

# Diversifying the Economy to Create Jobs and Help Families Prosper in South Dakota

The Rural Family Economic Success (RuFES) framework has three broad outcomes—Earn it, Keep it, Grow it—designed to help families increase their income, stabilize their finances, and build assets and wealth.

This story addresses “Earn It” strategies, showcasing the efforts of Miner County, South Dakota residents to reduce poverty and rebuild their economy. They’re working to increase employment opportunities and income by diversifying the economy, bringing in additional economic drivers compatible with the region’s strengths in order to retain families and lure back others who’ve left. This includes pursuing environmentally sustainable job-producing opportunities in the green economy.

Like many other small farm communities, the South Dakota town of Howard could have withered on the vine as its agriculture-dependent economy slowly eroded.

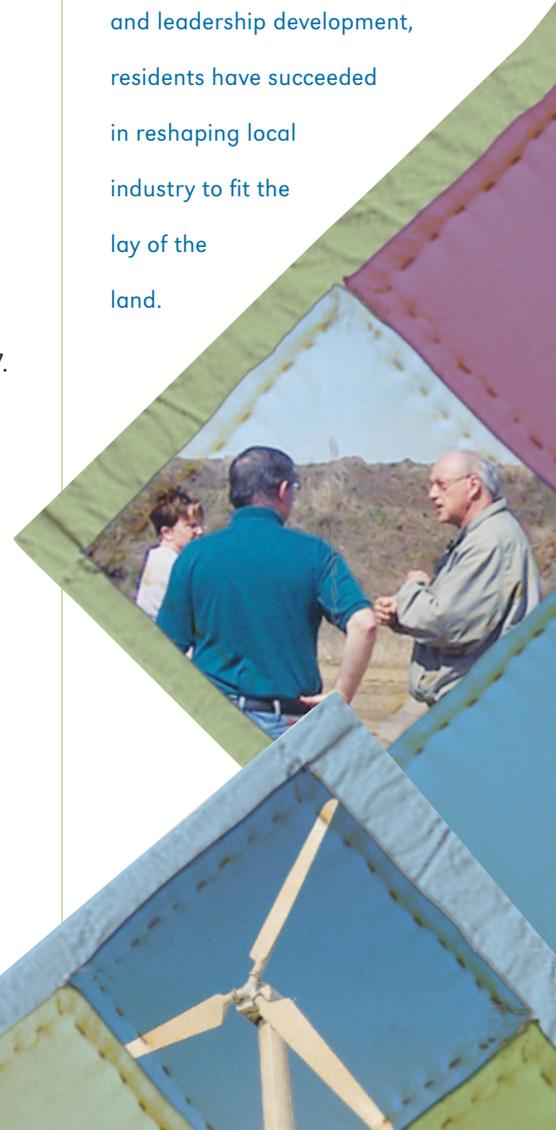
And it almost did. In Howard and surrounding Miner County, 576 square miles of wide open land tailor-made for growing corn and soybeans:

- The number of full-time farms dropped from 356 to 257 between 1987 and 1997.
- Land used for agriculture production decreased by 11 percent between 1992 and 1997.
- The number of businesses fell from 250 to 153 between 1960 and 1999.
- The population plunged almost 12 percent from 3,272 to 2,884 between 1990 and 2000, becoming older as young families left for bigger cities like Sioux Falls, 65 miles south-east. The county went from eight communities to four.

But instead of withering, a leaner meaner Miner County, population about 2553, is being cultivated. With deep grassroots participation and help from foundation grants, residents are working to retain existing employers and grow new industry that fits the lay of the land. This ongoing economic development is part of a 10-year community plan begun in 2001 to reduce poverty using a multidimensional approach that also addresses housing and leadership development.

“We looked at who our people were and their needs. Do they have abilities to go in other directions? What could we garden from within and bring in from the out-

Instead of withering as its population declined and the number of businesses fell, a leaner meaner Miner County emerged. Through a 10-year community plan begun in 2001 to reduce poverty using a multidimensional approach that also addresses housing and leadership development, residents have succeeded in reshaping local industry to fit the lay of the land.





Two hundred and eleven new jobs were added between 2001 and mid-2008, a 14 percent increase. Among these are 65 in the county's new organic beef production industry. "We knew that we had skills," says Randy Parry. "How could we keep those good people with their kids and create a new economy with good jobs?"

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"We couldn't stay the way we were. We knew that we had skills. How could we keep those good people with their kids and create a new economy with good jobs? We didn't want to create something that didn't match what they could do but we looked for the economic engines of the future. We have the people to help those engines move."

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#### BUILDING A NEW FAMILY-SUPPORTING ECONOMY, PIECE BY PIECE

Revitalization efforts in Miner County have stimulated economic activity including:

- Two hundred and eleven new jobs were added between 2001 and mid-2008, a 14 percent increase, thanks partly to a revolving loan fund created to help start or expand businesses. Among these jobs are 78 in the county's new wind energy industry; 65 in its new organic beef production industry.
- Most of the new jobs are full-time with benefits. Over 70 percent of the people who got these new jobs were previously in low-income jobs without benefits or held multiple jobs to make ends meet.
- One hundred and twenty-three jobs were retained at a longtime employer, PBM Graphics, which was considering a move. Thanks to collaboration between the community and PBM plus revolving loan funds, PBM was able to buy a local building and remain in the county.
- The economy was diversified as a result of local planning. Farm income dropped from 27 to 21 percent of the county's overall income while nonfarm income rose from 12 to 14 percent between 1990 and 2005.
- Per capita income, adjusted for inflation, increased 50.4 percent between 1995 and 2005 compared to 30.1 percent in South Dakota.

This economic growth has spurred a cycle of other community-building developments in Miner County, helping to strengthen the region and making it easier to attract, retain and grow even more companies. For example:

- Tax revenue increased from \$1.38 million to \$1.89 million between 1995 and 2005—about a 37 percent increase.
- Building permits for new homes and businesses in Howard are on the rise. Since 1995, when one permit was issued, permits have averaged 24 annually.
- New amenities and services were developed between 1995 and 2008, including a new child care center, expanded industrial park, assisted living and independent living, medical facilities including physical therapy, chiropractic clinic, telemedicine capacity and dental services.

## PLANTING THE SEEDS: FROM STUDENT PROJECT TO COMMUNITY REVITALIZATION

The seeds for Miner County's revitalization were planted in 1995 when Howard's school district used a modest Annenberg Foundation grant to create a Rural Resource Center at the high school and do projects connecting students with their communities. Led by Randy Parry, who was then a teacher, students did a community cash flow study which found that many residents were shopping outside the county. The widely-discussed results led to a 41 percent increase in the county's taxable sales.

Next came grassroots gatherings to discuss the county's issues and future including focus groups on employment, housing, health care, and education; community vision meetings, and the creation of a 22-member countywide task force.

By 1998, Miner County had caught the attention of the Northwest Area Foundation which wanted to support community poverty reduction strategies. The Foundation was impressed by Miner County's community cohesion and ability to work together as well as by residents' understanding that economic, social, and environmental issues are interconnected and must be addressed to create prosperity.

In 2001, the Foundation invested in Miner County, providing technical assistance and \$3.8 million in grant money over ten years, with another \$2 million from a state community foundation. With the grant money, Miner County developed a 10-year plan and started Miner County Community Revitalization (MCCR) to help implement it. Evolving from the countywide task force, MCCR oversaw the work of 100 residents who served on committees that tackled issues including economic development, agriculture, housing, education, and health care.

Today MCCR's eight staff members—many of whom are Randy Parry's former students—continue to work to increase collaboration and resident involvement, build leadership, and spur new business ventures and social services.

"Miner County's plan works to strengthen the components a community needs to reduce poverty and create prosperity that reaches people in poverty," says Sylvia Burgos Toftness, of the Northwest Area Foundation. It also focuses on "the networks and partnerships that help promote a sustainable, growing economy."

To succeed, Miner County residents had to move from complacency to action, from hopelessness to hopefulness, from agriculture to something new. The age-old mind-set was "hang on and wait and see what happens," says Kathy Callies, MCCR's Vice President. "Now people see that it's their responsibility, at the community level, to make it happen."

While the plan has many pieces, "the biggest thing is jobs," says Parry. On that front, strategies include:

- Working with regional technology-dependent industries to create branches or new businesses and helping them develop a trained workforce.



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“This is the best wages I’ve made,” says Kidd (*above*).

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- Creating a business assistance program providing technical assistance, financial restructuring services, and loans.
- Promoting value-added processing of agriculture commodities and a variety of markets building on local assets.

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#### GARDENING FROM WITHIN: LAUNCHING AN INDUSTRY THAT FITS RESIDENTS’ SKILLS

Miner County pursued the wind energy industry, for example, because it offered long-term, family-supporting jobs that fit residents’ skills—and could become an economic engine with potential spin-offs. Mechanics who once fixed farm tractors were well-suited to fix wind turbines. “It wasn’t just an accident. The skill sets of people really matched that industry,” says Callies. “That is fundamental. We were very strategic about wind energy.”

The industry got off the ground in 2001 when a wind turbine repair shop opened in Howard. The shop is a branch of Energy Maintenance Services (EMS) in nearby Gary, whose president is former Howard High student Joe Kolbach. Attracting entrepreneurial former residents is an important Miner County strategy. “Joe is interested in the welfare of the people here,” says Parry. “He’s taking low-income people who didn’t have jobs and helping train them in a field that’s going to be here and is up-and-coming.”

Parry is optimistic that the recent sale of EMS to Tower Tech Holdings, Inc., of Wisconsin, for \$32 million, will have a positive impact on Miner County, with a planned expansion likely to double Howard’s current 25-person workforce within the next year.

A spin-off of the wind industry was created in 2007, when Knight & Carver, a San Diego wind-blade manufacturer opened a Howard plant. Kolbach helped introduce Miner County to the company and residents sealed the deal by explaining their vision and the mission.

Mick Kidd, 52, a former farm implement mechanic started as a technician at EMS and is now the plant manager in Howard. “This is the best wages I’ve made,” says Kidd, whose son also works at EMS, returning to Howard with his family after moving away. “It’s good for the community to have the young kids be able to make a living. The business is just growing and growing.”

Tim Sherman, 28, also moved back home to Howard to work for EMS. “Before, there just wasn’t that much opportunity but now there are several better-paying jobs that can make raising a family feasible,” says Sherman, who has two young children.

His wife Kelly, 28, works at Knight & Carver, “We always hoped that we could live in the Howard area,” she says. “I love the people. Not a lot goes on which is really nice when you have little kids. Neither of us wanted our kids to go to a school where they’d have to walk through a metal detector.”

Thirteen years after the county’s community cash flow study spurred more local spending, there are more places to shop in downtown Howard. Now the three-block stretch of Main Street is lined with well-tended businesses, including two health clinics, a bank,

hardware store, drugstore, dentist, physical therapist and the Rural Learning Center, the new modern headquarters of MCCR.

“Main Street used to have a lot of empty buildings and was dying, basically. Slowly but surely people are opening up new businesses,” says Kelly Sherman. “It’s bringing a lot more young people. A lot of our friends have moved back.”

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#### HARVESTING THE YIELD: A REVITALIZED DOWNTOWN AND A MODEL FOR OTHER STRUGGLING RURAL COMMUNITIES

Today, on a weekday, Howard quietly hums with activity. On the town’s eastern edge along two-lane Highway 34, cars are parked outside Dakota Beef, a once-abandoned slaughterhouse reborn in 2003 as an organic beef processing plant that not only employs residents but provides a market for local farmers’ cattle. MCCR helped the buyer—a New Englander married to a former small-town South Dakotan—negotiate the slaughterhouse purchase. The company’s sales have increased from \$278,000 in 2004 to \$12 million in 2007.

On the town’s western edge, past a large prospering grain elevator, two wind turbines whirl above an industrial park along Farmer Avenue, which is lined with non-farm industries—PBM, EMS, and Knight & Carver.

To reflect its broadening mission, MCCR decided in 2008 to change its name to the Rural Learning Center. Staff will continue to work on revitalizing Miner County. But the Center also will provide programming and a gathering place to share what Miner County has learned with other struggling rural communities. It also will host vocational and occupational training in wind and other renewable energy technologies, helping the industry to retrain residents. Plans are underway to expand the Center, adding a \$9.1 million complex including a conference and training center and a hotel—creating another economic engine for the county. The complex will be designed to meet stringent environmental requirements necessary to earn a LEED platinum certificate (An acronym for Leadership in Energy and Environmental Design, LEED’s platinum certificate is the top classification given by the U.S. Green Building Council).

Not all of Miner County’s revitalization efforts have succeeded and challenges remain. A cheese-making plant and a fish farming enterprise failed. Several smaller towns continue to struggle. Randy Parry thinks Howard’s population, now about 945, still needs to grow. And there are concerns about sustaining progress once foundation money runs out in 2011.

“We are 100 times better off than we were. Are we out of the woods for a community our size? I would hope to think we are,” says Parry. “But it’s work that will never be done. You’ve got to be prepared to take the next step.”



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