

County Economic Status and Distressed Areas in the Appalachian Region

Kostas Skordas, Director
Regional Planning & Research Division
Appalachian Regional Commission
Washington, DC



Appalachian Regional Commission

In 1965, Congress established the Appalachian Regional Commission (ARC) to address the profound economic and social problems that made Appalachia a “region apart” from the rest of the nation.

The Appalachian Regional Development Act established a mandate to focus resources on reducing the socioeconomic gap between the Appalachian Region and the nation.



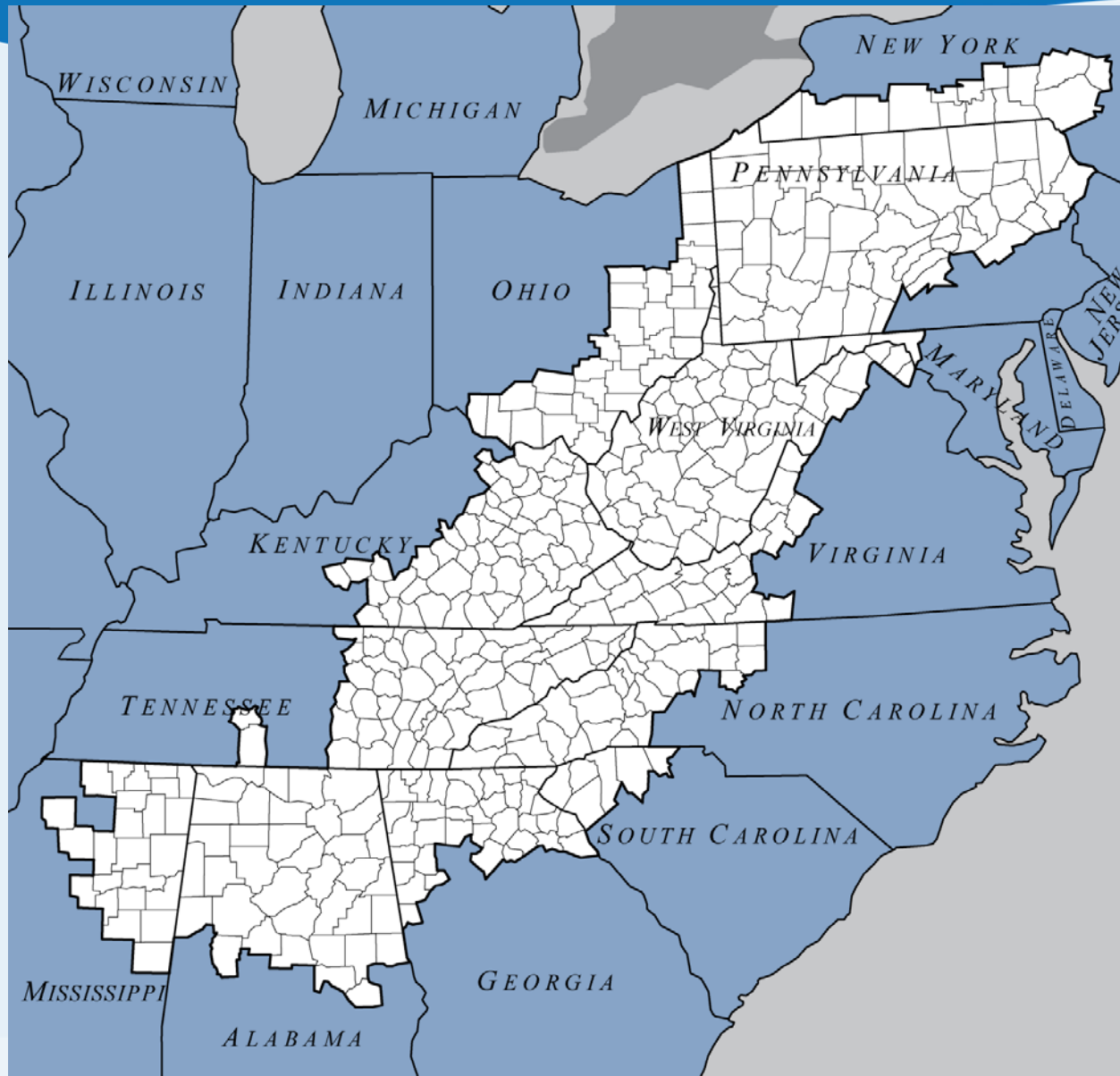
ARC – Mission and Goals



Innovate, partner, and invest to build community capacity and strengthen economic growth in Appalachia

1. Economic Opportunities
2. Ready Workforce
3. Critical Infrastructure
4. Natural and Cultural Assets
5. Leadership and Community Capacity

Appalachian Region



- **13 states**
- **420 counties**
- **205,000 sq. miles**
- **25 million people**
- **73 local development districts**

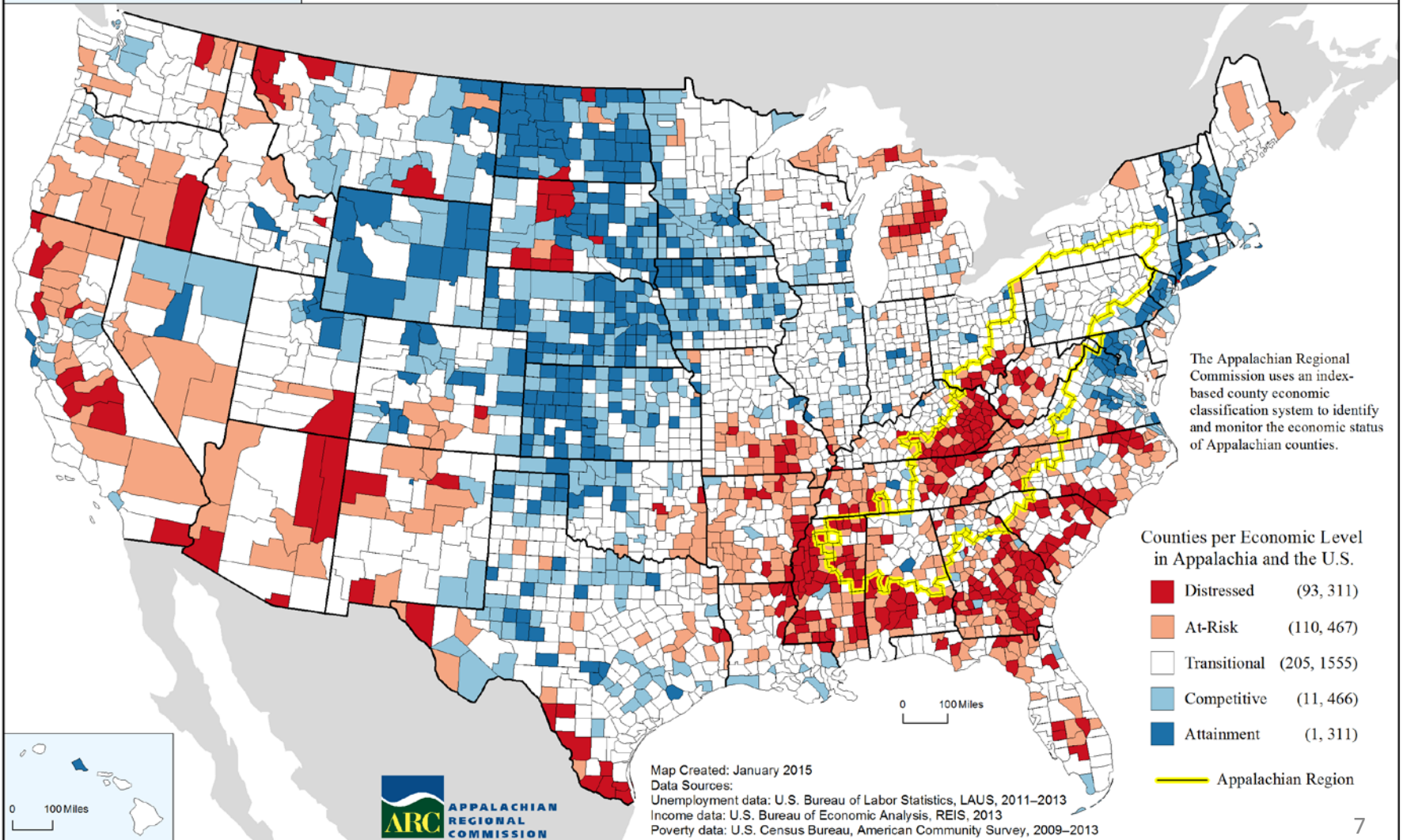
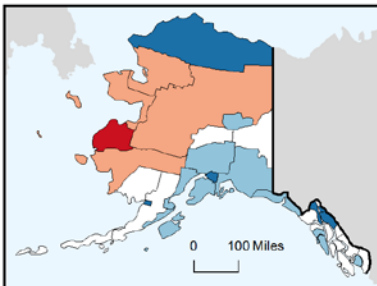
Purpose of Economic Index

- To **target** special resources to the most economically distressed counties and areas in the Appalachian Region.
- To **measure** the progress of ARC's overall vision of helping Appalachia achieve socioeconomic parity with the nation.

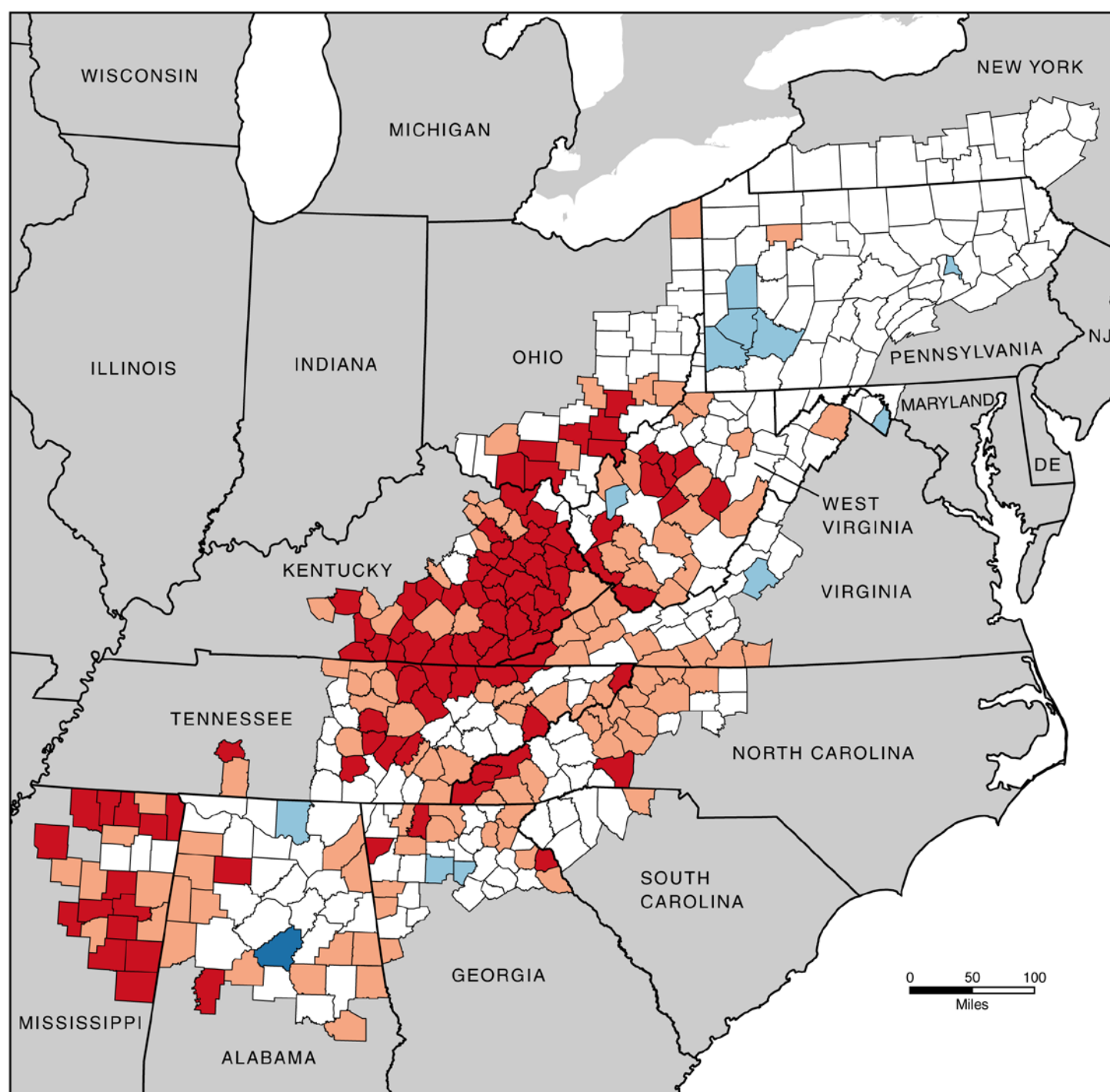
Targeting Index: Process

- ARC uses an index-based county economic classification system to identify and monitor the economic status of 420 Appalachian counties.
- The system compares each county's averages for three economic indicators—three-year average unemployment rate, per capita market income, and poverty rate—with national averages.
- The resulting values are summed and averaged to create a composite index value for each county.
- Each county in the nation is then ranked, based on its composite index value.
- Counties are designated as distressed, at-risk, transitional, competitive, or attainment, based on their ranking in the index.
- Designations are revised annually using the most current data available.

County Economic Status in the United States, Fiscal Year 2016



County Economic Status, Fiscal Year 2016



Economic Indicators

- **Three–Year Average Unemployment Rate**
 - U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics
 - Average smooths out sudden economic shifts
- **Per Capita Market Income**
 - U.S. Department of Commerce, Bureau of Economic Analysis, Local Area Personal Income
 - Excludes gov't transfer payments to focus on earned income
 - Is inversed so that low incomes have high (bad) index values
- **Poverty Rate**
 - U.S. Department of Commerce, Census Bureau, American Community Survey 5-Year Estimates
 - Switched to ACS data in 2012, 5-Year data needed for small counties

Data Time Series (updated annually)

Fiscal Year	Three-Year Average Unemployment Rate	Per Capita Market Income	Poverty Rate
2016 (Effective Oct. 1, 2015–Sept. 30, 2016)	2011–2013	2013	2009–2013
2015 (Effective Oct. 1, 2014–Sept. 30, 2015)	2010–2012	2012	2008–2012
2014 (Effective Oct. 1, 2013–Sept. 30, 2014)	2009–2011	2010	2007–2011
2013 (Effective Oct. 1, 2012–Sept. 30, 2013)	2008–2010	2009	2006–2010
2012 (Effective Oct. 1, 2011–Sept. 30, 2012)	2007–2009	2008	2005–2009
2011 (Effective Oct. 1, 2010–Sept. 30, 2011)	2006–2008	2007	2000
2010 (Effective Oct. 1, 2009–Sept. 30, 2010)	2005–2007	2006	2000
2009 (Effective Oct. 1, 2008–Sept. 30, 2009)	2004–2006	2005	2000
2008 (Effective Oct. 1, 2007–Sept. 30, 2008)	2003–2005	2004	2000
2007 (Effective Oct. 1, 2006–Sept. 30, 2007)	2002–2004	2003	2000

Methodology

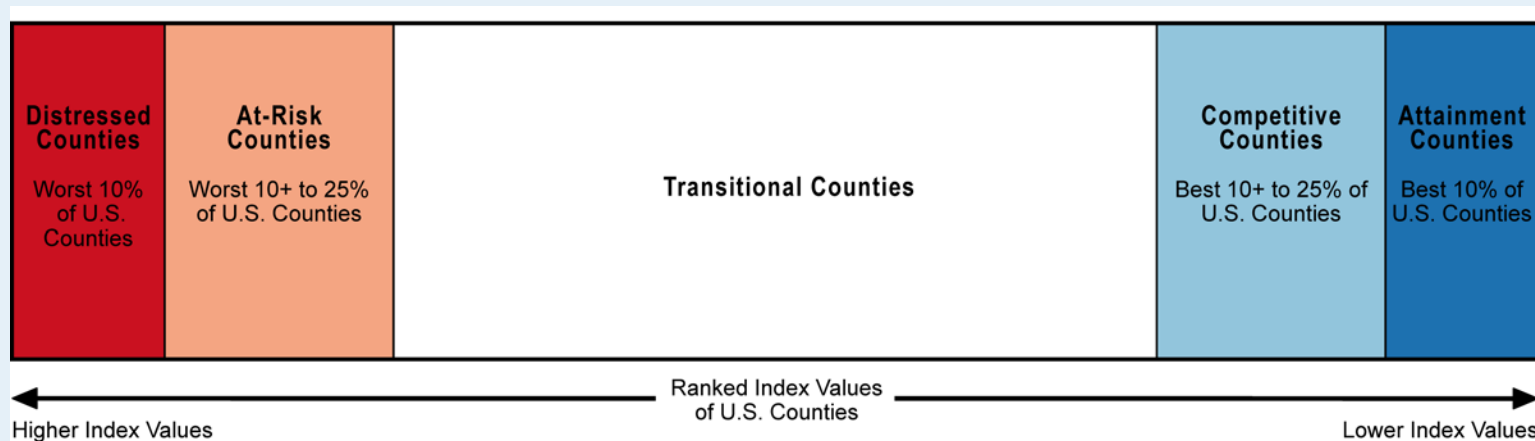
- Compare the three economic indicators for each county to the national average
- Average the three results into a composite index value
- Rank the index values from high (worst) to low (best)
- Designate economic status based on position in the national rank

Methodology

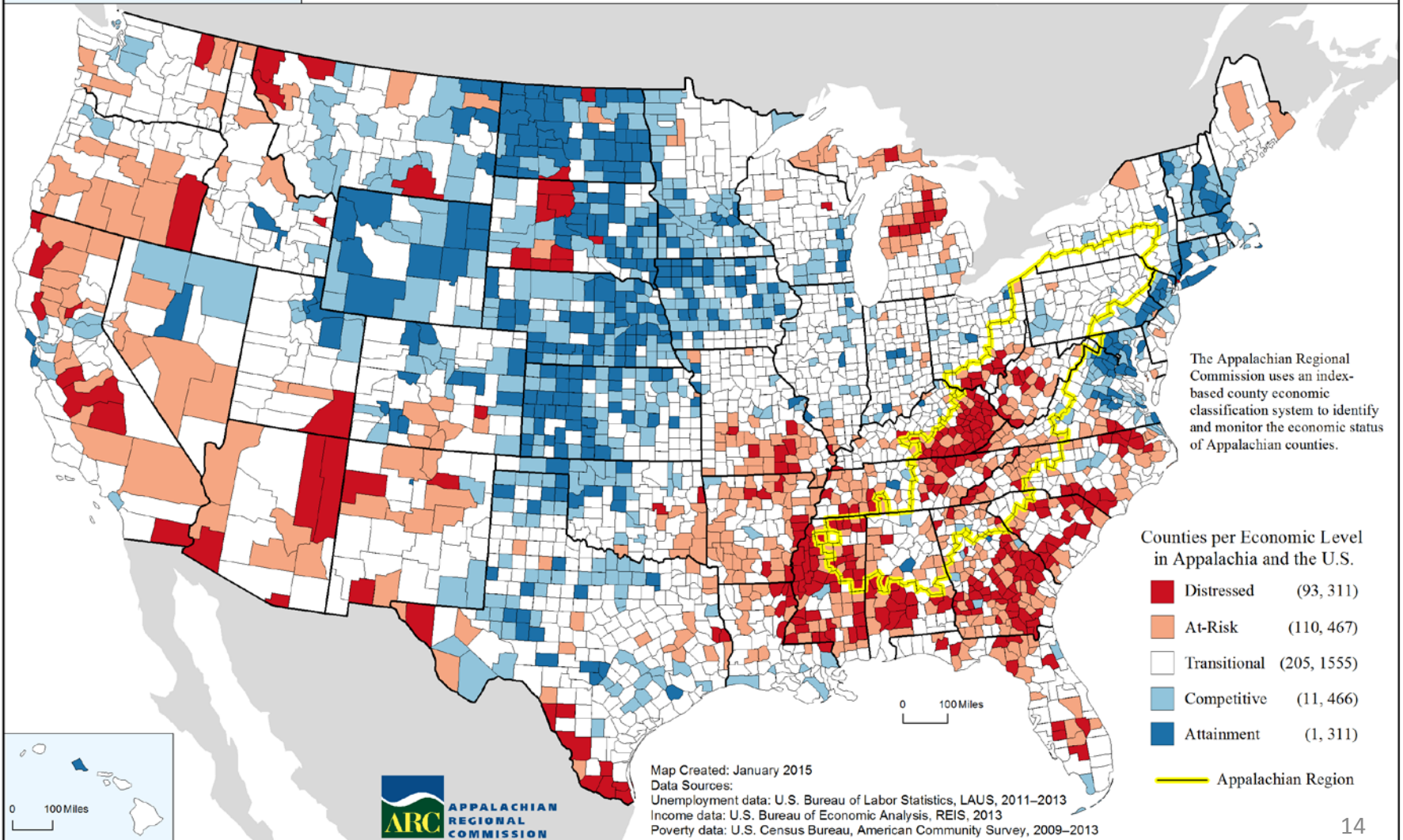
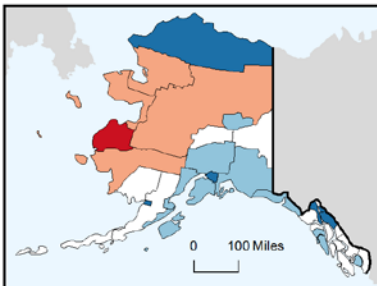
- **Distressed** counties are the most economically depressed counties. They rank in the worst 10 percent of the nation's counties.
- **At-Risk** counties are those at risk of becoming economically distressed. They rank between the worst 10 percent and 25 percent of the nation's counties.
- **Transitional** counties are those transitioning between strong and weak economies. They make up the largest economic status designation. Transitional counties rank between the worst 25 percent and the best 25 percent of the nation's counties.
- **Competitive** counties are those that are able to compete in the national economy but are not in the highest 10 percent of the nation's counties. They rank between the best 10 percent and 25 percent of the nation's counties.
- **Attainment** counties are the economically strongest counties. They rank in the best 10 percent of the nation's counties.

Designation by National Index Value Rank

County Economic Status Designation by National Index Value Rank



County Economic Status in the United States, Fiscal Year 2016



County Economic Status in North Carolina, Fiscal Year 2016

Levels of Economic Status

- Distressed County
- At-Risk County
- Transitional County
- Competitive County
- Attainment County

0 25 50
Miles

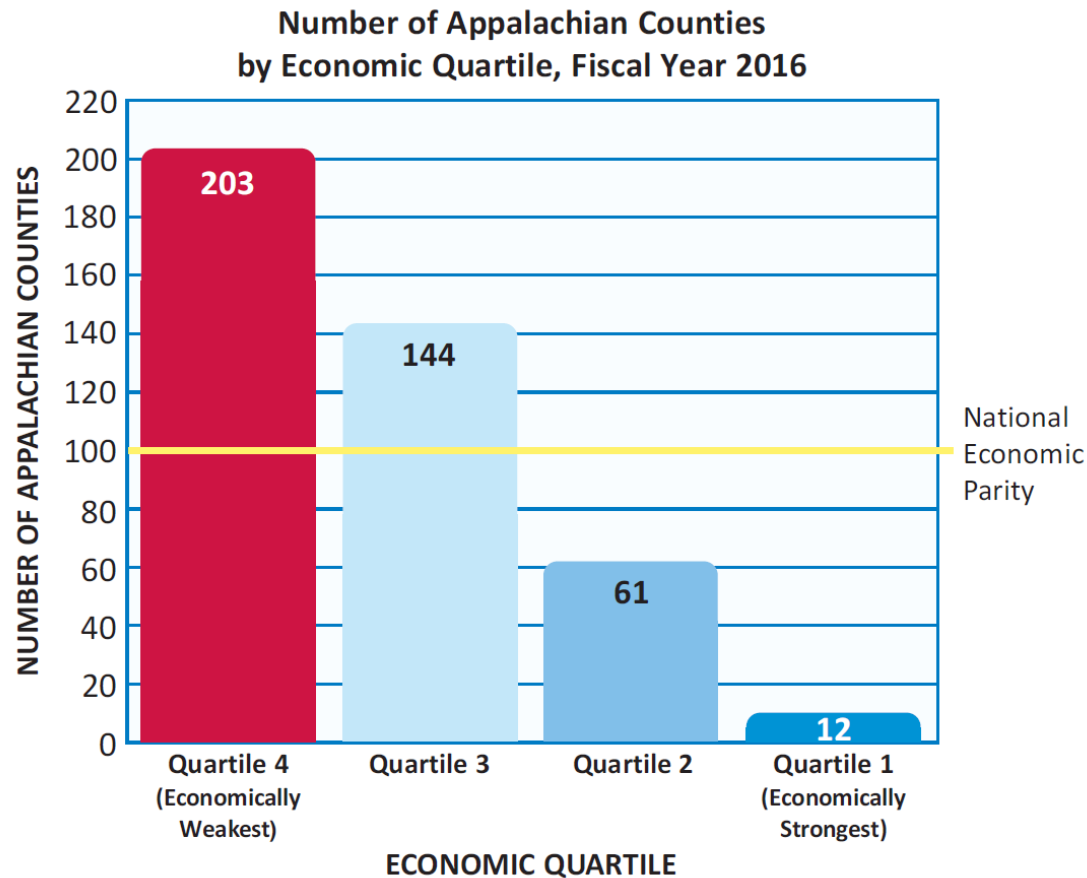
ARC APPALACHIAN REGIONAL COMMISSION

15

Measuring Progress: National Parity

- One way to measure progress is to look at the economic status of Appalachian counties in comparison with all counties nationwide.
- In addition to the five economic status designations, ARC groups the ranked index values into four quartiles with an approximately equal number of counties in each group.
- ARC can compute annually the number of Appalachian counties in each quartile, as well as an overall regional index value. This can be directly compared with the national index value to measure progress. In addition, progress can be clearly measured by reductions in the number of Appalachian counties in the worst quartile.
- Despite a large reduction in the number of distressed counties in Appalachia over the past several years, the Region continues to have a disproportionately high number of counties with underperforming economies and a smaller share of counties with strong economies, compared with the rest of the nation.

National Parity: Counties per Quartile



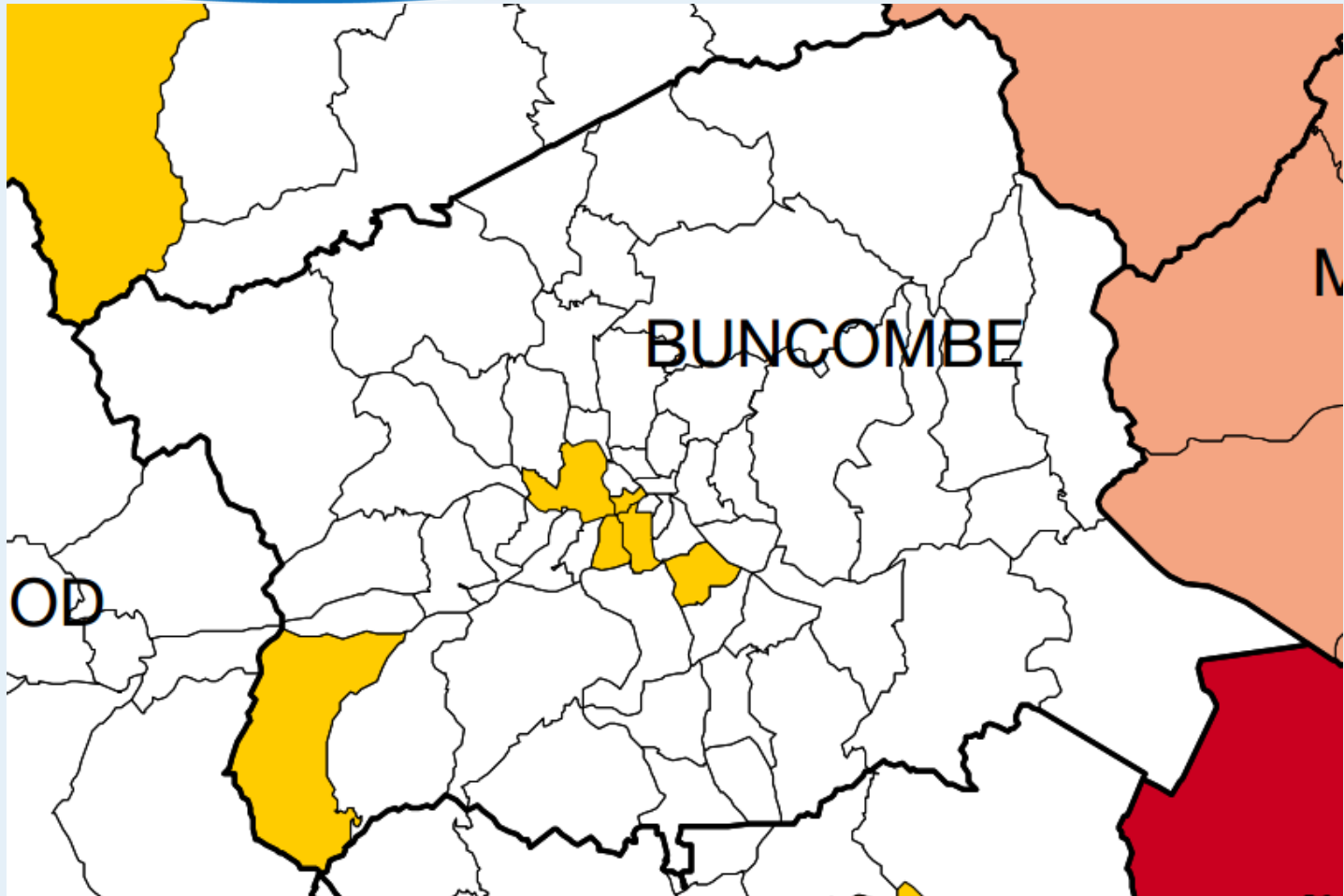
Distressed Areas Designation

- ARC recognizes that some areas in non-distressed counties have substantially higher poverty or lower income levels than national averages and should be considered economically distressed. These areas should be an important focus of Commission assistance.
- ARC designates as "distressed areas," those census tracts in at-risk and transitional counties that have a median family income no greater than 67 percent of the U.S. average and a poverty rate 150 percent of the U.S. average or greater.
- Designations are revised annually using the latest five-year estimates from the American Community Survey.

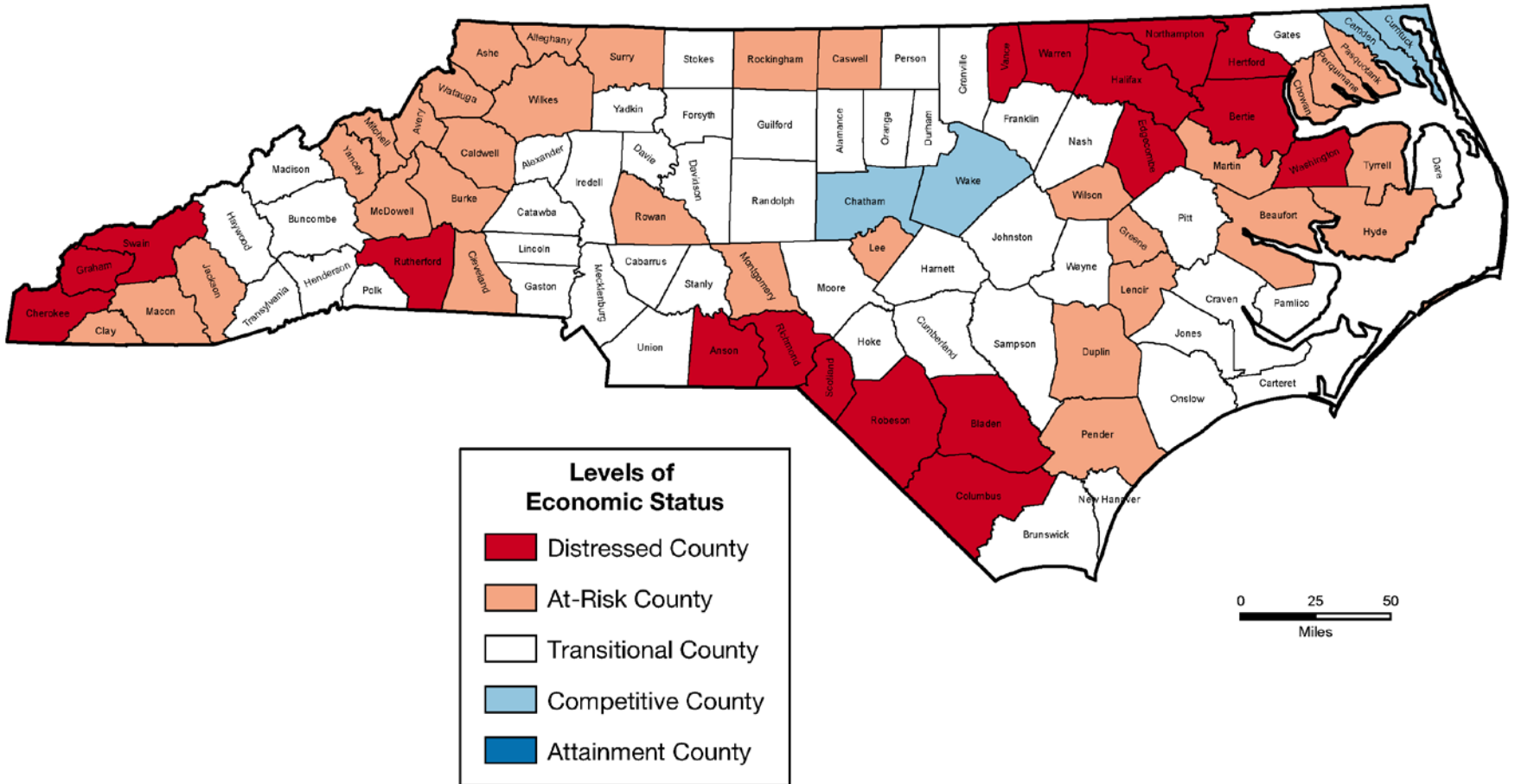
Data Time Series (updated annually)

Fiscal Year	Median Family Income	Poverty Rate
2016 (Effective Oct. 1, 2015–Sept. 30, 2016)	2009–2013	2009–2013
2015 (Effective Oct. 1, 2014–Sept. 30, 2015)	2008–2012	2008–2012
2014 (Effective Oct. 1, 2013–Sept. 30, 2014)	2007–2011	2007–2011
2013 (Effective Oct. 1, 2012–Sept. 30, 2013)	2006–2010	2006–2010
2012 (Effective Oct. 1, 2011–Sept. 30, 2012)	2005–2009	2005–2009
2011 (Effective Oct. 1, 2010–Sept. 30, 2011)	2000	2000
2010 (Effective Oct. 1, 2009–Sept. 30, 2010)	2000	2000
2009 (Effective Oct. 1, 2008–Sept. 30, 2009)	2000	2000
2008 (Effective Oct. 1, 2007–Sept. 30, 2008)	2000	2000
2007 (Effective Oct. 1, 2006–Sept. 30, 2007)	2000	2000

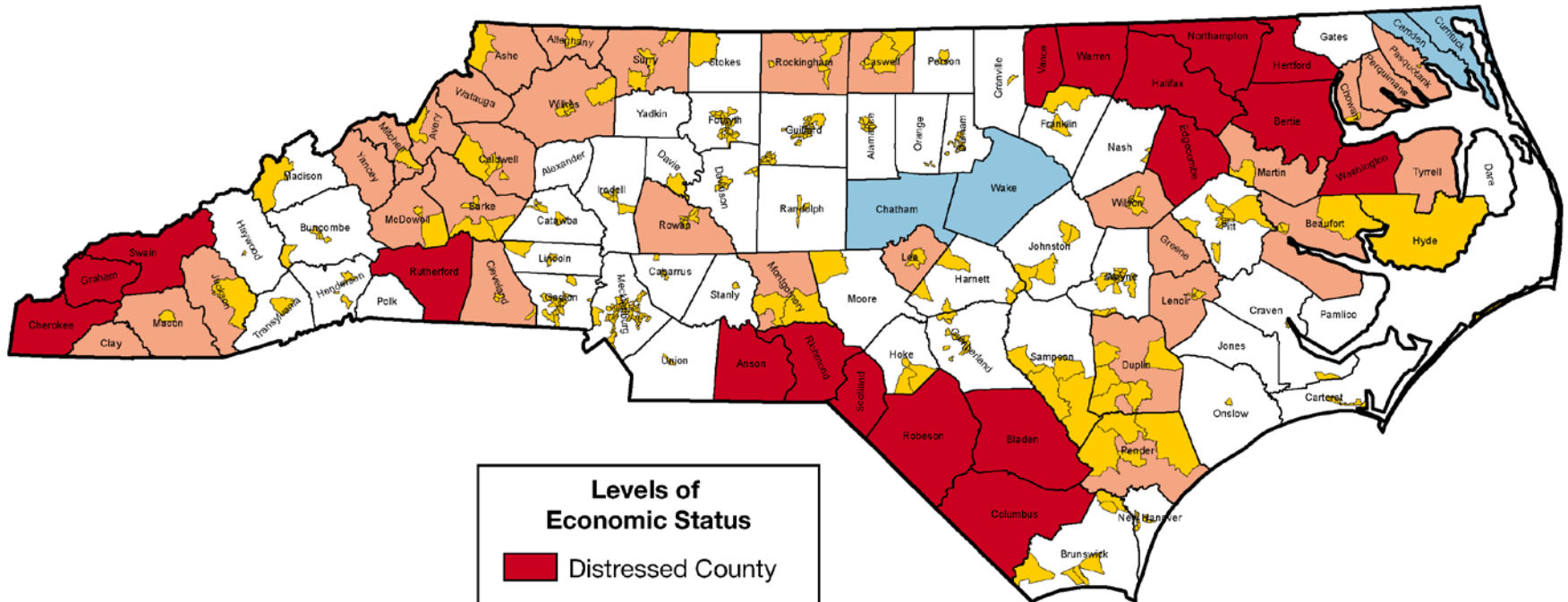
Distressed Areas



Economic Status in North Carolina, Fiscal Year 2016



Economic Status in North Carolina, Fiscal Year 2016



Levels of Economic Status

- Distressed County
- At-Risk County
- Distressed Area
- Transitional County
- Distressed Area
- Competitive County
- Attainment County

0 25 50
Miles

Purpose of Economic Index

- To **target** special resources to the most economically distressed counties and areas in the Appalachian Region.
- To **measure** the progress of ARC's overall vision of helping Appalachia achieve socioeconomic parity with the nation.

County Economic Status and Distressed Areas in the Appalachian Region

Thank you for your time!

Questions?