

# Grow the Economy

## By Steve Turkoski

The term “Grow the Economy” must be defined if it is used as a call to action. The phrase indicates the need for calculated activities aimed at desired results, but how is local and regional economic growth measured? Is it:

- ❖ Population growth?
- ❖ Growth in labor participation rates?
- ❖ County/MSA Domestic Product?
- ❖ Growth in Per Capita Income?
- ❖ Growth in average wage per job?
- ❖ Growth in the number of establishments?
- ❖ Growth in non-employer establishments?
- ❖ Growth in target sectors?

The fact is, it could be all of these things, or any combination of them. At the national level, productivity and output are used as growth indicators. At the county and MSA level, productivity and output are not data that are readily available, which creates a need to default to another metric.

The Dothan MSA is by definition, an economic engine. An MSA is an area consisting of a recognized nucleus (Dothan and Houston County) and adjacent communities that have a high degree of integration with that nucleus.

- Over 25% of the workforce in Henry and Geneva Counties commute to Houston County to work.
- The daytime worker population in Dothan is 165% of the resident workforce, and for Houston County it is 121%.
- The per capita retail sales for Houston County is over \$16,000; the highest in the state.
- The per capita sales tax collection for Houston County for 2005 was \$174.

“Responsible for more than 85% of employment, income and production of products and services, metro area economies are key drivers of the nation’s economic performance.” (The Role of Metros in the U.S. Economy-2006)

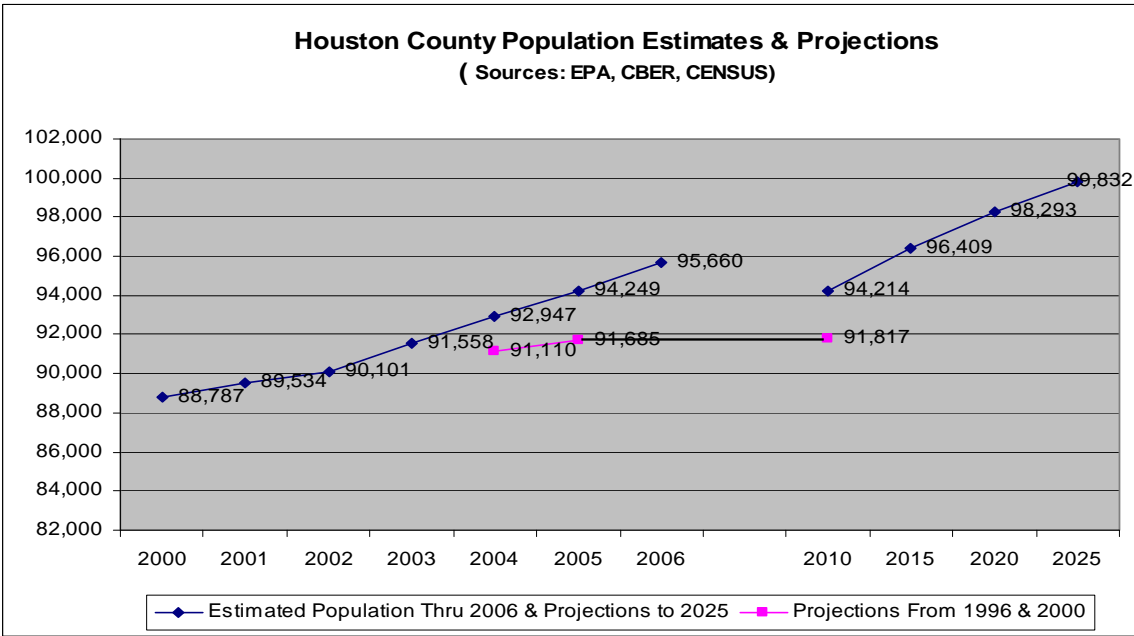
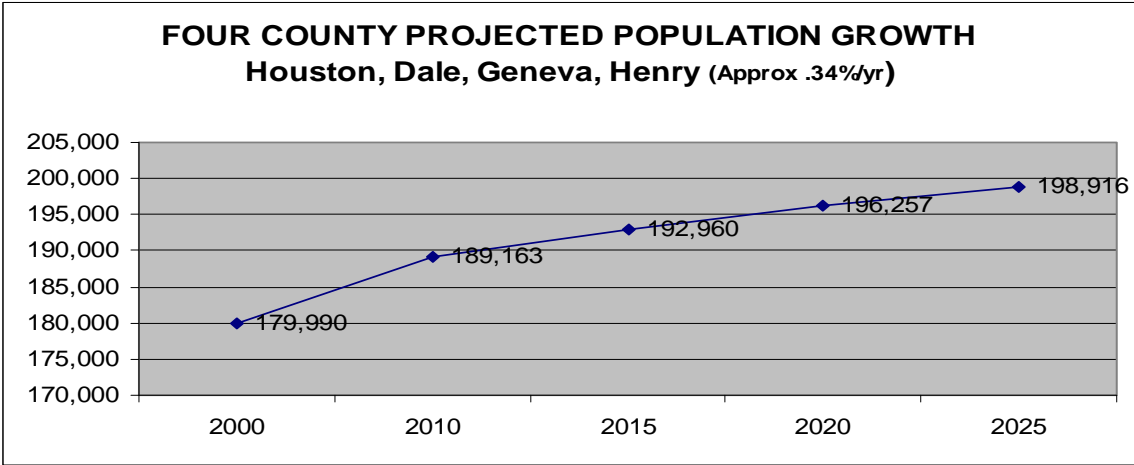
*That being understood, ease of travel to and from the MSA is of significant importance as commuting patterns define the geo-political boundaries of the MSA.*

A second economic engine within our region is Ft. Rucker. The significance of this installation and its economic contribution cannot be overlooked.

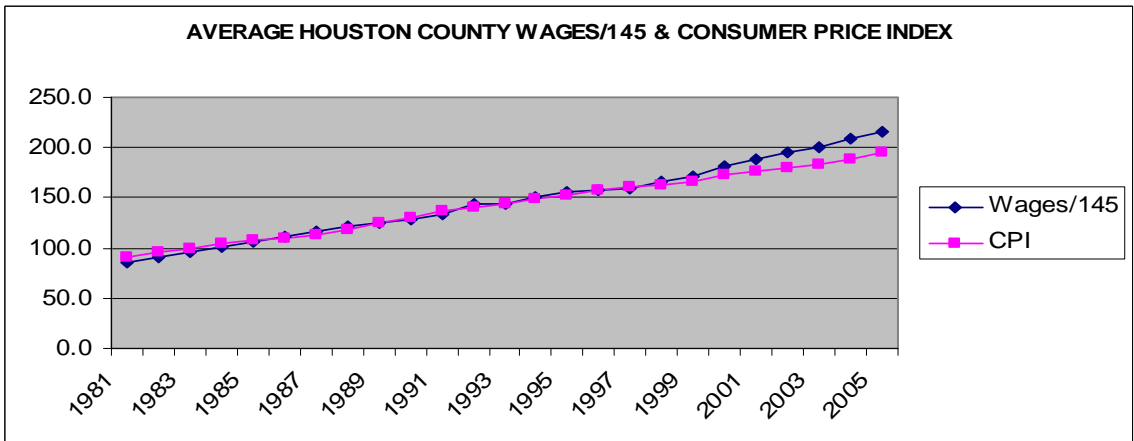
### **Where are we?**

Whereas the MSA and Ft. Rucker are the economic engines for this region this paper will concentrate on the MSA as Ft. Rucker economic impact is largely through payroll, which is addressed in county economic data.

The population is growing.

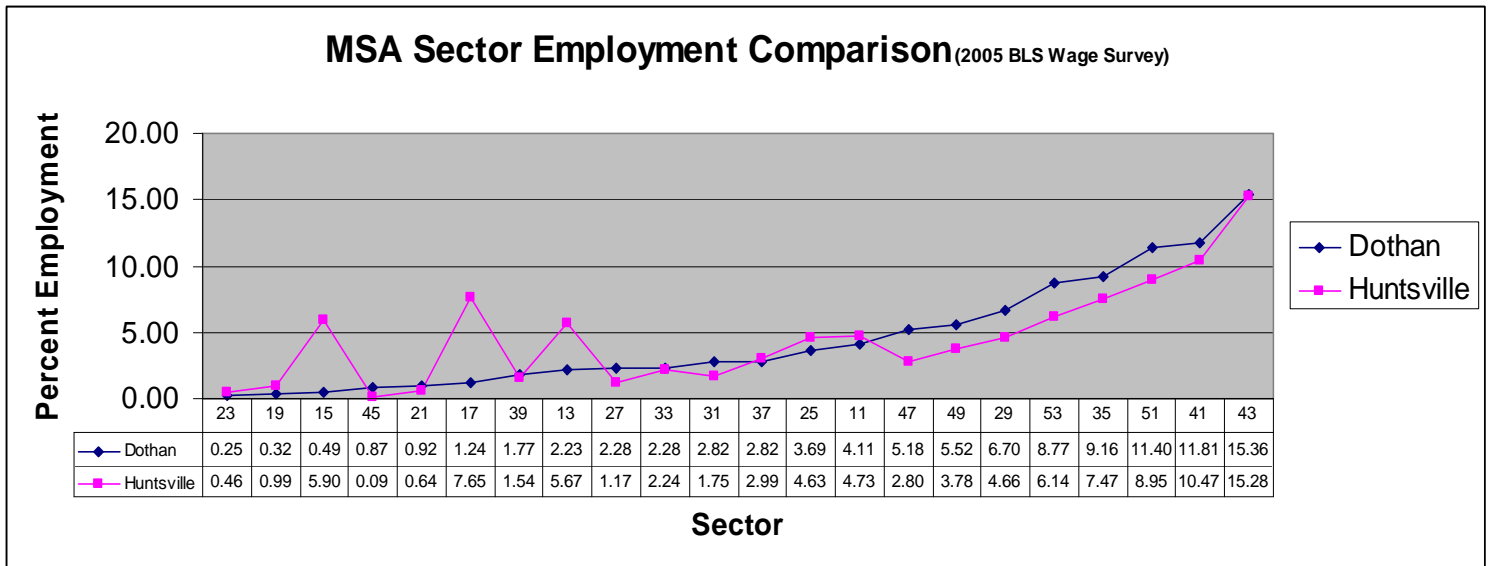


Wages are growing.



Our cost of living and wages are approximately 85% of the national average, but our tax rate moves our “disposable income” to 91% of the national average. (Note, poverty levels are based on national income standards, and not adjusted for local cost-of-living. Persons living at the poverty threshold here, in theory, are better off than those locations with a higher cost-of-living.)

Each MSA has an employment footprint, and the following graph compares our employment-by-sector with the Huntsville MSA. Huntsville is used for comparison, as it is the most vivid example of “high-tech”, “high-wage” employment in Alabama.



- 11- [Management Occupations](#)
- 13- [Business and Financial Operations Occupations](#)
- 15- [Computer and Mathematical Occupations](#)
- 17- [Architecture and Engineering Occupations](#)
- 19- [Life, Physical and Social Science Occupations](#)
- 21- [Community and Social Services Occupations](#)
- 23- [Legal Occupations](#)
- 25- [Education, Training and Library Occupations](#)
- 27- [Arts, Design, Entertainment, Sports and Media Occupations](#)
- 29- [Healthcare Practitioner and Technical Occupations](#)
- 31- [Healthcare Support Occupations](#)
- 33- [Protective Service Occupations](#)
- 35- [Food Preparation and Serving Related Occupations](#)
- 37- [Building and Grounds Cleaning and Maintenance Occupations](#)
- 39- [Personal Care and Service Occupations](#)
- 41- [Sales and Related Occupations](#)
- 43- [Office and Administrative Support Occupations](#)
- 45- [Farming, Fishing and Forestry Occupations](#)
- 47- [Construction and Extraction Occupations](#)
- 49- [Installation, Maintenance and Repair Occupations](#)
- 51- [Production Occupations](#)
- 53- [Transportation and Material Moving Occupations](#)

Huntsville has three “high-wage” employment sectors with high location quotients and the Dothan MSA has no significant peaks in employment sectors. Those peaks help define Huntsville as a “high-tech” and “high-wage” community.

### **Recruitment of large businesses**

Whether we know it or not, we receive free advertising every day. It comes in the form of site comparisons published in *Expansion Management* magazine, *Site Selection* magazine and various other publications. The issues addressed are numerous, but almost always include: **crime rate, transportation, school ranking, education level and workforce issues**. In our case, some of the advertising is not good. These issues need to be addressed. Each year another iteration of rankings is published and if we do not correct our deficiencies, we will receive one more year of free negative advertising. See Attachment #1

### **Growing small business**

Eighty percent of new jobs are created by small business, and over 50% of the GDP is produced by small business.

In 2006, of 171 small cities ranked, Dothan was ranked #9 for Hot Cities for Entrepreneurs by the National Policy Research Council (NPRC), up from #16.

Whereas surveys are conducted and rankings are published in regard to “business friendly environment” at the state level, no such report card is available at the municipal level. Lack of administrative legitimacy and perceived “adversarial administrators” are both issues that are defacto barriers to growing the economy.

### **Common Ground**

In either case, big business recruitment or small business startup and survival, our primary function is to **create an environment that is conducive to business immigration and startup**. Much has been done to foster small business such as loan programs and clinics, Small Business Development Center programs, a regional incubator alliance, the publication and free distribution of the Small Business Toolkit and creation of the small business Resource Room. These are the types of activity that garnered Dothan a #9 ranking.

The recruitment of new business is hindered by several issues that if rectified will certainly help create the environment that attracts business. Addressing these issues is a proactive means to “Grow the Economy”.

- Public School Performance and Ranking-See attachment #2
- Dothan Crime Rate-See attachment #3
- Dothan Downtown Development
- Administrative legitimacy and barrier reduction.

Examples:

- Dothan policy is for Planning Commission approval/disapproval of site plans. The Alabama Code does not allow this as enumerated in Attorney General Opinion 2004-104.
- Appeals to Dothan Historic Preservation Commission are heard by the city commission. This is inviolate of Alabama Code Section 11-68-10, which provides for appeals to be heard by the circuit court.
- Smaller municipalities have no qualified staff to interpret or enforce ordinances such as: Building Code, Zoning Ordinance, or Flood Plain Ordinance.

This lack of legitimacy frustrates and impedes developers.

### **Recommendations:**

Send a letter to Dothan Police Chief and City Commission explaining the impact of negative advertising generated by our reported crime rate being above the national average.

Send a letter to the Planning Commission, Historic Commission and city attorney requesting full compliance with the law regarding site plans and historic district appeals.

Coordinate with the Southeast Alabama Regional Planning and Development Commission and Troy University to provide training in administration of "Police Powers".

Encourage contractual relationships between municipalities that lack qualified personnel and qualified code enforcement officials. (This isn't about more government intervention; it is about government providing the service it promised.)

Continually seek out and address barriers to the "business friendly environment".

Promote the Earned Income Tax Credit (EITC). See Attachment #4

Encourage eligible companies to seek 8a and HUBZone certification.

Continue the push for improved highway infrastructure.

Determine where you would like to see the economy in the near and distant future.

Establish a metric to track economic growth.

### **Conclusion**

Our economy *is* growing. The objective is to recognize this fact and to do what we can to assist in the process.

Remember, standard-of-living uses a monetary standard, but quality-of-life does not. As we collectively pay much lower taxes than the national average we all benefit with more disposable income; however there is less tax money to provide social services and public amenities because of it. In this case it is possible that our higher standard-of-living is a deterrent to our collective quality-of-life, and it certainly affects the less fortunate of us.

**"Economic development cannot and should not operate outside of a context of quality of life. The only reason that economic development is a public responsibility in the first place is to assure that citizens have adequate financial resources to enjoy a reasonable quality of life."**

The New Architecture of Rural Prosperity, Southern Growth Policy Board, 2005

This paper concentrates on the Dothan MSA because the MSA is a destination for workers and consumers and in fact serves the rest of the region in providing: employment, critical mass for business development, regional social services and professional support. We must first concentrate on our own back yard as each of the other communities does the same. Effective regionalism can only be affected when each community is individually legitimate and effective, and voluntarily elects to participate in mutual assistance.