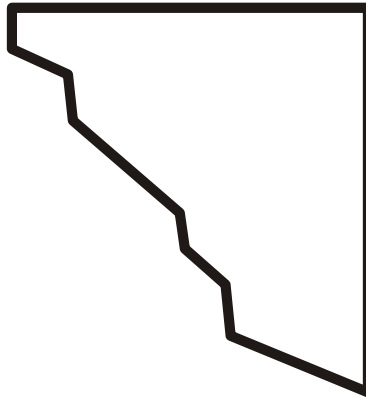


Cleveland County Oklahoma



Historical, Comparative Economic Analysis

February - 2010

**POLICOM
CORPORATION**

Historical, Comparative Economic Analysis

Cleveland County Oklahoma

Prepared for

Norman Economic Development Coalition

February - 2010

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Introduction

An individual or business is most affected by the economic condition in closest proximity to where the individual lives or the business is located. The economic growth of the local economy typically determines the standard of living for the individual and the success of the business.

Local economies throughout the United States many times behave in significant contrast to national or state trends, since national and state data are the aggregation and average of the data for thousands of small economies. Average national growth rates can be much different than local growth rates.

The condition of a local economy can also be much different than neighboring counties, as each has its own characteristics and composition.

This “Historical, Comparative Economic Analysis” examines in great detail the composition, history, and trends of the Cleveland County economy. By examining the contents of this report, the reader can gain significant insight as to what is driving the economy and how it compares to the rest of the nation. The Analysis is composed of four sections.

Section 1 presents the existing composition, impact, and history of several important economic categories. By viewing the charts and graphs provided, you can quickly discern what are the most important factors affecting Cleveland County.

Section 2 examines the “Level of the Economy” by studying the growth in the “quality and size” of the economy as it influences the economic quality of life for the people living and working in the area.

Section 3 compares the growth rate, stability, and economic importance of more than 80 items over several time periods to the rest of the nation and several local economies. You will be able to immediately discover short and long-term trends, shifts in the importance of various economic sectors, and discover how stable the economy is. Most importantly, all of the data is statistically measured against the metropolitan areas in the United States so you can quickly see how each item for Cleveland County compares to the rest of the nation.

Section 4 is provided as a resource. Included is an explanation of the new “NAICS” industrial sectors.

Study Area

The geographic definition of the area examined in this study is Cleveland County, Oklahoma. In 2008, the county had an estimated population of 239,760. Cleveland County is one of seven component counties which comprise the Oklahoma City Metropolitan Statistical Area. In 2009, the metropolitan area ranked 97th among the 366 metropolitan areas for “economic strength.”

The Oklahoma City MSA includes Canadian, Cleveland, Grady, Lincoln, Logan, McClain, and Oklahoma counties. Comparative data for the metropolitan area appears in Section 3.

For an explanation of the methodology and the rankings for all areas, please go to www.policom.com.

Database

The economic database used to prepare this Analysis is maintained and published by the United States Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System. The Bureau of Economic Analysis is the official economic data gathering agency for the Federal Government.

This database was chosen for three reasons.

- 1) It is composed of “source data” which has been taken from the administrative records of numerous government agencies as opposed to monthly surveys and polls.
- 2) The data has been collected and analyzed utilizing a reasonably consistent methodology over the entire term of the study period.
- 3) The economic data is historically cumulative relative to the geographic definition of the area.

Due to the time necessary for the various government agencies to collect and collate the economic data, the Bureau of Economic Analysis is unable to publish the results until approximately eighteen months after the end of a calendar year. As an example, many of the elements of the data, such as “proprietors income,” are taken from personal income tax filings. Since final 2007 income tax reports (extended

filings) are not due until August of 2008, it is reasonable to understand this data is not immediately available.

The economic history included in this analysis spans the years 1978 through 2007 and was released May, 2009. The data for 2008 is scheduled for release in May of 2010.

North American Industrial Classification System (NAICS) vs. Standard Industrial Classification System (SIC).

Earnings and employment data is collected from private employers, principally through the unemployment compensation program. Data for proprietors is gleaned from personal income tax filings. When reporting, the employer identifies the “nature” of its business, its industrial activity. The data is then collated based upon industrial classification.

Until 2001, employers reported using the Standard Industrial Classification System (SIC). SIC had been used in one form or another for more than forty years. As an example, if the company manufactured automobiles, it was classified “371- Manufacturing - Motor vehicles and equipment.” Under SIC, there were approximately 1,400 industrial classifications.

Beginning in 2001, data has been collected using a new system: North American Industrial Classification System (NAICS). In cooperation with Canada and Mexico, the United States has changed the industrial classifications. Under NAICS, there are about 2,200 industrial classifications. The manufacturer of automobiles is now classified as “3361 - Motor Vehicle Manufacturing.”

The two systems are not directly “convertible.” This means you cannot take data from one “like sounding” classification under SIC and assume it was collected in the manner as NAICS.

One of the most important feature of NAICS is the data collected is based upon the “actual” activity being conducted at a free standing location. Under SIC, all workers for a company were classified for their work activity under the overall general business of the company. As an example, all workers for the Ford Motor Company were classified as 371- Manufacturing - Motor vehicles and equipment. Not only were people who worked in the factories making cars considered manufacturing workers, but also the individuals working at the corporate headquarters, even though none of them actually made a car.

Under NAICS, the people working in the factory are classified as 3361 - Motor Vehicle Manufacturing, but the people working in the headquarters are now classified as “5511 - Management of Companies and Enterprises.”

As a result, the quality of the data being collected under NAICS is much better. However, since the two systems are not compatible, the annual data series at the industry level cannot be continued from SIC (ending in 2000) to NAICS (beginning with 2001 data).

Both systems are used in the report. Data for various items will “toggle” back and forth. For data ending with 2000, it will be relative to SIC. For all 2007 data provided, the NAICS system is in use. Total worker employment and earnings, along with Government Transfers are the same for NAICS and SIC and will include 2007.

Data Suppression

Federal and state laws require employers to report the number of employees and their respective earnings for the administration of various government programs such as the Unemployment Compensation program. It is from this reporting most economic data is created. However, the privacy of individual employers is protected. The law provides that if, through a reasonable effort, the actual number of employees or the actual wages paid by a private company can be determined from the publication of economic data, then that data must be withheld from the public. The data is suppressed.

Throughout this Analysis, especially in Section 1 and Section 3, there will be “gaps” in a data series in a graph, an “na” might appear instead of a number, or a “0” will be in a column. This is the result of data suppression to protect the privacy of a private employer.

Since NAICS has considerably more industrial classifications, data suppression will be more prevalent than under SIC.

Metropolitan – Micropolitan Areas

As a result of the 2000 census, the Office of Management and Budget (OMB) created new geographic definitions for the Metropolitan areas in the United States. Prior to these changes there were 318 defined areas.

Additionally, an entirely new set of areas was created now known as Micropolitan Statistical Areas. For the geographic definitions of all metropolitan areas, go to www.policom.com.

Metropolitan Statistical Areas have at least one urbanized area with a population of at least 50,000, plus adjacent territory (counties) which have a high degree of social and economic integration with the core as measured by commuting ties. They must have at minimum one county but most often include several counties.

There are now 366 Metropolitan Statistical Areas (hereafter called METROS) in the United States plus 8 in Puerto Rico. Only those in the United States are used for ranking purposes. Approximately 82% of the nation's population resides in the METROS.

Micropolitan Statistical Areas did not exist prior to the new definitions.

Once looked upon as quasi rural areas, a Micropolitan Statistical Area must have an urbanized area (city) with a population of at least 10,000 but fewer than 50,000 people. They must be at least one county and most are a single county. Among the 3,141 counties in the United States, 694 of them are included in Micropolitan Statistical Areas (hereafter called MICROS).

As of January of 2009, the OMB has identified 574 MICROS in the United States and 5 in Puerto Rico. Approximately 11% of the nation's population resides in the MICROS.

For ranking purposes, if the study area is MICRO, it is compared and ranked as a MICRO. If it is a METRO, it is compared and ranked as a METRO. If it is neither, it is ranked as a MICRO.

About POLICOM Corporation

POLICOM Corporation is an independent economic research firm, which specializes in analyzing local and state economies. Its products and services evaluate the economic condition of counties, metropolitan areas, and states, determine what is the cause of the condition, and offers suggestions and ideas on how to improve or maintain the economic “quality of life” for the residents.

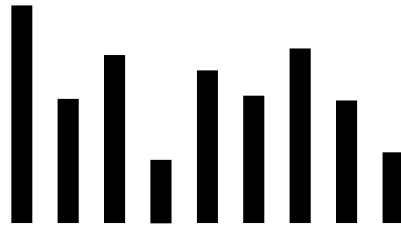
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Section 1



Components and History

Cleveland County, Oklahoma

Components and History of the Economy

Every local economy in the nation has its own characteristics. Its rate of growth, composition, consistency, and success will be different from other economies not only within the state but even its next door neighbor.

This Section examines the composition of the Cleveland County economy. Through a review of the employment and earnings of the various industries, the most important elements of the economy can be discovered.

As previously mentioned in the Introduction, the classification system for industrial activity has changed from the Standard Industrial Classification System (SIC) to the North American Industrial Classification (NAICS). Industry data from 1977 through 2000 is based upon SIC. Data henceforth is based upon NAICS. The only direct compatibility between the two systems is for total employment, total earnings, and earnings per worker. (Be sure to read this part of the Introduction so you can better interpret the information in this Analysis.)

Section 1 will utilize both SIC and NAICS. Both data sets will be used to visually show the history of the growth of the various industries.

SIC data will include 14 different “industries” (four government levels). NAICS data will include 24 industry “sectors.” Since there are more first tier categories under NAICS, **data suppression is more frequent**. If “na” or a “0” appears in a column, the data was suppressed or withheld to protect the privacy of an employer or there was too little data to report.

A general description of the NAICS industry sectors is included in Section 4.

History and Components

The following are the fourteen categories examined in detail using the Standard Industrial Classification System data. NAICS based data is also provided under each general industry classification.

Employment – In which industries are the jobs located?

Earnings – The volume of money earned in each industry.

Earnings Per Worker – Which industry pays the most, the least?

Total Personal Income – Its composition can tell a lot about the local economy.

Construction Earnings - Extremely reactive to the condition of a local economy.

Manufacturing Earnings – The most important contributory industry in most economies.

Transportation, Communications, & Public Utilities Earnings – This sector has been split into two parts.

Retail Trade Earnings – Discover the spending habits and trends in the local area.

Finance, Insurance, Real Estate – A mixer of wealth in a local economy.

Services Earnings – Under SIC, far and away the largest industry, but has been split into multiple sectors under NAICS.

Government Earnings – Which level of government is the most dominant?

Government Transfers – Have significant influence on most local economies.

Per Capita Government Transfers – How dependent is the area on transfers?

For NAICS based data, the 2007 actual amount is provided along side the percentage the item is of the total for the category. Additionally, the actual amount and percentage for the United States is shown to provide a comparison regarding the percentage of importance. The following is an example:

<u>Employment - NAICS</u>	<u>2007</u>	<u>Area %</u>	<u>2007</u>	<u>USA %</u>
Manufacturing	9,844	26.5%	15,120,300	9.0%

For data based upon SIC, 2000 data is provided along with the percentage of influence or contribution each has on the local economy and for the total of the United States. The following is an example:

<u>Employment - SIC</u>	<u>2000</u>	<u>Area %</u>	<u>2000</u>	<u>USA %</u>
Manufacturing	15,482	36.9%	19,114,800	11.5%

As a result of data suppression, the percentages will not total 100%. A “0” or an “na” will appear in the chart if the data has been withheld. The history of each is provided graphically using data from 2001 through 2007 for NAICS and from 1975 through 2000 for SIC. Due to data suppression, there will be “gaps” in the graphs. Typically, small communities have the most data suppression.

Employment data at the Sub-sector level is not available. Only earnings data is provided.

Employment

Employment includes all full and part-time Wage and Salaried Workers and proprietors. Wage and Salaried workers are those who work for others; a corporation, sole proprietor, or a partnership. Non-Farm Proprietors are typically the small business people in an area. They are unincorporated businesses, sole proprietorships, and the general partners of partnerships.

Under SIC, Services overwhelmingly dominated the various industries in employment. However, Services has been split into several industry sectors under NAICS.

The chart provides the estimated number of people employed in each NAICS and SIC industry. The **Area %** is the percentage the employment in each industry is of All Workers in the area.

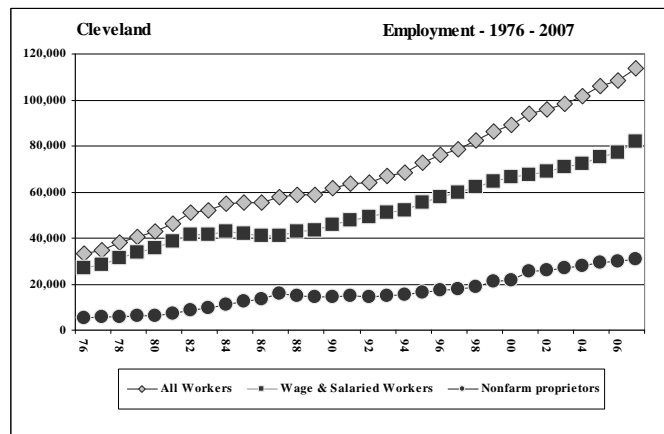
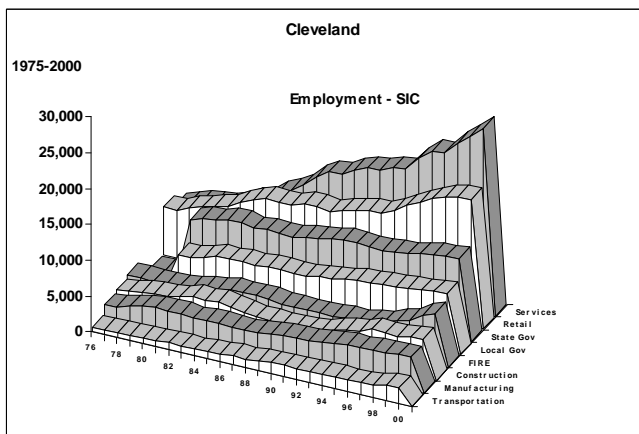
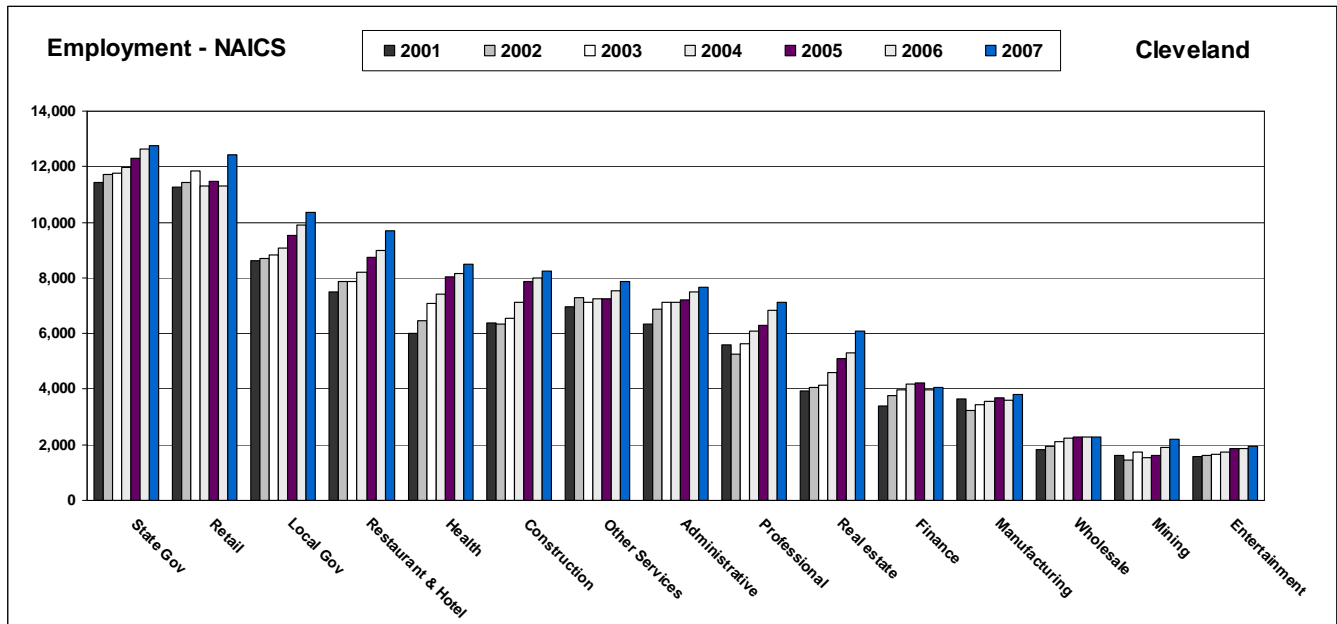
The line graph shows the total number of workers from 1975 to 2007. This includes both SIC and NAICS data as at this level, they are comparable.

Cleveland

<u>Employment - NAICS</u>	<u>2007</u>	<u>Area %</u>	<u>2007</u>	<u>USA %</u>
All Workers	113,789		180,943,800	
Wage & Salaried Workers	81,717	71.8%	144,815,000	80.0%
Nonfarm proprietors	30,953	27.2%	34,034,800	18.8%
State Government	12,758	11.2%	5,205,000	2.9%
Retail Trade	12,431	10.9%	19,282,000	10.7%
Local Government	10,363	9.1%	14,229,000	7.9%
Accommodation and Food Services	9,678	8.5%	12,253,000	6.8%
Health Care and Social Assistance	8,501	7.5%	18,204,900	10.1%
Construction	8,245	7.2%	11,641,100	6.4%
Other Services	7,853	6.9%	10,140,700	5.6%
Administrative and Waste Services	7,652	6.7%	11,180,300	6.2%
Professional and Technical Services	7,111	6.2%	11,866,300	6.6%
Real Estate, Rental and Leasing	6,096	5.4%	8,142,400	4.5%
Finance and Insurance	4,039	3.5%	8,429,700	4.7%
Manufacturing	3,828	3.4%	14,512,000	8.0%
Wholesale Trade	2,279	2.0%	6,657,800	3.7%
Mining	2,195	1.9%	984,900	0.5%
Arts, Entertainment, and Recreation	1,941	1.7%	3,736,900	2.1%
Transportation and Warehousing	1,826	1.6%	5,887,700	3.3%
Educational Services	1,794	1.6%	3,833,000	2.1%
Farm	1,222	1.1%	2,841,000	1.6%
Military	1,195	1.1%	2,041,000	1.1%
Information	1,183	1.0%	3,537,000	2.0%
Federal, civilian	769	0.7%	2,782,000	1.5%
Management of Companies	302	0.3%	1,965,200	1.1%
Utilities	287	0.3%	576,500	0.3%
Forestry, Fishing, Agricultural Services	241	0.2%	1,014,400	0.6%

Cleveland

<u>Employment - SIC</u>	<u>2000</u>	<u>Area %</u>	<u>2000</u>	<u>USA %</u>
All Workers	95,797		166,633,100	
Wage & Salaried Workers	68,722	71.7%	137,664,000	82.6%
Nonfarm proprietors	25,915	27.1%	26,762,100	16.1%
Services	25,756	26.9%	52,990,800	31.8%
Retail	17,702	18.5%	27,222,300	16.3%
State	11,172	11.7%	4,949,000	3.0%
Local	8,108	8.5%	13,028,000	7.8%
FIRE	7,044	7.4%	13,193,800	7.9%
Construction	5,285	5.5%	9,446,300	5.7%
Manufacturing	4,581	4.8%	19,114,800	11.5%
Trans, Comm, Pub Utilities	2,112	2.2%	8,244,400	4.9%
Wholesale	1,807	1.9%	7,584,100	4.6%
Mining	1,323	1.4%	784,200	0.5%
Farm	1,267	1.3%	3,113,000	1.9%
Ag Services	1,157	1.2%	2,121,100	1.3%
Military	1,111	1.2%	2,075,000	1.2%
Federal Civilian	808	0.8%	2,892,000	1.7%



Worker Earnings

Worker Earnings include all wages and salaries paid to individuals who work for others and the profits of proprietors. It does not include the earnings or profits of corporations located in the area. Data for proprietor profits is principally gleaned from personal income tax filings while wages and salaries are taken from the administrative records filed by the employer with various government agencies.

For Wage & Salaried Workers, earnings principally represent the actual salary or hourly wage payment. For All Workers and all the industries, earnings also include contributions to private retirement programs, fees paid to members of boards of directors, and sometimes other financial benefits.

While Services under SIC was typically the largest employer, many times another industry, which pays a higher earnings per worker, will account for the greatest percentage of earnings in an area.

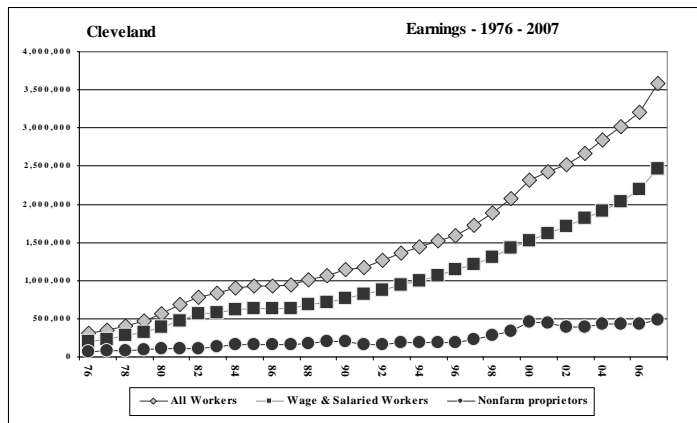
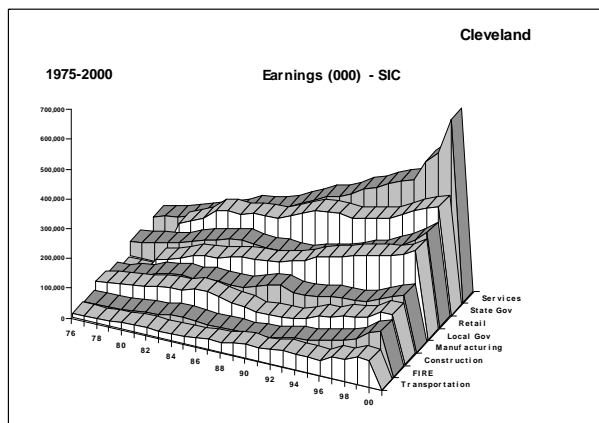
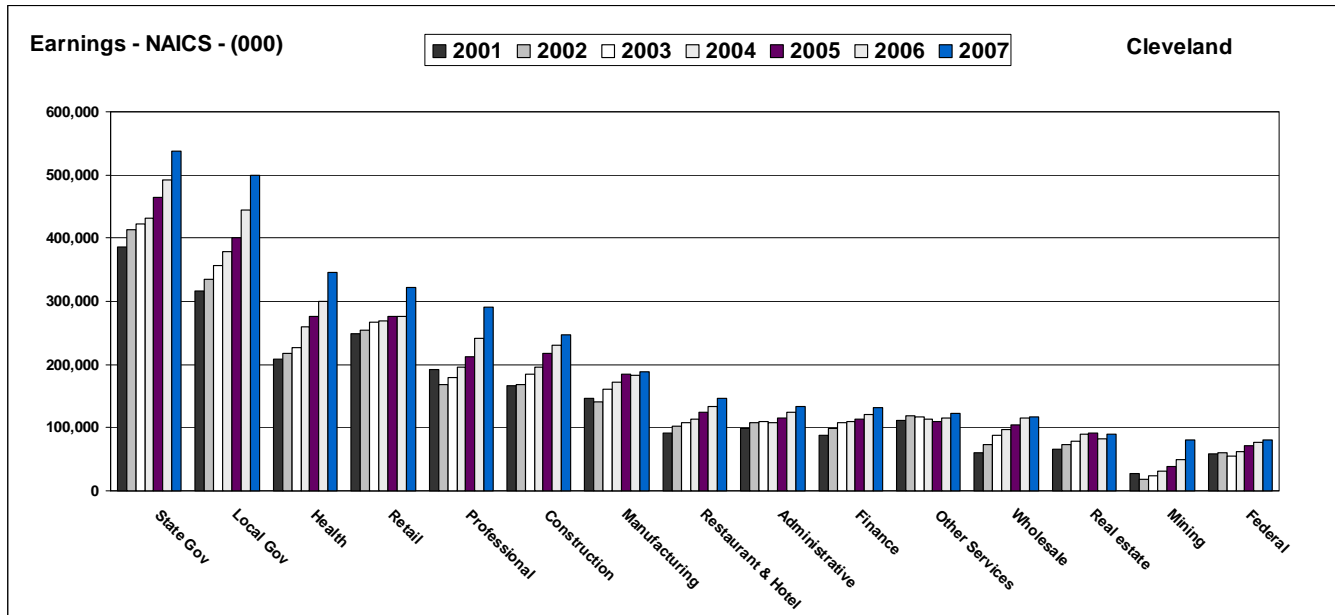
The **Area %** is the percentage the earnings in each industry are of the earnings of All Workers in the area.

Cleveland

<u>Earnings - NAICS - (000)</u>	<u>2007</u>	<u>Area %</u>	<u>2007</u>	<u>USA %</u>
All Workers	3,577,621		8,848,240,000	
Wage & Salaried Workers	2,461,145	68.8%	6,355,759,000	71.8%
Nonfarm proprietors	478,991	13.4%	1,012,206,000	11.4%
State Government	537,125	15.0%	282,523,000	3.2%
Local Government	498,621	13.9%	750,344,000	8.5%
Health Care and Social Assistance	346,492	9.7%	839,910,000	9.5%
Retail Trade	321,561	9.0%	549,242,000	6.2%
Professional and Technical Services	290,986	8.1%	873,240,000	9.9%
Construction	246,177	6.9%	545,277,000	6.2%
Manufacturing	188,872	5.3%	1,066,119,000	12.0%
Accommodation and Food Services	146,985	4.1%	250,138,000	2.8%
Administrative and Waste Services	132,630	3.7%	334,385,000	3.8%
Finance and Insurance	130,904	3.7%	693,328,000	7.8%
Other Services	123,178	3.4%	253,669,000	2.9%
Wholesale Trade	116,269	3.2%	470,450,000	5.3%
Real Estate, Rental and Leasing	89,523	2.5%	193,943,000	2.2%
Mining	80,338	2.2%	120,486,000	1.4%
Federal, civilian	79,832	2.2%	274,984,000	3.1%
Transportation and Warehousing	57,925	1.6%	291,957,000	3.3%
Military	54,890	1.5%	146,168,000	1.7%
Information	53,097	1.5%	316,135,000	3.6%
Educational Services	28,685	0.8%	120,419,000	1.4%
Utilities	22,591	0.6%	90,606,000	1.0%
Management of Companies	15,943	0.4%	209,474,000	2.4%
Arts, Entertainment, and Recreation	13,234	0.4%	92,215,000	1.0%
Forestry, Fishing, Agricultural Services	3,010	0.1%	28,494,000	0.3%
Farm	-1,247	0.0%	54,734,000	0.6%

Cleveland

<u>Earnings (000) - SIC</u>	<u>2000</u>	<u>Area %</u>	<u>2000</u>	<u>USA %</u>
All Workers	2,516,583		6,851,318,000	
Wage & Salaried Workers	1,704,454	67.7%	4,976,522,000	72.6%
Nonfarm proprietors	394,870	15.7%	757,817,000	11.1%
Services	606,753	24.1%	1,856,686,000	27.1%
State	354,676	14.1%	202,577,000	3.0%
Retail	308,443	12.3%	558,078,000	8.1%
Local	291,734	11.6%	514,370,000	7.5%
Manufacturing	181,754	7.2%	1,070,783,000	15.6%
Construction	159,877	6.4%	381,948,000	5.6%
FIRE	146,428	5.8%	643,378,000	9.4%
Trans, Comm, Pub Utilities	87,523	3.5%	441,751,000	6.4%
Federal Civilian	59,432	2.4%	199,008,000	2.9%
Wholesale	58,303	2.3%	406,141,000	5.9%
Mining	31,030	1.2%	61,858,000	0.9%
Military	21,347	0.8%	79,637,000	1.2%
Agricultural Services	16,293	0.6%	43,982,000	0.6%
Farm	-4,018	-0.2%	44,482,000	0.6%



Earnings per Worker - Wages

Earnings Per Worker is the estimate of the average annual earnings of the employees in each of the various industries, derived by dividing the total earnings by the total employment in each industry.

Nationally, under NAICS, the Utilities Sector has the highest annual wage among the industries, which is also many times the case in a local economy. Usually, Services, Retail, and Agricultural Services have the lowest earnings per worker in an area.

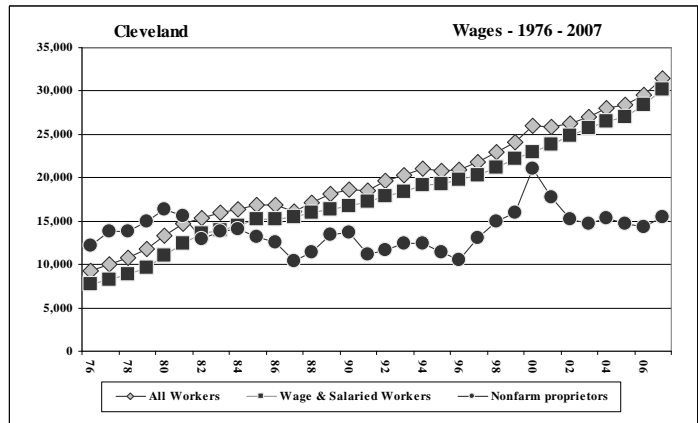
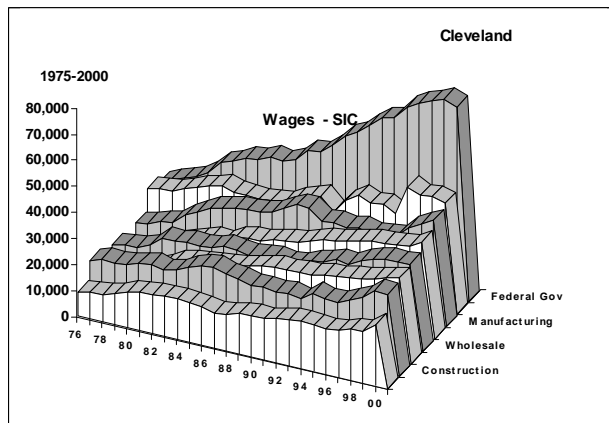
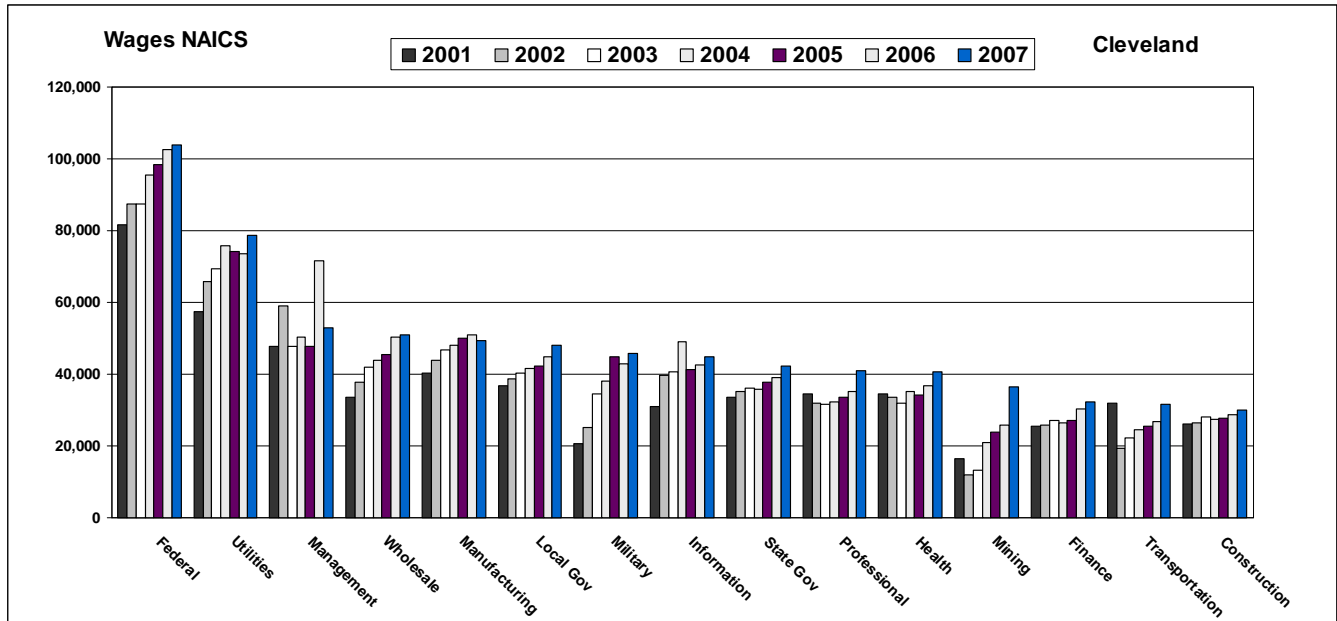
The **Area %** is the percentage each industry's annual wage is of the average for the area.

Cleveland

<u>Wages NAICS</u>	<u>2007</u>	<u>Area %</u>	<u>2007</u>	<u>USA %</u>
All Workers	31,441		48,900	
Wage & Salaried Workers	30,118	95.8%	43,889	89.8%
Nonfarm proprietors	15,475	49.2%	29,740	60.8%
Federal, civilian	103,813	330.2%	98,844	202.1%
Utilities	78,714	250.4%	157,166	321.4%
Management of Companies	52,791	167.9%	106,592	218.0%
Wholesale Trade	51,018	162.3%	70,661	144.5%
Manufacturing	49,340	156.9%	73,465	150.2%
Local Government	48,116	153.0%	52,733	107.8%
Military	45,933	146.1%	71,616	146.5%
Information	44,883	142.8%	89,379	182.8%
State Government	42,101	133.9%	54,279	111.0%
Professional and Technical Services	40,921	130.2%	73,590	150.5%
Health Care and Social Assistance	40,759	129.6%	46136	94.3%
Mining	36,600	116.4%	122,333	250.2%
Finance and Insurance	32,410	103.1%	82,248	168.2%
Transportation and Warehousing	31,722	100.9%	49,588	101.4%
Construction	29,858	95.0%	46,841	95.8%
Retail Trade	25,868	82.3%	28,485	58.3%
Administrative and Waste Services	17,333	55.1%	29,908	61.2%
Educational Services	15,989	50.9%	31,416	64.2%
Other Services	15,685	49.9%	25,015	51.2%
Accommodation and Food Services	15,188	48.3%	20,414	41.7%
Real Estate, Rental and Leasing	14,686	46.7%	23,819	48.7%
Forestry, Fishing, Agricultural Services	12,490	39.7%	28,090	57.4%
Arts, Entertainment, and Recreation	6,818	21.7%	24,677	50.5%
Farm	-1,020	-3.2%	19,266	39.4%

Cleveland

<u>Wages - SIC</u>	<u>2000</u>	<u>Area %</u>	<u>2000</u>	<u>USA %</u>
All Workers	26,270		41,116	
Wage & Salaried Workers	24,802	94.4%	36,150	87.9%
Nonfarm proprietors	15,237	58.0%	28,317	68.9%
Federal Civilian	73,554	280.0%	68,813	167.4%
Trans, Comm, Pub Utilities	41,441	157.7%	53,582	130.3%
Manufacturing	39,676	151.0%	56,019	136.2%
Local	35,981	137.0%	39,482	96.0%
Wholesale	32,265	122.8%	53,552	130.2%
State	31,747	120.8%	40,933	99.6%
Construction	30,251	115.2%	40,434	98.3%
Services	23,558	89.7%	35,038	85.2%
Mining	23,454	89.3%	78,880	191.8%
FIRE	20,788	79.1%	48,764	118.6%
Military	19,214	73.1%	38,379	93.3%
Retail	17,424	66.3%	20,501	49.9%
Agricultural Services	14,082	53.6%	20,735	50.4%
Farm	-3,171	-12.1%	14,289	34.8%



Total Personal Income

Total Personal Income (TPI) is defined as the "income received by, or on behalf of, all the residents of the area." There are three distinct ingredients to TPI: 1) Earnings by place of residence, 2) Dividends, Interest, and Rents (passive income), and 3) Government Transfers.

Earned income is the amount of money garnered by an individual through active work during the course of the year. It includes personal wages, salaries, and profits by proprietors. Earned income, for the purpose of calculating Total Personal Income, is derived from earnings by "place of residence" (the county from which individuals file their personal income tax), not "place of work."

All previous data regarding employment and earnings was based upon "place of work," the county where the job is actually located.

Passive income includes money earned from investments, rentals, bank interest, and private retirement plans. It can be stock dividends or simply life insurance benefits. Data for passive income is mainly gathered from personal income tax filings. It cannot be assumed an area's economy benefits from high earnings in this part of the TPI, nor can it be presumed high earnings in this category are a result of the condition of a local economy.

Government transfers are principally payments to individuals residing in the area from the various federal, state, and local government "entitlement" programs. The largest of these programs include 1) social security and disability programs, 2) medical payments (Medicare and Medicaid), 3) income maintenance (welfare), 4) unemployment compensation, and 5) veterans benefits.

From the ratio of the three components of Total Personal Income, certain characteristics of a local economy can be deduced. Typically, areas, which have government transfers greater than 20% of the TPI, have a high retirement population (Social Security & Medicare), a distressed economy (Medicaid and Income Maintenance), or a combination of both.

Areas in which Dividends, Interest, and Rents account for more than 22% of the TPI have a resident population which is affluent (well invested), a high retirement population, or both.

Typically, strong economies have greater than 70% of the TPI attributed to earnings and less than 12% for Government Transfers.

The following is the average percentage for the ten strongest and ten weakest metropolitan area economies (See Section 2 for a list of these areas).

% of TPI- 2007	Earnings	Div-Int	Transfers
USA	68%	18%	15%
STR MET	74%	15%	10%
WK MET	62%	14%	24%
STR MICRO	68%	20%	12%
WK MICRO	55%	14%	31%

Over the last 30 years there has been a dramatic shift in the ratio of the three components. Government Transfers have grown significantly in their influence on local economies. Additionally, as a result of the recent growth in the stock market, Dividends, Interest, and Rents has also grown proportionately. Earnings as a component of the nation's TPI have declined significantly.

The following chart shows the actual Total Personal Income and the percentage of each component for Cleveland County and the United States.

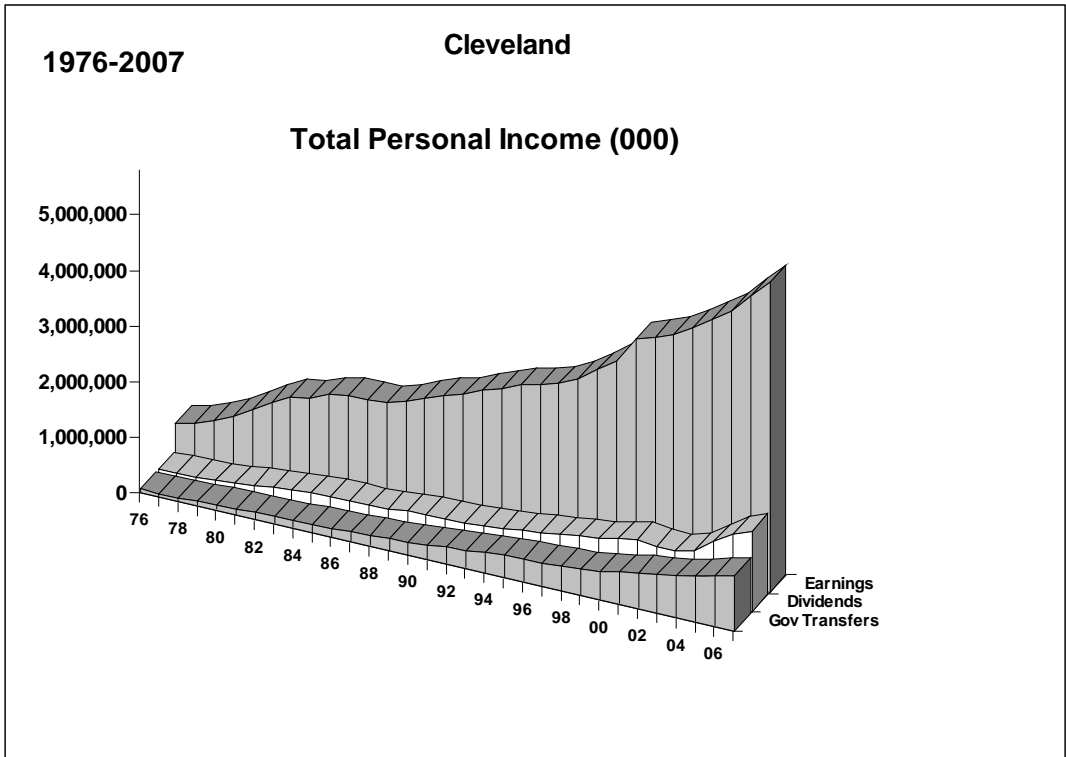
For Total Personal Income, NAICS and SIC do not influence the data. One chart and graph is provided for all years.

Cleveland

<u>Total Personal Income (000)</u>	<u>2007</u>	<u>Area %</u>	<u>USA</u>	<u>USA %</u>
Total Personal Income	8,015,494		11,634,322,000	
Earnings By Residence	5,573,799	69.5%	7,882,235,000	67.7%
Dividends, Interest, Rents	1,445,035	18.0%	2,039,293,000	17.5%
Government Transfers	996,660	12.4%	1,712,794,000	14.7%

<u>History of Percentage - Area</u>	<u>2007</u>	<u>1997</u>	<u>1987</u>	<u>1977</u>
Earnings By Residence	69.5%	75.5%	79.6%	83.3%
Dividends, Interest, Rents	18.0%	14.3%	13.0%	9.4%
Government Transfers	12.4%	10.2%	7.5%	7.3%

<u>History of Percentage - USA</u>	<u>2007</u>	<u>1997</u>	<u>1987</u>	<u>1977</u>
Earnings By Residence	67.7%	67.3%	69.0%	74.1%
Dividends, Interest, Rents	17.5%	19.0%	19.1%	13.9%
Government Transfers	14.7%	13.8%	11.9%	12.0%



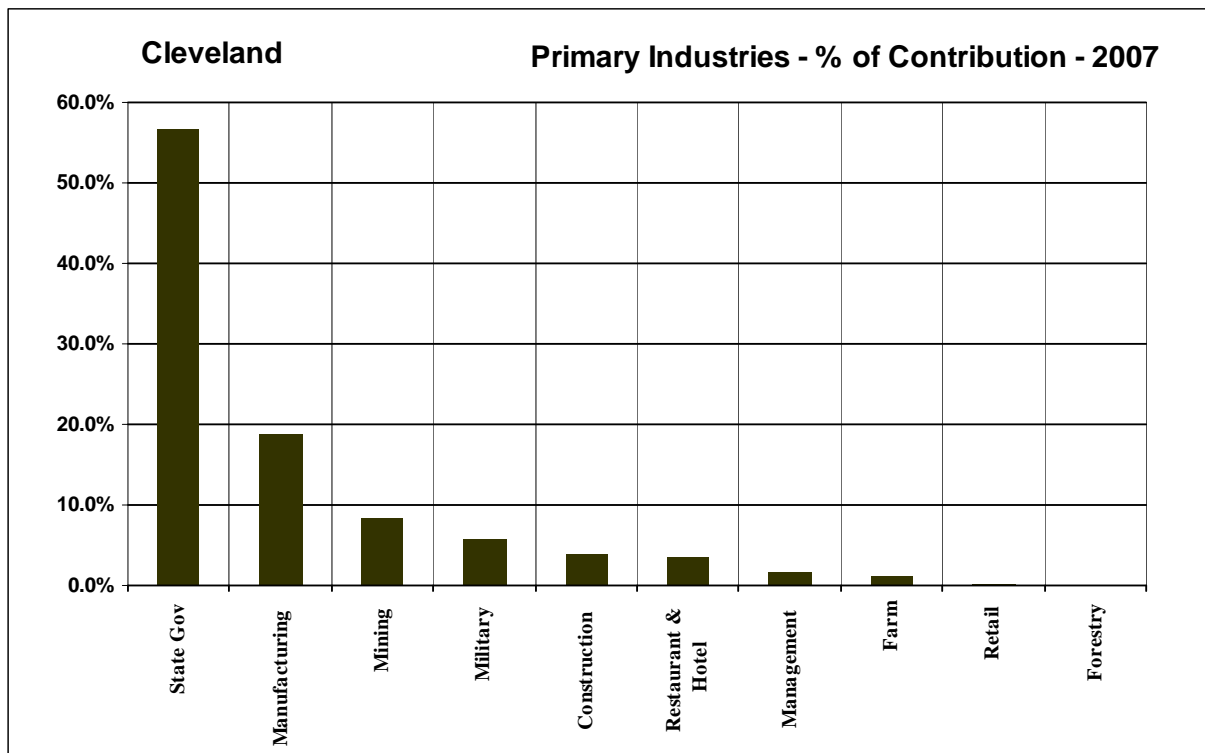
Primary Industries Impact

Local economies grow and expand in direct proportion to the amount of money being imported to the area. After it enters the economy, it is mixed and churned, going from business to business, person to person, until it is finally totally absorbed and leaves the area. Money is principally imported to an area by way of the “primary” or contributory industries located in the economy. These businesses sell their goods or services outside the area, thus importing money to the area.

Typically between 5% and 10% of the businesses in a community are primary in nature. The balance of the businesses is “consumptive” and feed upon the money imported by the contributory businesses.

Additionally, government entitlement programs can be contributory to an area if the money being sent to a community for welfare, Medicare or Medicaid, or retirement benefits exceeds the amount be extracted by way of taxation.

The graph below shows an estimate of the contribution each sector has the local economy. Not all the money or business activity in these sectors is primary in nature, just that which is imported to the area.



Construction Earnings

Within the construction industry, there are three basic sub-sectors. Heavy contractors are principally involved in the construction of large projects such as roadways, bridges, office buildings, or factories. General contractors are mainly homebuilders, but also construct small commercial or apartment buildings, and do renovation of existing structures.

Special trade contractors typically are subcontractors for both heavy and general contractors. Known as the “trades,” they do most of the actual work on construction projects. Ranging from earthmovers to plumbers to carpet layers to roofers, special trade contractors usually account for more than half of the earnings in the construction industry. Many special trade contractors are sole proprietors.

The construction industry is extremely “reactive” to the condition of the local economy. In most economies, it is solely dependent upon the growth of other industries, generating the demand for additional housing and commercial establishments, within an area.

When examining the earnings graph for this industry, note upward spikes in the earnings of heavy contractors. This is an indication a major construction project occurred during this time period. The **Area %** denotes the percentage each category is of the total earnings in the construction industry.

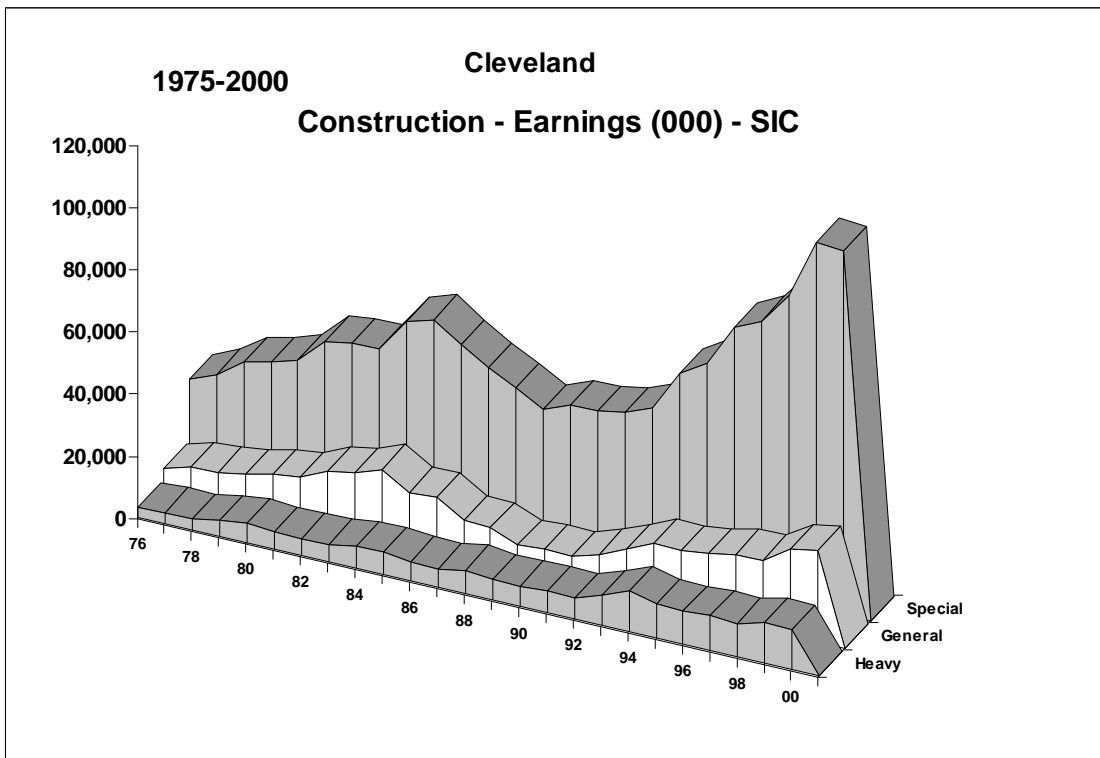
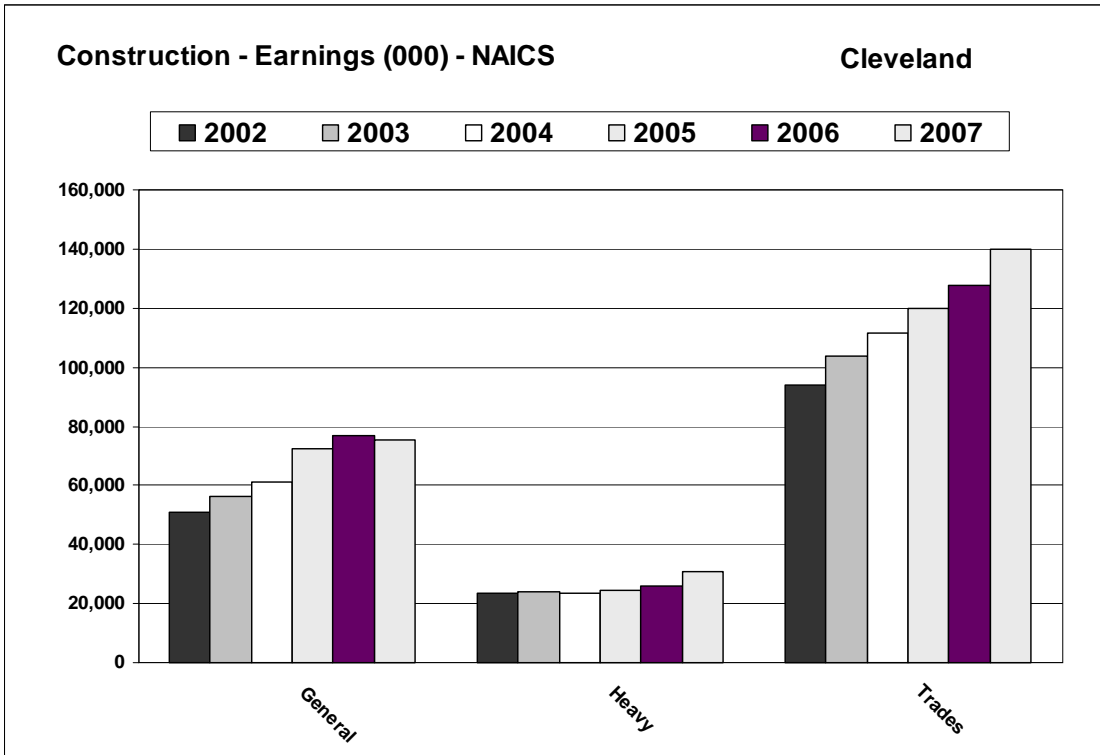
Cleveland

Construction - Earnings (000) - NAICS

	<u>2007</u>	<u>Area %</u>	<u>2007</u>	<u>USA %</u>
Total Earnings	246,177		549,346,000	
General Contractors	75,201	30.5%	173,409,000	31.6%
Heavy Contractors	30,861	12.5%	73,754,000	13.4%
Special Trade Contractors	140,115	56.9%	302,183,000	55.0%

Construction - Earnings (000) - SIC

	<u>2000</u>	<u>Area %</u>	<u>2000</u>	<u>USA %</u>
Total Earnings	159,877		381,948,000	
Special Trade Contractors	117,267	73.3%	246,715,000	64.6%
General Contractors	29,735	18.6%	88,875,000	23.3%
Heavy Contractors	12,875	8.1%	46,358,000	12.1%



Manufacturing Earnings

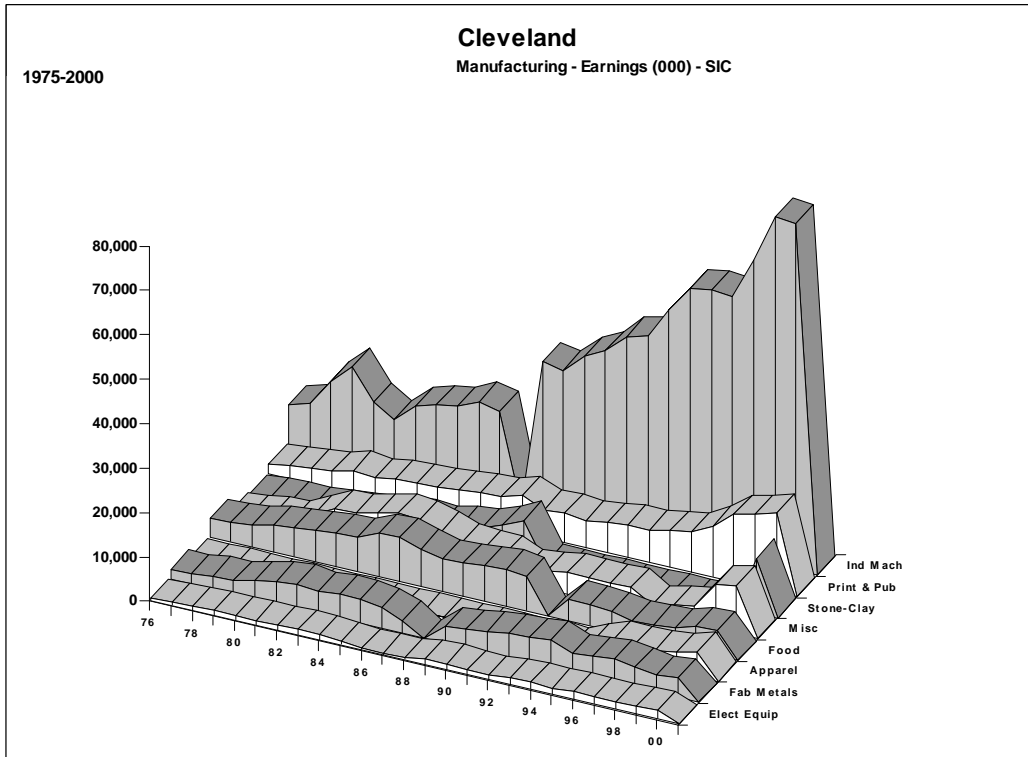
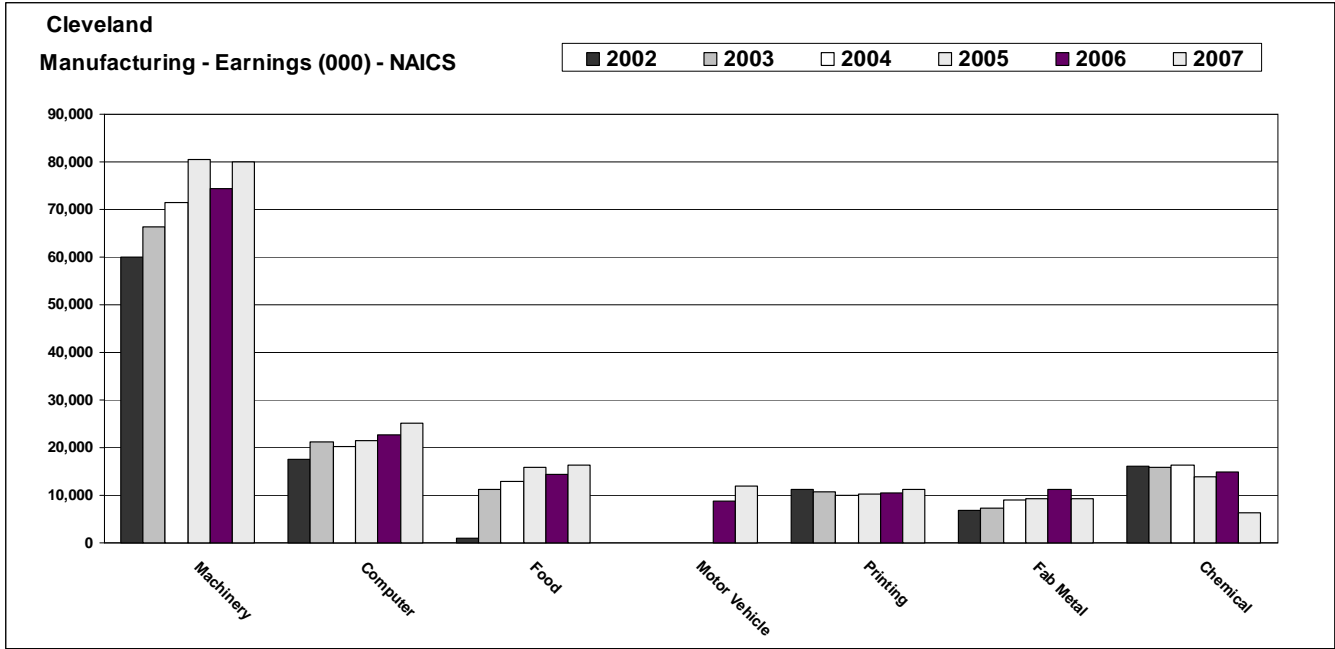
The manufacturing sector is divided into two groups, durable and nondurable goods. Durable goods, like their name suggests, are designed to last for a long period of time (minimum of three years). Automobiles, machinery, computers, and washing machines are durable goods. Nondurable goods typically have a short life span and are quickly consumed. Food, plastic cups, paper, and clothing are examples. Wages paid in durable goods are typically much higher than nondurable goods.

Manufacturing is composed of multiple sub-sectors. Since there are so many sub-sectors, data suppression is frequent. Oftentimes in a local economy, one large employer might dominate a particular category. As a result, the data for that category is withheld. While the data is suppressed on the category level, the earnings for the suppressed categories are included in the Total Earnings.

The **Area %** denotes the percentage each category is of the total earnings in manufacturing. Due to data suppression, this column might not total 100%.

Cleveland				
<u>Manufacturing - Earnings (000) - NAICS</u>	<u>2007</u>	<u>Area %</u>	<u>2007</u>	<u>USA %</u>
Manufacturing	188,872		1,047,339,000	
Durable goods manufacturing	147,177	77.9%	668,106,000	63.8%
Nondurable goods manufacturing	41,695	22.1%	379,233,000	36.2%
Machinery manufacturing	80,101	42.4%	84,844,000	8.1%
Computer and electronic product manufacturing	25,007	13.2%	133,108,000	12.7%
Food manufacturing	16,392	8.7%	72,698,000	6.9%
Motor vehicle manufacturing	11,940	6.3%	86,196,000	8.2%
Printing and related support activities	11,302	6.0%	36,647,000	3.5%
Fabricated metal product manufacturing	9,333	4.9%	89,051,000	8.5%
Chemical manufacturing	6,452	3.4%	105,404,000	10.1%
Nonmetallic mineral product manufacturing	6,419	3.4%	32,514,000	3.1%
Miscellaneous manufacturing	3,556	1.9%	56,022,000	5.3%
Wood product manufacturing	1,050	0.6%	26,252,000	2.5%
Furniture and related product manufacturing	527	0.3%	24,542,000	2.3%
Plastics and rubber products manufacturing	421	0.2%	43,083,000	4.1%
Petroleum and coal products manufacturing	413	0.2%	37,810,000	3.6%
Textile product mills	256	0.1%	6,998,000	0.7%
Primary metal manufacturing	0	0.0%	38,014,000	3.6%
Electrical equipment and appliance manufacturing	0	0.0%	29,690,000	2.8%
Transportation equipment mfg. excl. motor vehicles	0	0.0%	67,873,000	6.5%
Beverage and tobacco product manufacturing	0	0.0%	17,674,000	1.7%
Textile mills	0	0.0%	9,313,000	0.9%
Apparel manufacturing	0	0.0%	10,729,000	1.0%
Leather and allied product manufacturing	0	0.0%	1,887,000	0.2%
Paper manufacturing	0	0.0%	36,990,000	3.5%

Cleveland				
<u>Manufacturing - Earnings (000) - SIC</u>	<u>2000</u>	<u>Area %</u>	<u>2000</u>	<u>USA %</u>
Total Earnings	181,754		1,070,783,000	
Durable	117,984	64.9%	675,398,000	63.1%
Nondurable	63,770	35.1%	395,385,000	36.9%
		0.0%		0.0%
Industrial machinery	78,218	43.0%	139,785,000	13.1%
Printing and publishing	17,619	9.7%	81,836,000	7.6%
Stone, clay, and glass products	12,271	6.8%	30,012,000	2.8%
Miscellaneous manufacturing	10,962	6.0%	22,535,000	2.1%
Food and kindred products	5,620	3.1%	74,305,000	6.9%
Apparel and textile products	5,587	3.1%	19,458,000	1.8%
Fabricated metal products	4,486	2.5%	74,418,000	6.9%
Electronic equipment	1,805	1.0%	121,870,000	11.4%
Furniture and fixtures	1,130	0.6%	21,582,000	2.0%
Instruments and related products	991	0.5%	60,755,000	5.7%
Lumber and wood products	514	0.3%	31,185,000	2.9%
Primary metal industries	0	0.0%	41,711,000	3.9%
Motor vehicles and equipment	0	0.0%	76,922,000	7.2%
Other transportation equipment	0	0.0%	54,623,000	5.1%
Tobacco products	0	0.0%	3,005,000	0.3%
Textile mill products	0	0.0%	19,280,000	1.8%
Paper and allied products	0	0.0%	38,005,000	3.5%
Chemicals and allied products	0	0.0%	101,272,000	9.5%
Petroleum and coal products	0	0.0%	10,632,000	1.0%
Rubber and plastics products	0	0.0%	44,913,000	4.2%
Leather and leather products	0	0.0%	2,679,000	0.3%



Transportation, Communications & Public Utilities - Earnings

This sector was composed of three distinct groups under SIC: the transportation of goods and people, communications, and privately owned public utilities. However, under NAICS, Utilities has its own industry sector and Communications has been moved to “Information.”

Sub-sector data is not provided for Utilities under NAICS as it is not published. Earnings for “Communications” will appear in “Information.”

The **Area %** denotes the percentage each group or category is of the total earnings in this sector.

Cleveland

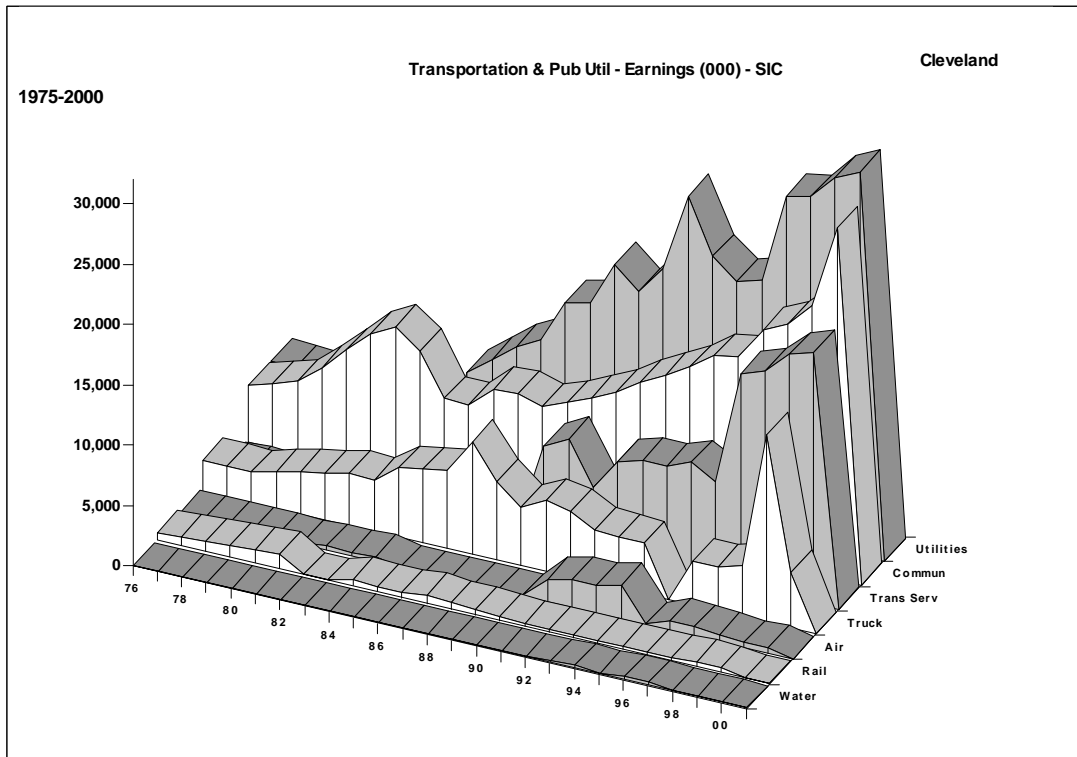
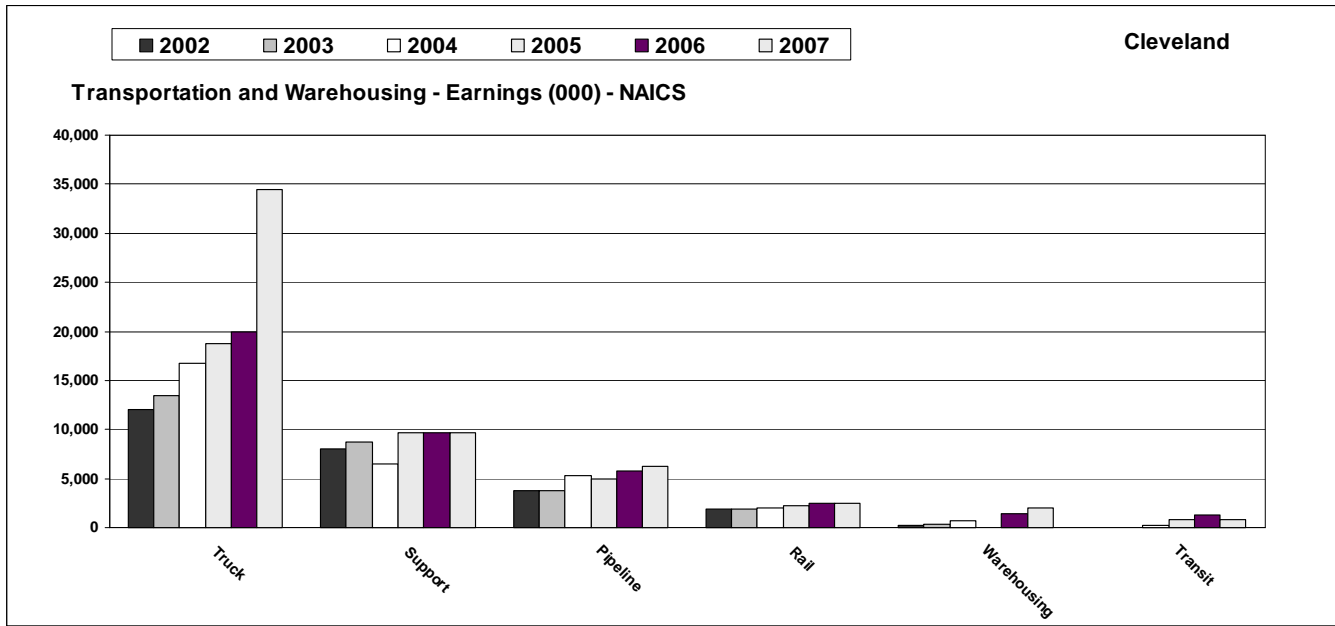
Transportation and Warehousing - Earnings (000) - NAICS

	<u>2007</u>	<u>Area %</u>	<u>2007</u>	<u>USA %</u>
Transportation and warehousing	57,925		281,840,000	
Truck transportation	34,422	59.4%	93,841,000	33.3%
Support activities for transportation	9,707	16.8%	43,609,000	15.5%
Pipeline transportation	6,233	10.8%	9,099,000	3.2%
Rail transportation	2,516	4.3%	18,521,000	6.6%
Warehousing and storage	2,035	3.5%	28,527,000	10.1%
Transit and ground passenger transportation	830	1.4%	13,593,000	4.8%
Air transportation	0	0.0%	37,963,000	13.5%
Water transportation	0	0.0%	5,415,000	1.9%
Scenic and sightseeing transportation	0	0.0%	1,179,000	0.4%
Couriers and messengers	0	0.0%	30,093,000	10.7%

Cleveland

Transportation & Pub Util - Earnings (000) - SIC

	<u>2000</u>	<u>Area %</u>	<u>2000</u>	<u>USA %</u>
Total Earnings	87,523		441,751,000	
Utilities	31,706	36.2%	80,840,000	18.3%
Communications	29,075	33.2%	131,913,000	29.9%
Trans Services	20,829	23.8%	30,485,000	6.9%
Truck & Warehousing	4,650	5.3%	91,788,000	20.8%
Air	427	0.5%	64,014,000	14.5%
Railroad	0	0.0%	16,997,000	3.8%
Water	0	0.0%	10,240,000	2.3%
Other	0	0.0%	109,973,000	24.9%
Local & interurban	0	0.0%	14,457,000	3.3%
Pipelines & gas	0	0.0%	1,017,000	0.2%



Retail Trade Earnings

Retail Trade is divided into multiple Sub-sectors under both NAICS and SIC. They demonstrate the purchasing trends or habits of the individuals. Eating and Drinking Places” was the largest Sub-sector under SIC. However, under NAICS, this category has been moved to a new Sector called “Accommodations and Food Services.”

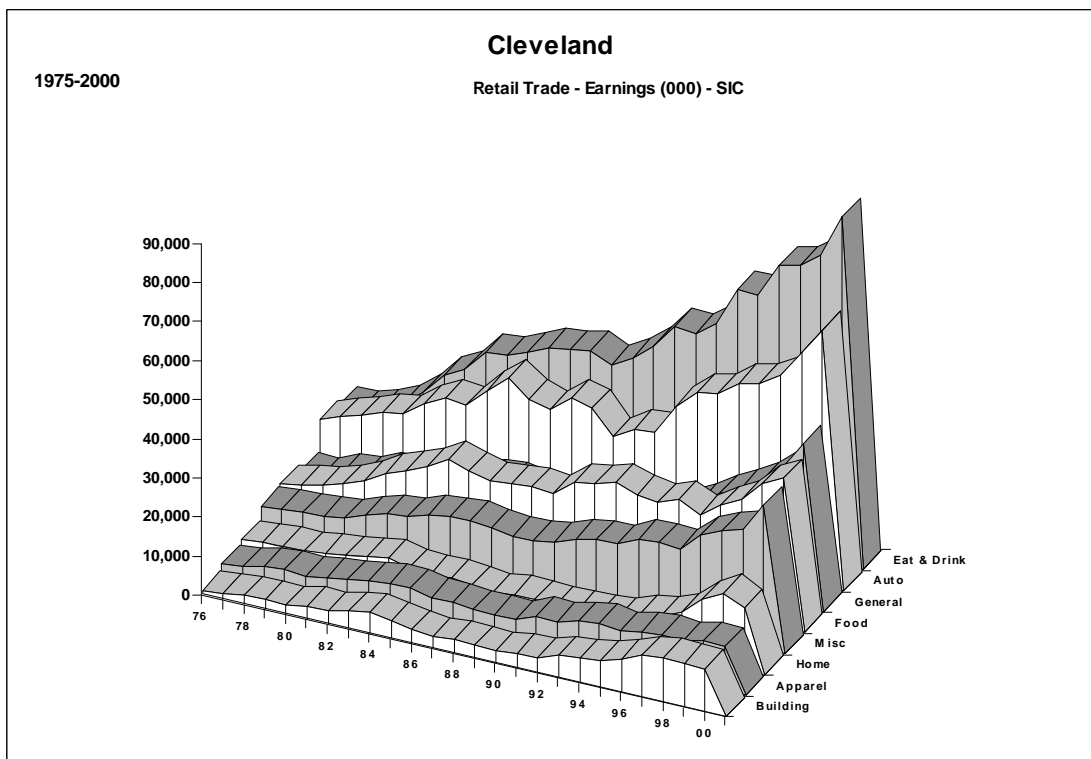
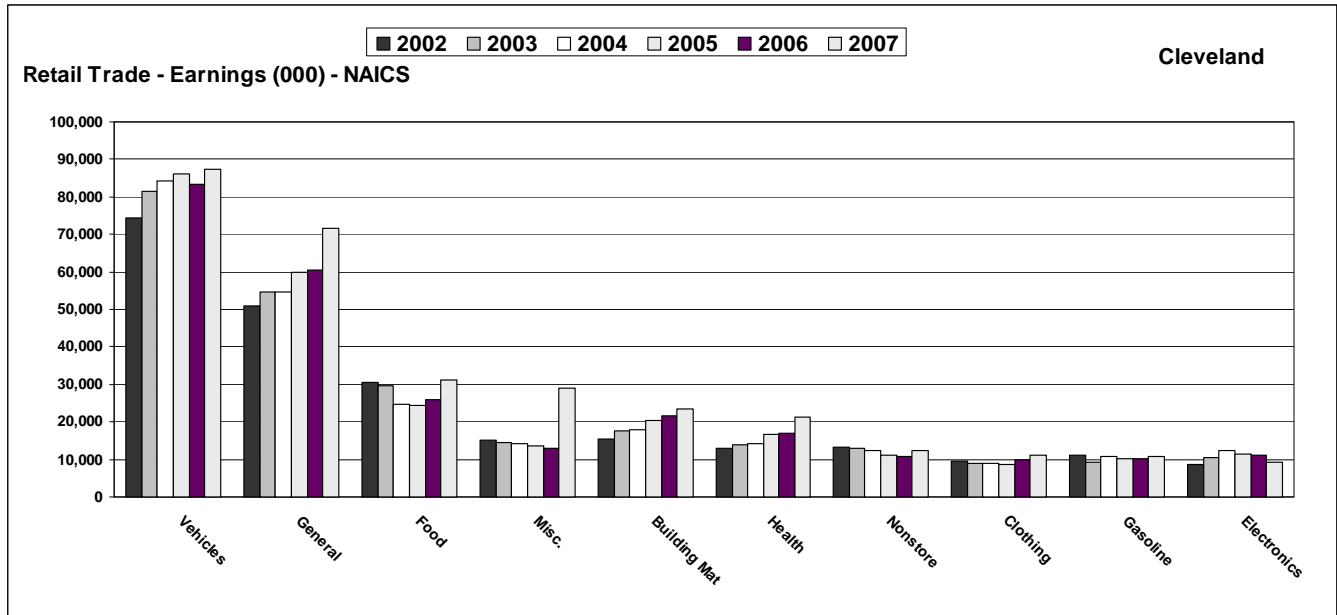
The **Area %** denotes the percentage each category is that of the total earnings in this sector.

Cleveland

<u>Retail Trade - Earnings (000) - NAICS</u>	<u>2007</u>	<u>Area %</u>	<u>2007</u>	<u>USA %</u>
Retail Trade	321,561		532,165,000	
Motor vehicle and parts dealers	87,472	27.2%	108,000,000	20.3%
General merchandise stores	71,453	22.2%	73,330,000	13.8%
Food and beverage stores	31,059	9.7%	80,732,000	15.2%
Miscellaneous store retailers	28,910	9.0%	30,799,000	5.8%
Building material and garden supply stores	23,473	7.3%	49,298,000	9.3%
Health and personal care stores	21,332	6.6%	38,125,000	7.2%
Nonstore retailers	12,239	3.8%	26,203,000	4.9%
Clothing and clothing accessories stores	11,019	3.4%	36,405,000	6.8%
Gasoline stations	10,724	3.3%	24,391,000	4.6%
Electronics and appliance stores	9,296	2.9%	25,680,000	4.8%
Sporting goods, hobby, book and music stores	8,425	2.6%	16,029,000	3.0%
Furniture and home furnishings stores	6,159	1.9%	23,173,000	4.4%

Cleveland

<u>Retail Trade - Earnings (000) - SIC</u>	<u>2000</u>	<u>Area %</u>	<u>2000</u>	<u>USA %</u>
Total Earnings	308,443		558,078,000	
Eating and drinking places	88,981	28.8%	130,833,000	23.4%
Automotive dealers and service stations	65,299	21.2%	93,551,000	16.8%
General merchandise stores	41,568	13.5%	60,700,000	10.9%
Food stores	38,293	12.4%	79,449,000	14.2%
Miscellaneous retail	36,608	11.9%	95,714,000	17.2%
Home furniture and furnishings stores	15,659	5.1%	39,006,000	7.0%
Apparel and accessory stores	11,201	3.6%	26,035,000	4.7%
Building materials and garden equipment	10,834	3.5%	32,790,000	5.9%



Finance, Insurance, and Real Estate (FIRE) Earnings

This sector tends to mix or churn the money within a local economy. Not nearly as consumptive as Services or Retail, the FIRE sector serves as catalyst for the movement of money. There are three distinct elements to the sector.

Under NAICS, Real Estate has been split and given its own Industry Sector. Data for both will follow.

Finance includes depository and non depository financial institutions such as banks, savings and loans, and credit unions. Stock brokerages and holding companies are also included.

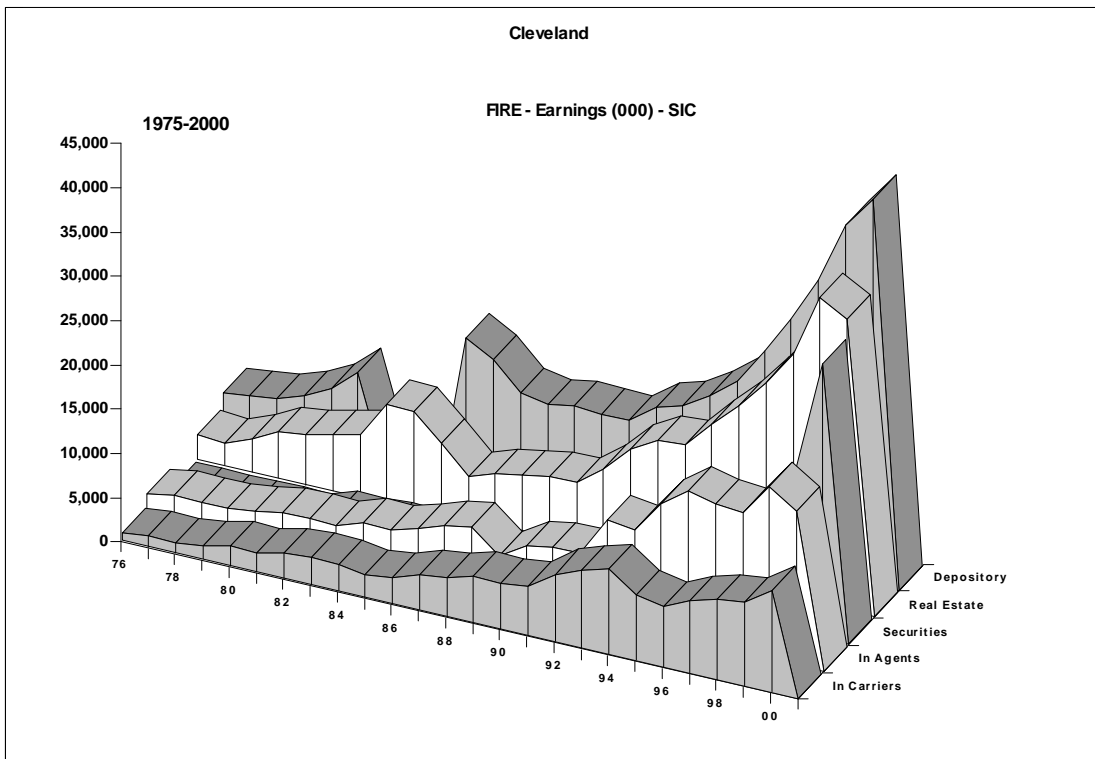
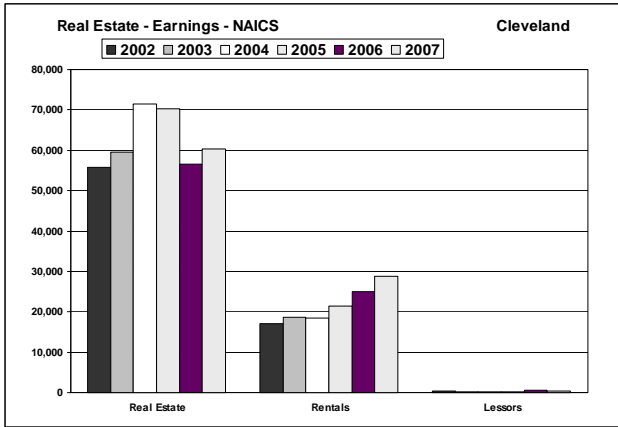
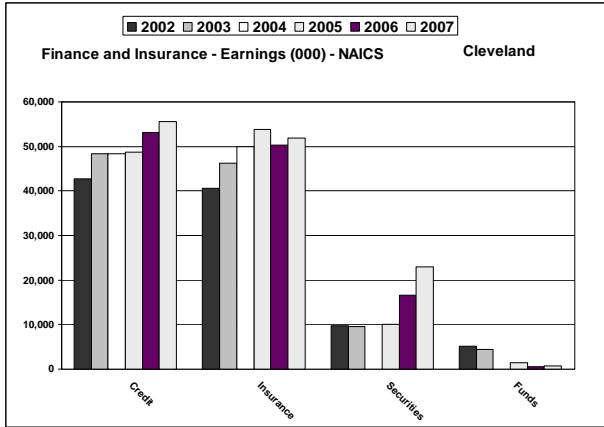
Insurance includes both local agencies and carriers. Local insurance agencies grow and decline in direct proportion to the size of the economy. Insurance carriers many times are the companies which the agents represent. Oftentimes an insurance carrier is not dependent upon the local economy as policies, life, auto, health, are written throughout the state or nation. Many times insurance carriers are “primary” in nature.

Cleveland

<u>Finance and Insurance - Earnings (000) - NAICS</u>	<u>2007</u>	<u>Area %</u>	<u>2007</u>	<u>USA %</u>
Finance and insurance	130,904		656,456,000	
Credit intermediation and related activities	55,537	42.4%	221,031,000	33.7%
Insurance carriers and related activities	51,843	39.6%	196,211,000	29.9%
Securities, commodity contracts, investments	22,859	17.5%	210,880,000	32.1%
Funds, trusts, and other financial vehicles	665	0.5%	26,669,000	4.1%
Monetary authorities - central bank	0	0.0%	1,665,000	0.3%
<u>Real Estate - Earnings - NAICS</u>	89,523		201,241,000	
Real estate	60,315	67.4%	160,869,000	79.9%
Rental and leasing services	28,807	32.2%	34,735,000	17.3%
Lessors of nonfinancial intangible assets	401	0.4%	5,637,000	2.8%

Cleveland

<u>FIRE - Earnings (000) - SIC</u>	<u>2000</u>	<u>Area %</u>	<u>2000</u>	<u>Area %</u>
Total Earnings	146,428		643,378,000	
Depository and nondepository institutions	43,386	29.6%	148,466,000	23.1%
Real Estate	32,904	22.5%	124,772,000	19.4%
Security and commodity brokers	30,907	21.1%	174,797,000	27.2%
Insurance agents, brokers, and services	17,353	11.9%	49,185,000	7.6%
Insurance carriers	11,482	7.8%	96,889,000	15.1%



Services Earnings

Under SIC, Services was the most dominant industry, accounting for 32% of all employment. However, it has been split into multiple Sectors and Sub-sectors under NAICS. The list of splits is too long to discuss here.

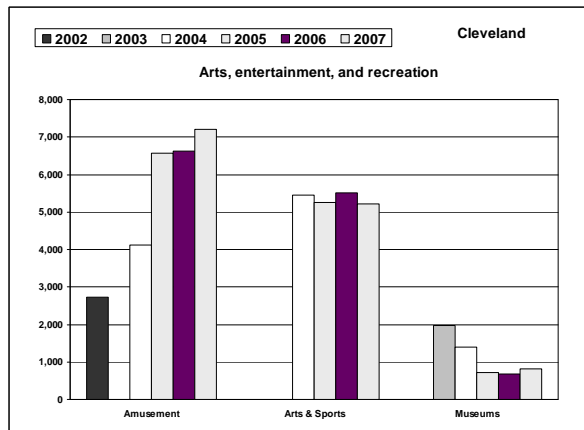
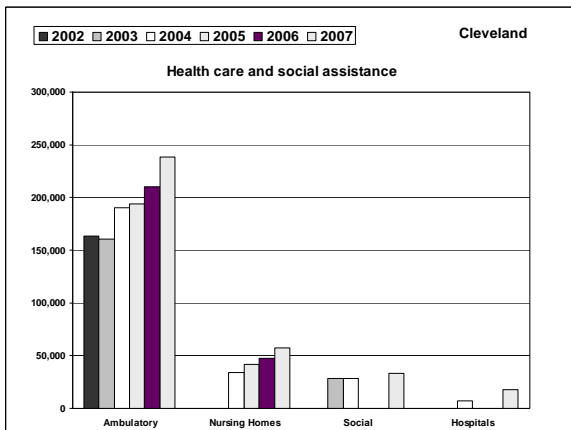
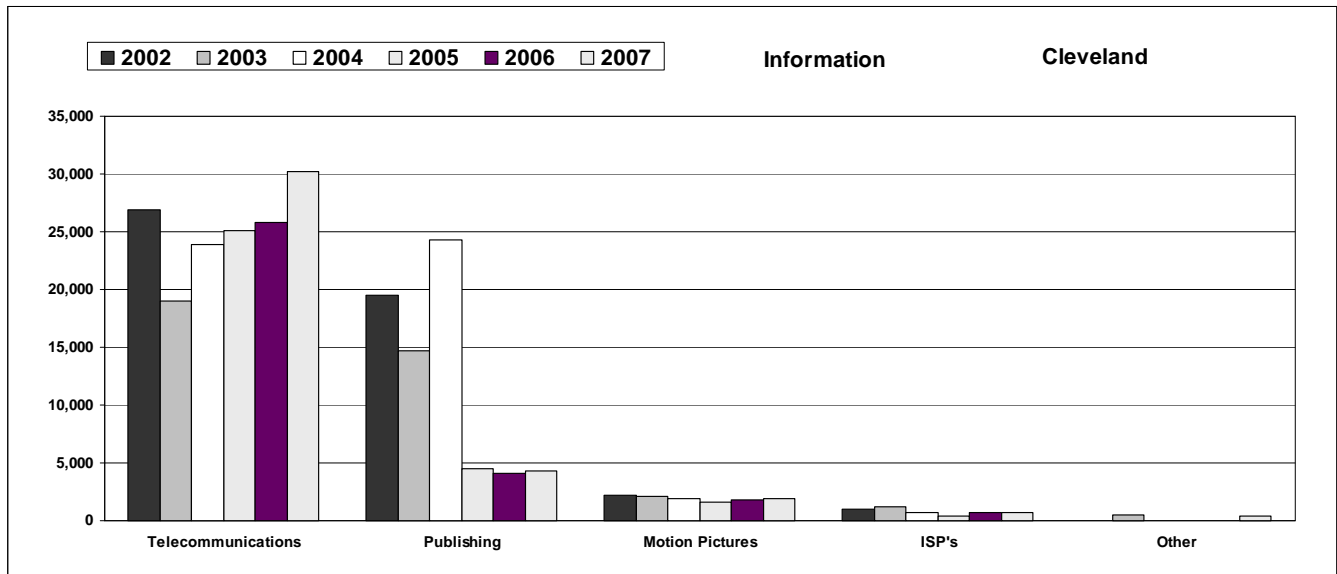
Under NAICS, there is no longer a “Services” industry.

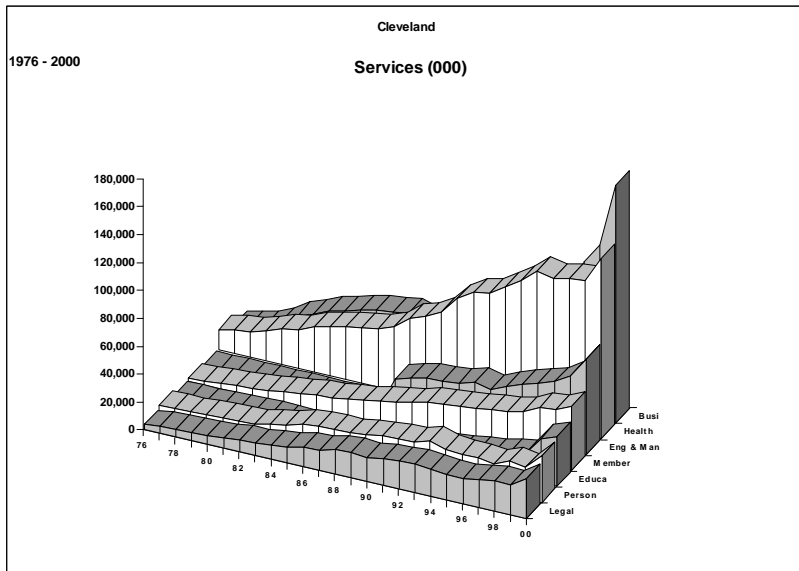
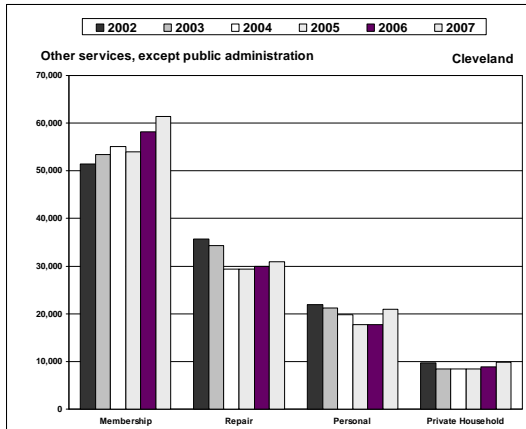
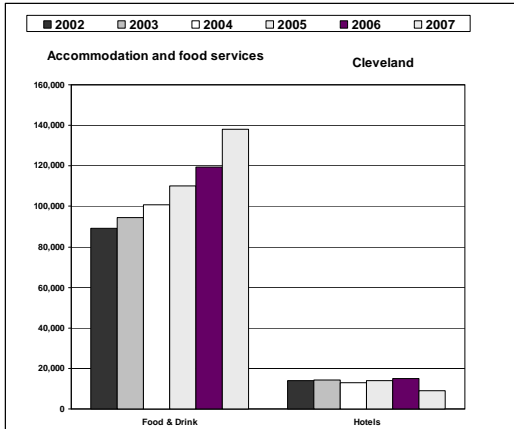
Health Services which was the most dominant now has its own Sector. Business Services was the second most dominate area in the old SIC Services and it has been split into multiple pieces.

The following is data for NAICS industries which have been directly spun from the old Services industry.

The **Area %** denotes the percentage of earnings the category is of the total earnings in this industry.

Cleveland				
Services Sectors - Earnings (000) - NAICS	2007	Area %	2007	USA %
<u>Information</u>	53,097		288,777,000	
Telecommunications	30,172	56.8%	83,113,000	28.8%
Publishing industries, except Internet	4,334	8.2%	79,883,000	27.7%
Motion picture and sound recording industries	1,891	3.6%	24,169,000	8.4%
ISPs, search portals, and data processing	694	1.3%	35,148,000	12.2%
Other information services	399	0.8%	2,583,000	0.9%
Broadcasting, except Internet	0	0.0%	60,458,000	20.9%
Internet publishing and broadcasts	0	0.0%	3,423,000	1.2%
<u>Health care and social assistance</u>	346,492		747,106,000	
Ambulatory health care services	238,123	68.7%	367,480,000	49.2%
Nursing and residential care facilities	57,500	16.6%	85,988,000	11.5%
Social assistance	33,153	9.6%	63,847,000	8.5%
Hospitals	17,716	5.1%	229,791,000	30.8%
<u>Arts, entertainment, and recreation</u>	13,234		81,096,000	
Amusement, gambling, and recreation	7,209	54.5%	37,173,000	45.8%
Performing arts and spectator sports	5,209	39.4%	38,070,000	46.9%
Museums, historical sites, zoos, and parks	816	6.2%	5,853,000	7.2%
<u>Accommodation and food services</u>	146,985		220,500,000	
Food services and drinking places	137,891	93.8%	161,028,000	73.0%
Accommodation	9,094	6.2%	59,472,000	27.0%
<u>Other services, except public administration</u>	123,178		228,731,000	
Membership associations and organizations	61,421	49.9%	94,718,000	41.4%
Repair and maintenance	30,952	25.1%	65,497,000	28.6%
Personal and laundry services	20,925	17.0%	45,730,000	20.0%
Private households	9,880	8.0%	22,786,000	10.0%
Cleveland				
Services - Earnings (000) - SIC	2,000	Area %	2,000	USA %
Total Earnings	606,753		1,856,686,000	
Business services	170,593	28.1%	490,947,000	26.4%
Health services	129,165	21.3%	480,132,000	25.9%
Engineering and management services	68,504	11.3%	253,567,000	13.7%
Membership organizations	46,038	7.6%	62,661,000	3.4%
Educational services	35,393	5.8%	73,807,000	4.0%
Personal services	33,183	5.5%	47,450,000	2.6%
Legal services	28,260	4.7%	127,642,000	6.9%
Auto repair, services, and parking	23,014	3.8%	46,642,000	2.5%
Miscellaneous repair services	21,348	3.5%	22,046,000	1.2%
Social services	18,689	3.1%	65,424,000	3.5%
Amusement and recreation services	13,524	2.2%	56,707,000	3.1%
Miscellaneous services	6,909	1.1%	23,112,000	1.2%
Private households	5,311	0.9%	13,570,000	0.7%
Hotels and other lodging places	4,644	0.8%	5,611,500	3.0%
Motion pictures	2,005	0.3%	33,997,000	1.8%
Museums, botanical, zoological gardens	173	0.0%	2,867,000	0.2%





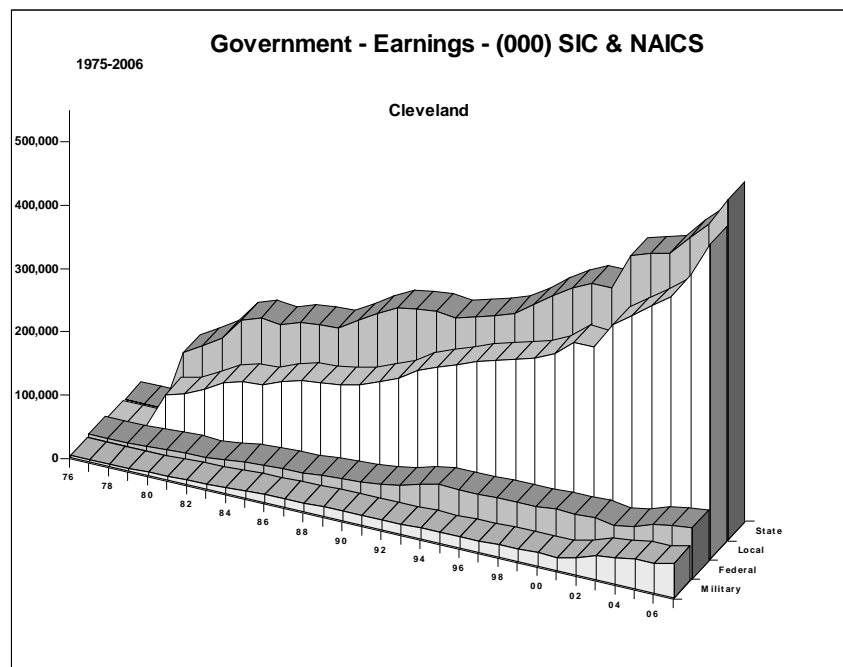
Government – Earnings (000)

Nationally, government workers account for approximately 16% of all earnings. While virtually all local economies have at least a small presence of Federal and State workers, areas which have a high percentage of either typically benefit economically. Usually State and Federal government pay a higher than an area’s average wage.

Local government typically includes county, city, and school employees along with most regional governments.

Data for government has not been significantly affected by the NAICS – SIC issue. As a result, all years are combined. The **Area %** denotes the percentage each line is of all government earnings.

Cleveland Government - Earnings - (000) SIC & NAICS	2007	Area %	2007	USA %
All Government	1,170,468		1,389,982,000	
State	537,125	45.9%	270,121,000	19.4%
Local	498,621	42.6%	716,414,000	51.5%
Federal Civilian	79,832	6.8%	264,239,000	19.0%
Military	54,890	4.7%	139,208,000	10.0%



Government Transfers

Government Transfers, also known as “entitlement” programs, have grown enormously in the United States over the last 25 years. In 2007, total government transfers to individuals exceeded the earnings of all workers in Farm, Agricultural Services, Mining, Utilities, Real Estate, Corporate Headquarters, Administrative Services, Educational Services, Arts and Entertainment, and Accommodations and Food Service combined.

Retirement and disability payments typically account for more than half a local area’s transfers. Medical transfers, principally Medicare and Medicaid (medical assistance for the poor) represent the bulk of medical transfers. Income maintenance includes the nation’s “welfare programs” such as Food Stamps. Some transfers are made to non-profit institutions that administer social programs.

High percentages of Retirement and Medical payments indicate the presence of a large number of retirement age individuals. High percentages of Medical payments and Income Maintenance indicate impoverishment. The **Area %** denotes the percentage each line is of all government transfers.

Per Capita Government Transfers

To better determine the relative impact Government Transfers have on the local area, the per capita amount for each transfer was determined. Medicare and Medicaid are the two largest components of Medical transfers and are listed separately. Food Stamps and Family Assistance are the two best known components of Income Maintenance and are shown separately. Retirement is principally social security payments.

If the “2007 Area” exceeds that of the nation, then the area is receiving a greater percentage of transfers for the category than the national norm.

Cleveland

Government Transfers (000)	2007	Area %	2007	USA %
Total transfer payments	996,660		1,612,935,000	
Ret. & disab. insurance benefit payments	407,171	40.9%	578,681,000	35.9%
Medical payments	366,201	36.7%	719,561,000	44.6%
Income maintenance benefit payments	81,611	8.2%	160,773,000	10.0%
Veterans benefit payments	58,178	5.8%	39,065,000	2.4%
Nonprofit institutions	42,197	4.2%	50,406,000	3.1%
Unemployment insurance benefit payments	9,540	1.0%	30,898,000	1.9%

Cleveland

Per Capita Government Transfers	2007 Area	2007 USA
Retirement	1,731	1,937
Medicare	905	1,347
Medicaid	592	1,039
Income Maintenance	347	538
Veterans	247	131
Food Stamps	86	98
Unemployment	41	103
Family Assistance	21	61
Farm Payments	1	49

