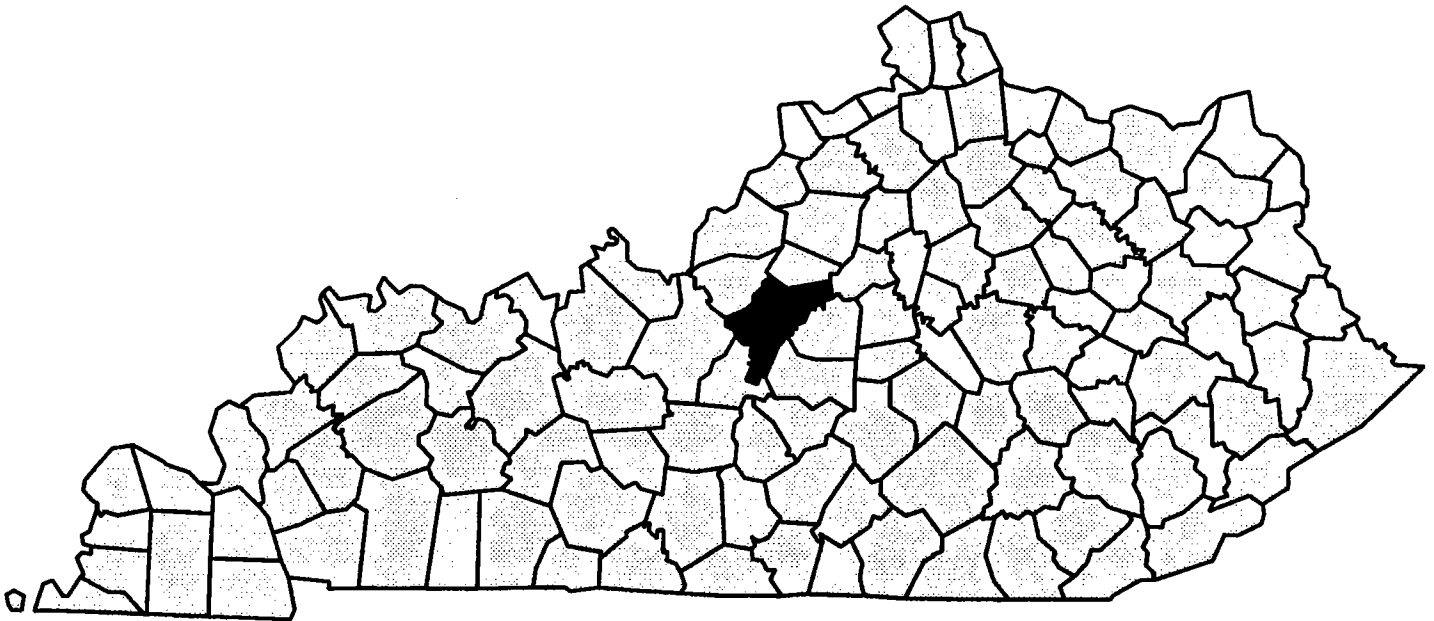
C

3

C

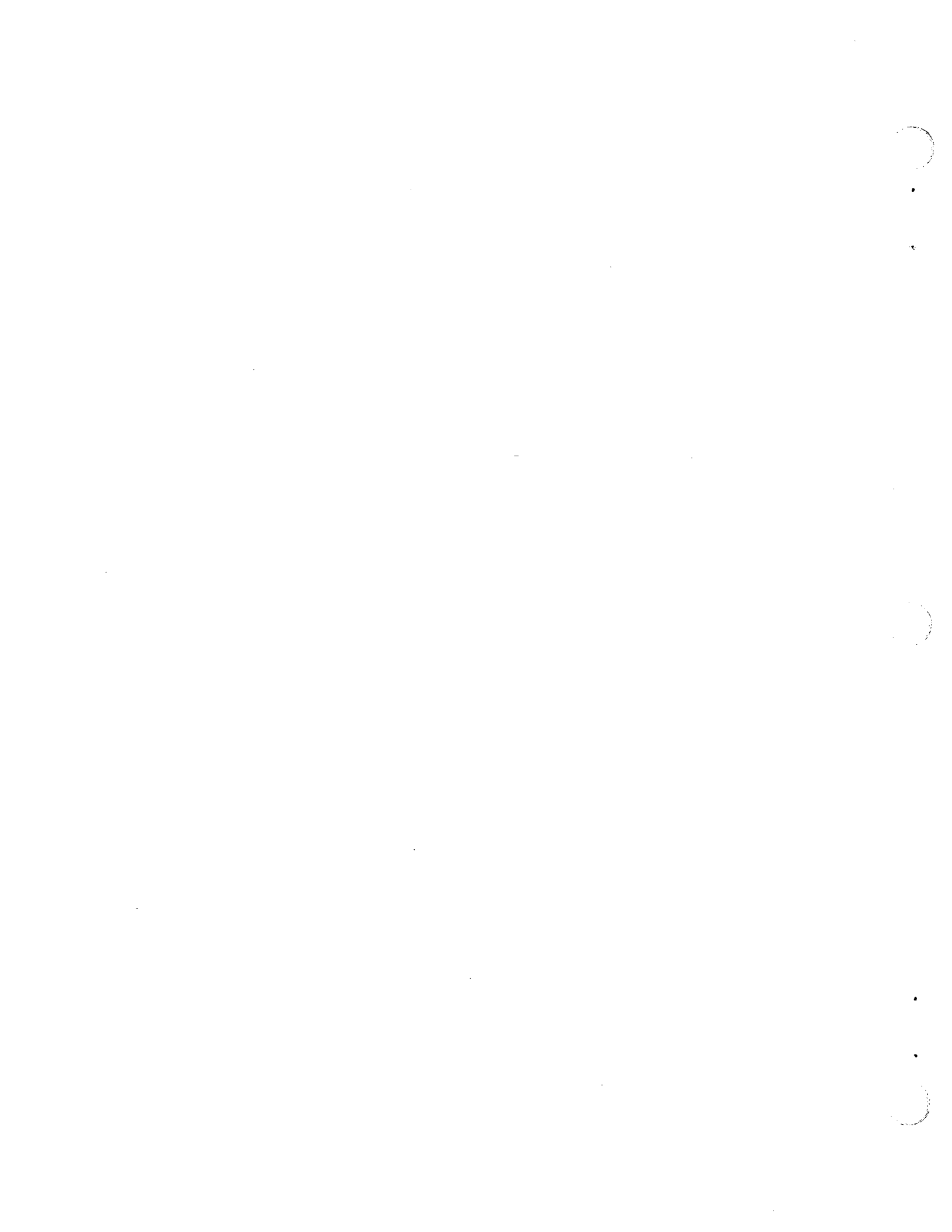
ECONOMIC TRENDS IN
KENTUCKY COUNTIES
1969 – 1987

NELSON 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

Ky.
65
.L3111
No. 438
1990

NELSON 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 Nelson County economy, as measured by personal income, grew significantly from 1969 to 1987. Nelson County increased its share of Kentucky personal income, indicating that the county economy grew faster than the state economy.

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 Nelson County economy grew in importance. Both the county and state economies had a decline in the farm sector. The non-goods-producing sectors, particularly service and trade, experienced growth at both the county and state levels.

The county's economy has been 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. Non-goods-producing industries tend to be more resilient. Furthermore, the national economic outlook calls for continued growth in these sectors. Further expansion of these sectors will enhance future economic growth in Nelson 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.

*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 NELSON 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 Nelson 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 Nelson County economy, as measured by personal income, increased from \$189 million in 1969 to \$350 million in 1987, after adjusting for inflation. Chart 1B shows Nelson County total personal income as a percent of Kentucky total personal income. Nelson 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 Nelson County per capita income increased over the time period to a level of \$11,884 in 1987, when it was 95.1 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. Earnings dropped in the mid-1970's and early 1980's, corresponding to the national recessions of 1975 and 1982. Overall, total earnings increased from \$153 million in 1969 to \$243 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 69.5 percent of Nelson County's total personal income, which was higher than Kentucky's 67.5 percent share.

Transfer payments contributed \$19 million to total personal income in 1969 and \$55 million in 1987. During the same period, transfer payments contributed a lower percentage of personal income in Nelson County than in Kentucky.

Income from property in Nelson County grew rapidly in the late 1970's, then stabilized in the 1980's. Income from property totalled \$18 million in 1969 and increased to \$52 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, Nelson County received 22.7 percent of total earnings from manufacturing. This percentage increased to 34.7 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 showed a steady decline over the period.

Farming's contribution to total county earnings decreased from 18.3 percent in 1969 to 4.7 percent in 1987. The trend toward declining earnings is consistent with state and national trends. Mining contributed minimally to total 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 11.5 percent in 1969 to 14.1 percent in 1987. The percent of earnings from the trade sector increased in the 1970's and early 1980's, then declined slightly to 15.3 percent in 1987. The share of earnings from the state and local government sector increased slightly and accounted for 9.1 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 Nelson 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. Nelson County average earnings were \$15,324 in 1987.

Employment

Employment is considered any activity for which one receives financial remuneration in the form of wages or profits. Total employment in Nelson County increased substantially during the data period. In 1969, total

employment stood at 8,445 people. By 1987, that figure had increased to 12,200.

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 Nelson County are presented in Chart 4B. Unemployment rates in Nelson County were above those of the state during the period. In 1987, the county unemployment rate was 9.9 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 increased from 17.9 percent in 1969 to 22.6 percent in 1987. Farming's share of total employment declined from 25.0 percent in 1969 to 15.5 percent in 1987. At the state level, employment declined in both the manufacturing and farm sectors.

Employment in the non-goods-producing industries is presented in Chart 4D. Service sector employment increased slightly, from 16.4 percent in 1969 to 17.9 percent in 1987. The percent of employment in state and local government remained constant and accounted for 7.7 percent in 1987. The trade sector's share of employment increased from 14.9 percent in 1969 to 18.5 percent in 1987. These trends parallel state 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 Nelson County.

The Nelson County population grew from 23,300 in 1969 to 29,400 in 1987 (Chart 5A). It was estimated that in 1986, 9.7 percent of Nelson County's population was under six years of age, compared to 8.6 percent for the state. For the same year, 15.0 percent of the Nelson County population was sixty years of age and over, while 16.5 percent of all Kentucky residents fell in this age group.

CHART 1A

NELSON COUNTY
REAL PERSONAL INCOME
Millions of 1988 dollars

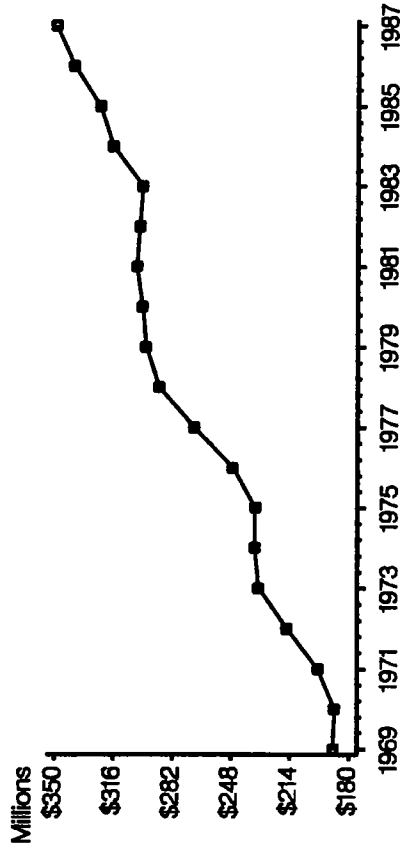


CHART 1B
NELSON COUNTY
PERSONAL INCOME
as a Percent of Kentucky Personal Income

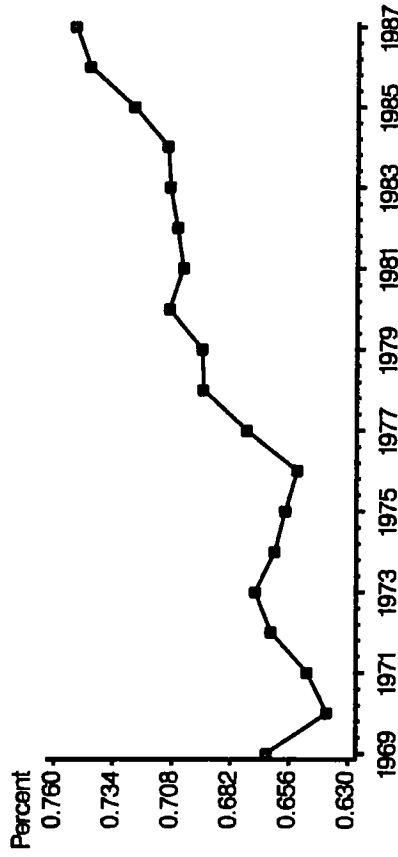


CHART 1C

NELSON COUNTY
PER CAPITA PERSONAL INCOME
in Constant 1988 Dollars

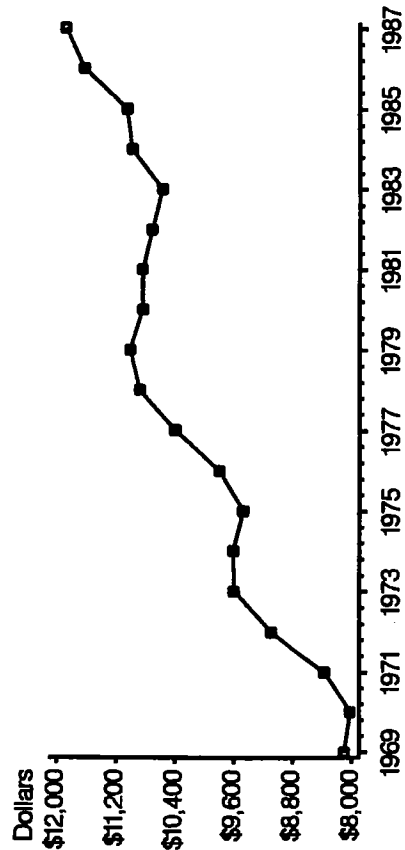


CHART 1D
NELSON COUNTY
PER CAPITA PERSONAL INCOME
as a Percent of Kentucky Per Capita Personal Income

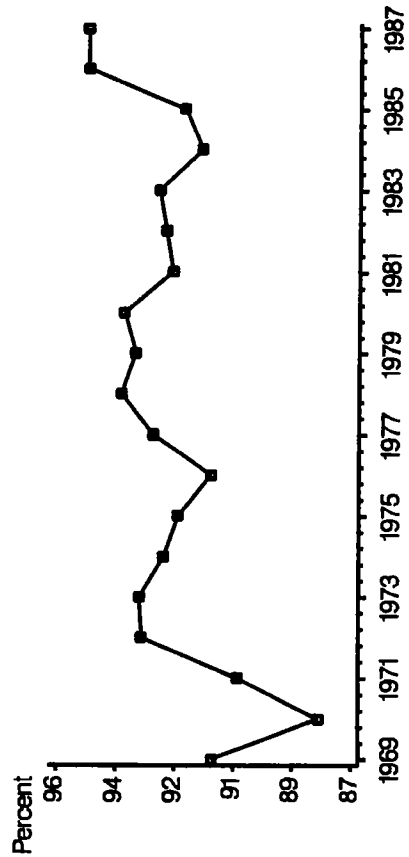


CHART 2A
NELSON COUNTY
REAL TOTAL EARNINGS
Millions of 1988 dollars

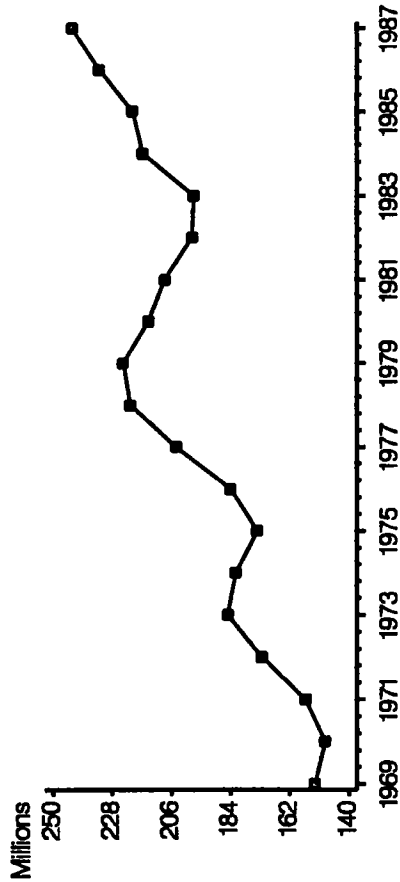


CHART 2B
NELSON COUNTY
TRANSFER PAYMENTS and INCOME FROM PROPERTY
Millions of 1988 Dollars

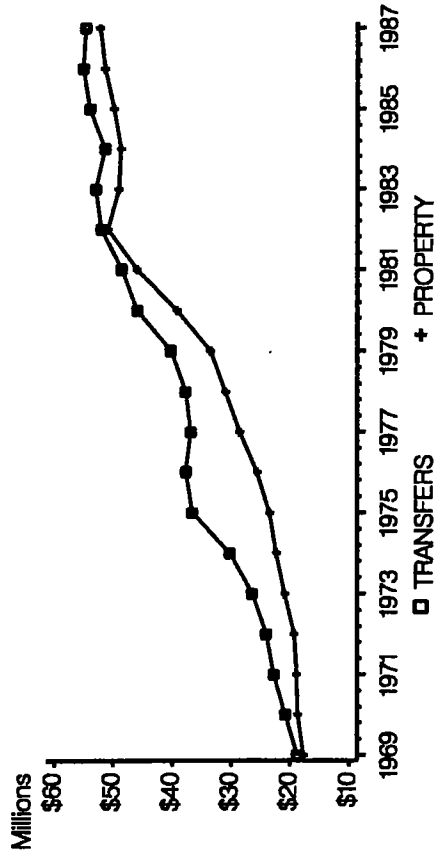


CHART 2C
NELSON COUNTY
TOTAL EARNINGS
as a Percent of Personal Income

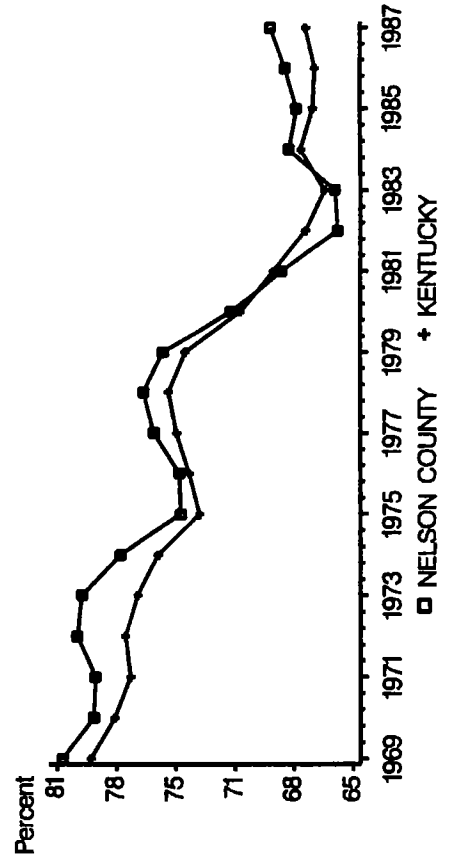


CHART 2D
NELSON COUNTY
TRANSFER PAYMENTS
as a Percent of Personal Income

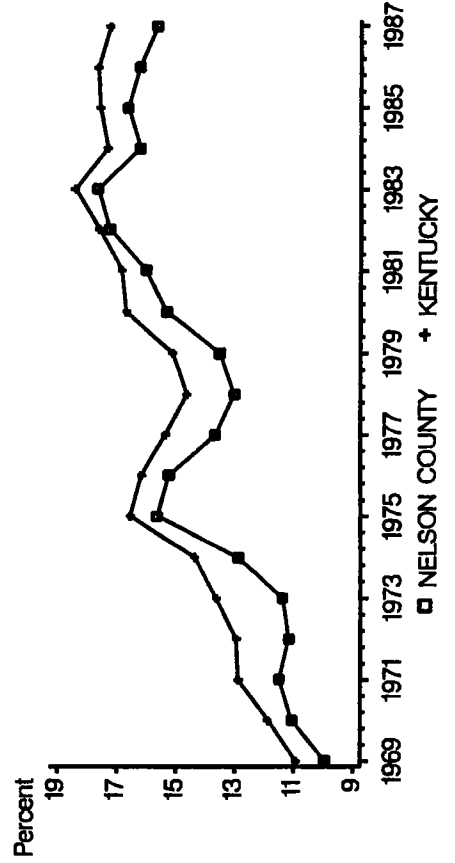


CHART 3A

NELSON COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Earnings

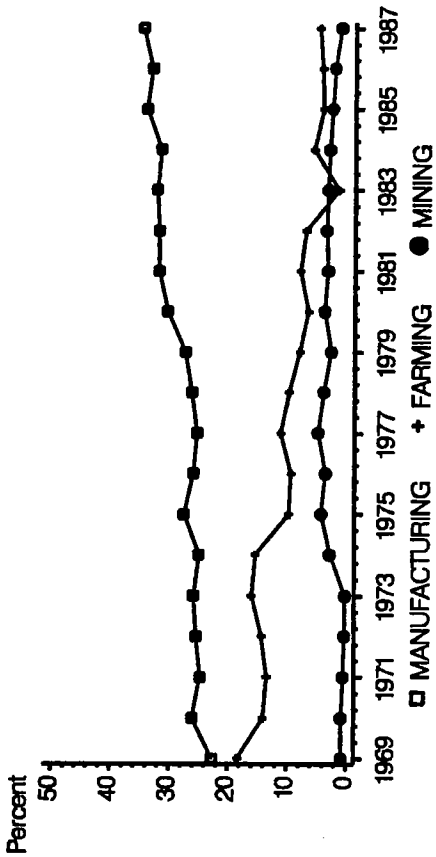


CHART 3B

NELSON COUNTY

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

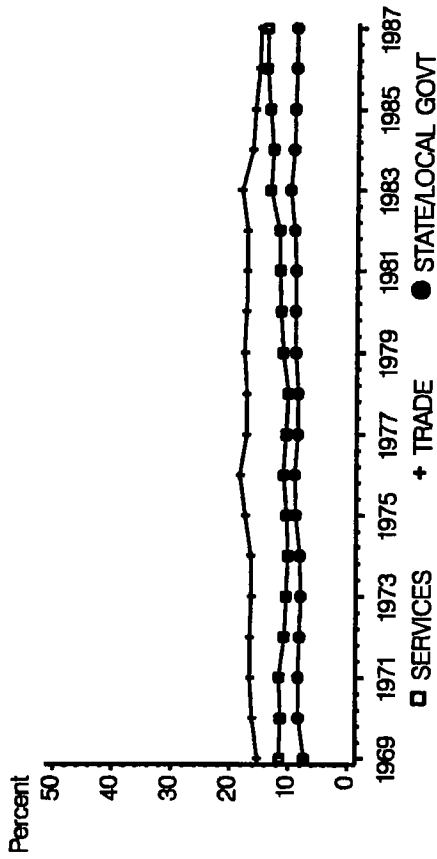


CHART 3C

NELSON COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES
as a Percent of Kentucky Industries

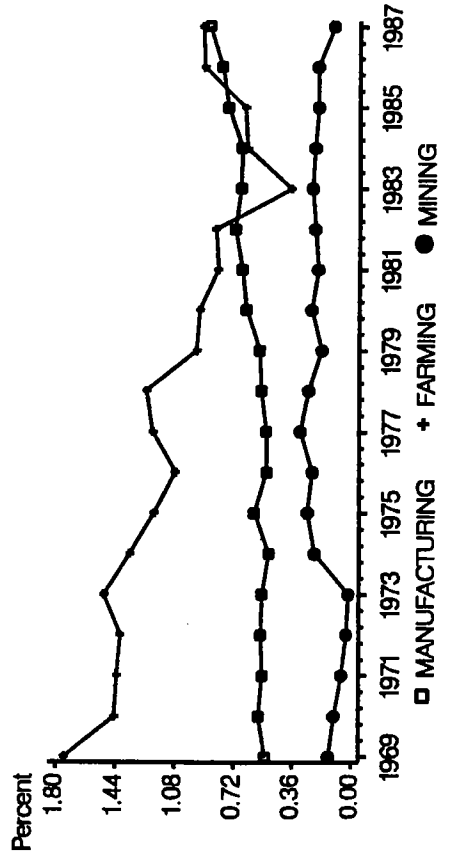


CHART 3D

NELSON COUNTY

AVERAGE EARNINGS PER JOB
in Constant 1988 Dollars

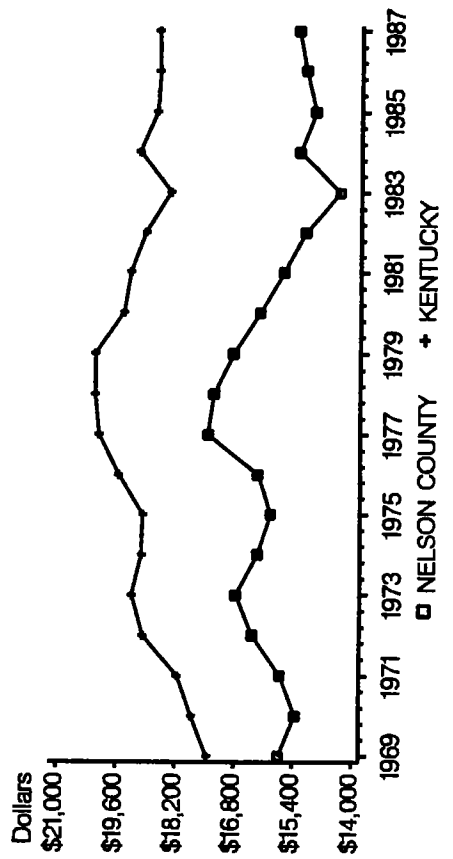


CHART 4A

NELSON COUNTY
TOTAL EMPLOYMENT
Thousands of People

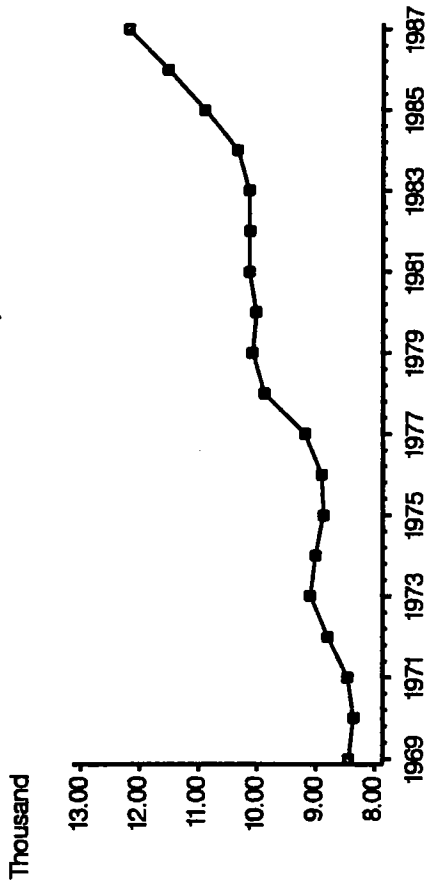


CHART 4B
NELSON COUNTY
ANNUAL UNEMPLOYMENT RATE

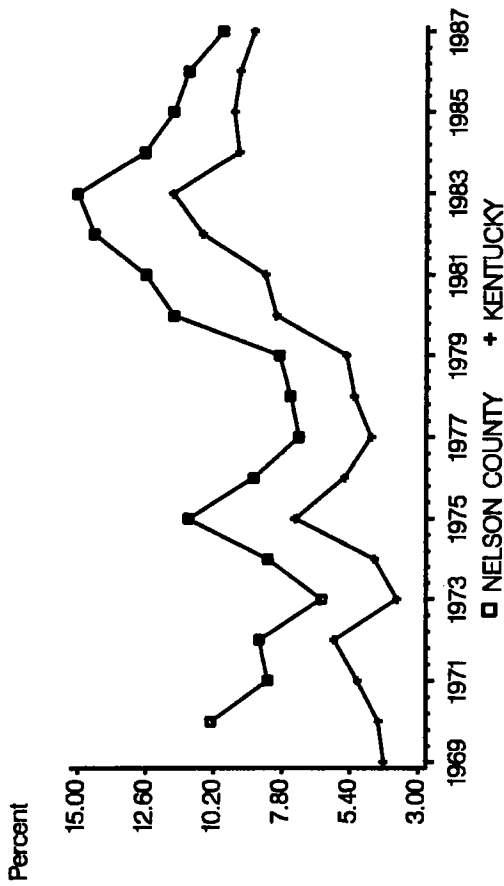


CHART 4C

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

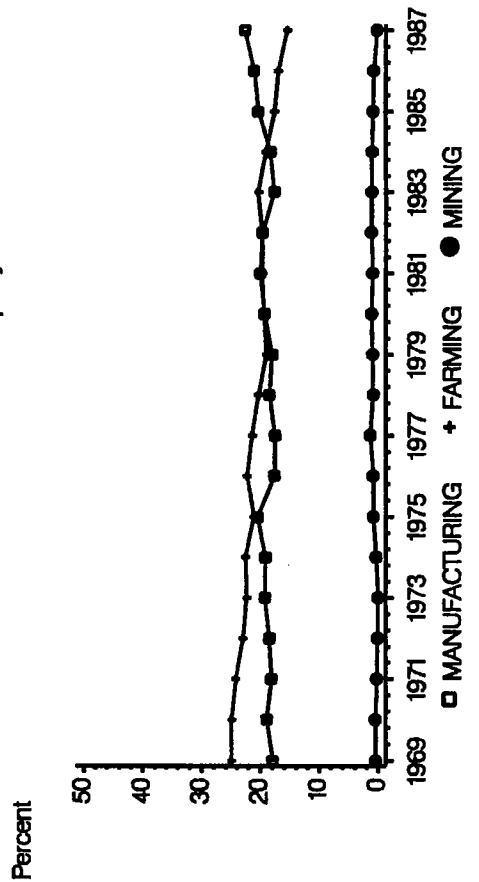


CHART 4D

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

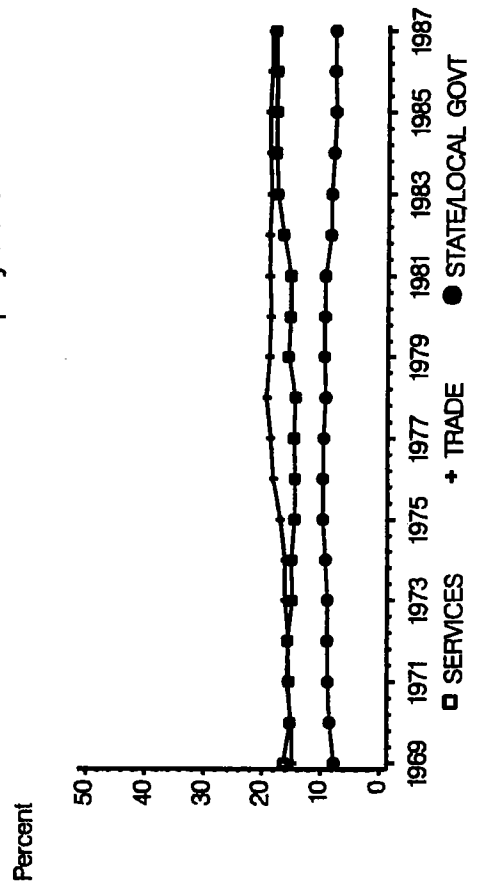


CHART 5A
NELSON COUNTY
POPULATION
Thousands of People

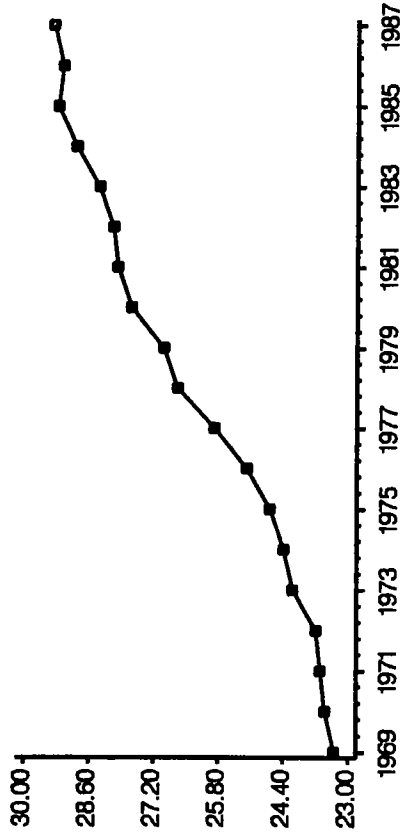


CHART 5B
NELSON COUNTY
POPULATION
as a Percent of Kentucky Population

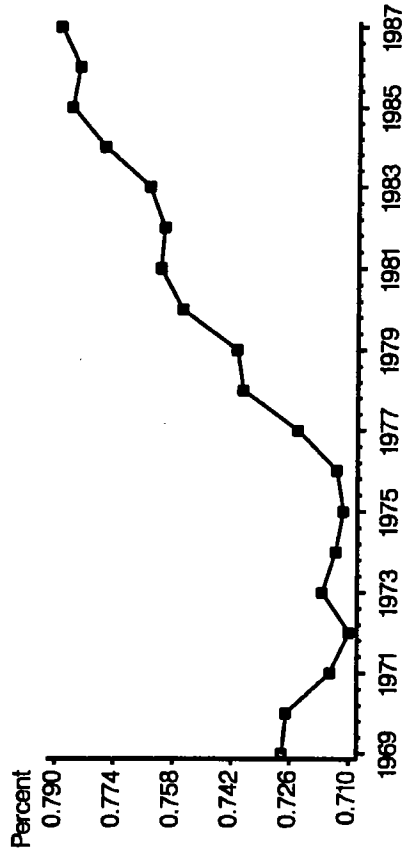


CHART 5C
NELSON COUNTY
POPULATION 5 AND UNDER
as a Percent of Total Population

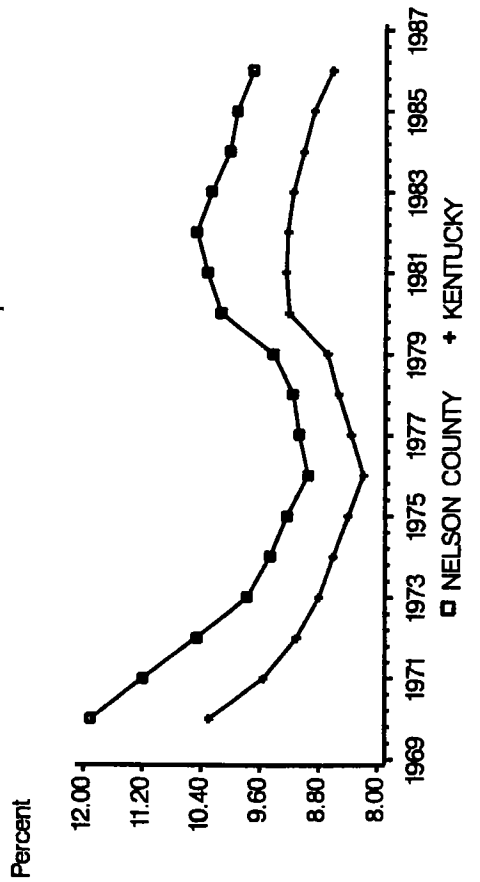
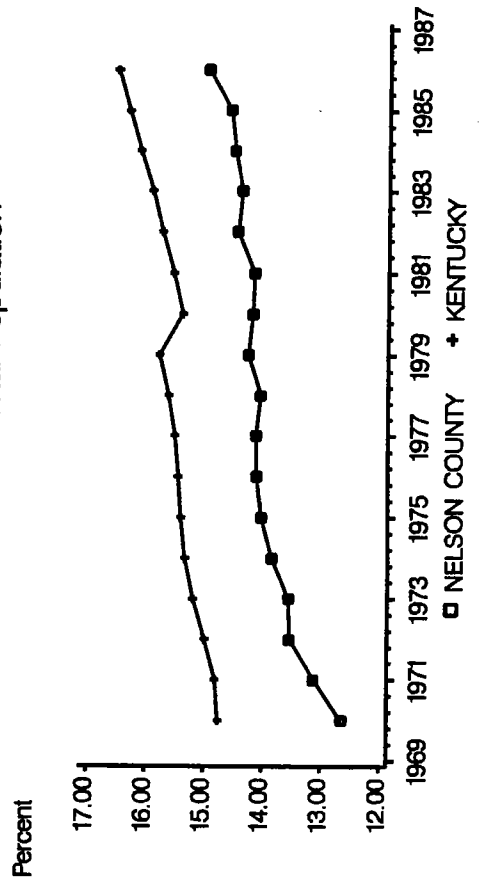


CHART 5D
NELSON COUNTY
POPULATION 60 AND OVER
as a Percent of Total Population



NELSON COUNTY

PERSONAL INCOME
In Constant 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	189	0.67	8,108	91.3
1970	188	0.64	8,021	88.0
1971	198	0.65	8,374	90.5
1972	216	0.66	9,102	93.4
1973	232	0.67	9,599	93.5
1974	235	0.66	9,610	92.7
1975	234	0.66	9,474	92.3
1976	247	0.65	9,801	91.3
1977	270	0.68	10,402	93.1
1978	290	0.69	10,878	94.0
1979	298	0.69	11,008	93.6
1980	300	0.71	10,837	94.0
1981	303	0.70	10,840	92.5
1982	301	0.71	10,709	92.7
1983	300	0.71	10,574	92.9
1984	317	0.71	10,983	91.6
1985	324	0.73	11,057	92.2
1986	340	0.74	11,633	95.1
1987	350	0.75	11,884	95.1

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	153	80.7	79.2	19	10.0	10.9	18	9.4	9.9
1970	149	79.0	77.9	21	11.1	11.9	19	9.9	10.2
1971	156	78.9	77.0	23	11.5	12.9	19	9.6	10.1
1972	172	79.9	77.3	24	11.2	12.9	19	9.0	9.7
1973	185	79.6	76.6	26	11.4	13.6	21	9.0	9.7
1974	182	77.6	75.5	30	12.9	14.4	22	9.5	10.1
1975	174	74.3	73.3	37	15.6	16.5	24	10.0	10.1
1976	184	74.4	73.9	38	15.2	16.1	26	10.4	10.0
1977	204	75.7	74.6	37	13.7	15.3	29	10.6	10.1
1978	221	76.3	75.0	38	13.0	14.6	31	10.7	10.4
1979	224	75.3	74.1	40	13.5	15.1	33	11.2	10.8
1980	215	71.6	71.1	46	15.3	16.7	39	13.1	12.2
1981	209	68.8	69.3	49	16.0	16.8	46	15.2	13.8
1982	198	65.9	67.5	52	17.2	17.6	51	16.9	14.9
1983	198	66.0	66.6	53	17.6	18.4	49	16.4	15.1
1984	217	68.4	67.8	51	16.2	17.3	49	15.4	14.9
1985	221	68.0	67.2	54	16.6	17.6	50	15.4	15.3
1986	233	68.7	67.1	55	16.2	17.6	51	15.1	15.3
1987	243	69.5	67.5	55	15.6	17.2	52	14.9	15.3

NELSON 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	22.7	0.53	18.3	1.75	0.8	0.14
1970	26.1	0.57	14.1	1.45	0.8	0.11
1971	24.7	0.55	13.4	1.43	0.5	0.06
1972	25.4	0.56	14.3	1.41	0.3	0.03
1973	25.9	0.55	16.0	1.51	0.2	0.02
1974	25.0	0.51	15.4	1.35	2.8	0.23
1975	27.5	0.60	9.7	1.20	4.2	0.27
1976	26.0	0.52	9.4	1.08	3.5	0.24
1977	25.3	0.52	11.2	1.21	4.8	0.31
1978	26.2	0.55	9.8	1.25	3.9	0.26
1979	27.4	0.56	7.9	0.95	2.6	0.18
1980	30.4	0.65	6.5	0.93	3.8	0.25
1981	31.9	0.67	7.9	0.82	3.2	0.21
1982	31.9	0.71	7.0	0.83	3.5	0.23
1983	32.2	0.68	1.4	0.37	3.2	0.24
1984	31.6	0.68	5.6	0.64	3.0	0.23
1985	34.1	0.76	4.1	0.66	2.5	0.21
1986	33.2	0.79	4.3	0.90	2.1	0.21
1987	34.7	0.87	4.7	0.91	1.0	0.12

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	11.5	0.50	15.3	0.55	7.4	0.46
1970	11.4	0.47	16.2	0.55	8.3	0.47
1971	11.7	0.48	16.6	0.57	8.4	0.47
1972	10.8	0.46	16.6	0.59	8.1	0.47
1973	10.5	0.45	16.4	0.58	8.0	0.48
1974	10.2	0.43	16.5	0.56	8.2	0.47
1975	10.5	0.41	17.5	0.56	8.9	0.47
1976	11.0	0.41	18.4	0.57	9.1	0.47
1977	10.6	0.42	17.4	0.58	8.6	0.48
1978	10.3	0.41	17.4	0.58	8.6	0.48
1979	11.2	0.43	17.7	0.58	9.0	0.48
1980	11.6	0.42	17.4	0.58	9.1	0.47
1981	11.8	0.41	17.4	0.59	9.1	0.46
1982	11.8	0.39	17.4	0.58	9.3	0.45
1983	13.4	0.40	18.3	0.57	10.0	0.46
1984	13.0	0.39	16.5	0.54	9.4	0.45
1985	13.6	0.41	16.1	0.54	9.3	0.45
1986	14.2	0.42	15.5	0.55	9.1	0.45
1987	14.1	0.42	15.3	0.57	9.1	0.47

NELSON COUNTY
 COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	1,513	17.9	2,114	25.0	40	0.5
1970	1,582	18.9	2,083	24.9	40	0.5
1971	1,534	18.1	2,050	24.2	23	0.3
1972	1,630	18.5	2,026	23.0	10	0.1
1973	1,749	19.2	2,032	22.3	0	0.0
1974	1,725	19.2	2,034	22.6	32	0.4
1975	1,815	20.5	1,876	21.1	77	0.9
1976	1,571	17.6	1,982	22.3	80	0.9
1977	1,615	17.6	1,969	21.4	124	1.3
1978	1,824	18.4	2,007	20.3	79	0.8
1979	1,815	18.0	1,916	19.0	92	0.9
1980	1,936	19.3	1,945	19.4	112	1.1
1981	2,032	20.0	1,996	19.7	100	1.0
1982	1,988	19.6	1,995	19.7	120	1.2
1983	1,793	17.7	2,066	20.4	114	1.1
1984	1,894	18.3	1,975	19.1	104	1.0
1985	2,217	20.3	1,922	17.6	93	0.9
1986	2,428	21.0	1,962	17.0	92	0.8
1987	2,762	22.6	1,894	15.5	30	0.2

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	1,381	16.4	1,256	14.9	645	7.6
1970	1,273	15.2	1,257	15.0	700	8.4
1971	1,313	15.5	1,341	15.8	736	8.7
1972	1,381	15.7	1,366	15.5	774	8.8
1973	1,360	15.0	1,472	16.2	801	8.8
1974	1,358	15.1	1,463	16.2	828	9.2
1975	1,296	14.6	1,504	16.9	857	9.7
1976	1,294	14.5	1,618	18.2	861	9.7
1977	1,352	14.7	1,711	18.6	874	9.5
1978	1,430	14.5	1,910	19.3	909	9.2
1979	1,579	15.7	1,904	18.9	951	9.4
1980	1,540	15.4	1,870	18.6	941	9.4
1981	1,555	15.3	1,912	18.8	945	9.3
1982	1,684	16.6	1,922	19.0	850	8.4
1983	1,789	17.6	1,892	18.6	841	8.3
1984	1,845	17.8	1,948	18.8	819	7.9
1985	1,941	17.8	2,071	19.0	831	7.6
1986	2,049	17.8	2,146	18.6	900	7.8
1987	2,189	17.9	2,259	18.5	937	7.7

NELSON COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	8,445	\$15,736	\$17,440	.	4.2
1970	8,355	\$15,329	\$17,811	10.3	4.4
1971	8,462	\$15,703	\$18,166	8.3	5.1
1972	8,802	\$16,388	\$18,970	8.6	6.0
1973	9,093	\$16,770	\$19,232	6.4	3.7
1974	9,006	\$16,269	\$19,008	8.3	4.5
1975	8,874	\$15,947	\$18,976	11.1	7.3
1976	8,902	\$16,263	\$19,563	8.8	5.6
1977	9,192	\$17,437	\$20,031	7.2	4.7
1978	9,888	\$17,298	\$20,121	7.5	5.3
1979	10,088	\$16,839	\$20,110	7.9	5.5
1980	10,028	\$16,221	\$19,439	11.6	8.0
1981	10,146	\$15,649	\$19,286	12.6	8.4
1982	10,135	\$15,149	\$18,931	14.4	10.6
1983	10,145	\$14,347	\$18,358	15.0	11.6
1984	10,345	\$15,287	\$19,080	12.6	9.3
1985	10,904	\$14,924	\$18,676	11.6	9.5
1986	11,536	\$15,151	\$18,627	11.1	9.3
1987	12,200	\$15,324	\$18,636	9.9	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER AGE 6		PERCENT AGE 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	23,300	0.73	.	.	.	.
1970	23,500	0.73	11.9	10.3	12.6	14.8
1971	23,600	0.72	11.2	9.6	13.1	14.8
1972	23,700	0.71	10.5	9.1	13.5	15.0
1973	24,200	0.72	9.8	8.8	13.6	15.2
1974	24,400	0.71	9.5	8.6	13.9	15.3
1975	24,700	0.71	9.2	8.4	14.0	15.4
1976	25,200	0.71	9.0	8.2	14.1	15.5
1977	25,900	0.72	9.1	8.4	14.1	15.5
1978	26,700	0.74	9.2	8.5	14.0	15.6
1979	27,000	0.74	9.4	8.7	14.3	15.8
1980	27,700	0.76	10.1	9.2	14.2	15.4
1981	28,000	0.76	10.3	9.3	14.2	15.5
1982	28,100	0.76	10.5	9.2	14.5	15.7
1983	28,400	0.76	10.3	9.2	14.4	15.9
1984	28,900	0.78	10.0	9.0	14.5	16.1
1985	29,300	0.79	9.9	8.9	14.6	16.3
1986	29,200	0.78	9.7	8.6	15.0	16.5
1987	29,400	0.79	.	.	.	.



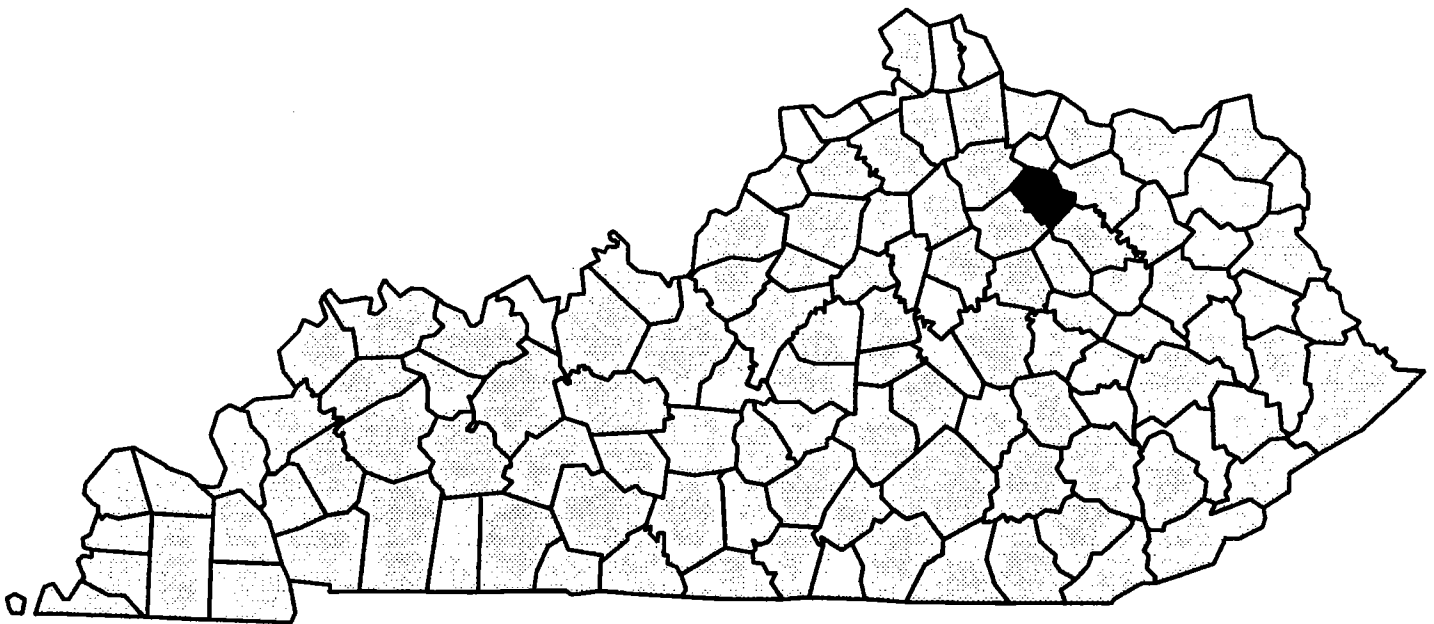
1
1
1

()

1
1
()

ECONOMIC TRENDS IN
KENTUCKY COUNTIES
1969 – 1987

NICHOLAS 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

Ky
65
.L3PM
No. 438
1990

NICHOLAS COUNTY

Prepared by
Virginia Wilson
Donna A. Cantrell

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



.

.



.

.



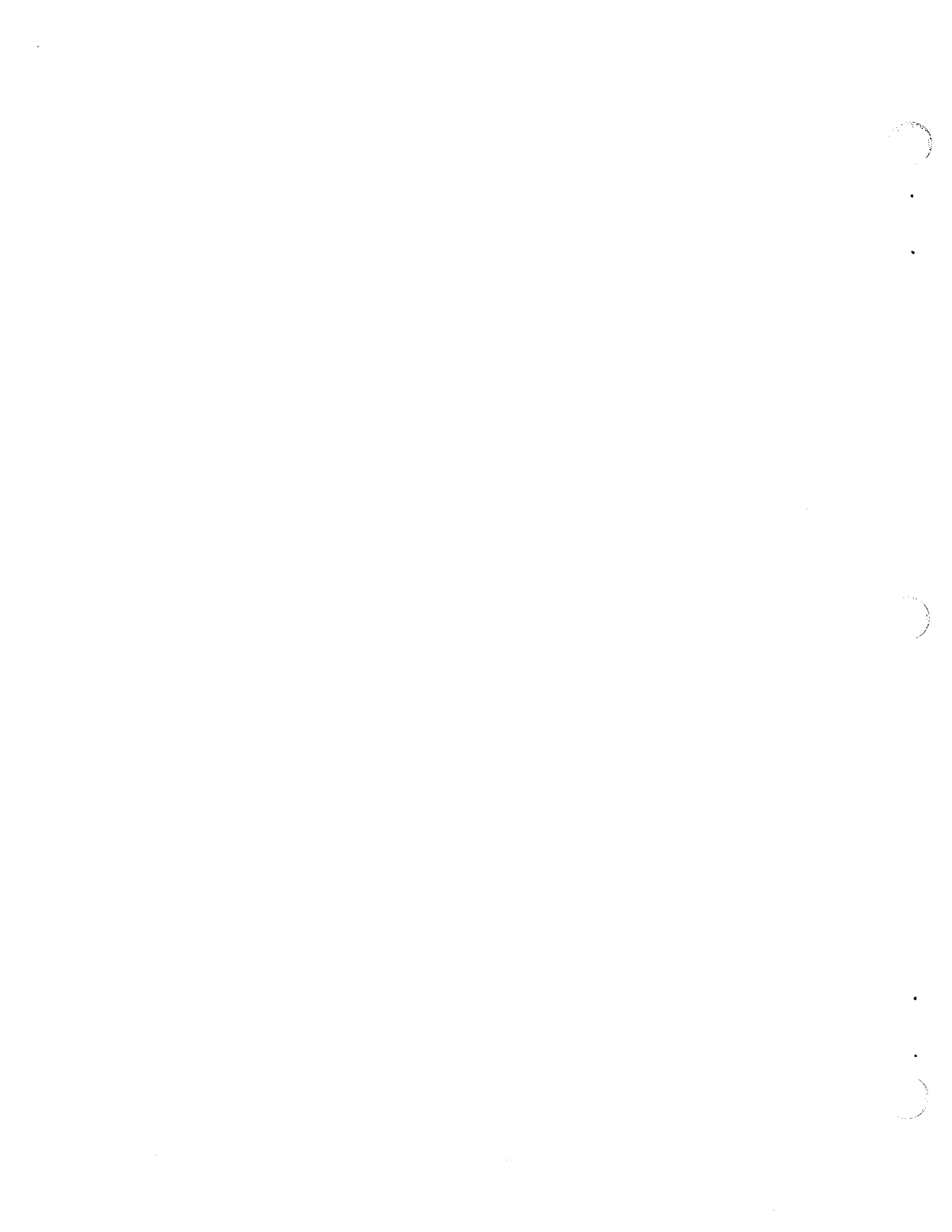
FOREWORD

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

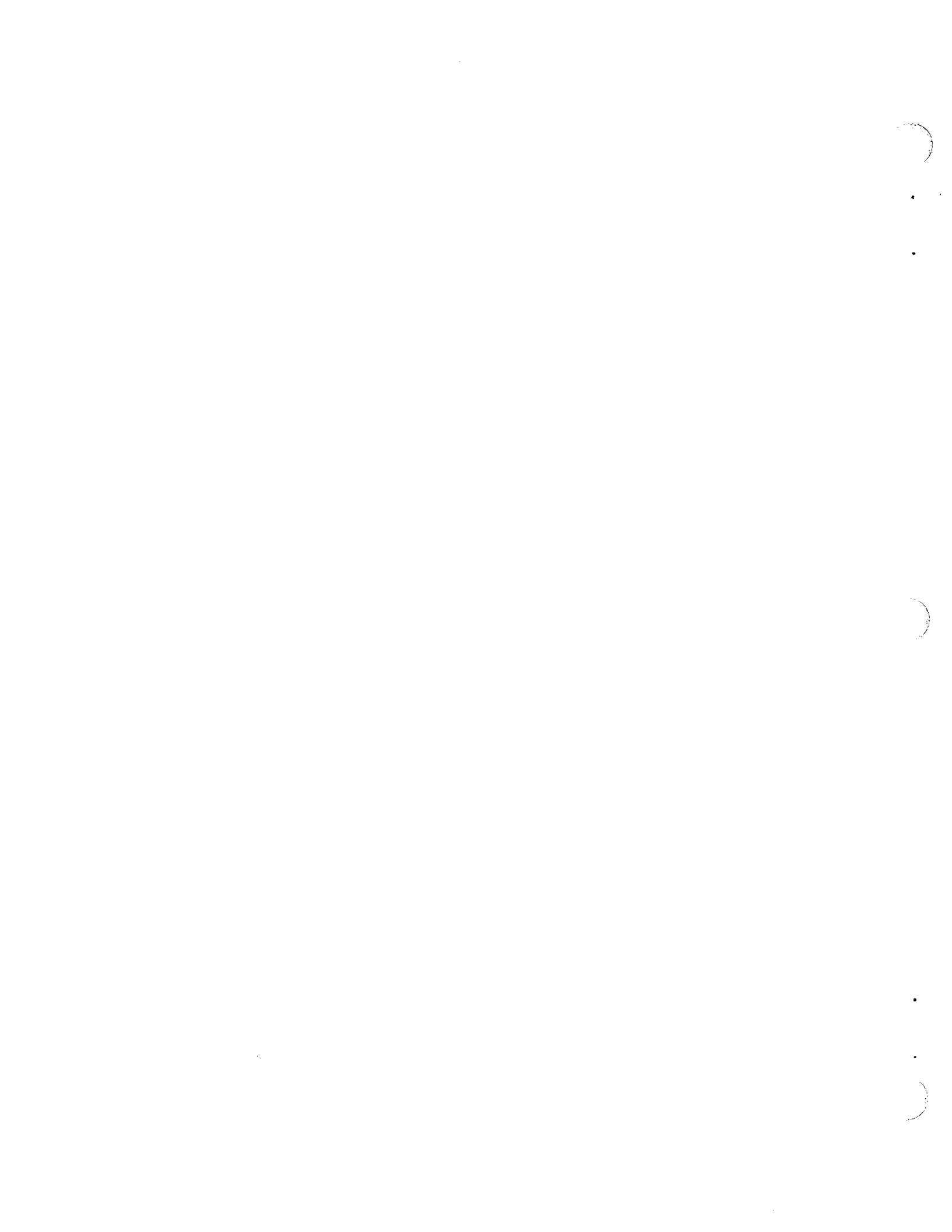
The Nicholas County economy, as measured by personal income, grew moderately from 1969 to 1987. Nicholas County decreased its share of Kentucky personal income, indicating that the county economy did not keep pace with the state economy. Earnings were volatile during the period, especially in years corresponding to national recessions. 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 in manufacturing declined, the share of this component of the Nicholas County economy grew in importance. The farm sector was the primary employer during the period. However, both earnings and employment from farming declined during the period.

The non-goods-producing sectors, particularly services and trade, experienced significant growth at the state level. In Nicholas County, the services and state and local government sectors increased, while the trade sector declined.

The county was highly concentrated in the manufacturing sector. 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.

The national economic outlook is for further declines in the farm sector and increases in the services and trade sectors. Future economic growth in Nicholas County may be depend on continued growth in the non-goods-producing 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.

*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 NICHOLAS 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 Nicholas 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.

Except for slight declines corresponding to national recessions in 1975 and 1983, the size of the Nicholas County economy, as measured by personal income, increased from \$54 million in 1969 to \$76 million in 1987, after adjusting for inflation. Chart 1B shows Nicholas County total personal income as a percent of Kentucky total personal income. Nicholas 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 Nicholas County per capita income generally increased over the time period to a level of \$10,325 in 1987, which was 82.6 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 exhibited very erratic trends through the period. Earnings declined significantly with the national recessions of 1975 and 1982. However, since 1983, earnings increased to \$51 million in 1987

(in constant 1988 dollars). The share of personal income from earnings declined over time. This trend is occurring at the state level as well. In 1987, earnings accounted for 66.7 percent of Nicholas County's total personal income, compared to Kentucky's 67.5 percent share.

Transfer payments contributed \$6 million to total personal income in 1969 and \$15 million in 1987. Since 1975, transfer payments contributed a higher percentage of personal income in Nicholas County than in Kentucky.

Income from property in Nicholas County grew steadily through the period. Income from property totalled \$4 million in 1969 and increased to \$10 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, Nicholas County received 25.4 percent of total earnings from manufacturing. This percentage increased to 39.3 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 showed a steady decline over the period.

The farm sector's share of earnings was volatile and decreased from 35.7 percent in 1969 to 7.3 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 7.9 percent in 1969 to 17.6 percent in 1987. The percent of earnings from the trade sector declined slightly and was 10.0 percent in 1987. The share of earnings from the state and local government sector increased slightly and was 12.6 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 Nicholas 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 Nicholas County average earnings per job generally declined during the period. County average earnings were \$10,384 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. Similar to trends in earnings, total employment in Nicholas County was erratic during the data period. In 1987, total employment stood at 2,960 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 Nicholas County are presented in Chart 4B. Unemployment rates in Nicholas County were below those of the state during most of the period. However, in 1987, the county unemployment rate was 9.2 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 remained relatively constant during the period. In 1987, 21.8 percent of employment was in the manufacturing sector. The farm sector was the primary source of employment throughout the period. However, farming's share of employment declined from 41.5 percent in 1969 to 35.3 percent in 1987. The share of employment in these sectors declined at the state level.

Employment in the non-goods-producing industries is presented in Chart 4D. The percent of employment in the service sector increased from 7.4 percent in 1969 to 12.0 percent in 1987. The percent of employment in state and local government remained constant and was 9.0 percent in 1987. The trade sector's share of employment declined slightly and accounted for 9.3 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 Nicholas County.

The Nicholas County population grew rapidly from 1969 to 1979 but remained relatively constant through the 1980's, reaching 7,300 in 1987 (Chart 5A). It was estimated that in 1986, 7.9 percent of Nicholas County's population was under six years of age, compared to 8.6 for the state. Nicholas County had a larger proportion of residents age sixty or over than the state. In 1986, 19.5 percent of the Nicholas County population was sixty years of age and over, while 16.5 percent of all Kentucky residents fell in this age group.

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

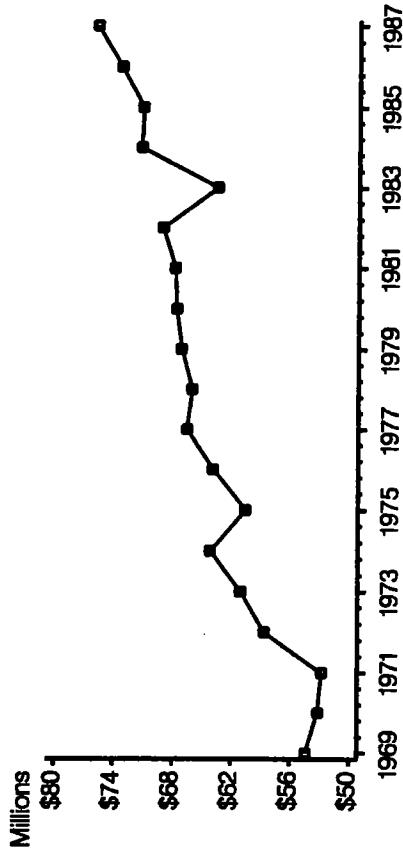


CHART 1B
 NICHOLAS COUNTY
 PERSONAL INCOME
 as a Percent of Kentucky Personal Income

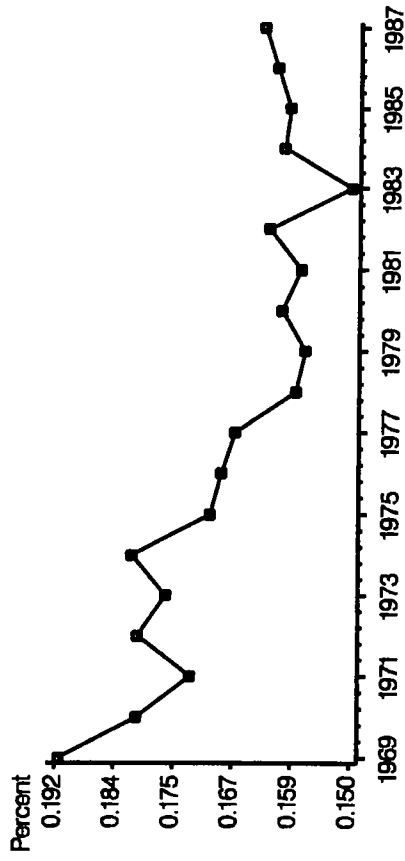


CHART 1C
 NICHOLAS COUNTY
 PER CAPITA PERSONAL INCOME
 in Constant 1988 Dollars

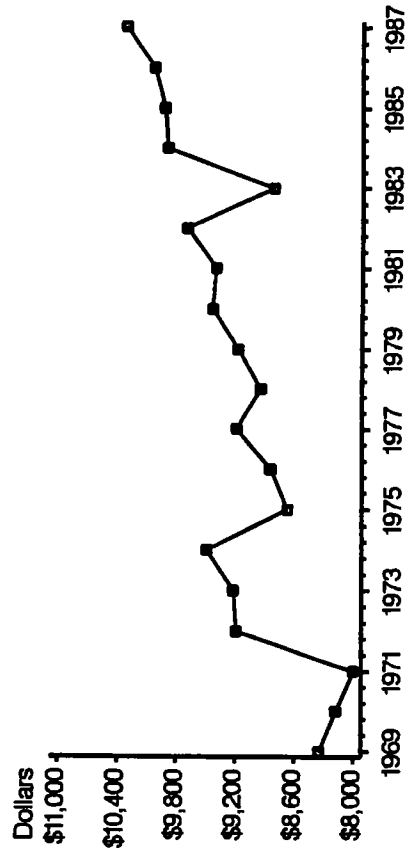


CHART 1D
 NICHOLAS COUNTY
 PER CAPITA PERSONAL INCOME
 as a Percent of Kentucky Per Capita Personal Income

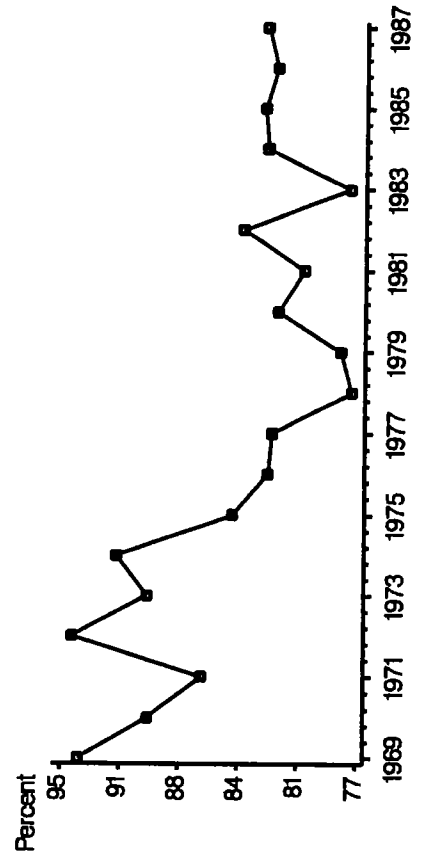


CHART 2A

NICHOLAS COUNTY
REAL TOTAL EARNINGS
Millions of 1988 dollars

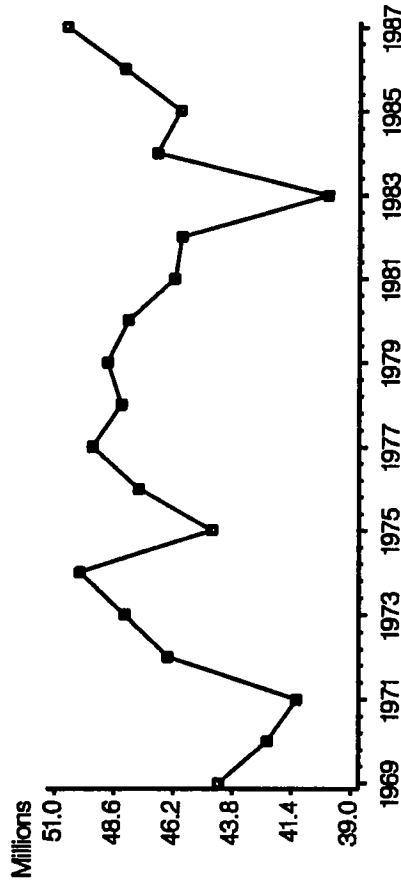


CHART 2B
NICHOLAS COUNTY
TRANSFER PAYMENTS and INCOME FROM PROPERTY
Millions of 1988 Dollars

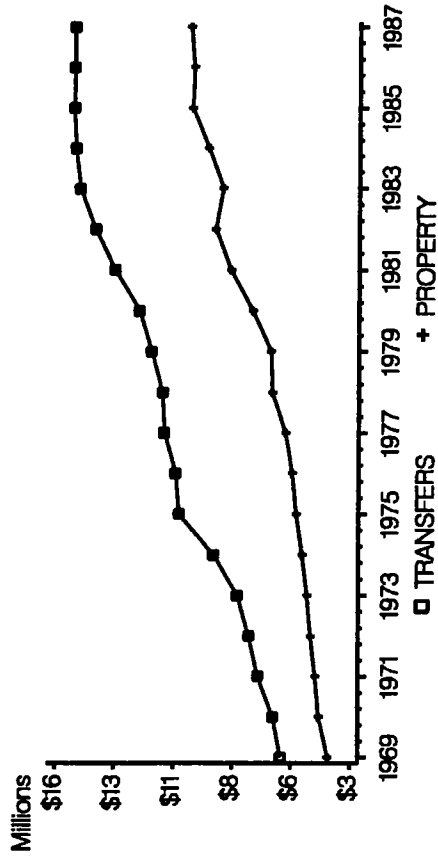


CHART 2C

NICHOLAS COUNTY
TOTAL EARNINGS
as a Percent of Personal Income

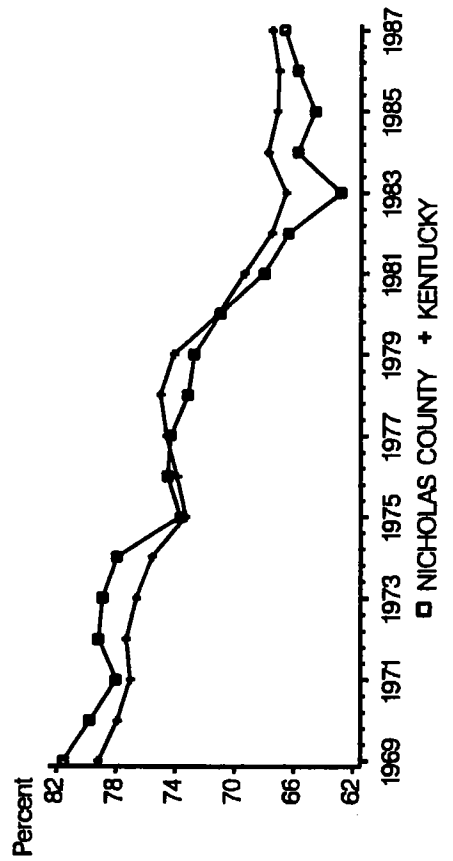


CHART 2D

NICHOLAS COUNTY
TRANSFER PAYMENTS
as a Percent of Personal Income

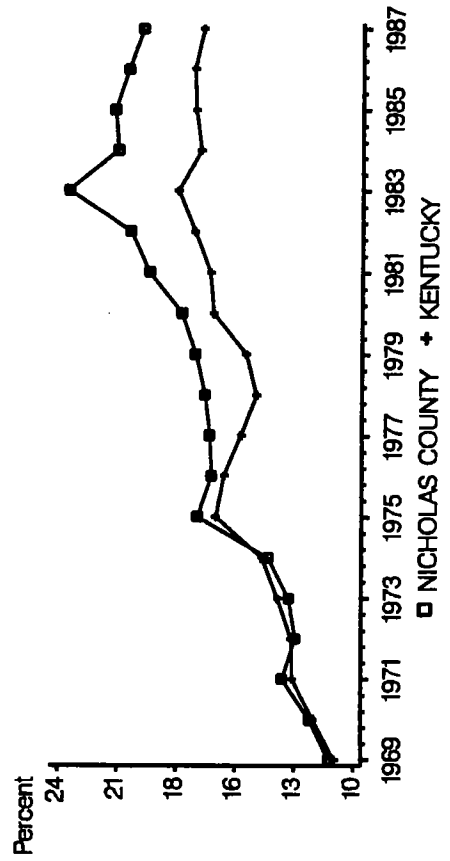


CHART 3A

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

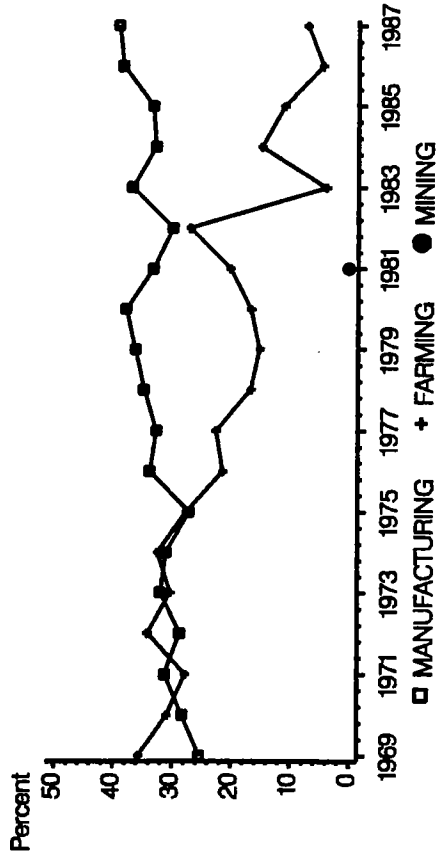


CHART 3B
NICHOLAS COUNTY
EARNINGS in NON - GOODS PRODUCING INDUSTRIES
as a Percent of Total Earnings

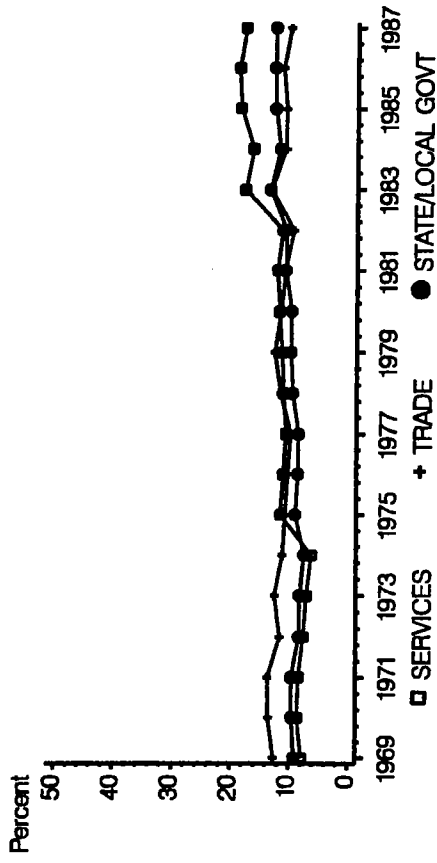


CHART 3C

NICHOLAS COUNTY
EARNINGS in GOODS PRODUCING INDUSTRIES
as a Percent of Kentucky Industries

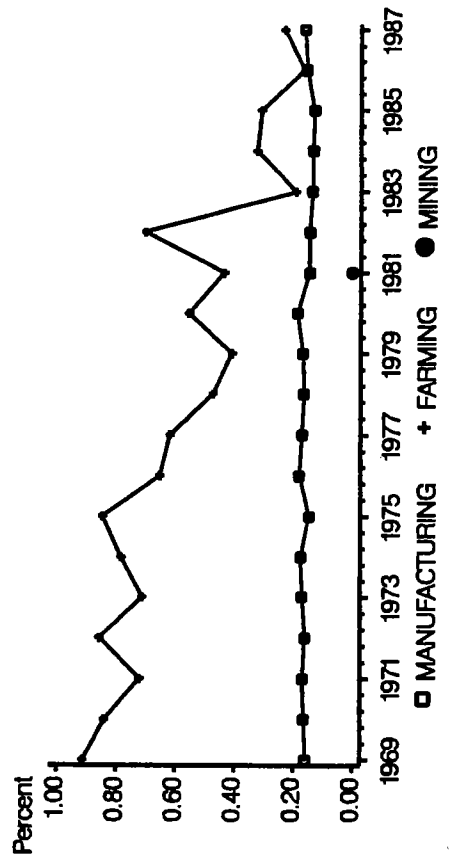


CHART 3D

NICHOLAS COUNTY
AVERAGE EARNINGS PER JOB
in Constant 1988 Dollars

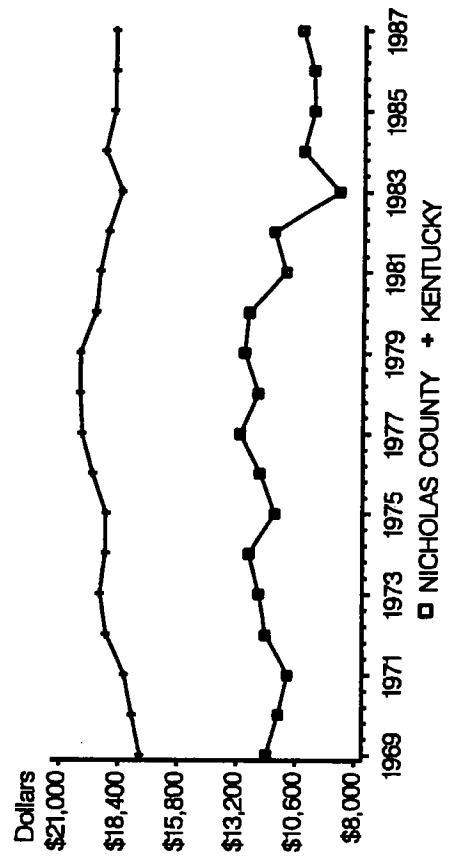


CHART 4A
NICHOLAS COUNTY
TOTAL EMPLOYMENT
Thousands of People

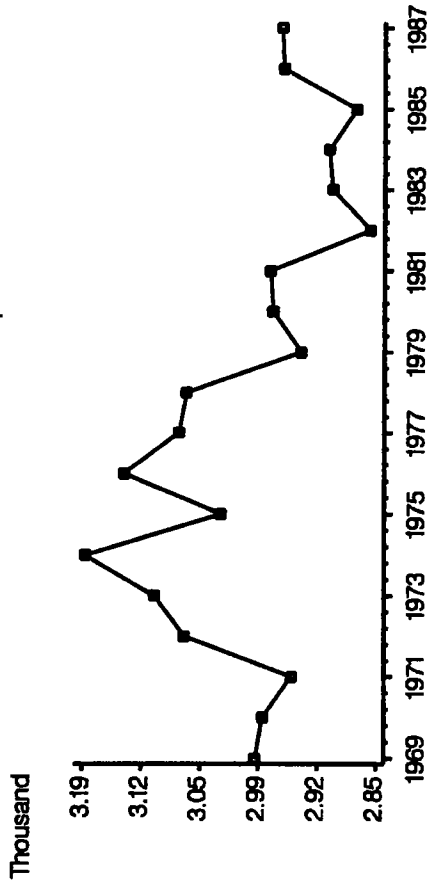


CHART 4B
NICHOLAS COUNTY
ANNUAL UNEMPLOYMENT RATE

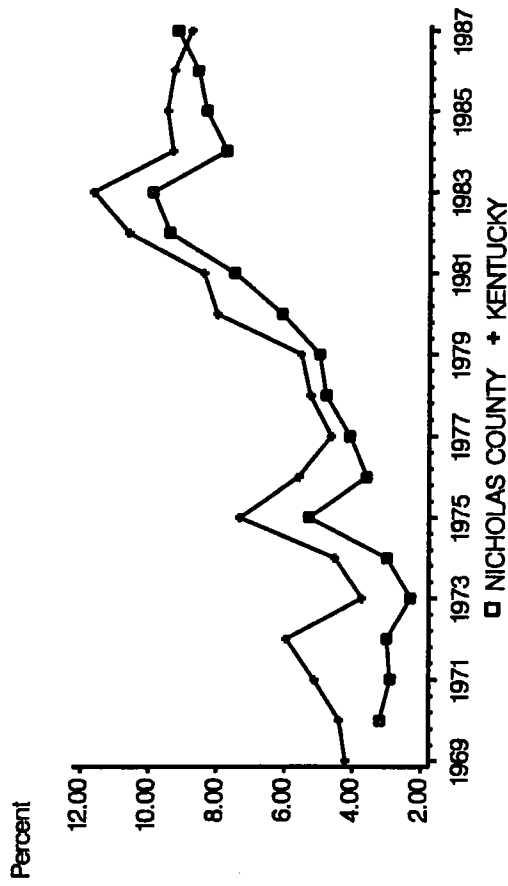


CHART 4C
NICHOLAS COUNTY
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Employment

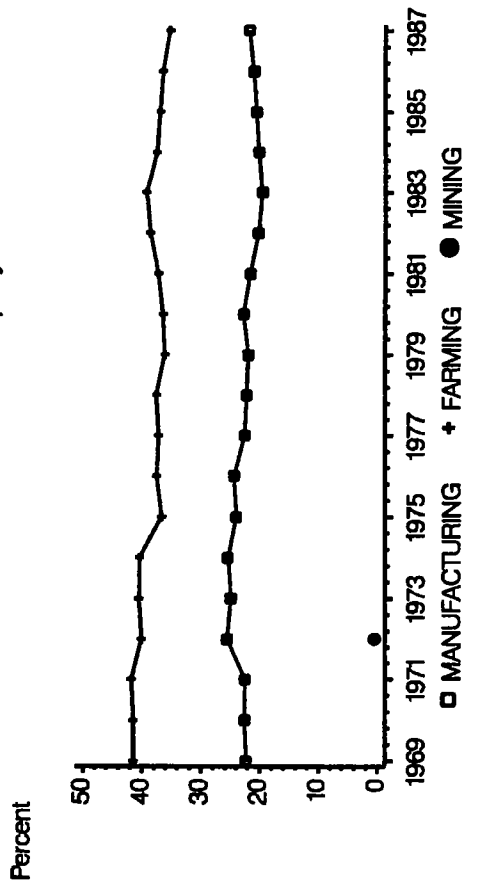


CHART 4D
NICHOLAS COUNTY
EMPLOYMENT in NON-GOODS PRODUCING INDUSTRIES
as a Percent of Total Employment

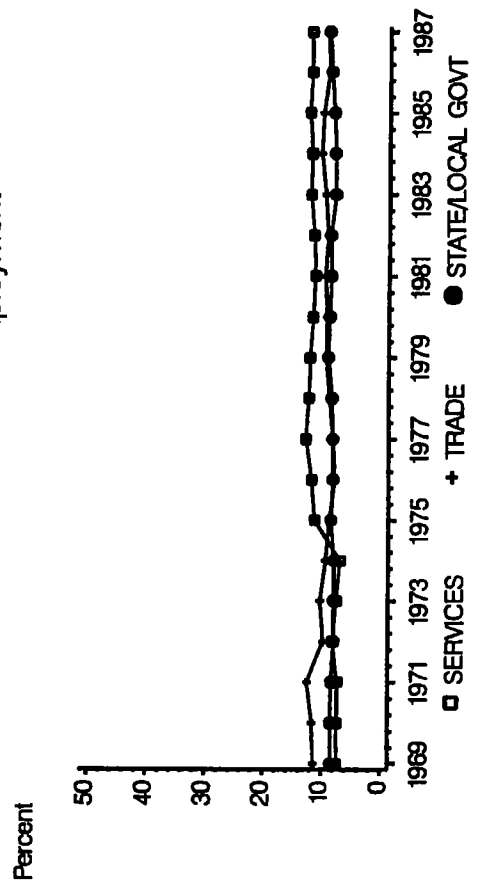


CHART 5A
NICHOLAS COUNTY
POPULATION
Thousands of People

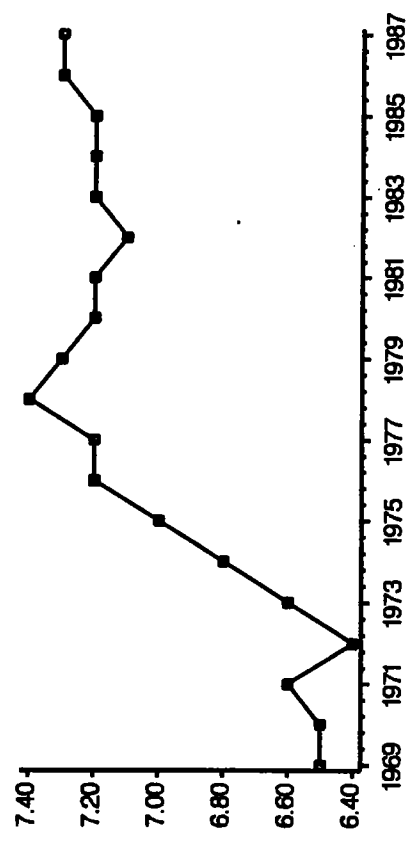


CHART 5B
NICHOLAS COUNTY
POPULATION
as a Percent of Kentucky Population

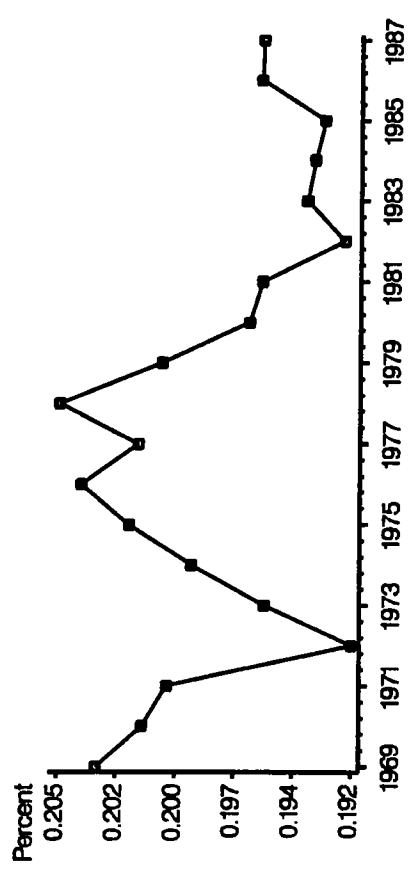


CHART 5C
NICHOLAS COUNTY
POPULATION 5 AND UNDER
as a Percent of Total Population

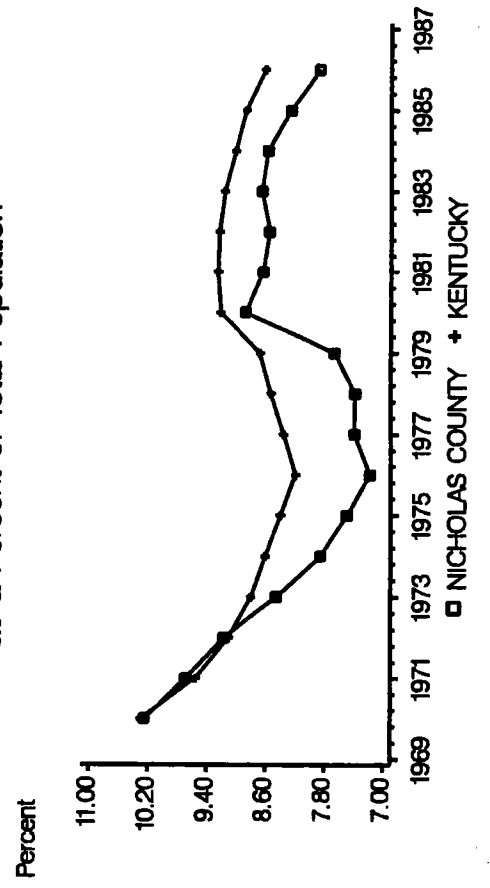
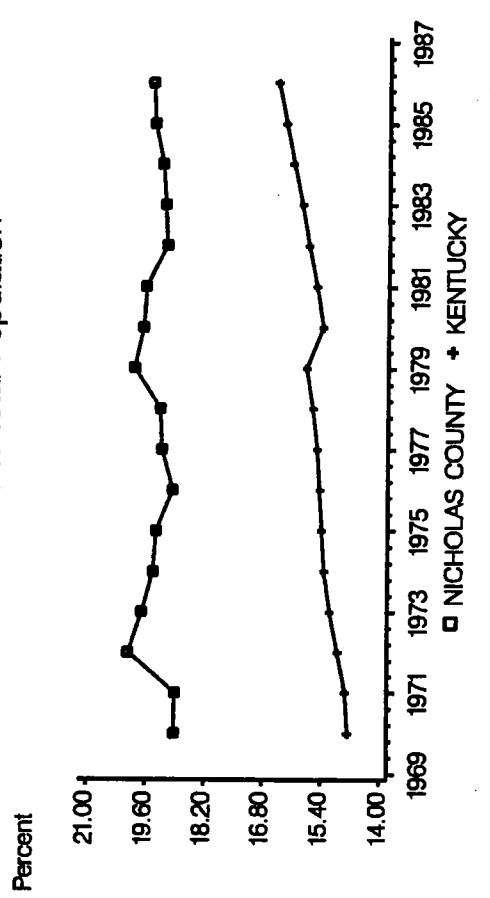


CHART 5D
NICHOLAS COUNTY
POPULATION 60 AND OVER
as a Percent of Total Population



NICHOLAS COUNTY

PERSONAL INCOME
In Constant 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	54	0.19	8,342	93.9
1970	53	0.18	8,175	89.7
1971	53	0.17	8,002	86.5
1972	59	0.18	9,190	94.3
1973	61	0.18	9,217	89.8
1974	64	0.18	9,497	91.6
1975	61	0.17	8,679	84.6
1976	64	0.17	8,852	82.5
1977	67	0.17	9,189	82.2
1978	66	0.16	8,950	77.4
1979	67	0.16	9,175	78.0
1980	68	0.16	9,441	81.9
1981	68	0.16	9,406	80.2
1982	69	0.16	9,701	84.0
1983	64	0.15	8,823	77.5
1984	71	0.16	9,899	82.6
1985	71	0.16	9,927	82.7
1986	73	0.16	10,033	82.0
1987	76	0.16	10,325	82.6

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	44	81.5	79.2	6	11.1	10.9	4	7.3	9.9
1970	42	79.7	77.9	6	12.0	11.9	4	8.2	10.2
1971	41	78.0	77.0	7	13.4	12.9	5	8.6	10.1
1972	46	79.2	77.3	7	12.8	12.9	5	8.1	9.7
1973	48	78.9	76.6	8	13.1	13.6	5	8.0	9.7
1974	50	77.9	75.5	9	14.1	14.4	5	8.0	10.1
1975	45	73.7	73.3	11	17.4	16.5	5	8.9	10.1
1976	48	74.5	73.9	11	16.8	16.1	6	8.7	10.0
1977	49	74.3	74.6	11	16.9	15.3	6	8.8	10.1
1978	48	73.1	75.0	11	17.1	14.6	6	9.8	10.4
1979	49	72.8	74.1	12	17.5	15.1	7	9.7	10.8
1980	48	71.0	71.1	12	18.2	16.7	7	10.8	12.2
1981	46	68.0	69.3	13	19.7	16.8	8	12.2	13.8
1982	46	66.4	67.5	14	20.6	17.6	9	13.0	14.9
1983	40	62.8	66.6	15	23.5	18.4	9	13.6	15.1
1984	47	65.7	67.8	15	21.2	17.3	9	13.0	14.9
1985	46	64.6	67.2	15	21.4	17.6	10	14.1	15.3
1986	48	65.7	67.1	15	20.7	17.6	10	13.6	15.3
1987	51	66.7	67.5	15	20.0	17.2	10	13.3	15.3

NICHOLAS 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	25.4	0.16	35.7	0.91	.	.
1970	28.3	0.16	30.9	0.84	.	.
1971	31.3	0.17	27.8	0.72	.	.
1972	28.7	0.16	34.2	0.86	.	.
1973	32.1	0.17	30.4	0.71	.	.
1974	31.1	0.17	32.5	0.78	.	.
1975	27.2	0.15	27.7	0.85	.	.
1976	33.9	0.18	21.5	0.65	.	.
1977	32.8	0.17	22.7	0.62	.	.
1978	34.9	0.16	16.8	0.47	.	.
1979	36.4	0.17	15.4	0.41	.	.
1980	38.0	0.19	16.8	0.56	.	.
1981	33.4	0.15	20.3	0.44	0.2	0.00
1982	30.1	0.15	27.1	0.70	.	.
1983	37.0	0.14	4.1	0.19	.	.
1984	33.0	0.13	15.0	0.33	.	.
1985	33.5	0.13	11.2	0.31	.	.
1986	38.6	0.15	4.6	0.16	.	.
1987	39.3	0.16	7.3	0.23	.	.

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	7.9	0.09	12.6	0.12	9.1	0.15
1970	8.6	0.09	13.5	0.12	9.5	0.14
1971	8.4	0.08	13.6	0.11	9.6	0.13
1972	7.6	0.08	11.6	0.10	8.3	0.12
1973	7.0	0.07	12.5	0.11	8.2	0.12
1974	6.2	0.07	11.2	0.10	7.5	0.12
1975	11.5	0.11	10.8	0.09	9.0	0.12
1976	11.1	0.11	10.3	0.08	8.6	0.12
1977	10.6	0.11	9.8	0.08	8.5	0.12
1978	11.1	0.10	11.6	0.09	9.5	0.12
1979	11.3	0.10	12.6	0.09	9.8	0.12
1980	11.8	0.10	11.5	0.09	9.8	0.12
1981	12.2	0.09	10.9	0.08	10.8	0.11
1982	11.3	0.08	9.5	0.07	10.6	0.11
1983	17.7	0.09	13.2	0.07	13.4	0.11
1984	16.3	0.09	10.9	0.07	11.8	0.11
1985	18.5	0.10	10.8	0.06	12.6	0.11
1986	18.7	0.09	11.3	0.07	12.7	0.11
1987	17.6	0.09	10.0	0.06	12.6	0.11

NICHOLAS COUNTY
 COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	666	22.3	1,242	41.5	.	.
1970	672	22.5	1,238	41.5	.	.
1971	663	22.5	1,233	41.8	.	.
1972	788	25.7	1,234	40.2	15	0.5
1973	775	24.9	1,261	40.6	.	.
1974	812	25.5	1,290	40.5	.	.
1975	729	24.1	1,113	36.7	.	.
1976	766	24.4	1,181	37.6	.	.
1977	694	22.5	1,148	37.3	.	.
1978	683	22.2	1,156	37.7	.	.
1979	644	21.9	1,063	36.2	.	.
1980	676	22.8	1,084	36.5	.	.
1981	642	21.6	1,109	37.3	.	.
1982	578	20.2	1,106	38.7	.	.
1983	567	19.5	1,142	39.4	.	.
1984	586	20.2	1,091	37.6	.	.
1985	591	20.6	1,063	37.0	.	.
1986	621	21.0	1,081	36.5	.	.
1987	646	21.8	1,046	35.3	.	.

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	221	7.4	342	11.4	249	8.3
1970	217	7.3	347	11.6	250	8.4
1971	213	7.2	368	12.5	244	8.3
1972	250	8.1	298	9.7	242	7.9
1973	232	7.5	319	10.3	246	7.9
1974	217	6.8	298	9.4	251	7.9
1975	341	11.3	265	8.7	255	8.4
1976	370	11.8	246	7.8	253	8.1
1977	394	12.8	249	8.1	250	8.1
1978	377	12.3	268	8.7	254	8.3
1979	356	12.1	274	9.3	262	8.9
1980	345	11.6	275	9.3	258	8.7
1981	335	11.3	284	9.6	253	8.5
1982	329	11.5	262	9.2	247	8.6
1983	351	12.1	277	9.5	227	7.8
1984	346	11.9	298	10.3	230	7.9
1985	354	12.3	286	10.0	233	8.1
1986	355	12.0	268	9.1	255	8.6
1987	355	12.0	274	9.3	265	9.0

NICHOLAS COUNTY
EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	2,990	\$11,903	\$17,440	.	4.2
1970	2,981	\$11,359	\$17,811	3.2	4.4
1971	2,948	\$10,950	\$18,166	2.9	5.1
1972	3,072	\$11,946	\$18,970	3.0	6.0
1973	3,107	\$12,234	\$19,232	2.3	3.7
1974	3,187	\$12,677	\$19,008	3.0	4.5
1975	3,030	\$11,556	\$18,976	5.3	7.3
1976	3,142	\$12,201	\$19,563	3.6	5.6
1977	3,079	\$13,066	\$20,031	4.1	4.7
1978	3,070	\$12,292	\$20,121	4.8	5.3
1979	2,937	\$12,896	\$20,110	5.0	5.5
1980	2,970	\$12,700	\$19,439	6.1	8.0
1981	2,973	\$11,102	\$19,286	7.5	8.4
1982	2,857	\$11,637	\$18,931	9.4	10.6
1983	2,901	\$8,766	\$18,358	9.9	11.6
1984	2,905	\$10,320	\$19,080	7.7	9.3
1985	2,873	\$9,857	\$18,676	8.3	9.5
1986	2,958	\$9,900	\$18,627	8.6	9.3
1987	2,960	\$10,384	\$18,636	9.2	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER AGE 6		PERCENT AGE 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	6,500	0.20	.	.	.	.
1970	6,500	0.20	10.2	10.3	18.9	14.8
1971	6,600	0.20	9.7	9.6	18.9	14.8
1972	6,400	0.19	9.2	9.1	20.0	15.0
1973	6,600	0.20	8.5	8.8	19.7	15.2
1974	6,800	0.20	7.9	8.6	19.4	15.3
1975	7,000	0.20	7.5	8.4	19.4	15.4
1976	7,200	0.20	7.2	8.2	19.0	15.5
1977	7,200	0.20	7.4	8.4	19.2	15.5
1978	7,400	0.20	7.4	8.5	19.3	15.6
1979	7,300	0.20	7.7	8.7	19.9	15.8
1980	7,200	0.20	8.9	9.2	19.7	15.4
1981	7,200	0.20	8.6	9.3	19.6	15.5
1982	7,100	0.19	8.5	9.2	19.1	15.7
1983	7,200	0.19	8.7	9.2	19.2	15.9
1984	7,200	0.19	8.6	9.0	19.2	16.1
1985	7,200	0.19	8.3	8.9	19.4	16.3
1986	7,300	0.20	7.9	8.6	19.5	16.5
1987	7,300	0.20	.	.	.	.

C

1

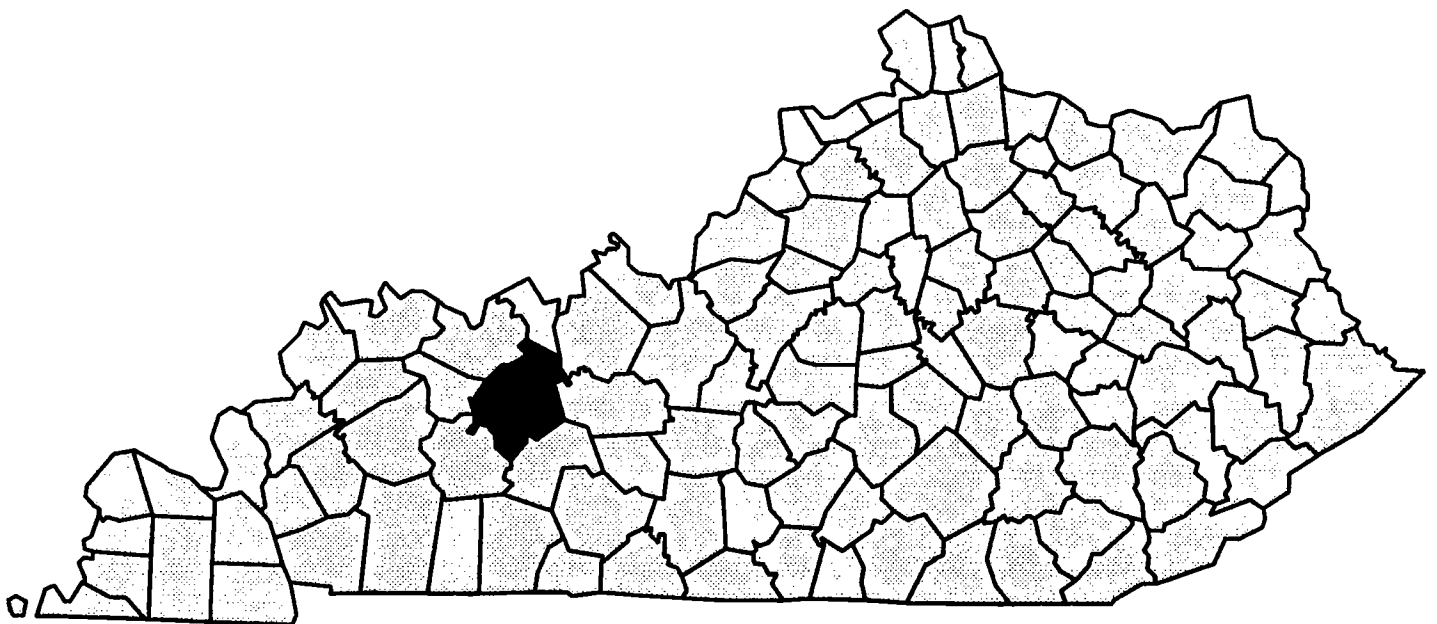
C

1

C

ECONOMIC TRENDS IN
KENTUCKY COUNTIES
1969 – 1987

OHIO 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
.L3nm
No. 438
1990

OHIO 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

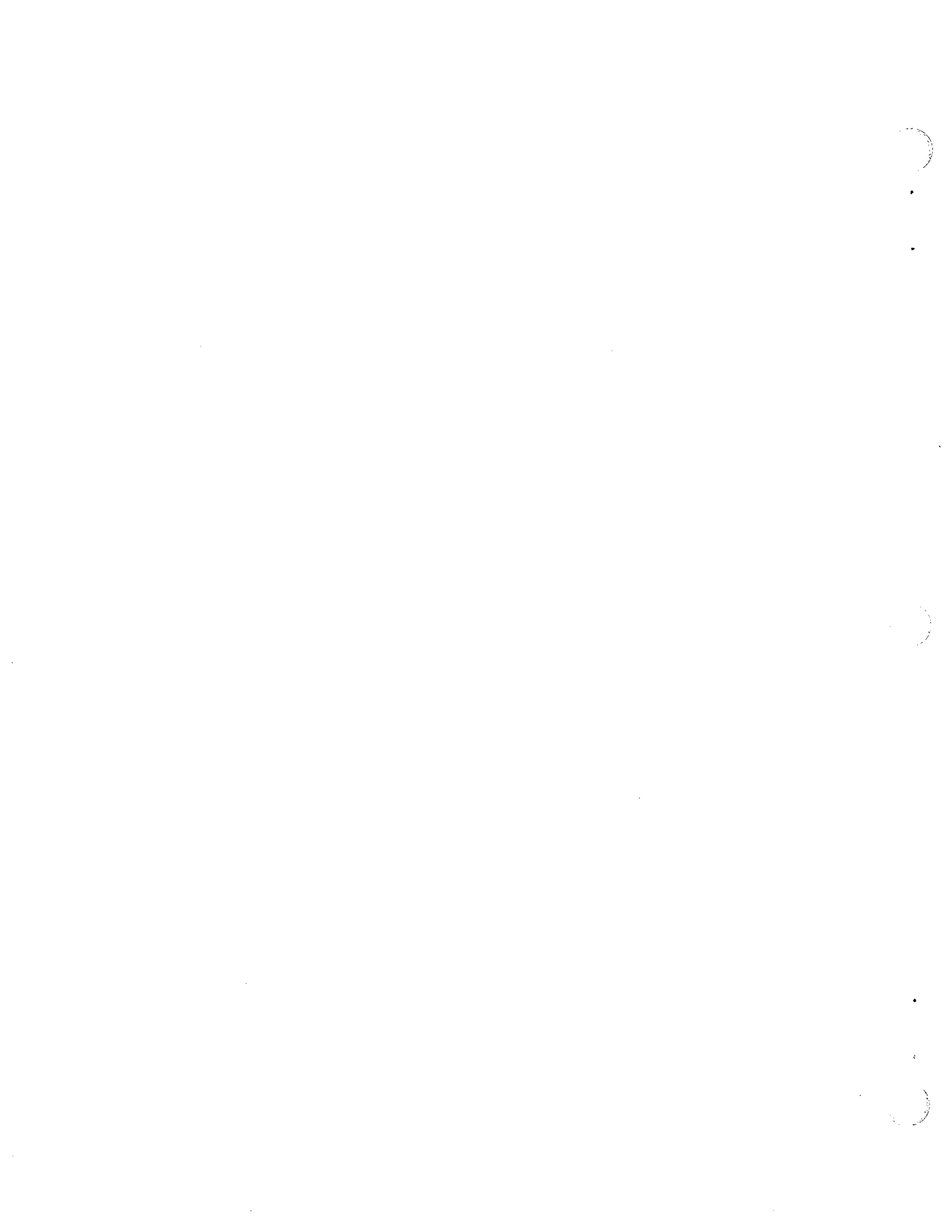
The Ohio County economy, as measured by personal income, grew strongly in the 1970's but declined slightly in the 1980's. Ohio County increased its share of Kentucky personal income in the early 1970's, then decreased its share in the 1980's. By 1987, both per capita personal income and average earnings per job were below those of the state. Ohio 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 mine sector was the primary source of earnings in Ohio County until 1987, when manufacturing became the largest source of earnings. Earnings and employment from the mine sector declined substantially in the 1980's. The county's share of earnings from manufacturing increased. The farm sector's share of earnings declined, while employment remained constant. At the state level, these goods-producing industries decreased their share of the Kentucky economy.

The non-goods-producing sectors of services, trade, and state and local government grew slightly. At the state level, the services and trade sectors grew, while state and local government remained 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 Ohio County in the mid-to-late 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 goods-producing sectors led to a volatile economic history and projects an uncertain economic future. These sectors, especially the coal mining industry, are very sensitive to economic fluctuations. Also, coal mining is becoming much less labor intensive, which limits its potential for employment growth. Similarly, the national outlook for the farm sector is for continued decline in employment and average earnings. Future economic growth in Ohio County would probably be enhanced by development of the less volatile non-goods-producing 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 Ohio 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.

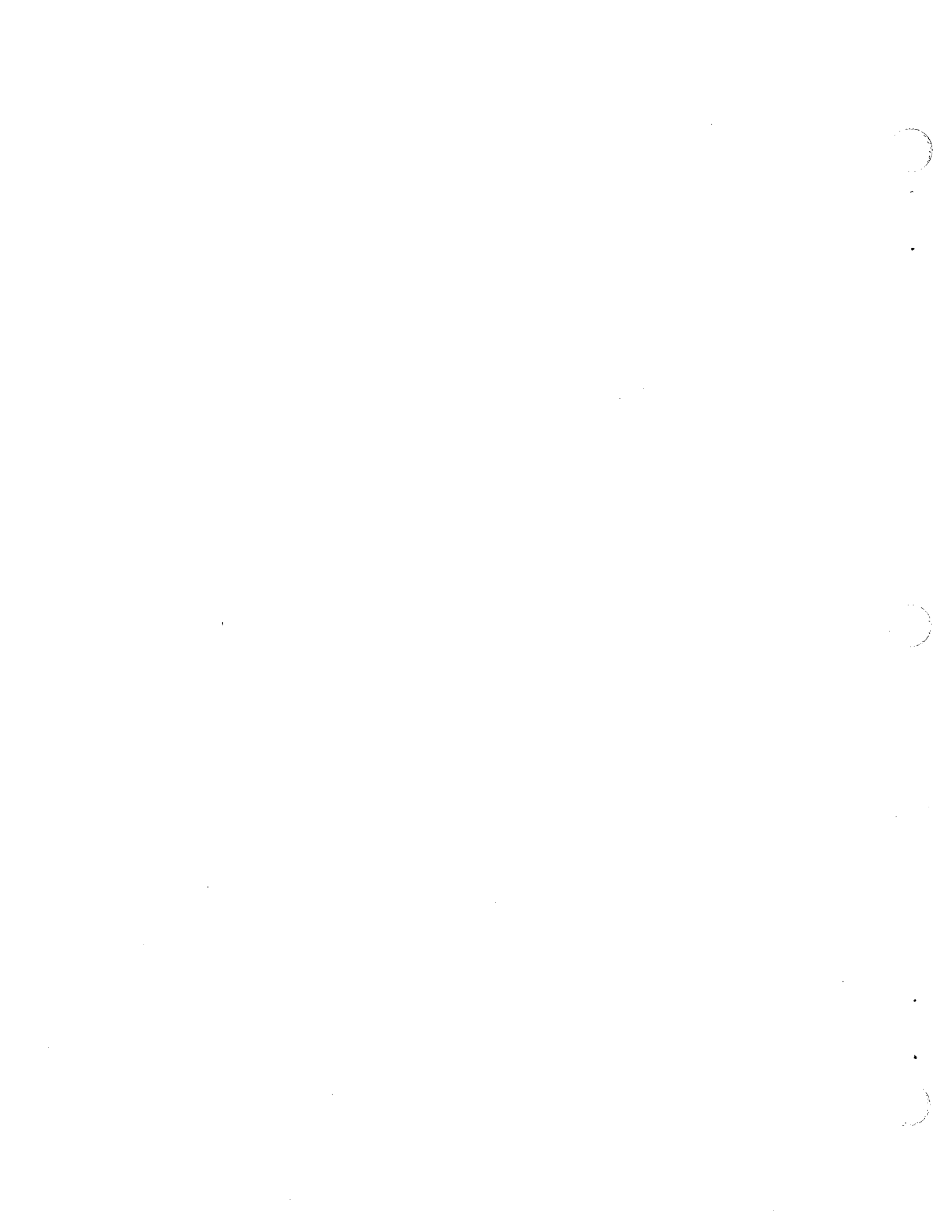
A second question concerns the structure and nature of the Ohio County economy. The structure of an economy refers to the relative share contributed by the various segments of the economy, while the nature deals with how this share has changed over time.

A third question concerns the performance of the Ohio 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.

*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 OHIO 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 Ohio 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 Ohio County economy, as measured by real personal income, increased from \$129 million in 1969 to a high of \$250 million in 1979. There was a subsequent decline to \$209 million in 1987, after adjusting for inflation. Chart 1B shows Ohio County total personal income as a percent of Kentucky total personal income. Ohio County's share of Kentucky personal income increased through the mid-1970's 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. Ohio County real per capita income increased over the time period to a level of \$11,288 per person in 1979, then declined to \$10,269 by 1987, which was 82.2 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 \$99 million in 1969 to a high of \$188 million in 1979, then declined to \$127 million in 1987 (in constant 1988 dollars). Earnings as a percent of personal income declined over the period. Earnings accounted for 60.6 percent of Ohio County's total personal income in 1987, which was less than Kentucky's 67.5 percent share.

Transfer payments contributed \$20 million to total personal income in 1969 and \$49 million in 1987. Transfer payments contributed a higher percentage of personal income in Ohio County than in Kentucky.

Income from property in Ohio County grew steadily through the time period. Income from property totalled \$10 million in 1969 and increased to \$33 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, Ohio County received 14.5 percent of its earnings from manufacturing. This percentage fluctuated during the period and increased to 21.6 percent in 1987. Earnings from the farming sector generally declined, from 7.9 percent in 1969 to 3.8 percent in 1987. The mine sector's share of earnings was 31.7 percent in 1969. This sector's share increased dramatically in the late 1970's and reached a high of 58.5 percent in 1977. Earnings from this sector declined through the 1980's to 19.8 percent in 1987. The share of earnings from all three of these sectors declined in the state as a whole.

Earnings from non-goods-producing industries, illustrated in Chart 3B, decreased through the 1970's, then increased in the mid-1980's. Much of the decline in these sectors reflects the dramatic increases in the mine sector, rather than an absolute decline. The percent of total earnings from services was 12.1 percent in 1987. The trade sector accounted for 11.3 percent of earnings in 1987. The percentage of earnings from the state and local government sector was 13.1 percent in 1987. Overall, Kentucky saw a substantial increase in the share of earnings from services, while the shares from trade and state and local government remained constant.

Average earnings per job (adjusted for inflation) for Ohio 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. Similarly, in Ohio County earnings per job increased during the 1970's. Average earnings then decreased to a level of \$14,855 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 5,461 people. By 1979, employment had increased to 8,762 people but then declined to 7,525 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 Ohio County are presented in Chart 4B. Ohio County unemployment rates were above those of the state from 1982 to 1987. In 1987, the unemployment rate in Ohio County was 16.0 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 Ohio County total employment in manufacturing decreased in the 1970's and increased in the 1980's. Manufacturing represented 16.5 percent of total employment in 1987. The farm sector's share of employment remained relatively constant and accounted for 17.4 percent in 1987. The mining sector represented 15.3 percent of total employment in 1969. Mine sector employment increased to 31.9 percent in 1977. However, this share declined through the 1980's to 10.5 percent in 1987. The employment share in all three of these sectors declined at the state level.

Ohio County employment in the non-goods-producing industries is illustrated in Chart 4D. Employment in the service sector as a percent of total employment generally increased, from 10.9 percent in 1969 to 13.2 percent in 1987. The percent of employment in the trade sector remained relatively constant and accounted for 14.4 percent in 1987. The percent of employment in state and local government increased from 9.8 percent in 1969 to 11.9 percent in 1987. These patterns were generally similar to state patterns for the non-goods-producing sectors.

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 Ohio County.

The Ohio County population increased from 18,700 in 1969 to 22,100 in 1979 (Chart 5A). The population subsequently declined to 20,400 in 1987. It was estimated that in 1986, 8.2 percent of Ohio County's population was under six years of age, compared to 8.6 percent for the state. Ohio County's proportion of residents age sixty or older declined through the period. In 1986, 18.8 percent of the Ohio County population was sixty years of age or older, 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 Ohio County economy in the late 1970's and early 1980's.

Ohio 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 from 6,317 thousand tons in 1969 to a high of 10,317 thousand tons in 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. However, when oil prices declined, coal production also declined. In 1986, 2,426 thousand tons of coal was mined in Ohio County.

Employment in the mining sector, which includes coal and other forms of mining, is illustrated in Chart 6B. In 1969, this sector provided 836 jobs in Ohio County. Employment increased to 2,682 in 1979. However, by 1987 there were only 789 people employed in mining in Ohio 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. At the national level, average value per ton increased in the 1970's, then declined significantly during the 1980's. In Ohio County average value per ton increased in the 1970's and remained relatively high through 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 \$14.5 million in 1979. By 1986, coal severance tax collections allocated to Ohio County were \$4.9 million.

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

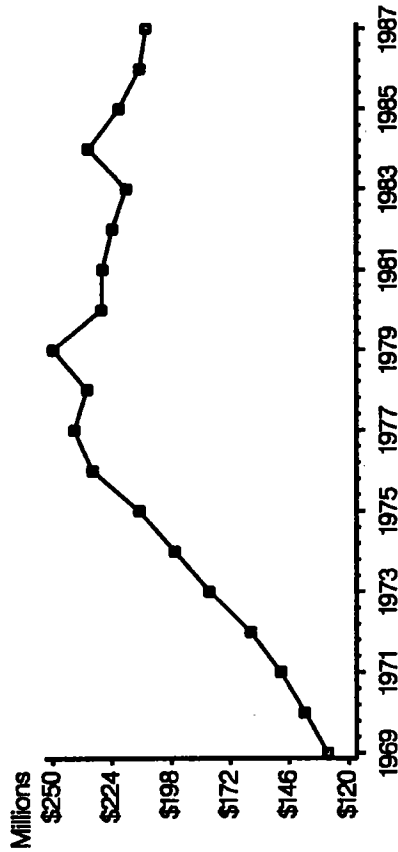


CHART 1B
OHIO COUNTY
PERSONAL INCOME
as a Percent of Kentucky Personal Income

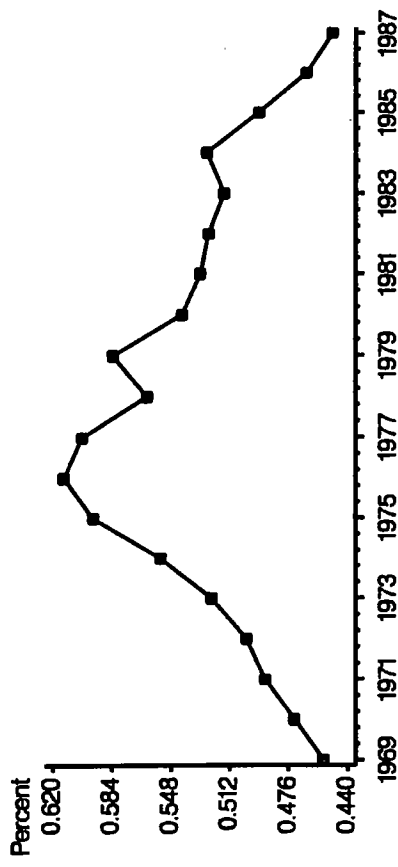


CHART 1C
OHIO COUNTY
PER CAPITA PERSONAL INCOME
in Constant 1988 Dollars

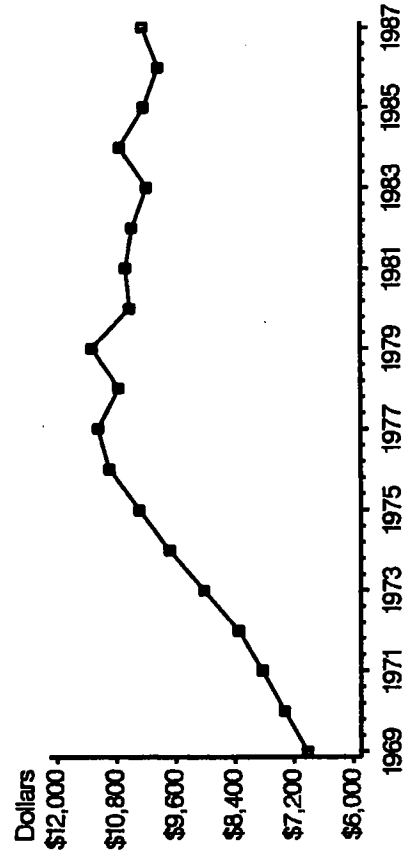


CHART 1D
OHIO COUNTY
PER CAPITA PERSONAL INCOME
as a Percent of Kentucky Per Capita Personal Income

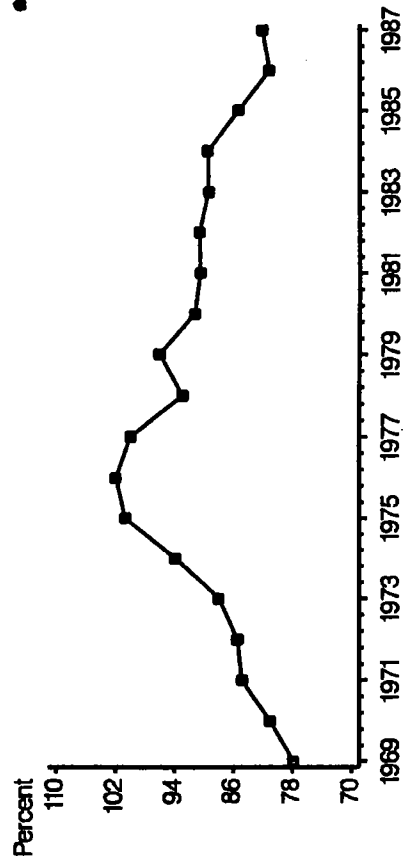


CHART 2A
OHIO COUNTY
REAL TOTAL EARNINGS
Millions of 1988 dollars

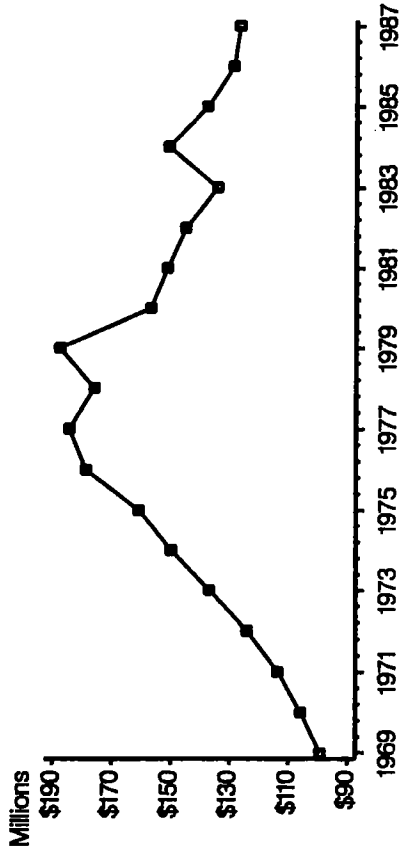


CHART 2B
OHIO COUNTY
TRANSFER PAYMENTS and INCOME FROM PROPERTY
Millions of 1988 Dollars

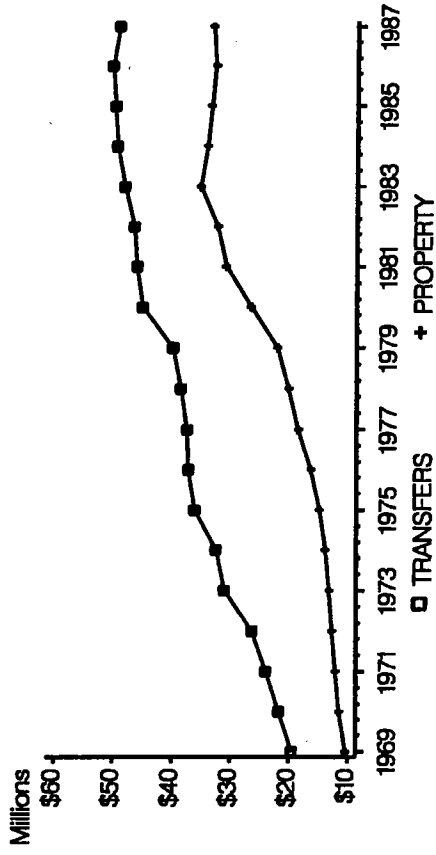


CHART 2C
OHIO COUNTY
TOTAL EARNINGS
as a Percent of Personal Income

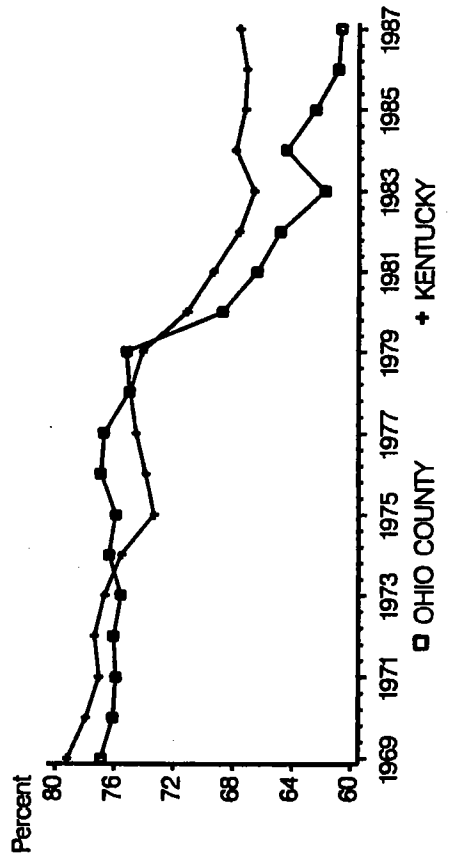


CHART 2D
OHIO COUNTY
TRANSFER PAYMENTS
as a Percent of Personal Income

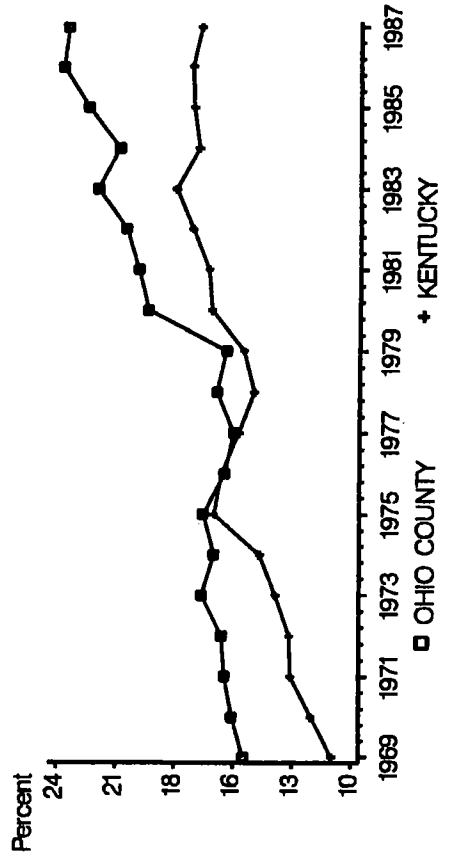


CHART 3A

OHIO COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Earnings

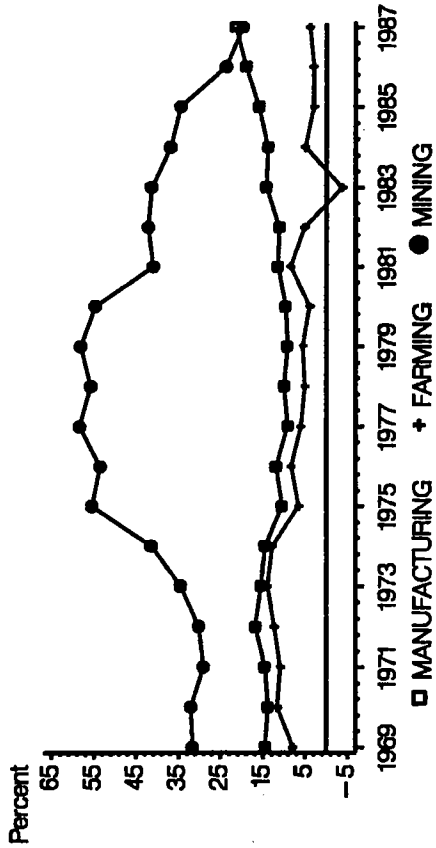


CHART 3B

OHIO COUNTY

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

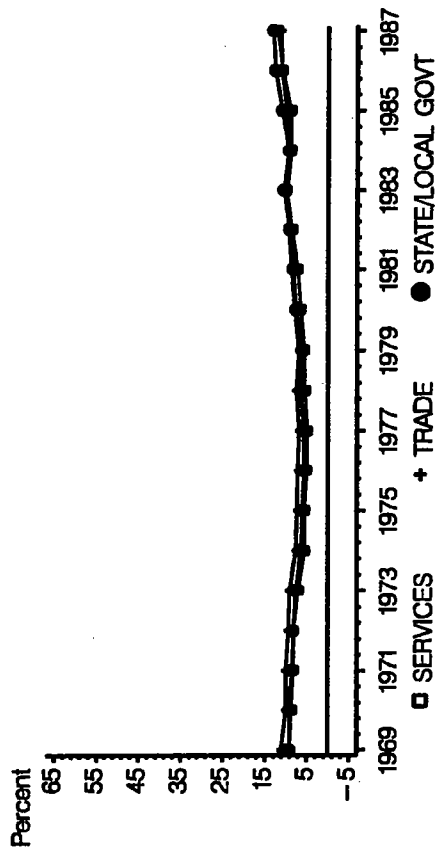


CHART 3C

OHIO COUNTY

EARNINGS in GOODS PRODUCING INDUSTRIES
as a Percent of Kentucky Industries

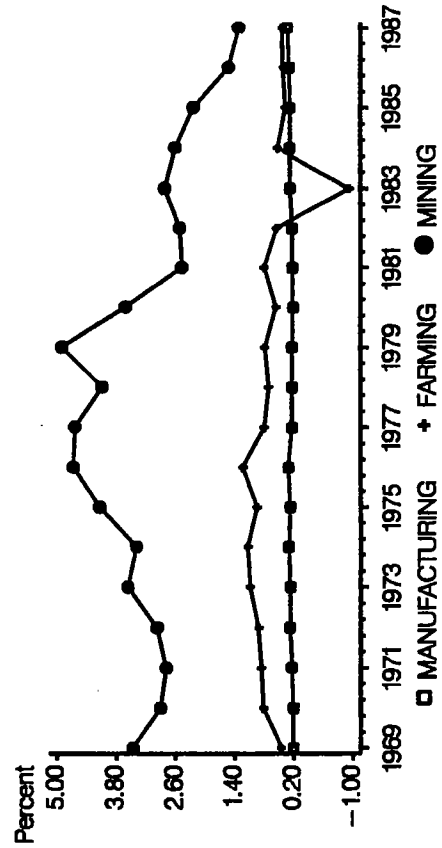


CHART 3D

OHIO COUNTY

AVERAGE EARNINGS PER JOB
in Constant 1988 Dollars

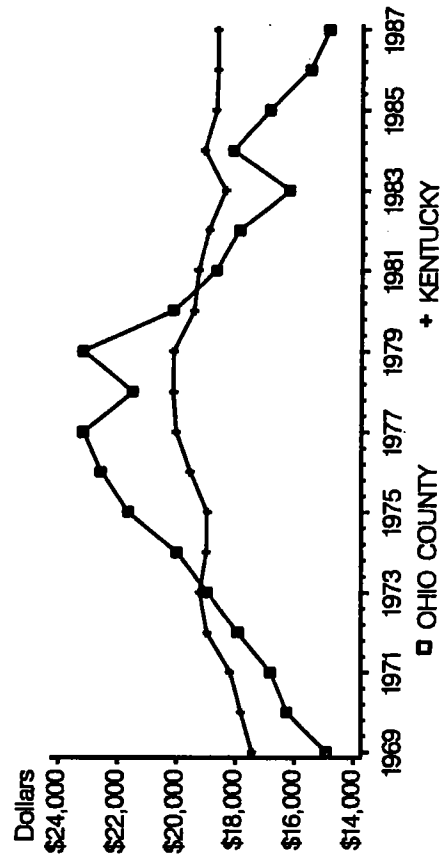


CHART 4A
OHIO COUNTY
TOTAL EMPLOYMENT
Thousands of People

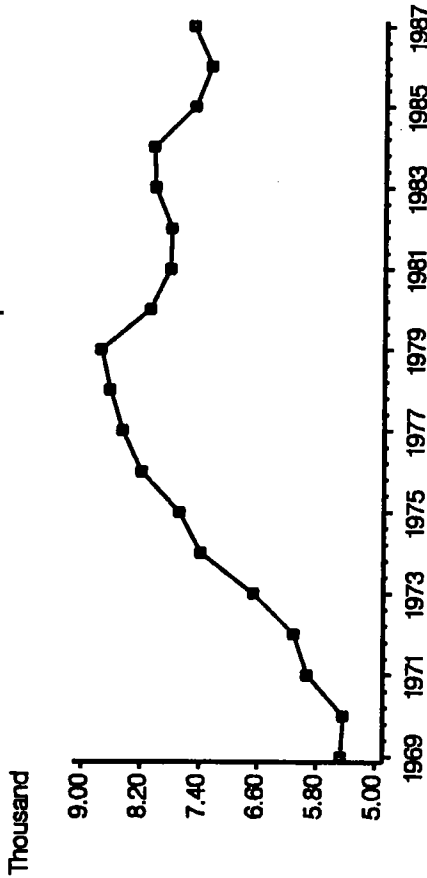


CHART 4B
OHIO COUNTY
ANNUAL UNEMPLOYMENT RATE

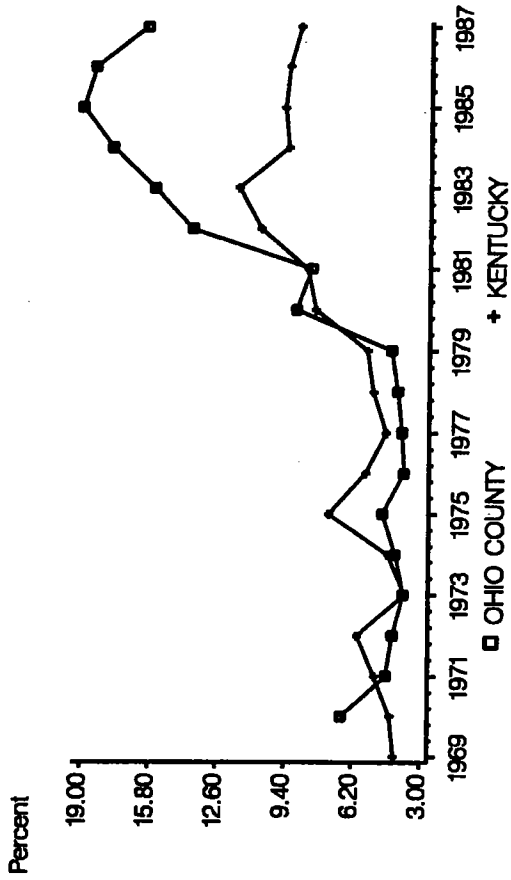


CHART 4C
OHIO COUNTY
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Employment

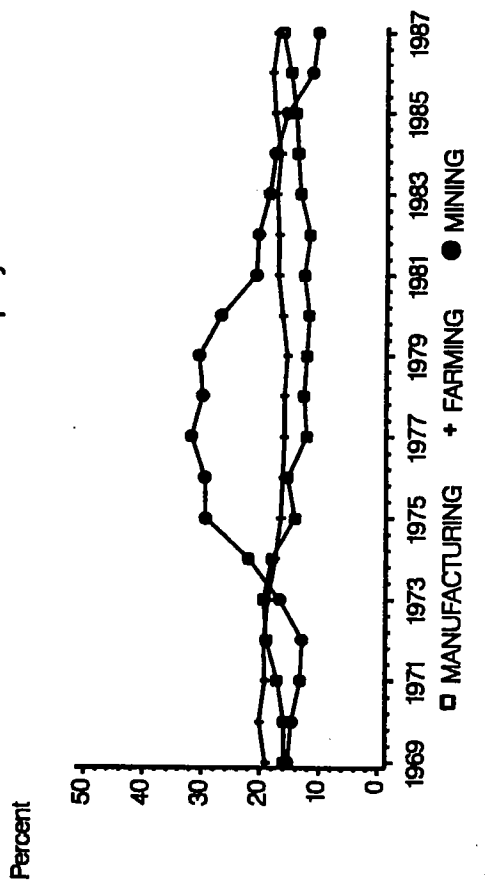


CHART 4D
OHIO COUNTY
EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES
as a Percent of Total Employment

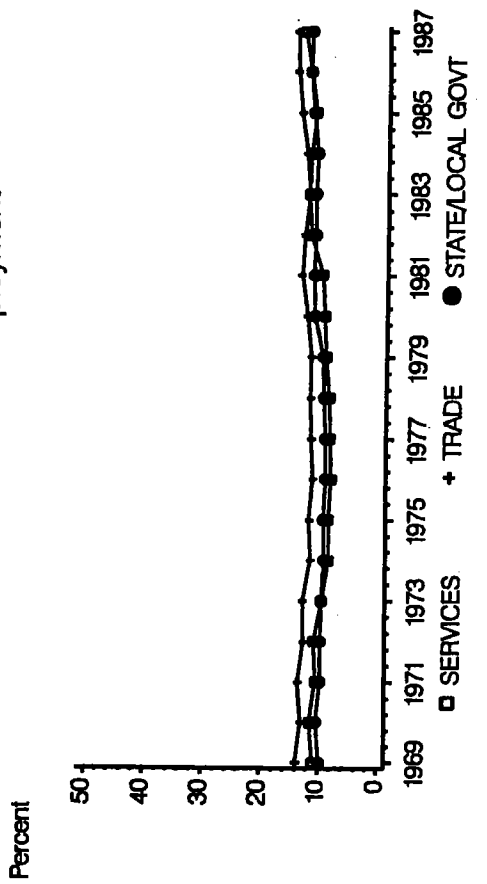


CHART 5A
OHIO COUNTY
POPULATION
Thousands of People

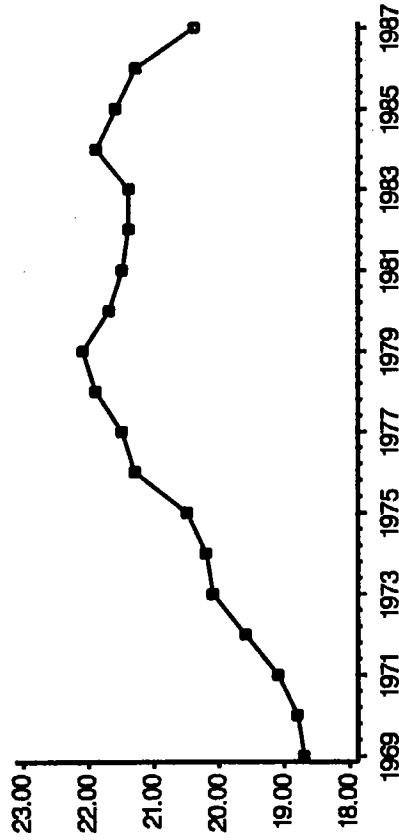


CHART 5B
OHIO COUNTY
POPULATION
as a Percent of Kentucky Population

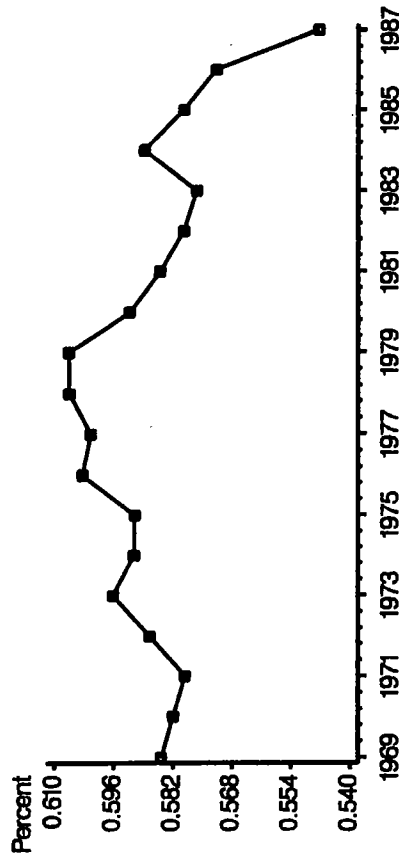


CHART 5C
OHIO COUNTY
POPULATION 5 AND UNDER
as a Percent of Total Population

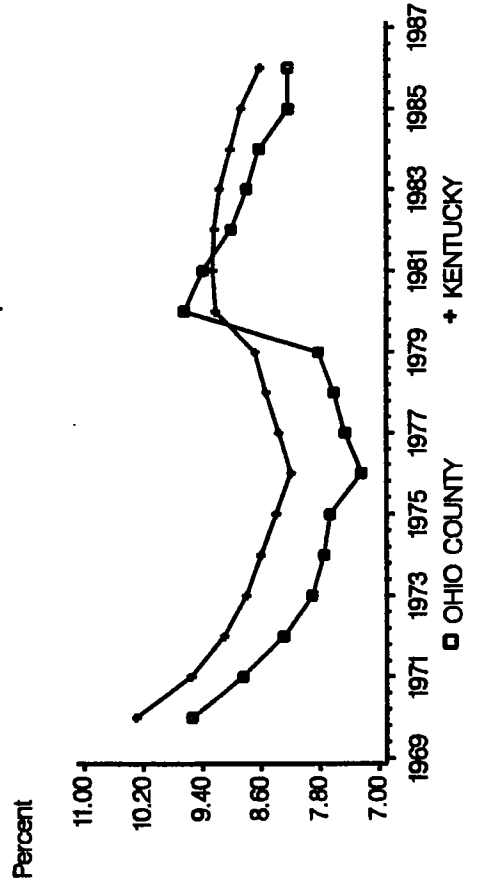


CHART 5D
OHIO COUNTY
POPULATION 60 AND OVER
as a Percent of Total Population

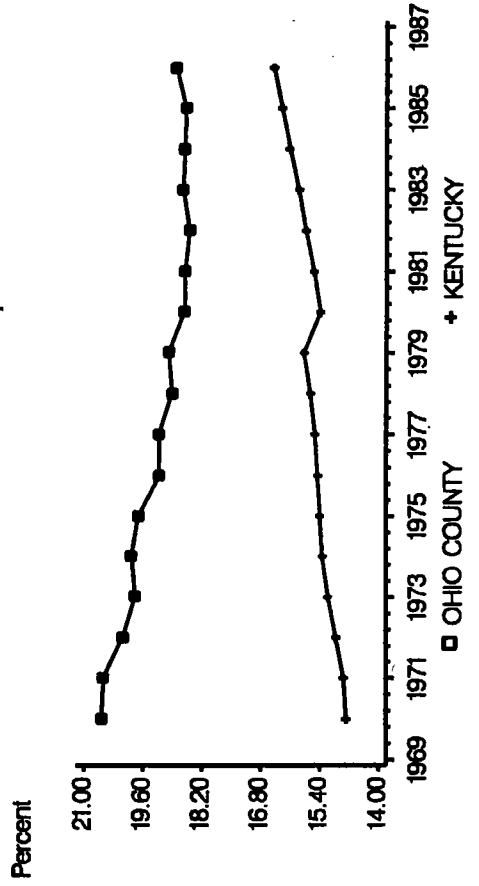


CHART 6A
OHIO COUNTY
TOTAL COAL PRODUCTION (SHIPMENTS)
Thousands of Tons

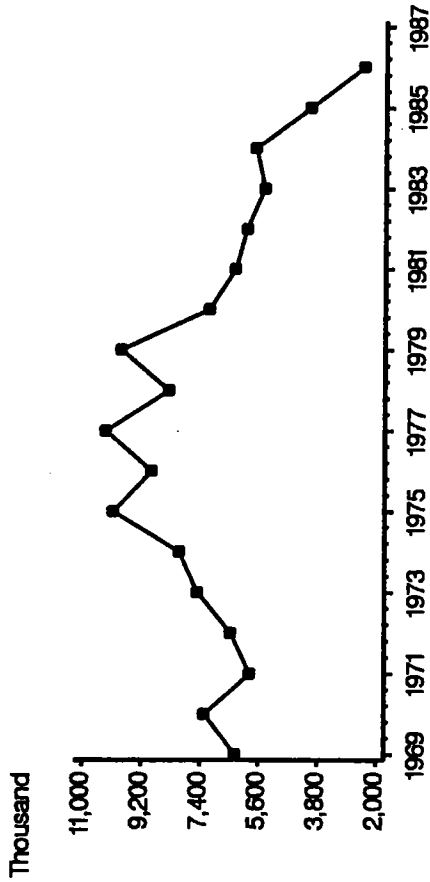


CHART 6B
OHIO COUNTY
MINING EMPLOYMENT
Thousands of People

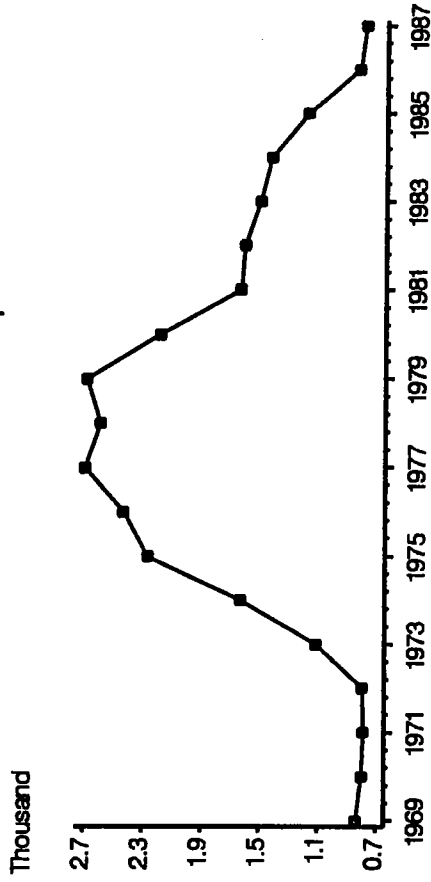


CHART 6C
OHIO COUNTY
AVERAGE VALUE PER TON FOR COAL
Constant 1988 Dollars

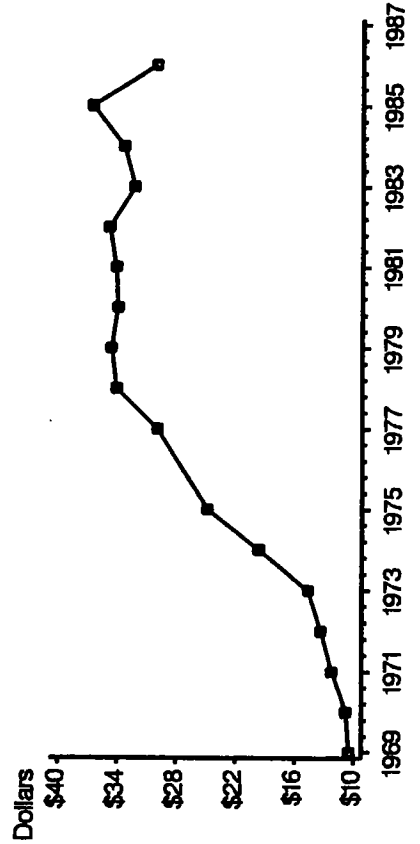
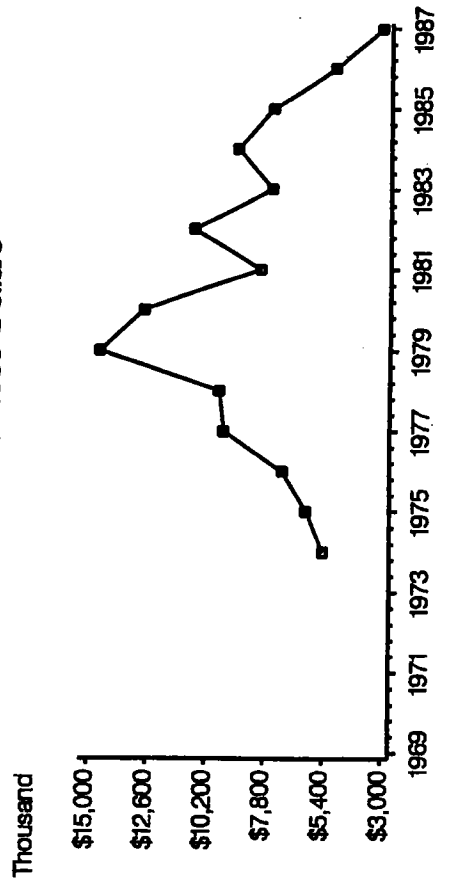


CHART 6D
OHIO COUNTY
TAX RECEIPTS ON COAL SEVERED OR PROCESSED
Thousands of 1988 Dollars



OHIO COUNTY

PERSONAL INCOME
In Millions of 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	129	0.45	6,917	77.9
1970	139	0.47	7,392	81.1
1971	150	0.49	7,850	84.8
1972	163	0.50	8,320	85.4
1973	181	0.52	9,034	88.0
1974	196	0.55	9,726	93.9
1975	212	0.60	10,332	100.7
1976	233	0.61	10,944	101.9
1977	241	0.60	11,168	99.9
1978	235	0.56	10,751	92.9
1979	250	0.58	11,288	96.0
1980	229	0.54	10,528	91.3
1981	228	0.53	10,614	90.6
1982	224	0.52	10,480	90.7
1983	218	0.52	10,176	89.4
1984	235	0.53	10,736	89.5
1985	221	0.49	10,238	85.3
1986	212	0.47	9,940	81.2
1987	209	0.45	10,269	82.2

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	99	76.9	79.2	20	15.1	10.9	10	8.0	9.9
1970	106	76.1	77.9	22	15.6	11.9	11	8.3	10.2
1971	114	75.9	77.0	24	16.0	12.9	12	8.1	10.1
1972	124	76.1	77.3	26	16.2	12.9	13	7.8	9.7
1973	137	75.6	76.6	31	17.1	13.6	13	7.3	9.7
1974	150	76.4	75.5	32	16.5	14.4	14	7.1	10.1
1975	161	75.9	73.3	36	17.1	16.5	15	7.0	10.1
1976	179	76.9	73.9	37	16.0	16.1	16	7.1	10.0
1977	185	76.7	74.6	37	15.6	15.3	19	7.7	10.1
1978	176	75.0	75.0	39	16.4	14.6	20	8.6	10.4
1979	188	75.2	74.1	40	16.0	15.1	22	8.9	10.8
1980	157	68.7	71.1	45	19.7	16.7	27	11.6	12.2
1981	151	66.3	69.3	46	20.2	16.8	31	13.5	13.8
1982	145	64.8	67.5	46	20.7	17.6	32	14.4	14.9
1983	134	61.7	66.6	48	22.1	18.4	35	16.2	15.1
1984	151	64.4	67.8	49	21.1	17.3	34	14.6	14.9
1985	138	62.4	67.2	50	22.5	17.6	33	15.1	15.3
1986	129	60.8	67.1	50	23.7	17.6	33	15.4	15.3
1987	127	60.6	67.5	49	23.5	17.2	33	15.9	15.3

OHIO 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	14.5	0.21	7.9	0.46	31.7	3.46
1970	13.9	0.21	11.6	0.82	32.0	2.90
1971	14.5	0.24	10.8	0.87	29.1	2.79
1972	16.8	0.28	12.4	0.92	30.2	2.97
1973	15.5	0.27	14.0	1.09	34.5	3.56
1974	14.6	0.30	12.8	1.13	41.5	3.39
1975	10.5	0.27	6.5	0.95	55.5	4.14
1976	11.9	0.31	8.4	1.23	53.6	4.67
1977	9.1	0.23	6.0	0.80	58.5	4.63
1978	10.0	0.23	5.2	0.72	55.9	4.09
1979	9.2	0.23	5.6	0.79	58.3	4.90
1980	9.6	0.21	4.0	0.57	54.8	3.61
1981	11.5	0.22	8.5	0.80	41.1	2.47
1982	11.2	0.23	5.2	0.56	42.2	2.52
1983	14.3	0.27	-3.8	-0.92	41.5	2.81
1984	13.9	0.27	5.0	0.53	37.0	2.61
1985	16.1	0.28	3.0	0.37	34.6	2.24
1986	19.1	0.29	3.1	0.42	23.8	1.51
1987	21.6	0.32	3.8	0.44	19.8	1.31

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	9.2	0.24	11.1	0.25	9.1	0.35
1970	8.6	0.24	9.9	0.23	9.2	0.36
1971	8.1	0.25	9.9	0.25	8.5	0.36
1972	8.2	0.26	9.4	0.25	8.2	0.36
1973	7.0	0.25	9.1	0.26	7.5	0.37
1974	5.5	0.23	7.6	0.26	6.4	0.37
1975	5.5	0.25	7.3	0.27	6.1	0.38
1976	5.1	0.24	7.1	0.28	5.8	0.38
1977	4.9	0.24	6.9	0.28	5.8	0.39
1978	5.4	0.24	7.5	0.27	6.5	0.39
1979	5.6	0.26	6.8	0.27	6.1	0.39
1980	6.5	0.23	7.8	0.26	7.6	0.39
1981	7.2	0.23	8.7	0.27	8.3	0.39
1982	8.6	0.26	9.3	0.28	9.2	0.41
1983	10.0	0.26	9.8	0.27	10.6	0.43
1984	8.8	0.25	8.8	0.27	9.3	0.41
1985	8.9	0.21	10.0	0.26	11.0	0.41
1986	10.9	0.21	11.1	0.25	12.7	0.41
1987	12.1	0.21	11.3	0.25	13.1	0.41

OHIO COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	872	16.0	1,038	19.0	836	15.3
1970	867	16.0	1,088	20.0	797	14.7
1971	1,013	17.1	1,133	19.1	786	13.3
1972	1,156	18.9	1,181	19.3	794	13.0
1973	1,293	19.4	1,243	18.6	1,116	16.7
1974	1,339	18.1	1,295	17.5	1,630	22.1
1975	1,098	14.3	1,281	16.7	2,265	29.5
1976	1,275	15.5	1,342	16.4	2,432	29.6
1977	1,041	12.3	1,359	16.1	2,696	31.9
1978	1,102	12.8	1,389	16.1	2,590	30.0
1979	1,080	12.3	1,366	15.6	2,682	30.6
1980	967	11.9	1,332	16.4	2,182	26.9
1981	1,003	12.8	1,344	17.2	1,634	20.9
1982	926	11.9	1,339	17.1	1,607	20.6
1983	1,090	13.6	1,409	17.5	1,504	18.7
1984	1,127	14.0	1,358	16.8	1,429	17.7
1985	1,072	14.3	1,334	17.8	1,182	15.8
1986	1,107	15.2	1,328	18.2	833	11.4
1987	1,243	16.5	1,309	17.4	789	10.5

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	594	10.9	758	13.9	534	9.8
1970	622	11.5	708	13.0	561	10.3
1971	619	10.4	803	13.5	573	9.7
1972	659	10.8	771	12.6	590	9.7
1973	632	9.5	851	12.8	630	9.5
1974	615	8.3	848	11.5	671	9.1
1975	649	8.4	905	11.8	712	9.3
1976	654	8.0	916	11.2	734	8.9
1977	695	8.2	972	11.5	763	9.0
1978	725	8.4	1,009	11.7	806	9.3
1979	788	9.0	1,014	11.6	832	9.5
1980	754	9.3	999	12.3	897	11.1
1981	763	9.7	1,049	13.4	880	11.2
1982	925	11.8	1,014	13.0	863	11.0
1983	981	12.2	977	12.2	888	11.0
1984	958	11.9	1,020	12.7	867	10.8
1985	832	11.1	1,024	13.7	859	11.5
1986	878	12.1	1,043	14.3	880	12.1
1987	993	13.2	1,085	14.4	898	11.9

OHIO COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	5,461	\$14,919	\$17,440	.	4.2
1970	5,430	\$16,246	\$17,811	6.7	4.4
1971	5,927	\$16,820	\$18,166	4.6	5.1
1972	6,111	\$17,910	\$18,970	4.3	6.0
1973	6,665	\$18,959	\$19,232	3.8	3.7
1974	7,392	\$19,993	\$19,008	4.2	4.5
1975	7,685	\$21,642	\$18,976	4.8	7.3
1976	8,206	\$22,555	\$19,563	3.8	5.6
1977	8,464	\$23,155	\$20,031	3.9	4.7
1978	8,641	\$21,490	\$20,121	4.1	5.3
1979	8,762	\$23,152	\$20,110	4.4	5.5
1980	8,099	\$20,111	\$19,439	8.9	8.0
1981	7,826	\$18,666	\$19,286	8.2	8.4
1982	7,812	\$17,879	\$18,931	13.8	10.6
1983	8,041	\$16,187	\$18,358	15.6	11.6
1984	8,060	\$18,092	\$19,080	17.6	9.3
1985	7,497	\$16,876	\$18,676	19.0	9.5
1986	7,281	\$15,477	\$18,627	18.4	9.3
1987	7,525	\$14,855	\$18,636	16.0	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER 6		PERCENT 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	18,700	0.58	.	.	.	.
1970	18,800	0.58	9.5	10.3	20.6	14.8
1971	19,100	0.58	8.8	9.6	20.5	14.8
1972	19,600	0.59	8.3	9.1	20.1	15.0
1973	20,100	0.60	7.9	8.8	19.8	15.2
1974	20,200	0.59	7.7	8.6	19.9	15.3
1975	20,500	0.59	7.7	8.4	19.7	15.4
1976	21,300	0.60	7.2	8.2	19.2	15.5
1977	21,500	0.60	7.5	8.4	19.2	15.5
1978	21,900	0.61	7.6	8.5	18.9	15.6
1979	22,100	0.61	7.8	8.7	19.0	15.8
1980	21,700	0.59	9.6	9.2	18.6	15.4
1981	21,500	0.58	9.4	9.3	18.6	15.5
1982	21,400	0.58	9.0	9.2	18.5	15.7
1983	21,400	0.58	8.8	9.2	18.7	15.9
1984	21,900	0.59	8.6	9.0	18.6	16.1
1985	21,600	0.58	8.2	8.9	18.6	16.3
1986	21,300	0.57	8.2	8.6	18.8	16.5
1987	20,400	0.55	.	.	.	.

OHIO COUNTY

COAL MINING STATISTICS

YEAR	PRODUCTION (Thousand Tons)	EMPLOYMENT	AVERAGE VALUE PER TON	COAL TAX RECEIPTS (000)
1969	6,317	836	\$10.48	.
1970	7,269	797	\$10.77	.
1971	5,870	786	\$12.20	.
1972	6,469	794	\$13.30	.
1973	7,493	1,116	\$14.63	.
1974	8,057	1,630	\$19.63	\$5,406
1975	10,079	2,265	\$24.90	\$6,111
1976	8,905	2,432	.	\$7,070
1977	10,317	2,696	\$29.96	\$9,492
1978	8,385	2,590	\$34.10	\$9,681
1979	9,852	2,682	\$34.64	\$14,528
1980	7,152	2,182	\$33.99	\$12,758
1981	6,358	1,634	\$34.15	\$7,989
1982	6,012	1,607	\$34.86	\$10,722
1983	5,467	1,504	\$32.35	\$7,526
1984	5,741	1,429	\$33.43	\$8,948
1985	4,068	1,182	\$36.57	\$7,477
1986	2,426	833	\$30.11	\$4,948
1987	.	789	.	.

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



1

2



3

4



6

7

8

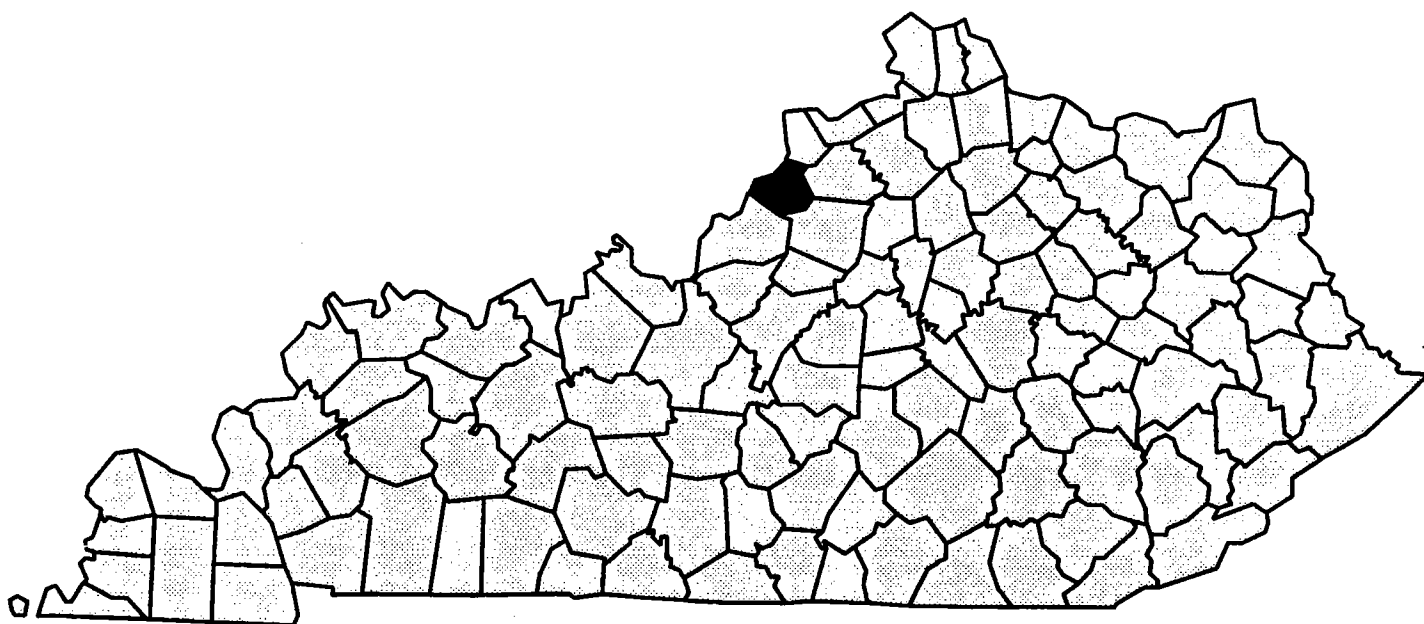
9

0



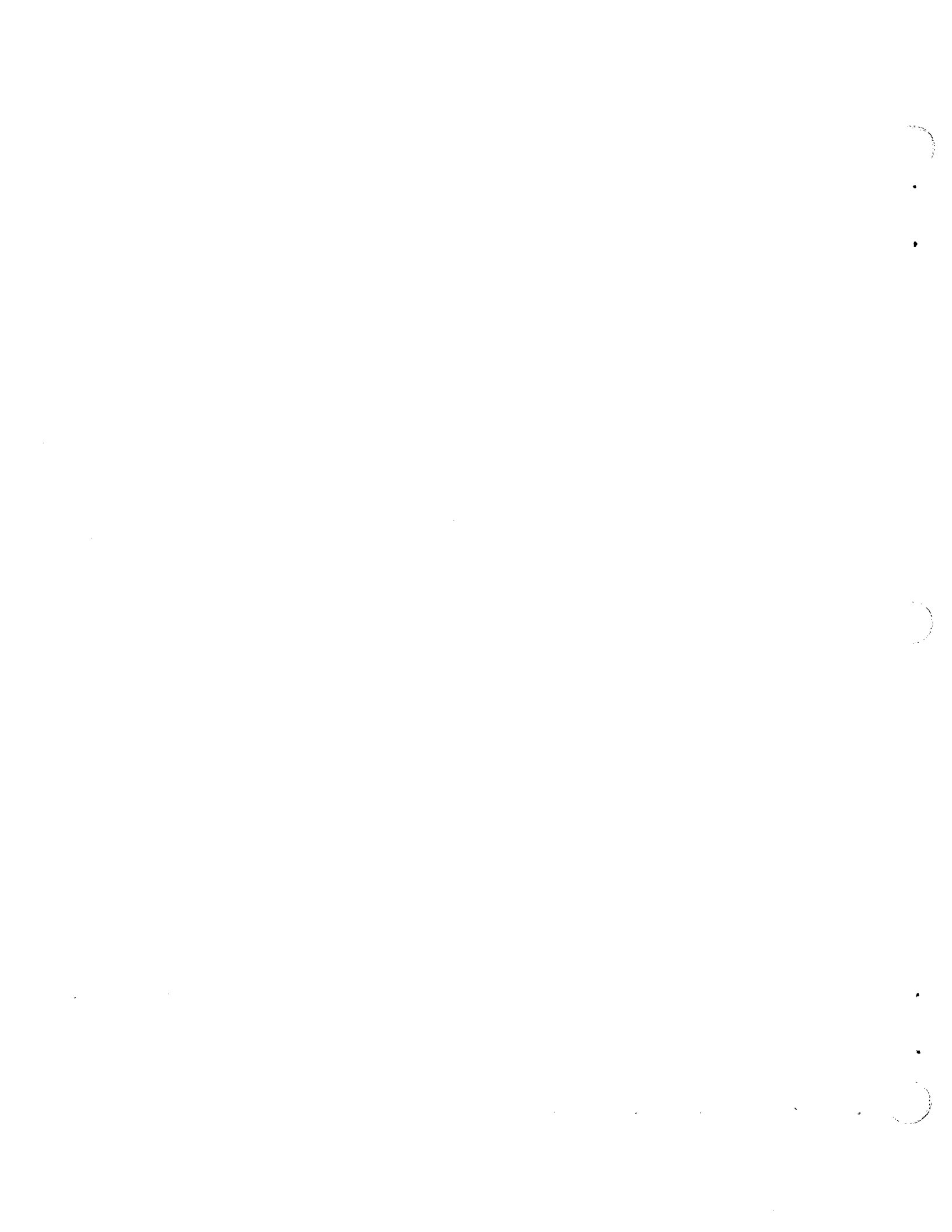
ECONOMIC TRENDS IN
KENTUCKY COUNTIES
1969 – 1987

OLDHAM 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

KY
65
L3PM
No. 438
1990

OLDHAM 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

Oldham County experienced significant economic growth from 1969 to 1987. Personal income tripled during this period. Oldham County also increased its share of Kentucky personal income, indicating that the county economy grew at a faster rate than the state economy. One explanation for this relatively better performance can be found in the component shares of county personal income. Earnings account for a much larger share of personal income in Oldham County than in Kentucky. Transfer payments contribute a smaller share to personal income in the county than in the state.

Oldham County had a very diversified economic base. While the manufacturing sector declined slightly, this decline was offset by increases in the services, trade, state and local government, and farming sectors. This compares to state trends toward declining manufacturing and farming sectors and increasing service and trade sectors.

Economies which depend too heavily on one economic sector are susceptible to extreme economic swings when events in the national and international economy affect that sector. The goods-producing sectors, especially durable 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 decline. The diversified economic base of Oldham County helped to stabilize the county economy and should enhance 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.

*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 OLDHAM 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 Oldham 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 Oldham County economy, as measured by personal income, increased from \$148 million in 1969 to \$484 million in 1987, after adjusting for inflation. Chart 1B shows Oldham County total personal income as a percent of Kentucky total personal income. Oldham 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 Oldham County per capita income generally increased over the time period to a level of \$14,328 in 1987, when it was 114.6 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 \$118 million in 1969 to \$384 million in 1987 (in constant 1988 dollars). The share of personal income from earnings

declined slightly. This trend occurred to a much greater extent at the state level. In 1987, earnings accounted for 79.4 percent of Oldham County's total personal income, which was higher than Kentucky's 67.5 percent share.

Transfer payments contributed \$11 million to total personal income in 1969 and \$37 million in 1987. During the same period, transfer payments contributed a much lower percentage of personal income in Oldham County than in Kentucky.

Income from property in Oldham County grew rapidly from 1977 to 1987. Income from property totalled \$19 million in 1969 and increased to \$63 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, Oldham County received 17.3 percent of total earnings from manufacturing. This percentage decreased to 10.2 percent in 1987 (Chart 3A). The state's share of earnings from the manufacturing sector also declined.

Farming's contribution to total county earnings increased slightly and accounted for 15.0 percent in 1987. The percent of earnings from the farm sector declined at the state level.

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 relatively constant and was 19.5 percent in 1987. The trade sector's share also remained stable and accounted for 11.8 percent in 1987. The share of earnings from the state and local government sector increased to 21.2 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 Oldham 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. Oldham County average earnings per job increased significantly in the late 1970's, reaching \$17,683 in 1987 but remaining 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 Oldham County increased substantially during the data period. In 1969, total employment stood at 4,555 people. By 1987, that figure had increased to 10,373.

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 Oldham County are presented in Chart 4B. Unemployment rates in Oldham County were below those of the state throughout the period. In 1987, the county unemployment rate was 4.7 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 decreased from 12.8 percent in 1969 to 7.0 percent in 1987. Farming's share of employment declined from 27.5 percent in 1969 to 8.2 percent in 1987. The state's share of employment in manufacturing and farming also declined.

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 13.7 percent of employment. This share increased to 21.3 percent in 1987. The percent of employment in state and local government increased from 16.3 percent in 1969 to 18.8 percent in 1987. The trade sector's share of employment also increased and accounted for 18.2 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 Oldham County.

The Oldham County population grew from 14,600 in 1969 to 33,800 in 1987 (Chart 5A). There was a significant correction in the estimate of the population under six years of age in 1980. It was estimated that in 1986, 7.1 percent of Oldham County's population was under six years of age, compared to 8.6 for the state. Oldham County had a much lower proportion of residents age sixty or over than the state. In 1986, 8.9 percent of the Oldham County population was sixty years of age and over, while 16.5 percent of all Kentucky residents fell in this age group.

CHART 1A

OLDHAM COUNTY

REAL PERSONAL INCOME

Millions of 1988 dollars

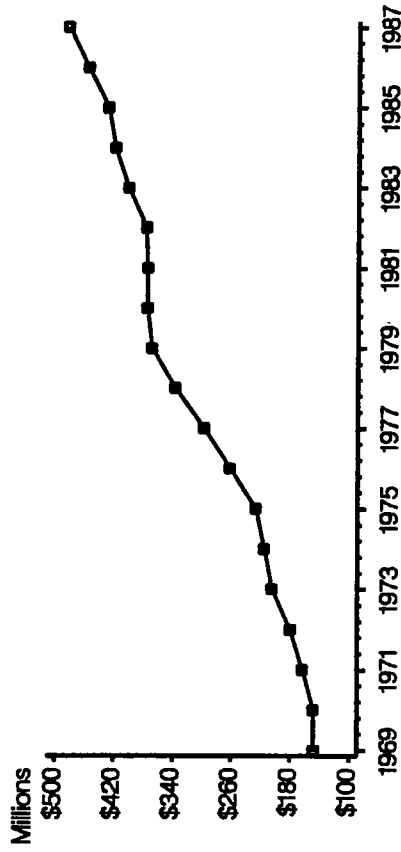


CHART 1B

OLDHAM COUNTY

PERSONAL INCOME

as a Percent of Kentucky Personal Income

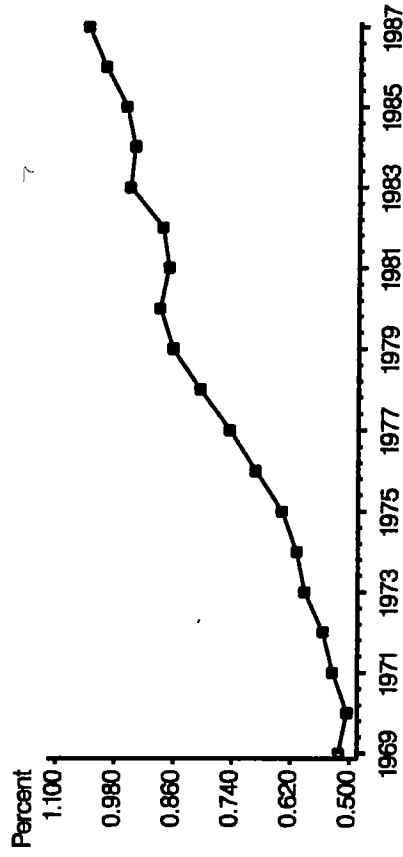


CHART 1C

OLDHAM COUNTY

PER CAPITA PERSONAL INCOME

in Constant 1988 Dollars

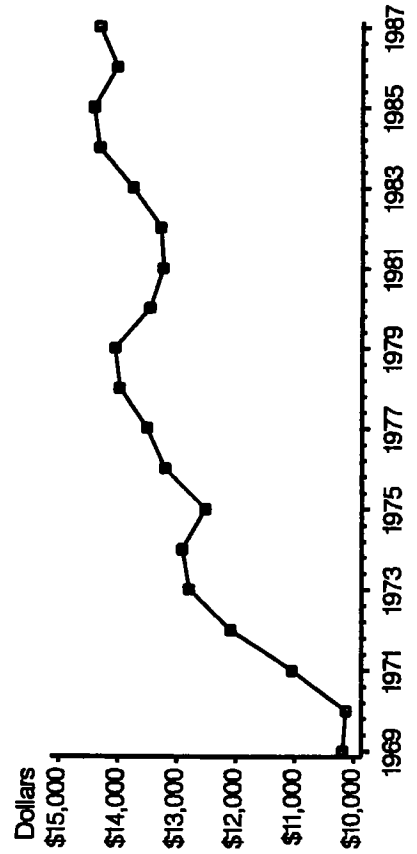


CHART 1D

OLDHAM COUNTY

PER CAPITA PERSONAL INCOME

as a Percent of Kentucky Per Capita Personal Income

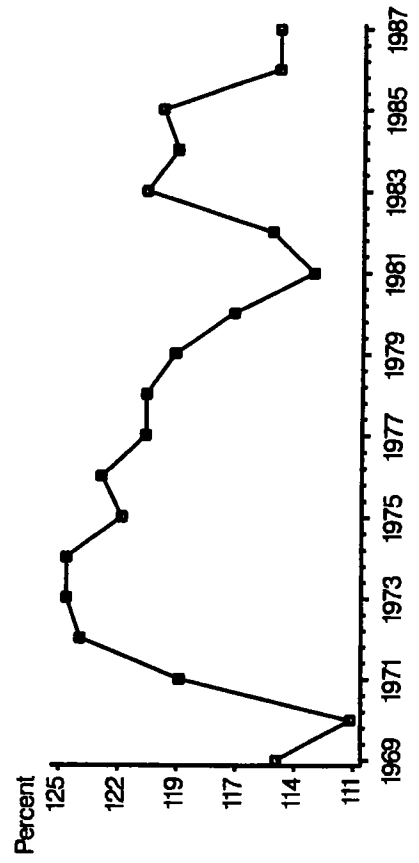


CHART 2A
 OLDHAM COUNTY
 REAL TOTAL EARNINGS
 Millions of 1988 dollars

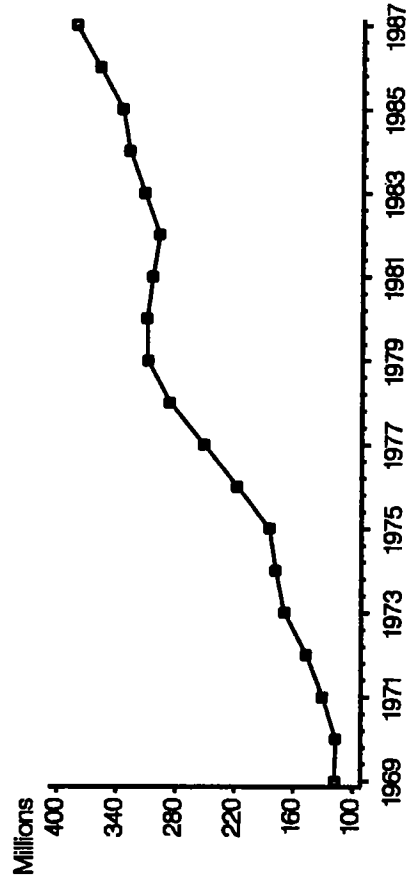


CHART 2B
 OLDHAM COUNTY
 TRANSFER PAYMENTS and INCOME FROM PROPERTY
 Millions of 1988 Dollars

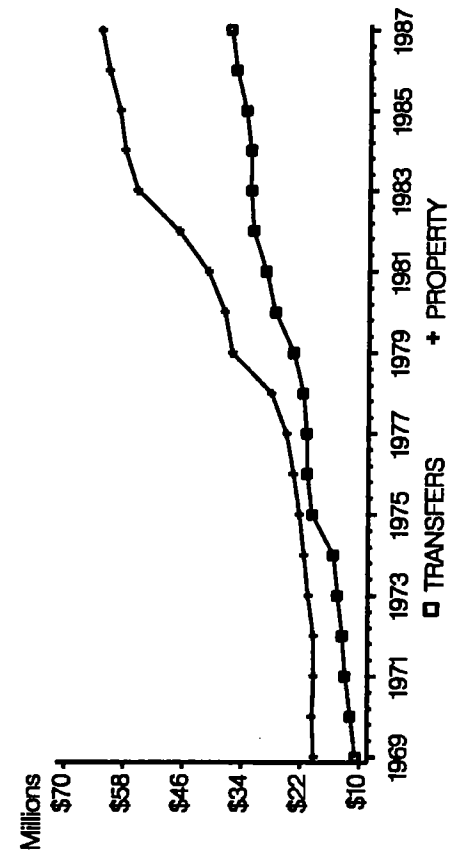


CHART 2C
 OLDHAM COUNTY
 TOTAL EARNINGS
 as a Percent of Personal Income

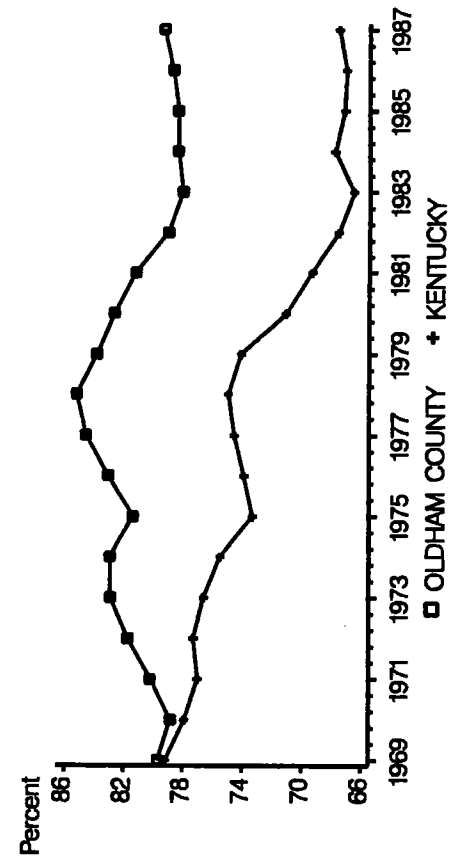


CHART 2D
 OLDHAM COUNTY
 TRANSFER PAYMENTS
 as a Percent of Personal Income

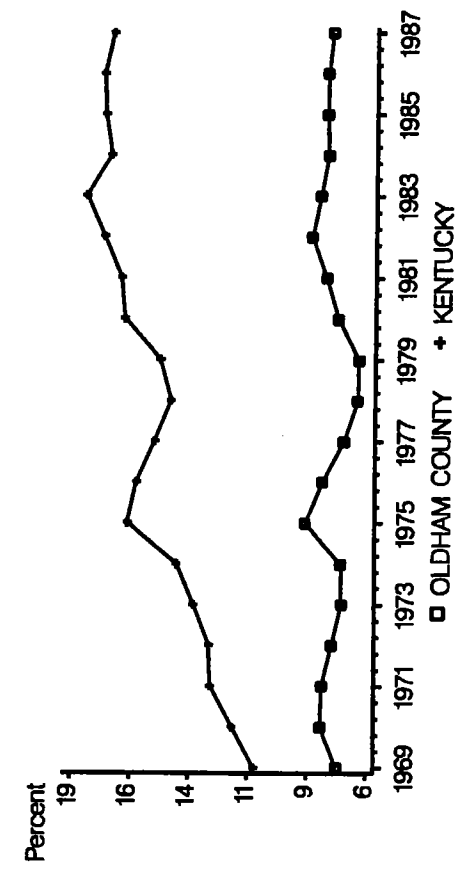


CHART 3A

OLDHAM COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Earnings

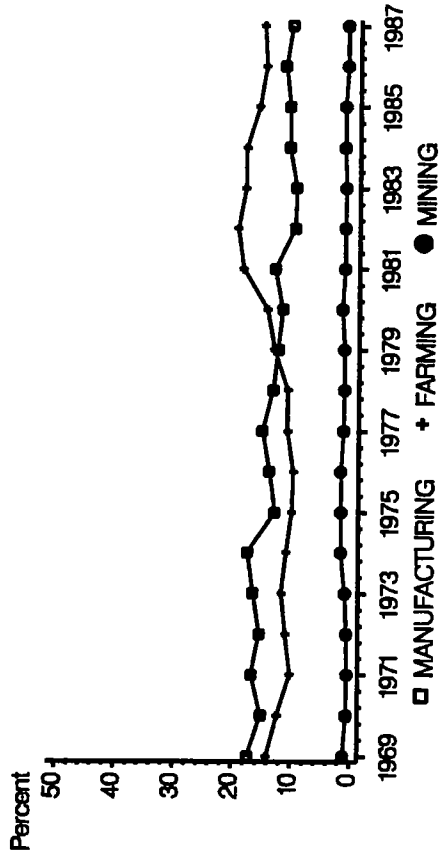


CHART 3B

OLDHAM COUNTY

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

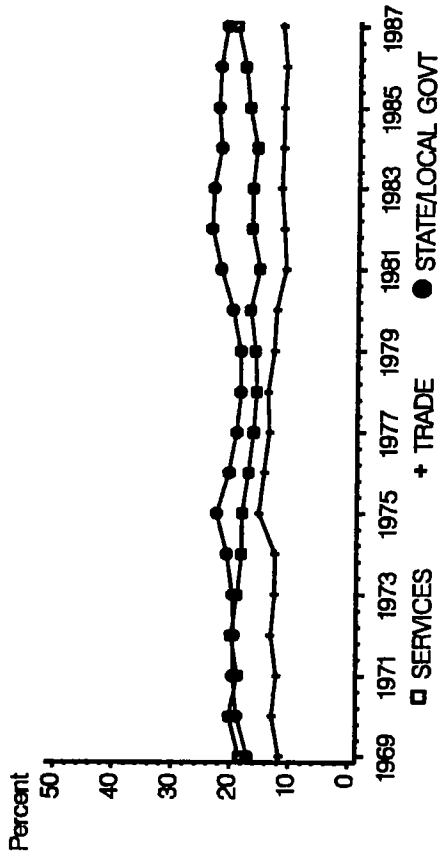


CHART 3C

OLDHAM COUNTY

EARNINGS in GOODS PRODUCING INDUSTRIES
as a Percent of Kentucky Industries

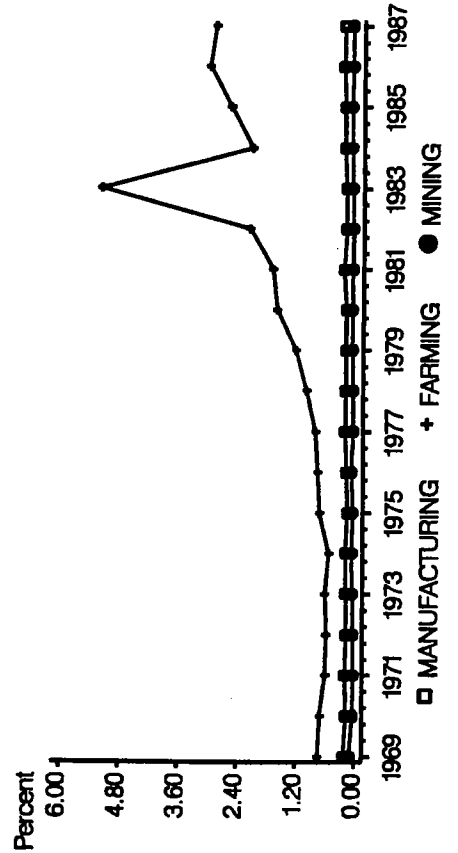


CHART 3D

OLDHAM COUNTY

AVERAGE EARNINGS PER JOB
in Constant 1988 Dollars

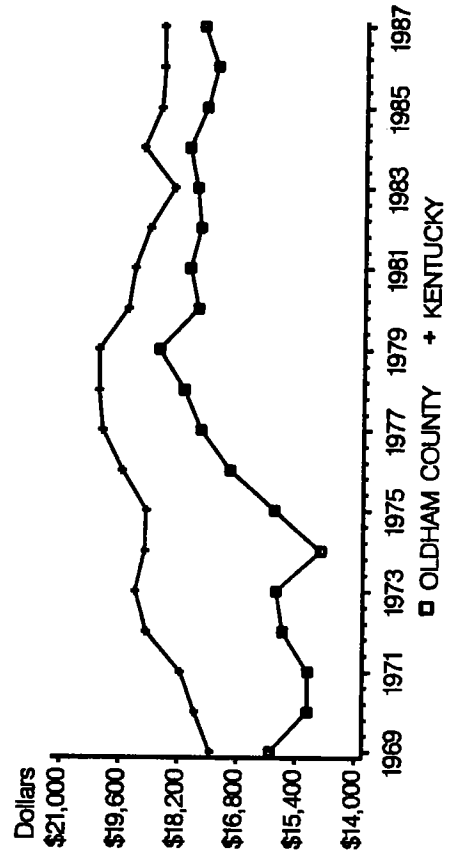


CHART 4A
 OLDHAM COUNTY
 TOTAL EMPLOYMENT
 Thousands of People

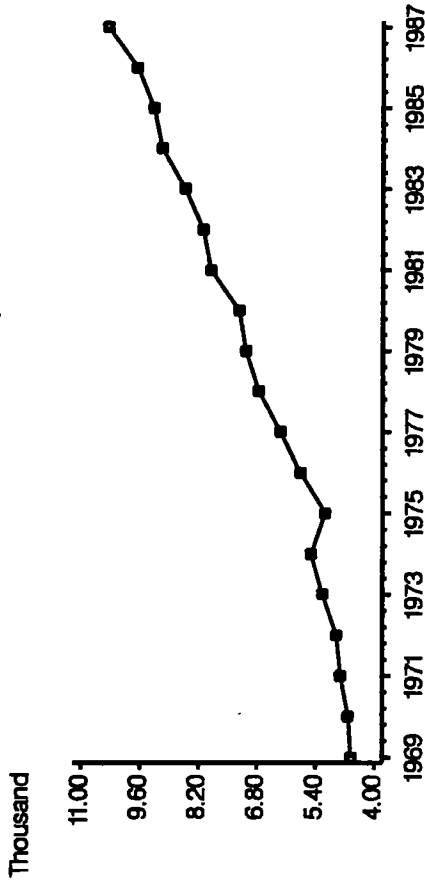


CHART 4B
 OLDHAM COUNTY
 ANNUAL UNEMPLOYMENT RATE

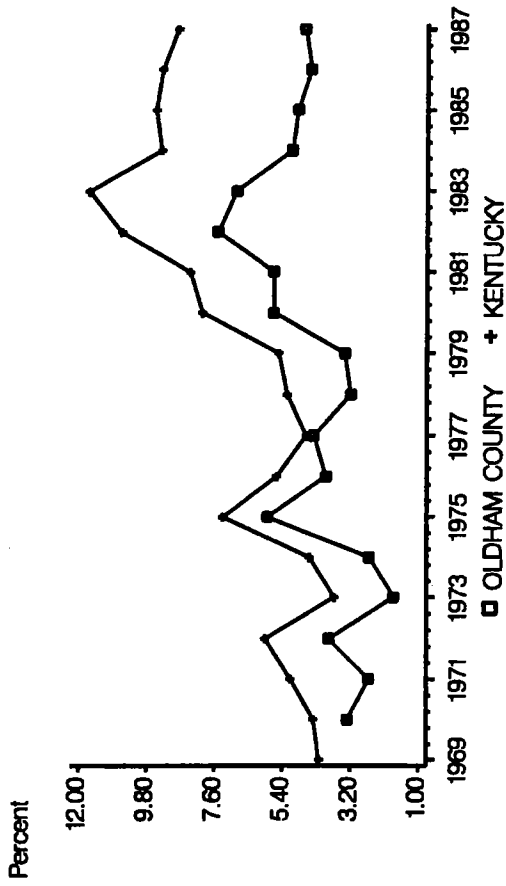


CHART 4C
 OLDHAM COUNTY
 EMPLOYMENT IN GOODS PRODUCING INDUSTRIES
 as a Percent of Total Employment

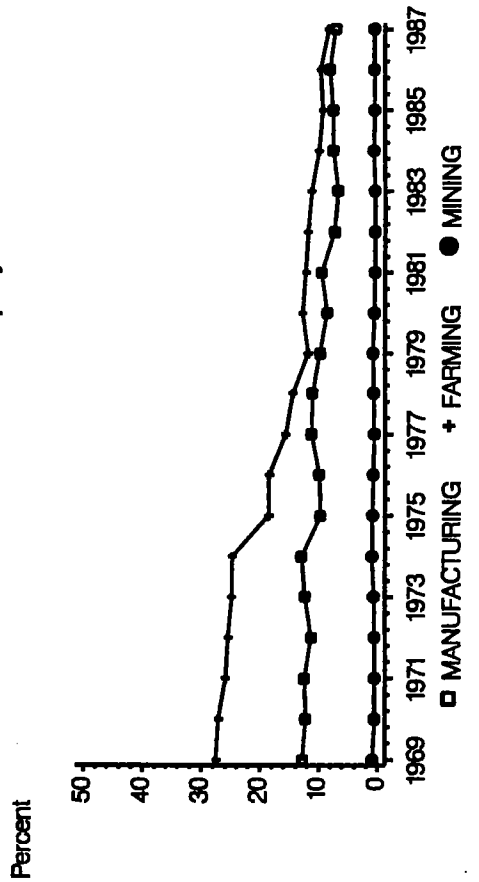


CHART 4D
 OLDHAM COUNTY
 EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES
 as a Percent of Total Employment

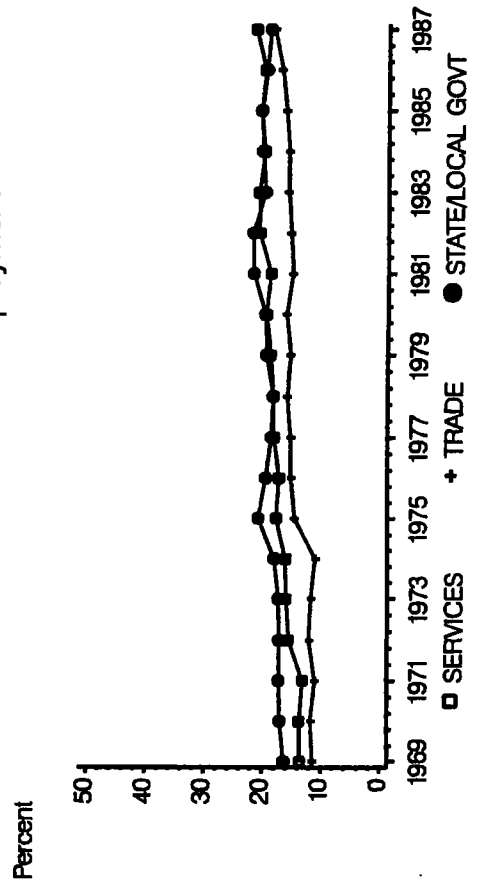


CHART 5A
 OLDHAM COUNTY
 POPULATION
 Thousands of People

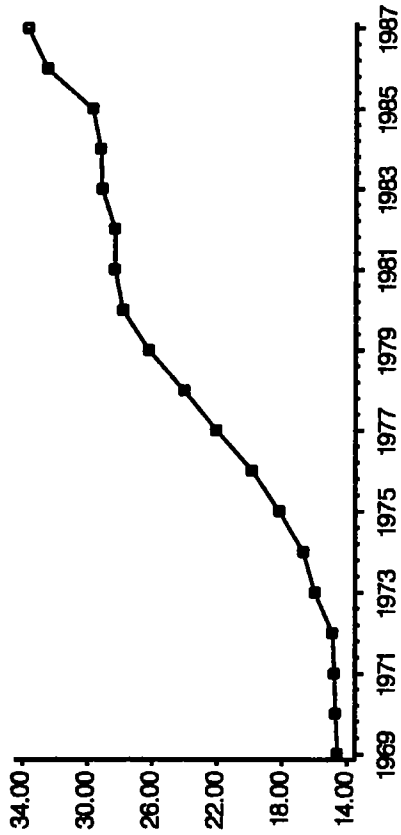


CHART 5B
 OLDHAM COUNTY
 POPULATION
 as a Percent of Kentucky Population

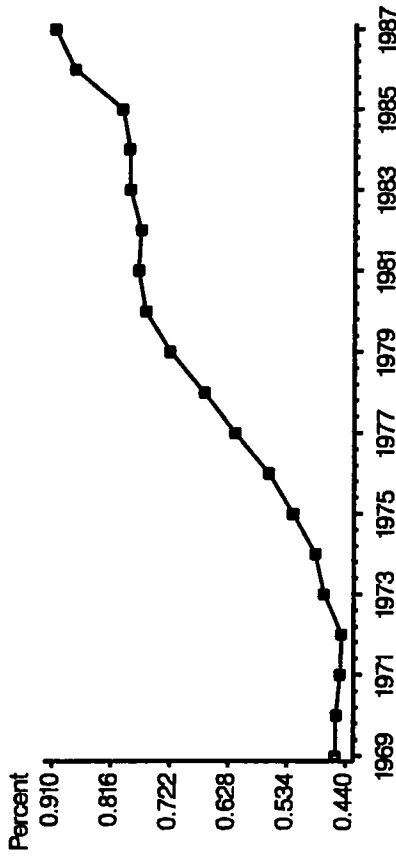


CHART 5C
 OLDHAM COUNTY
 POPULATION 5 AND UNDER
 as a Percent of Total Population

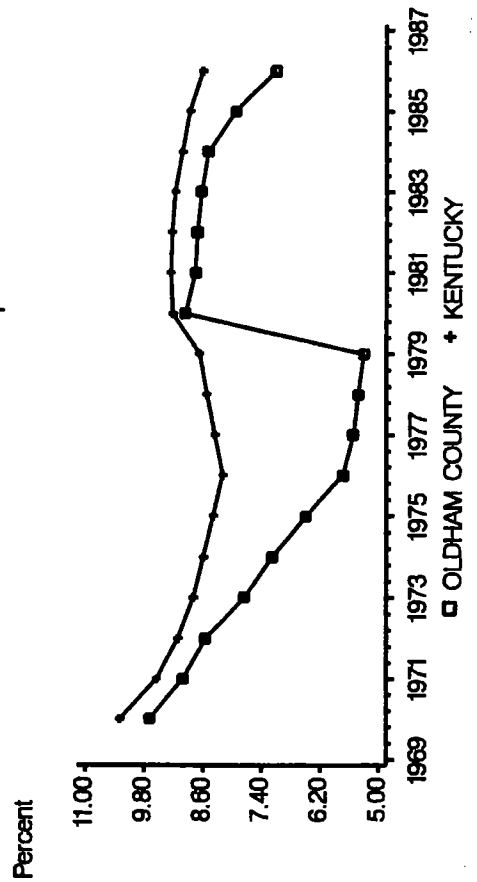
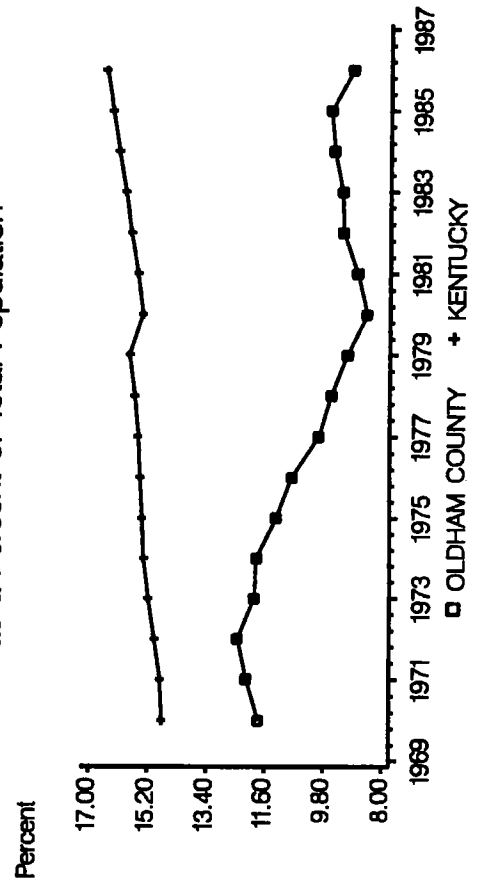


CHART 5D
 OLDHAM COUNTY
 POPULATION 60 AND OVER
 as a Percent of Total Population



OLDHAM COUNTY

PERSONAL INCOME
In Constant 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	148	0.52	10,188	114.7
1970	149	0.50	10,131	111.1
1971	163	0.53	11,041	119.3
1972	180	0.55	12,082	124.0
1973	205	0.59	12,799	124.6
1974	216	0.61	12,916	124.6
1975	228	0.64	12,526	122.0
1976	263	0.69	13,206	123.0
1977	298	0.75	13,514	120.9
1978	337	0.81	13,984	120.9
1979	370	0.86	14,058	119.6
1980	376	0.89	13,465	116.8
1981	376	0.87	13,241	113.0
1982	378	0.88	13,283	115.0
1983	402	0.95	13,762	120.9
1984	420	0.94	14,325	119.5
1985	429	0.96	14,418	120.2
1986	457	1.00	14,032	114.7
1987	484	1.04	14,328	114.6

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	118	79.7	79.2	11	7.3	10.9	19	13.0	9.9
1970	117	78.8	77.9	12	8.0	11.9	20	13.2	10.2
1971	131	80.2	77.0	13	7.9	12.9	19	11.9	10.1
1972	147	81.7	77.3	14	7.5	12.9	19	10.8	9.7
1973	170	82.9	76.6	15	7.1	13.6	21	10.0	9.7
1974	179	82.9	75.5	15	7.1	14.4	21	9.9	10.1
1975	185	81.4	73.3	20	8.7	16.5	22	9.9	10.1
1976	218	83.1	73.9	21	7.9	16.1	24	9.0	10.0
1977	252	84.6	74.6	21	7.0	15.3	25	8.4	10.1
1978	287	85.2	75.0	22	6.4	14.6	28	8.4	10.4
1979	310	83.8	74.1	24	6.4	15.1	36	9.8	10.8
1980	311	82.7	71.1	27	7.3	16.7	38	10.0	12.2
1981	305	81.2	69.3	29	7.8	16.8	41	10.9	13.8
1982	298	79.0	67.5	32	8.5	17.6	47	12.5	14.9
1983	314	78.1	66.6	33	8.1	18.4	56	13.8	15.1
1984	329	78.4	67.8	33	7.8	17.3	58	13.8	14.9
1985	337	78.4	67.2	34	7.8	17.6	59	13.8	15.3
1986	360	78.7	67.1	36	7.8	17.6	62	13.5	15.3
1987	384	79.4	67.5	37	7.6	17.2	63	13.0	15.3

OLDHAM 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	17.3	0.22	14.1	0.73	1.1	0.11
1970	15.1	0.18	12.3	0.69	0.6	0.04
1971	16.7	0.20	10.1	0.59	0.4	0.03
1972	15.3	0.18	10.9	0.58	0.6	0.04
1973	16.4	0.19	11.6	0.60	0.8	0.06
1974	17.4	0.20	10.9	0.53	1.6	0.07
1975	12.8	0.16	9.9	0.72	1.6	0.06
1976	13.8	0.19	9.7	0.75	1.6	0.08
1977	15.0	0.21	10.7	0.80	1.2	0.05
1978	13.2	0.20	10.7	0.98	1.1	0.05
1979	12.4	0.20	13.0	1.21	1.1	0.06
1980	11.6	0.20	14.3	1.61	1.5	0.08
1981	13.0	0.24	18.4	1.70	1.1	0.06
1982	9.6	0.20	19.3	2.16	1.1	0.07
1983	9.4	0.21	18.1	5.17	1.0	0.08
1984	10.6	0.23	17.9	2.12	1.2	0.09
1985	10.6	0.24	15.8	2.54	1.2	0.10
1986	11.4	0.26	14.7	2.99	0.8	0.08
1987	10.2	0.25	15.0	2.86	0.8	0.09

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	18.4	0.44	11.7	0.23	17.0	0.58
1970	20.2	0.45	12.9	0.24	18.8	0.58
1971	18.7	0.42	12.2	0.23	19.6	0.60
1972	19.9	0.45	13.1	0.25	19.4	0.60
1973	18.9	0.44	12.5	0.24	19.6	0.64
1974	18.2	0.42	12.5	0.24	20.7	0.67
1975	18.1	0.41	15.3	0.28	22.4	0.69
1976	17.1	0.43	14.4	0.30	20.4	0.71
1977	16.3	0.44	13.6	0.31	19.1	0.73
1978	15.8	0.45	13.8	0.33	18.5	0.74
1979	16.0	0.48	12.8	0.32	18.5	0.76
1980	17.0	0.48	12.5	0.33	19.9	0.81
1981	15.4	0.48	10.9	0.33	22.0	1.00
1982	16.7	0.51	11.3	0.35	23.5	1.08
1983	16.7	0.51	11.8	0.38	23.3	1.10
1984	16.0	0.50	11.5	0.39	22.0	1.09
1985	17.3	0.52	11.5	0.38	22.5	1.09
1986	18.1	0.51	11.2	0.38	22.3	1.07
1987	19.5	0.57	11.8	0.43	21.2	1.07

OLDHAM COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	583	12.8	1,253	27.5	40	0.9
1970	566	12.3	1,252	27.1	24	0.5
1971	599	12.5	1,245	25.9	24	0.5
1972	553	11.3	1,247	25.4	26	0.5
1973	650	12.4	1,303	24.9	36	0.7
1974	714	13.0	1,366	24.8	51	0.9
1975	499	9.6	958	18.5	42	0.8
1976	569	9.9	1,062	18.4	43	0.7
1977	700	11.2	979	15.7	35	0.6
1978	745	11.0	975	14.4	43	0.6
1979	688	9.7	835	11.8	53	0.7
1980	612	8.5	923	12.8	37	0.5
1981	748	9.5	965	12.2	35	0.4
1982	586	7.2	958	11.8	35	0.4
1983	571	6.7	957	11.2	40	0.5
1984	670	7.4	899	9.9	55	0.6
1985	693	7.5	852	9.2	44	0.5
1986	778	8.0	932	9.6	51	0.5
1987	731	7.0	851	8.2	53	0.5

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	622	13.7	519	11.4	744	16.3
1970	633	13.7	540	11.7	784	17.0
1971	632	13.2	528	11.0	826	17.2
1972	763	15.6	587	12.0	840	17.1
1973	836	16.0	611	11.7	906	17.3
1974	889	16.1	603	10.9	991	18.0
1975	915	17.7	754	14.6	1,072	20.7
1976	992	17.2	876	15.2	1,121	19.4
1977	1,132	18.1	956	15.3	1,156	18.5
1978	1,231	18.2	1,076	15.9	1,236	18.3
1979	1,321	18.7	1,087	15.4	1,368	19.3
1980	1,408	19.5	1,158	16.0	1,417	19.6
1981	1,480	18.7	1,190	15.0	1,711	21.6
1982	1,667	20.6	1,243	15.3	1,759	21.7
1983	1,767	20.7	1,347	15.8	1,675	19.6
1984	1,797	19.8	1,429	15.7	1,829	20.1
1985	1,891	20.4	1,504	16.2	1,888	20.3
1986	1,910	19.7	1,636	16.9	1,882	19.4
1987	2,210	21.3	1,889	18.2	1,954	18.8

OLDHAM COUNTY
EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	4,555	\$16,012	\$17,440	.	4.2
1970	4,620	\$15,111	\$17,811	3.3	4.4
1971	4,806	\$15,109	\$18,166	2.6	5.1
1972	4,904	\$15,726	\$18,970	3.9	6.0
1973	5,239	\$15,881	\$19,232	1.8	3.7
1974	5,511	\$14,822	\$19,008	2.6	4.5
1975	5,173	\$15,935	\$18,976	5.9	7.3
1976	5,771	\$16,992	\$19,563	4.0	5.6
1977	6,250	\$17,693	\$20,031	4.4	4.7
1978	6,770	\$18,103	\$20,121	3.2	5.3
1979	7,072	\$18,688	\$20,110	3.4	5.5
1980	7,234	\$17,781	\$19,439	5.7	8.0
1981	7,913	\$17,988	\$19,286	5.7	8.4
1982	8,104	\$17,741	\$18,931	7.5	10.6
1983	8,535	\$17,826	\$18,358	6.9	11.6
1984	9,085	\$18,010	\$19,080	5.1	9.3
1985	9,287	\$17,602	\$18,676	4.9	9.5
1986	9,688	\$17,354	\$18,627	4.5	9.3
1987	10,373	\$17,683	\$18,636	4.7	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER AGE 6		PERCENT AGE 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	14,600	0.46	.	.	.	.
1970	14,700	0.46	9.7	10.3	11.8	14.8
1971	14,800	0.45	9.0	9.6	12.2	14.8
1972	14,900	0.45	8.6	9.1	12.4	15.0
1973	16,000	0.47	7.7	8.8	11.9	15.2
1974	16,700	0.49	7.2	8.6	11.9	15.3
1975	18,200	0.52	6.5	8.4	11.3	15.4
1976	19,900	0.56	5.7	8.2	10.8	15.5
1977	22,100	0.62	5.5	8.4	9.9	15.5
1978	24,100	0.67	5.4	8.5	9.6	15.6
1979	26,300	0.72	5.3	8.7	9.1	15.8
1980	27,900	0.76	9.0	9.2	8.5	15.4
1981	28,400	0.77	8.8	9.3	8.8	15.5
1982	28,400	0.77	8.7	9.2	9.2	15.7
1983	29,200	0.79	8.6	9.2	9.2	15.9
1984	29,300	0.79	8.5	9.0	9.5	16.1
1985	29,800	0.80	7.9	8.9	9.6	16.3
1986	32,600	0.88	7.1	8.6	8.9	16.5
1987	33,800	0.91	.	.	.	.

1

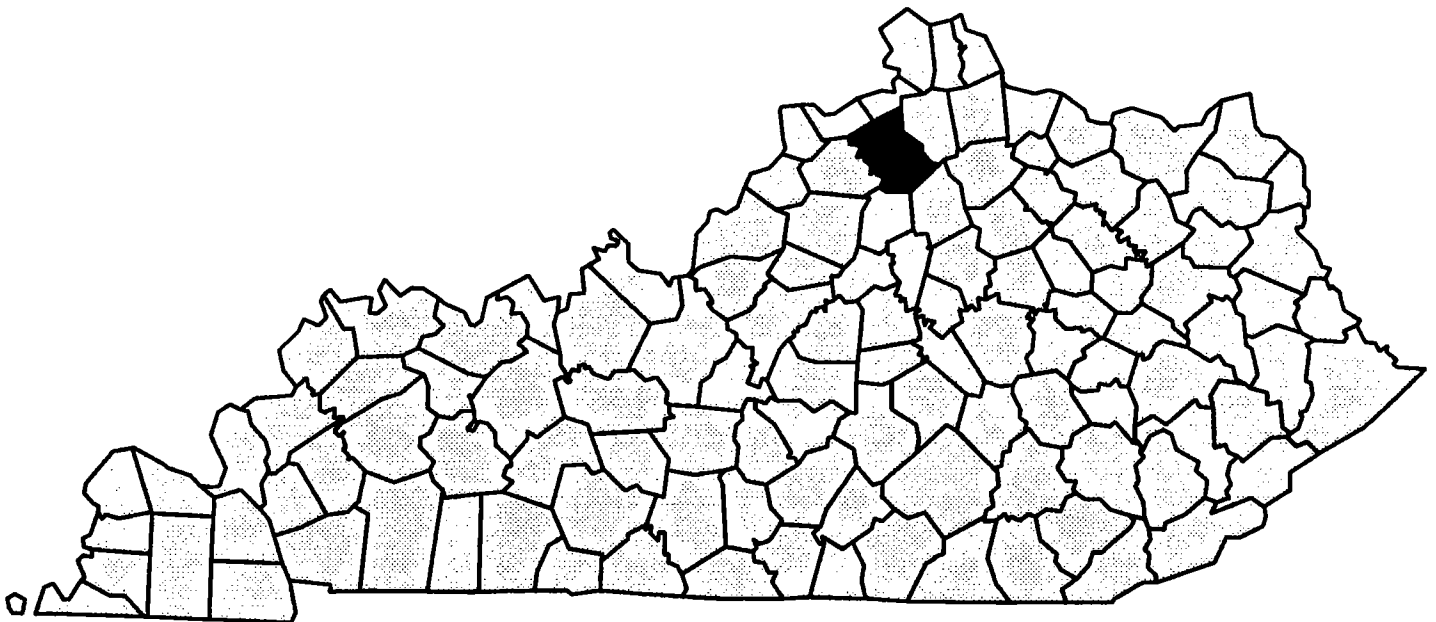
2

3

4

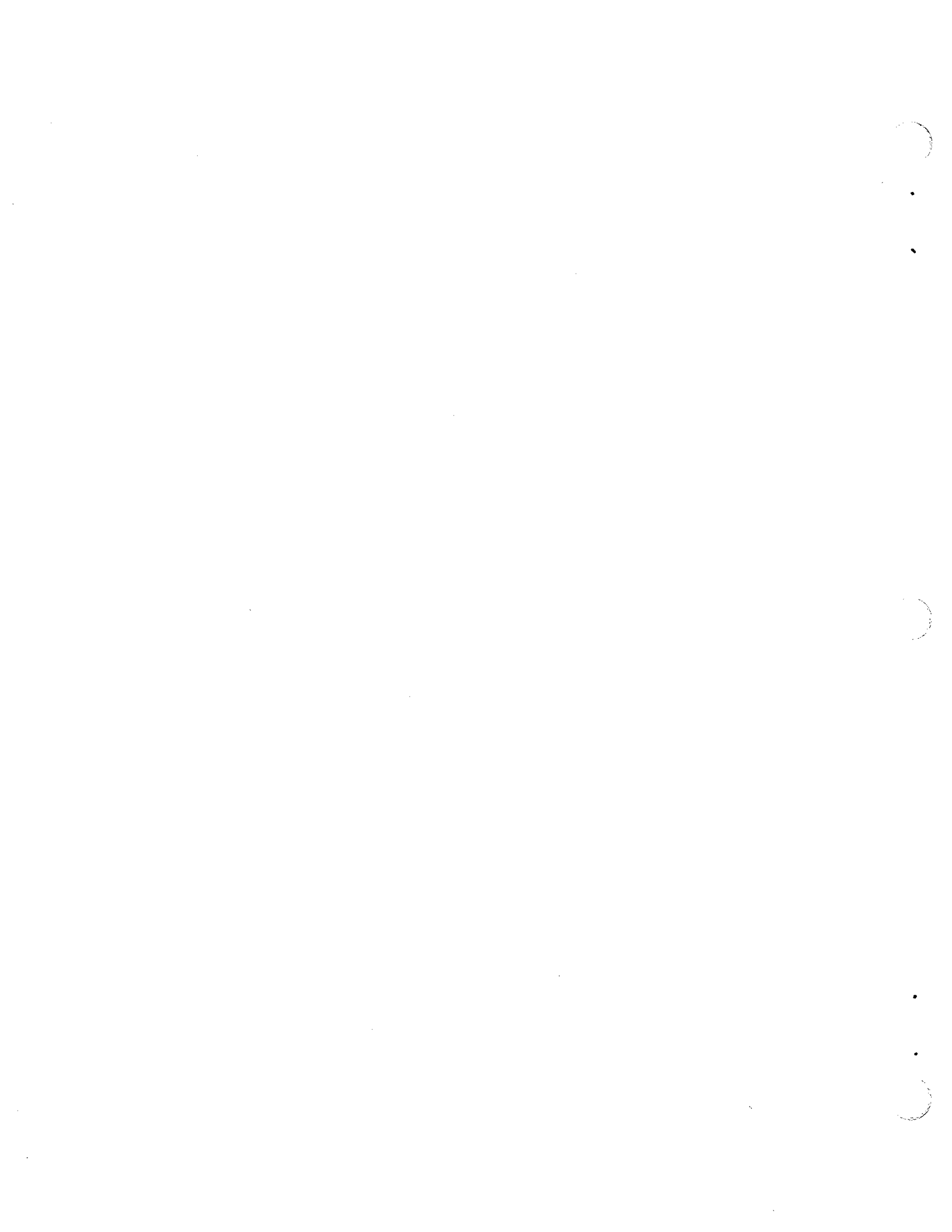
ECONOMIC TRENDS IN
KENTUCKY COUNTIES
1969 – 1987

OWEN 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

KU
65
.L3PM
No. 438
1990

OWEN 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 Owen County economy, as measured by personal income, grew moderately from 1969 to 1987. However, the earnings component of personal income was very volatile in the 1980's.

The most prominent economic characteristic in Owen County was the dominance of the farm sector. However, earnings from this sector declined substantially. Farm employment also declined, but to a much lesser degree.

While Owen County experienced economic growth, it came primarily from small increases in the non-goods-producing industries of services and trade. These sectors experienced significant growth at the state level.

There is a national and state trend toward declining farm employment. Therefore, the outlook for this sector in Owen County is for continued decline. Future economic growth in Owen 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.

*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 OWEN 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 Owen 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 Owen County economy, as measured by personal income, increased from \$57 million in 1969 to \$84 million in 1987, after adjusting for inflation. Chart 1B shows Owen County total personal income as a percent of Kentucky total personal income. Owen County's share of Kentucky personal income was 0.18 percent in 1987 and had only small changes during the period.

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 Owen County per capita income exhibited more volatility than total state personal income and was \$8,988 in 1987, or 71.9 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 \$46 million in 1969 to \$58 million in 1977 (in constant 1988 dollars). However, after that time, earnings were very volatile and stood at \$55 million in 1987. Earnings as a percent of personal income decreased over time. This trend occurred

at the state level as well. In 1987, earnings accounted for 65.6 percent of Owen County's total personal income, compared to Kentucky's 67.5 percent share.

Transfer payments contributed \$7 million to total personal income in 1969 and \$17 million in 1987. During the period, transfer payments contributed a larger percentage of personal income in Owen County than in Kentucky.

Income from property in Owen County increased 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. The farm sector has been the primary source of earnings in Owen County. The percent of earnings generated from the farm sector decreased erratically, from 43.5 percent in 1969 to 8.6 percent in 1987. The trend toward declining farm earnings is consistent with state and national trends. In 1969, Owen County received 3.4 percent of total earnings from manufacturing. Except for a decline in the late 1970's, this percentage increased to 13.4 percent in 1985 (Chart 3A). Manufacturing earnings data was not available after 1985.

Earnings from non-goods-producing industries as a percent of total earnings are illustrated in Chart 3B. The percent of earnings from the service and trade sectors declined in the early 1970's, then increased in the 1980's (Chart 3B). The service sector accounted for 13.1 percent in 1987. The trade sector's share of earnings was 13.2 percent in 1987. Earnings from the state and local government sector increased from 12.0 percent in 1969 to 18.8 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 Owen 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 Owen County, average earnings generally declined during the period, to \$9,581 in 1987, well below the state average.

Employment

Employment is considered any activity for which one receives financial remuneration in the form of wages or profits. Total employment in Owen County increased through the early-1970's, declined in the late-1970's, and increased in the 1980's. In 1969, total employment stood at 2,954 people. By 1987, that figure had increased to 3,298.

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 Owen County are presented in Chart 4B. Unemployment rates in Owen County were below state rates in the 1980's. In 1987, the county unemployment rate was 6.1 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 declined from 51.9 percent of total employment in 1969 to 43.6 percent in 1987. Manufacturing's share of employment was volatile over the period. The percent of total employment in manufacturing was 7.2 percent in 1985. Manufacturing employment data was not available in 1986 and 1987.

Employment in the non-goods-producing industries is presented in Chart 4D. Employment in the trade sector was relatively constant and accounted for 10.3 percent of employment in 1987. The percent of employment in the services sector decreased through the 1970's and then increased slightly to 10.8 percent in 1987. The employment share in state and local government was stable and accounted for 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 Owen County.

The Owen County population grew from 7,500 in 1969 to 9,400 in 1987 (Chart 5A). Owen County had a smaller proportion of younger residents and a larger proportion of older residents than the state. It was estimated that in 1986, 7.0 percent of Owen County's population was under six years of age, compared to 8.6 percent for the state. Conversely, for the same year 19.5 percent of the Owen County population was sixty years of age and over, while 16.5 percent of all Kentucky residents fell in this age group.

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

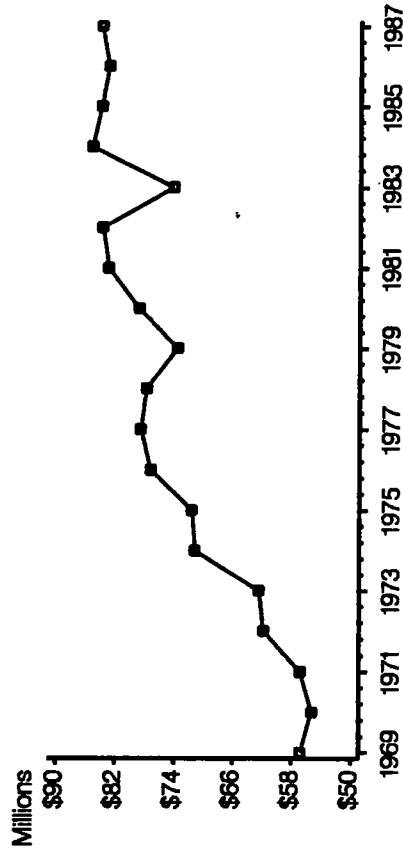


CHART 1B
OWEN COUNTY
PERSONAL INCOME
as a Percent of Kentucky Personal Income

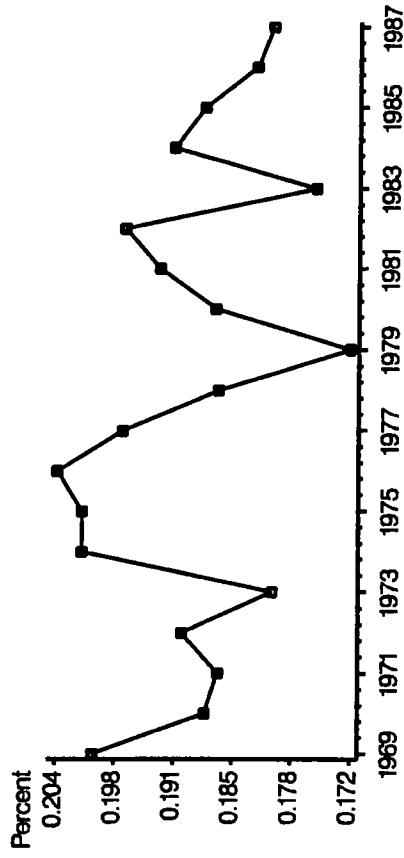


CHART 1C
OWEN COUNTY
PER CAPITA PERSONAL INCOME
in Constant 1988 Dollars

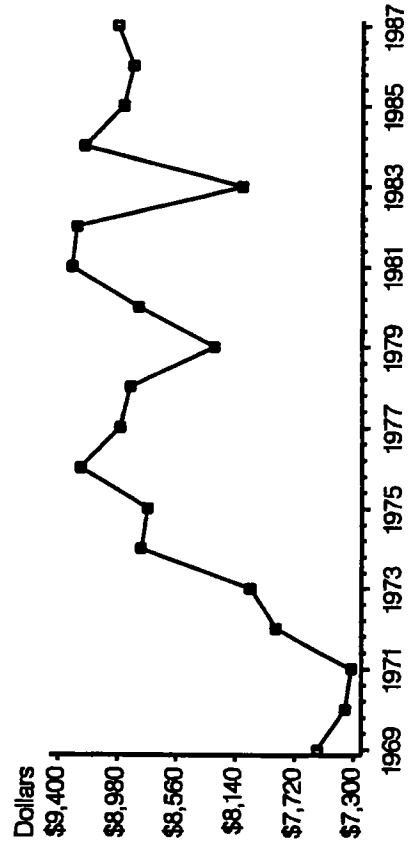


CHART 1D
OWEN COUNTY
PER CAPITA PERSONAL INCOME
as a Percent of Kentucky Per Capita Personal Income

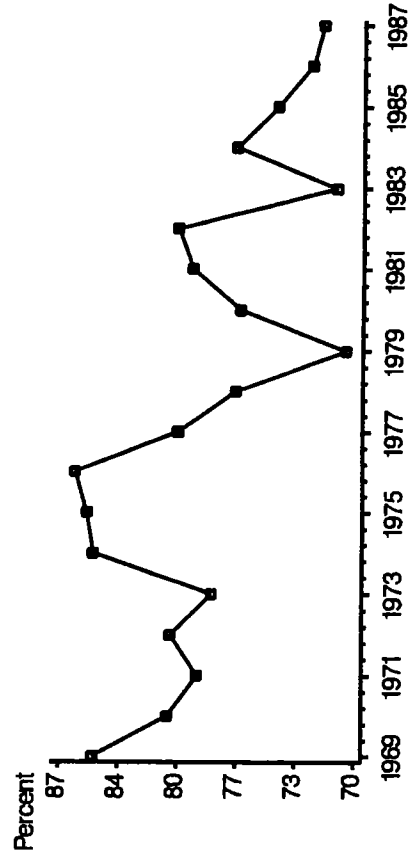


CHART 2A

OWEN COUNTY

REAL TOTAL EARNINGS

Millions of 1988 dollars

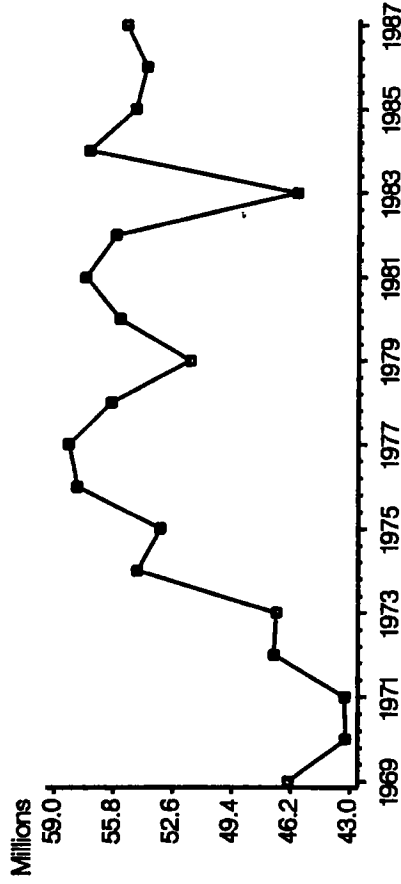


CHART 2C

OWEN COUNTY

TOTAL EARNINGS

as a Percent of Personal Income

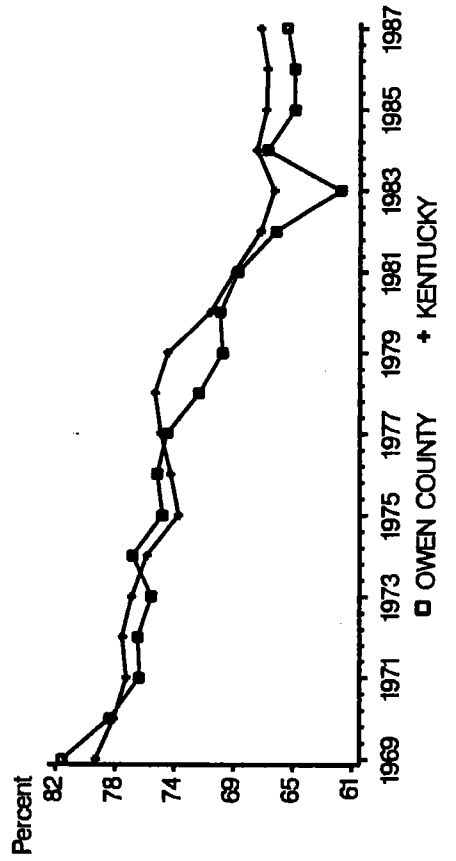


CHART 2B

OWEN COUNTY

TRANSFER PAYMENTS and INCOME FROM PROPERTY

Millions of 1988 Dollars

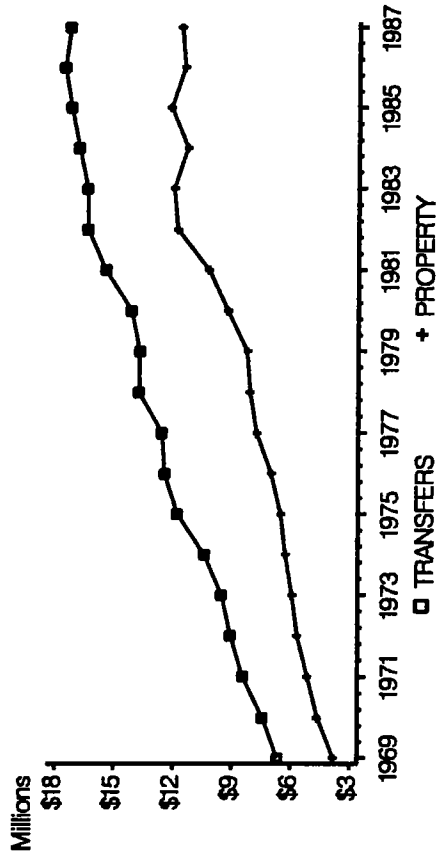


CHART 2D

OWEN COUNTY

TRANSFER PAYMENTS

as a Percent of Personal Income

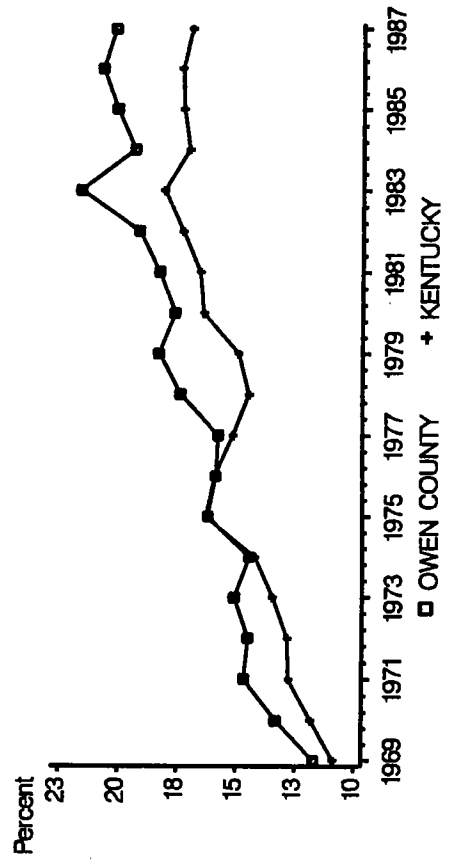


CHART 3A

OWEN COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Earnings

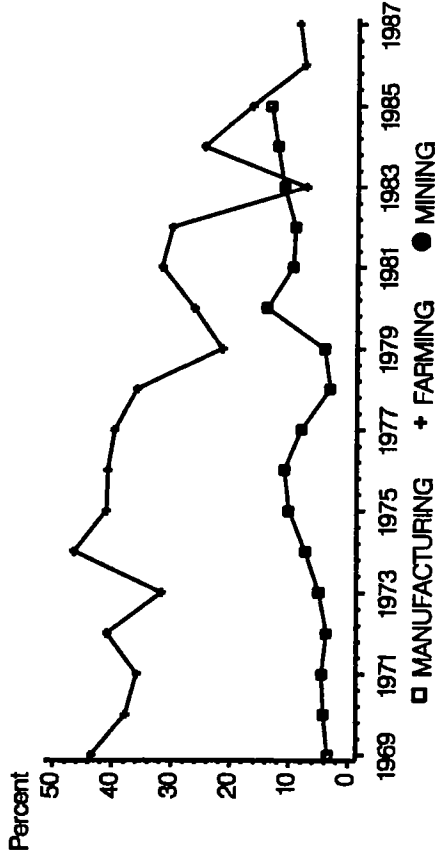


CHART 3B

OWEN COUNTY

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

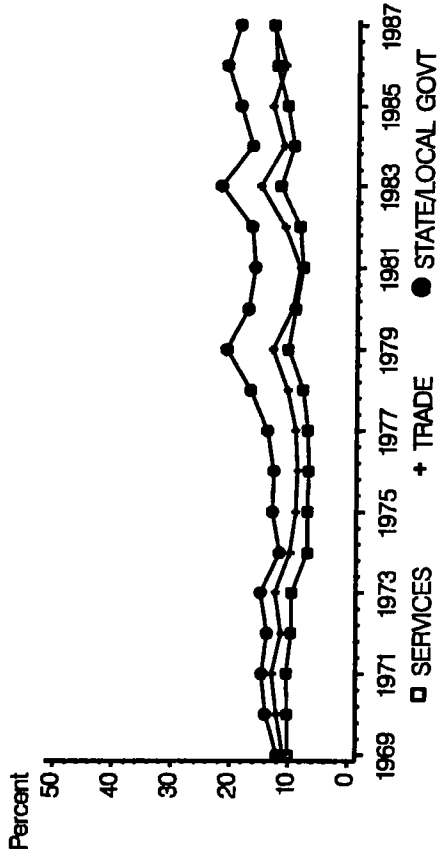


CHART 3C

OWEN COUNTY

EARNINGS in GOODS PRODUCING INDUSTRIES
as a Percent of Kentucky Industries

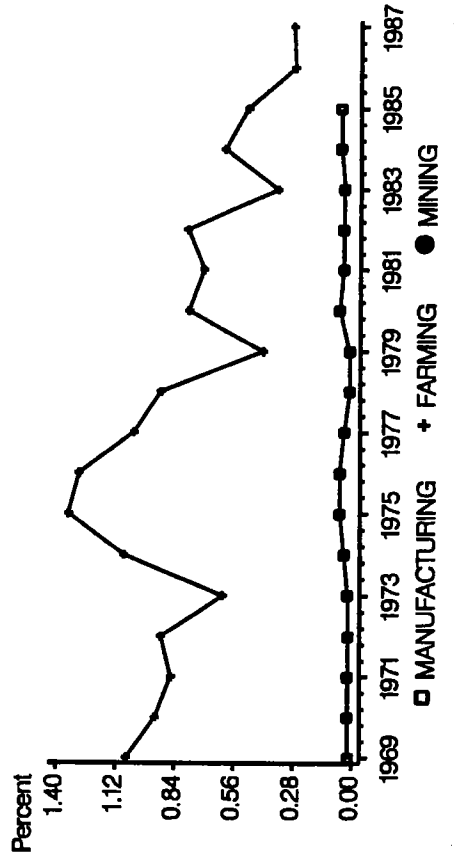


CHART 3D

OWEN COUNTY

AVERAGE EARNINGS PER JOB
in Constant 1988 Dollars

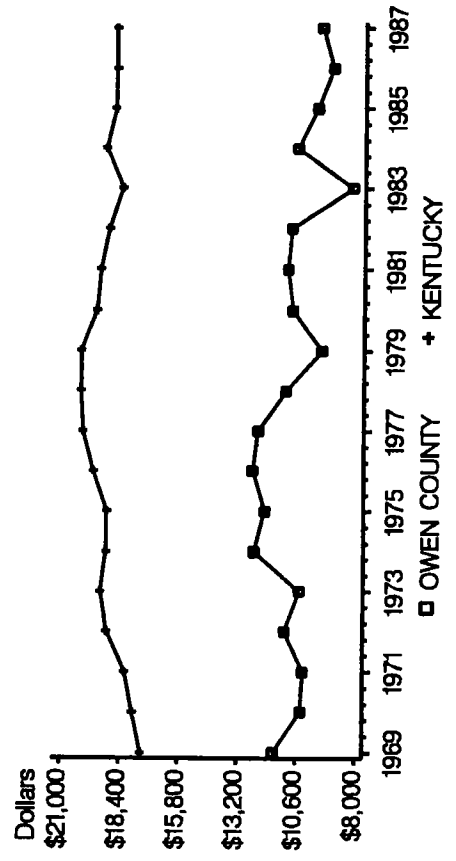


CHART 4A

OWEN COUNTY

TOTAL EMPLOYMENT
Thousands of People

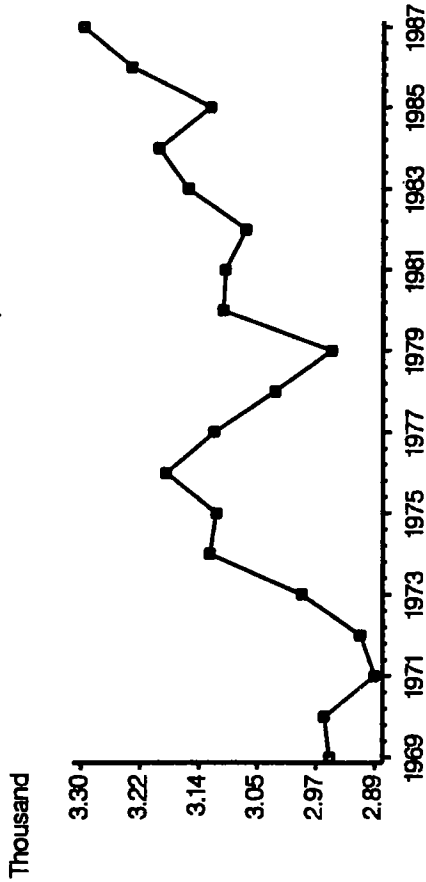


CHART 4B

OWEN COUNTY

ANNUAL UNEMPLOYMENT RATE

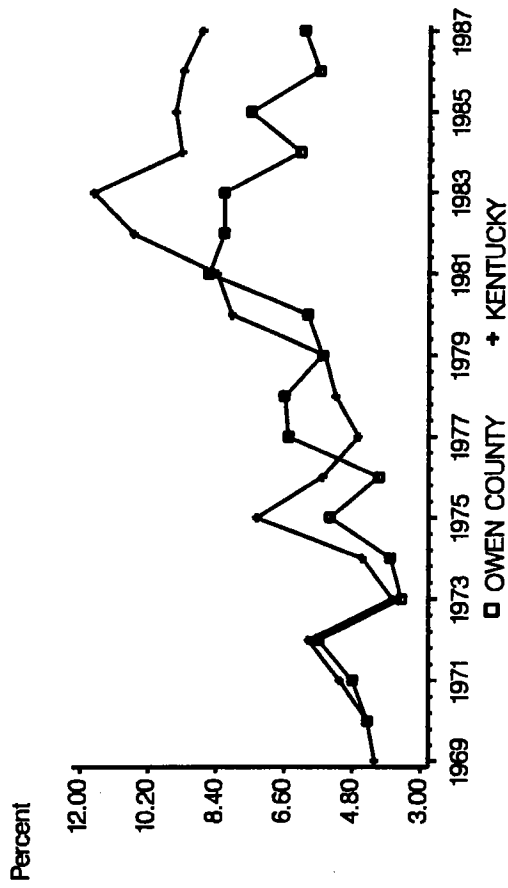


CHART 4C

OWEN COUNTY

EMPLOYMENT IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Employment

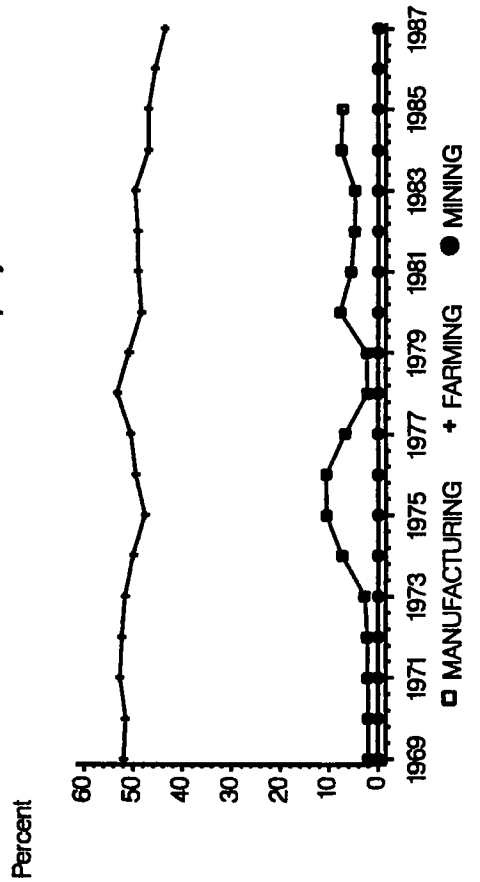


CHART 4D

OWEN COUNTY

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

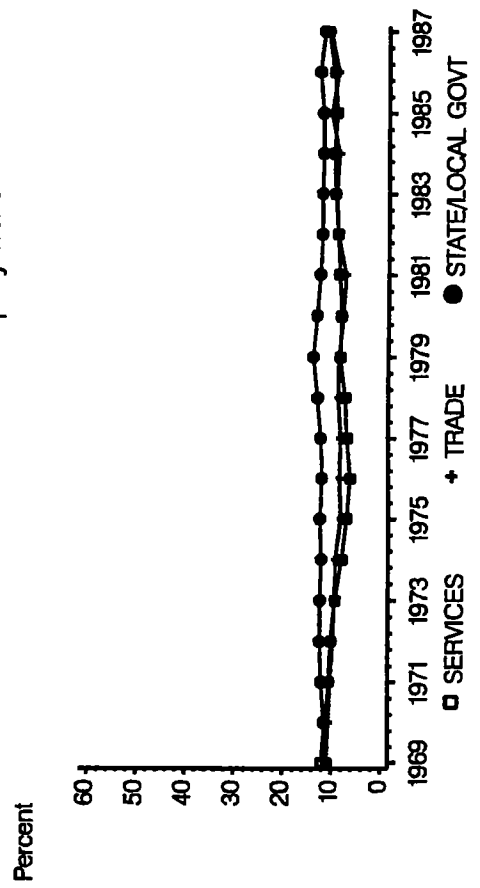


CHART 5A

OWEN COUNTY
POPULATION

Thousands of People

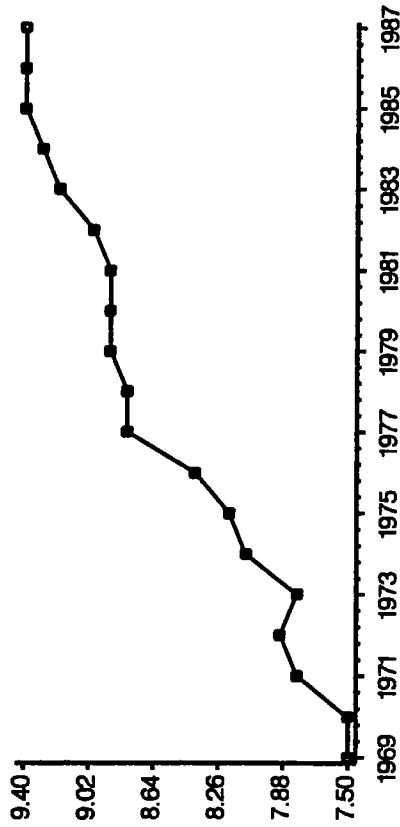


CHART 5B
OWEN COUNTY
POPULATION

as a Percent of Kentucky Population

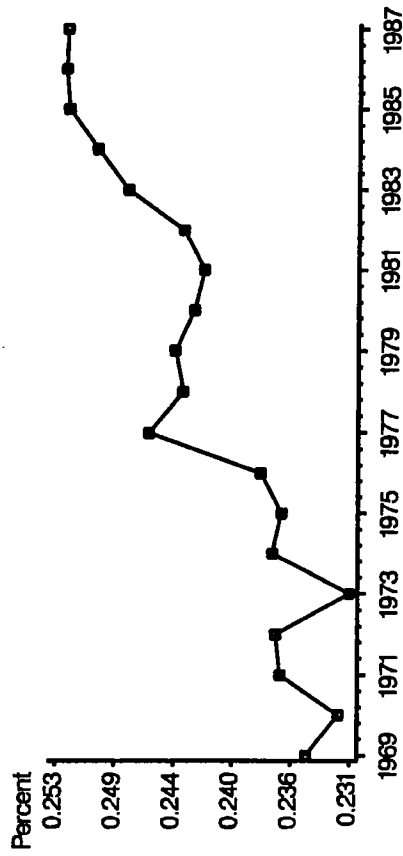


CHART 5C

OWEN COUNTY
POPULATION 5 AND UNDER

as a Percent of Total Population

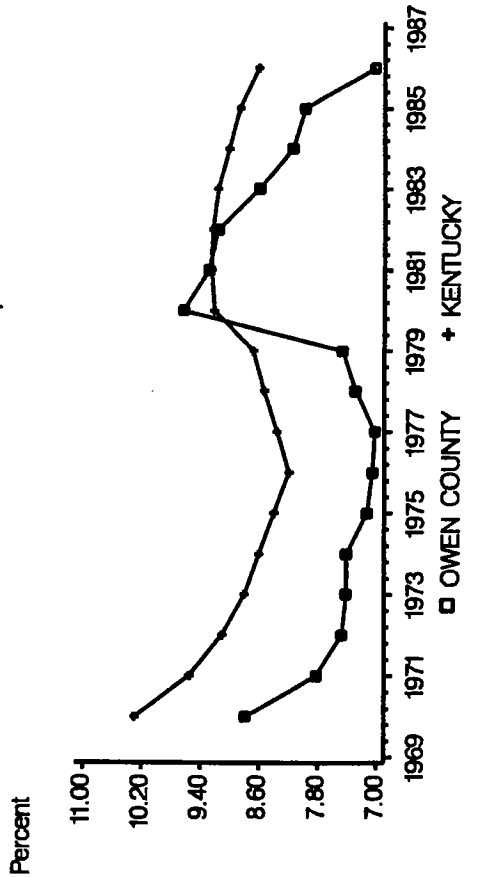
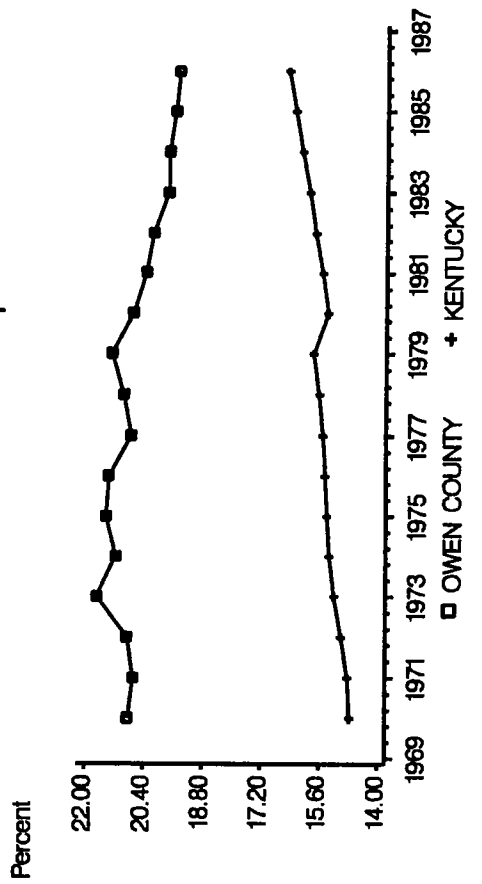


CHART 5D

OWEN COUNTY
POPULATION 60 AND OVER

as a Percent of Total Population



OWEN COUNTY

PERSONAL INCOME
In Constant 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	57	0.20	7,555	85.0
1970	55	0.19	7,360	80.7
1971	57	0.19	7,317	79.1
1972	62	0.19	7,854	80.6
1973	62	0.18	8,035	78.2
1974	71	0.20	8,813	85.0
1975	72	0.20	8,765	85.4
1976	77	0.20	9,242	86.1
1977	79	0.20	8,965	80.2
1978	78	0.19	8,892	76.9
1979	74	0.17	8,295	70.5
1980	79	0.19	8,836	76.6
1981	83	0.19	9,307	79.4
1982	84	0.20	9,273	80.3
1983	74	0.18	8,095	71.1
1984	85	0.19	9,217	76.9
1985	84	0.19	8,944	74.5
1986	83	0.18	8,876	72.5
1987	84	0.18	8,988	71.9

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	46	81.5	79.2	7	11.8	10.9	4	6.7	9.9
1970	43	78.2	77.9	7	13.5	11.9	5	8.4	10.2
1971	43	76.1	77.0	8	14.8	12.9	5	9.1	10.1
1972	47	76.2	77.3	9	14.7	12.9	6	9.2	9.7
1973	47	75.2	76.6	10	15.3	13.6	6	9.5	9.7
1974	55	76.6	75.5	10	14.6	14.4	6	8.8	10.1
1975	53	74.4	73.3	12	16.5	16.5	7	9.1	10.1
1976	58	74.8	73.9	12	16.1	16.1	7	9.1	10.0
1977	58	74.1	74.6	13	16.0	15.3	8	9.9	10.1
1978	56	71.9	75.0	14	17.7	14.6	8	10.4	10.4
1979	52	70.2	74.1	14	18.6	15.1	8	11.2	10.8
1980	56	70.4	71.1	14	17.9	16.7	9	11.7	12.2
1981	57	69.1	69.3	15	18.6	16.8	10	12.3	13.8
1982	56	66.4	67.5	16	19.5	17.6	12	14.1	14.9
1983	46	61.8	66.6	16	22.1	18.4	12	16.1	15.1
1984	57	67.1	67.8	17	19.7	17.3	11	13.2	14.9
1985	55	65.1	67.2	17	20.5	17.6	12	14.5	15.3
1986	54	65.1	67.1	18	21.1	17.6	11	13.8	15.3
1987	55	65.6	67.5	17	20.5	17.2	12	13.8	15.3

OWEN 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	3.4	0.02	43.5	1.07	.	.
1970	4.2	0.02	37.8	0.93	.	.
1971	4.5	0.02	35.9	0.86	.	.
1972	3.7	0.02	40.9	0.90	.	.
1973	5.0	0.02	31.7	0.61	.	.
1974	7.3	0.04	46.5	1.08	.	.
1975	10.2	0.06	41.1	1.34	.	.
1976	10.9	0.06	40.9	1.29	.	.
1977	8.1	0.04	39.8	1.04	.	.
1978	3.2	0.01	36.0	0.90	.	.
1979	4.1	0.01	21.5	0.42	.	.
1980	14.0	0.06	26.4	0.78	.	.
1981	9.6	0.04	31.8	0.71	.	.
1982	9.2	0.04	30.1	0.78	.	.
1983	11.1	0.04	7.3	0.36	.	.
1984	12.3	0.06	24.7	0.61	.	.
1985	13.4	0.06	16.6	0.50	.	.
1986	.	.	7.7	0.27	.	.
1987	.	.	8.6	0.28	.	.

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	10.1	0.11	10.9	0.10	12.0	0.19
1970	10.3	0.10	12.1	0.10	14.0	0.19
1971	10.4	0.10	12.9	0.10	14.6	0.18
1972	9.6	0.09	11.4	0.09	13.7	0.18
1973	9.6	0.08	12.4	0.09	14.8	0.18
1974	6.9	0.08	9.9	0.09	11.7	0.18
1975	7.0	0.07	8.9	0.07	12.9	0.18
1976	6.8	0.07	8.7	0.07	12.7	0.18
1977	7.0	0.07	9.0	0.07	13.8	0.18
1978	7.8	0.06	10.4	0.07	16.7	0.18
1979	10.4	0.07	13.0	0.07	20.8	0.18
1980	9.1	0.07	9.6	0.07	17.1	0.18
1981	7.9	0.06	8.4	0.06	16.0	0.18
1982	8.5	0.06	11.0	0.08	16.6	0.18
1983	11.8	0.06	15.2	0.08	21.8	0.18
1984	9.6	0.06	11.2	0.08	16.6	0.17
1985	10.7	0.06	13.2	0.08	18.6	0.17
1986	12.6	0.06	11.1	0.07	20.9	0.17
1987	13.1	0.07	13.2	0.08	18.8	0.16

OWEN COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	60	2.0	1,534	51.9	0	0.0
1970	61	2.1	1,526	51.5	0	0.0
1971	63	2.2	1,522	52.6	0	0.0
1972	67	2.3	1,522	52.3	0	0.0
1973	84	2.8	1,544	51.6	0	0.0
1974	228	7.3	1,561	50.0	0	0.0
1975	328	10.5	1,483	47.7	0	0.0
1976	335	10.5	1,575	49.5	0	0.0
1977	209	6.7	1,575	50.6	0	0.0
1978	67	2.2	1,613	53.2	0	0.0
1979	69	2.3	1,502	50.9	0	0.0
1980	239	7.7	1,501	48.4	0	0.0
1981	171	5.5	1,521	49.1	0	0.0
1982	148	4.8	1,509	49.1	0	0.0
1983	147	4.7	1,564	49.6	0	0.0
1984	238	7.5	1,499	46.9	0	0.0
1985	225	7.2	1,466	47.0	0	0.0
1986	.	.	1,474	45.6	0	0.0
1987	.	.	1,438	43.6	0	0.0

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	354	12.0	320	10.8	320	10.8
1970	333	11.2	311	10.5	339	11.4
1971	301	10.4	291	10.1	349	12.1
1972	292	10.0	280	9.6	360	12.4
1973	274	9.2	278	9.3	367	12.3
1974	243	7.8	284	9.1	375	12.0
1975	215	6.9	251	8.1	384	12.3
1976	197	6.2	264	8.3	380	11.9
1977	213	6.8	254	8.2	380	12.2
1978	218	7.2	259	8.5	390	12.9
1979	241	8.2	251	8.5	406	13.8
1980	249	8.0	236	7.6	405	13.1
1981	264	8.5	224	7.2	387	12.5
1982	271	8.8	270	8.8	370	12.0
1983	296	9.4	286	9.1	379	12.0
1984	304	9.5	273	8.5	378	11.8
1985	280	9.0	317	10.2	370	11.9
1986	309	9.6	283	8.8	404	12.5
1987	357	10.8	339	10.3	382	11.6

OWEN COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	2,954	\$11,612	\$17,440	.	4.2
1970	2,961	\$10,372	\$17,811	4.4	4.4
1971	2,891	\$10,287	\$18,166	4.8	5.1
1972	2,911	\$11,125	\$18,970	5.7	6.0
1973	2,993	\$10,465	\$19,232	3.5	3.7
1974	3,121	\$12,486	\$19,008	3.8	4.5
1975	3,112	\$12,029	\$18,976	5.4	7.3
1976	3,182	\$12,551	\$19,563	4.1	5.6
1977	3,115	\$12,327	\$20,031	6.5	4.7
1978	3,030	\$11,085	\$20,121	6.6	5.3
1979	2,951	\$9,511	\$20,110	5.6	5.5
1980	3,103	\$10,821	\$19,439	6.0	8.0
1981	3,100	\$11,048	\$19,286	8.6	8.4
1982	3,071	\$10,888	\$18,931	8.2	10.6
1983	3,152	\$8,219	\$18,358	8.2	11.6
1984	3,193	\$10,623	\$19,080	6.2	9.3
1985	3,121	\$9,766	\$18,676	7.5	9.5
1986	3,231	\$9,098	\$18,627	5.7	9.3
1987	3,298	\$9,581	\$18,636	6.1	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	7,500	0.23	8.8	10.3	20.8	14.8
1971	7,800	0.24	7.8	9.6	20.7	14.8
1972	7,900	0.24	7.5	9.1	20.9	15.0
1973	7,800	0.23	7.4	8.8	21.7	15.2
1974	8,100	0.24	7.4	8.6	21.2	15.3
1975	8,200	0.24	7.1	8.4	21.4	15.4
1976	8,400	0.24	7.1	8.2	21.4	15.5
1977	8,800	0.25	7.0	8.4	20.8	15.5
1978	8,800	0.24	7.3	8.5	21.0	15.6
1979	8,900	0.24	7.5	8.7	21.3	15.8
1980	8,900	0.24	9.6	9.2	20.7	15.4
1981	8,900	0.24	9.3	9.3	20.4	15.5
1982	9,000	0.24	9.2	9.2	20.2	15.7
1983	9,200	0.25	8.6	9.2	19.8	15.9
1984	9,300	0.25	8.2	9.0	19.7	16.1
1985	9,400	0.25	8.0	8.9	19.6	16.3
1986	9,400	0.25	7.0	8.6	19.5	16.5
1987	9,400	0.25	.	.	.	.

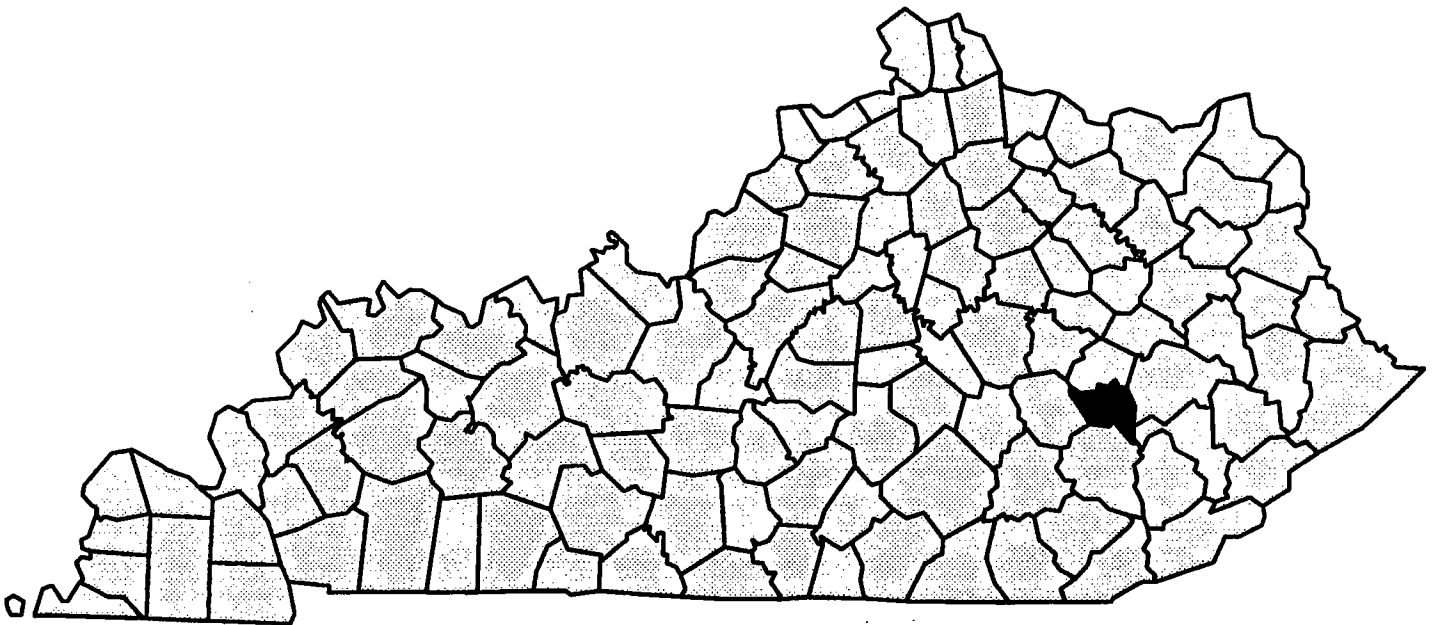
1

2

3

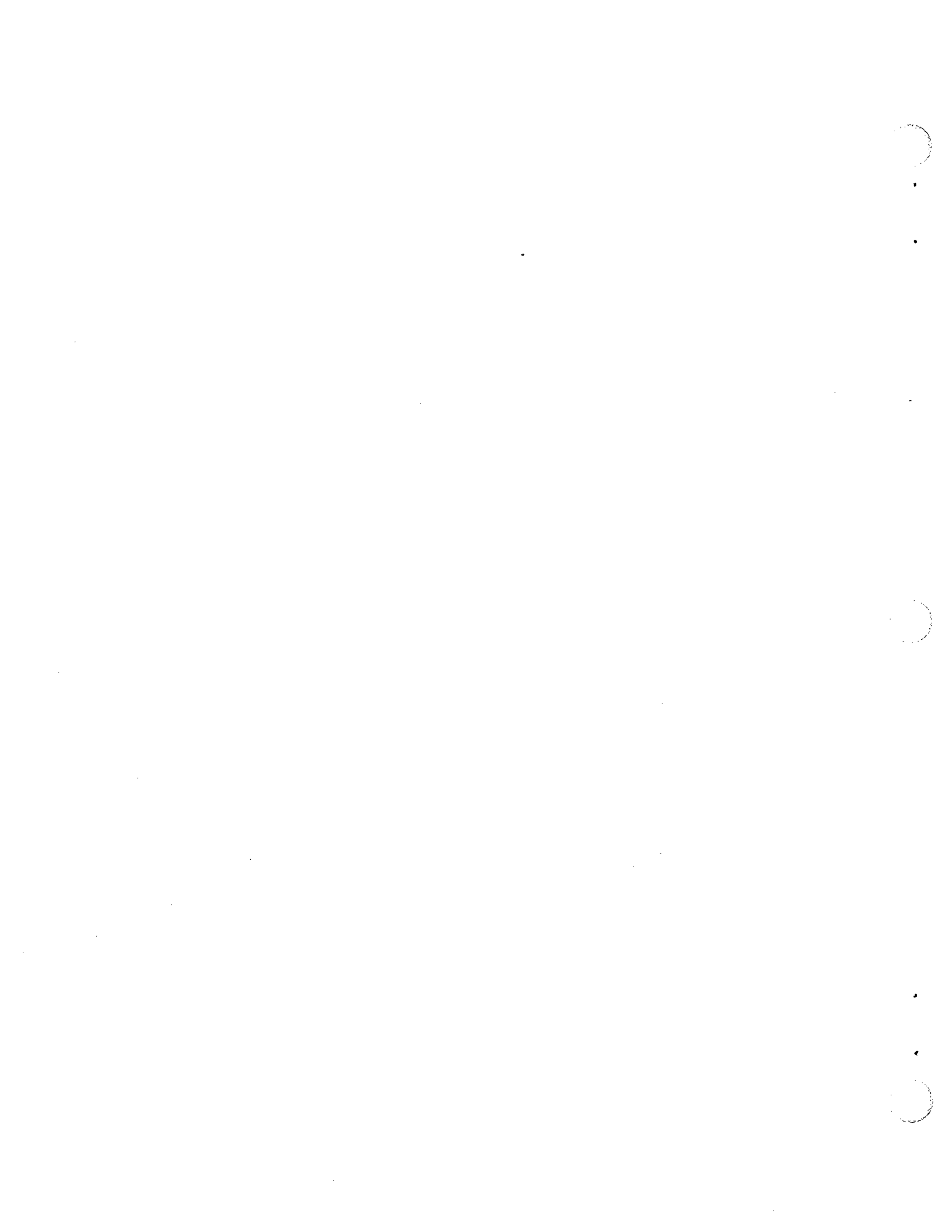
ECONOMIC TRENDS IN
KENTUCKY COUNTIES
1969 – 1987

OWSLEY 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

KY
65
.L3PM
No. 438
1990

OWSLEY 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 Owsley County economy, as measured by personal income, grew moderately during the period. Most of this growth resulted from increases in transfer payments. Both per capita personal income and average earnings per job were significantly below those of the state. Owsley 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 dependent on the farm sector. While the farming sector was the primary source of employment in Owsley County, earnings and employment from this sector declined substantially. The county's share of earnings and employment from mining fluctuated during the period and were minimal by 1987. At the state level, both the farm and mining sectors decreased their share of the economy.

The service sector of Owsley County grew significantly. The share of earnings from state and local government increased, while the employment share declined. The trade sector's share of earnings and employment declined. At the state level, services and trade increased, while state and local government declined.

The state and national economic outlook is for continued decline of the farm sector. The long-term economic outlook at the state and national levels is for continued increase in the non-goods-producing sectors, especially the service sector. Future economic growth in Owsley County would be enhanced by further 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 Owsley 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.

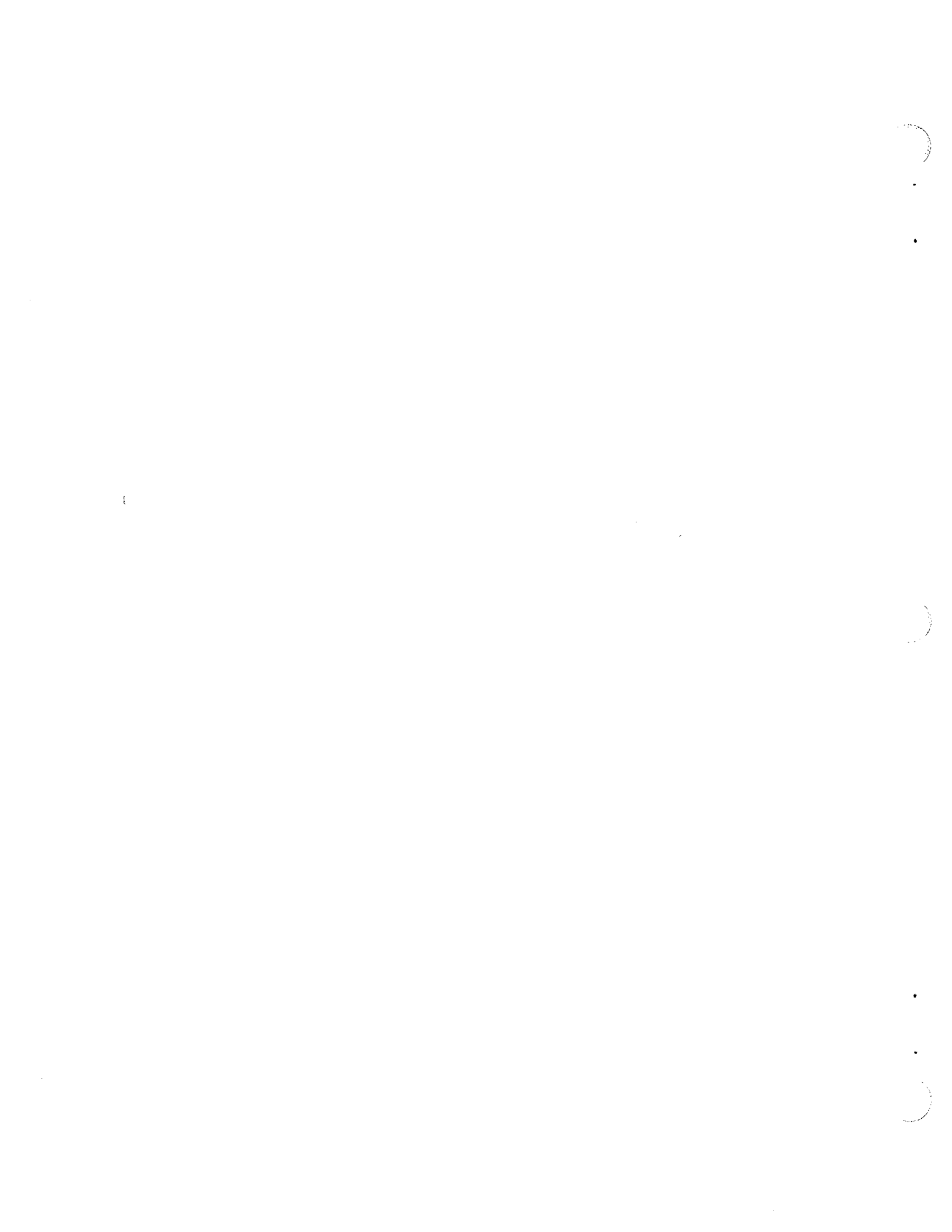
A second question concerns the structure and nature of the Owsley County economy. The structure of an economy refers to the relative share contributed by the various segments of the economy, while the nature deals with how this share has changed over time.

A third question concerns the performance of the Owsley 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.

*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 OWSLEY 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 Owsley 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 Owsley County economy, as measured by real personal income, increased from \$19 million in 1969 to a high of \$38 million in 1987, after adjusting for inflation. Chart 1B shows Owsley County total personal income as a percent of Kentucky total personal income. Owsley County had relatively small changes in its share of Kentucky personal income.

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. Owsley County real per capita income generally increased over the time period to a level of \$6,886 in 1987. Owsley County's per capita personal income was 55.1 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 share has changed over time. This information is illustrated in Charts 2A-2D. Total earnings increased from \$12 million in 1969 to \$17 million in 1987 (in constant 1988 dollars). Earnings as a percent of personal income have declined over the period. Earnings accounted for 45.8 percent of Owsley County's total personal income in 1987, much lower than Kentucky's 67.5 percent share.

Transfer payments contributed \$7 million to total personal income in 1969 and \$16 million in 1987. In 1987, 42.4 percent of Owsley County personal income was derived from transfer payments, much higher than 17.2 percent for the state.

Income from property in Owsley County grew slowly through the time period. Income from property totalled \$1 million in 1969 and increased to \$5 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. Owsley County received 26.9 percent of total earnings from the farm sector in 1969. This share was volatile during the period and generally declined to 10.0 percent in 1987. The share of earnings from mining increased substantially in the 1970's to a high of 30.1 percent in 1978. After another spurt of activity in 1981, the share of earnings from this sector declined to 3.3 percent by 1987. There was no activity in the manufacturing sector. All three of these sectors showed a decline in earnings share at the state level.

Earnings from non-goods-producing industries are illustrated in Chart 3B. The percent of total earnings from services increased from 14.6 percent in 1969 to 33.0 percent in 1987. The percentage of earnings from the trade sector declined from 17.3 percent in 1969 to 10.0 percent in 1987. The share from state and local government increased and was 26.5 percent in 1987. In the state as a whole, the share of earnings from services increased substantially, while the shares from trade and state and local government remained constant.

Average earnings per job (adjusted for inflation) for Owsley 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. In Owsley County average earnings per job peaked in 1972 at \$17,571. They subsequently decreased to a level of \$10,050 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 Owsley County increased from 675 people in 1969 to 1,465 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 Owsley County are presented in Chart 4B. Owsley County unemployment rates were above Kentucky rates during the period. In 1987, the county unemployment rate was 11.5, compared to 8.8 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 farm sector was the primary source of employment in Owsley County. Employment in this sector increased from 25.6 percent of total employment in 1969 to 40.3 percent in 1978. This share subsequently declined to 31.0 percent in 1987. The mine sector's share of total employment fluctuated during the period. In 1987, 1.5 percent of total employment was in mining. Overall, Kentucky saw a decline in the share of employment in these industries.

Owsley 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 15.9 percent in 1969 to 28.9 percent in 1987. The percent of employment in the trade sector declined from 26.1 percent in 1969 to 11.3 percent in 1987. The percent of employment in state and local government declined slightly and accounted for 16.4 percent in 1987. At the state level, the share of employment in services increased, while the shares in trade and 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 Owsley County.

The Owsley County population grew from 5,100 in 1969 to 5,500 in 1987 (Chart 5A). In 1986, 8.9 percent of Owsley County's population was under six years of age, compared to 8.6 percent for the state. In the same year, 17.7 percent of the Owsley 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. While mining employment and earnings are a very small percent of their respective totals for Owsley County, coal production has been a nontrivial sector of the county economy.

Owsley 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 from 1976 to a high of 1,310 thousand tons in 1978. 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, 659 thousand tons of coal was mined in Owsley County.

Employment in the mining sector, which includes coal and other forms of mining, is illustrated in Chart 6B. In 1974 there were only 18 people employed in mining in Owsley County. Employment in this sector increased to 146 people in 1981. By 1987 mining provided 22 jobs in the county.

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 Owsley County totalled \$451 thousand.

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

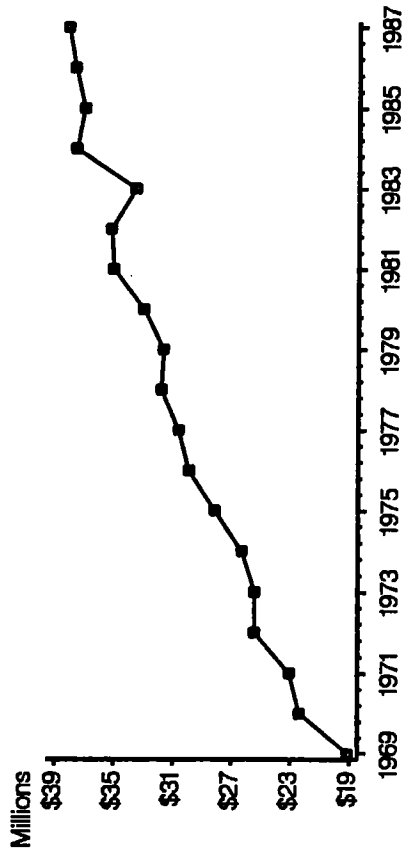


CHART 1B
OWSLEY COUNTY
PERSONAL INCOME
as a Percent of Kentucky Personal Income

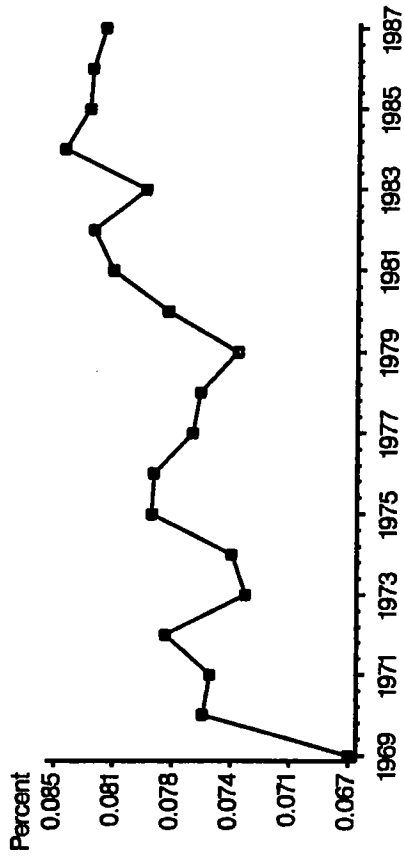


CHART 1C
OWSLEY COUNTY
PER CAPITA PERSONAL INCOME
in Constant 1988 Dollars

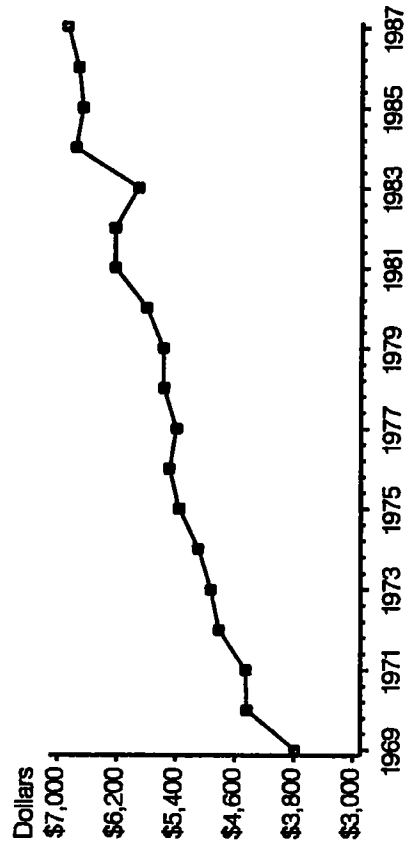


CHART 1D
OWSLEY COUNTY
PER CAPITA PERSONAL INCOME
as a Percent of Kentucky Per Capita Personal Income

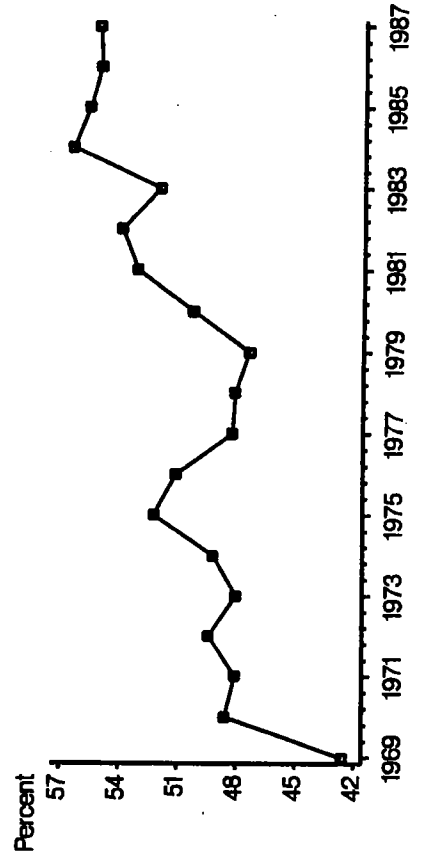


CHART 2A

OWSLEY COUNTY

REAL TOTAL EARNINGS

Millions of 1988 dollars

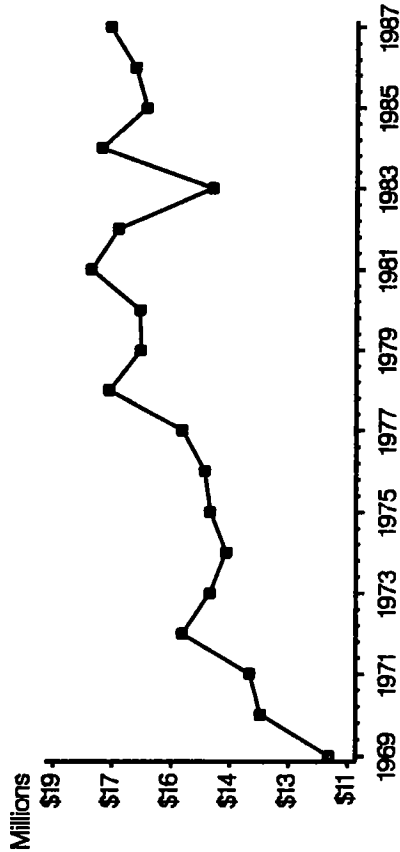


CHART 2B

OWSLEY COUNTY

TRANSFER PAYMENTS and INCOME FROM PROPERTY

Millions of 1988 Dollars

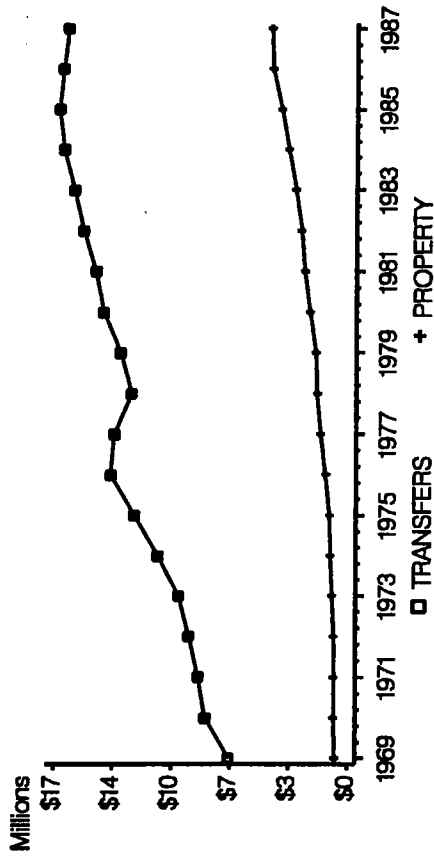


CHART 2C

OWSLEY COUNTY

TOTAL EARNINGS

as a Percent of Personal Income

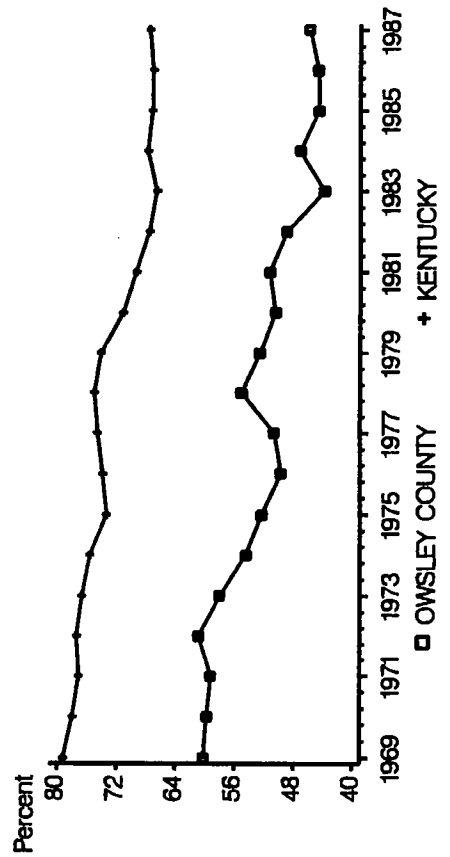


CHART 2D

OWSLEY COUNTY

TRANSFER PAYMENTS

as a Percent of Personal Income

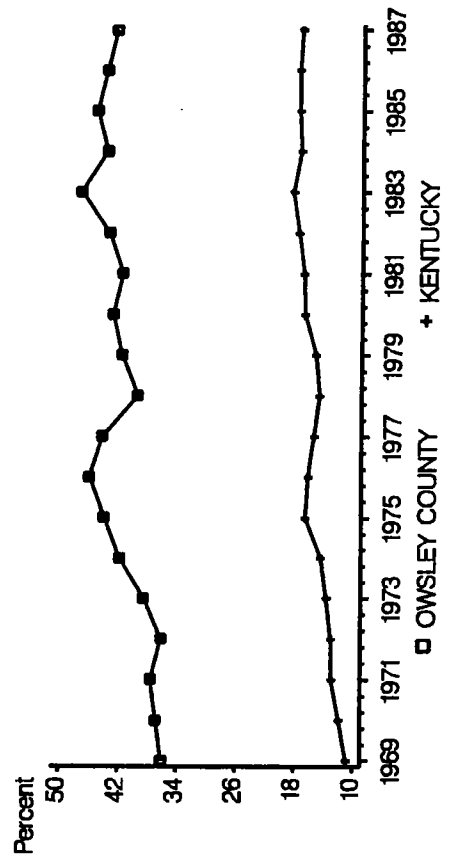


CHART 3A

OWSLEY COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Earnings

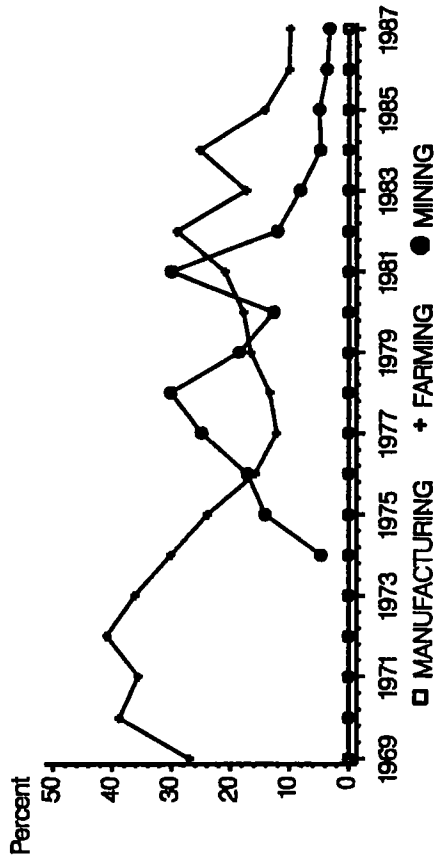


CHART 3B

OWSLEY COUNTY

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

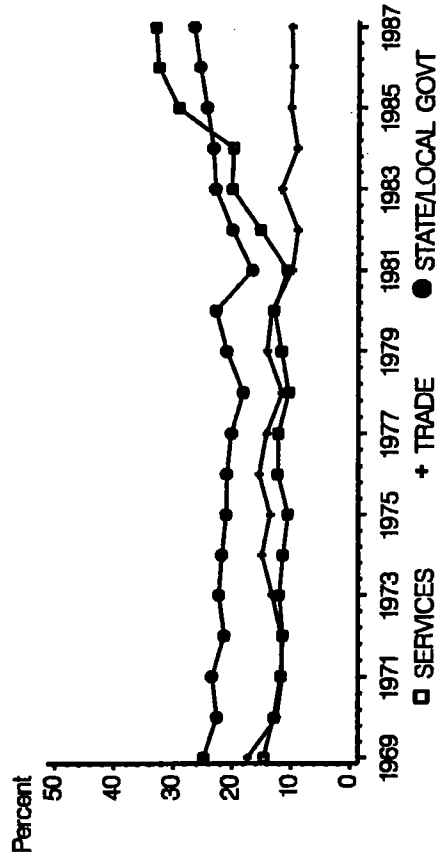


CHART 3C

OWSLEY COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES
as a Percent of Kentucky Industries

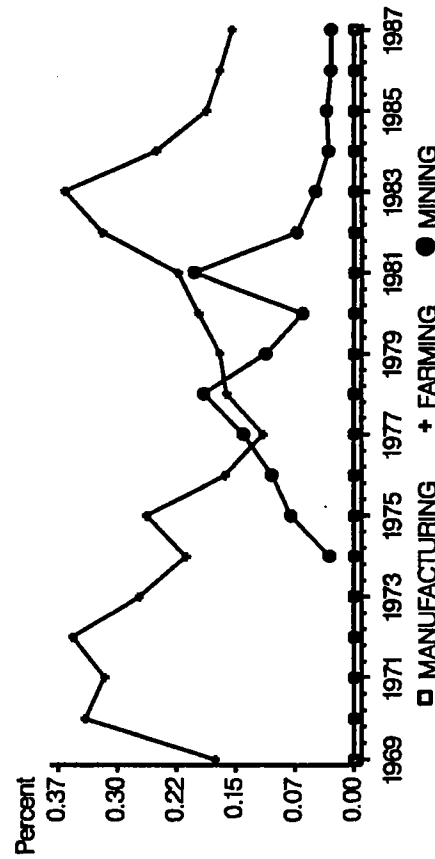


CHART 3D

OWSLEY COUNTY

AVERAGE EARNINGS PER JOB
in Constant 1988 Dollars

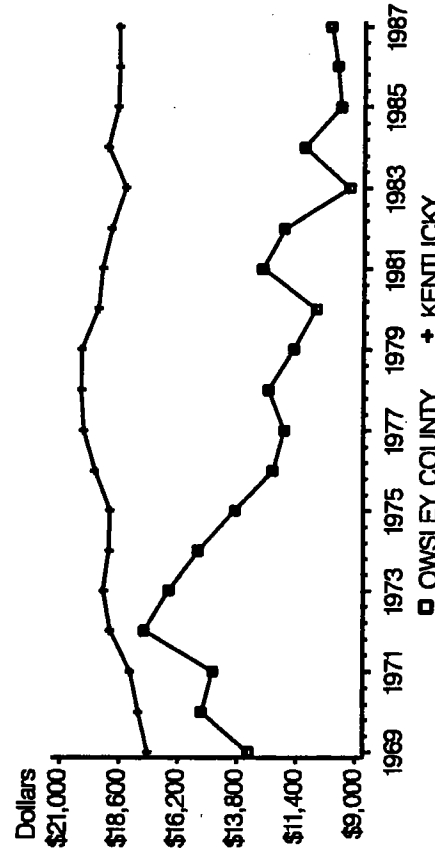


CHART 4A
OWSLEY COUNTY
TOTAL EMPLOYMENT
Thousands of People

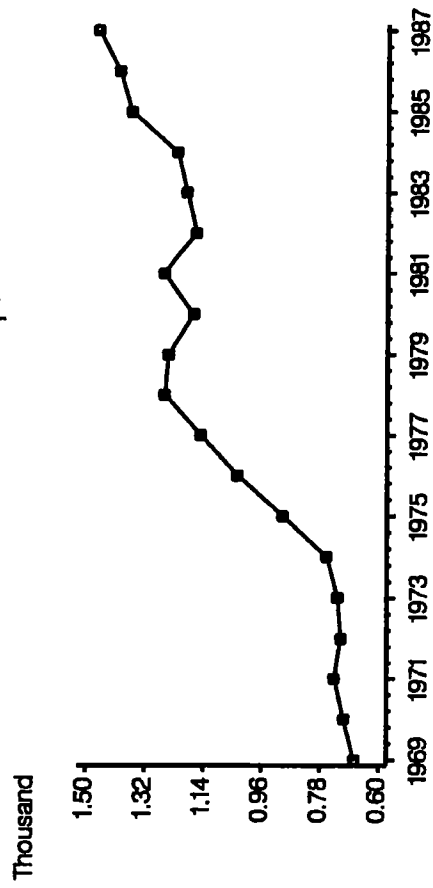


CHART 4B
OWSLEY COUNTY
ANNUAL UNEMPLOYMENT RATE

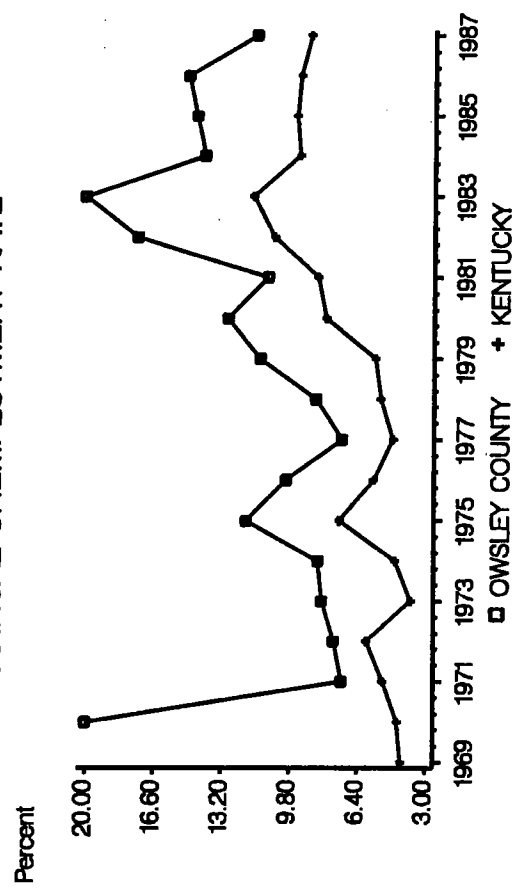


CHART 4C
OWSLEY COUNTY
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Employment

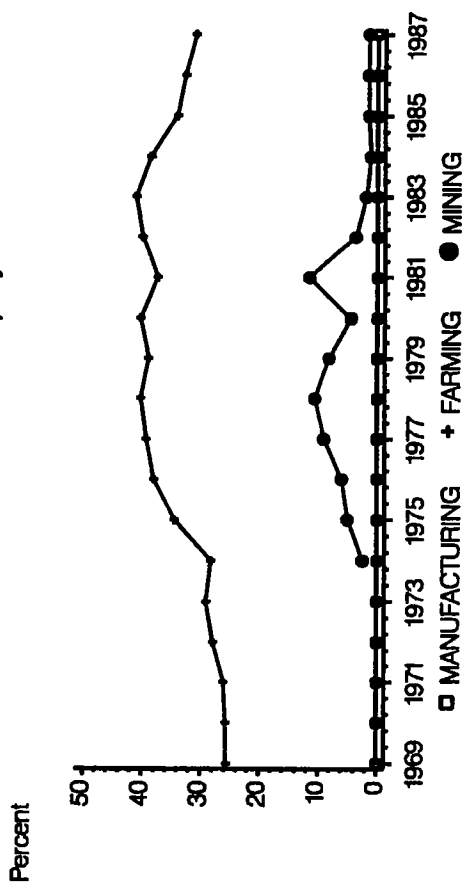


CHART 4D
OWSLEY COUNTY
EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES
as a Percent of Total Employment

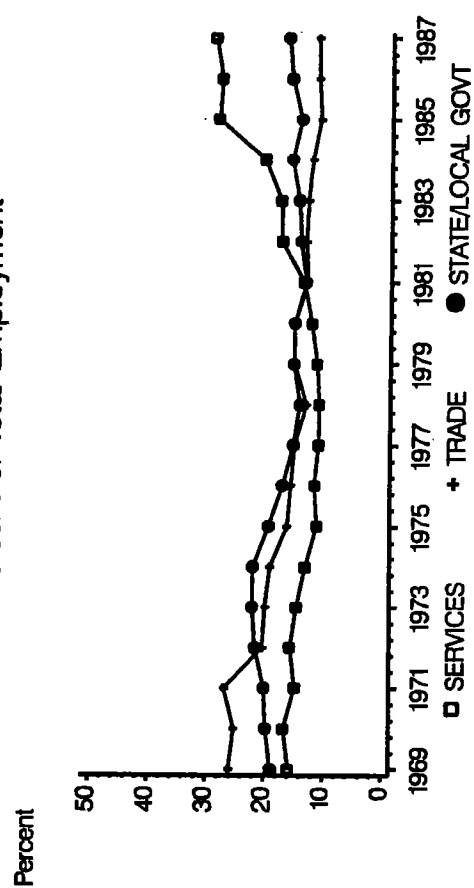


CHART 5A
OWSLEY COUNTY
POPULATION
Thousands of People

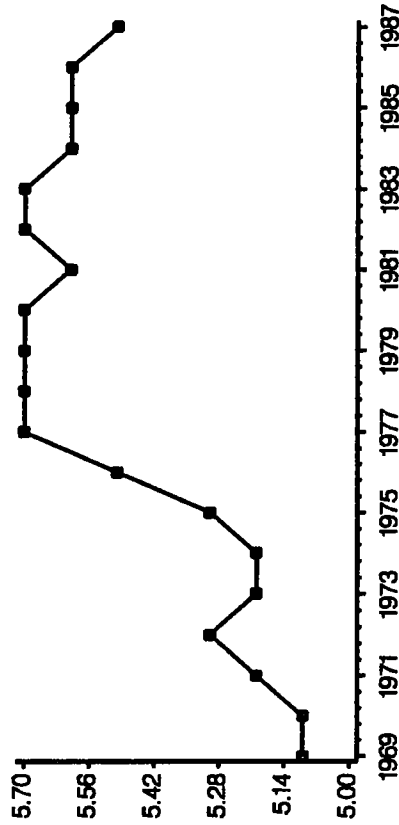


CHART 5B
OWSLEY COUNTY
POPULATION
as a Percent of Kentucky Population

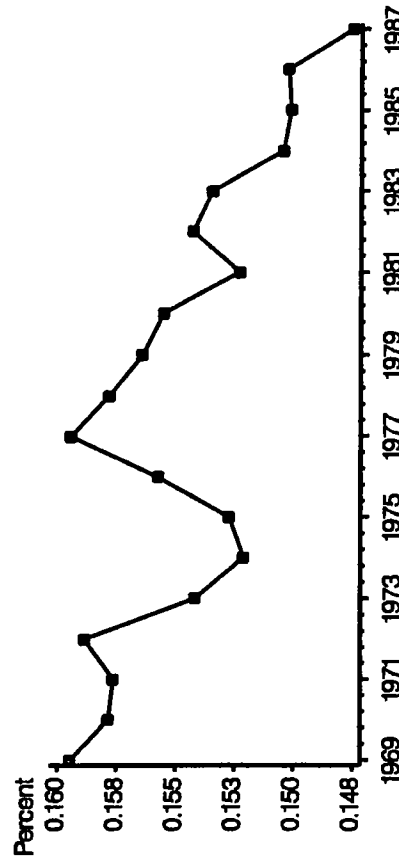


CHART 5C
OWSLEY COUNTY
POPULATION 5 AND UNDER
as a Percent of Total Population

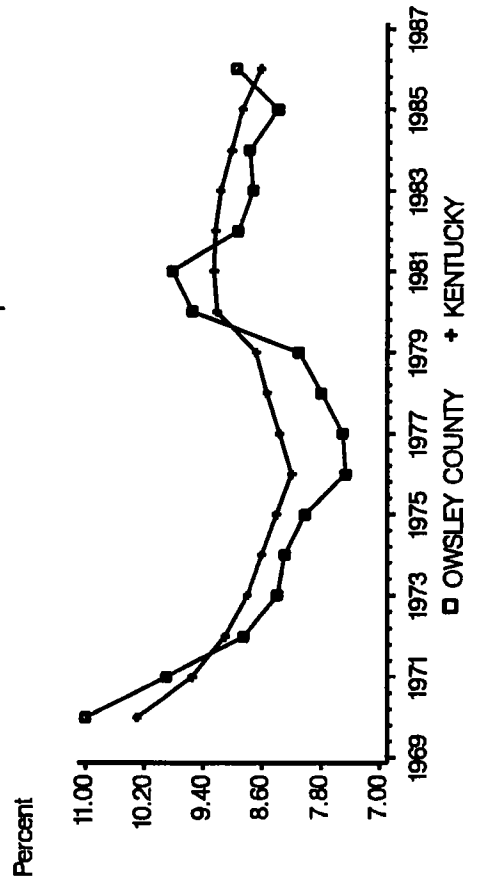


CHART 5D
OWSLEY COUNTY
POPULATION 60 AND OVER
as a Percent of Total Population

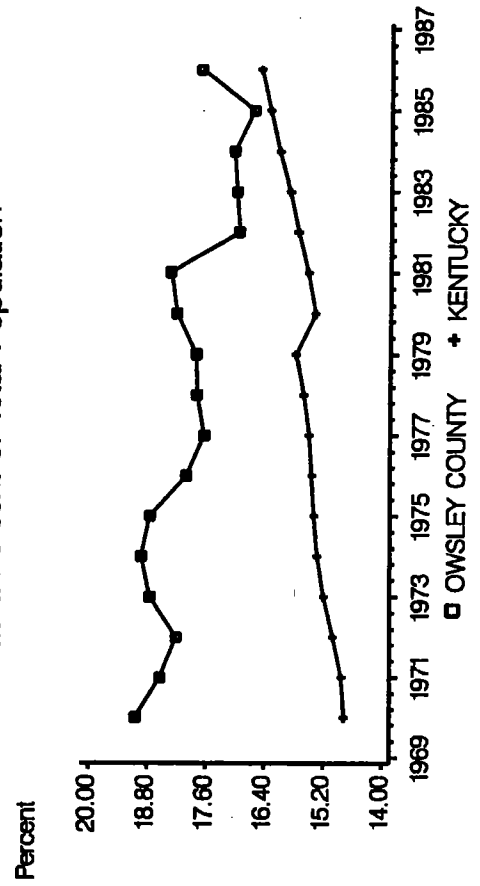


CHART 6A
OWSLEY COUNTY
TOTAL COAL PRODUCTION (SHIPMENTS)
Thousands of Tons

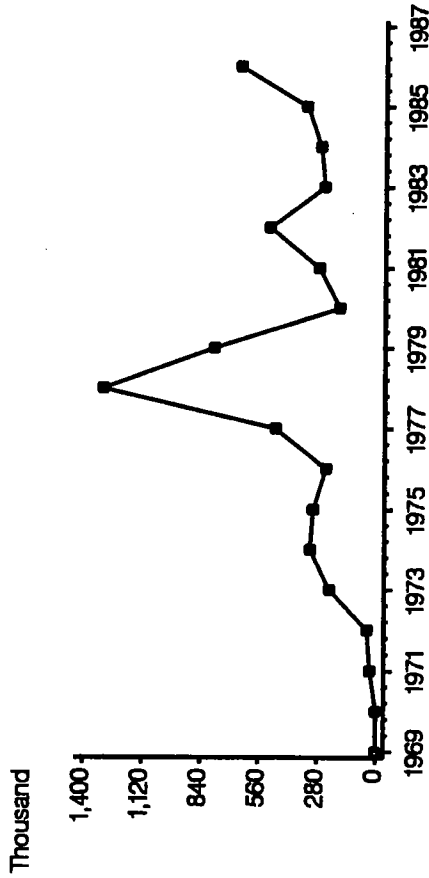


CHART 6B
OWSLEY COUNTY
MINING EMPLOYMENT
Thousands of People

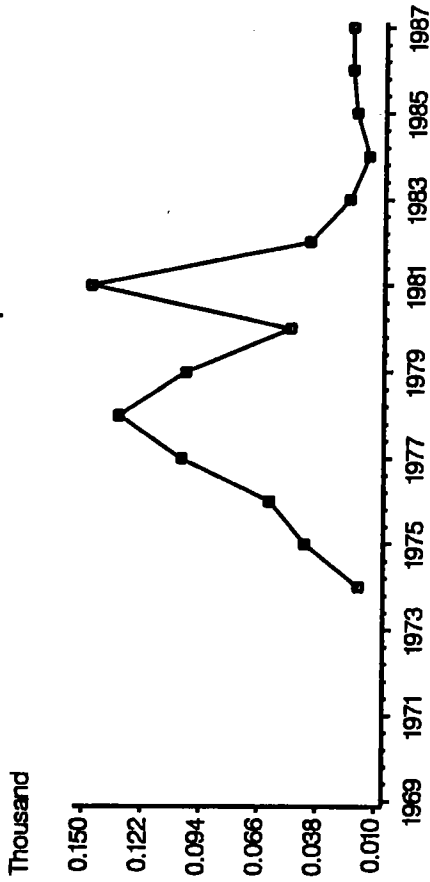


CHART 6C
OWSLEY COUNTY
AVERAGE VALUE PER TON FOR COAL
Constant 1988 Dollars

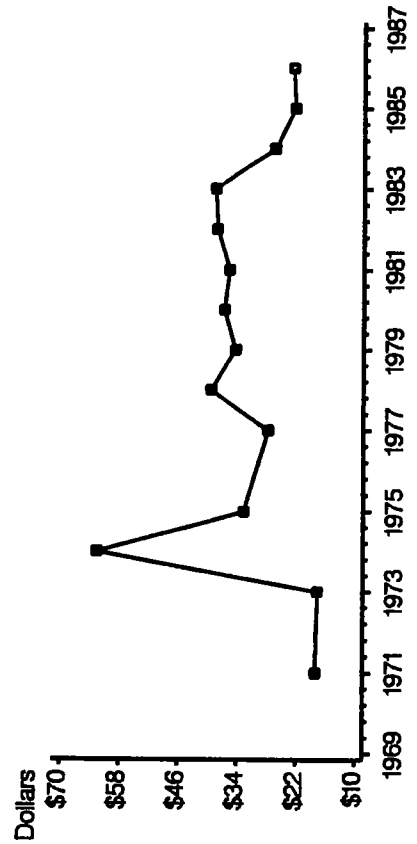
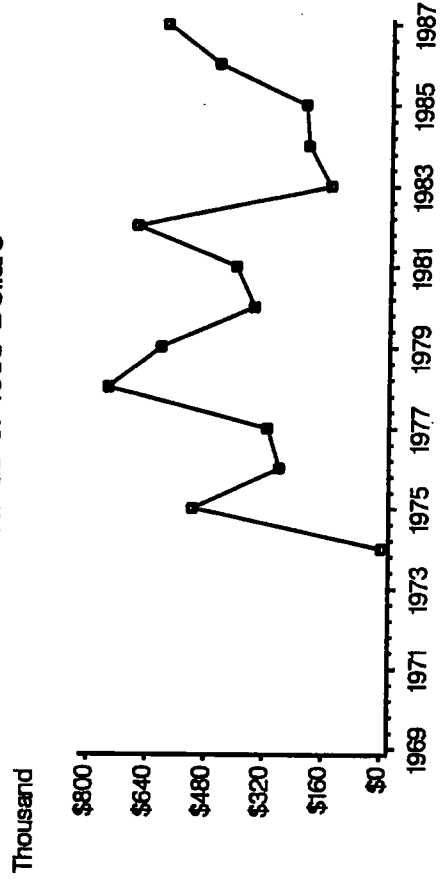


CHART 6D
OWSLEY COUNTY
TAX RECEIPTS ON COAL SEVERED OR PROCESSED
Thousands of 1988 Dollars



OWSLEY COUNTY

PERSONAL INCOME
In Millions of 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	19	0.07	3,787	42.6
1970	22	0.08	4,429	48.6
1971	23	0.08	4,448	48.1
1972	25	0.08	4,817	49.4
1973	25	0.07	4,932	48.0
1974	26	0.07	5,100	49.2
1975	28	0.08	5,361	52.2
1976	30	0.08	5,487	51.1
1977	31	0.08	5,393	48.2
1978	32	0.08	5,566	48.1
1979	32	0.07	5,574	47.4
1980	33	0.08	5,801	50.3
1981	35	0.08	6,229	53.1
1982	35	0.08	6,232	53.9
1983	34	0.08	5,918	52.0
1984	38	0.08	6,764	56.4
1985	37	0.08	6,669	55.6
1986	38	0.08	6,733	55.0
1987	38	0.08	6,886	55.1

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	12	60.2	79.2	7	36.0	10.9	1	3.8	9.9
1970	13	59.7	77.9	8	36.8	11.9	1	3.5	10.2
1971	14	59.2	77.0	9	37.5	12.9	1	3.3	10.1
1972	16	60.9	77.3	9	36.1	12.9	1	3.1	9.7
1973	15	58.0	76.6	10	38.5	13.6	1	3.6	9.7
1974	14	54.4	75.5	11	41.8	14.4	1	3.8	10.1
1975	15	52.3	73.3	12	43.9	16.5	1	3.8	10.1
1976	15	49.8	73.9	14	45.9	16.1	1	4.3	10.0
1977	16	50.6	74.6	14	44.1	15.3	2	5.2	10.1
1978	18	55.0	75.0	13	39.4	14.6	2	5.6	10.4
1979	17	52.5	74.1	13	41.6	15.1	2	5.9	10.8
1980	17	50.5	71.1	14	42.8	16.7	2	6.7	12.2
1981	18	51.3	69.3	15	41.5	16.8	3	7.2	13.8
1982	17	48.9	67.5	15	43.4	17.6	3	7.7	14.9
1983	15	43.7	66.6	16	47.1	18.4	3	9.2	15.1
1984	18	47.1	67.8	16	43.6	17.3	3	9.3	14.9
1985	17	44.5	67.2	17	45.0	17.6	4	10.5	15.3
1986	17	44.6	67.1	16	43.7	17.6	4	11.7	15.3
1987	17	45.8	67.5	16	42.4	17.2	5	11.8	15.3

OWSLEY 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	0.0	0.00	26.9	0.17	.	.
1970	0.0	0.00	38.8	0.34	.	.
1971	0.0	0.00	35.6	0.31	.	.
1972	0.0	0.00	40.9	0.35	.	.
1973	0.0	0.00	36.2	0.27	.	.
1974	0.0	0.00	30.1	0.21	4.7	0.03
1975	0.0	0.00	23.9	0.26	14.2	0.08
1976	0.0	0.00	15.9	0.16	17.1	0.10
1977	0.0	0.00	12.2	0.11	24.9	0.14
1978	0.0	0.00	13.4	0.16	30.2	0.19
1979	0.0	0.00	16.6	0.17	18.5	0.11
1980	0.0	0.00	17.8	0.19	12.7	0.06
1981	0.0	0.00	21.0	0.22	30.1	0.20
1982	0.0	0.00	29.1	0.31	12.1	0.07
1983	0.0	0.00	17.4	0.36	8.2	0.05
1984	0.0	0.00	25.3	0.25	4.8	0.03
1985	0.0	0.00	14.3	0.18	5.0	0.03
1986	0.0	0.00	10.1	0.17	3.7	0.03
1987	0.0	0.00	10.0	0.15	3.3	0.03

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	14.6	0.04	17.3	0.04	24.8	0.11
1970	12.9	0.04	12.4	0.04	22.6	0.11
1971	11.7	0.04	11.4	0.03	23.4	0.11
1972	11.4	0.04	11.7	0.04	21.3	0.11
1973	12.0	0.04	13.3	0.04	22.3	0.10
1974	11.4	0.04	15.0	0.04	21.8	0.10
1975	10.6	0.04	13.6	0.04	21.0	0.10
1976	12.3	0.04	15.5	0.04	21.0	0.10
1977	12.2	0.04	14.2	0.04	20.2	0.09
1978	10.4	0.04	11.6	0.04	18.2	0.09
1979	11.7	0.04	14.1	0.04	21.0	0.09
1980	12.9	0.04	13.3	0.03	22.8	0.09
1981	10.7	0.04	9.9	0.03	16.6	0.09
1982	15.2	0.05	8.9	0.03	20.0	0.09
1983	20.1	0.05	11.7	0.03	22.9	0.08
1984	19.8	0.05	9.1	0.03	23.3	0.10
1985	29.1	0.07	10.1	0.03	24.4	0.10
1986	32.5	0.07	9.8	0.03	25.5	0.10
1987	33.0	0.08	10.0	0.03	26.5	0.11

OWSLEY COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	0	0.0	173	25.6	.	.
1970	0	0.0	182	25.7	.	.
1971	0	0.0	192	26.1	.	.
1972	0	0.0	200	27.9	.	.
1973	0	0.0	211	29.1	.	.
1974	0	0.0	215	28.3	18	2.4
1975	0	0.0	309	34.5	44	4.9
1976	0	0.0	394	38.1	61	5.9
1977	0	0.0	452	39.3	103	9.0
1978	0	0.0	508	40.3	133	10.5
1979	0	0.0	486	38.9	101	8.1
1980	0	0.0	472	40.3	51	4.4
1981	0	0.0	472	37.4	146	11.6
1982	0	0.0	465	39.9	42	3.6
1983	0	0.0	490	41.0	23	1.9
1984	0	0.0	472	38.6	14	1.1
1985	0	0.0	464	34.0	20	1.5
1986	0	0.0	458	32.7	22	1.6
1987	0	0.0	454	31.0	22	1.5

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	107	15.9	176	26.1	127	18.8
1970	118	16.7	178	25.2	139	19.7
1971	109	14.8	198	26.9	147	20.0
1972	112	15.6	145	20.3	154	21.5
1973	106	14.6	144	19.8	160	22.0
1974	100	13.2	145	19.1	167	22.0
1975	100	11.2	146	16.3	173	19.3
1976	120	11.6	162	15.7	176	17.0
1977	125	10.9	172	15.0	175	15.2
1978	136	10.8	165	13.1	179	14.2
1979	140	11.2	189	15.1	190	15.2
1980	143	12.2	178	15.2	177	15.1
1981	172	13.6	164	13.0	168	13.3
1982	202	17.4	154	13.2	165	14.2
1983	209	17.5	154	12.9	173	14.5
1984	248	20.3	149	12.2	192	15.7
1985	386	28.3	148	10.9	193	14.1
1986	389	27.8	157	11.2	222	15.8
1987	423	28.9	165	11.3	240	16.4

OWSLEY COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	675	\$13,340	\$17,440	.	4.2
1970	707	\$15,253	\$17,811	20.0	4.4
1971	736	\$14,799	\$18,166	7.2	5.1
1972	716	\$17,571	\$18,970	7.6	6.0
1973	726	\$16,569	\$19,232	8.2	3.7
1974	760	\$15,403	\$19,008	8.4	4.5
1975	896	\$13,878	\$18,976	12.0	7.3
1976	1,035	\$12,366	\$19,563	10.0	5.6
1977	1,149	\$11,903	\$20,031	7.2	4.7
1978	1,261	\$12,554	\$20,121	8.5	5.3
1979	1,249	\$11,515	\$20,110	11.3	5.5
1980	1,172	\$10,606	\$19,439	12.9	8.0
1981	1,263	\$12,804	\$19,286	10.9	8.4
1982	1,164	\$11,921	\$18,931	17.4	10.6
1983	1,194	\$9,277	\$18,358	20.0	11.6
1984	1,223	\$11,083	\$19,080	14.1	9.3
1985	1,364	\$9,635	\$18,676	14.5	9.5
1986	1,401	\$9,790	\$18,627	14.9	9.3
1987	1,465	\$10,050	\$18,636	11.5	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER 6		PERCENT 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	5,100	0.16	.	.	.	.
1970	5,100	0.16	11.0	10.3	19.0	14.8
1971	5,200	0.16	9.9	9.6	18.5	14.8
1972	5,300	0.16	8.8	9.1	18.2	15.0
1973	5,200	0.15	8.4	8.8	18.8	15.2
1974	5,200	0.15	8.3	8.6	18.9	15.3
1975	5,300	0.15	8.0	8.4	18.8	15.4
1976	5,500	0.16	7.5	8.2	18.0	15.5
1977	5,700	0.16	7.5	8.4	17.6	15.5
1978	5,700	0.16	7.8	8.5	17.8	15.6
1979	5,700	0.16	8.1	8.7	17.8	15.8
1980	5,700	0.16	9.5	9.2	18.2	15.4
1981	5,600	0.15	9.8	9.3	18.3	15.5
1982	5,700	0.15	8.9	9.2	16.9	15.7
1983	5,700	0.15	8.7	9.2	17.0	15.9
1984	5,600	0.15	8.8	9.0	17.1	16.1
1985	5,600	0.15	8.4	8.9	16.6	16.3
1986	5,600	0.15	8.9	8.6	17.7	16.5
1987	5,500	0.15	.	.	.	.

OWSLEY COUNTY

COAL MINING STATISTICS

YEAR	PRODUCTION (Thousand Tons)	EMPLOYMENT	AVERAGE VALUE PER TON	COAL TAX RECEIPTS (000)
1969	0	.	.	.
1970	0	.	.	.
1971	28	.	\$18.02	.
1972	41	.	.	.
1973	224	.	\$17.57	.
1974	317	18	\$62.52	\$0
1975	303	44	\$32.68	\$515
1976	241	61	.	\$279
1977	485	103	\$27.83	\$312
1978	1,310	133	\$39.44	\$746
1979	780	101	\$34.42	\$604
1980	179	51	\$36.76	\$350
1981	279	146	\$35.69	\$402
1982	515	42	\$38.31	\$671
1983	255	23	\$38.59	\$144
1984	274	14	\$26.56	\$206
1985	341	20	\$22.45	\$215
1986	659	22	\$22.82	\$451
1987	.	22	.	.

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



1

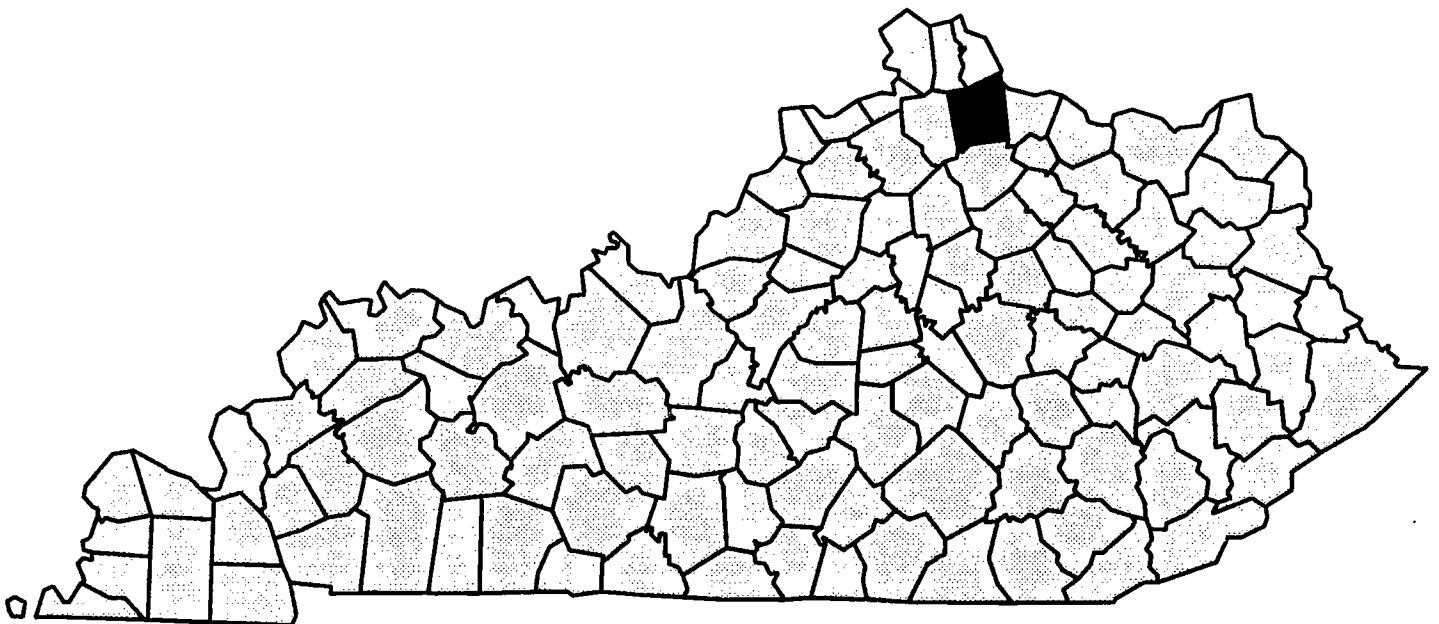
2

3

4

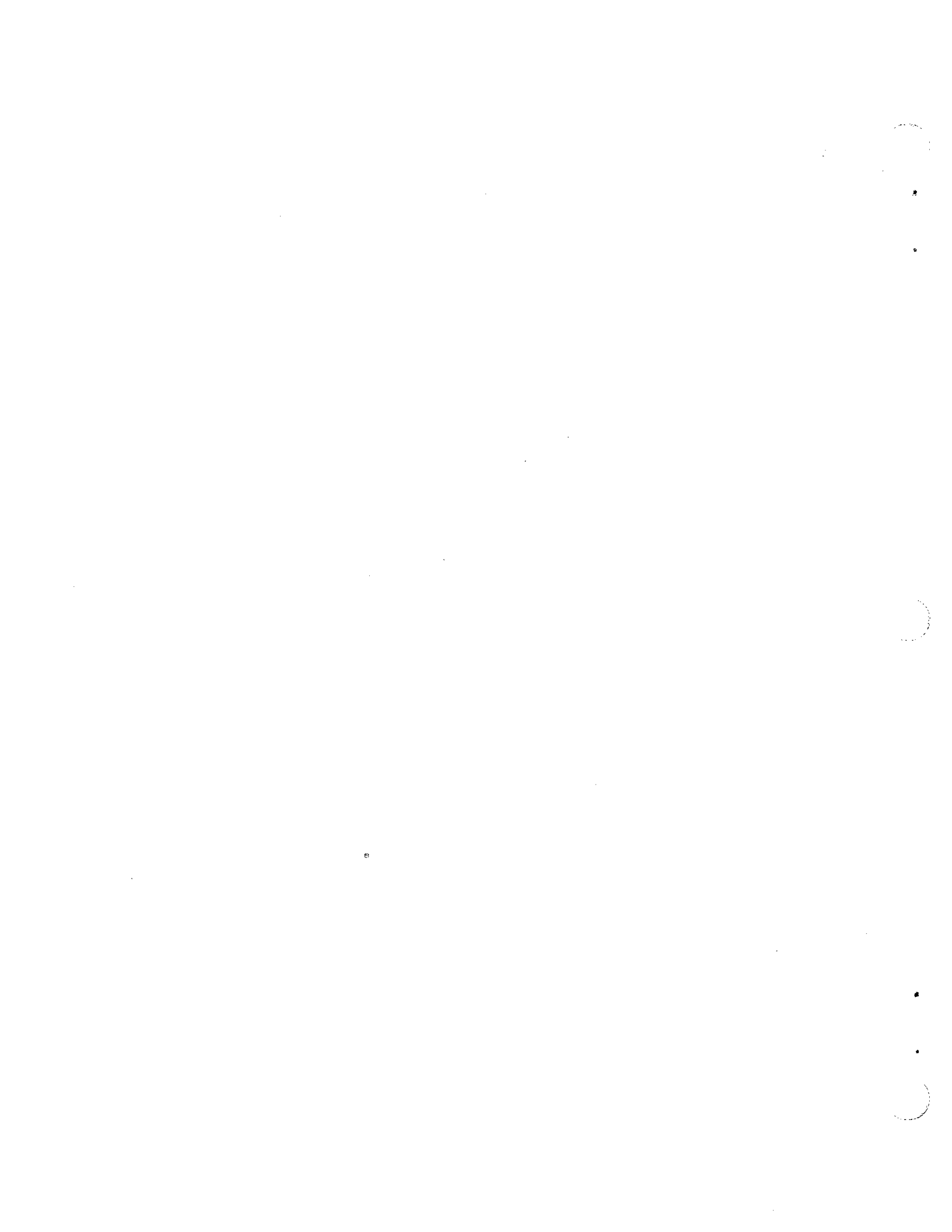
ECONOMIC TRENDS IN
KENTUCKY COUNTIES
1969 – 1987

PENDLETON COUNTY



Prepared by
Virginia Wilson
Donna A. Cantrell

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



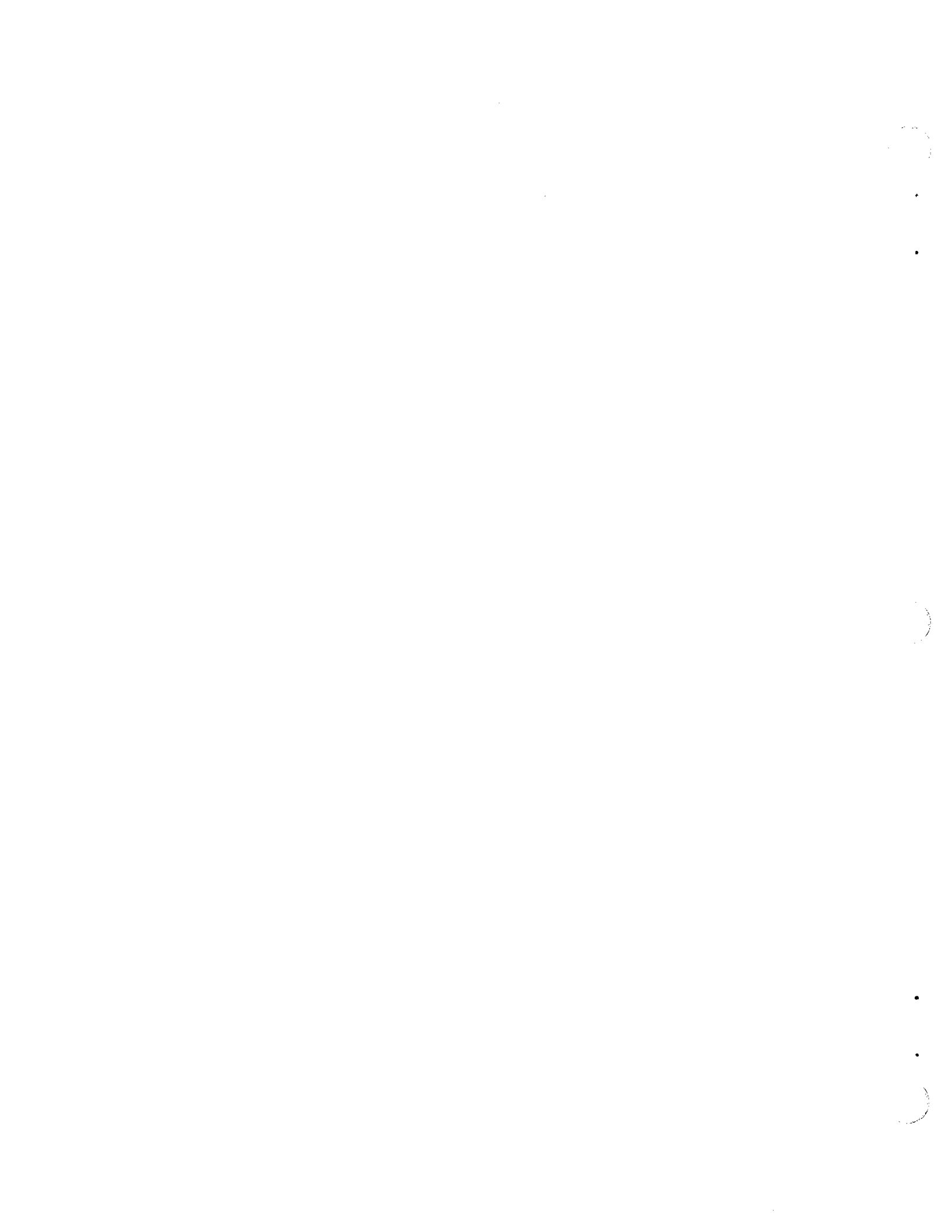
ECONOMIC TRENDS IN
KENTUCKY COUNTIES
1969 – 1987

K4
65
.L3rm
No.438
1990

PENDLETON 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

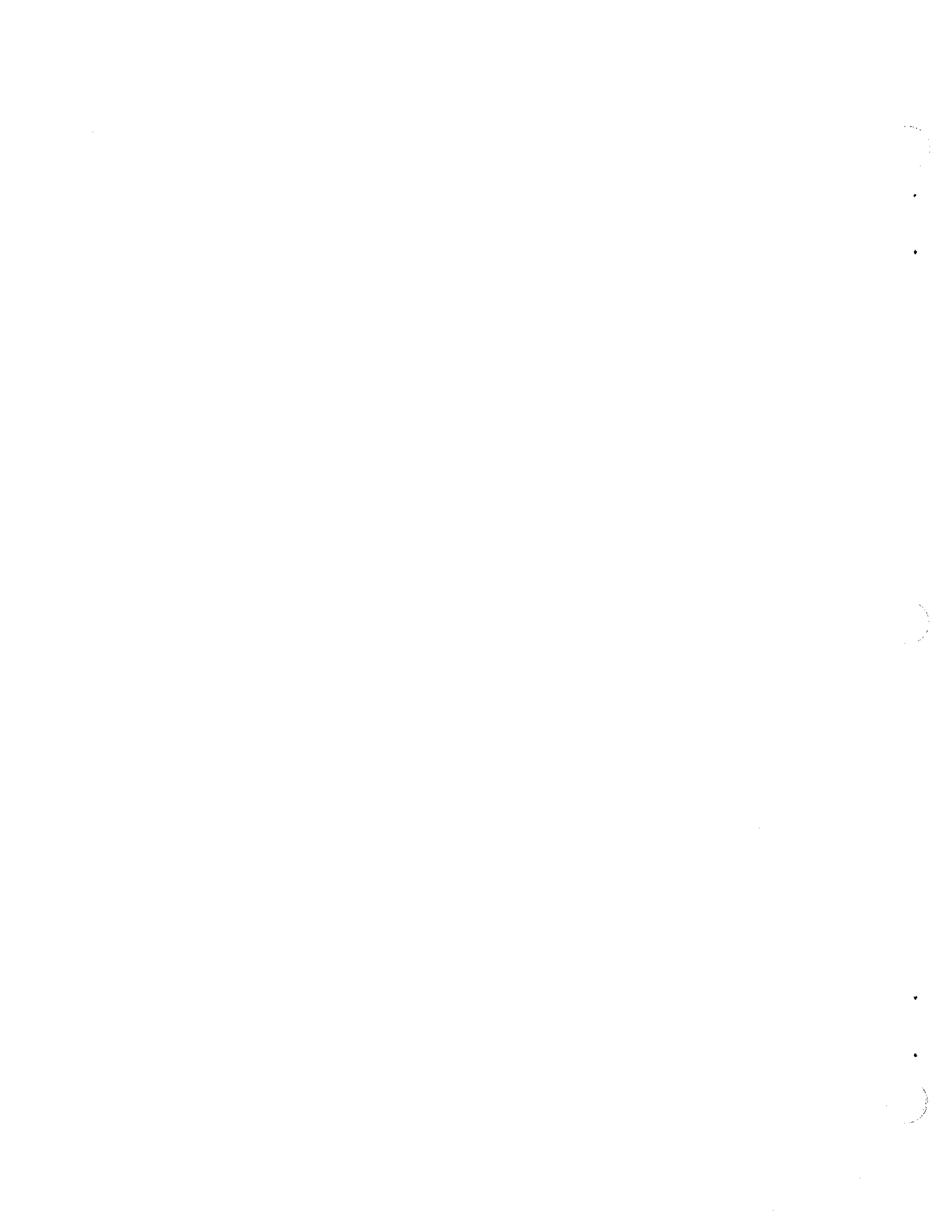
SUMMARY

The Pendleton County economy, as measured by personal income, grew moderately from 1969 to 1987. However, county earnings and employment decreased significantly in the early 1980's, a period corresponding to the national recession in 1982. By 1987, earnings had recovered to pre-recession levels.

The county was heavily vested in the goods-producing industries of manufacturing and farming in the 1970's. However, the share of earnings and employment from the manufacturing sector dropped significantly in the early 1980's. The farm sector's share of earnings declined significantly, while the share of employment declined only slightly.

The non-goods-producing sectors, particularly service and trade, experienced significant growth at the state level. In Pendleton County, the share of earnings and employment in the trade sector decreased through the 1970's, then increased in the 1980's. Data on the service sector in Pendleton County was not available. Employment in the state and local government sector increased, while its share of earnings was constant. At the state level, the government sector's share of both of these components remained stable.

Goods-producing industries, especially durable goods manufacturing, tend to be very sensitive to economic fluctuations. 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 decline in farm employment and growth in the services and trade sectors. Future economic growth in Pendleton County would be enhanced by expansion of the non-goods-producing 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.

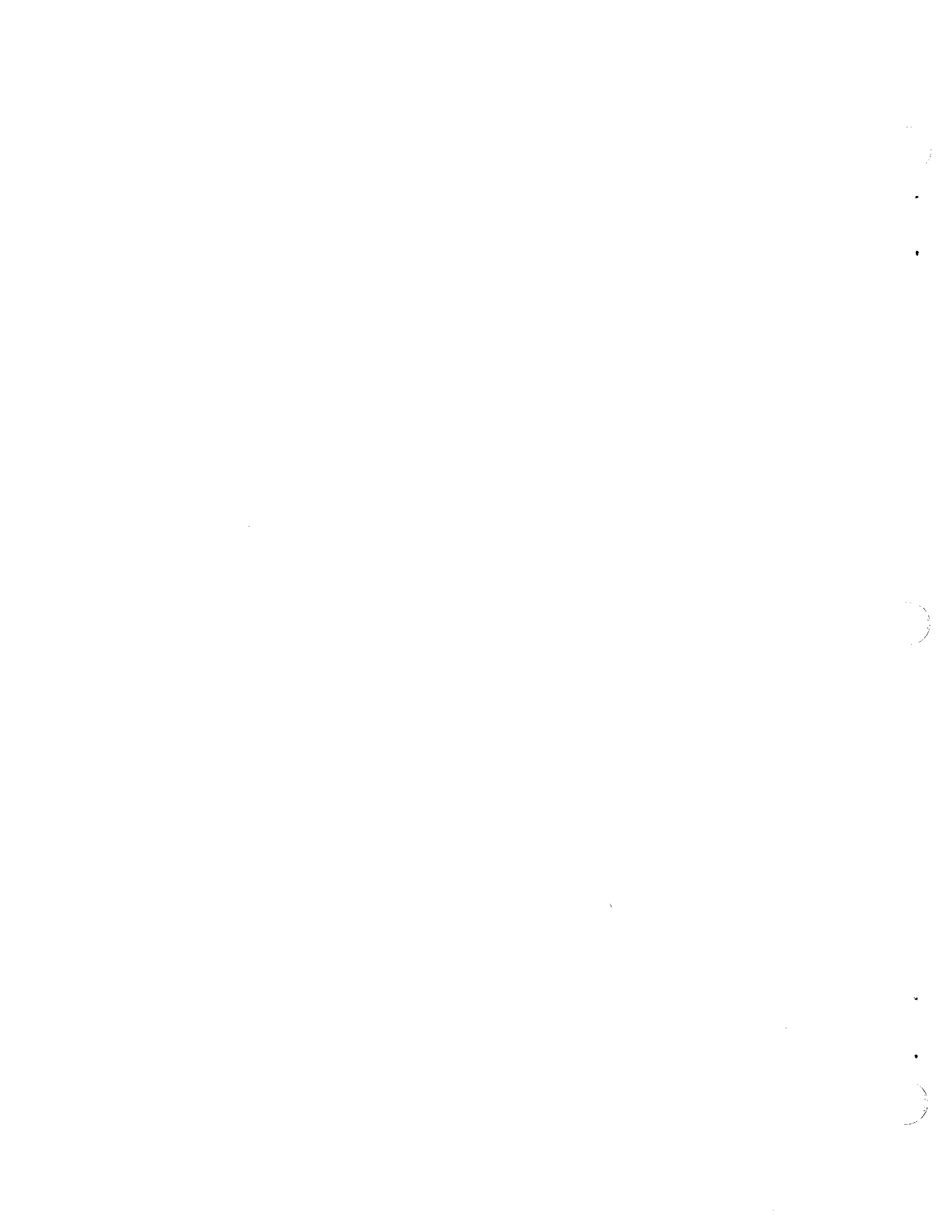
A second question concerns the structure and nature of the county economy. The structure of an economy refers to the relative share contributed by the various segments of the economy, while the nature deals with how this share has changed over time.

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.

*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 PENDLETON 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 Pendleton 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 Pendleton County economy, as measured by personal income, increased from \$79 million in 1969 to \$122 million in 1987, after adjusting for inflation. Chart 1B shows Pendleton County total personal income as a percent of Kentucky total personal income. Pendleton County had small changes 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 Pendleton County income increased over the time period to a level of \$10,759 per person in 1987, which was 86.1 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. Earnings showed growth through 1980. However, with the national recession of 1982, earnings dropped significantly. Overall, total earnings increased from \$65 million in 1969 to \$84 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 68.9 percent of Pendleton County's total personal income, compared to Kentucky's 67.5 percent share.

Transfer payments contributed \$8 million to total personal income in 1969 and \$20 million in 1987. During the same period, transfer payments contributed a generally equal percentage to personal income in Pendleton County and in Kentucky.

Income from property in Pendleton County grew rapidly in the late 1970's and slowly in the 1980's. Income from property totalled \$6 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 income. Farming's contribution to total county earnings decreased from 27.7 percent in 1969 to 5.4 percent in 1987. In 1969, Pendleton County received 13.6 percent of total earnings from manufacturing. This share increased to 36.7 percent in 1978, then decreased to 20.3 percent in 1987. Data on mining employment was not available. The trend toward declining earnings' share in farming and manufacturing 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 trade sector declined from 18.4 percent in 1969 to 11.8 percent in 1981, then increased to 16.3 percent in 1987. The share of earnings from the state and local government sector increased from 11.0 percent in 1969 to 17.3 percent in 1987. At the state level, the percents of earnings from trade and state and local government were stable.

The service sector was the fastest growing sector of the Kentucky economy. However, data on the service sector in Pendleton County was unavailable. Data on this sector was withheld by the Bureau of Economic Analysis, in order to preserve confidentiality of data sources. Nondisclosure rules prevent the release of data when either there are very few firms operating in a particular sector, or when one firm provides most of the activity in that sector. In Pendleton County, nondisclosure of service sector data likely results from the presence of a large medical facility. This facility would be classified in the medical services category.

Average earnings per job (adjusted for inflation) for Pendleton 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. Pendleton County average earnings per job declined during the period. County average earnings reached \$10,434 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 Pendleton County increased through the 1970's, then declined in the 1980's. In 1969, total employment stood at 3,117 people. By 1987, that figure was 3,625.

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 Pendleton County are presented in Chart 4B. Except for the years 1982 and 1983, unemployment rates in Pendleton County followed those of the state throughout the period. In 1987, the county unemployment rate was 9.6 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, the farm sector's share of employment declined from 36.7 percent in 1969 to 34.5 percent in 1987. The percent of total employment in manufacturing increased from 10.5 percent in 1969 to 23.9 percent in 1974. After a significant one year drop in 1982, this share fluctuated somewhat and stood at 9.8 percent in 1987. These county employment patterns were similar to state patterns.

Employment in the non-goods-producing industries is presented in Chart 4D. Trade sector employment decreased from 16.7 percent in 1969 to 10.9 percent in 1981, then increased to 14.9 percent in 1987. The percent of employment in state and local government remained relatively constant and accounted for 11.5 percent in 1987. At the state level, the trade sector's share of employment increased significantly, while the state and local government sector's share of employment remained constant.

Similar to the situation regarding service sector earnings, service sector employment data was not disclosed, in order to protect confidentiality of data sources. At the state level, service sector employment increased significantly during the period.

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 Pendleton County.

The Pendleton County population grew from 9,900 in 1969 to 11,300 in 1987 (Chart 5A). It was estimated that in 1986, 8.5 percent of Pendleton County's population was under six years of age, compared to 8.6 percent for the state. In the same year, 17.0 percent of the Pendleton County population was sixty years of age and over, while 16.5 percent of all Kentucky residents fell in this age group.

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

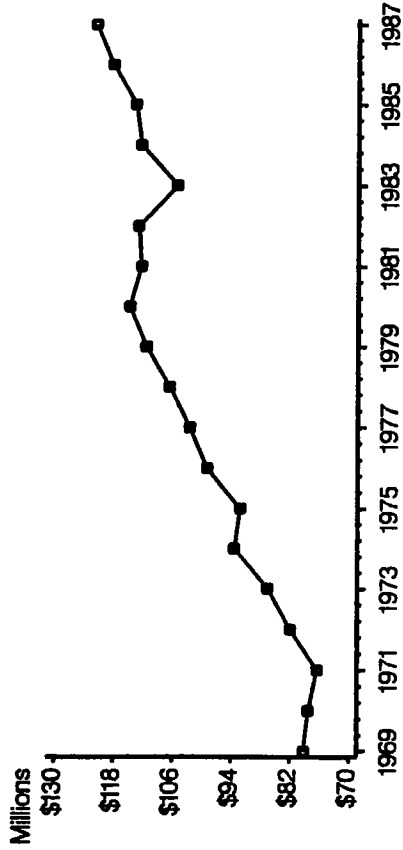


CHART 1B
 PENDLETON COUNTY
 PERSONAL INCOME
 as a Percent of Kentucky Personal Income

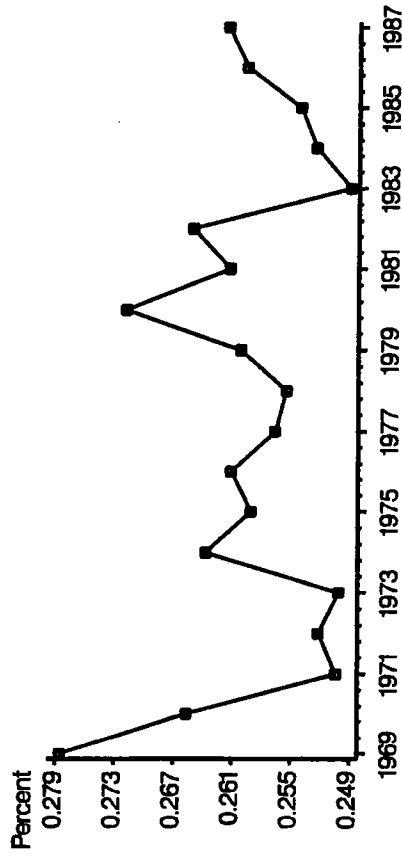


CHART 1C
 PENDLETON COUNTY
 PER CAPITA PERSONAL INCOME
 in Constant 1988 Dollars

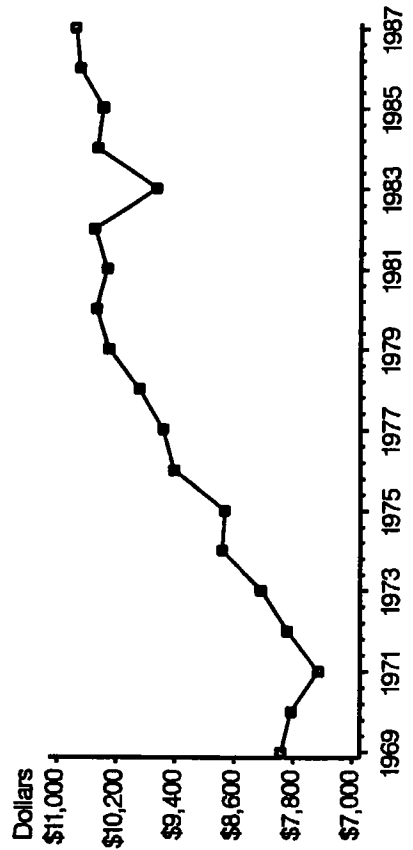


CHART 1D
 PENDLETON COUNTY
 PER CAPITA PERSONAL INCOME
 as a Percent of Kentucky Per Capita Personal Income

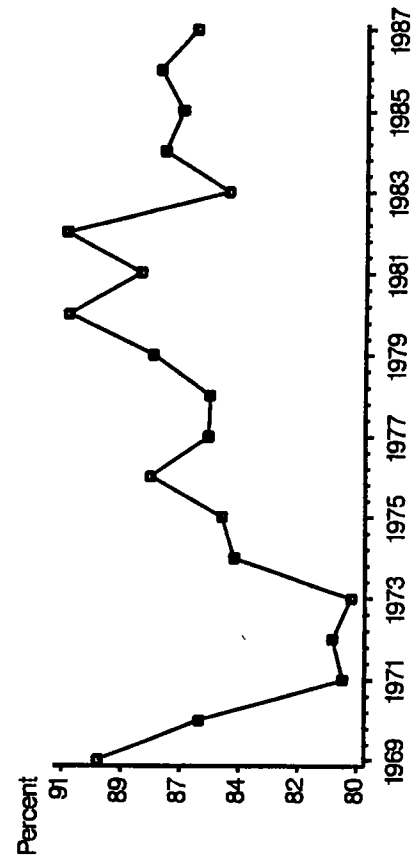


CHART 2A

PENDLETON COUNTY
REAL TOTAL EARNINGS
Millions of 1988 dollars

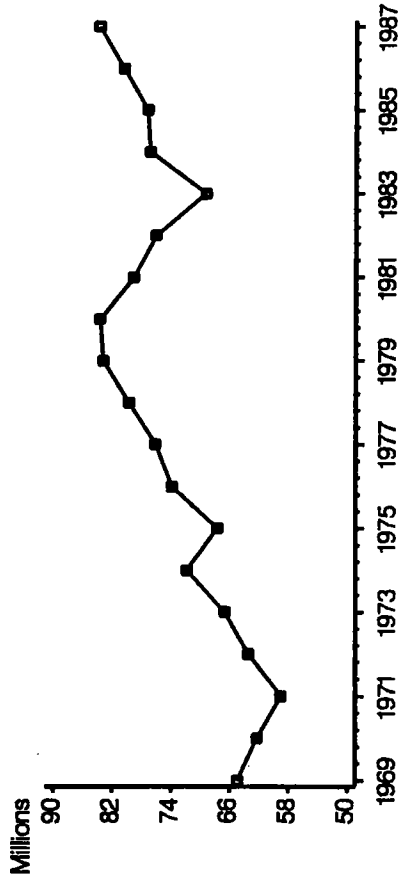


CHART 2B
PENDLETON COUNTY
TRANSFER PAYMENTS and INCOME FROM PROPERTY
Millions of 1988 Dollars

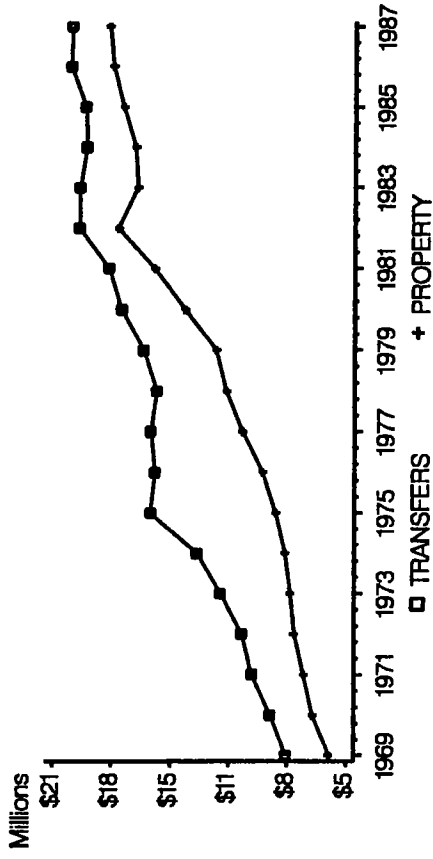


CHART 2C

PENDLETON COUNTY
TOTAL EARNINGS
as a Percent of Personal Income

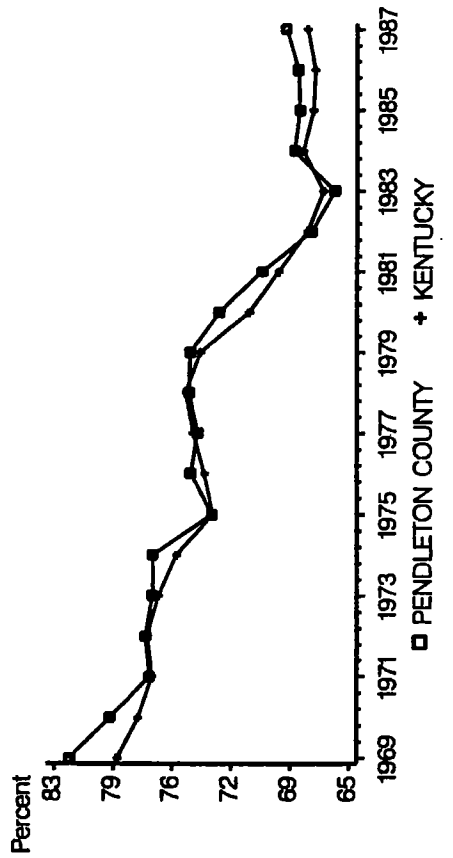


CHART 2D
PENDLETON COUNTY
TRANSFER PAYMENTS
as a Percent of Personal Income

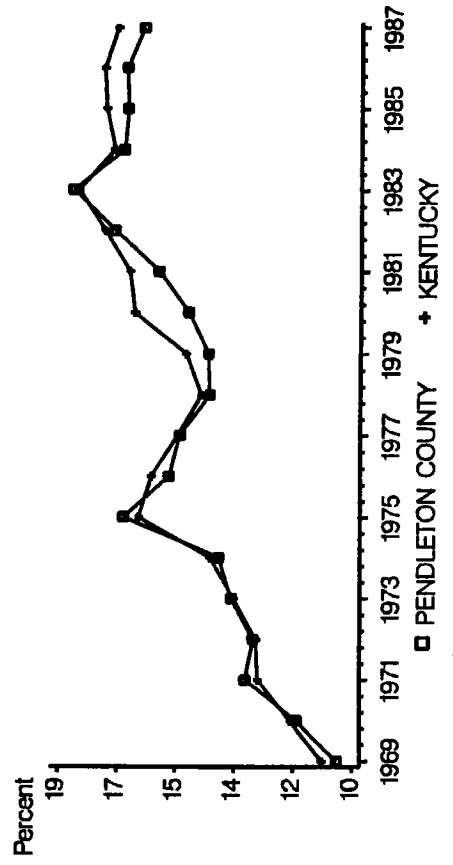


CHART 3A

PENDLETON COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Earnings

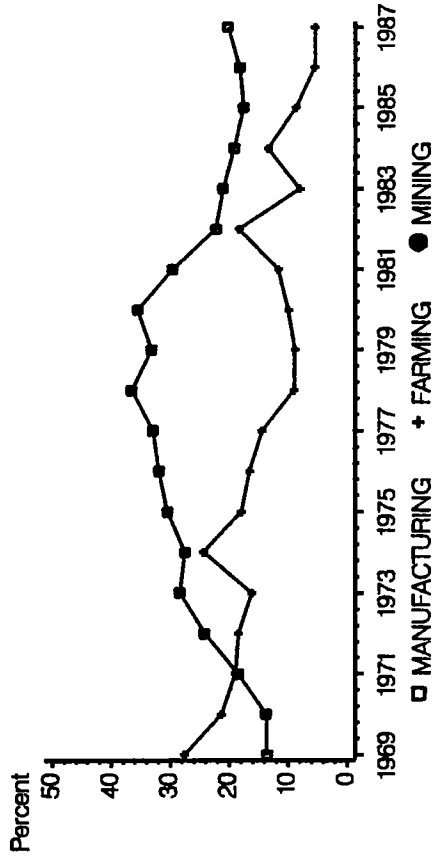


CHART 3B

PENDLETON COUNTY

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

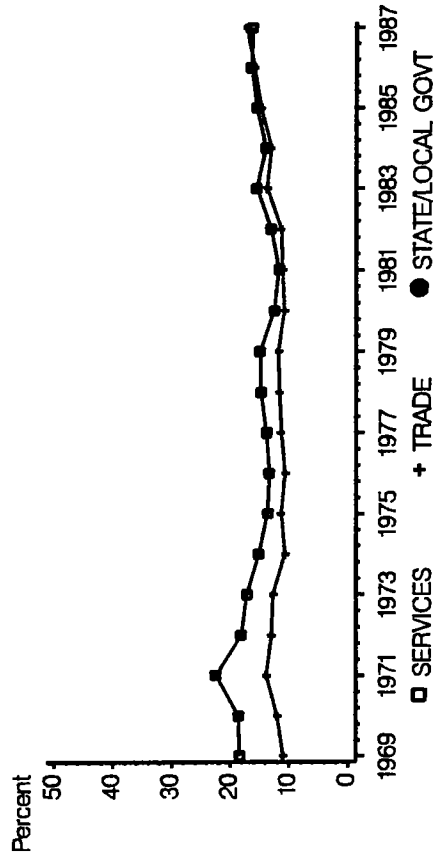


CHART 3C

PENDLETON COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES
as a Percent of Kentucky Industries

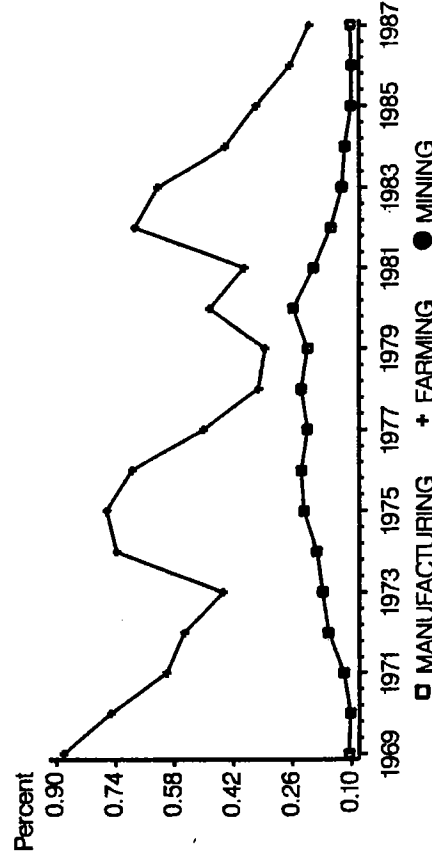


CHART 3D

PENDLETON COUNTY

AVERAGE EARNINGS PER JOB
in Constant 1988 Dollars

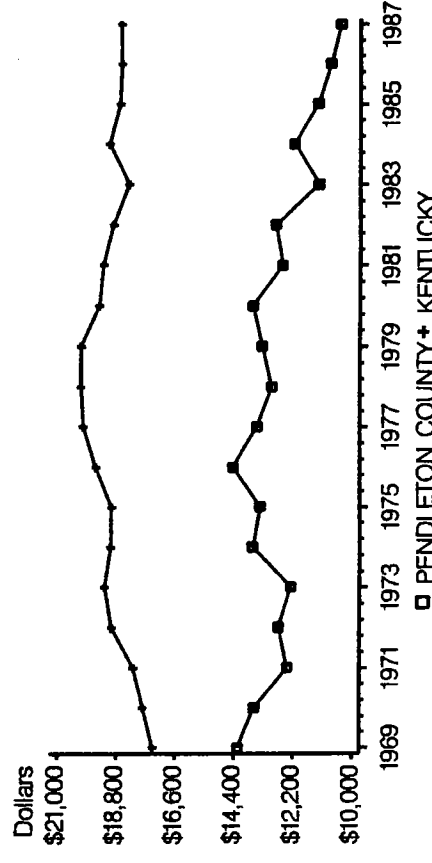


CHART 4A

PENDLETON COUNTY
TOTAL EMPLOYMENT
Thousands of People

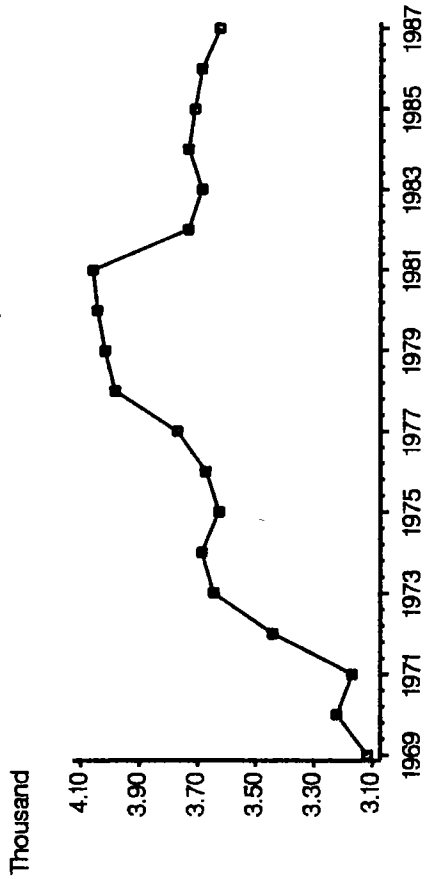


CHART 4B
PENDLETON COUNTY
ANNUAL UNEMPLOYMENT RATE

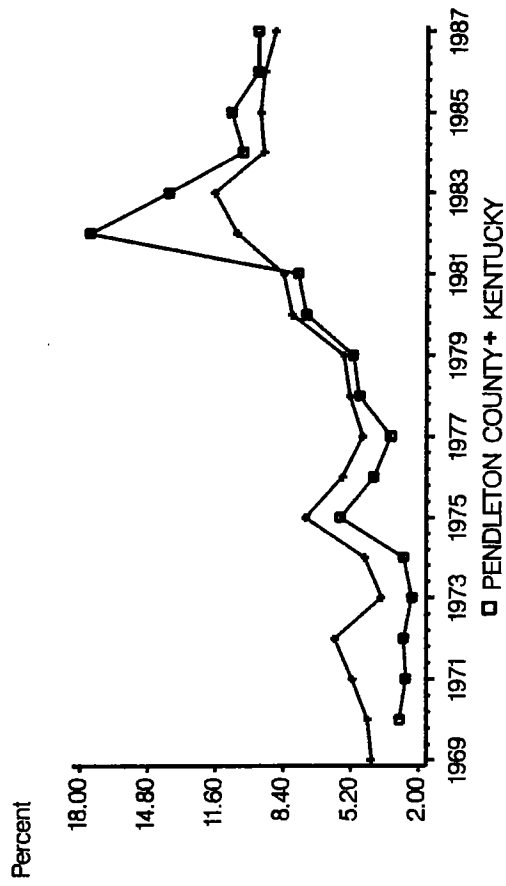


CHART 4C

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

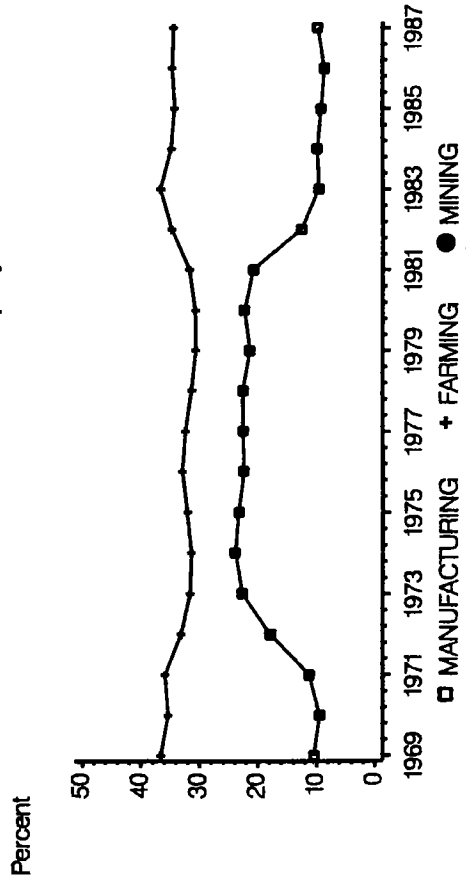


CHART 4D

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

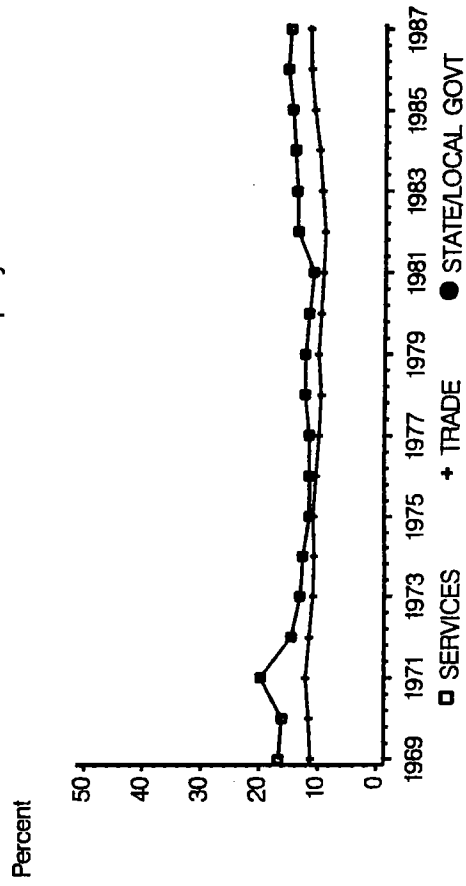


CHART 5A
 PENDLETON COUNTY
 POPULATION
 Thousands of People

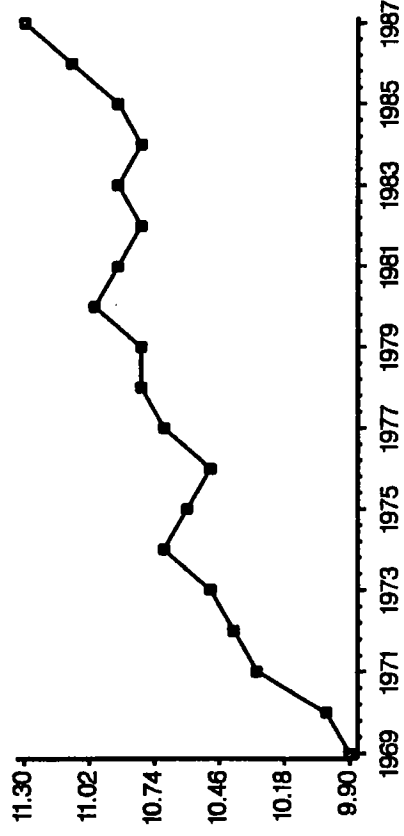


CHART 5B
 PENDLETON COUNTY
 POPULATION
 as a Percent of Kentucky Population

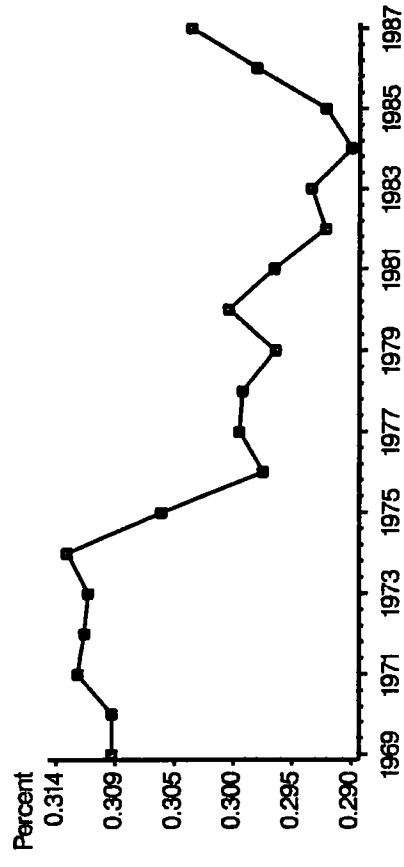


CHART 5C
 PENDLETON COUNTY
 POPULATION 5 AND UNDER
 as a Percent of Total Population

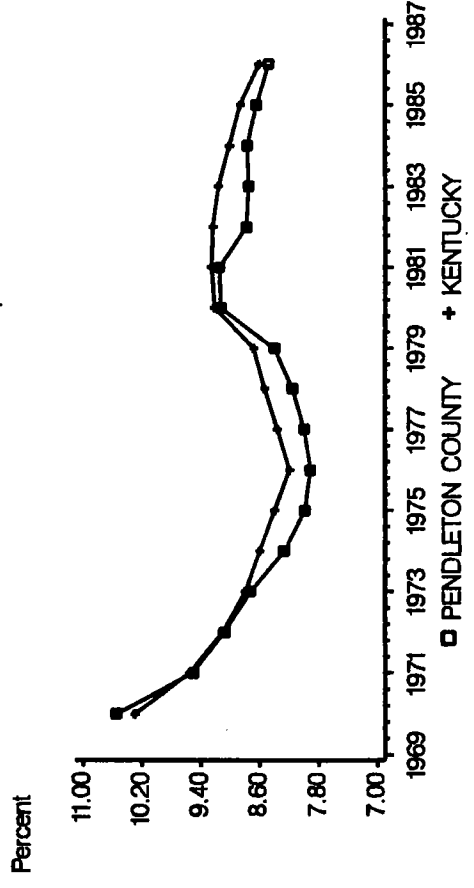
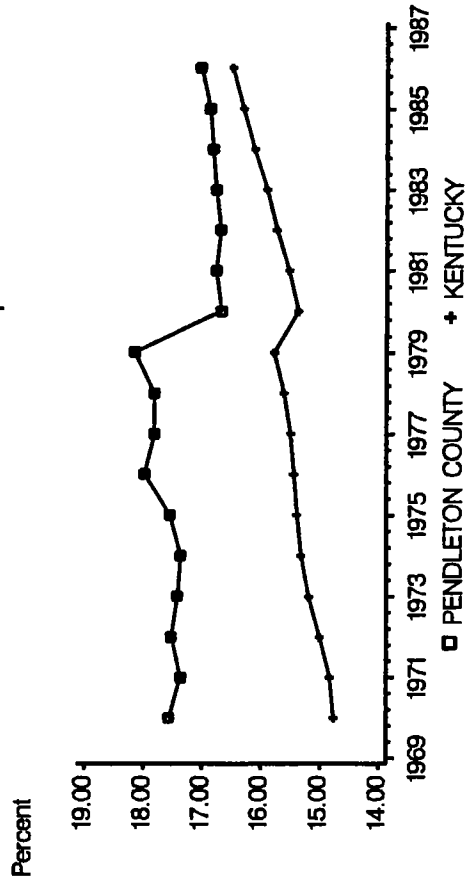


CHART 5D
 PENDLETON COUNTY
 POPULATION 60 AND OVER
 as a Percent of Total Population



PENDLETON COUNTY

PERSONAL INCOME
In Constant 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	79	0.28	7,965	89.6
1970	78	0.27	7,830	85.9
1971	76	0.25	7,453	80.5
1972	82	0.25	7,883	80.9
1973	87	0.25	8,238	80.2
1974	93	0.26	8,765	84.6
1975	92	0.26	8,730	85.1
1976	99	0.26	9,417	87.7
1977	103	0.26	9,566	85.6
1978	107	0.26	9,892	85.5
1979	112	0.26	10,304	87.6
1980	115	0.27	10,469	90.8
1981	113	0.26	10,328	88.1
1982	113	0.27	10,498	90.9
1983	105	0.25	9,659	84.9
1984	113	0.25	10,460	87.2
1985	114	0.25	10,388	86.6
1986	118	0.26	10,697	87.4
1987	122	0.26	10,759	86.1

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	65	82.0	79.2	8	10.5	10.9	6	7.5	9.9
1970	62	79.6	77.9	9	11.7	11.9	7	8.7	10.2
1971	59	77.2	77.0	10	13.3	12.9	7	9.6	10.1
1972	64	77.4	77.3	11	13.0	12.9	8	9.5	9.7
1973	67	77.0	76.6	12	13.7	13.6	8	9.3	9.7
1974	72	77.0	75.5	13	14.1	14.4	8	8.9	10.1
1975	68	73.4	73.3	16	17.0	16.5	9	9.6	10.1
1976	74	74.7	73.9	15	15.6	16.1	10	9.7	10.0
1977	76	74.3	74.6	16	15.3	15.3	11	10.4	10.1
1978	80	74.8	75.0	15	14.4	14.6	12	10.8	10.4
1979	83	74.7	74.1	16	14.4	15.1	12	10.9	10.8
1980	84	72.9	71.1	17	15.0	16.7	14	12.0	12.2
1981	79	70.3	69.3	18	15.9	16.8	15	13.7	13.8
1982	76	67.3	67.5	20	17.3	17.6	17	15.4	14.9
1983	69	65.9	66.6	20	18.6	18.4	16	15.6	15.1
1984	77	68.3	67.8	19	17.0	17.3	17	14.7	14.9
1985	77	68.0	67.2	19	16.9	17.6	17	15.1	15.3
1986	81	68.1	67.1	20	16.9	17.6	18	15.0	15.3
1987	84	68.9	67.5	20	16.4	17.2	18	14.7	15.3

PENDLETON 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	13.6	0.11	27.7	0.88	.	.
1970	13.8	0.10	21.4	0.75	.	.
1971	18.5	0.12	19.0	0.60	.	.
1972	24.3	0.16	18.5	0.55	.	.
1973	28.4	0.18	16.2	0.45	.	.
1974	27.6	0.19	24.5	0.74	.	.
1975	30.6	0.23	18.0	0.76	.	.
1976	32.0	0.24	16.6	0.69	.	.
1977	33.1	0.22	14.5	0.50	.	.
1978	36.7	0.23	9.1	0.35	.	.
1979	33.3	0.22	8.9	0.33	.	.
1980	35.7	0.26	10.0	0.49	.	.
1981	29.7	0.20	11.8	0.39	.	.
1982	22.3	0.16	18.4	0.69	.	.
1983	21.1	0.13	8.0	0.62	.	.
1984	19.2	0.12	13.5	0.44	.	.
1985	17.7	0.10	8.7	0.36	.	.
1986	18.4	0.10	5.5	0.27	.	.
1987	20.3	0.10	5.4	0.21	.	.

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	.	.	18.4	0.22	11.0	0.23
1970	.	.	18.6	0.22	12.0	0.23
1971	.	.	22.5	0.23	13.9	0.23
1972	.	.	18.2	0.20	13.1	0.23
1973	.	.	17.2	0.18	12.8	0.22
1974	.	.	15.2	0.18	10.7	0.21
1975	.	.	13.7	0.15	11.4	0.21
1976	.	.	13.5	0.15	10.7	0.20
1977	.	.	13.9	0.15	11.4	0.20
1978	.	.	14.8	0.15	11.7	0.20
1979	.	.	15.0	0.15	11.8	0.20
1980	.	.	12.6	0.14	10.8	0.19
1981	.	.	11.8	0.13	11.1	0.18
1982	.	.	13.1	0.14	11.4	0.17
1983	.	.	15.6	0.14	13.8	0.18
1984	.	.	14.0	0.13	13.2	0.18
1985	.	.	15.6	0.13	14.9	0.18
1986	.	.	16.5	0.13	16.0	0.18
1987	.	.	16.3	0.12	17.3	0.18

PENDLETON COUNTY
COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	326	10.5	1,143	36.7	.	.
1970	304	9.4	1,141	35.4	.	.
1971	357	11.3	1,138	35.9	.	.
1972	615	17.9	1,140	33.1	.	.
1973	828	22.7	1,151	31.6	.	.
1974	882	23.9	1,156	31.4	.	.
1975	843	23.2	1,162	32.0	.	.
1976	823	22.4	1,209	32.9	.	.
1977	849	22.5	1,223	32.4	.	.
1978	898	22.5	1,248	31.3	.	.
1979	859	21.4	1,232	30.7	.	.
1980	902	22.3	1,243	30.7	.	.
1981	839	20.7	1,286	31.7	.	.
1982	471	12.6	1,298	34.8	.	.
1983	354	9.6	1,354	36.7	.	.
1984	369	9.9	1,301	34.9	.	.
1985	340	9.2	1,272	34.3	.	.
1986	317	8.6	1,278	34.7	.	.
1987	354	9.8	1,250	34.5	.	.

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	.	.	520	16.7	351	11.3
1970	.	.	519	16.1	373	11.6
1971	.	.	625	19.7	384	12.1
1972	.	.	501	14.6	397	11.5
1973	.	.	476	13.1	395	10.8
1974	.	.	466	12.6	394	10.7
1975	.	.	417	11.5	393	10.8
1976	.	.	423	11.5	382	10.4
1977	.	.	436	11.6	373	9.9
1978	.	.	490	12.3	378	9.5
1979	.	.	492	12.2	400	10.0
1980	.	.	471	11.6	386	9.5
1981	.	.	442	10.9	375	9.2
1982	.	.	510	13.7	334	8.9
1983	.	.	509	13.8	348	9.4
1984	.	.	528	14.1	373	10.0
1985	.	.	543	14.6	403	10.9
1986	.	.	568	15.4	423	11.5
1987	.	.	539	14.9	417	11.5

PENDLETON COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	3,117	\$14,245	\$17,440	.	4.2
1970	3,222	\$13,637	\$17,811	2.9	4.4
1971	3,168	\$12,422	\$18,166	2.6	5.1
1972	3,442	\$12,762	\$18,970	2.7	6.0
1973	3,645	\$12,279	\$19,232	2.3	3.7
1974	3,686	\$13,693	\$19,008	2.7	4.5
1975	3,626	\$13,428	\$18,976	5.7	7.3
1976	3,673	\$14,427	\$19,563	4.1	5.6
1977	3,771	\$13,551	\$20,031	3.3	4.7
1978	3,984	\$13,003	\$20,121	4.8	5.3
1979	4,019	\$13,359	\$20,110	5.1	5.5
1980	4,045	\$13,702	\$19,439	7.3	8.0
1981	4,060	\$12,608	\$19,286	7.7	8.4
1982	3,733	\$12,868	\$18,931	17.5	10.6
1983	3,686	\$11,227	\$18,358	13.8	11.6
1984	3,733	\$12,159	\$19,080	10.3	9.3
1985	3,711	\$11,269	\$18,676	10.9	9.5
1986	3,687	\$10,803	\$18,627	9.6	9.3
1987	3,625	\$10,434	\$18,636	9.6	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER AGE 6		PERCENT AGE 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	9,900	0.31	.	.	.	.
1970	10,000	0.31	10.5	10.3	17.6	14.8
1971	10,300	0.31	9.5	9.6	17.4	14.8
1972	10,400	0.31	9.1	9.1	17.5	15.0
1973	10,500	0.31	8.7	8.8	17.4	15.2
1974	10,700	0.31	8.3	8.6	17.4	15.3
1975	10,600	0.31	8.0	8.4	17.6	15.4
1976	10,500	0.30	7.9	8.2	18.0	15.5
1977	10,700	0.30	8.0	8.4	17.8	15.5
1978	10,800	0.30	8.2	8.5	17.8	15.6
1979	10,800	0.30	8.4	8.7	18.2	15.8
1980	11,000	0.30	9.1	9.2	16.7	15.4
1981	10,900	0.30	9.2	9.3	16.8	15.5
1982	10,800	0.29	8.8	9.2	16.7	15.7
1983	10,900	0.29	8.8	9.2	16.8	15.9
1984	10,800	0.29	8.8	9.0	16.8	16.1
1985	10,900	0.29	8.6	8.9	16.9	16.3
1986	11,100	0.30	8.5	8.6	17.0	16.5
1987	11,300	0.30	.	.	.	.

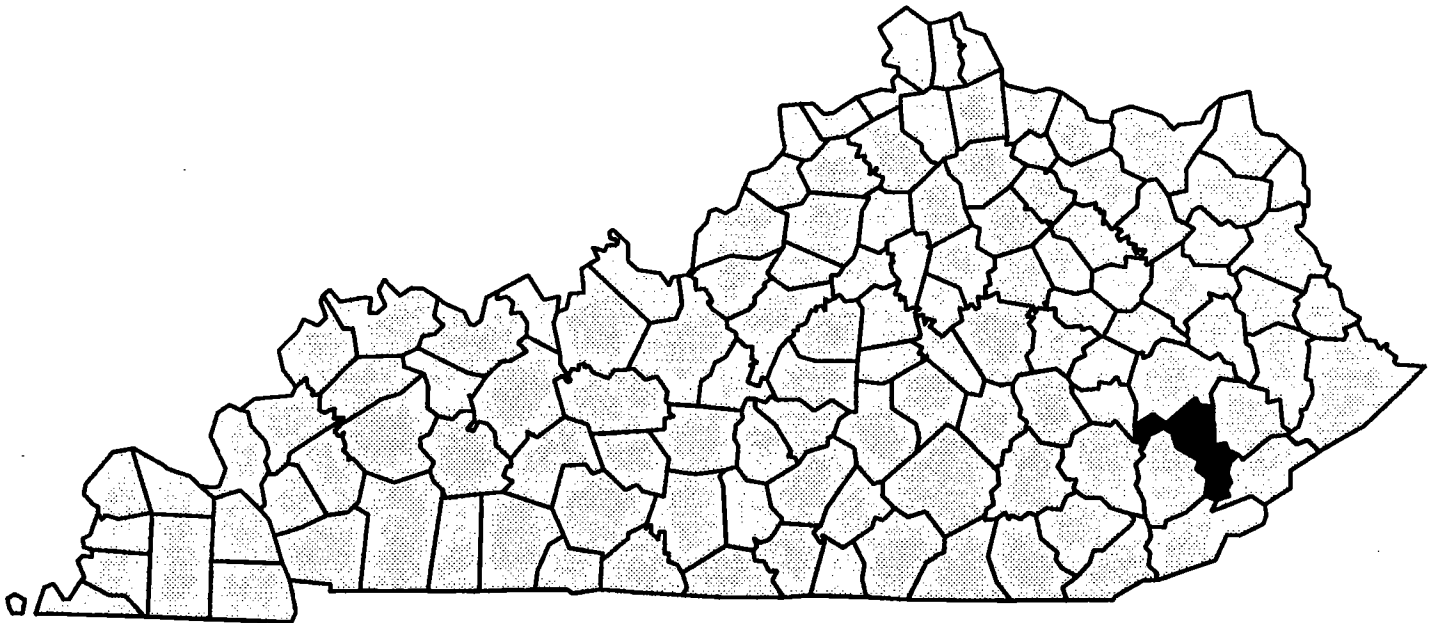






ECONOMIC TRENDS IN
KENTUCKY COUNTIES
1969 – 1987

PERRY 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

KY
65
L3111
No. 438
1990

PERRY 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 Perry County economy, as measured by personal income, grew strongly in the 1970's but declined slightly in the 1980's. Perry County increased its share of Kentucky personal income in the mid-1970's and decreased its share in the 1980's. Per capita personal income was generally below that of the state, while average earnings per job were above state levels.

The county economy was heavily impacted by the mining sector. While the mining sector was the primary source of earnings and employment in Perry County, these components of the county economy declined in the 1980's. The county's share of earnings and employment from manufacturing and farming were minimal through most of the period. However, manufacturing increased slightly at the end of the period.

The trade sector experienced moderate growth at the county level while the service sector declined. At the state level, services and trade were the growth sectors. The state and local government sectors' share of the county and state economy remained relatively constant.

The mining industry tends to be very sensitive to economic fluctuations and market competition. It is also becoming less labor intensive, limiting prospects for future employment growth. 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 Perry County would be enhanced by expansion in 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 Perry 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.

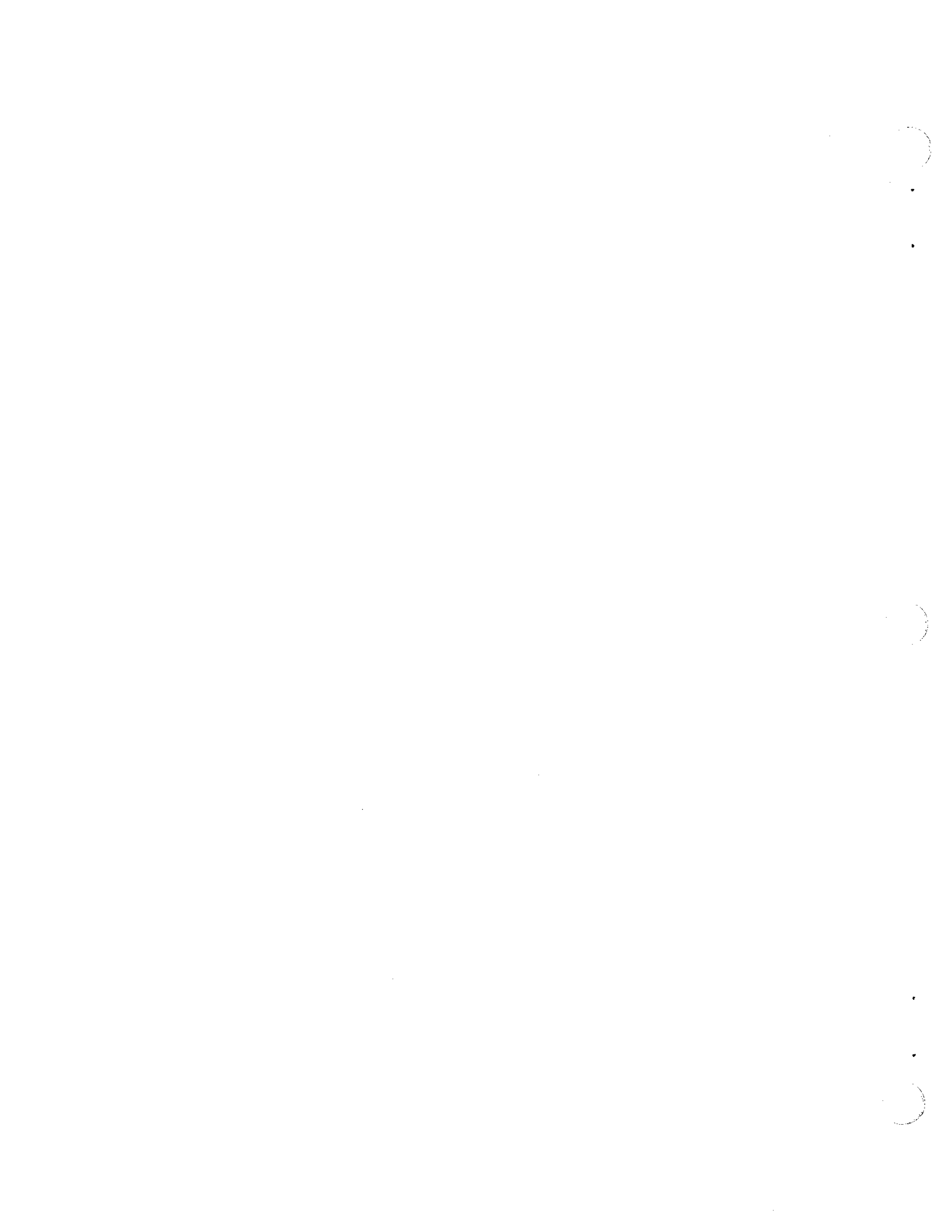
A second question concerns the structure and nature of the Perry County economy. The structure of an economy refers to the relative share contributed by the various segments of the economy, while the nature deals with how this share has changed over time.

A third question concerns the performance of the Perry 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.

*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 PERRY 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 Perry 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 Perry County economy experienced periods of significant growth and periods of moderate decline during the data period. As can be seen in Chart 1A, the size of the Perry County economy, as measured by real personal income, increased from \$178 million in 1969 to a high of \$445 million in 1978. There was a subsequent decline in the 1980's to \$369 million in 1987, after adjusting for inflation. Chart 1B shows Perry County total personal income as a percent of Kentucky total personal income. Perry County's share of Kentucky personal income increased in the 1970's, then decreased 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. Perry County real per capita income increased to a level of

\$13,292 in 1978, then declined to \$10,684 in 1987. Perry County's per capita personal income was 85.5 percent of the Kentucky per capita personal income in 1987, down from a high of 114.9 percent in 1978.

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 \$134 million in 1969 to a high of \$358 million in 1978, then declined to \$247 million in 1987 (in constant 1988 dollars). Earnings as a percent of personal income declined over the period. Earnings accounted for 66.9 percent of Perry County's total personal income in 1987, compared to Kentucky's 67.5 percent share.

Transfer payments contributed \$36 million to total personal income in 1969 and \$82 million in 1987. In 1987, 22.2 percent of Perry County personal income was derived from transfer payments, compared to 17.2 percent for the state.

Income from property in Perry County grew steadily through the time period. Income from property totalled \$9 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 earnings. Earnings from goods-producing sectors are presented in Chart 3A. In 1969, Perry County received 25.9 percent of its earnings from mining. This percentage increased significantly to 59.6 percent in 1978, then declined to 43.7 percent in 1987. This decline in the percent of total earnings from mining paralleled the state trend. County earnings from farming and manufacturing were minimal through most of this period. However, earnings from manufacturing increased slightly over the period, to 2.4 percent in 1987.

Earnings from non-goods-producing industries are illustrated in Chart 3B. The share of earnings in these sectors declined in the 1970's and increased in the 1980's. The declines most likely reflected an increase in the mining sector, rather than absolute declines in these sectors. The percent of total earnings from the service sector was 15.0 percent in 1987. The trade sector accounted for 12.4 percent of total earnings in 1987. The share from state and local government increased slightly and was 9.8 percent in 1987. At the state level, the percent of earnings from the service sector increased, while the percents from trade and state and local government were stable.

Average earnings per job (adjusted for inflation) for Perry 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 that time average earnings per job have declined and in 1987 they were \$18,636 per person. In Perry County average earnings per job peaked in 1978 at \$35,312, but decreased to a level of \$24,899 in 1987, 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. Total employment in Perry County has been volatile during the data period. In 1969, total employment stood at 8,404 people. In 1979 employment increased to 12,429 people, then declined in the early 1980's. However, by 1987, there were 12,140 jobs in Perry County.

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 Perry County are presented in Chart 4B. Perry County unemployment rates were generally above Kentucky rates. In 1987, the county unemployment rate was 13.2 percent, compared to 8.8 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 Perry County total employment in mining increased in the 1970's, then declined in the 1980's. Mining accounted for 17.6 percent of total employment in 1969. This share increased to 31.2 percent in 1978, then declined to 22.6 percent in 1987. The farm sector historically employed less than one percent of the total workforce. Manufacturing's share of employment increased slightly during the period, to 2.5 percent in 1987. Overall, Kentucky employment in these sectors declined.

Perry 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 31.0 percent in 1969 to 20.9 percent in 1987. The percent of total employment in trade increased from 18.8 percent in 1969 to 22.3 percent in 1987. The percent of employment in state and local government remained relatively stable and accounted for 14.4 percent in 1987. At the state level, the shares of employment in the service and trade sectors increased, while the share in state and local government declined.

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 Perry County.

The Perry County population grew from 27,100 in 1969 to 34,600 in 1987 (Chart 5A). In 1986, 10.0 percent of Perry County's population was under six years of age, compared to 8.6 percent for the state. In the same year, 13.7 percent of the Perry County population was 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 Perry County and Kentucky economies. This sector also contributes directly to the Commonwealth's General Fund revenues through severance tax collections.

Perry 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 in Perry County was erratic. In 1987, 6,823 thousand tons of coal was mined in Perry County.

Employment in the mining sector, which includes coal and other forms of mining, is illustrated in Chart 6B. In 1986 there were 1480 people employed in mining in Perry County. Employment in this sector grew to 3,888 jobs in 1981, then declined to 2,746 jobs in 1987. 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. Severance tax collections were cyclical over the period. In 1986, coal severance tax collections allocated to Perry County totalled \$11.8 million.

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

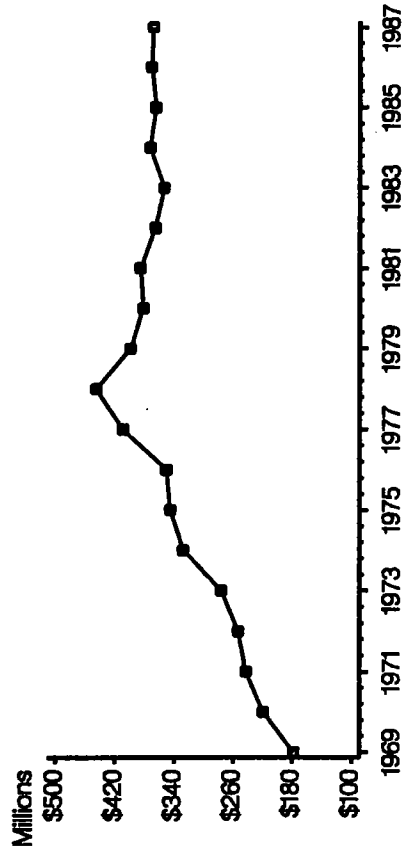


CHART 1B
PERRY COUNTY
PERSONAL INCOME
as a Percent of Kentucky Personal Income

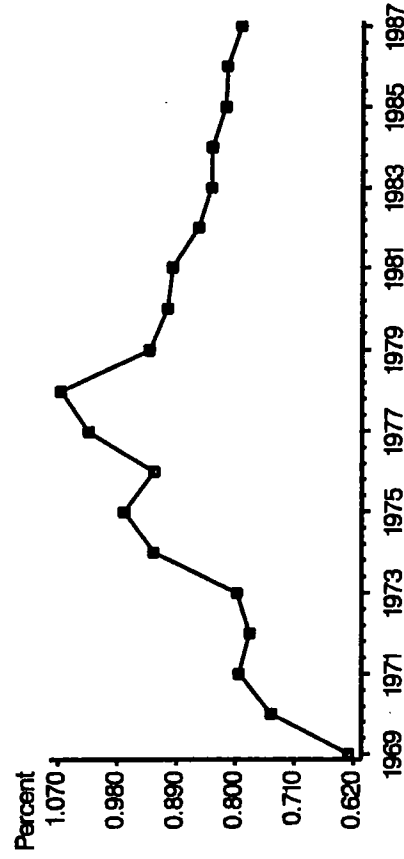


CHART 1C
PERRY COUNTY
PER CAPITA PERSONAL INCOME
in Constant 1988 Dollars

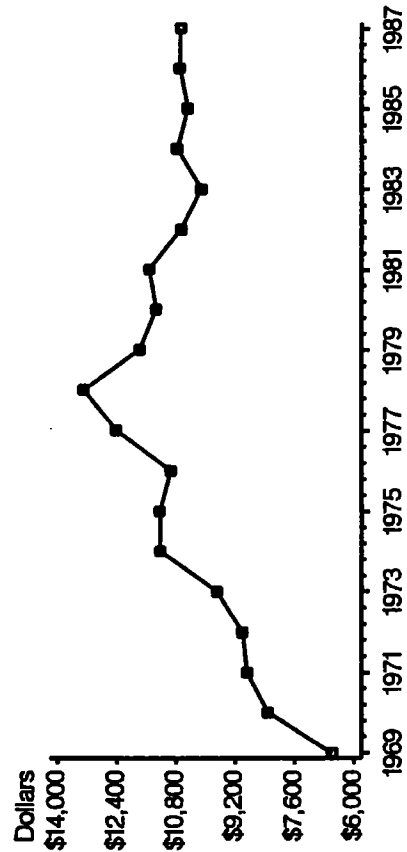


CHART 1D
PERRY COUNTY
PER CAPITA PERSONAL INCOME
as a Percent of Kentucky Per Capita Personal Income

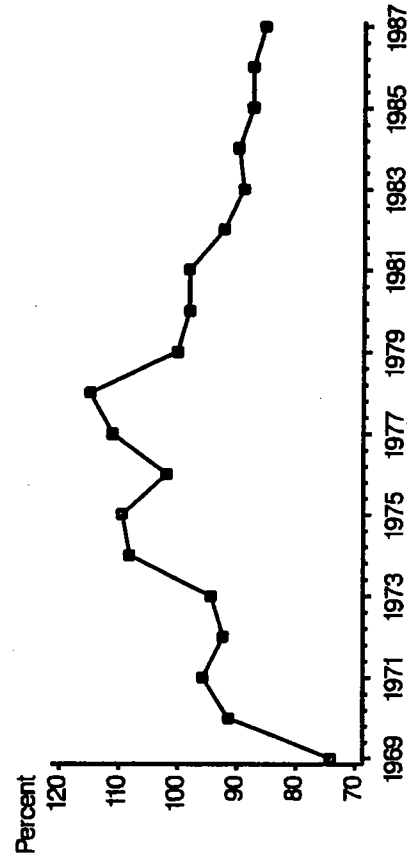


CHART 2A

PERRY COUNTY

REAL TOTAL EARNINGS

Millions of 1988 dollars

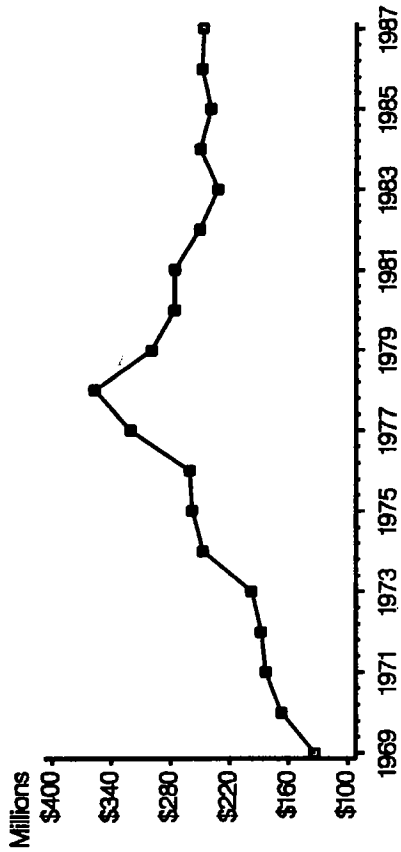


CHART 2B

PERRY COUNTY

TRANSFER PAYMENTS and INCOME FROM PROPERTY

Millions of 1988 Dollars

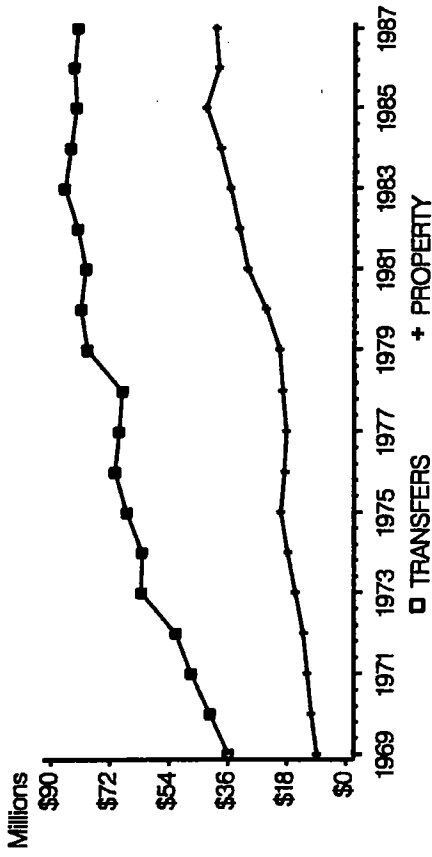


CHART 2C

PERRY COUNTY

TOTAL EARNINGS

as a Percent of Personal Income

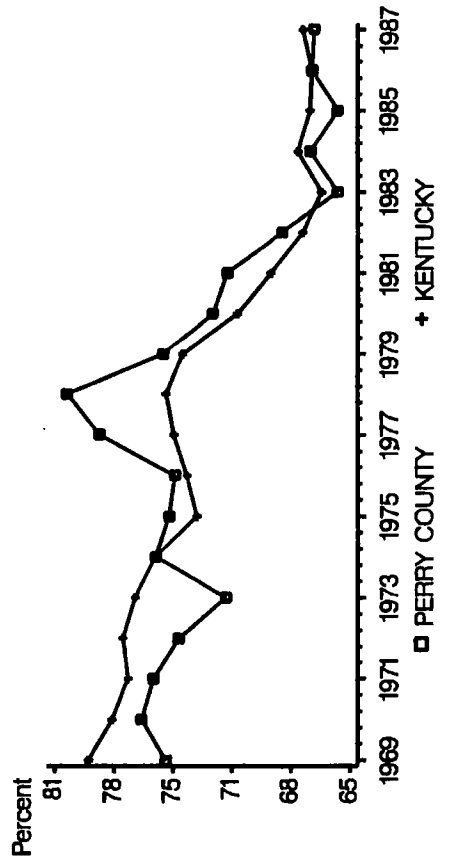


CHART 2D

PERRY COUNTY

TRANSFER PAYMENTS

as a Percent of Personal Income

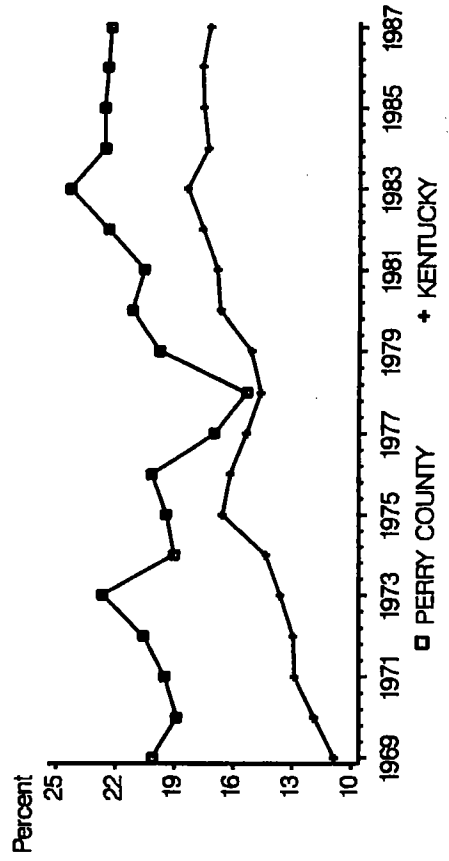


CHART 3A

PERRY COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Earnings

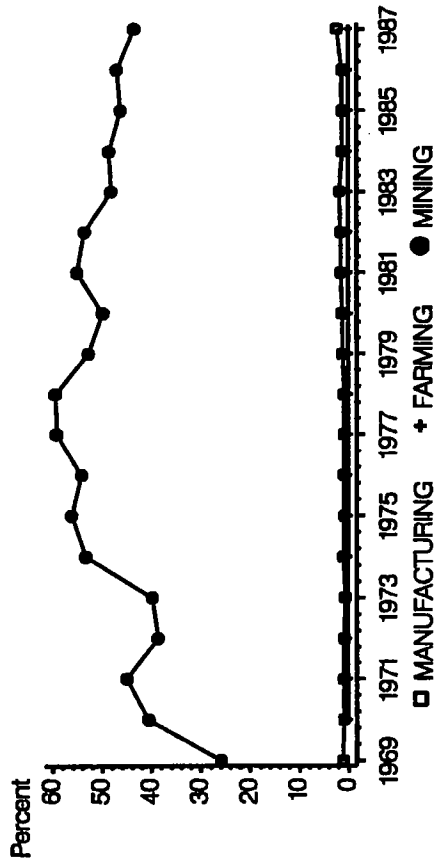


CHART 3B

PERRY COUNTY

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

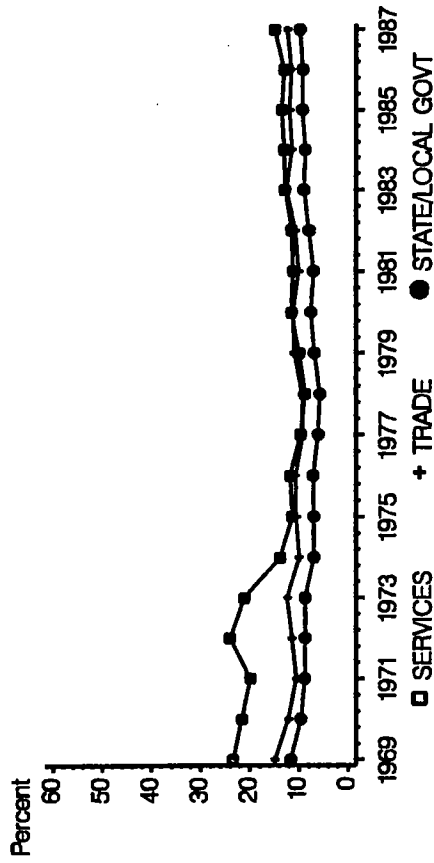


CHART 3C

PERRY COUNTY

EARNINGS in GOODS PRODUCING INDUSTRIES
as a Percent of Kentucky Industries

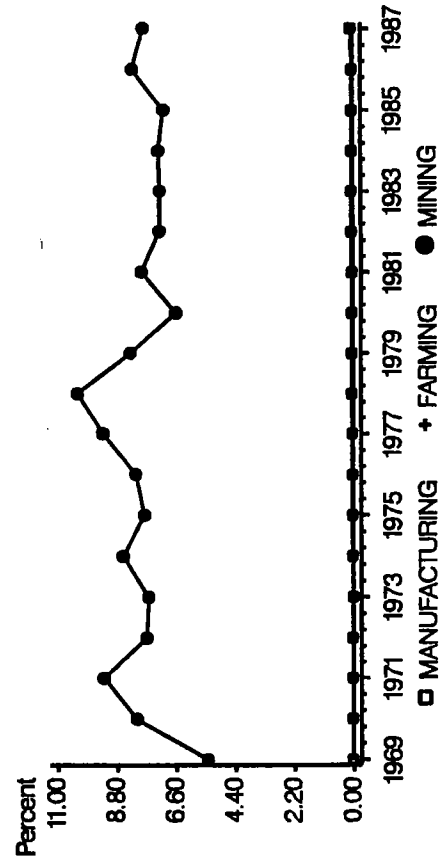


CHART 3D

PERRY COUNTY

AVERAGE EARNINGS PER JOB
in Constant 1988 Dollars

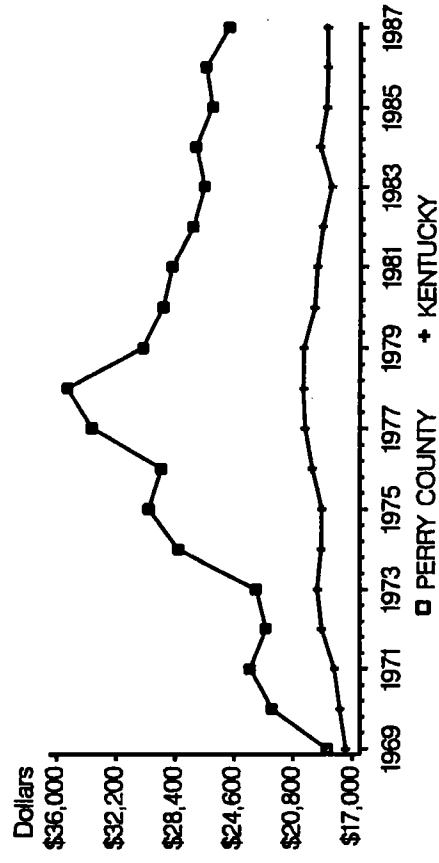


CHART 4A

PERRY COUNTY

TOTAL EMPLOYMENT

Thousands of People

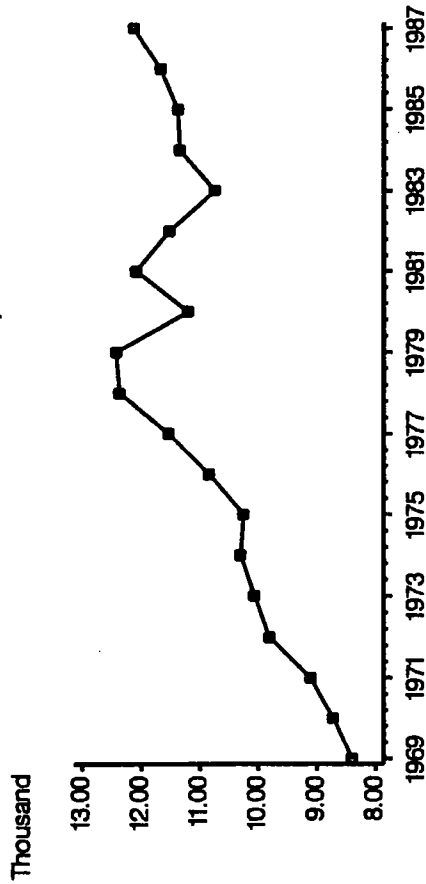


CHART 4B

PERRY COUNTY

ANNUAL UNEMPLOYMENT RATE

Percent

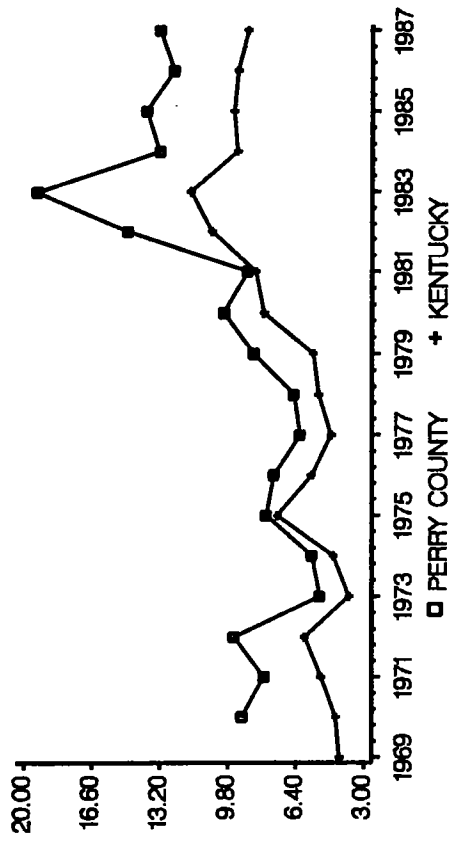


CHART 4C

PERRY COUNTY

EMPLOYMENT IN GOODS PRODUCING INDUSTRIES

as a Percent of Total Employment

Percent

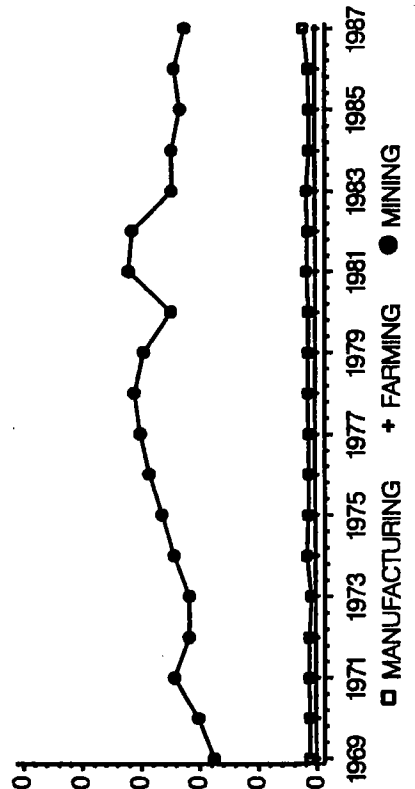


CHART 4D

PERRY COUNTY

EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES

as a Percent of Total Employment

Percent

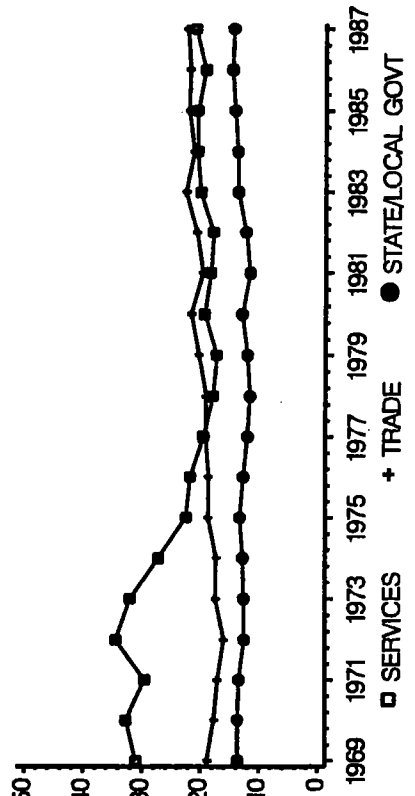


CHART 5A
PERRY COUNTY
POPULATION
Thousands of People

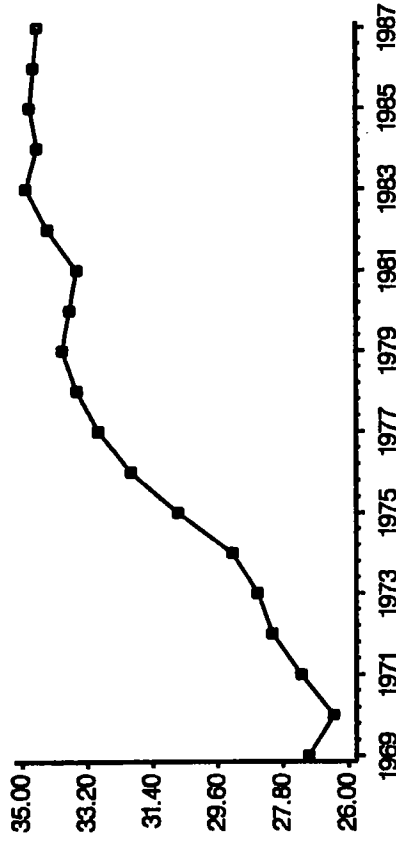


CHART 5B
PERRY COUNTY
POPULATION
as a Percent of Kentucky Population

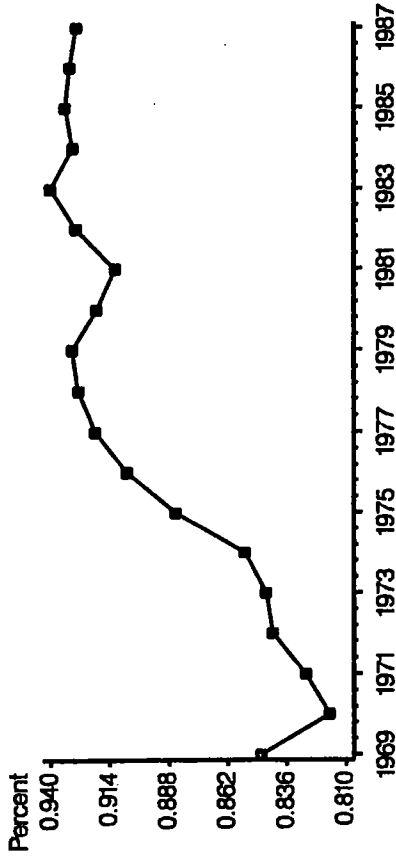


CHART 5C
PERRY COUNTY
POPULATION 5 AND UNDER
as a Percent of Total Population

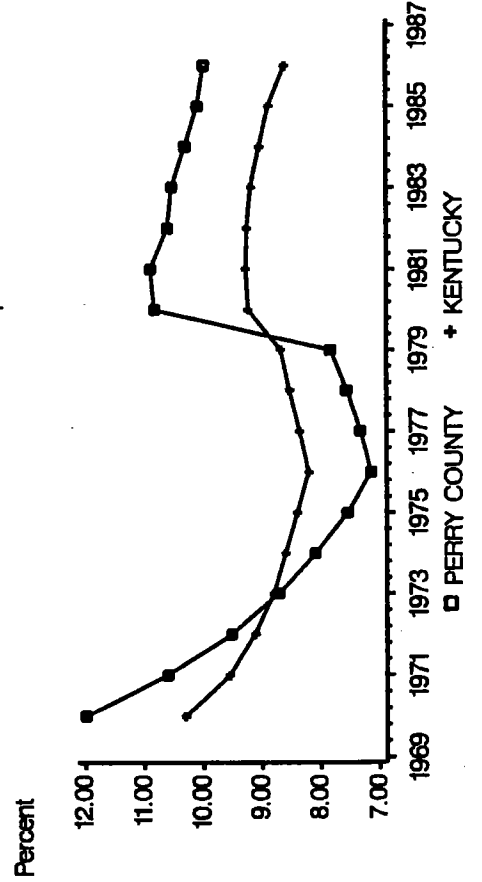


CHART 5D
PERRY COUNTY
POPULATION 60 AND OVER
as a Percent of Total Population

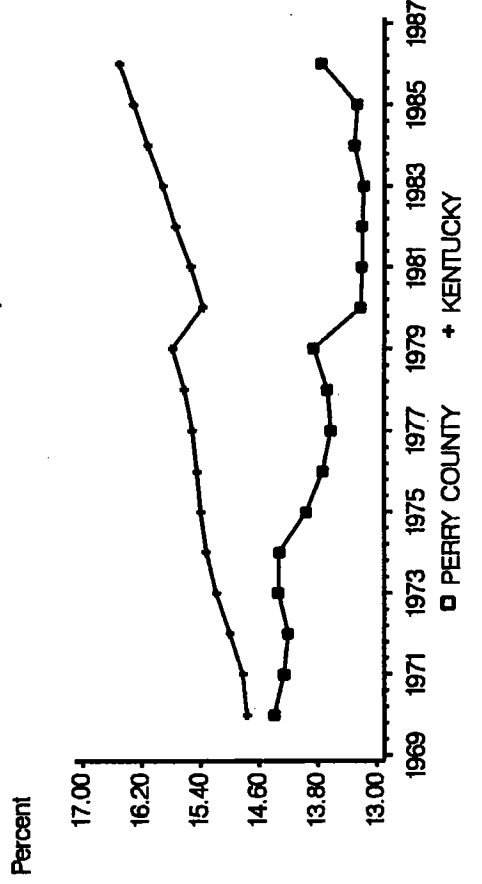


CHART 6A
PERRY COUNTY
TOTAL COAL PRODUCTION (SHIPMENTS)
 Thousands of Tons

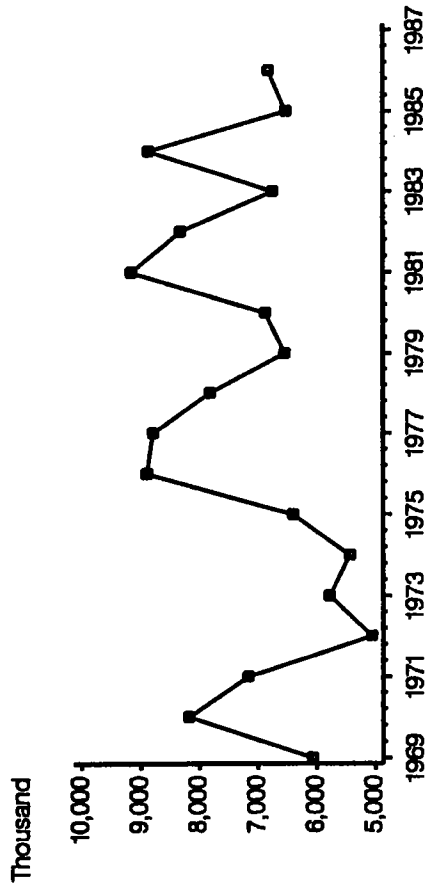


CHART 6B
PERRY COUNTY
MINING EMPLOYMENT
 Thousands of People

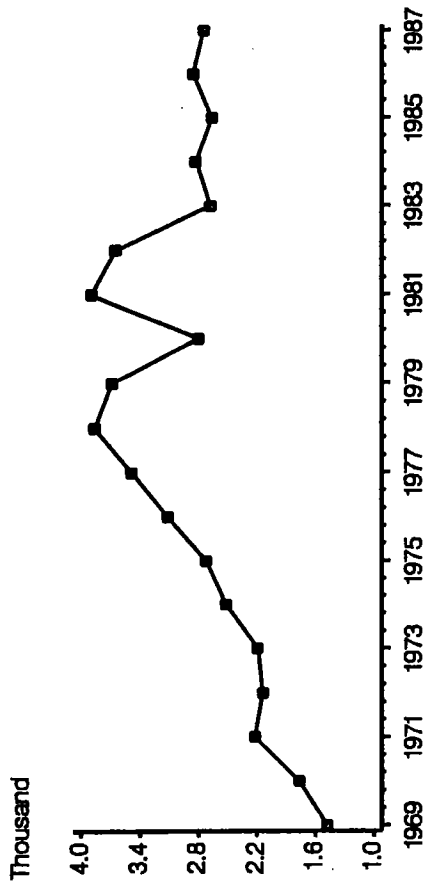


CHART 6C
PERRY COUNTY
AVERAGE VALUE PER TON FOR COAL
 Constant 1988 Dollars

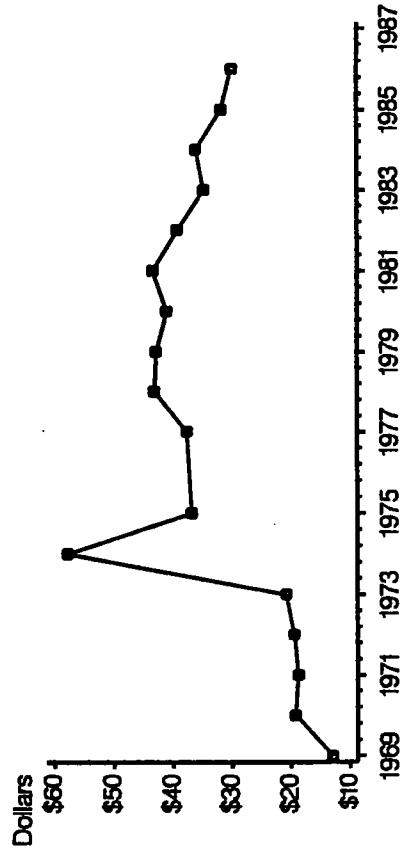
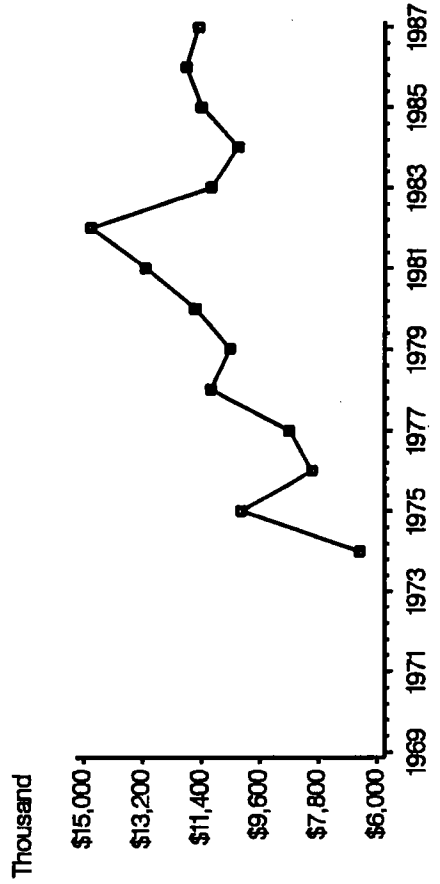


CHART 6D
PERRY COUNTY
TAX RECEIPTS ON COAL SEVERED OR PROCESSED
 Thousands of 1988 Dollars



PERRY COUNTY

PERSONAL INCOME
In Millions of 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	178	0.63	6,589	74.2
1970	220	0.75	8,329	91.4
1971	243	0.79	8,876	95.9
1972	253	0.78	8,998	92.3
1973	276	0.80	9,701	94.5
1974	328	0.93	11,221	108.3
1975	345	0.97	11,239	109.5
1976	350	0.92	10,940	101.9
1977	409	1.02	12,422	111.1
1978	445	1.07	13,292	114.9
1979	399	0.93	11,785	100.2
1980	382	0.90	11,332	98.3
1981	386	0.90	11,525	98.3
1982	366	0.86	10,670	92.3
1983	354	0.84	10,130	89.0
1984	373	0.84	10,778	89.9
1985	365	0.82	10,498	87.5
1986	371	0.81	10,707	87.5
1987	369	0.79	10,684	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	134	75.0	79.2	36	20.1	10.9	9	4.9	9.9
1970	167	76.3	77.9	41	18.9	11.9	11	4.8	10.2
1971	184	75.6	77.0	47	19.5	12.9	12	4.9	10.1
1972	188	74.3	77.3	52	20.6	12.9	13	5.1	9.7
1973	198	71.7	76.6	63	22.7	13.6	16	5.6	9.7
1974	247	75.5	75.5	62	19.0	14.4	18	5.4	10.1
1975	258	74.8	73.3	67	19.4	16.5	20	5.8	10.1
1976	261	74.5	73.9	71	20.1	16.1	19	5.4	10.0
1977	322	78.6	74.6	69	16.9	15.3	18	4.5	10.1
1978	358	80.3	75.0	68	15.3	14.6	19	4.4	10.4
1979	300	75.1	74.1	79	19.8	15.1	20	5.1	10.8
1980	277	72.4	71.1	81	21.2	16.7	25	6.4	12.2
1981	277	71.6	69.3	79	20.6	16.8	30	7.8	13.8
1982	251	68.7	67.5	82	22.4	17.6	33	8.9	14.9
1983	233	65.7	66.6	86	24.3	18.4	35	10.0	15.1
1984	251	67.1	67.8	84	22.5	17.3	39	10.3	14.9
1985	240	65.7	67.2	82	22.6	17.6	43	11.7	15.3
1986	249	67.0	67.1	83	22.4	17.6	39	10.6	15.3
1987	247	66.9	67.5	82	22.2	17.2	40	10.8	15.3

PERRY 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	1.1	0.03	.	.	25.9	5.43
1970	0.9	0.03	0.1	0.02	40.6	8.07
1971	1.0	0.04	0.1	0.02	45.1	9.31
1972	0.9	0.03	0.2	0.03	38.7	7.69
1973	0.7	0.02	0.2	0.04	39.9	7.62
1974	1.1	0.04	0.1	0.02	53.4	8.58
1975	0.9	0.04	0.1	0.03	56.2	7.77
1976	1.0	0.04	0.1	0.02	54.2	8.10
1977	0.9	0.05	0.0	0.01	59.3	9.32
1978	1.0	0.05	0.0	0.01	59.6	10.25
1979	1.2	0.06	0.1	0.02	52.9	8.29
1980	1.3	0.06	0.1	0.02	50.0	6.60
1981	1.6	0.07	0.1	0.02	55.2	7.87
1982	1.6	0.08	0.1	0.02	53.7	7.20
1983	1.9	0.08	0.1	0.03	48.3	7.19
1984	1.3	0.06	0.1	0.02	48.8	7.23
1985	1.4	0.06	0.1	0.02	46.4	7.05
1986	1.4	0.06	0.1	0.03	47.2	8.22
1987	2.4	0.10	0.1	0.03	43.7	7.81

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	23.4	1.19	14.9	0.64	11.6	0.86
1970	21.6	1.34	12.1	0.62	9.6	0.82
1971	19.9	1.31	10.5	0.58	8.9	0.80
1972	24.1	1.56	11.5	0.62	8.8	0.78
1973	21.1	1.37	12.4	0.67	8.7	0.79
1974	13.9	1.14	10.0	0.67	7.0	0.80
1975	11.3	0.96	10.5	0.73	7.0	0.80
1976	11.7	0.95	10.7	0.72	7.1	0.81
1977	9.7	0.93	9.2	0.75	6.1	0.81
1978	8.7	0.89	9.3	0.79	5.7	0.81
1979	9.9	0.85	11.0	0.80	6.9	0.82
1980	11.5	0.83	11.1	0.75	7.6	0.78
1981	11.2	0.85	10.0	0.74	7.0	0.78
1982	11.4	0.77	10.7	0.72	7.9	0.79
1983	12.8	0.74	12.5	0.76	9.0	0.80
1984	13.0	0.76	11.5	0.73	8.7	0.81
1985	13.5	0.73	11.9	0.72	9.3	0.82
1986	13.0	0.67	11.6	0.73	9.2	0.81
1987	15.0	0.72	12.4	0.74	9.8	0.82

PERRY COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	108	1.3	11	0.1	1,480	17.6
1970	113	1.3	16	0.2	1,765	20.2
1971	133	1.5	20	0.2	2,219	24.4
1972	137	1.4	25	0.3	2,137	21.8
1973	108	1.1	29	0.3	2,190	21.8
1974	189	1.8	33	0.3	2,514	24.4
1975	163	1.6	39	0.4	2,719	26.5
1976	161	1.5	43	0.4	3,113	28.7
1977	176	1.5	45	0.4	3,481	30.2
1978	204	1.6	43	0.3	3,858	31.2
1979	201	1.6	42	0.3	3,678	29.6
1980	177	1.6	44	0.4	2,793	24.9
1981	234	1.9	46	0.4	3,888	32.1
1982	203	1.8	48	0.4	3,641	31.6
1983	213	2.0	50	0.5	2,673	24.9
1984	170	1.5	49	0.4	2,824	24.9
1985	171	1.5	48	0.4	2,659	23.4
1986	191	1.6	47	0.4	2,852	24.4
1987	309	2.5	47	0.4	2,746	22.6

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	2,608	31.0	1,581	18.8	1,148	13.7
1970	2,849	32.7	1,541	17.7	1,191	13.7
1971	2,692	29.5	1,560	17.1	1,223	13.4
1972	3,376	34.4	1,571	16.0	1,230	12.5
1973	3,219	32.0	1,757	17.5	1,270	12.6
1974	2,811	27.3	1,790	17.4	1,321	12.8
1975	2,301	22.4	1,926	18.8	1,368	13.3
1976	2,355	21.7	2,022	18.6	1,377	12.7
1977	2,249	19.5	2,212	19.2	1,382	12.0
1978	2,221	18.0	2,357	19.1	1,431	11.6
1979	2,154	17.3	2,522	20.3	1,494	12.0
1980	2,173	19.4	2,424	21.6	1,455	13.0
1981	2,219	18.3	2,385	19.7	1,403	11.6
1982	2,067	17.9	2,381	20.7	1,426	12.4
1983	2,155	20.1	2,420	22.5	1,469	13.7
1984	2,333	20.6	2,398	21.1	1,564	13.8
1985	2,339	20.5	2,509	22.0	1,624	14.3
1986	2,246	19.2	2,555	21.9	1,718	14.7
1987	2,538	20.9	2,706	22.3	1,754	14.4

PERRY COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	8,404	\$18,611	\$17,440	.	4.2
1970	8,724	\$22,181	\$17,811	9.1	4.4
1971	9,111	\$23,577	\$18,166	8.0	5.1
1972	9,812	\$22,570	\$18,970	9.5	6.0
1973	10,066	\$23,196	\$19,232	5.2	3.7
1974	10,305	\$28,201	\$19,008	5.6	4.5
1975	10,254	\$30,090	\$18,976	7.9	7.3
1976	10,843	\$29,281	\$19,563	7.5	5.6
1977	11,534	\$33,736	\$20,031	6.2	4.7
1978	12,371	\$35,312	\$20,121	6.5	5.3
1979	12,429	\$30,477	\$20,110	8.5	5.5
1980	11,204	\$29,173	\$19,439	10.0	8.0
1981	12,094	\$28,624	\$19,286	8.8	8.4
1982	11,525	\$27,297	\$18,931	14.8	10.6
1983	10,748	\$26,550	\$18,358	19.3	11.6
1984	11,349	\$27,085	\$19,080	13.2	9.3
1985	11,384	\$26,025	\$18,676	13.9	9.5
1986	11,683	\$26,423	\$18,627	12.5	9.3
1987	12,140	\$24,899	\$18,636	13.2	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER 6		PERCENT 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	27,100	0.85	.	.	.	.
1970	26,400	0.82	12.0	10.3	14.4	14.8
1971	27,300	0.83	10.6	9.6	14.3	14.8
1972	28,100	0.84	9.5	9.1	14.2	15.0
1973	28,500	0.85	8.7	8.8	14.3	15.2
1974	29,200	0.85	8.1	8.6	14.3	15.3
1975	30,700	0.89	7.5	8.4	14.0	15.4
1976	32,000	0.91	7.1	8.2	13.7	15.5
1977	32,900	0.92	7.3	8.4	13.6	15.5
1978	33,500	0.93	7.6	8.5	13.7	15.6
1979	33,900	0.93	7.8	8.7	13.9	15.8
1980	33,700	0.92	10.8	9.2	13.2	15.4
1981	33,500	0.91	10.9	9.3	13.2	15.5
1982	34,300	0.93	10.6	9.2	13.2	15.7
1983	34,900	0.94	10.5	9.2	13.2	15.9
1984	34,600	0.93	10.3	9.0	13.3	16.1
1985	34,800	0.93	10.1	8.9	13.3	16.3
1986	34,700	0.93	10.0	8.6	13.7	16.5
1987	34,600	0.93	.	.	.	.

PERRY COUNTY

COAL MINING STATISTICS

YEAR	PRODUCTION (Thousand Tons)	EMPLOYMENT	AVERAGE VALUE PER TON	COAL TAX RECEIPTS (000)
1969	6,062	1,480	\$13.06	.
1970	8,175	1,765	\$19.18	.
1971	7,159	2,219	\$18.72	.
1972	5,049	2,137	\$19.41	.
1973	5,774	2,190	\$20.78	.
1974	5,429	2,514	\$57.75	\$6,546
1975	6,400	2,719	\$36.85	\$10,162
1976	8,895	3,113	.	\$7,988
1977	8,791	3,481	\$37.65	\$8,707
1978	7,817	3,858	\$43.05	\$11,118
1979	6,539	3,678	\$42.72	\$10,523
1980	6,876	2,793	\$40.99	\$11,607
1981	9,163	3,888	\$43.27	\$13,119
1982	8,317	3,641	\$39.25	\$14,773
1983	6,748	2,673	\$34.68	\$11,109
1984	8,871	2,824	\$36.03	\$10,267
1985	6,523	2,659	\$31.66	\$11,406
1986	6,823	2,852	\$29.92	\$11,858
1987	.	2,746	.	.

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



1

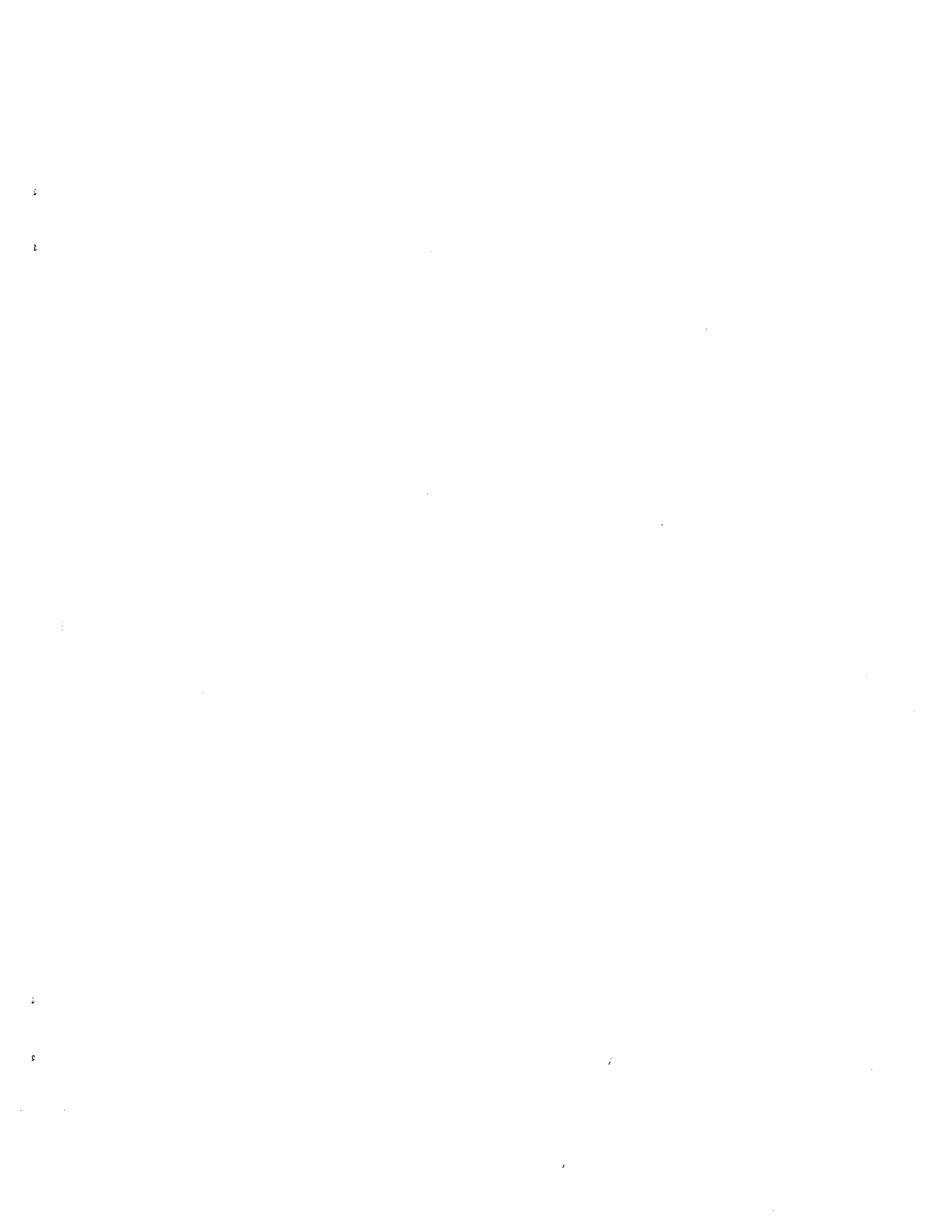
2



3

4

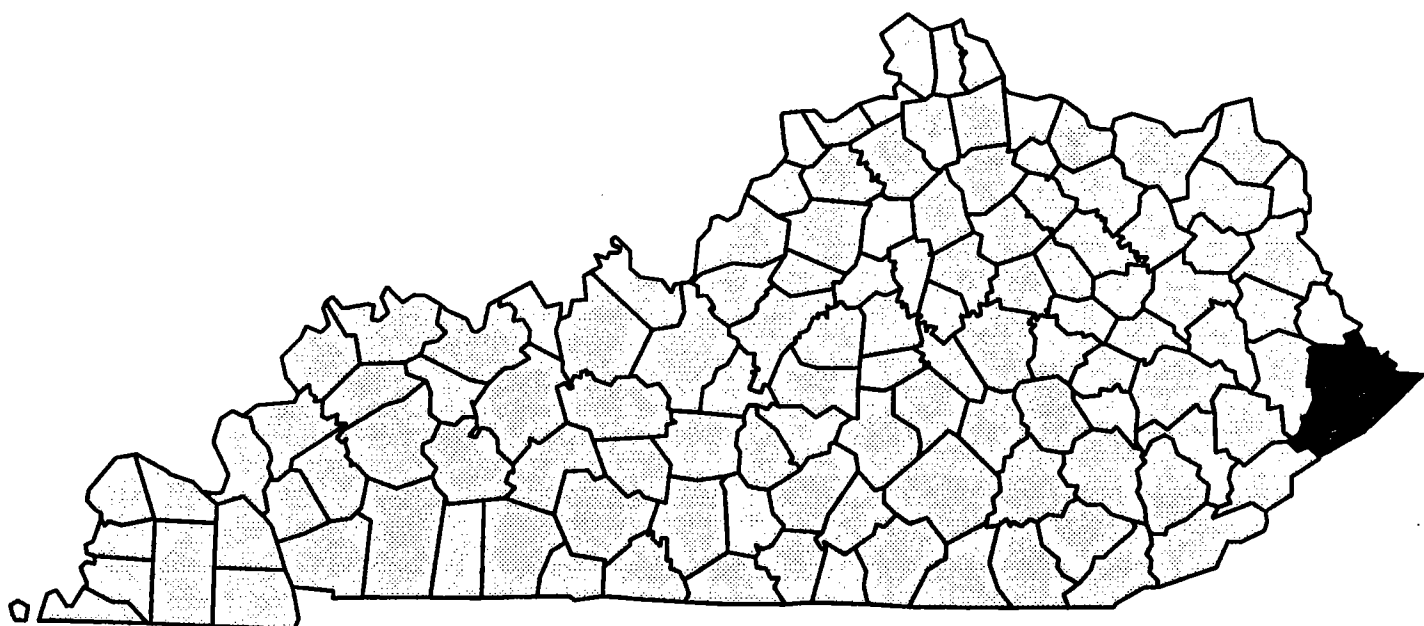






ECONOMIC TRENDS IN
KENTUCKY COUNTIES
1969 – 1987

PIKE 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

Ky
65
.L 3111
No. 438
1990

PIKE COUNTY

Prepared by
Virginia Wilson
Donna A. Cantrell

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

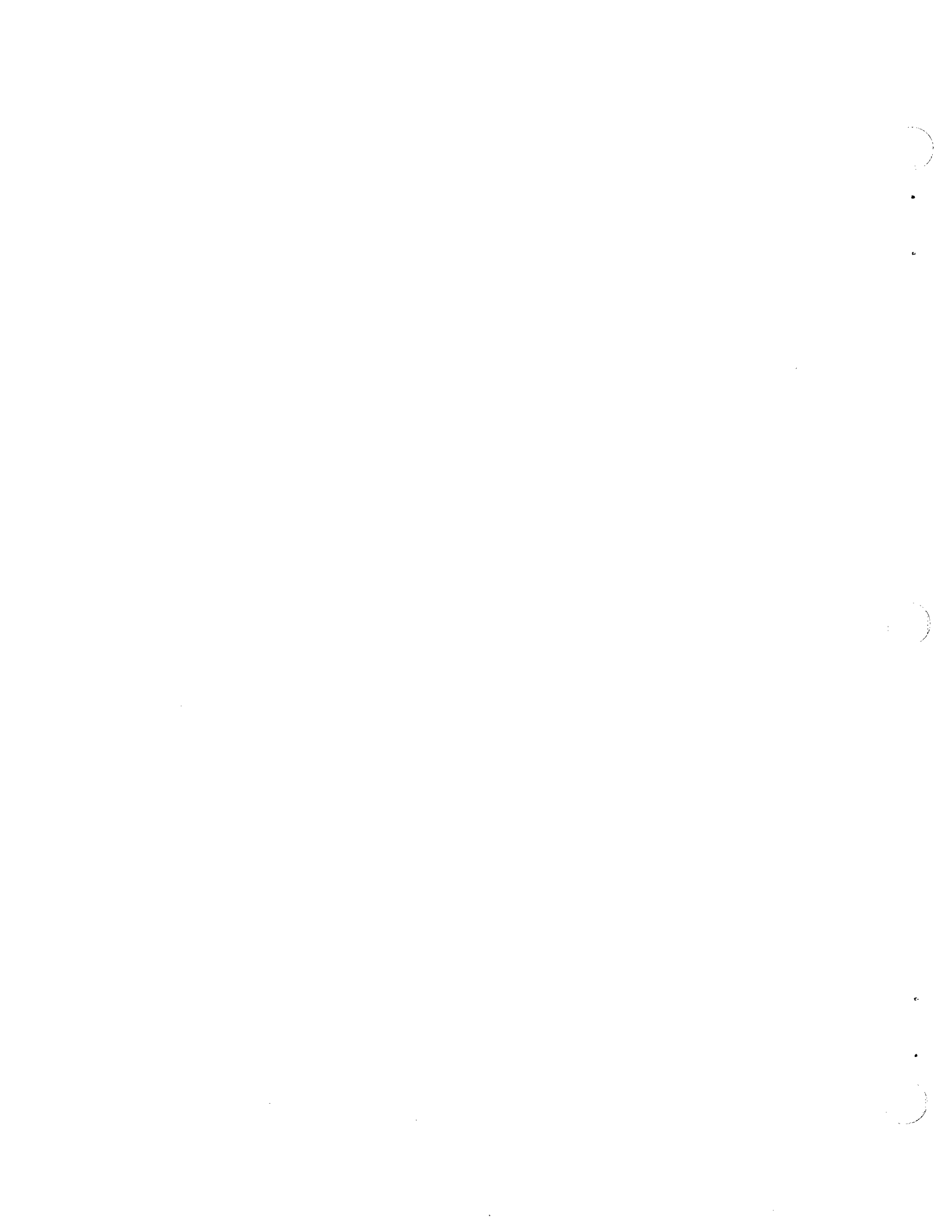
FOREWORD

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 Pike County economy, as measured by personal income, grew strongly in the 1970's but was relatively constant in the 1980's. Pike County increased its share of Kentucky personal income in the early 1970's and decreased its share thereafter. Per capita personal income was below that of the state, while average earnings per job were above the state levels.

The county economy was dominated by the mining sector. This sector was the primary source of earnings and employment in Pike County. However, earnings and employment from this sector declined during the period. The county's share of earnings and employment from farming and manufacturing were minimal.

The non-goods-producing sectors of services, trade, and state and local government generally increased in the 1980's. 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, resulted in an increased demand for coal. This provided the impetus for economic growth in Pike County in the mid-1970's. However, these favorable coal market conditions were not sustained. At the state level, earnings and employment from this sector declined substantially. These economic components declined to a much lesser extent in Pike County.

The county's high concentration in a the mining sector initiated strong economic growth in Pike County in the 1970's. However, the mining sector is very sensitive to international energy markets and national policies. 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 Pike County would be enhanced by development of other economic 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 Pike 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.

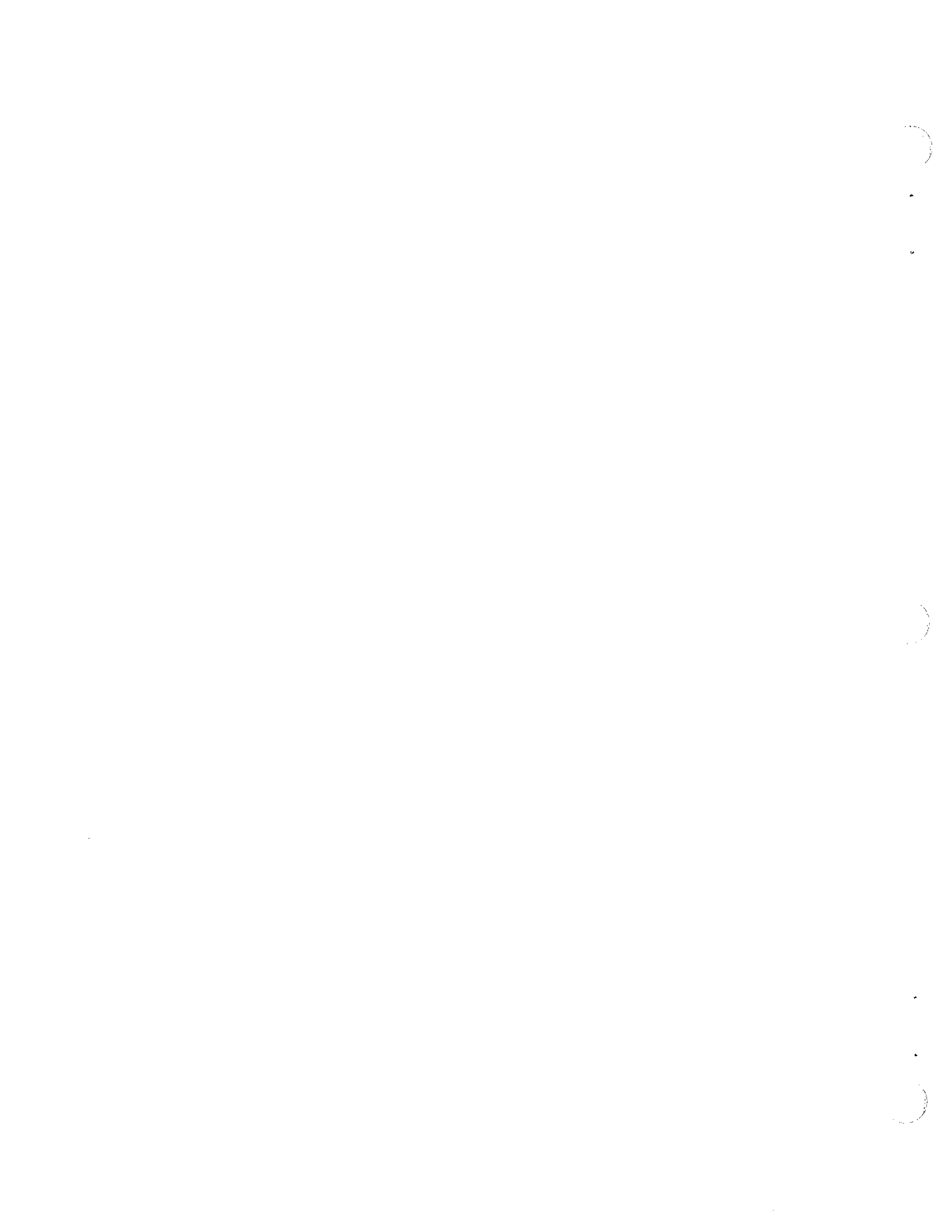
A second question concerns the structure and nature of the Pike County economy. The structure of an economy refers to the relative share contributed by the various segments of the economy, while the nature deals with how this share has changed over time.

A third question concerns the performance of the Pike 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.

*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 PIKE 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 Pike 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 Pike County economy, as measured by real personal income, increased, from \$378 million in 1969 to a high of \$931 million in 1980. There was a subsequent decline to \$832 million in 1987, after adjusting for inflation. Chart 1B shows Pike County total personal income as a percent of Kentucky total personal income. Pike County's share of Kentucky personal income increased through the early 1970's, then declined.

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. Pike County real per capita income increased substantially in the early 1970's, then was fairly constant through the rest of the period. Per capita income was \$10,281 in 1987. Pike County per capita income was 82.3 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 \$298 million in 1969 to a high of \$688 million in 1980, then declined to \$556 million in 1987 (in constant 1988 dollars). Earnings as a percent of personal income declined over the period. Earnings accounted for 66.8 percent of Pike County's total personal income in 1987, compared to Kentucky's 67.5 percent share.

Transfer payments contributed \$60 million to total personal income in 1969 and \$175 million in 1987. In 1987, transfer payments contributed 21.0 percent of personal income in Pike County, compared to Kentucky's 17.2 percent.

Income from property in Pike County grew at a stable rate through the time period. Income from property totalled \$20 million in 1969 and increased to \$101 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. In 1969, Pike County received 42.7 percent of its earnings from mining. This percentage increased to 62.3 percent in 1975, then decreased to 45.1 percent in 1987. This trend of a decline in the percent of total earnings from mining parallels the state trend. Earnings from the manufacturing sector were constant and accounted for 1.1 percent in 1987. The farm sector's share of earnings was minimal during the period.

Earnings from non-goods-producing industries are illustrated in Chart 3B. The percent of total earnings from services decreased through the 1970's, then increased in the 1980's to 15.4 percent in 1987. The percent of earnings from the trade sector also declined through the 1970's, then increased to 12.8 percent in 1987. The percentage of earnings from the state and local government sector followed similar trends and increased to 8.8 percent in 1987. The declining share of these sectors in the 1970's in part reflects increased activity in the mine sector, rather than absolute declines. 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 Pike 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. In Pike County earnings per job increased during the early 1970's to a high of \$31,203 in 1975. Since this time, average earnings decreased over the period to a level of \$22,909 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. In 1969, total employment stood at 14,391 people. By 1982, employment had increased to 27,578 people, but then it declined to 26,211 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 Pike County are presented in Chart 4B. Pike County unemployment rates were similar to those of the state in the 1970's. However, a gap developed between county and state rates in the mid-1980's. In 1987, the unemployment rate in Pike County was 15.5 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 Pike County. The percent of Pike County total employment in mining increased from 34.0 percent in 1969 to 37.8 percent in 1975. This share declined to 25.9 percent by 1987. The manufacturing sector's share of employment remained relatively constant and accounted for 1.4 percent in 1987. The farm sector accounted for a minimal share of total employment during the period. Overall, Kentucky saw the employment share in these sectors drop during the period.

Pike 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 17.1 percent in 1969 to 14.9 percent in 1979, then increased to 21.2 percent in 1987. The percent of employment in trade increased slightly, from 18.2 percent in 1969 to 21.9 percent in 1987. The percent of employment in state and local government decreased from 12.6 percent in 1969 to 11.7 percent in 1987. These county employment patterns generally paralleled state patterns for the non-goods-producing sectors.

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 Pike County.

The Pike County population increased from 61,700 in 1969 to 80,900 in 1987 (Chart 5A). It was estimated that in 1986, 8.7 percent of Pike County's population was under six years of age, compared to 8.6 percent for the state. In the same year, 14.4 percent of the Pike 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.

Pike 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 declined through the mid-1970's, then increased significantly in 1979. 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. When oil prices declined, coal production at the state level also declined. However, Pike County coal production remained strong. In 1987, 26,633 thousand tons of coal was mined in Pike County.

Employment in the mining sector, which includes coal and other forms of mining, is illustrated in Chart 6B. In 1969, this sector provided 4,891 jobs in Pike County. Employment increased to 9,860 in 1980. However, by 1987, employment declined to 6,786. The changes in employment illustrated 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. Severance tax collections fluctuated during the period. By 1986, coal severance tax collections allocated to Pike County totalled \$36.3 million.

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

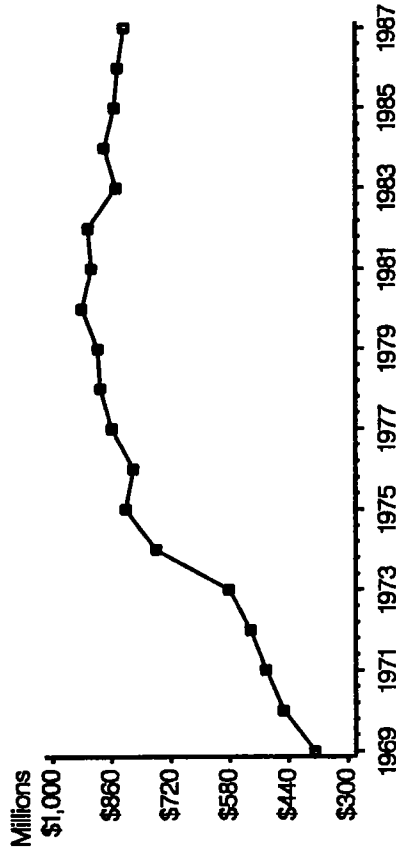


CHART 1B
PIKE COUNTY
PERSONAL INCOME
as a Percent of Kentucky Personal Income

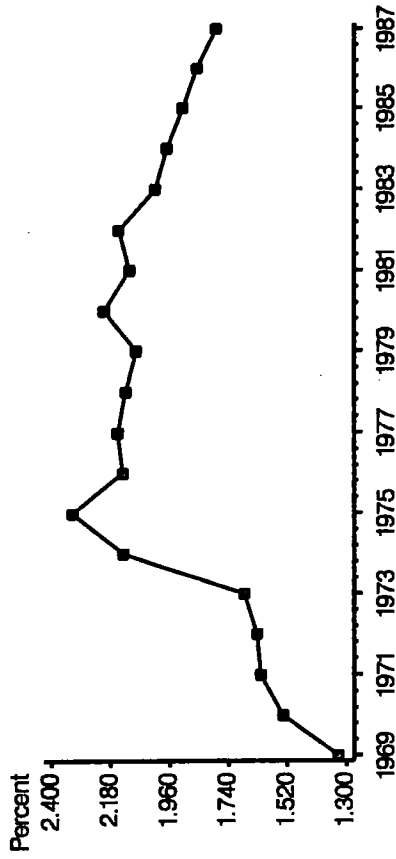


CHART 1C
PIKE COUNTY
PER CAPITA PERSONAL INCOME
in Constant 1988 Dollars

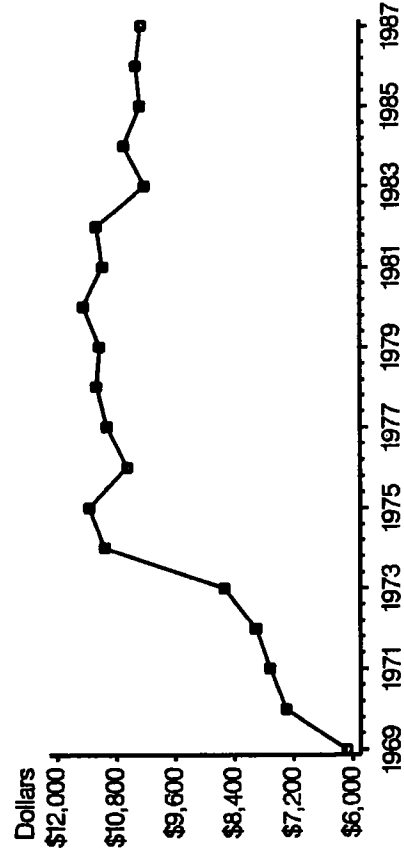


CHART 1D
PIKE COUNTY
PER CAPITA PERSONAL INCOME
as a Percent of Kentucky Per Capita Personal Income

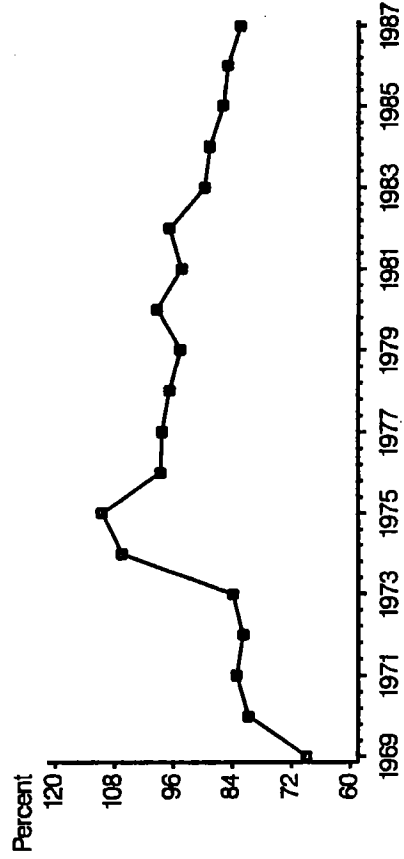


CHART 2A

PIKE COUNTY

REAL TOTAL EARNINGS

Millions of 1988 dollars

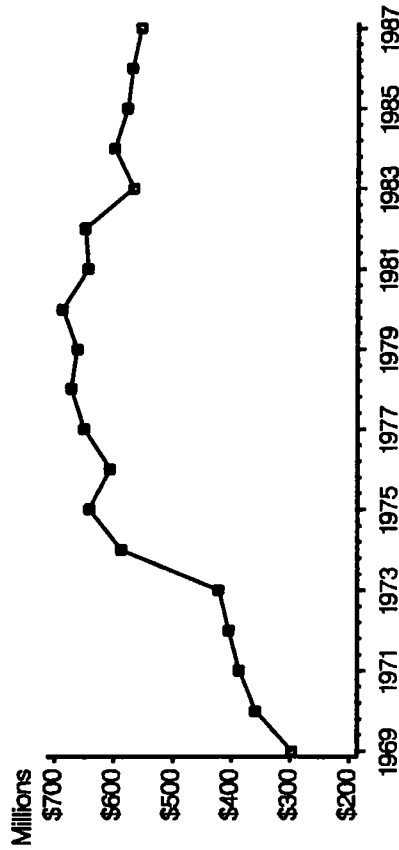


CHART 2B

PIKE COUNTY

TRANSFER PAYMENTS and INCOME FROM PROPERTY

Millions of 1988 Dollars

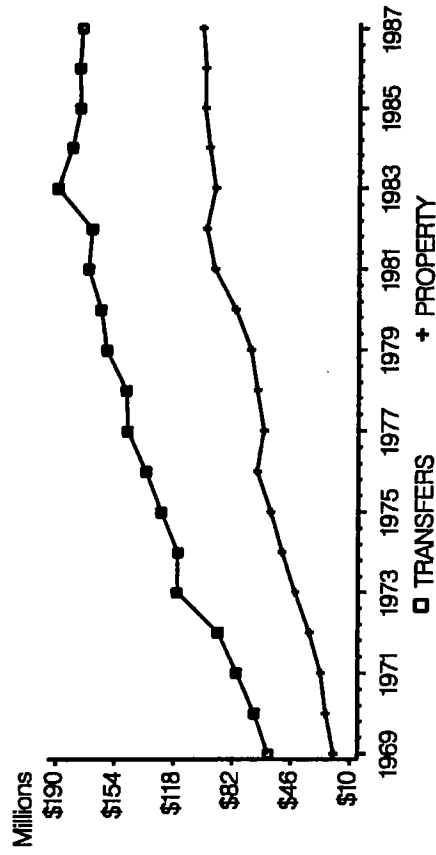


CHART 2C

PIKE COUNTY

TOTAL EARNINGS

as a Percent of Personal Income

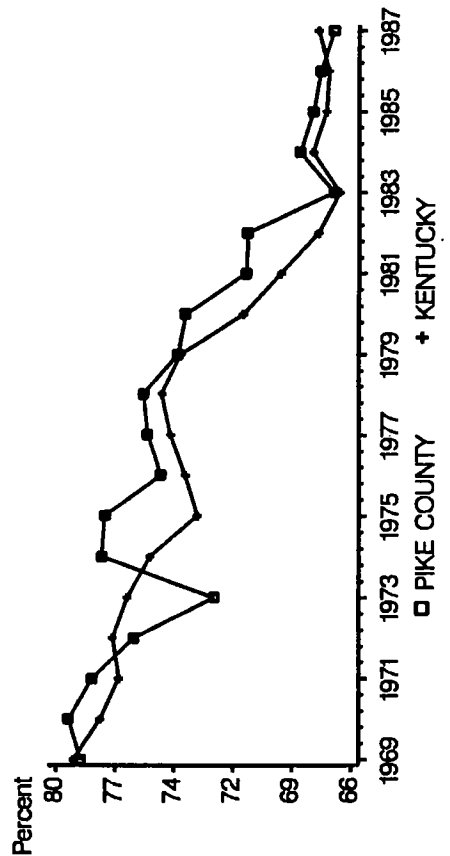


CHART 2D

PIKE COUNTY

TRANSFER PAYMENTS

as a Percent of Personal Income

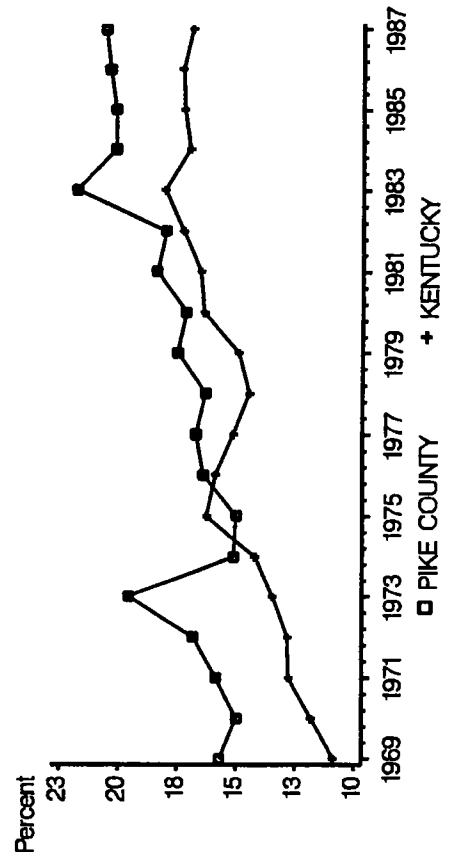


CHART 3A

PIKE COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Earnings

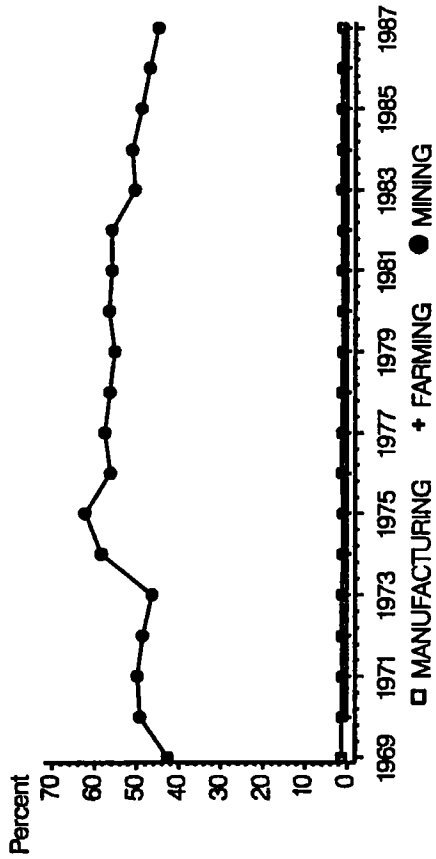


CHART 3B

PIKE COUNTY

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

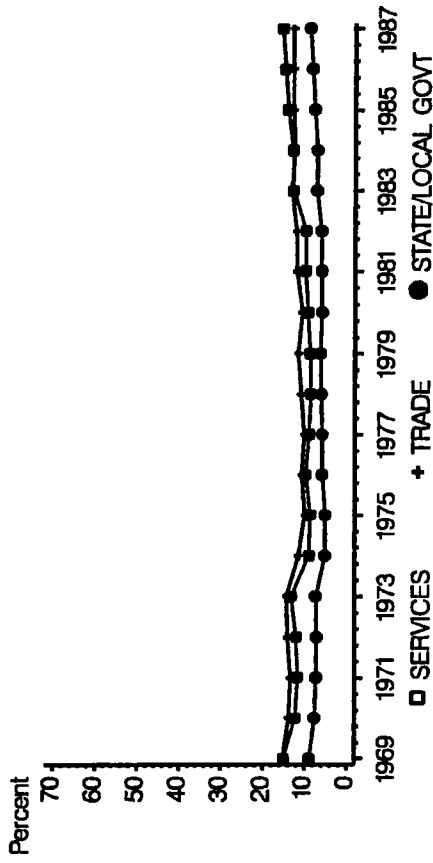


CHART 3C

PIKE COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES
as a Percent of Kentucky Industries

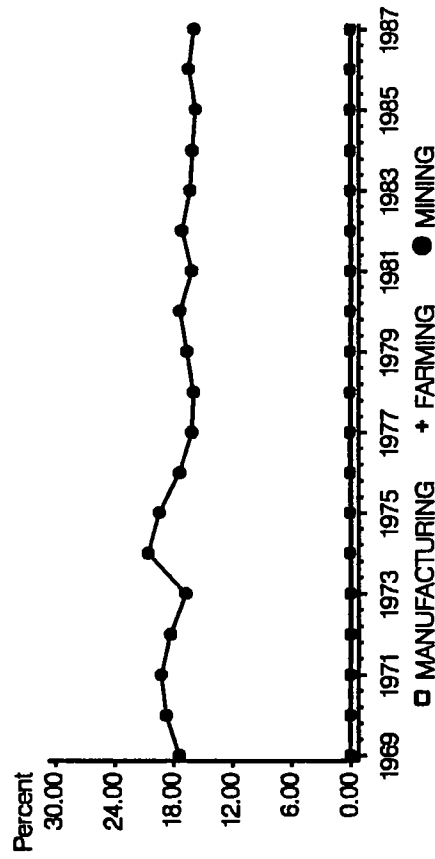


CHART 3D

PIKE COUNTY

AVERAGE EARNINGS PER JOB
in Constant 1988 Dollars

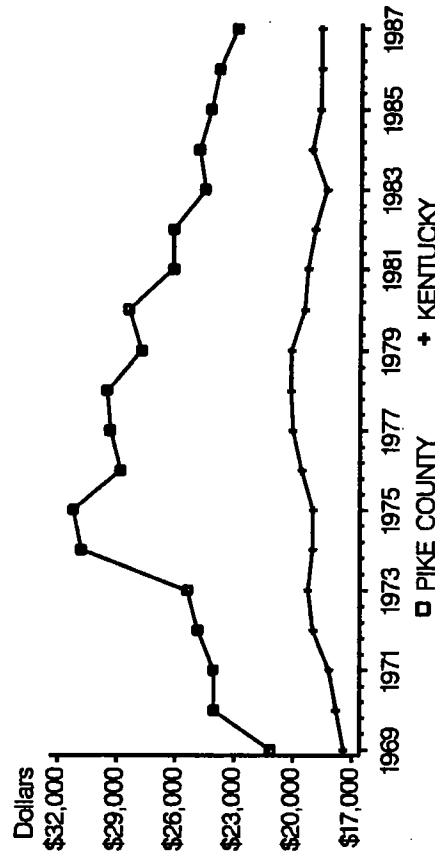


CHART 4A
PIKE COUNTY
TOTAL EMPLOYMENT
Thousands of People

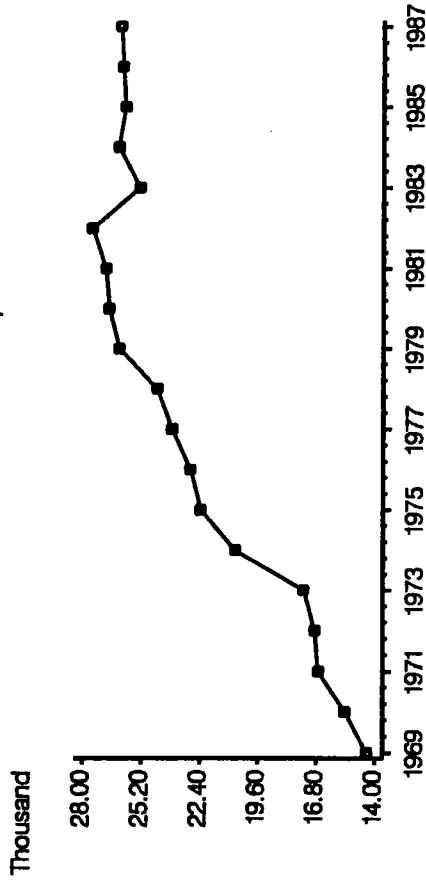


CHART 4B
PIKE COUNTY
ANNUAL UNEMPLOYMENT RATE

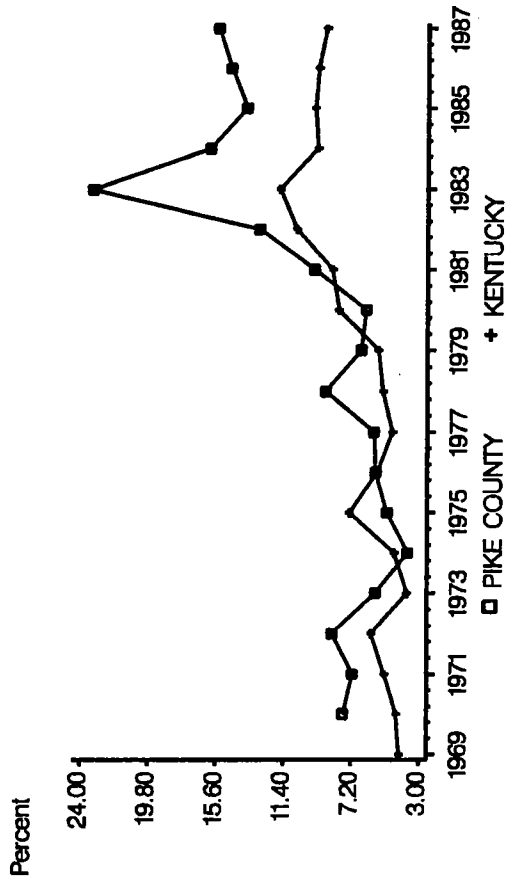


CHART 4C
PIKE COUNTY
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Employment

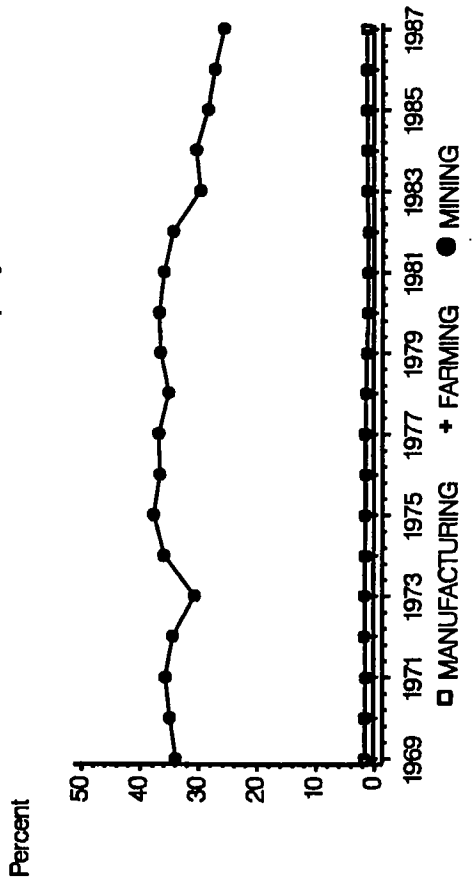


CHART 4D
PIKE COUNTY
EMPLOYMENT in NON - GOODS PRODUCING INDUSTRIES
as a Percent of Total Employment

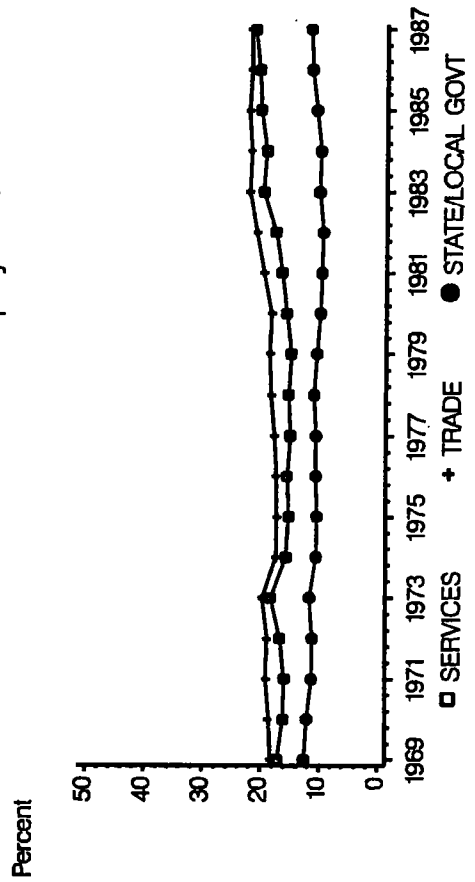


CHART 5A
PIKE COUNTY
POPULATION

Thousands of People

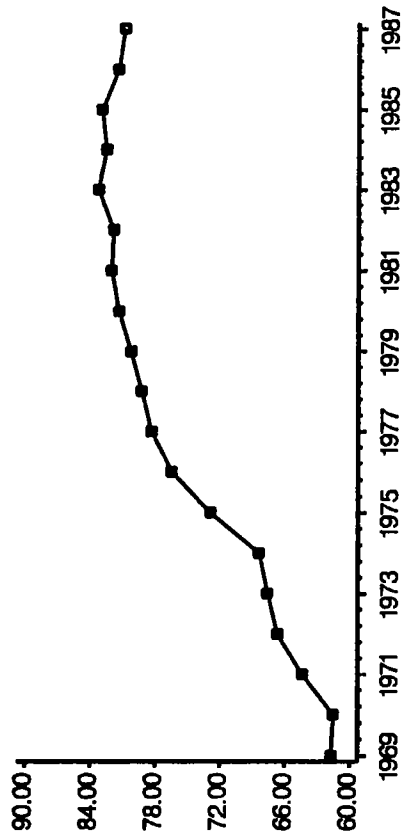


CHART 5B
PIKE COUNTY
POPULATION
as a Percent of Kentucky Population

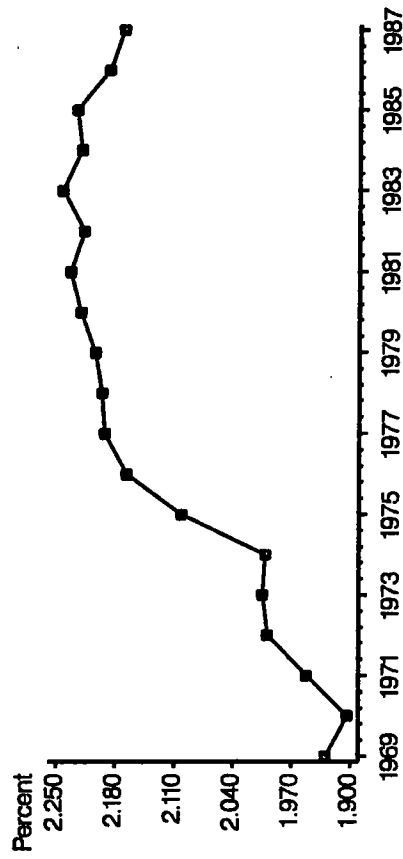


CHART 5C
PIKE COUNTY
POPULATION 5 AND UNDER
as a Percent of Total Population

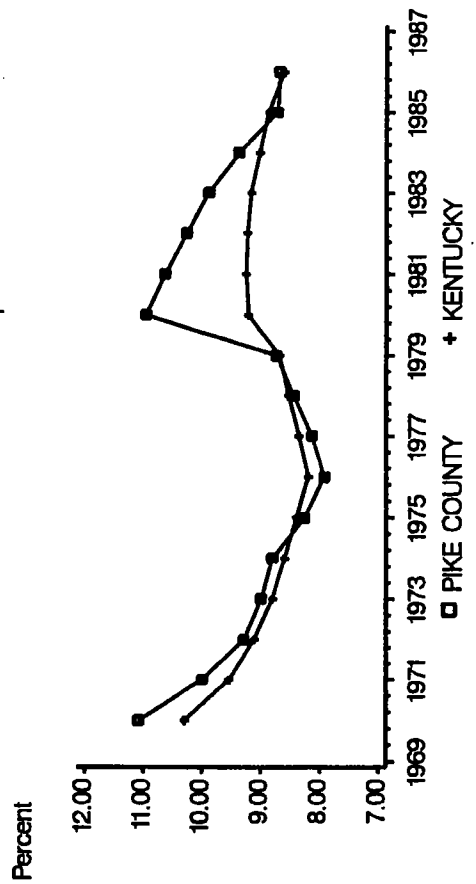


CHART 5D
PIKE COUNTY
POPULATION 60 AND OVER
as a Percent of Total Population

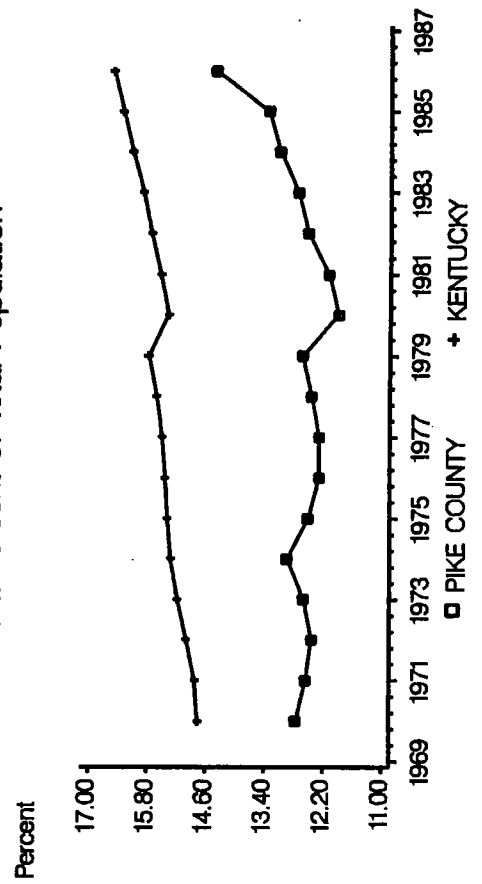


CHART 6A
PIKE COUNTY
TOTAL COAL PRODUCTION (SHIPMENTS)
Thousands of Tons

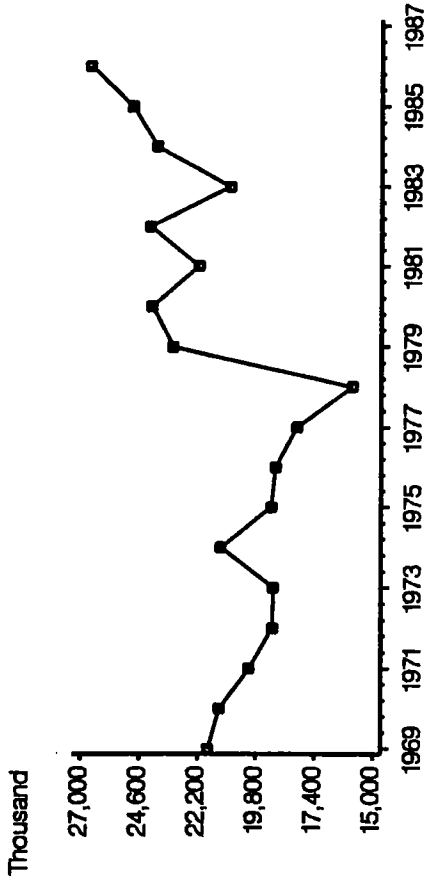


CHART 6B
PIKE COUNTY
MINING EMPLOYMENT
Thousands of People

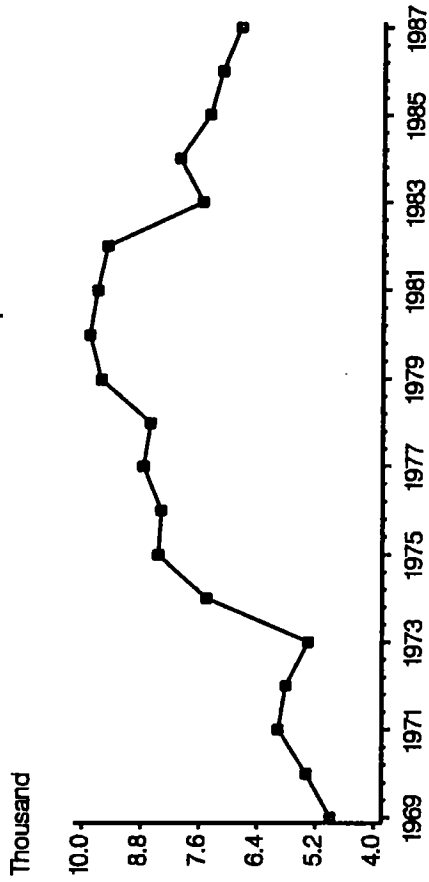


CHART 6C
PIKE COUNTY
AVERAGE VALUE PER TON FOR COAL
Constant 1988 Dollars

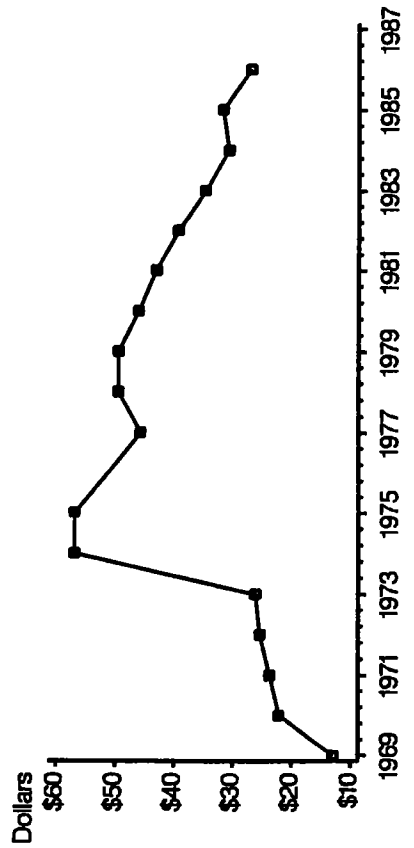
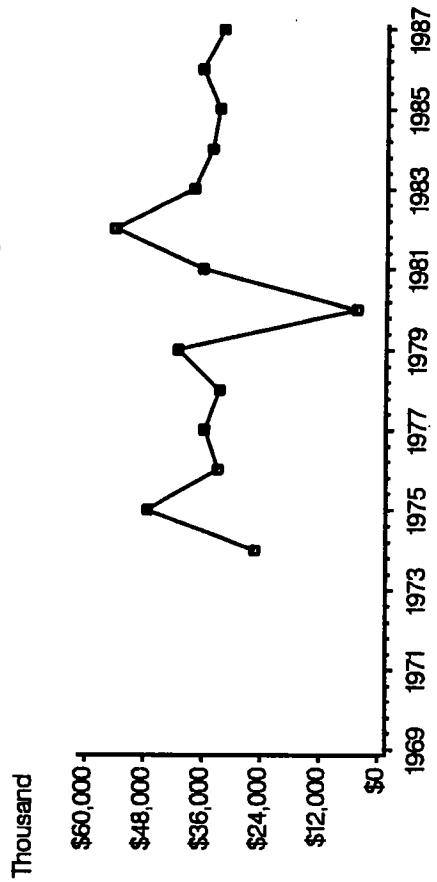


CHART 6D
PIKE COUNTY
TAX RECEIPTS ON COAL SEVERED OR PROCESSED
Thousands of 1988 Dollars



PIKE COUNTY

PERSONAL INCOME
In Millions of 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	378	1.33	6,122	68.9
1970	452	1.54	7,354	80.7
1971	494	1.62	7,681	83.0
1972	531	1.63	7,963	81.7
1973	582	1.68	8,602	83.8
1974	755	2.13	11,030	106.4
1975	827	2.32	11,340	110.5
1976	809	2.13	10,577	98.5
1977	861	2.15	10,979	98.2
1978	887	2.12	11,188	96.7
1979	893	2.08	11,122	94.6
1980	931	2.20	11,449	99.3
1981	908	2.11	11,065	94.4
1982	916	2.15	11,188	96.8
1983	850	2.01	10,211	89.7
1984	878	1.97	10,634	88.7
1985	854	1.91	10,296	85.8
1986	847	1.86	10,383	84.8
1987	832	1.79	10,281	82.3

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	298	78.8	79.2	60	15.9	10.9	20	5.3	9.9
1970	359	79.4	77.9	69	15.2	11.9	25	5.5	10.2
1971	387	78.3	77.0	80	16.1	12.9	28	5.6	10.1
1972	405	76.3	77.3	91	17.1	12.9	35	6.6	9.7
1973	422	72.5	76.6	116	20.0	13.6	44	7.5	9.7
1974	587	77.8	75.5	116	15.3	14.4	52	6.9	10.1
1975	642	77.7	73.3	126	15.2	16.5	59	7.1	10.1
1976	607	75.0	73.9	135	16.7	16.1	67	8.3	10.0
1977	651	75.6	74.6	146	17.0	15.3	63	7.3	10.1
1978	673	75.8	75.0	147	16.6	14.6	67	7.6	10.4
1979	663	74.2	74.1	159	17.8	15.1	71	8.0	10.8
1980	688	73.9	71.1	163	17.5	16.7	81	8.7	12.2
1981	645	71.0	69.3	170	18.8	16.8	93	10.3	13.8
1982	650	70.9	67.5	168	18.4	17.6	98	10.7	14.9
1983	568	66.8	66.6	189	22.3	18.4	93	10.9	15.1
1984	601	68.4	67.8	181	20.6	17.3	97	11.0	14.9
1985	579	67.8	67.2	176	20.6	17.6	100	11.7	15.3
1986	571	67.4	67.1	176	20.8	17.6	99	11.7	15.3
1987	556	66.8	67.5	175	21.0	17.2	101	12.2	15.3

PIKE 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	1.3	0.07	.	.	42.7	17.46
1970	1.2	0.08	0.1	0.02	49.2	18.75
1971	1.1	0.08	0.1	0.02	49.9	19.27
1972	1.2	0.07	0.1	0.03	48.6	18.33
1973	1.2	0.08	0.1	0.03	46.4	16.81
1974	1.0	0.09	0.0	0.01	58.4	20.60
1975	1.0	0.11	0.1	0.04	62.3	19.48
1976	1.2	0.11	0.1	0.03	56.3	17.45
1977	1.2	0.11	0.1	0.03	57.6	16.21
1978	1.2	0.10	0.0	0.02	56.5	16.04
1979	1.1	0.10	0.0	0.02	55.3	16.70
1980	1.0	0.10	0.0	0.02	56.7	17.42
1981	1.1	0.11	0.0	0.02	56.1	16.26
1982	1.1	0.12	0.0	0.02	56.1	17.24
1983	1.3	0.11	0.0	0.04	50.6	16.41
1984	1.2	0.11	0.0	0.02	51.3	16.20
1985	1.3	0.11	0.0	0.02	49.1	15.85
1986	1.2	0.10	0.0	0.02	47.1	16.55
1987	1.1	0.09	0.0	0.02	45.1	16.02

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	15.0	1.49	15.2	1.27	8.9	1.27
1970	12.2	1.46	13.8	1.35	7.6	1.25
1971	11.6	1.44	13.4	1.39	7.2	1.22
1972	12.0	1.48	14.1	1.45	7.1	1.20
1973	13.2	1.62	14.3	1.46	7.4	1.27
1974	9.0	1.63	11.5	1.70	5.2	1.31
1975	8.7	1.67	10.0	1.57	5.2	1.35
1976	9.8	1.65	10.7	1.50	5.9	1.37
1977	9.0	1.54	10.1	1.47	5.9	1.41
1978	8.6	1.45	10.9	1.54	6.1	1.43
1979	8.7	1.44	11.6	1.62	6.3	1.44
1980	9.3	1.56	10.7	1.67	5.9	1.42
1981	9.9	1.52	11.9	1.80	6.0	1.35
1982	9.8	1.51	12.0	1.87	6.1	1.39
1983	12.8	1.61	13.1	1.75	7.2	1.39
1984	12.8	1.61	12.4	1.69	7.1	1.41
1985	14.1	1.63	12.8	1.65	7.8	1.46
1986	14.8	1.55	12.9	1.62	8.3	1.48
1987	15.4	1.46	12.8	1.53	8.8	1.47

PIKE COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	244	1.7	37	0.3	4,891	34.0
1970	259	1.7	36	0.2	5,394	35.0
1971	260	1.6	37	0.2	5,972	35.8
1972	289	1.7	36	0.2	5,818	34.5
1973	301	1.7	38	0.2	5,353	30.7
1974	343	1.7	45	0.2	7,454	36.0
1975	358	1.6	38	0.2	8,450	37.8
1976	351	1.5	45	0.2	8,390	36.7
1977	377	1.6	46	0.2	8,761	36.9
1978	356	1.5	50	0.2	8,617	35.2
1979	354	1.3	52	0.2	9,625	36.6
1980	316	1.2	53	0.2	9,860	36.8
1981	329	1.2	56	0.2	9,699	36.0
1982	314	1.1	55	0.2	9,493	34.4
1983	334	1.3	57	0.2	7,546	29.8
1984	342	1.3	56	0.2	8,025	30.5
1985	363	1.4	54	0.2	7,414	28.5
1986	372	1.4	54	0.2	7,159	27.4
1987	365	1.4	53	0.2	6,786	25.9

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	2,462	17.1	2,622	18.2	1,808	12.6
1970	2,485	16.1	2,862	18.6	1,862	12.1
1971	2,660	15.9	3,181	19.0	1,885	11.3
1972	2,815	16.7	3,180	18.8	1,888	11.2
1973	3,175	18.2	3,430	19.7	2,032	11.7
1974	3,248	15.7	3,600	17.4	2,190	10.6
1975	3,426	15.3	3,857	17.2	2,343	10.5
1976	3,552	15.5	3,984	17.4	2,432	10.6
1977	3,569	15.0	4,209	17.7	2,526	10.6
1978	3,758	15.4	4,479	18.3	2,691	11.0
1979	3,923	14.9	4,867	18.5	2,758	10.5
1980	4,222	15.8	4,897	18.3	2,669	10.0
1981	4,469	16.6	5,296	19.7	2,625	9.7
1982	4,862	17.6	5,756	20.9	2,619	9.5
1983	4,997	19.7	5,593	22.1	2,582	10.2
1984	5,063	19.2	5,754	21.9	2,624	10.0
1985	5,261	20.2	5,774	22.2	2,784	10.7
1986	5,341	20.4	5,713	21.9	3,004	11.5
1987	5,552	21.2	5,737	21.9	3,072	11.7

PIKE COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	14,391	\$21,183	\$17,440	.	4.2
1970	15,422	\$24,047	\$17,811	7.7	4.4
1971	16,703	\$24,071	\$18,166	7.1	5.1
1972	16,878	\$24,887	\$18,970	8.4	6.0
1973	17,417	\$25,410	\$19,232	5.7	3.7
1974	20,696	\$30,798	\$19,008	3.7	4.5
1975	22,362	\$31,203	\$18,976	5.0	7.3
1976	22,853	\$28,816	\$19,563	5.7	5.6
1977	23,747	\$29,350	\$20,031	5.8	4.7
1978	24,464	\$29,494	\$20,121	8.8	5.3
1979	26,277	\$27,759	\$20,110	6.6	5.5
1980	26,772	\$28,428	\$19,439	6.3	8.0
1981	26,925	\$26,153	\$19,286	9.5	8.4
1982	27,578	\$26,147	\$18,931	12.9	10.6
1983	25,308	\$24,566	\$18,358	23.2	11.6
1984	26,320	\$24,868	\$19,080	16.0	9.3
1985	25,997	\$24,254	\$18,676	13.7	9.5
1986	26,123	\$23,830	\$18,627	14.7	9.3
1987	26,211	\$22,909	\$18,636	15.5	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER 6		PERCENT 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	61,700	1.93	.	.	.	.
1970	61,500	1.90	11.1	10.3	12.8	14.8
1971	64,400	1.95	10.0	9.6	12.6	14.8
1972	66,700	2.00	9.3	9.1	12.4	15.0
1973	67,600	2.00	9.0	8.8	12.6	15.2
1974	68,400	2.00	8.8	8.6	12.9	15.3
1975	72,900	2.10	8.3	8.4	12.5	15.4
1976	76,500	2.17	7.9	8.2	12.3	15.5
1977	78,400	2.19	8.1	8.4	12.3	15.5
1978	79,300	2.20	8.4	8.5	12.4	15.6
1979	80,300	2.20	8.7	8.7	12.6	15.8
1980	81,400	2.22	11.0	9.2	11.9	15.4
1981	82,100	2.23	10.6	9.3	12.1	15.5
1982	81,900	2.22	10.3	9.2	12.5	15.7
1983	83,300	2.24	9.9	9.2	12.7	15.9
1984	82,600	2.22	9.4	9.0	13.1	16.1
1985	83,000	2.23	8.7	8.9	13.3	16.3
1986	81,500	2.19	8.7	8.6	14.4	16.5
1987	80,900	2.17	.	.	.	.

PIKE COUNTY

COAL MINING STATISTICS

YEAR	PRODUCTION (Thousand Tons)	EMPLOYMENT	AVERAGE VALUE PER TON	COAL TAX RECEIPTS (000)
1969	21,773	4,891	\$13.00	.
1970	21,299	5,394	\$22.17	.
1971	20,087	5,972	\$23.79	.
1972	19,130	5,818	\$25.41	.
1973	19,090	5,353	\$26.16	.
1974	21,249	7,454	\$56.87	\$25,298
1975	19,178	8,450	\$56.82	\$47,366
1976	19,002	8,390	.	\$33,019
1977	18,141	8,761	\$45.71	\$35,808
1978	15,853	8,617	\$49.54	\$32,776
1979	23,240	9,625	\$49.48	\$41,203
1980	24,110	9,860	\$46.00	\$4,571
1981	22,184	9,699	\$42.98	\$36,224
1982	24,180	9,493	\$39.33	\$54,129
1983	20,889	7,546	\$34.73	\$38,084
1984	23,913	8,025	\$30.64	\$34,365
1985	24,919	7,414	\$31.68	\$32,849
1986	26,633	7,159	\$26.90	\$36,331
1987	.	6,786	.	.

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





1

1

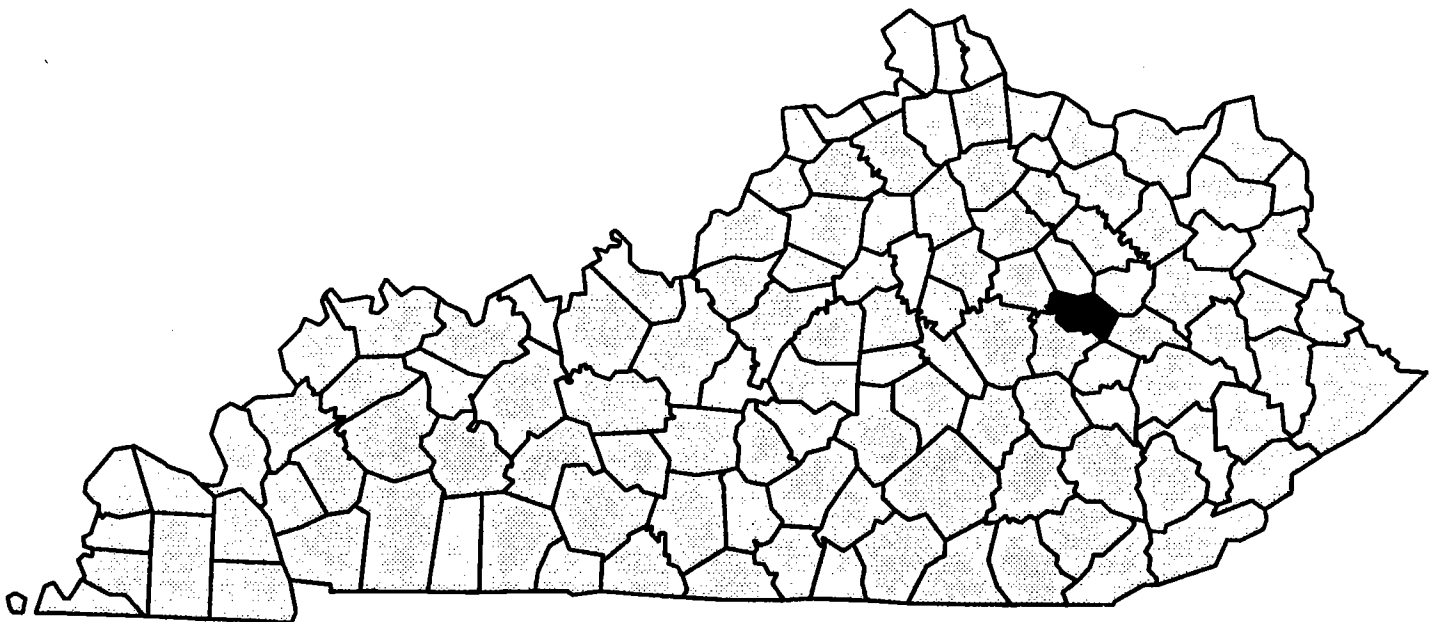
1

1

1

ECONOMIC TRENDS IN
KENTUCKY COUNTIES
1969 – 1987

POWELL 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
.L3PM
No. 438
1990

POWELL 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 Powell County economy, as measured by personal income, grew significantly from 1969 to 1987. Powell 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 well below those of the state.

Powell County had very volatile goods-producing industries. Manufacturing earning and employment went through two expansion and contraction periods during the eighteen-year period. Farm earnings declined significantly, while farm employment remained constant. This indicates a decline in average earnings in the farm sector. The mine sector had a short-lived boom in the early 1980's.

Conversely, the non-goods-producing industries exhibited more stable trends. The service sector decreased its share of both earnings and employment. The trade sector decreased its share of earnings and increased its share of employment. State and local government increased its share of earnings and decreased its share of employment.

Powell County had a relatively diversified economic base. Economies which depend too heavily on one economic sector are susceptible to extreme economic swings when events in the national and international economy affect that sector. The goods-producing sectors are more vulnerable to production cutbacks and employment layoffs during recessionary periods. The non-goods-producing sectors tend to be more resilient during recessionary periods. Further, the long-term national economic outlook is for continued expansion of the service and trade sectors. The increase in these sectors in Powell County positions it well for 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.

*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 POWELL 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 Powell 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 Powell County economy, as measured by personal income, increased from \$46 million in 1969 to \$99 million in 1987, after adjusting for inflation. Chart 1B shows Powell County total personal income as a percent of Kentucky total personal income. Powell County increased 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 Powell County per capita income was more erratic than total state personal income but generally increased over the time period to a level of \$8,322 in 1987 and was 66.6 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. Except for slight declines corresponding to national recessions, earnings showed strong growth. Total earnings increased from \$36 million in 1969 to \$68 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 68.1 percent of Powell County's total personal income, compared to than Kentucky's 67.5 percent share.

Transfer payments contributed \$8 million to total personal income in 1969 and \$24 million in 1987. During the same period, transfer payments contributed a much higher percentage of personal income in Powell County than in Kentucky.

Income from property in Powell County grew slowly through the time period. Income from property totalled \$2 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 income. In 1969, Powell County received 16.5 percent of total earnings from manufacturing. This percentage decreased significantly in the mid-1970's but then increased to 20.1 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 showed a steady decline over the period.

Farming's contribution to total county earnings decreased from 9.2 percent in 1969 to 3.6 percent in 1987. The trend toward declining farm earnings is consistent with state and national trends.

The mining sector's contribution to total earnings was minimal through the 1970's. However, mining's share increased in the early 1980's to a high of 8.2 percent in 1982. This share subsequently decreased and was 0.7 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 slightly and was 12.2 percent in 1987 (Chart 3B). The percent of earnings from the trade sector declined and was 15.8 percent in 1987. The share of earnings from the state and local government sector increased slightly and was 19.5 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 Powell 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. Powell County average earnings per job generally declined during the period. Average earnings were \$13,279 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 Powell County increased during the data period. In 1969, total employment stood at 1,511 people. By 1987, that figure had increased to 2,984.

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 Powell County are presented in Chart 4B. Unemployment rates in Powell County exceeded those of the state throughout 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. Manufacturing employment was very volatile. The percent of total employment in manufacturing decreased from 19.0 percent in 1969 to 5.3 percent in 1977. This share then increased to 25.0 percent in 1985 and declined again to 17.3 percent in 1987. The farm sector's share of employment remained relatively constant and accounted for 13.5 percent in 1987. The mining sector's share of employment was minimal.

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 8.9 percent of employment. This share increased to 15.6 percent in 1987. The percent of employment in state and local government declined slightly and was 16.0 percent in 1987. The trade sector's share of employment increased to 17.3 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 Powell County.

The Powell County population grew from 7,600 in 1969 to 11,900 in 1987 (Chart 5A). There was a significant correction in the estimate of population under six years old with the 1980's census (Chart 5C). It was estimated that in 1986, 9.7 percent of Powell County's population was under six years of age, compared to 8.6 for the state. Powell County had a lower proportion of residents age sixty or older than the state. In 1986, 12.9 percent of the Powell County population was sixty years of age and over, while 16.5 percent of all Kentucky residents fell in this age group.

CHART 1A

POWELL COUNTY
REAL PERSONAL INCOME
Millions of 1988 dollars

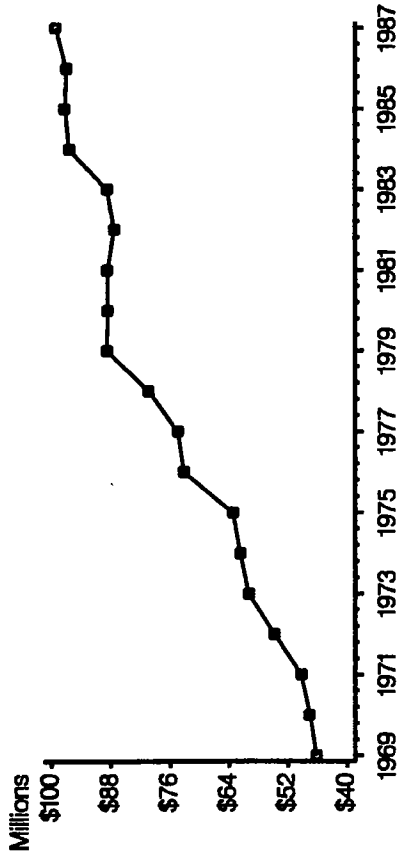


CHART 1B

POWELL COUNTY
PERSONAL INCOME
as a Percent of Kentucky Personal Income

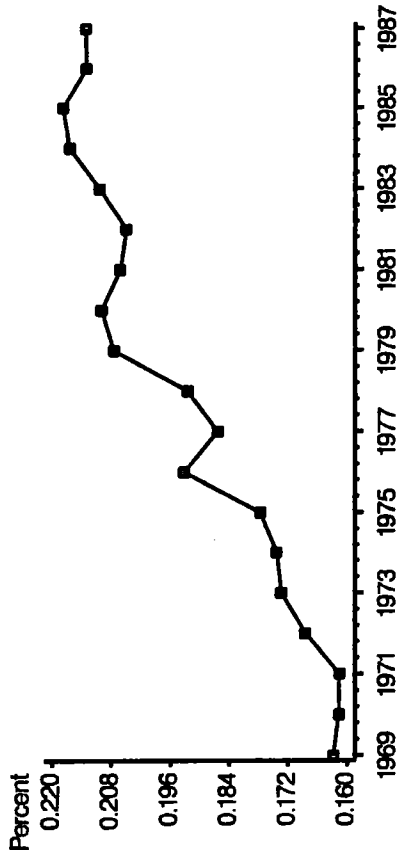


CHART 1C

POWELL COUNTY
PER CAPITA PERSONAL INCOME
in Constant 1988 Dollars

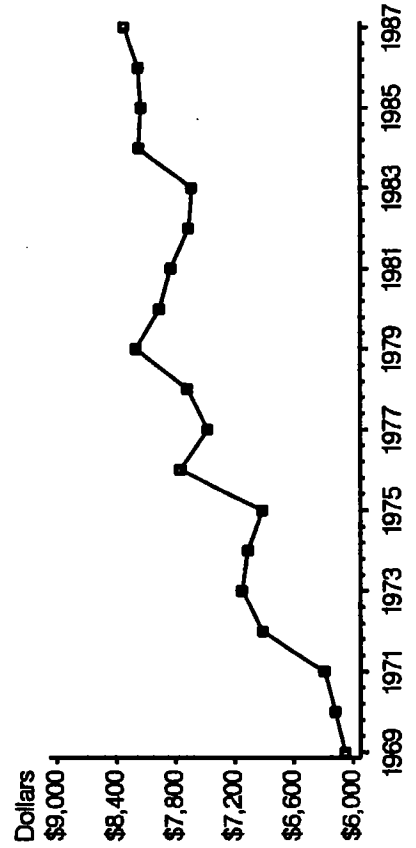


CHART 1D

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

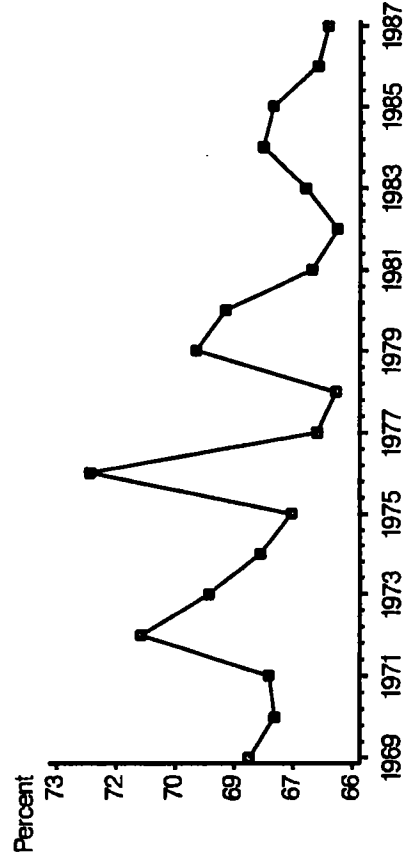


CHART 2A

POWELL COUNTY

REAL TOTAL EARNINGS

Millions of 1988 dollars

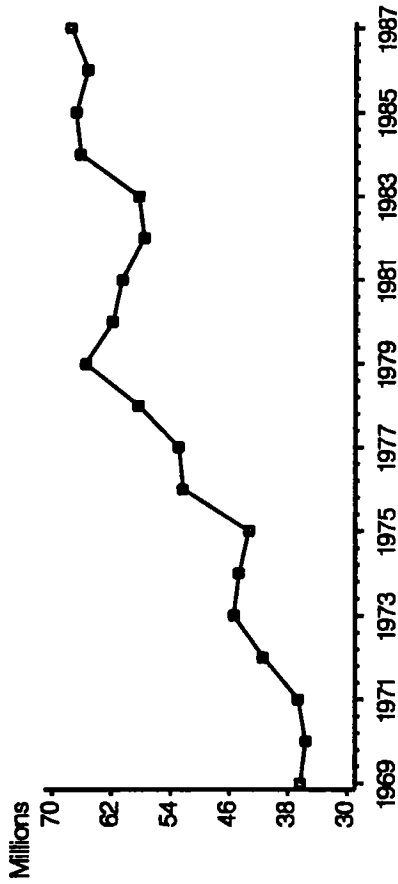


CHART 2B

POWELL COUNTY

TRANSFER PAYMENTS and INCOME FROM PROPERTY

Millions of 1988 Dollars

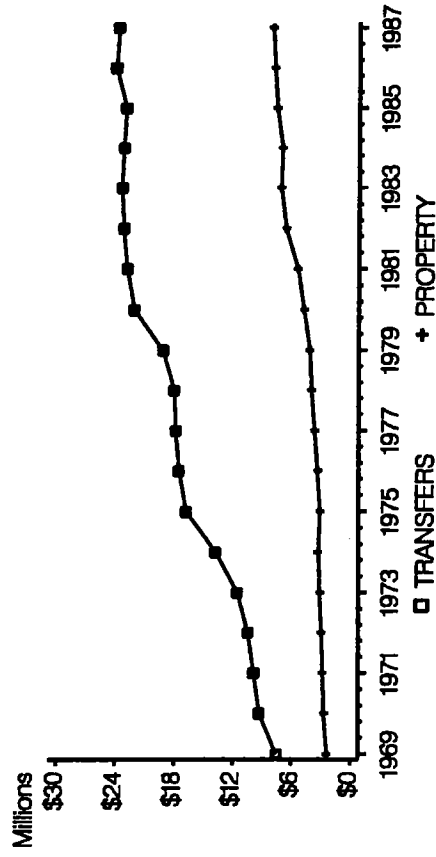


CHART 2C

POWELL COUNTY

TOTAL EARNINGS

as a Percent of Personal Income

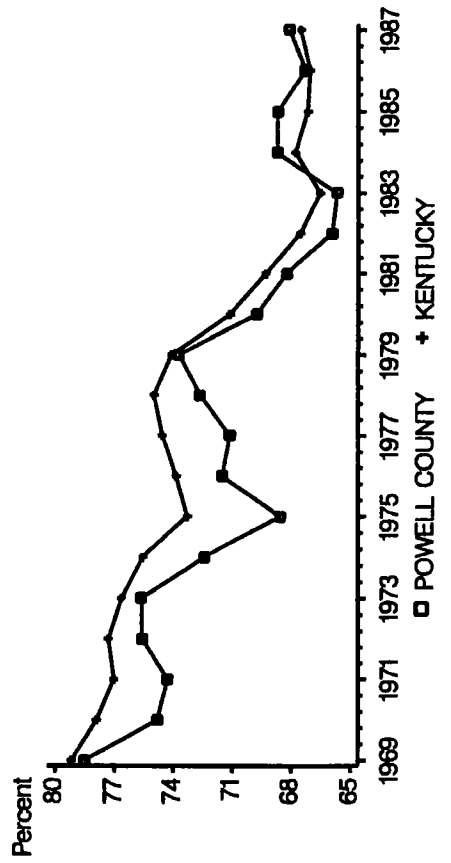


CHART 2D

POWELL COUNTY

TRANSFER PAYMENTS

as a Percent of Personal Income

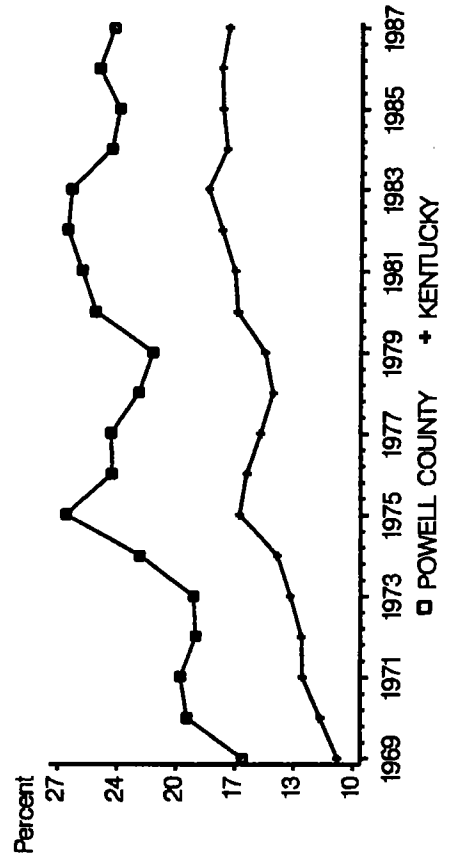


CHART 3A

POWELL COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Earnings

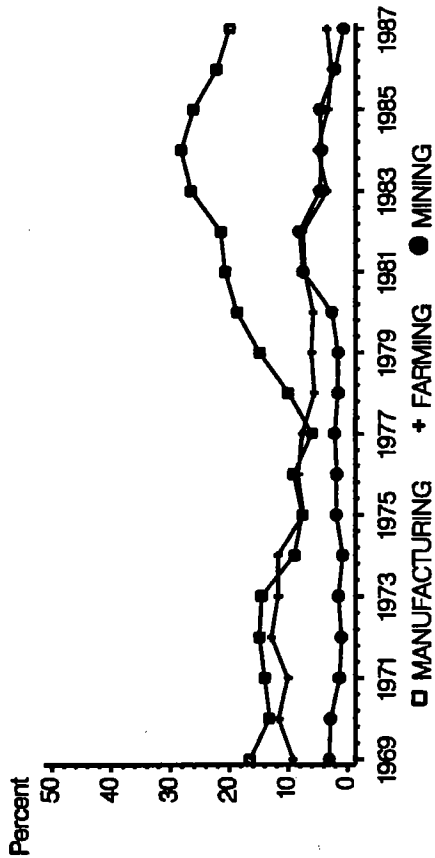


CHART 3B

POWELL COUNTY

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

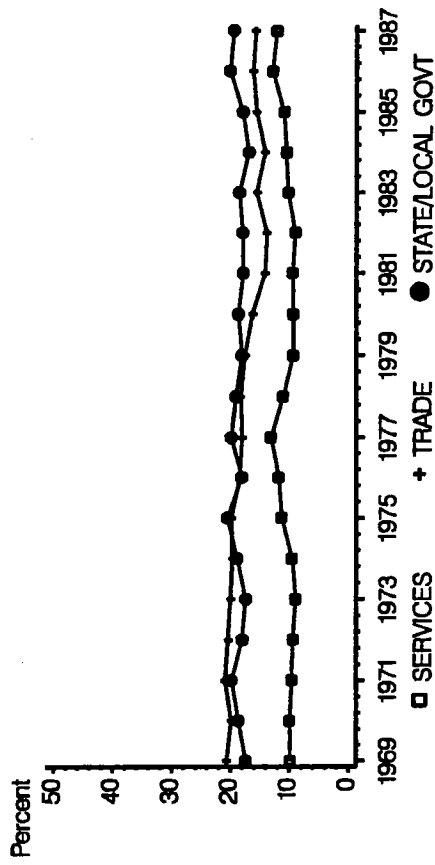


CHART 3C

POWELL COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES
as a Percent of Kentucky Industries

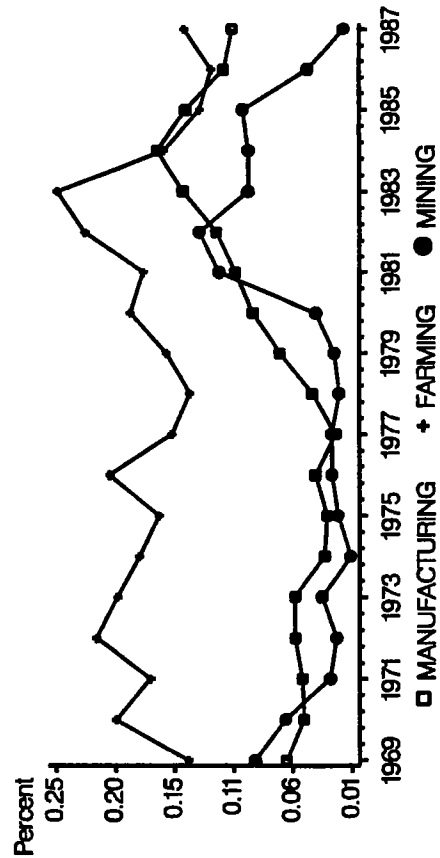


CHART 3D

POWELL COUNTY

AVERAGE EARNINGS PER JOB
in Constant 1988 Dollars

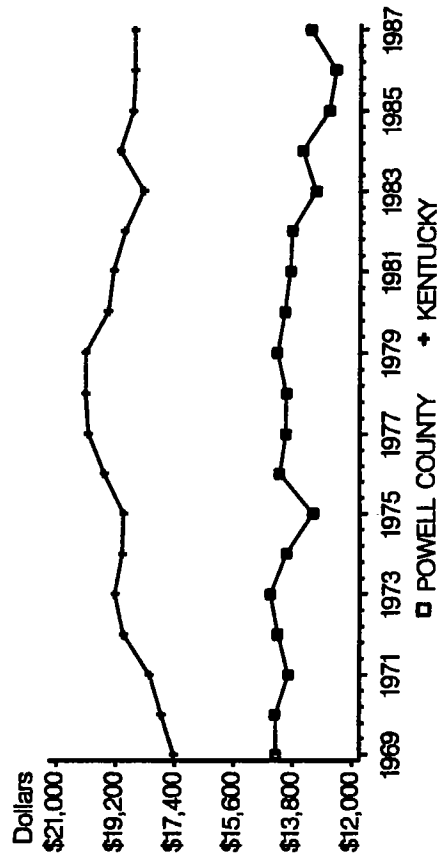


CHART 4A
 POWELL COUNTY
 TOTAL EMPLOYMENT
 Thousands of People

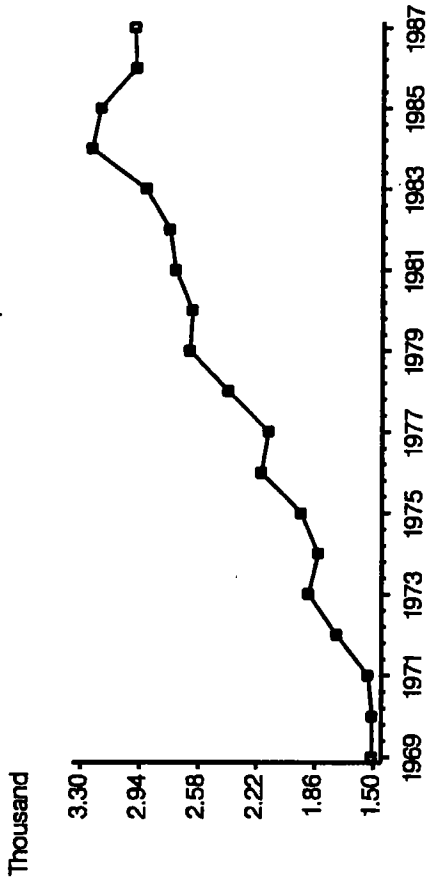


CHART 4B
 POWELL COUNTY
 ANNUAL UNEMPLOYMENT RATE

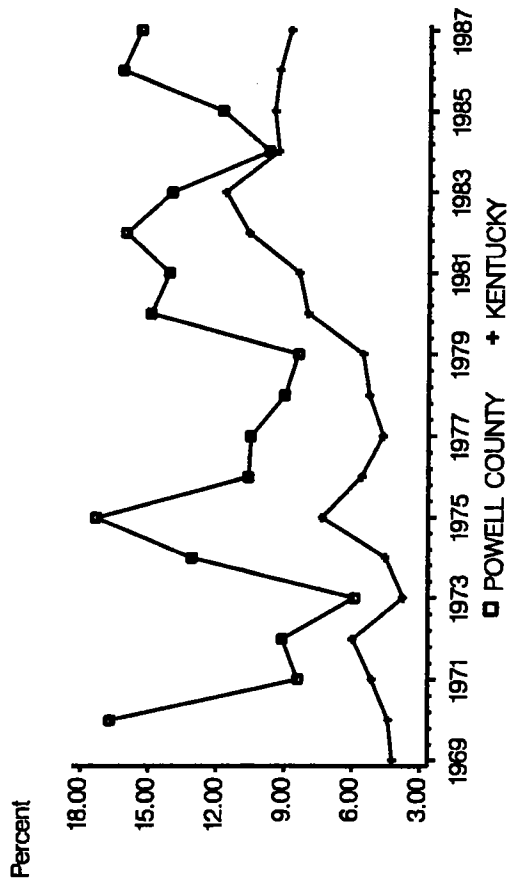


CHART 4C
 POWELL COUNTY
 EMPLOYMENT IN GOODS PRODUCING INDUSTRIES
 as a Percent of Total Employment

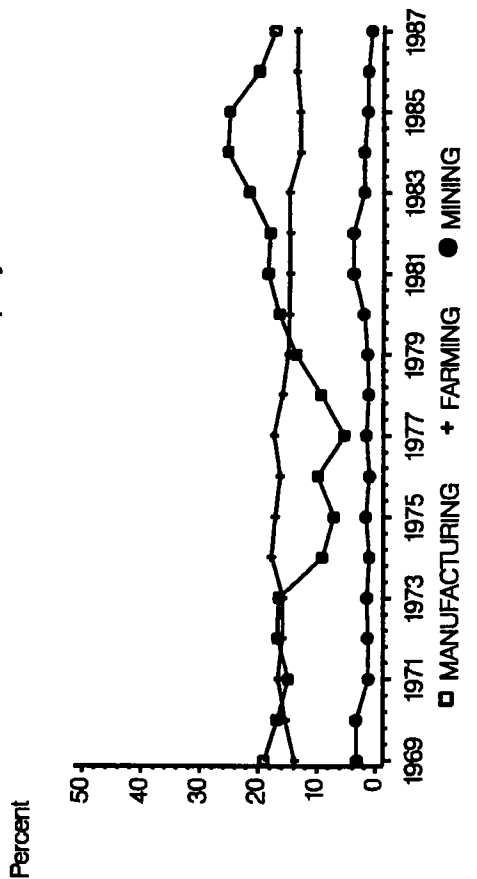


CHART 4D
 POWELL COUNTY
 EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES
 as a Percent of Total Employment

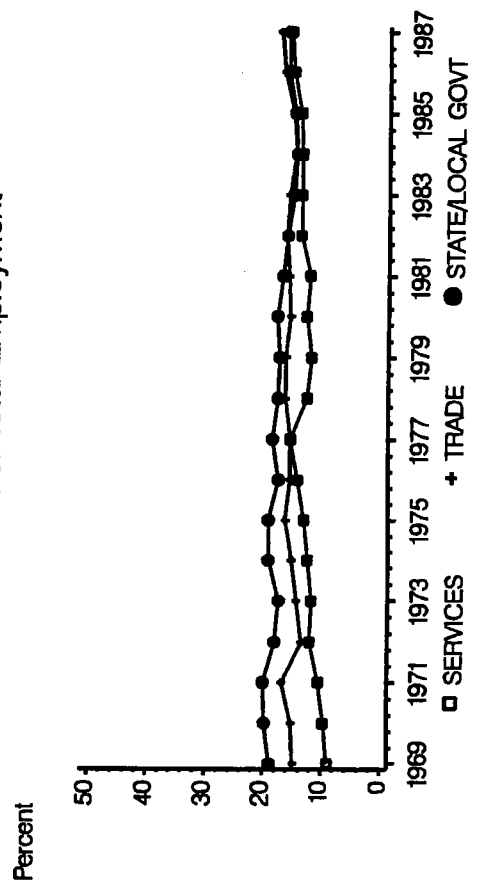


CHART 5A

POWELL COUNTY
POPULATION
Thousands of People

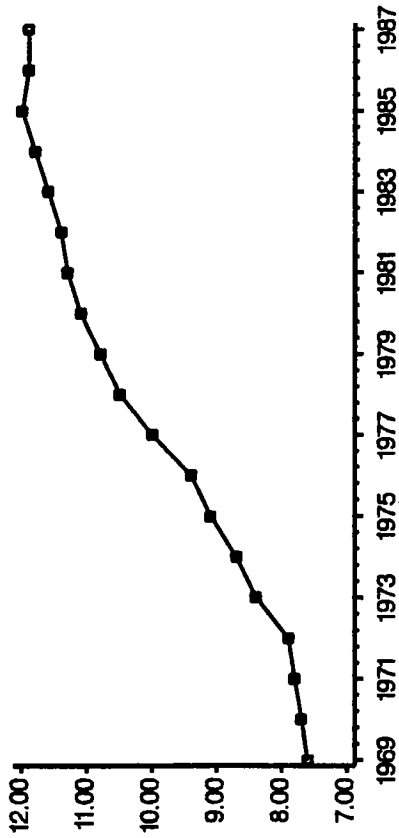


CHART 5B

POWELL COUNTY
POPULATION
as a Percent of Kentucky Population

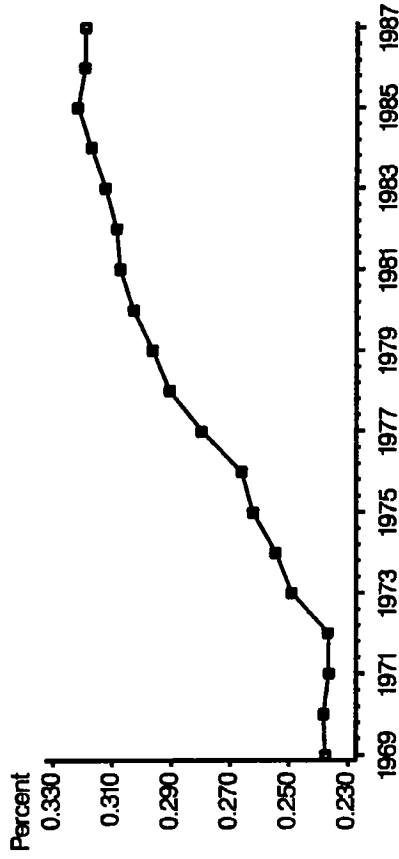


CHART 5C

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

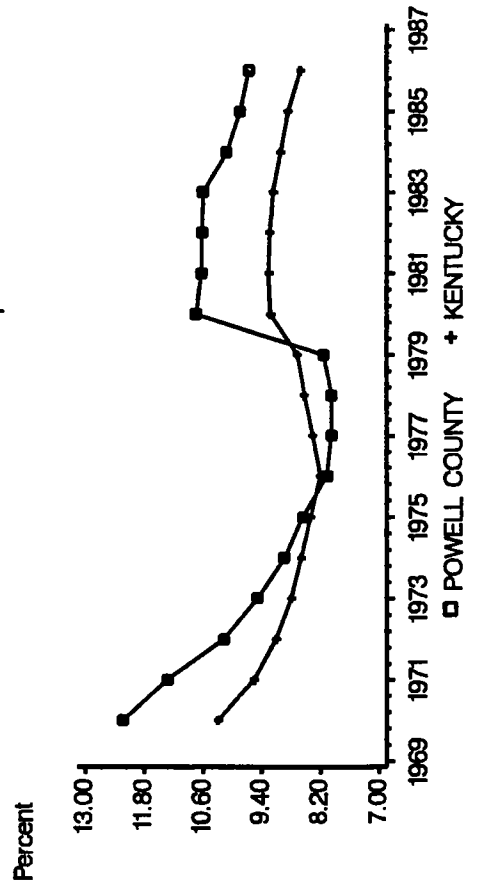
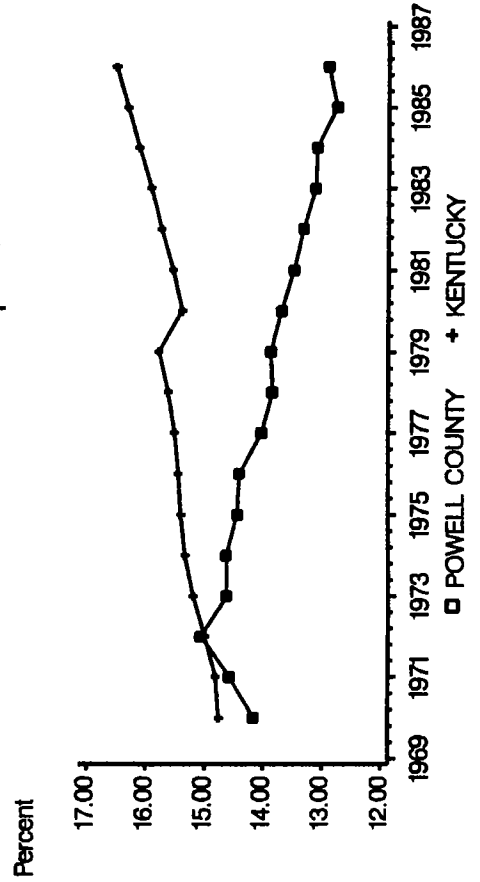


CHART 5D

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



POWELL COUNTY

PERSONAL INCOME
In Constant 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	46	0.16	6,082	68.5
1970	48	0.16	6,184	67.8
1971	49	0.16	6,292	68.0
1972	55	0.17	6,918	71.0
1973	60	0.17	7,126	69.4
1974	62	0.17	7,066	68.2
1975	63	0.18	6,921	67.4
1976	73	0.19	7,752	72.2
1977	74	0.19	7,470	66.8
1978	80	0.19	7,680	66.4
1979	89	0.21	8,198	69.7
1980	89	0.21	7,957	69.0
1981	89	0.21	7,849	67.0
1982	87	0.20	7,668	66.4
1983	89	0.21	7,637	67.1
1984	97	0.22	8,169	68.1
1985	97	0.22	8,144	67.9
1986	97	0.21	8,177	66.8
1987	99	0.21	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	36	78.5	79.2	8	16.3	10.9	2	5.2	9.9
1970	36	74.8	77.9	9	19.6	11.9	3	5.6	10.2
1971	37	74.3	77.0	10	20.0	12.9	3	5.7	10.1
1972	41	75.6	77.3	10	19.1	12.9	3	5.4	9.7
1973	45	75.6	76.6	12	19.2	13.6	3	5.2	9.7
1974	45	72.4	75.5	14	22.3	14.4	3	5.3	10.1
1975	43	68.6	73.3	17	26.5	16.5	3	4.9	10.1
1976	52	71.5	73.9	18	23.9	16.1	3	4.6	10.0
1977	53	71.1	74.6	18	24.0	15.3	4	4.9	10.1
1978	58	72.7	75.0	18	22.4	14.6	4	5.0	10.4
1979	66	73.7	74.1	19	21.6	15.1	4	4.7	10.8
1980	62	69.8	71.1	22	24.9	16.7	5	5.4	12.2
1981	61	68.2	69.3	23	25.6	16.8	5	6.1	13.8
1982	58	66.0	67.5	23	26.5	17.6	7	7.6	14.9
1983	58	65.7	66.6	23	26.3	18.4	7	8.0	15.1
1984	66	68.7	67.8	23	24.0	17.3	7	7.3	14.9
1985	67	68.7	67.2	23	23.5	17.6	8	7.8	15.3
1986	65	67.3	67.1	24	24.7	17.6	8	8.1	15.3
1987	68	68.1	67.5	24	23.8	17.2	8	8.1	15.3

POWELL 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	16.5	0.06	9.2	0.14	3.1	0.09
1970	13.2	0.05	11.6	0.20	2.9	0.06
1971	14.0	0.05	10.1	0.17	1.4	0.03
1972	14.9	0.06	12.9	0.22	1.0	0.02
1973	14.6	0.06	11.8	0.20	1.5	0.03
1974	9.0	0.03	11.8	0.18	0.8	0.01
1975	7.7	0.03	7.4	0.17	1.9	0.02
1976	9.1	0.04	8.4	0.21	1.8	0.03
1977	6.0	0.02	7.6	0.16	2.2	0.03
1978	10.1	0.04	5.6	0.14	1.6	0.02
1979	15.0	0.07	6.1	0.16	1.6	0.02
1980	18.7	0.09	5.9	0.19	2.6	0.04
1981	20.8	0.10	7.3	0.18	7.5	0.12
1982	21.5	0.12	7.6	0.23	8.2	0.13
1983	26.6	0.15	3.5	0.25	4.7	0.09
1984	28.3	0.17	5.1	0.16	4.4	0.09
1985	26.2	0.15	3.3	0.13	4.7	0.10
1986	22.3	0.11	2.8	0.12	2.2	0.05
1987	20.1	0.11	3.6	0.15	0.7	0.02

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	9.9	0.07	20.7	0.12	17.4	0.18
1970	9.9	0.07	19.9	0.11	18.7	0.18
1971	9.6	0.06	20.9	0.12	19.8	0.18
1972	9.4	0.07	20.4	0.12	18.0	0.18
1973	8.9	0.07	20.0	0.13	17.4	0.19
1974	9.6	0.07	19.7	0.12	18.9	0.19
1975	11.3	0.08	19.8	0.11	20.5	0.20
1976	11.8	0.09	18.4	0.12	18.1	0.20
1977	13.1	0.10	18.0	0.11	19.9	0.21
1978	11.1	0.09	18.3	0.12	19.1	0.21
1979	9.3	0.08	17.5	0.13	18.1	0.21
1980	9.4	0.08	16.3	0.12	18.6	0.22
1981	9.4	0.08	14.2	0.11	17.8	0.22
1982	9.0	0.07	13.9	0.11	17.9	0.22
1983	10.2	0.08	15.5	0.13	18.5	0.22
1984	10.5	0.09	14.2	0.13	16.9	0.23
1985	10.9	0.08	15.6	0.13	17.9	0.22
1986	12.9	0.08	16.2	0.12	20.1	0.21
1987	12.2	0.08	15.8	0.12	19.5	0.21

POWELL COUNTY
 COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	287	19.0	209	13.8	48	3.2
1970	253	16.8	232	15.4	50	3.3
1971	229	14.9	255	16.6	19	1.2
1972	289	16.7	276	16.0	24	1.4
1973	314	16.5	302	15.9	29	1.5
1974	167	9.1	329	17.9	21	1.1
1975	138	7.1	336	17.2	35	1.8
1976	216	9.8	360	16.4	25	1.1
1977	115	5.3	374	17.4	36	1.7
1978	222	9.2	382	15.9	30	1.2
1979	360	13.6	396	15.0	38	1.4
1980	434	16.5	389	14.8	56	2.1
1981	502	18.4	403	14.8	106	3.9
1982	500	18.1	409	14.8	108	3.9
1983	628	21.6	433	14.9	61	2.1
1984	822	25.3	419	12.9	68	2.1
1985	797	25.0	414	13.0	46	1.4
1986	592	19.9	405	13.6	41	1.4
1987	516	17.3	403	13.5	23	0.8

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	134	8.9	225	14.9	284	18.8
1970	144	9.6	229	15.2	296	19.6
1971	160	10.4	258	16.8	305	19.9
1972	207	12.0	233	13.5	311	18.0
1973	223	11.7	274	14.4	330	17.4
1974	230	12.5	281	15.2	352	19.1
1975	256	13.1	319	16.4	373	19.1
1976	313	14.3	341	15.5	384	17.5
1977	334	15.5	335	15.6	398	18.5
1978	303	12.6	394	16.4	423	17.6
1979	312	11.8	431	16.3	459	17.4
1980	335	12.8	409	15.6	467	17.8
1981	331	12.1	431	15.8	460	16.9
1982	382	13.8	450	16.3	447	16.2
1983	399	13.7	460	15.8	437	15.0
1984	442	13.6	478	14.7	474	14.6
1985	442	13.8	484	15.2	476	14.9
1986	452	15.2	498	16.7	477	16.0
1987	465	15.6	517	17.3	477	16.0

POWELL COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	1,511	\$14,324	\$17,440	.	4.2
1970	1,507	\$14,342	\$17,811	16.7	4.4
1971	1,534	\$13,920	\$18,166	8.4	5.1
1972	1,728	\$14,263	\$18,970	9.1	6.0
1973	1,901	\$14,493	\$19,232	5.9	3.7
1974	1,843	\$13,995	\$19,008	13.1	4.5
1975	1,951	\$13,182	\$18,976	17.3	7.3
1976	2,195	\$14,206	\$19,563	10.6	5.6
1977	2,152	\$14,012	\$20,031	10.5	4.7
1978	2,402	\$13,992	\$20,121	9.0	5.3
1979	2,638	\$14,284	\$20,110	8.4	5.5
1980	2,624	\$14,054	\$19,439	14.9	8.0
1981	2,729	\$13,882	\$19,286	14.1	8.4
1982	2,765	\$13,832	\$18,931	16.0	10.6
1983	2,912	\$13,111	\$18,358	14.0	11.6
1984	3,245	\$13,519	\$19,080	9.7	9.3
1985	3,192	\$12,724	\$18,676	11.8	9.5
1986	2,976	\$12,522	\$18,627	16.2	9.3
1987	2,984	\$13,279	\$18,636	15.4	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER AGE 6		PERCENT AGE 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	7,600	0.24	.	.	.	.
1970	7,700	0.24	12.2	10.3	14.2	14.8
1971	7,800	0.24	11.3	9.6	14.6	14.8
1972	7,900	0.24	10.2	9.1	15.1	15.0
1973	8,400	0.25	9.5	8.8	14.6	15.2
1974	8,700	0.25	8.9	8.6	14.6	15.3
1975	9,100	0.26	8.6	8.4	14.4	15.4
1976	9,400	0.27	8.1	8.2	14.4	15.5
1977	10,000	0.28	8.0	8.4	14.0	15.5
1978	10,500	0.29	8.0	8.5	13.8	15.6
1979	10,800	0.30	8.1	8.7	13.9	15.8
1980	11,100	0.30	10.7	9.2	13.7	15.4
1981	11,300	0.31	10.6	9.3	13.5	15.5
1982	11,400	0.31	10.6	9.2	13.3	15.7
1983	11,600	0.31	10.6	9.2	13.1	15.9
1984	11,800	0.32	10.1	9.0	13.1	16.1
1985	12,000	0.32	9.8	8.9	12.7	16.3
1986	11,900	0.32	9.7	8.6	12.9	16.5
1987	11,900	0.32	.	.	.	.

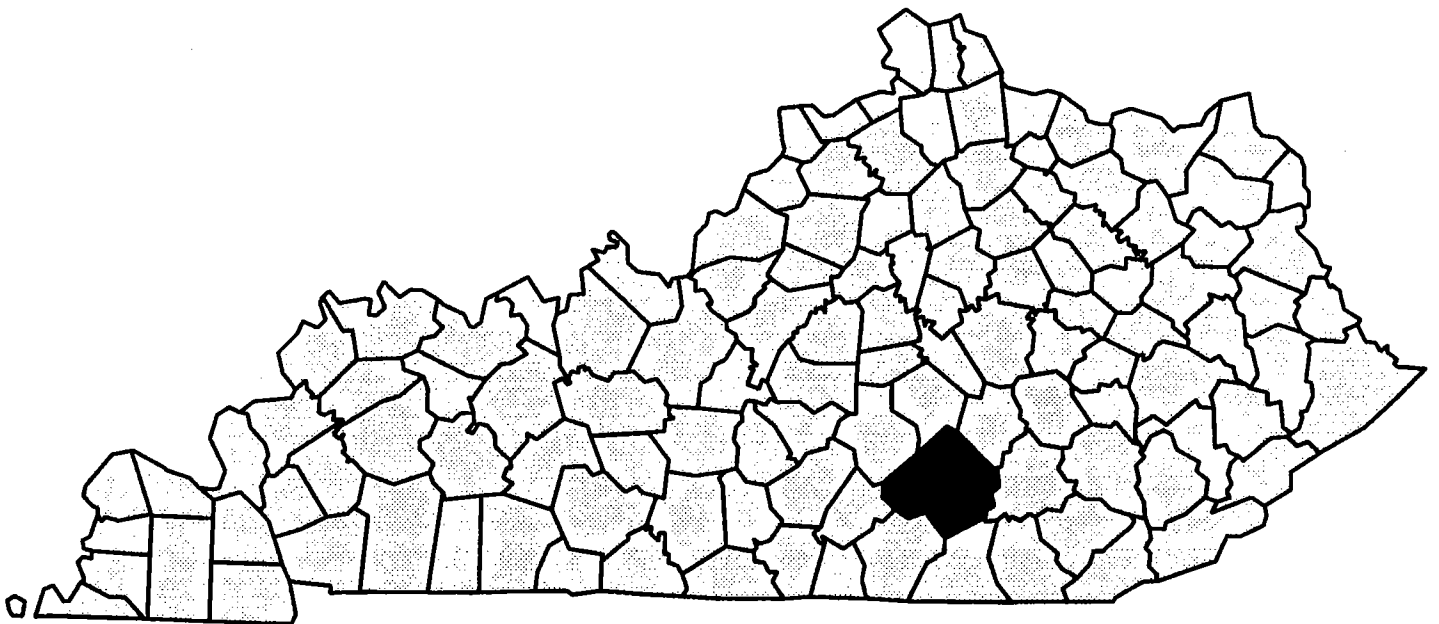
1

2

3

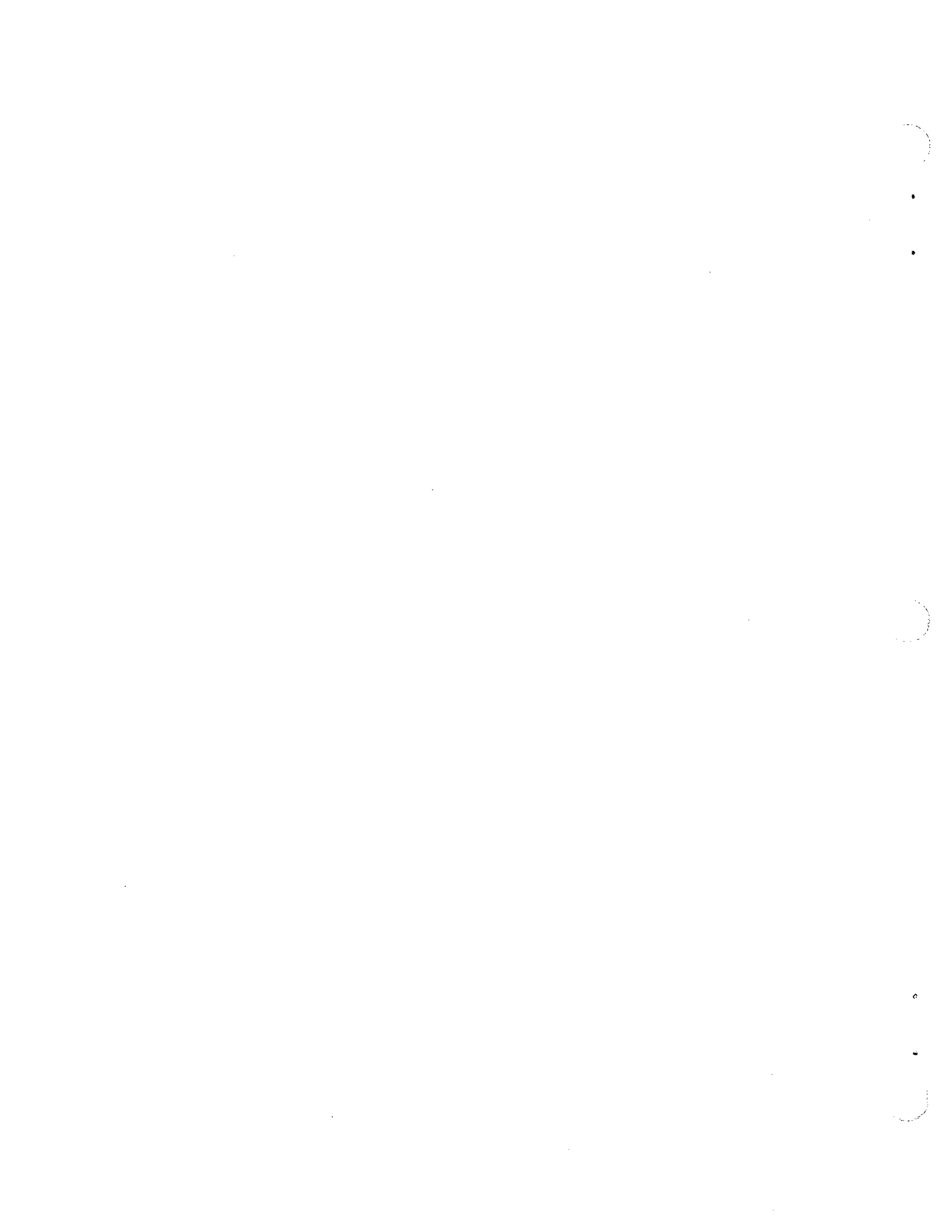
ECONOMIC TRENDS IN
KENTUCKY COUNTIES
1969 – 1987

PULASKI 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
.L3PM
No. 438
1990

PULASKI 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

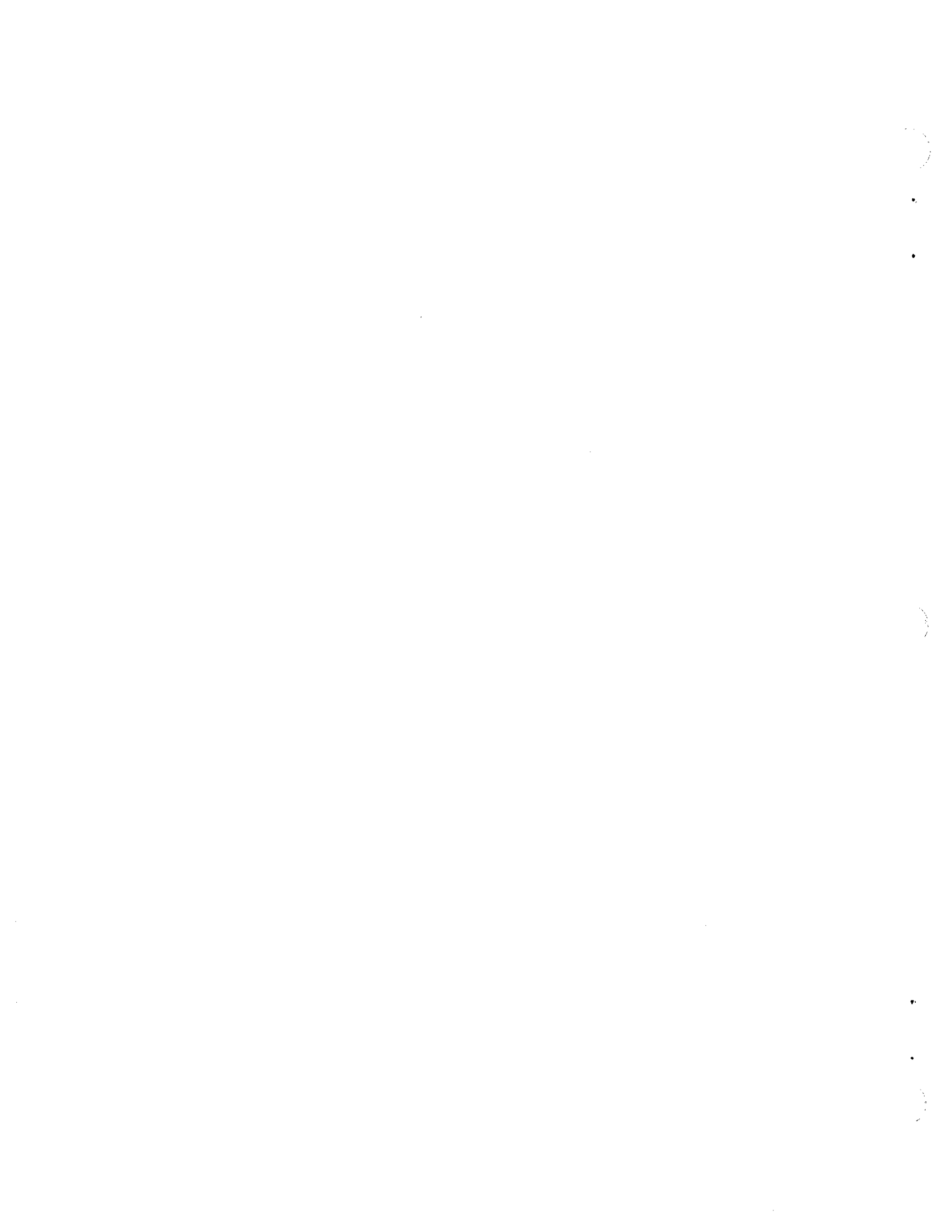
SUMMARY

The Pulaski County economy, as measured by personal income, grew strongly from 1969 to 1987. Pulaski 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.

Pulaski 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 relatively high proportion of elderly residents, who would be expected to receive retirement and medical benefits, which are classified as transfer payments.

The county has historically been heavily vested in 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 Pulaski County economy remained constant. The farm sector's share of earnings and employment declined at both the county and state levels. The non-goods-producing sectors, particularly service and trade, experienced significant growth at the state level and moderate growth in the county.

The county's economy was helped by its high concentration in the 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 county economy during a period of national economic growth, it may also make the county more susceptible to recessionary contractions. The national economic outlook is for continued expansion of the non-goods-producing sectors. Future economic growth in Pulaski County would be enhanced by continued growth in 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.

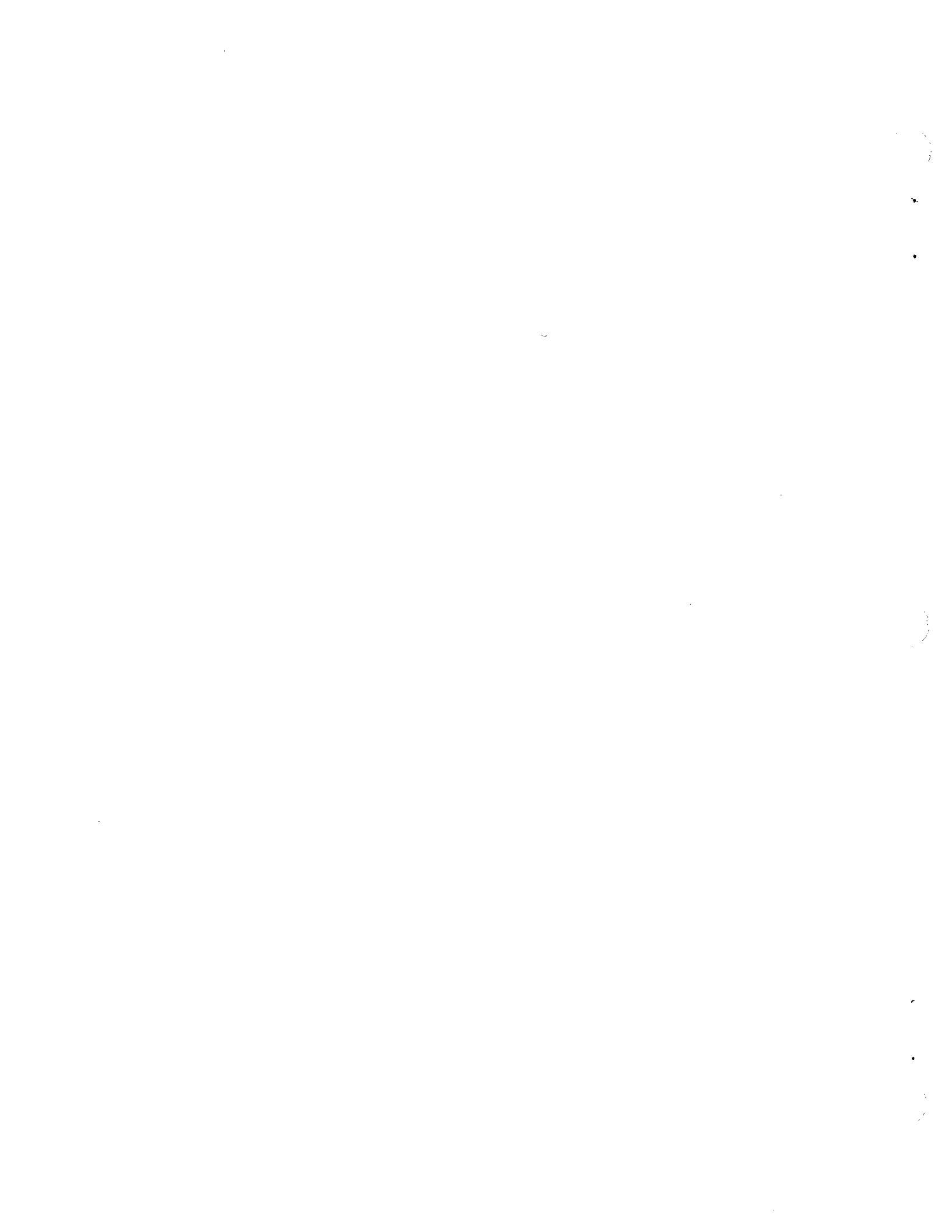
A second question concerns the structure and nature of the county economy. The structure of an economy refers to the relative share contributed by the various segments of the economy, while the nature deals with how this share has changed over time.

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.

*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 PULASKI 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 Pulaski 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 Pulaski County economy, as measured by personal income, increased from \$253 million in 1969 to \$519 million in 1987, after adjusting for inflation. Chart 1B shows Pulaski County total personal income as a percent of Kentucky total personal income. Pulaski 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 Pulaski County per capita income increased over the time period to a level of \$10,941 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 showed very strong growth through 1979. However, earnings subsequently dropped in the early 1980's, then increased in the later period. Total earnings increased from \$192 million in 1969 to \$326 million in 1987 (in constant 1988 dollars). While earnings increased, their share of personal income declined. This trend occurred at the state level as well. In 1987, earnings accounted for 62.9 percent of Pulaski County's total personal income, which was lower than Kentucky's 67.5 percent share.

Transfer payments contributed \$41 million to total personal income in 1969 and \$119 million in 1987. During the same period, transfer payments contributed a much higher percentage of personal income in Pulaski County than in Kentucky.

Income from property in Pulaski County grew steadily through the time period. Income from property totalled \$20 million in 1969 and increased to \$73 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, Pulaski County received 23.5 percent of total earnings from manufacturing. This percentage fluctuated slightly during the period and stood at 24.8 percent in 1987 (Chart 3A). 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 11.5 percent in 1969 to 3.8 percent in 1987. The trend toward declining farm earnings is consistent with state and national trends.

Earnings from mining increased in the late 1970's and early 1980's to a high of 2.9 percent of total earnings in 1982. The percent from this sector declined to 0.8 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 12.3 percent in 1969 to 19.9 percent in 1987. The percent of earnings from the trade sector remained stable and accounted for 17.5 percent in 1987. The share of earnings from the state and local government sector also remained stable and accounted for 12.9 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 Pulaski 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 Pulaski County average earnings per job paralleled state trends. Average earnings were \$15,112 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 Pulaski County increased substantially during the data period. In 1969, total employment stood at 13,388 people. By 1987, that figure increased to 23,556.

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 Pulaski County are presented in Chart 4B. Unemployment rates in Pulaski County have paralleled those of the state through most of the period. In 1987, the county unemployment rate was 9.8 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 was generally constant and was 18.2 percent in 1987. The farm sector's share of employment declined from 18.1 percent in 1969 to 12.2 percent in 1987. The mining sector slightly increased its share of employment in the mid-1970's. This share declined in the 1980's to 0.5 percent in 1987. Overall, Kentucky saw the employment share in all of these sectors decline during the period.

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 13.7 percent of employment. This share increased to 19.6 percent in 1987. The trade sector's share of employment increased from 19.2 percent in 1969 to 21.6 percent in 1987. The percent of employment in state and local government declined slightly, to 11.0 percent in 1987. At the state level, service and trade employment shares increased significantly, while 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 Pulaski County.

The Pulaski County population grew from 35,100 in 1969 to 47,400 in 1987 (Chart 5A). It was estimated that in 1986, 8.1 percent of Pulaski County's population was under six years of age, compared to 8.6 percent for the state. Pulaski County had a higher proportion of residents age sixty or over than the state. In 1986, 18.8 percent of the Pulaski 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 were a small percent of their respective totals for Pulaski County, coal production was a nontrivial sector of the county economy.

Pulaski 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 decreased during the period. In 1986, 233 thousand tons of coal was mined in Pulaski County.

Employment in the mining sector, which includes coal and other forms of mining, is illustrated in Chart 6B. Mine employment increased in the 1970's, then declined in the 1980's. In 1987, there were only 125 people employed in mining in Pulaski County.

The average value per ton for coal is illustrated in Chart 6C. At the state level, average value per ton increased in the 1970's, then declined significantly during the 1980's. Data is not available for many years in Pulaski County.

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 Pulaski County totalled \$247 thousand.

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

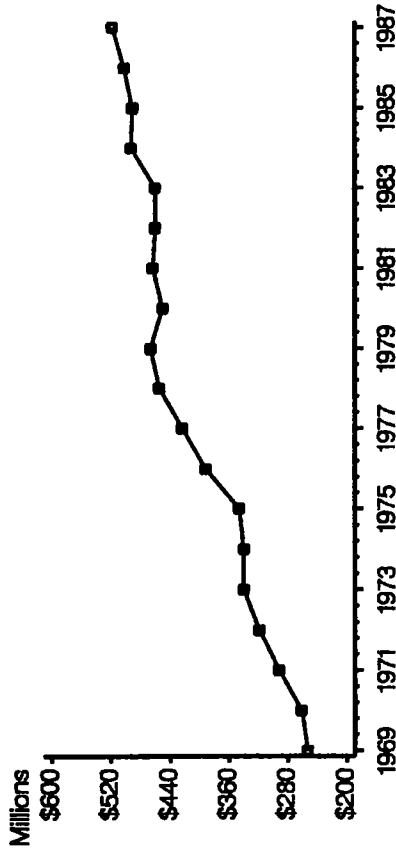


CHART 1B
PULASKI COUNTY
PERSONAL INCOME
as a Percent of Kentucky Personal Income

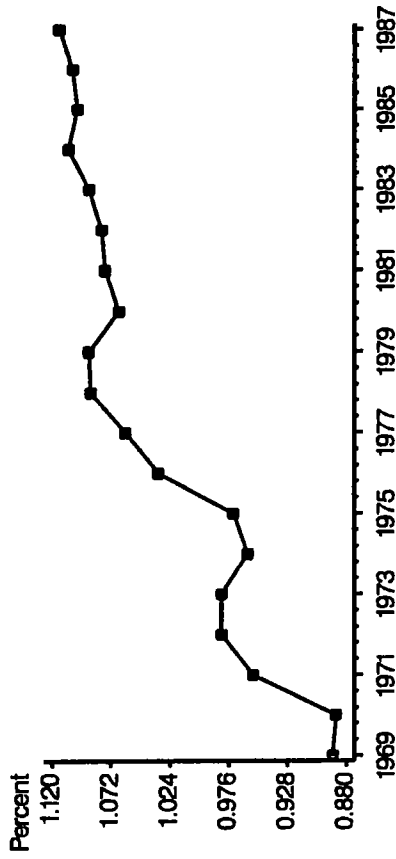


CHART 1C
PULASKI COUNTY
PER CAPITA PERSONAL INCOME
in Constant 1988 Dollars

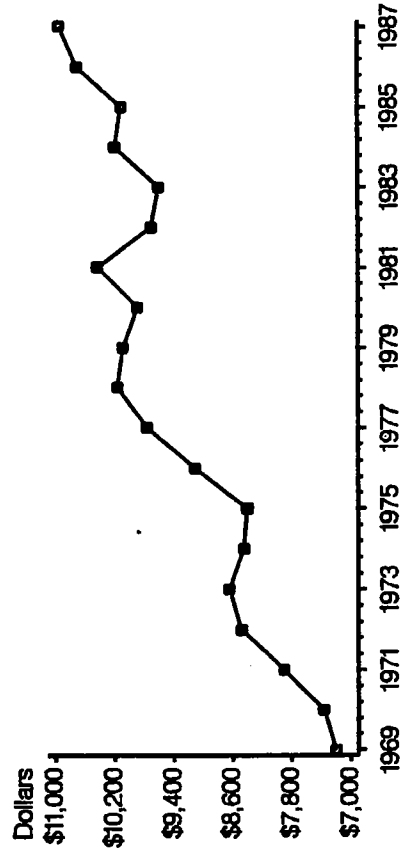


CHART 1D
PULASKI COUNTY
PER CAPITA PERSONAL INCOME
as a Percent of Kentucky Per Capita Personal Income

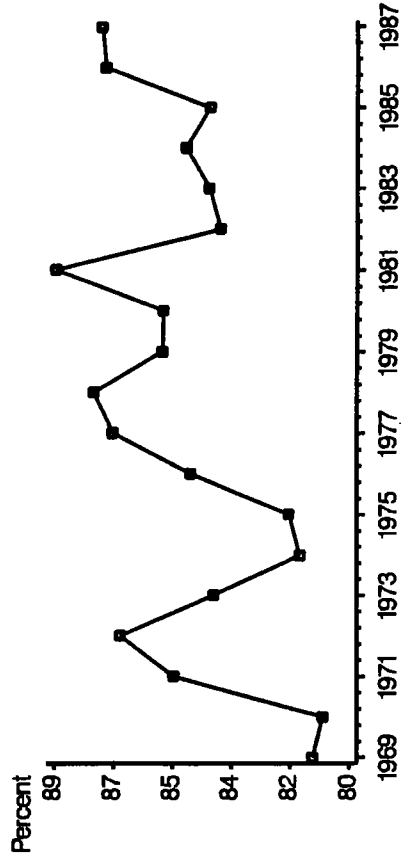


CHART 2A

PULASKI COUNTY

REAL TOTAL EARNINGS

Millions of 1988 dollars

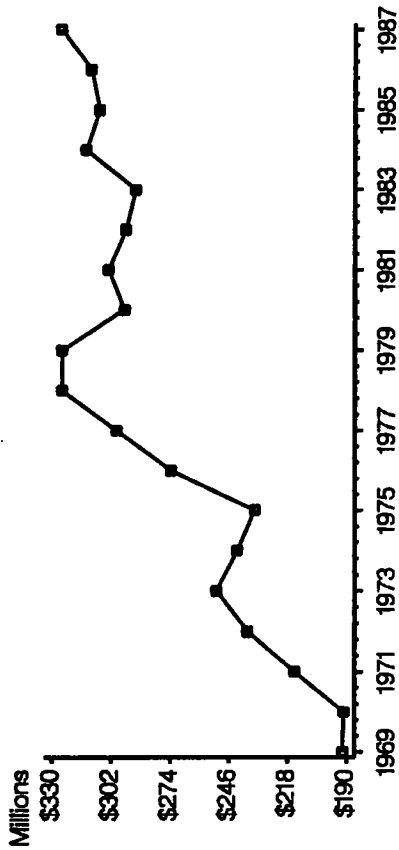


CHART 2B

PULASKI COUNTY

TRANSFER PAYMENTS and INCOME FROM PROPERTY

Millions of 1988 Dollars

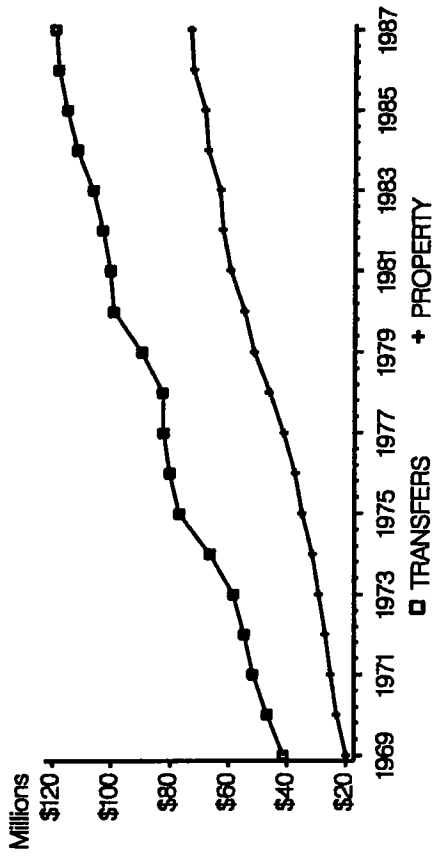


CHART 2C

PULASKI COUNTY

TOTAL EARNINGS

as a Percent of Personal Income

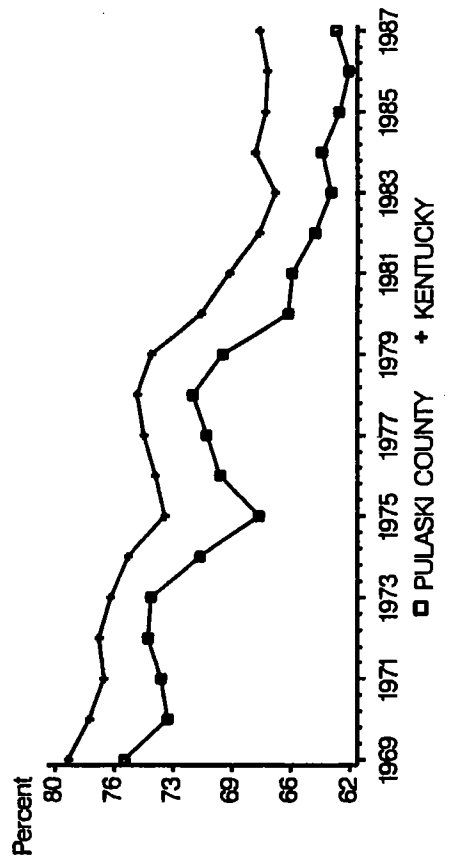


CHART 2D

PULASKI COUNTY

TRANSFER PAYMENTS

as a Percent of Personal Income

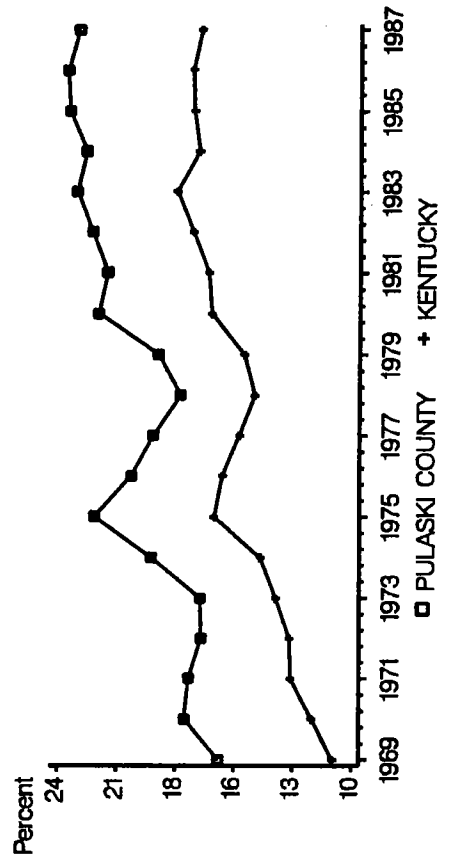


CHART 3A

PULASKI COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Earnings

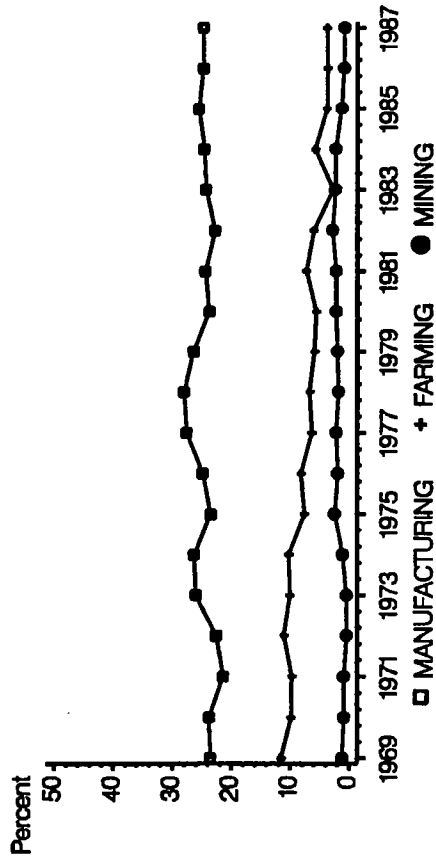


CHART 3B

PULASKI COUNTY

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

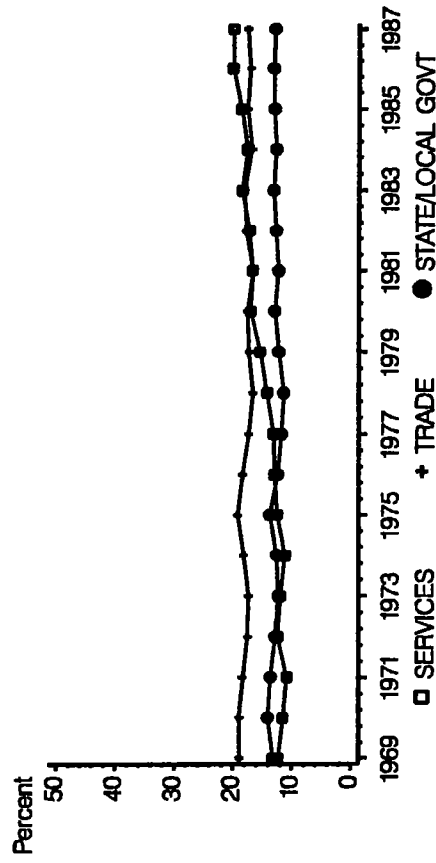


CHART 3C

PULASKI COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES
as a Percent of Kentucky Industries

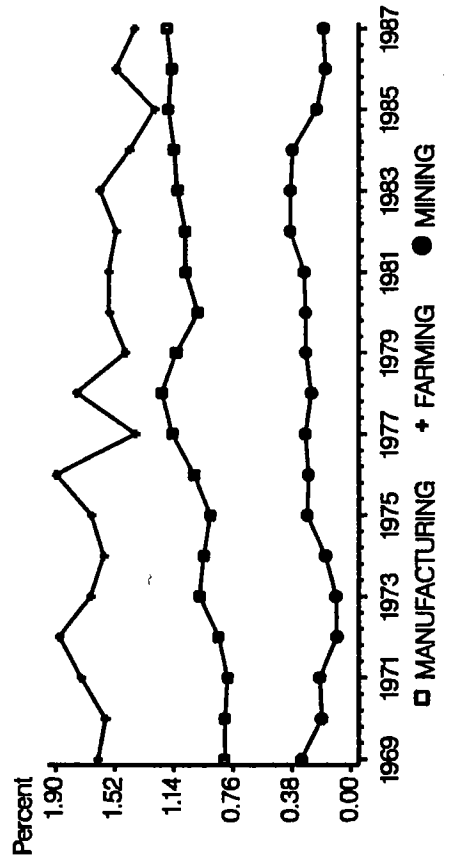


CHART 3D

PULASKI COUNTY

AVERAGE EARNINGS PER JOB
in Constant 1988 Dollars

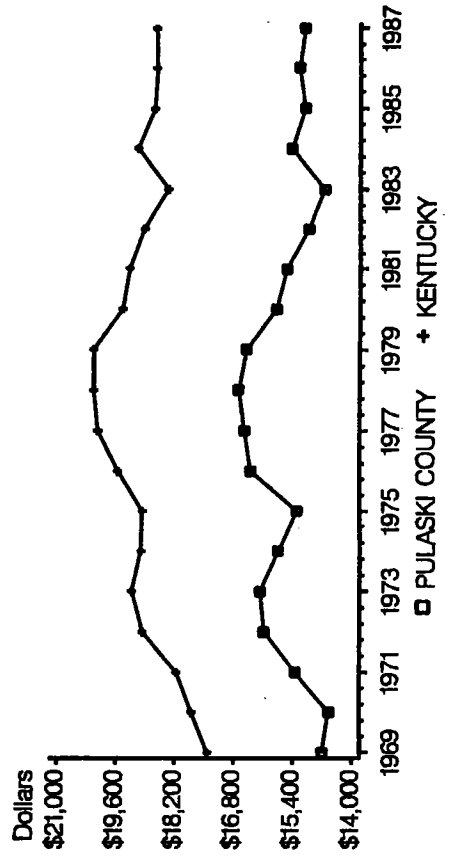


CHART 4A
PULASKI COUNTY
TOTAL EMPLOYMENT
Thousands of People

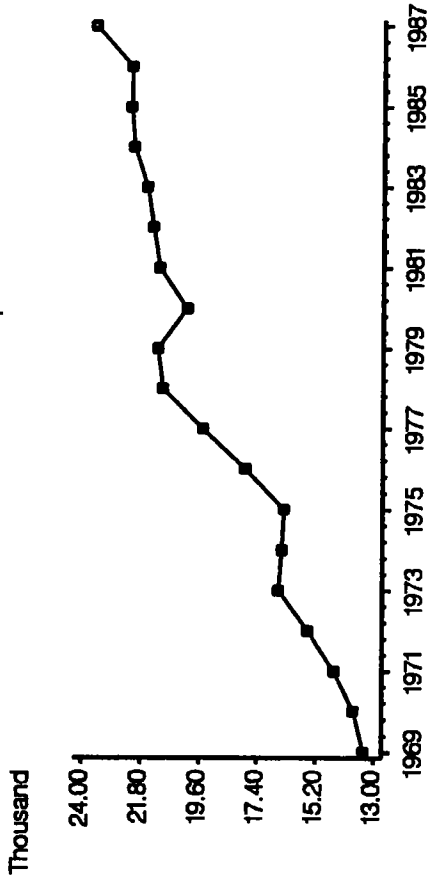


CHART 4B
PULASKI COUNTY
ANNUAL UNEMPLOYMENT RATE

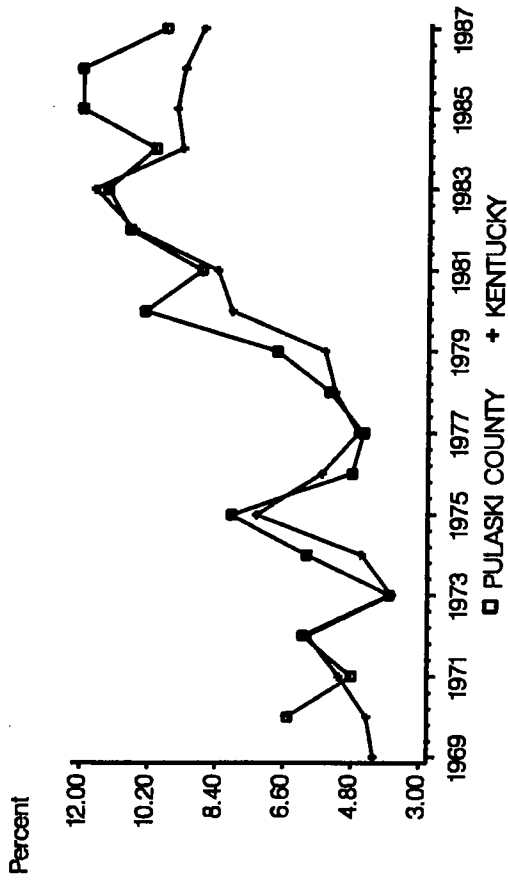


CHART 4C
PULASKI COUNTY
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Employment

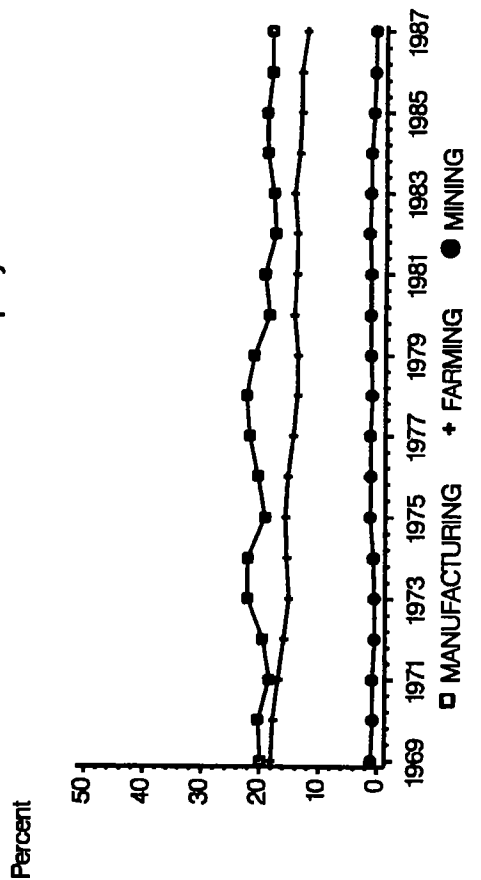


CHART 4D
PULASKI COUNTY
EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES
as a Percent of Total Employment

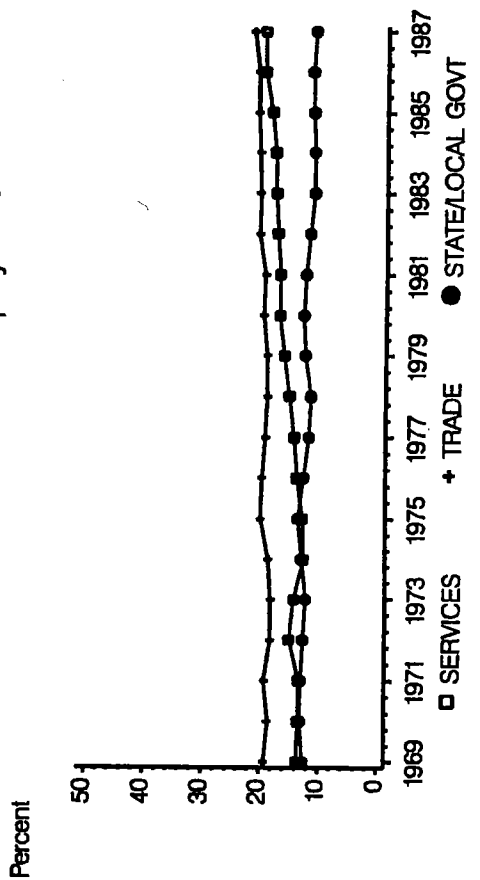


CHART 5A
PULASKI COUNTY
POPULATION
Thousands of People

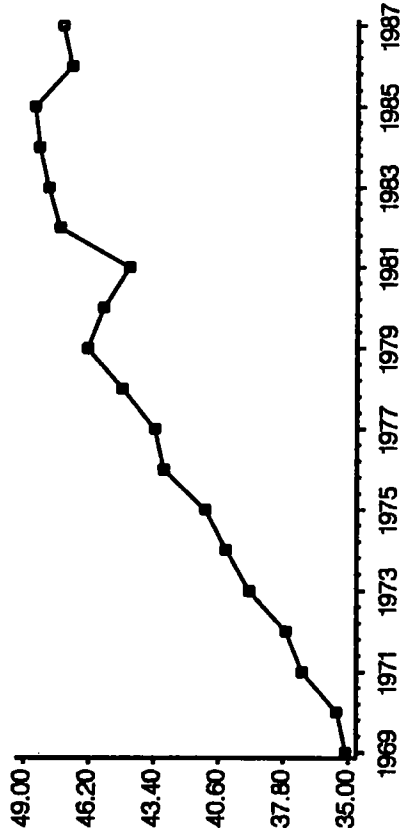


CHART 5B
PULASKI COUNTY
POPULATION
as a Percent of Kentucky Population

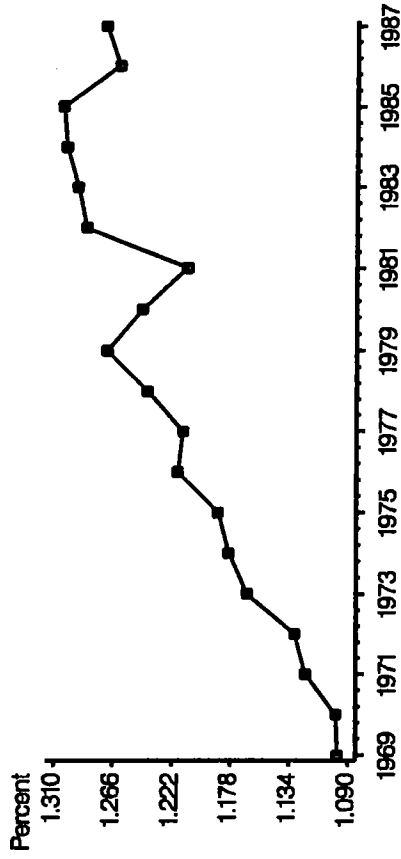


CHART 5C
PULASKI COUNTY
POPULATION 5 AND UNDER
as a Percent of Total Population

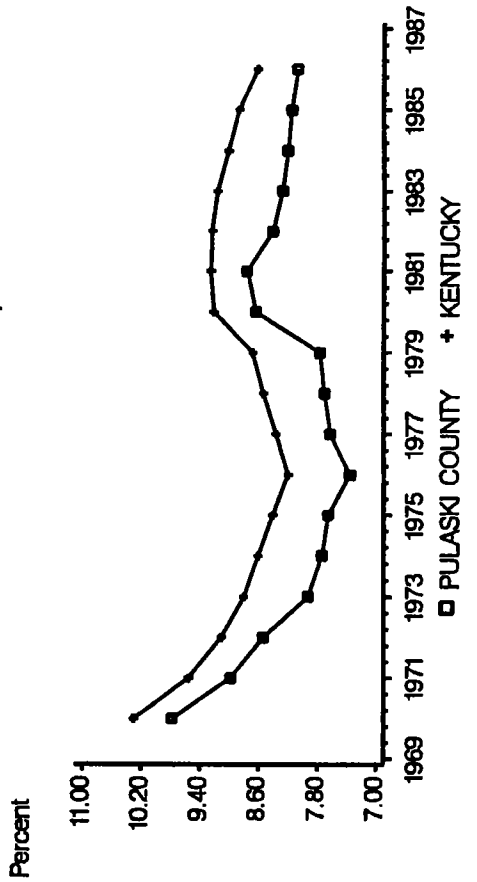


CHART 5D
PULASKI COUNTY
POPULATION 60 AND OVER
as a Percent of Total Population

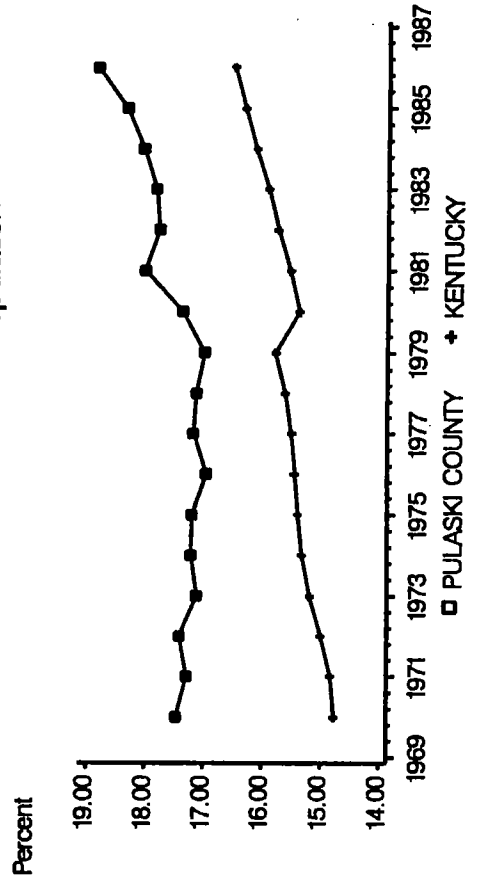


CHART 6A
PULASKI COUNTY
TOTAL COAL PRODUCTION (SHIPMENTS)
Thousands of Tons

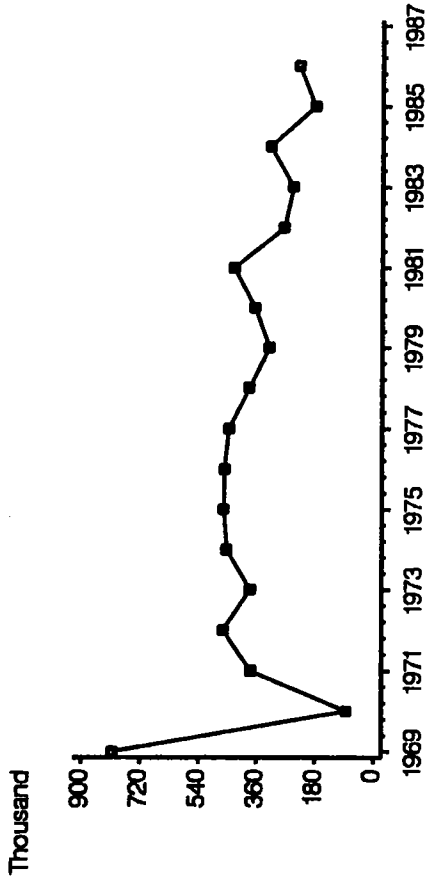


CHART 6B
PULASKI COUNTY
MINING EMPLOYMENT
Thousands of People

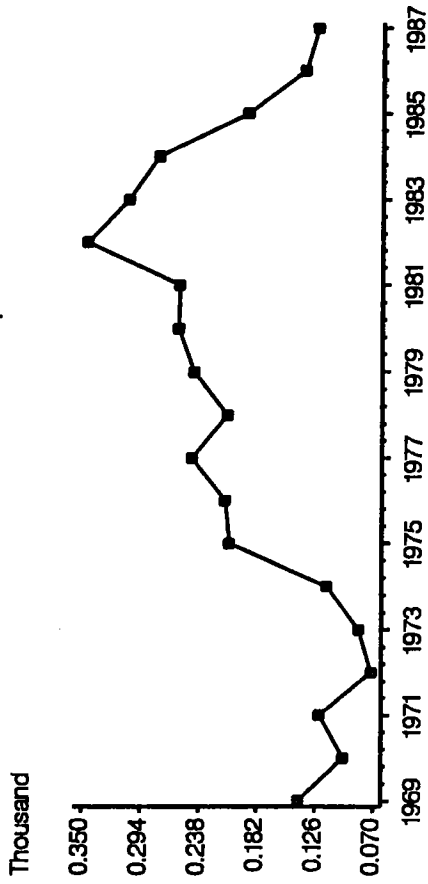


CHART 6C
PULASKI COUNTY
AVERAGE VALUE PER TON FOR COAL
Constant 1988 Dollars

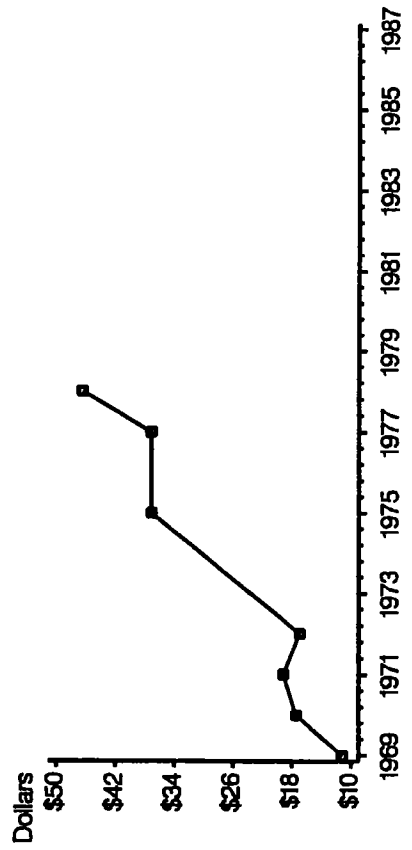
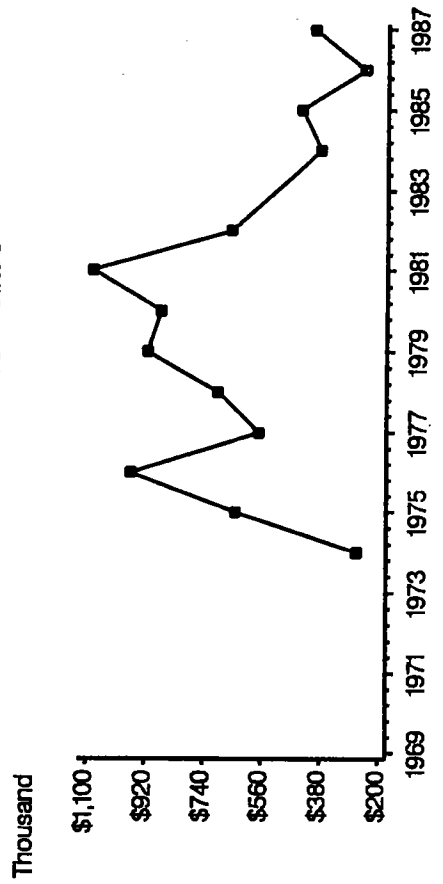


CHART 6D
PULASKI COUNTY
TAX RECEIPTS ON COAL SEVERED OR PROCESSED
Thousands of 1988 Dollars



PULASKI COUNTY

PERSONAL INCOME
In Millions of 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	253	0.89	7,206	81.1
1970	262	0.89	7,366	80.8
1971	292	0.96	7,900	85.4
1972	319	0.98	8,478	87.0
1973	340	0.98	8,640	84.1
1974	340	0.96	8,445	81.5
1975	346	0.97	8,400	81.8
1976	392	1.03	9,111	84.9
1977	424	1.06	9,749	87.2
1978	455	1.09	10,156	87.8
1979	467	1.09	10,078	85.7
1980	450	1.07	9,882	85.7
1981	464	1.08	10,425	88.9
1982	461	1.08	9,697	83.9
1983	460	1.09	9,593	84.3
1984	493	1.11	10,191	85.0
1985	492	1.10	10,108	84.2
1986	503	1.10	10,699	87.4
1987	519	1.11	10,941	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	192	75.8	79.2	41	16.3	10.9	20	7.9	9.9
1970	191	73.1	77.9	47	18.0	11.9	23	8.9	10.2
1971	215	73.5	77.0	52	17.8	12.9	25	8.7	10.1
1972	237	74.3	77.3	55	17.2	12.9	27	8.5	9.7
1973	252	74.1	76.6	59	17.2	13.6	29	8.6	9.7
1974	242	71.1	75.5	67	19.6	14.4	32	9.3	10.1
1975	234	67.6	73.3	77	22.3	16.5	35	10.2	10.1
1976	274	69.9	73.9	80	20.5	16.1	38	9.6	10.0
1977	300	70.7	74.6	82	19.5	15.3	41	9.8	10.1
1978	326	71.6	75.0	83	18.2	14.6	46	10.2	10.4
1979	326	69.7	74.1	90	19.2	15.1	52	11.0	10.8
1980	296	65.7	71.1	99	22.1	16.7	55	12.2	12.2
1981	304	65.5	69.3	100	21.7	16.8	60	12.9	13.8
1982	295	64.1	67.5	103	22.4	17.6	62	13.5	14.9
1983	291	63.1	66.6	106	23.1	18.4	63	13.7	15.1
1984	314	63.7	67.8	112	22.6	17.3	67	13.7	14.9
1985	308	62.6	67.2	115	23.4	17.6	68	13.9	15.3
1986	312	62.1	67.1	118	23.5	17.6	72	14.4	15.3
1987	326	62.9	67.5	119	23.0	17.2	73	14.2	15.3

PULASKI 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	23.5	0.81	11.5	1.63	1.2	0.32
1970	23.8	0.81	9.8	1.58	0.9	0.19
1971	21.4	0.79	9.7	1.73	0.9	0.20
1972	22.6	0.85	11.0	1.87	0.4	0.09
1973	26.1	0.98	10.1	1.67	0.4	0.10
1974	26.3	0.95	10.2	1.59	1.1	0.16
1975	23.5	0.90	7.6	1.67	2.5	0.28
1976	24.8	1.01	8.2	1.89	2.0	0.27
1977	27.6	1.15	6.3	1.39	2.2	0.29
1978	28.0	1.21	6.7	1.76	1.8	0.25
1979	26.4	1.12	5.9	1.45	2.0	0.29
1980	23.8	0.99	5.6	1.55	2.2	0.29
1981	24.5	1.07	7.3	1.56	2.2	0.30
1982	22.8	1.07	6.0	1.51	2.9	0.39
1983	24.3	1.12	2.7	1.62	2.4	0.39
1984	24.7	1.14	5.8	1.43	2.3	0.38
1985	25.6	1.17	3.8	1.26	1.3	0.22
1986	24.8	1.15	3.7	1.51	0.8	0.16
1987	24.8	1.18	3.8	1.39	0.8	0.17

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	12.3	0.79	18.9	1.02	13.2	1.23
1970	11.5	0.74	18.9	1.00	14.1	1.25
1971	10.8	0.74	18.3	1.05	13.6	1.27
1972	12.4	0.90	17.5	1.07	12.8	1.29
1973	11.9	0.89	17.3	1.07	12.3	1.28
1974	11.1	0.82	18.2	1.09	12.6	1.29
1975	12.5	0.86	19.2	1.08	13.8	1.30
1976	12.9	0.97	18.3	1.14	12.4	1.30
1977	13.1	1.04	17.4	1.17	11.7	1.30
1978	14.2	1.16	16.6	1.13	11.4	1.30
1979	15.4	1.22	17.3	1.16	12.2	1.34
1980	17.0	1.19	17.5	1.14	12.9	1.29
1981	16.7	1.20	16.6	1.16	12.3	1.29
1982	17.2	1.18	17.8	1.24	12.7	1.30
1983	18.4	1.18	18.1	1.23	13.1	1.30
1984	17.5	1.14	16.8	1.19	12.7	1.32
1985	18.6	1.14	17.5	1.20	13.0	1.30
1986	20.0	1.14	17.1	1.18	13.1	1.27
1987	19.9	1.12	17.5	1.24	12.9	1.27

PULASKI COUNTY
COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	2,661	19.9	2,418	18.1	142	1.1
1970	2,785	20.2	2,434	17.7	99	0.7
1971	2,665	18.4	2,447	16.9	122	0.8
1972	3,018	19.5	2,468	15.9	72	0.5
1973	3,678	22.1	2,518	15.2	84	0.5
1974	3,652	22.1	2,558	15.5	115	0.7
1975	3,143	19.1	2,581	15.7	209	1.3
1976	3,639	20.3	2,743	15.3	213	1.2
1977	4,255	21.8	2,812	14.4	245	1.3
1978	4,686	22.3	2,883	13.7	211	1.0
1979	4,458	21.0	2,900	13.7	243	1.1
1980	3,715	18.5	2,877	14.3	258	1.3
1981	4,071	19.3	2,953	14.0	257	1.2
1982	3,749	17.5	2,971	13.9	345	1.6
1983	3,870	17.9	3,115	14.4	306	1.4
1984	4,185	18.9	2,997	13.5	277	1.3
1985	4,216	19.0	2,939	13.2	192	0.9
1986	4,030	18.1	2,938	13.2	137	0.6
1987	4,282	18.2	2,884	12.2	125	0.5

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	1,828	13.7	2,568	19.2	1,698	12.7
1970	1,856	13.5	2,556	18.6	1,807	13.1
1971	1,946	13.4	2,790	19.2	1,901	13.1
1972	2,333	15.1	2,830	18.3	1,966	12.7
1973	2,367	14.2	3,021	18.2	2,039	12.3
1974	2,092	12.7	3,082	18.7	2,144	13.0
1975	2,109	12.8	3,280	20.0	2,245	13.7
1976	2,486	13.9	3,540	19.8	2,284	12.8
1977	2,799	14.4	3,749	19.2	2,298	11.8
1978	3,197	15.2	3,969	18.9	2,413	11.5
1979	3,415	16.1	4,029	19.0	2,652	12.5
1980	3,409	17.0	3,960	19.7	2,575	12.8
1981	3,573	16.9	4,106	19.4	2,645	12.5
1982	3,721	17.4	4,382	20.5	2,528	11.8
1983	3,818	17.7	4,390	20.3	2,388	11.0
1984	3,939	17.8	4,531	20.5	2,462	11.1
1985	4,097	18.4	4,606	20.7	2,501	11.2
1986	4,351	19.6	4,593	20.7	2,542	11.4
1987	4,622	19.6	5,083	21.6	2,584	11.0

PULASKI COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	13,388	\$14,691	\$17,440	.	4.2
1970	13,769	\$14,534	\$17,811	6.5	4.4
1971	14,515	\$15,339	\$18,166	4.8	5.1
1972	15,500	\$16,076	\$18,970	6.1	6.0
1973	16,611	\$16,172	\$19,232	3.8	3.7
1974	16,496	\$15,747	\$19,008	6.0	4.5
1975	16,414	\$15,298	\$18,976	8.0	7.3
1976	17,883	\$16,400	\$19,563	4.8	5.6
1977	19,490	\$16,547	\$20,031	4.5	4.7
1978	21,002	\$16,682	\$20,121	5.4	5.3
1979	21,201	\$16,495	\$20,110	6.8	5.5
1980	20,109	\$15,800	\$19,439	10.3	8.0
1981	21,145	\$15,552	\$19,286	8.8	8.4
1982	21,396	\$15,021	\$18,931	10.7	10.6
1983	21,622	\$14,646	\$18,358	11.3	11.6
1984	22,122	\$15,431	\$19,080	10.1	9.3
1985	22,237	\$15,110	\$18,676	12.0	9.5
1986	22,215	\$15,252	\$18,627	12.0	9.3
1987	23,556	\$15,112	\$18,636	9.8	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER 6		PERCENT 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	35,100	1.10	.	.	.	.
1970	35,500	1.10	9.8	10.3	17.5	14.8
1971	37,000	1.12	9.0	9.6	17.3	14.8
1972	37,700	1.13	8.5	9.1	17.4	15.0
1973	39,300	1.17	7.9	8.8	17.1	15.2
1974	40,300	1.18	7.7	8.6	17.2	15.3
1975	41,200	1.19	7.6	8.4	17.2	15.4
1976	43,000	1.22	7.3	8.2	17.0	15.5
1977	43,400	1.21	7.6	8.4	17.2	15.5
1978	44,800	1.24	7.7	8.5	17.1	15.6
1979	46,300	1.27	7.8	8.7	17.0	15.8
1980	45,600	1.24	8.6	9.2	17.4	15.4
1981	44,500	1.21	8.8	9.3	18.0	15.5
1982	47,500	1.29	8.4	9.2	17.8	15.7
1983	48,000	1.29	8.3	9.2	17.8	15.9
1984	48,400	1.30	8.2	9.0	18.0	16.1
1985	48,600	1.30	8.2	8.9	18.3	16.3
1986	47,000	1.26	8.1	8.6	18.8	16.5
1987	47,400	1.27	.	.	.	.

PULASKI COUNTY

COAL MINING STATISTICS

YEAR	PRODUCTION (Thousand Tons)	EMPLOYMENT	AVERAGE VALUE PER TON	COAL TAX RECEIPTS (000)
1969	804	142	\$11.24	.
1970	84	99	\$17.41	.
1971	379	122	\$19.22	.
1972	464	72	\$16.90	.
1973	381	84	.	.
1974	454	115	.	\$268
1975	463	209	\$37.12	\$643
1976	461	213	.	\$965
1977	448	245	\$37.14	\$570
1978	385	211	\$46.44	\$698
1979	324	243	.	\$914
1980	368	258	.	\$873
1981	433	257	.	\$1,082
1982	279	345	.	\$657
1983	251	306	.	.
1984	321	277	.	\$382
1985	183	192	.	\$442
1986	233	137	.	\$247
1987	.	125	.	.

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



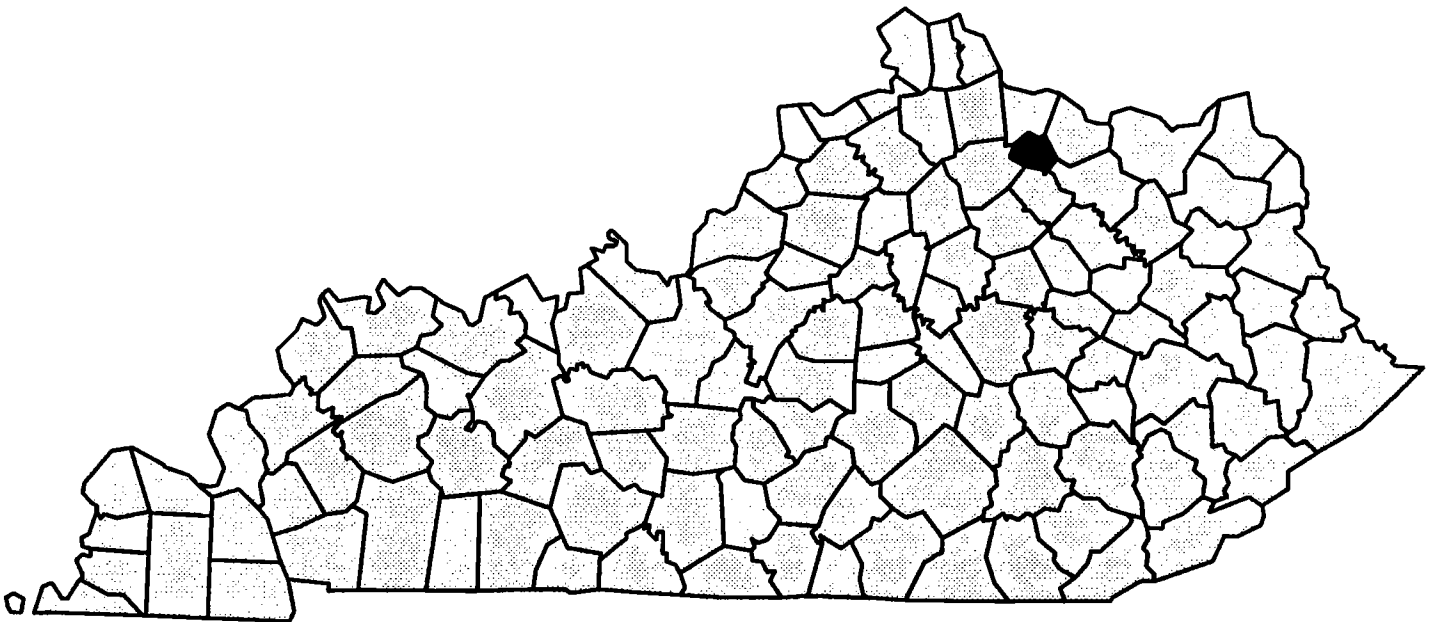
11

12

13

ECONOMIC TRENDS IN
KENTUCKY COUNTIES
1969 – 1987

ROBERTSON 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
.L3PM
No. 438
1990

ROBERTSON 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 Robertson County economy, as measured by personal income, was relatively constant from 1969 to 1987. Robertson County decreased its share of the Kentucky economy. The earnings component of personal income declined, while income from transfer payments and property increased.

Robertson 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 relatively high proportion of elderly residents, who would be expected to receive retirement and medical benefits, which are classified as transfer payments.

The Robertson County economy was dominated by the farm sector. The most prominent economic trend in Robertson County was a decline in earnings from the farm sector. Farm employment remained constant. This indicates that average wages in this sector declined.

The second most important economic sector in Robertson County was state and local government. This sector significantly increased its share of both county earnings and employment. The growth sectors at the state level were the service and trade sectors. The trade sector and service sectors in Robertson County maintained a constant share of the economy.

There is a national and state trend toward declining farm employment. Therefore, the outlook for this sector in Robertson County is for continued decline. Future economic growth in Robertson 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.

*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 ROBERTSON 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 Robertson 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 Robertson County economy, as measured by personal income, remained relatively constant during the period and was \$17 million in 1987, after adjusting for inflation. Chart 1B shows Robertson County total personal income as a percent of Kentucky total personal income. Robertson 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 Robertson County per capita income was also relatively constant over the time period; it was \$7,604 in 1987, 60.8 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. Total earnings decreased from \$15 million in 1969 to \$10 million in 1987 (in constant 1988 dollars). Earnings as a percent of personal income also decreased over time. This trend occurred at the state

level as well. In 1987, earnings accounted for 58.3 percent of Robertson County's total personal income, which was less than Kentucky's 67.5 percent share.

Transfer payments contributed \$2 million to total personal income in 1969 and \$4 million in 1987. During the period, transfer payments contributed a higher percentage of personal income in Robertson County than in Kentucky.

Income from property in Robertson County grew moderately 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 the primary source of earnings in Robertson County. The percent of earnings from the farm sector decreased erratically from 57.4 percent in 1969 to 15.3 percent in 1987. The trend toward declining earnings is consistent with state and national trends. Robertson County did not receive earnings from the manufacturing sector during the period, or from the mining sector through 1980. Mine sector data was not available after 1980.

Earnings from non-goods-producing industries as a percent of total earnings are illustrated in Chart 3B. Service sector earnings were not available until 1981. However, in 1987, 14.7 percent of county earnings were generated in the service sector. The trade sector's share of earnings was erratic during the period. By 1987, the trade sector accounted for 11.5 percent of earnings. Earnings from the state and local government sector increased from 10.0 percent in 1969 to 35.4 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 Robertson 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 Robertson County, average earnings decreased through the period to \$6,324 in 1987.

Employment

Employment is considered any activity for which one receives financial remuneration in the form of wages or profits. Total employment in Robertson County decreased during the data period. In 1969, total employment stood at 894 people. By 1987, that figure had decreased to 770.

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 Robertson County are presented in Chart 4B. Unemployment rates in Robertson County were generally above those of the state. In 1987, the county unemployment rate was 12.7 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 farm sector was the primary source of county employment. Employment in this sector remained constant and accounted for 61.4 percent in 1987. There was no reported employment in either the manufacturing or mining sectors.

Employment in the non-goods-producing industries is presented in Chart 4D. Employment in the trade sector was relatively constant and accounted for 6.6 percent of employment in 1987. Service sector employment data was not available prior to 1982. The percent of employment in the service sector was 7.1 percent in 1987. The employment share in state and local government increased from 10.1 percent in 1969 to 14.7 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 Robertson County.

The Robertson County population was relatively constant at 2,200 during the period (Chart 5A). Robertson County has a lower proportion of younger residents and a higher proportion of older residents than the state. It was estimated that in 1986, 7.0 percent of Robertson County's population was under six years of age, compared to 8.6 percent for the state. Conversely, for the same year 21.4 percent of the Robertson County population was sixty years of age and over, while 16.5 percent of all Kentucky residents fell in this age group.

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

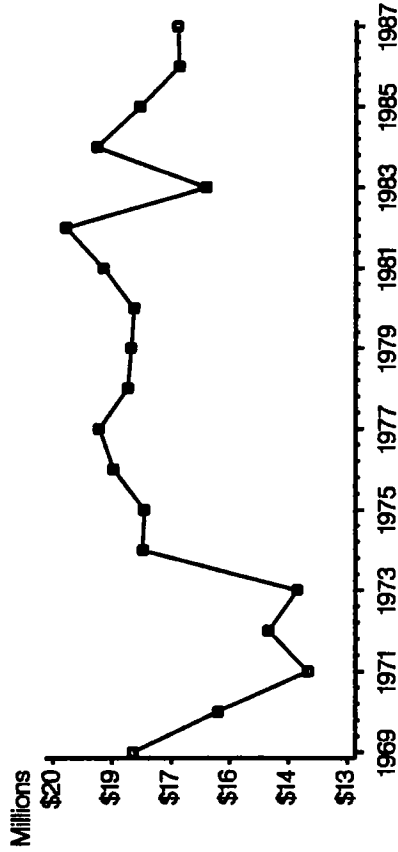


CHART 1B
ROBERTSON COUNTY
PERSONAL INCOME
as a Percent of Kentucky Personal Income

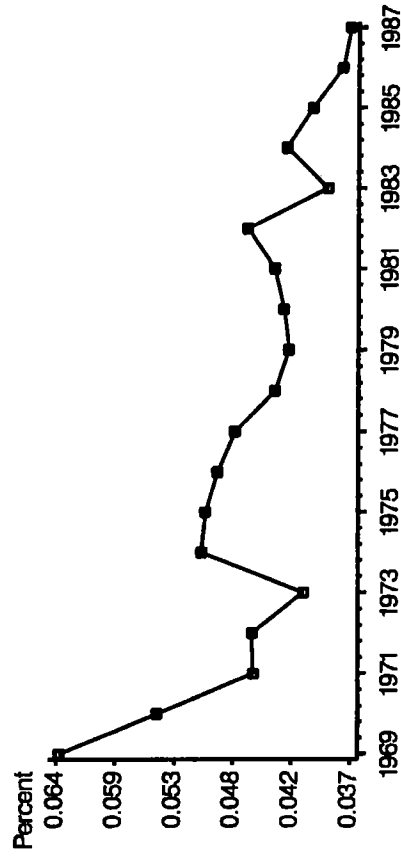


CHART 1C
ROBERTSON COUNTY
PER CAPITA PERSONAL INCOME
in Constant 1988 Dollars

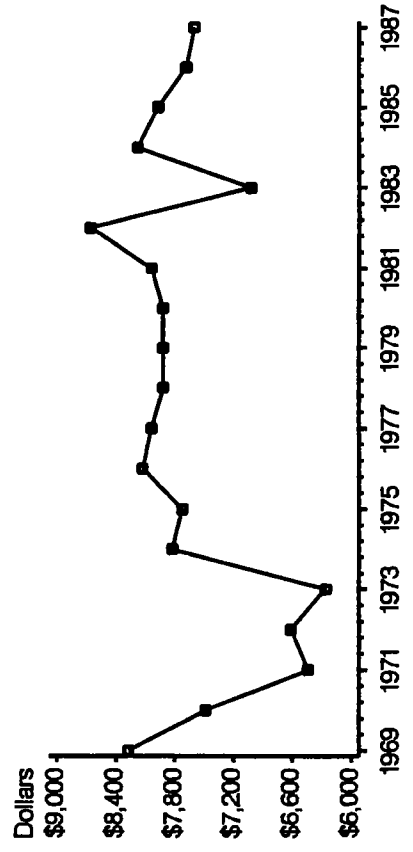


CHART 1D
ROBERTSON COUNTY
PER CAPITA PERSONAL INCOME
as a Percent of Kentucky Per Capita Personal Income

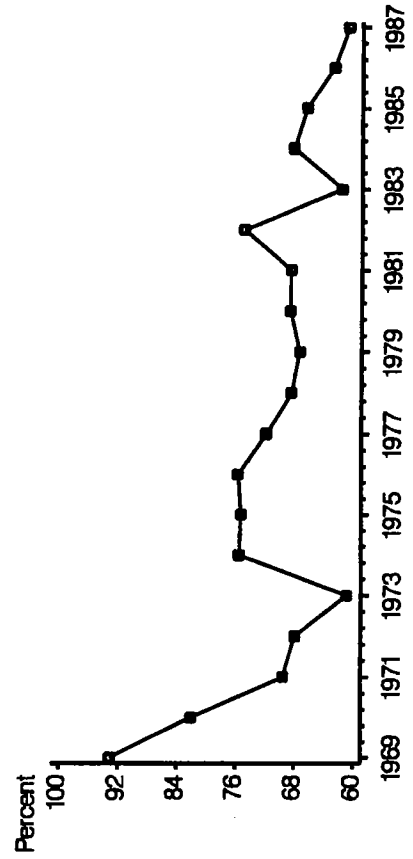


CHART 2A
ROBERTSON COUNTY
REAL TOTAL EARNINGS
Millions of 1988 dollars

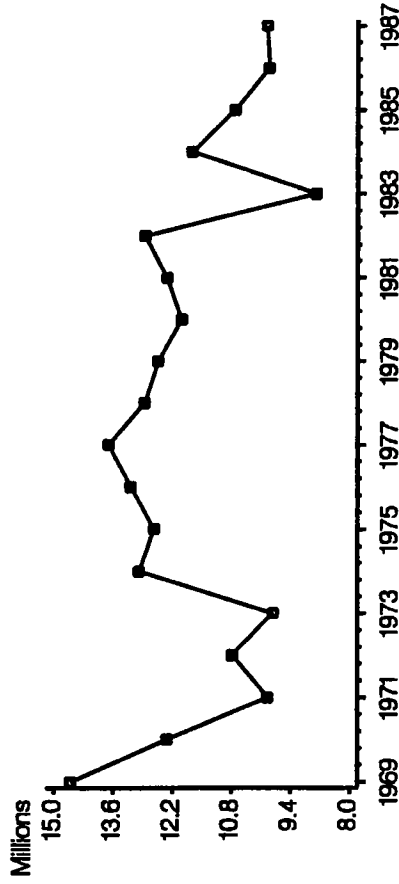


CHART 2B
ROBERTSON COUNTY
TRANSFER PAYMENTS and INCOME FROM PROPERTY
Millions of 1988 Dollars

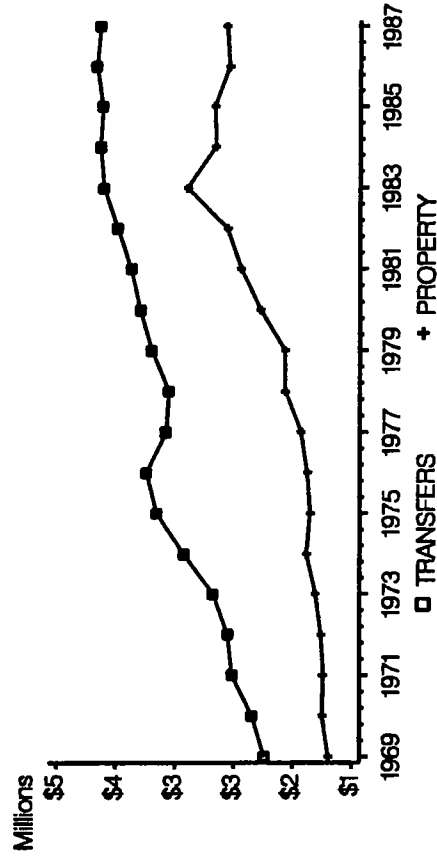


CHART 2C
ROBERTSON COUNTY
TOTAL EARNINGS
as a Percent of Personal Income

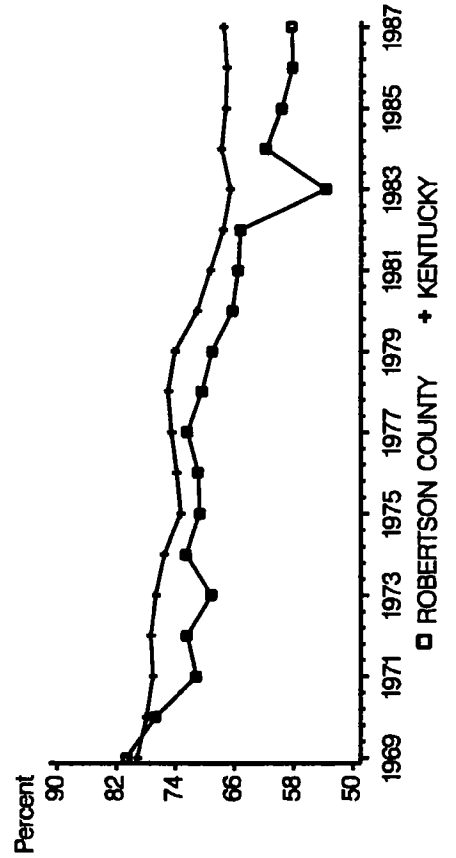


CHART 2D
ROBERTSON COUNTY
TRANSFER PAYMENTS
as a Percent of Personal Income

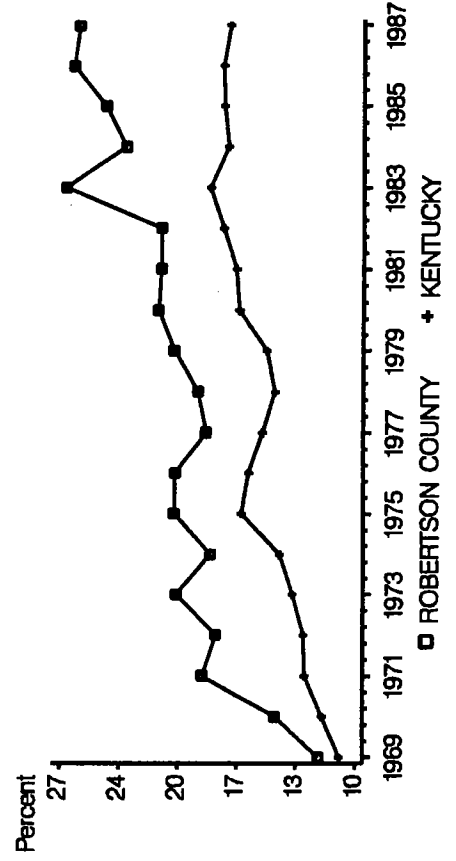


CHART 3A

ROBERTSON COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Earnings

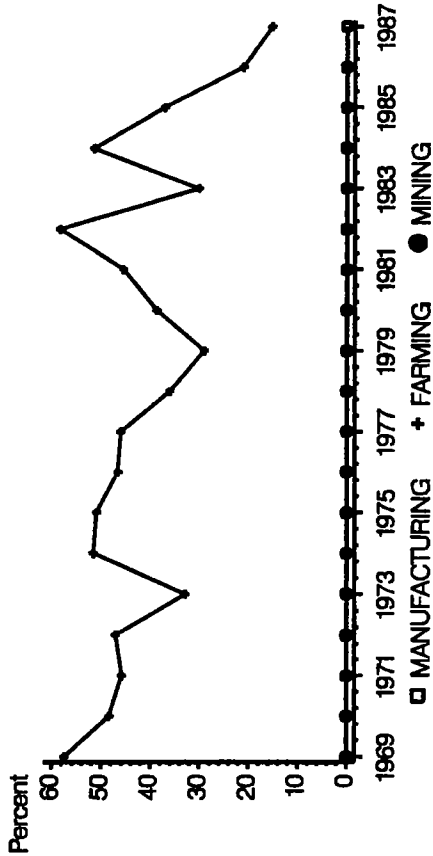


CHART 3B

ROBERTSON COUNTY

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

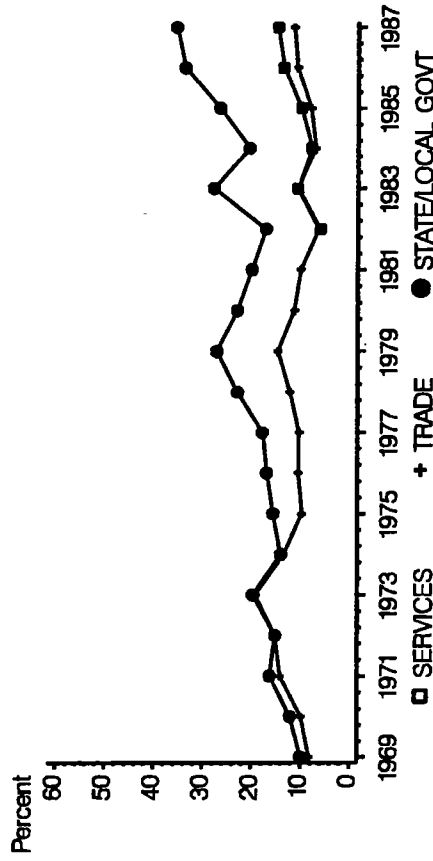


CHART 3C

ROBERTSON COUNTY

EARNINGS in GOODS PRODUCING INDUSTRIES
as a Percent of Kentucky Industries

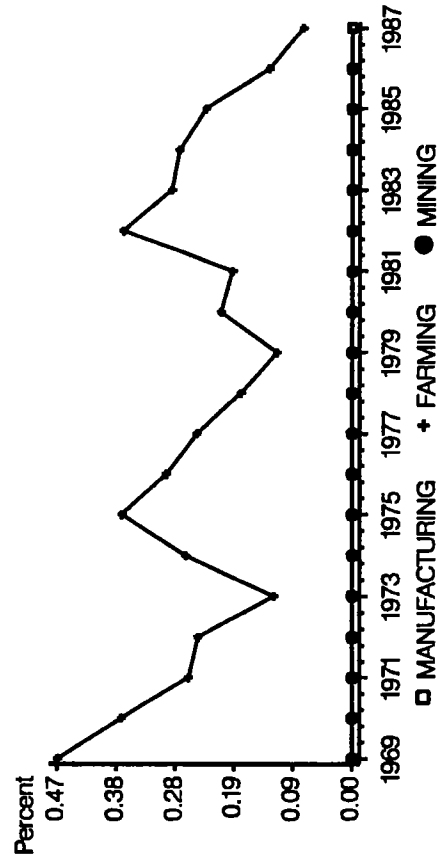


CHART 3D

ROBERTSON COUNTY

AVERAGE EARNINGS PER JOB
in Constant 1988 Dollars

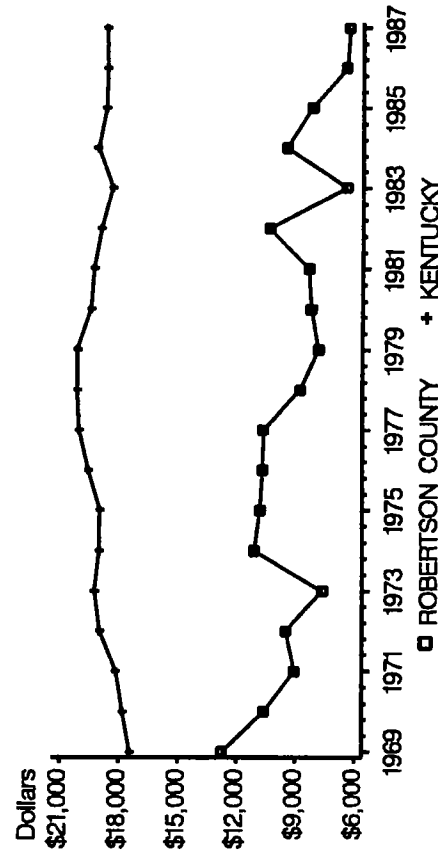


CHART 4A
ROBERTSON COUNTY
TOTAL EMPLOYMENT
Thousands of People

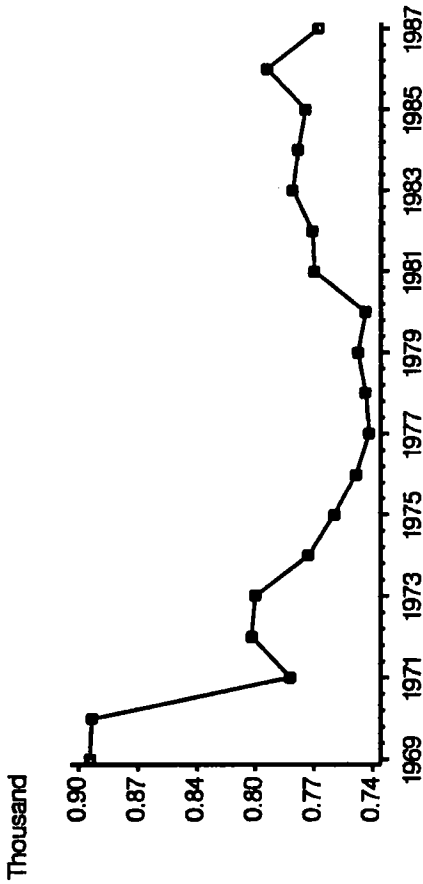


CHART 4B
ROBERTSON COUNTY
ANNUAL UNEMPLOYMENT RATE

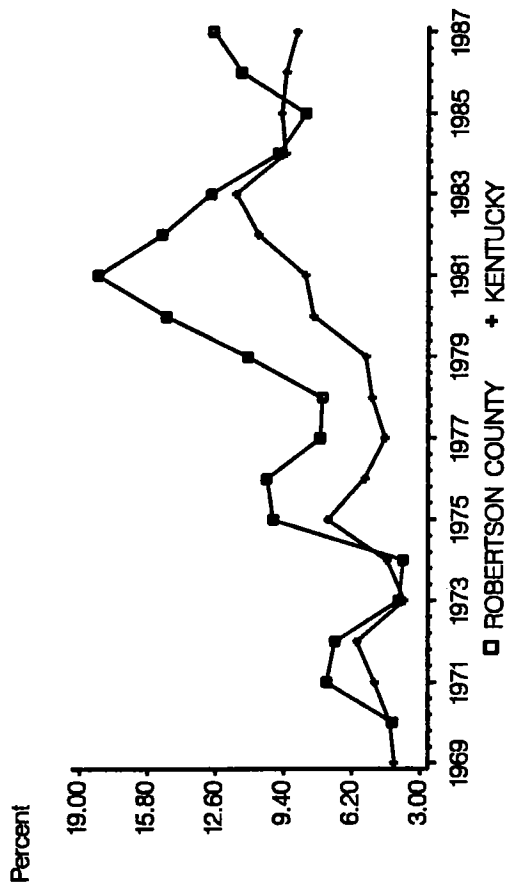


CHART 4C
ROBERTSON COUNTY
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Employment

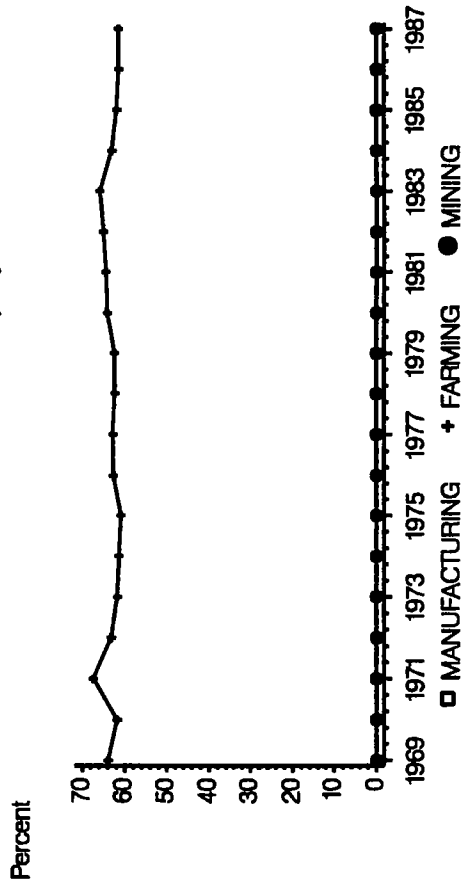


CHART 4D
ROBERTSON COUNTY
EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES
as a Percent of Total Employment

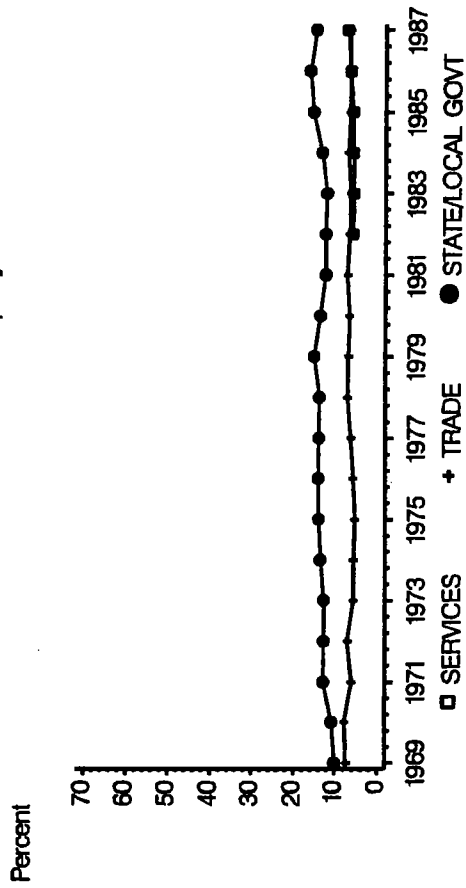


CHART 5A
ROBERTSON COUNTY
POPULATION
Thousands of People

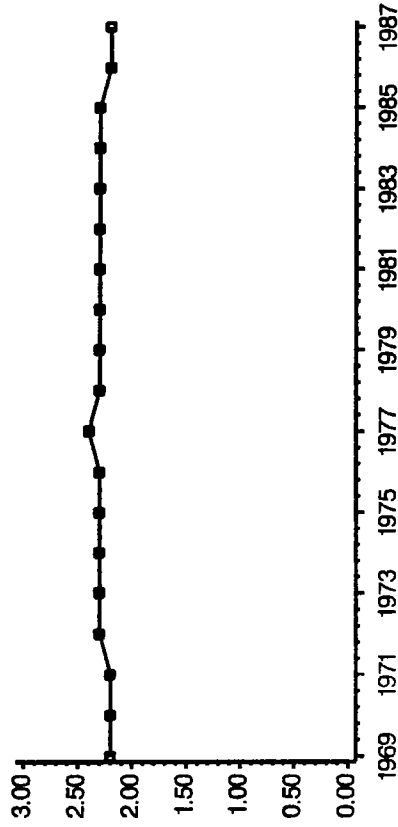


CHART 5B
ROBERTSON COUNTY
POPULATION
as a Percent of Kentucky Population

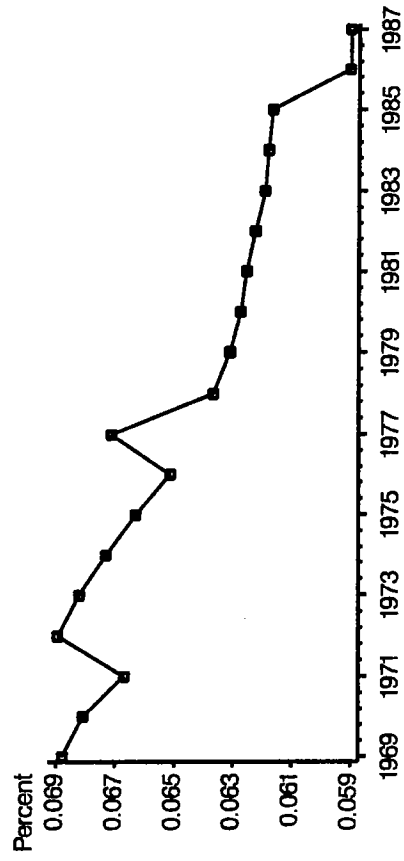


CHART 5C
ROBERTSON COUNTY
POPULATION 5 AND UNDER
as a Percent of Total Population

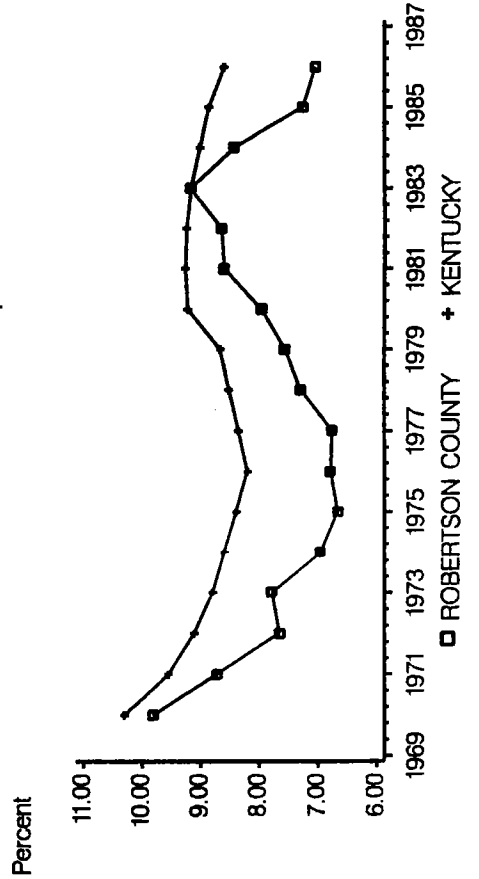
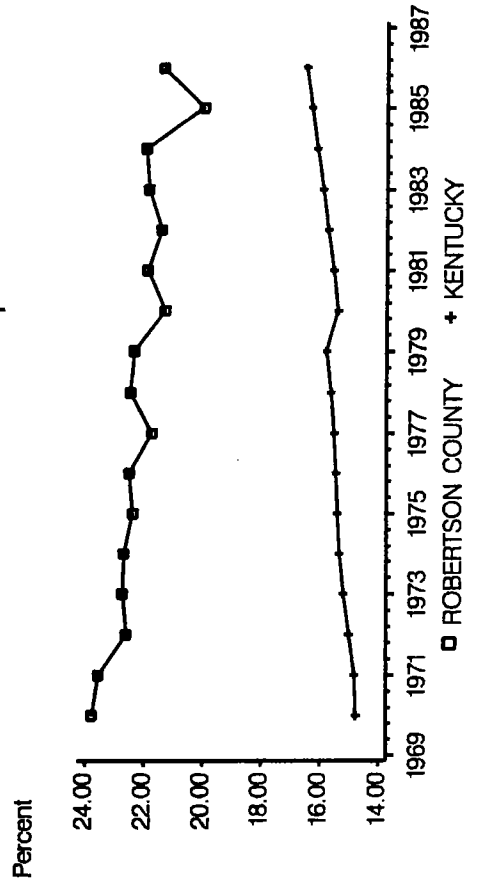


CHART 5D
ROBERTSON COUNTY
POPULATION 60 AND OVER
as a Percent of Total Population



ROBERTSON COUNTY

PERSONAL INCOME
In Constant 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	18	0.06	8,272	93.1
1970	16	0.05	7,482	82.1
1971	14	0.05	6,436	69.5
1972	15	0.05	6,614	67.9
1973	14	0.04	6,258	60.9
1974	18	0.05	7,824	75.5
1975	18	0.05	7,727	75.3
1976	19	0.05	8,124	75.7
1977	19	0.05	8,034	71.9
1978	18	0.04	7,915	68.4
1979	18	0.04	7,917	67.3
1980	18	0.04	7,917	68.6
1981	19	0.04	8,035	68.5
1982	20	0.05	8,654	74.9
1983	16	0.04	7,020	61.7
1984	19	0.04	8,176	68.2
1985	18	0.04	7,966	66.4
1986	17	0.04	7,685	62.8
1987	17	0.04	7,604	60.8

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	15	80.6	79.2	2	12.1	10.9	1	7.3	9.9
1970	12	76.7	77.9	2	14.6	11.9	1	8.7	10.2
1971	10	71.3	77.0	3	18.8	12.9	1	9.9	10.1
1972	11	72.5	77.3	3	18.0	12.9	1	9.5	9.7
1973	10	69.2	76.6	3	20.3	13.6	1	10.5	9.7
1974	13	72.6	75.5	3	18.3	14.4	2	9.0	10.1
1975	13	70.8	73.3	4	20.4	16.5	2	8.8	10.1
1976	13	71.0	73.9	4	20.4	16.1	2	8.6	10.0
1977	14	72.5	74.6	4	18.6	15.3	2	8.9	10.1
1978	13	70.5	75.0	3	19.1	14.6	2	10.4	10.4
1979	13	69.1	74.1	4	20.4	15.1	2	10.5	10.8
1980	12	66.3	71.1	4	21.3	16.7	2	12.4	12.2
1981	12	65.5	69.3	4	21.2	16.8	3	13.3	13.8
1982	13	65.2	67.5	4	21.2	17.6	3	13.6	14.9
1983	9	53.7	66.6	4	26.6	18.4	3	19.7	15.1
1984	12	61.8	67.8	4	23.2	17.3	3	15.0	14.9
1985	11	59.7	67.2	4	24.4	17.6	3	15.9	15.3
1986	10	58.2	67.1	4	26.2	17.6	3	15.6	15.3
1987	10	58.3	67.5	4	25.8	17.2	3	15.8	15.3

ROBERTSON 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	0.0	0.00	57.4	0.47	0.0	0.00
1970	0.0	0.00	48.4	0.37	0.0	0.00
1971	0.0	0.00	45.9	0.26	0.0	0.00
1972	0.0	0.00	47.1	0.25	0.0	0.00
1973	0.0	0.00	32.9	0.12	0.0	0.00
1974	0.0	0.00	51.7	0.27	0.0	0.00
1975	0.0	0.00	51.0	0.37	0.0	0.00
1976	0.0	0.00	46.6	0.30	0.0	0.00
1977	0.0	0.00	46.1	0.25	0.0	0.00
1978	0.0	0.00	36.1	0.18	0.0	0.00
1979	0.0	0.00	29.1	0.12	0.0	0.00
1980	0.0	0.00	38.8	0.21	0.0	0.00
1981	0.0	0.00	45.6	0.19	.	.
1982	0.0	0.00	58.4	0.36	.	.
1983	0.0	0.00	30.2	0.29	.	.
1984	0.0	0.00	51.5	0.28	.	.
1985	0.0	0.00	37.2	0.23	.	.
1986	0.0	0.00	21.2	0.13	.	.
1987	0.0	0.00	15.3	0.08	.	.

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	.	.	8.3	0.03	10.0	0.05
1970	.	.	9.8	0.02	12.1	0.05
1971	.	.	14.2	0.03	16.2	0.05
1972	.	.	15.2	0.03	15.1	0.05
1973	.	.	19.1	0.03	19.7	0.05
1974	.	.	13.4	0.03	14.0	0.05
1975	.	.	9.7	0.02	15.6	0.05
1976	.	.	10.4	0.02	16.9	0.05
1977	.	.	10.3	0.02	17.8	0.05
1978	.	.	12.2	0.02	22.9	0.05
1979	.	.	14.6	0.02	27.1	0.05
1980	.	.	11.3	0.01	22.9	0.04
1981	.	.	10.0	0.01	19.9	0.04
1982	6.0	0.01	6.4	0.01	17.1	0.04
1983	10.6	0.01	10.7	0.01	27.7	0.04
1984	7.8	0.01	7.0	0.01	20.5	0.05
1985	9.9	0.01	7.9	0.01	26.5	0.05
1986	13.6	0.01	10.8	0.01	33.6	0.05
1987	14.7	0.01	11.5	0.01	35.4	0.05

ROBERTSON COUNTY
COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	0	0.0	571	63.9	0	0.0
1970	0	0.0	551	61.7	0	0.0
1971	0	0.0	529	67.4	0	0.0
1972	0	0.0	509	63.2	0	0.0
1973	0	0.0	496	61.7	0	0.0
1974	0	0.0	475	61.3	0	0.0
1975	0	0.0	463	60.8	0	0.0
1976	0	0.0	469	62.6	0	0.0
1977	0	0.0	465	62.7	0	0.0
1978	0	0.0	463	62.2	0	0.0
1979	0	0.0	466	62.3	0	0.0
1980	0	0.0	476	64.0	0	0.0
1981	0	0.0	497	64.4	0	0.0
1982	0	0.0	502	64.9	0	0.0
1983	0	0.0	516	65.8	0	0.0
1984	0	0.0	492	63.0	0	0.0
1985	0	0.0	480	61.8	0	0.0
1986	0	0.0	490	61.4	0	0.0
1987	0	0.0	473	61.4	0	0.0

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	.	.	66	7.4	90	10.1
1970	.	.	69	7.7	96	10.8
1971	.	.	48	6.1	100	12.7
1972	.	.	57	7.1	102	12.7
1973	.	.	46	5.7	102	12.7
1974	.	.	44	5.7	105	13.5
1975	.	.	41	5.4	106	13.9
1976	.	.	44	5.9	105	14.0
1977	.	.	47	6.3	103	13.9
1978	.	.	53	7.1	103	13.8
1979	.	.	52	7.0	113	15.1
1980	.	.	50	6.7	101	13.6
1981	.	.	56	7.3	95	12.3
1982	46	6.0	52	6.7	95	12.3
1983	45	5.7	51	6.5	94	12.0
1984	46	5.9	55	7.0	103	13.2
1985	46	5.9	51	6.6	119	15.3
1986	52	6.5	53	6.6	129	16.2
1987	55	7.1	51	6.6	113	14.7

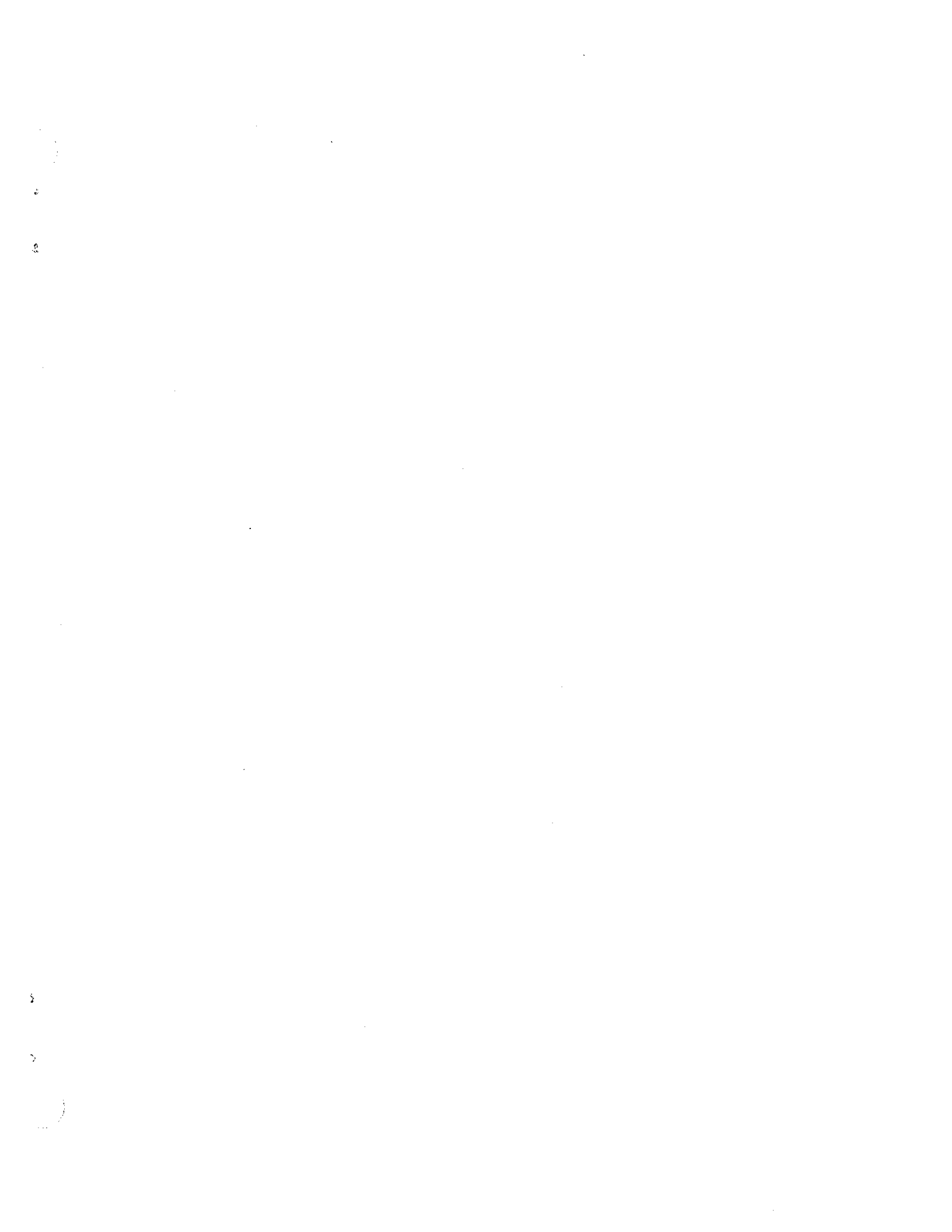
ROBERTSON COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	894	\$12,738	\$17,440	.	4.2
1970	893	\$10,625	\$17,811	4.3	4.4
1971	785	\$9,042	\$18,166	7.4	5.1
1972	806	\$9,485	\$18,970	7.0	6.0
1973	804	\$7,631	\$19,232	4.0	3.7
1974	775	\$11,119	\$19,008	3.8	4.5
1975	761	\$10,833	\$18,976	9.9	7.3
1976	749	\$10,710	\$19,563	10.2	5.6
1977	742	\$10,671	\$20,031	7.7	4.7
1978	744	\$8,771	\$20,121	7.6	5.3
1979	748	\$7,843	\$20,110	11.1	5.5
1980	744	\$8,226	\$19,439	14.9	8.0
1981	772	\$8,343	\$19,286	18.1	8.4
1982	773	\$10,372	\$18,931	15.1	10.6
1983	784	\$6,465	\$18,358	12.8	11.6
1984	781	\$9,475	\$19,080	9.7	9.3
1985	777	\$8,185	\$18,676	8.4	9.5
1986	798	\$6,483	\$18,627	11.4	9.3
1987	770	\$6,324	\$18,636	12.7	8.8

POPULATION STATISTICS

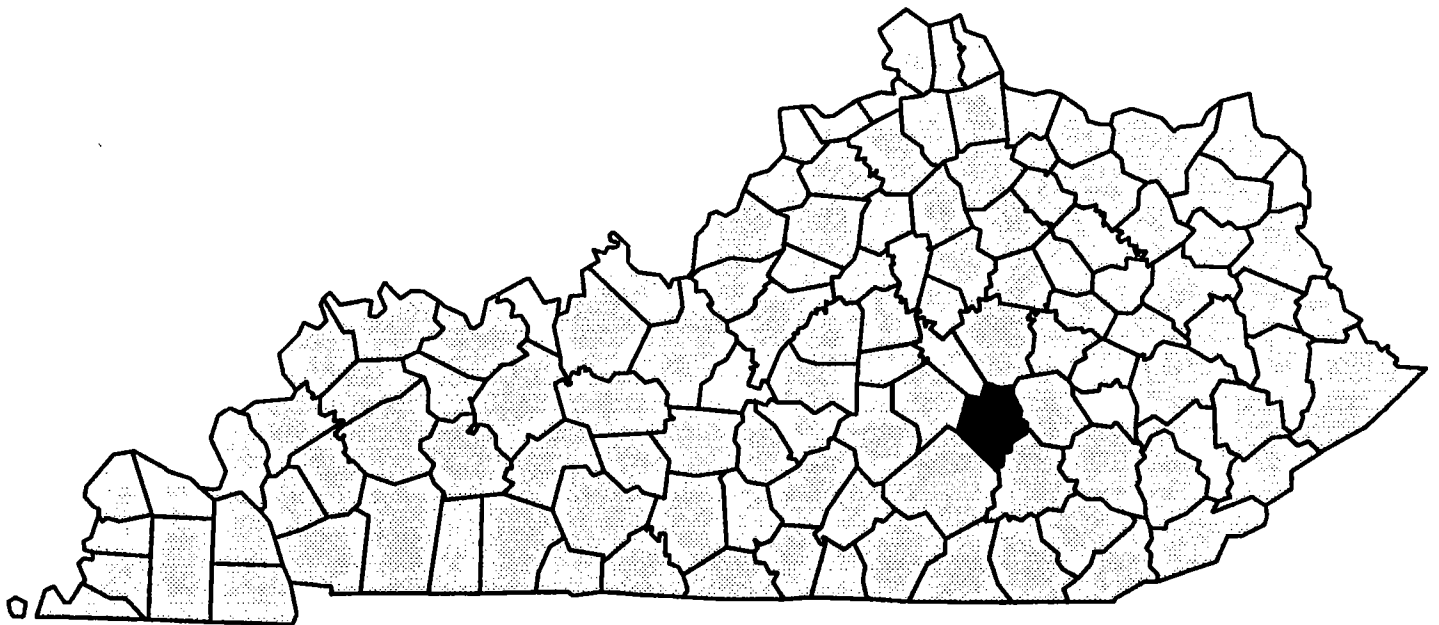
YEAR	POPULATION	% OF KY	PERCENT UNDER AGE 6		PERCENT AGE 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	2,200	0.07	.	.	.	.
1970	2,200	0.07	9.8	10.3	23.8	14.8
1971	2,200	0.07	8.7	9.6	23.5	14.8
1972	2,300	0.07	7.7	9.1	22.6	15.0
1973	2,300	0.07	7.8	8.8	22.7	15.2
1974	2,300	0.07	7.0	8.6	22.7	15.3
1975	2,300	0.07	6.7	8.4	22.4	15.4
1976	2,300	0.07	6.8	8.2	22.5	15.5
1977	2,400	0.07	6.7	8.4	21.8	15.5
1978	2,300	0.06	7.3	8.5	22.5	15.6
1979	2,300	0.06	7.6	8.7	22.3	15.8
1980	2,300	0.06	8.0	9.2	21.3	15.4
1981	2,300	0.06	8.6	9.3	21.9	15.5
1982	2,300	0.06	8.7	9.2	21.4	15.7
1983	2,300	0.06	9.2	9.2	21.9	15.9
1984	2,300	0.06	8.4	9.0	22.0	16.1
1985	2,300	0.06	7.3	8.9	20.0	16.3
1986	2,200	0.06	7.0	8.6	21.4	16.5
1987	2,200	0.06	.	.	.	.





ECONOMIC TRENDS IN
KENTUCKY COUNTIES
1969 – 1987

ROCKCASTLE COUNTY



Prepared by
Virginia Wilson
Donna A. Cantrell

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

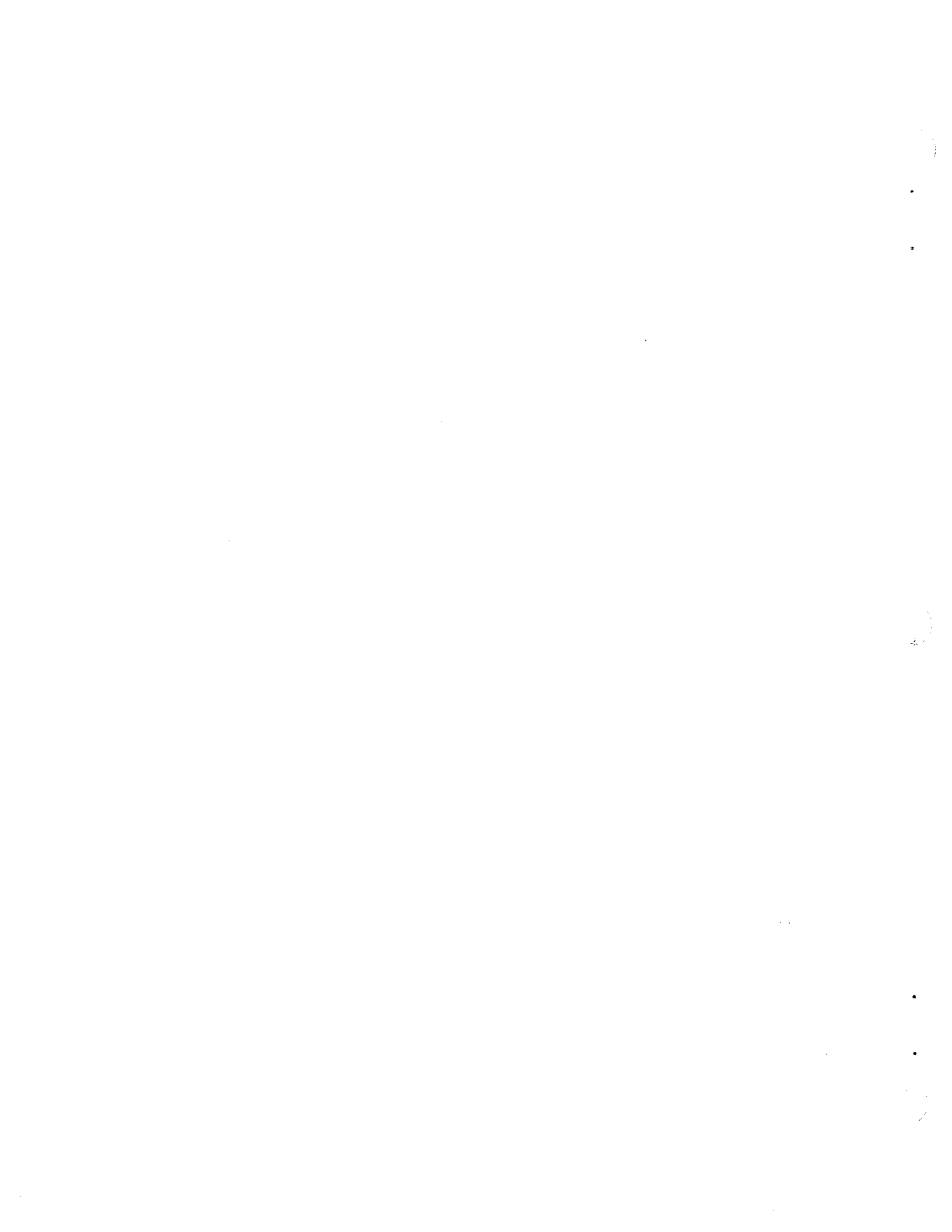
ECONOMIC TRENDS IN
KENTUCKY COUNTIES
1969 – 1987

K4
65
.L3pm
No. 438
1990

ROCKCASTLE 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 Rockcastle County economy, as measured by personal income, grew moderately from 1969 to 1987. Rockcastle County received a lower percent of personal income from earnings and a higher percent from transfer payments than the state as a whole.

The most prominent economic trend in Rockcastle County was a decline in earnings from the farm sector. Farm employment also declined, but to a much lesser degree. The manufacturing sector significantly increased its share of earnings and employment in the 1980's. The mining sector's share of the economy declined.

Rockcastle County experienced economic growth in the non-goods-producing industries. The services and state and local government sectors increased their shares of both county earnings and employment. The growth sectors at the state level were the service and trade sectors. The trade sector declined in Rockcastle County.

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

*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 ROCKCASTLE 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 Rockcastle 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 Rockcastle County economy, as measured by personal income, increased from \$67 million in 1969 to \$121 million in 1987, after adjusting for inflation. Chart 1B shows Rockcastle County total personal income as a percent of Kentucky total personal income. Rockcastle 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 Rockcastle County per capita income increased over the time period to a level of \$8,307 in 1987, 66.5 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 increased from \$49 million in 1969 to \$72 million in 1979 (in constant 1988 dollars). After a decline in the early 1980's, earnings were \$76 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 62.6 percent of Rockcastle County's total personal income which, was lower than Kentucky's 67.5 percent share.

Transfer payments contributed \$13 million to total personal income in 1969 and \$33 million in 1987. In 1987, transfer payments contributed 27.6 percent of personal income in Rockcastle County, compared to 17.2 percent in Kentucky.

Income from property in Rockcastle 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. The farm sector generated 22.5 percent of earnings in 1969. This share decreased to 4.7 percent in 1987 (Chart 3A). In 1969, Rockcastle County received 1.4 percent of total earnings from manufacturing. This percentage increased to 20.5 percent in 1987. The mining sector generated a relatively small share of total county earnings. In 1987, 0.5 percent of earnings were generated in mining. At the state level, the share of earnings from the farm, manufacturing and mine sectors 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 13.0 percent in 1969 to 23.8 percent in 1987. The trade sector's share of earnings decreased from 21.7 percent in 1969 to 13.6 percent in 1987. Earnings from the state and local government sector increased from 14.2 percent in 1969 to 18.0 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 Rockcastle 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 Rockcastle County, average earnings per job generally declined during the period, to \$10,558 in 1987, much lower than 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 Rockcastle County increased during the data period. In 1969, total employment stood at 2,548 people. By 1987, that figure had increased to 4,290.

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 Rockcastle County are presented in Chart 4B. Since 1970, trends in unemployment rates in Rockcastle County paralleled state trends. In 1987, the county unemployment rate was 10.4 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. However, employment in this sector decreased from 35.0 percent of total employment in 1969 to 25.4 percent in 1987. The percent of total employment in manufacturing increased from 1.6 percent in 1969 to 16.1 percent in 1987. The mining sector employed 2.3 percent of the workforce in 1969. By 1986, this share declined to 0.4 percent. Mine sector data was not available for 1987. The employment share 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 service sector increased from 13.6 percent in 1969 to 18.7 percent in 1987. Employment in the trade sector decreased from 20.6 percent in 1969 to 13.5 percent of employment in 1987. The employment share in state and local government remained relatively constant and accounted for 12.3 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 Rockcastle County.

The Rockcastle County population grew from 12,300 in 1969 to 14,600 in 1987 (Chart 5A). It was estimated that in 1986, 8.1 percent of Rockcastle County's population was under six years of age, compared to 8.6 percent for the state. Conversely, for the same year 17.5 percent of the Rockcastle

County population was 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. While mining employment and earnings are a very small percent of their respective totals for Rockcastle County, coal production was a nontrivial sector of the county economy.

Rockcastle 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 early-1980's, to a high of 308 thousand tons in 1983. However, by 1986, coal production declined to 35 thousand tons.

Employment in the mining sector, which includes coal and other forms of mining, is illustrated in Chart 6B. In 1969 there were 58 people employed in mining in Rockcastle County. In 1986, this sector provided 16 jobs in Rockcastle County.

The average value per ton for coal is illustrated in Chart 6C. At the state and national level, average value per ton increased in the 1970's, then declined significantly during the 1980's. While much of this data is unavailable for Rockcastle County, county trends appear to follow national trends.

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 1983, coal severance tax collections allocated to Rockcastle County totalled \$568 thousand. By 1986, \$112 thousand of coal severance tax collections were allocated to Rockcastle County.

CHART 1A

ROCKCASTLE COUNTY
REAL PERSONAL INCOME
Millions of 1988 dollars

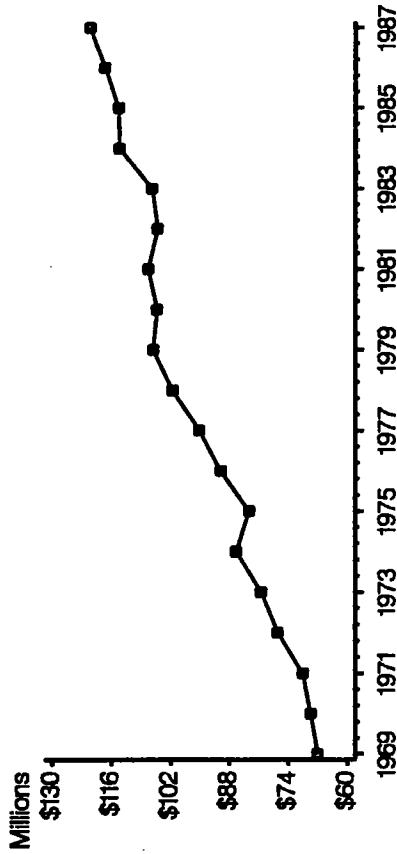


CHART 1B
ROCKCASTLE COUNTY
PERSONAL INCOME
as a Percent of Kentucky Personal Income

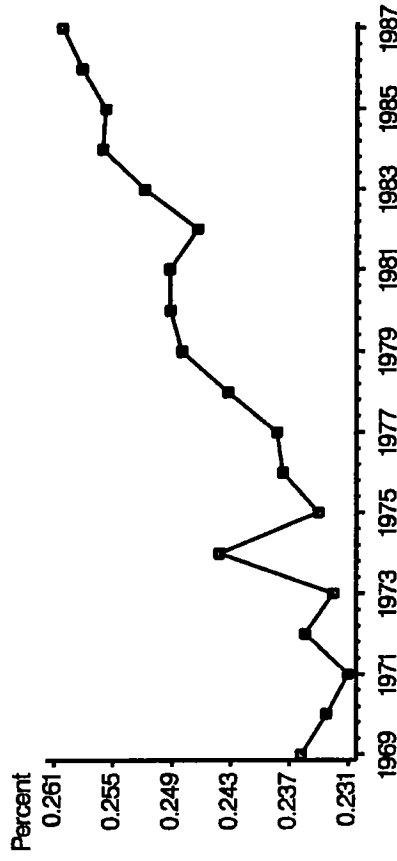


CHART 1C

ROCKCASTLE COUNTY
PER CAPITA PERSONAL INCOME
in Constant 1988 Dollars

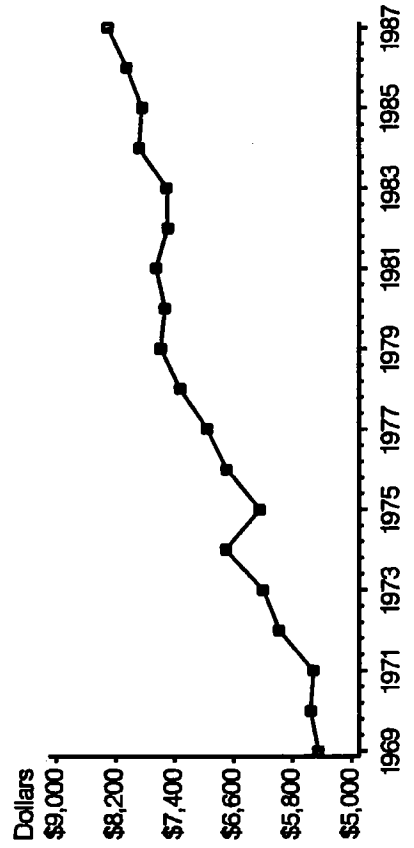


CHART 1D
ROCKCASTLE COUNTY
PER CAPITA PERSONAL INCOME
as a Percent of Kentucky Per Capita Personal Income

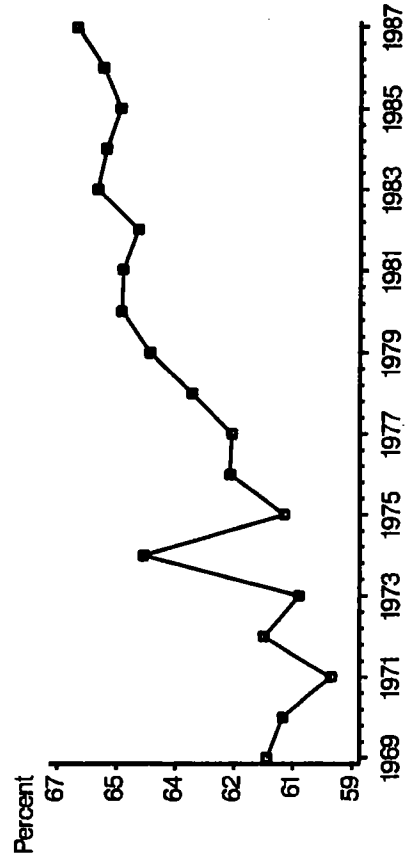


CHART 2A
 ROCKCASTLE COUNTY
 REAL TOTAL EARNINGS
 Millions of 1988 dollars

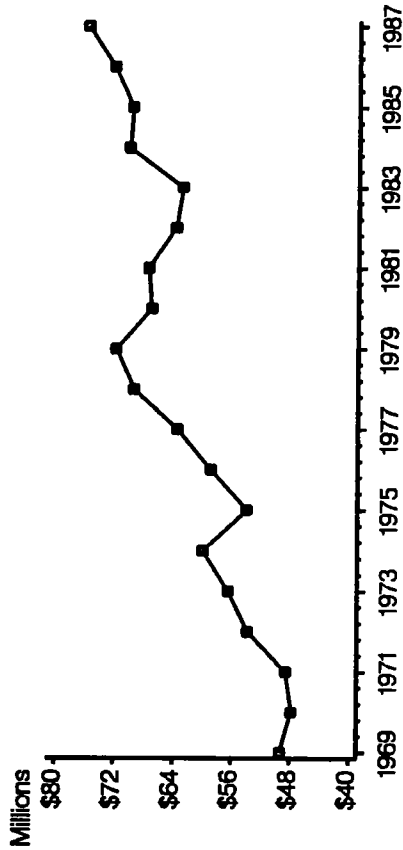


CHART 2B
 ROCKCASTLE COUNTY
 TRANSFER PAYMENTS and INCOME FROM PROPERTY
 Millions of 1988 Dollars

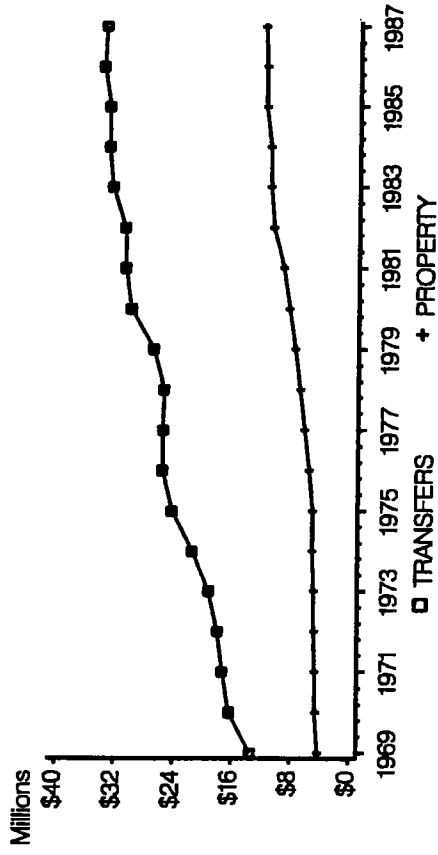


CHART 2C
 ROCKCASTLE COUNTY
 TOTAL EARNINGS
 as a Percent of Personal Income

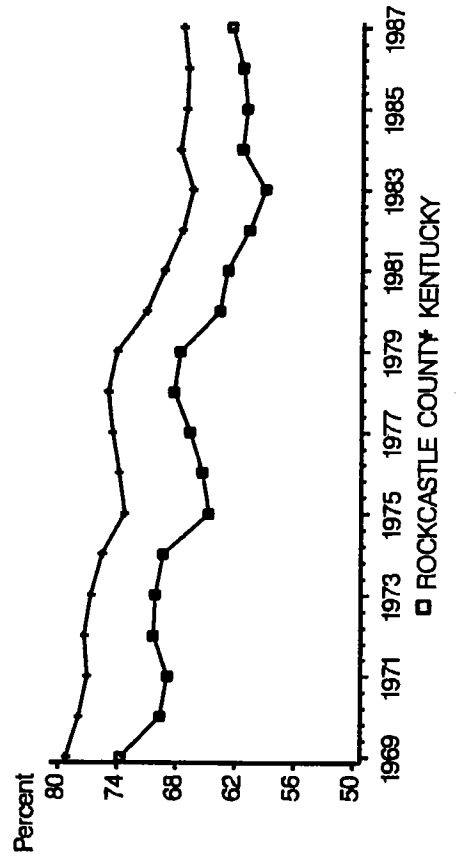


CHART 2D
 ROCKCASTLE COUNTY
 TRANSFER PAYMENTS
 as a Percent of Personal Income

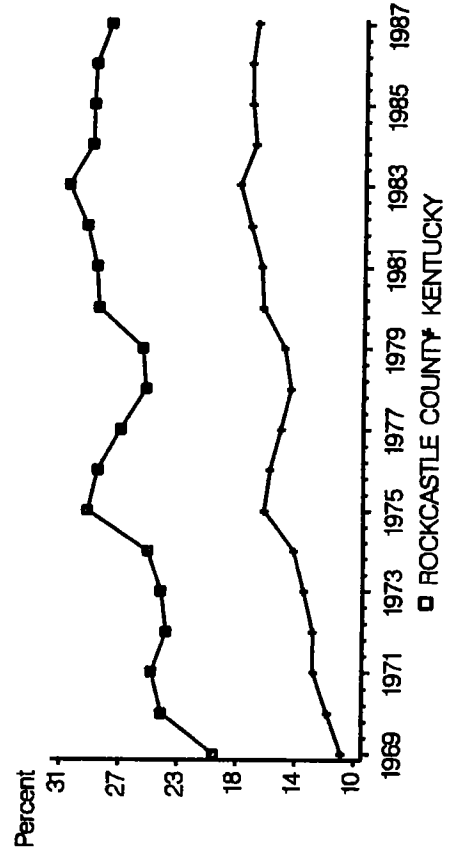


CHART 3A

ROCKCASTLE COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Earnings

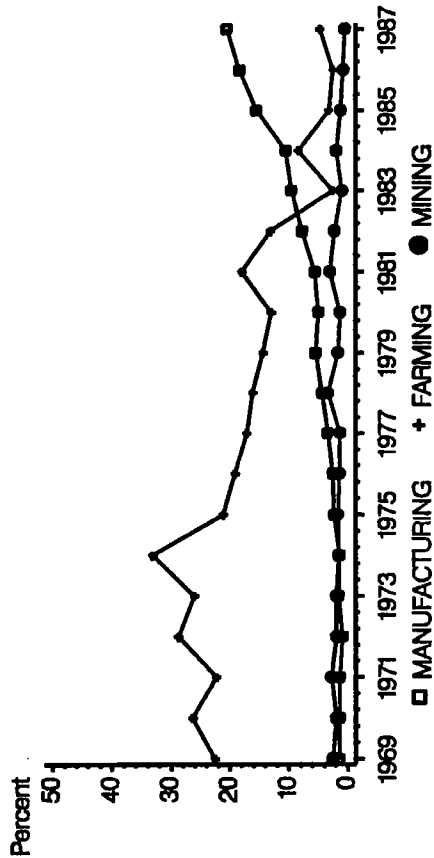


CHART 3B

ROCKCASTLE COUNTY

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

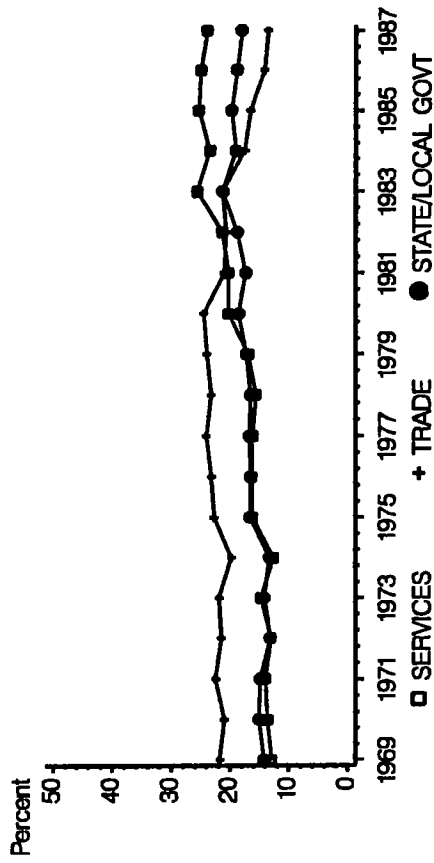


CHART 3C

ROCKCASTLE COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES
as a Percent of Kentucky Industries

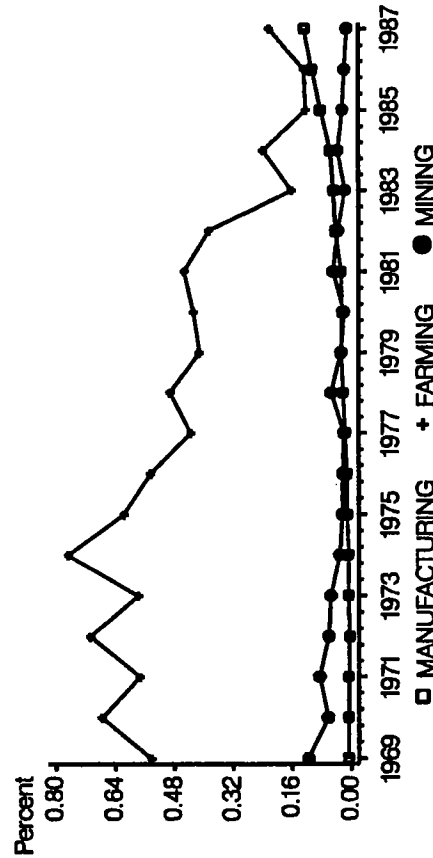


CHART 3D

ROCKCASTLE COUNTY

AVERAGE EARNINGS PER JOB
in Constant 1988 Dollars

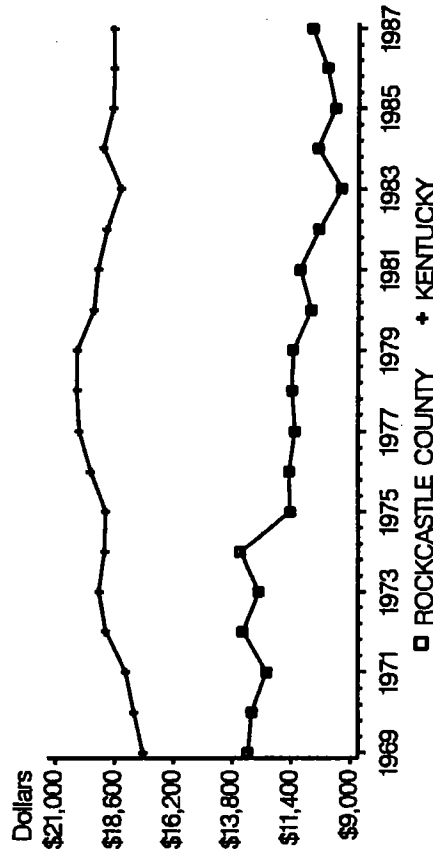


CHART 4A

ROCKCASTLE COUNTY
TOTAL EMPLOYMENT
Thousands of People

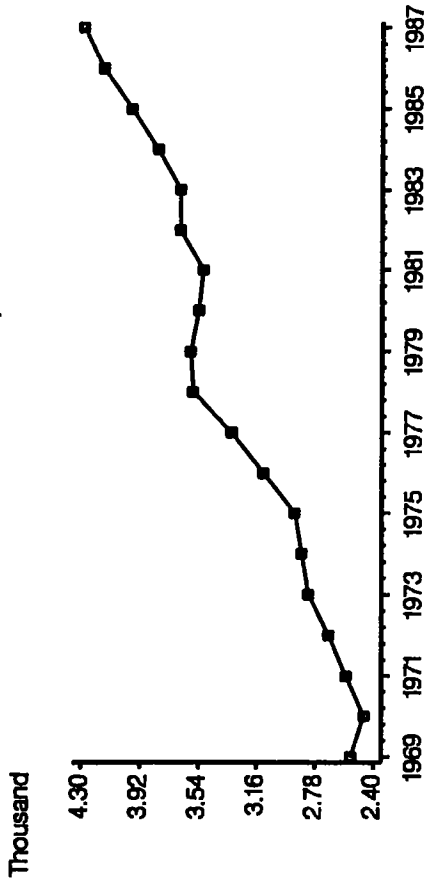


CHART 4B
ROCKCASTLE COUNTY
ANNUAL UNEMPLOYMENT RATE

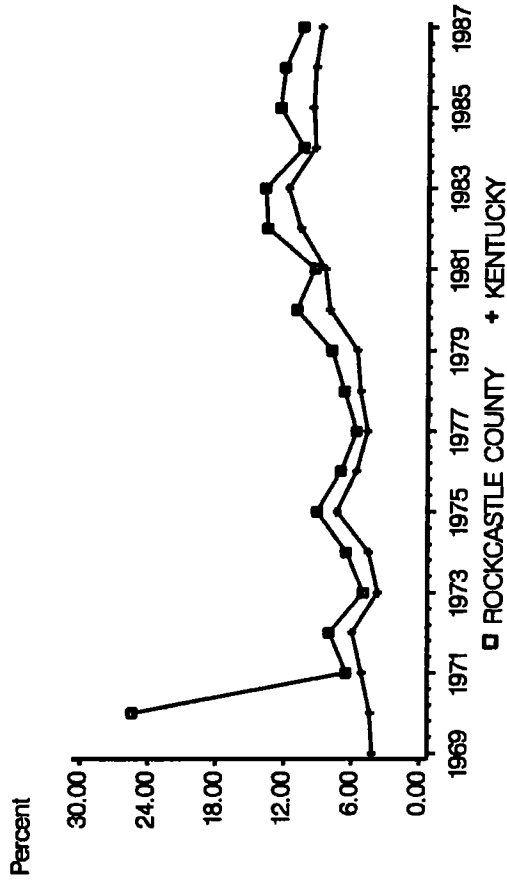


CHART 4C

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

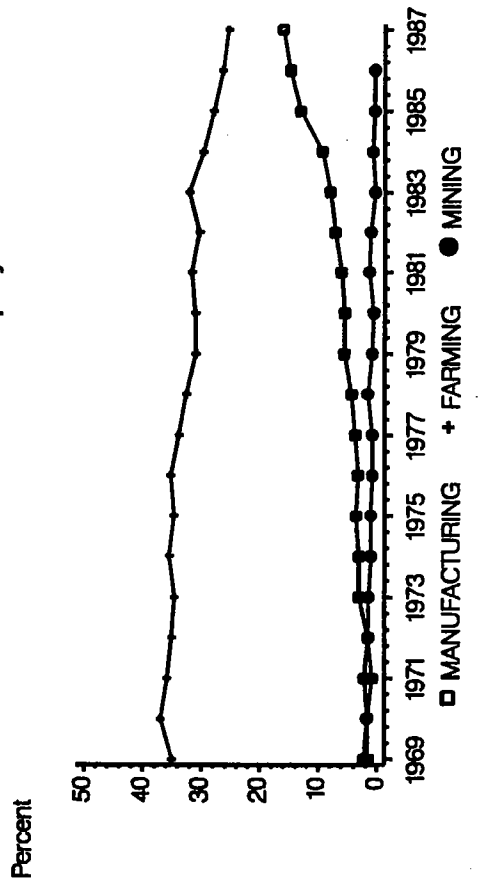


CHART 4D

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

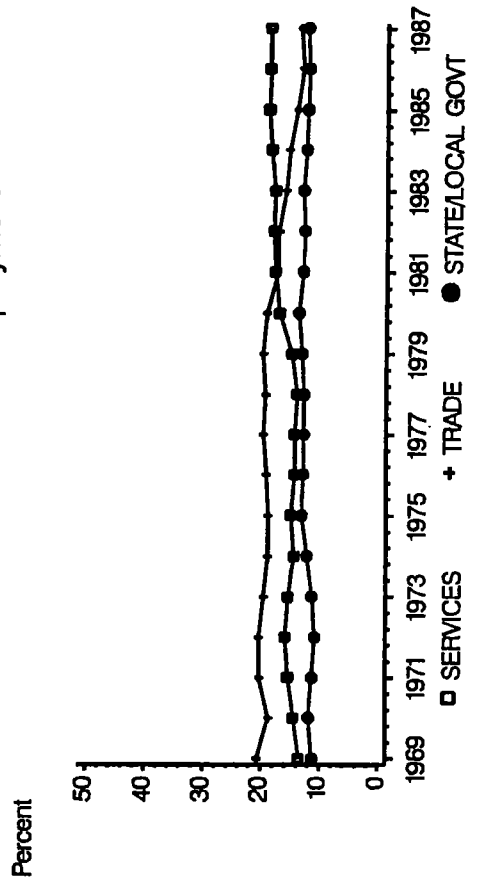


CHART 5A
ROCKCASTLE COUNTY
POPULATION
Thousands of People

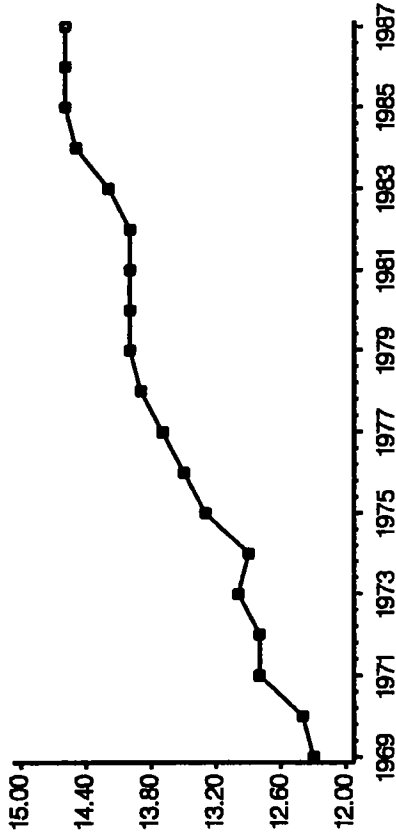


CHART 5B
ROCKCASTLE COUNTY
POPULATION
as a Percent of Kentucky Population

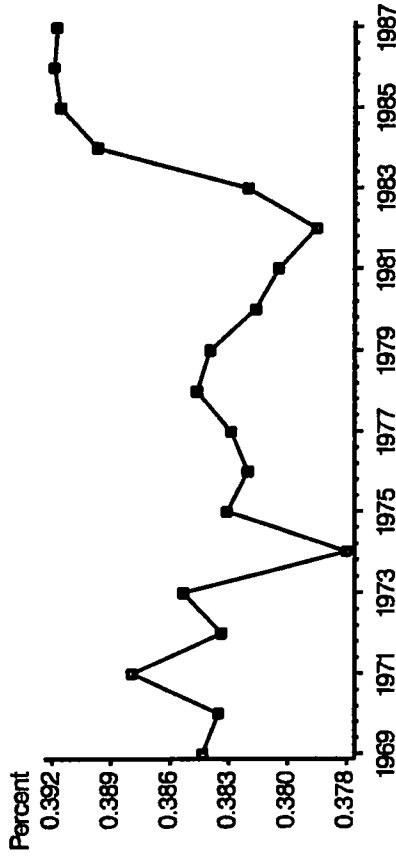


CHART 5C
ROCKCASTLE COUNTY
POPULATION 5 AND UNDER
as a Percent of Total Population

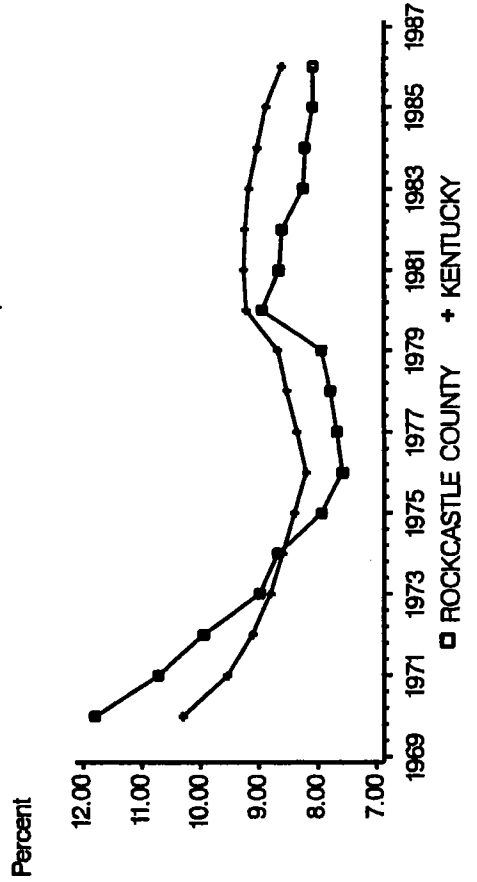


CHART 5D
ROCKCASTLE COUNTY
POPULATION 60 AND OVER
as a Percent of Total Population

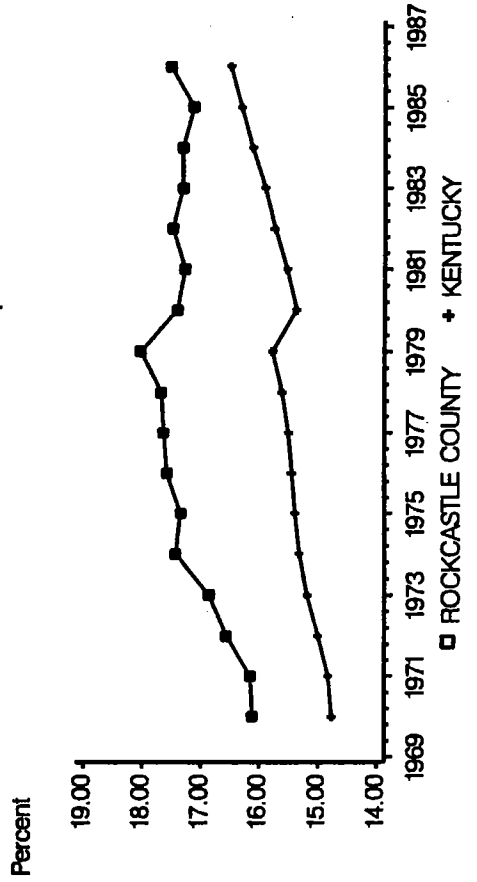


CHART 6A
 ROCKCASTLE COUNTY
 TOTAL COAL PRODUCTION (SHIPMENTS)
 Thousands of Tons

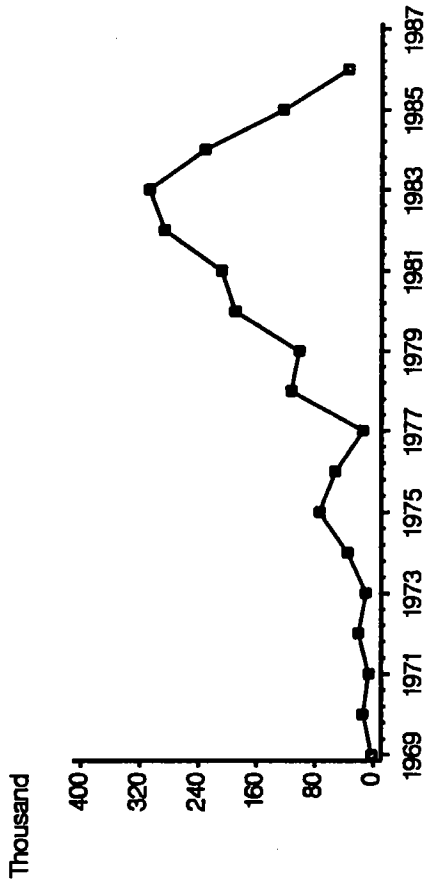


CHART 6B
 ROCKCASTLE COUNTY
 MINING EMPLOYMENT
 Thousands of People

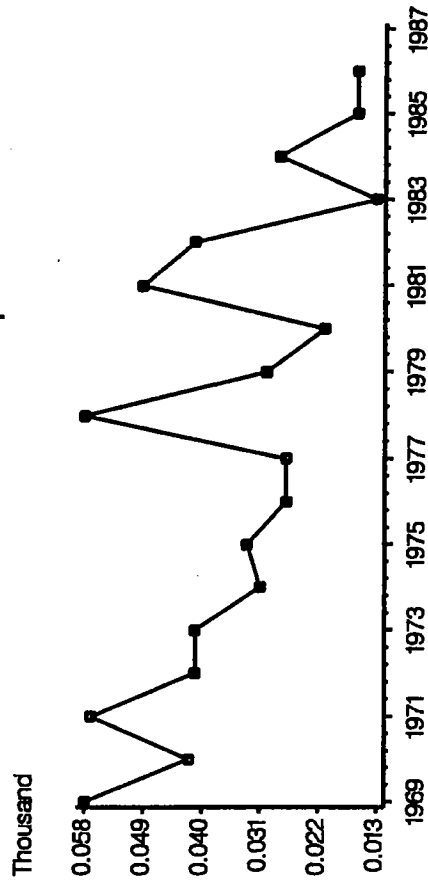


CHART 6C
 ROCKCASTLE COUNTY
 AVERAGE VALUE PER TON FOR COAL
 Constant 1988 Dollars

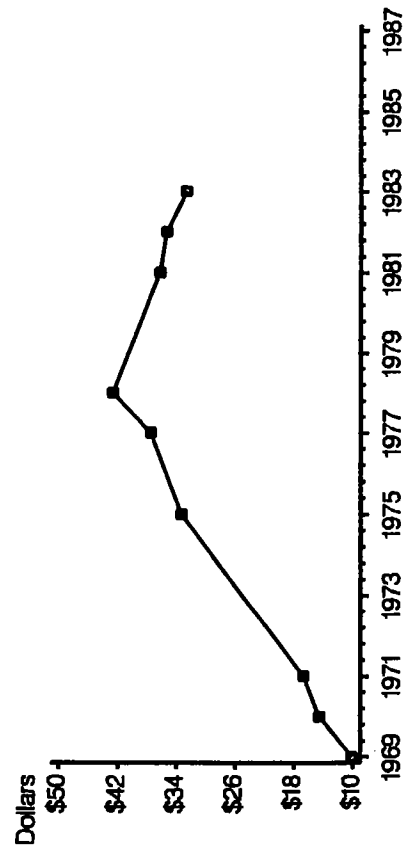
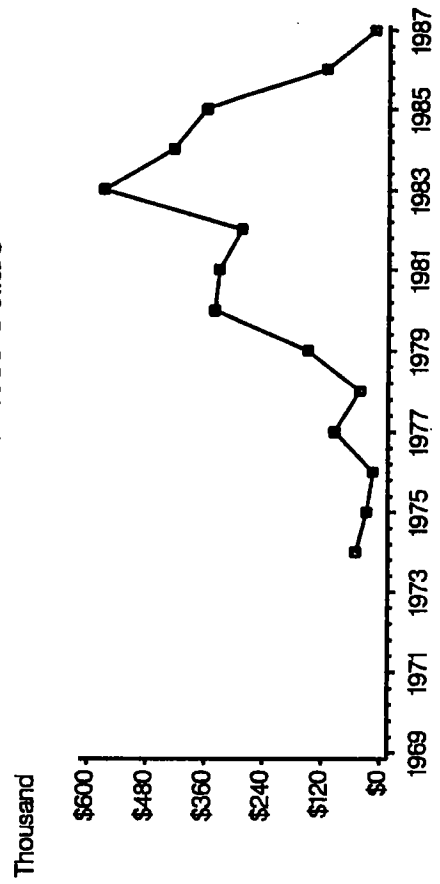


CHART 6D
 ROCKCASTLE COUNTY
 TAX RECEIPTS ON COAL SEVERED OR PROCESSED
 Thousands of 1988 Dollars



ROCKCASTLE COUNTY

PERSONAL INCOME
In Millions of 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	67	0.24	5,448	61.3
1970	69	0.23	5,549	60.9
1971	71	0.23	5,512	59.6
1972	77	0.24	5,982	61.4
1973	81	0.23	6,205	60.4
1974	86	0.24	6,700	64.7
1975	83	0.23	6,244	60.8
1976	90	0.24	6,688	62.3
1977	95	0.24	6,959	62.3
1978	102	0.24	7,327	63.3
1979	106	0.25	7,583	64.5
1980	105	0.25	7,528	65.3
1981	107	0.25	7,646	65.2
1982	105	0.25	7,489	64.8
1983	106	0.25	7,503	65.9
1984	114	0.26	7,875	65.7
1985	114	0.26	7,835	65.3
1986	118	0.26	8,048	65.8
1987	121	0.26	8,307	66.5

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	49	73.6	79.2	13	20.1	10.9	4	6.3	9.9
1970	48	69.6	77.9	16	23.8	11.9	5	6.6	10.2
1971	49	68.9	77.0	17	24.5	12.9	5	6.6	10.1
1972	54	70.3	77.3	18	23.4	12.9	5	6.3	9.7
1973	56	70.1	76.6	19	23.8	13.6	5	6.1	9.7
1974	60	69.3	75.5	21	24.8	14.4	5	5.9	10.1
1975	54	64.8	73.3	24	29.1	16.5	5	6.1	10.1
1976	59	65.4	73.9	26	28.4	16.1	6	6.2	10.0
1977	63	66.7	74.6	26	26.8	15.3	6	6.6	10.1
1978	69	68.3	75.0	25	25.0	14.6	7	6.8	10.4
1979	72	67.7	74.1	27	25.2	15.1	8	7.1	10.8
1980	67	63.7	71.1	30	28.4	16.7	8	7.9	12.2
1981	68	62.9	69.3	31	28.6	16.8	9	8.6	13.8
1982	64	60.7	67.5	31	29.2	17.6	11	10.1	14.9
1983	63	59.1	66.6	33	30.5	18.4	11	10.3	15.1
1984	70	61.4	67.8	33	28.9	17.3	11	9.7	14.9
1985	70	61.0	67.2	33	28.8	17.6	12	10.2	15.3
1986	72	61.4	67.1	34	28.7	17.6	12	9.9	15.3
1987	76	62.6	67.5	33	27.6	17.2	12	9.8	15.3

ROCKCASTLE 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	1.4	0.01	22.5	0.54	2.5	0.11
1970	1.4	0.01	26.3	0.68	1.9	0.06
1971	1.3	0.01	22.3	0.57	2.8	0.09
1972	0.9	0.00	28.8	0.71	1.9	0.06
1973	1.6	0.01	26.0	0.58	1.9	0.06
1974	1.4	0.01	33.1	0.77	1.5	0.03
1975	2.3	0.01	21.2	0.62	1.7	0.02
1976	2.5	0.01	19.2	0.54	1.4	0.02
1977	3.4	0.02	17.2	0.44	1.3	0.02
1978	4.3	0.02	16.2	0.49	3.4	0.05
1979	5.4	0.03	14.4	0.41	1.6	0.03
1980	5.0	0.02	13.0	0.43	1.3	0.02
1981	5.6	0.03	18.0	0.45	3.1	0.05
1982	7.7	0.04	13.1	0.39	2.2	0.04
1983	9.6	0.05	2.5	0.16	1.0	0.02
1984	10.5	0.06	8.4	0.24	1.9	0.04
1985	15.5	0.08	3.2	0.12	1.2	0.02
1986	18.4	0.10	2.5	0.13	0.8	0.02
1987	20.5	0.12	4.7	0.22	0.5	0.01

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	13.0	0.14	21.7	0.20	14.2	0.23
1970	13.6	0.14	20.9	0.18	15.1	0.21
1971	14.0	0.14	22.4	0.19	14.8	0.20
1972	13.0	0.14	21.5	0.19	13.2	0.19
1973	14.8	0.15	21.8	0.18	14.2	0.20
1974	12.6	0.14	19.8	0.18	13.3	0.20
1975	16.2	0.15	22.7	0.17	16.6	0.21
1976	16.3	0.15	23.2	0.18	16.5	0.21
1977	16.2	0.15	24.0	0.19	16.7	0.22
1978	15.6	0.15	23.2	0.18	16.5	0.22
1979	16.9	0.16	23.9	0.19	17.2	0.22
1980	20.3	0.17	24.4	0.19	18.5	0.22
1981	20.2	0.17	20.9	0.17	17.3	0.22
1982	21.3	0.17	20.6	0.17	18.7	0.22
1983	25.5	0.18	21.2	0.16	21.2	0.23
1984	23.4	0.18	17.5	0.14	19.0	0.23
1985	25.3	0.18	16.5	0.13	19.7	0.22
1986	24.9	0.17	14.2	0.12	18.8	0.22
1987	23.8	0.17	13.6	0.12	18.0	0.23

ROCKCASTLE COUNTY
 COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	40	1.6	892	35.0	58	2.3
1970	40	1.6	910	37.0	42	1.7
1971	22	0.9	924	35.8	57	2.2
1972	41	1.5	944	35.1	41	1.5
1973	87	3.1	977	34.6	41	1.5
1974	89	3.1	1,017	35.4	31	1.1
1975	105	3.6	1,011	34.7	33	1.1
1976	101	3.2	1,098	35.2	27	0.9
1977	124	3.7	1,124	33.8	27	0.8
1978	155	4.3	1,166	32.6	58	1.6
1979	198	5.5	1,113	31.0	30	0.8
1980	195	5.5	1,098	31.0	21	0.6
1981	213	6.1	1,112	31.6	49	1.4
1982	259	7.1	1,114	30.4	41	1.1
1983	290	7.9	1,173	32.0	13	0.4
1984	353	9.3	1,132	29.7	28	0.7
1985	521	13.1	1,114	28.0	16	0.4
1986	620	14.9	1,100	26.4	16	0.4
1987	689	16.1	1,091	25.4	.	.

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	346	13.6	525	20.6	287	11.3
1970	357	14.5	460	18.7	292	11.9
1971	398	15.4	523	20.3	290	11.2
1972	428	15.9	547	20.3	290	10.8
1973	436	15.4	552	19.5	320	11.3
1974	415	14.5	542	18.9	351	12.2
1975	438	15.0	549	18.8	383	13.1
1976	449	14.4	598	19.2	404	13.0
1977	480	14.4	655	19.7	426	12.8
1978	501	14.0	691	19.3	458	12.8
1979	536	14.9	709	19.7	473	13.2
1980	605	17.1	679	19.2	487	13.7
1981	626	17.8	612	17.4	459	13.1
1982	662	18.1	633	17.3	471	12.9
1983	655	17.9	589	16.1	477	13.0
1984	705	18.5	589	15.5	477	12.5
1985	754	18.9	564	14.2	491	12.3
1986	781	18.8	549	13.2	505	12.1
1987	802	18.7	580	13.5	527	12.3

ROCKCASTLE COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	2,548	\$13,185	\$17,440	.	4.2
1970	2,461	\$13,019	\$17,811	25.4	4.4
1971	2,579	\$12,422	\$18,166	6.5	5.1
1972	2,692	\$13,375	\$18,970	8.0	6.0
1973	2,824	\$12,731	\$19,232	5.0	3.7
1974	2,869	\$13,479	\$19,008	6.5	4.5
1975	2,914	\$11,445	\$18,976	9.1	7.3
1976	3,118	\$11,489	\$19,563	7.0	5.6
1977	3,326	\$11,250	\$20,031	5.6	4.7
1978	3,578	\$11,363	\$20,121	6.7	5.3
1979	3,594	\$11,326	\$20,110	7.8	5.5
1980	3,542	\$10,585	\$19,439	10.9	8.0
1981	3,514	\$11,052	\$19,286	9.3	8.4
1982	3,664	\$10,292	\$18,931	13.5	10.6
1983	3,661	\$9,376	\$18,358	13.7	11.6
1984	3,809	\$10,327	\$19,080	10.3	9.3
1985	3,980	\$9,638	\$18,676	12.4	9.5
1986	4,161	\$9,964	\$18,627	12.0	9.3
1987	4,290	\$10,558	\$18,636	10.4	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER 6		PERCENT 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	12,300	0.38	.	.	.	.
1970	12,400	0.38	11.8	10.3	16.1	14.8
1971	12,800	0.39	10.7	9.6	16.1	14.8
1972	12,800	0.38	9.9	9.1	16.6	15.0
1973	13,000	0.39	9.0	8.8	16.9	15.2
1974	12,900	0.38	8.7	8.6	17.4	15.3
1975	13,300	0.38	7.9	8.4	17.3	15.4
1976	13,500	0.38	7.6	8.2	17.6	15.5
1977	13,700	0.38	7.7	8.4	17.6	15.5
1978	13,900	0.38	7.8	8.5	17.7	15.6
1979	14,000	0.38	7.9	8.7	18.0	15.8
1980	14,000	0.38	8.9	9.2	17.4	15.4
1981	14,000	0.38	8.7	9.3	17.3	15.5
1982	14,000	0.38	8.6	9.2	17.5	15.7
1983	14,200	0.38	8.3	9.2	17.3	15.9
1984	14,500	0.39	8.2	9.0	17.3	16.1
1985	14,600	0.39	8.1	8.9	17.1	16.3
1986	14,600	0.39	8.1	8.6	17.5	16.5
1987	14,600	0.39	.	.	.	.

ROCKCASTLE COUNTY

COAL MINING STATISTICS

YEAR	PRODUCTION (Thousand Tons)	EMPLOYMENT	AVERAGE VALUE PER TON	COAL TAX RECEIPTS (000)
1969	2	58	\$10.17	.
1970	14	42	\$14.51	.
1971	6	57	\$16.64	.
1972	20	41	.	.
1973	10	41	.	.
1974	35	31	.	\$50
1975	74	33	\$33.35	\$28
1976	52	27	.	\$15
1977	14	27	\$37.46	\$93
1978	113	58	\$42.62	\$42
1979	102	30	.	\$150
1980	190	21	.	\$342
1981	209	49	\$36.22	\$333
1982	287	41	\$35.32	\$286
1983	308	13	\$32.64	\$568
1984	232	28	.	\$425
1985	124	16	.	\$359
1986	35	16	.	\$112
1987	.	.	.	.

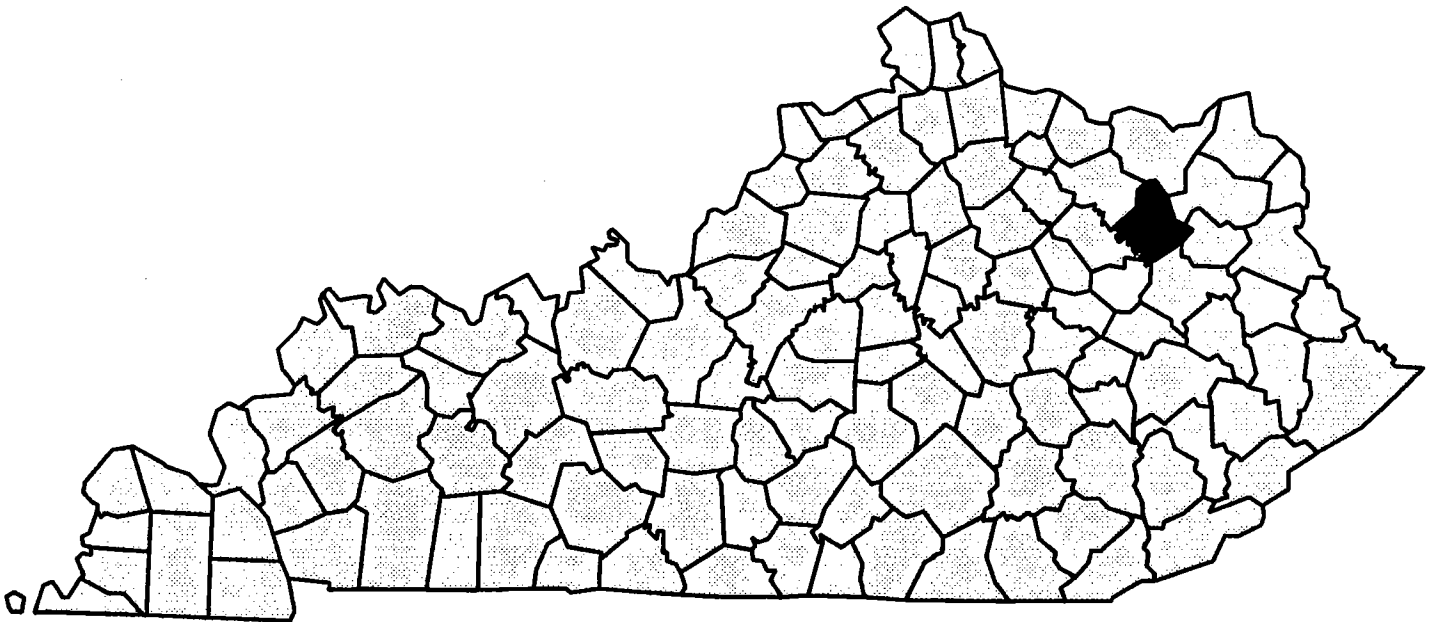
Note: All dollar figures are presented in constant 1988 dollars.

8
1

8
1

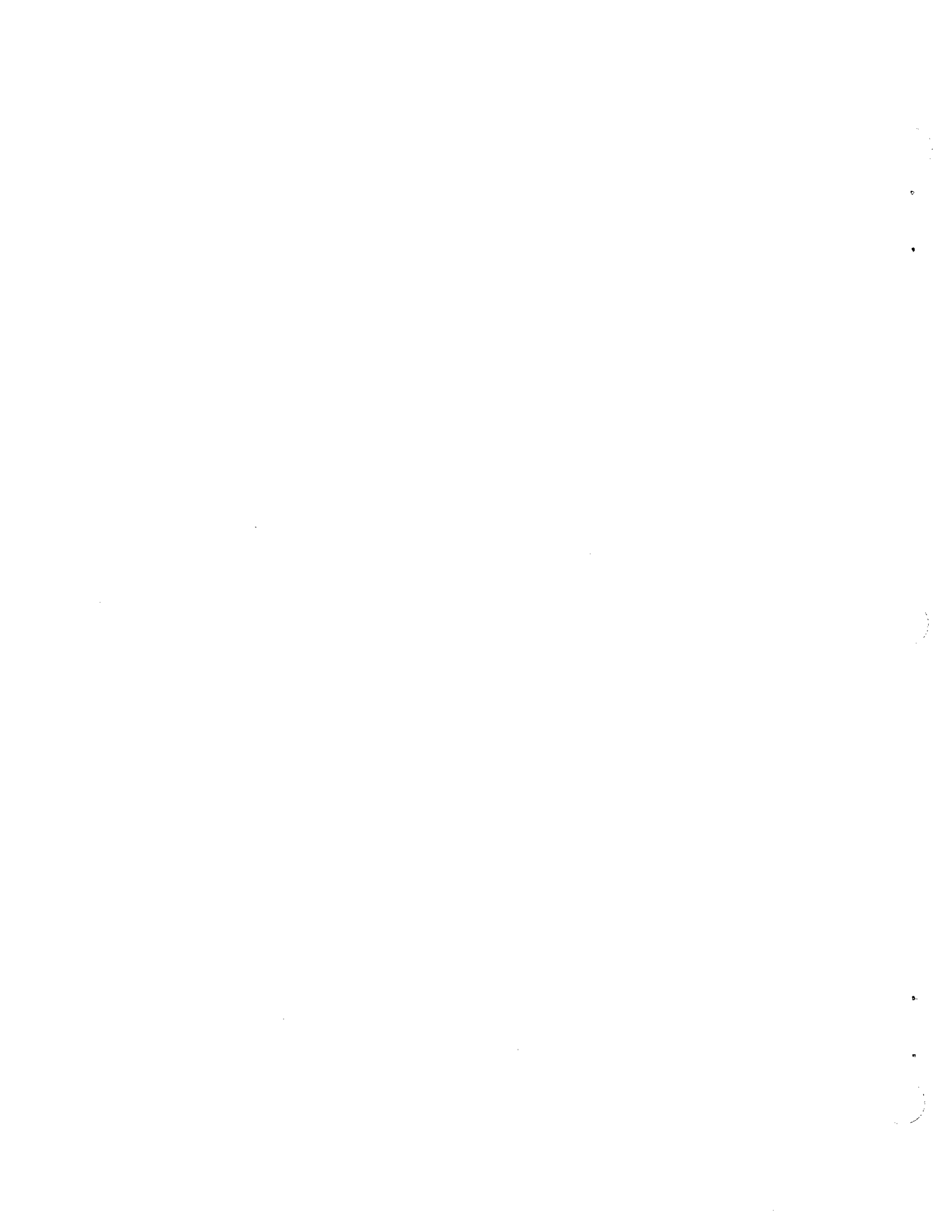
ECONOMIC TRENDS IN
KENTUCKY COUNTIES
1969 – 1987

ROWAN COUNTY



Prepared by
Virginia Wilson
Donna A. Cantrell

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



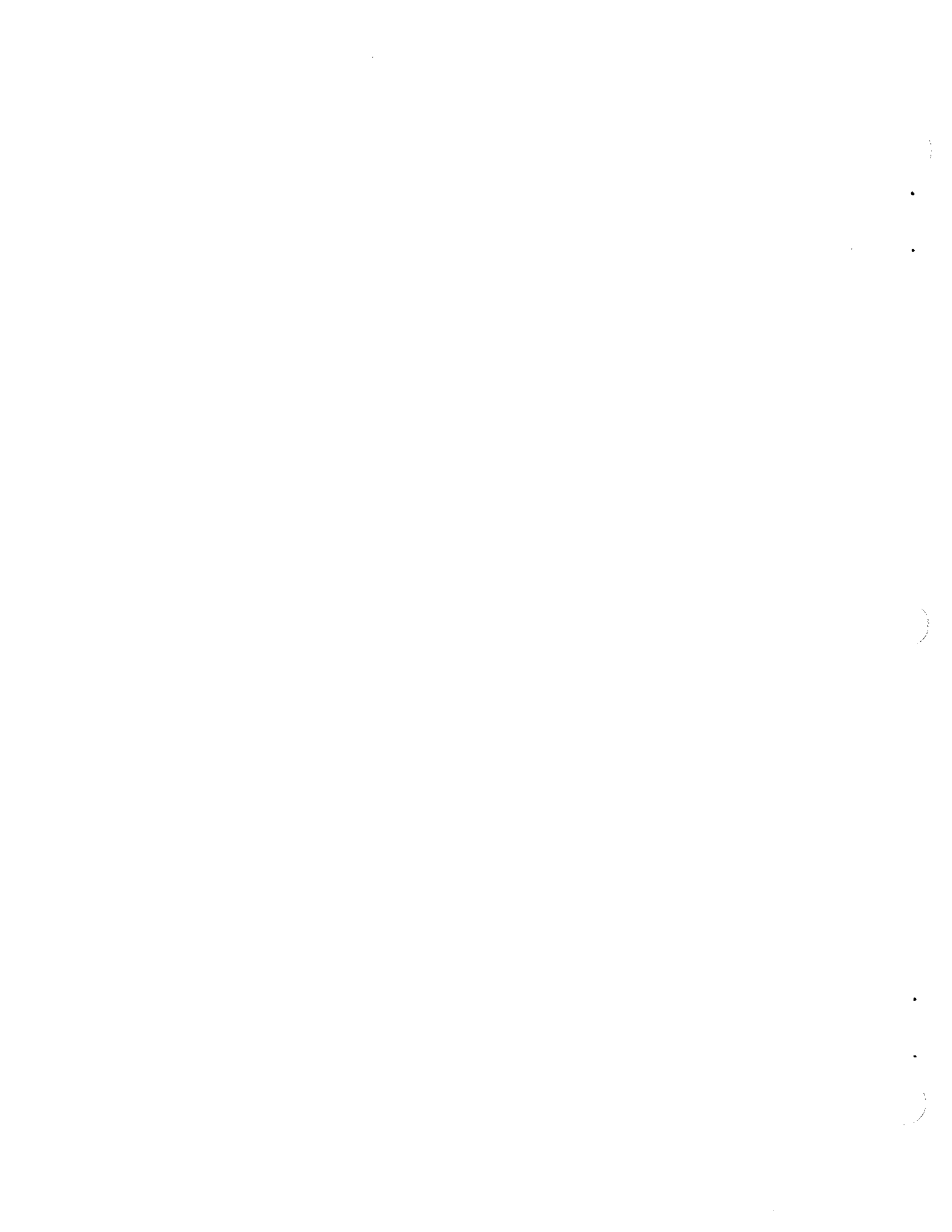
ECONOMIC TRENDS IN
KENTUCKY COUNTIES
1969 – 1987

K4
65
L3pm
No. 438
1990

ROWAN COUNTY

Prepared by
Virginia Wilson
Donna A. Cantrell

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



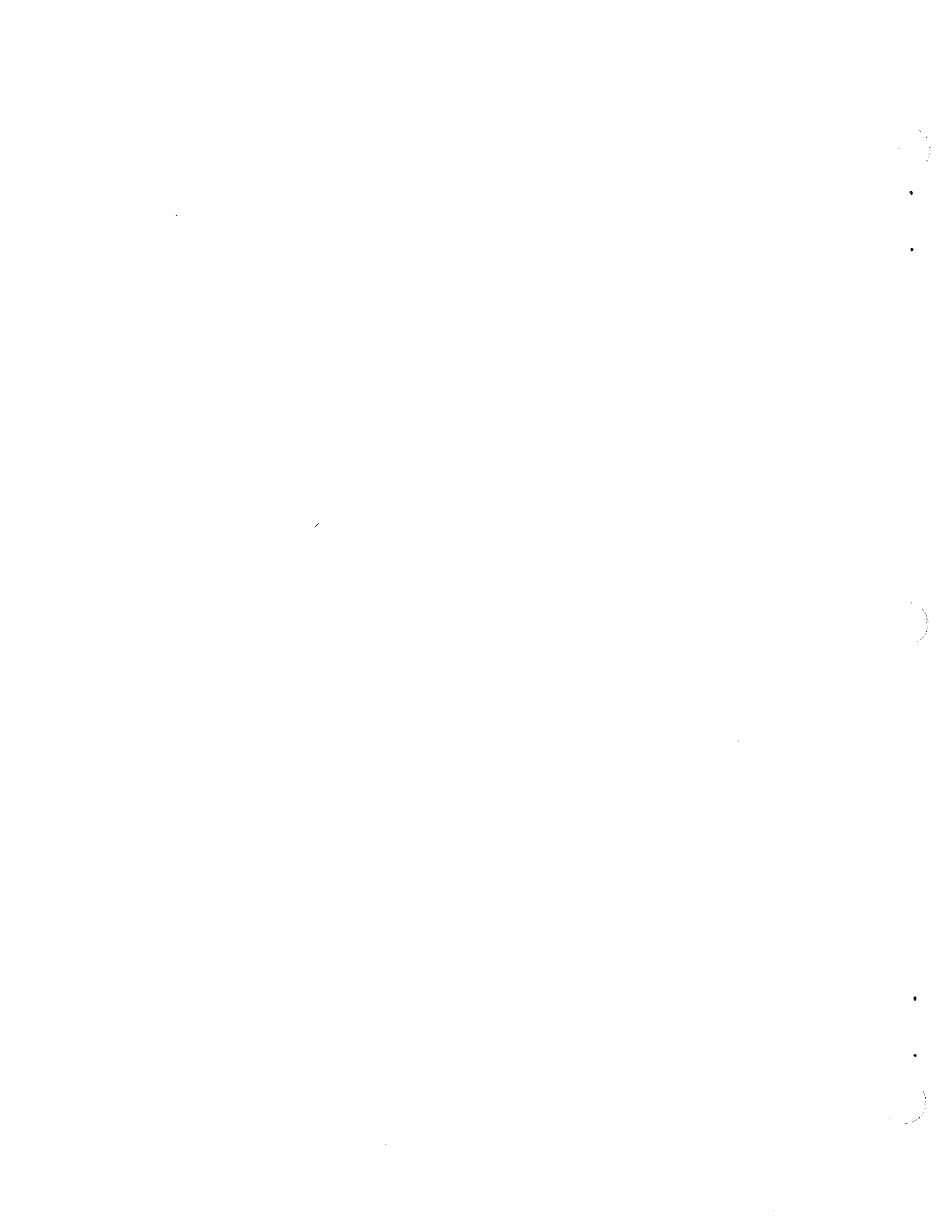
FOREWORD

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 Rowan County economy, as measured by personal income, grew steadily from 1969 to 1987. Rowan 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 significantly below those of the state.

Rowan County is dominated by the non-goods-producing sectors of state and local government, services, and trade. Furthermore, these sectors experienced significant growth during the period. Trends in services and trade paralleled those of the state, while the state and local government sector performed better than in the state. The performance of the government sector may be attributable to activity at Morehead State University in Rowan County.

The goods-producing sectors of manufacturing and farming declined in Rowan County. These sectors declined at the state level as well.

The long-term economic outlook at the state and national levels is for further expansion of the service and trade sectors. Rowan County's strength in these sectors 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.

*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 ROWAN 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 Rowan 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 Rowan County economy, as measured by personal income, increased from \$91 million in 1969 to \$176 million in 1987, after adjusting for inflation. Chart 1B shows Rowan County total personal income as a percent of Kentucky total personal income. Rowan 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 Rowan County per capita income increased over the time period to a level of \$9,280 in 1987, when it was 74.2 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 showed very strong growth through 1980. However, earnings dropped in the early 1980's, corresponding to the national recession. By 1987, earnings recovered and increased to \$115 million

in 1987 (in constant 1988 dollars). While earnings have increased, their share of personal income declined over time. This trend occurred at the state level as well. In 1987, earnings accounted for 65.2 percent of Rowan County's total personal income, compared to Kentucky's 67.5 percent share.

Transfer payments contributed \$13 million to total personal income in 1969 and \$40 million in 1987. During the same period, transfer payments contributed a much higher percentage of personal income in Rowan County than in Kentucky.

Income from property in Rowan County grew steadily through the time period. Income from property totalled \$7 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. In 1969, Rowan County received 18.3 percent of total earnings from manufacturing. This percentage decreased to 9.6 percent in 1987 (Chart 3A). Farming's contribution to total county earnings decreased from 4.2 percent in 1969 to 1.5 percent in 1987. The trend toward declining earnings in 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 24.4 percent in 1987 (Chart 3B). The percent of earnings from the trade sector increased from 13.1 percent to 16.3 percent in 1987. The share of earnings from the state and local government sector increased from 23.2 percent in 1969 to 32.3 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 Rowan 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. Rowan County average earnings per job declined during the period. County average earnings were \$14,847 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 Rowan County increased substantially during the data period. In 1969, total employment stood at 4,888 people. By 1987, that figure had increased to 8,392.

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 Rowan County are presented in Chart 4B. Unemployment rates in Rowan County generally followed those of the state. In 1987, the county unemployment rate was 8.9 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 17.6 percent in 1969 to 8.5 percent in 1987. The farm sector's share of employment increased slightly and was 7.4 percent in 1987.

Employment in the non-goods-producing industries is presented in Chart 4D. Service sector employment increased substantially from 1969 to 1987. In 1969, the service sector accounted for 13.2 percent of employment. This share increased to 22.2 percent in 1987. The trade sector's share of employment increased from 17.4 percent in 1969 to 22.2 percent in 1987. The percent of employment in state and local government also increased, from 21.7 percent in 1969 to 25.7 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 Rowan County.

The Rowan County population grew from 16,500 in 1969 to 19,000 in 1987 (Chart 5A). There was a significant correction in the population estimate for the under age six group in the 1980 census. It was estimated that in 1986, 7.2 percent of Rowan County's population was under six years of age, compared to 8.6 percent for the state. Rowan County has a lower proportion of residents age sixty or over than the state. In 1986, 13.8 percent of the Rowan County population was sixty years of age and over, while 16.5 percent of all Kentucky residents fell in this age group.

CHART 1A

ROWAN COUNTY

REAL PERSONAL INCOME

Millions of 1988 dollars

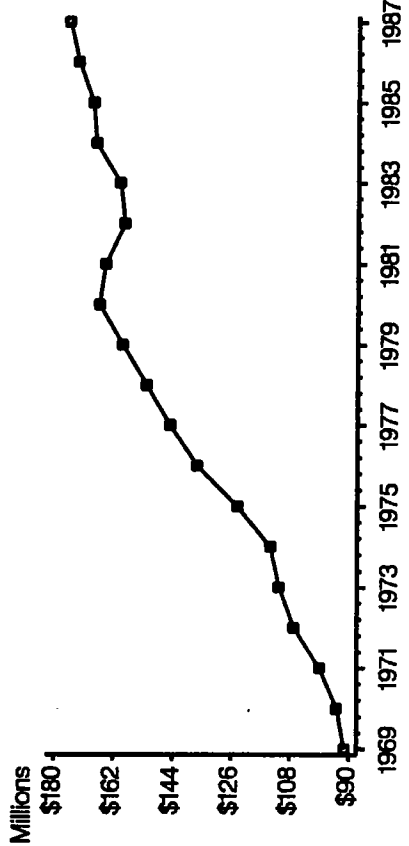


CHART 1B

ROWAN COUNTY

PERSONAL INCOME

as a Percent of Kentucky Personal Income

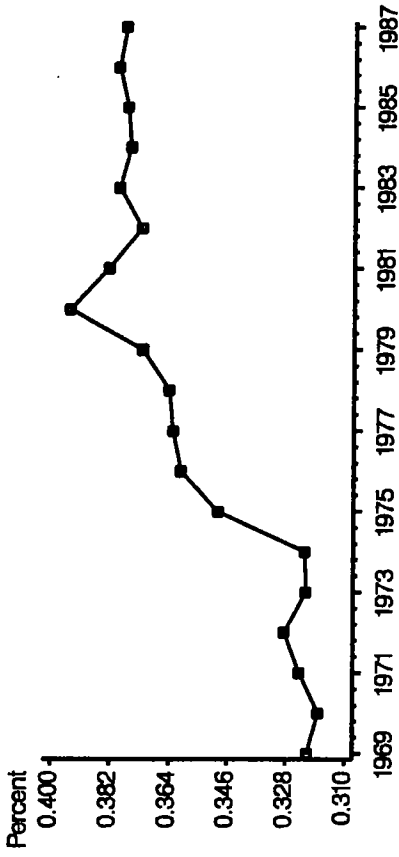


CHART 1C

ROWAN COUNTY

PER CAPITA PERSONAL INCOME

in Constant 1988 Dollars

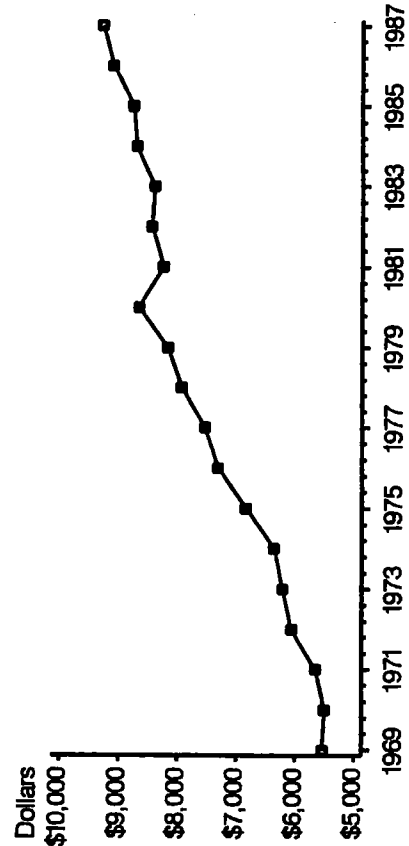


CHART 1D

ROWAN COUNTY

PER CAPITA PERSONAL INCOME

as a Percent of Kentucky Per Capita Personal Income

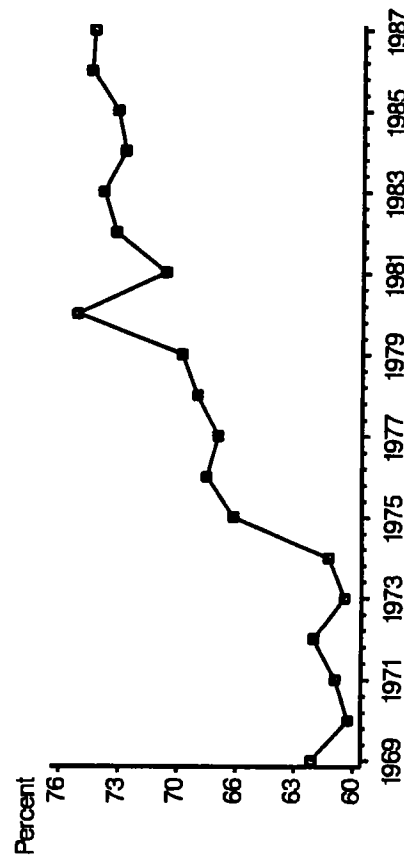


CHART 2A
ROWAN COUNTY
REAL TOTAL EARNINGS
Millions of 1988 dollars

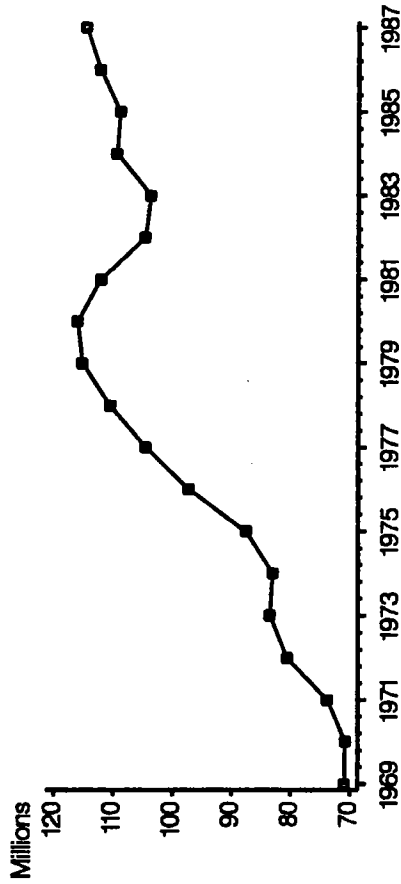


CHART 2B
ROWAN COUNTY
TRANSFER PAYMENTS and INCOME FROM PROPERTY
Millions of 1988 Dollars

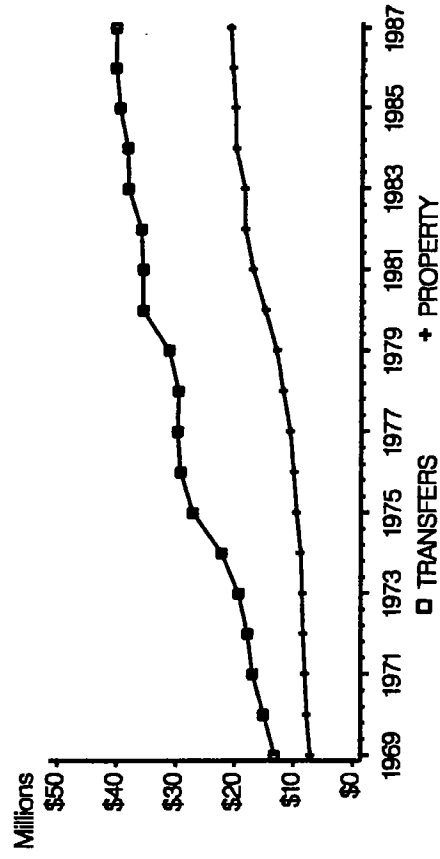


CHART 2C
ROWAN COUNTY
TOTAL EARNINGS
as a Percent of Personal Income

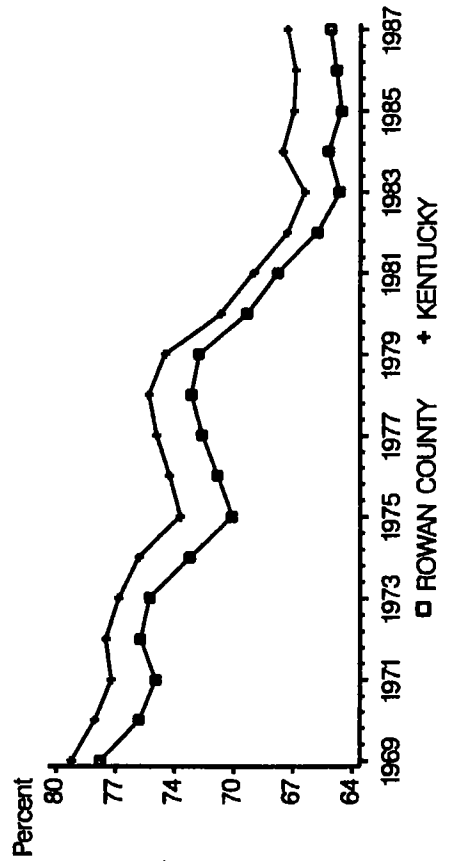


CHART 2D
ROWAN COUNTY
TRANSFER PAYMENTS
as a Percent of Personal Income

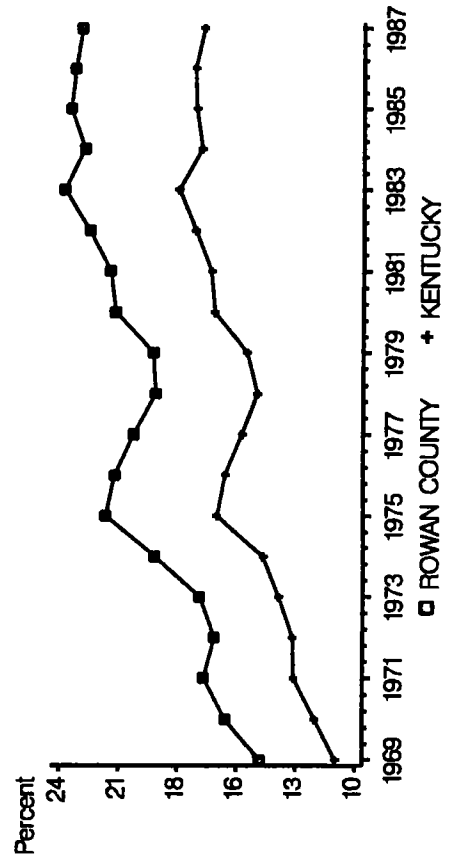


CHART 3A

ROWAN COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Earnings

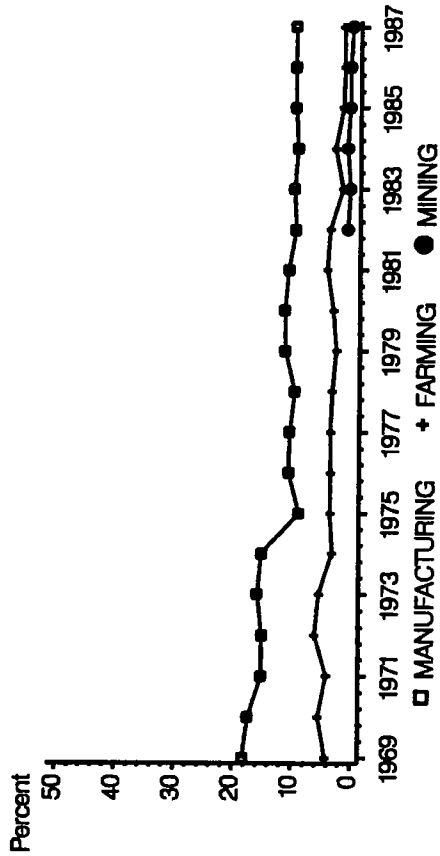


CHART 3B

ROWAN COUNTY

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

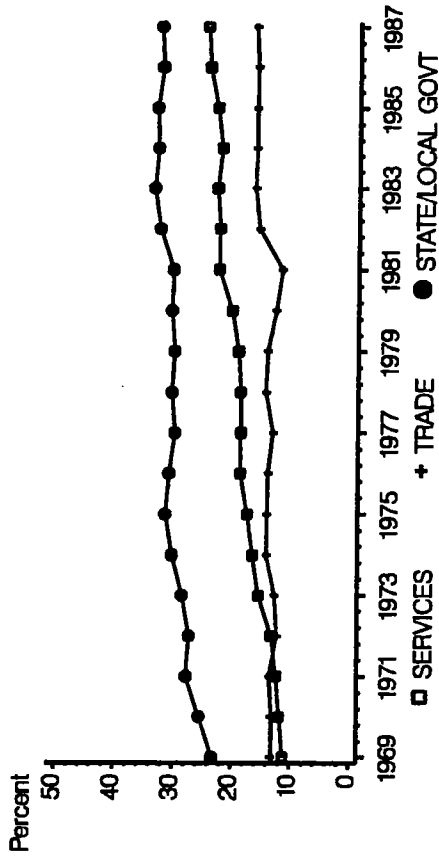


CHART 3C

ROWAN COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES
as a Percent of Kentucky Industries

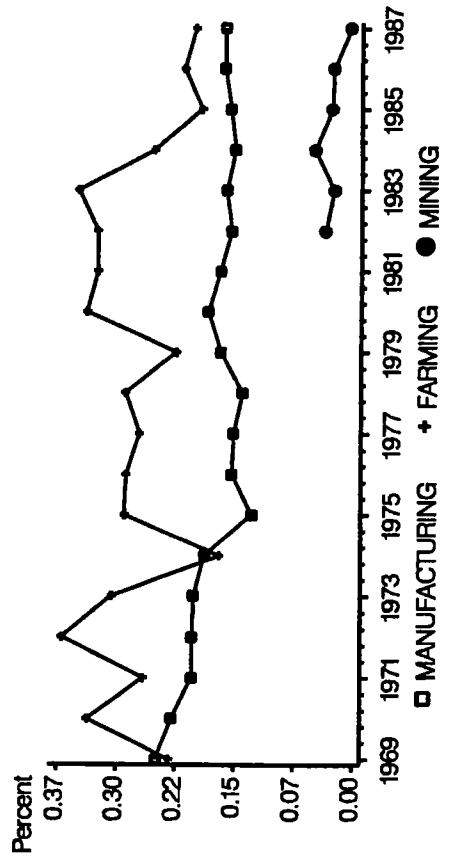


CHART 3D

ROWAN COUNTY

AVERAGE EARNINGS PER JOB
in Constant 1988 Dollars

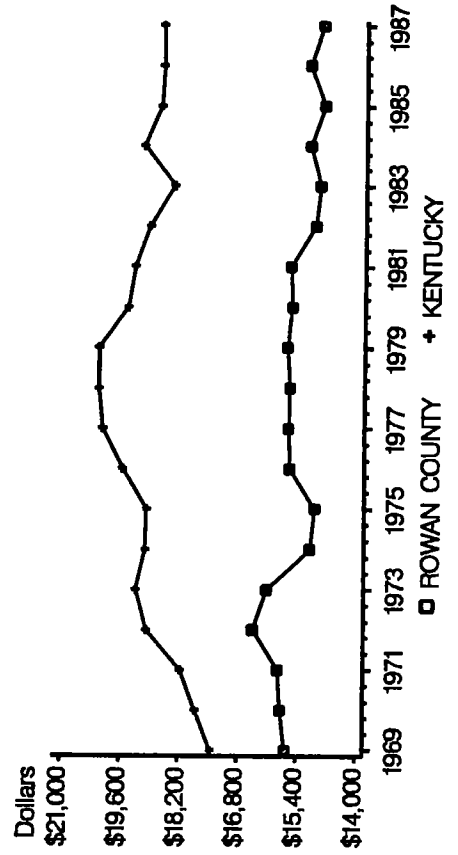


CHART 4A

ROWAN COUNTY

TOTAL EMPLOYMENT

Thousands of People

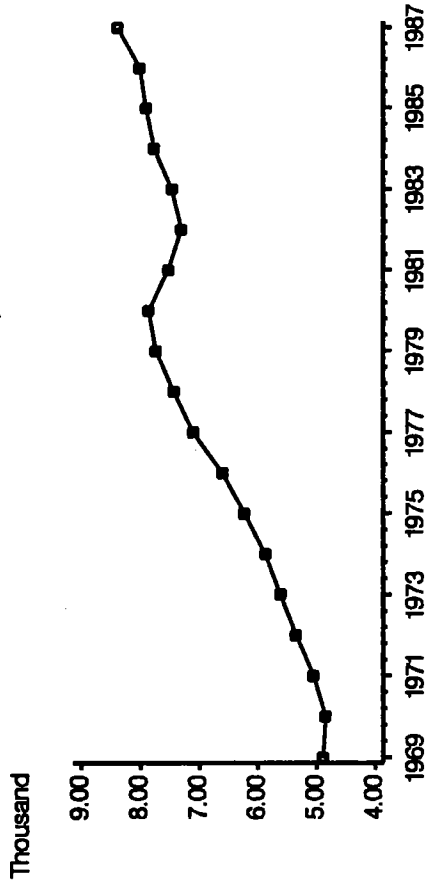


CHART 4B

ROWAN COUNTY

ANNUAL UNEMPLOYMENT RATE

Percent

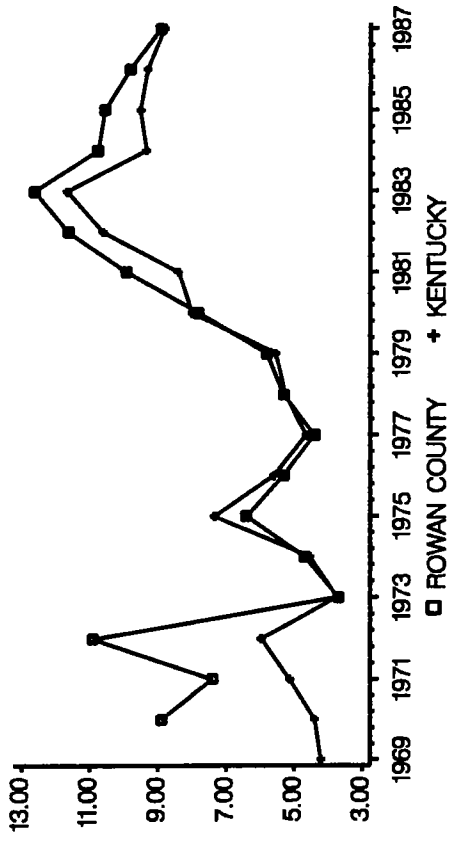


CHART 4C

ROWAN COUNTY

EMPLOYMENT IN GOODS PRODUCING INDUSTRIES

as a Percent of Total Employment

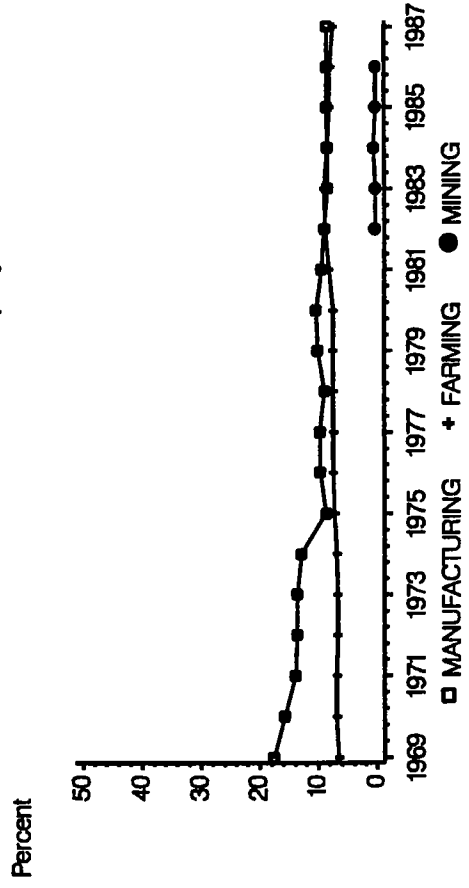


CHART 4D

ROWAN COUNTY

EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES

as a Percent of Total Employment

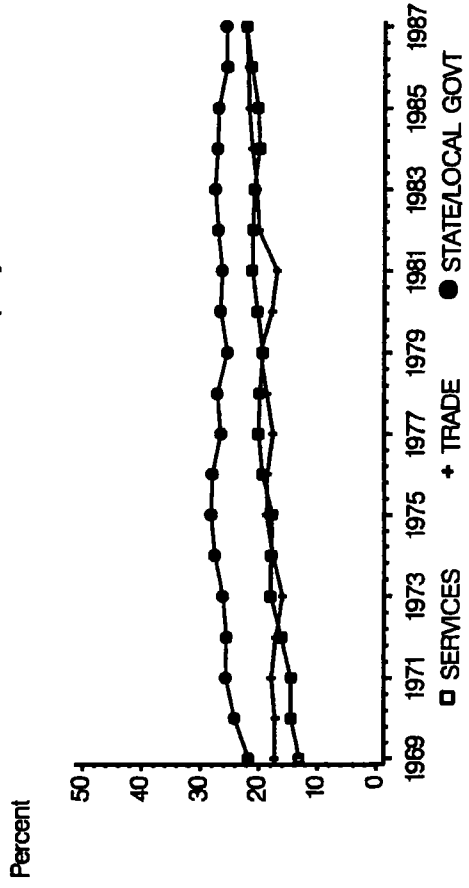


CHART 5A
ROWAN COUNTY
POPULATION
Thousands of People

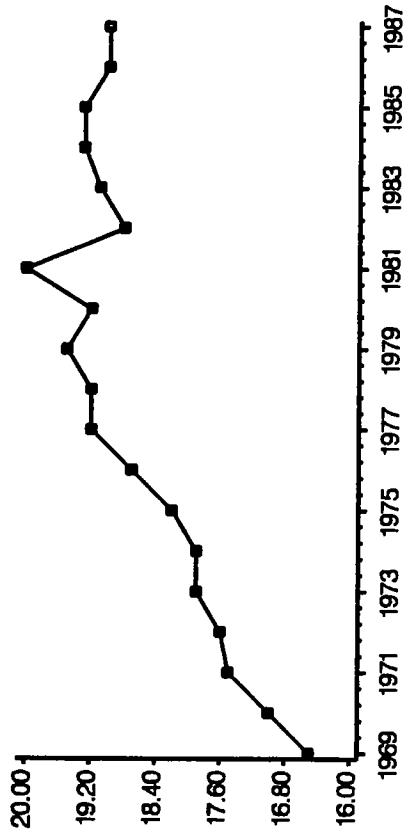


CHART 5B
ROWAN COUNTY
POPULATION
as a Percent of Kentucky Population

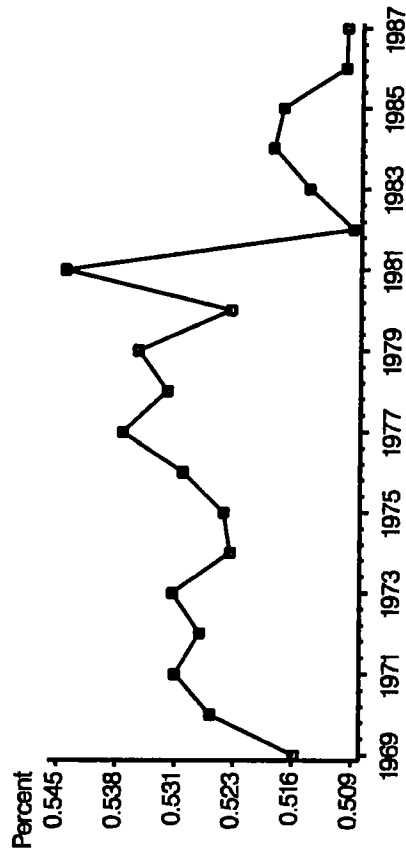


CHART 5C
ROWAN COUNTY
POPULATION 5 AND UNDER
as a Percent of Total Population

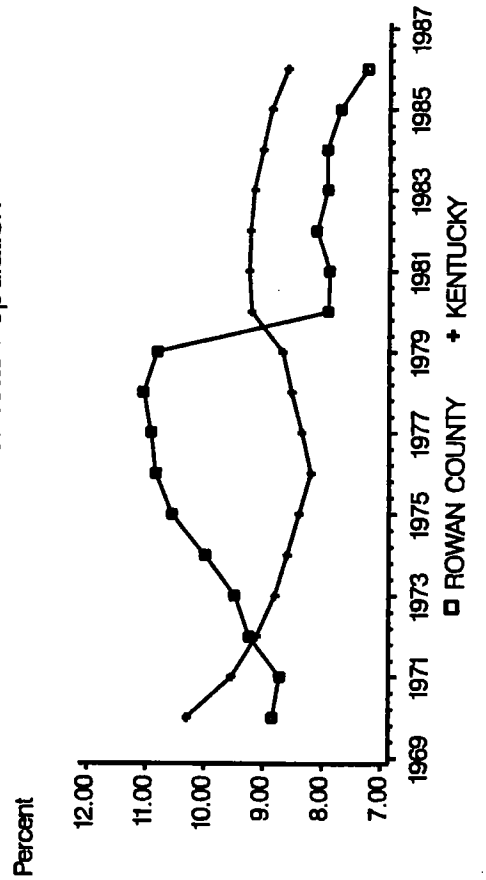
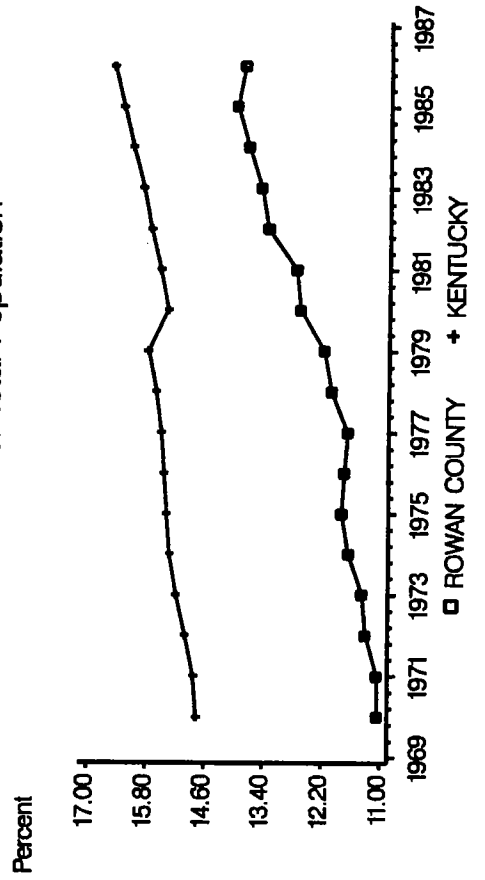


CHART 5D
ROWAN COUNTY
POPULATION 60 AND OVER
as a Percent of Total Population



ROWAN COUNTY

PERSONAL INCOME
In Constant 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	91	0.32	5,533	62.3
1970	94	0.32	5,497	60.3
1971	99	0.32	5,648	61.0
1972	107	0.33	6,057	62.2
1973	111	0.32	6,215	60.5
1974	114	0.32	6,364	61.4
1975	124	0.35	6,833	66.6
1976	137	0.36	7,305	68.0
1977	145	0.36	7,535	67.4
1978	152	0.36	7,933	68.6
1979	160	0.37	8,164	69.4
1980	167	0.39	8,659	75.1
1981	165	0.38	8,240	70.3
1982	159	0.37	8,439	73.0
1983	160	0.38	8,391	73.7
1984	168	0.38	8,698	72.5
1985	169	0.38	8,754	73.0
1986	173	0.38	9,103	74.4
1987	176	0.38	9,280	74.2

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	71	77.6	79.2	13	14.5	10.9	7	7.9	9.9
1970	71	75.5	77.9	15	16.1	11.9	8	8.3	10.2
1971	74	74.6	77.0	17	17.2	12.9	8	8.2	10.1
1972	81	75.5	77.3	18	16.7	12.9	8	7.9	9.7
1973	84	74.9	76.6	19	17.4	13.6	9	7.7	9.7
1974	83	72.8	75.5	22	19.5	14.4	9	7.7	10.1
1975	88	70.5	73.3	27	21.8	16.5	10	7.7	10.1
1976	97	71.3	73.9	29	21.4	16.1	10	7.3	10.0
1977	105	72.1	74.6	30	20.5	15.3	11	7.4	10.1
1978	111	72.7	75.0	30	19.4	14.6	12	7.8	10.4
1979	115	72.3	74.1	31	19.6	15.1	13	8.1	10.8
1980	116	69.7	71.1	36	21.4	16.7	15	9.0	12.2
1981	112	68.0	69.3	36	21.6	16.8	17	10.3	13.8
1982	105	65.9	67.5	36	22.6	17.6	18	11.6	14.9
1983	104	64.7	66.6	38	23.8	18.4	18	11.5	15.1
1984	110	65.3	67.8	38	22.8	17.3	20	11.9	14.9
1985	109	64.6	67.2	40	23.5	17.6	20	11.9	15.3
1986	112	64.9	67.1	40	23.3	17.6	21	11.9	15.3
1987	115	65.2	67.5	40	22.9	17.2	21	11.9	15.3

ROWAN 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	18.3	0.25	4.2	0.23	.	.
1970	17.3	0.23	5.4	0.33	.	.
1971	15.1	0.20	4.1	0.26	.	.
1972	15.1	0.20	6.1	0.36	.	.
1973	15.8	0.20	5.4	0.30	.	.
1974	15.1	0.19	3.2	0.17	.	.
1975	8.8	0.13	3.5	0.29	.	.
1976	10.6	0.15	3.5	0.28	.	.
1977	10.5	0.15	3.6	0.27	.	.
1978	9.6	0.14	3.3	0.29	.	.
1979	11.3	0.17	2.6	0.22	.	.
1980	11.4	0.18	3.1	0.33	.	.
1981	10.7	0.17	4.2	0.32	.	.
1982	9.6	0.15	3.8	0.32	0.8	0.04
1983	9.9	0.16	1.6	0.34	0.4	0.02
1984	9.3	0.15	2.9	0.25	0.8	0.05
1985	9.6	0.15	1.7	0.19	0.4	0.03
1986	9.7	0.16	1.4	0.21	0.4	0.03
1987	9.6	0.16	1.5	0.20	0.1	0.00

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	11.2	0.28	13.1	0.27	23.2	0.84
1970	11.8	0.29	13.1	0.27	25.4	0.86
1971	12.4	0.30	13.5	0.28	27.7	0.93
1972	13.2	0.34	12.3	0.26	27.2	0.96
1973	15.5	0.39	12.7	0.27	28.4	1.00
1974	16.5	0.41	14.1	0.29	30.2	1.06
1975	17.4	0.45	14.1	0.30	31.3	1.10
1976	18.6	0.49	13.9	0.30	30.7	1.13
1977	18.5	0.51	13.1	0.30	29.8	1.14
1978	18.6	0.50	14.3	0.32	30.3	1.14
1979	19.0	0.52	14.1	0.33	29.9	1.13
1980	20.1	0.54	12.6	0.32	30.3	1.17
1981	22.3	0.57	11.6	0.29	30.1	1.13
1982	22.3	0.52	15.6	0.37	32.3	1.13
1983	22.7	0.51	16.3	0.39	33.3	1.16
1984	21.9	0.49	16.1	0.40	32.7	1.17
1985	22.8	0.49	16.1	0.39	33.0	1.15
1986	24.1	0.49	16.0	0.39	32.1	1.11
1987	24.4	0.48	16.3	0.40	32.3	1.11

ROWAN COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	862	17.6	317	6.5	.	.
1970	765	15.8	331	6.8	.	.
1971	703	13.9	345	6.8	.	.
1972	731	13.7	357	6.7	.	.
1973	765	13.6	375	6.7	.	.
1974	757	12.9	402	6.8	.	.
1975	536	8.6	444	7.1	.	.
1976	633	9.6	489	7.4	.	.
1977	685	9.6	520	7.3	.	.
1978	654	8.8	545	7.3	.	.
1979	771	10.0	573	7.4	.	.
1980	808	10.3	581	7.4	.	.
1981	706	9.4	612	8.1	.	.
1982	649	8.9	634	8.7	26	0.4
1983	622	8.3	666	8.9	19	0.3
1984	647	8.3	642	8.3	41	0.5
1985	669	8.5	629	8.0	21	0.3
1986	677	8.4	631	7.9	20	0.2
1987	711	8.5	618	7.4	.	.

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	645	13.2	851	17.4	1,063	21.7
1970	706	14.6	837	17.3	1,170	24.1
1971	738	14.6	907	17.9	1,300	25.7
1972	868	16.2	921	17.2	1,370	25.6
1973	1,013	18.0	903	16.1	1,473	26.2
1974	1,056	18.0	1,040	17.7	1,623	27.6
1975	1,112	17.8	1,168	18.7	1,762	28.3
1976	1,283	19.4	1,232	18.6	1,855	28.1
1977	1,430	20.1	1,260	17.7	1,888	26.6
1978	1,480	19.9	1,395	18.8	2,025	27.2
1979	1,501	19.4	1,530	19.8	1,969	25.4
1980	1,597	20.3	1,405	17.9	2,100	26.7
1981	1,600	21.2	1,289	17.1	1,989	26.4
1982	1,541	21.1	1,466	20.1	1,981	27.1
1983	1,561	20.9	1,527	20.4	2,062	27.6
1984	1,552	20.0	1,652	21.3	2,116	27.2
1985	1,598	20.2	1,718	21.7	2,136	27.0
1986	1,711	21.3	1,759	21.9	2,047	25.5
1987	1,864	22.2	1,866	22.2	2,156	25.7

ROWAN COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	4,888	\$15,669	\$17,440	.	4.2
1970	4,848	\$15,785	\$17,811	8.9	4.4
1971	5,056	\$15,849	\$18,166	7.4	5.1
1972	5,355	\$16,436	\$18,970	10.9	6.0
1973	5,617	\$16,120	\$19,232	3.7	3.7
1974	5,876	\$15,083	\$19,008	4.7	4.5
1975	6,232	\$14,976	\$18,976	6.4	7.3
1976	6,608	\$15,588	\$19,563	5.3	5.6
1977	7,109	\$15,621	\$20,031	4.4	4.7
1978	7,435	\$15,594	\$20,121	5.3	5.3
1979	7,742	\$15,664	\$20,110	5.8	5.5
1980	7,865	\$15,555	\$19,439	7.8	8.0
1981	7,530	\$15,588	\$19,286	9.9	8.4
1982	7,308	\$15,006	\$18,931	11.6	10.6
1983	7,470	\$14,897	\$18,358	12.6	11.6
1984	7,773	\$15,139	\$19,080	10.7	9.3
1985	7,911	\$14,814	\$18,676	10.5	9.5
1986	8,022	\$15,151	\$18,627	9.8	9.3
1987	8,392	\$14,847	\$18,636	8.9	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER AGE 6		PERCENT AGE 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	16,500	0.52	.	.	.	.
1970	17,000	0.53	8.8	10.3	11.1	14.8
1971	17,500	0.53	8.7	9.6	11.1	14.8
1972	17,600	0.53	9.2	9.1	11.3	15.0
1973	17,900	0.53	9.5	8.8	11.4	15.2
1974	17,900	0.52	10.0	8.6	11.7	15.3
1975	18,200	0.52	10.6	8.4	11.8	15.4
1976	18,700	0.53	10.8	8.2	11.7	15.5
1977	19,200	0.54	10.9	8.4	11.7	15.5
1978	19,200	0.53	11.1	8.5	12.0	15.6
1979	19,500	0.54	10.8	8.7	12.2	15.8
1980	19,200	0.52	7.9	9.2	12.7	15.4
1981	20,000	0.54	7.9	9.3	12.8	15.5
1982	18,800	0.51	8.1	9.2	13.3	15.7
1983	19,100	0.51	7.9	9.2	13.5	15.9
1984	19,300	0.52	7.9	9.0	13.7	16.1
1985	19,300	0.52	7.7	8.9	14.0	16.3
1986	19,000	0.51	7.2	8.6	13.8	16.5
1987	19,000	0.51	.	.	.	.

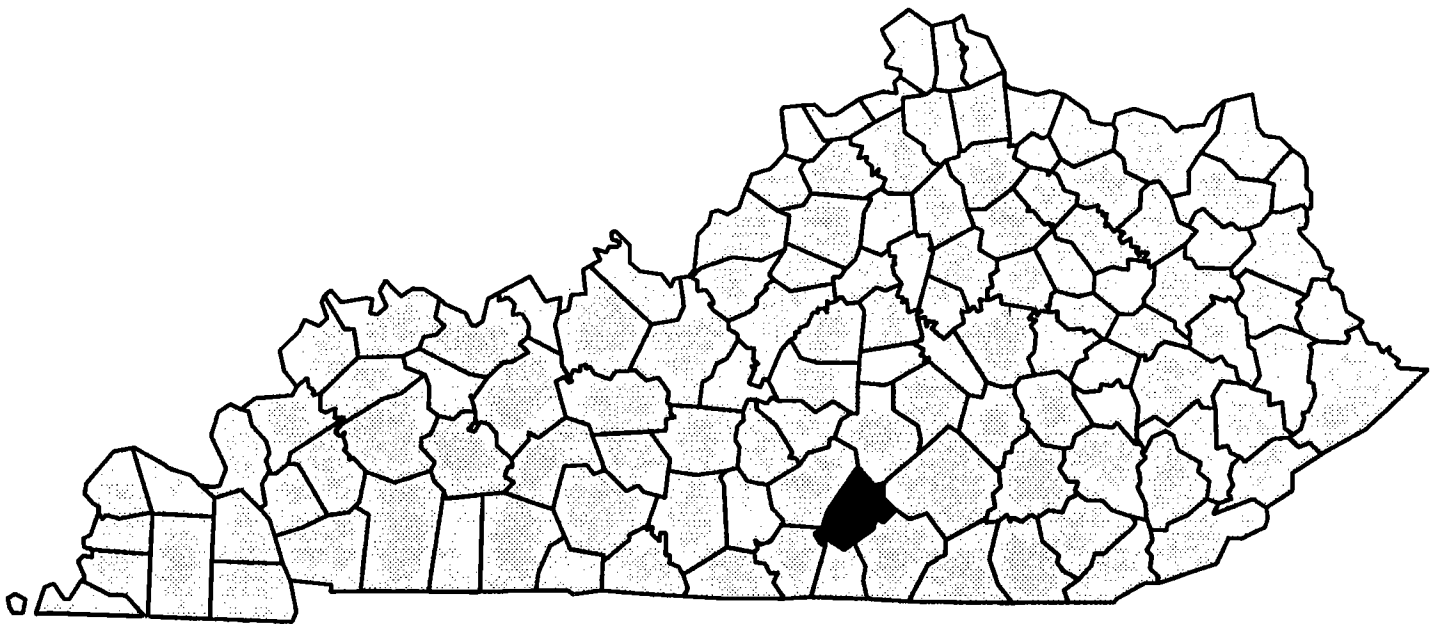


11

11

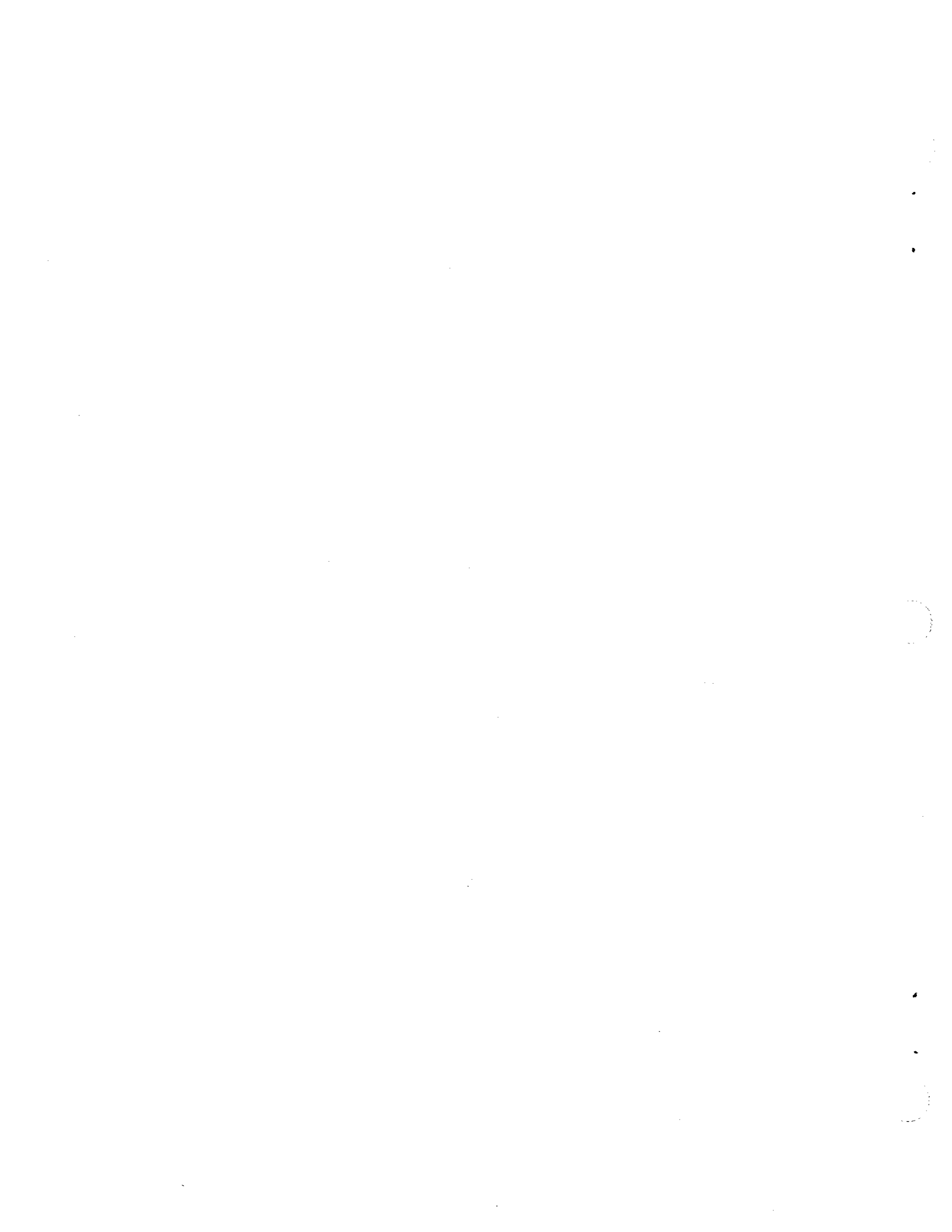
ECONOMIC TRENDS IN
KENTUCKY COUNTIES
1969 – 1987

RUSSELL 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

KY
65
. L3pm
No. 438
1990

RUSSELL 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 Russell County economy, as measured by personal income, grew substantially from 1969 to 1987. Russell 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 significantly below those of the state.

Russell 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 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 Russell County economy grew in importance. The farm sector's share of earnings and employment declined at both the local and state level. The non-goods-producing sectors, particularly the service sector, experienced significant growth in the county as well as the state.

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. However, the national economic outlook is for continued expansion of the service and trade sectors. Russell County's strength in these sectors positions it well for 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.

*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 RUSSELL 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 Russell 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 Russell County economy, as measured by personal income, increased from \$70 million in 1969 to \$139 million in 1987, after adjusting for inflation. Chart 1B shows Russell County total personal income as a percent of Kentucky total personal income. Russell 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 Russell County per capita income grew over the time period to a level of \$9,364 in 1987, when it was 74.9 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 declined with the national recessions of 1975 and early 1980's. Overall, total earnings increased from \$55 million in 1969 to \$75 million in 1979, declined to \$67 million in 1983, then jumped

to \$86 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 61.5 percent of Russell County's total personal income, which was lower than Kentucky's 67.5 percent share.

Transfer payments contributed \$12 million to total personal income in 1969 and \$36 million in 1987. During the same period, transfer payments contributed a much higher percentage of personal income in Russell County than in Kentucky.

Income from property in Russell County grew steadily through the time period. Income from property totalled \$4 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 wage and salaries and proprietor's income. In 1969, Russell County received 11.9 percent of total earnings from manufacturing. This percentage increased to 33.7 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 showed a steady decline over the period.

Farming's contribution to total county earnings decreased from 16.4 percent in 1969 to 10.3 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, trade and state and local government sectors all increased over the period. In 1987, services accounted for 14.5 percent of total county earnings, trade accounted for 13.0 percent and government, 12.9 percent. 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 Russell 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. Russell County average earnings declined through the period, reaching \$12,784 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 Russell County increased substantially during the data period. In 1969, total employment stood at 4,630 people. By 1987, that figure had increased to 7,161.

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 Russell County are presented in Chart 4B. Unemployment rates in Russell County were generally above those of the state throughout the period. However, in 1987, the county unemployment rate was 8.1, 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 16.5 percent in 1969 to 31.6 percent in 1987. Again, this trend is unlike that of the state.

The farm sector was the primary source of employment in the beginning of the period. However, farming's share of employment declined from 27.6 percent in 1969 to 19.6 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 8.7 percent of employment. This share increased to 10.4 percent in 1987. The percent in the trade sector grew from 11.0 in 1969 to 14.6 in 1987. The percent of employment in state and local government remained relatively constant, accounting for 9.8 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 Russell County.

The Russell County population grew substantially, from 10,600 in 1969 to 14,900 in 1987 (Chart 5A). It was estimated that in 1986, 7.1 percent of Russell County's population was under six years of age, compared to 8.6 for

the state. Russell County had a larger proportion of residents age sixty or over than the state. In 1986, 21.0 percent of the Russell County population was sixty years of age and over, while 16.5 percent of all Kentucky residents fell in this age group.

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

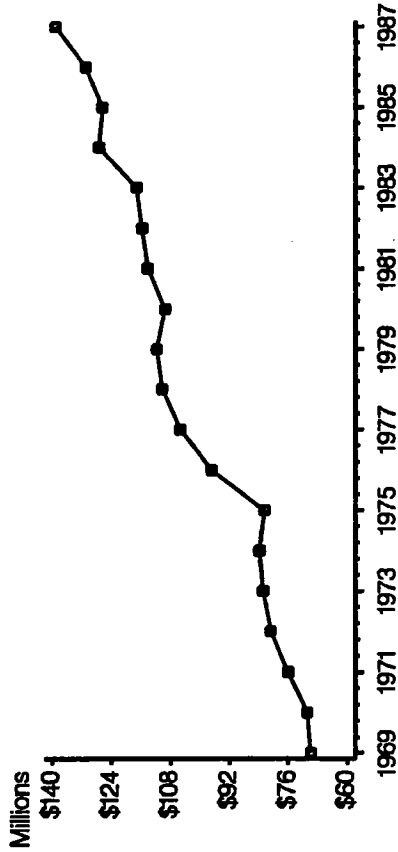


CHART 1B
 RUSSELL COUNTY
 PERSONAL INCOME
 as a Percent of Kentucky Personal Income

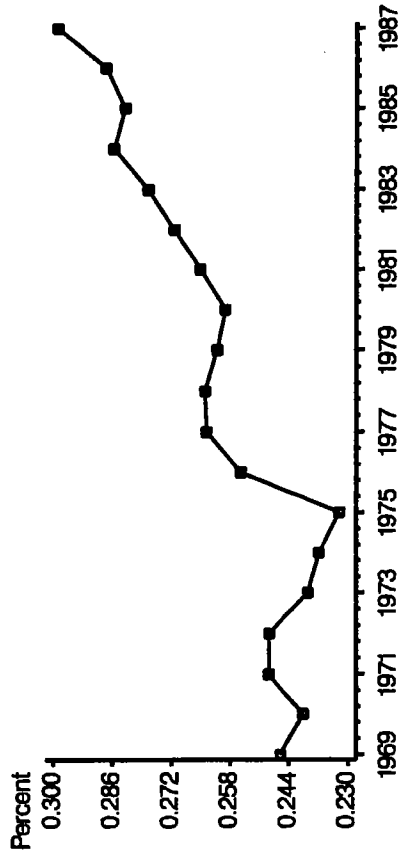


CHART 1C
 RUSSELL COUNTY
 PER CAPITA PERSONAL INCOME
 in Constant 1988 Dollars

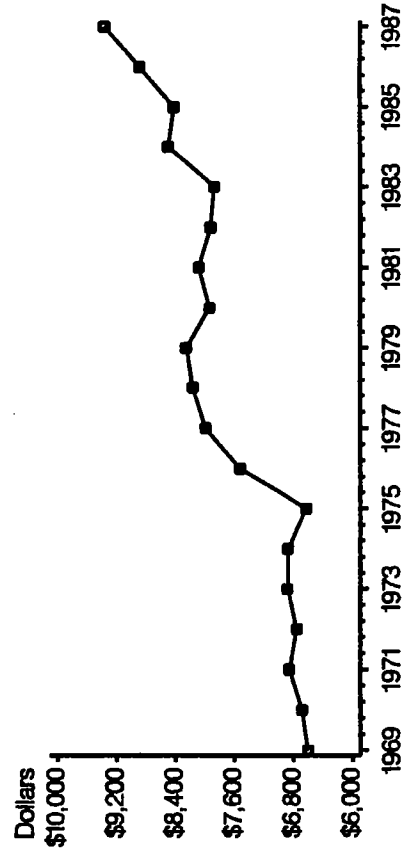


CHART 1D
 RUSSELL COUNTY
 PER CAPITA PERSONAL INCOME
 as a Percent of Kentucky Per Capita Personal Income

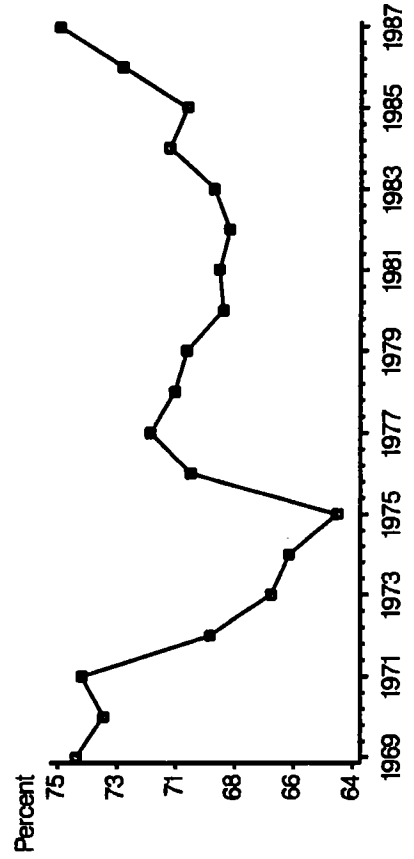


CHART 2A
 RUSSELL COUNTY
 REAL TOTAL EARNINGS
 Millions of 1988 dollars

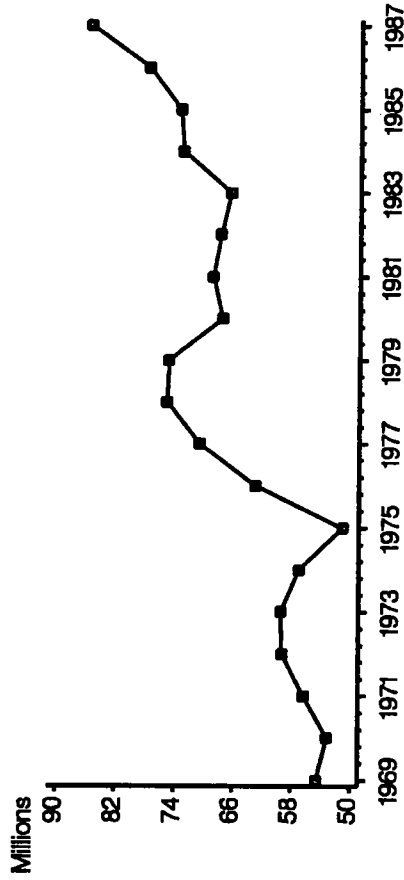


CHART 2B
 RUSSELL COUNTY
 TRANSFER PAYMENTS and INCOME FROM PROPERTY
 Millions of 1988 Dollars

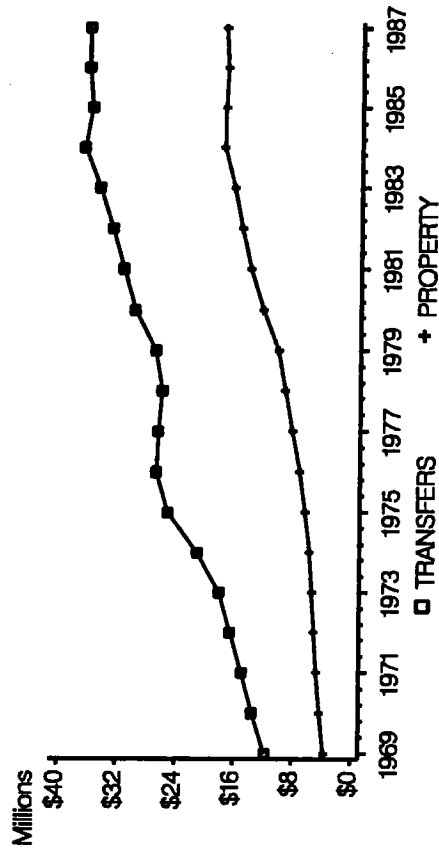


CHART 2C
 RUSSELL COUNTY
 TOTAL EARNINGS
 as a Percent of Personal Income

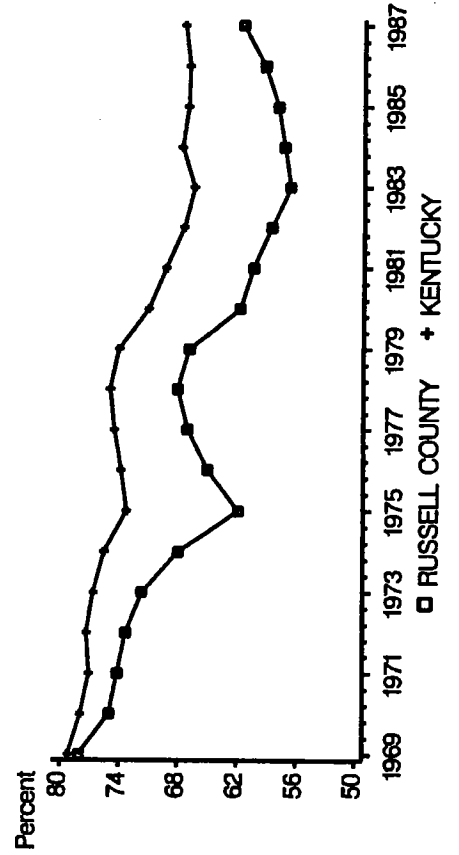


CHART 2D
 RUSSELL COUNTY
 TRANSFER PAYMENTS
 as a Percent of Personal Income

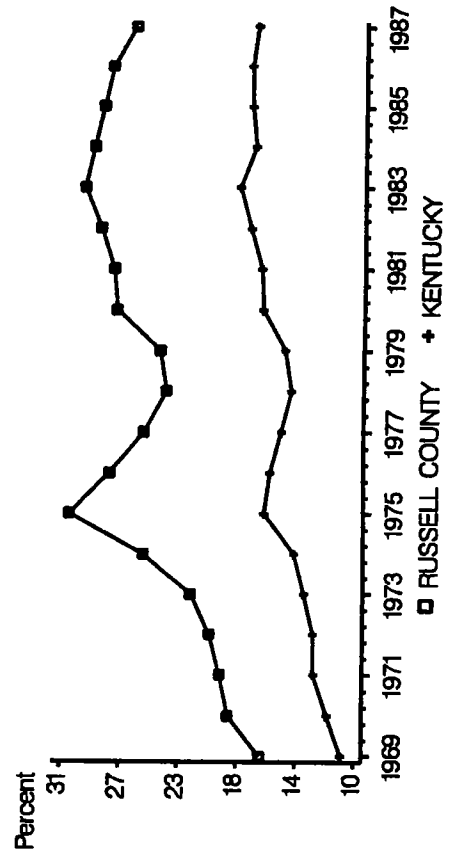


CHART 3A

RUSSELL COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Earnings

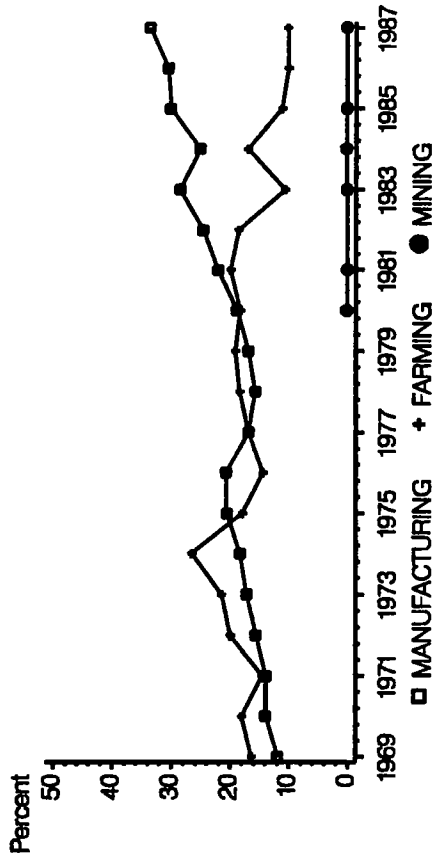


CHART 3B

RUSSELL COUNTY

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

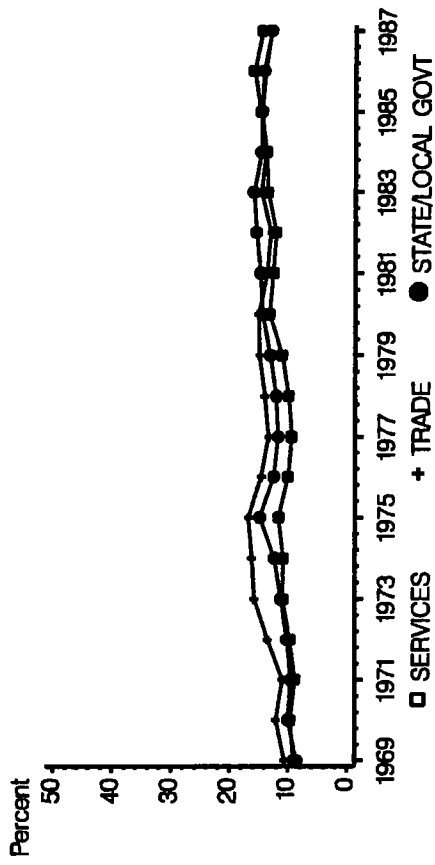


CHART 3C

RUSSELL COUNTY

EARNINGS in GOODS PRODUCING INDUSTRIES
as a Percent of Kentucky Industries

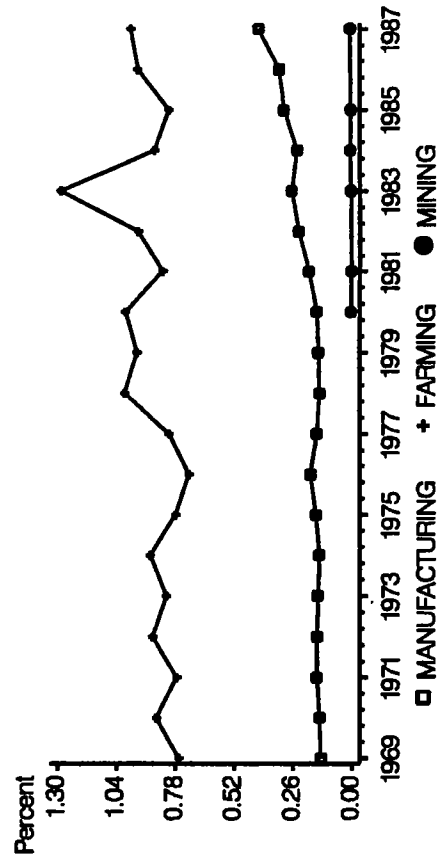


CHART 3D

RUSSELL COUNTY

AVERAGE EARNINGS PER JOB
in Constant 1988 Dollars

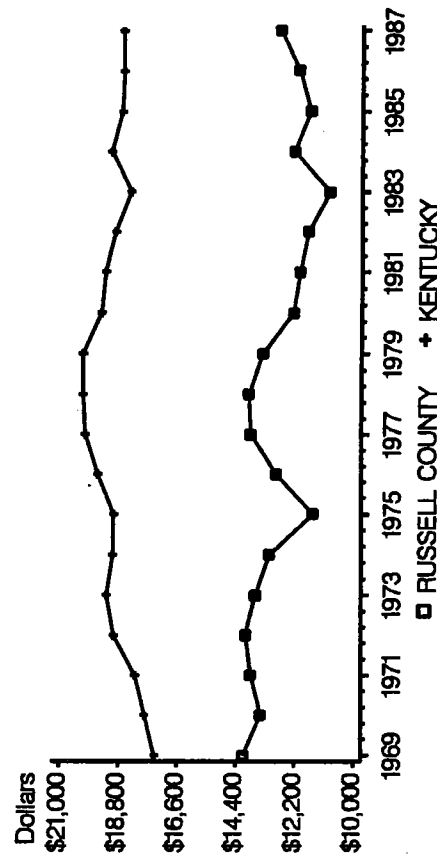


CHART 4A
RUSSELL COUNTY
TOTAL EMPLOYMENT
Thousands of People

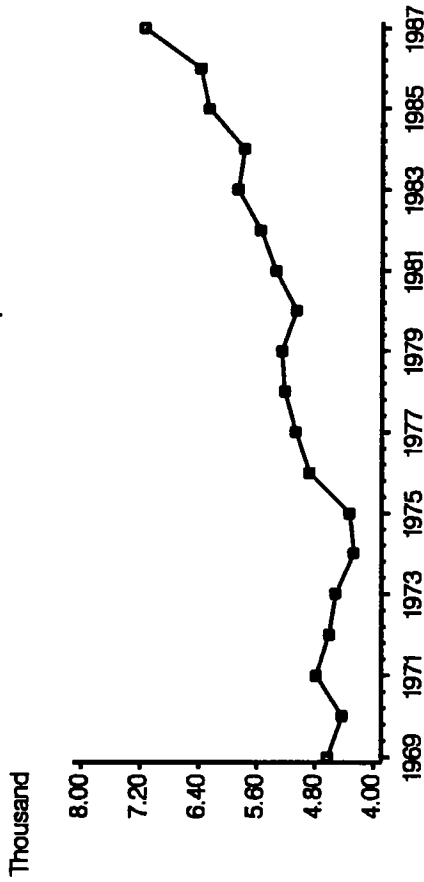


CHART 4B
RUSSELL COUNTY
ANNUAL UNEMPLOYMENT RATE

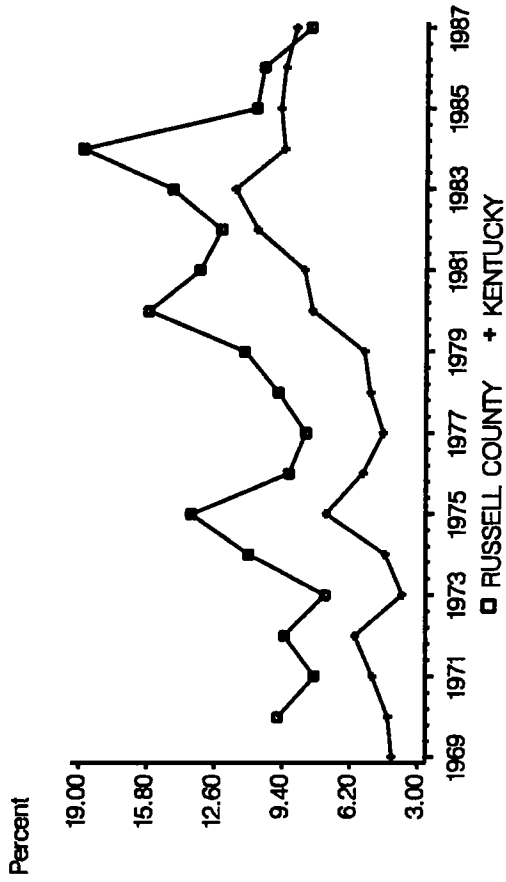


CHART 4C
RUSSELL COUNTY
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Employment

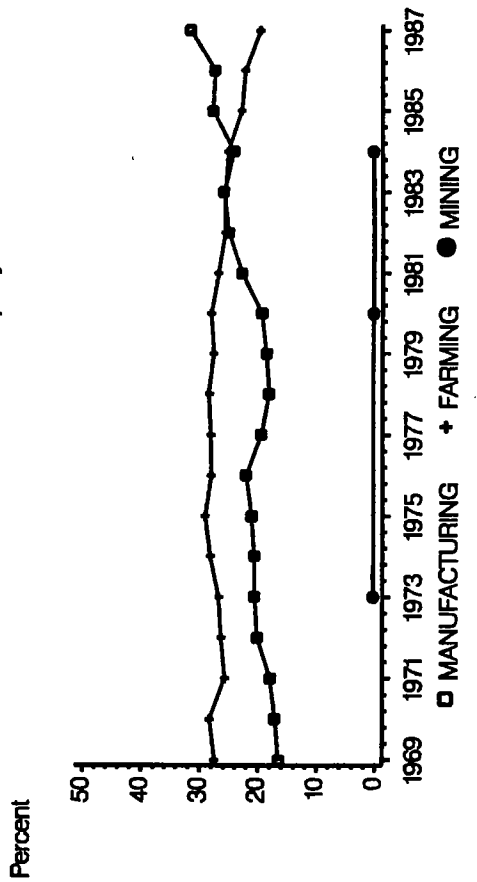


CHART 4D
RUSSELL COUNTY
EMPLOYMENT in NON - GOODS PRODUCING INDUSTRIES
as a Percent of Total Employment

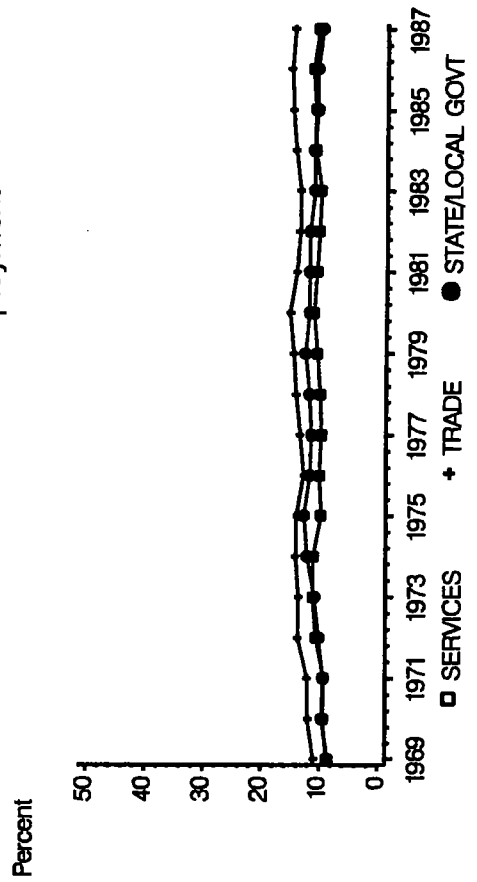


CHART 5A
 RUSSELL COUNTY
 POPULATION
 Thousands of People

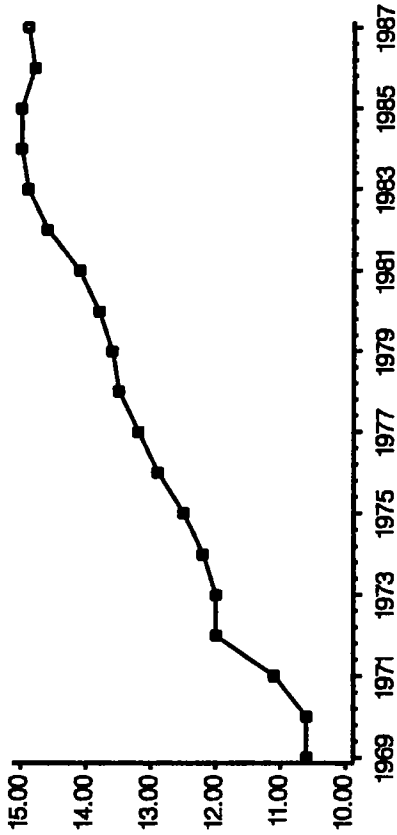


CHART 5B
 RUSSELL COUNTY
 POPULATION
 as a Percent of Kentucky Population

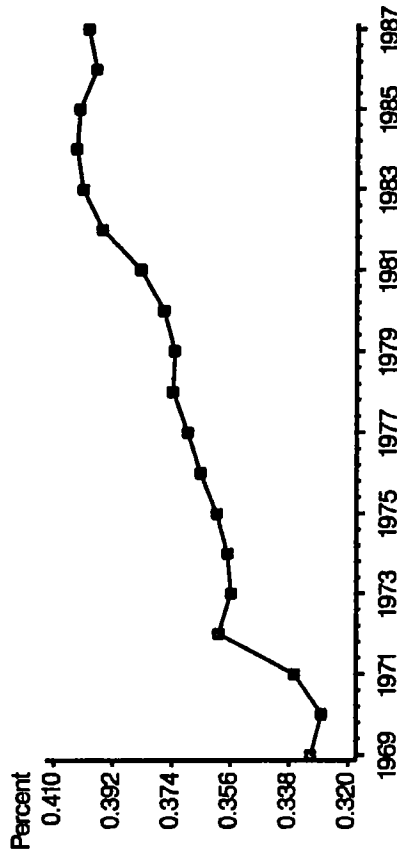


CHART 5C
 RUSSELL COUNTY
 POPULATION 5 AND UNDER
 as a Percent of Total Population

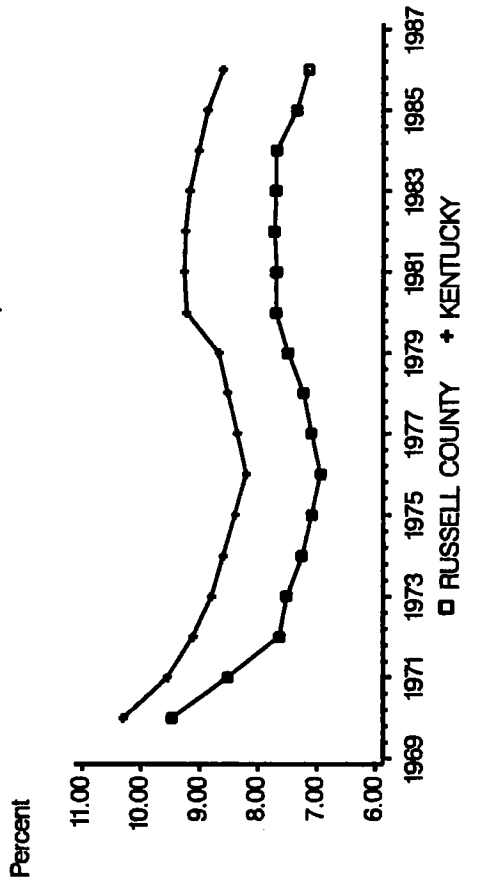
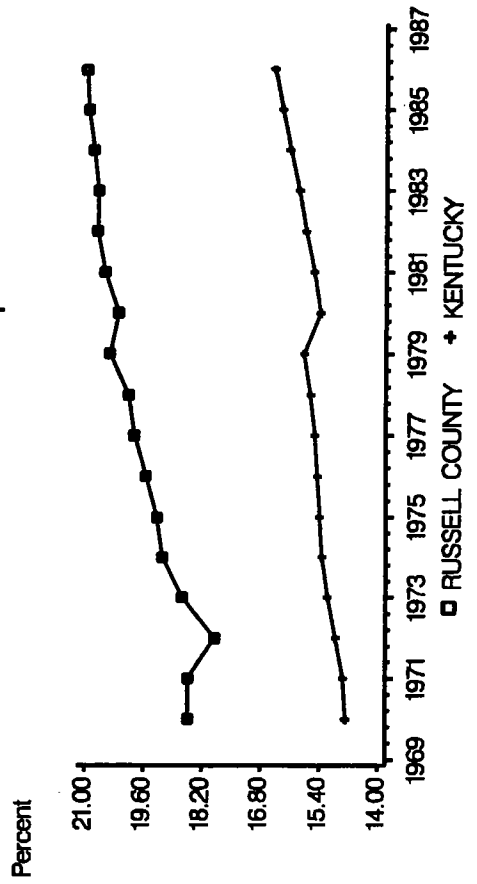


CHART 5D
 RUSSELL COUNTY
 POPULATION 60 AND OVER
 as a Percent of Total Population



RUSSELL COUNTY

PERSONAL INCOME
In Constant 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	70	0.25	6,602	74.3
1970	71	0.24	6,681	73.3
1971	76	0.25	6,857	74.1
1972	81	0.25	6,756	69.3
1973	83	0.24	6,885	67.0
1974	84	0.24	6,877	66.4
1975	83	0.23	6,627	64.6
1976	97	0.26	7,522	70.1
1977	105	0.26	7,996	71.5
1978	110	0.26	8,171	70.6
1979	112	0.26	8,255	70.2
1980	110	0.26	7,939	68.8
1981	114	0.27	8,086	69.0
1982	116	0.27	7,926	68.6
1983	117	0.28	7,875	69.2
1984	127	0.29	8,494	70.8
1985	127	0.28	8,422	70.2
1986	131	0.29	8,884	72.6
1987	139	0.30	9,364	74.9

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	55	78.1	79.2	12	16.7	10.9	4	5.2	9.9
1970	53	75.0	77.9	13	19.0	11.9	4	6.0	10.2
1971	56	74.2	77.0	15	19.6	12.9	5	6.2	10.1
1972	59	73.4	77.3	17	20.4	12.9	5	6.2	9.7
1973	60	71.7	76.6	18	21.8	13.6	5	6.5	9.7
1974	57	68.0	75.5	21	25.1	14.4	6	6.9	10.1
1975	51	61.9	73.3	25	30.4	16.5	6	7.7	10.1
1976	63	65.1	73.9	27	27.6	16.1	7	7.3	10.0
1977	71	67.1	74.6	26	25.1	15.3	8	7.8	10.1
1978	75	68.1	75.0	26	23.5	14.6	9	8.3	10.4
1979	75	66.9	74.1	27	24.0	15.1	10	9.1	10.8
1980	68	61.7	71.1	30	27.1	16.7	12	11.2	12.2
1981	69	60.4	69.3	31	27.4	16.8	14	12.2	13.8
1982	68	58.6	67.5	33	28.3	17.6	15	13.1	14.9
1983	67	56.8	66.6	35	29.4	18.4	16	13.8	15.1
1984	73	57.4	67.8	37	28.8	17.3	18	13.9	14.9
1985	73	58.0	67.2	36	28.1	17.6	18	13.9	15.3
1986	78	59.3	67.1	36	27.5	17.6	17	13.2	15.3
1987	86	61.5	67.5	36	25.9	17.2	18	12.6	15.3

RUSSELL 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	11.9	0.14	16.4	0.77	.	.
1970	14.0	0.14	18.0	0.86	.	.
1971	13.9	0.15	14.6	0.77	.	.
1972	15.6	0.15	20.0	0.88	.	.
1973	17.2	0.15	21.5	0.82	.	.
1974	18.3	0.14	26.5	0.89	.	.
1975	20.6	0.16	17.9	0.78	.	.
1976	20.7	0.18	14.4	0.72	.	.
1977	16.9	0.15	16.9	0.81	.	.
1978	15.7	0.14	18.4	1.00	.	.
1979	17.0	0.15	19.1	0.95	.	.
1980	18.9	0.15	18.3	1.00	0.2	0.01
1981	22.1	0.19	20.0	0.83	0.1	0.00
1982	24.7	0.23	18.6	0.94	.	.
1983	28.6	0.27	10.7	1.28	0.2	0.01
1984	25.2	0.24	17.0	0.87	0.2	0.01
1985	30.2	0.30	11.3	0.81	0.2	0.01
1986	30.6	0.32	10.1	0.95	.	.
1987	33.7	0.41	10.3	0.98	0.2	0.01

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	9.1	0.19	10.7	0.19	8.6	0.26
1970	9.7	0.18	12.1	0.19	10.0	0.26
1971	8.8	0.18	11.0	0.19	9.5	0.26
1972	9.7	0.18	13.6	0.21	10.2	0.27
1973	11.0	0.19	15.8	0.22	11.3	0.27
1974	10.9	0.17	16.2	0.21	12.4	0.27
1975	11.7	0.16	16.8	0.19	14.9	0.28
1976	10.1	0.16	14.6	0.20	12.5	0.28
1977	9.4	0.16	13.4	0.20	11.7	0.28
1978	10.0	0.17	14.1	0.20	12.1	0.29
1979	11.1	0.18	14.9	0.20	13.1	0.29
1980	13.2	0.18	15.1	0.19	14.5	0.28
1981	12.6	0.18	13.7	0.19	14.8	0.30
1982	12.1	0.17	13.0	0.18	15.5	0.32
1983	13.5	0.18	14.6	0.20	15.9	0.32
1984	13.8	0.19	14.0	0.21	14.7	0.32
1985	14.8	0.20	14.5	0.22	14.6	0.32
1986	15.9	0.21	13.9	0.22	14.3	0.31
1987	14.5	0.21	13.0	0.24	12.9	0.33

RUSSELL COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	765	16.5	1,276	27.6	.	.
1970	759	17.1	1,256	28.4	.	.
1971	855	17.9	1,232	25.7	.	.
1972	924	20.1	1,214	26.3	.	.
1973	927	20.5	1,209	26.8	14	0.3
1974	878	20.6	1,206	28.2	.	.
1975	910	21.0	1,261	29.1	.	.
1976	1,072	21.9	1,371	28.1	.	.
1977	984	19.4	1,428	28.1	.	.
1978	943	18.0	1,485	28.4	.	.
1979	976	18.5	1,458	27.7	.	.
1980	976	19.3	1,422	28.1	12	0.2
1981	1,215	22.7	1,436	26.8	.	.
1982	1,393	25.0	1,429	25.7	.	.
1983	1,523	25.9	1,509	25.7	.	.
1984	1,393	24.1	1,456	25.2	13	0.2
1985	1,745	27.8	1,433	22.8	.	.
1986	1,755	27.4	1,418	22.2	.	.
1987	2,263	31.6	1,403	19.6	.	.

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	403	8.7	507	11.0	393	8.5
1970	412	9.3	531	12.0	422	9.5
1971	444	9.3	582	12.2	445	9.3
1972	489	10.6	637	13.8	464	10.1
1973	504	11.2	619	13.7	490	10.8
1974	473	11.1	608	14.2	523	12.2
1975	424	9.8	608	14.0	554	12.8
1976	490	10.0	626	12.8	572	11.7
1977	494	9.7	685	13.5	584	11.5
1978	520	9.9	744	14.2	619	11.8
1979	553	10.5	769	14.6	663	12.6
1980	563	11.1	776	15.3	603	11.9
1981	570	10.7	760	14.2	641	12.0
1982	573	10.3	762	13.7	663	11.9
1983	586	10.0	798	13.6	654	11.1
1984	633	10.9	836	14.4	649	11.2
1985	687	10.9	939	15.0	665	10.6
1986	728	11.4	968	15.1	681	10.6
1987	745	10.4	1,049	14.6	701	9.8

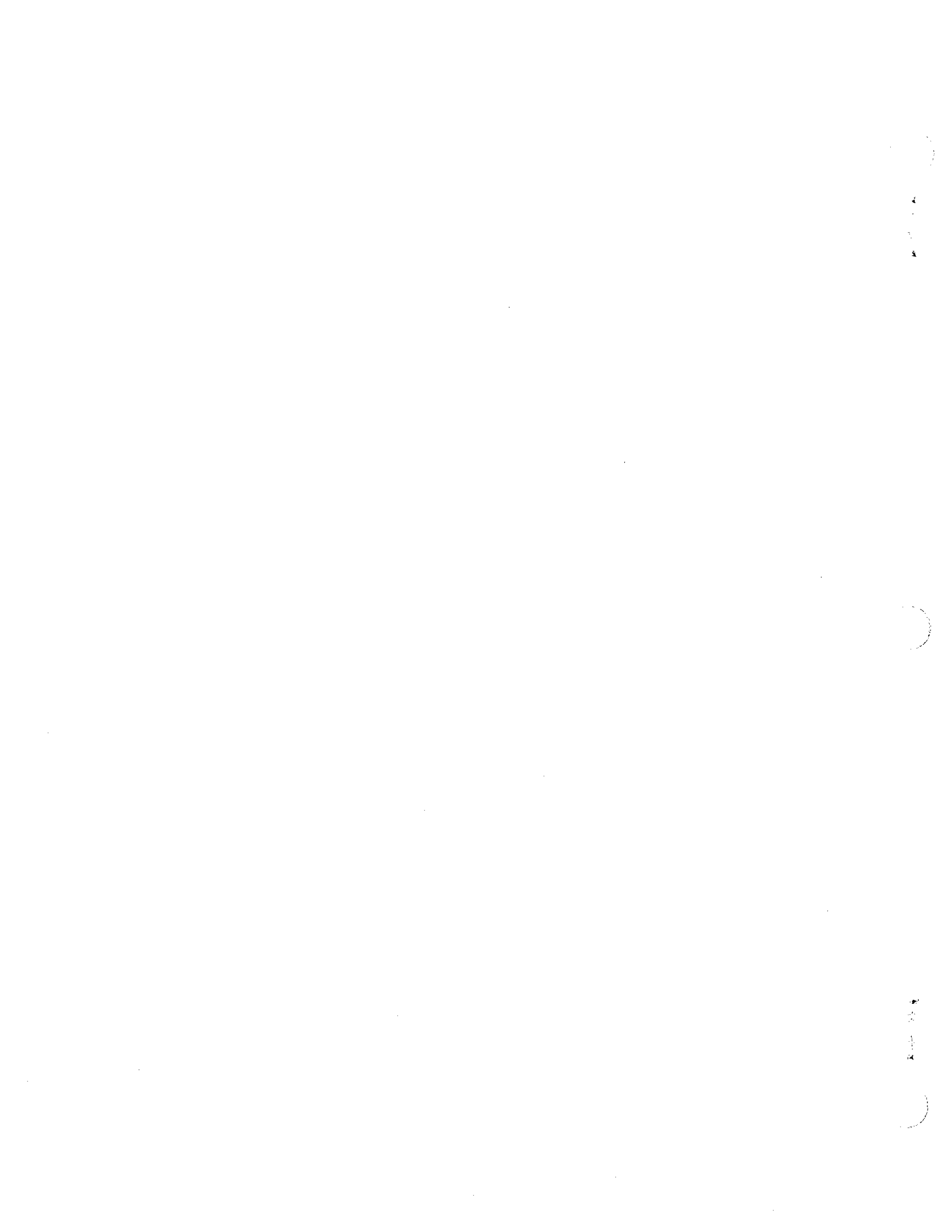
RUSSELL COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	4,630	\$14,099	\$17,440	.	4.2
1970	4,430	\$13,466	\$17,811	9.6	4.4
1971	4,787	\$13,828	\$18,166	7.9	5.1
1972	4,608	\$14,020	\$18,970	9.3	6.0
1973	4,519	\$13,667	\$19,232	7.4	3.7
1974	4,271	\$13,154	\$19,008	11.0	4.5
1975	4,331	\$11,504	\$18,976	13.7	7.3
1976	4,884	\$12,917	\$19,563	9.1	5.6
1977	5,076	\$13,857	\$20,031	8.3	4.7
1978	5,227	\$13,926	\$20,121	9.6	5.3
1979	5,269	\$13,410	\$20,110	11.2	5.5
1980	5,068	\$12,257	\$19,439	15.7	8.0
1981	5,352	\$12,024	\$19,286	13.3	8.4
1982	5,563	\$11,708	\$18,931	12.3	10.6
1983	5,875	\$10,914	\$18,358	14.6	11.6
1984	5,787	\$12,237	\$19,080	18.8	9.3
1985	6,279	\$11,623	\$18,676	10.7	9.5
1986	6,396	\$12,072	\$18,627	10.3	9.3
1987	7,161	\$12,784	\$18,636	8.1	8.8

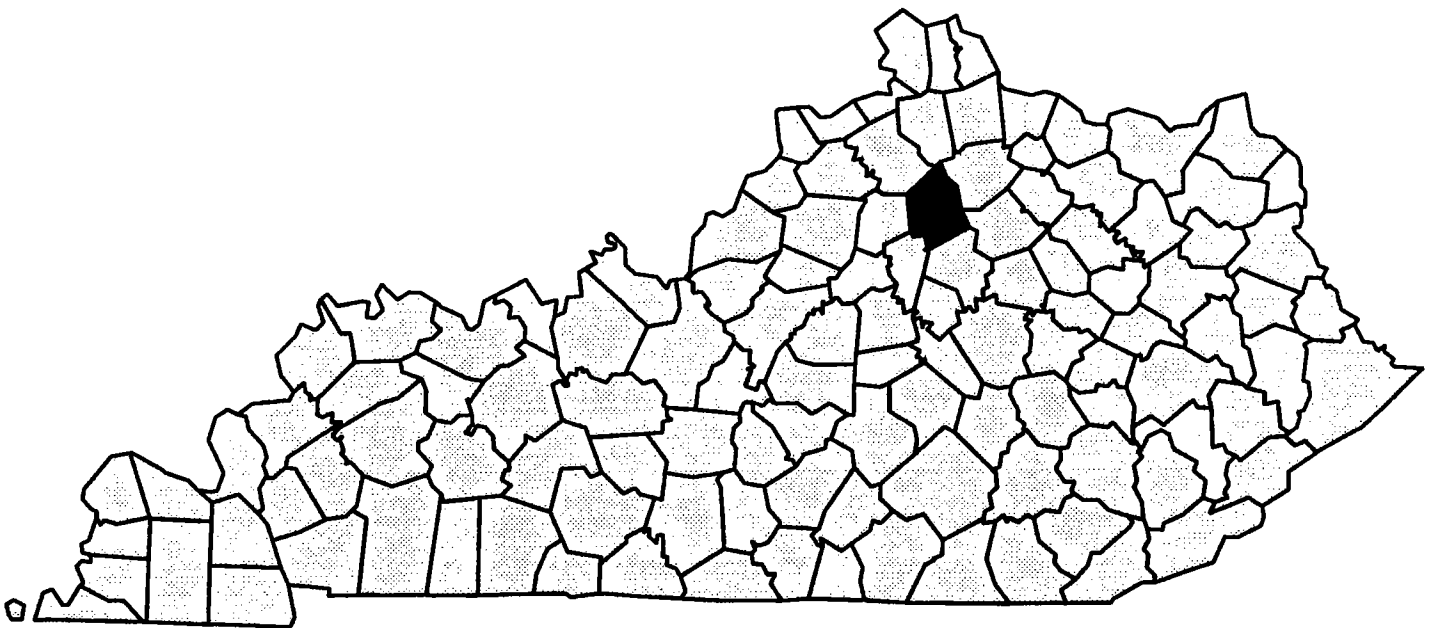
POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER AGE 6		PERCENT AGE 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	10,600	0.33	.	.	.	.
1970	10,600	0.33	9.5	10.3	18.5	14.8
1971	11,100	0.34	8.5	9.6	18.5	14.8
1972	12,000	0.36	7.6	9.1	17.9	15.0
1973	12,000	0.36	7.5	8.8	18.7	15.2
1974	12,200	0.36	7.3	8.6	19.2	15.3
1975	12,500	0.36	7.1	8.4	19.3	15.4
1976	12,900	0.37	6.9	8.2	19.6	15.5
1977	13,200	0.37	7.1	8.4	19.8	15.5
1978	13,500	0.37	7.2	8.5	20.0	15.6
1979	13,600	0.37	7.5	8.7	20.4	15.8
1980	13,800	0.38	7.7	9.2	20.2	15.4
1981	14,100	0.38	7.7	9.3	20.5	15.5
1982	14,600	0.40	7.7	9.2	20.7	15.7
1983	14,900	0.40	7.7	9.2	20.7	15.9
1984	15,000	0.40	7.7	9.0	20.8	16.1
1985	15,000	0.40	7.3	8.9	20.9	16.3
1986	14,800	0.40	7.1	8.6	21.0	16.5
1987	14,900	0.40	.	.	.	.



ECONOMIC TRENDS IN
KENTUCKY COUNTIES
1969 – 1987

SCOTT 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

KY
65
.L3rm
No. 438
1990

SCOTT 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 Scott County economy, as measured by personal income, grew strongly from 1969 to 1987. Scott County increased its share of Kentucky personal income, indicating that the county economy grew faster than the state economy. This relative performance may be explained by components of personal income. Scott County receives a higher percentage of personal income from earnings and a lower percent from transfer payments than does the state.

The county has historically been heavily dependent on the goods-producing industries of manufacturing and farming. While the state share of earnings in manufacturing declined, the county share increased. However, manufacturing's share of employment declined slightly. The farm sector's share of both the Scott County and Kentucky economies declined. The non-goods-producing sectors, particularly service and trade, have experienced significant growth at the state level but experienced only slight growth in Scott County.

The county's economy has been supported 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.

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.

*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 SCOTT 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 Scott 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 Scott County economy, as measured by personal income, increased from \$167 million in 1969 to \$307 million in 1987, after adjusting for inflation. Chart 1B shows Scott County total personal income as a percent of Kentucky total personal income. Scott 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 Scott County per capita income increased over the time period to a level of \$13,728 in 1987, which was 109.8 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. Except for small declines corresponding to national recessions, total earnings increased from \$136 million in 1969 to \$225 million in 1987 (in constant 1988 dollars). While earnings have increased, their share of personal income declined over time. This trend occurred at the state level as well. In 1987, earnings accounted for 73.3

percent of Scott County's total personal income, which was higher than Kentucky's 67.5 percent share.

Transfer payments contributed \$16 million to total personal income in 1969 and \$41 million in 1987. During the same period, transfer payments contributed a much lower percentage of personal income in Scott County than in Kentucky.

Income from property in Scott County grew steadily through the time period. Income from property totalled \$15 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 wage and salary income and proprietor's income. In 1969, Scott County received 25.7 percent of total earnings from manufacturing. This percentage increased in the 1970's, declined in the early 1980's, then increased to 35.0 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 showed a steady decline over the period.

Farming's contribution to total county earnings was erratic but generally decreased from 29.6 percent in 1969 to 17.3 percent in 1987. The trend toward declining earnings from farming 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 remained relatively constant and accounted for 13.3 percent in 1987. The percent of earnings from the trade sector declined steadily, from 13.0 percent in 1969 to 8.2 percent in 1987. The share of earnings from the state and local government sector remained stable and accounted for 6.9 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 Scott 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. Scott County average earnings per job increased during the period, reaching \$18,266 in 1987.

Employment

Employment is considered any activity for which one receives financial remuneration in the form of wages or profits. Total employment in Scott County increased steadily during the data period. In 1969, total employment stood at 6,918 people. By 1987, that figure had increased to 11,207.

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 Scott County are presented in Chart 4B. Unemployment rates in Scott County have been below those of the state since 1971. In 1987, the county unemployment rate was 7.7 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 through the 1970's to 30.0 percent in 1977. However, this share decreased to 21.4 percent in 1987. The farm sector's share of employment declined from 31.0 percent in 1969 to 16.3 percent in 1987. Employment shares for these sectors also declined at the state level.

Employment in the non-goods-producing industries is presented in Chart 4D. Service sector employment increased slightly, from 16.6 percent in 1969 to 19.8 percent in 1987. The percent of employment in state and local government and trade remained constant. In 1987, the trade sector accounted for 14.6 percent of employment and the state and local government sector accounted for 7.9 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 Scott County.

The Scott County population grew from 17,700 in 1969 to 22,400 in 1987 (Chart 5A). It was estimated that in 1986, 8.4 percent of Scott County's population was under six years of age, compared to 8.6 for the state. Scott County had a lower proportion of residents age sixty or over, than the state. In 1986, 14.9 percent of the Scott County population was sixty years of age and over, while 16.5 percent of all Kentucky residents fell in this age group.

CHART 1A

SCOTT COUNTY
REAL PERSONAL INCOME
Millions of 1988 dollars

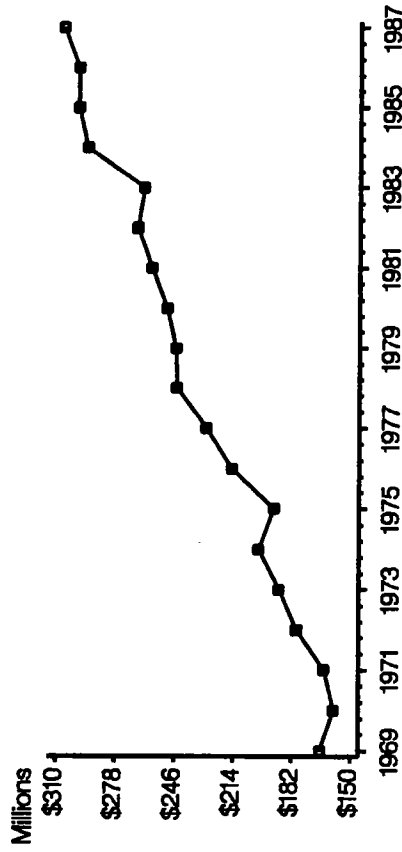


CHART 1B
SCOTT COUNTY
PERSONAL INCOME
as a Percent of Kentucky Personal Income

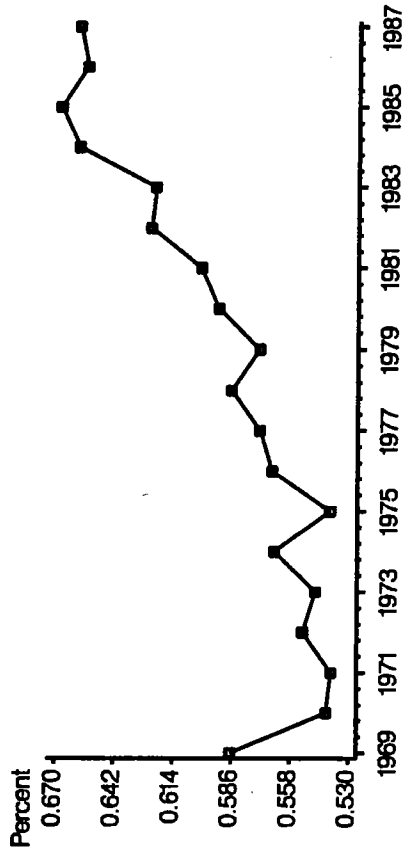


CHART 1C

SCOTT COUNTY
PER CAPITA PERSONAL INCOME
in Constant 1988 Dollars

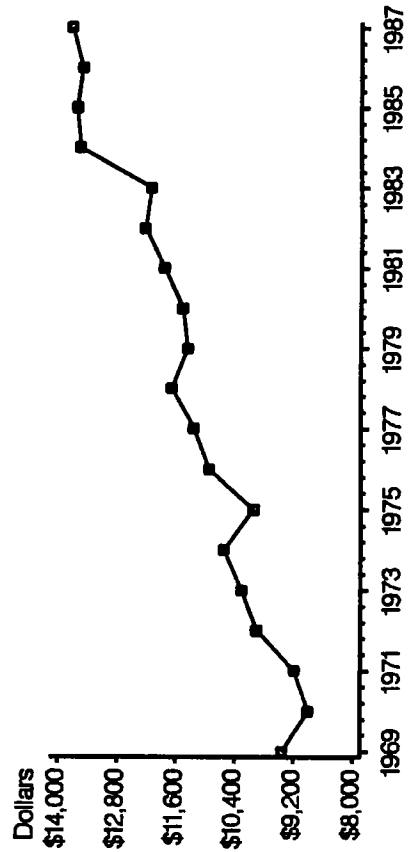


CHART 1D

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

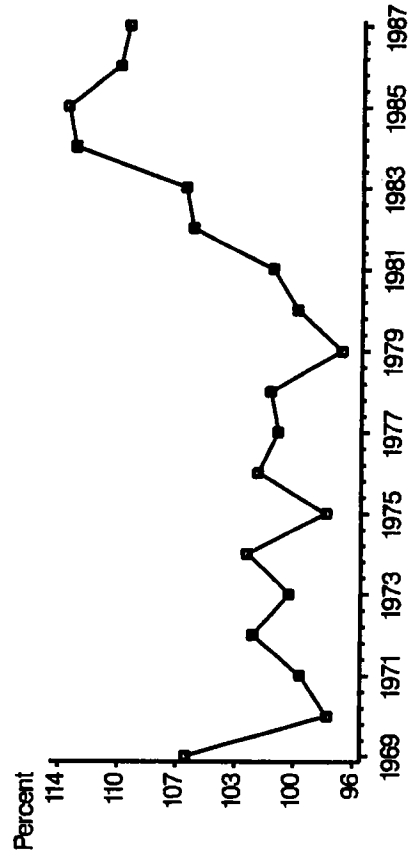


CHART 2A

SCOTT COUNTY

REAL TOTAL EARNINGS

Millions of 1988 dollars

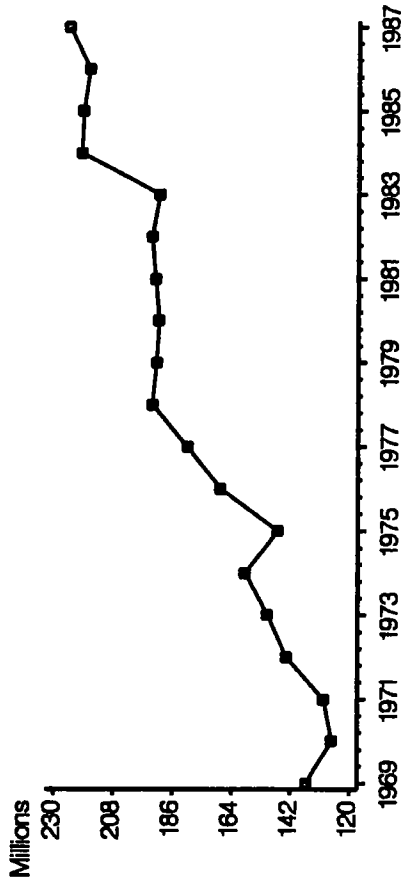


CHART 2B

SCOTT COUNTY

TRANSFER PAYMENTS and INCOME FROM PROPERTY

Millions of 1988 Dollars

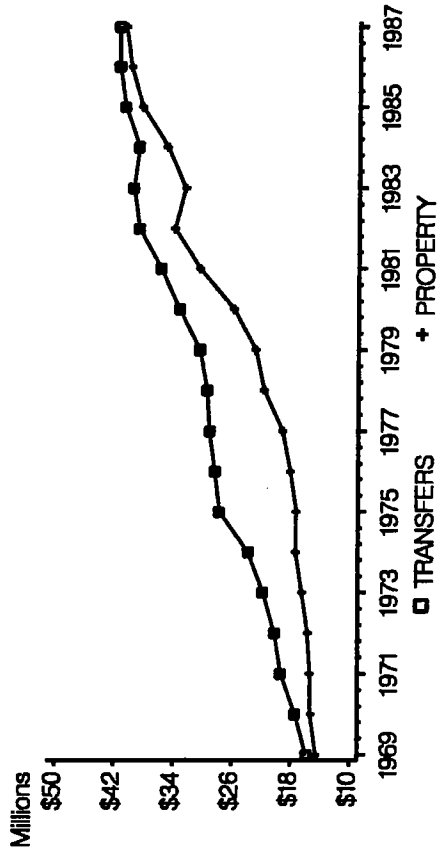


CHART 2C

SCOTT COUNTY

TOTAL EARNINGS

as a Percent of Personal Income

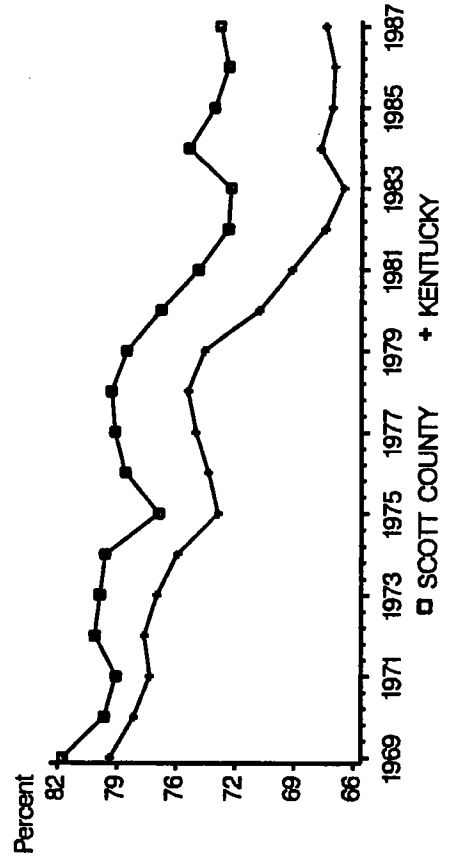


CHART 2D

SCOTT COUNTY

TRANSFER PAYMENTS

as a Percent of Personal Income

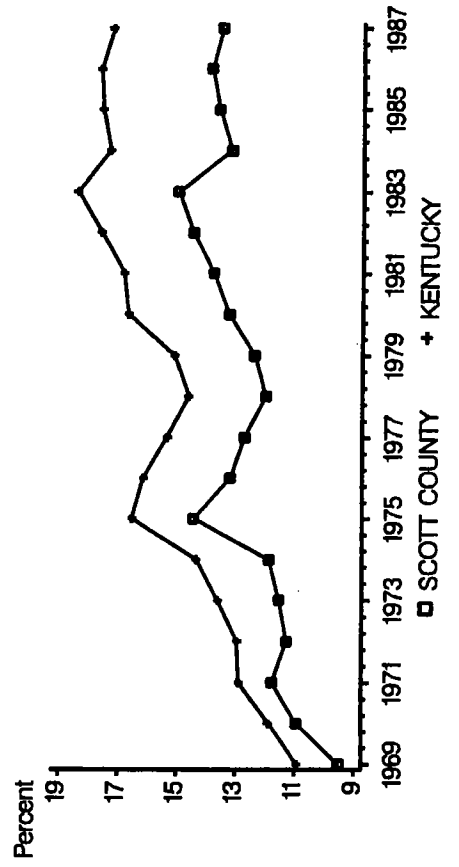


CHART 3A

SCOTT COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Earnings

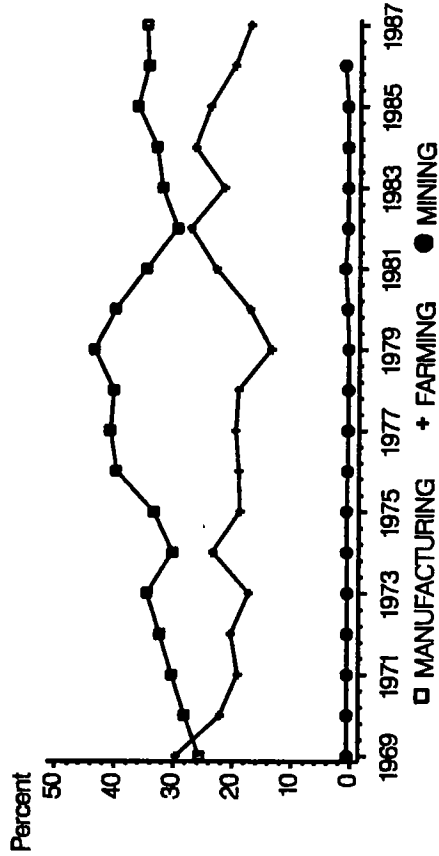


CHART 3B

SCOTT COUNTY

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

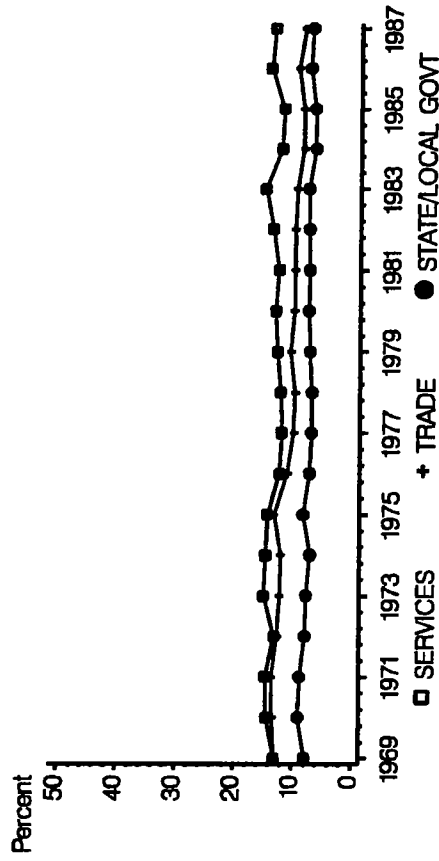


CHART 3C

SCOTT COUNTY

EARNINGS in GOODS PRODUCING INDUSTRIES
as a Percent of Kentucky Industries

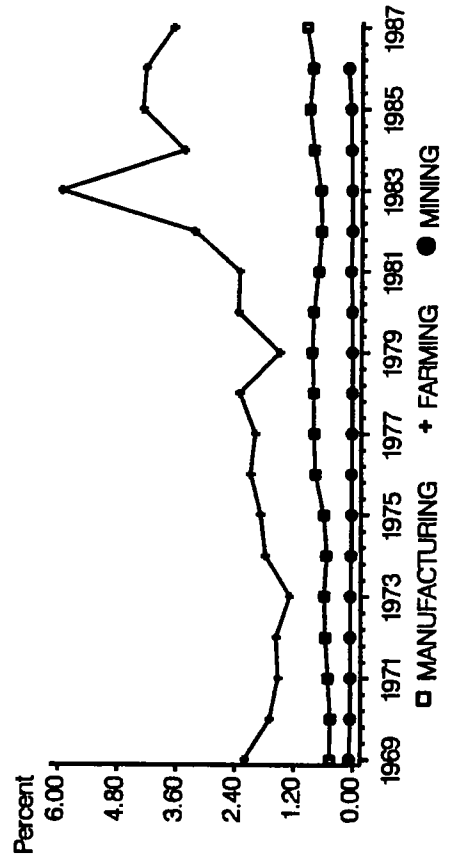


CHART 3D

SCOTT COUNTY

AVERAGE EARNINGS PER JOB
in Constant 1988 Dollars

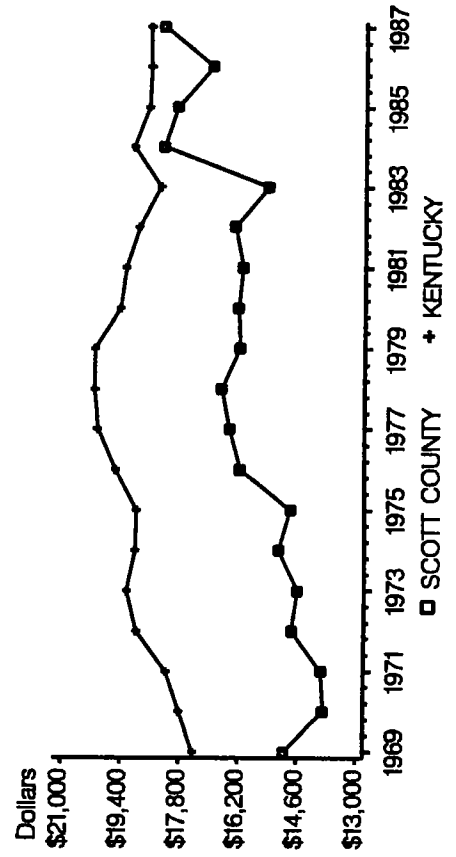


CHART 4A
SCOTT COUNTY
TOTAL EMPLOYMENT
Thousands of People

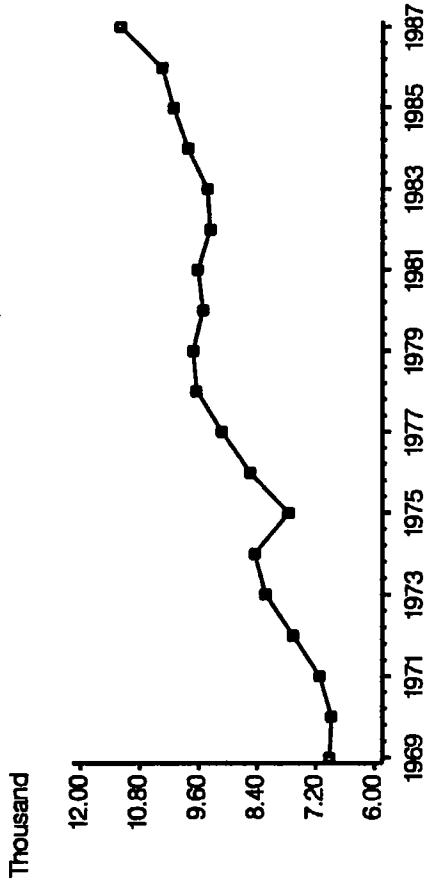


CHART 4B
SCOTT COUNTY
ANNUAL UNEMPLOYMENT RATE

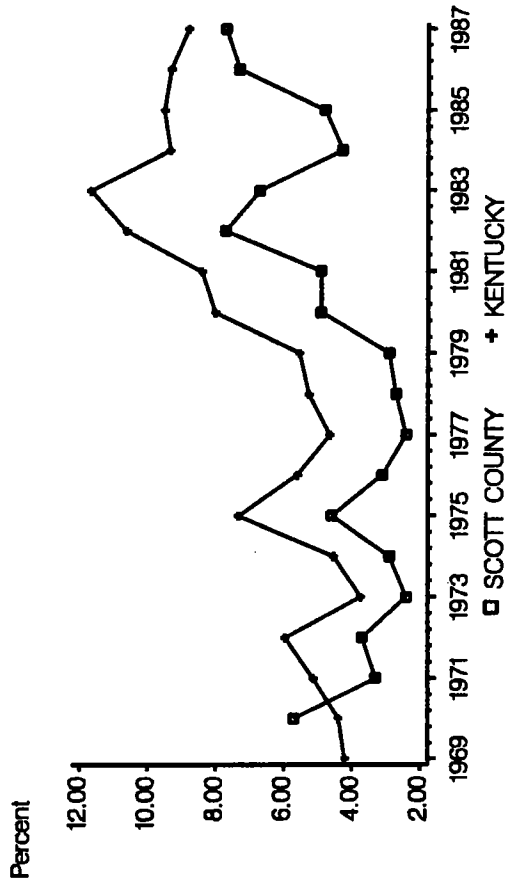


CHART 4C
SCOTT COUNTY
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Employment

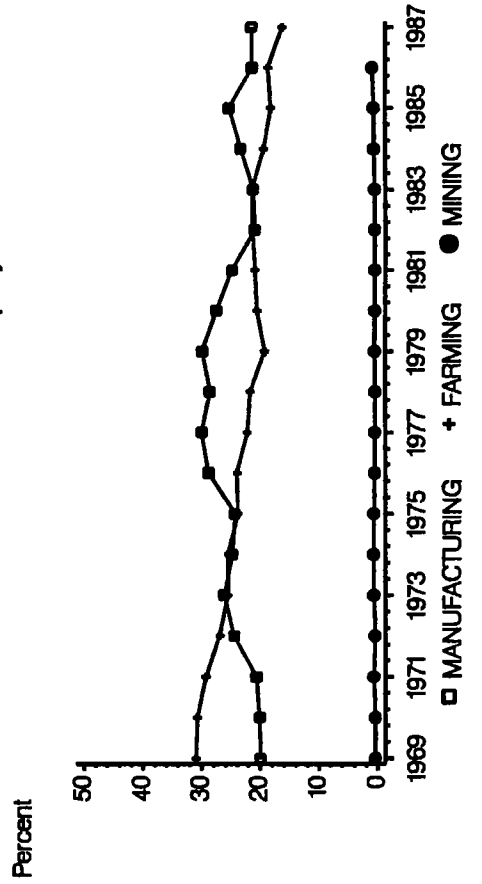


CHART 4D
SCOTT COUNTY
EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES
as a Percent of Total Employment

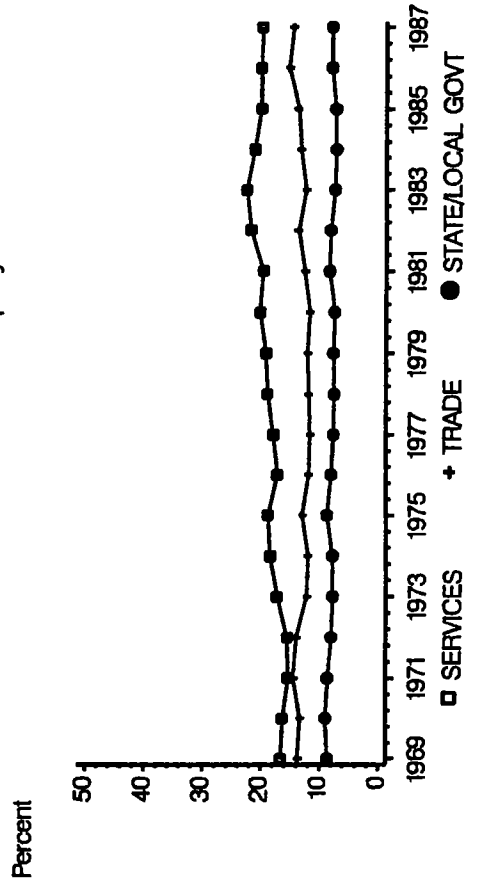


CHART 5A
SCOTT COUNTY
POPULATION
Thousands of People

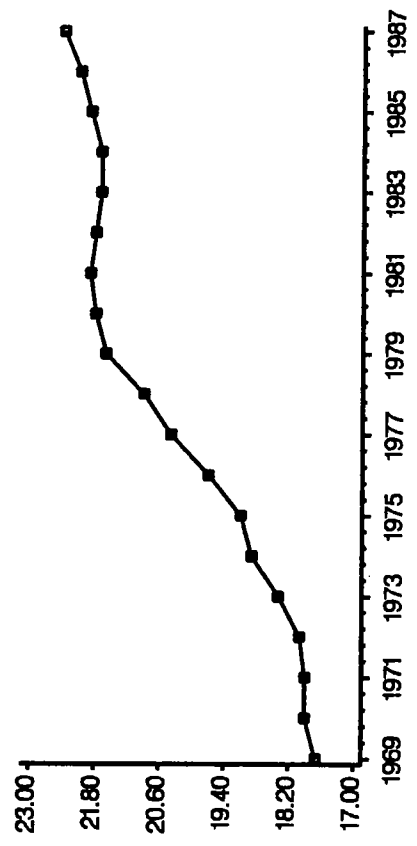


CHART 5B
SCOTT COUNTY
POPULATION
as a Percent of Kentucky Population

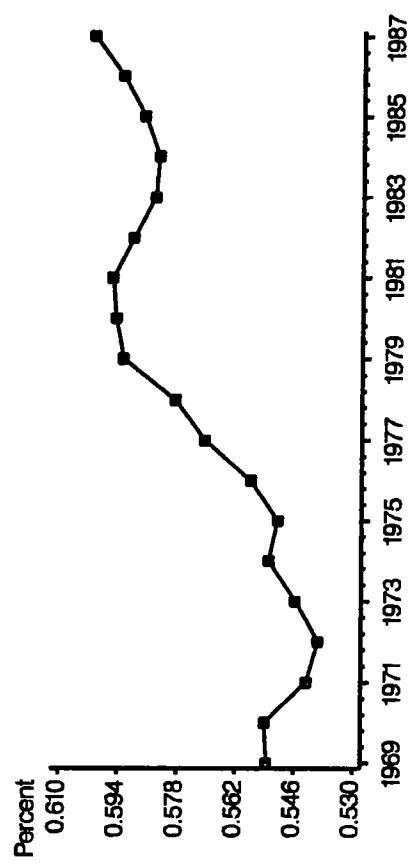


CHART 5C
SCOTT COUNTY
POPULATION 5 AND UNDER
as a Percent of Total Population

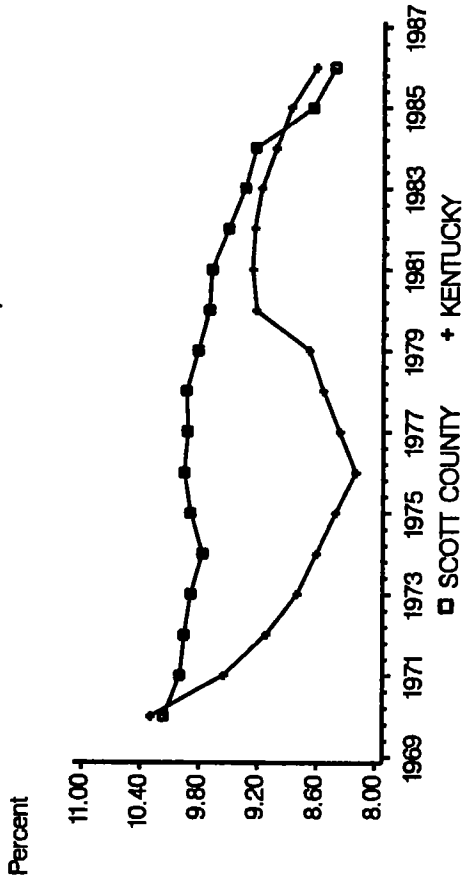
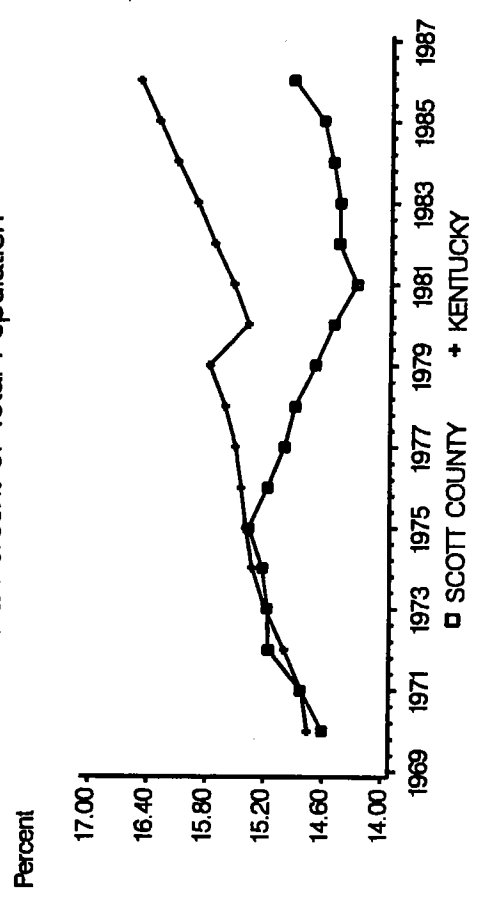


CHART 5D
SCOTT COUNTY
POPULATION 60 AND OVER
as a Percent of Total Population



SCOTT 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	9,438	106.2
1970	159	0.54	8,892	97.5
1971	164	0.54	9,181	99.2
1972	179	0.55	9,952	102.1
1973	189	0.55	10,259	99.9
1974	200	0.57	10,621	102.5
1975	192	0.54	10,023	97.7
1976	215	0.57	10,937	101.9
1977	229	0.57	11,248	100.6
1978	245	0.59	11,695	101.1
1979	246	0.57	11,380	96.8
1980	250	0.59	11,471	99.5
1981	259	0.60	11,841	101.0
1982	267	0.62	12,236	105.9
1983	263	0.62	12,110	106.4
1984	294	0.66	13,556	113.1
1985	299	0.67	13,620	113.5
1986	299	0.66	13,509	110.4
1987	307	0.66	13,728	109.8

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	136	81.7	79.2	16	9.5	10.9	15	8.8	9.9
1970	127	79.5	77.9	17	10.9	11.9	15	9.6	10.2
1971	130	78.9	77.0	19	11.8	12.9	15	9.4	10.1
1972	144	80.0	77.3	20	11.3	12.9	16	8.7	9.7
1973	151	79.7	76.6	22	11.5	13.6	17	8.7	9.7
1974	159	79.4	75.5	24	11.9	14.4	17	8.7	10.1
1975	147	76.5	73.3	28	14.5	16.5	17	9.0	10.1
1976	168	78.4	73.9	28	13.2	16.1	18	8.4	10.0
1977	181	78.9	74.6	29	12.7	15.3	19	8.4	10.1
1978	194	79.1	75.0	29	12.0	14.6	22	8.9	10.4
1979	192	78.3	74.1	30	12.4	15.1	23	9.3	10.8
1980	191	76.4	71.1	33	13.3	16.7	26	10.3	12.2
1981	193	74.4	69.3	36	13.8	16.8	30	11.8	13.8
1982	194	72.8	67.5	39	14.5	17.6	34	12.7	14.9
1983	191	72.6	66.6	39	15.0	18.4	32	12.3	15.1
1984	220	74.9	67.8	39	13.2	17.3	35	11.9	14.9
1985	220	73.5	67.2	41	13.6	17.6	38	12.8	15.3
1986	217	72.8	67.1	41	13.9	17.6	40	13.4	15.3
1987	225	73.3	67.5	41	13.5	17.2	41	13.2	15.3

SCOTT 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	25.7	0.47	29.6	2.19	0.6	0.08
1970	28.1	0.46	22.1	1.70	0.6	0.06
1971	30.4	0.50	19.1	1.53	0.6	0.06
1972	32.4	0.56	20.3	1.57	0.6	0.06
1973	34.6	0.58	17.4	1.29	0.6	0.06
1974	30.2	0.54	23.5	1.79	0.6	0.05
1975	33.5	0.59	18.9	1.89	0.7	0.03
1976	39.9	0.76	19.1	2.09	0.6	0.04
1977	40.9	0.79	19.6	2.00	0.5	0.03
1978	40.3	0.80	19.2	2.31	0.4	0.03
1979	43.6	0.83	13.6	1.50	0.5	0.03
1980	40.1	0.81	17.3	2.34	0.7	0.04
1981	34.8	0.72	23.0	2.32	1.1	0.07
1982	29.6	0.66	27.4	3.26	0.7	0.05
1983	32.2	0.68	21.7	5.94	0.7	0.05
1984	33.2	0.81	26.7	3.46	0.7	0.06
1985	36.5	0.90	24.1	4.30	0.8	0.07
1986	34.7	0.83	20.0	4.24	1.2	0.12
1987	35.0	0.96	17.3	3.68	.	.

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	13.0	0.44	13.0	0.37	7.9	0.38
1970	14.4	0.44	13.4	0.34	9.0	0.38
1971	14.6	0.45	13.6	0.35	8.7	0.36
1972	13.1	0.43	12.6	0.35	7.9	0.36
1973	14.9	0.50	12.2	0.34	7.7	0.36
1974	14.6	0.53	12.0	0.35	7.0	0.36
1975	14.3	0.45	13.1	0.34	8.2	0.35
1976	12.3	0.43	10.9	0.32	7.1	0.35
1977	11.9	0.44	9.9	0.31	6.9	0.35
1978	12.1	0.45	9.7	0.30	6.8	0.36
1979	12.7	0.45	10.4	0.31	7.2	0.35
1980	13.0	0.44	9.9	0.31	7.4	0.36
1981	12.5	0.42	9.8	0.32	7.3	0.36
1982	13.5	0.44	9.8	0.32	7.3	0.36
1983	14.8	0.43	9.5	0.29	7.4	0.34
1984	12.1	0.41	8.4	0.31	6.3	0.34
1985	11.7	0.39	8.4	0.31	6.5	0.35
1986	14.0	0.41	9.3	0.33	7.2	0.36
1987	13.3	0.43	8.2	0.33	6.9	0.39

SCOTT COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	1,376	19.9	2,142	31.0	29	0.4
1970	1,380	20.1	2,116	30.7	29	0.4
1971	1,467	20.6	2,088	29.3	48	0.7
1972	1,880	24.5	2,071	27.0	36	0.5
1973	2,157	26.2	2,107	25.6	57	0.7
1974	2,091	24.8	2,157	25.5	60	0.7
1975	1,889	24.3	1,850	23.8	53	0.7
1976	2,465	28.8	2,052	24.0	47	0.5
1977	2,735	30.0	2,024	22.2	46	0.5
1978	2,759	28.6	2,091	21.7	44	0.5
1979	2,905	29.9	1,864	19.2	49	0.5
1980	2,615	27.5	1,950	20.5	49	0.5
1981	2,389	24.8	2,006	20.8	48	0.5
1982	1,952	20.8	1,984	21.2	52	0.6
1983	1,993	21.1	2,012	21.3	53	0.6
1984	2,291	23.3	1,907	19.4	62	0.6
1985	2,567	25.4	1,836	18.1	68	0.7
1986	2,209	21.3	1,930	18.6	99	1.0
1987	2,401	21.4	1,822	16.3	.	.

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	1,147	16.6	952	13.8	596	8.6
1970	1,122	16.3	916	13.3	611	8.9
1971	1,094	15.4	1,029	14.4	609	8.6
1972	1,191	15.5	1,069	13.9	608	7.9
1973	1,416	17.2	1,004	12.2	630	7.7
1974	1,555	18.4	1,019	12.1	653	7.7
1975	1,455	18.8	1,012	13.0	675	8.7
1976	1,470	17.2	1,020	11.9	681	8.0
1977	1,632	17.9	1,064	11.7	692	7.6
1978	1,822	18.9	1,151	11.9	719	7.5
1979	1,858	19.1	1,174	12.1	739	7.6
1980	1,920	20.2	1,117	11.7	704	7.4
1981	1,891	19.6	1,214	12.6	797	8.3
1982	2,036	21.7	1,285	13.7	762	8.1
1983	2,121	22.5	1,168	12.4	696	7.4
1984	2,074	21.1	1,307	13.3	700	7.1
1985	2,019	19.9	1,385	13.7	730	7.2
1986	2,070	20.0	1,584	15.3	815	7.9
1987	2,219	19.8	1,636	14.6	885	7.9

SCOTT COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	6,918	\$14,946	\$17,440	.	4.2
1970	6,882	\$13,878	\$17,811	5.7	4.4
1971	7,122	\$13,936	\$18,166	3.3	5.1
1972	7,671	\$14,743	\$18,970	3.7	6.0
1973	8,229	\$14,584	\$19,232	2.4	3.7
1974	8,447	\$15,119	\$19,008	2.9	4.5
1975	7,758	\$14,789	\$18,976	4.6	7.3
1976	8,547	\$16,161	\$19,563	3.1	5.6
1977	9,126	\$16,454	\$20,031	2.4	4.7
1978	9,649	\$16,675	\$20,121	2.7	5.3
1979	9,715	\$16,180	\$20,110	2.9	5.5
1980	9,515	\$16,230	\$19,439	4.9	8.0
1981	9,625	\$16,113	\$19,286	4.9	8.4
1982	9,366	\$16,328	\$18,931	7.7	10.6
1983	9,430	\$15,438	\$18,358	6.7	11.6
1984	9,829	\$18,268	\$19,080	4.3	9.3
1985	10,124	\$17,913	\$18,676	4.8	9.5
1986	10,358	\$16,954	\$18,627	7.3	9.3
1987	11,207	\$18,266	\$18,636	7.7	8.8

POPULATION STATISTICS

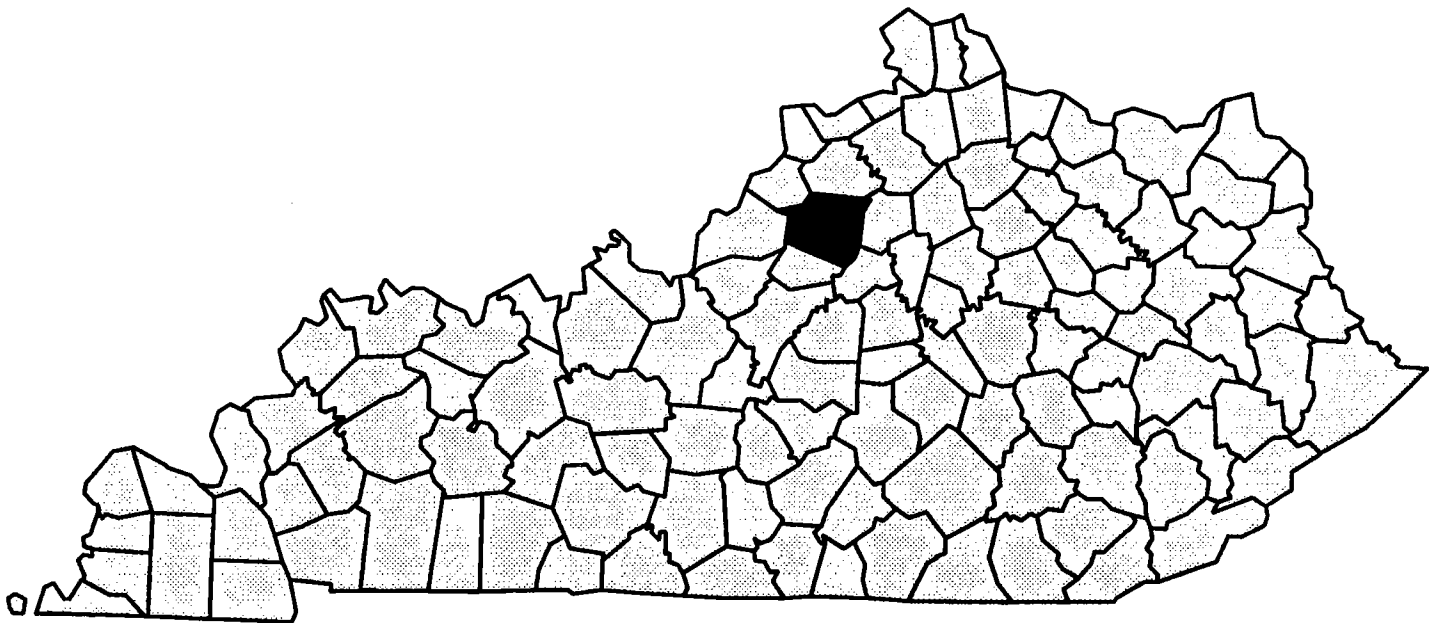
YEAR	POPULATION	% OF KY	PERCENT UNDER AGE 6		PERCENT AGE 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	17,700	0.55	.	.	.	.
1970	17,900	0.55	10.2	10.3	14.6	14.8
1971	17,900	0.54	10.0	9.6	14.8	14.8
1972	18,000	0.54	9.9	9.1	15.2	15.0
1973	18,400	0.55	9.9	8.8	15.2	15.2
1974	18,900	0.55	9.8	8.6	15.2	15.3
1975	19,100	0.55	9.9	8.4	15.4	15.4
1976	19,700	0.56	10.0	8.2	15.2	15.5
1977	20,400	0.57	9.9	8.4	15.0	15.5
1978	20,900	0.58	9.9	8.5	14.9	15.6
1979	21,600	0.59	9.8	8.7	14.7	15.8
1980	21,800	0.59	9.7	9.2	14.5	15.4
1981	21,900	0.60	9.7	9.3	14.3	15.5
1982	21,800	0.59	9.5	9.2	14.5	15.7
1983	21,700	0.58	9.3	9.2	14.4	15.9
1984	21,700	0.58	9.2	9.0	14.5	16.1
1985	21,900	0.59	8.6	8.9	14.6	16.3
1986	22,100	0.59	8.4	8.6	14.9	16.5
1987	22,400	0.60	.	.	.	.

10

10

ECONOMIC TRENDS IN
KENTUCKY COUNTIES
1969 – 1987

SHELBY COUNTY



Prepared by
Virginia Wilson
Donna A. Cantrell

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

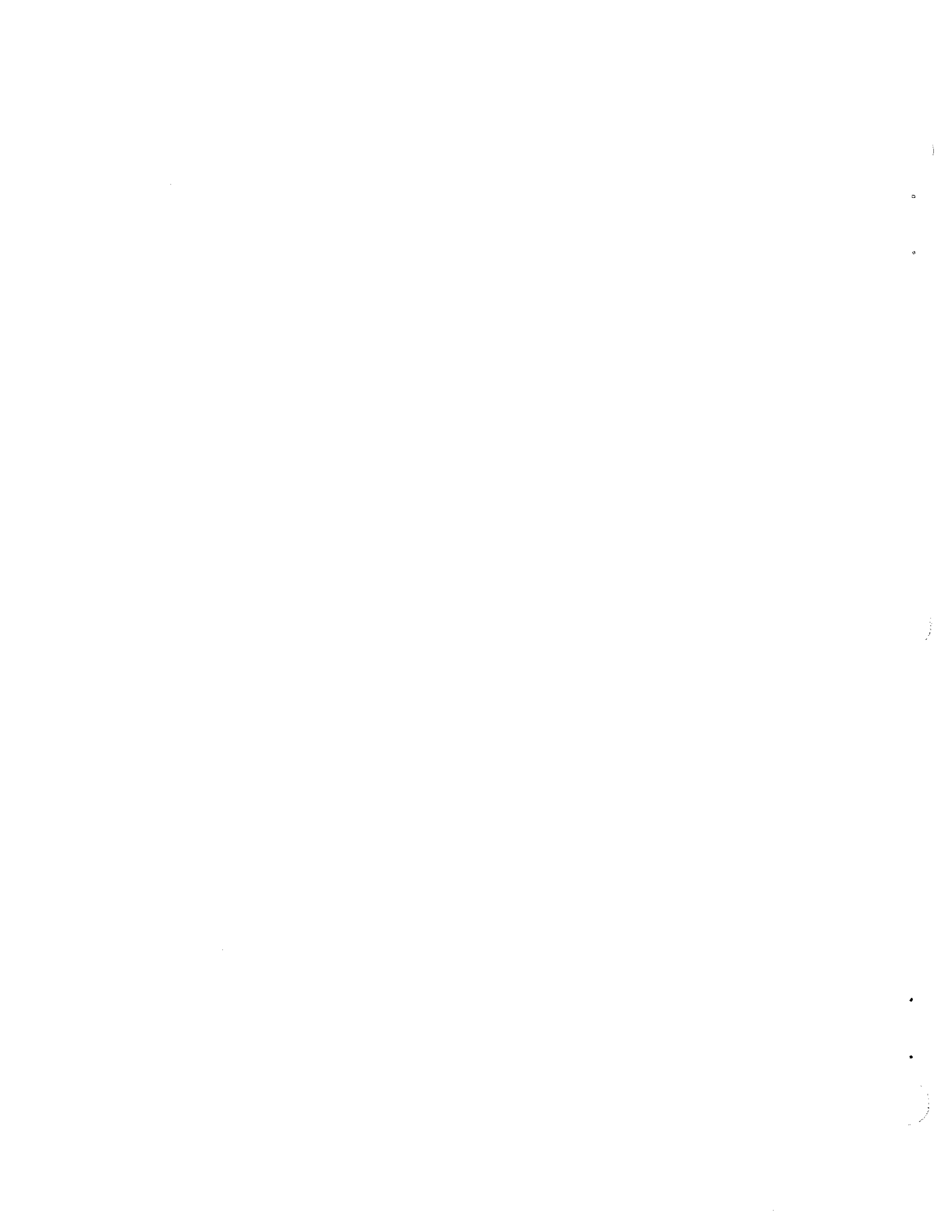
ECONOMIC TRENDS IN
KENTUCKY COUNTIES
1969 – 1987

K4
65
L3nm
No. 438
1990

SHELBY 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

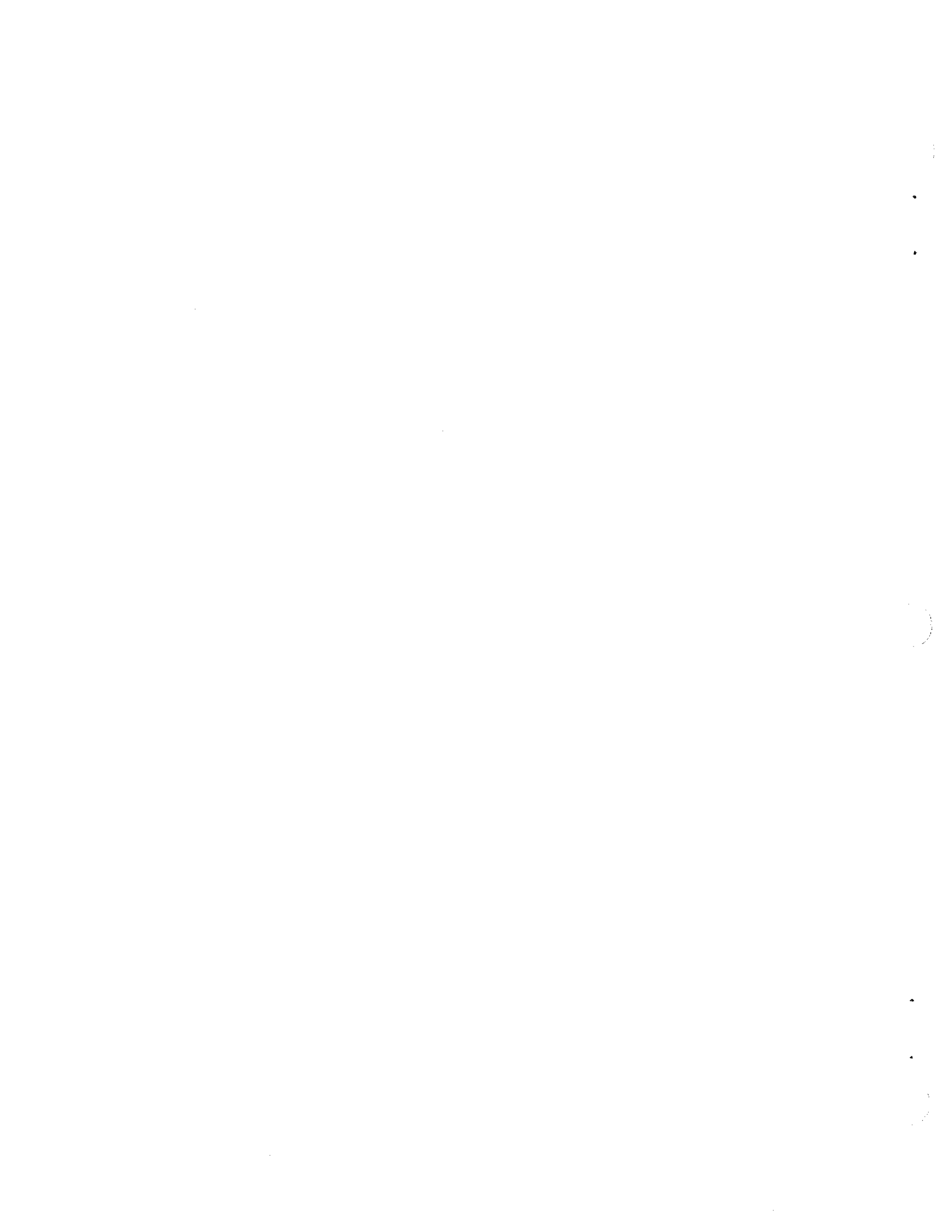
SUMMARY

The Shelby County economy, as measured by personal income, grew significantly from 1969 to 1987. Shelby County generally increased its share of Kentucky personal income, indicating that the county economy grew faster than the state economy. Per capita personal income was above that of the state over the period.

Shelby County generates a larger percent of personal income from earnings and a smaller percent from transfer payments than does the state as a whole. The percent of personal income from property was about the same for the county and 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 this component of the Shelby County economy grew in importance. The farm sector declined at both the county and state levels. The non-goods-producing sectors, particularly services, experienced significant growth at the state level but grew only moderately in the county.

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.



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.

*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 SHELBY 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 Shelby 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 Shelby County economy, as measured by personal income, increased from \$191 million in 1969 to \$331 million in 1987, after adjusting for inflation. Chart 1B shows Shelby County total personal income as a percent of Kentucky total personal income. Shelby 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 Shelby County per capita income increased over the time period to a level of \$13,627 per person in 1987, when it was 109 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 1981. However, with the national recession of the early 1980's, earnings dropped significantly. Total earnings increased from \$157 million in 1969 to

\$235 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 70.8 percent of Shelby County's total personal income, which was higher than Kentucky's 67.5 percent share.

Transfer payments contributed \$15 million to total personal income in 1969 and \$46 million in 1987. During the same period, transfer payments contributed a much smaller percentage of personal income in Shelby County than in Kentucky.

Income from property in Shelby County grew at a steady rate through the time period. Income from property totalled \$20 million in 1969 and increased to \$51 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, Shelby County received 18.0 percent of total earnings from manufacturing. This percentage increased to 32.3 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 showed a steady decline over the period.

Farming's contribution to total county earnings decreased from 32.1 percent in 1969 to 8.4 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, while the percent from the trade sector declined erratically. The share of earnings from the state and local government sector increased slightly. 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 Shelby 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 Shelby County average earnings per job were similar to state trends. Average earnings reached \$14,102 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 Shelby County increased during the data period. In 1969, total employment stood at 8,781 people. By 1987, that figure had increased to 11,937.

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 Shelby County are presented in Chart 4B. Unemployment rates in Shelby County were below those of the state throughout the period. In 1987, the county unemployment rate was 4.7 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 13.9 percent in 1969 to 21.0 percent in 1987. Again, this trend is unlike that of the state.

The farm sector was the primary source of employment early in the period. However, farming's share of employment declined from 37.8 percent in 1969 to 20.5 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 14.0 percent of employment. This share increased to 17.3 percent in 1987. The percent of employment in state and local government remained constant and accounted for 7.4 percent in 1987. The percent in trade increased from 14.5 in 1969 to 18.3 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 Shelby County.

The Shelby County population grew from 18,900 in 1969 to 24,300 in 1987 (Chart 5A). It was estimated that in 1986, 8.1 percent of Shelby County's

population was under six years of age, compared to 8.6 for the state. Shelby County had a slightly larger proportion of residents age sixty or over than the state. In 1986, 17.5 percent of the Shelby County population was sixty years of age and over, while 16.5 percent of all Kentucky residents fell in this age group.

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



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

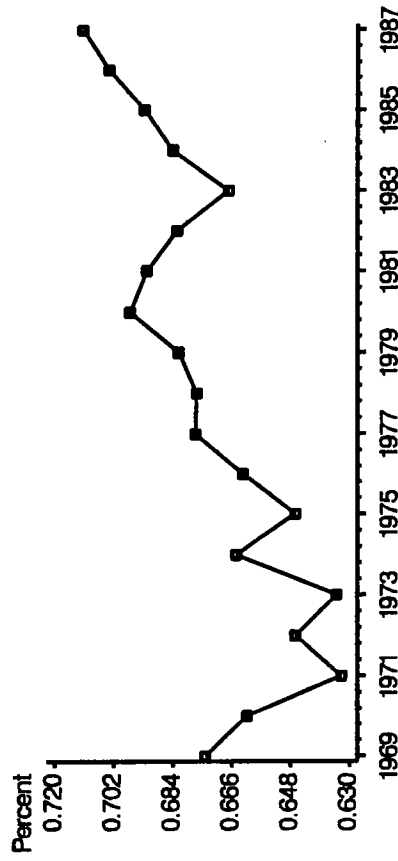


CHART 1C
SHELBY COUNTY
PER CAPITA PERSONAL INCOME
in Constant 1988 Dollars

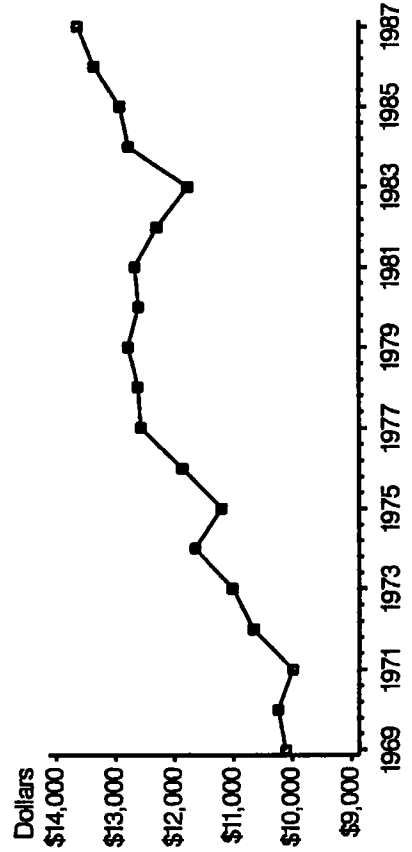


CHART 1D
SHELBY COUNTY
PER CAPITA PERSONAL INCOME
as a Percent of Kentucky Per Capita Personal Income

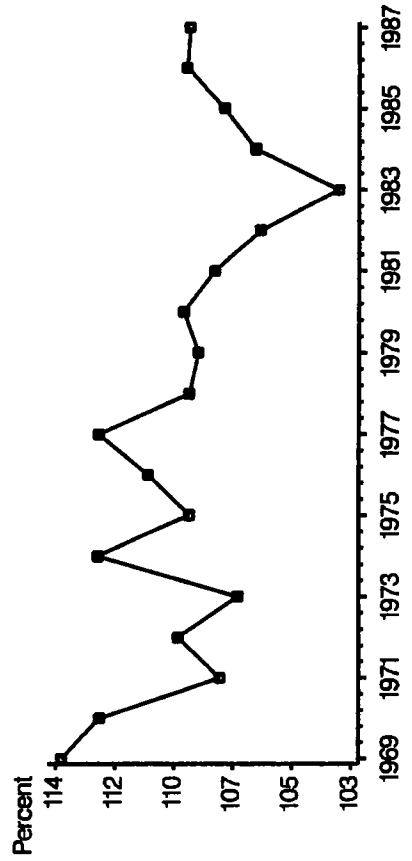


CHART 2A
SHELBY COUNTY
REAL TOTAL EARNINGS
Millions of 1988 dollars

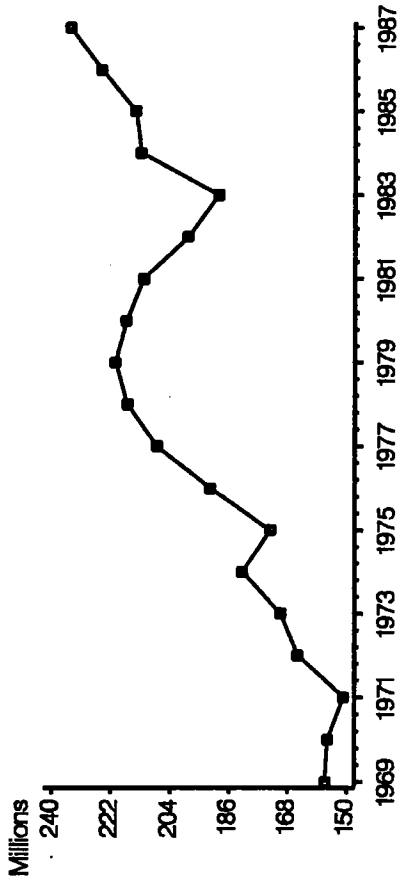


CHART 2B
SHELBY COUNTY
TRANSFER PAYMENTS and INCOME FROM PROPERTY
Millions of 1988 Dollars

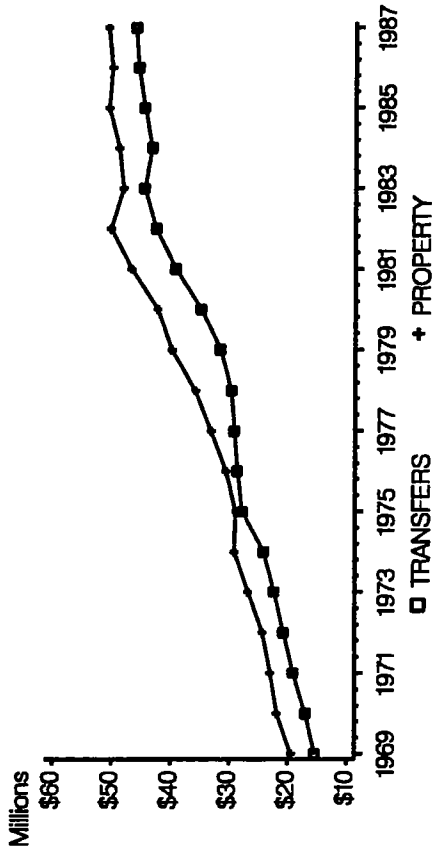


CHART 2C
SHELBY COUNTY
TOTAL EARNINGS
as a Percent of Personal Income

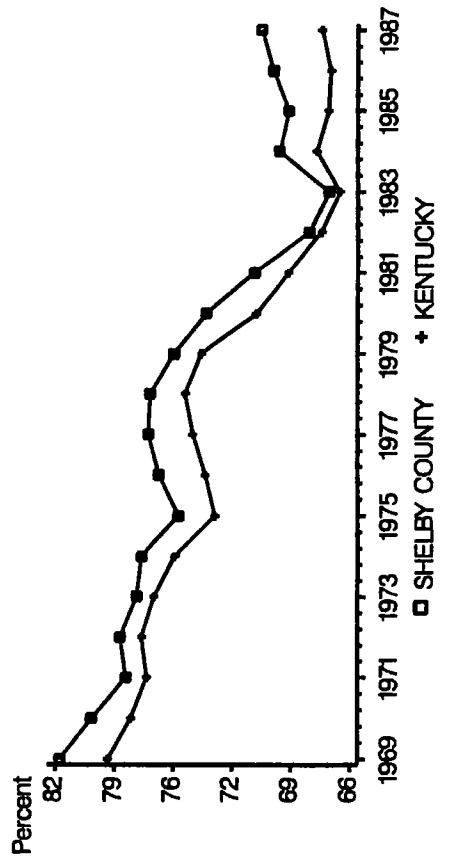


CHART 2D
SHELBY COUNTY
TRANSFER PAYMENTS
as a Percent of Personal Income

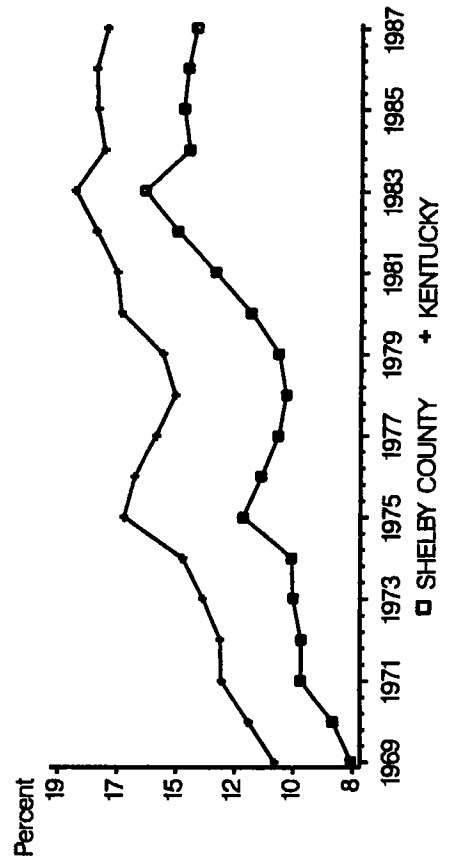


CHART 3A

SHELBY COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Earnings

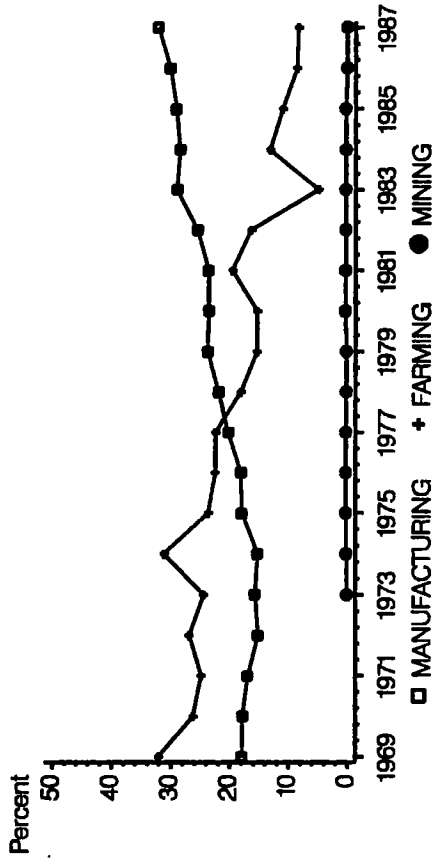


CHART 3B

SHELBY COUNTY

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

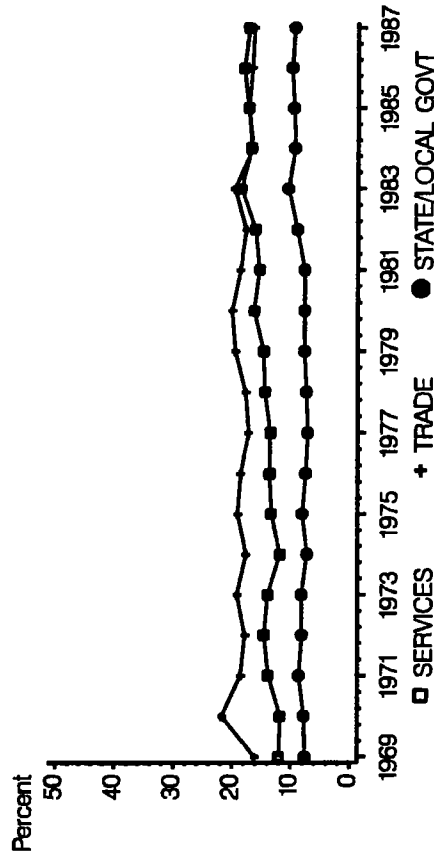


CHART 3C

SHELBY COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES
as a Percent of Kentucky Industries

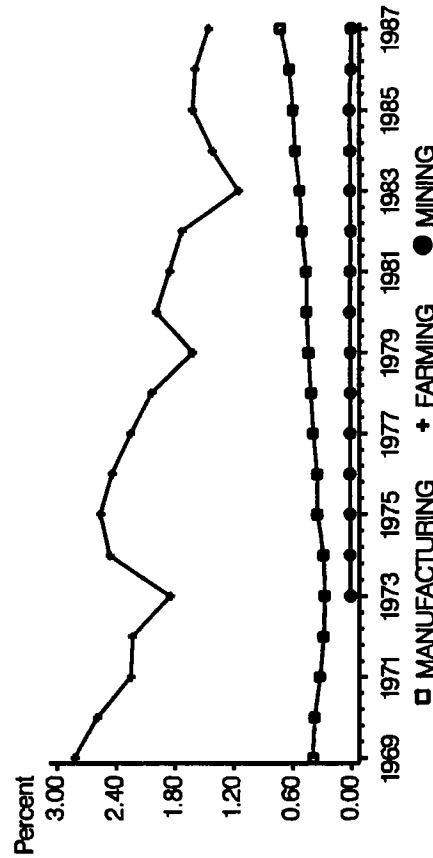


CHART 3D

SHELBY COUNTY

AVERAGE EARNINGS PER JOB
in Constant 1988 Dollars

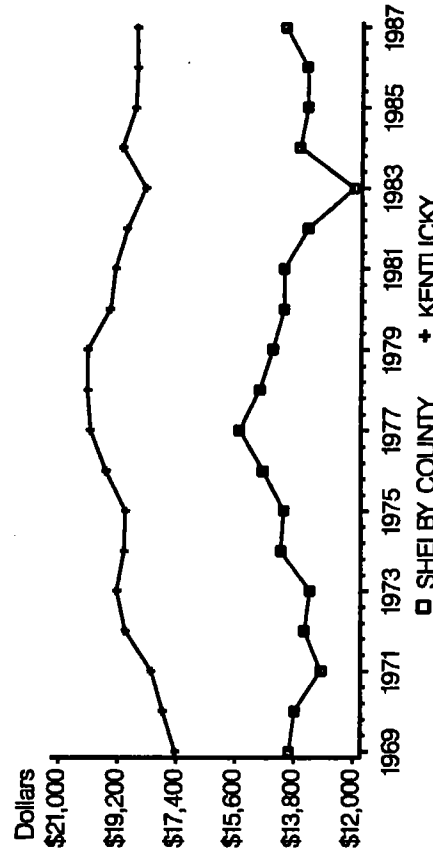


CHART 4A
SHELBY COUNTY
TOTAL EMPLOYMENT
Thousands of People

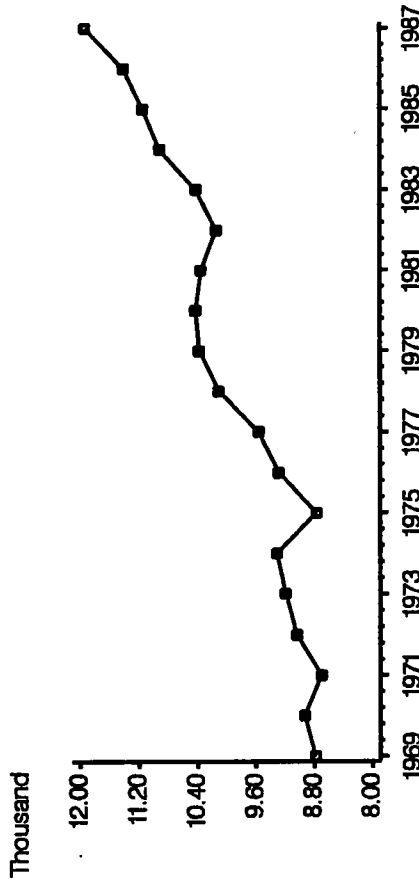


CHART 4B
SHELBY COUNTY
ANNUAL UNEMPLOYMENT RATE

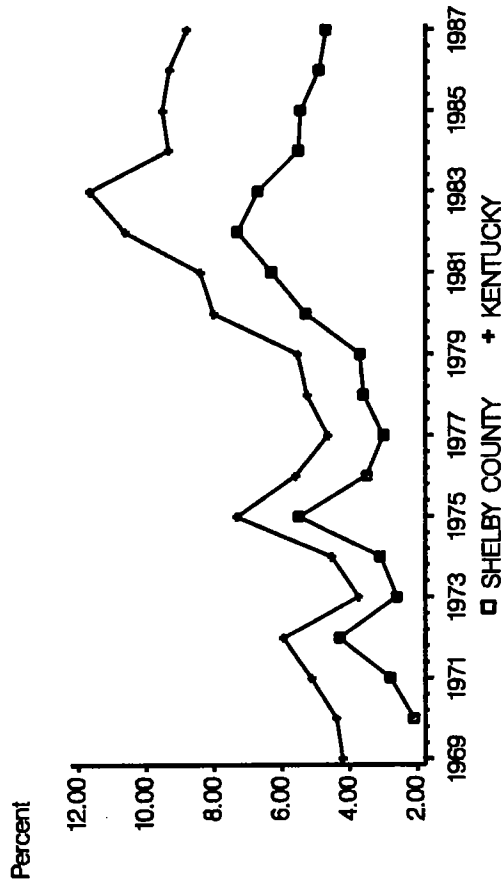


CHART 4C
SHELBY COUNTY
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Employment

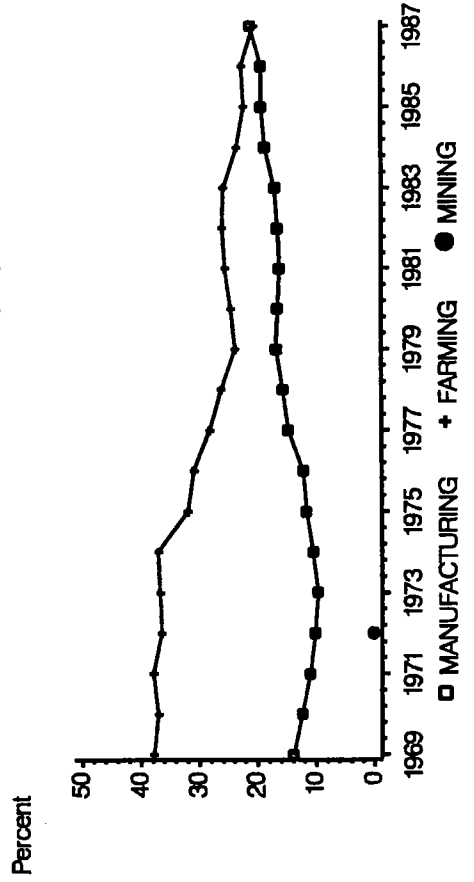


CHART 4D
SHELBY COUNTY
EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES
as a Percent of Total Employment

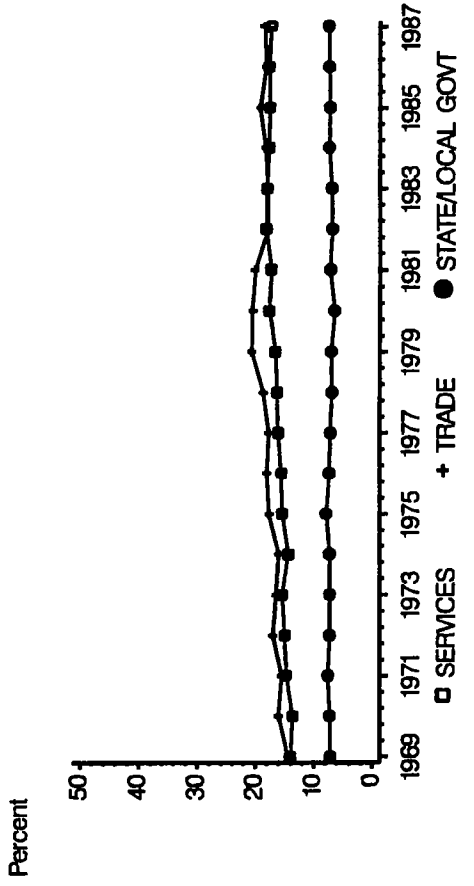


CHART 5A
SHELBY COUNTY
POPULATION
Thousands of People

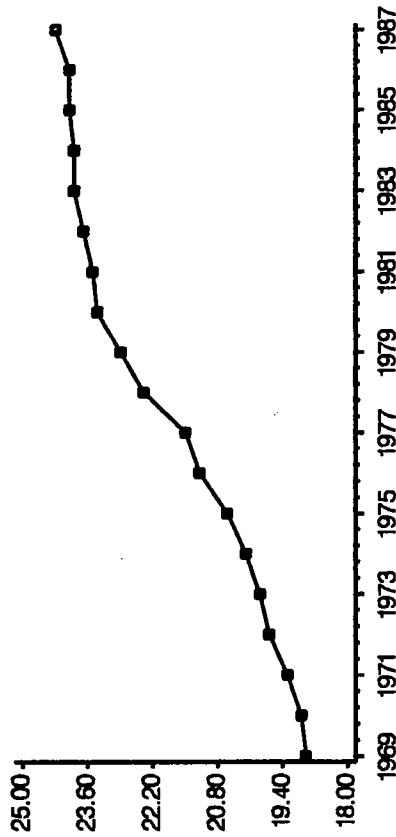


CHART 5B
SHELBY COUNTY
POPULATION
as a Percent of Kentucky Population

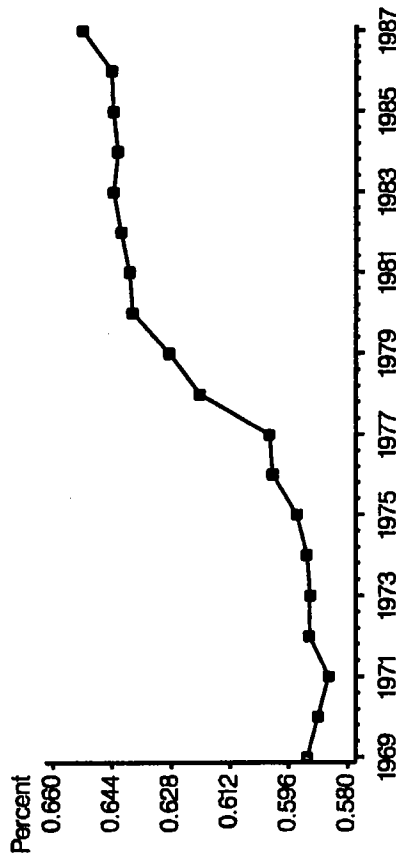


CHART 5C
SHELBY COUNTY
POPULATION 5 AND UNDER
as a Percent of Total Population

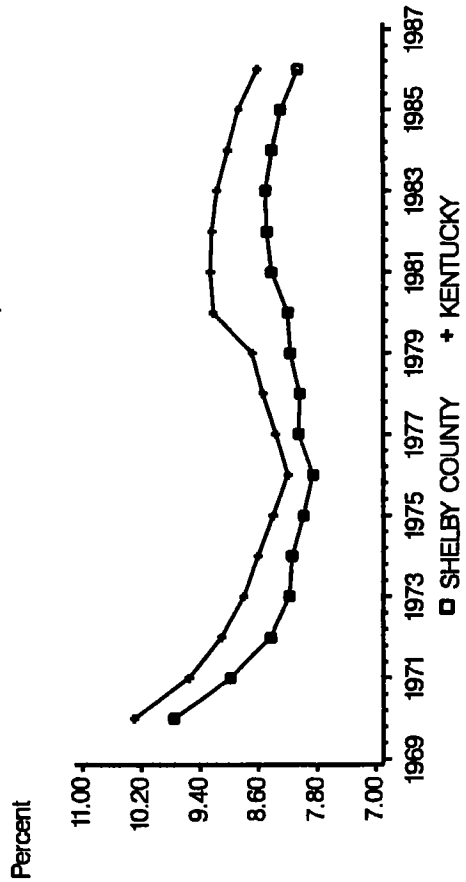
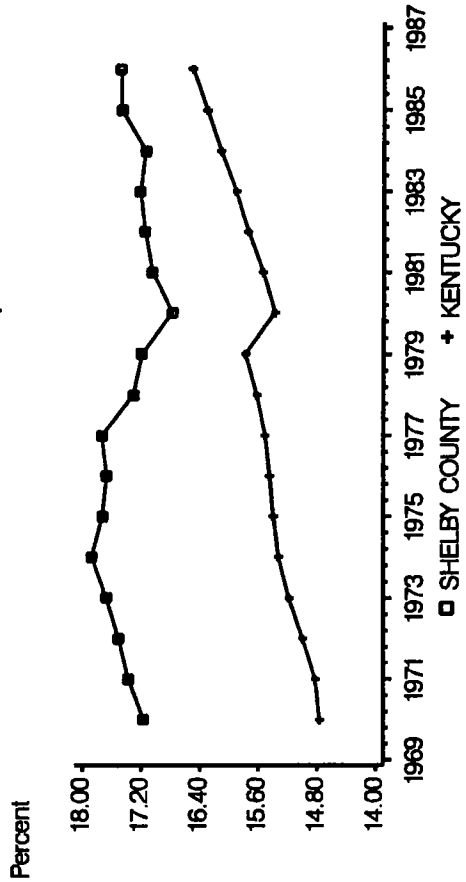


CHART 5D
SHELBY COUNTY
POPULATION 60 AND OVER
as a Percent of Total Population



SHELBY COUNTY

PERSONAL INCOME
In Constant 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	191	0.67	10,109	113.8
1970	195	0.66	10,244	112.4
1971	193	0.63	9,985	107.9
1972	210	0.65	10,666	109.5
1973	219	0.63	11,009	107.2
1974	235	0.66	11,653	112.5
1975	230	0.65	11,192	109.1
1976	251	0.66	11,869	110.6
1977	271	0.68	12,564	112.4
1978	283	0.68	12,613	109.0
1979	292	0.68	12,783	108.7
1980	295	0.70	12,601	109.3
1981	298	0.69	12,667	108.1
1982	291	0.68	12,291	106.4
1983	282	0.67	11,777	103.5
1984	305	0.68	12,778	106.6
1985	310	0.69	12,925	107.7
1986	321	0.70	13,356	109.1
1987	331	0.71	13,627	109.0

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	157	81.8	79.2	15	8.1	10.9	20	10.2	9.9
1970	156	80.0	77.9	17	8.7	11.9	22	11.2	10.2
1971	151	78.2	77.0	19	9.9	12.9	23	11.9	10.1
1972	165	78.5	77.3	21	9.9	12.9	24	11.6	9.7
1973	170	77.6	76.6	22	10.2	13.6	27	12.2	9.7
1974	182	77.3	75.5	24	10.3	14.4	29	12.4	10.1
1975	173	75.3	73.3	28	12.1	16.5	29	12.6	10.1
1976	192	76.4	73.9	29	11.4	16.1	31	12.2	10.0
1977	208	76.9	74.6	29	10.8	15.3	33	12.3	10.1
1978	217	76.8	75.0	30	10.5	14.6	36	12.7	10.4
1979	221	75.6	74.1	32	10.8	15.1	40	13.6	10.8
1980	217	73.8	71.1	35	11.8	16.7	42	14.3	12.2
1981	212	71.2	69.3	39	13.1	16.8	47	15.7	13.8
1982	199	68.2	67.5	43	14.6	17.6	50	17.2	14.9
1983	189	67.1	66.6	44	15.8	18.4	48	17.1	15.1
1984	213	69.8	67.8	43	14.2	17.3	49	16.0	14.9
1985	215	69.3	67.2	45	14.4	17.6	51	16.3	15.3
1986	225	70.2	67.1	46	14.2	17.6	50	15.6	15.3
1987	235	70.8	67.5	46	13.9	17.2	51	15.3	15.3

SHELBY 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	18.0	0.39	32.1	2.82	.	.
1970	17.8	0.37	26.3	2.59	.	.
1971	16.9	0.32	24.9	2.25	.	.
1972	15.2	0.28	26.9	2.24	.	.
1973	15.7	0.27	24.5	1.85	0.1	0.01
1974	15.3	0.28	31.2	2.46	0.2	0.02
1975	18.0	0.34	23.7	2.56	0.3	0.02
1976	18.1	0.34	22.5	2.44	0.3	0.02
1977	20.3	0.39	22.5	2.25	0.3	0.02
1978	22.0	0.41	18.1	2.04	0.2	0.01
1979	23.8	0.43	15.4	1.62	0.2	0.01
1980	23.6	0.45	15.4	1.99	0.4	0.02
1981	23.6	0.46	19.5	1.86	0.3	0.02
1982	25.5	0.50	16.4	1.73	0.3	0.01
1983	29.0	0.53	4.9	1.15	0.3	0.02
1984	28.5	0.57	13.2	1.42	0.2	0.02
1985	29.2	0.60	11.0	1.62	0.3	0.02
1986	30.2	0.63	8.6	1.60	0.1	0.01
1987	32.3	0.73	8.4	1.46	0.1	0.01

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	12.0	0.48	16.2	0.54	7.6	0.44
1970	11.8	0.47	21.7	0.70	7.8	0.42
1971	13.8	0.48	18.5	0.54	8.6	0.41
1972	14.6	0.52	17.8	0.53	8.1	0.40
1973	13.9	0.47	19.2	0.54	8.2	0.39
1974	11.9	0.45	17.6	0.54	7.3	0.38
1975	13.4	0.45	19.1	0.53	8.0	0.37
1976	13.6	0.48	18.6	0.54	7.5	0.37
1977	13.5	0.49	17.3	0.53	7.1	0.36
1978	14.4	0.50	17.7	0.52	7.4	0.36
1979	14.6	0.50	19.4	0.56	7.7	0.36
1980	16.3	0.53	20.0	0.60	7.7	0.36
1981	15.4	0.49	18.6	0.58	7.7	0.36
1982	16.0	0.47	17.6	0.52	8.9	0.38
1983	18.5	0.47	19.6	0.52	10.5	0.41
1984	16.7	0.48	16.5	0.51	9.4	0.42
1985	17.2	0.47	17.2	0.53	9.6	0.42
1986	18.0	0.46	16.6	0.52	9.9	0.43
1987	17.2	0.46	16.3	0.54	9.4	0.44

SHELBY COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	1,221	13.9	3,320	37.8	.	.
1970	1,106	12.4	3,305	37.0	.	.
1971	956	11.0	3,294	37.9	.	.
1972	909	10.1	3,296	36.5	10	0.1
1973	878	9.6	3,373	36.7	.	.
1974	972	10.4	3,448	37.0	.	.
1975	1,018	11.6	2,794	31.9	.	.
1976	1,135	12.2	2,868	30.9	.	.
1977	1,407	14.7	2,696	28.2	.	.
1978	1,576	15.6	2,648	26.2	.	.
1979	1,737	16.7	2,463	23.7	.	.
1980	1,719	16.5	2,554	24.5	.	.
1981	1,673	16.2	2,642	25.5	.	.
1982	1,670	16.5	2,636	26.0	.	.
1983	1,768	17.0	2,690	25.8	.	.
1984	2,025	18.6	2,555	23.4	.	.
1985	2,138	19.2	2,471	22.2	.	.
1986	2,189	19.2	2,571	22.5	.	.
1987	2,510	21.0	2,446	20.5	.	.

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	1,229	14.0	1,269	14.5	618	7.0
1970	1,217	13.6	1,437	16.1	638	7.1
1971	1,281	14.7	1,354	15.6	648	7.4
1972	1,356	15.0	1,537	17.0	647	7.2
1973	1,417	15.4	1,516	16.5	657	7.1
1974	1,340	14.4	1,497	16.1	671	7.2
1975	1,356	15.5	1,550	17.7	684	7.8
1976	1,447	15.6	1,674	18.0	676	7.3
1977	1,542	16.1	1,695	17.7	673	7.0
1978	1,650	16.3	1,877	18.6	687	6.8
1979	1,720	16.6	2,137	20.6	717	6.9
1980	1,839	17.6	2,135	20.5	663	6.4
1981	1,791	17.3	2,072	20.0	736	7.1
1982	1,841	18.2	1,802	17.8	687	6.8
1983	1,874	18.0	1,862	17.9	713	6.8
1984	1,927	17.7	1,990	18.2	797	7.3
1985	1,955	17.5	2,129	19.1	797	7.2
1986	2,010	17.6	2,062	18.1	832	7.3
1987	2,064	17.3	2,188	18.3	879	7.4

SHELBY COUNTY

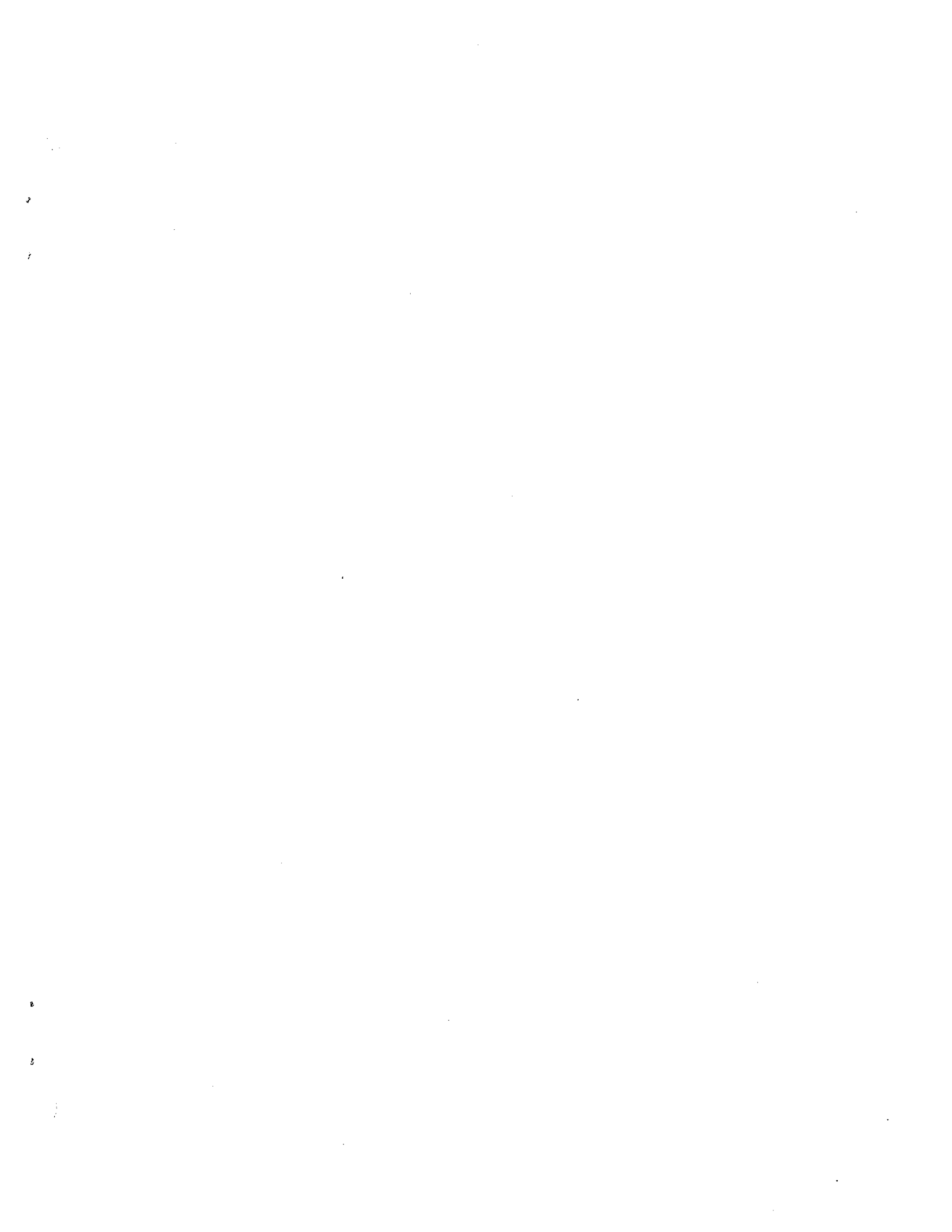
EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	8,781	\$13,947	\$17,440	.	4.2
1970	8,928	\$13,773	\$17,811	2.1	4.4
1971	8,699	\$12,957	\$18,166	2.8	5.1
1972	9,038	\$13,471	\$18,970	4.3	6.0
1973	9,190	\$13,306	\$19,232	2.6	3.7
1974	9,310	\$14,218	\$19,008	3.1	4.5
1975	8,765	\$14,124	\$18,976	5.5	7.3
1976	9,282	\$14,769	\$19,563	3.5	5.6
1977	9,560	\$15,465	\$20,031	3.0	4.7
1978	10,099	\$14,863	\$20,121	3.6	5.3
1979	10,372	\$14,474	\$20,110	3.7	5.5
1980	10,421	\$14,136	\$19,439	5.3	8.0
1981	10,350	\$14,136	\$19,286	6.3	8.4
1982	10,136	\$13,391	\$18,931	7.3	10.6
1983	10,420	\$12,002	\$18,358	6.7	11.6
1984	10,914	\$13,659	\$19,080	5.5	9.3
1985	11,145	\$13,417	\$18,676	5.5	9.5
1986	11,411	\$13,430	\$18,627	4.9	9.3
1987	11,937	\$14,102	\$18,636	4.7	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER AGE 6		PERCENT AGE 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	18,900	0.59	.	.	.	.
1970	19,000	0.59	9.8	10.3	17.2	14.8
1971	19,300	0.59	9.0	9.6	17.4	14.8
1972	19,700	0.59	8.4	9.1	17.5	15.0
1973	19,900	0.59	8.2	8.8	17.7	15.2
1974	20,200	0.59	8.1	8.6	17.9	15.3
1975	20,600	0.59	8.0	8.4	17.7	15.4
1976	21,200	0.60	7.9	8.2	17.7	15.5
1977	21,500	0.60	8.1	8.4	17.7	15.5
1978	22,400	0.62	8.0	8.5	17.3	15.6
1979	22,900	0.63	8.2	8.7	17.2	15.8
1980	23,400	0.64	8.2	9.2	16.8	15.4
1981	23,500	0.64	8.4	9.3	17.1	15.5
1982	23,700	0.64	8.5	9.2	17.2	15.7
1983	23,900	0.64	8.5	9.2	17.2	15.9
1984	23,900	0.64	8.4	9.0	17.1	16.1
1985	24,000	0.64	8.3	8.9	17.5	16.3
1986	24,000	0.64	8.1	8.6	17.5	16.5
1987	24,300	0.65	.	.	.	.

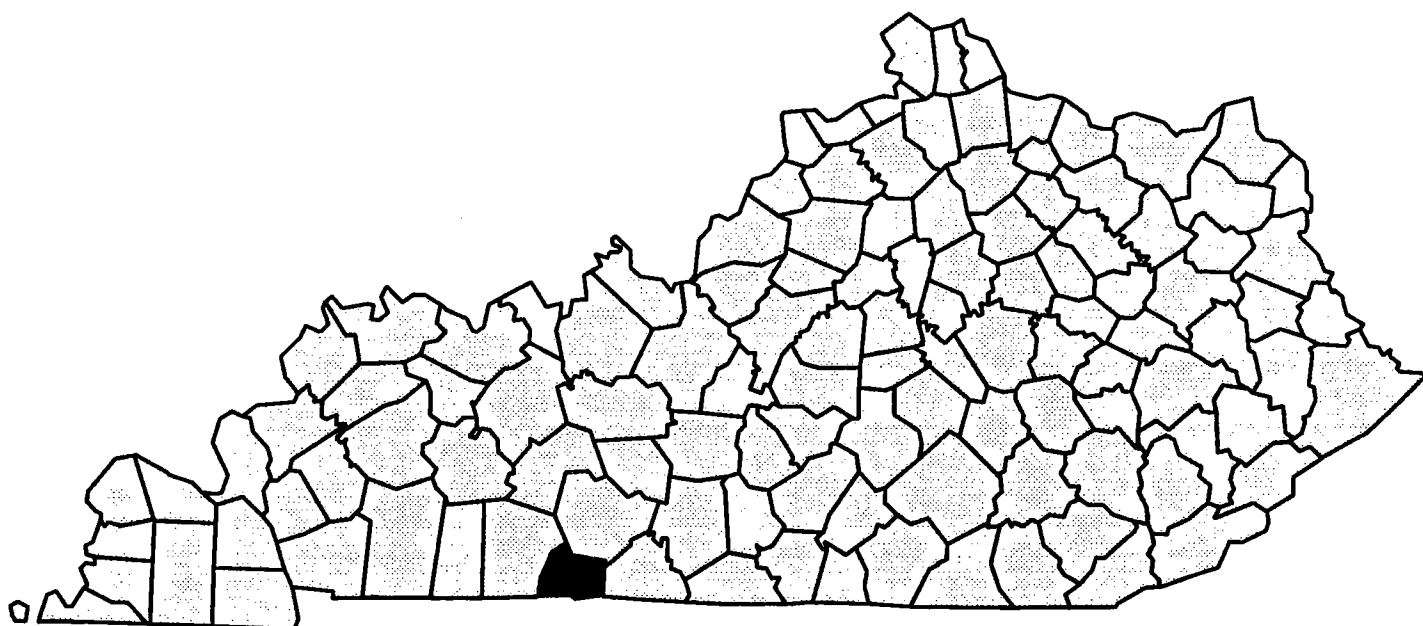






ECONOMIC TRENDS IN
KENTUCKY COUNTIES
1969 – 1987

SIMPSON 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

Ky
65
.L3rm
No.438
1990

SIMPSON 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 Simpson County economy, as measured by personal income, grew moderately from 1969 to 1987. The earnings component of personal income was extremely volatile during this period. Earnings declined substantially in 1975 and 1982-1983, periods which correspond to national recessions. Likewise, employment dropped significantly during these same years.

The county has historically been heavily dependent on the goods-producing industries of manufacturing and farming. In fact, manufacturing was the primary source of both earnings and employment. While the state share of earnings and employment in manufacturing declined, the shares of this component of the Simpson County economy grew substantially. Conversely, the farm sector declined in the county and in the state.

The non-goods-producing sectors, particularly service and trade, experienced significant growth at the state level. In Simpson County, these sectors also increased, particularly the trade sector. However, they account for a relatively small percent of total earnings.

The Simpson County economy exhibits characteristic economic patterns often associated with a high concentration in the manufacturing sector. Manufacturing industries are very sensitive to economic fluctuations. Such effects can be seen in the overall volatility of the county economy and in the sharp drop in earnings and employment during national recessions. Consequently, while a high concentration in manufacturing may have supported the economy during periods of national economic growth, it also 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.

*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 SIMPSON 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 Simpson 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.

Except for declines corresponding to national recessions, the size of the Simpson County economy, as measured by personal income, increased from \$118 million in 1969 to \$183 million in 1987, after adjusting for inflation (Chart 1A). Chart 1B shows Simpson County total personal income as a percent of Kentucky total personal income. Simpson County's share of Kentucky personal income decreased until 1983. However, since 1983, this share increased.

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 Simpson County per capita income increased over the time period to a level of \$12,543 per person in 1987, when it was 100.4 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 very volatile during the period. Earnings dropped significantly with the national recessions in 1975 and 1982.

Earnings totaled \$125 million in 1987 (in constant 1988 dollars). The share of personal income from earnings declined through 1983, then increased after 1983. At the state level, the share of personal income from earnings declined steadily. In 1987, earnings accounted for 68.6 percent of Simpson 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 \$28 million in 1987. Transfer payments' contribution to personal income in Simpson County was generally lower than for the state.

Income from property in Simpson County grew rapidly in the late 1970's and then stabilized. Income from property totalled \$10 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. In 1969, Simpson County received 28.7 percent of total earnings from manufacturing. This percentage increased to 59.7 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 showed a steady decline over the period.

Farming's contribution to total county earnings decreased through the period to 2.9 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 slightly and was 8.1 percent in 1987. The percent of earnings from the trade sector increased in the 1970's, then declined in the 1980's, to account for 11.3 percent in 1987. The share of earnings from the state and local government sector increased slightly and was 6.8 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 Simpson 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 Simpson County average earnings per job were volatile. County average earnings reached \$18,151 in 1987 and were 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 Simpson County was very volatile during the data period. In 1969, total employment stood at 8,397 people, but it declined substantially in 1971, 1975, and in the

early 1980's. However, employment increased from 7,045 in 1982 to 8,642 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 Simpson County are presented in Chart 4B. Unemployment rates in Simpson County fluctuated greatly during the period. 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 percent of total employment in manufacturing increased from 27.1 percent in 1969 to 39.7 percent in 1987. The farm sector's share of employment declined from 19.3 percent in 1969 to 10.8 percent in 1987.

Employment in the non-goods-producing industries is presented in Chart 4D. Service sector employment increased from 7.5 percent in 1969 to 11.2 percent in 1987. The percent of employment in state and local government increased from 4.6 percent in 1969 to 7.4 percent in 1987. The trade sector's share of employment increased markedly in the mid-1970's and has since maintained a relatively constant share. In 1987, 18.5 percent of employment was in the trade sector. 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 Simpson County.

The Simpson County population grew from 12,900 in 1969 to 14,600 in 1987 (Chart 5A). It was estimated that in 1986, 8.5 percent of Simpson County's population was under six years of age, compared to 8.6 for the state. Simpson County had a higher proportion of residents age sixty or over than the state. In 1986, 18.4 percent of the Simpson County population was sixty years of age and over, while 16.5 percent of all Kentucky residents fell in this age group.

CHART 1A

SIMPSON COUNTY

REAL PERSONAL INCOME

Millions of 1988 dollars

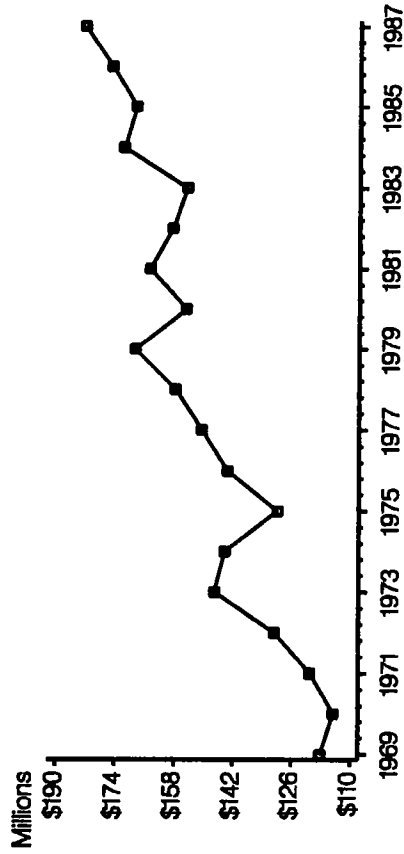


CHART 1B

SIMPSON COUNTY

PERSONAL INCOME

as a Percent of Kentucky Personal Income

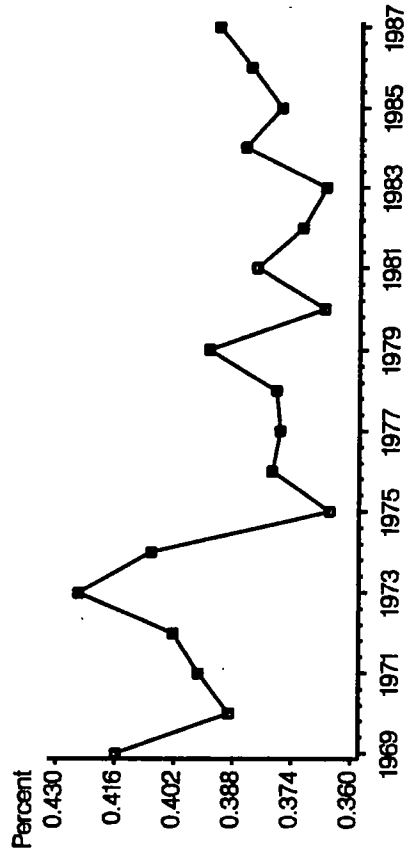


CHART 1C

SIMPSON COUNTY

PER CAPITA PERSONAL INCOME

in Constant 1988 Dollars

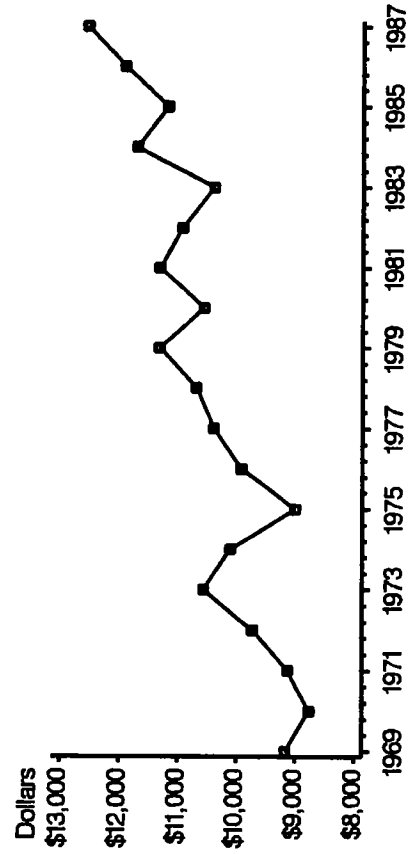


CHART 1D

SIMPSON COUNTY

PER CAPITA PERSONAL INCOME

as a Percent of Kentucky Per Capita Personal Income

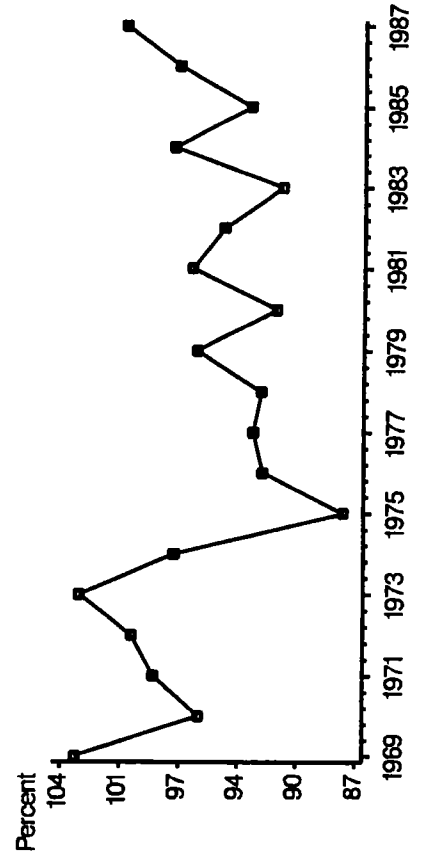


CHART 2A

SIMPSON COUNTY

REAL TOTAL EARNINGS

Millions of 1988 dollars

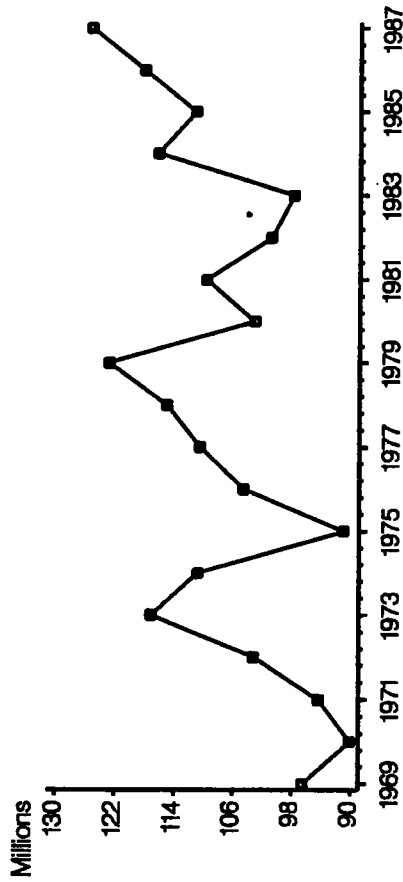


CHART 2B

SIMPSON COUNTY

TRANSFER PAYMENTS and INCOME FROM PROPERTY

Millions of 1988 Dollars

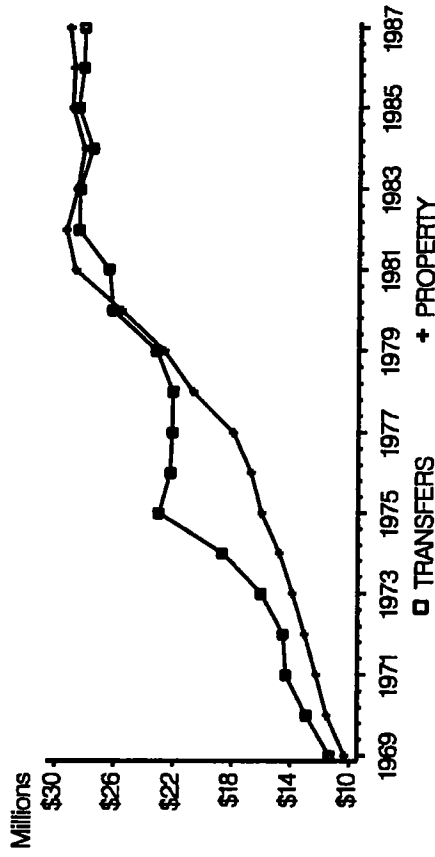


CHART 2C

SIMPSON COUNTY

TOTAL EARNINGS

as a Percent of Personal Income

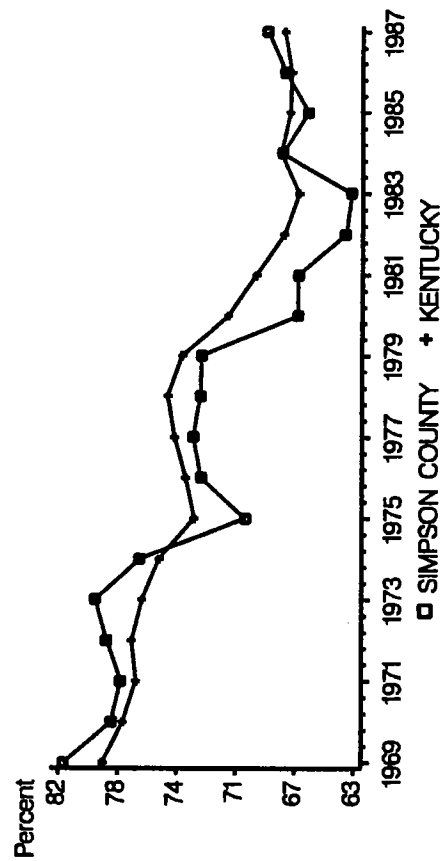


CHART 2D

SIMPSON COUNTY

TRANSFER PAYMENTS

as a Percent of Personal Income

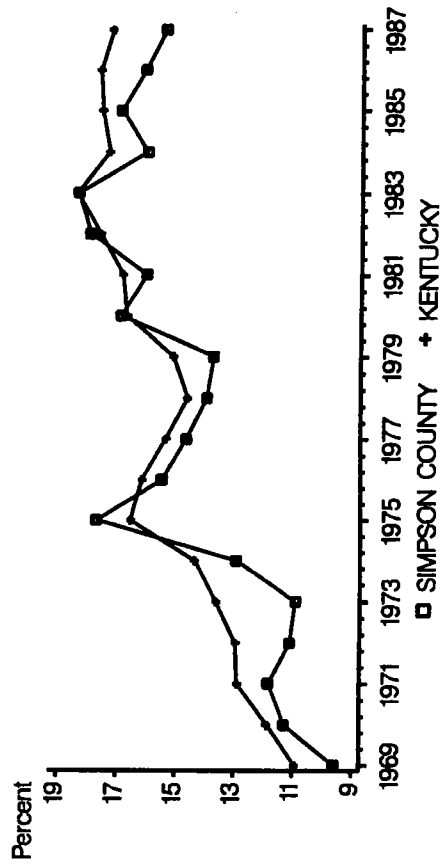


CHART 3A

SIMPSON COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Earnings

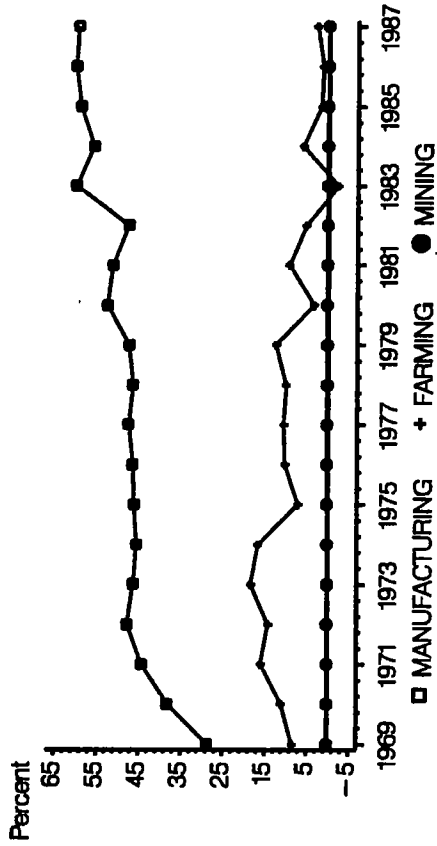


CHART 3B

SIMPSON COUNTY

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

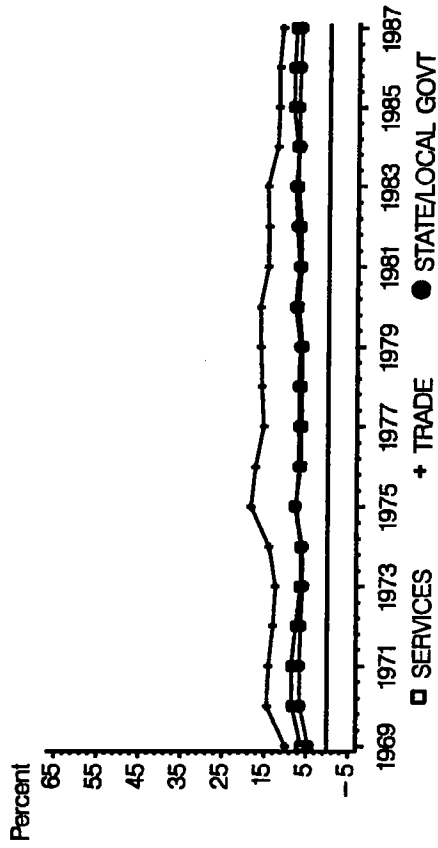


CHART 3C

SIMPSON COUNTY

EARNINGS in GOODS PRODUCING INDUSTRIES
as a Percent of Kentucky Industries

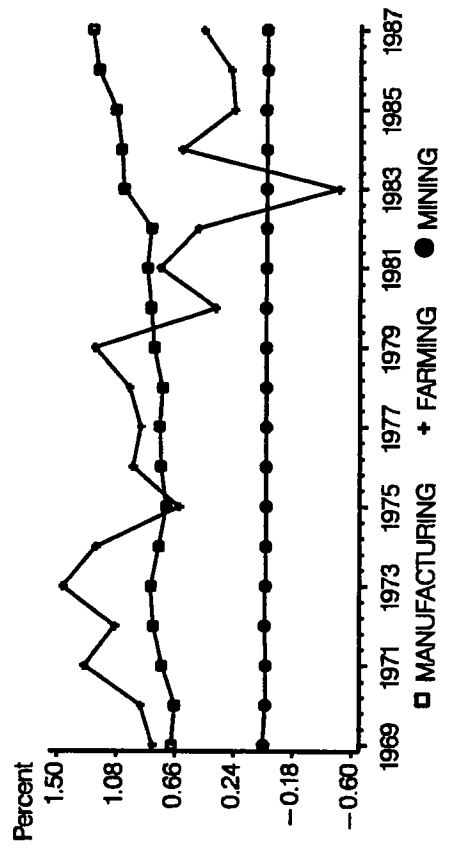


CHART 3D

SIMPSON COUNTY

AVERAGE EARNINGS PER JOB
in Constant 1988 Dollars

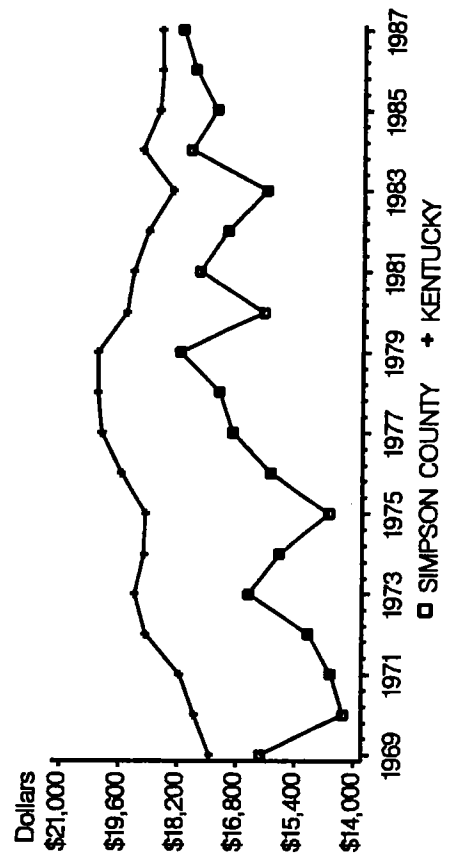


CHART 4A

SIMPSON COUNTY
TOTAL EMPLOYMENT
Thousands of People

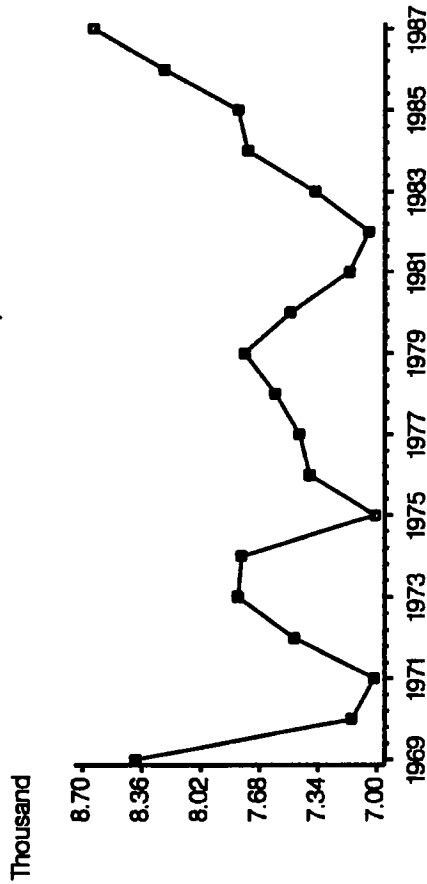


CHART 4B
SIMPSON COUNTY
ANNUAL UNEMPLOYMENT RATE

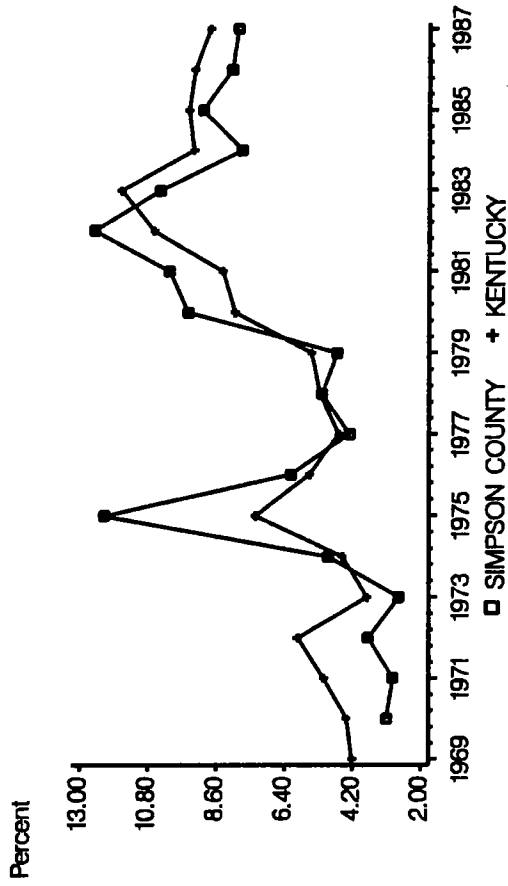


CHART 4C

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

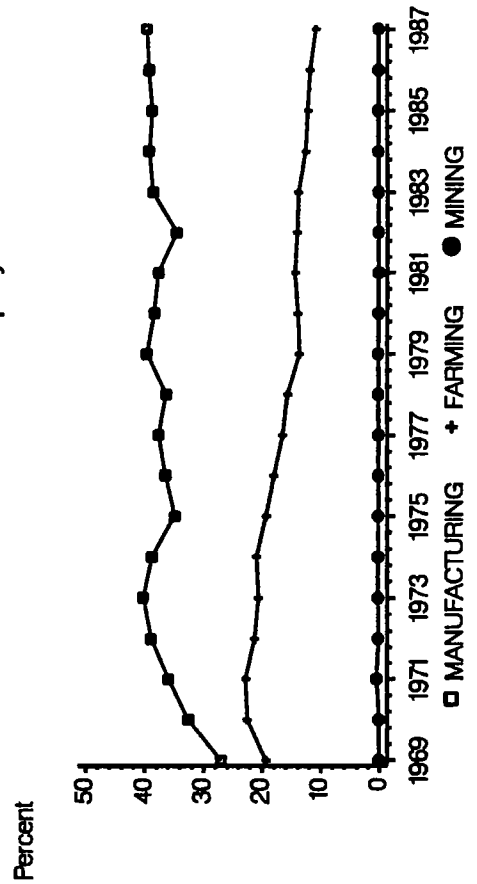


CHART 4D

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

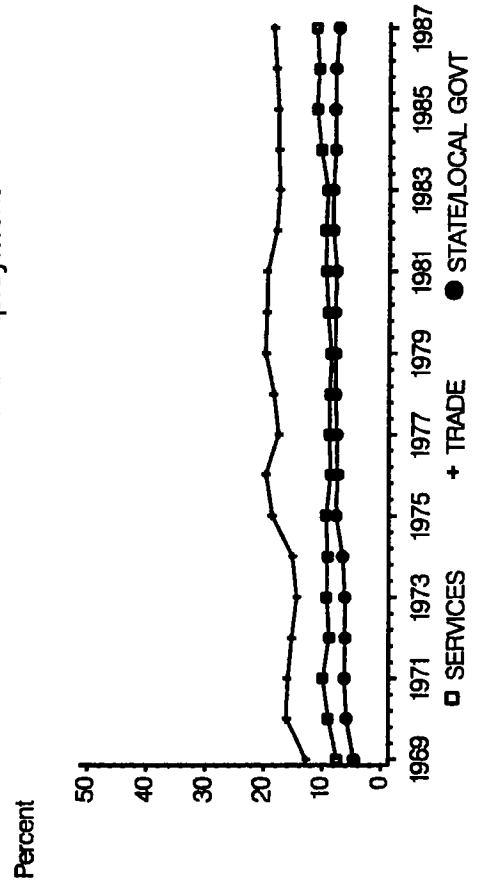


CHART 5A
SIMPSON COUNTY
POPULATION
Thousands of People

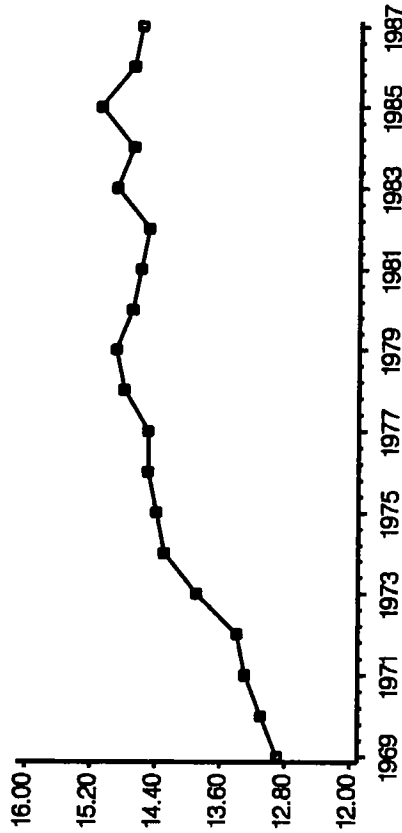


CHART 5B
SIMPSON COUNTY
POPULATION
as a Percent of Kentucky Population

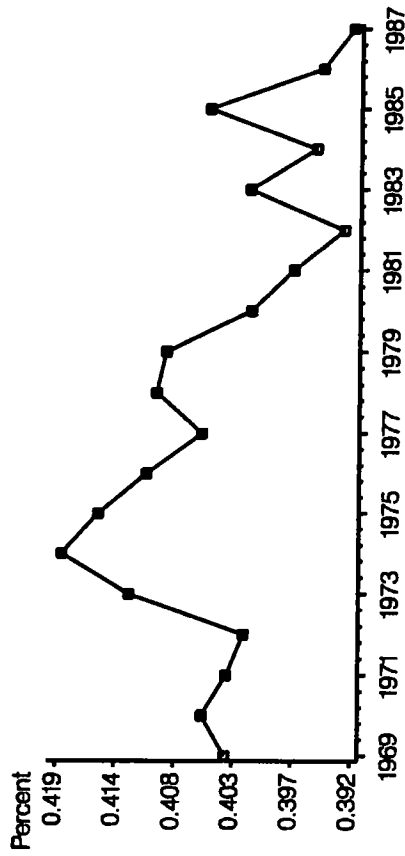


CHART 5C
SIMPSON COUNTY
POPULATION 5 AND UNDER
as a Percent of Total Population

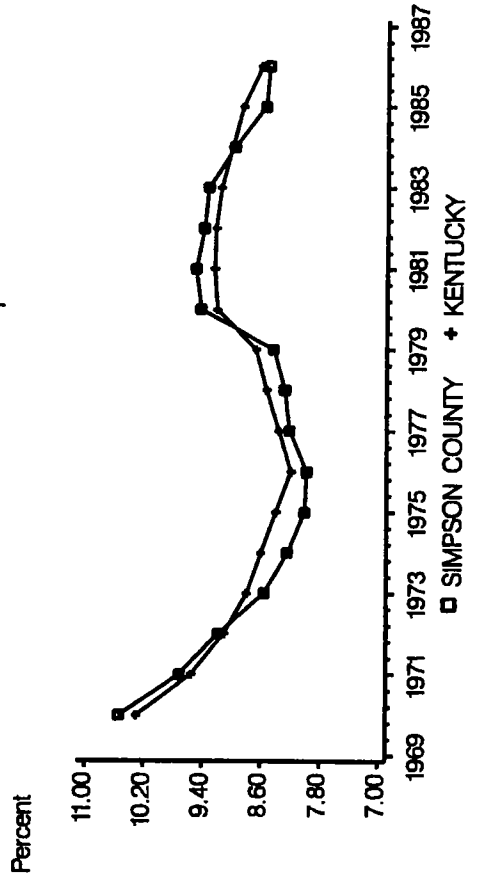
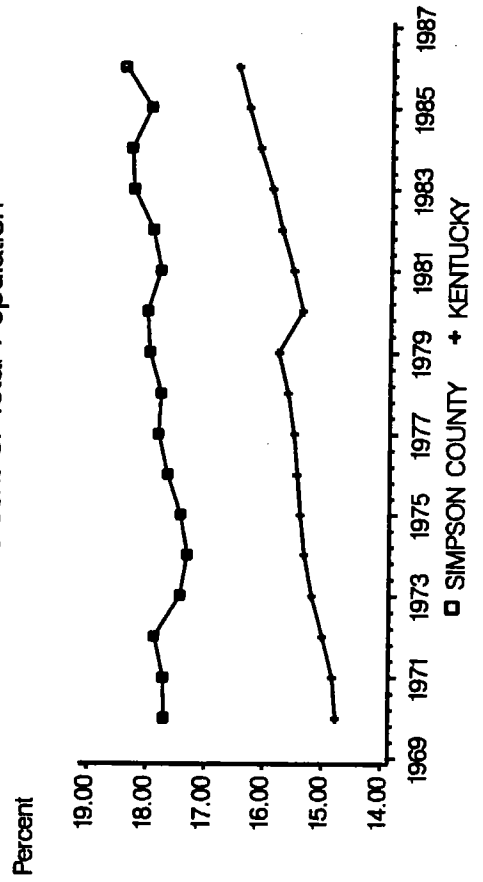


CHART 5D
SIMPSON COUNTY
POPULATION 60 AND OVER
as a Percent of Total Population



SIMPSON COUNTY

PERSONAL INCOME
In Constant 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	118	0.42	9,164	103.1
1970	115	0.39	8,759	96.1
1971	121	0.40	9,131	98.7
1972	131	0.40	9,736	99.9
1973	147	0.42	10,567	102.9
1974	144	0.41	10,105	97.5
1975	130	0.37	9,005	87.7
1976	144	0.38	9,922	92.4
1977	151	0.38	10,391	93.0
1978	158	0.38	10,699	92.5
1979	169	0.39	11,315	96.2
1980	155	0.37	10,567	91.6
1981	165	0.38	11,313	96.5
1982	159	0.37	10,937	94.7
1983	155	0.37	10,395	91.3
1984	172	0.39	11,700	97.6
1985	169	0.38	11,178	93.2
1986	175	0.38	11,908	97.3
1987	183	0.39	12,543	100.4

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	96	81.6	79.2	11	9.6	10.9	10	8.7	9.9
1970	90	78.6	77.9	13	11.3	11.9	12	10.1	10.2
1971	94	78.0	77.0	14	11.8	12.9	12	10.1	10.1
1972	103	78.9	77.3	15	11.1	12.9	13	10.0	9.7
1973	117	79.6	76.6	16	10.9	13.6	14	9.4	9.7
1974	111	76.8	75.5	19	12.9	14.4	15	10.3	10.1
1975	91	70.0	73.3	23	17.7	16.5	16	12.3	10.1
1976	105	72.9	73.9	22	15.5	16.1	17	11.6	10.0
1977	111	73.4	74.6	22	14.7	15.3	18	11.9	10.1
1978	115	72.9	75.0	22	14.0	14.6	21	13.1	10.4
1979	123	72.8	74.1	23	13.7	15.1	23	13.4	10.8
1980	103	66.6	71.1	26	16.9	16.7	26	16.5	12.2
1981	110	66.6	69.3	26	16.0	16.8	29	17.4	13.8
1982	101	63.6	67.5	28	17.9	17.6	29	18.5	14.9
1983	98	63.2	66.6	28	18.3	18.4	29	18.5	15.1
1984	116	67.7	67.8	28	16.0	17.3	28	16.3	14.9
1985	111	66.0	67.2	29	16.9	17.6	29	17.1	15.3
1986	118	67.5	67.1	28	16.1	17.6	29	16.4	15.3
1987	125	68.6	67.5	28	15.4	17.2	29	16.0	15.3

SIMPSON 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	28.7	0.69	8.4	0.82	0.2	0.03
1970	38.2	0.66	11.1	0.91	0.2	0.02
1971	44.3	0.75	15.9	1.31	0.1	0.01
1972	47.7	0.82	14.2	1.09	0.2	0.02
1973	46.3	0.83	18.3	1.46	0.2	0.02
1974	45.6	0.78	16.7	1.23	0.2	0.01
1975	46.1	0.72	7.1	0.64	0.3	0.01
1976	46.5	0.76	10.3	0.96	0.2	0.01
1977	47.5	0.77	10.6	0.91	0.2	0.01
1978	46.5	0.75	10.1	0.99	0.2	0.01
1979	47.4	0.81	12.5	1.23	0.2	0.01
1980	52.6	0.83	3.5	0.37	0.3	0.02
1981	51.3	0.86	9.4	0.77	0.2	0.01
1982	47.6	0.83	5.4	0.50	0.3	0.01
1983	60.0	1.03	-2.3	-0.50	0.2	0.01
1984	55.9	1.05	6.2	0.62	0.2	0.01
1985	59.1	1.09	1.8	0.24	0.3	0.02
1986	60.2	1.21	1.5	0.27	0.1	0.01
1987	59.7	1.26	2.9	0.47	0.1	0.01

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	6.2	0.27	9.9	0.37	4.5	0.29
1970	8.3	0.27	14.3	0.38	6.5	0.29
1971	8.4	0.26	14.0	0.37	6.7	0.29
1972	7.5	0.25	13.0	0.36	6.3	0.29
1973	6.5	0.23	12.4	0.37	5.8	0.29
1974	6.4	0.22	13.9	0.40	6.0	0.29
1975	7.8	0.22	18.3	0.42	7.6	0.29
1976	6.4	0.19	17.3	0.43	6.9	0.29
1977	6.3	0.19	15.3	0.40	6.9	0.30
1978	6.4	0.19	15.9	0.40	7.0	0.30
1979	6.1	0.20	16.1	0.44	6.7	0.29
1980	7.2	0.19	16.2	0.40	7.9	0.30
1981	6.5	0.18	14.4	0.39	7.0	0.28
1982	6.6	0.17	14.3	0.37	7.5	0.29
1983	7.4	0.18	14.7	0.37	8.0	0.30
1984	7.7	0.20	12.3	0.36	7.0	0.29
1985	8.6	0.21	12.1	0.34	7.4	0.30
1986	8.5	0.21	12.1	0.36	7.0	0.29
1987	8.1	0.20	11.3	0.35	6.8	0.30

SIMPSON COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	2,277	27.1	1,623	19.3	14	0.2
1970	2,325	32.5	1,608	22.5	12	0.2
1971	2,520	35.9	1,595	22.7	37	0.5
1972	2,911	38.9	1,590	21.3	19	0.3
1973	3,143	40.3	1,608	20.6	24	0.3
1974	3,020	38.8	1,628	20.9	22	0.3
1975	2,443	34.9	1,356	19.3	19	0.3
1976	2,691	36.4	1,334	18.1	17	0.2
1977	2,805	37.7	1,235	16.6	16	0.2
1978	2,753	36.3	1,192	15.7	16	0.2
1979	3,079	39.6	1,065	13.7	17	0.2
1980	2,879	38.4	1,049	14.0	15	0.2
1981	2,693	37.6	1,036	14.5	13	0.2
1982	2,429	34.5	995	14.1	16	0.2
1983	2,839	38.6	1,025	13.9	17	0.2
1984	3,042	39.3	979	12.6	17	0.2
1985	3,022	38.7	952	12.2	19	0.2
1986	3,234	39.3	975	11.8	15	0.2
1987	3,429	39.7	937	10.8	18	0.2

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	628	7.5	1,078	12.8	389	4.6
1970	640	9.0	1,151	16.1	420	5.9
1971	694	9.9	1,120	16.0	437	6.2
1972	658	8.8	1,146	15.3	459	6.1
1973	724	9.3	1,130	14.5	484	6.2
1974	706	9.1	1,181	15.2	511	6.6
1975	656	9.4	1,308	18.7	537	7.7
1976	633	8.6	1,457	19.7	548	7.4
1977	656	8.8	1,308	17.6	562	7.5
1978	658	8.7	1,392	18.3	589	7.8
1979	664	8.5	1,533	19.7	603	7.8
1980	682	9.1	1,470	19.6	593	7.9
1981	674	9.4	1,394	19.5	553	7.7
1982	674	9.6	1,268	18.0	585	8.3
1983	681	9.3	1,284	17.4	611	8.3
1984	800	10.3	1,369	17.7	612	7.9
1985	863	11.1	1,384	17.7	625	8.0
1986	886	10.8	1,493	18.1	652	7.9
1987	965	11.2	1,599	18.5	637	7.4

SIMPSON COUNTY
EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	8,397	\$16,231	\$17,440	.	4.2
1970	7,144	\$14,255	\$17,811	3.1	4.4
1971	7,013	\$14,555	\$18,166	2.9	5.1
1972	7,479	\$15,087	\$18,970	3.7	6.0
1973	7,805	\$16,519	\$19,232	2.7	3.7
1974	7,783	\$15,792	\$19,008	5.0	4.5
1975	7,009	\$14,604	\$18,976	12.2	7.3
1976	7,389	\$16,006	\$19,563	6.2	5.6
1977	7,449	\$16,904	\$20,031	4.3	4.7
1978	7,590	\$17,232	\$20,121	5.2	5.3
1979	7,767	\$18,173	\$20,110	4.7	5.5
1980	7,502	\$16,184	\$19,439	9.5	8.0
1981	7,159	\$17,717	\$19,286	10.1	8.4
1982	7,045	\$17,048	\$18,931	12.5	10.6
1983	7,359	\$16,135	\$18,358	10.4	11.6
1984	7,750	\$17,934	\$19,080	7.8	9.3
1985	7,807	\$17,320	\$18,676	9.0	9.5
1986	8,235	\$17,848	\$18,627	8.1	9.3
1987	8,642	\$18,151	\$18,636	7.9	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER AGE 6		PERCENT AGE 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	12,900	0.40	.	.	.	.
1970	13,100	0.41	10.5	10.3	17.7	14.8
1971	13,300	0.40	9.7	9.6	17.7	14.8
1972	13,400	0.40	9.2	9.1	17.9	15.0
1973	13,900	0.41	8.6	8.8	17.4	15.2
1974	14,300	0.42	8.2	8.6	17.3	15.3
1975	14,400	0.42	8.0	8.4	17.4	15.4
1976	14,500	0.41	8.0	8.2	17.7	15.5
1977	14,500	0.41	8.2	8.4	17.8	15.5
1978	14,800	0.41	8.3	8.5	17.8	15.6
1979	14,900	0.41	8.4	8.7	18.0	15.8
1980	14,700	0.40	9.4	9.2	18.0	15.4
1981	14,600	0.40	9.5	9.3	17.8	15.5
1982	14,500	0.39	9.4	9.2	17.9	15.7
1983	14,900	0.40	9.3	9.2	18.3	15.9
1984	14,700	0.40	9.0	9.0	18.3	16.1
1985	15,100	0.40	8.6	8.9	18.0	16.3
1986	14,700	0.39	8.5	8.6	18.4	16.5
1987	14,600	0.39	.	.	.	.

1

2

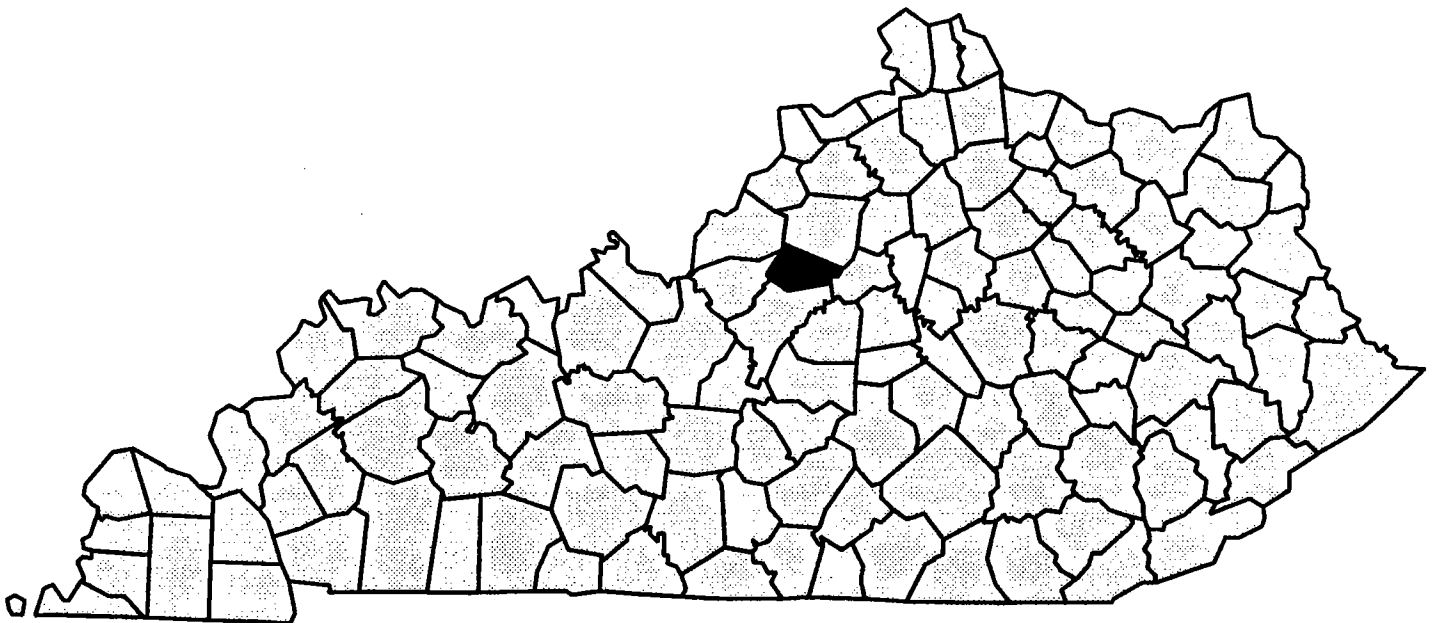
3

4

5

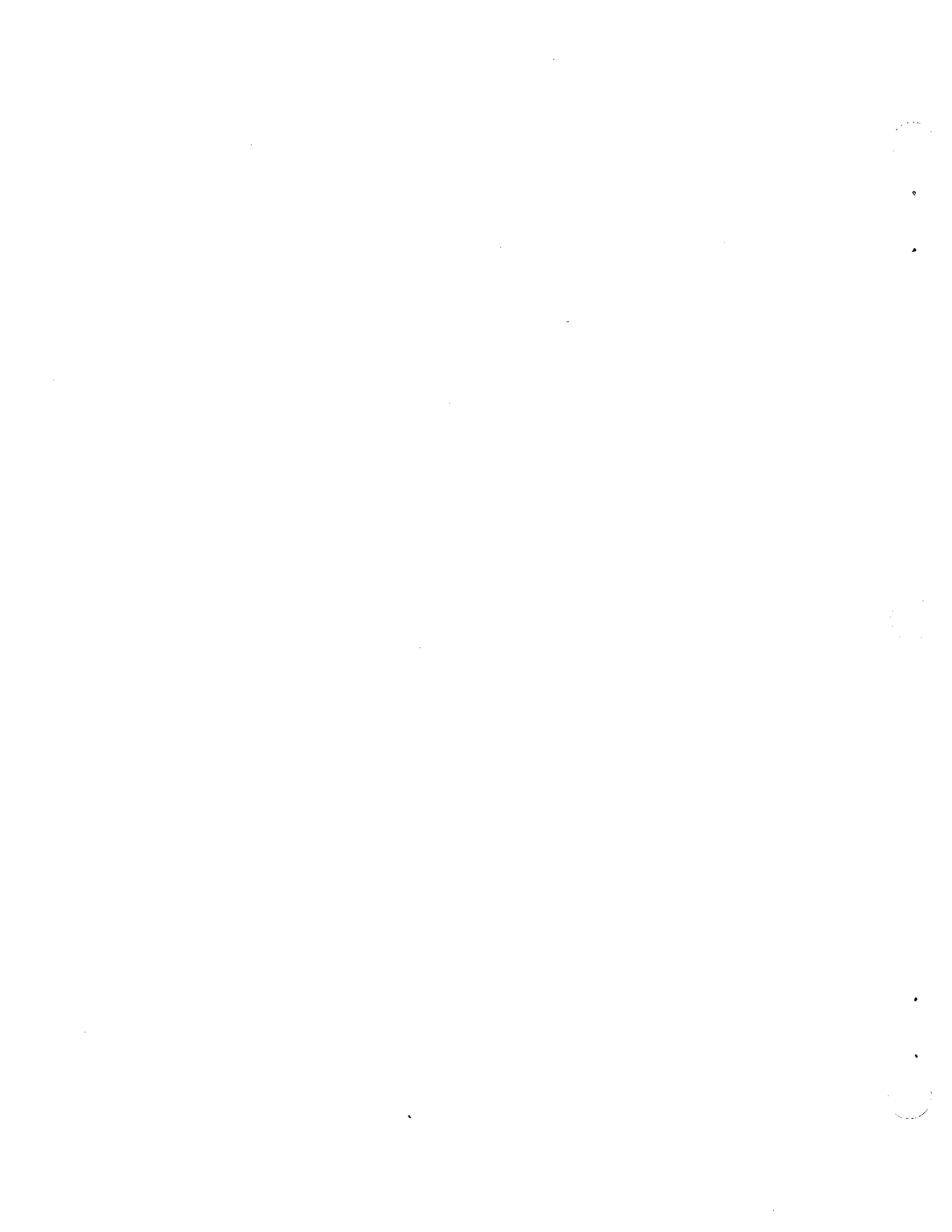
ECONOMIC TRENDS IN
KENTUCKY COUNTIES
1969 – 1987

SPENCER 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

SPENCER COUNTY

Prepared by
Virginia Wilson
Donna A. Cantrell

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

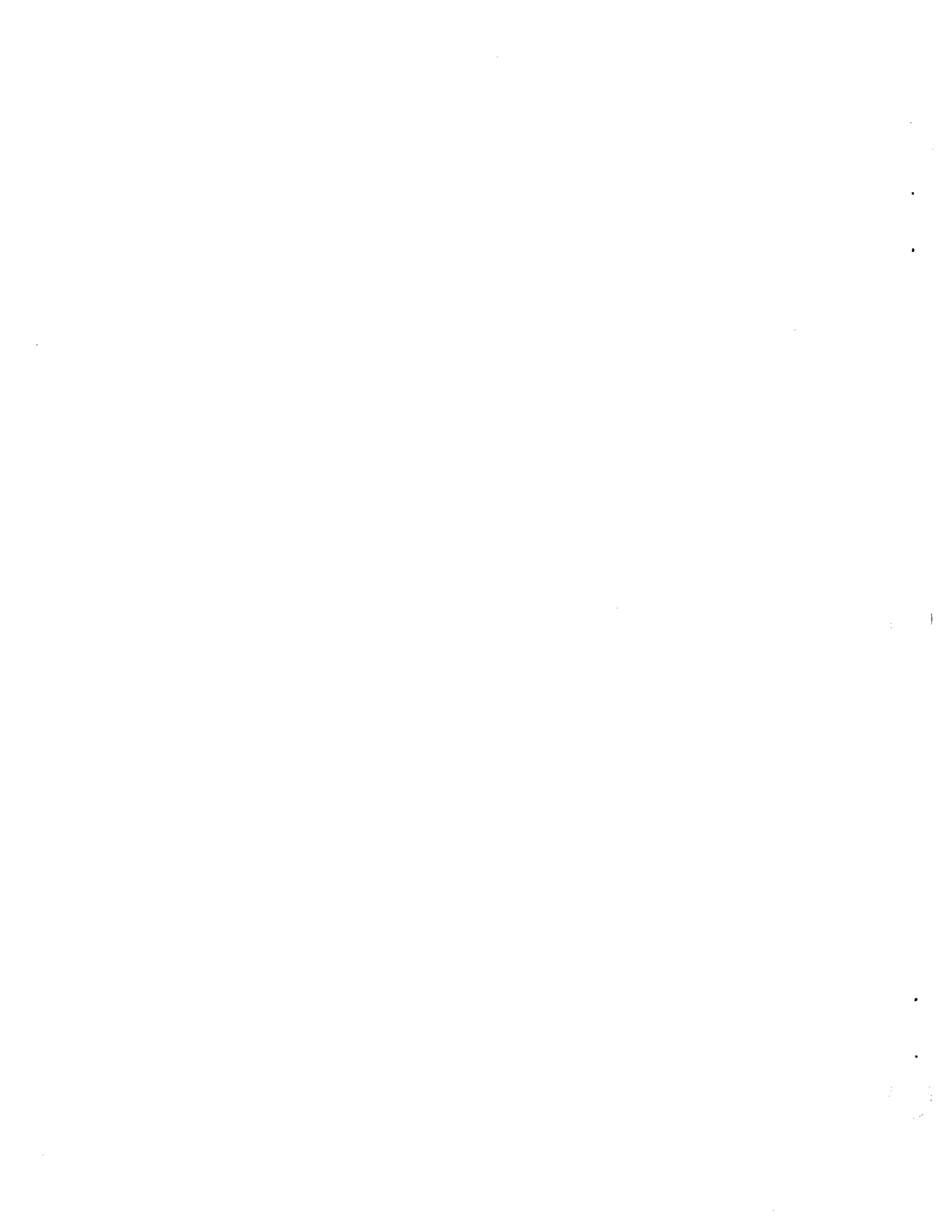
FOREWORD

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



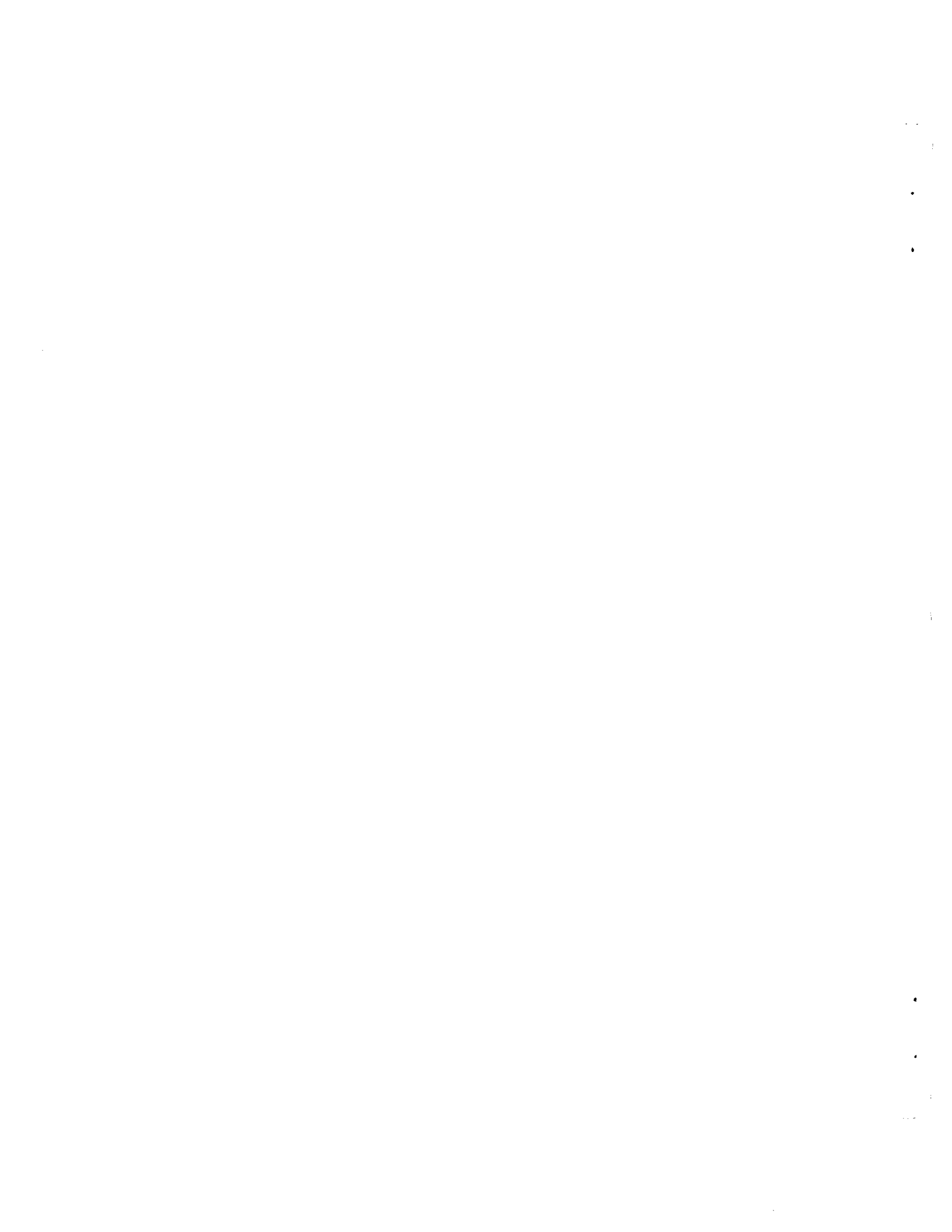
SUMMARY

The Spencer County economy, as measured by personal income, grew moderately from 1969 to 1987. However, Spencer County decreased its share of the Kentucky economy. This indicates the county economy did not grow as fast as the state economy.

The farm sector was the primary source of county earnings and employment. The most prominent economic trend in Spencer County was the decline in earnings from the farm sector. Farm employment has also declined, but to a much lesser degree.

While Spencer County experienced some economic growth, it came primarily from increases in the non-goods-producing industries. The state and local government sector significantly increased its share of both county earnings and employment. The growth sectors at the state level were the service and trade sectors. These sectors experienced moderate growth in Spencer County.

There is a national and state trend toward declining farm employment. Therefore, the outlook for this sector in Spencer County is for continued decline. Future economic growth in Spencer 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.

*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 SPENCER 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 Spencer 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.

Except for slight declines corresponding to national recessions, the Spencer County economy, as measured by personal income, increased from \$48 million in 1969 to \$66 million in 1987, after adjusting for inflation. Chart 1B shows Spencer County total personal income as a percent of Kentucky total personal income. Spencer County slightly 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 Spencer County per capita income generally increased over the time period to a level of \$10,461 per person in 1987, when it was 83.7 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 declined substantially in 1975 and in 1983, corresponding to national recessionary cycles. After the

recessionary decline of 1983, earnings recovered and were \$46 million in 1987 (in constant 1988 dollars). Earnings as a percent of personal income declined over time. This trend occurred at the state level as well. In 1987, earnings accounted for 69.2 percent of Spencer County's total personal income, compared to Kentucky's 67.5 percent share.

Transfer payments contributed \$4 million to total personal income in 1969 and \$11 million in 1987. During the same period, transfer payments contributed a lower percentage of personal income in Spencer County than in Kentucky.

Income from property in Spencer County grew rapidly during the 1970's and early 1980's, then declined slightly in the mid 1980's. Income from property totalled \$4 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. The farm sector was the primary source of earnings in Spencer County. The percent of earnings from the farm sector decreased from 56.4 percent in 1969 to 28.2 percent in 1987. The trend toward declining earnings is consistent with state and national trends. Data on earnings from the mining sector throughout the period was not disclosed. Likewise, data on manufacturing earnings was not available until 1984. Data is usually withheld when there are very few firms in operation.

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 6.8 percent in 1969 to 16.5 percent in 1987. The trade sector's share of earnings decreased through the 1970's and increased in the 1980's to 14.9 percent in 1987. Earnings from the state and local government sector increased from 7.8 percent in 1969 to 20.1 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 Spencer 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 Spencer County, average earnings declined to \$8,228 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 Spencer County increased slightly during the data period. In 1969, total employment stood at 1,924 people. By 1987, that figure had increased to 2,189.

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 Spencer County are presented in Chart 4B. Unemployment rates in Spencer County followed state trends. In 1987, the county unemployment rate was 6.9 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. However, employment in this sector declined from 60.1 percent of total employment in 1969 to 49.9 percent in 1987. Employment in the manufacturing and mining sectors was minimal.

Employment in the non-goods-producing industries is presented in Chart 4D. Employment in the trade sector decreased in the 1970's, then increased in the 1980's to 10.9 percent of employment in 1987. The percent of employment in the service sector increased from 6.3 percent in 1969 to 12.7 percent in 1987. The employment share in state and local government increased from 7.1 percent in 1969 to 9.9 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 Spencer County.

The Spencer County population grew from 5,500 in 1969 to 6,300 in 1987 (Chart 5A). It was estimated that in 1986, 7.6 percent of Spencer County's population was under six years of age, compared to 8.6 percent for the state. For the same year 15.3 percent of the Spencer County population was sixty years of age and over, while 16.5 percent of all Kentucky residents fell in this age group.

CHART 1A

SPENCER COUNTY
REAL PERSONAL INCOME
Millions of 1988 dollars

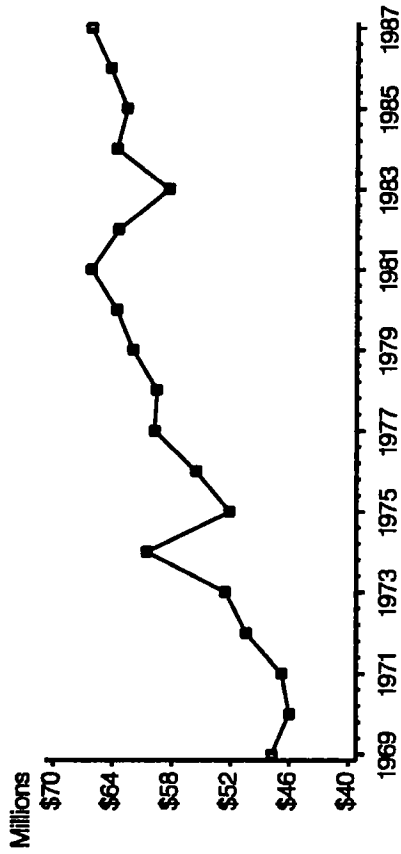


CHART 1B
SPENCER COUNTY
PERSONAL INCOME
as a Percent of Kentucky Personal Income

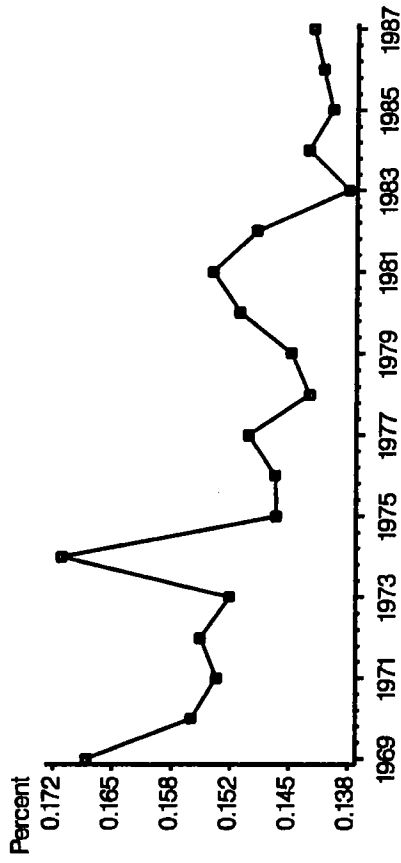


CHART 1C

SPENCER COUNTY
PER CAPITA PERSONAL INCOME
in Constant 1988 Dollars

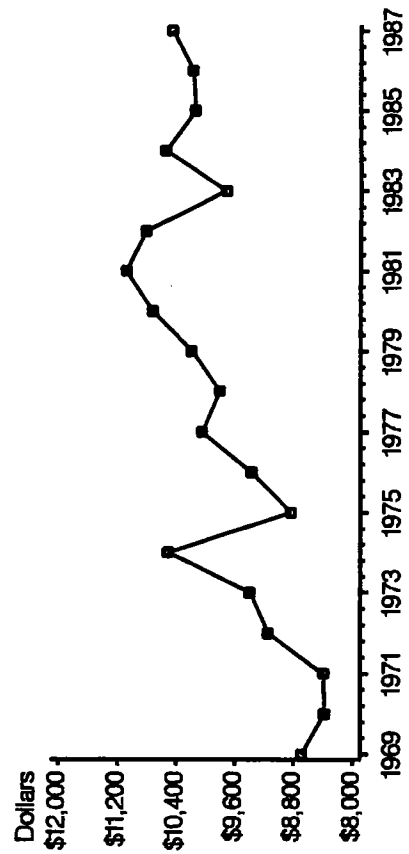


CHART 1D
SPENCER COUNTY
PER CAPITA PERSONAL INCOME
as a Percent of Kentucky Per Capita Personal Income

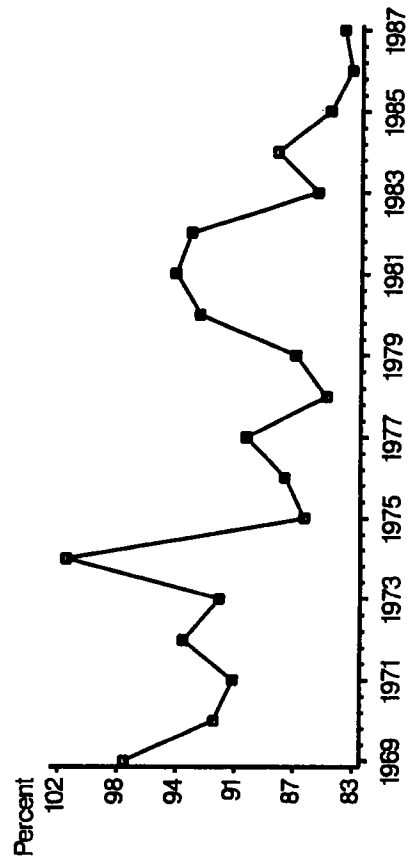


CHART 2A

SPENCER COUNTY
REAL TOTAL EARNINGS
Millions of 1988 dollars

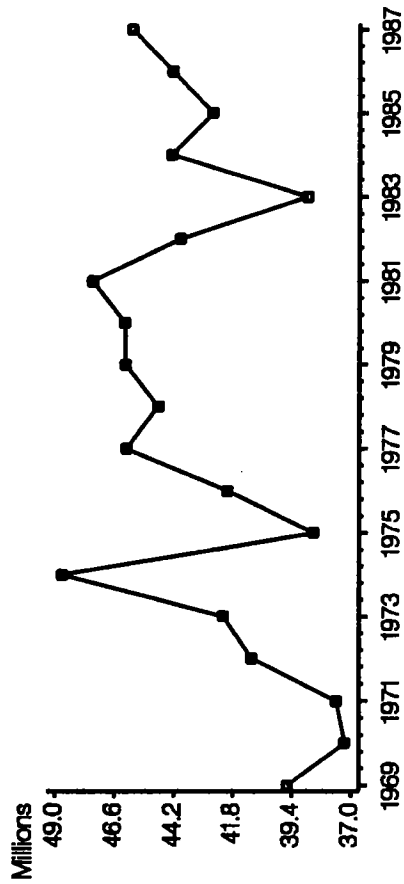


CHART 2B
SPENCER COUNTY
TRANSFER PAYMENTS and INCOME FROM PROPERTY
Millions of 1988 Dollars

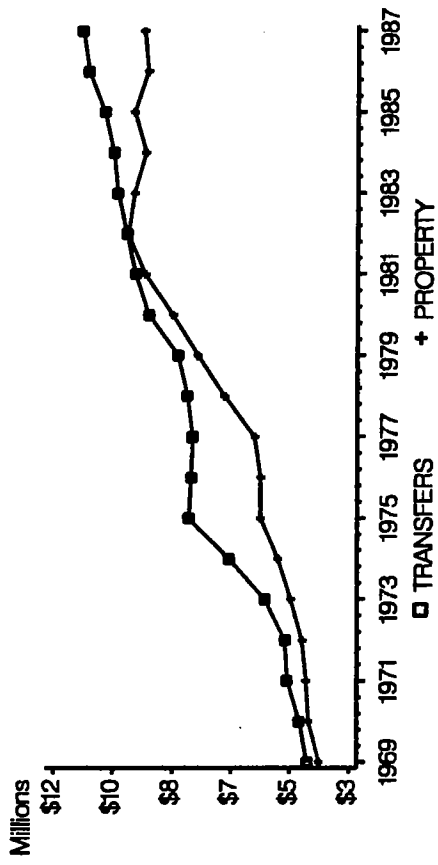


CHART 2C

SPENCER COUNTY
TOTAL EARNINGS
as a Percent of Personal Income

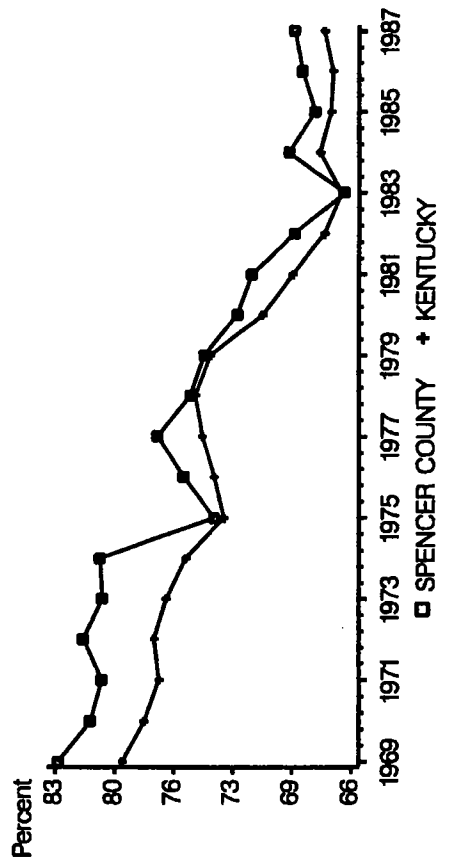


CHART 2D

SPENCER COUNTY
TRANSFER PAYMENTS
as a Percent of Personal Income

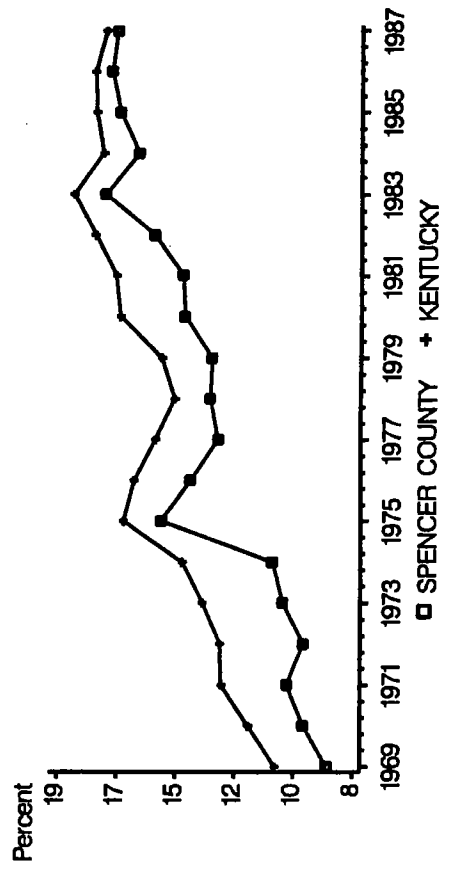


CHART 3A

SPENCER COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Earnings

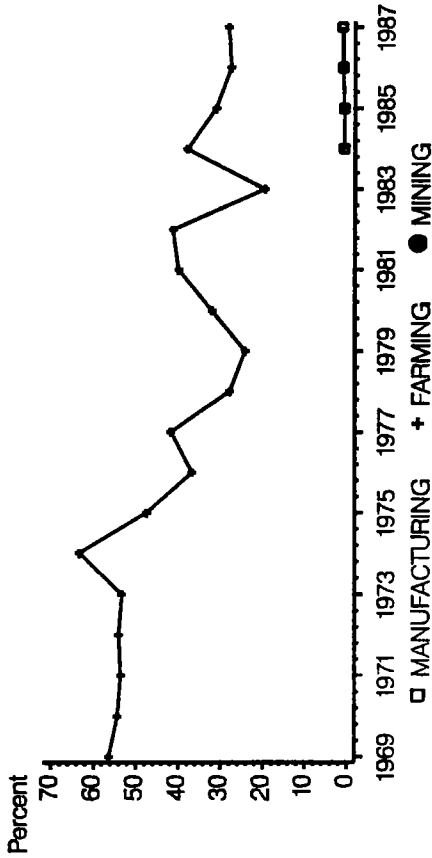


CHART 3B

SPENCER COUNTY

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

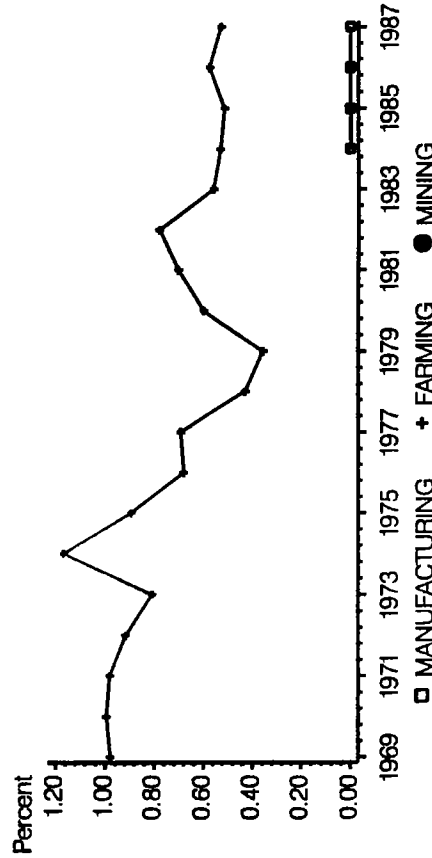


CHART 3C

SPENCER COUNTY

EARNINGS IN GOODS PRODUCING INDUSTRIES
as a Percent of Kentucky Industries

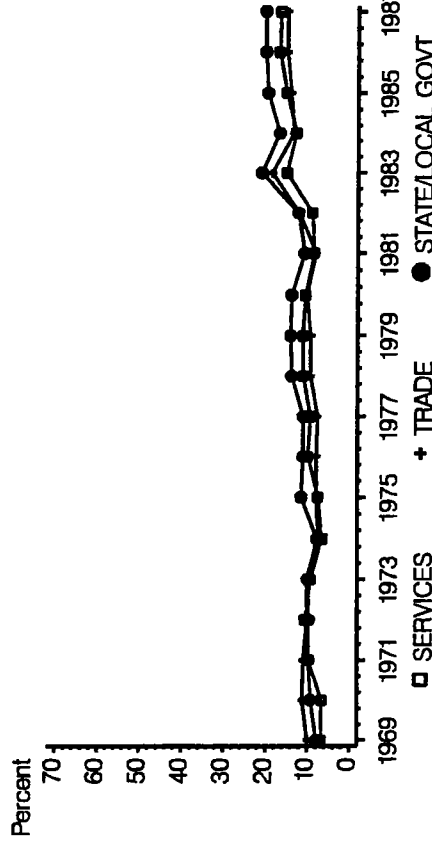


CHART 3D

SPENCER COUNTY

AVERAGE EARNINGS PER JOB
in Constant 1988 Dollars

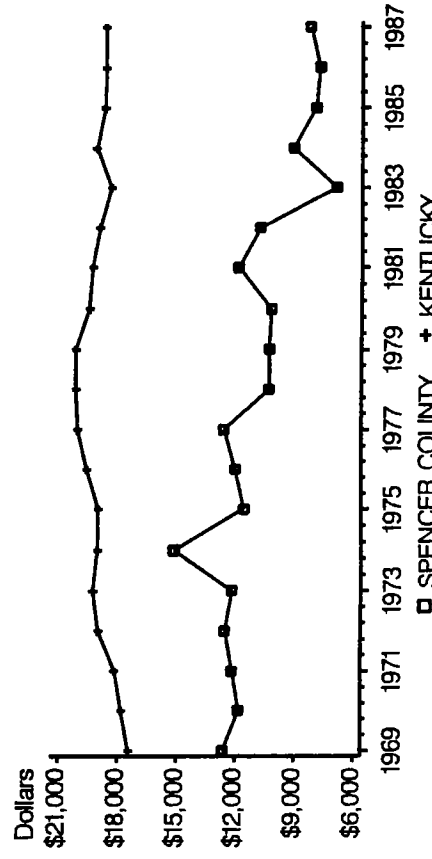


CHART 4A
SPENCER COUNTY
TOTAL EMPLOYMENT
Thousands of People

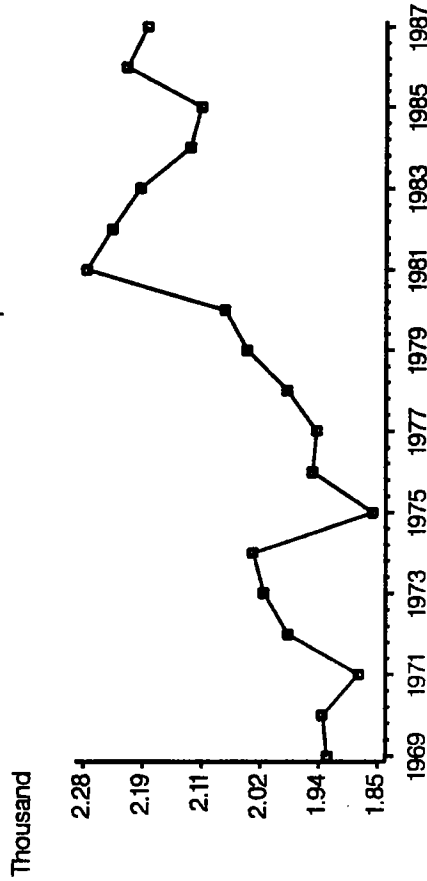


CHART 4B
SPENCER COUNTY
ANNUAL UNEMPLOYMENT RATE

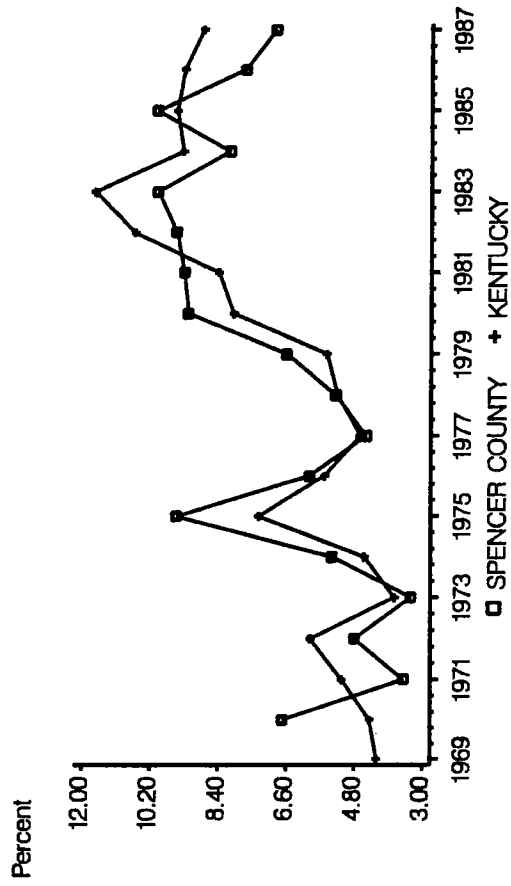


CHART 4C
SPENCER COUNTY
EMPLOYMENT IN GOODS PRODUCING INDUSTRIES
as a Percent of Total Employment

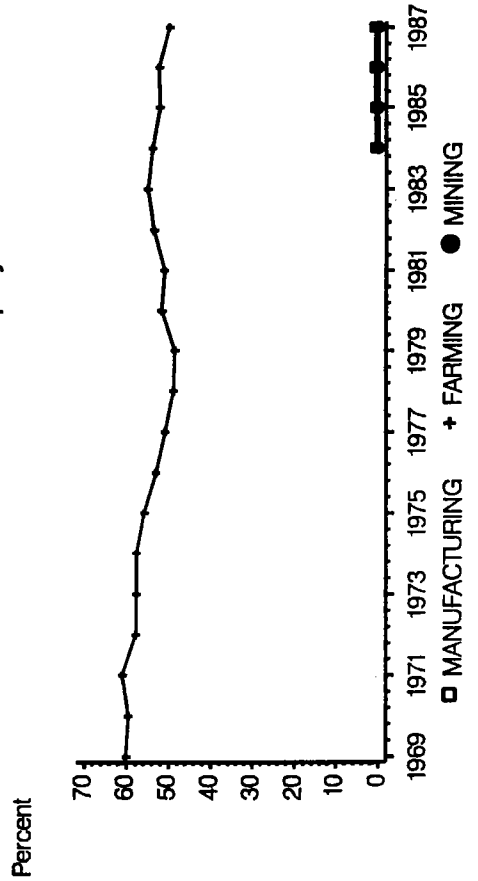


CHART 4D
SPENCER COUNTY
EMPLOYMENT IN NON-GOODS PRODUCING INDUSTRIES
as a Percent of Total Employment

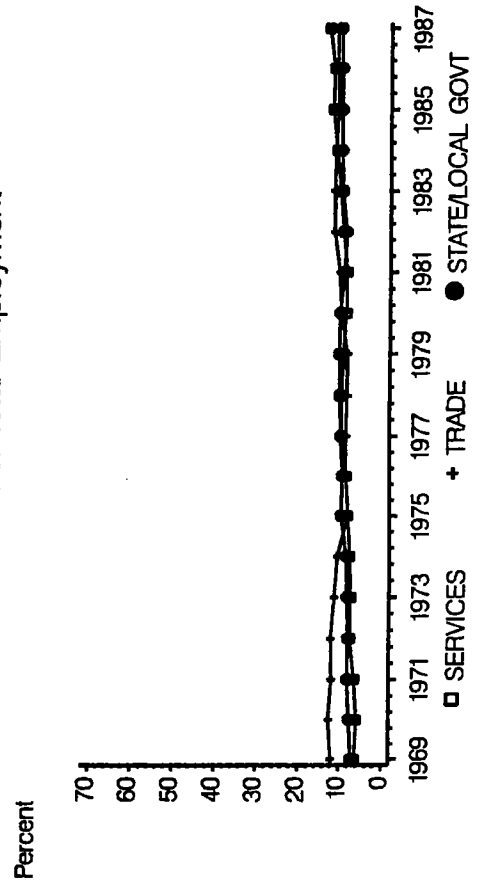


CHART 5A
SPENCER COUNTY
POPULATION
Thousands of People

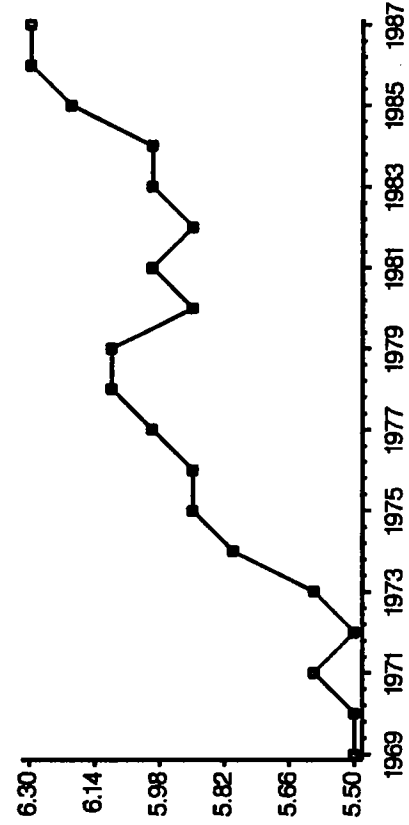


CHART 5B
SPENCER COUNTY
POPULATION
as a Percent of Kentucky Population

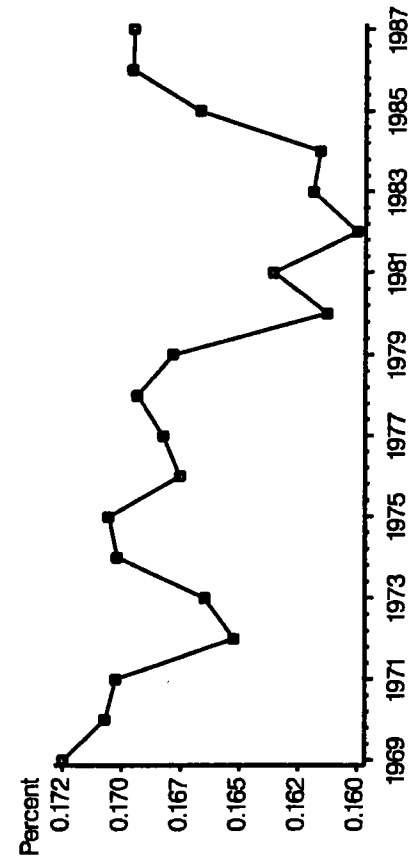


CHART 5C
SPENCER COUNTY
POPULATION 5 AND UNDER
as a Percent of Total Population

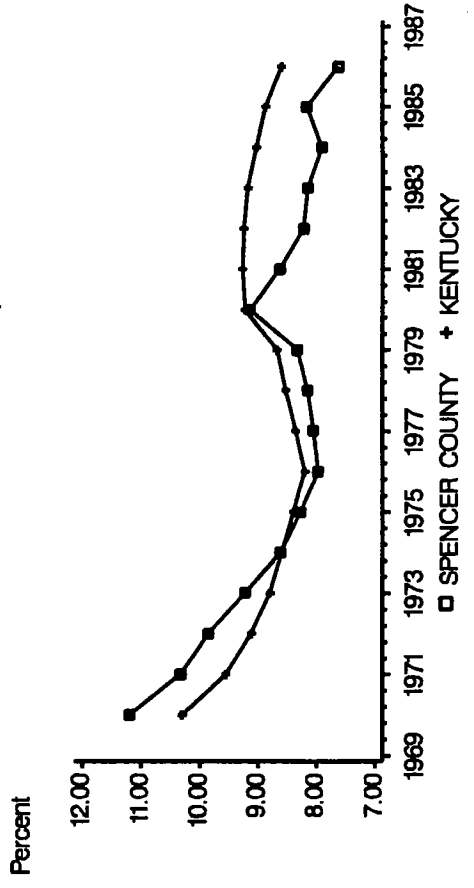
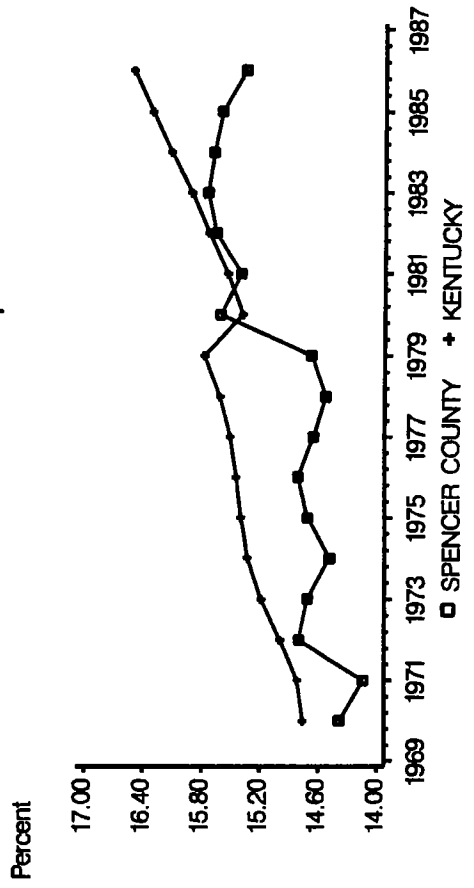


CHART 5D
SPENCER COUNTY
POPULATION 60 AND OVER
as a Percent of Total Population



SPENCER COUNTY

PERSONAL INCOME
In Constant 1988 Dollars

Year	County Personal Income (M\$)	Percent of Kentucky (%)	Per Capita Personal Income (\$)	Percent of Kentucky (%)
1969	48	0.17	8,685	97.7
1970	46	0.16	8,381	91.9
1971	47	0.15	8,396	90.7
1972	50	0.16	9,155	94.0
1973	53	0.15	9,403	91.6
1974	61	0.17	10,512	101.4
1975	52	0.15	8,839	86.1
1976	56	0.15	9,381	87.4
1977	60	0.15	10,050	89.9
1978	60	0.14	9,804	84.8
1979	62	0.14	10,197	86.7
1980	64	0.15	10,719	92.9
1981	66	0.15	11,081	94.5
1982	63	0.15	10,808	93.5
1983	58	0.14	9,716	85.4
1984	64	0.14	10,544	87.9
1985	63	0.14	10,150	84.6
1986	64	0.14	10,181	83.2
1987	66	0.14	10,461	83.7

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	40	82.8	79.2	4	9.0	10.9	4	8.2	9.9
1970	37	81.0	77.9	5	9.8	11.9	4	9.2	10.2
1971	38	80.3	77.0	5	10.4	12.9	4	9.2	10.1
1972	41	81.4	77.3	5	9.8	12.9	4	8.8	9.7
1973	42	80.3	76.6	6	10.6	13.6	5	9.1	9.7
1974	49	80.4	75.5	7	11.0	14.4	5	8.5	10.1
1975	39	73.9	73.3	8	15.1	16.5	6	11.0	10.1
1976	42	75.7	73.9	8	14.1	16.1	6	10.3	10.0
1977	46	77.1	74.6	8	13.0	15.3	6	9.9	10.1
1978	45	75.3	75.0	8	13.3	14.6	7	11.4	10.4
1979	46	74.5	74.1	8	13.3	15.1	8	12.3	10.8
1980	46	72.5	71.1	9	14.3	16.7	8	13.2	12.2
1981	48	71.7	69.3	10	14.4	16.8	9	13.9	13.8
1982	44	69.2	67.5	10	15.4	17.6	10	15.4	14.9
1983	39	66.4	66.6	10	17.2	18.4	10	16.4	15.1
1984	44	69.6	67.8	10	16.0	17.3	9	14.5	14.9
1985	43	68.0	67.2	10	16.7	17.6	10	15.3	15.3
1986	44	68.8	67.1	11	17.0	17.6	9	14.2	15.3
1987	46	69.2	67.5	11	16.8	17.2	9	14.0	15.3

SPENCER 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	.	.	56.4	0.98	.	.
1970	.	.	54.4	1.00	.	.
1971	.	.	53.6	0.98	.	.
1972	.	.	54.1	0.92	.	.
1973	.	.	53.4	0.81	.	.
1974	.	.	63.5	1.17	.	.
1975	.	.	47.5	0.89	.	.
1976	.	.	36.8	0.68	.	.
1977	.	.	41.8	0.69	.	.
1978	.	.	27.9	0.43	.	.
1979	.	.	24.2	0.36	.	.
1980	.	.	32.2	0.60	.	.
1981	.	.	40.1	0.70	.	.
1982	.	.	41.3	0.78	.	.
1983	.	.	19.5	0.56	.	.
1984	0.6	0.00	38.0	0.53	.	.
1985	0.6	0.00	31.1	0.51	.	.
1986	0.9	0.00	27.6	0.57	.	.
1987	1.0	0.00	28.2	0.53	.	.

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	TOTAL	KENTUCKY	TOTAL	KENTUCKY	TOTAL	KENTUCKY
1969	6.8	0.05	10.0	0.07	7.8	0.09
1970	6.6	0.05	11.1	0.07	9.2	0.09
1971	9.7	0.07	10.9	0.06	9.7	0.09
1972	10.5	0.08	10.1	0.06	9.6	0.10
1973	9.2	0.06	10.2	0.06	9.9	0.09
1974	6.5	0.06	7.5	0.05	7.7	0.09
1975	7.5	0.04	7.9	0.04	11.5	0.09
1976	9.9	0.06	7.9	0.04	11.0	0.09
1977	9.4	0.06	7.6	0.04	11.0	0.09
1978	11.0	0.05	9.3	0.04	13.8	0.09
1979	11.1	0.05	9.3	0.04	14.0	0.09
1980	10.5	0.05	10.2	0.04	13.8	0.09
1981	8.5	0.05	8.1	0.05	10.8	0.09
1982	8.9	0.05	12.1	0.06	12.2	0.09
1983	15.0	0.05	18.6	0.06	21.0	0.10
1984	12.8	0.05	13.3	0.05	16.7	0.10
1985	15.1	0.05	14.1	0.05	19.6	0.10
1986	16.8	0.05	14.9	0.05	20.1	0.10
1987	16.5	0.05	14.9	0.05	20.1	0.10

SPENCER COUNTY

COUNTY EMPLOYMENT by SECTOR

YEAR	MANUFACTURING		FARMING		MINING	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	.	.	1,156	60.1	.	.
1970	.	.	1,150	59.6	.	.
1971	.	.	1,145	61.0	.	.
1972	.	.	1,146	57.8	.	.
1973	.	.	1,164	57.7	.	.
1974	.	.	1,173	57.7	.	.
1975	.	.	1,038	55.9	.	.
1976	.	.	1,033	53.1	.	.
1977	.	.	987	50.9	.	.
1978	.	.	969	48.8	.	.
1979	.	.	990	48.5	.	.
1980	.	.	1,073	51.7	.	.
1981	.	.	1,161	51.0	.	.
1982	.	.	1,200	53.6	.	.
1983	.	.	1,211	55.1	.	.
1984	14	0.7	1,146	53.9	0	0.0
1985	15	0.7	1,101	52.2	0	0.0
1986	18	0.8	1,163	52.4	0	0.0
1987	21	1.0	1,093	49.9	0	0.0

YEAR	SERVICES		TRADE		STATE and LOCAL GOVERNMENT	
	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL	EMPLOYMENT	PERCENT OF TOTAL
1969	121	6.3	230	12.0	137	7.1
1970	113	5.9	240	12.4	145	7.5
1971	120	6.4	222	11.8	149	7.9
1972	147	7.4	236	11.9	155	7.8
1973	146	7.2	226	11.2	163	8.1
1974	154	7.6	213	10.5	170	8.4
1975	149	8.0	148	8.0	178	9.6
1976	163	8.4	165	8.5	181	9.3
1977	182	9.4	165	8.5	188	9.7
1978	190	9.6	164	8.3	199	10.0
1979	186	9.1	168	8.2	208	10.2
1980	177	8.5	203	9.8	207	10.0
1981	192	8.4	231	10.1	206	9.0
1982	208	9.3	258	11.5	193	8.6
1983	221	10.1	253	11.5	207	9.4
1984	230	10.8	238	11.2	206	9.7
1985	251	11.9	223	10.6	204	9.7
1986	257	11.6	238	10.7	215	9.7
1987	278	12.7	239	10.9	216	9.9

SPENCER COUNTY

EMPLOYMENT STATISTICS

YEAR	TOTAL EMPLOYMENT	AVERAGE EARNINGS		UNEMPLOYMENT RATE	
		COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	1,924	\$12,608	\$17,440	.	4.2
1970	1,931	\$11,817	\$17,811	6.7	4.4
1971	1,878	\$12,151	\$18,166	3.5	5.1
1972	1,982	\$12,517	\$18,970	4.8	6.0
1973	2,017	\$12,154	\$19,232	3.3	3.7
1974	2,033	\$15,131	\$19,008	5.4	4.5
1975	1,857	\$11,581	\$18,976	9.5	7.3
1976	1,946	\$12,010	\$19,563	6.0	5.6
1977	1,940	\$12,581	\$20,031	4.5	4.7
1978	1,984	\$10,329	\$20,121	5.3	5.3
1979	2,042	\$10,315	\$20,110	6.6	5.5
1980	2,075	\$10,222	\$19,439	9.2	8.0
1981	2,277	\$11,874	\$19,286	9.3	8.4
1982	2,240	\$10,793	\$18,931	9.5	10.6
1983	2,199	\$6,902	\$18,358	10.0	11.6
1984	2,126	\$9,081	\$19,080	8.1	9.3
1985	2,110	\$7,934	\$18,676	10.0	9.5
1986	2,219	\$7,749	\$18,627	7.7	9.3
1987	2,189	\$8,228	\$18,636	6.9	8.8

POPULATION STATISTICS

YEAR	POPULATION	% OF KY	PERCENT UNDER AGE 6		PERCENT AGE 60+	
			COUNTY	KENTUCKY	COUNTY	KENTUCKY
1969	5,500	0.17	.	.	.	.
1970	5,500	0.17	11.2	10.3	14.4	14.8
1971	5,600	0.17	10.3	9.6	14.1	14.8
1972	5,500	0.16	9.9	9.1	14.8	15.0
1973	5,600	0.17	9.2	8.8	14.7	15.2
1974	5,800	0.17	8.6	8.6	14.5	15.3
1975	5,900	0.17	8.3	8.4	14.7	15.4
1976	5,900	0.17	8.0	8.2	14.8	15.5
1977	6,000	0.17	8.1	8.4	14.7	15.5
1978	6,100	0.17	8.1	8.5	14.5	15.6
1979	6,100	0.17	8.3	8.7	14.7	15.8
1980	5,900	0.16	9.1	9.2	15.6	15.4
1981	6,000	0.16	8.6	9.3	15.4	15.5
1982	5,900	0.16	8.2	9.2	15.7	15.7
1983	6,000	0.16	8.1	9.2	15.8	15.9
1984	6,000	0.16	7.9	9.0	15.7	16.1
1985	6,200	0.17	8.2	8.9	15.6	16.3
1986	6,300	0.17	7.6	8.6	15.3	16.5
1987	6,300	0.17	.	.	.	.

1
2
3

4

5
6