

V. IMPLICATIONS OF PROPOSED INVESTMENT FOR THE REGIONAL ECONOMY: INDICATORS OF DISTRESS REVISITED

How does the short- and long-term impact of the proposed port investment affect the indicators of distress in the study region? This section briefly revisits some of the indicators of distress presented in section II of this study.

V.a. Wages

Tables 20 and 21 present the impact of the proposed port investment on area wages. Table 20 highlights the typical sectoral jobs the port will bring to the region: primarily (1) construction jobs, (2) transportation and warehousing jobs, and (3) manufacturing jobs. Table 20 shows actual average wages by county in 2008, average wages by specific port-related sectors by county, and the percent difference between average county wages and average county wages for port-specific sector jobs. The data shows that average wages for port-specific jobs are substantially higher than average wages for the study area counties.

Table 20: Wage Impact of Proposed Short- and Long-Term Investment
Northwest Tennessee Regional Port and Industrial Park at Cates Landing

	Dyer County	Lake County	Obion County
Current Average Wage (2008)*	\$30,680	\$23,088	\$35,672
With the Proposed Investment**			
Short-Term Construction Jobs	\$35,672	\$30,108	\$35,152
Percent Difference from the Average Wage	16.27	30.41	-1.46
Long-Term Transportation and Warehousing Jobs	\$35,828	\$45,188	\$41,496
Percent Difference from the Average Wage	16.78	95.72	16.33
Long-Term Manufacturing Jobs***	\$37,596	\$37,596	\$49,088
Percent Difference from the Average Wage	22.54	62.84	37.61

Source: Tennessee Department of Labor and Workforce Development and BERC Estimates (ES 202 Data)

*Current average wage reflects average wages across all industries in these three counties.

**Three major types of direct jobs will be generated in the study area with the port: (1) transportation and warehousing, (2) short-term construction, and (3) manufacturing (including a steel mill)

***Lake County does not have manufacturing facilities. Average wage for Dyer County is used as a proxy.



Model-driven average wages and total payroll by horizon (short, medium, long) are presented in Table 21. We included only direct jobs that will be leveraged by the proposed investment in the study region. Of particular concern, medium- and long-term average wages are expected to be significantly higher than the regional average. Once the port becomes operational, total payroll for direct jobs is expected to be \$32.9 million with average annual wages of \$33,367. The total payroll will increase to \$45.2 million and average wages to \$35,146 with the addition of a steel mill. These wages are significantly higher than average wages in Lake County, where the port will be housed.

Table 21: Wage Impact of Proposed Short- and Long-Term Investment *
Northwest Tennessee Regional Port and Industrial Park at Cates Landing

	Short Term		Medium Term		Long Term	
	Construction	with Steel Mill	Operation	Operation +Tenants	Steel Mill	Steel Mill +Port+ Tenants
Direct Jobs**	296	1,923	783	986	300	1,286
Average Wage***	\$27,027	\$27,167	\$34,815	\$33,367	\$40,997	\$35,146.97
Total Payroll	\$8,000,000	\$52,243,000	\$27,260,000	\$32,900,000	\$12,299,000	\$45,199,000

*Results are extracted from the regional IMPLAN model.

**Only direct jobs are included. Indirect and induced jobs and their payrolls were excluded from this calculation.

***Average wages are compatible with the average wages in the region based on ES-202 data (as presented in Table 20).

V.b. Unemployment

The impact of the proposed project on the unemployment rate for the core region is noteworthy, ranging from a short-term reduction of unemployment rate between 1.2 percentage points (port construction) and 7.2 percentage points (port and steel mill construction) to a long-term (permanent) reduction of unemployment rate between 4.7 percentage points (port and industrial park operation) and 6.5 percentage points (port, industrial park, and steel mill). Table 22 presents new unemployment rates by horizon of impact associated with the proposed investment.



Table 22: Unemployment Rate with the Port at Cates Landing

Region	Current			With the Port at Cates Landing*			
	Unemployment Rates (%)			Unemployment Rates (%)			
	Labor Force	Unemployed	2009	Short-Term		Medium-Term	Long-Term
Only Port & Industrial Park				with Steel Mill	Port & Industrial Park Operation	Port, Industrial Park, & Steel Mill	
U.S.	155,921,000	15,095,000	9.7				
Core Region	36,478	4,649	12.8	11.6%	5.6%	8.1%	6.3%
Core and Surrounding Region	91,590	12,928	14.1	13.7%	11.3%	12.3%	11.5%

Source: BERC and BLS (www.bls.gov)

*The BERC does not assume an increase in population. *Ceteris paribus*, unemployed residents will have job opportunities; thereby the pool of unemployed will shrink.

V.c. Income

Per capita income will experience a 4.6 percent increase in the short term in the core region (Table 23). The long-term income effect of the project on the core region is estimated at around a 3.9 percent increase in per capita income. For the extended region (core and surrounding area), the increase in per capita income is 1.9 percent in the short run and 1.6 percent in the long run.

Table 23: Per Capita Income with the Port at Cates Landing

Region	Current			With the Port at Cates Landing*			
	Personal Income	Population	Per Capita Income	Per Capita Income			
				Short-Term	Medium-Term	Long-Term	
2007 (in thousands)	2007	2007	Only Port & Industrial Park	with Steel Mill	Port & Industrial Park Operation	Port, Industrial Park & Steel Mill	
U.S.			\$39,419				
Core Region	\$2,145,395	76,546	\$28,028	\$28,238	\$29,320	\$28,749	\$29,109
Core and Surrounding Region	\$5,207,925	199,095	\$26,158	\$26,239	\$26,655	\$26,435	\$26,574

Source: BERC and BEA (www.bea.gov)



V.d. Poverty

The critical impact of the proposed investment will be on poverty rates in the study region including Dyer, Lake, and Obion counties. According to our estimates presented in Table 24, the proposed development will reduce the poverty rate by nearly half in the core region. Given the fact that the port is housed in Lake County, we expect to see a decline in the poverty rate in this county from about 39 percent to at least the national average of 13 percent with the proposed investment.

Table 24: Poverty (NTRP at Cates Landing)

Region	Current		With the Port at Cates Landing**			
	Number of People below Poverty	Percent of Population below Poverty	Poverty Rate (%)			
			Percent of People below Poverty Short-Term	Percent of People below Poverty Medium-Term	Percent of People below Poverty Long-Term	
2007	2007	Only Port & Industrial Park	with Steel Mill	Port & Industrial Park Operation	Port, Industrial Park & Steel Mill	
U.S.	38,052,247	13.00				
Core Region	13,093	17.10	15.79	8.75	11.61	9.50
Core and Surrounding Region	35,685	17.92	17.42	14.71	15.81	15.00

Source: BEREC and Census Bureau (www.census.gov)

*Lake County has the 15th highest poverty rate among more than 3,000 counties in the U.S.

**Assuming an average household size of 2.47

