Economic Development Update

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The views expressed are those of the speaker and do not necessarily reflect the opinions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.
Economic Development Update

I. Introduction

II. Entrepreneurship Led Economic Development

III. Nebraska & Federal Reserve Activities
Seventy-one percent (66) of Nebraska's 93 counties experienced population loss.
U.S. median age 38. Nebraska median age 36. Eighty-seven percent (81) of Nebraska counties are above the median age.
Introduction

Population Change and Median Age Comparisons
Introduction

Economic Development - Fostering a dynamic environment where economic opportunities can be discovered, taken advantage of and maximized to their fullest extent to create balanced and sustainable economic growth, jobs, a positive sense of ‘place’ and an improved quality of life in a defined geographic region.
Introduction
Business Stages by Size & Community Support

Stage 4 (500+) – 19.2% of Total Jobs

Stage 3 (100-499) – 21.6% of Total Jobs

Stage 2 (10-99) – 33.9% of Total Jobs

Stage 1 (1-9) – 22.3% of Total Jobs

Self-Employed – 3% of Total Jobs

Proactive Support
Attraction & Retention Strategies

Proactive Support
Retention Strategies

Proactive Support
Economic Gardening

Passive Support
Non-profits

Passive Support
Non-profits

Source: Edward Lowe Foundation
Seventy-one percent of all Nebraska businesses with 100 or more employees are in three counties.
Entrepreneurship Led Economic Development

Entrepreneurship led economic development is a local economic development strategy that prioritizes the startup and growth of local businesses as a primary economic development strategy.
Entrepreneurship Led Economic Development

Community Business Owners

- Financial Resources
- Owner Skillset
- Relationships & Networks
- Community Culture
- Policy & Regulatory Climate
- Physical Infrastructure
Entrepreneurship Led Economic Development

Advantages

- Economic diversification
- Economic growth potential
- Cooperation vs. competition
- Place making & community
- Talent attraction
Entrepreneurship Led Economic Development
Network Kansas

Resources for Starting and Growing Your Business
Entrepreneurship Led Economic Development
Network Kansas
Entrepreneurship Led Economic Development
Network Kansas

- 61 local financial review boards
- 459 loans totaling $13.23M, to 438 businesses (as of 3/31/18)
  - 16% of total loan package (leveraged $68.2M other capital)
  - 48% in towns with population <5K
  - 45% startups, 33% expansions, 17% purchase
  - 26% retail, 20% restaurant, 5% mfg, 49% service
  - 12% business failure rate (13 of the 53 still paying on their loan)
  - 19% of loans paid in full (88 of 459 loans)
Entrepreneurship Led Economic Development
Network Kansas

Dollars Loaned
$12,890,216

Loan Count
441

Kansas Counties
44 out of 105

2018 Population
- 0 to 8,880
- 8,880 to 18,600
- 18,600 to 36,800
- 36,800 to 93,800
- 93,800 to 10,300,000

FEDERAL RESERVE BANK OF KANSAS CITY
Entrepreneurship Led Economic Development
Holt County

Source: Don Macke
Entrepreneurship Led Economic Development
Holt County

Holt County (Population 10,400) Created 275 Jobs in 7 Years

Nicole Sedlacek, Director of Holt County Economic Development accomplished the following:
- 275 jobs created
- 41 new businesses started
- 17 business expansions
- 19 businesses transferred to the next generation of owners
- 157 businesses visited to discuss needs
- More alumni continue to return to Holt County
Entrepreneurship Led Economic Development
Cody Nebraska
Entrepreneurship Led Economic Development
Phillips County, Kansas

Time Involvement:

- Creation: 45%
- Expansion: 25%
- Community Development: 15%
- Retention: 10%
- Recruitment: 5%

“In small counties, community development is economic development” – Jeff Hofaker, Phillips County
Entrepreneurship Led Economic Development
Phillips County Kansas

Phillips County Sales Tax Revenue
2003 - 2012

Phillips County Economic Development was formed in 2003

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales Tax Revenue</th>
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<tbody>
<tr>
<td>2003</td>
<td>$180,788.00</td>
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<tr>
<td>2004</td>
<td>$196,945.00</td>
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<tr>
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<td>2010</td>
<td>$340,823.00</td>
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<tr>
<td>2011</td>
<td>$371,933.00</td>
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<tr>
<td>2012</td>
<td>$399,519.00</td>
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</tbody>
</table>
Nebraska Activities

Community Vitality Initiative is led by Nebraska Extension, and seeks to develop rural communities through entrepreneurship and community development.

https://communityvitality.unl.edu/
Nebraska Activities

JHEDI housing collaborative, is a collaborative of economic and community developers from across the state working to address the challenges in rural housing.

**HomeNE Gathering**

Sharing Rural Housing Successes

ST. PAUL, NE
APRIL 25-26, 2018

**Please join us for our First Annual Gathering Event to be held in St. Paul, Nebraska. If housing is a hot topic in your community, this event is for you!**

This event will feature:

- A presentation and tour of St. Paul's community/housing achievements
- A panel of local developers discussing their projects, as well as resources such as TIF.
- A wonderful atmosphere for learning, building solid relationships based on common goals and purposes
- Much, Much More
Nebraska Activities

Rural Futures Institute focuses on rural economic growth through entrepreneurship and innovation. They hold conferences, conduct research and do various community engagement activities.

http://ruralfutures.nebraska.edu
Federal Reserve Activities

- National entrepreneurship led economic development certification
- Closing the digital divide
- Rural banking and community impact research

https://www.kansascityfed.org/community/smallbusiness
Questions?

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