

## ***Economics***

Analyzing the economic characteristics of a community and the potential for economic development is a key element in comprehensive planning. A typical economic analysis inventories the availability of goods, services and resources, such as labor and capital, and the distribution pattern of a community's economic assets (the employment base and income levels). By analyzing these characteristics, the strengths and weaknesses with regard to Peabody's economy are able to be examined.

There are a variety of techniques and models available to utilize during economic analysis. However, the small population in Peabody restricts the use of traditional methods. Given this constraint, some of the techniques used to analyze Peabody's economy include: comparing trends in local workers' employment sectors, the poverty status of the residents, median household income and travel time to work. Interviewing local business owners also helps to generate an understanding of retail and service activity in the community.

The geographic area used for the economic analysis is larger than the City of Peabody and Peabody Township. Marion County, as a whole, has a pull factor of .45. This means that for every dollar created Marion County only receives forty five cent (\$.45). Mirroring its host county, Peabody's trade area is rather small compared to more isolated communities of the same size. Located in the same county are two other small communities similar in size and composite, Marion City and Hillsboro. It is a rare occurrence for three small, self sustaining communities to be within such a restricted radius and this plays a role in limiting Peabody's trade area.

***"Innovation is the central issue in economic prosperity"***

***~ Michael Porter***

## Income

The median household income of Peabody City in 2000 is \$29,792 (shown in **Figure 3.1**). Median income is defined as the point at which fifty percent of households have a higher income and the remaining fifty percent have a lower income. At the household level, Peabody citizens are not extremely prosperous. Per capita income is determined by adding all individual incomes (of Peabody citizens) and then dividing that number by the total population. The per capita income for Peabody, \$15,493, is comparable to Hillsboro, Marion City and Marion County. Both the median household income and per capita income for Peabody, Hillsboro, Marion City, Marion County, Kansas and the U.S. are given below in **Table 3.1**. The discrepancy in the different measures of income is explained by the greater proportion of youth and elderly in the community. When total income is divided by total population, the higher the number of children and senior citizens not earning an income dilutes the final measure. Because of this dilution, median household income is the preferred measure for evaluations and comparisons. In summary, Peabody residents are not in an ideal position as far as income, but are comparable to Marion County and neighboring cities.

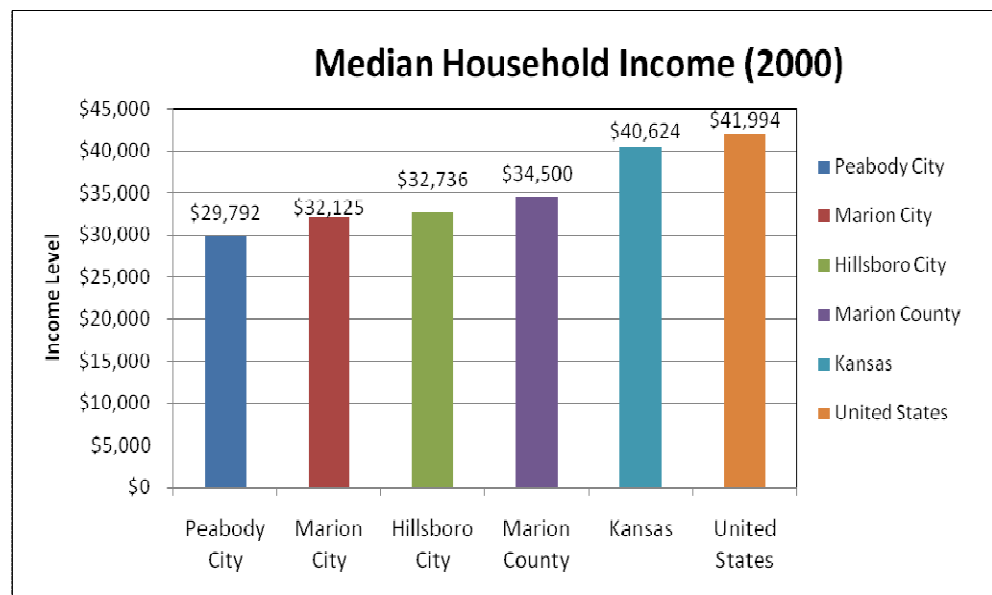


Figure 3.1

Place	2000 Median Household	2000 Per Capita Income
Peabody	\$29,792	\$15,493
Hillsboro	\$32,736	\$15,544
Marion City	\$32,125	\$16,464
Marion County	\$34,500	\$16,100
Kansas	\$40,642	\$20,506
United States	\$41,994	\$21,587

Table 3.1

Looking back on past years, it is noticeable that as time progresses, the gap between Peabody and its competitors remains relatively constant. This indicates Peabody is keeping up with surrounding cities and still has a competitive edge. **Figure 3.2** provides the median household income from the year 1990.

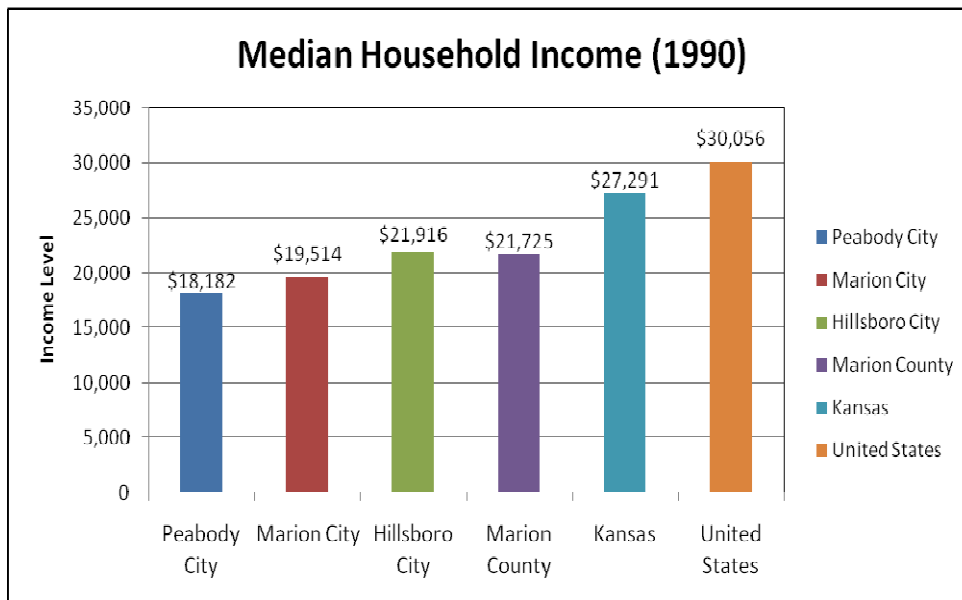


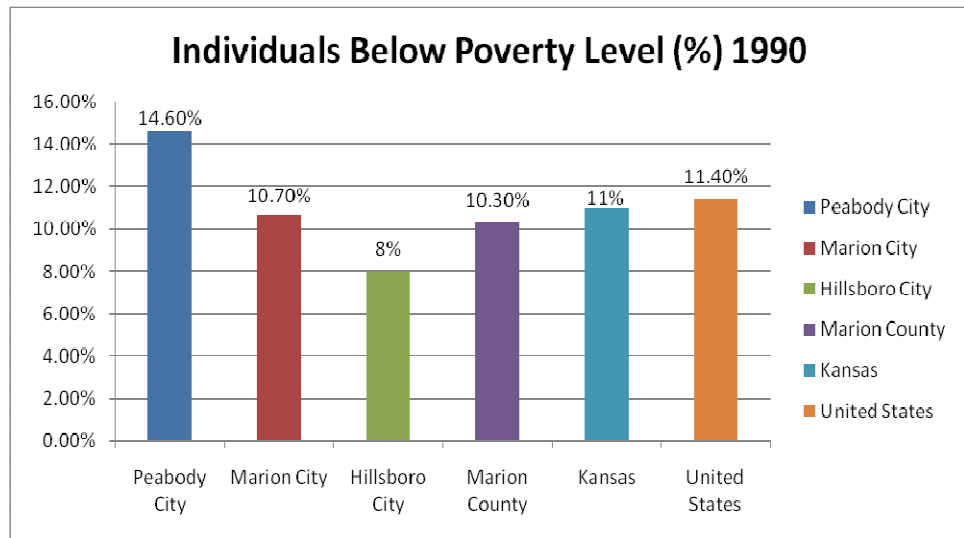
Figure 3.2

**Poverty Status**

The Census Bureau provides poverty thresholds according to household size and composition. For example, the 2007 poverty threshold for a family of four including two children is set at an annual income of \$21,027. The thresholds are updated annually to account for inflation of consumer goods and housing markets.

The proportion of persons below the poverty status threshold for Peabody (in comparison with the surrounding counties, Kansas and

the United States) show that in 1990 the city was far above the comparative norm. Meaning, that poverty was far more widespread within the city. Peabody’s percentage of persons below the poverty status in 1990 is 14.6%, while the county and state are 10.3% and 11% respectively. **Figure 3.3** provides a look at the number of individuals below poverty level in 1990.



**Figure 3.3**

The proportion of persons below the poverty threshold for Peabody in 2000 does not show an abrupt change in its prior documented level. In comparison with similar cities, the county, the state and nation, the percentage of persons below the poverty status in Peabody again exceeds the comparative norm in 2000. Peabody residents are well above the national average poverty threshold at 14.2%. These figures indicate Peabody remains less affluent with a greater poverty index than an average community. **Figure 3.4** provides a graph of individuals below poverty level in 2000.

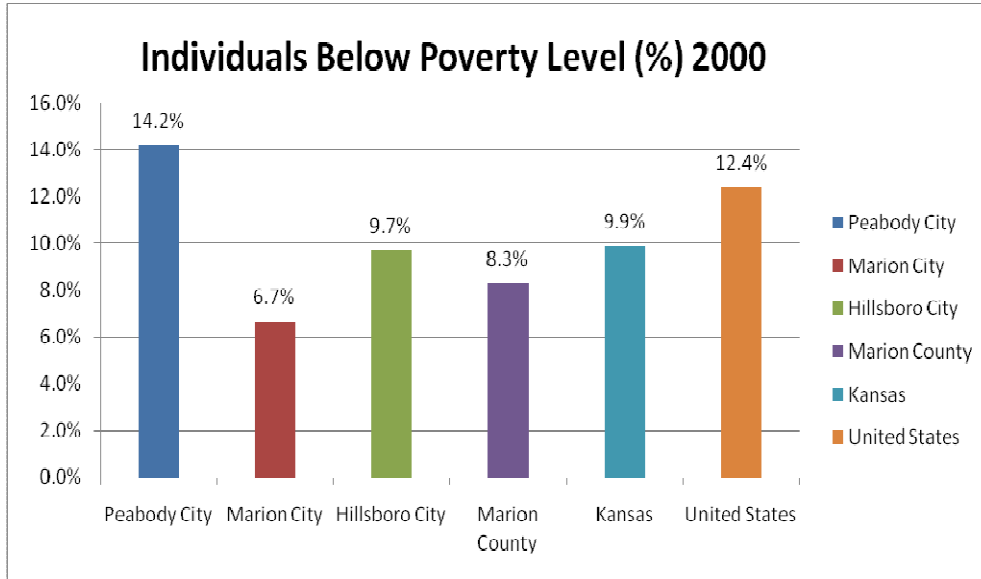


Figure 3.4

When comparing the years 1990 and 2000, there is not a significant increase or decrease in Peabody’s poverty level. This illustrates that although the poverty level is high, it is relatively stable. There are many circumstances that can produce poverty-level income. Occasionally, poverty is caused by personal conditions like poor health or abandonment by a spouse. Other times, it can be the result of economic events such as a factory being shutdown. However, a majority of the time, poverty is less event-specific and more so related to the effect of long-established factors, such as, low-wage regional and rural economies in which full-time workers may receive lower incomes. Other possibilities may be the result of an increased number of elderly persons in the community or an increase in the number of persons possessing sub-standard socioeconomic characteristics through migration. Whatever the cause may be, living in an area of persistently high poverty becomes a serious impediment to community development. Poverty limits the tax base and imposes a scarcity of services, making it difficult to attract new jobs beyond those of low skill and modest wage.

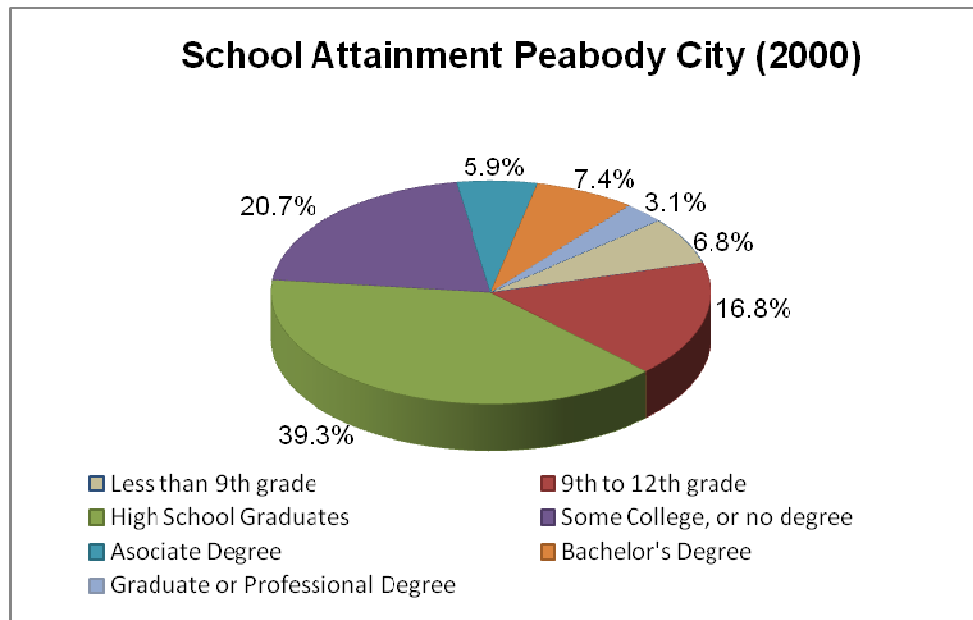
By analyzing the poverty status and the median household income of Peabody, analysts can determine economic trends in the community. For instance, from 1990 to 2000, income levels rose at a comparable rate to the competitive norms, while the percentage of persons below the poverty status decreased by a minute margin. These indicators do not suggest there will be a continual decline in poverty and a simultaneous increase in income for all residents. These indicators only imply that there is an increasing division of wealth within the community.

***“In the new economy, information, education, and motivation are everything.”***

*~ Bill Clinton*

### **Educational Attainment**

The education level of a community’s citizenry is indicative of socio-economic status and overall wealth. Compared to Kansas residents, a greater proportion of Peabody citizens graduate from high school according to the 2000 census information. However, transitioning students to a collegiate level of study poses a problem for the community. A larger proportion of Kansas citizens have graduate or professional degrees than do citizens of Peabody. Located below, **Figure 3.5** presents school attainment for Peabody as of 2000.



**Figure 3.5**

With a well-educated citizen body, residents are positioned to continue to have jobs with higher earning potentials, thus higher median household incomes. A higher educational attainment also allows residents to seek a more diversified set of employment opportunities, as opposed to individuals with less education that are limited in their job options.

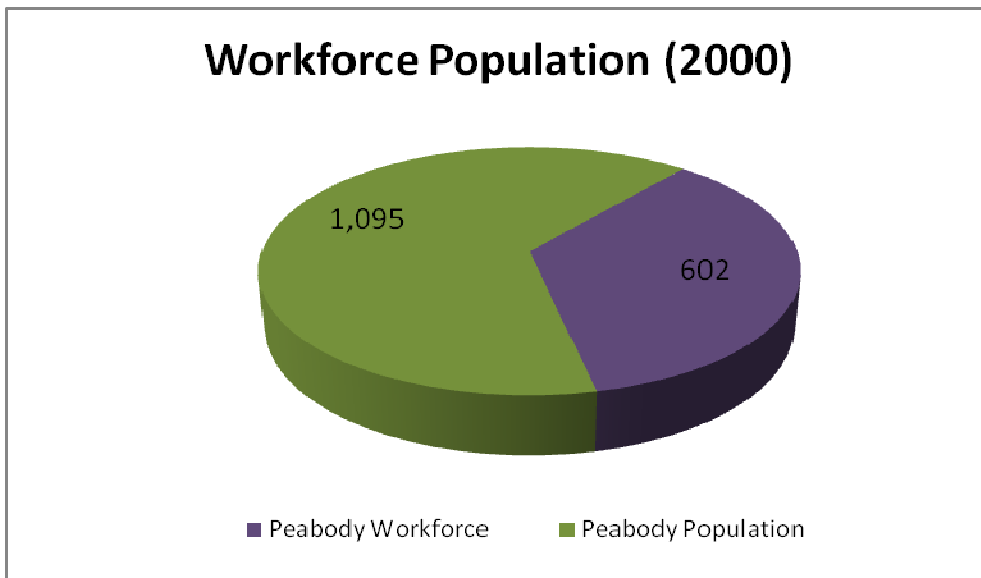
### **Employment**

The employment sector provides a representation of the types of employment residents in a community engage in, as well as how many citizens reside in each sector. These figures provide a breakdown of how the members of the community are employed.

For example, if a large manufacturing company dominates the workforce of a small town, it makes the economic health of the town dependant on its vitality.

Given the high elderly and youth composition of Peabody, roughly 54% of the working age group is in the labor force. To be considered in the labor force, an individual must be employed or actively seeking employment. As shown in **Figure 3.6**, 602 of the 1,095 Peabody residents in 2000 are in the labor force. It is assumed those individuals not in the labor force are home makers, retirees, under the age of 16, unemployed, or unable to work for various reasons.

*“Given the high elderly and youth composition of Peabody, roughly 54% of the working age group is in the labor force. “*

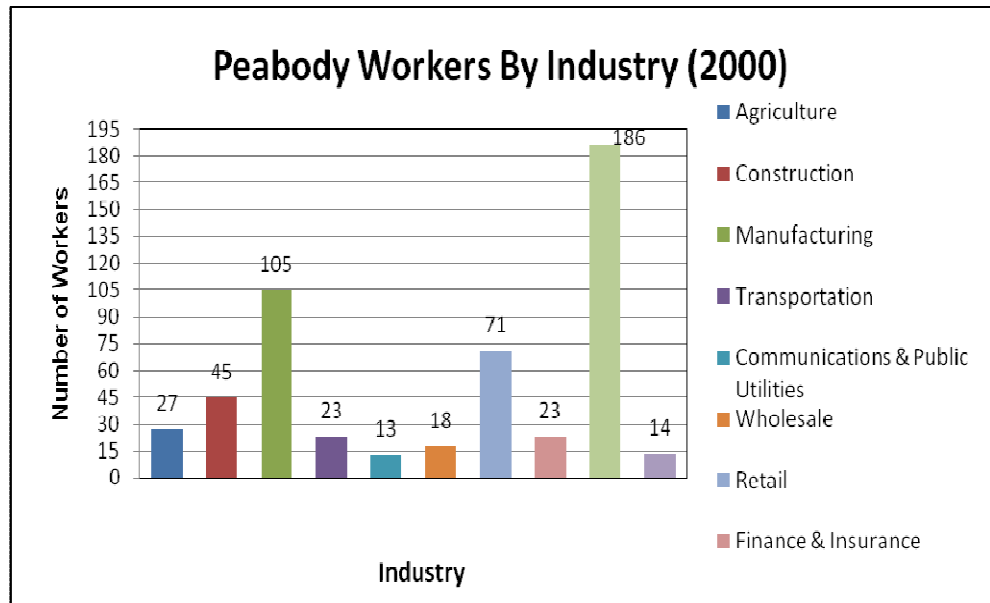


**Figure 3.6**

Like a healthy investment portfolio, diversity of occupations held by community residents is beneficial. For example, if one industry happens to suffer, the entire community is not adversely affected. **Figure 3.7** illustrates the diversity of occupations of Peabody’s residents. While there are a few larger sectors, ten different occupational divisions are represented.

**“Government is not the generator of economic growth; working people are.”**

*~ Phil Gramm*



**Figure 3.7**

The City of Peabody enjoys a varying degree of diversity across the range of employment sectors. It should be noted that not all Peabody residents are employed in the City of Peabody, since a majority of people travel outside of their community for work. The occupations worthy of mention are those comprising greater than 10% of the total employment. Education, health, and social services make up 30% of the total occupations reported. There are 17% of Peabody’s residents employed in manufacturing; followed by wholesale and retail trade with 11%. It is important to note that the service sector is usually the larger employers of persons in most rural areas since this includes many governmental workers and school district employees.

The location of employment for Peabody residents is the most indicative of economic conditions in the community. **Figure 3.8** depicts that the vast majority of citizens work outside of Peabody, yet still remain in the state of Kansas. Not only is there a lack of jobs in Peabody, but a majority of residents spend their dollars in other communities – most notably Newton.



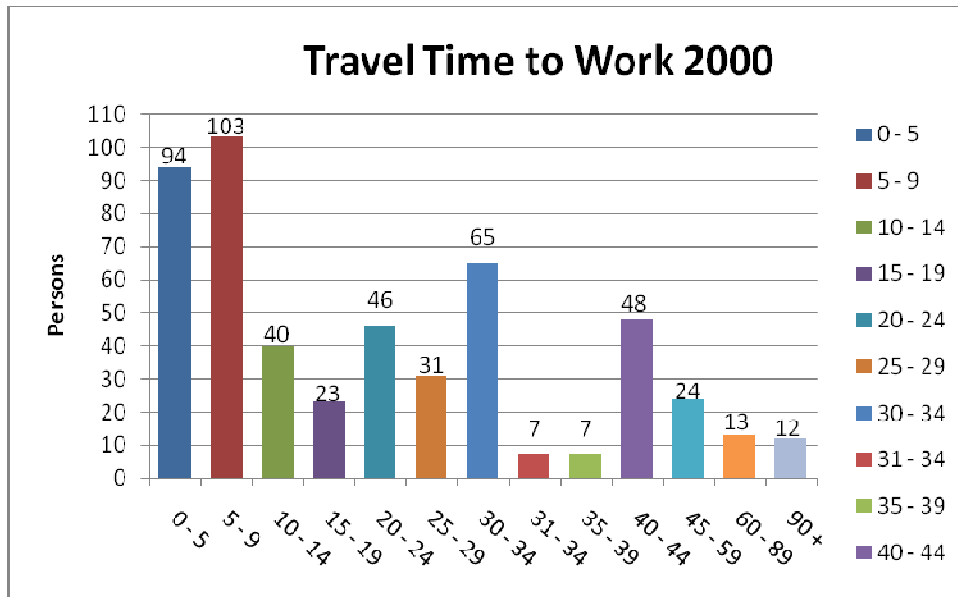


Figure 3.8

When examining strategies for economic development, the traditional response of communities is to build industrial or business parks to lure manufacturers to their municipality. However, the many vacant industrial parks scattered throughout the country are poignant reminders that rural communities should also look to other possibilities for economic growth. For example, computer services, insurance, health care, tourism and service-related businesses are growing faster than manufacturing.

**Recommendations**

- Encourage community commitment to support local businesses.
- Allow businesses to showcase products and services at local expos and community business fairs.
- Provide an entrepreneurial environment conducive to home-based businesses and tele-businesses by avoiding unnecessary and burdensome regulations.
- Seek to expand Peabody’s export industry base. Research and capitalize on niche markets (such as fresh meat, antiques or specialty baskets) in which Peabody could fill a void or has a distinct advantage.
- Insure Peabody benefits from both fiber optic and high speed internet services; with both the speed and capacity required to do business on a regional and national level.