Table 3—For retirement counties, the 1980's brought relatively high levels of economic growth and rising median incomes, as well as large increases in poor persons and poor children

Nonmetro county type	Population	Employment	Real median family income	Poor persons	Poor children	Poverty rate
			Percent change			
Nonmetro total	4.1	12.3	-0.6	11.0	938	1.1
Economic type:						
Farming	-0.7	6.1	-1.4	1.4	1.5	0.5
Mining	-4.2	-1.2	-15.0	26.5	22.3	5.4
Manufacturing	2.5	11.5	0.9	6.4	4.3	0.6
Poverty	0.5	11.6	1.0	0	-5.7	0.1
Retirement	16.4	26.9	4.2	18.1	19.2	0.3
Proximity to metro:						
Adjacent to large metro[1]	10.5	19.8	0.7	21.7	24.4	1.3
Adjacent to small metro[1]	5.7	14.6	1.3	10.2	8.4	0.7
Nonadjacent with city	4.4	10.6	-2.0	18.3	18.0	2.1
Nonadjacent without city	-0.7	7.2	-2.0	4.5	2.4	1.0

[1] Large metro = 1 million or more residents; small = less than 1 million
Population and employment trends are for 1980-90. Other trends are for 1979-89.
Source: Ghelfi et al., 1993.

"...increasingly, either commuting to larger cities or retirement are the only options" (p. 4).

Another major change in rural America is the increase in migration of poor people from urban to rural areas, particularly to nonmetro areas adjacent to large metro areas. During the 1980's, nonmetro counties that were adjacent to large metro areas experienced 10-percent growth in total population. Even more rapid, however, was their 22-percent increase in poor persons, and their 24-percent increase in poor children. Although median family incomes have risen in these "adjacent counties," their poverty rates have risen by 1.3 percentage points—0.2 percentage points more than the increase for nonmetro areas in general (Ghelfi et al., 1993). This may relate to the observed outflow of lower income population from central cities in search of lower cost housing in suburban and rural areas. Many of these individuals appear to be moving into mobile homes. Rural counties adjacent to major metropolitan areas experienced an 81-percent increase in mobile homes during the 1980's (Ghelfi et al., 1993). The influx of low-income individuals can strain a rural community's limited educational and social service resources. The recent welfare reforms initiated by States and by the Federal Government might also increase the need to find jobs for many of these poor nonmetro residents.

With such diverse problems, it is understandable that different types of rural communities—both growing and declining, adjacent and nonadjacent to metro areas—might want to attract retirees to stabilize local populations, provide jobs for young people, maintain local retail businesses, diversify their economies, add to the tax base to maintain local infrastructure and services, and reinvigorate critical local institutions such as schools, hospitals, and churches. But what does research say about the potential for retiree inmigration to address these problems?

Research on Retiree Impacts

In theory, retirees can benefit a rural community in many ways. They consume goods and services, such as housing, food, entertainment, health services, and other items. Such consumption creates jobs and stimulates local businesses. Retirees also pay taxes that support public goods and services. They bring capital into the community, which may be invested locally by local banks. Some retirees start their own businesses using their own finances, or they may help finance joint ventures with local businesspeople.

Some retirees work part-time, or full-time (this is often the case with younger military retirees). Many retirees volunteer their services to local schools, churches, hospitals, and other community activities. These activities should stimulate the local and regional economies and improve employment, income, and other measures of socioeconomic well-being.

Retiree attraction adds to the fiscal tax base of rural governments, but retirees can also add to demands for public services. Retirees can have other impacts as well, and not all are beneficial. Recent research has found that the extent of these impacts varies depending on the type and quantity of retirees moving in and the nature of the place receiving them.

Economic Impacts

Several researchers have estimated employment impacts of retiree attraction, with varying results depending on type of place and retiree. Sastry's (1992) study of inmigrating elderly to the State of Florida found it took 2.5 retirees to create a job (each retiree creates four-tenths of a job). Wiseman (1991) examined retiree migration in Appalachia and found a wide range of potential impacts. For example, it took only 2.2 retirees to create a job in Virginia and North Carolina, while it took 3.4 retirees to generate a job in West Virginia and Kentucky. The difference was mainly due to incomes of inmigrating retirees. Virginia and North Carolina attracted higher income retirees than did West Virginia and Kentucky. Haas and Serow (1990) examined the western North Carolina region that had been attracting high-income retirees. The typical retiree in this region spent about $36,000 per year. Haas and Serow estimated that, including direct and indirect effects, it took less than one retiree to generate a job (each inmigrating retiree generated one and one-half jobs). Even greater economic impacts are implied in Bennett's (1993) study of retirees moving to various South Atlantic coast destinations, where average annual expenditure levels of retirees ranged from $31,000 to $47,000.

Local-area impacts tend to be less than the State or regional impacts described above because some of retirees' spending and its economic benefits occur in surrounding areas. Rural communities have particular difficulty capturing a large share of retirees' economic benefits because rural communities often lack the full range of goods and services demanded by retirees, leaving retirees (and others) with no option but to spend much of their money elsewhere. Rural communities may also lack residents skilled in professions demanded by retirees, causing employees to commute there to work. Researchers refer to this loss of economic activity to surrounding areas as leakage. Leakages in health services are a particular problem for rural retirement areas (Harmston, 1981). As a rule, leakages will be larger in small communities with limited economies and in communities located near metro areas or near nonmetro towns that serve as regional shopping and service centers.

Siegel and Leuthold's (1993) study of Tellico Village, a planned rural retirement community in Tennessee, found that retirees there had substantial annual incomes ($60,000 per year) and expenditures ($40,000), but that only 34 percent of their expenditures were within the local area of Loudon County (Siegel, Leuthold, and Stallmann, 1995). The nearby metro area (Knox County) benefited more from the economic impacts. Over time, rural retirement areas such as these should gain a larger share of benefits as local businesses adjust to meet the demands of retirees. However, as with any new industry, policymakers should be cautious about projected economic impacts that do not include adequate adjustments for expected leakages to neighboring communities.

Retiree attraction creates a mix of jobs, ranging from highly skilled medical jobs to unskilled retail jobs, but most of these new jobs tend to be created in low-skilled occupations (Reeder and Glasgow, 1990; Haas and Serow, 1990; Sastry, 1992). Because unskilled jobs pay relatively low wages, retiree attraction may not be the best way to increase local wage levels. Nevertheless, retiree attraction can add to family incomes by providing unemployed or underemployed family members with additional part-time and overtime employment. This can be particularly helpful in places with a high concentration of poverty, working poor, unemployed youths, and part-time college students. Retiree attraction may also provide valuable off-farm income to farm families. This ability to supplement family income may help explain why retirement counties have increased their family incomes relative to other nonmetro counties in recent years.

Wang and Beegle (1978) observed that retiree attraction helps stave off the shift of retail and services from local main streets to nearby regional service centers because retirees add to the demand for local goods and services and they spend more locally than do other residents. Henderson's (1994) study suggests, further, that as retirees age, their mobility declines, increasing their propensity to spend locally rather than in regional shopping centers. This has several benefits. First, it helps rural communities retain population and employment. Second, it helps maintain the old-fashioned small-town main streets that many people enjoy. Third, it provides more shopping alternatives for consumers, which means more diversity in the goods and services available. For example, an influx of retirees might keep the local theater from closing. This helps maintain or improve the quality of life in a community that might otherwise face a narrowing range of entertainment options.

Fiscal Impacts

Most studies of inmigrating retirees to rural areas conclude that retirees, at least initially, add to the local government tax base more than they add to local government spending (Haas and Serow, 1990; Siegel and Leuthold, 1993). The additions to the tax base can be considerable, including property taxes, local sales and income taxes, and user charges and fees. Retirees may be heavy users of some types of public services, such as public transportation and health services, but they place relatively few demands on big-ticket local government spending items like education.

Most inmigrating retirees are covered by Medicare, which pays the bulk of their health costs. The retirees themselves usually pay the uncovered health care costs out of their own pockets. Hence, retirees' main effect on local hospitals is to reduce the number of empty hospital beds. This contributes to hospital profits and reduces the need for local government subsidies for rural hospitals (Reeder and Glasgow, 1990). Although some retirees will become impoverished by health costs and place a burden on local and State governments, many of those that become seriously ill and/or cannot afford treatment move away to live with a relative.

Retirees' long-term impacts on health-related costs of State and local governments could be negative for retirement destinations, at least under some scenarios. For example, many believe that when the baby boom retires, changes will have to be made in the Federal Medicaid, Medicare, and Social Security programs to reduce costs to the Federal Government. To the extent that these changes involve significantly higher costs to retirees or to local hospitals and communities providing medical services, this could become a serious drawback to retiree attraction. State governments tend to be particularly concerned because they bear a significant share of the costs of Medicaid, which covers the poor elderly (Stallmann and Siegel, 1995).

Another public sector concern involves how retirees affect local tax and spending policies. Because retirees are usually homeowners, have fixed incomes, and pay property taxes, they might be expected to oppose increases in property tax rates more than other residents. This hypothesis is supported by opinion polls. Research on retiree voting behavior indicates that retirees in some places have been less supportive than other residents of tax increases to pay for schools (Reeder et al., 1993). Retirees have also been found to be less supportive of economic development spending when they believe this might detract from their quality of life (Bennett, 1993). In some places, however, retirees may have attitudes that are more pro-development, pro-government. If they are accustomed to higher levels of spending and taxing than are long-time local residents, for example, they might push for more local taxes and spending than supported by long-time residents.

Other potential drawbacks of retiree attraction involve growth problems. In some places, retirees may increase the demand for housing to such an extent that some existing residents will be unable to buy a house in the community. Land values and property taxes may rise enough to make it difficult to attract industries to the area and make it hard for farmers and other land-intensive businesses to remain profitable. Congestion may become a problem, requiring expensive transportation investments. Unplanned retiree-related development may strain the environment, requiring expansions and modifications of local water and waste disposal systems.

If substantial retiree inmigration occurs, the entire character of the community can change. Retirees' lifestyles may conflict with those of current residents. For instance, retirees may oppose hunting on their property, or they may object to agricultural and industrial noises and odors that are accepted by long-term residents. Retirees may become politically active and fight the local power structure to effect changes in community policies, such as land-use issues and local government spending and taxing (Reeder et al., 1993).

Policies can be implemented to avoid or minimize these problems, but this requires planning and action before problems become severe. For example, many growth-related strains, such as road congestion and lack of water/sewer capacity, can be mitigated by expanding the necessary infrastructure before it becomes strained. Similarly, communities can initiate projects to provide low- to moderate-income housing to help long-time residents find homes in the community. Zoning and impact fees can also help deal with many of these problems.

Some potential social conflicts can be avoided by enlisting retirees in volunteer programs that give them the chance to help local schools, hospitals, and public services. Retirees may be sought as advisors or participants in local government, providing expertise and input reflecting their abilities and needs. In addition, some potential conflicts, such as those involving land use, can be avoided by providing both retirees and long-time residents with alternatives that satisfy both parties.

In sum, researchers have begun examining the economic consequences of retiree movements in recent years. Most avoid making definitive conclusions about longrun implications, due to uncertainty about future trends in Social Security and health care programs. But, those who have looked at communities that already have a track record of attracting retirees generally conclude that retiree attraction has been, on net, a positive development for most rural areas (Haas and Serow, 1990; Bennett, 1990; Wiseman, 1991; Fagan and Longino, 1993). When deciding whether or not to attract retirees, though, local officials should recognize that problems will arise, and the community should be prepared to deal with them.

Places That Might Benefit From Retiree Attraction

Retiree-attraction policies are not for every community. At one extreme are high-amenity places that are already attracting so many people (retirees and others) that they have little need for policies to attract more people. At the other extreme are remote, sparsely settled places with few public or private services and minimal natural amenities; these places probably have little potential to attract retirees and would be better off employing other economic development policies rather than wasting their resources on retiree attraction.

Between these extremes are the places for which retiree attraction strategies seem best suited—places with both the *need* for retiree attraction and the *potential* to attract retirees. One way to identify such places is to examine recent population growth rates and rates of net inmigration of the elderly. Lack of population growth can be used to indicate *need* for retiree-attraction policies. Net inmigration of the elderly can be used to indicate *potential* to attract retirees.

Population Growth in the Early 1990's

The first half of the 1990's saw population revival for many rural areas that had declined during the 1980's. By 1995, demographers had coined the term "rural rebound" to describe this phenomenon (Johnson and Beale, 1995). The most recent data suggest that retirees, though contributing to the growth in the 1990's, are not really responsible for the rebound, which has been led by heavy inmigration of nonelderly people from metro areas (Fuguitt et al., 1996).

The general revival of rural population growth in the 1990's may reduce the benefits of (or need for) retiree attraction in some rural areas, but population growth rates continue to vary widely across rural America. Much of the population growth is in rapid-growth areas, while most other areas tend to be growing slowly or declining (Beale, 1996).

Four population growth categories (fig. 4) are defined here: