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# ***Staff Paper***

## **The “Enhancing Rural Economies” Project: Context and Purpose, Techniques and Procedures, and Experience to Date**

Drs. Colletta H. Moser and Paul D. Wessen

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**The “Enhancing Rural Economies” Project:  
Context and Purpose, Techniques and Procedures,  
Experience to Date**

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**PREFACE**

This paper is a part of a series of reports of the activities conducted under a grant from the Fund for Rural America, U.S. Department of Agriculture. Funds for the three year grant entitled “Enhancing Rural Economies Through Comprehensive Extension, Research & Partnering Approaches Using Multi-County Clusters in Michigan With Application to National Rural Settings” were received by Michigan State University’s Department of Agricultural Economics in March, 1998. The major goal of the grant is to increase economic development activity in four clusters of rural counties in Michigan through the utilization of the resources of the Michigan State University Extension Service, Michigan Agricultural Experiment Station, and other resources of Michigan State University. Various local, state, and federal public partners as well as the private sector are to co-sponsor projects.

This paper represents an overview of some of the project activities undertaken by December, 1999.

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## **The “Enhancing Rural Economies” Project<sup>1</sup>: Context and Purpose, Techniques and Procedures, and Experience to Date**

### **I) Introduction**

Rural areas in Michigan and the United States are demographically and economically diverse. As such they present a mosaic of traditional and contemporary challenges to economic development that vary in intensity according to local circumstances. The heterogeneity of rural areas contributes to difficulties in formulating an effective national development policy. Rural development efforts have traditionally focused on farm programs and the development of an institutional infrastructure to support agriculture while other key sectors of the rural economy such as manufacturing, mining and services have been ignored (Reid, 1989; Sears and Reid, 1995). Although some rural areas remain farming-dependent, the economies of most rural areas in the United States, and in particular, Michigan, are not. The failure to account adequately for the social and economic diversity of rural areas has meant that rural development policy has often been ineffective in promoting economic development. Moreover, many rural areas face a critical shortage of “institutional leadership” infrastructure for the process of organized economic development. The lack of a solidly based organization to give leadership to economic development or to act as a coordinator is a key constraint on economic development in rural areas both nationally and in Michigan.

The “Enhancing Rural Economies” project seeks to develop a comprehensive approach to rural community enhancement using members of Michigan State University’s (MSU) Extension and Agricultural Experiment Station to deliver rural research and Extension demonstration programs in conjunction with a variety of public and private sector partners in Michigan<sup>2</sup>. Over the last three decades, MSU has accumulated a wealth of knowledge, experiences, demonstrated capabilities, local partnerships and networks, achievements and good will to build on that make it ideally suited to assuming a rural economic development leadership role. The project addresses rural diversity issues by concentrating its efforts in four economically distinct clusters of Michigan counties. By clustering counties with similar socio-economic characteristics and making available a menu of extension and research assistance to them, each cluster is able to design a rural development strategy and package of assistance programs that reflects its unique socio-economic characteristics and needs. Clustering also enables the project to concentrate its assistance at a level that constitutes critical mass for maximum effect. Each cluster is representative of other rural areas nationally, affording the opportunity to replicate the strategies, processes and programs developed by the project in other rural areas of the United States which share similar characteristics.

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<sup>1</sup> This paper uses an abridged title for the “Enhancing Rural Economies” project, whose formal title is “Enhancing Rural Economies Through Comprehensive Extension, Research & Partnering Approaches Using Multi-County Clusters in Michigan With Application to National Rural Settings.”

<sup>2</sup> The project is administered through the MSU Department of Agricultural Economics and is funded by a three-year, \$450,000 Fund for Rural America grant from United States Department of Agriculture’s Cooperative State Research, Education and Extension Service through February 28, 2001, as well as supporting grants from the Michigan Agricultural Experiment Station and MSU Extension. Dr. Colletta Moser (Professor, MSU Department of Agricultural Economics) is the project’s Principle Investigator and Dr. Raymond Vlasin (Professor, MSU Department of Resource Development and MSU Extension) is the Project Co-Director.

This paper provides a detailed description of the “Enhancing Rural Economies” project and summarizes its experience to date. It is organized as follows. Section II describes the rural development context from which the project emerged and its rationale. Section III discusses the techniques and processes employed by the project and how they have been modified during implementation. Section IV briefly summarizes project activities to date and maps future activities.

## **II) Context and Purpose**

### The Rural Landscape in the United States and Michigan

A premise underlying the “Enhancing Rural Economies” project is that a comprehensive approach to rural community enhancement must contain three types of rural policies and programs—macro, sectoral territorial and human resource. Macro policies are needed to understand and tackle the common traditional and contemporary economic challenges confronting most rural areas. Sectoral territorial policies are needed to account for the significant demographic and economic diversity of rural areas. Human resource policies are needed to improve the utilization and development of human resources in rural areas. A brief discussion of some of the macro, sectoral, and human resource problems and needs of rural areas in Michigan and the United States follows.

### Macro Rural Development Issues

Traditionally, rural areas have suffered from a set of common economic development problems. These include: high unemployment and underemployment, high or persistent poverty, aging populations, low per capita income, a shortage of public services, deteriorating or poorly developed infrastructure (particularly in telecommunications and housing stock), inadequate health services and facilities, inefficient local government, under investment in education and training, and a preponderance of low-skill, low-wage jobs. Moreover, employment has shrunk in traditionally rural industries such as agriculture, mining and other extractive industries which are in long-term decline<sup>3</sup>. Factors such as remoteness and low-population densities also affect the performance of rural economies by increasing the per capita costs of infrastructure and other investments. This makes it difficult for many rural communities to maintain services at a level that most urban communities take for granted (ERS, 1995; Southern Rural Development Center, 1997).

Numerous studies have shown that the economies of most rural areas in the United States are no longer dependent on farming. Most rural residents in Michigan, and more generally the rural U.S., are dependent on non-farm sources of income. Rural manufacturing is a key source of income in many areas. But rural manufacturing industries have traditionally operated within the context of a surplus labor market and are labor intensive and low skill as result. This leaves many

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<sup>3</sup> The traditional economic problems of rural areas are well documented in works such as Shuh (1989), Hoppe (1989), Ross and Morrissey (1987), Reid and Frederick (1990). Additional information can be found in an annotated rural development bibliography prepared by Hummer and Cummings (1991).

rural manufacturing firms vulnerable to competition from lower wage sectors of the U.S., and especially, foreign countries. However, due to the often considerable labor force movement between farm and non-farm uses of time, employment losses in manufacturing or farming are often not reflected in the official employment rate which does not capture the resulting underemployment (Moser, 1980; Bird, 1990).

More recently, demographic factors, combined with several years of sustained economic growth in the United States and Michigan, have contributed to a growing labor shortage in many rural areas. While the aging baby boom generation is approaching retirement, the comparatively small post-baby boom generation is entering the workforce. At the same time, sustained economic growth has increased the demand for labor. The resulting labor shortages are intensifying competitive pressures on low-wage, low-skill rural employers. A common refrain among rural employers is that they can't find sufficient numbers workers who possess the skills they need to be competitive. High turnover is another commonly cited problem. Workforce development and human resource management have emerged as key rural development problems and needs.

Population shifts have introduced a number of more contemporary rural economic development issues into rural areas. Many rural areas of the United States and Michigan have experienced an influx of residents from urban areas who are attracted to a more rural lifestyle. In addition to increasing service needs, this influx has led to clashes of values and cultures (Johnson and Wang, 1997). Whereas more traditional rural residents view their locale as both a residence and source of livelihood, the newer residents often view their locale strictly as a residence. As a result they are often more focused on quality of life amenities and the provision of services that support a life style which uses the rural habitat for purposes such as retirement and commuting than on rural employment opportunities.

Population shifts have also contributed to a growing shortage of affordable housing in many rural areas. For example, an in-migration of urbanites into some rural areas of Michigan has generated strong demand for upper income housing (including second homes)--the segment of the rural housing market in which profits are highest. But the supply of lower income housing units has remained stagnant and existing housing stock has deteriorated. This has resulted in rapidly rising prices in many rural housing markets, leaving increasing numbers of middle and lower income rural residents unable to find housing they can afford. Housing shortages in turn have limited the opportunities of many rural employers to expand.

Although most intensely felt in rural areas adjacent to metro areas, the in-migration of urbanites into rural areas has occurred even in rural areas that are not adjacent to metro areas. The existence of major highways and freeways have contributed to the development of rural retirement communities and tourism centers for urbanites. Moreover, telecommuting has weakened the traditional need for employees to live in close proximity to their place of employment. The in-migration of urbanites into rural areas will likely intensify in years to come as the baby boom generation ages and advances in communications technology make telecommuting easier.

The in-migration of retirees into many areas, and particularly recreation and tourism areas, has particular relevance in Michigan. Between 1970 and 1990, the rural counties of Michigan's

northern lower peninsula experienced among the highest net in-migration rates of persons age 60 or older in the United States (Reeder, 1998). Although the retiree population is diverse and includes those who age in place and more traditional, leisure-oriented individuals, significant numbers of in-migrating retirees are early-retiring urbanites who take up residence in second homes. While a host of service needs are associated with an aging population, the in-migration of retirees also affords opportunities. The urban-orientation of many retirees leads them to more readily entertain organized economic development efforts because they recognize the need for tax dollars to facilitate the delivery of needed services. Moreover these residents are a source of economic development opportunities particularly in the consumer market, and represent a underutilized pool in rural labor markets<sup>4</sup>.

### Sectoral Territorial Development Issues

Although there is a tendency by some to think of rural areas as homogeneous, they are in fact heterogeneous. Rural areas in the United States and Michigan display a high degree of demographic, regional and economic diversity that has large policy implications and complicates the rural development task. Moreover, the resources rural communities have available to address their needs vary considerably. The economic development problems and needs of a relatively populated, manufacturing-dependent rural community located adjacent to an urban are likely to be very different than those of an isolated and sparsely populated, natural resource based rural community. A key premise of the ‘Enhancing Rural Economies’ project is that rural development policies and programs must be tailored to local demographic and economic circumstances to have maximum impact.

Proximity to metro counties or major transportation corridors improves rural access to larger urban markets, and is a factor associated with many growing rural areas nationally. But rural counties differ markedly in their degree of isolation. For example, rural counties in Michigan include those in the Lower Peninsula counties that are adjacent to large urban areas and remote counties in the Western Upper Peninsula which in many key respects are more accessible to urban markets in Wisconsin, Minnesota and Illinois than those of Michigan.

Rural areas also differ demographically. For example, in 1997 the population densities in Michigan’s 58 rural counties ranged between ten or fewer persons per square mile in seven Upper Peninsula counties to nearly 100 per square mile in some counties in the southern Lower Peninsula. Nearly a third of rural Michigan counties had a population density of less than 25 persons per square mile, and over two-thirds had a population density of less than 50 (McPherson, 1997).

In order to better understand and analyze rural diversity issues, USDA’s Economic Research Service has developed a detailed typology of rural counties in the U.S (Mizer and Cook, 1994).

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<sup>4</sup> Numerous studies have studied economic impact of in-migrating retirees in rural areas. See for example, Kirschner (1991); Glasgow (1991); Hoppe (1991), Severinghaus (1990), Stallman and Siegel (1995), Reeder (1998) and Deller, Stallman and Shields (1999). In addition, Stallman and Jones (1995) provide a useful typology of retirement communities.

Rural counties are classified and mapped according to overlapping “economic” and “rural policy-relevant” types. Economic county types include: farming-dependent, mining-dependent, manufacturing-dependent, government-dependent, services-dependent and nonspecialized. Policy-relevant county types include: retirement-destination, Federal lands, commuting, persistent poverty and transfer-dependent). Applying this typology demonstrates the striking economic diversity of rural counties in both United States and Michigan. Summary statistics from 1989 are presented in Table 1 (following page).

The data highlight the important roles that the manufacturing, services and government sectors play in the rural economy-- especially in Michigan. Moreover, federal, state and local transfer payments represent key sources of rural incomes both nationally and in Michigan. The relatively high number of commuting counties in both the United States and Michigan indicate that significant numbers of rural residents earn their income outside of the county in which they are residents. The data also show that in key respects, the economic diversity of rural Michigan reflects that of the rural U.S. generally.

Traditionally, farming played a dominant role in the rural economy. In 1950, the vast majority of rural counties could be classified as farming-dependent (ERS, 1995). But slightly less than a quarter of rural U.S. counties were classified as farming-dependent in 1989 (Table 1), almost all of which were located west of the Mississippi River. Only two Michigan counties were classified as farming-dependent in 1989. Between 1950 and 1990, farming employment in the U.S. declined by nearly 5 million and the number of farms decreased by 3.7 million (ERS, 1995). Several studies have shown that even in areas where farming continues to play an important role in the rural economy, most farm families—particularly in Michigan—depend on non-farm sources of income (ERS, 1995; Moser, Vlasin and Agushi, 1989). As agricultural employment has declined, services and retailing have become increasingly important sources of rural employment. Employment growth in these sectors was particularly pronounced during the 1990s.

**Table 1: Characteristics of Rural Counties in the United States and Michigan, 1989.**

County Type	Number of Rural Counties That Fit Type	
	<i>United States</i>	<i>Michigan</i>
All Counties:	3,089	83
• Metro counties	813	25
• Nonmetro	2,276	58
Economic Type <sup>1</sup> :		
• Farming Dependent	556	2
• Mining Dependent	146	2
• Manufacturing dependent	506	17
• Government Dependent	244	17
• Services-dependent	323	5
• Non-Specialized	484	8
Policy-relevant types <sup>2</sup> :		
• Retirement-destination	190	15
• Federal Lands	270	7
• Commuting	381	12
• Persistent Poverty	535	1
• Transfers-dependent	381	26

Source: Economic Research Service, USDA.

Notes:

1) Economic type classifications are determined by the weighted annual average percentage that different sectors contributed to total labor and proprietor income between 1987 and 1989. The percentages are as follows: farming-dependent --20 percent or more; mining dependent--15 percent or more; manufacturing--30 percent or more; services-dependent--50 percent or more. Nonspecialized refers to counties that could not be classified according to a dominant economic type.

2) Retirement-destination counties are those in which the population aged 60 years and over increased by 15 percent or more during 1980-90 due in-migration. Federal land counties are those where federally owned lands made up 30 percent or more of a county's land area in 1987. Commuting counties are those in which 40 percent or more of workers aged 16 percent and over had jobs outside their county of residence in 1990. Persistent poverty counties are those in which persons with poverty-level incomes represented twenty percent or more of the total population in each of 4 years: 1960, 1970, 1980, 1990. Transfers-dependent counties are those in which income from transfer payments contributed to a weighted annual average if 25 percent or more of total personal income between 1987 to 1989.

Rural development policies, having evolved within the context of an agriculturally-dependent rural landscape, have generally been slow to adjust to the changing structure of the rural economy for the most and have retained their traditional emphasis on farm programs and the agricultural sector. But the diverse characteristics of the rural economy imply that no single policy can sufficiently address all the needs of rural areas. If policies are to be effective in assisting rural areas, they will have to recognize the realities growing out of economic change and diversity in rural areas (ERS, 1995). But recent cutbacks in funding at the national and state levels have constrained the development of more comprehensive rural economic development policies.

The “Enhancing Rural Economies” project directly addresses diversity issues by concentrating and tailoring its economic development efforts in four regionally and economically distinct clusters of counties in Michigan, each of which is representative of other rural areas in the U.S.. The clusters include: 1) a group of counties located adjacent to metro counties and dependent on rural manufacturing, 2) a retirement and tourism based county grouping, 3) a value-added agriculture county grouping, and 4) a remote and low population density group of counties which were formerly dependent on extractive industries. The project enables each cluster to plan, organize and implement a program of economic development assistance that addresses the unique economic development problems and needs they face. Since the clusters share similar characteristics with other rural areas in the U.S., the strategies, processes, techniques and programs developed by the project will have applications in other areas.

### Human Resource Issues

Human resource policies and programs represent a key focus of the “Enhancing Rural Economies” project. The importance of human resource issues in the rural development equation is observed in the following summary of the key economic differences between rural and urban Michigan counties presented in McPherson (1997).

The population in rural Michigan tended to be older than in metro counties, and the workforce age group (18 to 64) was smaller. Although rural counties represented 17.5 percent of the state’s population, they captured only 13.4 percent of the total personal income in 1994. Income from earnings lagged significantly in rural areas, although transfer payments represented a higher share of total income.

Per capita personal income in rural counties was \$6,000 lower than in metro counties in 1994. Rural counties had a significantly higher proportion of low income households than metro counties. In 1990, 31.4 percent of rural households had income of less than \$15,000 compared to only 22.6 percent of households in metro counties. Moreover, only 13.4 percent of rural households had incomes over \$50,000 compared to 28 percent of metro counties. Not surprisingly, rural counties’ poverty rates were higher than in metro counties, particularly amongst families with children.

Metro counties in Michigan have had consistently higher labor force participation rates than rural counties, although the gap shrunk from 7 percentage points in 1985 to 2 percentage points in 1994. In 1995, the unemployment rate in rural counties was 2.6 percent higher than in metro counties.

Educational attainment in rural Michigan counties lags behind that of metro counties. Whereas 77.2 percent of persons age 25 and over had graduated from high school in 1990, only 74.8 percent had in rural counties. Metro counties also had significantly higher rates of persons with some college (27.9 percent versus 23.5 percent in rural counties) and a four-year degree or more (18.5 percent versus 11.9 percent in rural counties).

The lower per capita income and earnings of rural residents, the higher degree of poverty, the lower investments in college education, higher unemployment, and somewhat lower labor force participation rates all indicate a lesser degree of utilization of human and other resources in rural Michigan. Moreover, the results show that the economic hardships of many rural residents could be alleviated with accelerated and/or better managed economic growth. The major thrust of the “Enhancing Rural Economies” project is to increase economic opportunities in rural communities. This entails working to improve the profitability of small and family-owned businesses, entrepreneurial development, business retention and expansion, developing new sources of the labor force, workforce skills development, and developing the skills of rural employers to manage current and future members of the labor force.

#### History of Economic Development Efforts at MSU

The “Enhancing Rural Economies” builds on Michigan State University’s long and continuous involvement with economic development and programs that examine the utilization and development of human resources in rural areas. The project seeks to develop a systematic and comprehensive approach to the utilization of MSU’s resources for the enhancement of rural economies which expands and targets many of the capabilities developed through the projects MSU has already undertaken, and takes advantage of the private and public sector partnerships it has formed. A brief history follows.

In the mid 1960s, MSU’s Department of Agricultural Economics established a “Rural Manpower Center”. The Center conducted research and demonstration programs on a variety of issues related to education and training programs for farm and off-farm employment in Michigan. Key topics included: interpretation of labor laws, suggested personnel practices for farmers, and technological change and its effect on domestic and migrant rural populations.

In the 1970s, through grants from the W.K. Kellogg Foundation, the Center broadened its scope and became “Center for Rural Manpower and Public Affairs”. There was an increased focus on developing the human resources of rural officials, including skills training for the analysis of land use and zoning issues. Another project was to develop diversity in Extension staff. The Center conducted an in-service training program targeting diverse Extension educators, usually home economists, for roles in delivering rural public affairs programming. Several of the women who received training later became county directors in the MSU Extension system.

Also during the 1970s, the Department of Agricultural Economics procured two major contracts to develop the fields of rural manpower policy analysis and services. “Operation Hitchhike” was a demonstration project designed to lower the high cost of rural employment service delivery. This involved “hitchhiking” Michigan Employment Security Commission

(MESC) offices with county Extension offices so that employment and training information and services could be delivered jointly. The other contract afforded MSU researchers the opportunity to participate in the “Rural Manpower Policy Training Consortium” with other noted rural manpower specialists in the U.S. This entailed the development of conferences, symposia, research and consultations for the Federal Rural Manpower Service of the U.S. Department of Labor.

In the 1980s, MSU’s Cooperative Extension Service, Experiment Station and affiliated campus departments worked together to develop numerous projects and research documents to help combat the farm financial crisis in Michigan and the Midwest. One of these was a program funded through U.S. Department of Labor’s Job Training and Partnership Program (JPTA) to train financially distressed farm families for off-farm employment. In cooperation with the Michigan Governor’s Office for Job Training, MSU campus and county personnel developed a program in which county Extension offices were used as a source for disseminating retraining information to financially distressed farm owners and their employees. A team of regional Extension educators coordinated the retraining of eligible employees and subcontracted with private and public schools for worker assessments and retraining. Through project efforts, the definition of “unemployment” was changed in Michigan and at the federal level to make farm families eligible for the JPTA program.

After the farm financial crisis subsided, MSU campus faculty and county extension staff refocused much of their rural development efforts on rural non-farm employment issues. Campus specialists worked closely with the Michigan Department of Commerce on a number of research/extension projects, including the development of a strategic economic development plan for the Upper Peninsula, development of a state rural development strategy and the creation of a Michigan Rural Development Office at MSU<sup>5</sup>. The office awarded seventeen micro-grants for research and demonstration projects by Extension offices in rural Michigan.

The 1990s also witnessed a major statewide issues analysis program by MSU Extension, which involved 2,000 citizens from all corners of the state. The issues identification exercise identified 1,300 issues which were subsequently prioritized on a county, regional and state basis. The top three statewide issues identified were: Children, Youth and Families; the Environment ; and Economic Development. Two other economic development-related issues—community development and governance— were among the top seven statewide issues<sup>6</sup>. A Statewide Issues Response Team (SIRT) was subsequently formed which consisted of MSU faculty and members of the business, academic and other groups throughout the state. University outreach grants were awarded on the basis of the relevance of the proposals to the issues identification process. The “Enhancing Rural Economies” project incorporates a number of ideas from these grant proposals,

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<sup>5</sup> Drs. Colletta Moser and Raymond Vlasin, “Enhancing Rural Economies” project co-directors, spearheaded these efforts.

<sup>6</sup> The results of the issues dissemination process were distributed to the people of the state of Michigan in 1993 through a first-time ever statewide interactive satellite television broadcast to all 83 counties. This entailed establishing “LearNet”, a network of satellite downlinks at or near all 83 MSU county Extension offices for the distribution of MSU teaching, research and outreach capacity.

and includes several SIRT members.

In response to the high priority that Michigan citizens assigned to economic development, the environment, community development and local governance issues, MSU Extension established a new unit called Extension Economic and Community Development (ECED). It includes campus-based and off-campus faculty and staff working in economic development, community development, land use, leadership, state and local government and tourism. The “Enhancing Rural Economies” project relies heavily on members of ECED areas of expertise teams.

### III) Techniques and Procedures

There are two key elements in the ‘Enhancing Rural Economies’ project’s comprehensive approach to rural community enhancement. One is to organize the rural development assistance of Michigan State University and its cooperating partners so that it is made available in a truly comprehensive manner to rural communities. The other is to concentrate assistance in four multi-county clusters so that it can be provided at a heightened level.

#### Use of Multi-County Clusters

The “Enhancing Rural Economies” project has selected four economically and regionally distinct clusters of rural Michigan counties, each of which is representative of other rural areas in the United States. They are:

- The **Southern Tier Cluster** which includes the counties of Lenawee, Hillsdale, Branch and St. Joseph. These counties border two states and each is located adjacent to a major metropolitan area of Michigan. These counties have relatively high population densities and a diverse mixture of economic activity, including a relatively high percentage of rural manufacturing.
- The **Value Added Cluster** includes the counties of Gratiot, Montcalm and Mecosta located in the central lower peninsula. Gratiot and Montcalm counties represent a Michigan rural Renaissance Zone. Montcalm County has one of the state’s highest population growth rates, and rapid economic and employment growth in Mecosta County is posing a threat to traditional rural ways of life. Although economically diverse, agriculture continues to play an important role in the economies of these counties—but less so in Mecosta. Value-added agriculturally-based enterprise development is the target industrial activity for this cluster. Mecosta County had the Michigan’s third highest poverty rate in 1990. Agriculture-related industries and high poverty rates are features of rural areas in several areas of the United States.
- The **I-75 Cluster** includes the northern Michigan counties of Cheboygan, Otsego, Crawford, Roscommon and Ogemaw, each of which are bisected by Interstate 75. Location on a major national highway is one of the characteristics associated with rural growth regions. The I-75 counties in northern Michigan have a high concentration of tourism and recreation enterprises, abundant forests, and a significant and rapidly growing

retiree population. Pockets of persistent poverty exist in each I-75 county Ogemaw had the state's sixth highest poverty rate in 1990.

- The **Western Upper Peninsula (U.P.) Cluster** includes the counties of Iron, Gogebic, Ontonagon, Baraga, Houghton and Keweenaw. These counties are distinguished by their remote location and low population densities, which are characteristics of many rural areas in the U.S., particularly in the West. Three of these counties had population densities of 0-10 persons per square mile, and the other three had population densities of 11-50 persons per square mile. A former dependence on mining and extractive industries is another characteristic that Western U.P. counties share in common with other rural counties in the U.S. ERS categorized all six Western U.P. counties as transfers-dependent in 1989, five counties as government-dependent and three counties as Federal Lands in 1989 (Cook and Mizer, 1994). Three Western U.P. counties are part of a rural Michigan Renaissance Zone.

#### “Menu of Assistances”

Based on the wealth of input from the issues identification process, and interactions with field-based Extension educators and local leaders, the “Enhancing Rural Economies” Project identified several key economic development needs that most rural communities must address if substantial economic enhancement is to occur. It also bundled seventeen types of available extension or and research assistance into a “menu of assistances” that could be provided to rural communities in order to address these needs. The key needs and assistances that address them are summarized in Table 2 (following page).

Together, the selection of multi-county clusters and the “menu” of assistances enable each cluster to develop a comprehensive economic development strategy and select a package of assistance that addresses specific needs and priorities. The operational process envisioned to accomplish this was as follows. Through an intensive working relationship with project

**Table 2: Key Development Needs Identified by the “Enhancing Rural Economies” Project and the Assistances Made Available to Clusters to Address Them**

Identified Needs	Assistances that Address Needs
<p>■ <b>Economic Development Processes and Actions</b></p> <p>Community and business leaders must understand:</p> <ul style="list-style-type: none"> <li>• Demographic changes and their implications.</li> <li>• Their economic situation and how the local economy functions.</li> <li>• Possible economic development strategies applicable to their situation.</li> <li>• Community organization strategies and actions that might improve the situation.</li> </ul>	<ul style="list-style-type: none"> <li>• Demographic and economic scans and analysis.</li> <li>• Understanding Local Economies and General Economic Development.</li> <li>• Strategic Planning, Visioning and Implementation</li> <li>• Community Assessment Teams</li> </ul>
<p>■ <b>Business Development</b></p> <ul style="list-style-type: none"> <li>• Existing business enterprises and their operations must be strengthened;</li> <li>• Loss of businesses must be reversed;</li> <li>• Manufacturing firms need to take advantage of available extension and outreach services.</li> </ul>	<ul style="list-style-type: none"> <li>• FastTrac entrepreneurial training classes.</li> <li>• Home/Family-based business programs.</li> <li>• Rural Retailing Programs</li> <li>• Business Retention &amp; Expansion Programs.</li> <li>• Recreation and Tourism Operations Training</li> <li>• Manufacturing &amp; Industrial Extension/ Environmentally Friendly Manufacturing</li> </ul>
<p>■ <b>New Enterprise Opportunities and Techniques</b></p>	<ul style="list-style-type: none"> <li>• Value Added Agriculture for Community Enhancement</li> <li>• Extractive Industries, Value Added Forestry and Natural Resources</li> </ul>
<p>■ <b>Workforce Development</b></p> <ul style="list-style-type: none"> <li>• Increase availability of those seeking employment;</li> <li>• Skilled labor pool for those seeking employment,</li> <li>• Improved human resource management techniques.</li> </ul>	<ul style="list-style-type: none"> <li>• Labor Supply/Labor Shortage Analysis.</li> <li>• Human Resource Management Training and Utilization of Diverse Rural Workforce Populations</li> </ul>
<p>■ <b>Local Government Training and Leadership Development</b></p>	<ul style="list-style-type: none"> <li>• Land Use Planning and Guidance</li> <li>• Local Government Expertise Development</li> <li>• Infrastructure: Strategies, Approaches, Technical Assistance and Funding.</li> </ul>

personnel, and building on local partnering and stakeholder involvement, each clusters would develop and action plan that defined its specific rural development objectives, as well as the types

of assistance it needed. In turn, each cluster would work closely with MSU Extension and its cooperating partners within the University and in the public and private sectors to secure and deliver the appropriate forms of assistance. A Cluster Administrator was appointed in each cluster to coordinate interactions and activities of each cluster, as well as between the cluster and campus. Also, the “Enhancing Rural Economies” project provided \$42,000 to each cluster which could be used to support of organizational efforts and programming, as seed money for individual projects or to leverage additional funds from state and local partners.

A strong bottom-up orientation distinguished the project’s operational approach. To develop each action plan, the project envisioned that each cluster would identify and engage key rural development stakeholders at the county and cluster levels. These stakeholders would include representatives from business, agriculture, educational institutions, government agencies, local government, as well as other local leaders and citizens such as retirees. The project would supply a population, labor force, and industrial base analysis prepared by MSU researchers to each cluster in order to assist local stakeholders in identifying and prioritizing cluster needs and objectives.

#### **IV) Experience to Date**

Although each cluster completed the process of organizing and developing an action plan, the strategies they pursued differed. Moreover, unanticipated implementation difficulties necessitated modifications to the cluster operational approach described in the original project grant proposal and outlined above. This section summarizes the “Enhancing Rural Economies” project’s organizational experience and accomplishments to date, and discusses the actions it will take in the final year of the project.

##### Cluster Operations

The cluster organizational process was delayed by several months as details governing the use of grant funds were worked out with USDA<sup>7</sup>. The clusters pursued different organizational paths. The Value-Added and Southern Tier Clusters, which are comprised of just three and four counties respectively, pursued largely grassroots county and cluster organizational strategies.. The Western Upper Peninsula and I-75 clusters, which cover a large area and are comprised of five and six counties respectively, pursued targeted organizational approaches.

The project’s campus specialists played a key role in developing and implementing the grassroots organizational model pursued by the **Value Added Cluster**. The County Extension Director of each cluster county invited local stakeholders to an orientation meeting which introduced the “Enhancing Rural Economies” project and its objectives; the general plan for the cluster and its support; the key role to be played by a Cluster Steering Committee in prioritizing issues and needs, defining objectives, and developing an action plan; and the concept of issue-specific work teams to secure, sequence and implement assistances. Among the people invited to these county meetings were local economic development agents, county and local government

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<sup>7</sup> These details centered on whether grant funds could be used to cover meeting costs.

leaders, representatives from the lending community, members of Chambers of Commerce, leaders from the local business and farm communities, representatives from local school districts and community college (especially those those involved in career counseling), and private citizens. The county meetings produced lively discussions about key economic development needs. Participants also selected county representatives to the Cluster Steering Committee. Diverse and inclusive groups participated in the Montcalm, Mecosta and Gratiot county meetings, although women were under represented.

Three Cluster Steering Committee meetings were subsequently held. The purpose of the initial cluster meeting held in July, 1998, was to achieve a common understanding of the cluster's demographic and economic situation and to identify the key cluster issues that should be addressed in the cluster action plan. A project-provided demographic and economic scan of the cluster facilitated discussions. Twenty four persons attended the cluster meeting. The group identified and ranked seven key cluster issue areas<sup>8</sup>: 1) land use/preservation of agriculture, 2) leadership development, 3) strategic planning, 4) value-added agriculture, 5) workforce training/human resource management, 6) job creation, and 7) entrepreneurship. These cluster issues matched those previously identified at the county-level, although rank orderings differed. Land use was the priority issue in each Value-Added county.

The second Value Added Steering Committee meeting was held in September, 1998, to revisit and define the key problem elements of each priority issue, select appropriate forms of assistance from the "menu of assistances", and to draft the Cluster action plan. Although significant progress was made in identifying the problem elements and programming needs for each issue, the Steering Committee asked project personnel to prepare the cluster action plan and program assistance as appropriate. No progress was made in establishing issue work teams.

The third Value Added Steering Committee was held in April, 1999, to bring members up to date on project and cluster activities, and to plan future actions. The meeting was more sparsely attended than previous meetings with only 14 persons in attendance—including three project specialists from campus. A cluster-wide shortage of affordable housing emerged as a priority cluster issue. But the meeting revealed that Steering Committee members were uncertain about their roles in the project and reluctant to form issue action teams.

The **Southern Tier Cluster** pursued a similar organizational approach to that of the Value Added Cluster, but received less guidance and leadership from campus. Branch, Hillsdale and St. Joseph Counties each held two organizational meetings in September and October 1998. The purpose of the first meeting was to introduce the "Enhancing Rural Economies" project and its objectives, present the county results of the base demographic and economic scan, discuss key county-level economic development issues, and identify additional local stakeholders to involve in

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<sup>8</sup> A modified Nominal Group Technique was employed which involved silent generation of ideas by participants, a managed discussion of ideas, and a ranking of ideas by importance. In turn, small groups of six persons were formed that included members of different counties to identify and prioritize top cluster issues from a list of issues generated during the county-level orientation meetings. Finally, the group as a whole discussed and ranked the priority issues identified by each small group.

the project. The invitation list was similar to that used in the Value Added cluster. The purpose of the second round county meetings was to identify and prioritize key county development issues and select county representatives for the Cluster Advisory Group.

Lenawee County took a different organizational approach. The Lenawee Extension Office partnered with two pre-existing small business development groups--the Small Business Council and Lenawee Training and Education Consortium (LTEC)-- to formulate its county issues list. Not surprisingly, small business development and training was Lenawee's priority issue.

The Southern Tier Cluster Advisory Group met in November, 1998, to identify and reach consensus about the cluster's priority economic development needs and objectives, select appropriate assistances from the "menu", and to develop the cluster action plan. Eighteen persons attended the meeting, including project specialists from campus, MSU Extension county directors and agents, and local representatives from county and township governments, economic and business development agencies, and environmental and community action groups. Although the priority issues of each cluster county varied considerably, the Group quickly reached consensus on cluster issues. Business enterprise development and assistance-- broadly defined to include labor shortage and workforce development issues-- was identified as the cluster's priority programming need. The Advisory Group also identified land use and a lack of affordable housing-- quality of life issues associated with the cluster's rapid population and economic growth-- as key cluster issues.

Although the Advisory Group successfully identified cluster issues and programming needs, it was not able to identify or select appropriate assistances from the "menu" to address these needs. Instead of scheduling a follow-up meeting, the Group asked project personnel to prepare the Southern Tier action plan and program assistance as appropriate. Two issue areas have subsequently become cluster priorities. Tourism development has emerged as a priority issue as the result of efforts by local community partners to develop a "Sauk Trail Heritage Route" along U.S. Highway 12, which bisects the cluster<sup>9</sup>. Value added agriculture has become a programming focus as a result of a proposal to enhance the marketing skills and vegetable marketing opportunities of the cluster's Amish community.

The **Western Upper Peninsula Cluster** adopted a targeted organizational approach in order to minimize the considerable logistical difficulties posed by a grass-roots organizational strategy in a sparsely populated cluster comprised of six counties and covering a vast geographic area. The original cluster plan was to form a partnership with the Western Upper Peninsula Regional Planning Board, which is comprised primarily of county board commissioners<sup>10</sup>. This plan was later abandoned amid concerns that the "Enhancing Rural Economies" project would never receive any more than the divided attention of board members. Instead, a Western Upper Peninsula Cluster Advisory Group was formed which included County Extension Directors and key economic development professionals from each cluster county.

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<sup>9</sup> The Heritage Route proposal also involves Wayne, Washtenaw, Cass and Berrien Counties.

<sup>10</sup> The six counties comprising the Western Upper Peninsula Cluster have a tradition of regional cooperation--perhaps born from isolation and economic stress.

The Advisory Group met in December, 1998, and January, 1999, to discuss programming options under the “Enhancing Rural Economies” grant. An in-depth discussion, identification and prioritization of cluster issues was not a concern of the Advisory Group because most of its members were involved in organized economic development. The Advisory Group identified tourism development as the priority programming need in the Western U.P., reflecting the importance that the tourism and recreation industry assumed in the regional economy after the collapse of extractive industry and mining. The Group’s key objective was to take advantage of the region’s abundant natural resources and scenic resources to promote off-season tourism in order to mitigate the effects of seasonal employment in the tourism industry. Establishing a Western Upper Peninsula Heritage Trail represented the cornerstone of Western U.P. tourism development efforts objective. This would entail the replication of a successful heritage trail model developed in Iron County on a regional basis. The Advisory Group also focused its attention on job creation and business development, establishing an inventory of regional infrastructural assets (including industrial buildings, parks and building sites), and developing a regional labor supply and wage/benefit profile of the existing workforce.

In a parallel development, enhancing the professional economic development capacity of Iron, Baraga and Ontonagon counties emerged as a key development need and programming focus. Early in the project’s history, the Education Committee of the Rural Development Council of Michigan (RDCM), a key partner, expressed an interest in collaborating with MSU Extension to pilot economic development training programs in the Western U.P. Although this proposal generated substantial local interest, Western U.P. leaders decided that the content of the pilot training program did not correspond to their fundamental and more immediate issues and needs. To better define program content and local economic development needs, RDCM and MSU Extension arranged a diagnostic study of Iron, Baraga and Ontonagon counties<sup>11</sup>. The study identified a lack of an organized and professional economic capacity as a key development constraint for these counties and proposed a series of actions they could take to improve their situation (See Vlasin et al., 1999). The recommendations of the study became a core programming focus of the Western U.P. cluster.

The **I-75 Cluster** was the last cluster to organize and also adopted a targeted approach. This entailed forming a Cluster Advisory committee composed of the County Extension Director of each cluster county and Extension community and economic development agents based in the region, a Chamber of Commerce representative from each county, and a member of each county’s citizen Extension Advisory Council. The prominent role assigned to local Chambers of Commerce reflected their important role in regional economic development and strategic planning.

A lukewarm commitment among local Extension participants in the ‘Enhancing Rural Economies’ project was a problem in the I-75 cluster. Although the reasons for this are not clear, a scarcity of local community and economic development resources and limited collaboration in

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<sup>11</sup> Ray Vlasin (Project Co-Director), Jerry Murphy (Western U.P. Cluster Administrator) and Dave Skjaerlund (RDCM Executive Director) formed the Diagnostic team.

the past between the five cluster counties were probable contributing factors<sup>12</sup>. An initial meeting of the cluster's Extension participants was held in February, 1999, to review the project's principles and objectives and rekindle commitment to the project. A Cluster Advisory Group meeting was held in March to prioritize issues and develop a country plan. Although campus project personnel and cluster extension leaders formed the large majority at this meeting, a Chamber of Commerce representative and two community leaders from the Roscommon provided the Group some balance. The Advisory Group identified retirement and aging issues as the cluster's priority programming area. More specifically, the group observed that the retirement community had insufficient opportunities to become involved in civic affairs and that its considerable resources and skills were underutilized. The Advisory group proposed establishing a senior academy as one way to address this issue. The Group also identified labor force and business development, especially within the tourism and recreation industry, as another important programming need. Finally, poverty issues emerged as a key cluster concern, reflecting the existence of persistent pockets of poverty in cluster counties. Although the I-75 Cluster Advisory Group successfully identified key cluster economic development issues, it did not develop a cluster plan of action from the "menu of assistances".

The cluster organizational experience of the "Enhancing Rural Economies" project highlights several strengths and weaknesses of the cluster concept. Each cluster reached a consensus about the key economic issues and problems they would like to address, and prioritized these issues with relative ease. This presumably was because the counties in each cluster faced common challenges. The successful identification of a manageable number of common issues has created opportunities for the project to develop a comprehensive programming response for the benefit of the *cluster* that would likely not have been generated from an individual county approach.

Each cluster identified priority issues that reflected its unique demographic and economic circumstances. The Value-Added Cluster has a diverse economy in which agriculture continues to play an important role. Land use is the cluster's priority issue, and preserving agricultural land and balancing competing economic interests to accommodate agriculture are the cluster's primary objectives. The cluster also assigned relatively high priority to value added agriculture and identified entrepreneurship in large part to support the creation of value added agricultural enterprises. The high priority assigned by the I-75 Cluster to retirement issues and programs which support the tourism and recreation industry directly reflect its demographic and economic characteristics. The Western U.P. Cluster's focus on tourism and recreation development reflects the importance of that sector to the regional economy and a continuing need to diversify and develop an economy that has undergone structural change. In addition, a need to strengthen professional economic development capacity is a common problem in sparsely populated and isolated rural areas. Finally, the Southern Tier's focus on business and workforce development in part was reflective of the strong competitive pressures metro areas exert on adjacent rural areas, and quality of life concerns reflect of fears that increasing urbanization is a threat to traditional rural lifestyles.

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<sup>12</sup> Although some cluster counties had a tradition of bilateral collaboration and the Northern Lower Peninsula has a strong regional identity within Extension, the five I-75 cluster counties had rarely collaborated as a group in the past.

Although the advisory group model was successful in identifying cluster issues and needs and provided critical direction to programming efforts, the “Enhancing Rural Economies” project’s experience demonstrates that high logistical and organizational costs are associated with a clustering approach. A grass-roots organizational approach worked best in clusters containing relatively few counties and in which distances between communities were relatively small. The iterative nature of formulating comprehensive economic development action plans compounds these costs. Experience suggests that multiple advisory group and smaller issue group meetings would have been required to achieve the outcomes envisioned in the grant proposal. But time constraints limited cluster stakeholders motivation and willingness to participate in multiple meetings. Finally, project experience indicates that experienced leadership and facilitation skills were important ingredients in successfully assembling new cluster groups.

### Performance of the “Menu of Assistances”

The performance of the “menu” of assistance, at least as originally conceived, has been mixed. As discussed above, cluster advisory groups were generally unsuccessful in selecting appropriate assistances from the “menu” to address their identified issues. Instead they turned to project personnel to select and program assistance. Although an intensive working relationship between clusters and campus had been anticipated, the project’s original design implicitly assumed that making available economic development assistance known and accessible to clusters would be sufficient to promote client-driven programming that addressed cluster needs. But, this demand-driven model failed to achieve its desired outcomes.

Although each cluster successfully delivered educational and research under the auspices of the “Enhancing Rural Economies” project, operational difficulties plagued the early implementation phase of the project<sup>13</sup>. These were mostly established programs the MSU Extension’s Economic Development Area of Expertise toolkit which addressed business development, labor supply and human resource issues. The full range of assistance provided under the project’s “menu of assistances” was largely untapped. Moreover, several program proposals from clusters were rejected because they did not fit the project’s replicability objectives. Despite these difficulties, the project produced several notable achievements.

- **Demographic and Economic Scans.** The base cluster demographic, economic and industrial analysis prepared by project specialists were well received and widely circulated within cluster counties (see McPherson, 1998), and generated demand for comparable scans in non-cluster rural Michigan.
- **Premier FastTrac Entrepreneurial Training Programs.** Premier FastTrac is a national entrepreneurial training program developed by the Entrepreneurial Education Foundation and Ewing J. Kauffman Foundation and sponsored in Michigan by the MSU Extension Economic Development Area of Expertise team. It has two principal components: FastTrac New Ventures which is a nine session course for entrepreneurs thinking of starting a business, and FastTrac Planning which is an eleven session class for existing entrepreneurs who want to improve their business operations or expand. A key feature of

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<sup>13</sup> Some of these programs were held before the cluster operational process began.

Premier FastTrac is that it assists entrepreneurs in completing detailed business or feasibility plans.

A total of 53 entrepreneurs successfully completed Premier FastTrac courses sponsored by the “Enhancing Rural Economies” project, including 44 from FastTrac Planning courses offered in Gogebic, Gratiot, Houghton and Lenawee counties, and nine from a FastTrac New Venture program in Montcalm County. FastTrac Planning courses will be offered in the first quarter of Year 2000 in the project counties of Gogebic, Gratiot and Lenawee, with additional 2000 classes planned in Houghton, Montcalm, Roscommon and St. Joseph county. The “Enhancing Rural Economies” project has been instrumental in establishing the Premier FastTrac program statewide.

- **Labor Supply/Shortage Focus Groups** seek to expand the rural labor pool by analyzing the factors that keep some groups—particularly women and the elderly-- from participating in the labor force, and proposing prescriptive actions employers and communities can take. Since rural areas have traditionally experienced a labor surplus and high unemployment, relatively little attention has been devoted to strategies to expand the quantity of labor. The project sponsored two labor supply focus groups in Summer, 1998-- one in St. Joseph County (Southern Tier Cluster) and one in Roscommon County (I-75 Cluster). The interacting problems of transportation constraints, a lack of quality child and elder care and low paying jobs—often part-time and without benefits-- were identified as the key factors influencing the decision to stay out of the labor force. Age and sex discrimination, inadequate labor force skill development by local schools and inflexibility amongst rural employers were identified as contributing factors. Additional labor shortage are planned in the I-75 Cluster in Spring, 2000.
- **Human Resource Management Workshops.** Designed specifically for rural employers, these one-day workshops are a joint venture between MSU Extension’s Economic Development Area of Expertise Team and the MSU School of Labor and Industrial Relations’ Human Resources Education & Training Center. The workshops address the human resource dimension of the rural labor shortage by helping employers and agencies to develop new methods and techniques of attracting, managing, motivating and disciplining employee that are necessary to survive in today’s competitive economy. In addition, the workshops help rural employers keep up-to-date with continually changing labor legislation and reporting requirements. The “Enhancing Rural Economies” project has co-sponsored three Human Resource Management Workshops—in Hillsdale and St. Joseph counties (Southern Tier Cluster) and Otsego County (I-75 Cluster). The workshops have appealed to a diverse audience of employers, human resource managers and other professionals from both the public and private sectors. Rural manufacturers, ranging from small firms with a handful of employees to large firms with more than two hundred employees ,were well represented in the two Southern Tier Workshops. The I-75 Cluster Workshop was well-represented by representatives from tourism and recreation establishments and drew well in counties adjacent to the I-75 Cluster. Additional Workshops will be held in Year 2000 in the I-75, Value-Added and Western U.P. Clusters.

- **Gogebic County Community Assessment Team.** MSU Extension's Community Assessment Team (CAT) program is a quick, low-cost process that provides expert opinions and information to a community regarding its economic activities and goals. The process has three basic parts: pre-CAT assimilation of data and information, the CAT visit to the community, and post-CAT follow up. The teams are typically comprised of four to six economic and community development experts selected specifically according to the needs of a particular community or county. The Gogebic County CAT in the Western U.P. Cluster focused on maximizing limited human resources and on strengthening the human services network in Gogebic County, with special emphasis placed on youth and single parent issues. The team concluded that the scope and provision of human services in Gogebic county was generally good but recommended several non-resource based actions that could be taken to improve services which were subsequently adopted.
- **Economic Development Capacity-Building and Training.** The Rural Development Council in Michigan, in partnership with MSU Extension and the "Enhancing Rural Economies" project, proposed pilot economic development education programs for three Western U.P. counties and Ogemaw County (I-75 Cluster). In Ogemaw, these discussions led to an economic development education program to assist the county in developing a strategic plan.

As discussed above, Western U.P. leaders decided the pilot educational program was not the best fit for their most pressing development needs. But the interaction between local leader and assistance providers led to a diagnostic study of Iron, Baraga and Ontonagon counties and recommendations to build professional development capacity that became part of the Western U.P. action plan. Several economic development capacity building projects have subsequently been initiated in the Western U.P. (see Vlasin et al., 1999 for more detail). These include:

- **Business retention and expansion (BR&E)** visitation programs were initiated in Iron, Ontonagon and Gogebic counties. In addition to identifying actions to retain existing businesses, these BR&E programs were designed to give local communities experience in organizing for economic development. In September, 1999, the project arranged intensive orientation and training sessions in each county. Whereas Ontonagon County has completed volunteer training and will implement a survey of 80 local businesses early in the Year 2000, volunteer training is continuing in Iron and Gogebic Counties.
- A **"Comparable Communities"** project is under development that will assemble local leasers and community leaders from other rural U.S. communities which have a similar demographic and economic profile to those in the Western U.P. The goal of the project is to focus on best practices for dealing with long term economic stress, with emphasis on the approaches used, organizational processes and actions taken by other rural communities.
- **Quality Service Training.** Although not a program in the "menu", the "Enhancing Rural

Economies” project sponsored a quality service training program in St. Joseph county as part of its programming efforts to address the Southern Tier Cluster’s business development issue. The program, developed by Bill Shepler of Shepler’s Mackinac Island Ferry Service, discussed alternative strategies firms and agencies could employ to improve the quality of service they provide to customers in order to enhance their profitability and productivity. The program was attended by over 40 persons. Although targeting the tourism and hospitality industry, several representatives from community colleges and county and local government agencies also attended. Elements of the program were later incorporated into a quality service training program designed specifically for St. Joseph county employees.

- **Employer Strategies for Using Workforce Development Programs and Service.** The four Southern Tier counties belong to three state workforce development administrative districts. This program assembled workforce representatives from these districts to discuss Michigan’s state employment services and to discuss workforce issues.

Although notable achievements, these programs did not constitute a comprehensive approach to delivering Extension educational programs and research has been lacking. Moreover, many of the programs delivered by the project were county specific instead of multi-county in scope.

#### Creation of Issues Response Teams

A campus “Enhancing Rural Economies” meeting was held in August 1999, followed by meetings with Cluster administrators, to diagnose the problems contributing to the slow pace of program implementation in clusters. The following operational problems were identified:

- Relations were linear and primarily intra-cluster as opposed to inter-cluster.
- Relationships within clusters were typically intra-county, with emphasis on home counties.
- A systematic approach in delivering Extension educational programs and research was lacking.

These problems were symptomatic of a cluster-based operational programming model that in practice did not sufficiently match the supply of available assistances with the forms of assistances demanded by clusters. Moreover, lack of progress in forming issue action teams had forced Cluster Administrators to assume a critical role in developing, arranging and delivering programs rather than the coordinating and facilitating role that had first been envisioned. As a result of these factors, a tendency developed at the cluster level to respond to programming opportunities as they arose instead of planning and implementing a systematic response to identified issues.

A summary of cluster issues is presented in Table 3 (following page). The results show that most key issues cut across clusters. As such, the programs developed for one cluster would have potential applications in others. But the original project approach emphasized that each cluster

should define its own objectives and action plans. This created the impression that each cluster should contact assistance givers and arrange appropriate assistance independently. The drawbacks of this approach included a risk of considerable duplication of effort, and weak incentives for clusters to collaborate in developing comprehensive programming responses to cross-cutting cluster issues.

The project's operational difficulties also highlight the inherent difficulty of developing a comprehensive programmatic response to macro development issues. Issues such as land use, "quality of life", value-added agriculture and poverty have complex problem elements that cut across the elements of the "menu of assistances". Issues such as housing and poverty require considerable resources to address but were not specific assistance areas defined in the "menu". An effective programmatic response to many key issues requires an iterative planning process that involves considerable definition of problems and interaction between clients and assistance givers. But resource constraints make such an iterative process difficult to operationalize.

In other instances, clusters identified issues and needs for which no established extension or research programs existed. And even though the project successfully anticipated the importance of

**Table 3: Map of Key Development Issues identified in Each Cluster and Their Applicability in Other Clusters**

Issue/Need	I-75 Cluster	Southern Tier Cluster	Value-Added Cluster	Western U.P. Cluster
Business Development	X	X	X	X
• Business Retention and Expansion	Applicable	Applicable	Applicable	X
• Entrepreneurial training	X	X	X	X
• Small Businesses	Applicable	X	Applicable	Applicable
• Tourism Enterprises	X	X		X
Housing	X	X	X	
Labor/Workforce	X	X	X	X
• Shortages	X	X	X	
• Workforce Development	X	X	X	X
• Human Resource Management	X	X	X	X
Land Use		X	X	
Leadership	X	Applicable	X	Applicable
Poverty	X		Applicable	Applicable
Retirement	X	Applicable	Applicable	Applicable
Tourism Development	Applicable	X		X
Value-Added Agriculture		X	X	

issues such as recreation and tourism operations and retirement, it could not anticipate the specific nature of assistance that would be requested. Examples include the Western U.P. and Southern Tier Clusters request for assistance in developing regional heritage trails and the I-75 Cluster request for assistance in establishing social programs and a senior academy. To address these issues, the project would have to design customized programmatic responses.

Finally, several of the cluster issues were regional in scope and felt equally as intensely in cluster-adjacent counties. However, the “Enhancing Rural Economies” grant agreement required the project to direct its assistance to cluster counties. The limited the access of adjacent counties to the project’s menu of assistance, made it difficult for some cluster counties to partner with neighboring counties to addressing common issues, and precluded project support for activities in adjacent counties that could be replicated in cluster counties.

### Role and Structure of Issue Response Teams

To remedy operational difficulties and to facilitate program delivery, project leaders decided that the method by which the original “menu of assistances” was made available to clusters should be reconstituted and replaced. The centerpiece of the modified model of assistance delivery was the formation of “issue-oriented diagnostic response teams”. Working closely with “Enhancing Rural Economies” project staff, the roles of issue response teams would be to:

- Assume responsibility for developing an appropriate response to identified cluster issues, thus limiting the burden on any one cluster or individual.
- Tailor specific programmatic responses to cluster-specific needs and determine the appropriate make-up of each response team.
- Assist clusters in partnering with other organizations and agencies.
- Determine appropriate levels of financial assistance to be provided from project funds, and identify possible sources of additional funds when necessary.

MSU Extension Area of Expertise teams would assume the lead role in designing and delivering programs, and involve specialists and researchers from other MSU departments and key partners in the private and public sector as necessary. Each issue response team would also include cluster leaders, citizen representatives and project specialists on campus who were well-versed with any given issue. Project personnel would facilitate interaction between clusters and assistance givers. Specifically, the “Enhancing Rural Economies” project manager would be responsible for putting issue teams together, handling team logistics and coordinating activities.

The initial focus of the issue diagnostic response teams would be to develop programmatic responses for “lead clusters” (i.e. the cluster which gave an issue highest priority). Once assembled, issue response teams would be able to assist other clusters. The issues response team model held great promise in improving program delivery by putting cluster leaders in direct contact with the assistance-givers, and thus match program suppliers and demanders. Equally as important, issue response teams would be well positioned to plan and deliver follow-up programming.

The issues response team model has other important benefits. Once established, teams would have opportunities to develop a menu of issue-based programming options to address the different elements of a problem, as well as available to assist other all rural Michigan counties. This would increase the likelihood that issue response teams could be sustainable after the “Enhancing Rural Economies” project has concluded. In summary, the model promised to enhance MSU Extension’s ability to deliver comprehensive economic and community development assistance to rural Michigan.

### Performance of Issues Response Teams

Since the “issue response team” model was only recently adopted, it is impossible to evaluate its performance. In its final year, the focus of the “Enhancing Rural Economies” project will be on rapidly forming issues responses teams for each cluster issue (see Table 3) in order to plan and implement appropriate assistance programs. Nevertheless, the model’s potential is indicated by recent progress on two issues-- retirement and land use.

Retirement: As discussed previously, the “Enhancing Rural Economies” had no identifiable area of assistance or programming models to accommodate the I-75 Cluster’s request for assistance in establishing a local academy for seniors. To accommodate this request and identify other ways to improve utilization of retiree resources, project staff researched what other rural communities in Michigan and the United States had done in establishing retirement programs or senior academies, and contacted key individuals who were involved in these efforts<sup>14</sup>. This research yielded several program options—including alternative academy models. The project also outlined an approach for developing local retirement programs and, possibly, an academy. The key activity would be to hold a conference for retirees, local leaders and service providers in the I-75 cluster region in order to enhance community-retiree interaction, address a range of issues, develop subsequent programs, and identify a workable academy model that corresponded to seniors’ demands. A series of local focus groups with retirees would provide the necessary input in defining the conference’s content, as well as deepen the issues identification process.

Project staff also identified and contacted key specialists within MSU Extension’s Children, Youth and Family Program and other MSU departments such as Human Ecology and Outreach. Local leaders within the I-75 retirement community were recruited to assist and participate in planning efforts. In November, 1999, a retirement issue response team meeting was held which assembled campus specialists and local leaders. The meeting introduced the “Enhancing Rural Economies” project, discussed the key needs of the I-75 retirement community, and the purpose and proposed structure of the focus groups and conference. The meeting produced lively and insightful discussion. Although the proposed senior academy generated considerable interest, the participants concluded that the I-75 retirement community had more immediate and fundamental needs: the early and newly retired persons migrating into the area needed opportunities to meet and socialize with other retirees, and better information was needed about available local community support organizations and service providers. Another key theme that emerged in the team meeting was that the I-75 retirement community was diverse, and included early retirees, the newly retired, more traditional, leisure-oriented retirees, those aging-in-place and the very old. A comprehensive response to retirement issues would require programs that targeted the needs of the different segments of the I-75 retirement community.

The meeting provided valuable direction to focus group and conference planning efforts. Project and campus specialists developed a deeper understanding of local retirement issues that will greatly assist them in formulating an effective programmatic response. Assistance givers have established a network of enthusiastic local leaders to involve in their subsequent activities. Equally important, the retirement issue program development process has brought the I-75 cluster

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<sup>14</sup> The project’s programmatic response to the retirement issue is discussed in greater detail in Moser, Woodard and Wessen, 1999.

together and kindled greater commitment and enthusiasm among cluster leaders<sup>15</sup>.

Land Use: In Summer, 1999, Value-Added Cluster leaders proposed a program of research into local land use/land cover patterns involving nine cluster townships—a high, medium and low growth township from each of the three Value-Added counties. The MSU Center for Remote Sensing would digitize MIRIS satellite imagery from 1978 so that it could be compared to comparable images taken in 1998. This would a visual map how land use patterns changed in the nine townships over twenty years. However, project money was denied for this initial proposal because it lacked an educational component to assist local leaders in making more enlightened decisions.

In October, 1999, a meeting was held between the Value-Added Cluster administrator, project specialists and the Co-Chair of MSU Extension's Land Use Area of Expertise Team. As a result of this meeting, the land use mapping proposal was expanded to include supporting research and educational assistance programs. Supporting research would document the demographic, economic and quality of life changes that have accompanied growth. Follow-up educational programs to disseminate the research results and assist communities in coping with controversial land use issues were the critical element of the revised Value-Added Land Use plan. In addition to helping local citizens understand the changes in land use patterns that had taken place, these educational programs would assist community leaders in acquiring necessary skills to better manage economic growth. Specifically, the research and educational programs would assist community leaders in addressing the following questions: 1) What do you want your community to look like and what does it actually look like today? and, 2) What do you want your community to look like in 20 years? A land use issue response will develop the structure and content of this educational response.

The retirement and land use examples highlight the benefits of the issue response team model, and in particular, the direct and intensive interaction between cluster leaders, project personnel and assistance-givers it was designed to provide. In the land use case, a research opportunity was transformed into a comprehensive land use research and education action plan. In the retirement case, a comprehensive issue response plan is being developed for an issue for which no programming was previously available.

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<sup>15</sup> Project support of organizational efforts to develop the Sauk Trail Heritage Route has had a similar galvanizing effect in the Southern Tier Cluster.

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