



Economic Vitality:

How can we improve our communities?

What is economic vitality?

Many describe a vital community as one that has a combination of some of the following characteristics: it is comfortable and safe, with good quality housing and infrastructure and low crime rates; has “good” jobs with benefits; is experiencing growth in population, jobs and wages; has strong civic organizations; is proactive; and is diverse and flexible enough to withstand economic change. At the same time, they often say vitality is as much a sense of a community feeling “alive” as it is a list of numbers.

Despite positive signs in terms of overall economic growth, the economy remains a key concern among many Americans. According to a Harris poll conducted in January 2016, about one in four U.S. adults believe the economy will improve in the coming year, but one in three believe the economy will actually get worse. Southerners were the most pessimistic.

Many in the South can relate to the experiences of communities such as Erwin, North Carolina and Griffin, Georgia.

Once known as the “Denim Capital of the World,” Erwin grew up around a textile mill that employed over 3,000 people at its peak. The mill closed its doors in 2001, followed by the community’s second largest employer, Good Hope Hospital, four years later. “The only thing we can rely on right now is Triton High School,” former Erwin Mayor George Joseph, Jr. told the *Raleigh News and Observer* in late 2014. “They’re the largest industry we have in town.” Griffin, Georgia, a former textile-manufacturing hub, has suffered similar economic setbacks. “Workers are tearing down the old factories and shopping plazas along the road from Atlanta are empty, with no trace of the stores once located there,” described *The Atlantic* magazine in 2015.

While those in high-growth areas experience their own pressures in terms of keeping pace with infrastructure demands and needs, those in rural communities are particularly concerned about the other side of the coin – economic decline. Figures from the U.S. Department of Agriculture showed the nation’s rural areas as a whole losing population in 2014, continuing a four year trend. And, on the job front, rural areas have lagged behind urban areas in terms of replacing jobs lost during the recession.

However, community vitality is not just about jobs. From 2008-2010, the Knight Foundation and Gallup interviewed 43,000 people in 26 communities across the country (including 12 in the South), to find out what makes communities a desirable place to live and why people feel attached to their communities. What they found was that the economy was not a key factor affecting residents’ connection to a place. Instead, social

offerings, openness and aesthetics were key.

What is behind some of the anxiety about the economy?

- Headlines about Greece's debt problems, China's stock market losses and Brazil slipping into a recession on the eve of hosting the Olympics – and the resultant impact on U.S. stock markets – underscore that we are part of a global economy. Many are nervous that events a world away, and over which they have no control, will impact their financial future.
- Many experts are predicting a "seismic shift in jobs" in the next decade or two, with as many as 30 percent of today's current jobs becoming obsolete as a result of robotic devices and other types of automation, technology and artificial intelligence applications.
- Companies are increasingly hiring temporary and contract workers rather than creating traditional full-time jobs with benefits. And, while some workers are in part-time jobs or are freelancers by choice, others would prefer full-time work. U.S. Department of Labor figures released in 2015 showed that over 40 percent of U.S. workers were in non-traditional work arrangements in 2010, including the self-employed, as well as those serving as contract company workers, temps and freelancers.
- Income inequality has reached record high levels. According to the Economic Policy Institute,

the real annual wages of the top 1% of wage earners grew by 138% between 1979 and 2013, compared with 15% for the bottom 90%.

- Our communities – and workforce – are becoming more diverse, and this can cause tension when some feel that their jobs are at stake. U.S. Census projections predict that more than half of all Americans will belong to a minority group by 2044. If current trends continue, the Pew Research Center has estimated that more than 90 percent of the growth in the nation's working age between now and 2050 will come from immigrants and their U.S.-born children.

For many, rapid change and an unclear future can create a sense of uneasiness, or even impending doom.

At a recent series of community listening sessions hosted by the Delta Regional Authority, one participant questioned, "What is the



point of even caring if we are doomed to a slow death spiral?" However, others offered hope. "It cannot be, and I will not accept that it is unrealistic to expect to live in a striving community; we have to believe that it can get better." "Economic development is not serendipity in the Delta," agreed a participant from Clarksdale,

Mississippi. "It takes purposeful action, by local people, but we need help, all we can get."

That is the aim of this discussion guide – to provide a framework for people in communities to come together to deliberate about the following key question:

What should we do to improve economic vitality in our community?

Following are several options to provide a framework for your deliberations. They are not the only options, but they are three that research suggests are on people's minds.

ABOUT THIS PROJECT

This project was developed by an advisory group that included (in alpha order):

- Ted Abernathy, Economic Leadership, LLC
- Anita Brown-Graham, Institute for Emerging Issues, North Carolina State University
- Clark Casteel, Danville Community Foundation
- Charlotte Cole, Southern Governors' Association
- Diane Duff, Southern Governors' Association
- Linda Hoke, Consortium of University Public Service Organizations
- Phil Lurie, Kettering Foundation
- Brad Rourke, Kettering Foundation
- Chuck Shoopman, Institute for Public Service, University of Tennessee
- Gene Stinson, Southern Economic Development Council
- Joe Sumners, Government and Economic Development Institute, Auburn University

Option 1: Make our community attractive to good and stable employers



This option holds that more attention is needed to the foundations that will make the community attractive to good and stable employers. This includes physical infrastructure such as airports and roads, as well as quality of life issues such as low crime rates and good schools. Annual surveys of business leaders identify these foundations as among the top factors influencing business location decisions. And, investments in infrastructure improvements such as broadband access offer rural communities the ability to overcome potential locational disadvantages in terms of accessing customers and employees. Without these investments, poorer or smaller communities may fall even further behind.

Unfortunately, many of our communities lack the basics that are needed to be attractive to good and stable employers. Consider that:

- The nation's infrastructure is facing a maintenance crisis. It is in such a state of disrepair that the American Society of Civil Engineers estimates it would take more than \$3.5 trillion in investments by 2020 to meet current needs.
- More than one in six Americans, and more than half

of those in rural areas, lack access to advanced broadband services, reported the Federal Communications Commission in its 2015 Broadband Progress Report.

- Nationwide, 51 rural hospitals have closed since 2010, with the South disproportionately affected. The National Rural Health Association estimates that 10 percent of those remaining are in danger of closing, with more than one in every three rural hospitals operating at a deficit in 2013.
- Even in times of high unemployment, employers have reported problems in finding qualified applicants. A recent report on the skills gap in U.S. manufacturing cautions that nearly 2 million of an estimated 3.5 million manufacturing job openings in the next decade will likely go unfilled due to a skills gap. Employers identify not only technical skills as a problem, but also basic employability skills such as passing a drug test, showing up for work on time, and being able to work well with others.

Top Location Priorities of Business Leaders

1. Highway accessibility
2. Occupancy and construction costs
3. Available land
4. Available buildings
5. Availability of skilled labor
6. Labor costs
7. Right-to-work (union) laws
8. Proximity to major markets
9. Energy availability and costs
10. Corporate tax rate

Source: *Area Development*, 29th Annual Survey of Corporate Executives, 2015.

Top Quality of Life Concerns of Business Leaders

1. Low crime rate
2. Ratings of public schools
3. Healthcare facilities
4. Housing availability
5. Housing costs
6. Colleges and universities in area
7. Recreational opportunities
8. Cultural opportunities
9. Climate/weather

Source: *Area Development*, 29th Annual Survey of Corporate Executives, 2015. (Note: only top nine concerns ranked).

What could we do? The following provide some ideas:

Government could...

Develop community broadband access. In Chattanooga, Tennessee, EPB, an agency of the City of Chattanooga, has the distinction of launching the nation's first citywide gigabit Internet service. A recent study concluded that the fiber optic network has helped generate at least 2,800 new jobs and has added \$865 million to the local economy over the past six years. Bristol, Virginia's OptiNet, Springfield, Missouri's SpringNet, Wilson, North Carolina's Greenlight and Opelika Power Services in Alabama are among other municipal networks in the South that have resulted in positive economic impacts.

Prepare sites for industry prospects. Getting sites "ready" in terms of title work, environmental studies, zoning, utilities, and similar criteria can help reduce site location risks and costs, making properties more attractive to business prospects. A number of Southern states have rigorous review processes that communities can pursue to certify their sites in terms of readiness. 2014 saw the opening of a \$172 million Starbucks manufacturing plant in Augusta, Georgia's Corporate Park, a 100-acre site certified by the Georgia Ready for Accelerated Development (GRAD) Sites Program.

Businesses could...

Work with communities to develop skill-building programs for students and workers. Alexandria, Louisiana-based Gilchrist Construction Company has been a champion for the Cenla Work Ready Network and its efforts to develop industry-relevant education and training in Central Louisiana. ACT's Work Ready Communities initiative serves as the foundation for this effort, using a WorkKeys assessment and National Career Readiness Certificate (NCRC) to attest to an individual's skills in areas such as applied math, reading and critical thinking. Gilchrist has advocated for the program by adopting the NCRC as a tool for hiring and promotions. Employer support and use of this tool was a key element in the certification of Rapides and Avoyelles Parishes as two of the nation's first "Work Ready Communities." This designation, in turn, helps signify to future business prospects that the communities have a well-prepared workforce.

Support community improvement efforts. Businesses often find that helping the communities in which they are located helps their bottom line as well. The Civic 50, an initiative of The Points of Light, recognizes the top S&P 500 companies that are improving the quality of life in their communities. Smaller companies also have important roles to play.

Citizens / non-profits could...

Develop programs to address drug addiction and other employability problems. In Durham, North Carolina, TROSA combines residential drug abuse treatment with vocational training, giving clients skills that will help them transition into the job market. TROSA provides training in office administration, electronics and other skills in addition to on-the-job skills learned through three program-owned businesses: a moving company, a lawn care service and a thrift and custom framing store. Education is also emphasized; all clients without a high school diploma or GED are required to attend either adult literacy or GED classes.

Launch a community beautification program. The physical condition of a community sends a signal about community commitment and care. Beautification projects – from trash pickup to gardening – are often a great first step in engaging and energizing citizens around larger community improvement efforts. In Plano, Texas, *Love Where You Live* focuses on one neighborhood at a time, bringing residents, schools, non-profits, faith groups and others together not only for one-time clean-up and repair, but also for longer-term community-building efforts. A similar effort in Birmingham, Alabama, *Love Your Block*, has reported reductions in overall crime in neighborhoods implementing the program.

Trade-Offs or Consequences to Consider:

We can *make our community attractive to good and stable employers*

But, *there's no guarantee that employers will come even if we make considerable investments to make our community more attractive.*

Examples of What Might Be Done	Trade-Offs or Consequences to Consider
Build and maintain physical infrastructure, including advanced telecommunications infrastructure.	Investment in infrastructure is extremely costly and is likely to require increased taxes, with no guarantees of success.
Train students and workers for skills that are in demand by employers, including "soft skills" such as punctuality and getting along with others.	Skill needs are constantly changing. By the time we ramp up a training program, it may be obsolete.
Provide programs to address drug addiction and other employability problems, instead of jail time.	Drug addiction is a complex social problem with few simple answers; adequately addressing the issue requires the active involvement of multiple community actors. Also, many who have addiction problems do not want help. Besides, drug use is a crime; we should treat it as such.
Create a business-friendly environment (taxes, tort reform, permitting processes, etc.).	Reducing regulations may remove important safeguards that protect citizens and lowering taxes may reduce funds available for investments in education and social service programs.

Option 2: Prepare workers and communities to be more self-reliant



This option holds that we need to do more to make workers and communities more self-reliant, to reflect the fact that employers – faced with global competition and the need to be more flexible – no longer provide the long-term security they once did. As a retired computer systems developer recently told *Tulsa World* as part of a series on the changing American dream, “There was a whole different atmosphere in the '50s and '60s as far as work went. Companies expected loyalty from you, but the company provided loyalty to their people.”

Our economy and the world of work seem to be changing at a breakneck pace. There are no more guarantees. Consider that:

- Today, workers will have more than 10 different jobs in their lifetime; the median tenure in a current job is just 4.6 years. Among Millennials, those born between 1977 and 1997, the expectation is 15-20 jobs with an

average tenure of less than three years.

- From 1980 – 2005, new firms, less than five years old, accounted for all net job growth in the United States.
- More than four in 10 workers now classify themselves as free agents, compared to 26 percent in 2008 – a growing shift that is seen across all generation groups, not just today’s youth.
- Fewer U.S. companies are moving production overseas today, but many other countries, including Mexico, continue to attract companies that could be in America.

Promoting new business start-ups can be an attractive alternative: not only are businesses built around natural amenities and other unique community assets less likely to be outsourced, but promoting entrepreneurship among young people will provide them with

options to stay in their home communities rather than having to leave to pursue careers elsewhere.

Communities have also found success by focusing on unique community assets – be it historical buildings, a river or other natural asset, or cultural assets such as music, arts and crafts, or even storytelling.

Cape Girardeau, Missouri has found success by combining all of these elements. A 2015 Great American Main Street Award winner, Cape Girardeau boasts a thriving commercial district, a riverfront market, downtown housing, co-working space and business incubators. Key to success have been partnerships between Old Town Cape, a nonprofit organization that works towards revitalizing downtown Cape Girardeau, the City, the Arts Council of Southeast Missouri, and Southeast Missouri State University.

What could we do? The following provide some ideas:

Government could...

Establish government purchasing policies that give preference to local businesses. Many communities have local purchasing preferences, recognizing that their spending – on schools, infrastructure and services – can provide a positive impact on the local economy. Examples include Atlanta's Local Bidder Preference Program, Montgomery County, Maryland's Local Small Business Reserve Program, and Columbia, South Carolina's Local Business Enterprise preference.

Provide incentives to repurpose underutilized property and/or abandoned buildings. Paducah, Kentucky launched its Artist Relocation Program in 2000, offering artists the chance to purchase decaying properties for as little as \$1 with the promise to fix them up. The program has attracted artists from around the world, and has helped transform what was once a community eyesore into a vibrant arts and tourism district. The recent addition of a campus of the Paducah School of Art and Design, a division of West Kentucky Community and Technical College, has further strengthened the neighborhood.

Businesses could...

Put a priority on using local suppliers. The Tulsa Regional Chamber's online directory, *Let's Do Business*, aims to match local businesses with local suppliers. A growing number of businesses around the world are also looking to increase local supply chains as part of a commitment to what has been called a "triple bottom line" approach, emphasizing not just financial performance, but also social and environmental performance. Burlington, North Carolina's custom printed apparel company TS Designs, which emphasizes local sourcing, is just one of more than 1,400 companies worldwide that have been certified as B Corps for meeting rigorous standards of social and environmental performance, accountability and transparency.

Commit to mentoring entrepreneurs in the community. More than a dozen businesses in Jacksonville, Florida have committed to a year-long mentoring effort targeting women-owned businesses as part of the ATHENA PowerLink program. And, throughout the South, chambers of commerce have embraced YEA! (Youth Entrepreneurs Academy) as a way to inspire and support youth entrepreneurs. The program includes guest speakers from the local business community and field trips to local companies.

Citizens / non-profits could...

Launch buy local campaigns. The mission of Lowcountry Local First is to strengthen community support for local businesses and farmers in the Charleston, South Carolina area. Among their initiatives are Buy Local and Eat Local campaigns, provision of co-working space for local entrepreneurs and service providers, and a Dirt Works Incubator Farm that provides infrastructure and support to new farm businesses. In Asheville, North Carolina, Venture Local and Bringing it Home conferences highlight opportunities and connections for local businesses, while a Venture Local Fair showcases the unique character of the community and its businesses through tastings, tours and other events.

Promote and support entrepreneurship. While entrepreneurship support programs can range from incubators to training programs to revolving loan funds, the Ewing Marion Kauffman Foundation recommends that communities focus on cultivating networks and support to link entrepreneurs. Idea Village offers training, mentoring, peer-to-peer networking and other support to entrepreneurs in New Orleans, Louisiana. Memphis Bioworks focuses on building new companies that capitalize on area strengths in the biosciences, and St. Louis, Missouri has built an entrepreneurial ecosystem, including events such as StartLouis, Startup Weekend and 1 Million Cups.

Trade-Offs or Consequences to Consider:

We can *prepare workers and communities to be more self-reliant.*

But, *entrepreneurship is risky; many new businesses fail. Even those that "succeed" might remain small and generate little money.*

Examples of What Might Be Done	Trade-Offs or Consequences to Consider
Look toward unique community assets as a basis for economic activity.	Not every community is blessed with unique natural or historical assets. Spending money on the "Largest Ball of Yarn" museum, or a similar endeavor, may be a waste of our resources.
Provide more support and incentives for new business start-ups.	We should leave this to the marketplace rather than using public funds to try to pick winners and losers. As much as we want it, not every community can be the next Silicon Valley.
Revamp our education system to prepare students to become entrepreneurs and "free agents."	Self-employment or freelance work is not always steady and freelancers are on their own for health care, retirement and taxes. This lifestyle is risky for those without savings for lean times. Plus, without ties to an employer, freelancers are subject to leaving at any time for a more attractive living environment.
Give preference to local purchasing in government contracting.	It's often cheaper and more efficient to purchase goods and services from larger suppliers. Buying local is a nice idea, but it is likely to cost taxpayers more. In addition, if this idea spreads, vendors in our community will be less likely to get contracts in other communities.

Option 3: Provide everyone in our community with opportunities for success



Unfortunately, many people who work hard and play by the rules still can't get ahead because they have little access to opportunities for success, be it because of their lack of family support, lack of connections or simply their address. This option holds that we need to do more to ensure that everyone has opportunities for success.

Consider the case of the Research Triangle Park region in North Carolina. "On the surface, the Research Triangle Park region is a model for economic success," emphasized a 2015 editorial in the *Raleigh News and Observer*. "It sits high on many 'best places to live' lists. The unemployment rate is low as its high-tech industries flourish. The center of Raleigh and Durham are booming. But the numbers beneath the surface show that success is built on shifting sands. Increases in the black and Hispanic populations are driving growth, but many of those young people lack the education and skills that will be needed by the region's employers. Along with those gaps, the region's middle class is shrinking and poverty is growing." In a report on these trends, the Triangle J and Kerr-Tar Council of Governments emphasized, "ensuring that communities of color are full and

active participants in the region's economy is critical to the next generation of growth and economic development." They concluded that "the region's economy could have been about \$21.8 billion stronger in 2012 if there were no economic differences by race."

Also consider the following wider trends:

- Corporate profits as a percentage of national income (GDP) have soared, reaching record levels in 2014. Meanwhile, employee compensation relative to GDP slipped to a 65 year low.
- It's increasingly difficult for low-wage workers to make a good life without help. A 2015 study by the Center for Labor Research and Education at the University of California Berkeley found that close to half of all home health care workers, child care providers and fast-food workers receive public assistance in order to make ends meet.
- Many are priced out of opportunities to excel in a career due to a lack of money or connections. Students, for example, may not have the connections to get internships,

or may not be able to afford to pursue such unpaid work opportunities that would get them ahead in the long-term, particularly if those opportunities are outside areas with access to public transportation services.

- It seems harder and harder for young people get a good start in life. The proportion of children under age 18 who were living with two married parents has declined significantly since 1960, from 88 to 69 percent. In 2014, only 39 percent of black children lived in a two parent family.

What might be most telling is that community stakeholders responding to The Federal Reserve Bank of St. Louis' 2015 Community Development Outlook Survey identified "generational poverty" as the issue having the greatest negative impact on low and moderate income households and communities in the region – overtaking "job availability" for the first time since the survey was launched in 2011. As a respondent from rural Kentucky observed, "Generational poverty creates a cycle that is hard to break."

What could we do? The following provide some ideas:

Government could...

Enact living wage requirements.

For example, in North Carolina, the Wake County Board of Commissioners adopted a new living wage ordinance in November 2015, raising the base pay for full-time county employees to \$13.50 per hour. In addition, a number of communities in the South, such as Birmingham, Alabama and Louisville and Lexington, Kentucky, have adopted local minimum wage ordinances that apply to area businesses.

Partner with businesses and philanthropists to establish community-wide college scholarship programs.

El Dorado and Arkadelphia, Arkansas are among several communities in the nation that have partnered with businesses and/or philanthropists to commit to providing college scholarships to all students who graduate from local public high schools. The El Dorado Promise provides graduates of El Dorado High School with a scholarship in an amount equal to the annual resident tuition at an Arkansas public university that can be used at any accredited two- or four-year, public or private educational institution in the U.S.

Businesses could...

Provide mentorship and work experience programs.

Since 2007, Southwire, a wire and cable manufacturing company in Carrollton, Georgia, has provided a cooperative education program aimed at motivating at-risk students to finish 12 years of school and position themselves for success in life. Based in a real factory created specifically for the program, 12 for Life combines classroom instruction, on-the-job training, training in work and life skills, and mentoring. A second facility was opened in Florence, Alabama in 2009 in partnership with Florence City Schools. The program has served as a model for others, including Georgia's Great Promise Partnership, a pilot program launched in January 2012.

Support early childhood education.

PNC Financial Services has distributed more than \$90 million in grants through its Grow Up Great initiative since 2004, serving approximately 2.3 million children in 19 states and the District of Columbia. In addition, PNC employees, who are eligible for 40 hours of paid time off per year to volunteer with the program, have contributed more than 485,000 volunteer hours. Recent grants include one for a home-based program in Louisville, Kentucky to help parents and caregivers prepare their pre-school aged children for school and develop strong connections with the schools their children will later attend.

Citizens / non-profits could...

Provide parenting education and support programs.

Big Creek People in Action, a non-profit organization serving McDowell County, West Virginia, provides parenting and nutrition classes, in addition to events such as the Moms and Babes Fair. The Fair included parenting workshops as well as distribution of diapers, wipes, car seats and other baby items. In Durham, North Carolina, Book Harvest's Book Babies program delivers ten new books to low-income children every six months from birth until they start kindergarten. Parents are also provided with literacy tools and activities during these home visits.

Provide support to at-risk youth.

Oasis Center in Nashville, Tennessee provides a continuum of 19 programs designed to support teens in making a healthy transition to adulthood. Programs range from youth engagement programs that are designed to empower young people to take action on community issues, to a program that provides students with support aimed at increasing college acceptance and retention rates, to crisis and residential services. Programs such as YouthBuild and Year Up, which focus on providing at-risk young adults with education, skills development and job experience, are being implemented in a number of Southern communities.

Trade-Offs or Consequences to Consider:

We can *provide everyone in our community with opportunities for success.*

But, *this may undercut people's self-reliance.*

Examples of What Might Be Done	Trade-Offs or Consequences to Consider
Enact employer mandates, such as living wage requirements.	Adding mandates such as these may make our community less competitive to new businesses – and make it difficult for existing ones to create new jobs, cause them to layoff existing workers or even drive them away altogether. Is it better to have fewer good quality jobs, or jobs for more of our citizens, but at lower pay?
Establish mentorship as well as business internship programs to ensure that all young people have access to positive role models and connections within and outside the business community.	One-on-one connections such as these require a lot of volunteers and manpower – individuals will have to devote their time. Liability issues associated with having students in the workplace are also a risk to businesses.
Focus on reducing teen pregnancy, providing parenting training, and a values curriculum in K-12 schools.	Families are left out in deciding on a curriculum.
Work with businesses and philanthropy to establish community-wide college scholarship programs.	Should we be subsidizing students from families that can afford to pay on their own?