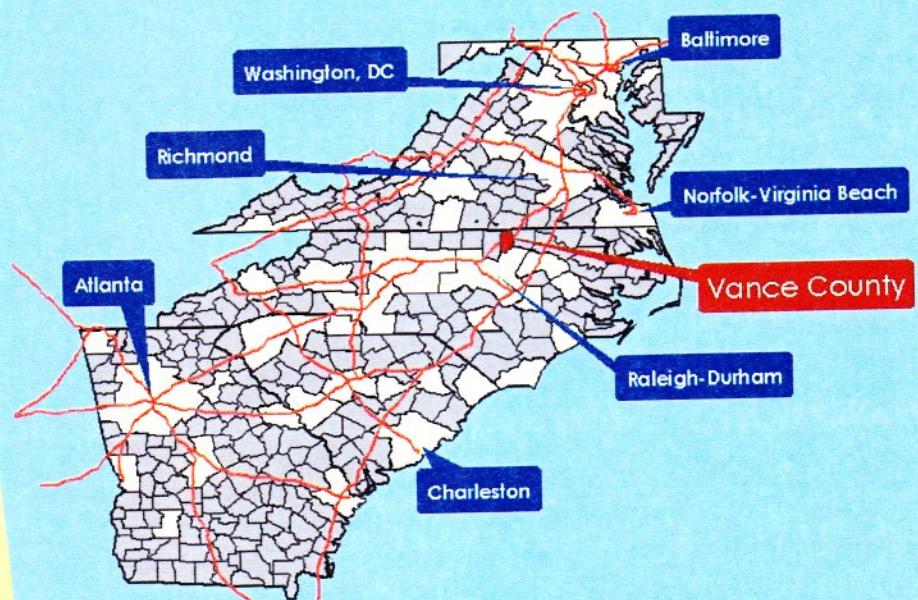


# Economic and Demographic Profile

## Vance County, North Carolina



Prepared By:  
**Market Street Services**  
Atlanta, Georgia  
February 20, 2003



# Table of Contents

H. LESLIE PERKY MEMORIAL LIBRARY  
RACE AVENUE  
HENDERSON, N. C. 27533

**FOR REFERENCE**

Do Not Take From This Room

**1**

Overview and Introduction

**2**

Demographic Analysis

**3**

Economic Analysis

**4**

Labor Force Analysis

**5**

Key Findings and  
Conclusions

# Overview and Introduction

## OVERVIEW

Vance County is one of 22 rural communities in North and South Carolina targeted by an ambitious, five-year program funded by The Duke Endowment and facilitated by MDC, Inc.: Program for the Rural Carolinas. A 1999 report by the Endowment and MDC (*The Carolinas: Yesterday - Today - Tomorrow*) and the North Carolina Rural Prosperity Task Force's 2000 Report documented what rural community leaders intuitively know: the economic position of many southern rural communities did not improve as rapidly as that of larger, urban areas during the boom 1990s, and communities and people are being left behind. Furthermore, the recent recession, compounded by the events of September 11, 2001 and ongoing globalization, can be distinguished from prior recessions in one startling way: most, if not all, of the manufacturing jobs that were lost over the past two years are not coming back. The MDC's 2002 *State of the South Report* highlights education, entrepreneurship, workforce development, and regional delivery of economic development services as the paths for the future. Communities that want to succeed in tomorrow's economy must focus on building and creating a culture that fosters entrepreneurship and knowledge-based jobs while increasing the education level and wealth of their residents.

The purpose of the Program for the Rural Carolinas is to assist rural communities in (1) engaging local community leaders, (2) challenging them to develop a shared vision for what their community could be, (3) leading them in developing a concrete action plan, and (4) supporting them through implementation. While all four parts are critical, the fourth is perhaps the most crucial for Vance County at this point. Past strategic planning efforts (AdVance in the late 1980s) created a solid plan with ideas for growth involving education, economic development and leadership, but an economic development strategy for today's economy must also be a dynamic document that is continually updated by community leaders empowered with the skills to manage change.

*Market Street Services, Inc.*, a national community, economic and workforce development consulting firm located in Atlanta, Georgia, has been selected to guide the development of an analysis of short and long-range business development opportunities and the corresponding economic development strategies that should be pursued by Vance County. Through a comprehensive process that involves statistical analysis and frequent community input, a thorough, targeted and sustainable economic development strategy will be created to lay the foundation for tomorrow's Vance County. The process will provide community leaders with the skills and confidence to implement desired changes, and to manage future change.

The process for creating the economic development strategy for Vance County involves five components:

- **Economic and Demographic Profile** – a detailed economic, demographic and labor force analysis that provides benchmarks on the capacity of the current economic and workforce elements to accommodate quality future economic development, and establishes the current realities influencing economic development in the County.



- **Business Climate Analysis** – an examination of the four key factors influencing the County’s business climate, including Education and Workforce, Infrastructure, Business Costs and Quality of Life.
- **Target Business Analysis** – a supplemental analysis of existing business clusters found in the region and opportunities for additional or companion clusters based on the area’s existing community assets.
- **Economic Development Strategy** – builds on all the prior work to address critical issues for the community, including ways to enhance and develop existing strengths, and provides performance measures to monitor progress.
- **Implementation Plan** – an assessment of the existing economic development delivery system to implement the proposed strategy, and recommendations on how to most effectively implement and sustain the strategy into the future.

## INTRODUCTION

Community leaders and the Vance County steering committee (“Vance County”) must examine and reach consensus on the community’s past and current realities before they can move forward and set goals for the County’s economic future. Vance County officials have been inundated with paper, reports, statistics, and documents, many pointing to the current economic realities. The purpose of this document is not to reiterate all the same data in colorful graphs. The purpose of this document is to (1) explain the meaning behind the more revealing statistics, and (2) explore those areas that provide Vance County with the greatest challenges and the best opportunities for improvement and growth.

While this document follows the Endowment’s and MDC’s lead and focuses primarily on Vance County, it also includes comparisons with regional partners, recognizing that “the market” views economic development as a regional issue rather than a single county.

*Market Street Services* analyzed numerous indicators that provide a comprehensive picture of the demographic characteristics of Vance County’s population, the economic statistics that illustrate the health and structure of the economy, and the performance of the labor force and how it is keeping up with the changing economy. The report is divided into five sections:

- **Demographic Analysis** – This section analyzes key factors such as population change, rate of population growth, migration patterns, poverty rates, and other indicators that depict “how well people are doing.”
- **Economic Analysis** – This section uses national and state data sources to review the structure and health of Vance County’s economy. Factors such as employment change, sector and sub-sector earnings and employment, average wages, per capita income, sources of income and availability of capital are explored.

- **Labor Force Analysis** – The third section looks at how the workforce is doing and whether it is able to keep up with the growing economy. Potential labor force, labor force participation rate, educational attainment, standardized test scores and dropout rates are analyzed to uncover the workforce's capacity.
- **Key Findings** – This section summarizes the research in the three prior sections and highlights the main strengths and weaknesses of Vance County's economy.
- **Conclusion** – The final section takes the key findings and frames them in terms of challenges and opportunities for Vance County.



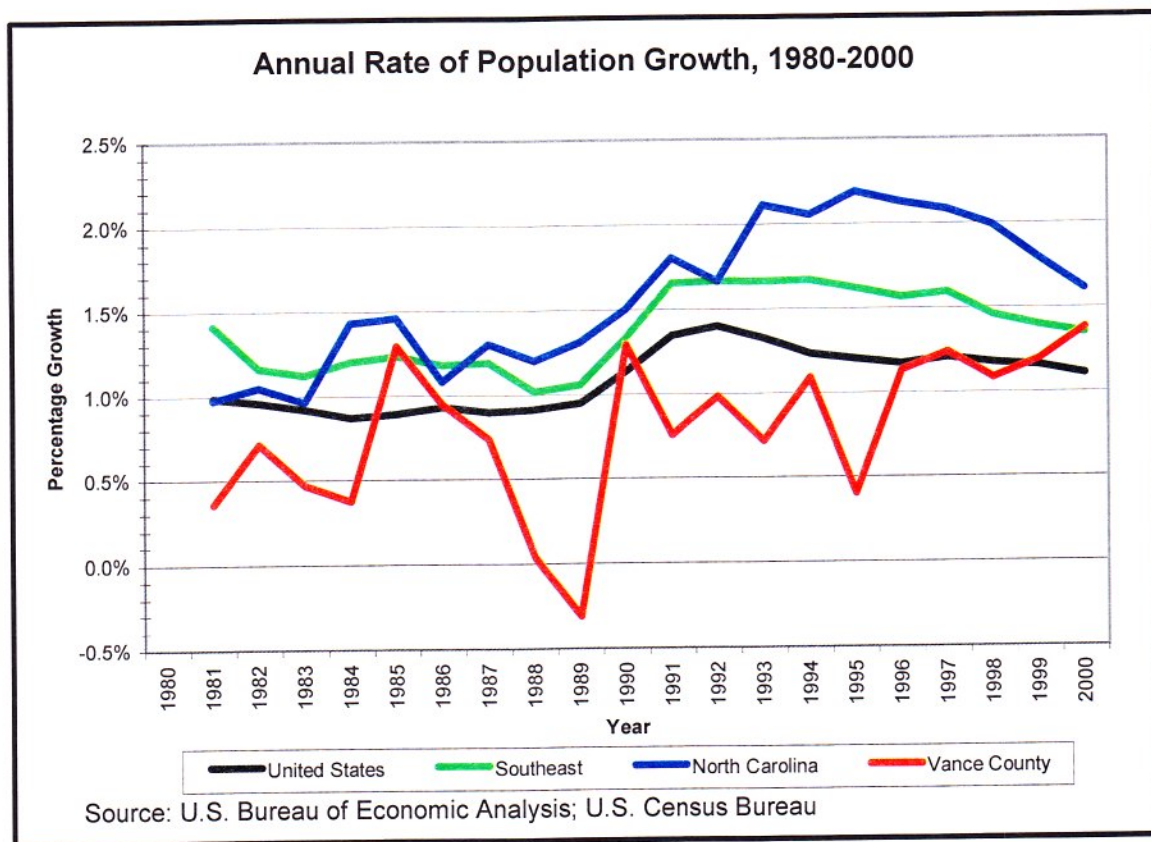
# Demographic Analysis

## DEMOGRAPHICS ANALYSIS

### Population

According to the 2000 decennial census, Vance County had a total population of 42,954. Unlike many of its rural counterparts in North Carolina, over the past two decades Vance County has experienced positive population growth in all but one year, 1989. While population counts are important for congressional representation, federal dollars returned to a community and school planning, the most revealing information lies beyond population count and population growth.

As the following graph illustrates, Vance County's *rate* of population growth from 1980-2000 was generally slower than that of North Carolina, the Southeast Region<sup>1</sup> and the United States.



The rate of population growth, as opposed to actual growth in numbers, is descriptive of the trend of an area's population. While Vance County had slower population growth than the state, region and nation during most of the 1980s and 1990s, the area's rate of population growth

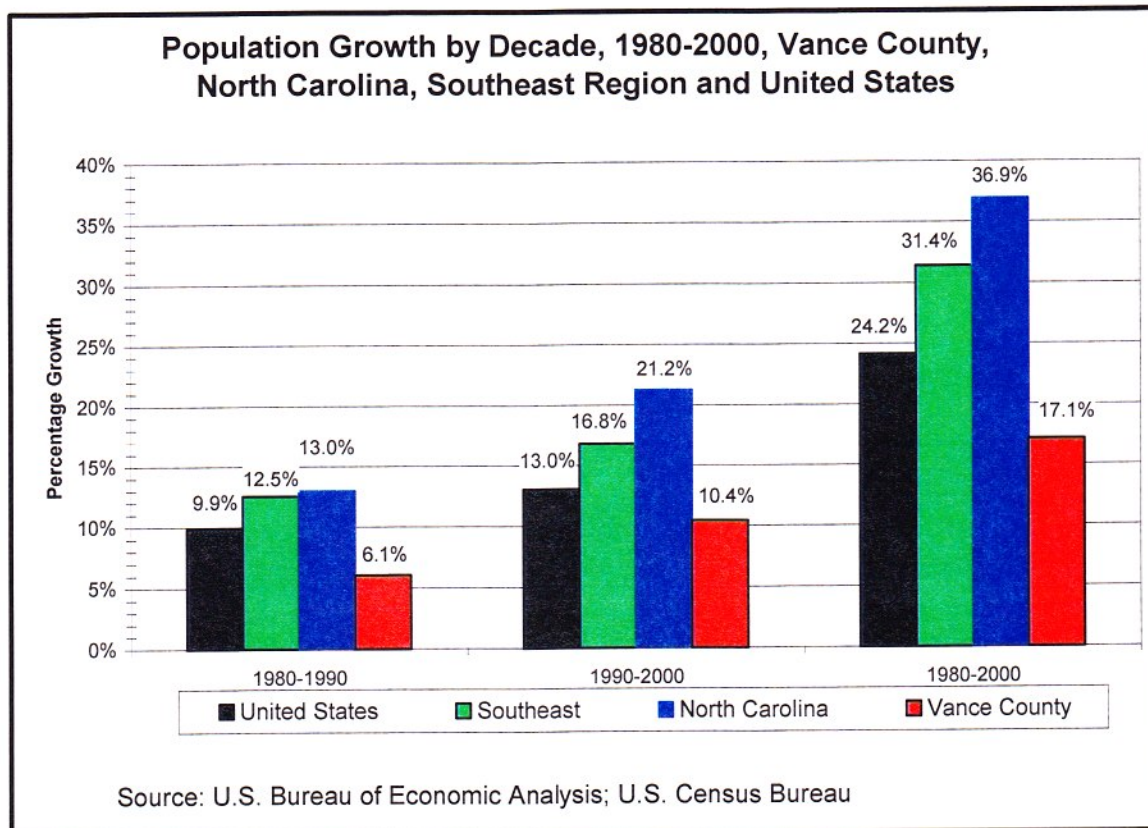
<sup>1</sup> The Southeast Region includes Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia.



increased from 1998-2000, surpassing the rate of growth of the United States and the Southeast Region, and closing in on North Carolina's rate of growth in 2000. While three years cannot yet be described as a trend, this is potentially good news for the area.

It is interesting to note that Vance County's rate of population growth was relatively strong during recessions in the mid-1980s and the early 1990s. It will be interesting to see if this trend continues when the annual numbers for 2001 are released and the full extent of the recent recession begins to be reflected in the data.

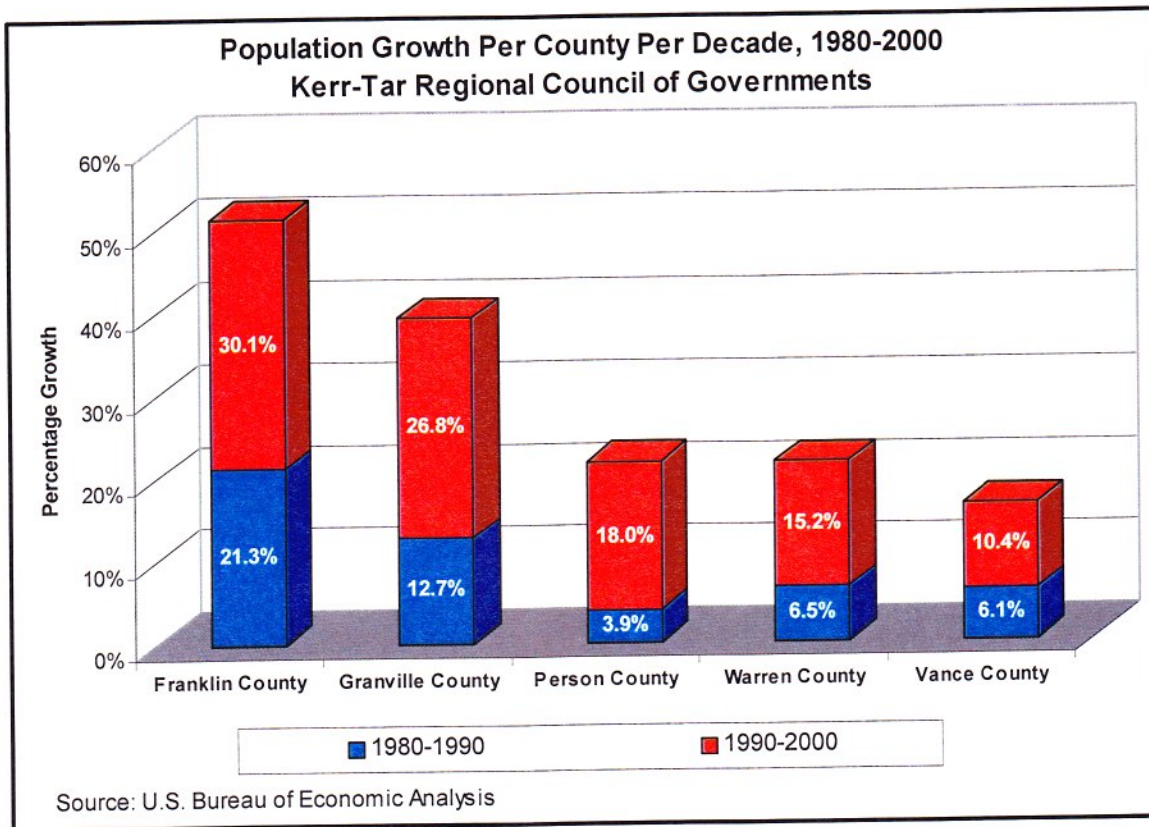
In terms of total population growth, Vance County's population grew by almost one-fifth from 1980-2000 (17.4%). However, as the following chart demonstrates, Vance County's 6.1% growth in population during the 1980's and 10.4% growth in population during the 1990's were less than half the percentages of North Carolina during those time periods.



From 1980 to 2000, Vance County grew at less than half the rate of North Carolina's explosive 36.9%. For every person added to Vance County's population during that period, over two people were added to North Carolina's population.

Query whether other rural and similarly sized communities in North Carolina also experienced slower rates of population growth in comparison to state averages, which necessarily include larger metropolitan areas that tend to grow more rapidly. As the following

chart demonstrates, not all of Vance County's slower growth may be explained by virtue of its status as a smaller or rural community.



Compared to the other four counties in the Kerr-Tar Regional Council of Governments, which have similarly-sized or smaller populations, Vance County had the slowest rate of growth in each of the past two decades, with the exception of Person County in the 1980s. However, Person County compensated for its slow growth during the 1980s with a robust 18% growth during the 1990s. In comparison, population growth for all 85 rural North Carolina counties for just one decade - 1990 to 2000 - was 17.7%, according to the North Carolina Rural Economic Development Center. This means that on average, Vance County is growing about half as fast as its rural counterparts in North Carolina.

Finally, it is important to note that North Carolina has been and continues to be one of the fastest growing states in the country. Many rural counties across the South and the nation actually lost population in the 1980s and 1990s. Vance County is being measured against very strong competition.

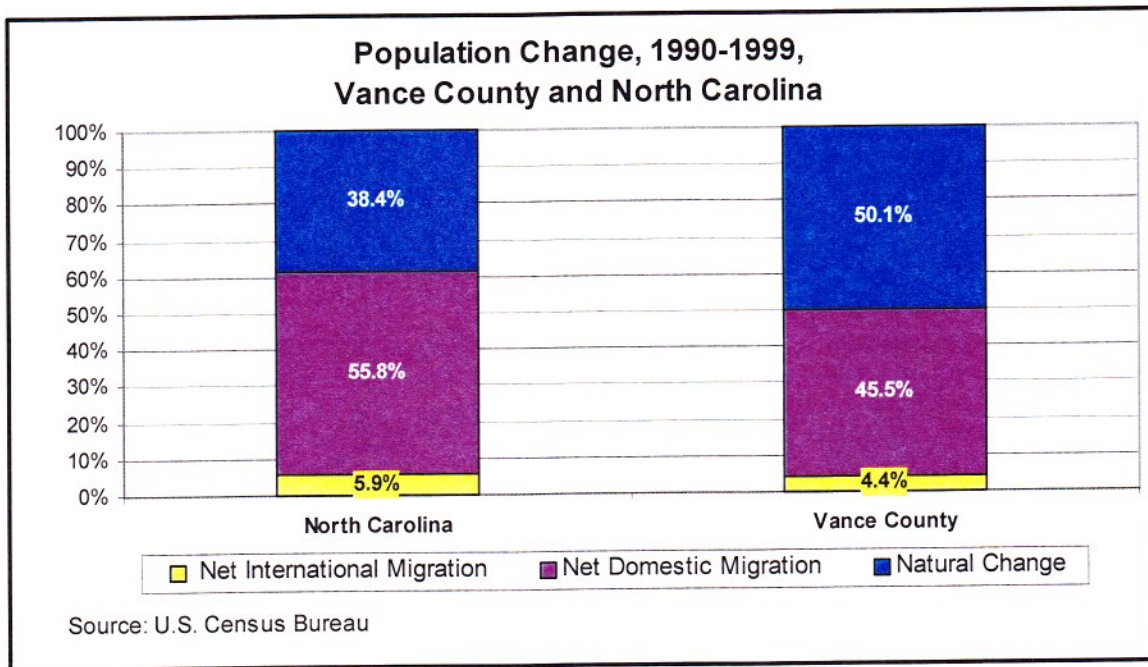
### Population Change and Migration Patterns

A community's population change - growth or loss - consists of three parts: natural change, net domestic migration, and net international migration. Natural change is number of births minus the number of deaths. Net domestic migration is the sum of people moving into the



County minus people moving out of the County, to or from other areas in the United States. Net international migration is the sum of people moving into the County minus the number of people moving out of the County, to or from a foreign country.

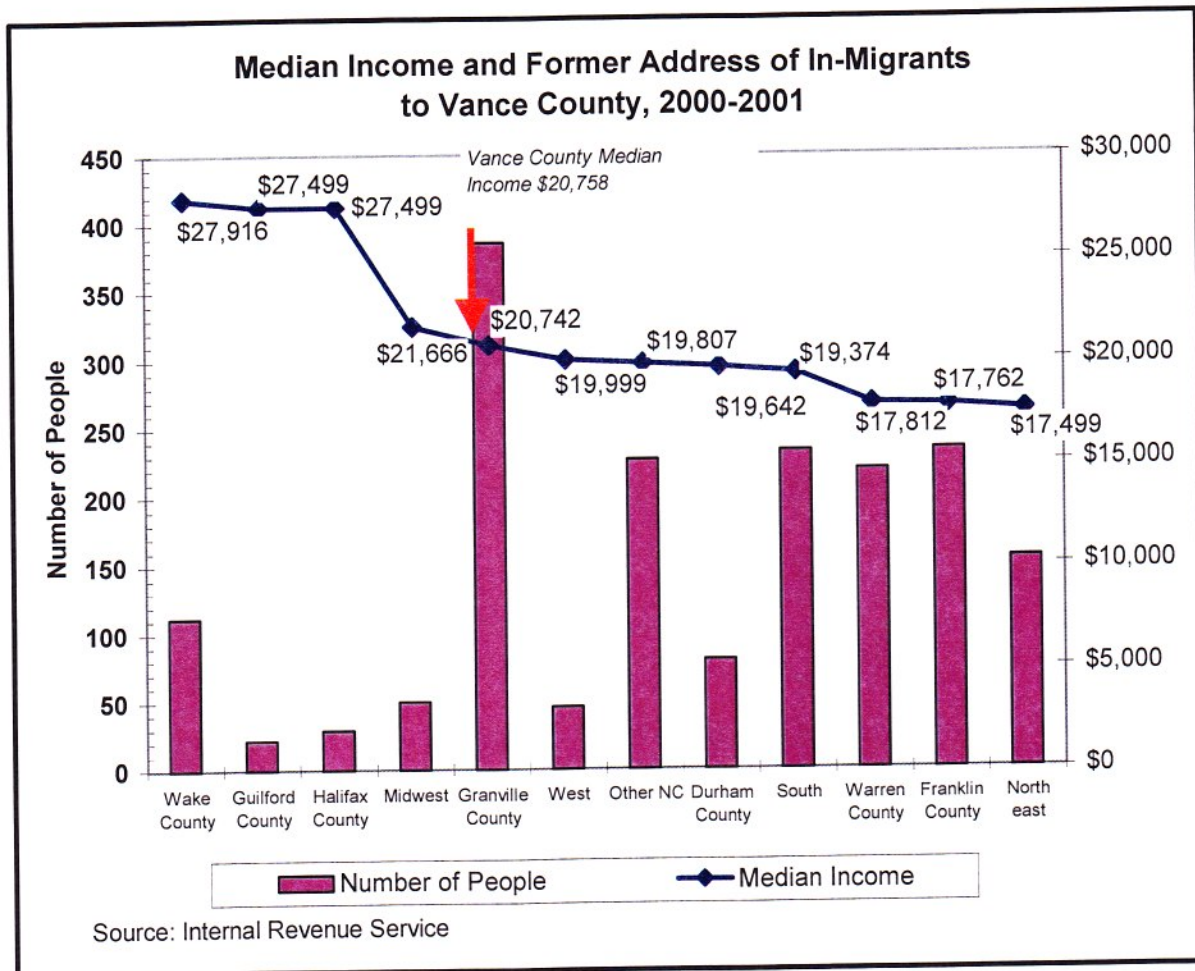
The following chart depicts the components of population change for Vance County and North Carolina from 1990-1999.



Overall, more people moved into Vance County than out of it during the 1990s, and the County gained 3,717 people from 1990-1999. Vance County is relying slightly more on births to increase its population than North Carolina – 49.9% was due to net in-migration, whereas in North Carolina net in-migration accounted for 61.7% of the population change during the 1990s. However, in comparison with North Carolina's 85 rural counties, Vance County fared extremely well. According to the North Carolina Rural Economic Development Center, rural counties in North Carolina had a total net in-migration (international and domestic) of 12.8% from 1990-2000. This means that four people moved into Vance County for every one person who moved into another rural North Carolina county. Compared with the relatively high population growth for North Carolina's rural counties during this time period (17.7%), other rural counties are likely relying on births for the vast majority of their population increase.

As Vance County enjoys a relatively high percentage of net in-migration, it is useful to examine the incomes of people leaving and coming to the community to reveal the levels of wealth they take or bring with them. For example, if the majority of people moving into an area have incomes lower than the area's median income, it may affect not only the area's overall wealth but also the workforce, the level of social services required by the new residents, employment and education.

The following chart shows the median levels of income for people who *moved to* Vance County in 2000-2001 and from where they moved.



During 2000-2001, 112 people moved to Vance County from Wake County, and those people had an average median income of \$27,916, significantly higher than Vance County's median income of \$20,758. People moving into Vance County from Wake, Guilford and Halifax Counties in North Carolina and from the Midwest brought higher median incomes with them, but they only comprised 11.8% of the people moving into Vance County during this time period. The vast majority of people moving into Vance County in 2000-2001 (88.2%) had incomes at or below Vance County's median income.

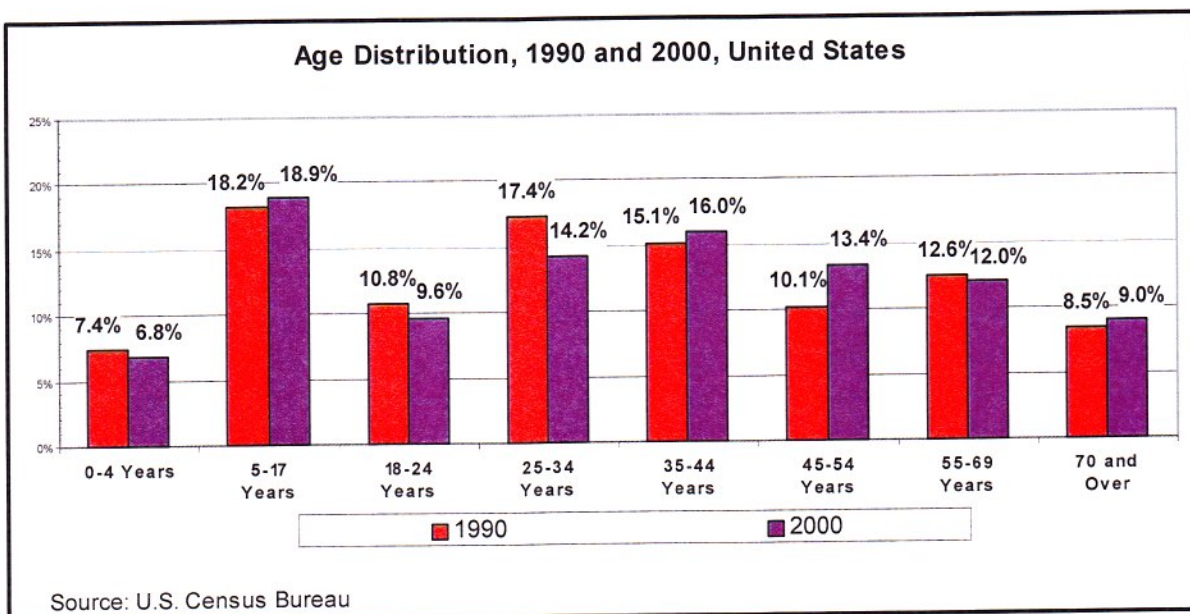
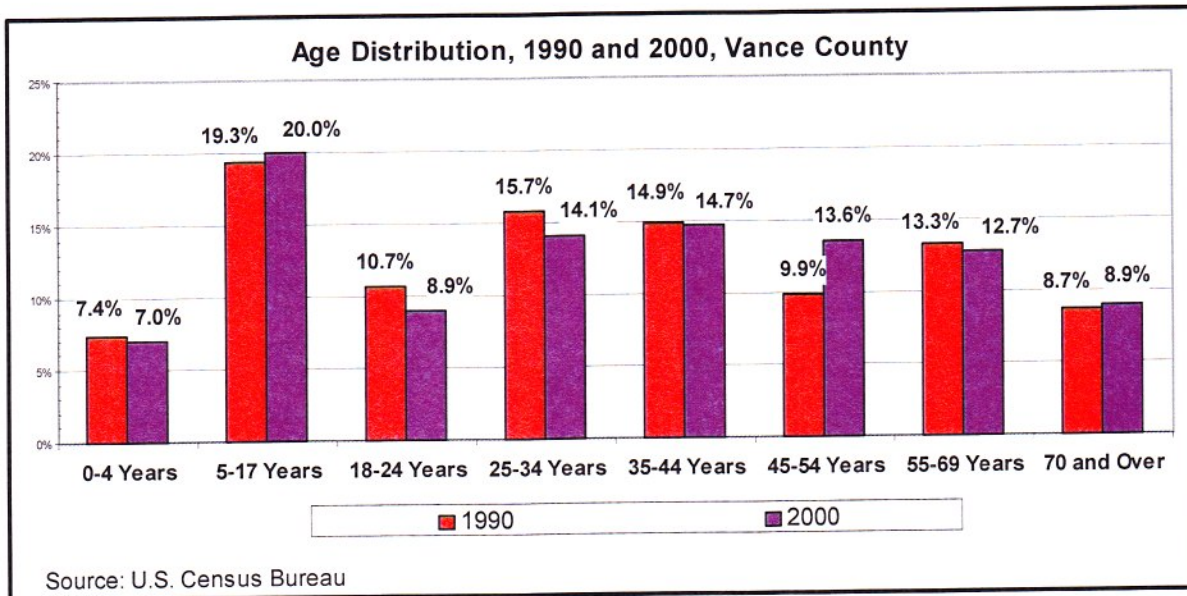
A similar comparison can be made for people *leaving* Vance County in 2000-2001. Overall, the incomes of people leaving Vance County were divided, with 49.5% of those leaving the County taking incomes at or above the County's median income with them, and 50.5% taking incomes below the County's median with them. One trend that emerges is that Vance County's wealth is being negatively affected by in-migration. While slightly more people (186) moved into the County in 2000-2001 than moved out, the vast majority (88%) of people moving *into* Vance County had incomes at or below the County's median income. If this trend



continues, it would ultimately reduce the County's per capita income and create further challenges for the community.

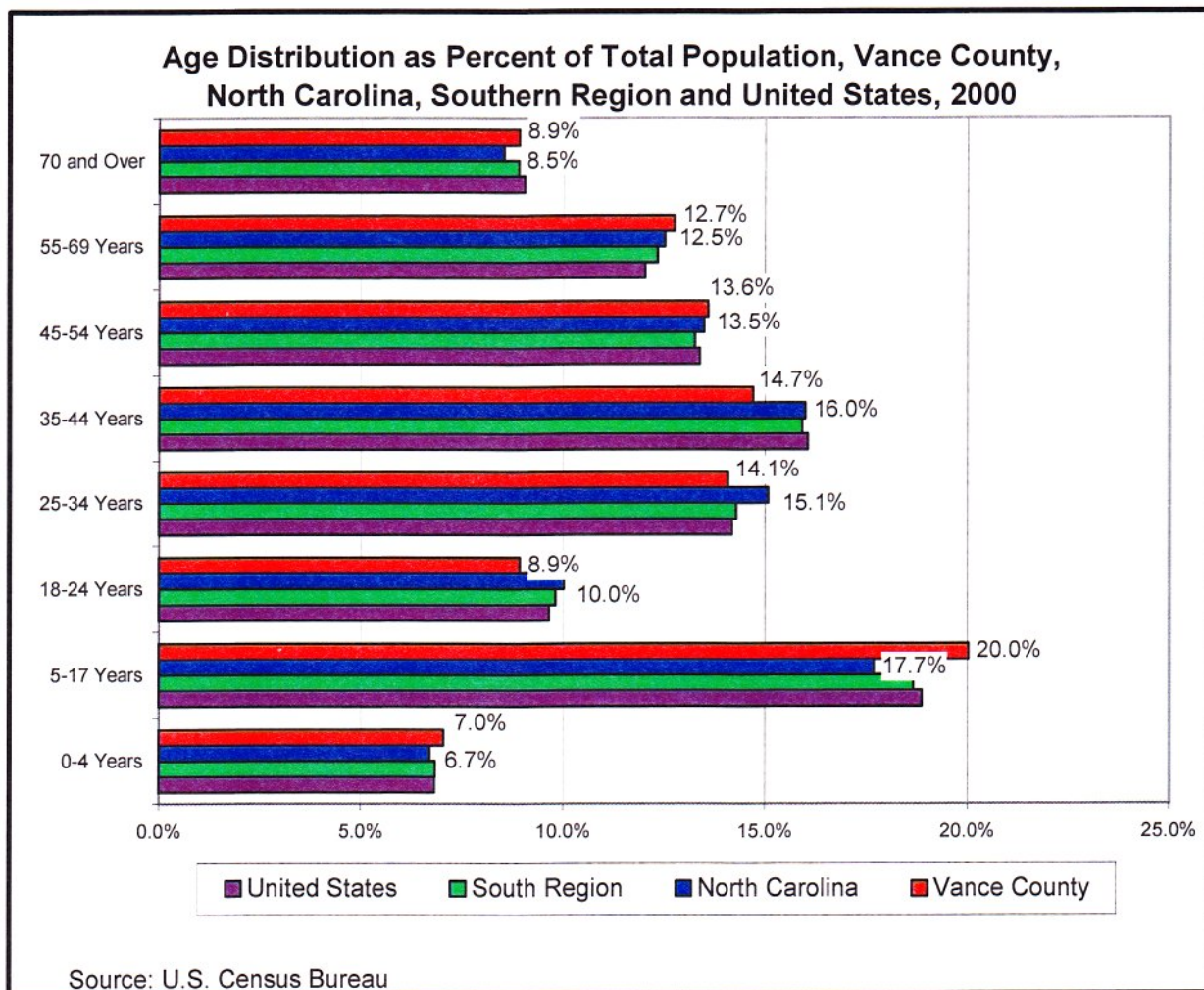
### Age Distribution

Age distribution provides information as to how an area's population is aging and what implications that may have for the future, including the impact on workforce, healthcare, and local social services. The charts below compare the changes in Vance County's age distribution from 1990 to 2000, and those of the United States for the same time period.



While it appears that the County experienced compelling changes over the decade in the 18-24, 25-34, and 45-54 age ranges, this was consistent with the United States' age distribution changes during the same time period. The strong increase in the 45-54 age range is positive in that those are some of the core working years where residents have the highest earning potential.

It is helpful to compare both sets of age distribution with that of North Carolina and the Southern Region<sup>2</sup> in 2000 to determine how Vance County's age distribution compares to those areas for a single, recent year.



Vance County's population is slightly older than that of North Carolina, the Southern Region, and the United States, with the exception of children age 5-17. The County's retired population (70 and over) is consistent with all other regions examined, meaning that the high

<sup>2</sup> According to the Census Bureau, the Southern Region includes the following states: Maryland, Delaware, West Virginia, Virginia, Kentucky, Tennessee, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Arkansas, Louisiana, Oklahoma and Texas.



percentage of transfer payments examined later in this profile cannot be explained exclusively by higher social security and retirement payments.

Vance County's age distribution in 2000 was also fairly consistent with those of rural North Carolina counties. The 0-17 age range constituted 24.5% of rural North Carolina counties' population and 27% of Vance County's, respectively. The 18-44 age range comprised 38.6% of the rural North Carolina counties' population and 37.7% of Vance County, respectively.<sup>3</sup>

### **Racial and Ethnic Diversity**

It is not news to Vance County leaders that racially, the County is growing more diverse. In 2000, an almost equal population distribution existed between Blacks and Whites at 48.2% and 48.3% respectively, with 3.5% of residents identifying themselves as Asian, American Indian and Alaskan origin, or other races. In 2000, 4.6% of Vance County's population identified themselves as Hispanic or of Hispanic origin. (Note: Hispanics are not counted as a separate race but rather as an ethnic group, so a person could be counted as white or black while claiming Hispanic ethnicity). In comparison, in 1990, the racial distribution between Blacks and Whites was 45% and 54.4%, respectively, with 0.7% of residents claiming another racial group, and 0.6% identifying themselves as Hispanic or of Hispanic origin.

For children under 18 in 2000, the racial composition of the population was 56.9% Black and 38.4% White, with 6.2% of Hispanic decent.<sup>4</sup>

In comparison, rural counties in North Carolina are far less diverse. In 2000, rural counties in North Carolina had an average population distribution of 73.4% white, 20.7% black, and 5.9% a combination of Asian, American Indian and Alaskan origin, and Native Pacific Islanders. Only 4.2% of respondents in rural communities in North Carolina identified themselves as Hispanic.<sup>5</sup>

### **Poverty Rates**

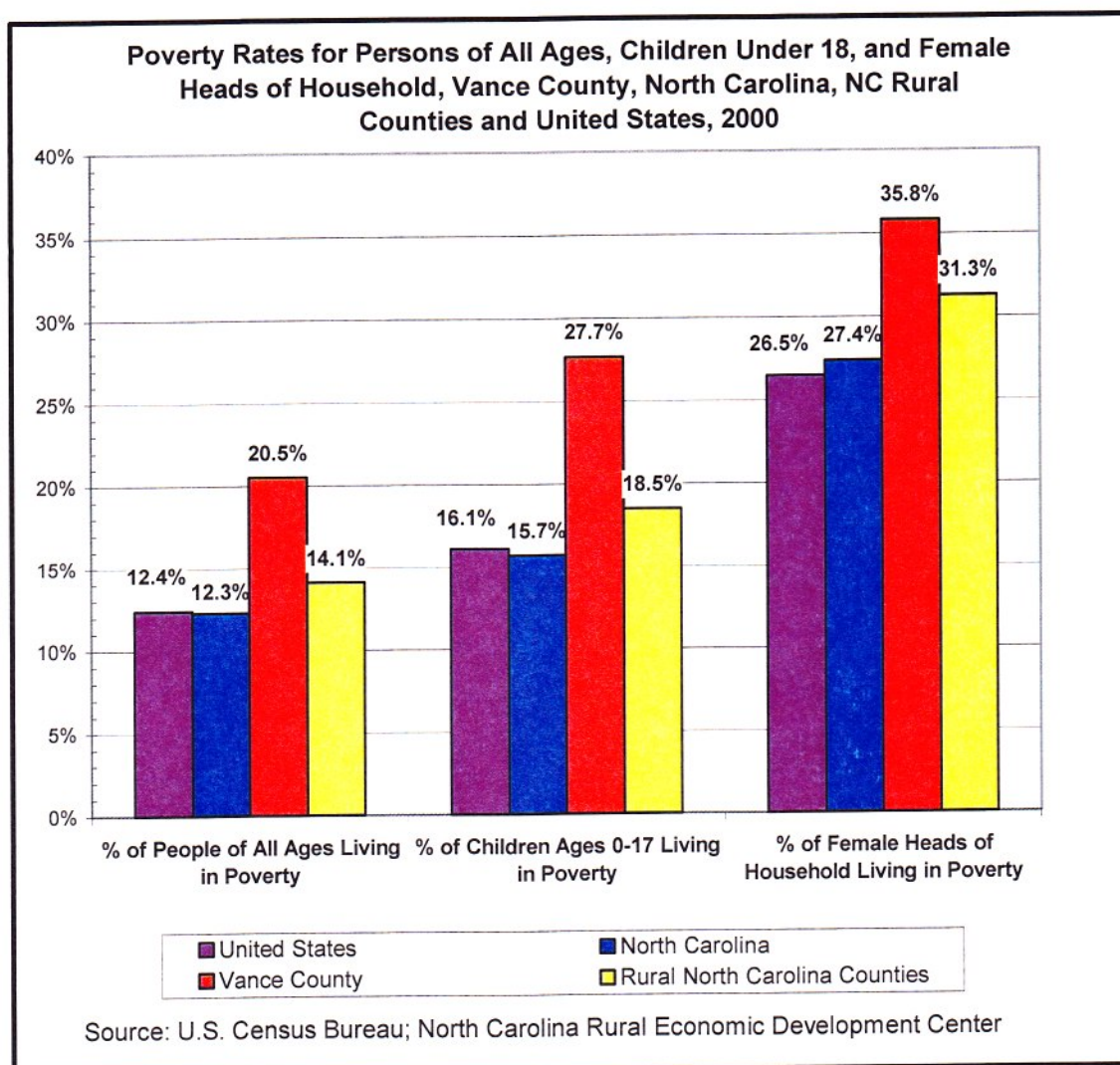
Poverty rates serve as an indicator of social well-being in a community. The official poverty threshold varies depending on a variety of factors, including size and composition of a family, and while it is revised annually to account for changes in cost of living, poverty thresholds are the same geographically across the country. The poverty threshold in 1999 (for the 2000 Census) was \$16,895 for a family of four with two children. It is important to note that this is a statistical measure and not necessarily reflective of a living wage for that family.

As the following chart illustrates, Vance County's poverty rate in 1999 (from the 2000 Census) for all persons was 20.5%, significantly higher than the poverty rates for North Carolina (12.3%), the United States (12.4%) and the 85 rural counties in North Carolina (14.1%) during the same time period.

<sup>3</sup> North Carolina Rural Economic Development Center, Inc., 2000.

<sup>4</sup> North Carolina Child Advocacy Institute, 2000.

<sup>5</sup> North Carolina Rural Economic Development Center, Inc., 2000.



In comparison with 1990 Census figures (based on 1989 income), poverty rates for Vance County and North Carolina have risen slightly, up from 19.2% and 12.5% in 1990, respectively, while the overall rate for the United States has decreased slightly, down from 12.7%. For children under 18, poverty rates have dropped from 1990 levels in the United States (down from 18.2%) and North Carolina (down from 17.2%) while rising in Vance County over the decade (up from 26.9%).

Children generally increase a family's cost of living and can lead to increased poverty rates, particularly for single-parent families. Vance County's child poverty problem is exacerbated because Vance County has a higher percentage of children under the age of 18 (27%) than the state, region or nation. In 2000, 27.7% of Vance County's children, or more than one out of every fourth child in the community, were living in poverty. In comparison, 18.5% of children were living in poverty in all rural counties in North Carolina in 2000, slightly above the national and regional rates.



The numbers are even more sobering for single-parent households headed by a female. While poverty rates are higher in all areas for female heads of household and increase substantially when younger, related children live in the home, over 35% of single, female heads of household (and their families) are living below the poverty level in Vance County, compared with 27.4% in North Carolina, 26.5% in the United States and 31.3% in all North Carolina rural counties.

The County's high poverty rates describe some of the people who are being left behind by Vance County's economy; the fact that these numbers did not improve during the 1990s is indicative of more systemic problems. The following indicator is related to income and poverty but helps demonstrate people who are not represented in the poverty statistics above. This chart shows the percentage of students eligible for free and reduced lunches in the County's school district and those schools which are serving the highest percentage of low-income residents.

<b>SCHOOL NAME</b>	<b>Percentage Eligible for Free or Reduced Lunches</b>
AYCOCK ELEMENTARY	79.1%
CARVER ELEMENTARY	92.4%
CLARK STREET ELEM	95.1%
DABNEY ELEMENTARY	68.2%
EATON-JOHNSON MIDDLE	63.8%
HENDERSON MIDDLE	69.6%
NEW HOPE ELEMENTARY	88.2%
E O YOUNG JR ELEM	80.2%
PINKSTON STREET ELEM	95.5%
ROLLINS ELEM	80.4%
SOUTHERN VANCE HIGH	52.7%
WESTERN VANCE	80.9%
NORTHERN VANCE HIGH	36.5%
L B YANCEY ELEM	91.5%
ZEB VANCE ELEMENTARY	60.4%

Source: North Carolina Department of Public Instruction, 2000-2001

A substantial percentage of students in the Vance County school district are eligible to receive either free or reduced lunches. In several Vance County elementary schools – Carver, Clark Street, Pinkston Street and LB Yancey – over 90% of the students were eligible to receive free or reduced lunches during the 2000-2001 school year. Every school in Vance County, except Northern Vance High School, exceeded the 50% rate that school year. This reflects not only the high percentage of children 17 and under living in poverty in Vance County (28.3%), but also the much higher percentage of children who are members of low-income families not reflected in the official poverty rates.

### **Teen Pregnancy Rates**

Teen pregnancy is a topic that many communities are uncomfortable discussing, but the impact of a high teen pregnancy rate is reflected in increased poverty rates, lower labor force participation rates, higher dropout rates and the creation of a cycle that, if unbroken, perpetuates into the next generation. Teen pregnancy is one of several high risk factors for poverty.

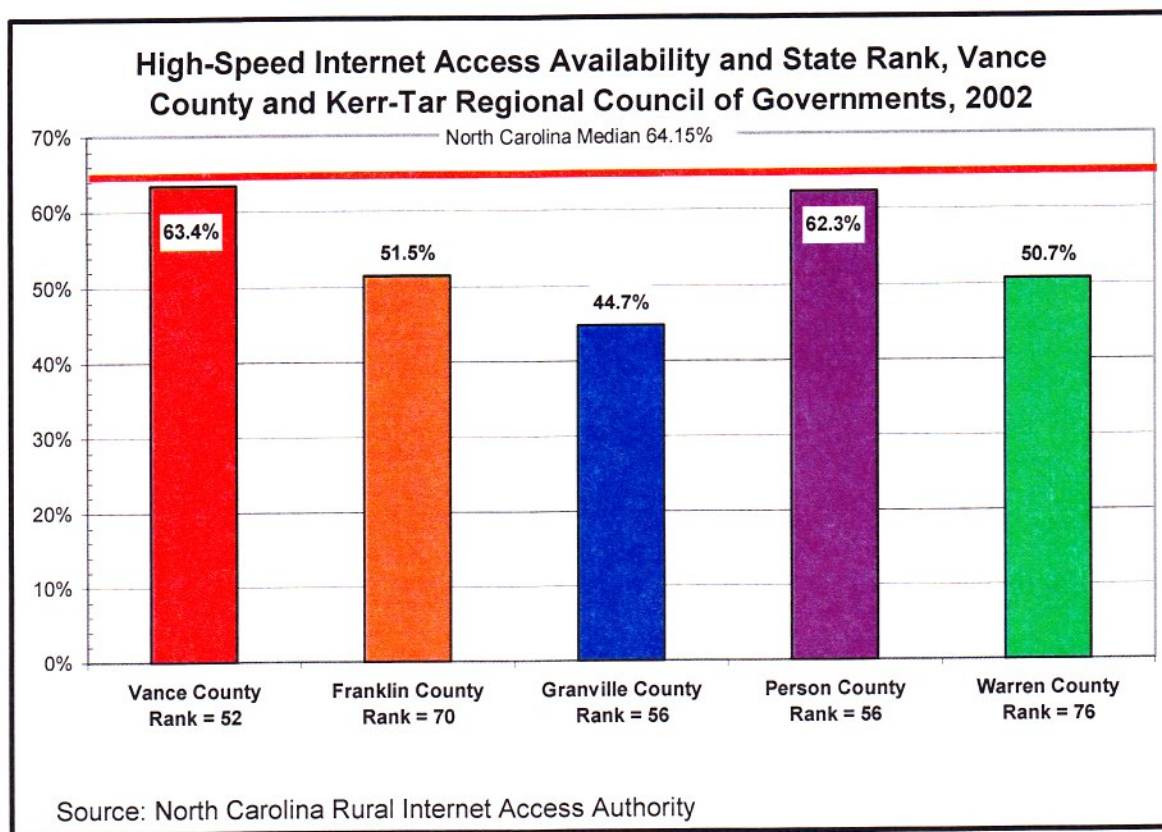
Teen pregnancy is measured per 1000 people, and it includes babies born to teens age 15-19. From 1995-1999, Vance County's teen pregnancy rate was 126.7 per 1000, according to the North Carolina Child Advocacy Institute. In comparison, the teen pregnancy rate for North Carolina was substantially lower – 86.3 per 1000. Communities have made huge strides in this area through educational and other programs that focus on high-risk populations and emphasizing positive behaviors.

### **Information Technology Access**

A measure of growing importance in today's economy is gauging a community's "e-readiness" – is technology available in the community, and is the workforce comfortable using technology? North Carolina has recently taken significant steps to help ensure Internet access to its rural communities. The North Carolina Rural Internet Access Authority (RIAA), created in 2000, achieved its first goal of providing local dial-up Internet access from every telephone exchange in North Carolina, and it is working on providing high-speed Internet access at competitive prices (128K for residential and 256K for business) to all of North Carolina within three years. RIAA also provides funds for Internet readiness to the 85 rural counties in North Carolina. Vance County was one of 33 rural counties named an "e-community" and provided with a Public Engagement Grant from RIAA for education and outreach. Vance County also received follow-on grants of \$10,000 for planning and \$12,000 for a public Internet center.

According to the 100 County Report compiled by RIAA, Vance County is in the middle of all North Carolina counties in terms of the availability of high-speed Internet access. As the following chart shows, just over 63% of Vance County's residents have access to high-speed (cable modem or DSL) internet service, and the County ranks 52<sup>nd</sup> out of 100 counties.





Vance County outperforms its Kerr-Tar partners in this area, although all five counties are in the bottom half of North Carolina's 100 counties. The presence of Vance-Granville Community College likely boosts Vance County's numbers in this area. It is important to note that this chart discusses the *availability* of high-speed Internet access, not its actual use or affordability.

Ohio State University has developed an evaluation tool called the Computer Systems Policy Project (CSPP), which assesses 23 different indicators and rates a community on a scale of Stage One to Stage Four "e-readiness", with Stage Four describing the best, most e-friendly community. Communities have used this assessment in many ways, including directing local exchange carriers to provide broadband service to rural areas that had pockets of unmet demand. The CSPP Benchmarks for Commercial Infrastructure are as follows:

**E-Readiness Stage 1:**

- 56K dial-up available to 100% of businesses
- Only analog mobile wireless services offered

**Stage 2:**

- High-speed (DSL/cable or dedicated T1+) access available to 40% of businesses
- Mobile digital wireless data service covers 30% of the community at 12Kbps

**Stage 3:**

- High-speed access available to 80% of businesses
- Mobile digital wireless data service covers 50% of the community at 56Kbps

Stage 4:

- Every business has access to high-speed connections and employees can access the network wirelessly from anywhere in the community.

A community at Stage 1 readiness would have very little to offer high wage, high tech businesses in terms of broadband access and technological capabilities. In contrast, a community at Stage 4 readiness would be able to offer existing and incoming businesses access to most technologies desired, and its workers would be very comfortable with using the Internet and related technology. At Stage 4, local government would offer every possible service online (24 x 7) in user-friendly formats. On this scale, Vance County would likely be placed at Stage 2 readiness, but quickly working on Stage 3.



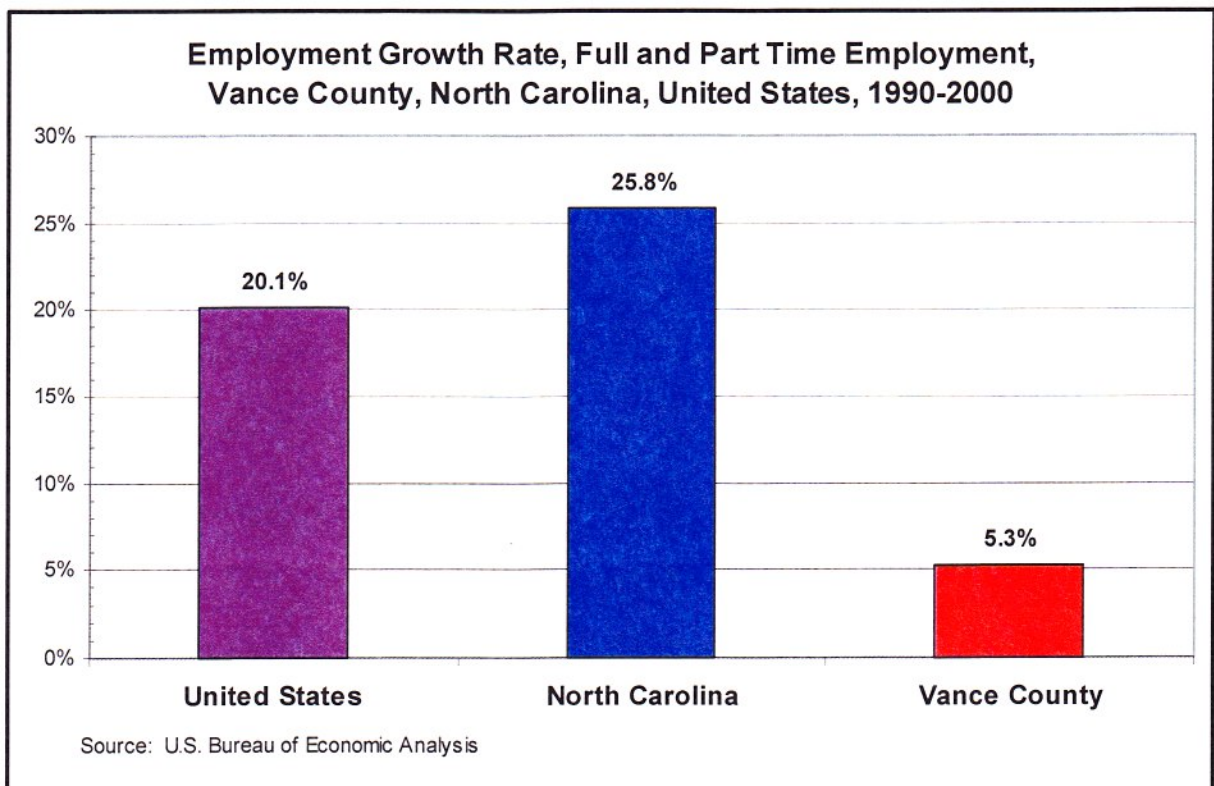
# Economic Analysis

## ECONOMIC ANALYSIS

A strong performing economy that offers members of the community increased opportunities for education and wealth creation is essential for a vibrant, growing community. An evaluation of Vance County's overall economic structure and health will illustrate its strengths and areas where it has opportunities to improve.

### Total Employment

Job creation over time is one indicator of a growing economy, but it is important to note that this figure does not describe the type or quality of jobs being created. From 1990 to 2000, full and part-time employment in Vance County grew from 22,064 to 23,230, an increase of 1,166 jobs – a 5.3% increase. As the following chart illustrates, Vance County lagged the state and national rates of full and part-time employment growth during the 1990s.



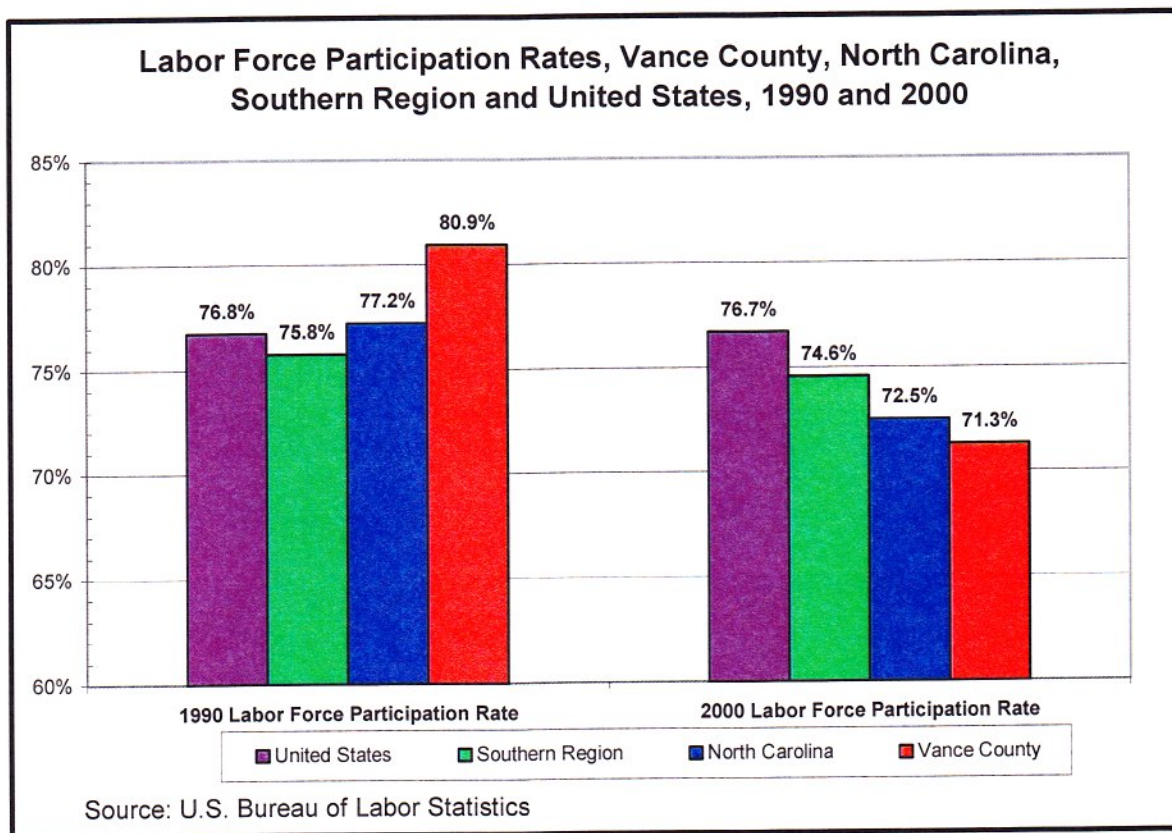
In comparison to Vance County's population growth rate of 10.4% during the 1990s, the County's employment growth was barely half of its population growth. This indicates that fewer citizens are working and the unemployment rate is increasing. These figures are also reflected in the County's shrinking labor force participation rate (next page). This reflects the ongoing job losses in the manufacturing and retail sectors that the community has suffered, and the fact that those jobs largely have not been replaced.



## Labor Force Participation Rate

The labor force participation rate (LFPR) indicates the percentage of the total working age population (18-69)<sup>6</sup> that is employed or unemployed and actively seeking a job. For example, an area's labor force participation rate may increase in June as high school and college graduates enter the workforce or start actively looking for employment. The LFPR can demonstrate the availability of workers to an employer deciding whether to locate in an area, and changes in LFPR over time can reflect attitudes toward work. An area with a low LFPR and high unemployment rate will have more potential workers to add to the labor force, as opposed to an area with a high LFPR and low unemployment rate.

As shown in the following chart, the LFPR for Vance County in 2000 was 71.3%, less than that of North Carolina (72.5%), the Southern Region (74.6%) and the United States (76.7%).



More noteworthy is the significant decrease in Vance County's LFPR from 1990, when it was 80.9%. While the LFPRs of the United States and the Southern Region remained almost constant over the ten-year span, North Carolina's LFPR dropped over five percent, and Vance County's dropped almost ten percent, reflecting a rapidly shrinking labor force. Vance County

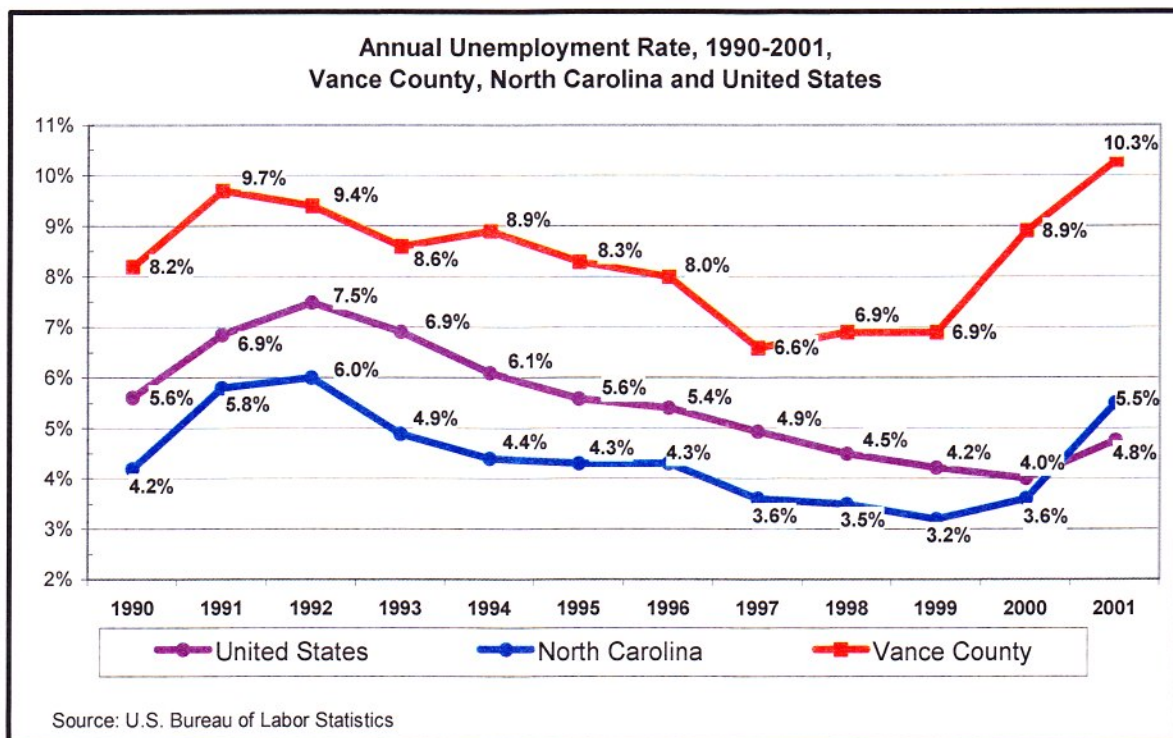
<sup>6</sup> While some people use 16 and over to calculate the LFPR, an age range of 18-69 assumes the desirable outcome of sixteen and seventeen year olds remaining in school and recognizes that many people enter retirement by age 70.

does *not* have an unusually high number of residents over 70, which would ordinarily help explain why this rate is so low. At a 71.3% LFPR, 7,894 people between the ages of 18 and 69 were not participating in Vance County's workforce in 2000. This also meant that the contribution in terms of the County's real per capita personal income was zero for each of those people, significantly affecting the County's wealth measures. If Vance County's LFPR were equal to that of the United States in 2000, 1,486 additional workers would have been added to the labor force with a corresponding increase in the County's wealth.

## Unemployment Rate

Unemployment rates are one of the most frequently cited labor statistics. While unemployment rates can help provide an overall picture of the health of a community's labor market, an understanding of their limitations is important. Unemployment figures capture those individuals who are actively searching for work -- filing for unemployment, responding to a help-wanted advertisement, or seeking additional training to find a job. The definition does not include those who are searching help-wanted ads, preparing resumes, networking in other ways or those who are too discouraged to continue looking for work. Conversely, the definition of employment includes someone who worked just one hour during the previous week, yet it does not include a family member working in a family business without pay.

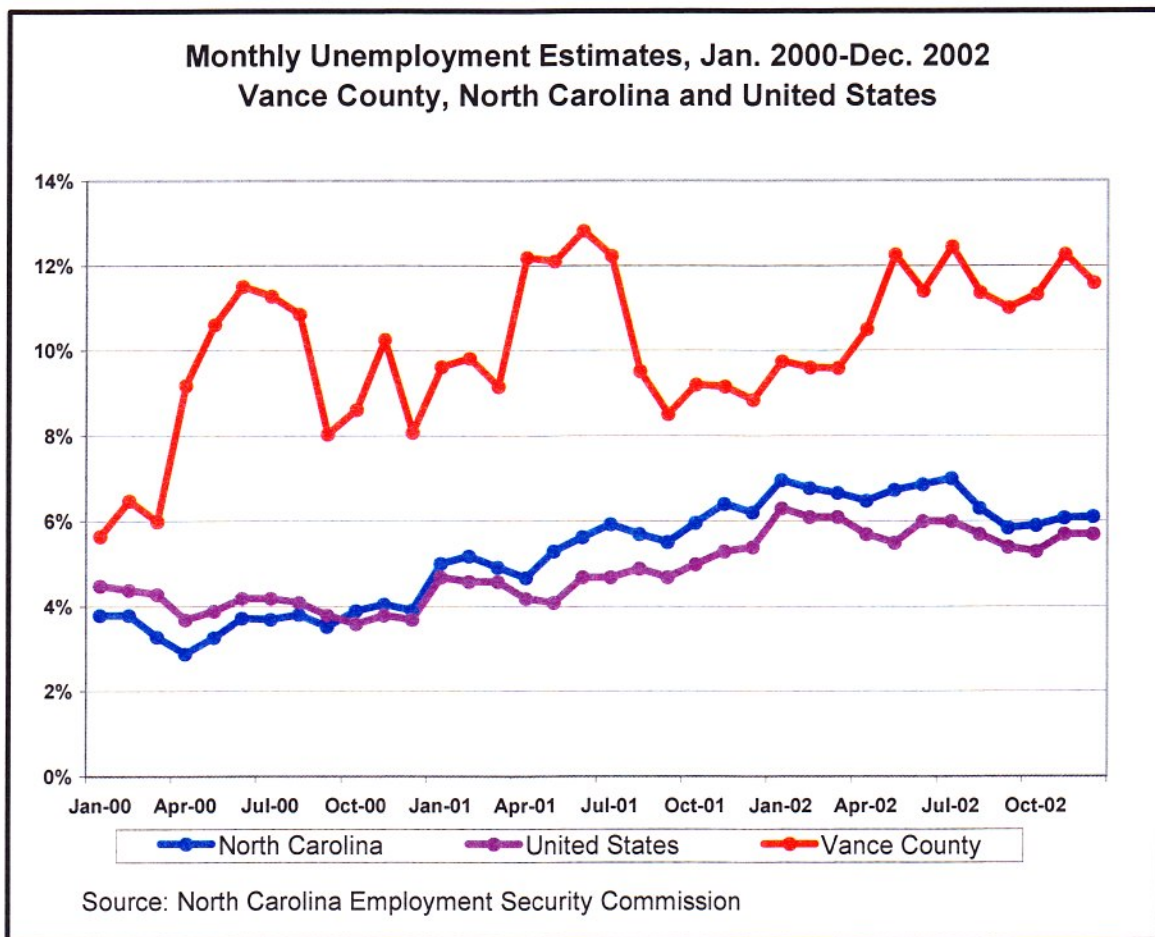
With these limitations in mind, the unemployment rate is still a good benchmark to measure the labor market at a given time, and over time. The following chart shows Vance County's annual unemployment rate as compared to that for North Carolina and the United States from 1990-2001.





While the 2001 annual unemployment rates for all three regions reflected the effects of the current recession, Vance County's 2001 annual unemployment rate of 10.3% had already exceeded its highest unemployment rate during the recession of the early 1990s, while the 2001 North Carolina and United States rates were still below early 1990s recession rates. In 2000, the effects of the recession were clear in Vance County's 2000 unemployment rate and somewhat evident in North Carolina's but did not show up in the United States' unemployment rate until 2001. In comparison, the 2001 annual unemployment rate for rural counties in North Carolina was 6.6%.<sup>7</sup>

Monthly estimates of the unemployment rate can also be particularly revealing of annual trends, as the following chart demonstrates.



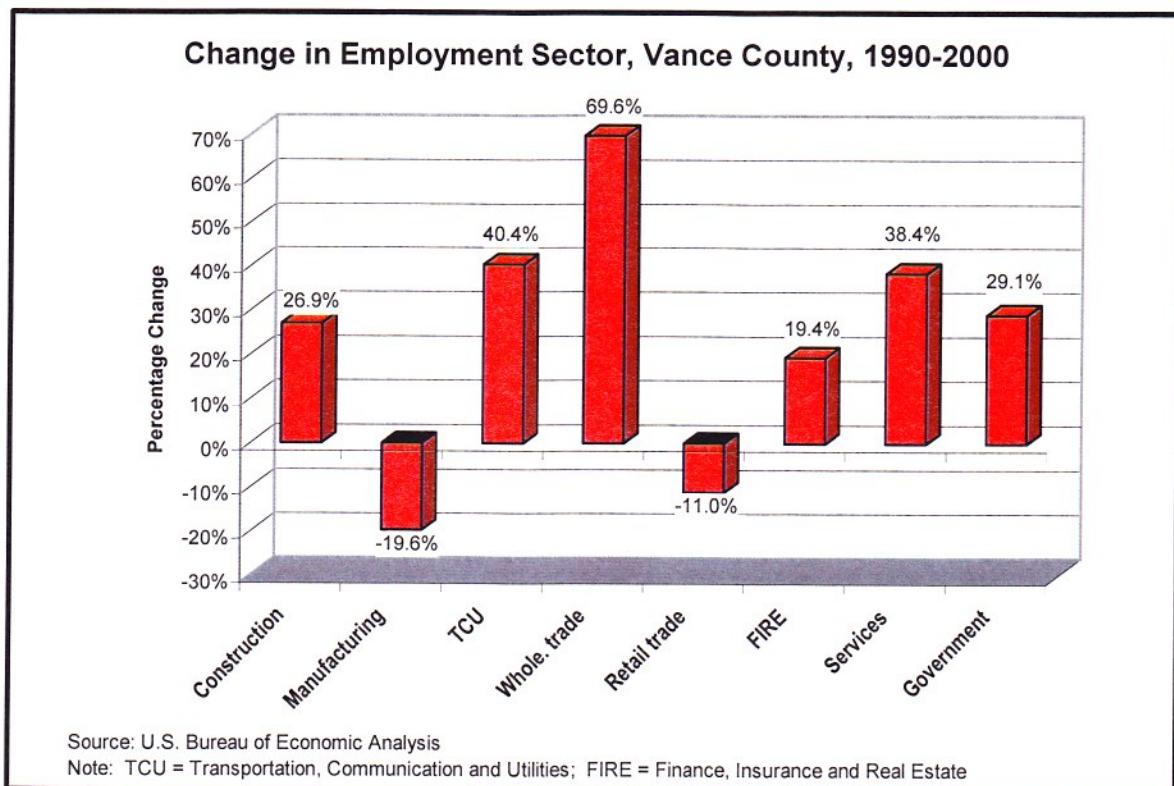
In December 2002, Vance County's unemployment rate was 11.6%, versus 6.1% in North Carolina and 5.7% in the United States. Vance County's unemployment rate has not dipped below 8% since April of 2000, and it reached its highest peaks (over 12%) in May through July of each year. While this is counter-intuitive for a community with recreational amenities that employ seasonal workers, it is likely illustrative (at least in part) of the annual

<sup>7</sup> North Carolina Rural Economic Development Center, 2001.

layoff patterns of one of the County's largest employers, J.P. Taylor, a tobacco processing firm. With the closing of that firm in the summer of 2002, the monthly unemployment numbers in late 2002 did not fall, already reflecting long-time employees looking for work.

### Sector Employment

Analysis of the major employment sectors and sub-sectors and their corresponding contribution to the area's economy helps determine the area's economic engines. This review also shows the level of diversification of a community's economy. The more diversified and less reliant on one major sector (or sub-sector), the better able a community will be able to withstand a recession. As the following chart demonstrates, Wholesale Trade; Transportation, Communications and Utilities (TCU); and the Services sectors were the three fastest growing sectors in Vance County during the 1990s.<sup>8</sup> This is very positive for Vance County's economy, as nationally, TCU and Wholesale Trade are the highest paying sectors in the economy.

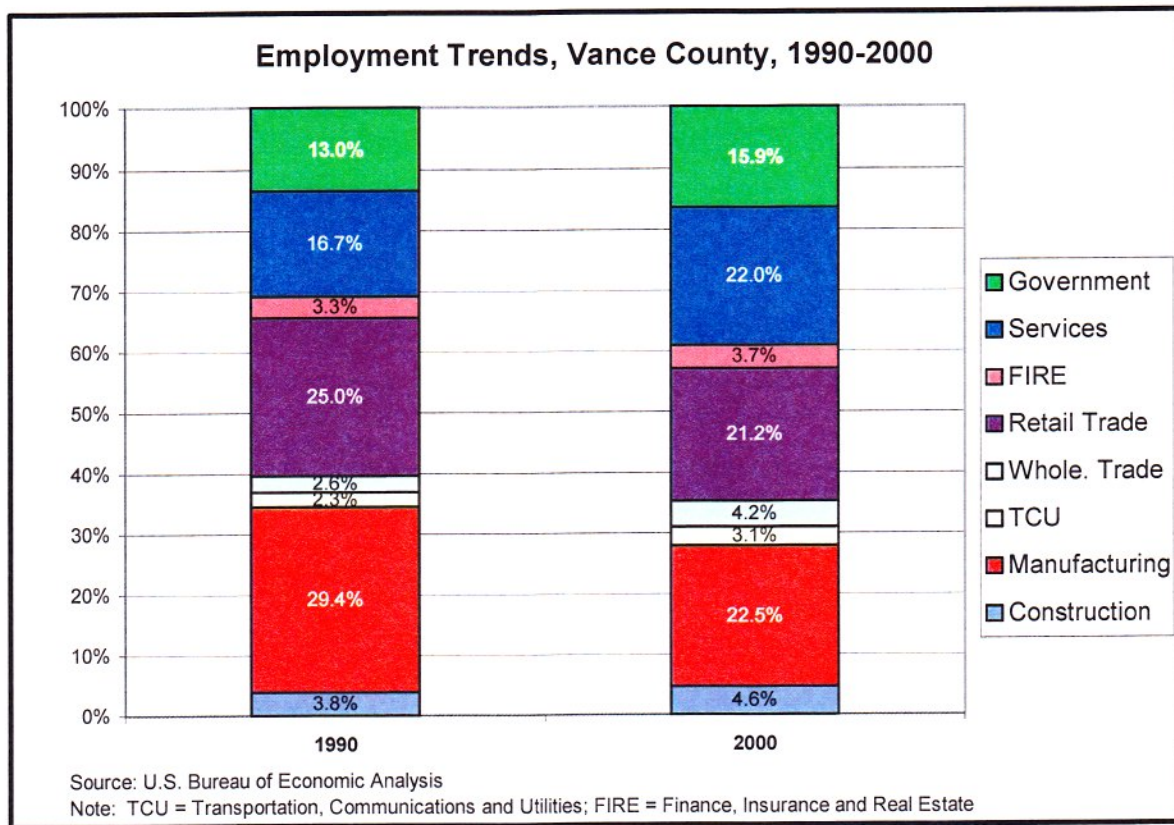


Employment in the Construction sector increased by 26.9% in Vance County during the 1990s, showing healthy growth in the area. The County, following the rest of the nation, is shifting toward a more service-oriented, information-based economy. The decrease in Retail Trade means that the overall economy is shrinking. It is important to note that, while the Wholesale

<sup>8</sup> This chart and the following chart do not show totals for Agriculture and Mining, which both have suppressed numbers at the county level for confidentiality reasons and constitute very minor percentages of the County's total employment.



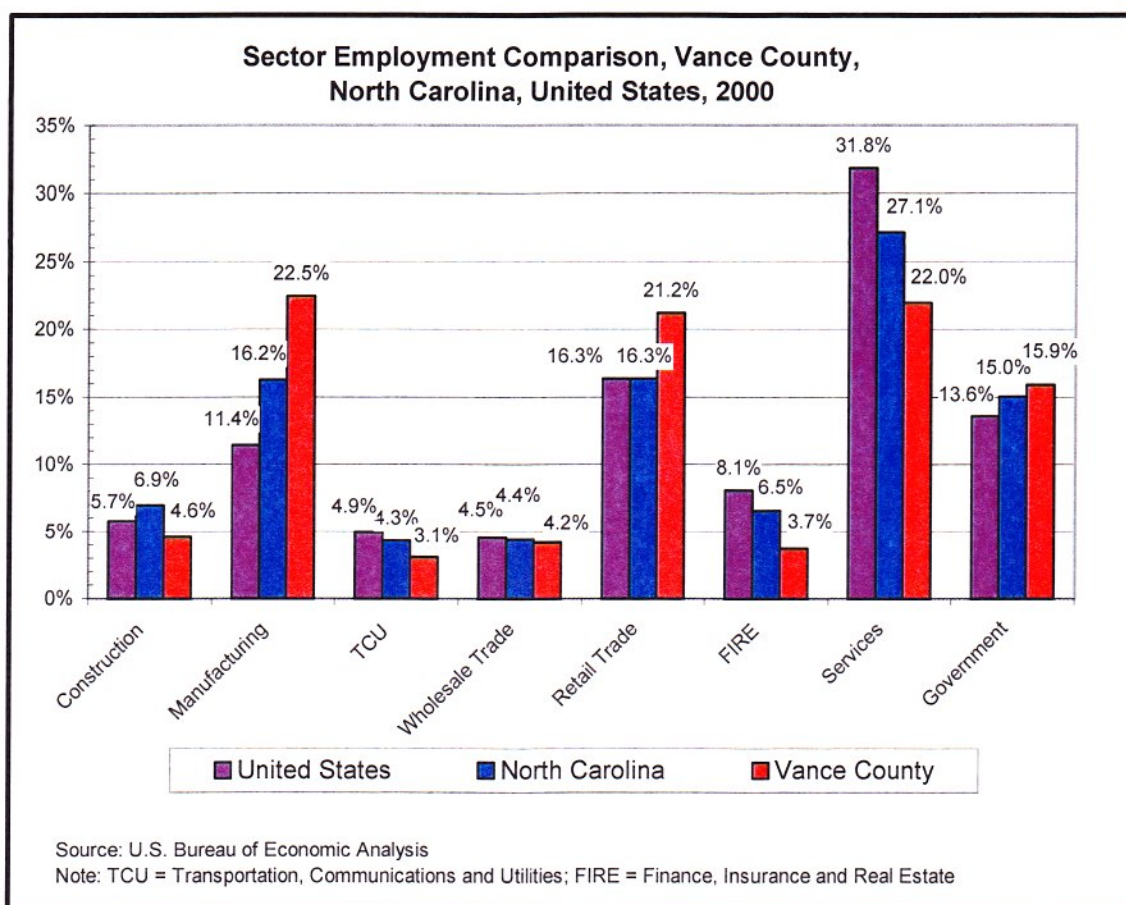
Trade and TCU sectors experienced the most rapid growth during the 1990s, they account for relatively small parts of Vance County's overall economy, as the chart below demonstrates.



This chart shows the changes in sectors of Vance County's economy from 1990 to 2000. While Wholesale Trade experienced the largest growth over the decade at 69.6%, it still comprises only 4.2% of Vance County's total employment in 2000. The Manufacturing sector has declined from accounting for 29.4% of the County's employment in 1990, when almost one in every three jobs was manufacturing-related, to 22.5% in 2000. This is still higher than the national average, but manufacturing has clearly become a less dominant part of Vance County's economy than 10 years ago. Retail Trade has also decreased, now comprising closer to one-fifth of the total jobs in Vance County (21.2%) compared to over one in four jobs in 1990 (25%). The third fastest growing sector of Vance County's economy, Services, now accounts for 22% of the County's jobs.

A comparison of Vance County's 2000 sector makeup with that of the state and nation will illustrate the relative diversity of all three economies. The following chart compares sector employment in Vance County with North Carolina and the United States.<sup>9</sup>

<sup>9</sup> The Agriculture and Mining sectors are excluded as those numbers either comprise a very minor percentage of Vance County's total employment or are not distributed at the county level for confidentiality reasons.

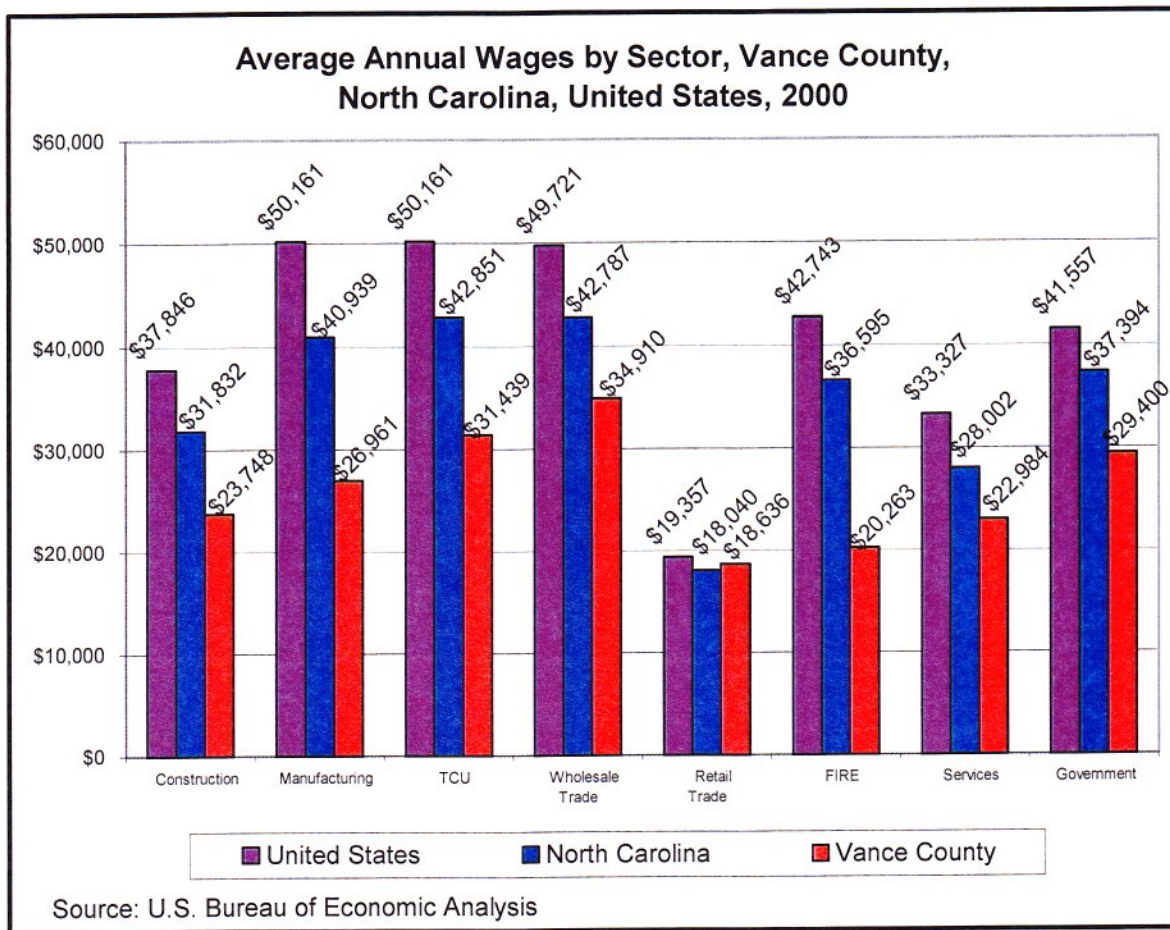


The four largest concentrations of jobs in all three economies are in the Manufacturing, Services, Retail Trade and Government sectors. While the percentage of manufacturing jobs has significantly declined in Vance County, the concentration at 22.5% is still much higher than that in North Carolina and the United States. Government employment in Vance County at 15.9% is a major employment sector but still is only slightly higher than in North Carolina and the United States. The high number of Retail Trade jobs in Vance County occurs in the lowest paying sector, as the chart on the following page demonstrates, and the County's mix of Manufacturing jobs is concentrated in lower paying sub-sectors.

### Sector Earnings

Certain business sectors are invariably higher paying than others. If an area is gaining jobs in only low-paying sectors, then the economic vitality in the area may suffer. The chart on the following page shows the average annual earnings in full and part-time employment by sector for Vance County, North Carolina and the United States in 2000.





With the exception of Retail Trade, the average annual earnings in Vance County were less than North Carolina and national averages in all sectors. Wholesale Trade, the County's highest average annual earnings, had stronger earnings relative to the state and nation than any other sector.

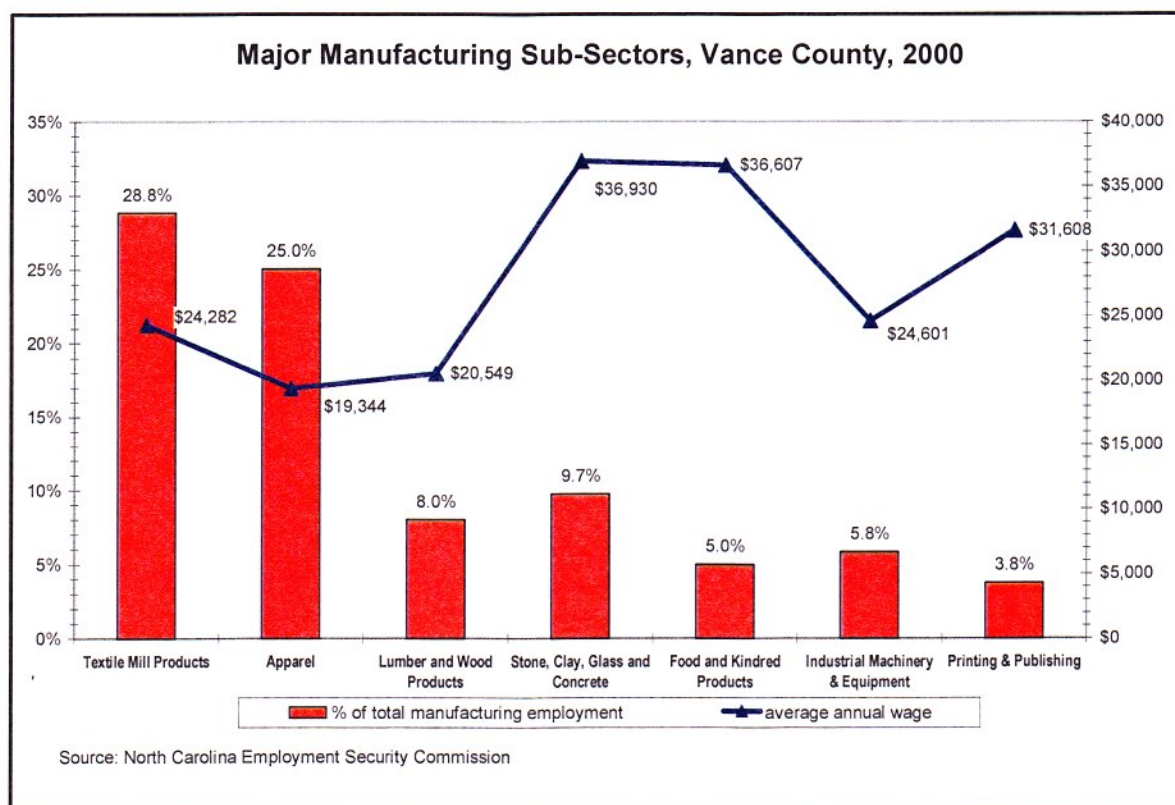
Aside from FIRE, which employs a relatively small number of people in Vance County (3.7%), the most significant wage discrepancy was in the Manufacturing sector, where the average annual earnings in Vance County were only 53.7% of the national average, and 65.8% of the North Carolina average. This is reflective of the weak sub-sectors that comprise the majority of employment in the Manufacturing sector. There was also a considerable difference in the average annual earnings in the Services sector. Despite the relative strength of Vance County's Health Services sub-sector, the average annual earnings in Vance County's Services sector were \$10,343 less than the national average, and \$5,018 less than the state average. Retail Trade jobs paid the lowest average annual wages in the County at \$18,636.

### Manufacturing Employment

Because Manufacturing remains such a crucial sector for Vance County's economy, an exploration of its sub-sectors is warranted. Historically, manufacturing jobs have been highly

valued because of the relatively high wages paid to lower or uneducated workers and because of the related growth Manufacturing jobs traditionally brought to other sectors of the economy. As these jobs leave the United States and are replaced by cheaper labor in foreign countries, the remaining Manufacturing jobs are fewer in number but require a higher level of education and skills.

An analysis of the major Manufacturing sub-sectors in Vance County reveals the concentration areas of jobs and the incomes of those jobs. In 2000, the seven major Manufacturing sub-sectors in Vance County in terms of employment were Textile Mill Products; Apparel; Lumber and Wood Products; Stone, Clay, Glass and Concrete; Food and Kindred Products; Industrial Machinery and Equipment; and Printing and Publishing. The following chart compares the percentage of employment in each of these manufacturing sub-sectors with the average wage paid in each sub-sector.

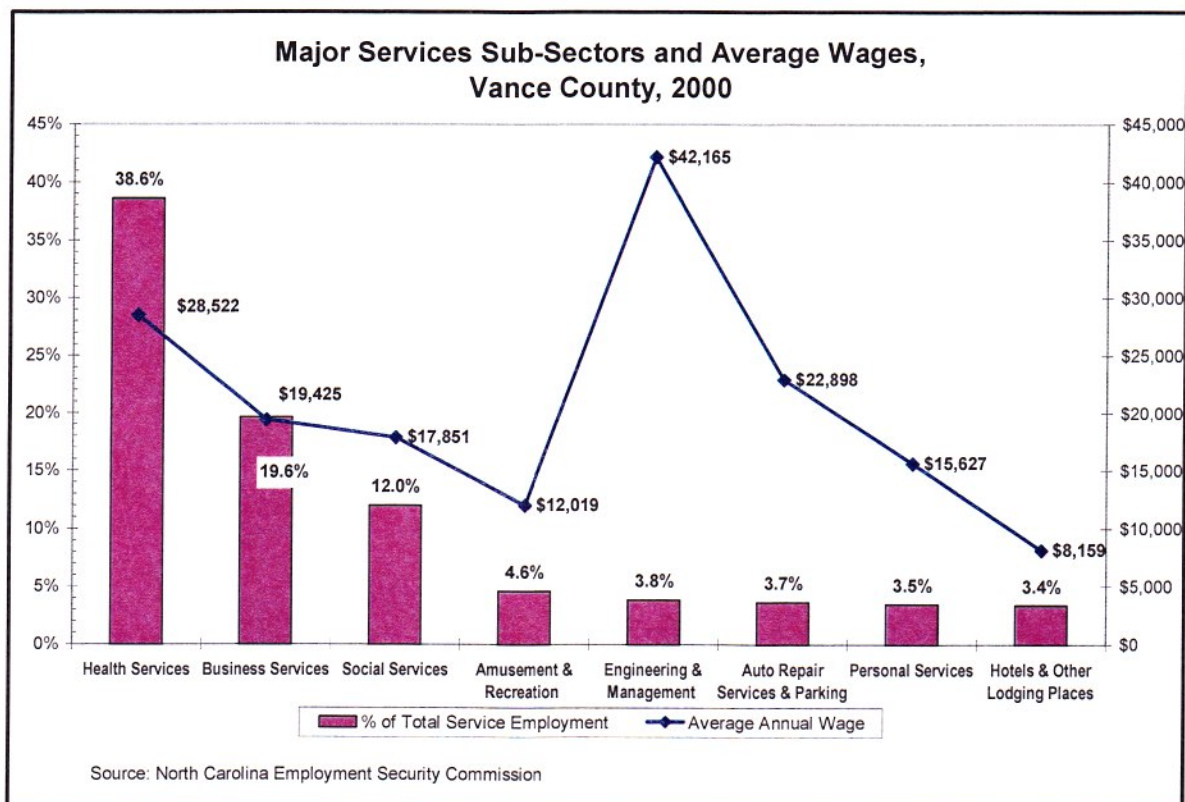


Unfortunately, the highest concentrations of manufacturing jobs in Vance County in 2000 were those that paid the lowest average wages. Textile Mill Products and Apparel, which together comprised over half of Vance County's total manufacturing jobs, paid the two lowest average wages of the major manufacturing sub-sectors, at \$24,282 and \$19,344, respectively, both well below the average annual wage for manufacturing in Vance County, \$26,961. Conversely, the two sectors with the highest wages, Stone, Clay, Glass and Concrete; and Food and Kindred Products, constituted only 14.7% of the County's manufacturing jobs.



## Services Employment

The Services sector is the largest of the three most rapidly growing sectors of Vance County's economy. The following chart shows the three dominant Services sub-sectors and five other Services sub-sectors with significant employment in 2000 and the average wage paid by each.

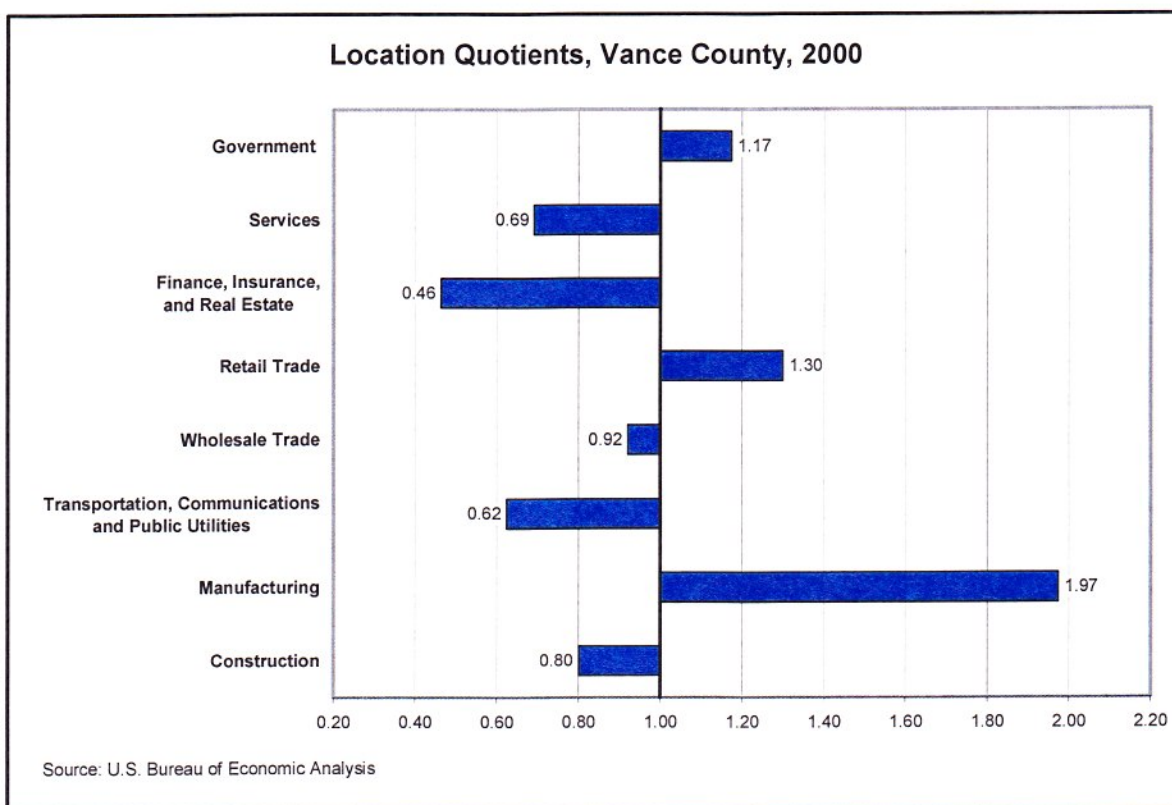


Engineering and Management paid the highest average wage at \$42,165 but only accounted for 3.8% of total Services sector employment in Vance County. The second highest wage, \$28,522, was paid by the Health Services sector, which also employs the highest percentage of Services sub-sector employees at 38.6%. This is significantly higher than the annual average wage for the Services sector in Vance County, \$22,984.

While it is important to remember that the typical wages paid by the Health Services sub-sector vary widely depending on the job, education and qualifications of the employee, Vance County's relatively high Health Services wages are likely due, at least in large part, to Maria Parham Hospital, one of the County's 10 largest employers. If Vance County could grow this sector of its economy from 38.6% of all Service sector jobs to 50% of all Services sector jobs -- an increase from 1350 to 1750 jobs -- 400 new jobs would be created at an average wage of \$28,522, increasing the County's average annual earnings in the Services sector and overall.

## Location Quotients

Location quotients are used to measure the importance and relative competitiveness of individual business sectors. Location quotients are calculated by comparing the percentage contribution of each sector to local employment versus the percentage contribution of that sector nationally. For example, a location quotient of 1.0 means that a sector is providing the same percentage of total employment locally as nationally, while a location quotient of less than 1.0 means that a smaller percentage of people are employed in that industry locally as compared to the United States.



The two sectors in Vance County that experienced the largest reductions in the 1990s – Manufacturing and Retail Trade – are also the two sectors that still employed a significantly higher proportion of Vance County’s workers than the national average in 2000. As the chart above shows, Vance County substantially lags the nation in employment in high wage sectors such as FIRE and TCU, even though TCU employment is rapidly growing in the area. While Vance County’s economy has grown more diverse over the past decade, it was still more concentrated in 2000 than the national economy, particularly in manufacturing.

## Sector Earnings - NAICS Sectors

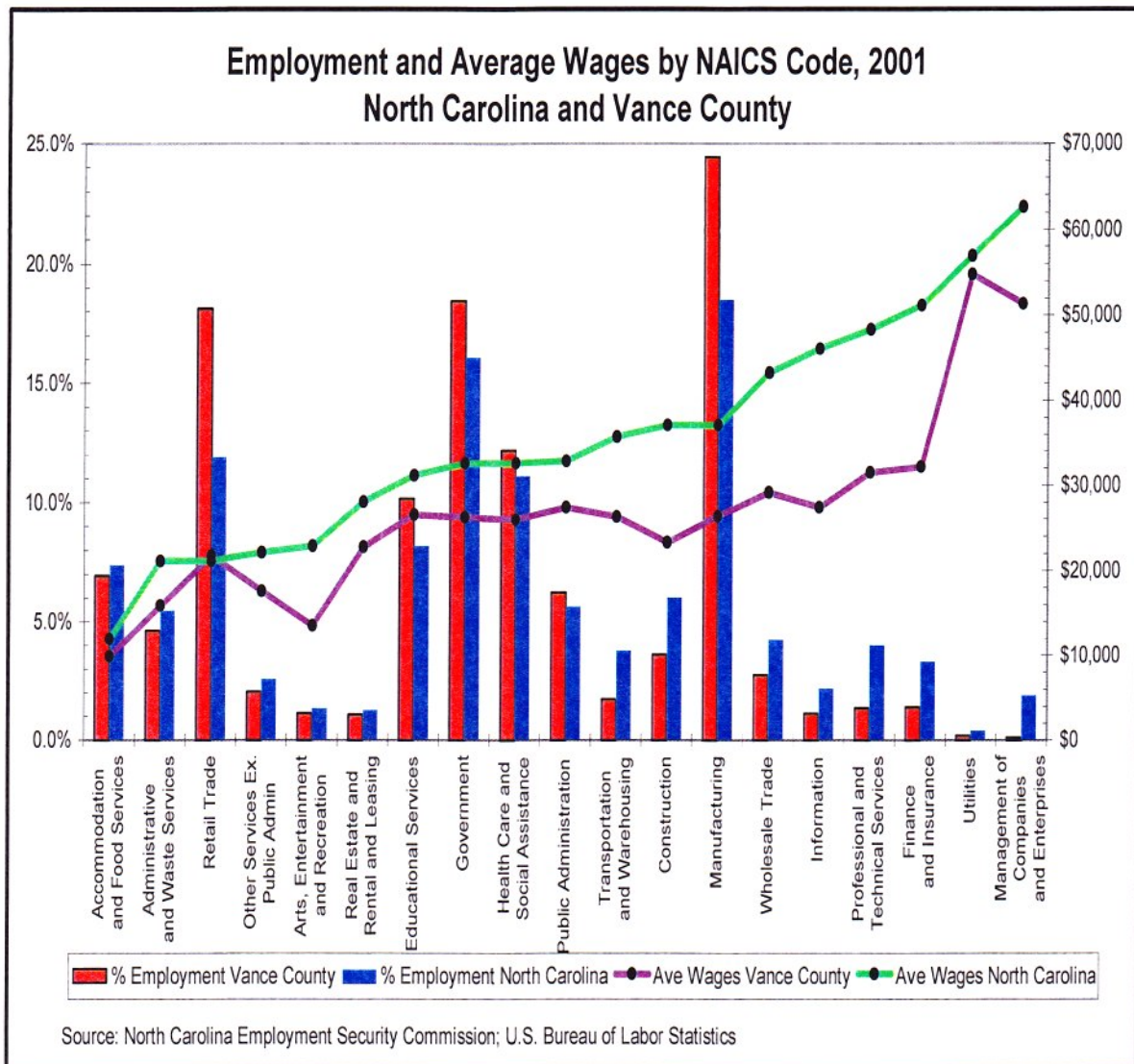
The North American Industry Classification System (NAICS) replaces the 1987 Standard Industrial Classification (SIC), and annual data for 2001 are now being reported by NAICS Code



by the Bureau of Labor Statistics and the North Carolina Employment Security Commission. In March 2003, several of the national government data agencies will switch from SIC to NAICS.

As explained by the Census Bureau, "NAICS is based on a consistent, economic concept. Establishments that use the same or similar processes to produce goods or services are grouped together. For the first time, government and business analysts will be able to compare directly industrial production statistics collected and published in the three North American Free Trade Agreement countries. NAICS recognizes the changing and growing services-based economy and new and advanced technologies of the United States and its North American neighbors. There are 20 sectors in NAICS, of which 16 are services related. The SIC had ten divisions, of which [only] five were service-related." Unfortunately, comparisons between NAICS and SIC will be difficult, if not impossible, as many of the data collecting agencies do not plan to modify past data.

The following chart compares Vance County and North Carolina employment and wages in 18 of the 20 NAICS sectors, excluding agriculture and mining. Sectors are arranged in ascending order according to the average North Carolina wage paid.

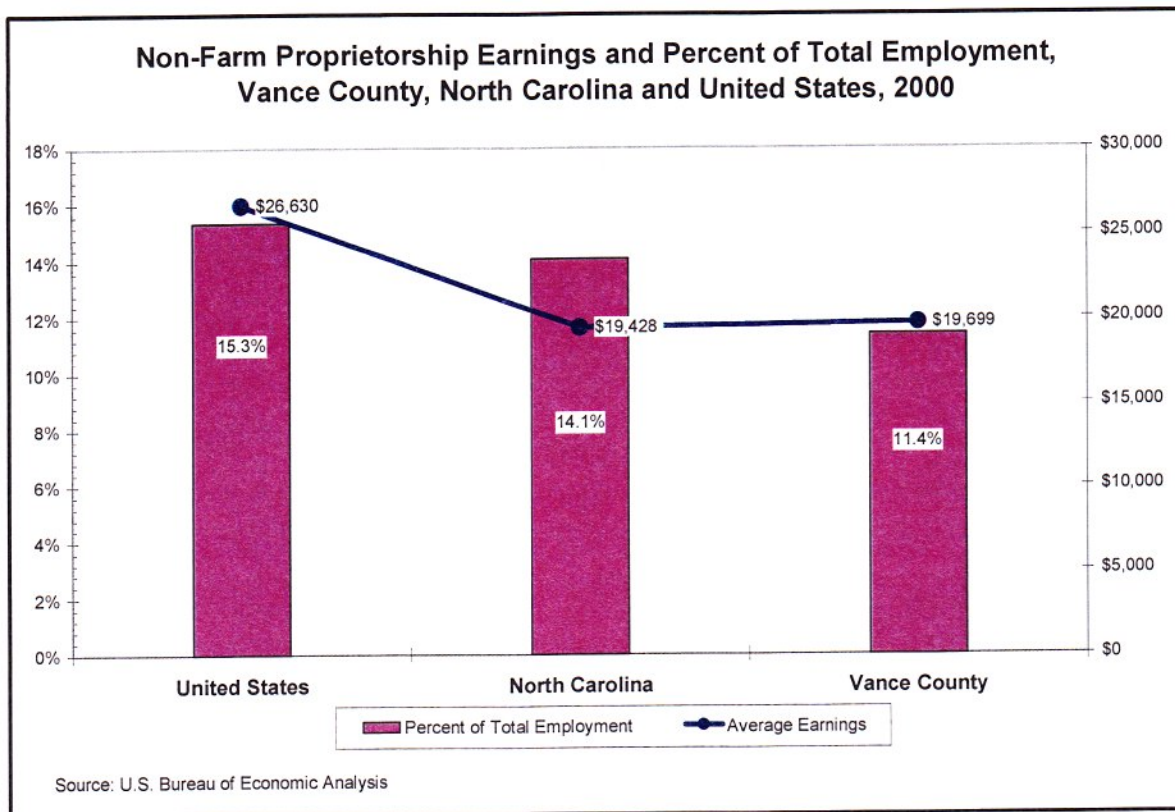


Neither Vance County nor North Carolina employ substantial numbers of people in the highest paying NAICS sectors such as Information; Finance and Insurance; Utilities; and Management of Companies and Enterprises. Furthermore, Vance County's average wages lag those of North Carolina for almost all sectors except Utilities and Retail Trade. Except for the Utilities sector, this gap increases as the average wage paid in North Carolina increases.

### Non-Farm Proprietorships

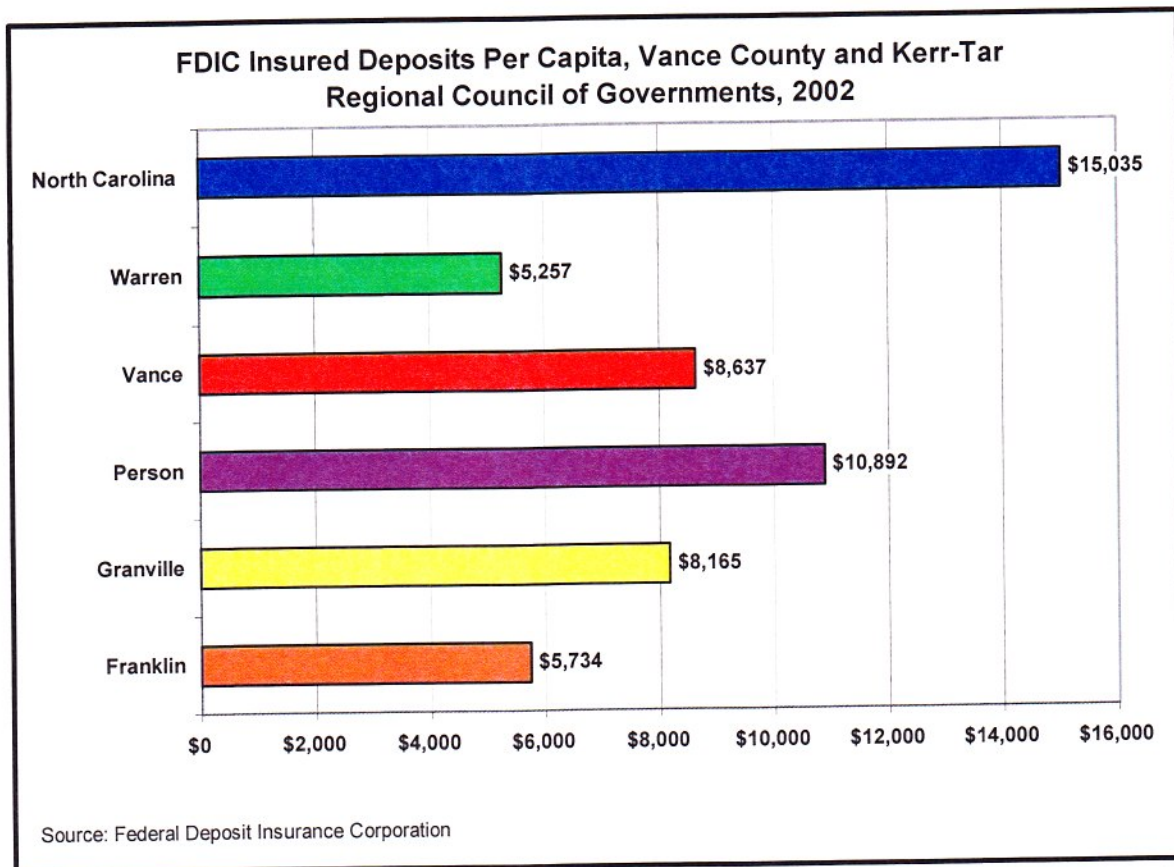
Non-farm proprietorships gauge the level of entrepreneurial activity in an area, while the earnings of these firms measure the success of local entrepreneurs. Small firms also overwhelmingly tend to be the largest source of job growth in a community.





The chart above shows that while entrepreneurial activity was lower in Vance County in 2000 than in North Carolina and the nation as a whole, it was not significantly lower. Furthermore, the wages earned by Vance County entrepreneurs were slightly higher than the state average, demonstrating a positive trend for entrepreneurial activity in Vance County. These numbers are lower than those reported by the U.S. Census Bureau, as the Bureau of Economic Analysis adjusts the numbers downwards to compensate for underreporting by non-farm (and farm) proprietors.

Tomorrow's economy will depend to an unprecedented degree on how well a community fosters entrepreneurship. The level of capital, both traditional and venture, determines how conducive the environment is to fledgling companies. The following chart examines how much money is on deposit in Vance County – only one measure of wealth. While it is not an indication of how much capital is available to entrepreneurs in Vance County overall, it does provide insight into the availability of traditional capital (equity and angel investors) in the area.



Vance County had \$8,637 in FDIC insured deposits per capita as of June 30, 2002, a higher amount than all of its Kerr-Tar neighbors except Person County at \$10,892 per capita. Measured against the statewide average, however, Vance County's deposits per capita are substantially lower than the North Carolina average of \$15,035.

Six different commercial banks have nine offices in Vance County – all located in Henderson. Some are national, such as Bank of America, while others are regional. None of the six is headquartered in Vance County. With increased decision-making occurring at national or regional “credit scoring centers,” local leaders need to understand local capacity to make autonomous lending decisions. Vance County residents do have more choice of lending institutions per capita than the state as a whole, indicating good competition and arguably competitive lending rates and terms.

Knowledge and use of state or regional capital access programs can also help create a culture that fosters new business growth. For example, at least three of Vance County's six banks – Bank of America, BB & T (Branch Banking and Trust Company), and The Fidelity Bank – participate in the North Carolina Rural Economic Development Center's Capital Access Program. This program provides participating banks with reserve funds that allow them to make loans to promising companies that might not qualify for a loan under a bank's strict credit scoring process. Entrepreneurs must continue to take advantage of such programs.



The Golden L.E.A.F. Foundation is another source of potential capital for businesses in the community. Established to administer money from the tobacco settlement for long-term economic development in North Carolina, the Foundation recently announced that it would invest over \$42 million in bioscience/technology companies. Much of this will be in the form of venture debt and venture capital funds. Additional investments of up to \$108 million could follow if the initial investments are deemed successful. One of the stated goals of the new initiative is to *"make it easier for new businesses, especially in rural areas, to get the capital they need."* The Foundation also pledged financial support for the Rural Economic Development Center's Capital Access Program.

### Major Employers

The major employers in an area offer a picture of the most identifiable types of business in the region. Vance County's base of major employers has undergone significant changes in the past two years, as seen from a comparison of the County's 10 largest employers in 2001 with its 10 largest employers just several months later in the second quarter of 2002:

<b>10 Largest Employers - 2001</b>		
<b>Name of Business</b>	<b>Industry Sector</b>	<b>Employment</b>
Royal Home Fashions	Manuf.	500-999
Maria Parham Hospital	Services	500-999
Harriet & Henderson Yarns	Manuf.	500-999
J.P. Taylor	Manuf.	500-999
Americal Corporation	Manuf.	500-999
Coastal Staffing Service	Services	250-499
Roses Stores, Inc.	Retail	250-499
Pacific Coast Feather Co.	Manuf.	250-499
Purolator Products Air Filtration	Manuf.	250-499
Saint Gobain Containers	Manuf.	250-499

<b>10 Largest Employers - 2nd Quarter 2002</b>		
<b>Name of Business</b>	<b>Industry Sector</b>	<b>Employment</b>
Royal Home Fashions	Manuf.	500 - 999
Maria Parham Hospital	Services	500 - 999
**Wal-Mart Associates, Inc.	Retail	500 - 999
Americal Corporation	Manuf.	250 - 499
Harriet & Henderson Yarns	Manuf.	250 - 499
Roses Stores, Inc.	Retail	250 - 499
Pacific Coast Feather Co.	Manuf.	250 - 499
Saint Gobain Containers	Manuf.	250 - 499
Purolator Products Air Filtration	Manuf.	250 - 499
**Food Lion LLC	Retail	100 - 249
<b>**Shared with North Carolina Top 10</b>		

Source: North Carolina Employment Security Commission

In less than a year, two of Vance County's largest employers – J.P. Taylor and Coastal Staffing Service – had disappeared from the Top 10 list, and others (Harriet & Henderson Yarns) significantly reduced employment in the County. While two of the County's 2002 "Top 10"

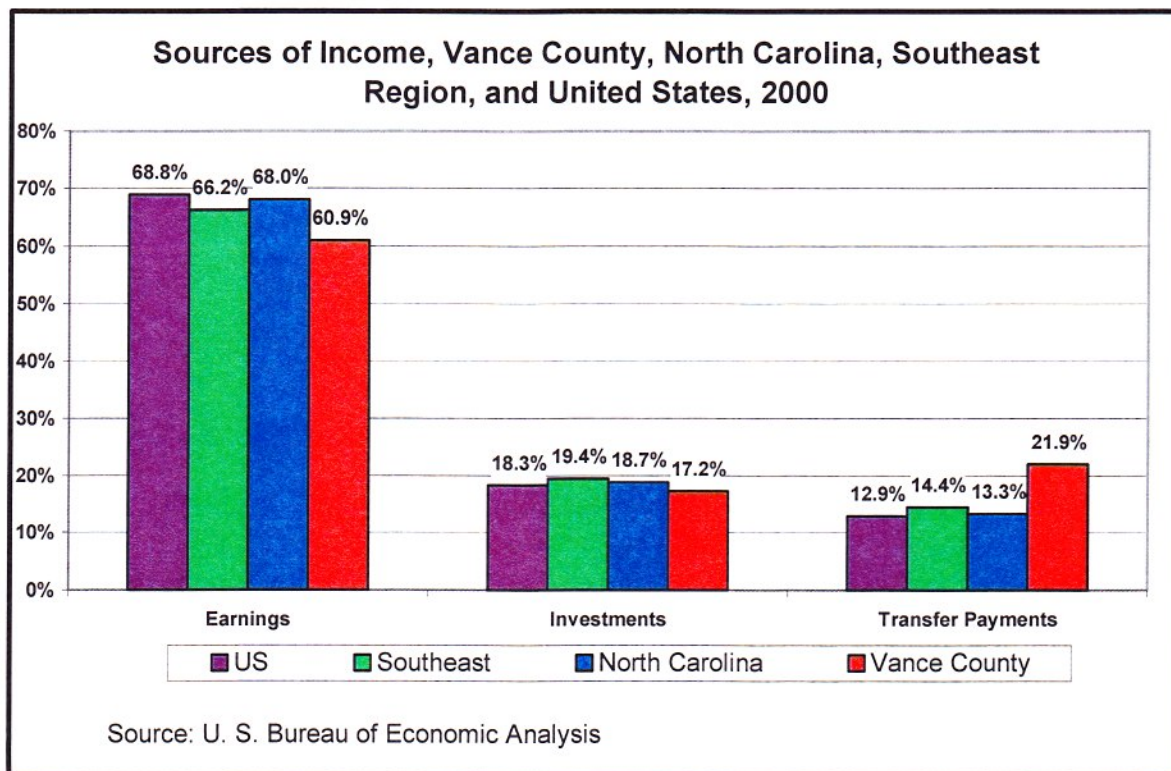


employers are shared with North Carolina's list of Top 10 Employers (Wal-Mart and Food Lion), both are in the retail sector, which tend to be lower-paying jobs.

To the extent these corporations are involved in the community, the loss of large employers (or substantial job reduction) may also mean a loss in the corporate leadership base of the community. An absence of corporate leadership puts added pressure on other civic, small business and education leaders. Community leaders may need to look to other areas to compensate, such as the 10 highest paying businesses in the County, the 10 fastest growing companies in the County, the 10 most civic-minded firms, and the 10 'best places to work' in terms of employee benefits and satisfaction. While these top 10 lists may include some of the businesses above, most will be smaller, vibrant companies - the County's wealth creators.

### Sources of Income

Income is derived from three general sources: earnings (wages people receive from employment), investments (income from stocks, bonds, rent and royalties) and transfer payments (governmental financial assistance such as social security, retirement, disability and temporary assistance to needy families). Retirement and social security payments constitute the majority of transfer payments, while 'welfare' payments such as temporary assistance to needy families typically are a very small percentage of transfer payments. Transfer payments tend to be much lower than regular income and investments, so it is cause for concern if an area has an unexplained high percentage of transfer payments. The following chart illustrates the makeup of income in Vance County and compares it to North Carolina, the Southeast and the nation.

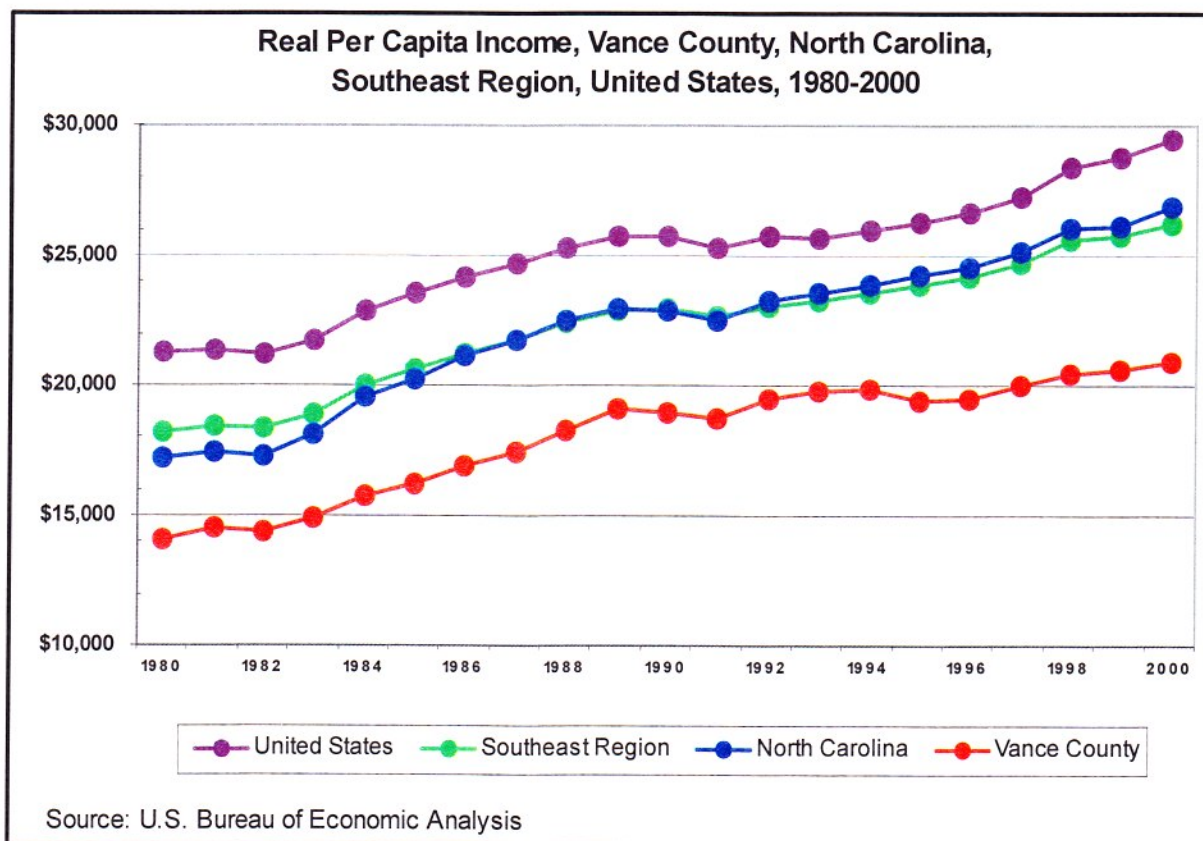




While Vance County compares favorably on investments as a percentage of income, a disproportionately high percentage of Vance County's income derives from transfer payments – 21.9%. Vance County does not have a higher percentage of residents age 65 and older than the comparison areas, so this number cannot be fully explained by retirement payments. In comparison, transfer payments comprise 16.8% of income for *rural* North Carolina counties. Vance County's lower percentage of earnings and higher percentage of transfer payments help explain its overall lower real per capita income, as the next chart demonstrates.

### Real Per Capita Income

As a measure of wealth generation, real per capita income is one of the most informative economic indicators about the relative economic position of a community. Because these figures are adjusted for inflation, real per capita income data can be readily compared over a long period of time. As the following chart shows, Vance County's real per capita income has remained well below that of North Carolina, the Southeast Region and the United States over the past two decades.



In 2000, the real per capita income in Vance County was \$20,923, substantially lower than North Carolina (\$26,882), the Southeast Region (\$26,194) and the United States

(\$29,469).<sup>10</sup> However, Vance County's real per capita income grew more rapidly than that of the United States over the past two decades. From 1980-2000, Vance County's real per capita income grew 48.3%, where the United States' only grew 38.5%. In comparison, North Carolina's real per capita income grew 56% over the same time period. While the majority of that growth for both the United States and Vance County occurred in the 1980s, Vance County's income growth slowed substantially during the 1990s, more than that of the United States. From 1990-2000, the United States' real per capita income grew 14.3%, while Vance County's only grew 10.3%.

Dividing Vance County's real per capita income by that of another area illustrates the relative earning power of both areas' respective residents. The chart below shows Vance County's real per capita income as a percentage of that of North Carolina, the Southeast Region and the United States.

<b>Vance County Per Capita Income as a Percentage of North Carolina, the Southeast and the United States</b>			
	<b>1980</b>	<b>1990</b>	<b>2000</b>
<b>United States</b>	66.3%	73.5%	71.0%
<b>Southeast Region</b>	77.5%	82.8%	79.9%
<b>North Carolina</b>	81.8%	83.0%	77.8%

While Vance County experienced more real per capita income growth over the past two decades than the United States, the numbers above demonstrate (1) Vance County's relatively low starting per capita income in 1980, and (2) its slower growth rate during the 1990s. In 2000, Vance County residents' incomes were less than 80% of the real per capita incomes of residents of North Carolina, the Southeast Region and the United States. While the average Vance County resident's income was 83.0% of the average North Carolinian's in 1990, by 2000 that percentage had fallen to 77.8%. Today, Vance County residents' income is almost one-third less than the national average.

<sup>10</sup> This measure of income, gathered by the U.S. Bureau of Economic Analysis, is different from the per capita income stated by the U.S. Census Bureau because of the types of income considered by each source and the way the information is collected. Bureau of Economic Analysis values tend to be broader and more descriptive of real earning power over time, particularly when those figures are adjusted for inflation, where Census Bureau numbers are a snapshot in time and describe how much money a person has to spend at a given point in time.



# Labor Force Analysis

## LABOR FORCE ANALYSIS

The huge shift in the economy over the past 10 years reflects the diminishing importance of traditional agrarian and manufacturing jobs and emphasizes the service and information-oriented jobs of the new, knowledge-based economy. New economy jobs tend to require greater skills and education, and an area's workforce must keep pace with the new demands. An examination of the current workforce, along with the educational attainment of the workforce, dropout rates and test scores, provides an indication of how well a community is preparing its workforce for today's and tomorrow's jobs.

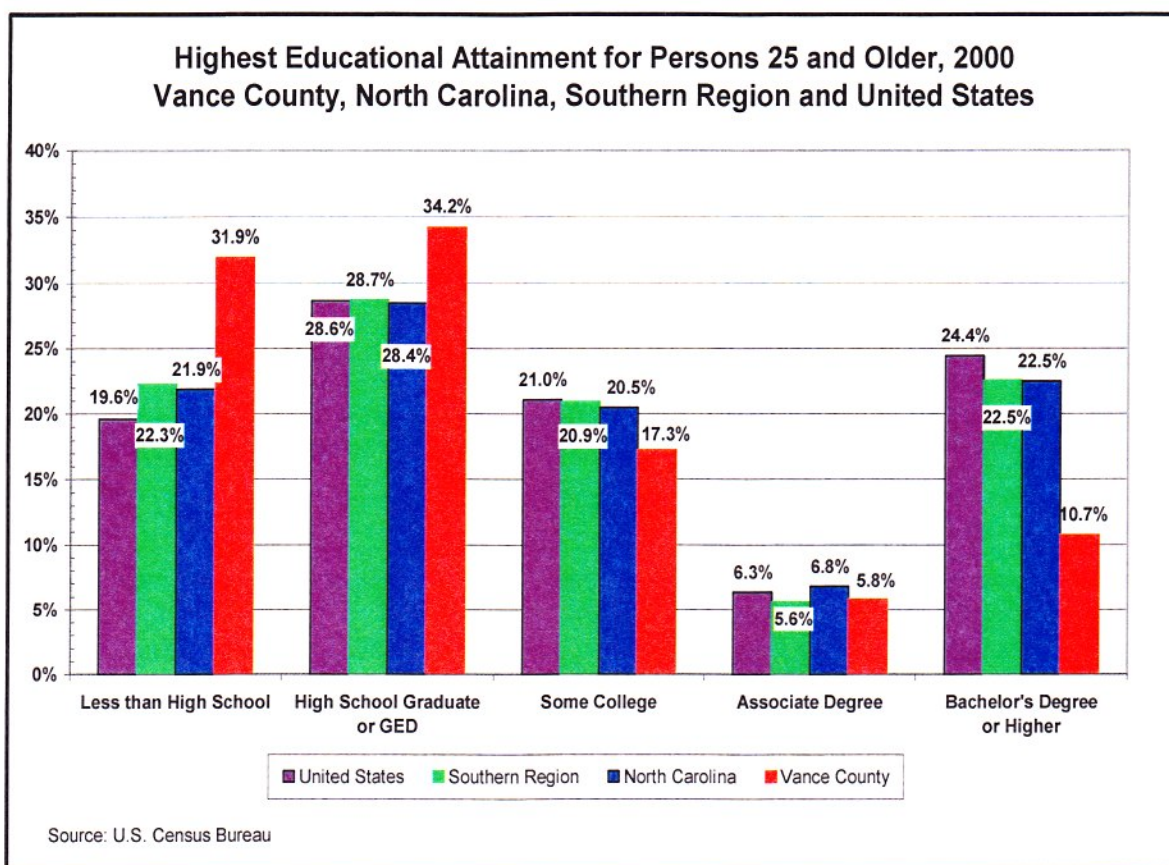
### Potential Labor Force

The potential labor force for Vance County is determined by looking at the total number of people between the ages of 18 and 69. While this is a good estimate, it is important to remember that people at the lower end of this range may be attending school full time, and those at the upper end of the range may continue to work past the age of 69, particularly in a poor economy when investments in the stock market are not performing as well as anticipated and additional income is needed. In 2000, the potential labor force in Vance County was 27,502, which was 64.0% of the total population. The County's 71.3% labor force participation rate in 2000 meant that only 19,608 people were either employed or unemployed and actively looking for work. 7,894 people ages 18-69 were not participating in the County's labor force.

### Educational Attainment

One of the best indicators of the quality of a region's labor force is educational attainment. According to the chart on the next page, which is based on the 2000 Census, only 68% of Vance County residents age 25 and over have at least a high school diploma or GED. In comparison, 78.2% of North Carolina residents, 77.7% of Southern Region residents, 80.3 % of United States residents and 73.7% of *rural* North Carolinians age 25 and older have at least a high school diploma or GED.

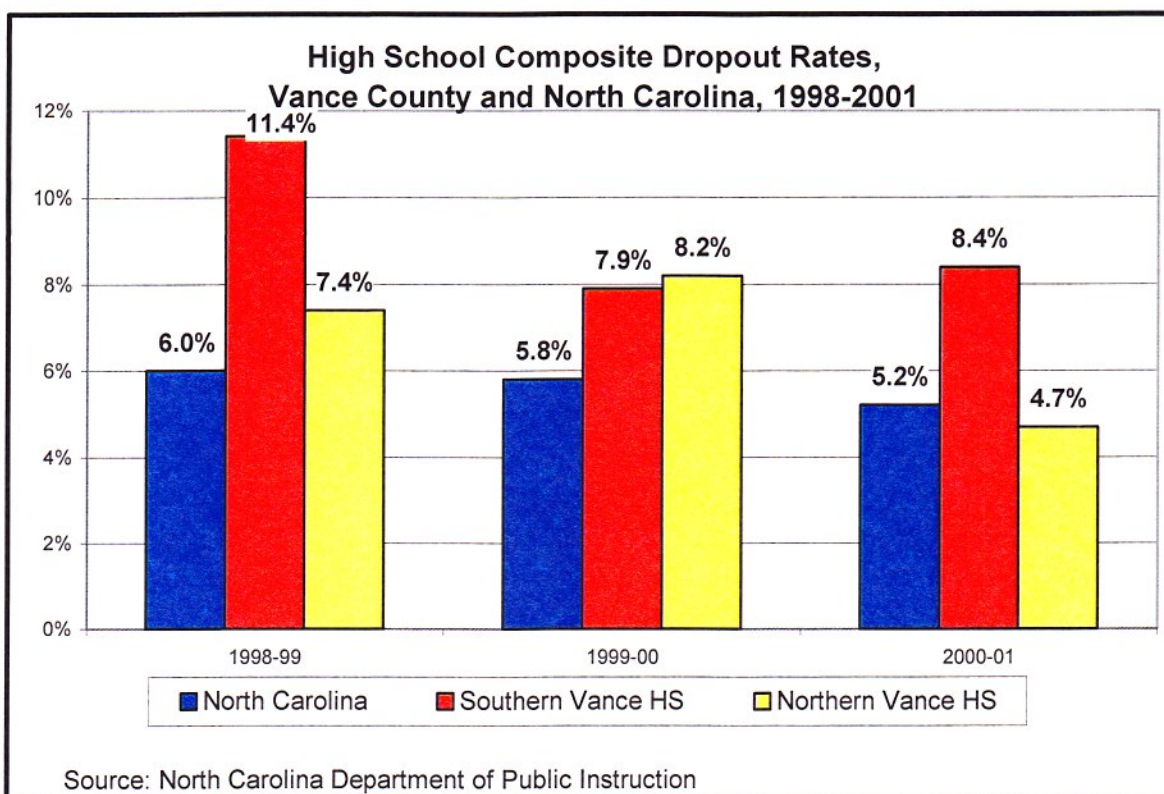




The 10-12 percentage point lag in Vance County's high school diploma achievement rate compared to the state, regional and national levels increases to a 12-14 percentage point lag for residents with a Bachelor's Degree or higher. Only 10.7% of Vance County residents have completed a four-year college degree, while that number exceeds 22% for the state, region and nation. In comparison, 15.1% of residents living in rural North Carolina counties have a Bachelor's Degree or higher.

"Associate Degree" was broken out as a separate category to determine if this gap closes when the resources to obtain the degree (Vance-Granville Community College) are readily available to and affordable for residents. Vance County residents have a higher percentage of Associate Degrees than people in the Southern Region, and Vance County's 5.8% Associate Degree attainment rate is fairly reflective of the state and nation. Arguably, the presence and affordability of Vance-Granville Community College has affected this statistic.

The high school dropout rate is another key indicator concerning educational levels. As the following chart demonstrates, the composite dropout rate for both Northern and Southern Vance High Schools has consistently exceeded the North Carolina composite dropout rate over the past three years. Although both schools have shown improvement in certain years, there is no trend of ongoing improvement.



In comparison, the average dropout rate for *rural* North Carolina counties was 7.2% in 2000. If dropout rates in Vance County continue at or near their current rates, the high school attainment levels of the community will never improve. Currently, almost one-third of Vance County residents over the age of 25 do not have a high school diploma or GED. If the dropout rate remains around 8.0%, a figure each high school exceeded in one of the past two years, 32% of students will not receive their high school diploma over four years. This perpetuates the County's educational attainment problem as a new generation of young adults reach working age without sufficient knowledge or credentials to compete in today's economy.

The Scholastic Assessment Test (SAT) is an informal measure of how well schools are doing. Administered to high school students nationally to measure their proficiency in Math and Verbal skills, the SAT is also used by colleges as part of their admission standards. The following table shows the numbers and percentages of students taking the SAT and the average total scores for Vance County, North Carolina and the nation over the past three years.



<b>Average Student Assessment Test (SAT) Scores, Vance County, North Carolina and United States, 2000-2002</b>							
	Number and Percent of Students taking SAT- 2000	Average Total Score - 2000	Number and Percent of Students taking SAT- 2001	Average Total Score - 2001	Number and Percent of Students taking SAT- 2002	Average Total Score - 2002	Percent Change 2000-2002
<b>United States</b>	1,260,278 (44%)	1019	1,276,320 (45%)	1020	1,327,831 (46%)	1020	0.1%
<b>North Carolina</b>	43,077 (64%)	988	44,183 (65%)	992	46,180 (67%)	998	1.0%
<b>Vance County</b>	164 (57.1%)	858	181 (52.3%)	867	192 (53.8%)	878	2.3%

Source: North Carolina Department of Public Instruction

Overall, Vance County did poorly in relation to the state and nation, falling 120 points behind the state average and 142 points behind the national average on 2002 SAT scores. On a positive note, Vance County has been improving its scores at a higher rate over the past two years than North Carolina or the United States. Where the national average SAT score only increased by one point and the North Carolina average only increased by 10 points from 2000-2002, the Vance County average score in 2002 was 20 points higher than it was in 2000, an increase of 2.3%. Within Vance County, students taking the SAT at Southern Vance High School improved their scores 7% over those two years. While changes over two years cannot yet be called a trend, if Vance County schools maintain their 2.3% rate of improvement, they will outscore the nation and North Carolina by 2017.

Under the recent reauthorization of the Elementary and Secondary Education Act, also referred to as the 'No Child Left Behind' Act (NCLB), *all* children must make "adequate yearly progress" in both reading and math each school year, or the school will be labeled "needs improvement." The goal of NCLB is to have all students "proficient" by the 2013-2014 school year. NCLB also requires that all teachers teach only in their area(s) of endorsement by 2005. The North Carolina Department of Public Instruction has already started implementing this Act in its 100 county school districts and 17 city districts. The state Leandro decision, if ultimately implemented, will require funding equity and all students in North Carolina to receive a sound, basic education.

In North Carolina, "proficiency" equates with testing at a "Level III" out of four levels --- the student consistently demonstrates mastery of the subject at the grade level and is well prepared for the next grade level. The following table examines End of Grade composite test scores in Reading, and also in Math, for grades 3-8 and compares the results with North Carolina as a whole.

<b>Percent of Students Performing at or above Level III - Grades 3-8</b>				
	<u>North Carolina Reading</u>	<u>Vance County Reading</u>	<u>North Carolina Math</u>	<u>Vance County Math</u>
<b>Total</b>	79.5%	66.2%	84.4%	72.2%
<b>Free/Reduced Lunch</b>	66.4%	59.5%	74.4%	67.4%
<b>No Free/Reduced Lunch</b>	88.3%	79.3%	91.3%	81.6%
<b>Parents without High School Diploma</b>	56.1%	51.6%	66.2%	60.6%
<b>Parents with High School Diploma</b>	73.0%	63.1%	79.7%	70.6%
<b>Parents with Technical School Degree</b>	82.3%	80.1%	86.8%	81.9%
<b>Parents with Jr./Community College</b>	85.9%	77.8%	89.4%	78.4%
<b>Parents 4 Year College Graduate</b>	93.3%	81.4%	95.1%	84.8%
<b>Parents with Graduate Degree</b>	96.0%	77.5%	96.8%	77.5%

Source: North Carolina Department of Public Instruction, 2001-2002

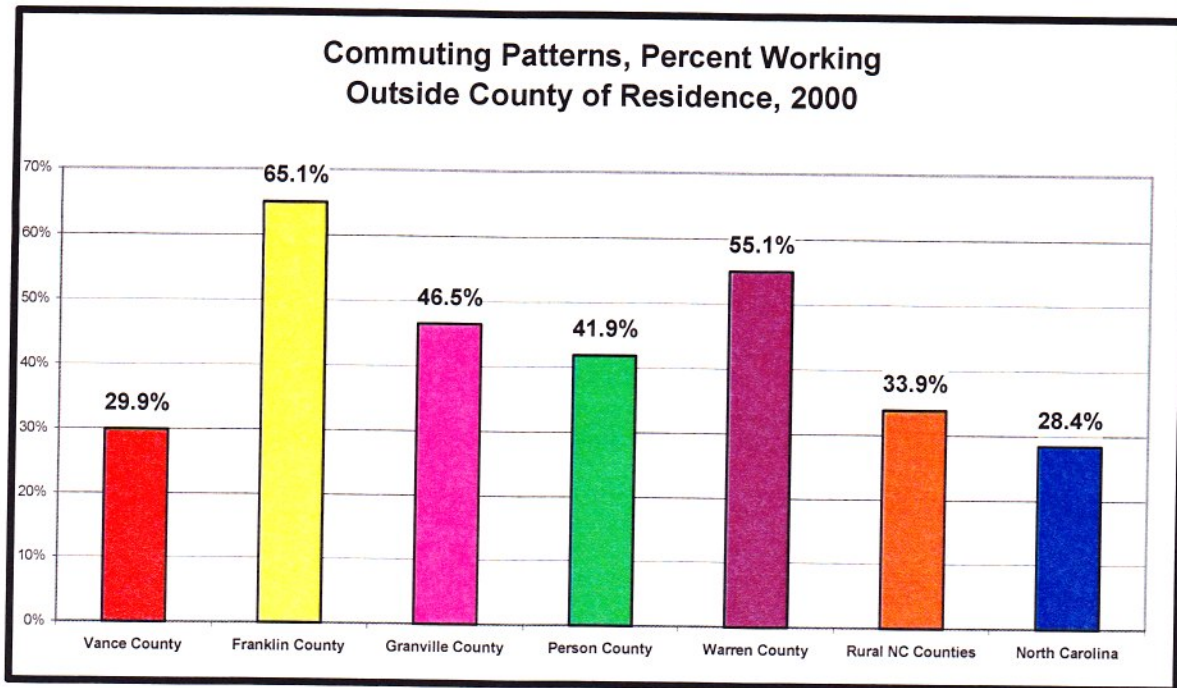
Vance County scores well below the state average in both Reading and Math, with a 13.3% discrepancy in reading scores and a 12.2% gap in math scores. It is interesting to note that the gap between Vance County and state averages starts to disappear as the education level of Vance County's parents increases; the gap is almost gone at the Technical School Degree level. Query why the Vance County percentages do not continue to increase for students of the most highly educated parents as they do in the state averages. The percentages of students proficient in *both* Reading and Math in 2001-2002 (grades 3-8) fall to 58.6% in Vance County, compared to 74.6% for the state average.

### **Commuting Patterns**

How people get to work and the options they have to get there can affect their ability to locate and find employment. If a region's population is highly mobile, its potential labor force's size can increase significantly. Comparing commuting patterns of surrounding counties can also help identify which areas are job centers for the region.

The majority of Vance County's residents (70.1%) worked in the County in 2000. The trend is similar throughout North Carolina as a whole, where 71.6% of residents worked in the county in which they lived. The following chart describes the percentage of residents who traveled *out* of the county for jobs in 2000.





Among the 29.9% of Vance County residents who traveled out of the County for employment in 2000, 28.6% traveled to another county in North Carolina, while only 1.3% worked out of state, likely in Virginia. In comparison, of the 28.4% of North Carolina residents who traveled to another county for work in 2000, only 2.0% worked in another state, while the remainder commuted to another county in North Carolina. The high commuting figures for the counties contiguous to Vance County mean that Vance County is likely a job center for counties in the Kerr-Tar Regional Council of Governments, although the research triangle area attracts many of those counties' workers, as well.

# Key Findings and Conclusion



## KEY FINDINGS

The demographic, economic and labor force analyses paint a picture of where Vance County has been and where it is going. Overall, Vance County lags behind North Carolina, the Southern and Southeast Regions, and the United States on many indicators. The County performs better against some of the rural North Carolina indicators.

### *Demographics Analysis*

- Vance County has experienced positive population growth over the past two decades, but at a rate that is significantly below that of North Carolina, the Southern Region, the United States and that of other rural North Carolina counties. While the most recent (1998-2000) population growth rates for Vance County have been encouraging – in 2000, the County's population growth rate surpassed that of the United States and the Southeast Region and was approaching North Carolina's - Vance County will need to work hard to maintain this positive trend.
- Vance County has an extremely high poverty rate in comparison to North Carolina, the Southeast Region, the United States and rural North Carolina counties. The rates are even higher for children 17 and under and are particularly high for single female heads of household. These rates are reflected again in the County's lower real per capita income, high rate of transfer payments, and very high rate of eligibility for free and reduced school lunches. Teen pregnancy rates are also well above the state average, another risk factor for poverty.
- At every school in the Vance County school district except Northern Vance High School, over 50% of the students are eligible for free or reduced lunches. This number jumps to over 90% at four of the district's elementary schools, revealing a significant low-income population in addition to those living below the official poverty rate.
- Vance County's in-migration rates continue to be strong, well above those of other rural North Carolina counties and a positive trend for its population growth. However, the vast majority of people moving into Vance County are bringing incomes lower than the County's median income.
- The County is far more racially diverse than other rural counties in North Carolina, the state or the region. The percentages of Black and White populations are almost equal at 48.2% and 48.3%, respectively, and the community has a growing (4.6%) Hispanic population.

*Economic Analysis*

- Vance County's strongest growth sectors in the past decade have been in the high-paying sectors of Transportation, Communications and Utilities (TCU) and Wholesale Trade, but those sectors still comprise relatively minor percentages of the County's total workforce.
- Vance County's employment grew very slowly during the 1990s. Counting both full and part-time jobs, the County added only 1,166 jobs in 10 years, reflecting the continual job losses in the Manufacturing sector that have not been replaced.
- Vance County's unemployment rate continues to be well above the state and national averages at 11.6% for December 2002. The County's unemployment rate has not been below 8% since April of 2000, and it has peaked at over 12% each of the past two summers. This peak did not drop in 2002, reflecting the loss of several major employers in the County. It remained well above that of North Carolina and the United States throughout the 1990s and reflected the current recession earlier than the state and national averages.
- The County's labor force participation rate (LFPR) for people aged 18-69 was lower than that for North Carolina, the Southern Region and the United States. More significantly, it dropped almost 10 percentage points between 1990 and 2000. Combined with the County's high unemployment rate, there is substantial flexibility in the workforce; many people in the area are not working, but could work if they chose to do so. The loss of these incomes during the 1990s is a compelling explanation for the County's low real per capita income.
- Although the Manufacturing sector still employs the largest percentage of Vance County's workers, manufacturing has experienced significant negative growth in the past decade. This reflects the fact that Vance County's economy is becoming more diverse as it shifts from a manufacturing-based economy to one that is more service and information oriented. While the Manufacturing sector pays relatively high wages, in Vance County the sector is dominated by employment in Textile Mill Products and Apparel, among the lowest paying manufacturing sub-sectors.
- The highest concentration of new jobs in Vance County in terms of overall numbers has been in the Services sector, and this continues to be very positive for Vance County. The Services sector is led by Health Services, which paid the second highest average wage of all the major Services sub-sectors employing Vance County residents. This likely



reflects the strong contribution of Maria Parham Hospital to Vance County's economy, and it is a major potential growth area for the County.

- Non-farm proprietorship wages in Vance County are higher than those in North Carolina. While non-farm proprietorships still account for a lower percentage of total employment than they do in the state or nation, entrepreneurial activity is fairly strong in the area and is another potential sector for growth and wealth creation in Vance County.
- In 2000, Vance County's real per capita income was \$8,546 lower than the national average and \$5,959 lower than the state average. While Vance County's real per capita income grew at a higher rate than the United States from 1980-2000, most of that growth occurred in the 1980s, and the growth rate slowed substantially during the 1990s.
- A disproportionately high percentage of Vance County's residents' incomes derive from transfer payments (including social security, retirement and disability payments), and Vance County does not have a higher percentage of residents over the age of 70 to help explain this percentage. Vance County's average real per capita income reflects the fact that these payments tend to be lower than earnings or investment income.

### ***Labor Force Analysis***

- A higher percentage of Vance County residents have Associate Degrees than the state average, and the percentage is nearly as high as their regional and national counterparts. Additionally, the County is fairly close to the state, regional and national averages for residents who have completed some college. However, Vance County's attainment levels are substantially below state, regional and national averages in the percentage of its population age 25 and older without a high school diploma and without a Bachelor's Degree or higher. This educational difference is reflected in composite test scores, with student test scores generally improving as their parents' educational attainment level increases.
- Standardized test scores in Vance County were significantly below the State averages for the 2000-2001 school year. SAT scores, while showing significant improvement recently, still lag the state and national averages by over 100 points. This indicates that schools may not be adequately preparing students to enter the workforce or continue their education.



## CONCLUSION

It is clear from this analysis that there is both good and bad news for Vance County. The County's strengths and positive trends are balanced by its challenges and opportunities in other areas as it works to develop its economic development strategy for the future.

Vance County's economy is significantly more diverse than in 1990, when the Manufacturing and Retail Trade sectors alone comprised over 56% of the County's employment. Diversity brings the promise of increased resilience against future recessions and opportunities for growth in higher-paying sectors of the economy. While most of the County's diversification was due to the loss of Manufacturing and Retail Trade jobs as opposed to substantial growth in other sectors, the upside is that (1) the remaining Manufacturing jobs are those that pay higher wages and depend on well-educated, well-trained workers, and (2) the sectors that are growing rapidly in Vance County tend to have higher paying jobs (TCU, Wholesale Trade and Services). Although the remaining Manufacturing jobs may be higher paying than those lost in the past decade, the two lowest-paying Manufacturing sub-sectors (Textile Mill Products and Apparel) still constitute over 50% of the County's Manufacturing jobs, a continuing challenge for the County's economy.

The lack of wealth and presence of poverty in Vance County affects almost every facet of the community. The poverty rates for children and single female heads of household are staggering, with teen pregnancy rates well above state averages. The area's high percentage of transfer payments (social security, disability and welfare recipients), its low real per capita income and high unemployment rates all combine with the high poverty rate to create tremendous challenges for community leaders.

While Vance County schools have shown areas of improvement over the past several school years, with higher SAT scores and lower dropout rates in some years, the community's high poverty rates are reflected in residents' and students' educational attainment and performance. However, while Vance County's test scores are still significantly below state averages, student scores improved dramatically as their parents' level of education increased. The percentages of Vance County residents with high school diplomas and Bachelor's Degrees or higher are still well below those at the state, regional and national levels. However, the relatively high percentage of Associate Degrees held by Vance County residents proves that accessible, affordable education works.

There are several positive trends in the Services sub-sectors and in entrepreneurial activity in Vance County. Health Services is overwhelmingly the largest Services sub-sector in the County, comprising 38.6% of all Service sector jobs in Vance County. Except for Engineering and Management jobs, which constitute only 3.8% of the Service sector jobs in Vance County, Health Services also pays the highest wages by a significant margin. If Vance County could grow this sub-sector of its economy to 50% of Service sub-sector jobs, it would mean 400 additional employees in the Health Services sub-sector and a substantial increase in the County's average wage.



Vance County also enjoys a fairly strong entrepreneurial base, with non-farm proprietors earning average wages above the average for North Carolina business owners. While the County does not have quite as high a percentage of non-farm proprietorships as the state and national averages, this is a potential growth area for the community. Vance County's challenge will be supporting existing businesses and creating a culture that helps fledgling companies grow and prosper (including access to capital) while attracting new, knowledge-based businesses.

It is important to remember that the information gleaned from this report is just the first part of creating the County's Economic Development Strategy. The community has tremendous resources in Kerr Lake and the beautiful natural resources surrounding it, Interstate 85, Vance Granville Community College, Maria Parham Hospital, the County's proximity to the Research Triangle and to major cities such as Washington, D.C., and finally, in its community leaders and its residents. Vance County must determine how to best harness these resources to address the challenges and opportunities presented.