

Logistics and Distribution Activity in the Louisville Economy

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This note provides some measures of the economic importance of logistics and distribution activity in the Louisville area. It supplements the findings of the recent study for the Greater Louisville Inc. Logistics Network¹. That report highlighted Louisville's physical capacity and competitiveness for goods movement in middle America, and provided a strategic assessment of strengths to leverage and weaknesses to mitigate. It included a few summary economic measures for logistics and distribution activities, but the report's primary contributions were elsewhere.

Logistics and distribution activities are embedded in nearly all industries, from agriculture to manufacturing to retail and government. Hence, measuring the importance of these activities is much more difficult than examining published data on industry output, jobs, payroll and the like. Fortunately, there are now comprehensive estimates of occupations by industry that can be used to make estimates for each industry of the amount of activity accounted for by, say, distribution functions rather than assembly or office functions. We have used this approach here, examining data on 700 occupations in 260 detailed Louisville industries. By allocating industry economic data based on the occupational distribution of each industry, we can estimate for example that 9.7 percent of the printing industry's \$375 million regional payroll is attributable to logistics and distribution activities. And we can also aggregate over all occupations and industries to arrive at good estimates of the amount of logistics and distribution jobs and payroll supported in the Louisville market.

The bulk of this report is composed of tables that summarize the occupational and industrial estimates. We show the key logistics and distribution occupations in the Louisville area, their shares of industrial employment and payrolls, and provide rankings that point to the leading sectors. The reader can browse the tables to pull out facts of interest. However, a number of items are likely to be of general interest:

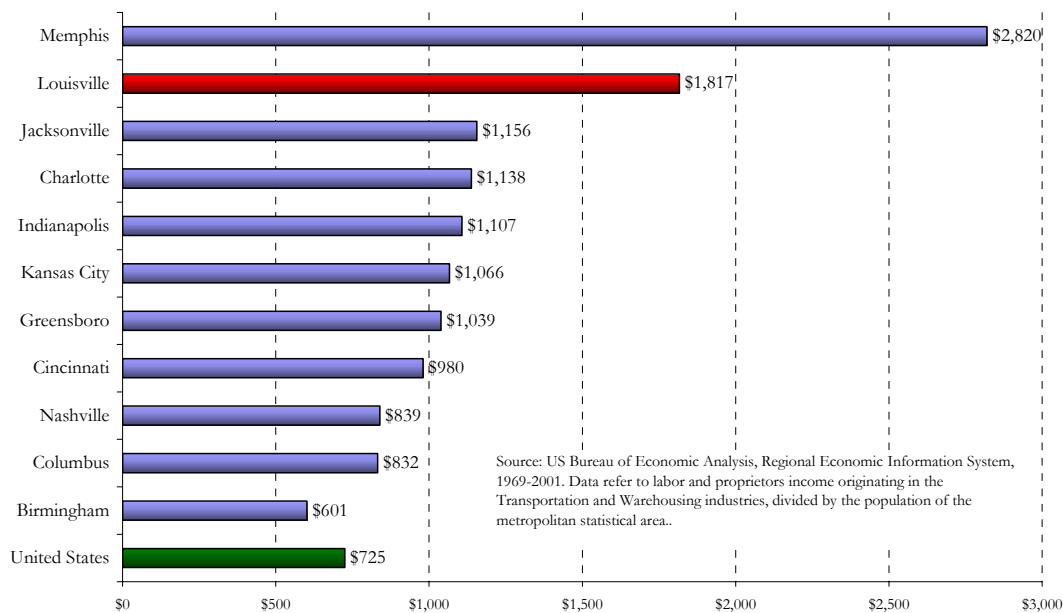
1. We estimate that there were about 64,000 logistics and distribution jobs in the Louisville area economy in 2000. This is 9.3 percent of all jobs.

¹ "Greater Louisville Inc. Logistics Network Research Report", by IntelLog International, Inc., July 2003. See www.louisvillelogistics.org/, 57 pages plus appendices.

2. These jobs accounted for \$2.8 billion in annual payrolls, 10 percent of all regional payroll in 2000.
3. The greatest number of jobs among the logistics and distribution occupational categories in the Louisville area are freight and stock handlers (13,000), heavy truck drivers (10,000), light truck drivers (6,400), package handlers (6,300), and industrial truck operators (4,300).
4. The largest industry, in terms of logistics and distribution employment and payroll, is air transportation, with over 10,100 jobs. Trucking and warehousing is next, with 8,300 jobs, followed by wholesale trade with 7,400 jobs.
5. Using effective state and local tax rates, based on historical collections, we estimate that logistics and distribution activity account directly for about \$270 million in annual income and sales tax payments to Kentucky and Indiana jurisdictions. Kentucky state government accounts for nearly \$200 million of those receipts. This, of course, does not include the many other tax categories, like corporate income taxes, fuel taxes, truck permit fees, inventory taxes, and the like.

We have not conducted a comparable study for each of Louisville’s peer cities. However, we did examine recent estimates of metro payroll by the US Bureau of Economic Analysis. Data are disclosed in the transportation and warehousing sector for eleven of Louisville’s fifteen traditional metro competitors. (No data were disclosed for Dayton, Omaha, Raleigh, or Richmond). According to BEA, workers and proprietors in transportation and warehousing industries earned \$2.38 billion in 2001. On a per capita basis, this is second only to Memphis among competitor metros, and Louisville has over twice the concentration as the national average. Similarly, Louisville ranks second to Memphis in transportation and warehousing’s share of all industrial earnings, at 7.9 percent.

**Transportation and Warehousing Industries
Metro Area Payrolls per Capita, 2001**



Top Logistics and Distribution Occupations in Louisville Area Economy, 2000

occupational title	estimated jobs
Laborers and freight, stock, and material movers, hand	13,270
Truck drivers, heavy and tractor-trailer	10,008
Truck drivers, light or delivery services	6,365
Packers and packagers, hand	6,311
Industrial truck and tractor operators	4,321
Driver/sales workers	2,004
Cleaners of vehicles and equipment	1,884
Bus drivers, school	1,703
Aircraft mechanics and service technicians	1,680
Bus and truck mechanics and diesel engine specialists	1,593
Airline pilots, copilots, and flight engineers	1,542
Machine feeders and offbearers	1,314
First-line supervisors/managers of transportation and material-moving machine and v	1,195
First-line supervisors/managers of helpers, laborers, and material movers, hand	970
Refuse and recyclable material collectors	857
Transportation, storage, and distribution managers	780
Bus drivers, transit and intercity	716
All other material moving workers	679
Mobile heavy equipment mechanics, except engines	638
Parking lot attendants	625
Service station attendants	617
Taxi drivers and chauffeurs	600
All other motor vehicle operators	599
Conveyor operators and tenders	449
Sailors and marine oilers	429
Excavating and loading machine and dragline operators	356
Ship and boat captains and operators	313
Crane and tower operators	247
Commercial pilots	184
All other air transportation workers	171
All other related transportation workers	163
Air traffic controllers	139
Transportation inspectors	132
Postmasters and mail superintendents	131
Tank car, truck, and ship loaders	103
Ambulance drivers and attendants, except emergency medical technicians	90
Aircraft cargo handling supervisors	74
Pump operators, except wellhead pumpers	58
Hoist and winch operators	43
Rail car repairers	39
Airfield operations specialists	35
All other rail transportation workers	18
Rail yard engineers, dinkey operators, and hostlers	16
Gas compressor and gas pumping station operators	16
Bridge and lock tenders	15
Traffic technicians	12
Ship engineers	7
All other water transportation workers	7
Railroad brake, signal, and switch operators	5
Wellhead pumpers	3
Railroad conductors and yardmasters	2
Locomotive engineers and firers	1
Grand Total	63,530

Note: occupational titles are national defined and may not accurately describe workers in the Louisville area. For example, 'Sailors and marine oilers' refer in Louisville to barge workers and others working around water transportation activities.

Louisville Industries with Largest Number of Employees in Logistics Occupations
estimated over 68 2-digit SIC industries, 2000

2-digit SIC	title, 2-digit SIC industry	Logistics and Distribution Occupations Jobs in Industry	Total Jobs in Industry	Logistics and Distribution Occupations' Share of Total Jobs in Industry
45	Transportation by air	10,077	19,838	50.8%
42	Trucking and warehousing	8,255	12,684	65.1%
50	Wholesale trade	7,354	35,302	20.8%
73	Business services	4,262	45,291	9.4%
20	Food and kindred products	2,475	11,446	21.6%
75	Auto repair, services, and parking	2,091	6,936	30.2%
54	Food stores	2,084	19,043	10.9%
82	Educational services, public and private	1,538	46,061	3.3%
55	Automotive dealers and service stations	1,497	14,526	10.3%
41	Local and interurban passenger transit	1,226	2,290	53.5%
24	Lumber and wood products	1,163	6,377	18.2%
49	Electric, gas, and sanitary services	1,133	6,810	16.6%
32	Stone, clay, and glass products	1,112	4,240	26.2%
27	Printing and publishing	1,109	11,405	9.7%
44	Water transportation	1,019	2,212	46.1%
58	Eating and drinking places	972	47,892	2.0%
53	General merchandise stores	971	18,457	5.3%
37	Transportation equipment	964	19,572	4.9%
47	Transportation services	902	2,849	31.7%
30	Rubber and miscellaneous plastics products	874	8,242	10.6%
93	Local government, except education and hospitals	865	15,998	5.4%
59	Miscellaneous retail stores	849	15,429	5.5%
36	Electronic and other electrical equipment	840	10,755	7.8%
26	Paper and allied products	758	4,817	15.7%
17	Special trade contractors	699	24,278	2.9%
72	Personal services	665	14,016	4.7%
52	Building materials and garden supplies	652	5,003	13.0%
15	Construction	621	11,355	5.5%
34	Fabricated metal products	609	9,351	6.5%
28	Chemicals and allied products	569	7,461	7.6%
57	Furniture and homefurnishings stores	507	5,798	8.7%
21	Tobacco	503	929	54.2%
91	Federal government, except Postal Service	497	10,199	4.9%
35	Industrial machinery and equipment	473	12,193	3.9%
10	Mining, oil and gas extraction	424	1,317	32.2%
25	Furniture and fixtures	396	5,444	7.3%
33	Primary metal industries	326	3,934	8.3%
83	Social services	311	13,292	2.3%
23	Apparel and other textile products	271	3,028	8.9%
80	Health services	212	62,436	0.3%
79	Amusement and recreation services	204	10,703	1.9%
	subtotal	62,329	589,209	10.6%
	rest of industries	1,336	96,005	1.4%
	total	63,665	685,214	9.3%

Estimated Logistics Jobs and Payroll in Louisville Economic Area, 2000, by 2-digit SIC Industry Groups

title, 2-digit SIC industry	Logistics and Distribution Occupations Jobs in Industry	Total Jobs in Industry	Logistics and Distribution Occupations' Share of Total Jobs in Industry	Estimated Labor and Proprietors' Income, Logistics and Distribution Component, 2000
Agriculture, forestry, and fishing except secondary jobs	97	3,596	2.7%	\$3,661,973
Mining, oil and gas extraction	424	1,317	32.2%	\$23,008,174
Construction	621	11,355	5.5%	\$27,859,218
Special trade contractors	699	24,278	2.9%	\$35,876,589
Food and kindred products	2,475	11,446	21.6%	\$59,021,585
Tobacco	503	929	54.2%	\$92,578,543
Textile mill products	37	360	10.3%	\$883,971
Apparel and other textile products	271	3,028	8.9%	\$4,266,016
Lumber and wood products	1,163	6,377	18.2%	\$35,476,962
Furniture and fixtures	396	5,444	7.3%	\$18,906,170
Paper and allied products	758	4,817	15.7%	\$24,344,300
Printing and publishing	1,109	11,405	9.7%	\$43,635,122
Chemicals and allied products	569	7,461	7.6%	\$32,008,537
Petroleum and coal products	26	112	22.9%	\$1,224,661
Rubber and miscellaneous plastics products	874	8,242	10.6%	\$22,327,565
Leather and leather products	11	165	6.7%	\$263,617
Stone, clay, and glass products	1,112	4,240	26.2%	\$29,099,562
Primary metal industries	326	3,934	8.3%	\$11,036,385
Fabricated metal products	609	9,351	6.5%	\$23,518,018
Industrial machinery and equipment	473	12,193	3.9%	\$16,509,921
Electronic and other electrical equipment	840	10,755	7.8%	\$55,104,857
Transportation equipment	964	19,572	4.9%	\$63,204,622
Instruments and related products	21	851	2.5%	\$847,999
Miscellaneous manufacturing industries	97	1,130	8.5%	\$3,055,244
Local and interurban passenger transit	1,226	2,290	53.5%	\$19,909,806
Trucking and warehousing	8,255	12,684	65.1%	\$351,552,690
Water transportation	1,019	2,212	46.1%	\$60,736,342
Transportation by air	10,077	19,838	50.8%	\$617,264,825
Pipelines, except natural gas	1	5	18.5%	\$44,115
Transportation services	902	2,849	31.7%	\$59,135,808
Communications	20	6,099	0.3%	\$1,146,297
Electric, gas, and sanitary services	1,133	6,810	16.6%	\$49,474,414
Wholesale trade	7,354	35,302	20.8%	\$424,809,298
Building materials and garden supplies	652	5,003	13.0%	\$19,784,096
General merchandise stores	971	18,457	5.3%	\$14,620,413
Food stores	2,084	19,043	10.9%	\$37,505,774
Automotive dealers and service stations	1,497	14,526	10.3%	\$43,534,456
Apparel and accessory stores	80	3,961	2.0%	\$1,303,800
Furniture and homefurnishings stores	507	5,798	8.7%	\$14,527,975
Eating and drinking places	972	47,892	2.0%	\$15,929,036
Miscellaneous retail stores	849	15,429	5.5%	\$20,778,493

continued

Estimated Logistics Jobs and Payroll in Louisville Economic Area, 2000, by 2-digit SIC Industry Groups

title, 2-digit SIC industry	Logistics and Distribution Occupations Jobs in Industry	Total Jobs in Industry	Logistics and Distribution Occupations' Share of Total Jobs in Industry	Estimated Labor and Proprietors' Income, Logistics and Distribution Component, 2000
Depository institutions	3	9,954	0.0%	\$180,676
Nondepository institutions	2	3,550	0.1%	\$0
Security and commodity brokers, exchanges, and services	3	2,272	0.1%	\$282,941
Insurance carriers	3	7,961	0.0%	\$281,344
Insurance agents, brokers, and service	0	4,943	0.0%	\$0
Real estate	82	6,390	1.3%	\$4,843,261
Holding and other investment offices	8	836	0.9%	\$1,410,954
Hotels and other lodging places	110	6,665	1.7%	\$2,360,346
Personal services	665	14,016	4.7%	\$11,265,487
Business services (including personnel agencies)	4,262	45,291	9.4%	\$155,444,194
Auto repair, services, and parking	2,091	6,936	30.2%	\$78,929,265
Miscellaneous repair services	147	2,467	6.0%	\$6,508,513
Motion pictures	33	1,111	3.0%	\$7,189,582
Amusement and recreation services	204	10,703	1.9%	\$595,201
Health services	212	62,436	0.3%	\$8,468,384
Legal services	1	4,344	0.0%	\$96,009
Educational services, public and private	1,538	46,061	3.3%	\$6,580,465
Social services	311	13,292	2.3%	\$5,527,118
Museums and botanical and zoological gardens	3	331	0.9%	\$730,934
Membership organizations	72	4,608	1.6%	\$3,599,556
Engineering and management services	168	12,406	1.4%	\$9,571,498
Private households except secondary jobs	6	1,324	0.5%	\$229,425
Services, nec	2	207	0.8%	\$386,295
Federal government, including Postal Service	694	14,753	4.7%	\$37,160,194
State government, except education and hospitals	105	5,803	1.8%	\$12,684,111
Local government, except education and hospitals	865	15,998	5.4%	\$95,738,448
Total	63,665	685,214	9.3%	\$2,829,841,448