

Federal Reserve Bank of Richmond Community Development



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Table of Contents

Introduction.....3

Current Issues.....4-5

Emerging Issues6-7

In Their Own Words8-9

Economic Prospects 10

Concept Map..... 11

Survey Methodology..... 12

The views expressed in this report are those of the survey respondents and do not necessarily reflect the views of the Federal Reserve Bank of Richmond or the Federal Reserve System.

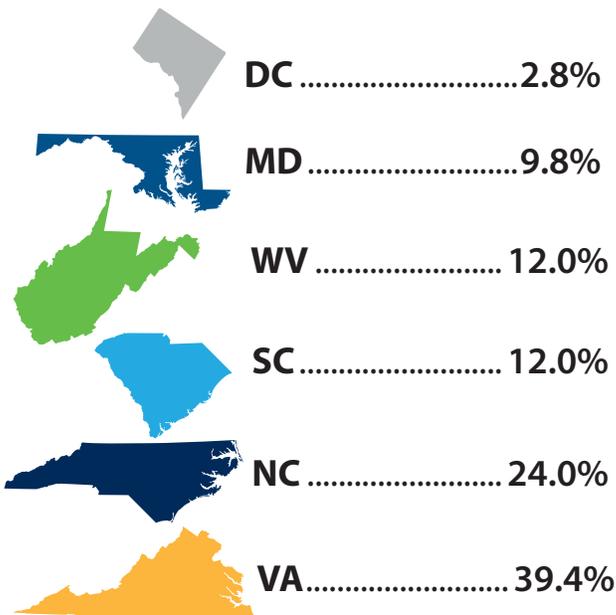


Introduction

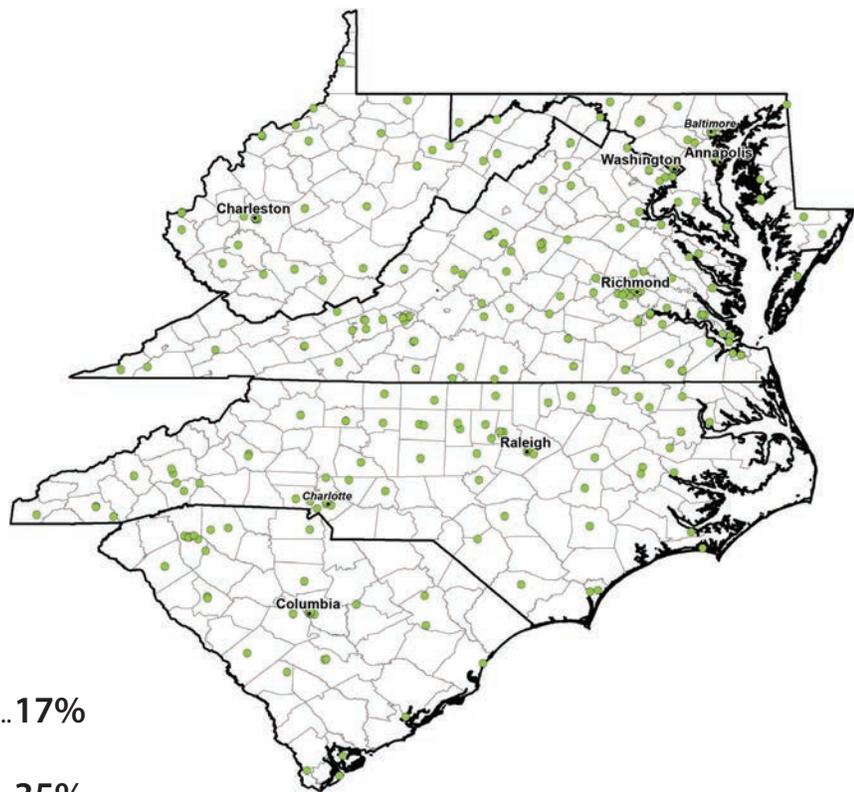
Every year, the Federal Reserve Bank of Richmond surveys experts who represent the Fifth District's numerous and highly diverse communities. The purpose of the survey is to identify the most pressing current and emerging issues in our District.

This issue of Community Pulse presents the findings from our 2015 survey. We received 317 responses to the survey. The respondents represent a broad cross-section of community perspectives across Maryland, North Carolina, South Carolina, Virginia, West Virginia and the District of Columbia.

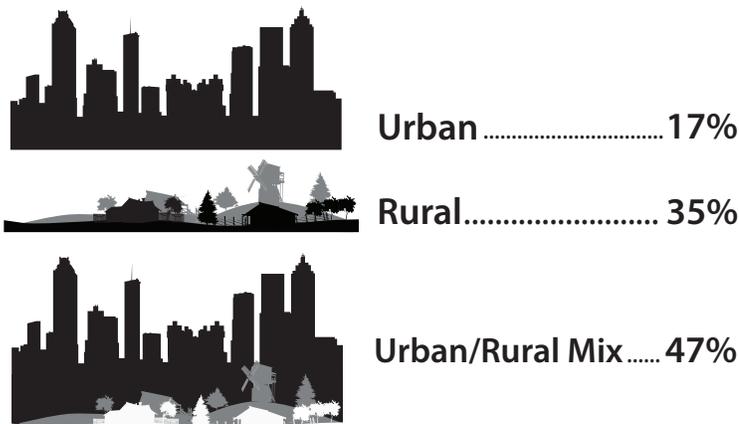
Distribution of Respondents Geography*



Respondents by Location (n=317)**



Client Type



* The respondent's geographic area is based on their answer to "Please select the jurisdiction in which your organization/business has its primary location."

** Two respondents are excluded from the map because they are located outside of the 5th District boundaries. Their location and the 5th District state they work in are as follows PA (WV) and NY (NC).

Current Issues: Rankings

Availability of local job options was the top current issue among respondents.

Close to 20 percent of the votes cast for the top current issue having the most significant impact on the welfare of their communities went to **availability of local job options**. The second and third ranked issues were **access to affordable housing** and **improving the quality of K–12 education**. These rankings reflect the same order as our fall 2014 survey results.

Availability of local job options	19.75%
Access to affordable housing	11.72%
Improving the quality of K–12 education	11.38%
Impact of income inequality in local communities	10.49%
Effectiveness of adult workforce development programs in job placement	9.71%
Leadership gaps in local communities	6.14%
Effects of uncertainty in government funding on local communities	5.80%
Access to small business financing	4.46%
Implications of the Affordable Care Act for households and businesses	3.57%
Impact of crime in local communities	3.24%
Capacity and viability of local non-profits	2.79%
Consumer credit education and repair	2.57%
Provision of quality public early childhood education	1.67%
Effects of new lending standards for residential mortgages	1.56%
Home foreclosures	1.23%

Note: 3.8 percent of respondents selected “None of the above” in answering the question — Based on your experience, please select the #1 (or #2 or #3) CURRENT issue having the most significant impact on the welfare of the communities you serve TODAY.

Current Issues: Rationales

From the statements listed below, please select the one statement that in your opinion best explains why you selected an issue as #1, #2 or #3.

Availability of Local Job Options



The lack of a diversified economy restricts job options.

38%

There is a mismatch between workforce skill level and available jobs.

25%

The loss of a major employer such as a manufacturing plant, hospital or military base in the local community has reduced the number of available jobs.

14%

Other
9%

Access to Affordable Housing



Rising house prices and rental prices are pricing people out of housing options.

35%

The stock of existing affordable housing is of poor quality.

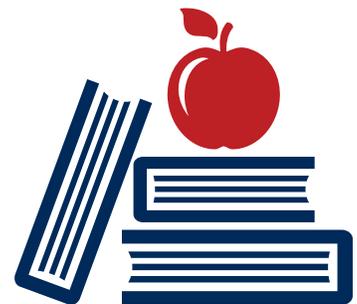
18%

Other
14%

Neighborhoods are resistant to the construction of affordable housing units.

7%

Improving the Quality of K-12 Education



The current curriculum fails to meet the needs of students and prepare them for the workforce.

34%

Other
17%

Middle and high school students are not provided sufficient information on career paths that are alternatives to a college education.

14%

Inadequate classroom resources limit students' learning.

11%

Emerging Issues: Rankings

Availability of local job options was the top emerging issue among respondents.

Roughly 15 percent of the votes cast for the top emerging issue having the most significant impact on the welfare of their communities a year from now went to **availability of local job options**. The second and third ranked issues were the **effects of uncertainty in government funding on local communities** and **improving the quality of K–12 education**. Issues related to government funding were not among the top five emerging issues in the fall 2014 survey results.

Availability of local job options	14.96%
Effects of uncertainty in government funding on local communities	9.26%
Improving the quality of K–12 education	9.14%
Impact of income inequality in local communities	8.91%
Access to affordable housing	8.43%
Leadership gaps in local communities	8.43%
Effectiveness of adult workforce development programs in job placement	8.19%
Access to small business financing	4.75%
Impact of crime in local communities	4.28%
Capacity and viability of local non-profits	4.28%
Implications of the Affordable Care Act for households and businesses	3.56%
Provision of quality public early childhood education	2.97%
Consumer credit education and repair	2.73%
Effects of new lending standards for residential mortgages	2.73%
Home foreclosures	0.95%

Note: 6.4 percent of respondents selected “None of the above” in answering the question — Based on your experience, please select the #1 (or #2 or #3) EMERGING issue having the most significant impact on the welfare of the communities you serve A YEAR FROM NOW.

Emerging Issues: Rationales

From the statements listed below, please select the one statement that in your opinion best explains why you selected an issue as #1, #2 or #3.

Availability of Local Job Options



The lack of a diversified economy restricts job options.

36%

There is a mismatch between workforce skill level and available jobs.

31%

Those that are looking for jobs are unqualified due to past criminal record or drug use.

12%

Other

7%

Effects of Uncertainty In Government Funding on Local Communities



Funding uncertainty inhibits long-term planning capabilities of local communities.

36%

Federal, state and local government funding uncertainty is creating instability in communities.

31%

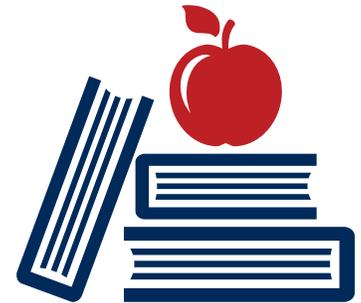
Funding uncertainty is negatively impacting local infrastructure investment.

14%

Local governments are suspending or ending programs due to reduced or eliminated funding.

9%

Improving the Quality of K-12 Education



The current curriculum fails to meet the needs of students and prepare them for the workforce.

26%

Middle and high school students are not provided sufficient information on career paths that are alternatives to a college education.

20%

Inadequate classroom resources limit students' learning.

12%

Other

11%

In Their Own Words

Each respondent had the opportunity to share any additional thoughts that they would like with us about the current and emerging issues that they selected in the survey. The quotes below are a selection of these thoughts in their own words.

SC

Independent Philanthropy Foundation

"Our schools are not producing the level of workforce that the limited number of employers in this area require. The young people who grow up here and do attend a 4 year college cannot return to the area after graduation due to a lack of opportunity here for them. They would love to live here, but the available jobs would not support a middle class family. The model is to work somewhere else for your career and return to this area to retire. Our school system is mediocre at best but school administrators are not willing to recognize that fact. Early childhood education opportunities are limited and prohibitively expensive for low income families who invariably take their young children out of daycare in the summers and let older siblings look after the younger ones."

MD

CAP Agency

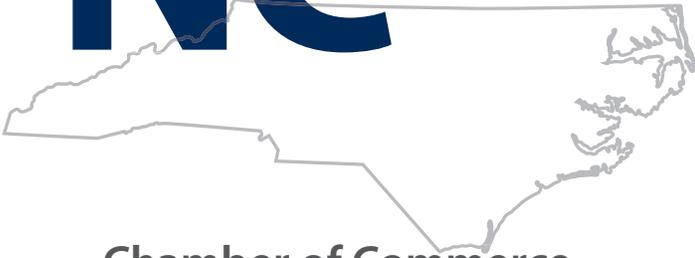
"This is a very rural area that has lost its industrial base that it had in the 90's and early 2000's. It has eroded the quality of life for many families in the area with no new jobs on the horizon. The quality of life for many minority families has eroded especially hard due to many of the industrial factories sometime employed husband and wives and even sons or daughters. So when some factories left or moved it destroyed the entire income base causing home foreclosures, family breakdown, and early onset of poverty and need for financial assistance. Also, many of these individuals are living in 3rd and 4th general public housing and do not have enough income to move to higher standards of living."

VA

Planning District Commission

"For many years, coal economies have seen a series of 'booms and busts.' Historically the economy climbs out of the down trends. Everyone realizes this is an entirely different situation with a 'perfect storm' of environmental controls and natural gas pricing. Locals have been surprised by how quickly the bottom has dropped out of the market locally. We are attempting to gear up for emerging advanced manufacturing opportunities, but our resource base is very limited to do so at this time. Leadership at the local level is struggling to keep up."

NC



Chamber of Commerce

“Our local economy is fueled by tourism, and this sector is experiencing moderately strong growth. Tourism spending was up 7.2 percent from 2012–13, and another 7.3 percent from 2013–14.

[The occupancy tax collections for 2015] are running about 5.8 percent ahead of last year for first 6 months. Military is our other major employer. ... Uncertainties associated with continued defense cuts, delays in the production and arrival of F35-B aircraft, sequestration, ‘shadow BRAC’ are affecting morale and inhibiting investment within the private sector — businesses that serve the military families.

North Carolina’s General Assembly continues to bicker over the budget and the government is operating on ‘continuing resolution.’ This is wreaking havoc on counties and municipalities — including public schools and community colleges — not knowing what their budgets will be, well after the July 1 start of current fiscal year. Teacher pay and teacher assistant positions are in limbo.”

WV



Local Economic Development Authority

“Corridor H (hwy 48), technology, and an increasing focus on quality of life for job choices is bringing in new types of businesses. The current employee base is often not technically, socially able or interested in these new jobs. Also, there is a lack of acceptable and affordable housing to bring in new employees. These changes are also creating a perceived gap between long term and newer residents with some feeling like they are not a part of the changes. Finally, the impact of coal and federally owned land is having an impact that is economic and emotional. Youth know that they cannot follow their families into the coal business and have difficulty envisioning a new industry. Municipalities have set their budgets on coal severance taxes that are shrinking.”



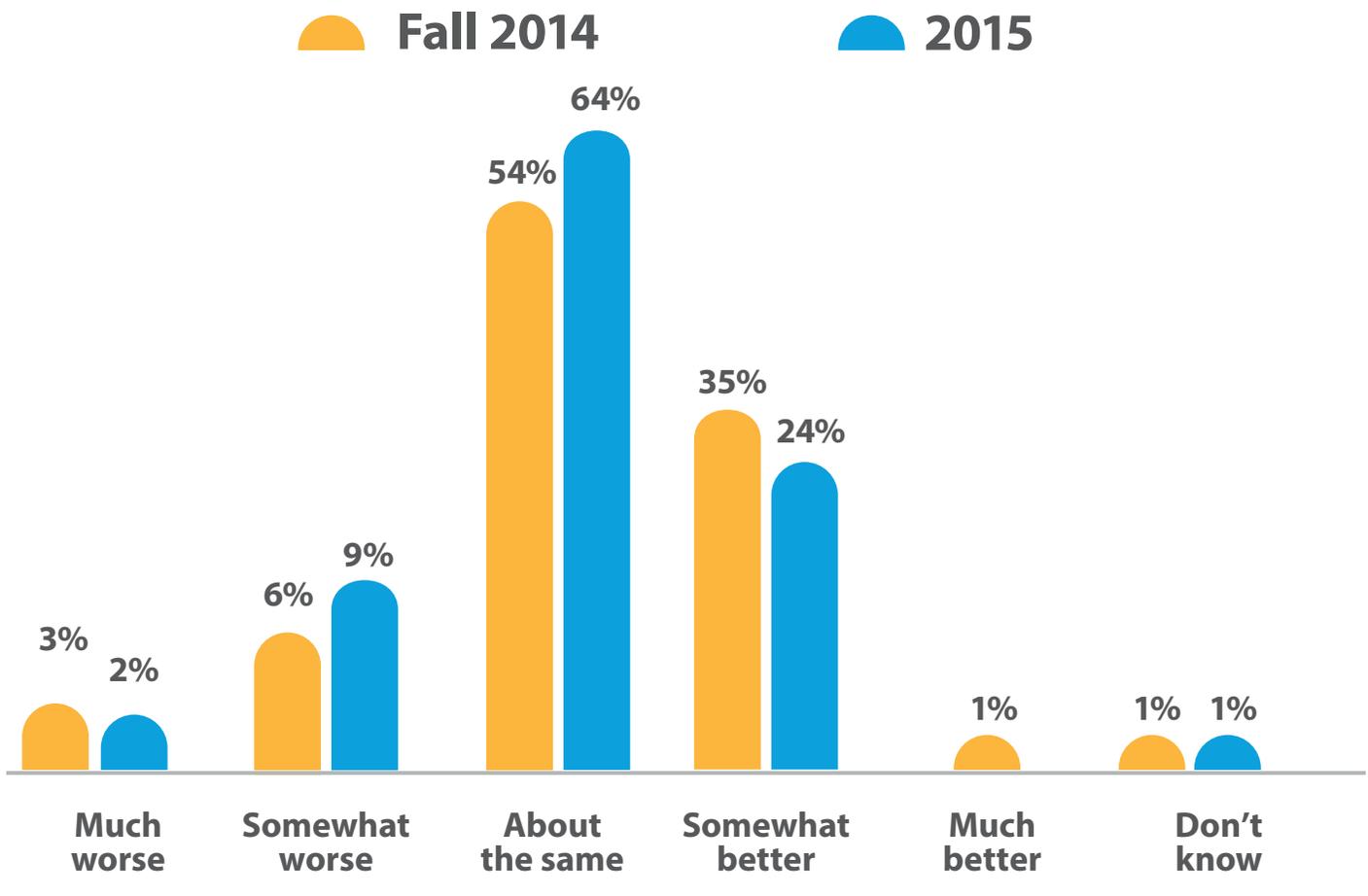
Academia or Policy Center

“Wages are not sufficient to meet housing costs, especially rental costs.”

Economic Prospects

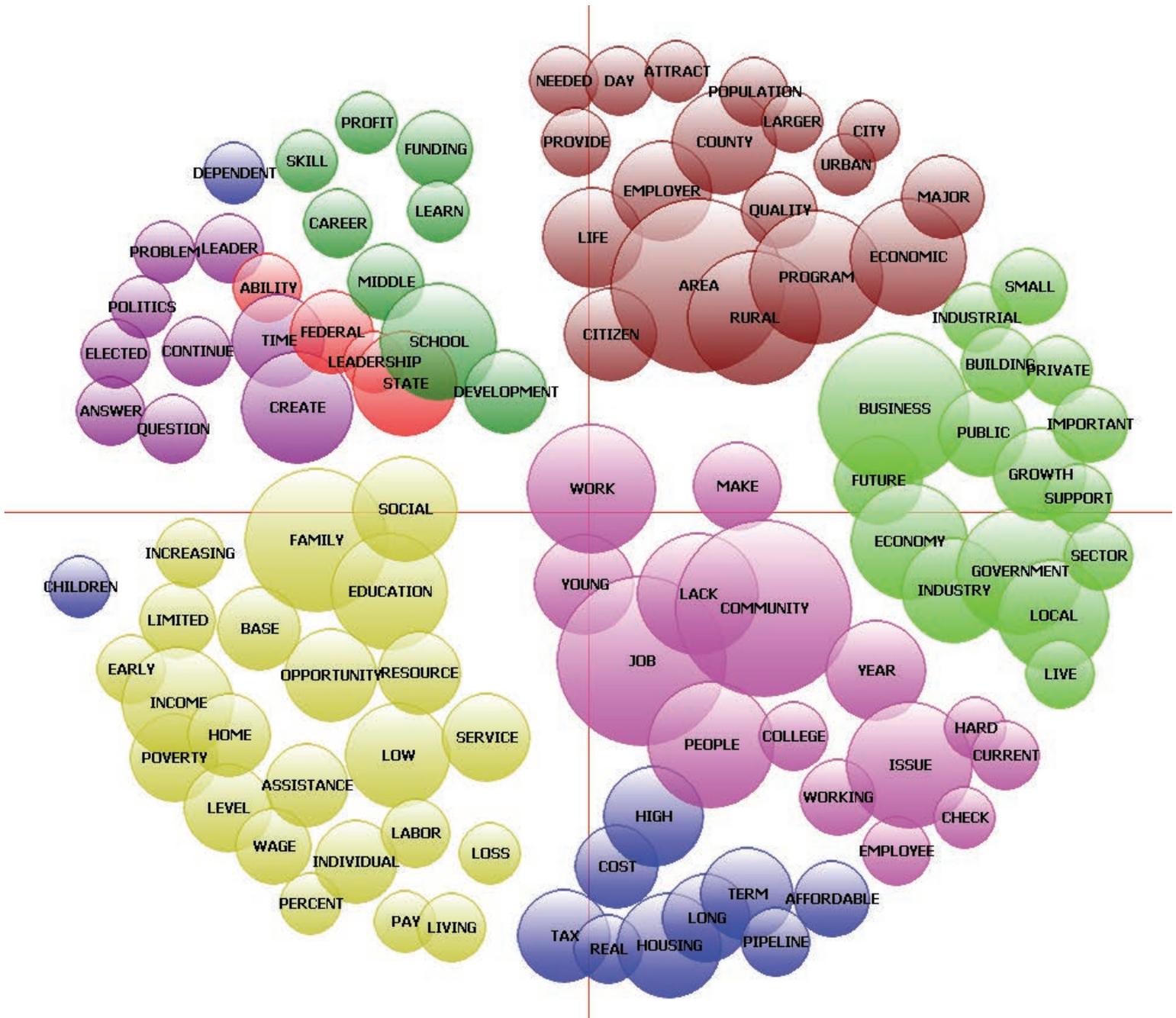
Do you think that SIX MONTHS FROM NOW general economic conditions in your community will be better, about the same or worse than they are currently?

A greater share of respondents in 2015 compared to the fall of 2014 thought their community's future economic conditions would be "about the same" in six months. This change may be foretelling a decline in positive sentiment about the state of our local economies given the decline in the share of respondents expecting "somewhat better" and the increase in the share of respondents expecting "somewhat worse" conditions between the two rounds.



Concept Map

The concept map shows the clustering of words used by respondents in their response to the question that asked for any additional thoughts on current and emerging issues in their communities. The size of the circle corresponds to its frequency of use by respondents. For example, there were 29 instances of “job” among 20 respondents compared to four instances of “urban” among four respondents.



Survey Methodology

The purpose of the Federal Reserve Bank of Richmond's Community Pulse survey is to identify the most significant current and emerging issues in the Fifth District's numerous, highly diverse communities. The survey is administered once a year to a panel of participants representing the community development field in the Fifth District. The participants are chosen based on a predefined set of criteria that best represents the community development industry in the District. The 2015 survey was administered online in August.

The survey consists of 21 questions. When identifying top current and emerging issues, respondents select from a predefined list

of issues. The list of issues is revised for each round based on the results of the previous round and input from Community Development department staff members. In choosing the statement that in their opinion best explains why they ranked a current or emerging issue as #1, #2, or #3, respondents can select from a predefined list of statements as well as write in their own rationales.

To participate in future surveys or offer feedback, contact Shannon McKay at **Shannon.McKay@rich.frb.org**.