

2001 NE-162 ANNUAL REPORT
Mitch Renkow
North Carolina State University

Project/Activity Number: NE—162

Project/Activity Title: Rural Economics Development: Alternatives in the New Competitive Environment (Objective 1)

Period Covered: January 1, 2001 – December 31, 2001

Date of This Report: April 8, 2002

Progress:

Conducted research on the allocation of new jobs among different groups: local residents, non-resident in-commuters, and new residents (in-migrants). The research indicates that most county employment growth (70-80%) during the 1980s was accommodated by changes in commuting flows. Evidence is also presented indicating that labor force growth (and, by extension, population growth and associated fiscal impacts) in rural counties is sensitive to employment growth in nearby urban counties. These results highlight two (opposing) forces related to spatial spillovers that are usually neglected in analyses of the economic and fiscal impacts of employment growth.

Impact Statement: (attached)

Publications:

1. Renkow, Mitch and A. Robert Rubin. "Does Municipal Solid Waste Composting Make Economic Sense?" in R. Kerry Turner, Ian Bateman and Jane Powell (eds.), *Waste Management and Planning*, Cheltenham, UK: Edward Elgar Publishing Ltd., pp. 15-38 .
2. Renkow, Mitch. 2001. "Non-metropolitan Population Trends in North Carolina: Rural Renaissance or Urban Sprawl?" *Southern Perspectives* 5(3).
3. Renkow, Mitch. 2001. "The Rural-Urban Digital Divide." *NC State Economist* (August).
4. Renkow, Mitch. 2001. "Worker Mobility, Residential Choice, and the Allocation of New Jobs." Selected paper presented at the 2001 American Agricultural Economics Association meeting, Chicago, IL.

IMPACT STATEMENT:
“Employment Growth, Worker Mobility, and Rural Economic Development”

In North Carolina – as throughout the United States – the measuring stick most commonly used for gauging the success of a particular municipal or county development effort is the number of new jobs it creates. However, it appears that only a fraction of new jobs brought into a particular county in North Carolina are actually taken by people living in that county, according to Dr. Mitch Renkow, Associate Professor of Agricultural and Resource Economics at NC State University.

Dr. Renkow arrived at that conclusion after analyzing employment, migration and commuting data for all 100 of North Carolina’s counties. He found that between sixty and seventy percent of new jobs in a given county are filled by non-residents of the county – either commuters from nearby counties or by new residents moving to the county.

These findings are important for local officials in rural counties in several ways. First, given recent declines in historically important rural industries (such as agriculture and textiles), industrial recruitment is almost universally viewed as key element in replacing the lost sources of income for current county residents. That less than half of new jobs actually go to those residents means that this goal is not being fully met.

On the brighter side, the fact that workers are so mobile means that the residents of a given county will benefit from the success of nearby counties in attracting new jobs and industries. In other words these communities may be able to “free ride” on the success of others. This is particularly applicable to rural communities located near fast growing urban counties.

But in addition to the issue of jobs, Dr. Renkow’s findings also carry an important message for county governments worried about providing – and paying for – public services for local residents. Employment growth in one location that leads to significant residential development in a nearby “bedroom” community can give rise to considerable strains on the fiscal resources of the latter community. This phenomenon too appears to be highly important to many of the state’s rural communities that are adjacent to urban areas.

These research findings represent an important input into current debates over desirable economic development strategies, land use planning, and “smart growth.” Because of this, they are eliciting significant interest on the part of policy makers and local government officials around the state.