Franklin County Baseline, 1998 – 2009

James K. Scott, Ph.D.
and
Anna M. Cox\textsuperscript{1}

In Connection with the
Franklin County Planning Project

Report B-01-01

\textsuperscript{1} The following CPAC researchers made significant contributions to the completion of this report: John Ferrell, Mubarek Hamed, Matt Harline, Stuart Haynes, Enex Jean-Charles, Thomas G. Johnson, and Morgan Mundell.
# Table of Contents

<table>
<thead>
<tr>
<th>SECTION</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acknowledgements</td>
<td>1</td>
</tr>
<tr>
<td>Executive Summary</td>
<td>2</td>
</tr>
<tr>
<td>Key Findings</td>
<td>2</td>
</tr>
<tr>
<td>Issues for the Future</td>
<td>4</td>
</tr>
<tr>
<td>Summary Table</td>
<td>5</td>
</tr>
<tr>
<td>About the Show Me Model</td>
<td>6</td>
</tr>
<tr>
<td>Population Characteristics</td>
<td>7</td>
</tr>
<tr>
<td>Workforce Characteristics</td>
<td>11</td>
</tr>
<tr>
<td>Economic Base</td>
<td>17</td>
</tr>
<tr>
<td>Income Characteristics</td>
<td>19</td>
</tr>
<tr>
<td>Fiscal Characteristics</td>
<td>23</td>
</tr>
<tr>
<td>Future Steps – Scenario Development</td>
<td>27</td>
</tr>
</tbody>
</table>
Acknowledgements

The Community Policy Analysis Center (CPAC) wishes to thank The Franklin County Planning Task Force who worked tirelessly in the planning, design, implementation and outreach for this project. The dedicated community service of each of its members is greatly appreciated. We also wish to thank the elected officials and staff of Franklin County for providing critical data and answering numerous questions during the course of this study. In addition, we thank Kay Gasen and others at the Public Policy Research Center (University of Missouri-St. Louis) as well as Ken Bolte and others at the Franklin County University Outreach and Extension for their continuing leadership and support on the project. Thanks also to the members of the Franklin County Commission, past and present, upon whose leadership and vision the entire project rests. Without the knowledge, experience and commitment of all these individuals, this analysis would not be possible. CPAC accepts full responsibility for the research findings and any errors in this report.

University Outreach and Development Mission Enhancement Funds supported a portion of this report.

Franklin County Planning Task Force

Ken Bolte
William Brunjes
Winston Brunjes
Charles Butler
Rick Caudle
Richard Coerver
Mike Copeland
Debbie Door
John Edwards
Len Enghauser
Diane Geisert
Val Gildehaus
Betty Goodwin
RoeAnn Kozma
Gary Marquart
Jim Perry
Ken Prichard
Mike Schroeder
Bill Troutman, Chair
Executive Summary

This report describes a set of annual baseline projections on demographic, economic, and fiscal conditions in Franklin County through 2009. Findings are based on a comprehensive statistical analysis of the most recent data available, as well as important input provided by the Franklin County Planning Task Force. All dollar amounts are reported in 1998 dollars to adjust for inflation.

Results for the report are generated by a version of the Show Me Model configured especially for Franklin County. The Show Me Model is an econometric labor market model developed by researchers at the Community Policy Analysis Center of the University of Missouri-Columbia. The model uses proven statistical relationships to generate annual projections of key economic, fiscal, and demographic conditions for the County.

The findings should not be viewed primarily as a forecast of local economic performance. Rather, it is designed to help decision-makers see local economic activity as a comprehensive system that is both logically consistent and statistically valid. It represents what will likely happen to local economic, demographic and fiscal conditions, assuming no major changes in policy or economic climate. The baseline projections can then be used to measure the impacts of a variety of expected changes or “what if” scenarios.

Projections are based on growth rates for key variables (total personal income, employment, and neighboring counties’ labor force and employment). These rates were determined by members of the Franklin County Planning Task Force after months of learning and discussion. The rates reflect a realistic view of Franklin County’s future, given the Task Force’s personal knowledge and understanding of economic conditions in the county.

Key Findings

- **Over the next ten years Franklin County’s population will increase from 92,000 to 125,000** - an annual growth rate of 3.3 percent. This rate of growth is over twice that experienced in the 1990’s, but is slower than that expected in St. Charles, Jefferson and Warren Counties.

- **Population growth is expected to contribute to an increase of over 13,000 jobs in the County** – an annual growth of 2.7 percent. This trend represents a slight acceleration over the past ten years. Generally, employment in the St. Louis metropolitan region has grown steadily since the early 1990s; and this growth is expected to continue through out the next ten years.

- **Population and employment growth lead to increased school enrollment and the demand for housing units.** A large proportion of new County residents are 35-54 year old married couples with young and adolescent children. Future household size is
expected to decline from 2.76 people per household (as measured in the 1990 Census) to about 2.44 during the projection period. These growth patterns will affect demand for health care, recreation, transportation, and other public services in important ways for decades to come.

- **Commuting plays an important role in the life of Franklin County.** Workers who commute daily into the county for employment will increase slightly from approximately 6,000 to 9,000 people. Franklin County residents who commute daily to jobs outside the county will grow at almost twice the rate of new local jobs – from 16,000 to 25,000 people. Increasing traffic in the labor market area will put more pressure on public officials to address transportation issues in the future.

- **Real per capita income in the county will increase from $22,400 at the beginning of the period to $28,300 by 2009** – a growth of 2.4 percent per year after inflation. This growth is in keeping with recent trends. Per capita income is an important measure of productivity growth of a local economy. It is often used to assess changes in the quality of life for county residents, since it suggests changes in purchasing power. Franklin County per capita income levels are somewhat higher than the state average, but lower than those of St. Louis, St. Charles and Jefferson Counties.

- **Real total personal income (TPI) in the county is expected to grow from approximately $2 billion to over $3.5 billion** – an annual increase of 6.6 percent after inflation. TPI grows much faster than per capita income due to expected growth in population size.

- **Increased income and employment will fuel strong growth in Franklin County retail sales.** Retail sales are projected to grow at 6.1 percent per year – from $800 million to $1.3 billion over the next ten years. This growth is aided by an increased range of retail services available in the county, which will retain more spending of local residents.

- **Both Franklin County government revenues and expenditures are expected to grow significantly during the baseline period.** Demand for expenditures is expected to grow at approximately 5.6 percent annually. Revenues are projected to increase 5.2 percent per year. Much of the revenue growth comes from rapid increases in sales tax receipts. If retail sales do not meet expected levels, the county will experience significant fiscal pressure. Clearly, public officials will be challenged in the future to improve the value - and the costs – of delivering public services.
Issues for the Future

Regional economic growth brings both opportunities and challenges. Increased population and higher incomes will place new demands on both the public and private sectors.

- **Throughout the region, demand for low-density housing is straining the capacity of public infrastructure.** In Franklin County, a large proportion of residents continue to live in rural settings and unincorporated areas. Under current policy, the costs associated with this low-density settlement pattern will increase rapidly – both for the private and public sectors.

- **The growth of Franklin County over the next ten years will be significantly influenced by how other local governments in the region address land use and planning issues.** If surrounding jurisdictions enact harsh new restrictions on residential and commercial development, the county will likely face increased pressure for new construction.

- **New demand for low-density housing in Franklin County will place particular pressures on water and sewage treatment, as well as public safety and transportation systems.** Public officials from all affected jurisdictions will be challenged to develop innovative, concerted responses to these and other issues.

- **The continued in-migration of families with adolescent children will also place important new demands for recreation, entertainment and youth services.** Involving young people in public debates and public service is crucial to the future quality of life in the County.

- **Improving the quality of employment, and the quality of the local labor force also represent critical challenges for the future of Franklin County.** Higher skilled and higher paying jobs will reduce the need to commute outside the county for many current residents, and help attract residents with more disposable income.
## Summary Table

### Baseline Summary Table, 1998-2009

**Franklin County**

(Reported in 1998 dollars)

<table>
<thead>
<tr>
<th>Variables</th>
<th>Base Year 1998</th>
<th>2009</th>
<th>Absolute Change</th>
<th>Annual Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Demographics</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Population</td>
<td>91,763</td>
<td>124,907</td>
<td>33,144</td>
<td>3.3%</td>
</tr>
<tr>
<td>School Enrollment</td>
<td>16,660</td>
<td>22,677</td>
<td>6,017</td>
<td>3.3%</td>
</tr>
<tr>
<td><strong>Workforce Characteristics</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor force</td>
<td>46,176</td>
<td>64,320</td>
<td>18,144</td>
<td>3.6%</td>
</tr>
<tr>
<td>Employment by Workplace</td>
<td>45,123</td>
<td>58,645</td>
<td>13,523</td>
<td>2.7%</td>
</tr>
<tr>
<td>Unemployed</td>
<td>2,085</td>
<td>2,957</td>
<td>872</td>
<td>3.8%</td>
</tr>
<tr>
<td>Incommuters</td>
<td>5,582</td>
<td>9,246</td>
<td>3,664</td>
<td>6.0%</td>
</tr>
<tr>
<td>Outcommuters</td>
<td>16,015</td>
<td>24,742</td>
<td>8,727</td>
<td>5.0%</td>
</tr>
<tr>
<td><strong>Demand for Housing</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>37,608</td>
<td>51,191</td>
<td>13,584</td>
<td>3.3%</td>
</tr>
<tr>
<td><strong>Economics</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real Per Capita Income ($)</td>
<td>$22,385</td>
<td>$28,320</td>
<td>$5,935</td>
<td>2.4%</td>
</tr>
<tr>
<td>Real Total Personal Income ($1,000)</td>
<td>$2,054,098</td>
<td>$3,537,350</td>
<td>$1,483,251</td>
<td>6.6%</td>
</tr>
<tr>
<td>Assessed Property Value ($1,000)</td>
<td>$944,668</td>
<td>$1,316,102</td>
<td>$371,434</td>
<td>3.6%</td>
</tr>
<tr>
<td>Taxable Retail Sales ($1,000)</td>
<td>$802,372</td>
<td>$1,336,925</td>
<td>$534,553</td>
<td>6.1%</td>
</tr>
<tr>
<td><strong>Revenue Sources ($1,000)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>County Sales Tax Receipts</td>
<td>$10,030</td>
<td>$16,712</td>
<td>$6,682</td>
<td>6.1%</td>
</tr>
<tr>
<td>County Property Tax Receipts</td>
<td>$2,928</td>
<td>$4,080</td>
<td>$1,151</td>
<td>3.6%</td>
</tr>
<tr>
<td>Intergovernmental Revenues</td>
<td>$2,566</td>
<td>$6,318</td>
<td>$3,752</td>
<td>13.3%</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>$7,300</td>
<td>$8,771</td>
<td>$1,471</td>
<td>1.8%</td>
</tr>
<tr>
<td><strong>Total Revenue ($1,000)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$22,824</td>
<td>$35,880</td>
<td>$13,056</td>
<td>5.20%</td>
</tr>
<tr>
<td><strong>Total Demand for Expenditures ($1,000)</strong></td>
<td>$20,280</td>
<td>$32,742</td>
<td>$12,462</td>
<td>5.59%</td>
</tr>
<tr>
<td><strong>Revenues minus Expenditures ($1,000)</strong></td>
<td>$2,545</td>
<td>$3,139</td>
<td>$594</td>
<td>-</td>
</tr>
</tbody>
</table>

1 Excludes Operating Transfers
**About the Show Me Model**

Results for the report are generated by a version of the Show Me Model configured especially for Franklin County. The Show Me Model is an econometric labor market model developed by researchers at the Community Policy Analysis Center of the University of Missouri-Columbia. The model considers the effects of changes in employment, labor force, property tax base, personal income, retail sales, and demographics. The Show-Me Model makes projections of changes in population, commuting patterns, unemployment, tax revenues and county expenditures. The heart of the model is a series of labor market relationships – the demand for workers (local and nearby jobs) and the supply of workers (local and surrounding labor force). The labor market model allocates all members of this available labor force between local jobs, jobs in surrounding counties, and unemployment.

The fiscal relationships in this model are based on panel data from urban county governments. The model measures the demand for public expenditures (public services) and the size of the local tax base. Together these estimates of public costs and revenues lead to predictions of changes in fiscal deficits or surpluses.

This report is organized in five sections. The first two sections describe future demographic and workforce characteristics in Franklin County and in the Greater St. Louis metropolitan region. The third and fourth sections describe the County and regional trends in employment and personal income. The fifth section focuses on the fiscal characteristics of county government – sources of revenue and demand for expenditures.
Population Characteristics

Population trends and projections help citizens and public officials explore alternative policies and scenarios for the county’s future. These trends can be used to analyze future service needs for the entire population and for particular age groups. In this report, characteristics of particular interest include population change, population composition (by age cohorts), and school enrollment.

Figure 1. Franklin County Population, 1990 - 2009

According to the baseline research, the population in Franklin County is expected to increase by approximately 33,000 people through 2009. This population growth will occur at 3.3 percent per year - about twice the annual rate of growth over the last ten years, and over three times the rate of growth for the State as a whole. While the population growth rate will double, Franklin County is not expected to grow as rapidly as St. Charles or Jefferson Counties. Unlike other parts of the St. Louis region, Franklin has experienced rather slow and steady growth for over fifty years. This trend is expected to accelerate only somewhat. Most of this increase will occur because of the high quality of life and the lower cost of housing relative to other parts of the metropolitan region.
Missouri’s population grew 0.74 percent each year from 1990 to 1999 - slower than the U.S. growth rate of 1.03 percent for the same period. Much of the area north of the Missouri River lost population during this period, although the decline in actual numbers was small, and at a much slower rate of change than at almost any other time in the 20th century.

More than one-third of Missouri’s population lives in the St. Louis metropolitan area. However, despite a booming economy and many cultural and social improvements, population growth for the region remained quite flat. The population was not growing – but it was shifting – both to the east and to the west. The City of St. Louis lost population. For the first time in decades, St. Louis County also lost population as well. The fastest and largest growth occurred across the Missouri River in St. Charles County. This shifting – and spreading – of the metro population has contributed to increased traffic, increased public costs, and increased public pressure in areas of rapid growth to slow the pace of change. These pressures, expressed in various degrees through out the metropolitan area, will undoubtedly affect Franklin County growth – particularly in the North East quarter of the County.
Figure 2 displays Franklin County's population change in the 1990s by five-year age groups. Except for small declines in population for those aged 25-34 and 65-69, the County experienced population increase for all age groups. Growth was particularly strong among adults 35-54 and their children. Much of this growth was due to in-migration of families with teenagers. This change in County residents has important implications for future demands in educational and other public services, as well as new demands for entertainment, recreation and retail services. Growth in this segment of the population is expected to continue in the foreseeable future.
Figure 3. Franklin County Public School Enrollment

Figure 3 shows the increased enrollment in Franklin County public schools over the past five years. Although the last year suggests a slight decline in overall enrollment, the 1990’s show a rate of increase that is significantly higher than the enrollment growth for the State of Missouri over the same period. In addition to the 16,500 public school students, approximately 2,500 are enrolled in Catholic schools. Enrollment in catholic schools has grown by approximately 12 percent since 1994. Student numbers have increased by over 20 percent at Francis Borgia High School. Enrollment in other private schools and families participating in home schooling are also on the increase.

Figure 4. Moving Average of High School Dropout Rates
By County 1993-1998

Data Source: MODES
Analysis by CPAC

**Note:** Dropouts are counted as the number of students enrolled in public schools who left without having graduated. Formula used accounts for transfers in and out of a district. Data was aggregated over two school years for both base (1990/91-1991/92) and current years (1993/94-1994-95).
**Workforce Characteristics**

For purposes of this report, key workforce characteristics include expected changes in the size of the local labor force, County employment and unemployment levels and regional commuting patterns. Understanding composition and change in the local employment base by industry can also aid in future planning and policy decision-making.

Figure 5 illustrates the expected growth in the civilian labor force – the number of adults that live in the county and are now gainfully employed or are actively seeking work. In Franklin County, the labor force is expected to increase by nearly 18,000 people over the next ten years – a growth of about 3.5 percent per year. This rate of increase is slightly faster than what was experienced during the 1990s, but is wholly consistent with regional – and expected national future trends. Growth is fueled in part by a rapid increase in service and retail jobs through out the region.
Map 2 shows how the labor force has changed in all of Missouri’s counties during the 1990s. Franklin County’s labor force grew approximately two percent each year. This is slower growth than in St. Charles, Warren and Lincoln Counties, but at about the same pace as in Jefferson County, and faster than the growth in St. Louis County for the same period.

Only a handful of Missouri counties experienced labor force declines. These declines were attributed to population losses or to persistently poor local economic performance.
Figure 6 shows the number of jobs in Franklin County beginning in 1990 and projected from the present to 2009. Employment in Franklin County has grown at approximately 2.5 percent in recent years. Over the next ten years, approximately 14,000 net new jobs will be added to the local economy – representing a growth rate of 2.8 percent per year.
The number of unemployed persons has dropped significantly from highs in the early 1990s. Unemployment rose during 1995, in part because of the devastating floods that occurred that year. The drop that occurred began in 1992, and continued almost uninterrupted until the present, reflects regional and national economic expansion, and a statewide decrease in unemployment rates. Throughout the region, labor markets remain tight, and one of the largest constraints to local economic development relates to the shortage of available qualified workers.

In the next ten years, the number of unemployed persons is expected to increase slightly. However, this increase will be small compared to the growth in employed persons, and – barring major macroeconomic change – overall unemployment rates are expected to continue at near record levels throughout the region.
Commuting plays an important role in the life of Franklin County. Figures 8 and 9 represent the expected changes in the number of commuters in the local labor force. Workers that commute into the county for employment will increase slightly from approximately 6,000 to 9,000 people each day. Franklin County residents who commute to jobs outside the county will grow at almost twice the rate of new local jobs – from 16,000 to 25,000 each day. Increasing traffic in the labor market area will put more pressure on public officials to address transportation issues in the future.

Figure 10 compares historic commuting trends in Franklin County with other suburban counties in the region. Since 1960, the percentage of workers that commute outside their home county every day has grown steadily in Jefferson, St. Charles and Franklin Counties. Clearly, this still affects much fewer workers in Franklin County. However, the economic prospects of the County are increasingly dependent on employment opportunities in the greater St. Louis metro area. It is important to note that the percentage of out-commuting workers in St. Louis County is declining over time. Forty years ago, most of the jobs in the St. Louis region were located inside the City. Now, more jobs are locating in the suburban fringe. As long as transportation costs and highway capacity allows, this trend will encourage continued expansion of commuting areas, and encourage low density residential development.
**Economic Base**

Some of the most important indicators used to assess the future of a region are those used to describe the local economic base (or economic engines). Traditionally, the first characteristic analysts check is the number of jobs by industrial sector. If a region has a significant proportion of jobs in industries with emerging technologies, and high paying, high skilled jobs, the economic prospects seem strong. The inverse is also typically true.

Figure 11
Franklin County Employment by Sector

![Graph showing employment by sector in Franklin County from 1990 to 1997.](image)

Figure 11 shows the number of jobs in Franklin County by major industrial sector at different times during the 1990’s. Of the 45,000 county jobs, over 25 percent are now in manufacturing firms. Contrary to national trends, the local manufacturing sector has grown in the last ten years, although recent plant closings or reductions may indicate challenges ahead. The fastest growing industry of the county is the broad service category. Retail trade and construction have also exhibited strong relative growth.

Because of its dominant local role, a somewhat closer look at manufacturing employment is warranted. Analysts have developed reliable methods to categorize manufacturing firms by their relative position on the product cycle. Firms that produce items at the “top” of the product cycle are more likely to employ engineering and technological innovations. They are more likely to employ high skilled and highly paid workers. Firms that produce at the “bottom” of the cycle are more likely to use more established technologies, and employ lower skilled, lower paid workers. When these methods were applied to Franklin County manufacturers, approximately 10 percent of manufacturing jobs – about
1,000 – were identified as natural resource-based. Approximately one-third – about 3,000 jobs – were in “top of cycle” – or higher technology firms. Nearly two-thirds – about 6,000 jobs – were in the “bottom of cycle”. Eventually, many of these jobs may be relocated to areas where the cost of labor is lower.

To maintain a strong manufacturing base, it is becoming more important for regions to develop programs that enhance the skills of the local labor force. High-tech firms will not locate to an area unless they are assured that they can attract qualified workers. Therefore, in the 21st century, learning – both for individuals and for communities – should be a strong continuing commitment.

A second established approach to economic base analysis classifies members of the local labor force by skill levels. Those that have earned bachelor’s degrees (or higher) in college are qualified for high skilled occupations. Those that have completed an associate degree or some college coursework are prepared for semi-skilled employment. Those that have not are often restricted to low skilled jobs. Table 1 summarizes the educational attainment of Franklin County adults in 1990 – the most recent detailed data available. At that time, approximately 5,000 residents were prepared for high skilled occupations. Another 10,000 adults could work in semi-skilled jobs. Nearly four times that number - 38,000 people – qualified for low-skilled employment. In the local economy, programs that promote workforce development, and individual life long learning could pay important dividends in the future.

<table>
<thead>
<tr>
<th>High Skill Level</th>
<th>Number of People</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bachelor's degree</td>
<td>3,408</td>
</tr>
<tr>
<td>Graduate or professional degree</td>
<td>1,506</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,914</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Semi Skill Level</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Some college, no degree</td>
<td>10,707</td>
</tr>
<tr>
<td>Associates degree</td>
<td>3,128</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13,835</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Low Skill Level</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 9th grade</td>
<td>8,564</td>
</tr>
<tr>
<td>9th to 12th grade, no diploma</td>
<td>9,462</td>
</tr>
<tr>
<td>High school graduate (incl. Equivalency)</td>
<td>20,771</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>38,797</strong></td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau
**Income Characteristics**

Of course, the income potential of Franklin County residents is another key set of indicators that will help shape the quality of life over the next ten years. This section of the report discusses projections for per capita income and total income for the county, and examines the main sources of income as they relate to regional and historic trends. As is the case throughout the report, all figures are reported in 1998 dollars to adjust for inflation.

![Figure 12. Franklin County Per Capita Income 1990 - 2009](image)

Source: Bureau of Economic Analysis, REIS
Analysis by CPAC

In Figure 12, per capita income is reported or projected for Franklin County from 1990 to 2009. From 1990 to 1998, income increased from $20,000 to approximately $22,500 per person. Over the next ten years, real income is projected to increase about $6,000 per capita – at an annual rate of 2.4 percent. This growth is at a slightly faster rate than recent history for the county, but is consistent with expected regional patterns.
Map 3 shows the per capita income by categories for Missouri counties in 1998. Several patterns are worth noting. First, all of the higher income counties are found in the metropolitan areas, reflecting the higher pay (and high cost of living) in these areas. In the St. Louis region, those counties nearest to the core of the city show higher income than Franklin. Missouri counties north of I-70, and those that border the Mississippi River (except in the Boot Heel) exhibit relatively high-income levels. A number of counties in the Ozarks consistently show the lowest income in the state. In 1998, the State per capita income was $25,150 – higher than in Franklin ($22,900).
Figure 13 reports total income for Franklin County residents in the 1990s by principal sources. The largest source of income is earnings (salaries and wages, and proprietors’ income). A second source of income comes from investment – dividends, interests and rents. This is often used as a measure of wealth in a region. In 1997, Missourians gained approximately 18 percent of their income from this source. As the figure suggests, the percentage of income from investments in Franklin County is slightly lower than the state average. Government transfer payments – mainly in the form of social security, Medicare and Medicaid benefits – comprise the third source of personal income. Due to an aging population, some counties in rural Missouri receive more than 30 percent of their income from these payments. In 1997, approximately 17 percent of Missouri’s personal income came in this form – compared to 15 percent in Franklin County. Perhaps the most important observation from this figure relates to investment income. In a time of economic expansion, income from dividends, interests and rents at a national level is growing rapidly. Compared to the core metropolitan counties, growth from this source is considerably slower in Franklin County.
Nevertheless, total personal income is rising in Franklin County. As growth in both population and per capita income continues over the next ten years, real total income increases from approximately $2 billion in 1998 to $3.5 billion by the end of the decade – an annual increase of 6.6 percent.
**Fiscal Characteristics**

County services are funded primarily through property tax, sales tax, and intergovernmental revenues. Because of the direct link to the county financial statement, projecting future assessed property value and retail sales levels in the county can play an important role in the planning process.

**Figure 15. Franklin County Assessed Property Values 1990 - 2009 (1998 Dollars)**

Figure 15 represents the values of assessed real and personal property in Franklin County before adjusting for inflation. Between 1990 and 1998 assessed valuation increased from approximately $700 million to $1 billion. (The increase for 1998 shown in the figure is attributed to property reassessment). Over the next ten years, assessed values are expected to grow 3.6 percent each year to reach $1.3 billion by 2009. This level of growth in new property is consistent with recent and expected regional patterns.

The following figure shows recent and projected property tax receipts through the end of the decade for Franklin. They are expected to grow at 3.6 percent per year to just over $4 million in 2009. Missouri law limits the growth of property tax revenues for existing properties to a cost of living index – not to exceed 5.0 percent per year. Projections for this report are presented in constant dollars, so cost of living adjustments are not pertinent. Therefore, the projected increase in property taxes must come from new properties added to
the assessment roles. Property taxes account for about one-eighth of all revenues for the county government.

Figure 16. Franklin County Property Tax Revenue
1990 - 2009
(1998 Dollars)

Source: County Clerk's Office, Franklin County
Analysis by CPAC

Figure 17. Franklin County Taxable Retail Sales
1990 - 2009
(1998 Dollars)

Source: Franklin County Auditor's Office
Analysis by CPAC
Figure 17 represents actual and anticipated taxable retail sales in Franklin County. Over the next ten years, growth in population and personal income will fuel significant growth in retail sales – from $800 million to $1.3 billion. This growth will be supported by an expanded range of retail services available to consumers, and an increased proportion of baby “baby boomer” households with adolescent children – household that are typically heavy consumers of retail.

The strong growth in sales will generate a parallel increase in sales tax revenues for the county government. After adjusting for inflation, these revenues increase 67 percent over the next ten years – from approximately $10 million to nearly $16.7 million each year. Sales tax accounts for more than two-thirds of the County’s annual revenues (Figure 18)

Figure 18. Franklin County Retail Sales Tax Revenue 1990 - 2009

Source: Franklin County Auditor's Office
Analysis by CPAC
Figure 19 reports the expected growth in both total revenue and total demand for expenditures for Franklin County. In constant dollars, total revenue (i.e. from county sales tax, property tax, fees, and intergovernmental transfers) is expected to grow at an annual rate of 5.2 percent over the next decade. At the same time, total demand for county expenditures is expected to increase at a somewhat faster rate – 5.6 percent per year.

By Missouri law, the county is not authorized to spend more than it takes in over time. If growth in revenues – particularly from retail sales – does not reach projected levels, the increasing demand for new transportation, law enforcement, public safety, and other services will place the county under fiscal pressure. It is important to note that many of the investments needed to serve a growing population base, such as expansion for schools and water and sewer infrastructure, are managed by other local government jurisdictions.
**Future Steps – Scenario Development**

The baseline projections contained in this report are generated by a version of the Show Me Model specific to Franklin County. The model and its projections are useful to public officials and local leaders who are interested in future planning. However, these new resources often take on even greater value when used in assessing alternative futures. Baseline projections are best understood as systematic estimates of what will happen over the next ten years *if no major changes in policy or economic activity occur*. The baseline can then be used to evaluate numerous *what if* questions. For example, community leaders could now estimate what would happen if 2,000 new jobs moved to the County. They could also measure what would happen to the local economy if new housing development were restricted in the future.

These *what if* questions are called scenarios. Scenarios can be created to model almost any change that could occur in the local economy. Scenarios are commonly generated from sources outside the Show Me Model. Input-output models such as IMPLAN are frequently used to generate estimates of total employment and income changes associated with certain scenarios. Scenarios are developed collaboratively with leaders and residents of the community to assure that they represent a plausible view of the future for those most interested in the issues. Once a scenario is created, the employment and income impacts can be entered into the baseline model, creating new projections for the economic, demographic, and fiscal variables included in the model. The impact of the scenario can then be measured directly against baseline levels for each variable of interest. This method of analyzing the consequences (by comparing what would happen with and without the change) helps inform local government leaders, business people, and citizens about the consequences of decisions or expected events.
The Community Policy Analysis Center provides objective analysis and policy decision support for Missouri communities. Located at the University of Missouri-Columbia, CPAC is part of the Social Sciences Unit of MU’s College of Agriculture, Food and Natural Resources. Major funding for the Center is provided by the University of Missouri Outreach and Extension.

CPAC analysts work closely with state and local government leaders, local businesses and community groups to provide research and educational programs that will inform key decisions, and assist them in understanding how policy decisions at all levels of government affect their community’s quality of life.

For further information, please contact Professor Thomas G. Johnson - Director, Community Policy Analysis Center by phone (573/882-2157), fax (573/882-2504) or by mail:

Community Policy Analysis Center
365 McReynolds Hall
University of Missouri-Columbia
Columbia, Missouri 65211-6200