

CHAPTER TWO POPULATION DEMOGRAPHICS

Economic trends within the eight counties of the FTDD were generally positive during recent years, but there were areas of concern. The population of the FTDD has been relatively flat from 2010 to 2016, posting a 0.3 percent increase, while the unemployment rate has decreased from 9.5% in 2010 to 5.4% in 2016. Per capita income at the District level has increased by 15.6 percent from 2010 to 2015

POPULATION

The U.S. Census Bureau estimates the FTDD had a population of 507,837 in 2016, an increase of 1,571 people, or 0.3 percent, between 2010 and 2016. While the FTDD experienced little population growth from 2010 to 2016, the state and the national population experienced increases of 4.8 percent and 4.7 percent respectively. From 2010 to 2016, seven of the eight counties in the region had negative population growth. One county, Washington County, had a relatively solid population growth of 3.6%, which offset the losses in the other counties. Hancock and Unicoi counties had the greatest population percentage loss from 2010 to 2016 with -3.5% and -3.2%, respectively. Hancock County has the highest unemployment rate in the region and Unicoi County was impacted by the loss of 300 higher paying jobs from the CSX Rail Yard (Table Two A).

The racial composition of the region remains primarily white, 94.8% in 2015 and has become more diversified in the past fifteen years. Minority populations increased from 3.8 percent in 2000 to 5.2 percent in 2015. The Hispanic ethnic group also increased from 0.9 percent in 2000 to 2.3% in 2015 (Table Two B).

AGE DISTRIBUTION

The First Tennessee Development District had a median age of 43.6 years in 2015 compared to 38.6 years for the State of Tennessee and 37.8 years for the U.S. Unicoi County in the region had the highest median age in the region, 46.4 years, and Washington County had the lowest, 40.1 years (Table Two C).

The higher median age of the region is reflective of several trends. Traditionally, the region's population has been older than the State and U.S. as people tend to stay in the region, even with major lifestyle changes. People are living longer, the baby boom generation has reached retirement age, and retirees are moving to the area. Many of the retirees are people who grew up in the region, worked elsewhere and raised a family, and returned to the area after retirement. Another trend is retirees being attracted to the area because of the natural beauty, four seasons, and affordable cost of living. The region has 19.8 percent of its population 65 years of age or older in 2015 compared to 15.4 percent in Tennessee and 14.9 percent in the U. S.

EDUCATION LEVEL

The education attainment level of the region's population over 25 years of age improved from 2006-10 to 2011-15 (Note that the U.S. Census estimates over a 5 year period to improve the accuracy of its measurements). The percentage of the population that was found to be high school graduates or higher increased from 72.6% in 2000 to 83.8% in 2011-15. The region's percentage (83.8%) was below the state (85.5%) and the nation (86.7%) (Table Two D).

The region's percentage of population 25 years or older with a bachelor's degree or higher increased from 16.1% in 2000 to 20.4% in 2011-2015. Tennessee had 24.9% of its population with a bachelor's degree or higher compared to 37.8% in the U.S.

The correlation between per capita income and education was strong in the region. Sullivan and Washington counties had the highest per capita income and the highest percentage of its population that were high school graduates or higher. Hancock and Johnson counties had the lowest per capita income and lowest education attainment percentages. However, Hancock and Johnson counties are improving, especially in the percent of high school graduates in the 25-34 and 35-44 year age groups when compared to the previous 15 years.

PER CAPITA INCOME & MEDIAN HOUSEHOLD INCOME

From 2010 to 2015, per capita income grew 15.6% within the FTDD, less than the state growth rate, 18.8%, and less than the U.S, 19.8% (Table Two E). The growth rates are relatively solid as the economy has gained momentum since the 2009-10 recession.

The 2015 per capita income of \$36,423 for the FTDD was 75.7% of the U.S. level and 86.5% of the state level.

Washington and Sullivan counties per capita income of \$39,034 and \$38,799 respectively were the highest within the FTDD in 2015. Hancock County had a per capita income of \$23,733 and was 56.4% of the state and 49.3% of the U.S.

Some of the difference between income levels compared to the nation can be explained by the region's lower cost of living.

Median household income in the region was \$38,400 compared to \$45,219 for the State and \$53,889 for the nation (Table Two F).

POVERTY LEVEL

The region's percent of persons in poverty increased from 17.2% of persons in 2005 to 19.5% in 2011-15. (Table Two G) The poverty rate of the region was above the state, 17.6% and the nation, 15.5%.

Hancock County had the highest percentage of persons in poverty in the region from 2011-15 with 27.7%. Johnson County had the second highest percentage of its persons in poverty in the region at 25.6%. Sullivan County had the lowest percent of its population below poverty, 17.5%.

EMPLOYMENT

UNEMPLOYMENT RATE

The unemployment rate within the FTDD was 5.4% in 2016 compared to 4.8% in the state and 4.9% in the U.S. (Table Two H). The FTDD unemployment rate has dropped from 8.8% in 2011 to 5.4% in 2016.

Some counties within the FTDD are doing better than others with regard to their unemployment rate. While Washington County (4.9%) and Johnson County (4.9%) have the lowest unemployment rates for 2016, Hancock County (7.8%), Unicoi County (7.2%) have the highest unemployment rates. Johnson County has experienced a significant decline in its unemployment rate from 12.0% in 2011 to 4.9% in 2016. Parkdale Mills completed a major expansion in Johnson County in 2015 and 2016 and is adding 125 employees.

EMPLOYMENT TRENDS

Employment data is compiled in two ways, by place of residence and by place of work. For example, employment growth by place of residence does not factor commuting patterns within counties of the region (Table Two I). Employment by place of work, which reflects business location and commuting patterns, is non-agricultural employment data (Table Two J).

Unfortunately, the two data sources do not tell the same story. In place of residence employment data, there were -12,750, or -5.7%, fewer people employed within the FTDD in 2016 than in 2011 (Table Two I). FTDD employment loss (-5.7%) was below the state gain (4.9%) and less than the national gain (8.3%).

While employment by place of residence showed a loss of employment from 2011 – 2016 in the region, employment by place of work showed an increase of employment of 4,987 jobs (2.8%) from 2011-15 (2016 data not yet available) Table Two J. Positive employment growth from 2011 through 2016 makes a lot of sense as the region was coming out of the recession. Still, the region's employment growth lagged behind the State and Nation.

The Tri-Cities are employment centers that draw from a multi-county area in Northeast Tennessee and Southwest Virginia. Sullivan and Washington counties make up 55.9% of the region's 2016 population and 68.9% of employment by place of work. A significant portion of the population of Carter, Hawkins and Unicoi counties work outside their home county.

The region's employment mix in 2015 was 63.0% from service-producing sectors, 20.9% from goods-producing sectors, and 16.1% from government (Table Two J). The employment mix for the region is less service-sector oriented compared to the State and U.S., but a higher percentage of employment is based in service-producing sectors in 2015, 63.0% than in 2003, 58.1%.

The region's percentage of employment in manufacturing of 16.1% was above Tennessee, 11.8% and the U.S., 8.9%. Hawkins County had the highest percentage of its employment based in manufacturing, 32.5% (Table Two K). Manufacturing output continues to increase, but companies are making products with fewer employees.

HEALTH OUTCOMES/HEALTH FACTORS

The University of Wisconsin Population Health Institute put together data on the health outcomes of Tennessee counties. The data gauges counties' health outcomes and health factors ranked against the 95 counties in Tennessee. While the data is an estimate and variance can often be explained by factors other than health, it does give a relative measure.

Health outcome was measured by equally weighing of Length of Life (percentage premature death) and Quality of Life data (percentage poor or fair health days, poor physical health days, poor mental health days, low birthrate). The region had wide variance in health outcomes. Washington County ranked 19th in the State and Hancock County ranked 86th (Table Two L).

Health factors are based on weighted scores for health behaviors (30%), clinical care (20%), social and economic factors (40%), and physical environment (10%). Again, the region had wide variance with Washington County ranked 6th in the State and Hancock County ranked 93rd (Table Two M).

Unicoi County ranked first in the State for Physical Environment led by a #1 ranking in Access to Exercise Opportunities. Unicoi County has an excellent trail system including the Erwin Linear Trail, Pinnacle Fire Tower Trail and Appalachian Trail. Several other counties in the region also ranked high in Access to Exercise Opportunities.

Strategic Findings

Strategic Finding 1. Workforce Development. Workforce development challenges are common the region as well as the State and nation. These include a lack of qualified workers in certain fields, need for a better educated overall workforce, needs for better soft skills from recent graduates, and passing drug screens. The challenges can be turned into opportunities as programs that target these areas result in job placement.

A major opportunity for the region is matching the labor force skills with new job opportunities. Talented young people will leave the area if opportunities are not available. Opportunities exist for the region to in-fill jobs available with many of its employers if the depth of the region's workforce skills were upgraded through education and training. Excellent opportunities exist in science, technology, engineering and mathematics (STEM) as well as health care, teaching and welding.

The labor force generally compares favorably with companies having multiple facilities in the U.S. and abroad. A major problem in the region is that many companies, even in slow economic times, would have higher levels of employment in the region if they could find qualified employees in certain highly skilled fields. Sectors with major issues in this area include medical, engineering, fields requiring math and science backgrounds, management and certain technical areas. Thus, there is an opportunity to improve employment through expansion of existing companies. Companies making an expansion or location decision are not only looking for an available workforce, but an educated workforce.

Concerns have been expressed by several businesses regarding the academic preparedness and soft skills of some high school graduates entering the labor force. Also, failure of drug screens is a major detriment to greater employment in some fields. The region is becoming much more proactive in addressing the opioid addiction issue through expanding treatment options, drug court programs instead of serving a prison term, the programs allow a person to continue working in certain fields as long as they are following a treatment and testing program. Research shows that of those struggling with addition, 70% are in the workplace. East Tennessee State University has been at the forefront of an effort to establish programs and educate the public.

Several **regional initiatives** are occurring to provide **better education** and **workforce training** opportunities.

The Tennessee Department of Labor and Workforce Development works to educate and train individuals with the skills needed to enter the workforce. Locally, these services are coordinated through the Workforce Investment Board.

In addition, the region has an effective State university (East Tennessee State University), community colleges (Northeast State Community College and Walters State Community College), the Tennessee Technology Centers in Elizabethton and Surgoinsville, and private colleges (King College, Milligan College, and Tusculum College) that are continually developing and refining education programs to meet the needs of the labor force. Online classes are making it feasible for non-traditional students with a busy lifestyle to obtain a degree.

Northeast State Community College is offering distance learning through sites in Elizabethton, Johnson City, Gray, Kingsport, and Mountain City. The opportunity exists to obtain an education with less travel demands.

Through the Drive to 55 initiative, Tennessee has a goal to get 55% of Tennesseans equipped with a college degree or certificate by 2025. The initiative's focus is to have the Tennessee workforce prepared for the greater education requirements of future jobs. To support the initiative, the Tennessee Promise program offers two years of tuition-free community or technical college to Tennesseans.

The First Tennessee Development District is at the forefront for workforce development efforts in the region. Three major initiatives include:

- 1. Work Ready Community:** a national workforce development initiative sponsored by ACT. Allows counties to leverage the ACT WorkKeys National Career Readiness Certificate (NCRC) to measure and close the skills gap and link, align and match workforce development efforts. To become a work ready certified community, counties must reach goals established by ACT for the number of certificate holders in the categories of emerging workforce, transitioning workforce and current workforce. Additionally goals exist for the number of businesses supporting the initiative. The Certified Work Ready Community distinction is a competitive advantage as only 5% of the counties and parishes in the United States currently have earned that distinction.
- 2. Work Ethic Diploma:** high school seniors have the opportunity to earn points toward 14 standards that designate those attaining as work ethic diploma graduates. Those standards address soft skills such as attendance, tardiness, drug free, industry awareness and GPA. Additionally, supporting businesses guarantee an interview to anyone holding this distinction with the caveat that they must meet all other job posting requirements.

- 3. CareerQuest TN:** an interactive, industry lead career exploration experience for students 8-12th grade. Featured industry sectors include advanced manufacturing, construction, health care and IT. Additionally, post-secondary partners participate allowing students to learn the educational pathway opportunities to various careers.

Goal: 2018 event will include 5,500 students, 6 post-secondary institutions and 50 businesses

Strategic Finding 2. Entrepreneurial Development. The region has developed business infrastructure that encourages entrepreneurs and needs to continue supporting this effort.

A threat to the region's economy is that the **entrepreneurial environment** as measured by new businesses per capita is low compared to other areas. Since many jobs in the U.S. are being created by small, innovative businesses, this trend is a concern for the region. A factor affecting entrepreneurial development is the limited availability of capital for potential businesses in fast growing industries, especially in the seed and venture capital areas. Entrepreneurs tend to have smaller swings in employment and are not as likely to locate to another area. This is important as the region has many branch plants and facilities that can experience major increases and declines.

ETSU and the Holston Business Group have been operating business incubators for several years. Both facilities have a good mix of businesses in developing sectors. ETSU uses the business incubator to place research in the private sector and as an opportunity for students to interact with entrepreneurs. This is one of several examples of the ETSU College of Business emphasizing entrepreneurial opportunities to its students. ETSU also partners with the Holston Business Development Center for management of the facility.

The Town of Unicoi opened the Mountain Harvest Kitchen Incubator in 2017. The Mountain Harvest Kitchen is a certified commercial kitchen created to support development and growth of local and regional food businesses.

The region also has a business accelerator organization, AccelNow that has been in operation since 2012. The accelerator assists entrepreneurs as they establish new businesses and add jobs to the local economy. The accelerator provides mentoring, education and training; strategic and technical support; and assistance identifying sources of capital.

The First Tennessee Development District is active in entrepreneurial development through its lending corporation, the Northeast Tennessee Economic Development Corporation. Through its five loan programs, 102 loans have been made totaling \$7.2 million since 1991. The companies assisted have created 688 jobs.

Strategic Finding 3. Higher Paying Jobs to Address Per Capita Income Gap. The region's affordable cost of living addresses some of the income gap, but issues remain, including pay levels and education attainment, which are below the state and nation.

A weakness of the region is that **per capita income** levels were below state and national levels. The percentage of families living in poverty for the region was higher than the state and nation.

Raising per capita income will involve addressing several issues including targeting higher paying businesses, K-12, secondary and post secondary education, matching skills with available fields, coordinating with state and regional economic development initiatives, and providing and developing the necessary support services to industries in higher paying job sectors. A more detailed analysis of this issue is in Chapter 3, Cluster Analysis.

The changing demographics of the region will present several unique opportunities and threats in future years. Northeast Tennessee already has a population that has a **higher median age** than the state and nation. Business service opportunities will be prevalent to meet the needs of the elderly. Finding health insurance and long-term care solutions for an aging population will be a challenge. The First Tennessee Area Agency on Aging and Disability works diligently with the public and private sector to address these needs.