

Leaders, Issues, and Growth in Nonmetropolitan Communities:
Government, Development, Education, and Healthcare

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The factors that promote rural community viability and sustainability are among the core issues examined by those in rural sociology, economic development, and community policy studies. Three recently published volumes attest to the continuing importance of these issues as rural areas are affected by transformations occurring locally, nationally, and internationally (Brown and Swanson 2003; Flora, Flora and Fey 2004; Schaffer and Loveridge 2000).

Community vitality is of heightened interest in Iowa, a state that has lagged behind some neighboring states in population growth and household and family income. It is of particular interest in recent years, due in part to the overall weakness in the general economy and fiscal pressures on state and community public and private sector entities.

U.S. and Iowa Nonmetropolitan Population Change

Population growth has been used frequently as a prime indicator to identify communities that are thriving and viable. Population change in rural areas through much of the 20th century, although characterized by net out-migration, also had net natural increase and many areas recorded modest population gain (Johnson 2003). The three most recent decades, however, had distinct population patterns. The 1970s had the nonmetropolitan “turnaround” when many areas had net in-migration. The 1980s witnessed widespread population decline and out-migration which was followed by another population rebound in the 1990s (Johnson 2003).

In the past, population gain was thought to indicate a viable community and good quality of life (Swanson and Brown 2003) and this is the view taken in this study. Although some rural areas in the U.S. have experienced rapid and controversial population and development growth, such areas are not the focus of this study. The communities examined here are located in Iowa and it remains a state where many nonmetropolitan areas are struggling with stagnation and population decline.

Iowa did not share much in the “turnaround” of the 1970s although it was a decade when the state as a whole experienced (up to that time) historically low net out-migration and a comfortable population increase (Goudy, Hanson, and Burke 2001). In contrast, Iowa was devastated during the 1980s. The 1990 Census showed that Iowa was one of only four states to lose population (- 137,000, - 4.7%) between 1980 and 1990. During that decade, 92 of Iowa’s 99 counties declined along with 742 (78.4%) of the state’s 947 incorporated places (Burke and Goudy 2001).

Iowa was fortunate to share in the population rebound of the 1990s. The state recorded a population gain of nearly 150,000 between 1990 and 2000. This increase was fueled by both net natural increase (+ 100,000) and, for the first time in the 20th century, net immigration (+ 49,500). Still, the gain was modest (+ 5.4%) when compared with other states and increases were recorded in just over half (54 of 99) of Iowa's counties and incorporated places (58.5%, 554 of 949). Some of the state's communities experienced losses of 10% or more in the 1990s.

Overall, Iowa remains uneasy about its population future. Its growth during the 20th century was the slowest of any state (Goudy 2001). In addition, population estimates from the Census Bureau for 2003 are again suggesting moderate but widespread loss in up to two-thirds of Iowa's counties and communities (U.S. Census Bureau 2004). In light of these recent estimates and the population context of the last three decades, population growth is still viewed in Iowa as being good and a prime indicator of community viability.

Community Capitals Framework

Community capitals provide a useful framework to examine communities. Natural, human, built, financial, social, political, and cultural capital are seven critical dimensions of communities that impact viability and have been thought important in growth and sustainability (Castle 2002; Flora, Flora, and Fey 2004).

Natural capital encompasses land, water, animals, and plants, all relatively plentiful and productive in the rural Midwest, the location of this study. These are the factors of traditional production agriculture and, for most rural areas, the first and possibly still the most important aspect of the economy. Hills, valleys, rivers, and lakes provide recreational opportunities as well. Nonmetropolitan counties with scenic and recreational amenities continue to attract population (Johnson and Fuguitt 2000).

The traditional focus of human capital is on the work force skills of a community's residents especially the level of education and job training. Although physical strength and ability are still important for some jobs, there has been growth in occupations needing workers with computer knowledge, interpersonal skills, leadership ability, and management skills. The health status of residents is recognized as another aspect of human capital as well as the attitudes and values of community residents.

Physical or built capital along with financial capital has received the lion's share of attention from economic developers. Buildings, streets, utilities, industrial parks, and transportation are among the usual things included as built capital. Schools, hospitals and medical clinics, and telecommunications would also fall into this category. The processing and production facilities of value-added agriculture can be included as well.

Financial capital, the other prime focus of economic development, is defined here as cash, loans, grants, and other types of financial instruments. Although stocks and bonds

are not as liquid as cash, they can frequently be converted into cash much more readily than streets or buildings. This form of capital also encompasses tax policy and development incentives. Local, state, and federal governments set tax rates, incentives, disincentives, and issue bonds that directly impact the profits and productivity of businesses as well as the revenue raised for governments to provide services.

Social capital is viewed as a group-level feature that arises out of human interactions. Although there have been varying definitions and uses of the concept of social capital, human interactions, norms, trust, reciprocity, social networks, and a collective vision and capacity for action are core to most uses of the concept (Castle 2002; Flora et al. 2003; Putnam 2000).

The ability to allocate the community's resources, make decisions or influence decision makers, set the agenda of issues to be addressed, or block issues from coming to the forefront are the matters of political capital. Persons who hold formal positions of authority have political capital, but there are others who may also have great influence on decisions and processes who don't hold formal positions. Power structure studies show that while elected government officials are the designated decision makers, others in the community with economic or social positions may have great impact as well (Flora et al. 2003). In addition, some groups and people may be mostly or completely excluded from influence and the decision making process. One other aspect of political capital pertains to how well the community is linked to and can influence decision makers outside the community in regional, state, national, and even international governments, businesses, and organizations.

Cultural capital encompasses the belief, normative, value, verbal, nonverbal, conceptual, and symbolic systems in a community. Some communities have residents with very similar culture and world views while other communities are much more heterogeneous. Although disagreements can arise in any community, even one that is very homogeneous, those with several cultural groups may be more likely to have conflicts.

The Study

This paper reports the findings from a series of community case studies in Iowa. The focus was on identifying local perceptions of community vitality or lack thereof, strategies that generate growth and vitality, and lessons learned about managing policy and resources related to community growth and decline. In-depth interviews with community leaders was the method selected for this research. Such interviews enable a fuller discussion and exploration of the issues and leader's perceptions than can be obtained from more formal surveys.

The primary method for selecting communities for this study was to identify a fast-growing, nonmetropolitan community in each quadrant of Iowa that exceeded the state's population growth rate during the 1990s. Total population was considered in the

selection process to provide assurance that a range of community sizes was included in the sample.

A paired community of similar size that lost population during the 1990s was identified in each quadrant to reduce the influence of regional attributes that may impact community performance characteristics. The paired communities were in counties that were in close proximity such that less than 40 miles separated the towns in three pairs and less than 60 miles separated the fourth pair of communities. Although population change and geographic quadrant were the main selection criteria, the target communities all were located far enough from the state's metropolitan cities so that they were not likely to be metro bedroom communities.

In all, eight nonmetropolitan communities in Iowa ranging in population from 1,600 to 11,000 were selected for the study. Leaders from all eight communities agreed to participate in the project. In this paper, the names of the communities (see appendix) are not given in the tables but rather they are listed by pairs. Pairs one and two were smaller than 2,500 in population at Census 2000 while pairs 3 and 4 exceeded 5,000 residents. For each pair, the community labeled "A" is the one for which the population increased between 1990 and 2000 and those labeled "B" had population decline during that decade.

An interdisciplinary assessment team of an economist, a sociologist, and a graduate student in community planning conducted on-site interviews during the summer and fall of 2003. The interviews were semi-structured with a core content focused on leader's perceptions of community strengths, weaknesses, community support, leadership, development strategies, collaborations, taxation and incentives, education, and healthcare. The researchers also did a "windshield" survey of the physical aspects of each community.

Those interviewed included a cross-section of local leaders from government, economic development, education, and healthcare. In most of the communities this included the mayor, the city administrator or manager, the economic development director, members of the economic development board or committee, the hospital administrator, and the school superintendent. A total of 70 community leaders from the eight communities were interviewed for this project.

Tables 1-12 provide population, social, economic, business, and agricultural characteristics of the study communities and their surrounding counties. Some types of information are available only at the county level. In other cases, the county context is important as well as the community level information. Unless noted otherwise, the information in these tables is from the Censuses of Population and Housing conducted by the U.S. Census Bureau.

Results

Pair 1: The two communities of Pair 1 were the smallest of the eight. They had older age structures, higher age dependency ratios, and smaller proportions of college graduates than most of the other towns. The incomes of their residents were among the lowest, the counties retained a higher dependence on agriculture than most, and, in 2000, these towns had the lowest proportions working in the town and highest working outside the county. Of the four pairs of communities, this pair was, perhaps, the most similar in their demographic and basic economic characteristics.

One of the differentiating factors between the two towns was that during the early 1990s, Place B lost the headquarters of a rural oriented organization that had occupied a half dozen buildings in its commercial district. The organization had been a prime part of the community's economic and social structure for decades. Place B did have long-standing, committed, collaborative, and very active leadership focused on development, however, and it is a testament to the actions of these leaders that the community finished the 1990s with less than two percent population loss. However, more residents of this community had to go outside the town and county and greater distances for work in the 1990s than during the 1980s.

The residents of Place A also did a lot of commuting to find jobs but had had that work pattern longer than residents of Place B. There were neighboring communities within 30 miles, one of which was in an adjoining state, where many of Place B's residents were employed. Leaders in Place B recognized that their town had this "bedroom" community pattern. They thought it worked to their advantage because the community in the neighboring state was perceived to have inferior schools and more expensive housing costs and they were able to keep residents living in their town with this competitive advantage.

Place A of this pair did not have the long-term, very active leadership that was evident in Place B, but the leaders of Place A report having reached a critical point in the 1990s when they decided to work together and not let the "community die." One leader recalled a meeting with 300 people in which citizens were asked to list community positives and negatives. No one was allowed to complain unless they were willing to sign up and do something. Participants came up with a lot more positives than negatives. Several projects were started such as a Community Open House, the Main Street Program, and a new school addition and thus the community became a more attractive place to live for families. Local leaders said that some people who grew up in the community returned from California and western states and brought new ideas and vitality with them.

Pair 2: The communities of Pair 2 are, perhaps, the most dissimilar in their demographic and basic economic characteristics of the four pairs of communities. Place A grew 54.4% between 1990 and 2000 and was one of Iowa's fastest growing towns. A quick look at Tables 3 and 4 shows that Place A, which had 0.3% minority population in 1990, was 23.1% minority in 2000. Most of the minority residents were Hispanic. Such dramatic

demographic change illustrates what is becoming a classic pattern resulting from transitions in food processing industries in nonmetropolitan communities (Burke 2002; Burke and Goudy 1999; Kandel and Cromartie 2004; Stull, Broadway, and Griffith 1995).

In the late 1980s, Place A had been looking for a buyer for an old beef processing plant that had been shut down for several years. At the same time, an owner of a kosher meats grocery and distribution business in Brooklyn, New York was looking for a high quality source of kosher meats. He purchased the plant, remodeled it, and now employs more than 600 people and supplies kosher and non-kosher products to major markets across the U.S. and Israel. With this business transition, Place A also transitioned from a white, Anglo, predominantly Lutheran community to one that is multi-cultural, multi-religious, and multi-lingual with significant Jewish and Hispanic populations. It is likely one of the most diverse rural communities in the entire U.S.

Local leaders say population trends alone do not indicate the full impact of change. A cycle of tension and tolerance occurred that is not uncommon for communities with a large meat packing industry and such cultural and ethnic transitions. Leaders say the community lost some long-time residents who didn't like the changes or the cultural differences. Some saw an opportunity to sell their homes for a good price when housing became tight as more new residents came. Some built new homes in neighboring communities and still commute back to the community to work. In the process, local housing was freed up for new residents. Therefore, the influx of new residents was greater than the Census population change because some out-migration also occurred. Local leaders say some tension from cultural and ethnic diversity continues to exist. However, a member of the Jewish community recently ran for the City Council and was elected.

In contrast to Place A, Place B has not experienced significant cultural change in recent years. It is a scenic, riverfront community that has a tourist draw, some small manufacturers, and is within an hour commute to a city with national manufacturers. There are changes to Place B, however, but they are not as apparent as those in Place A.

Leaders report that significant downsizing and manufacturing layoffs in the commuting city had very negative effects on the community and contributed to the population decline. New residential housing has been built close to the community in several scenic river areas, but is outside the city limits. Leaders say that people have moved from the incorporated area to locations right outside the city limits where they are still counted in the county population but not in the city. While the town lost 12 percent of its residents between 1990 and 2000, the county's decline was two percent.

Several leaders agree that the greatest limitations for Place B's future vitality are prevailing attitudes against change, weak efforts in collaboration, and divergent views on community direction. Local leadership has experienced recent conflicts and resignations. Several also say that there is a love-hate relationship with tourists. Locals realize that

tourism is important to the local economy, yet many do not want to be bothered or inconvenienced by tourists.

Others say that local industry and the community could use a shot of innovation and entrepreneurship to develop more aggressive and competitive strategies in order to generate business growth and sustain the community. Concerns about international competition were mentioned as well as one local employer had publicly announced plans to move partial operations to China.

Pair 3: The two communities of Pair 3 were among the larger of the eight and, as such, had more varied manufacturing plants and a more diverse economy than the smaller towns in the study. In addition, both communities had state prisons, although the one in Place B was much older than the one in Place A which had been converted during the decade from a mental health institution.

Leaders in both communities expressed strong support for and participation in regional development efforts. Both towns belonged to the same regional group and one leader said that they had used a regional approach long before the state was suggesting such efforts. They made annual trips to Iowa's Statehouse in Des Moines and the nation's capitol in Washington, D.C. to talk to legislators and Iowa's Congressional delegation. They credited these regional efforts and trips with success in obtaining funding for various regional and community projects.

Place A was one of the two communities in the study that grew between both 1990 and 2000 and 1980 and 1990 and was located in one of the seven Iowa counties that grew during the earlier time period as well. Place A was able to sustain population growth, even in the face of some layoffs and industrial downsizing. In the 1990s, community leaders say they made a concerted and collaborative effort to continue the momentum established from previous decades which had focused local efforts on highways and diversification beyond production agriculture.

Place A sits at the intersection of two highways that are being transformed into four-lane routes. There also is a major east-west route for commercial rail service and Amtrak passenger service. As an emerging transportation center, Place A makes an ideal location for shipping goods around the nation and it is not surprising that leaders perceive an expanded future for the warehousing and direct mail companies already located there.

The economic base in Place A is more diversified than many of the other communities. It is the location of a four-year college and a branch campus of a community college. There is a historic museum and an associated annual festival. It is also in a county where the number of farms is expanding, where turkey growers are increasing, and a new turkey processing plant has recently opened.

Current leaders report that resources and services are shared in a collaborative fashion among the Area Chamber of Commerce, Area Development Commission, Main Street

group, and city officials. Leaders identified a willingness and effort to cooperate and work together as one of the greatest strengths. Leaders repeatedly said they didn't want to fight among themselves in either the short term or the long term, and although they "stepped on each others' toes now and then," there was a willingness to work together for the common good.

Place B is a scenic riverfront community but has been known primarily as an industrial, manufacturing, and prison town. Several national companies have plants located in the community but they experienced significant layoffs during the 1980s and 1990s and the community as a whole experienced high unemployment and two decades of population loss.

During the 1990s, the river emerged as a renewed focal point for economic growth with the development of several venues as a tourist destination community. They have rebuilt part of the original settlement buildings, expanded an annual rodeo now attended by 25,000 fans, and developed river recreation and sport fishing events. Local investors along with the city established a casino boat that successfully paid off the loans and now contributes revenue to the city.

An aesthetically pleasing downtown rehabilitation has been underway with architectural restoration of many downtown storefronts and the addition of period lighting, benches, and awnings to the look and style of an early 20th century river city. The revitalization also represents efforts to attract specialty shops and entrepreneurial niche marketing businesses to the restoration area.

Unlike several of the other communities in this study, Place B does not own its local electrical utility. Several leaders believe the utility rates to be relatively high thereby impacting the community's ability to attract new businesses. There was additional concern with the phone system and the perception that the provider was not willing to make appropriate upgrades for advanced speeds and broadband. Leaders also expressed a need for more new housing starts and better support for the public schools.

Despite the setbacks of the 1990s, leaders in Place B remained proactive. Most thought that development efforts should focus on retention and expansion of companies already located there. They thought that national and international competition for new plants made it difficult to attract new companies, although there is four-lane highway development that will link it with the highways being built at Place A. Leaders believed that with the river, an industrial core, a state prison, and downtown revitalization, the community possessed a diverse economic base that was missing from many communities.

Pair 4: Place A of Pair 4 was the second of the two study communities with population gain during both the 1990s and the 1980s. Leaders indicated the seeds for the town's growth during these decades were planted mid-20th century when it was still a typical agricultural community. A visionary church leader gained community support in

organizing a faith-based college that now enrolls 1,400 students from 25 states and 15 countries.

Place A also began to develop a track record in attracting and creating new businesses that now includes manufacturing of truck suspensions, windows and doors, and furniture for hospitals and clinics. The community has capitalized on new value-added agriculture and animal biotechnology enterprises that include an ethanol plant, a processor of eggs, a maker of animal vaccines, and a company that is working in animal cloning and genetic technology.

Perhaps the most noticeable change in the community during the 1990s was a unique city-led initiative that totally rebuilt the former downtown retail district. The city bought approximately 25 mostly wooden buildings that were deteriorating, tore them down, issued city bonds, and built an enclosed shopping mall. Although leaders reported there were problems with keeping tenants in the early years, the facility is now fully occupied and the city continues to own and manage it.

City government in Place A functions more assertively than in many other towns in Iowa and the community looks to the city for leadership in ways that other towns might not. Leaders credit the ability of the city, business, the schools, the Chamber, and the college to work together as a key factor in their success. They say there is a willingness to take some risks and people with financial resources and who are willing to invest them there. The city owns the electric and natural gas utilities and is now offering a program for wind energy

Place A's web page describes its residents as "People who like to live and educate their children in a wholesome Christian environment" and the heritage of a majority of the community's residents remains present in their day-to-day lives. The faith-based culture creates a sense of common goals and values that shows up in local business productivity, entrepreneurialism, education, perceptions about community investment, perceptions about the role of government, and beliefs about what the community's commonwealth can accomplish.

Although some areas of Iowa, such as both communities of Pair 3, have developed strong regional linkages and associations as a key component of development, Place A prefers to focus very much on their own community. Leaders report a strong sense of competition among the communities in the area and as a result, there was often less willingness to share and collaborate on many projects and ventures.

Place B of this pair had a state mental health institute as its major employer until downsizing, several budget cuts, and policy decisions to de-institutionalize the resident population in the 1990s lowered employment from around 1,000 to 250. The capacity for a larger resident population still exists and many buildings are not being used. A similar downsizing happened at the mental health institute in Place A of Pair 3, but that facility was converted to a prison which maintained both employment and a resident population. So although some of the lost jobs in Place B have been replaced with new public and

private nonprofit sector jobs, the total employment and salary base is still significantly less than what it once was.

Place B's current economic base includes a diversified mix of agriculture, food processing, distribution, manufacturing, and construction companies, as well as some public sector entities and government services located in the old mental health facility. A downtown revitalization initiative has been completed with vintage lighting, new storm sewers, street reconstruction, brick pavers, and rehabilitation incentives for historic buildings.

Added recreational potential is present in Place B with the scenic river and its valley that runs through the community. In contrast to the "flats" of nearby areas, the river valley provides scenic hills and untapped recreational possibilities. Numerous community leaders said they recognized the river as a potential undeveloped asset. They mentioned that there had been talk of considering bike trails, rafting, horseback riding, and a horse arena. Other activities could be canoeing and kayaking, camping, nature walks, and sites for studying river and woods ecology. There may also be potential for selected housing sites on the bluffs overlooking the river. More than one leader suggested the need for development of river recreational activities as an opportunity waiting to happen

A limiting factor identified by several leaders in separate interviews was the lack of confidence among some leaders and citizens. One said the continued downsizing of the mental health institute had affected the psyche of the community and the mood of many during this period was one of pessimism. Others said that when new leaders develop enthusiasm and gain momentum, there seems to be "something that pulls the rug out."

Another issue identified several times was that local leaders have not always worked well together. Some thought that opportunities for collaboration have recently improved by the entry of new leaders in economic development and local government. The current focus of the local development group is to encourage the communities within the county to think and act together better than in the past. Leaders in Place B echoed the comments from Place A that regional collaboration was not strong in that area of Iowa and that communities did view each other as competitors.

Results and Community Capitals

Natural Capital

Production agriculture continues to be an aspect of the economy in these communities and their surrounding counties. Even though there were other sectors with stronger employment and income, farming remains an important part of their economies.

Most of the communities had made efforts to add community attractions and recreational amenities. These were aquatic centers, bike trails, river and boating access, parks, and lake development. For some communities, these additions were oriented to increasing

tourism. One community with a strong river front development had placed a significant focus on tourism development. Several other communities were beginning to recognize that they had previously taken for granted scenic areas in their towns. In others, the main focus was recreational amenities for local residents. While community attractions and recreational amenities are important aspects of quality of life, they may add to the community tax rates and may not necessarily generate a sustainable economic engine for the community.

Human Capital

Education and attracting young people are important for maintaining community viability. High growth communities tend to have a lower median age of residents, attract young people, and possess more community support for education and education's role in the community. All of the growing communities had built new schools or additions during recent years and had good success in passing bond issues to finance construction, local option sales taxes for school infrastructure, and other school physical plant and instructional support levies. In smaller nonmetro communities, the k-12 school district is often one of the largest local employers.

Post-secondary educational institutions also play a role in several of the high growth communities. Colleges maintain high levels of employment, provide a source of training for skilled labor and professional occupations, and keep the community young. Four-year degree programs were seen as an added element of attraction for community leadership.

Leaders in nearly all communities were concerned about attracting and retaining young people in the community. In addition, many expressed a need for a younger generation of leaders to begin to take the places of the current aging generation.

Keeping residents healthy was an important issue in these communities. All the communities had medical clinics and six of the eight had hospitals. The hospital was typically a locus of health related and wellness activities in addition to the traditional visits to doctors.

Healthcare is an engine of growth that may often be ignored. Hospitals are typically among the largest local employers in nonmetro communities. These institutions attract medical offices, physicians, and many other healthcare providers that serve the needs of not only the immediate community but usually draw from surrounding areas as well. While some of the jobs in the healthcare industry involve low pay, healthcare also provides some of the highest paying jobs found in rural communities.

The health care institutions in the communities visited appeared to be very entrepreneurial and often appeared to operate more independently from other local leadership groups. This implies healthcare can often be undervalued by economic developers who may focus more on other traditional industries.

Built Capital

Loss of a major employer was a key factor in communities with population loss. Every community that lost population could identify one or more major private and/or public sector employers in the community or region that had downsized or moved out. In some cases, communities that lost population organized effectively to rebound from the loss, but had simply not yet recouped the full amount of the earlier loss. High growth communities generally did not lose major employers or at least were able to attract more jobs and firms than were previously lost.

Communities were affected not only by their own employment changes but that of nearby communities as well. At least one high growth community benefited from spillover from being located next to neighboring community that experienced growth in the region. In the same fashion, one of the communities with population loss had experienced job loss when a manufacturer in a nearby community downsized.

Leaders in all communities indicated that they focused most of their resources on retention and expansion programs for existing local businesses. While all communities appeared to be positioned to receive new industrial prospects, only two communities, both growth, indicated they were actively involved in recruiting during the period of the site visits. All leader groups indicated the weak economy had reduced the number of business prospects in recent years, and some expressed concern about a low level of prospects even when the economy recovers. Several thought that with the nationwide competition for new plants and international outsourcing, it was unrealistic to think that a smaller community could recruit in this environment.

Entrepreneurship has been important in the past and leaders expressed a desire to increase it as a priority in the future. Each community, whether high growth or not, could identify at least one major employer that was homegrown. Entrepreneurs had taken their original ideas and developed them into thriving businesses that were among the large employers in each community. Current efforts to assist local entrepreneurs were typically informal and uncoordinated. Small Business Development Centers were utilized to some extent and leaders in all communities expressed interest in entrepreneurship but did not know what could be done on a cost effective basis. One community had scheduled an entrepreneurship meeting and there was growing interest, but none of the communities had a local program in place to facilitate entrepreneurs.

Value-added agriculture had become important in several communities. Animal processing, specialty meats, ethanol production, and animal biogenetics were among the newest employers in three of the four growth communities and one of the towns with population decline. While some high growth communities had diversification beyond the agricultural sector, the value-added enterprises constituted important employment and growth in their local economies.

All expressed concern over current and future prospects for their retail sectors due in large part to the development of “big-box” retailers. Two of the communities had Wal-

Mart stores but even those that didn't talked about the retail competition from Wal-Mart's located in nearby towns. Local retailers also had competition from what might be called "small-box" chain retailers such as Dollar General and Pamida. In addition, larger regional malls in the state also were perceived as pulling sales from locally owned businesses. Niche retailing was a strategy that several communities had turned to for enhancement of their retail sector.

All the communities had previously implemented one or more major downtown revitalization initiatives. For several communities, the effort focused on the downtown district was extensive. Some communities were in the statewide Main Street program and had made progress in restoring historic buildings and storefronts.

Financial Capital

Leaders reported differences among local banks in lending practices that affected the availability of loans for local companies. Some communities thought they had enough banks and credit institutions but one community had only two banks neither of which was locally owned. Local ownership of the bank was viewed as important for community viability.

All communities expressed displeasure with state and local fiscal relationships and the state budget reductions to city and county funding. State policies regarding rollbacks, exempted property, and differential assessment practices across property types generated local impacts that varied depending on the local tax base of the community. Preference for and timing of investments in downtown revitalization, in community infrastructure, schools, and community attractions also contributed to differences in tax rates. In other cases, previous annexation strategies, or lack thereof, also appeared to have influenced the current level of property tax rates for the community.

Taxes, the services provided, and tax incentives for development are among many factors related to community growth, but causality appears to vary by circumstance. Some high growth communities had high property tax rates while some communities with population losses had low tax rates. All high growth communities appeared to exhibit extensive use of tax incentives and abatements for industrial, commercial and residential uses. The use of tax incentives and abatements for business and housing development varied across communities that lost population.

In some communities, high property taxes were seen to be the result of natural disasters, loss of large public and/or private sector employers, and lack of growth. Others suggested that taxes were one of many factors such as labor, trade agreements and global competition that may have contributed to loss of a private sector employer. In addition, regional differences in farmland values and other property values appeared to have a major underlying influence on local tax rates.

Social Capital

Lack of effective local collaboration can limit success. The high growth communities generally demonstrated a high level of collaboration, communication, cooperation and general agreement within and among local leadership groups regarding the mix of tools and strategies for implementing growth in the community. Leaders in these communities said they did not always agree, but they communicated with each other, worked through and resolved their differences, and then worked together to take action that would generate outcomes for the good of the community.

While not true in all cases, some communities that lost population appeared to lack agreement among leaders regarding the incentives and strategies that should be deployed. These communities may have been less able or willing to implement effective actions to generate outcomes. In some cases, leaders and groups appeared less able and willing to regularly communicate or commit to coordination of efforts.

In addition, it takes community “spark plugs” and commitment focused on the community. Nearly all of the high growth communities went “the extra mile” to make a project work for both the benefit of the private sector project sponsor and the benefit of the community. These communities were willing to finance a position for at least one paid economic development professional to augment the efforts of volunteers and prominent community leaders. Leaders in these communities appeared willing to put in the time and effort to make things successful.

The high growth communities often traced efforts to one or two leaders who created the initial spark that put things on track one or two decades earlier. Local leaders indicated that succeeding generations of leaders have incrementally built on the past successes. A sense of history about the key decisions, risks, and relationships that generated the initial growth served to inspire confidence, respect, and continuing interest in innovation, culture, and due diligence for community efforts.

Regional cooperation was not universally viewed as being necessary for high growth. One high growth community attributed success to internal community efforts and spoke of competition with other communities, particularly those within the region. Although some elements of shared services and regional tourism efforts were identified, this community exhibited strong sentiments against collaboration in the county and region for most economic development initiatives.

However, leaders in other high growth communities said regional collaboration efforts generated local successes and were enthusiastic about the benefits from such partnerships. They also said that participation was more likely to occur if local benefits were clear. Unfortunately, such regional collaboration can work both ways. One high growth community had to find other resources when a decade-long, 3-way collaboration failed after one of the partners pulled out.

Political Capital

Most community leaders were displeased with the role of state government in nonmetropolitan development. Leaders thought that rural communities were abandoned and ignored by recent state economic development initiatives. Most of the state's newest development programs were perceived to be primarily for metropolitan areas.

Although state boundaries exist, leaders in the border communities appear to consider opportunities in both Iowa and neighboring states. Leaders in communities near other states have an orientation to both as they plan economic development strategies, seek development services, and partner with private and public sector entities.

All communities had experienced events and circumstances that were beyond their control. These included events such as natural disasters, state legislative decisions, labor negotiations, trade agreements, and global competition. Leaders expressed concerns about job losses to China, Mexico, and lack of local influence over what previously were local companies. While leaders wanted to be proactive with regard to community and economic development, in some situations local leaders were only able to react and adjust to decisions made elsewhere than in the local community. Leaders from high growth communities, however, seemed much less willing to take "no" for an answer.

Cultural Capital

Cultural differences across the communities were very apparent. One community was very homogeneous with respect to ethnic and religious heritage as 70% were descended from one country in Europe. This influence remains apparent in the resident's and indeed the entire community's day-to-day lives. Residents are said to have trust and faith in their leaders. The faith-based culture creates a sense of common goals and values that shows up in local business productivity, education, entrepreneurialism, perceptions about community investment, perceptions about the role of government, and beliefs about what the community's commonwealth can accomplish. This community was one with high growth.

Another of the communities has many new immigrants that stem from several different cultural, religious and national groups. There have been noted differences of view and opinions among the varying new residents as well as differences and clashes between the newer groups and the previously established residents and groups. The heterogeneity in this community is as apparent as the homogeneity in the community discussed above, yet this town was one of the high growth communities as well.

Summary and Conclusions

Among the eight communities in the study, there were examples of nearly every kind of resource and development strategy that has been implemented in rural communities across the country in recent times. Two communities had good manufacturing bases with larger employers, two had long-term river tourism, one of which was actively implementing more river development. A third town had river development potential. Two communities had four-year colleges, two had prisons, and one town had a major meatpacking plant and had significant immigration. Two communities had significant faith-based groups that had important impacts. One town's residents did significant commuting to work and a second town was finding such commuting more necessary. All the towns had done things to revitalize their downtown areas but all were worried about the viability of their retail sectors and competition from Wal-Mart.

There was some amount of economic and community development effort within each town, but significant differences among the communities in the number of people involved, the collaboration achieved, and the willingness of leaders to "go the extra mile." Two towns highly supported regional collaboration in development efforts while another town with growth wanted to go it alone. Three towns had a high degree of "community agency" and were able to put plans into action and achieve results while one community exhibited a combination of leadership apathy and internal dissension that resulted in little being accomplished. There was no one route to generating community viability that led to population growth, but a strong, committed, and active leadership was a feature that the more viable communities had in common.

Appendix

The communities studied were Bedford, Cherokee, Corning, Fort Madison, Guttenberg, Mount Pleasant, Postville, and Sioux Center, Iowa. A separate report for each is available at: <http://www.cvcia.org/content/communities.of.distinction/index.html>

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Table 1. Population characteristics of study communities in Iowa, 2000.

Communities		Size	Community Population Change 1990-2000		County Seat	County Population Change 1990-2000		
			Number	Percent				
Pair 1	Place A	Under 2,500	+ 104	+ 6.8%	yes	- 2.2%		
	Place B	Under 2,500	- 23	- 1.3%	yes	-7.9%		
Pair 2	Place A	Under 2,500	+ 801	+ 54.4%	no	+ 5.9%		
	Place B	Under 2,500	- 270	- 12.0%	no	- 2.0%		
Pair 3	Place A	Above 5,000	+ 792	+ 10.0%	yes	+ 5.8%		
	Place B	Above 5,000	- 903	- 7.8%	yes	-1.6%		
Pair 4	Place A	Above 5,000	+ 928	+ 18.3%	no	+5.6%		
	Place B	Above 5,000	- 657	- 10.9%	yes	-7.5%		
State of Iowa		2,926,324	+ 149,493	+ 5.4%	-----	-----		

Table 2. Population characteristics of study communities in Iowa, 1990.

Communities		Size	Community Population Change 1980-1990		County Seat	County Population Change 1980-1990		
			Number	Percent				
Pair 1	Place A	Under 2,500	- 158	- 9.3%	yes	- 14.8%		
	Place B	Under 2,500	- 133	- 6.9%	yes	- 15.1%		
Pair 2	Place A	Under 2,500	- 3	- 0.2%	no	- 8.3%		
	Place B	Under 2,500	- 171	- 7.0%	no	- 9.7%		
Pair 3	Place A	Above 5,000	+ 637	+ 8.7%	yes	+ 1.8%		
	Place B	Above 5,000	- 1,902	- 14.1%	yes	- 10.3%		
Pair 4	Place A	Above 5,000	+ 486	+ 10.6%	no	- 3.0%		
	Place B	Above 5,000	- 978	- 14.0%	yes	- 13.2%		
State of Iowa		2,776,831	- 136,977	- 4.7%	-----	-----		

Table 3. Age and social characteristics of study communities in Iowa, 2000.

Communities		Median Age	Percent 17 or Younger	Percent 65 or Older	Age Dep Ratio*	Percent Minority**	Percent Hispanic	Percent Divorced	% Single Fe Families with Children***
Pair 1	Place A	42.2	23.0%	26.7%	83.7	2.6%	1.7%	10.4%	5.1%
	Place B	42.3	22.5%	26.0%	81.0	1.2%	0.7%	8.0%	4.5%
Pair 2	Place A	34.8	25.7%	16.9%	59.7	23.1%	20.6%	6.8%	4.5%
	Place B	45.3	21.0%	26.2%	75.1	1.6%	0.5%	8.2%	5.1%
Pair 3	Place A	35.6	22.5%	14.1%	48.2	10.4%	1.8%	13.2%	6.7%
	Place B	39.8	23.6%	18.8%	62.2	10.1%	5.4%	14.5%	8.0%
Pair 4	Place A	25.5	22.3%	14.5%	48.3	6.3%	4.7%	1.7%	3.1%
	Place B	42.6	23.2%	21.9%	66.2	3.4%	1.5%	10.0%	5.8%
State of Iowa		36.6	25.1%	14.9%	55.0	7.4%	2.8%	9.1%	5.6%

*Age Dependency Ratio = ((# age 0-14 + # age 65 or older)/(# age 15-64)) * 100

**Persons who were of a race other than White Alone or who were Hispanic or Latino

***Female householder, no husband present families with own children under 18 years as a percent of all households

Table 4. Age and social characteristics of study communities in Iowa, 1990.

Communities		Median Age	Percent 17 or Younger	Percent 65 or Older	Age Dep Ratio*	Percent Minority**	Percent Hispanic	Percent Divorced	% Single Fe Families with Children***
Pair 1	Place A	46.7	21.2%	32.3%	99.2	0.6%	0.3%	6.4%	4.5%
	Place B	44.5	20.4%	29.2%	85.0	0.4%	0.1%	7.0%	3.5%
Pair 2	Place A	44.7	21.7%	28.5%	89.4	0.3%	0.1%	6.5%	3.0%
	Place B	41.4	22.9%	25.7%	80.0	0.4%	0.3%	5.8%	4.2%
Pair 3	Place A	33.4	21.8%	17.0%	56.1	5.3%	0.8%	9.4%	6.4%
	Place B	36.2	23.7%	17.7%	59.7	10.1%	4.8%	10.6%	7.7%
Pair 4	Place A	25.9	24.1%	14.4%	55.1	1.7%	0.2%	2.0%	2.8%
	Place B	38.6	25.1%	20.9%	70.4	1.5%	0.5%	9.5%	6.1%
State of Iowa		34.0	25.9%	15.3%	59.2	4.1%	1.2%	7.3%	5.4%

*Age Dependency Ratio = ((# age 0-14 + # age 65 or older)/(# age 15-64)) * 100

**Persons who were of a race other than White Alone or who were Hispanic or Latino

***Female householder, no husband present families with related children under 18 years as a percent of all households

Table 5. Education and labor force characteristics of study communities in Iowa, 2000.

Communities		Percent Finishing:		Percent in Labor Force	Percent Working in Place of Residence	Average Minutes Commute to Work	% County Workers Working in Own County	County Jobs Excess/Deficit**	
		High School or More	Bachelors Degree or More					Number	Percent
Pair 1	Place A	84.6%	10.9%	56.8%	53.4%	18.5	59.0%	- 831	- 25.9%
	Place B	83.1%	10.0%	63.7%	57.1%	18.3	68.3%	- 349	- 15.8%
Pair 2	Place A	72.4%	16.8%	64.5%	73.8%	12.4	75.6%	- 576	- 8.0%
	Place B	73.2%	13.5%	57.8%	65.8%	17.6	71.3%	- 1,065	- 11.4%
Pair 3	Place A	84.2%	18.1%	58.3%	74.8%	11.8	79.6%	+ 1,435	+ 14.7%
	Place B	85.1%	14.7%	64.5%	69.0%	16.2	81.6%	+ 2,045	+ 12.0%
Pair 4	Place A	79.5%	27.8%	71.1%	77.7%	10.3	89.6%	+ 1,257	+ 7.6%
	Place B	84.2%	13.3%	62.2%	78.3%	13.4	83.1%	- 103	- 1.6%
State of Iowa		86.1%	21.2%	68.2%	55.1%*	18.5	78.2%	-----	-----

*of those who live in an incorporated place

**((# workers working in county - # workers living in county)/(# workers living in county)) * 100

Table 6. Education and labor force characteristics of study communities in Iowa, 1990.

Communities		Percent Finishing:		Percent in Labor Force	Percent Working in Place of Residence	Average Minutes Commute to Work	% County Workers Working in Own County	County Jobs Excess/Deficit**	
		High School or More	Bachelors Degree or More					Number	Percent
Pair 1	Place A	71.1%	10.1%	48.8%	65.1%	14.0	69.6%	- 559	- 19.1%
	Place B	71.6%	11.4%	56.5%	70.5%	11.9	78.7%	- 53	- 2.3%
Pair 2	Place A	72.1%	8.4%	59.4%	62.2%	11.2	83.7%	- 51	- 0.8%
	Place B	70.3%	11.8%	55.5%	67.7%	15.4	79.0%	- 522	- 6.2%
Pair 3	Place A	78.1%	16.9%	58.3%	81.0%	11.3	82.4%	+ 824	+ 9.1%
	Place B	79.3%	11.5%	56.4%	73.5%	13.7	87.0%	+ 2,443	+14.6%
Pair 4	Place A	74.5%	23.1%	71.5%	73.2%	9.3	88.9%	+ 300	+ 2.1%
	Place B	79.8%	10.7%	58.3%	79.6%	10.8	89.7%	+ 55	+ 0.9%
State of Iowa		80.1%	16.9%	66.0%	62.0%*	16.2	82.9%	-----	-----

*of those who live in an incorporated place

**((# workers working in county - # workers living in county)/(# workers living in county)) * 100

Table 7. Housing, tax, and income characteristics of study communities in Iowa, 2000.

Communities		Median Housing Value	Percent Owning Home	Consolidated Property Taxes		Per Capita Income	Median Household Income	Percent Persons Below Poverty	% Households with Income From:	
				FY04 Levy	City* Rank				Social Sec	Public Assist
Pair 1	Place A	\$38,500	75.8%	\$40.56	46	\$14,313	\$28,125	13.7%	43.0%	6.6%
	Place B	\$50,700	68.6%	\$41.25	34	\$15,836	\$28,977	7.5%	45.1%	3.2%
Pair 2	Place A	\$64,300	67.0%	\$32.37	435	\$14,264	\$32,667	12.7%	30.0%	1.9%
	Place B	\$82,200	74.0%	\$32.22	447	\$17,098	\$29,151	8.4%	45.9%	2.1%
Pair 3	Place A	\$81,700	65.6%	\$35.25	261	\$16,824	\$35,558	10.2%	31.5%	3.6%
	Place B	\$53,700	69.7%	\$37.21	150	\$18,124	\$34,318	12.2%	30.6%	3.3%
Pair 4	Place A	\$106,200	77.0%	\$31.84	472	\$16,912	\$42,775	7.1%	30.2%	2.5%
	Place B	\$54,500	68.5%	\$38.60	94	\$17,846	\$31,240	7.0%	36.4%	2.8%
State of Iowa		\$82,500	72.3%	-----	-----	\$19,674	\$39,469	9.1%	28.6%	2.9%

*among Iowa's incorporated places; source: Iowa Department of Revenue

Table 8. Housing and income characteristics of study communities in Iowa, 1990.

Communities		Median Housing Value	Percent Owning Home	Consolidated Property Taxes*		Per Capita Income	Median Household Income	Percent Persons Below Poverty	% Households with Income From:	
				FY04 Levy	City Rank				Social Sec	Public Assist
Pair 1	Place A	\$26,100	77.5%	na	na	\$9,124	\$15,899	21.9%	51.7%	7.5%
	Place B	\$33,200	68.2%	na	na	\$10,298	\$17,432	17.1%	47.5%	4.7%
Pair 2	Place A	\$38,700	75.6%	na	na	\$12,258	\$21,591	9.8%	42.3%	7.2%
	Place B	\$42,800	73.5%	na	na	\$10,619	\$20,665	13.3%	44.7%	7.3%
Pair 3	Place A	\$49,500	67.1%	na	na	\$11,629	\$23,757	9.5%	32.6%	6.3%
	Place B	\$33,300	69.8%	na	na	\$11,065	\$22,098	12.8%	34.6%	7.4%
Pair 4	Place A	\$57,900	76.1%	na	na	\$10,779	\$25,934	9.0%	34.4%	3.6%
	Place B	\$30,300	67.8%	na	na	\$11,088	\$21,545	9.9%	39.9%	8.7%
State of Iowa		\$45,500	72.3%	-----	-----	\$12,422	\$26,229	11.5%	30.2%	5.8%

*not available

Table 9. Retail trade characteristics of study communities in Iowa, 1990 – 2003.*

Communities		Number of Firms			Sales, Current \$000,000			Sales, Constant \$000,000			Sales/Firm, Constant \$		
		1990	2000	2003	1990	2000	2003	1990	2000	2003	1990	2000	2003
Pair 1	Place A	99	114	100	\$6.82	\$12.14	\$12.80	\$9.56	\$12.83	\$12.80	\$97,043	\$112,504	\$127,729
	Place B	114	150	139	\$15.01	\$19.14	\$20.87	\$21.03	\$20.22	\$20.87	\$185,270	\$135,264	\$150,710
Pair 2	Place A	87	105	95	\$17.16	\$27.62	\$29.07	\$24.04	\$29.18	\$29.07	\$277,946	\$277,919	\$305,958
	Place B	108	121	122	\$12.16	\$15.13	\$15.55	\$17.03	\$15.99	\$15.55	\$158,090	\$132,671	\$127,720
Pair 3	Place A	277	342	333	\$77.34	\$93.56	\$100.92	\$108.34	\$98.86	\$100.92	\$391,822	\$289,065	\$303,070
	Place B	358	370	343	\$75.49	\$99.03	\$97.07	\$105.76	\$104.64	\$97.07	\$295,210	\$282,991	\$283,201
Pair 4	Place A	222	289	257	\$39.61	\$73.44	\$78.61	\$55.49	\$77.59	\$78.61	\$249,668	\$268,726	\$305,894
	Place B	286	323	288	\$50.32	\$64.45	\$65.21	\$70.49	\$68.10	\$65.21	\$246,259	\$210,827	\$266,228
State of Iowa		92,807	94,228	88,318	\$17,953	\$27,586	\$28,705	\$25,622	\$29,694	\$28,705	\$276,079	\$315,131	\$325,019

*source: Iowa Department of Revenue and the Office of Social and Economic Trend Analysis, Iowa State University

Table 10. Business establishments, employees, and payroll for counties of study communities in Iowa, 1990 – 2000.*

Communities		Establishments		Employees		Payroll, Current \$000		Estab < 10 Emp**	
		1990	2000	1990	2000	1990	2000	1990	2000
Pair 1	Place A	178	168	1,783	1,296	\$20,741	\$24,399	146	138
	Place B	125	125	771	1,063	\$8,118	\$19,053	108	106
Pair 2	Place A	396	412	3,503	4,897	\$47,579	\$93,684	328	317
	Place B	531	527	4,330	5,844	\$63,163	\$123,553	444	422
Pair 3	Place A	484	565	9,045	12,058	\$140,467	\$284,928	362	434
	Place B	1,014	1,044	14,580	16,534	\$270,771	\$426,177	787	786
Pair 4	Place A	878	1,093	11,855	15,009	\$149,378	\$332,652	674	807
	Place B	381	390	4,128	4,493	\$65,447	\$104,012	301	295
State of Iowa		73,130	80,890	1,007,900	1,265,064	\$18,631,850	\$33,752,570	55,006	58,908

*source: County Business Patterns, U.S. Census Bureau

** Establishments with fewer than 10 employees

Table 11. Manufacturing establishments, employees, and payroll for counties of study communities in Iowa, 1990 – 2000.*

Communities		Establishments		Employees		Payroll, Current \$000	
		1990	2000	1990	2000	1990	2000
Pair 1	Place A	9	8	669	393	\$9,245	\$9,279
	Place B	3	7	21	213	\$196	\$4,172
Pair 2	Place A	20	29	1,100	1,613	\$18,267	\$36,983
	Place B	38	36	1,480	1,522	\$22,561	\$30,115
Pair 3	Place A	30	31	2,110	2,739	\$54,208	\$88,213
	Place B	65	65	6,120	6,053	\$160,837	\$225,608
Pair 4	Place A	63	74	3,881	4,917	\$67,959	\$141,542
	Place B	20	15	858	908	\$18,685	\$27,609
State of Iowa		3,670	3,724	228,835	244,806	\$6,034,633	\$8,582,538

*source: County Business Patterns, U.S. Census Bureau

Table 12. Percent of total personal income from farming for counties of study communities in Iowa 1970, 1990, 2000.*

Communities		1970	1990	2000
Pair 1	Place A	28.5%	6.7%	12.5%
	Place B	28.6%	14.8%	8.8%
Pair 2	Place A	20.0%	12.8%	6.1%
	Place B	21.8%	16.8%	6.3%
Pair 3	Place A	13.5%	4.6%	1.4%
	Place B	4.6%	1.7%	1.1%
Pair 4	Place A	28.0%	15.5%	10.8%
	Place B	17.5%	13.1%	3.7%
State of Iowa		11.2%	4.1%	2.3%

*source: Bureau of Economic Analysis, U.S. Department of Commerce