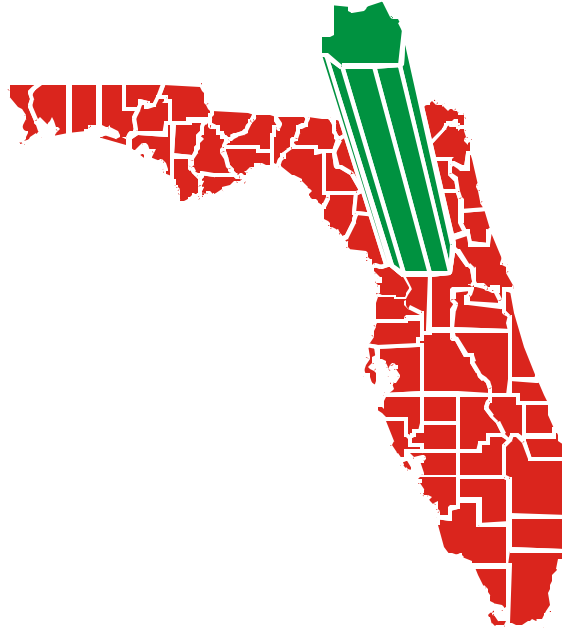


Marion County Florida



Historical, Comparative Economic Analysis

April - 2003

*Historical, Comparative
Economic Analysis*

**Marion County
Florida**

Prepared for the

**Ocala/Marion County
Economic Development Corporation**

April - 2003

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Introduction

An individual or business is most affected by the economic condition in closest proximity to where the individual lives or the business is located. The economic growth of the local economy typically determines the standard of living for the individual and the success of the business.

Local economies throughout the United States many times behave in significant contrast to national or state trends, since national and state data are the aggregation and average of the data for thousands of small economies. Average national growth rates can be much different than local growth rates.

The condition of a local economy can also be much different than neighboring counties, as each has its own characteristics and composition.

This “Historical, Comparative Economic Analysis” examines in great detail the composition, history, and trends of the economy of Marion County. By examining the contents of this report, the reader can gain significant insight as to what is driving the economy and how it compares to the rest of the nation. The Analysis is composed of four distinct sections.

Section 1 presents the existing composition, impact, and history of thirteen important economic categories. By viewing the charts and graphs provided, you can quickly discern what are the most important factors affecting Marion County.

Section 2 examines the “Level of the Economy” by studying the growth in the “quality and quantity” of the economy as it influences the economic quality of life for the people living and working in the area.

Section 3 compares the growth rate, stability, and economic importance of 118 items over five time periods to the rest of the nation. You will be able to immediately discover short and long-term trends, shifts in the importance of various economic sectors, and discover how stable the economy is. Most importantly, all of the data is statistically measured against the 318 metropolitan areas in the United States so you can quickly see how each item for Marion County compares to the rest of the nation.

Section 4 is provided as a resource. Included is a list of all the metropolitan areas in the United States along with their “Economic Strength” ranking and a printout of the actual economic data for Marion County used to create this Analysis.

Study Area

The geographic definition of the area examined is Marion County, Florida. Marion County is also known as the Ocala, FL Metropolitan Statistical Area. In Section 3 of this Analysis, comparisons are also made to Polk County, FL (Lakeland MSA), Alachua County, FL (Gainesville MSA), and the Greenville-Spartanburg-Anderson, SC MSA. These metropolitan areas are ranked 71st, 208th, 119th, and 107th respectively for economic strength. Please see Section 4.

Database

The economic database used to prepare this Analysis is maintained and published by the United States Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System. The Bureau of Economic Analysis is the official economic data-gathering agency for the Federal Government.

This database was chosen for three reasons.

- 1) It is composed of “source data” which has been taken from the administrative records of numerous government agencies as opposed to monthly surveys and polls.
- 2) The data has been collected and analyzed utilizing a reasonably consistent methodology over the entire term of the study period.
- 3) The economic data is historically cumulative relative to the geographic definition of the area.

Due to the time necessary for the various government agencies to collect and collate the economic data, the Bureau of Economic Analysis is unable to publish the results until approximately eighteen months after the end of a calendar year. As an example, many of the elements of the data, such as “proprietors income,” are taken from personal income tax filings. Since final 2001 income tax reports (extended filings) are not due until August of 2002, it is reasonable to understand this data is not immediately available.

The economic history included in this analysis spans the years 1971 through 2000 and was released June 6, 2002. The data for 2001 is scheduled for release in mid-2003.

Data Suppression

Federal and state laws require employers to report the number of employees and their respective earning for the administration of various government programs such as the Unemployment Compensation program. It is from this reporting most economic data is created. However, the privacy of individual employers is protected. The law provides that if, through a reasonable effort, the actual number of employees or the actual earnings of a private company can be determined from the publication of economic data, then that data must be withheld from the public. The data is suppressed. Throughout this Analysis, especially in Section 1 and Section 3, there will be “gaps” in a data series in a graph, an “na” might appear instead of a number, or a “0” will be in a column. This is the result of data suppression to protect the privacy of a private employer.

About POLICOM Corporation

POLICOM Corporation is an independent economic research firm, which specializes in analyzing local and state economies. Its products and services evaluate the economic condition of counties, metropolitan areas, and states, determine what is the cause of the condition, and offers suggestions and ideas on how to improve or maintain the economic “quality of life” for the residents.

Some of the company’s services include:

- Presentations and workshops for communities and state and national associations.
- Community Economic Analysis, Goal Setting, and Target Industry Studies.
- Strategic Plan of Action to improve the economy of a local area.
- Customized Economic Reports for communities.

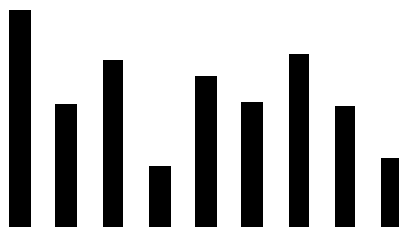
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Section 1



Components and History

Marion County, Florida

Components and History of the Economy

Every local economy in the nation has its own characteristics. Its rate of growth, composition, consistency, and success will be different from other economies not only within the state but even its next door neighbor.

This Section examines the composition of the Marion County economy. Through a review of the history of fourteen economic and industrial categories, the most important elements of the economy can be discovered. Additionally, the twenty-five year history of each of category is graphed so changes, fluctuations, and trends can be visually discovered. Smooth, rising lines in the graphs demonstrate consistent growth while jagged, falling lines demonstrate volatile decline.

The following are the fourteen categories examined in detail in the section:

Employment - Where the jobs are in the economy.

Earnings – What is being earned in total dollars in each industry.

Earnings Per Worker – Which industry pays the most, the least.

Primary Industry Earnings – Which industries contribute to the local economy.

Total Personal Income – Its composition can tell a lot about the local economy.

Construction Earnings - Extremely reactive to the condition of a local economy.

Manufacturing Earnings – The most important contributory industry in most economies.

Transportation & Public Utilities Earnings – This sector has three major components.

Retail Trade Earnings – Discover the spending habits and trends in the local area.

Finance, Insurance, Real Estate – A mixer of wealth in a local economy.

Services Earnings – The fastest growing sector in almost every economy.

Government Transfers – Have significant influence on most local economies.

Per Capita Government Transfers – How dependent is the area on transfers.

Government Earnings – Which level of government is the most dominant.

For each, 2000 data is provided along with the percentage of influence or contribution each has on the local economy and for the total of the United States. The following is an example:

| <u>Employment</u> | <u>2000</u> | <u>Area %</u> | <u>USA</u> | <u>USA %</u> |
|-------------------|-------------|---------------|------------|--------------|
| Retail | 23,121 | 23.6% | 27,334,100 | 16.3% |

In 2000, there were 23,121 people employed in Retail in the sample area. These workers comprise 23.6% of all employment in the sample area. Nationally, there are 27,334,1000 full and part-time workers employed in Retail Trade comprising 16.3% of the national employment.

Technical Note: A “0” appears in data charts in this Section if there was no data reported or if the data was suppressed.

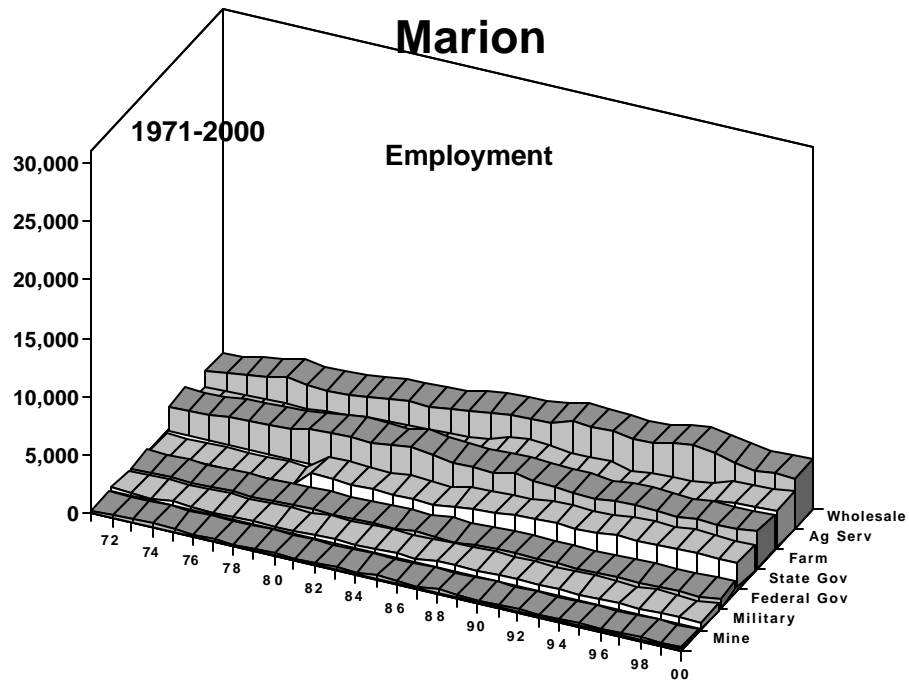
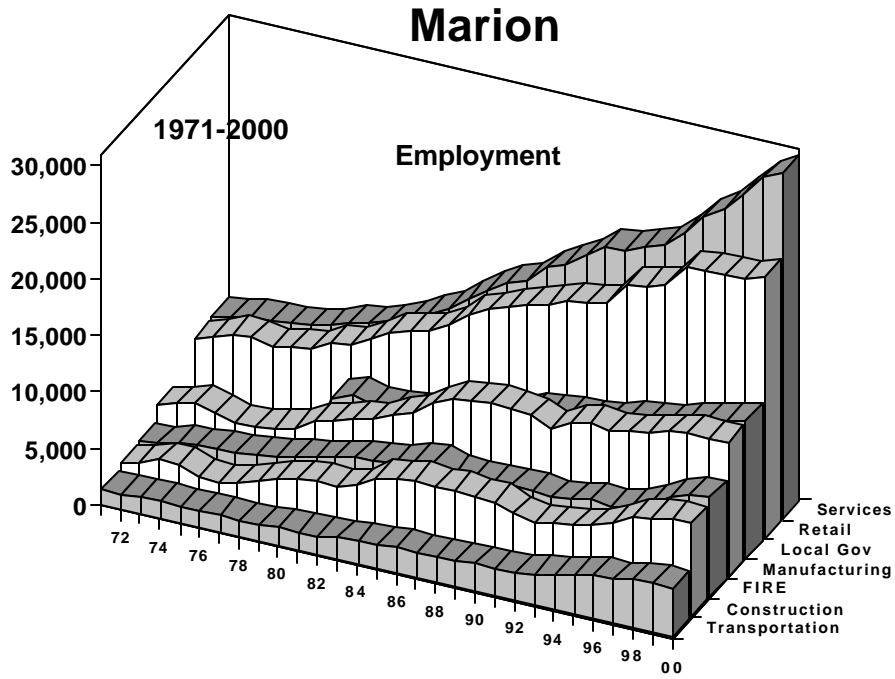
Employment

Employment includes all full and part-time Wage and Salaried Workers and proprietors. Wage & Salaried workers are those who work for others; a corporation, sole proprietor, or a partnership. Nonfarm Proprietors are typically the small business people in an area. They are unincorporated businesses, sole proprietorships, and the general partners of partnerships.

In most economies, the Services sector accounts for the greatest percentage of the workforce. Areas, which have a significantly larger percentage of Service or Retail workers than the national average, typically are a tourism-based economy, a retirement-based economy, impoverished, or a combination of these.

The **Area %** is the percentage the employment in each industry is of All Workers in the area.

| Marion | | | | | |
|----------------------------|--------------------|----------------------|-------------------|---------------------|--|
| <u>Employment</u> | <u>2000</u> | <u>Area %</u> | <u>USA</u> | <u>USA %</u> | |
| All Workers | 113,439 | | 167,465,300 | | |
| Wage & Salaried Workers | 90,784 | 80.0% | 139,552,000 | 83.3% | |
| Nonfarm proprietors | 20,784 | 18.3% | 25,700,300 | 15.3% | |
| Services | 30,545 | 26.9% | 53,276,700 | 31.8% | |
| Retail | 23,089 | 20.4% | 27,344,100 | 16.3% | |
| Local | 12,150 | 10.7% | 12,823,000 | 7.7% | |
| Manufacturing | 11,998 | 10.6% | 19,106,900 | 11.4% | |
| FIRE | 8,785 | 7.7% | 13,495,100 | 8.1% | |
| Construction | 8,274 | 7.3% | 9,604,300 | 5.7% | |
| Trans, Comm, Pub Utilities | 4,282 | 3.8% | 8,247,100 | 4.9% | |
| Wholesale | 4,217 | 3.7% | 7,584,900 | 4.5% | |
| Ag Services | 3,270 | 2.9% | 2,166,800 | 1.3% | |
| Farm | 3,083 | 2.7% | 3,103,000 | 1.9% | |
| State | 2,137 | 1.9% | 4,952,000 | 3.0% | |
| Federal Civilian | 857 | 0.8% | 2,891,000 | 1.7% | |
| Military | 556 | 0.5% | 2,075,000 | 1.2% | |
| Mining | 196 | 0.2% | 795,400 | 0.5% | |



Earnings

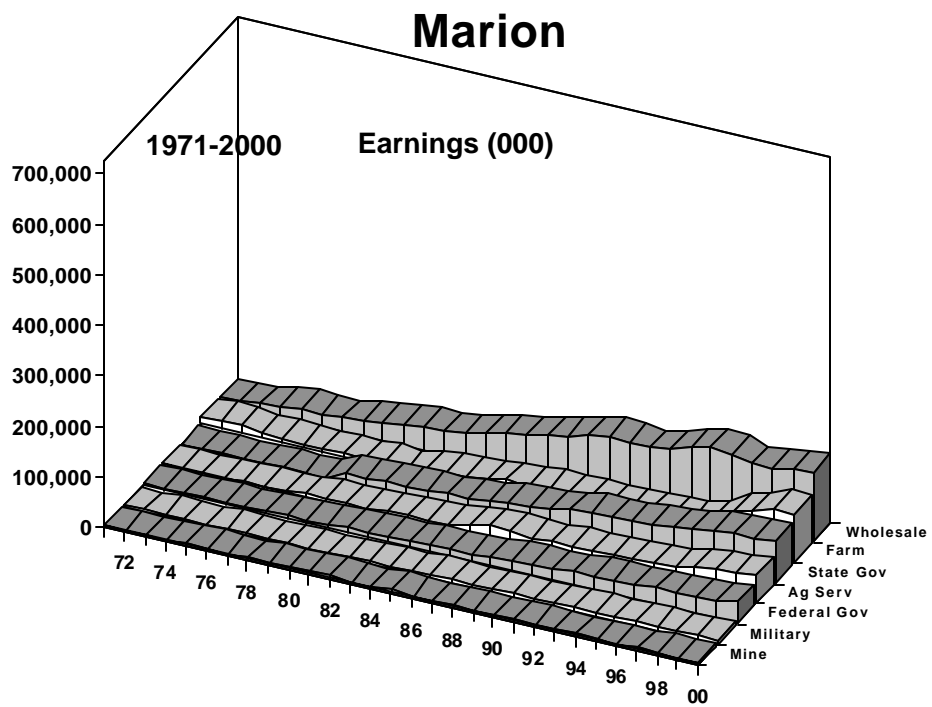
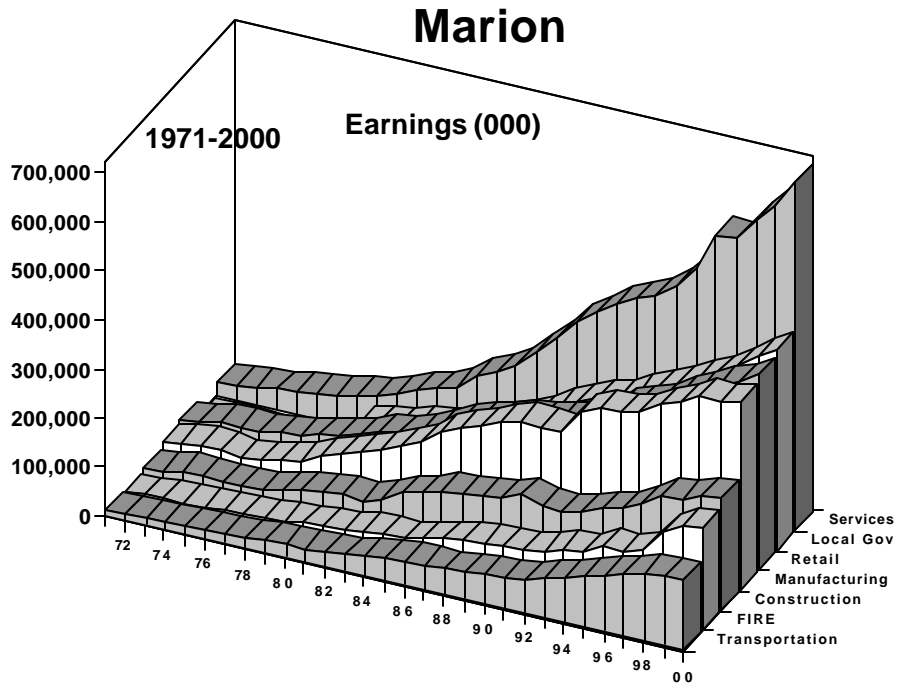
Earnings include all wages and salaries paid to individuals who work for others and the profits of proprietors. It does not include the earnings or profits of corporations located in the area. Data for proprietor profits is principally gleaned from personal income tax filings while wages and salaries are taken from the administrative records filed by the employer with various government agencies.

For Wage & Salaried Workers, earnings principally represent the actual salary or hourly wage payment. For All Workers and all the industries, earnings also include contributions to private retirement programs, fees paid to members of boards of directors, and sometimes other financial benefits.

While Services is typically the largest employer, many times another industry, which pays a higher earnings per worker, will account for the greatest percentage of earnings in an area.

The **Area %** is the percentage the earnings in each industry is of All Workers in the area.

| Marion | | | | |
|------------------------------|--------------------|----------------------|-------------------|---------------------|
| <u>Earnings (000)</u> | <u>2000</u> | <u>Area %</u> | <u>USA</u> | <u>USA %</u> |
| All Workers | 2,899,304 | | 6,081,606,000 | |
| Wage & Salaried Workers | 2,236,944 | 77.2% | 4,835,800,000 | 79.5% |
| Nonfarm proprietors | 310,984 | 10.7% | 684,389,000 | 11.3% |
| Services | 707,395 | 24.4% | 1,775,526,000 | 29.2% |
| Local | 408,587 | 14.1% | 485,894,000 | 8.0% |
| Retail | 397,259 | 13.7% | 529,301,000 | 8.7% |
| Manufacturing | 385,849 | 13.3% | 958,415,000 | 15.8% |
| Construction | 228,437 | 7.9% | 363,480,000 | 6.0% |
| FIRE | 206,485 | 7.1% | 576,826,000 | 9.5% |
| Trans, Comm, Pub Utilities | 142,577 | 4.9% | 413,682,000 | 6.8% |
| Wholesale | 137,060 | 4.7% | 377,126,000 | 6.2% |
| Farm | 93,288 | 3.2% | 49,845,000 | 0.8% |
| State | 82,421 | 2.8% | 194,177,000 | 3.2% |
| Agricultural Services | 54,280 | 1.9% | 40,769,000 | 0.7% |
| Federal Civilian | 42,597 | 1.5% | 189,964,000 | 3.1% |
| Military | 7,837 | 0.3% | 75,017,000 | 1.2% |
| Mining | 5,232 | 0.2% | 51,584,000 | 0.8% |



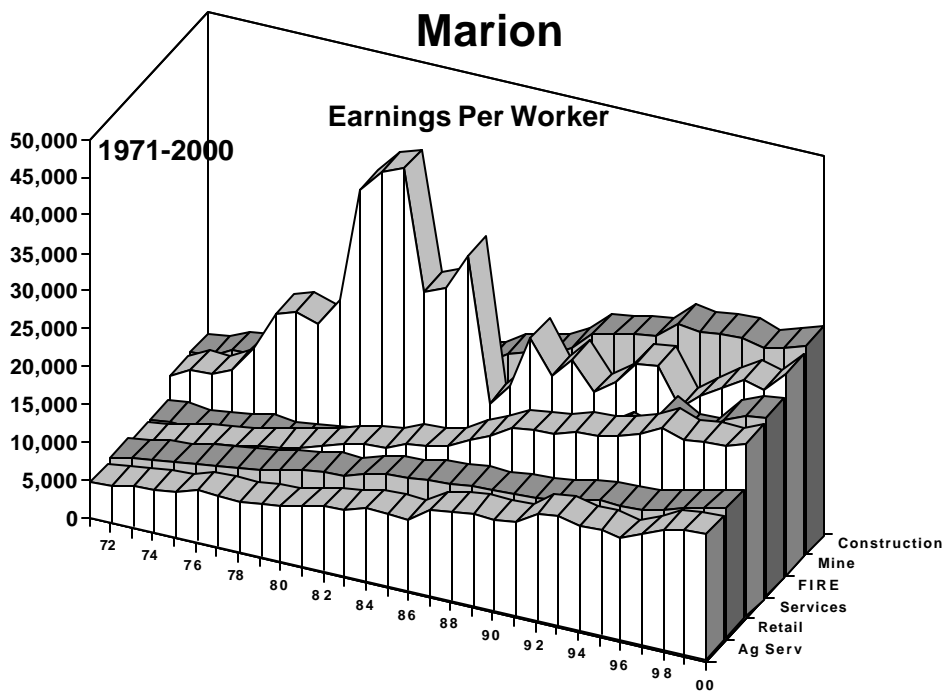
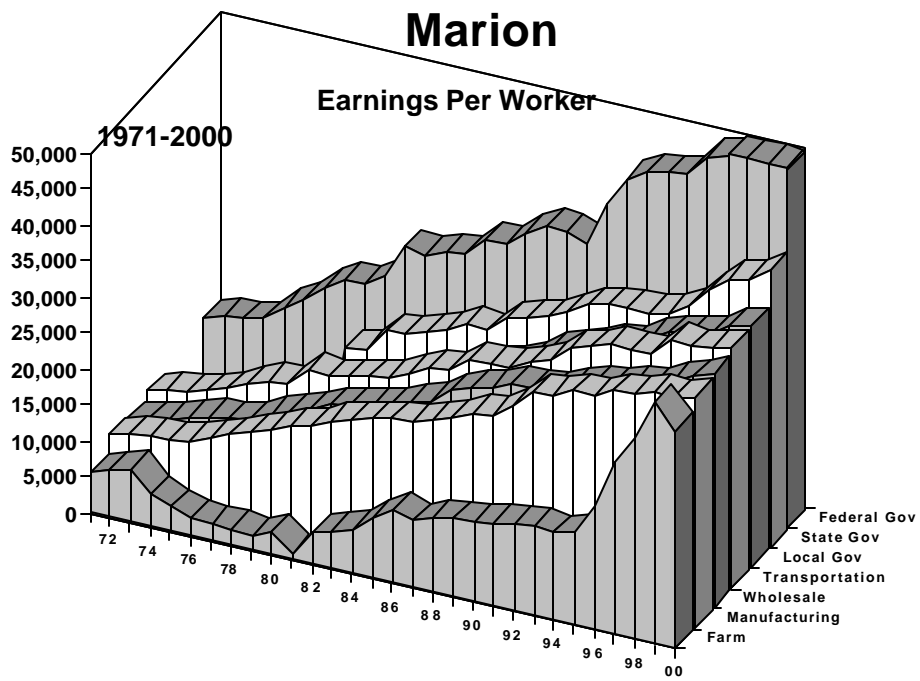
Earnings Per Worker

Earnings Per Worker is the estimate of the average annual earnings of the employees in each of the various industries, derived by dividing the total earnings by the total employment in each industry.

Nationally, Federal Civilian employment has the highest annual wage among the industries, which is also many times the case in a local economy. Usually, Services, Retail, and Agricultural Services have the lowest earnings per worker in an area. If Services has earnings per worker greater than the area average, the economy is typically dominated by the Service industry as a result of a high presence of tourism, retirement age individuals, economic distress, or a combination of all of these.

The **Area %** is the percentage each industry's annual wage is of the average for the area.

| Marion | | | | |
|-----------------------------------|--------------------|----------------------|-------------------|---------------------|
| <u>Earnings Per Worker</u> | <u>2000</u> | <u>Area %</u> | <u>USA</u> | <u>USA %</u> |
| All Workers | 25,558 | | 36,316 | |
| Wage & Salaried Workers | 24,640 | 96.4% | 34,652 | 95.4% |
| Nonfarm proprietors | 14,963 | 58.5% | 26,630 | 73.3% |
| Federal Civilian | 49,705 | 194.5% | 65,709 | 180.9% |
| State | 38,569 | 150.9% | 39,212 | 108.0% |
| Local | 33,629 | 131.6% | 37,892 | 104.3% |
| Trans, Comm, Pub Utilities | 33,297 | 130.3% | 50,161 | 138.1% |
| Wholesale | 32,502 | 127.2% | 49,721 | 136.9% |
| Manufacturing | 32,159 | 125.8% | 50,161 | 138.1% |
| Farm | 30,259 | 118.4% | 16,063 | 44.2% |
| Construction | 27,609 | 108.0% | 37,846 | 104.2% |
| Mining | 26,694 | 104.4% | 64,853 | 178.6% |
| FIRE | 23,504 | 92.0% | 42,743 | 117.7% |
| Services | 23,159 | 90.6% | 33,327 | 91.8% |
| Retail | 17,206 | 67.3% | 19,357 | 53.3% |
| Agricultural Services | 16,599 | 64.9% | 18,815 | 51.8% |
| Military | 14,095 | 55.1% | 36,153 | 99.6% |



Primary Industry Earnings

Primary or contributory industries are those which import money to a local economy. This imported money circulates and flows from person to person, business to business, until it is fully consumed and leaves the local economy. The success of most service and retail business and a vast majority of the jobs in a local area are dependent upon this flow. Nationally, the most important primary industry in a majority of the local economies is manufacturing.

However, virtually every industry can serve a contributory function, based upon the type of business activity in that sector. The test of whether a business is contributory to a local economy is determining the source of the money used to pay the wages for the employees of the business. If the source is a result of the sale of goods or services geographically outside the local economy, then the business is primary or contributory. The money for the payroll is imported to the local economy.

As an example, when an automobile is manufactured in one area and sold in another, the money paid for the automobile leaves the buyer's area (consumed) and is sent to the area in which the car was manufactured. The payroll at the manufacturing plant is composed of imported dollars. If a local engineering firm designs a bridge in another state, its fees are imported to the local area and the ensuing wages paid enter the local economy.

Conversely, the local insurance agent, retailer, and even local government are dependent upon the money flowing into an area and are consumptive and reactive in nature.

The size of a local economy will grow in direct proportion to the amount of money entering the area year after year. The reactive-consumptive businesses will grow, or decline, based upon this flow.

POLICOM has developed formulas that attempt to determine the amount of primary or contributory earnings by workers in each industry. The formulas consider certain norms in each industry and are designed to provide a reasonable estimate as to the contributory impact each has on the local economy. These estimates do not consider ancillary spending by a company, such as office supplies, printing, and taxes, but only its payroll.

The goal of this exercise is to determine proportions of impact on the local economy, not the exact amount of dollars. The question, “What is the most important industry in the economy?” can be answered.

In many economies, Government Transfers (discussed later in this Section) have grown to such proportion they have become contributory in nature. This simply means there is significantly more money being transferred to the economy than what is being extracted as a result of taxation.

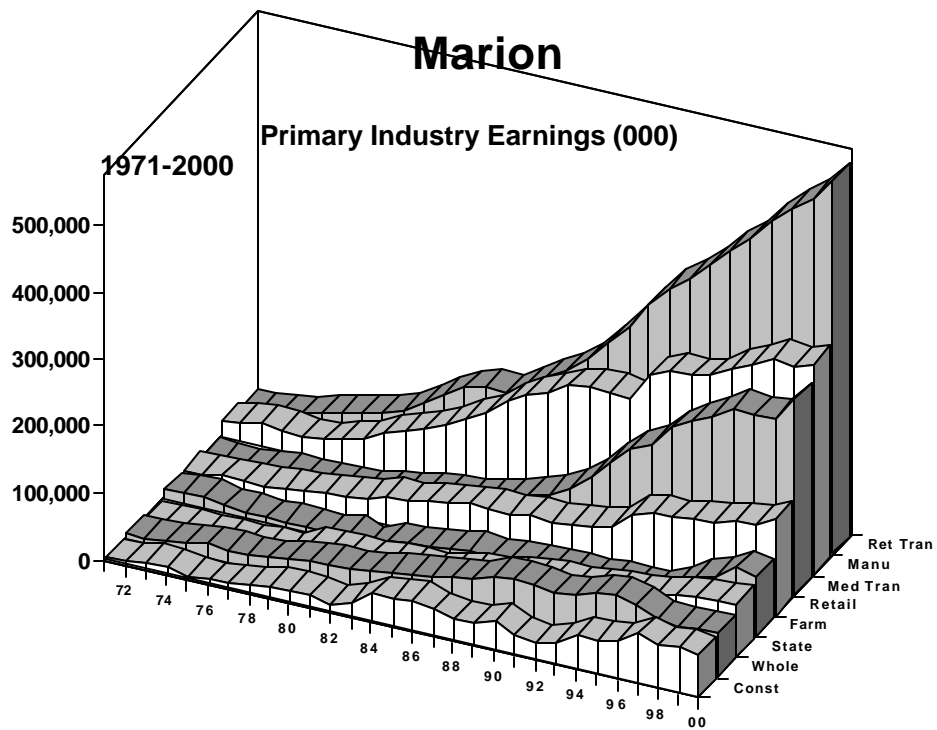
This occurs in areas with a high retirement population (social security and Medicare), regional medical facilities (Medicare and Medicaid), extreme economic distress (Medicaid and Income Maintenance), or a combination of all these. Therefore, in these economies, Government Transfers is a listed primary industry. This is not the case in most economies.

In the following chart, the total amount of primary industry worker earnings is estimated along with the various industrial sectors making the contribution. Government Transfers, if included, are identified as Retirement-Transfers, Medical-Transfers, or Income Maintenance.

The **Area %** denotes the percentage each category is of the total estimate.

Marion

| <u>Primary Industry Earnings (000)</u> | <u>2000</u> | <u>% Area</u> |
|--|-------------|---------------|
| Total Earnings | 1,782,720 | |
| Retirement - Transfers | 555,496 | 31.2% |
| Manufacturing | 312,886 | 17.6% |
| Medical - Transfers | 290,204 | 16.3% |
| Retail (Tourism - Corporate - Retire) | 143,120 | 8.0% |
| Farm | 88,624 | 5.0% |
| State Government | 78,300 | 4.4% |
| Wholesale Trade | 64,577 | 3.6% |
| Construction | 63,201 | 3.5% |
| Trans, Comm, Pub Utilities | 48,148 | 2.7% |
| Income Maintenance | 45,169 | 2.5% |
| Federal Civilian | 40,467 | 2.3% |
| Agricultural Services | 35,445 | 2.0% |
| Military | 7,445 | 0.4% |



Total Personal Income

Total Personal Income (TPI) is defined as the "income received by, or on behalf of, all the residents of the area." There are three distinct ingredients to TPI: 1) Earnings by place of residence, 2) Dividends, Interest, and Rents (passive income), and 3) Government Transfers.

Earned income is the amount of money garnered by an individual through active work during the course of the year. It includes personal wages, salaries, and profits by proprietors. Earned income, for the purpose of calculating Total Personal Income, is derived from earnings by "place of residence" (the county from which individuals file their personal income tax), not "place of work."

All previous data regarding employment and earnings was based upon "place of work," the county where the job is actually located.

Passive income includes money earned from investments, rentals, bank interest, and private retirement plans. It can be stock dividends or simply life insurance benefits. Data for passive income is mainly gathered from personal income tax filings. It cannot be assumed an area's economy benefits from high earnings in this part of the TPI, nor can it be presumed high earnings in this category are a result of the condition of a local economy.

Government transfers are principally payments to individuals residing in the area from the various federal, state, and local government "entitlement" programs. The largest of these programs include 1) social security and disability programs, 2) medical payments (Medicare and Medicaid), 3) income maintenance (welfare), 4) unemployment compensation, and 5) veterans benefits.

From the ratio of the three components of Total Personal Income, certain characteristics of a local economy can be deduced. Typically, areas, which have government transfers greater than 20% of the TPI, have a high retirement population (Social Security & Medicare), a distressed economy (Medicaid and Income Maintenance), or a combination of both.

Areas in which Dividends, Interest, and Rents account for more than 22% of the TPI have a resident population that is affluent (well invested), a high retirement population, or both.

Typically, strong economies have greater than 70% of the TPI attributed to earnings and less than 10% for Government Transfers.

In 2000, the San Jose, CA metropolitan area had the highest percentage of TPI attributed to earnings (81%) and is ranked 32nd among the 318 metropolitan areas by POLICOM for economic strength. The Punta Gorda, FL metropolitan area had the lowest percentage of TPI attributed to earnings (38%) and is ranked 265th for economic strength.

The Boulder-Longmont, CO metropolitan area has the lowest percentage of government transfers (5%) and is ranked 18th for economic strength. The Cumberland, MD-WV metropolitan area has the highest percentage of transfers (26%) and is ranked 307th for economic strength.

The following is the average percentage for the ten strongest and ten weakest metropolitan area economies (See Section 4 for a list of these areas).

| <u>Percentage of TPI</u> | <u>Strongest</u> | <u>Weakest</u> |
|--------------------------|------------------|----------------|
| 2000 | | |
| Earnings | 75% | 65% |
| Dividends | 17% | 18% |
| Transfers | 8% | 17% |

Over the last 25 years there has been a dramatic shift in the ratio of the three components. Government Transfers have grown significantly in their influence on local economies. Additionally, as a result of the recent growth in the stock market, Dividends, Interest, and Rents has also grown proportionately. Earnings as a component of the nation's TPI have declined significantly.

The following chart shows the actual Total Personal Income and the percentage of each component for Marion County and the United States.

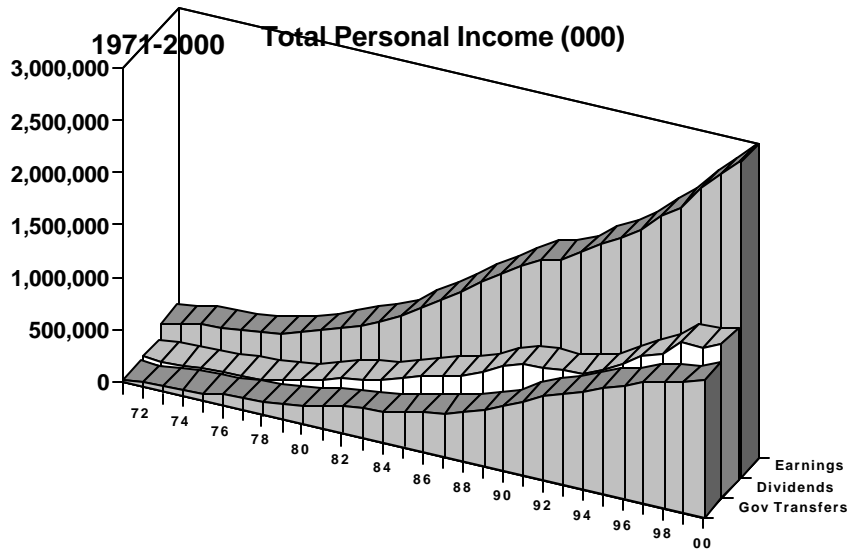
Marion

| <u>Total Personal Income (000)</u> | <u>2000</u> | <u>Area %</u> | <u>USA %</u> |
|------------------------------------|-------------|---------------|--------------|
| Total Personal Income | 5,779,777 | | |
| Earnings By Residence | 3,015,250 | 52.2% | 68.8% |
| Dividends, Interest, Rents | 1,455,083 | 25.2% | 18.3% |
| Government Transfers | 1,309,444 | 22.7% | 12.9% |

| <u>History of Percentage - Area</u> | <u>2000</u> | <u>1990</u> | <u>1980</u> | <u>1971</u> |
|-------------------------------------|-------------|-------------|-------------|-------------|
| Earnings By Residence | 52.2% | 53.2% | 56.6% | 69.2% |
| Dividends, Interest, Rents | 25.2% | 27.0% | 24.3% | 18.1% |
| Government Transfers | 22.7% | 19.8% | 19.1% | 12.7% |

| <u>History of Percentage - USA</u> | <u>2000</u> | <u>1990</u> | <u>1980</u> | <u>1971</u> |
|------------------------------------|-------------|-------------|-------------|-------------|
| Earnings By Residence | 68.8% | 67.6% | 71.4% | 76.4% |
| Dividends, Interest, Rents | 18.3% | 20.2% | 16.5% | 13.8% |
| Government Transfers | 12.9% | 12.2% | 12.1% | 9.8% |

Marion



Construction Earnings

Within the construction industry, there are three basic sub-sectors. Heavy contractors are principally involved in the construction of large projects such as roadways, bridges, office buildings, or factories. General contractors are mainly homebuilders, but also construct small commercial or apartment buildings, and do renovation of existing structures.

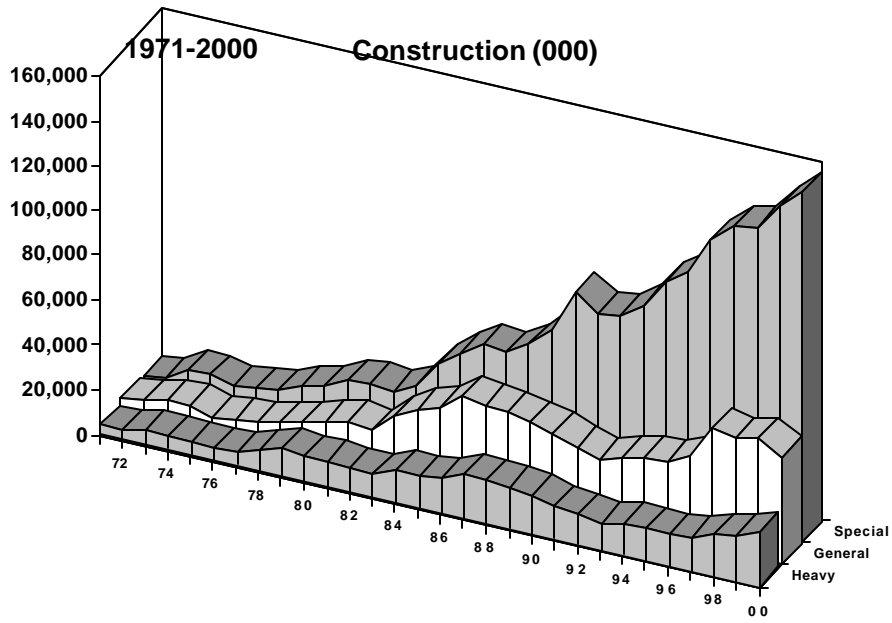
Special trade contractors typically are subcontractors for both heavy and general contractors. Known as the “trades,” they do most of the actual work on construction projects. Ranging from earthmovers to plumbers to carpet layers to roofers, special trade contractors usually account for more than half of the earnings in the construction industry. Many special trade contractors are sole proprietors.

The construction industry is extremely “reactive” to the condition of the local economy. In most economies, it is solely dependent upon the growth of other industries, generating the demand for additional housing and commercial establishments, within an area.

When examining the earnings graph for this industry, note upward spikes in the earnings of heavy contractors. This is an indication a major construction project occurred during this time period. The **Area %** denotes the percentage each category is of the total earnings in the construction industry.

| <u>Marion</u> <u>Construction - Earnings (000)</u> | <u>2000</u> | <u>Area %</u> | <u>USA</u> | <u>USA %</u> |
|---|-------------|---------------|-------------|--------------|
| Total Earnings | 228,437 | | 363,480,000 | |
| Special Trade Contractors | 156,052 | 68.3% | 236,973,000 | 65.2% |
| General Contractors | 47,648 | 20.9% | 84,214,000 | 23.2% |
| Heavy Contractors | 24,737 | 10.8% | 42,293,000 | 11.6% |

Marion



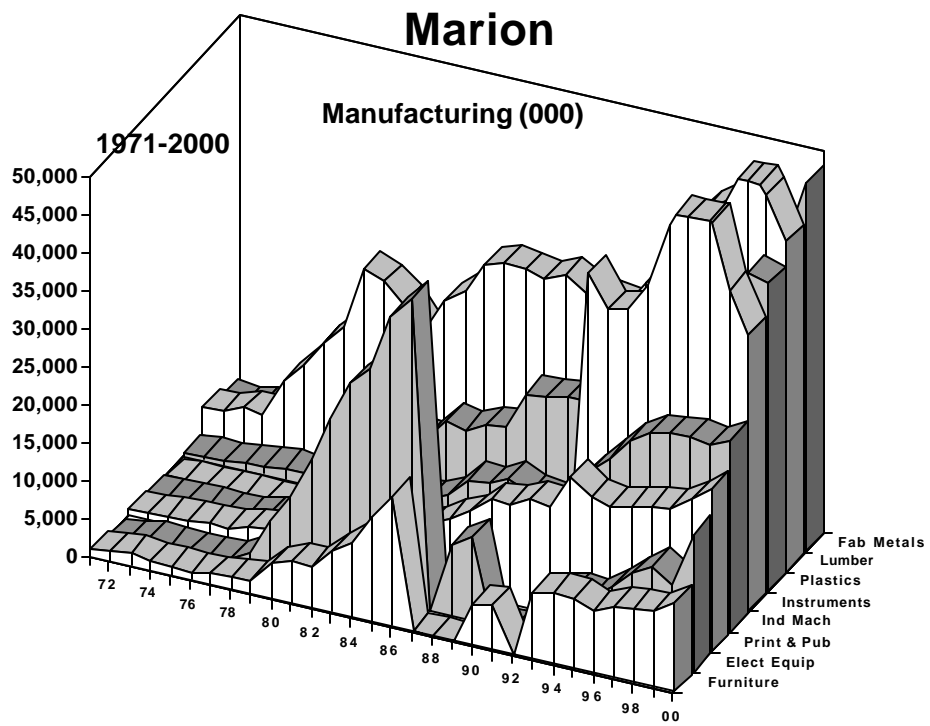
Manufacturing Earnings

The manufacturing sector is divided into two groups, durable and nondurable goods. Durable goods, like their name suggests, are designed to last for a long period of time (minimum of three years). Automobiles, machinery, computers, and washing machines are durable goods. Nondurable goods typically have a short life span and are quickly consumed. Food, plastic cups, paper, and clothing are examples. Wages paid in durable goods are typically much higher than nondurable goods.

Manufacturing is composed of 21 sub-sectors. Since there are so many sub-sectors, data suppression is frequent. Oftentimes in a local economy, one large employer might dominate a particular category. As a result, the data for that category is withheld. While the data is suppressed on the category level, the earnings for the suppressed categories are included in the Total Earnings. The **Area %** denotes the percentage each category is of the total earnings in manufacturing. Due to data suppression, this column might not total 100%.

Marion

| <u>Manufacturing - Earnings (000)</u> | <u>2000</u> | <u>Area %</u> | <u>USA</u> | <u>USA %</u> |
|--|--------------------|----------------------|-------------------|---------------------|
| Total Earnings | 385,849 | | 958,415,000 | |
| Durable | 297,672 | 77.1% | 604,160,000 | 63.0% |
| Nondurable | 88,177 | 22.9% | 354,255,000 | 37.0% |
| Fabricated metal products | 48,309 | 12.5% | 66,737,000 | 7.0% |
| Lumber and wood products | 43,246 | 11.2% | 31,190,000 | 3.3% |
| Rubber and plastics products | 40,394 | 10.5% | 39,608,000 | 4.1% |
| Instruments and related products | 36,364 | 9.4% | 53,573,000 | 5.6% |
| Industrial machinery | 25,157 | 6.5% | 127,097,000 | 13.3% |
| Printing and publishing | 21,285 | 5.5% | 73,071,000 | 7.6% |
| Electronic equipment | 18,208 | 4.7% | 109,766,000 | 11.5% |
| Furniture and fixtures | 11,774 | 3.1% | 19,467,000 | 2.0% |
| Food and kindred products | 11,108 | 2.9% | 66,123,000 | 6.9% |
| Stone, clay, and glass products | 10,609 | 2.7% | 27,344,000 | 2.9% |
| Chemicals and allied products | 5,328 | 1.4% | 93,668,000 | 9.8% |
| Primary metal industries | 5,160 | 1.3% | 37,055,000 | 3.9% |
| Paper and allied products | 4,765 | 1.2% | 33,257,000 | 3.5% |
| Miscellaneous manufacturing | 4,091 | 1.1% | 16,116,000 | 1.7% |
| Apparel and textile products | 1,812 | 0.5% | 17,066,000 | 1.8% |



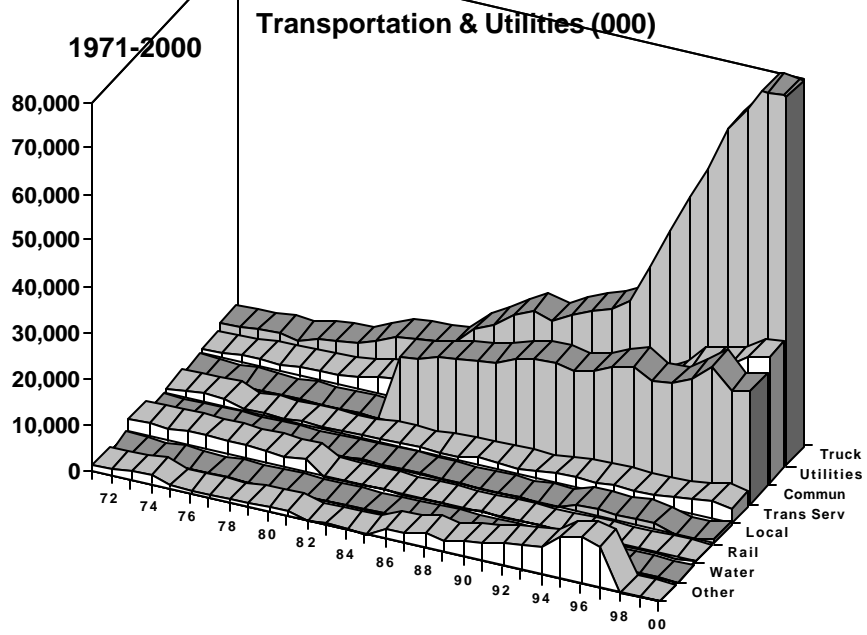
Transportation, Communications & Public Utilities - Earnings

This sector is composed of three distinct groups: the transportation of goods and people, communications, and privately owned public utilities. Among other things, communications includes local television and radio stations along with local and long distance telephone companies.

The public utilities group includes not only the delivery of utilities such as natural gas, electricity and potable water, but also the production of electricity, such as a nuclear power plant. Data might be suppressed in this group if a major electric manufacturer is present in the local economy. The **Area %** denotes the percentage each group or category is of the total earnings in this sector.

| <u>Marion</u> <u>Transportation & Pub Util - Earnings</u> <u>(000)</u> | <u>2000</u> | <u>Area %</u> | <u>USA</u> | <u>USA %</u> |
|---|--------------------|----------------------|-------------------|---------------------|
| Total Earnings | 142,577 | | 413,682,000 | |
| Truck & Warehousing | 79,758 | 55.9% | 87,131,000 | 21.1% |
| Utilities | 27,454 | 19.3% | 74,003,000 | 17.9% |
| Communications | 24,799 | 17.4% | 129,585,000 | 31.3% |
| Trans Services | 3,262 | 2.3% | 24,844,000 | 6.0% |
| Local & interurban | 999 | 0.7% | 14,269,000 | 3.4% |
| Railroad | 0 | 0.0% | 13,779,000 | 3.3% |
| Water | 0 | 0.0% | 9,110,000 | 2.2% |
| Other | 0 | 0.0% | 100,074,000 | 24.2% |
| Air | 0 | 0.0% | 60,010,000 | 14.5% |
| Pipelines & gas | 0 | 0.0% | 951,000 | 0.2% |

Marion



Retail Trade Earnings

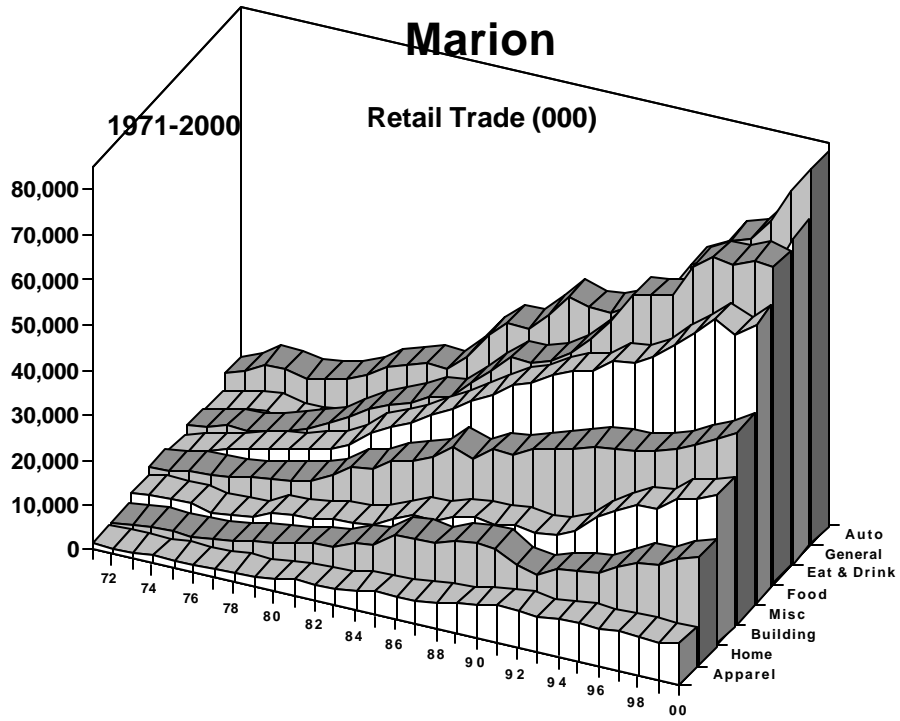
Retail Trade is divided into eight sub-sectors. These demonstrate the purchasing trends or habits of the individuals. Typically in strong economies “Eating & Drinking Places” is the most dominant sub-sector, while not all areas which have “Eating & Drinking Places” most dominant have strong economies.

Many tourist-based economies have a high percentage of Eating and Drinking Places.

Many times in weak economies “Food Stores” is the most dominant. “Automotive” and “Building” are very susceptible to the conditions of a local economy. Their growth and decline many times is directly related to changes in the economic condition of the local area. The **Area %** denotes the percentage each category is that of the total earnings in this sector.

Marion

| <u>Retail Trade - Earnings (000)</u> | <u>2000</u> | <u>Area %</u> | <u>USA</u> | <u>USA %</u> |
|---|--------------------|----------------------|-------------------|---------------------|
| Total Earnings | 397,259 | | 529,301,000 | |
| Automotive dealers and service stations | 83,217 | 20.9% | 88,483,000 | 16.7% |
| General merchandise stores | 72,432 | 18.2% | 56,649,000 | 10.7% |
| Eating and drinking places | 70,201 | 17.7% | 123,288,000 | 23.3% |
| Food stores | 62,262 | 15.7% | 75,568,000 | 14.3% |
| Miscellaneous retail | 42,851 | 10.8% | 93,003,000 | 17.6% |
| Building materials and garden equipment | 33,181 | 8.4% | 31,119,000 | 5.9% |
| Home furniture and furnishings stores | 24,044 | 6.1% | 36,623,000 | 6.9% |
| Apparel and accessory stores | 9,071 | 2.3% | 24,568,000 | 4.6% |



Finance, Insurance, and Real Estate (FIRE) Earnings

This sector tends to mix or churn the money within a local economy. Not nearly as consumptive as Services or Retail, the FIRE serves as catalyst for the movement of money. There are three distinct elements to the sector.

Finance includes depository and non depository financial institutions such as banks, savings and loans, and credit unions. Stock brokerages and holding companies are also included.

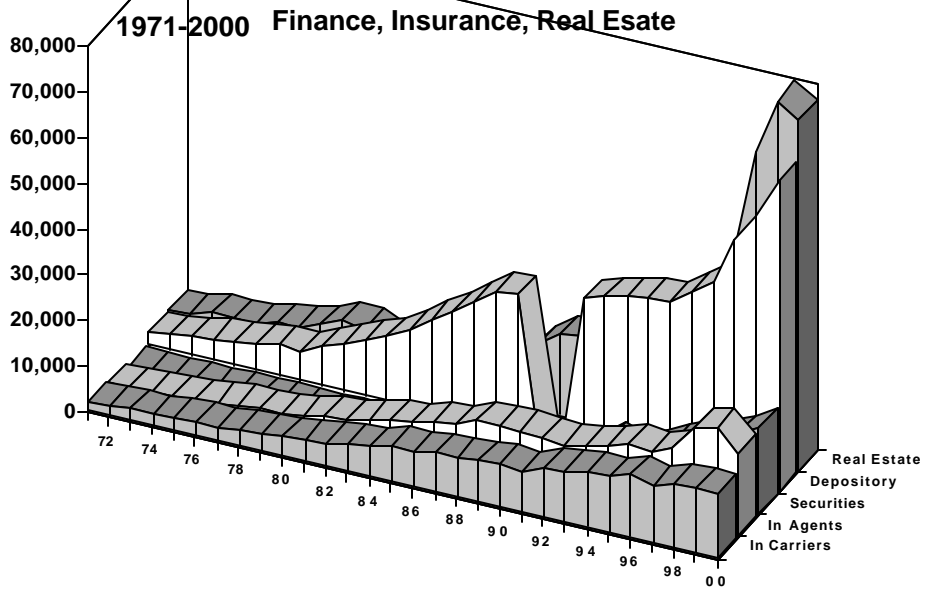
Insurance includes both local agencies and carriers. Local insurance agencies grow and decline in direct proportion to the size of the economy. Insurance carriers many times are the companies which the agents represent. Oftentimes an insurance carrier is not dependent upon the local economy as policies, life, auto, health, are written throughout the state or nation. Many times insurance carriers are “primary” in nature.

The Real Estate sector includes real estate developers and real estate brokers. Activity relating to the actual construction of projects, whether land development or home, office construction, is not included in this sector but is included in “construction.”

Typically there are a large number of sole proprietors in the insurance agency and real estate brokerage sector. The **Area %** denotes the percentage each category is that of the total earnings in this sector.

| Marion | | | | |
|---|--------------------|----------------------|-------------------|---------------------|
| <u>FIRE - Earnings (000)</u> | <u>2000</u> | <u>Area %</u> | <u>USA</u> | <u>USA %</u> |
| Total Earnings | 206,485 | | 576,826,000 | |
| Real Estate | 76,859 | 37.2% | 114,090,000 | 19.8% |
| Depository and nondepository institutions | 68,234 | 33.0% | 135,382,000 | 23.5% |
| Security and commodity brokers | 18,884 | 9.1% | 146,045,000 | 25.3% |
| Insurance agents, brokers, and services | 18,073 | 8.8% | 50,429,000 | 8.7% |
| Insurance carriers | 13,972 | 6.8% | 88,784,000 | 15.4% |

Marion



Services Earnings

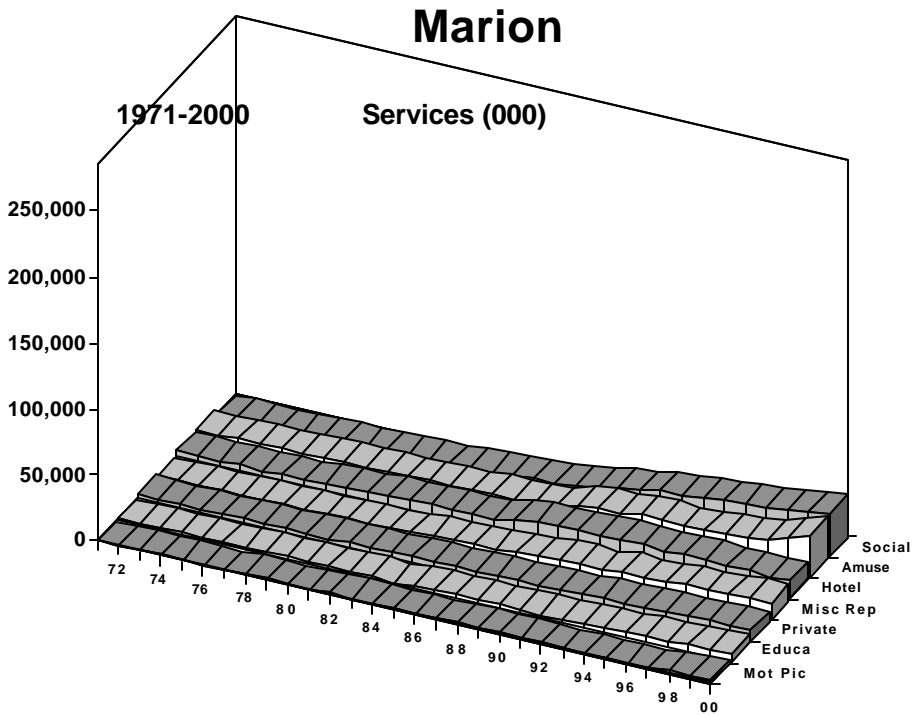
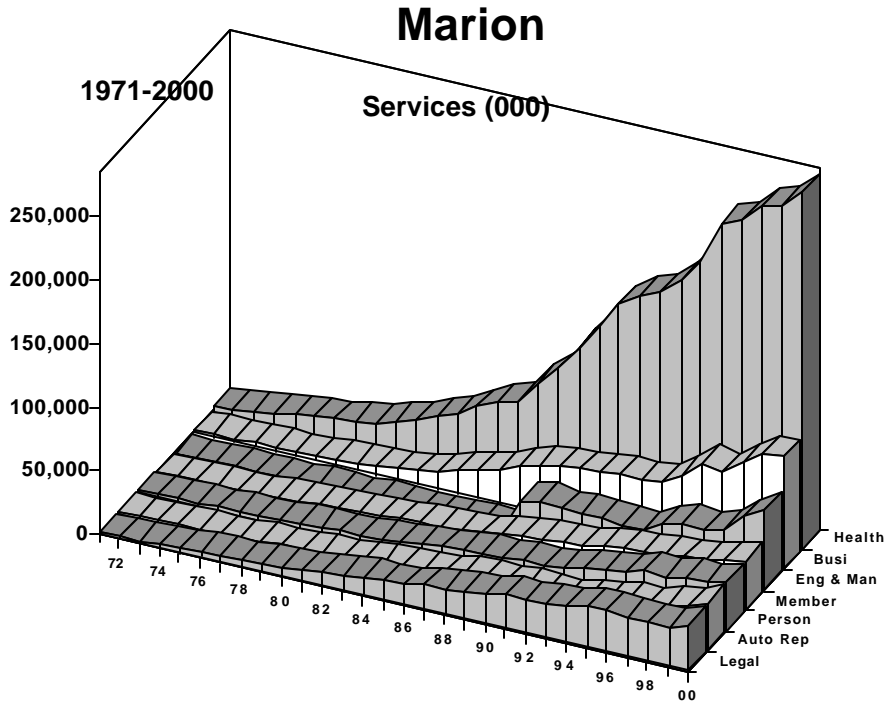
The fastest growing sector of the national economy, services is the most dominant industry in a vast majority of the economies in the United States

There are sixteen sub-sectors for the Service industry. Since there are so many sub-sectors, data suppression is frequent as one business in an area might dominate so much its employee earnings are withheld.

Typically, Health Services is the most dominant. Areas with an extremely high percentage in Health Services typically have a high percentage of retirement age individuals living in the area. Areas with high percentages of Hotel or Amusements usually are tourism-based economies. If Business Services is high, there is usually a presence of the “high-tech” computer industry (software development or research) in the economy.

The Engineering and Management sub-sector was created in 1988 from Miscellaneous and Business. Data prior to that year is not available. The **Area %** denotes the percentage of earnings the category is of the total earnings in this industry.

| Marion | | | | |
|---|--------------------|----------------------|-------------------|---------------------|
| <u>Services - Earnings (000)</u> | <u>2000</u> | <u>Area %</u> | <u>USA</u> | <u>USA %</u> |
| Total Earnings | 707,395 | | 1,775,526,000 | |
| Health services | 280,351 | 39.6% | 460,393,000 | 25.9% |
| Business services | 88,247 | 12.5% | 464,080,000 | 26.1% |
| Engineering and management services | 62,516 | 8.8% | 242,666,000 | 13.7% |
| Membership organizations | 38,156 | 5.4% | 58,672,000 | 3.3% |
| Personal services | 38,130 | 5.4% | 49,488,000 | 2.8% |
| Auto repair, services, and parking | 37,085 | 5.2% | 49,829,000 | 2.8% |
| Legal services | 35,601 | 5.0% | 121,423,000 | 6.8% |
| Social services | 32,717 | 4.6% | 60,695,000 | 3.4% |
| Amusement and recreation services | 31,309 | 4.4% | 60,017,000 | 3.4% |
| Hotels and other lodging places | 13,128 | 1.9% | 51,730,000 | 2.9% |
| Miscellaneous repair services | 12,644 | 1.8% | 19,228,000 | 1.1% |
| Private households | 7,812 | 1.1% | 13,283,000 | 0.7% |
| Educational services | 6,089 | 0.9% | 71,658,000 | 4.0% |
| Motion pictures | 2,404 | 0.3% | 27,364,000 | 1.5% |

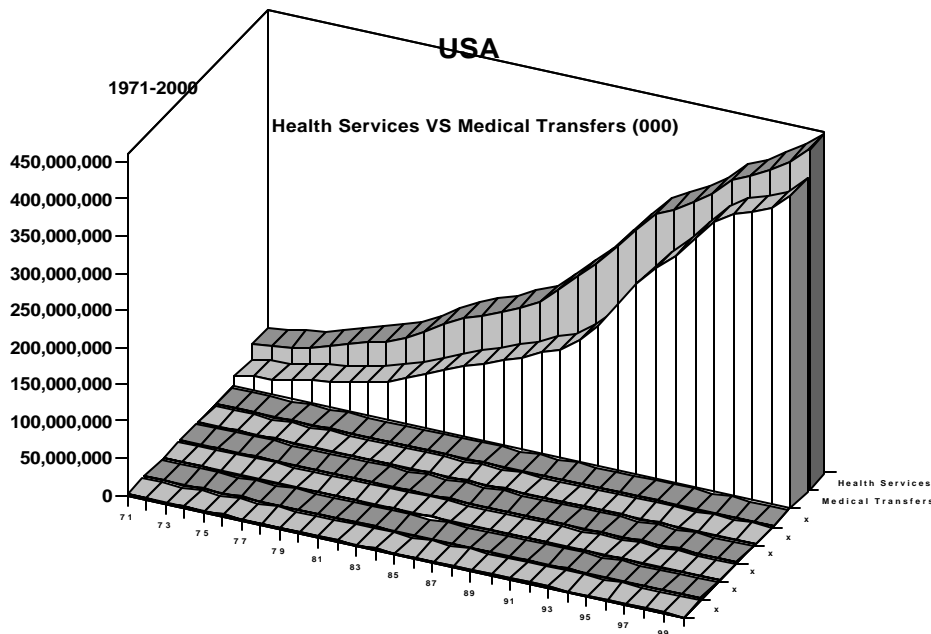


Government Transfers

Government Transfers, also known as “entitlement” programs, have grown enormously in the United States over the last 25 years. In 2000, total government transfers exceeded the earnings of all workers in construction, state and federal government, the military, farming, and agricultural services combined.

Retirement and disability payments typically exceed more than half a local area’s transfers. Medical transfers, principally Medicare and Medicaid (medical assistance for the poor) represent the bulk of medical transfers. Income maintenance includes the nation’s “welfare programs” such as Food Stamps. Some transfers are made to non-profit institutions that administer social programs. On a national basis, more than 95% of all government transfers are made to or on the behalf of individuals.

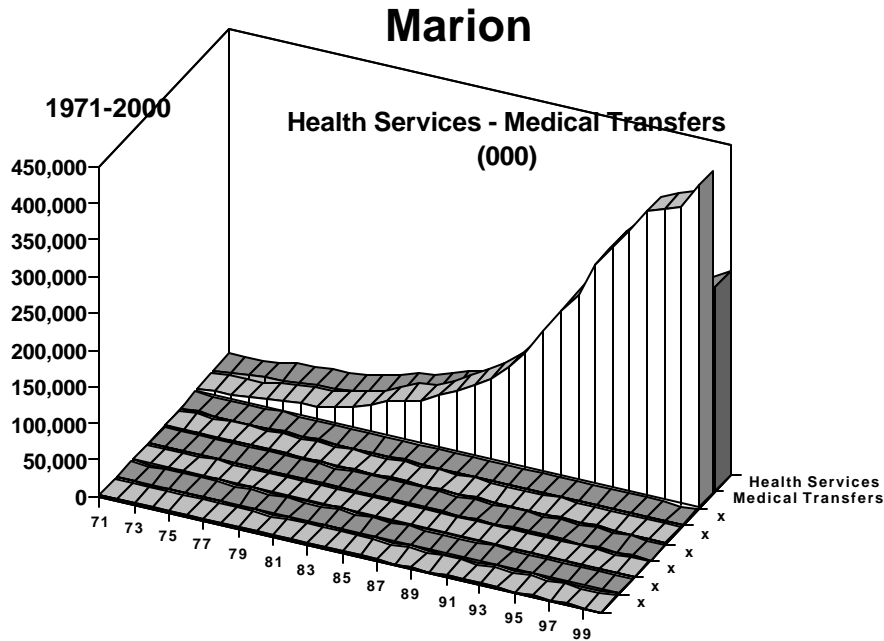
The impact of the growth of government transfers on the national economy and most local economies has been significant. As transfers grew, so did many industries. The clearest example is Health Services. The graph below shows the growth of earnings in Health Services and the actual number of dollars of Medical Transfers.



In 1987 the Medicare payroll tax was initiated. This provided “new money” for the health care industry and its growth is in direct relationship to that of Medical Transfers.

In many areas of the United States, it is not unusual for a hospital to attribute more than 65% of its total revenue to the Medicare and Medicaid programs.

The following graph shows the relationship between earnings in Health Services and Medical Transfers for the study area.

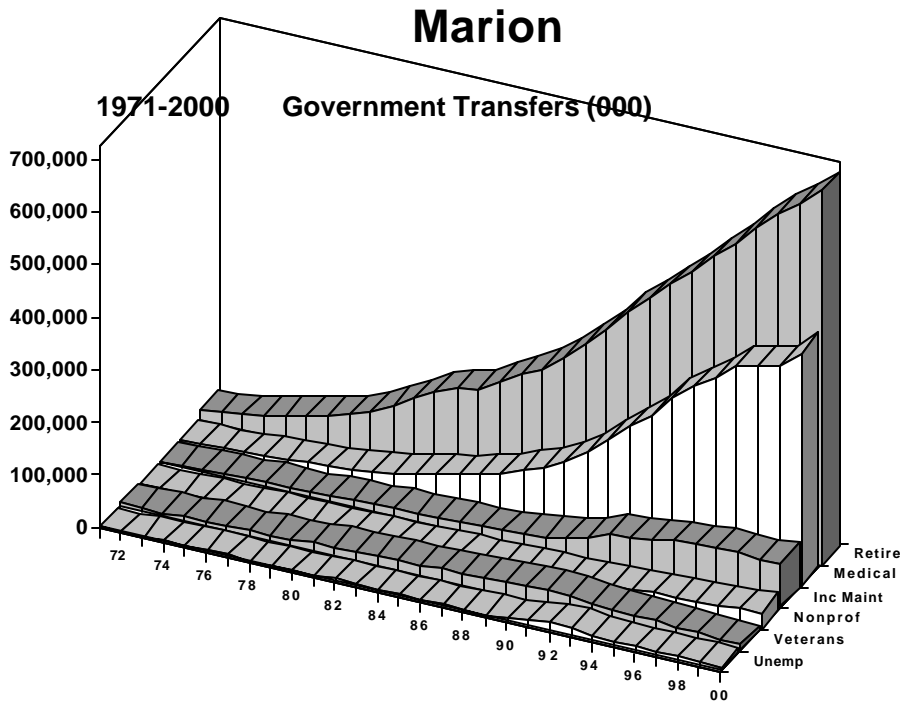


Should the line for Medical Transfers be close to or exceed that of Health Services earnings, then the area is extremely dependent upon Medical Transfers as a source of revenue for the local health care industry.

High percentages of Retirement and Medical payments indicate the presence of a large number of retirement age individuals. High percentages of Medical payments and Income Maintenance indicate impoverishment. The **Area %** denotes the percentage each line is of all government transfers.

Marion

| <u>Government Transfers (000)</u> | <u>2000</u> | <u>Area %</u> | <u>USA</u> | <u>USA %</u> |
|--|-------------|---------------|---------------|--------------|
| Total transfer payments | 1,309,444 | | 1,070,231,000 | |
| Ret. & disab. insurance benefit payments | 710,006 | 54.2% | 425,333,000 | 39.7% |
| Medical payments | 441,928 | 33.7% | 423,180,000 | 39.5% |
| Income maintenance benefit payments | 84,957 | 6.5% | 106,421,000 | 9.9% |
| Nonprofit institutions | 30,113 | 2.3% | 35,133,000 | 3.3% |
| Veterans benefit payments | 9,506 | 0.7% | 24,939,000 | 2.3% |
| Unemployment insurance benefit payments | 8,715 | 0.7% | 20,707,000 | 1.9% |



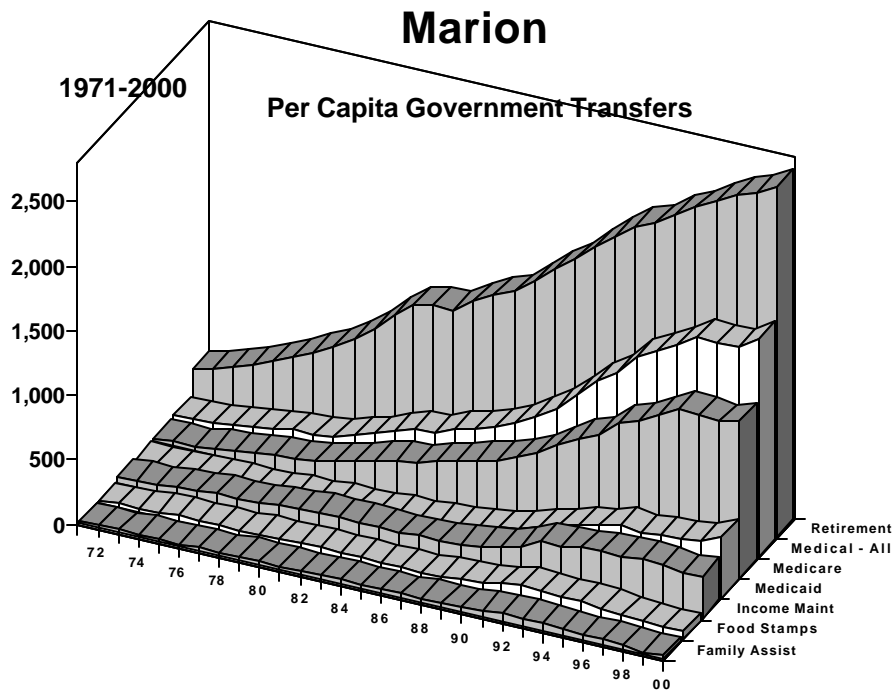
Per Capita Government Transfers

To better determine the relative impact Government Transfers have on the local area, the per capita amount for each transfer was determined. Medicare and Medicaid are the two largest components of Medical transfers and are listed separately. Food Stamps and Family Assistance are the two best known components of Income Maintenance and are shown separately. Retirement is principally social security payments.

If the “2000 Area” exceeds that of the nation, then the area is receiving a greater % of transfers for the category than the national norm.

Marion

| <u>Per Capita Government Transfers</u> | <u>2000 Area</u> | <u>2000 USA</u> |
|--|------------------|-----------------|
| Retirement | 2,726 | 1,508 |
| Medical - All | 1,697 | 1,500 |
| Medicare | 1,213 | 765 |
| Medicaid | 470 | 728 |
| Income Maintenance | 326 | 377 |
| Food Stamps | 51 | 53 |
| Family Assistance | 27 | 65 |



Government – Earnings (000)

Nationally, government workers account for approximately 15% of all earnings. While virtually all local economies have at least a small presence of Federal and state workers, areas which have a high percentage of either typically benefit economically. Usually state and Federal government pay a higher than average wage and the payroll money is generated from outside the local economy (statewide and national taxation). State and Federal government serves as a contributory industry when the amount of the local payroll exceeds the respective taxation. This occurs in a large degree in state capitals.

Local government typically includes county, city, and school employees along with most regional governments. The **Area %** denotes the percentage each line is of all government earnings.

Marion

| <u>Government - Earnings - (000)</u> | <u>2000</u> | <u>Area %</u> | <u>USA</u> | <u>USA %</u> |
|--------------------------------------|-------------|---------------|-------------|--------------|
| All Government | 541,442 | | 945,052,000 | |
| Local | 408,587 | 75.5% | 485,894,000 | 51.4% |
| State | 82,421 | 15.2% | 194,177,000 | 20.5% |
| Federal Civilian | 42,597 | 7.9% | 189,964,000 | 20.1% |
| Military | 7,837 | 1.4% | 75,017,000 | 7.9% |

