Development Opportunity Assessment For Jefferson County, Nebraska

Center for Rural Entrepreneurship
energizing entrepreneurial communities

This assessment has been prepared by the **Center for Rural Entrepreneurship** in support of the Southeast Nebraska Development District (SENDD's) Comprehensive Economic Development Strategy (CEDS).

All supporting research and analysis for this assessment is available in the Center's online library at:

http://bit.ly/tgD2Y5

Research in the electronic library provides expanded analysis: demographics, the local economy, businesses, agriculture and trade capture.

You are encouraged to view all of these resources for additional insight and clarification.

We welcome your questions and our team will work with SENDD to be responsive to your feedback.

The analysis contained in this report was prepared by Don Macke, with support from Ahmet Binerer, John Hitt, Dr. Deborah Markley, Kyle Cummings and Ann Chaffin. Information about the Center's team can be found at:

www.energizingentrepreneurs.org

Top 5 Considerations for Jefferson County:

1. **Demographics and People Attraction.** Any prioritized development strategy for Jefferson County should include a sharp and aggressive focus on turning around depopulation through targeted people attraction. The Center for Rural Entrepreneurship recommends consideration of a youth engagement, attraction and entrepreneurship game plan in partnership with area youth groups, the schools and Southeast Community College. Comments in the field noted that the target was not to return to a population count of a bye gone era, rather efforts are needed to sustain what is here now and stem the erosion of available services that will come with a continual population loss.

2. **Business & Farm Transitions.** **Both farmers and local business owners are aging in Jefferson County and transition is a huge issue**. Serious consideration should be given to creating a business and farm succession or transfer development strategy. Ensuring and growing the County's business and farm community through successful transitions could form a key element in an overall development game plan.

3. **Regional Cooperation.** Jefferson County is facing many of the same development challenges and opportunities present to other counties in the Kansas/Nebraska border region. We encourage the Jefferson County leaders to seriously explore meaningful regional development including shared strategies, funding and staffing. **The County is at a critical point and increasing development efforts is warranted.**

4. **Retirees.** **Along with farming, retirees and their spending are very important to the County's economy.** Continued depopulation will eventually undermine this development opportunity. As young people leave**,** retirees often follow children and grandchildren. Today Jefferson County has local health care and other critical assets essential for addressing the needs of retirees. We encourage Jefferson County economic development leaders (hopefully through a regional partnership) to explore how it can become a great place for retiring Baby Boomers.

5. **Commuters.** **Both inbound and outbound commuters are important to the County's economy.** We encourage the community to explore more deeply its reliance on commuting and how it might help commuters given rising fuel costs. Jefferson County is part of an area economy and ensuring viable commuting will be important.

The Findings

Location. Jefferson County is part of a border region that includes similar communities and economies on both the Nebraska and Kansas sides of the border. This community is rural and deeply tied to commodity-based production agriculture. The largest community in Jefferson County is Fairbury, which serves as an area trade center for the immediate rural region. The County offers both rural and small town quality of life and business opportunities.

Demographics. Based on the 2010 Census, the population of Jefferson County is just above 7,800 residents. This County, like most of the counties in this border region extending from the Mississippi River in the east to the Colorado high plains, has been experiencing chronic and severe depopulation. Mechanization of farming has reduced labor needs and community based economic development has not historically been able to create alternative opportunities to offset these losses. Between 1970 and 2010, the County has witnessed 0.69 percent annualized population loss. The County is now at the point where deaths now exceed births (1,004 deaths vs. 772 births during the 2000's) and net migration continues to be heavy with the loss of both younger adults and elders (net migration loss in the 2000's of 843). Addressing depopulation as a primary development focus is strongly recommended.

Household Personal Income by Economic Sector, 2009

Retirees	$98 million
Commuters	$36 million
Farming	$26 million
Government	$25 million
Manufacturing	$22 million
Transportation	$15 million

Economy. Retirees and non-labor income now is the largest economic force within the County. Presently retirees offer a stable economic driver, but in time with continued depopulation this source of economic activity will decline. Farming, government and manufacturing round out the economy and offer a degree of economic diversification. Wholesale trade, warehousing and transportation are also important. Fairbury continues in its role as a retail and service center for the immediate area. Commuting is important with relatively high levels of both inbound and outbound commuting. For example, personal income from farming in 2009 was $26 million. Commuting inflow (residents of the County working outside of the County) generated $36 million in personal income for the same period. Commuting outflow (outside residents coming into the County for work) generated $30 million in personal income in 2009.

Recession. Production agriculture softened the impacts of the Great Recession (2007-2009) in Jefferson County, but not completely. Pre-recession unemployment rates were running in the 2 and 3 percent range. Unemployment in the County peaked in January 2010 at 6.1% or two to three times the pre-recession rates. Unemployment rates are falling but remain elevated when compared to the very low pre-recession levels. The question remains whether Jefferson County will be able to fully recover from the Great Recession. Research in the Electronic Library (Headwater's Profile) provides information on how Jefferson County has recovered after each of the major recessions in contemporary history.

Business. According to www.youreconomy.org between 1992 and 2001 Jefferson County created 159 new businesses (+27%) and 460 net new jobs (+13%). Following the 9-11 Recession and leading up to the Great Recession (2007-2008) the number of new businesses actually increased by 282 (+38%) but net job creation fell back to 119 (+3%). Non-resident owned businesses (owners outside of Nebraska) were responsible for 127 lost jobs. The primary reason for positive job creation and a rise in business creation was 419 net new self-employed entrepreneurial ventures. This suggests a new generation of entrepreneurial opportunity within the County worth exploring more deeply. In an economy like Jefferson County, proprietorships are an important segment of the business community. These are typically smaller, locally owned and family owned ventures. During the 1990's personal income from non-farm proprietorships doubled from $8 to $16 million and then eroded to $10 million in more recent years. Farm proprietorship related personal income grew from $7 million in 2002 to over $30 million today. Generally speaking, both of these metrics suggest positive developments occurring in the County's farm, farm related and non-farm main street economy. We have included in the Electronic Library an ESRI report titled Retail Marketplace Profile. We encourage the community to review this report as it provides important 2010 information on retail demand, supply, capture and leakages. Jefferson County is a retail hub with relatively strong values based on this research.

Wealth. The County has a higher percentage of both middle income and wealth (based on household current net worth in 2010) households. It also has a higher concentration of lower income and wealth households with a corresponding smaller share of high income and wealth households when compared to Nebraska. Just fewer than 4% of all households are classified by ESRI in 2010 as millionaires. Bottom line, there is significant transfer of wealth occurring in Jefferson County and with the loss of heirs over the past decades the potential loss of this wealth is possible. The Center for Rural Entrepreneurship strongly recommends an aggressive community philanthropy initiative and the creation of endowments to permanently support both community betterment projects and economic development.

Regional Development

Given the size and location of Jefferson County the Center for Rural Entrepreneurship strongly recommends pursuit of a regional development strategy where collaborating counties and communities pool development resources to hire staff and step up development efforts. Active consideration should be given to including counties and communities from Kansas along the border. There are considerable shared challenges and opportunities within this border area.

The Center for Rural Entrepreneurship is the focal point for energizing entrepreneurial communities where entrepreneurs can flourish. Created in 2001 with founding support from the Kauffman Foundation and the Rural Policy Research Institute (RUPRI), the Center is located jointly in Nebraska, North Carolina, and Missouri. The Center's work to date has been to develop the knowledge base of effective practices and to share that knowledge through training and strategic engagement across rural America. Working with economic development practitioners and researchers, the Center conducts practice-driven research and evaluation that serves as the basis for developing insights into model practices and other learning. The Center is committed to connecting economic development practitioners and policy makers to the resources needed to energize entrepreneurs and implement entrepreneurship as a core economic development strategy. To learn more about the Center, visit www.energizingentrepreneurs.org.

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SENDD
Southeast Nebraska Development District
www.sendd.org

MAIN OFFICE
2631 "O" Street, Lincoln, NE 68510
Office: 402-475-2560
Fax: 402-475-2794
dtaladay@sendd.org

HUMBOLDT OFFICE
PO Box 308, Humboldt, NE 68376
Office: 402-862-2201
senddhumboldt@windstream.net
senddlisa@windstream.net

Office Location – 427 4th Street

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