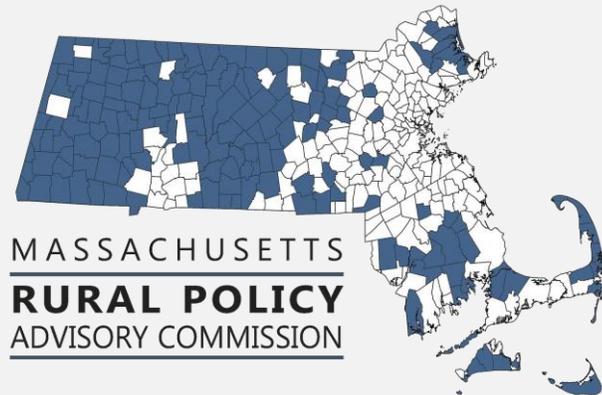


Rural Massachusetts

Ensuring equitable distribution of ARPA, and FY23 priorities

Presented by:

MA Rural Policy Advisory Commission (RPAC)
and Franklin Regional Council of Governments (FRCOG)



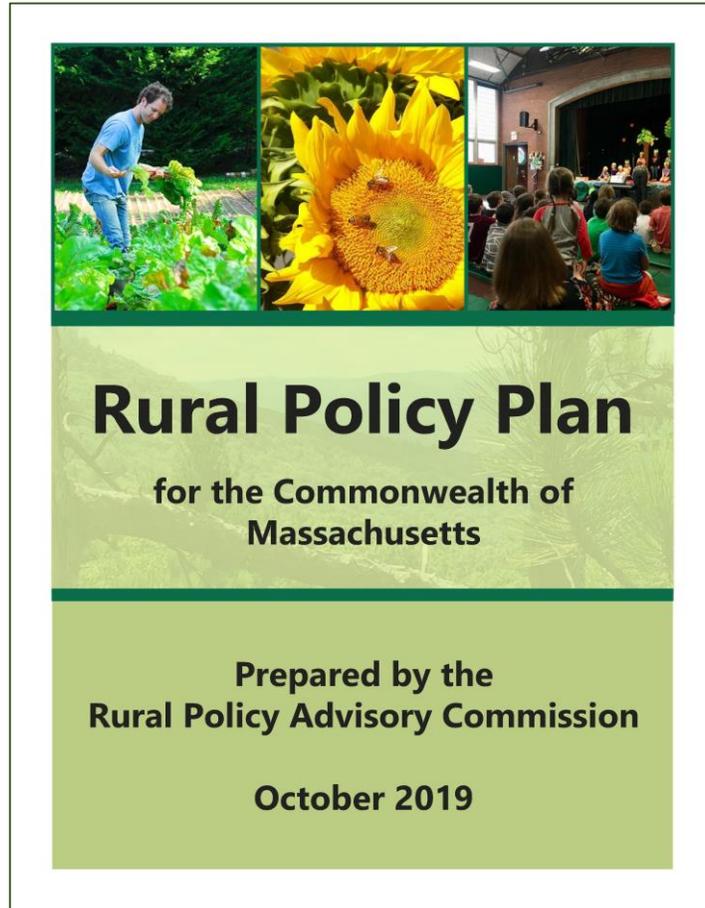
March 2022



The MA Rural Policy Advisory Commission (RPAC) wants to ensure that rural municipalities are treated equitably and fairly as American Rescue Plan Act of 2021 (ARPA) and state surplus spending decisions are made by the Massachusetts legislature and the Baker-Polito Administration, and to advocate for priority legislation and funding in FY23.

Our goal is to provide data that demonstrates the needs of rural Massachusetts, and to highlight our top priorities.

The Rural Policy Advisory Commission

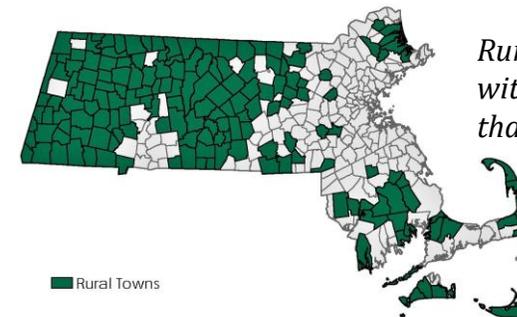


Rural Policy Plan for the Commonwealth of Massachusetts (Oct. 2019)

(click cover image to view report)

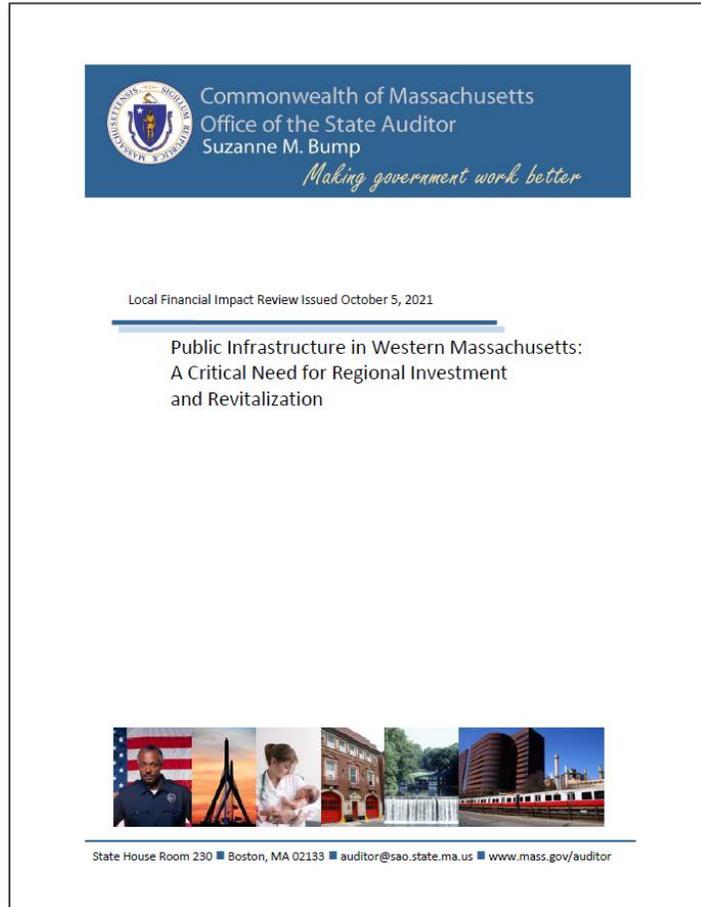
The Rural Policy Advisory Commission was created by the legislature in 2015, and is governed under M.G.L. Chapter 23A: Section 66.

The Commission serves as a research body for issues critical to the welfare and vitality of rural communities, and advocates for the needs of rural municipalities across Massachusetts. In late 2019, prior to the advent of COVID-19, RPAC released a comprehensive Rural Policy Plan for the Commonwealth.

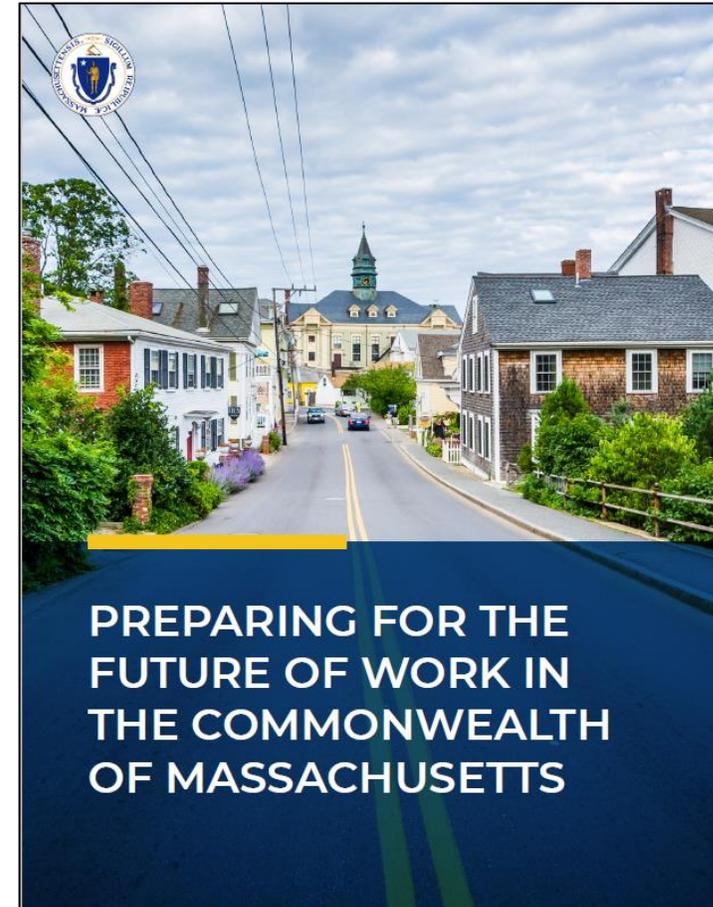


Rural is defined as municipalities with a population density of less than 500 people per square mile.

Recent Economic Reports

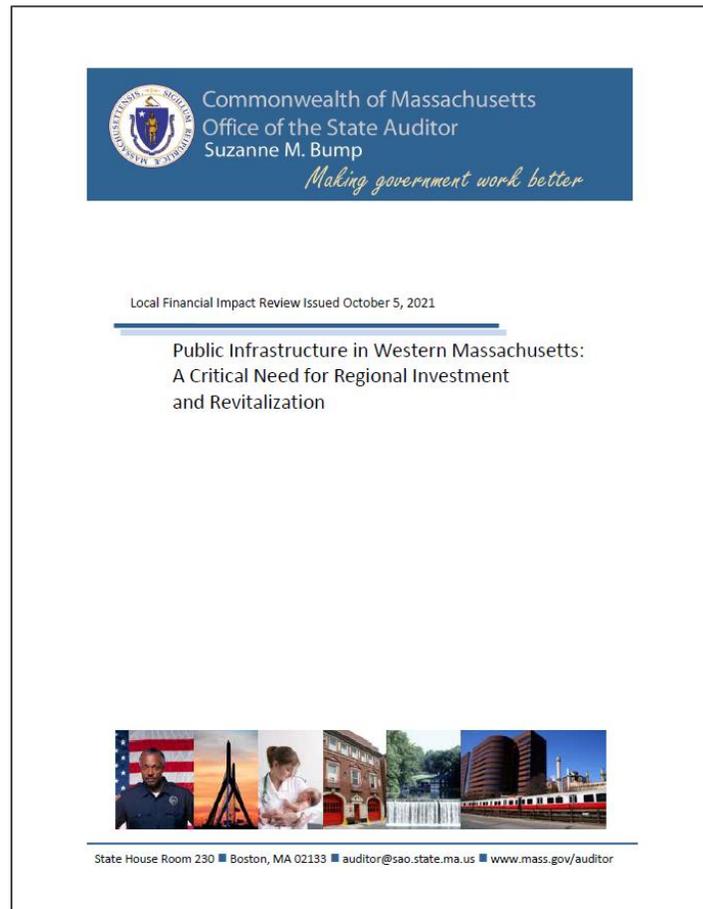


Public Infrastructure in Western Massachusetts: A Critical Need for Regional Investment and Revitalization (Oct. 2021)
(click cover image to view report)



Preparing for the Future of Work in the Commonwealth of Massachusetts (July 2021)
(click cover image to view report)

Public Infrastructure in Western Massachusetts: A Critical Need for Regional Investment and Revitalization (Oct. 2021)



The image shows the cover of a report from the Commonwealth of Massachusetts Office of the State Auditor, Suzanne M. Bump. The cover features the state seal and the motto "Making government work better". The title of the report is "Public Infrastructure in Western Massachusetts: A Critical Need for Regional Investment and Revitalization". The report was issued on October 5, 2021. At the bottom, there is a row of five small images: a man in a uniform, a person holding a child, a brick building, a fountain, and a train. Contact information for the State House Room 230 in Boston, MA is provided at the bottom.

Commonwealth of Massachusetts
Office of the State Auditor
Suzanne M. Bump
Making government work better

Local Financial Impact Review Issued October 5, 2021

Public Infrastructure in Western Massachusetts:
A Critical Need for Regional Investment
and Revitalization

State House Room 230 ■ Boston, MA 02133 ■ auditor@sao.state.ma.us ■ www.mass.gov/auditor

“For rural communities, most of which are in Western Massachusetts, local needs are not and cannot be met without state assistance.”

“Since the economic pain of the Great Recession in 2008, the Mass. economy as a whole has grown by almost 50%. Yet, the four counties of Western Massachusetts have not experienced the booming recovery that is ongoing in the Greater Boston region.”

Public Infrastructure in Western Massachusetts: A Critical Need for Regional Investment and Revitalization (Oct. 2021)

Finding 1 Page 32	Transportation infrastructure such as roadways, bridges, and culverts are a primary area of concern.
Finding 2 Page 42	Continued investment in high-speed broadband is critical to the success of the region.
Finding 3 Page 43	Lack of infrastructure investment undermines business and economic development.
Finding 4 Page 44	Many communities have outdated municipal buildings that are in need of replacement or significant repairs or renovations.
Finding 5 Page 51	There is a lack of formalized support for most municipal buildings.
Recommendation 1 Page 52	<ul style="list-style-type: none"> a. The Chapter 90 Program needs additional funding and formula reform. b. Repair and replacement of small bridges and culverts need more funding and attention. c. The Small town road Assistance Program requires greater funding and modification.
Recommendation 2 Page 57	The Massachusetts Broadband Institute (MBI) needs to continue to work with networks to make broadband cost effective for areas and customers who currently do not have it, in particular the communities for which MBI has not yet provided it. This work should continue at all deliberate speed.
Recommendation 3 Page 58	Create a public infrastructure authority to assist communities with renovation or replacement of municipal buildings.

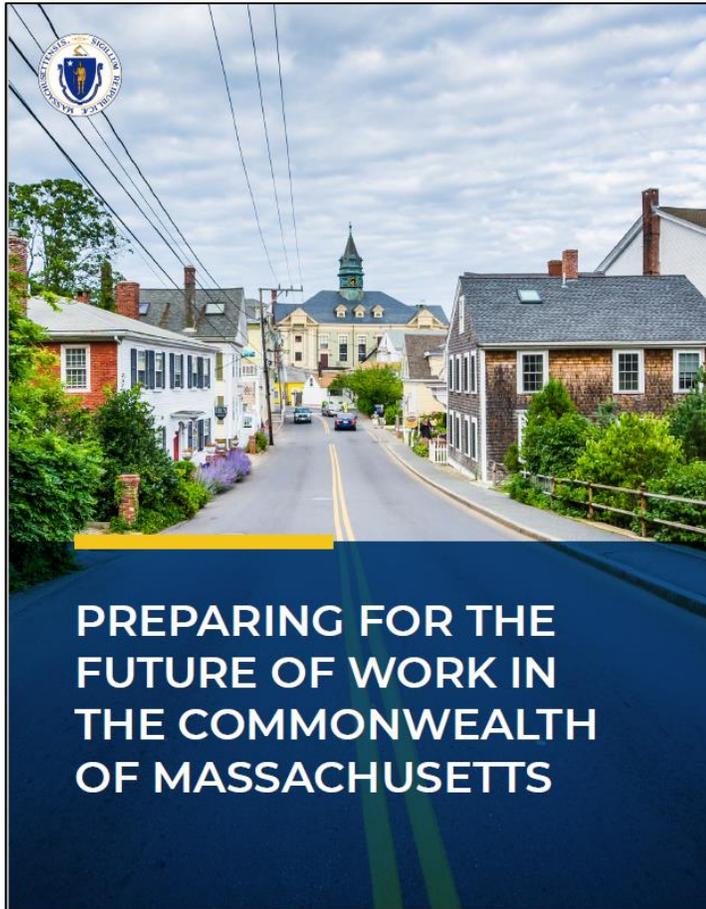
Findings Summary:

Heavy residential tax burden, due to low growth and Prop 2 ½ limits, results in limited to no resources for infrastructure maintenance or expansion.

Recommendations Summary:

Strong need for state investment due to aging and under-resourced infrastructure.

Preparing for the Future of Work in the Commonwealth of Massachusetts (July 2021)



“This work aims to provide a fact base and assessment of current and future trends to inform any workforce and economic interventions that might be needed to address recent challenges and to prepare the state and its citizens for a successful future.”

This report is concerning because it implies that Boston/Cambridge and the Greater Boston area face more challenges in recovering from COVID than rural areas.

Preparing for the Future of Work in the Commonwealth of Massachusetts (July 2021)

Potential impact of major trends across regional archetypes



Trends	A. Boston/Cambridge	B. Greater Boston Urban Residential	C. Gateway Cities	D. Suburban Greater Boston	E. Suburban Non-Boston	F. Rural (Tourism based economies)	G. Rural
1. Reduced demand for office real estate	Dark Blue	Medium Blue	Dark Blue	Light Blue	Medium Blue	Medium Blue	Light Blue
2. Need for affordable, flexible, childcare options	Medium Blue	Dark Blue	Dark Blue	Medium Blue	Medium Blue	Light Blue	Light Blue
3. Ridership decline in public transit	Dark Blue	Dark Blue	Medium Blue	Dark Blue	Light Blue	Light Blue	Light Blue
4. Reduced business travel	Dark Blue	Dark Blue	Medium Blue	Medium Blue	Light Blue	Light Blue	Light Blue
5. Accelerated pace and scale of reskilling	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Medium Blue	Medium Blue
6. Slowing population growth	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue
7. Greater equity challenges	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Medium Blue	Medium Blue
8. Capacity constrained housing options	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Medium Blue	Medium Blue

For instance, rural areas lacked adequate office space, childcare, transit, housing and diversity **before** the pandemic, which this report minimizes.

From Great Recession to COVID-19 Pandemic

We hypothesized that rural areas had not fully recovered from the Great Recession when the pandemic hit, so the impacts of COVID worsened already economically fragile and stagnant Massachusetts municipalities. We tested that theory by examining:

Demographics:

- Population change
- Median age
- School enrollment

Economics:

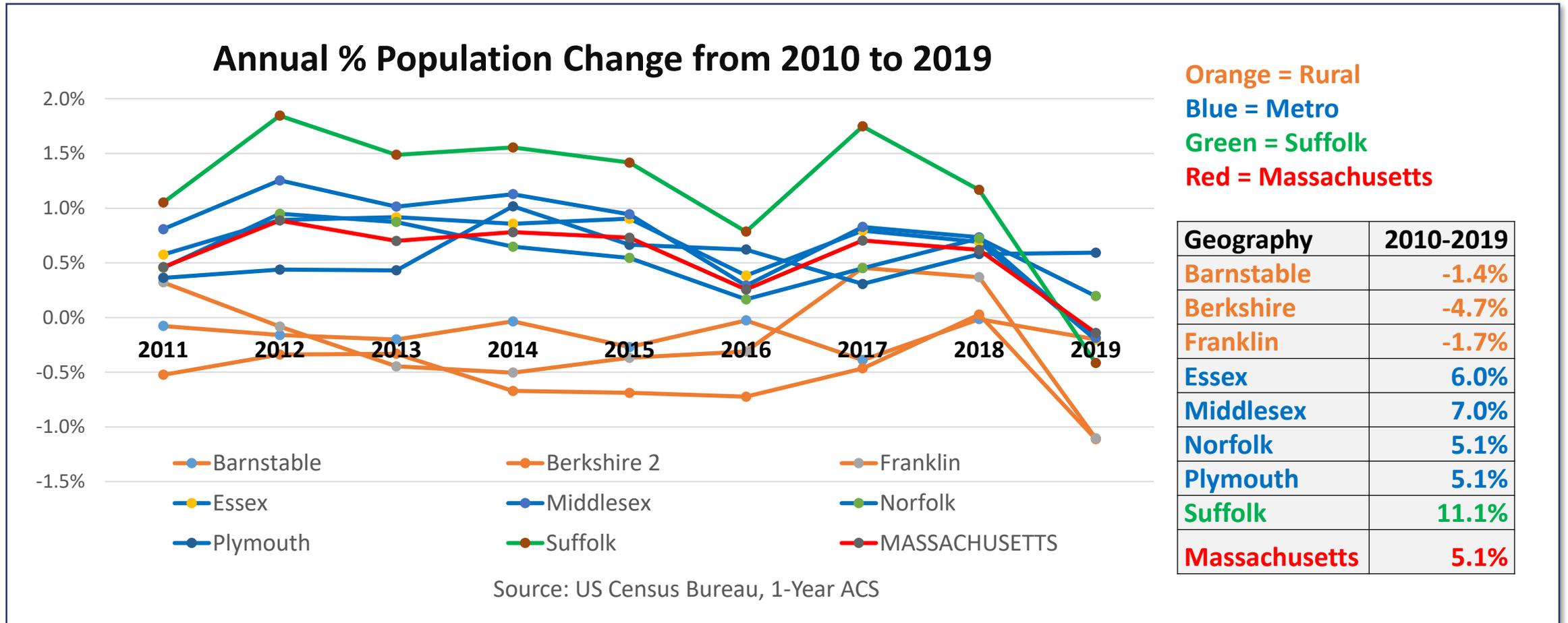
- Employment change
- % of Statewide Average Earnings Per Job
- Income change

Property:

- Assessed Property Value change
- Housing & Transportation costs

The following slides show 2010 to 2018 data for Suffolk County (Boston) in **green**; Essex, Plymouth, Middlesex and Norfolk Counties (greater Boston) in **blue**; Barnstable, Berkshire and Franklin Counties (the more predominantly rural counties in MA) in **orange**; and Massachusetts overall in **red**.

DEMOGRAPHICS - Population



Despite a small decline in population in Suffolk County (from 2018 to 2019), over the 10-year period, Suffolk County population grew by 11.1%. In that same time period, the populations of Barnstable, Berkshire and Franklin Counties declined. Population decline negatively impacts all aspects of rural life and the rural economy.

DEMOGRAPHICS - Population

Secretary Of State Galvin Sounds Alarm On Western Massachusetts Population

New England Public Media | By Adam Frenier
Published August 18, 2021 at 4:32 PM EDT



Source: <https://www.nepm.org/regional-news/2021-08-18/secretary-of-state-galvin-sounds-alarm-on-western-massachusetts-population>

EXCERPTS – NEW ENGLAND PUBLIC MEDIA, 8/18/21:

Massachusetts Secretary of State Bill Galvin said action needs to be taken to grow the population of the western part of the state.

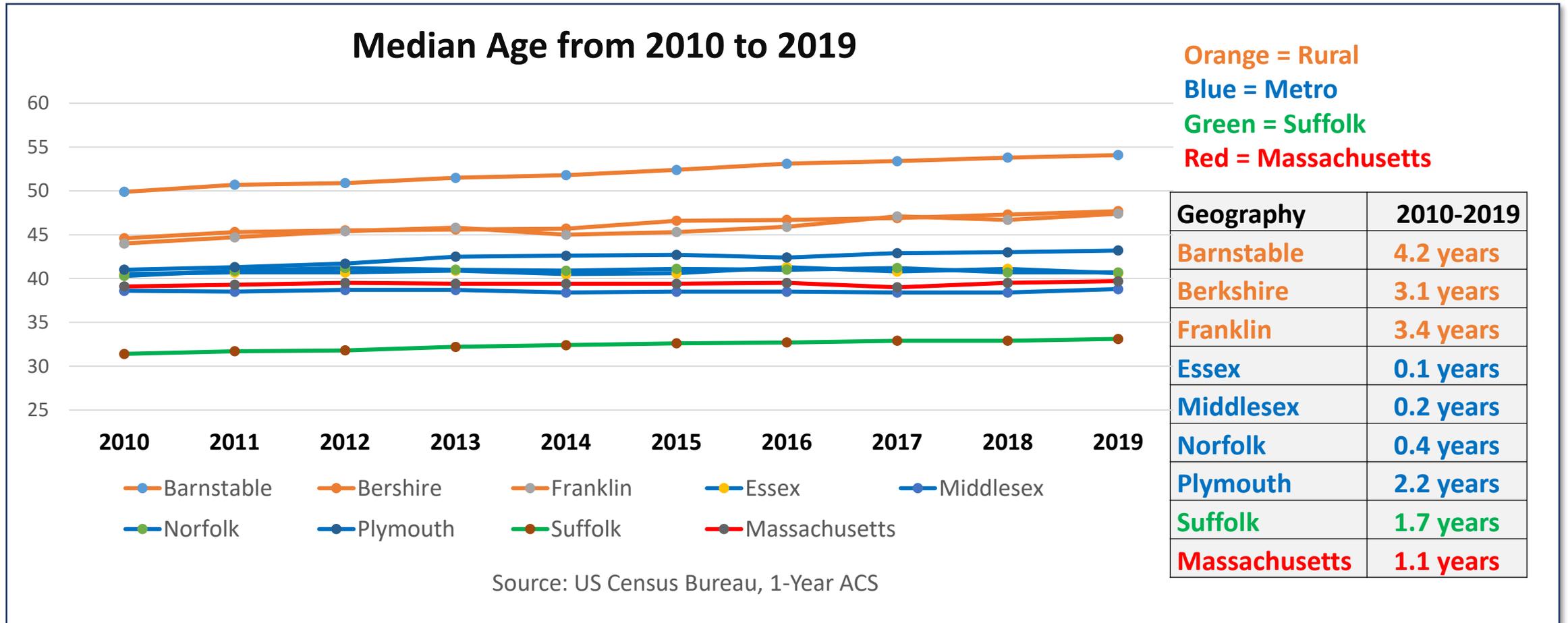
Galvin said that just like in eastern Massachusetts, job creation is key to boosting the population.

"The reality is there has to be a concentrated effort from the state, at the state level, to bring about new economic activity here in western Massachusetts," he said.

Galvin warned that areas losing population could lose state legislative seats, as the census is the basis for redrawing those districts — as well as the congressional ones. A committee of state lawmakers is currently working on redistricting.

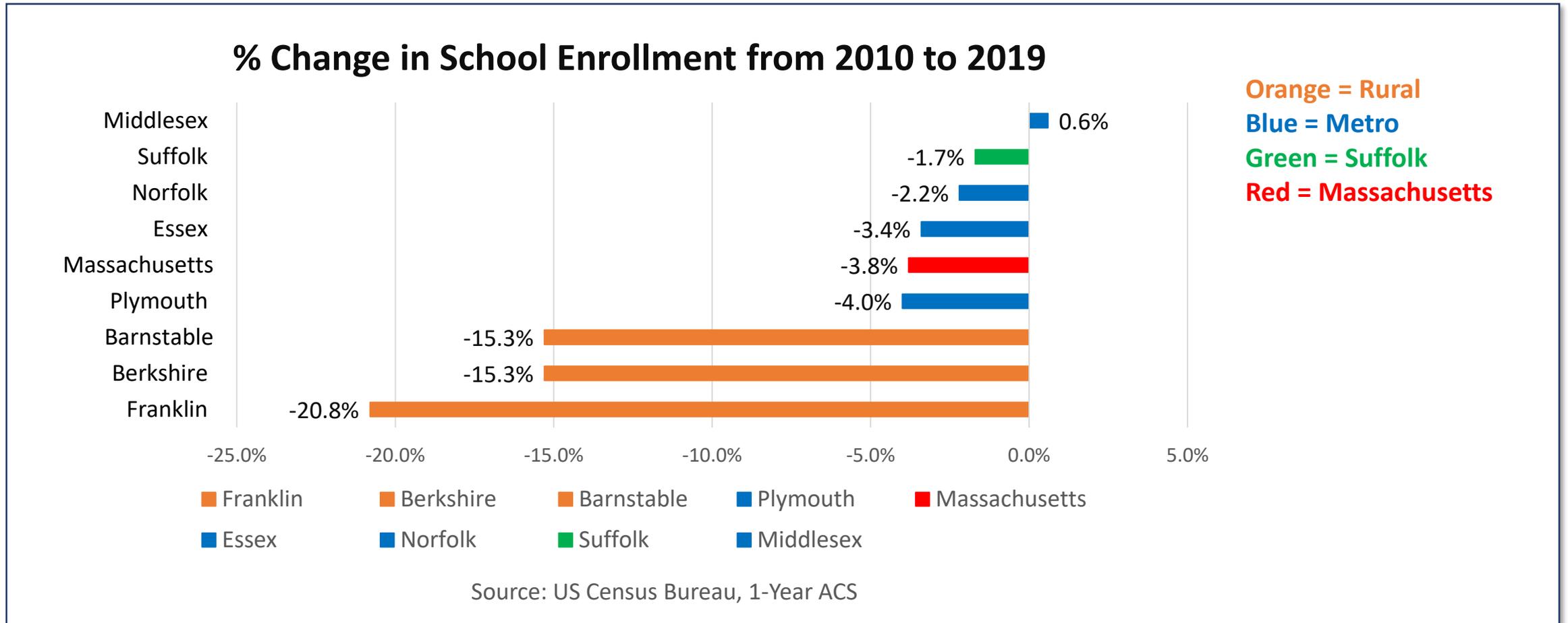
He also said shrinking communities miss out on some funding for education, transportation and public health programs.

DEMOGRAPHICS – Median Age



Rural Massachusetts is growing older, which exacerbates the problems of population decline by increasing the number of citizens on fixed incomes, the need for specialized healthcare services, housing and infrastructure, and reducing the available workforce.

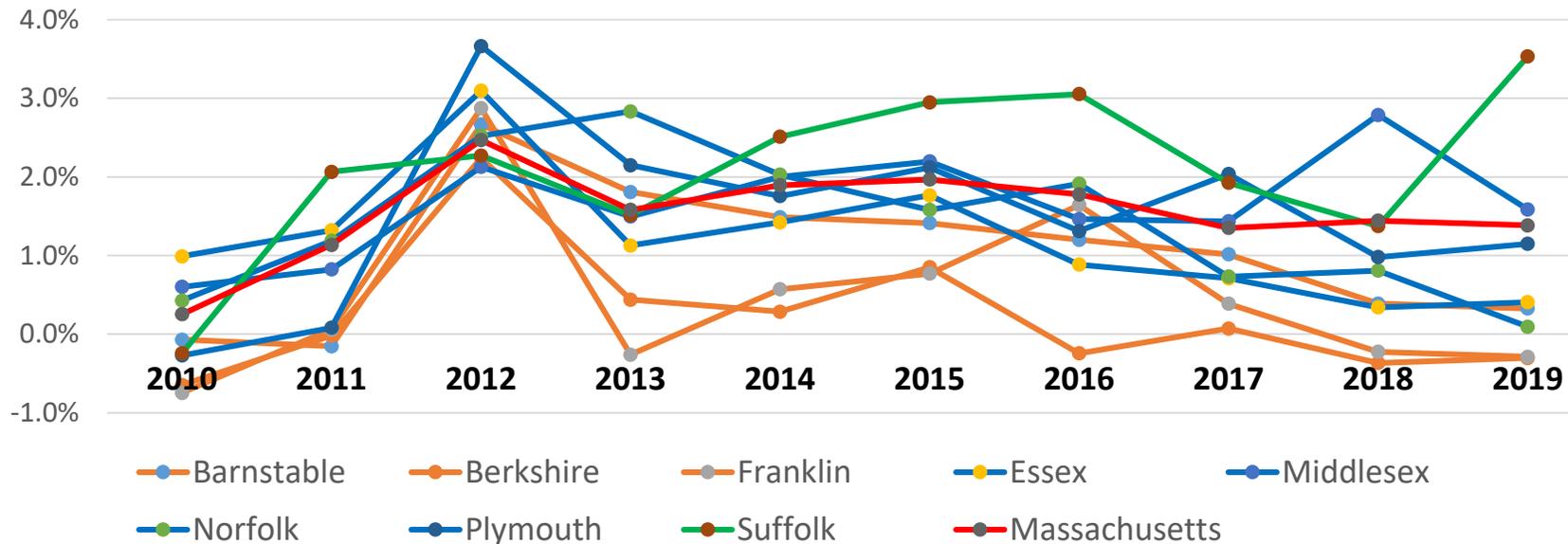
DEMOGRAPHICS – School Enrollment



Declining enrollment creates smaller class sizes, but rarely eliminates the need for a classroom or the costs of maintaining school facilities. Educating less children does not cost less.

ECONOMICS – Employment change

% Annual Change in Wage and Salary Employment from 2010 to 2019



Orange = Rural
 Blue = Metro
 Green = Suffolk
 Red = Massachusetts

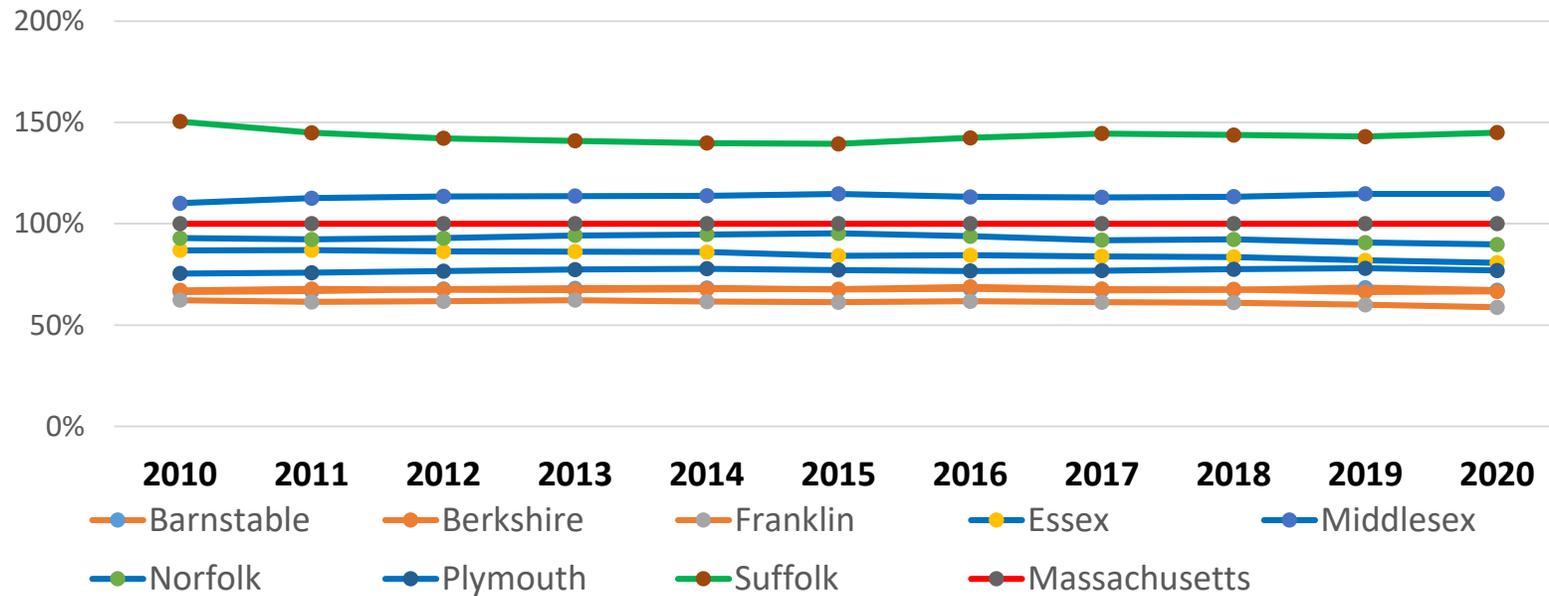
Geography	2010-2019
Barnstable	10.6%
Berkshire	3.0%
Franklin	5.6%
Essex	11.6%
Middlesex	17.1%
Norfolk	14.5%
Plymouth	16.3%
Suffolk	23.3%
Massachusetts	16.0%

Source: US Bureau of Economic Analysis, Economic Profile

While wages in Suffolk County increased by 23% over the 10-year period, wage growth of jobs located in Berkshire and Franklin Counties and other rural areas was in the single digits, arguably not keeping pace with rising costs of living over the time period and certainly not preparing rural workers for inflation and costs created by COVID-related supply chain issues.

ECONOMICS – Earnings

% of Statewide Average Earnings Per Job from 2010 to 2020



Orange = Rural
 Blue = Metro
 Green = Suffolk
 Red = Massachusetts

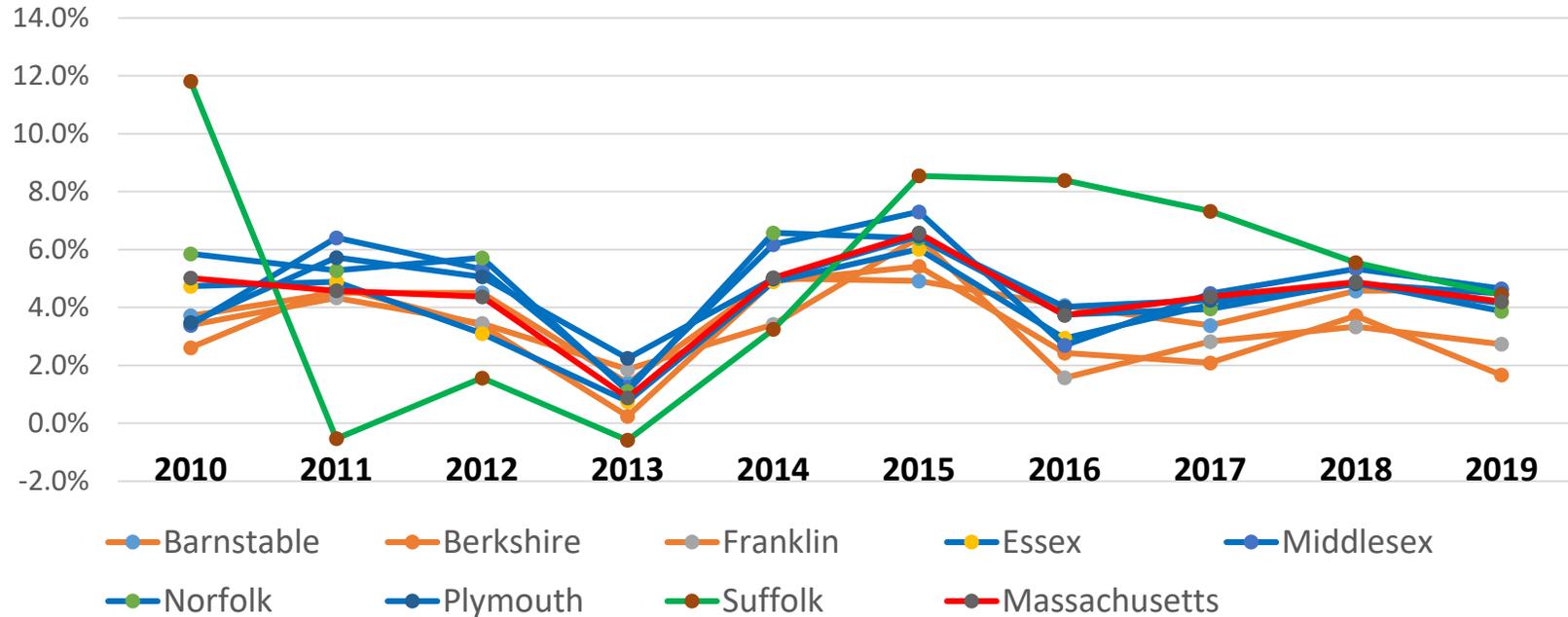
Geography	2020 Avg. Earnings per Job
Barnstable	\$57,819
Berkshire	\$57,252
Franklin	\$50,515
Essex	\$69,438
Middlesex	\$98,709
Norfolk	\$77,225
Plymouth	\$66,193
Suffolk	\$124,729
Massachusetts	\$86,027

Source: US Bureau of Economic Analysis, Economic Profile

The average earning per job in Franklin County is only 40% of the average Suffolk County job (and the earnings in Barnstable and Berkshire Counties are not significantly better). Even with the consistency of the federal minimum wage, rural areas have jobs that pay significantly less and may have fewer full-time jobs than Metro Boston and Suffolk counties.

ECONOMICS – Income Change

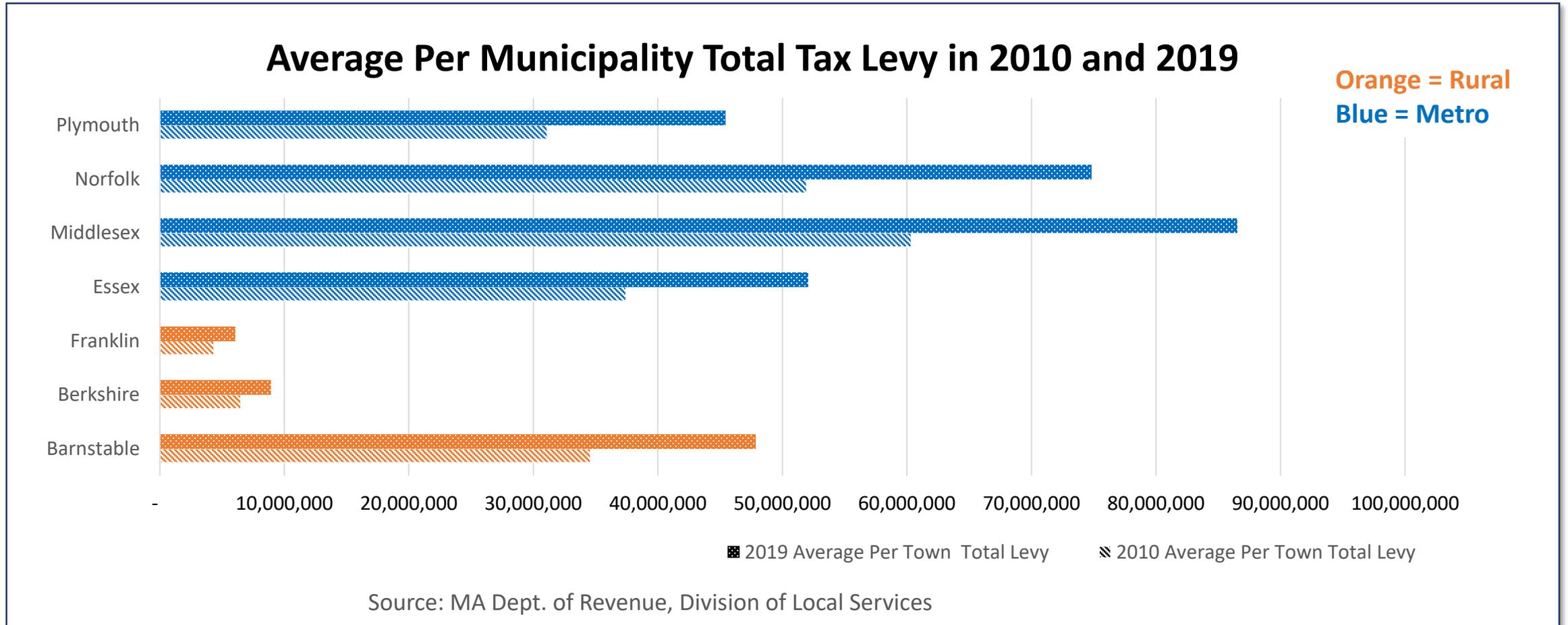
% Annual Change in Personal Income from 2010 to 2019



Source: US Bureau of Economic Analysis, Economic Profile

While personal income suffered at the beginning of the recession (likely reductions in investment performance), Suffolk County experienced stronger and more sustained recovery between 2014 and 2019 than rural areas.

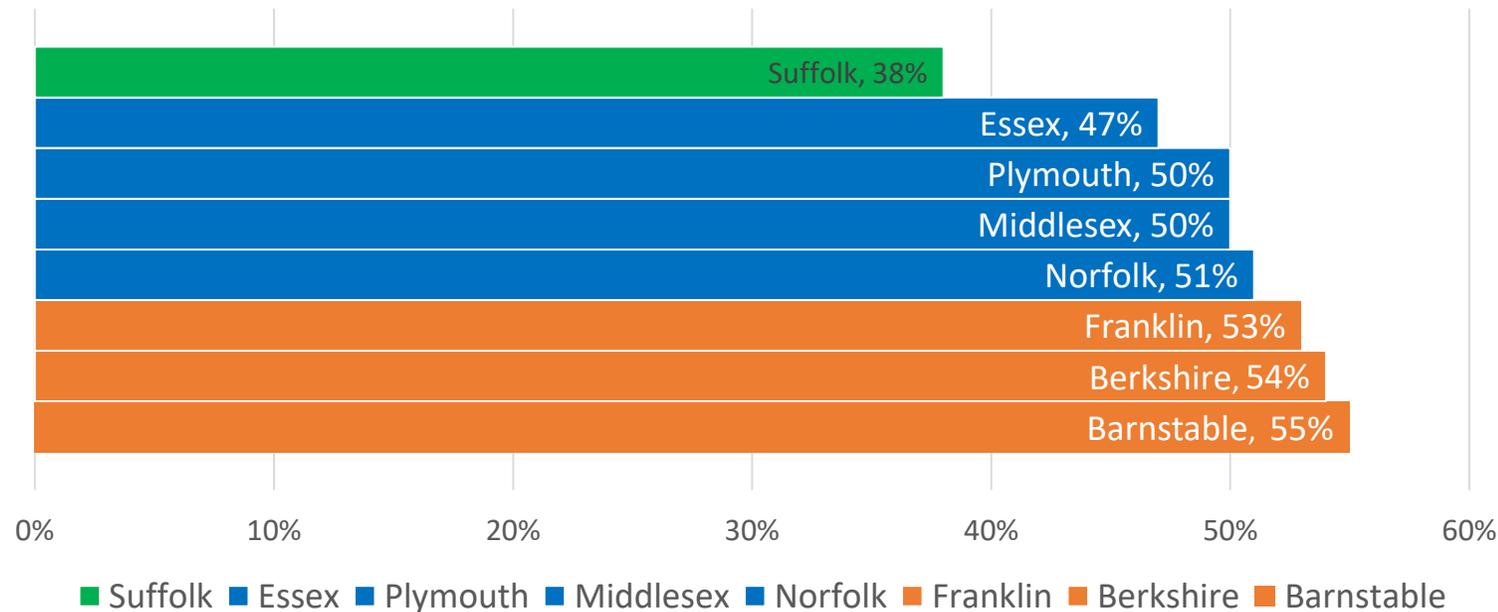
ECONOMICS – Municipal Tax Levy Change



Significantly lower property values (and property value growth), especially in central and western MA, means less tax revenue for small municipalities which results in less local services, less maintenance and less investment. Per Auditor Bump’s report, this problem is compounded by state funding formulas that are predominantly population-based.

ECONOMICS – Housing and Transportation

Housing and Transportation (H+T[®]) Affordability Index



Orange = Rural
Blue = Metro
Green = Suffolk

“By taking into account the cost of housing as well as the cost of transportation, H+T provides a more comprehensive understanding of the affordability of place.”

Dividing these costs by the representative income illustrates the cost burden of housing and transportation expenses placed on a typical household.”

Source: Center for Neighborhood Technology, H+T[®] Index

Low incomes in rural areas are often justified by noting high housing prices in eastern Massachusetts that necessitate higher incomes. However, when combining housing and transportation costs, a far greater percentage of rural income is spent on housing and transportation than in eastern, urban Massachusetts.

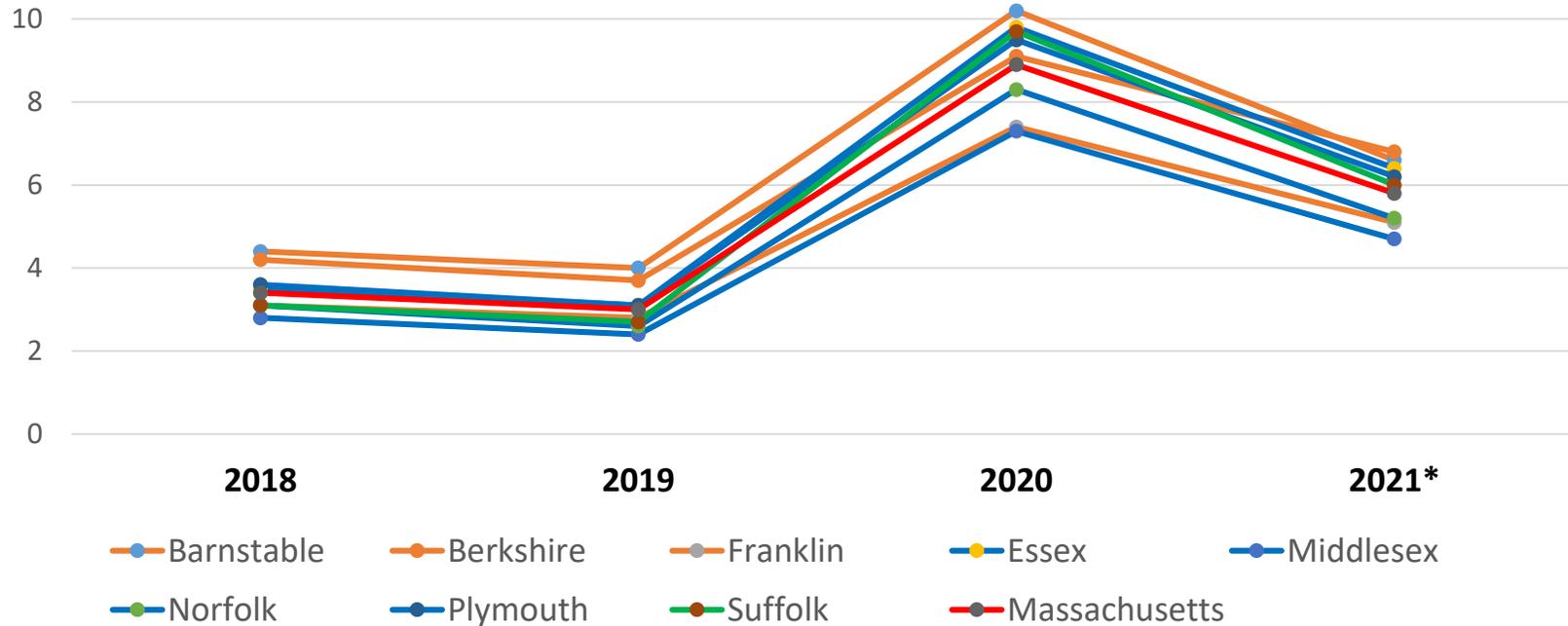
Prior datasets highlighted economic trends of concern from the Great Recession through the onset of the pandemic. By several measures, **significant rural equity work was needed prior to the onset of COVID-19.**

Next, we will present labor changes in the more recent past, prior to and through the beginning of the pandemic, to present day.

LABOR - Unemployment

Unemployment Rates from 2018 to 2021*

*11-month average



Orange = Rural
Blue = Metro
Green = Suffolk
Red = Massachusetts

Geography	2020
Barnstable	10.2
Berkshire	9.1
Franklin	7.4
Essex	9.8
Middlesex	7.3
Norfolk	8.3
Plymouth	9.5
Suffolk	9.7
Massachusetts	8.9

Source: US Bureau of Economic Analysis, Economic Profile

All counties were significantly impacted by the pandemic, resulting in high unemployment rates. However, unemployment rates do not tell the full story of employment impacts.

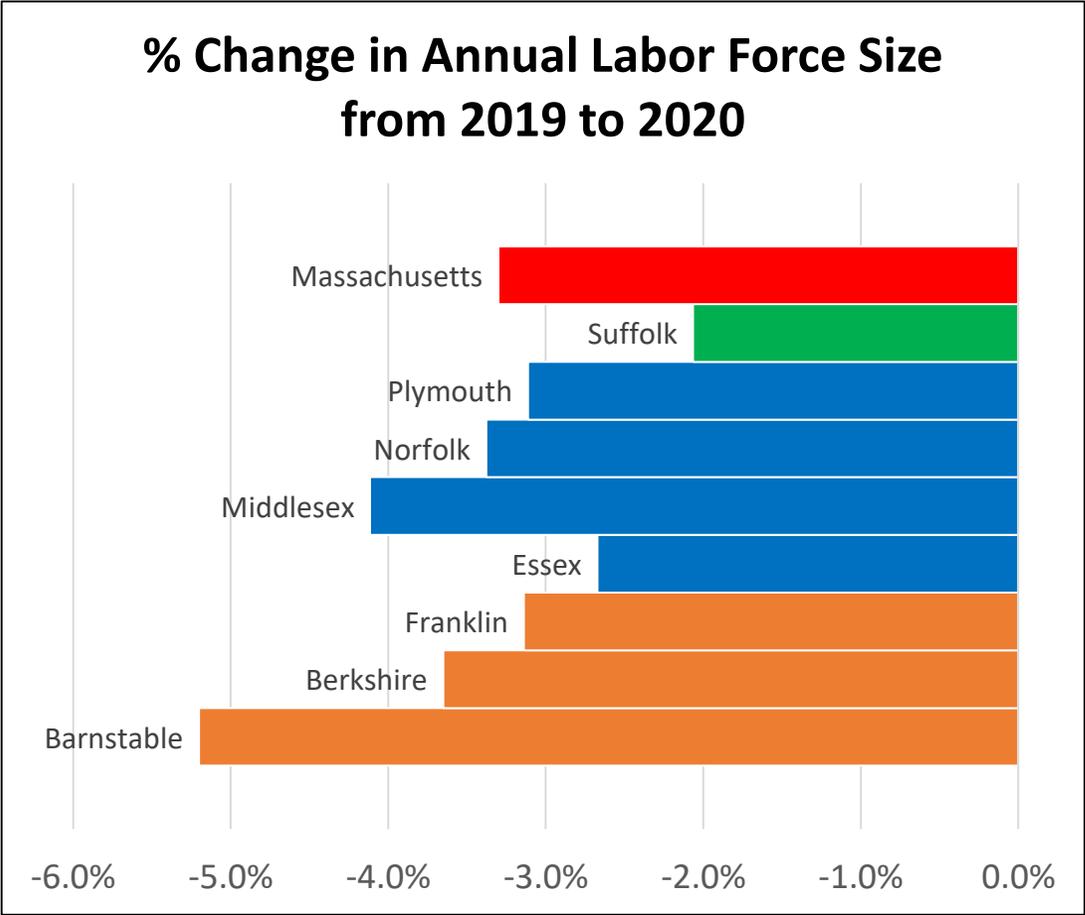
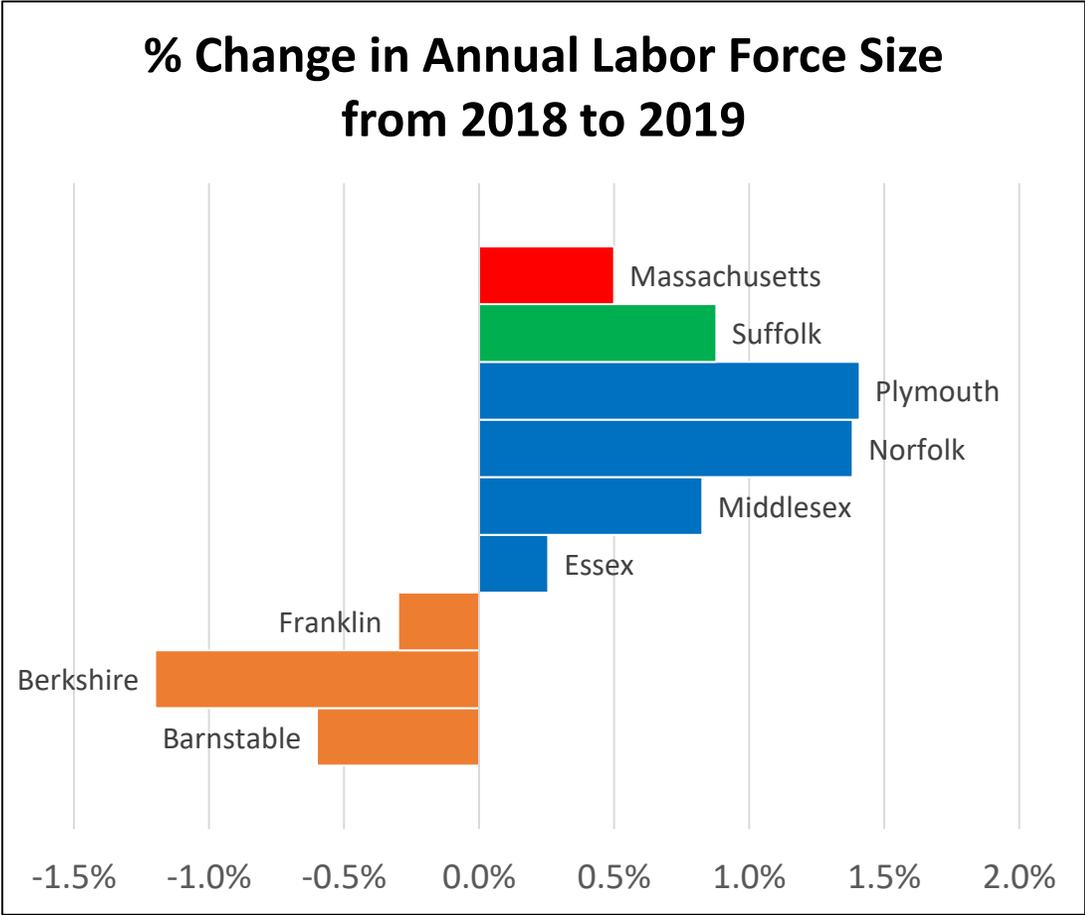
LABOR – Change in Force Size

Orange = Rural

Blue = Metro

Green = Suffolk

Red = Massachusetts



Source: MA EOLWD, Dept. of Unemployment Assistance

(Data continues on following slide.)

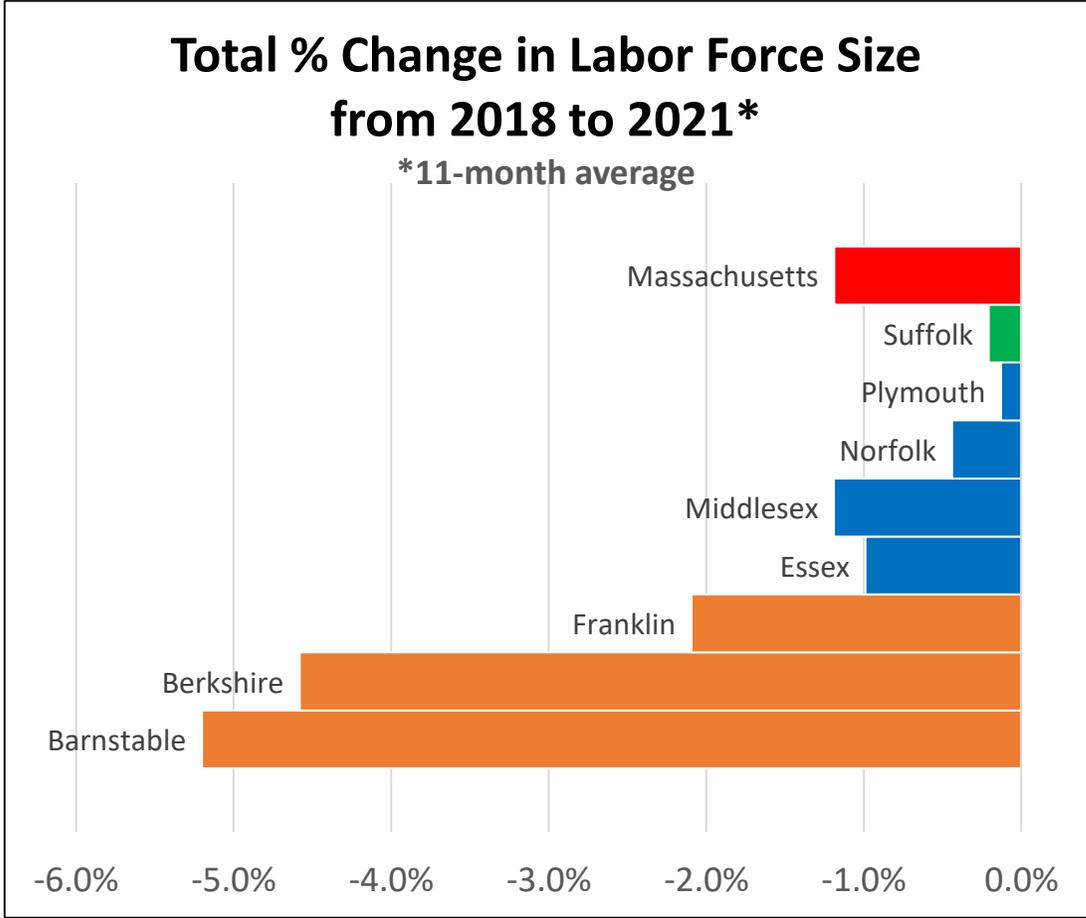
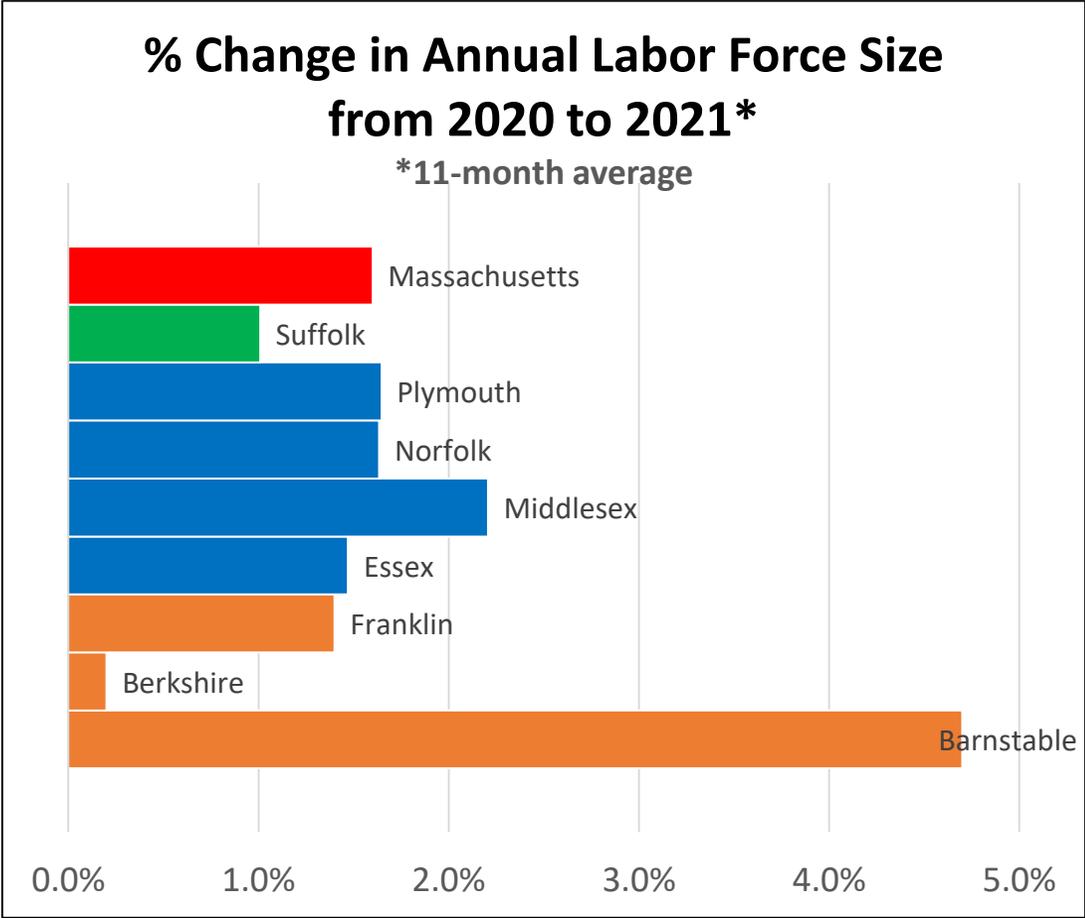
LABOR – Change in Force Size

Orange = Rural

Blue = Metro

Green = Suffolk

Red = Massachusetts



Source: MA EOLWD, Dept. of Unemployment Assistance

Rural areas were experiencing decline in labor force size before the pandemic, which continued through 2020 and has not rebounded at the same rate as Metro and Suffolk counties.

Summary

- COVID-19 exacerbated the challenges faced by rural areas that never fully recovered from the Great Recession.
- Rural areas were already struggling with low incomes, slow property and economic growth, declining population, and funding formulas and programs that have been inequitable for decades (as documented in the Rural Policy Plan). Now is our opportunity to fix that problem.

Action Plan

Implementation of the Rural Policy Plan assumes a longer-term timeline. However, the allocation of both ARPA and surplus funds create an immediate opportunity to achieve greater regional equity.

ACCESS

EQUITY

OPPORTUNITY

RESILIENCE

ACCESS

Rural municipalities need access to funding programs and opportunities.

- Create a Municipal Building Authority that provides:
 - Capacity to small communities for planning, design, grant writing
 - Capital funding for small communities
- Revise DHCD housing development programs to recognize rural scale and costs

EQUITY

State funding formulas need to be revised to remedy decades of inequity to rural municipalities.

- Chapter 90
 - Rep. Pignatelli's recommendation
 - Remove population from formula for any Chapter 90 allocation over \$150m/200m
- PILOT (*SD.1197*)
 - Increase total appropriation
 - Revise formula to lessen impact of property valu
- Chapter 70
 - Rural adjustment factor

OPPORTUNITY

Create new opportunities to help rural municipalities grow their economies, protect their assets, thrive.

- Pass legislation and fund an Office of Rural Policy! (*HD.1660 and SD.1219*)
- Create a rural Transformative Development Initiative (a Gateway Cities program) program (*HD.3650*)
- Increase rural transit funding for new, innovative expansion of rural transit

RESILIENCE

- Create a statewide growth management strategy that recognizes the needs and values of rural municipalities and the costs and constraints of exclusive urban expansion
- Recognize and monetarily value the benefit of rural land for food production, carbon storage, flood resilience
- Create a Dirt and Gravel Road Program (*HD.2433 and SD.2452*)

Specific Recommendations

TRANSPORTATION AND ECONOMIC DEVELOPMENT

- Use ARPA funds to increase the funding for all **One Stop for Growth** programs and especially for **MassWorks** and the **Rural Development Fund**.
- Change the **Chapter 90** formula to reduce the historical disadvantage to rural towns. Allocate any amount over \$200 million solely on road miles.
- Increase **Municipal Small Bridge Program** funding to \$250 million over 5 years and remove \$500,000 project limit. Instruct MassDOT to create multiple small bridge and culvert design templates for local use
- Increase **Culvert Replacement Municipal Assistance Grant Funding** (Div. of Ecological Restoration-funded program) to at least \$2 million/year.
- Create and fund a **Dirt and Gravel Road Program** (Representative Blais bill H.2433)
- Provide **funding for engineering and design** of road and bridge projects to Rural Communities.
- Increase funding to **rural RTAs**.

BROADBAND

- **Relieve all municipal debt** for last mile infrastructure.
- Renegotiate the contract with middle mile service providers to **make access to MassBroadband 123 more affordable** to potential users.
- Create a **flexible municipal broadband grant** program for broadband infrastructure expansion to reach remaining unserved households.

Specific Recommendations

WATER AND SEWER

- Commit to a minimum of \$400 million for the **Massachusetts Clean Water Trust**.
- **Provide assistance and create funding programs** that specifically help rural communities with water and wastewater challenges.

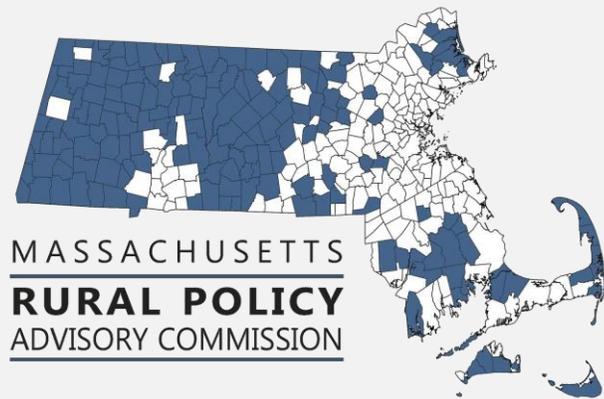
MUNICIPAL BUILDINGS

- **Create municipal building authority** to assist with renovation and replacement of all types of municipal buildings.
- **Provide design templates for certain town buildings** reflective of population and services provided.

RURAL EQUITY AND COMPETITIVENESS

- Provide **professional help and capacity** to small towns for planning, design, engineering, project development, surveying, grant writing.
- Revise the **State-Owned-Land PILOT Program**: increase its appropriation , revise its distribution formula to reduce weight of property value growth and to recognize carbon sequestration and food security value.
- **Revise housing and infrastructure state grant programs** that put a reduced cap on rural projects, provide a lower subsidy for rural projects, and/or limit total authorization for rural projects.
- **Remove “non-rural” bias** from state programs and policies. (Senator Comerford bill S.2029)

Thank You!



Linda Dunlavy
Executive Director

Franklin Regional Council of Governments
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