

THE HEALTH of LEE COUNTY 2011



Staggering unemployment. Dropping Dows. Layoffs. Foreclosures. Tight budgets. Political bickering. What else could *possibly* go wrong?

Oh, right, a tornado.

Have things *ever* been this bad before? And when ... *no, will ...* this ever end?

Our frustration is palpable — and understandable. It's now been four full years since The Great Recession descended on the entire world, *not just us*, and the economic turmoil has worn everyone down.

But frustration can distort our perspective, preventing us from appreciating the good news and seeing reality. When times are good, we often overlook the bad. And the same thing could be happening now, just in reverse.

We understand things still aren't all that great, so don't accuse us of sugar-coating a tough economy. At the same time, there are some sweet things happening here. If we don't see them and get a true perspective, we could lose opportunities to make us stronger.

What are those things?

Caterpillar is now entering the hiring-and-training phase of an expansion that's adding hundreds of jobs and more than \$28 million in investment. The venture was so strong that Cat and Lee County Economic Development received

the 2011 Space Award for the Research Triangle Region's top economic development project.

Major expansions were announced this year by Magneti Marelli (\$15 million, 65 jobs) and Zurn (\$40,000 and 38 jobs), and others announced late *last* year are now underway — including Coty's \$12 million project adding 140 jobs. Significant expansions at Static Control and several other companies continued.

All of this in a tough economy, where some communities are seeing their few remaining

companies shut down for good. Sanford's *relative* success even attracted two international news organizations, CBS News and BBC, to

film economic stories here.

Then, there's The Innovation Center of Lee County, which now provides a hub for industrial training, new-business startups and economic development. It's already in business and, within weeks, will be truly humming.

As we enter a new year, this is our chance to get a clear and sober perspective, to see the bad *and* the good, so we can grasp opportunities that may arise. And, perhaps, even *create* some new ones for our future.



This year's "The Health of Lee County 2011" graphic incorporates design elements from DiscoverSanford.com, the city's new tourism website and quarterly rack card.

The Economy

► More light! Are we leaving the tunnel?

Before you pounce, read this next disclaimer *very* carefully: The economy is not great and certainly not where everyone wants it to be. (If you missed that, please give it one more quick read.)

Why the solemn caveat up front?

It's because our local economy *is* getting better on just about every measure. And you can bet, as we run through the latest statistics, that *somebody* will mistake the cascade of encouraging news for us saying we've somehow reached utopia.

So, what *are* the latest stats?

Unemployment...down. Lee County's 12.0 rate in October, the latest report, is down significantly from the start of this year (12.7 in January), the start of last year (14.7 percent in January '10) and the high

point of the recession (15.3 percent in June and July '09). It has declined steadily since reaching 13.0 this July and is the third-lowest figure all year.

Labor force...up. Lee County's labor force grew this year to its highest level since July '07 and more local people are employed *now* than at any time since October '08.

Net job growth...up. Lee County gained 837 jobs in '10, the latest report, and that's more than in any year over the last decade.

Taxable sales...up. Way up. Eleven-point-four-percent up from the previous fiscal year.

Will it continue? We don't know; who does? But if we were seeing some light at the end of the tunnel last year, it's much brighter now and we *could* finally be emerging.

Labor

► Good wages, but more education is needed.

Some people say we shouldn't pay so much attention to manufacturing. It's a dead-end job, they argue. It doesn't pay well. American industry is dying.

Those folks clearly haven't walked through a high-tech facility in the last decade or paid close attention to recent figures and developments.

Not long ago, in fact, the BBC broadcast a news story worldwide showing how industry is critical for economic success. *That segment was filmed right here in Sanford.*

In the latest report, manufacturing remained strong, still accounting for 34 percent of all local jobs. That may rise soon, with huge expansions underway at Caterpillar, Magneti Marelli, Coty and Static Control.

As for low pay, guess again.

The good news is that the average wage of all jobs was up once again, jumping from \$36,192 to \$41,132 per year in the most recent report.

But here's the kicker: The average *manufacturing* wage spiked to \$49,318. That's \$5,514 more than the previous report and significantly higher than the overall average. It's also far more than services (\$30,968), government (\$42,137) and retail trade (\$25,250), which round out Lee's top four employment sectors.

Today's lean, high-tech workforce needs people who are highly educated and adaptable to meet ever-changing demands. This may be our greatest challenge ahead, with just 32.9 percent of residents having an associate degree or higher.

There's still work to be done.

excellent

good

fair

poor

The Bottom Line

It's far too early to predict good times ahead, but you simply can't ignore the numbers.

With unemployment rates down (even with an *expanding* labor force) ... the highest net job growth in a decade ... and annual taxable sales much higher than one year before, the trends are looking good. Is long-term frustration making it hard for us to see an improving economy?

excellent

good

fair

poor

The Bottom Line

Two years ago, a small drop in the proportion of manufacturing jobs gave us a big scare, but the sector and its wages remain strong. Overall, the labor force is up, wages are up and more people are employed now than at any time since the fall of '08. But can the positive trends be sustained? The answer may depend on how well we educate our local workforce.

Education

► We're awash with numbers and most are good.

Here we go again, trying to dive through the turbid sea of educational statistics and do the impossible: emerge with some clear assessment of our schools.

The tide continues to rise.

All but one of the Lee County Schools made "expected" or "high" growth in the statewide ABCs report, one key performance measure.

The graduation rate surged yet again, to 80.4 percent, and if you "drill into those numbers," as pundits like to say, you'll find that rates crested for Hispanic, black and economically disadvantaged students by 10 to 12 points each. All three groups swelled well above state averages.

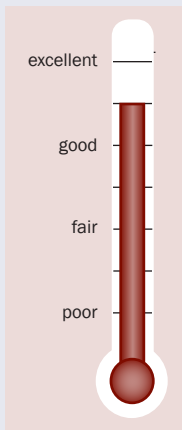
It is important, though, to remember that state averages

aren't the best guide when you're competing globally as part of the famed Research Triangle Region.

And, back in the murky soup of educational statistics, SAT scores ebbed a bit and only three of the 16 schools made AYP, or "adequate yearly progress," a federal standard requiring that *every* goal be met by *every* subgroup in the school.

Central Carolina Community College also made waves by meeting or exceeding all performance measures in an annual report published by the North Carolina Community College System.

In other news, the college welcomed Professor Ling Huang as its latest instructor for the innovative Confucius Classroom for Chinese language and culture.



The Bottom Line

When you get right down to it, there's no sure way to assess schools. FYI, even A-1 leaders find it difficult to unravel the ABCs and AYPs of accountability and there's plenty of FAQ about the value of EOCs and across-the-board SATs. All things considered, LCS and CCCC seem OK, but IMHO education is so critical that we need to push full speed ahead.

Quality of Life

► Tornado recovery reveals a caring community.

This community really needs to be proud of itself, because I have been humbled by the outpouring of kindness, the giving of this county and the people of Sanford. It has just been overwhelming at how this love and support came out of nowhere.

— Phillip Smith, tornado survivor, at the United Way campaign kickoff

It's hard to talk about this year without mentioning the tornado. It touches on the economy and labor, to be sure, but speaks most about our quality of life. So, we won't comment ourselves, but let Phillip Smith, as someone affected by the storm, provide the proper perspective.

Many of the countless quality of life developments are positive.

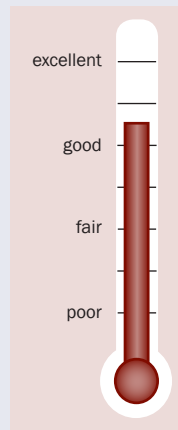
Remember when a high crime rate created sheer panic? Well, it declined for the eighth-straight year, tumbling from about 7,000 crimes per 100,000 inhabitants in '02 to 2,994.4 last year.

Central Carolina Hospital earned accolades for improving its quality of care, the Endor Iron Furnace Trail expanded and the Sanford Pottery Festival, a key to attracting tourists and promoting the city, marked its 10th successful anniversary.

Other developments are not.

The Temple Theatre, another linchpin in our economy and quality of life, still struggles to survive.

And poverty, which has hovered around 14 percent for years, shot up to 18.6 in '10. Why? Nobody can say for sure, though the economy is a suspect. This *must* be reversed.



The Bottom Line

Tornado. April's storm blew through our homes, our businesses and even our struggling economy. Nonprofits are just now trying to replenish their coffers and neighbors are still rebuilding their lives. But it did reveal the strong character of our community. Can we rely on that character to help us tackle poverty and unite behind projects to enhance life for everyone?