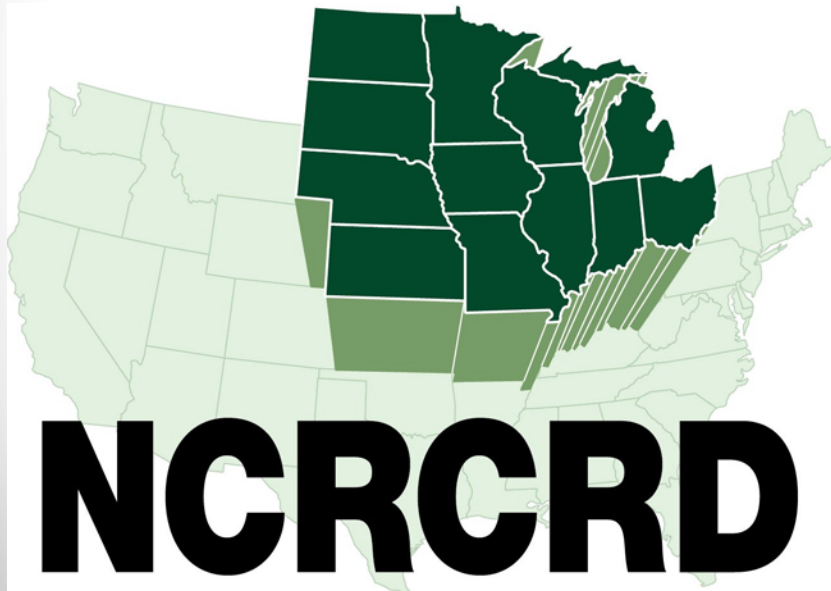


# OSU Presentation

Aug 30, 2016

Mark Skidmore



**NCRCRD**  
North Central Regional Center  
for Rural Development

# Personal Background

- Grew up in a Rural Washington Community
- Educated in Washington and Colorado
- Began Academic Career in Illinois, moved to Wisconsin, and then Michigan



# Research

## Public Finance

- State and local government
  - Policy innovation/adoption
  - Fiscal stress
  - Property taxation

## Urban/Regional Economics

- Impacts of tax/spending policies
- Land use
- Regional development

## Economics of Natural Disasters

- Vulnerability
- Impacts and Resiliency



# Connections with NCRCRD

**Building Local Government Fiscal  
Resilience in Rural Areas**

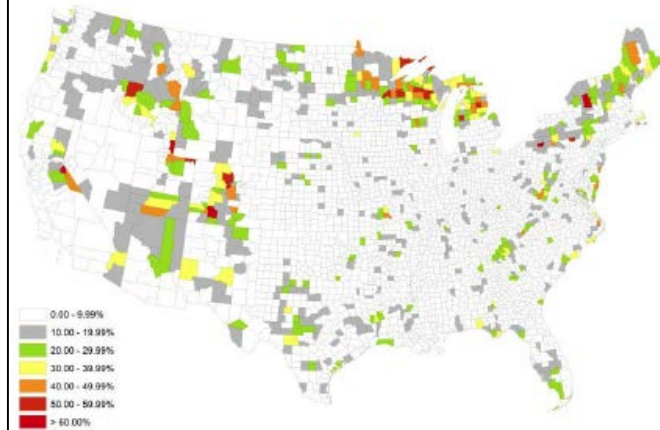
**Building North Central Land Grant University  
Graduate Student Research Capacity through the  
Mid-Continent Regional Science Association**

**Demographics  
of recreation housing**

**Recreation development  
& policies in the  
Great Lakes region**

**Recreation homes, amenities,  
& destination regions**

Figure 1. Seasonal and recreational use homes in 2010.



**CAPE** | Community Assessment and Education to Promote  
Behavioral Health Planning and Evaluation

**NARDeP**  
National Agricultural &  
Rural Development Policy Center  
*A Regional Rural Development Centers Initiative*

**POLICY BRIEF**  
BRIEF 7/AUGUST 2013

**NATURAL DISASTER PREPAREDNESS AND RECOVERY:  
ISSUES AND POLICY OPTIONS**

By Mark Skidmore (Michigan State University)





# From 10,000 Feet

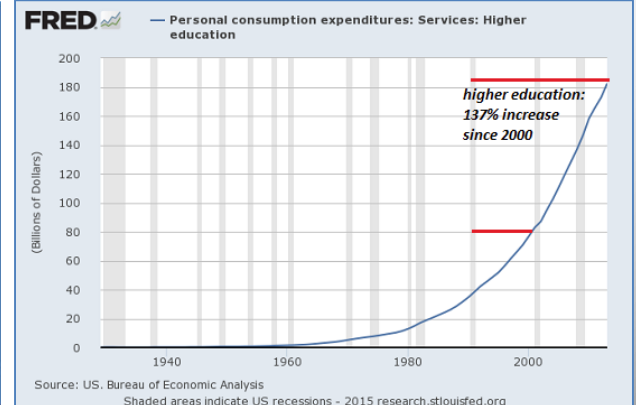
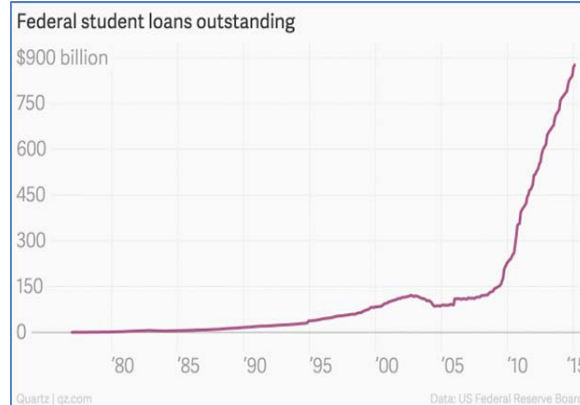
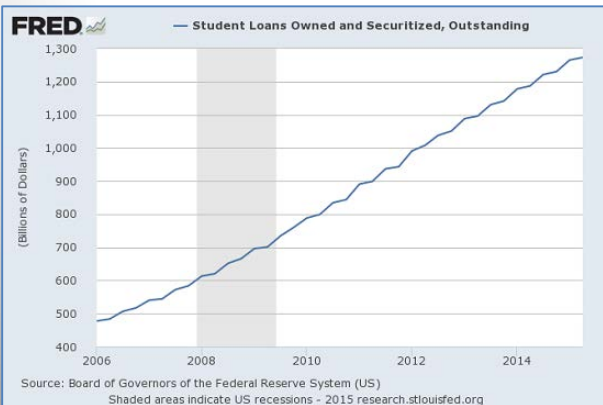
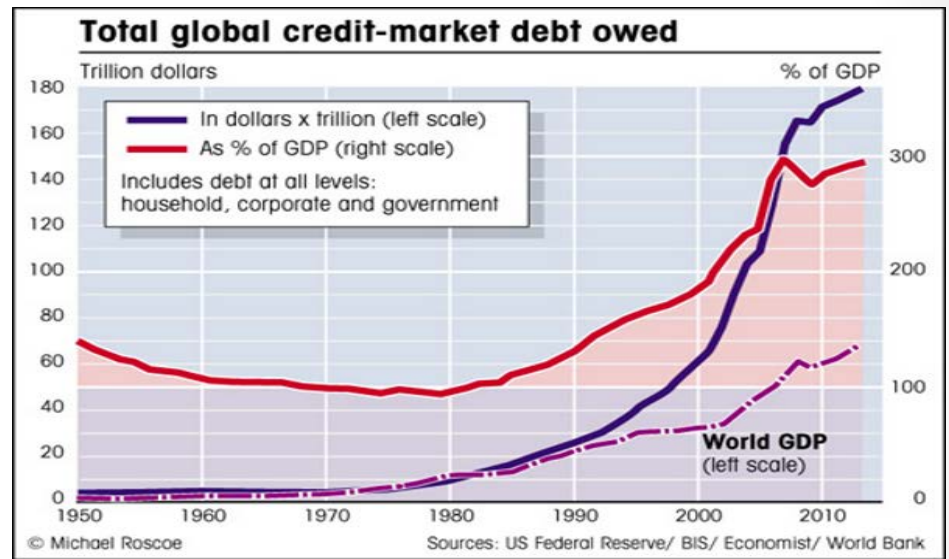
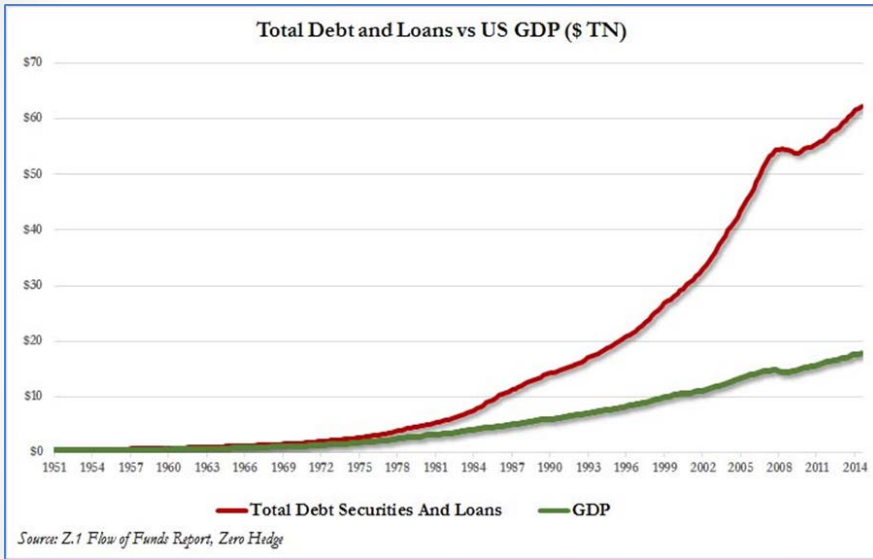
- Long-run Economic Growth =  $f(\Delta A, \Delta H, \Delta K)$ 
  - A = **technology innovation & diffusion**, **social capital**, other factors
  - H = **human capital: education, skills, health**
  - K = capital: equipment, machinery, etc.
- Short-run Economic Growth =  $f(\text{Monetary \& Fiscal Policies})$
- Current NCRCRD Themes (Support Long-run Growth)
  - **Innovation diffusion for rural development**
  - **Sustainable communities**
  - **Leadership development**
  - **Entrepreneurial activities**

# Leveraging NCRCRD Resources

- Expand influence through leveraging resources to generate new grant funded activities:
  - **Technology diffusion**
    - **University technology diffusion (Loveridge/Mann— NC1100 work and new \$500,000 USDA NIFA Grant)**
  - Human capital
    - Behavioral health planning and evaluation (\$6 million USDA-DHHS funded project)
  - Social capital
    - Multi-county strategic planning (USDA funded Stronger Economies Together)

# Headwinds

- Era of Debt-fueled Growth Appears to Be Coming to an End
- Increasing Difficulty Making Good on Promises Made



# Making Good on Obligations-Government

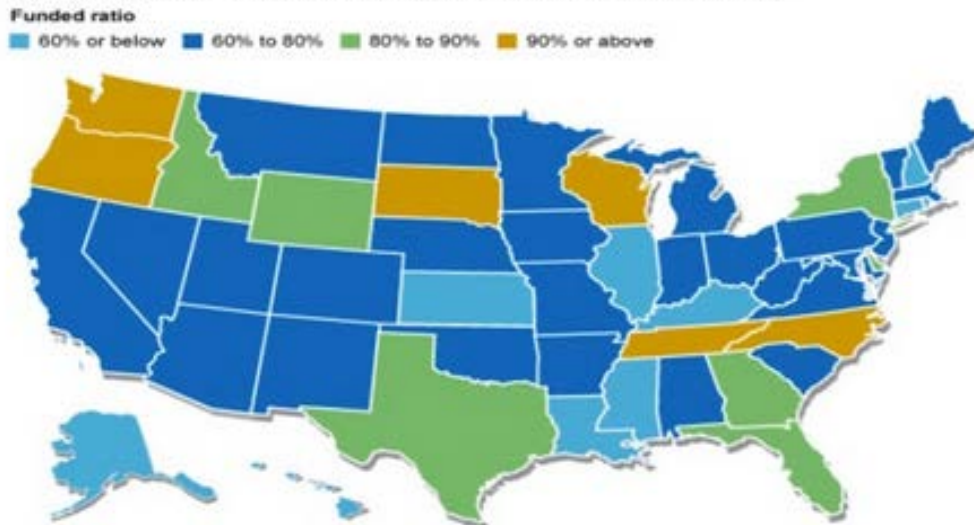
## State and Local Government

- Fully funding state and local government retirement obligations requires an annual average per household tax increase of \$1,385
- Moody's Report—Assumptions of expected returns in state and local pensions are too high (pensions underfunded by \$2 trillion).

## Federal Government

- Total Debt—
  - \$19+ trillion
- Unfunded Liabilities
  - ~\$200+ trillion)
  - Fully funding federal obligations would require a 60% federal tax increase

Figure 16. Pension funded ratio distribution ranges between 60 – 80% for most states (2012 data)



Source: S&P 2014



# Making Good on Obligations—Private Sector

## Example: Central Pension Fund

- 2014—Change to federal law allows cuts in current retiree benefits...
- Central Pension Fund to cut pensions by ~50% or more
- 400,000 participants affected, 220,000 current retirees

Read more here:

<http://www.kansascity.com/news/business/article60760061.html#storylink=cpy>

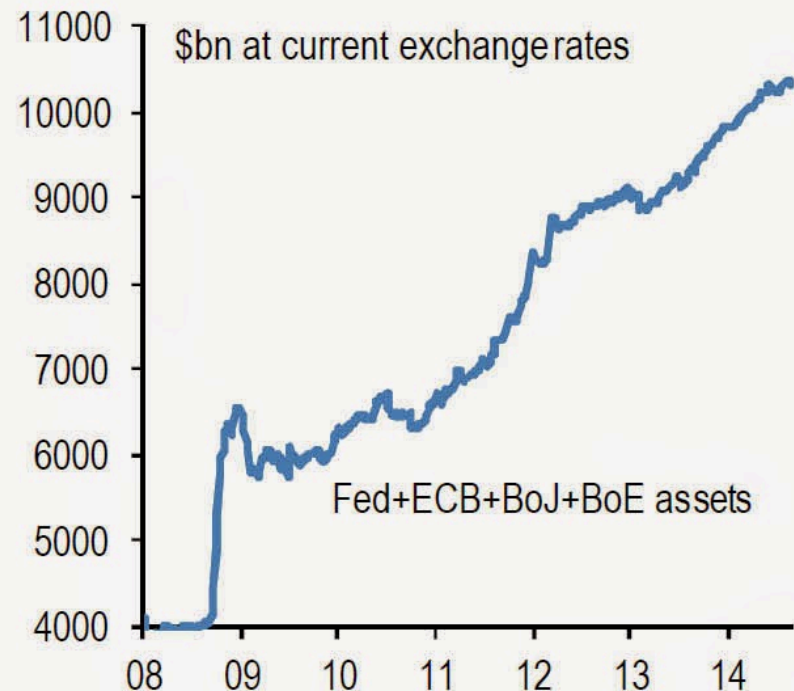
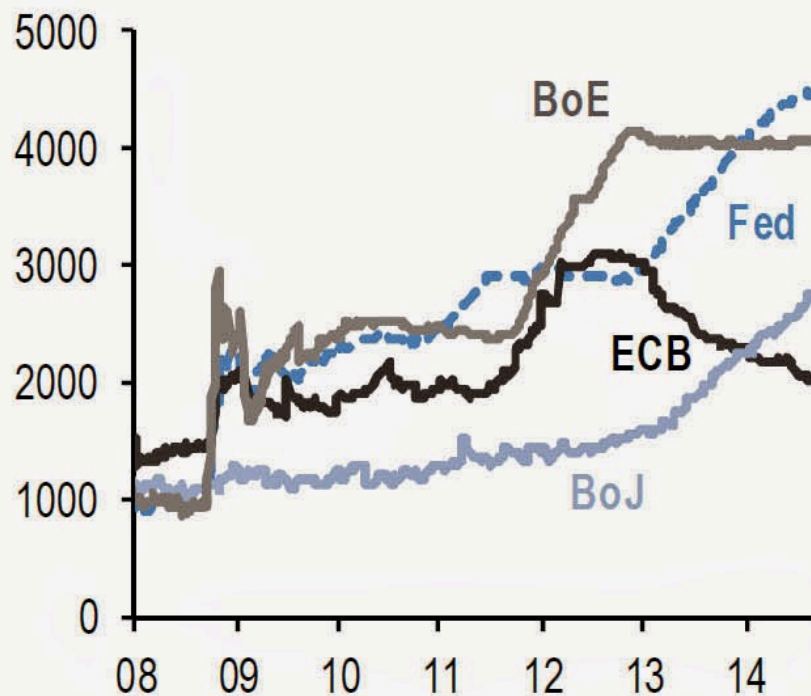
# Interest Rate Suppression

- Interest Rates Are Near or Below Zero
  - No Yield on Bonds
  - Reduced Incentive to Save
  - Increased Incentive to Borrow
- ~40% (about \$14 Trillion) of New Government Debt Issued Globally Yields a Negative Interest Rate
- Central Banks Are Buying Government Debt, Corporate Debt, and Equities—Globally Central Banks Own ~\$25 Trillion in Assets

# Central Bank Balance Sheets

**Figure 1: G4 Central bank balance sheets**

Total assets in \$bn for the Fed, €bn for the ECB, ¥100bn for the BoJ and £100m for the BoE Last observation is Aug 29th 2014



Source: National central bank sources

# Supporting Good Work in the Face of Headwinds

- Assist with Ongoing Community Development Activities/Opportunities
  - Strengthen Human and Social Capital
  - Increase Resilience and Sustainability
  - Support **Entrepreneurial Activity and Technological Innovation & Diffusion**
  - Help Communities Identify and Develop Niches

# Vision for the Role of the NCRCRD

- Forward Looking and Holistic
- Collaborative (encouraged via small grants program)
- Strengthen Partnerships across Affiliated Institutions, Communities, Other Entities, and across Disciplines
- Encourage Research/Outreach “Sweet Spot”



# Thank You!

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