

# **Economic Development Performance Evaluation**

## **2008 Calendar Year**

### **Northern Kentucky Region**

Prepared for the

**Northern Kentucky TRI-ED**

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by

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## *Introduction*

In October of 2001, at the direction of the Northern Kentucky TRI-ED, POLICOM Corporation created an Economic Development Goal Setting Study for Boone, Campbell, and Kenton Counties located in northern Kentucky. The three counties comprise the Northern Kentucky Region, which was additionally included as an “area” in the Goal Setting Study. The Goal Setting Study discussed the existing condition of each economy, projected the condition of each to the year 2021, and established economic goals for the size and the quality of each economy to be attained by the year 2021.

In order to achieve the economic goals, annual milestones for new primary industry jobs (those which import money into the economy) and their associated wage levels were established. The annual milestones began in 2002 and, if achieved, will cause each county and the Region to reach the desired goal.

The Northern Kentucky TRI-ED is an economic development organization which implements and coordinates economic development programs for the three county Region. Its principal mission is to improve the standard of living for the people in the area by increasing the size and improving the quality of the local economy.

Since annual milestones were established in the Goal Setting Study, it is the desire of the community and the Northern Kentucky TRI-ED to determine, on an annual basis, if the milestones are achieved by the community. Additionally, TRI-ED asked POLICOM to compare its performance in a similar manner to the metropolitan areas of Louisville, Raleigh and St. Louis.

The methodology for determining the number of Primary Jobs appears at the end of this report.

**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 Northern Kentucky TRI-ED, 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 the Northern Kentucky Region.**

## Employment Growth - Nation

During 2008, the United States fell into a recession. Between 2007 and 2008, overall employment declined .4%. Private sector employment dropped .7%. The greatest percentage decline occurred in construction (-5.8%). The nation lost more than 430,000 jobs in this industry. This is the direct result of the collapse of the housing industry. The decline in the new home sector also caused a decline in the retail industry. Retailing lost more than 200,000 jobs. Almost half of these were lost in sectors which cater to the home industry. Some of these include lawn and garden, building supplies, furniture, and interior décor stores.

The manufacturing industry lost more jobs than any other sector, exceeding 450,000. Most industrial sub sectors declined in employment. However, sub sectors which are directly related to the new home industry lost more than 165,000 jobs. Some of these include furniture, household appliances, wood and lumber, cement and brick, and other building materials. The recession also caused a major decline in the auto industry where more than 100,000 jobs were lost in assembly and parts manufacturing. The greatest gain for the nation was in the mining sector increasing by more 50,000 jobs. A vast majority of this gain is attributed to increased employment in the oil and gas industry and other energy related fields.

Nationally, wages increased 2.5% for all workers and 2.3% for private sector workers. Mining had the greatest increase (6.4%) while wages in real estate and management of companies (corporate headquarters) declined. Overall wage growth was very slow compared to prior years.

NAICS Code	USA	2002 JOBS	2003 JOBS	2004 JOBS	2005 JOBS	2006 JOBS	% Gain/ Loss	2007 JOBS	% Gain/ Loss	2008 JOBS	% Gain/ Loss	2007 Wages	2008 Wages	% Gain/ Loss
10	Total - All Workers	128,233,919	127,804,256	129,288,553	131,595,637	133,833,839	1.7%	135,371,408	1.1%	134,809,552	-0.4%	44,450	45,559	2.5%
10.1	Total - Private Sector	107,577,281	107,077,754	108,505,333	110,634,510	112,719,311	1.9%	114,014,680	1.1%	113,192,473	-0.7%	44,355	45,368	2.3%
11	Agriculture, Forestry, Fishing and Hunting	1,155,890	1,155,779	1,156,528	1,163,389	1,160,881	-0.2%	1,166,745	0.5%	1,169,195	0.2%	25,187	25,982	3.2%
21	Mining	505,979	500,139	519,868	560,236	616,532	10.0%	660,440	7.1%	713,313	8.0%	81,995	87,211	6.4%
22	Utilities	592,152	575,864	563,879	550,689	546,593	-0.7%	549,560	0.5%	558,015	1.5%	82,272	84,191	2.3%
23	Construction	6,683,553	6,671,144	6,912,943	7,267,301	7,601,481	4.6%	7,562,373	-0.5%	7,125,029	-5.8%	46,781	49,014	4.8%
31	Manufacturing	15,209,192	14,471,104	14,258,191	14,191,251	14,113,387	-0.5%	13,834,745	-2.0%	13,383,162	-3.3%	53,485	54,392	1.7%
42	Wholesale Trade	5,617,456	5,589,060	5,641,492	5,752,186	5,884,525	2.3%	5,985,704	1.7%	5,954,232	-0.5%	60,713	61,847	1.9%
44	Retail Trade	15,018,588	14,930,323	15,059,622	15,256,257	15,367,132	0.7%	15,507,891	0.9%	15,306,516	-1.3%	26,127	26,181	0.2%
48	Transportation and Warehousing	3,989,116	3,947,025	4,008,991	4,098,365	4,205,427	2.6%	4,291,526	2.0%	4,270,836	-0.5%	42,618	42,969	0.8%
51	Information	3,364,485	3,181,587	3,100,961	3,056,182	3,040,708	-0.5%	3,028,274	-0.4%	2,988,732	-1.3%	69,161	70,780	2.3%
52	Finance and Insurance	5,678,156	5,782,593	5,815,282	5,912,734	6,007,002	1.6%	5,992,144	-0.2%	5,856,864	-2.3%	84,872	85,274	0.5%
53	Real Estate and Rental and Leasing	2,028,109	2,044,219	2,077,031	2,124,756	2,153,739	1.4%	2,152,536	-0.1%	2,110,171	-2.0%	43,465	43,239	-0.5%
54	Professional, Scientific, and Technical	6,654,743	6,637,562	6,764,998	7,053,123	7,389,517	4.8%	7,631,158	3.3%	7,814,285	2.4%	72,037	74,354	3.2%
55	Management of Companies and Enterprises	1,695,554	1,660,235	1,695,849	1,743,160	1,785,155	2.4%	1,839,929	3.1%	1,895,570	3.0%	95,501	94,842	-0.7%
56	Administrative and Support	7,589,300	7,561,795	7,834,381	8,081,781	8,293,605	2.6%	8,393,060	1.2%	7,996,575	-4.7%	30,879	32,078	3.9%
61	Educational Services	1,951,003	2,016,082	2,079,112	2,144,172	2,206,905	2.9%	2,284,111	3.5%	2,367,685	3.7%	39,483	40,832	3.4%
62	Health Care and Social Assistance	13,395,715	13,720,064	14,004,306	14,337,714	14,702,844	2.5%	15,144,814	3.0%	15,586,001	2.9%	40,684	42,150	3.6%
71	Arts, Entertainment, and Recreation	1,798,621	1,817,283	1,853,386	1,868,561	1,901,683	1.8%	1,953,865	2.7%	1,978,217	1.2%	30,901	31,935	3.3%
72	Accommodation and Food Services	10,197,329	10,344,219	10,614,758	10,870,381	11,122,634	2.3%	11,373,174	2.3%	11,416,594	0.4%	16,362	16,694	2.0%
81	Other Services	4,246,011	4,259,640	4,286,213	4,323,123	4,363,751	0.9%	4,437,318	1.7%	4,483,967	1.1%	27,937	28,776	3.0%

## Condition of Kentucky

The state of Kentucky lost private sector jobs at the same rate as the nation in 2008 (-.7%). The manufacturing sector declined by more than 10,000 positions. About 5,000 of these jobs were related to the auto industry. However, at least 2,000 lost manufacturing jobs were in sectors relating to the new home industry. Administrative Services declined by 5.9%. This was the largest percentage drop among the industrial sectors. A vast majority of these jobs were part of the “temporary workforce” placed through employment service agencies.

Kentucky had a good increase (2,200 jobs) in Management of Companies (corporate headquarters) which rose 13%.

The state did not suffer massive losses in construction as few areas in the state participated in the “speculative” housing boom.

Wages increased statewide at the same rate as the nation.

The chart below shows the employment variance for each of the NAICS industrial sectors for Kentucky from 2002 through 2008.

NAICS Code	Kentucky	2002 JOBS	2003 JOBS	2004 JOBS	2005 JOBS	2006 JOBS	% Gain/ Loss	2007 JOBS	% Gain/ Loss	2008 Jobs	% Gain/ Loss	2007 Wages	2008 Wages	% Gain/ Loss
10	Total - All Workers	1,717,975	1,714,193	1,728,949	1,757,678	1,778,778	1.2%	1,801,766	1.3%	1,791,359	-0.6%	36,474	37,430	2.6%
10.1	Total - Private Sector	1,425,851	1,423,345	1,439,207	1,463,710	1,482,890	1.3%	1,501,327	1.2%	1,490,812	-0.7%	36,203	37,033	2.3%
11	Agriculture, Forestry, Fishing and Hunting	7,558	7,272	7,281	7,341	7,644	4.1%	7,853	2.7%	8,103	3.2%	28,852	29,693	2.9%
21	Mining	19,501	18,468	19,098	20,911	22,447	7.3%	21,781	-3.0%	23,466	7.7%	56,977	61,296	7.6%
22	Utilities	6,706	6,431	6,360	6,444	6,472	0.4%	6,573	1.6%	6,584	0.2%	64,164	67,229	4.8%
23	Construction	83,289	83,271	83,252	84,233	83,157	-1.3%	85,064	2.3%	84,327	-0.9%	39,597	41,948	5.9%
31	Manufacturing	275,466	266,252	263,688	262,091	260,923	-0.4%	255,280	-2.2%	245,226	-3.9%	46,878	47,590	1.5%
42	Wholesale Trade	71,507	72,794	74,273	74,572	75,735	1.6%	77,439	2.2%	76,479	-1.2%	50,773	51,285	1.0%
44	Retail Trade	212,458	211,226	211,748	212,611	211,870	-0.3%	214,195	1.1%	210,825	-1.6%	22,423	22,692	1.2%
48	Transportation and Warehousing	76,588	75,822	76,436	79,589	81,533	2.4%	84,231	3.3%	83,659	-0.7%	44,929	44,132	-1.8%
51	Information	31,745	30,366	29,056	29,169	29,709	1.9%	30,029	1.1%	29,765	-0.9%	40,262	41,482	3.0%
52	Finance and Insurance	63,321	64,448	66,024	67,127	69,998	4.3%	72,466	3.5%	71,199	-1.7%	52,732	53,333	1.1%
53	Real Estate and Rental and Leasing	19,688	19,659	19,477	19,799	19,953	0.8%	19,906	-0.2%	19,934	0.1%	31,508	31,887	1.2%
54	Professional, Scientific, and Technical Services	56,712	56,630	56,905	59,941	61,927	3.3%	64,718	4.5%	68,157	5.3%	50,071	50,316	0.5%
55	Management of Companies and Enterprises	13,451	13,599	15,241	15,766	16,141	2.4%	17,275	7.0%	19,546	13.1%	85,294	82,565	-3.2%
56	Administrative and Support	84,912	84,814	89,971	96,014	100,634	4.8%	100,192	-0.4%	94,320	-5.9%	22,651	24,053	6.2%
61	Educational Services	12,901	13,523	13,987	14,523	14,498	-0.2%	15,300	5.5%	15,958	4.3%	28,932	29,704	2.7%
62	Health Care and Social Assistance	189,627	194,736	196,879	201,311	204,105	1.4%	207,974	1.9%	212,386	2.1%	37,919	39,098	3.1%
71	Arts, Entertainment, and Recreation	17,747	17,739	18,211	18,451	18,793	1.9%	19,145	1.9%	19,179	0.2%	19,966	19,885	-0.4%
72	Accommodation and Food Services	135,372	138,125	142,964	146,210	149,563	2.3%	153,072	2.3%	152,550	-0.3%	12,690	13,023	2.6%
81	Other Services (except Public Administration)	45,768	45,907	45,025	44,969	45,186	0.5%	46,022	1.9%	46,461	1.0%	25,844	26,597	2.9%

## Northern Kentucky Region

For the second year in a row, the TRI-ED Region easily exceeded the primary job milestone. The Region had a net gain of 3,158 eclipsing the milestone by 1,734 jobs. As a result, the Region is only 273 jobs short of the seven year total of 9,900 new primary jobs.

The average wage for the new jobs created was a whopping \$72,825, 146% of the milestone wage.

The high wage is attributed to the “nature” of the new primary jobs. A vast majority of them were created in the Finance and Insurance and Management of Companies (corporate headquarters) sectors.

Region	New Primary Job Annual Milestone	Net Gain New Primary Jobs	Annual Variance from Milestone	Cumulative Total	Milestone New Primary Job Wage	New Primary Job Wage	% of Milestone Wage
2002	1,318	-654	-1,973	-1,973	41,095	48,011	117%
2003	1,367	1,907	540	-1,433	42,329	50,561	119%
2004	1,418	1,658	240	-1,193	43,597	54,965	126%
2005	1,471	1,017	-454	-1,647	44,899	59,231	132%
2006	1,526	276	-1,250	-2,897	46,235	66,117	143%
2007	1,375	2,264	889	-2,008	48,263	60,922	126%
2008	1,423	3,158	1,734	-273	50,036	72,825	146%

Manufacturing declined in almost every area of the country in 2008. However, the Region had a gain of 166 primary jobs. There were modest declines in transportation and wholesale trade.

Region NAICS Description	2001 Jobs	2002 Jobs	2003 Jobs	2004 Jobs	2005 Jobs	2006 Jobs	2007 Jobs	2008 Jobs	2008 Wages	Gain/Loss	Gain/Loss %	2008
10 Total - All Workers	152,860	154,669	157,435	160,022	164,748	165,752	168,487	169,585	39,603	1,098	0.7%	Wage
10.1 Total - Private Sector	132,595	133,010	135,768	138,385	142,827	143,253	145,060	146,227	39,308	1,167	0.8%	Prim
Primary Industries	41,163	40,508	41,706	43,340	44,357	44,632	46,897	50,055	54,072	3,158	6.7%	Jobs
11 Agriculture, Forestry, Fishing and Hunting												Gained
21 Mining												72,825
22 Utilities	574	475	333	329	328	265	289	127	75,478	-162	-56.1%	Wage
23 Construction												Prim
31 Manufacturing	18,096	16,645	16,855	16,913	17,224	17,304	17,878	18,044	52,028	166	0.9%	Jobs
42 Wholesale Trade	4,384	4,619	5,153	5,260	5,676	6,138	6,418	6,253	53,081	-165	-2.6%	Lost
44 Retail Trade		14	35	48	51	74	74	108	29,770	34	45.6%	54,944
48 Transportation and Warehousing	11,793	11,806	12,494	12,928	12,575	11,020	10,800	10,620	41,263	-180	-1.7%	Percent
51 Information	1,092	1,020	667	577	635	653	771	720	43,990	-51	-6.6%	of area
52 Finance and Insurance	2,559	3,115	2,963	3,626	3,920	4,494	5,524	6,586	58,610	1,061	19.2%	average
54 Professional, Scientific, and Technical Services	730	806	1,103	1,290	1,325	1,597	1,737	2,157	37,138	420	24.2%	
55 Management of Companies and Enterprises	1,809	1,945	2,103	2,299	2,574	2,999	3,348	5,440	89,535	2,092	62.5%	
56 Administrative and Support	126	64		70	49	88	56					184%