

# Grantee: Douglas Cherokee Economic Authority

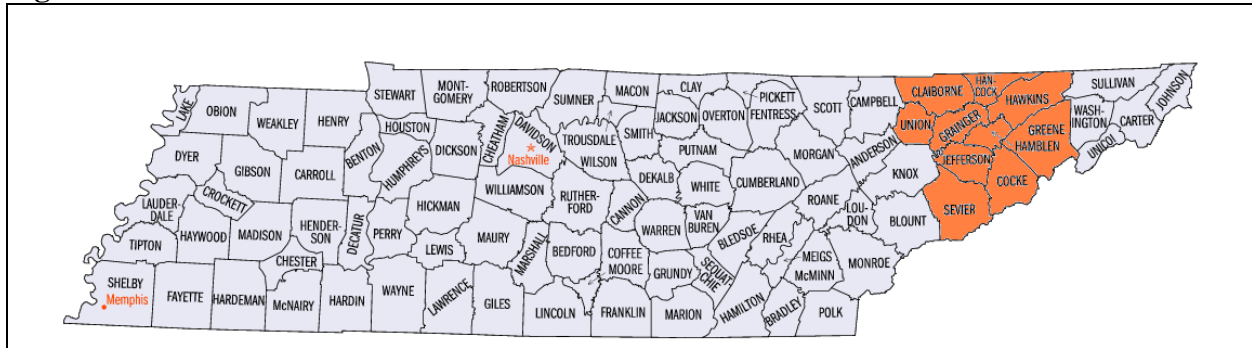
Grant Title: New Directions

## Grantee Service Area

The Douglas Cherokee Economic Authority serves a 10-county area. Through 2002, only one of these counties, Hawkins County, was part of a metropolitan statistical area (MSA). Hawkins County was part of the Johnson City-Kingsport-Bristol, Tennessee-Virginia (TN-VA) MSA.

As the only MSA that Douglas Cherokee served was the Johnson City-Kingsport-Bristol, TN-VA MSA, the information available for that area is used in this profile. Comparative information in this profile is aggregated for the ten counties targeted by the Douglas Cherokee Economic Authority. Where county data are not available, comparative data have been provided for the Johnson City-Kingsport-Bristol TN-VA MSA.

**Figure 1**



**Table 1: Grantee Service Area MSA Facts**

|   |                  |                 |   |
|---|------------------|-----------------|---|
| <b>2002<br/>Metropolitan<br/>Status</b> | <b>Region:</b>   | South           |   |
|   | <b>State:</b>    | Tennessee       |   |
|   | <b>Counties:</b> | Claiborne       | Nonmetropolitan                           |
|   |                  | Cocke           | Nonmetropolitan                           |
|   |                  | Grainger        | Nonmetropolitan                           |
|   |                  | Green           | Nonmetropolitan                           |
|   |                  | Hamblin         | Nonmetropolitan                           |
|   |                  | Hancock         | Nonmetropolitan                           |
|   |                  | Hawkins         | Johnson City-Kingsport-Bristol, TN-VA MSA |
|   |                  | Jefferson       | Nonmetropolitan                           |
|   | Sevier           | Nonmetropolitan |   |
|   | Union            | Nonmetropolitan |   |

## Key Industries and Employment

As reported by the U.S. Census Bureau, nongovernmental employment in the 10-county area served by the Douglas Cherokee Economic Authority is concentrated in four sectors of the economy, as illustrated in Table 2, below. These sectors include manufacturing, health care and social services, retail, and accommodations and food services. Together, these sectors represent 70 percent of the nongovernmental and nonagricultural workforce in the region. Manufacturing alone employs one-third of the nongovernmental workforce.

As noted below in Table 2, the average annual salary or wage for all nongovernmental employees in the target area was \$23,877 in 2001. Among these four main employment sectors, both manufacturing (\$29,384) and health care (\$25,157) provided employees with annual wages or salaries that were higher than the region-wide average in 2001.

These data are the most recent detailed subnational industrial information that is available from the U.S. Census Bureau's annual report, *County Business Patterns*. This annual report covers most of the country's economic activity, excluding data on self-employed individuals, employees of private households, railroad employees, agricultural production employees, and most government employees. Beginning in 1998, data have been tabulated by industry as defined in the *North American Industry Classification System: United States, 1997 (NAICS)*.

**Table 2: Nongovernmental Employment by Major Sector in the Grantee Service Area, 2001**

| Industry                       | Non-governmental Employment (March 12, 2001) | Annual Payroll (\$1,000) | Number of Establishments | % of all Non-governmental Employment | Average Annual Wage/Salary |
|--------------------------------|--|--------------------------|--------------------------|--------------------------------------|----------------------------|
| Total                          | 123,667                                      | 2,952,748                | 7,766                    | 100.0%                               | \$23,877                   |
| Manufacturing*                 | 42,000                                       | 1,234,124                | 562                      | 34.0%                                | \$29,384                   |
| Retail                         | 18,823                                       | 344,451                  | 1,863                    | 15.2%                                | \$18,299                   |
| Health care*                   | 11,026                                       | 277,385                  | 599                      | 8.9%                                 | \$25,157                   |
| Accommodation & food services* | 15,480                                       | 205,529                  | 834                      | 12.5%                                | \$13,277                   |

Source: U.S. Bureau of the Census, *County Business Patterns*, 2001.

\* Estimated. The number of employees in these industry categories is estimated due to suppression of details in order to maintain employer confidentiality. Average salary is slightly underestimated due to suppression of payroll data for smaller employers.

*HVAC services.* Data from *Current Business Patterns* (see Table 3, below) indicate that there are 94 establishments that provide heating and air conditioning services in the 10-county Douglas Cherokee area, and these establishments employed 610 people with an annual average salary of \$22,371 in 2001. It is likely that HVAC technicians are also employed by manufacturers and other business organizations in the region, but these data are not currently available at this level of geographic detail.

*Aerospace manufacturing.* Less than 6 percent of manufacturing employment in the Douglas Cherokee area was devoted to the production of transportation equipment in 2001. Little, if any,

of this activity was focused on the production of equipment or products for the aerospace industry.

*Furniture manufacturing.* The manufacture of furniture and related products represented a significant portion (22.5 percent) of all manufacturing employment in the Douglas Cherokee area in 2001. Almost 9,500 people were employed in the furniture manufacturing industry, but information about salary levels for this segment of the manufacturing sector is not available.

**Table 3: Employment in Targeted Industries, Eastern Tennessee, 2001**

| <b>Industry</b>                            | <b>Employees<br/>(3/12/01)</b> | <b>Annual<br/>Payroll<br/>(\$1,000)</b> | <b>Number of<br/>Establish-<br/>ments</b> | <b>% of Total<br/>Sector<br/>Employment</b> | <b>Annual<br/>Average<br/>Salary</b> |
|--|--------------------------------|---|---|---|--------------------------------------|
| Plumbing, heating,<br>& AC contractor*     | 610                            | 13,199                                  | 94  | 12.2%                                       | \$22,371                             |
| Transportation<br>equipment mfg.*          | 2360                           | NA                                      | 20  | 5.6%  | NA                                   |
| Furniture and<br>related products<br>mfg.* | 9455                           | NA                                      | 72  | 22.5%                                       | NA                                   |

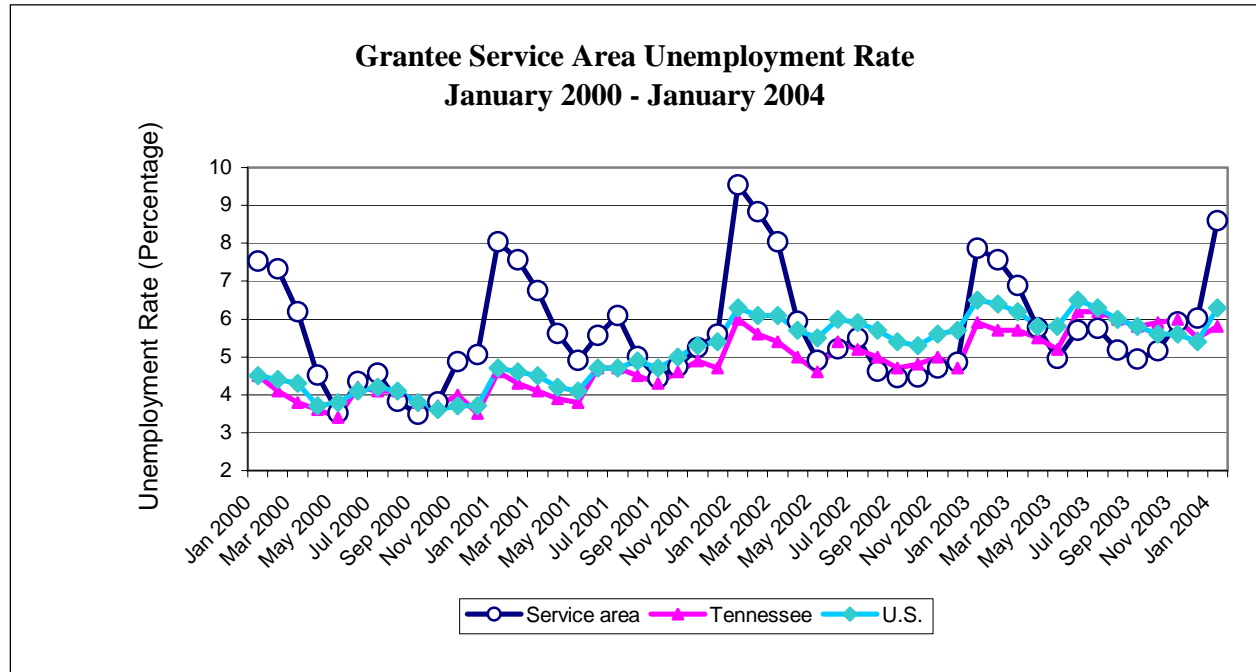
Source: U.S. Bureau of the Census, *County Business Patterns*, 2001.

\* Estimated. The number of employees in these industry categories is estimated due to suppression of details in order to maintain employer confidentiality. Average salary is slightly underestimated due to suppression of payroll data for smaller employers.

## Unemployment

As shown below in Figure 2, the unemployment rate for the 10-county Douglas Cherokee target area peaked in January 2002 at about 9.5 percent. The target area unemployment rate has shown a tendency to reach a high point every January. Fluctuations in the 10-county Douglas Cherokee target-area unemployment rate are more pronounced and have shown the trend of remaining well above rates for both the entire state of Tennessee and for the entire nation, but then declining below the rates for both entire state of Tennessee and for the entire nation for the latter part of the year.

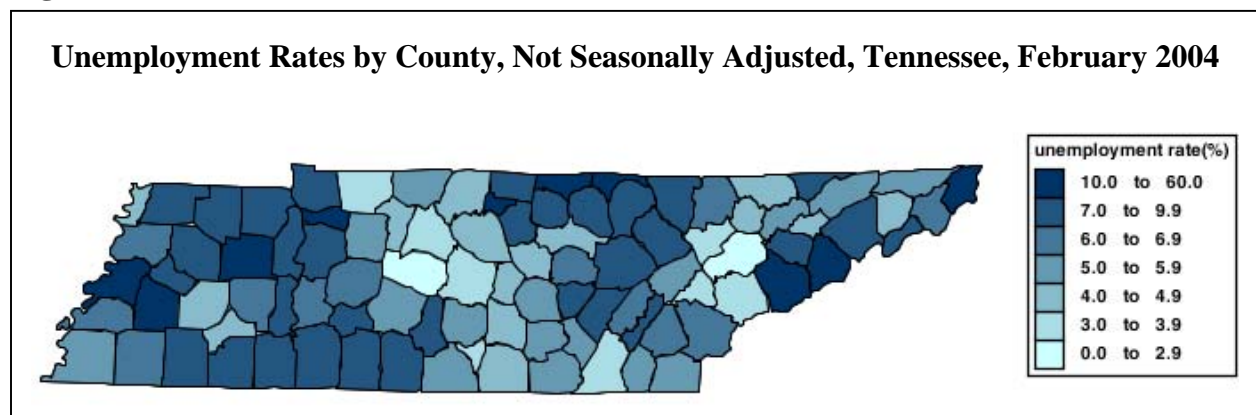
**Figure 2**



Source: U.S. Department of Labor, Bureau of Labor Statistics, 2004.

Unemployment rates as of January 2004 for each Tennessee county are illustrated in Figure 3, below. Careful examination of Figure 3 reveals that there is considerable variation in unemployment in the Douglas Cherokee target area. As of January 2004, Sevier, Cocke, and Greene Counties had high unemployment rates of 14.2 percent, 12.3 percent and 8.6 percent, respectively. Claiborne and Union Counties both had low unemployment rates of 4.3 percent. The other five counties were closer to the statewide average unemployment rate of 5.8 percent and the nationwide unemployment rate of 6.3 percent, but were lower than the 8.6 percent average for the entire 10-county area.

**Figure 3**



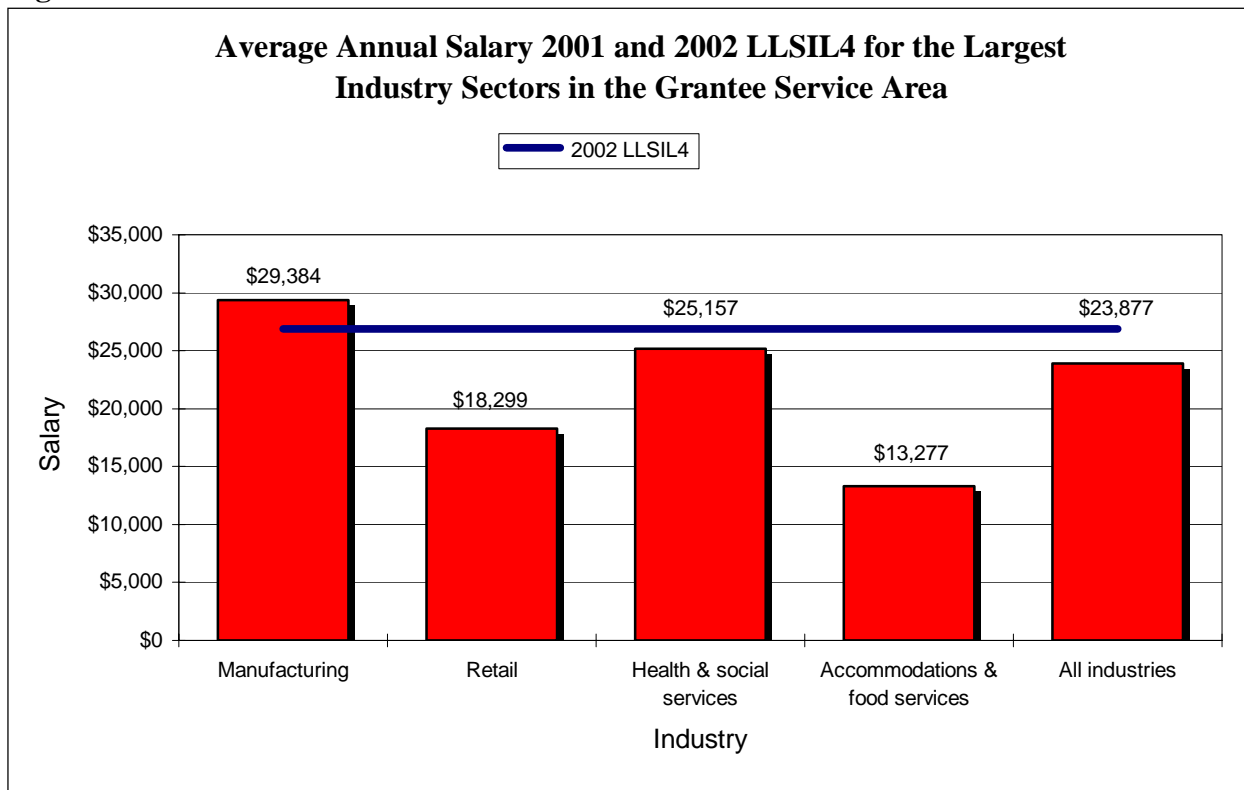
Source: U.S. Department of Labor, Bureau of Labor Statistics, 2004.

## Lower Living Standard Income Level

The adjusted 2002 Lower Living Standard Income Level for a family of four (LLSIL4) in the Johnson City-Kingsport-Bristol, TN-VA MSA is \$26,900. This figure was chosen for use as the standard for the 10-county Douglas Cherokee target area.

As discussed earlier, the four largest industry sectors in the 10-county Douglas Cherokee target area of eastern Tennessee are manufacturing, retail, health and social services, and accommodation and food services. Persons employed in accommodations and food services, retail, and health care and social services in the target area in 2001 earned an average of \$13,277, \$18,299 and \$25,157, respectively. Each of these three sectors falls below the area’s \$26,900 LLSIL4, and none of these sectors was targeted by the Douglas Cherokee Economic Authority. As noted below in Figure 4, only persons employed in the manufacturing industry earned average salaries in 2001 that were higher than the 2002 LLSIL4 level for the target area.

**Figure 4**



Source: U.S. Bureau of the Census, *County Business Patterns*, 2001; U.S. Department of Labor, Employment, and Training Administration, 2002.

## Occupations Targeted by Grantee

In the initial phase of the grantee’s demonstration, the specific targeted occupation of Douglas Cherokee was HVAC-R mechanical technicians.

## Wage Level Analysis

The specific occupation that was targeted for northeastern Tennessee by the Douglas Cherokee Economic Authority may be directly compared with data provided through the U.S. Department of Labor’s Occupational Employment Statistics (OES) series for this area as shown in Table 4

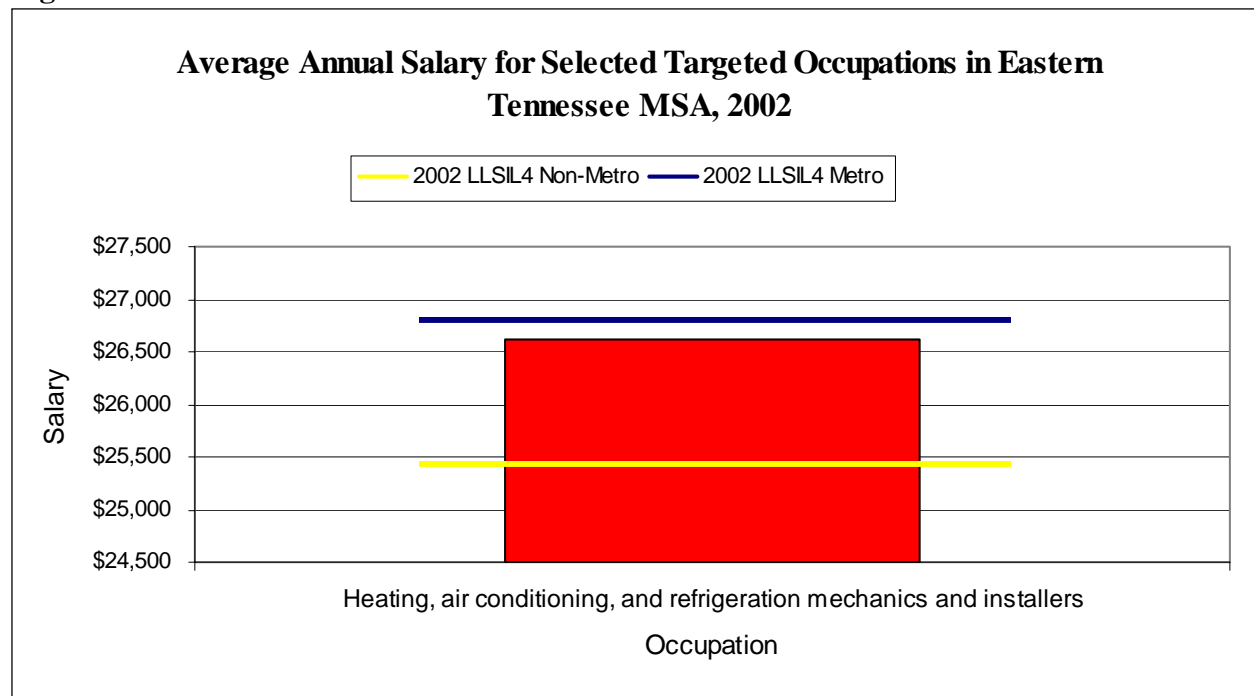
below. Based upon OES data, the wage level for the targeted occupation almost meets the LLSIL4 base for this region of \$26,900. These data are also illustrated in Figure 5 below.

**Table 4: DOL Occupation & Employment Data for Targeted Occupations in the Johnson City-Kingsport-Bristol, TN-VA MSA, 2002**

| Occupations   | Area Employment | Median Hourly | Mean Hourly | Mean Annual |
|---|-----------------|---------------|-------------|-------------|
| Heating, air conditioning, and refrigeration mechanics and installers | 290             | \$12.71       | \$12.79     | \$26,610    |

Source: U.S. Department of Labor, Occupational, and Employment Statistics, 2002.

**Figure 5**

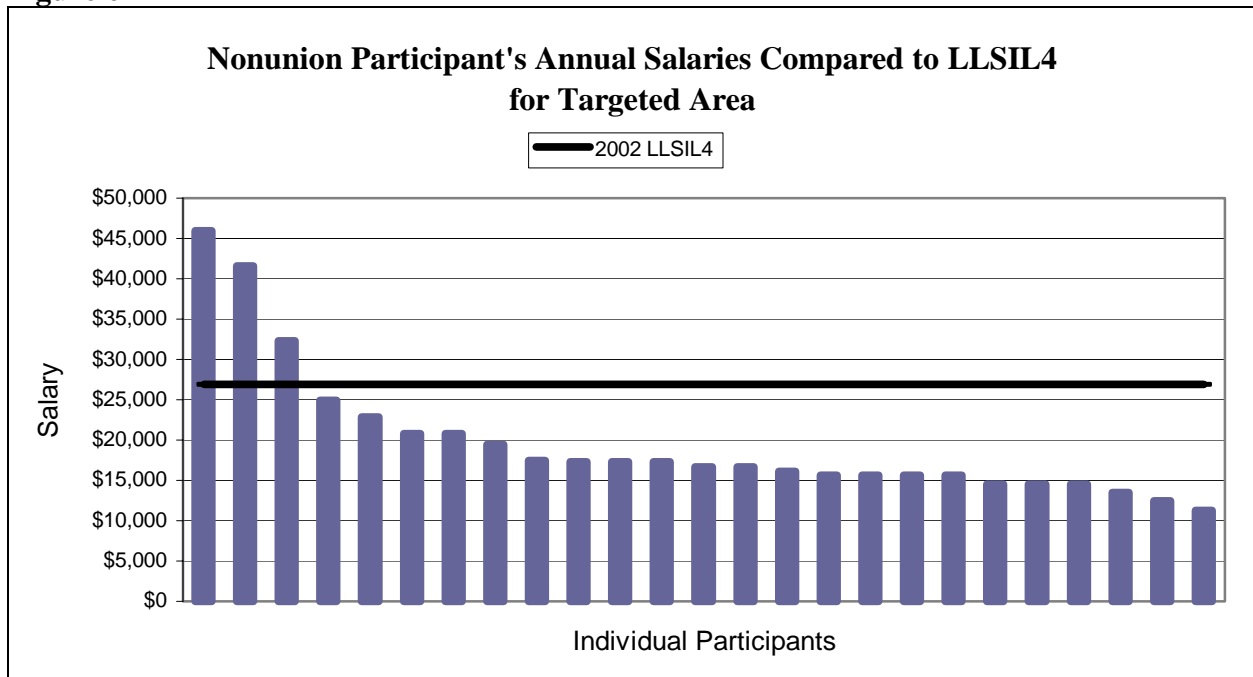


Source: U.S. Department of Labor, Occupational, and Employment Statistics, 2002.

### Outcomes Analysis

The hypothetical wage levels that trainees may expect to earn were illustrated in Table 4 and Figure 5, above. Final outcome information is also available from the Douglas Cherokee Economic Authority for individuals that were trained and are employed. The data indicate that just three people, or 12 percent, are working in a job in the targeted occupation with a salary that is above the \$26,900 LLSIL4 for this region. One person has a salary in excess of \$40,000 per year. Overall, nearly 90 percent of the project’s training participants have annual salaries that are well below the LLSIL4. These patterns are illustrated in Figure 6, below.

**Figure 6**



Source: Douglas Cherokee Economic Authority, 2004

Note: The outcome data submitted by the grantee was missing outcome wage data for 23 nonunion trainees (48 percent of participants). The data did not specify union or nonunion workers; therefore, all participants are treated as nonunion workers.

Each vertical line in Figure 6, above, represents an individual outcome. Douglas Cherokee targeted only dislocated workers, represented by this data.

Job titles were not reported for every placement; however, of those with wages that fell below the 2002 LLSIL4, available titles included operator, HVAC-R helper, and lawnmower repairer.

### Summary of Findings

The data provided in this profile and overview of the Douglas Cherokee Economic Authority demonstration site area in eastern Tennessee indicate that the area has a relatively high concentration of employment in the manufacturing sector. More than one-third of non-governmental employment in the area is engaged in various manufacturing activities. Another key manufacturing activity in the area is the production of furniture and related products.

Unemployment in the 10-county area has a cyclical pattern that peaks during the first quarter of each year at levels considerably higher than either the state or the nation. At other times, unemployment in this area tracks closely to both the Tennessee and the nationwide rates and, on a few occasions, dropped below the statewide and nationwide rates.

In the first phase of the project, the Douglas Cherokee Economic Authority targeted only one occupational category—HVAC-R technicians. This occupational category almost meets the \$26,900 LLSIL4 designated for the demonstration site area.

Based on the final outcome data provided by the Douglas Cherokee Economic Authority, 48 individuals have been trained, but only three individuals are employed in jobs with annual

salaries that exceed the LLSIL4 for this area. Eighty-eight percent of those working are in positions with salaries well below the LLSIL4 level for this area.