

CHAPTER 3

SPENCER COUNTY ECONOMIC INVENTORY AND ANALYSIS

PURPOSE

The purpose of this economic base study of Spencer County is to analyze the planning area's basic social and economic structure, its past and present economic position within the Kentuckiana region, and those factors and trends which will be important influences upon future economic change and growth. This economic analysis also contributes to the comprehensive planning effort by projecting employment and other critical economic elements for the twenty year planning period, so that both physical and economic growth alternatives may be reasonably considered for the community.

The analysis of trends in economic growth in Spencer County utilizes existing data sources such as the U.S. Census and other local and state studies. From these investigations of past influences on growth, theories can be formulated and evaluated that will be the basis for development of forecasts of future economic activity in the county.

The scope of the study considers the county planning area in the context of its economic relationship to the rest of the Kentuckiana region and the Commonwealth of Kentucky. A narrow analytical view of the county alone would be virtually meaningless as the local economy is affected in the areas of growth and employment by the region, the state, and even national trends. The county shares many social and economic characteristics with other rural counties in the region, so it would be unrealistic to ignore the important connection between the past and present trends of the region and those of the county.

PAST AND PRESENT ECONOMIC TRENDS

It is helpful to study a community from its historical economic background to its contemporary position within a regional setting in the attempt to understand the nature of the community's economy, and its potential for the future relative to contiguous counties and the state. Such an analysis of historical and current economic trends is necessary to help establish guidelines for governmental policy relative to economic development, and for a variety of community planning elements that are affected by, and, in turn, affect future economic growth.

Physiographic Features

To a certain extent the type and degree of development that occurs in a community depends on the physiographic features of the area. The terrain, soils, water courses and other natural resources either prohibit or encourage varying development patterns. Spencer County is characterized by slopes of more than 20 percent throughout the county, as shown on map 8, especially in the eastern portion, which are a major development limitation in the area. Due to

the slope and shallow depth of the Eden-Nicholson soil association, which, combined with the Lowell-Shelbyville-Fairmont associations, covers three-quarters of the county. More than 50 percent of the county is best suited for either pasture or woodlands.

Spencer County is traversed by numerous waterways. These bodies of water cover significant areas of the county, and the potential for flooding exists along all of them. These waterways are the Salt River and Brashear's, Crooked and Plum Creeks. The Army Corps of Engineers' Taylorsville Lake project is designed to reduce flooding below the dam on the Salt River and, to some extent, on the tributaries that are affected by the Salt's floodwaters.

The most productive areas lie in the alluvial areas of the Salt River below Taylorsville. Here, water may be withdrawn at a rate greater than 500 g.p.d and some wells may produce as much as 200 g.p.m. Most of the remaining ground water resource areas are adequate for domestic supply and all are located along the major Spencer County streams.

The physiographic features of Spencer County have acted to limit development of the county to agricultural production and raising livestock. The chief limitation to use of soils on the ridges and hillsides is their moderate to severe erosion potential. Small plots of corn, tobacco and alfalfa are grown on the uplands, although most of this land is devoted to pasture. Bottomland is the most suitable for row crops. Much of the cleared land, however, lies fallow or is used for grazing.

Locational Decisions

Spencer County was formed in 1824. It is named for Captain Spear Spencer, a local hero who fell at the battle of Tippecanoe. Taylorsville is the county seat. The county is rural in nature. Because of its rolling, sometimes steep, terrain, it was not feasible for transportation facilities to be constructed to serve the community and link it to neighboring counties which would have enhanced economic growth. Today, Spencer County vicinity is without a major rail route and a State primary road to serve auto transportation. Similarly, there are no major gas transmission lines through Spencer County. Both of these factors are a major hindrance to attracting new industry to the county.

As stated in the Population Inventory and Analysis, Spencer County actually lost population between 1950 and 1960. The decrease in population amounted to a 7.7 percent decline, believed to be the result of poor economic conditions and the resultant out migration to areas with better job potential. However, every year from 1980 to the present brought on a population increase in Spencer County. In fact, from 1980 to 2000, there was a 98 percent increase in population!

The county is at a disadvantage when considering its economic growth potential due to its hilly terrain, erosion and flooding potential of the soils, as well

as its limited transportation facilities and current lack of job opportunities in many employment categories.

Human Resources

Just as primary development factors such as a community’s physical and strategic location within an economic community and its natural resources and transportation facilities significantly influences an economy’s development, so do the community’s human resources. That is, people are not only the productive agent in industry, but also are the consumers of items of production. Therefore, it is imperative to review past and present trends in the labor force and employment to determine the population’s long range effects on the community’s growth potential.

Labor Force Characteristics

Table 3-1 shows how the size and composition of the labor force delineates recent trends of male and female residents of Spencer County participating in the work force.

TABLE 3-1

LABOR FORCE CHARACTERISTICS SPENCER COUNTY

<u>CHARACTERISTIC</u>	<u>1990</u>	<u>2000</u>	<u>% CHANGE</u>
Total Population Age 16 and over	5,159	8,913	72.8%
Males 16 and over	2,548	4,427	73.7%
Males in Labor Force	1,895	3,352	76.9%
% of Total Males 16+ in Force	74.4%	75.7%	1.3%
% in Force Unemployed	3.9%	3.6%	-0.3%
Females 16 and over	2,611	4,486	71.8%
Females in Labor Force	1,369	2,866	109.3%
% Total Females 16+ in Force	52.4%	63.9%	11.5%
% in Force Unemployed	5.5%	4.6%	-0.9%

Source: U.S. Bureau of the Census, Census of General Social and Economic Characteristics, 1990-2000.

Table 3-1 indicates that at the beginning of the 1990’s, 52.4 percent of Spencer County’s female population aged 16 and over were in the labor force. By 2000 the percentage of females aged 16 and over in the labor force had increased to 63.9 percent. Women in the actual labor force in 1990 amounted to 41.9 percent of total persons in the labor force, and this percentage decreased to 39 percent by 2000.

The male population aged 16 and over in the labor force increased 76.9 percent from 1990 to 2000. The unemployment percentage has decreased at a

positive rate at 0.3 percent. The number of males in the workforce age group has increased at a slow rate of 1.3 percent.

The number of working women among county residents has grown faster than the number of working men. The number of females in the labor force has increased by 109.3 percent from 1990 to 2000. This rapid increase in number of working women may very well continue throughout the planning period from 2000 to the year 2020. Dual incomes generated by a husband and wife are now often a necessity to meet the rising costs of inflation and to maintain a decent standard of living.

Although there were fewer women than men in the labor force in Spencer County in 2000, they suffered a higher unemployment rate of 4.6 percent compared to a rate of 3.6 percent for men. The overall unemployment rate for the county in 2002 was 3.9 percent compared to a higher rate of 5.7 percent for the state. Spencer County also compares more favorably to the rest of the KIPDA region in 2002 relative to unemployment, as the region experienced reasonably equal unemployment rates as the state. This may reflect that the county is no longer solely dependent on agriculture, which limited employment in the past, and is beginning to see an increase of employment in other industry sectors.

The unemployment rate of Spencer County in 2005 was established at 5.1. This is a substantially higher rate than in the previous years. In 2000 the labor force maintained a population of 6,501. By 2005, the labor force continued to increase with 7,780 civilians employed.

Trends in Employment by Industry Group

Analysis of recent trends in employment by industry group shows the continuing dominance of manufacturing as a provider of jobs in Spencer County relative to employment that each industry has claimed from 1980 to 2000.

TABLE 3-2**PERCENT OF POPULATION IN SELECT INDUSTRY GROUPS
SPENCER COUNTY**

<u>Industry Group</u>	1980			1990			2000		
	<u>Spencer County</u>	<u>Region</u>	<u>State</u>	<u>Spencer County</u>	<u>Region</u>	<u>State</u>	<u>Spencer County</u>	<u>Region</u>	<u>State</u>
Agriculture	21.5	1.6	8.5	12.6	1.6	3.8	2.6	0.8	3.3
Mining	0.0	0.0	0.0	0.0	0.1	2.4	0.0	0.0	0.0
Construction	4.4	5.1	6.1	8.9	5.7	6.3	9.7	6.5	7.2
Manufacturing	31.8	25.2	22.5	22.2	18.8	19.5	20.7	14.7	17.6
Trans., Comm., Utilities	3.8	7.2	7.4	6.8	7.7	7.3	8.1	9.7	8.2
Wholesale & Retail Trade	13.5	21.6	20.2	14.1	22.4	21.3	15.4	15.6	15.5
Finance, Insurance and Real Estate	1.9	6.7	4.6	4.9	7.4	5.2	6.9	7.8	5.4
Services	14.1	27.6	25.7	24.7	32.4	29.9	26.8	32.7	32.3
Government/Public Administration	9.0	5.0	5.1	5.8	3.9	4.3	4.3	3.8	4.3

Source: U.S. Bureau of the Census, Census of Population, 1980-2000

Table 3-2 indicates that agriculture and manufacturing in Spencer County has been the main source of employment in the county from 1980 through 2000. (Many residents reporting agriculture as a source of income in 1980 may also be receiving income from other employment besides agriculture.) Substantial gains in employment in wholesale and retail trade as well as services were realized from 1980 to 2000 in the county. This trend follows a national trend toward greater employment in non-manufacturing categories, indicating a leveling-off of manufacturing employment in recent years and an increasing orientation toward public employment and professional and service type jobs.

Income Trends and Poverty Levels

Two other important indicators of an area's economic status are the trends experienced in per capita and family incomes, and in the level of poverty of the resident population. The median household income in Spencer County in 2000 was \$47,042, while in Kentucky, median household income was only \$35,150.

The following Table 3-3 traces recent trends in per capita income relative to Spencer County, the region, and the state.

TABLE 3-3

PER CAPITA INCOMES FOR 1990, 1994 AND 2000

<u>Area</u>	<u>1990</u>	<u>1994</u>	<u>2000</u>	<u>% Change</u>
Spencer County	\$13,220	\$15,312	\$19,848	29.6%
Region (excludes Spencer County)	\$16,164	\$19,135	\$20,076	4.9%
Kentucky	\$14,747	\$17,721	\$18,093	2.1%

Source: 1996 Kentucky Deskbook of Economic Statistics

Significantly, Spencer County's percentage increase in per capita income between 1990 and 1994 was lower than that of the region at 18.4 percent or the state which had a 20.4 percent increase in the same period of time. It should be noted that Spencer County's per capita income was lower than both that of the region and the state in 1990 and 1994. However, in 2000, Spencer County's median per capita income increased by 29.6 percent from 1990, putting the median income above that of Kentucky and only slightly lower than that of the region. This may be due, in part, to the increasing number of persons employed in professional and service type jobs; especially among new residents of the county who are not employed in the traditionally dominant agricultural field.

The U.S. Census Bureau's definition of poverty is, basically, persons below a certain income level (called a "threshold") which is determined in comparison with other families and adjusted by such factors as family size, sex of family head, number of children, and farm and non-farm residence. In 2000, there were 1,015 persons with incomes less than the poverty level in Spencer County, or 8.6 percent of the total county population. Compared with the State's 2000 rate (15.4 percent) of all persons with incomes less than the poverty level, it is evident that Spencer County is well above the State's rate. Table 3-4 illustrates this comparison.

TABLE 3-4

**PERSONS WITH INCOME LESS THAN THE POVERTY LEVEL
1980-2000: SPENCER COUNTY KENTUCKY**

	<u>1980</u>	<u>1990</u>	<u>2000</u>
<u>Spencer County</u>			
Persons	1,081	1,292	1,015
% of Population	18.2%	19.0%	8.6%
<u>Kentucky</u>			
Persons	626,240	681,827	621,096
% of Population	17.1%	18.5%	15.4%

Source: U.S. Bureau of the Census, General Social and Economic Characteristics PC (1)-C19

OVERVIEW OF CURRENT ECONOMIC STRUCTURE

Complementing the analysis of past trends of the county's labor force and industry group characteristics is the study of the community's current economic structure. The various sectors of the local economy are analyzed in terms of their positions in a regional and state market; and in terms of their dominance and variety within the smaller economic community.

Dependence on the Regional and State Economics

Spencer County is situated just to the southeast of the dominant economic community of the state, Louisville SMSA. As Spencer County gradually changes from a rural, agricultural community to one that is more dependent on the Louisville economic market, the economic structure should begin to show more variety in the types of employment of its residents and in the total earnings brought to the county by the varying industry groups. A review of the current trends in the major trade categories illuminates the growing interdependence of the county, regional, and state economics.

The following table 3-5 shows the number of people who work in each labor industry in Spencer County. As stated above, note that the agriculture industry does not take precedence over other industries, in fact, it is has the smallest number of workers.

**TABLE 3-5
OCCUPATION DISTRIBUTION OF SPENCER COUNTY RESIDENTS**

	Number	Percent
Management, professional, and related occupations	1319	22.2
Service occupations	723	12.1
Sales and office occupations	1603	26.9
Farming, fishing, and forestry occupations	77	1.3
Construction, extraction, and maintenance occupations	844	14.2
Production, transportation, and material moving occupations	1386	23.3

U.S. Bureau of the Census, Census 2000

Agriculture

Spencer County has historically depended heavily on agriculture for employment. In 1976, income received from farming represented 49 percent of the county's total personal income. Although agriculture is no longer one of the largest employment categories for the county, the discussion of the economic structure of the community is initiated with the most current available agricultural statistics.

Since 1997, the number of acres in farms has fluctuated somewhat. Between 1997 and 2002, there was a decrease of 6,916 acres, representing an approximate decline of 8.2 percent for that period. In the same period, the number of farms decreased by 3.6 percent and the average size of individual farms decreased by 5.3 percent. The following Table 3-6 shows number, size and percentage of land area of farms for the county, region, and state for 1997 and 2002.

**TABLE 3-6
NUMBER, LAND, AND VALUE OF FARMS: 1997-2002**

	Number of Farms		Land (Acres) in Farms		Avg. Size in Acres		Avg. Value of Land, Buildings	
	1997	2002	1997	2002	1997	2002	1997	2002
Kentucky	91,198	86,541	13,940,180	13,843,706	153	160	222,914	294,056
Bullitt	654	616	61,667	61,342	94	100	276,468	300,167
Henry	1,022	883	150,585	141,592	147	160	139,361	358,936
Jefferson	565	526	39,128	41,061	69	78	323,839	408,793
Oldham	449	481	74,265	62,561	165	130	504,627	654,268
Shelby	1,533	1,557	204,292	201,667	133	130	337,735	441,808
Spencer	646	623	84,441	77,525	131	124	253,000	326,013
Trimble	572	562	66,079	64,528	116	115	164,002	191,238

Source: U.S. Bureau of the Census, Census of Agriculture, 1997-2002

The number of farms in the county decreased from 646 to 623 between 1997 and 2002. This resembles, to a certain extent, the downward trend the county experienced between 1969 and 1974. The total land area of the county devoted to farming also decreased by over six thousand acres between 1997 and 2002, and the average size of farms in acres has decreased at a slow rate. By comparison, total land area devoted to farming in Kentucky for the same period decreased by 0.7 percent, and the average size of farms in acres increased seven acres per farm from 153 to 160 acres. Thus, farms in Spencer County are smaller than those of the state as a whole.

The average value of land and buildings per farm in Spencer County increased 28.9 percent between 1997 and 2002. This compares to an increased value of 31.9 percent for the state for the same period. Rapid increases in land values have contributed to the large increases in farm land prices.

The growing insignificance of agriculture to the county's economy is further evidenced by the decreases in the value of agricultural products. In terms of the value of agricultural products sold, the rate has moved at a steady rate, with moderate decreases in the value of crops and tobacco. The decreases have also been felt statewide as shown in Table 3-7.

TABLE 3-7

**VALUE OF SELECTED AGRICULTURAL PRODUCTS (\$1,000)
1997 TO 2002: SPENCER COUNTY**

	Spencer County			Kentucky		
	<u>1997</u>	<u>2002</u>	<u>%Change</u>	<u>1997</u>	<u>2002</u>	<u>%Change</u>
Total						
Products	\$19,988	11,381	-43.1%	\$3,158,783	3,080,080	-2.5%
Crops	11,992	6,970	-41.9%	1,610,935	1,110,209	-31.1%
Livestock	7,996	4,411	-44.8%	1,547,847	1,969,871	+27.3%
Tobacco	8,858	3,552	-59.9%	819,563	403,991	-50.7%

Source: U.S. Bureau of the Census, Census of Agriculture 1997-2002.

While the value of agricultural products sold has dropped steadily, farmers' costs have not. Expenditures for feed and livestock and poultry for 2002 have remained relatively steady since 1997. Costs for gasoline, diesel and other petroleum products have increased by over 18 percent between 1997 and 2002.

Thus, agriculture has become a less important sector of the county's economy, primarily due to the fact that the state is gradually becoming more urbanized and industrialized. The value of farm products continues to fall while farm operations are becoming more mechanized and less labor intensive, with fewer but larger farms experiencing continually rising expenditures for farm operation.

If agriculture is to remain important to the county's economic structure, the lands most suitable for agriculture production must be protected from the encroachment of other land uses such as suburban or industrial development. Preservation of agricultural land will also help to diversify the economy as it can encourage the development of agriculturally related service industries.

COMMERCE – WHOLESALE AND RETAIL TRADE

Retail Trade

The following Table 3-8 reflects recent trends in retail sales growth for the county and the state.

TABLE 3-8

RETAIL SALES GROWTH: 1997 AND 2002

	Establishments (Number)		Sales		<u>% Sales Change</u>
	<u>1997</u>	<u>2002</u>	<u>1997</u>	<u>2002</u>	
Spencer County	23	25	16,887	28,208	67.0%
Kentucky	17,369	16,847	33,332,675	40,062,561	20.2%

Source: U.S. Bureau of the Census, Census of Retail Trade, 1997-2002.

Table 3-8 indicates that while retail establishments remained about the same from 1997 to 2002 in the county, retail sales increased by 67 percent. However, sales surpassed the state by nearly 47 percent for the same period.

The various kinds of retail business groups and their recent trends in number of establishments and sales are described in Table 3-9 for the county.

TABLE 3-9

**NUMBER OF ESTABLISHMENTS AND SALES BY BUSINESS GROUP
SPENCER COUNTY**

<u>Business Group</u>	1997		2002	
	<u># of Establishment</u>	<u>Sales (\$1000)</u>	<u># of Establishment</u>	<u>Sales (\$1000)</u>
Bldg. Mat., Hardware, Garden	5	1,408	5	2,104
Gen Merchandise stores	2	D	2	D
Food and Beverage	6	8,199	1	D
Automotive Dealers	1	D	6	D
Gasoline Service Stations	3	D	4	4,793
Apparel and Accessory	N/D	N/D	1	D
Furniture	N/D	N/D	2	D
Electronic and Appliances	1	D	1	D
Health and Personal Care	1	D	1	D
Sports, Hobby, Books, Music	N/D	N/D	1	D
Nonstore Retailers	3	D	1	D

Source: U.S. Bureau of Census, Census of Retail Trade, 1997-2002.
NOTE: D = Withheld to avoid disclosure N/D = No Data Available

Descriptions of the above table subsectors are more particularly described as follows:

Industries in the **Building Material and Garden Equipment and Supplies Dealers** subsector retail new building material and garden equipment and supplies from fixed point-of-sale locations. Establishments in this subsector have display equipment designed to handle lumber and related products and garden equipment and supplies that may be kept either indoors or outdoors under covered areas. The staff is usually knowledgeable in the use of the

specific products being retailed in the construction, repair, and maintenance of the home and associated grounds.

Industries in the **General Merchandise Stores** subsector retail new general merchandise from fixed point-of-sale locations. Establishments in this subsector are unique in that they have the equipment and staff capable of retailing a large variety of goods from a single location. This includes a variety of display equipment and staff trained to provide information on many lines of products.

Industries in the **Food and Beverage Stores** subsector usually retail food and beverages from fixed point-of-sale locations. Establishments in this subsector have special equipment (e.g., freezers, refrigerated display cases, refrigerators) for displaying food and beverage goods. They have staff trained in the processing of food products to guarantee the proper storage and sanitary conditions required by regulatory authority.

Industries in the **Motor Vehicle and Parts Dealers** subsector retail motor vehicles and parts from fixed point-of-sale locations. Establishments in this subsector typically operate from a showroom and/or an open lot where the vehicles are on display. The display of vehicles and the related parts require little by way of display equipment. The personnel generally include both the sales and sales support staff familiar with the requirements for registering and financing a vehicle as well as a staff of parts experts and mechanics trained to provide repair and maintenance services for the vehicles. Specific industries are included in this subsector to identify the type of vehicle being retailed. Sales of capital or durable nonconsumer goods, such as medium and heavy-duty trucks, are always included in wholesale trade. These goods are virtually never sold through retail methods.

Industries in the **Gasoline Stations** subsector retail automotive fuels (e.g., gasoline, diesel fuel, gasohol) and automotive oils with or without convenience store items. These establishments have specialized equipment for the storage and dispensing of automotive fuels.

Industries in the **Clothing and Clothing Accessories Stores** subsector retail new clothing and clothing accessories merchandise from fixed point-of-sale locations. Establishments in this subsector have similar display equipment and staff that is knowledgeable regarding fashion trends and the proper match of styles, colors, and combinations of clothing and accessories to the characteristics and tastes of the customer.

Industries in the **Furniture and Home Furnishings Stores** subsector retail new furniture and home furnishings from fixed point-of-sale locations. Establishments in this subsector usually operate from showrooms and have substantial areas for the presentation of their products. Many offer interior decorating services in addition to the sale of products.

Industries in the **Electronics and Appliance Stores** subsector retail new electronics and appliances from point-of-sale locations. Establishments in this

subsector often operate from locations that have special provisions for floor displays requiring special electrical capacity to accommodate the proper demonstration of the products. The staff includes sales personnel knowledgeable in the characteristics and warranties of the line of goods retailed and may also include trained repair persons to handle the maintenance and repair of the electronic equipment and appliances. The classifications within this subsector are made principally on the type of product and knowledge required to operate each type of store.

Industries in the **Health and Personal Care Stores** subsector retail health and personal care merchandise from fixed point-of-sale locations. Establishments in this subsector are characterized principally by the products they retail, and some health and personal care stores may have specialized staff trained in dealing with the products. Staff may include pharmacists, opticians, and other professionals engaged in retailing, advising customers, and/or fitting the product sold to the customer's needs.

Industries in the **Sporting Goods, Hobby, Book, and Music Stores** subsector are engaged in retailing and providing expertise on use of sporting equipment or other specific leisure activities, such as needlework and musical instruments. Book stores are also included in this subsector.

Industries in the **Nonstore Retailers** subsector retail merchandise using methods, such as the broadcasting of infomercials, the broadcasting and publishing of direct-response advertising, the publishing of paper and electronic catalogs, door-to-door solicitation, in-home demonstration, selling from portable stalls and distribution through vending machines. Establishments in this subsector include mail-order houses, vending machine operators, home delivery sales, door-to-door sales, party plan sales, electronic shopping, and sales through portable stalls (e.g., street vendors, except food). Establishments engaged in the direct sale (i.e., nonstore) of products, such as home heating oil dealers and newspaper delivery are included in this subsector.

Two out of the eleven business groups listed in Table 3-9 reported a loss in the number of establishments between 1997 and 2002. It is evident that it is difficult to maintain a retail concern in a rural community, especially when it must compete with a neighboring large metropolitan area for consumers of various types of goods. It is necessary to stimulate competition among retailers and even encourage some new concerns to locate in the county, thus reversing a downward trend in the retail sector of the local economic structure.

As the retail market's volume is affected by the movement of shoppers to and from adjacent areas, consideration must be given to the competition from community retail centers and regional commercial centers like the Oxmoor Shopping Mall. Analysis of the need to establish a dominant retail shopping center to enhance the strength of the commercial sector of the local economy will be discussed in the land use element of the comprehensive plan.

Wholesale Trade

Wholesale trade is the second area of the commercial sector of the economy which could be strengthened in Spencer County. Wholesale trade activities include sales to retailers, industrial, institutional and commercial users, other wholesalers, or wholesalers acting as intermediate agents, buying and selling merchandise. In 2002 there were a total of four wholesale trade establishments, a decrease of three establishments from 1997 to 2002.

SERVICES

The Services sector of the local economy has grown steadily in the past several years, in contrast to the somewhat weaker commercial sector. This growth has followed a general national trend depicting a shift from the production of goods to the provision of a wide variety of services.

The growth of the services sector is also linked to population growth. As a population center grows, the demand for the number and increased specialization of services grows. The collective effects of population increases, increases in income, shorter work weeks, and changes in the composition of the labor force have resulted in the increased demand for services. Table 3-10 shows selected service industry statistics for the county for 1997 and 2002.

TABLE 3-10

SELECTED SERVICES INDUSTRIES STATISTICS 1997 AND 2002

<u>Business Group</u>	1997		2002	
	<u># of Establishments</u>	<u>Sales (\$1000)</u>	<u># of Establishments</u>	<u>Sales (\$1000)</u>
Accommodations	7	D	7	2,794
Administrative, Waste, Remedial	4	D	8	D
Information	N/D	N/D	2	N/D
Auto Repair	N/D	N/D	6	D
Recreation	3	1,588	3	1,870
Health and Social	10	5,812	18	D
Professional, Scientific, and Technical	7	1,225	11	D

Source: U.S. Bureau of the Census, Economic Census, 1997-2002.

The numbers of services industries in Spencer County increased by 77.4 percent from 1997 to 2002 while the number of statewide increased by 21.1 percent. Considering the rural nature of the county and the principle that service industry demand increases as population increases, Spencer County's service sector has grown rapidly. The numbers of establishments in selected categories will also likely increase as the need increases.

MANUFACTURING

The manufacturing sector of the economy has increased very little in the last few years. This is primarily due to the rural nature of the county, inhospitable terrain and lack of transportation and utility infrastructure such as rail, highway, and natural gas.

In 1977, there were a reported three establishments in the county with a total of 27 employees for the week of March 12th, with an annual payroll of \$200,000. The Kentucky Cabinet for Economic Development reported that from 2004 to 2006 there were no longer any establishments operating in Spencer County that qualified as manufacturing facilities.

The nearest rail service is available at Shelbyville, 20 miles from Taylorsville. The nearest piggyback service is at Louisville, 32 miles northwest of Taylorsville. Access to major interstate routes is also limited with I-64 located 16 miles to the north via Kentucky 55; and I-65 located 22 miles to the west via Kentucky 44. Kentucky Highway 55 also provides access to the Bluegrass Parkway, 13 miles south of Taylorsville. Sixteen common carrier trucking companies provide interstate and intrastate service to Taylorsville. The nearest scheduled airline service is available at the Louisville International Airport which is located at Standiford Field in Louisville, 30 miles to the northwest. These limitations make it extremely difficult to attract new manufacturing concerns to the county.

THE ECONOMIC FUTURE

In order to assess the prospects for the future of Spencer County's economy relative to both the various sectors of the economy and the economic status of the community as a whole, it is necessary to consider factors which will influence the development of the potential labor force and each sector.

Labor Force and Employment Projections

In the future growth of the county's economic base, the available labor force will be a critical factor. This is especially true because of the large number of county residents who commute to work outside the county. It is projected that by the year 2020, if present commuting patterns continue, over 78 percent of the county's available labor force will commute to jobs in surrounding counties.

Table 3-11 illustrates the relationships between the estimated working age population and the employment and unemployment patterns for Spencer County as well as the region and state. Unemployed persons are defined as those currently seeking work. Persons not in the labor force are defined as those that are within the working age class, but do not participate.

TABLE 3-11

2005 ESTIMATED LABOR SUPPLY

Place	<u>Work Age</u>			<u>Not In Labor</u>
	<u>Populatio</u>	<u>Employed</u>	<u>Unemployed</u>	
Spencer County	10,516	7,383	397	2,736
KIPDA Region	900,616	427,980	27,250	445,386
Kentucky	2,813,298	1,878,341	121,317	813,640

Source: 2006 Kentucky Deskbook of Economic Statistics.

About 74 percent of the working age population (defined here as ages 15-64) is, and will continue to be, in the county labor force. It is further assumed that an average of about 5 percent of the labor force will be unemployed (this

estimate may be higher in winter months due to loss of employment in seasonal and agricultural jobs).

The working age class and potential employment in Spencer County is projected to increase by about 135 percent from 2000 to the year 2020. If the number of in-commuters (those persons who live outside but work within the county) remains at about the same level of 449 persons as determined in the 2000 U.S. Census, then the remaining jobs would be filled by Spencer County residents. Thus, in the year 2020, about 3,067 Spencer County jobs would be filled by residents of the county while an additional 10,873 residents (or 29.3 percent of the county's labor force) would be employed outside the county.

The commuting of nearly 80 percent of the county's labor force per day to and from jobs outside the county has several economic implications. One such implication is the cost of commuting, as the cost of gasoline will continue to rise, and the lack of some form of mass transit prohibits commuters from finding an alternative to automobile travel. The scarcity of highway funds for both construction and maintenance is also an obstacle for providing better roads and more accessible transportation for commuters traveling to and from the county. If energy costs continue to increase and county roads remain inaccessible, alternative travel modes for commuters will need to be provided if the projected population growth is to be realized.

A second economic implication relating to the large number of expected out-commuters pertains to lost tax revenues. Every job opportunity represents a real property investment which in turn results in property tax revenues for the jurisdictions in which the job is located. The expanded opportunity to work inside the county, then, would result in larger tax revenues to Spencer County.

These two economic implications of commuting to employment outside the county support the planning objective to encourage the formation of new job opportunities within the county of the types and in the locations that are compatible with the population and natural resources of the area.

Projected Male and Female Labor Force

The participation rate of the female labor force is expected to continue at 72.2 percent of all working age women by the 2000's. This prospect also has important implications relative to the community's ability to attract potential employers, especially as many of the working women may also be mothers and prefer to have jobs relatively close to schools and child care centers. Table 3-12 depicts projections of the male and female labor force for the year 2020.

TABLE 3-12
PROJECTED FEMALE AND MALE LABOR FORCE
SPENCER COUNTY

<u>Year</u>	<u>Projected Female Working Age Pop.(15-64)</u>	<u>Projected Female Participation Rate</u>	<u>Projected Female Labor Force</u>
1990	2,209	0.620	1,369
2000	3,972	0.722	2,866
2010	6,982	0.722	5,042
2020	9,415	0.722	6,798

<u>Year</u>	<u>Projected Male Working Age Pop.(15-64)</u>	<u>Projected Male Participation Rate</u>	<u>Projected Male Labor Force</u>
1990	2,253	0.841	1895
2000	4,059	0.826	3,352
2010	7,059	0.826	5,831
2020	9,422	0.826	7,783

Source: How Many Kentuckians 2004 Edition, Population Forecasts 2005-2020, Kentucky State Data Center.

NOTE: Amounts listed for years 1990-2000 are not projected, but are the actual amounts recorded in U.S. Census Data.

Assuming that the female employment participation rate will remain at 72.2 percent of the female working age population by the year 2020, the projected female working age populations (15-64) were multiplied by the corresponding linear projected participation rate to find the projected female labor force.

It was also assumed that the county's 2000 male participation rate of 82.6 percent will remain relatively constant for the planning period, as it is unlikely to decline unless a recessionary economy causes increased unemployment; and as the rate may not rise significantly because many of the new job opportunities may be taken by women.

The projected male population in the labor force is estimated to increase by 132 percent between the years 2000 and 2020. The female labor force is also estimated to increase by nearly 4,000 employees at a rate of 137 percent. The increased population rate is due to the changing demographics of the expanding economy.

Projections of Industry Group Employment

Spencer County's estimated employment by industry group as a percentage of total employment from 1995-2005 is indicated in the following, Table 3-13.

TABLE 3-13**PERCENTAGE OF INDUSTRY GROUP EMPLOYMENT
1995-2005**

<u>Industry</u>	<u>1995</u>	<u>2005</u>	<u>% Change</u>
Mining	0.0%	0.0%	0.0%
Construction	11.3%	15.7%	+4.4%
Manufacturing	7.2%	2.6%	-4.6%
Utilities, Trade, and Transportation	26.6%	14.6%	-12.0%
Finance, Insurance and Real Estate	4.3%	5.3%	+1.0%
Services	18.7%	28.8%	+10.1%
Government	30.7%	31.0%	+0.3%
Other	1.2%	2.0%	+0.8%

Source: Kentucky Deskbook of Economic Statistics 1997, 2006

Note: Percentages are percentages of total employment. Columns may not equal 100% due to rounding.

The most dramatic change in industry group employment is in the services industry which increased 10.1 percent from 1995 to 2005. Second is construction which increased in the same period by 4.4 percent. In 2005, transportation, utility, and trade related jobs decreased to 14.6 percent from 26.6 percent in 1995 and no longer continued to be a leading employer. These sudden shifts in employment percentages are most likely due to the tremendous population growth and suburbanization experienced in Spencer County during this period. Part of these employment changes, however, may also reflect an increase in commuters traveling to jobs outside the county. The lack of available infrastructure such as utilities and accessible transportation such as railroads still inhibits the county in realizing industrial growth. Analysis of the obstacles which must be overcome in order to attract industry to the area should be undertaken, in conjunction with the study of the types of manufacturing or industry desired by the community as a whole.

The services sector of the economy is also projected to play an increasingly important role in the local economy, just as it is gaining in prominence both regionally and nationally. It is estimated that over half of the national labor force is employed in the service sector; and this figure may

continue to increase as the production of goods becomes more automated and the import sector grows, and as Americans spend increasing shares of their dollars for services.

In Spencer County, the services sector has the potential of stabilizing and diversifying the economy. For example, the potential for further development of recreational resources associated with Taylorsville Lake exists, requiring employment in support of the recreation industry and the attraction of dollars spent by people entering the county to utilize the lake.

SUMMARY

The future development of the economy of Spencer County is dependent not only on the influence of the regional and state economic condition, but also on the fulfillment of established public policy.

Adopted goals and objectives toward several key problems concerning the economy will affect the future development of the county. These issues or problems include, but are not limited to, the following:

1. The establishment of a strong downtown area with increased diversity, quantity, and quality of merchandise.
2. The appropriate location of convenience shopping centers that meet the needs of shoppers, but are compatible with surrounding land uses and transportation networks.
3. The encouragement of continued agricultural production and the preservation of prime farm land through zoning policies.
4. Diversification of the service sector to help stabilize the economy, provide jobs, and help stem the flow of out-commuters.
5. Attraction of new industry that is compatible with the county's natural resources and the employment needs of county residents.
6. The determination of attitudes toward industrial zoning the establishment of industrial parks, promotional efforts and utilities installation, and extension and maintenance. This is especially important due to the fact that many industrial parks located around the state are having difficulty attracting industries to locate in the established parks.
7. The reduction in the flow of out-commuters by the development of job opportunities that will attract county residents and encourage them to live closer to their jobs.

These are suggested key issues affecting the community's economic development which have become evident from the foregoing economic base study. They can be used as a guide for the establishment of more specific goals and objectives by the public and elected officials as a part of the comprehensive plan and in the determination of policies and programs to encourage economic development.