

An Economic Base Analysis of Madison County

Introduction

The economic future of Madison County is likely to become even more complex in the future than it has been in the past. The evolution of the global economy, the rapid growth of the Internet economy, the shift of labor-intensive manufacturing off-shore, and the increased importance of a skilled workforce are the trends that will dictate local economic development. The loss of major manufacturing employers in the community in the past years reflects these trends. As the Madison 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 future is always built on the past.

To that end, the Center for Community and Economic Development has prepared this brief economic base study to describe the current economy. This will become the foundation for the assessment of the County and the industries that it should target. Information has been obtained from local, state, and federal sources.

Location

Madison County, Mississippi is located in the west central part of the state. The city of Canton is the county seat and the third largest city in the county. The majority of the businesses are located in or around Canton. The city's distance to other nearby cities is as follows:

Jackson	28 miles
Hattiesburg	116 miles
New Orleans	200 miles
Memphis	200 miles

Madison County is located at the junction of State Highway 16, and Interstate 55, and U.S. Highway 51.

Demographics

According to the US Census, the 1990 population of Madison County was 53,794, and the 2000 population was 74,674. This translates to a population growth of 38.8% in that ten-year period. By comparison, the growth rate for the State of Mississippi for that same period was 10.5%. Much of the growth in the last decade has occurred in the city of Madison, which in the year 2000 had a population of 14,692, up from 8027 in 1990, an increasing rate of 83%. The national population growth for the 1990-2000 period was 13.1%.

The age of the population in Madison County is comparable to that of the state of Mississippi. The median age for Madison County is 33.4, which is about the same median age for the state (33.8). The percentage of population below age 19 accounted for 31.3% of Madison County's population compared to 30.7% for the state of Mississippi.

Income

Median household effective buying income (EBI) in Madison County in 2001 was estimated to be \$34,871, according to *Sales and Marketing Management*, which was \$6482 above that of the state as a whole. Effective buying income is defined as total personal income minus taxes. It is similar to disposable income.

Madison County's per capita income was \$26,548 in 1999 (see Table 1), compared to \$20,686 for the State as a whole and \$28,546 for the U.S. In 1999, Madison County per capita personal income was ranked first in the state, being 128 % that of the state average. For the period 1994-1999, per capita income in Madison County grew at 40.55%, a greater rate than that of 24.99% for the state of Mississippi. During the same period, per capita income in Madison County grew faster than the national average of 26.41%.

Table 1: Per Capita Income, 1994-1999

	1994	1995	1996	1997	1998	1999	Change 1994-1999
Madison Co.	\$18,888	\$20,193	\$21,969	\$23,841	\$25,443	\$26,548	\$7,660
Mississippi	\$16,549	\$17,185	\$18,044	\$18,873	\$20,686	\$20,686	\$4,137
United States	\$22,581	\$23,562	\$24,651	\$25,924	\$28,546	\$28,546	\$5,965

Source: Bureau of Economic Analysis

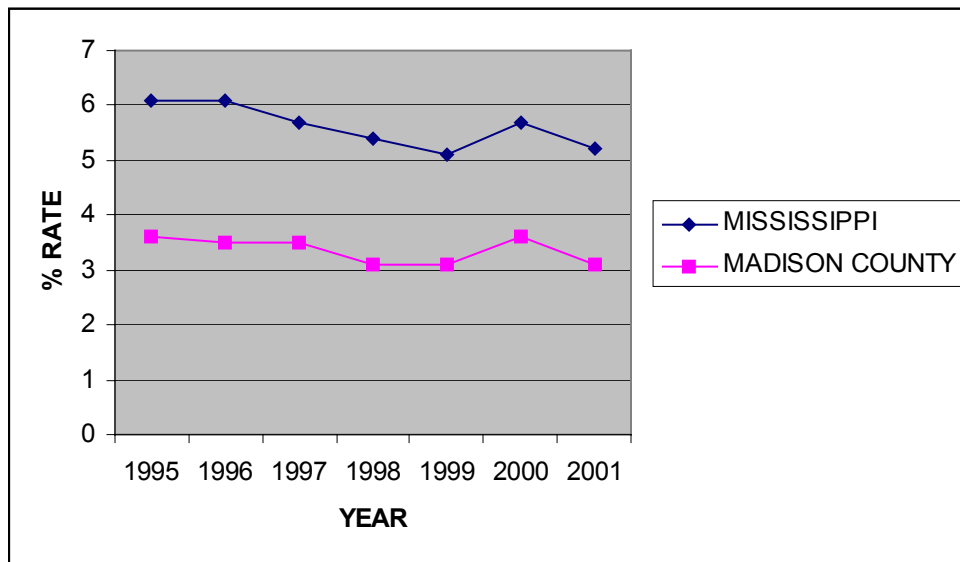
It is also very important to look at the source of income, as this is a good indicator of the economic health of a community. In 1999, earnings (wages and salaries, other labor income, and proprietor's income) accounted for 69.9 %t of total personal income. Dividends and rent accounted for 19.6 % and transfer payments for 10.5 %. For the state of Mississippi, the results were 64.9% in earnings, 16.6% for dividends, and 18.6% for transfer payments. These results show how Madison County receives a higher percentage of its income than that of the state from wages, and a significantly lower rate from transfer payments than that of the state, and of the country (13.1%).

Labor Force

The labor force of Madison County has grown at a faster rate than that of Mississippi. According to the Mississippi Employment Security Commission, the labor force for Madison County was 38,340 for the year 2001, up from 33,020 in 1995.

This represents a growth of 16.1 % for the 1995-2001 period. For the state of Mississippi the labor force was 1,307,300 for 2001, and 1,257,010 for 1995. This represents a growth of 4 % for that period. These figures show how Madison County has become an attractive county for many people. Madison County had an unemployment rate of 3.5% in December 2001, which was below the Mississippi of 5.8% and the U.S. average of 5.4% for the same month (see Table 2).

Table 2
Unemployment Annual Average in Madison County and Mississippi 1999-2001



Madison County unemployment rate has been significantly below that of the state of Mississippi in the last years. According to the figure, Madison County does not get below 3 %, and the state does not get below 5%.

Employment Base

According to the Mississippi Employment Security Commission, 3170 workers were employed in manufacturing in Madison County in 2001. This represents 10.49% of the County’s total employment. This is below the 11.43% employed in manufacturing in the county in 1995. Even while the total number of workers in manufacturing increased in Madison County from 2580 in 1995 to 3170 in 2001, the percentage of workers employed in manufacturing continues to decrease in the county as well as in the United States. Construction and Services were the two groups that had a higher percentage increase in the number of workers from 1995 to 2001. In 2001, 1820 workers were employed in construction activity up from 1020 in 1995, an increase of 78.43%. The services sector employed 6640 workers in 2001, up from 3910 in 1995, an increase of 69.82%.

The numbers for the construction sector shows the trend of people investing and moving to Madison County. The service sector is the business sector that is growing fastest in the United States, and Madison County follows this trend.

The high growth of the percentage of workers employed in construction in Madison County can be associated with the construction of the new Nissan plant in Canton, which has boosted the investment in construction. In January 2000, just two months before start building the plant, 1700 workers were employed in construction in the county. In March when the construction began, there were 1720 workers in construction. Between July and September the number of workers in construction in the county reached a high of 1900, and in December 2001 the number was 1880 construction workers. This represents an increment of 10.58% from January until December 2001.

Employment by major industry group in 2001 and 1995 in Madison County, is shown in Table 3, as well as the percentage of jobs added in every group from 1995 to 2001.

Table 3
Employment by major industry group

INDUSTRY GROUP	% 1995 TOTAL		% 2001 TOTAL		CHANGE
TOTAL	22580	100	30210	100	33.79%
MANUFACTURING	2580	11.43	3170	10.49	22.86%
MINING	20	0.09	30	0.1	50.00%
CONSTRUCTION	1020	4.52	1820	6.02	78.43%
TRANSPORTATION AND P.U.	1460	6.47	2050	6.79	40.41%
WHOLESALE & RETAIL TRADE	7340	32.51	8620	27.62	17.43%
F.I.R.E.	1680	7.44	2200	7.28	30.95%
SERVICES	3910	17.32	6640	21.98	69.82%
GOVERNMENT	3060	13.55	3820	12.64	24.84%
PUBLIC EDUCATION	1510	6.69	1860	6.16	23.17%

Source Number of Jobs: Mississippi Employment Security Commission

As shown in the table, Madison County's largest business sector is Wholesale and Retail Trade with 27.62% of the workers in the county, followed by the Service sector with 21.98%. However, following the trend of the country, the Service sector is the fastest growing business sector. While the wholesale and retail trade sector added 1280 workers in the period from 1995 to 2001, the Service sector added 2730 workers in the same period, more than double the workers added by the Wholesale and Retail Trade sector.

Nissan Plant

An economic base analysis of Madison County needs to include the impact that the construction of the Nissan plant in Canton will bring to the county. The plant's construction began in March 2001, and it is projected to start producing automobiles by the Summer of 2003.

The cost of the plant is estimated to be \$930 million. It will have a capacity of producing 250,000 vehicles per year. At the beginning, it is expected that the plant will hire 3300 workers, and the potential employment level is 4000 workers. Most of the workers will be from the state of Mississippi. This new plant will not only add these direct jobs, but also indirect jobs associated with the requirements and the supplies for production of the plant. Specialized labor will be needed and Madison County can become the leader in providing Mississippi with specialized labor, something that the state lacks. It is expected that the sector of automobile production and assembling will become one of the higher sources of employment in the county.

Conclusions

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

Some conclusions appear reasonable, based on this analysis:

- The size of the population and the workforce of Madison County are rising at higher rates than Mississippi and the United States.
- Madison County leads the state of Mississippi in per capita income. Per capita income for the county is 128% that of the state, and 93% that of the country.
- The county enjoys a healthier economy than the rest of the state. Madison County receives most of its income from wages and salaries, and it is not as heavily dependent on transfer payments as a source of income as other areas of the state.
- Unemployment levels in Madison County are below than the state and national.
- Manufacturing levels of employment continue to decline. However, startup of the Nissan plant and its suppliers will have a tremendous effect on manufacturing employment, possibly reversing this trend.
- The Service sector is becoming the leading employment sector in the county.

It is important to note that, even though Madison County enjoys a healthier economy than any other area in the state of Mississippi, it still has not reached the economic levels of the nation as a whole. The recent level of investment in the county, and the construction of the new Nissan plant allows for optimistic thinking that Madison County will continue being a leader in the state and that it will soon achieve economic levels that resemble more those of the national average.