

Impact of Influx of Retirees on County

No. 19

Obed Watershed Community Association

May 2007

The Institute of Agriculture's Department of Agricultural Economics (Univ.TN/Knoxville) conducted a study to inform state, local, and regional officials about the various impacts of a substantial influx of in-migrant retirees on a rural community, henceforth referred to as retirees. This fact sheet summarizes the findings of this report. This report is available at www.ips.tennessee.edu.

Build It and They Will Come

Short History of County Development Industry:

- Late 1950s: The 550 acre - Lake Tansi Village established.
- 1968: I-40 opens in Cumberland County.
- 1969 - Fairfield Communities, a residential resort developer, established Fairfield Glade, covering 12,700 acres.

Marketing of Cumberland County: Crossville and Cumberland County officials and the Chamber of Commerce have actively marketed the community as a tourist and retirement destination since the 1960s. Marketing efforts have included participation in golf trade shows; advertisements in a variety of publications aimed at retirees, golfers, and tourists, and dissemination of information through TN Welcome Centers. Several publications of "best small towns" and "best places to retire" have placed Crossville and Cumberland County at the top of their lists.

Where Retirees Came From: Half those retiring to Cumberland County come from the Midwest. About 15% come from other TN counties. One-fifth have lived elsewhere since retirement, most commonly in Florida.

How Retirees Heard about Cumberland County

- Friends (22.8%)
- Family (19.2%)
- Timeshare visits (15.2%)
- Passing through (9.4%)
- Promotion / Ad (8.9%)

What Brought Retirees to Cumberland County (Highest Ranking Factors)

- Low level of taxes
- Climate
- Scenic beauty
- Housing prices
- Rural small town setting

Current Retiree Population: One in five Cumberland County residents has moved here to retire. 80% of them live in either Fairfield Glade or Lake Tansi.

- Fairfield Glade: 6,500
- Lake Tansi: 2,560
- Elsewhere in County: 2,000

Changing Demographics

Older Population: 35% of the County's population is over age 55. The 2000 median age of Cumberland

County was 42.5 years compared to the state median age of 35.9 years. In 2000, the median age in Fairfield Glade was 66.1 years and 48.1 years in Tansi.

Per Capita Income: The researchers identified peer counties that had similar 1970 demographics to Cumberland County, all having an approximate population of 20,000. In 1970, Cumberland County's per capita income was below that of the peer counties but by 2004, that indicator matched or exceeded that of the comparison counties. However, retirees were found to have household incomes between 10-15% higher than locals on average. Excluding the retirees, the average income in Cumberland was slightly below or matched those of its peer counties.

Poverty Rate: In 1970, the poverty rate in Cumberland was 31.9%, essentially the same or slightly higher than the peer counties. In 2000, Cumberland's poverty rate was 14.7%, lower than the other counties. However, if the retirees are excluded, the poverty rate in 2000 for all Cumberland residents age 65 and over is one-half higher than the poverty rate for this age group in peer counties. The overall poverty rate for local residents in Cumberland County is actually as much as one percentage point higher than in the peer counties.

Educational Attainment: In 1970, had comparable educational attainment to its peer counties. By 2000, 72.6% had a high school diploma and 13.7 had a college degree, higher than the peer counties. Retirees have nearly two years more formal education on average than locals. Excluding the retirees, the study suggests that the educational attainment of the others living in Cumberland County may have slightly declined.

Employment

Triple Employment Growth: Over the 1970-2000 period, total employment in Cumberland County grew roughly three times as much as in peer counties. Employment grew from 7,426 to more than 22,000.

Economic Structure Changes: During the 1970-2000 time period, Cumberland's annual average employment growth rates for the services and retail trade sectors were roughly double those of peer counties, growing from 28% in 1970 to 46% of total employment in 2000. The large growth in the service and trade sectors shifted employment away from manufacturing and toward service and retail trade. Manufacturing, although growing in the actual number of jobs, fell from 30% of total employment to 16%. Given the lower average pay for service and retail jobs compared to manufacturing jobs, this shift in the structure of the local economy helps explain why the county lost ground in per capita income and poverty rates.

Retirees and Job Creation: About 3,500 jobs are attributable to the presence of retirees, roughly 0.6 jobs for every retiree household. Nearly 70% of the new jobs are in the service and retail trade sectors.

Local Government Finances

Property Tax from Retirees: Residential property values for retiree households are approximately 65% higher than for local residents. While retirees are 21.5% of the population, they generate 33% of the total county property tax revenue, or about \$3 million.

Sales Tax from Retirees: Retirees are estimated to generate about \$1 million in local sales tax revenue in 2005.

Cost of Retirees: The report assumes that the retirees do not put any burden on the school system; thus

the researchers estimated that the retirees increased county expenditures by about \$1.8 million in 2005, a \$2.2 million gain for the County. The study, however, does not account for the working age people who moved here to help construct the houses and work in the retail and service industries developed by the influx of retirees. Clearly, the children of these workers put a burden on the school system, creating the need to constantly build and staff new schools.

Property Tax Bonus: In 1970, total property assessment per capita in Cumberland was 25% lower than in peer counties, but in 2005 it was 35% higher. Our county had the choice to increase spending per capita or reduce tax rates (or both) compared to the peer counties. Cumberland has chosen to use its enhanced fiscal capacity primarily to keep property tax rates low. Indeed, Cumberland ranks among the counties in the state with the lowest local fiscal support for public schools.

Leadership Choice: The influx of retirees has generated a fiscal dividend that could have been used in part to increase local funding for education, and substantial support for that exists among both retirees and locals. However, the dividend has been largely distributed to residents in the form of lower property taxes. Most economic specialists agree that long-term success in attracting firms that pay good wages depends critically on enhancing human capital levels in a community through improved education and workforce development. Developers and other community leaders saw raising property tax rates to provide greater funding for education as likely to reduce the area's attractiveness to potential retirees.

Health Care

Emergence as a Regional Medical Center: The per capita number of physicians and office-based specialists far exceeds what is available in surrounding rural counties. Health care employment has expanded, growing 19% over the 2001-04 period, compared to an 11% growth statewide.

Inadequate End of Life Care: Cumberland has fewer nursing home beds relative to its total population than the peer counties. The lack of assisted living facilities has led some retirees with serious health problems to move out of the county.

Public Education

Fiscal Capacity: From 1970 to 2005, Cumberland's total real property assessment per pupil went from 35% below to 50% above the peer county average. A comparison of the total education operating expenditures per pupil for the 1969-70 and 2004-05 school years shows that Cumberland began the period trailing its peers by 3-5%. It now trails its peers by 10%, approximately \$700 per pupil.

Retiree Support for Public Education: Researchers reported the results of a survey in which they found almost 75% of retirees and nearly 60% of locals believed that the influx of retirees had significantly increased funding for local public education. In actuality, the local fiscal support of education remains among the lowest in TN.

Social and Quality of Life Issue

Civic Involvement: In a phone survey, researchers found:

- 40% of retirees report belonging to a civic organization or club, with a third of these taking leadership positions.
- More than half volunteered within the community, averaging 20 hours a month.
- 90% made cash donations to nonprofit community service groups.
- 70% regularly attended church

Other indicators

- Few retirees reported having friends who were not themselves retirees.
- Nearly 18% of retirees reported some form of employment. A third of those not working

expressed an interest in doing so.

Top 5 Desired Changes Wanted by Retirees (ranked in order):

- Better roads and less congestion
- Better restaurants
- Slow down growth
- Better shopping
- Improved education
- Less satisfied with the public library than locals

Top 5 Desired Changes Wanted by Locals

- Slow down growth
- Improved politics
- Better roads and less congestions
- Improved education
- Better jobs and higher wages
- Less satisfied with law enforcement and public health services than retirees.

Common Views

- Improving schools and education were the most important issues facing the region.
- Need for greater efforts to revitalize downtown Crossville.
- Belief that the influx of retirees has significantly increased in land and housing prices.
- The community welcomes retirees.

Values Divide

- Locals felt more strongly than retirees about the need for increased efforts to attract manufacturing firms.
- Retirees felt more strongly that a county-wide land use zoning plan should be adopted. Locals were evenly split on this issue.
- Retirees support the sale of wine and liquor, while locals were evenly split on the issue.
- Locals feel that the influx of retirees has not increased the number of good-paying jobs.
- Retirees feel they are under-represented in local politics while locals feel retirees are over-represented.
- Most locals living in Crossville feel that the influx of retirees has benefitted the community. Most locals living outside Crossville do not feel the community has benefitted from the influx of retirees.

Researchers' Summary on Values Divide

- Retirees are involved in community activities but are not necessarily well-integrated into community life, as “us-versus-them” attitudes clearly exist.
- Retirees and locals share much in common but also exhibit some key differences in expectations and values.
- Retirees and locals differ in some important ways in their views regarding the impacts of retirees on the community.

The Obed Community Association has as its purpose community appreciation and volunteer involvement in ongoing research of the natural and cultural heritage of the Obed River watershed within Cumberland County. Louise Gorenflo, OWCA director, produced this fact sheet. Those wanting to join this membership organization or more information may contact OWCA at 484-2633 or at 185 Hood Drive, Crossville, TN 38555.