

ECONOMIC DEVELOPMENT CENTERS AND PHILANTHROPY JANUARY, 2022

Introduction

Currently, the X is exploring opportunities to spark economic development and entrepreneurship in partnership with Indigenous populations and organizations within the United States. To ensure we are learning from other leaders and organizations who have pioneered similar initiatives we invested time to understand other programs in areas with significant levels of poverty. The following paper codifies research on eight economic development centers (EDCs) currently operating in the United States. Each EDC has operated for more than three years in small- to mid-size communities where the average household income is below the national average, which, according to the [2020 US Census](#), is \$67,521.

While there are many wonderful EDCs in the United States, we focused research and analysis on key organizations and programs. To review all the research on the eight EDCs selected for this analysis, please click [here](#). The following are the top three highlighted EDCs and their marquee programs.

Developing-Talent-From-Within Model

[Brookings Economic Development Corporation](#) (BEDC) is located in Brookings, South Dakota. The small town has been voted top five for best small towns in America according to Livability¹ and #25 for best cities for entrepreneurs according to Entrepreneur Magazine (2017)². The town of 24,000+ has attracted philanthropists such as the Walton Family Foundation and art enthusiasts to help continue its unique balance of culture, higher education and economic development. Its median household income is low, averaging \$55,000, which is a 36 percent increase since 2010.

The BEDC was founded in 1996 and consists of a \$940,000 annual operating budget as of 2019.³ Its goals are to develop and promote next-generation industry sectors, promote growth in existing sectors, and connect entrepreneurs to the resources they need to succeed. Some specific program examples include:

- the Brookings Area MAKERSPACE, a vendor fair for craftsmanship;
- the Kid-Preneur Pop-up Market;
- the Restaurant Revitalization Fund focused on bolstering the area's hospitality industry; and
- the Brookings Inclusive Collaborative, which promotes DEI in Brookings-area businesses.

In 2020, BEDC assisted 75 entrepreneurs and startups; reported 33 MAKERSPACE members; and had more than 60 virtual and on-site visits from potential businesses. BEDC also allocated \$375,000 to their workforce fund in 2020.

¹ https://www.prweb.com/releases/livability_top_10/small_towns_2013/prweb10896286.htm

² <https://brookingsedc.com/brookings-ranked-2017-best-cities-entrepreneurs-list/>

³ [2020-Annual-Report-for-Web.pdf \(brookingsedc.com\)](#)

The Strategy-Heavy Model

[Regional Economic Development Center \(REDC\)](#) of Southern New Hampshire was founded in 1994 and is located in Raymond, New Hampshire. The town consists of 310,000 with a median household income of slightly above the national median at \$76,234. The annual operating budget is \$432,000, allowing this EDC to span across Southern New Hampshire.

The organization focuses its programs on assessing community needs and existing business potential; individualized coaching around technical assistance; alternative funding and financing; training for entrepreneurs and small-business owners; and job creation for low-to-moderate income people. Specifically, projects include:

- micro-funding for first-generation Americans;
- a business training center offering training, free services, and financial planning;
- a business competition with a \$25,000 award;
- small-business loans focused on redevelopment and revitalizing sites.

REDC is proud that 56 percent of REDC loans were to startups, 40 percent were to women-owned businesses, and 19 percent were to minority-owned businesses. REDC has provided counseling to more than 1,000 businesses and loans in the range of 5K to 500K.

The Formal-sector model

[Oregon Economic Development Foundation \(OEDF\)](#) was founded in 1993 and is located in Oregon, Ohio with a population of 20,000, as of 2019, and a median household income of \$60,078. The town celebrates being the top energy producer in the Midwest and one of the most “affordable towns for veteran homebuyers.”⁴ OEDF is a foundation consisting of 90+ “investors” from every work sector who help fund the EDS. This model is similar to a giving circle. However, voting influence is based on the level of “investment”. The annual operating budget is \$115,264 as of 2019.

OEDF provides several, such as:

- small business support generally, various loan funds, and a three percent interest-rate reduction on businesses committed to keeping jobs in the state of Ohio;
- supporting the development of a 200-unit apartment complex to spur downtown development;
- recruiting more than 50 vendors for Oregon’s farmers’ market; and
- partnering with its higher education institutions to support workforce development.

⁴ [Oregon Nationally Recognized as One of the Most Affordable Cities For Veteran Homebuyers | Oregon Economic Development \(oregonohio.com\)](#)

Within one year, the poverty rate in Oregon has decreased by 13.5 percent in which 96 percent of the workforce is employed. OEDF appears to be more formal sector focused, small-business and workforce development, than informal sector focused such as advancing entrepreneurship within the area.

Trends, outliers and summary recommendations

The common denominator among EDCs is that they often operate as the nonprofit branch of a three-way partnership with the private and public sector leaders in the local community. Most EDCs offer support in the form of the following:

- convening thought leaders around economic-related topics,
- serving as a hub of information,
- marketing to attract new business,
- serving as a clearinghouse for small-business loans; and
- operating as a referral network for small businesses.

Additionally, more unique program offerings that have achieved accolades but vary from one EDC to the next include the following:

- business competitions for adults and students,
- educational workshops catered to the workforce needs in the local area,
- small-business loans for key industries or underserved populations,
- mentorships or entrepreneurial coaching,
- partnerships with affordable housing projects,
- diversity, equity and inclusion (DEI) initiatives,
- hosting marketplace events such as farmer's markets and job fairs, and
- celebrating and marketing the area's economic achievements on a national level.

While philanthropy can help fuel all of these initiatives, it is prudent to start with two to four programs that have clear and measurable goals and are steeped in the current culture and potential of the local people and community. As the X continues to develop its strategy with Indigenous-led organizations and leaders, it is wise to cross-reference three key factors. First, which of these programs do Native Americans feel they would participate in the most? Second, which programs would achieve the best economic outcomes? And third, which of these programs do our nonprofit partners feel best equipped to implement initially?

Once these answers are determined, we can begin rapid proto-typing programs, testing user-buy-in and measuring outcomes to ensure any pilot EDCs are strong case studies for future replication. Ultimately, there is great potential here to learn from others and help communities come together and lift themselves into prosperity.