

**Maximizing Local  
Benefit from Popular  
Rural Economic  
Development  
Strategies**

**Regards to Rural VII: June 25, 2011**

**Mallory Rahe, OSU Extension Community Economist**

**Lena Etuk, OSU Extension Social Demographer**

# This is a print version of a live workshop

This 90 minute workshop was first presented at the annual Regards to Rural conference jointly sponsored by OSU Extension Rural Studies Program and Rural Development Initiatives. This workshop discussed economic development decision making and references several publicly available websites. Information on how to access this data is included on each relevant slide in call out box. Each box contains:

Name of website  
Website address  
Variable Name  
Navigation directions



Rural Community Explorer  
<http://oregonexplorer.info/rural>  
Population Pyramid  
Age Tab

- For clarification or questions please contact Lena Etuk at [lana.etuk@oregonstate.edu](mailto:lana.etuk@oregonstate.edu) or at (541) 737-6121

# What is Economic Development?

BUILD QUALITY  
JOBS  
FOR THE CURRENT POPULATION



# Thinking about a community holistically

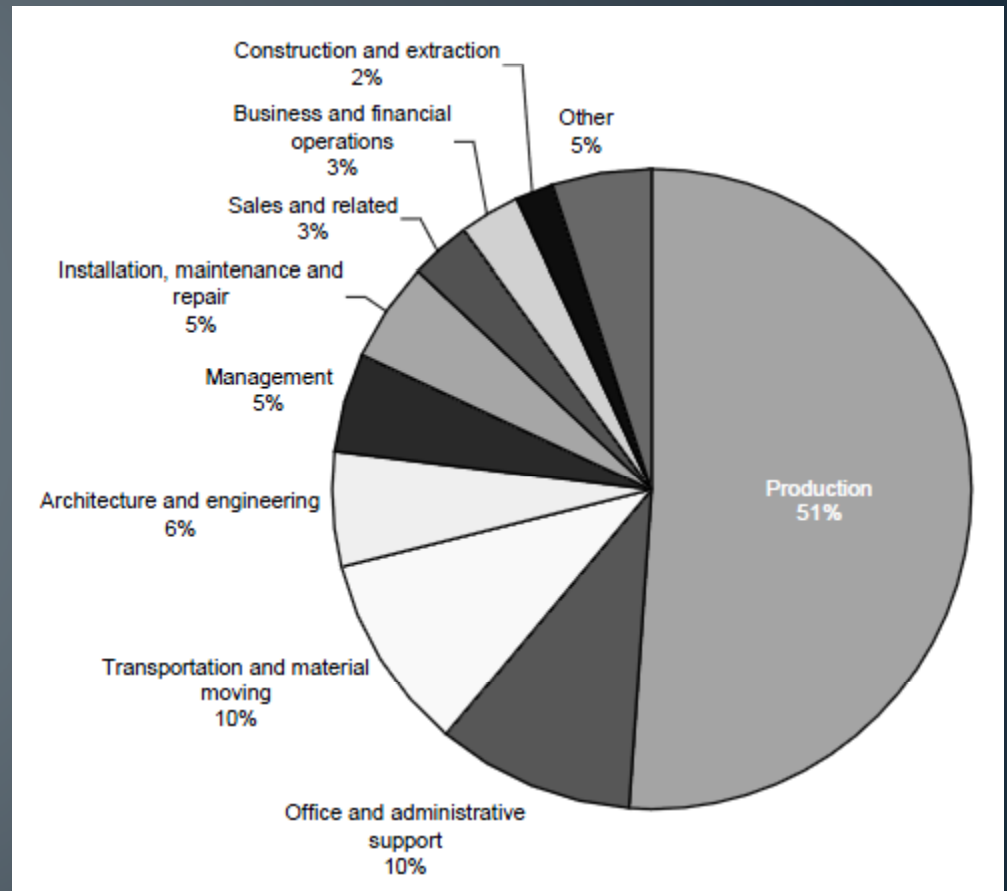


See how two communities have defined vitality:

<http://oregonexplorer.info/rural/CommunityVitality>

- Industry
  - Manufacturing
  - Farming
  - Information
- Business
  - A business that may have one or more locations
- Occupation
  - Individuals hold occupations and work in industries

Occupations in the manufacturing sector



# Measuring an industry's contribution

## Economic

- Employment
- Output (good or service)
- Value-added: unique contribution to overall wealth of the economy

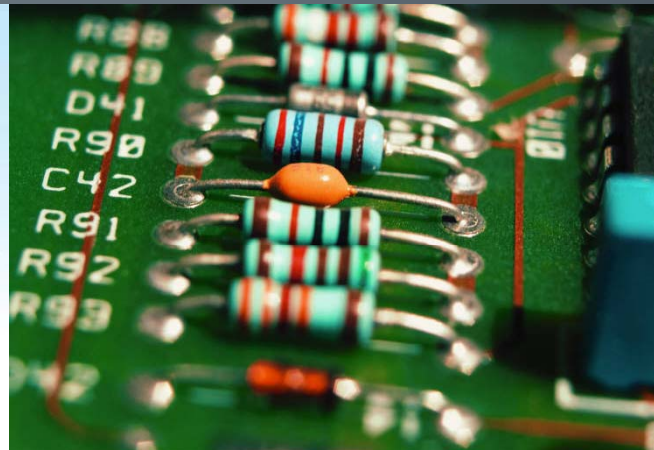
## Social

- Quality of life
- Housing
- Equity



# 3 things to consider when making an economic development decision

- Do these jobs benefit my local workforce?
- How will this business interact with local markets?
- Who owns the business?

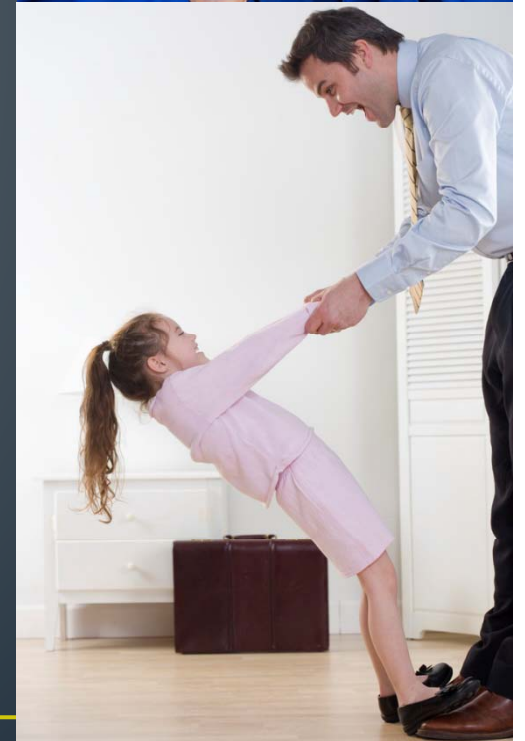
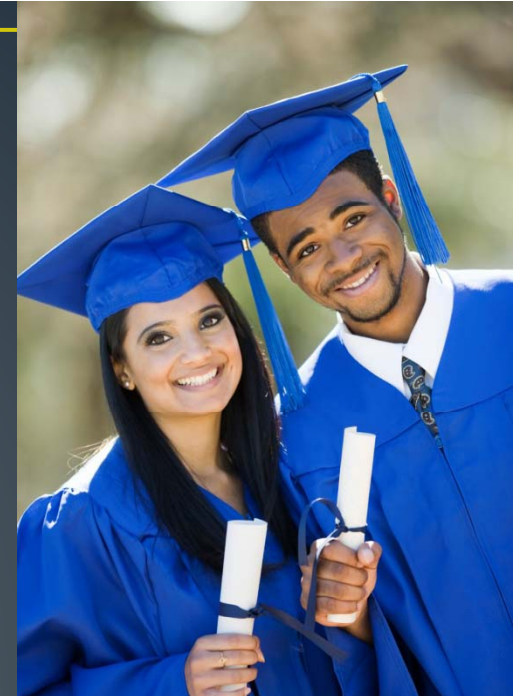


# Do these jobs benefit my local workforce?

- Education
- Occupations (Skills)
- Available workforce
- Wages

Will this business help reduce unemployment?

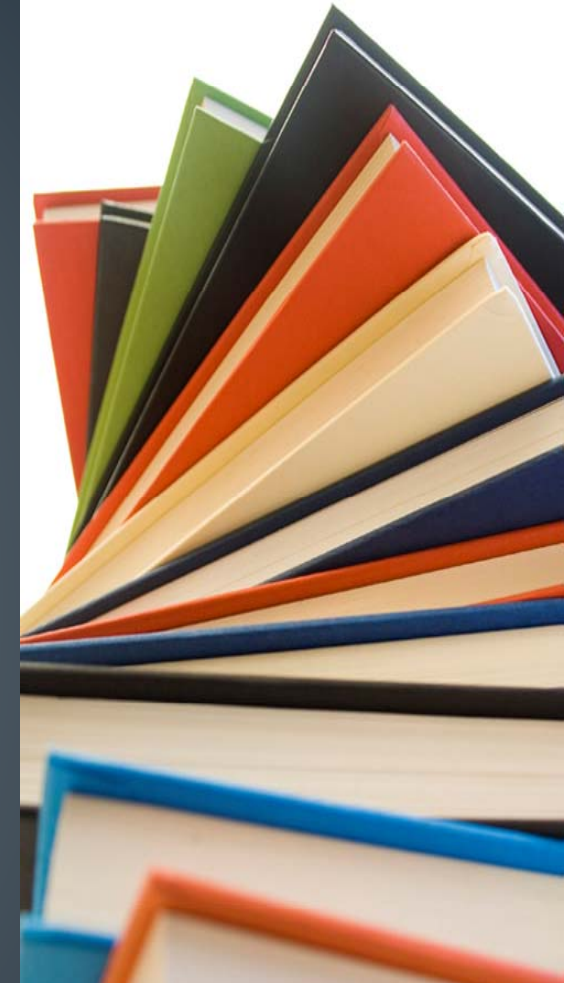
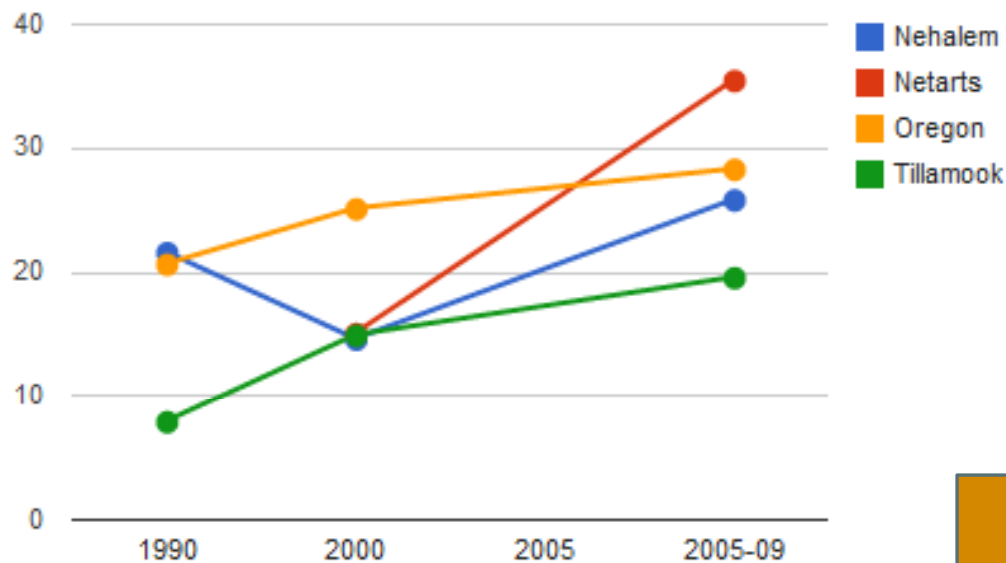
Will it provide fair wages and opportunities for advancement?





# What qualifications do local residents have?

Percentage of Adults with 4-year Degree or Greater



# What skills do local residents have?



Rural Community Explorer  
<http://oregonexplorer.info/rural>  
 Occupation Employment Rates  
 Employment & Labor Market Tab

## Occupation Employment Rates (Expressed as Percentages of the Employed)

[Details](#) ▾

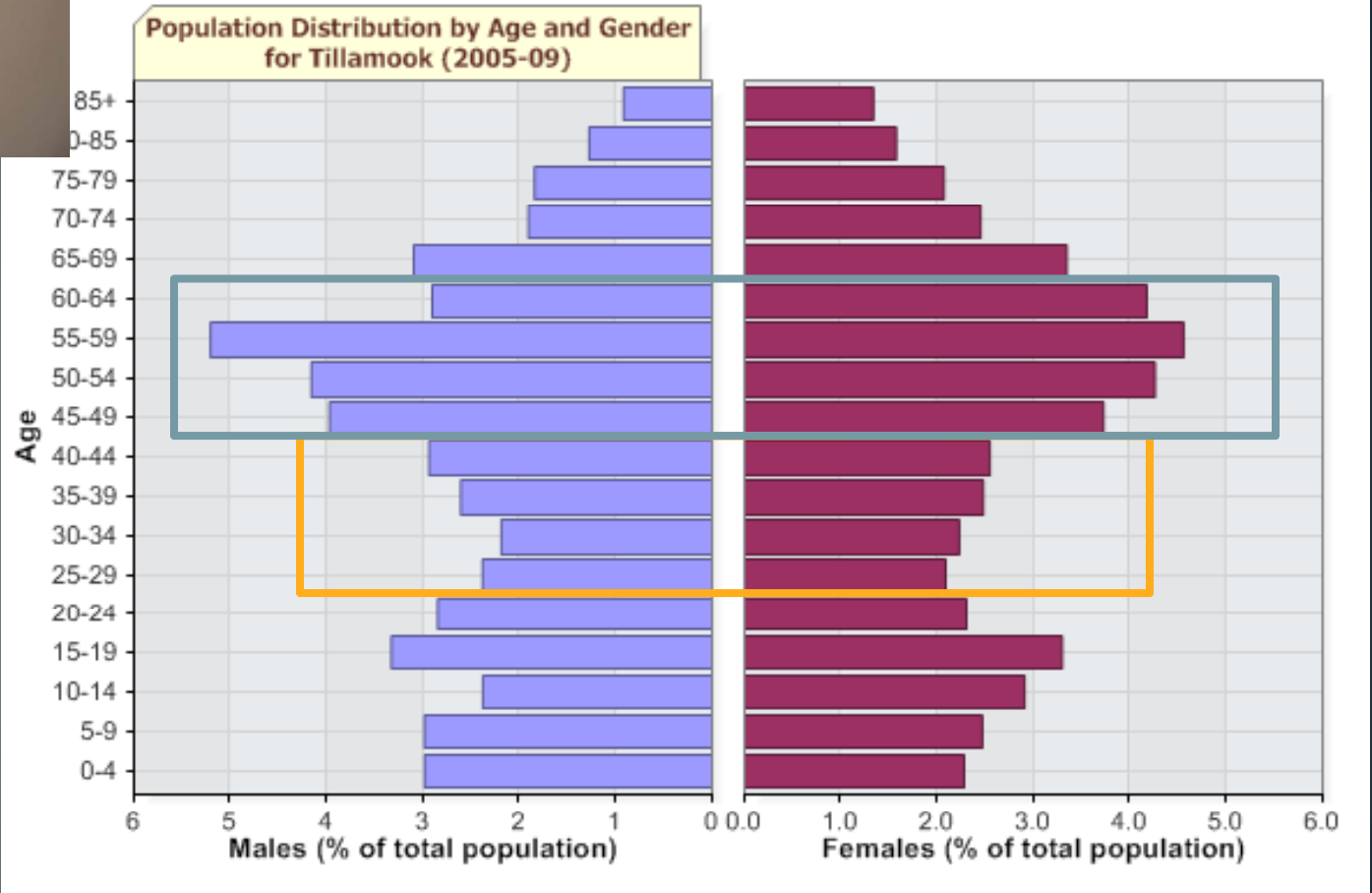
	Tillamook County		Oregon	
	1990	05-09	1990	05-09
Construction, Extraction, Maintenance	11.82%	7.40% +/- 1.7%	10.67%	8.87% +/- 0.2%
Farming, Fishing, Forestry	12.49%	5.49% +/- 1.5%	4.53%	1.92% +/- 0.1%
Managerial, professional, etc	20.10%	28.96% +/- 3.2%	25.72%	34.33% +/- 0.3%
Production and Transport	15.77%	16.47% +/- 2.8%	15.63%	12.55% +/- 0.2%
Sales & Office	24.99%	21.63% +/- 2.8%	29.83%	25.47% +/- 0.3%
Service	14.84%	20.06% +/- 2.9%	13.63%	16.87% +/- 0.2%

# Who is the local workforce?

- Age of residents
- Self – employment
- Participation in the workforce
- Commuters



# Age of Residents



Rural Community Explorer  
<http://oregonexplorer.info/rural>  
Population Pyramid  
Age Tab



# Self Employment

**Full-time and Part-time Employment by Major Industry 1/  
Nonmetropolitan Oregon, 2006 – 2009**

<i>Employment by Place of Work</i>	2006	2007	2008	2009
Total Employment	445,355	451,639	446,423	429,552
By Type:				
Wage and Salary Employment	334,999	336,312	331,721	315,027
Proprietors Employment	110,356	115,327	114,702	114,525
Farm Proprietors	17,014	16,562	16,560	16,472
Nonfarm Proprietors 2/	93,342	98,765	98,142	98,053
	25%	25%	26%	27%



Oregon Regional Economic  
Analysis Project

<http://oregon.reaproject.org/>  
Proprietors Employment  
Full & Part-Time Employment Tab

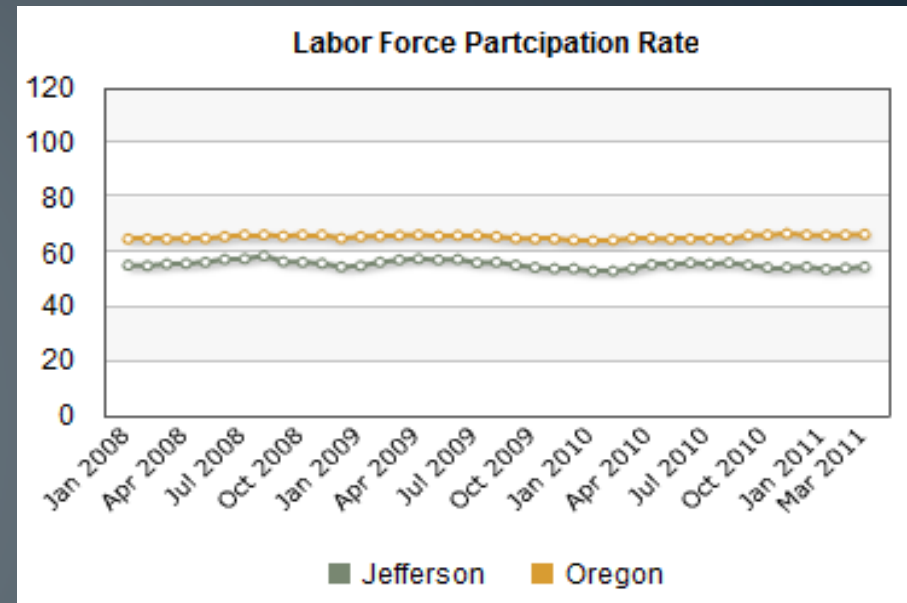
The self employed are  
considered “self proprietors”  
in data sources.

# Labor Force Participation Rates

% of the population aged 16 and over who are in the civilian labor force

Some people not in the labor force:

- Residents serving in the army
- Discouraged workers
- Retirees



Jefferson 54.8%

Oregon 66.6%

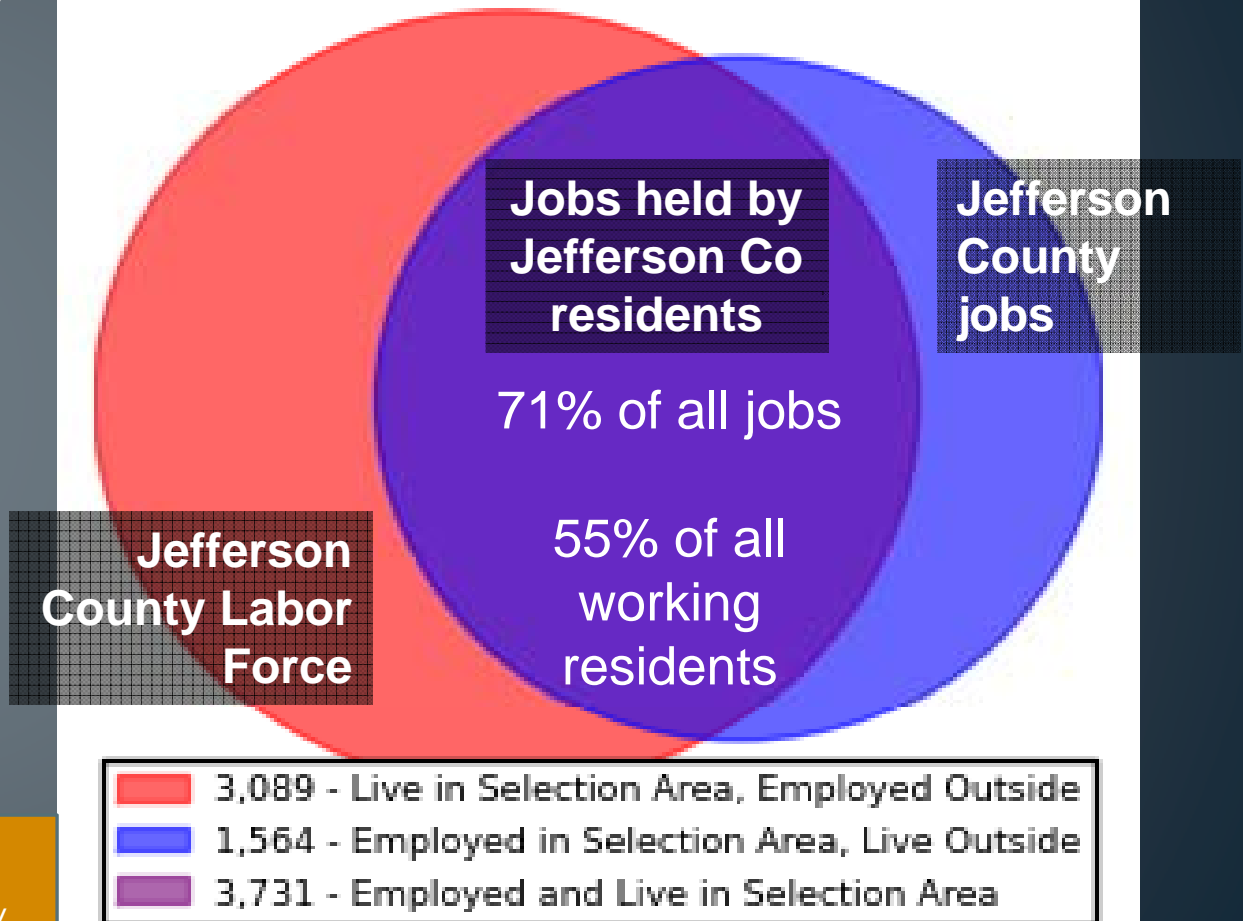
Oregon County Monitor  
<http://osu.prognoz.com/>  
Labor Force Participation Rate  
Unemployment Tab



# County Commuting Patterns

## Jefferson County

Inflow/Outflow Job Counts in 2009



US Census On the Map  
<http://lehdmap.did.census.gov/>  
2009 Inflow/Outflow Analysis

# Are these high quality jobs?

- Provide fair wages
- Increase household income & earnings
- Allow local people to make ends meet





# Will this business create jobs that provide a fair wage for the occupation?

Wages by occupation for economic regions  
(Assuming full-time employment)

Region 1 (Clatsop, Columbia, and Tillamook counties)								
SOC Code	Occupational Title	2010 HOURLY WAGES						2010 Annual Mean Wage (Average) <sup>1</sup>
		10th Percentile	25th Percentile	50th Percentile (Median)	75th Percentile	90th Percentile	Mean (Average)	
<b>Management Occupations</b>								
11-1021	General and Operations Managers	\$24.68	\$30.61	\$40.12	\$53.56	\$71.64	\$46.01	\$95,705
11-3049	Human Resources Managers, All Other	34.07	36.95	42.76	50.74	66.50	45.42	94,463
11-3051	Industrial Production Managers	21.56	26.73	36.13	51.31	66.06	40.49	84,230
11-9021	Construction Managers	22.63	29.91	37.81	44.95	58.27	38.24	79,543
11-9032	Elementary and Secondary School Administrators <sup>2</sup>	63,862	76,568	84,737	93,862	104,739	84,127	84,127
11-9051	Food Service Managers	16.97	19.06	24.45	28.40	30.57	23.67	49,240
11-9111	Medical and Health Services Managers	27.83	38.06	45.68	51.09	56.92	44.86	93,315
11-9131	Postmasters and Mail Superintendents	24.19	29.44	32.34	35.89	39.63	32.42	67,427
11-9151	Social and Community Service Managers	18.87	21.43	24.79	33.26	37.65	26.62	55,373
11-9199	Managers, All Other	22.97	25.91	31.47	36.61	41.87	31.98	66,515

Oregon Employment Department  
www.qualityinfo.org  
2010 Oregon Wage Information



# Will this business create jobs that provide a fair wage for the industry?



Compare industries and compare your county to the nation

Average Earnings Per Job by Major Industry:  
Tillamook County, 2001 - 2009

Major Industry	2009			2001-2009 Averages		
	Average Earnings Per Job	Percent of Overall County Average	National Counterpart	Percent of National Counterpart	Percent of Overall County Average	Percent of National Counterpart
Manufacturing	\$50,572	107.0	50,268	55.0	97.4	59.6
Retail Trade	\$22,381	46.7	26,027	46.7	106.7	144.8
Information	33,245	69.6	72,640	69.6	144.1	69.7
Finance and Insurance	31,211	65.8	29,664	75.3	69.7	75.1
Real Estate & Rental & Leasing	10,490	22.0	52,763	75.0	115.5	72.5
Administrative & Waste Services	18,806	40.0	89,270	37.2	97.0	37.9
Educational Services	22,769	48.4	64,487	48.4	101.7	45.0
Health Care & Social Assistance	39,186	84.4	20,173	52.0	44.8	54.2
Arts, Entertainment, & Recreation	6,791	14.4	32,513	57.8	61.9	64.1
Accommodation & Food Services	18,287	39.5	36,029	63.2	61.5	59.5
Professional Services, except Public Admin	27,360	58.5	51,713	75.8	110.4	74.2
Government	27,360	58.5	25,727	26.4	22.6	27.1
Government	18,287	39.5	21,713	84.2	58.5	87.5
Government	27,360	58.5	32,385	84.5	89.0	90.3
Government	78,365	170.0	103,548	73.7	220.9	76.1
Government	59,694	129.0	82,002	72.8	135.5	67.1
Government	57,639	124.0	58,842	98.0	180.5	109.3
Government	49,083	106.0	57,385	85.5	152.7	95.4
Government	26,514	57.0	77,711	34.1	85.8	38.0
All Industries	30,852	100.0	50,695	60.9	100.0	66.1

Source: Bureau of Economic Analysis and the Oregon Regional Economic Analysis Project  
Retrieved: June 20, 2011

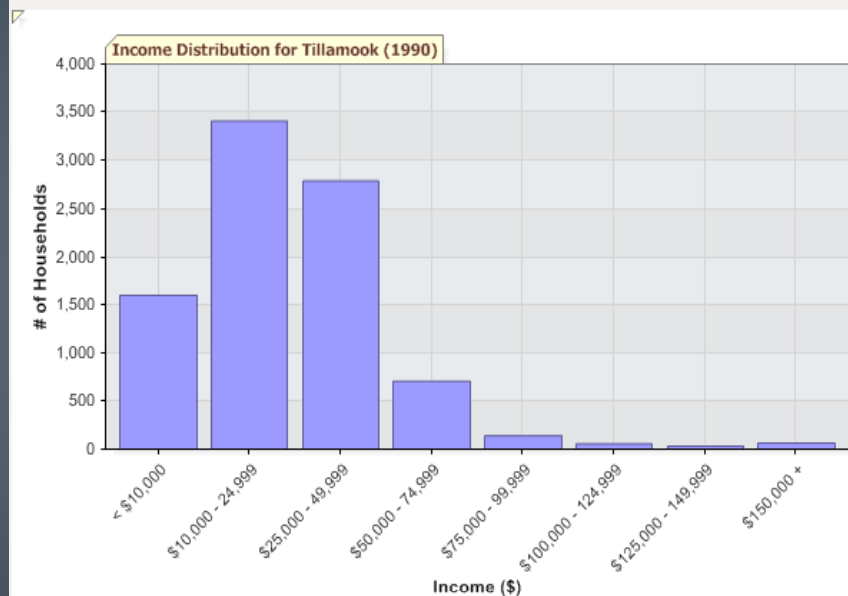
Oregon Regional Economic Analysis Project  
<http://oregon.reaproject.org/>  
 Average Earnings per Job  
 Industry Structure & Performance Tab  
 Industries By County, Average Earnings Per Job

# Will the jobs improve county incomes?



- Income Distribution

## Income Distribution



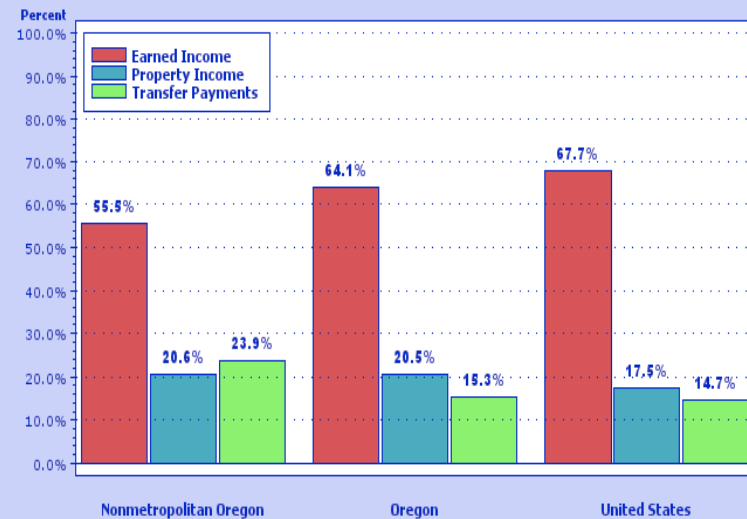
<http://oe.oregonexplorer.info/rural/OregonCommunitiesReporter>

Rural Community Explorer  
<http://oregonexplorer.info/rural>  
 Income Distribution

Income Tab

- Sources of Income

Major Income Components as of Percent of Total Personal Income:  
 Nonmetropolitan Oregon, Oregon and the U.S., 2007



Retrieved from REAProject.com, April 13, 2010

Figure 2

Oregon Regional Economic  
 Analysis Project  
<http://oregon.reaproject.org/>  
 Figure 2  
 Major Components of Income Tab



# Will the jobs allow local families to make ends meet?



## 2007 Cost of Living for Tillamook County Families

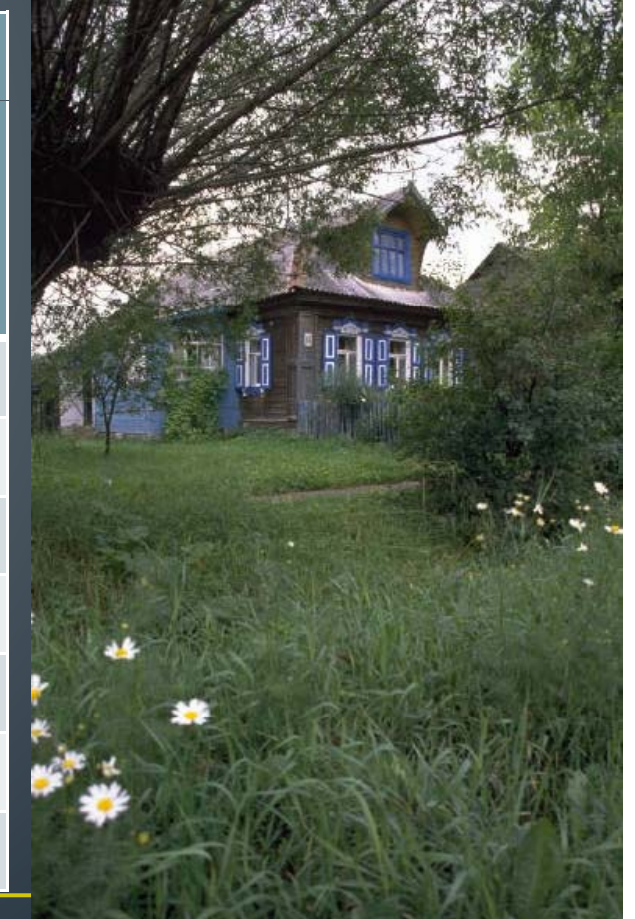
1 parent with 1 child	\$32,880
2 parents with 1 child	\$38,640
1 parent with 3 children	\$54,024

**2007 Tillamook County Average  
Earnings: \$29,903**

## 2010 Poverty Thresholds

1 parent with 1 child	\$14,602
2 adults with 1 child	\$17,552
1 adult with 3 children	\$22,190

# Will workers be able to afford local housing?



Income Levels	Percent of Jefferson County residents spending more than 30% of income on housing costs (rent or mortgage)
<\$10K	97%
\$10K-\$19K	64%
\$20K-\$34K	38%
\$35K-\$49K	17%
\$50K-\$74K	0%
\$75K-\$99K	0%
\$100K+	0%

The background features a light blue-to-white gradient with numerous thin, vertical, slightly wavy lines in a darker blue color. A solid blue horizontal band is positioned in the lower third of the image, containing the title text. Below this band is a thin yellow line, and at the very bottom is a grey gradient bar.

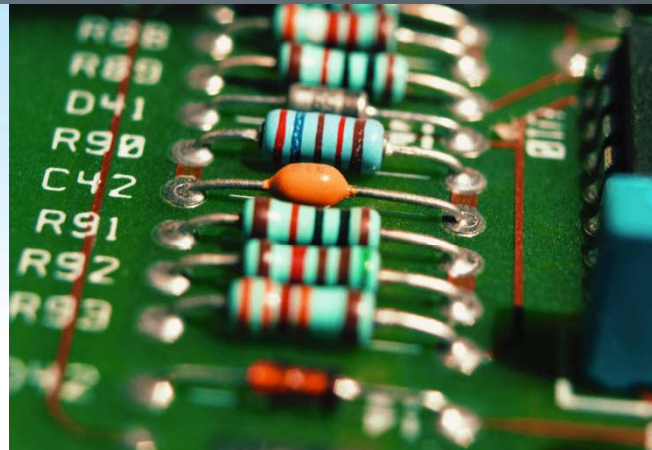
# Scenario Exercise

# Scenario Lessons

- *Maximizing local benefit* – reduce unemployment by hiring locally and provide average to high wage jobs
- *Minimizing local benefit* – reduce unemployment by bringing in new employed people and provide below average wage jobs

# 3 things to consider when making an economic development decision

- Do these jobs benefit my local workforce?
- How will this business interact with local markets?
- Who owns the business?



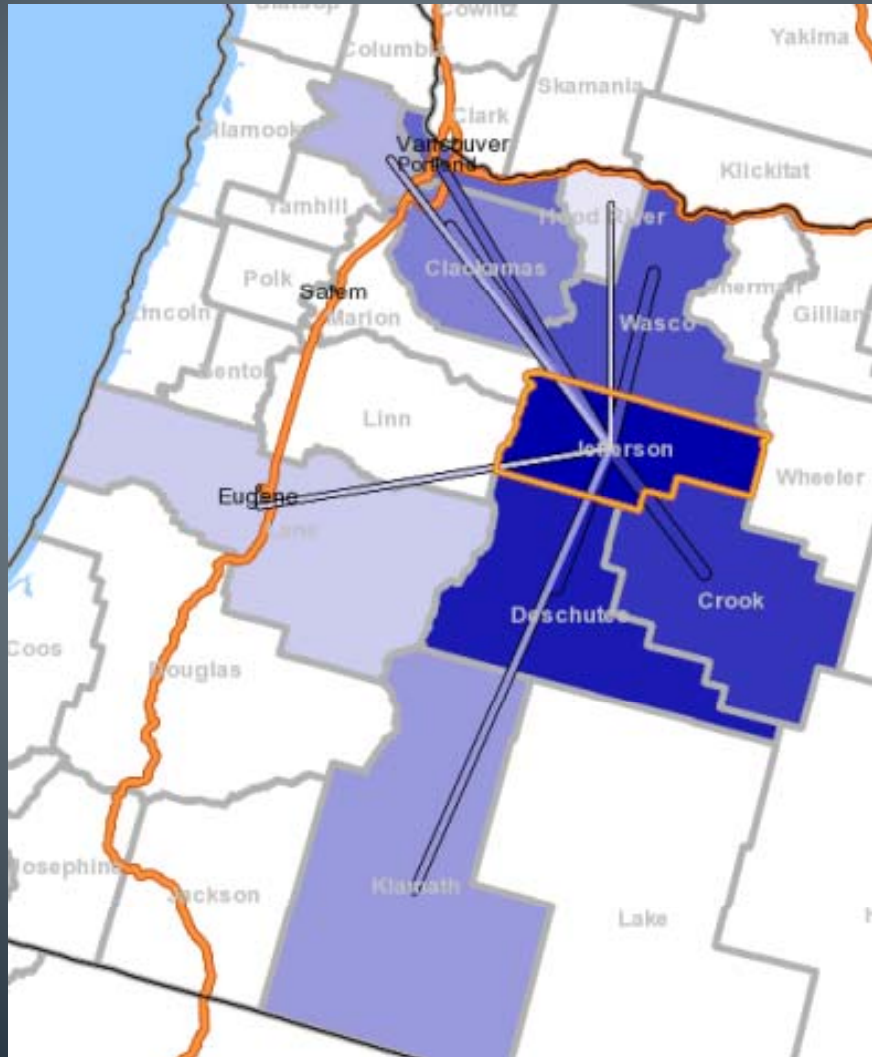


# How will this business interact with local markets for goods and services?

- Source of business inputs/supplies
- Market for business products



# What is “local?”



US Census On the Map  
<http://lehdmap.did.census.gov/>  
Destination by Counties

OnTheMap

- Commuting
  - County to county
  - Place to place
- Around the State
  - Business openings and closures

# Understanding business inputs and products

- Are there local opportunities that could be developed along the value chain?

Value Chain

Raw product

Processing

Wholesale

Retail

Consumer



# The tradeoffs of local marketing

## Benefits:

- Complete a local value chain
- Recapture local spending
- Local control can improve quality of product

## Drawbacks:

- Small consumer base can be unreliable
- Limited economic & consumer potential by staying restricted to only what can be produced locally
- May lose out on getting a higher price elsewhere

# The tradeoffs of external marketing (exporting)

## Benefits:

- Brings in new currency to the economy
- More reliable buyers, streamlined distribution process
- External competition can lead to better product

## Drawbacks:

- Passing on areas of potential mutual benefit
- Local residents see less benefit
- Infrastructure for exporting needed

## Scenarios:

# Different business input and product chains

- Local foods  
(Brownsville, OR)
- Renewable energy  
(Lakeview, OR)

Value  
Chain

Raw product

Processing

Wholesale

Retail

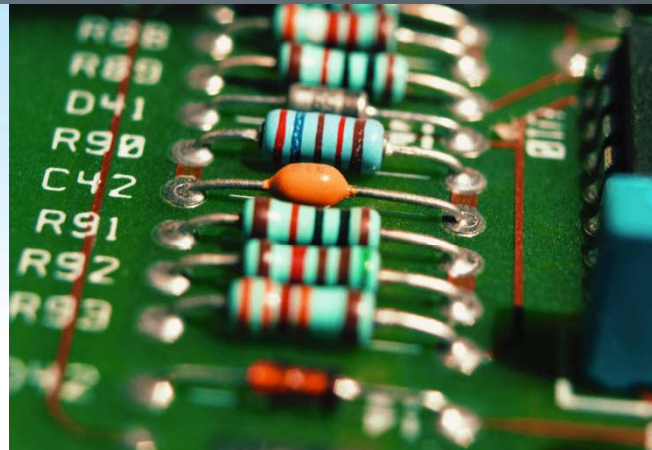
Consumer

# Scenario Lessons

- *Maximizing local benefit* – A balance of local and export marketing and sourcing of good or service based on scope of industry and markets
- *Minimizing local benefit* – 100% local or 100% export only marketing and sourcing of good or service

# 3 things to consider when making an economic development decision

- Do these jobs benefit my local workforce?
- How will this business interact with local markets?
- Who owns the business?





# Who owns the business?



- Values regarding community's future
- Residence of owners and highest paid
- Local use of profits
- Local asset development
- Ties to community



# Scenario Examples



# Ownership Lessons

- *Maximizing local benefit* – (local) philanthropic owner with an employee share option plan
- *Minimizing local benefit* – (external) un-invested owner who keeps profits outside of the region

# The local dilemma of economic development

## Local Government

- Property Taxes = main revenue for local government & main bargaining chip
- Re-election & other pressures require showing immediate impact

## Economic Development Strategies

- Variable time horizon
- Variable impact
- Variable risk



# Final Thoughts

- Communicate with businesses
- Be a good bargainer: recognize strengths and don't give away too much for a development opportunity
- Be aware of tradeoffs
- Design a process to learn from local decisions
- Celebrate incremental change
- Invest in long term and short term strategies

The top half of the slide features a background of numerous thin, vertical, light blue lines of varying lengths and positions, creating a textured, rain-like effect against a light gray gradient background.

# Questions or Comments?

For clarification or questions please contact Lena Etuk at [lena.etuk@oregonstate.edu](mailto:lena.etuk@oregonstate.edu) or at (541) 737-6121