**Strong Economies, Resilient Counties: The Role of Counties in Economic Development**

Lead Authors: Emilia Istrate, Robert Wilson and Brian Kelsey

National Association of Counties (NACo) and the LBJ School of Public Affairs, University of Texas at Austin

**FINDINGS**

Counties play a unique role in economic development, motivated by their function as providers of human services, criminal justice and public welfare. An examination of county involvement, challenges and solutions in economic development across the 3,069 counties shows that:

* **Counties fund the economic development initiatives developed in partnership with private and public entities.**  More than 90 percent of county governments engage in economic development initiatives, but only half of them have county economic development departments.The overwhelming majority of counties help their local economies grow through the collaboration with other organizations. Funding— most often from general funds— is the most common county contribution to the partnership.Counties focuson workforce training,business attraction and retention and regional marketing in their partnerships.Resiliency is also a shared goal for collaboration across counties.
* **Workforce challenges are at the top of the county economic development agenda.** Unemployment or underemployment is the most common challenge cited by responding counties (more than 70 percent), followed closely by shortage of skilled workers (69 percent) and inability to attract and retain young workforce (almost 66 percent).Maintaining a resilient economy with a diversified and competitive business environment is also a significant concern for counties. As major providers in infrastructure, counties witness firsthand challenges in this area that affect the development of their local economies.
* **Counties convene public and private sector stakeholders to find innovative solutions for their main economic development challenges.** Counties such as Alameda, Ca., Bartow, Ga., and Gallatin County, MT convene schools, employers and other partners in skills development strategies. Counties work in regional partnership (such as the Mississippi counties part of the PUL Alliance or Macomb County, MI) to market the regional economy, recruit and retain businesses. County support for startups and small businesses comes in different forms from access to capital (Renville County, MN and Franklin County, Ohio) to business incubators (Ottawa County, MI and Bernalillo County, NM). Faithful to one of their main functions as providers of infrastructure, counties use different types of financing mechanisms to support infrastructure for economic development (Clermont County, Ohio and Harris County, Texas). From disaster preparedness (Henrico County, Va.) to industry diversification strategies through site development (Catawba County, NC, Harvey County, Kansas and Erie County, N.Y.) and international economic development (Fairfax County, Va., Madison County, Al. and Riverside County, Ca.), counties take a long term, strategic view to their resiliency.

**INTRODUCTION**

Counties play a distinctive role in economic development as stewards of the building blocks of regional economies (metropolitan and micropolitan areas), states and the U.S. economy — county economies. The dynamics within county economies affect the capacity of county governments to deliver services. Counties view economic development from a different lens than other local governments, dictated by permissions allowed by state law and their main functions in health services, criminal justice and public welfare. For these functions, counties invest $193.7 billion annually, double than cities and towns.[[1]](#endnote-1) Counties are the social safety net on the ground; they outspend cities and towns at a rate of 3 to 1 on health services or public welfare for their residents.

Local economic conditions vary dramatically across counties.

The U.S. economy is on the rebound, but the recovery remains fragile and uneven across county economies. For example, by 2013, unemployment was back to pre-recession levels in only 54 county economies and jobs recovered in one quarter of the 3,069 county economies. Large county economies — in counties with more than 500,000 residents — were at the core of the recession and recovery. Employment in medium-sized county economies— in counties with populations between 50,000 and 500,000 residents — was more stable during the recession, but had a mixed record in 2013. Small county economies — in counties with less than 50,000 residents — covered the entire range of recovery outcomes from a county with no recession (Mountrail County, N.D.) to county economies undergoing job and economic output (GDP) declines for more than a decade.[[2]](#endnote-2)

County resiliency is based on the strength of the county economy. Counties’ ability to thrive through changing physical, social and economic conditions depends on the prosperity of county residents, the success of local businesses and the availability of financial resources. Counties participate in economic development activities in response to the specific challenges faced by their local economies. The priority placed on different issues reflects the counties’ function, structure, assets and authority afforded by the state.

Counties of all sizes use collaboration as a tool to implement economic development. Collaboration is crucial as it allows counties to pool resources and effectively address shared concerns. Counties of all sizes and geographic locations implement workforce development to address challenges such as unemployment, skills shortages and attraction of young workers. Counties use regional collaboration and innovative financing mechanisms to prepare for potential natural disasters, reduce the high factor costs of infrastructure improvement and attract or retain businesses. Entrepreneurship support and industrial parks are a response to single-industry dependence, a high priority issue for counties that want to improve their resiliency.

The National Association of Counties (NACo) developed this study and 37 accompanying case studies in partnership with LBJ School of Public Affairs at the University of Texas at Austin. The research draws on the results of a survey of the 3,069 counties conducted between September and October 2013 and 37 case studies of counties or Councils of Governments (COGs) with county membership. Between January and March 2014, the LBJ team conducted interviews with individuals (county elected, county staff and others as recommended by the county) in each of the studied county.

For the full text of the case studies, see the 37 profiles on the *Strong Economies* interactive at [www.naco.org/economicdevelopment](http://www.naco.org/economicdevelopment) (WEBSITE TO BE RELEASED JULY 7)

This study examines trends in county involvement in economic development, challenges that counties face in growing their local economies and county solutions. The examples provided by the 37 case studies are not prescriptive, but offer an illustration of experiences in economic development initiatives across counties. This research explores the *Why Counties Matter* message at the policy area level and offers a baseline for counties’ unique role, resources, challenges and solutions in economic development.

## **BACKGROUND: Types of Economic Development Activities**

Counties are involved in a wide range of economic development activities. This study considers a broad definition of economic development as the process that influences the growth and restructuring of an economy to enhance the economic well-being of a community.[[3]](#endnote-3) The economic activities undertaken by counties range from workforce development, business recruitment and retention, regional marketing and branding, entrepreneurship and small business support to infrastructure investment. All of these activities involve strategic planning, but for improving the resiliency of the county in face of natural disasters or long-term industry declines, counties are active in disaster preparedness and prevention, strengthening their comparative advantage embedded in local clusters, industry diversification in case of overreliance of a single industry and international economic development (export promotion, foreign direct investment attraction, strengthening sister- cities relationships with foreign places.

### **WORKFORCE DEVELOPMENT.**Counties participate in educational development by collaborating with community colleges, local businesses, K-12 schools, non-profit organizations, cities, states and federal organizations. Workforce training typically falls into two categories: place and sector-based development strategies.[[4]](#endnote-4) Place-based programs are tailored to meet the unique needs of individuals in the community.  Sector-based strategies provide industry specific skills and have become an even more important and effective way counties can narrow skills gaps in their area.[[5]](#endnote-5) Adult basic education programs and specific outreach for disadvantaged populations provide basic skills and job searching assistance to those without jobs or in low skilled positions.[[6]](#endnote-6)  School-to-Work programs aim to develop skills for their future workforce, sometimes specifically for the future needs of local business or as a way to retain their workforce.  Other programs aim to narrow the skills gap of the current workforce, including training for incumbent and soon to be dislocated workers.[[7]](#endnote-7)

BUSINESS RECRUITMENT AND RETENTION/REGIONAL MARKETING AND BRANDING.Targeted branding strategies can aid economic growth by allowing counties to communicate their strengths to investors at a relatively low cost.  A successful brand can also act as a stabilizing force by creating among public, business and civic leaders a united vision.[[8]](#endnote-8) Local businesses and community members can help establish the brand by identifying core economic advantages, and highlighting community values. Counties most able to benefit from marketing and branding efforts are those which already possess significant economic assets and opportunities, e.g. a nearby tourist attractions but with a relatively limited national or international public profile.[[9]](#endnote-9)

**ENTREPRENEURSHIP AND SMALL BUSINESS SUPPORT***.* Counties directly support local businesses through a range of programs. Business incubators support fledgling companies through subsidized or free office space or an ongoing mentorship program with established businesses. Incubators take a variety of organizational formats, including programs in economic development or non-profit organizations or in universities.[[10]](#endnote-10) Counties can support small business through loan programs by facilitating their access to federal or state loan programs[[11]](#endnote-11) or by leveraging private lenders by providing matching funds through provide Capital Access Programs (CAPs). Finally, counties can develop their own loan programs, such as the Revolving Loan Funds, to target business owners who might not otherwise qualify for a traditional bank loan. These programs can be capitalized by a county’s own source revenue, bonds, and state appropriations and since loans are expected to be repaid, programs are expected to be sustainable over time.[[12]](#endnote-12)

Counties also participate in developing training programs for entrepreneurs and small business owners. Providing business owners with the skills and tools necessary to grow their businesses results in more jobs, greater revenues for the business, and increased tax revenues for the county. Training programs can take many different forms, but most emphasize the importance of equipping trainees with skills in creative thinking, best business practices and problem-solving.[[13]](#endnote-13)

**INFRASTRUCTURE INVESTMENT.**Investment in infrastructure systems — roadways, bridges, transit, railroads, telecommunications systems result in higher property values and quality of life improvements, affect manufacturing plant site location decisions and the connection of isolated communities to a thriving regional economy. [[14]](#endnote-14) Telecommunication infrastructure is especially helpful in rural or technologically underserved counties.[[15]](#endnote-15) Specifically, investment in broadband access helps counties attempting to attract a skilled workforce or geographically isolated.[[16]](#endnote-16) Due to high capital costs associated with public infrastructure, counties frequently collaborate with regional partners or engage in public-private partnerships to finance, build, and maintain large physical infrastructure projects.

## **STRATEGIC PLANNING**. Strategic planning for economic development creates a unified vision for a county’s future and suggests programmatic initiatives for bringing the vision to fruition. These plans can utilize business recruitment, retention and new firm formation to achieve their goals. While all successful economic activities require strategic planning, this study focuses on plans that increase the resiliency of the county such as industrial diversification, disaster preparedness and international economic development activities.

**Disaster Preparedness and Prevention.** Counties are at the forefront of response in case of disaster, both natural and man-made. Natural disasters strike counties with increasing frequency and at a higher cost. In 2011, Federal Emergency Management Agency (FEMA) reported 242 total disaster declarations, the largest number in the last 60 years.[[17]](#endnote-17) Resiliency in face of unexpected events including natural disasters, technological hazards, terrorist attacks and pandemics is high on the agenda for counties of all sizes. Disaster preparedness and prevention requires both long-term planning and immediate action and leadership capacity to identify and manage risk to stay flexible and responsive.[[18]](#endnote-18)

**Cluster Initiatives**. The comparative advantage of many local economies is found in industry clusters that developed over a long period of time. Industry clusters represent an agglomeration of firms and related institutions within a specific geographic region that have complementary economic activities.[[19]](#endnote-19) They go beyond mere groups of similar companies — they are an ecosystem of buyer/supplier relationships, common technologies, knowledge sharing or specialized labor markets, thereby giving firms in the cluster and the local economy a competitive advantage.[[20]](#endnote-20)

### Industry Diversification. A diversified economy relies on a range of different sectors to sustain economic growth, which increases the county resiliency to external shocks, from immediate disasters to cyclical downturns in the national economy, global competition or resource depletion. Consequently, economic diversification is crucial to ensure economic resiliency.[[21]](#endnote-21)

### International Economic Development Initiatives.Ninety –five (95) percent of world consumers live outside of the United States and some counties aim to expand the growth possibilities for the local economies through export promotion and in the process create local jobs, grow the tax base and bringing new income into the county. Many counties are also exploring foreign direct investment (FDI) strategies to create local jobs. FDI brought $166 billion into the nation in 2012.[[22]](#endnote-22) Successful strategies require well-developed road, air, rail, and sea transport facilities within the county or the region. Smaller, landlocked counties found ways to expand their position as inland ports. Incentives to businesses include infrastructure improvements, workforce development and/or favorable tax and loan policies.[[23]](#endnote-23) Some counties benefit from sister-cities relationships, which encourage international trade and tourism to the region.[[24]](#endnote-24)

KEY TERMS USED IN THIS STUDY

**Business Incubators** – programs that support the development of new businesses. Accelerators exchange small amounts of equity for capital and mentorship and typically last three to four months. Incubators bring in an external management team to help develop ideas within the company. These can last much longer and usually require a greater amount of equity. [[25]](#endnote-25)

**County Government-** an organized entity with governmental character, sufficient discretion in the management of its own affairs to be an independent governmental unit and covering the area of county or county equivalent. Depending on the state, it can be known also as parish government or borough government. This study considers as county governments all the consolidated county-city entities, areas designated as metropolitan governments, cities administering functions performed by county governments and areas with certain types of county offices, but included as part of another government. There are 3,069 county governments in the United States.[[26]](#endnote-26)

**Population**- the number of county residents in 2012, based on the U.S. Census Bureau Population Estimates.

**Large Counties** - counties with more than 500,000 residents in 2012.

**Medium-sized Counties**- counties with populations between 50,000 and 500,000 people in 2012.

**Small Counties-** counties with less than 50,000 residents in 2012.

**County Resiliency** - county ability to thrive amid changing physical, social and economic conditions, including events such as natural disasters, economic collapse and others. Preparation for and recovery from such events requires both long-term strategic planning and immediate action.[[27]](#endnote-27)

**Economic Diversification** –measures the degree to which economic activity is spread across sectors of an economy. When economic activity is concentrated in relatively few sectors, the overall regional economy is more vulnerable to problems in any of those sectors.[[28]](#endnote-28) It can be used in the context the expansion of an existing firm into another product line or market.[[29]](#endnote-29)

**Foreign Direct Investment** – investment in domestic businesses made by foreign individuals or entities, usually through capital inflow or stock purchases.[[30]](#endnote-30)

**Foreign Trade Zone** – a port, airport, or other area into which goods can be brought and stored without paying import tax before being exported to another country.[[31]](#endnote-31)

**General funds** - all funds that a government can use for any governmental purpose. In terms of county general funds, they often consist of broadly collected taxes such as property taxes, sales taxes, income taxes, charges and fees and state shared taxes that are not designated for a specific purpose.

**General obligation bonds -** municipal bonds repaid from the general tax revenue of the jurisdiction issuing the bond.

**Industry** **Cluster** – geographic concentrations of interconnected companies, specialized suppliers, service providers and associated institutions in a particular field that are present in a nation or region.[[32]](#endnote-32)

**Infrastructure** – the system of public works including transportation systems, utility lines and public buildings.[[33]](#endnote-33)

**Joint Powers Agreements** – government agencies that have agreed to combine their powers and resources to work on their common problems.[[34]](#endnote-34)

**Loan Guarantees** – A loan guaranteed by a third party in the event that the borrower defaults. The loan is often guaranteed by a government agency, which will purchase the debt from the lending financial institution and take on responsibility for the loan.[[35]](#endnote-35)

**Municipal bonds-** debt instruments used by counties and other state and local governments and authorities to finance infrastructure projects.

**Place-Based Workforce Development** – training programs tailored to specific needs of individuals in a region.[[36]](#endnote-36)

**Resiliency** – the capacity of a natural system to recover from disturbance.[[37]](#endnote-37)

**Revenue bonds -** municipal bonds repaid from the anticipated income resulting from the funded project.

**Revolving Loan Funds** – a pool of capital that may be [loaned](http://financial-dictionary.thefreedictionary.com/Loan) to a business. When it is [repaid](http://financial-dictionary.thefreedictionary.com/Repaid), the [capital](http://financial-dictionary.thefreedictionary.com/Capital) becomes available to be loaned to another business. A revolving loan fund begins with a donation; that is, the initial capital that forms the fund need not be repaid.[[38]](#endnote-38)

**Sector-based Development** – provides industry specific skills to workforce in a region.[[39]](#endnote-39)

**Special Districts** – can tax, issue bonds, and provide services within a specified area and are commonly used to fund economic development projects outside cities.[[40]](#endnote-40)

**Sister City** –a long-term cross-national partnership between cities, counties, or state entities designed to facilitate cultural and economic exchange.[[41]](#endnote-41)

**Strategy** – the way in which a business, government, or other organization carefully plans its actions over a period of time to improve its position and achieve goals.[[42]](#endnote-42)

**Subsidies** – a governmental benefit for groups or individuals usually in the form of a cash payment or tax reduction.[[43]](#endnote-43)

**Sustainability** – non-declining trends of economic growth and development that might be impaired by natural resource depletion and environmental degradation.[[44]](#endnote-44)

**Tax increment financing (TIF)** - a financing method used for current infrastructure improvements using future gains in tax revenues expected from the infrastructure improvements in the tax incremental districts (TID) established under the TIF.[[45]](#endnote-45)

**Workforce** – the number of people who are available for work in a particular area, country or industry.[[46]](#endnote-46)

**Findings**

**1.**     **Counties fund the economic development initiatives developed in partnership with private and public entities.[[47]](#endnote-47)**

**Authority for Economic Development.** Counties are “creatures” of the state and the extent of county government engagement in economic development often depends on the type of authority allowed to county governments by state law. While 94 percent of the surveyed counties reported that they are authorized to initiate economic development partnerships with other units of government and nonprofits, only three-quarters of them mentioned state permission to create an economic development authority. Most respondent counties also stated that they can finance economic development activities done by the county or by county partners. As a result, more than 90 percent of the respondent counties participate in economic development activities.

**Figure 1: Entities Managing County Economic Development Initiatives, Percent of Respondent Counties, 2013**

*Source: NACo survey, October 2013.*

**How Counties Engage in Economic Development.** Collaboration defines county engagement in economic development, from organizational structures, initiatives to funding. Although 85 percent of counties have state authorization to create an economic development department, only 57 percent of them choose to do so (See Figure 1). To gain efficiencies and reduce in-house costs, counties engage other organizations to manage local economic development activities, often multiple actors. One third relies on independent economic authorities and a similar proportion use quasi-public authorities enabled by county governments. A majority of counties engage a regional organization for economic development initiatives and 40 percent contract a nonprofit.

**Table 1: Top 5 County Partners in Economic Development Initiatives, Percent of Respondent Counties by County Population Size, 2013**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Most Mentioned County Partners in Economic Development Initiatives** | **Small Counties (%)** | **Medium Counties (%)** | **Large Counties (%)** | **Total (%)** |
| 1 | Local chamber of commerce or other local business associations | 81.6 | 85.9 | 85.3 | 83.5 |
| 2 | Regional economic development organizations | 84.6 | 84 | 73.5 | 83.5 |
| 3 | Cities in the county | 76.1 | 90.4 | 97.1 | 83 |
| 4 | State government | 77.4 | 83.3 | 91.2 | 80.7 |
| 5 | Other counties in the region | 71.4 | 61.5 | 47.1 | 65.8 |

*Notes: Large county economies are county economies with more than 500,000 residents. Medium-sized county economies represent county economies with county governments that have between 50,000 and 500,000 residents. Small county economies represent county economies with county governments that have less than 50,000 residents.*

*Sources: NACo survey, October 2013; 2012 population data- U.S. Census Bureau, Population Estimates, 2013*

Counties collaborate with both the private sector and other levels of government and nonprofits interested in strengthening the local economy (See Table 1). Ninety- five (95) percent of counties engaged in economic development partner with others. Counties understand that economic development starts and ends with the private sector and jobs; the local chamber of commerce or other local business association is the most prevalent partner of counties of all sizes. They also recognize that local economies are connected in regional economies by the traffic flows of people and goods. More than 80 percent of counties partner with regional economic development organizations and almost 66 percent of responding counties collaborate with their neighboring counties, the highest proportion among small counties. Other levels of government also rank high on counties’ list of partners in economic development. Virtually all the large counties work together with the cities within their jurisdiction and cities are the top partner for mid-sized counties. Finally, 80 percent of counties cite partnering with the state government in economic development initiatives.

Creating a competitive region and involving specialized help are the main goals of county collaboration in economic development initiatives. Eighty- four (84) percent of counties (and even higher shares of large or mid-sized counties) use partnerships for workforce training, given the regional nature of labor markets and that education is not an active function for many county governments (See Figure 2). In three-quarters of respondent counties, business recruitment is a partnership affair and two-thirds of counties work with others to retain businesses in their area. Both for site selection and growth, businesses look at a number of factors, including labor force and infrastructure, regional in nature and sometimes beyond county government’s purview. Regional marketing is a partnership for two-thirds of counties and even higher (74 percent) for mid-sized counties.

**Figure 2: Top 5 Economic Activities in which Counties Use Partnerships, Percent of Respondent Counties by County Population Size, 2013**

*Notes: Large county economies are county economies with more than 500,000 residents. Medium-sized county economies represent county economies with county governments that have between 50,000 and 500,000 residents. Small county economies represent county economies with county governments that have less than 50,000 residents.*

*Sources: NACo survey, October 2013; 2012 population data- U.S. Census Bureau, Population Estimates, 2013*

**Resiliency is a Shared Reason for Collaboration.** Counties of different sizes and resources put emphasis on collaboration in different areas, but resiliency is a common trend in county partnerships. While large counties tend to use partnerships more than other counties across different types of initiatives — reflecting also their widespread involvement in economic development — a few exceptions are notable. Small and medium counties pursue partnerships for industrial parks and broadband connectivity more frequently than larger counties. Almost half of medium-sized counties pursue partnerships to support industry diversification, double the rate in small or large counties. Resiliency, however, appears to be a concern of counties across the board; half of all small, medium and large counties pursue partnerships related to disaster preparedness and recovery (See Figure 2).

**Counties Fund Economic Development.**  Funding is the most frequent county contribution to economic development partnerships, cited by 81 percent of the respondent counties (See Figure 3). Given the variety of entities created by states or counties in economic development, county board representation in partner entities was the second most cited contribution. More than half of responding counties have staff working on economic development partnerships, the share reaching almost three-quarters in the case of large counties. Counties are less likely to implement or oversee economic development initiatives developed in partnership, especially if they are on the smaller side. Only around a third of respondent small counties implemented economic development projects developed in collaboration with others.

**Figure 3: County Contribution to Economic Development Partnerships, Percent of Respondent Counties, 2013**

*Source: NACo survey, October 2013*

**Figure 4: County Annual Investment in Economic Development, Percent of Respondent Counties by County Population Size, 2013**

*Notes: Large county economies are county economies with more than 500,000 residents. Medium-sized county economies represent county economies with county governments that have between 50,000 and 500,000 residents. Small county economies represent county economies with county governments that have less than 50,000 residents.*

*Sources: NACo survey, October 2013; 2012 population data- U.S. Census Bureau, Population Estimates, 2013*

Counties invest $25.6 billion annually in economic development and 106.3 billion in building infrastructure and maintaining and operating public works.[[48]](#endnote-48) As health care, justice and public welfare are county main functions, investment in a different area such as economic development varies greatly across counties. Large counties spend millions of dollars annually on economic development, with 70 percent of the responding governments reporting county budgets for economic development activities upward of $1 million (See Figure 4). Nine (9) percent of them invest more than $20 million annually. At the other end of the range, more than half of small counties invest less than $100,000 and 71 percent of mid-sized counties allocate less than $500,000 to economic development.

**Figure 5: Top 5 Revenue Sources for County Funding for Economic Development, Percent of Respondent Counties, 2013**

*Source: NACo survey, October 2013*

**Funding Sources.** Counties use a variety of revenues sources to fund economic development (See Figure 5). Almost three quarters of respondent counties report relying on their general revenue funds. The nature of counties as state-created entities is reflected in county funding sources for economic development; the second most cited source of funding is state grants and contracts. Federal grants and contracts also play a role in county funding of economic development programs. Large counties report a much higher usage rate of federal dollars (even higher than state money) than the other counties. More than half of them report collaborating with the U.S. Department of Housing and Urban Development (HUD), given the agency’s grant programs focus on urban areas. A third of mid-sized counties report partnering with HUD, but a higher share (almost 40 percent) of them cooperate with the U.S. Small Business Administration (SBA). Small counties have less direct engagement with federal agencies in economic development, potentially a result of their overall lower level of economic development initiatives or lack of capacity or familiarity with federal grant applications.

**Financing Tools for Economic Development.** As economic development projects have a long-term horizon for delivering benefits, counties developed a number of financing tools to support economic development and match the life of projects with the payment period. Depending on existing statutory authority, project type and funding sources, counties tend to issue bonds or use land value capture methods such as tax increment financing (TIF). A third of large counties use bond issuance as a financing mechanism for economic development projects, more than double the rate in mid-sized counties and four times more likely than small counties. About 30 percent of large counties use TIF to fund an economic development project by borrowing against the future stream of additional property tax revenue the project is expected to generate — above the level at the time the TIF district goes into effect. [[49]](#endnote-49)

**Anticipated Outcomes.** Counties invest in economic development initiatives and keep track of their results. The top outcome counties hope to achieve through economic development is job creation and retention, as indicated by 89 percent of the respondents (See Figure 6). Unemployment reduction is also on the minds of more than half of the responding counties. This focus on jobs reflects the unique perspective that counties have, **sitting at the intersection of human services, criminal justice and economic development. Counties understand that creating quality jobs and reducing unemployment can reduce reliance on health and human service programs and keep people out of the criminal justice system.** Counties invest in economic development also with the goal of **improving the revenue base of the county, the second most cited performance measure. Growth in tourism spending fits into this category as well through the increases in sales taxes collected by counties.**

**Figure 6: Five Most Used Performance Measures for County Economic Development Initiatives, Percent of Respondent Counties, 2013**

*Source: NACo survey, October 2013*

Partnership building is the key aspect of county economic development initiatives. Most often, counties contribute funding — from their own general funds — to the collaboration and partner with the private sector and other levels of government for greater efficiency and expertise. Regardless of county size, counties strive for regional collaboration recognizing that their local economies grow intertwined in regional economies. Resiliency is a shared goal for collaboration across counties. Counties engage in economic development initiatives to improve the job situation for their residents; job creation and unemployment reduction are some of their top goals and workforce training is the Number 1 activity in which counties partner with others. Counties’ unique role as providers of human services, criminal justice and public welfare motivate their focus in economic development.

**2. Workforce challenges are at the top of the county economic development agenda.**

County involvement in economic development initiatives is a response to specific challenges faced by local economies, under the constraints set up by state authority, county structure and functions and available resources. [[50]](#endnote-50)

**Workforce issues are of the highest priority for counties.** Unemployment or underemployment is the most common challenge cited by responding counties (more than 70 percent), followed closely by shortage of skilled workers (69 percent) and inability to attract and retain young workforce (almost 66 percent) (See Figure 7). Almost a third of counties report dealing with dislocated workforce, as a result of layoffs and plant closures. These are common issues for counties of all sizes, but some differences remain.

**Figure 7:** **Workforce Challenges for Counties, Percent of Respondent Counties by County Population Size, 2013**

*Notes: Large county economies are county economies with more than 500,000 residents. Medium-sized county economies represent county economies with county governments that have between 50,000 and 500,000 residents. Small county economies represent county economies with county governments that have less than 50,000 residents.*

*Sources: NACo survey, October 2013; 2012 population data- U.S. Census Bureau, Population Estimates, 2013*

Mid-sized counties are more likely to perceive unemployment and lack of skilled labor force as major problems than other counties. These perceptions match the situation in county economies. In 2013, the 7.4 percent average unemployment rate for mid-sized county economies was higher than both in large and small county economies.[[51]](#endnote-51) As centers of manufacturing in the United States —42 percent of manufacturing jobs are located in mid-sized county economies— mid-sized counties need skilled labor force.[[52]](#endnote-52) Manufacturing is one of the top five most STEM (science, technology, engineering, and math)-intensive sector in the United States, with 30 percent of the jobs in this sector requiring a high level of STEM knowledge.[[53]](#endnote-53)

Attracting and retaining young workforce is a more frequent problem in small counties than in other counties. For example, 68 percent of small counties perceive this as an issue in comparison with half of large counties. The working age population in small counties is older than in other counties. In 2012, 53 percent of the working age population in small counties was between 40 and 64 years old, higher than the 48 percent rate in large counties or 50 percent in mid-sized counties.[[54]](#endnote-54) Related to this issue, small counties also report facing challenges with an inadequate system of post-secondary education, more than other counties.

Besides the issue of unemployment and a deficit of skilled workers, large counties encounter specific problems related to workforce. Housing shortage is an issue identified by half of the respondent large counties. The quality of K-12 education also worries large counties, as it affects economic development. Almost 42 percent of the reporting large counties identified the quality of the primary and secondary education system as a significant challenge to growing their local economy, more than mid-sized counties (25 percent) and small counties (23.3 percent).

**Figure 8:** **Business Environment Challenges for Counties, Percent of Respondent Counties by County Population Size, 2013**

*Notes: Large county economies are county economies with more than 500,000 residents. Medium-sized county economies represent county economies with county governments that have between 50,000 and 500,000 residents. Small county economies represent county economies with county governments that have less than 50,000 residents.*

*Sources: NACo survey, October 2013; 2012 population data- U.S. Census Bureau, Population Estimates, 2013*

**Resilient Business Environment.** Overreliance on a single industry and insufficient provision of the assets necessary for a competitive economy are some of the challenges identified frequently by counties. Counties understand that their relation with local employers is essential for creating a strong economy. More than 36 percent of respondent counties and a slightly higher share among counties with less than 50,000 residents see their county in danger of depending on too few employers (Figure 8). They would like to see more access to capital for local businesses, an issue in the majority of counties. Availability of development land is another challenge reported by counties, especially mid-sized counties. As zoning falls often under county authority, counties have close knowledge of this issue. Counties, especially small counties, would like to see business leaders more engaged with counties and others in strengthening the local economy.

**Figure 9:** **Infrastructure Challenges for Counties, Percent of Respondent Counties by County Population Size, 2013**

*Notes: Large county economies are county economies with more than 500,000 residents. Medium-sized county economies represent county economies with county governments that have between 50,000 and 500,000 residents. Small county economies represent county economies with county governments that have less than 50,000 residents.*

*Sources: NACo survey, October 2013; 2012 population data- U.S. Census Bureau, Population Estimates, 2013*

**Infrastructure Challenges.** Counties witness firsthand infrastructure challenges. They are responsible for building and maintaining 45 percent of the public roads, 230,690 bridges and are involved in a third of the nation’s transit and airport systems that connect residents, businesses and communities.[[55]](#endnote-55) Caught in between rising construction costs and heavy traffic volumes, inadequate state and federal funding and statutory limitations on their ability to raise revenue, counties have a hard time to fund the large share of the U.S. infrastructure system they own. While small counties have an issue with inadequate access to major highways, lack of air service or shortage of broadband in their area, 58 percent of large counties encounter insufficient transit service. Traffic congestion is mainly a large county issue; 61 percent of large counties report it in comparison with only 11 percent of small counties and 29 percent of mid-sized ones. But counties of all sizes need more trade infrastructure, from ports to transshipment facilities. Freight patterns cross the country from goods-producing counties to consumer counties, connecting local economies into the broader U.S. economy.

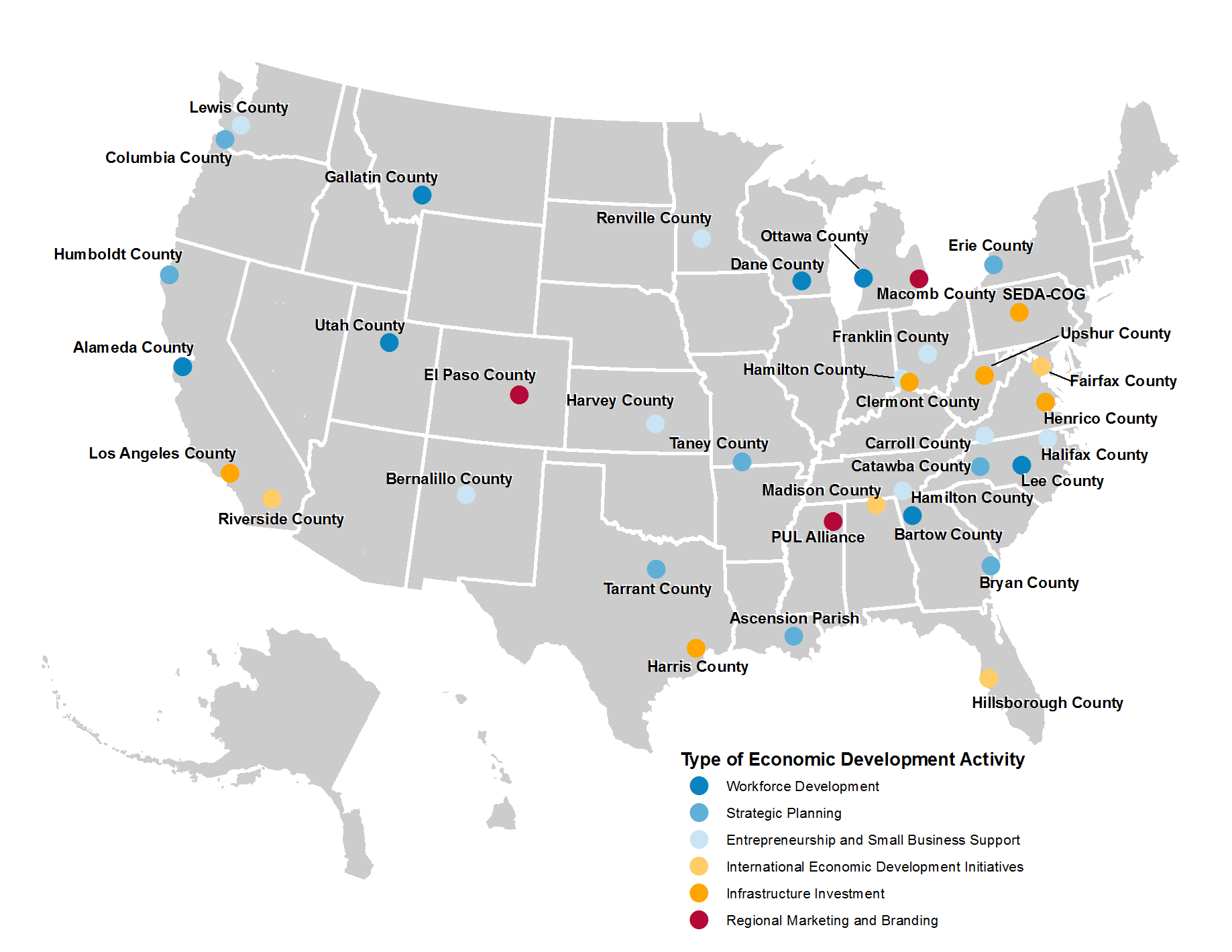
Counties have their finger on the pulse of their local economies. The employment situation is a prevailing concern, as the share of people employed and the quality of jobs have a direct relation with the residents’ needs of county services such as public welfare, social services and criminal justice. Ensuring a competitive business environment for a large number of companies is part of their resiliency strategy. As major providers of infrastructure, counties are familiar with the challenges their residents and local businesses meet with transportation and telecommunication networks.

**3. Counties convene public and private sector stakeholders to find innovative solutions for their main economic development challenges.**

Together with partners, counties find solutions to the most pressing economic development problems facing their communities. Each program is unique, as it tries to solve an economic problem within the framework of specific local resources and constraints. State authority, county capacity and resources and the convening power of counties shape counties’ response to the challenges to their local economy. Drawing from 37 county case studies from across the country developed for this report, this section highlights some of the current county practices in economic development (See Map 1 and the Methodological Appendix for more on the case studies).[[56]](#endnote-56)

For the full text of the case studies, see the 37 profiles on the *Strong Economies* interactive at [www.naco.org/economicdevelopment](http://www.naco.org/economicdevelopment) (WEBSITE TO BE RELEASED JULY 7)

**Map 1. The 37 Case Studies By the Primary Economic Initiative Featured in the Case Study**

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*Note: The identification of the primary economic initiative is for ease of visualization. The initiatives in most case studies could be categorized in different ways and often, the case studies feature more than one initiative.*

**WORKFORCE DEVELOPMENT.** Most workforce development programs with county involvement strive to reduce unemployment; attract, retain and grow local businesses; and train and educate a skilled workforce. Employment opportunities and quality of workforce are the top concerns and reasons of collaboration for counties in economic development. The regional nature of labor markets presents counties with an opportunity to convene schools, workforce development organizations, employers and other partners within or outside the county to engage in customized training, skills development and re-employment strategies.

**Unemployment Reduction**. Reducing unemployment among economically challenged populations is a strategy employed in a number of counties, especially in large counties. For example, Alameda County, Ca. has the highest percentage of residents in the Bay Area enrolled in CalWORKS, the state’s version of the Temporary Assistance for Needy Families (TANF) program.[[57]](#endnote-57) To reduce unemployment and reintegrate into the labor force county residents enrolled in CalWORKS, the county partners with the East Bay Economic Development Alliance (EDA), a non-profit organization housed within the county government. Four county officials serve on the EDA’s executive committee, and the county helps EDA arrange abatements and subsidies for businesses to hire, train and retain a certain percentage of local CalWORKS enrollees.

Dane County, Wi., focuses on lowering unemployment among African-American residents who face significantly 25.2 percent unemployment rates, much higher than the 5.1 percent for the county as a whole. In order to address these disparities and strengthen the overall workforce and the local economy, Dane County’s newly created Office of Economic and Workforce Development is implementing Project Big Step in 2014.[[58]](#endnote-58) Project Big Step aims to meet the local construction industry’s demand for skilled workers and increase access to jobs for under-represented groups. [[59]](#endnote-59)

**Workforce Development for Business Retention**. Counties use workforce development efforts to support business retention, expansion or attraction strategies. For example, Lee County, N.C., employed a workforce development strategy in retaining Caterpillar for expansion. Caterpillar was evaluating the region as a potential expansion site in 2010, but voiced concerns about the availability of skilled labor in Lee County. The county responded by focusing on workforce development as a key component of the incentive package offered for the Caterpillar facility. As a result, Caterpillar announced in 2010 a $28.3 million expansion, which added 350 new jobs to the region.[[60]](#endnote-60)

**Skills Development**. Counties across the country have active partnerships with high schools, community colleges and universities to provide skills development services. For example, in fall 2013, Bartow, Ga., the county school district and local businesses create Bartow County College and Career Academy (BCCCA), to help prepare students for careers in the county.[[61]](#endnote-61) The Bartow County College and Career Academy organizes on-the-job training for high school students in fields such as engineering and healthcare. [[62]](#endnote-62) While less than one year old, the program already has 240 students.

Gallatin County, MT assisted in organizing funding for workforce training in the county. At the initiative of the Gallatin County, county residents passed a mill levy in November 2013, with projected revenue of nearly $370,000 per year, to support financially Gallatin College.[[63]](#endnote-63) The MSU Board of Regents created the college in 2010, collaborating with the City of Bozeman, local and state legislators, the commissioner of Higher Education and the president of MSU. The college is the result of a City of Bozeman assessment of business needs in the area, which revealed the region required more workforce training capacity. The college offers workforce training certificates and associate degrees in the five fastest growing sectors in the county: technology, outdoor industry, bioscience, manufacturing and photonics. Gallatin College enrollment increased from 723 students in 2010 to nearly 1,000 students in 2013.[[64]](#endnote-64)

Utah County, Utah collaborates with educational institutions to address a shortage of high-tech workers in the region. Recognizing a need in several specific curriculum programs, the county worked with Utah Valley University (UVU) to create new programs in business marketing and sales analytics. Additionally, the county partnered with UVU and Mountain Applied Technology College to create new career pathway programs for local high school students.

**BUSINESS RECRUITMENT AND RETENTION/** **REGIONAL MARKETING AND BRANDING.** Counties frequentlycollaborate with other counties in the region for marketing the regional economy. Effective marketing for economic development involves not only identifying a region’s unique competitive advantage, but also communicating the value of that advantage to companies both inside and outside the region. The marketing effort must rely on tangible assets that create comparative advantages for the region.

The PUL Alliance in Mississippi is an example of effective regional marketing and business recruitment. Potomac County, Union County, and Lee County, part of the Three Rivers Planning and Development District formed the PUL Alliance in 2001, the first of its kind in Mississippi.[[65]](#endnote-65) The goal was to build a major industrial development site to attract new businesses, by sharing the expenses and generated tax revenues.[[66]](#endnote-66) The pooling of resources — staff time, technical expertise, networks and funding — produced results that would have been very difficult to achieve by counties acting individually. The PUL Alliance’s joint development of the industrial site and collaborative marketing effort attracted a new $800 million Toyota manufacturing plant in 2011.[[67]](#endnote-67) The plant employs 2,000 people and on-site suppliers have an additional 500 workers. [[68]](#endnote-68) This is turning into an auto manufacturing cluster. Seven major suppliers, such as producers of plastics, metals and auto parts companies have opened nearby since 2011, employing 1,500 people in the area.[[69]](#endnote-69) The Mississippi Development Authority projected in 2012 that the full production at the Toyota plant would create 10,000 direct and indirect jobs.[[70]](#endnote-70)

Macomb County, Mi. just north of Detroit, is part of a collaborative initiative that implements a regional strategy of branding and marketing southwest Michigan as a place of long-term manufacturing growth, innovation and economic resilience. The marketing effort highlights the long tradition of skilled manufacturing workforce in the region, especially in the automotive industry cluster. Marketing an available workforce with specialized skills not found or easily replicable in other regions gives the county an advantage in recruiting industries such as advanced manufacturing, automotive and aerospace.[[71]](#endnote-71) But Macomb County’s marketing campaign is not limited to recruitment. The county also engages in robust marketing and outreach to existing companies as part of its business retention and expansion program. Macomb County’s marketing to existing and new industries has helped generate $164 million in private investment, 3,450 new jobs and 1,260 retained jobs by 2012.[[72]](#endnote-72)

**ENTREPRENEURSHIP AND SMALL BUSINESS DEVELOPMENT.** Counties engage in a range ofentrepreneurship and small business development programs from financing to training to help businesses create jobs in the community. Renville County, MN, operates a revolving loan fund to help local businesses create and retain jobs, with a goal of securing one job for each $10,000 of loans.[[73]](#endnote-73) Franklin County, Ohio, provides financing for mobile food vendors under the Food Fort initiative, which has created more than 400 full-time and part-time jobs.

In addition to access to capital, some counties build and operate business incubators as way to support local entrepreneurs. In 2013, Ottawa County, Mi.’s Economic Development Division (EDD) began the first of a four phase process of implementing an Agriculture Technology and Business Incubator that connects local farmers and producers with providers of the latest advancements in equipment and processes. The business incubator also offers business development services, financing, and legal services to small businesses.[[74]](#endnote-74) Bernalillo County, N.M., developed an arts incubator that offers a performance stage and rehearsal space.[[75]](#endnote-75) Programs often feature an emphasis on real-world training and applicability, including business proposals, plans, and models. Carroll County, Virginia, launched Crossroads Small Business Development Center in 2006, as a way to encourage entrepreneurship as well as diversify its economy.[[76]](#endnote-76) The center has provided business advice to an estimated 289 businesses since 2006, helping to create an estimated 1,200 jobs until 2013.

**INFRASTRUCTURE INVESTMENT.** Counties employ a variety of financial mechanisms to fund infrastructure for economic development projects. While the infrastructure challenges vary by a county’s unique circumstances, finding the funding for the capital projects required dealing with the issue is a common challenge across counties. To fund critical transportation improvements needed to keep pace with population growth, Clermont County, Ohio, formed a Transportation Improvement District (TID) in 2006. The district is based on a series of intergovernmental agreements that pledge funds over 15 years. A collaboration of the county with multiple incorporated townships, it demonstrates the potential of joint planning.

In 1983, Harris County, Texas created the Harris County Toll Road Authority (HCTRA) to address growing demands on the region’s transportation infrastructure. In Texas, the state allows counties few funding mechanisms for transportation. As a result, cities are usually responsible for transportation improvements. But in Harris County, nearly 1.6 million residents live in unincorporated areas not served by cities. In an environment of limited authority for counties, HCTRA provided Harris County with the finance and development vehicle for planning and prioritizing road and other transportation projects.

Counties frequently collaborate within regional organizations to fund infrastructure. SEDA-Council of Governments (SEDA-COG) a regional planning organization funded by counties, cities and other members in central Pennsylvania, created the Joint Rail Authority (JRA) in 1983, in response to the loss of regional rail service in the mid-1970s.[[77]](#endnote-77) The goal was to keep regional rail service to allow for importing inputs to production processes and exporting goods to domestic and international markets. The JRA serves as an autonomous entity in charge of oversight of the railroad.

**STRATEGIC PLANNING.** To stay resilient in face of disruptive events out of their control, many counties engage in long term planning for disaster preparedness and industry diversification projects. Such events can range from immediate impact incidents including natural disaster events and closings of the main plant in the county or more long-term processes — the decline of an industry that the county relies upon and slowing demand in internal markets. Diverse local economies, with employment, sales and tax revenue distributed broadly across a number of sectors, are more resilient to economic shocks. This leads to more certainty in county budgeting and planning and sustainable quality of life for workers and residents.

**Disaster Preparedness.** A strong economy needs a county ready to invest in the infrastructure necessary to be resilient in front of natural disasters.Henrico County, Va., for example, after a historic drought in 2002, began to explore options for meeting long-term demands for access to fresh water.[[78]](#endnote-78) In light of projected water shortages and the negative impact on economic prospects, Henrico County, Va., is leading the development of the Cobbs Creek Reservoir project – expected to be in operation in 2021 – a collaboration with other counties in the region, including neighboring Cumberland, Gouchland and Powatan counties. Henrico County will provide 95 percent of the funding for this project through the county’s Department of Public Utilities Enterprise Fund, which generates revenue through fees for services. [[79]](#endnote-79) The Cobbs Creek Reservoir project is expected to meet local demand for water for the next fifty years.[[80]](#endnote-80) With future water supply secured, Henrico County will be able to pursue industries for startup, expansion, or relocation.

**Industry Diversification.** Counties are leading strategic planning processes that mobilize the public and private sector to invest in diversification efforts. For example, Taney County, Mo., formed the Taney County Business Development Partnership in 2011 that brings together public and private sector leaders. The Partnership focuses on developing the human and financial capital necessary to sustain a diversified and competitive region. It develops strategic plans that provide local leaders with an opportunity to reflect on core competencies, key assets and actions needed to ensure continuity and recovery in the face of change.

Site development is a common starting point for industry diversification efforts. In 2000, Halifax County, N.C., for example, used special revenue funds to purchase land to develop Halifax Corporate Park. The decline in several existing local industries required a strategy to diversify the local economy by attracting new industries, but use the available pool of workforce equipped with manufacturing-oriented skills. The 700-acre site is ready for development of the Halifax Corporate Park – a 700-acre Certified Industrial Park owned by the county – with all utilities available, including water, electric, sewer, telecommunications, and natural gas.

Another North Carolina county presents a successful example of economic diversification through industrial parks. In an attempt to attract new industries, Catawba County, N.C., developed an industrial park in the city of Maiden, financed by the county and four of the eight municipalities in the county. In 2009, Apple purchased the entire park to build and operate a new data center, selection motivated by the readiness of the industrial park.

Site development strategies may incorporate a transportation element. In Bryan County, Ga., the Belfast Commerce Centre, developed by the county in partnership with the CSX corporation, features a rail system that gives companies in the park direct access to the Port of Savannah.[[81]](#endnote-81) Harvey County’s, Kansas, Logistics Park connects companies directly to rail, highway and air transport hubs. This reduces the cost of doing business in the county and, thus, attracts new firms to further diversify the county economy.

Economic diversification and site development are not limited to industrial parks. Counties are taking an active role in redevelopment projects as well. In 2011, Hamilton County, Ohio, created a land bank, the Hamilton County Land Reutilization Corporation (HCLRC). The county land bank acquires foreclosed and forfeited properties within 14 designated target neighborhoods, which are then sold to developers who rehabilitate the properties to promote industrial, commercial and civic development.

Erie County, N.Y., has a long history of turning brownfield sites into marketable land. Since the 1970s, the county has worked with the Erie County Industrial Development Agency (ECIDA), local municipalities and development corporations on developing brownfields for new business locations, using a mix of local, state, and private funds.[[82]](#endnote-82)In 2008, ECIDA adopted a new policy called Adaptive Reuse Strategy, which allows the ECIDA to offer tax incentives for rehabilitating abandoned buildings for new purposes. The first project using the Adaptive Reuse Strategy was H@Lofts, LLC that involved the renovation of abandoned warehouse buildings and transformation of these buildings into mixed-use commercial and residential space. [[83]](#endnote-83) This reuse strategy fills vacant buildings to revitalize the area, but also takes into consideration the historical significance of the buildings during the renovation process. [[84]](#endnote-84)

**Export Promotion/Foreign Direct Investment.** To diversify their local economies, counties of all sizes look beyond the U.S. market through export promotion and foreign direct investment (FDI) initiatives. Engaging the global markets help counties diversify their industry bases, increase revenues for local businesses and in the process create jobs in their communities. For example, Fairfax County, Va., has five economic development offices abroad to promote the county economy and generate FDI and exporting opportunities. In 2012, almost 400 foreign-owned firms from over 40 countries had operations in Fairfax County, with more than 25,000 Fairfax residents employed by foreign-owned firms.[[85]](#endnote-85) Madison County, Al., partners with local employers to identify and enter foreign markets as a way to broaden the employer’s revenue base, create local jobs and indirectly increase county revenues. Riverside County, Ca.’ Economic Development Agency established the Office of Foreign Trade (OFT) in 2009 to focus on diversifying and supporting globalization, trade and expansion of new export markets. That same year, the OFT aggressively worked to attracts FDI and promotes exporting by expanding the county’s three foreign trade zones, which provide special tax advantages and other subsidies to employers located in the zones. In 2014, Riverside County has four foreign trade zones and a fifth underway.

Counties respond to the challenges faced by their economies in ways tailored to their local circumstances. Leading or supporting local and regional economic development initiatives, counties bring to the table their convening power, expertise, funding and any mechanisms allowed under state law. The 37 case studies developed part of this report are a small sample of the types of initiatives developed by counties of all sizes across the country. They showcase how counties deal with their specific challenges and exemplify some of the current practices in county economic development. While this section highlighted specific types of initiatives, all of the mentioned economic development activities could be considered strategic planning. Ultimately, without a clear, long-term and well- thought plan, none of these activities would have taken place.

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**CONCLUSION**

Counties have a unique role in economic development as conveners of partnerships with other levels of government, the private sector and nonprofits. Funding is the main country contribution to these partnerships, most often organized for workforce training, business recruitment and retention, regional marketing and disaster preparedness. Money comes usually from county general funds, but also from state and federal grants and contracts. To match the long term life of the benefits of economic development projects with the payment plans, counties use financing tools such as bond issuances and Tax Increment Financing (TIF).

The main reason counties engage in economic development initiatives is to improve the job situation for their residents. Improvements in the employment situation of county residents would affect the demand for county services such as social services, public welfare and criminal justice. Workforce challenges are the most cited problems encountered by counties in economic development, ranging from unemployment, shortage of skilled workers to inability to attract and retain young workforce. Maintaining a competitive business environment is also a concern for counties, including overreliance on a single industry and insufficient provision of the assets necessary for business recruitment and retention. Infrastructure plays a major role in creating the right framework for local economic development and counties are worried about finding the funding to build and maintain the infrastructure assets in their communities.

Counties of all sizes and geographic locations are unique problem-solvers, able to adjust their initiatives and programs to match local assets and needs. Drawing upon 37 case studies developed for this case study (See at [www.naco.org/economicdevelopment](http://www.naco.org/economicdevelopment) - WEBSITE TO BE RELEASED JULY 7), this study finds that counties have a distinct ability to mobilize and coordinate resources for economic development. Local economic development challenges often require a regional solution. Counties are best positioned to be conveners for such initiatives due to the legitimacy and accountability they have as formal governments covering both incorporated and unincoporated areas in a region. This enables counties to exercise leadership in collaboration with local public and private entities in identifying and addressing common and regional economic development challenges.

Ensuring strong local economies enables counties to improve the quality of life for their residents, create the right environment for local businesses to flourish and reduce county costs with public welfare and criminal justice while supporting the county tax base. Counties understand that strategic planning together with their public and private partners is required to build strong economies that make their communities more resilient to unexpected events ranging from natural disasters, plant closures to long term declines in specific industries. As both global and local challenges arise, counties are poised to lead, convene and participate in economic development efforts.

**METHODOGICAL APPENDIX**

This study draws upon two types of primary research: a survey of county officials and 37 case studies. The results of the survey provide the baseline for county involvement in economic development and county challenges and provide a direction for instances of county government innovation. The 37 case studies offer examples from counties of all sizes and across the country of current county practice in economic development. For the full text of the case studies, see the 37 profiles on the *Strong Economies* interactive at [www.naco.org/economicdevelopment](http://www.naco.org/economicdevelopment) (WEBSITE TO BE RELEASED JULY 7)

**Survey.** Between September 12 and October 24, 2013, NACo administered to the 3,069 counties a survey about county involvement in economic development, challenges with local economies and solutions. The National Association of Counties (NACo) developed the survey instrument in partnership with the LBJ School of Public Affairs at the University of Texas at Austin. The survey instrument was beta tested in August 2013 with a group of six counties of different population sizes and two state associations of counties from different Census regions. The National Association of Counties (NACo) sent the final survey to a county official in each of the 3,069 counties with a request for completion from someone knowledgeable of the county’s efforts in economic development.

**Figure A1: Population Distribution Among the Responding Counties and the 3,069 Counties**

The National Association of Counties (NACo) received responses from 480 counties (15.6 percent response rate), making it the most comprehensive survey of county government economic development initiatives as of date. The responding sample follows broadly the 3,069 counties’ population distribution, with a higher response rate from mid-sized counties (34 percent relative to 27 percent nationally) and large counties (7 percent in the sample relative to 4 percent from the 3,069 counties) (See Figure A1). The lowest response rate was among small counties (59 percent relative to 69 percent). Item nonresponse adjustment was applied to the survey responses, based on individual county responses to a number of control questions. The individual county responses are confidential.

**Case Studies**. Based on the NACo survey results and from nominations by experts in economic development. The LBJ School of Public Affairs at the University of Texas at Austin developed an initial pool of 90 counties and conducted a round of preliminary research. Using criteria of county population size, types of economic challenges, presence of county innovative and replicable approaches and regional diversity, the LBJ team reduced the number of potential cases to 60. Following consultation with NACo, 35 counties and 2 Council of Governments (COGs) were identified for case study analysis.

**Table A1. Population Distribution of Counties Featured in the 37 Case Studies**

|  |  |  |
| --- | --- | --- |
| **County Population Size** | **Number of Counties in the Case Studies** | **Share of Featured Counties** |
| Large (above 500k residents) | 15 | 31% |
| Medium (50k-500k residents) | 19 | 39% |
| Small (less than 50k residents) | 15 | 31% |
| **Total** | **49** | **100%** |

The 37 case studies represent 49 counties, with PUL Alliance in Mississippi including three counties and SEDA-COG in Pennsylvania has 11 member counties. The counties featured in the case studies have broad representation across county population sizes (See Table A1) and follow closely the county distribution across Census regions (See Table A2). Case studies were developed based on information provided in telephone interviews with county officials, county documents and other secondary research. The LBJ team conducted 125 interviews between January and March 2014. The interviews were confidential and only the LBJ team had access to the interview information.

**Table A2. Regional Distribution of Counties Featured in the 37 Case Studies and the 3,069 Counties**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Region** | **Number of Counties Featured in the Case Studies** | **Share of Counties** | **Number of Counties in the U.S.** | **Share of Counties out of U.S. Total** |
| Midwest | 9 | 18% | 962 | 31% |
| Northeast | 12 | 24% | 193 | 6% |
| South | 18 | 37% | 1384 | 45% |
| West | 10 | 20% | 530 | 17% |
| **Total** | **49** | **100%** | **3069** | **100%** |

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