

2000 NE-162 REPORT

ACCESSION NO.: 0158422
PROJECT NO.: VA-136124
PROJECT TYPE: HATCH
STATUS: REVISED MULTI-STATE
PROJ. NO.: NE-162
START: 01 OCT 1997
TERM: 30 SEP 2002
FY: 2001

SUBFILE: CRIS
AGENCY: CSRS VA

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RURAL ECONOMIC DEVELOPMENT:
ALTERNATIVES IN THE NEW COMPETITIVE ENVIRONMENT

OBJECTIVES: Objective 3: Identify changing public policy initiatives and relationships and their impacts on rural economies and governments and investigate the effectiveness of alternative policy instruments to affect rural economic and fiscal viability and structure.

- APPROACH: 1. Used cross-sectional data to investigate the impacts of federal welfare reform policies on the well-being of single female-headed households with children in metropolitan and non-metropolitan areas.
2. Used firm- and county-level data to examine the impacts of state-level business incentive programs on new and existing firms.
 3. Used individual, University and regional data to examine how human capital formation at a major state institution affected economic prospects throughout the state. Examined other non-expenditure based impacts of the University.

PROGRESS: Research on the impacts of welfare reform finds that the well-being of female-headed households with children improved significantly at the same time welfare reform occurred. Changes in human capital attainment of this group are the major source of this gain in well-being. Area economic conditions have also improved and help explain part of the change, but it is unlikely that future economic downturns will dramatically

worsen outcomes, as the human capital gains have been substantial. Business incentives study found major spatial spillovers in input prices meaning firm locations had major effects on existing firms. Losses to existing firms were more than compensated by gains to owners of resources. Study of human capital formation at Virginia Tech showed that impacts of University on well-being far exceed “economic impacts” as measured through expenditure/input-output approach. Study suggests means for measuring each of several additional non-expenditure effects.

IMPACT: State level guidelines for use of business incentives have been written into law. Virginia Tech is implementing new system of measuring its impact and effectiveness.

PUBLICATIONS:

Bradford Mills, Everett Peterson, Sundar Doraj-Raj and Jeffrey Alwang, “Determinants of Food Stamp Program Exits,” *Social Service Review*, in press, 2001.

Jeffrey Alwang, Everett Peterson and Bradford Mills, *Assessing the Impacts of Incentives to Attract New Businesses: A Case Study of the Scrap Recycling Industry*, report to the Virginia legislative subcommittee on industrial incentives, December 2001, 40 pp.

Jeffrey Alwang, Bradford Mills and Joydeep Ghosh, “Long-term Economic Impacts of Virginia Tech,” report to the Virginia Tech Office of the President, August 2001, 17 pp.

Bradford Mills, Jeffrey Alwang, Everett Peterson, and Sundar Dorai-Raj, “Declining Food Stamp Program participation: a concern for the rural south?” Policy brief Number 3, December 2001, Southern Rural Development Center.