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Mentoring Community Economic Development in Idaho

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Abstract: This article presents an example of how Idaho Extension personnel have used regional economic tools to educate stakeholders from contrasting regions about the contributions of different sectors to their regional economies, how the sectors are interrelated, and how economic multipliers express attributes of each region. The discussions between communities of practice in contrasting regions were promoted to explore the benefits of the knowledge exchange. This mentoring approach changed the understanding and perceptions of the regional economies of participating community development practitioners of the regional economies. The approach should be promoted for wider dissemination.

Regional economic tools have played an important role in community economic development for both practitioners and members of different communities. We present a process of mentoring communities to assess their own situation prior to specific policy interventions. The idea is that the interventions should follow after a "knowledge baseline" is created by a community. First we highlight the use of economic impact models in community development; then we define communities of practice. The knowledge exchange facilitated by Extension staff is described, and modeling results of two contrasting regions are

summarized. Sectoral contributions to export sales and employment are presented, and selected economic multipliers are contrasted. The distillation of knowledge and exchange between the two communities is discussed, and some conclusions about this learning experience are offered.

Regional Economic Tools in Extension

Economic impact models have been used to ascertain the impact of some event(s) and to facilitate the analyses of options available to development practitioners, including Extension planners. The understanding of regional economic structures is fundamental to assist county, area, and state-level Extension specialists in developing educational programs in tune with regional economies (Marcoullier, Ray, Schreiner, & Lewis, 1992).

Shields & Deller (2003) elaborate on the use of economic impact models as educational tools. To fully understand the effects of economic change, citizens and public officers must first understand the local economic structure. However, many communities lack the resources to examine the consequences of change. As a result, key decisions too often are made with incomplete information and understanding and, in some instances, misinformation. Economic impact models focus on how a local economy functions, how various elements of the local economy are interrelated, and how a change in one element may affect others. Extension professionals use these models with two objectives: to improve understanding of the economic structure in which decision-makers craft development policy and to provide practitioners with a tool useful for policy and impact analysis (Shields & Deller, 2003).

Regional economic analysis tools have been used in Idaho to educate county personnel (Nelson, Nuefeld, & Peterson, 2003), specifically, group process skills and expertise to help citizens and leaders understand and respect diverse opinions and search for the most widely acceptable solutions. This type of analysis also provides factual information to help contextualize problems and evaluate alternative outcomes. A contribution analysis looks at the actual regional data and the current linkages within the economy, that is, how the economic activity cycles through the region's existing economy (Watson, Wilson, Thilmany, & Winter, 2007).

Communities of Practice

Wegner (1998) defined communities of practice (CoP) as a network of people who share "a common interest in a specific area of knowledge and are willing to work and learn together over a period of time to develop and share that knowledge." Extension programming in community economic development often implies the formation and consolidation of CoP to learn how the local economy works and how some changes might affect the functioning of this economy. The CoP generally consist of county economic development councils, county commissioners, town mayors, non-profit organizations, and citizens concerned with economic development.

In this article we describe an experience in economic development assistance involving stakeholders of two communities in Idaho upon request of county Extension educators. Two distant CoP were created to understand how the economy works and to interpret sectoral contributions to exports and their economic multipliers. Extension faculty facilitated the knowledge exchange among CoP to enhance their appreciation of the local economies.

Methods

In the spring of 2008 two contrasting regions were visited: The Teton Region (Fremont, Madison, and Teton Counties) in the northern part of eastern Idaho, adjacent to the Grand Teton and Yellowstone National Parks, and the Northern Region (Boundary and Bonner Counties), located in the extreme north, adjacent to Canada. Each region has approximately 52,000 people, 26,000 part-time and full-time jobs, and \$2.7 billion sales or output (2006 IMPLAN data). Per capita income in both regions is below the state average. While the two regions are similar in size, their structure and sectoral contributions to exports are different.

Extension educators in these regions expressed interest in developing CoP to use baseline economic information to help local policy-makers make more educated decisions. The initial list of businesses, sales, value added, wages, and employment were discussed with different stakeholders in the communities and a baseline model, i.e., social accounting matrix (SAM), was developed for each region (Rodríguez, Taylor, Eborn, & Erickson, 2010; Rodríguez, Traver, Sloan, & Dye, 2010). Results of the models were presented and discussed in two workshops and three follow up sessions in each region. The communities agreed to analyze their contrasting situations.

Results and Discussion

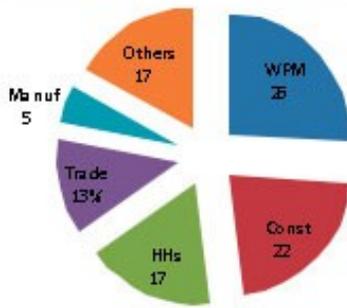
Contributions of Different Sectors to the Export Economy

Figure 1 presents the base output (or export sales) and employment of the top five contributing sectors and "others" in both regions. In the Northern Region, the top five contributors to export sales are wood production and manufacturing of wood products (WPM, 26%), construction (22%), households (HHs, 17%), trade (13%), and manufacturing (non-wood products) (5%)—households being an institution in the SAM contribute only indirectly to export sales. Likewise, the top five contributors to export jobs are construction (21%), wood production and manufacturing (20%), households (19%), trade (13%), and lodging and food (8%). Households as an institution contribute only indirectly to export jobs. In the Teton Region, the top five contributors to export sales are the cluster of a private university (Brigham Young University) and call centers (BYU-CC, 34%), agriculture (25%), construction (12%), manufacturing (7%), and households (6%); likewise, the top five contributors to export jobs are the education-call centers cluster (32%), agriculture (21%), construction (12%), lodging and food (10. and households (8%).

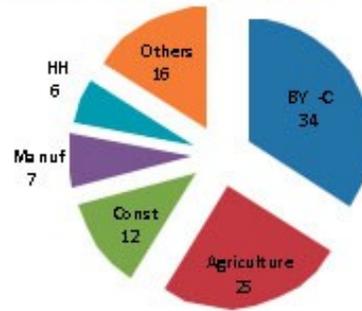
Figure 1.

Export Output (Sales) and Employment in Two Regions in Idaho

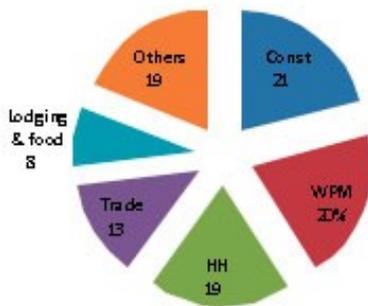
Northern Base Output (\$2.9 billion)



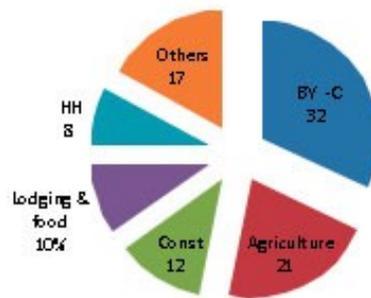
Teton Base Output (\$2.6 billion)



Northern Base Employment (24,180 jobs)



Teton Base Employment (26,849 jobs)



The indirect contribution of households to the export sales and jobs is slightly more prominent in the Northern Region than in the Teton Region, and the Northern Region economy is highly dependent on the timber and construction sectors. The education-call centers cluster is the undisputable driver in the Teton Region.

The economic roles of retirees, tourism, and amenities,; linkages of construction with capital inflows; low demand for timber products; and recently, housing, were among the issues addressed with model results for both regions. Stakeholders from the public and private sectors appreciated the opportunity to learn about regional contrasts to enrich their understanding of the economy as a preamble for possible community development actions.

Economic Multipliers

Economic multipliers were used to explain that exports times the multiplier allows the prediction of sectoral output or sales in the regional economy. Table 1 presents output and employment multipliers for selected sectors. In the Northern Region, the leading exporting sector is timber production and manufacturing of wood products. Timber production has an output multiplier of 2.25, which means that for every dollar sold to final demand of timber, there is an additional \$1.25 of sales in other sectors of the economy supplying inputs to timber production. The employment multiplier is 2.36, which means that one job is directly related to timber, and 1.36 jobs are generated indirectly in other sectors of the economy that supply inputs to timber.

Manufacturing of wood products has an output multiplier of 2.05 and an employment multiplier of 2.19.

Table 1.
Selected Output and Employment Multipliers in Two Contrasting Regions in Idaho, 2006

Northern Region			Teton Region		
Sector	Output	Employment	Output	Employment	Sector
Timber Production	2.25	2.36			
Wood Prod. Manuf.	2.05	2.19			
			1.60	1.74	Potato farming
			2.07	1.71	Fresh pack potato
Lodging & food	1.83	1.17	1.44	1.22	Lodging & food
Source: IMPLAN and own estimates. Northern Region: Bonner and Boundary Counties. Teton Region: Fremont, Madison and Teton Counties. Shaded sectors are unique to the corresponding region.					

In the Teton Region, potato farming and fresh pack potato are two main components of agriculture. Potato farming has an output multiplier of 1.60 and an employment multiplier of 1.74; in contrast, the fresh pack potato has an output multiplier of 2.07, and its employment multiplier is 1.71. Members of the CoP learned that while fresh pack potato uses labor and potatoes produced in the region (a higher output multiplier), potato farming depends on more external inputs such as fuel and agrochemicals imported from outside the region (lower output multiplier). They also learned that higher multipliers imply more interdependence of sectors in the economy. They learned that expansion of industries like fresh pack potato or wood production manufacturing is viable and desirable as long as they use locally produced inputs.

Lodging and food is a common sector to both regions. In the Northern Region, lodging and food has a multiplier of 1.83, and its employment multiplier is 1.17. In the Teton Region, the output multiplier for lodging and food is 1.44 and its employment multiplier is 1.22. The output multiplier in the Northern Region implies that 83 additional cents are generated for each dollar of sales to final demand while only 44 additional cents are generated for each dollar of sales to final demand in the Teton Region.

The employment multiplier is 1.17 in the Teton Region and 1.20 in the Northern Region; this implies that for every job created in lodging and food, there is one-fifth of a job generated in other sectors of the economy. Members of the CoP learned to consider the trade-off between higher output multipliers and low employment multipliers. They also learned that the final effect on output or employment is the result of the combined effect of the multiplier and sales to final demand. They learned that the prospects of lodging and food in the Teton Region are limited considering the low employment and output multipliers.

Knowledge Exchange

One of the most exciting aspects of the CoP has been the examination of a regional economy in relation to a similar economy (in terms of size) in a different environment. Below are the highlights of this knowledge exchange.

- **Economic drivers:** In the Northern Region, wood production/wood products manufacturing and construction drive the economy; in the Teton Region, the education-call centers cluster and agriculture drive the economy.
- **Adaptation to change:** In the Northern Region, there is need to look for alternative forestry products, including non-timber products and environmental services; in the Teton Region, the education-call centers cluster is not fully acknowledged, and its role in the economy little understood. Although it is frequently taken for granted, agriculture continues to be the backbone of the economy in the Teton Region.
- **New kids on the block, or unexpected findings:** In the Northern Region, construction contributes 20% to the base economy, and the non-labor income of retirees contributes 17%. Manufacturing (other than wood products) is not as big as it was originally perceived in the Northern Region, while in the Teton Region, households have not been acknowledged to have a role in the base economy.
- **Lodging and food:** This sector in the north contributes less than 8% of the base economy, and in the Teton Region, its contribution is less than 10%. Compared to other traditional, natural resource-based sectors, the contribution of lodging and food does not suggest that the regional economies are largely influenced by tourism or services.
- **Where to go from here?** The community in the north is taking steps towards the enhancement of exports and import substitution. The community in the Teton Region has changed its appreciation for agriculture and tourism. Initially, some people felt strongly about the potential contributions of tourism to the economy and did not like to know that agriculture still plays a prominent role in the economy. However, with the ongoing recession they have realized that tourism is not a silver bullet and agriculture acts as an economic buffer.

Some CoP members from Boundary County in the Northern Region and in Teton County in the Teton Region felt that their counties would lose their economic identity. Deller, Leatherman, & Shields (2009) have commented that "as the geographic scale of the effort increases, peoples' commitment may decline." According to these authors, the challenge is to motivate people to think regionally rather than locally. A member of the CoP from the Northern Region said that "even though we are from small communities, we interact with other communities outside the region and we cannot ignore these vital interactions."

The community in the Northern Region realized that the regional model, accounting for exports and inter-sectoral linkages, is a good baseline or snapshot of the economy before the recession. One participant said "This baseline should be useful to examine the recovery following the recession." "The model supplemented local anecdotal understanding of the economy." Both CoPs now realize that retirees bring substantial income from outside the region, creating demand for goods and services, and employment.

As CoPs in Idaho mature, it could be possible to enhance knowledge exchanges between two or more regions using more systematic processes to address community development such as the "comprehensive" economic development Extension program (Nelson, Woods, Homm, & Doeksen, 2009) or the community business matching model (Cox et al., 2009).

Conclusions

Our experience with two CoPs in community economic development in Idaho has shown that bringing together two different groups of development practitioners can improve the self-assessment of the communities taking advantage of regional contrasts. The CoPs are better prepared to embrace policy decisions with a knowledge baseline. Practitioners learned from each other. They also learned the importance of sectoral contributions to the export economy as a function of final demand and the multiplier effects of the new dollars brought to the communities. Awareness of tradeoffs between multiplier effects on sales, employment, and wages adds wisdom to local policy making.

The mentoring experience in Idaho was enlightening to both Extension staff and members of the communities involved in the CoPs. Prior Extension experiences using regional economic tools have not included exchange of information from contrasting regions. The idea of self-assessment by contrasting with another community is much appreciated and should be encouraged.

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