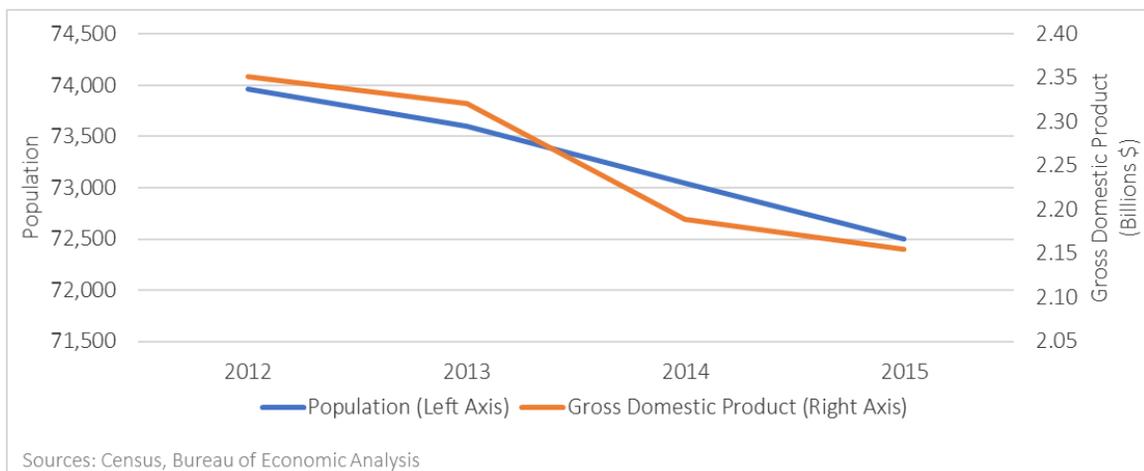


Decline in Maryland's Mountain Metro, Cumberland, MD

Among the nine metropolitan statistical areas (MSAs) in Maryland, Cumberland suffered the most severe population declines from 2010 to 2017 (previous report [here](#)). The difficulty of Cumberland's current situation is that it is in a vicious economic cycle. Outmigration reduces economic vibrancy. Reduced economic vibrancy encourages further outmigration. Such negative cycles feed on themselves and are difficult for policymakers to stem. This post examines the economic output and population changes in Allegany County, the Maryland portion of the Cumberland MSA. Output data come from the recently released county-level economic output data from the Bureau of Economic Analysis.

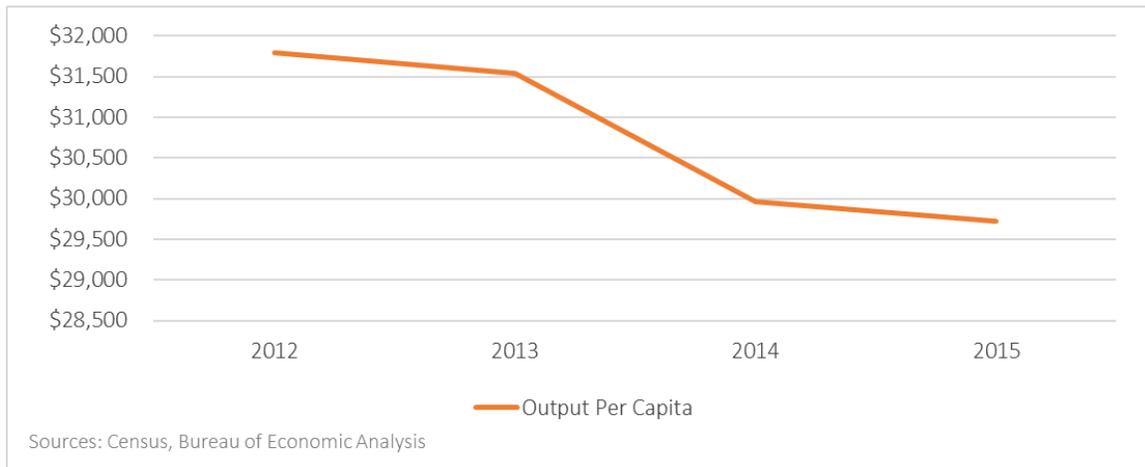
From 2012 to 2015, the period of available county-level output data, both economic output and population declined in Allegany County (Figure 1). The estimated population of Allegany County decreased from 73,962 in 2012 to 72,498 in 2015, a 1.98 percent decline. Simultaneously, economic output decreased from \$2.35 billion in 2012 to \$2.15 billion in 2015, an 8.4 percent decline.

Figure 1. Population and Output Decline: Allegany County, MD



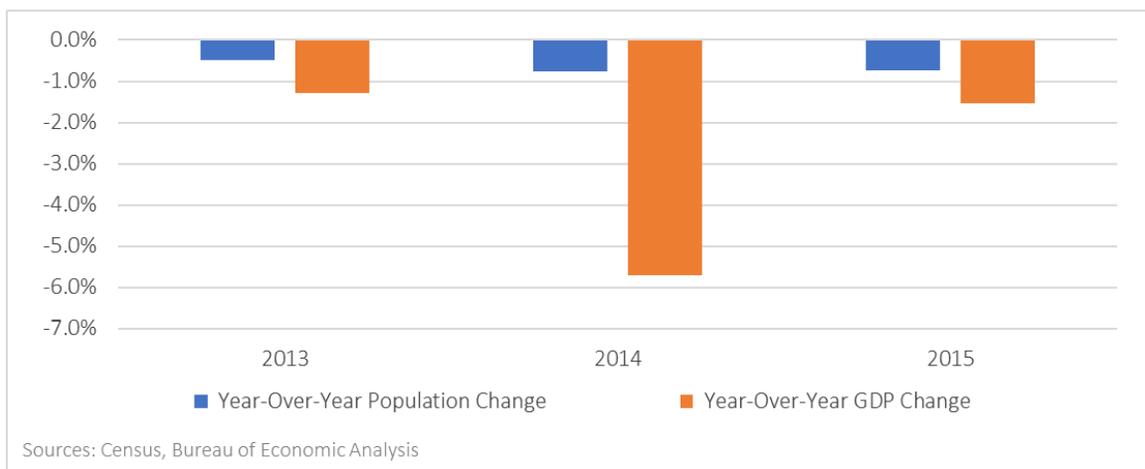
Given that output declines were more severe than population declines, gross domestic output per capita also declined over the period (Figure 2). Gross domestic output per capita fell from \$31,794 in 2012 to \$29,274 in 2015, a decline of 6.5 percent. Most of this decline occurred from 2013 to 2014.

Figure 2. Output Per Capita Decline: Allegany County, MD



While output declined faster than the population from 2012 to 2015, population declines were steadier (Figure 3). Population declines varied minimally from year to year, ranging from 0.5% to 0.8%. Output declines, in contrast, varied notably. Output declined 1.3% from 2012 to 2013 and 1.5% from 2014 to 2015. From 2013 to 2014, however, output declined 5.7%, roughly four times greater than the other two year-over-year declines.

Figure 3. Year-Over-Year Population and GDP Change



Decreased output was primarily driven by steady year-over-year output declines in services-providing industries (Table 1). In level terms, output in the services-producing industries in Allegany County decreased steadily from \$1.53 billion in 2012 to \$1.46 billion in 2015, a decline of 4.8 percent. Meanwhile, output of goods-producing industries increased over the same period from \$0.33 billion to \$0.35 billion. Output in government and government enterprises increased modestly from 2012 to 2013 before remaining flat through 2015. Although output increased in

goods-producing industries from 2012 to 2015, the fact that it comprised just 15.2 percent of total output in 2015 resulted in the output increase being more than compensated by output decline in the services-producing industries.

Table 1. Gross Domestic Product by Industry Sector

	Gross Domestic Product (GDP) Allegany County, MD MSA (billions of dollars)			
	2012	2013	2014	2015
Private goods-producing industries	\$0.33	\$0.34	\$0.32	\$0.35
Private services-providing industries	\$1.53	\$1.51	\$1.47	\$1.46
Government and government enterprises	\$0.49	\$0.53	\$0.52	\$0.53
All Industries	\$2.35	\$2.38	\$2.31	\$2.34

Source: Bureau of Economic Analysis

The Cumberland MSA has been caught in a vicious cycle of decline. The fact that output in the services-producing industry in Allegany County declined 2.8 percentage points more than the population from 2012 to 2015 suggests that the cycle of decline has not yet run its course. Indeed, population continued to decline through 2017, decreasing to 71,615.

Despite this grim outlook, more recent data for the entire Cumberland MSA provides room for cautious optimism. MSA level data, which includes Mineral County, West Virginia, indicates that real MSA output increased 0.6 percent from 2015 to 2016 and 1.2 percent from 2016 to 2017. While optimistic, there are two reasons to remain cautious. First, the growth could have been entirely contained within Mineral County, West Virginia. Second, while growing, the growth rate is below the 2016-2017 MSA average growth rate of 1.6 percent. Therefore, although the Cumberland MSA is growing, it is losing ground relative to its peers.