

The Economic Returns to Investing in Rural South Carolina

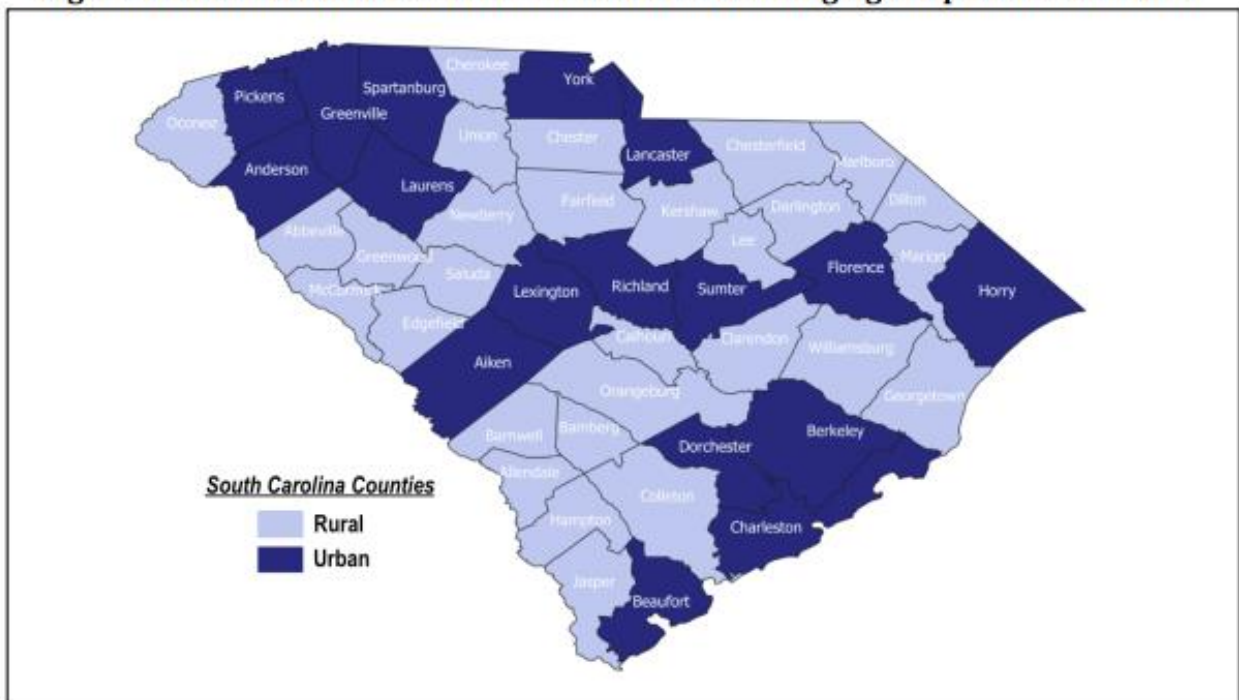
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Please be mindful this is a short overview of the original study

The study starts by classifying each county as “Urban” or “Rural”

- There are 17 urban counties, mostly centered around larger metropolitan areas, and 29 rural counties as classified by this study.
- See Figure 1

Figure 1: Urban & Rural S.C. Counties based on Working Age Population and GDP

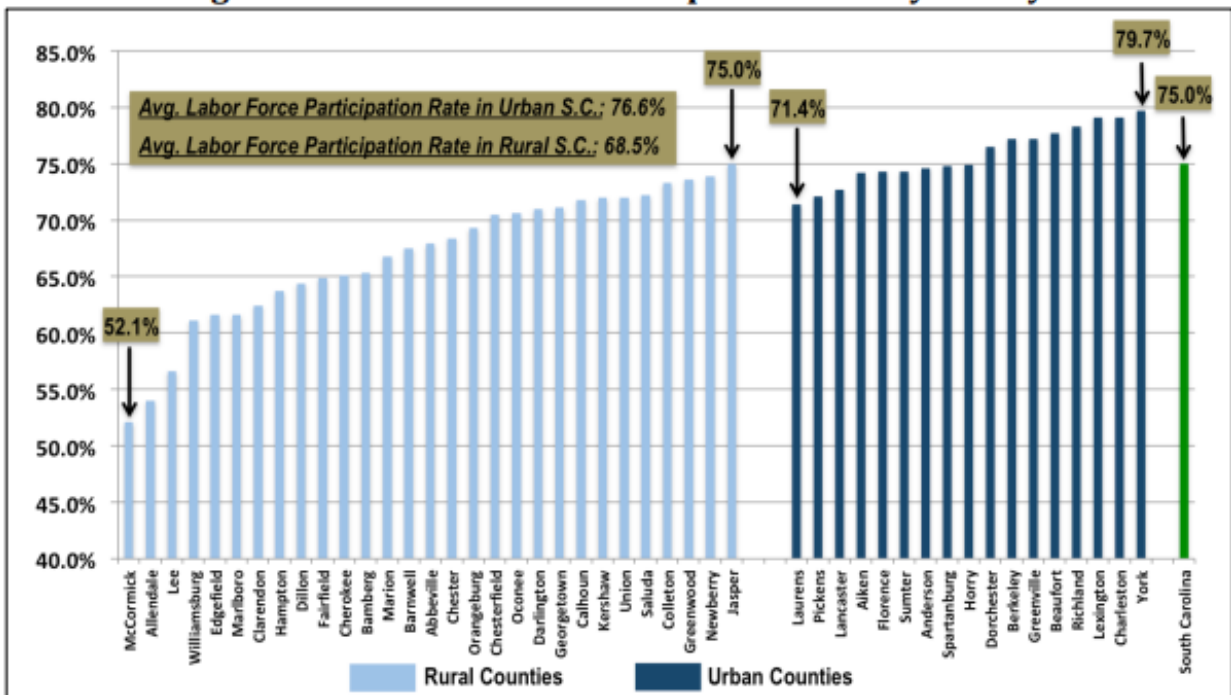


- ➔ Notice the clusters of urban counties around the metropolitan areas
- ➔ This map closely mirrors the SC DOR Tier County designation

The study then looks at the labor force in both urban and rural counties

- Urban counties have a 76.6% labor force participation rate, as rural counties have a 68.5% labor force participation rate.
- Labor force participation is defined as the percentage of the civilian, working age population either employed or actively looking to work.
- The national labor force participation rate is 77.2%, just to give a larger perspective of where the counties in SC stand nationally.
- Figure 2 shows the labor force participation rate for each county, see below.

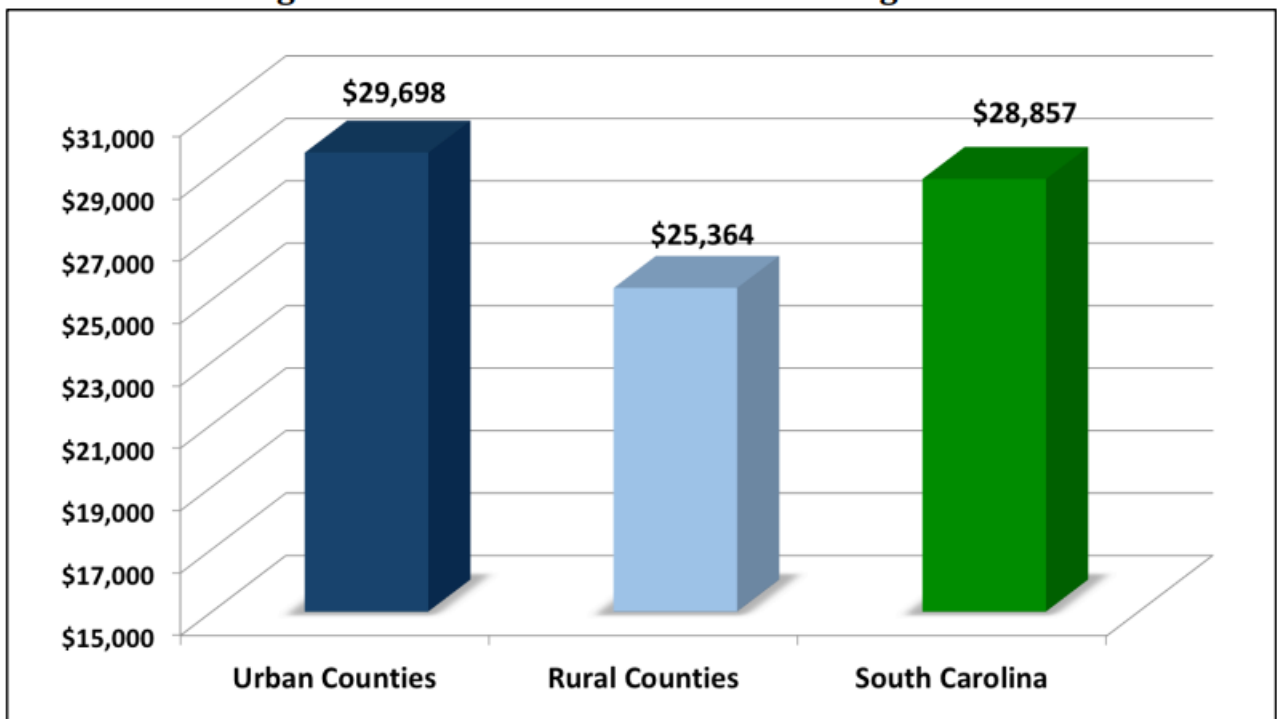
Figure 2: S.C. Labor Force Participation Rates by County



Personal earnings and GDP in rural counties

- Rural counties in SC have higher unemployment rates and lower labor force participation rates. These rural counties also have fewer local job opportunities within them, which contributes to them having an overall lower median personal earnings and lower GDP per capita than urban counties.
- York, an urban county, has the highest median income in the state. Dillon, a rural county, has the lowest median income in the state.
- As of 2018, GDP per capita in urban SC counties is \$45,450 and the GDP per capita for rural counties is \$31,029
- Refer to Figure 3 below for a comparison of median earnings levels in urban and rural counties

Figure 3: South Carolina Median Earnings Levels

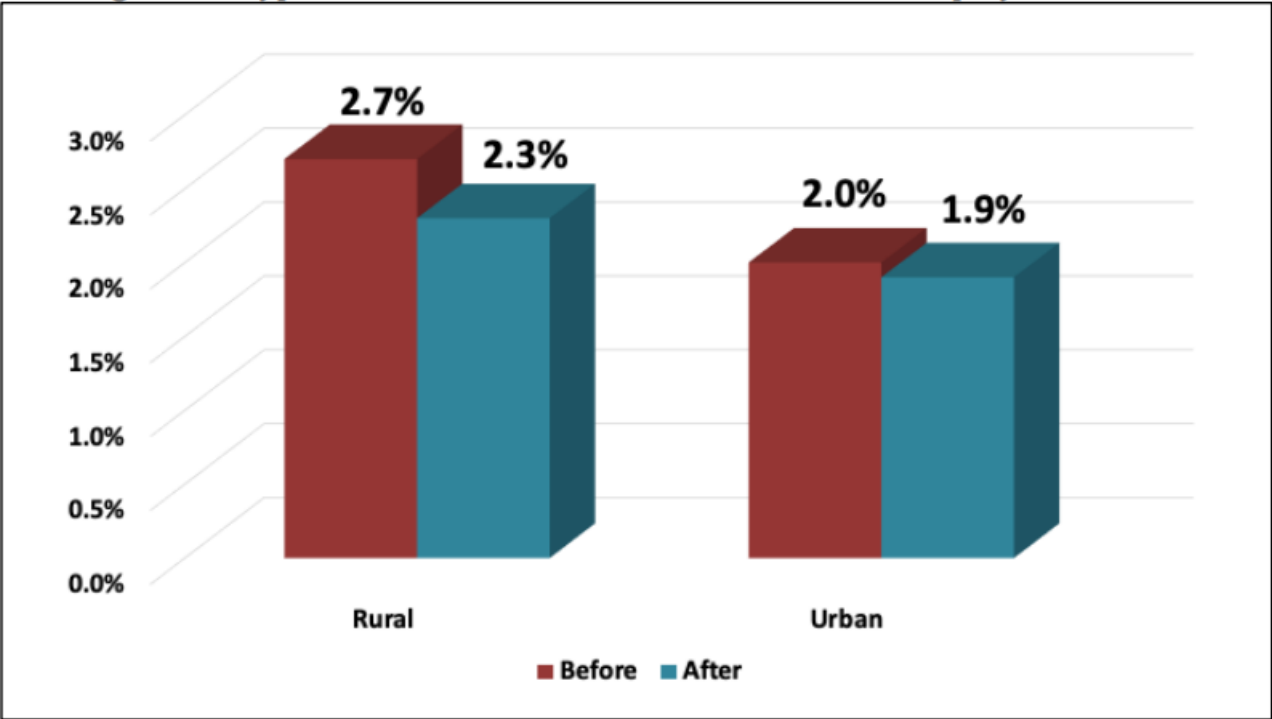


The consensus of this study estimates that for every \$1 of capital investment in a rural county towards the food manufacturing sector, approximately **\$1.34** in new economic activity is created in that rural county annually. This is in contrast to **\$1.27** for the poultry industry, if invested in a rural county in SC.

The following figures, Figures 1-3, show how the gap between rural and urban counties can be made smaller by investing in rural communities.

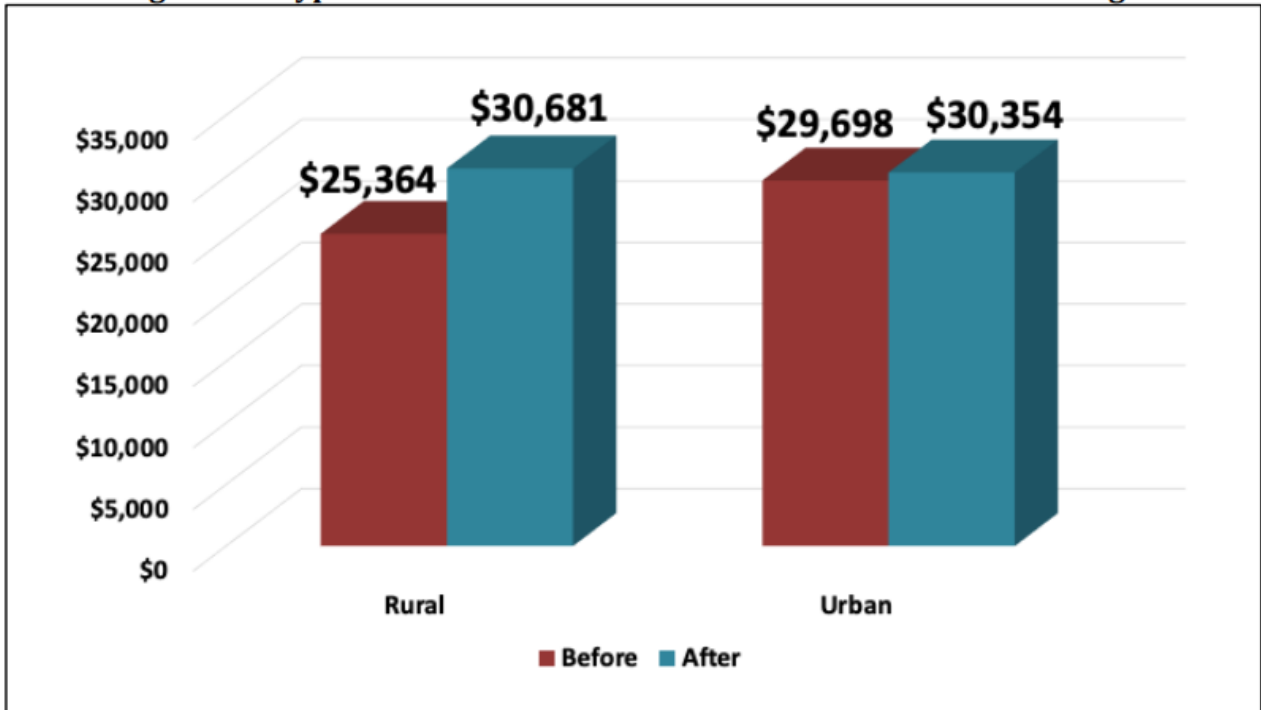
- These figures are all based on an initial investment of \$310 million into a poultry processing facility in a rural community.

Figure 1 - Hypothetical Investment 1: Before & After Unemployment Rates



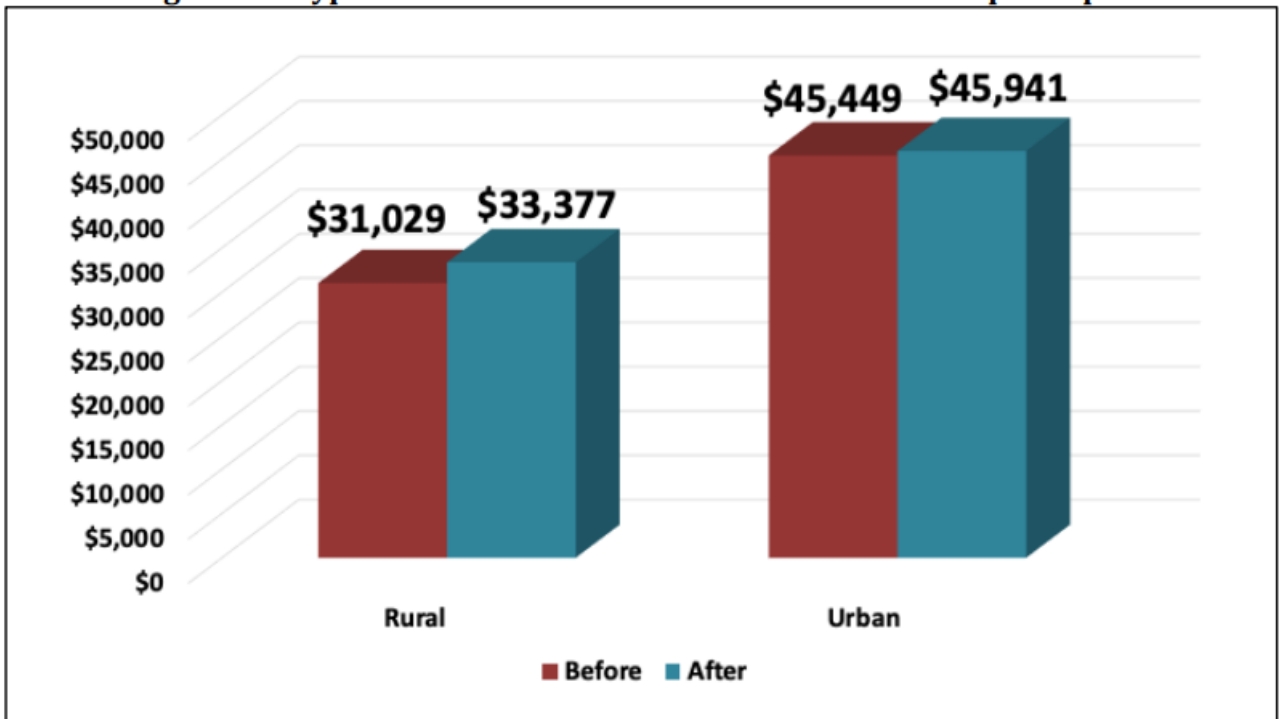
➔ Notice how the rate of unemployment decreased in the rural community with this investment scenario

Figure 2 - Hypothetical Investment 1: Before & After Median Earnings



Notice the increase in median earnings for the rural community after the investment for the poultry processing plant. This links back to the decrease in unemployment in the area.

Figure 3 - Hypothetical Investment 1: Before & After GDP per Capita



Notice the increase in the GDP per capita in the rural community after the investment

Although previously mentioned, that a \$1 invested in the food manufacturing sector generates \$1.34 versus \$1.27 for the poultry industry, the food manufacturing sector is favored because of local suppliers and the multiplier effect. When taking a closer look into the study, the poultry processing plant investment scenario demonstrates more total impact dollars than that of the food manufacturing plant. This will give us a good story to tell that both industries, when invested, can bring great returns to rural communities.

Hypothetical Investment Scenario 1

Table 1 shows how a \$310 million investment into a poultry processing facility impacts a rural community, while Table 2 shows the impact to an urban community. See below.

Table 1 – Economic Impact of Hypothetical Investment 1: Avg. Rural S.C. County

Note: Estimates listed are annual impacts

| | Employment | Labor Income | GDP |
|---------------------|-------------------|---------------------|---------------------|
| Direct Effect | 1,189 | \$44,088,120 | \$59,674,670 |
| Multiplier Effect | 452 | \$17,395,732 | \$25,612,103 |
| ----- | | | |
| Total Impact | 1,641 | \$61,483,852 | \$85,286,773 |

Table 2 – Economic Impact of Hypothetical Investment 1: Avg. Urban S.C. County

Note: Estimates listed are annual impacts

| | Employment | Labor Income | GDP |
|---------------------|-------------------|---------------------|----------------------|
| Direct Effect | 1,189 | \$44,088,120 | \$58,743,880 |
| Multiplier Effect | 626 | \$32,823,209 | \$52,393,582 |
| ----- | | | |
| Total Impact | 1,815 | \$76,911,329 | \$111,137,462 |

The impact on the investment in an urban community shows a larger impact due to the multiplier effect. Additionally, the investment in the rural community would also provide a large impact and also help statistics increase in that area.

Hypothetical Investment Scenario 2

Table 3 shows how a \$49 million investment into a food manufacturing facility can impact a rural community, while Table 4 shows the same investment impacting an urban community. See below.

Table 3 - Economic Impact of Hypothetical Investment 2: Avg. Rural S.C. County

Note: Estimates listed are annual impacts

| | Employment | Labor Income | GDP |
|---------------------|-------------------|---------------------|---------------------|
| Direct Effect | 107 | \$4,892,040 | \$7,992,517 |
| Multiplier Effect | 62 | \$2,324,085 | \$3,416,655 |
| ----- | | | |
| Total Impact | 169 | \$7,216,125 | \$11,409,172 |

Table 4 - Economic Impact of Hypothetical Investment 2: Avg. Urban S.C. County

Note: Estimates listed are annual impacts

| | Employment | Labor Income | GDP |
|---------------------|-------------------|---------------------|---------------------|
| Direct Effect | 107 | \$4,892,040 | \$7,867,851 |
| Multiplier Effect | 82 | \$4,239,346 | \$6,815,792 |
| ----- | | | |
| Total Impact | 189 | \$9,131,386 | \$14,683,643 |

As mentioned in the previous scenario, this investment has a greater impact in the urban community due to the economic multiplier effect. The overall impact of this scenario would offer great opportunities to those in a rural community, but the overall impact dollars are greater when the initial investment is larger and invested into a poultry processing facility as previously mentioned. This again gives us a great story to tell on how an investment in a rural community can greatly change their employment rate, median earnings, and so much more.