

Presentation to the Regional
Economic Area Partnership
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Joe Aistrup, Head
Department of Political Science
KCRI, Kansas State University
Senior Policy Fellow,
Docking Institute of Public Affairs,
FHSU

The Economic Case for Regional Partnerships

How can it work in South Central
Kansas?

Did you know that in the US in 2001:

That the average earnings per job in
metropolitan counties with
populations of over 1 million people
was \$43,000, while in metro counties
of less than 1 million people it
averaged \$32,000?*

*Source: Parker and Ghelfi, April 2004. "Using the 2003 Urban Influence Codes to Understand Rural America." *Amber Waves*. 2:2: 12-13.

Did you know that in the US in
2001:

Average earnings per job in counties
that are adjacent metropolitan
counties and in counties that have
urban center of 10,000 people was
about \$27,000?*

*Source: Parker and Ghelfi, April 2004. "Using the 2003 Urban Influence Codes to Understand Rural America." *Amber Waves*. 2:2: 12-13.

Did you know that in the US in
2001:

Average earnings per job in rural
counties ranged between \$23,500 and
20,500?*

*Source: Parker and Ghelfi, April 2004. "Using the 2003 Urban Influence Codes to Understand Rural America." *Amber Waves*. 2:2: 12-13.

What is “Regionalism”?

Regionalism

- Entails having one or more communities that are the regional centers of activities.
- Involves having one or more clusters of economic activities that provide a strong basis for employment and growth.

Regionalism

- Entails having economies of scale--a critical mass of people and businesses--to support the development and maintenance of the public infrastructure of our modern economy.
 - Transportation - Roads, Airport, & Railways
 - Health Care - Hospitals and Specialists
 - Communications Systems - Cable, Phone, Wireless

Regionalism

- Involves having a critical mass of professional, skilled, semi-skilled, and unskilled labor to support the diverse human capital needs of large and small employers in the private and public sectors.
- Involves having a critical mass of consumers which encourages large scale competition, specialization, and diversification of retail and service enterprises.

Regionalism

- Entails having a critical mass of financial institutions that are vested in the success of the region.
- Involves having access to external dollars through
 - Access to national and global markets, and/or
 - Being a destination point for tourists.

Regionalism

- Happens naturally -- Happen stance in most circumstances.
- Occurs in spite of jurisdictional boundaries, states, counties, and cities.
 - However, these boundaries can act as a drag on regional prosperity, slowing its progress or lead to unhealthy patterns of growth.

Regionalism should not be
confused with Regions.

Regions

- Geographic areas linked by virtue of being a point on the map -- a compass point.
- Lack strong regional centers.
- Lack clusters of economic activities that provide a strong basis for growth in employment.

Regionalism is not synonymous
with Consolidation.

But there are cases where it has
happened, like Indianapolis, IN and
Kansas City, KS.

Regionalism entails competition among the communities within.

- They compete on the basis of quality of life (housing, schools, parks, public facilities), tax rates, and retail shopping.
- However, if this competition destroys the regional center, its unhealthy for the entire region.

Regionalism in action means
population growth and generally
wealth and job creation.

This is the economic case for acting
regionally and building partnerships
with regional centers.

Regionalism in Action

The different flavors of regionalism
in the U.S. and Kansas

Flavors of Regionalism in U.S.

- Metro Counties and Adjacent Rural Counties.
- Macro Counties and Adjacent Rural Counties
- Rural regions that have an economic cluster associated with value-added agriculture.
- Rural regions that have an economic cluster based on scenic amenities and/or tourist attractions.

Regionalism in Kansas

Percent Population Change, 1990 to 2000



Counties are shaded by 1990 to 2000 % change (listed below county name). Line graphs show the 1950-2000 trend.
 Policy Research Institute, Univ. of Kansas, (Data from U.S. Census)

Metros and Adjacent Rural Counties in the U.S.

- Metro Counties
 - Average earnings per job in metropolitan counties of greater than 1 million people was \$43,000, while in metro counties of less than 1 million, it averaged \$32,000.
 - Avg. Population Change = 14%.
- Adjacent rural counties
 - The average earnings per job was about \$27,000.
 - Avg. Population Change ranged from 10% to 14%.

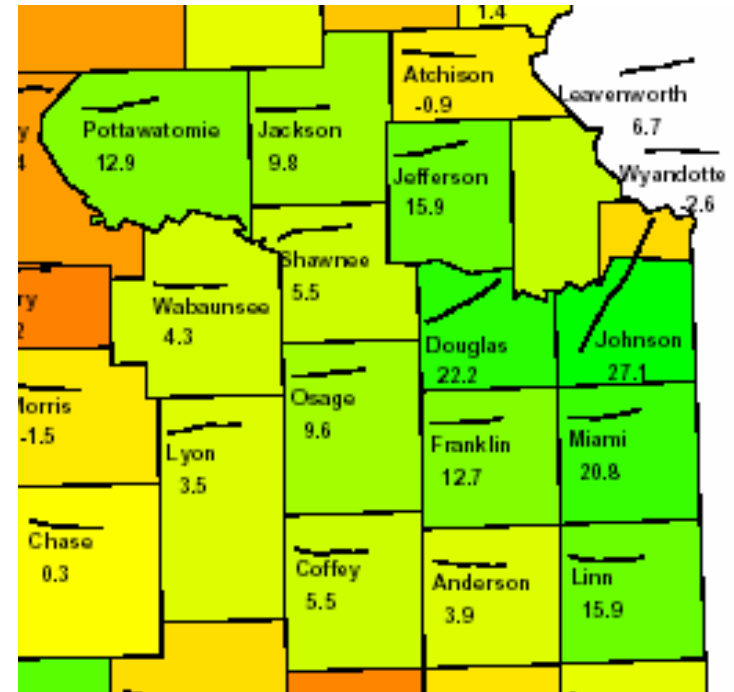
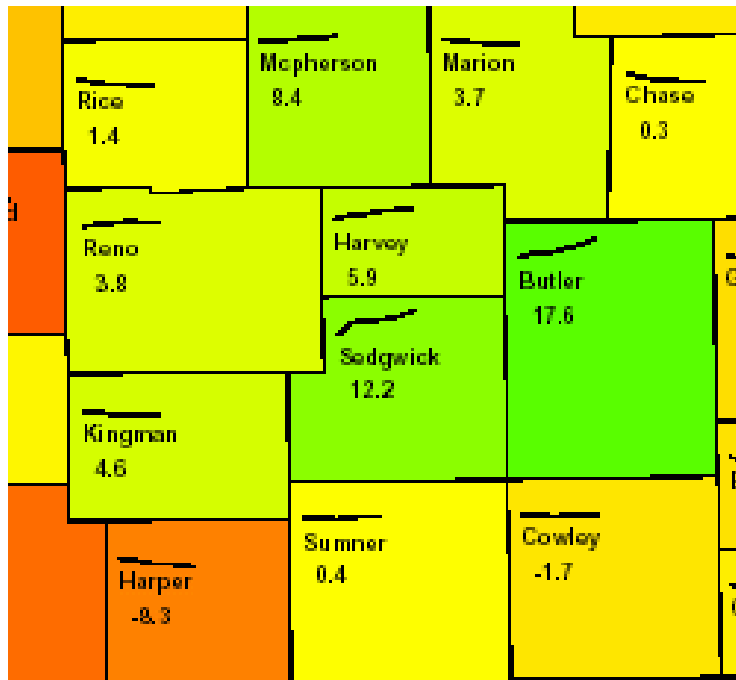
Adjacent Rural Counties in U.S.

- Adjacent Rural Counties are growing because they benefit from their relationship with Metros:
 - Infused urbanites seeking a rural lifestyle, but who need to be within driving range of the urban area for their jobs.
 - They also enjoy the cultural, medical, travel and retail opportunities that urban areas provide.

Adjacent Rural Counties in U.S.

- As these counties' populations grow, so do small businesses providing retail and professional services within the counties.
- Smaller niche agricultural operations, catering to regional food market (truck farms) are thriving in these regions.

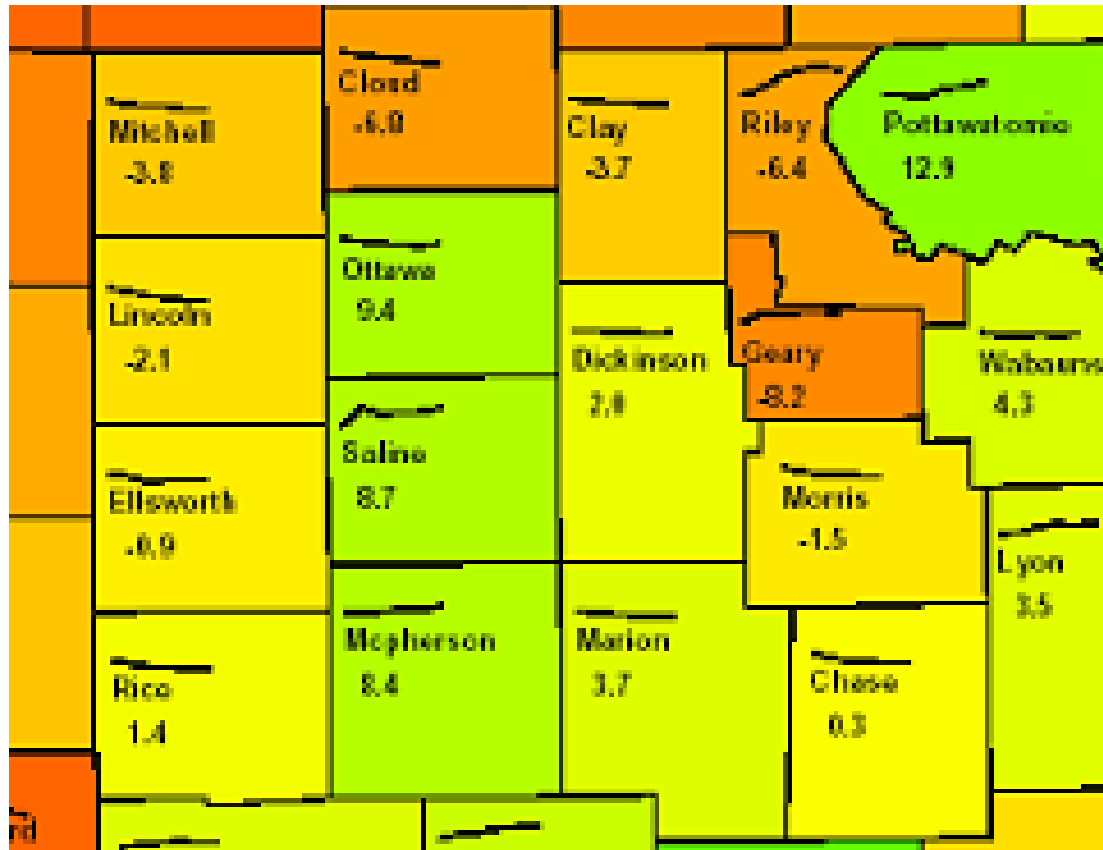
Metro and Rural Adjacent Regions in KS: Wichita, KC/JoCo, and Topeka



Metro and Adjacent Rural Counties in KS

- Metro KS Counties (5)
 - Avg. Per Capita Income was \$29,500.
 - Avg. Population Change = 12.5%.
- Adjacent rural counties (13)
 - Avg. Per Capita Income was \$24,600.
 - Avg. Population Change was 8.4%.

Macro-Counties: Saline and Riley



Macro and Adjacent Rural Counties in Kansas

- Macro KS counties (Saline and Riley)
 - Avg. Per Capita Income was \$26,700
 - Avg. Population Change was 1.16%
- Adjacent Rural counties (8)
 - Avg. Per Capita Income was \$23,450.
 - Avg. Population Change was .51%.
 - Without Geary: Avg. Pop. Chge. was 2%.

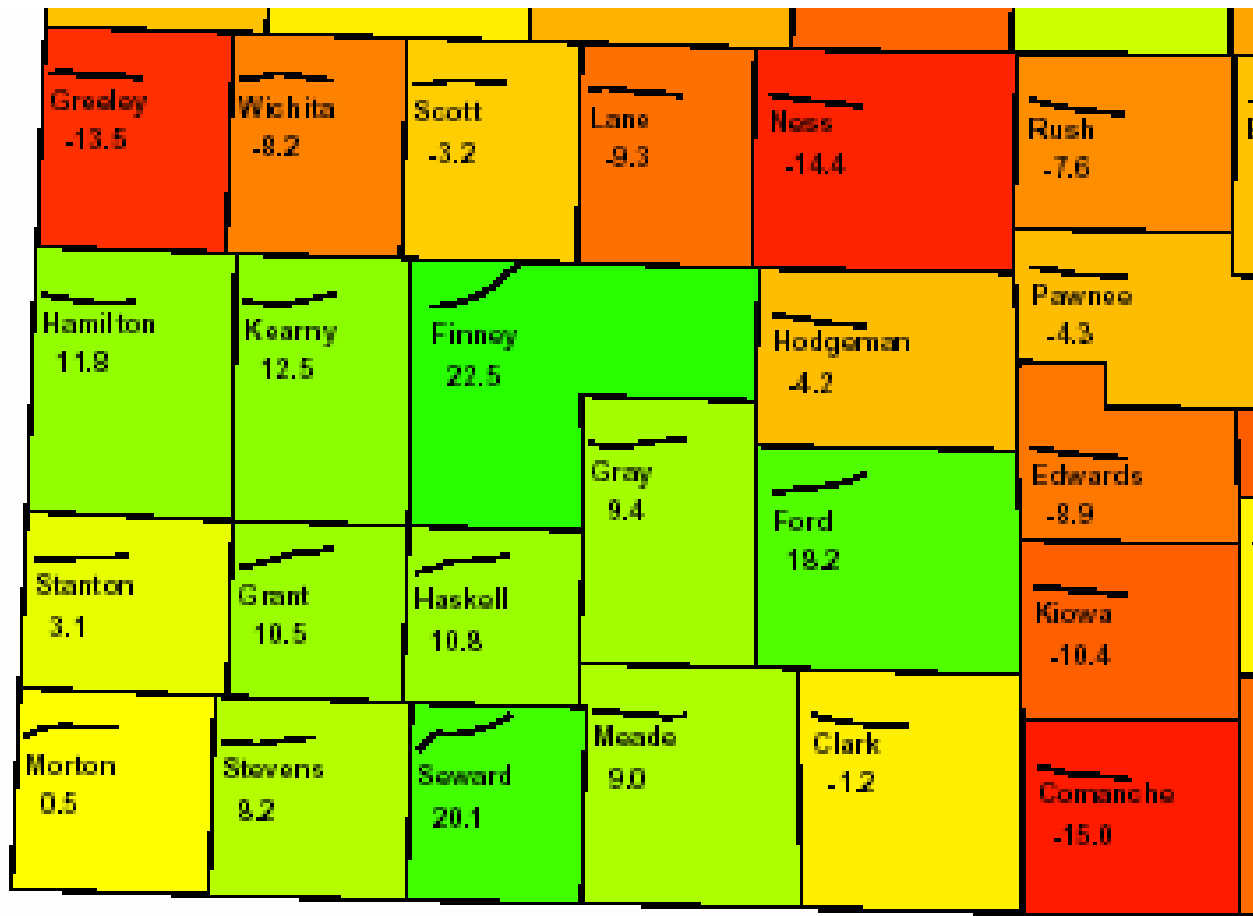
Value-Added Ag Cluster

SW Kansas

- This economic cluster creates economies of scale for producers, suppliers, skilled and unskilled workers, manufacturers, and related service providers associated with livestock and meatpacking.
- All of which leads to population growth but uneven wealth creation.

Rural Value-added Regions

SW Kansas



Value-Added Ag Cluster SW Kansas

- Value-Added KS Counties (Ford, Finney, and Seward)
 - Avg. Population Change was 20%.
 - Avg. Per Capita Income was \$21,700.
 - This is low, leading to smaller than usual direct and indirect economic payoffs and higher than average social externalities.
- Adjacent Value-Added Rural counties (9)
 - Avg. Population Change was 8.5%.
 - Avg. Per Capita Income was \$23,500.

Regionalism based on Scenic Amenities and/or Tourism

- Tourist inject millions of out of region dollars into these rural economies.
- Growth and prosperity, although uneven, results, allowing them to overcome their lack of economies of scale.
- This is common in mountain states.

Regionalism based on Scenic Regions and/or Tourism

- None in Kansas, but there is much untapped potential in South Central Kansas.

Lone Ranger Counties

Two Flavors of Lone Rangers in the U.S.

- Micro Regional Trade Center (RTC) counties with at least one town of 10K to 35K.
- Rural Counties without RTC.

Micro Regional Trade Centers

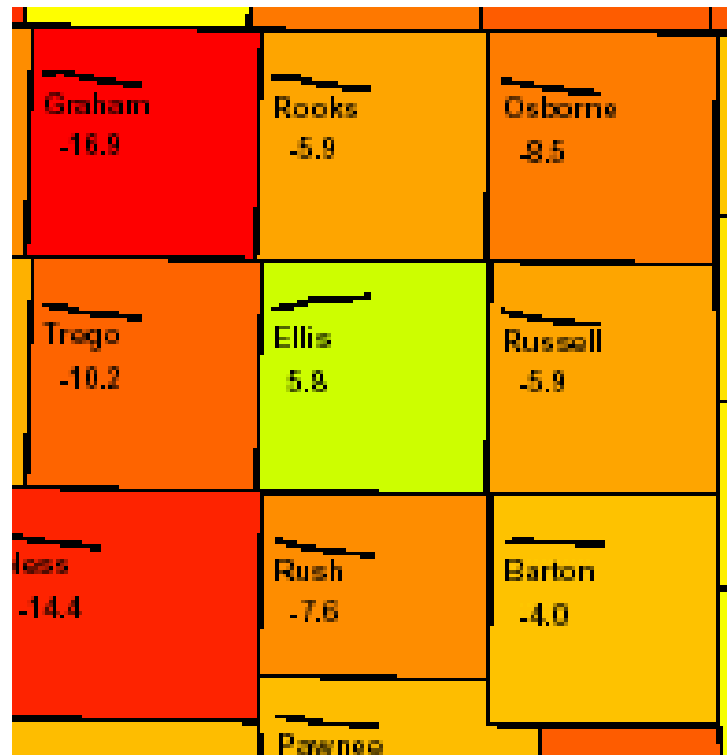
How do they survive?

- They depend on the smaller rural communities that surround them to infuse them with external dollars, which in turn, leads to job creation (businesses, retail, and services) within the trade center.
- These RTCs lack the economic power -- critical mass -- to benefit population growth of rural counties adjacent to them.

Lone Rangers - Micro Regional Trade Centers in U.S.

- Lone Ranger - RTC Counties in U.S.
 - Avg. earnings per job in \$26,400.
 - Avg. Population Change = 8.3%.
- Lone Ranger - RTC Counties in KS (10)
 - Avg. Per Capita Income was \$23,250.
 - Avg. Population Change = .5%.

Example of Rural Trade Center in KS: Ellis County (Hays)



Lone Rangers: Rural Counties without RTC in the U.S.

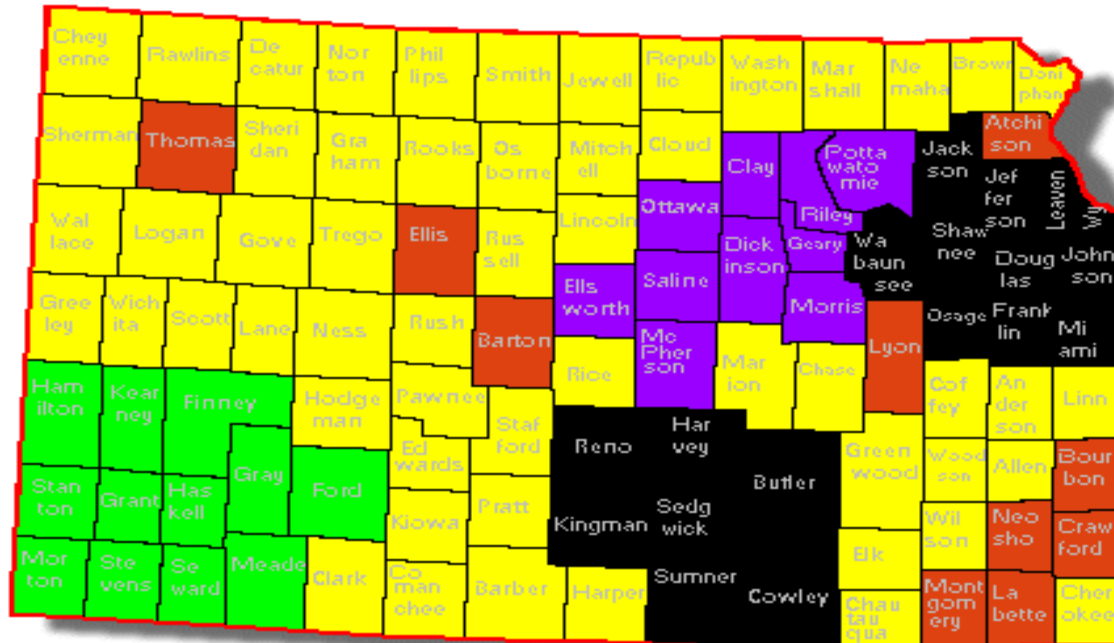
- Counties have economies based on extraction (minerals, agriculture, logging).
- They have aging populations dispersed in small communities over a wide geographic area.
- The Great Plains states have the highest share of these types of counties.

Lone Rangers - Rural Counties without RTCs

- Rural Counties in U.S.
 - Avg. earnings per job ranges between \$20,400 to \$23,400.
 - Avg. Population Change = Less than 5%.
- Lone Ranger - Rural Counties in KS (55)
 - Avg. Per Capita Income was \$22,900.
 - Avg. Population Change = -4.25%.

Regionalism in Kansas

- - Metro
- - Macro
- - SW Ag
- - Rural
- - RTC



How can it work in South Central Kansas?

Necessary Ingredients
Impediments to Regionalism

Necessary Ingredients

*Center for the Study of Rural America

- Transformational Leadership
- Long-term Planning -- Goal 2050
- Institutional Home for Promoting Regionalism - University, CC, and Planning Commission.*
- Build or enhance economic clusters based on your region's amenities, assets, and infrastructure.*

Necessary Ingredients

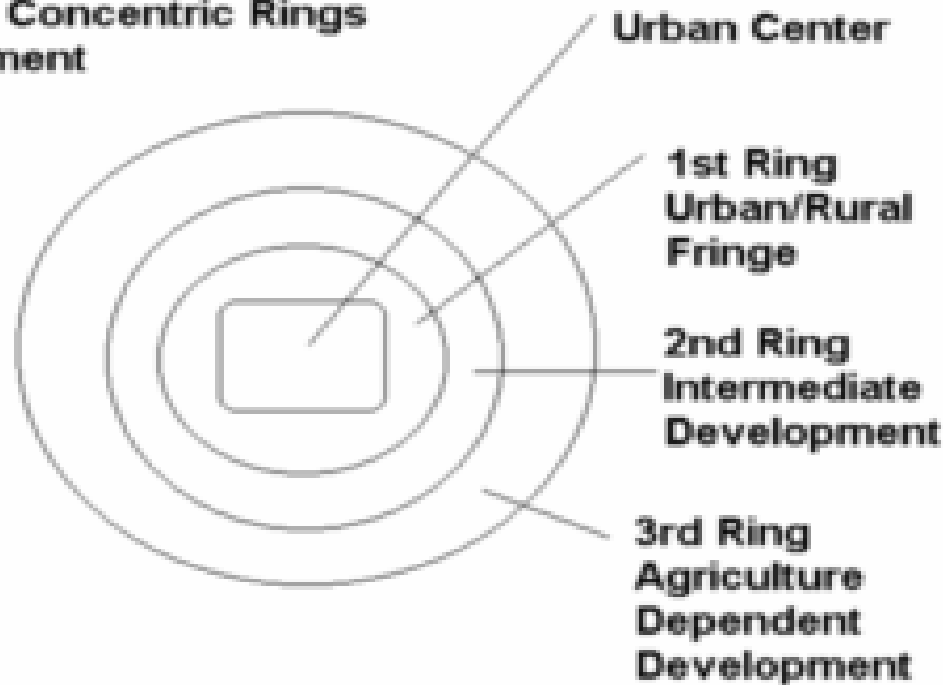
*Center for the Study of Rural America

- Be prepared to tear down government boundaries created in the 19th Century, which inhibit growth in the 21st Century.*
- Recognize that building strong, viable and large regional centers are vital to the success of your rural region.
 - The bigger Wichita becomes, the larger the positive economic effect on the surrounding counties.

Necessary Ingredients

- Understand Concentric rings effect of Urban Centers

Figure 1: Concentric Rings Development



Necessary Ingredients

- Regional Centers provide critical economies of scale - particularly job and retail opportunities and economic infrastructure so that people who want an rural lifestyle can commute into the urban center for their jobs or it allows these people to leverage urban growth centers to create new jobs in the first or second rings.

Impediments to Regionalism

Autonomy

Resources

Free Riders

Impediments to Regionalism

- **Autonomy**
 - Each community's interests are not the same, thus compromise is necessary on many issues to move forward.
 - But, natural instincts are to jealously guard your community's independence.
 - Conflict arises when one or more communities are asked to sacrifice their autonomy for the greater good of the region.

Impediments to Regionalism

- **Autonomy**
 - To avoid conflict, regional partnerships tend to work only on issues that everyone can agree with.
 - Unfortunately, these are very boring issues or issues that tend to be intractable.
 - Regional partnership may die because it does not accomplish anything of significance.

Impediments to Regionalism

- Resources

- Most meaningful organizations need professional staff, office space, support staff, and money to fund operations.

- This helps to institutionalize the organization in the region it serves.
 - Keeps the organization a viable vehicle to promote regionalism.
 - This is one of the key ingredients of regionalism.

Impediments to Regionalism

- Resources
 - Organization also needs resources at its disposal to promote regional causes.
 - For example, Mid-Continent Airport serves REAP communities. Communities and businesses would benefit from more flights and cheaper fares. Yet, there was only symbolic support for Fair Fare\$.
 - Regional resource capacity needs to be developed to promote appropriate regional efforts

Impediments to Regionalism

- Free riders
 - Free riders are those communities that can obtain the benefits of regional efforts without providing support.
 - This does not appear to be that much of an issue for REAP. It has outstanding representation across the region with one or two notable exceptions.
 - But if REAP asks for more support, either on an annual basis or via an issue based appeal, dedicated members will need to guard against an increase in free riders.

Issues to Think About

- How should this region dovetail the expertise of the entrepreneurial center at WSU with its economic clusters in aircraft production and blow molded plastics.
 - Smaller niche markets
 - Create opportunities for engineers to make their ideas a reality

Issues to Think About

- Boeing's sale of its commercial aircraft plant – ramifications for economic development and local retail businesses.
- Future of Industrial Recruitment.
- Tourism—Market all attractions as a region. GWEDC idea needs to be applied to tourism as well.
- Regional workforce issues.

Thank you for inviting me to
speak.

Contact information

Joseph A. Aistrup

Head and Associate Professor

Department of Political Science

Kansas State University

jaistrup@ksu.edu