Growing Pains in Rural America . . .
A Look at the Issues Facing Small Communities as They Gain (Or Lose) Population . . .

A Summary of Research Results

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GROWING PAINS IN RURAL AMERICA...
A LOOK AT THE ISSUES FACING
SMALL COMMUNITIES AS THEY GAIN
(OR LOSE) POPULATION...

N-1887-NICH, Demographic Forces Reshaping
Small Communities in the 1980s, by Peter A.
Morrison and Kevin F. McCarthy, 31 pp., $4.00

Most smaller U.S. communities are growing—but
how much growth can they stand?

And if they aren't growing—if, in fact, their
population is slipping away—how can they best
manage the challenges posed by shrinking size?

These are among the questions addressed in N-1887,
which examines the demographic and socioeconomic
changes that are reshaping the fortunes of small
communities in the aftermath of reduced federal aid
and strengthened local autonomy.

The report notes that local autonomy forced on small
communities by declining federal aid is a mixed
blessing. Local governments have been freed of
many federal dictates that accompanied
intergovernmental transfers of funds. But they are
also in line for less federal money to provide new
facilities and what often are essential public services.

At the same time, recent years have seen a turnabout
in the flow of population, with people leaving large
metropolitan areas and heading for outlying fringe
suburbs and small rural communities once thought of
as isolated from the economic mainstream.

This often unanticipated growth experienced by
smaller communities has not been universal. About a
fifth of all nonmetropolitan counties are not growing.
The Corn Belt, for example, and the Mississippi Delta
continue to experience widespread declines in
population.

Nor is population change all of a piece. Some
smaller communities, mostly in the Sunbelt states, are
filling new industrial parks and generating more jobs.
Others are meeting the needs of growing numbers of
nonworkers—the retired and semi-retired—for
housing and recreation.
All of this means that population changes in nonmetropolitan areas have proven extraordinarily diverse, posing different and increasingly difficult problems that call for new ways of thinking about local government roles and responsibilities and, perhaps, a new policy at the federal level. As yet, such a policy remains indistinct, and localities will have to formulate their own individual strategies for building on whatever advantages their regional settings afford, or overcoming whatever liabilities those settings may impose.

Declining communities are a case in point.

Decline, the authors note, isn’t a graceful process. A pronounced loss of people means a shrinking tax base, an anemic economy, and the splitting of generations in families as young people seek their fortunes elsewhere. As the community loses taxpayers, the per capita costs of providing existing services will spiral upward faster than the capacity of remaining residents to cover those costs. One alternative the report suggests: consolidation of services such as police, fire, and sanitation and cofinancing with neighboring communities or larger government units.

What about rapidly growing communities?

Traditionally, population growth has been viewed as a healthy sign. But not always. Rapid growth strains existing facilities and pressures local governments to build new ones and otherwise finance higher service levels.

Planning for future growth is further complicated by its unpredictability. In an era of increasing population diversity, it is virtually impossible for local governments to predict the volume and type of population change over a ten- or twenty-year time horizon.

To satisfy their planning needs, the authors suggest that local governments make better use of technologies that can facilitate the application of data and analysis to local areas. Possible solutions include: pooling resources with similar communities to hire circuit-riding experts who will service a number of communities; strengthening regional
organizations to provide planning and technical assistance to multi-community areas; and working with private-sector sources, such as public utilities.

The report says that uncertainty about future population also suggests that a key consideration for small communities should be flexible current outlays instead of "lumpy" investments. For example, an expanding community may have outgrown its sewage disposal plant yet fear it may be undertaking too much public indebtedness by building a major new facility. Such a community might better expand capacity by adding small-scale waste treatment systems incrementally (like adding neighborhood fire stations). This "modular" investment strategy could be scaled to accommodate a future population whose size cannot be accurately foreseen.

Another strategy for the growing small community: contracting out for certain municipal services. By doing so, it can defer major capital outlays until the future becomes clearer. It can rent bookmobiles instead of building branch libraries. Or it can hire a private firm to assist with garbage collection rather than invest in a fleet of new trucks.

These are only a few of the ways local governments can help themselves cope with demographic diversity—and uncertainty—in the years ahead. The report is not intended to provide an exhaustive list of solutions to the problems of nonmetropolitan growth (or decline). Rather, it suggests what the problems are and how to find solutions under the new federalism. According to the authors, the outlook is for continued diversity in rural America as growth emerges or accelerates in some places while others stand still or decline. "The demographic forces reshaping the fortunes of small communities are like deep ocean currents," the authors conclude. "As local governments find themselves challenged to move under their own power in directions of their own choice, all will need navigational assistance to help them chart a course that is realistic and desired. A rural development strategy should provide that guidance and direction."

In addition to the population's rearrangement among regions and the growing popularity of smaller com-
munities, there are other demographic developments, national in scope, that the report says all communities, large and small, should be alert to.

One trend is the shrinking size, increasing number, and growing variety of households.

We have entered an era of shrinking household size, the study says. A typical household of the 1960s—a married couple and their three teenagers—may well be spread out over several households today. The statistical result is that there are more households to count than before, but of diminished size. Also, households are changing in composition. Families are having fewer children. One-parent families are more commonplace. And some people are simply opting to live alone. For local officials, this means that the time-worn method of inferring changes in population size by counting occupied dwelling units won’t work anymore; and while the trend toward smaller (but more numerous) households generally will intensify pressure on local housing markets, it will have very different effects on the demand for public services.

Another typical trend is the shift of wives into paid employment. Slightly over half of all married women in the U.S. work for pay, and much of the employment growth in nonmetropolitan areas has been among rural women.

The implications are important and far reaching. A second salary helps boost household spending and cushions the blow when either spouse loses a job, which may in turn lessen out-migration from rural areas. But even more important, dual-earner households are “busier” households. To conserve their scarcest resource—time—working couples may be willing to “buy” time for themselves by paying for services they would ordinarily “produce” at home, like childcare and after-school recreation programs for their children.

A third demographic current in American life is illustrated by the pressures of a changing age profile. The report speculates that these pressures—fluctuating service demands and strains on local housing markets and municipal retirement programs—may be more profoundly felt in non-
metropolitan cities, which are today experiencing the sharpest rises in the population's median age. Looking ahead, the ranks of the elderly will begin to expand sharply just 30 years from now when the baby boom generation begins to turn 65—and that development will intensify stresses on the health care system as well as retirement programs that are funded on a pay-as-you-go basis.

Preparation of N-1887 was supported by The National Institute of Child Health and Human Development and is available directly from Rand. Copies may be obtained from the Publications Department, The Rand Corporation, 1700 Main Street, P.O. Box 2138, Santa Monica, CA 90406–2138, or by telephoning (213) 393–0411 Extension 686.

The report was also published in The Southwestern Review of Management and Economics, Vol. 3 (2), 1983; reprints are available from Peter A. Morrison, Director, Population Research Center, The Rand Corporation, 1700 Main Street, P.O. Box 2138, Santa Monica, CA 90406–2138. Telephone: (213) 393–0411, Extension 362.

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