

**ECONOMIC AND DEMOGRAPHIC ANALYSIS
OF MARION COUNTY, OHIO**

Bill LaFayette, Ph.D.
Owner, Regionomics® LLC
August 12, 2015



1293 S. Fourth St., Columbus, OH 43206
www.regionomicsllc.com

Table of Contents

Population	1
Households and Housing	6
Income	10
Education	13
Labor Force	17
Industry	22
Small Business and Entrepreneurship	27

Table of Figures

Figure 1: Historical and Projected Population, Marion County, 1960-2040	1
Figure 2: Age Distribution, Marion County, Columbus Region, Ohio, and United States, 2010	3
Figure 3: Growth of the 0-14 Age Group, Marion County, Columbus Region, Ohio, and U.S.	4
Figure 4: Growth of the 25-54 Age Group, Marion County, Columbus Region, Ohio, and U.S.	5
Figure 5: Growth of the 65 and Older Age Group, Marion County, Columbus Region, Ohio, and U.S.	5
Figure 6: Age of All Housing Units, Marion County, Columbus Region, Ohio, and U.S., 2011-2013	7
Figure 7: Value of Owner-Occupied Housing Units, Marion County, Columbus Region, Ohio, and U.S., 2011-2013	8
Figure 8: Selected Monthly Owner Costs as a Percentage of Household Income: Marion County, Columbus Region, Ohio, and U.S., 2011-2013	9
Figure 9: Gross Rent as a Percentage of Household Income: Marion County, Columbus Region, Ohio, and U.S., 2011-2013	10
Figure 10: Per Capita Income, Marion County, Columbus Region, Ohio, and U.S., 2000-2013	11
Figure 11: Household Income, Marion County, Columbus Region, Ohio, and U.S., 2011-2013	12
Figure 12: Educational Attainment, Residents 25 and Older: Marion County, Columbus Region, Ohio, and U.S., 2009-2013	13
Figure 13: Marion County Labor Force and Employment, Monthly, 2008-2015	18
Figure 14: Labor Force Change: Marion County, Columbus Region, Ohio, and U.S., 2008-2014	19
Figure 15: Labor Force Participation Rates: Marion County, Columbus Region, Ohio, and U.S., 2001-2014	20
Figure 16: Monthly Unemployment Rates, Marion County, Columbus Region, Ohio, and U.S., 2008-2015	21
Figure 17: Payroll Employment Change: Marion County, Columbus Region, Ohio, and U.S., 2001-2014	23
Figure 18: Distribution of Marion County Employment, 2014	24

Table of Tables

Table 1: Distribution of Households by Type, Marion County, Columbus Region, Ohio, and U.S., 2011-2013	6
Table 2: Housing Occupancy, Vacancy, and Ownership, Marion County, Columbus Region, Ohio, and U.S., 2011-2013.....	7
Table 3: Percentage of Low and High Household Incomes and Median Income: Marion County, Columbus Region, Ohio, and U.S., 2011-2013	13

Table 4: School Enrollment by Level, Marion County, Columbus Region, Ohio, and U.S., 2009-2013	14
Table 5: Enrollment Status of Three, Four, and 16 to 19-Year-Olds: Marion County, Columbus Region, Ohio, and U.S., 2009-2013	15
Table 6: Marion County School District Enrollment, 2014, and 2013-2014 Performance Indicators ..	16
Table 7: Marion County Commuting Flows, 2006-2011	22
Table 8: Distribution and Growth of Marion County Employment Compared to Ohio and the U.S., and Location Quotients	26
Table 9: Small Businesses and Percentage of All Businesses or Labor Force, 2011 and 2013	28
Table A-1: Distribution and Growth of Marion County Employment, 2001-2003, Compared to the Columbus Region, Ohio, and the U.S., and Location Quotients	30
Table A-2: Distribution and Growth of Marion County Employment, 2003-2007, Compared to the Columbus Region, Ohio, and the U.S., and Location Quotients	31
Table A-3: Distribution and Growth of Marion County Employment, 2007-2010, Compared to the Columbus Region, Ohio, and the U.S., and Location Quotients	32
Table A-4: Distribution and Growth of Marion County Employment, 2010-2014, Compared to the Columbus Region, Ohio, and the U.S., and Location Quotients	33

Economic and Demographic Analysis of Marion County, Ohio

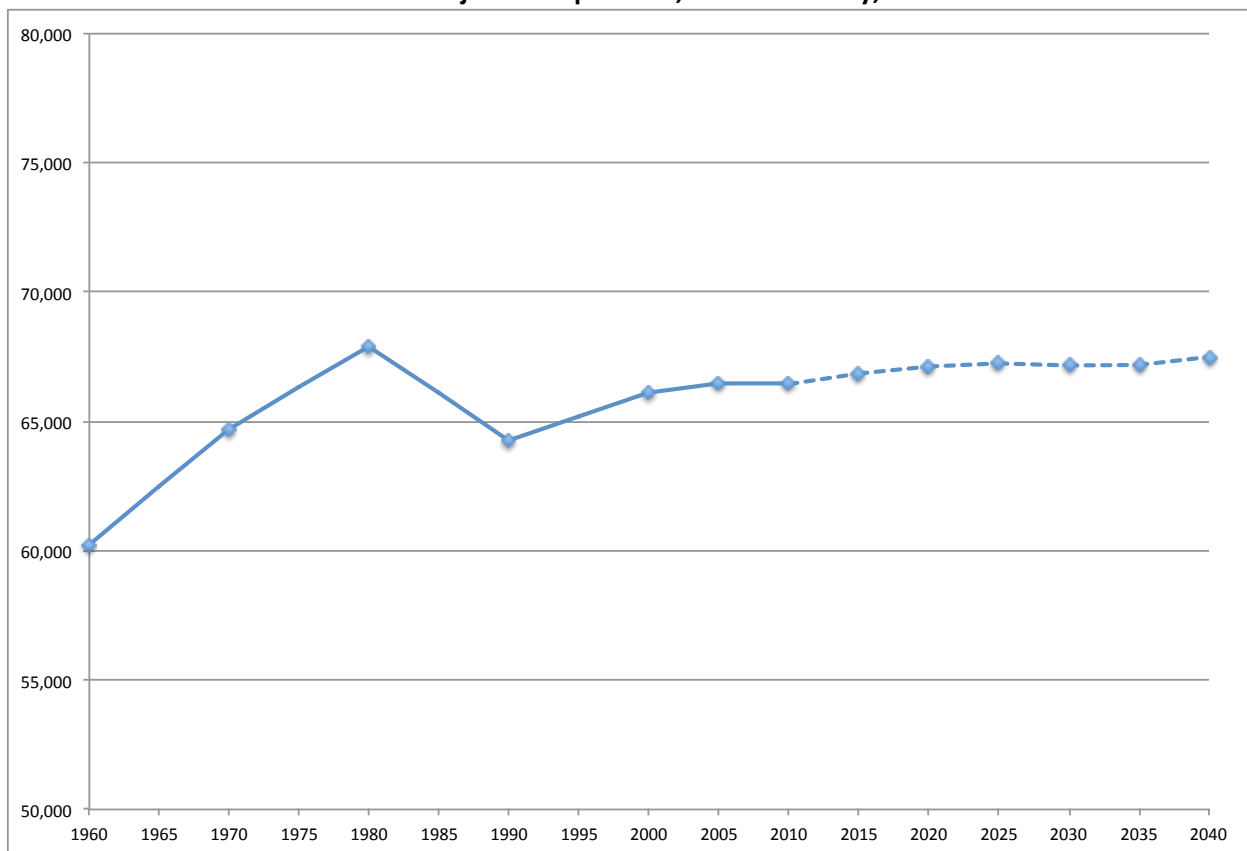
Bill LaFayette, Ph.D., owner, Regionomics®

August 12, 2015

Population

Marion County's population has stabilized in recent years, and as shown in Figure 1, this stability is expected to continue for at least the next 25 years. After rising from 44,900 in the 1940 Census to a peak of more than 67,900 in 1980, Marion County lost more than 3,600 residents during the 1980s. But by 2010, the county had recovered about 60 percent of that loss with a population of 66,450 in the Census of that year. The population projections of the Ohio Development Services Agency (ODSA) expect an increase of about 1,000 by 2040, returning population to within several hundred of its 1980 peak.

Figure 1
Historical and Projected Population, Marion County, 1960-2040



Source: U.S. Census, 1960, 1970, 1980, 1990, 2000, and 2010; 2005 estimate from the Population Estimates Program, U.S. Census Bureau. Ohio Population Projections, Ohio Development Services Agency.

The ODSA projections graphed in Figure 1 are based not only on fairly predictable trends of births and deaths, but also on an assumption of net migration – movers into Marion County less movers out. This assumption is based on past trends, but the actual course could be significantly different if Marion County job growth accelerates or decelerates relative to other regions or if other factors (including demographic changes and changes in tastes) arise that make Marion County a more or less desirable

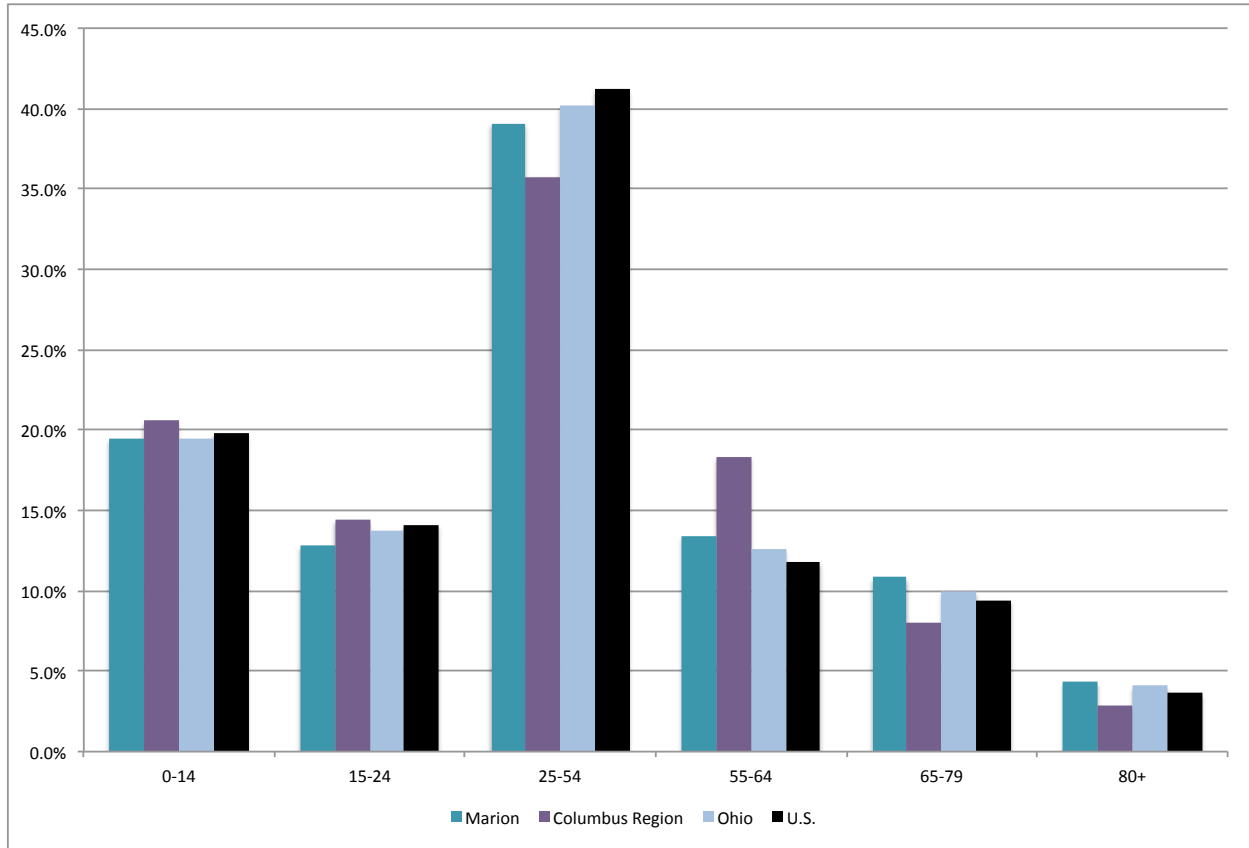
place to live. As will be discussed, Marion County has had a challenging economy over the past decade. This may already be having an impact on population: the Census Bureau's population estimates for the county suggest that population may have declined about 700 over the past four years. However, positive trends in the Marion County economy could increase population growth rates. So might the trend of Millennials to live in dense, walkable environments and in historic neighborhoods. This could positively impact downtown Marion in particular.

One important factor impacting the size and characteristics of Marion County's population is the presence in the county of two state prisons: the North Central Correctional Complex (NCCC) and Marion Correctional Institution (MCI). NCCC currently houses 2,700 inmates and MCI houses 1,032, according to the Ohio Department of Rehabilitation and Corrections website. These 3,732 inmates are included in the population totals and demographic details, but they do not participate in the community or its workforce. They represent 5.7 percent of the total population – enough to distort the demographic characteristics of the population at large. These facilities, together with the Multi-County Correctional Center, are grouped together in their own census tract, so their characteristics can be cleanly removed from those for the county as a whole – other than the population growth trends shown in Figure 1 and below. There is no need to adjust the unemployment statistics, however; they are already excluded from those.

The age distribution of residents impacts the need for school facilities, the availability of workforce, and the need for facilities and services for the aged. Figure 2 shows the percentage of Marion County residents (net of the prison population) in broad age categories from the 2010 Census. The key insight of this graph is that the percentage of all residents in the 55 to 64 age group – and approaching retirement – is five percentage points lower than the average for the Columbus Region¹, while the percentage in the prime working ages of 25 to 54 is more than three percentage points higher. This implies that the working-age population is on balance somewhat further away from retirement than is the case for the working-age population of the region.

¹ A state-defined economic development area including Delaware, Fairfield, Franklin, Knox, Licking, Logan, Madison, Marion, Morrow, Pickaway, and Union Counties.

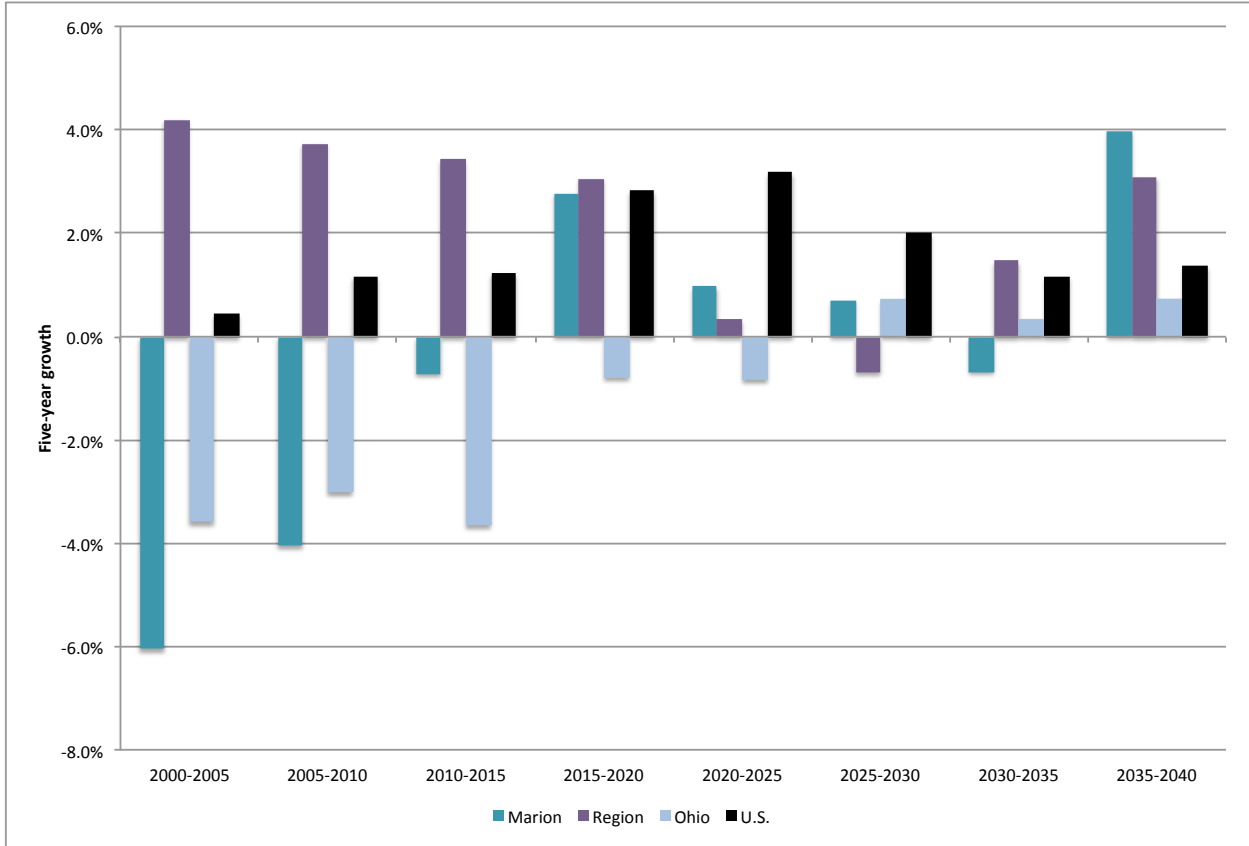
Figure 2
Age Distribution, Marion County, Columbus Region, Ohio, and United States, 2010



Source: Ohio Population Projections, Ohio Development Services Agency; U.S. Population Projections, U.S. Census Bureau.

The past and expected changes in population by age group are also important for planning purposes. Figures 3, 4, and 5 compare the past and projected five-year growth of three of the age groups in Figure 2: 0 through 14 years, 25 through 54 years, and 65 years and older. While the prison population cannot be excluded from this analysis, this population’s demographics seem to be relatively stable. Consequently, the broad trends graphed in these figures are probably not very different from those that would be obtained for the county’s remaining residents. The key point to take from these three charts is that age-specific growth trends in Marion County are different from those in all of the other areas. As shown in Figure 3, the number of children shrank significantly between 2000 and 2010; the transfer of this trend to the high school age group could have been a contributing factor in the closure of Marion Catholic High School. However, this trend is expected to reverse in the coming decade and lead to a countywide net increase of 650 children by 2025.

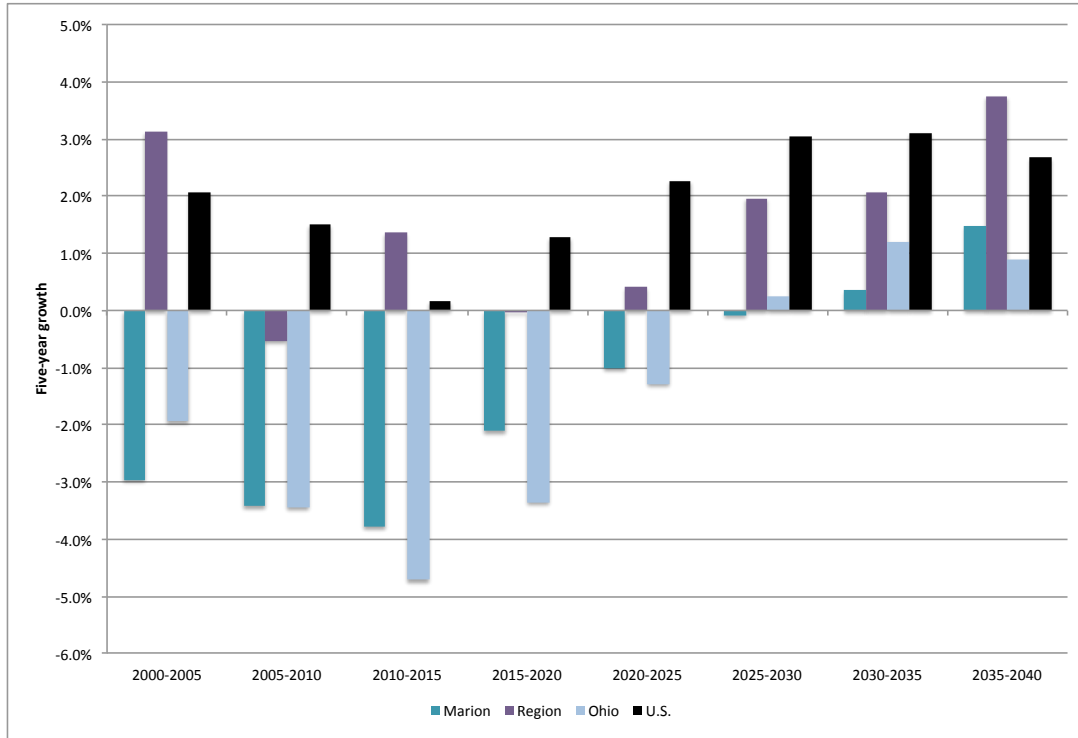
Figure 3
Growth of the 0-14 Age Group, Marion County, Columbus Region, Ohio, and U.S.



Source: Ohio Population Projections, Ohio Development Services Agency; Population Estimates Program and U.S. Population Projections, U.S. Census Bureau.

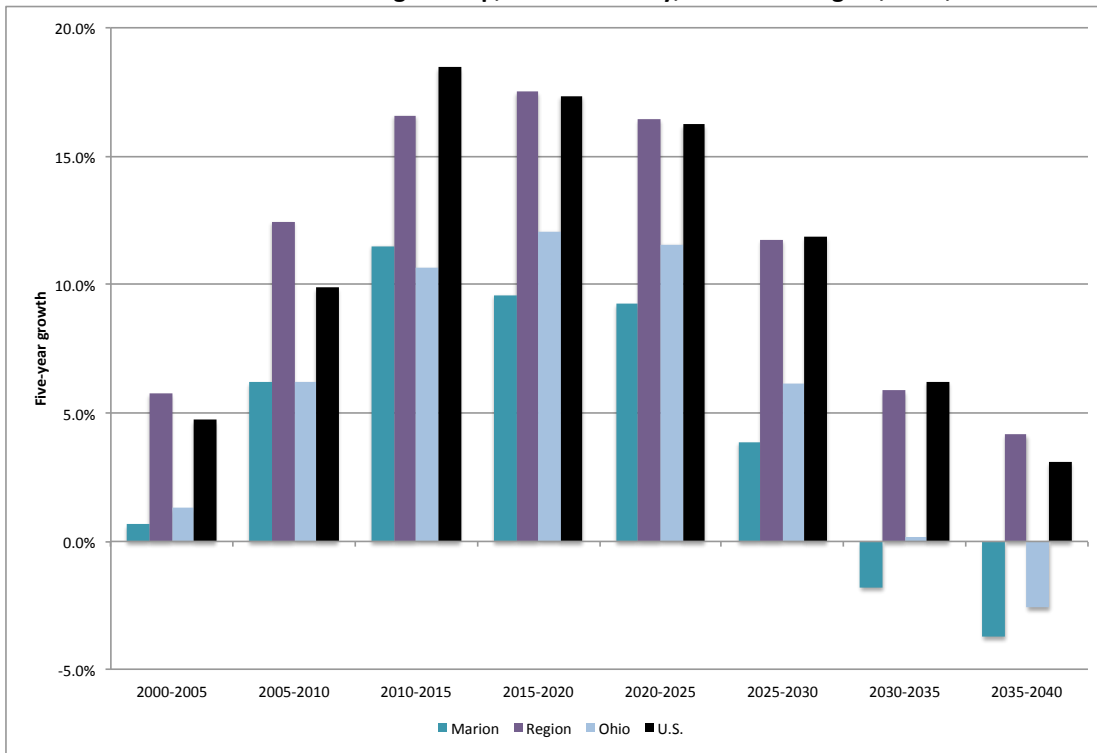
As Figure 4 on the next page shows, the growth trend for working-age adults is less positive: there were sharp declines in the last decade in this age group. These declines will continue for the next decade before they reverse after 2030. The number of older Marion County residents will rise steadily through 2030, as Figure 5 reveals. By then, the age 65 and older population will be 2,500 larger than it is now, and it will account for a record high of about 20 percent of the county's population. But, as Figure 5 also makes clear, this is a trend occurring not only in Marion County but everywhere, as the large Baby Boomer cohort enters this age group and as life spans become longer.

Figure 4
Growth of the 25-54 Age Group, Marion County, Columbus Region, Ohio, and U.S.



Source: Ohio Development Services Agency and U.S. Census Bureau.

Figure 5
Growth of the 65 and Older Age Group, Marion County, Columbus Region, Ohio, and U.S.



Source: Ohio Development Services Agency and U.S. Census Bureau.

Households and Housing

Along with population, it is important to understand how people group themselves into households. Some definitions are necessary. A household is by definition one or more people who occupy a housing unit. A family is a type of household whose members are related by blood or marriage; for example, a married couple, a single person with one or more children, or sisters living together. Other households include unmarried individuals – such as roommates or unmarried partners – or a single individual living alone. This is shown in Table 1. Subcategories are shown by larger indents below the more inclusive group above. A larger-than-average share of Marion County households are families, and the difference is statistically significant. So is the larger share of married-couple families. However, a smaller-than-average share of these couples have children younger than 18 at home, echoing the decline and smaller share of children shown in Figures 2 and 3. In all four areas, roughly one-third of households with children are headed by a single parent. (These statistics by definition do not include the inmate population.)

Table 1
Distribution of Households by Type, Marion County, Columbus Region, Ohio, and U.S., 2011-2013

Household type	Marion County		Region	Ohio	U.S.
	Number	Percent	Percent	Percent	Percent
Total households	24,399	100.0%	100.0%	100.0%	100.0%
Family households (families)	16,830	69.0%	63.5%	64.2%	66.1%
With own children under 18 years	6,396	26.2%	29.7%	27.2%	29.0%
Married-couple family	12,770	52.3%	46.6%	46.9%	48.2%
With own children under 18 years	4,131	16.9%	19.7%	17.4%	19.4%
Male householder, no wife present, family	1,200	4.9%	4.3%	4.4%	4.8%
With own children under 18 years	574	2.4%	2.2%	2.2%	2.3%
Female householder, no husband present, family	2,860	11.7%	12.6%	12.9%	13.1%
With own children under 18 years	1,691	6.9%	7.8%	7.6%	7.3%
Nonfamily households	7,569	31.0%	36.5%	35.8%	33.9%
Householder living alone	6,519	26.7%	29.2%	30.0%	27.7%
65 years and over	2,979	12.2%	8.5%	10.9%	9.9%

Source: American Community Survey 2011-2013 Three-Year Estimates, U.S. Census Bureau.

Turning to housing and housing costs, Table 2 shows the occupancy and vacancy of housing units, and the number of units occupied by owners and renters. (Note that occupied housing units in Table 2 equals the number of households in Table 1, as it must.) Although the calculated vacancy rate is higher than both regional and state rates, *neither difference is statistically significant*; the differences are within the margin of error, as is the difference from the U.S. rate.² The 68 percent ownership rate is significantly higher than the regional rate, but there is no significant difference relative to the state and national rates.

² Many statistics in this study are derived from estimates based on a sample, meaning that if all members of the population could be surveyed, the answer might be different. The margin of error quantifies how different the answer is likely to be. To say that a Marion County estimate is not significantly different from the U.S. average means that even though the estimate is reported to be higher, the actual (unobservable) figure in the population could in fact be lower.

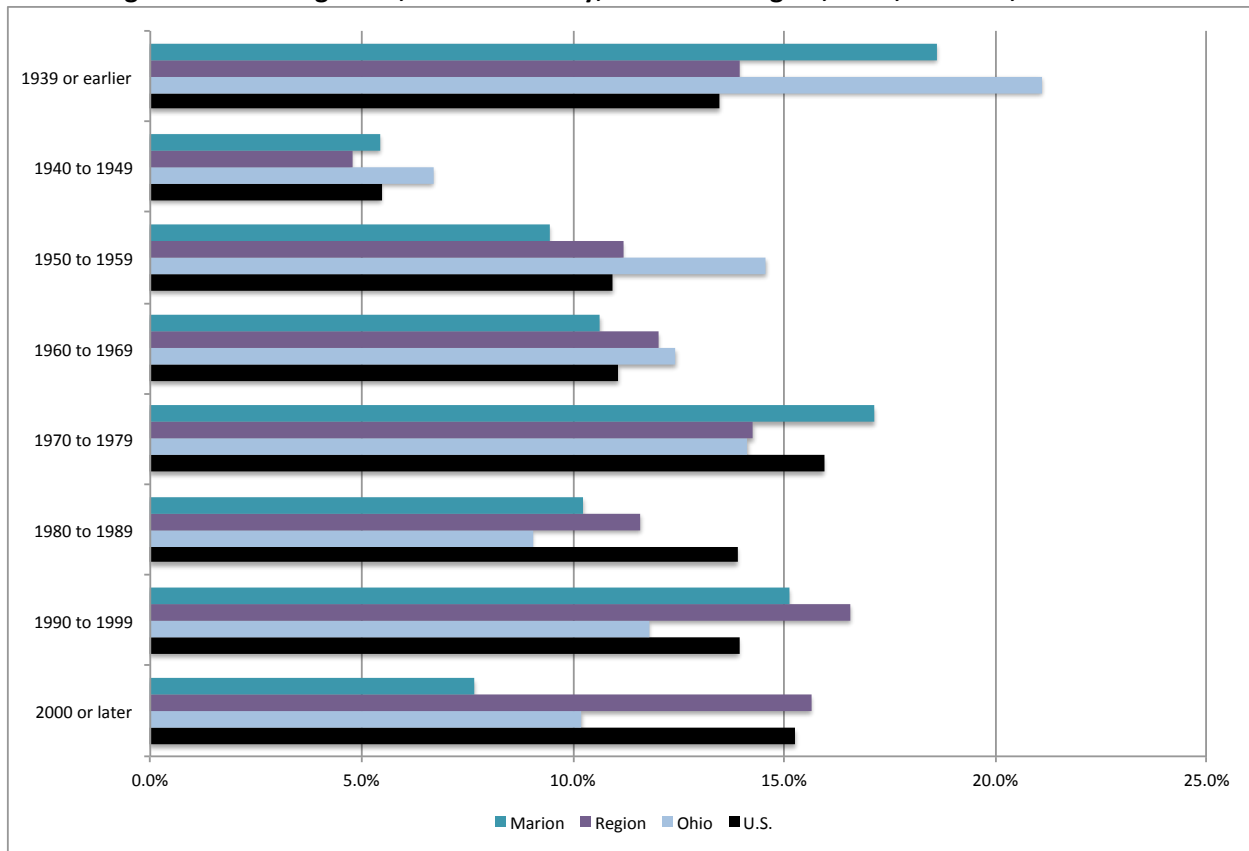
Table 2
Housing Occupancy, Vacancy, and Ownership, Marion County, Columbus Region, Ohio, and U.S.
2011-2013

Household type	Marion County		Region	Ohio	U.S.
	Number	Percent	Percent	Percent	Percent
Total housing units	27,744	100.0%	100.0%	100.0%	100.0%
Less Vacant housing units	3,345	12.1%	10.3%	11.2%	12.6%
Equals Occupied housing units	24,399	87.9%	89.7%	88.8%	87.4%
Owner-occupied housing units	16,584	59.8%	55.7%	59.1%	56.0%
Renter-occupied housing units	7,815	28.2%	34.0%	29.7%	31.4%
Ownership rate	---	68.0%	62.1%	66.5%	64.0%

Source: American Community Survey 2011-2013 Three-Year Estimates, U.S. Census Bureau.

Figure 6 graphs the age distribution for all housing units. The median dwelling unit in Marion County was built in 1960, meaning that half the units were built before that year and half were built after. An above-average share of these were built in the 1970s – 17 percent of all units. Recall from Figure 1 that the 1970s marked the end of the rapid increase in the county’s population. Builders at the time were apparently playing catch-up. As is clear from the graph, the housing stock in Marion County is older than that in the Columbus Region as a whole. Marion County’s stock is also older than that throughout Ohio or the U.S. Ohio’s median-age dwelling was built in 1966 and the U.S. median-age dwelling was built in 1976.

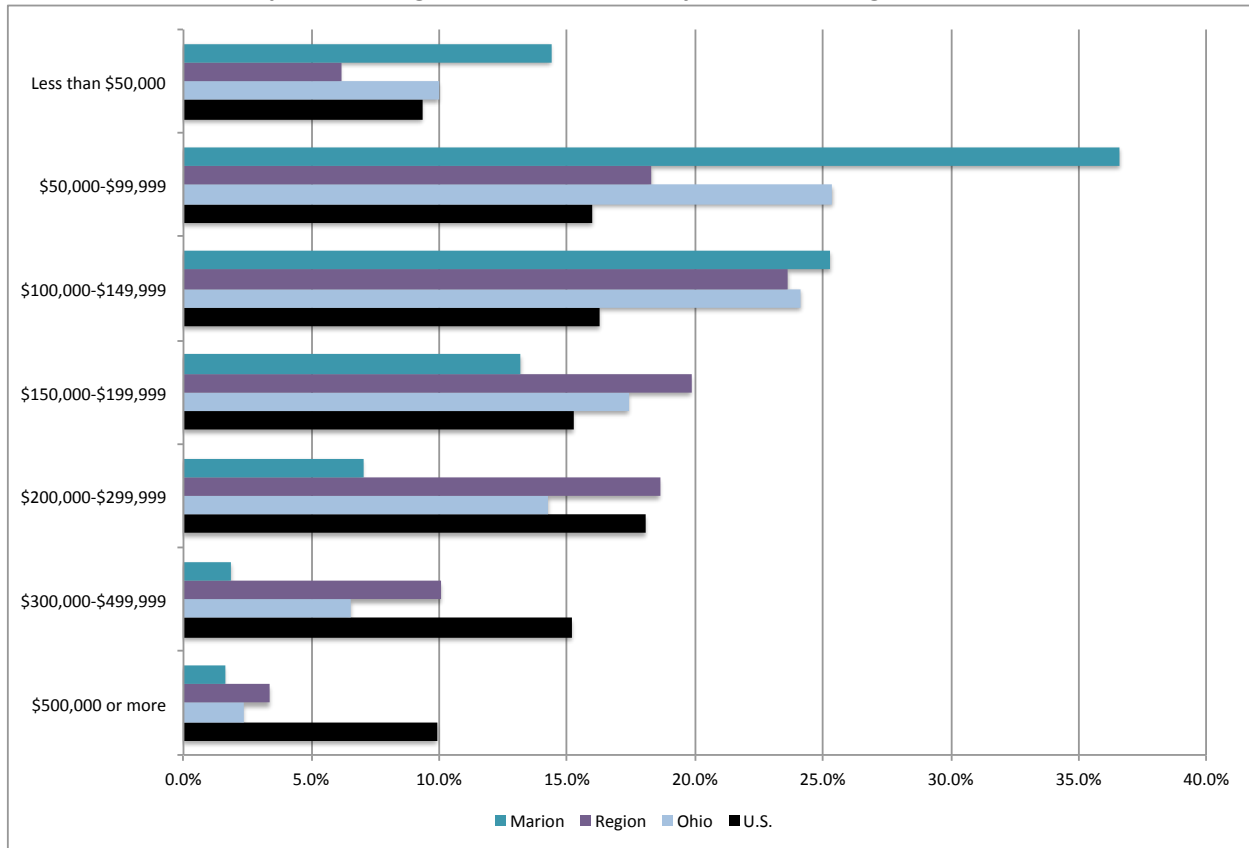
Figure 6
Age of All Housing Units, Marion County, Columbus Region, Ohio, and U.S., 2011-2013



Source: American Community Survey 2011-2013 Three-Year Estimates, U.S. Census Bureau.

In Figure 7 is graphed the value distribution of owner-occupied house values for the four areas. These are estimated by the owner rather than being determined by the market, so they are subject to greater error. One immediately apparent observation is that houses valued at less than \$100,000 are far more common in Marion County than in any other area. These account for half the houses in Marion County, one-quarter of those in the Columbus Region and nationally, and a third of those in Ohio. A second observation is that houses valued at \$300,000 or more are far more common elsewhere than either in Ohio or Central Ohio. The median owner-occupied house values are \$98,600 in Marion County, \$128,100 in Ohio, and \$173,200 nationwide. A median cannot be directly calculated for the region, but the distribution of house values suggests that it is about \$150,000.

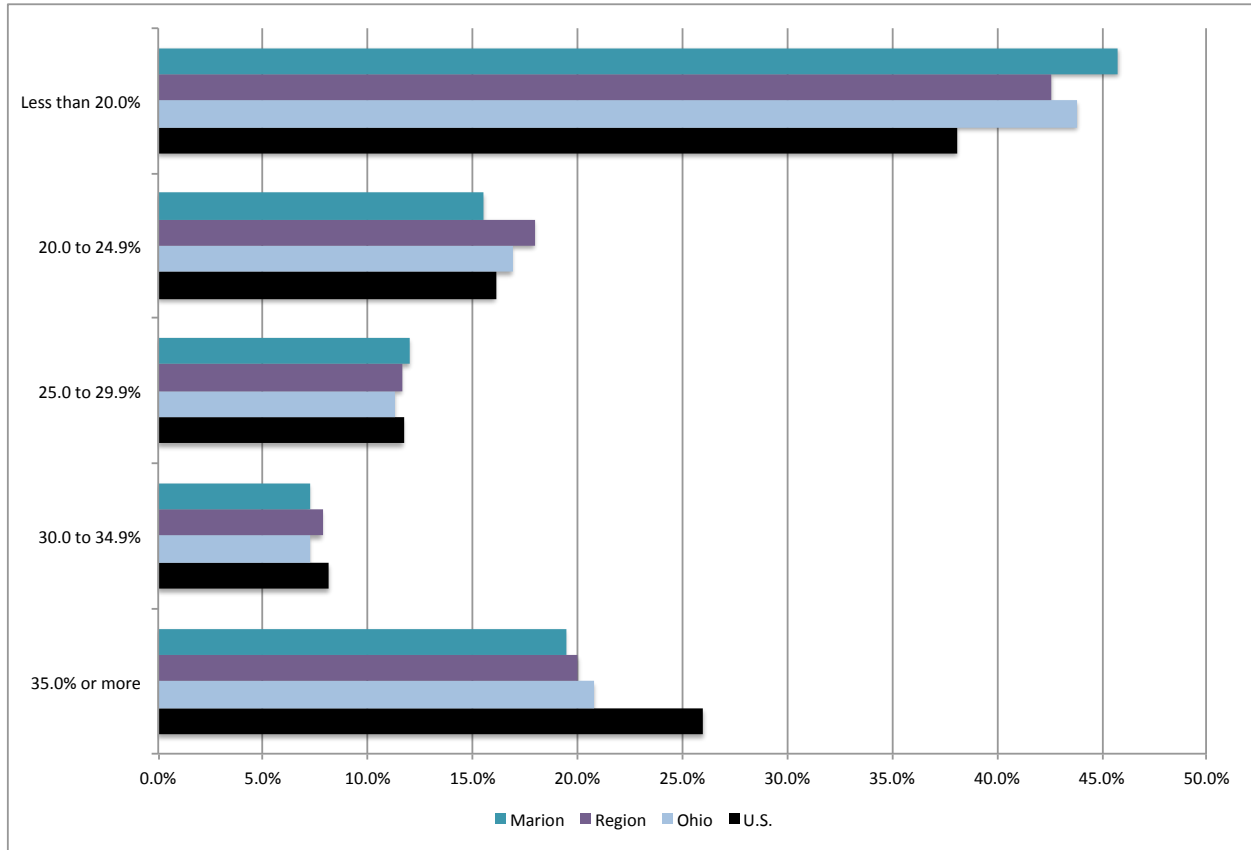
Figure 7
Value of Owner-Occupied Housing Units, Marion County, Columbus Region, Ohio, and U.S., 2011-2013



Source: American Community Survey 2011-2013 Three-Year Estimates, U.S. Census Bureau.

The following two graphs address the affordability of owner and renter housing for Marion County households. Figure 8 graphs the ratio of selected monthly owner costs to household income for houses with a mortgage. These costs include mortgage payments, home equity payments, real estate taxes, property insurance, utilities, and where appropriate, condominium fees. A household paying more than 35 percent of total income in housing expenses is generally considered to have a housing cost burden. As is clear from the figure, the share of these cost-burdened households is at least five percentage points higher in other places than in Marion County, the region, or the state. On the other end of the scale, 46 percent of Marion County households pay less than 20 percent of their income for owner costs, versus only 38 percent of households nationally.

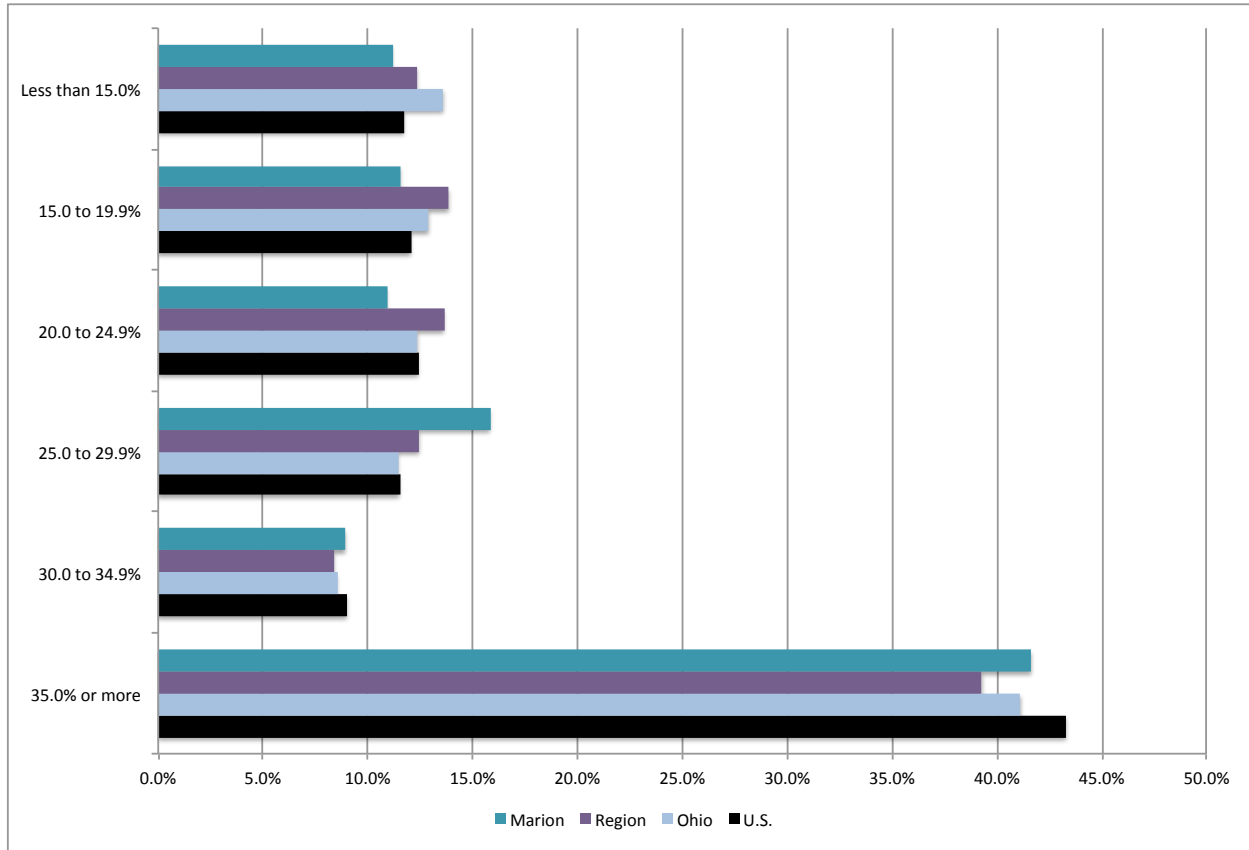
Figure 8
Selected Monthly Owner Costs as a Percentage of Household Income
Marion County, Columbus Region, Ohio, and U.S., 2011-2013



Source: American Community Survey 2011-2013 Three-Year Estimates, U.S. Census Bureau.

Figure 9 provides the same analysis for renters. Here the ratio is gross rent to household income. Marion County renters are significantly more cost-burdened than owners, but so are renters everywhere else. Around 40 percent of renters in all areas pay 35 percent or more of their income in rent.

Figure 9
Gross Rent as a Percentage of Household Income
Marion County, Columbus Region, Ohio, and U.S., 2011-2013



Source: American Community Survey 2011-2013 Three-Year Estimates, U.S. Census Bureau.

Income

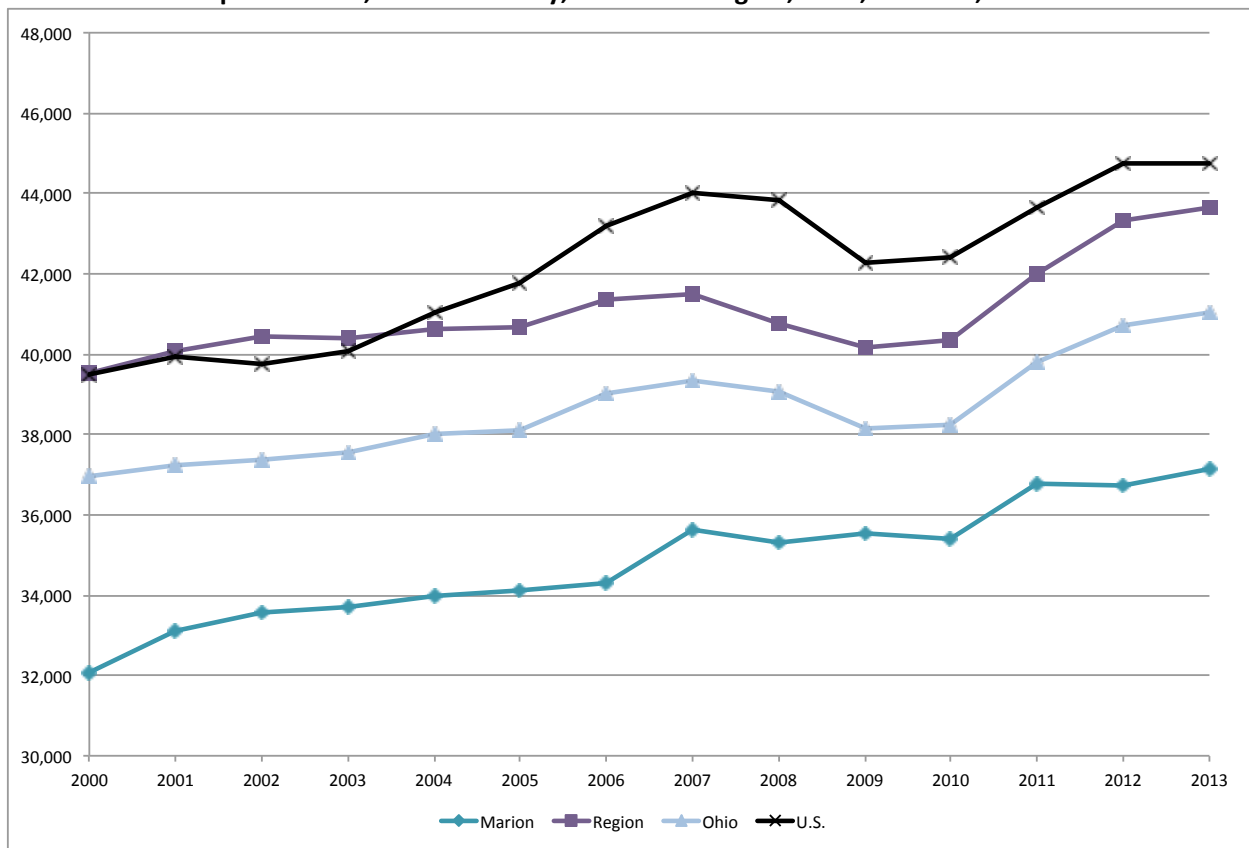
Three ways to measure and compare Marion County’s income are per capita income, median household income, and the distribution of household income. Per capita income is the total income earned by all residents divided by the number of residents, so it is the average (mean) income for each man, woman, and child living in the county. The median was explained above in the context of house value and the concept is the same here: half of all households earn less than the median and half earn more. However, the resident total on which the per capita income is based include the prison inmates, so these must be netted out of the calculation to prevent distortion. The inmate count is needed annually but is only available at four points: 2000, 2005-2009, 2010 and 2009-2013. The annual totals are estimated by considering the 2005-2009 average as the 2007 count and interpolating. The 2009-2013 count is far higher than the 2010 Census count, so it is likely an overestimate. It does suggest that the prison population has continued to increase since 2010, so the trend calculated for 2007 through 2010 is extended through 2013. Household income by definition excludes the prison population, so no adjustment is necessary for the median household income or the household income distribution.

The median is a better way to represent the midpoint for both income and house value because of the way that these are distributed across households. Usually, most incomes are fairly tightly clustered with

a few very high-income households. These high-income households count heavily in the mean, pulling it upward and overstating the earnings of most residents. On the other hand, a high-income household counts as only one observation in determining the median – no more than anyone else. Further, by including children in the calculation – who typically earn nothing – it is not representative of the experience of those actually earning income. So the per capita income, although widely used, is a flawed gauge. Nevertheless, large differences in per capita income among regions can be telling.

Figure 10 shows per capita income annually since 2000 for Marion County, the Columbus Region, Ohio, and the United States. The annual totals are adjusted for inflation to represent changes in purchasing power. Marion County’s per capita income has been consistently 15 to 20 percent less than the national average, and is far below regional and state averages as well. But notice that the impact of the 2007-2009 recession on Marion County’s per capita income was much less than the impact elsewhere. Between 2007 and 2009, per capita income fell 3.2 percent in the Columbus Region, 3.1 percent in Ohio, and 3.9 percent in the U.S. But the decline was only 0.7 percent in Marion County. As a result, although Marion County income remains frustratingly low, the net gain in income between 2001 (the trough of the previous recession) and 2013 was actually greater than the net gain at the regional and state level and equal to the national gain: 12.2 percent in Marion County, 8.9 percent in the Columbus region, 10.2 percent in Ohio, and 12.1 percent in the U.S.

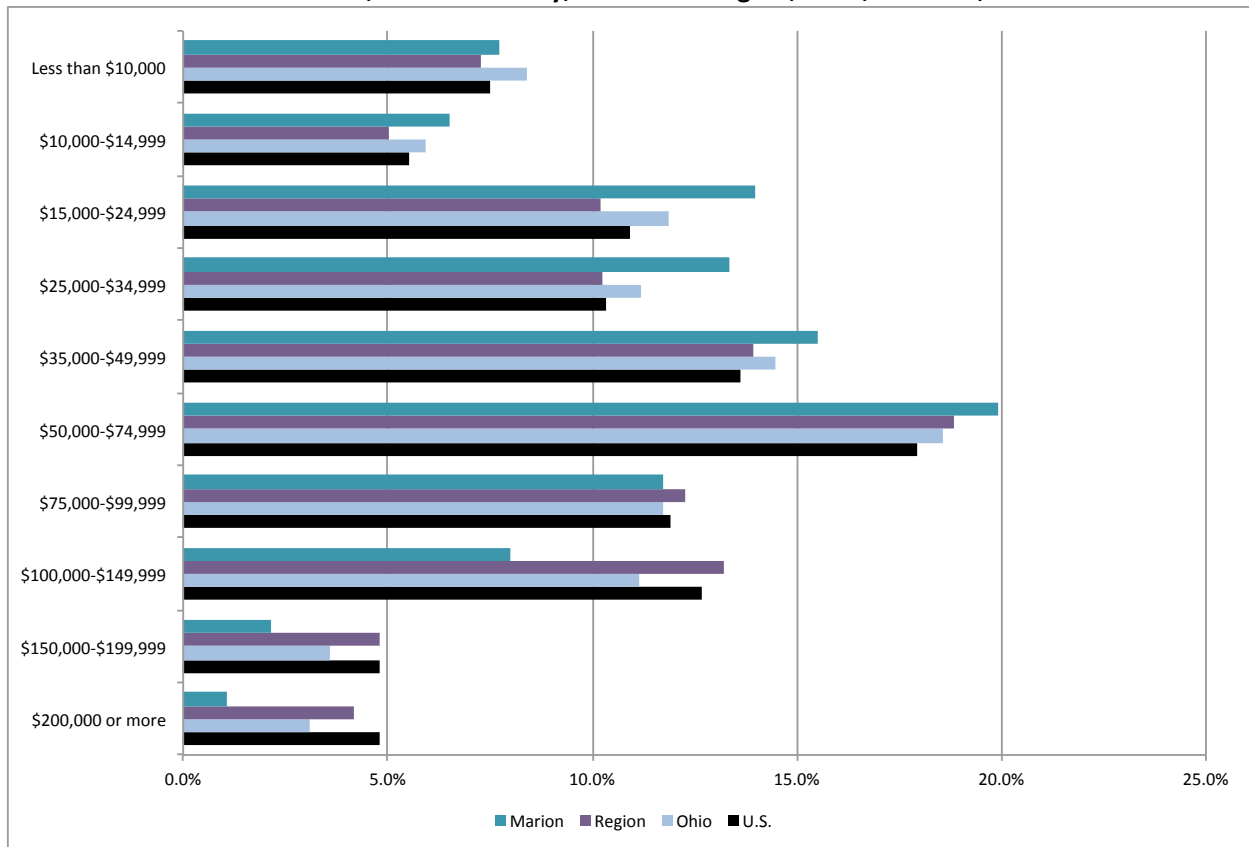
Figure 10
Per Capita Income, Marion County, Columbus Region, Ohio, and U.S., 2000-2013



Source: Regional Economic Accounts, U.S. Bureau of Economic Analysis; adjusted for inflation by the Implicit Price Deflator for Personal Consumption Expenditures, U.S. Bureau of Economic Analysis.

Figure 11 shows the distribution of household incomes in the four areas. This comparison bears out the message of Figure 10: incomes in Marion County are lower than they are elsewhere. Although the share of households with the lowest incomes is no higher than in the other areas, the percentage between \$15,000 and \$25,000 is far higher. For most households, even \$25,000 annually is far below the required income to supply basic necessities. Table 3 on the next page shows the percentage of households in each area both in these low income categories and with incomes of \$100,000 or more. Also shown is median household income for each area. The 28 percent of Marion County households with income less that \$25,000 is not markedly higher than the percentage elsewhere; the difference between Marion County and Ohio is not statistically significant. The difference between the share of high income households is much greater; the 11.2 percent of households earning \$100,000 or more is little more than half the regional and national percentages, and 40 percent less than the statewide share. Marion County’s median household income of \$41,846 is significantly less than all other areas.

Figure 11
Household Income, Marion County, Columbus Region, Ohio, and U.S., 2011-2013



Source: American Community Survey 2011-2013 Three-Year Estimates, U.S. Census Bureau.

Table 3
Percentage of Low and High Household Incomes and Median Income
Marion County, Columbus Region, Ohio, and U.S., 2011-2013

	Marion	Region	Ohio	U.S.
Less than \$25,000	28.2%	22.5%	26.2%	23.9%
\$100,000 or more	11.2%	22.2%	17.8%	22.2%
Median income	\$41,846	\$54,800*	\$47,782	\$52,176

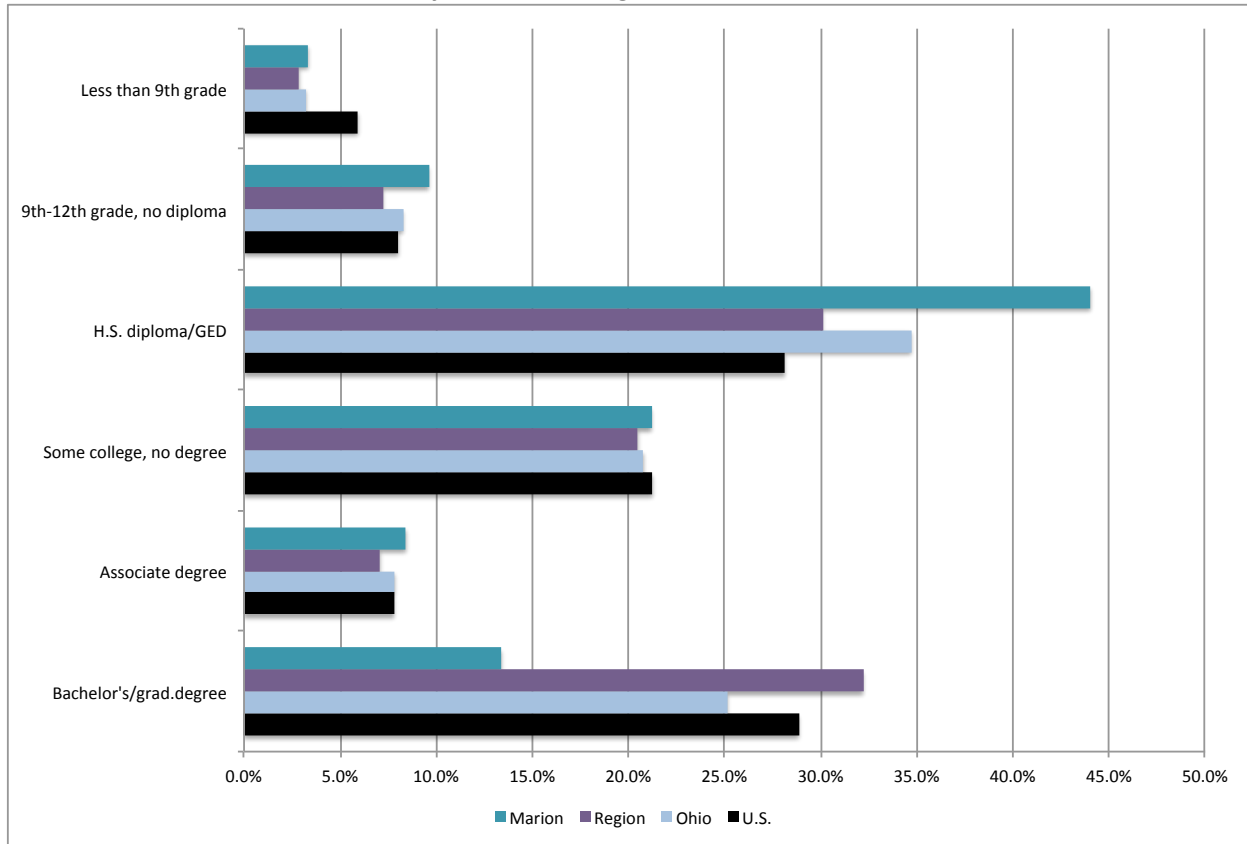
*Approximation.

Source: American Community Survey 2011-2013 Three-Year Estimates, U.S. Census Bureau.

Education

Figure 12 compares the educational attainment of adults 25 years and older in Marion County (net of the prison population), the Columbus Region, Ohio, and the U.S. The percentage of adults without a high school diploma, 13 percent, is significantly greater than the region's 10.1 percent and the state's 11.5 percent, but not significantly different from the 14 percent national average. Of those in Marion County who left school before graduating from high school, a larger share at least began high school.

Figure 12
Educational Attainment, Residents 25 and Older
Marion County, Columbus Region, Ohio, and U.S., 2009-2013



Source: American Community Survey 2009-2013 Five-Year Estimates, U.S. Census Bureau.

The large percentage of individuals with high school diplomas, some college work, or an associate degree (73.6 percent) is the level of education generally needed for jobs in manufacturing, Marion County's dominant industry sector. One important requirement of many of these jobs is unfortunately not available in the Census Bureau data: licenses and certifications. An electrician or welder may have a high school diploma and apprenticeship experience, but also a certification that makes that individual a highly-valued and well-paid member of the labor force. Although only 13.4 percent of Marion County adults (about 5,500) hold a bachelor's or graduate degree, the need for college graduates can be partially filled by the residents of adjacent Delaware County, where half of adult residents hold a bachelor's or graduate degree. As will be discussed later, Delaware County residents currently fill six percent of jobs in Marion County. However, the fact remains that jobs requiring a college degree generally pay far more than those that do not, so this is a key reason why Marion County's per capita and household incomes are below average.

The number of Marion County non-inmate residents three years and older enrolled in school by level – including schools outside of Marion County – is given in Table 4. This table also compares those percentages with the region, state, and nation. Marion County's percentages are not markedly different from those of the larger areas, except for college enrollment.

Table 4
School Enrollment by Level, Marion County, Columbus Region, Ohio, and U.S., 2009-2013

Household type	Marion County		Region	Ohio	U.S.
	Number	Percent	Percent	Percent	Percent
Population 3 years and older enrolled in school	13,704	100.0%	100.0%	100.0%	100.0%
Nursery school, preschool	857	6.3%	6.1%	6.2%	6.1%
Kindergarten	846	6.2%	5.0%	4.9%	5.1%
Elementary: grade 1 to grade 4	3,049	22.2%	19.9%	19.5%	19.7%
Elementary: grade 5 to grade 8	3,253	23.7%	19.6%	20.2%	20.0%
High school: grade 9 to grade 12	3,362	24.5%	19.9%	21.0%	20.8%
College, undergraduate	2,098	15.3%	23.5%	23.4%	23.4%
Graduate, professional school	239	1.7%	5.9%	4.8%	5.0%

Source: American Community Survey 2009-2013 Five-Year Estimates, U.S. Census Bureau.

Table 5 on the next page takes a closer look at the status of individuals at two critical points of the educational path: preschool and high school. The table shows the percentage of three and four-year-olds enrolled in school (i.e., preschool) and the enrollment and employment status of 16 to 19-year-olds. Studies have shown that the preschool experience gives children a greater chance of success throughout the remainder of their educational career. The percentage of children enrolled both in Marion County and throughout the region is significantly less than the national average – which, education experts argue, is itself too low.

The percentage of Marion County teenagers are not enrolled in school is significantly higher than average. Many of these have joined the labor force after graduating from high school. However, a larger-than-average share have not completed high school. Most of these have either not been successful in finding work or are not even looking. Some may not currently be enrolled or working for personal or family reasons and may fully intend to complete their education later, but many doubtless became disengaged from the educational process and underestimated the difficulty of finding work without a high school diploma. An important goal is to find these individuals, offer them support in

obtaining their GED (which may include rehabilitative and family support services) and provide workforce services to help them find employment. This cost of these strategies would be at least partly offset by reducing strains on the public assistance and criminal justice systems. It would also be another way to increase county income.

Table 5
Enrollment Status of Three, Four, and 16 to 19-Year-Olds
Marion County, Columbus Region, Ohio, and U.S., 2009-2013

Household type	Marion County		Region	Ohio	U.S.
	Number	Percent	Percent	Percent	Percent
Population 3-4 years	1,543	100.0%	100.0%	100.0%	100.0%
Enrolled in school	542	35.1%	44.3%	45.7%	47.7%
Not enrolled in school	1,001	64.9%	55.7%	54.3%	52.3%
Population 16-19 years	3,251	100.0%	100.0%	100.0%	100.0%
Enrolled in school	2,663	81.9%	87.4%	85.1%	86.6%
Not enrolled in school	588	18.1%	12.6%	14.9%	13.4%
High school graduate	367	11.3%	8.7%	9.9%	9.0%
Employed	269	8.3%	5.0%	5.2%	5.0%
Unemployed	53	1.6%	1.7%	2.0%	2.0%
Not in labor force	45	1.4%	2.0%	2.7%	2.0%
Not high school graduate	221	6.8%	3.9%	5.0%	4.4%
Employed	8	0.2%	1.2%	1.4%	1.4%
Unemployed	118	3.6%	0.9%	1.0%	1.0%
Not in labor force	95	2.9%	1.9%	2.6%	2.1%
Non-high school graduates as a percentage of non-enrollees	---	37.6%	31.3%	33.6%	33.0%
Individuals not in labor force as a percentage of non-enrollees	---	7.1%	7.2%	9.4%	7.9%

Source: American Community Survey 2009-2013 Five-Year Estimates, U.S. Census Bureau.

Finally, Table 6 presents a few key performance statistics for Marion County's five school districts. Annual measurable objectives measure how well students perform relative to a state goal, which is shown in the state average/goal column. The performance index score measures performance on achievement assessments given to students in the third through the eighth grades and the Ohio Graduate Test given in the tenth grade. The value added score is a measure of the gains in learning that students make based on achievement data over time.

Table 6
Marion County School District Enrollment, 2014, and 2013-2014 Performance Indicators

Indicator	Elgin Local	Marion City	Pleasant Local	Ridgedale Local	River Valley Local	State average/goal
Enrollment, October 2014	1,039	4,203	1,213	673	1,967	---
K-3 literacy improvement	46.9%/C	22.9%/F	68.6%/B	39.4%/D	27.7%/D	---
Indicators met (of 24)	17/C	2/F	19/C	13/D	19/C	---
Annual measurable objectives, reading	81.3%/B	68.5%/D	90.5%/A	81.8%/B	86.6%/B	84.9%*
Annual measurable objectives, math	76.7%/C	61.3%/D	84.1%/B	75.9%/C	82.6%/B	80.5%*
Performance index score	94.577/C	85.617/C	101.557/B	94.884/C	98.851/B	99.146
State rank (of 610**)	504	584	217	495	350	---
Value added score	-0.57/C	-6.52/F	1.70/B	0.42/C	-3.65/F	-2.15
State rank (of 610**)	414	584	308	370	534	---
Graduation rate, 4-year	92.7%/B	76.3%/F	94.6%/A	90.6%/B	91.9%/B	82.2%
Graduation rate, 5-year	92.6%/B	84.6%/D	96.3%/A	91.8%/B	92.0%/B	83.8%

*State goal. **Public districts only. The comprehensive state rankings also include 272 community schools.
 Source: Ohio Department of Education.

Marion City Schools, the county’s largest district, is implementing an aggressive reform effort to improve performance at all grade levels. The ultimate goal is to increase the size and quality of Marion County’s workforce, enhancing the competitiveness of local companies, increasing incomes, and improving the economy. The ability to read, write, and use language effectively from the early grades onward is the foundation of success in school and later in a career. The district is using a framework developed by the Literacy Collaborative at The Ohio State University to ensure that all students gain these skills.³ The framework includes many opportunities for reading and writing across the entire curriculum. Instruction is provided in large group, small group, and individualized settings to respond to students’ different learning styles. But in order for the program to succeed, teachers must be properly trained and guided. “Literacy coaches” are trained at Ohio State and placed in each school. These literacy coaches oversee the program and provide training and resources to classroom teachers to ensure that the program is properly implemented. Both literacy coaches and teachers receive ongoing professional development. The success of the program is tracked through ongoing monitoring of student success, and adjustments are made as necessary. One adopter of this program, Youngstown City Schools, has so far raised its kindergarten through third grade literacy improvement score from an F to a C.⁴

Mathematics is equally important, and is a subject that is a significant challenge for many students. Here Marion City Schools are implementing the Next Generation Learning model to ensure that students are learning the concepts and are able to apply them – particularly those who would otherwise be underserved and left behind.⁵ This model emphasizes personalized, engaging, and interactive teaching adapted to the student’s learning pace and style. It clearly spells out goals and measures the student’s progress against those goals, and provides additional help when the student needs it.

Industry leaders in all fields call attention to the need for “soft skills” in the workplace. These include the ability to communicate effectively orally and in writing, to work together in teams, to interact

³ See www.lcosu.org.

⁴ “City Schools’ Improvements in Literacy Inspire Optimism.” *The Youngstown Vindicator*, 18 May 2015.

⁵ See www.nextgenlearning.org.

appropriately with supervisors, peers, and customers, to solve problems, and to take responsibility for their job duties. Leadership skills or potential is also important across the board in the increasingly team-oriented work environment. To address this need, Marion City Schools are implementing Franklin Covey's "The Leader in Me" program, which has been adopted by more than 2,000 schools in 35 countries.⁶ This program is based on *The Seven Habits of Highly Effective People* and founded on the premise that everyone has leadership potential. It is not an isolated program but is designed to infuse leadership development and habits throughout the entire curriculum in all grades.

Marion City Schools are also implementing two efforts to prepare students for college, a career, or the military after graduation. The district is a member of the Ohio Board of Regents' GEAR UP Ohio consortium, which provides grant funding with the goal of making college attainable for low-income students and those who would be the first member of their family in college.⁷ Students in middle and high school are encouraged to enroll in college preparatory courses, and they and their families are provided college application information, financial aid resources, and direct scholarships. Tutors and mentors are provided to students and professional development opportunities are offered to those working with them. The Ohio State University's Marion Campus will provide dual enrollment offerings so that students will have college credit before leaving high school.

Finally, Marion City Schools are offering Career Pathways at the high school level. These are programs that provide an introduction to specific careers as well as training that can result in industry-recognized credentials and certifications. They are also "stackable," meaning that they can provide a basis for higher-level certifications that can be earned as the individual advances in his/her career. These programs focus on careers that are in high demand locally. They include computer science, health technologies/exercise science, and logistics/supply chain management, with others under discussion.

The school district's efforts to engage with Marion Industrial Center (the multimodal terminal) in developing this pathway directly resulted in the Global Logistics Program, the only one of its type in Ohio. Logistics is an essential skill in manufacturing and the demand for these professionals will increase further as the Marion Industrial Center continues to expand. This skill also provides a strong basis for military service. (Columbus is home to the Defense Supply Center, one of a handful of sites nationwide that manages the delivery of goods to Defense Department facilities and battlefields around the world.)

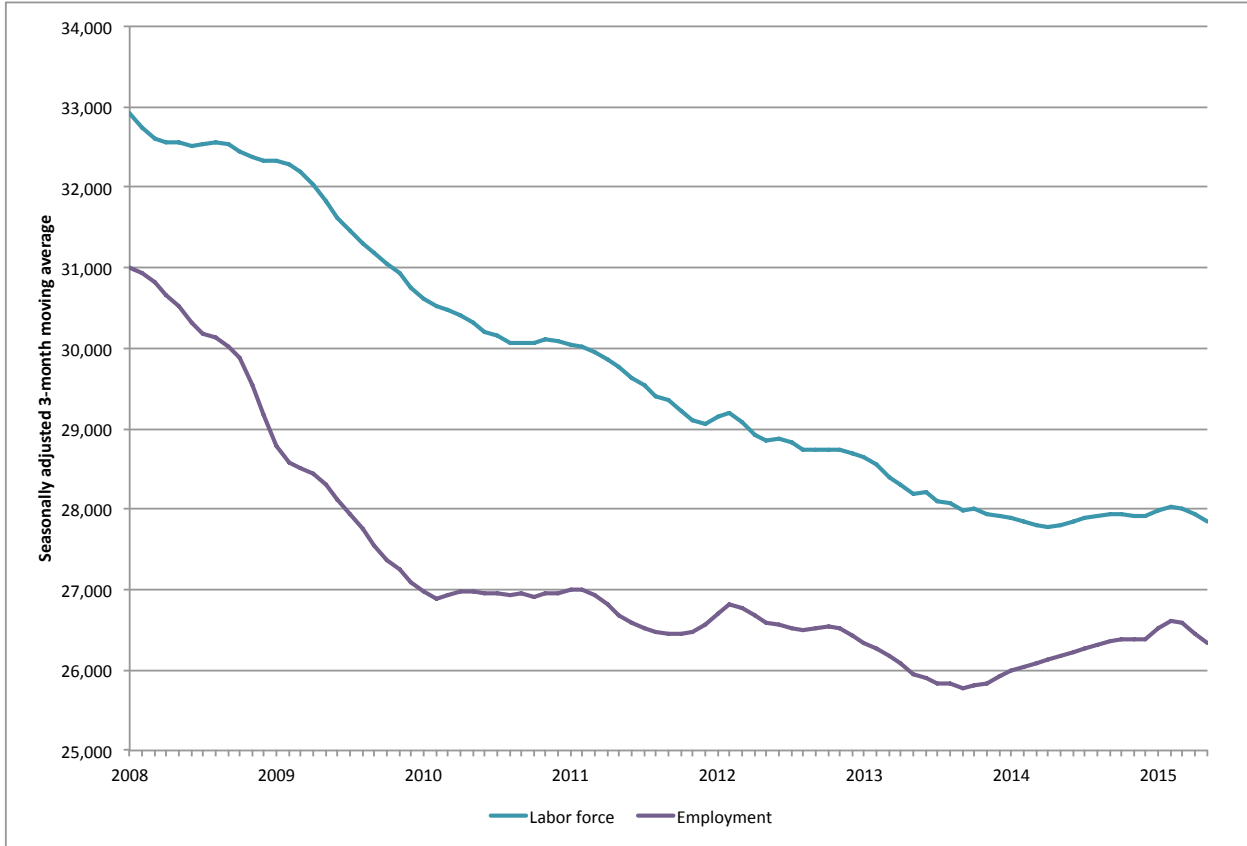
Labor Force

Figure 13 charts Marion County's labor force and the employment of county residents monthly from January 2008 – the first month after the beginning of the recession – to the present. The distance between these two lines is the number unemployed. Labor force is *defined as* the sum of the number of people working even one hour during a specific week at the middle of the month and the number unemployed – people who not working but who have actively searched for a job anytime during the past 30 days. Others are not included in these statistics, even if they are able and willing to work. Many of these have given up on an active job search because they are discouraged about the likelihood of finding work or lack relevant skills.

⁶ See www.theleaderinme.org.

⁷ See www.ohiohighered.org/gearup.

**Figure 13
Marion County Labor Force and Employment, Monthly, 2008-2015**

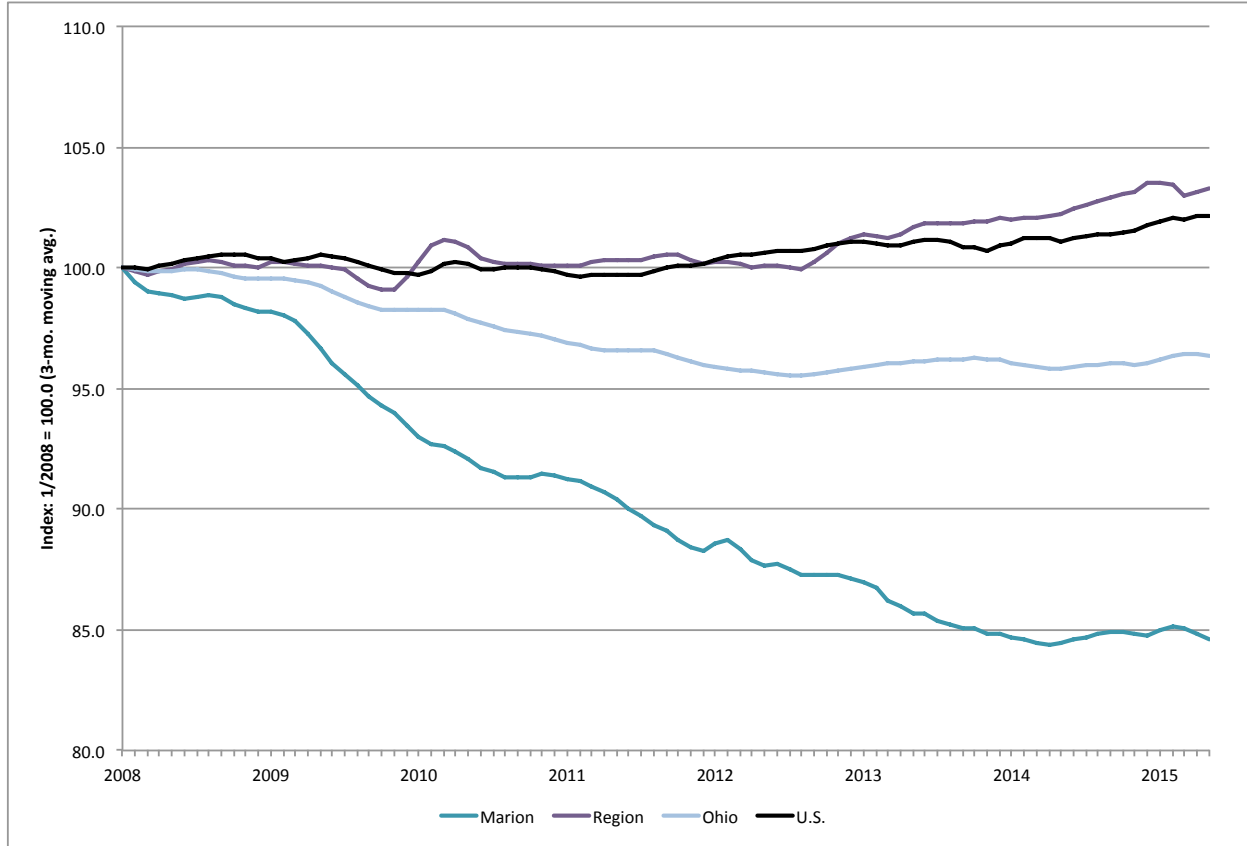


Source: Local Area Unemployment Statistics, U.S. Bureau of Labor Statistics and Ohio Labor Market Information Bureau. Seasonal adjustment by Regionomics.

The sharp decline in labor force during the recession was a result of the lack of job openings during this time and a resulting increase in discouraged workers. Employment began growing again in autumn 2013, and as a result labor force began to increase about eight months later. During those eight months, the unemployment rate declined both because of increasing employment and because of decreasing labor force. The recent downward turn in labor force and employment likely does not constitute a reversal of the basic upward trend; in the context of the seasonally-adjusted estimates in Figure 13, it is probably signaling that the large influx of students looking for and finding summer jobs was not quite as large as it typically is.

Figure 14 benchmarks the degree of Marion County’s labor force decline relative to the region, the state, and the nation over the course of the recession and recovery. This chart presents labor force on an index basis with all totals in January 2008 set to 100, so the chart tracks cumulative percentage labor force change in each area since then. As is clear from the chart, Marion County’s 15.4 percent decline is far worse than any other region. Labor force in the Columbus Region tracked the U.S. average through the beginning of 2013, then began pulling ahead. By May 2015, the region’s labor force was 3.3 percent higher than its January 2008 level, while the U.S. labor force was up 2.2 percent. Ohio labor force growth was also below average, falling through mid-2012, then stagnating. The state’s labor force is off 3.7 percent from January 2008.

Figure 14
Labor Force Change: Marion County, Columbus Region, Ohio, and U.S., 2008-2014



Source: Current Population Survey and Local Area Unemployment Statistics, U.S. Bureau of Labor Statistics and Ohio Labor Market Information Bureau. Seasonal adjustment of Marion County and regional data by Regionomics.

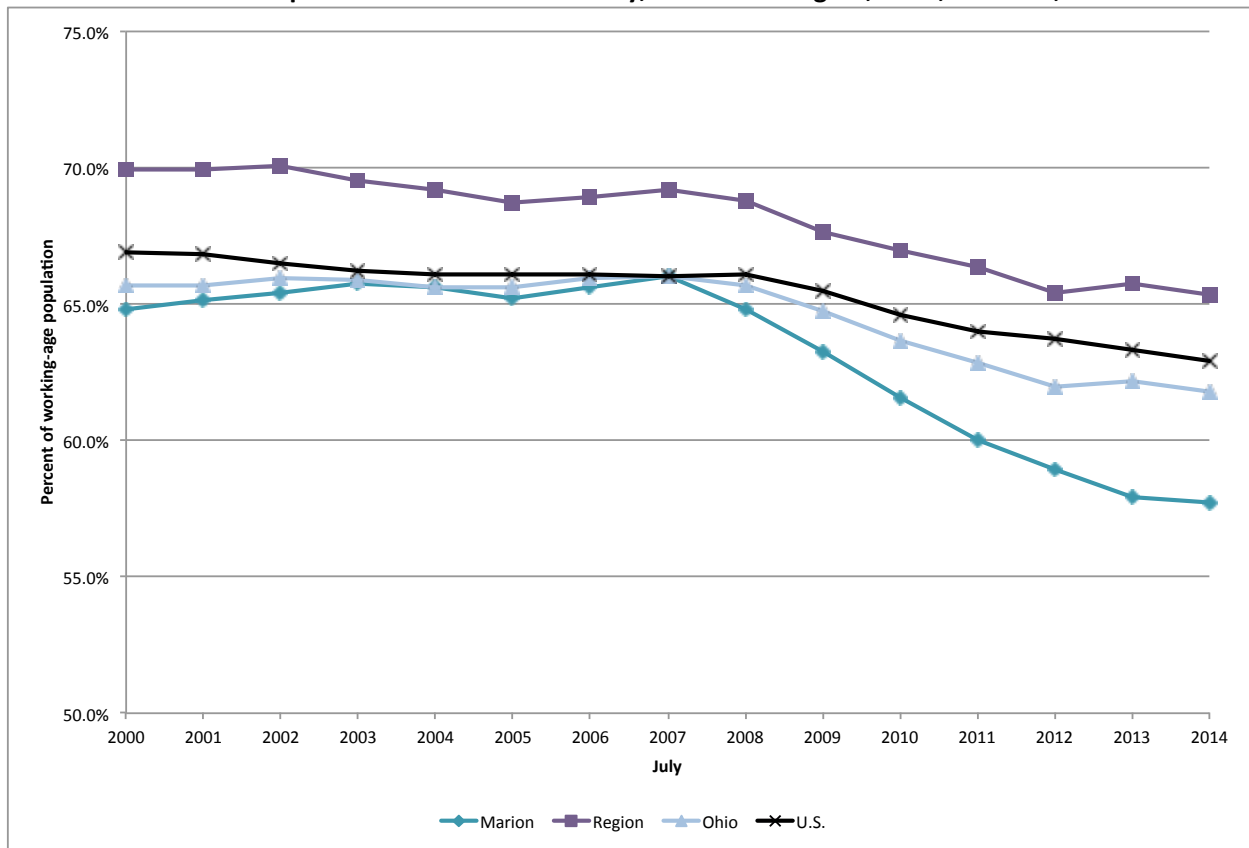
Another way to assess the labor market is through the labor force participation rate. This is the measured labor force as a fraction of the working-age population – defined as all residents 16 years and older (with no upper bound on age). These are provided monthly for the U.S. by the Bureau of Labor Statistics and for Ohio by the Ohio Labor Market Information Bureau, but participation rates are not available for counties. However, the Census Bureau’s Population Estimates Program gives annual county-level population estimates by age as of July 1. These can be used to obtain the working-age population as of July, which when divided into the seasonally-adjusted labor force for that month, yields the participation rate.⁸

Participation rates for Marion County (excluding the inmate population), the region, the state, and the nation are shown in Figure 15. The Marion County participation rate was comparable to the Ohio and U.S. rates before the recession, but about three points below the rate for the Columbus Region. All participation rates were stable or slightly declining until the recession, then began to fall sharply. This is typical during a recession as job openings become fewer and more individuals become discouraged and suspend their job search. What is not typical is that the participation rate has continued to decline

⁸ Historical participation rates for the U.S. are recalculated when new population and labor force estimates are issued, but Ohio LMI does not reestimate the state rate. Consequently, Ohio participation rates are calculated using the same method as the county and regional rates.

through the recovery as well. Labor market analysts have argued that this is partly due to the fact that some workers have been out of work so long that their skills have deteriorated, making them unemployable, but mostly due to the aging population and the fact that the large Baby Boomer cohort is reaching retirement age. A long-term decline in labor force participation for this reason has been predicted for years; it was merely hastened by the recession. There is not a clear demographic reason for the larger-than average decline in Marion County’s participation rate, however. It may be a result of the continuing weak growth of employment in the county. If this is the case, growth of employment opportunities, coupled with suitable workforce development initiatives, would cause labor force to increase.

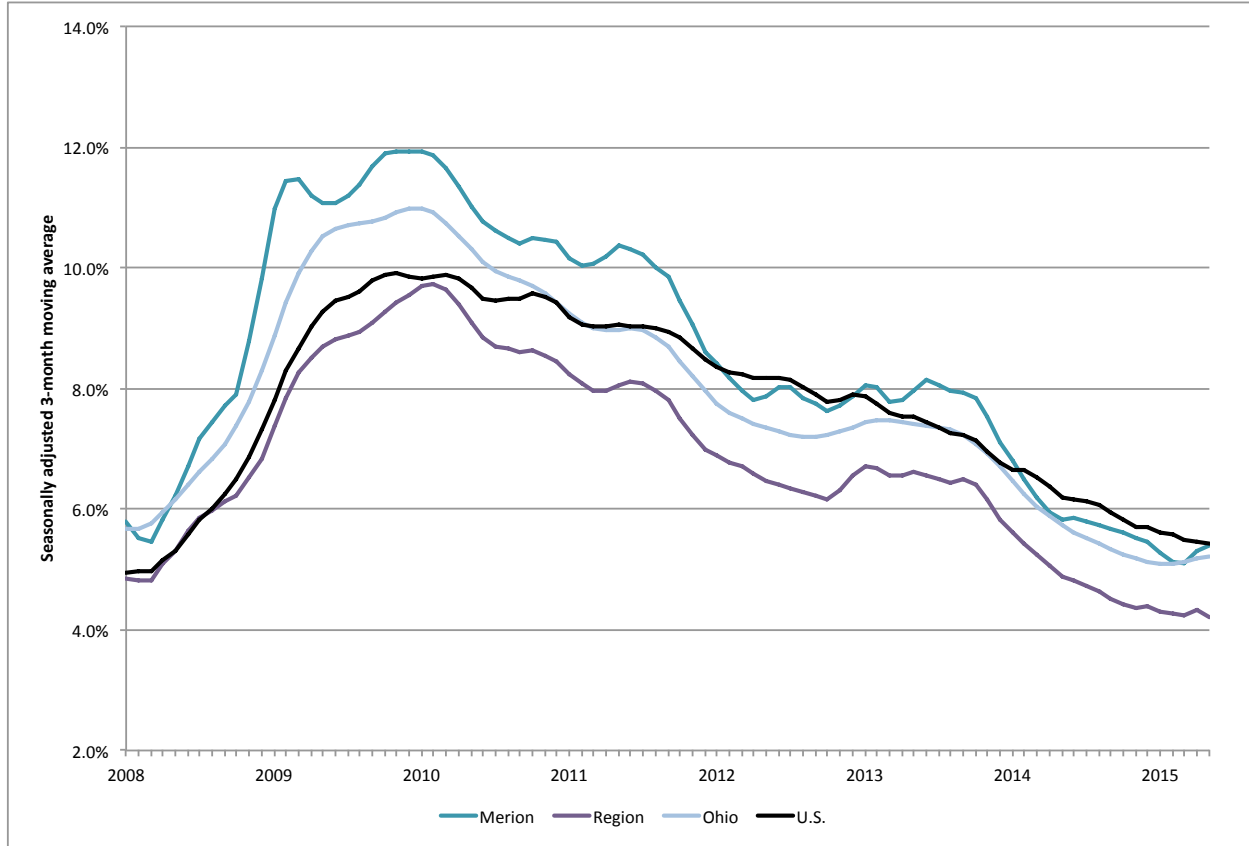
Figure 15
Labor Force Participation Rates: Marion County, Columbus Region, Ohio, and U.S., 2001-2014



U.S. rate from the Current Population Survey, U.S. Bureau of Labor Statistics. Other rates calculated by Regionomics; see text.

Unemployment rates are charted in Figure 16. Marion County’s unemployment rate peaked at 11.9 percent in late 2009 and 2010 – one percentage point higher than the state average and two points higher than the U.S. But the Marion County unemployment rate fell faster than average and as of June 2015 stood at 5.1 percent – comparable to the state and national averages of 5.2 percent and 5.3 percent, respectively, but higher than the Columbus Region’s 3.9 percent. However, as is clear from the earlier discussion, the declining labor force is a factor in the unemployment rate decline.

Figure 16
Monthly Unemployment Rates: Marion County, Columbus Region, Ohio, and U.S., 2008-2015



Source: Current Population Survey and Local Area Unemployment Statistics, U.S. Bureau of Labor Statistics and Ohio Labor Market Information Bureau. Seasonal adjustment of Marion County and regional data by Regionomics.

Another issue in understanding characteristics of the labor force available to Marion County employers is that workers travel to Marion County for employment and some Marion County workers travel to jobs in other counties. This helps to diversify Marion County’s workforce. (The point was made earlier that the high educational attainment of Delaware County residents can help to fill jobs in Marion County requiring a degree.)

Table 7 lists the county in which Marion County residents work and the county in which Marion County workers reside. The fact that the total number of Marion County workers is greater than the number of Marion County residents indicates that the county is a net importer of talent: the county brings in more workers on a daily basis than it sends out. This is customary for larger counties that function as commercial centers rather than as bedroom communities for nearby counties. Marion County residents fill 77.4 percent of jobs in the county, with another 14.6 percent working in the six adjacent counties. Of these, Delaware and Union are the most important providers of employment, and Franklin is an important workplace as well. Of those working in Marion County, 74 percent live there as well, and nearly 21 percent live in the adjacent counties. Note that Crawford and Morrow Counties do not provide nearly as many jobs to Marion County workers as they provide workers to fill Marion County jobs. Franklin County, on the other hand, provides more jobs than workers.

**Table 7
Marion County Commuting Flows, 2006-2011**

County	Workplace of Marion County residents		Residence of Marion County workers	
	Number	Pct.of total	Number	Pct.of total
Marion County	21,706	77.4%	21,706	74.0%
Adjacent counties				
Crawford	443	1.6%	1,199	4.1%
Delaware*	1,675	6.0%	1,213	4.1%
Hardin	115	0.4%	343	1.2%
Morrow*	683	2.4%	1,868	6.4%
Union*	1,011	3.6%	796	2.7%
Wyandot	153	0.5%	693	2.4%
Total adjacent counties	4,080	14.6%	6,112	20.8%
Columbus region and other counties				
Franklin*	1,352	4.8%	389	1.3%
Knox*	49	0.2%	89	0.3%
Logan*	137	0.5%	66	0.2%
Richland	176	0.6%	381	1.3%
Other Columbus Region counties*	75	0.3%	41	0.1%
Other Ohio counties	327	1.2%	508	1.7%
Total Columbus Region (other than Marion)	4,982	17.8%	4,462	15.2%
Total Ohio (other than Marion)**	6,196	22.1%	7,586	25.8%
Out of state	134	0.5%	59	0.2%
Total	28,036	100.0%	29,351	100.0%

*Counties in the Columbus Region. **Including all counties listed above.

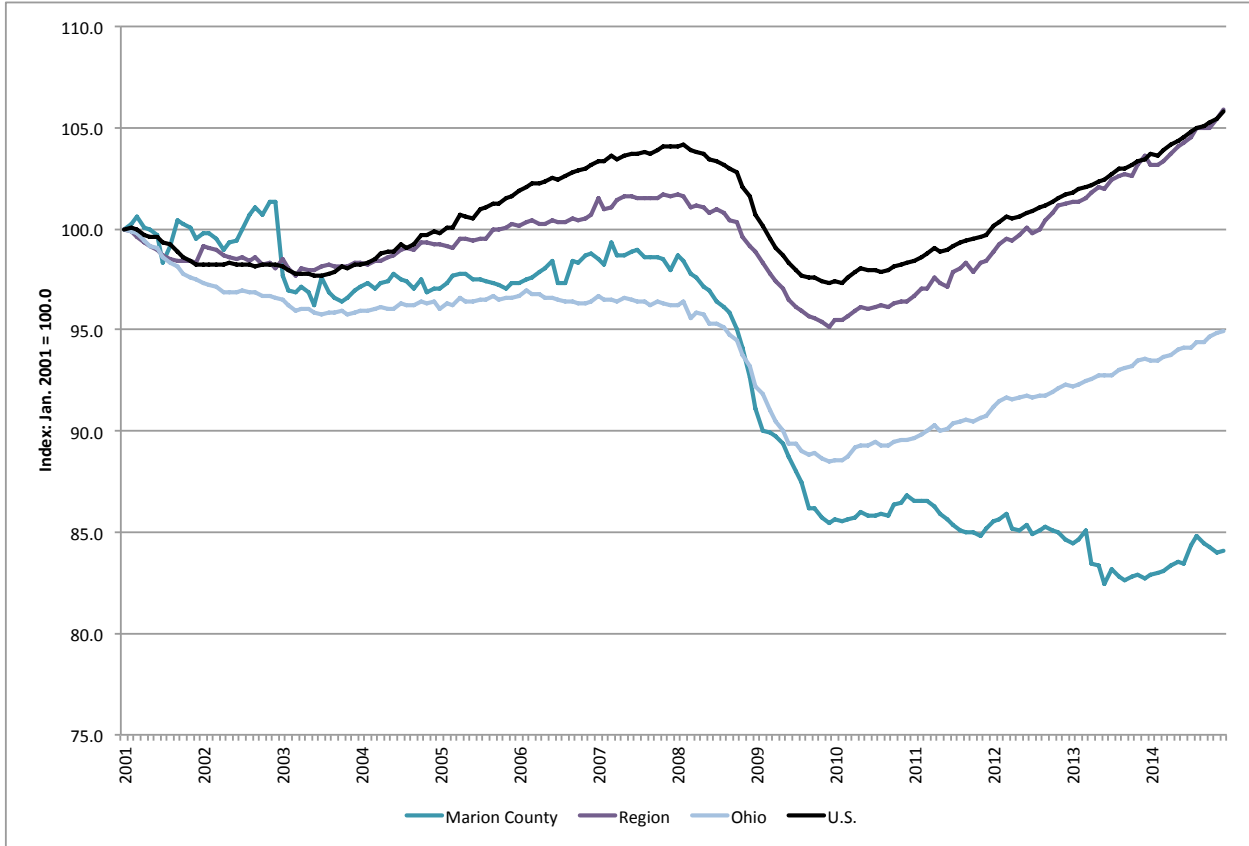
Source: American Community Survey 2006-2011 Five-Year Estimates, U.S. Census Bureau.

Industry

Figure 17 shows monthly employment changes for Marion County and the larger areas on an index basis beginning in 2001.⁹ Thus, the chart shows the impact of the 2001 recession, the subsequent expansion, the 2007-2009 recession, and the recent recovery. Marion County outperformed the state somewhat before the recession, but still suffered a net employment decline of 364 between January 2001 and January 2008. The county's economy performed much worse than average during the recession, though, losing more than 3,400 jobs between January 2008 and December 2009. Performance since then has been disappointing as well: Marion County employment stagnated as other areas grew. The net loss between January 2008 and December 2014 (the most recent data available from this series) has been 400 jobs (1.7 percent).

⁹ Employment here is defined differently than in the workforce section and Figure 13. There, employment represented the number of workers living in Marion County but possibly working elsewhere. This measure of employment refers to jobs within Marion County, which may be filled by Marion County residents or those living elsewhere. A Marion County resident holding two jobs in Marion County would be counted once in the earlier statistics, but each of the two jobs would be counted separately here.

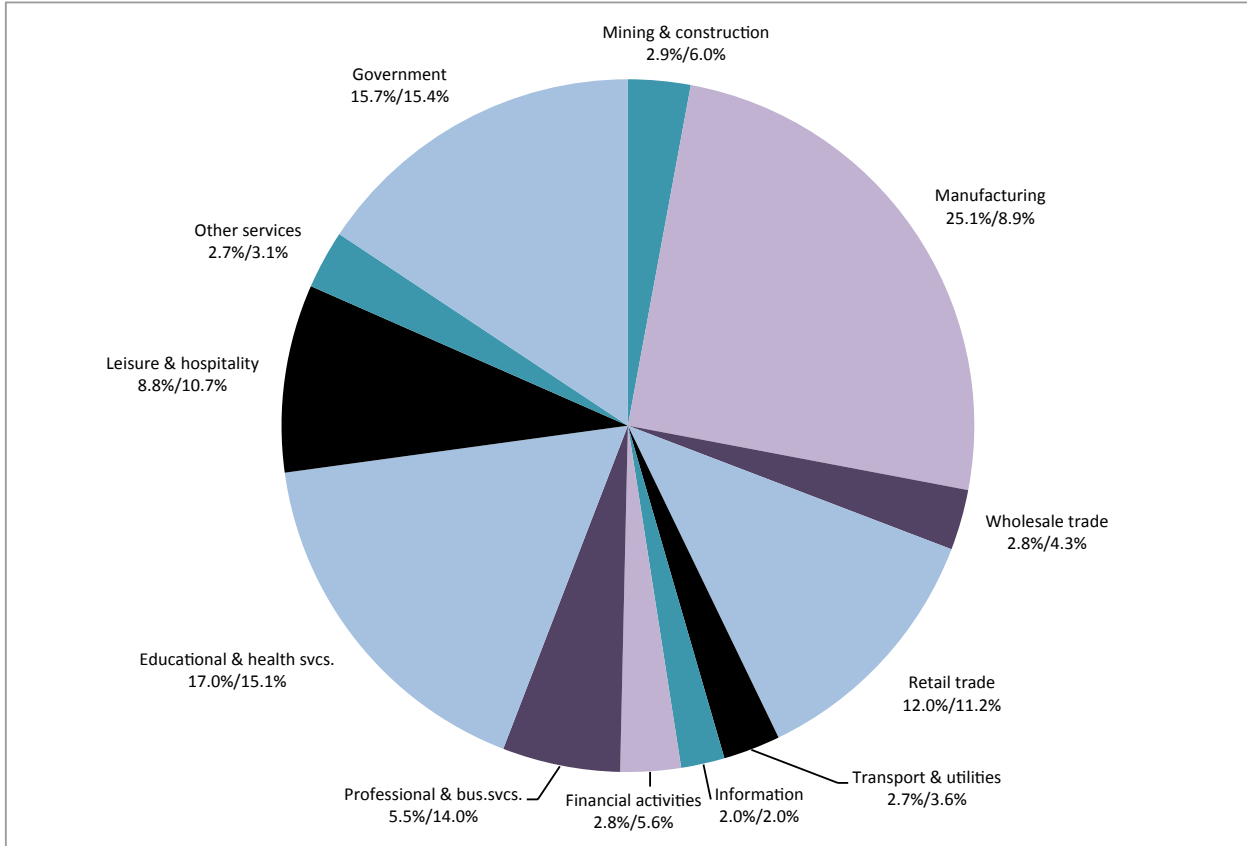
Figure 17
Payroll Employment Change: Marion County, Columbus Region, Ohio, and U.S., 2001-2014



Source: Quarterly Census of Employment and Wages, U.S. Bureau of Labor Statistics. Seasonal adjustment of all series by Regionomics.

Figure 18 presents graphically the distribution of 2014 payroll employment in Marion County among industry sectors. For each sector is shown the percentage of total employment in Marion County and nationwide. Manufacturing is the dominant sector; the more than 5,900 employees in this sector represent one-quarter of total employment and an employment concentration 2.8 times the national average. Two other sectors, retail trade and educational services and healthcare, also have concentrations somewhat greater than average. On the other hand, mining and construction, financial activities, and business services have employment concentrations one-half the national average or less.

Figure 18
Distribution of Marion County Employment, 2014



Marion County percentage of total/U.S. percentage of total.

Source: Quarterly Census of Employment and Wages, U.S. Bureau of Labor Statistics.

The four appendix tables, A-1 through A-4, provide additional details regarding sector employment and employment changes during the last decade and a half. Table A-1 covers 2001 through 2003, thereby analyzing employment changes during the 2001 recession and the jobless recovery that followed. Table A-2 examines the expansion of 2003 through 2007, Table A-3 explores the impact of the recession from 2007 through 2010, and Table A-4 documents the recovery beginning in 2010. Each table shows annual average employment for each Marion County sector during the final year of the period, the location quotient for the sector in that year, the change in employment in both numerical and percentage terms for Marion County, and percentage changes for the Columbus Region, Ohio, and the U.S. The location quotient is the percentage of total employment in the sector in Marion County divided by the percentage of total employment in that sector nationally. Thus, a location quotient greater than one indicates a sector representing a larger-than-average share of total employment.

The employment totals in the first three tables are supplemented by data from a separate source providing railroad employment by county. Railroad workers are covered by a separate retirement system so are not included in the other databases used in this analysis. However, railroad employment totals for 2014 are not yet available so Table A-4 is calculated without this employment.¹⁰

¹⁰ Marion County railroad employment was 84 in 2001 and declined fairly steadily to 57 by 2013.

As shown in Table A-1, Marion County lost 838 jobs between 2001 and 2003, a 3.0 percent loss that tied the state but exceeded the loss of the Columbus Region and the U.S. However, manufacturing gained 4.3 percent despite double-digit percentage losses at the national and state levels, and a nearly double-digit loss in the Columbus Region. Administrative and waste services and healthcare registered gains of 179 jobs each, translating to a 48 percent gain for administrative services and a 7.7 percent gain for healthcare. Retail trade, however, suffered a loss of 471 jobs and the small information sector lost 408. In the latter case, though, that loss translated to a decline of more than a quarter of the sector's employment. Accommodation and food services (hotels and restaurants) lost nearly 300 positions.

Table A-2 shows the performance of the Marion County economy during the 2003-2007 expansion – a period during which the Columbus Region's growth was 40 percent slower than average. In retrospect, this was due at least in part to the fact that the region largely avoided the developing housing bubble. Only four of the 64 metropolitan areas of one million or more had slower house price appreciation than the Columbus Metropolitan Statistical Area during these years. The construction sector that was booming elsewhere contracted in both the county and the region. On the other hand, manufacturing employment declined throughout the country in the face of huge productivity gains. Marion County bucked this trend too, with an employment gain of 2.9 percent. Wholesale trade and healthcare gained more than 20 percent, and two subsectors of business services, management of companies and administrative and waste services, gained 75 percent and 67 percent, respectively. This gain brought administrative and waste services' total growth since 2001 to 551 jobs – 147 percent. On the other hand, the other subsector of business services, professional and technical services, lost 349 positions, information lost another 223, other services lost 205, and local government lost 200. Total county employment increased 472, a gain of 1.7 percent.

The recession hit Marion County hard, as shown in Table A-3. Employment declined nearly 3,600 (12.8 percent), more than twice the percentage drop of the region and the U.S. and 70 percent greater than Ohio's loss. Manufacturing lost almost 1,300 positions, but the 17.3 percent loss that that represented was comparable to the regional and national losses and less than the state's 19.6 percent. Local government employment declined 1,029, professional and business services employment lost 545, while retail and construction each lost more than 400. The closure of the Marion Juvenile Corrections Facility in mid-2009 was a contributor to the loss of 322 state government jobs. However, healthcare, which was one of the few sectors that grew nationally and in Ohio during the recession, surged in Marion County by 35 percent – a gain of 1,081 jobs.

Table A-4 shows Marion County employment changes during the employment recovery that began in 2010. Several sector employment changes in this table are distorted by the transfer of operations of the North Central Correctional Complex from state to private control in 2012. This caused a decline in state government employment and a corresponding increase in administrative, support, and waste services as these jobs were reclassified. Current employment at the prison is 362, according to the Ohio Department of Rehabilitation and Corrections. Assuming that this total is unchanged from 2012, total government employment would have declined 410 (9.1 percent) between 2010 and 2014 had the transfer not occurred. State government employment would have declined 94 (8.1 percent), professional and business services would have declined 169 (15.2 percent) and administrative, support, and waste services would have declined 119 (18.2 percent).

Total Marion County employment fell 624 (2.6 percent) between 2010 and 2014. Once the transfer of employment from the public to the private sector is reflected, most numerical job changes are fairly small. Two sectors gave back some of their earlier gains: manufacturing suffered a net decline of 107

and healthcare lost 205. It should also be noted, though, that a number of sectors have significantly outperformed the averages. The small real estate subsector has gained 74 percent, while the previously weak construction sector gained a larger-than-average 20 percent. Natural resources and mining, retail trade, and accommodation and food services also enjoyed performance comparable to or better than the national averages.

Because of the crucial role that manufacturing plays in the Marion County economy, it is worthwhile taking a closer look at how this employment is distributed. Despite its ups and downs, Marion County manufacturing employment has fared far better over the past 14 years than it has elsewhere. Between 2001 and 2014, manufacturing in Marion County lost 877 positions (12.9 percent). But that loss was roughly half the Columbus Region’s loss of 25.6 percent, Ohio’s loss of 29.5 percent, and the nation’s loss of 25.8 percent. The data set used thus far, the Quarterly Census of Employment and Wages, suppresses employment totals in industries with few employers, and consequently reports only about half the total manufacturing employment. So a different data source, the Census Bureau’s County Business Patterns, is used here. While some employment totals are suppressed here as well, the number of establishments by size is always reported, so unreported employment totals can be estimated. The distribution of Marion County manufacturing employment is shown in Table 8 along with percentages of total employment for each subsector for Marion County and the U.S., and location quotients – relative to total employment as usual – for Marion County and Ohio. (U.S. location quotients are always 1.0 by definition.)

Table 8
Distribution of Manufacturing Employment, Marion County, Ohio, and U.S.: March 2013

Subsector	Marion County			Ohio		U.S.
	Employment	Pct. of total mfg.	Location quotient	Pct. of total mfg.	Location quotient	Pct. of total mfg.
Manufacturing	6,017	100.0%	2.957	100.0%	1.483	100.0%
Food manufacturing	772	12.8%	3.026	8.2%	0.972	12.5%
Beverage manufacturing	0	0.0%	0.000	0.7%	0.840	1.3%
Textile mills	0	0.0%	0.000	0.2%	0.317	0.9%
Textile product mills	0	0.0%	0.000	0.5%	0.680	1.0%
Apparel manufacturing	15	0.2%	0.744	0.1%	0.141	1.0%
Leather and allied product mfg.	0	0.0%	0.000	0.2%	1.289	0.2%
Wood product manufacturing	7	0.1%	0.110	1.6%	0.761	3.1%
Paper manufacturing	385	6.4%	6.014	2.9%	1.388	3.1%
Printing and related activities	86	1.4%	1.030	3.6%	1.305	4.1%
Petroleum & coal products mfg.	8	0.1%	0.455	0.8%	1.345	0.9%
Chemical manufacturing	335	5.6%	2.505	6.5%	1.466	6.6%
Plastics & rubber product mfg.	376	6.2%	2.946	9.7%	2.297	6.3%
Nonmetallic mineral product mfg.	82	1.4%	1.299	3.5%	1.695	3.1%
Primary metal manufacturing	421	7.0%	5.931	6.4%	2.707	3.5%
Fabricated metal product mfg.	291	4.8%	1.152	15.7%	1.873	12.4%
Machinery manufacturing	133	2.2%	0.697	11.4%	1.807	9.4%
Computer & electronic product mfg.	4	0.1%	0.026	3.6%	0.713	7.5%
Electrical equip. & component mfg.	2,350	39.1%	39.202	3.6%	1.832	2.9%
Transportation equipment mfg.	702	11.7%	2.841	15.3%	1.867	12.1%
Furniture and related product mfg.	42	0.7%	0.683	2.0%	0.994	3.0%
Miscellaneous manufacturing	8	0.1%	0.081	3.3%	1.027	4.8%

Source: County Business Patterns, U.S. Census Bureau; Regionomics estimates.

Marion County's manufacturing employment is dominated by Whirlpool, whose 2,350 employees account for nearly 40 percent of all manufacturing jobs and yield a concentration for electrical equipment and component manufacturing 39 times the level that would be expected in an economy Marion County's size. Food manufacturing is also important; General Mills and Wyandot have nearly 650 employees between them. Transportation equipment manufacturing provides 700 jobs. Although primary metals manufacturing and paper manufacturing have a smaller employment total than food or transportation equipment manufacturing, their relative concentrations are higher – each around six times average.

Small Business and Entrepreneurship

There are two types of entrepreneurial businesses, scalable businesses and local businesses. Scalable businesses are those that could potentially serve markets far beyond Marion County; if the company's market development efforts are successful, it could grow very large, provide many jobs, and bring sales revenue and profits into the local economy. This increases income, employment, and wealth. For these reasons, scalable businesses (such as those in technology) have rightfully attracted a great deal of attention from economic developers.

Local businesses serve primarily a local market. While some may become national or international in scale – Starbucks, Wendy's, or Walmart, for example – the vast majority will never expand beyond one or several outlets in the community. But these businesses also perform a vital economic function, and ignoring them is a mistake. By serving a local clientele, these local businesses trap dollars that would otherwise leave the local economy. In order to be efficient, chain retail stores and restaurants centralize management, purchasing, distribution, and business services. As a result, most dollars spent at these establishments leave the economy immediately and have no local impact. In contrast, most locally-owned businesses source the bulk of their supplies and business services locally. Those purchases represent income for the suppliers; this income is spent in turn on purchases to support their own activities and on wages and salaries for their workers. This continuing circulation of spending within the economy is called the "multiplier effect" because a dollar of spending has more than a dollar's worth of impact as the dollar continues to circulate within the economy.

The consulting firm Civic Economics has quantified the extent of this impact: on average, sales at independent retail stores nationwide recirculate 47.7 cents of every sales dollar in their local economy, three and a half times the 13.6 cents trapped by national retail chains. Locally-owned restaurants recirculate 64.9 cents, while national chain restaurants recirculate only 30.4 cents.¹¹ The justification for a focus on developing locally-owned, locally-serving businesses is that they prevent leakages from the economy. Preventing dollars from leaving the economy has exactly the same economic effect as attracting dollars from outside.

Other benefits of local businesses cannot be reduced as easily to quantitative terms but are no less important. Because the owners of these businesses live in the community, they understand their customers and are more likely to develop unique products and services that more precisely meet the needs of the local market. These unique businesses preserve and elevate the community's uniqueness, creating a sense of place and possibly attracting non-local consumers who want to experience what the

¹¹ "Indie Impact Study Series." *Civic Economics*. Civic Economics, n.d. Web. 9 June 2014.

community has to offer. (The Short North Arts District in Columbus and Northeastern Ohio’s Amish Country are extreme examples.) Local owners also have a vested interest in strengthening the community because a stronger community makes their business stronger. As such, they may take a leadership role in the community – which also enhances their own visibility and that of their business. Further, local business owners are not constrained by corporate policies that may limit the ability of store or regional managers to provide community support and charitable donations.

There are two ways to assess the health of Marion County’s small business environment: the concentration of businesses with a small number of employees and the concentration of businesses without employees. Unfortunately, Marion County fares poorly in both of these measures.

Table 9 gives the number of small businesses – including businesses with fewer than 20 employees, those with fewer than 100, and nonemployers. It is important to note that these are counts of “enterprises,” not “establishments.” An enterprise is an independent business, while an establishment is a business location, which may or may not be an enterprise. A McDonald’s restaurant is an establishment while McDonald’s Corporation, including all McDonald’s restaurants, is an enterprise. Thus, we are counting here entire companies based in the given county with no more than 99 employees in total. The benchmark for the employer businesses is the percentage of all enterprises with employees in the county or other area, but the appropriate benchmark for the nonemployers is the percentage of the labor force that these sole proprietors represent.

Table 9
Small Businesses and Percentage of All Businesses or Labor Force, 2011 and 2013

Area	1 to 19 employees, 2011		1 to 99 employees, 2011		Nonemployers, 2013	
	Number	Percentage*	Number	Percentage*	Number	Percentage**
Marion	720	69.5%	813	78.5%	3,133	11.1%
Delaware	2,465	73.2%	2,782	82.6%	15,548	15.8%
Fairfield	1,792	77.9%	1,986	86.3%	10,180	13.7%
Franklin	15,502	76.3%	17,934	88.3%	87,914	13.7%
Knox	715	74.5%	805	83.9%	4,720	15.5%
Licking	1,906	76.1%	2,132	85.1%	11,470	13.2%
Logan	579	73.8%	650	82.8%	2,777	12.0%
Madison	481	76.1%	536	84.8%	2,698	13.3%
Morrow	292	80.4%	325	89.5%	2,619	15.5%
Pickaway	544	74.4%	595	81.4%	3,263	12.7%
Union	668	71.6%	764	81.9%	3,430	12.9%
Columbus Region	25,664	75.6%	29,322	86.4%	147,752	13.8%
Ohio	159,680	85.1%	179,227	95.5%	745,540	13.0%
United States	5,104,014	89.8%	5,585,510	98.3%	23,005,620	14.8%

*Percentage of all enterprises. **Percentage of labor force.

Source: Statistics of U.S. Businesses and Nonemployer Statistics, U.S. Census Bureau.

Marion County’s share of small businesses under all of these measures is lowest among the 11 counties in the Columbus Region, which itself is well below average. It is worth noting, though, that while none of the counties comes close to the national average share of employer businesses, self-employed individuals in Delaware, Knox, and Morrow Counties represent a larger share of the labor force than at the national level.

An important point is that these statistics encompass both scalable and local businesses. There is no way to separate the two, so Marion County probably needs to increase the development of both types. There are several ways that this can be accomplished, including increasing both the supply of entrepreneurial businesses and the demand for their goods and services. Entrepreneurs should be demystified; they are for the most part ordinary people who had a good idea and took a risk with it. These entrepreneurs should be networked both for mutual support and to support and mentor emerging entrepreneurs. This support should include both encouragement and a strong dose of the reality of owning a business and keeping it running. Available small business and entrepreneurial resources should be more broadly promoted. The concept of business ownership should be introduced in schools and included as a valid career direction in workforce programs. There is no reason why programs that seek to match workers with employers cannot also include the option of self-employment.

On the demand side, it is important to educate the community regarding the benefits that locally-owned businesses provide, and that purchase decisions are not innocuous. While a “buy locally” campaign can have positive results, it is important to make clear that this does not mean that chains should be shunned. People cannot realistically be expected to satisfy all their needs through local businesses, and no campaign that suggests this can succeed. The message should be that even a small shift in purchases – when it makes sense to do so – can yield big results. It is important to target larger local businesses in addition to consumers with this message. Shifts in purchasing by Marion County’s major employers – again, when it makes sense to do so – can also yield substantial results.

Table A-1
Distribution and Growth of Marion County Employment, 2001-2003, Compared to the Columbus Region, Ohio, and the U.S.,
and Location Quotients

Sector	Marion County, 2003		Marion Cty. chng., 2001-03		Percentage change, 2001-03		
	Employment	Loc.quotient	Numerical	Percentage	Region	Ohio	U.S.
Total	27,499	1.000	-838	-3.0%	-0.8%	-3.0%	-1.4%
Natural resources and mining	109	0.307	22	25.3%	-2.8%	-6.0%	-2.9%
Construction	975	0.681	-155	-13.7%	-5.6%	-4.2%	-1.5%
Manufacturing	7,107	2.291	290	4.3%	-9.7%	-11.6%	-11.8%
Wholesale trade	479	0.399	-35	-6.8%	-1.8%	-4.7%	-2.5%
Retail trade	2,986	0.932	-471	-13.6%	-7.1%	-4.6%	-1.6%
Transportation and utilities	797	0.737	-79	-9.0%	-0.3%	-5.4%	-4.6%
Transportation and warehousing	686	0.713	-75	-9.9%	0.6%	-5.3%	-4.7%
Utilities	111	0.898	-4	-3.5%	-10.1%	-7.3%	-4.0%
Information	1,074	1.574	-408	-27.5%	-7.0%	-8.0%	-11.4%
Financial activities	741	0.441	-65	-8.1%	0.5%	1.3%	1.9%
Finance and insurance	490	0.395	-5	-1.0%	0.7%	2.7%	2.5%
Real estate	251	0.572	-59	-19.0%	-0.5%	-3.3%	0.4%
Professional and business services	1,552	0.456	101	7.0%	-0.3%	-2.8%	-2.9%
Professional and technical services	891	0.626	-68	-7.1%	n/a	-4.5%	-3.4%
Management of companies	108	0.303	-10	-8.5%	n/a	9.2%	-3.3%
Administrative, support, and waste services	553	0.341	179	47.9%	n/a	-4.7%	-2.3%
Educational and healthcare	2,601	0.770	170	7.0%	7.4%	5.4%	6.0%
Educational services	106	0.245	-9	-7.8%	n/a	6.8%	7.0%
Healthcare and social assistance	2,495	0.848	179	7.7%	n/a	5.2%	5.8%
Leisure and hospitality	2,136	0.819	-299	-12.3%	5.2%	1.1%	2.3%
Arts, entertainment, and recreation	201	0.516	-8	-3.8%	1.6%	-0.3%	1.8%
Accommodation and food services	1,935	0.872	-291	-13.1%	5.8%	1.4%	2.4%
Other services	977	1.069	100	11.4%	4.5%	-2.6%	1.3%
Government	5,959	1.340	-12	-0.2%	2.7%	1.1%	2.0%
Federal government	159	0.268	-1	-0.6%	-3.0%	-3.8%	0.4%
State government	1,388	1.444	-132	-8.7%	0.1%	-1.2%	0.7%
Local government	4,412	1.525	121	2.8%	5.5%	2.4%	2.7%

Indented titles are subsector components of the sector above.

Table A-2
Distribution and Growth of Marion County Employment, 2003-2007, Compared the Columbus Region, Ohio, and the U.S.,
and Location Quotients

Sector	Marion County, 2007		Marion Cty. chng., 2003-07		Percentage change, 2003-07		
	Employment	Loc.quotient	Numerical	Percentage	Region	Ohio	U.S.
Total	27,971	1.000	472	1.7%	3.4%	0.7%	5.9%
Natural resources and mining	102	0.271	-7	-6.4%	-13.8%	-2.2%	10.3%
Construction	897	0.575	-78	-8.0%	-6.4%	-2.4%	13.3%
Manufacturing	7,316	2.565	209	2.9%	-7.0%	-8.7%	-4.3%
Wholesale trade	607	0.492	128	26.7%	-0.5%	1.6%	7.1%
Retail trade	3,101	0.970	115	3.9%	-6.1%	-4.2%	3.9%
Transportation and utilities	828	0.786	31	0.1%	35.9%	9.5%	7.0%
Transportation and warehousing	721	0.767	35	4.4%	37.7%	10.5%	8.5%
Utilities	107	0.944	-4	-3.6%	14.8%	-7.3%	-4.6%
Information	851	1.362	-223	-20.8%	-11.2%	-10.0%	-4.7%
Financial activities	740	0.440	-1	-0.1%	-1.9%	-3.1%	4.1%
Finance and insurance	529	0.428	39	8.0%	-1.9%	-2.5%	3.6%
Real estate	212	0.477	-39	-15.5%	-1.7%	-5.0%	5.3%
Professional and business services	1,655	0.449	103	6.6%	14.5%	9.6%	12.6%
Professional and technical services	542	0.344	-349	-39.2%	n/a	8.9%	15.0%
Management of companies	189	0.498	81	75.0%	n/a	20.4%	10.8%
Administrative, support, and waste services	925	0.535	372	67.3%	n/a	6.9%	10.9%
Educational and healthcare	3,176	0.883	575	22.1%	12.6%	8.6%	10.8%
Educational services	111	0.236	5	4.7%	n/a	11.4%	13.3%
Healthcare and social assistance	3,065	0.981	570	22.8%	n/a	8.2%	10.4%
Leisure and hospitality	2,091	0.761	-45	-2.1%	4.8%	2.6%	9.6%
Arts, entertainment, and recreation	181	0.449	-20	-10.0%	-3.8%	-4.0%	7.5%
Accommodation and food services	1,910	0.814	-25	-1.3%	6.1%	3.6%	9.9%
Other services	772	0.843	-205	-21.0%	-5.2%	-4.7%	4.2%
Government	5,833	1.325	-126	-2.1%	3.3%	-0.7%	3.0%
Federal government	144	0.256	-15	-9.4%	-1.4%	-3.5%	-1.4%
State government	1,477	1.553	89	6.4%	6.4%	3.2%	2.9%
Local government	4,212	1.457	-200	-4.5%	2.1%	-1.2%	3.9%

Indented titles are subsector components of the sector above.

Source: Quarterly Census of Employment and Wages, U.S. Bureau of Labor Statistics; Total Railroad Employment by State and County, U.S. Railroad Retirement Board.

Table A-3
Distribution and Growth of Marion County Employment, 2007-2010, Compared to the Columbus Region, Ohio, and the U.S.,
and Location Quotients

Sector	Marion County, 2010		Marion Cty. chng., 2007-10		Percentage change, 2007-10		
	Employment	Loc.quotient	Numerical	Percentage	Region	Ohio	U.S.
Total	24,385	1.000	-3,586	-12.8%	-5.4%	-7.5%	-5.6%
Natural resources and mining	115	0.336	13	12.7%	2.8%	-1.6%	-1.5%
Construction	452	0.433	-445	-49.6%	-28.7%	-24.8%	-27.4%
Manufacturing	6,047	2.766	-1,269	-17.3%	-17.4%	-19.6%	-17.0%
Wholesale trade	642	0.617	35	5.8%	-6.7%	-9.5%	-8.7%
Retail trade	2,692	0.977	-409	-13.2%	-6.9%	-8.2%	-6.6%
Transportation and utilities	776	0.838	-52	-6.3%	-14.3%	-10.3%	-7.2%
Transportation and warehousing	668	0.811	-53	-7.4%	-15.0%	-10.6%	-8.1%
Utilities	108	1.029	1	0.9%	-3.7%	-4.8%	0.3%
Information	608	1.182	-243	-28.6%	-12.4%	-11.5%	-10.8%
Financial activities	627	0.445	-113	-15.3%	-8.7%	-9.3%	-9.1%
Finance and insurance	444	0.425	-85	-16.1%	-6.7%	-8.2%	-8.4%
Real estate	183	0.502	-29	-13.7%	-16.4%	-13.1%	-11.1%
Professional and business services	1,110	0.349	-545	-32.9%	-3.8%	-6.6%	-6.4%
Professional and technical services	314	0.221	-228	-42.1%	n/a	-3.4%	-2.3%
Management of companies	141	0.399	-48	-25.4%	n/a	2.0%	0.8%
Administrative, support, and waste services	655	0.465	-270	-29.2%	n/a	-11.9%	-11.8%
Educational and healthcare	4,253	1.198	1,077	33.9%	12.4%	5.6%	7.0%
Educational services	108	0.231	-3	-2.7%	n/a	7.5%	7.7%
Healthcare and social assistance	4,146	1.345	1,081	35.3%	n/a	5.4%	6.9%
Leisure and hospitality	1,917	0.774	-174	-8.3%	-4.3%	-5.1%	-2.4%
Arts, entertainment, and recreation	191	0.527	10	5.5%	-4.5%	-5.7%	-2.6%
Accommodation and food services	1,726	0.817	-184	-9.6%	-4.3%	-5.0%	-2.4%
Other services	660	0.797	-112	-14.5%	-8.1%	-8.6%	-2.0%
Government	4,485	1.090	-1,348	-23.1%	-0.6%	-1.7%	1.2%
Federal government	147	0.259	3	2.1%	16.1%	10.3%	9.3%
State government	1,155	1.318	-322	-21.8%	-1.9%	-2.6%	-0.1%
Local government	3,183	1.192	-1,029	-24.4%	-2.4%	-3.2%	0.1%

Indented titles are subsector components of the sector above.

Source: Quarterly Census of Employment and Wages, U.S. Bureau of Labor Statistics; Total Railroad Employment by State and County, U.S. Railroad Retirement Board.

Table A-4
Distribution and Growth of Marion County Employment, 2010-2014, Compared to the Columbus Region, Ohio, and the U.S.,
and Location Quotients

Sector	Marion County, 2014		Marion Cty. chng., 2010-14		Percentage change, 2010-14		
	Employment	Loc.quotient	Numerical	Percentage	Region	Ohio	U.S.
Total*	23,702	1.000	-624	-2.6%	8.7%	5.6%	6.9%
Natural resources and mining	146	0.406	31	27.0%	26.4%	21.5%	15.2%
Construction	543	0.512	91	20.1%	18.5%	15.7%	11.2%
Manufacturing	5,940	2.816	-107	-1.8%	7.2%	8.7%	5.8%
Wholesale trade	670	0.664	28	4.4%	4.7%	7.4%	6.4%
Retail trade	2,850	1.070	158	5.9%	4.7%	2.6%	6.0%
Transportation and utilities*	632	0.738	-85	-11.9%	10.6%	8.6%	9.8%
Transportation and warehousing*	538	0.707	-71	-11.7%	12.3%	10.8%	11.3%
Utilities	95	0.997	-13	-12.0%	-10.1%	-8.7%	-0.4%
Information	482	1.017	-126	-20.7%	1.9%	-6.4%	1.1%
Financial activities	668	0.502	41	6.5%	3.2%	2.1%	3.7%
Finance and insurance	349	0.357	-95	-21.4%	3.4%	1.1%	2.7%
Real estate	319	0.901	136	74.3%	2.3%	5.5%	6.5%
Professional and business services	1,303	0.394	193	17.4%	18.8%	13.6%	14.1%
Professional and technical services	297	0.205	-17	-5.4%	n/a	4.3%	11.9%
Management of companies	107	0.286	-34	-24.1%	n/a	27.9%	16.1%
Administrative, support, and waste services	898	0.604	243	37.1%	n/a	16.0%	15.9%
Educational and healthcare	4,021	1.127	-232	-5.5%	12.6%	4.6%	10.3%
Educational services	80	0.173	-28	-25.9%	n/a	-1.1%	8.4%
Healthcare and social assistance	3,941	1.269	-205	-4.9%	n/a	5.4%	10.5%
Leisure and hospitality	2,077	0.818	160	8.3%	13.9%	10.9%	12.4%
Arts, entertainment, and recreation	117	0.322	-74	-38.7%	28.3%	21.2%	10.0%
Accommodation and food services	1,961	0.902	235	13.6%	11.9%	9.3%	12.9%
Other services	647	0.881	-13	-2.0%	9.4%	1.7%	-2.7%
Government	3,713	1.017	-772	-17.2%	-2.1%	-4.5%	-2.7%
Federal government	109	0.230	-38	-25.9%	-12.9%	-10.4%	-8.4%
State government	699	0.886	-456	-39.5%	0.5%	-2.0%	-1.3%
Local government	2,905	1.216	-278	-8.7%	-1.8%	-4.2%	-1.9%

Indented titles are subsector components of the sector above. *Excluding railroad employment.

Source: Quarterly Census of Employment and Wages, U.S. Bureau of Labor Statistics.