

Economic Development Performance Evaluation

2005 Data Year

Created for the

Ocala Marion County Economic Development Corporation

Prepared

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by

POLICOM Corporation

**2740 SW MARTIN DOWNS BLVD #279
PALM CITY FL 34990**

772-781-5559

**www.policom.com
info@policom.com**

Introduction

A local economy will grow and expand, decline and fall in direct proportion to the amount of money flowing into the area. Money is imported to a local economy by way of its contributory or primary industries. Typically, this is done through the business activity of companies which sell their goods or services outside the economy. The quality of a local economy (standard of living) depends upon the wage level paid to the workers employed in primary jobs.

In 2002 the Ocala – Marion County Economic Development Corporation asked POLICOM to create an *Economic Development Goal Setting Study* which discussed the existing condition of the economy, projected the condition of the economy, and established a reasonable economic Goal to increase the size and improve the quality of the economy by the year 2023.

In order to achieve the economic Goal, POLICOM created annual milestones for new primary industry jobs and their associated wage levels which, if attained, will cause the Marion County to reach the desired level.

POLICOM created a mathematical matrix which extracts from general labor data the number of primary industry jobs and their associated average wage by industrial Subsector. The formulas were used to create the baseline data for 2002 which identified the number of primary jobs for that year. Each year thereafter new data is applied to the baseline formulas to determine the net loss or gain of primary jobs. From these calculations, it can be determined if the annual milestones have been achieved.¹

The purpose of the report is to determine if the community achieved the annual milestones for 2005.

The Ocala – Marion County Economic Development Corporation is the economic development organization which implements and coordinates the economic development programs for Marion County. Through the cooperative activities of other organizations in the area, it attempts to increase the number of primary industry jobs in the community.

This is accomplished by encouraging existing primary employers to expand, recruiting new employers to the area, and assisting new “start-up” businesses which are primary in nature. The Ocala – Marion County Economic Development Corporation works with other community development organizations in the county to improve the overall economy.

It should be understood at the outset the job generating results of this and future evaluations, whether positive or negative, are not claimed to be the direct result of the programs of the Ocala – Marion County Economic Development Corporation, but the result of the overall condition of the national economy, state economy, and the combined efforts of the various economic and community development organizations and local government entities in Marion County.

¹ The methodology used to create the baseline data to determine the number of primary jobs appears at the end of this report.

Employment Growth - Nation

Between 2003 and 2004, the nation began recovering from the recession which stretched from 2000 through 2003. During the recession years of 2002 and 2003, the nation lost almost 2,300,000 private sector jobs. The decline was greatest between 2001 and 2002, as private sector jobs fell 1.6%, while between 2002 and 2003 private sector jobs declined .5%. However, in 2004 most areas had gains in total employment.

In 2005, nationally, all industries gained in employment except for Utilities, Manufacturing, and Information, all of which are high wage sectors. The chart below shows the employment variance for each of the NAICS industrial sectors for the United States between 2003 and 2005.²

NAICS Code	USA	2002 JOBS	2003 JOBS	% Gain/ Loss	2004 JOBS	% Gain/ Loss	2005 JOBS	% Gain/ Loss	2004 Wages	2005 Wages	% Gain
10	Total - All Workers	128,233,919	127,804,256	-0.3%	129,288,553	1.2%	131,595,637	1.8%	39,348	40,671	3.4%
10.1	Total - Private Sector	107,577,281	107,077,754	-0.5%	108,505,333	1.3%	110,634,510	2.0%	39,127	40,499	3.5%
11	Agriculture, Forestry, Fishing and Hunting	1,155,890	1,155,779	0.0%	1,156,528	0.1%	1,163,389	0.6%	22,326	23,118	3.5%
21	Mining	505,979	500,139	-1.2%	519,868	3.9%	560,236	7.8%	66,677	72,255	8.4%
22	Utilities	592,152	575,864	-2.8%	563,879	-2.1%	550,689	-2.3%	72,392	75,211	3.9%
23	Construction	6,683,553	6,671,144	-0.2%	6,912,943	3.6%	7,267,301	5.1%	40,524	42,100	3.9%
31	Manufacturing	15,209,192	14,471,104	-4.9%	14,258,191	-1.5%	14,191,251	-0.5%	47,859	49,286	3.0%
42	Wholesale Trade	5,617,456	5,589,060	-0.5%	5,641,492	0.9%	5,752,186	2.0%	53,314	55,266	3.7%
44	Retail Trade	15,018,588	14,930,323	-0.6%	15,059,622	0.9%	15,256,257	1.3%	24,416	24,930	2.1%
48	Transportation and Warehousing	3,989,116	3,947,025	-1.1%	4,008,991	1.6%	4,098,365	2.2%	38,822	39,511	1.8%
51	Information	3,364,485	3,181,587	-5.4%	3,100,961	-2.5%	3,056,182	-1.4%	60,725	62,832	3.5%
52	Finance and Insurance	5,678,156	5,782,593	1.8%	5,815,282	0.6%	5,912,734	1.7%	70,094	73,368	4.7%
53	Real Estate and Rental and Leasing	2,028,109	2,044,219	0.8%	2,077,031	1.6%	2,124,756	2.3%	37,288	39,386	5.6%
54	Professional, Scientific, and Technical Services	6,654,743	6,637,562	-0.3%	6,764,998	1.9%	7,053,123	4.3%	62,536	65,274	4.4%
55	Management of Companies and Enterprises	1,695,554	1,660,235	-2.1%	1,695,849	2.1%	1,743,160	2.8%	80,064	85,262	6.5%
56	Administrative and Support	7,589,300	7,561,795	-0.4%	7,834,381	3.6%	8,081,781	3.2%	27,213	28,111	3.3%
61	Educational Services	1,951,003	2,016,082	3.3%	2,079,112	3.1%	2,144,172	3.1%	35,432	36,447	2.9%
62	Health Care and Social Assistance	13,395,715	13,720,064	2.4%	14,004,306	2.1%	14,337,714	2.4%	36,702	37,829	3.1%
71	Arts, Entertainment, and Recreation	1,798,621	1,817,283	1.0%	1,853,386	2.0%	1,868,561	0.8%	27,595	28,113	1.9%
72	Accommodation and Food Services	10,197,329	10,344,219	1.4%	10,614,758	2.6%	10,870,381	2.4%	14,706	15,165	3.1%
81	Other Services (except Public Administration)	4,246,011	4,259,640	0.3%	4,286,213	0.6%	4,323,123	0.9%	25,152	25,884	2.9%

² All data in this report is based upon "ES-202" data (Covered Workers Data). Employment includes workers covered by the Unemployment Compensation program. It does not include Sole Proprietors, many farm and government workers. Approximately 75% of all jobs are included.

Employment Growth - Florida

Overall, Florida did not fall into as deep of a recession as the nation in 2002 and 2003. The state posted positive job growth while the nation lost jobs. Florida rapidly emerged from the recession in 2004 and in 2005 job growth for Florida (3.9%) was twice that of the nation (1.8%).

Growth in construction employment led the way increasing by 11% in 2004 and 17% in 2005. Much of the growth in construction can be attributed to hurricane reconstruction. Florida had a gain in manufacturing employment in both 2004 and 2005. This is the first increase in this sector since 1998. However, there are still 150,000 fewer people employed in manufacturing than there were in 1988.

The chart below shows the employment variance for each of the NAICS industrial sectors for Florida between 2003 and 2005.

NAICS	Florida	2002 JOBS	2003 JOBS	% Gain/ Loss	2004 JOBS	% Gain/ Loss	2005 Jobs	% Gain/ Loss	2004 Wages	2005 Wages	% Gain
10	Total - All Workers	7,172,053	7,243,409	1.0%	7,467,437	3.1%	7,758,629	3.9%	35,149	36,765	4.6%
10.1	Total - Private Sector	6,157,369	6,208,233	0.8%	6,427,838	3.5%	6,707,045	4.3%	34,421	36,055	4.7%
11	Agriculture, Forestry, Fishing and Hunting	98,517	96,725	-1.8%	96,066	-0.7%	92,832	-3.4%	20,494	21,262	3.7%
21	Mining	5,392	5,210	-3.4%	5,301	1.7%	5,432	2.5%	46,912	49,197	4.9%
22	Utilities	27,681	26,806	-3.2%	23,930	-10.7%	24,215	1.2%	65,718	66,933	1.8%
23	Construction	427,876	443,898	3.7%	493,764	11.2%	579,536	17.4%	36,647	38,303	4.5%
31	Manufacturing	407,088	386,699	-5.0%	388,905	0.6%	399,278	2.7%	42,468	43,419	2.2%
42	Wholesale Trade	312,261	312,674	0.1%	323,247	3.4%	337,560	4.4%	50,390	52,730	4.6%
44	Retail Trade	926,371	921,815	-0.5%	947,142	2.7%	985,020	4.0%	24,838	25,821	4.0%
48	Transportation and Warehousing	202,681	195,352	-3.6%	198,863	1.8%	209,604	5.4%	36,931	38,001	2.9%
51	Information	177,918	172,004	-3.3%	167,390	-2.7%	168,543	0.7%	51,007	52,861	3.6%
52	Finance and Insurance	321,708	329,771	2.5%	340,042	3.1%	353,721	4.0%	56,152	59,200	5.4%
53	Real Estate and Rental and Leasing	150,978	153,236	1.5%	161,667	5.5%	171,601	6.1%	35,767	39,020	9.1%
54	Professional, Scientific, and Technical	376,552	385,170	2.3%	401,627	4.3%	428,723	6.7%	53,045	55,712	5.0%
55	Management of Companies	64,710	64,931	0.3%	69,371	6.8%	72,038	3.8%	71,453	80,411	12.5%
56	Administrative and Support	777,917	807,018	3.7%	825,770	2.3%	831,461	0.7%	25,747	27,057	5.1%
61	Educational Services	82,948	85,407	3.0%	91,235	6.8%	95,443	4.6%	31,157	32,047	2.9%
62	Health Care and Social Assistance	751,578	769,871	2.4%	790,867	2.7%	809,824	2.4%	37,888	39,068	3.1%
71	Arts, Entertainment, and Recreation	160,297	156,912	-2.1%	163,271	4.1%	169,381	3.7%	28,913	29,481	2.0%
72	Accommodation and Food Services	639,311	649,986	1.7%	689,591	6.1%	717,154	4.0%	15,935	16,918	6.2%
81	Other Services	238,270	234,132	-1.7%	236,344	0.9%	243,244	2.9%	24,688	25,781	4.4%

Employment Growth - Marion County

Marion County's job growth during and after the recession exceeded the nation and Florida. This was principally due to a rapid increase in population. The county had double digit growth in construction employment each of the last three years. Manufacturing employment and total employment increased faster than the state or the nation for each of the last three years.

NAICS	Marion County	2002 Jobs	2003 JOBS	% Gain/ Loss	2004 JOBS	% Gain/ Loss	2005 Jobs	% Gain/ Loss	2004 Wages	2005 Wages
10	Total - All Workers	83,304	86,176	3.4%	91,076	5.7%	98,222	7.8%	29,024	30,012
10.1	Total - Private Sector	68,063	70,707	3.9%	75,434	6.7%	82,265	9.1%	28,582	29,671
11	Agriculture, Forestry, Fishing and Hunting	2,384	2,203	-7.6%	2,262	2.7%	2,384	5.4%	23,430	23,578
21	Mining	115	141	22.6%	160	13.5%	210	31.3%	39,064	39,090
22	Utilities	266	260	-2.3%	244	-6.2%	313	28.3%	58,440	53,236
23	Construction	5,973	7,266	21.6%	8,505	17.1%	9,402	10.5%	29,511	31,412
31	Manufacturing	9,133	9,173	0.4%	9,514	3.7%	9,927	4.3%	35,035	36,517
42	Wholesale Trade	2,896	3,151	8.8%	3,346	6.2%	3,663	9.5%	35,861	37,591
44	Retail Trade	14,605	14,799	1.3%	15,189	2.6%	16,102	6.0%	23,092	23,869
48	Transportation and Warehousing	1,940	1,727	-11.0%	1,814	5.0%	1,743	-3.9%	32,220	37,044
51	Information	1,317	1,136	-13.7%	1,140	0.4%	2,240	96.5%	36,733	33,981
52	Finance and Insurance	2,634	2,721	3.3%	3,446	26.6%	3,601	4.5%	41,411	44,133
53	Real Estate and Rental and Leasing	1,207	1,196	-0.9%	1,208	1.0%	1,616	33.8%	25,527	25,530
54	Professional, Scientific, and Technical	2,343	2,469	5.4%	2,699	9.3%	2,928	8.5%	39,787	40,636
55	Management of Companies	262	246	-6.1%	239	-2.8%	318	33.1%	38,140	45,168
56	Administrative and Support	3,927	4,128	5.1%	4,070	-1.4%	4,378	7.6%	23,202	22,976
61	Educational Services	316	409	29.4%	458	12.0%	608	32.8%	18,402	19,481
62	Health Care and Social Assistance	8,839	9,577	8.3%	10,129	5.8%	10,883	7.4%	35,959	36,830
71	Arts, Entertainment, and Recreation	1,244	1,255	0.9%	1,454	15.9%	1,608	10.6%	17,062	17,117
72	Accommodation and Food Services	6,017	6,272	4.2%	6,906	10.1%	7,687	11.3%	12,511	13,477
81	Other Services	2,598	2,514	-3.2%	2,533	0.8%	2,580	1.9%	22,277	23,045

2005 Performance – Marion County – Primary Industry Employment - Results

The preceding charts for employment for the Nation, Florida, and Marion County included jobs a for all workers included in ES-202 data. It is from this data primary industry jobs are mathematically extracted.

The formulas used to determine the number of primary jobs focus on identifying industries which are primary in nature and are targeted by the local economic development organization. Specifically not included in this evaluation are primary jobs created by state or federal government, as local economic development organizations typically have little influence or control on their formation. Also not included are jobs which are specific to the tourism industry, retirement industry, or the agricultural industry.

Marion County’s 2005 data was applied to the same formulas used to create the baseline and the evaluation for 2003 and 2004. The chart shows the results of this effort.

Primary Job Creation		2002	2003	2004	2005	2005	Gain/	Average	Average
NAICS	Marion County, FL					Wages	Loss	Wage by	Wage
Code	NAICS Description	Jobs	Jobs	Jobs	Jobs			Sector **	Primary
	Total - All Workers	83,304	86,176	91,076	98,222	30,012	7,146	new or	Jobs
	Total - Private Sector	68,063	70,707	75,434	82,265	29,671	6,831	lost	Gained
	Primary Industries	13,289	13,017	13,985	15,154	37,829	1,169	primary	
11	Agriculture, Forestry, Fishing and Hunting							jobs.	34,225
21	Mining								
22	Utilities	173	169	163	169	64,683	6	64,556	Average
23	Construction								Wage
31	Manufacturing	8,985	9,050	9,389	9,803	36,962	414	40,012	Primary
42	Wholesale Trade	1,363	1,483	1,647	1,725	39,394	78	39,063	Jobs
44	Retail Trade*	18	17	21	43	29,579	22	29,352	Lost
48	Transportation and Warehousing	1,069	826	866	698	39,456	-168	32,953	
51	Information	464	362	333	1,076	31,988	744	28,870	35,913
52	Finance and Insurance	722	586	1,063	993	44,485	-70	43,024	
54	Professional, Scientific, and Technical Services	233	229	208	328	31,137	120	30,027	
55	Management of Companies and Enterprises	262	246	239	318	45,204	79	54,987	
56	Administrative and Support \Services								
61	Educational Services		50	56			-56		
62	Health Care and Social Assistance								
71	Arts, Entertainment, and Recreation								
72	Accommodation and Food Services								
81	Other Services (except Public Administration)								

* "Non-Store Retailing

** The average wage for the jobs gained or lost by industrial sector was created by reviewing 3 and 4 digit data.

Between 2004 and 2005, Marion County increased from 13,985 to 15,154 primary jobs, a net gain of 1,169. In 2005, the average wage for the 15,154 primary jobs was \$37,829, 126% of the area average for All Workers. The county had a net gain of 414 manufacturing jobs, which are primary in nature, which paid an average wage of \$40,012.

The greatest gain was in the Information sector which went from 333 primary jobs in 2004 to 1,074 in 2005, an increase of 744. However, the average wage for the new jobs created in this sector was only \$28,870.

Overall, the average wage for all the new primary jobs created was \$34,225 in 2005. This is lower than the average in 2004 which was \$38,784.

In 2005, Marion County created two groups of primary jobs, a high wage and a low wage group. Among the 1,169 new primary jobs, approximately 400 of them paid a wage greater than \$40,000. However, roughly 650 of the new jobs paid a wage of about \$25,000. These jobs were in the Information sector, specifically Telecommunications.

As a result of creating the lower paying primary jobs, the average for all primary jobs created does not reflect the quality of many of the new positions.

Annual Milestones

As previously stated, POLICOM created an Economic Development Goal Setting Study for Marion County in 2002. Annual milestones were established for the formation of new primary jobs and their associated wage, which, if achieved, would increase the size and quality of the Marion County economy. As the following chart shows, Marion County easily reached the 2005 milestone of 578 new primary jobs. It also reached the average wage milestone of \$33,791.

	Primary	Net	Variance			New	Variance
	Job	for	from		Milestone	Job	from
<u>Year</u>	<u>Milestone</u>	<u>Year</u>	<u>Milestone</u>	<u>Cumulative</u>	<u>Wage</u>	<u>Wage</u>	<u>Milestone</u>
2003	470	-321	-791	-791	29,783	34,449	4,666
2004	513	962	449	-342	32,200	38,784	6,584
2005	578	1,169	591	249	33,791	34,225	434

Even though in 2003 there was a net loss of 321 primary jobs, Marion County, for the three year period, is now ahead of the cumulative total by 249 primary jobs.

Detailed Data

The following is the detailed data to the four digit NAICS code which shows the number of primary jobs for the last four years. Totaling the 3 and 4 digit data will likely **not equal** the amount shown at the 2 digit industry level due to data suppression.

When comparing a sector over the four years, be aware data suppression might cause you to be confused. One year a number might appear for a NAICS sector, but the next it might not. POLICOM's formulas compensate for this occurrence.

Remember the methodology first considered data at the most detailed level (4 and 5 digit). If that data was not available, it jumps to the 3 digit level, then to the 2 digit level, each time subtracting the previous level's data.

On the following tables, the 3 digit number shown is all of the 3 digit data minus available 4 digit data.

The following chart is a good example to study to avoid being confused.

In 2002, full data was available (not suppressed) for "334" and data was available for "3342" (371 jobs). The 371 jobs in NAICS 3342 were subtracted from the total in NAICS 334, leaving a remainder of 753 jobs. Both numbers are counted in the total for primary jobs.

NAICS	Jobs	2002	2003	2004	2005
334	Computer and Electronic Product Manufacturing	753	1,015		1,143
3341	Computer and Peripheral Equipment Manufacturing				
3342	Communications Equipment Manufacturing	371		291	
3343	Audio and Video Equipment Manufacturing				
3344	Semiconductor and Other Electronic Component Manufacturing				
3345	Navigational, Measuring, Electromedical, and Control Instruments Manufacturing			857	

However, for some reason, in 2003 the data for 3342 was suppressed. There was no other 4 digit data available, so the total data for 334 (1,015) was counted. Strangely in 2004 data was available for not only 3342 but also 3345. The sum of these two Subsectors equaled the total of NAICS 334. As a result, no number appears in the line for 334. In 2005, as in 2003, data for only the three digit NAICS 334 was available.

NAICS Code	Marion County, FL Primary Jobs	2002	2003	2004	2005	2005
Code	NAICS Description	Jobs	Jobs	Jobs	Jobs	Wages
	Total - All Workers	83,304	86,176	91,076	98,222	30,012
	Total - Private Sector	68,063	70,707	75,434	82,265	29,671
	Primary Industries	13,289	13,017	13,985	15,154	0
11	Agriculture, Forestry, Fishing and Hunting					
21	Mining					
22	Utilities	173	169	163	169	64,683
23	Construction					
31	Manufacturing	8,985	9,050	9,389	9,803	36,962
42	Wholesale Trade	1,363	1,483	1,647	1,725	39,394
44	Retail Trade	18	17	21	43	29,579
48	Transportation and Warehousing	1,069	826	866	698	39,456
51	Information	464	362	333	1,076	31,988
52	Finance and Insurance	722	586	1,063	993	44,485
54	Professional, Scientific, and Technical Services	233	229	208	328	31,137
55	Management of Companies and Enterprises	262	246	239	318	45,204
56	Administrative and Support \Services					
61	Educational Services		50	56		
62	Health Care and Social Assistance					
71	Arts, Entertainment, and Recreation					
72	Accommodation and Food Services					
81	Other Services (except Public Administration)					
	3 and 4 Digit NAICS	2002	2003	2004	2005	2005
	NAICS Description	Jobs	Jobs	Jobs	Jobs	Wages
221	Utilities					
2211	Electric Power Generation, Transmission and Distribution	173	169	163	169	64,556
2212	Natural Gas Distribution					
311	Food Manufacturing	288	283	246	244	37,300
3111	Animal Food Manufacturing					
3112	Grain and Oilseed Milling					
3113	Sugar and Confectionery Product Manufacturing					
3114	Fruit and Vegetable Preserving and Specialty Food Manufacturing					
3115	Dairy Product Manufacturing					
3116	Animal Slaughtering and Processing					
3117	Seafood Product Preparation and Packaging					
3118	Bakeries and Tortilla Manufacturing					
3119	Other Food Manufacturing			30	38	51,073

312	Beverage and Tobacco Product Manufacturing					
3121	Beverage Manufacturing					
3122	Tobacco Manufacturing					
313	Textile Mills					
3131	Fiber, Yarn, and Thread Mills					
3132	Fabric Mills					
3133	Textile and Fabric Finishing and Fabric Coating Mills					
314	Textile Product Mills	69	82	118	104	22,889
3141	Textile Furnishings Mills					
3149	Other Textile Product Mills					
315	Apparel Manufacturing					
3151	Apparel Knitting Mills					
3152	Cut and Sew Apparel Manufacturing					
3159	Apparel Accessories and Other Apparel Manufacturing					
316	Leather and Allied Product Manufacturing					
3161	Leather and Hide Tanning and Finishing					
3162	Footwear Manufacturing					
3169	Other Leather and Allied Product Manufacturing					
321	Wood Product Manufacturing	268	348	321	322	34,418
3211	Sawmills and Wood Preservation					
3212	Veneer, Plywood, and Engineered Wood Product Manufacturing					
3219	Other Wood Product Manufacturing	707	651	907	1,081	35,041
322	Paper Manufacturing	127				
3221	Pulp, Paper, and Paperboard Mills					
3222	Converted Paper Product Manufacturing		128	132	170	33,330
323	Printing and Related Support Activities					
3231	Printing and Related Support Activities	77	53	56	54	26,909
324	Petroleum and Coal Products Manufacturing					
3241	Petroleum and Coal Products Manufacturing					
325	Chemical Manufacturing	129	126	110	194	37,767
3251	Basic Chemical Manufacturing					
3252	Resin, Synthetic Rubber, and Artificial Synthetic Fibers and Filaments Manufacturing					
3253	Pesticide, Fertilizer, and Other Agricultural Chemical Manufacturing					
3254	Pharmaceutical and Medicine Manufacturing					
3255	Paint, Coating, and Adhesive Manufacturing					
3256	Soap, Cleaning Compound, and Toilet Preparation Manufacturing					
3259	Other Chemical Product and Preparation Manufacturing	97	98	91		
326	Plastics and Rubber Products Manufacturing	849	801	810	819	36,480
3261	Plastics Product Manufacturing					
3262	Rubber Product Manufacturing					
327	Nonmetallic Mineral Product Manufacturing	19	45	68	81	42,469
3271	Clay Product and Refractory Manufacturing					

3272	Glass and Glass Product Manufacturing					
3273	Cement and Concrete Product Manufacturing	220	241	236	263	44,837
3274	Lime and Gypsum Product Manufacturing					
3279	Other Nonmetallic Mineral Product Manufacturing					
331	Primary Metal Manufacturing			122	133	42,515
3311	Iron and Steel Mills and Ferroalloy Manufacturing					
3312	Steel Product Manufacturing from Purchased Steel					
3313	Alumina and Aluminum Production and Processing					
3314	Nonferrous Metal (except Aluminum) Production and Processing					
3315	Foundries					
332	Fabricated Metal Product Manufacturing	1,169	1,100	976	928	32,043
3321	Forging and Stamping					
3322	Cutlery and Handtool Manufacturing					
3323	Architectural and Structural Metals Manufacturing	268	305	378	431	34,678
3324	Boiler, Tank, and Shipping Container Manufacturing					
3325	Hardware Manufacturing					
3326	Spring and Wire Product Manufacturing					
3327	Machine Shops, Turned Product, and Screw, Nut, and Bolt Manufacturing	68	64	93	150	29,883
3328	Coating, Engraving, Heat Treating, and Allied Activities	16	13			
3329	Other Fabricated Metal Product Manufacturing					
333	Machinery Manufacturing	474	419	241	257	43,968
3331	Agriculture, Construction, and Mining Machinery Manufacturing					
3332	Industrial Machinery Manufacturing					
3333	Commercial and Service Industry Machinery Manufacturing					
3334	Ventilation, Heating, Air-Conditioning, and Commercial Refrigeration Equipment					
3335	Metalworking Machinery Manufacturing	38	40	43	47	44,544
3336	Engine, Turbine, and Power Transmission Equipment Manufacturing					
3339	Other General Purpose Machinery Manufacturing	69	85	305	281	47,528
334	Computer and Electronic Product Manufacturing	753	1,015		1,143	48,313
3341	Computer and Peripheral Equipment Manufacturing					
3342	Communications Equipment Manufacturing	371		291		
3343	Audio and Video Equipment Manufacturing					
3344	Semiconductor and Other Electronic Component Manufacturing					
3345	Navigational, Measuring, Electromedical, and Control Instruments Manufacturing			857		
3346	Manufacturing and Reproducing Magnetic and Optical Media					
335	Electrical Equipment, Appliance, and Component Manufacturing					
3351	Electric Lighting Equipment Manufacturing					
3352	Household Appliance Manufacturing					
3353	Electrical Equipment Manufacturing					
3359	Other Electrical Equipment and Component Manufacturing					
336	Transportation Equipment Manufacturing	1,355	1,377	1,328	1,307	40,496
3361	Motor Vehicle Manufacturing					

3362	Motor Vehicle Body and Trailer Manufacturing	200	231	102	84	25,013
3363	Motor Vehicle Parts Manufacturing	70	66	52	38	28,503
3364	Aerospace Product and Parts Manufacturing					
3365	Railroad Rolling Stock Manufacturing					
3366	Ship and Boat Building				24	21,747
3369	Other Transportation Equipment Manufacturing					
337	Furniture and Related Product Manufacturing	51	47	43	59	26,396
3371	Household and Institutional Furniture and Kitchen Cabinet Manufacturing	843	831	901	983	26,361
3372	Office Furniture (including Fixtures) Manufacturing					
3379	Other Furniture Related Product Manufacturing					
339	Miscellaneous Manufacturing					
3391	Medical Equipment and Supplies Manufacturing	117	131	129	134	35,830
3399	Other Miscellaneous Manufacturing	92	107	103	125	27,349
423	Merchant Wholesalers, Durable Goods	1	1			
4231	Motor Vehicle and Motor Vehicle Parts and Supplies Merchant Wholesalers	135	154	197	217	33,094
4232	Furniture and Home Furnishing Merchant Wholesalers	12	15	16	17	32,834
4233	Lumber and Other Construction Materials Merchant Wholesalers	89	80	77	96	34,187
4234	Professional and Commercial Equipment and Supplies Merchant Wholesalers	81	139	135	119	44,262
4235	Metal and Mineral (except Petroleum) Merchant Wholesalers	18	17	23	24	31,395
4236	Electrical and Electronic Goods Merchant Wholesalers	111	126	141	156	44,398
4237	Hardware, and Plumbing and Heating Equipment and Supplies Merchant Wholesalers	127	134	168	172	41,359
4238	Machinery, Equipment, and Supplies Merchant Wholesalers	311	370	423	469	43,506
4239	Miscellaneous Durable Goods Merchant Wholesalers	188	182	206	239	36,489
424	Merchant Wholesalers, Nondurable Goods					
4241	Paper and Paper Product Merchant Wholesalers					
4242	Drugs and Druggists' Sundries Merchant Wholesalers					
4243	Apparel, Piece Goods, and Notions Merchant Wholesalers					
4244	Grocery and Related Product Wholesalers		31			
4245	Farm Product Raw Material Merchant Wholesalers					
4246	Chemical and Allied Products Merchant Wholesalers	87	58	72	72	36,477
4247	Petroleum and Petroleum Products Merchant Wholesalers	117	91	112	59	26,092
4248	Beer, Wine, and Distilled Alcoholic Beverage Merchant Wholesalers					
4249	Miscellaneous Nondurable Goods Merchant Wholesalers					
425	Wholesale Electronic Markets and Agents and Brokers					
4251	Wholesale Electronic Markets and Agents and Brokers	88	86	77	86	41,877
454	Nonstore Retailers					
4541	Electronic Shopping and Mail-Order Houses	18	17	21	43	29,352
481	Air Transportation					
4811	Scheduled Air Transportation					
4812	Nonscheduled Air Transportation					
483	Water Transportation					
4831	Deep Sea, Coastal, and Great Lakes Water Transportation					

4832	Inland Water Transportation					
484	Truck Transportation					
4841	General Freight Trucking	920	542	586	571	38,847
48412	General Freight Trucking, Long-Distance					
4842	Specialized Freight Trucking	111	251	240	93	32,953
486	Pipeline Transportation					
4861	Pipeline Transportation of Crude Oil					
4862	Pipeline Transportation of Natural Gas					
4869	Other Pipeline Transportation					
488	Support Activities for Transportation	38	32	39	34	67,988
4881	Support Activities for Air Transportation					
4883	Support Activities for Water Transportation					
492	Couriers and Messengers					
4921	Couriers					
4922	Local Messengers and Local Delivery		2	1		
493	Warehousing and Storage					
4931	Warehousing and Storage					
511	Publishing Industries (except Internet)			227	295	40,520
5111	Newspaper, Periodical, Book, and Directory Publishers	328	245			
5112	Software Publishers					
512	Motion Picture and Sound Recording Industries		96	89		
5121	Motion Picture and Video Industries	113			76	15,206
5122	Sound Recording Industries					
515	Broadcasting (except Internet)					
5151	Radio and Television Broadcasting					
516	Internet Publishing and Broadcasting					
5161	Internet Publishing and Broadcasting					
517	Telecommunications				688	31,381
5171	Wired Telecommunications Carriers					
5172	Wireless Telecommunications Carriers (except Satellite)					
5173	Telecommunications Resellers					
5174	Satellite Telecommunications					
518	Internet Service Providers, Web Search Portals, and Data Processing Services					
5181	Internet Service Providers and Web Search Portals	23	21	17	18	38,685
5182	Data Processing, Hosting, and Related Services					
519	Other Information Services					
5191	Other Information Services					
521	Monetary Authorities - Central Bank					
5211	Monetary Authorities - Central Bank					
522	Credit Intermediation and Related Activities					
5221	Depository Credit Intermediation	380	201	182	172	42,146
5222	Nondepository Credit Intermediation			527	430	43,116

5223	Activities Related to Credit Intermediation					
523	Securities, Commodity Contracts, and Other Financial Investments					
5231	Securities and Commodity Contracts Intermediation and Brokerage					
5232	Securities and Commodity Exchanges					
5239	Other Financial Investment Activities					
524	Insurance Carriers and Related Activities					
5241	Insurance Carriers	339	385	350	386	47,364
525	Funds, Trusts, and Other Financial Vehicles	3		4	5	18,173
5251	Insurance and Employee Benefit Funds					
5259	Other Investment Pools and Funds					
541	Professional, Scientific, and Technical Services					
5413	Architectural, Engineering, and Related Services					
5414	Specialized Design Services					
5415	Computer Systems Design and Related Services					
5416	Management, Scientific, and Technical Consulting Services					
5417	Scientific Research and Development Services	46	49	52	56	36,536
5419	Other Professional, Scientific, and Technical Services	187	180	155	272	30,027
551	Management of Companies and Enterprises					
5511	Management of Companies and Enterprises	262	246	239	318	45,168

Methodology to Create the 2002 Baseline

The process of estimating the number of primary jobs in a local economy involves utilizing specific mathematical formulas which attempt to “extract” primary jobs from “all jobs” within an area.

As previously stated, a primary job is one for which the wages paid are generated from the sale of goods or services outside the local area. This imports money to the area. It is from this money a vast majority of all the (dependent) jobs in the area are created. Typically a primary job can be identified by the industrial activity of the worker.

The Performance Matrix is based upon the North American Industrial Classification System (NAICS).

Employers in the United States are required to report to the state and federal governments the number of employees and related wages paid. When reporting, the employer is required to provide an industry code for the work activity. The required reporting is part of the “Unemployment Compensation” program. The data collected is known as “covered workers” data or ES-202 data. State governments collect the data and forward it to the federal government.³ POLICOM Corporation utilized ES-202 data for 2002 to create the Evaluation Matrix.

In order to determine the number of primary industry jobs and their ancillary wages paid, POLICOM Corporation created elaborate mathematical formulas for Marion County which identify the primary industry jobs to their most definitive NAICS code.

These formulas were applied to 2002 ES-202 data, published by the Bureau of Labor Statistics, U.S. Department of Labor, and the number of primary jobs for the county has been determined. The total of these jobs serves as the baseline for the county. The jobs identified are wage and salaried jobs and coincide with the methodology used to create the annual milestones in the *Goal Setting Study*.

The mathematical matrix used to create the baseline will be frozen in time, and applied to the data for each successive year, in order to determine the net gain or loss. It is important, for the veracity of the results, to use the same formulas and methodology each year in calculating the number of primary jobs in the economy.

The purpose of creating the Primary Job Matrix is to determine the number and wage level of the primary jobs in the area. Done annually, the net gain from the previous year can be determined.

Once again, a primary job is one for which the wages paid are generated from the sale of goods or services outside the local area. This imports money to the area. It is from this money a vast majority of all the (dependent) jobs in the area are created.

³ Beginning with 2001, employers were required to report using NAICS. Prior to that year, employers reported under the Standard Industrial Classification System created in 1987 and known as SIC.

Whether or not a job is primary can be determined from the nature of the business, or the industrial activity. Since NAICS data (and previously SIC) is collected from employers coded by industrial activity, much of this information can be attained by reviewing the data.

The task before the researcher is to separate primary jobs from all the other jobs included in the overall data. This is done by reviewing each industrial sector for its inherent primary-dependent industry nature.

The process described below is not “perfect.” It is not possible to identify the exact number of primary jobs in a local economy. POLICOM Corporation believes it is able to create a “reasonable” estimate of the number of jobs and wages paid. However, by using the same methodology each year thereafter, gains and losses relative to 2002 can be determined.

Some industries are inherently dependent. This means the businesses feed upon or utilize money which is already present in the economy. A vast, vast majority of all jobs fall into this category. An example is Retail Trade. The wages paid to retail trade workers are generated from the sale of goods on a local basis. Therefore, jobs in retail trade are dependent, not primary.

However, workers employed in “cane sugar refining” are primary in nature. It is not likely very much of the sugar processed at a cane sugar refinery is actually sold locally. The sugar is not only sold outside the area, but likely sold outside the state. Therefore, this sector is inherently a primary industrial activity and the workers employed are considered primary jobs.

<u>Code</u>	<u>Industrial Activity</u>
31	Manufacturing
311	Food Manufacturing
3113	Sugar and Confectionery Product Manufacturing
31131	Sugar Manufacturing
311311	Sugarcane Mills
311312	Cane Sugar Refining
311313	Beet Sugar Manufacturing

NAICS data is constructed in a hierarchical system or code based upon the industrial activity of the business. This code begins with a general industry (now known as “Sector” level, formerly “Industry” level – 2 digit code) and continues in specificity to a 6 digit Subsector level based upon the continued refinement of the activity. The following is the path from *31 - Manufacturing to 311312 - Cane Sugar Refining*:

There are more than 2,200 industrial codes in NAICS, running from the 2 digit Sector to 6 digit Subsector levels.

To identify primary industry jobs, the researcher first examines all 2,283 codes for their inherent tendency to be primary in nature. However, even at the 5 or 6 digit Subsector, it cannot be determined for certain all jobs are primary in nature.

As an example, *51112 – Periodical Publishers* (magazines), for the most part is a primary activity, as most magazines are sold nationally or statewide. However, many metropolitan areas have local magazines specifically targeted to the local market. That portion of the activity is not primary. The researcher makes reasonable estimates as to the percentage each industrial Subsector is relative to being primary, based upon a review of national data.

Determining the general tendency for a Subsector to be primary in nature is the beginning of the process due to “data suppression.”

Federal and state laws require employers to report the number of employees and their respective earnings for the administration of various government programs such as the Unemployment Compensation program. It is from this reporting most economic data is created, including NAICS.

However, the privacy of individual employers is protected. The law provides if, through a reasonable effort, the actual number of employees or the actual wage paid by 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.

As an example, suppose there is one cane sugar refinery in a community. The employer must report the number of employees and their respective earnings to the government. If this data is published, then all will know the company’s workforce and wages paid. This private information, by law, cannot be ascertained through the public release of data.

As a result, data for *311312 – Cane Sugar Refining* is withheld or suppressed. However, the total employment and earnings are carried upward in the hierarchy of codes to the next level, *31131 – Sugar Manufacturing*. But, if the cane sugar refiner is still virtually the only sugar manufacturer in the area, the data will once again be suppressed but included in the next higher level, *3113 – Sugar and Confectionery Product Manufacturing*. Once again the data might be suppressed, but it is carried upward to *311 – Food Manufacturing*. Since there will likely be several food manufactures in the area, this data will be published. However, under this scenario, you cannot determine from the data the number of workers employed in cane sugar refining.

As a result of data suppression, the process of determining the number of primary jobs becomes very difficult. In large, highly populated areas, there is less data suppression as the frequency of employers in a particular industry increases. In small areas, data suppression is prevalent as there quite often might be one business operating in a particular Subsector.

To estimate the number of primary jobs, POLICOM Corporation applies both “rule of thumb” and specific mathematical tests to data Subsectors to extract the jobs and earnings from consolidated data levels.

A “rule of thumb” test is the process of applying a percentage of employment in a Subsector which is generally inherently primary in nature.

As an example, for most manufacturing Subsectors, 100% of the employment is considered primary. The manufacturing of automobile, semi-conductors, and aircraft parts is primary in nature.

However, *311 – Food Manufacturing* includes manufacturers serving the local marketplace, such as bakeries and soda pop canners. These are not primary. If data is available for exceptions like these, it is deducted from the total of 100%. If it is not, having been suppressed, then

the percentage applied to Subsector is adjusted downward based upon the percentage each is of the national percentage of the workforce in each industry.

As an example, if local bakeries account for 4% of the national workforce in *311 - Food Manufacturing*, then only 96% of the data for this Subsector is considered primary. (Yes, a “baker” could be a bread manufacturer with distribution “statewide,” making it primary. This anomaly is detected through the process below.)

This “rule of thumb” test is applied to many of the Subsectors. However, it is taken even much further for most Subsectors which are not inherently primary.

Sector *42 - Wholesale Trade* is split into two 3 digit Subsectors: *421 – Wholesale Trade Durable* and *422 – Wholesale Trade – Non Durable*. The wholesale trade of durable goods is more inherently primary than non durable goods. Therefore, the rule of thumb percentage is 75% for durable and 25% for non durable, based upon the experience of the researcher.

A second specific test is now taken to determine anomalous employment. The percentage of the workforce for the Subsector is examined to “detect” the presence of a primary employer(s). For each Subsector, the percentage of the national and state workforce is determined. Suppose for *422 – Wholesale Non Durable* it is 1.8% of the national workforce and 1.9% of the state’s workforce. However, the area has 3.5% of the workforce employed in this Subsector.

This indicates the presence of a wholesaler(s) of non durable goods doing business in excess of what is needed for the local marketplace and is therefore primary in nature. As a result, the number of jobs in excess of what is the norm (higher between state and USA) is added to the total generated by the rule of thumb percentage. In this case, $3.5\% - 1.8\% = 1.7\%$. The 1.7% is multiplied by the total private employment in the area and the average wage for the Subsector is used to create the earnings estimate.

This process is applied to many of the Subsectors. A third test is also used for more difficult Subsectors.

The publishing of books is inherently primary in nature. However, this data is rarely disclosed except in large areas. The following is the NAICS code path:

<u>Code</u>	<u>Industrial Activity</u>
51	Information
511	Publishing Industries (except Internet)
5111	Newspaper, Periodical, Book, and Directory Publishers
51111	Newspaper Publishers
51112	Periodical Publishers
51113	Book Publishers

Book publishing data is frequently not disclosed because it is coded at the 5 digit level with newspaper publishers. In many communities, there is only one dominant newspaper. As a result, the data for *51111 – Newspaper Publishers* is suppressed, causing the data for *51112 – Periodical Publishers* and *51113 – Book Publishers* to be suppressed.

Since the total data is carried upward to *5111 - Newspaper, Periodical, Book, and Directory Publishers*, data for 51112 and 51113 must be withheld or you could simply subtract from 5111 the data for 51112 and 51113 and get the data for 51111.

In this case, no inherent percentage is applied to 5111 as it cannot be assumed any book publishers are in the area. Therefore, in this case only the employment percentage test is used. First, from national data, the percentage newspaper publishers of national and state employment totals and the total of 5111 is determined. Then, the area percentage of workforce in 5111 is compared to the nation and state. If the area percentage of 5111 is greater than the national percentage of 51111 and 5111, then it is determined there is a presence of either 51112 or 51113 in the economy, and the variance is considered primary in nature.

This test is applied to several Subsectors.

In order to create totals for each area, primary jobs for the 5 and 4 digit Subsectors are calculated first. Second, jobs for the 3 digit Subsectors are determined. All of the jobs in the 5 and 4 digit Subsectors are included in the totals. To create a total for the 3 digit Subsectors, the sum of the respective 4 and 5 digit Subsectors is subtracted from the initial total at the 3 digit level. The formula is basically: "If the number of 3 digit jobs is greater than the sum of the 4 and 5 digit jobs, then 3 digit jobs minus sum of 4 and 5 digit, otherwise, 0." Worker earnings are concurrently calculated. The Earnings per Worker (Wages) is typically determined by dividing the Earnings by the number of jobs.

The sum of the 5, 4, and 3 digit Subsectors are used to create the Sector totals.