

## Development Opportunity Assessment For Richardson County, Nebraska

### Top 5 Considerations for Richardson 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 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 SEND D to be responsive to your feedback.

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[www.energizingentrepreneurs.org](http://www.energizingentrepreneurs.org)

1. **Depopulation and People Attraction.** Possibly the most important development objective for Richardson County economic development leaders should be population stabilization and modest growth. Turning around the severe and chronic depopulation trends is paramount. Focusing on targeted people attraction strategies is recommended by the Center for Rural Entrepreneurship.
2. **Growing Self-Employed Entrepreneurs.** The latest jobs data from [www.youreconomy.org](http://www.youreconomy.org) suggests there 189 net self-employed entrepreneurs in Richardson County. Identifying and supporting these emergent entrepreneurial ventures could help rebuild the economic damage from the Great Recession (2007-2009) and help create job and career opportunities within a people attraction game plan.
3. **Rebuilding Manufacturing.** Manufacturing, once an important economic bedrock in Richardson County, took a severe hit during the Great Recession. **We recommend that there be a focus on rebuilding Richardson County's manufacturing employment base tied to the resurgence in American manufacturing and the re-shoring trend that is now taking root in North America.**
4. **Business Transition.** Richardson County still has a sizable locally owned business community. But chances are good that owner operators of these businesses are both aging and tiring. A focused strategy to ensure a higher percentage of these businesses successfully transition to new owners could be critically important to overall objectives of population stabilization and renewed economic growth.
5. **Regional Collaboration.** The entire rural region, of which Richardson County is a part of, is facing many of the same challenges and has most of the same development opportunities. Regional economic development collaboration (particularly with respect to people attraction and entrepreneur-focused economic development) could enable a more aggressive, sophisticated and successful game plan.

## The Findings

**Location.** Richardson County and its primary city of Falls City, is located in the extreme southeastern corner of Nebraska. The community is situated in the primarily rural four-corner region where Nebraska, Iowa, Kansas and Missouri connect. This pocket is part of a larger socio-economic region bounded by significant and growing metropolitan areas including Omaha, Lincoln, Topeka (and the I-70 growth corridor in Kansas), Kansas City, St. Joseph and Des Moines. Despite overall positive growth within the larger region, this pocket area including rural southeastern Nebraska, southwestern Iowa, northwestern Missouri and northeastern Kansas has been economically challenged and experiencing chronic and severe depopulation. Other location assets include the Missouri River, the U.S. 75 corridor and the I-29 corridor.

**Demographics.** For the past four decades (1970 through 2010), Richardson County has seen significant population loss with an annualized rate of decline at 0.8% per year. A nearly 1% annual population loss rate is serious and must be addressed in development plans. During the most recent decade, Richardson County witnessed a natural (deaths over births) population loss of 536 and net out migration of 834. Combined, Richardson County lost 15% of its 2000 population base during the 2000's. For every birth there are now two deaths and Richardson County has reached a critical tipping point where viability of local schools, health care, shopping and services can become compromised.

**Economy.** Richardson County's economy is rooted in retirees, residents who commute to work outside of Richardson County, farming, government, health care and Falls City in its role as an area trade center. Manufacturing has seen a serious decline with personal income derived from manufacturing declining from \$13.6 million in 2001 to \$5.9 million in 2009. This represents a 57% decline or a loss of \$7.7 million annually. A key question facing the area economy is whether these losses can be recovered and this basic sector of the economy rebuilt as the national recovery strengthens. Dependence on retiree spending is a stabilizing force within the economy. Personal income from production agriculture has increased from \$30 million in 2001 to nearly \$46 million in 2009 (\$15.6 million gain or +52%). Rising personal incomes in agriculture has been an economic driver stimulating spending and other economic activity both within the region and within Richardson County. Outbound commuting (Richardson County residents who work outside of Richardson County) is very important to the residents of Richardson County. Personal income derived from commuting has grown from just over \$15 million in 1990 to nearly \$45 million in 2000 and now over \$52 million in 2009. Commuting workers is clearly an important element to Richardson County's economy. However, this strategy can become challenged as fuel costs rise faster than paychecks.



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| Retirees     | \$110 million |
| Commuters    | \$52 million  |
| Farming      | \$46 million  |
| Government   | \$27 million  |
| Health Care  | \$16 million  |
| Detail Trade | \$11 million  |

**Recession.** Pre-Great Recession unemployment rates were running in the 3% to 4% range and then began to climb in 2009, peaking at 8.2% in January 2010. Unemployment rates stayed relatively high through most of 2010 and are remaining elevated (when compared to pre-recession rates) in the 5% to 6% range. The loss of manufacturing jobs and erosion of retiree income (dividend, interest and rent income in Richardson County dropped by nearly 11% or \$7 million between 2000 and 2009) makes Richardson County one of the most recession impacted counties in Southeastern Nebraska. Repairing the damages done by the Great Recession will be important as a development objective in the coming decade.

**Business.** During the 1990's (1992-2001), Richardson County gained 119 net new businesses (+17%) and saw an 11% increase in net new jobs (+400). There was a mixed pattern with most of the net job creation

coming from resident businesses, those with owners based in Nebraska and from noncommercial ventures (e.g., non-profits, government, etc.). There was strong job creation in Stage 2 (10-99 jobs) resident employers, but net job losses in both Stage 1 (2-9) and Stage 3 (100-499). During the 2000's (2001-2008) there were 206 net new businesses created (+25%), but only 56 net new jobs created. There was heavy Stage 2 losses (-152 jobs -- offsetting gains from the previous decade), but heavy gains in self-employment (+66% or 189 net new jobs/ventures). Richardson County has a retail gap that is typical for a community of this size and location. While there is room for improvement in capturing local spending, there appears to be a relatively strong collection of local retail and service businesses within Richardson County. Personal income from non-farm proprietor businesses (typically smaller & locally owned) improved from about \$13 million in early 1990's to around \$21 million in the late 1990's. During the decade of 2000's personal income from these businesses has dropped back to the \$13 million range and stabilized. Strengthening the competitiveness and profitability of this part of Richardson County's economy is warranted. Farm proprietorship income is up significantly reflecting strong commodity prices.

**Wealth.** Based on 2010 Census estimates, the share of households that are low income are significantly higher (33.2% vs. 24.5%) when compared to the state averages. There is a comparable share middle income households and lower share of high income households (6.1% vs. 14.6%). With respect to household current net-worth in 2010, there are comparable relationships with more low net-worth households (50% vs. 39%), more middle wealth households (36% vs. 34%) and fewer high net-worth households (14% vs. 27%). In Richardson County, 1.6% of all households are classified by ESRI as millionaires. According to research prepared by the Center for the Nebraska Community Foundation, there is potential for community giveback. A 5% capture of the current 10-year transfer of wealth opportunity could capitalize over \$14 million in community endowments capable of supporting nearly three quarters of million dollars in annual grant making. These funds could be instrumental in supporting more robust community betterment projects and economic development.

### Addressing Depopulation

*Richardson County has many development assets and opportunities. It is critical that these resources be aggressively mobilized on a focused strategy to stabilize Richardson County's population and return to positive demographic growth. Continued severe depopulation is undermining future development opportunities.*

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](http://www.energizingentrepreneurs.org).

**Center for Rural Entrepreneurship**  
energizing entrepreneurial communities

**SENDD**

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