

# Wythe Economy: A Mid-Decade Review

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# Wythe Economy: A Mid-Decade Review

## Executive Summary

The Joint Industrial Development Authority of Wythe County conducted a mid-decade review of the local economy, especially focusing on employment and wage evaluations. Comparisons are made with the region, state, and nation regarding sector distributions of employment, wages, and growth in employment and wages over the past five years.

Wythe County has experienced strong employment growth, outpacing both the state and nation in new job creation, from 2000 to 2005. This employment growth was led by manufacturing, in contrast to most areas of the country, and by trade, with both the retail and wholesale sectors expanding. New facility locations by both PepsiCo's Gatorade and Amcor PET Packaging indicate continued strong manufacturing growth in the near term.

In contrast to Wythe County's strong employment growth during the past five years, its wage growth, only 54% that of Virginia, has significantly lagged the region, state, and nation. With an average wage in 2005 of 61.3% of the national average, Wythe County's average pay poses both an opportunity and a challenge as the second half of the decade evolves.

## Outline and Hyperlinks

- I. [Introduction](#)
- II. [Data and Methodology](#)
- III. [Analysis Results](#)
  - [Employment](#)
    - [Economy composition](#)
    - [Employment growth](#)
    - [Location quotients](#)
    - [Establishments](#)
    - [Sector employment analysis](#)
  - [Wages and Payrolls](#)
    - [Wages](#)
    - [Payroll](#)
    - [Payroll LQs](#)
- IV. [Conclusions](#)
- V. [References](#)

## I. Introduction

Passage of the midpoint of the first decade of the 21<sup>st</sup> century offers a convenient assessment point to evaluate the intermediate-term performance of the Wythe County economy. For the assessment, the base year was chosen as 2000 and the evaluation year as 2005. Not only do these dates provide convenient starting and mid-decade measurement references but, more important, they both occur at a relatively mature point in the business cycle and thus are likely to be more indicative of the longer-term growth trend and less reflective of the recovery component of the business cycle. A second objective of the analysis is to evaluate the expected impact of the PepsiCo Gatorade<sup>1</sup> and Amcor PET Packaging<sup>2</sup> facilities on the locality, especially with respect to jobs and payroll. Although neither facility was operating in 2005, decisions had been made to construct production and distribution facilities in Progress Park, and employment goals are approaching fulfilment at this time. To avoid misleading comparisons we have explicitly indicated each time data from the two facilities were added to the reference data. It should be noted that this white paper is not a complete review of the Wythe County economy, but instead focuses on limited indices such as number of establishments, employment levels, wages, and payroll.

## II. Data and Methodology

Our principal focus for the assessment is employment establishments in Wythe County. The data source is the Quarterly Census of Employment and Wages (QCEW), which is a program of the U.S. Bureau of Labor Statistics in collaboration with the state employment security agencies. These data are available from the Virginia Employment Commission's Virginia Electronic Labor Market Access website by choosing the Income and Wages option under the Analysts and Researchers section and then choosing the Quarterly Census of Employment and Wages page.<sup>3</sup> Data are based principally on quarterly unemployment insurance filing data, which nationally cover approximately 98% of U.S. jobs. The most significant local group not included in the reporting program is the self-employed who do not participate in the unemployment insurance system. The system is employer based and provides data each quarter by location and by industry (using the North American Industry Classification System [NAICS] down to the 6-digit identification level). To distinguish only those included in the system, the term "reported employment" will be used. For a discussion of employment reporting by place of employment versus place of residence, see *Wythe Workforce: Opportunities/Challenges*.<sup>4</sup>

Due to agreements to protect the identity of reporting employers, data are not revealed when there are insufficient reporting numbers in a specific location/classification category although these data are retained in higher levels of reporting where other categories are combined. This policy can limit the ability to understand economy dynamics at the detailed industry level in smaller localities. Even with this limitation, the program offers rich insights in economic trends and, with recent advances in the program, provides relatively timely data at the local level.

The reader is cautioned that employment and payroll data are reported by place of employment

(i.e., where the reporting establishment is located) and not by place of residence. This distinction is important in that earned income is often spent in the location of residence and not in the location of employment so that many local retail establishments benefit from wages paid by establishments outside of the county. Based on the 2000 census (the most recently available data), approximately 30% of Wythe County's employed citizens commuted outside of Wythe County for employment while a number equal to approximately 21% of the resident workforce commuted to establishments in Wythe County from residences outside of the county. (This difference accounts for much of the fact that the sum of employees of Wythe County employers is considerably less than the total number of employed Wythe Countians.)

The reader is further reminded that data are classified by employer codes and not occupational codes. For example, all persons employed by a school establishment would fall under the education sector even though some employees would be bus drivers, janitors, aides, cafeteria workers, administrators, and clerical workers in addition to the typical expectation of teachers.

For many comparisons, data (or more likely relative data) are also presented for the New River/Mount Rogers Workforce Investment Area (NR/MR WIA) ([www.nrmrwib.org](http://www.nrmrwib.org)), the Commonwealth of Virginia, and, in some cases, the United States. Evaluation of the impact of the Gatorade and Amcor operations is implemented by adding 250 employees to the beverage manufacturing classification (NAICS - 3121) and 144 to the plastics products classification (NAICS - 3261). These numbers were also added to the same classifications for the NR/MR WIA data. Due to much larger values for Virginia and the United States, the adjustments were not made to these totals. The total employment for Wythe County was adjusted upward by 394 as well. An implicit assumption was that any positions filled at the two new companies from current employees of Wythe County establishments (expected to be approximately 50% of the new positions) would be replaced at those establishments. Although not all of the positions are likely to be filled, any shortfall is likely to be offset by the fact that we have assumed no new induced job creation from the new companies' operations. (Theory and empirical evidence would certainly indicate some induced job creation.)

### III. Analysis Results

#### *Employment*

*Economy composition* – Figure 1 shows the employment levels for 2005 by NAICS super sector (2-digit) codes for the major employment sectors in Wythe County. (Note: Actual number of reported employees for each super sector is shown beneath the percentage value. Manufacturing numbers include

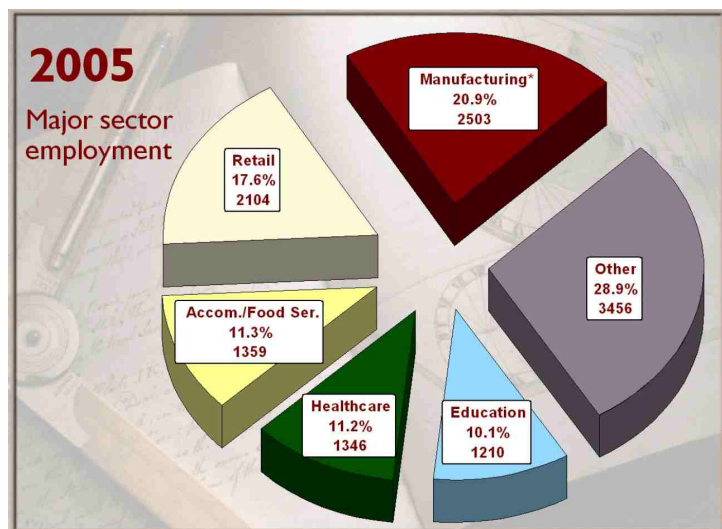


Figure 1. Wythe County employment by major sector.

Gatorade and Amcor values.) The largest major sector is manufacturing, employing approximately 21% of the reported employed workforce in Wythe County. Even with the growing importance of the manufacturing sector in Wythe County, the percentage remains substantially below the neighboring counties of Pulaski and Smyth along the I-81 corridor. The manufacturing sector in these counties accounts for 35-40% of the reported employment. The second largest sector in Wythe County is retail at 17.6% followed by accommodations/food services at 11.3%. These three sectors account for approximately 50% of the county's total reported employment.

Figure 2 shows the 2005 employment levels for the other sectors composing the 28.9% labeled as other in Figure 1. Just under 80% of this value is contributed by six fairly equally sized sectors, with the remaining 20%+ consisting of six smaller sectors. The administrative and waste services sector is composed primarily of temporary staffing agencies, which are included in this sector. The FIRE sector is finance, insurance, and real estate. Although the agricultural sector is an important contributor to the Wythe County economy, it is not a major reported employment contributor as most of the farming operations in the county are conducted by the self-employed, which are not included in the unemployment insurance reporting.

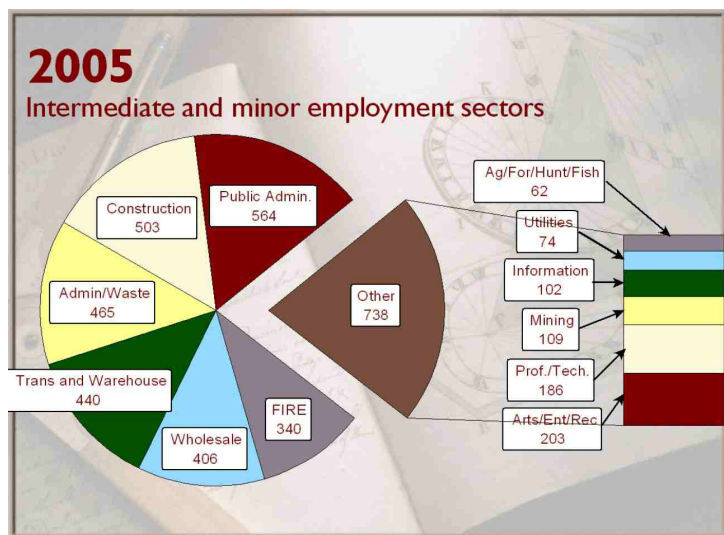


Figure 2. Wythe County employment by other sectors.

*Employment growth* – Figure 3 shows the reported employment growth from 2000 to 2005 by sector. The actual change in the number reported by sector is shown in the graph while the percentage change relative to the 2000 value is shown in the table. The sectors are listed in order of absolute change in employment values. The manufacturing, wholesale, and FIRE sectors exhibited between 20% and 25% growth with the retail, arts/entertainment/recreation, and utilities sectors showing 15% to 20% growth over the period. Five sectors evidenced a decline in employment during the five-year period, although the actual declines were relatively small. These included administrative/waste services, transportation/warehousing, information,

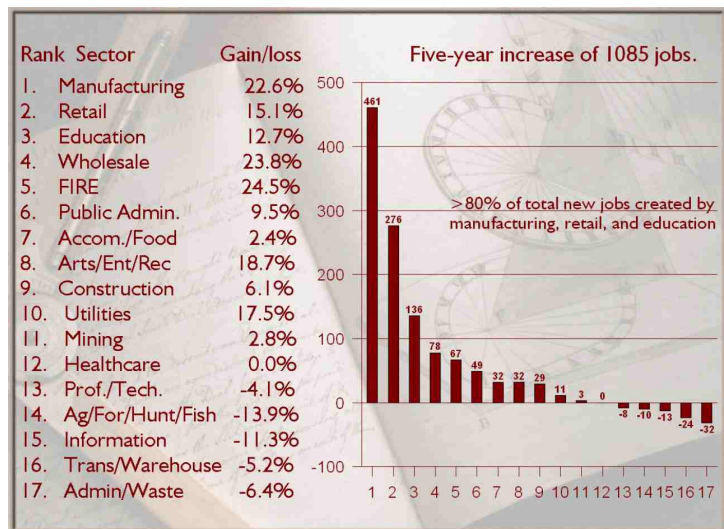


Figure 3. Employment growth by sector from 2000 to 2005.

agricultural/forestry/hunting/fishing, and professional/technical. The manufacturing, retail, and education sectors accounted for over 80% of the net new jobs created in the past five years.

The growth in total reported employment from 2000 to 2005 is shown in Figure 4 for Wythe County, the NR/MR WIA, Virginia, and the United States. The total employment growth shows a slight increase for the United States and a slight decrease for the NR/MR WIA. The small change in the U.S. value masks the dynamics of the post-9/11 recession decline and subsequent recovery in employment. Virginia has been noted as a leader in job creation during the past several years and shows three times the national gain in employment at a growth of 4.13% for the five-year period. The comparable value for Wythe County of 6.22% growth is 50% more than the state average. If the Gatorade and Amcor employment values are included, the employment growth rate over the five-year period is 9.77%.

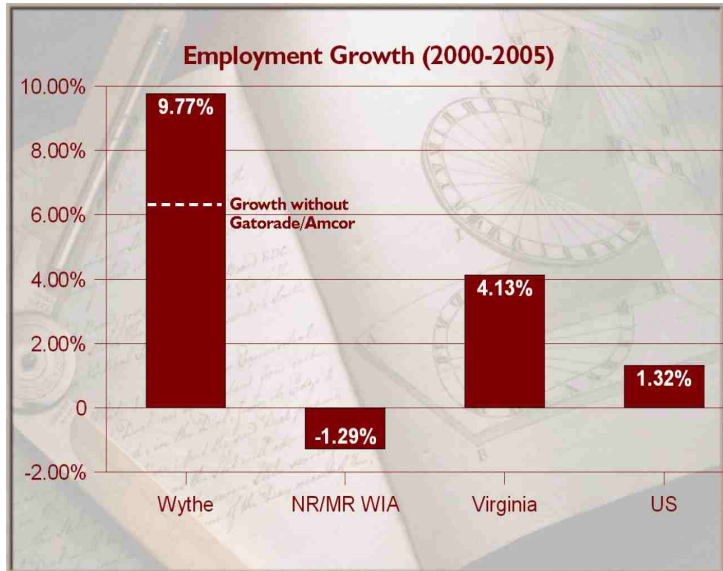


Figure 4. Growth in reported employment from 2000 to 2005.

In analyzing the local economy, an economy impact matrix offers a useful way to characterize component sectors. The matrix evaluates sector by their relative employment size (small/medium/large) and by their growth rate (negative/neutral/fast). Figure 5 presents this matrix for Wythe County using the size denotations shown in Figures 1 and 2 and growth rankings of -5% or less as negative, -5% to 10% as neutral, and greater than 10% as fast growth. None of the larger sectors of the economy exhibited negative growth during the period, with three of the five largest sectors classified in the fast growth grouping.

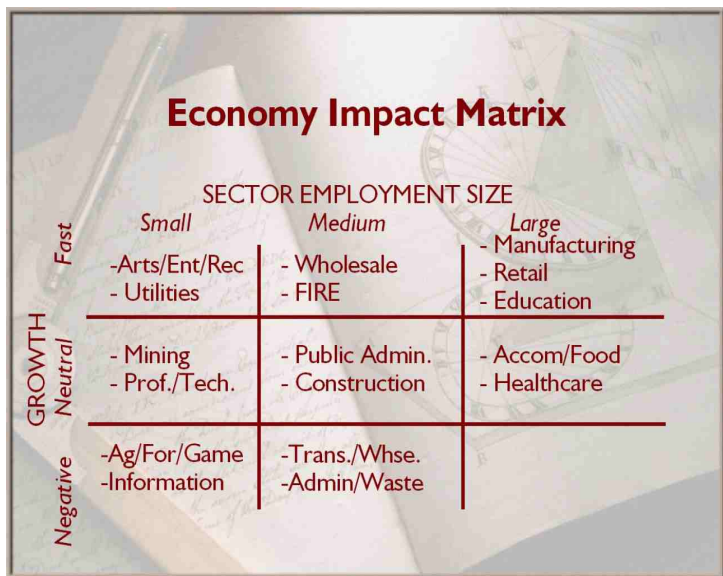


Figure 5. Wythe County super sectors organized by growth and size.

*Location quotients* – One of the tools used by economists to evaluate the employment strength of various sectors of a region relative to the national economy is the location quotient (LQ). This number is generated by comparing the number of employees in a specific sector to the total

employees in the region divided by the number of national employees in the sector to the total number of national employees. Sectors with an LQ value greater than 1.0 have a higher relative concentration of employment than the national average while an LQ value less than 1.0 indicates a lesser concentration than the national average. The assumption is often made that when there is a significantly above-average LQ the area has a competitive advantage attracting employers in this sector. Example advantages might include such things as access to markets, cost of doing business, regulatory environment, access to input resources, and labor productivity. Figure 6 presents an LQ analysis of major sectors for Wythe County, the NR/MR WIA, and Virginia

| Sector         | WC   | % +/-  | WIA  | % +/- | VA   | % +/-  |
|----------------|------|--------|------|-------|------|--------|
| Mining         | 2.10 | -13.4% | 0.61 | 16.6% | 0.57 | -13.4% |
| Manufacturing* | 1.90 | 38.0%  | 2.15 | 4.4%  | 0.79 | -2.1%  |
| Retail         | 1.48 | 6.4%   | 1.10 | -1.6% | 1.03 | -0.1%  |
| Accom/Food     | 1.34 | -13.1% | 1.03 | -0.3% | 0.97 | 0.0%   |
| Education      | 1.13 | -5.3%  | 1.56 | -0.7% | 1.03 | 2.3%   |
| Utilities      | 0.99 | 13.8%  | 1.03 | 7.6%  | 0.83 | 3.6%   |
| Arts/Ent/Rec   | 0.97 | 0.8%   | 0.76 | 8.0%  | 1.00 | -2.2%  |
| Trans/Whse     | 0.91 | -9.5%  | 0.71 | 4.3%  | 0.93 | -4.3%  |
| Healthcare     | 0.90 | -18.4% | 0.88 | -1.9% | 0.85 | -0.9%  |
| Public Admin   | 0.85 | -1.6%  | 0.73 | 2.0%  | 1.11 | -3.9%  |
| Wholesale      | 0.76 | 14.0%  | 0.59 | 11.2% | 0.75 | 0.4%   |
| Construction   | 0.73 | -10.1% | 0.84 | -8.1% | 1.26 | 2.9%   |
| Admin/Waste    | 0.61 | -14.1% | 0.71 | 47.9% | 0.94 | -4.9%  |
| Ag/for/game    | 0.57 | -18.4% | 0.49 | 1.8%  | 0.41 | -8.8%  |
| FIRE           | 0.45 | 8.4%   | 0.43 | 6.8%  | 0.87 | -0.3%  |
| Information    | 0.36 | -2.9%  | 0.50 | 12.8% | 1.20 | -7.0%  |
| Prof/Tech      | 0.28 | -14.6% | 0.50 | 8.2%  | 1.74 | 8.9%   |

\*Includes Gatorade/Amcor employment.

Figure 6. Location Quotients for 2005 and change from 2000.

based on 2005 employment data. It also shows the change in LQ relative to 2000. The chart is organized by decreasing LQ values for Wythe County.

Although mining in Wythe County employs a relatively small number of workers, the average across the nation is even smaller such that mining is Wythe County's highest LQ at 2.1, significantly higher than for the region and the state. The Wythe County mining operations consist of quarrying operations. Relative to 2000, mining decreased as a share of the local employment in Wythe County and Virginia while increasing for the region. The manufacturing sector is a strong relative employer for both Wythe County and the workforce investment area at approximately twice the national relative concentration. In contrast, Virginia has less than the national average representation by the sector. The strong employment growth experienced by the manufacturing sector in Wythe County is further emphasized by the 38% change in LQ (enhanced by the declining importance of manufacturing employment to national employment) compared with minimal changes for the region and state. Other sectors with high relative presence in Wythe County are retail and accommodation/food services, consistent with its traveler-advantaged location at the intersection of I-77 and I-81. Sectors with low concentration for both Wythe County and the region include professional/technical services, information, and finance/insurance/real estate. In contrast, these areas represent relatively strong areas for Virginia, with the professional/technical services sector responsible for a large portion of the Commonwealth's growth during the past five years.

Given Wythe County's strong LQ in the manufacturing sector, it is informative to look more closely at the subsectors where LQs are especially strong. Figure 7 shows the four and/or five digit North American Industry Classification System (NAICS) codes for Wythe County manufacturing subsectors that have very high LQs along with the LQs for the same subsectors for the region and the state. The change in LQ relative to 2000 is also shown. Where there was no presence (or too small for disclosure) in 2000, NA is indicated for the change. Beverage

manufacturing and steering parts manufacturing show very high LQs in Wythe County, growing from no presence in 2000. Both plastics products manufacturing and rubber products manufacturing are also high LQ subsectors, but growing off of a significant existing presence in 2000. The fabricated metals sector continues to show a high LQ, although four fewer machine shop operations in 2005 than 2000 results in a decline in the relative importance of this sector.

*Establishments* – In contrast to the preceding figures, which focused on total employment by sector, Figure 8 shows the number of reporting establishments in Wythe County within each sector and the change, both absolute and relative, since 2000. The chart is organized by decreasing number of establishments. The retail sector at 144 establishments has twice the number of establishments as the next largest sector. The size of sectors by establishment then declines rather smoothly from 72 to 28 followed by the six smallest sectors by establishments, which range from 13 to 4. With the exception of retail and accommodations/food services, which together had 21 fewer establishments in 2005 than in 2000, the other sectors either increased or lost only one establishment with the finance/insurance/real estate sector showing the largest number growth at 12 establishments: six more financial establishments and six more real estate establishments.

Average employees per establishment ranged from education at 134 employees/establishment and manufacturing at 49 employees/establishment at the high end to information, construction, finance/insurance/real estate, agriculture/forestry/hunting/fishing, and professional/technical all with less than 10 employees/establishment. Mining, healthcare, and accommodation/food service averaged between 20 and 30 employees/establishment while utilities, arts/entertainment/recreation, administrative/waste services, retail, public administration, wholesale, and transporta-

| NAICS Subsector          | WC   | % +/-  | WIA  | % +/- | VA   | % +/-  |
|--------------------------|------|--------|------|-------|------|--------|
| 312 Beverage/Tobacco     | 25.2 | NA     | 2.80 | 256%  | 1.65 | -16%   |
| 3121 Beverage Mfg.       | 29.1 | NA     | 3.20 | 246%  | 0.80 | -1.6%  |
| 326 Plastics & Rubber    | 13.9 | 37.0%  | 2.17 | 20%   | 0.99 | 1.1%   |
| 3261 Plastics Prod.      | 7.93 | 71.0%  | 1.85 | 15%   | 0.93 | 3.4%   |
| 3262 Rubber Prod.        | 36.2 | 25.0%  | 3.36 | 35%   | 1.24 | -3.1%  |
| 332 Fabricated Metal     | 1.92 | -26.0% | 1.13 | -0.3% | 0.51 | 10.6%  |
| 3327 Mach Shp/Threaded   | 7.95 | -34.0% | 1.78 | -14%  | 0.44 | -12.6% |
| 33271 Machine Shops      | 2.55 | -40.0% | 1.39 | -8.8% | 0.52 | -13.6% |
| 33272 Threaded Prod.     | 23.8 | -23.0% | 2.91 | -14%  | 0.18 | -26.4% |
| 336 Trans. Equip.        | 1.96 | 64.0%  | 4.05 | 30%   | 1.00 | 15%    |
| 3363 Motor Vehicle Parts | 4.19 | NA     | 3.29 | 16.5% | 0.48 | 7%     |
| 33633 Steering Parts     | 46.7 | NA     | 12.3 | NA    | 0.65 | NA     |

Figure 7. Location Quotients and changes for select subsectors.

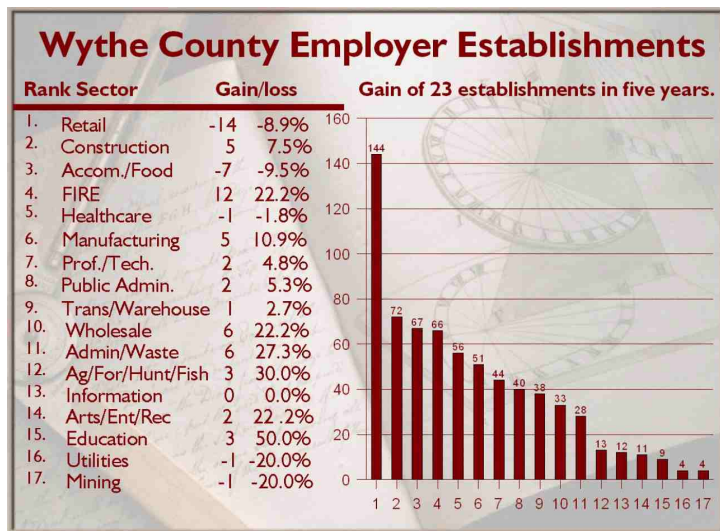


Figure 8. Number of 2005 establishments (graph) and change in establishments (chart) since 2000.

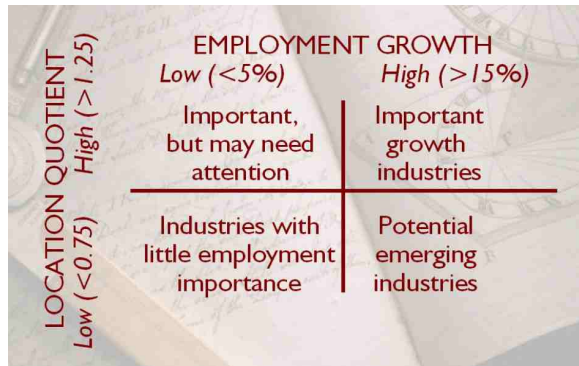


Figure 9. Sector impact matrix for local economy.

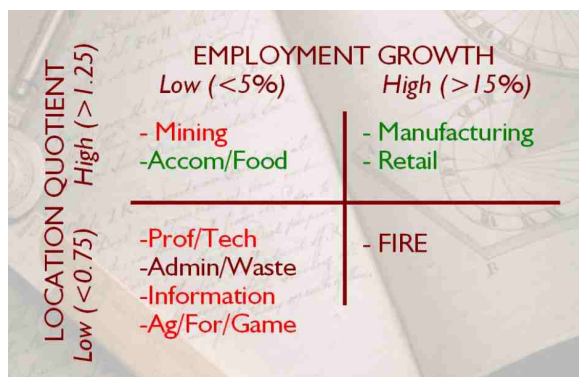


Figure 10. Wythe County sector impact matrix.

tion/warehousing averaged between 10 and 20 employees/establishment.

*Sector employment analysis* – One way to evaluate broad sector strengths, weaknesses, opportunities, and threats is to assess a sector impact matrix as shown in Figure 9. This format readily identifies the important growth sectors, potential emerging sectors, and sectors that may require attention. For the Wythe County economy, low growth is defined as <5% and high growth as >15% (5-year employment growth) while a low LQ is <0.75 and a high LQ is >1.25.

The sector impact matrix for Wythe County is shown in Figure 10. To further aid in the analysis, sector size is indicated by color with large sectors shown in green, medium sectors shown in maroon, and small sectors shown in red. The sectors falling into the important growth quadrant are both relatively large sectors for Wythe County. The accommodations/food services sector falls into the potentially needing attention quadrant, although

current construction projects for both accommodations and food services will likely reverse this finding as will opening of the large Wytheville Meeting Center at the new Community Center. Administration/waste services is the only medium-sized sector to fall into the quadrant for industries with little employment importance. Although the employment growth in this sector was negative, there were 22% more establishments in 2005 than in 2000, which may portend future growth for this sector.

### Wages and Payrolls

*Wages* – The graph in Figure 11 compares the average weekly wage in Wythe County to that of the NR/MR WIA, Virginia, and the United States as reported for 2005 and 2000 in the Quarterly Census of Employment and Wages. It is important to note that wage levels are based on wages by employer and not for specific occupation and experience levels. Hence, it is possible for a specific occupation and experience

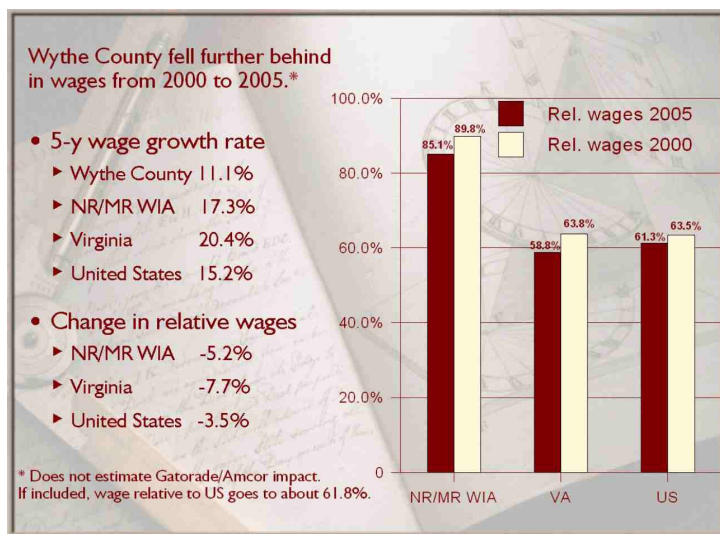


Figure 11. Wythe County wages compared to region, state, and nation.

level to have received, for example, a 20% increase in wages while the overall employer wages may have increased by only a few percent due to a shift in the occupation makeup and experience levels of employees. Wages in Wythe County are significantly below the region, state, and nation and fell further behind during the past five years. Although job growth in Wythe County was strong relative to the region, wage growth was not, with Wythe County falling from about 90% of the WIA average wage to about 85%. The 7.7% decline relative to the state average was even more dramatic, with wages falling from 63.8% of the state average to 58.3%. Wythe County wages were 61.3% of the national average in 2005 compared to 63.5% in 2000, a decline of 3.5%. The five-year wage growth rate in Wythe County was 11.1% compared to a 20.4% growth in Virginia, a 17.3% growth rate in the NR/MR WIA, and a 15.2% growth rate in the United States.

Average Wythe County weekly wages by sector for 2005 are shown in Figure 12. Average sector wages are ranked from highest to lowest. The five-year growth in wages is also shown for each sector. (Note that the average hours worked per week for different sectors may vary so that the hourly wage rate variation from the higher-paid sectors to the lower-paid sectors will not necessarily be the same proportion as the weekly average wage.) The agricultural/forestry/hunting/fishery sector actually showed a 20% decline in wages over the five-year period. Single-digit gains were recorded for utilities, public administration, information, manufacturing, finance/insurance/real estate, education, and arts/entertainment/recreation. Gains from 10% to 20% were recorded for mining, transportation/ warehousing, construction, healthcare, administrative/waste services, and accommodation/food services. Professional/technical services, wholesale, and retail saw wage gains of greater than 20%.

Figure 13 shows both the average weekly sector wage relative to the overall average wage for Wythe County

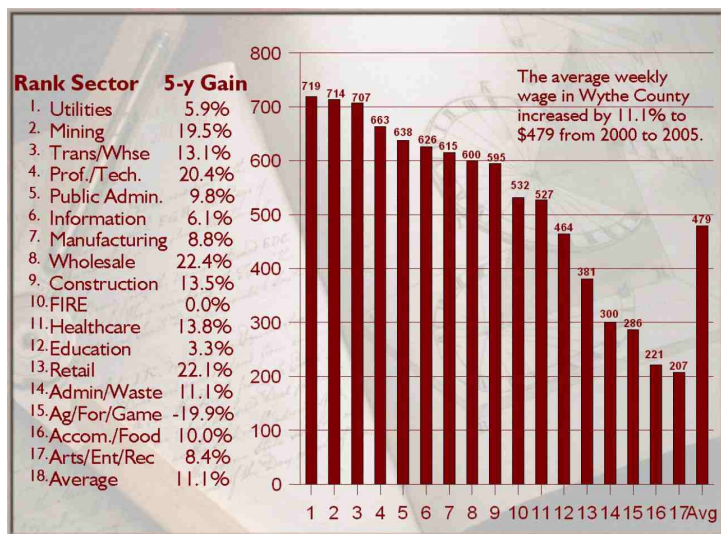


Figure 12. Wythe County weekly wages and wage growth by sector.

Comparison of sector wages to average Wythe County wage and as a percentage of WIA, VA, and US wage for sector

| Sector        | % WC avg | % WIA* | % VA* | % US* |
|---------------|----------|--------|-------|-------|
| Utilities     | 150%     | 78%    | 60%   | 55%   |
| Mining        | 149%     | 95%    | 72%   | 51%   |
| Trans/Whse    | 148%     | 106%   | 90%   | 88%   |
| Prof/Tech     | 138%     | 87%    | 47%   | 53%   |
| Public Admin  | 133%     | 102%   | 58%   | 72%   |
| Information   | 131%     | 105%   | 45%   | 52%   |
| Manufacturing | 128%     | 85%    | 72%   | 65%   |
| Wholesale     | 125%     | 86%    | 54%   | 56%   |
| Construction  | 124%     | 106%   | 77%   | 74%   |
| FIRE          | 111%     | 93%    | 46%   | 43%   |
| Healthcare    | 110%     | 91%    | 73%   | 72%   |
| Education     | 97%      | 70%    | 68%   | 65%   |
| Retail        | 80%      | 104%   | 82%   | 80%   |
| Admin/Waste   | 63%      | 82%    | 56%   | 55%   |
| Ag/For/Game   | 60%      | 69%    | 61%   | 64%   |
| Accom/Food    | 46%      | 105%   | 79%   | 75%   |
| Arts/Ent/Rec  | 43%      | 75%    | 53%   | 39%   |
| AVERAGE       | 100%     | 85%    | 59%   | 61%   |

\*Wythe County sector average wage compared to sector average wage for reference location.

Figure 13. Relative Wythe County sector wages and comparison to regional, state, and national average sector wages.

and the comparison of the Wythe County wage to the U.S. average for each sector. Wythe County sector average wages range from approximately 150% of the average local wage for utilities, mining, and transportation/warehousing to less than 50% of the average local wage for accommodations/food services and arts/entertainment/recreation. Wythe County wages are consistently below national wages for each sector, ranging from a high of 88% of national average wage for transportation/warehousing to a low of 39% for arts/entertainment/recreation with the average wage being 61% of the national average. Sectors with local wages of 75% or greater of the average national wage include retail and accommodations/food services in addition to transportation/warehousing. Sectors with local wages of less than 55% of the national sector wage include finance/insurance/real estate, mining, professional/technical services, and information in addition to arts/entertainment/recreation. Average manufacturing sector wages are 65% of the national sector average wage.

*Payroll* – Sector impact on the local economy is a combination of the number of employees in the sector and the average wage paid for that sector. Figure 14 shows the weekly payroll (as determined by multiplying the sector employees by the average weekly wage). Manufacturing payroll includes the Gatorade and Amcor impacts. Figure 15 shows the same information for intermediate- and minor-sized sectors. Manufacturing accounts for 26.4% of weekly payroll in Wythe County followed by retail at 13.8% and healthcare at 12.2%. Although accommodations/food service is the third-largest sector employer in Wythe County at 11.3% of employees, the sector falls to seventh accounting for just over 5% of the total weekly payroll. The five smallest payroll sectors combined account for less than 4.5% of total payroll in Wythe County.

*Payroll LQs* – In a manner similar to that used to determine employment-based LQs, payroll-based LQs can be calculated to show the relative payroll impact of various sectors compared to the national average. Figure 16 shows payroll-weighted LQs for Wythe

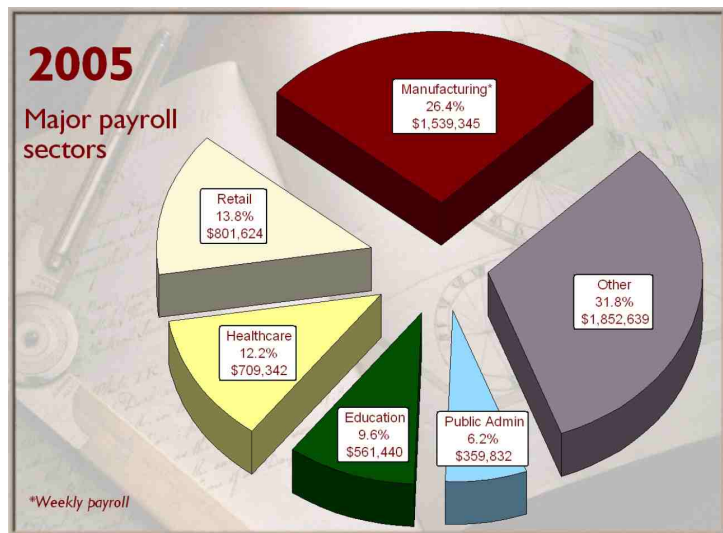


Figure 14. Wythe County payroll by major sector.

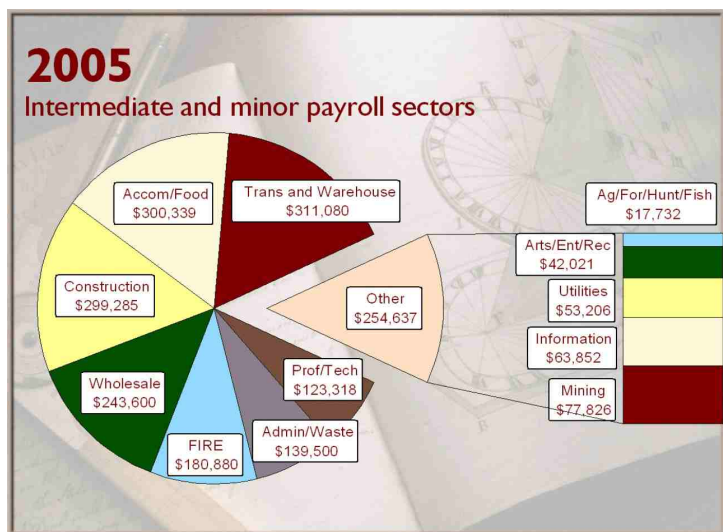


Figure 15. Wythe County payroll by other sectors.

County, the region, and Virginia. In Wythe County, the two highest payroll LQs of manufacturing and retail showed strong growth during the past five years as did the wholesale sector. Manufacturing and education account for major concentrations in the NR/MR WIA. For Virginia, professional/technical services provides the highest relative sector concentration and grew significantly from 2000 to 2005. It is worth noting the significantly different economies of Virginia and Wythe County. Virginia is strong and grew stronger in the professional/technical services sector while the relative importance of most other sectors declined. Wythe County is strong in manufacturing and retail with strong growth in each sector while the importance of other sectors declined. These trends have been underway for several years and are likely to continue in the near term.

**Payroll LQs considers both employment and wages.**

| Sector         | WC LQ | % change | WIB LQ | % change | VA LQ | % change |
|----------------|-------|----------|--------|----------|-------|----------|
| Manufacturing* | 2.01  | 35.7%    | 2.26   | 11.3%    | 0.68  | -0.9%    |
| Retail         | 1.92  | 18.9%    | 1.17   | -0.9%    | 0.95  | -1.1%    |
| Mining         | 1.76  | -14.2%   | 0.46   | 21.3%    | 0.40  | -21.6%   |
| Accom/Food     | 1.65  | -13.1%   | 1.02   | -1.5%    | 0.89  | -2.9%    |
| Trans/Whse     | 1.31  | -6.3%    | 0.82   | 8.2%     | 0.88  | -9.0%    |
| Education      | 1.20  | -12.2%   | 2.02   | -2.4%    | 0.95  | -0.6%    |
| Healthcare     | 1.06  | -20.0%   | 0.96   | -7.1%    | 0.81  | -3.7%    |
| Public Admin   | 1.00  | -6.6%    | 0.71   | -3.5%    | 1.31  | -2.6%    |
| Utilities      | 0.89  | 5.6%     | 1.01   | 5.5%     | 0.73  | -7.0%    |
| Construction   | 0.87  | -7.3%    | 0.81   | -8.0%    | 1.16  | 4.4%     |
| Wholesale      | 0.70  | 26.2%    | 0.54   | 11.4%    | 0.76  | -6.1%    |
| Arts/Ent/Rec   | 0.62  | -1.3%    | 0.55   | -2.9%    | 0.70  | -5.7%    |
| Ag/for/game    | 0.60  | -43.0%   | 0.62   | -5.9%    | 0.41  | -12.3%   |
| Admin/Waste    | 0.55  | -18.9%   | 0.66   | 47.2%    | 0.89  | -5.1%    |
| FIRE           | 0.32  | -8.3%    | 0.28   | 2.5%     | 0.79  | 9.4%     |
| Information    | 0.30  | -0.4%    | 0.34   | 18.7%    | 1.32  | -18.2%   |
| Prof/Tech      | 0.24  | -10.0%   | 0.42   | 12.6%    | 1.89  | 15.1%    |

Figure 16. Payroll-weighted LQs for 2005 and change from 2000.

#### IV. Conclusions

A mid-decade review of the Wythe County economy reveals an economy that is showing good job growth across several sectors, with the total growth rate exceeding both that of Virginia and the United States. This strong employment growth is consistent with an extended trend of strong per capita performance in the basic employment sectors as measured by the Virginia Economic Development Partnership. Figure 17 shows the five-year average per capita rate of job creation, investment, and project announcements as tracked by VEDP for the top-ten jurisdictions ranked by the average of the three performance metrics rankings. Using this measure, Wythe County had the best performance of all jurisdictions from 2000 to 2005. This basic employment success has translated into strong job growth across the local economy.

**Five-year Per Capita Rankings**

| Jurisdiction    | Jobs | Investment | Announce. | Avg.  |
|-----------------|------|------------|-----------|-------|
| Wythe Co.       | 3    | 4          | 2         | 3.00  |
| Suffolk         | 15   | 11         | 5         | 10.33 |
| Louisa Co.      | 11   | 5          | 18        | 11.33 |
| Mecklenburg Co. | 8    | 19         | 11        | 12.67 |
| Danville        | 5    | 14         | 20        | 13.00 |
| Martinsville    | 1    | 45         | 4         | 16.67 |
| Winchester      | 21   | 24         | 7         | 17.33 |
| Henry Co.       | 2    | 40         | 16        | 19.33 |
| Lynchburg       | 14   | 35         | 10        | 19.67 |
| Frederick Co.   | 20   | 17         | 28        | 21.67 |

Overall rank based on average of jobs, investment, and announcements rank.

Figure 17. Five-year average per capita rankings for basic employment projects as tracked by the Virginia Economic Development Partnership.

In contrast to local employment growth, wage growth in Wythe County has failed to keep pace with the region, state, and nation over the past five years. While several sectors grew wages at rates comparable to the region and nation, many sectors continued to fall behind. The relatively lower wages are partly responsible for the exceptional performance in expansion and recruitment of basic employers in Wythe County. Although this paper focuses on data analysis and not policy, it should be noted that Wythe County's relatively lower wages do indeed influence decision making of various policy bodies.

The average Wythe County wage of 61% of the national wage average continues to provide a strong location incentive for new job creation in Wythe County. However, the overall picture of the local economy argues for continued emphasis in recruitment of businesses paying above the prevailing local wage. A companion policy of supporting and encouraging companies to upgrade employee skills and equipment to increase productivity is also reinforced. Such a policy may lead in the long run to fewer workers being employed by the company, but at a higher wage level. This strategy also often leads to a more competitive position in the global economy, a development that ultimately may lead to the creation of more local job opportunities.

## V. References

1. Governor's press release announcing PepsiCo Gatorade location decision (June 23, 2005) ([http://www.yesvirginia.org/About\\_Us/NewsArticle.aspx?newsid=719](http://www.yesvirginia.org/About_Us/NewsArticle.aspx?newsid=719))
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