

Regional Economic Benchmarking Report For Aiken County

A report commissioned by the Greater Aiken Chamber of Commerce and the Economic Development Partnership of Aiken and Edgefield Counties, South Carolina

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In the following pages we present a detailed report and trend analysis of a wide variety of publically available data relating to the economic vitality and quality of life in Aiken County. This regional economic benchmarking report was funded by the Greater Aiken Chamber of Commerce and the Economic Development Partnership for Aiken and Edgefield Counties of South Carolina. Where possible, the analysis breaks out separate data for the cities of Aiken and North Augusta, and also provides some comparisons to the state of South Carolina as a whole and nearby Columbia County in Georgia. Following this initial report, we will provide an annual update in the spring of subsequent years.

The impetus for this report arose from the extensive deliberations of the Blue Ribbon Panel, which was convened in 2013 by the Greater Aiken Chamber of Commerce to consider the “Next Big Ideas” for Aiken and Aiken County. It is our hope that this report will provide local decision makers and community makers with the detailed information they need to properly assess the areas of greatest need, and to measure the impact of new economic development initiatives in the future.

We wish to thank the many individuals who assisted us in collecting and understanding the data for this report. We also want to acknowledge the research assistance provided by Patrick Stiebinger, and the support provided by the University of South Carolina Aiken in our completion of this report.

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Introduction

In order to provide a benchmark assessment of the current economic conditions in Aiken County, we have gathered a wide variety of publically available data on the key variables which track our community's economic vitality and quality of life. The majority of this data is published by the federal government through its various agencies, although some data was collected from local sources. We have sought to gather and analyze data for Aiken County as well as the cities of Aiken and North Augusta whenever possible, often drawing comparison to the State of South Carolina or the Nation as a whole.

Section I examines population trends and demographics for Aiken County, since the population of a region is one of the most fundamental measures of its economic vitality. This is followed by a series of sections which analyze a number of different aspects of the economy of Aiken County. Section II looks at various measures of income for residents of Aiken County, Section III considers employment trends and patterns in local labor markets, Section IV analyzes retail spending by consumers within Aiken County, Section V studies local real estate markets, and Section VI looks at local government tax revenues.

In Section VII, we compare our findings for Aiken County with similar measures for Columbia County, Georgia, which often competes with Aiken County as a county of residence for new employees and their families moving to the CSRA.

The final section offers a summary and some conclusions by the authors based on their findings.

Executive Summary

Population Trends and Demographics

- The population of South Carolina continues to grow more rapidly than the nation as a whole; North Augusta's population growth has slowed recently, but still outpaces the rest of the state *****GOOD NEWS*****
- The population growth rate for Aiken County has slowed considerably recently, and the city of Aiken's population growth rate has fallen even more dramatically, and could be approaching zero *****CONCERN*****
- The United States will face the "gray tsunami" as baby boomers age and younger Americans have fewer children; South Carolina and Aiken County are aging faster than the Nation as a whole
- Unlike the Nation, State or County, the City of Aiken has more persons aged 65 or older than below 18 years old; more than 1 in 4 of the adults aged 65 or older who live in Aiken County reside within the Aiken city limits; Aiken's population actually turned slightly younger in 2012 *****GOOD NEWS*****
- The racial and ethnic composition of Aiken County is very similar to that of the State: about two-thirds of the population is White and one-quarter is Black or African American; Aiken has a slightly higher percentage of Blacks or African Americans, and North Augusta has a higher percentage of Whites
- Educational attainment continues to be an issue for South Carolina and Aiken County, with a sizeable deficit in bachelor's degree completion levels compared to the nation as a whole, although there has been much improvement since 2000 *****CONCERN*****
- The cities of Aiken and North Augusta have significantly higher levels of educational attainment than the County, and correspondingly higher median household income levels *****GOOD NEWS*****
- Most Aiken County residents commute to work in their County, and this is especially true in the city of Aiken; in contrast, almost half of North Augusta residents commute to work in Georgia (mostly in Richmond County)
- Approximately 12,500 Aiken County residents commute to work in Georgia (mostly in Richmond County), while over 11,000 Georgia residents commute to work in South Carolina (mostly in Aiken County)

Measures of Income

- Measured in current dollars, personal income growth has slowed recently for the Nation and in South Carolina, but even more so in Aiken County; nominal personal income growth in Aiken County may be approaching zero; after adjustment for inflation, real per capita personal income in Aiken County is actually falling *****CONCERN*****
- Median household incomes for South Carolina and Aiken County are very similar, but both are about 15 percent below the national figure; median household incomes are decidedly higher in Aiken and North Augusta
- Average weekly wages in South Carolina are consistently about 80 percent of the US average; wages in Aiken County were above the national average in 2002, but have

grown more slowly than the rest of the Nation and are now about 91 percent of the national average

- Measured in current dollars, wages in Aiken County have been falling since 2011; after adjustment for inflation, real wages in Aiken County have fallen almost 6 percent since 2011, and show almost no growth at all from 2002 to 2012 ***CONCERN***

Employment Trends and Patterns

- Labor force participation rates have fallen for the US and South Carolina since the “great recession” of 2007-09, helping to improve the reported unemployment rates since then
- Employment levels in South Carolina and Aiken County have surpassed their previous peaks reached before the recession ***GOOD NEWS***
- Unemployment rates in South Carolina and Aiken County have not returned to pre-recession levels; the number of unemployed workers remains stubbornly high
- Employment in the city of Aiken has not been able to regain the levels seen before the recession, and has actually been declining since 2011 ***CONCERN***
- Within Aiken County, employment within the goods-producing industries has fallen dramatically since 2002; all employment growth since 2002 has been in the service-producing industries, which employs about 80 percent of the workforce in Aiken County
- While employment in goods-producing industries in Aiken County has fallen, there has been some growth recently in manufacturing employment ***GOOD NEWS***
- The professional and business services sector (which includes much of SRS employment) provides about 1 out of every 4 jobs in Aiken County, provides more labor earnings than any other sector, and pays the highest average salaries; unfortunately, employment in this sector has fallen 20 percent since 2002 ***CONCERN***
- Employment growth in Aiken County since 2002 was concentrated in four industry sectors: education and health services (+37.6 percent), leisure and hospitality (+26.5 percent), financial activities (+25.0 percent), and trade, transportation and utilities (+12.1 percent); the strong growth in the financial activities sector, which pays relatively high salaries, represents an encouraging example of greater diversification in the local economy ***GOOD NEWS***
- Employment in the three highest-paying industry sectors in Aiken County – professional and business services, manufacturing, and construction – has fallen 15 to 25 percent since 2002, for a loss of over 5,300 well-paying jobs ***CONCERN***
- While total employment in Aiken County has recovered from the recession, there has been a substitution of lower-paying jobs for higher-paying jobs, which has resulted in falling average wages, falling personal income levels, and falling retail sales ***CONCERN***

Consumer Spending

- Retail sales in South Carolina as a whole have fully recovered from the recession, hitting new highs in 2011-12, and have continued to grow at a healthy pace ***GOOD NEWS***
- In contrast, retail sales in Aiken County have grown more slowly, have not quite returned to the pre-recession peak, and actually fell in 2012-13; retail sales in Aiken

grew steadily for many years, even throughout the recession, but have also now fallen in 2012-13; retail sales in North Augusta also fell in 2012-13, have still not recovered from the recession, and are currently \$46 million below their peak in 2004-05

CONCERN

Real Estate Markets

- The number of pending home sales in Aiken County has been rising over the past 5 years; most of that movement has been in homes selling for less than \$300,000, especially homes below \$100,000 ***GOOD NEWS***
- The median sales price for homes in Aiken County has fallen recently with an increased number of sales at the lower end of the range; there does not seem to be much upward momentum in home prices
- Both new residential construction and new commercial construction in Aiken County were hit hard by the recession, and currently stand at about 60-70 percent of their pre-recession peaks; accordingly, construction employment levels are down 25 percent from 2002 ***CONCERN***

Local Government Revenues

- Government tax revenues in Aiken County are down slightly in recent years, but the overall financial positions of the County government, as well as those of the cities of Aiken and North Augusta, remain strong, with growth in their net asset positions ***GOOD NEWS***

Comparisons of Aiken County with Columbia County, Georgia

- **Population growth** in Columbia County has been much higher than in Aiken County, averaging nearly 3 percent per year since 2000; Aiken County's annual growth rate over the same period is 0.84 percent
- Columbia County's growth has been more concentrated in younger persons, pushing their **age distribution** significantly lower than Aiken County's; there are over 2.5 times as many persons under 18 as there are over 65 in Columbia County; in Aiken County the ratio is 1.5 times
- Columbia County has a higher percentage of Whites and Other races, and a lower percentage of Blacks or African Americans than Aiken County
- **Educational attainment** in Columbia County is higher than in Aiken County, with 34.7 percent of adults holding a bachelor's degree or higher (above the national average of 28.5), compared to 23.9 percent in Aiken County
- Most workers in Columbia County commute to work in another county in Georgia; 9.2 percent work outside Georgia (mostly in Aiken County); 20.2 percent of Aiken County workers work outside of South Carolina (mostly in Richmond County)
- **Personal income** in Columbia County has grown twice as fast as in Aiken County since 2002, and that growth has been sustained through 2013; in spite of strong population growth, **per capita personal income** in Columbia County has also grown significantly; as of 2013 per capita personal income is \$45,126, over \$10,000 higher than it is in Aiken County, where it is declining
- **Median household income** in Columbia County is over 50 percent higher than in Aiken County, and well above the national average

- **Average weekly wages** are significantly lower in Columbia County than in Aiken County, and are also falling, but not as fast as in Aiken County; since most Columbia County residents work outside of their county, this does not impact their income levels as much as it would in Aiken County
- The faster-growing and younger population of Columbia County has allowed their labor force to grow much faster; with about 29,000 fewer residents than Aiken County in 2013, they have only 10,000 fewer labor force participants than Aiken County, and a much lower **unemployment rate**
- **Residential construction** in Columbia County has rebounded much faster from the recession than it did in Aiken County; currently almost twice as many new homes are being built each year in Columbia County, and the average value of those new homes is lower than those being built in Aiken County (about \$50,000 lower)

Policy Implications

- Efforts to increase educational attainment levels in Aiken County should help to increase wages and personal income, which have been falling recently
- The economy of Aiken County is especially vulnerable to external factors outside its control, and significantly reduced SRS funding seems inevitable; retaining existing levels of SRS funding for as long as possible is a desirable short run goal, but we should also start now to prepare for a different future, since this will be a long term project
- Greater diversification of the County's economic base should be a constant long term goal; attracting financially stable retirees and transient equestrian residents to the area has helped some already; encouraging the growth of entrepreneurs who sell to a national or international market can be another positive step in that direction to take today
- Attracting new large-scale manufacturing plants to Aiken County with high-paying jobs should remain an important part of the long term plan, but it is crucial to also attract the accompanying new, well-paid employees to Aiken County as their residence, rather than Columbia County
- Taking steps to increase the attractiveness of Aiken County as a place of residence for new employees who will work in Aiken County is something that is within the local community's control, unlike external funding levels for SRS
- Choosing to do nothing, and simply watching the recent trends take their natural course would threaten the economic environment that has allowed Aiken County and the cities of Aiken and North Augusta to maintain their above-average quality of life and provide high-quality public services for all of their citizens

I. Population Trends and Demographics for Aiken County

Introduction

The United States Census Bureau publishes a wide variety of detailed population statistics resulting from the Census, which was last conducted in 2010. Between these decennial counts, the Census Bureau also publishes updated population count estimates for the nation, states, counties and cities for selected years, as well as the results from multi-year surveys which provide useful data on other characteristics of the US population. As a result, it is not always possible to perform traditional trend analyses of these figures, since they may not be available on a regular, periodic basis like other economic data, such as employment data. The following analyses of population data represent the latest available data series for Aiken County in each subarea.

Total Population Growth Trends

One of the most important variables impacting the economic vitality of a region is its resident population. Changes in the population of a region over time are determined by the level of net immigration of new residents (people moving into the area minus those moving out of the area) plus the rate of natural increase (birth rate minus the mortality rate). Growth in the population level can therefore be an indication of improved economic conditions, reflecting in part the decisions of more people to move to the area for new or better employment opportunities or for a better quality of life. Regardless of the specific cause of the population growth, it serves as a harbinger of regional economic growth and development, since a larger population provides a larger potential labor force for economic expansion and a larger consumer base for local businesses. Declines in the rate of population growth can be a cause for concern, as they could be the result of worsening economic conditions in the subject area. An actual decline in an area's population is clearly a cause for concern, leading to a reduced labor force and diminished productive capacity.

Table 1.1 provides recent population estimates available for Aiken County and the cities of Aiken and North Augusta, relative to the state of South Carolina and the United States as a whole.

	United States	South Carolina	Aiken County	Aiken	North Augusta
Population, 2000	281,421,906	4,012,012	142,552	25,337	17,487
Population, 2010	308,745,538	4,625,634	160,099	29,524	21,348
Population 2012	313,873,685	4,723,417	163,299	29,884	21,873
Population 2013	316,128,839	4,774,839	164,176	n.a.	n.a.
Average annual growth rate, 2000-2010	0.93%	1.43%	1.17%	1.54%	2.02%
Average annual growth rate, 2010-2012	0.83%	1.05%	0.99%	0.61%	1.22%
Average annual growth rate, 2010-2013	0.79%	1.06%	0.84%	n.a.	n.a.
Growth rate, 2012-2013	0.72%	1.09%	0.54%	n.a.	n.a.

Table 1.1 shows that the population of South Carolina has been growing faster than that of the Nation as a whole since 2000, although both areas have experienced a slowdown in their growth rates recently. The average annual growth rate of 1.43 percent for South Carolina for 2000-2010 was considerably quicker than the national average of 0.93 percent; but both the State and Nation have seen those growth rates decline by about one-quarter over the last 3 years, as the US economy continues to feel the lingering effects of the recession of 2007-2009. Aiken County has also been growing steadily since 2000, rising at an annual average rate of 1.17 percent from 2000-2010, which is a bit slower than the State as a whole, but faster than the Nation. Its annual population growth rates have also declined somewhat since 2010, but suffered a larger than expected drop to only 0.54 percent from 2012 to 2013, so that Aiken County is now growing more slowly than both the Nation and the State. A significant slowdown in the population growth rate for Aiken County does not bode well for its future economic growth prospects.

Aiken County is a geographically large (1080 square miles; fifth largest in the State) county with two primary cities alongside many smaller rural and unincorporated areas. Available population data for the city of Aiken show that it had a brisk annual population growth rate from 2000 to 2010 of 1.54 percent, exceeding that of the County, State and Nation. However, that rate has slowed dramatically since 2010 to only 0.61 percent, which is below even the contemporaneous national rate. Meanwhile, the city of North Augusta grew even faster than Aiken from 2000 to 2010 at 2.02 percent per year, and while its annual growth rate has also declined since 2010 to 1.22 percent, that rate is still above those for the State and Nation. Clearly there has been uneven population growth across Aiken County since 2010, with Aiken's growth lagging well behind the rest of the County, but behind North Augusta in particular, which is currently growing twice as fast as Aiken.

Separate population estimates for Aiken and North Augusta for 2013 are not yet available, but the weak growth rate of 0.54 percent from 2012 to 2013 for Aiken County suggest that the growth rates for both cities probably dropped further over the past year. If Aiken's growth rate

dropped as much from 2012 to 2013 as Aiken County’s did, then Aiken’s population would have only grown by a scant 0.33 percent, or just 100 more residents, from 2012 to 2013. Similarly, North Augusta’s growth rate could have fallen to 0.67 percent, implying an increase of only 146 residents in 2013.

Age Distribution

The age distribution of the population is also important as it affects not just local economic growth and development, but also the planning and spending patterns of the public sector. For instance, an area with a high percentage of school age children (persons under 18 years) will have to devote more resources to public education relative to the area that has a predominantly elderly population. On the other hand, an area with a higher percentage of elderly people (persons 65 years and over) may see an increase in government transfer payments to individuals which will affect government revenue and therefore its spending. Persons aged 65 or older who move to an area to retire may also bring additional personal income into the area and help to stimulate retail sales and the local housing market.

The data in Table 1.2 illustrate the trends in the population age distribution for South Carolina, Aiken County, and the Cities of Aiken and North Augusta from 2000 to 2012.

Table 1.2 Population Age Distribution in Aiken County relative to South Carolina and United States for 2000, 2010 and 2012 (percent of population)

	United States			South Carolina			Aiken County			Aiken			North Augusta		
	2000	2010	2012	2000	2010	2012	2000	2010	2012	2000	2010	2012	2000	2010	2012
< 5 years	6.8	6.5	6.5	6.6	6.5	6.5	6.7	6.3	6.1	5.8	5.2	5.0	7.3	6.9	6.3
< 18 years	25.7	24.0	23.9	25.2	23.4	23.3	26.2	23.0	22.8	23.2	19.6	19.8	25.2	23.4	22.4
65 + years	12.4	13.0	13.2	12.1	13.7	13.8	12.8	15.4	15.6	17.8	21.9	21.3	14.2	14.7	15.5

For both the United States and South Carolina the population is clearly becoming older, as baby boomers age, and young families choose to have fewer children; this has been dubbed the “gray tsunami.” The percentages of the national and state populations that are under 5 years, or under 18 years, have been falling from 2000 to 2012, while the percentages that are 65 or older have been rising. South Carolina is actually “graying” much faster than the Nation as a whole, with the percentage of its population that is 65 or older jumping from 12.1 in 2000 (below the national average of 12.4) to 13.8 in 2012 (above the national average of 13.2).

These same aging trends can be seen in Aiken County, albeit somewhat more forcefully. In 2000, Aiken County’s age distribution was just slightly older than the Nation’s; by 2012 the percentage of persons aged 65 or older in Aiken County had jumped dramatically from 12.8 to 15.6, well above that for the State or Nation. The percentage aged less than 18 years in Aiken County

dropped by 3.4 percentage points over this same period, and the percentage aged less than 5 years has also fallen.

The population in the city of Aiken was significantly older than that of the County, State or Nation in 2000, with 17.8 percent of its population aged 65 or older, and 23.2 percent aged less than 18 years. This trend continued in 2010, with both numbers jumping to 21.9 and 19.6, respectively, so that Aiken now has more persons aged 65 or older than it does under 18 years. Somewhat surprisingly, the percentage aged 65 or older in Aiken fell a bit to 21.3 in 2012, and the percentage aged less than 18 grew from 19.6 to 19.8. Either young families are having more children, or more new residents have school-aged children, or fewer retirees are moving to Aiken. While the presence of a large number of retirees with significant personal income has clearly been a boon for Aiken, the city could also benefit from attracting more young professionals with children, so this small reversal may be a bit of good news.

The population of North Augusta was older than that of the County in 2000, and has become even older from 2000 to 2012, but that has happened at a much slower rate than the rest of the County. As a result, by 2012, North Augusta's age distribution is actually a little bit younger than the rest of the County. It is still older than the State or Nation as a whole, though.

Applying these percentages to their 2012 population numbers, we see that Aiken has about 1494 persons under 5 years, while North Augusta has 1378; the larger total population in Aiken yields more persons under 5 years. In contrast, the total number of persons aged 65 or older in Aiken is about 6365, while there are only about 3390 persons aged 65 or older in North Augusta, just over half as much. In fact, the data imply that more than 1 in 4 of the persons aged 65 or older in Aiken County live in the city of Aiken, although its land area of 21 square miles comprises less than 2 percent of the total land area in Aiken County. The discrepancy between Aiken and the rest of the County certainly reflects Aiken's popularity as a retirement town. But the "grayness" of the Aiken population also raises concerns about the available labor force, which we shall discuss below.

Racial and Ethnic Composition

Like the age distribution discussed above, the racial and ethnic composition of Aiken County provides another lens through which we can examine the local population. The racial and ethnic composition of the South Carolina, Aiken County, Aiken and North Augusta are given in Table 1.3 for the years 2000, 2010 and 2012. The Census Bureau reports the racial composition of the population in an area using the following racial categories: White alone, Black or African American alone, American Indian and Alaska Native alone, Asian alone, Native Hawaiian and Other Pacific Islander alone, and Two or More Races. In South Carolina and Aiken County, only the first two racial categories are present in significant percentages, together comprising over 94 percent of the population in each area. The remaining four categories are reported in Table 1.3 as "other." In addition, the Census Bureau also reports the percentage of individuals who classify

themselves as being Hispanic or Latino in terms of their ethnicity. Such persons may be of any race, and therefore the percentages reported in Table 1.3 do not add to 100 percent.

	South Carolina			Aiken County			Aiken			North Augusta		
	2000	2010	2012	2000	2010	2012	2000	2010	2012	2000	2010	2012
White alone	67.2	66.2	67.1	71.4	69.6	69.7	66.6	66.8	65.8	77.7	74.2	74.8
Black or African American alone	29.5	27.9	27.9	25.6	24.6	24.9	30.3	28.5	29.8	18.8	20.4	20.5
Hispanic or Latino (of any race)	2.4	5.1	5.0	2.1	4.9	4.9	1.5	2.6	2.7	2.4	4.2	3.4
Other	3.2	6.0	4.9	3.0	5.7	5.4	2.8	3.9	4.3	3.7	5.4	4.7

Table 1.3 shows that the racial and ethnic composition of Aiken County is very similar to that of the entire State as of 2012: Whites constitute the majority of residents, making up a little more than two-thirds of the population, while Blacks or African Americans make up about 25-30 percent. Hispanic or Latino individuals are about 5 percent of the population. In both areas, the percentages of Whites and Blacks or African Americans have fallen slightly from 2000 to 2012, while the percentages reporting themselves to be Hispanic or Latino have risen.

However, there is some variation around these State or County percentages observed in the cities of Aiken and North Augusta. In 2012 the percentage of Aiken residents who are White is a little lower, and the percentage who are Black or African American is a little higher than in the County or State as a whole, while the percentage of Hispanic or Latino individuals is about half that of the County or State. In North Augusta, Whites make up a significantly larger percentage of the population, almost 75 percent, while Blacks or African Americans make up only about 20 percent.

Educational Attainment

Numerous studies on regional economic growth and development have shown that a higher level of educational attainment is a strong indicator of the economic vitality of a region. Table 1.4 provides recent data from the Census Bureau’s 2000 Census and American Community Survey of 2008-2012 on levels of educational attainment for Aiken County and the cities of Aiken and North Augusta compared to the State and Nation as a whole.

Table 1.4 Educational Attainment in Aiken County relative to South Carolina and United States for persons aged 25+, 2000 and 2008-2012 (percent of population aged 25+)

	United States		South Carolina		Aiken County		Aiken		North Augusta	
	2000	2008-2012	2000	2008-2012	2000	2008-2012	2000	2008-2012	2000	2008-2012
High school graduate only	28.6	28.2	30.0	30.3	31.8	31.5	21.6	19.2	27.5	26.9
Some college, no degree	21.1	21.3	19.3	20.6	19.6	21.5	18.2	21.6	21.9	21.4
Associate's degree only	6.3	7.7	6.7	8.6	6.4	7.5	6.6	7.2	8.6	9.3
Bachelor's degree only	15.5	17.9	13.5	15.8	13.1	15.2	23.8	25.8	19.4	20.4
Graduate degree	8.9	10.6	6.9	8.7	6.9	8.7	14.3	17.6	9.0	12.4
Total high school or higher	80.4	85.7	76.3	84.0	77.7	84.4	84.6	91.4	86.3	90.4
Total bachelor's degree or higher	24.4	28.5	20.4	24.5	19.9	23.9	38.1	43.4	28.3	32.8
Total with some college but no bachelor's degree	27.4	29.0	29.2	29.2	26.0	29.0	24.8	28.8	30.5	30.7

Educational attainment has generally risen for the Nation, State and County from 2000 to 2012, which bodes well for our Nation's economic growth prospects. With the exception of South Carolina, the percentage of persons aged 25 or older who have only completed a high school education (including GED's) has been falling slightly. More encouraging is the fact that the percentages of such persons who have completed high school or higher have risen significantly in South Carolina and Aiken County, and now approach the national average. Similarly, the percentages holding a bachelor's degree or higher have risen by about 4 percentage points across the board.

Compared to the Nation as a whole, educational attainment in South Carolina is still somewhat lower, as evidenced by a higher percentage of adults (persons aged 25+) who have only completed high school (2.1 percentage points higher), and a lower percentage of adults who have completed high school or higher (1.7 percentage points lower). In other words, fewer adults in

South Carolina finish high school, and of those who do, fewer of them go on to higher education. Combined, this yields a lower percentage of adults who have earned a bachelor's degree or higher (4 percentage points lower). As we shall see below, this discrepancy plays a role in explaining the level of per capita personal income for South Carolina as compared to the US.

However, a relatively higher percentage of South Carolinians who did complete high school have earned an associate's degree, so that the percentage of South Carolina adults who have completed some college but have not earned a bachelor's degree is about the same as it is nationwide: around 29 percent. This suggests that degree completion programs aimed at encouraging South Carolina adults who started college but did not complete a four-year bachelor's degree could help improve the overall level of educational attainment in the State.

In Aiken County we see much the same pattern: compared to the US, too few adults complete high school and of those who do, too many do not advance their education beyond that level. The percentage of adults in Aiken County who stop their education at high school completion is 1.2 percentage points higher than it is for the State. Basically the same percentage of Aiken County adults start college but do not complete a bachelor's degree: 29 percent, so that the percentage of adults in Aiken County with a bachelor's degree is only 23.9 percent, almost 5 percentage points below the national level.

For Aiken and North Augusta the story is quite different, which is undoubtedly due to the presence of the highly-skilled employees at the nearby Savannah River Site (SRS) and the local University of South Carolina Aiken (USCA). The percentage of adults who stop their education at high school is several percentage points lower in North Augusta than in the County, only 26.9 percent, while it is dramatically lower in Aiken at 19.2 percent, and over 90 percent of either city's adults have completed high school or better. As a result, the percentage of adults with a bachelor's degree or higher is sharply higher in North Augusta and Aiken at 32.8 and 43.4 percent respectively; both figures are well above the national level of 28.5 percent.

What these data do not show is the distribution of educational attainment across the age distribution of persons aged 25 or older. We know that there is a large population of retirees living in the city of Aiken, many of whom hold bachelor's degrees or higher. To what extent do these well-educated retirees, who by definition are not involved in the labor force, inflate the overall reported levels of educational attainment within the city of Aiken? Put another way, the educational attainment levels of the active adult labor force in Aiken (persons aged 25 to 65) may not be as high as the values reported here.

It is interesting to note that while there is a higher percentage of adults who have earned an associate's degree in North Augusta than in Aiken (about 2 percentage points higher), the percentage of the adult population in North Augusta which has started college but not completed a bachelor's degree is also about 2 percentage points higher than it is in Aiken. Thus a higher completion rate for associate's degrees does not translate into a higher bachelor's degree

completion rate in North Augusta. This further supports the argument for more bachelor degree completion programs that are accessible to working adults throughout the state of South Carolina.

Mean Travel Time to Work and Work Migration Patterns

The Census Bureau defines the mean travel time to work as the average travel time to work of workers 16 years of age and older who do not work at home. Given that the commute time to/from work can affect the worker’s productivity and quality of life, communities with shorter travel time to work could be more attractive to potential new residents. Table 1.5 shows the mean travel time to work and work migration patterns for Aiken County and the cities of Aiken and North Augusta compared to the state as a whole.

	South Carolina	Aiken County	Aiken	North Augusta
Workers 16 years or older	1,988,444	65,689	11,895	9,349
Mean travel time to work, minutes	23.4	25.4	20.9	24.9
Worked in state of residence (percent)	94.8	79.8	92.7	55.1
Worked in county of residence (percent)	71.3	69.9	87.7	48.1
Worked in state but outside county of residence (percent)	23.5	9.9	5.1	6.9
Worked outside state of residence (percent)	5.2	20.2	7.3	44.9

The average commute for the roughly 2 million workers who reside in South Carolina is 23.4 minutes. The large geographical expanse of Aiken County pushes that commute time to 25.4 for its 65,689 resident workers, while the 11,895 Aiken city residents who work have a shorter commute of only 20.9 minutes. The 9,349 North Augusta residents who work have a commute that is 4 minutes longer than that of Aiken residents, but this is likely due to the much greater percentage of them who work outside South Carolina.

Most South Carolina residents work within the state and within the county in which they reside, and this is true for Aiken County, Aiken and North Augusta as well. However, given the close proximity of numerous employment opportunities across the Savannah River in neighboring Georgia, a sizeable percentage of Aiken County residents commute to jobs outside the state. For Aiken County, 20.2 percent of its residents commute out of state for work, far more than the 5.2 percent statewide who work out of state. Inside Aiken County, only 7.3 percent of workers who live in the city of Aiken commute to jobs out of state, while almost half (44.9 percent) of North Augusta residents commute to work out of state.

In terms of numbers, this means that 13,269 Aiken County residents, 4,198 North Augusta residents, and 868 Aiken city residents commute to work out of state. Put another way, more

than 1 in 3 of the Aiken County residents who commute to work out of state live in North Augusta.

Table 1.6 provides the most recent Census Bureau data available which identifies the number of workers who reside in either South Carolina or Georgia and commute to work in the other state. This data is summarized for residents in Aiken County in South Carolina who commute to work in Georgia, as well as those workers who reside in either Richmond County or Columbia County in Georgia who commute to work in South Carolina.

Table 1.6 Workers commuting across South Carolina-Georgia state line, 2006-2010				
County of residence	County of employment			
	Richmond County, GA	Columbia County, GA	All other GA counties	Total for GA
Aiken County, SC	10,269	1,664	558	12,491
	Aiken County, SC	Edgefield County, SC	All other SC counties	Total for SC
Richmond County, GA	5,699	220	623	6,542
	Aiken County, SC	Edgefield County, SC	All other SC counties	Total for SC
Columbia County, GA	3,840	135	658	4,633

Over 10,000 residents of Aiken County commute to work in Richmond County, and another 1,664 commute to work in Columbia County. Counting those who commute to work in other counties in Georgia, 12,491 Aiken County residents commute across the SC-GA state line for work. From Table 1.5 we see that 13,269 Aiken County residents work out of state, which implies that almost 95 percent of them commute to work in Georgia.

In turn, 9,539 Georgians who reside in either Richmond County or Columbia County commute to work in Aiken County. Counting those Georgia residents who commute to work in Edgefield County or other South Carolina counties, a total of 11,175 workers commute from Georgia to South Carolina.

Thus we see that about 1,300 more workers commute from South Carolina to Georgia for work than the reverse. Although workers who reside in the Central Savannah River Area (CSRA) have a choice about the state in which they live, they likely have less control over the state in which they work. Therefore, this observed commuting pattern may reflect a greater number of employment opportunities for CSRA workers in Georgia than in Aiken County, rather than a preference for living in South Carolina.

II. Measures of Income in Aiken County

The previous discussion in Section I about population trends and demographics in Aiken County unveiled a number of questions about why those particular patterns exist. Why is Aiken a popular retirement town? Why do workers commute across the Savannah River for jobs? Why is the city of Aiken's population growth slowing down relative to the rest of the county?

To help answer those questions, in the following sections we begin a series of analyses of well-known economic variables which measure the state and vitality of the local economy. These variables fall into five main categories: measures of income, local labor markets, consumer spending, local real estate markets, and local government tax revenues.

Personal Income

One of the broadest measures of economic activity available at the county level is total personal income, which provides an estimate of income from all sources flowing annually to county residents. This data is published by the Bureau of Economic Analysis of the US Commerce Department. Total personal income is comprised of three distinct income sources: 1) cash wages and salaries earned by individuals from employment, 2) dividends, interest, and rent payments received by individuals (so-called unearned income), and 3) government transfer payments to individuals.

Total personal income data are useful in gauging the overall size and growth of the Aiken County economy. However, one must also look at per capita personal income to understand how the standard of living in a given area has changed over time. Per capita personal income is total personal income divided by total resident population. Table 2.1 shows total personal income and per capita personal income for the US, South Carolina, and Aiken County for 2002-2013 in current dollars, i.e., not adjusted for inflation.

Table 2.1 Total Personal Income and Per Capita Personal Income for United States, South Carolina and Aiken County from 2002 to 2013, not adjusted for inflation (current \$)

Year	United States		South Carolina		Aiken County	
	Total PI (billions)	Per Capita PI	Total PI (millions)	Per Capita PI	Total PI (millions)	Per Capita PI
2002	9,146	31,762	107,795	26,242	4,071	28,038
2003	9,480	32,619	111,544	26,876	4,156	28,312
2004	10,043	34,246	118,146	28,057	4,317	29,029
2005	10,606	35,832	125,347	29,534	4,510	30,036
2006	11,376	38,070	135,575	31,111	4,756	31,169
2007	11,990	39,742	143,767	32,350	4,987	32,215
2008	12,429	40,812	150,166	33,157	5,142	32,775
2009	12,074	39,298	148,603	32,376	5,175	32,647
2010	12,423	40,103	151,537	32,688	5,362	33,380
2011	13,180	42,239	159,747	34,183	5,626	34,723
2012	13,729	43,689	165,595	35,056	5,696	34,986
2013	14,081	44,542	169,283	35,453	n.a.	n.a.
Average annual growth rate, 2002-2012	4.15%	3.24%	4.39%	2.94%	3.41%	2.24%
Growth rate, 2011-2012	4.17%	3.43%	3.66%	2.55%	1.25%	0.76%
Growth rate, 2012-2013	2.56%	1.95%	2.23%	1.13%	n.a.	n.a.

Total personal income (TPI) grew for the US, South Carolina and Aiken County from 2002-2012. The average annual growth rates for TPI during this time period were 4.15 percent for the US, 4.39 percent for South Carolina and 3.41 percent for Aiken County. Aiken County experienced what could be described as “slow but steady” growth, as it was fortunate to avoid the one-year decline in TPI from 2008 to 2009 from the recession that was seen in the State and Nation as a whole. TPI for the US and South Carolina rebounded quickly from the recessionary drop in 2009 and reached levels at or exceeding the 2008 numbers by 2010.

Adjusting for population growth over the time period yields the per capita personal income (PCPI) data series for each area. Because each area had positive population growth over this period, the average annual growth rates for PCPI are lower than those for TPI, at 3.24 percent for the US, 2.94 percent for South Carolina and 2.24 percent for Aiken County. Unlike the TPI data, the PCPI for Aiken County did exhibit a decline from 2008 to 2009 along with the State and

Nation, but PCPI rebounded fairly quickly in all three areas, with Aiken County exceeding its 2008 PCPI value by 2010, and the US and South Carolina doing so in 2011.

To get a sense of the more recent trends in this current-dollar personal income data, Table 2.1 also shows the observed growth rates in TPI and PCPI from 2011 to 2012, and for the US and the State, from 2012 to 2013 (county-level data is not yet available for 2013). For the US, both TPI and PCPI grew slightly faster from 2011 to 2012 than the previous 10-year average rate, while South Carolina and Aiken County saw slower growth in TPI and PCPI from 2011 to 2012. Aiken County's growth in TPI and PCPI slowed considerably more than the State as a whole, dropping by about two-thirds to 1.25 percent and 0.76 percent respectively. Going from 2012 to 2013 we see rather sizeable declines in the growth rates of TPI and PCPI for the Nation and State, falling well below their 10-year averages from 2002-2012. When county-level data for 2013 become available, if Aiken County follows the observed recent trends for the Nation and State, its growth rates in TPI and PCPI will fall even further and could approach zero. What was once "slow but steady" growth has regressed to almost no growth at all in recent years.

While it can be instructive to look at personal income data in current dollars, when comparing income data over time it is necessary to also consider changes in the real purchasing power of the dollar over the same time period. In other words, one should adjust for inflation over the time period by converting all current dollar amounts to real, or inflation-adjusted dollar amounts. Table 2.2 shows total personal income and per capita personal income for the US, South Carolina, and Aiken County for 2002-2013 in real 2009 dollars using the implicit price deflator for GDP published by the BEA (2009=100).

Table 2.2 Total Personal Income and Per Capita Personal Income for United States, South Carolina and Aiken County from 2002 to 2013, after adjustment for inflation (2009 \$)

Year	United States		South Carolina		Aiken County	
	Total PI (billions)	Per Capita PI	Total PI (millions)	Per Capita PI	Total PI (millions)	Per Capita PI
2002	10,753	37,343	126,738	30,853	4,787	32,965
2003	10,927	37,600	128,576	30,980	4,790	32,635
2004	11,268	38,421	132,552	31,478	4,844	32,569
2005	11,529	38,952	136,261	31,910	4,903	32,651
2006	11,998	40,151	142,985	32,811	5,016	32,872
2007	12,318	40,830	147,704	33,236	5,124	33,097
2008	12,525	41,126	151,322	33,412	5,182	33,027
2009	12,074	39,298	148,603	32,376	5,175	32,647
2010	12,274	39,623	149,724	32,297	5,297	32,981
2011	12,771	40,930	154,795	33,123	5,451	33,647
2012	13,075	41,607	157,707	33,386	5,425	33,319
2013	13,211	41,789	158,820	33,262	n.a.	n.a.
Average annual growth rate, 2002-2012	1.97%	1.09%	2.21%	0.79%	1.26%	0.11%
Growth rate, 2011-2012	2.38%	1.66%	1.88%	0.79%	-0.49%	-0.97%
Growth rate, 2012-2013	1.04%	0.44%	0.71%	-0.37%	n.a.	n.a.

The inflation-adjusted figures for TPI and PCPI show slower growth over the 2012-2013 time period, since there was positive inflation over this period. These inflation-adjusted figures give us a better feel for how the real purchasing power of the individuals in these areas changed over time, and hence how their standard of living has changed.

For the US, this data also shows a decline in real TPI and PCPI in 2009 due to the recession, but there is a slower rebound. The 10-year average annual growth rates for real TPI and PCPI for the US are lower than those seen using current dollar data, and there is still evidence of a slowing national economy in the most recent observations, as real PCPI grows by only 0.44 percent from 2012 to 2013.

The South Carolina data show a similar pattern, but in its case the slower growth in real TPI has been outpaced by population growth, so that real PCPI has still not recovered to the level of \$33,412 last seen in 2008 before the recession. In fact, real PCPI in South Carolina actually fell by \$124 from 2012 to 2013.

Real TPI grew more slowly in Aiken County than for the State or Nation over 2002-2012, and actually fell from 2011 to 2012 by \$26 million. Real PCPI in Aiken County 2012 is essentially unchanged from its level in 2002, only \$354 higher after 10 years, implying no meaningful improvement in the standard of living for Aiken County residents over this time. However, a slowing in population growth in Aiken County over this period did allow real PCPI to bounce back from its pre-recession level by 2011, in contrast to the State as a whole. Unfortunately the drop in real TPI in 2012 in Aiken County caused real PCPI to fall as well, falling by almost 1 percent. As noted above, once county-level data for 2013 are available, we will likely see further declines in real TPI and PCPI for Aiken County. What looked like very slow or no growth in current dollar personal income for Aiken County in recent years becomes a true decline in real purchasing power once we account for inflation.

As a result of its slower growth rates, the level of PCPI in Aiken County relative to the US or South Carolina has fallen since 2002. In 2002 the PCPI in Aiken County exceeded that for the State as a whole by almost 7 percent. Except for a brief upturn in 2009 and 2010 likely attributable to non-recurring economic stimulus spending, this ratio has fallen steadily, so that PCPI in Aiken County is now roughly equal to that for the State. For South Carolina, PCPI as compared to the Nation as a whole has also dropped, but less dramatically, falling from about 82 percent in 2002 to about 80 percent in 2013. Accordingly, PCPI in Aiken County was about 88 percent of the national level in 2002, but has also fallen to about 80 percent in 2012. These comparisons suggest that the standard of living in South Carolina and Aiken County – as measured by PCPI - have not kept up with the rest of the Nation, in spite of the recent slowdown in the growth of PCPI for the US.

Median Household Income

Another dimension to the income levels of residents of Aiken County can be examined by looking at the available data on median household income.

Median household income is the level of income which divides the households in an area neatly in two: 50 percent of households earn more than this level, while 50 percent earn less. Since income distributions are usually skewed by the presence of very high income levels for a small number of people, the median income is a better indicator of what the typical household earns, as opposed to the average income level.

Table 2.3 shows median household income from the Census Bureau's most recent American Community Survey, conducted over 2008-2012. Since this data is not available annually, we can only examine how Aiken County compares to other geographical areas during the same time period; trends in household income over time cannot be determined. South Carolina's median household income of \$44,623 is about \$8,500 below that for the US as a whole, which is \$53,046. This is not surprising, given the disparity in per capita personal income seen above. However, household income in South Carolina is about 85 percent of the national median, while per capita personal income in South Carolina was less than 80 percent of that for the US. Since

we all reside in households, this suggests that the standard of living in South Carolina is not as far below that for the Nation as a whole as the per capita personal income data would indicate.

	United States	South Carolina	Aiken County	City of Aiken	City of North Augusta
Median household income	53,046	44,623	44,399	53,825	49,312
Number of households	115,226,802	1,768,255	63,245	12,137	9,035
Percent of households with income of \$100,000 or higher	22.2	16.0	17.0	26.5	18.5
Number of households with income of \$100,000 or higher	25,580,350	282,921	10,752	3,216	1,671

Just as we saw with the per capita personal income data, Aiken County’s median household income of \$44,399 is roughly equal to that for South Carolina. However, the two cities of Aiken and North Augusta have median household income levels that are well above the rest of the County, at \$53,825 and \$49,312 respectively. This gives us an indication of the relative income levels in these two cities compared to the County as a whole, which we could not see in the per capita personal income data above. Approximately 1 out of 3 households in Aiken County are located in either Aiken or North Augusta, so one-third of the County population has a higher standard of living than the State as a whole. Aiken households have a median income that even exceeds that for the Nation as a whole.

Another way to examine the household income distribution is to consider the percentage of households with annual incomes of \$100,000 or higher. Nationally, 22.2 percent of households have an income of \$100,000 or higher, while only 16.0 percent of South Carolina households do. In Aiken County 17.0 percent of households have an income of \$100,000 or higher, although its median income level is lower than the State’s. This is because the household income distribution in Aiken County is a bit more skewed toward the upper end than it is for the State, as can be seen by the percentages of households in Aiken and North Augusta which have income levels of \$100,000 or higher: 26.5 percent and 18.5 percent. Given the number of households these two percentages represent, one can quickly calculate that almost 4,900 households, or 45.5 percent of the households in Aiken County which earn \$100,000 or higher are located in either Aiken or North Augusta. The standard of living appears to be much higher for those Aiken County households which live in its two largest cities; this is almost certainly a reflection of the higher levels of educational attainment in these two cities shown in Table 1.4 above.

Average Wages

For most adult residents of Aiken County, personal income is in the form of wages earned from supplying their labor in the local labor markets. The Bureau of Labor Statistics of the US Department of Labor collects and publishes a wide variety of data on labor market conditions, including average weekly wages for covered industries. Covered industries include most workers

except those serving in the Armed Forces, self-employed workers, agricultural workers on small farms, and student workers at schools.

Table 2.4 reports average weekly wages across all covered industries, both private and government-owned in current dollars, i.e., not adjusted for inflation, for 2002 to 2013 for the US, South Carolina and Aiken County. The data for 2013 are preliminary estimates.

	United States	South Carolina	Aiken County
Year	Average weekly wages	Average weekly wages	Average weekly wages
2002	707	577	721
2003	726	591	731
2004	757	612	740
2005	782	633	770
2006	818	659	781
2007	855	681	808
2008	876	697	815
2009	876	707	846
2010	899	722	873
2011	924	739	901
2012	948	755	894
2013	960 <i>p</i>	768 <i>p</i>	876 <i>p</i>
Average annual growth rate, 2002-2012	2.98%	2.73%	2.17%
Growth rate, 2011-2012	2.60%	2.17%	-0.78%
Growth rate, 2012-2013	1.27% <i>p</i>	1.72% <i>p</i>	-2.01% <i>p</i>

Average weekly wages for the US have grown fairly consistently since 2002, pausing briefly in their ascent during the recession in 2009 before resuming their upward climb. From 2002 to 2012 they grew at about 3 percent per year, although that growth appears to have slowed somewhat in the past two years. The preliminary data for 2013 show a sharp drop in the growth rate from 2.60 percent to 1.27 percent. Average weekly wages in South Carolina are well below the national average, running roughly 80 percent of the US figures. Wages in South Carolina have consistently risen since 2002, but at a slower rate than the nation, and also show a pattern of recent slower growth from 2011 to 2012. The preliminary data for 2013 suggest South Carolina wages are now growing faster than the national average, at 1.72 percent.

In Aiken County, average weekly wages were above the national average in 2002 and 2003, but have grown more slowly than those for the Nation or the State over the same time period, falling below the national average in every year since 2004. Wages in Aiken County have actually been falling since 2011, by 0.78 percent in 2012, and by more than 2 percent in 2013, based on

preliminary data. Above we noticed that per capita income in Aiken County was growing more slowly in recent years; falling average weekly wages certainly have played a role in that slowdown.

Of course, what really matters to workers is the purchasing power of their wages, rather than the current dollar, or nominal value expressed in Table 2.4. To see how their purchasing power has changed over time, we must adjust the nominal values in Table 2.4 for inflation; this data is reported in Table 2.5.

	United States	South Carolina	Aiken County
Year	Average weekly wages	Average weekly wages	Average weekly wages
2002	831	678	848
2003	837	681	843
2004	849	687	830
2005	850	688	837
2006	863	695	824
2007	878	700	830
2008	883	702	821
2009	876	707	846
2010	888	713	863
2011	895	716	873
2012	903	719	851
2013	901 <i>p</i>	721 <i>p</i>	822 <i>p</i>
Average annual growth rate, 2002-2012	0.83%	0.58%	0.04%
Growth rate, 2011-2012	0.84%	0.41%	-2.48%
Growth rate, 2012-2013	-0.24% <i>p</i>	0.21% <i>p</i>	-3.47% <i>p</i>

After adjusting for inflation, we see that average weekly wages in the US have risen by less than 1 percent per year from 2002 to 2012. The preliminary data for 2013 indicate that real, or inflation-adjusted wages fell by 0.24 percent in 2013, since the nominal raise of 1.27 percent seen in table 2.4 was not high enough to keep up with inflation.

However, in South Carolina real wages rose in 2013, albeit only slightly, even though they rose more slowly than the Nation from 2002 to 2012 at 0.58 percent per year. This good news for South Carolina did not extend to Aiken County, where real average weekly wages basically remained unchanged from 2002 to 2012, rising only \$3 from \$848 to \$851. Current dollar wage growth was just barely sufficient to keep up with inflation.

The declines in nominal wages in Aiken County for 2012 and 2013 translate into uncomfortably large declines in real purchasing power of 2.48 percent in 2012 and another 3.47 percent in 2013. The standard of living for workers in Aiken County has therefore dropped by almost 6 percent since 2011, which does not bode well for local businesses. Spending by workers employed in Aiken County will certainly be affected by this sharp decline in their purchasing power. And since most Aiken County residents also work in Aiken County, falling real wages lead to falling real personal income, as seen above in Table 2.2.

III. Labor Markets in Aiken County

The Bureau of Labor Statistics also collects data on the size of the local labor force, employment levels, unemployment rates and labor earnings. These data give us important information about local labor market conditions and the availability of employment opportunities in an area.

Labor Force Participation

The percentage of the civilian noninstitutional population aged 16 or higher which is employed or actively seeking employment is defined as the labor force participation rate (LFPR).

Therefore, the size of the local labor force is smaller than the resident adult (16+) population, as some adult individuals do not participate in the labor force. These individuals may be in school, or retired, or unemployed by choice, or they may have become so discouraged by the employment opportunities in their area that they are no longer actively seeking work.

Table 3.1 provides annual data on size of the labor force for the US, South Carolina, Aiken County, and the city of Aiken (similar data is not available for North Augusta), and the corresponding LFPR for South Carolina and the US.

Year	United States		South Carolina		Aiken County	Aiken
	Labor Force (1000s)	LFPR	Labor Force	LFPR	Labor Force	Labor Force
2002	144,863	66.6	1,942,147	62.6	68,908	11,752
2003	146,510	66.2	1,987,676	63.3	70,943	12,099
2004	147,401	66.0	2,026,480	63.6	73,306	12,501
2005	149,320	66.1	2,062,350	63.8	74,035	12,624
2006	151,428	66.2	2,105,035	63.7	75,014	13,816
2007	153,124	66.1	2,129,320	63.1	74,694	13,921
2008	154,287	66.0	2,143,293	62.3	74,938	13,924
2009	154,142	65.4	2,158,166	61.9	76,804	14,007
2010	153,889	64.7	2,165,665	60.7	76,203	13,577
2011	153,617	64.1	2,179,419	60.3	78,518	13,915
2012	154,975	63.7	2,184,712	59.7	78,061	13,754
2013	155,389	63.3	2,181,639	58.9	77,368	13,771

This labor force participation data shows that for the Nation and the State, the labor force has grown more slowly than the resident adult population, driving the LFPR down over the past eleven years. For the US, the labor force is over 7 percent larger in 2013 than it was in 2002, with over 10 million more potential workers, but most of that growth took place prior to the

recession in 2008. It took four years for the US labor force to recover and start growing again, with much slower growth from 2011 to 2013. The US LFPR held fairly steady before falling after 2008, and now sits at 63.3 percent, over 3 percentage points lower than the pre-2008 average.

Unlike for the US, the labor force in South Carolina continued to grow throughout most of this time period, although the rate of growth slowed considerably after 2008, and there was a slight drop for 2013 of about 3,000 potential workers. South Carolina also saw a significant decline in the LFPR after 2008, dropping from 62.3 to 58.9 percent.

The labor force in Aiken County grew as well during this period, adding about 8,500 more potential workers, but its labor force has fluctuated more than South Carolina's did, and has fallen by about 1,200 potential workers over the last 2 years. In the city of Aiken the labor force grew by over 2,250 workers, or nearly 20 percent, from 2002 to 2009, but has struggled since then and has not been able to return to this level.

Employment and Unemployment

For those adult residents of Aiken County who are participating in the labor force, most will find employment but some will not. Table 3.2 shows the levels of employed and unemployed persons for the US, South Carolina, Aiken County and the city of Aiken for 2002-2013.

Year	United States (1000's)		South Carolina		Aiken County		City of Aiken	
	Empl	Unempl	Empl	Unempl	Empl	Unempl	Empl	Unempl
2002	136,485	8,378	1,826,240	115,907	65,422	3,486	11,173	579
2003	137,736	8,774	1,854,419	133,257	67,261	3,682	11,487	612
2004	139,252	8,149	1,888,050	138,430	69,152	4,154	11,810	691
2005	141,730	7,591	1,922,367	139,983	69,658	4,377	11,987	728
2006	144,427	7,000	1,970,912	134,123	70,263	4,751	13,055	761
2007	146,046	7,078	2,010,252	119,068	70,732	3,962	13,276	645
2008	145,363	8,924	1,998,368	144,925	70,583	4,355	13,193	731
2009	139,878	14,265	1,911,658	246,508	69,617	7,187	12,875	1,150
2010	139,064	14,825	1,925,093	240,572	69,648	6,555	12,564	1,041
2011	139,869	13,748	1,954,726	224,693	71,742	6,776	12,940	1,119
2012	142,469	12,506	1,989,055	195,657	71,859	6,202	12,902	1,056
2013	143,930	11,460	2,016,188	165,451	71,561	5,807	12,849	993

Across all four areas, employment – the number of filled jobs - steadily increased from 2002 to 2007, but started falling in 2008 due to the recession. For the US, employment is still 2.1 million below the peak level seen in 2007. In South Carolina the employment level in 2013 finally exceeded its previous peak in 2007, with just under 5,000 more jobs. Employment in Aiken

County rebounded more quickly, exceeding the 2007 peak by 2011 with over 1,000 new jobs. For the city of Aiken, employment also rebounded a bit in 2011, but has yet to return to its 2007 peak.

Of greater concern may be the fact that in Aiken County employment fell from 2012 to 2013 by almost 300 jobs while employment continued to rise in South Carolina and the Nation. In the city of Aiken, employment has been falling each year since 2011. There are almost 200 fewer jobs in Aiken County in 2013 than in 2011, and half of those came out of the city of Aiken. The city of Aiken has now lost 427 jobs since 2007, and doesn't look like it will replace those jobs anytime soon.

Looking at the number of unemployed workers who were not able to find a job, we see that unemployment in all four areas surged after 2007 due to the recession, with 2009 levels essentially twice those of 2007. As the number of jobs slowly recovered, unemployment remained stubbornly high, and still exceeds the 2007 levels by roughly 50 percent. The only good news for Aiken County and the city of Aiken is that, while the number of jobs has fallen since 2011, the number of unemployed workers has also fallen. This reflects the declines in the labor force from 2011 to 2013 shown in Table 2.6.

The percentage of labor force participants reported in Table 3.1 who are reported as unemployed in Table 3.2 is the unemployment rate. Table 3.3 presents the unemployment rate for the US, South Carolina, Aiken County and the city of Aiken for 2002-2013.

Year	United States	South Carolina	Aiken County	City of Aiken
2002	5.8	6.0	5.1	4.9
2003	6.0	6.7	5.2	5.1
2004	5.5	6.8	5.7	5.5
2005	5.1	6.8	5.9	5.8
2006	4.6	6.4	6.3	5.5
2007	4.6	5.6	5.3	4.6
2008	5.8	6.8	5.8	5.2
2009	9.3	11.4	9.4	8.2
2010	9.7	11.1	8.6	7.7
2011	9.0	10.3	8.6	8.0
2012	8.1	9.0	7.9	7.6
2013	7.4	7.6	7.5	7.2

As might have been expected from the discussions above, the unemployment rates for all four areas reached a low in 2007 before the recession hit, ranging from 4.6 to 5.6. The city of Aiken's unemployment rate matched that of the US, while the rate was a full percentage point higher for

South Carolina, and 0.7 percentage points higher in Aiken County. For the US and South Carolina, the unemployment rate doubled by 2009; in Aiken County and the city of Aiken, it came just short of doubling.

The unemployment rates have improved over the past few years, so that now they are all within a tight range of 7.2 to 7.6, with the city of Aiken's rate below that for the Nation. All of these rates are still well above the lows seen in 2007, however. As has been widely reported elsewhere, a significant portion of the improvement in unemployment rates has been due to a reduction in the labor force participation rate (LFPR), as discouraged workers drop out of the labor force. If these individuals were still looking for work, the labor force would be larger, and the number of unemployed workers would be higher, raising the unemployment rate.

For example, if the LFPR observed for South Carolina in 2007 of 63.1 were present in 2013, there would be an additional 155,566 individuals in the State's labor force looking for work. Without any additional jobs for these extra jobseekers, the State's unemployment rate would jump from 7.6 to 13.7. Similar calculations for the US, which experienced a smaller drop in the LFPR, produce an unemployment rate for 2013 of 11.3, with over 18 million people unemployed nationwide. Assuming the same percentage change in the LFPR for Aiken County and the city of Aiken that we used for South Carolina, their unemployment rates in 2013 would be 13.7 and 13.4, respectively. It is clear that employment opportunities across the Nation and State are not keeping up with population growth; reported unemployment rates may be falling, but the percentage of the adult civilian noninstitutional population that is employed is also falling.

Employment Patterns by Industry Sector

The previous section examined total employment by all industries in Aiken County, providing an aggregate view of the local labor market. In this section we examine Bureau of Labor Statistics data on the patterns of employment by industry sector in order to identify which industries are expanding and which are contracting.

Broadly defined, industries may be characterized as either goods-producing or service-producing. In Aiken County all goods-producing firms are privately-owned. As of 2013 approximately 95 percent of service-producing firms in Aiken County are privately-owned, and about 83 percent of the workers in the service-producing category are employed by private firms. The service-producing category dominates the local economy, comprising over 85 percent of the firms, and employing about 80 percent of the active workforce.

Table 3.4 shows employment levels and firm counts by major industry category for Aiken County from 2002 to 2013.

Year	Goods-producing		Service-producing (private)		Service-producing (government)	
	Employees	Firms	Employees	Firms	Employees	Firms
2002	13,639	528	35,370	2,314	7,209	82
2003	13,546	504	35,501	2,277	7,319	82
2004	13,193	494	36,575	2,252	7,246	85
2005	12,974	533	35,156	2,357	7,763	85
2006	12,584	595	35,226	2,540	7,795	85
2007	11,965	531	36,366	2,262	7,970	101
2008	11,608	534	37,762	2,326	8,027	101
2009	10,378	486	36,913	2,288	7,906	99
2010	10,643	439	38,476	2,253	7,950	124
2011	10,898	417	38,270	2,265	7,854	125
2012	11,336	397	37,224	2,258	7,830	124
2013	11,214 <i>p</i>	393 <i>p</i>	36,471 <i>p</i>	2,268 <i>p</i>	n.a.	n.a.

Employment within the goods-producing category declined steadily from 2002 to 2009 before turning up in 2010 and growing by about 9 percent through 2012. Preliminary data for 2013 suggest a very minor loss of 122 jobs from 2012. However, the total employment in this category is still down considerably from 2002 by over 2,400 jobs, or almost 18 percent. The number of firms engaged in goods-producing in Aiken County has also declined dramatically over this period, dropping steadily from a high of 595 in 2006 to an estimated 393 for 2013.

In contrast, employment within the privately-owned service-producing category in Aiken County generally grew from 2002 to 2008, had a sizeable downward blip in 2009, but rebounded strongly in 2010 with the infusion of economic stimulus funding to the SRS from the federal government. However, since 2010 this category has seen its employment fall each year, which may reflect recent funding cutbacks among private contractors at the SRS. The number of privately-owned firms in the service-producing category has changed little over this period.

Government employment in the service-producing category rose aggressively by 11 percent from 2002 to 2008 before starting to slowly fall, and by 2012 was down by almost 200 jobs. The number of distinct government employers is up by about 50 percent from 2002.

The broad patterns seen in Table 3.4 mask a diverse set of more specific industry classifications for each segment. Using the North American Industry Classification System (NAICS), we can break down the category-level data and take a closer look at specific industry sectors.

Within the goods-producing category there are three industry sectors: natural resources and mining (NAICS 11-21); construction (NAICS 23); and manufacturing (NAICS 31-33). The

service-producing category can be divided into eight industry sectors: trade, transportation and utilities (NAICS 22, 42, 44-45, 48-49); information (NAICS 51); financial activities (NAICS 52-53); professional and business services (NAICS 54-56); education and health services (NAICS 61, 62); leisure and hospitality (NAICS 71, 72); other services (NAICS 81); and public administration (NAICS 92).

Table 3.5 ranks each of the above industry sectors by total employment in Aiken County using preliminary data for 2013. Professional and business services is the top-ranked sector, providing nearly 12,000 jobs, or almost 1 out of every 4 jobs in Aiken County, many of them related to the SRS. Next most important is trade, transportation and utilities, followed by manufacturing, education and health services, and leisure and hospitality. The final 20 percent or so of jobs are found in construction, public administration, financial activities, other services, natural resources and mining, and information.

Rank	Sector	Employment	Share of total (percent)
1	Professional and business services	11,929	23.2
2	Trade, transportation and utilities	9,276	18.0
3	Manufacturing	7,147	13.9
4	Education and health services	6,805	13.2
5	Leisure and hospitality	5,732	11.1
6	Construction	3,637	7.1
7	Public administration	2,670	5.2
8	Financial activities	2,233	4.3
9	Other services	1,152	2.2
10	Natural resources and mining	430	0.8
11	Information	420	0.8

Employment is a critical aspect of the economic vitality of Aiken County, but just as important are the wages earned by the employees. To see this, Table 3.6 shows the industry sectors again, this time ranked by the aggregate wages paid to employees (i.e., labor earnings) and the average annual pay earned by employees in that sector.

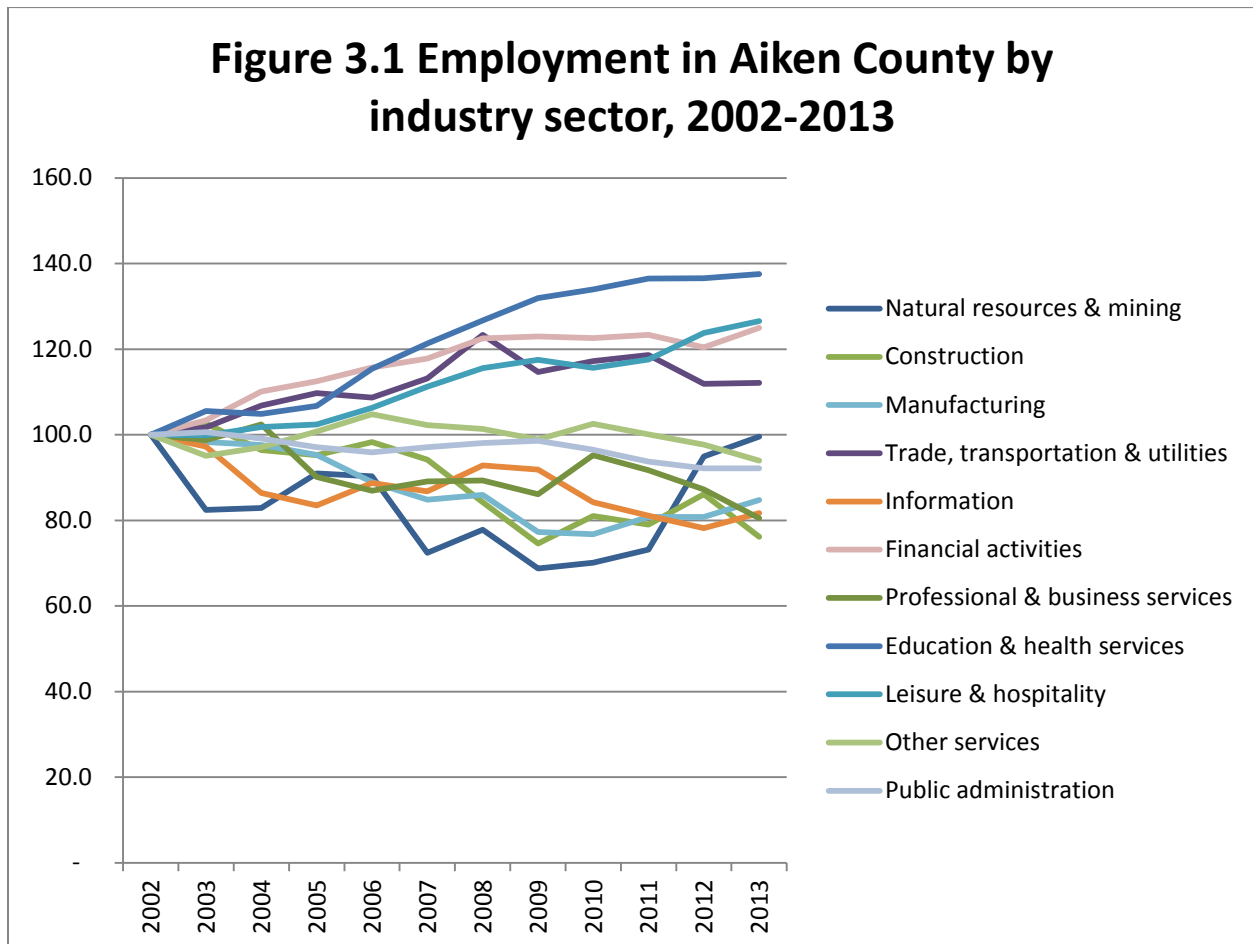
The professional and business services sector not only provides the most jobs in Aiken County, it pays out almost \$866 million in wages, constituting 37.5 percent of total labor earnings, and pays the highest average salary at \$72,589. Next most important is the manufacturing sector, which pays out over \$405 million in wages and an average salary of \$56,680. These two sectors alone generate 55 percent of all labor earnings in Aiken County, and therefore play a key role in the local economy.

Rank based on labor earnings	Sector	Labor earnings (\$1000's)	Share of total (percent)	Rank based on average salary	Average salary (\$)
1	Professional and business services	865,916	37.5	1	72,589
2	Manufacturing	405,092	17.5	2	56,680
3	Trade, transportation and utilities	267,056	11.6	9	28,790
4	Education and health services	233,255	9.9	7	34,277
5	Construction	203,560	8.8	3	55,969
6	Public administration	129,762	5.6	5	48,600
7	Financial activities	115,608	5.0	4	51,773
8	Leisure and hospitality	77,344	3.3	11	13,493
9	Other services	29,636	1.3	10	25,726
10	Information	17,444	0.8	6	41,533
11	Natural resources and mining	14,308	0.6	8	33,274

The trade, transportation and utilities sector provides more jobs than the manufacturing sector, but those jobs pay a much lower average salary of \$28,790, leading to more than \$267 million in labor earnings for the county. Education and health services provide \$233 million in labor earnings at an average salary of \$34,277, while the construction sector pays the third highest salaries at \$55,969, but has a much smaller workforce, generating over \$203 million in labor earnings. These two sectors are also very vulnerable to political decision-making outside the county, which influence the levels of state funding for Aiken County education and health care providers, and federal funding for the MOX project. Financial activities provides the fourth highest annual salary at \$51,773, and public administration has the fifth highest salary at \$48,600; combined they provide almost \$250 million in labor earnings.

The remaining sectors provide only 6 percent of total labor earnings in Aiken County, even though they provide 14.9 percent of all jobs in the county. Of particular note is the leisure and hospitality sector, which provides 5,732 jobs, yet pays an average salary of only \$13,493, since many of these are not full-time positions.

Figure 3.1 shows how employment in each industry sector has been changing over the past 11 years in Aiken County. For each sector, employment is expressed as an index, where employment in 2002 is normalized to a value of 100. Of the eleven industry sectors, only four have had sustained employment growth since 2002: education and health services, leisure and hospitality, financial activities, and trade, transportation and utilities. Of these four, education and health services has grown the most, up 37.6 percent since 2002, followed by leisure and hospitality, up 26.5 percent, financial activities, up 25.0 percent, and trade, transportation and utilities, which rose 12.1 percent. However, not all four of these sectors are continuing to grow along an upward trend; employment in trade, transportation and utilities peaked in 2008, falling 12 percent from 2008 to 2013. The other seven industry sectors have all seen their employment levels decline since 2002, except for natural resources and mining, which fell to less than 70 percent of its 2002 level in 2009 but was able to rebound to its 2002 employment level by 2013. The other services sector showed some positive growth during this period, but currently lies below its 2002 level.



A comparison of these employment trends by sector in Figure 3.1 with the average salaries paid in each sector shown in Table 3.6 should help us understand why per capita personal income growth has slowed, and average weekly wages in Aiken County have been declining in recent

years, despite growing overall employment. The four sectors with sustained employment growth since 2002 pay some of the lowest average salaries in the County: education and health services is ranked seventh, leisure and hospitality is ranked last (eleventh), and trade, transportation and utilities is ranked ninth. Only the financial activities sector pays an above-average salary, ranked fourth. Combined, these four sectors comprise 46.6 percent of all employment in the County in 2013.

The highest paying sectors, such as professional and business services (first), manufacturing (second) and construction (third) have all shed jobs since 2002, with employment falling in those sectors by 15 to 25 percent. In 2002, these three sectors comprised over 53 percent of the total employment in Aiken County; by 2013, that percentage had fallen to 44.2 percent, with a cumulative loss of 5,314 jobs.

Thus, while overall employment in Aiken County has recovered from the recession, that recovery has also brought about a significant change in the share of jobs coming from each industry sector. Employment in the highest-paid sectors has fallen substantially, while most of the jobs growth has occurred in some of the lowest-paying sectors.

In order to strengthen the economic vitality of Aiken County, its workers will need more than just any job, they will need well-paying jobs, and those jobs tend to be found in industry sectors which require higher levels of educational attainment. As seen above in Table 1.4, 31.5 percent of Aiken County residents have no more than a high school education, and only 23.9 percent have a bachelor's degree or higher; both figures are worse than what is found for the State or the Nation as a whole. Within the cities of Aiken and North Augusta, there are significantly higher levels of educational attainment, and those city residents are heavily concentrated in the higher-paying jobs. To make meaningful progress in economic vitality throughout Aiken County, we need to increase the levels of adult educational attainment for those who only hold a high school diploma or GED, and encourage more of them to complete an associate's or bachelor's degree through a local higher education institution to enhance the value of their labor services to employers.

This data also shows just how vulnerable the economy of Aiken County is to political forces outside the control of local leaders. The professional and business services sector, the education and health services sector, and the construction sector together provide about 57 percent of the labor earnings in Aiken County in 2013. Each of these sectors relies heavily on either state or federal appropriations for their survival, or is especially vulnerable to changes in state or federal regulations. Federal contractors at SRS face uncertain funding each year for their remediation or construction activities, local higher education institutions have experienced dramatic appropriation cuts in recent years, and local health care providers must constantly adapt to new government regulations and reimbursement cuts for Medicare and Medicaid providers. Diversification of the economic base of Aiken County would help to reduce this vulnerability.

In light of all this, it is encouraging that the financial activities sector has enjoyed such robust employment growth since 2002, paying the fourth-highest salaries in the County. This represents the kind of diversification of employment opportunities that Aiken County needs in order to reduce its dependence on those industry sectors which are so vulnerable to factors outside the control of the local community. Total employment in the financial activities sector is still not very high, comprising only 4.3 percent of all jobs in Aiken County in 2013, but it will take growth in more than one industry sector to create a more diversified economy for Aiken County.

IV. Consumer Spending in Aiken County

Gross Retail Sales

Another important indicator of the economy of Aiken County is the level of retail sales which take place within the county each year. Higher retail sales indicate an expanding economy and growing consumer confidence, and also provide higher sales tax revenues for local governments, which allows for more government services for local residents, enhancing the quality of life. Higher retail sales reflect not only purchases made by residents of that area, but also purchases made within that area by individuals who live elsewhere, e.g., tourists. The South Carolina Department of Revenue collects detailed data on gross retail sales by city and county within the state of South Carolina for each fiscal year, which runs from July 1 to June 30.

Table 4.1 shows recent trends in gross retail sales for South Carolina, Aiken County and the cities of Aiken and North Augusta from 2001-02 to 2012-13.

Fiscal Year	South Carolina	Aiken County	Aiken	North Augusta
2001-02	95,728,380,867	1,927,263,548	524,146,851	235,519,009
2002-03	97,019,598,675	1,981,672,460	555,146,378	265,938,078
2003-04	88,179,240,638	1,797,304,826	555,510,156	282,580,238
2004-05	120,030,078,683	2,430,639,106	702,191,429	443,128,164
2005-06	133,080,553,283	2,592,492,903	715,491,527	336,101,653
2006-07	141,064,153,331	2,782,045,763	786,408,517	433,132,150
2007-08	146,328,024,474	2,968,929,316	839,549,637	422,885,578
2008-09	135,859,825,695	2,713,613,279	859,738,577	394,370,852
2009-10	106,059,202,304	2,590,199,261	878,737,596	366,131,684
2010-11	144,002,167,148	2,771,077,209	896,773,147	392,852,024
2011-12	156,213,293,606	2,905,816,635	909,415,970	398,071,319
2012-13	164,531,010,792	2,901,434,073	909,101,522	397,124,418
Average annual growth rate, 2001-2013	5.05%	3.79%	5.13%	4.86%
Growth rate, 2011-12 to 2012-13	5.32%	-0.15%	-0.03%	-0.24%

For the State, gross retail sales dropped about 10 percent in 2003-04, but bounced back sharply in 2004-05, before taking a much larger plunge in 2008-09 and 2009-10, losing over 27 percent of its value. Once again they rebounded quickly in 2010-11, surpassed their previous high before the recession in 2011-12, and rose by \$8.3 billion, or 5.32 percent in 2012-13. Overall, gross retail sales in the State have been rising at an average annual rate of 5.05 percent per year during this period.

For Aiken County, the pattern is very similar, except the growth has been slower, with an average annual rate of 3.79 percent, and gross retail sales have not yet returned to the peak level seen in 2007-08, when the recession hit, remaining about \$67.5 million below that level. Although they grew in 2010-11 and 2011-12, they fell again in 2012-13 by \$4.4 million, or 0.15 percent, even though sales were rising for the State as a whole. This is a generally weaker profile than we see for South Carolina.

For the city of Aiken, gross retail sales grew steadily from 2001-02 to 2011-12, never falling in spite of the sizeable drops in the County and State in 2003-04 and 2008-2010. Overall, sales grew at a healthy rate of 5.13 percent per year during this period. In 2001-02 about 1 out of every 4 dollars of retail sales in Aiken County came out of Aiken; by 2012-13 that had risen to 1 out of 3. However, just as in Aiken County, gross retail sales in Aiken turned down in 2012-13 by a small percent (worth about \$314,000) while they rose considerably elsewhere in the State. This is generally a much stronger performance over this period than what we saw for the County, but is also troubling due to the recent decline. How could the retail sector in the city of Aiken weather the ups and downs experienced by the rest of the County and the State for eleven years, which included a “great recession,” then stumble in 2012-13?

The story is completely different in North Augusta: during this period gross retail sales rose at an annual average rate of 4.86 percent, which is well above the average for the County. But they experienced much more of a roller coaster ride than the rest of the County or State did, falling and rising several times. As of 2012-13 they are still over \$46 million below their peak in 2004-05, and \$34 million below their value in 2007-08. Like Aiken and the County, sales in North Augusta fell in 2012-13, in this case by just under \$1 million, or 0.24 percent. Taken together, this means that half of the gross retail sales that the County has not recovered since its peak in 2007-08 came out of North Augusta, and about 1 in 4 (25 percent) of the dollars in gross retail sales lost by the County in 2012-13 came out of North Augusta, even though only about 1 out of 8 (12.5 percent) of County residents live in North Augusta.

Since almost half of all workers who reside in North Augusta work across the River in Georgia, many of them may be choosing to do more of their shopping in Georgia as well. These workers’ strong connections to Georgia as their workplace and close proximity to Georgia retailers may lead them to think of shopping in Georgia as no different from shopping at “home” in North Augusta. If so, these reductions in gross retail sales in North Augusta may be semi-permanent, and won’t be eliminated until the North Augusta population grows significantly. Of course, as Project Jackson is implemented, the level of retail sales in North Augusta could rise significantly, helping to reverse this downward trend.

Together, the cities of Aiken and North Augusta contribute about 45 percent of all retail sales within the County as of 2012-13. However, the recent declines in retail sales seen in those two

cities contributed only about 29 percent of the decline of \$4.4 million seen in the County for 2012-13. There is definitely some reason for concern about falling retail sales within Aiken County, but this shows that while the recent decline in North Augusta's retail sales is twice as large as its share of population might indicate, sales are not down as much in its two largest cities (collectively) as they are in the rest of the County.

V. Real Estate Markets in Aiken County

Local real estate markets play a key role in the local economy, impacting the construction sector, the retail trade sector, the financial sector and local government tax revenues. Increased levels of home sales can indicate increases in consumer confidence, population, personal income, or employment opportunities in a region. Higher home sales often lead to increased purchases from local retail establishments, such as furniture and appliance stores, or home improvement stores, providing a ripple effect for local retailers. An increased demand for housing in a region can lead to higher median prices for sold homes, stimulating new residential construction (single- or multi-family units), and boosting market values of existing homes, which increases the wealth levels of local residents and raises the appraised value of real property taxed by local governments, increasing their tax revenues. Local mortgage bankers, realtors, lawyers and title companies also benefit from higher levels of real estate activity in a region.

Residential Home Sales

According to the American Community Survey of 2008-2012 conducted by the Census Bureau, there are 63,245 residential housing units in Aiken County, with a median home value of \$124,900. Of that total, 73.2 percent, or 46,303 housing units are owner-occupied.

Table 5.1 shows data on residential home sales in Aiken County for 2009-2013 published by the Aiken Board of Realtors. This data includes sales of both single family dwellings as well as condominiums, but 90-95 percent of the sales recorded each year are single family homes.

	2009	2010	2011	2012	2013
Pending Sales	1276	1322	1321	1387	1581
Days on Market Until Sale	223	191	200	209	198
Median Sales Price	\$143,250	\$145,950	\$151,890	\$148,000	\$140,000
Percent of List Price Received	95.0%	95.2%	95.1%	95.3%	95.1%
Inventory of Homes for Sale	1489	1551	1523	1595	1569
Months Supply of Homes for Sale	14.5	14.5	14.0	14.0	11.9

The number of pending sales is a primary measure of the level of home sales activity, and that number has been rising fairly consistently since 2009, which is a good sign for the local real estate market. An increased number of residential sales may indicate a growing demand for homes in the area, as well as increased consumer confidence in the future. Buyers who are worried that they may lose their jobs are generally less willing to assume a new mortgage and buy a house.

Another often-used measure of the health of the residential real estate market is the median sales price: 50 percent of all home sales come in below this price level, and 50 percent come in above it. Rising demand from buyers can drive the prices of all homes sold upward, raising the median sales price, and implying more of a seller’s market. Falling demand would push the median sales price downwards, indicating a buyer’s market. Alternatively, a change in the mix of homes that sell in a given year can push this value up or down, which could simply reflect that fact that fewer (or more) lower-priced homes were sold that year, rather than a change in overall housing demand. In Aiken County the median sales price rose from 2009 to 2011 before falling in 2012 and 2013, but what factors were behind these price changes?

Table 5.2 breaks down the total number of pending home sales reported in Table 5.1 by price range. From this breakdown we can clearly see that the major factor driving changes in the median sales prices has been changes in the composition of home sales across price ranges, rather than overall changes in the demand for homes in Aiken County.

Sales price range	2009		2010		2011		2012		2013	
	No.	Share	No.	share	No.	share	No.	share	No.	share
\$100,000 and lower	326	25.5%	301	23.5%	357	27.0%	339	24.4%	479	30.3%
\$100,001 to \$150,000	336	26.3%	339	26.5%	302	22.9%	361	26.0%	391	24.7%
\$150,001 to \$200,000	289	22.6%	313	24.4%	303	22.9%	336	24.2%	321	20.3%
\$200,001 to \$300,000	180	14.1%	218	17.0%	244	18.5%	218	15.7%	255	16.1%
\$300,001 and Above	145	11.4%	110	8.6%	115	8.7%	133	9.6%	135	8.5%
Total homes sold	1276		1322		1321		1387		1581	
Median sales price	\$143,250		\$145,950		\$151,890		\$148,000		\$140,000	

From 2009 to 2010 the median sale price rose by \$2,700, but this was primarily due to more homes being sold for \$150,001 to \$300,000; the number of homes which sold for over \$300,000 fell 24 percent. The median sales price rose again in 2011, this time by almost \$6,000, and was driven mostly by increased sales of homes priced at \$200,001 to \$300,000; fewer homes were sold for \$100,001 to \$200,000.

More homes were sold in 2012, yet the median sales price fell by almost \$4,000. This resulted from a decline in the number of homes which sold for \$200,001 to \$300,000, and a surge in the number of homes selling for \$100,001 to \$150,000; the number of homes selling for \$100,000 or less actually fell. The most recent drop in the median sales price of \$8,000 for 2013 occurred in

the face of a very significant increase of pending home sales in every category but \$150,001 to \$200,000; the greatest increase was for homes selling for \$100,000 or less.

These results show that the median sales price is not always a good indicator of the health of the residential real estate market in Aiken County. They also show that most of the movement in the residential real estate market in recent years has been in homes selling for \$300,000 or less, with a sizeable surge in the sales of homes selling for \$100,000 or less in 2013. In fact, the increase of 140 homes selling for \$100,000 or less in 2013 made up almost all of the increase in total pending sales of 194 compared to 2012.

The average percent that sellers have been able to receive of the asking price for their homes has stayed pretty constant at 95 percent, and the number of days that a home is on the market before it is sold has stayed fairly close to 200 days. But these average numbers may not apply to homes which are sold at price levels which differ from the median sales price. Homes which sell for less than \$100,000 are often sold at around 90 percent of the asking price, while homes which sell for over \$300,000 usually command about 93 percent of the asking price. Similarly, it is generally true that lower-priced homes will sell more quickly, being more affordable for lower-income or first-time buyers, while higher-priced homes will tend to stay on the market longer before they are sold, owing to the thinner pool of buyers who can afford such homes. Everything else equal, if a larger percentage of home sales are lower-priced homes in a given year, the average number of days on market will be lower for that year. Therefore the average number of days on the market reported here is more reflective of the time it takes to sell a median-priced home.

New Construction Permits – Residential and Commercial

Another measure of the level of activity in local real estate markets is the number of residential and commercial building permits issued for new construction and the value of the new homes or buildings constructed under those permits. These valuations do not include the value of the parcel of land upon which the new construction will take place; they only measure the value of the improvements which are being added to the land.

The Census Bureau reports residential building permit data for all of Aiken County; separate city-level data on residential building permits for Aiken and North Augusta can be obtained from the appropriate building permit offices for each city. Table 5.3 shows the number of residential building permits and average values for new housing units in Aiken County and the cities of Aiken and North Augusta for 2002 to 2013.

Table 5.3 Residential building permits and current dollar average values for Aiken County and the cities of Aiken and North Augusta, 2002-2013

Year	Aiken County (total)		Aiken		North Augusta	
	No.	Average value	No.	Average value	No.	Average value
2002	853	109,333	244	143,690	197	130,040
2003	977	116,818	280	156,471	239	125,282
2004	965	135,352	327	133,112	200	142,693
2005	1158	130,081	399	144,222	250	113,357
2006	1144	151,230	418	140,480	206	159,961
2007	1028	193,783	275	154,626	255	167,512
2008	618	182,881	151	195,436	92	180,821
2009	554	194,830	99	185,695	72	209,986
2010	651	225,101	136	166,465	97	237,602
2011	621	198,934	180	177,320	119	179,429
2012	575	218,757	104	160,180	91	241,617
2013	n.a.	n.a.	91	187,568	104	236,118

Residential building in Aiken County grew from 2002 to 2006 before stumbling a bit in 2007 as the recession loomed. In 2008 the number of residential building permits fell sharply by 40 percent from 1028 to 618, and have stayed in the vicinity of 600 units per year ever since. As the number of building permits fell, the average value of each new housing unit rose. Most of the new residential construction in Aiken County since the recession began to be felt in 2007 has been valued in the upper \$100,000's or lower \$200,000's, which is considerably above the values observed from 2002 to 2006, which were in the \$100,000-\$150,000 range.

In the city of Aiken there was a similar rise in residential building from 2002 to 2006, followed by three straight years of decline during the recession from 2007 to 2009. The decline in the city of Aiken was much more pronounced than it was for the County, falling from 418 to 99, or 76 percent. Residential building activity recovered a bit from 2010 to 2011 before dropping again by 50 percent to less than 100 units in 2013. Average values of new residential construction in the city of Aiken were higher than the County average before the recession; afterwards they have been lower.

The pattern of residential new construction in the city of North Augusta shows a fairly stable number of 200-250 units being built prior to the recession. The recession brought a big drop in housing starts of 72 percent, but there has been some recovery to a new level of around 100 units from 2010 to 2013. Just as was seen in the County, the average value of new housing units being constructed in North Augusta rose as the number of new permits fell.

Table 5.3 also shows that, as of 2012, about one-third of all new residential housing construction in Aiken County is located within the cities of Aiken or North Augusta.

Table 5.4 shows commercial building permits and average values for new commercial buildings in Aiken County and the cities of Aiken and North Augusta for 2002 to 2013. The Census Bureau does not report commercial building permit activity, so all of this data was obtained from local government offices.

Year	Total Aiken County		Unincorporated portions of Aiken County only		Aiken		North Augusta	
	No.	Average value	No.	Average value	No.	Average value	No.	Average value
2002	111	337,104	77	213,172	18	467,525	16	786,803
2003	94	422,854	53	247,940	15	1,196,826	26	322,888
2004	85	470,566	59	290,655	10	1,057,945	16	766,877
2005	73	441,834	47	246,437	20	664,882	6	1,228,957
2006	93	467,002	67	252,275	8	978,450	18	1,038,953
2007	104	778,267	70	641,492	22	748,688	12	1,630,350
2008	92	467,811	61	194,006	18	933,958	13	1,107,152
2009	37	313,845	26	180,720	7	722,505	4	464,000
2010	53	545,061	40	518,722	8	784,375	5	372,870
2011	71	908,997	58	954,185	8	892,963	5	410,480
2012	83	2,380,774	71	2,606,705	6	1,797,837	6	290,197
2013	73	892,770	55	755,256	10	1,490,930	8	1,090,475

The majority of new commercial construction in Aiken County occurs outside of the cities of Aiken and North Augusta, in the unincorporated areas of the County. This is not too surprising, since the land areas of the two cities are rather small in comparison to that of the entire County, and most new commercial construction is more likely to occur outside those two city limits, closer to major transportation arteries.

Just as we saw in residential new construction, commercial new construction in the County dropped significantly following the recession, plunging by 65 percent from 2007 to 2009. Since then, commercial new construction has recovered somewhat, highlighted by the new Aiken County Government Center, which was permitted in 2012. As of 2013, the level of new commercial construction remains about 25 percent below its most recent high of 104 seen in 2007.

Overall, new construction in Aiken County is down substantially over the past ten years, especially since 2007, and this is reflected in the downward trend in employment in the construction sector seen in Figure 3.1. Employment in the construction sector, which has the third highest-paying jobs in the County, is down 25 percent since 2002. There should be a

significant boost to commercial construction in Aiken County and North Augusta as Project Jackson progresses, so these numbers should improve a bit in the future.

VI. Government Tax Revenues in Aiken County

Local governments provide many of the social services that help to maintain quality of life for the residents of Aiken County, including public safety, emergency services, social assistance, roads and bridges, parks, recreation and tourism, municipal courts, and many others. Local governments are funded by a variety of sources, including local property taxes, state and local option sales taxes, user fees and federal and state allocations.

The economic wellbeing of a community has a direct impact on the revenues received by local, state and federal governments. Increases in local retail sales and personal income will yield increases in sales tax and income tax revenue. Rising property values lead to increases in property tax revenues. Rising wages for workers lead to higher payroll taxes that support social insurance programs such as Social Security, Medicare, and unemployment insurance.

Alternatively, falling personal income and retail sales, falling home values, falling wages and growing unemployment all lead to lower government revenues while simultaneously increasing the demand for social services in the local community. Households with lower income due to involuntary unemployment or underemployment may need more public assistance with a variety of living expenses, from medical care to food or housing assistance.

Therefore, improvements in the local economy lead to higher local government tax revenues and less demand for social assistance, while downturns in the local economy can negatively impact local government revenues at the time when more of its citizens are in need of help. Traditionally, state and local governments depend heavily on sales tax receipts and property taxes to provide them with a strong financial position from which they can fund the services they provide to their citizens.

This section focuses on analyzing governmental revenue sources, as well as the total tax revenue received by Aiken County and the cities of Aiken and North Augusta. The following analysis is based on the financial data obtained from the Comprehensive Annual Financial Reports (CAFR) of these three local governments.

Aiken County Government Tax Revenues and Expenditures

Based on their CAFR for 2012, despite the economic downturns in tax revenues caused by the 2007-2009 recession, Aiken County Government enjoys a strong financial position. According to the 2012 CAFR, the County's total net assets exceeded its liabilities by \$188.2 million. Table 6.1 illustrates the net assets of Aiken County Government for 2011 and 2012.

	Governmental Activities		Business-type Activities		Total		Total % change
	2011	2012	2011	2012	2011	2012	2011-2012
Current & other assets	98,496	133,700	10,470	15,011	108,966	148,711	36.5%
Capital assets	87,345	90,909	41,904	39,762	129,249	130,671	1.1%
Total assets	185,841	224,609	52,374	54,773	238,215	279,382	17.3%
Long-term debt outstanding	16,497	54,899	5,318	3,199	21,815	58,098	166.3%
Other liabilities	21,094	25,970	2,393	7,076	23,487	33,046	40.7%
Total liabilities	37,591	80,869	7,711	10,275	45,302	91,144	101.2%
Net assets							
Invested in capital assets, net of related debt	70,849	64,389	36,586	36,563	107,435	100,952	(6.0%)
Restricted	36,597	37,384	5,925	4,912	42,522	42,296	(0.5%)
Unrestricted	40,804	41,967	2,152	3,023	42,956	44,990	4.7%
Total Net assets	148,250	143,740	44,663	44,498	192,913	188,238	(2.4%)

As illustrated by Table 6.1, out of \$188.2 million total net assets, \$142.4 million is either restricted or invested in capital assets. The total amount of unrestricted net assets that can be used to meet the County's ongoing obligations is \$45.0 million.

Table 6.2 illustrates the statement of revenues, expenditures and changes in fund balances governmental funds for 2012.

**Table 6.2 Aiken County Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds, Year Ended June 30, 2012, current dollars**

Revenues	General	Sales Tax Special Revenue Fund	Non-major Governmental Funds	Total Governmental Funds	
Property taxes	32,260,684		4,525,067	36,785,751	
Fees in lieu of taxes	8,417,681			8,417,681	
Licenses, permits and registrations	912,202			912,202	
State shared revenue	5,172,233		182,950	5,355,183	
Sales and services	3,399,103			3,399,103	
Fees and fines	4,363,202		4,519,097	8,882,299	
Intergovernmental revenue	2,005,102	18,962,602	8,923,814	29,891,518	
Investment income	42,433	19,490	243,575	305,498	
Other income	962,433	22,226	540,907	1,525,566	
Total revenues	57,535,073	19,004,318	18,935,410	95,474,801	
Expenditures	General	Sales Tax	Non-major Governmental Funds	Other expenditures	Total Govt. Funds
General government	13,729,853	15,437,397	7,490,970		37,055,837
Court and legal	9,039,756		541,882		9,581,638
Public safety	19,916,261		1,007,664		20,923,925
Environmental and public works	2,429,737		4,385,157		6,814,894
Human and social services	2,762,691				2,762,691
Education and recreation	8,122,546		439,188		8,561,734
Capital outlay		967,247	5,658,097		17,186,889
Principal			2,270,312		2,270,312
Interest			683,071		683,071
Total Expenditures	56,000,844	16,404,644	22,476,341	10,959,162	105,840,991
Excess (deficiency) of revenues over (under) expenditures	1,534,229	2,599,674	(3,540,931)	(10,959,162)	(10,366,190)
Other financing sources	(192,381)	(12,094)	1,385,287	40,481,010	41,661,822
Net change in fund balance	1,341,848	2,587,580	(2,155,644)	29,521,848	31,295,632

Aiken County's total governmental funds amounted to nearly \$95.5 million in fiscal year 2012, composed of general revenue (\$57.5 million), sales tax special revenue fund (\$19 million), and non-major governmental funds (\$18.9 million). The majority of Aiken County's total revenue comes from general revenue (60 percent), and the largest component of general revenue is local property taxes. Property taxes in Aiken County account for 56.1 percent of general revenue and 37 percent of the County's total revenue. Other important sources of general revenue are fees in lieu of taxes (14.6 percent), state shared revenue (9.0 percent), and fees and fines (7.6 percent). The two remaining major revenue sources for Aiken County government are the sales tax special revenue fund (19.9 percent) and the non-major governmental funds (19.8 percent).

Currently, the main initiatives of Aiken County government are the County's economic growth and meeting the increasing demand for local infrastructure and services. Total governmental expenditures for FY 2012 were \$105.84 million. The numerous projects that accelerated economic and community development of the local economy were financed from total governmental funds. For example, the majority of the County's expenditures (\$37 million) went toward general government operations, comprising 35 percent of total expenditures. The second largest expenditure of the County government was public safety for which County paid \$20.9 million or 19.8 percent of its total spending. Capital outlay (\$17.18 million), court and legal (\$9.58 million), and education and recreation (\$8.56 million) are other major spending categories of the Aiken County government. In order to meet the continuing goal of providing County residents with the quality public services, Aiken County government relied on other financing sources (e.g., bond proceeds) to help it pay for \$105.84 million of public expenditures. At the end of FY 2012, the net change in governmental fund balances for Aiken County was \$31.29 million.

City of Aiken Government Tax Revenues and Expenditures

The City of Aiken's government continues its diligent effort to provide quality public services to its residents while also maintaining a sound financial position. Table 6.3 illustrates the City of Aiken's net assets for 2012 and 2013 as reported in their 2013 CAFR. In 2012 the City's assets exceeded its liabilities by \$151.59 million; this number rose 1.3 percent in 2013 to \$153.5 million in City's net assets. The increase in the City's net asset position of approximately \$1.95 million is mostly due to an increase in pooled cash and investments. The largest portion of the City's net asset position reflects its investment in capital assets such as land, buildings, machinery and equipment. Approximately \$128.4 million (or 84 percent) of the City's net asset position comes from its net investment in capital assets; the rest comes from restricted and unrestricted assets. Restricted assets are subject to external restrictions on how they can be used, while unrestricted assets may be used to meet the City's ongoing expenditures and obligations.

Table 6.3 City of Aiken Summary of Net Position, 2012-2013, current dollars

	Governmental Activities		Business-type Activities		Total		Total % chg
	2012	2013	2012	2013	2012	2013	
Current and other assets	27,455,018	29,498,926	8,395,179	8,762,663	35,850,197	38,261,589	6.7%
Capital assets	65,068,329	65,537,273	65,064,650	64,854,818	130,132,979	130,392,091	0.2%
TOTAL ASSETS	92,523,347	95,036,199	73,459,829	73,617,481	165,983,176	168,653,680	1.6%
Deferred outflows				87,270		87,270	100%
Long term debt	7,557,359	9,033,147	2,988,858	2,194,618	10,546,217	11,227,765	6.5%
Other liabilities	2,837,508	2,515,784	999,617	658,103	3,837,125	3,173,887	-17.3%
TOTAL LIABILITIES	10,394,867	11,548,931	3,988,475	2,852,721	14,383,342	14,401,652	0.1%
Deferred inflows		785,842				785,842	100%
Net Position:							
Net investment in capital assets	65,068,329	65,537,273	62,310,101	62,874,818	127,378,430	128,412,091	0.8%
Restricted	9,313,340	12,564,844	543,905	567,870	9,857,245	13,132,714	33.2%
Unrestricted	7,746,811	4,599,309	6,617,348	7,409,342	14,364,159	12,008,651	-16.4%
TOTAL NET POSITION	82,128,480	82,701,426	69,471,354	70,852,030	151,599,834	153,553,456	1.3%

The City of Aiken’s ongoing obligations to citizens and creditors are recorded in government-wide financial statements of the CAFR. Table 6.4 illustrates City of Aiken’s statements of revenues and expenses for 2012 and 2013. These statements are intended to provide a broad overview of the City’s revenue and expenditures. The statements are divided into governmental activities and business-type activities. Most of the City’s basic services such as governmental administration, public safety, engineering and utilities, public services, parks and recreation, and others are included under governmental activities. On the other hand, the business-type activities are those for which the City of Aiken charges its users, such as water and sewer services, and storm water services.

According to the City’s 2013 CAFR, their total revenue collection went down from \$49.6 million in 2012 to \$47 million in 2013, a decrease of 5.2 percent. According to their 2013 CAFR this decrease in revenue is primarily the result of a decrease in capital grants and contributions and capital project sales tax revenues. The majority of the City’s revenue comes from charges for services (44 percent) followed by property taxes (21 percent), business licenses and insurance company premium licenses (19 percent) and capital project sales and accommodations taxes (7 percent).

Table 6.4 City of Aiken's Statement of Revenues and Expenses for 2012-2013, current dollars

	Governmental Activities		Business-type Activities		Total		Total % change
	2012	2013	2012	2013	2012	2013	
REVENUES							
Program Revenues							
Charges for services	5,807,673	5,492,383	14,574,341	15,228,053	20,382,014	20,720,436	1.7%
Operating Grants & Contributions	1,229,325	1,180,351			1,229,325	1,180,351	-4.0%
Capital Grants & Contributions	1,552,575	629,983	699,101	403,761	2,251,676	1,033,744	-54.1%
General Revenues							
Property Taxes	10,107,348	9,964,910			10,107,348	9,964,910	-1.4%
Capital Projects Sales Tax	5,312,385	3,208,163			5,312,385	3,208,163	-39.6%
Accommodation Taxes	921,611	750,820			921,611	750,820	-18.5%
Business licenses	7,958,335	8,760,873			7,958,335	8,760,873	10.1%
Unrestricted investment earnings	336,199	289,478	82,179	76,943	418,378	366,421	12.4%
Intergovernmental	539,858	637,991			539,858	637,991	18.2%
Gain on sale of assets	236,173	94,339	138,118		374,291	94,339	-74.8%
Miscellaneous	142,255	162,951		164,202	142,255	327,153	130.0%
TOTAL REVENUES	34,143,737	31,172,242	15,493,739	15,872,959	49,637,476	47,045,201	-5.2%
EXPENSES							
General government	4,980,639	4,989,093			4,980,639	4,989,093	0.2%
Public Safety	13,324,799	12,600,543			13,324,799	12,600,543	-5.4%
Engineering and utilities	1,668,308	1,752,789			1,668,308	1,752,789	5.1%
Public services	4,544,040	4,079,456			4,544,040	4,079,456	-10.2%
Recreation and parks	6,038,213	6,196,571			6,038,213	6,196,571	2.6%
Non-city support	580,744	580,684			580,744	580,684	0.0%
Water and sewer			13,958,349	14,393,090	13,958,349	14,393,090	3.1%
Storm water			485,513	499,353	485,513	499,353	2.9%
TOTAL EXPENSES	31,136,743	30,199,136	14,443,862	14,892,443	45,580,605	45,091,579	-1.1%
Excess (deficiency) before transfers and contributions	3,006,994	973,106	1,049,877	980,516	4,056,871	1,953,622	-51.8%
Transfers	-509,651	-400,160	509,651	400,160			
Increase in net position	2,497,343	572,946	1,559,528	1,380,676	4,056,871	1,953,622	-51.8%

During the 2013 fiscal year, the City of Aiken's total expenditures for public goods and services went from \$45.5 million to \$45 million, a decrease of 1.1 percent. Among the public services that showed the biggest decrease in expenditures during the fiscal year of 2013 were public services (-10.2 percent) and public safety (-5.4 percent).

City of North Augusta Government Tax Revenues and Expenditures

According to North Augusta's 2012 CAFR, the City's assets exceeded its liabilities by \$130.1 million. Almost 75 percent of North Augusta's net asset position is reflected in its \$97.2 million investment in capital assets, such as land, land improvements, buildings, infrastructure, and system improvements. An additional \$17.3 million of North Augusta's net position is represented in restricted resources, while unrestricted resources account for about \$15.6 million, or approximately 12 percent of the total net position. Governmental activities between 2011 and 2012 increased North Augusta's net position from \$63.9 million to \$65.7 million.

	Governmental Activities		Business-type Activities		Total		Total % chg
	2011	2012	2011	2012	2011	2012	
Assets:							
Cash/Investments-Unrestricted	7,871,429	8,815,883	8,021,352	7,808,921	15,892,781	16,624,804	4.6%
Other Current Assets	274,439	385,025	1,538,021	1,679,007	1,812,460	2,064,032	13.9%
Cash/Investments-Restricted	9,367,422	6,909,735	9,982,116	10,603,413	19,349,538	17,513,148	-9.5%
Capital assets	58,112,793	60,396,785	47,677,594	49,799,305	105,790,387	110,196,090	4.2%
Service rights			41,001	38,494	41,001	38,494	-6.1%
Deferred charges			14,255	11,878	14,255	11,878	-16.7%
TOTAL ASSETS:	67,754,654	76,507,428	67,274,339	69,941,018	142,900,422	146,448,446	2.5%
Liabilities:							
Current liabilities	1,392,452	971,716	1,251,918	945,416	2,644,370	1,917,132	-27.5%
Noncurrent liabilities	10,305,608	9,801,284	3,367,898	4,622,453	13,673,506	14,423,737	5.5%
TOTAL LIABILITIES:	11,698,060	10,773,000	4,619,816	5,567,869	16,317,876	16,340,869	1.4%
Net Position:							
Net Investment in capital assets	48,387,572	51,180,628	44,889,398	46,022,914	93,276,970	97,203,542	4.2%
Restricted	9,158,402	7,210,998	9,422,871	10,116,845	18,581,273	17,327,843	-6.7%
Unrestricted	6,382,049	7,342,802	8,342,254	8,233,390	14,724,303	15,576,192	5.8%
TOTAL NET POSITION	63,928,023	65,734,428	62,654,523	64,373,149	126,582,546	130,107,577	2.8%

Table 6.6 reports the statement of revenues and expenses for North Augusta's local government for 2011 and 2012 in current dollars.

North Augusta's revenue comes from two types of activities: governmental activities (\$19.18 million) and business-type activities (\$12.97 million). The single most important revenue source for the City of North Augusta is charges for services, which accounts for approximately 60 percent of their revenue. Charges for services can be divided into two categories: 1) charges from governmental activities which include business license revenues, franchise fees, construction permits and public safety fines (\$6.8 million or 21.21 percent of total revenue); and 2) charges from business-type activities which include the water and wastewater system, sanitation services, storm water and the Savannah Bluff Lock and Dam fund (\$12.35 million or 38.40 percent of the total revenue). The second largest revenue source is property and other taxes imposed by the City. These two tax sources contribute approximately 29 percent to the City's revenue, or \$9.22 million.

The majority of North Augusta's governmental expenditures go toward public safety. During the fiscal year 2012, the City of North Augusta devoted \$6.97 million (or 24.36 percent) to this important public service. The other public expenditures that are considered as governmental activities include spending on recreation and parks (\$4.05 million or 14.15 percent), general governmental administration (\$3.57 million or 12.5 percent) and public works (\$2.98 million or 10.4 percent).

North Augusta's 2012 business-type expenditures include water and sewer (\$6.95 million or 24.3 percent), sanitation (\$3.16 million or 11 percent), and storm water (\$0.5 million or 2 percent).

Table 6.6 City of North Augusta's Statement of Revenues and Expenses, 2011 and 2012, current dollars

	Governmental Activities		Business-type activities		Total		Total % chg
	2011	2012	2011	2012	2011	2012	
REVENUES:							
Program Revenues:							
Charges for services	6,824,641	6,823,946	12,423,612	12,351,270	19,266,226	19,175,216	-0.5%
Operating grants & Contributions	1,375,032	848,298			1,375,032	848,298	-38.3%
Capital grants & Contributions	1,569,803	1,619,796	245,500	206,463	1,815,330	1,826,259	0.6%
General Revenues:							
Property taxes	6,294,172	6,780,783			6,294,172	6,780,783	7.7%
Other taxes	4,034,812	2,445,904			4,034,812	2,445,904	-39.4%
Other	369,595	668,776	334,954	414,967	704,549	1,083,743	53.8%
TOTAL REVENUES	20,468,055	19,187,503	13,004,066	12,972,700	33,490,121	32,160,203	-4.0%
EXPENSES:							
General government	3,416,002	3,574,637			3,416,002	3,574,637	4.6%
Public Safety	6,546,364	6,975,047			6,546,364	6,975,047	6.5%
Public works	2,796,708	2,980,032			2,796,708	2,980,032	6.6%
Recreation and Parks	3,792,045	4,053,013			3,792,045	4,053,013	6.9%
Interest and bank fees	358,005	340,610			358,055	340,610	-4.9%
Water and sewer			7,220,770	6,958,202	7,220,770	6,958,202	-3.6%
Sanitation			3,168,553	3,160,647	3,168,553	3,160,647	-0.2%
Storm water			542,919	568,984	542,919	568,984	4.8%
Savannah Bluff Lock and Dam			22,000	24,000	22,000	24,000	9.1%
TOTAL EXPENSES	16,909,124	17,923,339	10,954,242	10,711,833	27,863,416	28,635,172	2.8%
Increase in net position before transfers	3,576,881	1,264,164	2,049,824	2,260,867	5,626,705	3,525,031	-37.4%
Transfers	536,574	542,241	-536,574	-542,241			
Increase in net position	4,113,455	1,806,405	1,513,250	1,718,626	5,626,705	3,525,031	-37.4%
Net position-Beginning of year	59,814,568	63,928,023	61,141,273	62,654,523	120,955,841	126,582,546	4.7%
Net position-End of year	63,928,023	65,734,428	62,654,523	64,373,149	126,582,546	130,107,577	2.8%

Overall, local government tax revenues for Aiken County, the City of Aiken, and the City of North Augusta are down slightly in recent years, but their financial positions remain strong. Unless revenues continue to fall, this should provide a solid basis for the provision of much-needed public services for local residents.

VII. Comparisons with Columbia County, Georgia

In this section we provide some data for Columbia County, Georgia in order to allow for comparisons with the data and trends observed for Aiken County in the preceding sections. These comparisons are relevant because Columbia County is one of our neighboring counties in the CSRA, and is often perceived by newcomers moving into the area for a job as an attractive alternative to Aiken County.

Table 7.1 compares key population data for the two counties.

	Columbia County	Aiken County
Population, 2000	89,288	142,552
Population, 2010	124,053	160,099
Population 2012	131,627	163,299
Population 2013	135,416	164,176
Average annual growth rate, 2000-2010	3.34%	1.17%
Average annual growth rate, 2010-2012	3.01%	0.99%
Average annual growth rate, 2010-2013	2.96%	0.84%
Growth rate, 2012-2013	2.88%	0.54%
Land area, square miles	308	1080
Population density per square mile, 2013	439.7	152.0

Population growth in Columbia County has been much higher than in Aiken County, averaging nearly 3 percent per year since 2000. Aiken County’s average annual growth rate over the same period has been much lower – less than one-third as much. The most recent data for 2012-13 show a growth rate for Aiken County that is about one-sixth of that for Columbia County.

Another important distinction between the two counties is their physical size: Columbia County is 30 percent the size of Aiken County, yet its population is rapidly catching up to that for Aiken County. As a result, Columbia County is a much more densely populated county, with almost three times as many residents per square mile as Aiken County (439.7 vs. 152.0). Columbia County’s population density is still fairly low compared to a typical suburban (urban fringe) community, but there is considerably less distinction between its incorporated and unincorporated areas than is found in Aiken County. Aiken County is a predominantly rural county with two geographically small, but densely-populated incorporated cities that are quite different than the rest of the County. The population density within the cities of Aiken and North

Augusta (total land area of about 41 square miles, or less than 4 percent of the total County’s land area) is about 1400 residents per square mile; in the balance of Aiken County it averages only about 100 residents per square mile.

Table 7.2 looks at the age distribution of the populations in the two counties.

	Columbia County			Aiken County		
	2000	2010	2012	2000	2010	2012
Persons under 5 years	5.8	6.7	6.4	6.7	6.3	6.1
Persons under 18 years	23.2	27.3	26.3	26.2	23.0	22.8
Persons 65 years and over	17.8	10.2	11.0	12.8	15.4	15.6

Columbia County’s growth since 2000 has evidently been more concentrated in younger persons, pushing their age distribution significantly lower than Aiken County’s. In 2000 Columbia County had a fairly high percentage of persons aged 65 or older at 17.8 percent; this was identical to the City of Aiken in 2000. That percentage fell rather dramatically over the next 10 years to 10.2, well below the national average. Using the population totals for those two years, this means that the number of Columbia County residents aged 65 or older fell from 15,893 in 2000 to 12,653 in 2010; by 2010 there were over 38,000 new residents under the age of 65 living in Columbia County. As of 2012 there are over 2.5 times as many persons under 18 as there are over 65 in Columbia County; in Aiken County the ratio is 1.5 times.

Table 7.3 compares the racial and ethnic composition of the two counties.

	Columbia County			Aiken County		
	2000	2010	2012	2000	2010	2012
White alone	82.7	76.5	76.8	71.4	69.6	69.7
Black or African American alone	11.2	14.9	15.5	25.6	24.6	24.9
Hispanic or Latino (of any race)	2.6	5.0	5.0	2.1	4.9	4.9
Other	5.9	8.3	7.4	3.0	5.7	5.4

Columbia County has consistently had a higher percentage of Whites and Other races, and a lower percentage of Blacks or African Americans than Aiken County, although the percentage of Whites in Columbia County has decreased, and the percentage of Blacks or African Americans has increased, as it has grown.

Table 7.4 considers differences in the educational attainment levels between the two counties.

	Columbia County		Aiken County	
	2000	2008-2012	2000	2008-2012
High school graduate only	25.8	25.5	31.8	31.5
Some college, no degree	21.9	21.0	19.6	21.5
Associate's degree only	8.2	9.9	6.4	7.5
Bachelor's degree only	20.0	21.2	13.1	15.2
Graduate degree	12.0	13.5	6.9	8.7
Total high school or higher	87.9	91.0	77.7	84.4
Total bachelor's degree or higher	32.0	34.7	19.9	23.9
Total with some college but no bachelor's degree	31.1	30.9	26.0	29.0

The level of educational attainment in Columbia County is generally higher than in Aiken County. More adults hold a high school diploma or higher, fewer adults stop their formal education at a high school diploma, and more earn a bachelor's degree or higher. In 2012 in Columbia County, 34.7 percent of adults held a bachelor's degree or higher (above the national average of 28.5), compared to 23.9 percent in Aiken County. As we shall see below, this difference in educational attainment translates into higher personal income levels.

Table 7.4 shows the work migration patterns for the two counties.

	Columbia County	Aiken County
Workers 16 years or older	58,583	65,689
Mean travel time to work, minutes	24.4	25.4
Worked in state of residence (percent)	90.8	79.8
Worked in county of residence (percent)	33.7	69.9
Worked in state but outside county of residence (percent)	57.2	9.9
Worked outside state of residence (percent)	9.2	20.2

Notice that although Aiken County has almost 30,000 more residents than Columbia County, there are only about 7,000 more employed persons in Aiken County. This difference reflects the large number of retired persons in Aiken County compared to Columbia County.

Most workers who live in Columbia County commute to work in Georgia, but only 33.7 percent of them work in Columbia County; 57.2 percent work in another Georgia county, primarily Richmond County. Only 9.2 percent of Columbia County workers commute to work outside Georgia, and Table 1.6 tells us that about 82 percent of them work in Aiken County. In contrast, 69.9 percent of Aiken County workers commute to work in Aiken County, while 20.2 percent of Aiken County workers commute to work outside of South Carolina (mostly in Richmond County, Georgia).

Table 7.6 compares personal income levels between the two counties.

Year	Columbia County				Aiken County			
	Current dollars		Adjusted for inflation (2009 \$)		Current dollars		Adjusted for inflation (2009 \$)	
	Total PI (millions)	Per Capita PI	Total PI (millions)	Per Capita PI	Total PI (millions)	Per Capita PI	Total PI (millions)	Per Capita PI
2002	3,021	31,528	3,552	37,068	4,071	28,038	4,787	32,965
2003	3,289	33,301	3,791	38,386	4,156	28,312	4,790	32,635
2004	3,510	34,096	3,938	38,253	4,317	29,029	4,844	32,569
2005	3,773	35,434	4,101	38,519	4,510	30,036	4,903	32,651
2006	4,144	37,386	4,370	39,429	4,756	31,169	5,016	32,872
2007	4,493	39,040	4,616	40,109	4,987	32,215	5,124	33,097
2008	4,771	40,600	4,807	40,913	5,142	32,775	5,182	33,027
2009	4,894	40,427	4,894	40,427	5,175	32,647	5,175	32,647
2010	5,165	41,328	5,103	40,834	5,362	33,380	5,297	32,981
2011	5,631	43,928	5,456	42,566	5,626	34,723	5,451	33,647
2012	5,940	45,126	5,657	42,976	5,696	34,986	5,425	33,319
Average annual growth rate, 2002-2012	6.99%	3.65%	4.76%	1.49%	3.41%	2.24%	1.26%	0.11%
Growth rate, 2011-2012	5.49%	2.73%	3.68%	0.96%	1.25%	0.76%	-0.49%	-0.97%

In 2002, with over 50,000 fewer residents, total personal income earned by Columbia County residents was over \$1 billion lower than it was in Aiken County. Ten short years later, with an influx of 35,000 new residents, total personal income in Columbia County has almost doubled,

and surpassed that for Aiken County. The average annual growth rate for total personal income of 6.99 percent was more than twice that of Aiken County. Despite strong population growth over this period, per capita personal income in Columbia County has also grown much faster than in Aiken County, and that growth has been sustained through 2013; as of 2013 it is \$45,126, over \$10,000 higher than in Aiken County, where it is falling.

After adjusting for inflation, as of 2013 per capita personal income in Columbia County is still growing at about 1 percent per year, while it is falling by 1 percent per year in Aiken County.

Table 7.7 compares median household income for the two counties.

Table 7.7 Median Household Income for last 12 months, 2008-2012, in 2012 dollars		
	Columbia County	Aiken County
Median household income	67,295	44,399
Number of households	43,785	63,245
Percent of households with income of \$100,000 or higher	27.9	17.0
Number of households with income of \$100,000 or higher	12,216	10,752

Median household income in Columbia County is over 50 percent higher than it is in Aiken County, and well above the national average of \$53,046. There is also a much higher percentage of households earning \$100,000 or higher, so that even though Aiken County has almost 20,000 more households, Columbia County has 1,500 more households in that income strata. The average household in Columbia County has 3.1 persons, compared to 2.6 in Aiken County; this probably reflects the younger resident population in Columbia County, with more children per household.

Table 7.8 shows average weekly wages for the two counties.

Table 7.8 Average Weekly Wages for Columbia County and Aiken County from 2002 to 2013, total for all industries, (<i>p</i> indicates preliminary data)				
Year	Columbia County		Aiken County	
	Current dollars	Adjusted for inflation (2009 \$)	Current dollars	Adjusted for inflation (2009 \$)
2002	512	602	721	848
2003	526	606	731	843
2004	537	602	740	830
2005	576	626	770	837
2006	585	617	781	824
2007	596	612	808	830
2008	634	639	815	821
2009	629	629	846	846
2010	631	623	873	863
2011	630	610	901	873
2012	670	638	894	851
2013	667 <i>p</i>	625 <i>p</i>	876 <i>p</i>	822 <i>p</i>
Average annual growth rate, 2002-2012	2.73%	0.58%	2.17%	0.04%
Growth rate, 2011-2012	6.35%	4.52%	-0.78%	-2.48%
Growth rate, 2012-2013	-0.49% <i>p</i>	-1.97% <i>p</i>	-2.01% <i>p</i>	-3.47% <i>p</i>

Perhaps surprisingly, average weekly wages are significantly lower in Columbia County than in Aiken County, although they have been growing faster over the last 10 years. In 2002 Columbia County wages were 71 percent of those in Aiken; by 2012 they were 76 percent. Wages fell by about 0.5 percent in Columbia County in 2013, or about 2 percent after adjusting for inflation; both declines are smaller than those observed for Aiken County.

How can average wages be lower in Columbia County, when the median household income is higher, and per capita personal income is higher? The answer lies in the recognition that wage data is collected from establishments within the county, while income data is collected from residents in the county. Since only about one-third of Columbia County residents work within Columbia County, most of their personal and household income is earned in another county (or state), where wages are higher. The wage data presented here for Columbia County only reflects the wages earned by those persons who work in Columbia County, many of whom live in other

counties. An average weekly wage of \$667 implies an annual salary of \$34,684, which suggests that much of the employment found within Columbia County is in relatively lower-paying industry sectors, such as leisure and hospitality, and trade, transportation and utilities.

Table 7.9 looks at the overall labor force in the two counties.

Year	Columbia County				Aiken County			
	Labor force	Empl	Unempl	Unempl rate	Labor force	Empl	Unempl	Unempl rate
2002	50,452	48,682	1,770	3.5	68,908	65,422	3,486	5.1
2003	52,309	50,495	1,814	3.5	70,943	67,261	3,682	5.2
2004	55,115	53,016	2,099	3.8	73,306	69,152	4,154	5.7
2005	57,208	54,622	2,586	4.5	74,035	69,658	4,377	5.9
2006	58,404	56,009	2,395	4.1	75,014	70,263	4,751	6.3
2007	59,847	57,528	2,319	3.9	74,694	70,732	3,962	5.3
2008	60,505	57,607	2,898	4.8	74,938	70,583	4,355	5.8
2009	60,558	56,457	4,101	6.8	76,804	69,617	7,187	9.4
2010	63,645	59,274	4,371	6.9	76,203	69,648	6,555	8.6
2011	66,839	62,192	4,647	7.0	78,518	71,742	6,776	8.6
2012	67,965	63,430	4,535	6.7	78,061	71,859	6,202	7.9
2013	67,524	63,241	4,283	6.3	77,368	71,561	5,807	7.5

The faster-growing population of Columbia County has allowed their labor force to grow much faster; with about 29,000 fewer residents in 2013, they have only 10,000 fewer labor force participants than Aiken County, and a much lower unemployment rate.

Table 7.10 looks at building permit activity in the two counties.

Table 7.10 Residential and commercial building permits and values for Columbia County and Aiken County, 2002-2013								
	Columbia County				Aiken County			
	Residential		Commercial		Residential		Commercial	
Year	No.	Average value	No.	Average value	No.	Average value	No.	Average value
2002	1190	124,215	n.a.	n.a.	853	109,333	111	337,104
2003	1302	138,033	n.a.	n.a.	977	116,818	94	422,854
2004	1365	146,943	n.a.	n.a.	965	135,352	85	470,566
2005	1450	163,911	n.a.	n.a.	1158	130,081	73	441,834
2006	1026	193,576	n.a.	n.a.	1144	151,230	93	467,002
2007	940	184,456	n.a.	n.a.	1028	193,783	104	778,267
2008	568	171,422	n.a.	n.a.	618	182,881	92	467,811
2009	958	151,905	76	488,492	554	194,830	37	313,845
2010	1075	161,193	41	797,584	651	225,101	53	545,061
2011	1074	152,612	33	814,294	621	198,934	71	908,997
2012	1118	155,816	51	1,361,741	575	218,757	83	2,380,774
2013	1114	165,359	83	1,437,556	n.a.	n.a.	70	892,770

In order to accommodate the rapid increase in population in Columbia County, the level of new residential construction there was higher than it was in Aiken County from 2002 to 2005. Both counties saw it drop from 2006 to 2008, but it rebounded sooner in Columbia County and has been running at a significantly higher level than it has in Aiken County since then. As of 2012 there are almost twice as many new homes being built each year in Columbia County than in Aiken County, and the average value of those new homes is considerably lower than in Aiken County (about \$50,000 lower).

In terms of commercial new construction, the annual rate of new commercial starts is running about the same in both counties, fluctuating between about 40 and 80 each year for the past five years.

VIII. Summary and Conclusions

The economic data presented and analyzed in the preceding sections of this report provide some indication of several trends taking place in Aiken County. We summarize our analysis and highlight those trends in this section. Finally, we offer some concluding insights on possible policy directions for the County.

Population Trends and Demographics

Continued population growth is one of the most crucial economic indicators for any region. The population of South Carolina is growing more rapidly than the nation as a whole, and North Augusta's population is growing faster than the State, but the positive trends stop there. The population growth rate for Aiken County has slowed considerably recently, and the city of Aiken's population growth rate has fallen even more dramatically, and could be approaching zero.

The United States population is aging as baby boomers get older and younger Americans have fewer children; however, South Carolina and Aiken County are aging faster than the Nation as a whole. As a retirement mecca, it is not surprising that the city of Aiken has more persons aged 65 or older than below 18 years old, but the most recent data show that Aiken's population actually turned slightly younger in 2012. Whether this is because fewer retirees are moving to Aiken, or young families are having more children is not clear.

The racial and ethnic composition of Aiken County is very similar to that of the State: about two-thirds of the population is White and one-quarter is Black or African American; Aiken has a slightly higher percentage of Blacks or African Americans, and North Augusta has a higher percentage of Whites.

Educational attainment continues to be an issue for South Carolina and Aiken County, with a sizeable deficit in bachelor's degree completion levels compared to the nation as a whole, although there has been much improvement since 2000. The cities of Aiken and North Augusta have significantly higher levels of educational attainment than the County, in large part due to the presence of USC Aiken and the SRS (and well-educated retirees).

Most Aiken County residents work in Aiken County, and this is especially true for residents of the city of Aiken; in contrast, almost half of North Augusta residents commute to work in Georgia (mostly in Richmond County). Approximately 12,500 Aiken County residents commute to work in Georgia (mostly in Richmond County), while over 11,000 Georgia residents commute to work in South Carolina (mostly in Aiken County).

Measures of Income

The broadest possible measure of income at the county level is personal income, which includes cash wages, unearned income (dividends, interest and rent), and government transfer payments. Measured in current dollars, personal income growth has slowed recently for the Nation and in South Carolina, but even more so in Aiken County, where it may be approaching zero. To measure the real purchasing power of individuals, these nominal values must be converted to per capita and adjusted for inflation. Unfortunately, real per capita personal income in Aiken County is not just growing more slowly, it is actually falling.

Median household incomes for South Carolina and Aiken County are very similar, but both are about 15 percent below the national figure, no doubt reflecting the lower levels of educational attainment in both areas. Where educational attainment levels are higher, as in Aiken and North Augusta, median household incomes are decidedly higher.

Average weekly wages in South Carolina have consistently been about 80 percent of the national average. Wages in Aiken County used to be above the national average, but have grown more slowly than the rest of the Nation and are now about 91 percent of the national average. Measured in current dollars, wages in Aiken County have been falling since 2011; after adjustment for inflation, real wages in Aiken County have fallen by almost 6 percent since 2011, and show almost no growth at all from 2002 to 2012. Since most residents of Aiken County work in Aiken County, falling wages for jobs in Aiken County lead to lower levels of personal income.

Employment Trends and Patterns

It has been widely reported that labor force participation rates have fallen across the country since the “great recession” of 2007-09, and that this phenomenon has helped to improve reported unemployment rates. Labor force participation rates fell in South Carolina, along with the rest of the country.

In a bit of good news, employment levels in South Carolina and Aiken County have fully recovered, surpassing the peak levels seen before the recession. However, unemployment rates in South Carolina and Aiken County have not returned to pre-recession levels, and the number of unemployed workers remains stubbornly high. More concerning is the fact that employment levels in the city of Aiken have not recovered from the recession, and have actually been declining since 2011.

Employment within the goods-producing industries of manufacturing, construction and natural resources and mining has fallen dramatically since 2002; all employment growth in Aiken County since 2002 has been in the service-producing industries. In another small piece of good news, there has been some growth recently in manufacturing employment in Aiken County.

The professional and business services sector (this is where most of the SRS jobs are reported) provides about 1 out of every 4 jobs in Aiken County, provides more labor earnings than any other sector, and pays the highest average salaries; unfortunately, employment in this sector has fallen 20 percent since 2002. Employment in the three highest-paying industry sectors in Aiken County – professional and business services, manufacturing, and construction – has fallen by 15 to 25 percent since 2002, for a loss of over 5,300 well-paying jobs.

In contrast, the employment growth in Aiken County since 2002 was concentrated in four industry sectors: education and health services (+37.6 percent), leisure and hospitality (+26.5 percent), financial activities (+25.0 percent), and trade, transportation and utilities (+12.1 percent), and three of these sectors are among the lower-paying industry sectors in the County. Thus, while total employment in Aiken County has fully recovered from the recession, there has been a substitution of lower-paying jobs for higher-paying jobs, which has resulted in falling average wages and falling personal income levels.

Consumer Spending

Gross retail sales are an important barometer of business conditions in an area. Retail sales in South Carolina as a whole have fully recovered from the recession, hitting new highs in 2011-12, and have continued to grow at a healthy pace, which is good news. In contrast, retail sales in Aiken County have grown more slowly, have not quite yet returned to their pre-recession peak, and actually fell in 2012-13.

Retail sales in Aiken grew steadily for many years, maintaining their upward climb throughout the recession, but have also now fallen in 2012-13. Retail sales in North Augusta have still not recovered from the recession, also fell in 2012-13, and are currently \$46 million below their peak in 2004-05. The large percentage of North Augusta residents who work (and likely shop) in neighboring Georgia could make it difficult for North Augusta to make up this drop in retail sales anytime soon, although Project Jackson may help here.

Real Estate Markets

The evidence of any significant upward trends in Aiken County residential real estate markets is mixed. The number of pending home sales in Aiken County has been rising over the past 5 years, but most of that movement has been in homes selling for less than \$300,000, especially homes below \$100,000. Number of days on the market seems stuck around 200 days. The median sales price for homes in Aiken County has fallen recently with an increased number of sales at the lower end of the range; there does not seem to be much upward momentum in home prices

Both new residential construction and new commercial construction in Aiken County were hit hard by the recession, and seem stabilized at about 60-70 percent of their pre-recession peaks; accordingly, construction employment levels are down 25 percent from 2002. Project Jackson should bring some improvement in the commercial building sector as it comes online.

Local Government Revenues

Overall, local government tax revenues for Aiken County, the City of Aiken, and the City of North Augusta are down slightly in recent years, but their financial positions remain strong. Unless revenues continue to fall, this should provide a solid basis for the provision of much-needed public services for local residents,.

Policy Implications

This study was commissioned to provide a clearer picture about where Aiken County currently stands with regard to a number of different indicators of economic vitality and quality of life. It is not an economic impact study, nor is it an economic forecast. However, we can make a few observations about what we feel the reported economic conditions and trends might suggest in terms of policy implications.

Given the long-standing causal relationship between educational attainment and income levels, any efforts to increase educational attainment levels in Aiken County would likely reap good rewards. Better preparing high school graduates for higher education could help reduce the percentage which starts college but does not complete any sort of degree. Upper-level degree completion programs which make it easier for persons who started college but left without a degree or just completed an associate's degree to return and earn a bachelor's degree would also seem to be warranted. For those who already hold a bachelor's degree, easier access to graduate programs could be helpful.

We note that the economy of Aiken County remains especially vulnerable to forces outside its control, being dependent on federal and/or state appropriations and sensitive to an uncertain political and regulatory environment. The introduction of the SRS in the 1950's led to an unprecedented economic boom for Aiken County and the city of Aiken that permanently altered both areas. However, the end of the Cold War and changing political realities have greatly reduced the mission of the Site and the corresponding economic impact to Aiken County, and it seems clear that the future is likely to entail a continued reduction in funding and activities at SRS. While fighting to preserve current funding levels at the Site is a worthy cause, we believe that Aiken County and the cities of Aiken and North Augusta should also start now to prepare for a future in which the Site plays a significantly smaller role in the local economy.

The need for greater diversification of the sources of personal income seems obvious. Attracting retirees from outside the area who bring their own above-average personal income levels with them is one form of diversification. Encouraging equestrian-related visitors to live in our area for part of the year is another. We've been quite successful at both of those strategies, but we need more than just that. The strong growth in employment seen recently in the financial activities sector, which pays relatively high salaries, is another example of greater diversification. The new focus on enhancing the entrepreneurial climate in Aiken to encourage innovative entrepreneurs that are not dependent on government resources and sell their products to a national or international marketplace is an excellent next step along this path. We applaud the opening of the

Mill on Park business incubator in downtown Aiken and its partnership with USC Aiken and the Small Business Development Center. The new Young Entrepreneurs Academy for middle- and high-school students is yet another step in the right direction.

The continued efforts by the Economic Development Partnership to bring more large-scale manufacturing plants to Aiken County is also another important piece of this strategy. However, the economic benefits of bringing hundreds of new, well-paying manufacturing jobs to Aiken County will not be fully realized if many of these new employees choose to live elsewhere. Columbia County, Georgia is a strong competitor for Aiken County in this arena. Every well-paid employee of a manufacturing plant in Aiken County that chooses to live in Columbia County causes Aiken County to lose much-needed real estate sales or housing starts, property tax and sales tax revenue, personal income, and retail sales for local businesses which employ local residents. The ripple effects touch virtually all aspects of the local economy, from realtors, to local contractors, to local banks, to local public schools and municipal governments (and hence all local citizens), to local charities, to lower-paid workers in retail trade and leisure and hospitality.

It is not easy to quantify these losses, but according to the Census Bureau there are approximately 3,840 workers who reside in Columbia County and commute to work in Aiken County. It is reasonable to assume that most of these commuting workers are employed in higher-paying jobs, and we know that the average per capita personal income for Columbia County is over \$10,000 higher, and the median household income in Columbia County is over \$23,000 higher than they are in Aiken County. Most, if not all, of these well-paid workers probably purchase an existing home or build a new home. If only half of these commuting workers were to live in Aiken County rather than Columbia County, local realtors or local building contractors could potentially sell almost 2,000 additional homes. Local banks could then make almost 2,000 additional mortgage loans, local appliance and home improvement stores could sell considerably more goods, local grocery stores and restaurants could get more sales, local churches and charities could receive more donations, and local schools and governments could receive more tax revenue.

Put another way, every well-paid worker in an Aiken County business who chooses to live instead in Columbia County enriches that county, and provides very little economic benefit in this county. All the hard work of the Economic Development Partnership to bring those jobs to our area ends up benefitting another community, rather than ours. The rapidly-growing economy of Columbia County and its strong property and sales tax base allows it to provide high-quality public services to its new residents, including newer and more modern public school facilities, which serve as an attractive magnet for young professionals with school-aged children.

This competition between Aiken County and Columbia County for the new, well-paid employees which take jobs in Aiken County has serious consequences for the future of the economy of

Aiken and Aiken County. Given that employment levels at the SRS are widely expected to shrink over the coming years, regardless of what we do, our ability to attract well-paid workers with school-aged children to the neighborhoods in Aiken County may be one of the most crucial challenges we are facing. This is one instance in which we do have the ability to change the situation and bring about a new result. We can improve the attractiveness of our community to these families who would bring some much-needed economic stability to our area and help us to take care of the less fortunate members of our society and provide more, and better-paying jobs for everyone. As identified by the Aiken Chamber's recent Blue Ribbon Panel report, improving our roadways and highway infrastructure to alleviate traffic congestion, providing more public gathering spaces ("green spaces") and residential options downtown, improving accessibility for pedestrians and bicyclists throughout the area with new trails and pathways, and replacing or renovating our aging public school facilities are all possible ways of making our community more attractive to these workers.

What could happen if we do not rise to this challenge, and the trends and conditions described in this report are left to continue along their current paths? Again, this is not an economic forecast, but we can point out some possible outcomes.

If the growth rate of the population in the city of Aiken continues to fall, there is no guarantee it will just stop at zero – negative growth is a real possibility. Population growth in the County is also falling and could go down the same path. Employment in the city of Aiken has been falling for the past two years, average weekly wages and the real purchasing power of personal income in the County are falling, retail sales in the County and cities of Aiken and North Augusta are falling, and housing values are flat. Lower-paying jobs are replacing higher-paying jobs throughout the County, and new construction seems stuck on a permanently lower plane.

All of these warning signs suggest a loss of economic stability that threatens the quality of life that we all enjoy in Aiken County and the cities of Aiken and North Augusta. Economic stability requires some regular, consistent growth of the population, employment levels, wages, personal income, new construction starts and housing values. Continued reductions in population growth – or worse, population declines – would threaten local businesses and their workers, exacerbate falling income levels, and threaten our ability to maintain our high-quality public-funded and privately-funded services we provide for all of our citizens.