

Chapter 3: Economic Development

Chapter 3: Economic Development

Goal: Economic development initiatives should proceed in a planned fashion according to available or planned infrastructure to preserve and promote the rural quality of life.

Economic development can be defined as the process of creating and maintaining a healthy local economy. Because the economy plays such a vital role in all aspects of community life, it is important to carefully examine the economy in the comprehensive planning process. A healthy economy can serve as a tool to help accomplish other goals, therefore it is important that the Economic Development section be integrated with all elements of the Comprehensive Plan.

The overall goal is to retain and enhance an economy that reinforces Madison County's character and promotes its assets. Those include: rural quality of life; economically viable agricultural base; abundance of natural resources; strong sense of history and heritage; and close proximity to the Athens urban market.

3.1 Purpose and Organization

The Minimum Standards, set forth by the Georgia Department of Community Affairs, specifies that the Comprehensive Plan must include the following aspects in the Economic Development chapter:

- ◆ Identify local economic development trends.
- ◆ Inventory characteristics of the local labor force and economic base.
- ◆ Identify local economic development programs, tools and resources and determine their adequacy.
- ◆ Develop a strategy for directing future economic development initiatives according to community preferences.

The 2001 Comprehensive Plan is the second update of the 1991 initial plan. The county, and its municipalities, seek to build on the needs and goals that have been identified over the past decade. This process will help guide local officials in implementing economic development strategies outlined by county residents.

The first element of the chapter is an inventory of the county's economic resources. It will examine the local economic base and breakdown the employment and earnings by sector.

The local labor force is examined in the second section, including employment characteristics, unemployment rates, and commuting patterns. This data is derived from 1990 Decennial Census resources and the Georgia Department of Labor.

The third section inventories local economic development tools and agencies, and regional education and training facilities. Economic development activities that have occurred since the previous update will be identified.

The final section outlines the county's needs assessment and goals and policies identified by the Citizens Advisory Committee. The goals and policies outline specific strategies addressed in the county's Five Year Short-Term Work Program.

3.2 General Overview of The Madison County Economy

Like many counties in Northeast Georgia, Madison County remains relatively rural. However, its proximity to the Athens metropolitan area has created a spillover effect of population and economic opportunities.

Taxable sales are a good indicator of the goods and services produced and consumed at the local level. They help to determine the amount of revenue retained through local economic activity. Madison County taxable sales increased by 21% between 1990 and 1999, from \$66.6 million to \$80.6 million.

The 1998 Master Economic Rank for Madison County was 63 out of 159 counties. The ranking is determined by using the adjusted gross income (the amount of personal income earned outside the county), number of automobile registrations, and net assessed property value. Madison's rank rose 16 spots from its 1992 ranking of 79.

Between 1993 and 1998 the total income, earned from wages and salaries and secondary sources (rent, dividends and interest), increased by 48%. Out of 159 counties, Madison's percentage increase ranked 26th overall.

In 1995, 15.3% of Madison County's population was living below the poverty threshold. This ranked the county 46th in the state and 6th in the region. The average poverty threshold for a family of four was \$15,569 in 1995.

The number of employees working in Madison County increased significantly between 1995 and 1999. The 1995 total of 2,813 increased by 58% to a 1999 total of 4,443. As the county's economy continues to expand and diversify, this number is expected to increase as more Madison County residents are able to seek and find employment within the county.

3.3 Section One: Economic Base Inventory

3.3.1 Sector Employment

This section identifies the number of people employed by local businesses and industries, including any persons living in the surrounding area and commuting to Madison County for employment. This does not include Madison County residents commuting elsewhere for employment.

This section refers to the various sectors of the economy that employ the local labor force. Local industries and businesses are classified into eleven sectors. This data was taken from the Georgia Department of Labor and represents jobs in the county that are covered by unemployment insurance legislation. Statistics are not readily available on farm employment and these figures are derived from the 1990 Decennial Census and projected using linear regressions based on historical data.

The following sectors are examined in Table 3-1: (Tables are located in Appendix A)

- ◆ Agricultural Services (including forestry and fishing)
- ◆ Construction
- ◆ Manufacturing
- ◆ Transportation, Communication and Utilities (TCU)
- ◆ Wholesale Trade
- ◆ Finance, Insurance and Real Estate (FIRE)
- ◆ Services
- ◆ Government (Federal, Local and State)
- ◆ Mining

Figure 3.1 is a representation of the 1999 Georgia Department of Labor estimates for the county labor distribution by sector. Refer to Table 3-1 for historical data and future projections.

The largest non-farm employer in the county is the government sector, representing 29.2% of the total labor force. Manufacturing represents 16.5%, Retail Trade and Construction represent 14.8%, and Services represent 14.5%. The remaining sectors comprise a small amount of the labor force with the largest being the TCU sector with 3.2% of the local labor force.

There is a very small level of mining activity in Madison County and data is not reported regularly. The only data reported in the mining sector in the past decade was in 1995, and the sector only represented 1.6% of the county labor force.

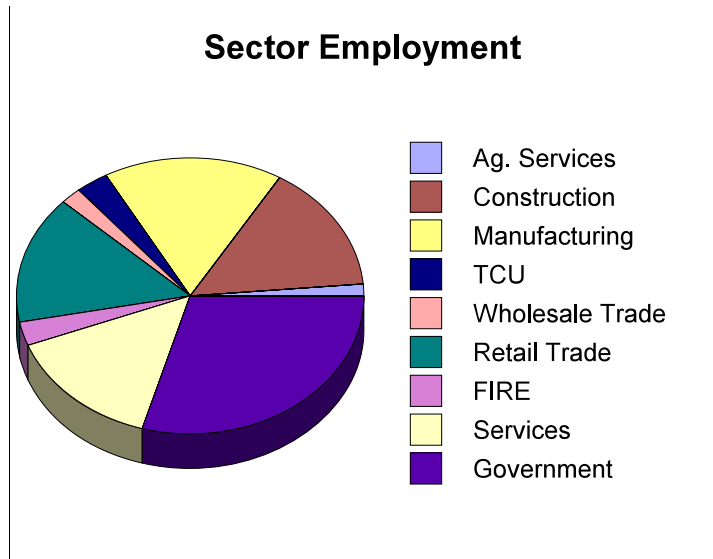


Figure 3.1 Madison County Sector Employment

Table 3-1 offers a comparison of state and county employment for each sector. Construction represents a cyclical pattern of employment and the population increase experienced in Madison County over the past decade has created a demand for the construction of new housing. This has led to the much higher proportion of construction employment for the county than the state.

The 1990 census figures for agricultural employment are shown in Table 3-1 and they represent a much higher dependence on agriculture in the county than in the state. Madison County is one of the leading poultry and beef producers in the state.

3.3.2 Sector Earnings

Earnings are comprised of wages, salaries, and other income paid to persons working for the businesses or industries located within Madison County. This information is obtained from the Georgia Department of Labor and corresponds to the industrial sectors identified in the previous section.

The government sector has the highest proportion of wages earned in the county at 30.8%, followed by Manufacturing at 20%, Construction at 15.5%, Services at 13.3%, Retail at 8.6%, TCU at 5.8%, FIRE at 3.4%, Wholesale Trade at 2.1%, and Agricultural Services at 1.1%. Refer to Table 3-2 for historical information and future projections.

The 1995 data for the Mining sector revealed that it represented 1.8% of the total earnings. Refer to Table 3-2 for county and state comparisons for sector earnings.

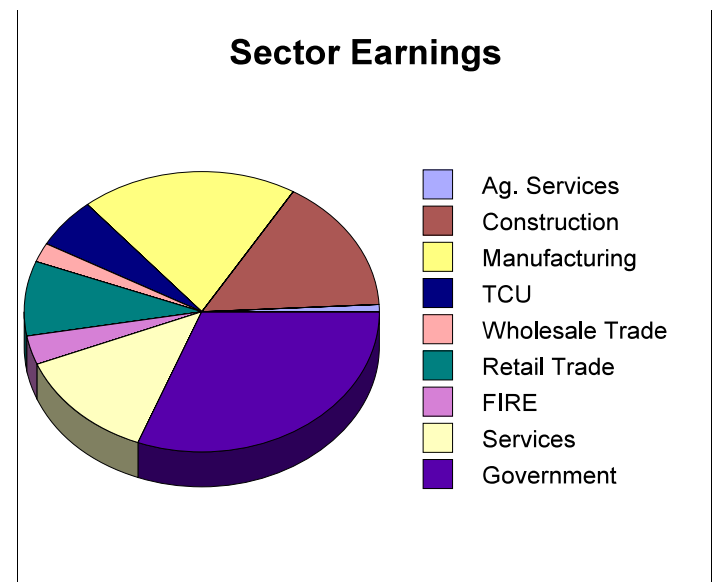


Figure 3.2 Madison County Sector Earnings

The proportion of Retail Trade employment to earnings is almost two to one due to the relatively low wages earned by retail employees.

According to the 2000 Georgia County Guide, Madison County ranked ninth in the state in terms of 1999 Farmgate Value. Madison ranked fifth in Broiler production and second in Beef. It also ranked in the top third in Table Egg Layers and Forestry commodities. Despite the decrease in agricultural employment over the past thirty years, agriculture remains an important earning sector for the county economy.

3.3.3 Average Weekly Wages by Sector

Another variable in the economic analysis is the average weekly wage by sector. Table 3-3 compares the average wages earned in the county and in the state for each industrial sector. The county overall weekly wage increased by \$13.88 per year between 1990 and 1999, in comparison to a state increase of \$20.33. The state paid higher average weekly wages than the county for all industrial sectors. One explanation for this is the relatively low educational level of the Madison County labor force. Generally, employees without a college education will obtain lower wages than those possessing a degree. The 1990 percentage of persons with a university degree in Madison County was 9.7% compared to a state average of 19.3%. Another factor is the lack of high paying jobs in the county. The economic base is generally based on manual labor type jobs which generally have lower wages.

3.3.4 Sources of Personal Income

Sources of income indicate how a community receives its income. The Georgia Department of Community Affairs has developed the following categories to determine income sources:

Wage and Salary:	Total income earned as compensation for working or rendering services.
Other Labor Income:	Total employer contributions to private pension or worker's compensation funds.
Proprietor's Income:	Measures total profits earned from partnerships or proprietorships.
Dividends, Investment, Rent, and Interest Income (DIRI):	Total income from investments and rental property.
Transfer Payments:	Total income from payments by the government under many different programs that include Social Security, unemployment insurance, food stamps, veterans benefits, etc.
Residence Adjusted Income:	Measures the net amount of personal income of county residents earned outside the county. A positive number indicates that county residents have earned a greater amount of income than non-residents have earned inside the county.

Table 3-4 presents a comparison between the state and the county in terms of sources of personal income. The data represents the percentage of total income and displays historical data and future projections. Data is obtained from the U.S. Census Bureau Regional Economic Information System.

The largest contributor to total personal income in Madison County is the Residence Adjusted Income (RAI). This indicates that the majority of the total personal income is earned by county residents outside of the county, it represents 41.8% of the total. This is explained further in the upcoming section on Labor Force. Transfer payment is the next highest component at 19.6%, followed by proprietor's income at 14.3%, wage and salary at 13.2%, DIRI at 11%, and other income at 1.5%.

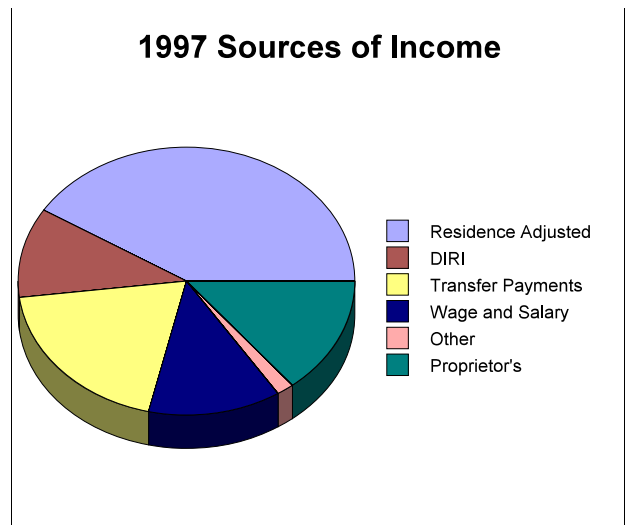


Figure 3.3 Madison County Sources of Income, 1997

The RAI percentage has continually risen in the county as more residents become employed outside of the jurisdiction. The state RAI percentage remains at or near zero as the majority of the residents earn their income within the state. The dominant component of the state's total personal income is wage and salary, due mostly to the absence of the residence adjusted income but also to the higher average wages paid in comparison to the county.

3.4 Section Two: Local Labor Force

3.4.1 Employment by Occupation

Table 3-5 portrays the percentage of total employment by occupational classifications for 1980 and 1990 and offers comparisons between the state, the county, and the nation. The categories are for non-agricultural occupations. Madison County consistently has a lower proportion of its labor force in those classifications requiring above average levels of education than the state and nation. The executive, administrative and managerial classification displays a 7% share for the county compared to 12.3% for both the state and nation and the professional and technical specialty has a 10.4% county share compared with 16% for the state and 17.8% for the nation.

The table illustrates that Madison County has a higher percentage of its employment in the manual labor classifications indicated by its high employment percentages in the construction and manufacturing sectors. The precision production, craft and repair classification has a 20.3% share for the county compared with 11.9% for the state and 11.3% for the nation and the machine operators, assemblers and inspectors represent 12.2% of the county labor force compared to 8.5% of the state's and 6.8% of the nation's.

3.4.2 Employment Status

Table 3-6 shows the employment status characteristics for the labor force in Madison County, Georgia, and the U.S.A. for the census years of 1980 and 1990. The table measures the percentage of the population that participates in the labor force, the percentage of females in the labor force, the male participation rate, and the female participation rate.

The county enjoys an increasing percentage of its residents in its labor force, exceeding both the state and national averages. The percentage of females in the labor force rose from 43.51% in 1980 to 45.4% in 1990 and is expected to increase along national trends. Overall the county percentages are similar to those of the state and the nation indicating a relatively healthy labor force participation rate.

3.4.3 Unemployment Rates

Madison County enjoys one of the lowest unemployment rates in the Northeast Georgia region and is lower than both the state and national averages. The Department of Labor 2000 estimate shows a rate of 2.5 for Madison compared to 3.0 for the state and 4.0 for the nation. Madison's unemployment rate remains low because of the diversity of the Athens-Clarke County economy which provides many Madison County residents with employment. It should be noted that unemployment rates refer to those persons who are able to work and are actively seeking employment and does not include agricultural labor.

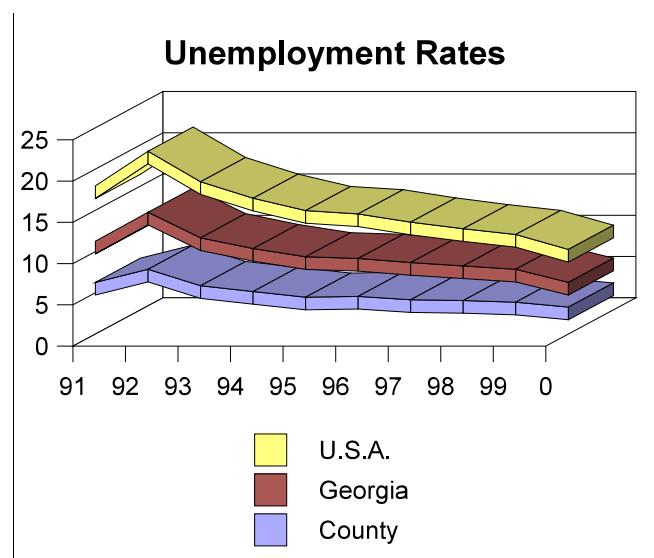


Figure 3.4 Unemployment Rates

Historically, an unemployment rate of 5 percent or less signified an economy at “full employment,” meaning that virtually everyone that is looking for work will be able to find it.

However, the “full” economy relates to Athens-Clarke County. The proximity of Madison County to Athens makes it an attractive location for commuters who are seeking a more rural lifestyle. As more people move into Madison County, a smaller percentage of the population is actually staying in the county to work.

3.4.4 Commuting Patterns

As previously mentioned, the majority of Madison County residents commute outside of the county for employment. In 1980 this figure was 70% of all workers and this rose to 75% in 1990. Table 3-7 lists the commuting patterns to work for county residents aged sixteen and over, including number of commuters, method of travel, and average travel time to work.

In 1990 approximately 75% of the county labor force worked outside Madison County. Of the ten largest employers in the Madison area, eight are found in Clarke County. Of all workers that commute from Madison County, 55% of those are traveling to Clarke County, further illustrating the dependence on the Athens-Clarke County economy.

3.5 Section Three: Local Economic Development Resources

3.5.1 Agencies

Madison County Chamber of Commerce:

Organized in 1985, the Chamber is a non-profit organization that derives its funding primarily from local members. Its main goal is to promote orderly community development to adequately meet the needs of the expanding population. The Chamber is active in promoting industrial, commercial and tourism development for the county.

Madison County Industrial Authority:

The Authority was organized in 1967 but remained relatively inactive until 1986. The Authority consists of a five-member board appointed by the County Board of Commissioners. Its goal is to work with the Chamber in promoting Madison County to prospective businesses. The Authority has two divisions, one for infrastructure development and the other for economic development. The Industrial Authority currently operates two water systems, with the capacity to serve one thousand customers, and is actively recruiting businesses for Madison County.

Georgia Power and Jackson Electric Membership Corporation:

These two utility companies both serve Madison County and both offer economic development assistance. Programs offered include business retention and expansion, industrial location, demographic analysis, among others. Georgia Power has a district office located in Comer and Jackson EMC has a district manager based in Hull.

University of Georgia Small Business Development Center:

The Center conducts marketing analysis and surveys intended to evaluate a community’s economic development potential. They use this information to provide management consulting to entrepreneurs looking to locate their business.

Institute of Community and Area Development:

Offers technical assistance, training, and research services for local government and various community organizations.

Georgia Tech Economic Development Institute:

Offers information to companies, communities, or government agencies seeking information on economic development opportunities. They provide technical assistance in the following areas:

- ◆ Industrial energy conservation
- ◆ Cost-benefit analysis
- ◆ Industrial market outreach research
- ◆ Financing
- ◆ Business planning
- ◆ Management
- ◆ Industrial engineering

There are also resources available to the county for industrial recruitment and tourism development through the Georgia Department of Industry, Trade and Tourism.

3.5.2 Programs and Tools**Madico Industrial Park:**

Operated by the Madison County Industrial Authority, it is located along Highway 98 between Comer and Danielsville. It is equipped with a water system and currently houses seven businesses. The existing water system is expandable and the county is actively recruiting potential tenants for the remainder of the park.

Northeast Georgia Development Authority:

Madison County is one of five participating counties in the Northeast Georgia Development Authority. The Authority offers tax incentives to prospective businesses based on the number of jobs that are created. All tax revenues are shared amongst the Authority's five participating counties.

Georgia Department of Community Affairs Economic Development Programs:

There are a variety of grant and loan programs available through the Georgia Department of Community Affairs to help further economic development in rural communities. They are designed to benefit low-moderate income residents and to help create jobs in the area.

Center for Continuous Improvement:

Based at the Athens Area Technical College, the Center provides consulting services to firms within the area. It helps communities retain, expand, and recruit employment and industry.

Northeast Georgia Regional Development Center:

The Northeast Georgia Regional Development Center provides a variety of assistance through comprehensive planning, grant administration, and the workforce development program which offers training services to job applicants and dislocated workers.

3.5.3 Education and Training Opportunities

Madison County operates a public school system, consisting of five elementary schools, one middle school, and one high school. There are no private schools in Madison County but Athens-Clarke County houses four.

Post-secondary education and training is readily available in the area, notably the University of Georgia in Athens. This provides the opportunity for higher education and offers a multitude of programs.

The Athens Area Technical College (AATC) offers 34 programs in a wide range of vocational-technical fields. The College offers a job placement service to enrolled students, helping them secure full or part-time employment. AATC provides a unique employee training program known as "Quick Start". It is designed to train workers for specific jobs in new or expanding companies. It allows employees the opportunity to learn new skills and earn higher wages. The program works directly with employers to discuss their specific needs and then recruits applicants that are compatible with the company's specific needs.

The surrounding area also houses a variety of training institutions including Georgia Tech and Georgia State University in Atlanta, and Emmanuel College in Franklin Springs.

3.6 Section Four: Assessment

County residents realize the importance of the rural qualities associated with Madison County but it is imperative that economic development continue in order to provide revenue for the county to help offset property taxes. In a county such as Madison, with significant residential growth, economic development can help diversify the tax base through sales tax receipts and property tax on industrial and commercial establishments lessening the tax burden on home owners.

Since the previous plan update in 1995, the county issued 66 commercial building permits, compared with two permits issued between 1991 and 1995. The county also invested in two water systems to help promote the county as an attractive location to potential businesses.

Members of the citizens advisory committee expressed the desire to maintain a level and diversified tax base which requires increased economic development. Committee members would like to see local officials utilize economic forecasting models to guide decision making and help determine the type and level of growth required to keep tax rates moderate.

Sales tax receipts represent a large portion of the county's revenue. Retail businesses create a net gain in revenue/cost ratios because of their relatively low infrastructure requirements. Committee members would like to see the county promote retail development in suitable areas, focusing on those areas with existing or planned infrastructure. However, there is a desire to attract a variety of smaller businesses as opposed to one large "big box" retail outlet to help preserve the existing character of the county.

Advisory Committee members want to see planned growth occurring to ensure that future development is compatible with the existing land use. This will require a comprehensive analysis of the proposed developments to determine if they are compatible with the goals associated with environmental and social issues.

The county has the potential to generate tourism development through the use of Watson Mill State Park. Committee members feel that the Park, if properly marketed, could be used to generate local revenue from tourists from both within the county, and outside. The presence of the Broad River provides an array of outdoor activities that attract urban residents from throughout the region.

Needs

- Preserve and promote rural and agricultural qualities associated with living in Madison County.
- Diversify the tax base to reduce tax burden on homeowners.
- Promote retail development in suitable areas. Sales tax comprises a large portion of county revenues and helps ease the tax burden placed on citizens. Retail businesses create a net gain in revenue/cost ratios because of their relative lack of infrastructure and service requirements.
- Focus retail expansion in the areas with the highest population densities, and in cross routes between major transportation corridors.
- Attract businesses that are compatible with the county's comprehensive plan goals associated with environmental and social issues.
- Determine the economic potential of the county through a comprehensive study that will help direct development to suitable locations and allow the county to market its assets.
- Direct growth to those areas that can best support it using, wherever possible, existing or planned infrastructure to accommodate new growth.
- Increase public awareness of the types of services provided by the Chamber of Commerce/Industrial Authority and promote the continued support of these organizations.
- Encourage a coordinated effort amongst the Chamber of Commerce/Industrial Authority and the county jurisdictions to gain consensus in economic development matters.
- Increase county-wide public involvement in economic development initiatives.
- Promote the use of Watson Mill State Park as a tourist destination.

Policies

- Promote the expansion and retention of existing businesses.
- Locate development in clusters, as opposed to strips, to help preserve open space and reduce the amount of infrastructure required.
- Promote and preserve agribusiness as an essential part of the economy.
- Plan, prioritize and implement economic development strategies.
- Offset costs associated with economic development initiatives through state and federal funds.
- Provide for sufficient infrastructure capacity to accommodate future economic development.
- Increase economic development marketing efforts to help maximize the county's retail potential, reducing the amount of leakage to other counties.
- Incorporate tourism initiatives with historic preservation.
- Increase public awareness concerning the Chamber of Commerce's services and promote its continued support.

- Promote sense of pride and responsibility to county residents to help prevent over development.

Implementation

- Undertake economic development study of the county to determine suitable types of businesses to attract and corresponding locations. (Madison County; Initiate 2001; estimated cost \$10,000; potential funds - local)
- Invest in infrastructure expansion in designated areas to accommodate future growth. (Madison County and the cities of Carlton, Colbert, Comer, Danielsville, Hull, and Ila; Initiate 2001; estimated cost unknown; potential funds - local, DCA, GEFA)
- Actively market Madison County to prospective businesses and industries to occupy undeveloped parcels in Madico Industrial Park and vacant buildings within the cities. (Madison County; Ongoing; estimated cost \$15,000; funding - local)
- Identify opportunities to utilize the old County Court House as a potential commercial location. (Madison County; Initiate 2002)
- Develop an official county web site that promotes the assets of Madison County and links to all of its major organizations and businesses. (Madison County; Initiate 2002; estimated cost \$15,000; potential funds - local)