

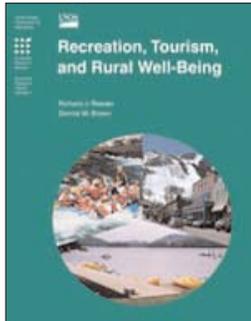
ERS Report Summary

Rural America

Economic Research Service

August 2005

U.S. Department of Agriculture



This is a summary
of an ERS report.

Find the full report at
[www.ers.usda.gov/
publications/err-7](http://www.ers.usda.gov/publications/err-7)

Recreation, Tourism, and Rural Well-Being

Richard J. Reeder and Dennis M. Brown

With their high rates of growth, rural recreation counties represent one of the main rural success stories of recent years. During the 1990s, these places—whose amenities attract permanent residents as well as seasonal residents and tourists—averaged 20-percent population growth, about three times that of other nonmetropolitan counties, and 24-percent employment growth, more than double the rate of other nonmetro countries. However, tourism- and recreation-based development has been viewed as having negative as well as positive economic and social impacts, leading some to question recreation development strategies.

What Is the Issue?

Critics argue that the tourism industry, consisting mainly of hotels, restaurants, and other service-oriented businesses, offers seasonal, unskilled, low-wage jobs that depress local wages and incomes. As more of a county's workforce is employed in these jobs, tourism could increase local poverty and adversely affect the levels of education, health, and other aspects of community welfare. Meanwhile, the rapid growth associated with this development could strain the local infrastructure, leading to problems such as road congestion.

On the other hand, if tourism and recreational development attracts significant numbers of seasonal and permanent residents, it could change the community for the better. For example, the new residents could spark a housing boom and demand more goods and services, resulting in a more diversified economy with more high-paying jobs. Even low-paid recreation workers could benefit if better employment became available. Income levels could rise, along with levels of education, health, and other measures of community welfare, and poverty rates could be expected to decline.

This study quantifies the most important socioeconomic impacts of rural tourism and recreational development.

*ERS is the main source
of research and analysis
from the U.S. Department
of Agriculture, providing
timely information on
economic and policy issues
related to agriculture,
food, the environment,
and rural America.*

www.ers.usda.gov

What Did the Study Find?

Rural tourism and recreational development results in generally improved socioeconomic well-being, though significant variations were observed for different types of recreation counties.

Rural tourism and recreational development leads to higher employment growth rates and a higher percentage of working-age residents who are employed. Earnings and income levels are also positively affected. Although the cost of living is increased by higher housing costs, the increase offsets only part of the income advantage.

Rural tourism and recreational development results in lower local poverty rates and improvements in other social conditions, such as local educational attainment and health (measured by mortality rates). Although rates of serious crimes are elevated with this kind of development, the rates may be misleading because tourists and seasonal residents, while included as victims in the crime statistics, are not included in the base number of residents. Rapid growth brings its own challenges, particularly pressures on infrastructure. The one growth-strain measure examined in the study, time commuting to work, revealed little evidence of traffic congestion in rural recreation areas.

Rural recreation counties have not benefited equally. Rural counties with ski resorts were among the wealthiest, healthiest, and best educated places in the study, while those with reservoir lakes or located in the southern Appalachian mountains were among the poorest and least educated. Rural casino counties had relatively high rates of employment growth and large increases in earnings during the 1990s.

How Was the Study Conducted?

The study assessed the effect of recreation and tourism development on 311 rural U.S. recreation counties identified by ERS as dependent on recreation and tourism. The findings here, showing largely positive effects, pertain mainly to places already dependent on recreational development. Counties just beginning to build a tourism- and recreation-based economy may not benefit to the same extent.

The authors used multiple regression analysis to determine the degree to which socioeconomic indicators in the 311 counties had been affected by recreational development. The key variable in the regression analysis was recreation dependency, a composite measure reflecting the percentage of local income, employment, and housing directly attributable to tourism and recreation. For each socioeconomic indicator in the study, two regressions were computed to explain intercounty variations—one for a single point in time (1999 or 2000) and one for variations in changes that occurred during the 1990s. A descriptive analysis, supplementing the regression analysis, compared recreation and nonrecreation county means for each of the socioeconomic indicators and trends, and then made socioeconomic comparisons among the different types of rural recreation counties.