

Retired Population Has Mixed Impact

UNIVERSITY PARK (Centre Co.) — The elderly can play an important role in preserving communities with stagnant or declining populations, but their impact appears to be much less on economic growth, suggests research conducted in Penn State's College of Agricultural Sciences.

To determine whether attracting more retirees to Pennsylvania's rural areas would be a useful development strategy, agricultural economists analyzed employment, considered local tax impacts, and conducted case studies in four rural Pennsylvania counties, including two with large numbers of relocated retirees and two whose elderly populations contain more long-time residents.

A total of 1,200 people were interviewed by telephone, and 43 government officials, business leaders and service providers were interviewed in person.

"Some rural communities are benefiting from an influx of wealthy retirees, but the mixed results of our study indicate that it may not work for all communities," says Dr. Timothy Kelsey, assistant professor of agricultural economics.

"Elderly and retired people are a major presence in rural Pennsylvania," Kelsey notes. "Pennsylvania has a higher percentage of elderly residents than any other state except Florida. Several counties have received sizable numbers of relocating retirees, and these

counties also are among the most economically dynamic in the state."

But the economic impacts of the elderly are mixed, Kelsey says. "We found specific effects in local economies, but there is little evidence of large, direct benefits resulting from retirees relocating to Pennsylvania. Elderly and retired residents in rural communities can help existing downtowns survive, but usually cannot be relied on as a catalyst for downtown resurgence or expansion.

"Our results suggests that the elderly support local merchants to a greater extent than the general population does," Kelsey says. "But older people tend to spend less than the general population,

which reduces the positive impacts of their local shopping habits."

The study found evidence of more service-sector employment in communities with higher percentages of elderly growth, but the evidence was inconclusive.

"Many of the jobs resulting from retirees were low-wage service jobs providing few if any benefits," Kelsey says. "These included health aides, nursing home attendants and personal-home-care workers. Low reimbursements from Medicare and Medicaid limit the ability to increase the pay for such positions."

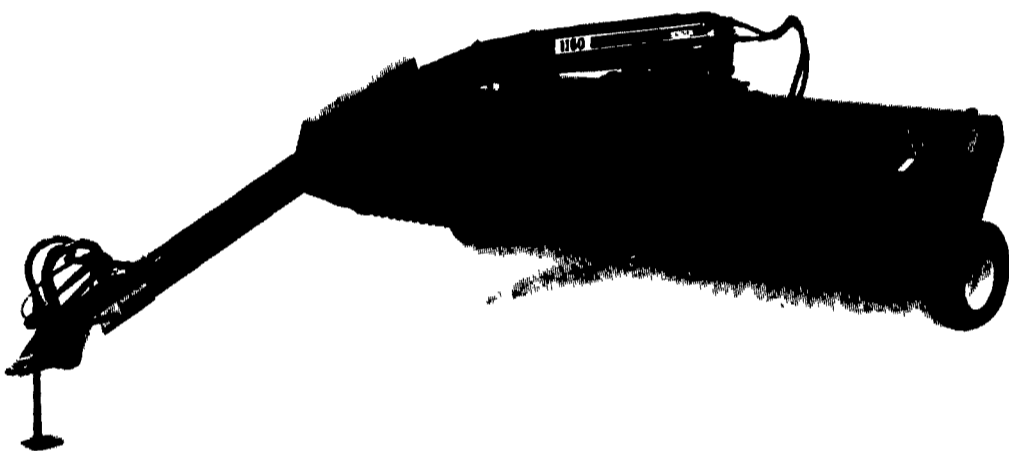
State and local tax bases benefit

little from growing elderly and retired populations, because their income is largely exempt from both local and state taxation. "In the telephone survey, 61 percent of the income of the aged-in-place and 67 percent of the in-migrant elderly's income was exempt from taxation because it was from Social Security or pensions," Kelsey says.

"Continued growth in the number of elderly may further strain the state's ability to meet the needs of the elderly without providing a means to pay for their care."

This research was supported by the Center for Rural Pennsylvania.

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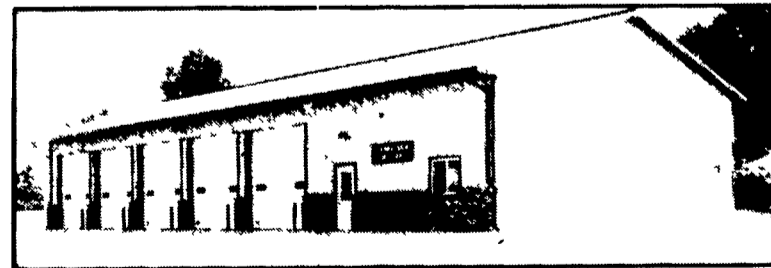
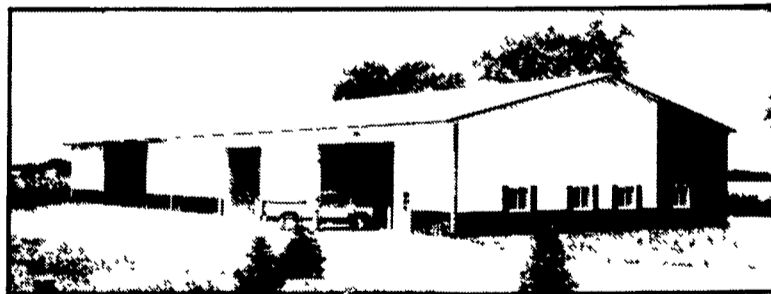
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