County Structures & Strategies for Economic Development

A Preliminary Blueprint of the Economic Development Approaches in Minnesota

Authored by Felipe Dyna Barroso and Brigid Tuck
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A PRELIMINARY BLUEPRINT OF THE ECONOMIC DEVELOPMENT APPROACHES IN MINNESOTA

January 2016

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EXECUTIVE SUMMARY

From September 2014 to September 2015, the Community Economics Team from the Center for Community Vitality of the University of Minnesota Extension developed a research project that identified and categorized the approaches to economic development most commonly used by Minnesota county governments. The project’s main goal is to provide county authorities with a blueprint of the existing approaches to economic development in order to help policymakers make better informed decisions. The Minnesota Association of Professional County Economic Developers (MAPCED) provided guidance and support for the project.

In March 2014, the authors sent out a statewide survey to county authorities and received answers from 17 respondents. A second survey addressed to partner organizations followed, yielding 12 responses from representatives of partner organizations involved with economic development efforts. Due to the small sample of the surveys, their conclusions are not generalizable to the entire state. However, the authors strongly believe that, if repeated and extended to a wider number of participants, this project can add great value to the economic development community of Minnesota.

The county survey revealed that the overwhelming majority of county respondents (93.8%) reported to either carry out or fund economic development activities. Only one county (6.2%) reported not to engage with economic development activities at all. The median amount of funds that the county respondents dedicate to economic development is of $86,000 dollars, and ranges from $5,000 to $800,000 dollars per year. Financial incentives and regional marketing programs are the activities most frequently carried out by the county respondents, being practiced by 57.1% and 42.9% of the responding counties respectively.

However, 87.5% of the county respondents do not perceive their counties as being primarily responsible for economic development in their jurisdiction and 50.0% of county respondents reported to fund and assign to a partner organization1 its economic development functions. In contrast, only 12.5% of county respondents have separate, internal departments that are either entirely or partially dedicated to conducting economic development. Furthermore, only 20.0% of the county respondents reported a high level of engagement with economic development activities.

These results indicate that the respondents of the county survey are often involved in economic development efforts, but are rarely at the forefront of economic development promotion when compared to other organizations or government units. The county respondents frequently partner with other organizations (public or private) and seldom have established offices that are tasked with economic development functions.

The responses from the partner organizations shed some light on their role in fostering county economic development. Differently than the county government respondents, the partner organization respondents reported to focus on business-oriented activities, such as small business support, business retention, and business finance programs (each activity is conducted by 91.7% of respondents). Partner organization respondents also reported a higher level of engagement (83.3% highly engaged) with economic development than the county government respondents, perhaps a consequence of being specialized organizations. Both groups of survey respondents, however, reported to frequently partner with city. City governments are the most frequent collaborators for county and partner organization respondents alike.

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1 County EDAs or HRAs are considered partner organizations for the purposes of this project.
The authors of the project also selected four counties and three partner organizations to feature a summary table, which shows, to a greater detail, their approach to economic development. The featured respondents were selected according to the closeness of their answers to the pre-established categories of the summary table and do not reflect any judgement of value on their approach to economic development. The selected example respondents are the counties Yellow Medicine, Isanti, Sherburne, and Aitkin, and the partner organizations Wright County Economic Development Partnership, Renville County HRA/EDA, and Murray County EDA. The authors used these respondents as illustrations of different approaches to economic development. The summary table is on page 8 of this report.

This project hopes to lay the foundation for further efforts in classifying and analyzing the approaches to economic development currently adopted by county governments and their partner organizations in the State of Minnesota. A more complete survey of state counties and partner organizations would allow for cross-tabulations between the structure and strategy for economic development, potentially yielding insights on how one may affect the other. For instance, knowing the correlation of having a separate department for economic development with the programmatic choices and the amount of funds allocated to economic development is likely to be useful information for counties that are reevaluating their approaches to economic development. The authors believe that knowing such relationships is of great value for policymakers and strongly recommend that the economic development community of Minnesota support a new, more complete round of surveys.
INTRODUCTION

The straining of local government budgets resulting from the devolution of public services (Lobao & Kraybill, 2009, p. 424) and the increasing scarcity of federal funds made available to local governments in the post-2008 crisis period are compelling county authorities across the country to increase the efficiency of their use of public funds to foster economic development. With that in mind, the Community Economics Team from the Center for Community Vitality of the University of Minnesota Extension developed a research project that identified and categorized the most commonly used approaches to conduct economic development adopted by Minnesota county governments.

This project was conducted over the course of a year, starting in September 2014 and culminating with the publication of this report in September 2015. The Minnesota Association of Professional County Economic Developers (MAPCED) provided guidance and support for the project.

Objectives

The primary objective of this project is to provide the economic development community of Minnesota with a blueprint of the existing structures and strategies used by counties to foster economic development. By categorizing the different county approaches and sharing the information among the concerned stakeholders, the authors intend to contribute to the statewide efficacy of economic development efforts and to help policymakers make informed decisions.

Secondarily, this research project intends to create a benchmark which University of Minnesota Extension researchers can use in related studies that further advance the common interests of the communities of Minnesota.

Framing of the Discussion

This project interprets the approaches to economic development through two main dimensions: structure and strategy. The structure relates to both the locus and the organizational model of the economic development efforts supported by any particular county government. For example, whether the county government dedicates part of its staff to design and implement economic development programs or if it financially supports third-party organizations to do so are aspects that pertain to the structure dimension. The strategy dimension, on the other hand, relates to the nature of the approach to economic development. For instance, the strategy is concerned with the level of engagement with economic development and the type of programs supported by the county government (e.g., workforce development programs), independently of the structure adopted for that end. The combination of these two dimensions is what composes the county government’s overall approach to economic development.

In the literature of local economic development, there are few existing works that attempt to provide a universal categorization of the many approaches to economic development. There are, however, many context-specific classifications. This project draws from existing typologies to create classifications that are suitable for the context, subjects, and audience of the State of Minnesota. In the case of the structure dimension, the classifications presented here are largely a modification of the county-specific categories introduced by Jongsun Park and Richard C. Feiock in the work titled “Stability and Change in County Economic Development Organizations” published in the Economic Development Quarterly journal. In terms of strategy, a larger number of sources were combined in order to create this project’s classifications. The major sources were the International City/County Management Association’s (ICMA) Economic Development 2014 Survey, the National Association of
DEFINITIONS

Structure Dimension

The structure dimension has three main components: organizational model, county staff dedicated to economic activities, and county budget.

Organizational model

The organizational model is the general administrative structure used by the county government to conduct economic development activities. The survey asked respondents to select from a set of six organizational models the one that best represents the administrative structure for economic development in their county government. A brief description of the five models picked by respondents follows, assisted by a sample organizational chart.

- Limited Role

The county government does not directly engage in economic development activities nor does it directly fund a third-party organization for that end. Some economic development efforts may be conducted on an ad-hoc basis, typically in partnership with cities or private organizations.

- Executive Function

The county manager, county administrator, or Board of Commissioners is directly responsible for conducting economic development activities.

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2 There are many organizational chart variations that apply to each organizational model. The ones used in this section are for illustrative purposes only.
• Within Larger Department/Office

County government assigns economic development functions to a single department that is not exclusively dedicated to economic development.

• Separate Department

County government dedicates a department/office exclusively to economic development activities. The department/office must have at least one employee dedicated full-time to economic development activities.
- **External to Government Operations**

County government partners with and assigns economic development responsibilities to an external entity (public or private).

**County government staff dedicated to economic development activities**

Whether the county government assigns part of its staff to conduct economic development activities or not is part of the structural dimension as defined by this project. The survey asked respondents to indicate how many employees are dedicated to economic development functions and what percentage of their work time, using full-time equivalent (FTE), they devote to it.
County government budget

The last component of the structure dimension is the way county governments fund their economic development programs. Respondents were asked about the amount of funds allocated to that end as well as about what funding mechanism is used: standard budget allocation, a dedicated tax levy, or an alternative mechanism.

Strategy Dimension

The strategy dimension has three main components: primary intervention, level of engagement, and tools/programs.

Primary Intervention

Respondents were asked to describe the overarching strategy adopted by the county government to foster economic development. This was an open-ended question that allowed respondents to express, from the county government’s perspective, the rationale of their economic development efforts.

Whenever necessary, the authors made use of other answers of the survey to help classify primary interventions as either focused or mixed strategies (for the descriptions of focused and mixed strategies, please refer to the Strategy Section of Appendix A).

Level of Engagement

Respondents were asked to classify (self-declare) the level of engagement of their approach to economic development as low, moderate, or high.

Tools/Programs

The third and last component of the strategy dimension is the economic development programs themselves. The survey instrument asked which programs the county government/partner organization conducted in the last fiscal year. The authors classified the answers into eight core categories: financial incentives, workforce development, infrastructure investment, small business support, business retention, business recruitment, business finance, and regional marketing. Each core category may contain several different programs and one program may apply to more than one category. The authors understand that there are many valid classifications for economic development programs and chose to use this particular set of categories based on its appropriateness to the context of Minnesota as well as its usefulness in conveying important information about county approaches. The full descriptions of the categories are in the Appendix A.

SURVEY RESULTS

Summary Table

The summary table displays the answers of selected, example county governments/partner organizations classified according to the structure and strategy components introduced by this project. Each row of the table contains the answers of a selected county government/partner organization. The authors selected one respondent per organizational model in order to illustrate and compare the strategies that are associated with each one of them. Furthermore, the table separates the structural components from the strategic components, placing the former on the left side and the latter on the right side of the table.

The vertical order of counties/partner organizations is based on whether their organizational models are internal to government operations, external to government operations, or limited in
terms of economic development. Within each of these groups, the organizational models (and their respective county governments/partner organizations) were arranged according to the expected level of engagement. For instance, it is expected that a county government that adopts the Executive Function model would be less engaged in economic development activities than a counterpart county government that dedicates a Separate Department for the same function. Therefore, the Executive Function row is located above the Separate Department, based on the expected level of engagement that each organizational model entails. The actual level of engagement (as declared by the respondent), however, is listed under the strategy section of the table.

The primary intervention column paraphrases the answers provided by the example respondents in the survey. The level of engagement column is also self-declared. The tools/programs column, on the other hand, relies on the authors’ classification of the programs listed by the respondents themselves. An “X” indicates that the respondent does conduct activities of the type relative to the column where the “X” is placed. A brief narrative on each selected respondent follows the table.
## County Approaches to Economic Development, Selected Example Counties

<table>
<thead>
<tr>
<th>County/PO</th>
<th>Structure</th>
<th>Country/PO Budget</th>
<th>Strategy</th>
<th>Tools/Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limited</td>
<td>Yellow Medicine</td>
<td>Limited Role</td>
<td>Newly created EDA will create a demographic/business/housing information database and engage with Extension to conduct ED workshops</td>
<td>Low</td>
</tr>
<tr>
<td>Isanti</td>
<td>Executive Function</td>
<td>30,000 Budget Allocation</td>
<td>Primarily support cities’ EDA efforts. Carry out sporadic business retention efforts.</td>
<td>Moderate - - X X - -</td>
</tr>
<tr>
<td>Sherburne</td>
<td>Within Larger Department/Office</td>
<td>88,000 Budget Allocation</td>
<td>Collaboration with public agencies and private partners; invest in transportation and technology infrastructure; determine role in marketing; allocation of County resources; efficient use of financial incentives and tools; maximize value of public facilities</td>
<td>Moderate X - X - - X - X</td>
</tr>
<tr>
<td>Aitkin</td>
<td>Separate Department</td>
<td>84,000 Budget Allocation</td>
<td>Financing and planning assistance for businesses (new, expanding or relocating); working with chambers and cities to increase their effectiveness; workforce development; tourism marketing.</td>
<td>High X X - X X X X X</td>
</tr>
<tr>
<td>Wright C. ED Partnership</td>
<td>Business Organizations/ Nonprofits</td>
<td>2 employees (100%, 50% FTE)</td>
<td>Active in business support through SBDC services and searching for financing tools; leader in collaborative marketing strategies; offer a county-wide revolving loan fund.</td>
<td>High N/A X X X X X X X</td>
</tr>
<tr>
<td>Renville (EDA/HRA)</td>
<td>Housing Development Authority</td>
<td>3 employees (100%, 60%, 20% FTE)</td>
<td>Assist communities with housing &amp; economic development projects; responsively increasing access to capital for startup or expansion; proactively stimulating infrastructure development and entrepreneurial activity</td>
<td>Moderate N/A - X X X - - X X</td>
</tr>
<tr>
<td>Murray EDA</td>
<td>Economic Development Authority</td>
<td>1 employee (100% FTE)</td>
<td>Support business retention, expansion and creation</td>
<td>High N/A - X X - - X X</td>
</tr>
</tbody>
</table>

**Legend:**
- **PO:** Partner Organization
- **S.B.S:** Small Business Support
- **R.M:** Regional Marketing
- **F.I:** Financial Incentives
- **B.Rt:** Business Retention
- **B.F.:** Business Finance
- **W.D:** Workforce Development
- **B.Rc:** Business Recruitment
- **LI:** Infrastructure Investment
Selected Respondents—County Survey

The demographic and socio-economic data of this section were retrieved from the 2009-2013 ACS (5-year estimates) and NACo County Explorer tool.

**Yellow Medicine County (Limited Role)**

<table>
<thead>
<tr>
<th>YOUNG MEDICINE</th>
<th>VALUES</th>
</tr>
</thead>
<tbody>
<tr>
<td>AREA (SQ. MILES)</td>
<td>763</td>
</tr>
<tr>
<td>POPULATION (16 YRS AND OVER)</td>
<td>8,224</td>
</tr>
<tr>
<td>ANNUAL MEDIAN HOUSEHOLD INCOME (2013 INFLATION-ADJUSTED)</td>
<td>$52,510</td>
</tr>
<tr>
<td>POP. BELOW POVERTY LEVEL IN THE PAST 12 MONTHS</td>
<td>13.4%</td>
</tr>
<tr>
<td>UNEMPLOYMENT RATE (% OF CIVILIAN LABOR FORCE)</td>
<td>4.1%</td>
</tr>
<tr>
<td>POP. EMPLOYED IN TOP INDUSTRY (EDUCATIONAL SERVICES, HEALTH CARE, AND SOCIAL ASSISTANCE)</td>
<td>24.9%</td>
</tr>
<tr>
<td>% OF POPULATION W/ HIGH SCHOOL DEGREE OR MORE</td>
<td>92.9%</td>
</tr>
</tbody>
</table>

Yellow Medicine County plays a limited role in economic development, with municipalities and other organizations taking primary responsibility for economic development in the area. Currently, Yellow Medicine authorities are in the process of establishing a strategy for its existing EDA, which will involve the creation of a demographic/business/housing information database and the promotion of economic development workshops.

**Isanti County (Executive Function)**

<table>
<thead>
<tr>
<th>ISANTI</th>
<th>VALUES</th>
</tr>
</thead>
<tbody>
<tr>
<td>AREA (SQ. MILES)</td>
<td>451</td>
</tr>
<tr>
<td>POPULATION (16 YRS AND OVER)</td>
<td>29,505</td>
</tr>
<tr>
<td>ANNUAL MEDIAN HOUSEHOLD INCOME (2013 INFLATION-ADJUSTED)</td>
<td>$57,353</td>
</tr>
<tr>
<td>POP. BELOW POVERTY LEVEL IN THE PAST 12 MONTHS</td>
<td>8.0%</td>
</tr>
<tr>
<td>UNEMPLOYMENT RATE (% OF CIVILIAN LABOR FORCE)</td>
<td>9.0%</td>
</tr>
<tr>
<td>POP. EMPLOYED IN TOP INDUSTRY (EDUCATIONAL SERVICES, HEALTH CARE, AND SOCIAL ASSISTANCE)</td>
<td>24.5%</td>
</tr>
<tr>
<td>% OF POPULATION W/ HIGH SCHOOL DEGREE OR MORE</td>
<td>93.9%</td>
</tr>
</tbody>
</table>

Isanti County government assigns its economic development functions to the county administrator position and declares to be moderately engaged with economic development. Isanti has a focused strategy of primarily supporting the economic development agencies of the county’s municipalities, which are at the forefront of economic development activities. The county’s $30,000 economic development budget is used to assist local businesses, such as providing tools for commercial websites. While Isanti County government has its own programs, it also partners with development corporations that are active in its jurisdiction.
Sherburne County (Within Larger Department)

<table>
<thead>
<tr>
<th>SHERBUREN</th>
<th>VALUES</th>
</tr>
</thead>
<tbody>
<tr>
<td>AREA (SQ. MILES)</td>
<td>451</td>
</tr>
<tr>
<td>POPULATION (16 YRS AND OVER)</td>
<td>66,302</td>
</tr>
<tr>
<td>ANNUAL MEDIAN HOUSEHOLD INCOME (2013 INFLATION-ADJUSTED)</td>
<td>$73,098</td>
</tr>
<tr>
<td>POP. BELOW POVERTY LEVEL IN THE PAST 12 MONTHS</td>
<td>7.8%</td>
</tr>
<tr>
<td>UNEMPLOYMENT RATE (% OF CIVILIAN LABOR FORCE)</td>
<td>7.1%</td>
</tr>
<tr>
<td>POP. EMPLOYED IN TOP INDUSTRY (EDUCATIONAL SERVICES, HEALTH CARE, AND SOCIAL ASSISTANCE)</td>
<td>21.8%</td>
</tr>
<tr>
<td>% OF POPULATION W/ HIGH SCHOOL DEGREE OR MORE</td>
<td>94.1%</td>
</tr>
</tbody>
</table>

Although Sherburne County government has an Economic Development Coordinator, this official is not entirely dedicated to economic development activities and thus, the county fits the under the organizational model “Within Larger Department/Office”. The Economic Development Coordinator disposes of an $88,000 budget to carry out four types of economic development programs: financial incentives, infrastructure investment, business recruitment, and regional marketing. The county government reported that it partners with a variety of actors when implementing its programs, ranging from other governmental units (State of Minnesota and municipalities) to private organizations (business associations). Despite being moderately engaged, the county authorities declared the county to be the organization primarily responsible for promoting economic development within its jurisdiction.

Aitkin County (Separate Department)

<table>
<thead>
<tr>
<th>AITKIN</th>
<th>VALUES</th>
</tr>
</thead>
<tbody>
<tr>
<td>AREA (SQ. MILES)</td>
<td>1995</td>
</tr>
<tr>
<td>POPULATION (16 YRS AND OVER)</td>
<td>13,587</td>
</tr>
<tr>
<td>ANNUAL MEDIAN HOUSEHOLD INCOME (2013 INFLATION-ADJUSTED)</td>
<td>$41,617</td>
</tr>
<tr>
<td>POP. BELOW POVERTY LEVEL IN THE PAST 12 MONTHS</td>
<td>12.1%</td>
</tr>
<tr>
<td>UNEMPLOYMENT RATE (% OF CIVILIAN LABOR FORCE)</td>
<td>9.6%</td>
</tr>
<tr>
<td>POP. EMPLOYED IN TOP INDUSTRY (EDUCATIONAL SERVICES, HEALTH CARE, AND SOCIAL ASSISTANCE)</td>
<td>21.9%</td>
</tr>
<tr>
<td>% OF POPULATION W/ HIGH SCHOOL DEGREE OR MORE</td>
<td>93.3%</td>
</tr>
</tbody>
</table>

Aitkin County government was the only respondent to report it has an entirely separate department to conduct economic development activities, one with a full-time employee dedicated to this work. Aitkin County government reported itself to be highly engaged with economic development, and this engagement is evident in the wide array of programs supported by its economic development department: the county government has programs on seven out of the eight types considered in this project's framework. The department's total budget is of $84,000.

The Aitkin County government adopts a mixed strategy to promote economic development that involves collaboration with cities and business chambers as well as programs implemented entirely.
by the county government, such as its tourism grants. The county government also declared to be the primary promoter of economic development of its jurisdiction.

**Selected Respondents—Partner Organization Survey**

**Wright County Economic Development Partnership (Business Organization/Nonprofit)**

The Wright County Economic Development Partnership reports to be highly engaged in economic development. It has a budget of $125,000 and two employees that are involved in the economic development activities. The organization carries out programs of all eight types displayed on the summary table, cooperating with a broad range of actors that include business associations, EDAs, municipalities, county governments, the State of Minnesota, among others.

**Renville County HRA/EDA (HRA)**

Renville County government has both a HRA and an EDA that are involved in the promotion of economic development as defined by this project. Since both entities operate jointly as one organization, the answers featured in the summary table above and the explanation that follows below understand the HRA and the EDA as one single organization.

Renville’s HRA/EDA has three employees, although only one employee is entirely dedicated to economic development (the others have 60% FTE and 20% FTE assignments). The organization operates with a budget of $160,000 to assist communities with housing and economic development projects, increase access to capital for startup or expansion, and proactively stimulate infrastructure development and entrepreneurial activities. The HRA/EDA also cooperates with the county government on regional marketing programs. Despite the broad range of activities supported by the organization, the Renville County’s HRA/EDA classified its level of engagement as moderate.

**Murray County EDA (EDA)**

The Murray County EDA focuses primarily on business retention, expansion, and creation. The EDA has a budget of $124,000 and one employee dedicated full-time to economic development activities. While its range of activities is fairly limited, the organization reports that it is highly engaged in the areas it prioritizes. The Murray County EDA partners with other actors to promote economic development (as is the case with its business finance programs that receive support from the state government) as well as independently executes programs of its own (as is the case of its business retention initiatives).

**Aggregated Results**

This section covers the aggregated results of both surveys: the county government survey and the partner organization survey. Given the limited sample size of both, the authors believe that the implications from the results presented here are not generalizable throughout the state and relate only to the group of respondents. Since not all questions were answered by every respondent, each graph shows how many answers were registered for that particular question (“n =”).
County Government Survey

For the county survey, 52.9% of respondents were county managers (or analogous positions), nearly a quarter (23.5%) were county economic development staff, and only one (6.2%) was an elected county official.

On the question on county involvement in economic development, all but one (93.8%) of the 16 respondents reported that their counties conducts economic development or funds it. The median amount spent on economic development activities by the surveyed county governments which responded the survey was of $86,000 dollars in the last fiscal year.

Are Economic Development Efforts Conducted and/or Fiscally Supported by the County Government?

- Yes: 93.8%
- No: 6.2%

$n = 16$

County government funds for economic development are often used for financial incentives to businesses, a type of activity used by 57.1% of respondents and clearly in the lead of the tools used by this group of counties for promoting economic development. The next most frequently used tool is regional marketing, reported by 42.9% of respondents, followed by workforce development, business retention, and business finance—all with 35.7%.
While many of the county governments responding to the survey reported that they conduct or fund economic development activities, only 12.5% perceive themselves as the primary promoters of economic development in their jurisdiction, while 87.5% said other organizations are at the forefront. It is worth noting that these results consider county EDAs and HRAs as separate entities from the county government. Moreover, these results line up well with the survey finding that 80.0% of the surveyed county governments do not consider themselves as highly engaged in economic development.

**Is the County Government Primarily Responsible for Economic Development?**

- Yes: 12.5%
- No: 87.5%

$n = 16$
In terms of the organizations that county government respondents believe to be primarily responsible for economic development in their jurisdictions, 25.0% identified county EDAs and 25.0% identified nonprofit/development corporations, followed by city EDAs, city governments, and the county government themselves—all accounting for 12.5% of the responses each.
The following graph displays the organizations reported to be primarily responsible for economic development in three categories: EDA/HRAs (entities created by a local government unit), private organizations (nonprofits, development corporations, business chambers, etc.), and government units (counties and cities). As the results show, government units themselves are, for this sample of respondents, the group least often in charge of economic development activities, whereas EDA/HRAs share with private organizations the leadership of economic development efforts.

The organizational model most often adopted by respondents corroborates the county responses: 50.0% of county governments responding to the survey establish or contract with organizations external to government operations to carry out economic development activities, whereas only 37.5% conduct such activities directly (Within Larger Department, Separate Department, Executive Function), indicating a preference among respondents to make use of third-party organizations. The remaining 12.5% declared to have a limited engagement in economic development activities.
Partner Organization Survey

The significant reliance of the surveyed county authorities on partner organizations to foster economic development makes the results of the partner organization survey particularly important. Among the responding partner organizations, the majority of the strategies adopted to foster economic development are mixed: 66.7% of respondents reported focusing on more than one area when fostering economic development, while the remaining 33.3% chose single strategic areas to focus on. Similar results were verified on the county government survey: 60.0% of respondents adopt mixed strategies and 40.0% adopt focused strategies.

Overall Strategy for Fostering Economic Development (Partner Organization)

- **Focused Strategy**: 33.3%
- **Mixed Strategy**: 66.7%

$n = 12$

Overall Strategy for Fostering Economic Development (County Government)

- **Focused Strategy**: 40.0%
- **Mixed Strategy**: 60.0%

$n = 15$
The median amount spent by partner organizations on economic development activities is $109,614 dollars, which is slightly higher ($23,614) than the county governments’ median of $86,000 dollars. It is worth noting, however, that because county governments may use their economic development dollars to fund partner organizations, the dollars spent by responding partner organizations may be some of the same dollars reported as economic development spending by responding county governments.

There is a substantial difference between the types of programs carried out by each group. The partner organizations reported to focus on business-oriented activities, such as start-up support and business retention, finance, and recruitment, whereas county governments rely on financial incentives and regional marketing as their primary tools.

It must be noted that county government respondents had varying degrees of specificity in their answers to the questions related to which programs they currently conduct. Some respondents were very detailed and provided an extensive list of programs while others grouped programs into larger categories. This may have resulted in an understatement of the programs conducted by county governments, which is reflected in the figure below.

Another significant difference between the partner organizations and county governments is their perception of their engagement level. An overwhelming majority of the partner organizations identified themselves as being highly engaged in economic development activities, perhaps a natural
consequence from being specialized organizations. No partner organization reported having a limited level of engagement.

Lastly, the responses from both surveys indicate that the respondents often partner with city governments during the implementation of economic development programs. Of the 34 county government programs reported, 35.3% are implemented in collaboration with city governments. For partner organizations, 16.4% of the 55 programs reported are implemented in collaboration with city governments. For county governments, city governments are the most frequent collaborators, followed by the state government (17.6% of total programs). For the partner organizations, city governments are also the single most frequent collaborators in economic development programs, although 32.7% of partner organization programs are implemented in collaboration with organizations not provided in the response options (“other”).

**SURVEY METHOD**

The data used in this project was collected through an electronic survey distributed to all 87 counties of Minnesota using the Qualtrics online platform. Survey design was informed by Don Dillman’s guiding principles for internet surveys (Dillman, Smyth, and Christian, 2009). The recipients of the survey instrument were county administrators, economic developers, or any other county official directly involved with the promotion of economic development. For the county governments which assign economic development functions to an Economic Development Authority (EDA), Housing Redevelopment Authority (HRA), a nonprofit corporation, or any other analogous external organization, the authors submitted a second separate survey to a representative of the respective organization. Both surveys asked general and specific questions regarding the economic development activities supported by the county government or partner organization. The authors later classified the answers into the established categories of structure and strategy.

From the pool of respondents, seven county governments/partner organizations were featured, with their consent, in a summary table that showcases their approach to economic development. The
authors selected the featured respondents based on the closeness of their answers to the pre-established categories of the summary table for instructive purposes, and the choice does not reflect any judgment of value on the policies adopted by any of participants of the survey. The intention of such table is to introduce the classifications of the approaches to economic development with real illustrations, displaying them side-by-side in order to highlight their differences as well as similarities.

Of the 87 surveys sent to county authorities, 17 were completed fully, amounting to a 19.5% response rate. The second survey was sent to 20 partner organizations, which were identified either by the county governments themselves as part of their answers or by a research of existing partner organizations done by the authors. Twelve partner organizations responded the survey, amounting to a 60.0% response rate. Only completed surveys were used in the analysis that follows, although respondents who skipped optional questions were not removed from the sample. The authors dropped all incomplete surveys.

CONCLUSION

Based on survey results from a limited number of respondents, this report analyzes the approaches to economic development of the responding county governments and their partner organizations, looking at both their strategic and structural dimensions. The framework for analysis is largely a modification of existing models available in the local economic development literature adapted to the context of the State of Minnesota. The authors collected the data through an online survey of county authorities and representatives of partner organizations directly involved with economic development efforts. The authors classified the answers into an analytical framework using a process that drew upon all the answers collectively to create a narrative that described survey results and example responses for economic development approaches. The seven example respondents were featured in a summary table based on the similarity of their organizational model with the organizational models introduced by the project. The aggregated results section shows the overall survey results and compares the partner organization approaches to economic development with that of the county governments.

This project hopes to lay the foundation for further efforts in classifying and analyzing the approaches to economic development currently adopted by county governments and their partner organizations in the State of Minnesota. A more complete survey of state counties and partner organizations would allow for cross-tabulations between the structure and strategy for economic development, potentially yielding insights on how one may affect the other. For instance, knowing the correlation of having a separate department for economic development with the programmatic choices and the amount of funds allocated to economic development is likely to be useful information for counties that are reevaluating their approaches to economic development. The authors believe that knowing such relationships is of great value for policymakers and strongly recommend that the economic development community of Minnesota support a new, more complete round of surveys.
APPENDIX A—Terms Definitions

General Definitions

**County:** Geographic region that includes unincorporated areas as well as municipalities.

**County Government:** Governing body of the county territory. Organizations such as EDAs and HRAs, albeit public, are not considered part of the county government in this project.

**Partner Organization:** Organization tasked with creating and/or carrying out economic development programs for the county government (e.g., EDAs, HRAs, Development Corporations, Business Chambers, etc.)

Structure Dimension

**Organizational Model:** General administrative structure used by the county government to conduct economic development activities.

**Limited Role (Organizational Model):** The county government does not directly engage in economic development activities nor directly funds a third-party organization for that end. Some economic development efforts may be conducted on an ad-hoc basis, typically in partnership with cities or private organizations.

**Executive Function (Organizational Model):** The county manager, county administrator, or Board of Commissioners is directly responsible for conducting economic development activities.

**Within Larger Department (Organizational Model):** County government assigns economic development functions to a single department that is not exclusively dedicated to economic development.

**Separate Department (Organizational Model):** County government dedicates a department/office exclusively to economic development activities. The department/office must have at least one employee dedicated full-time to economic development activities.

**External to Government Operations (Organizational Model):** County government partners with and assigns to an external organizational (public or private) the economic development responsibilities.

Strategy Dimension

**Primary Intervention:** Overarching strategy adopted by the county government to foster economic development.

The authors later classified these answers into either **focused** or **mixed** strategies. **Focused** strategies are strategies that clearly prioritize one specific area of action, whereas **mixed** strategies have two or more areas. It is important to note that a focused strategy does not necessarily involve less areas of action than a mixed strategy. For instance, if a county government supports programs in workforce development, infrastructure investment, and business recruitment but places strong emphasis on its business recruitment programs, it would be classified as a focused strategy. On the other hand, a county government which equally emphasizes its two and only areas of action, such as business retention and regional marketing for instance, would have its strategy classified as mixed, even though the number of areas of action is smaller than the previous example (two areas as opposed to three).

**Focused Strategy:** Approach to economic development that emphasizes one particular area of action. A county that adopts a focused strategy may be engaged in several areas of economic development, so long as one is clearly prioritized.
Mixed Strategy: Approach to economic development that emphasizes two or more particular areas of action. A county that adopts a mixed strategy may be engaged in two or more areas of economic development, so long as at least its two top areas of action are emphasized equally.

Financial Incentives: Financial incentives in the form of grants or tax breaks to companies which relocate to or expand their operations in the community. Does not include loan programs.

Workforce Development Programs: Programs that involve the collaboration between county governments and community colleges, local businesses, K-12 schools, non-profit organizations, cities, states, and federal organizations with the goal of creating a more valuable workforce as part of an economic development plan, project, or package (e.g., job training for low skilled workers, school-to-work programs, etc.)

Targeted Infrastructure Investment Programs: Investment in infrastructure systems—roads, bridges, transit, railroads, water, sewer, intermodal connectors, and telecommunications systems—that are part of an economic development plan, project or package (e.g., business/industrial park development, business district investment programs, etc.)

Small Business Support Programs: Policy tools aimed at supporting local entrepreneurship and small businesses (e.g., revolving loan fund for small businesses, business incubators/accelerators, etc.)

Business Recruitment: Programs aimed at recruiting businesses from outside the community (e.g., export development assistance, local government representative calls to prospective companies, etc.) May include financial incentives.

Business Retention: Programs aimed at keeping and developing the existing businesses of a particular community (e.g., energy efficiency programs, business development training, etc.) May include financial incentives.

Regional Marketing: Targeted branding strategies that aid economic growth by allowing counties to communicate their strengths to investors (e.g., promotional and advertising activities, commercial business meetings, etc.)

Business Finance: Loan programs to assist existing or starting businesses. Includes loans that are part of recruitment or retention packages.
REFERENCES


