

Quality of life

As an economic development strategy

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Introductions



Amanda Weinstein

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- **United States Air Force Academy**
- **Air Force veteran**
- **PhD, Ohio State University** Agricultural, Environmental, and Development Economics
- **Consultant**
various local, state, national, and international organizations
- **Economics professor, University of Akron**

WHO WE ARE

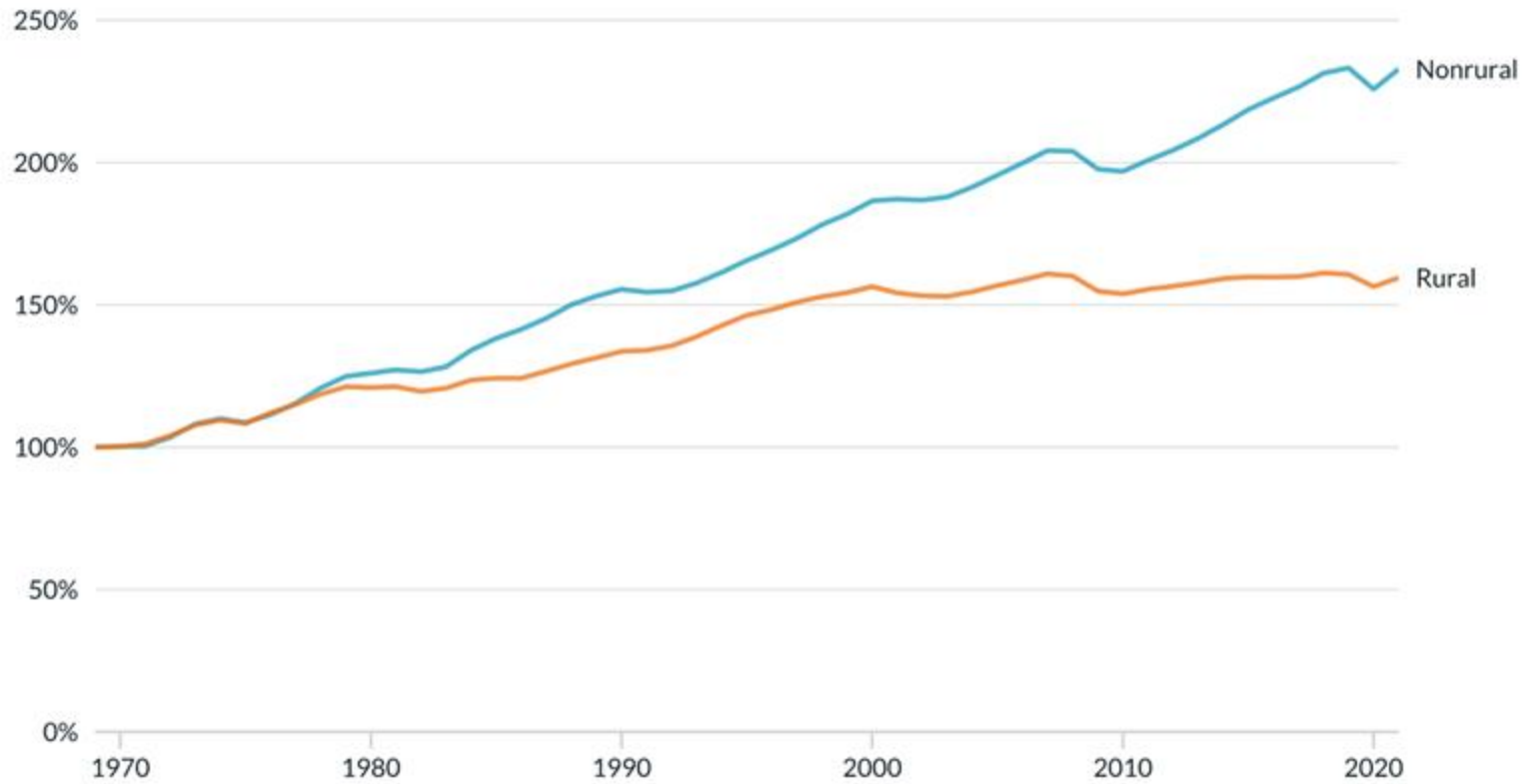
We believe that **small towns are home to big ideas** — and new models of economic development can empower rural communities to thrive in **the nation's growing tech economy.**

WHY WE DO THIS WORK

The gap in **rural** and **nonrural** employment has followed the rise of the knowledge economy since 1980



Employment relative to 1969 levels



Source: Bureau of Economic Analysis, 1969-2021

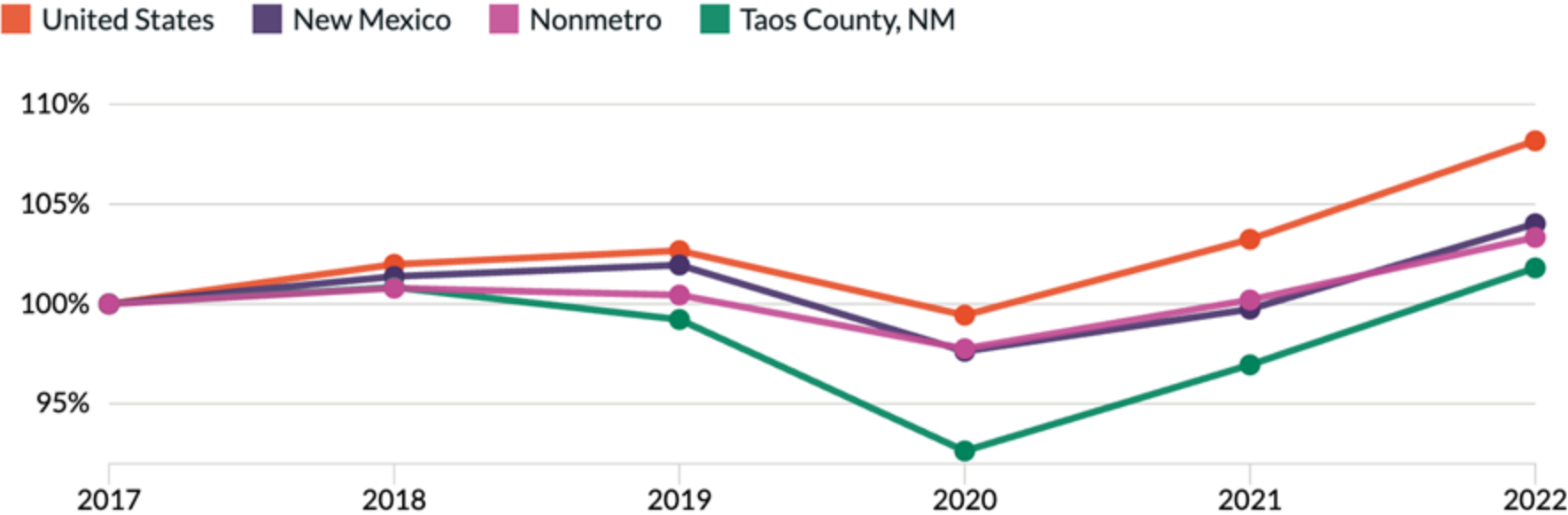
Notes: "Rural" refers to the "nonmetro" definition which includes all nonmetro counties

The gap between rural and nonrural areas has been widening for decades

Why we do this work?

Employment

Values shown as a percentage of the first year



Source: 2017-2022 Bureau of Economic Analysis

Note: Values are summed when aggregating across multiple counties

Rural (nonmetro) counties still lag behind the nation in job growth

Over 33% of the population in New Mexico is rural



CAN TRADITIONAL ECONOMIC DEVELOPMENT INCENTIVES SAVE US?

Struggling communities are more likely to offer traditional economic development incentives to attract large plants

[\(Betz et al., 2012\)](#)



CAN TRADITIONAL ECONOMIC
DEVELOPMENT INCENTIVES SAVE US?



NO



IT'S A VICIOUS CIRCLE

1. Struggling communities offer incentives



2. Incentivized firms **fail** to create more jobs than similar firms without incentives ([Donegan et al., 2019](#))

3. Incentives **crowd out** economic activity; lower business startups ([Partridge et al., 2020](#))

4. Promoting traditional export activity at the expense of residential services will **backfire** ([Kilkenny & Partridge, 2009](#))

ESPECIALLY FOR RURAL

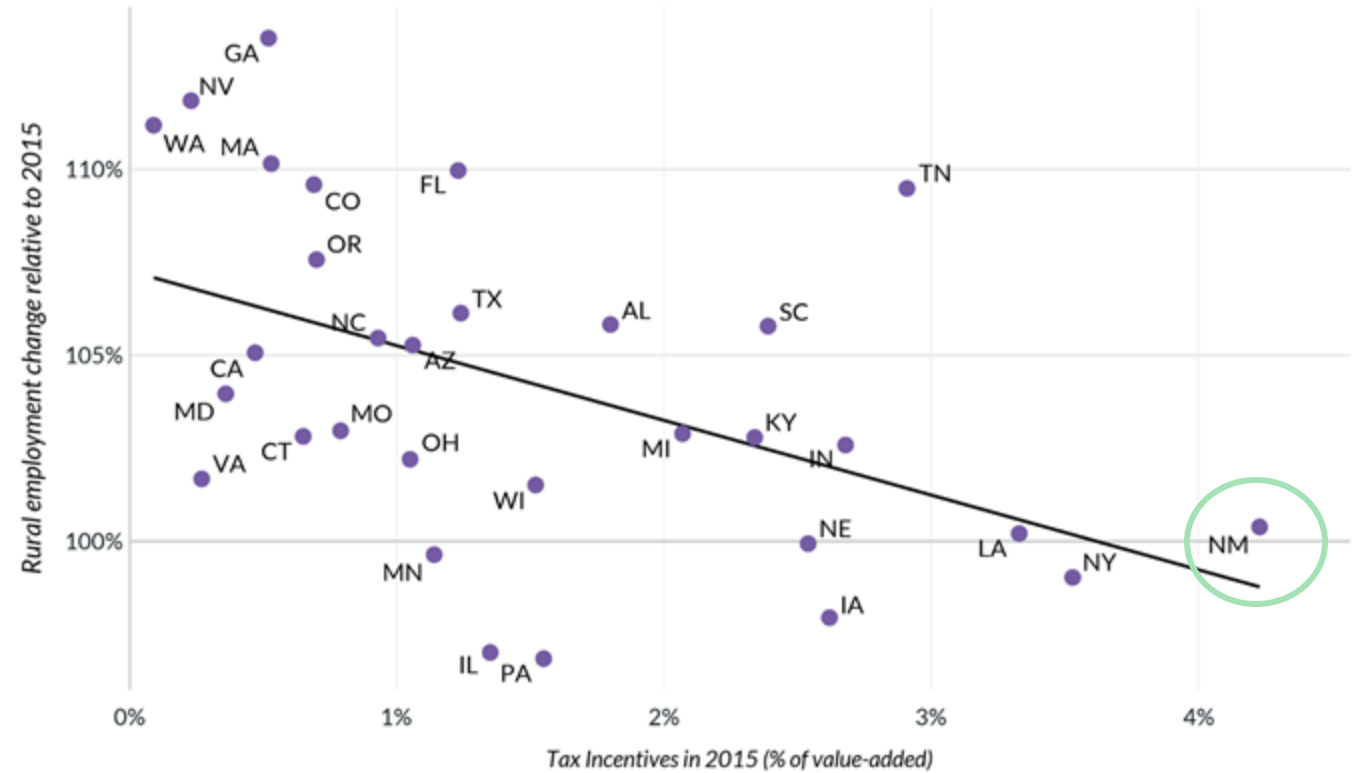
Larger state tax incentive programs have an especially negative impact on rural areas

(Patrick, 2014)

States with larger tax incentive programs experience lower employment growth in rural areas



Tax incentives in 2015 (% of value-added) vs 2022 rural employment change relative to 2015 by state



Sources: Bartik, Timothy J. 2017. "A New Panel Database on Business Incentives for Economic Development Offered by State and Local Governments in the United States." Prepared for the Pew Charitable Trusts. <https://research.upjohn.org/reports/225/>. 2015 and 2022 Bureau of Economic Analysis

Notes: 100% line indicates no change in rural employment between 2015 and 2022. The Pearson Correlation Coefficient is -0.483.

Source: [The Rural Aperture Project \(2024\)](#)

WHAT IF WE MAKE THE INCENTIVES BIGGER?

The size of fiscal incentives has tripled since 1990 [\(Bartik and Austin, 2019\)](#)



THE BALL CORPORATION

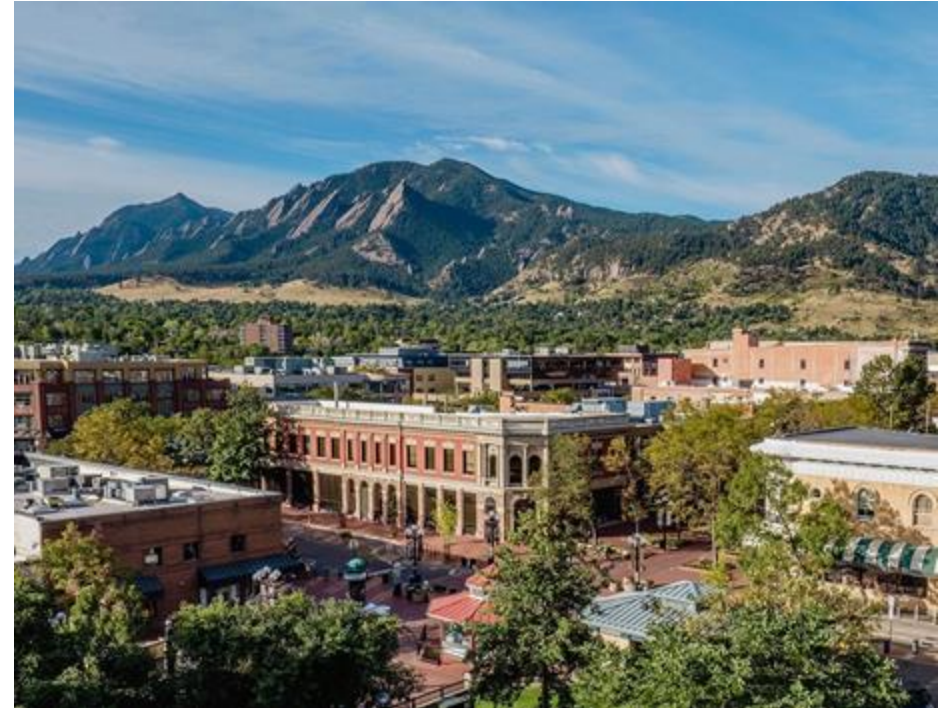
“There was **nothing** about the **town** that particularly **appealed** to me, but the men were all courteous, kind, and businesslike”

— *Frank Clayton Ball, 1887*



THE IMPORTANCE OF QUALITY OF LIFE

“The success of cities hinges more and more on cities’ role as centers of consumption” [\(Glaeser, Kolko, Saiz, 2001\)](#)



Boulder, CO

THE QUALITY OF LIFE (R)EVOLUTION

“Mayors are shifting their focus from attracting firms to attracting residents by improving quality of life”

— [*The Economist, September 2021*](#)



ESTIMATING QUALITY OF LIFE IN SMALL TOWNS

Markets can reveal preferences for locations and for amenities

Households are willing to pay higher housing prices and even forego higher wages to live in areas with higher **quality of life**





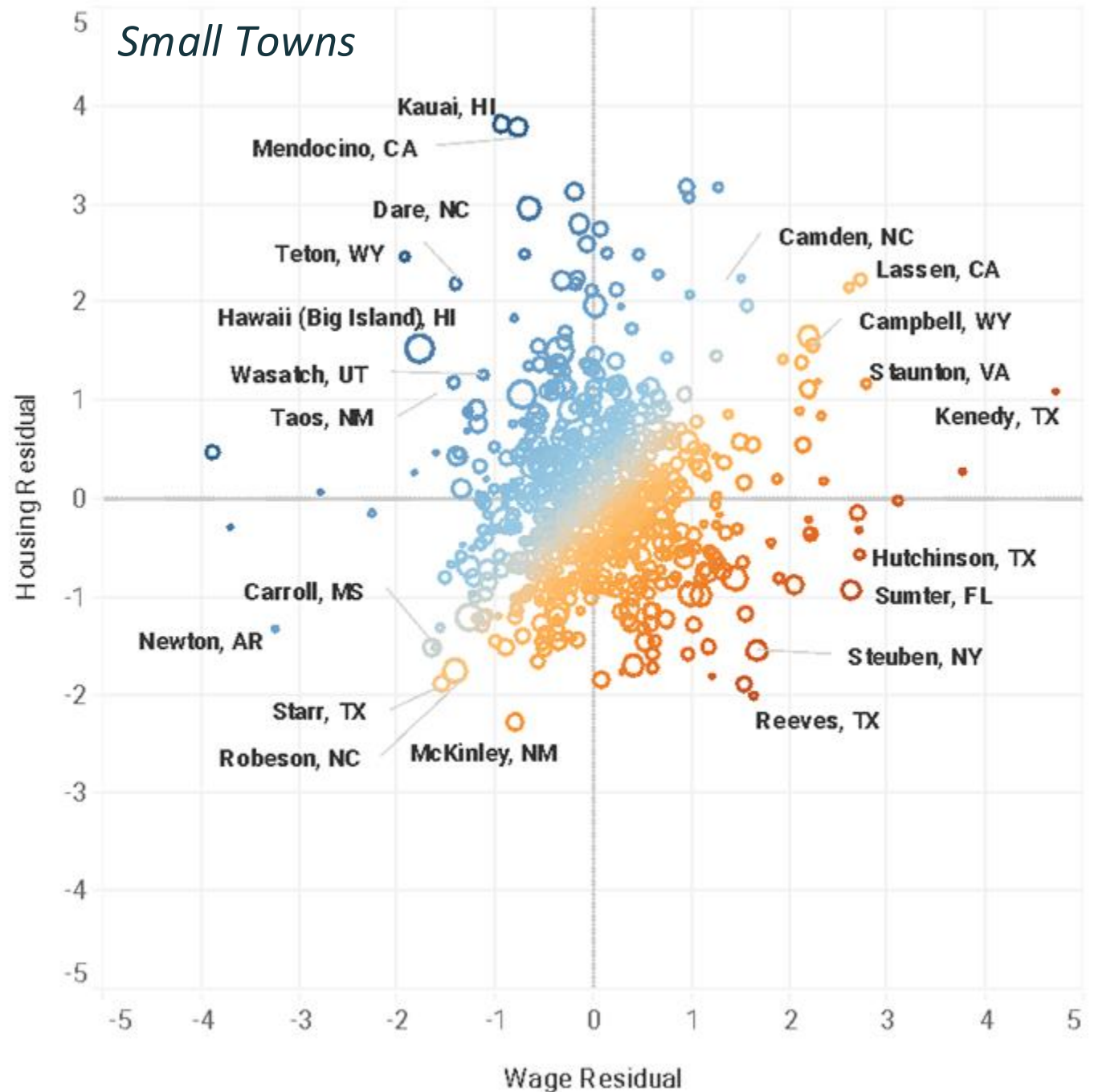
TRAVERSE CITY, MICHIGAN

“Half the pay for a view of the bay”

The Location Premium

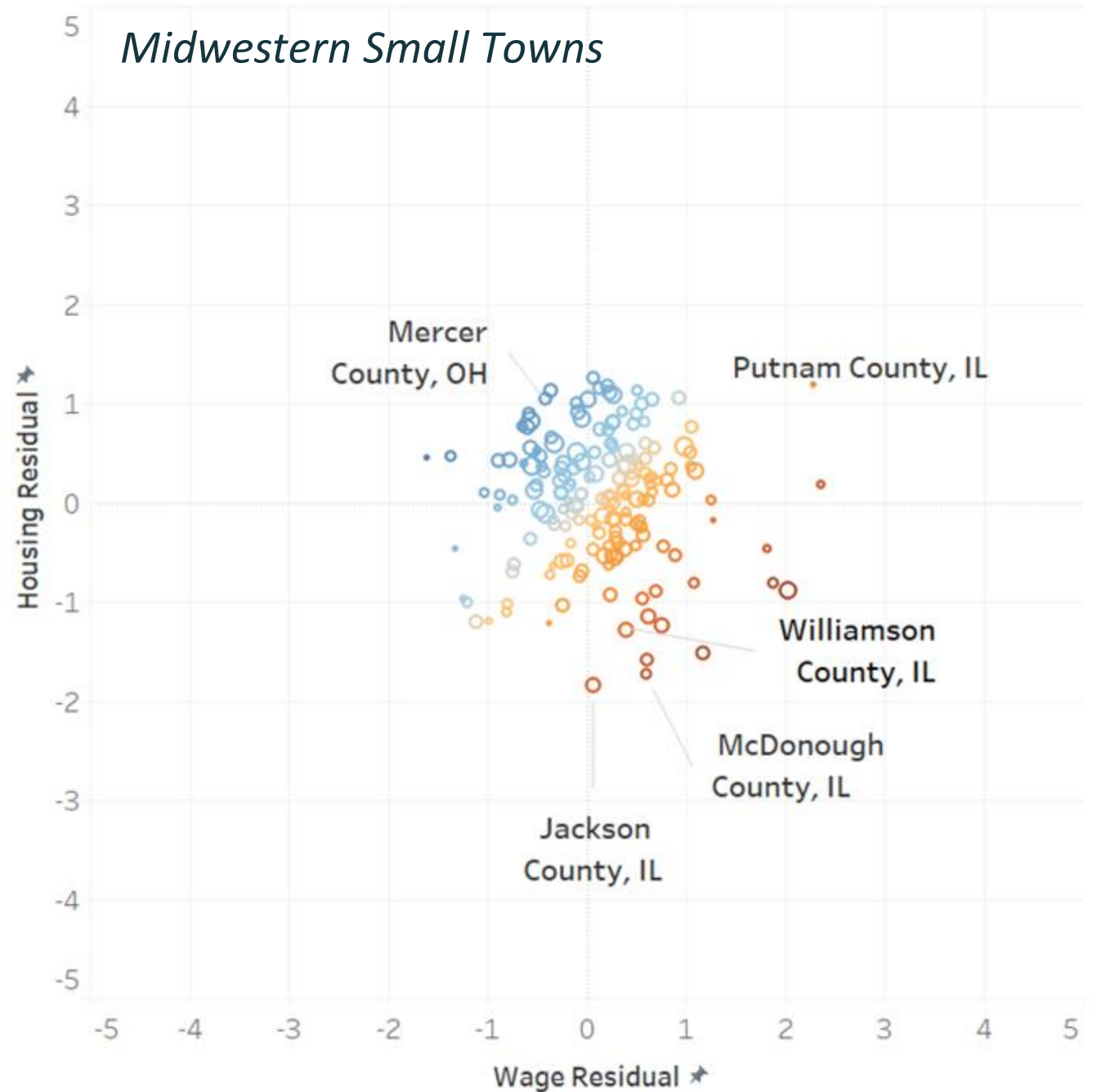
From great places to live to
great places to work to both
to ...

...neither



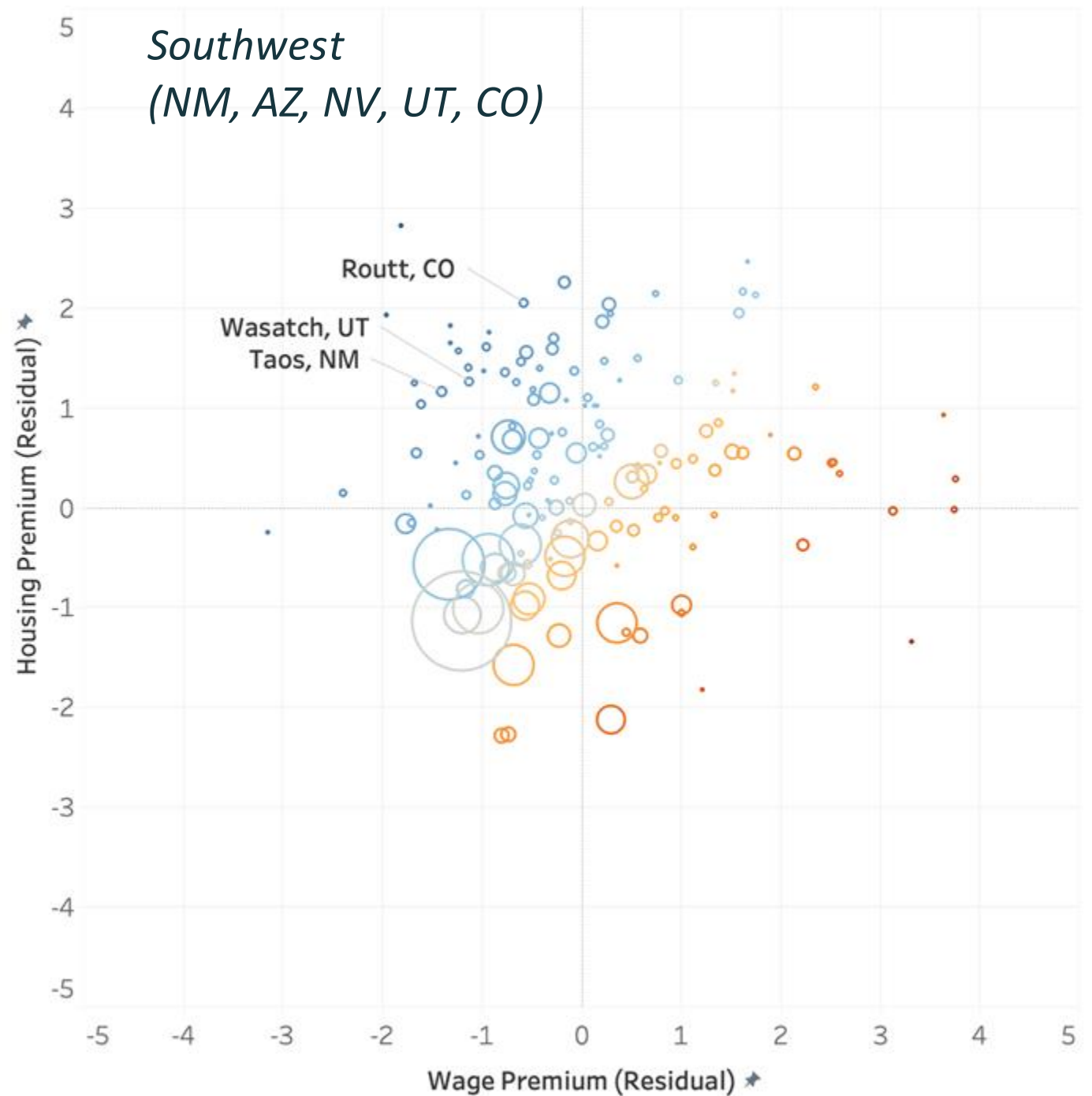
The Midwest Premium

More focus on the quality of the business environment than quality of life

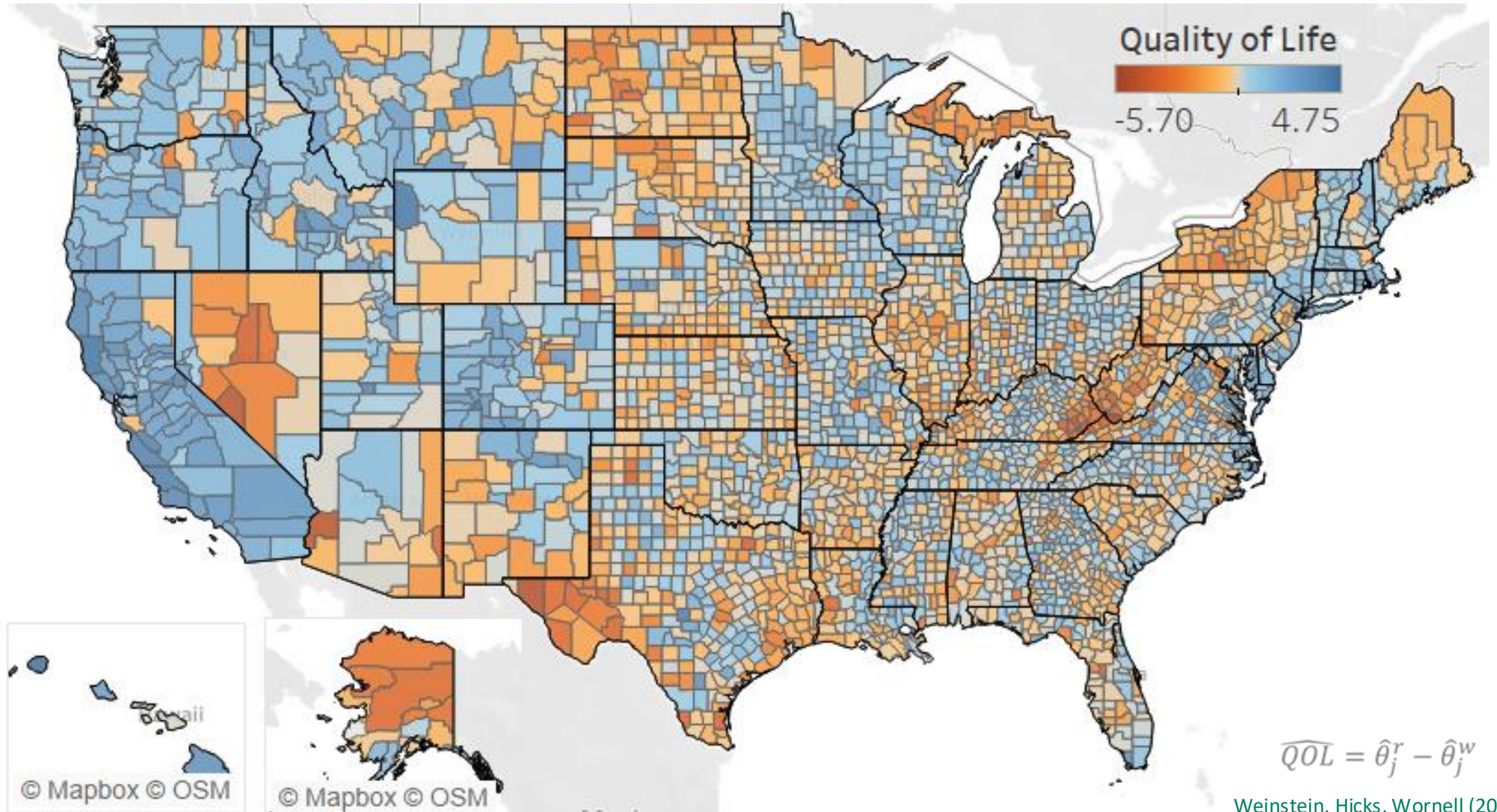


The Southwest Premium

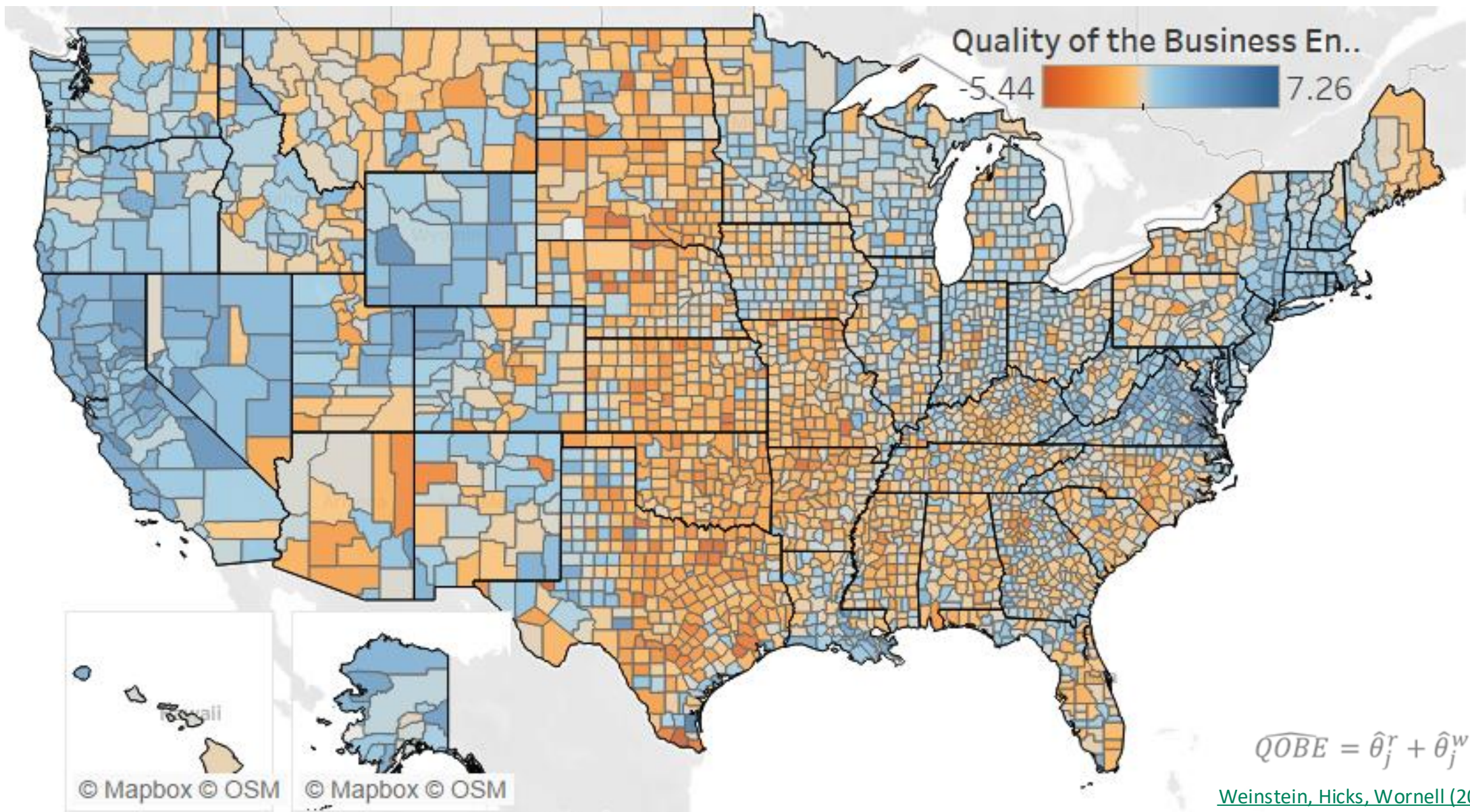
Many small towns with high estimated quality of life



QUALITY OF LIFE



QUALITY OF BUSINESS ENVIRONMENT





Answering the chicken or the egg problem:

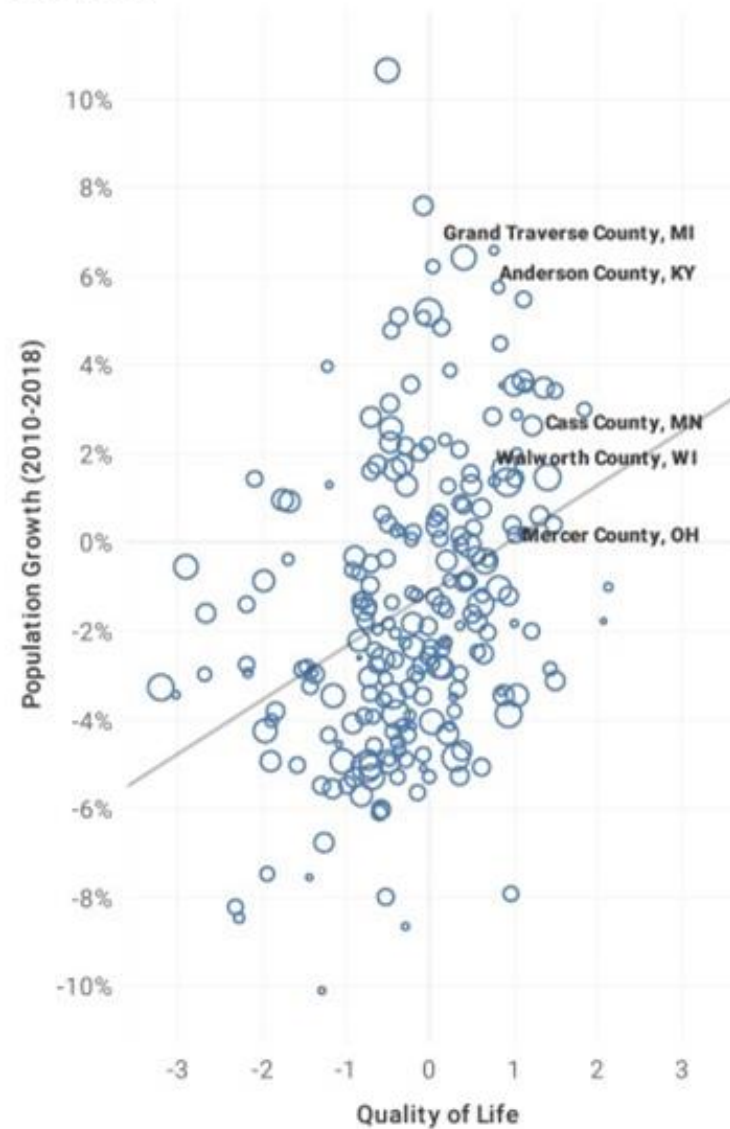
Do people follow jobs or do jobs follow people?

QUALITY OF LIFE

Matters more for
population growth and
job growth

Especially true for **small towns** (micropolitan areas) in the **Midwest**

Population



Employment



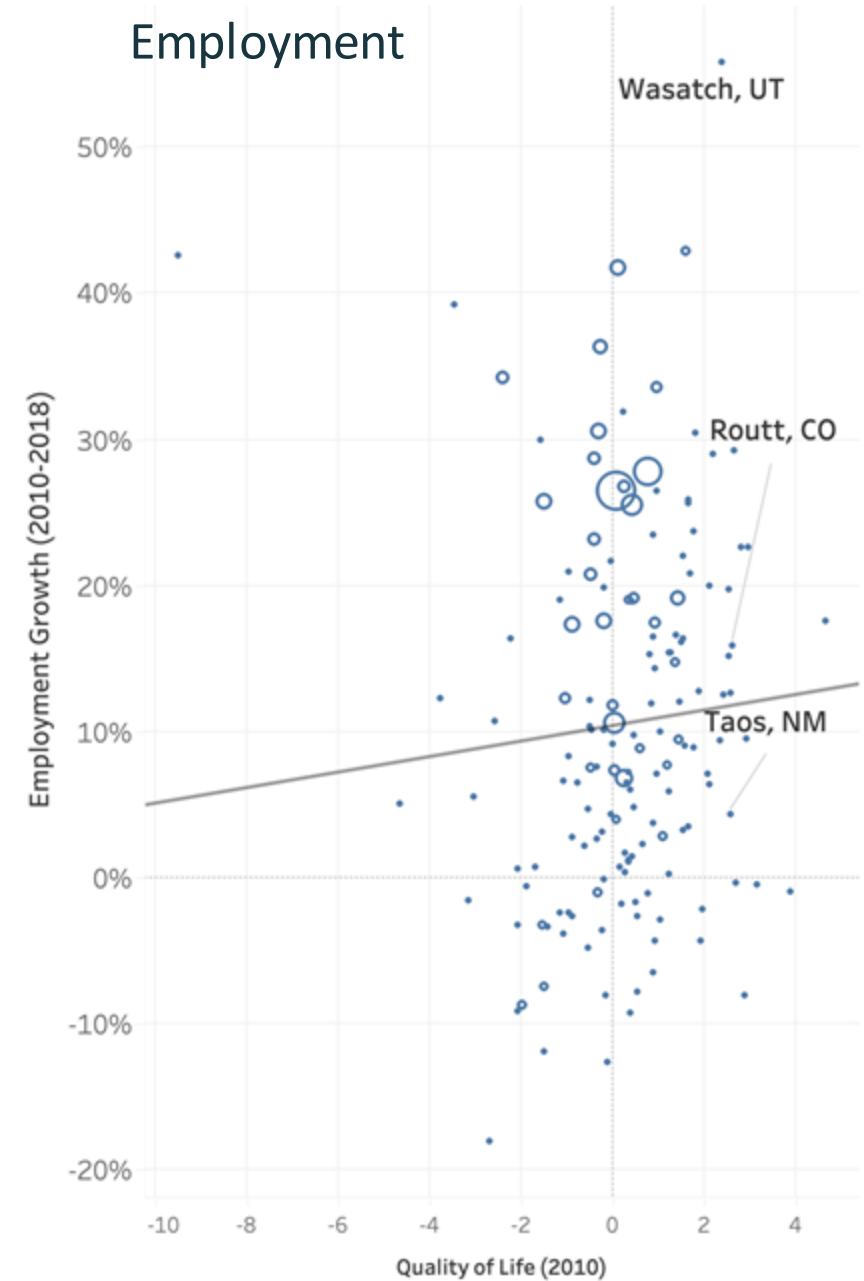
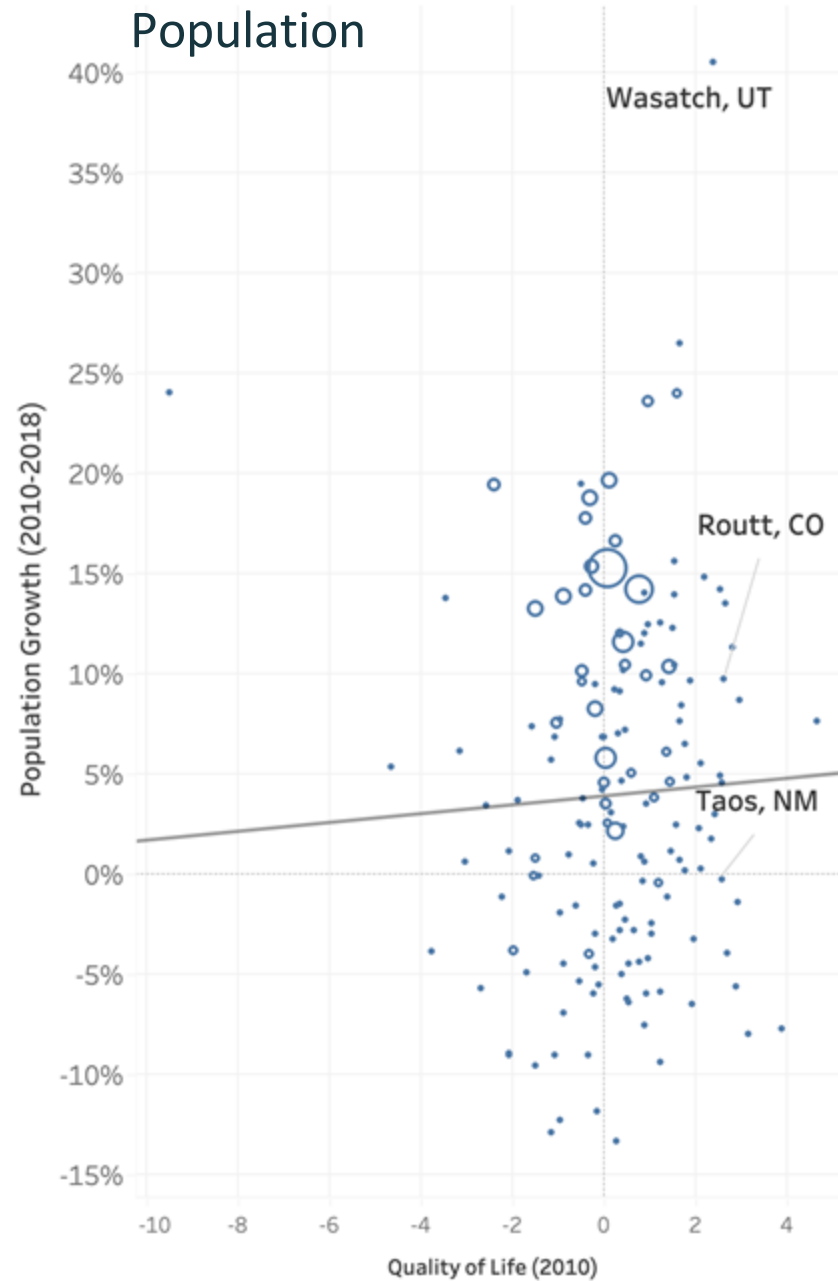
Source: Authors' calculations using Census Bureau data

B | Brookings Metro

Source: [Austin, Weinstein, Hicks, Wornell \(2022\)](#)

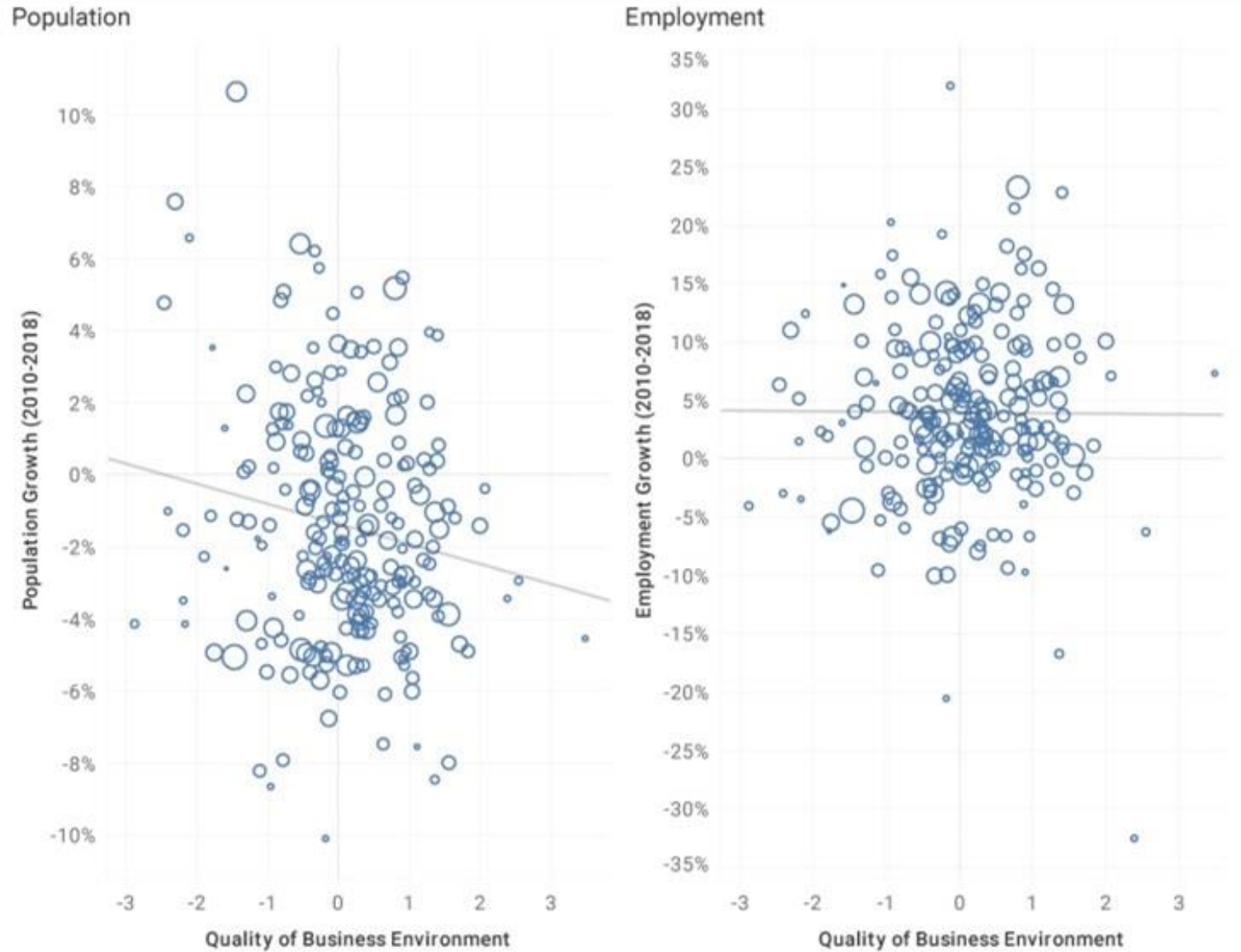
QUALITY OF LIFE SOUTHWEST

Matters more for
population growth and
job growth



QUALITY OF BUSINESS ENVIRONMENT

Matters less for population and job growth



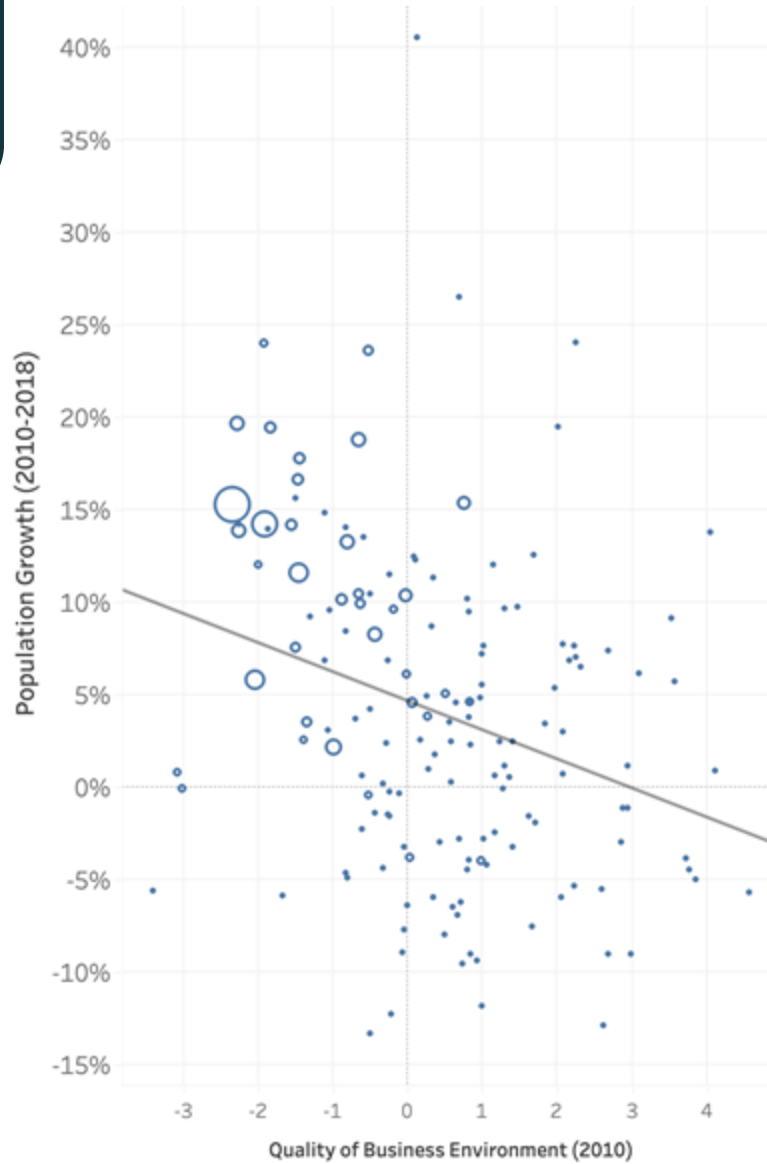
Source: Authors' calculations using Census Bureau data

Source: [Austin, Weinstein, Hicks, Wornell \(2022\)](#)

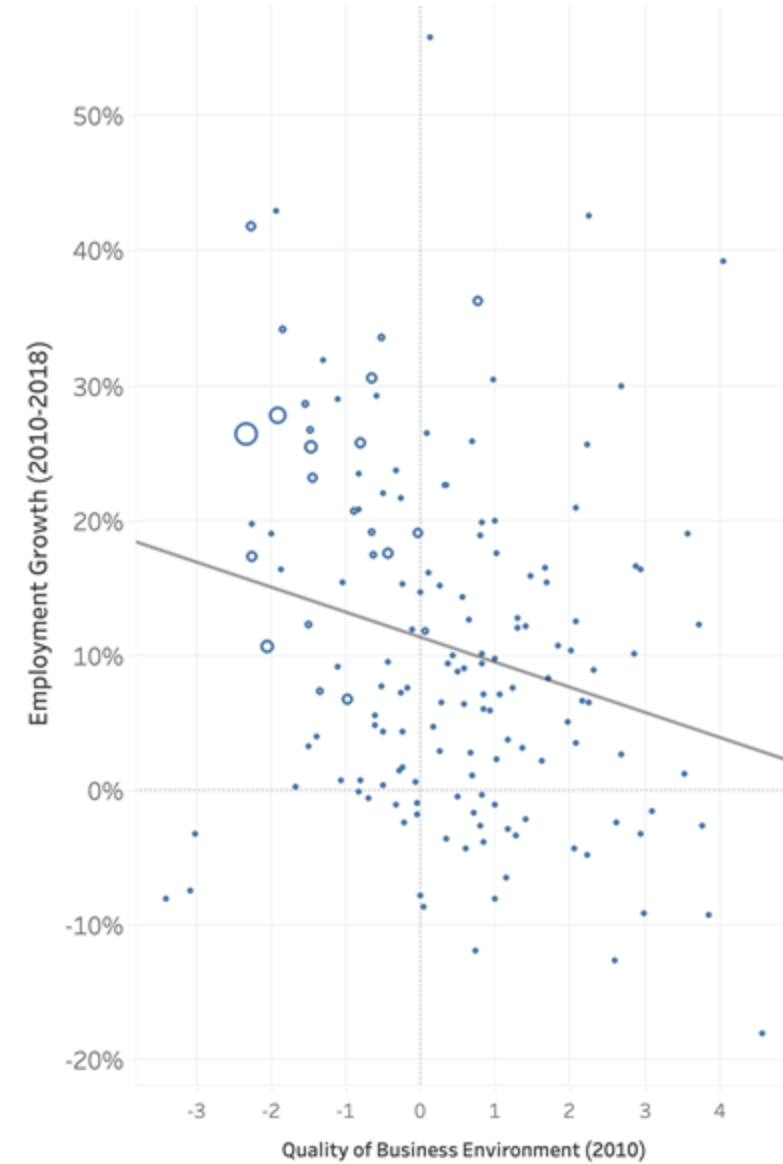
QUALITY OF BUSINESS ENVIRONMENT SOUTHWEST

Matters less for population and job growth

Population

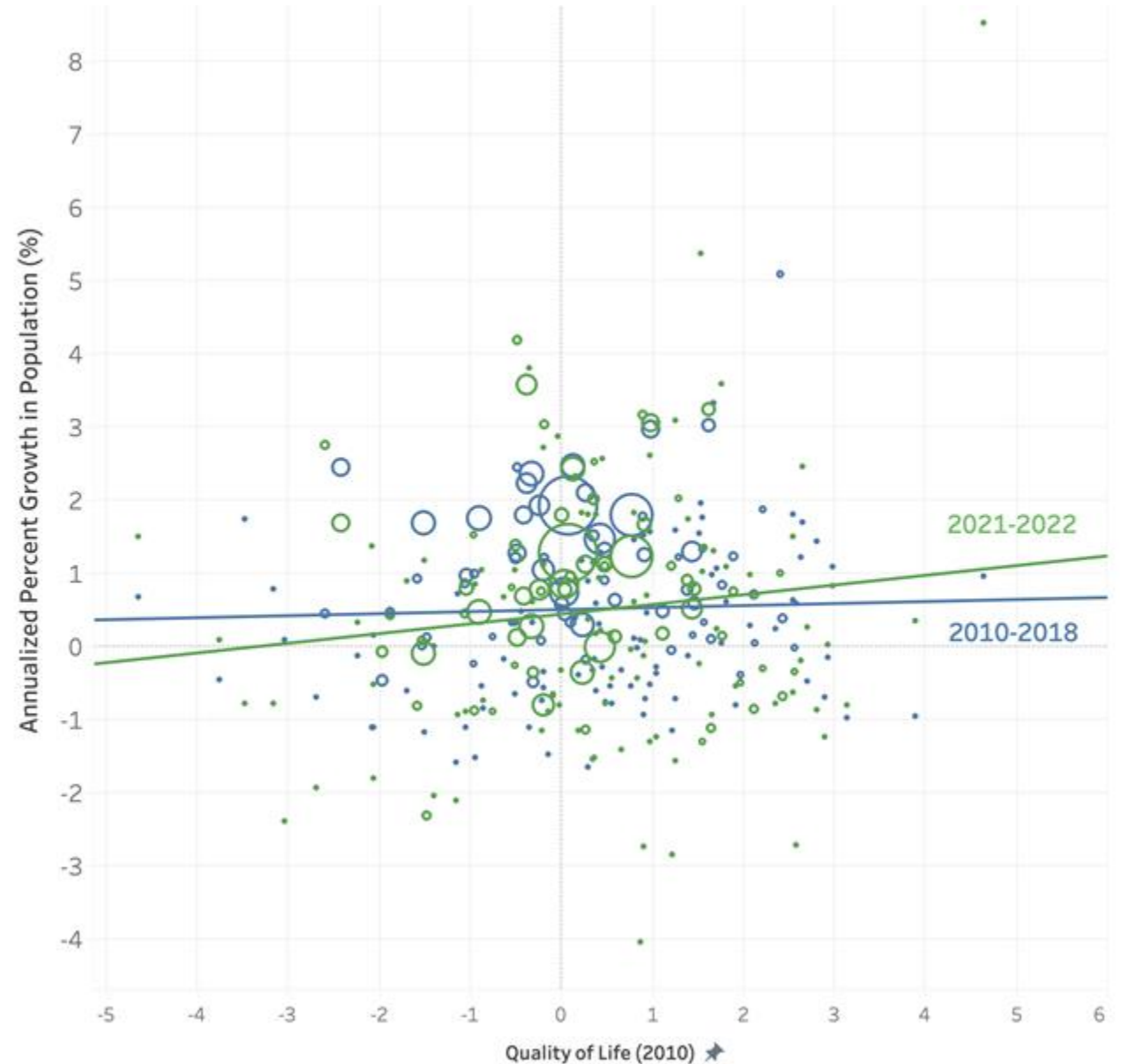


Employment



IN THE WAKE OF THE PANDEMIC ...

The rise of **remote work** (growing even before the pandemic) increased the importance of quality of life across the nation and for the *Southwest* (more than 4x larger effect)



REGIONALISM

High quality of business places do worse when high quality of business places are nearby - they compete for jobs (**job piracy**)

High quality of life places benefit from having higher quality of life places nearby (**shared prosperity**)



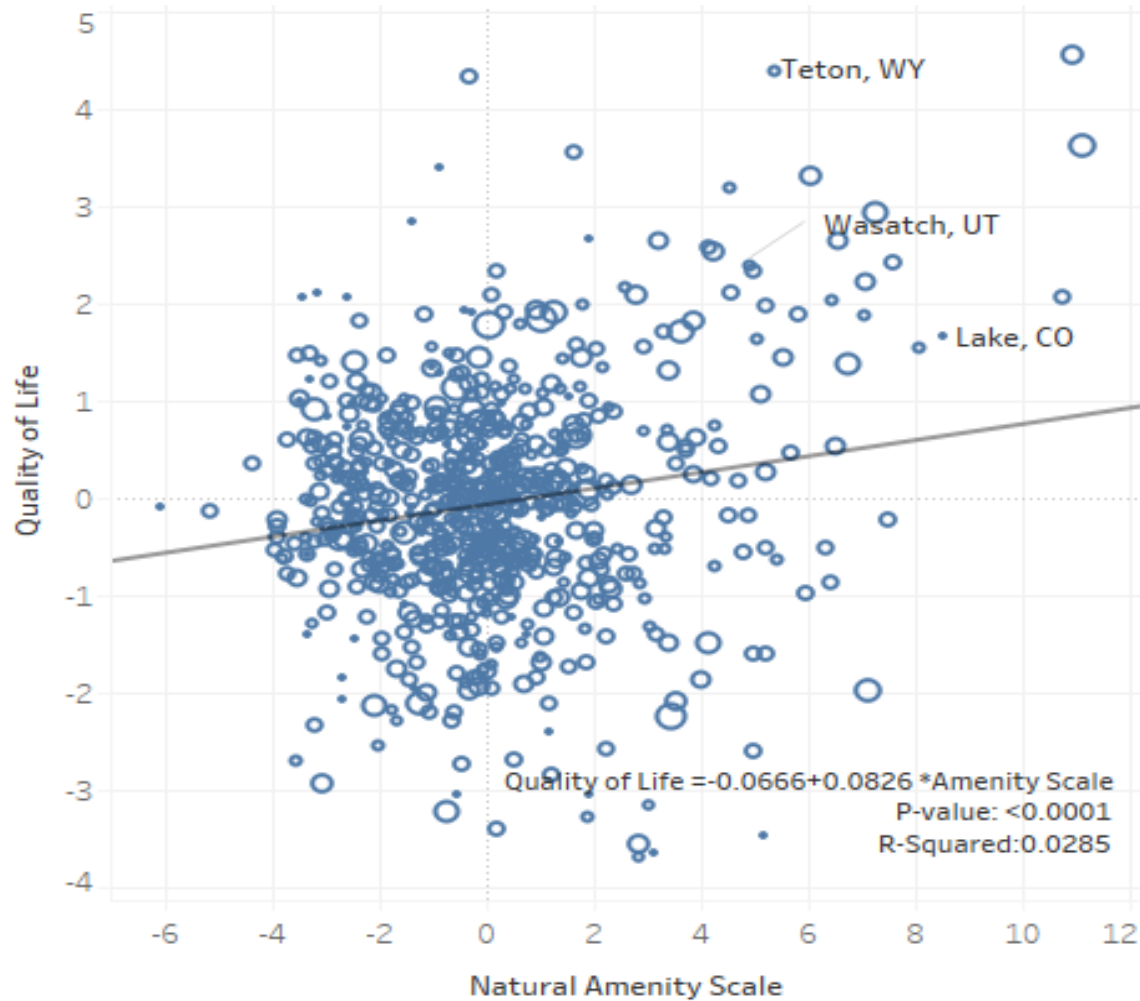


Quality of Life

So, what makes a place nice?

NATURAL AMENITIES → HIGHER QUALITY OF LIFE

Small towns



Teton County, Wyoming



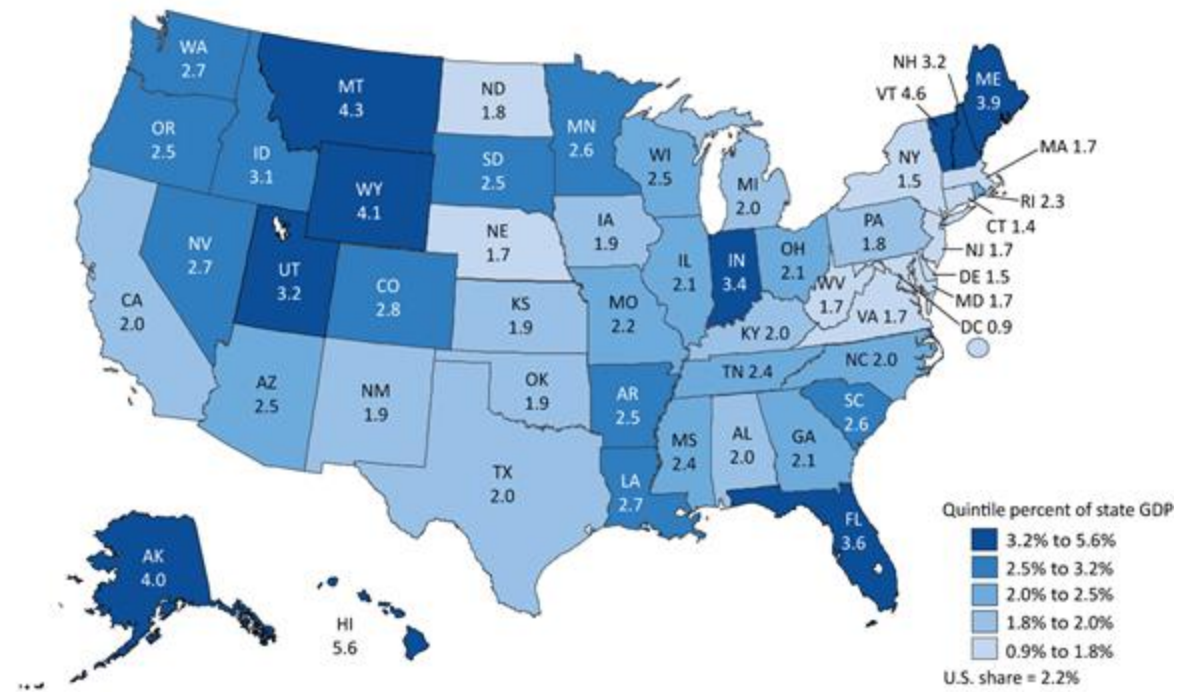
SO, WHAT MAKES A PLACE NICE?

- Recreation
- Arts and culture
- Better health
- Food stores
- Personal care places
- Proximity to a metro
- Low crime rates
- Good schools
- Work from home (broadband)



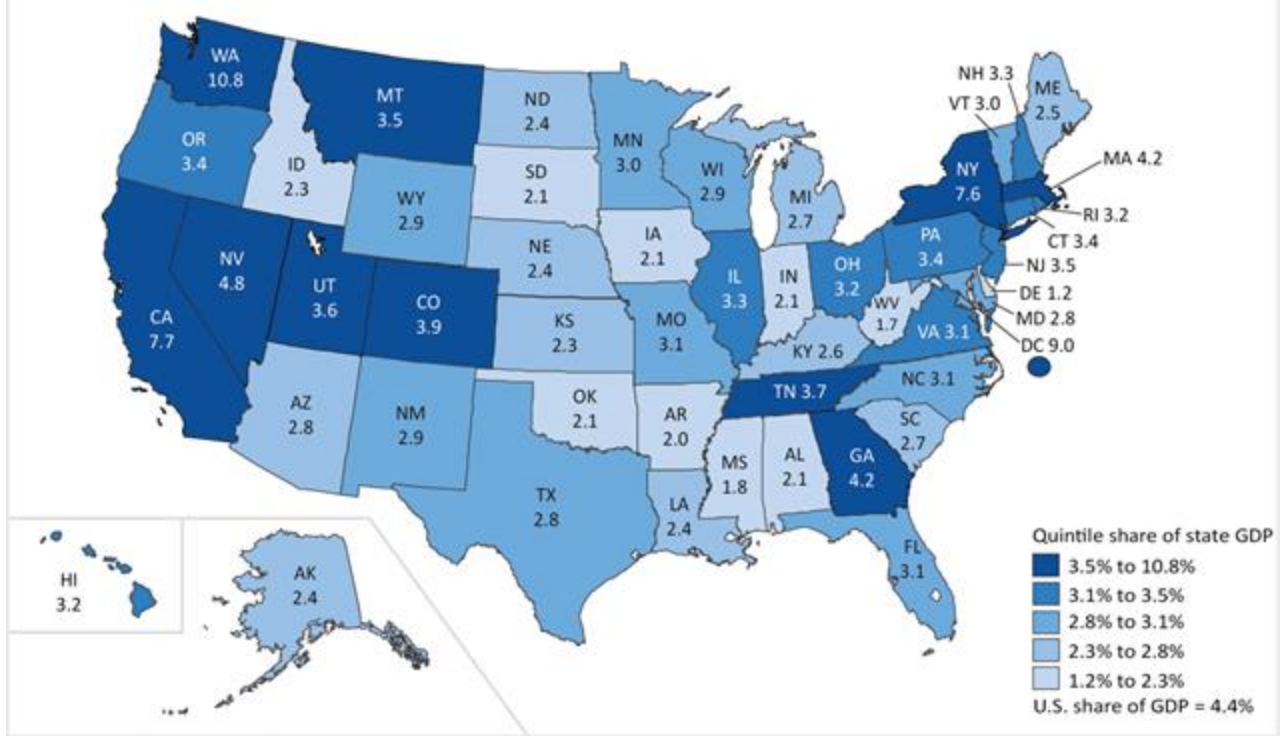
Outdoor Recreation and Arts & Culture

State Outdoor Recreation Value Added as a Percent of State GDP, 2022



U.S. Bureau of Economic Analysis

Arts and Cultural Value Added: Share of State GDP, 2021



U.S. Bureau of Economic Analysis

THE PLACE FOR BUSINESS IN QUALITY OF LIFE

SMALL businesses can have a BIG impact on the economy — by improving quality of life — providing goods and services that residents **need** and **want!**



Sky Zone



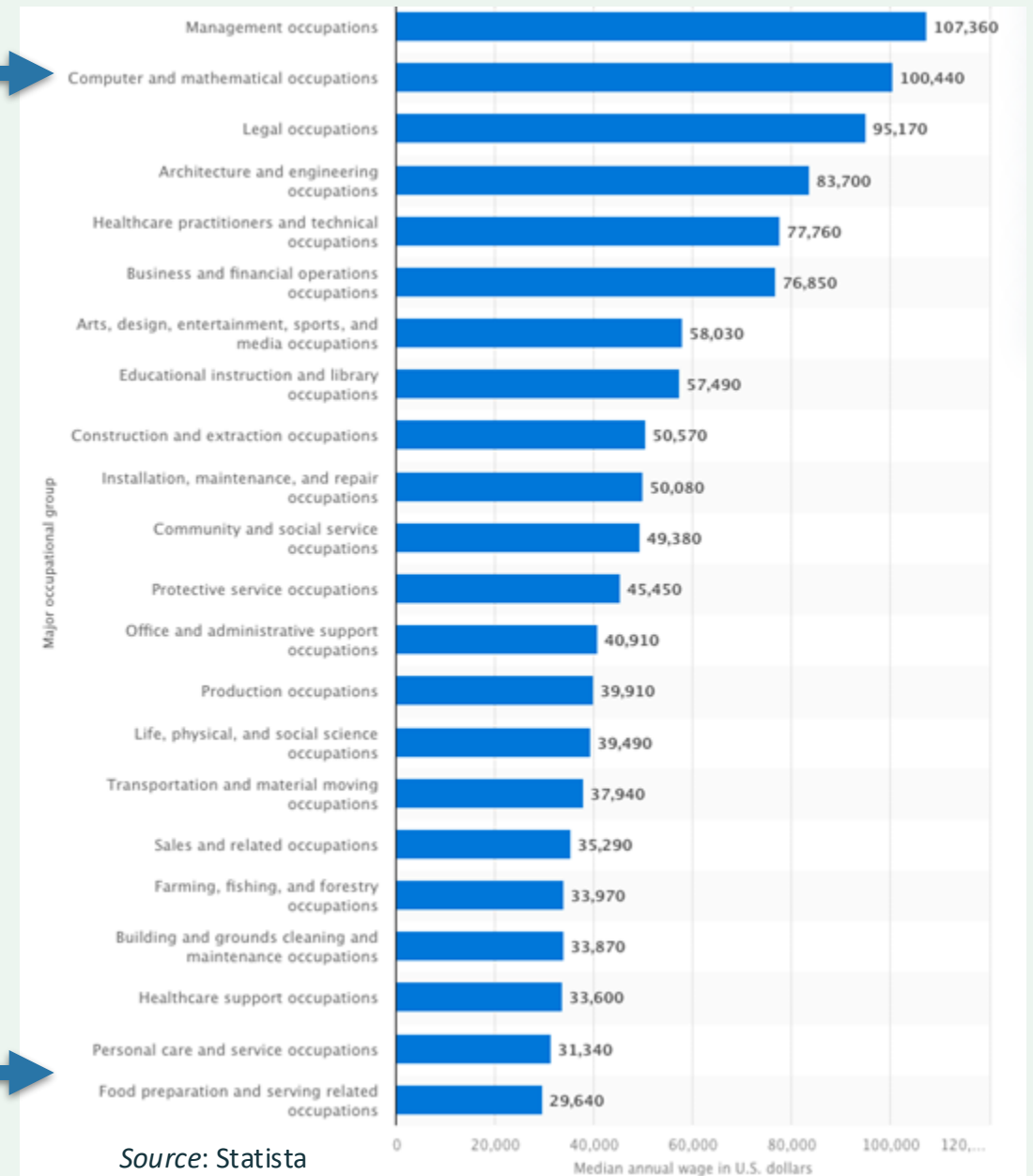
Farmer's Rail

Access to economic opportunity

Many rural areas already offer a high quality of life, but have lacked access to larger labor markets with higher paying jobs

Although economic growth is higher in high-amenity rural areas, many recreation jobs are not well paid (limit economic opportunity)

Median annual wage by major occupational group (2022)





Something in the air

The Akron Sound: EarthQuaker Devices

SURVEY OF ENTREPRENEURS



Question:

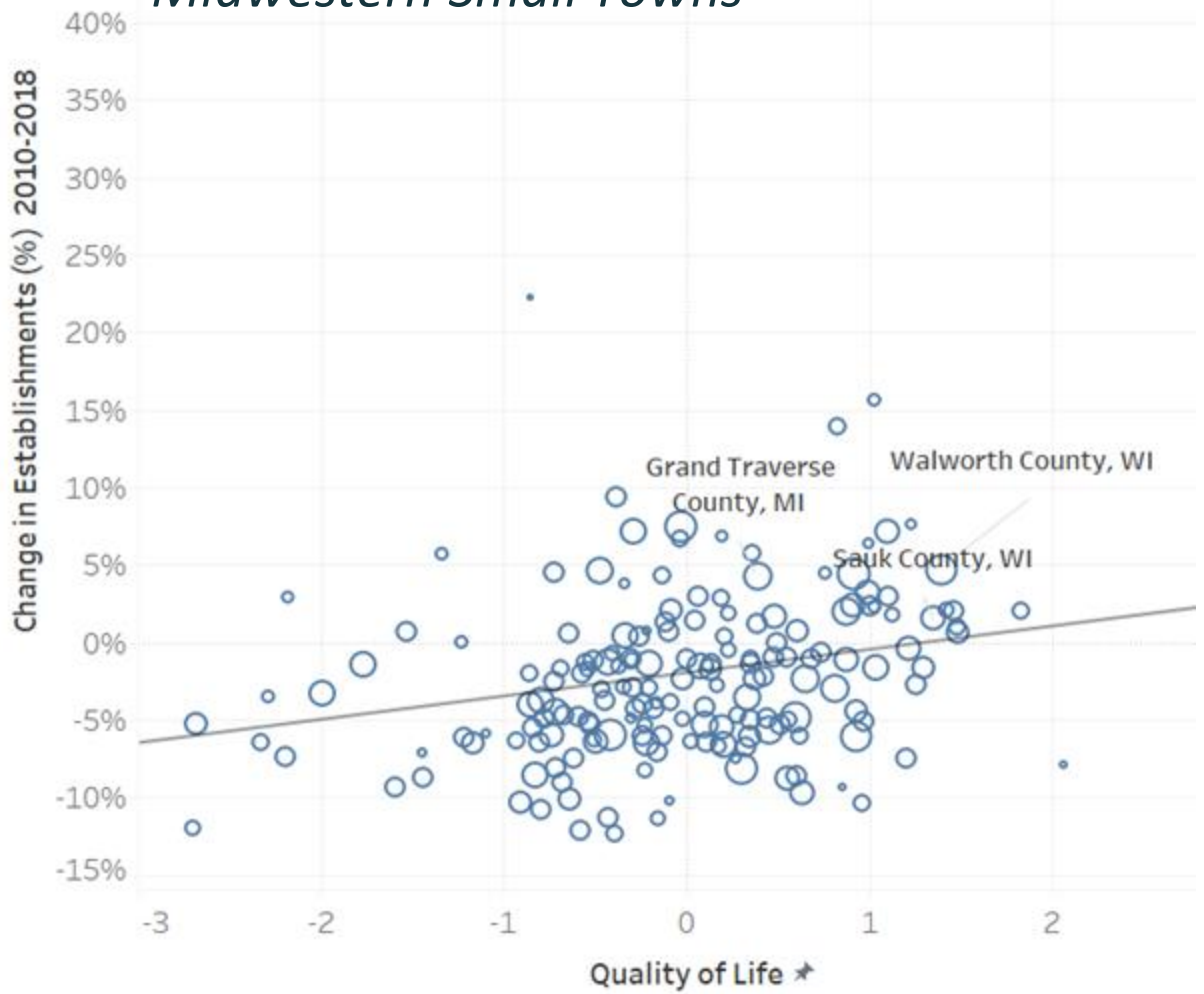
What attracts innovative entrepreneurs to a location?

Answer:

Talented workers, and the quality of life that these workers like ([Endeavor, 2014](#))

QUALITY OF LIFE → BUSINESS STARTUPS

Midwestern Small Towns



Find Your Place Best Places Topics

Why Entrepreneurs, Tech Start-ups Are Flocking to Traverse City, MI



The vibrant entrepreneurial ecosystem is complemented by a supportive community.

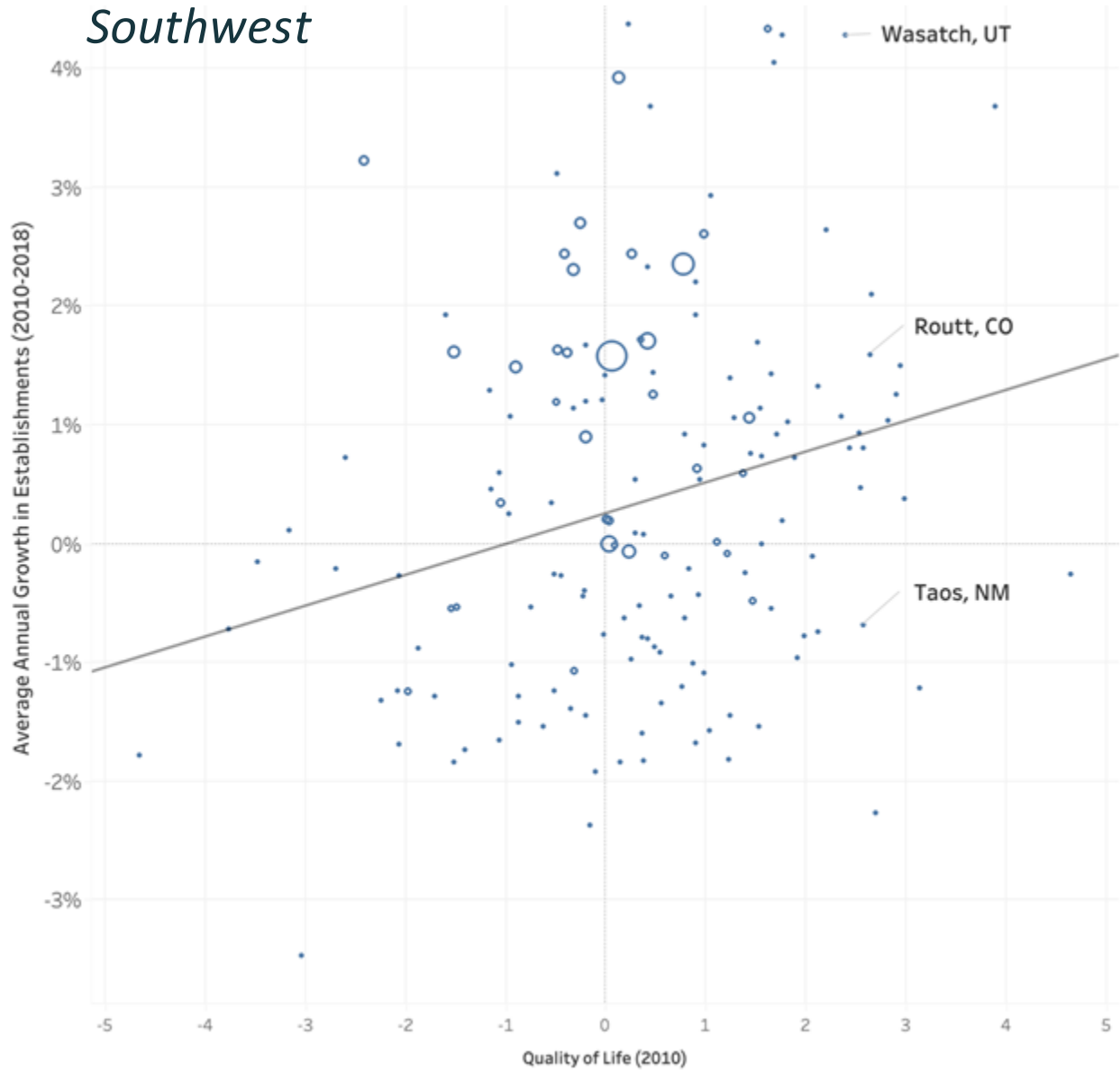
More Like This

By Heather Cherry on September 28, 2022



Hybrid Robotics in Traverse City, MI, designs and manufactures robotic solutions for research and inspections.

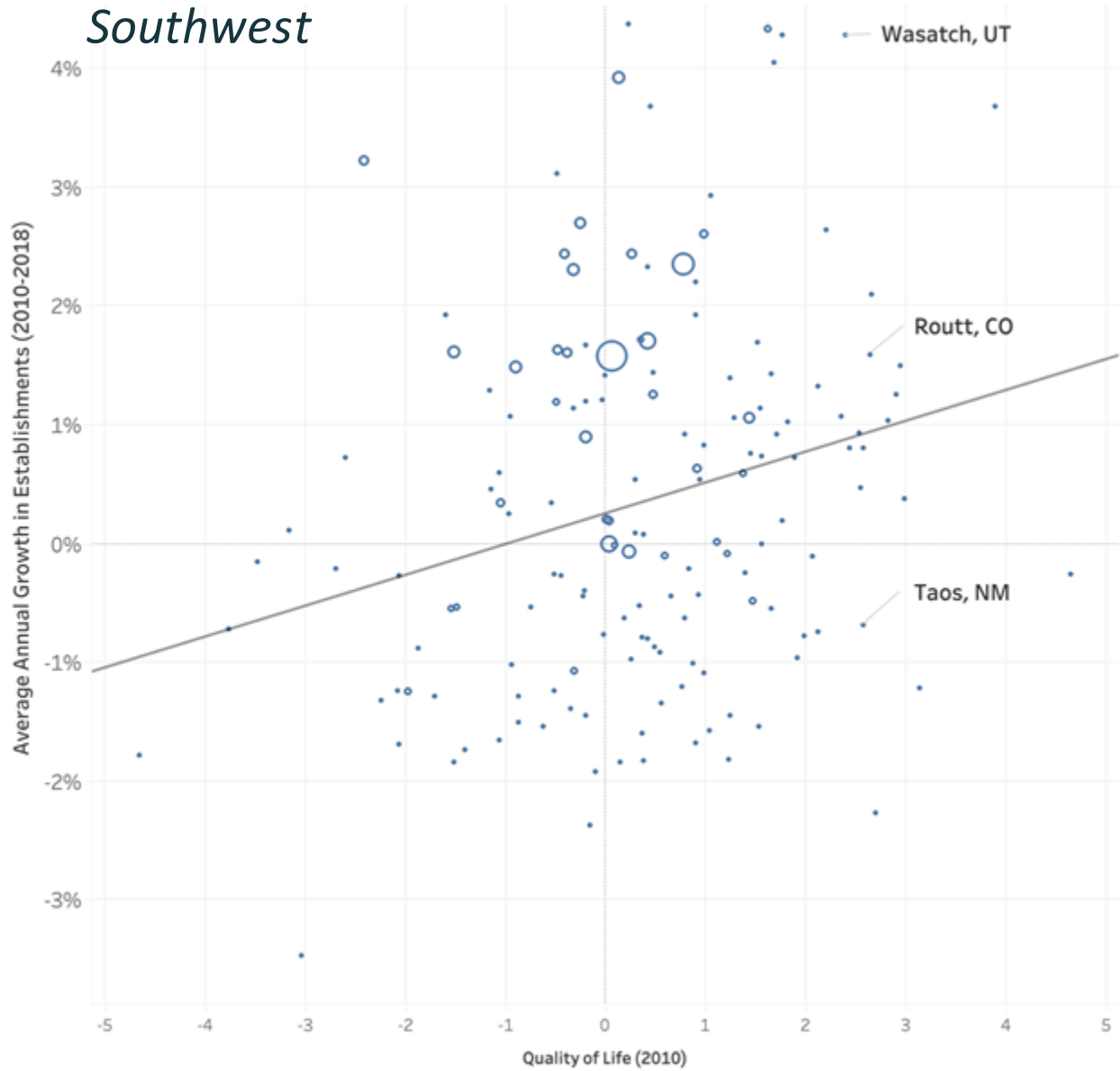
QUALITY OF LIFE → BUSINESS STARTUPS



HyperActive
Venture Capital Investor -
Overview

Financial firm that invest in early stage startups in the Mountain West (Wasatch County - Heber City, UT)

QUALITY OF LIFE → BUSINESS STARTUPS



One of the most-awarded bottles on our list, Dano's Añejo Tequila is aged 18 months in virgin French white oak barrels and produced using 100% agave at a family-owned distillery that dates back to 1840. A small sip reveals aromas of roasted agave with woody notes, before the tequila opens up with hints of caramel, coconut and oak.

Founded in Steamboat Springs, Colorado in 2018, Dano's Tequila has won Best in Class Añejo at the 2020 San Francisco World Spirits Competition. Dano's also won the Gold Medal in the 2019 Wine & Spirits Wholesalers of America (WSWA) Tasting Competition, and the Double Gold and Gold in the 2018 SIP Awards. Think of this as the "cognac of tequila" — best for sipping neat, or with an ice cube.

(Routt County- Steamboat Springs, CO)

BUILDING A TECH ECONOMY ECOSYSTEM

Foundational Elements

- Housing
- Public Health and Safety
- Public-Sector Leadership and Support
- Postsecondary Education Partnerships
- Culture and Entertainment Options
- Private- and Nonprofit-Sector Engagement
- Quality Pre-K-12 Education and Accessible Childcare
- Attractive "Live-Work" Downtown

Necessary Infrastructure

- Broadband Infrastructure
- Local Leadership Capacity
- Coworking and Entrepreneurship Spaces

Direct Drivers

- Scalable Tech Entrepreneurship Support and Incubation
- Access to Capital
- Access to Tech Jobs
- Tech Workforce Development and Support

Inclusive Tech Culture-Building

OUTCOMES



QUALITY OF LIFE

TAOS, NEW MEXICO

- **Infrastructure**

- Kit Carson Electric Cooperative provides fiber broadband
- A long history of community service and commitment to sustainability, recently 100% daytime energy from solar power for their members

- **Coworking spaces**

- UNM-Taos HIVE (2021): Combined coworking and tech skilling space (e.g. Generation USA Tech Talent training pilot)

- **Scalable entrepreneurship support and incubation**

- UNM-Taos HIVE Pollinator (2024): a business incubator accelerator that connects individual business owners and startups with office space, training opportunities, and venture capital that can help them scale their business



The Virtuous Circle

Before 1990, households and businesses disagreed on what made a place nice

([Chen and Rosenthal, 2008](#))

Year	Correlation between QOL & QOBE
1980	-0.238
1990	0.138
2000	0.279
2010	0.397
2019	0.300

IT'S A VICIOUS → VIRTUOUS CIRCLE

High quality of life places keep
& attract more people

[\(Weinstein, Hicks, Wornell, 2023\)](#)

Small businesses can increase
quality of life providing local
goods & services we need and
want

[\(Weinstein, Hicks, Wornell, 2023\)](#)

Growth of startups in the
knowledge economy → local wealth creation &
reinvestment → quality of life



Highly skilled workers more likely
to start businesses in high-
amenity places

[\(Conroy and Watson, 2023\)](#)

Small locally owned firms
have a larger impact on
economic growth

[\(Fleming and Goetz, 2011\)](#)

Entrepreneurs increase
growth in lagging regions

[\(Stephens and Partridge, 2011\)](#)

WE ARE THE SUPERHEROES

We must foster an entrepreneurial culture of seeking out creative ways to leverage local resources to meet the **needs** and **wants** of our community (and other communities)





5 recommendations for rural leaders to consider when creating economic and workforce development strategies and programs:

1. *Invest in quality of life.*
2. Build the *broadband* infrastructure of the future, and make sure people can access it.
3. Create spaces, places, and programs where remote *workers and entrepreneurs* can access resources, meet, and network.
4. When working to increase remote employment for local workers, focus on skills aligned with remote work professions.
5. Focus on residents and people that already have connections to your community when investing in quality of life and ways to retain, attract, and grow remote workers and entrepreneurs.



Thank you

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