

Public Education Funding in a Rural, Retirement Destination County

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Introduction

Rural communities are increasingly focusing on recruiting retirees as a means of economic development. Retiree recruitment is particularly appealing to local governments because it has the potential to increase property and sales tax revenues (“Gray Gold”) without engendering equivalent increases in education expenditures. However, while attracting later-life migrants (“LLMs”) is likely to increase a community’s ability to fund education, its effect on willingness to fund education is less clear. For example, would LLMs without school-age children be less supportive of funding for the local public school system than long-time residents (“Locals”) in order to reduce their tax burden or divert funds to those public services that offer them more benefits (“Gray Peril”)?

Methods and Procedures

Study Area

While Tennessee is experiencing substantial later-life migration (in part due to the “half-back” phenomenon of LLMs from the Northeast and Midwest who moved to Florida only to change their minds and move half-way back), Cumberland County has been a popular destination for LLMs since the 1960s. Many of these LLMs have been drawn to Cumberland County by one of the two different residential/recreational developments that were established about 40 years ago. However, LLMs are increasingly settling in other parts of the County. Currently, about 22% of the County’s 50,000 residents are LLMs.

Data Collection and Analysis

A telephone survey of Cumberland County residents was used to collect information on a wide range of topics related to later-life migration. To analyze the extent to which respondents were willing to provide funding for public education, respondents were also asked about their willingness to support a hypothetical tax increase to support increased funding for the County’s public school system. The survey sample was obtained through a combination of stratified random and quota sampling designed to ensure spatial representation of LLMs. The survey was implemented in 2006. The response rate was 18% (706 completed questionnaires out of 3,969 eligible numbers). Mean comparisons and multivariate analysis (probit regressions) were used to analyze the results. Sample statistics were weighted to reflect the sampling design.

Results

When asked to rate their level of satisfaction with a variety of different public services (education, parks and recreation, law enforcement, public health service, recycling centers, library services, and road construction and maintenance), LLMs were least satisfied with education and were less satisfied with education than were Locals both in absolute terms and relative to their average level of satisfaction with the other public services. LLMs were more willing to support the hypothetical tax increase to support increased education funding than were Locals. While this latter result may not be that surprising, given that LLMs were, on average, wealthier and better educated than Locals, multivariate analysis revealed that LLMs were still about 35% more likely to support the hypothetical tax increase than were Locals even after controlling for differences in age, education, household income and other factors. Support for the tax increase was greater among later-life migrants who:

- Were attracted by the County’s house prices but not by the low tax rates;
- Felt welcomed by the local community;
- Volunteered in the local community; and
- Resided in states with higher per capita education spending at the time of their retirement.

Conclusion

Significant later-life migration into a rural community can affect both the community’s ability and willingness to fund public education. While LLMs are likely to increase the community’s tax base and, thus, its ability to fund education, the effect on the community’s willingness to fund education is less clear. This study suggests that in Cumberland County, LLMs are more supportive of increased education funding than Locals, even after controlling for differences in wealth and education among LLMs and Locals. LLM support for the tax increase appeared to be a function of both self-interested (maintaining home value) and altruistic motives and by previous experience in higher taxing and spending jurisdictions.

Objective: Examine differences in support for increased education funding among later-life migrants and long-time residents of a rural, retirement destination county.

Key Result: Support for a hypothetical 5% increase in the county property tax rate was higher among later-life migrants (62.3%) than among long-time residents (51.0%).

Policy Implication: Later-life migrants attracted to a rural county may not pose much of a threat to education funding as they are, on average, not only likely to be wealthier and more educated than long-time residents but also accustomed to higher tax and education funding levels.

