Creating Vibrant Regional Economies: An Assessment of the SET Initiative

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Purpose of SET

Help rural communities/counties to work together as a regional team in developing and implementing an economic development blueprint that builds on the current and emerging economic strengths of their region.
Partnerships: Key to the SET Effort

USDA RD
USDA NIFA
RRDCs

National Design and Training Team

State Partner Team & State Training Delivery Team

Citizen-Based Regional Team

County/Regional Extension Educators

Land-Grant University Extension Service

Other State Agencies & Organizations

University of Cincinnati External Evaluation Team

State USDA RD Office

Local

National
States Currently Part of SET

The map shows the United States, with states color-coded to indicate different phases of the SET program. There are three phases:

- **SET Phase I** (Blue)
- **SET Phase II** (Green)
- **SET Phase III** (Orange)

The states are divided into these phases, indicating the progression of the program across different regions.
Focus of Our Session Today

• The SET educational resources
• Examine some of our key tools
  ▪ *Demographic information*
  ▪ *Cluster analysis & import substitution strategies*
• The end result of SET
• External evaluation: Key findings to date
Additional Modules Now Available

• Community Business Matching Model Overview and Applications

• Entrepreneurship for Your Region

• Growing Regional Economies by Growing Networks
Module Two: Profiling Your Region

- SET team members from each county present current plans
- Classify activities into the CARE Model

County/Community Economic Development Plans

- Data on state, regional & county data provided to the SET team
- Key findings by the team are presented

Data on the Region
The C.A.R.E. Model

Creation
• Encourage the formation of new businesses in the region

Attraction
• Recruit industries or businesses to the region

Retention
• Maintain or strengthen existing firms in the region

Expansion
• Encourage the growth of existing firms in the region
DEFINING A REGION:

DIFFERENT APPROACHES
Regions Can be Defined Using Different Lenses

- Ecological
- Political
- Administrative
- Policy or Data Relevant
- Economic
- Geographic
SET Focusses on Economic Regions

• SET begins with a group of geographically linked counties that want to work and think regionally.

• SET’s main focus is linking counties that are economically linked through economic clusters.
County Plans: Any Regional Possibilities?

- Any focused on regional economic development activities? Which ones?
- Can the region compete at the multi-state, national, and/or international levels?
EXPLORING THE DEMOGRAPHIC FEATURES OF YOUR REGION
## Major Demographic Characteristics

<table>
<thead>
<tr>
<th>Category</th>
<th>Key Variables of Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>▪ Size</td>
</tr>
<tr>
<td></td>
<td>▪ Age Structure by Gender</td>
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<tr>
<td></td>
<td>▪ Components of Population Change</td>
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<tr>
<td></td>
<td>▪ Race &amp; Ethnic Composition</td>
</tr>
<tr>
<td></td>
<td>▪ Population Projection, 2020</td>
</tr>
<tr>
<td>Household &amp; Housing</td>
<td>▪ Number of Households</td>
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<tr>
<td></td>
<td>▪ Average Number of Persons Per Household</td>
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<tr>
<td></td>
<td>▪ Household Type (married, single, non-family)</td>
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<td></td>
<td>▪ Households with Children Under 18 years old</td>
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<tr>
<td></td>
<td>▪ Housing Tenure (owner or renter-occupied)</td>
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<tr>
<td>Education &amp; Income</td>
<td>▪ Educational Attainment of Adults 25+ years old</td>
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<td></td>
<td>▪ Educational Attainment by Geographic Mobility (for persons 25+ years old)</td>
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<tr>
<td></td>
<td>▪ Median Household Income</td>
</tr>
<tr>
<td></td>
<td>▪ Poverty Rate (for individuals)</td>
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<tr>
<td>Health</td>
<td>▪ Mortality Ranking</td>
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<tr>
<td></td>
<td>▪ Morbidity Ranking</td>
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</tbody>
</table>

For access to more data, go to: [http://quickfacts.census.gov/qfd/index.html](http://quickfacts.census.gov/qfd/index.html)
Your Turn – Dig In!
Exploring Your Regional Economy
Industry Clusters

Groups of similar and related firms in a defined geographic area that share common markets, technologies, worker skill needs, and that are often linked by buyer-seller relationships.
Two Types of Clusters

• Strong value chains (Vertical clusters): working together toward a common product

• Competing (horizontal clusters): drawing from the same raw materials, infrastructure, labor force
Identifying Industry Clusters

- Views firms and industries as interdependent, not isolated
- Identifies value chains
- Discovers collections of businesses producing similar outputs
MAPPING THE CLUSTER
Cluster Choices (22 in all)

- Advanced Materials
- Agribusiness, Food Processing & Technology
- Apparel & Textiles
- Arts, Entertainment, Recreation & Visitor Industries
- Biomedical/Biotechnical (Life Sciences)
- Business & Financial Services
- Chemicals & Chemical Based Products
- Computer & Electronic Product Manufacturing
- Defense & Security
- Education & Knowledge Creation
- Electrical Equipment, Appliance & Component Manufacturing
- Energy (Fossil & Renewable)
- Fabricated Metal Product Manufacturing
- Forest & Wood Products
- Glass & Ceramics
- Information Technology & Telecommunications
- Machinery Manufacturing
- Mining
- Primary Metal Manufacturing
- Printing & Publishing
- Transportation & Logistics
- Transportation Equipment Manufacturing
Examining Clusters in One Region
Cluster Illustration: Bubble Chart

*Bubble size represents 2005 jobs in each industry.*

Source: EMSI.com
Clusters in the Region

- Mining, Quarrying, and Oil and Gas Extraction
- Agriculture, Forestry, Fishing and Hunting
- Manufacturing
- Retail Trade
- Health Care and Social Assistance
- Transportation and Warehousing
- Utilities
- Construction
- Accommodation and Food Services
- Information

2002 LQ vs. 2002-2010 % Change LQ

*Bubble size represents 2002 jobs in each industry.*

Health Cluster
## Behind the Bubble Chart

<table>
<thead>
<tr>
<th>NAICS Code</th>
<th>Description</th>
<th>2002 Jobs</th>
<th>2002 LQ</th>
<th>2010 LQ</th>
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<tbody>
<tr>
<td>21</td>
<td>Mining, Quarrying, and Oil and Gas Extraction</td>
<td>5,211</td>
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<td>11</td>
<td>Agriculture, Forestry, Fishing and Hunting</td>
<td>15,288</td>
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<td>31-33</td>
<td>Manufacturing</td>
<td>26,685</td>
<td>1.28</td>
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<td>44-45</td>
<td>Retail Trade</td>
<td>27,894</td>
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<td>Health Care and Social Assistance</td>
<td>23,587</td>
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<td>Transportation and Warehousing</td>
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<td>22</td>
<td>Utilities</td>
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<td>23</td>
<td>Construction</td>
<td>12,514</td>
<td>0.98</td>
<td>0.97</td>
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<td>72</td>
<td>Accommodation and Food Services</td>
<td>13,149</td>
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<td>51</td>
<td>Information</td>
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<td>Administrative and Support and Waste Management and Remediation Services</td>
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<td>52</td>
<td>Finance and Insurance</td>
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<td>71</td>
<td>Arts, Entertainment, and Recreation</td>
<td>1,993</td>
<td>0.47</td>
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<td>54</td>
<td>Professional, Scientific, and Technical Services</td>
<td>4,579</td>
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<td><strong>Total</strong></td>
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<td>171,380</td>
<td>0.99</td>
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Source: EMSI Complete Employment - 4th Quarter 2010
## Cluster Jobs and Earnings

<table>
<thead>
<tr>
<th>NAICS Code</th>
<th>Description</th>
<th>2002 Jobs</th>
<th>2010 Jobs</th>
<th>2010 EPW</th>
<th>2010 Establishments</th>
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<tr>
<td>11</td>
<td>Agriculture, Forestry, Fishing and Hunting</td>
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<td>23</td>
<td>Construction</td>
<td>12,514</td>
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<td>31-33</td>
<td>Manufacturing</td>
<td>26,685</td>
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<td>$44,064</td>
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<td>42</td>
<td>Wholesale Trade</td>
<td>5,971</td>
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<td>44-45</td>
<td>Retail Trade</td>
<td>27,894</td>
<td>26,285</td>
<td>$26,069</td>
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<td>48-49</td>
<td>Transportation and Warehousing</td>
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<td>51</td>
<td>Information</td>
<td>4,231</td>
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<tr>
<td>52</td>
<td>Finance and Insurance</td>
<td>5,181</td>
<td>6,120</td>
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<td>53</td>
<td>Real Estate and Rental and Leasing</td>
<td>3,924</td>
<td>5,157</td>
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<tr>
<td>54</td>
<td>Professional, Scientific, and Technical Services</td>
<td>4,579</td>
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<td>56</td>
<td>Administrative and Support and Waste Management and Remediation Services</td>
<td>8,494</td>
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<td>61</td>
<td>Educational Services</td>
<td>3,022</td>
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<td>62</td>
<td>Health Care and Social Assistance</td>
<td>23,587</td>
<td>28,622</td>
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<td>71</td>
<td>Arts, Entertainment, and Recreation</td>
<td>1,993</td>
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<td>72</td>
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<td>13,149</td>
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<td></td>
<td><strong>Total</strong></td>
<td>171,380</td>
<td>174,721</td>
<td>$34,127</td>
<td>9,085</td>
</tr>
</tbody>
</table>

Source: EMSI Complete Employment - 4th Quarter 2010
Distribution of Jobs
Review the Cluster Profile

- Review the cluster report we have distributed
- What are your thoughts/observations?
You Think There Is a Regional Cluster, So Now What?

• Map the cluster
• Determine if growing or declining
• Evaluate regional capacity
• Identify potential leakages & opportunities
• Determine potential strengthening strategies
Import Substitution

Substituting externally produced goods and services with those that are locally produced, putting regional money to work in the region.
Example: Strengthening the Hospital Sector
Growing Your Region’s Cluster

**Identify:**

- Industries composing the cluster
- Imports (Leakages)
- Regional capacity
- Potential growth opportunities
- Appropriate response strategies
C.A.R.E for the Cluster

External Evaluation of SET
Evaluation Team
University of Cincinnati

- Beth Honadle, Ph.D.
  (honadlbw@uc.edu)
- Chris Auffrey, Ph.D.
- Rainer vom Houfe, Ph.D.
- Johanna Looye, Ph.D.
- Marisa A. Zapata, Ph.D.
  (zapatama@uc.edu)
- Zach Woolard (Research assistant)
Our Approach

• Developmental evaluation

• Data from applications, site records, and field visits
Regions We Visited

- West Central Ohio Network (OH)
- Ohio Buckeye Hills Region (OH)
- Northern Tier Region (PA)
- St. Helena, Tangipahoa and Washington Parishes (LA)
- Lower Rio Grande Valley Small Cities Coalition (TX)
- Mid Columbia Economic Development District (WA/OR)
- Western Nevada Development District (NV)
- Raton Basic REDD (CO)
St. Helena, Tangipahoa and Washington Parishes (LA)

- Phase 1
- Three parish region
- Preparing for the next economic wave
Mid-Columbia Economic Development District (OR/WA)

- Phase II
- Five counties (2 WA; 3 OR)
- Working across jurisdictions
Lower Rio Grande Small Cities Coalition (TX)

- Phase II
- Four county region
- Keeping the momentum going
Preliminary Findings

- Context matters
- Process
- The plan
- Institutionalization
- Productive relationships
Context Matters

- Region formation
- Existing infrastructure
- Timing
- Size
Process

• Industry diversity

• Skilled facilitator

• Meeting locations

• Wikis, teleconferencing, and more.
The Plan!

- Continued challenges in moving from process to plan
- High quality plan criteria should help
- Promote other successes beyond the plan
Productive Relationships

- RD and Extension
- New partnerships
- New projects
Institutionalization

- Harnessing energy
- NPO?
Evaluation Conclusions

• Consider the context
• Think strategically about participants
• Use technology creatively
• Continue support of plan development
• Identify ways to keep the momentum going
• Nurture new relationships
Final Comments on SET
So What is SET Trying to Achieve in the Regions?

• Build relationships across geographic boundaries (bridging social capital)
• Produce a high quality plan that guides the region’s economic development efforts
• Sustain the effort over the long-term
• Establish strong ties between RD and Extension
Producing a High Quality Plan: 
*The Essential Components*

- Evidence-Based
- Practical
- Broadly Supported
- Focused on Economic Development
- Employs Regional Strategies
- Aligns with the Vision and Goals
What’s Ahead for SET

• Possible expansion to a Phase IV
  - *New states/regions*
  - *New regions in existing SET states*

• Continued investment in external evaluation activities

• Revisions/additions to SET resource materials
Your Turn