

## **“Economic Development in Morehead, Rowan County, Kentucky”**

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## Final Report Narrative

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### Description of Project:

*\*\*Please do not cite the information below. It is expected that the research paper from this project will be submitted for publication; appropriate credit will be given to the ARC-ATP project.\*\**

### **INTRODUCTION**

Appalachia's economic issues came to national prominence in the 1960s. While the extreme poverty of the region had begun to receive some attention in the media in the 1950s, John F. Kennedy's campaign for the Democratic presidential nomination in 1960 focused the nation's attention on central Appalachia, especially West Virginia and Kentucky. The television coverage that this brought to the region, together with literary accounts, such as Henry Caudill's *Night Comes to the Cumberlands* (published in 1962), portrayed the hardships facing the Appalachian people in a way that stunned most Americans. In response to this growing, disturbing awareness, the Appalachian Regional Commission (ARC) was established by Congress in 1965 following passage of the Appalachian Redevelopment Act, which was heavily influenced by Kennedy's President's Appalachian Regional Commission (PARC) report just two years earlier.

The ARC's mandate is to help improve the economy of the Appalachian region. The commission focuses on developing and improving infrastructure, completing the Appalachian Development Highway System to reduce isolation, increasing employment opportunities, increasing human capital (health and

education), fostering communities that have the ability to compete in the global marketplace, and thereby helping the region to achieve parity with other areas in the United States. Currently, the ARC-defined Appalachian region consists of 420 counties spanning thirteen states. The ARC has been successful in helping to alleviate poverty in the region. "In 1965, one in three Appalachians lived in poverty. In 2000, the Region's poverty rate was 13.6 percent"<sup>1</sup>. The ARC has also successfully promoted economic development in the region in several areas. "The number of Appalachian counties considered economically distressed was 223 in 1965; in fiscal year 2010 that number is 82"<sup>1</sup>. Most notable is the improvement and expansion of the region's transportation infrastructure via the Appalachian Development Highway System. This infrastructure has been a vital component to the economic success of some communities in Appalachia. However, many counties, especially in central Appalachia, have experienced persistent economic distress compared to the rest of the region and the country despite these improvements in infrastructure. Furthermore, even rural communities in central Appalachia with many seeming advantages (e.g., a university, a community and technical college, a hospital, some manufacturing, major retail stores, and good transportation access) have not made much economic progress. One such persistently distressed community is Rowan County in Appalachian eastern Kentucky.

## RESEARCH QUESTION AND HYPOTHESIS

In order to understand Rowan County's circumstances better, undergraduate students at Morehead State University in the fall 2009 section of RAPP 300 (Seminar in Regional Analysis I)

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<sup>1</sup> Appalachian Regional Commission. "The Appalachian Region."

[http://www.arc.gov/appalachian\\_region/TheAppalachianRegion.asp](http://www.arc.gov/appalachian_region/TheAppalachianRegion.asp). Accessed March 12, 2010.

investigated the basic question: *What factors may have contributed to Rowan County's persistent economic distress?*

The literature review suggested that economic status is associated with industrial diversity, health care accessibility, out-migration, dependent population, educational attainment, community involvement, and health. Given the time and data constraints of this project, only four of these variables were examined: size of the dependent population, level of out-migration, level of educational attainment, and level of industrial diversity. The specific hypothesis investigated was: *Persistent economic distress in Rowan County, KY between 1970 and 2000 is associated with (a) a larger dependent population, (b) out-migration, (c) lower levels of educational attainment, and (d) lower industrial diversity when compared to non-Appalachian Kentucky and the U.S.*

## METHODOLOGY

Data for the key indicator variables examined in study (population, out-migration, educational attainment, and industrial diversity) were obtained for all 120 counties in Kentucky as well as average values for the United States. Specifically, decennial census data were downloaded for the period 1970-2000 from the U.S. Census, SocialExplorer.com, and ARC Online Resource Center websites. These data were then compiled into a master spreadsheet in Microsoft Excel prior to further processing and analysis.

Population data were aggregated into four categories: under 14 years of age, 15-24 years old, 25-64 years old and over 64 years of age. These particular categories were selected in order to understand trends in the 'age structure' of an area over time. Variations in age structure were expected to reflect changes in the size of the potential workforce (25-64 years old), the dependent population (under age 14 and over 64 years of age), and the school-age youths (15-24 years old). Moreover, changes in the total population were examined for evidence of out migration.

The standard industrial sector classifications were aggregated into seven sectors that were expected to reflect the major employment trends in Kentucky over the 1970-2000 period: goods and services, education, manufacturing, medical, agriculture and mining, construction, and professional. Educational attainment data were placed into four categories (reflecting the terminal level of education): less than high school, high school, some college, and bachelor's degree or higher.

## **RESULTS AND DISCUSSION**

Figures 1 through 3 present quantitative results comparing Rowan County to non-Appalachian Kentucky and the United States, as per the Hypothesis. (While Appalachian eastern Kentucky is not explicitly part of the hypothesis, it is shown for context.) Similar trends in age structure were found between Rowan County, Appalachian eastern Kentucky, non-Appalachian Kentucky, and the United States between 1970 and 2000 (Figure 1). However, Rowan County had approximately 10% more people in the 15-24 year old age group over this period, due primarily to the presence of a large student body attending Morehead State University. There was no out-migration in Rowan County between 1970 and 2000 (results not shown), and the size of the dependent population (Under Age 14 + Over Age 64) was smaller than other regions.

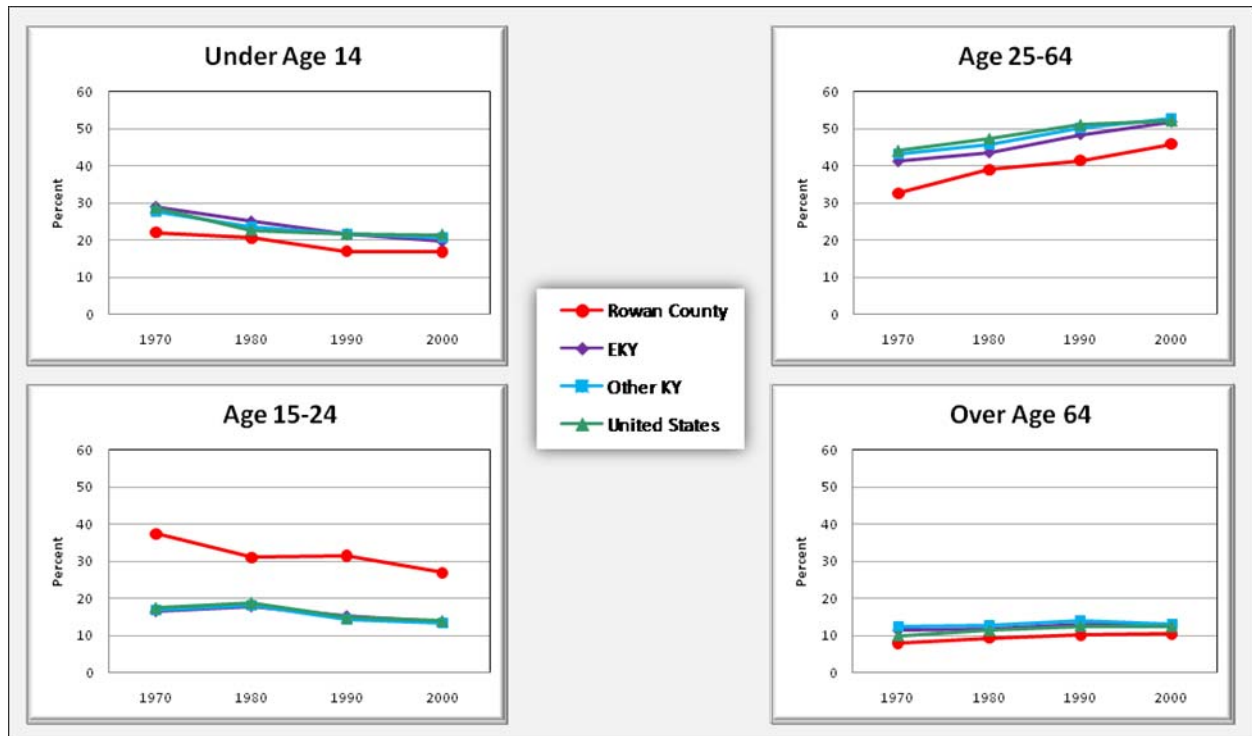
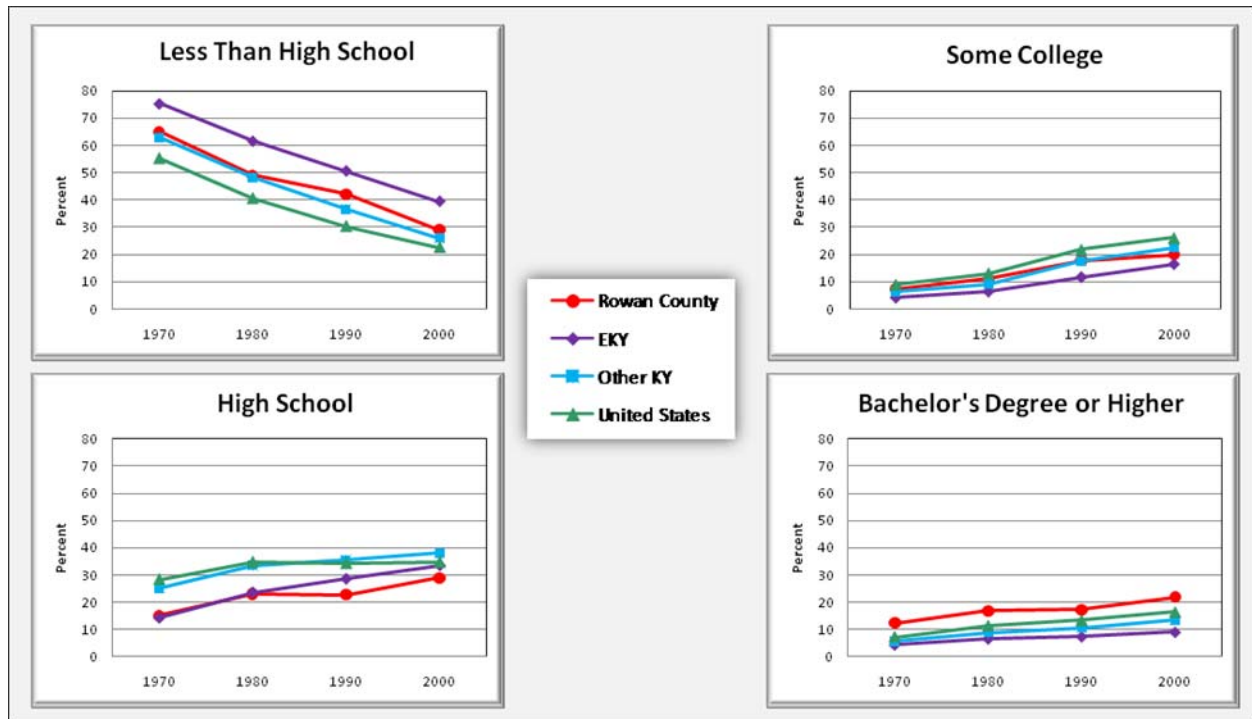


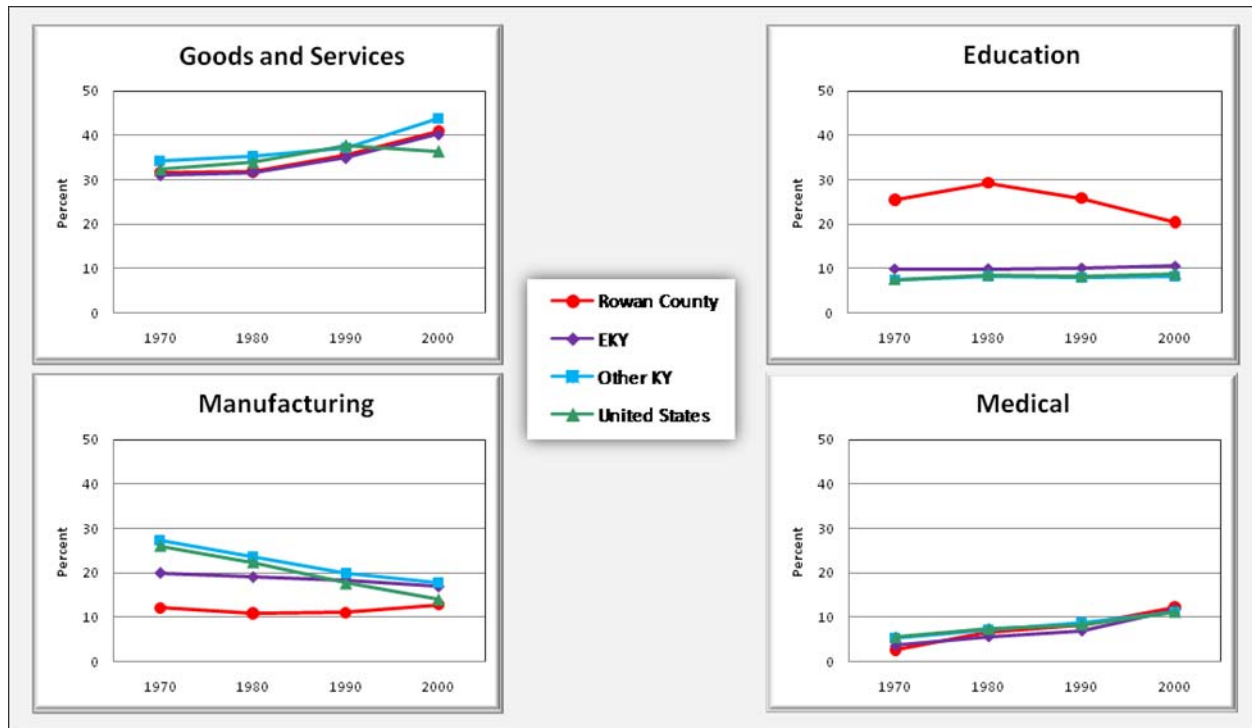
Figure 1. Population age structure results for Rowan County compared to average values for Appalachian eastern Kentucky counties (EKY), non-Appalachian Kentucky counties (Other KY), and all United States counties.

As shown in Figure 2, Rowan County had a higher percentage of people with a Bachelor's degree of higher as compared to other regions. Moreover, Rowan County followed the common trend of decreasing numbers of people with less than a high school education. However, approximately three out of five people in Rowan County still had not attained greater than a high school degree by 2000, which has important workforce implications.



**Figure 2.** Educational attainment levels for Rowan County compared to average values for Appalachian eastern Kentucky counties (EKY), non-Appalachian Kentucky counties (Other KY), and all United States counties.

With regard to industrial diversity, the economy of Rowan County appears to be dominated by the 'education' and 'goods and services' industrial sectors (Figure 3), which together comprise approximately 60% of the available jobs. Manufacturing has historically been lower in Rowan County than in other regions, though there was a small increase between 1990 and 2000. The small, but steady growth in the medical field is a positive sign.



**Figure 3.** Industrial diversity for Rowan County compared to average values for Appalachian eastern Kentucky counties (EKY), non-Appalachian Kentucky counties (Other KY), and all United States counties. [Each of the seven industrial sectors shown above represents an aggregation of more detailed sector information. These seven aggregated sectors were created in order to simplify and focus the analysis. Results for 'agriculture and mining' and 'professional' sectors are not shown here.]

These results only partially support the research hypothesis. Compared to non-Appalachian Kentucky and the United States, Rowan County has somewhat lower industrial diversity and overall educational attainment as the hypothesis predicted. However, Rowan County did not have a larger dependent population than either of these two regions, nor was there any net out-migration from Rowan County during the study period. As a result, two of the four factors suspected of contributing to Rowan County's persistent economic distress do appear to be relevant—industrial diversity and educational attainment; however, it is not likely that they are solely responsible. Also, Rowan County's lower dependent population and the lack of a net out-migration tend to be advantages to economic growth as



indicated in the literature review, which means that there are likely to be additional factors at work that account for the county's persistent distress.

## **FUTURE WORK**

Given the time and data constraints of this project, future work should focus on collecting and analyzing other key variables indicated in the literature review as contributing to economic progress in rural areas (e.g., community involvement, health care accessibility, and community/family values and attitudes). In addition, combining quantitative with qualitative methods (e.g., interviews) in an examination of other Kentucky and Appalachian counties with a variety of economic histories may provide a richer dataset from which to refine this analysis.

### **Activities:**

Through their ATP project students learned about the history and development of Appalachia and their own community of Morehead and Rowan County in particular – an area that has moved from distressed to transitional to at-risk status during the past decade. They met with the local city-county-wide community organization of NewCity Morehead (Rowan County) to identify needs and priorities, and undertook an applied research project that supported the efforts of community members in their quest to improve the economic status and sustainability of the city and county.

### **Project Outcomes:**

- Research Paper
- Poster Presentations
  - Institute for Regional Analysis and Public Policy, Morehead State University
  - ARC Appalachian Teaching Project meeting in Washington, DC
  - Frankfort, KY at Posters-at-the-Capitol to state legislators
  - Celebration of Student Scholarship, Morehead State University
- PPT Presentations
  - Institute for Regional Analysis and Public Policy, Morehead State University
  - ARC Appalachian Teaching Project meeting in Washington, DC
  - Celebration of Student Scholarship, Morehead State University
  - NewCity Morehead organization and local public officials

### **Problems Encountered:**

The only issue was related to the time constraints of the project, which limited the scope of the study.

### **Program Continuation and Sustainability:**

As a continuation of the work that has been done as part of the ATP in the previous two years strong relationships have been established and sustained, and the results of the Morehead State University ATP projects have been welcomed and embraced by the NewCity Morehead (Rowan County) group as it attempts to transform Morehead and Rowan County for the future.

The group of students that participated in the fall 2009 ATP conference was encouraged to expand on their applied research project during the spring 2010 semester and to present the results at the Southern Regional Science Association meeting in Washington, D.C. in March. They did so, and their work was well received. They also presented their expanded study as a paper and a poster at the Celebration of Student Scholarship at Morehead State University in April, and to local community leaders and MSU faculty in the College of Business and Public Affairs in early May.

There is great potential for this applied research project to be continued by students in the fall 2010 RAPP 300 class that will participate in the ARC-ATP project.

### **Conclusions and Recommendations:**

Recognizing that other variables and information remains to be studied (see Future Work above), the following recommendations were made to the NewCity Morehead-Rowan County organization (at the end of the fall 2009 project) in the hopes of helping them reach the expressed goal of *Intentional 21<sup>st</sup> Century Economic Development*:

- (1) Try to improve employment diversity by attracting higher wage/higher skill jobs. As suggested in the NewCity Morehead report, we agree that the community needs to keep the focus on a High Road strategy that "invests in opportunities and human capital and provides the best return on that investment", rather than a Low Road strategy that relies on cheap land, labor, energy, etc. – and ultimately fails because there are always cheaper options elsewhere.
- (2) Try to increase the number of college graduates. Given the available jobs in the Morehead-Rowan County community, and the high levels of poverty, it is suggested that more people should be encouraged to attend, not only Morehead State University, but also the local Kentucky Community and Technical College System vocational campus.
- (3) Examine other counties to learn from successful strategies and avoid mistakes. Towards this end, a set of maps was created showing the economic status of for all 120 Kentucky counties between 1970 and 2000. It is suggested that these maps be used to identify other counties for comparison/study.

**Attachments:** N/A