

Development Opportunity Assessment For Pawnee County, Nebraska

Top 5 Considerations for Pawnee County:

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

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 explained 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 SEND D to be responsive to your feedback.

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www.energizingentrepreneurs.org

1. **Reversing Depopulation.** The Center for Rural Entrepreneurship strongly recommends that Pawnee County leaders begin to explore the community turn around in Rawlins County, Kansas. Rawlins County and its primary city Atwood is achieving remarkable development success with a dual strategy focused on people attraction and entrepreneurial development. Rawlins County, during the 2000's, has dramatically slowed the rate of population loss and positioned itself for renewed population growth. **Recently a delegation from Perkins County, Nebraska visited Rawlins County motivating them to increase local development efforts.**
2. **Regional Collaboration. Pawnee County is now too small to succeed with development on its own.** The Center for Rural Entrepreneurship strongly encourages leaders in Pawnee County to actively explore partnering with other counties and communities in the area with respect to development efforts. Such collaboration could provide for development staffing and more robust development programming. Given the depopulation threat, the time is now for more aggressive action and investment. Regional collaboration offers this opportunity to improve both Pawnee County's prospects, but also strengthen the larger regional economy further benefiting Pawnee County and its future.
3. **Business & Farm Transition.** Pawnee County's farmers and local business owners are aging and transition is both a threat and a significant development opportunity. Helping more local businesses transition to new owners and more competitive and profitable business is highly recommended as a development priority. Pawnee County's business community has already contracted, and stabilizing this trend is paramount. **Kansas is beginning a new business transition game plan that could offer a model for those counties north of the border.**
4. **Local Entrepreneurs. Rising numbers of self-employed persons during the past decade strongly suggests entrepreneurial development opportunities.** The Center for Rural Entrepreneurship strongly recommends that Pawnee County economic development leadership further explore who these people are, what they are doing and how Pawnee County economic development efforts can help them grow. Success among this new generation of entrepreneurs could form the basis of significant and sustained economic development in the future.
5. **Retirees.** Retirees and their local spending represents one of the most important economic engines in Pawnee County. Like young people, retirees can also move, and often do when their children and grand children have left a community. **The Center for Rural Entrepreneurship strongly recommends that Pawnee County focus on a retirement development strategy as a bridge between now and future development opportunities.**

The Findings

Location. Pawnee County is located in extreme Southeastern Nebraska along the Kansas border. It is part of a group of counties running from the Mississippi River in Iowa and Missouri all the way to Eastern Colorado. These counties tend to be more rural and primarily depend upon production agriculture. With significant farm mechanization and consolidation these counties have experienced both shrinking populations and economies since the Great Depression in the 1930's. Within the SENDD Region, Pawnee County is relatively isolated from larger and growing urban employment centers. Nevertheless, this County is part of a larger region including the metropolitan areas of Omaha/Lincoln, Des Moines, Kansas City and the Kansas I-70 corridor that came through the Great Recession relatively well and offer opportunities within even their outer footprints.

Demographics. Since 1970 Pawnee County has been losing about 1% of its population annually. Deaths exceed births and chronic depopulation is the most important development issue facing the County. During the most recent decade Pawnee County lost nearly 15% of its population due to natural decline (more deaths than births) and net-outmigration. Continued depopulation at these rates threatens the very future of Pawnee County and its communities. Population forecasts call for a slowing in population loss, but more must be done to stabilize Pawnee County demographically.

Economy. The inset summarizes the primary sources of personal income that drive Pawnee County's economy. Retirees and their spending, commuters, agriculture and government (including education) are the largest economic sectors. Fortunately Pawnee County is still home to local health care and manufacturing. For the size of this economy, it is relatively diverse which is a development strength. While isolation is a development challenge, it is also a plus buffering local business from urban adjacent competition. Additionally, the County's location means that local businesses can tap both the Kansas (I-70 corridor) and Nebraska (I-80 corridor) growth centers. Growth in these two corridors presents development opportunities for entrepreneurial minded local businesses.

Retirees	\$35 million
Commuters	\$20 million
Farming	\$16 million
Government	\$13 million
Manufacturing	\$6 million
Health Care	\$4 million

Recession. Compared to most counties in the United States, Pawnee County was marginally impacted by the Great Recession (2007-2009). Unemployment rates were in the 2% range pre-recession and climbed to 5.1% in January 2010, and are now in the 3% range. A larger potential threat is raising fuel costs that are likely to impact agriculture and commuters most substantially. As higher fuel costs capture more income, local spending capacity will decline impacting the area's economy and workforce.

Business. According to www.youreconomy.org there were 385 businesses in Pawnee County in 2008. Because of the rural nature of this County the actual business count is probably significantly higher when part-time, seasonal and home-based businesses are included. Between 1992 and 2001, 51 net new businesses were added creating 226 net new jobs. This reflects pretty good growth in the 1990's.

Between 2001 and 2008 Pawnee County witnessed a net loss of 43 jobs but a gain of 94 net new businesses. About 80 new self-employment businesses were added during the 2000's and suggest a substantial increase in this kind of entrepreneurship. The Center for Rural Entrepreneurship strongly encourages the economic development leadership of Pawnee County to explore who these entrepreneurs are, what they are doing and how development efforts can support their growth. Rising self-employment represents an opportunity to grow a more robust economy in the decades ahead. Retail demand in 2010 is estimated at \$22 million with \$10 million of that demand being met by local businesses. Retail leakages are expected in smaller and more rural counties, however, there is likely opportunity to grow a stronger economy by fostering business growth that can compete and capture a higher percentage of local spending. Between 1969 and 2000 non-farm proprietorships witnessed a personal income growth from \$1.5 to \$5.5 million. During the past decade there has been erosion with personal income falling from \$5.5 to \$3.0 million in 2009. Farm proprietorship income conversely

Regional Development

Given the size and location of Pawnee 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.

has grown from zero in 2002 to over \$20 million in 2009.

Wealth. About 67% of the households in 2010 are classified as middle income. About 27% are classified as low income and 6% as high income. These are typical values for a county like Pawnee County in the Great Plains. When household wealth is considered, 46% are classified as low wealth (reflecting the high percentage of fixed income seniors), 38% are classified as mid-level wealth and 16% categorized as high wealth with 3.2% identified at millionaires according to ESRI. Like many rural counties Pawnee County fits the description as a cash poor but land rich place. Given wealth associated with agricultural real estate and some closely-held family businesses, there is considerable opportunity for community giveback. Such giveback could provide critically important new funding for development efforts and community betterment projects.

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

Center for Rural Entrepreneurship
energizing entrepreneurial communities

as a core economic development strategy. To learn more about the Center, visit www.energizingentrepreneurs.org.

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