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Briefing Report 9

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BRIEFING REPORT

9

NEBRASKA LEGISLATIVE ISSUES SYMPOSIUM

GROWTH CENTER STRATEGIES FOR RURAL COMMUNITY DEVELOPMENT

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Helping Distressed Communities vs. Assisting Growth Centers

One basic choice which often is addressed in fashioning a rural community development strategy is whether to focus resources on communities that are most distressed or to focus resources on growth centers to enhance their performance. Advocates of assisting the most distressed rural places feel that intervention is justified by the severity of need. Because the case for rural development programs is based typically on economic disadvantage, this perspective argues that it only makes sense to target assistance to the communities and areas most in need, although fewer people may benefit and, generally, results will be harder to achieve.

Growth center proponents, on the other hand, assert that it is very difficult to turn around communities that are in decline. In fact, they argue, why try to fight economic change which can lead to rural community decline? It is far better, in the context of assisting places (where most job creation takes place) to focus resources on the places in each state or substate region that have been growing or have the best prospects to grow. Such a strategy, according to growth center proponents, can mean helping the most people for a given dollar expenditure.

What is a Growth Center Strategy?

A growth center can be defined as a community (or complex of communities) that is large enough to provide (or is likely to provide) a range of employment, trade, social, cultural, and service functions for itself and its associated rural areas. A growth center typically leads the surrounding area in performance on factors such as population, income, and employment growth; the concept can be broadened, however, to encompass places that have the potential to become centers, given the right type of support.

Several types of growth centers can be delineated:

- Metropolitan centers—Metropolitan areas (metropolitan statistical areas, for example) providing specialized services and employment opportunities extending well beyond the boundaries of the district in which they are located.
- Regional centers—Communities providing a comprehensive range of services and employment opportunities extending well beyond their area. Investments made in this type of center are "region-serving," and can benefit a large proportion of the state's population. Many communities in Nebraska

with populations of 10,000–49,999 might fit this category, for example.

- **Primary centers**—Communities where a major portion of the present or future employment base of an area is likely to be located. Resources focused on these centers will enhance their competitive advantages for continued or additional economic development. Nebraska places with populations ranging from 5,000 to 10,000 might fit into this category.
- **Secondary centers**—Communities which provide limited, basic goods and services to the surrounding rural area and may serve as residential communities for individuals who work elsewhere. Secondary centers would probably range from 2,500–4,999 in population size, but could contain as few as 1,000 residents, depending on the characteristics of the region.

State Growth Center Efforts

The federal government, through the Economic Development Administration, and the Appalachian Regional Commission have utilized growth center approaches in some of their programs. Most of the U.S. experience with growth center concepts lies at the state level, however.

- Alabama has, for many years, pursued a strategy emphasizing the development of small- to medium-sized growth centers which can support the lesser developed areas of the state. One of the primary vehicles for this has been the Prepared Cities Program which has the goal of helping communities become development ready, and which is available only to smaller communities which serve as growth centers in rural portions of the state.
- Tennessee has also emphasized the development of small- to medium-sized growth centers in the allocation of its community development programs.
- Many western states had implicit growth center strategies for community development during the 1970s by emphasizing development in urban areas to preserve environmental quality. This practice has changed somewhat during the 1980s with the decline in agriculture, timber, mining, and energy.

- North Carolina has pursued a growth center strategy more systematically than other states. In response to several years of state-wide planning and the completion of two reports (*North Carolina Tomorrow* and *A Balanced Growth Policy for North Carolina*), the state developed a policy to establish and strengthen growth centers within existing clusters of communities and to focus public resources on only those growth centers capable of supporting additional development.

A regional balance ratio constructed with several factors, including the percentage of jobs available in a given region relative to the percentage of the state's labor force residing in that region, was developed to guide state-local economic assistance. Related programs, such as the small cities Community Development Block Grant program, were coordinated with the policy by awarding 100 points out of a total 1,000 for state policy consistency. During the first year of the program (1980), 181 of 484 cities were designated as growth centers.

Growth Center Policy Choices

During the past few years, several states have considered growth center strategies as part of a statewide or rural economic development effort. A development plan for Iowa, for example, proposed that a growth center approach be used to put economic development efforts where they would have the greatest likelihood of paying off. Thus, regional groupings of counties, based upon transportation networks, commuting distance to major centers within a region, and evaluations of existing infrastructure, were proposed.

Consideration of state growth center strategies typically gets bogged down because the approach is viewed as a zero-sum game, where some communities will be designated as winners and some as losers. There is no doubt that this can happen. However, growth center policies can be developed as a win-win proposition (North Carolina is one example).

Growth center policies that would most likely be perceived as a win-win proposition would probably contain the following qualities:

- Growth center designation which is flexible enough to fit a range of community performance levels (growing and declining places), sizes, and changes in regional conditions;

- Sensitivity to rural and sparsely settled areas with few small towns and fewer large communities;
- Allocation formula that distributes resources to regions and then to growth centers within regions;
- State policies supportive of, and tied to, the growth center strategy;
- Varying types of assistance for different types or sizes of growth centers; and
- State programs to encourage regional cooperation between growth centers and very small communities to ensure that smaller communities participate in regional growth.

Once a state has decided to consider using a growth center approach, a number of additional questions must be addressed, including:

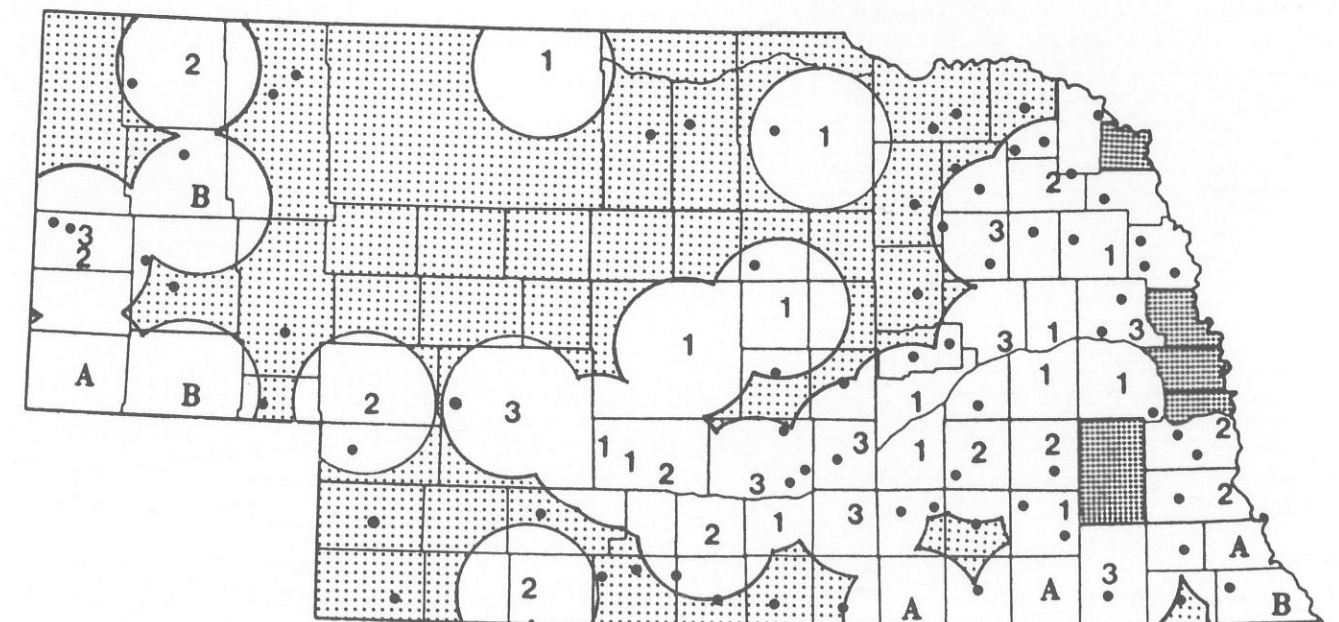
- Should the focus be on growth centers or on growth areas (a center and surrounding area)?

- What types of indicators will be used to guide the designation of growth centers, and do different criteria yield different designations.
- What specific types of state resources and policies should be tied to the growth center strategy?
- What types of state resources and policies should be developed and offered to address the needs of communities that do not meet the growth center criteria?
- Should the growth center strategy be the only approach or should it be but one portion of a larger policy toward rural economic development?

An Illustration of a Growth Center Designation for Nebraska

As indicated earlier, many criteria can be used to identify growth centers. Figure 1

Figure 1
Nebraska's Cities by Size in 1980 and Population Change Since 1950



- Population 1,000 to 2,499
- 1 Population 2,500 to 4,999 and growing at least 2 of last 3 decades
- 2 Population 5,000 to 9,999 and growing at least 2 of last 3 decades
- 3 Population 10,000 to 49,999 and growing at least 2 of last 3 decades
- A Population 2,500 to 4,999 and declining at least 2 of last 3 decades
- B Population 5,000 to 9,999 and declining at least 2 of last 3 decades
- Metropolitan counties
- Area further than 25 miles from city with a population of 2,500 to 49,999 or nonadjacent to a metropolitan county

indicates Nebraska's nonmetropolitan communities by size and population growth pattern. A complex of communities can be illustrated by drawing a 25-mile radius around regional, primary, and secondary centers (to use the definitions provided earlier). Also displayed in figure 1 are the locations of all nonmetropolitan communities with a population of 1,000-2,499. Some of these communities, particularly those outside the 25-mile radius, could be considered for growth center designation.

As can be seen, all regional centers have consistent growth records from 1950 to 1980 and generally follow the Platte Valley. Eleven primary centers have consistent growth records;

three primary centers either declined or grew inconsistently during this time. Figure 1 also indicates that there are 14 secondary centers with consistent growth records, and 4 that either grew inconsistently or declined from 1950 to 1980.

The 25-mile radius drawn around each of the three types of centers is arbitrary, but might be seen as identifying a fairly short commuting time between communities and centers of varying sizes. As can be seen, most of the rural communities with populations of 1,000-2,499 are contained within the 25-mile radius. Communities outside these areas might be likely candidates for growth center designation.

This *Briefing Report* was developed by the Center for Applied Urban Research, University of Nebraska at Omaha for the Legislative Council Executive Board, to provide background information for the 1987 Nebraska Legislative Issues Symposium. The *Briefing Report* is intended to provide an overview,

pose important questions, and identify alternative policies and strategies for a specific issue. The views and opinions expressed are those of the individual authors and do not necessarily represent those of the University of Nebraska at Omaha.