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**LEVERAGING
NORTH CAROLINA'S
MIGRATION DIVIDEND**

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INTRODUCTION

This research brief uses data from the 2014-2015 Internal Revenue Service (IRS) migration file to quantify the dividend North Carolina receives from recent movers to the state.¹ We calculate the dividend as the differences in per capita adjusted gross income from those who moved to North Carolina (in-migrants) relative to those who were already living in the state (non-migrants) and relative to those who moved from the state (out-migrants). The dividends from migrants ages 55 and older, especially those settling in eight migration magnet counties (Mecklenburg, Wake, Durham, Buncombe, New Hanover, Brunswick, Cabarrus, and Johnston), are significant. This migration constitutes a strategic opportunity for both business development and job creation in North Carolina communities.

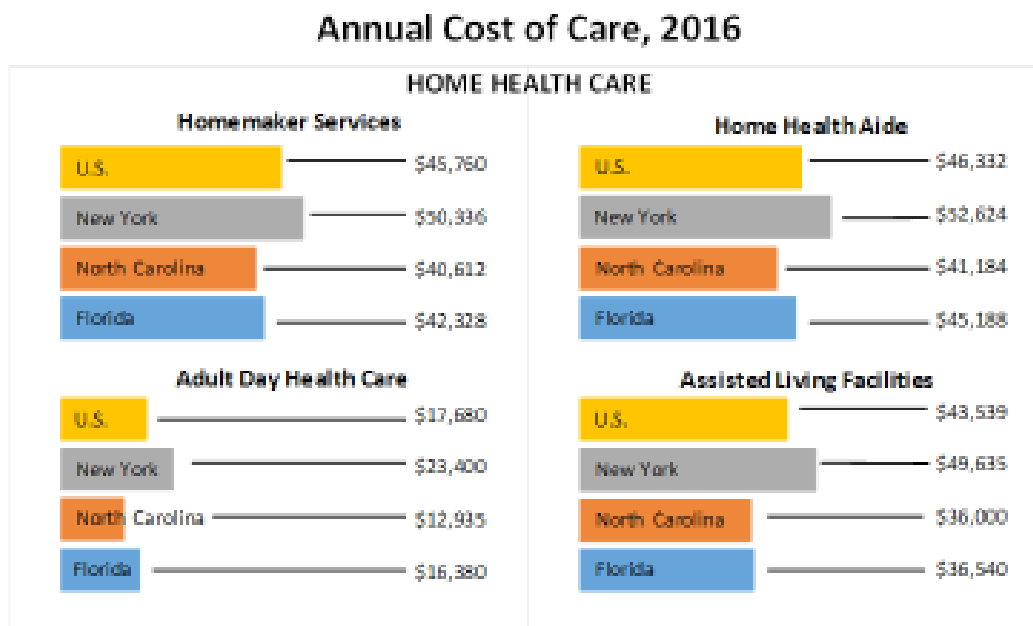
¹ For income tax filers, the IRS gross migration file contains information on the age of the primary taxpayer, migration status (in-migrant, out-migrant, mover within the state, non-migrant), number of exemptions, and adjusted gross income. The file classifies the age of the primary taxpayer (based on date of birth) as follows: all ages, under 26, 26 under 35, 35 under 45, 45 under 55, 55 under 65, 65 and over. For our purposes here, we aggregated the data for tax filers in the last two age groups and refer to them as the 55 and over population. The IRS also documents county-to-county migration which enables us to identify the number of in-migrants, out-migrants, and non-migrants for each of North Carolina's 100 counties. For each age group and each North Carolina county, per capita income for in-migrants, out-migrants, and non-migrants was determined by dividing aggregate adjusted gross income by the aggregate number of exemptions and multiplying by 1,000.

THE RESEARCH CONTEXT

Over the past 15 years, North Carolina has been a major migration magnet, with a net gain of more than 2 million people and, as a result, growing more rapidly than the nation and the South. Driving this growth are native- and foreign-born Hispanics/Latinos, other people of color, upwardly mobile Gen Xers, opportunity-seeking millennials, and retirees, both boomers and pre-boomers. Migrants to North Carolina are attracted by the state's strong metropolitan economies and diverse portfolio of physical and cultural amenities.

World-class and relatively affordable health care is another major draw, especially for retirees. Cost of care surveys suggest North Carolina is an intervening opportunity between New York—a major origin for migrants to the South—and Florida—historically the preferred migration destination for snowbird retirees. In 2016, for example, the annual cost of private nursing home care was \$136,000 in New York and \$100,000 in Florida, but only \$89,000 in North Carolina. Similar disparities existed in the cost of homemaker services, home health aide, adult day health care, and assisted living facilities (see Figure 1).

Figure 1



Source: Genworth 2016 Cost of Care Survey.

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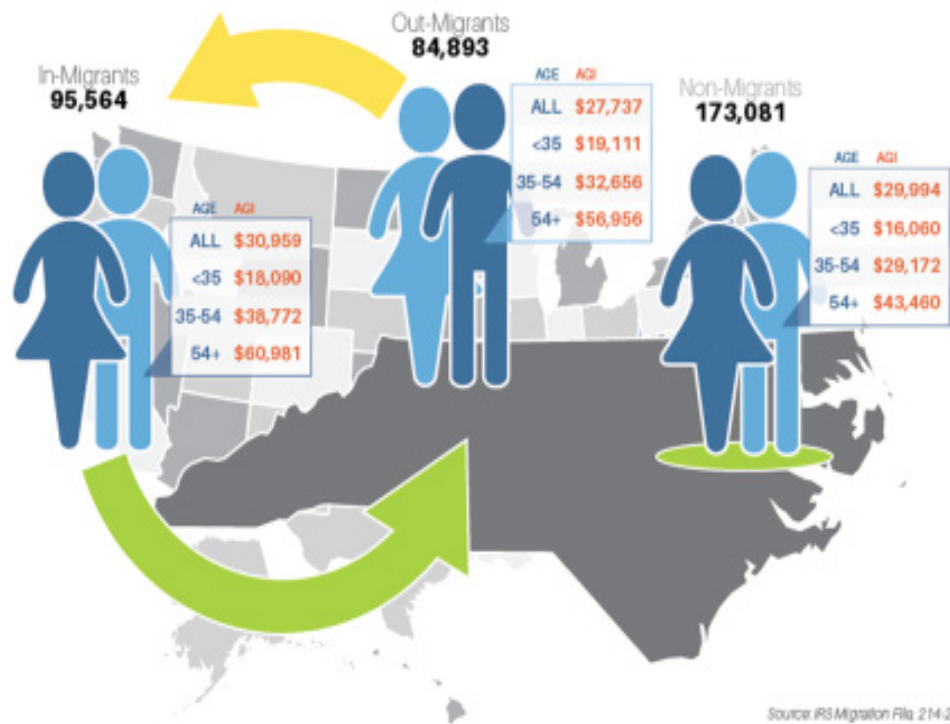
IRS data on tax filers who moved within and across state boundaries between calendar years 2014 and 2015 provide critical insights into the financial dividends that have accrued to the state of North Carolina because of its attractiveness as a migration destination. We highlight *who* contributed the migration dividend—as reflected in the age of tax filers and *where* within the state the migration dividends accrued—in terms of specific counties.

FINDINGS

Between 2014 and 2015, 95,564 tax filers moved into and 84,893 left the state, for a net gain of 10,671 tax-paying households. Thirty six percent of these net tax filers were under age 35, 27 percent were between 35 and 54, and 35 percent were 55 or older.

Figure 2

Per Capita Adjusted Gross Income (AGI) of North Carolina In-Migrants, Out-Migrants and Non-Migrants by Age, 2014-2015



Source: IRS Migration File, 2/14-2015

Source: IRS Migration File 2014-2015.

Looking across all age groups, an in-migrant dividend accrued to the state relative to both non-migrants (\$785 per capita) and out-migrants (\$3,022 per capita). However, the financial impact varied substantially by age of the tax filer (see Figure 2).

- Comparing in-migrants and out-migrants, there was a small financial loss for those under age 35 (-\$421 per person), but modest-to-significant gains or dividends from those ages 35-44 (+\$6,116 per person) and 55 and older (+\$4,025 per person).
- Comparing the per capita adjusted growth income of in-migrants and non-migrants revealed an even greater financial dividend of migration. The gains were relatively modest for the under 35 age group (\$2,831 per person) but substantial for those ages 35-54 (+\$9,100 per person) and 55 and over (+\$17,521 per person).

LEVERAGING NORTH CAROLINA'S MIGRATION DIVIDEND

Eight counties—Brunswick, Buncombe, Cabarrus, Durham, Johnston, Mecklenburg, New Hanover, and Wake—accounted for nearly 40% of total in-migration and close to half of migration from a different state between 2014 and 2015. Among these eight counties, two—Mecklenburg and Wake—were the primary migration magnets, together capturing a little over one-fifth of total in-migration (22.6%) and more than a quarter of in-migration from a different state or abroad (28.6%) (see Table 1).

Table 1: Migration Magnet Counties, 2014-2015

State/County	Total In-Migrants	Percent of Total	In-Migrants from Different State or Abroad	Percent of Total
North Carolina	209,257	100.0	95,564	100.0
Mecklenburg	25,846	12.4	16,253	17.0
Wake	21,324	10.2	11,096	11.6
Durham	8,563	4.1	3,586	3.7
New Hanover	5,968	2.8	2,987	3.1
Buncombe	5,913	2.8	3,502	3.7
Cabarrus	4,815	2.3	1,580	1.6
Johnston	3,954	1.9	1,133	1.2
Brunswick	3,191	1.5	1,703	1.8

Source: IRS County to County Migration File 2014-15.

Six of these migration magnet counties—Mecklenburg, Wake, Durham, New Hanover, Buncombe, and Brunswick—had geographically expansive and diverse in-migration fields, that is, sets of communities where most of the in-migrants originated (see Figures 3A-3E).² Most of the in-migrants to Durham and Wake counties were transplants from metropolitan counties in states like New York, Massachusetts and Pennsylvania in the Northeast, but some relocated from metropolitan counties in Florida, Texas, and as far away as California and Washington State (see Figures 3A and 3B).

Mecklenburg had significant in-migration from metropolitan counties in the Northeast, Midwest, and the West, as well as from metropolitan and micropolitan counties in the South, especially in nearby South Carolina, Georgia, and Florida (see Figure 3C). In contrast to Mecklenburg, Durham, and Wake counties, Buncombe, New Hanover, and Brunswick counties received more in-migrants from metropolitan counties in the South along with notable numbers from metropolitan counties in the Northeast, the Midwest, and the West (see Figures 3D and 3E).

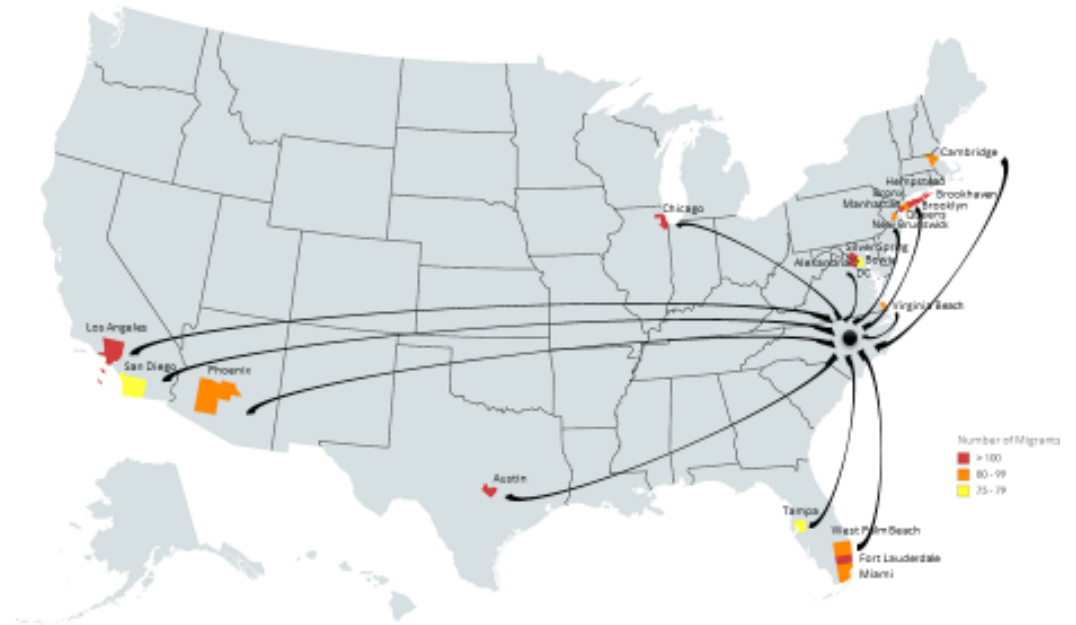
²The other two migrant magnet counties—Johnston and Cabarrus—benefited primarily from spillover migration from nearby Wake and Mecklenburg counties, respectively.



Mecklenburg and Wake Counties are North Carolina's primary migration magnets

Figure 3A

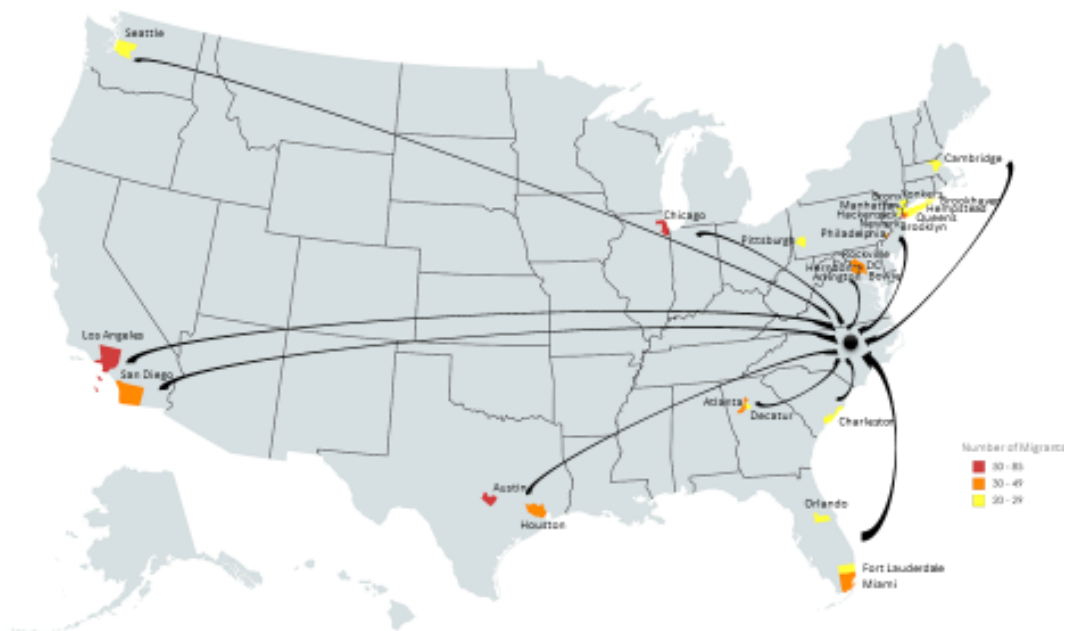
Wake County, NC In Migration Fields, 2014-2015



Source: IRS Migration File

Figure 3B

Durham County, NC In Migration Fields, 2014-2015



Source: IRS Migration File

Figure 3C

Mecklenburg County, NC In Migration Fields, 2014-2015

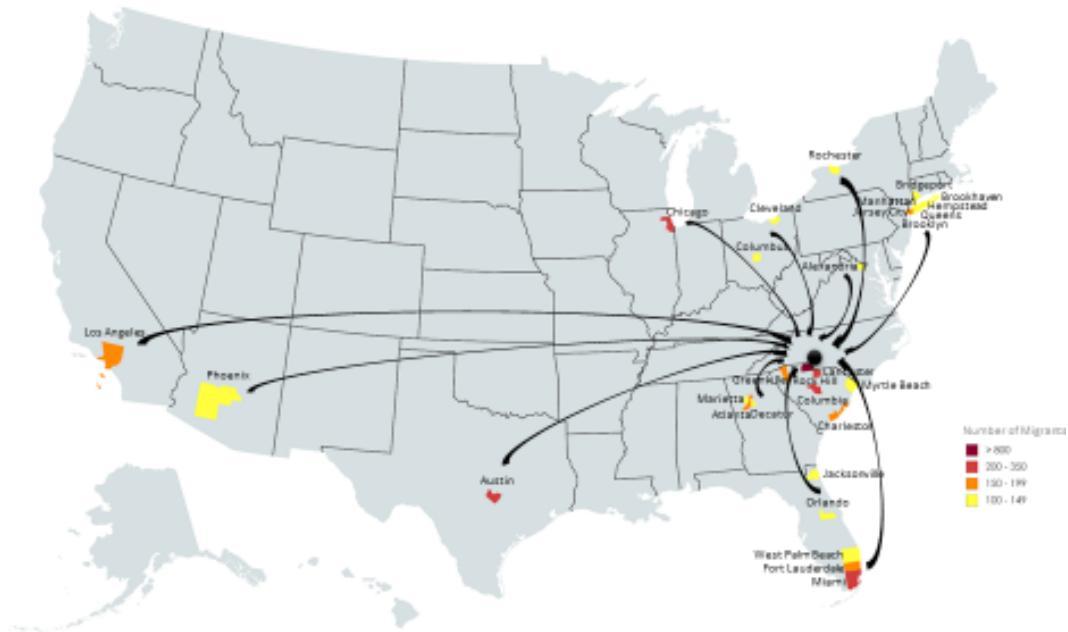


Figure 3D

Buncombe County, NC In Migration Fields, 2014-2015

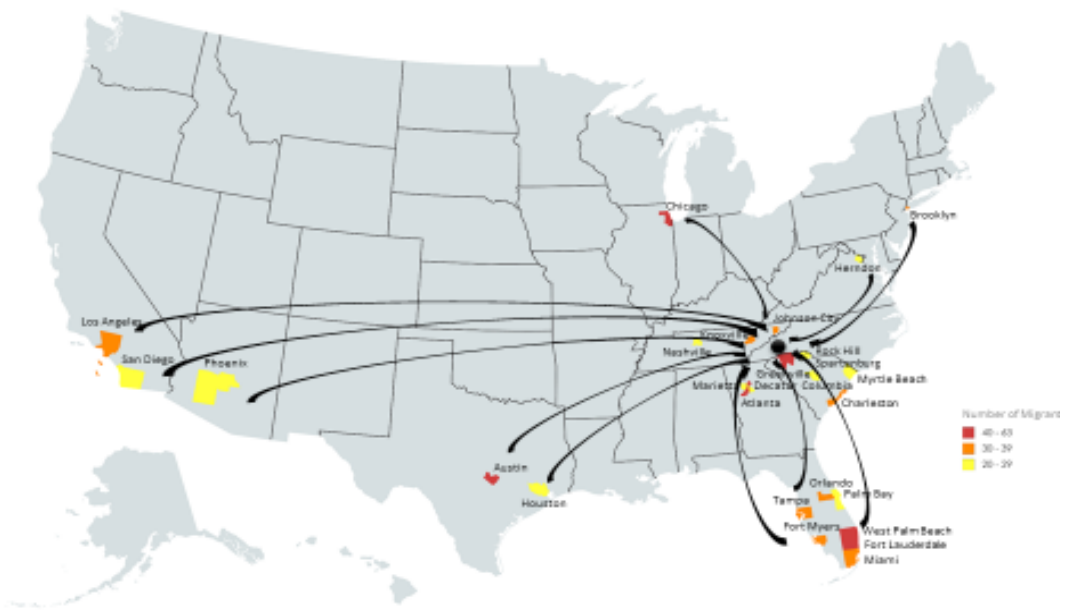
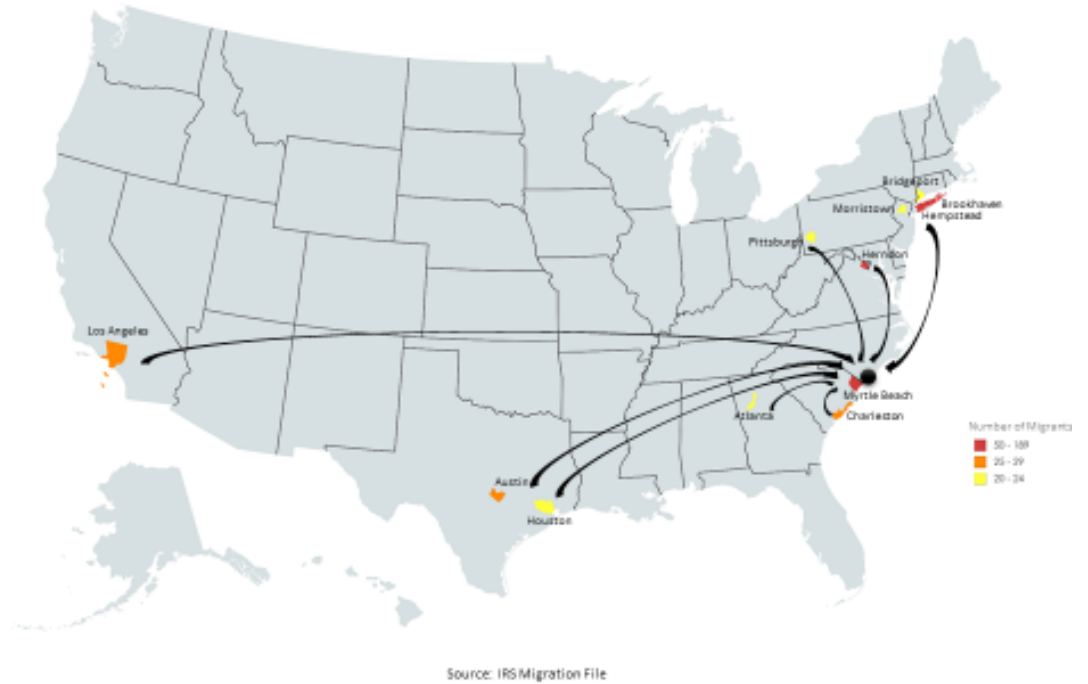


Figure 3E

**New Hanover & Brunswick Counties, NC
In Migration Fields, 2014-2015**



Comparing the aggregate per capita adjusted gross income of all movers from a different state and non-movers, three of these counties were beneficiaries of a net migration dividend in 2015: Brunswick (+\$14,816 per person), Buncombe (+\$7,081 per person), and Durham (+\$4,088 per person) (see Table 2). However, these data mask the substantial dividends that accrued from in-migrants from specific origins communities to these eight destination communities (see Figures 4A-4E). Durham County—a nationally recognized innovation hub—and Buncombe County—a major retirement destination--were tied in terms of the number of origin communities (18) that contributed migration dividends to the state in 2015.

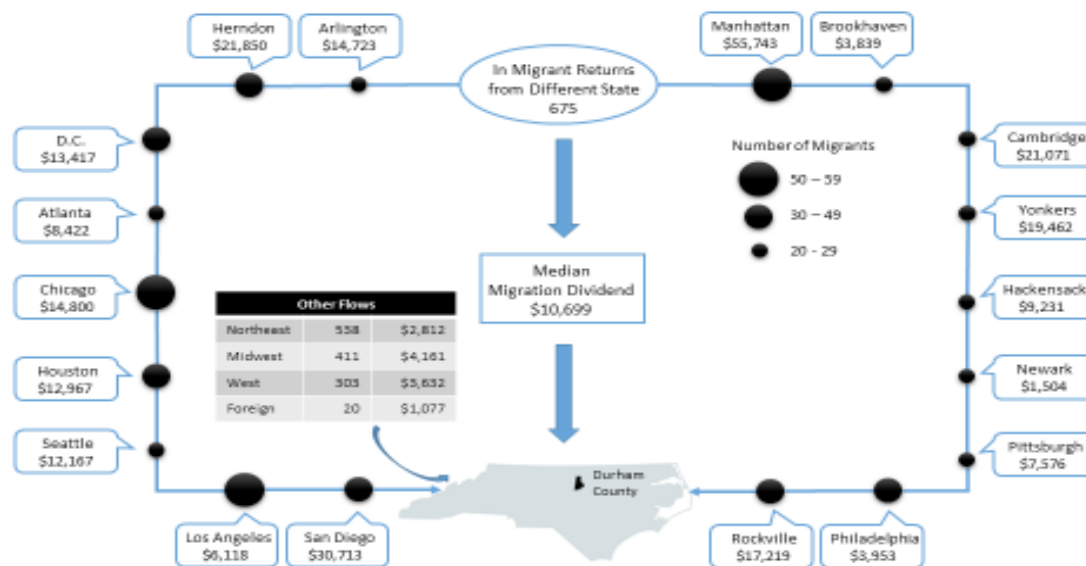
Table 2: Migration Dividend/Loss, Migration Magnet Counties, 2014-2015

State/County	Per capita AGI In-Migrants*	Per capita AGI Non-Migrants	Migration Dividend/Loss
North Carolina	\$29,906	\$29,314	+ \$ 592
Brunswick	\$45,513	\$30,697	+\$14,816
Buncombe	\$37,693	\$30,612	+\$ 7,081
Cabarrus	\$25,476	\$28,719	-\$ 3,243
Durham	\$36,421	\$32,333	+\$ 4,088
Johnston	\$22,829	\$24,589	-\$ 1,760
Mecklenburg	\$36,677	\$39,409	-\$ 2,732
New Hanover	\$35,604	\$36,520	-\$ 916
Wake	\$35,200	\$39,825	-\$ 4,617

Source: IRS Migration File 2014-2015. *Includes migrants from other states and abroad.

In Durham County, the dividend ranged from \$55,743 per person for in-migrants from Manhattan, NY to \$1,504 per person for in-migrants from Newark, NJ (see Figure 4A). In-migrants from three communities—Cambridge, MA (\$21,071 per person), Herndon, VA (\$21,850 per person), and San Diego (\$30,713 per person)--contributed migration dividends in the \$20,000 to \$30,000 per person range. For seven origin communities, the in-migrant dividends ranged between \$10,000 and \$19,000 per person: Yonkers, NY (\$19,462 per person), Rockville, MD (\$17,219 per person), Arlington, VA (\$14,723 per person), Washington, DC (\$13,417 per person), Chicago, IL (\$14,800 per person), Houston, TX (\$12,967 per person), and Seattle, WA (\$12,167 per person). In the remaining six origin communities, the migration dividend was between \$2,000 and \$9,000 per person (see Figure 4A).

Figure 4A: Geographic Origins of Migration Dividends, Durham County, NC 2014-2015



Source: IRS Migration File 2014-15. Compared to Non-Migrants Per Capita AGI (\$32,333) in 2015.

For Buncombe County, the dividend ranged from \$83,106 per person for in-migrants from Chicago, IL to \$2,164 per person for in-migrants from Miami, FL (see Figure 4B). In between these extremes, in-migrants from Houston, TX (\$69,584 per person), San Diego, CA (\$46,482 per person), and Herndon, VA (\$37,638 per person) contributed migration dividends that ranged between \$30,000 and \$70,000 per person.

Dividends in the \$10,000 to \$20,000 per person range accrued from transplants from Tampa (\$12,082 per person), Palm Bay (\$12,588 per person), and Fort Lauderdale (\$11,690 per person), FL. In-migrants from eight communities contributed dividends in the \$2,000 to \$9,000 per person range: West Palm Beach, FL (\$3,259 per person), Johnson City (\$3,361 per person) and Knoxville (\$8,878 per person), TN, Charleston (\$6,122 per person) and Greenville (\$3,299 per person), SC, Atlanta (\$8,091) and Marietta (\$5,441 per person), GA, and Phoenix, AZ (\$2,559 per person).

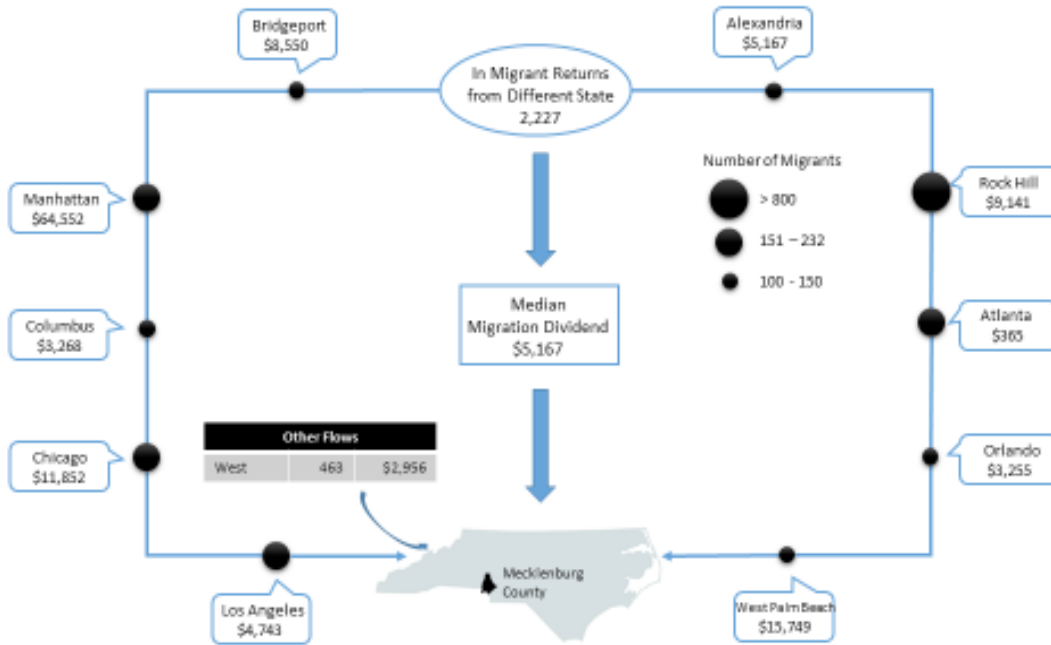
Figure 4B: Geographic Origins of Migration Dividends, Buncombe County, NC 2014-2015



Source: IRS Migration File 2014-15. Compared to Non-Migrants Per Capita AGI (\$30,612) in 2015.

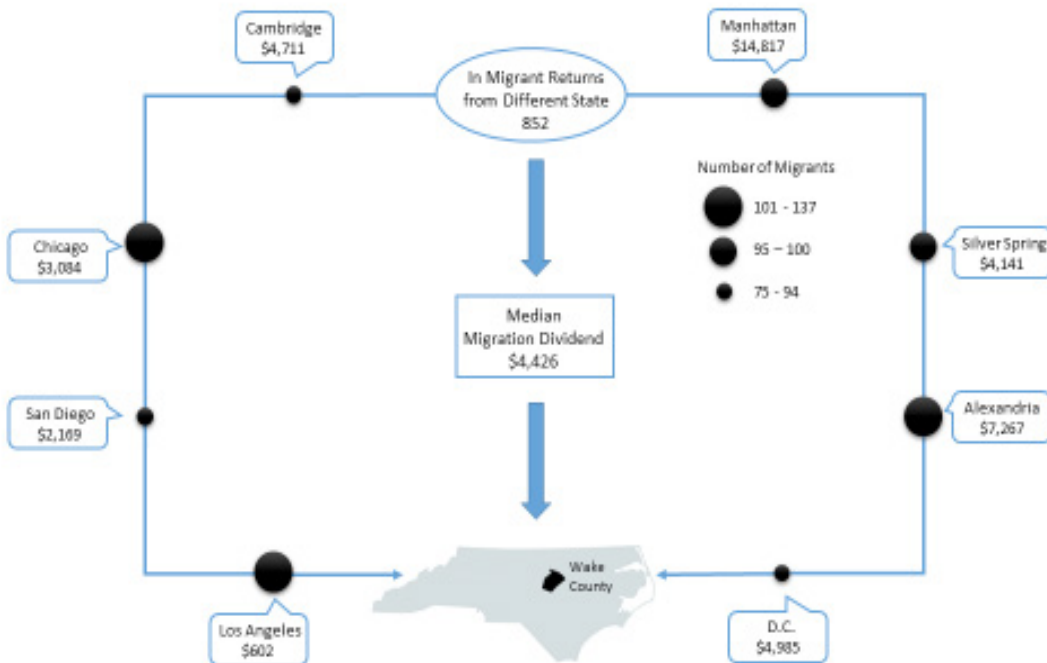
Mecklenburg, Wake, and New Hanover/Brunswick counties were the beneficiaries of new migration dividends from 10, 8, and 7 origin communities, respectively. Rather than focus on origin-specific dividends, suffice it to note here that the median migration dividend was \$5,167 for Mecklenburg County, \$4,426 for Wake County, and \$19,538 for New Hanover/Brunswick counties (see Figures 4C, 4D, & 4E).

Figure C: Geographic Origins of Migration Dividends, Mecklenburg County, NC 2014-2015



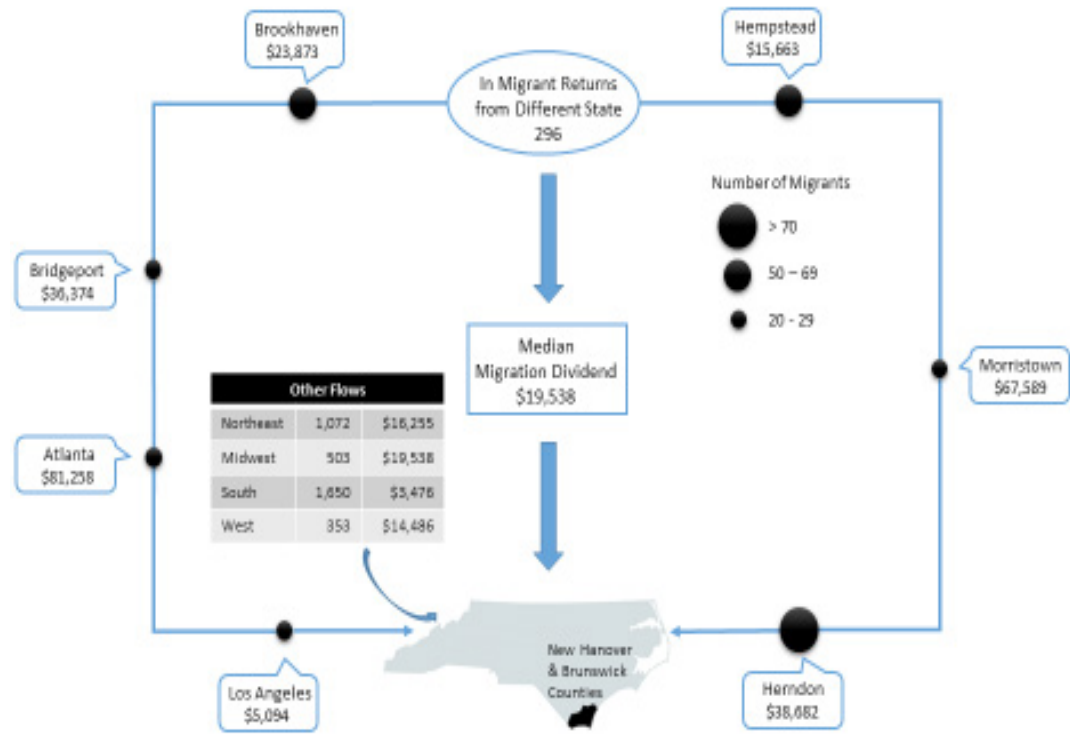
Source: IRS Migration File 2014-15. Compared to Non-Migrants Per Capita AGI (\$39,409) in 2015.

Figure D: Geographic Origins of Migration Dividends, Wake County, NC 2014-2015



Source: IRS Migration File 2014-15. Compared to Non-Migrants Per Capita AGI (\$39,825) in 2015.

Figure E: Geographic Origins of Migration Dividends, New Hanover/Brunswick County, NC 2014-15



Source: IRS Migration File 2014-15. Compared to Non-Migrants Per Capita AGI (\$30,612) in 2015.

CONCLUSIONS

Given these migration dividends, especially those accruing from those ages 55 and older, we must work diligently to maintain our state’s medical care cost advantage. Further, to build on these migration dividends, it also is strategically important for our state and all of our cities and towns to become more age friendly. That is, they must take the necessary steps required to modify existing and design new single- and multi-family housing units, as well as all public and private sector buildings to accommodate both aging newcomers and long-term older adult residents of our state who desire to age in place. In addition, state and local leaders must ensure that nascent discussions at the federal level about rebuilding the nation’s physical infrastructure include resources to modify the community level infrastructure of streets, pedestrian walkways and crossing signals, signage and lighting, as well as outdoor parks, recreation, and entertainment facilities to accommodate our aging population.

The World Health Organization and AARP have created toolkits to guide the development of age-friendly communities. Strategically repositioning this challenge as a propitious opportunity can be an engine of innovation, business development, and job creation in our state.

LEVERAGING NORTH CAROLINA'S MIGRATION DIVIDEND

North Carolina civic and business leaders have major roles to play in both maintaining the state's migration advantage and transforming North Carolina communities into age friendly places to live and do business. They can do so by being strategic alliance partners in innovative housing developments that address the diverse needs of the state's older adult population, building renovation and infrastructure projects that make public and private spaces age friendly, and technological innovations that improve access to high quality health care, especially in under-served communities. State and local civic and business leaders also can create first mover advantage with future newcomers to the state by first, developing products and services that align with their consumer needs; and second, strategically advertising those products and services in sending communities that contribute major financial dividends to our state through migration.

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