

Concluding Comments

Like many pockets of rural America, the ARC region is facing a host of challenges as a result of the economic restructuring that is occurring at the regional, national, and global levels. Adding further complexity is the demographic realities that are playing out in scores of rural communities across the region – places that are losing young people and individuals of prime working age, leaving behind an aging population to tackle the myriad of issues that will shape the long-term fate of these communities. At the same time, emerging opportunities are surfacing in such diverse areas as bio-energy, entrepreneurship, creative activities, e-commerce/information technology, and value-added agriculture, to name a few. Of central issue is how well local leaders, residents, and organizations will be able to muster the energy and resources to respond to these important possibilities. No doubt, history suggests that counties and communities that are the most socially and economically distressed will find it tough to build for the future UNLESS investments are made to strengthen their capacity to effectively act on these emerging opportunities.

In many respects, the ARC investments that have been targeted to the most distressed counties in the region are designed to even the playing field – to offer these counties an opportunity to plant and nurture the seeds that can advance their long-term viability. As such, it is crucial that the process embraced for identifying these distressed counties be pursued in a manner that is scientifically sound, methodologically rigorous, and aligned with the new economic, demographic, and social realities of the region, nation, and world. The decision by the ARC to invest in this important research study is reflective of its commitment to ensure that the best approach is in place for delineating the levels of economic distress being felt by counties in the region today (and/or years to come).

As we have stated at various places in this report, the current ARC index -- composed of the poverty rate, the unemployment rate, and per capita income – has been an important tool for identifying counties that have experienced distress. But, current and emerging economic realities have accelerated the need to explore a new mix of variables that might further improve ARC's ability to define distress in these changing times. The intent of this project has been to identify a core set of variables and respective indexes that can monitor the region's progress over time, and evaluate the long-term vitality and sustainability of ARC member counties.

Careful attention and consideration has been given to approximately 40 variables during the course of our study, measures that capture key components of the socioeconomic vitality of ARC counties. After our in-depth analyses, we have honed in on a handful of that constitute the most viable candidate measures. In particular, we recommend that four of the following Candidate Variables be incorporated into a new ARC index of distress:

- The employment/population (16 and over) ratio;
- Poverty rate;
- Per-capita market income;

- Percent of population (25+ years old) with at least a four-year college degree; and,
- Ten-year percent change in population.

In particular, we found three new Candidate Indexes composed of combinations of four or five these variables to be more powerful in discerning county-level distress than the metrics currently in use by the ARC (specifically the first three indexes in Table 3.4). We also identified three additional new Candidate Indexes that use at least one-year of college educational attainment to be more powerful than the current ARC Distress Index (Indexes 4 through 6 in Table 3.4). With the use of the six new Candidate Indexes, a greater number of ARC counties are classified as either distressed or at-risk when compared to the current ARC Index (FY2007). In light of the theoretical and empirical strengths associated with these alternative indexes, we suggest that these indices translate into a more accurate set of benchmarks for charting the future progress of the Appalachian Region.

Although the research team engaged in this important research has provided its recommendations to the ARC, we recognize that these indexes must be corroborated with the “on the ground” knowledge and experiences of ARC state partners and county leaders. It is when these additional and vital pieces of information are in place that the ARC will be in a strong and defensible position to propose adoption of a new strategy for defining economic distress in the region, if not for the U.S. as a whole.

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