Center for Rural Entrepreneurship
energizing entrepreneurial communities

DEVELOPMENT OPPORTUNITY ASSESSMENT

Newport and Jackson County, Arkansas

12.03.14

Background & Introduction

Community development success is rooted, in part, in an honest and genuine understanding of available development opportunities. Undertaking an opportunity assessment is a first step towards a deeper understanding that can inform smart decisions and investments. This Development Opportunity Assessment for Newport and Jackson County, Arkansas was prepared by the national Center for Rural Entrepreneurship through support provided by alt.Consulting at Communities Unlimited. Support research and analysis has been provided to alt.Consulting and is available upon request through them. Questions regarding this analysis should be directed to:

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Newport and Jackson County. In 2010, the population for Jackson County was 17,997 and the population for community of Newport or Zip Code *72112* was 12,690 – representing 71% of the County's population. Throughout this Report, we share both County and Newport information since Newport represents a significant portion of the County's population.

Center for Rural Entrepreneurship

Development Opportunities

Our experience working with communities – *large and small and all across North America* – at the Center for Rural Entrepreneurship has led us to embrace asset-based development. Every community has challenges, troubling history and deficiencies that hold its development back. These realities are important, but not the starting point for development. Asset-based development allows us to focus on what we do have and our genuine opportunities for community building and enhancing prosperity. Just as every community has its problems, every community has its assets. The following summarizes what we have found with respect to your development opportunities.

Retirees

Retirees are the largest economic driver in Jackson County and Newport. One in three dollars of personal income is generated by retirees. A retiree-based economy is good in that it adds stability, but longer-term this level of dependence absent other development will undermine economic vitality.

Manufacturing

Manufacturing is the fourth largest economic sector driving your economy. Manufacturing related personal income actually grew between 2001 and 2012 from $50 to $60 million or by 20%. Ensuring a strong manufacturing sector is critical to the area's prosperity and growth.

Agriculture

Land and particularly agricultural lands are one of the most important assets in your community. Farm related personal income rose from$53 to $57 million between 2001 and 2012. That is $4 million or 8%. Agriculture is a core development asset and opportunity.

Rural Life

Newport offers a small town and rural life setting with strong historical and southern cultural attributes. Coupled with its location, this is a plus.

Location

Newport has a very favorable location situated at the heart of a region with Jonesboro to the northeast, Memphis to the southeast, Little Rock to the southwest and the Ozark and Buffalo River recreation area to the northwest. Within a two hour drive from Newport, there are over 200,000 businesses.

Retail Capture

According to ESRI, Newport has a net retail gain of $68 million in 2014 with $83 million in retail demand, but $151 million in retail supply. This is a significant plus. Major activities accounting for this positive retail trade balance include motor vehicles, lawn and garden, food and beverages, health and personal care, gasoline and cafes (particularly fast food).

Wealth

66% of Newport's households have no or limited wealth. This is a reality that must be improved. However, 25% of its households have moderate to high wealth. Like most residents, they love their hometown. They have the potential through philanthropy to give back providing important sustainable development funding.

Government & Hardship Transfer Payments

The second and fifth largest sources of personal income in 2012 are government and hardship related transfer payments. These sources of income provide a degree of economic stimulus and stability. But $57 million (same size as farming) in hardship related transfer payments is high and points to economic stress within the community. Government is larger in part due to correctional facilities.

Commuters

The third largest source of personal income in 2012 is related to commuters or persons who live in the county but work outside of the county. This pattern appears to be significant for Westport as well as for the county. Location relative to other employment opportunities is a key factor contributing to strong commuter behavior.

Development Challenges

An entrepreneur, particularly a successful entrepreneur, knows that in every challenge and problem there is a silver lining rooted in a potential upside opportunity. As communities, we tend to focus on our weaknesses and threats. That is only natural. We share our insights on your community's potential development challenges with the spirit that they offer opportunities for a better community and more prosperous future.

Depopulation. Depopulation is a clear threat. Between 2000 and 2010, the community of Newport lost nearly 2.6% of its population. Countywide annual deaths are now exceeding new births, and domestic outmigration is high. Failure to stabilize population and return to modest growth will limit development opportunities and could drive further economic and social contraction.

Aging Population. America is aging and so is your community. The good news is that an aging population in the near term means a larger retirement economy and significant development opportunities. However, long-term demographic balance and renewal is mandatory. Using today's growing retirement economy to stimulate development could position the community for population renewal within a decade.

Unemployment, Low Incomes and Wealth. High unemployment, poverty, low incomes, lack of household wealth and limited consumer spending power are all real challenges. You know them first hand and very well. Growing a more entrepreneurial economy creates more income first for business owners and then for workers. Eventually, this kind of economic development can increase incomes, reduce poverty, stimulate consumer spending and grow household wealth. With more household wealth, there are more choices and greater economic security. Jackson County experienced a 3.8 net decline in jobs during the Great Recession. Unfortunately, the recovery has been slow in coming to Jackson County. Through the Great Recession recovery period to date, the county has lost another 7.1% of its jobs.

Economic Opportunity. Returning to consistent economic growth resulting in both entrepreneurial opportunities and better jobs is critically important. There are indicators of entrepreneurial activity. Supporting entrepreneurs as well as growing larger and more diverse, locally owned, controlled and operated businesses offer a key strategy to diversify beyond the anchor economic sectors of retirees, government, manufacturing and commodity agriculture. Maintaining and growing a more diverse and competitive manufacturing and farm sector should be priority areas of development focus.

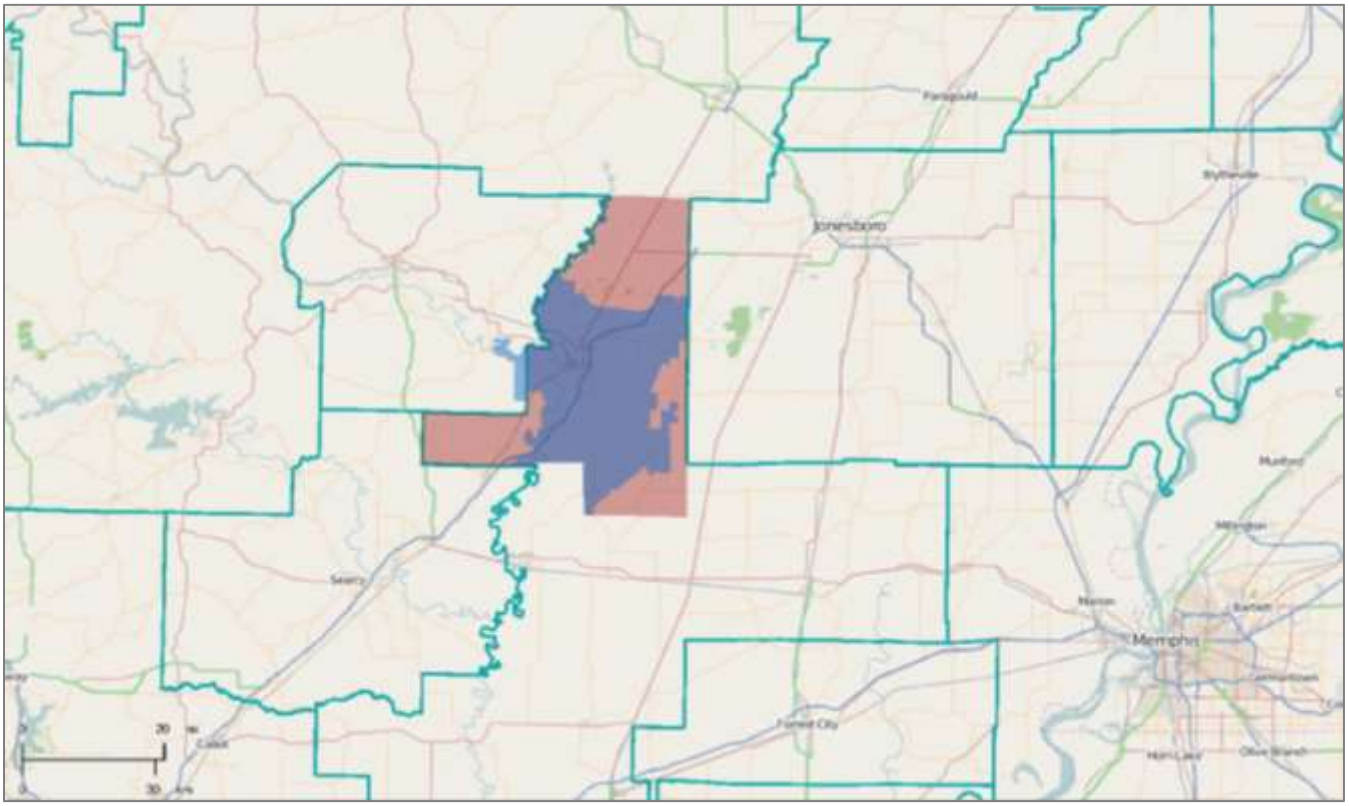
Research Analysis

Location

Location still matters. Every community has a unique location offering both opportunities and challenges. Early in America's history a community's location to water and water transport was a plus. Today, a location with access to the world-wide-web and high speed internet and a beautiful small town quality of life can be very attractive to some.

The good news is Newport's location. This is also bad news. Newport's relatively close location to other major metropolitan (Memphis and Little Rock) and urban centers (Jonesboro) creates significant opportunities for business development. Over a million consumers are within a few hours' drive time. This location enables residents to be part of the larger regional economy accounting for the high commuter rates. But this location also exposes local businesses to external competition. Working commuters often shop in the communities where they work as well as where they live. Understanding the "location factor" is critically important to Newport's and Jackson County's development.

Jackson County Regional Map



Newport's Household Types

Included in the electronic library are household types determined by ESRI. These household types can be helpful in understanding the diversity of a community. For its size, Newport is relatively diverse both racially (73.2% White, 22.8% Black, 2.4% Hispanic and 2.9% other) and by household types. Newport has seven distinct but related household types. For your population size this is quite diverse.

Demographics and Demographic Trends

Every community wanting to have a future and particularly a more prosperous future must have demographic renewal. The ability to retain and attract younger adults and families is key to the success of Newport. Newport between 2000 and 2006 experienced a modest depopulation (average annual loss rate of 0.26%). ESRI is projecting the rate of depopulation will pick up between now and 2019 increasing to -0.29% per year. Modest improvements in economic opportunity coupled with a smart people attraction strategy is feasible and can make a difference in moving to demographic renewal.

According to the Census, Jackson County peaked in population in 1930 at nearly 28,000 residents. The 2013 Census estimate is 17,615. The county in which Newport is located is experiencing chronic and moderate depopulation. Based on Census data for the period of 2000 through 2012, the county is now experiencing more deaths than births and negative migration contributing to a rooting pattern of population loss. Newport's development success is based in having a growing and thriving area. Stabilizing and reversing county level population declines is important to Newport's future. *We can provide stories of communities like Newport that have successfully combined entrepreneurship and people attraction to reverse chronic depopulation and move towards demographic renewal.*

2014 Basic Profile

Jackson County
Population = 18,014
Median Age = 41.1 years
Households = 6,769
Ave. Household Size = 2.36

Newport *(Zip Code 72112)*
Population = 12,690
Share of County = 70%
Median Age = 40 years
Households = 4,404
Ave. Household Size = 2.35

Primary Household Types in Newport	Percent of Total
Small Town Simplicity	31.6%
Midlife Constants	18.8%
Rural Bypasses	16.3%
Rooted Rural	15.9%
Traditional Living	9.2%

For additional information on your household types check under ESRI > Tapestry Profile Descriptions in the electronic library that has been prepared for your community as part of this assessment. ESRI 2014.

< E Library >

Economic Structure

In market based economies, personal income and spending drive economic structure and development. Because of this reality, we employ personal income information to provide a basic profile of the economic structure of Jackson County. The following chart provides a visual summary of this community's economy and, most importantly, economic sectors and activities.

Jackson County Total Personal Income = $589.9 million	
Labor Earnings **$325 million or 55% of Total**	**Non-Labor Earnings** **$264 million or 45% of Total**
Wage & Salary Labor Earnings $208 million or 70% of Labor Earnings	**Dividends, Interest & Rent** $90.5 million or 34% of Non-Labor Earnings
Proprietor Related Labor Earnings $89 million or 30% of Labor Earnings *Up by 4% from the 1970s level.*	**Transfer Payments** $173.8 million or 66% of Non-Labor Earnings *Up by 367% from 1970 ($47 million)*
Sources of Income by Sector Government = 20.6% or $70 million Manufacturing = 17.5% or $60 million Farming = 16.7% or $57 million Retail Trade = 7.3% or $25 million Other Services = 4.6% or $16 million *Commuting workers are important in both Newport and Jackson County. About $66 million in personal income is tied to workers who live in Jackson County and work outside of the County. Another $17 million is tied to those outside of the County working in the County.* Source: Headwaters Consulting, 11.25.14.	***Retirees.*** *33% of all personal income in the County is related to retirees. This makes retirees the largest and most dominant economic sector in the County. This finding is true for Newport as well. $91 million of the $174 million in government transfer payments is associated with retirees – primarily Social Security and Medicare. Most of the Dividends, Interest and Rent income flows to retirees as well.* ***Hardship Related Transfer Payments.*** *Reflecting the hard times that Jackson County and Newport have faced historically and recently, the 5th largest source of personal income is related to hardship related government transfer payments. In 2012 ,over $57 million in such payments flowed into the county.*

Based on personal income generated in 2012, the primary economic drivers in Jackson County and Newport are:

- Retirees - $194 million in personal income
- Government - $70 million
- Commuters - $66 million (those living in the County and working outside the County)
- Manufacturing - $60 million
- Hardship Related Transfer Payments - $57 million
- Farming - $57 million

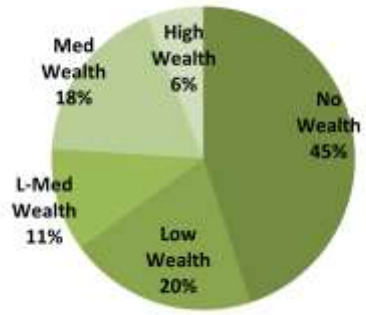
Performance

Real Earnings. A major challenge in rural communities of the Delta U.S. Region is relatively low wage rates. In part, lower wage rates are offset, when compared to major cities like Memphis or Little Rock, due to a somewhat lower cost of living. It will be very challenging to increase demographic growth and overall economic performance as long as wage rates (including access to basic benefits of health insurance, paid vacation, maternity leave and retirement) are uncompetitive with larger metropolitan economies.

The share of working households to non-working households is shifting in the U.S. due to rising numbers of elderly, disabled persons and the unemployed. The share of county income from labor earnings has dropped from 75% in 1970 to 55% in 2012. Conversely, non-labor earnings have risen by 20% over the same period.

Household Wealth. A bottom line indicator of how well a community is performing is based on the share of households with "no wealth" to "high wealth." Income levels shape wealth holding, but a more complete measure of household wellbeing or the ability of a community to provide for its residents is wealth holding.

Wealth Profile for Newport, Arkansas



Source: ESRI, 2014 Data, 11.25.14

A compelling development goal is to increase broadly-held wealth throughout a community. According to ESRI approximately 65% of households in Newport have no or little household current net worth. Nearly one in four households has moderate to high current net worth. Despite the wealth profile for Newport, there is wealth and this community is charitable.

One consideration for Newport is to explore working with a community foundation and developing donors (both rich and poor) to give back a portion of their estates to the community. Community giveback can create permanent endowments that can support community betterment and development projects and programs. These funds can also be used to provide match for attracting outside development such as USDA Rural Development grants.

Note on Performance. *Each community must ultimately define "performance." In our work, we employ a wide range of performance indicators that are used to guide and track development efforts. Shorter-term we focus on development efforts that will (1) increase economic opportunities for residents and (2) grow household wealth.*

Business Profile

Newport is a local trade center and employment hub for its immediate community. According to ESRI, there are 774 businesses in Newport. Newport's business community is dominated by "small businesses." Jackson County (see the box at the right) supports nearly 1,100 farm and non-farm businesses. Like Newport, these businesses are relatively small with an average employment of nearly 7 persons per business and average business sales of $663,000.

2013 Quick County Business Profile

Establishments = 1,083
Jobs = 7,324
Jobs / Establishment = 6.8
Sales = $718 *million*
Sales / Establishment = $663,390

Jackson County Your Economy Profiles		
1995 to 2001 Period		**2001 to 2012 Period**
+1.10%	*Establishments*	+0.80%
-0.70%	*Jobs*	No Net Change
+1.60%	*Sales*	-0.50%

Source: www.youreconomy.org,

Newport and Jackson County appear to be in search of economic recovery. There is both a contemporary and chronic element to the development challenges facing your community. This condition provides potentially strong motivation for engaging in and investing in more robust community economic development. Location and the positive news on retail capture for Newport are positives. There are also indicators of emergent entrepreneurial activity. We found evidence of increases in self-employment during the Great Recession and positive trend lines in both non-farm proprietor income and employment (see the Electronic Library for charts).

Trade Capture in Newport

In 2014, ESRI estimates that Newport had $82.5 million in retail demand and just over $150 million in local retail sales resulting in a +$68 million retail surplus.

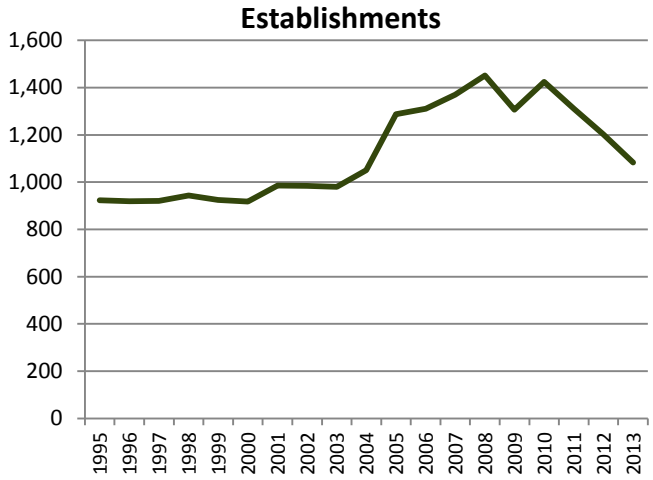
ESRI, 11.25.14

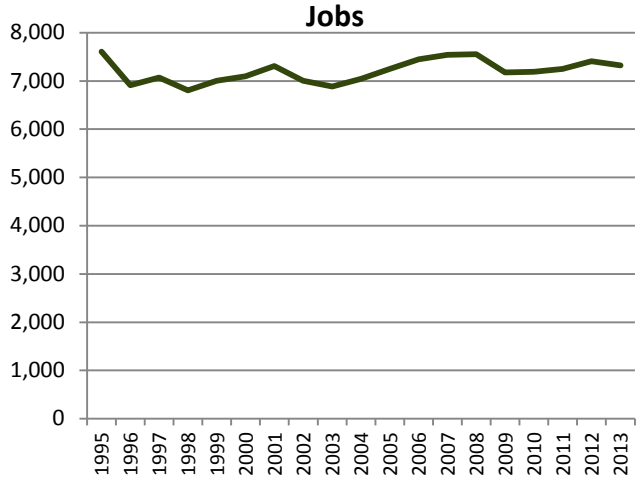
Jackson County

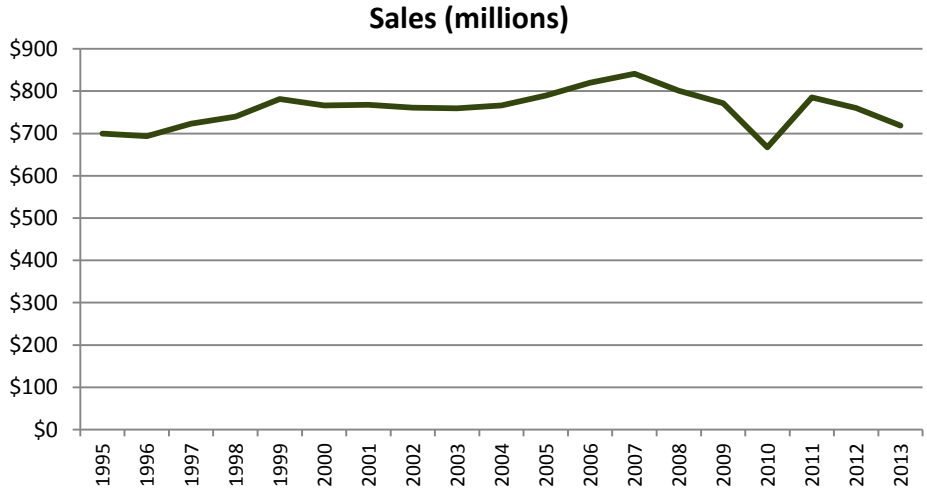
Type of Venture	Number Ventures	Jobs/ Venture
Total	1,083	6.8
Self-Employed	274	1.0
Stage 1	670	3.3
Stage 2	129	24.6
Stage 3	10	166.2
Stage 4	0	0

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Your Economy year to year comparison charts for Jackson County











Center for Rural Entrepreneurship

The Center for Rural Entrepreneurship's mission is to help community leaders build a prosperous future by supporting and empowering business, social and civic entrepreneurs. With our roots and hearts in rural America, we help communities of all sizes and interests by bringing *empowering research* together with *effective community engagement* to advance *community-driven strategies* for prosperity.

Our **Solution Area Teams** empower community leaders to find their own answers to the economic development challenges and opportunities they face:

- **Community Development Philanthropy** provides effective strategies to build local philanthropic capacity and generate development resources.
- **New Generation Partnerships** provides a framework for engaging young people now and attracting them in the future.
- **Entrepreneurial Communities** provides a roadmap for designing and delivering entrepreneurship strategies that work.

For tools and resources, visit the departments in e2 University at http://www.energizingentrepreneurs.org/library/e2university.html.

To learn more about the Center, go to www.energizingentrepreneurs.org.

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