

REQUEST FOR BOARD ACTION

**HENDERSON COUNTY
BOARD OF COMMISSIONERS**

MEETING DATE: October 21, 2015

SUBJECT: Economic Assessment of Henderson County NC

PRESENTER: Tom Tveidt, SYNEVA Economics

ATTACHMENTS: Yes
1. Economic Assessment

SUMMARY OF REQUEST:

Tom Tveidt with SYNEVA Economics will provide a detailed report the recently completed “Economic Assessment of Henderson County NC”.

BOARD ACTION REQUESTED:

No specific Board action is requested. This item is for information only.

Suggested Motion(s):

No motion suggested.

Economic Assessment Report of Henderson County NC

September 2015



Prepared for:

Henderson County Board of Commissioners



Contents

Introduction..... 3

Highlights..... 4

Demographics..... 7

 Population Trends..... 7

 Population Characteristics 9

Income & Average Wage 13

Employment 17

 Worker Flows 17

 Labor Force Participation 18

 Total Employment..... 18

 Business Employment & Wages..... 21

 Workforce Demographics 31

 Job Demand 32

Business-Personal Property Values by Industry..... 35

Assessment of Key Economic Activities..... 38

 Manufacturing 39

 Health Care 40

 Agri-Business..... 41

 Tourism 43

 Annual Population In-Migration 44

 Summary of Economic Impacts..... 47

 Estimated Tax Impacts 48

 Strategic Implications..... 50

Appendix..... 51

Firm Profile 52



Introduction

The *Economic Assessment Report of Henderson County* is an objective analysis of the characteristics and trends of the County economy. The report is designed to support knowledgeable decision making.

The report is presented in five main sections. Each section takes an in-depth examination of a particular facet of the economy, yet recognizes that there is a significant amount of overlap between the facets.

The five sections:

Demographics-who is Henderson County? What are the important population trends and characteristics of County residents?

Income & Average Wage-how has the County's income and average wage grown, and how does that growth compare to the state and nation?

Employment-where do County residents work and how much are they paid? Where are new jobs being added? In what areas does the County specialize?

Business-Personal Property Values by Industry –what are the fiscal contributions of industry sectors in the County?

Key Economic Activities & Impacts-how do five of the County's major activities impact the economy, and how do they each compare to one another?

Highlights

Demographics

- Henderson County has experienced unbroken population growth for over four decades, and is projected to continue a similar trend for at least the next fifteen years.
- Net population growth is driven entirely from in-migration; primarily from within the U.S.
- Henderson County's median age at 46.1 years is 8.3 years above the state and 8.7 years above the nation.
- Relative to the state and nation, the County is under represented in age groups below age 50, and over represented in age groups 59 and above.
- Despite new residents including a relatively higher proportion of older persons, more than half of the County's new residents are under the age of 35.
- Levels of educational attainment of Henderson County's resident population closely match levels in the state and nation.

Income & Average Wage

- At \$38,611, per capita income in the County is on par with the statewide figure, yet 16 percent below the nation.
- After adjusting for inflation, per capita income increased by \$1,784 or 6.2 percent over the last ten years. The net increase is 1.3 percentage points greater than the statewide increase, but lags the nation by two percent.

- Personal government transfers, namely Social Security and Medicare, are playing a greater role in the County's total income, presently accounting for 24 percent of all income.
- As of 2013, Henderson's County's average annual wage equaled \$35,929; 24 percent below the state and 39 percent below the nation.
- After adjusting for inflation, the County's average annual wage has decreased by \$764 or 2.6 percent over the last ten years.

Employment

Total Employment

- As of 2013, more of Henderson County's resident workers out-commuted for employment than worked in the County. Additionally, nonresident in-commuting workers outnumbered resident workers employed in the County.
- As of 2013, 55.3 percent of Henderson County residents were either employed or looking for a job. The proportion is 7.8 percentage points below the state, and 8.5 percentage points below the nation
- Total employment in the County peaked in 2008 and is presently still 2,101 jobs or 5.7 percent lower.
- The unemployment rate in Henderson County averaged 4.6 percent over the last twelve months, which is more than a percentage point below the state and nation. The rate has been steadily declining since a peak in early 2010.

Business Employment & Industry Wages

- In terms of size, four businesses are dominant in Henderson County's economy, together they account for 57 percent of all jobs:
 - *Health Care* 5,843 jobs, 17 percent
 - *Manufacturing* 5,312 jobs, 15 percent
 - *Retail Trade* 4,932 jobs, 14 percent
 - *Accommodations & Food Services* 3,886 jobs, 11 percent.
- Six major business types are locally specialized; having a high relative concentration of employment. In order of specialization:
 - *Agriculture Support*
 - *Manufacturing*
 - *Retail Trade*
 - *Accommodations & Food Service*
 - *Arts, Entertainment & Recreation*
 - *Health Care*
- Over the last five years job growth has been led by *Accommodations & Food Services*, adding 484 jobs, up 14 percent, and responsible for one-quarter of the County's job creation.
- Other major job creators are *Health Care* up 420 jobs, and *Manufacturing* up 256 jobs
- Of the three largest job creators; the average weekly wage in *Accommodations & Food Services* is 56 percent below the County average. Both *Health Care* and *Manufacturing* have wages above the County average; 42 and 23 percent above respectively.
- Among 22 occupational groups in Henderson County, seven groups have a high degree of local specialization, generally mirroring industry specialization. The top four in order of specialization:

- *Farming & Forestry*
- *Healthcare*
- *Production*
- *Food Preparation & Serving*

Workforce Demographics

- The recession severely impacted male employment in the County, with losses more than double those experienced by females. Since 2011 job gains by males have outpaced female gains, but the relative proportion remains historically low.
- Net employment gains have been led entirely by workers over the age of 55 in Henderson County.
- Over the last ten years, workers with a level of education of *Some college or Associate degree* has overtaken workers with a *High school degree* to comprise the single largest employed educational category in the County.

Job Demand

- The *Health Care* and *Retail* businesses comprised over half of all online advertised jobs for Henderson County; 31 and 21 percent respectively. *Manufacturing* comprised four percent of openings.
- Fifty-eight percent of all online advertised jobs required a *High school diploma* or equivalent or less. Positions requiring a *Bachelor's degree* comprised thirteen percent.
- Among the top 33 advertised occupations, twelve required post-secondary education, and of those two did not have existing area programs; *Physicians* and *Occupational Therapists*.

Key Economic Activities & Impacts

Business-Personal Property Values by Industry

The *Manufacturing* sector accounted for \$606.3 million, or 60.7 percent of total FY 2015 Business-Personal Property value in the County. No other industry accounted for more than five percent of the total.

A comparison of the one-year change in total Business-Personal Property values from FY 2014 shows *Manufacturing* responsible for an increase of \$79.6 million; nearly double the total increase from the remaining sixteen industry sectors that experienced growth. Two sectors, *Retail Trade* and *Finance & Insurance*, declined in total Business-Personal Property value over the period.

Key Economic Activities & Individual Economic Impacts

Five key Henderson County economic activities were analyzed independently and measured for their full local economic impacts.

Together the analyses provide a unique means to objectively compare the economic impacts of each activity. The results provide a straightforward and quantifiable benchmark from which to value the economic contributions of each activity specifically to Henderson County.

Manufacturing activities contributes the most total and supported jobs, has the highest wages-both direct and supported, and has the top job multiplier. *Health Care*, *Agri-business*, and *in-migration* all share the same job multiplier; 0.5. Supported job wages are higher than direct job wages in both *Agri-business* and *Tourism*.

As summary of results:

	Jobs			Weekly Wage (weighted)		
	Direct	Supported	Total	Direct	Supported	Average
Manufacturing	5,669	4,652	10,321	\$965	\$711	\$850
Health Care	5,843	3,070	8,913	\$852	\$634	\$777
Agri-business	2,923	1,349	4,272	\$515	\$644	\$556
Tourism	2,506	667	3,173	\$367	\$634	\$423
In-Migration (annual)	506	276	782	\$672	\$623	\$657

In terms of total tax dollars generated, *Manufacturing* has the greatest impact, with a total annual estimated contribution of \$267.9 million; \$122.4 million in State & Local taxes and \$145.5 million in Federal taxes. *Health Care* has the second largest total tax contribution of \$135.1 million, followed by *Agri-Business* at \$66.5 million and *Tourism* at \$32.9 million. In-migration contributes \$6.7 million in taxes annually.

As a proportion of the total estimated taxes generated by Henderson County's economy, *Manufacturing* is the top contributor among the five key activities; responsible for 26 percent of the total; and nearly a third of all State & Local taxes.

Demographics

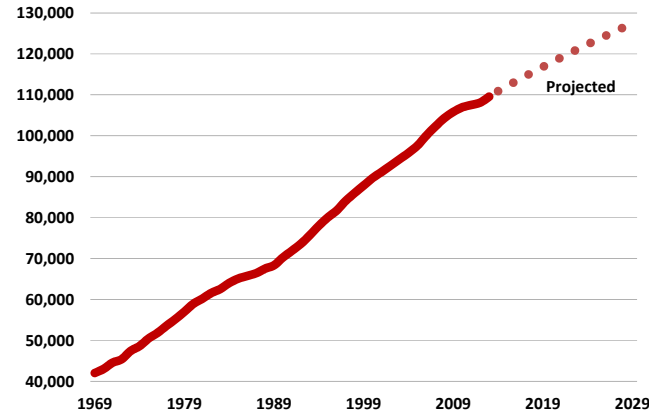
The *Demographics* section looks at who Henderson County is. The section examines important population trends and characteristics of County residents.

Population Trends

According to the US Census Bureau, as of 2014 the population of Henderson County totaled 111,149. This represents an increase of 1,618 persons over 2013; but more significantly continues an unbroken stream of yearly population growth dating back to at least 1970 (Figure 1), the year in which annual population figures first began to be published. Of North Carolina 100 counties, only 18 others have experienced a similar trend of uninterrupted population growth over the preceding 44 years. Unsurprisingly, the North Carolina Office of State Budget and Management (NCOSBM) projects population growth in the County to continue at a similar trend for the next 15 years.

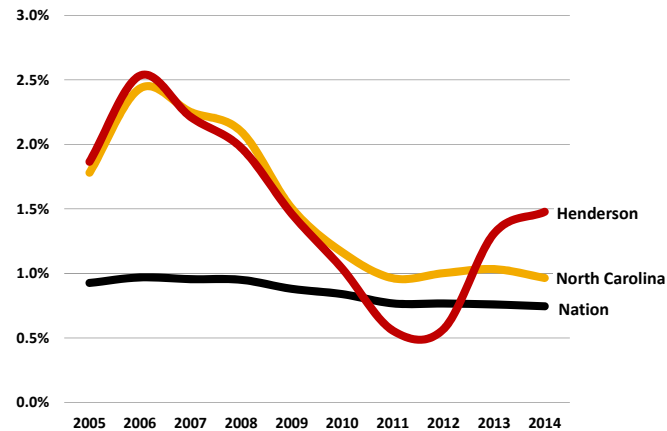
Henderson County’s 2014 annual rate of population growth reached 1.5 percent in 2014; outpacing both the state (1.0%) and nation (0.7%). Following the most recent recession (ending in mid-2009), the County’s rate of population growth dropped to a low of 0.6 percent in 2012, but has climbed in the two subsequent years (Figure 2). The County experienced a pre-recession peak in 2006 at 2.5 percent; the highest growth rate since 1997. Over the last ten years the rate of population growth has averaged 1.5 percent (Table 1). NCOSBM projects population growth to continue at an average annual pace of 0.9 percent for the next 15 years.

Figure 1
Henderson County
Total Population



Source: U.S. Census Bureau, NC Office of State Budget and Management

Figure 2
Annual Population Growth Rates



Source: U.S. Census Bureau

Table 1
Annual Population Growth Rates

	2014 Population	10-year Average Rate	5-year Average Rate	15-year Projected Average Rate
Henderson	111,149	1.5%	1.0%	0.9%
North Carolina	9.9 mil	1.5%	1.0%	1.0%
Nation	318.8 mil	0.9%	0.8%	0.8%

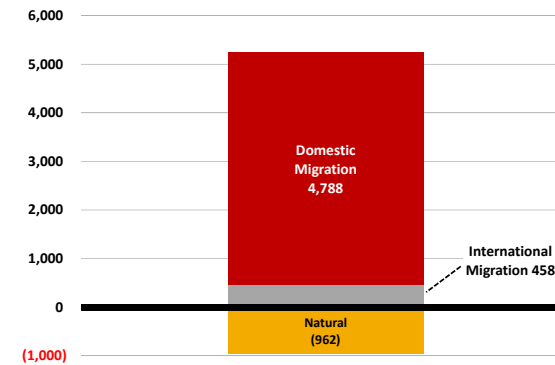
Source: U.S. Census Bureau, NC Office of State Budget and Management

Population change is derived from three sources: natural (births over deaths), domestic and international migration. Over the most recent 2010 to 2014 period Henderson County’s population growth was due overwhelmingly to net domestic in-migration; 91 percent of the increase (Figure 3). Net international in-migration accounted for the remaining nine percent. Natural change was responsible for a net loss of 962; that is the County experienced 962 more deaths than births.

Nationwide, only eleven percent of all 3,142 U.S. counties share Henderson’s mix of net growth driven solely from in-migration.

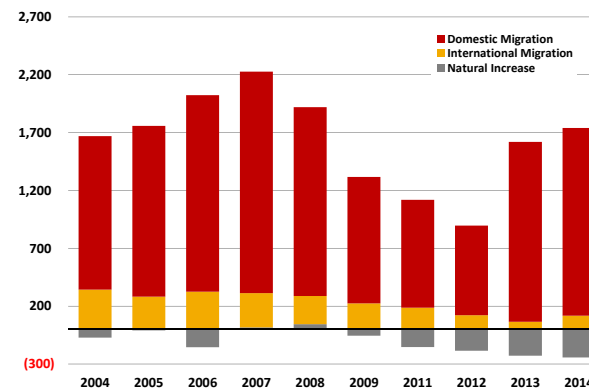
The role of domestic in-migration as the chief source of population change in the County is confirmed with an examination of the ten most recent years of data (Figure 4). Over the last five years, natural losses have expanded, consistent with an aging population that is attracting a slightly older demographic group, which is detailed further in this report.

Figure 3
Net Source of Population Change (2010-2014)
Henderson County



Source: U.S. Census Bureau

Figure 4
Annual Source of Population Change*
Henderson County



*No estimate conducted for year 2000

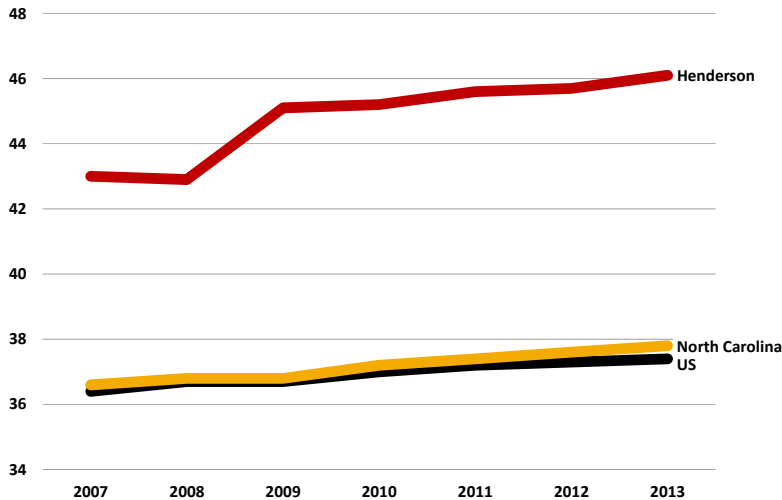
Source: U.S. Census Bureau

Population Characteristics

Henderson County's median age stood at 46.1 years in 2013; 8.3 years above the state and 8.7 years above the nation (Figure 5). The rise of the median age and gap from state and nation has grown over the previous six previous years.

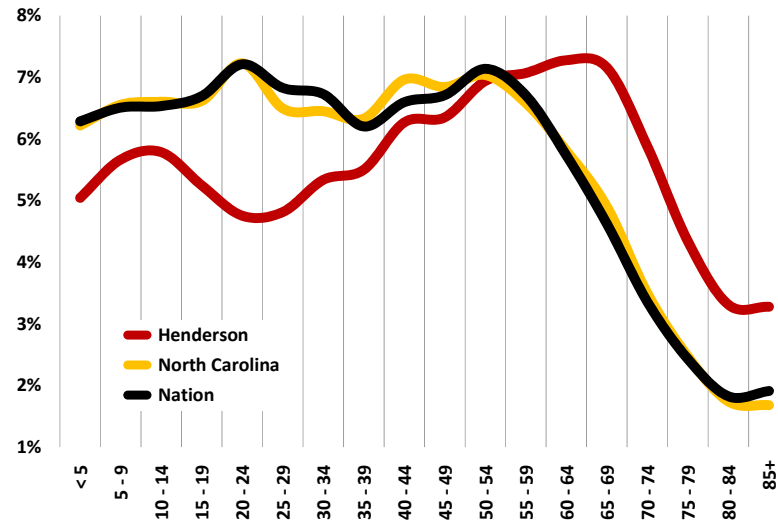
A closer examination of particular age groups relative to the state and nation shows Henderson County is under represented in all age groups below age 50-54, and over represented in all age groups 55-59 and above (Figure 6). The widest under representation is age group 20-24, which is roughly 2.4 percentage points lower than the state and nation. And the widest over representation is age group 65-69, 2.6 percentage points higher.

Figure 5
Median Age



Source: U.S. Census Bureau, moving 3-year estimates

Figure 6
Age Groups by Percent of Total Population- 2013



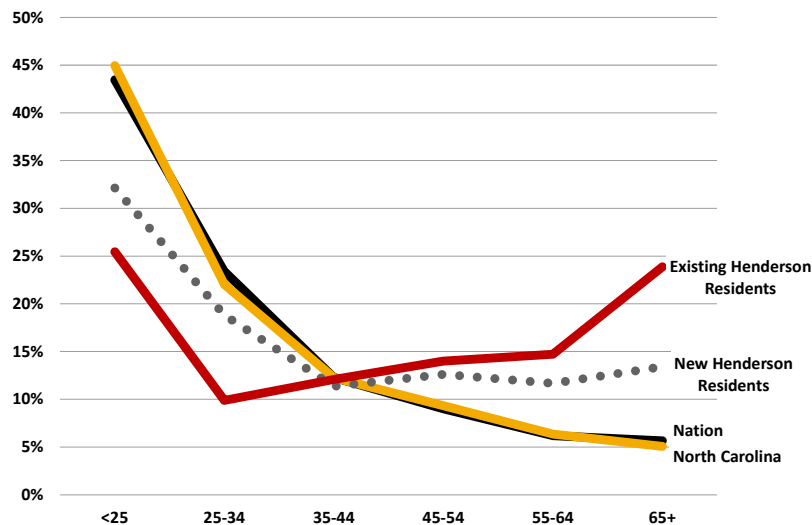
Source: U.S. Census Bureau

Considering the higher relative proportion of older residents and immigration's singular role in population growth; the age composition of new residents into the County was compared to existing residents, the state and nation. New residents and existing residents share a similar general distribution; the proportion in age groups under ages 35-44 are lower than the state and nation, and the proportions over ages 35-44 are higher in age (Figure 7).

However, it should be noted that age groups gaps among new residents and the state and nation are not as wide as the gaps in the existing resident population. For example, 19 percent of new residents are in age group 25-34, which is just three percentage points below the state and nationwide proportion; but is nine percentage points above Henderson's existing resident population.

This finding challenges the perception that Henderson County's population growth is driven primarily by retirees (ages 65 and older). While proportionally biased to older age groups, there is still significant new resident attraction among younger age groups. Another simpler way to express this is that more than half (51 percent) of the County's new residents are under the age of 35.

Figure 7
Age Groups & New Residents
2009-2013 Estimates

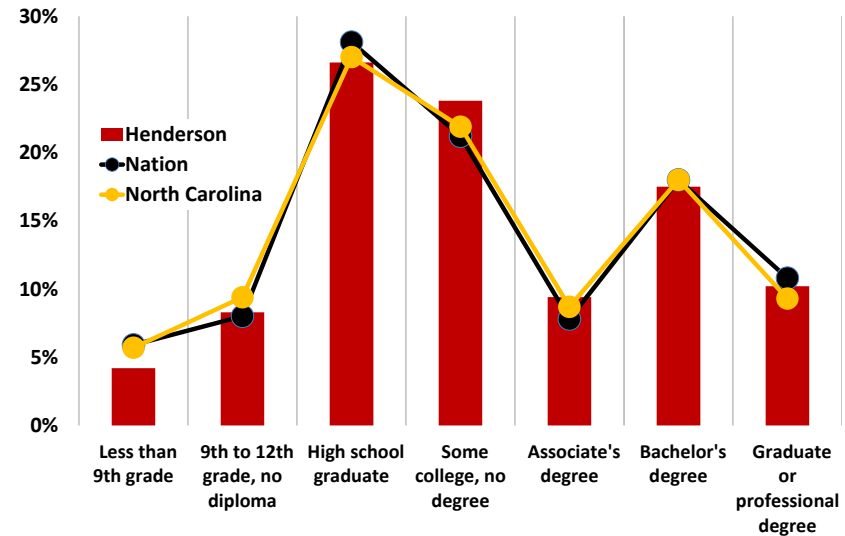


Source: U.S. Census Bureau

Levels of educational attainment of Henderson County's resident population, ages 25 year and older, closely match levels in the state and nation (Figure 8 and Table 2). There is a slight two and one-half percentage point local strength in the relative proportion of

residents who have attained "Some college, no degree." At this very general level of analysis, educational attainment is not a distinguishing asset or liability for the County.

Figure 8
Education Attainment by Percent of Total Population (age 25+)
2009-2013 Survey



Source: U.S. Census Bureau

Table 2
Education Attainment by Percent of Total Population (age 25+)
2009-2013 Survey

	Henderson		North Carolina	Nation
	#	%		
Less than 9th grade	3,309	4.2%	5.7%	5.9%
9th to 12th grade, no diploma	6,539	8.3%	9.4%	8.0%
High school graduate	20,956	26.6%	27.0%	28.1%
Some college, no degree	18,750	23.8%	21.9%	21.2%
Associate's degree	7,406	9.4%	8.7%	7.8%
Bachelor's degree	13,787	17.5%	18.0%	18.0%
Graduate or professional degree	8,036	10.2%	9.3%	10.8%

Source: U.S. Census Bureau

Among major racial categories, Henderson County comprises a higher relative proportion of those classifying themselves as “White” than in the state or nation (Table 3). Similarly the County has lower relative proportions of residents among the four remaining major racial classifications.

In terms of ethnicity,¹ Henderson County’s 10,743 Hispanics represent 9.8 percent of the population, which is .09 percentage points greater than the statewide proportion, yet 7.3 percentage points below the nationwide share (Table 4).

¹ Ethnicity refers to cultural factors, while racial definitions are based on physical characteristics.

Table 3
Race Composition - 2013

	White	Black or African American	American Indian/ Alaska Native	Asian	Native Hawaiian/ Pacific Islander
Henderson (#)	101,957	3,632	738	1,185	189
Henderson (%)	93.1%	3.3%	0.7%	1.1%	0.2%
North Carolina	71.7%	22.0%	1.6%	2.6%	0.1%
Nation	77.7%	13.2%	1.2%	5.3%	0.2%

Source: U.S. Census Bureau

Table 4
Hispanic Proportion - 2013*

	Hispanic Origin
Henderson (#)	10,743
Henderson (%)	9.8%
North Carolina	8.9%
Nation	17.1%

*Hispanic origin can be heritage, nationality, lineage, or country of birth. People who identify as Hispanic may be any race.

Source: U.S. Census Bureau

Henderson County’s gender mix is similar to the statewide composition; women comprising roughly three percent more of the total population than men (Table 5). Nationwide the difference is closer to two percent.

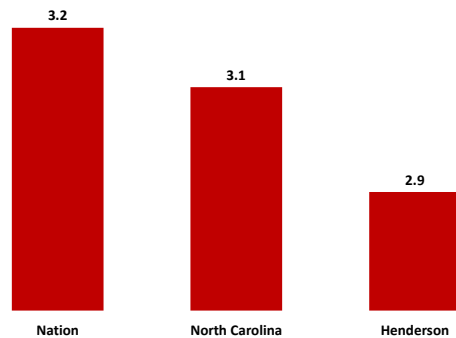
Table 5
Gender Composition - 2013

	Female	Male
Henderson (#)	56,576	52,964
Henderson (%)	51.6%	48.4%
North Carolina	51.3%	48.7%
Nation	50.8%	49.2%

Source: U.S. Census Bureau

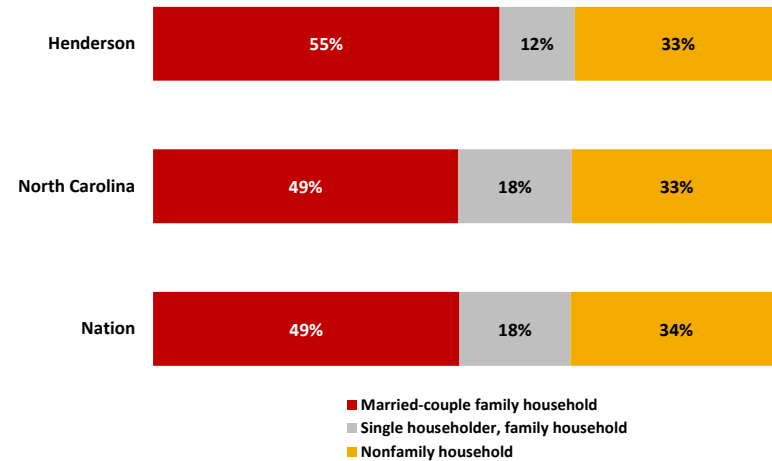
At 2.9 persons, the average family size in Henderson County is 0.2 persons lower than the statewide average and 0.3 persons lower than the nationwide average (Figure 9). Married-couple family households comprise 55 percent of all households in the County, six percentage points greater than the state and nation (Figure 10). And single person households comprise 12 percent of households, which is six percentage points less than the state or nation.

Figure 9
Average Family Size
2009-2013 Survey



Source: U.S. Census Bureau

Figure 10
Households by Type
2009-2013 Survey

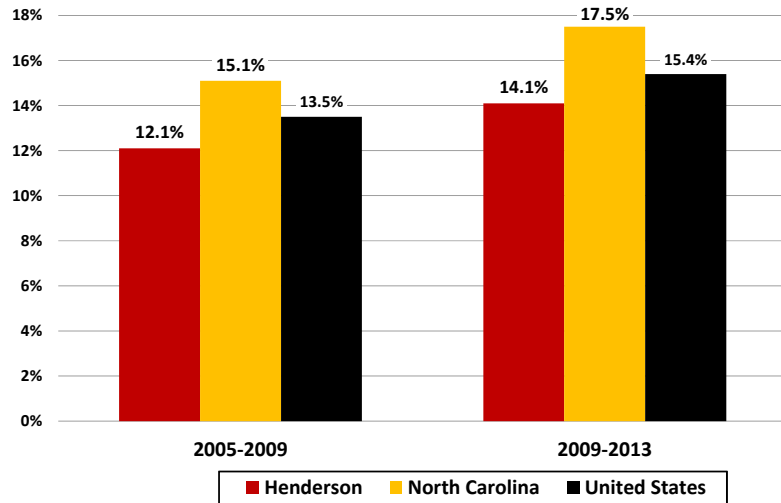


Source: U.S. Census Bureau

In the most recent 2009-2013 survey, the percent of Henderson County's population living below the poverty level is 14.1, or 14,975 persons (Figure 11).² This is an increase from 12.1 percent in the earlier 2005-2009 survey, which represented 11,834 persons living below the poverty level. The County's poverty rate is below both the statewide and national rates; 17.5 and 15.4 percent respectively in the most recent survey.

² Poverty levels vary according to household size and age of children.

Figure 11
Percent of Population Living Below Poverty Level
2009-2013 Survey



Source: U.S. Census Bureau

Income & Average Wage

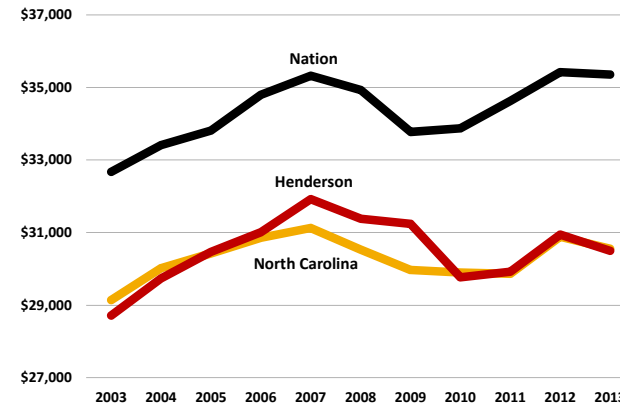
The *Income & Average Wage* section looks at how Henderson County's income and average wage has grown and how that growth compares to the state and nation.

Per capita income (PCI) is a broad measure of income, including wages, proprietor's income, investment income and personal government transfers. Per capita income is often used as an

indicator of consumers' purchasing power and of the economic well-being of the residents of an area. PCI is measured by place of residence, not place of work. Henderson County workers traveling outside the County for employment are included in the PCI results.

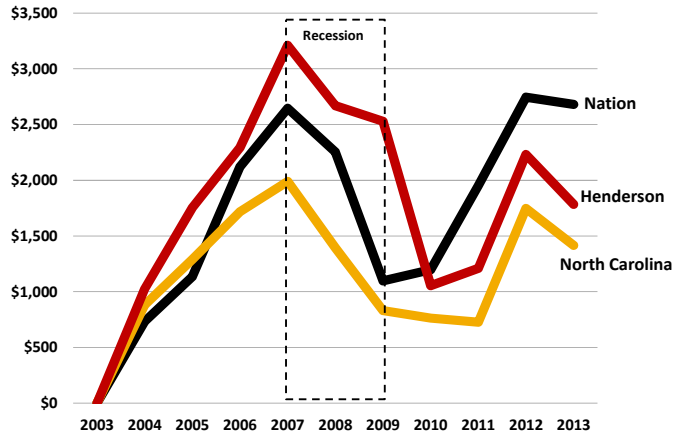
As of 2013, Henderson's County's PCI equaled \$38,611; less than a percent below the statewide PCI figure, and 16 percent below the national PCI. After adjusting for inflation, the County's PCI has increased by \$1,784 or 6.2 percent over the last ten years (Figures 13, 13 Table 6). The net increase is 1.3 percentage points greater than the statewide increase, but lags the nation by two percent.

Figure 12
Per Capita Income
Inflation Adjusted



Source: U.S. Bureau of Economic Analysis

Figure 13
Per Capita Income
2003-2013 Net Change (2013 = 0)
Inflation Adjusted



Source: U.S. Bureau of Economic Analysis

Table 6
Per Capita Income

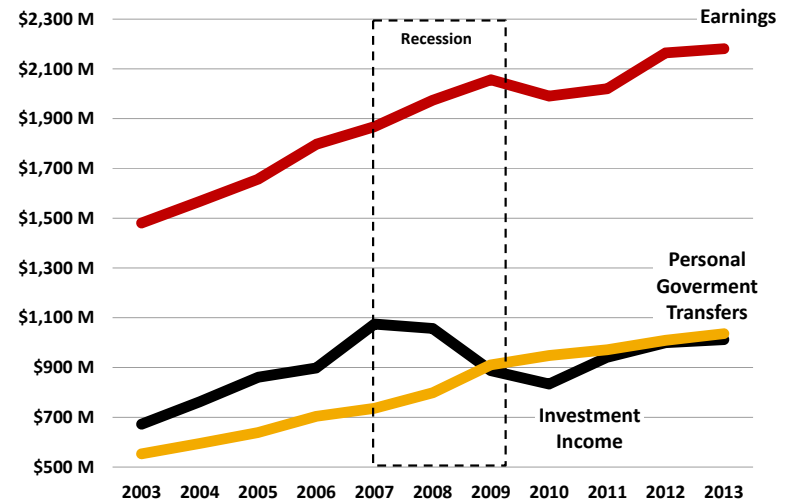
	2013	10 year inflation adjusted change	
Henderson	\$38,611	\$1,784	6.2%
North Carolina	\$38,683	\$1,416	4.9%
Nation	\$44,765	\$2,680	8.2%

Source: U.S. Bureau of Economic Analysis

Among the sources of total income in 2013, earnings (wages, salaries and proprietor’s income) comprises 52 percent of the total, with the remainder split equaling between investment income and personal government transfers (Figure 14). Over the last decade, personal government transfers has grown from 20 percent of the

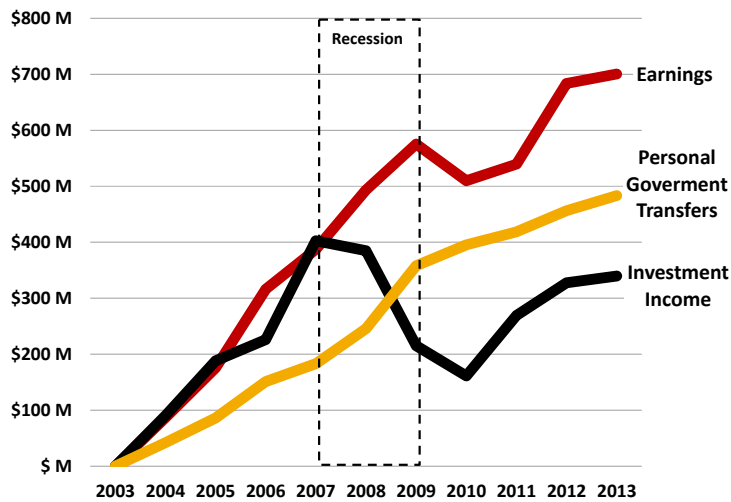
County’s income to its present 24 percent, while earnings dropped three percent and investment income by one percent (Figure 15). Among the three sources, personal government transfers were not notably impacted by the most recent recession.

Figure 14
Sources of Total Income
Inflation Adjusted
Henderson County



Source: U.S. Bureau of Economic Analysis

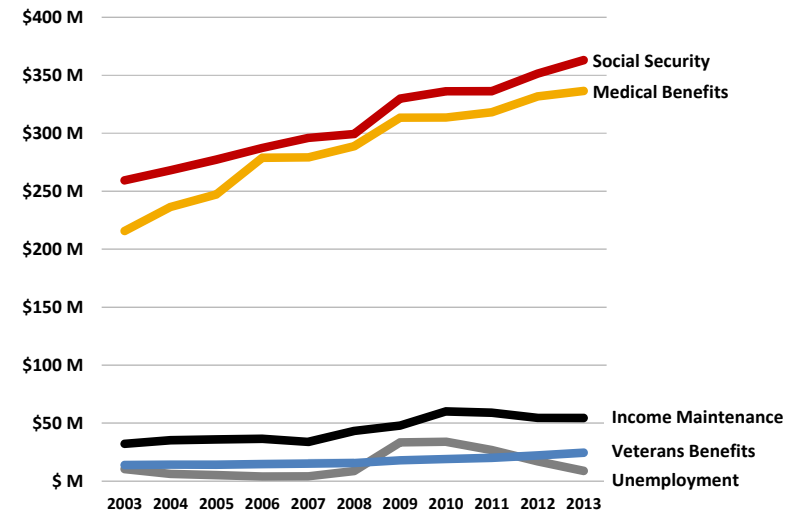
Figure 15
Sources of Total Income
2003-2013 Net Change (2013 = 0)
Inflation Adjusted
Henderson County



Source: U.S. Bureau of Economic Analysis

A closer examination of personal government transfers shows the significant roles of Social Security and Medical Benefits (primarily Medicare); which together account for 85 percent of all personal government transfers into the County (Figure 16). Overall, Social Security and Medical Benefits contribute 17 percent of the County's total income.

Figure 16
Personal Government Transfers
Inflation Adjusted
Henderson County

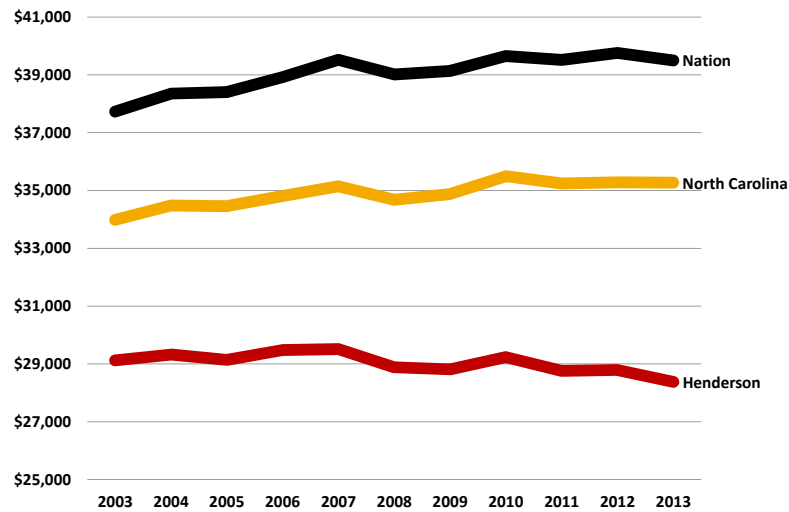


Source: U.S. Bureau of Economic Analysis

Average annual wage per job is simply total wages and salaries divided by the number of wage and salary jobs in the County. Unlike PCI, average annual wage per job figures are measured by place of work, not residence. The numbers provide a relative gauge of job quality of employment within the County, although nonresidents working in the County are also included.

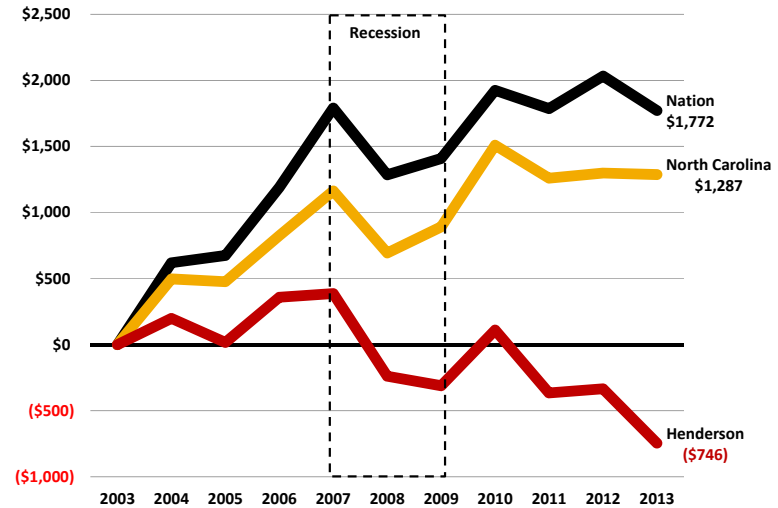
As of 2013, Henderson’s County’s average annual wage (AAW) equaled \$35,929; the figure is 24 percent below the state and 39 percent below the nation. After adjusting for inflation, the County’s AWW has decreased by \$764 or 2.6 percent over the last ten years (Figures 17, 18 and Table 7). Over the same period the statewide AAW increased by 3.8 percent and nationally by 4.7 percent. Because AAW only measures employed persons, the changes overtime and between geographies is chiefly due to changes in industrial composition.

Figure 17
Average Annual Wage per Job
Inflation Adjusted



Source: U.S. Bureau of Economic Analysis

Figure 18
Average Annual Wage per Job
2003-2013 Net Change (2013 = 0)
Inflation Adjusted



Source: U.S. Bureau of Economic Analysis

Table 7
Average Annual Wage per Job

	2013	10 year inflation adjusted change	
Henderson	\$35,929	(\$746)	-2.6%
North Carolina	\$44,656	\$1,287	3.8%
Nation	\$50,012	\$1,772	4.7%

Source: U.S. Bureau of Economic Analysis

Employment

The *Employment* section examines the different facets of working in Henderson County.

Worker Flows

Understanding worker flows is critical to correctly interpreting Henderson County’s employment and industry trends. Nearly all state and Federal statistical agencies measure employment by place of work. Because employment data is mostly reported by employers, these agencies generally disregard where the employees actually live. For data for a nation or even state the differences in live and work locations is typically not significant to outcomes. However at a county level, counting jobs only by place of work can lead to missing major employment trends as resident workers commute outside the county for employment, and nonresident workers commute into the county for employment.

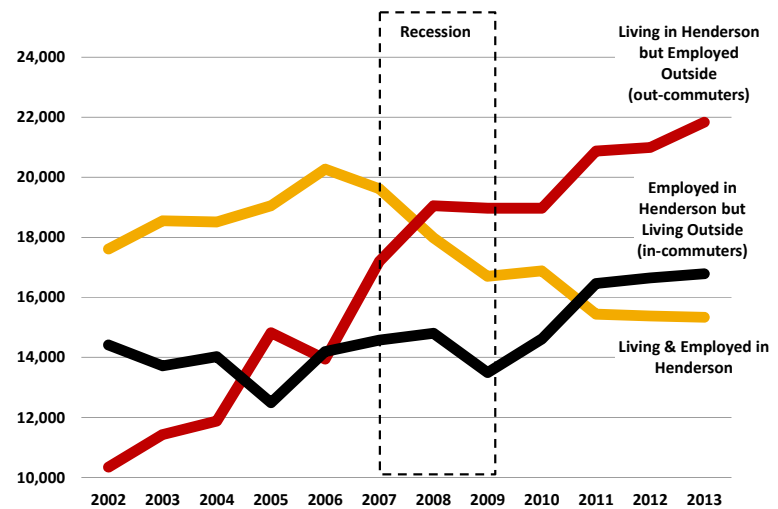
The U.S. Census Bureau recently developed a program for matching employer records with personal administrative records. Data from the program enables linking a worker’s place of employment to place of residence. Data are available for years 2002 to 2013.

As of 2013, more of Henderson County’s resident workers out-commuted for employment than worked in the County (59 percent out-commute) (Figure 19, Table 8). Additionally, nonresident in-commuting workers outnumbered resident workers employed in the County (52 percent of in-County employment).

Oddly, due to shifting worker flows, the number of Henderson residents employed increased over the 2002 to 2013 period (up 9,217 jobs or 33 percent), while the number of persons employed in the County remained essentially flat (up 99 jobs or 0.3 percent), despite a significant increase in in-commuting (up 2,272 jobs or 16.5 percent).

Going forward in this assessment, most employment measures will be by place of employment; which ignores resident out-commuting.

Figure 19
Worker Flows*
Henderson County



*Only one “primary” job is counted for each worker.

Source: U.S. Census Bureau

Table 8
Worker flows

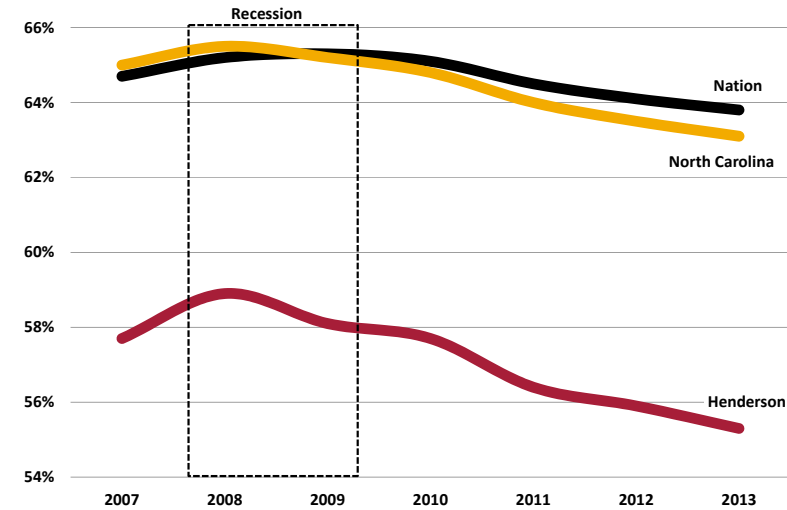
	2013	2002-2013 change	
Living & Employed in Henderson	15,338	-2,273	-12.9%
Living in Henderson but Employed Outside (out-commuters)	21,833	11,490	111.1%
Employed in Henderson but Living Outside (in-commuters)	16,786	2,372	16.5%

Source: U.S. Census Bureau

Labor Force Participation

As of 2013, 55.3 percent of Henderson County residents over the age of 15 were either employed or looking for a job. The proportion is 7.8 percentage points below the state, and 8.5 percentage points below the nation (Figure 20). Labor force participation has declined in every year since 2008.

Figure 20
Labor Force Participation
Ages 16+



Source: U.S. Census Bureau, moving 3-year estimates

Total Employment

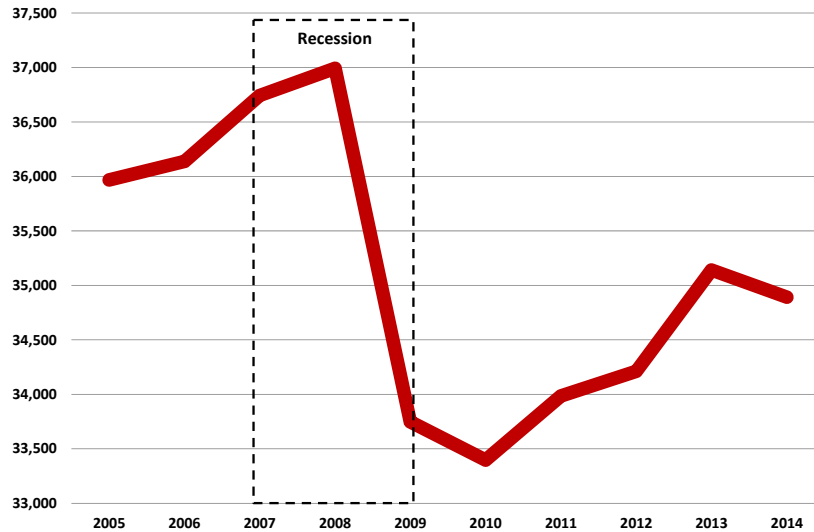
As of the second quarter of 2014, total employment in Henderson County equaled 34,891 (Figure 21). Total employment peaked in 2008 and is presently 2,101 jobs or 5.7 percent lower.

Beginning in August 2010, the County experienced nearly unbroken monthly year-to-year job growth, at an average annual pace of 1.6 percent (Figure 22). For most of 2013 and early 2014 job growth in Henderson County outpaced the state and nation. In the most

recent six months of data, April 2014 to September 2014, the pace turned negative, averaging -0.9 percent or 313 fewer jobs.

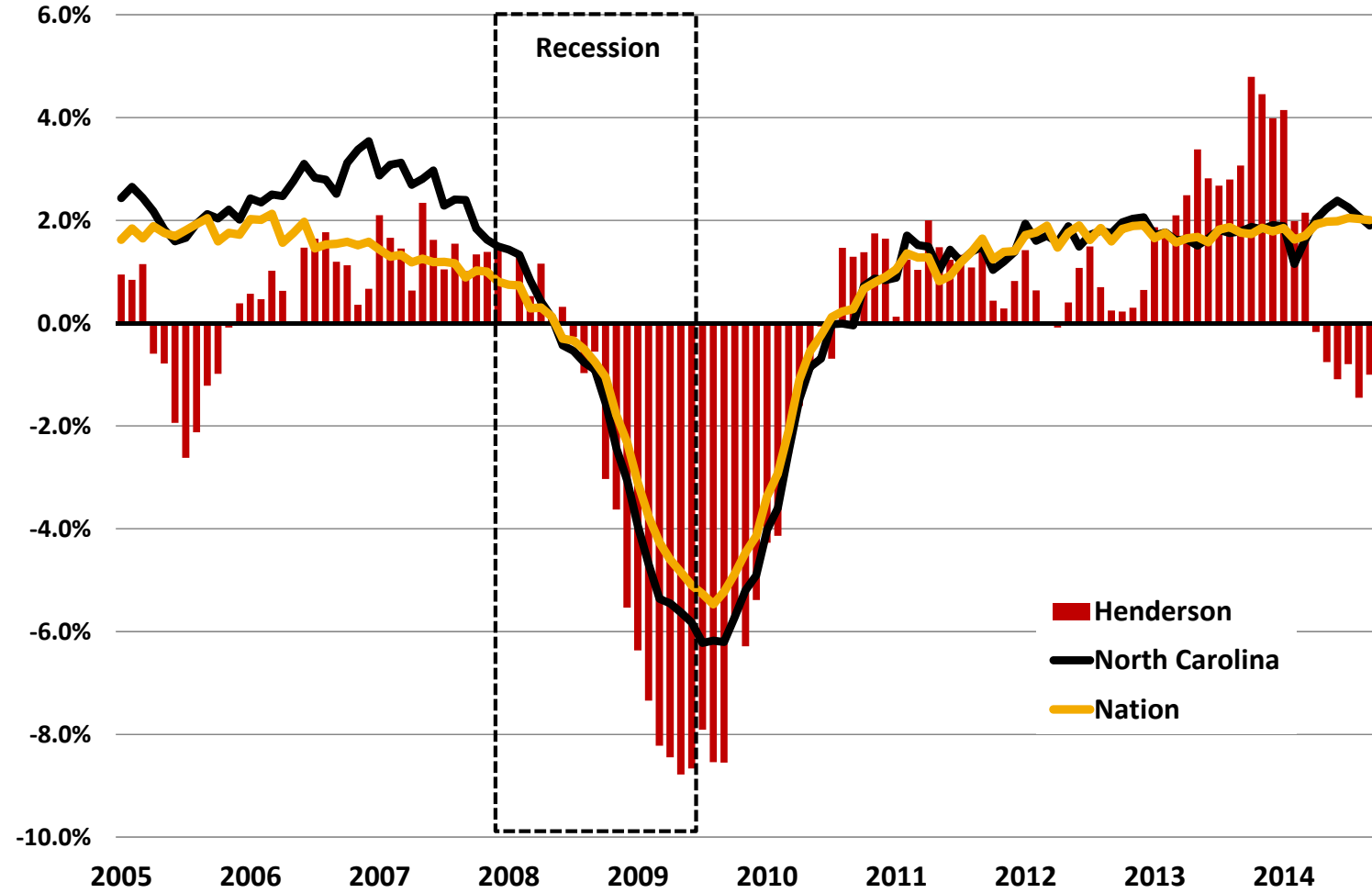
The unemployment rate in Henderson County averaged 4.6 percent over the last twelve months, which is more than a percentage point below the state and nation (Figure 23). The rate has been steadily declining since a peak in early 2010.

Figure 21
Total Employment
Henderson County



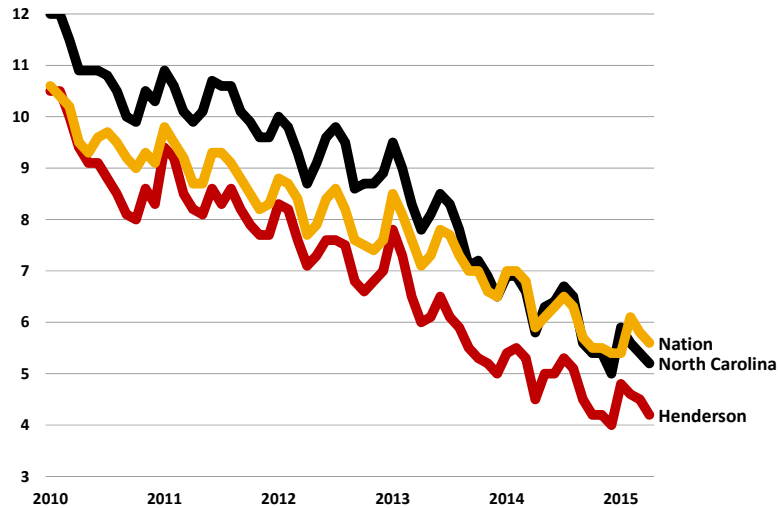
Source: North Carolina Department of Commerce, 2nd quarters

Figure 22
Employment Change
Monthly Year-Over-Year



Source: US Bureau of Labor Statistics

Figure 23
Unemployment Rate (%)



Source: North Carolina Department of Commerce

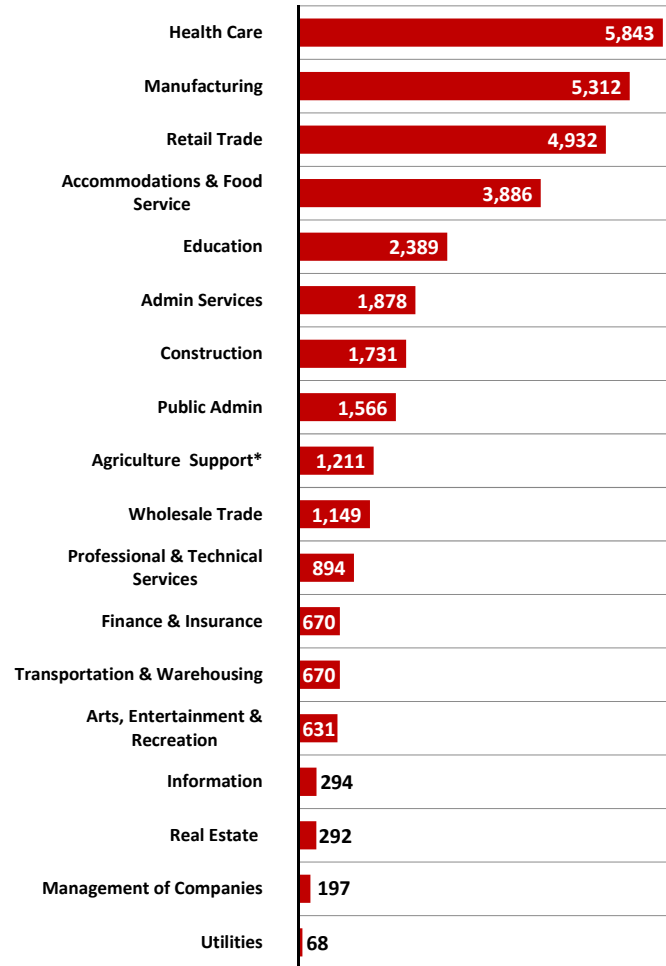
Business Employment & Wages

In terms of total employment, four businesses are dominant in Henderson County's economy (Figure 24). Each represents more than ten percent of the County's employment, and together they account for 57 percent of all jobs. At 5,843 jobs, *Health Care* is the largest business, 17 percent of the total; while *Manufacturing*, which employs 5,312, is a close second at 15 percent. *Retail Trade* employs 4,932 and accounts for 14 percent of total employment. And finally, the *Accommodations & Food Services* industry employs 3,886, which represents 11 percent of all jobs in the County.

In some business classification arrangements *Accommodations & Food Services* is combined with *Arts, Entertainment & Recreation* to form a *Leisure & Hospitality* industry sector. Using this format, Henderson County's *Leisure & Hospitality* business would total 4,517 jobs, rank fourth largest and employ 13 percent

Agriculture employment is treated differently by state and Federal agencies due to dissimilarities from other businesses in employee reporting and seasonality of operations. Employment is reported for *Agriculture Support*, which includes supporting activities such as soil preparation, machine harvesting and labor contracting. Henderson County has 1,211 jobs in *Agriculture Support*. However, employment at many farms, greenhouses and ranch operations are not included. According to the most recent *Census of Agriculture*, in 2012 there were 468 farms in the County, comprising 35,752 acres. In the *KEY ECONOMIC ACTIVITIES* section an assessment of the local agriculture sector is made using a variety of sources to obtain a more comprehensive view of the industry's economic impact.

Figure 24
Major Business Total Employment 2014
Henderson County



* Does not include agricultural production.
 Source: North Carolina Department of Commerce

Absolute business employment is an important indicator, yet it does not address whether the composition is comparable to other geographies. Are the particular business concentrations unique to Henderson County or do they simply mirror what might be observed nationwide?

To determine whether employment in a particular business is relatively greater in Henderson County, the Degree of Local Specialization (DLS) calculation was conducted.³ Identifying Henderson County’s DLS (higher proportion of employment in a particular business relative to the nation) is important for several reasons. Firstly, high specialization figures indicate the County is exporting those products or services outside its boundaries.⁴ Exporting is the basis for wealth creation. Products or services not exported are limited in their growth potential by local demand and the inability to attract new dollars into the economy. Secondly, high specialization implies unique local conditions, expertise, skills, supporting institutions, production processes, etc. It indicates Henderson County has a competitive advantage in that particular economic activity.

At 3.5, Henderson County’s business with the highest DLS is Agriculture Support (Figure 25 Table 9). Although the *Agriculture Support* classification does not fully capture total employment in

³ The DLS calculation provides an index, where 1.0 is a proportion of business employment equal to the nation; less than 1.0 means the proportion is less than the nation, and greater than 1.0 means the proportion is greater than the nation. Locally specialized businesses are recognized when DLS index scores are above 1.0. For example, a score of 1.2 would show the local proportion of employment in a particular business is roughly 20 percent greater than the nation.

⁴ Conceptually, specialization in tourism indicates an economy is “exporting” experiences, attractions or amenities to outsiders.

Agriculture, it does indicate the business overall is highly specialized. Next in terms of local specialization is *Manufacturing* with a DLS of 1.7. Of the remaining four businesses with DLS scores above 1.0; three are related to tourism (*Retail Trade, Accommodations & Food Service and Arts, Entertainment & Recreation*). Finally the *Health Care* industry displays high relative local specialization with a DLS score of 1.1.

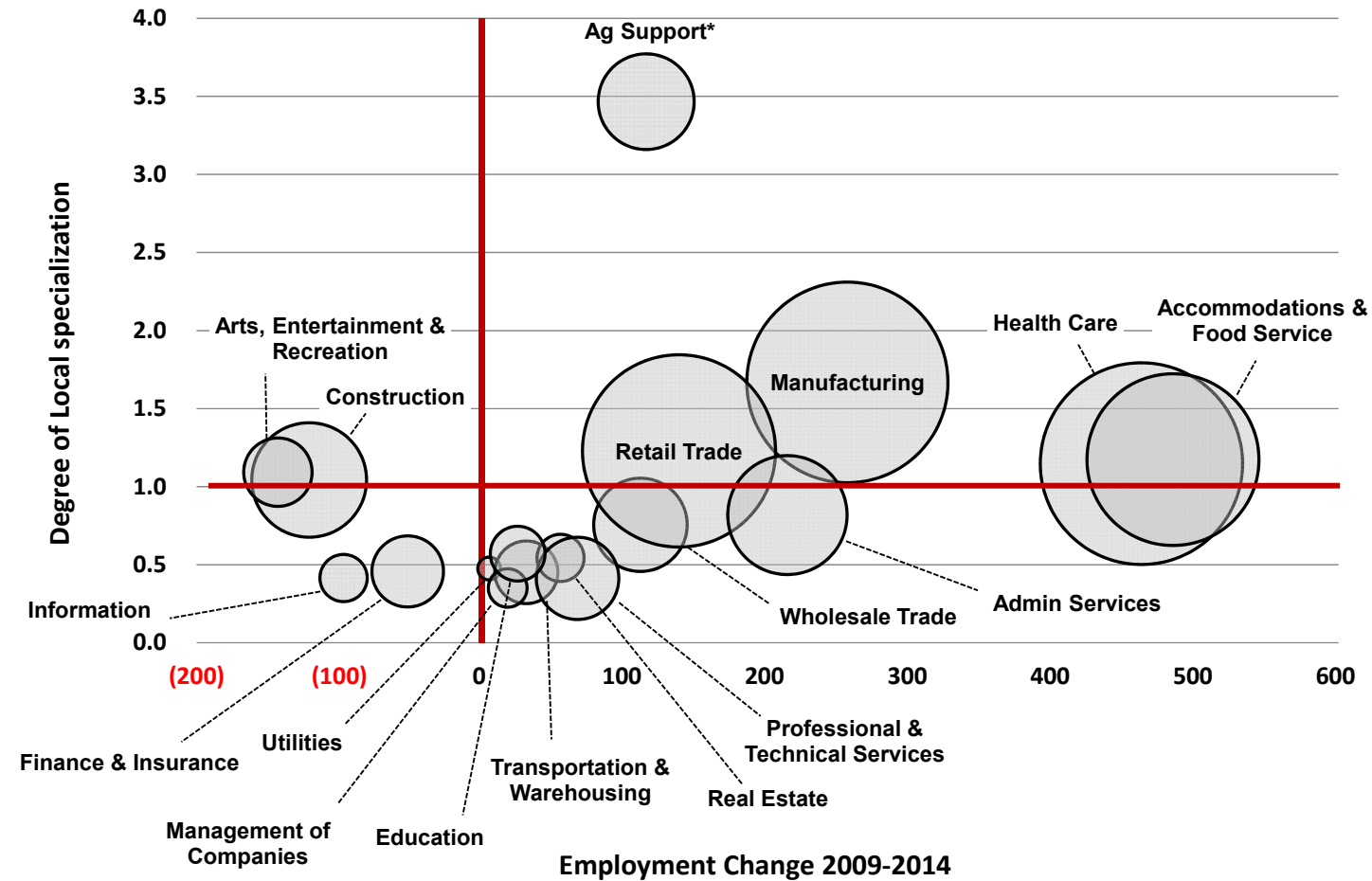
Table 9
Business Employment Change & Average Weekly Wage
Henderson County

	Degree of Local Specialization	2014 Employment	Five-Year Change
Total Private Industries	-	30,356	1,583
Rank by specialization			
Agriculture Support*	3.5	1,211	115
Manufacturing	1.7	5,312	256
Retail Trade	1.2	4,889	138
Accommodations & Food Service	1.2	3,886	484
Health Care	1.1	5,843	420
Arts, Entertainment & Recreation	1.1	616	(143)
Construction	1.0	1,731	(121)
Administrative Services	0.8	1,868	214
Wholesale Trade	0.8	1,149	111
Education	0.6	396	25
Real Estate	0.5	292	55
Utilities	0.5	68	5
Finance & Insurance	0.5	670	(52)
Transportation & Warehousing	0.5	521	31
Information	0.4	294	(97)
Professional & Technical Services	0.4	894	67
Management of Companies	0.4	197	18

* Does not include agricultural production

Source: North Carolina Department of Commerce, US Bureau of Labor Statistics

Figure 25
Private Business Employment Change & Degree of Local Specialization
Henderson County



Bubble size represents total employment as of 2014 3Q

* Does not include agricultural production.

Source: North Carolina Department of Commerce, US Bureau of Labor Statistics

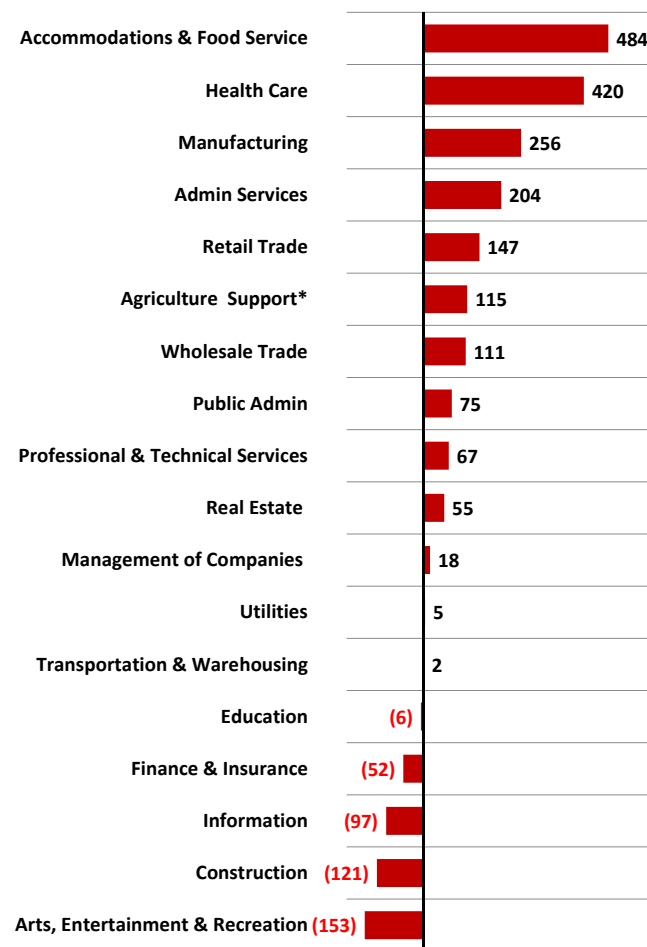
Net employment change by business is examined from 2009 to the most current 2014 data. By beginning in 2009 the measure intends to avoid core recession losses and capture current post-recession trends.

Of all eighteen business sectors, thirteen have experienced net job gains (Figure 26). Among growing businesses, *Accommodations & Food Services* has produced the most net new jobs, adding 484 jobs, up 14 percent, and responsible for one-quarter of the County’s job growth. Following is *Health Care*, which has added 420 jobs, is up 8 percent, and accounts for 21 percent of the County’s job growth. And *Manufacturing* grew by 256 jobs, is up 5 percent and is responsible for 13 percent of County job growth. Together these three businesses have produced 59 percent of net job growth.

As with the business concentration observed in the total employment numbers; job growth has also been concentrated in a handful of dominant businesses.

The *Admin (Administrative) Services* business ranked fourth in job creation by adding 204 jobs and bears description. The sector primarily provides services to other businesses such as temporary employment, recordkeeping, building maintenance and waste collection. Growth in this business is not unique to Henderson County and reflects a trend towards outsourcing nonessential business services.

Figure 26
Major Business Employment Change 2009-2014
Henderson County

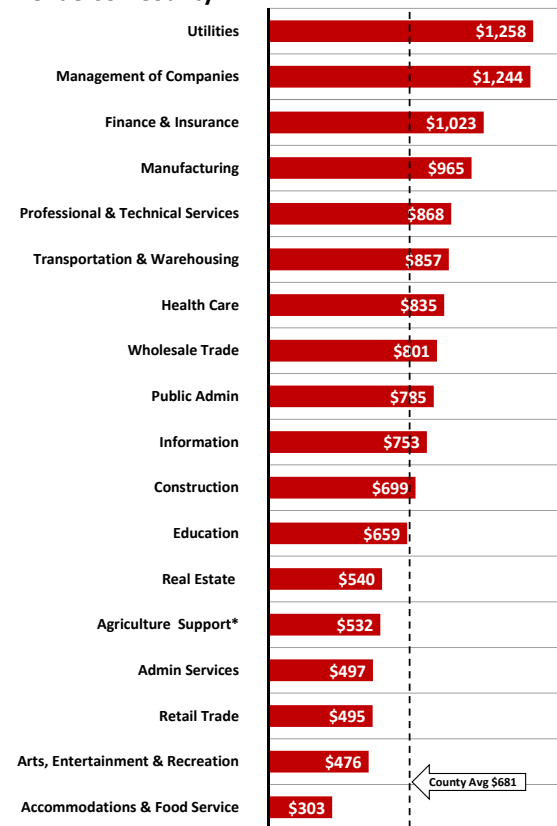


* Does not include agricultural production.

Source: North Carolina Department of Commerce

Average industry weekly wages range from a high of \$1,258 in Utilities to a low of \$303 in *Accommodations & Food Service* (Figure 27). Compared to the County’s average of \$681, eleven businesses have higher wages, with the remaining seven lower.

Figure 27
Major Business Average Weekly Wage-2014
Henderson County

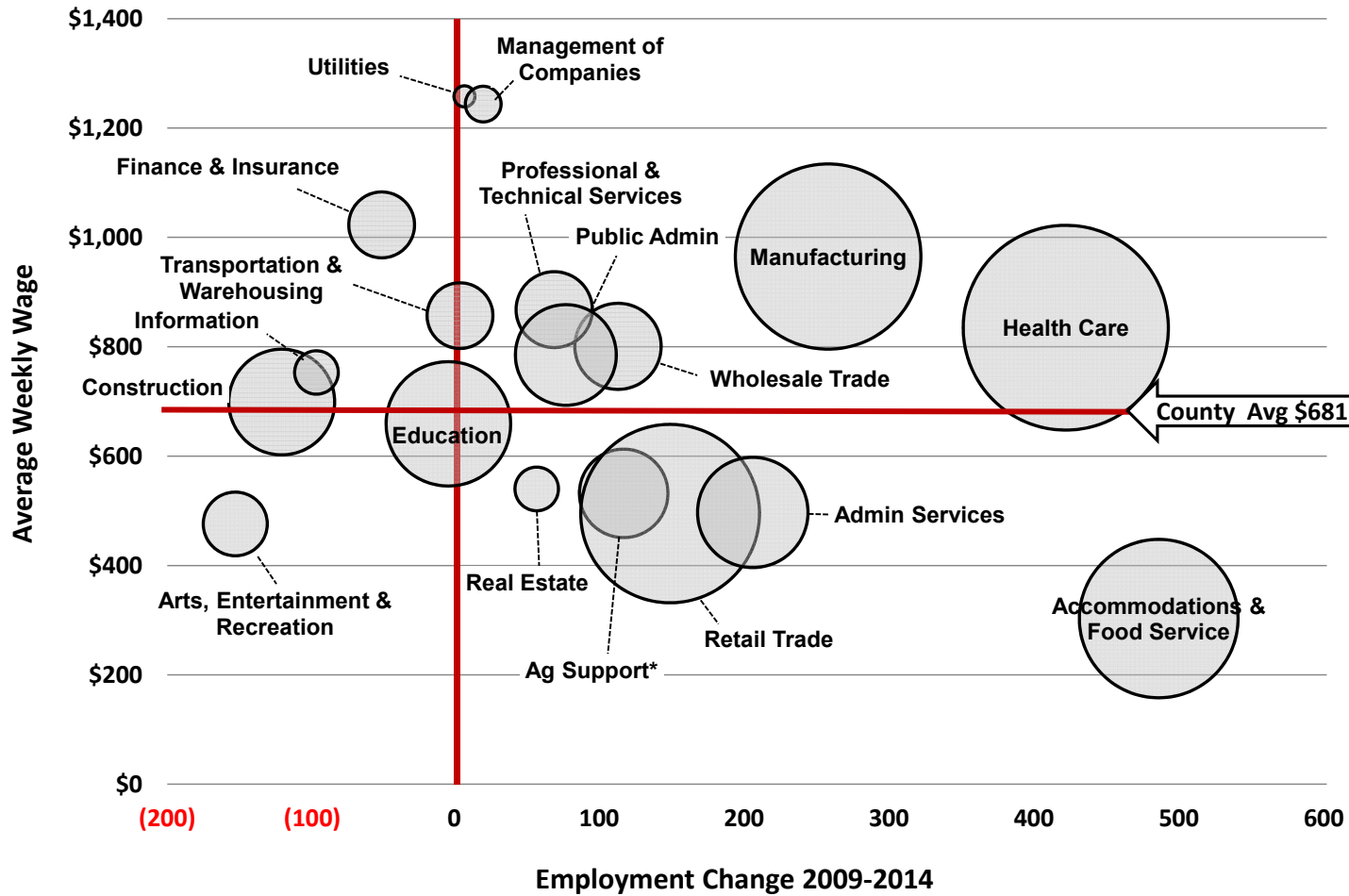


* Does not include agricultural production.

Source: North Carolina Department of Commerce

Figure 28 intersects both business wages and business employment growth onto a single chart. The chart visually displays that employment growth in higher wage businesses has been led by *Manufacturing* and *Health Care*; and in lower wage businesses by *Accommodations & Food Service* and *Admin (Administrative) Services*. The average weekly wage in *Accommodations & Food Services* is 56 percent below the County average. While both *Health Care* and *Manufacturing* have wages above the County average; 42 and 23 percent above respectively.

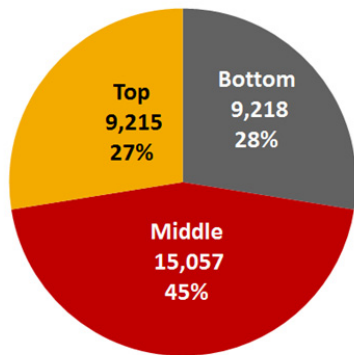
Figure 28
Business Employment Change & Average Weekly Wage
Henderson County



Bubble size represents total employment as of 2014 3Q
 * Does not include agricultural production.
 Source: North Carolina Department of Commerce

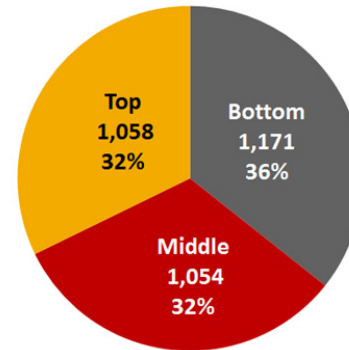
An analysis of County subsector business employment by wage quartiles shows that current wage distribution is relatively balanced and recent job gains have remained comparable. Total employment was separated into four wage quartiles according to 67 local business subsectors (the two middle quartiles were combined into a single 50 percent grouping to simplify the analysis). The results have the proportions of employment closely matching the respective quartiles; as exemplified by 27 percent of employment in the top 25 percent business wage quartile (Figure 29). Over the last five years, job gains in the County have trended slightly towards lower wage businesses; 36 percent of gains to the bottom wage quartile versus 32 percent to both the middle and top quartiles (Figure 30).

Figure 29
Total Employment by Industry Wage Quartile-2014
Henderson County



Source: North Carolina Department of Commerce

Figure 30
Five-Year Employment Gains by Industry Wage Quartile
2009-2014 Henderson County



Source: North Carolina Department of Commerce

As with businesses, employment can be examined by occupations. Unlike businesses, occupations reveal underlying worker skills and expertise. Among 22 occupational groups in Henderson County, seven groups have a high degree of local specialization (DLS > 1.0) (Table 10). Unsurprisingly, among the seven is *Farming & Forestry*, two groups in *Healthcare*, *Production* and *Food Preparation & Serving*.

Overlaying the DLS scores with the corresponding average hourly wage reveals that only one occupational group, *Healthcare Practitioners & Technical*, is both locally specialized and has wages greater than the \$18.37 hourly County average (Figure 31).

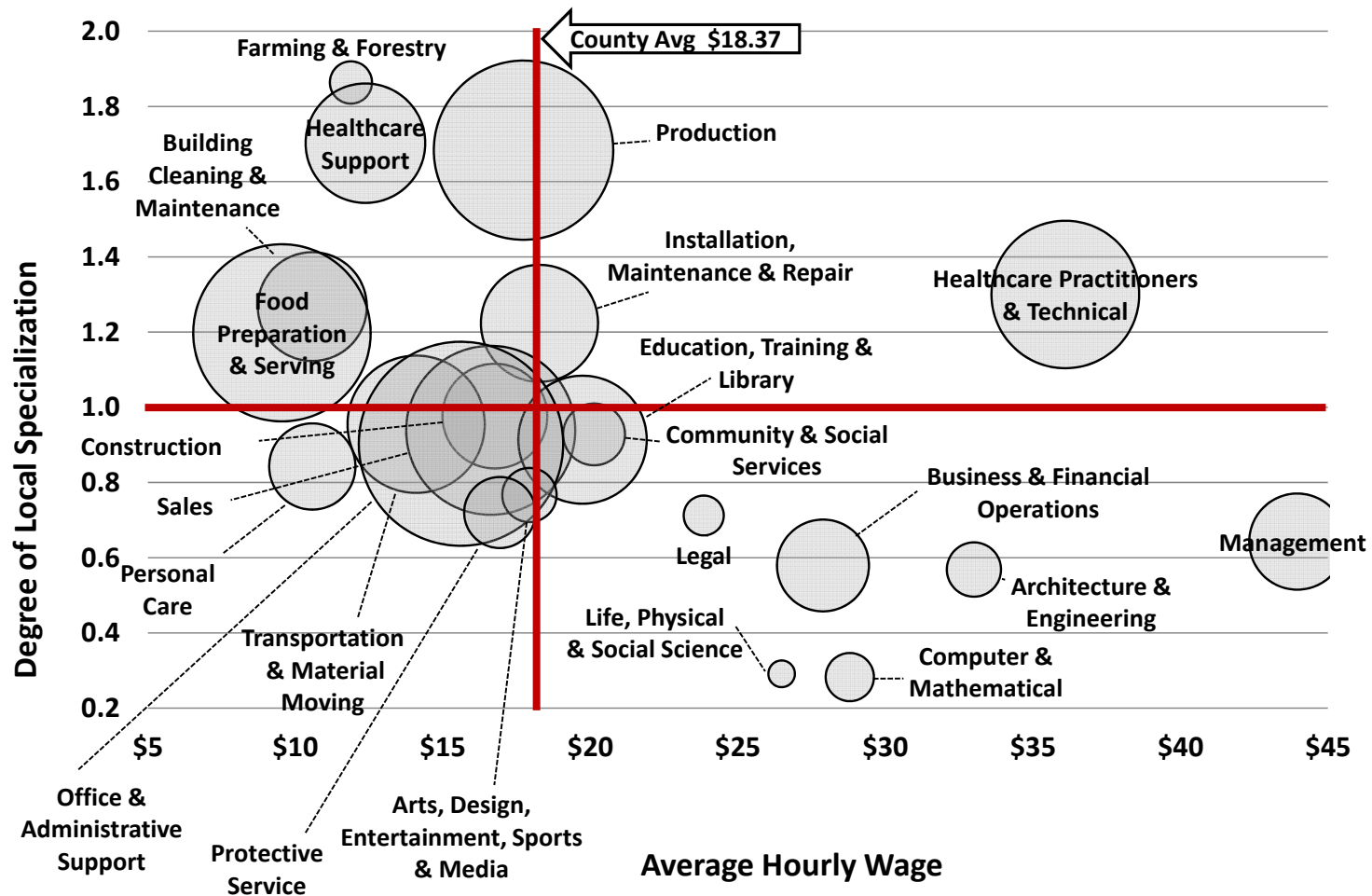
Table 10
Employment by Occupational Groups-2015
Ranked by Degree of Local Specialization
Henderson County

Occupation	Hourly Average Wage	Degree of Local Specialization	Employment
Farming & Forestry	\$11.88	1.86	200
Healthcare Support	\$12.37	1.70	1,610
Production	\$17.73	1.68	3,610
Healthcare Practitioners & Technical	\$36.10	1.30	2,450
Building Cleaning &	\$10.57	1.27	1,330

Occupation	Hourly Average Wage	Degree of Local Specialization	Employment
Maintenance			
Installation, Maintenance & Repair	\$18.27	1.22	1,540
Food Preparation & Serving	\$9.54	1.20	3,530
Construction	\$16.76	0.98	1,240
Transportation & Material Moving	\$14.09	0.96	2,120
Sales	\$16.62	0.94	3,210
Community & Social Services	\$20.12	0.93	430
Education, Training & Library	\$19.73	0.91	1,850
Office & Administrative Support	\$15.61	0.90	4,690
Personal Care	\$10.57	0.84	840
Arts, Design, Entertainment, Sports & Media	\$17.93	0.77	330
Protective Service	\$16.93	0.72	570
Legal	\$23.84	0.71	180
Management	\$43.96	0.64	1,040
Business & Financial Operations	\$27.88	0.58	950
Architecture & Engineering	\$33.00	0.57	330
Life, Physical & Social Science	\$26.48	0.29	80
Computer & Mathematical	\$28.79	0.28	260

Source: US Bureau of Labor Statistics, North Carolina Department of Commerce

Figure 31
 Employment by Occupation Groups; Degree of Local Specialization & Average Hourly Wage
 Henderson County

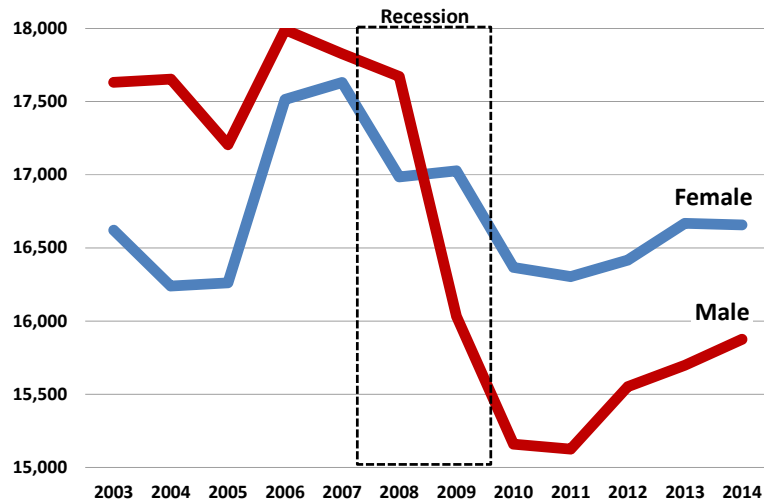


Bubble size represents total employment as of 2014
 Source: North Carolina Department of Commerce

Workforce Demographics

As of 2014, males comprised 48.8 percent of Henderson County's workforce. Males made up 51 percent of workers as recently as 2008 (Figure 32). The recession severely impacted males, with losses more than double those experienced by females (down 2,832 versus 1,148 between 2006 and 2011). Since 2011 job gains by males have outpaced female gains 2 to 1, but the relative proportion remains historically low.

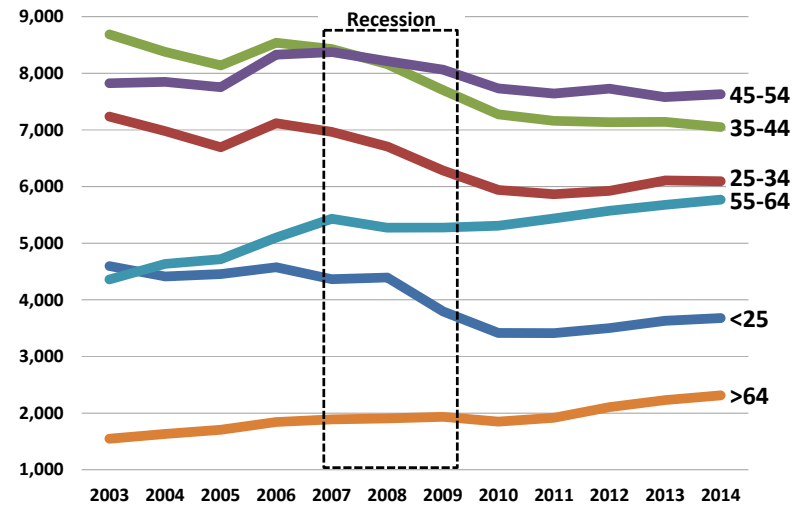
Figure 32
Employment by Gender
Henderson County



Source: U.S. Census Bureau

Net employment gains among age groups have been led solely by older workers in Henderson County (Figure 33). Over the last ten years, workers ages 55-64 increased by 1,407, up 32 percent. Similarly, over the same period, workers ages over 64 increased by 765 or 49 percent. All other age groups experienced declines, the greatest being those under age 25, down by 918 or 20 percent. The trends have moderated post-recession; but net gains are still to those workers 55 and older.

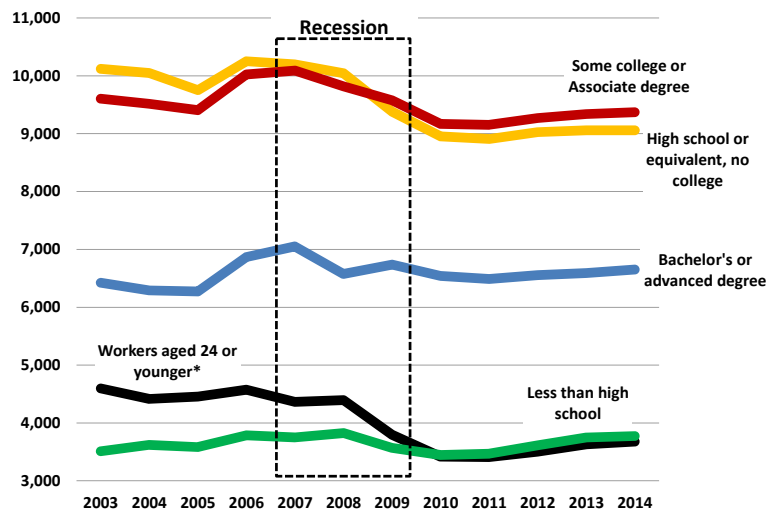
Figure 33
Employment by Age Groups
Henderson County



Source: U.S. Census Bureau

Over the last ten years, workers with a level of education of *Some college or Associate degree* has overtaken workers with a level of *High school or equivalent, no college* to comprise the single largest employed educational category in the County (Figure 34). Post-recession, the workforce proportions across all education levels has remained relatively constant.

Figure 34
Employment by Level of Education
Henderson County



* Not level of education is assigned to those less than 25 years.

Source: US Census Bureau

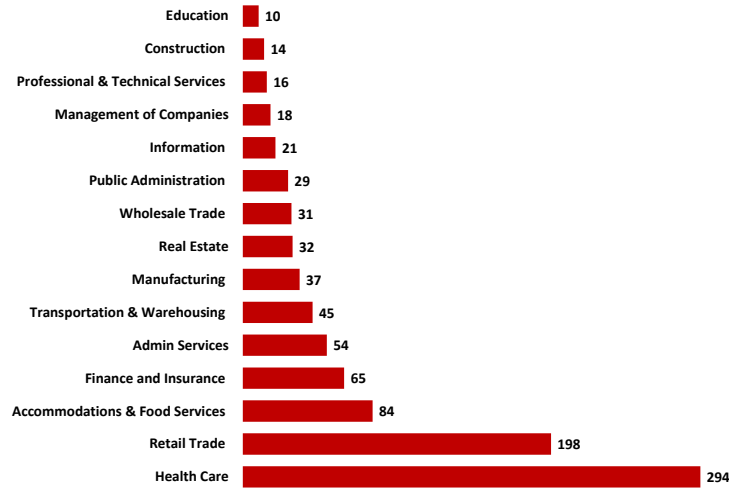
Job Demand

To gauge job demand, data of online advertised jobs in Henderson County over the twelve most recent months was analyzed.⁵ Some caution should be exercised in interpreting online advertised jobs. Some firms hold long standing job advertisements which may not be directly tied to a particular opened position; but reflect the establishment of a pool of potential hires. Also examining the quantity of postings provides no indication of how critical an unfilled position is to a firm's operations.

The *Health Care* and *Retail* businesses comprised over half of all online advertised jobs; 31 and 21 percent of average monthly openings respectively (Figure 35). *Manufacturing* comprised four percent of openings. Two businesses, *Agriculture* and *Utilities*, averaged less than one position a month, over the one-year period.

⁵ The data is compiled and published by Geographic Solutions under a contract with the North Carolina Department of Commerce

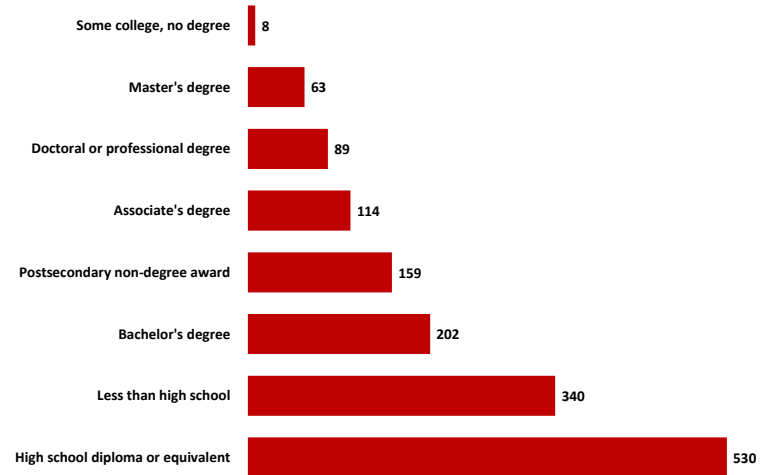
Figure 35
Average Monthly Job Openings by Business
Henderson County



Source: Geographic Solutions, online advertised jobs, May 2014-April 2015

In terms of job demand by level of education, 58 percent of online advertised jobs required a *High school diploma* or equivalent or less (Figure 36). Positions requiring a Bachelor's degree comprised thirteen percent of the annual average advertisements.

Figure 36
Average Monthly Job Openings by Entry Level Education
Henderson County



Source: Geographic Solutions, online advertised jobs, May 2014-April 2015

There are 33 occupations that averaged ten or more monthly advertisements for positions in Henderson County (Table 11). A cursory examination of the presence of post-secondary programs that meet the basic requirements for those occupations, revealed only two; *Physicians, Surgeons* and *Occupational Therapists*, did not have programs in the immediate area. See APPENDIX Table 19 for a list of Blue Ridge Community College completions by program.

Table 11
Average Monthly Job Openings
Occupations Averaging 10 or More Positions Advertised Online
Henderson County

Occupation	Avg. Job Openings	Typical Entry-level Education	Area Post-Secondary Programs Offered
Registered Nurses	65	Associate's degree	BRCC ABTECH: Associate Degree Nursing
Retail Salespersons	51	Less than high school	Not Required
Nursing Assistants	47	Postsecondary non-degree award	ABTECH
First-Line Supervisors of Retail Sales Workers	44	High school diploma or equivalent	Not Required
Physicians, Surgeons	41	Doctoral or professional degree	None
Laborers and Freight, Stock, and Material Movers, Hand	40	Less than high school	Not Required
Heavy and Tractor-Trailer Truck Drivers	39	Postsecondary non-degree award	ABTECH Caldwell CC Partnership
Customer Service Representatives	30	High school diploma or equivalent	Not Required
Combined Food Preparation and Serving Workers	28	Less than high school	Not Required
First-Line Supervisors of Food Preparation and Serving Workers	21	High school diploma or equivalent	Not Required
Managers, All Other	20	High school diploma or equivalent	Not Required
Cashiers	19	Less than high school	Not Required
Occupational Therapists	18	Master's degree	None
Heating and Air Conditioning Mechanics and Installers	18	High school diploma or equivalent	Not Required
Waiters and Waitresses	18	Less than high school	Not Required
Medical and Health Services Managers	17	Bachelor's degree	Wingate: MBA Health Care Management, UNCA Health and Wellness
Licensed Practical and Licensed Vocational Nurses	17	Postsecondary non-degree award	ABTECH
Driver/Sales Workers	17	High school diploma or equivalent	Not Required
Personal Care Aides	16	Less than high school	Not Required
General and Operations Managers	16	Bachelor's degree	Wingate: MBA , UNCA
Merchandise Displayers and Window Trimmers	15	High school diploma or equivalent	Not Required
Light Truck or Delivery Services Drivers	14	High school diploma or equivalent	Not Required
Executive Secretaries and Executive Administrative Assistants	14	High school diploma or equivalent	Not Required
Carpenters	13	High school diploma or equivalent	Not Required
Stock Clerks, Sales Floor	13	Less than high school	Not Required
Physical Therapists	12	Doctoral or professional degree	WCU
Sales Managers	12	Bachelor's degree	Wingate MBA, UNCA, Montreat
Medical Assistants	11	Postsecondary non-degree award	BRCC: Medication Aide, Nurse Aid, Medical Office, ABTECH
Maids and Housekeeping Cleaners	11	Less than high school	Not Required
Tellers	11	High school diploma or equivalent	Not Required
Nurse Practitioners	11	Master's degree	WCU
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	10	Less than high school	Not Required
Demonstrators and Product Promoters	10	High school diploma or equivalent	Not Required

Sources: Geographic Solutions, online advertised jobs, May 2014-April 2015, US Bureau of Labor Statistics, Post-Secondary programs by author

Business-Personal Property Values by Industry

An analysis was conducted of the County's FY 2015 Business-Personal Property (BPP) values by industry sector. BPP contributes 6.6 percent of the County's tax base. The analysis included 2,950 records totaling \$880,297,930; which represents 88 percent of the total BBP value in the County. The results indicate the relative fiscal contributions of each industry sector.

Manufacturing accounted for \$606.3 million, 68.9 percent of total BPP value analyzed (Figure 37) or 60.7 percent of the County's total BBP. The second highest industry, *Retail Trade*, accounted for five percent of total BBP. Of twenty major industry sectors, eight sectors each accounted for less than one percent of the total BPP.

The average FY 2015 BPP value per record in the County is \$298,406. Typically representing a single location, a record may have more than one physical site, such as a single grocery store brand operating in multiple locations. Among industry sectors, the highest average BPP value per record in the County is *Manufacturing*; averaging \$3.3 million per record (Figure 38). Two other sectors reach an average BPP value above \$1 million; *Mining & Quarrying* and *Utilities*.

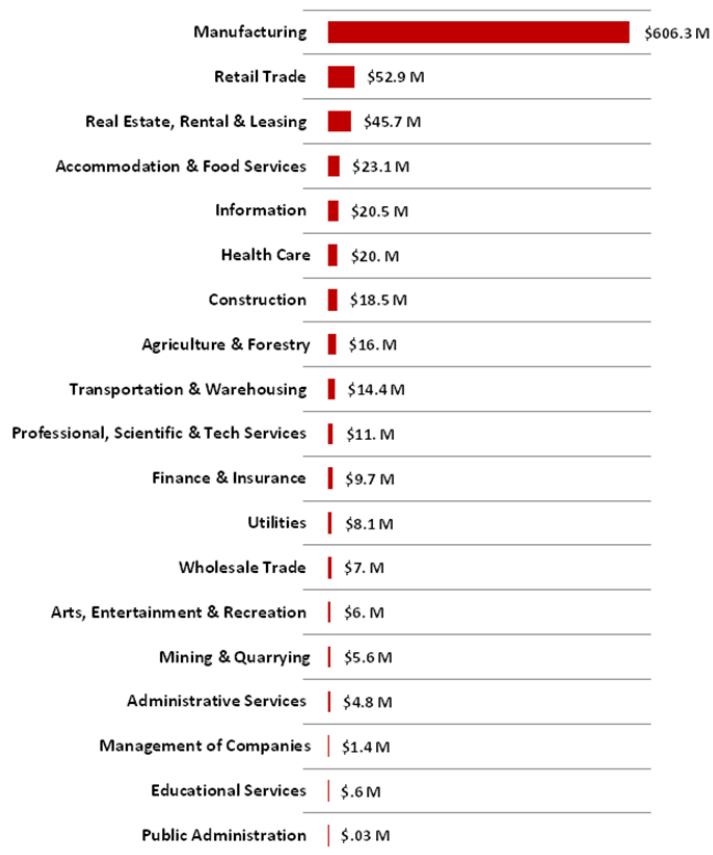
A comparison of the one-year change in total BPP values from FY 2014 to FY 2015 shows *Manufacturing* responsible for an increase of \$79.6 million; nearly double the total increase from the remaining sixteen industry sectors that experienced growth (Figure

39). Two sectors, *Retail Trade* and *Finance & Insurance*, declined in total value over the period, -\$10.5 million and -\$8.4 million respectively.

Finally, an examination of only newly listed records in FY 2015 shows the *Manufacturing* sector tops the list with a new BPP value of \$8.7 million (Figure 40). *Utilities* places second with new BPP value of \$7.4 million.

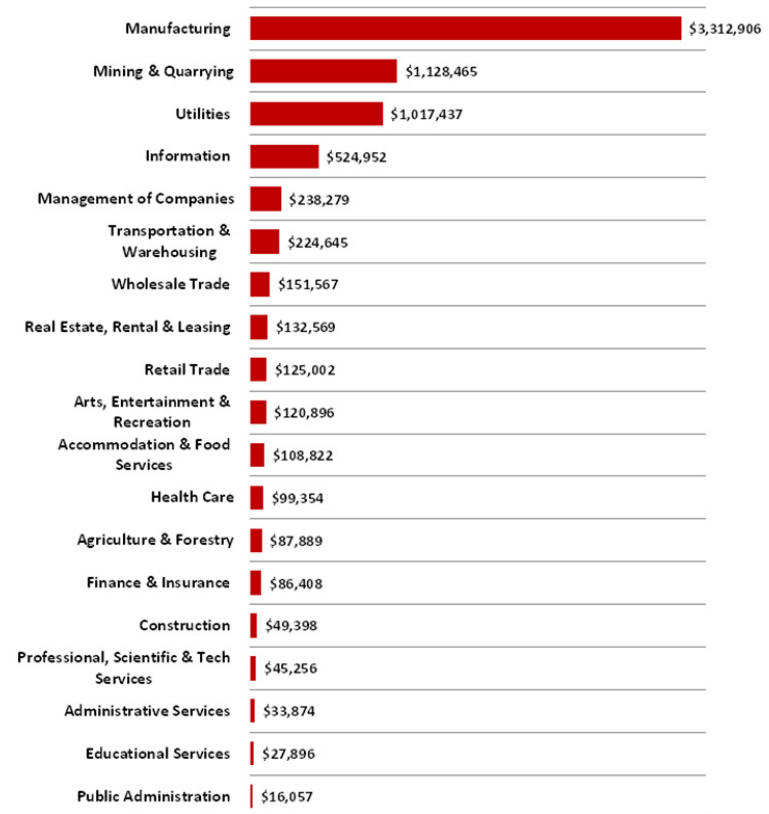
An estimate of the total tax contributions of five key economic activities in the County can be found on page 48.

Figure 37
Total Business-Personal Property Values by Industry
FY 2015 Henderson County



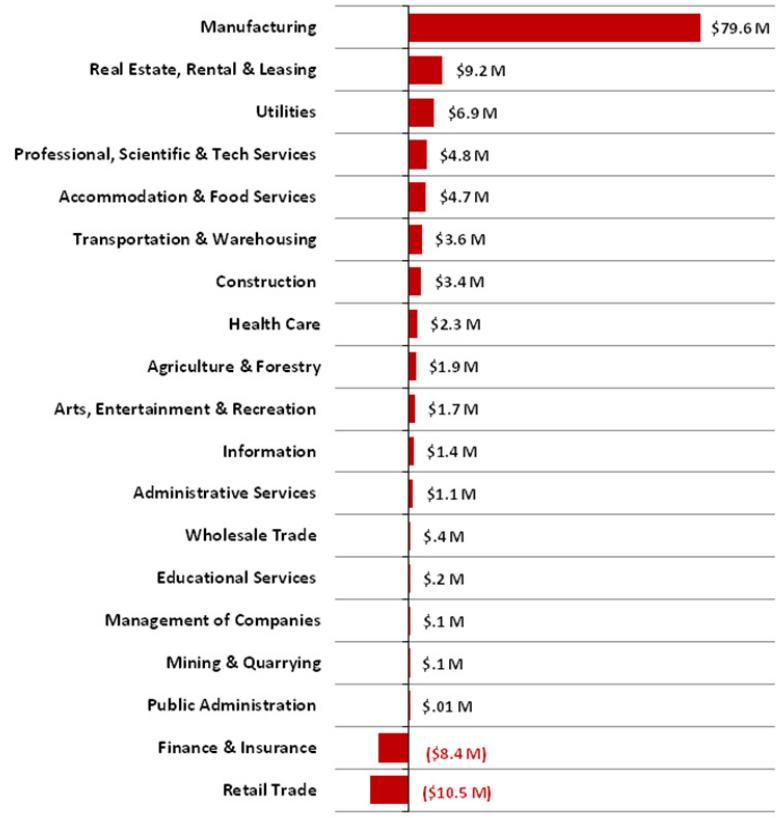
Sources: Henderson County Tax Assessor's Office

Figure 38
Average Value per Record*
Business-Personal Property Values by Industry
FY 2015 Henderson County



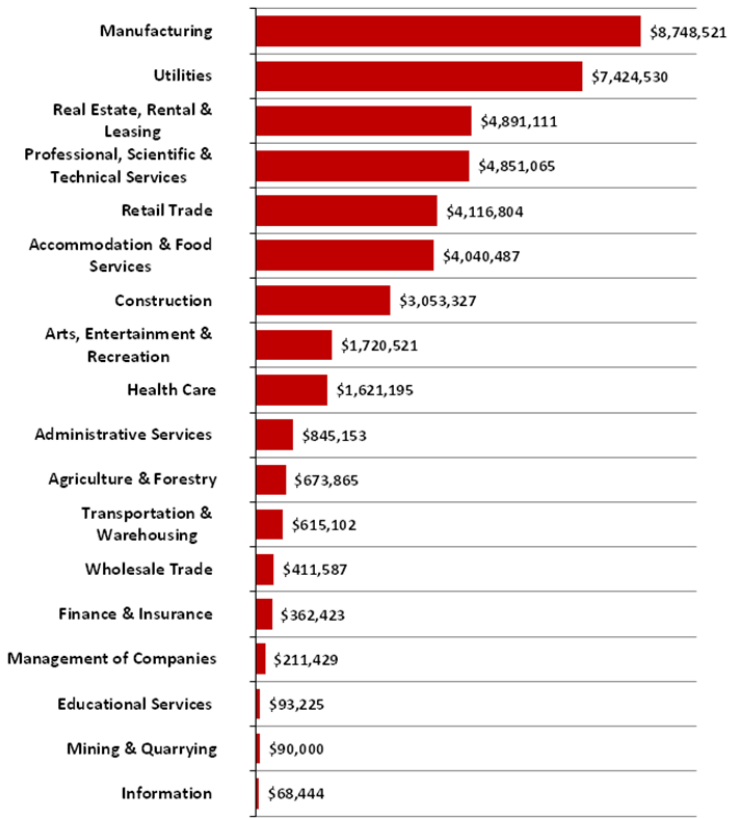
*A record may represent more than one physical establishment.
 Sources: Henderson County Tax Assessor's Office

Figure 39
One-Year Value Change (FY 2014 to FY 2015)
Business-Personal Property Values by Industry
Henderson County



Sources: Henderson County Tax Assessor's Office

Figure 40
New Records FY 2015
Business-Personal Property Values by Industry
Henderson County



Sources: Henderson County Tax Assessor's Office

Assessment of Key Economic Activities

Base on their relative size, growth, local uniqueness or contributing role, five key economic activities were selected for deeper examination and analysis of economic impact. The five are manufacturing, health care, agri-business, tourism, and population in-migration.

A separate economic impact analysis was conducted for each key economic activity.⁶ Briefly, the analysis measures the unique dollar flows generated by each activity as it works its way through the County's economy.

Definitions

Direct: the initial activity. This can be jobs in a specific industry (such as for manufacturing or health care), spending (such as tourist spending), or sales (such as farm receipts or the value of household construction).

⁶ Impacts calculated via IMPLAN[®] economic modeling, which is an input-output model that is comprised of software and regional data sets. The overriding objective of the model is to measure the full economic impact to a location as a result of a specific economic activity. The model is built upon a matrix detailing the input-output relationships among industries and consumers and tracks new spending through the local economy. The primary matrix structure is derived from the National Bureau of Economic Analysis's National Benchmark Input-Output Model.

Supported: the secondary local results caused by the initial activity. Such as purchases from local suppliers to satisfy the initial activity and purchases by households as a result of increased incomes.

Jobs Multiplier: The number of jobs (usually a proportion of a job) generated by the initial direct activity. The measure shows how much the initial activity impacts the rest of the local economy. It is determined by the particular mix of local industries and households and their interaction with the direct activity. A jobs multiplier of 1.5 means 0.5 of a job is supported locally from the activity of the one direct job.

A few notes of caution:

Because of differences in definitions and availability of supporting data, the input formats used to determine the impacts are not entirely uniform. With differing data sources the issues of comparability and reliability are raised. In each case, given availability, the most reliable datasets were used and documented. All data were either provided by an impartial third party (usually governmental) or independently confirmed.

There are many supportive and causal linkages between the key economic activities in Henderson County; so caution should be exercised in viewing each in isolation. Many economic activities nourish or support another. A few ready, yet incomplete, examples; the Sierra Nevada brewery is both a manufacturer and a tourist attraction, many new residents are attracted to the area as tourists, the presence and production of agri-business can be used to attract tourists or supply manufacturers, new residents become the users of health care facilities and similarly health care facilities can serve

as important amenities to attract new residents. The existence of the numerous connections and linkages between key economic activities demonstrate economic balance and sustainability.

Manufacturing

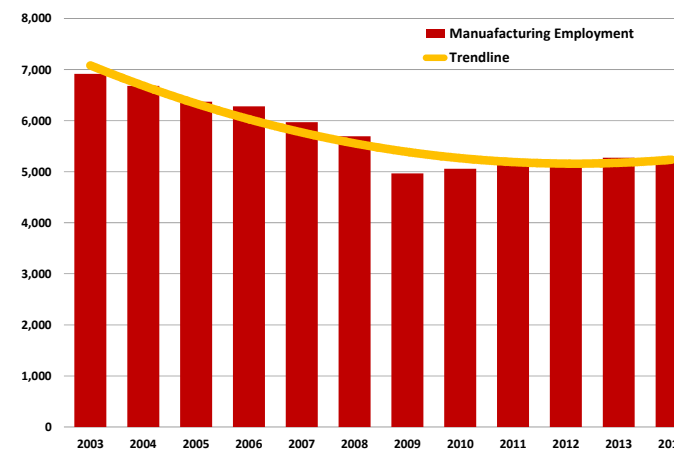
Manufacturing currently employs 5,312, is the second largest industry in the County, accounting for 16 percent of total employment. There are 138 *manufacturing* establishments in the County, five percent of all business establishments. The average weekly wage at \$965 is 42 percent above the overall County average. It's a mistake to pool all manufacturing into a single homogeneous group. There are at least 19 different manufacturing subcategories represented in the County; each producing different products, employing different production processes and serving different markets. *Manufacturing* areas in which the County is particularly strong are *Transportation Equipment, Textiles, Plastics, Lighting Fixtures, Paper* and *Fabricated Metal Products*. Some examples of the high degrees of local specialization (DLS) as published by the U.S. Bureau of Labor Statistics on Henderson County's manufacturing subsectors; *Textile Mills* (14.3), *Paper* (5.7), *Plastics* (4.6) and *Transportation Equipment* (3.3).

Industrial parcels, a rough representation of *manufacturing*, paid \$1,592,338 in taxes to Henderson County in 2014.

Over the last 10 years, *manufacturing* employment in the County declined steadily until 2009 then switched to positive gains in the five most recent years (Figure 41). Over the last five years

manufacturing has grown by an annual rate of one percent, adding an average of 51 new positions each year.

Figure 41
Manufacturing Employment
Henderson County



Source: North Carolina Department of Commerce

Results of the economic impact analysis⁷ show that the 5,669 direct *manufacturing* jobs support another 4,652 jobs in the County (each *manufacturing* job supports another 0.8 job) (Table 12). The total economic impact of *manufacturing* equals 10,321 jobs. The direct

⁷ The direct manufacturing impact included the 5,312 jobs reported by the North Carolina Department of Commerce, and an additional 357 announced manufacturing jobs, which have yet to be included in the public reports. The jobs were allocated across the 19 manufacturing industry classifications represented in the County.

jobs have an average weekly wage of \$965, while the supported jobs have an average weekly wage of \$711.

Table 12
Manufacturing-Economic Impact Summary
Henderson County

	Jobs	Average Weekly Wage (weighted)
Direct	5,669	\$965
Supported	4,652	\$711
Total	10,321	\$850

Source: Author's calculations, IMPLAN, North Carolina Department of Commerce

Health Care

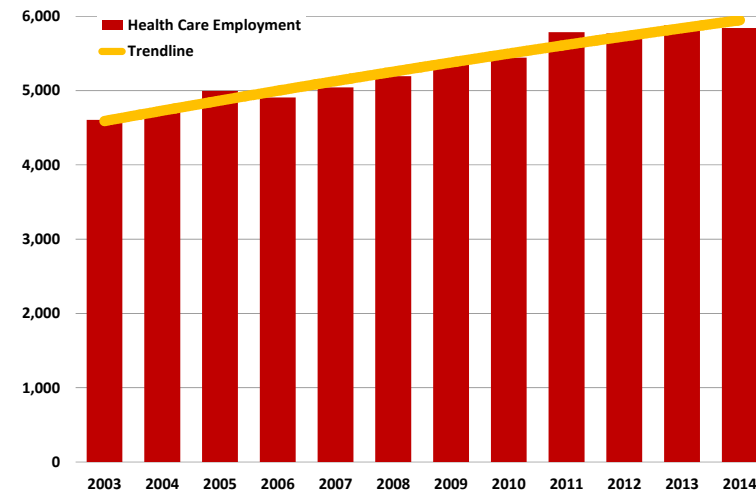
Health Care currently employs 5,843, is the largest industry in the County and accounts for 17 percent of total employment. There are 234 health care establishments in the County; eight percent of all business establishments. *Health Care* is comprised of three main subsectors; *Hospitals* with 42 percent of the industry's employment, *Ambulatory Services* with 30 percent, and *Nursing & Residential Care Facilities* with the remaining 28 percent. The average weekly wage at \$835 is 23 percent above the overall County average. However, wages among the three subsectors differ significantly. At \$1,009 per week, *Hospital* wages are the highest, *Ambulatory Services* are \$857, and *Nursing & Residential Care Facilities* are \$551 per week; which is 19 percent below the County average.

While some *Health Care* operations are tax exempt; Long Term Care facilities paid \$603,802 in taxes to Henderson County in 2014. And

other medical parcels paid \$489,673; bringing the total to \$1,093,475 in taxes paid to Henderson County in 2014.

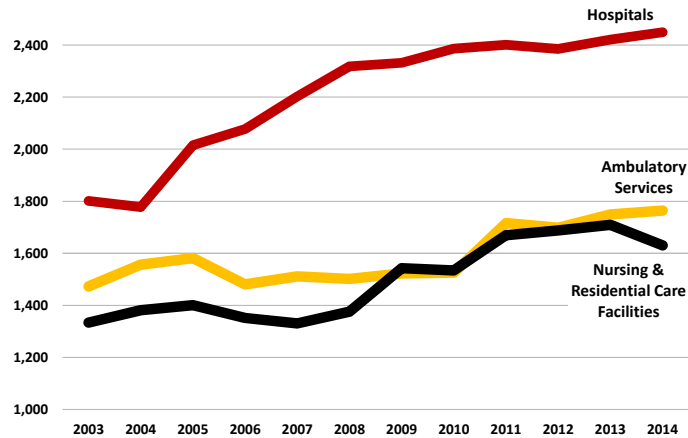
Over the last ten years annual job growth in *Health Care* has averaged 2.2 percent, or 112 new jobs, although 2006 and 2014 experienced minor declines (Figure 42). Among *Health Care* subsectors, *Hospitals* have provided the most new jobs (52 percent) and delivered the steadiest growth (Figure 43).

Figure 42
Health Care Employment
Henderson County



Source: North Carolina Department of Commerce

Figure 43
Health Care Employment by Subsector
Henderson County



Source: North Carolina Department of Commerce

Results of the economic impact analysis show that the 5,843 direct *Health Care* jobs support another 3,070 jobs in the County (each health care job supports another 0.5 job) (Table 13). Together, the total economic impact of *Health Care* equals 8,913 jobs. The direct jobs have an average weekly wage of \$852, while the supported jobs have an average weekly wage of \$634.

Table 13
Health Care-Economic Impact Summary
Henderson County

	Jobs	Average Weekly Wage (weighted)
Direct	5,843	\$852
Supported	3,070	\$634
Total	8,913	\$777

Source: Author's calculations, IMPLAN, North Carolina Department of Commerce

Agri-Business

For this analysis, *Agri-Business* includes the network of agricultural producers, packers, shippers, chemical & fertilizer suppliers, and other direct agriculture services, as well as hired and migrant labor.⁸

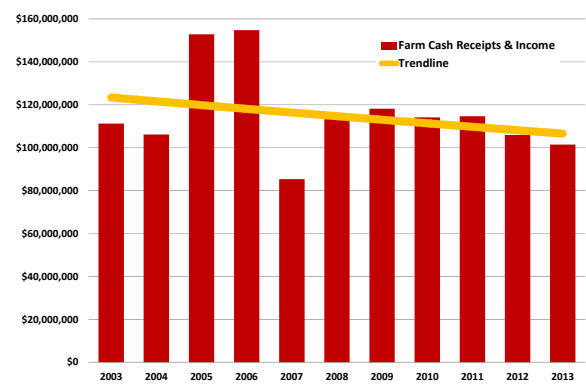
As noted earlier, core agriculture production operations typically do not report employment and wages in the same manner and regularity as other industries. Additionally the broader *Agri-business* definition includes a diversity of business types and operations that fall across numerous standard industry classifications.

To measure year-to-year trends in Henderson County, the US Bureau of Economic Analysis's *Farm Cash Receipts & Income* data

⁸ Source for specific agri-business industry identification, Mark Williams, Executive Director, *Agribusiness Henderson County*

was used.⁹ Although the data does not represent the entire Agri-Business network, it should provide an impartial annual indicator to gauge agriculture trends. Over the last ten years there has been a significant amount of year-to-year volatility in *Farm Cash Receipts & Income*; annual swings ranging from an increase of 44 percent to a decline of 45 percent (Figure 44). However, the last five years have exhibited a more stable degree of variation; averaging an annual decline of 2.2 percent. In 2013 Farm Cash Receipts & Income totaled \$101,484,000 in Henderson County.

Figure 44
Farm Cash Receipts & Income
Henderson County



Source: US Bureau of Economic Analysis

⁹ The measure consists of the following items: the cash receipts from farm marketing of crops and livestock; the receipts from other farm-related activities, including recreational services, sales of forest products, and custom-feeding services performed by farm operators; the value of home consumption, which is the value of the farm productions produced and consumed on farms; the gross rental value of farm dwellings. and the payments to farmers under several Federal Government farm subsidy programs.

Data from three sources was combined to measure *Agri-Business'* full economic impact in Henderson County; 1) industry employment of local businesses identified as participating in the agri-business network, 2) total *Farm Cash Receipts & Income* to capture the value of farm production, and 3) local spending by migrant labor.¹⁰

Results of the economic impact analysis show that *Agri-business* employs 2,923 direct jobs and support another 1,349 jobs in the County (each *Agri-business* job supports another 0.5 job) (Table 14). The total economic impact of *Agri-business* equals 4,272 jobs. The direct jobs have an average weekly wage of \$515, while the supported jobs have an average weekly wage of \$644.

Table 14
Agri-Business-Economic Impact Summary
Henderson County

	Jobs	Average Weekly Wage (weighted)
Direct	2,923	\$515
Supported	1,349	\$644
Total	4,272	\$556

Source: Author's calculations, IMPLAN, North Carolina Department of Commerce

¹⁰ Personnel of the North Carolina Department of Commerce, Division of Employment Security provided migrant worker numbers, work periods and wage estimates for Henderson County. Migrant workers were not included as part of agri-business direct employment in the County.



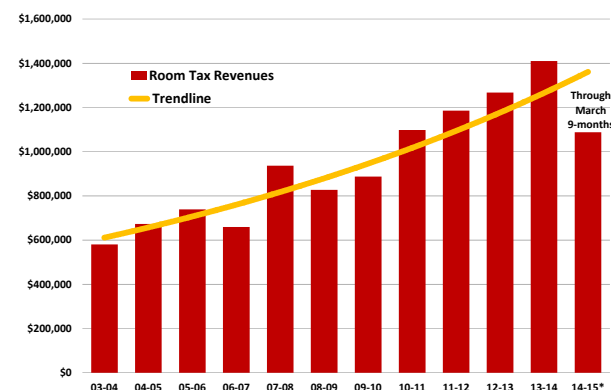
Tourism

The trend in local tourist spending can be observed in Henderson County's Room Tax Revenues (Figure 45). Revenues in Fiscal Year 13-14 totaled one million dollars, which was 11.2 percent above the previous year. Over the last ten years, revenues advanced by an average of 10.1 percent; although two years experienced declines; down 10.8 percent in 06-07, and down 11.7 percent in 08-09. Revenues are up in each of five most recent years, and 14-15 is on pace to exceed the year before.

Another indicator of local tourist spending is the U.S. Travel Association's Travel Economic Impact Model (TEIM), which provides annual travel expenditures for Henderson County.¹¹ Travel expenditures totaled \$233.3 million in 2013 according to the most recent report, representing a 6.8 percent increase over 2012 (Figure 46). Over the last ten years travel expenditures have increased by an average annual rate of three percent.

¹¹ The annual data is prepared for the North Carolina Department of Commerce and is available at www.nccommerce.com/tourism/research.

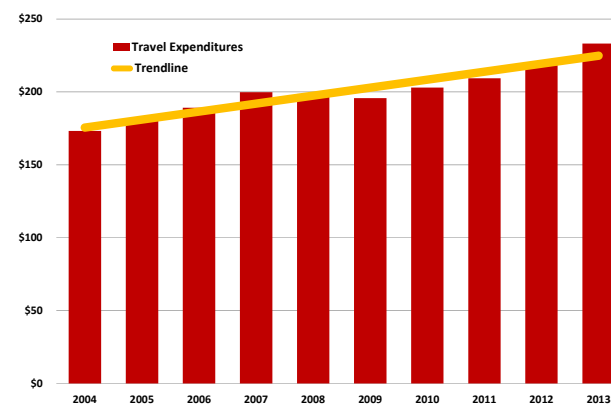
Figure 45
Room Tax Revenues
Henderson County



*Through March 2015

Source: Henderson County TDA

Figure 46
Travel Expenditures (millions)
Henderson County



Source: US Travel Association

Measuring *Tourism's* impact is not as straightforward as measuring most other economic activities. Many industries closely associated with tourism, such as *Food Services* or *Arts, Entertainment & Recreation* also serve local residents and thus their employment can't be ascribed solely to tourist spending. As an alternative to using employment data, the annual travel expenditures reported by the U.S. Travel Association was used to calculate the impact of tourism spending in the County.¹² This method also provides results that are methodologically consistent and generally comparable with the analyses conducted of the other key economic activities.

Results of the economic impact analysis shows that tourist spending directly funds 2,506 local jobs and supports another 667 in the County (each tourism job supports another 0.3 job) (Table 15). The total economic impact of tourism equals 3,173 jobs. The direct jobs have an average weekly wage of \$367, while the supported jobs have an average weekly wage of \$634.

Table 15
Tourism-Economic Impact Summary
Henderson County

	Jobs	Average Weekly Wage (weighted)
Direct	2,506	\$367
Supported	667	\$634
Total	3,173	\$423

Source: Author's calculations, IMPLAN, North Carolina Department of Commerce

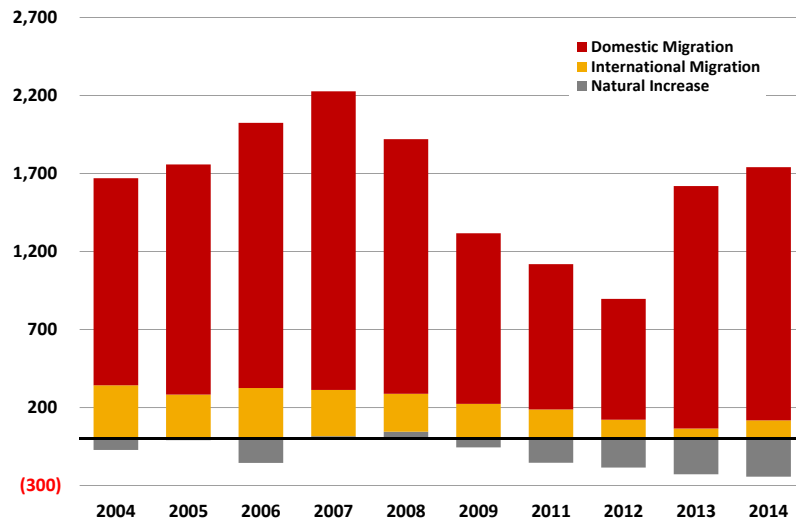
Annual Population In-Migration

As noted earlier, *in-migration* of new residents is the sole source of net population growth in Henderson County. This trend has been documented over the last ten years (Figure 47) and is expected to continue going forward.

Although not an industry by itself, the additional spending by new residents and resulting expansion of the housing stock are economic activities which fund direct and supportive employment in the County.

¹² The reported \$233.3 million was allocated across 26 tourist spending categories based on TEIM's published methodology, *Henderson County TDA Destination Research & Strategic Direction* November, 2013 by Young Strategies, Inc. and *Longwoods Travel USA©, 2013 Asheville Visitors Report*, courtesy of Asheville Convention and Visitors Bureau.

Figure 47
Annual Source of Population Change*
Henderson County



*No estimate published for year 2000

Source: U.S. Census Bureau

Two activities comprise the inputs used to measure the economic impact of the annual in-migration of new residents into Henderson County; new home construction and additional household spending.¹³

Although a broad estimate, additional new home construction in a year attributed to new residents would lead to \$298,273 of taxes

¹³ The five year average new residential permit value based on data from the Henderson County Permit Division, allocated across estimated replacement, existing and new resident demand. Expected household spending derived from US Census Bureau; age adjusted to consumer expenditure categories with data from the US Bureau of Labor Statistics.

paid to the County. This ignores the ongoing tax impacts of household spending, noted below.

Results of the economic impact analysis show annual *in-migration* funds 506 jobs directly and supports support another 276 jobs in the County (each direct job supports another 0.5 job) (Table 16). Together, the total economic impact of annual *in-migration* equals 782 jobs. The direct jobs have an average weekly wage of \$672, while the supported jobs have an average weekly wage of \$657.

Between the two activities; new home construction accounts for 586 annual jobs, and new resident spending the remaining 214.

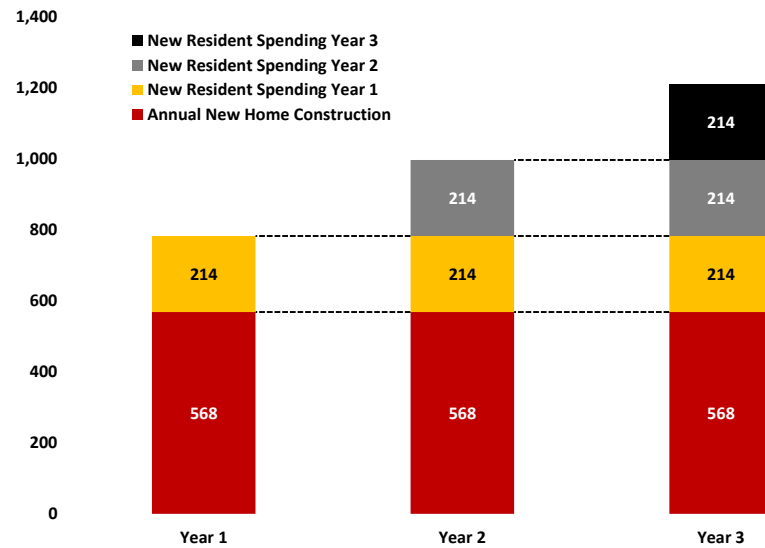
Unlike other key economic activities examined; *in-migration* has a cumulative effect that is not included in the above impact calculations. New home construction impacts are measured annually, similar to other industry activities, but the new resident spending is expected to be ongoing. That is, the 214 local jobs supported from the additional spending by new residents in year 1 should continue into year 2; the impacts accumulating overtime (Figure 48). Eventually, with continued mobility and deaths the spending impacts will degrade; but it is important to acknowledge the long-term aggregate economic dimension of new residents spending. As such, the annual impacts reported here clearly underestimate the true continuing economic contribution of new residents.

Table 16
In-Migration -Economic Impact Summary
Henderson County

	Jobs	Average Weekly Wage (weighted)
Direct	506	\$672
Supported	276	\$623
Total	782	\$657

Source: Author's calculations, IMPLAN, North Carolina Department of Commerce

Figure 48
Jobs Supported by In-Migration
Over Multiples Years



Source: Author's calculations, IMPLAN

Summary of Economic Impacts

Together the analyses provide a unique means to objectively compare the economic impacts of each activity. While inputs and input sources differed among activities, their dollar and employment contributions were all tracked and measured using the same methodology as they flowed through the Henderson County economy. The results provide a straightforward and quantifiable benchmark from which to value the economic contributions of each activity.

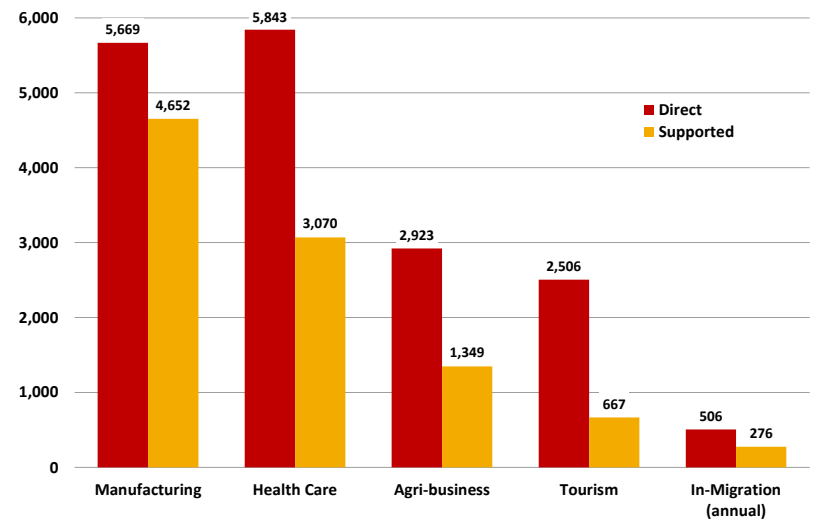
Overall, *Manufacturing* activities contributes the most total and supported jobs, has the highest wages-both direct and supported, and has the top job multiplier (Figures 49, 50 and Tables 17, 18). *Health Care*, *Agri-business*, and *in-migration* all share the same job multiplier; 0.5. Wages for supported jobs are higher than direct job wages in both *Agri-business* and *Tourism*.

Table 17
Summary of Economic Impacts
Henderson County

	Jobs			Weekly Wage (weighted)		
	Direct	Supported	Total	Direct	Supported	Average
Manufacturing	5,669	4,652	10,321	\$965	\$711	\$850
Health Care	5,843	3,070	8,913	\$852	\$634	\$777
Agri-business	2,923	1,349	4,272	\$515	\$644	\$556
Tourism	2,506	667	3,173	\$367	\$634	\$423
In-Migration (annual)	506	276	782	\$672	\$623	\$657

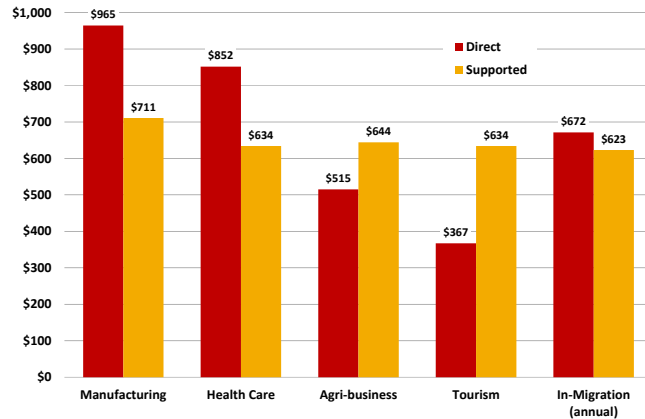
Source: Author's calculations, IMPLAN, North Carolina Department of Commerce

Figure 49
Annual Direct & Supported Jobs by Key Economic Activity
Henderson County



Source: Author's calculations, IMPLAN

Figure 50
Average Weekly Wage (weighted) by Key Economic Activity
Henderson County



Source: Author's calculations, IMPLAN, North Carolina Department of Commerce

Table 18
Job Multipliers by Key Economic Activity
Henderson County

Manufacturing	1.8
Health Care	1.5
Agri-business	1.5
Tourism	1.3
In-Migration (annual)	1.5

Source: Author's calculations, IMPLAN

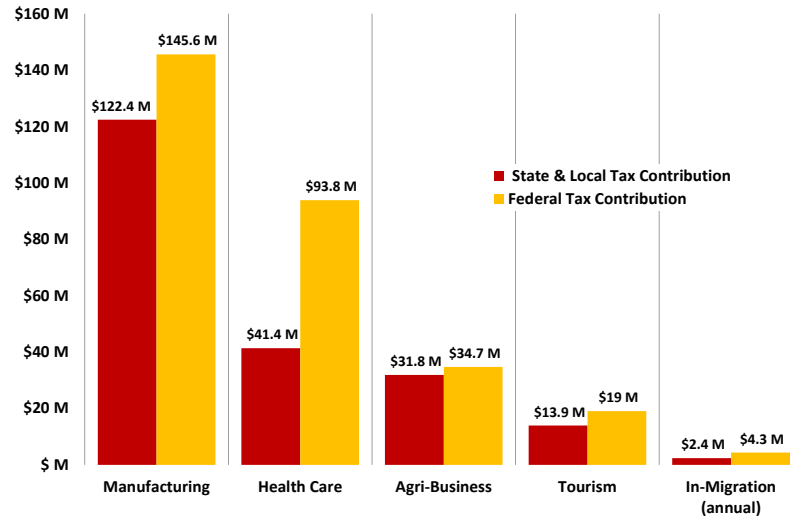
Estimated Tax Impacts

Comparative estimates of the total tax contributions of each activity were conducted via economic modeling. As with the employment impacts, the tax impacts are derived by measuring the expected net effects generated in the Henderson County economy by each activity. Major sources of taxes are sales, income, property, and both employee and employer contributions to social insurance programs (social security, survivors insurance, disability insurance, etc.). The model aggregates the impacts into Federal tax contributions and State & Local tax contributions. Due to the complexities of tax transfers between the State & Local entities (county and municipality), the model does not allow separate reporting at the State and Local levels.

In terms of total tax dollars generated, *Manufacturing* has the greatest impact, with a total annual estimated contribution of \$267.9 million; \$122.4 million in State & Local taxes and \$145.5 million in Federal taxes (Figure 51 and Table 19). *Health Care* has the second largest total tax contribution of \$135.1 million, followed by *Agri-Business* at \$66.5 million and *Tourism* at \$32.9 million. In-migration contributes \$6.7 million in taxes annually.

As a proportion of the total estimated taxes generated by Henderson County's economy, *Manufacturing* is the top contributor among the five key activities; responsible for 26 percent of the total and nearly a third of State & Local taxes (Figure 52 and Table 20). *Health Care* contributes 13.1 percent of taxes, followed by *Agri-Business* at 6.5 percent and *Tourism* at 3.2 percent. In-migration contributes 0.7 percent of the County's total taxes generated annually.

Figure 51
Estimated Tax Total Impacts by Key Economic Activity
Henderson County



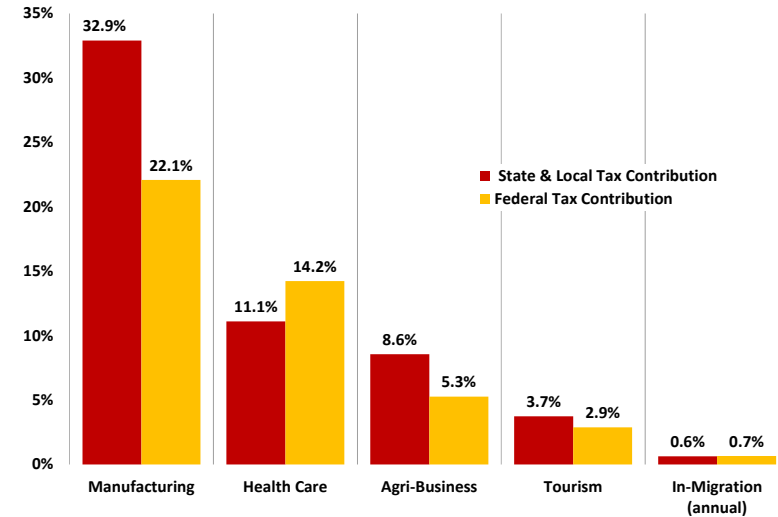
Source: Author's calculations, IMPLAN

Table 19
Estimated Tax Total Impacts by Key Economic Activity
Henderson County

	State & Local Tax Contribution	Federal Tax Contribution	Total Tax Contribution
Manufacturing	\$122,400,742	\$145,576,458	\$267,977,200
Health Care	\$41,350,248	\$93,848,075	\$135,198,323
Agri-Business	\$31,847,781	\$34,734,249	\$66,582,030
Tourism	\$13,908,133	\$19,017,050	\$32,925,183
In-Migration (annual)	\$2,375,425	\$4,340,306	\$6,715,731

Source: Author's calculations, IMPLAN

Figure 52
Estimated Tax Total Impacts by Key Economic Activity
as a Proportion of Henderson County's Total Annual Tax Contribution



Source: Author's calculations, IMPLAN

Table 20
Estimated Tax Impacts by Key Economic Activity
as a Proportion of Henderson County's Total Annual Tax Contribution

	State & Local Tax Contribution	Federal Tax Contribution	Total Tax Contribution
Manufacturing	32.9%	22.1%	26.0%
Health Care	11.1%	14.2%	13.1%
Agri-Business	8.6%	5.3%	6.5%
Tourism	3.7%	2.9%	3.2%
In-Migration (annual)	0.6%	0.7%	0.7%

Source: Author's calculations, IMPLAN

Strategic Implications

A comprehensive economic development strategy would include an in-depth evaluation of the County's physical assets; including such things as infrastructure and the availability of buildings and sites. However, the finding of this economic assessment does contain solid strategic implications.

Clearly, *Manufacturing* outshines the other four key activities in terms of its employment impact, wages and taxes generated. On a strict return-on-investment basis *Manufacturing* promises the strongest returns. All things being equal, the findings would support policy benefiting the growth and retention of *Manufacturing*. Additionally, beyond its strong economic returns, *Manufacturing* has a robust current presence in the local economy; an advantage over many counties with weak *Manufacturing* sectors, who are struggling to attract or rebuild losses.

While *Manufacturing* earns the highest relative scores among the five key activities, the results should not be taken to degrade the economic contributions of the other four. *Health Care*, *Agri-Business*, *Tourism* and *In-Migration* each significantly and positively impact the Henderson County economy. Each has demonstrated itself as a viable, established leading business sector. And because the assessment did not consider noneconomic factors such as heritage or quality-of-life, there are likely other rationales that could add weight to supporting these activities.

The assessment also revealed factors that suggest the need to take strong actions. Subpar employment and wage growth are troubling indicators. A disproportionately aging population and growing reliance on nonwage income can diminish future economic prospects. The rapid growth of out-commuting may signal a lack of opportunities in the County. Uncorrected the County may slip into becoming a *bedroom community*, dependent on outside forces.

In all the assessment points to the need for actions that support quality job creation. Policies designed to attract and retain well-paying jobs have the potential to resolve many of the economic weaknesses in the County.

Appendix

Table 21
Blue Ridge Community College
Completions 2013

Program Title	Associate's degree	Award of at less than 2 academic years	Award of less than 1 academic year	Total Completions
Liberal Arts and Sciences, General Studies and Humanities	198	2		200
Vehicle Maintenance and Repair Technologies	13	3	36	52
Registered Nursing, Nursing Administration, Nursing Research and Clinical Nursing	36			36
Business Administration, Management and Operations	17	1	15	33
American Sign Language	11		11	22
Applied Horticulture and Horticultural Business Services	2		16	18
Cosmetology and Related Personal Grooming Services	3		13	16
Allied Health Diagnostic, Intervention, and Treatment Professions	9	6		15
Criminal Justice and Corrections	15			15
Teacher Education and Professional Development, Specific Levels and Methods	14		1	15
Accounting and Related Services	5		8	13
Cosmetology/Cosmetologist, General	3		10	13
Fire Protection	3	2	5	10
Electrical Engineering Technologies/Technicians	4		5	9
Precision Metal Working	1	1	6	8
Business Operations Support and Assistant Services		7		7
Mechanical Engineering Related Technologies/Technicians	6			6
Computer Systems Networking and Telecommunications	5			5
Design and Applied Arts	2		3	5
Heating, Air Conditioning, Ventilation and Refrigeration Maintenance Technology		1	4	5
Information Science/Studies	1		4	5
Linguistic, Comparative, and Related Language Studies and Services	4			4
Computer and Information Sciences, General	3			3
Environmental Science	1		2	3
Marketing	3			3
Nail Technician/Specialist and Manicurist			3	3
Computer Programming	1		1	2
Plumbing and Related Water Supply Services			2	2
Film/Video and Photographic Arts	1			1
Human Development, Family Studies, and Related Services			1	1

Firm Profile

SYNEVA Economics LLC is a private consultancy whose expertise is assisting public and private decision makers with local and regional economic analysis. SYNEVA Economic LLC's value is providing clear and insightful information to help clients make knowledgeable, efficient and effective decisions.

Recent projects include economic impact analyses for major infrastructure projects, airports, industry relocations, and residential and commercial developments. The firm has conducted industry target and cluster evaluations for communities in 20 states. SYNEVA Economics has provided workforce assessments throughout the southeast, site selection evaluations for food manufacturers and distribution centers, plus conducted dozens of community assessments across the U.S.

For complete listing of projects and current activities visit
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