

**Minutes of the
2005 ANNUAL TECHNICAL MEETING OF
REGIONAL EXPERIMENT STATION PROJECT
NE-1011**

RURAL COMMUNITIES, RURAL LABOR MARKETS AND PUBLIC POLICY

**Thursday, February 24, 2005
Hyatt Regency Islandia Hotel
San Diego, CA**

Participants in Attendance:

| | |
|-------------------|----------------------------------|
| Barkley, David | Clemson University |
| Bitsch, Vera | Michigan State University |
| Cooke, Steve | University of Idaho |
| Davis, Elizabeth | University of Minnesota |
| Deller, Steve | University of Wisconsin, Madison |
| Fawson, Chris | Utah State University |
| Francis, Joe | Cornell University |
| Goetz, Stephan | Penn State University |
| Harris, Tom | University of Nevada, Reno |
| Holland, Dave | Washington State University |
| Johnson, Tom | University of Missouri-Columbia |
| Kilkenny, Maureen | Iowa State University |
| Kraybill, David | The Ohio State University |
| Leistriz, Larry | North Dakota State University |
| Morris, Doug | University of New Hampshire |
| Renkow, Mitch | North Carolina State University |
| Stenberg, Peter | USDA ERS-RED |
| Thilmany, Dawn | Colorado State University |
| Weber, Bruce | Oregon State University |

Participants not attending:

| | | | |
|---------------------|--------------------|-------------------|---------------------------|
| Alwang, Jeffrey | VA Tech | Kreisel, Warren | U. Georgia |
| Bills, Nelson | Cornell | Manalo, Alberto | U. New Hampshire |
| Findeis, Jill | Penn State | McNamara, Kevin | Purdue |
| Freshwater, David | Univ. Kentucky | Otto, Dan | Iowa State |
| Gabe, Todd | U. Maine | Rainey, Dan | U. Arkansas |
| Giraud, Kelly | U. New Hampshire | <i>Rossi, Dan</i> | <i>Rutgers University</i> |
| Hastings, Steve | U. New Hampshire | Seidl, Andy | Colorado State |
| Hattery, Mike | Cornell | Shields, Martin | Penn State University |
| Henry, Mark | Clemson University | Shonkwiler, J | U. Nevada, Reno |
| Ilvento, Thomas | U. Delaware | Smith, Steve | Penn State |
| Irwin, Elena | Ohio State | Stallmann, Judith | U. Missouri |
| Jones, Lonnie | Texas A&M | Tyrell, T.J. | U. Rhode Island |
| Kalambokidis, Laura | U. Minnesota | | |

Business Meeting

Brought to order by NE-1011 Chairman Joe Francis at 8:20am, Feb 24, 2005.

1. General NE 10-11 Business

- A. Introductions/attendance.
- B. Thanks to Tom Harris for local arrangements and Maureen Kilkenny for assistance.
- C. Minutes of the 2004 NE 10-11 Technical Meeting approved as amended (attached).
- D. Elections: Liz Davis was nominated and unanimously elected 2006 Secretary (2007 chair-elect).
Maureen Kilkenny (2005 Secretary, 2006 Chair-elect) was approved as 2006 Chair.
- E. Forthcoming Annual Technical Meeting of NE 10-11 will be held in conjunction with the 2006 Southern Regional Science Association (SRSA) Annual Meeting in St. Augustine, FL in early April (according to the tradition that NE-1011 alternate meetings with WRSA and SRSA). NE 1011 member Dave Barkley is the SRSA local arrangements liason. He says we will likely meet on Thursday 8-12 am before the first SRSA paper sessions begin.
- F. Annual Report 2004: Rather than report our 2004 activities under each of our project's four major objectives (Rural Restructuring, Rural labor Markets, Rural Policy, and Rural Community Vitality) we agreed instead to just read each other's CRIS reports, then devote more time during this meeting to discuss the new business item (see "New Business").
- G. Announcements:
 1. Dave Barkley shared Clemson Univ.'s advertisements for two new positions.
 2. Stephan Goetz reported that the *2004 Northeast Regional Center for Rural Development Annual Report* is now available
<http://www.cas.nercrd.psu.edu/Publications/annualreports.htm>
 3. Bruce Weber announced that the *Western Rural Development Center* (WRDC) will sponsor the western poverty research conference "Poverty in the Rural West" April 7-8, 2005 in Logan, Utah and in May in State College, PA.
 4. Bruce also announced the *Rural Policy Research Institute* (RUPRI) postdoctoral fellowship competition for 2005-6. Applications are due March 15.
 5. Steve Cooke reminds us that the NE10-11 website that used to be www.agls.uidaho.edu/scooke/NE-162.htm and we are now at <http://www.agls.uidaho.edu/scooke/ne1011.htm>

2. **New Business:** Stephan Goetz reminded us that President Bush has proposed to phase out Hatch/formula funding in favor of the OMB's preferred competitive funding mechanism. Stephan suggested that Experiment Station Directors are likely to be very concerned about the need to show the impacts of the funding mechanism we currently have. He emphasized that NE 10-11 participants are uniquely qualified to help the Experiment Station Directors make the case for formula funding of public research. In particular, ESCOP and CSREES appear to be favoring social science in agriculture research.

Tom Johnson: what we [economists/rural development specialists] do is not easy to quantify [compared to what a microbiologist or engineer does], but it is us who have provided the tools and ways to measure and quantify the economic impacts of the research done by our colleagues in the bio/physical sciences.

Stephan Goetz: could we make the kind of case as in the book edited by Pardey and Smith (2004) "What's Economics Worth? Valuing Policy Research" <http://www.ifpri.org/pubs/jhu/economicsworth.htm>. For example, in that book it is claimed that if society were to adopt tradable permits, the value to society would pay the salaries of all the economists, everywhere.

Dave Barkley: many times, our contribution is to help a policy maker avoid a bad policy. (How can we know the dollar amount of a cost that we never have to pay?)

Steve Deller: the bio/physical scientists have more political influence because they are backed by commodity group constituencies. Who is the identifiable [and organizable] constituency for rural development research?

Dawn Thilmany: The Kansas City Fed is a good partner to justify the value of publicly supported research for rural economic development.

Dave Barkley: right—start with the Feds, and work backward [to identify stakeholders] to rural health care, rural employment. "And here's the work we've done on these topics..."

Bruce Weber: we do not take credit for the economic activity that private citizens undertake.

Tom Johnson: at U Missouri, we organized a way to assess the return on government loan programs. Our assessment acronym is "PART": Performance, Assessment, Review, Technique. Return on investment (ROI) and Cost/Benefit ratios. But there is a gap/void. We need a think tank to identify HOW to assess the impacts and values [of non-market activities].

Dawn Thilmany: we have a tool kit regarding public goods and market failures.

Tom Johnson: But OMB may not be sympathetic to those concepts.

Stephan Goetz: we ought to tap into work by Laura Kalambokidis (NE10-11 member) on the valuation of outreach/extension activity. Also, the operative buzzword is "The Ownership Society."

Dave Kraybill: "Ownership Society" is not such a bad point of departure: we can explain how what we do increases returns on assets. We could make the case that we [community development economists] focus on the assets communities already have; rather than waste their money on low probability firm recruiting [chase smokestacks].

Dawn Thilmany: also should tap into Leslie Whitener (not an NE10-11 member).

Dave Barkley: can we put a dollar value on better policy?

Mitch Renkow: tangible outcomes are preferred.

Steve Cooke: How do we measure benefits? For market goods, we calculate the consumer and producer surpluses (CS & PS), track shifts due to the policy or activity in the supply or demand curves. That's how we evaluate the social benefit. But institutional changes may not affect S or D curves, and are then much harder to measure. However, Douglas North said that when institutions are properly organized, productivity is higher (supply shifts out and PS rises in a measurable way). We have to track the information that improves the design of public programs -what Dave Barkley said.

Tom Johnson: We also do more than that [more than design better institutions to improve productivity]. We also affect redistribution. We promote increased rural employment, income, and wealth; even if that may entail a reduction of urban jobs.

Steve Deller: to Steve Cooke- how is what you suggest done? Can you direct us to something to read? There are actually two types of research: basic and applied. Basic research [by definition has no current application, neither market or non-market] is impossible to evaluate the benefits of. Applied research is easier to assign a dollar value to. ? noted that the word 'basic' is no longer used to describe research. It's called "foundational."

Liz Davis: see also 'performance review and design'

Weber/Barkley: should we evaluate what we do with a *counterfactual* or at the *\$ value of the alternative*?

Barkley: for example, calculate "this is what the proposed policy would have cost. This is what the legislature chose." The difference is the value-added by the economists who helped the legislature choose the better policy.

Steve Cooke: a focus on the microeconomics is essential, but more important is macroeconomics [employment, price levels, gross regional product].

Dave Kraybill: "methodological individual" or "methodological collective"

Bruce Weber: let's develop this into a 2-day workshop or conference.

Mitch Renkow: we have to realize that we need to be our own advocates.

Dawn Thilmany: assess our own projects first. Categorize projects, for example as:

Policy issues

Industry/intermediary activities

Direct Market Implications

Maureen Kilkenny: let's report our favorite project to the NE10-11 secretary (Kilkenny) in brief case study format:

1. Issue: what was the challenge/topic?
2. Activity: what did our team do?
3. Resources: how much TIME did we spend on it? How much extramural funds were spent?
4. Outcomes: what happened?
5. Collaborations: who else in NE10-11 helped with this activity?

3. NE 10-11 favorite cases/interest groups:

Dave Holland: grass seed burning (grass seed industry)

Mitch Renkow: the impact fee issue (local developers)

Dave Barkley: our work on CAP Cos; or the shrimp industry

Steve Deller: agricultural import substitution

Stephan Goetz: self-employment

Favorite cases, con't:

Larry Leistritz: rural industry; CRP
Liz Davis: child care
Maureen Kilkenny: banking market areas
Dave Kraybill: (3 favorites) asset building; business retention and expansion; incentives
Tom Harris: rural hospitals; golf industry
Vera Bitsch: farmers
Dawn Thilmany: value-added agriculture; meat processor
Peter Sternberg: telecommunications & FCC
Chris Fawson: rural health care/access
Tom Johnson: transportation → DOT; entrepreneurship
Doug Morris: Fishing
Joe Francis: direct marketing
Steve Cooke: wage differentials/industry triage

Maureen Kilkenny: due to the variety of our cases, different evaluative approaches and techniques are required. Would we be willing to read each other's reports and suggest the better evaluative technique to apply? Can we suggest to each other what else could or should be measured to assess the "impact" of the activity?

We identified five evaluative perspectives or approaches and assigned ourselves according to our expertise (listed below). (*) indicates person willing to coordinate each "filter team."

1. Benefit-Cost analysis
 - a. Stephan Goetz
 - b. Steve Deller
 - c. Doug Morris
 - d. Larry Leistritz
2. Public Goods/Market Failures
 - a. Dawn Thilmany*
 - b. Dave Kraybill
 - c. Laura Kalamobokidis (in absentia)
3. Institutional Change
 - a. Steve Cooke*
 - b. Maureen Kilkenny
4. Policy Chosen vs Counterfactual
 - a. Dave Barkley*
 - b. Tom Harris
 - c. Chris Fawson
 - d. Bruce Weber
 - e. Peter Stenberg
5. Dependence of Applied Research on Foundational Research (derived demand for foundational research)
 - a. Martin Shields* (in absentia)
 - b. Tom Johnson
 - c. Mitch Renkow

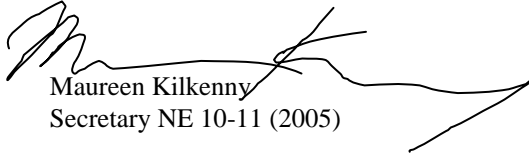
Maureen Kilkenny: propose we work in teams to prepare five papers, one by each team/topic above, to be presented at our next NE10-11 meeting.

- Maureen will collect the outlines from everyone, and send the full set to each of the five team coordinators.
- The team members should choose at least one of the case studies to evaluate the benefits, to demonstrate the application of the particular approach to measure "impacts" in detail.
- Each team writes a "White Paper" that provides a primer on, literature review, and a

- demonstration of the evaluative approach (the NE 10-11 case).
- “White Papers” to be disseminated as follows:
 - o Presented at 2006 SRSA-NE10-11 meetings next spring
 - o Presented to ESCOP
 - o Presented to ECOP
 - o Published in a special issue of JRAP (Journal of Regional Analysis and Policy)
 - o Posted on our two websites
 - <http://www.agls.uidaho.edu/scooke/ne1011.htm>
 - <http://cenet.aers.psu.edu/default.asp>

Meeting adjourned 12: 30pm.

Respectfully Submitted,



Maureen Kilkenny
Secretary NE 10-11 (2005)

Attachments:

1. Amended and Approved 2004 meeting minutes
2. Three NE 10-11 research paper sessions at the 2005 WRSA meetings

Amended and Approved 2/24/05

Minutes of

2004 Annual Technical Meeting of NE-1011 Regional Experiment Station Project

RURAL COMMUNITIES, RURAL LABOR MARKETS AND PUBLIC POLICY

Gravier Room, La Pavillon Hotel

New Orleans, LA

Thursday, March 11, 2004

Participants in Attendance

| | |
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| Barkley, David | Clemson University |
| Bitsch, Vera | Michigan State University |
| Cooke, Steve | University of Idaho |
| Deller, Steve | University of Wisconsin, Madison |
| Fawson, Chris | Utah State University |
| Francis, Joe | Cornell University |
| Goetz, Stephan | Penn State University |
| Harris, Tom | University of Nevada, Reno |
| Henry, Mark | Clemson University |
| Johnson, Tom | University of Missouri-Columbia |
| Kay, David | Cornell University |
| Kilkenny, Maureen | Iowa State University |
| Leistriz, Larry | North Dakota State University |
| Leatherman, John | Kansas State University |
| Loveridge, Scott | Michigan State University |
| Morris, Doug | University of New Hampshire |
| Renkow, Mitch | North Carolina State University |
| Rossi, Dan | Rutgers University |
| Seidl, Andy | Colorado State University |
| Shields, Martin | Penn State University |
| Stallmann, Judith | University of Missouri-Columbia |
| Stenberg, Peter | USDA ERS-RED |
| Weber, Bruce | Oregon State University |

The meeting was brought to order at 9:10 a.m. by Chris Fawson, Chair, with minutes taken by Joe Francis, Secretary.

Items of Business

I. Thanks

- A. Thanks to Dave Barkley for local arrangements.
- B. Thanks to Mark Partridge, who sat with us for the day, for including NE-1011 paper sessions on this year's SRSA Program.
- C. Recognition of Dan Rossi, Administrative Officer for the NE-1011 regional project.

II. General NE-1011 business

- H. Minutes from the 2003 NE-1011 meeting were presented for ratification. Voting members ratified the minutes as presented with one addition. The addition was to add Elizabeth Davis to the list of participants attending last year.
- I. Additions/deletions to NE-1011 membership.

1. Additions to membership were: Garren Evans, Mississippi State U.; Cory Davidson, Utah State; and David Hughes.
 2. Deletions--none
- J. Nomination and Election of NE-1011 Officers for 2005.
1. Secretary—Maureen Kilkenny, Iowa State U. was nominated and seconded. Nominations were closed and Kilkenny was elected unanimously.
 2. Chair—Joe Francis, was nominated to move from Secretary to Chair, without raucous dissention.
- K. Discussion of meeting plans for the 2005 annual meeting of NE.-1011
1. Places to meet—two places were suggested: San Diego, CA with the Western Regional Science Associations meetings, and St. Augustine, Florida with the Southern Regional Science Association. Alternatively it was suggested that we might meet in Washington D.C. in a special session to
 2. Decision on where to meet—after some discussion, the majority voted to meet in San Diego with WRSA next year (2005). However, this decision was modified later and put on hold. (See item III below for details.)
- L. Meeting Format
1. Bruce Webber suggested that we change the meeting format to focus more on *products* of our work at the 2005 meeting.
 2. Consensus was that this suggestion had merit and will be tried at the 2005 meetings. Dan Rossi encouraged this change.
 3. It was also suggested that we add another day to our meetings. Someone else suggested we might want to meet separately from, rather than attaching our meeting to, a regional science meeting. (See item III below for more details.)
- M. Note was made of the NE-1011 sponsored sessions with SRSA this year. These include:
1. Thursday, March 11 -- 4:00 - 5:45 p.m.
 2. Friday, March 12 -- 8:30 - 10:15 a.m.
 3. Friday, March 12 -- 2:00 - 3:45 p.m.
 4. Saturday, March 13 -- 8:30 - 10:15 a.m.
 5. It was noted that other sessions in the program were basically NE-1011 members but not designated as such.
- N. Other general business—none

II. Objective-focused reporting

- A. Chris Fawson indicated that Dan Rossi has recommended that the reporting format be changed to focus on accomplishments in each of project objectives.
1. Recent revisions in Multi-state Project Guidelines and Reporting require projects to report on research activity milestones as they were identified in the original proposal and also describe plans for the coming year. Accordingly, the focus of our reporting in the future, as well as today, should identify (a) objective, (b) integrated and interdependent research accomplishments and (c) impacts as well as identifying collaborative efforts planned for the next year.
 2. To facilitate this reporting requirement Chris and Dan proposed that we start our

technical meeting with a discussion of collaborative efforts organized around each of the three NE-1011 program objectives.

3. In past meetings we often end with break-out sessions organized by project objectives. We may want to start next year's meeting with some short breakout sessions to discuss research activity milestones as they were identified in the original proposal and also describe plans for the coming year.
 4. If we decide to use breakout sessions to focus our reporting activities we will need to be sensitive to the fact that many NE-1011 participants are engaged in research activities that bridge across several objectives.
- B. Dan Rossi suggested that we report first, by objectives and then by collaborative efforts.
- C. Kilkenny raised a question about format for discussing impacts and it was decided to move this item to coincide with a discussion of dissemination of results later in the meeting. Also it was asked if we should indicate impacts particularly regarding policy.
- D. Additional to reporting today, Chris Fawson asked that everyone submit an electronic copy of their CRIS reports to Joe Francis (jdf2@cornell.edu) and himself (chris.fawson@usu.edu)
- E. The project objectives of NE-1011 are, briefly:
1. **Objective #1:** To better understand the emerging opportunities and threats to the economic structure of non-metropolitan communities arising from forces that change the size or structure of rural markets. We focus on electronic commerce, financial liberalization and health care.
 2. **Objective #2:** To identify the root causes of changes in rural labor markets, the employment and demographic growth that are likely to occur in the future, and the degree to which these factors are modified by workforce development policies.
 3. **Objective #3:** Identify changing public policy initiatives and relationships and their impacts on rural economies and governments and investigate the effectiveness of alternative policy instruments to affect rural economic and fiscal viability and structure.
- F. Note: because these objectives are inter-related, results of a given "station's research efforts may be found under one or more of these objectives. Each project participant in attendance was then given an opportunity to report on their activities.
- G. The reported activities are as follows:

Objective #1 – Rural restructuring resulting from E-commerce, Financial Liberalization, and Health care.

1. Maureen Kilkenny, Iowa State—looked at question of emergence opportunities to communities in nonmetropolitan areas of e-finance. There has been recent consolidation of banks over past years from around 10,000 banks to 4,000, but also a 30% increase in physical banks in spite of emergence of e-finance. Why? Using zip codes of banks, she found branch offices are being spatially dispersed. Particularly, they are being built in smaller towns and in countryside rather than e-finance flourishing there. Build up of E-commerce has not yet led to reduction in face time and is not correlated with the demise of branch offices. Last year, Maureen showed that physical presence of banks in community leads to local loans—money funnels to locations where banks are physically located. Money is dispersing, not concentrating in the city. Iowa bankers like this.

2. Doug Morris, U. of NH—working on health care sector in New Hampshire, which is an important sector in the NH economy. Have lots of old rich and poor people there and old rich people are migrating to NH due to tax structure. So, NH is getting into dividing the state into exclusive zones for hospitals and given relatively exclusive rights to marketing in their zone. One hospital contacted them and asked for help in marketing. So, using IMPLAN to look at impacts of the hospital on health care delivery, going town by town. Hoping new grant comes through to expand that into more general analysis of health care sector.
3. **John Leatherman, Kansas State U.**—has new project (6 months old) looking at impacts of growth of information technology and e-commerce on rural areas. A second project, to be started later this year, will identify and measure indirect effects of rural hospital investment in information technology on health care, etc. In spite of emphasis and investments here, no one really knows the extent of the spillovers and impacts, so we are going to look at that.
4. Steve Deller, Wisconsin— first, finished a collaborative project with Wisconsin Office of Rural Health looking at the economic impacts of health care on individual rural counties. They did some market threshold analysis on health care. Steve ran some initial analyses only to find the Office had no interest in it whatsoever. They only wanted the impact numbers and nothing else. They are putting a panel and using implant, to look at targeted industries using import substitution. A number of Wisconsin counties have expressed interest in this. Secondly, Dept. of Workforce Development, opened several regions across the state to look at labor issues has spearheaded this and provided a mechanism for trying to pull counties together to talk about economic development. This is proving quite successful to getting several counties together to talk about economic development, using studies as discussion point. The third effort is our continue work on natural amenities on economic growth & development. Using NRI grant money, put together a conference, held in Madison, on Natural/Built Amenities. Steve presented some of his work there along with 15 other papers. He will be coming out with an edited book from the papers presented at the conference.
5. Andrew Seidl, Colorado State—fiscal crisis in the west, worked on and reviewed report.
6. Tom Harris, U of Nevada—clusters of economic development in west. Using IMPLAN to examine impact on health analysis on communities. NRI grant to examine effects of medical care (doctors) leaving an area on health care. Looking at thresholds. Also looking at spillover of innovation in metropolitan areas on non-metropolitan areas with David Barkley.
7. David Barkley, Clemson—with Mark Henry, looking at regional innovation systems or clusters of innovation. Studying how development in metropolitan spillovers into nonmetro areas. In early stages of work, but preliminary results suggest that there is some spillover but only to the most innovative areas. Regarding spillovers, looking over time, at what happens to activity in surrounding non-metro areas relative to activity in metropolitan areas. So far mainly descriptive; jobs, income, earnings, innovative patents used as measures. Spatial diffusion, links to rural amenities as population attractors.
8. Mark Henry, Clemson—working with David Barkley. Studying whether rural communities can provide good services, alternative development strategies.
9. Stephen Goetz, Pennsylvania State U—the only thing I have to report for objective 1 is a report we produced called “Bridging the Digital Divide” and copies are available for everyone.
10. David Holland, Washington State worked with state venture capital funds to examine the factors affecting the penetration of venture capital into rural areas. Surveys and case studies. Secondly, studying health care impacts at the county level, using IMPLAN. Just starting on collaborative study with medical school in Willisburg, West Virginia to look at e-commerce and attempt to bring broadband into selected rural areas of state.
11. Garren Evans, Mississippi State—we are developing a network relations program, partnering with local health networks to make that program more effective in providing health care information. In Mississippi, we have found that we can provide information but when we come back a year later, they haven’t done anything with it. To change that we formed community

partnerships, relationships with other groups. Our program has a lot of different areas of expertise, and we found that we can provide health info to local areas and then follow up later with strategic planning. In terms of impacts, our impact is in developing new health care networks in central Mississippi. Regarding other research, we are studying why do people go to other counties to get their health care? Lots of counties in Mississippi have hospitals but only about 30% of those discharged from the hospitals live in that county. Suggests either something wrong with the hospital or something wrong with perception of it. Other counties have no hospitals at all.

12. Martin Shields, Pennsylvania State—first, looked at banks in rural Penn. And what is happening to them over time. We looked at the number of banks headquartered in rural Penn since 1976. Over that time, regressing the number of banks headquartered in rural Penn counties solely on time, suggests by 2018, we will have zero bank headquartered in rural Penn, with R^2 of .98. Pennsylvania rural areas are losing about 1 ¼ per quarter, due to consolidation, not going out of business. On the other hand, like Maureen, we found the number of bricks and mortar establishments has increased over time. We looked at what this means in terms of competitiveness and found that rural county banks are much less competitive and increasingly less competitive than earlier. Next step is to examine what the impact of this is on consumers and businesses. In the area of health care, we partner with one of the workforce investment areas in central Penn to look at health care as a targeted industry cluster and how we can grow that sector. We are looking at a major medical health care complex east of State College, that's in a rural county, who wants to develop a health care cluster. Secondly, we have also done a substantial amount of impact analysis on role of health care on local economy and state economy. In terms of impacts, one hospital used impact analysis to get million dollar grant from State to expand their hospital. Also, we did state level analysis of impact of hospitals which was a useful lobbying tool to influence budget cuts. Lastly, put together a web site where any county can go and find an economic report of the role of health care on your county economy.
13. Joe Francis, Cornell—looked at farm loss, farmland change and their effects local rural restructuring. Analysis compared change in farms and farmland change in metropolitan areas with non-metropolitan areas. Found nonlinear relationship between decline in number of farms and amount of farmland loss. When decline in farms in county is small, appears other farmers are taking over the farmland but when the decline reaches around 50%, there is a rapid loss in farmland in the county. Speculation is that the land is being sold for development. In any case, these different experiences appear to have differential impact on communities in metropolitan and non-metropolitan areas.
14. Chris Fawson, Utah State—working on health market transition in West. Having worked in Nevada and Utah, now looking at 6 states in West: Oregon, Montana, Nevada, Utah, New Mexico and Colorado. Looking at impact of land ownership on quality of health services market in rural areas. In West have large tracts of public lands, or non-private lands, like Native American lands. As you take those lands out of the tax base, and you have tourists come in to access those lands then you have all kinds of different pressures on the local health care market. Tourism on health care utilization. Looking at the intersection between Federal lands policy, local, state and Federal health care policies, the subsidy programs, particularly whether hospitals are trying to get critical access designation to ameliorate some of the impacts of transitory usage of health care facilities. So looking at land ownership structures in health care market areas. Another issue is how one defines what constitutes the health care market area, because we find that a lot of people living in rural areas are leaving those areas to access the urban health care in the urban markets. Rural communities are investing in one large, sophisticated technology but not seeing sufficiently increased usage in that technology to justify the expense. Using focus groups and key informant surveys to put together a typology of health care markets in communities so policy can be tailored to their particular needs.

Objective #2— Root causes analysis of changes in rural labor markets, employment and demographic growth, and how factors are modified by workforce development policies.

1. Bruce Weber, Oregon—NRI funded project to look at impact of job growth in rural areas on earnings and employment of working poor. That research concluded that job growth did affect earnings in urban and rural areas, but effect was weaker in rural areas. Frustration is that we don't really know why this differential. Another project working on this year is with sociologists looking at why Oregon had the hunger rates in the nation. Hunger rate is measured by CPS uses battery of 18 questions; they ask things like can you make it to the end of month on your budget, were you able to buy food by the end of the month. Questions about measure but if you are classified as hungry, believe me you and your children behave differently. I think it is measuring something real. Began by using simple cross-tabs and what we find is that working people in Oregon were hungrier than in other states. The second part of our study, to be done next year is looking at Oregon data and asking the question: So, what is it about the local environment that makes people hungrier? Is it housing costs? Child care costs? Is there something about the environment?
2. Steve Deller, Wisconsin—have graduate students working on spatial mismatch of labor in the Milwaukee area. Preliminary results suggest there is a spatial mismatch and the question is: what do you do with it?
3. Larry Leistritz, North Dakota— looking that the advent of some of the new ag processing initiatives and other kinds of manufacturing in rural areas on labor markets and resources. Over past several years, other colleagues and I have looked at these factors and their impact of new employers. Turns out that most of the new jobs went to a wave of immigrants.
4. Daniel Rossi, Rutgers—Commuting patterns on population growth and labor, as in who gets the jobs.
5. Vera Bitsch, Michigan State—studying access to labor by the ag industry and affect on management practices. Working at very micro level. Finding that because of economic setback in Michigan, these types of employers have easier access to labor. Examining management practices and how these affect ability to attract labor.
6. Stephan Goetz, Pennsylvania State — wrapping up work on poverty, both the change in rate over the decade, industrial restructuring and presence of big box firms. Found that as the number of big box stores increase per capita --threshold, labor market effects on inducement of poverty. In national sample with all counties included, found that the more big box stores per capita the lower the rate of poverty. Overall see effect on poverty rate, but not in non-metropolitan areas. Also looking at trade adjustment assistance (NAFTA data that has been compiled) and finding that when they lost their manufacturing to GAA, then they have more poverty. We have a pretty reliable measure of social capital. Also looking at self employment, and finding that in counties with more self employment there is lower poverty. Lastly we are using a political competition measure (deviation around mean for national vote for a particular party) used by Levitt at the U. of Chicago where the greater the deviation the more the political competition, available at county level. That also has an effect on reduction in poverty. Working with Martin Shields on study of the role of state and local governments in job creation.
7. Martin Shields, Pennsylvania State—looking at jobless recovery and what that means. Specifically looking at relationship between productivity growth and employment growth over the course of previous business cycles. Productivity growth is highest in recession or just after?
8. Steve Smith, North Carolina—working on hardwood products sector. Handwork manufacturing was the only industry growing in rural areas in Pennsylvania. Looking at labor force aspects of changing hardwood manufacturing industry and its markets. North Carolina suffered considerably from competition with hardwood industry in China. May hurt Penn. in

near future. In order to compete, the workforce investment boards are looking at what investments are needed. Penn has to adapt, moving to higher skill level of workers. Project just getting started. Working with focus groups, etc. Asking producers how they view their markets and labor force requirements in future in fact of increase of China competition. How do they intend to deal with it, if at all?

(Coffee Break)

Objective #3—To understand the effects of public policy on rural areas and rural industries.

1. Tom Johnson, Missouri—looking at what would an ideal federal land use policy look like? Examining transportation policy in Midwest, specifically how to include economic development, safety, access. Measure of transportation safety, access. Involved in ERS study of Conservation Reserve Program and its impact on rural communities. Studying role of state technology policy on using innovation at universities for rural job creation. Rural business policy and impacts—how restructuring loans and grants programs affect rural areas. Lastly, working in the area of rural entrepreneurship and will be presenting this work in St. Louis. One emphasis here is on Rural Entrepreneurship Policy Education for lawmakers.
2. Mark Henry, Clemson— studying shrimp antidumping tariffs policy, investigating the project's influence of tariffs on cost returns on the industry industry. Major question is: What will the tariff impacts be?
3. Steve Cooke, Idaho—investigating the question: Why are average wages converging across regions and diverging between urban and rural areas? What is the contribution of “good jobs” and “good wages” on convergence of labor market effects? Use to test theories of trade/development. Use new wage index based on earnings and wages vs. industry mix effects. If index is good, then we ask: why are rural areas finding behind?
4. John Leatherman, Kansas State—been looking at water quality and pollution trading. Question is how to structure a market in Kansas to meet program objectives, water quality pollution testing?
5. Steve Deller, Wisconsin—One area of research is on fiscal crisis and local public finance. There is a Taxpayers bill of rights in Wisconsin to limit state and local government budget raises. Only change expenditures without taking into account inflation and population growth. Also working on Energy conservation programs, particularly economic impact as economic development strategy, at local level. Preliminary analysis shows impact would be very, very small.
6. Larry Leistritz, North Dakota—involved in multiyear study of impact of CRP on rural areas.
7. Daniel Rossi, Rutgers—looking at needs for investments in human capital, particularly community response to changes in human capital investment. Also studying investments in infrastructure and impacts on development of markets. Do investments lead to development of markets? Lastly, looking at investments in education, link between investments on educational programming, output/efficiency. Target pre-kindergarten programs in poor areas but didn't pass legislature.
8. Andy Sidel—examining development strategies in the west. Looking particularly at high natural amenities communities wherein there are public lands and where their natural resource base was the primary driver of economic development. In many of these communities the traditionally economic development strategy focused on extraction. What is driving the economy today is tourism, second home development for retirees. These communities now want to know what is their economic base, what is driving the economy, and then what do we do with this knowledge. We are seeing considerable evidence of land market failure with regard to providing either the amenity benefits or converting of farmland to second homes.

9. Judith Stallmann, Missouri—investigating impacts of retirees in rural areas, with Pennsylvania. One of the impacts is that the state of Alabama has defined a retiree attraction package for the state, based on our work. This work also led to the Population Reference Bureau quoting us and that got picked up by the Wall Street Journal. I also have been working on state and local budgets and sanitation in Missouri. Built a web site on this at the urging of the state legislature. This work got quoted in Governing magazine and maybe the Kansas City Star. Also been doing policy work on why Missouri is losing jobs. Using simple shift-share analysis taking income into account able to contradict what the Chamber of Commerce was saying about why Missouri was losing jobs. Led to interview in American Enterprise. Property taxes and school funding. Taxpayer reform. Texas inland space port impact analysis.
10. Tom Harris, Nevada—been looking at fiscal issues in western states. One thing about the western states lack diversification in revenue sources, have all their eggs in one basket. Non-diversified tax strategies. Another area of work is with W192 on public lands, farming issues in west and water issues related. Looking at impact of rangeland fires. US Forest service is looking at various land management strategy —water, fires, weed control. Lately been looking at doing some interviews in the mining industry to see impacts of mine policy and local issues.
11. David Barkley, Clemson—continues working with various states on public venture capital funding. Working with Mark Henry and ERS on rural education on improving rural labor markets. Looked at school quality measured 20 years ago. Now examining the quality of a cohort labor force 20 years later. Turned out that if you had good schools 20 years ago, you had a better labor force in terms of percent college educated. General conclusion is that good schools either attract or produce good students, and that influences labor force.
12. Martin Shields, Pennsylvania State—Talk given recently on New Economic Growth in Rural Pennsylvania using a pretty standard model and didn't find very much but did use a new spatial econometric model, a spatial-Heckman type model. In Pittsburg area, colleagues and I have online an per capita multiplier model for looking at residential development and impacts on community. Been misused by developers. Working with folks at Cornell to develop a workbook which starts with initial quartiles of pop size and subsequent growth rates 1990-2000 in population and then looking at changes in expenditures per person over time in those 4x4 situations to refine the per capita model and then be better able to assess the fiscal impacts of putting large developments in small places.
13. Steve Smith—impacts from some research evolving for a request by the House Ag and Rural Affairs Committee which was looking to create ag enterprise zones in Penn. Working with Martin Shields assessing impacts on local community.
14. David Kay, Cornell—working with Joe Francis on fiscal conditions of local general purpose governments in New York State. Collaboration with NY State Office of Controller on this. Just beginning, but so far looked at trends and conducted trend analysis on all general purpose governments—counties, towns, cities and villages. Focused early on counties and cities, primarily cities because it was felt that was the most likely place to find serious fiscal stress. Looking at factors that contribute to fiscal stress, using readily available data. Examining “environmental” factors, those things beyond the control of the budget officers—demographic factors, general economic conditions—but want to move next to consideration of management responses to stress. Trying to understand how local governments react to what appear to be increasingly negative trends in a lot of our governments. Hearing lots of anecdotal evidence about service cutbacks. In future we will be conducting more primary data collection, using surveys to track this information more systematically. We will be presenting some of our early results this afternoon.
15. Scott Loveridge, Michigan State —impacts of state development policies of former administration in Michigan. Did some econometric work looking at some of those things. Some interesting results like tax abatement have a negative association with per capita income growth. The only positive impact was investment in brownfield rehabilitation. Also I've been mapping

where state development agency has deals and found clear pattern where the only new investments were going into the metropolitan areas. In the rural areas the deals are primarily for expansion of existing businesses.

16. Chris Fawson, Utah State—looking at habitat conservation areas and the power symmetries of the federal and state agencies, particularly how they get involved, the politics of sorting things out to bring about habitat conservation areas. Looking at how the nexus of these with local initiatives and trying to bridge between all these interests. We will be conducting a case study of one area in Utah where all of these things played out.

Objective #4—To identify community characteristics associated with viable and healthy rural communities and investigate policy alternatives to enhance these characteristics.

1. Tom Johnson, Missouri – Three projects just completed. One is on community characteristics that support rural entrepreneurship, and we are working with other states on RUPRI related projects to identify characteristics of communities that support rural entrepreneurship. Looking at social capital and accomplishments. Measurement of entrepreneurship was toughest, and tried many things, but ended up mainly looking at new business startups. A second area of research is on Knowledge spillovers—spatial and temporal trends in patents and patent citation. Found that there is a general non-spatial spillover component—everyone benefits from more patents, but there is also a spatial component where mainly spilling into urban areas. That is patents created in hinterland to be cited and support later patterns in urban core areas; it doesn't spread out much. Going to extend this to a study at the national level; so far concentrated on Missouri. Thirdly, just finishing study of biopower. Have put together a spreadsheet that has a linear programming model that looks at crop residues in area so someone considering a biopower project can fill in their cropping patterns in the area and it will calculate the least cost source of biomass to feed these processes technology. Many benefits to the local area as biopower substitutes for coal, etc. traditional sources of energy. Also the money stays in the local community.
2. Bruce Weber, Oregon—finishing a project looking at interaction between farm neighbors and whether it affects land use changes. Put together a simulation model. Started with interviews of 30 farmers and estimated how much is saved by sharing equipment, etc. Then grad student put together a simulation model that estimated the impact on land use conversion of being in cluster of farms as opposed to not being in a cluster of farms.
3. Maureen Kilkenny, Iowa State—collaborative project with a number of other states: 5 teams collecting 12 town network datasets in each state; to be analyzed. May be the first cross-sectional datasets on town networks. Analyzed network structures from 24 of the networks and to see if this way of measuring social capital, based on links, plus economic capital and other relationships has any relation to economic outcomes. Also getting background information about the economic conditions of these communities. Trying to learn how social networks relate to economic development. See if social capital matters to economic outcomes.
4. Steve Cooke, Idaho—Dave Hans is developing code to move INPLAN social accounting matrix data to CGE/GAMS analysis, in cooperation with colleagues at Idaho. This is an example of collaboration evolving from NE-1011.
5. Doug Morris, New Hampshire—looking at tourism multipliers by region and season. Doing research on fishing vessels. New Federal Fisheries Policy allows fishermen to leasing vessels. Looking at impact of policy on 348 fishermen and looking at how many of those dollars stay in county. Spatial distribution of \$. Using IMPLAN and survey to assess. Also starting a new study on Biodiesel substitutions on heating oil. Going to try to figure out how to produce and market biofuel from mustard seed or other products. Land is shifting from dairy farms to other uses. Biofuel produced will be not just for autos but for home heating oil as well.

6. John Leatherman, Kansas State—been doing some work on industry targeting which will be the subject of a paper session tomorrow. Currently updating a model developed some years ago for the Great Plains. We are increasing the number of sectors opportunities, using much more details. Also looking at input supply and output demand.
7. Andy Seidl—has student working on economic development in rural areas, particularly looking at how the could be an engine of economic development arts in rural areas. Looking at gateway communities
8. Tom Harris, Nevada—models of industry/sector using Poisson distribution function.
9. Martin Shields, Pennsylvania State—recently published paper, sponsored by the Northeast Regional Center, on migration, using community zone to community zone migration policy. Pennsylvania was 48th in population growth from 1990-2000. But what is going on? Found that people weren't leaving state but moving from metro areas into rural areas and into neighboring states. Rural growth is from in migration from NYC and there are the three fastest growing counties. Relative importance of amenities and job market characteristics are some of the reasons; jobs are push factors but amenities aren't pull factors.
10. Scott Loveridge, Michigan State—been looking at discount rates in UP. What are determinants of a person's willingness to discount future community benefits? That is to delay benefits now to future benefits?

III. Strategies for more effective dissemination of NE-1011 Research Activities

- A. Policy oriented conference. Who would be a partner? What would be the themes? Could a theme for such a conference be the social costs/benefits of employment? Conference on jobs always grabs attention of policy makers? Cluster development issue is old hat but is there something in our research that gives new interpretations? Conclusion is that even the poorest retirees have a net fiscal positive influence on communities. Sell more exports, efficiency, raise entrepreneurships, increase aid. What's happening to rural economy? Infrastructure? Various themes are possible.
- B. Two potential audiences—economic developers and decision makers. Decision makers are least informed. If talking to them, maybe we should just tell them what they need to do for development. Just give conclusions.
- C. Could focus on retirement. Even the poorest retirees are a net fiscal asset to a community. What sort of strategy should policy makers follow for them?
- D. Avoid a one-size-fits-all strategy. List 5 works. Ask what do they want their economies to become.
- E. Conference could be organized around: (1) What is the current situation? (2) What does the research tell us? (3) What are the implications/results of job creation?
- F. How do we make this happen? Conference with edited book. Joe Francis related the experience of a ERS conference on Population trends that also resulted in an edited book.
- G. Scott, Stephan and Steve volunteered to form an ad-hoc committee to advance themes for a conference to disseminate the findings. They will seek partners for effort. They will present a proposal to NE-1011 via the listserv which will include ideas not only for a conference but for a follow up book. Maureen will find out about the Handbook of Rural Development. Stallmann suggests a web book rather than paper book. The ad-hoc committee will report out to the group some ideas within a month. Motion to meet with SRSA/Mid-Continent meetings in Washington, DC area in April. Seconded. Motion to Amended the prior motion and table the decision until ad-hoc reports. Group agreed to table the decision as to where to hold the meeting, deferring to wait for the ad hoc committees suggestions. Staw vote gave preference to San Diego.

IV. Other Business

- A. Considerable differences among Experiment Stations regarding how to report impacts.
- B. How to interact better with CPAN? What is the future of CPAN? What is it doing?
- C. Three events coming up for those interested in rural poverty. Bruce Weber passed out a flier announcing rural poverty dissertation fellowship for next year. Two regional centers are sponsoring (Southern and North Central) conferences on rural poverty. Conferences in other areas come a year later.
- D. Ron Schaffer's revised textbook coming out in April
- E. Stallmann announced availability of funding to work with her on fiscal issues.

Minutes taken and submitted for approval by Joe Francis, Cornell University

Amended and approved at the 2005 Annual meeting; Maureen Kilkenny, Iowa State University

Attachment 2.

NE-1011 Research Paper Sessions at the 2005 Western Regional Science Association meetings:

Thursday, Feb. 24--1:45 - 5:45 p.m

Rural Labor Markets and Poverty

Chair: Steve COOKE, Univ. Idaho, Moscow, USA

How New Jobs Are Allocated Among Commuters, In-Migrants, and Local Residents in the 13 Southern States

Mitch RENKOW, North Carolina State Univ., Raleigh, USA

Discussant: Johan LUNDBERG, Umeå Univ., Sweden

Looking at Rural Poverty Through a Long, Narrow Lens: Lessons from the Journal of Farm Economics/American Journal of Agricultural Economics: 1919-2004

Alexander W. MARRE and Bruce A. WEBER, Oregon State Univ., Corvallis, USA

Discussant: Vera BITSCH, Michigan State Univ., E. Lansing, USA

The Impact on Average Wages and Income Distribution from Substituting Bad Jobs for Good Ones in the U.S. between 1978 and 1998

Steve COOKE, Univ. Idaho, Moscow, USA

Discussant: Henk FOLMER, Tilburg Univ., The Netherlands

Trickling Down: Does Local Job Growth Still Reduce Poverty?

Mindy S. CRANDALL, Oregon State Univ., Corvallis, USA

Discussant: Lawrence M. SOMMERS, Michigan State Univ., East Lansing, USA

Redefining Rural and Why It Should Revolutionize Research and Public Policy

Andrew M. ISSERMAN, Univ. Illinois, Urbana-Champaign, USA

Discussant: Bruce A. WEBER, Oregon State Univ., Corvallis

Friday, Feb. 25--8:45 - 12:15

Community Network Analysis

Chair: Bruce WEBER, Oregon State Univ., Corvallis, OR, USA

Network Analysis for Communities

Maureen KILKENNY, Iowa State Univ., Ames, USA

Discussant: Geoffrey J.D. HEWINGS, Univ. Illinois, Champaign-Urbana, USA

The Importance of Habermas's "Communicative Action" for Social Capital and Social Network Theory

Roger BOLTON, Williams College, Williamstown, MA, USA

Discussant: David KRAYBILL, Ohio State Univ., Columbus,

Market, State, and Civil Society Networks and Social Capital in Iowa Communities

Jan FLORA and Cornelia BUTLER-FLORA, Iowa State Univ.,

Discussant: Tom JOHNSON, Univ. Missouri, Columbia, USA

Keystone Sectors and Local Tax Policy: An Analysis of a Cross-Section of Small Communities

Cynthia L. ROGERS, Univ. Oklahoma, Norman, USA

Discussant: Tom HARRIS, Univ. Nevada, Reno, USA

Saturday, Feb. 26—1:45 - 5:15pm

Rural and Social Policy Issues

Chair: Tom HARRIS, Univ. Nevada, Reno, USA

The Resource-based Theory as a Framework to Analyze Human Resource Management in Agriculture

Amin W. MUGERA and Vera BITSCH, Michigan State Univ., E. Lansing, USA

Discussant: Jan FLORA, Iowa State Univ., Ames, USA

The Effects of Mad Cow Disease Discovery on U.S. Cattle and Beef Industry

Stephen DEVADOSS, David HOLLAND, Leroy STODICK, and Joydeep GHOSH, Washington State Univ. Pullman, USA

Discussant: Steve COOKE, Univ. Idaho, Moscow, USA

Diffusion of New Telecom Services: Myths and Realities in a Rural-Urban Difference

Peter L. STENBERG, U.S. Department of Agriculture, Economic Research Service, Washington, DC. USA

Discussant: Cynthia L. ROGERS, Univ. Oklahoma, Norman, OK., USA

A Standard Chart for Social Accounts for an Institution to Assist

Disabled People: The Case of Landeswohlfahrtsverband Sachsen

Peter FRIEDRICH and Alina POPESCU, University of the Federal Armed Forces of Germany, Munich

Discussant: R. Pete PARCELLS, Whitman College, Walla Walla, WA, USA