



# Economy

Scott County first developed as a farming community, but saw its greatest growth come with manufacturing in the post WWII era. Scott County's enormous growth from 1940-1980 included some driven by employment at the Charlestown Ammunition Plant, which once employed 21,000 workers, and at the U.S. Army Ammunition Proving Ground near Madison, Indiana. The decline in manufacturing and the end of major military conflict brought the decline and eventual closure of the ammunition plant. Today, however, that property is home to River Ridge Industrial Park, which has the potential to, once again, generate thousands of jobs. The quality of those jobs, and the ability of the region's labor force to fill them, will determine the economic impact on Scott County's economy.

## Community Profile

Scott County remains a manufacturing community with strong employment in retail trade, accommodation and food services, and healthcare and social services. While more than a quarter of Scott County employment is in manufacturing (25.8%, 2,759 jobs), that figure is down from around 35% (nearly 3,500 jobs) in 1970.<sup>14</sup> Declines in factory employment likely brought declines in other aspects of blue-collar community.<sup>15</sup> Many workers had to leave the local community to find work, which meant either moving or replacing social and civic engagement time with a commute. In addition, low wage retail and service jobs, that offer fewer benefits and generate less economic activity in the community, replaced well-paid manufacturing jobs. Among those who remain in manufacturing, wages have not kept pace with an increasing cost of living over the last 40 years. The top employers today

are Austin Tri-Hawk Automotive, Walmart, Morgan Foods, Samtec, and Scott Memorial Health.

Despite a strong agricultural history that fed a regional cluster in food production through Morgan's cannery, farms today comprise only 2.8% of employment in Scott County, and earnings in the industry are negative.<sup>16</sup> In recent decades, farms in the area closed or shifted to soybean and feed corn production as part of the national shift to industrial agriculture. In conversation with a group that included two individuals whose families have been farming Scott County for generations, both shared that their fathers and grandfathers farmed full-time, but now area farmers cannot survive on farming alone. They have other jobs and farm part-time in their "off" hours. In terms of locally owned business, seventeen percent of Scott County employment is proprietor employment with the majority of that in nonfarm sectors.<sup>17</sup>

Today, median income in Scott County lags behind state and national averages. The median represents the halfway point in a population. Half of Scott County households have an income less than \$47,123 and half have higher incomes (Figure 9). That figure does not control for household size. "Per capita income in the last 12

Top 5 Employers
Austin Tri-Hawk Automotive Inc.
Walmart Supercenter
Morgan Foods Inc.
Samtec Inc.
Scott Memorial Health

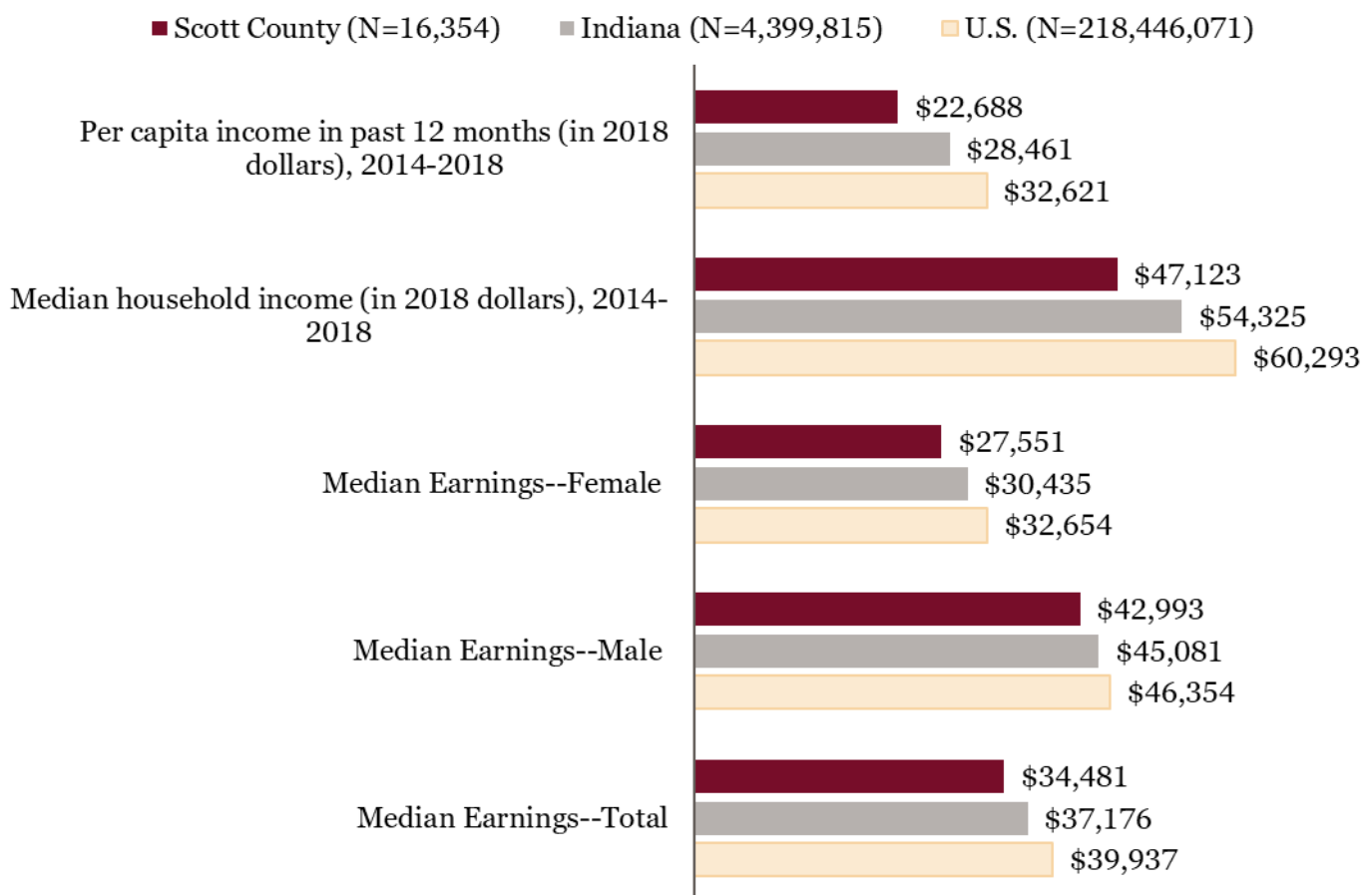
months” indicates income per person and provides a measure of overall economic well-being. Scott County lags well behind the state and nation with a per capita income of \$22,688 compared to \$28,461 for Indiana and \$32,621 nationally (Figure 9).

In interviews, group conversations, and open-ended responses on the survey, residents suggest that well-paid manufacturing jobs are available in Scott County, but that portions of the working age population who might be well-served by those jobs, are not engaging the opportunity. Anecdotally, respondents suggest that local employers have to recruit workers from elsewhere. Commuting data indicate the county imports roughly 13.6% of the Scott County workforce (N=12,533).<sup>18</sup> Among surrounding counties, Washington County is the largest

supplier of workers, with Clark County not far behind, and Jackson County in the number three spot. Scott County is a net exporter of labor with 3,768 residents working outside the county.

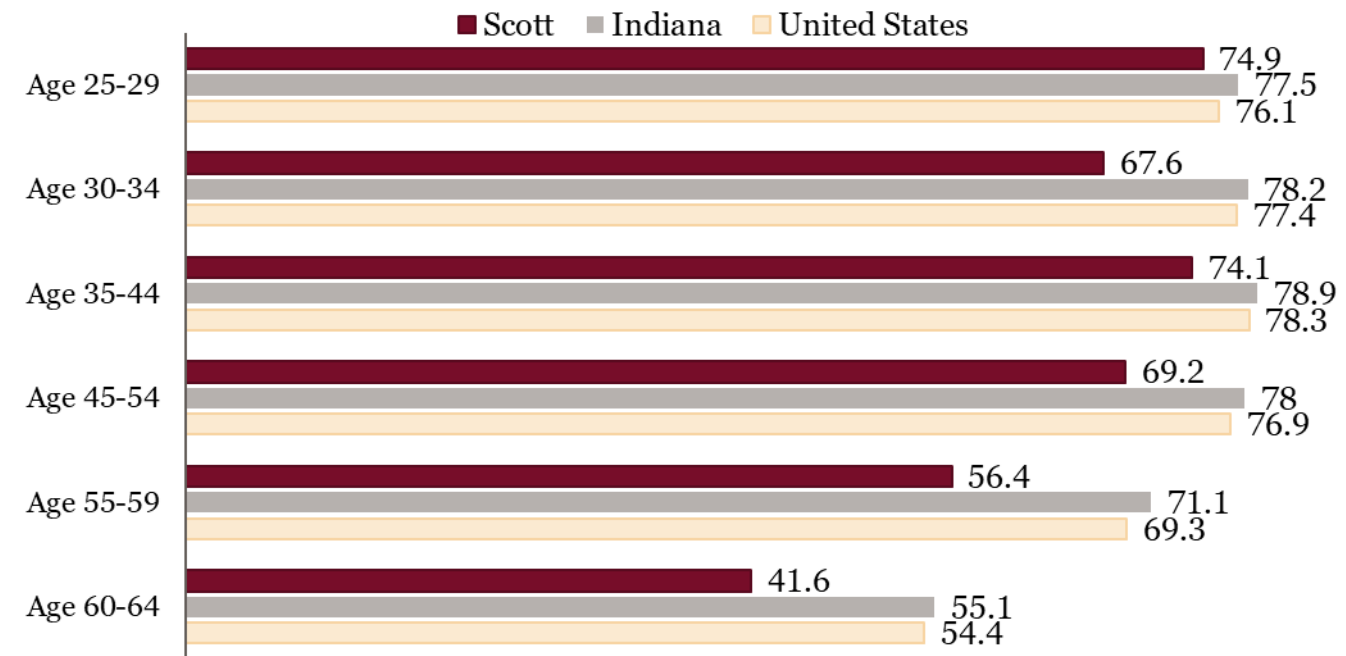
In order to assess employment patterns, the research team chose to use the employment ratio rather than the unemployment rate. The employment ratio is the number of people employed divided by the total number of people in the age group. The unemployment rate, only counts those who have been unemployed for six months or less and are actively seeking work. This means it undercounts discouraged workers and those who are not engaging the labor force. Scott County’s unemployment numbers are only slightly higher than state and national figures. In 2019, for example, the average monthly “unemployment” in Scott County was 3.9%

Figure 9: Income Dynamics 2014-2018, Scott County, Indiana, and the U.S.



U.S. Census Bureau. 2020. "Quickfacts." American Community Survey 5-Year Data 2014-2018. Retrieved 08/13/2020 (<https://www.census.gov/quickfacts/fact/table/IN,scottcountyindiana,US/PST045219>)

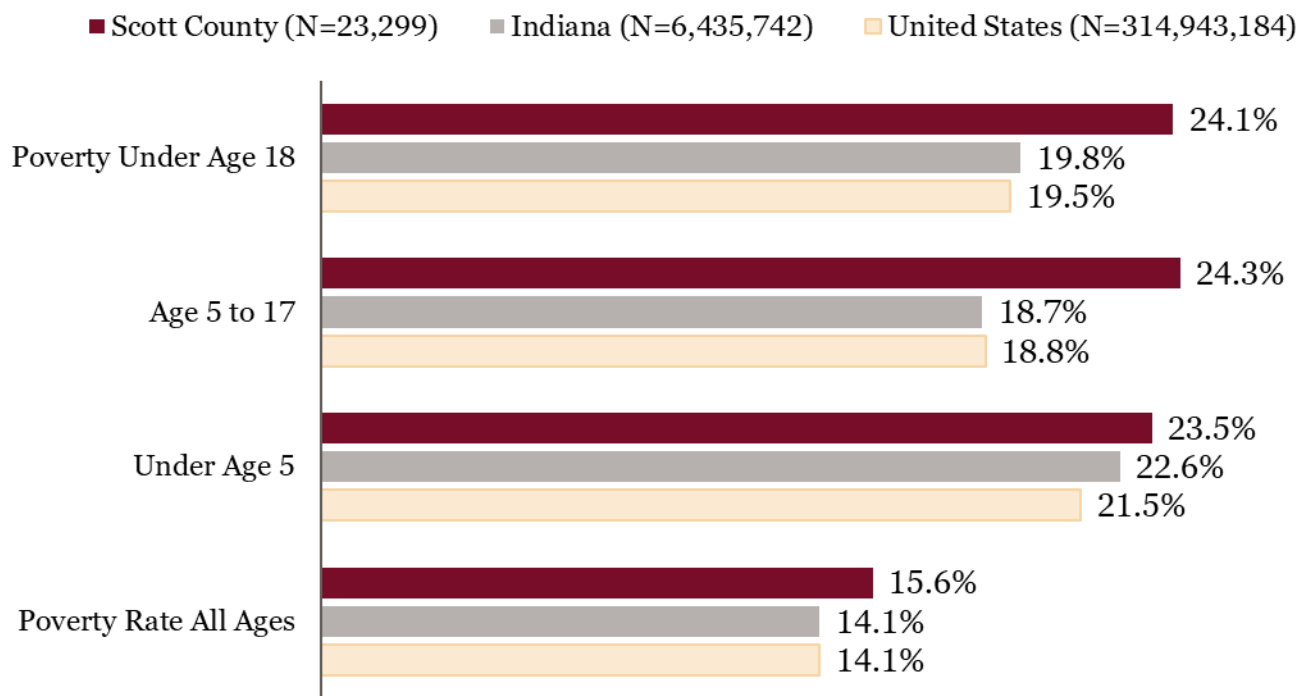
Figure 10: Employment to Population Ratios by age group for those of prime working age (25-64), Scott County, Indiana, and the U.S.



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U.S. Census Bureau. 2020. "Table S2301: Employment Status." and "Table S1701:Poverty Status Last 12 Months *American Community Survey 5 Year Estimates, 2014-2018*. retrieved 09-06-2020 ([www.census.gov](http://www.census.gov)).

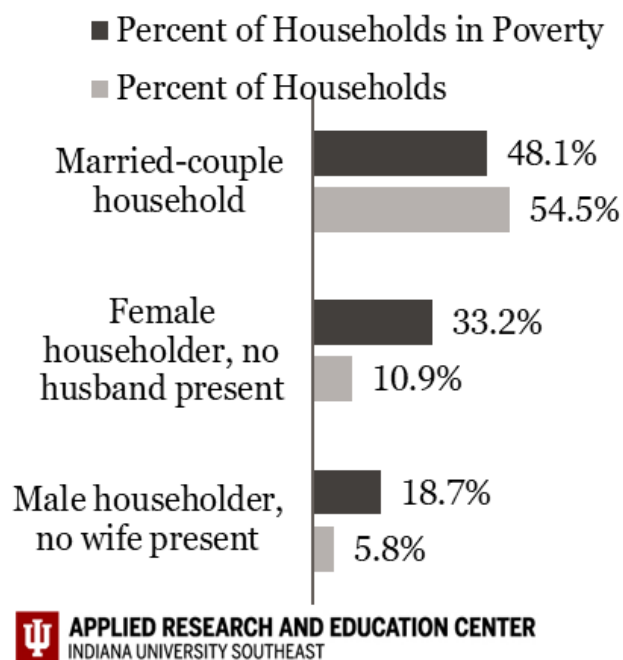
Figure 11: Percent of persons in poverty, Scott County, Indiana, and the U.S. 2014-2018



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U.S. Census Bureau. 2020. "Table S2301: Employment Status." and "Table S1701:Poverty Status Last 12 Months *American Community Survey 5 Year Estimates, 2014-2018*. retrieved 09-06-2020 ([www.census.gov](http://www.census.gov)).

Figure 12: Poverty by Family Household Type, Single and Married-Couple Parents



compared to a state rate of 3.3% and a national average of 3.6%.<sup>19</sup> From 2014-2018, the estimated unemployment rate in Scott County was 5.0%.<sup>20</sup> If you add 5 points to the employment ratio figures to explain the 5 percent that may be recently unemployed, you are still left with a gap between Scott County's labor force participation (employed + unemployed) and state and national employment rates for most age groups (Figure 10). Keep in mind that the Indiana and U.S. figures operate the same way, but with a lower employment ratio, Scott County still has a larger share of working age adults out of work.

The employment ratio combined with a poverty rate higher than both the state and national rates indicates an underemployment problem (Figure 11). This dynamic is consistent with what we heard in interviews and survey event conversations. People believe there is a portion of the adult population that simply is not engaging. They also suggest that some raised in households where no one held stable employment lack key skills and motivation for work. The fact that the employment ratio data indicate underemployment among all age groups within the prime working age population (ages 25-64) supports the claim that this problem is multigenerational in some cases. This does not appear to be a "young people" problem.

The overall poverty rate for the period 2014-2018 is 15.6% (Figure 11). The figures are considerably higher when we look at children. Families with children have to make the dollars go further. The census accounts for household size when it calculates poverty. Nearly a quarter of Scott County children under the age of 18 lived in households earning poverty wages 2014-2018 (Figure 11). In most places, poverty rates are highest for families with children under the age of five. Parents of children under five are usually younger and have not been earning as long so their wages tend to be lower. Those who have children without acquiring more education or training may be stuck in low-skilled, low-wage jobs during their children's early years. Interestingly, in Scott County, this is not the case in the 2014-2018 data. Among those ages five to seventeen, poverty rates are just a little bit higher than for those under five.

Based on interview data, this may be the result of growth in the Lexington and Vienna areas of Scott County. New housing developments and strong elementary schools in the Lexington and Vienna areas have attracted higher earning families with young children. To the extent that higher earnings generate additional benefits in health and education, attracting young families whose earnings are above the poverty level could shift these figures over time.

Among family households with children under 18, those headed by a couple are less likely to be in poverty than their single parent counter parts. Single parent households comprise a far greater share of poor households than they do of households generally (Figure 12). For low-wage workers, children are a challenging expense for two parent households, but for single parents, a single low wage to support two or more people means living in poverty. Teen pregnancy rates in Scott





County are relatively high (see health and wellness section), and this can contribute to childhood poverty as teen mothers have relatively low earning potential.

## Community Perceptions: Personal Finance & Economic Well-Being

Among responses to the question of top five needs in personal finance aspects of the economy, only two items garnered selection from more than half of respondents: living wage and affordable housing (Figure 13) and not one was selected by 60% or more. Interviews confirm shared focus on wages and housing.

When we break responses down by income grouping we don't see a strong pattern, but some key differences between higher income respondents and lower income respondents emerge (Figure 14). Lower income respondents are significantly more likely to select affordable housing and emergency assistance to individuals or families as priorities for personal financial/economic well-being. Higher income respondents are significantly more likely to select workforce development training, small business development, and employment opportunities for older adults.

These differences reflect the ways that social position shapes perspective. For people in need, basic necessities are paramount. For those for whom the economic system delivers returns that

support self-sufficiency, the answer to the problem is to offer activities and programs that will help others become self-sufficient. People who are financially secure, whether by virtue of education or experience, may have more knowledge about the relationship between small business development, employment, and local economic vitality. Whereas lower income people want jobs and may not be particularly concerned about whether those jobs are in locally owned small businesses or with national chains.

Both of these perspectives are worth paying close attention to. All agree that good jobs and assistance in getting them (through training or job search assistance) are important. Lower-income respondents, however, note that filling the gaps in difficult times still has to be a priority. Higher income people recognize that more fast food and big chain retail jobs will not reduce poverty and build a vibrant, sustainable, local economy.

Small businesses are an important component of sustainable rural development. Most of the people we spoke with expressed frustration at the difficulty of maintaining locally owned businesses in a market with too little discretionary income. Small businesses, if they succeed, can be a key to increasing employment and raising wages. Given these dynamics, Scott County needs to find ways to import revenue by attracting visitors. Some believe the community's natural assets are a potential pathway, others want to see the Mid-America Science Park more effectively developed for such purposes, and still others want to pursue a sports complex or other means of attracting visitors.

Figure 13: Top Five Needs for Personal Finance Aspects of Economic Well-Being (N =300)

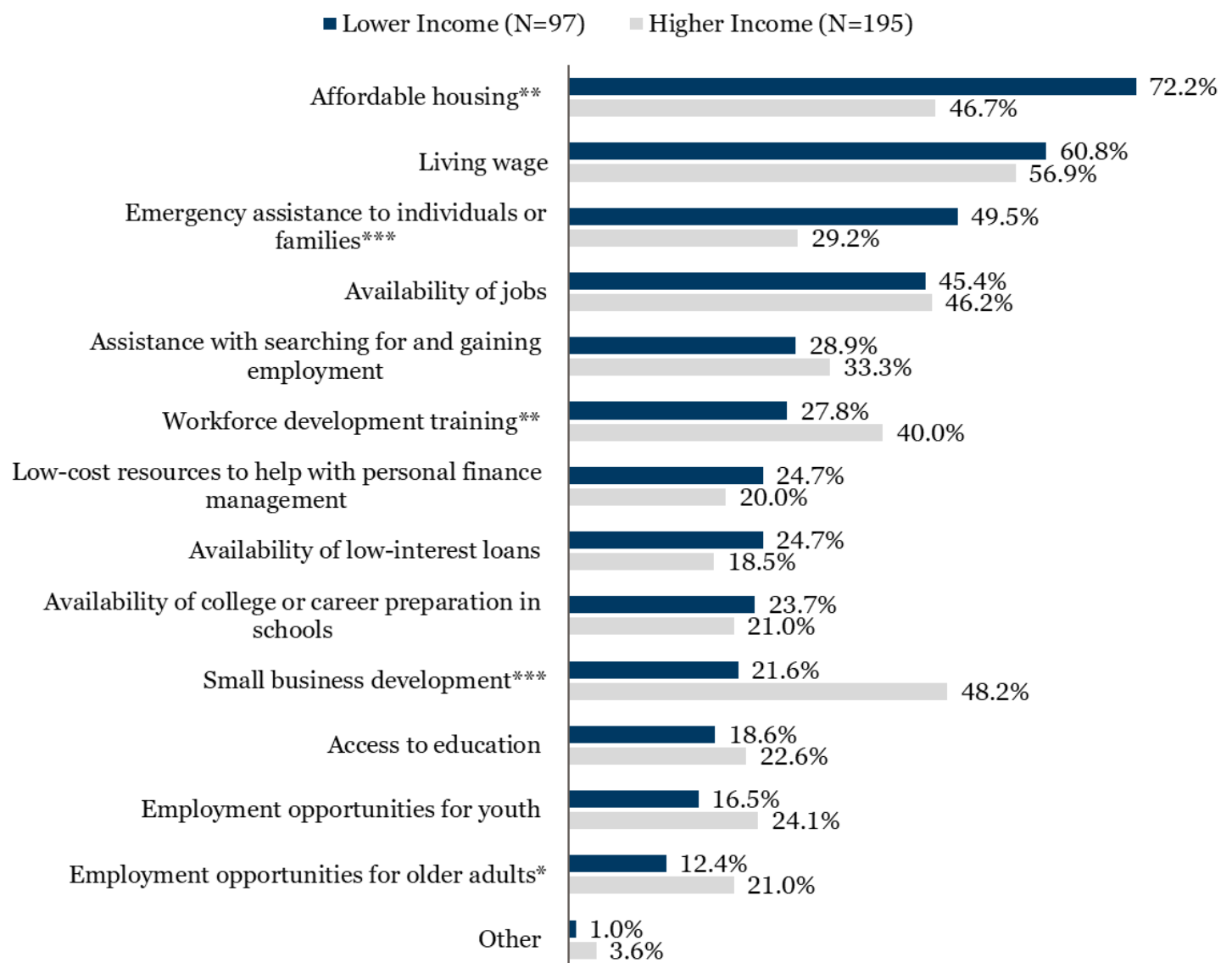


In a conversation with a small group of veterans and service members, most of whom grew up in Scott County, participants noted that among their own peers, those who did well for themselves either joined the military or went into government work as teachers or civil servants. Military service is a gateway to skills and to higher education for Scott County residents. In a community where other opportunities are limited, those who serve may be more likely to become leaders. Business ownership data confirm this perception. The data available are dated (2012), but they suggest that a larger share of Scott County businesses are owned by veterans (11.9%) than is the case statewide or nationally.

At the same time, however, women are under-represented as business owners in Scott County (26.8%) compared to state (34.0%) and national figures (35.8%). These figures may suggest opportunities to develop the potential of local women entrepreneurs (an area where unique public and private resources may be available).

Most of the youth who spoke with us imagine returning to raise their families in Scott County, but they assume they will need to work in a neighboring county. One youth interested in becoming a physical therapist assumes they will need to work in Columbus or Jeffersonville to make a good living, but hopes they can offer the

Figure 14: Percent that selected each item as a top economic/personal finance need by income (N=292)



small-town life of Scott County for their children. Creating a community that can build and attract better jobs and make it possible for working professionals to live, work, and raise their kids in Scott County will require a focus on economic development leverage points: health, education, and housing.

## Community Perceptions: Economic Development

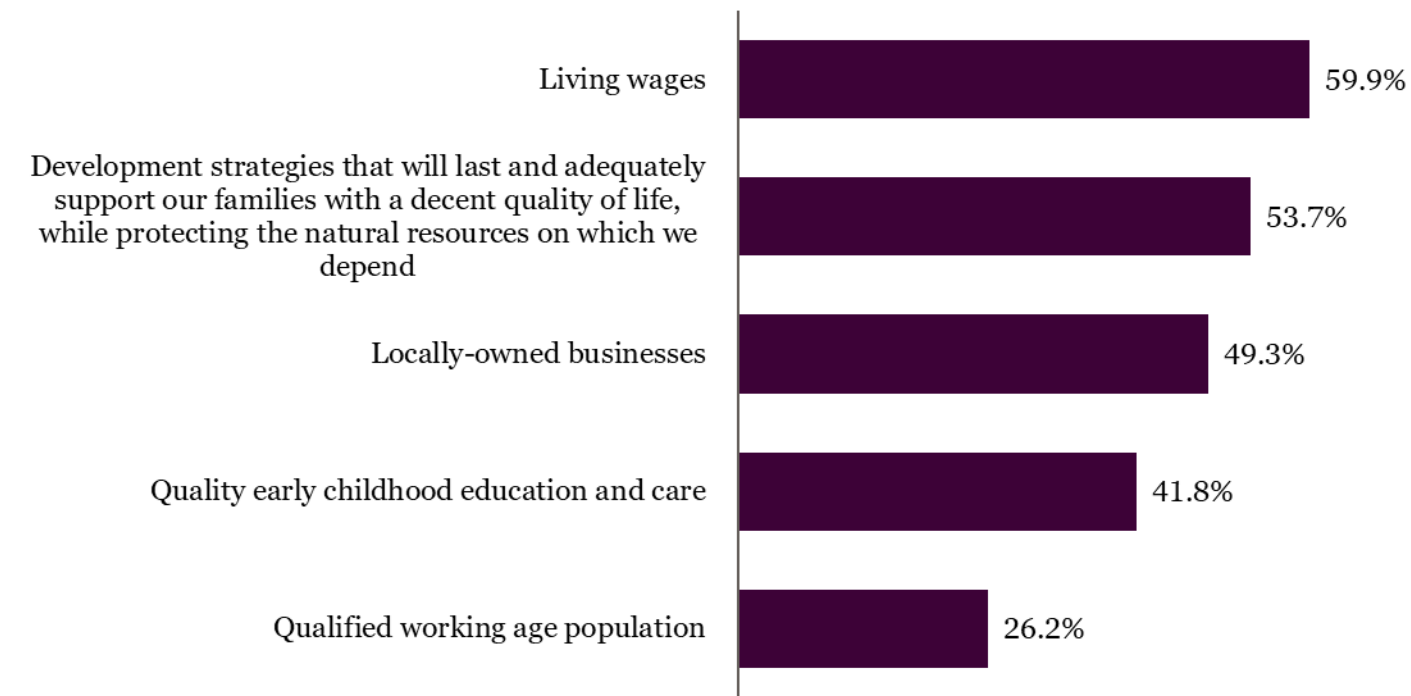
The survey asked respondents to choose three top priorities for economic development. While responses do not reflect overwhelming consensus, the top three selected items for the full sample are the same as the top three for lower income and higher income respondents. Scott County residents agree that living wages, sustainable development strategies that balance economic return and protection of natural resources, and locally owned businesses are the top priorities. In conversations with Scott County residents, the community’s history of locally owned companies as major employers is important to their shared identity. Residents also recognize that these businesses provide more lasting economic benefits than businesses whose owners have no relationship to or with the Scott

County community. Local or not, living wages are essential to building a thriving community.

Local residents report feeling conflicted by the costs of hosting Wal-Mart, for example. Several mention how useful it is to have Wal-Mart in the community, but then comment on relatively low wages and the proliferation of part-time jobs without benefits. One interviewee commented on the need for jobs beyond “Mayo Alley”—the stretch of Scottsburg’s main drag off the interstate that is home to fast food, gas stations, and Wal-Mart. Multiple respondents expressed the desire for nicer restaurants. Locals say that restaurants that have tried to make a go of it on the square struggle and fail.

*[E]veryone wants more restaurant choices; a new restaurant will come in, heavily visited in the beginning and then shortly closes due to lack of customers. Support of local businesses needs to be more of a priority to help grow the county. It would be great to be part of a movement that helped bring customers locally and outside of the county to support business within the county and for the support to be able to be sustained.*

Figure 15: Top Priorities for Economic Development (N=294)



Interviews echoed this frustration. Income figures, however, suggest that the problem is not a lack of will to support local businesses, but rather, a lack of discretionary income to do so. A larger share of the community needs to have income to spend on lunches and dinners out in order to support nicer restaurants. Good jobs with good wages create more jobs and more wages. Low wages and part-time jobs, for people who want and need full-time work, limit spending in the community, which constrains job growth.

While lower and higher income households have a shared sense of the top three priorities for economic development, they vary significantly in the priority they place on locally owned business and quality early childhood education and care. Those with higher incomes are more likely to support both of these as top priorities. This may simply reflect that those with higher levels of education are more familiar with data that suggest both locally owned businesses and high quality early care and education are leverage points for sustainable economic development.

High quality early care and education (ECE) has among the highest economic development multipliers of any sector.<sup>21</sup> High quality ECE supports parents entering the labor force, increases worker reliability, lowers absenteeism, and increases productivity (over low quality ECE).<sup>22</sup> In addition, high quality ECE provides good jobs as ECE workers with more training and education must be paid more and provided better benefits, thus expanding job opportunities for a predominately-female labor force. Finally, high quality ECE reduces spending on special education, remediation, juvenile justice, criminal justice, welfare, and healthcare. Children who receive language rich developmentally appropriate care from birth to age five experience enormous benefits in intellectual, social, and emotional development that carries over into every aspect of their lives, including educational attainment and earnings.<sup>23</sup>

Unfortunately, providing high quality ECE costs more and most parents cannot pay more for childcare. Wages are not high enough to support choosing high quality care so people do not make that choice and because people do not make that choice there is no functional market for high

quality care so it is mostly not available. Low-income parents are happy if they can find any option and they do not have the luxury of considering the cost of not having their child in higher quality care.

## Forward Together

Overall, Scott County residents recognize that the pieces of economic development and financial security work together. Scott County economic development efforts must:

- Support education and training necessary for residents to fully engage the labor force, and attract and build living wage jobs.
- Provide high quality early care and education so that residents can fully engage the labor force, and attract and build living wage jobs.
- Identify and invest in opportunities to import revenue by attracting visitors.
- Support local small business development. Consider opportunities to focus on female entrepreneurs.
- Build housing that is safe and affordable at local wage levels.
- Engage smart, intentional, and sustainable development strategies that protect the natural resources and natural beauty of Scott County.

All citations and figure numbers consistent with full report. Full citations available at [www.scottcountyfoundation.org](http://www.scottcountyfoundation.org).



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