

SPECIALIZED COUNTIES LAG, DIVERSIFIED ONES GROW

BLACK ROCK DESERT AND HIGH ROCK CANYON – EMIGRANT TRAILS NATIONAL CONSERVATION AREA

<i>Designated:</i>	2000
<i>Location:</i>	Northwestern Nevada, north of Reno
<i>Size:</i>	797,000 acres
<i>Counties:</i>	<i>Pershing (Rural without air service, 4.68 percent of county land base) Humboldt (Rural without air service, 3.19 percent of county land base) Washoe County (Metro/commuter, 1.40 percent of county land base)</i>



Black Rock Desert and High Rock Canyon-Emigrant Trail National Conservation Area was signed into existence by President Clinton in 2000 to protect a vast area that is historically important for Nevada and the nation. Western settlers and gold seekers passed through the area on the Applegate-Lassen Emigrant Trail, which runs through the heart of the region. More evidence of this remote area's rich history can be seen in Native American cultural sites, wagon ruts, homesteading sites, old mining camps, and other historical markers left by explorers and settlers such as John Charles Fremont and Peter Lassen.



This NCA protects natural wonders as well as historical ones within its 797,000 acres, of which about 75,000 are wilderness. This is a landscape of canyons, badlands, mountains, natural potholes, playa, and other habitats. Its sagebrush flatlands are home to the threatened sage grouse and other desert songbirds. Pronghorn, wild horses, golden eagles and other raptors, bighorn sheep, cougars, and other animals are also supported by the

NCA's diverse habitats. The area's best known natural feature might be the Desert Playa, a 160,000-acre ancient lakebed that is the location of the annual Burning Man Festival and site of land-speed record competitions.

Before and After Designation

Two of the three counties (Humboldt and Pershing) where the NCA is located are among the few in our analysis that showed declines in several economic indicators. The third, Washoe, experienced even stronger economic growth, and has not suffered the across-the-board declines that Humboldt and Pershing have experienced, although per capita income did decline slightly between 2000 and 2002.

As Tables 1 and 2 suggest, the declines that Humboldt and Pershing counties have experienced recently might raise questions about the effects of NLCS designation, as they appear to follow two decades of robust growth. Both counties experienced fairly rapid growth in total personal income, population, and total employment from 1980 to 2000. Per capita personal income declined slightly in Humboldt County during this time frame, and substantially in Pershing County.

TABLE 1 Socioeconomic indicators in Humboldt County, Nevada

	1980	2000 (year designated)	2002	% Change 1980 - 2002	% Change 2000 - 2002
Personal income (millions)	259	425	391	51	-8
Population	9,671	15,923	14,854	54	-7
Per capita personal income	26,769	26,668	26,327	-2	-1
Total employment	5,678	9,754	8,969	58	-8

TABLE 2 Socioeconomic indicators in Pershing County, Nevada

	1980	2000 (year designated)	2002	% Change 1980 - 2002	% Change 2000 - 2002
Personal income (millions)	85	122	110	30	-10
Population	3,449	6,667	6,569	90	-1
Per capita personal income	24,584	18,235	16,723	-32	-8
Total employment	1,606	2,628	2,509	56	-5

Washoe County, on the other hand, experienced rapid growth in all indicators except per capita personal income from 1980-2000, and continued to gain even during the 2000-2002 period (although per capita income declined slightly).

TABLE 3 Socioeconomic indicators in Washoe County, Nevada

	1980	2000 (year designated)	2002	% Change 1980 - 2002	% Change 2000 - 2002
Personal income (millions)	6,441	13,306	13,534	110	2
Population	195,372	341,317	361,750	85	6
Per capita personal income	32,969	38,985	37,413	13	-4
Total employment	135,418	238,759	241,972	79	1

The next section will take a look at the similarities and differences between the economies of the three counties and explore the broader context of recent changes.

Economic Change in Humboldt, Pershing, and Washoe Counties

A side-by-side comparison of sources of personal income in Humboldt (Figure 1), Pershing (Figure 2), and Washoe (Figure 3) counties reveals key similarities between the first two, and important ways in which Washoe County is different.

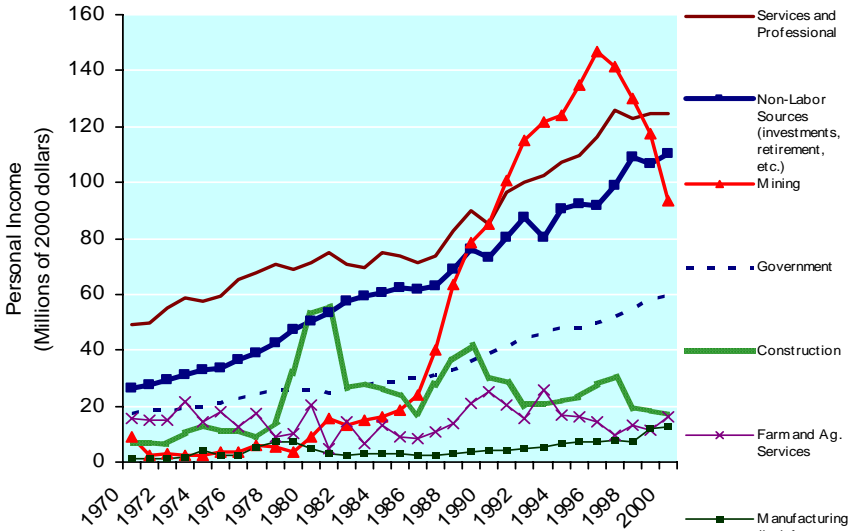
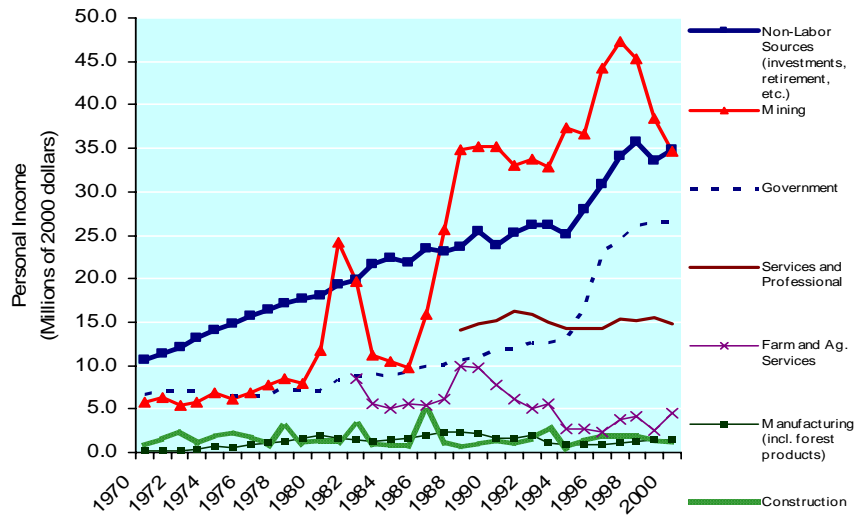


FIGURE 1. Personal income by major sector in Humboldt County, Nevada

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System, 2004.

FIGURE 2. Personal income by major sector in Pershing County, Nevada

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System, 2004.



Income (by SIC)

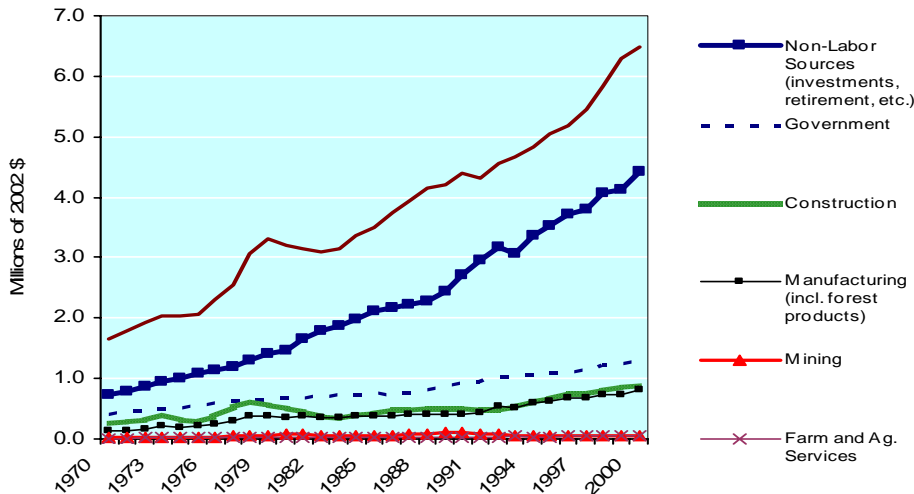


FIGURE 3. Personal income by major sector in Washoe County, Nevada

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System, 2004.

Have Humboldt and Pershing counties' economies been in decline because of restrictions on resource development in the Monument?

Figures 1 and 2 show that the economies of Humboldt and Pershing counties are highly dependent on mining, and have experienced the boom-and-bust cycles common to mining-dependent economies. Income from non-labor sources ("mailbox" income such as retirement, returns on investments, and government transfers) has grown fairly steadily in both counties. The Services and Professional sector has also increased substantially in Humboldt County, but much less in Pershing County.

Much of the mining in these two counties is for gold. Gold mining reached its peak in 1996 when personal income from people employed in that industry was over \$167 million, and has declined steadily since then. Personal income from those employed in the mining sector had dropped to less than \$100 million by 2002. (U.S. Department of Commerce, 2004 and <http://goldinfo.net/goldchart.html>).

Given that the economies of Humboldt and Pershing counties have been heavily dependent on mining since the 1980s, and that the decline in global gold prices that affected personal income from mining began four years before the NCA was designated, it cannot be concluded from the data that the designation of Black Rock Desert-High Rock Canyon Emigrant Trail National Conservation Area caused the local economic declines.

What about Washoe County?

It is difficult to discern any effects that the designation of Black Rock Desert-High Rock Canyon Emigrant Trail National Conservation Area might have had on the rapidly growing economy of Washoe County. Unlike Humboldt and Pershing counties, which are rural and lack regularly scheduled air service, Washoe County is a metro community. The Reno-Sparks area is a rapidly growing metropolitan area and the location of many of the diverse mix of industries have accounted for the county's steady growth over the past three decades. As Figure 3 illustrates, the Services and Professional sector in Washoe County has grown significantly, as has Non-Labor income. In contrast to Humboldt and Pershing counties, mining makes up a small fraction of employment and income here.

The diverse economy of Washoe County outperforms the more specialized economies of Humboldt and Pershing counties by several measures. Table 4 gives some perspective on how much more diversified Washoe County's economy is than the other two by including Employment Specialization figures from the 2000 U.S. Census; the higher the number, the more specialized the economy. While none of these three counties is as specialized as the U.S. median county, Humboldt is far more specialized than either Pershing or Washoe, and Pershing is considerably more specialized than Washoe.

Table 4 (below) contains types of data that are not included in Tables 1, 2, and 3, and offers a comparison to the median figures for all U.S. counties.

Table 4 suggests a link between the education level of the work force, average earnings per job, and unemployment rate; better education does indeed appear connected to higher wages and lower unemployment.

The table also points to one of the major downsides of economic success: lack of affordable housing. Housing in Pershing County is shown to be more affordable than the U.S. median, while in Humboldt County housing is less affordable, but still within reach of a family earning the median household income.

In Washoe County, housing was still considered affordable in 2000, although significantly less so than in the other two counties; given that the Reno-Sparks housing market is one of the hottest in the country,

TABLE 4. Additional economic data for Pershing, Humboldt, and Washoe counties

	Employment Specialization	Average Earnings Per Job (2002)	Education Rate*	Unemployment Rate	Housing Affordability Index **
Pershing	872.0	\$33,956	8.7%	5.5%	199
Humboldt	920.1	\$35,502	14.2%	5.0%	157
Washoe	734.3	\$29,680	23.7%	4.4%	119
Median U.S. County	961.0	\$26,782	14.5%	5.8%	186

* Percent of population over age 25 who have a college degree

** A Housing Affordability Index number above 100 means that a family with a median income can afford to buy a median-priced home, while a figure below 100 indicates the opposite. The Index assumes a 20% down payment and that no more than 25% of a family's income goes to paying its mortgage. It is based on an interest rate of 10.01% in 1990 and 8.03% in 2000. Use this statistic as a comparative, rather than absolute, measure.

the situation has changed in the past five years. According to the National Association of Home Builders Housing Opportunity Index for the first quarter of 2005, in the Reno-Sparks housing market:

- median family income was \$63,800,
- median home price was \$289,000,
- the percentage of homes affordable to median income family was 30.9%, and
- the Reno-Sparks housing market ranked 132 out of 158 from most to least affordable.

Conclusion

The Black Rock Desert and High Rock Canyon-Emigrant Trail National Conservation Area case study illustrates the very different types of economic change occurring in a fast-growing metropolitan county compared to rural counties with more specialized economies. Humboldt and Pershing counties' lack of economic growth is clearly tied to declines in one particular industry, mining, on which they depend heavily. Washoe County's economic diversity and well-educated workforce appear to be factors in its rapid economic growth; as is frequently the case, the downside of a thriving economy in a desirable location is skyrocketing home prices that many families cannot afford. Such a housing crunch can increase development pressure and lead to sprawl, as well as exacerbating tensions between newcomers and long-term residents, who may find themselves priced out of the housing market.

