

AN ECONOMIC BASE ANALYSIS
OF
COVINGTON COUNTY, MISSISSIPPI

Prepared for:

THE COVINGTON COUNTY
CHAMBER OF COMMERCE

Prepared by:

THE UNIVERSITY OF SOUTHERN MISSISSIPPI
CENTER FOR COMMUNITY AND ECONOMIC DEVELOPMENT

June 2002

Economic Base Analysis of Covington County

Introduction

The economic future of Covington County is likely to become more complex in the future. The evolution of the global economy, the shift of labor-intensive manufacturing offshore, and the increased importance of a skilled workforce are the trends that will dictate local economic development. As Covington County leadership evaluates its economic situation and looks at potential employers to attract, it is important to first study the past and present state of the economy.

The Center for Community and Economic Development has prepared this economic base analysis to describe the current economy in Covington County. All information gathered has been obtained from various local, state, and federal sources.

Location

Covington County, Mississippi is situated in the south central part of the state. Two major highways intersect at the city of Collins – U.S. Highway 49 (which runs north-south) and U.S. Highway 84 (which runs east-west). Collins, in addition to being the county seat, also has the majority of the county's businesses. The other major towns in the county are Mt. Olive, which is eight miles north of Collins on Highway 49 and Seminary, which is six miles south of Collins on Highway 49. The county also lies within reasonably close proximity to such metropolitan areas such as:

- Jackson – 61 miles
- Memphis - 264 miles
- New Orleans - 126 miles
- Dallas - 451 miles
- Atlanta - 382 miles

Demographics

According to the U.S. Census, the 2000 population of Covington County was 19,407, which was a 17.4% increase since the 1990 census. By comparison, the state of Mississippi experienced a 10.5% growth increase for the same period. Comparing these figures to the national population growth of 13.1% for the decade, shows that Covington County is ahead of both state and national trends in population growth.

Along with population growth, it is important to look at the age of the population. The 65 and over age group accounted for 13.0% of Covington County's population in 2000, according to Census figures. This was slightly higher than the 12.1% figure for the state. This indicates that the county's population has a slightly higher proportion of elderly than the state of Mississippi. The median age for Covington County is (33.8), which is equal

to the median age of the state (33.8) and close to the median age of the nation (35.3). In addition, Covington County's population under the age of 18 was 28.8% of the total in 2000, and 31% of the total in 1990. This percentage was higher than the 2000 census figures for the state (27.3%) and the nation (25.7%).

The working age population of Covington County (ages 18 - 64) was 58.2% of the total population. According to the 2000 Census, this figure was slightly lower than the state's working age population of 60.6%. Covington County's working age population grew by 24.16% from 1990 to 2000. Conversely, the state working age population grew by only 16.76%.

Based on this information, it can be concluded that Covington County's workforce is growing at rate significantly faster than the rest of the state.

Income

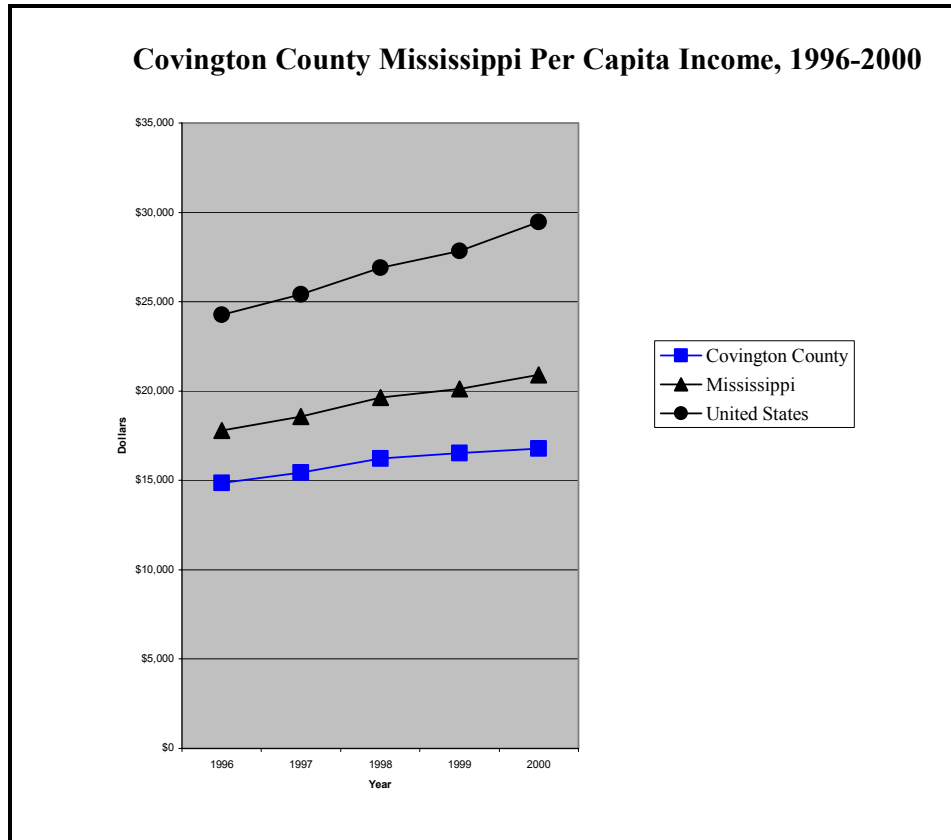
According to the U.S. Bureau of Economic Analysis (BEA), the Covington County per capita personal income (PCPI) was \$16,771 in 2000 (Table 1). On this basis, Covington County ranked 61 out of 82 counties in the state, and this income is 57% of the state PCPI for 2000 and 71% of the U.S. PCPI. The county's PCPI has increased by an average of 3.2% per year since 1996. The average increase over the same period was 4.4% per year for the state of Mississippi and 5.4% per year for the nation. The county per capita income increase was slightly less than the state and significantly below the national average for the same period. Mississippi and Covington County continue to fall further behind the rest of the nation in income growth, as shown in Table 1 and Chart 1.

TABLE 1
Per Capita Personal Income, 1996 - 2000

	1996	1997	1998	1999	2000	Change 1996 2000
Covington County	\$14,843	\$15,440	\$16,222	\$16,535	\$16,771	\$1,928
Mississippi	\$17,793	\$18,580	\$19,635	\$20,109	\$20,900	\$3,107
United States	\$24,270	\$25,412	\$26,893	\$27,843	\$29,469	\$5,199

Source: U.S. Bureau of Economic Analysis

CHART 1



Source: Bureau of Economic Analysis

The Effective Buying Income (EBI) is defined as money income less personal tax payments, a number often referred to as ‘disposable’ or ‘after tax’ income. According to *Claritas Market Statistics*, the median household EBI in 2001 for Covington County was estimated to be \$24,502. This figure was \$3,887 below the state average and almost \$14,628 below the national average. Generally speaking, *Claritas* describes EBA as a bulk measurement of market potential that indicates the ability to buy.

An additional figure that is useful in income analysis is the Per Capita Effective Buying Income, which measures the average spending power per person. In addition, the Per Capita EBI has the ability to compare the relative level of income of different markets because it eliminates the impact of population size. Covington County’s per capita EBI was \$11,698 in 2001, compared to \$13,740 for the state as a whole and \$18,426 for the U.S.

Income sources are another good indicator of the economic health of the community. Covington County receives a substantially larger percentage of money from transfer payments from the federal government than that from the state or nation. Data from 2000 shows that Covington County receives 24.2% of its total income from transfer payments totaling \$79,031. Contrastingly, the whole state of Mississippi receives only 19.1% from transfer payments. Both of these figures are significantly higher than the national figures

of 12.9%. This indicates that a larger percentage of the population receives federal assistance (i.e. Social Security, Medicare, Medicaid, welfare or other Federal Programs).

With a large percentage of the population receiving income from transfer payments, it is no surprise that a relatively small percentage of income is from wages and salaries. Covington County's income from wages and salaries makes up only 30.5% of the overall income in 2000. This again is significantly lower than Mississippi's (51.7%) or the United States (58.2%).

Labor Force

As discussed previously, the workforce of Covington County is growing at a rate significantly faster than the state of Mississippi. According to the Mississippi Employment Commission, Covington County 18-64 age group in 2000 comprises 58.1% of the total population, which is above the State of Mississippi (57.4%), and the United States (58.7%).

Covington County has a labor force male-female ratio of 55% male and 45% female, according to the Mississippi Employment Security Commission. The ratio in Mississippi in 1990 was 53% male and 47% female, and the national average of 54.3% male to 45.7% female. Covington County is consistent with state and national trends.

The unemployment rate for Covington County was 5.2% in April, 2002, as reported by the Mississippi Employment Security Commission. The rate is significantly lower than the Mississippi rate (6.4%), and is also lower than the national rate of 5.8%. This reflects a labor force that mirrors national trends.

Employment Base

According to the Mississippi Development Authority, an average of 1,640 workers were employed in manufacturing in Covington County in 2000 (Table 2 and Chart 2). This represents 33% of the county's total employment. This is a higher proportion than the U.S. (12%) and the state (20%). Most of the manufacturing jobs in Covington County involve food and kindred products (non-durable goods) and construction. Data on personal income from the Bureau of Economic Analysis (BEA) indicate that manufacturing durable goods pays higher wages than manufacturing non-durable goods. According to the Mississippi Employment Security Commission, Mississippi has lost over 47,000 manufacturing jobs between 1995 and 2001, which is an 18.1% decrease for that time period. During this same period, Covington County lost 690 manufacturing jobs, a decline of 30.1%. While high when compared to the state rate, the decrease was still a reflection of the national trend.

The largest industry earnings in 2000 were manufacturing 20.8%, construction 18.2%, and state and local government 19.3%. Inclusive of the industries that accounted for less

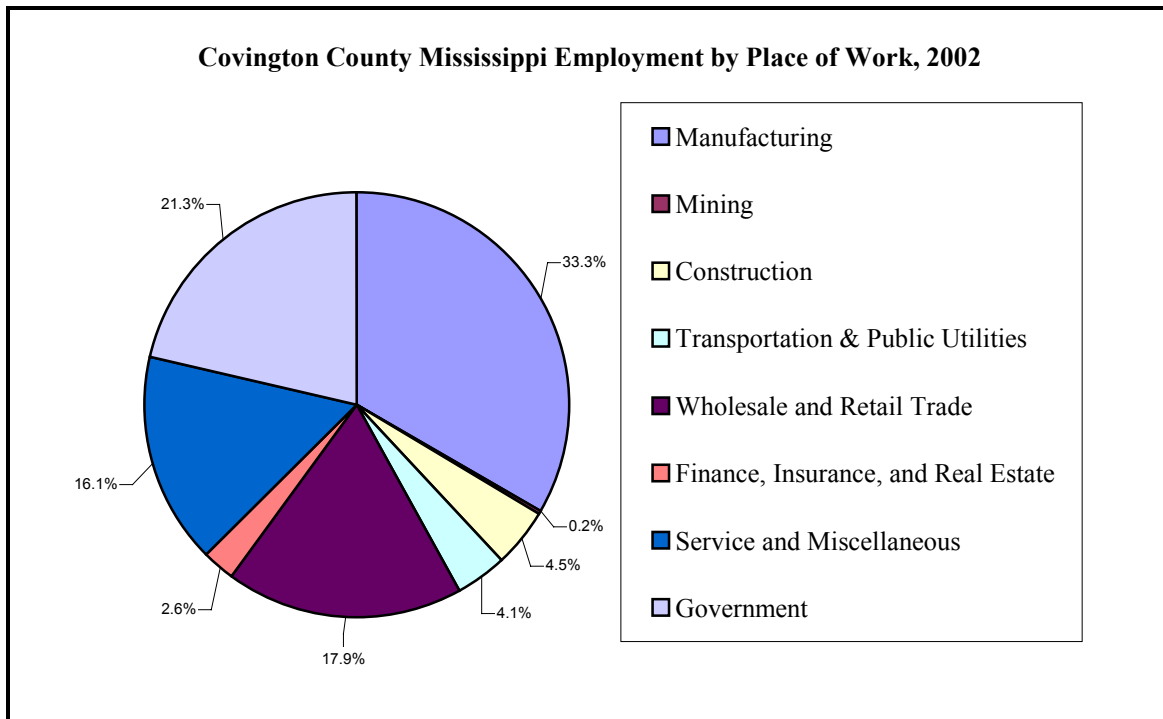
than 10% of earnings in 2000, the slowest growing sector was agriculture (6.8% of earnings). A lack of agriculture growth is evidenced by to decreased earnings from 1999 to 2000 of 20%. The fastest growing industry earnings was found in the area of government, which increased by 10.9%.

TABLE 2
Average Employment by Major Industry Sector, 2000

Industry Sector	Covington County	Percent of Total	Percent of Total for Mississippi	Percent of Total for U.S
Total	4,920	100	100	100
Mining	10	0.2	0.4	0.5
Construction	220	4.5	4.8	5.7
Manufacturing	1,640	33.3	20.2	11.4
Transportation	200	4.1	4.9	4.9
Wholesale and Retail Trade	880	17.9	22.2	20.9
F.I.R.E.	130	2.6	3.7	8.1
Services	790	16.1	23.5	31.8
Government (Including Public Education)	1,050	21.3	20.3	13.6

Sources: MESAC and Mississippi Development Authority

CHART 2



Sources: Bureau of Economic Analysis and Mississippi Development Authority

The service sector of employment saw an increase of 27.4% in Covington County between 1996 and 2000. This number is over two times the state growth of 10.8% and national growth of 14.6% in the same period. The county is experiencing a substantially higher growth in this sector than the state or nation.

Sanderson Farms employed the largest number of employees in 2002 (Table 3). The employer of the food and kindred products held the greatest number of manufacturing employees in Covington County in 2002. Other manufacturing businesses such as construction equipment and materials along with lumber supply held the vast majority of employees.

TABLE 3
Largest manufacturing employers in Covington County

<u>Employer</u>	<u># Employees</u>	<u>Type of Business</u>
Sanderson Farms, Inc	1,289	Food and kindred products
Blain Companies	150	Stone, clay, glass, and concrete products
Warren, Inc	139	Transportation equipment
Rutland Lumber Co, Inc	70	Lumber and wood products
Covington Needleworks, Inc.	38	Apparel and other finished products

Source: Mississippi Manufacturers Database, MDA, June 2002

Retail Trade Activity

According to the 1997 Census of Retail Trade, retail sales for 174 establishments in Covington County totaled \$99,522,000 or \$5,128 per capita. This was well below the state level of \$7,605. The gross sales information indicates that the majority of Covington County sales were in the automotive area, as compared with the state (17.8%). According to the Bureau of Economic Analysis, the earnings from retail trade in Covington County represented 7.4% of total earnings in 2000.

Employment in wholesale and retail trade in Covington County Employees grew by 11.4% from 1996 to 2000 (from 790 to 880). This was in line with the state growth of 10.3%, yet higher than the national growth of 5.7%

Education

Based on information from the Mississippi Employment Security Commission, 64.1% of the Covington County labor force has a high school education or better. This compares with 79% at the state level.

Location Quotient

The location quotient is a ratio constructed to assess a regions specialization in an industry relative to a reference region. Table 4 below outlines Covington County full-time and part-time employment compared with the state of Mississippi. A location Quotient that has a value less than 1.0 - indicates a lower percentage share of an industry in comparison to the region. Conversely, values greater than 1 indicate a larger percentage share in that industry. Three areas assessed are Manufacturing, Wholesale Trade, and Retail Trade.

TABLE 4
Location Quotient for Covington County

<u>Sector</u>	<u>Cov. Co. Employment (2000)</u>	<u>MS Employment (2000)</u>	<u>Location Quotient</u>
Manufacturing	1,640	233,900	1.65
Wholesale and Retail Trade	880	256,800	0.81
Totals	2,520	490,700	

Based on the above calculations, Covington County is experiencing a significantly higher share of manufacturing employment in comparison to the state. Despite losing manufacturing jobs, Covington County still holds a greater proportion of jobs in the manufacturing sector when compared to the state. However, wholesale trade and retail trade employment constitute a smaller proportion in comparison to the state.

Conclusions

This economic base analysis is designed to be a “snapshot” of the Covington County economy as it exists, or recently existed.

Some conclusions appear reasonable, based on this analysis:

- The population of Covington County is growing at a much faster rate than the state average.
- The gap in per capita income between the county and the state continues to be significant.
- The county is more dependent on transfer payments and less dependent on wages and salaries than the state as a whole.
- Unemployment levels reflect state and national trends.
- Manufacturing employment numbers in the county are higher than the state and U.S. figures.
- The service sector of employment, while increasing, lags significantly behind the state and national growth trends.
- Wholesale and retail trade employment showed growth, but still lagged significantly behind the state averages.

It is important to note that between 80%-90% of the jobs created in the U.S. over the next ten years are forecasted to be service-oriented industries. It would be desirable to continue to

attract moderate to high wage manufacturing jobs into the community, but attention also needs to be directed in attracting and retaining business services, health care services, and other high wage service jobs if the community is to achieve a healthy and balanced economy.