

Annual Report 2006

The Northeast Regional Center for Rural Development



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2006 Annual Report on Accomplishments

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Accomplishments

2006

While some areas in the northeastern U.S. region suffer from population loss, persistent poverty and economic stagnation, others are experiencing tremendous growth spillovers from urban centers. In this context, a key Northeast Center mission is to increase the capacity of residents in rural regions and communities to deal with those local problems that involve public sector decision-making. We achieve our mission by developing, integrating, synthesizing and delivering research-based knowledge to help community decision-makers trace out the anticipated and unanticipated consequences of alternative policy designs.

Specific on-going priorities include:

- Helping communities on the rural-urban fringe in making more rational land-use decisions through data-based models and analyses
- Promoting community based agricultural development and small farm clusters through improved networking
- Understanding the community characteristics and public interventions that enhance or discourage entrepreneurship
- Identifying new methods and policies to reduce persistent poverty
- Identifying the causes and consequences of youth out-migration (the brain drain), including the role of government fragmentation

During the last year we were fortunate to work closely with Rod Howe of Cornell University, as regional program coordinator. Through his leadership four networks have been established in the region to address specific questions related to land use and to entrepreneurship.

Recent research provides compelling evidence of the power and importance of networks and human interactions in assuring societal progress, whether within organizations, communities or regions. As in years past we extend deep appreciation to our networks of collaborators and contributors within the region and beyond. Without them, the accomplishments described in this Annual Report 2006 would not have been possible.



Stephan J. Goetz
Director

Forging Regional Dialog and Collaboration

The Northeast Regional Center sponsored or co-sponsored four workshops in 2006 to facilitate the exchange of research-based information and to enhance the capacity of extension educators in the region to address critical emerging issues. Workshops provided information on how communication and information technologies are impacting rural communities and addressed issues related to land use and economic development, including the “creative class.”

Regional Workshops and Conferences, Sponsored and Co-Sponsored



Connecting Rural Communities: Cooperative Extension as a Catalyst, Sheraton Society Hill, Philadelphia, PA, June 6-7, 2006. Facilitated by Bill Shuffstall. <http://www.nercrd.psu.edu/ConnectingCommunities/ConnectingCommunities.html>

This hands-on conference provided an in-depth understanding of how technology is impacting rural communities and how Cooperative Extension staff in all program areas can use the processes and materials in the guide to help community leaders (agricultural, youth, government, healthcare, education, business) identify and implement projects that improve their community’s digital development. Twenty two individuals attended the workshop from twelve states, five from the northeast region (ME, VT, NY, PA, WV) and seven other states (OH, VA, OK, KY, MI, MN and ND). Attendees included representatives from Cooperative Extension, state and local government education, and community development foundations.



The Northeast Center sponsored or co-sponsored the following four workshops in 2006:

Connecting Rural Communities: Cooperative Extension as a Catalyst

Building Entrepreneurial Communities

The Creative Economy: Implications for Rural Areas

NEELUN, Northeast Extension Land Use Network

The Connecting Communities online guide (<http://www.connectingcommunities.info>) was introduced at the conference; the Connecting Rural Communities project is sponsored and funded by the Southern Rural Development Center/ RRDCs through the 2005 Rural E-Commerce Extension Initiative Grants Program. Group discussion was encouraged and suggestions were made for improving the online guide. The conference increased understanding among participants of the role of broadband in future economic development. It provided an opportunity for professionals across the region to come together and discuss similarities and challenges and to strengthen multi-state programming networks.

Outcomes of the conference include: 1) workshop participants acquired a greater understanding of the role of advanced telecommunications services in the global economy and the impact that this has on the economies of rural communities in the United States; 2) workshop participants received an in-depth introduction to the role(s) Cooperative Extension can play in helping community leaders increase the diffusion and adoption of information technologies to improve community economic and social well-being; 3) workshop participants in New York, Pennsylvania and West Virginia are developing pilot Connecting Communities projects in their

states; 4) the Northeast Region group working on entrepreneurship programming is considering how to integrate components of connecting rural communities into programs that focus on developing entrepreneurial communities; and 5) a fledgling network of specialists and extension educators interested in the impact of the diffusion and adoption of digital technologies on community development is being developed.

Building Entrepreneurial Communities, Sheraton Society Hill, Philadelphia, PA, June 7-8, 2006. Facilitated by Rod Howe

The entrepreneurship strategic planning conference was held in conjunction with the Connecting Rural Communities Conference; the meeting involved representation from seven (ME, NH, NJ, NY, PA, VT, WV) Northeast states. Key researchers and extension professionals came together and sketched a three year plan of work for research and extension programming



to support multi-state rural entrepreneurship development collaborations. Two general theme areas will be further developed, one on youth and entrepreneurship and the other focusing on entrepreneurially-friendly communities. James McConnon (ME) chairs the youth entrepreneurship group; Mary Peabody (VT)/Rod Howe (NY) are leading the group that is researching community supported entrepreneurship issues. Listservs and networks have been established to further communication.



Opportunities and Challenges Facing the Rural Creative Economy, June 13-14, 2006, Mystic, CT; in conjunction with the 2006 Northeastern Agricultural and Resource Economics Association annual meeting, with Todd Gabe, University of Massachusetts. <http://www.regionalscience.org/pdfs/NAREA%20WORKSHOP.pdf>

This workshop, which was sponsored by The Northeast Regional Center, featured keynote speakers and selected papers on the opportunities and challenges that nonmetropolitan areas face in the attraction and retention of creative talent (i.e., Richard Florida's "Creative Class"). Workshop objectives were to (1) disseminate current research on the rural creative economy, (2) establish a framework for policy discussion, and (3) identify areas of interest and support for future work.

Workshop Agenda and Presentation Abstracts

Welcome – NAREA President Harry Kaiser, Cornell University

The Rural Creative Economy: Dimensions, Experiments, Policy

Ann Markusen, Director, Project on Regional and Industrial Economics, Humphrey Institute of Public Affairs, University of Minnesota

<http://www.nercrd.psu.edu/CreativeEconomy/MarkusenPaper.pdf>

Export base theory – that overall growth is a function of external sales – dominates economic development practice. But the consumption base can also serve as a growth driver. Communities can make investments that will induce residents to divert expenditures into local purchases, attract new and footloose residents and tourists, and revitalize aging town centers. Markusen presented the analytics for a consumption base theory and demonstrated how cultural investments prompt growth. Elements of rural cultural strategy were reviewed, emphasizing the role of artists as leaders and arts councils as community facilitators.



The Creative Economy Practitioner's Toolkit: Strategies for Maximizing Resources

Susan Christopherson, Suzanne Loker and Susan Monagan, Cornell University

<http://www.nercrd.psu.edu/CreativeEconomy/MonaganPaper.pdf>

Nine strategies were presented that can be used by practitioners to develop and implement creative economy initiatives. These were developed through research and discussion with practitioners engaged in successful initiatives. The emphasis is on initiatives that provide evidence of campus-community collaborations in rural towns and regions of New York State.

Craftspersons and Artists in Northwest Wisconsin: Putting a Face on a Creative Industry

Jerry Hembd, Andrew Dane and Beverly Stencel, University of Wisconsin Superior

<http://www.nercrd.psu.edu/CreativeEconomy/HembdPaper.pdf>

Creative Economy Roundtable

Heidi Hamilton, Film Division Director
Connecticut Commission on Culture and Tourism

Kathryn Hunt, Research Associate
Margaret Chase Smith Policy Center

Jane Preston, Director of Programs
New England Foundation for the Arts

The Creative Economy and Quality of Life in Rural Areas and Small Cities

Stephen Sheppard, Director, Center for Creative Community Development, Williams College

<http://www.nercrd.psu.edu/CreativeEconomy/SheppardPaper.pdf>

Emoting with Their Feet? Migration to Artistic Havens

Timothy R. Wojan, David A. McGranahan and Dayton Lambert, Economic Research Service, USDA

<http://www.nercrd.psu.edu/CreativeEconomy/WojanPaper.pdf>



A central conjecture of the creative class construct is that creative people are attracted to those places most conducive to creative activity. Findings of an association between the share of employment in the arts and various indicators of economic dynamism provide plausible support for this conjecture. As such, artists serve as an indicator species for the presence of a “creative milieu,” which also attracts highly creative workers and entrepreneurs. We explicitly test this conjecture by first modeling the 1990 share of employment in the arts at the county level, and then using the residual from this regression to explain differences in various measures of economic dynamism between 1990 and 2000. Our results support the hypothesis that an unobserved creative milieu that attracts artists increases local economic dynamism.

The Residential Preferences of Rural Canada’s Future Creative Class

Clive Lovett and Kenneth Beesley, Brandon University

<http://www.nercrd.psu.edu/CreativeEconomy/LovettPaper.pdf>

Spatial Analysis of Rural Economic Development Using a Regional Adjustment Model and Locally Weighted Regression

SeongHoon Cho, SeungGyu Kim, Christopher D. Clark and William M. Park, University of Tennessee

<http://www.nercrd.psu.edu/CreativeEconomy/ChoPaper.pdf>

This study used locally weighted regression to identify county-level characteristics that serve as drivers of creative employment throughout the Southern US. Higher per capita income, greater infrastructure investments and the rural nature of a county tended to promote creative employment density, while higher scores on a natural amenity index had the opposite effect. The authors were also able to identify and map clusters of rural counties where the marginal effects of these variables on creative employment

density were greatest. These findings help rural communities to promote creative employment growth as a means of furthering rural economic development.



Evaluating a Proposed Relocation of a Local Historic Mill

Vishakha Maskey, Cheryl Brown, Alan R. Collins and Hala Nassar, West Virginia University

<http://www.nercrd.psu.edu/CreativeEconomy/MaskeyPaper.pdf>

While historians believe that preserving a historic building in its original location is important to maintain its historical integrity, the general public’s opinion on this matter is not known. Survey data were gathered from local residents regarding a proposed relocation of a historic mill in rural West Virginia. A minority of the sample population supported keeping the mill open in its original location. Willingness-to-pay to preserve the mill in its original location was estimated at \$8.45 for a one-time donation for the sample; \$2.29 after adjusting for non-respondents using characteristics of the local population. The entire economic value of preservation (\$91,000) was enough to cover some, but not all, of the costs of keeping the mill open at its original location.

The Value of Creativity in the Northeastern United States

Todd Gabe, University of Maine

<http://www.nercrd.psu.edu/CreativeEconomy/GabePaper.pdf>

This paper examines the effects of local workforce creativity on county-level earnings. Descriptive analysis of the data showed that most of the high-creativity counties in the United States are part of metropolitan areas, and that employee earnings are high in these places. Regression results indicate that, other things being equal, workforce creativity enhances county-level labor earnings. However, the returns to creativity found in the paper were confirmed only in the urban context. An extension of the analysis suggested that the creative workforce wage premium may be capturing the effects of other technical skills (e.g., mathematics) on earnings.

NEELUN, Northeast Extension Land Use Network fall meeting, October 11-12, 2006, Holiday Inn Airport, Philadelphia, PA. Facilitated by Rod Howe.

The Northeast Land Grant Land Use (NEELUN) Strategic Planning meeting was held October 11-12, 2006 at the Holiday Inn Airport, Philadelphia. The meeting was an opportunity for key researchers and extension faculty and educators to come together and develop a three year plan of work for multi-state land use research and extension programming. Meeting attendees were from seven northeast states and Washington, DC; participants represented Agricultural and Environmental Economics, Community and Economic Vitality, Extension, research, and USDA-CSREES. A listserv has been established for members of the NEELUN network. The two working groups that formed



from this meeting were an Agriculture Planning Group and a Housing Group. Each group will work on outlining issues that were discussed within the group, networking and disseminating their findings. Members of each group will communicate via conference calls and listservs.

In the Planning Stage

Conference on the Science and Education of Land Use: A transatlantic, multidisciplinary and comparative approach (TALUC).

<http://www.nercrd.psu.edu/TALUC>

The conference, scheduled for September 24-26, 2007 in Washington, DC, explores the causes and consequences of current land use trends related to society, economy and environment. It will identify the major drivers of land use and address the questions of what will happen if we keep doing what we are doing now, and what alternative measures could strengthen the sustainable use of natural resources in rural and suburban areas. Projections of future land uses are examined along with the question of how science can help society make more rational land use decisions.



The conference will explore the trade-offs among broad benefits and costs of alternative land uses. We invite papers that project future land uses and examine the question of how science can serve society in making more rational local and regional land use decisions. An important and unique aspect of the conference is the emphasis on transatlantic (Europe/US) comparisons.

The conference also seeks to promote scientific exchanges among researchers at US and European Universities who are addressing land use-related issues. Scientists will share experiences from research on the challenges ahead related to future land use patterns. Special efforts will be made to translate the conference findings for teaching purposes and to outline the main features of trans-national and trans-disciplinary curricula on future land use changes. A transatlantic, multi-disciplinary and comparative approach is adopted and the cause/consequences frame, along with policy options, will be used to develop classroom curricula. The need for this conference arises out of the growing complexity of land use issues: It is clear that individual disciplines in isolation are unable to provide effective and comprehensive answers. Contributions are invited from all relevant academic disciplines.



The primary audience of the conference is academic scientists and graduate students. The conference will include a strong focus on education and curricula issues as they relate to improving our ability to embark on multidisciplinary research regarding land use. A limited number of civil society representatives, elected leaders, policymakers and private decision makers are invited to be informed about the current state of knowledge on the science of land use.

We will identify training programs for civil servants and other key players involved in the design and implementation of land use policies. We will explore the possibility of transatlantic



The Interuniversity Consortium for Agricultural and Related Sciences in Europe

co-operation in the development of training programs for senior staff.

Abstracts for contributed papers are invited in the following topic areas:

- A. Land use and ecosystem interactions.
- B. Assessment tools for sustainable development.
- C. Socioeconomic, demographic, and other factors of land use change (incl. housing affordability).
- D. Agricultural profitability (incl. ecosystem valuation, multi-functionality, bio-based fuels).
- E. Protecting working landscapes (incl. labor and land management issues).
- F. Land use and water interactions and quantity/quality issues.
- G. Climate change and land use/land cover interactions.
- H. Land use and human health (vector-borne diseases, obesity, etc.).
- I. Equity and property rights issues.
- J. Managing public lands and protected areas.
- K. Land use policy making, effectiveness, alternatives, consequences (impacts).
- L. Real estate and related development issues.
- M. Other

Approach or Method

- 1. Transatlantic comparison
- 2. Multi-disciplinary/integrated
- 3. Database-related and modeling (current, planned, needed)
- 4. Teaching/course curricula
- 5. Natural sciences
- 6. Social sciences

Expected Conference Outcomes

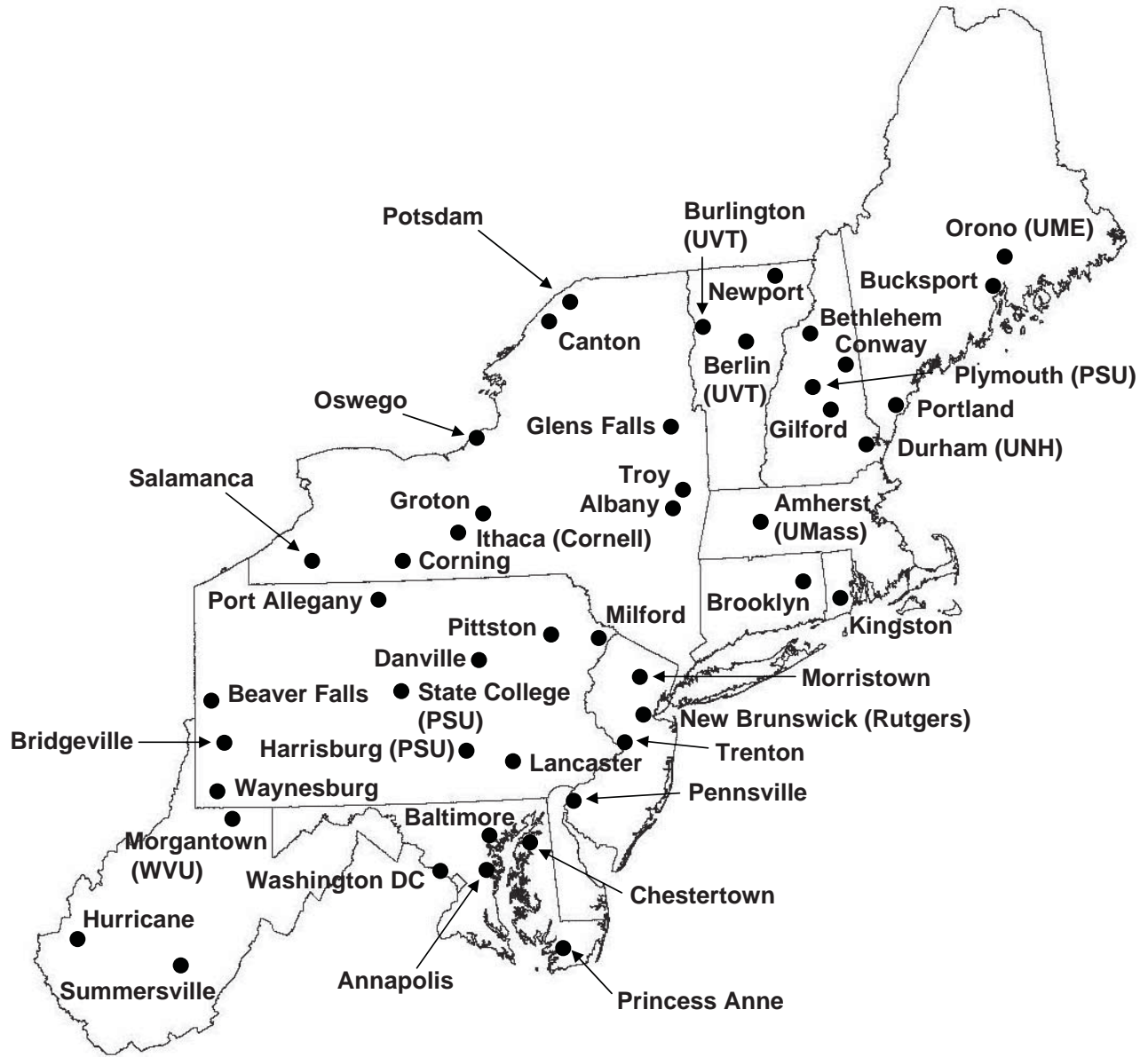
- Synthesis of existing knowledge, identification of gaps in current knowledge and future research needs.
- Explicit comparisons of land use issues and approaches to their resolution in Europe and in the US.
- Increased cooperation among scientists across the Atlantic; submission of joint research proposals.
- Increased sharing of curricula, student exchanges, and enhanced student experiences.
- One or more edited books containing conference papers. Commercial publishers on both continents have expressed strong potential interest in publishing a synthesis from the conference.

2005-2006 Workshops Sponsored or Co-sponsored by The Northeast Center

- Indicates Location of Workshop
- Indicates Location of Listening Session



Map Showing Participants' Home Institution/City



Creating and Sharing New Knowledge for Rural Development

The Center contributed to the generation and transmission of new knowledge through its newsletter as well as the numbered Rural Development Paper (RDP) series. The study funded by the E. M. Kauffman Foundation (RDP 33) expanded on previous research of factors affecting non-farm entrepreneurship or self-employment.

Network06 Newsletter

Four Issues of *Network06*, vol. 21, Nos. 1-4. A Quarterly Newsletter for Northeast Rural Development. URL: <http://www.cas.nercrd.psu.edu/Publications/newsletter.html>

From the Director *columns*, published quarterly in *Network06*

“Where Have All The Young Folks Gone?” (no. 1), March 2006

“Building a 21st Century Rural Workforce” (no. 2), June 2006

“Are We Poised for a Renaissance in the Northeast?” (no. 3), September 2006

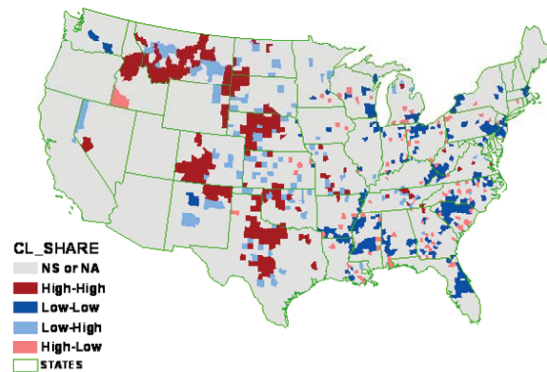
“Explaining Self-Employment Success and Failure” (no. 4), December 2006

Ewing Marion
KAUFFMAN
Foundation

Rural Development Paper Series

Goetz, Stephan J., September 2006, RDP No. 33, “The Place-Based Structural Determinants and Effects of Self-Employment,” final report to the E.M. Kauffman Foundation. 64pp. <http://www.nercrd.psu.edu/Publications/rdppapers/rdp33.pdf>

Figure 8: Hot and Cold Spots for Clusters of Self-Employment Shares, 2004



This study expands on previous research by including a wider set of local economic and community factors affecting non-farm entrepreneurship or self-employment than have previously been considered. These factors affect both the rates of and returns to self-employment in US counties. In the county-level regression analyses, individual-level sociodemographic variables capture the characteristics of the population pool from which the self-employed are drawn. These individual-level factors are distinguished from local county characteristics that affect self-employment or proprietorship formations. Some of the latter variables are subject to policy influence while others serve as controls that are not easily

changed. While the literature on self-employment or proprietorship formations is sizeable, empirical research on the returns to self-employment is virtually non-existent. A major contribution of the present study is to reveal why the returns to self-employment vary over space.

Counties with older, more highly-educated and wealthier populations also had higher self-employment rates, as predicted. Likewise, counties with more foreign-born populations and greater ethnic diversity have higher rates of self-employment, but higher foreign-born shares are associated with lower earnings from self-employment. These results likely reflect a combination of cultural factors as well as labor market discrimination on the one hand, and greater tolerance for newcomers, on the other.

College completion conveys no earnings advantage to the self-employed and having a high school but no college degree entails an earnings penalty relative to not having completed high school. Greater wealth and access to capital raise the returns to self-employment while the effect of experience on earnings follows an inverted-U, reaching a maximum at age 37. Greater reliance on federal welfare payments in the population is

associated with higher self-employment rates but lower returns to self-employment.

Counties in which more residents voted for the Republican presidential candidate in 2000 had higher rates of self-employment and returns to self-employment in these counties also were higher. This result is attributed to a stronger “entrepreneurial spirit” in these counties and fewer rules and regulations to thwart self-employment efforts.

Results for the effects of creative class-type variables are mixed. Patent activity leads to more self-employment but not to higher earnings. The presence of art dealerships is associated with higher self-employment rates (weakly) and earnings while musical instrument supply stores are associated with lower self-employment rates and have no effect on earnings.

Big-box retailers, especially Wal-Mart™, have been maligned recently for their effects on local communities. This study finds that while the presence of Wal-Mart stores depresses self-employment rates it may also raise the returns to self-employment. This supports the Schumpeterian prediction of creative destruction whereby



the surviving self-employed are more productive as a result of competitive pressures.

Local business service providers allow the self-employed to out-source non-core functions, raising their profitability. Among the six types of providers studied here, temporary help and child daycare services stand out for being associated with both higher rates of self-employment and greater returns. Childcare services are not typically viewed as a constraint to expanded entrepreneurship but they warrant greater attention. Couriers and messengers, and office supply and stationary stores are associated with significantly higher earnings, but their presence does not affect self-employment rates. Surprisingly, greater availability of business support services is associated with significantly lower returns to self-employment.

Other previously omitted establishment types that may affect entrepreneurship and self-employment are local post-secondary educational institutions. The presence of junior colleges; business schools and computer and management training establishments; and technical and trade schools is associated with higher returns to self-employment. However, only technical and

trade schools are associated with higher self-employment rates. An opportunity clearly exists for expanding the roles of colleges, universities and professional schools in stimulating local rates of and returns to entrepreneurship.

The self-employed respond rationally to financial incentives reflected in returns to wage-and-salary employment and self-employment risks. However, higher past returns to self-employment in a county unexpectedly are associated with lower subsequent self-employment rates, perhaps indicating that artificial barriers to entry exist in counties with high returns to self-employment. Higher levels of social capital, state right-to-work laws and greater self-employment risks are each associated with higher returns to self-employment.

Counties with natural amenities have proportionately more self-employed workers, as do metropolitan counties. Among US regions, the Northeast has higher shares of self-employed workers relative to the South, all else equal. In the West and the Midwest region, returns to self-employment are higher than in the South.



Standardized (beta) coefficients reveal that the following local factors have the greatest positive effect on non-farm self-employment rates, starting with the most important: 1. the presence of “jack of all trades” farmers; 2. lower returns to wage-and-salary employment, as the opportunity cost of self-employment; 3. greater access to credit; 4. greater availability of child daycare services; and 5. fewer retail firms. The statistically largest effects in terms of raising returns to self-employment are exerted by 1. higher historical returns to self-employment (in 2000); 2. an older or more experienced population (up to 37 years of age); 3. lower availability of business support services but 4. greater availability of temporary help services; and 5. fewer high-tech establishments.

Another innovation in this study is the use of spatial statistical methods to identify self-employment hot and cold spots. These are county clusters with especially high rates of or returns to self-employment.



Other Scholarly Works

Conference Presentations Available on the Northeast Center Web Site

What Works! Rural Entrepreneurship and Community Development in the Northeast Electronic Proceedings, Burlington, VT

http://www.nercrd.psu.edu/entrepreneur_What_Works_Worksp/TOC.htm

In September 2005, University of Vermont Extension and The Northeast Regional Center for Rural Development sponsored the What Works conference to serve as a starting point in a multi-year effort to craft communities of interest among the land grant partners of the northeast along with our many agency and organizational partners working in the areas of entrepreneurship, land use, social and community-capital and public policy. The workshop explored new possibilities for collaboration across institutional and political boundaries.

Proceedings from the Northeast Land Use (NEELUN) Strategic Planning Meeting, October 11-12, 2006, Philadelphia, PA.
<http://www.nercrd.psu.edu/NEELUN/MeetingProceedings.pdf>

Notes from the **Northeast Listening Sessions on Rural Entrepreneurship** and links to RUPRI's Center for

Rural Entrepreneurship can be found on the NERCRD web site: <http://www.nercrd.psu.edu/NEListeningSessions/index.html>

NETworking in Tourism: People, Places, & Partnerships, 2006 National Extension Tourism Conference, Burlington, VT
<http://www.esf.edu/NET2006/>

The National Extension Tourism Conference is sponsored every two years by the National Extension Tourism Design Team, a USDA-mandated committee of tourism and recreation extension professionals that seek to improve networking opportunities for educators in the field of tourism and recreation, and expand national tourism and recreation initiatives. The keynote speakers at NET 2006 were Don Meehan, Director, Washington State University Extension, Island County and Ted Eubanks, President, Fermata, Inc.



Books and Book Chapters

“Economics and Contemporary Land Use Policy Development and Conservation at the Rural-Urban Fringe,” Robert J. Johnston and Stephen K. Swallow, editors. RFF Press, May 2006. 288 pp.

Published by Resources for the Future, this book builds on the Land Use Policy Workshop sponsored by The Northeast Regional Center for Rural Development and held in conjunction with the 2002 annual meeting of the Northeast Agricultural and Resource Economics Association. As external forces increase the demand for land conversion, communities are increasingly open to policies that encourage conservation of farm and forest lands. This interest in conservation notwithstanding, the consequences of land-use policy and the drivers of land conversions are often unclear. One of the first books to deal exclusively with the economics of rural-urban sprawl, “Economics and Contemporary Land-Use Policy,” explores the causes and consequences of rapidly accelerating land conversions in urban-fringe areas, as well as implications for effective policy responses.

Peer-Reviewed Journal Articles

Goetz, Stephan J. and Anil Rupasingha, “Wal-Mart and Social Capital,” *American Journal of Agricultural Economics*, 88, 5 (December 2006): 1304-1310.

Rupasingha, Anil, Stephan J. Goetz and David Freshwater, “The Production of Social Capital in US Counties,” *Journal of Socio-Economics* 35 (2006) 83-101.

Goetz, Stephan J. and Hema Swaminathan, “Wal-Mart and Family Poverty in US Counties,” *Social Sciences Quarterly*, 83, 2 (2006): 211-225.

Rupasingha, Anil and Stephan J. Goetz, “Social and Political Forces as Determinants of Poverty,” *Journal of Socio-Economics* (2006), in press.

Zimmerman, J., S.J. Goetz and D. Debertin, “People and Places: Welfare Reform and the Separate Effect of Caseload Characteristics and Local Conditions,” *Sociological Spectrum*, 26, 2006: 289-308.

Manuscripts in Progress

Goetz, Stephan J., “The Economic Case for State-Level Land Use Decision-Making,” in press at *Journal of Regional Analysis and Policy*.

Goetz, Stephan J. et al. “Is Local Government Fragmentation Associated with Higher Rates of New Home Construction?” in preparation for the ICA/NASULGC Trans-Atlantic Conference on the Science and Education of Land Use, Washington DC, September 24-26, 2007.

Goetz, Stephan J. and Sundar S. Shrestha, “Explaining Self-Employment Success and Failure: Wal-Mart vs. Starbucks or Schumpeter vs. Putnam,” for *Social Science Quarterly*.

Goetz, Stephan J., Sundar S. Shrestha and Anil Rupasingha, “Proprietorship Formations and US Job Growth,” pres. at the Southern Regional Science Association Annual Conference, 2006, for *Review of Regional Studies*.

Grassmueck Georg, et al., “Youth Out-Migration from Pennsylvania: The Roles of Government Fragmentation vs. the Beaten Path Effect,” *Journal of Regional Analysis and Policy*.

Networking Regionally and Nationally

Several conferences and workshops were sponsored or co-sponsored by The Northeast Center in 2006. One workshop brought together key community development contacts to develop a strategic plan to address entrepreneurship issues in the northeast region, while a second strategic planning workshop was held to discuss land use issues. The Northeast Extension Land Use Network (NEELUN) was expanded, and a new community development network, Northeast Community and Entrepreneurship Network, was created.

Meetings Attended, Presentations Made

Attended NACDEP 2006, San Antonio, TX, February 12-16, 2006 (Rod Howe and Pam Hearn).

Presented at the Northeastern Regional Association (NERA) of State Agricultural Experiment Station Directors Meeting, State College, PA, March 28-29, 2006 (Martin Shields).

Attended the SRSA meeting, Jacksonville, FL, March 30-April 1, 2006 (Stephan Goetz and Martin Shields).

Attended National CRD meeting, Washington, DC, May 23-25, 2006 (Rod Howe).

Attended National Rural Funders Collaborative Assets and Opportunities Consultation, Washington, DC, May 30-June 1, 2006 (Martin Shields).

Connecting Rural Communities: Cooperative Extension as a Catalyst, Philadelphia, PA, June 6-7, 2006 (Rod Howe, Pam Hileman, Pam Hearn).

Building Entrepreneurial Communities, Philadelphia, PA, June 7-8, 2006 (Rod Howe, Pam Hileman, Pam Hearn).

Moderated at the 2006 Annual AAEA Meeting, "Envisioning the Future," Long Beach, CA, July 23-26, 2006 (Martin Shields).





Building Networks to Address Key Issues in the Northeast Region

Building Entrepreneurial Communities, June 2006, Philadelphia, PA

Presented at the Northeast States Association for Agricultural Stewardship (NSAAS) Eastern Regional Conference, Philadelphia, PA, July 30, 2006. (Martin Shields).

NET 2006 National Extension Tourism Conference, Burlington, VT, September 10-13, 2006. Presentation on Comparing the Needs of Tourism-Based Businesses with Perceptions of Tourism Development Organizations: Results of a survey from Pennsylvania and West Virginia, Martin Shields and David Hughes (presented by David Hughes). Conference attended by Pam Hearn.

Moderated at the Penn State Rural Interest Meeting, State College, PA, October 6, 2006 (Stephan Goetz).

NEELUN, Northeast Extension Land Use Network fall meeting, Philadelphia, PA, October 11-12, 2006 (Rod Howe, Pam Hileman).

Attended “Exploring Rural Entrepreneurship: Imperatives and Opportunities for Research,” Washington DC, October 26-27, 2006. (Stephan Goetz).

RRDC Combined Annual Meeting, Lied Center, Nebraska City, NE, November 14-16, 2006 (Stephan Goetz, Pam Hileman, Pam Hearn).



Expanding the Regional Funding Portfolio

In 2006 The Center funded three Sustainable Community Grants in collaboration with Northeast SARE (Sustainable Agriculture Research and Education). As a result of the 2006 grants the Appalachian Initiative was formed in partnership with the Appalachian Regional Commission (ARC). The purpose of the awards is to support sustainable agriculture either by adding value to farm products or by exploring alternative renewable energy. The Northeast Center is now in year two of the \$319,859 NRI-funded multi-state, multi-functional and multi-disciplinary Small Farms Industry Cluster grant.



NRI Grant

USDA/NRI Small Farms Industry Cluster
grant No. 05-55618-15744
(\$319,859).

2006 Progress Report

Information gathered from interviews with key members of small farm clusters has immense potential for improving the vitality of small US farms and rural communities. Existing clusters, which have not been studied systematically within agriculture, provide an ideal framework for understanding how complex economic, social, biological and environmental forces interact in agricultural communities,

and how small farms connect to rural communities through local processing and marketing. In September 2005 a strategic planning meeting was held in State College, PA to finalize the research implementation plan for the project. A management team was established to set up and record interviews with clusters related to commodities (dairy, wine, mushrooms); agricultural practices or philosophies (organic vs. non-organic); and social or ethnic networks (Portuguese, Hispanic, Hmong, female farmers). This management team has held conference calls about every other week since the beginning of the project. Cluster liaisons were interviewed prior to the actual cluster member interviews. Fifty-two farmer interviews have been completed, including Chesapeake Fields: 17; Hmong Farmers: 6; Mushroom Cluster: 1; New Farmer Development Project: 5; New York Certified Organic: 6; North Country Dairy Viability Initiative: 6; Pennsylvania





Women's Ag Network: 7; and Tuscarora Organic Growers:4. Most interviews have taken place and interviewers are currently writing summaries from the interviews; the management team has begun to pull recurring themes from the data for analysis. The management team met November 6-7, 2006, to review themes and discuss next steps. Focus groups consisting of key cluster members are now being formed to generate basic background information regarding existing clusters, such as cluster history and the development of existing clusters. Information collected from these focus groups will be used to study what works well in developing clusters as well as the challenges and barriers related to maintaining cluster success. An abstract of a paper on agricultural clusters has been accepted for inclusion in a special issue of the Journal of the Community Development Society on ag and community sustainability.

“... I am really thrilled to be involved in [this project] and I really believe that this small farm clusters project you are working on is something that probably has been needed for many years in many other industries.” --project participant.

Impact

Conducting systematic studies and analyzing results of data from successful clusters will generate results that will help provide much needed

information to small farms and rural communities. Measurements of cluster characteristics and effectiveness will result in improvements that will eventually benefit American agriculture. It is too early in the project for us to report impact, but the participants (research subjects) all see the value of the effort and are participating with great enthusiasm.

Publications Related to Grant

Goetz, S.J. et al., 2005. Introduction to The Small Farm Industry Clusters (SFIC) Project. The Northeast Regional Center for Rural Development, Rural Development Paper no. 29: 32pp.

<http://www.cas.nercrd.psu.edu/Publications/rdppapers/rdp29.pdf>

Goetz, S.J. et al., 2006. “The Small Farms Industry Clusters (SFIC) Project,” abstract in D. Ebodaghe, Editor, Proceedings of the Fourth National Small Farms Conference, October 16-19, 2005, Koury Convention Center, Greensboro, NC, pp. 167-170.

Other Grants and Subcontracts

The Progress Fund, “Evaluation Research and Strategy Development for the Tourism Enterprise Development Activities of the Progress Fund,” \$59,983.

Ewing Marion Kauffman Foundation, S.J. Goetz, “Understanding the Place-Based Structural Determinants of Entrepreneurship,” \$20,000.

Kellogg Rural Entrepreneurship Initiative, subcontract with Washington State University, \$17,500.

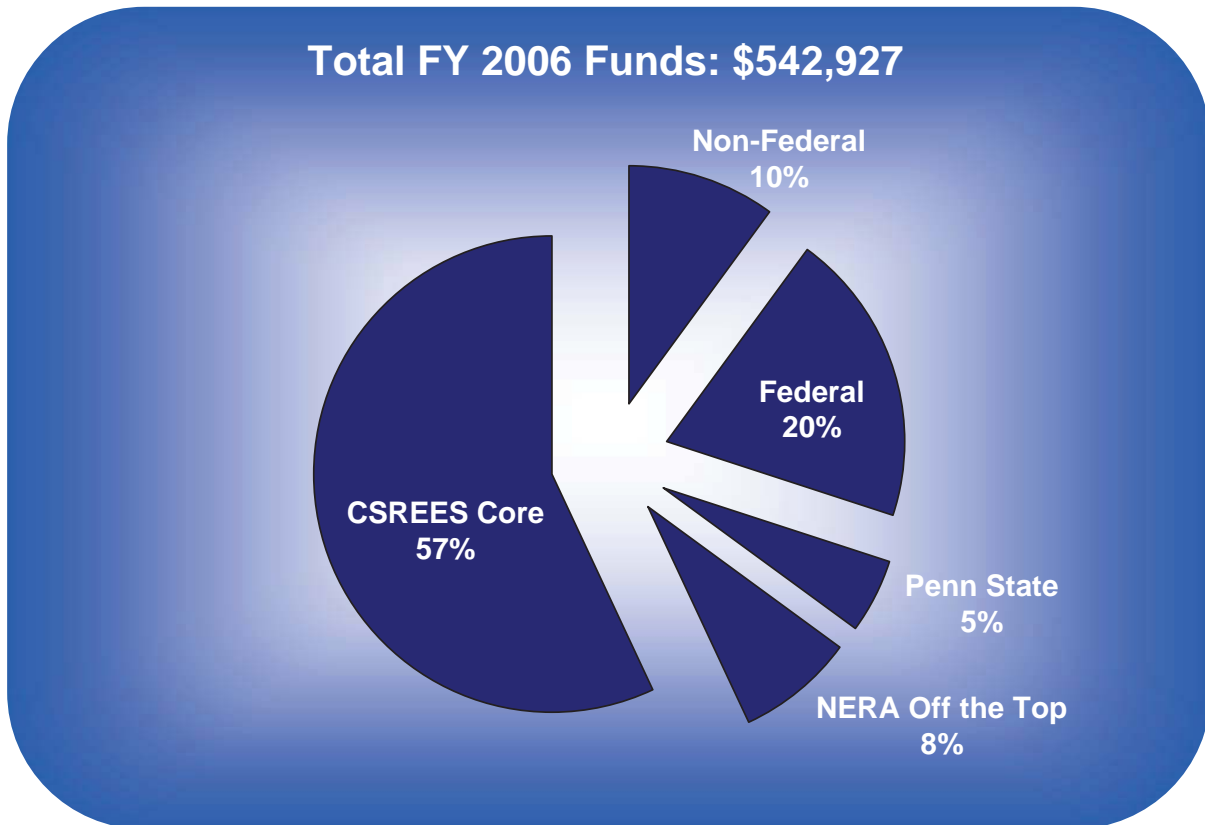
National eCommerce Extension Initiative, subcontract with the SRDC/MS State University, Economic Diversity Conference (Connecting Rural Communities), \$20,000.

Grants Co-funded

2006 SARE Sustainable Community Grants funded by The Northeast Regional Center.

New Ag-Venture Support Program, Ora Rothfuss III, County of Wayne, Lyons, NY. \$9,250

A majority of Wayne County farmers indicated that the next generation of their family will probably not be farming (62 percent, according to a 1994 Wayne County Agriculture and Farmland Protection Board survey). There is an identified interest in starting a small farm business, and there are approximately 5,500 parcels of land in the county that are between ten and seventy acres in size. The towns in Wayne County



have recently updated their comprehensive plans, and the role of agriculture has been highlighted significantly more than in previous plans.

To address these problems, Wayne County will 1) develop a New and Beginning Farmer Resource web page that brings the many existing resources to one easily accessed point of information; 2) offer the “Exploring the Small Farm Dream” workshop for rural and suburban landowners and; utilize the American Farmland Trust “Planning for Agriculture” workbook and a farmer panel to train Town Planning Board and Zoning Board members on agricultural issues as they relate to town zoning law.

Canandaigua Lake Foodshed: Farm-to-Cafeteria Program, Deborah Denome, Seeking Common Ground, Inc., Naples, NY. \$9,053

This collaborative project will raise awareness about using local farm produce and products in institutions, and address the low volume of local foods being utilized by institutions in the Canandaigua Lake Foodshed region of New York. To raise awareness of the benefits and opportunities of using local foods, Food Service Directors from local schools, hospitals, colleges, elder care facilities, daycare facilities, corporate cafeterias and more, will be invited to a “Breakfast with Farmers” event, to meet local farmers, and hear presentations from those who are already successfully buying and selling local foods for use in institutional food service. Common barriers will be identified and addressed. At least four institutions will be selected to participate in an interactive process to establish vibrant farm-institution

partnerships. The goal will be to increase the use of local foods at these institutions by five to ten percent over twelve months while planting the seeds for these types of partnerships to become the norm, rather than the exception, in the Canandaigua Lake Foodshed.

South Hero Land Trust Farm Initiative, Chris Gordon, South Hero Land Trust, South Hero, VT. \$2,189

USDA census figures show that both the number of farms and the number of acres being farmed in Grand Isle County, Vermont dropped by approximately twenty five percent between 1997 and 2002. Despite the area’s long growing season (compared to other areas of Vermont) and an abundance of flat, fertile land, farmers are finding it increasingly difficult to maintain profitability. Over the course of 2005, South Hero Land Trust used a combination of interviews with local farmers and food distributors (restaurants and local groceries), and a consumer survey to see where the challenges and opportunities lie in promoting local agriculture. Using results from this research, the concept for the South Hero Land Trust Farm Initiative came into being with the goal of promoting the long-term viability of agriculture in South Hero and the Lake Champlain Islands.

Producers, consumers, and food distributors commonly feel that more can be done to create stronger linkages between the various entities that comprise a local agricultural system. The South Hero Land Trust Farm Initiative



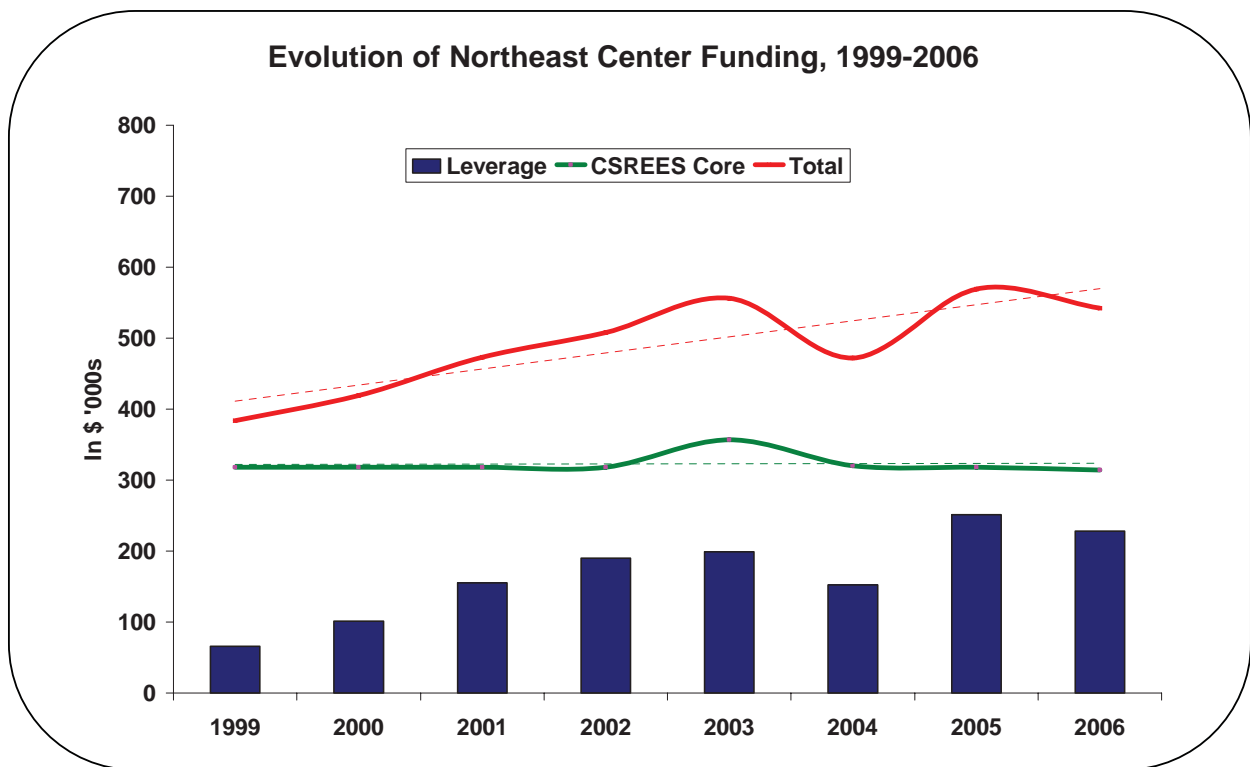
Sustainable Agriculture Research and Education

will enhance these relationships through: 1) a Champlain Islands Grown guide to local agriculture featuring local farms and distributors of local agricultural products, 2) Champlain Islands Farmers' Market Education Program consisting of six educational "theme" days at the market, and 3) the creation of the Farm Initiative Steering Committee comprised of consumers, producers, and food distributors who will help guide the course of the initiative. Collectively, these efforts will increase agriculture's visibility in the Champlain Islands community and ideally result in greater interest in supporting local farms while creating new partnerships that will foster a positive future for Grand Isle county agriculture.

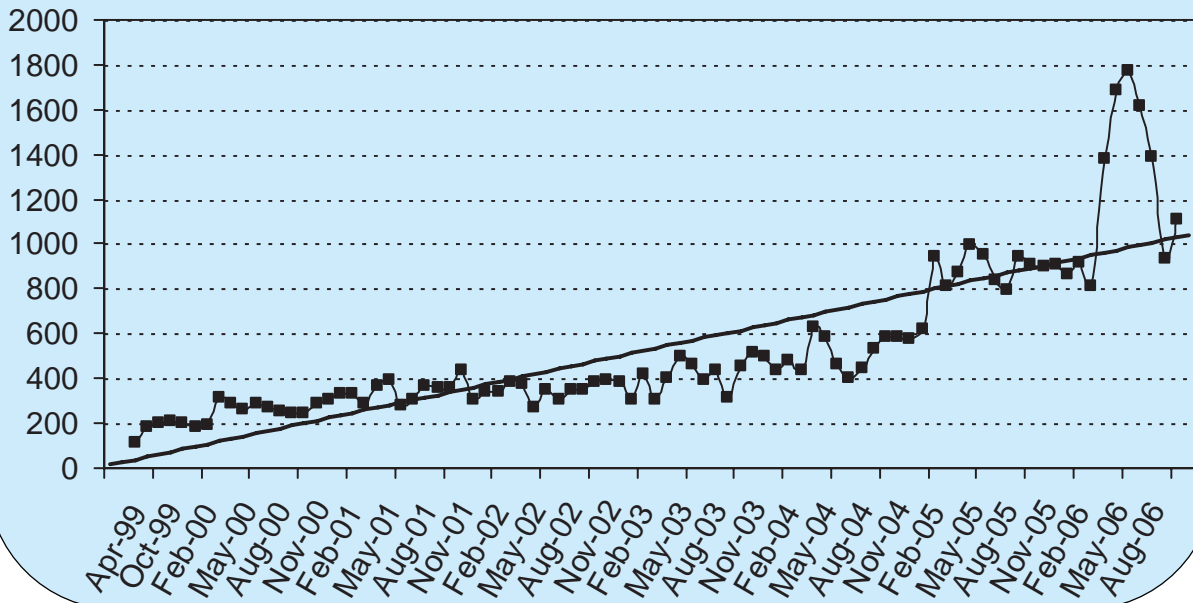
In the Planning Stage

SARE 2007 Community Grants (\$25,000)

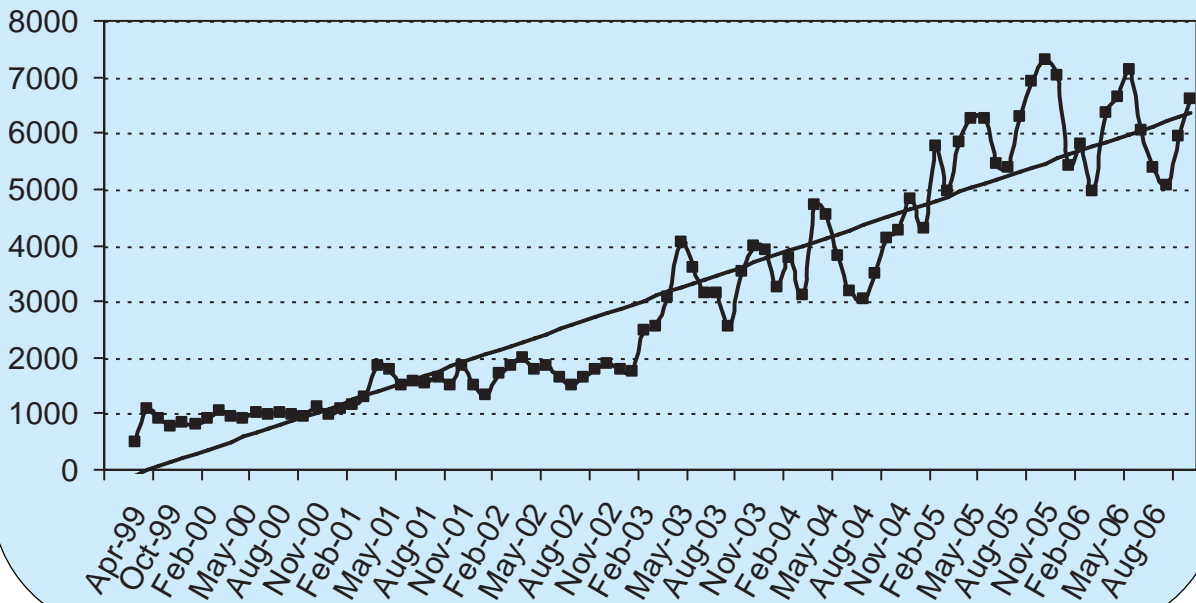
We have received forty grant applications which are currently being reviewed.



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