

BY KATRINA MULLEN

New from the Richmond Fed's Regional Matters blog

Joseph Mengedoth. "Have Some Rural Areas Turned the Tide on Population Decline?"

Between 2010 to 2020, more than half of Fifth District counties in rural areas or small towns experienced population declines. Yet nearly half of these counties went on to experience population growth from 2020 to 2023. The reversal in population growth is largely attributed to domestic in-migration, which accounted for about 88 percent of total net migration in these counties. The largest absolute gains were in North Carolina: Rutherford County attracted the greatest number of people (2,392), followed by Nash County (1,968). Possible reasons for the population growth could be proximity to metro areas, flexible work arrangements, and affordability — but there are also the natural amenities in some counties, which could attract more retirees.

Laura Dawson Ullrich and Stephanie Norris. "Following the Money: State and Local Funding for Community Colleges in the Fifth District."

Community colleges mostly rely on funding from state and local appropriations as well as tuition revenue and federal financial aid. The annual state budget process determines funding amounts, and each state uses a different approach to distribute the funds. Most Fifth District states divide their higher education budget based on both institution type and full-time equivalent, or FTE, enrollment, but it can still vary: South Carolina does not use a formula, whereas Maryland uses a very specific formula that gives community colleges nearly 30 percent of the state funding amount. For local funding, community colleges in just 29 states receive money, but this also varies from small amounts in Virginia to large amounts in Maryland.

Sonya Ravindranath Waddell. "Employment Change: Are Workers Coming or Going?"

In May, the Richmond Fed monthly business surveys asked firms about how their employment, hiring, and separations have changed in the last month. The share of firms reporting an increase in hiring (25 percent) was higher than the share reporting an increase in voluntary separations (14 percent) or involuntary separations (19 percent). Moreover, in a tight labor market, many firms are not only backfilling open positions, they are also turning to automation and outsourcing. Some 37.9 percent of respondents reported implementing technology to automate tasks

previously completed by employees, and 20.7 percent outsourced work that was not previously outsourced.

Emily Wavering Corcoran and Sonya Ravindranath Waddell. "Automation and AI: What Does Adoption Look Like for Fifth District Businesses?"

Before automation or artificial intelligence (AI) can provide labor or total factor productivity improvements, they must be adopted. The Richmond

Fed monthly business surveys recently asked Fifth District firms about their adoption of automation, including generative AI. Of the respondents, 46 percent had automated tasks in the past two years, and the majority indicated that they plan to within the next two years. While manufacturing firms were more likely than service sector firms to have implemented automation, the reason seems generally to be to complement workers, not to replace them. On the other hand, while service sector firms were less likely overall to adopt automation, they were more likely to use AI in their automation than manufacturing firms. Overall, the responses indicate that it is the early days of AI adoption, but the responses are helpful to measure and understand this technology.

Surekha Carpenter and Adam Scavette.

"Understanding Immigration in the Fifth District: Where Did International Migrants Settle?"

According to the Census Bureau, in 2022, international migration to the United States returned to pre-COVID-19 levels, and recent estimates indicated that immigration has surged to unprecedented levels. The Fifth District's population change and migration, however, differed from those of the nation as a whole between 2020 and 2023. Compared to the United States overall, the Carolinas experienced a higher rate of population growth, while the District of Columbia and West Virginia had negative growth. Virginia was close to the national average, while Maryland remained flat. In the Carolinas, most of this growth is attributed to domestic migration, as they have especially attracted residents who have moved from across the United States. Between 2020 to 2023, however, 90 percent of Fifth District counties had net positive international migration, particularly in urban counties and counties in and near metro areas. Some rural and small-town areas in the Fifth District — especially homes to universities — also experienced higher net international migration. **EF**

