

The Two Virginias: Rural Revitalization or Decline?

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The Two Virginias

- Rural citizens and rural communities are at risk
- Market system will not correct urban/rural disparities
- Rural leadership and communities must take lead, but cannot turn the tide alone
- Commonwealth must take action for rural Virginia

Economic Reality

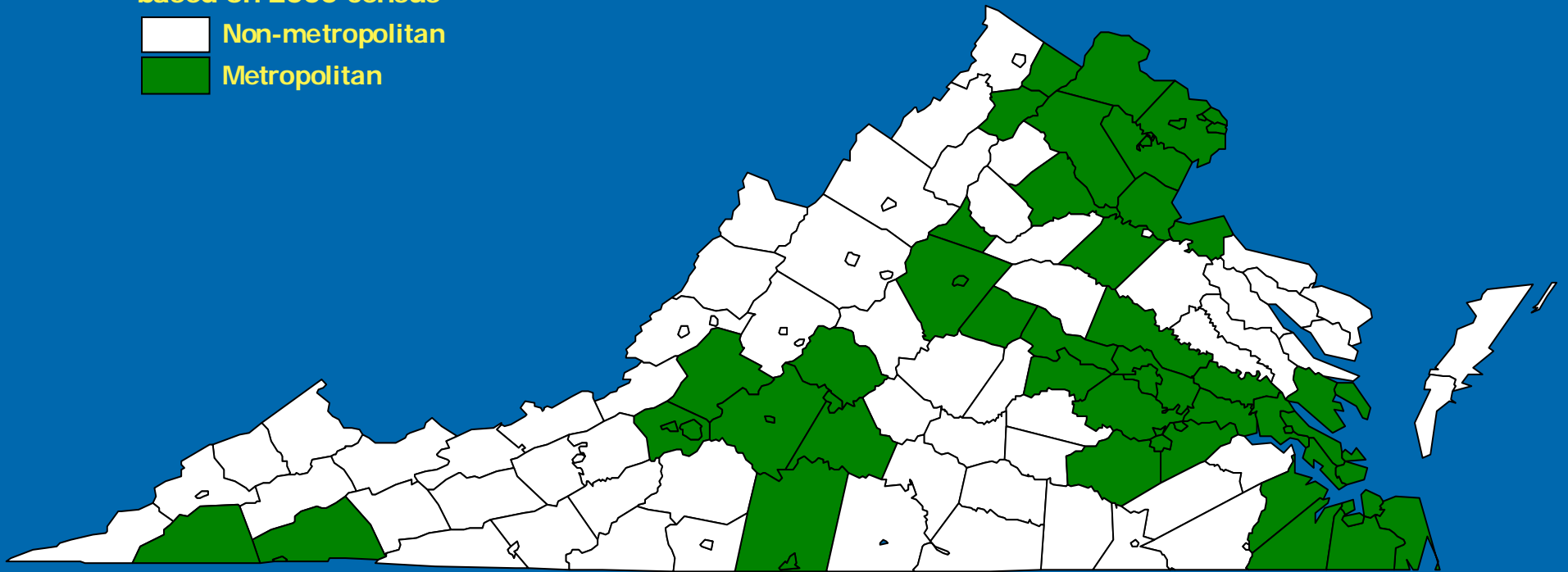
- No region can grow without selling something of value to the outside world
- Economic problems are not self-correcting
 - ❖ Better educated and more adaptable leave
 - ❖ Lack of critical mass of infrastructure, technology, financial and human capital, and a skilled workforce perpetuates a spiral of economic decline

What is "Rural"?

- Resource-based Economy
- Non-metropolitan
- Few Business Services
- Low Population Density

**Metro and Non-metro localities
based on 2000 census**

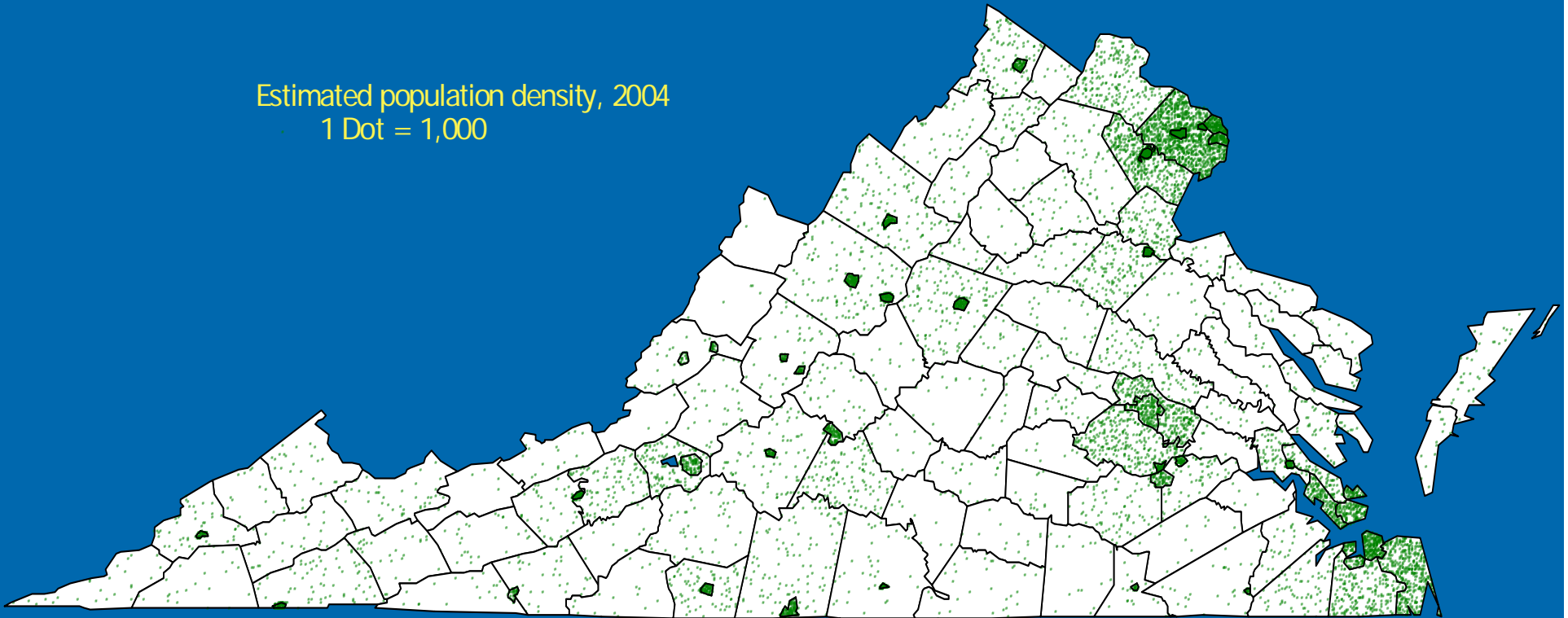
-  Non-metropolitan
-  Metropolitan



Source: U.S. Bureau of Census

Metro and Non-metro Counties, 2000

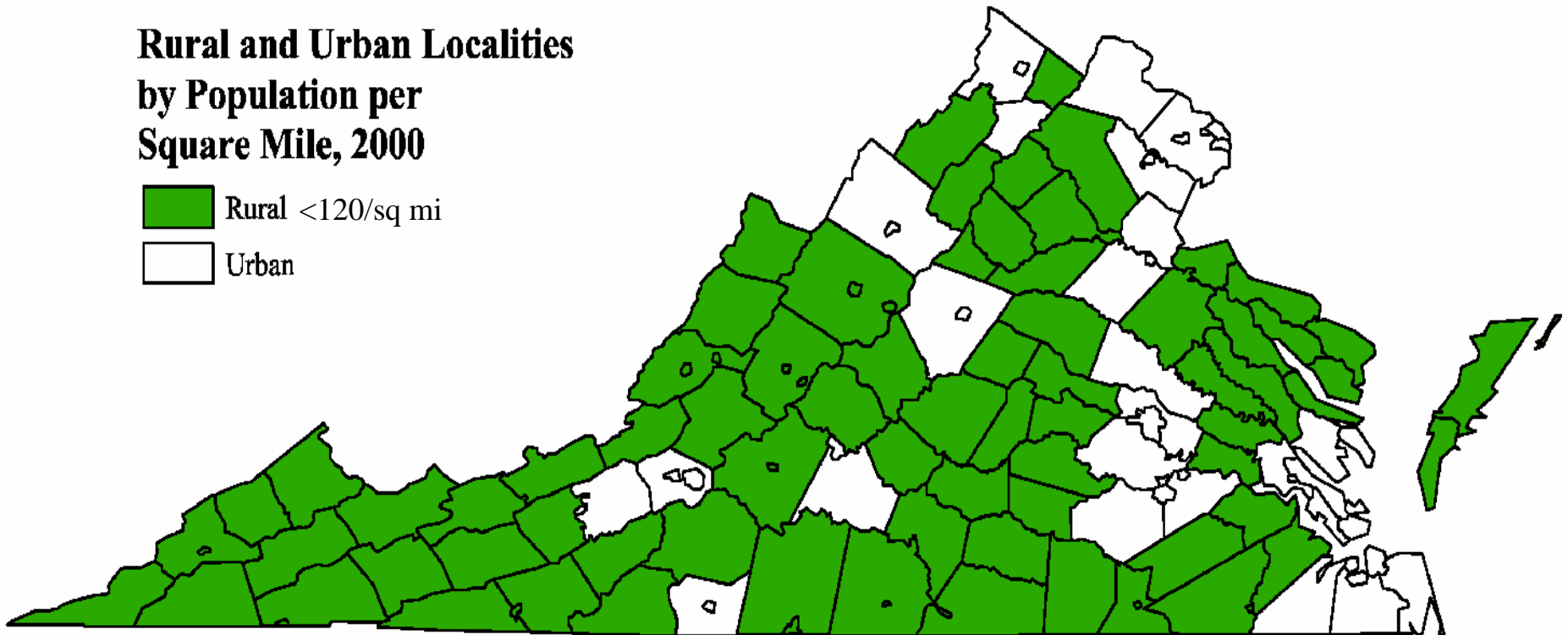
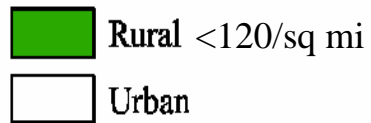
Estimated population density, 2004
1 Dot = 1,000



Source: Bureau of Economic Analysis

Estimated Population Density, 2004

Rural and Urban Localities by Population per Square Mile, 2000



Source: U.S. Bureau of Census

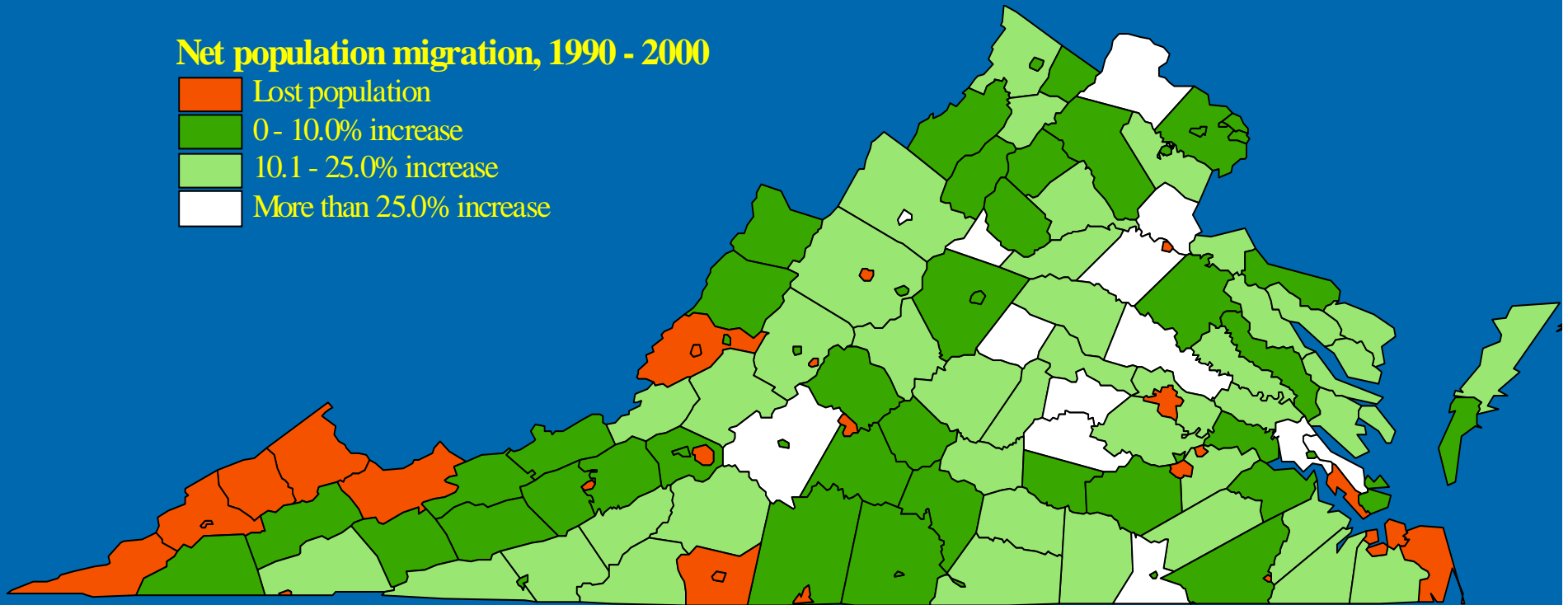
Rural/Urban Counties by Population Density, 2000

Demographics



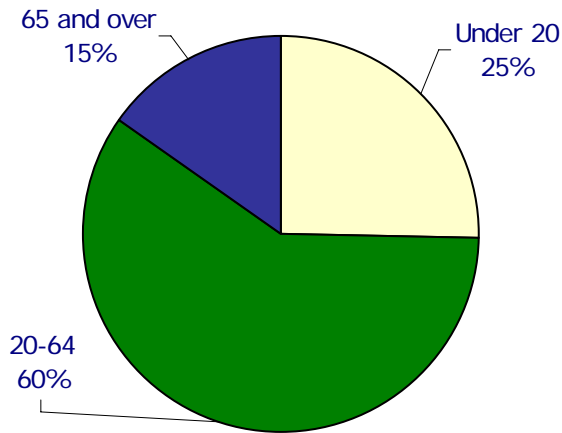
Net population migration, 1990 - 2000

- Lost population
- 0 - 10.0% increase
- 10.1 - 25.0% increase
- More than 25.0% increase

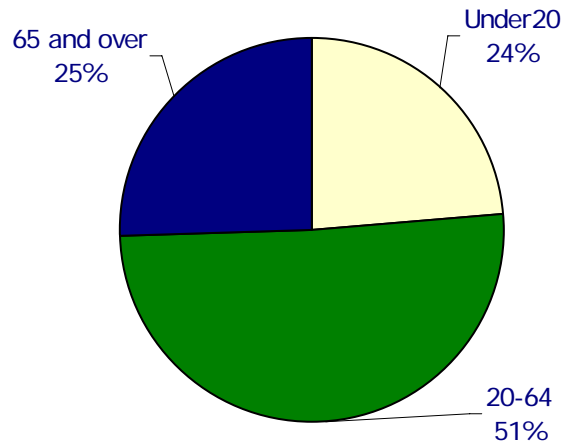
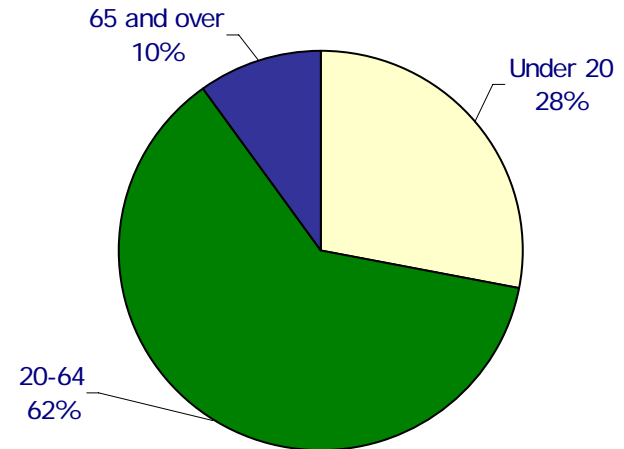


Source: U.S. Census Bureau

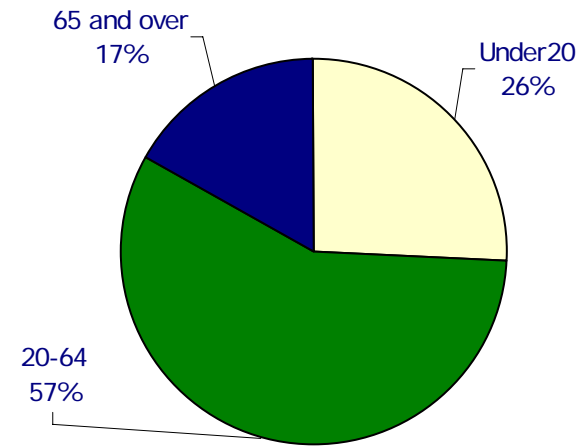
Net Population Change, 1990–2000



2000



2030



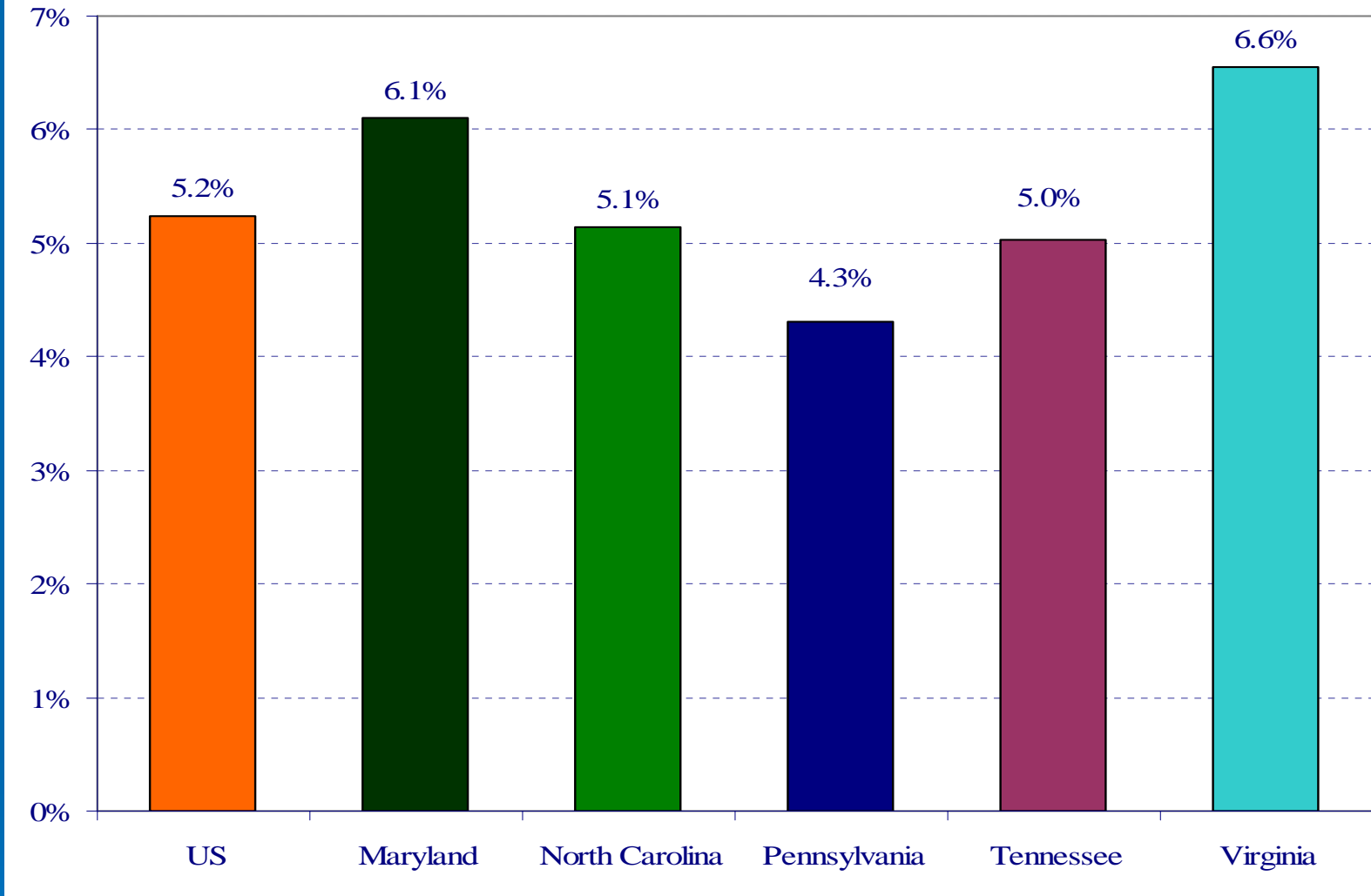
Rural

Urban

Population by age group

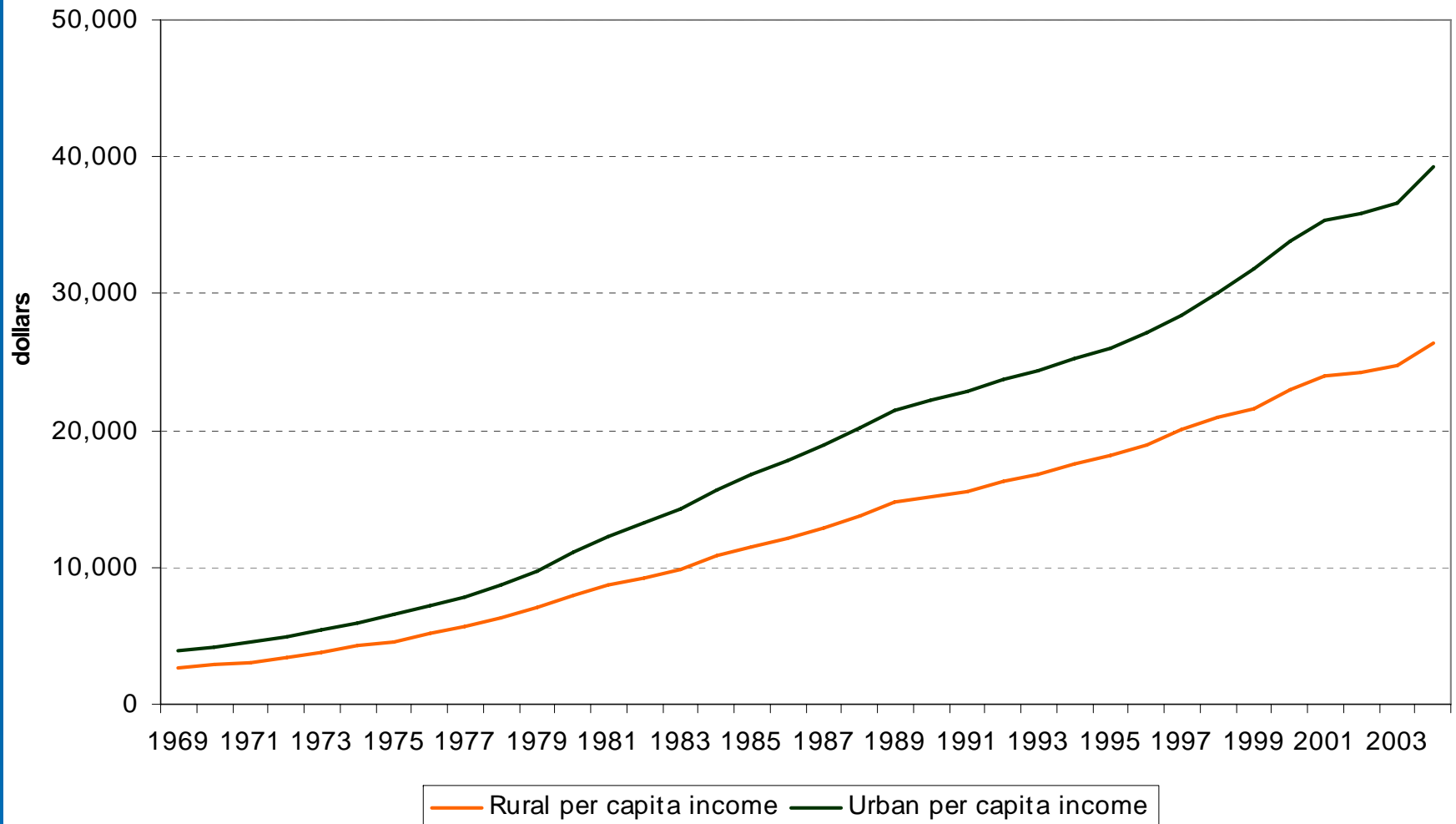
Economy and Incomes





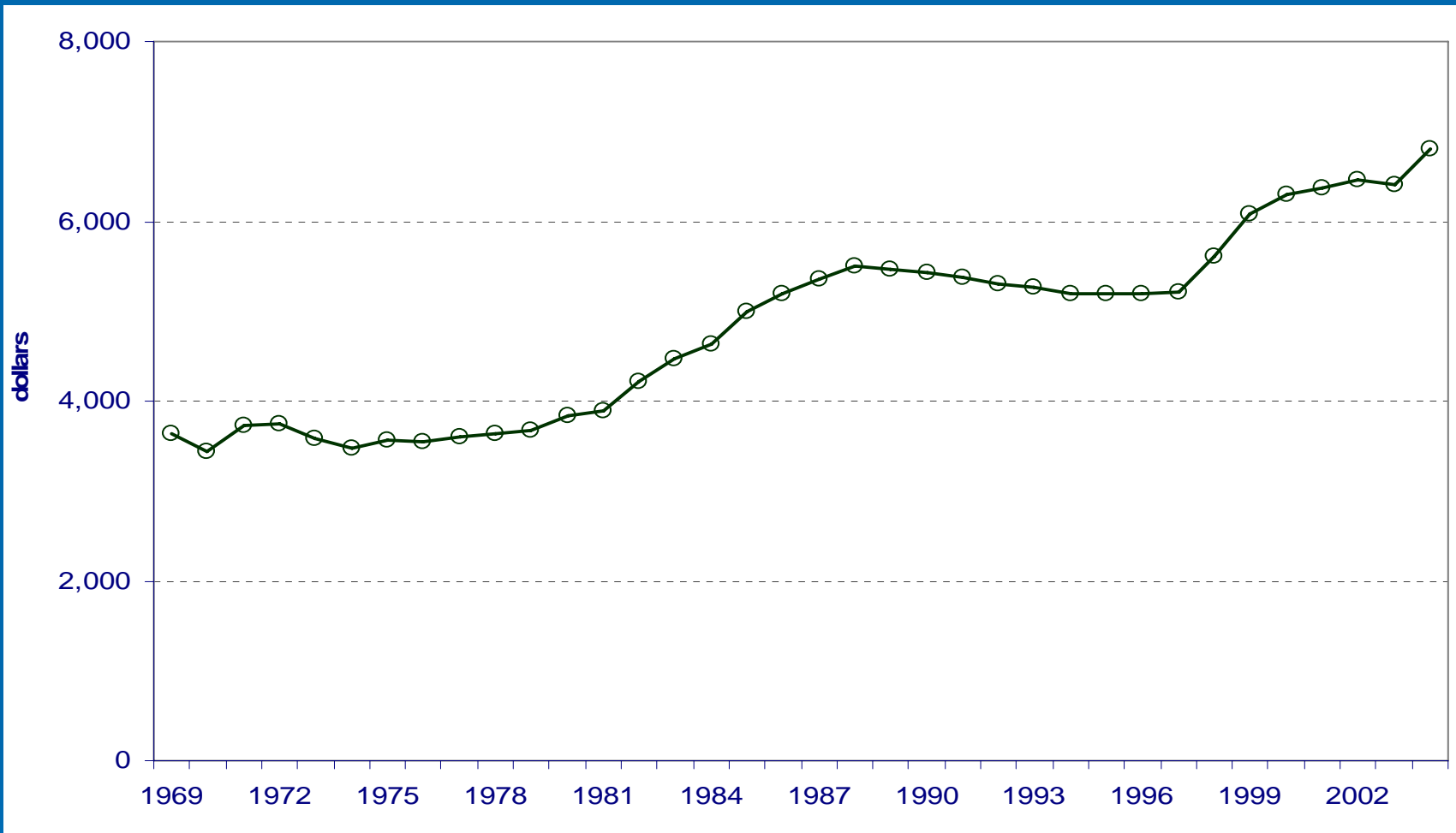
Source: Bureau of Economic Analysis

Gross State Product Average Annual Real Growth 1998-2005



Source: Bureau of Economic Analysis
Nominal dollars

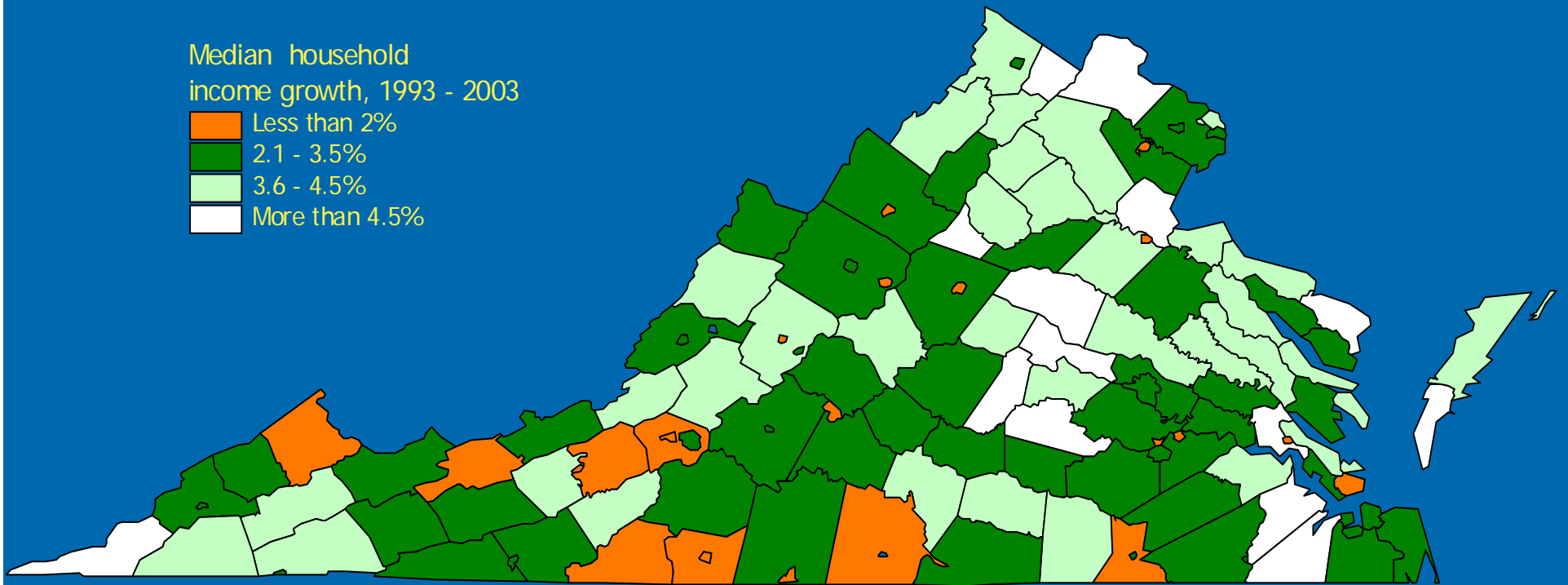
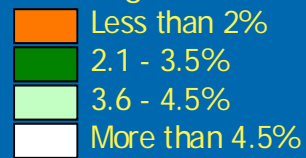
Virginia Rural/Urban Per Capita Income, 1969-2004



Source: Bureau of Economic Analysis
 1982-84 dollars using CPI

Virginia Urban/Rural Per Capita Income Gap, 1969-2004

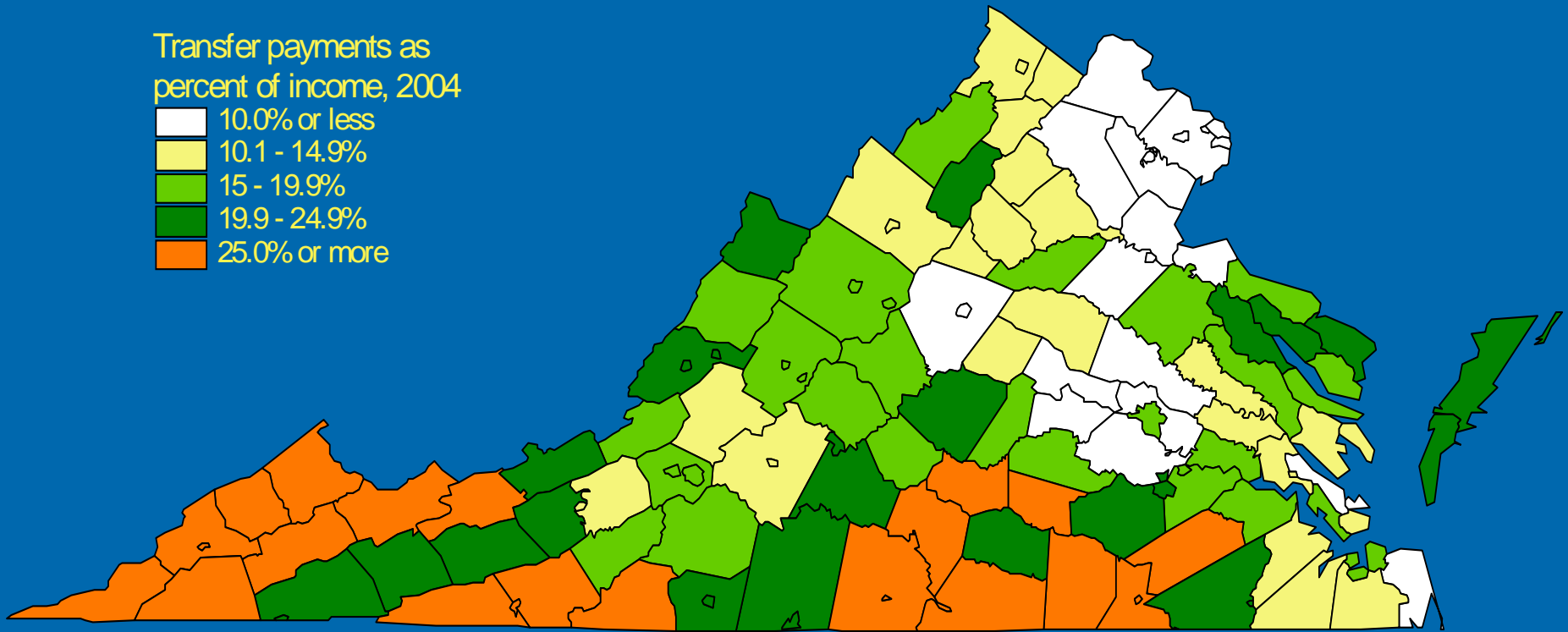
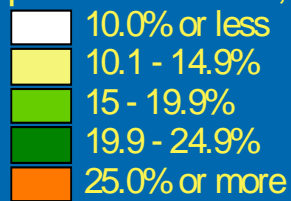
Median household
income growth, 1993 - 2003



Source: U. S. Census Bureau

Median Household Income Growth, 1993-2003

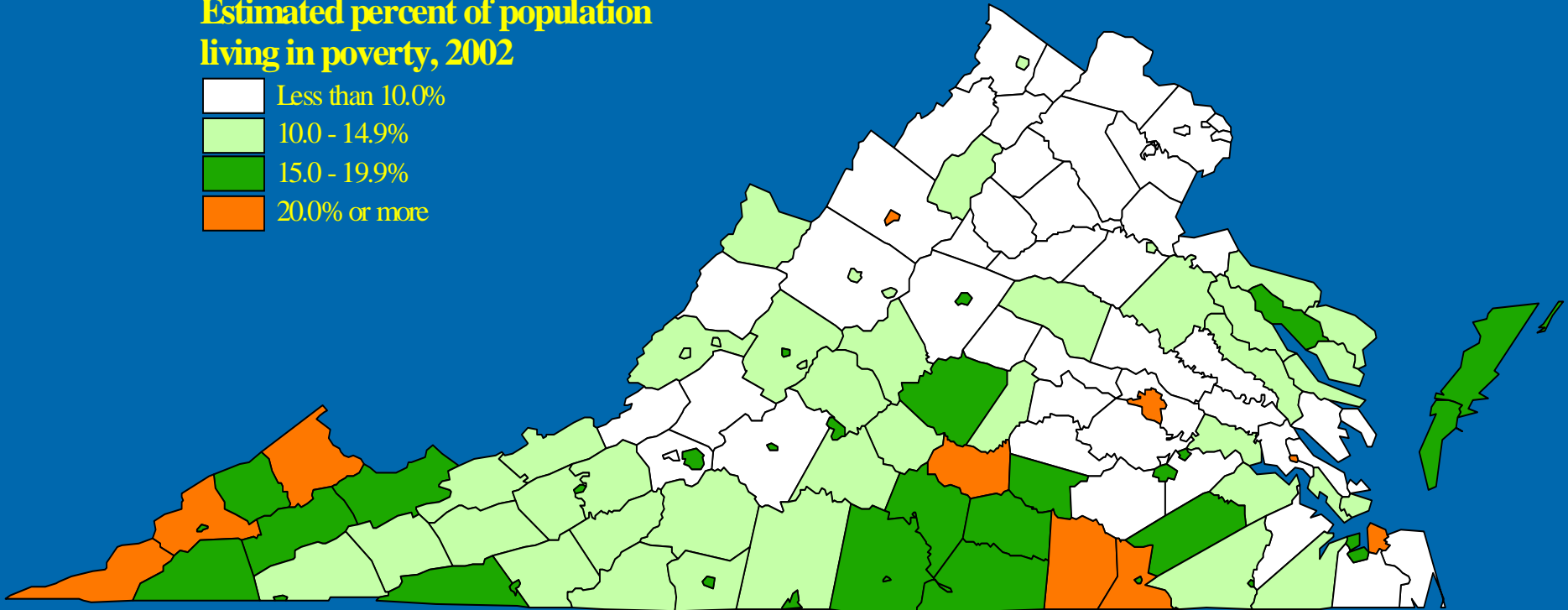
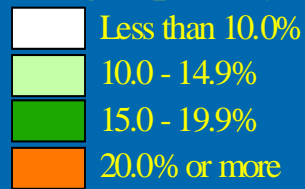
Transfer payments as
percent of income, 2004



Source: Bureau of Economic Analysis, Regional Economic Information System

Transfer Payments and Personal Income, 2003

Estimated percent of population living in poverty, 2002

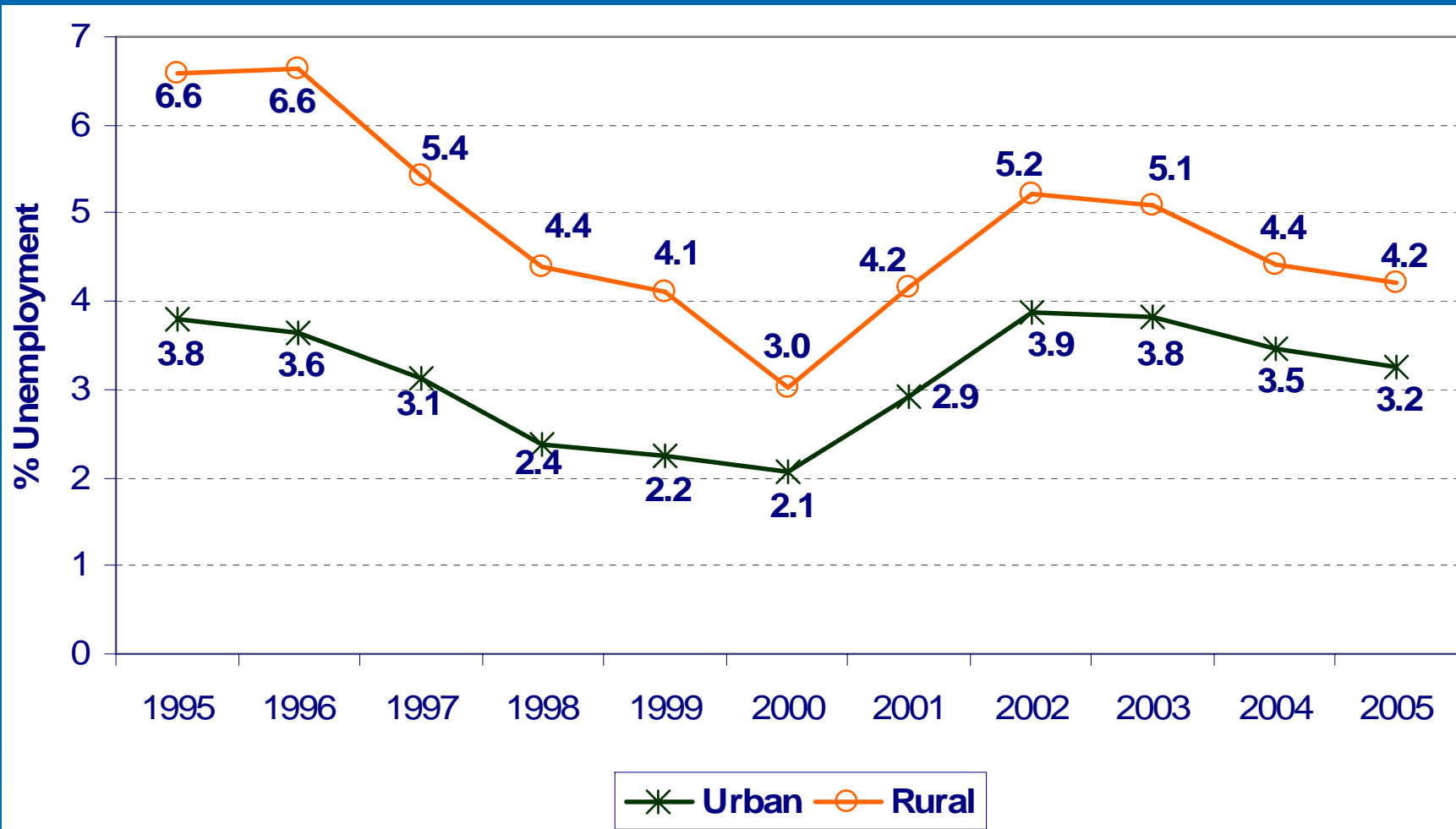


Source: U.S. Bureau of Census

Population Below Poverty Line, 2002

Economy and Employment

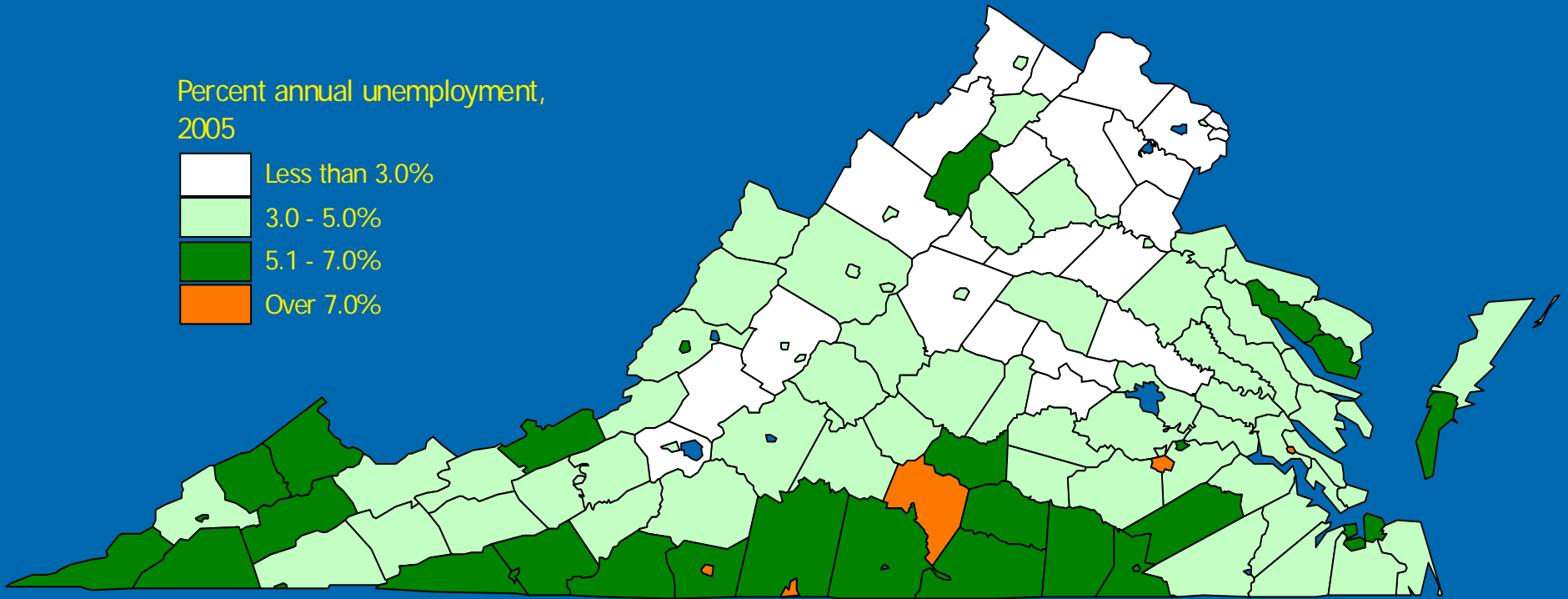
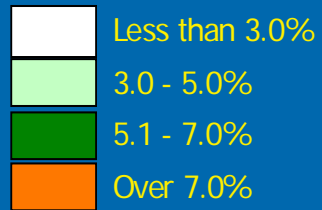




Source: Virginia Employment Commission

Virginia Rural & Urban Unemployment, 1995-2005

Percent annual unemployment,
2005



Source: Virginia Employment Commission

Unemployment Rates, 2005

Virginia Employment by Sector, 2002 and Projected 2012

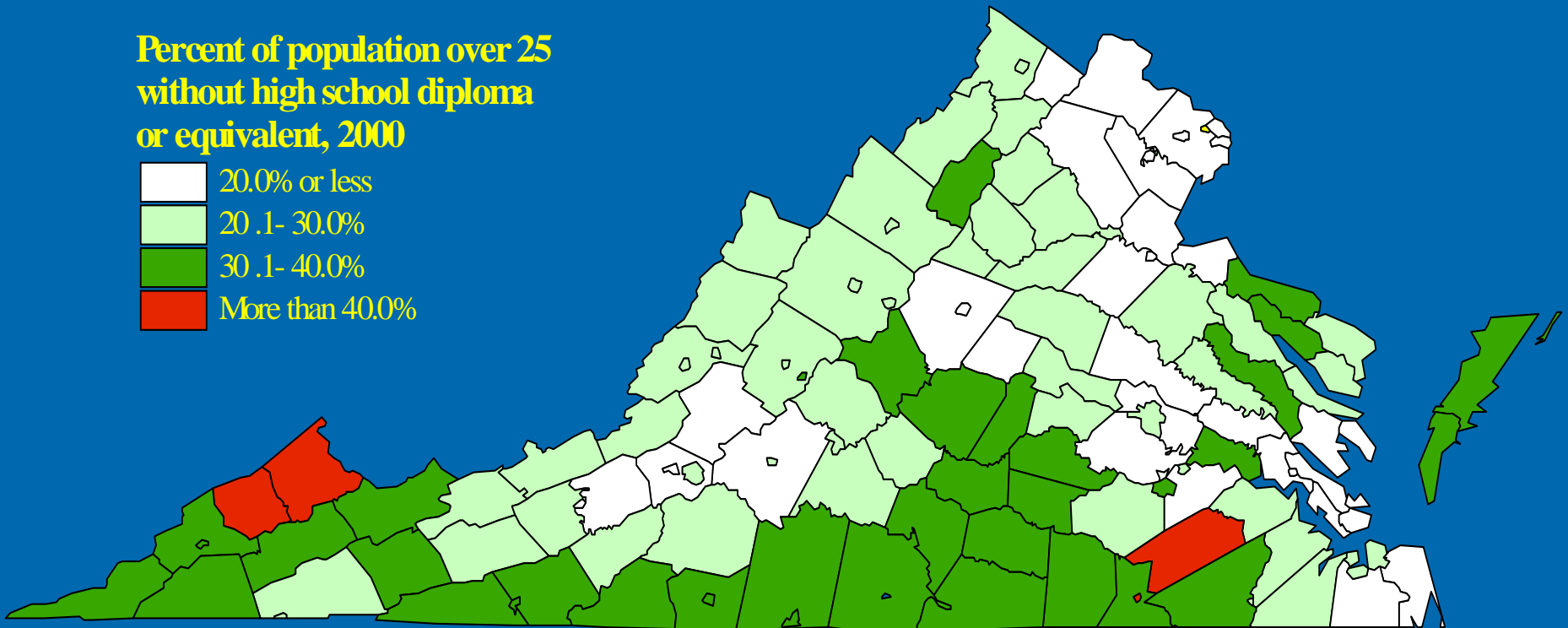
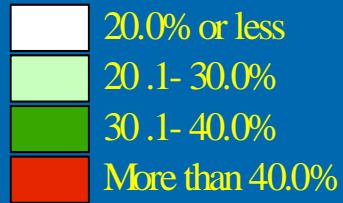
Industry	Employment 2002	% Change Est 2012
Total Employment, All Jobs	3,457,427	18.5
Natural Resources and Mining	73,068	-4.7
Construction	214,452	16.0
Manufacturing	321,049	-1.1
Trade, Transportation, and Utilities	637,003	14.3
Information	105,954	22.1
Financial Activities	180,403	17.6
Professional and Business Services	548,754	34.3
Education and Health Services	609,045	26.6
Leisure and Hospitality	304,030	21.3
Other Services (Except Government)	120,212	19.2
Government	343,457	8.3

Source: Virginia Employment Commission

Education



**Percent of population over 25
without high school diploma
or equivalent, 2000**



Source: U.S. Bureau of Census

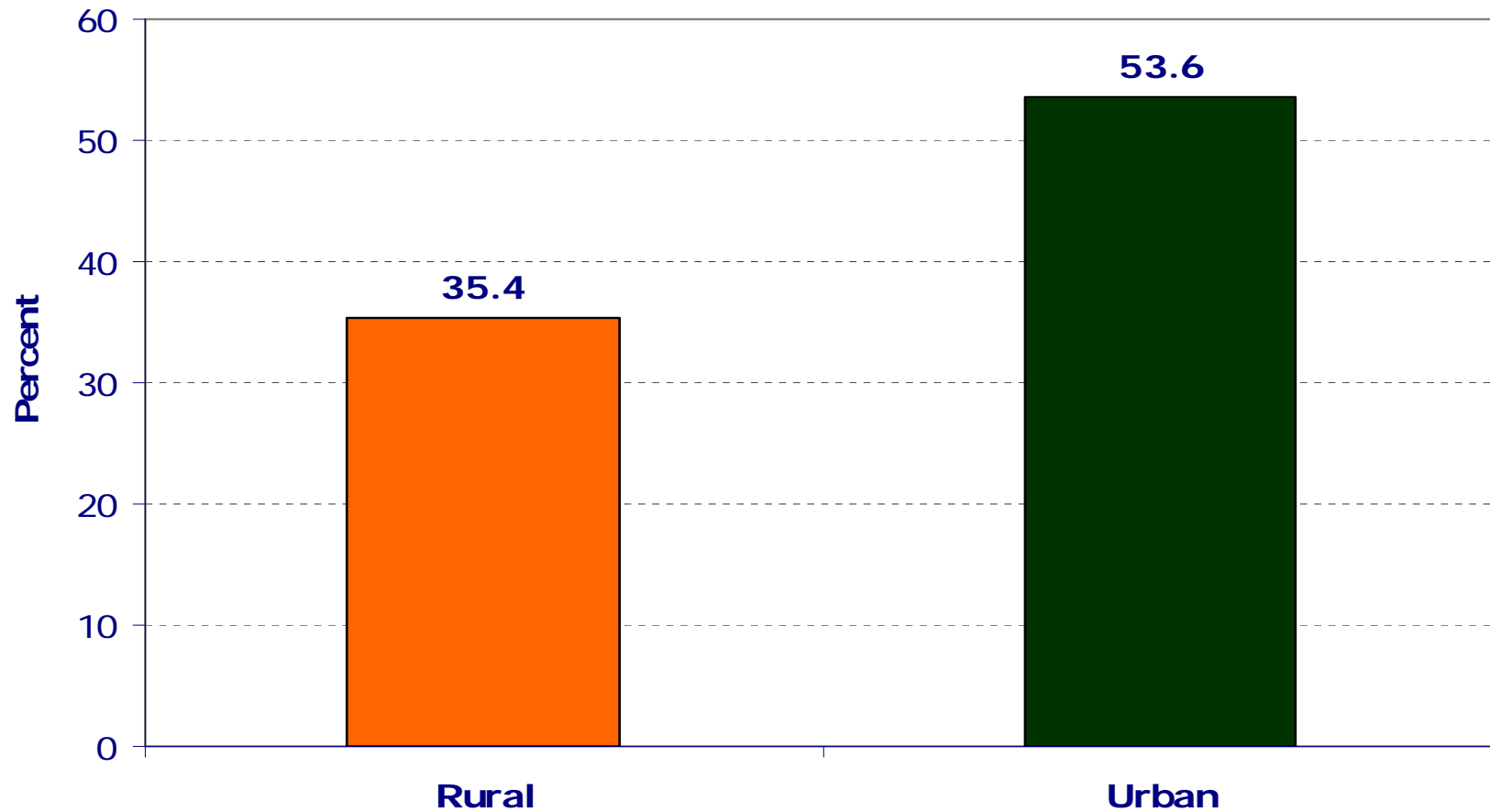
**Proportion of Population Over 25
Without High School Education**

Local Government



When local jurisdictions struggle, they fall farther behind or require funding help from the state. We see both happening in Virginia's rural communities.

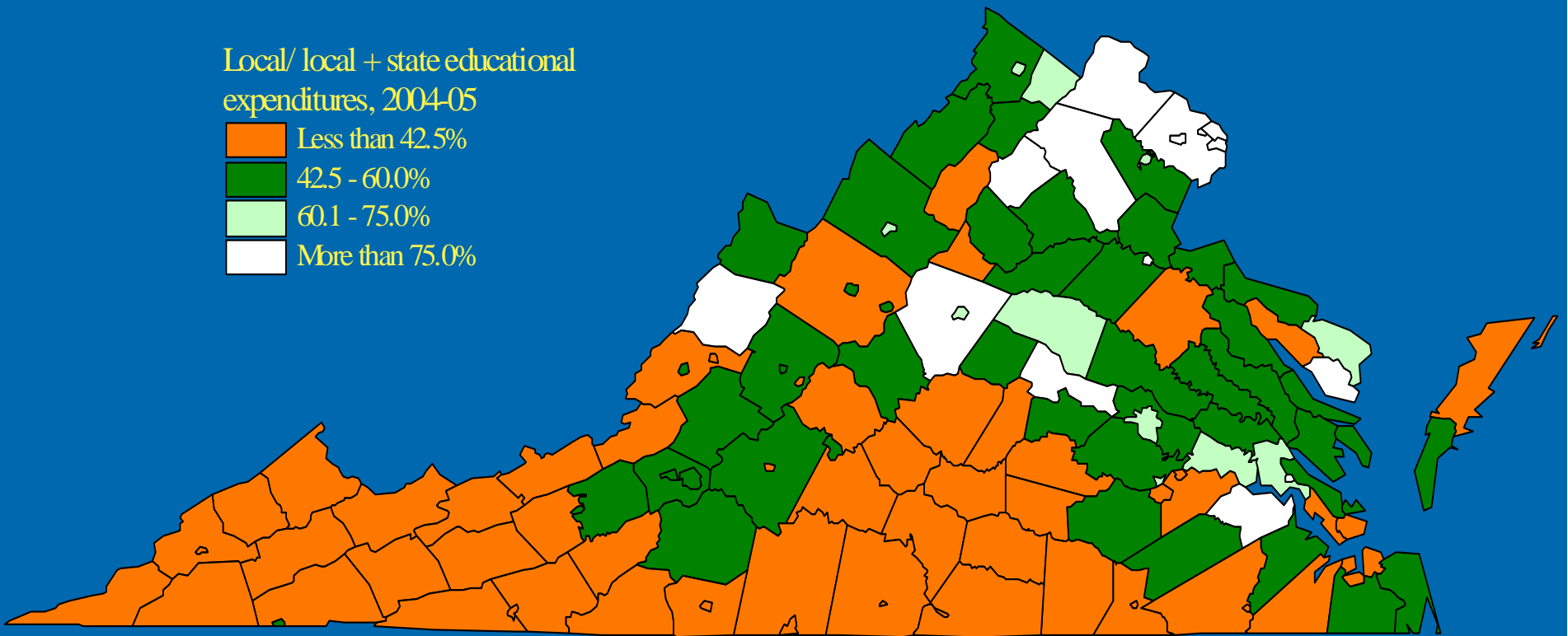
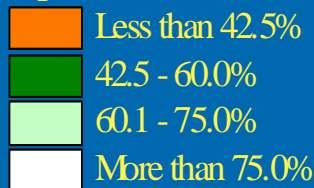




Source: Virginia Department of Education

Average Urban & Rural K-12 Education Expenditures from Local Revenue, FY 1997 - 2004

Local/ local + state educational
expenditures, 2004-05

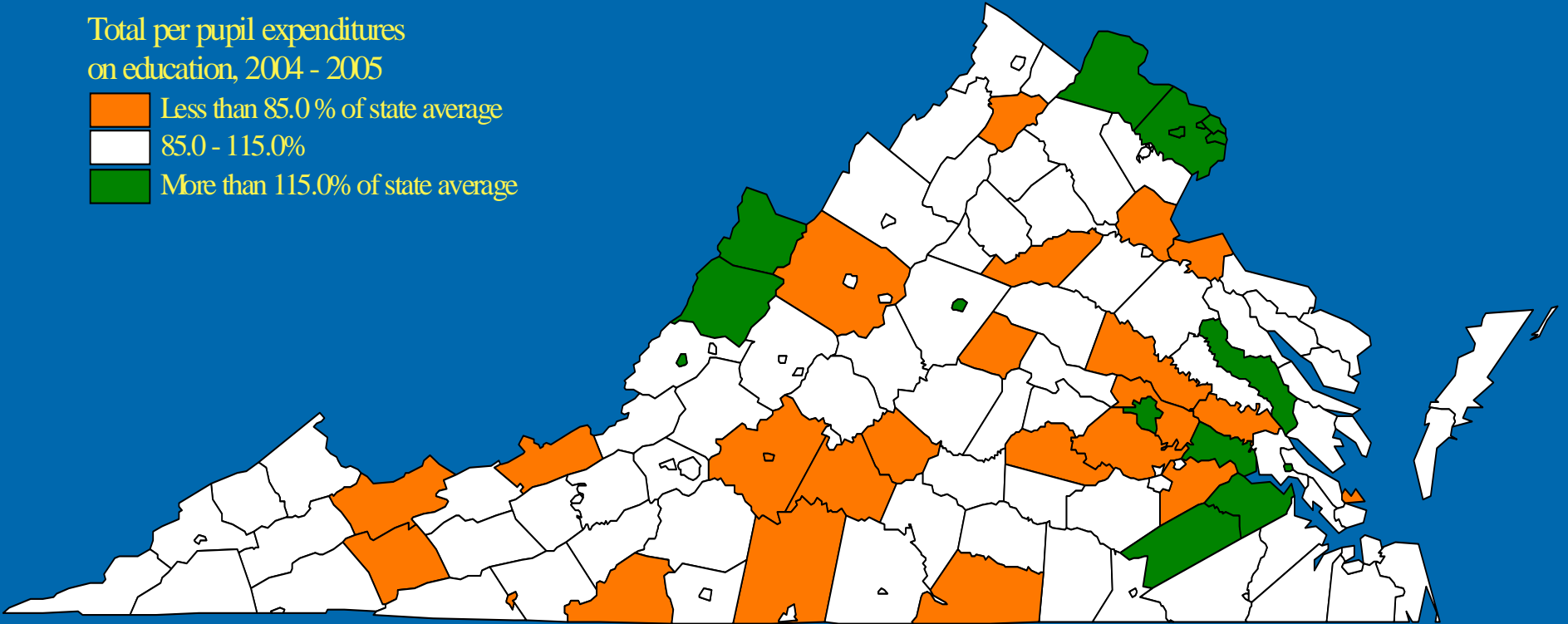


Source: Virginia Department of Education

K-12 Education Expenditures per Pupil Generated from Local Revenue, FY2004

Total per pupil expenditures
on education, 2004 - 2005


- Less than 85.0 % of state average
- 85.0 - 115.0%
- More than 115.0% of state average



Source: Virginia Department of Education

K-12 Expenditures per Pupil Generated from All Sources, 2004 - 2005

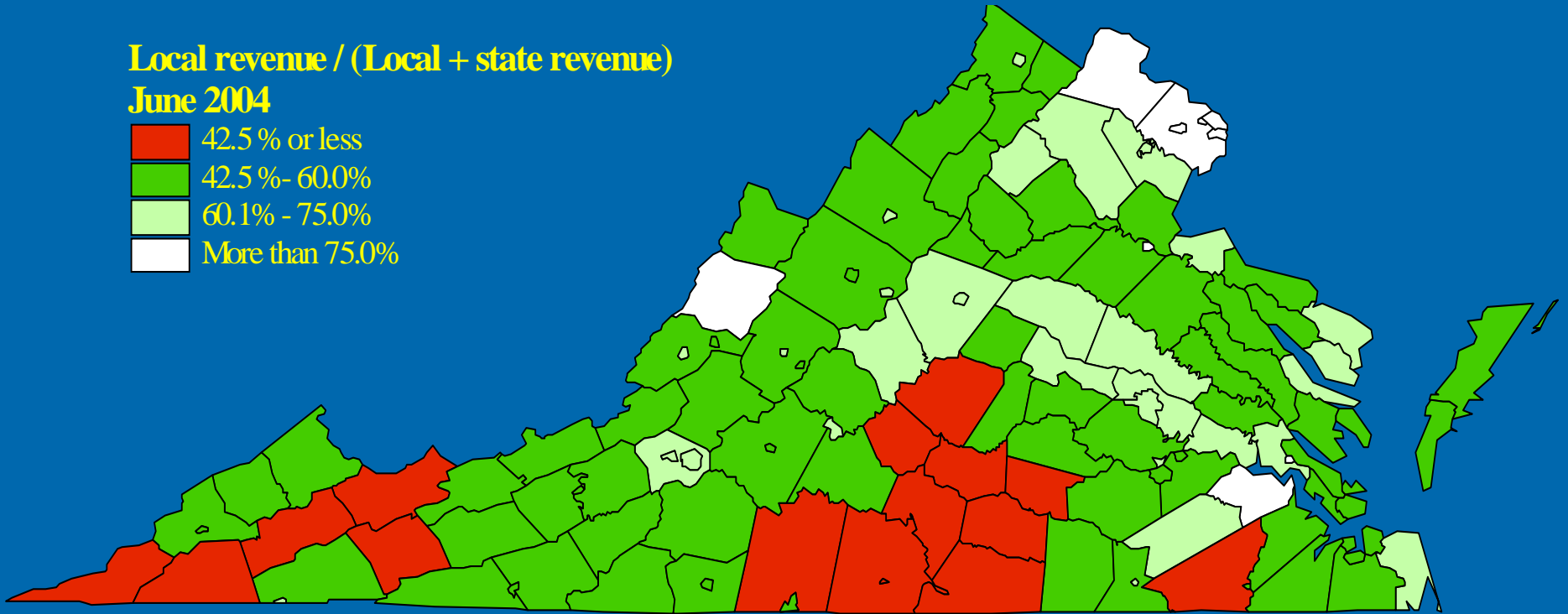
Rural communities struggle to fund necessary local services. The revenue base is simply too limited, and the proportion of local budget funded locally is lower in rural areas.



Local revenue / (Local + state revenue)

June 2004

- 42.5 % or less
- 42.5 %- 60.0%
- 60.1% - 75.0%
- More than 75.0%



Source: Auditor of Public Accounts

Local Government Revenue Generated from Local Sources, FY2004

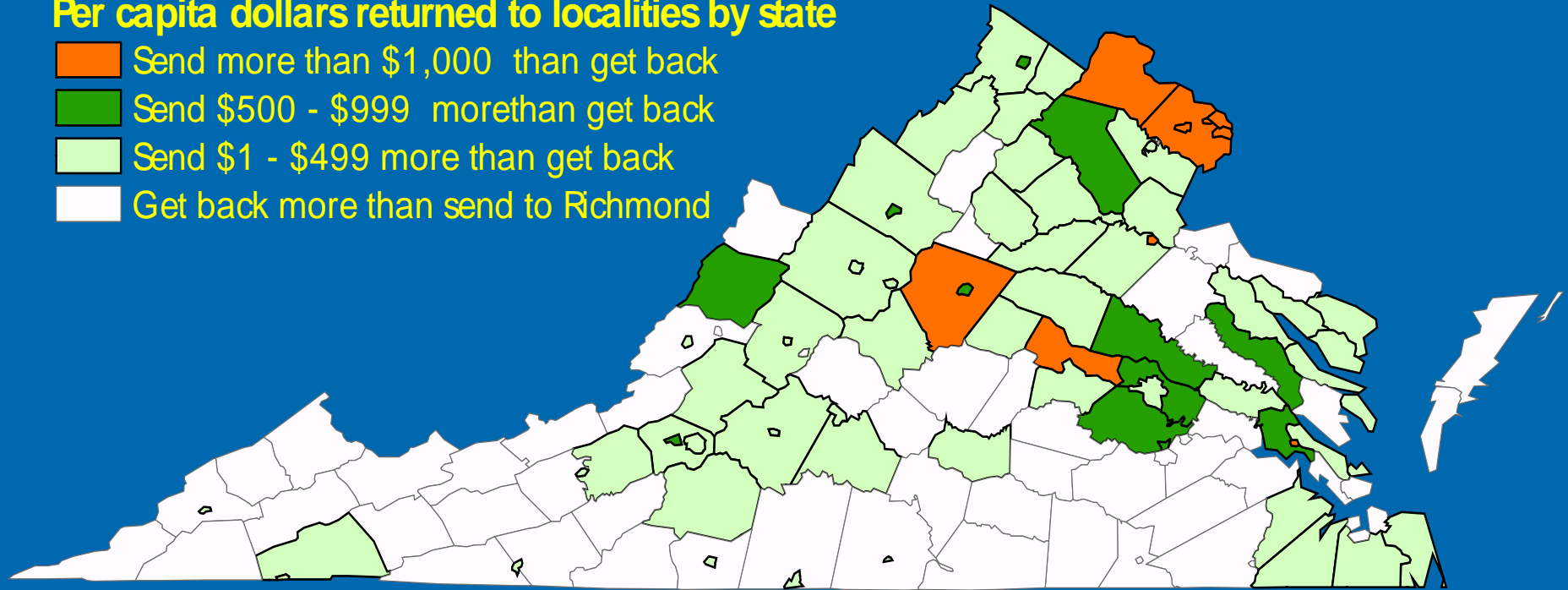
Urban-Rural Revenue Transfers

“In 1998, 42 rural counties and 4 rural cities received \$189 million more back from Richmond than they sent.”

(no update available since Rural Prosperity Commission)

Per capita dollars returned to localities by state

- Send more than \$1,000 than get back
- Send \$500 - \$999 more than get back
- Send \$1 - \$499 more than get back
- Get back more than send to Richmond



Source: Virginia Rural Prosperity Commission

Subsidizing Counties: Per Capita Net Revenue Transfers to State Government, 1998

Strategic Alternatives for Rural Virginia

1. More rural Virginians move to urban areas
2. Urban subsidization of Virginia rural communities
3. Grow the economies of Virginia rural communities

Rural Virginia Prosperity Commission

- Created by General Assembly in 2000
- Composed of Legislators and Citizens
- Its mission was “to undertake a detailed analysis of Virginia’s rural economies and recommend flexible but targeted state policies which, combined with local efforts, will help foster sustainable economic growth in Virginia’s rural areas”

Rural Virginia Prosperity Commission Strategy

- Institutional support for enhancing community leadership capacity. Prosperity must grow from grass roots
- Commonwealth support of prerequisites for rural prosperity:
 - ❖ Remedy problems in telecommunications infrastructure
 - ❖ Improve transportation infrastructure
 - ❖ Meet needs of water supply and waste water infrastructure

Rural Virginia Prosperity Commission Strategy

- ❖ Expand access to capital for entrepreneurs
- ❖ Remedy adult educational deficiencies
- ❖ Expand opportunities for workforce enhancement
- ❖ Improve K-12 educational performance
- ❖ Stimulate job-creating investment from private sector

Rural Virginia Prosperity Commission Recommendations

- Capital Access Program
- Workforce Training and Adult Education
- Digital Telecommunications Infrastructure
- Tiered Incentives for Investment in Lagging Rural Areas
- Long-Term Institutional Support
- Create a Cabinet-level Secretary of Agriculture

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Council for Rural Virginia: www.councilfornruralvirginia.org