



Wealth Creation in Rural Communities

Case Studies: Prosperous Counties in Appalachia

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Wealth Creation in Rural America

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Introduction

This paper represents the early steps in a multiple case study on prosperous rural and micropolitan counties within the Appalachian region. Poverty and distress have often been the rule in Central Appalachia, especially for rural areas. Using Isserman, Feser, and Warren's prosperity index (2009), I have identified eight counties in and around Central Appalachia that may be defying that rule. The goal of this document is to explore what these prosperous rural and micropolitan counties look like over the 1980 to 2000 period, including more recent data where available.

In the following pages, I will present a descriptive analysis of the eight counties' demographic and economic status since 1980. Prosperity is defined by Isserman et al.'s prosperity index (2009) and Rahe's 2008 paper on persistent prosperity. In a later paper, I will conduct a case study to explore how and why these eight counties are prospering.

Background

The history and extent of Appalachian poverty and economic distress have been well documented by the Appalachian Regional Commission (ARC), academic researchers, and government reports. The ARC's first report in 1964 called Appalachia "a region apart" and found that "the average Appalachian, whether he lives in a metropolis, in town, on the farm, or in a mountain cabin, has not matched his counterpart in the rest of the United States as a participant in the Nation's economic growth" (ARC 1964, xv). In the 1960s, one in three Appalachian residents lived in poverty, the region's per capita income was 23% lower than the U.S. average, and more than 2 million residents of the region had fled the region in the past decade seeking a better life elsewhere (ARC website).

After decades of investments and economic development projects, studies have shown that "economic conditions in Appalachia have improved considerably" (Black, Mather and Sanders 2007, 1). Yet rural counties within the region may not have shared equally in the rising tide of prosperity across the region and the nation since the 1960s. While the region as a whole has improved its economic condition, rural areas—especially in Central Appalachia—have not seen the same gains.

Glasmeier and Fuellhart (1999) partially blame the continued distress of some rural Appalachian counties into the 1990s due to ARC's early use of economic development policies that focused on growth centers. Jobs and income growth are expected to trickle out to the areas surrounding the growth center. Glasmeier and Fuellhart (1999) suggest that the worst-off counties in Appalachia—which were often the most isolated rural cases—tended to be ignored by ARC policies and investments under the growth center strategy, and the trickle-out effect appears ineffective in this case. The most economically distressed counties remained isolated, poor, and relatively unchanged.

With the introduction of the Distressed Counties Index in the early 1980s, ARC began to focus some of its efforts on the worst-off areas, rather than just the growth centers (ibid). The index also created a baseline by which ARC and other government agencies could measure changes in county-level economic conditions, including improvements. The combination of new ARC investment since the 1980s—particularly in infrastructure—and growth in the overall national economy in the 1990s and 2000s meant some major improvements in economic indicators among the most distressed rural Appalachian counties.

In their 1999 report, Glasmeier and Fuellhart examined the movement of some Appalachian counties away from distressed status. However, they found that most of the 21 Appalachian counties to make the jump out of distressed status were either not rural or of a particular rural type—they were small urbanized areas or adjacent to metropolitan areas (1). Their finding suggests that a study of relatively prosperous counties in the Appalachian region may yield useful information for the rural counties still remaining in distressed status. In another county-level case study, Rahe (2008) focused on two “persistently prosperous” rural counties. This paper hopes to expand the case study research on rural and Appalachian places with a look at two types of counties: noncore (rural) and micropolitan counties.

Using the Isserman, Feser and Warren (2009) prosperity index as a guide, I identify eight Appalachian counties in or near the Central Appalachian sub-region that exemplify the “positive changes [that] can and do take place” in Appalachia (Glasmeier and Fuellhart 1999, 2). In this document, I will take a closer look at their scores in the prosperity index as well as some other common economic and demographic indicators.

Prosperity Index

Isserman, Feser and Warren (2007, 2009) produced an index that measures county-level prosperity in terms of quality of life outcomes. The prosperity index judges counties’ economic status on four equally weighted indicators: poverty rate, housing conditions (made up of four variables), unemployment rate, and high school dropout rate. Isserman et al. scored every county in the nation by comparing their 2000 Census data to the national averages for each indicator. A score of four in the prosperity index means that a county has better outcomes in all four indicator categories, and can be considered more “prosperous” than the nation.

Rahe (2008) contributed to the prosperity index work by scoring all US counties by the index over time, using data from the Census in 1980, 1990, and 2000. She defined “persistently prosperous” counties as those which received a score of four in each year, and thus have lower rates than the nation of poverty, high school dropouts, unemployment, and housing issues in every decade.

Identifying the Study Counties

For the purpose of this report, I have identified two types of prosperous counties: “persistently prosperous” counties (adapted from Rahe 2008) and “emerging” counties. Emerging prosperity is defined here as a category of counties that have improved their prosperity scores from zero in

1980 to three or four in 2000. As mentioned above, Rahe’s persistent prosperity is defined as counties with a prosperity score of four in 1980, 1990, and 2000. However, these two standards of prosperity have been slightly relaxed for this paper. No counties in the Central sub-region of Appalachia have attained a score of four in any Census year, so this paper will accept a score of three to represent prosperity in the emerging and persistent prosperity categories. Within the context and relative to the rest of the Central Appalachian region, counties with a score of three are “prosperous” for our purposes.

In their analyses, Isserman et al. (2009) and Rahe (2008) focused on only noncore (rural) counties, using the Office of Management and Budget (OMB) definitions. For this paper, RUPRI was interested in exploring prosperity among both noncore and micropolitan counties in Appalachia. By including micropolitan counties in the study, we hope to capture a wider set of the rural US population, and perhaps some of the rural-urban interface that studies of “pure” rural counties may miss.

Studies that use only noncore counties capture the 19.3 million people that live there, but they miss the many people who live in rural communities (of less than 2,500 residents) within micropolitan and metropolitan counties. Of the 59 million people living in rural communities in the US in 2000, nearly 14.3 million lived in OMB-defined micropolitan counties. By including micropolitan counties in this analysis, I capture the 28.9 million rural residents that live in micropolitan and noncore counties combined.

When choosing the eight study counties for this paper, I first selected for all counties that matched the four categories (rural/micropolitan county; persistent/ emerging prosperity). The final choices of counties were made on the basis of geographic location. I was especially interested in counties within or near the Central sub-region of Appalachia. Table 2 presents the four categories and eight final county choices.

Table 2. Four categories of case study counties

	Rural-noncore	Micropolitan-MSA
Persistently prosperous	Towns County, Georgia McDowell County, North Carolina	Madison County, Kentucky Columbiana County, Ohio
Emerging prosperity	Monroe County, West Virginia Bath County, Virginia	Cumberland County, Tennessee Greene County, Tennessee

In terms of coverage of the Appalachian region, these eight counties represent seven out of 13 states in the full region, and at least one county from each sub-region (Northern, Central, and Southern). Three of the counties (Monroe, Madison, and Cumberland) are located in the Central sub-region.

Descriptive Analysis

First, I will look at the breakdown of the counties' prosperity scores. What does it mean in practical terms for a county to have a score of three or four on the prosperity index? Then, I will examine several characteristics that are used in other traditional measures of county-level economic success. These will include population and income trends. Where possible, I will compare the county-level data with the appropriate state, regional, and national data. The goal of this analysis is to get a better idea of what prosperity looks like in Central Appalachia in terms of counties' demographic and economic characteristics.

County Prosperity Scores

As described above, Isserman et al.'s prosperity index (2009) uses four variables to determine prosperity levels at the county level in 2000: poverty rate, unemployment rate, high school dropout rate, and housing conditions. Rahe (2008) expanded the prosperity index to score all US counties in 1980, 1990, and 2000, and her data is presented in many of the tables here. The eight counties' prosperity index scores for all three decades are presented below.

Table 3. Counties by category, sub-region and prosperity score

County Name	Prosperity Category	Appalachian Sub-region	Prosperity Scores by Year		
			1980	1990	2000
Rural counties					
Towns, GA	persistent	Southern	3	3	4
McDowell, NC	persistent	Southern	3	3	3
Bath, VA	emerging	Southern	0	1	4
Monroe, WV	emerging	Central	0	1	3
Micropolitan counties					
Madison, KY	persistent	Central	2	1	3
Columbiana, OH	persistent	Northern	3	2	4
Greene, TN	emerging	Southern	0	1	3
Cumberland, TN	emerging	Central	0	1	3

Sources: Rahe (2008) and Miller (2009)

Kathy Miller's paper (2010) discusses the overall pattern of prosperity scores in Central Appalachia and the full Appalachian region. The prosperity index shows that the overall Appalachian region has improved economic conditions relative to the nation. However, Miller illustrates that Central Appalachia still shows distress relative to its neighbors and the nation at large. The three Central counties represented here (Monroe, Madison, and Cumberland) are some of the very few "success stories" in the Central sub-region.

Poverty

As Miller (ibid) describes, the poverty measure appears to be the most difficult one for Appalachian counties to meet at the national level. Indeed, only one of the three emerging counties in this paper met the national poverty rate. Bath County, VA, appears to have cut its poverty rate in half in the decade between 1990 and 2000, ending up with a poverty rate nearly

five percentage points lower than the national average. McDowell County, North Carolina, is the only study county whose poverty rate increased from 1990 to 2000. Even so, McDowell's poverty rate is still lower than the national and regional averages.

Madison County, KY, is the only persistently prosperous county that did not do better than the nation's poverty rate in 2000. Madison, a Central region micropolitan county, has the highest poverty rate of the eight study counties in 2000. Poverty is the only measure that this "persistently" prosperous county did not attain in 2000, and it has not been within four percentage points of the national average in any Census year.

All four of the rural counties (persistent and emerging) have better poverty rates than their respective states, while none of the four micropolitan counties can claim the same. Table 4 shows how the counties fare against the nation, their own state, and the Appalachian region.

Table 4. Poverty rates (1980-2000)

	1980	1990	2000	
US	12.4%	13.1%	12.4%	≤ US rate
Appalachia	14.1%	15.4%	13.6%	(2000)
Rural counties				
Towns, GA	22.7%	14.0%	11.8%	x
GA	16.6%	14.7%	13.0%	
McDowell, NC	13.4%	11.4%	11.6%	x
NC	14.8%	13.0%	12.3%	
Bath, VA	12.7%	14.2%	7.8%	x
VA	11.8%	10.2%	9.6%	
Monroe, WV	20.9%	20.9%	16.2%	
WV	15.0%	19.7%	17.9%	
Micropolitan counties				
Madison, KY	21.1%	21.2%	16.8%	
KY	17.6%	19.0%	15.8%	
Columbiana, OH	9.6%	15.9%	11.5%	x
OH	10.3%	12.5%	10.6%	
Greene, TN	18.0%	16.9%	14.5%	
TN	16.5%	15.7%	13.5%	
Cumberland, TN	21.9%	18.1%	14.7%	
TN	16.5%	15.7%	13.5%	

Source: Rahe (2008) and US Census data

Housing issues

In the 1960s, many Appalachians lived in substandard housing compared to the rest of the nation. Studies in the intervening decades (Isserman 1996, Black, Mather and Sanders 2007) have found major improvements in the housing standards of the region. In the prosperity index, the housing conditions measure is the percentage of households with one or more of four

housing-related variables. These variables are (1) the household spends greater than 35% of income on housing¹, (2) the household lacks plumbing, (3) the home lacks a kitchen, and (4) the household has more than 1.01 people per room.

Rahe’s data (2008) supports the findings of Black, Mather and Sanders (2007) that living standards have vastly improved in Appalachia in terms of housing conditions. All of the study counties had lower housing index scores than the US in 2000, meaning they had fewer negative housing conditions than the nation. McDowell County, NC, and Towns County, GA, scored better than the US in every decade. Table 5 shows the prosperity index housing conditions.

Table 5. Percent of homes with housing conditions

	1980		1990 ²		2000	
US	4.0%		6.3%		5.7%	
Rural counties		≤ US		≤ US		≤ US
Towns, GA	2.7%	x	3.1%	x	3.8%	x
McDowell, NC	3.3%	x	4.4%	x	4.5%	x
Bath, VA	6.5%		10.9%		4.2%	x
Monroe, WV	4.8%		10.8%		5.2%	x
Micropolitan counties						
Madison, KY	5.0%		7.5%		5.0%	x
Columbiana, OH	4.4%		8.0%		4.9%	x
Greene, TN	4.6%		7.2%		5.6%	x
Cumberland, TN	6.6%		8.9%		5.2%	x

Source: Rahe (2008)

The four micropolitan counties scored better than the US on housing issues only in 2000, suggesting that faster-growing counties have been slower to improve the bulk of their housing stock than rural ones. Black, Mather and Sanders (2007) found a high use of mobile homes in Appalachia in general, and Central Appalachia in particular. The authors hypothesize that mobile homes have replaced substandard housing and are partially responsible for the improvement in housing conditions in the region.

Unemployment

The unemployment rate is used in most economic indices, including the ARC’s Distressed Counties index. The rate is the total number of unemployed persons as a percentage of the total civilian labor force, which is the group of non-institutionalized, non-Active Duty adults over the age of 16 (ARC website). Table 6 on the next page shows each county’s unemployment rate for 1980-2007.

¹ Isserman et al. (2009) use the 2000 Census rate of 30% of income spent on housing, but Rahe (2008) altered the rate to 35% to accommodate the 1980 and 1990 data. I use Rahe’s date here.

² The 1990 housing conditions rates jump significantly for most of the counties. I plan to review the 1990 data to ensure that this is not the result of a researcher error.

All eight counties scored a point for lower unemployment rates than the nation in the prosperity index in 2000. However, more recent 2007 data shows a big change for our study counties. Only two of the eight counties had lower unemployment than the nation or region in that year. McDowell County, NC, a rural/persistent county, shows an increase in unemployment of over one percentage point from 2000 to 2007.

The micropolitan counties in this study appear to have the most trouble meeting the national unemployment standard in all four years. Greene County, TN had the highest unemployment rate (7%) of the eight counties in 2007.

Table 6. Unemployment rates

	1980		1990		2000		2007
US	4.0%		6.3%		5.7%		4.6%
Appalachia							4.7%
Rural counties		≤ US		≤ US		≤ US	
Towns, GA	2.7%	x	3.1%	x	3.8%	x	3.5%
McDowell, NC	3.3%	x	4.4%	x	4.5%	x	5.4%
Bath, VA	6.5%		10.9%		4.2%	x	3.2%
Monroe, WV	4.8%		10.8%		5.2%	x	5.0%
Micropolitan counties							
Madison, KY	5.0%		7.5%		5.0%	x	4.8%
Columbiana, OH	4.4%		8.0%		4.9%	x	6.3%
Greene, TN	4.6%		7.2%		5.6%	x	7.0%
Cumberland, TN	6.6%		8.9%		5.2%	x	5.6%

Sources: Rahe (2008) and ARC website, 2007 data

High School Dropout Rates

Isserman et al. argue that a community's ability to keep its young people in school is a sign of prosperity. The high school dropout rate in the prosperity index is calculated by finding the percentage of all 16- to 19-year olds who are not enrolled in school and not high school graduates.

The data for high school dropout rates among the eight counties is somewhat all over the board. Towns County, GA, has maintained a consistently low dropout rate that is unmatched by any other study county. McDowell County, NC, on the other hand, is the only study county that does not better the US high school dropout rate in 2000. The dropout rate is the only index indicator that McDowell County, NC, failed for that year. In fact, that county's dropout rate is among the highest rate in every decade, especially when it is compared to the other rural counties in this study.

Table 7. High School Dropout Rates

	1980		1990		2000	
US	13.4%		11.2%		9.8%	
Rural counties		≤ US		≤ US		≤ US
Towns, GA	6.5%	x	4.1%	x	3.2%	x
McDowell, NC	26.0%		13.7%		13.1%	
Bath, VA	13.8%		9.4%	x	6.1%	x
Monroe, WV	15.3%		8.8%	x	9.8%	x
Micropolitan counties						
Madison, KY	12.2%	x	8.5%	x	8.4%	x
Columbiana, OH	10.2%	x	7.3%	x	6.5%	x
Greene, TN	21.5%		17.5%		7.4%	x
Cumberland, TN	28.4%		19.5%		6.5%	x

Source: Rahe (2008)

The micropolitan / emerging counties (Greene and Cumberland, TN), both show large dips in their respective dropout rates between 1990 and 2000. Cumberland, a county in the Central sub-region, appears to have lowered its dropout rate from nearly 30% in 1980 to 6.5% in 2000, an incredible change.

Other Demographic Indicators

Population Growth

Though population growth is not accounted for in Isserman et al’s prosperity index, it does appear that prosperous Appalachian counties share the characteristic of positive population growth over the period of Rahe’s persistent prosperity study. Many of our prosperous examples, and especially the persistently prosperous examples, had higher rates of population growth than both the region and the nation.

All eight counties in this study experienced overall population growth between 1990 and 2000. Most had faster growth than both Appalachia and the US population growth rate for that time period. More recent data from the BEA, however, shows that two of the rural counties lost population in 2007 (see Table 8).

Of the four “persistently prosperous” counties, only Columbiana County, OH, did not experience a population growth rate greater than the Appalachian region and the US. Two of the “emerging” counties—Greene (TN) and Bath (VA)—had slower population growth than the US rate, though Greene’s rate surpassed that of the Appalachian region.

Table 8. County Population Growth, 1980-2007

	2000 population	% pop. change, 1990-2000	2007 population	% pop. change, 2000-2007
US	281,421,906	13.2%	301,290,332	7.1%
Appalachia	22,894,017	9.1%	23,947,024	4.6%
Rural counties				
Towns, GA	9,319	38.0%	10,872	16.7%
GA	8,186,453	26.4%	9,523,297	16.3%
McDowell, NC	42,151	18.1%	43,516	3.2%
NC	8,049,313	21.4%	9,041,594	12.3%
Bath, VA	5,048	5.2%	4,625	-8.4%
VA	7,078,515	14.4%	7,698,775	8.8%
Monroe, WV	14,583	17.5%	13,538	-7.2%
WV	1,808,344	0.8%	1,809,836	0.1%
Micropolitan counties				
Madison, KY	70,872	23.2%	81,011	14.3%
KY	4,041,769	9.7%	4,236,308	4.8%
Columbiana, OH	112,075	3.5%	108,587	-3.1%
OH	11,353,140	4.7%	11,477,641	1.1%
Greene, TN	62,909	12.6%	65,846	4.7%
TN	5,689,283	16.7%	6,149,116	8.1%
Cumberland, TN	46,802	34.7%	52,932	13.1%

Sources: 2007 data from BEA, 1970-2000 data from Census

Rural Populations

According to decennial Census data, 21% of the US population lived in rural communities in 2000, and the proportion of rural to non-rural residents in the US declined by about 20% from 1980 to 2000. The counties studied here also mostly show declining rural populations. However, two of the counties—Towns, GA, and Bath, VA—remained 100% rural in 2000. Thus, one persistently prosperous and one emerging county are entirely rural, which may be a positive indicator that fully rural places can, indeed, gain and maintain prosperity without losing their rural character.

The two persistently prosperous micropolitan counties (Madison, KY, and Columbiana, OH) are less than half rural (41% and 43% respectively), while the “emerging” micropolitan counties are still predominantly rural (69% each).

Youth & Senior Populations

Overall, the eight counties presented here seem to follow the national trends in special populations. In 2000, the rural counties show lower percentages of young people (under 18 years old) than the micropolitan counties and the national average. As is expected in an aging nation, the proportion of young people is declining across all the counties and the nation.

All of the study counties have a lower percentage of young people than the national average in 2000. Among the eight study counties, Towns County, GA, had the lowest percentage of young people in 2000 (16.3%). Columbiana, OH, had the highest percentage of under-18s (24.3%), which approached the national average (25.7% in 2000).

Over the 1980-2000 time period, the rural counties experienced a much greater shift in population than the micropolitan counties or the nation as a whole. Monroe County experienced the greatest loss of young people (-31%), while the national proportion of under-18-year-olds only decreased by 8.8% from 1980 to 2000.

Income

Only one of the counties has attained the national per capita income level in 2000, which is to be expected since the general trend is to find lower income levels in rural places. The exception here is Bath County, VA, which has experienced more than double the income growth of the nation from 1980-2000. In that time, Bath County surpassed the US per capita income. Another notable example is Columbiana County, OH, which shows dismal income growth from 1980-2000 (7.5%). In fact, Columbiana's per capita income appears to have declined from 1980 to 1990.

Table 4. Per Capita Income Growth

	1980 [†]	1990 [†]	2000	Income growth 1980-2000
US	\$17,303	\$20,025	\$21,587	24.8%
Rural counties				
Towns, GA	\$12,111	\$14,966	\$18,221	50.5%
GA	\$15,133	\$18,930	\$21,154	39.8%
McDowell, NC	\$12,509	\$14,604	\$16,109	28.8%
NC	\$14,544	\$17,894	\$20,307	39.6%
Bath, VA	\$14,732	\$15,788	\$23,092	56.7%
VA	\$17,730	\$21,821	\$23,975	35.2%
Monroe, WV	\$11,307	\$12,441	\$17,435	54.2%
WV	\$14,568	\$14,609	\$16,477	13.1%
Micropolitan counties				
Madison, KY	\$12,130	\$13,927	\$16,790	38.4%
KY	\$14,167	\$15,488	\$18,093	27.7%
Columbiana, OH	\$15,493	\$14,674	\$16,655	7.5%
OH	\$17,277	\$18,693	\$21,003	21.6%
Greene, TN	\$12,372	\$14,111	\$15,746	27.3%
TN	\$14,734	\$17,019	\$19,393	31.6%
Cumberland, TN	\$11,805	\$13,584	\$16,808	42.4%
TN	\$14,734	\$17,019	\$19,393	31.6%

[†] Adjusted to year 2000 dollars

Source: US Census data

Next Steps

The data presented above begs many questions to be answered in the upcoming case study. Why, for example, does McDowell County, North Carolina, have such high dropout rates among its high school population? And how did Cumberland County, Tennessee, lower its own high school dropout rate from nearly 30% in 1980 to 6.5% in 2000? What does it mean for the prosperity of these counties that some are losing population? How has Bath County, Virginia, grown its per capita income so drastically?

These counties have stories to tell in terms of local policy, social capital, and development strategies. In the next two months, I will embark on the case study aspect of the project. My future work will result in a case study for each county based on internet searches, newspaper articles, and interviews with local mayors, economic developers, and business leaders. Part of that effort will focus on the rural-urban links within the micropolitan counties. I will also place each county within its regional context, looking at the strategies and efforts of each county's respective regional development corporation and state policies. My goal will be to develop a picture of each county and explore the "how" and "why" behind the numbers.

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