USDA Rural Development

Patty Clark
State Director

2015 Kansas Economic Policy Conference
Kansas Population, Rural Vs. Urban

<table>
<thead>
<tr>
<th>Year</th>
<th>Rural</th>
<th>Urban</th>
<th>State Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>1,001,534</td>
<td>1,362,702</td>
<td>2,364,236</td>
</tr>
<tr>
<td>1990</td>
<td>961,591</td>
<td>1,515,997</td>
<td>2,477,588</td>
</tr>
<tr>
<td>2000</td>
<td>979,103</td>
<td>1,709,822</td>
<td>2,688,925</td>
</tr>
<tr>
<td>2010</td>
<td>956,489</td>
<td>1,896,643</td>
<td>2,853,132</td>
</tr>
<tr>
<td>2014</td>
<td>949,608</td>
<td>1,954,413</td>
<td>2,904,021</td>
</tr>
</tbody>
</table>

Reference. USDA ERS. 2015
Kansas Income Earnings Per Job, Rural Vs. Urban
Kansas Educational Achievement, Rural Vs. Urban

- Not completing high school
- Completing high school only
- Completing some college
- Completing college

Rural vs. Urban comparison
Rural Child Poverty Has Increased the Most Since 2008

Note: Rural and urban are defined by metropolitan area definitions.
Children's Poverty Rate by County, Census 2000

Red - 15% and greater
Yellow - 10% to 15%
Green - Below 10%

Children's Poverty Rate by County, ACS 2013
Rural/Urban Disparity

- From 2010-2013
  - 71 rural counties increased property taxes of 10% or more
  - 45 counties increased property taxes 15% or more
  - 28 counties increased property taxes of 20% or more
  - Property taxes in rural counties increased three times faster than in the five largest urban counties
  - Property taxes for schools grew more than five times faster in rural counties
Rural/Urban Disparity

• Educational resources for early childhood development are stressed
  • Since 2012/2013 Head Start Programs have closed or decreased services in the following cities:
    - Pratt
    - Kingman
    - Stafford
    - Troy
    - Oskaloosa
    - Sabetha
    - Wamego
Rural/Urban Disparity

• Hospital Closures
  • Independence

• Other Possible Rural Hospital Closures or Mergers
  • Ft. Scott
  • Harper/Anthony

• Since January 2013, 55 rural hospitals have closed and nearly 300 more are on the brink of closing
  • More rural hospitals have closed since 2013, than in the previous 10 years combined
Additional Challenges

• Homeownership in Kansas is at its lowest level in more than 30 years despite low mortgage interest rates
  • Property taxes are rising
  • Sales taxes are eating into low/moderate income
  • Homeowner Insurance premiums are pegged to credit scores

• Teacher shortage
  • In 2011 - 399 teachers left Kansas for other states
  • In 2014 - 654 teachers left Kansas for other states
  • Implications for Rural Opportunity Zones
Water Quality/Quantity Concerns

• Communities that source water from High Plains Aquifer face costly treatment options

• Decreased water availability requires collaboration between users

• Conservation at the community level may actually decrease city revenues at a time when increased revenues are critical
Other Factors

- Moody’s Investors Service issued a “credit negative” warning for Kansas school districts in early October
  - Rural schools have aged facilities and equipment
  - Investment in IT will be critical for students to be competitive
  - Pre-school and programs such as Head Start need physical space and continuity
  - After school programs are essential because of lack of day care
Consumption Tax Conundrum

• Currently more than 60% of sales tax collections come from five counties
  • Johnson, Wyandotte, Douglas, Shawnee and Sedgwick
  • Those five counties represent well over half the Kansas population
  • The next three highest include Saline, Reno and Riley
    - Collectively contribute 6.36% and represent nearly 200,000 population

At what point will sales tax distributions follow sales tax collections to pay for state government expenditures?
Policy Considerations

• County resolutions for the Rural Opportunity Zones begin expiring July 1, 2016 - the state needs to do a deep dive into results and consider additional/different incentives.

• Incentives/innovative partnerships to increase home construction/homeownership in rural communities.

• Re-visit the Water Vision conservation targets outlined for municipalities/rural water districts.
Policy Considerations

• Invest in education/healthcare/nutrition for children

• Thoroughly analyze long-term impact of consumptive tax on rural areas

• Comprehensively address housing/job creation/childhood nutrition/water issues because they are inter-related
USDA Rural Development

Patty Clark
State Director

2015 Kansas Economic Policy Conference