

Rural Entrepreneurship and Economic Development

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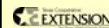
May 2, 2006



Rural Economic Development

Let's Briefly Look At -

- Applicability of Rural Trends
- Why Entrepreneurship?
- Entrepreneurs and Agriculture
- Entrepreneurship Success
- Supporting Entrepreneurship



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Do the Rural Trends/Limitations fit Johnson County?

- Declining Population
- Declining Representation
- Eroding Political and Economic Power
- Agricultural Policy Impacts
- Minority Status



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Per Capita Personal Income (PCPI) Johnson County, Texas

	<u>2003</u>	<u>1993</u>
PCPI	\$24,728	\$17,097
Ranking - TX	84th	92nd
% TX Avg.	85%	
% US Avg.	79%	
Growth Rate, 1993-2003		3.8%
TX		4.1%
US		4.0%



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Total Personal Income (TPI) Johnson County, Texas

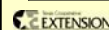
	<u>2003</u>	<u>1993</u>
TPI (1000s of \$)	\$3,543,307	\$1,744,617
Ranking - TX	25th	31st
Annual chg., 2002-2003		2.8%
TX		3.0%
US		3.2%
Growth Rate, 1993-2003		7.1%
TX		6.1%
US		5.1%



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Components of Total Personal Income (TPI) Johnson County, Texas

	<u>2003</u>	<u>1993</u>
Net Earnings (%TPI)	74.1%	72.3%
Annual chg., 2002-2003		2.9%
1993-2003		7.3%
Dividend, Interest, Rent	10.9%	12.3%
Annual chg., 2002-2003		-2.3%
1993-2003		5.8%
Transfer Receipts	15.0%	15.4%
Annual chg., 2002-2003		6.3%
1993-2003		6.8%



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Earnings by Place of Work (1000s of \$) Johnson County, Texas

	<u>2002</u>		<u>2003</u>
Net Earnings	\$1,322,509		\$1,388,846
Annual chg., 2002-2003		5.0%	
1993-2003		7.3%	
TX Annual chg., 2002-2003		3.5%	
1993-2003		6.4%	
US Annual chg., 2002-2003		4.1%	
1993-2003		5.3%	



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NATURAL GAS WELLS IN NORTH TEXAS

The number of natural gas wells in North Texas has grown as production of the Barnett Shale field expands. Production began in the core area of Wise, Denton and Tarrant counties and continues to spread as producers try to determine how far to the west and south the field goes.

Well count in February 2006 (regular producing wells)

WICKESVILLE 0
JACK 1,277
DENTON 1,869
COLLIN 0
PALO PINTO 1,331
FARKER 1,001
TARRANT 836
DALLAS 0
HOCKLEY 0
HODGSON 193
JOHNSON 193
ELLIS 2
ERATH 250
SOMERVELL 5
HILL 0
WISDOM 0
TARRANT 0

25 miles

Barrett shale basin

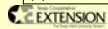
SOURCE: Texas Railroad Commission



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FEBRUARY 2006 TEXAS OIL AND GAS DRILLING PERMITS AND COMPLETIONS

RRC DISTRICT	PERMITS	OIL COMP	GAS COMP
(9) NORTH TEXAS	267	62	68
(8) MIDLAND	223	153	11
(6) EAST TEXAS	170	17	158
(7C) SAN ANGELO AREA	153	47	53
(4) DEEP SOUTH TEXAS	151	11	136
(8A) LUBBOCK AREA	106	50	6
(10) PANHANDLE	102	1	76
(3) SOUTHEAST TEXAS	100	31	47
(2) REFUGIO AREA	85	24	50
(7B) WEST CENTRAL TX	73	18	15
(5) EAST CENTRAL TX	60	2	61
(1) SAN ANTONIO AREA	56	16	14



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JANUARY 2006 TEXAS TOP TEN

COUNTY	CRUDE OIL (BBLs)	COUNTY	TOTAL GAS (MCF)
1. GAINES	2,380,028	1. ZAPATA	21,034,043
2. YOAKUM	2,175,420	2. PANOLA	19,630,755
3. ANDREWS	2,033,088	3. FREESTONE	18,420,137
4. HOCKLEY	1,662,644	4. WEBB	17,927,815
5. ECTOR	1,601,057	5. PECOS	15,644,636
6. SCURRY	1,360,042	6. HIDALGO	15,341,777
7. PECOS	946,197	7. WISE	14,109,639
8. MIDLAND	831,917	8. DENTON	11,858,308
9. UPTON	810,044	9. CROCKETT	9,865,101
10. CRANE	794,634	10. TARRANT	9,438,708



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IMPLAN Input/Output Model

- Widely used for academic and professional studies
- Provides estimates of the direct, indirect, and induced impacts of economic activities
- Direct impacts - represented by spending on exploration and production activities
- Indirect impacts - represents the economic activity generated by vendors of services and goods
- Induced impacts – due to employees and contractors spending a portion of earnings in the local economy

Source: Weinstein and Clower, 2004.



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Three Components of Analysis

1. One-time impacts of site development and drilling activities. Once a well has been drilled and developed, the activity moves to another site and, for the most part, this category of spending ceases.
2. Component of recurring spending - maintenance and repair of facilities, salaries, and administrative expenses. Included is the value of royalties, rents, and corporate profits that likely stay in the local area.
3. Demographic, employment and fiscal trends

Source: Weinstein and Clower, 2004.



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Economic and Fiscal Impacts of Site Development and Drilling Activities

Description	2003 Impacts	Impact/\$ Spent
Spending	\$360,261,000	xxx
Total Economic Activity	\$475,223,000	\$1.32
Total Labor Income	\$96,646,000	\$0.27
Total Employment (per \$1,000,000)	2,010	5.6
Total Property Income*	\$108,783,000	\$0.30
State and Local Taxes**	\$22,501,000	\$0.06

* Includes royalties, rents, dividends, and corporate profits

** Includes sales, excise, property taxes, fees, and licenses.

Source: Weinstein and Clower, 2004.



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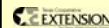
Economic and Fiscal Impacts of Recurring Operations

Description	2003 Impacts	Impact/\$ Spent
Spending	\$106,520,000	xxx
Total Economic Activity	\$136,032,000	\$1.28
Total Labor Income	\$25,089,000	\$0.24
Total Employment (per \$1,000,000)	526	4.9
Total Property Income*	\$26,731,000	\$0.25
State and Local Taxes**	\$66,583,000	\$0.63

* Includes royalties, rents, dividends, and corporate profits

** Includes sales, excise, property taxes, fees, and licenses.

Source: Weinstein and Clower, 2004.



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Schools & Communities

- "If non-metro schools are successful in producing well-educated students, they run the risk of accelerating the exodus of talented youth to the larger cities that offer higher salaries and other important amenities.
- Certainly, these areas can attempt to retain these talented individuals by expanding the availability of better paying, higher quality jobs in the locality.
- In far too many rural places, the necessary infrastructure and fiscal resources needed to create or attract such jobs are simply limited."



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Why Entrepreneurship?

- Failure of traditional economic development approaches (e.g., recruitment, commodity dependency) to create competitive rural economies in most of rural America.
- Identification of a positive relationship between entrepreneurship and economic growth, in national and international research studies.



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Entrepreneurship

An entrepreneur is a person who sees an opportunity and acts to create an enterprise around that opportunity.



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Entrepreneurs Are Like Yeast in Bread..

- They Perceive Opportunities
- They Assess Feasibility
- They Turn Ideas into Ventures
- They Are Market Focused
- They Generate Economic Activity



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Entrepreneur Success

- Identify Them,
- Focus on Them,
- Provide Customized Support, and
- Connect Them



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Supporting and Energizing Entrepreneurs

- The Community
- Entrepreneurial Support Organizations (ESOs)



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Community Role

- Create (or provide) “quality of place” amenities that are important for encouraging, attracting and maintaining entrepreneurs and their businesses.
- Create entrepreneurial environments—public policies and services that support entrepreneurs.
- Celebrate entrepreneurs—recognize and publicize their achievements.



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TCE: An Entrepreneurial Support Organization (ESO)

- Assist agribusiness and business entrepreneurs with value-added product ideas, e.g., business planning, financial feasibility analysis, strategic planning, contacts and rural economics
- Individual meetings with clientele and small groups to facilitate economic development and community support for entrepreneurship



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Summary

Increasing Entrepreneurship in America is a Primary Strategy for Increasing Economic Performance and Prosperity.



Rural Economic Development

Our Commitment*

- Share Knowledge
- Pursue Partnerships
- Support Entrepreneurship and Economic Development Ventures

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*The author wishes to express appreciation to Dr. Don Macke, Dr. Deborah Markley, and Dr. Lionel J. Beaulieu for material contained within this presentation as well as the authors included in the references.



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