

Comprehensive Pandemic Economic Recovery Strategy

Southern Iowa Council of Governments

Prepared by Farm, Food and
Enterprise Development

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Report Information

This report was prepared by the Farm, Food and Enterprise Development Program of Iowa State University Extension and Outreach.

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Team members have reviewed public information and production data for completeness and relevance to the current industry, and offer judgments based on a thorough review of available data and information.

This report is therefore not predictive in nature. Source references are cited within the report in an informal manner with every effort made to attribute data originating outside the team's resources. Mistakes in citing, if any, are unintentional.

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Executive Summary

Southern Iowa Council of Governments (SICOG) is an organization that provides and coordinates community and economic development services through the delivery of planning services, technical program assistance, and grantsmanship. The Southern Iowa Council of Governments includes Adair, Adams, Clarke, Decatur, Madison, Ringgold, Taylor, and Union Counties. It is bounded on the north by the Region XII Council of Governments, on the south by the State of Missouri, on the west by the Southwest Iowa Planning Council (Area XIII), and on the east by Chariton Valley. The eight counties cover 4,010 square miles. The region is largely rural.

The nation's economy is currently reacting to the COVID 19 pandemic recession and subsequent slow recovery. There are both common and variable impacts in different states and regions depending on those geographies' unique industrial mixes. Post pandemic economic performance will depend on the degree to which the pandemic recession and subsequent consequences damaged local economies, as well as the overall condition of regional economies prior to the pandemic.

The pandemic recession lasted officially from March through April of 2020 but resulted in a pronounced rate of reduction in employment in Iowa, and the nation.

Themes emerging from the research:

A review of the Pre-Pandemic Economic Performance among the South Iowa Council of Government Counties, Economic Analysis Report and SICOG Regional Profile provides a comprehensive economic picture of the SICOG region from pre-Covid times into the last quarter of 2021. Given the ever-fluid nature of the economy, even some of the more recent data may already appear dated – such as unemployment figures. That said, several themes emerge in looking at the data.

First, is negative population growth with the area losing 2% of total population over 11 years. Much of the population loss was driven by people in the upper end of their working years which can further complicate another trend, the ability to get and keep workers. One reason for hope is that there was a small uptick of 191 people between July, 2020 and July, 2021, according to data from the US Census Bureau.

The SICOG area mirrors national sentiment in that the number one concern among business respondents to the CyBiz survey was maintaining their current workforce. Adding to the challenge to attract and keep workers, the SICOG area has lower average earnings per job than the rest of Iowa, and the country. SICOG's average for this measure is \$52.2K as compared to \$60.5K and \$74.2K for Iowa and the US, respectively. We also found business owners to be concerned with potential supply chain issues (scarcity of key products and delayed delivery times) that have continued to hamper productivity across the nation.

A positive theme that emerged is that the SICOG area is strong overall when it comes to the Innovation Index. This index explores the key raw materials needed for innovation – a key component to economic growth and resiliency. Whereas the state of Iowa as a whole has an Innovation Index of 99.8, the SICOG area is ranked at 102.6. And within the Index, the SICOG area is ranked particularly high in Business Dynamics (the competitiveness of a region), Change in Proprietorship Rate (increase in rate of business ownership), Proprietor Income to Total Wages and Salary Ratio (business owners are making a good living), and Change in Share of High-Tech (increase in high-tech jobs).

Finally, a surprising result of the research that bears pointing out, due to its almost complete absence of reference, is that of childcare. The scarcity of quality childcare, prominent in so many other areas, barely received mention in the studies, interviews, and research.

As we review the themes above, there are options to remediate the weaknesses and complement the strengths within the SICOG Counties.

Potential recovery options:

Flat or negative population growth requires long-term approaches. One approach is to highlight the reason(s) people live in rural areas already – the lifestyle. Whether one views rural living as quieter, slower-paced, or healthier, that higher quality-of-life can be used as a selling point. Given that more work can be, and has been, moved remotely, a concerted effort to push the benefits of rural living may return dividends in the long run.

Going together with promoting the quality of life in an area is actually creating, sustaining, and augmenting that quality of life. Young families are more likely to move to an area that has amenities and events. In short, create or augment the sense of community in a given area. In times of tight budgets and ongoing infrastructure demands this can be difficult. A team approach – leveraging all the players in that area – is not only recommended, but often necessary to achieve this.

Similar to keeping and growing population, doing the same for a workforce is not an easy task. A quick reaction is to pay more to attract and retain employees. In fact, 64% of respondents to the CyBiz survey said they were going to do just that. In addition, 48% were using flexible work hours (some remote work or working four 10-hour shifts instead of five 8-hour shifts). Employers in the area may want to explore an expanded role for remote work arrangements. However, this would require a shift in attitudes toward remote work by the companies. In the CyBiz survey, only 20% had remote employees and 58% would prefer to have no employees work remotely.

Using strategies to positively impact population growth (i.e., promoting quality of life and sense of community in rural areas) would also increase the overall number of people available to join the labor force. To capture the potential increase in the labor force, the SICOG area would also want to address the earnings gap mentioned above. This would require a longer-term vision, such as working with companies to create higher paying jobs, encouraging, and fostering entrepreneurship, and working to attract firms that have a higher wage scale.

The bright spot of the review done on the SICOG area was the strength of the Innovation Index. Most of the categories reviewed in the index showed many of the “raw materials” that lead to innovation. Innovation leads to resiliency and can help support economic growth. Communities in the SICOG area need to leverage that innovation through support of the entrepreneurial ecosystem overall and entrepreneurs specifically. Whether it is bringing private and public entities together, connecting potential businesses with venture capital firms or other funding sources, or something as simple as fostering a pitch competition, a focus on the importance of small firm generation is key to leveraging that high Innovation Index.

One other thing that goes hand in hand with a focus on entrepreneurship is fostering an environment around training and education, sometimes beyond the traditional settings. As stated in the SICOG Regional Profile, “As we have seen across the nation and in several industries, a lot of organizations in today’s world have a demand for skills and knowledge that can be trained outside the traditional four-year degree framework.”

There is one area, however, that could act as a brake on innovation and that is limited access to broadband internet. Without connectivity, ideas can stifle, and an entrepreneur may not reach their intended customers. Information is a commodity and access to information is just as important as other inputs in business. The good news is that the State and Federal governments have realized the importance of broadband internet in rural areas and have put record amounts of money recently into the initiative. Smaller rural governments will need to do their part to ensure that money is going to where it is needed most.

Supply chain issues are varied and often specific to individual industries and even individual businesses. A comprehensive approach to such issues is beyond the scope of this study.

Conclusion:

There is no “silver bullet” that will alleviate all of the challenges faced by rural areas. It will take a comprehensive, long-term approach. The good news is that some of the options we suggest will impact more than just one area. For example, supporting entrepreneurship (and being known for it) can positively impact population growth (more people moving to the area), and bring higher wages and investment into the area. This can also lead to improved quality of life, which may then lead to more population growth and an increase in the pool of potential employees. It will take a forward-thinking community to form this comprehensive vision and approach.

The Report

This document includes a variety of thoughts and ideas regarding the economy of the Southern Iowa Council of Governments, but in most instances the details will be left up to the locals. Who will be the leaders and step forward to do the work? Depending on the initiatives pursued, there will be grant applications to be completed, new partnerships to be created, and meetings to be held.

Many of the programs we suggest will be implemented at the local level. Given the geographic size of the SICOG region, and the number of communities within the region, it is not practical to implement many of these initiatives on such a large scale. While some programs can be implemented region-wide, we believe that success is more likely to be achieved if each community or county determines their own priorities and tackles one or more of the ideas they believe are achievable and will return results. Region-wide projects can succeed, but will require more planning, coordination, and cooperation among participants.

As inspiration for communities in the SICOG area we are including this brief “success story” from Cannon Falls Minnesota. Their story demonstrates how a community can take inventory of their strengths, and then can use these to their advantage as they build their economy.

In 2015, officials in Cannon Falls noticed the growth of local food producers in the community. The town’s Economic Development Authority (EDA) also noticed and decided to promote these local producers to encourage additional growth in Cannon Falls. Somewhere along the line, someone said, “Cannon Falls is like the local foods capital of Minnesota,” and Cannon Falls ran with it. They applied for and received several grants that were used to promote tourism involving local food producers. Cannon Falls also created a webpage separate from the city and government pages to promote a regional brand and produce digital marketing materials.

Since then, Cannon Falls has continued to build the community as a destination. What started as economic development morphed into something more as the local flavors of the Cannon Falls brought increased recognition of the natural tourism in the area – walking and biking trails, water sports, and even winter fun. Visitors, residents, and local production partners are now able to experience all of the tastes, drinks, sights, and recreation available in the area.

The community now boasts a pet food bistro, a winery, a brewery, a specialty cheese shop, a grass-fed beef producer, honey producers, a local sauce/spice blender, a market/deli, several restaurants, and a meat processing facility. A large market, anchored by a local poultry producer, provides an outlet for many local food products.

The recognition of Cannon Falls as a local foods destination, and the promotion of this attribute, led to additional economic development in the region. This, in turn, created even more growth in local agriculture, increased the tax base, and led to enhanced recreation opportunities.

Below is a summary description of our “Focus on Five” major initiatives. While this document is labelled as a Pandemic Recovery Strategy, we have tried to look beyond the pandemic to the longer-term success of the region. At this point certain aspects of the pandemic’s impact on the economy have faded, and while total recovery may take years, current conditions cannot be overlooked. For one, unemployment is near pre-pandemic levels within the State of Iowa, as current unemployment is at 3.0% as of April. This compares quite favorably to the 2.6% rate in March of 2020, just prior to the pandemic. In the SICOG region unemployment as

of last month ranged from 1.4% in Taylor County to 2.5% in Madison County (Iowa Workforce Development, rates are not seasonally adjusted).

US Census population estimates for 2021 indicated a slight increase in population in the SICOG area. While there were some counties gaining and some losing, the net population was projected to have increased from 67,733 in 2020 to 67,924 in 2021.

One factor still slowing recovery around the state is the labor force participation rate. Prior to the pandemic labor force participation in Iowa stood at 69.7% in February of 2020. Participation fell to a low of 65.9% in August of that year, and while it has rebounded somewhat, the current rate of 67.4% remains considerably lower, with roughly 60,000 fewer labor force participants in Iowa. While these are statewide percentages, if we assume similar rates for the SICOG region we can estimate that labor force participation is still down by more than 1,200 employees in the eight-county area. This could be enough to impact and even disrupt some businesses who are having difficulty finding employees.

So as we begin to lay out our ideas, it becomes clear that Quality of Life is at the center of each. While we do not specifically identify any of the Five categories as Quality of Life, this theme is most certainly at the core of the analysis.

Focus on Five

1. Entrepreneurship – The regional survey found a definite entrepreneurial spirit here. Develop programs that encourage business start-ups, but also recognize existing entrepreneurial ventures and their uniqueness.
2. Take “Control” by working “Remote” – Embrace remote! Not all jobs can be done by working remote, but there is an opportunity here that cannot be overlooked, and in fact could be at least part of the reason population was stable here from 2020 to 2021.
3. Keep local kids local – Or at least bring them back home to raise their families
4. Infrastructure – Whether talking about housing or buildings on main street it is critical to maintain what we have with an eye to growth when opportunity presents itself.
5. Southern Iowa Recreation District – As we took inventory of the recreational opportunities in the area, we were amazed! So much to do and see here!

More detail of these broad categories, and project ideas for each, begins on the following page.

Focus on Five

1. Entrepreneurship – With an innovation index that is above the state average (see SICOG Regional Profile), authorities in the region should look for ways to encourage entrepreneurs. Whether sponsored regionally, by county, or municipality, there are several ways to provide such encouragement.
 - a. Pitch competitions. By now these are commonly used around the state and country, but that is because they work! These can be themed (ag businesses, for example), or open to businesses of all kinds. A certain amount of seed money is needed to entice potential businesses to participate, and this typically is supplied by a governmental body, an economic development group, or by business sponsors. Detailed instructions for establishing a pitch competition can be found online or contact Iowa State University and we can assist.
 - b. Co-working arrangements. There can be various arrangements, pricing schemes, and amenities but the idea is the same. Entrepreneurs coming together to collaborate, to find office space or a meeting room, or their own office away from home. Patrons often gush about the relationships they develop in these spaces and the synergy created by working with and sharing ideas with other entrepreneurs. A commercial building that is no longer being used, an old school, or even a partial building could be an ideal location for co-working.
 - c. Business Roundtable – Host a periodic meeting (quarterly?) where business leaders such as bankers, insurance professionals, economic development personnel and others can meet with small business owners (including potential entrepreneurs) to exchange ideas and information. Newer businesses can get information and make the connections they need, and local businesses can gain new customers.
 - d. Plenty of entrepreneurs and small businesses already exist in the SICOG region. Consider creation of websites to feature these businesses, maybe one for each county. Of particular interest might be some of the more unique shops like RAYR, the Amish Country Store in Mt. Ayr, or Timber Ridge Country Market in Osceola, but we know there are many others!
 - e. Building on the collaboration theme in item “c”, offer these small businesses opportunities to come together periodically, either remotely or in-person (ideally in person). More experienced business owners could offer guidance for the less experienced, and all could benefit from the exchange of ideas. Consider starting a “leads group” if none currently exists.
 - f. Offer incentives (even if relatively minor) and/or recognition to new or existing businesses who create high-paying jobs. Make a big deal of businesses that are growing and expanding workforce.
 - g. Help small businesses claim their Google business page and Tripadvisor listing and remind them to make sure information is accurate. Every business should be on Google and many, including restaurants and some retail, on Tripadvisor.
2. Take “Control” by working “Remote” – The pandemic forced many companies and a great number of employees to try remote work for the first time. Many employers were pleasantly surprised at the results and will continue to offer remote working arrangements in the future. Remote working arrangements can benefit residents as well as communities in the region. For residents, remote work is definitely a quality of life issue, promoting work/life balance by eliminating the commute. In addition, remote workers will often be working for companies located in some of the larger communities where wages are higher, increasing the average wage in the area. The ability to work remotely for companies in larger cities and for higher wages while enjoying a lower cost of living will be an attractive win-win for

some young residents. Some employers may offer only partial or hybrid remote options, meaning employees must come to the office perhaps one or two days each week. In these situations, the remote arrangements will obviously be more likely for those who are within a reasonable distance from the employer location.

- a. Survey results show that many employers in the SICOG region are opposed to remote work. Only 20% of the employers surveyed said they currently allowed remote work, and 58% said they would prefer no employees work remotely. This could be due to the nature of the work, as we realize there are many jobs that require an employee be present on site. However, to the extent possible, employers should be educated to the advantages of such an arrangement. Employers with remote arrangements are finding greater job satisfaction for many employees who have better work-life balance, less time spent commuting, less fuel consumed, and less spent on work clothes. Employers themselves can see significant savings over time as less office space will be needed for the employees working remotely. We also believe employers will see greater retention of employees and may find it easier to recruit new employees who can work remotely. Employers who are reluctant to allow full-time remote work can try it out on a part-time basis, with employees working remote two or three days a week to start. A similar work-life balance option is to offer flex workdays where possible, allowing employees to work longer days and have a four or four and one-half day work week. With so many employers offering remote arrangements, those who do not may continue to have difficulty attracting and keeping employees. Encourage employers to give this a try, perhaps through economic development meetings or email newsletters from the SICOG director. Sharing local success stories might also be helpful.
- b. Employers around the country are in need of employees. To help connect these employers with residents of SICOG, sponsor remote work job fairs in select communities. A variety of employers from Des Moines, Omaha, Kansas City, or other smaller cities could be recruited to attend. Cultivating relationships with economic development professionals or large employers in nearby cities could produce mutually beneficial results.
- c. In the Entrepreneurship section we discuss co-working arrangements. If office space can be located and used for co-working, we suggest that this space could also be made available to remote workers. Some remote workers may have occasional need for professional office space, or just want to spend an afternoon working with others. Any number of working arrangements could be developed, as the area could be offered free for this purpose on a first-come first served basis. Or, as with entrepreneurs, various office settings could be made available on a sliding fee schedule (more for a private office, less for co-working space).
- d. Young adults coming out of college or beginning their professional journey may have opportunity to work remotely and choose where they will live. Promoting the lifestyle advantages of the SICOG region to these individuals could result in net positive migration. Finding contact information for these individuals would be key, but mailing lists available for purchase get more sophisticated all the time.
- e. Finally, strive to become known as “The” place to work remote in Iowa. A new dynamic was unleashed on the labor force with the pandemic, and there will be winners and losers as the dust settles. With abundant recreational opportunities, limited commuting with remote work, lower cost of living, potential co-working arrangements, and a slower, safer pace of life, SICOG should seize the opportunity to promote itself in every way possible.

3. Keep local kids local – It probably goes without saying but the easiest way to maintain population in an area is to keep the youth from moving away. Doing so often means a future spouse will move into the area, and the offspring of the young couple can replace the aging population. Current trends tell us there may now be more of an opportunity to keep these youth here than any time in recent memory.
 - a. In a Des Moines Register article from June 1, statistics for postsecondary education were quoted. For 2021 Iowa High School grads only 72.6% said they intended to pursue postsecondary education. This was the lowest figure since 1997. And we know the percent who actually follow through with these plans is significantly lower. In 2020 75.1% indicated their intent to pursue a postsecondary education, when in fact only 60.5% actually did. For 2021 then it seems safe to assume that the percent of graduates actually enrolling in a postsecondary institution will be less than 60%. Thus, the opportunity to keep more of these young adults at home if opportunities are available.
 - b. Another opportunity to keep local kids from leaving relates to remote work, as discussed elsewhere in this document. Undoubtedly there are those who would prefer to stay in the area if work opportunities were available. This is why it is critical to promote remote work to local businesses, and forge connections with other employers who will be willing to employ youth and other residents.
 - c. Start early. While the SICOG area may not have as many corporate or professional positions as the larger communities, there can be numerous other career paths to follow that can be just as rewarding. To make youth aware of these opportunities begin educating them of the career options at a young age, perhaps as early as elementary school. Trade shows can be organized annually or semi-annually, giving local employers an opportunity to make students aware of their businesses and careers.
 - d. Hold job fairs for high school seniors. Bring numerous employers together in one place and give graduating students an opportunity to begin a career with a SICOG employer so they can remain in the area.
 - e. Start promoting quality of life to students once they begin high school. This message could be communicated in person at a job fair or assembly. It could be reinforced through social media, emails, or other methods, but should continue throughout the high school years. If students move away after high school, either to take a job or attend college outside of the area, try to keep track of the addresses/emails to stay in touch and continue to promote the benefits of the SICOG lifestyle. Many young adults begin to see the benefits of a quieter, slower lifestyle once they begin to settle down with a partner and a family.
4. Infrastructure – In this context we are looking broadly at the concept of infrastructure, and including housing and brick and mortar businesses in the mix, in addition to the usual streets, bridges, etc.
 - a. Internet access appears to be an issue in several counties of the region. According to broadbandnow.com three of the counties have low rates of access to the current standard of 25 megabytes per second download speed. These are Adams at 67.1%, Taylor 73.3%, and Ringgold 81.3%. In the other five counties more than 90% of households have access to this speed. Authorities should continue to evaluate the quality of service in the area and if necessary, apply for grant funding that may be available now or in the future.

- b. Take a fresh look at your town. If a potential new resident drove through, what would they see? Would they be interested in relocating to your town, or would they keep moving? Are there modern water and wastewater facilities? What is the condition of the streets? Is there curb and gutter and storm sewers? Do you have sidewalks, or must residents walk in the streets? If lacking in these areas, can funding be obtained, perhaps through a mix of private and public money?
- c. Housing – Is there adequate housing available, is it affordable and in habitable condition? Are there low-income housing options? Is property available and infrastructure in place for new housing?
- d. What is the condition of main street or other commercial structures in town? Are there buildings that are no longer being used or that are falling into disrepair? Do they have historical significance and can they be salvaged? Would they qualify for grant money such as the Downtown Revitalization Fund or the Downtown Housing Grant (when available)? Think out of the box for uses of these old buildings, such as turning one into housing units. In a worst-case scenario, it may be better to remove the building rather than leaving an eyesore in a prominently visible location.
- e. For both housing and commercial, there are often a few run-down properties that need general refreshing and clean up. Find a way to make this happen, either by using volunteers (for those unable to do the work themselves), or by offering small incentives to owners.
- f. Relieve zoning restrictions where possible to encourage development and revitalization. Don't let an old zoning designation get in the way of a potential project. Make zoning maps easy to understand.
- g. Review the permitting process. Simplify and streamline to remove barriers and shorten lead times. Relax building codes and "grandfather" nonconforming older structures.
- h. This is more of a general thought that could fit in any number of categories, but consider creating one or more relationships with "sister cities" elsewhere in Iowa. Plan to collaborate periodically to discuss issues and solutions, share ideas, successes and failures.
- i. According to smallbiztrends.com there are certain businesses that are commonly desired in small towns. Below is a list of these businesses, loosely arranged in order of those most commonly desired or expected in smaller towns and increasing to the businesses that are arguably more commonly expected in somewhat larger towns. If your town is missing any of these, particularly those at the top of the list, what can be done to meet this need? Can a local businessperson be recruited to fill this gap, or a non-local attracted to the area? Can an existing business expand to take on the role of the missing business (hardware store expands to carry auto parts)? Or can a partnership be developed to serve a particular need (run a gym out of the high school for example)? Can local government or economic development agency "set up" the business so it is ready to go and turn-key for a new owner (grants?)? Would a cooperative arrangement be a possibility? Here is the list:
 - i. Child Care
 - ii. Grocery Store
 - iii. Gas Station/Convenience Store
 - iv. Hardware Store
 - v. Auto Parts
 - vi. Auto Repair
 - vii. Restaurant/Lounge

- viii. Coffee Shop
- ix. Realtor
- x. Beauty Salon
- xi. Plumber
- xii. Electrician
- xiii. Car Wash
- xiv. Pharmacy
- xv. Dry Cleaner
- xvi. Insurance Agent
- xvii. Medical Clinic
- xviii. Funeral Home
- xix. Gym
- xx. Lawn Maintenance

5. Southern Iowa Recreation District – As we looked over the region and listed amenities and attractions for each county, we were pleasantly surprised by what we found. We found such an abundance of outdoor recreation opportunities that we decided to try and tally the results. While we do not guarantee the completeness of these figures, we found 26 lakes and 29 campgrounds. We found 12 golf courses, 12 parks or recreation areas that were not near a body of water, and 21 agritourism opportunities.
- a. Understanding that bike paths are an expensive amenity, these are strongly desired by residents of all ages who bike, walk, run, and rollerblade for recreation. If grant money can be obtained to help defray costs, these can be a great quality of life addition. The Iowa DOT bike map shows few bike paths within SICOG, so this seems like an obvious addition to some of the larger communities.
 - b. With 26 lakes in the region, no resident of the Southern Iowa Recreation District is more than X miles from the nearest fishing hole. (We are not sure what this number should be, but it seems like a promotional opportunity!) A brochure that would highlight not just the lakes, but all of these recreational opportunities might be a good idea.
 - c. For fee-based activities such as golf or camping, offer package deals that might attract patrons from outside the area. One example might be to get several golf courses (as many as possible) to come together to offer a discounted package deal for one round (or day) of golf at each location. A punch card could be used to keep track of the locations visited. If successful, additional variations on this concept could be introduced. A similar concept could be introduced for camping, potentially offering a free night or two to attract visitors to the area.
 - d. Make sure parks, campgrounds, and lakes are well maintained, clean, and trash-free. If not already being done, host a community clean-up day and use volunteers to do much of the work. It is important that our public spaces look their best if we hope to attract growth.
 - e. Ensure information included on city, county, and region websites is complete, current, and accurate. Make sure hours listed are correct. Review Tripadvisor periodically to be sure information on public spaces is accurate and complete, hours are correct, and so on. When possible, ask visitors to give positive reviews.
 - f. When reviewing websites of the various communities in the SICOG region, local events were abundant. Most towns have an annual festival of some sort, many have a winter event, and others have regular events throughout much of the year. Could it be possible to create an online

- listing of all events in the region to encourage greater attendance from surrounding communities? Other communities may also get ideas and inspiration from their neighbors and add to the events they currently sponsor.
- g. Given the general location of the SICOG counties, there is opportunity to promote any of these initiatives to three larger metro areas. Des Moines may seem like the logical choice since it is in Iowa and only a short drive from Madison County. However, Omaha and Kansas City offer opportunities as well as these are less than two hours from much of the SICOG area.
 - h. Since SICOG is an acronym and fairly nondescript, and since we found many recreational opportunities here, we are calling this the Southern Iowa Recreation District. Clearly this is an optional title that can be changed or dismissed. But the point we wanted to make is to try and use descriptive and catchy slogans to promote whatever initiatives are used. “Focus on Five” is another example.
 - i. In other sections of this document, we discuss quality of life in the region. Clearly, these recreational opportunities should be included in that discussion.

What follows is a document called “SICOG Regional Profile” which details many of the factors impacting the regional economy. This is followed by a “Detailed Labor Assessment” and the SICOG Specific Survey data. All of this data was evaluated and considered when formulating this report.

Regional Profile

We start with a general snapshot of the region based on 2020 data. This is to set a baseline for the next sections where we dive into further detail around the SICOG region’s economic profile.

	Population (2020)	Labor Force (2020)	Jobs (2020)	Unemployment Rate (2020)	Cost of Living	Ave. Earnings Per Job
SICOG	67,340	34,964	28,323	4.86%	98.9	\$51.2K
Iowa	3,163,561	1,622,135	1,681,592	5.26%	97.8	\$60.5K

Source: EMSI

One key factor from the snapshot to address up front is the average earnings per job at \$51.2K for the region, compared to the \$60.5K for Iowa. The national average earnings per job is \$74.2K. While the region, and state, have lower cost of living, this is a potential issue that could make it harder for the region to attract and retain a strong workforce. Increasing earnings per job is not an overnight problem to tackle, but with a long-term focus on growing existing companies to help them create higher paying jobs, invest in high-potential entrepreneurs, and exploring strategies to attract industries with relatively high paying wages should be a priority for any region wanting to have a growing economy.

Demographic Trends

POPULATION	2010	2015	2020	2021	2010-2021 change	2010-2021 % change
SICOG	69,128	67,631	67,340	67,664	-1,464	-2%
Iowa	3,050,819	3,122,541	3,163,561	3,181,770	130,951	4%

Source: EMSI

A declining population is a hurdle for a stable regional economy moving forward. The positive aspect of the population data for SICOG is that most of the decline appears to have been between 2010 and 2015, with only a slight decline from 2015 to 2020. And, from 2020 to 2021, the data estimates a small increase. Compared with the population growth trend for the state, however, the regional data indicates a potential issue.

Diving further into the population trends and we find that certain age brackets were the major culprits in the overall negative population trend for SICOG.

Top declining age brackets from 2010 to 2021

- 50 to 54 year olds – 1,332 fewer
- 45 to 49 year olds – 1,309 fewer
- Under 5 years – 635 fewer
- 5 to 9 year olds – 392 fewer

It should be noted, however, that Iowa population trends also shows a decline in the under 5 years, 45 to 49, and 50 to 54 year olds age brackets in the state population.

Another way to understand population dynamics and their role in SICOG's regional health is to look at the millennial (25-39 year olds) and "retiring soon" (55 and older) age groups and compare them with how many should be expected for the regions size.

There are an estimated 10,969 millennials, who can also be considered the prime working age group, in the SICOG region. The national average for an area this size is 13,877. This is a potential risk for the region's opportunities to grow.

The "retiring soon" age group is relatively high in the SICOG region. The national average for an area this size is 20,042 people 55 or older, while there are 23,372 in SICOG. This is another potential risk factor for the region's opportunity to grow. Without a large enough generation to replace those that are leaving the workforce in the coming years, the region may struggle to keep existing workforce stable.

Lastly for the population trends, we look at migration trends for the SICOG region.

MIGRATION TRENDS	2014	2015	2016	2017	2018	2019
Inbound	2,123	1,366	2,289	3,555	2,422	2,570
Outbound	2,230	1,513	2,242	3,102	2,396	2,653
Net Migration	-106	-147	47	453	26	-83

Source: EMSI

The migration helps us understand how much population changes are due to gains or losses from people moving in or away from a region. While it is hard to influence gains or losses of population from births and deaths, a region can take action on initiatives to retain and attract people to limit population decline from people moving away. In the six-year period we have migration data for, there was a small net gain of 190 people. The source and design of this taxpayer-based dataset excludes certain groups of people and thus does not represent the entire population, but rather is a good indicator of migrating workers within the labor force. In all six years of data the following three counties had the most inbound and outbound migration: Polk, Dallas, and Warren counties.

Employment Trends

JOB TRENDS	2010	2015	2020	2021	2010-2021 change	2010-2021 % change
SICOG	29,009	29,587	28,323	28,945	-64	0%
Iowa	1,658,138	1,745,448	1,681,592	1,698,753	39,615	2%

Source: EMSI

Regional jobs have followed similar pattern to overall state trends with job growth in the recovery years after the 2008 recession, but a declining trend in the 2015-2020 timeframe. However, a small increase in the 2020-2021 years suggest a possible growth trend coming back.

UNEMPLOYMENT TRENDS	2016	2017	2018	2019	2020	Jan-Jun 2021
SICOG	3.31%	2.99%	2.85%	2.85%	4.86%	4.20%
Iowa	3.58%	3.09%	2.60%	2.77%	5.26%	4.52%

Source: EMSI

Regional unemployment trends have followed closely with state rates.

Source: EMSI

At the local zip code level, we can explore the commuting patterns between where people live and where they work. Creston (zip 50801) draws the most workers at around 1,140 net commuters in 2020. Osceola comes in second with 779 net commuters coming in to the 50213 zip. Winterset, however, had the highest number of resident workers at 5,064, but a large portion of those people leave the zip to work elsewhere. Winterset ends up with -1,873 net commuters.

Educational Profile

EDUCATIONAL ATTAINMENT	Less than High School	High School Diploma	Some College	Associate's Degree	Bachelor's Degree	Graduate Degree or Higher
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SICOG	8.6%	36.9%	21.4%	12.4%	14.6%	6.0%
Iowa	8.0%	30.4%	20.7%	11.7%	19.7%	9.5%

Source: EMSI

Having a population with a diverse set of skills and knowledge is another key factor in economic growth opportunities. While educational attainment rates don't tell us much about specific areas of skills and knowledge, it's a useful baseline to explore if the region has a good foundation to build from. The SICOG region shows slightly higher rates at the lower end of the attainment spectrum with High School Diplomas, Some College, and Associate's Degrees all being higher than the state percentage. Subsequently, the percentage of adults with a Bachelor's Degree or higher is lower than the state comparison.

This should not necessarily be taken as an indication to push more residents to go for the Bachelors or Graduate degree programs. Rather, the focus should be on exploring how the business community can work with the educational levels, what types of industry might be attracted, and how the region can offer continuing education to the workforce on relevant technical, management, and entrepreneurial skills. As we have seen across the nation and in several industries, a lot of organizations in today's world have a demand for skills and knowledge that can be trained outside the traditional four-year degree framework. Whether it is technical skills to be applied in a manufacturing setting, coding skills for a software position, or soft skills to improve customer service and sales roles, these are areas where trainings can be brought to the region and implemented in a matter of months.

Innovation Index

The Innovation Index explores the resources, or raw materials, typically required to foster an innovate economy within a region. It looks at the resources and trends in recent years to assess a baseline of "innovation potential". It does not say whether a region is actually being innovative or not. Rather, it helps explore and identify which resources might be leveraged better for future innovation and which resources might be lacking that could be invested in as a strategic effort to foster more innovative activities.

Fostering a strong innovative region can help support economic growth and resiliency. Investing in the resources identified in the Innovation Index may cultivate more entrepreneurial behavior with the population. It may spur innovative solutions from medium and large companies. It might also play a positive role in bringing both public and private entities together in an ecosystem that is focused on finding and supporting growth opportunities.

Defining what an "innovative region" actually looks like is hard, but betting on factors that can bring more innovation about doesn't have to be. This should not be seen as an attempt by any region to replicate Silicon Valley for tech-driven startups or Boston for healthcare innovation. Instead, think of it as a strategy for any region to grow its own innovation around a focal point that fits that particular region.

The Innovation Index has three index levels:

- Overall Innovation Index score
- Five sub-innovation index scores
- Key factor index scores for each "sub-innovation indices"

For each index score, we have included both SICOG and Iowa state scores. However, it’s important to note that scores are not directly comparable between a region and a state. This is in part due to the state score encompassing the region. We have included the state index scores here, however, to provide some general context between regional and state level potential for innovation. Providing both may prompt the SICOG region to further investigate its role within the state of Iowa. We won’t analyze the state scores, but instead focus the discussion on what the index tells us for the SICOG region.

	SICOG	IOWA
Innovation Index	102.6	99.8
Sub-Innovation Index Score		
Human Capital and Knowledge Creation	101.3	98.5
Business Dynamics	109.1	96.9
Business Profile	79.1	85.2
Employment and Productivity	101.3	92.3
Economic Well-Being	122.0	125.9

At 102.6 the SICOG region has a moderately good innovation score. Considering the rural nature of the region, a 102.6 score essentially suggests that there are enough “raw materials” within the region to foster and grow some activities with potential for innovative outcomes.

To better understand the overall score, we turn to the five sub-innovation scores. We’ll take each one in turn and outline key highlights.

Human Capital and Knowledge Creation - 101.3

Definition: The Human Capital and Knowledge Creation Index suggests the extent to which a region’s population and labor force have the collective cognitive capacity and know-how to engage in innovative activities.

Educational Attainment 105.9 - the strongest driver is the relatively high attainment of Associate's Degrees with an innovation score of 183.4. According to the EMSI Economic Overview profile, 12.4% of their population have associates degrees. That's compared to Iowa at 11.7% and the U.S. at 8.6%. However, they score relatively low on both bachelor’s and graduate degree index factors at 85.4 and 60.7 score, respectively. While having a relatively high percentage of people with associate's degrees isn’t necessarily positive or negative for their economy, the question is where their industry and workforce needs are going in the future. Considering that Government, Manufacturing, and Retail are the largest industries by number of jobs, their regional economy may be best served with a population leaning towards associate’s degree. Increasing the number of people with bachelor’s and graduate degrees may end up driving more of those individuals out of the region if the job market doesn’t have a strong enough demand.

Average Prime Working-Age Population Growth 125.1 - this is another fairly strong score in favor of innovation potential in the region. But when we look closer at the actual population trends of 25-44 year olds, it looks like the region only increased from 14,980 in 2010 to 14,999 in 2021. The region may be doing relatively better than the U.S. as a whole, but it's not from actual growth. An important question for the region to explore is what they can do to both retain and attract young talent, so they can at least maintain a relative competitive advantage.

Business Dynamics 109.1

Definition: The Business Dynamics Index gauges the competitiveness of a region by investigating the entry and exit of individual firms—the creative destruction measures.

Change to Establishment Births to All Establishment Ratio 124.1 – this factor is a main driver of the over “Business Dynamics” sub-innovation index. It suggests that the region has experienced a relatively high rate of new businesses opening over a longer period of time. In this case from 2013 and onward. A high ratio can be interpreted as a region that likely have a lot of entrepreneurial activity from people starting businesses. While it doesn’t tell us anything about success or long-term economic impact from such entrepreneurial activities, it does indicate that people in the region are willing to take chances. Investing in resources and support to those may be a good way to better support innovation and long-term economic impact from those that start businesses.

Establishment Births to Deaths Ratio 197.9 – this is another way of measuring the entrepreneurial activity in the region. The high score indicates that the region has seen more businesses being started than ones formally shutting down. While it doesn’t give us a clear idea which kinds of businesses are being started and by whom, it’s a potential source of strength for the SICOG region to have people willing and interested in starting businesses.

Business Profile 79.1

Definition: The Business Profile Index measures local business conditions and resources available to entrepreneurs and businesses.

Before looking at specific index score, it’s important to note that the “Business Profile” sub-innovation index is driven mainly by factors on investment capital. It’s hard for most small-medium sized regions to have a relatively high score. Even if there are regional investors, they might not be accredited venture capital firms, so their investments won’t necessarily be counted here.

Change in Proprietorship Rate 125.7 – this measure suggests that the region has seen an increase in the rate of business ownership, or “proprietors”, in recent years. It’s another positive measure when the score is high, indicating that there might be some natural interest in entrepreneurial activities. And, people are not seeing barriers as too high to start and own businesses.

Proprietor Income to Total Wages and Salaries Ratio 137.3 – this is the strongest score for the “Business Profile” sub-innovation index. This indicates that enough business owners are making a good living that is above the income for regular employees. In other words, the region’s entrepreneurs are experiencing some financial success. One potential opportunity is to identify who some of those are and explore if they’re willing and interested in developing a more formal pipeline of investment capital for other aspiring entrepreneurs in the region. This does not have to be a venture capital firm, but could be simpler investment programs such as pitch competitions, startup classes with investment potential, industry focused startup competition, accelerator program, scale-up investment programs, etc.

Employment and Productivity 101.3

Definition: The Employment and Productivity Index describes economic growth, regional desirability or direct outcomes of innovative activity.

Patent Diversity 159.4 – The SICOG region appears to have a relatively high degree of diversity in the types of patents that are being applied for. Understanding who are applying and what they’re doing with the patents would be a good step to explore potential strength and advantages the region’s business ecosystem might have.

Change in Share of High-Tech 142.0 – This suggests that there has been an increase in employment of jobs within industries that typically have a high level of technological knowledge and skills driving the job tasks. The employment data is based on industries such as chemical manufacturing, computer and communication manufacturing, communications, data and internet, engineering firms, and scientific and technical services, among others. In other words, having more people working jobs in these industries is a potential source of creativity, technology-driven problem solving, and overall innovative behavior.

Economic Well-being 122.0

Definition: The Economic Well-Being Index explores standard of living and other economic outcomes.

Residential Internet Connectivity 112.9 – the region doesn’t score very high on this measure, or the broadband two sub-measures. While all scores are over 100 and indicating a relatively better investment in access to internet in the region, than compared to the country as a whole, this is a critical issue for any region to “get right” as we move further into an economy built around the internet. For innovative behavior to be possible it is important that people and organizations can participate in online activities and commerce. This is true for “online businesses”, “tech businesses”, and also local main street businesses. Accessing information and ideas from across the globe to use and implement at a small, local business can be a great source for creative problem solving. An entrepreneur needing to learn about specific technical concepts and skills will be much better positioned to do so with access to fast internet speeds. Whether people are buying, selling, or seeking information, one commonality is the need to access the internet through a broadband infrastructure. One consideration is to explore what the region can do to position itself to ensure true high-speed internet for all residents for the next several decades.

Average Poverty Rate 166.5 – this high score indicates that poverty is well below the national average. The US poverty rate was an average of 13.4% in the 2015-2019 period. In SICOG the highest rate was 18.4% in Decatur County. Five of the other counties were below the US rate. The lowest was 5.0% in Madison County. For innovation potential, having fewer people in poverty is considered positive because it suggests that more people have at least a relatively higher chance of investing in themselves to start a business, take risk, or do other things that might spur new ideas and solutions.

Average Unemployment Rate 180.9 – similar to the poverty rate measure, having fewer people unemployed is typically good for the economy and the potential for innovative behavior. The high score again indicates that the SICOG region is doing relatively better than the national as a whole when it comes to keeping people employed.

For a full breakdown of each factor used in the Sub-Innovation Indices see below:

	SICOG	IOWA
Human Capital and Knowledge Creation	101.3	98.5
Educational Attainment	105.9	123.6
High School Attainment	99.6	170.6
Some College Attainment	100.2	102.4
Associate's Degree Attainment	183.4	189.7
Bachelor's Degree Attainment	85.4	97.4
Graduate Degree Attainment	60.7	57.8
Knowledge Creation and Technology Diffusion	102	87.6
Patent Technology Diffusion	90.8	57.9
University-Based Knowledge Spillovers	113.2	117.2
STEM Education and Occupations	72.3	83
Technology-Based Knowledge Occupation Clusters	66.5	79.3
Average High-Tech Industry Employment Share	100.3	68.1
Average Prime Working-Age Population Growth	125.1	100.1

	SICOG	IOWA
Business Dynamics	109.1	96.9
Establishment Formation	91	87.1
Establishment Births to All Establishments Ratio	N/A	N/A
Traded Sector Establishment Births to All Establishment Ratio	98.2	59.6
Jobs Attributed to Establishment Births to Total Employment Ratio	58.6	50.7
Change in Establishment Births to All Establishment Ratio	124.1	192.4
Average High-Tech, Early-in-Life-Cycle Establishment Ratio	58.3	53
Establishment Dynamics	127.2	106.6
Establishment Expansions to Contractions Ratio	62.9	76.3
Establishment Births to Deaths Ratio	197.9	138.2
Traded Sector Births and Expansions to Deaths and Contractions Ratio	120.7	105.3

	SICOG	IOWA
Business Profile	79.1	85.2
Venture Capital Dollar Measures	66.3	70.3
Change in Average Venture Capital	50	59.5
Venture Capital Count Measures	85.5	60.5
Change in Average Venture Capital Deals	50	72.8
Foreign Direct Investment Attractiveness	50	120.6
FDI Employment Ratio, Foreign Source	50	105.3
FDI Investment Ratio, Foreign Source	50	105.3
FDI Employment Ratio, Domestic Source	50	109.9
FDI Investment Ratio, Domestic Source	50	162
Proprietorship	114.4	89.4
Farm Operators with Internet Access	86	121.1
Proprietorship Rate	108.7	61.3
Change in Proprietorship Rate	125.7	80.3

Proprietor Income to Total Wages and Salaries Ratio	137.3	94.9
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	SICOG	IOWA
Employment and Productivity	101.3	92.3
Industry Performance	64.1	N/A
Latent Innovation	74	N/A
Industry Diversity	54.1	130.1
Industry Cluster Performance	80.3	N/A
Industry Cluster Growth Factor	50	155.3
Industry Cluster Strength	110.7	N/A
GDP	99.9	82.3
Patents	114.8	70.3
Change in Average Patenting Rate	70.3	88.8
Patent Diversity	159.4	51.7
Job Growth to Population Growth Ratio	106.5	62.1
Change in Share of High-Tech Industry Employment	142	154.7

	SICOG	IOWA
Employment Well-Being	122	125.9
Residential Internet Connectivity	112.9	100.7
Broadband Infrastructure and Adoption	101.5	90.8
Broadband Adoption Barriers	117.7	100.8
Compensation	92.8	81.5
Change in Annual Wage and Salary Earnings per Worker	121.1	97.1
Per Capita Personal Income Growth	135.7	145
Average Poverty Rate	166.5	156.1
Average Unemployment Rate	180.9	184.4
Government Transfers to Total Personal Income Ratio	117.3	109
Average Net Migration	50	98.9

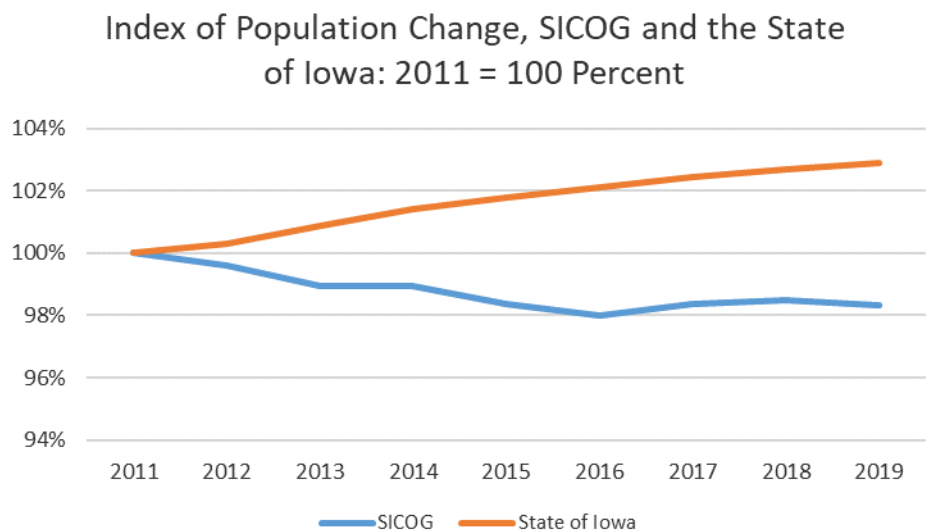
Detailed Labor Assessment

A labor overview and analysis consists of two major components: The first set of indicators looks at key demographic and economic trends for the region between 2011 and 2019. The second uses a technique called shift-share analysis to isolate the region’s industrial and occupational change in more detail. The period of analysis for the shift-share evaluation is shorter, 2013 through 2019. The year 2013 was chosen as the beginning year because that is when the state of Iowa had recovered all jobs lost during the Great Recession and began to post net job gains.

Population

This measure, along with several of the following indicators, is set at an indexed starting point beginning in 2011 in order to compare the region’s pattern of change with state’s. Between 2011 and 2019, Iowa’s population grew by 2.9 percent. SICOG declined by 1.7 percent through 2019, although it showed general population stability between 2016 and 2019.

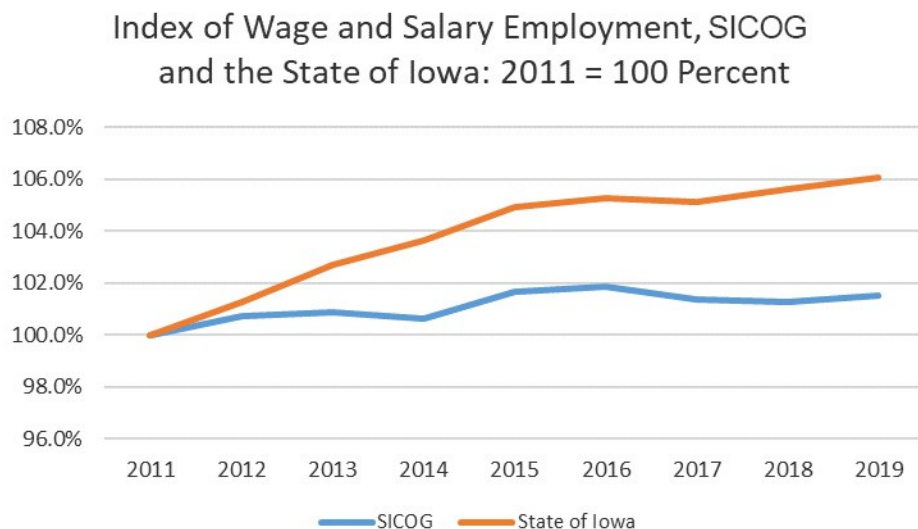
Figure 1



Wage and Salary Employment

Persons on business and government payrolls are considered wage and salary workers. Looking at the indexed values, it is evident that the state of Iowa enjoyed robust growth into 2015, stagnated through 2017, and then grew more slowly through 2019. Between 2011 and 2019, Iowa’s wage and salary jobs grew by 6.0 percent. SICOG’s recovery from the Great Recession was much slower. Overall, wage and salary growth in the region was only 1.5 percent more in 2019 than it was in 2011.

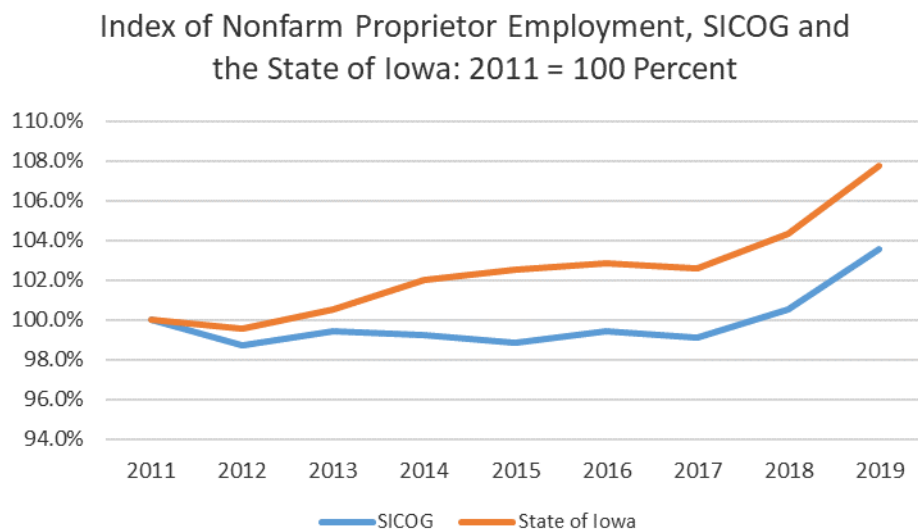
Figure 2



Nonfarm Proprietorships

People who own and operate their own businesses are called proprietors. The state of Iowa realized early growth during the measurement period, stagnated between 2014 and 2017, and then saw this measure shoot up sharply thereafter. By 2019, this category of employment had grown by 7.7 percent. SICOG nonfarm proprietorships had declined through 2017, but then posted a slope of growth similar to the state's from 2017 on. By 2019, SICOG employment in this indicator was 3.6 percent higher than 2011.

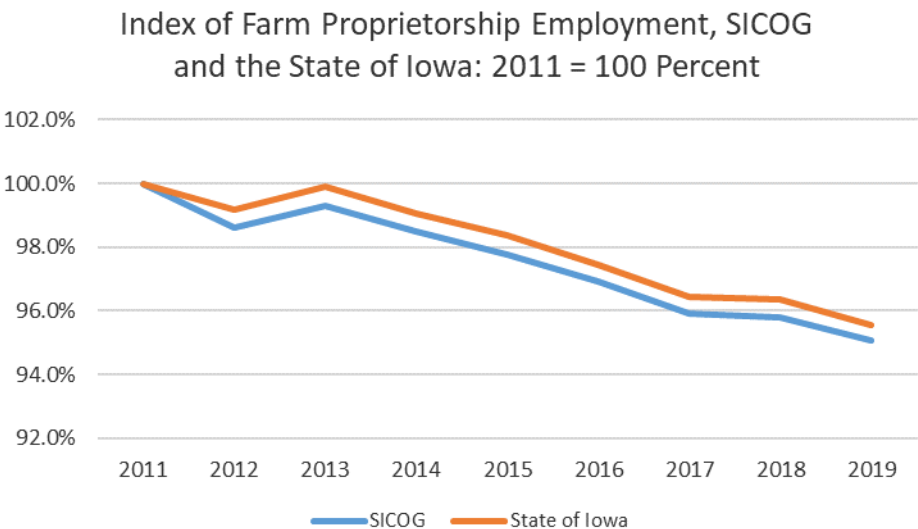
Figure 3



Farm Proprietorships

The index of farm proprietorships measures the number of businesses actively engaged in farming crops and livestock. The state and the region follow the same overall pattern of decline. Iowa farm proprietorships in 2019 were 4.4 percent less than they were in 2011. SICOG’s farm proprietorships were 4.9 percent less.

Figure 4

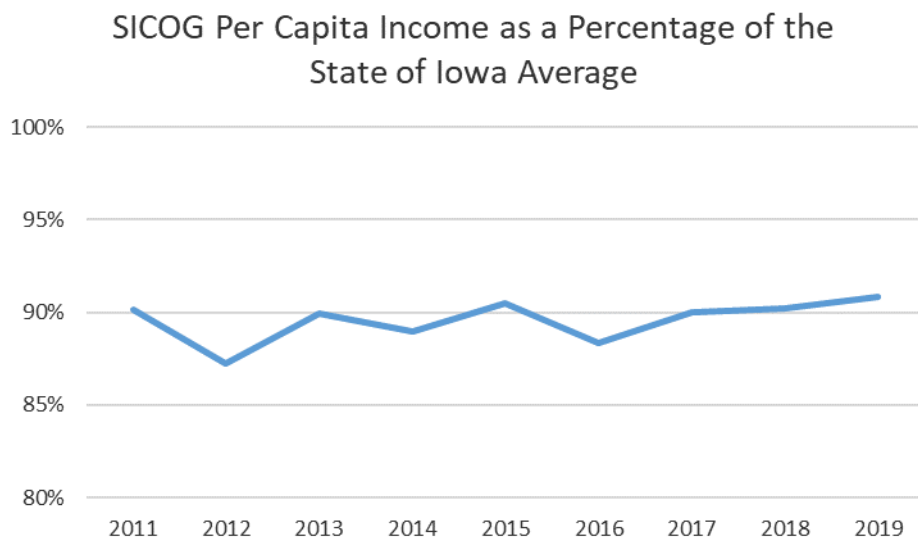


Per Capita Income

Total personal income for a region is tallied by counting all wages and salaries plus the value of benefits realized by workers, returns to ownership for proprietors, unearned incomes (investments), and transfer payments from the government to individuals. Total personal income in a region divided by the population yields per capita income (PCI). As incomes rise over time owing to inflation, measures like this need to be standardized. In this measure, SICOG’s performance is expressed as a percentage of the state’s per capita income.

As is evident, there is significant variance in this measure between 2011 and 2017. This is due primarily to farm income, which can swing sharply from year to year. Overall, however, the trend is slightly upward. PCI’s in SICOG in 2019 were 90.8 percent of the state average compared to 90.1 percent in 2011.

Figure 5

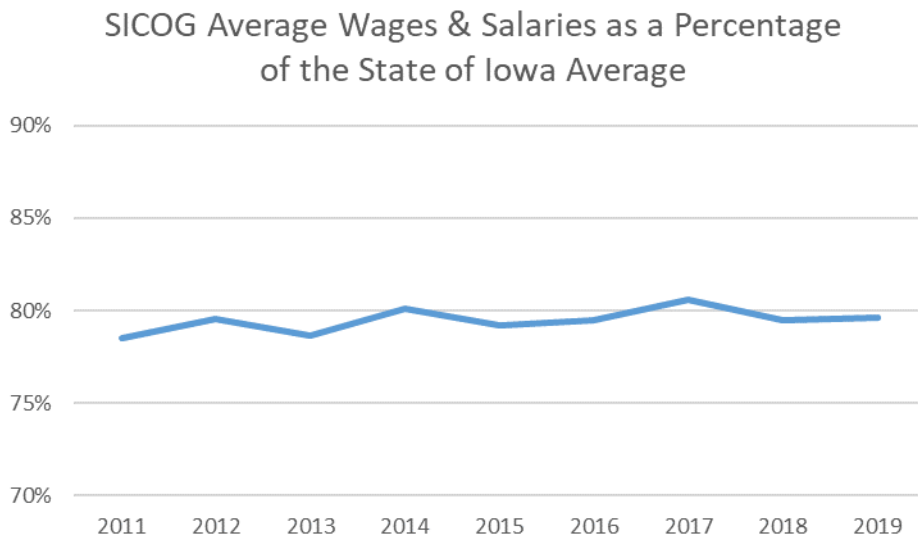


Average Wages and Salaries

This measure looks only at the wage and salary component of workers' total incomes. This measure is not affected as much as PCI because the vast majority of wage and salary workers are in non-agriculture industries. Again, this measure is standardized by dividing it by the corresponding state value over the time period.

In 2011, SICOG average wages and salaries were 78.5 percent of the state average. By 2019 that average had risen to 79.6 percent.

Figure 6

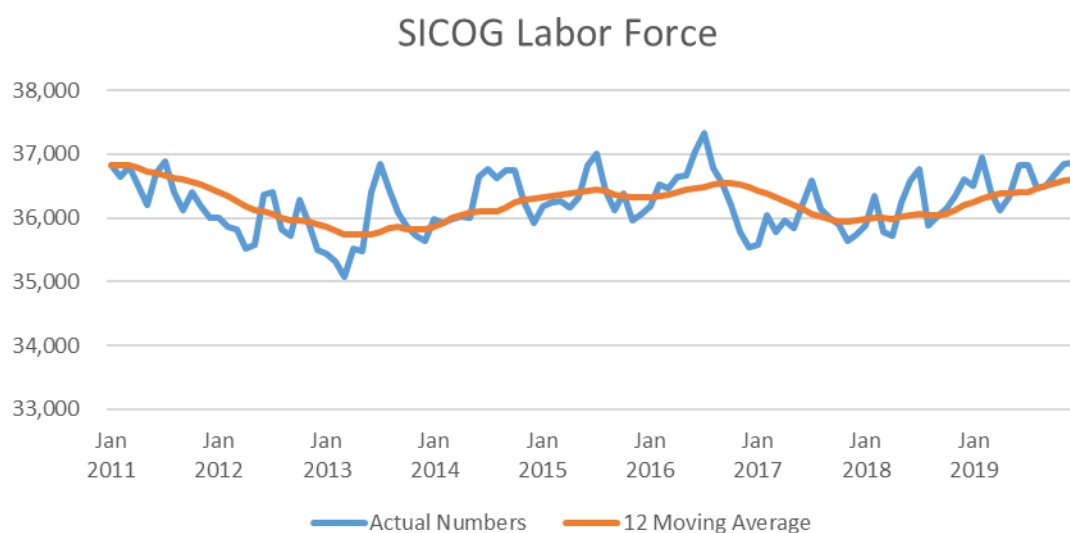


Labor Force

The labor force consists of SICOG residents who are either working or actively seeking work. Labor force values at the sub-state level are not seasonally adjusted, so there are sharp monthly or seasonal swings in this measure over the course of a year. The following graph displays the actual monthly values as reported by the Bureau of Labor Statistics. To smooth out those data in order to understand overall labor force performance, an additional measure of the 12-month moving average of the labor force was added.

Overall, relying on the 12-month moving average, SICOG's labor force declined through the middle of 2013, recovered some through the end of 2016 and ended the series just slightly below where it was at the beginning of 2011.

Figure 7



SICOG Shift-Share Analysis

Shift-share analysis in this section relies on data obtained from EMSI for the SICOG counties. EMSI is a private subscription-based data service that provides a range of regional economic estimates for analytic and planning uses.

Shift-share analysis looks at a region's economy and breaks its growth down into three distinct parts:

- National Growth Component: How much employment would have expected in total and across each subsector of the economy if the economy had grown at the national rate
- Industrial Mix Component: How much employment would have expected in total and across each subsector considering the performance of each subsector in light of the overall national rate
- Competitive Shares Component: How much regional employment changed when comparing regional subsector growth with the same subsectors at the national level

This approach to deconstructing change can be applied to different economic and social variables. In this analysis it is applied to two-digit and three-digit level employment change in the region as well as to two-digit occupational change.

Employment Shift-Share

According to the EMSI data base for SICOG, total regional employment declined by 407 total jobs (wage and salary jobs plus all proprietorships) between 2013 and 2019. Had the region grown at the national rate of growth, it would have yielded 2,864 more jobs. However, the region’s industrial mix had more jobs in sectors that were growing more slowly than that overall national average, so that resulted in an expected national growth penalty of -479 jobs. The largest contributor to the region’s inability to keep pace with the nation was its inability to grow among its major subsectors at rates comparable to those sectors’ national growth rates. This resulted in an additional -2,792 jobs offset.

Table 1

Shift-Share Employment Summary for SICOG 2013-2019	
National Growth Component	2,864
Industrial Mix Component	(479)
Competitive Shares Component	(2,792)
Employment Change	(407)

Understanding the region’s competitive deficits is important. Figure 8 reveals the region’s competitive gains and losses in two-digit industrial detail. Larger job growth deficits are found among health care and social assistance, accommodations and food services, educational services, construction, and administrative support and waste management firms. Minor competitive advantages were posted in information, mining and quarrying, real estate, arts and recreation, and in the management of companies. These positive sectors, however, offset the competitive losses by a mere 81 jobs.

The EMSI data report shift-share results at the three-digit industrial level, which means that there is more industrial specificity. But there is a trade-off to analyzing the data at higher detail in that these are job level estimates arrived at econometrically, not by actual surveys of firms. Accordingly, as the level of detail becomes finer, confidence in individual industry results goes down. Nonetheless, Table 2 displays the region’s top 10 best and worst competitive sectors. This table helps us put the broader findings in Table 1 into context. For example, though a two-digit deficit is found in manufacturing broadly, the top competitive share gain is found in food manufacturing. In fact, four of the top ten competitive gains were in manufacturing. Further, we see that erosions in health care and social assistance competitiveness is significantly concentrated in residential and nursing care facilities, not necessarily hospital or clinical health employment.

Figure 8

SICOG Competitive Share Job Change by Two-Digit Industry, 2013-2019

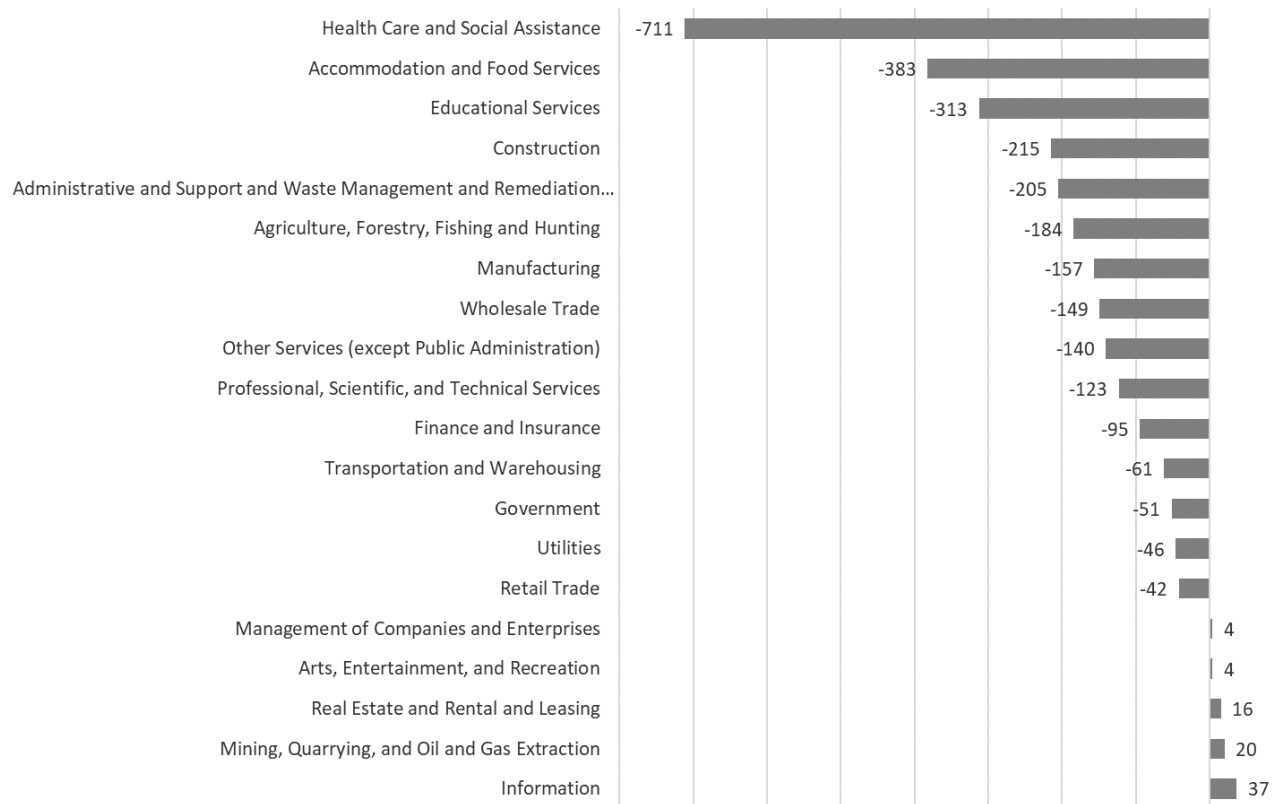


Table 2

SICOG Top 10 Shift-Share Sectoral Gains and Losses 2013-2019			
	Competitive Share Deficits		Competitive Share Gains
Nursing and Residential Care Facilities	-540	Food Manufacturing	468
Primary Metal Manufacturing	-327	Transit and Ground Passenger Transportation	184
Machinery Manufacturing	-291	Plastics and Rubber Products Manufacturing	177
Educational Services	-277	Food and Beverage Stores	115
Food Services and Drinking Places	-254	Motor Vehicle and Parts Dealers	112
Social Assistance	-221	Wood Product Manufacturing	99
Animal Production and Aquaculture	-191	Ambulatory Health Care Services	83
Administrative and Support Services	-186	Publishing Industries (except Internet)	61
Merchant Wholesalers, Durable Goods	-134	Chemical Manufacturing	53
Professional, Scientific, and Technical Services	-125	State Government	41

Occupational Shift-Share

An occupational shift share summary can be compiled just like an industrial summary. The following data, however, are not based on governmental surveys or administrative summaries of actual staffing in the SICOG economy. Instead, the occupations are the expected occupations that the region's industrial structure is expected to have based on national and statewide staffing patterns.

With that caveat, Table 3 summarizes the regions occupational performance between 2013 and 2019 based on estimated staffing patterns of its industries. As before, expected growth would have been 2,864 jobs. The region, however, had a minor positive occupational mix of 39 positions – it had more employment in specific occupations that were growing faster nationally than the overall national growth rate. However, the region’s overall competitiveness when comparing regional occupational growth by category with the national growth rates in those categories was nonetheless strongly negative.

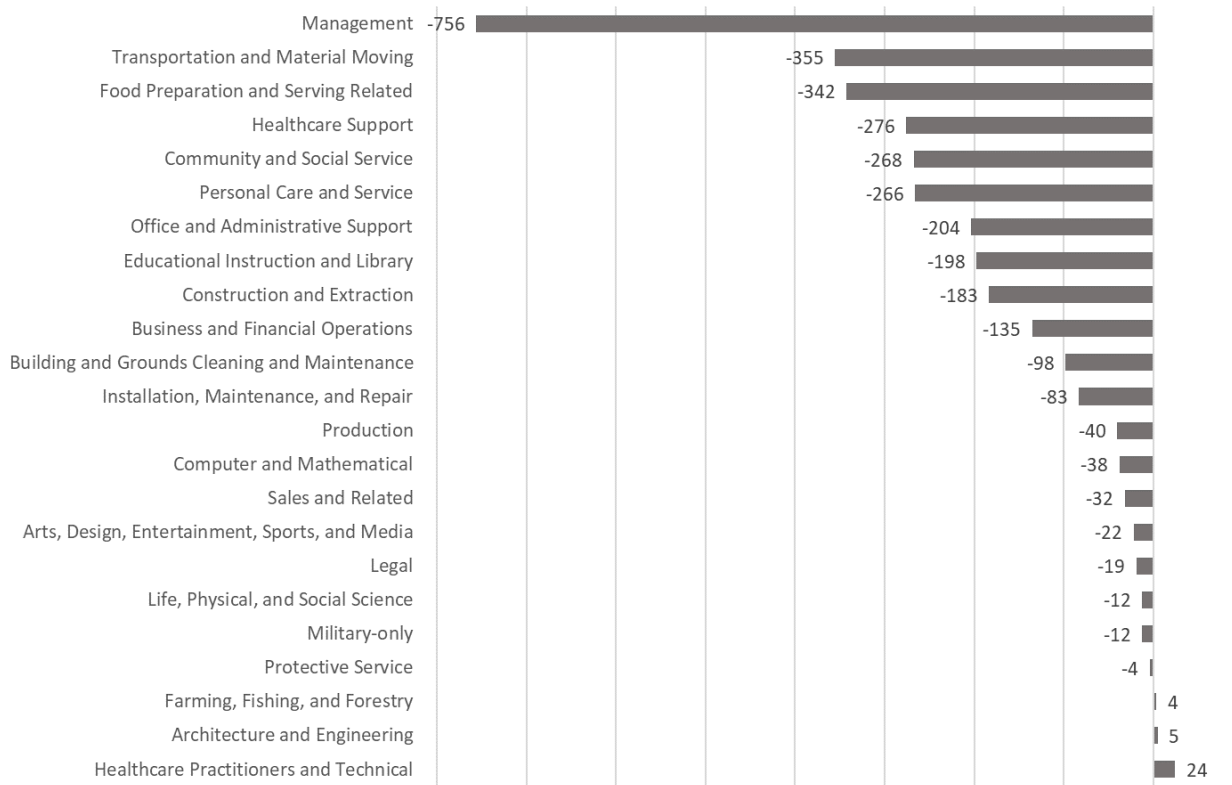
Table 3

Shift-Share Occupational Summary for SICOG 2013-2019	
National Growth Component	2,864
Industrial Mix Component	39
Competitive Shares Component	(3,310)
Occupational Employment Change	(407)

Figure 9 displays SICOG’s occupational competitive shares by two-digit occupation. Strong deficits are posted in management, transportation and material moving, healthcare support, community and social services, and in personal care services. Minor plusses are posted in healthcare practitioners and technicians, architectural and engineering positions, and, not surprisingly, among farmers.

Figure 9

SICOG Competitive Share Change by Two-Digit Occupation, 2013-2019



SICOG Specific Surveys

A specific SICOG survey analysis was conducted and covered four primary areas: business demographics, workforce attitudes, financial impacts, and future outlooks. This analysis was conducted via an online Qualtrics survey distributed to businesses throughout the SICOG region, followed by interviews with survey participants.

Overall Findings

The survey team collected 186 responses, representing 20 zip codes, from the Qualtrics survey. We conducted 17 follow-up interviews with business owners, executives, and upper-level management based on these responses.

- The biggest concerns are supply-chain issues, workforce retention, and general revenue loss related to the COVID-19 pandemic.
- Respondents expressed moderate interest in investment strategies, including hiring new employees, increasing sales and marketing tactics, investing in new equipment and infrastructure, and improving online sales.
- From changes in payroll expenses, 53% of respondents report an increase in payroll expenses, 32% report no change in payroll expenses, and 15% report a decrease in payroll expenses from 2019.

- One workforce retention strategy that we did not see reflected in the survey or interviews was offering increased childcare support.

Respondents expressed mixed feelings regarding the increased use of technology. Some felt it improved work-life balance and allowed employees to be more flexible, while others felt it impeded communication.

Process

The team utilized the following process to conduct this project and gather findings:

1. Draft a survey, distributed using Qualtrics, to determine the economic impact and recovery status of the counties represented by SICOG.
2. Make edits to the survey based on several rounds of feedback from CyBIZ Lab, our client, and SICOG.
3. Launch the survey via a Qualtrics link, distributed to local businesses by SICOG. The survey was kept open for three weeks.
4. Analyze initial survey data and present it to our client and SICOG.
5. Conduct further survey analysis based on comments from the client and SICOG.
6. Conduct follow-up interviews with volunteer survey participants.
7. Summarize results and make final recommendations in a final report.

Industry Survey Analysis

The primary purpose of this section is to determine basic information from each respondent, including what industry their company belongs to, any designations applicable to their company, and company outlook for the coming months. Key findings include:

- The majority of businesses represented in the survey were corporations or LLCs.
- The most common industries represented in the survey were retail, finance, and agriculture.
- 70% of survey respondents said that their business did not fall into a minority-owned or woman-owned category.
- The top three concerns reported by respondents were maintaining their current workforce, increasing taxes or government regulation, and general revenue loss.: 4 questions
- The top three concerns reported by respondents were maintaining their current workforce, increasing taxes or government regulation, and general revenue loss.

Findings

Respondent Demographics

The majority of survey respondents (54%) were business owners, with an additional 32% of respondents in a management role. The remaining 15% of respondents described themselves as either entry-level or executives.

81% of the survey respondents were between the ages of 41 and 75, which was relevant due to our interest in determining whether there were any generational trends in attitudes towards remote work or flexible work schedules. However, we did not find any generational trends in responses. None of the survey respondents were younger than the 25-40 age bracket.

Business Characteristics

The companies represented in this survey come from 19 different zip codes. 72% of responses came from 50854, 50841, and 50801, which represent Ringgold County, Adams County, and Union County, respectively.

Over 20 different industries were represented in the survey results, with the largest percentage of respondents coming from the retail trade, finance and insurance, and agricultural sectors. Many respondents also came from the healthcare, professional/technical, real estate, education, and municipality sectors.

See the full survey in the appendix for a comprehensive list of represented industries, including within the “other” category.

The largest percentage (49%) of businesses represented in the survey were corporations; an additional 30% were Limited Liability Companies (LLCs). The remainder were either sole proprietorships or partnerships. 24% of businesses represented in the survey were women-owned (WBE) businesses; 6% were minority-owned (MBE), and an additional 6% were employee-owned.

Attitudes Towards the Future

The last two questions in this section asked about attitudes towards the future of the business. We first wanted to determine what changes businesses were planning to make over the next six months to help assess where money might be most needed. 65% of respondents said they planned on hiring new employees, and 54% planned to increase sales and marketing efforts. Over a third of respondents said they planned to offer new or additional training to employees, and 23% plan to develop online sales or websites.

The top four changes businesses plan to make in the next six months:

- Hire new employees (65%)
- Increase sales and marketing efforts (54%)
- Offer new or additional training to employees (36%)
- Develop online sales or website (23%)

The last question in this section asked respondents to select the top three concerns for their company. The number one concern among respondents was maintaining their current workforce. This aligns with the results we saw in the previous question, in which the majority of respondents listed hiring new employees as a priority over the next six months. Additional concerns for businesses include increases in taxes or government regulations, revenue loss, and financial impact on operations. Only 8% of respondents listed competition with big corporations (eg: Amazon, Walmart) as a serious concern. Instead, it appears the more immediate issues are the financial impacts of the pandemic on revenue and cash flow, as well as labor shortages. This concern over labor shortages reflects national workforce trends and will be discussed in further detail in the next section.

Workforce Survey Analysis

This section was aimed at analyzing the current workforce situation among businesses in the Creston area. This section included ten questions about the current workforce, how the workforce has changed due to the COVID-19 pandemic, and employers' attitudes toward the current labor market. Other topics include the changing demands of the labor force, the changes employers have made to adjust to this market, and the current labor shortage.

Overall, the findings within this section prove that, like most employers throughout the nation, employers in Creston are having a difficult time finding labor. The majority of respondent businesses had ten or fewer employees, and of those, only a few currently had employees working remotely. Employers are currently utilizing various methods to maintain and recruit the current workforce, which we will detail in the following sections.

Findings

Sixty-one percent (61%) of respondents indicated they have ten or fewer employees currently working for them. There was a relatively even distribution of responses among the other categories, ranging from 11-251+ employees. Surprisingly, despite the current indication that businesses in the area are finding it more difficult to

gain new employees, 77% of the respondents said their companies have returned to 2019 employment levels. When asked about their feelings on the current workforce, 70% said they found it harder to fill their workforce than in the previous year. 29% indicated no difference in difficulty filling their workforce, and 1% found it easier to fill their workforce than in previous years.

Of the 137, only 27 (20% of respondents) indicated employees were working remotely. Of those who responded that they currently have remote employees, 76% felt they would have employees working remotely for 12 or more months. 20% felt they would only have these employees remote for another 0-6 months, while 4% could foresee employees remaining remote for 7-12 more months.

Looking at all the respondents' views towards remote work (both those currently providing and those not currently providing), the majority, at 58%, would prefer not to have any of their employees work remotely. 28% responded that while remote work is sometimes helpful, it is generally undesirable. The remaining 14% felt that they prefer having either some or all of their workforce work remotely. When breaking down the employer attitudes on remote work by age group, no significant differences were noted among varying age groups about their attitudes on having their workforce remote. Respondents were also asked how they felt about providing a combination of remote work and in-person work to their employees. Like the attitudes seen in the other questions, a large majority would consider providing only 100% in-person workdays. The next largest response rate was that the companies would consider 80% in-person and 20% remote work. Responses for 60% in person, 40% in person, 20% in-person, and 0% in-person options showed an even distribution of responses.

These questions were developed to take a deeper look into what strategies companies were willing to try to battle the current labor shortage to help retain and recruit the workforce. One strategy was explicitly asked if companies were currently flexible in the type of hours they provide to their employees. An example was allowing employees to choose the eight hours they would prefer to work within a 12-hour time frame. 52% of respondents said yes, they are currently flexible in the number of hours they provide to their employees, while 48% responded no.

The next question gave respondents multiple recruitment strategies and asked them to choose all they currently utilize. The most chosen response, 64% utilization of the strategy, was increasing wages. The next most utilized strategy was Flexible work hours, with 48% utilizing this. 40% responded that they were utilizing Financial incentives, 38% said they were providing professional development opportunities, and 25% offered internal career development. An interesting response among the respondents showed that only 1% of companies utilized childcare as a retainment and recruitment strategy. A deeper look into workforce recruitment strategies is provided below in the information obtained from interviews.

Financial Survey Analysis

The goal of asking financial questions was to gain an understanding of a company's current revenue flow, payroll expenses, and funding obtained during the pandemic. In this category, a total of five questions were asked.

Findings

Of the businesses that participated in the survey, almost half reported revenue of under half a million in 2019, with 38% reporting revenue of under \$200,000. This information correlates with the information collected in previous questions of the business size that responded and the number of people that the businesses employ. 50% anticipate an upward trend in 2021 revenue compared to that of 2019, while 29% report that there will be no change in 2021 revenue compared to 2019. The minority, at 21%, reported that they would see a downward trend in revenue in 2021 compared to that of 2019.

Looking at changes in payroll expenses, 53% report an increase in payroll expenses, 32% report no change in payroll expenses, and 15% report a decrease in payroll expenses from 2019.

Respondents reported applying for several different funding sources, but the source most applied to was the Paycheck Protection Program. The full survey results in the appendix includes a breakdown of the number of respondents who requested and received each loan listed. A list is provided in the appendix of the responses received of those who responded.

Future Survey Analysis

There were three questions to analyze what these companies thought the future held for them and how they plan to invest in their business moving forward.

Overall, not all companies plan on investing in tools and resources. The top three categories in which respondents indicated they are interested in investing funds include technology, machinery and equipment, and infrastructure.

Findings

When asked if the company anticipated making investments over the next 12 months, 59% responded that they would be making investments, and 41% of respondents said they would NOT be making investments into their companies over the next 12 months. For those who plan to make investments into their company, the majority choose to invest in additional technology (71%). The two categories respondents chose were machinery and equipment (58%) and facility and infrastructure investments (56%).

Similar results were collected when all respondents were asked how to invest “one million free dollars” into their company. For both questions, the option for investing in creating a new product or revenue stream had lower responses than expected. While this was initially surprising, the conclusion was that investment in the other categories likely results in increased revenue or the ability to provide new services for many businesses.

Interviews

Follow-up interviews were conducted after the initial survey work. Questions centered around the issues negatively impacting business, positively impacting business and recruitment and retention of workers.

Findings

Our team was able to conduct interviews representing a cross-section of survey respondents, including: owners of a food service company, home maintenance company, and brewery, a public library executive, upper management at an economic development corporation, and a doctor who also owns a company in the professional, scientific & technical sector. In total, we interviewed seven respondents (five men and two women).

The top two concerns expressed in these interviews were supply chain issues and uncertainty related to the labor market. Two of the respondents noted that although the supply chain issues have not hit a critical point for their businesses yet, they are very concerned that the issues will worsen in the near future. Specifically, they are concerned that it is getting more difficult to get parts for equipment domestically (from California) and internationally. Two other respondents in the agricultural and foodservice industry discussed issues related to the Asian supply chain, including the difficulty of competing with cheaper competitors in Asia and getting parts from China. Respondents from the agricultural and food service sectors seemed particularly stressed by these issues but noted that the Paycheck Protection Program was a huge help.

Almost all respondents expressed concerns about the current labor market and planned to invest in workforce retention strategies such as higher wages, flexible hours, and increased benefits. In particular, respondents mentioned allowing employees to work from home one or several days a week or working four ten-hour days as opposed to five eight-hour days. Several respondents mentioned that they had already started implementing these changes before COVID hit due to shifting labor trends. One workforce retention strategy that we did not see reflected in the survey or interviews were offering increased childcare support.

Respondents expressed mixed feelings regarding the increased use of technology. One survey respondent noted that when they could move their consulting business entirely online, it decreased the cost of overhead and allowed for more flexible work hours (and more family time for employees). On the other hand, another respondent noted that not everyone at his business is comfortable with Zoom. Shifting online has increased the time it takes to get things done because of the increased time to communicate online vs. in the office.

See the Appendix for detailed survey results.



SOUTHERN IOWA COUNCIL OF GOVERNMENTS (SICOG)

Economic Analysis Report

November 2021



IOWA STATE UNIVERSITY
OF SCIENCE AND TECHNOLOGY

CyBIZLab



CYBIZ LAB TEAM

Team Lead

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Team Members

Samantha Kelm | DVM Candidate



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EXECUTIVE SUMMARY

Objective

The purpose of this project is to analyze the economic impacts and recovery status of the COVID-19 pandemic in the region represented by the Southern Iowa Council of Governments (SICOG). The analysis covers four primary areas: business demographics, workforce attitudes, financial impacts, and future outlooks. This analysis was conducted via an online Qualtrics survey distributed to businesses throughout the SICOG region, followed by interviews with survey participants.

Overall Findings

We collected 186 responses, representing 20 zip codes, from the Qualtrics survey. We conducted 17 follow-up interviews with business owners, executives, and upper-level management based on these responses.

- The biggest concerns are supply-chain issues, workforce retention, and general revenue loss related to the COVID-19 pandemic.
- Respondents expressed moderate interest in investment strategies, including hiring new employees, increasing sales and marketing tactics, investing in new equipment and infrastructure, and improving online sales.
- From changes in payroll expenses, 53% of respondents report an increase in payroll expenses, 32% report no change in payroll expenses, and 15% report a decrease in payroll expenses from 2019.
- One workforce retention strategy that we did not see reflected in the survey or interviews was offering increased childcare support.
Respondents expressed mixed feelings regarding the increased use of technology. Some felt it improved work-life balance and allowed employees to be more flexible, while others felt it impeded communication.

Process

Our team utilized the following process to conduct this project and gather findings:

1. Draft a survey, distributed using Qualtrics, to determine the economic impact and recovery status of the counties represented by SICOG.
2. Make edits to the survey based on several rounds of feedback from CyBIZ Lab, our client, and SICOG.
3. Launch the survey via a Qualtrics link, distributed to local businesses by SICOG. The survey was kept open for three weeks.
4. Analyze initial survey data and present it to our client and SICOG.
5. Conduct further survey analysis based on comments from the client and SICOG.
6. Conduct follow-up interviews with volunteer survey participants.
7. Summarize results and make final recommendations in a final report.

SURVEY ANALYSIS: INDUSTRY

Objective

The primary purpose of this section is to determine basic information from each respondent, including what industry their company belongs to, any designations applicable to their company, and company outlook for the coming months.

Summary of Results

The following table summarizes our findings within the first section of the survey.

Respondent demographics: 4 questions
<ul style="list-style-type: none">• 81% of survey respondents were between the ages of 41-75• 54% of respondents were owners of their company, with another 31% in a management role
Company characteristics: 4 questions
<ul style="list-style-type: none">• The majority of businesses represented in the survey were corporations or LLCs• The most common industries represented in the survey were retail, finance, and agriculture.• 70% of survey respondents said that their business did not fall into a minority-owned or woman-owned category.
Future concerns: 2 questions
<ul style="list-style-type: none">• The top three concerns reported by respondents were maintaining their current workforce, increasing taxes or government regulation, and general revenue loss.

Figure 1: Summary of results from the “industry” section of the survey.

Findings

Respondent Demographics

The majority of survey respondents (54%) were business owners, with an additional 31% of respondents in a management role. The remaining 15% of respondents described themselves as either entry-level or executives.

81% of the survey respondents were between the ages of 41 and 75, which was relevant due to our interest in determining whether there were any generational trends in attitudes towards remote work or flexible work schedules. However, we did not find any generational trends in responses. None of the survey respondents were younger than the 25-40 age bracket.

Business Characteristics

The companies represented in this survey come from 19 different zip codes. 72% of responses came from 50854, 50841, and 50801, which represent Ringgold County, Adams County, and Union County, respectively.

Over 20 different industries were represented in the survey results, with the largest percentage of respondents coming from the retail trade, finance and insurance, and agricultural sectors. Many respondents also came from the healthcare, professional/technical, real estate, education, and municipality sectors.

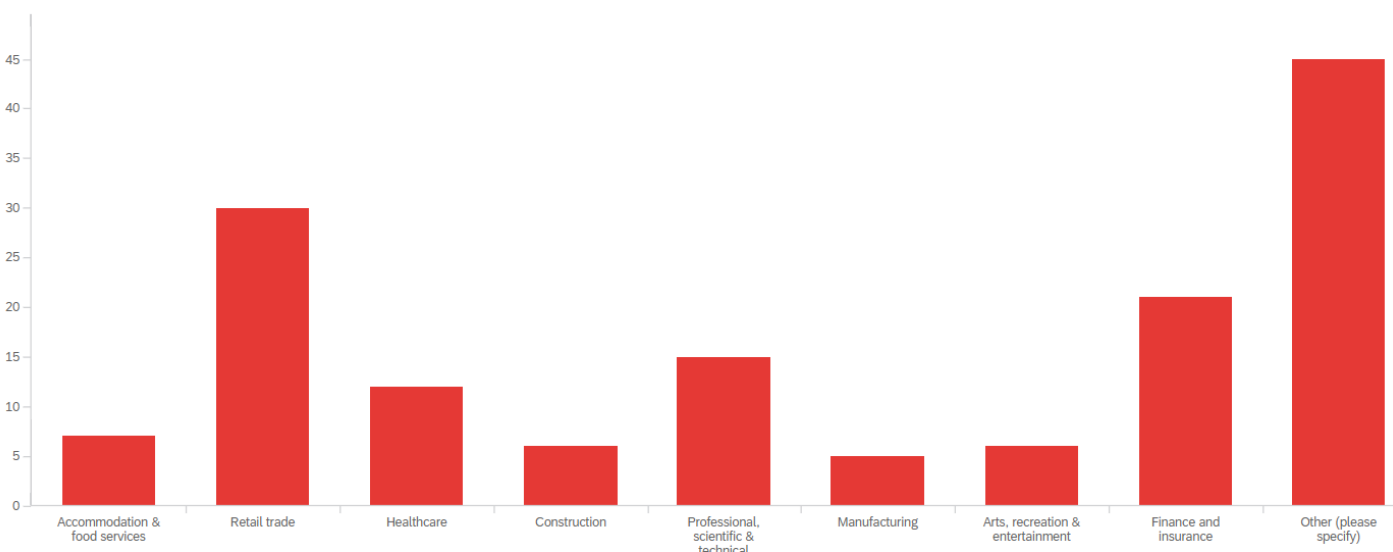


Figure 2: Industries represented by survey respondents.

See the Appendix for a comprehensive list of represented industries, including within the “other” category.

The largest percentage (49%) of businesses represented in the survey were corporations; an additional 30% were Limited Liability Companies (LLCs). The remainder were either sole proprietorships or partnerships. 24% of businesses represented in the survey were women-owned (WBE) businesses; 6% were minority-owned (MBE), and an additional 6% were employee-owned.

Attitudes Towards the Future

The last two questions in this section asked about attitudes towards the future of the business. We first wanted to determine what changes businesses were planning to make over the next six months to help assess where money might be most needed. 65% of respondents said they planned on hiring new employees, and 54% planned to increase sales and marketing efforts. Over a third of respondents said they planned to offer new or additional training to employees, and 23% plan to develop online sales or websites.

Top four changes businesses plan to make in the next six months

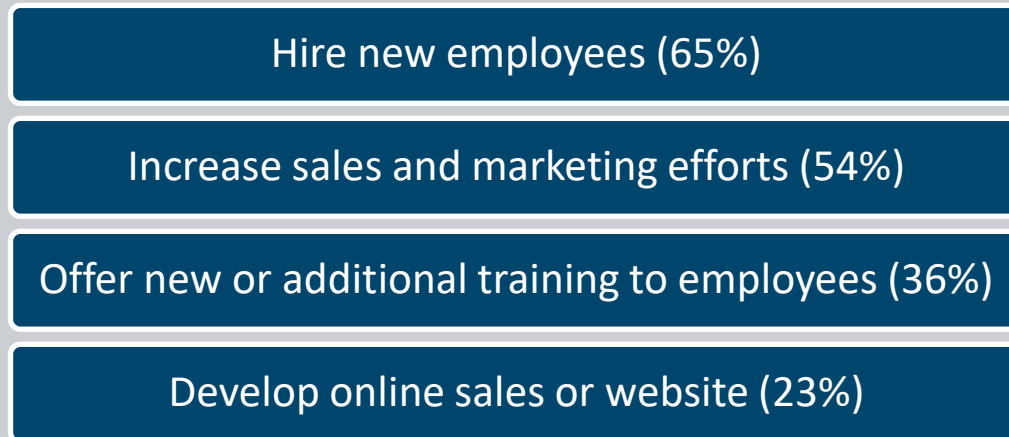


Figure 2: Planned changes for the next six months.

The last question in this section asked respondents to select the top three concerns for their company. The number one concern among respondents was maintaining their current workforce. This aligns with the results we saw in the previous question, in which the majority of respondents listed hiring new employees as a priority over the next six months. Additional concerns for businesses include increases in taxes or government regulations, revenue loss, and financial impact on operations. Only 8% of respondents listed competition with big corporations (eg: Amazon, Walmart) as a serious concern. Instead, it appears the more immediate issues are the financial impacts of the pandemic on revenue and cash flow, as well as labor shortages. This concern over labor shortages reflects national workforce trends and will be discussed in further detail in the next section.

SURVEY ANALYSIS: WORKFORCE OVERVIEW

1. This section was aimed at analyzing the current workforce situation among businesses in the Creston area. This section included ten questions about the current workforce, how the workforce has changed due to the COVID-19 pandemic, and employers' attitudes toward the current labor market. Other topics include the changing demands of the labor force, the changes employers have made to adjust to this market, and the current labor shortage.

10 questions

- Current workforce
- Attitude towards remote work
- Availability of remote work
- Workforce recruitment

Summary of Results

Overall, the findings within this section prove that, like most employers throughout the nation, employers in Creston are having a difficult time finding labor. The majority of respondent businesses had ten or fewer employees, and of those, only a few currently had employees working remotely. Employers are currently utilizing various methods to maintain and recruit the current workforce, which we will detail in the following sections.

Findings

Current Workforce

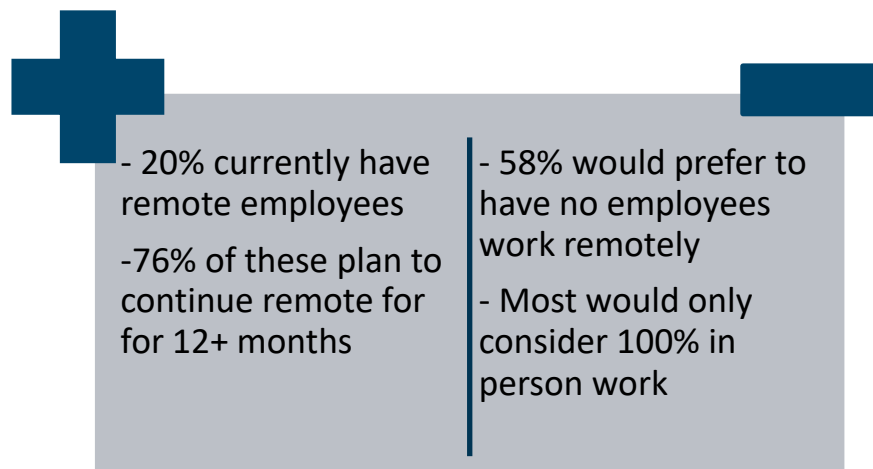
Sixty-one percent (61%) of respondents indicated they have ten or fewer employees currently working for them. There was a relatively even distribution of responses among the other categories, ranging from 11-251+ employees. Surprisingly, despite the current indication that businesses in the area are finding it more difficult to gain new employees, 77% of the respondents said their companies have returned to 2019 employment levels. When asked about their feelings on the current workforce, 70% said they found it harder to fill their workforce than in the previous year. 29% indicated no difference in difficulty filling their workforce, and 1% found it easier to fill their workforce than in previous years.

Availability and Attitude Towards Remote Work

Of the 137, only 27 (20% of respondents) indicated employees were working remotely. Of those who responded that they currently have remote employees, 76% felt they would have employees working remotely for 12 or more months. 20% felt they would only have these employees remote for another 0-6 months, while 4% could foresee employees remaining remote for 7-12 more months.

Looking at all of the respondents' views towards remote work (both those currently providing and those not currently providing), the majority, at 58%, would prefer not to have any of their employees work remotely. 28% responded that while remote work is sometimes helpful, it is generally undesirable. The remaining 14% felt that they prefer having either some or all of their workforce work remotely. When breaking down the employer attitudes on remote work by age group, no significant differences were noted among varying age groups about their attitudes on having their workforce remote. Respondents were also asked how they felt about providing a combination of remote work and in-person work to their employees. Like the attitudes seen in the other questions, a large majority would consider providing only 100% in-person workdays. The next largest response rate was that the companies would consider 80% in-person and 20% remote work. Responses for 60% in person, 40% in person, 20% in-person, and 0% in-person options showed an even distribution of responses.

Attitudes on Providing Remote Work Options

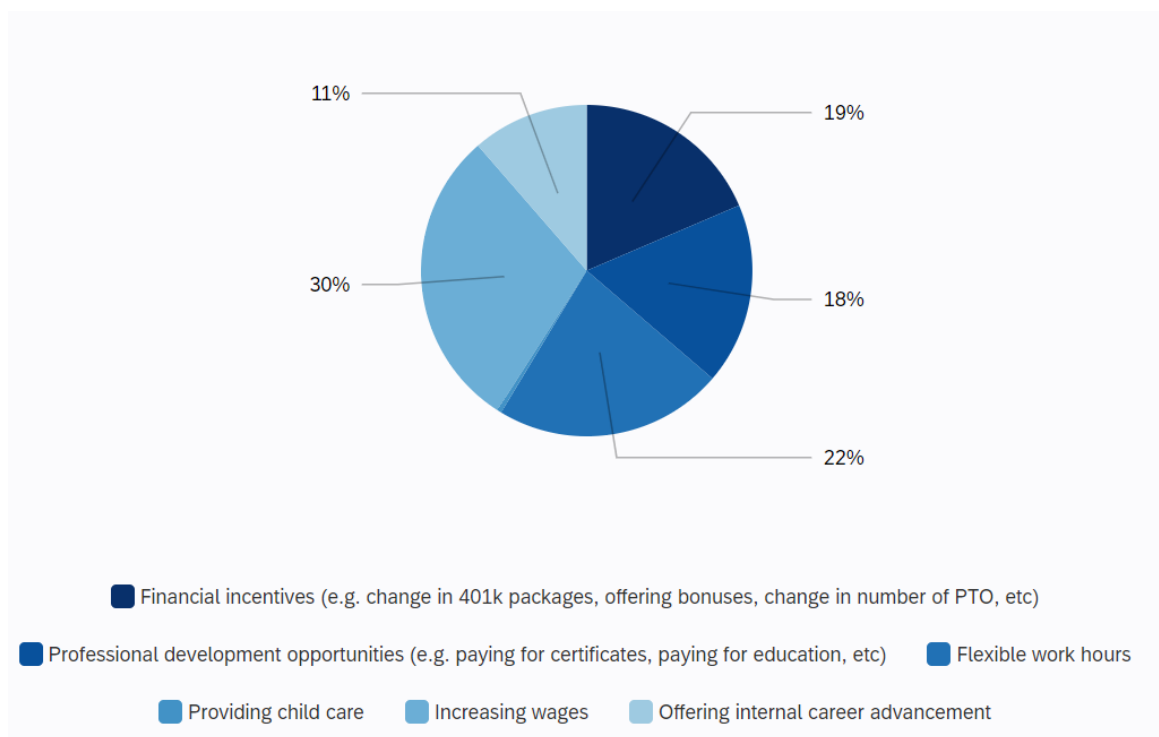


Workforce Recruitment and Employer Flexibility

These questions were developed to take a deeper look into what strategies companies were willing to try to battle the current labor shortage to help retain and recruit the workforce. One strategy was explicitly asked if companies were currently flexible in the type of hours they provide to their employees. An example was allowing employees to choose the eight hours they would prefer to work within a 12-hour time frame. 52% of respondents said yes, they are currently flexible in the number of hours they provide to their employees, while 48% responded no.

The next question gave respondents multiple recruitment strategies and asked them to choose all they currently utilize. The most chosen response, 64% utilization of the strategy, was increasing wages. The next most utilized strategy was Flexible work hours, with 48% utilizing this. 40% responded that they were utilizing Financial incentives, 38% said they were providing professional development opportunities, and 25% offered internal career development. An interesting response among the respondents showed that only 1% of companies utilized childcare as a retainment and recruitment strategy. A deeper look into workforce recruitment strategies is provided below in the information obtained from interviews.

What types of strategies is your company utilizing to recruit and/or maintain its workforce? (select all that apply)



SURVEY ANALYSIS: FINANCIAL

Overview

The goal of asking financial questions was to gain an understanding of a company's current revenue flow, payroll expenses, and funding obtained during the pandemic. In this category, a total of five questions were asked.

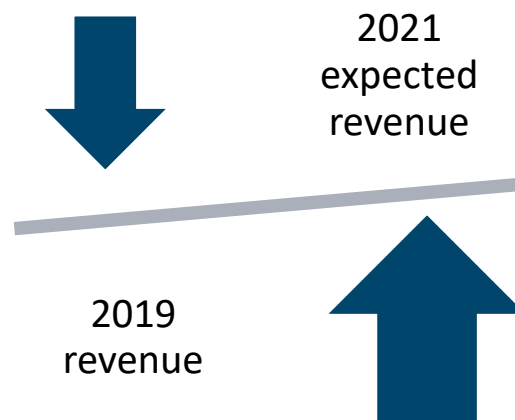
Summary of Results

Findings

Revenue and Payroll

Of the businesses that participated in the survey, almost half reported revenue of under half a million in 2019, with 38% reporting revenue of under \$200,000. This information correlates with the information collected in previous questions of the business size that responded and the number of people that the businesses employ. 50% anticipate an upward trend in 2021 revenue compared to that of 2019, while 29% report that there will be no change in 2021 revenue compared to 2019. The minority, at 21%, reported that they would see a downward trend in revenue in 2021 compared to that of 2019.

Looking at changes in payroll expenses, 53% report an increase in payroll expenses, 32% report no change in payroll expenses, and 15% report a decrease in payroll expenses from 2019.



Funding Sources throughout the Pandemic

Respondents reported applying for several different funding sources, but the source most applied to was the Paycheck Protection Program. Below is a breakdown of the number of respondents who requested and received each loan listed. A list is provided in the appendix of the responses received of those who responded.

<i>Name of Funding Requested</i>	# who requested (n=104)	# who received (n=102)	% received, out of those requested
<i>Paycheck Protection Program</i>	71	69	97%
<i>SBA Loan Forgiveness</i>	18	14	78%
<i>US SBA Economic Injury Disaster Loan</i>	9	9	100%
<i>State of Iowa Programs</i>	14	12	86%
<i>Bank</i>	4	5	125%
<i>Friends, Family, Self</i>	7	7	100%
<i>Other</i>	8	10	125%
<i>Did not request/receive any funding</i>	16	16	100%

SURVEY ANALYSIS: FUTURE

Overview

There were three questions to analyze what these companies thought the future held for them and how they plan to invest in their business moving forward.

Summary of Results

Overall, not all companies plan on investing in tools and resources. The top three categories in which respondents indicated they are interested in investing funds include technology, machinery and equipment, and infrastructure.



Findings

When asked if the company anticipated making investments over the next 12 months, 59% responded that they would be making investments, and 41% of respondents said they would NOT be making investments into their companies over the next 12 months. For those who plan to make investments into their company, the majority choose to invest in additional technology (71%). The following two categories respondents chose were machinery and equipment (58%) and facility and infrastructure investments (56%).

Similar results were collected when all respondents were asked how to invest “one million free dollars” into their company. For both questions, the option for investing in creating a new product or revenue stream had lower responses than expected. While this was initially surprising, the conclusion was that investment in the other categories likely results in increased revenue or the ability to provide new services for many businesses.

INTERVIEWS

Objective

We conducted follow-up interviews with seven survey respondents. These interviews aimed to gather more details on how the COVID-19 pandemic has impacted business, with a particular focus on workforce retention and recruitment strategies.

Process

At the end of the survey, respondents were asked if they would be willing to be contacted for a follow-up interview. These interviews aimed to get more in-depth details on current and lasting impacts on the businesses (both positive and negative), workforce, and retention and recruitment strategies. Seven individuals were interviewed. An outline of the interview questions and information collected is provided below.

Overview of Economy

- What are the top 3 things negatively impacting your business?
- What are the top 3 things positively impacting your business?
- Are you experiencing any supply chain issues?

Workforce

- If half your workforce was to leave, would you survive?

Recruitment and Retention

- What recruitment strategies have you found success with?
- How do they know its successful? Or another way, what metrics are you using to measure the effectiveness of recruitment strategies?
- Do you use any of the following retention strategy's: child care, housing, or flexible work hours?

Findings

Our team was able to conduct interviews representing a cross-section of survey respondents, including: owners of a food service company, home maintenance company, and brewery, a public library executive, upper management at an economic development corporation, and a doctor who also owns a company in the professional, scientific & technical sector. In total, we interviewed seven respondents (five men and two women).

The top two concerns expressed in these interviews were supply chain issues and uncertainty related to the labor market. Two of the respondents noted that although the supply chain issues have not hit a critical point for their businesses yet, they are very concerned that the issues will worsen in the near future. Specifically, they are concerned that it is getting more difficult to get parts for equipment domestically (from California) and internationally. Two other respondents in the agricultural and foodservice industry discussed issues related to the Asian supply chain, including the difficulty of competing with cheaper competitors in Asia and getting parts from China. Respondents from the agricultural and food service sectors seemed particularly stressed by these issues but noted that the Paycheck Protection Program was a huge help.

Almost all respondents expressed concerns about the current labor market and planned to invest in workforce retention strategies such as higher wages, flexible hours, and increased benefits. In particular, respondents mentioned allowing employees to work from home one or several days a week or working four ten-hour days as opposed to five eight-hour days. Several respondents mentioned that they had already started implementing these changes before COVID hit due to shifting labor trends. One workforce retention strategy that we did not see reflected in the survey or interviews were offering increased childcare support.

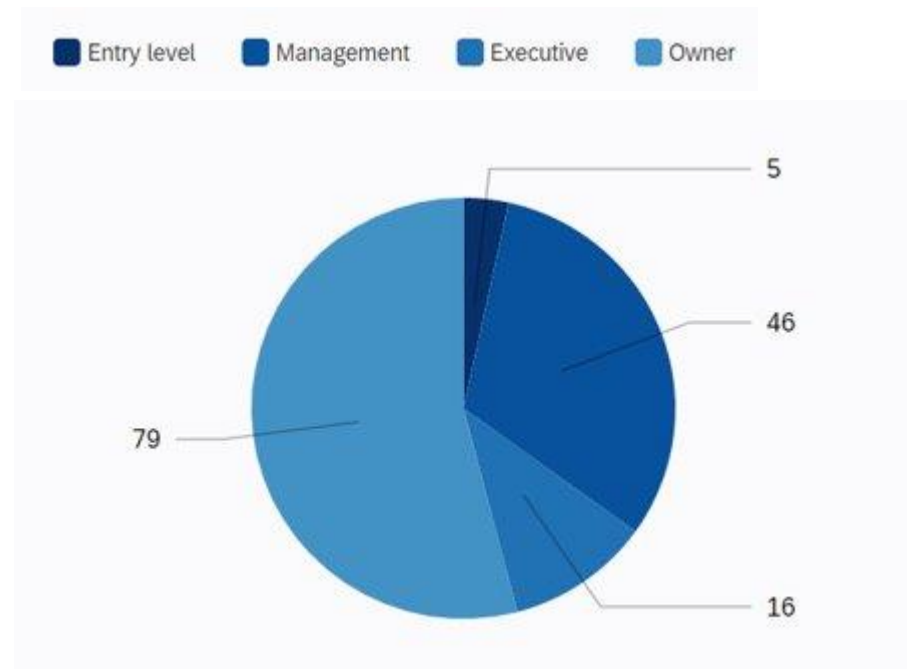
Respondents expressed mixed feelings regarding the increased use of technology. One survey respondent noted that when they could move their consulting business entirely online, it decreased the cost of overhead and allowed for more flexible work hours (and more family time for employees). On the other hand, another respondent noted that not everyone at his business is comfortable with Zoom. Shifting online has increased the time it takes to get things done because of the increased time to communicate online vs. in the office.

Comprehensive interview notes can be found in the Appendix.

APPENDIX

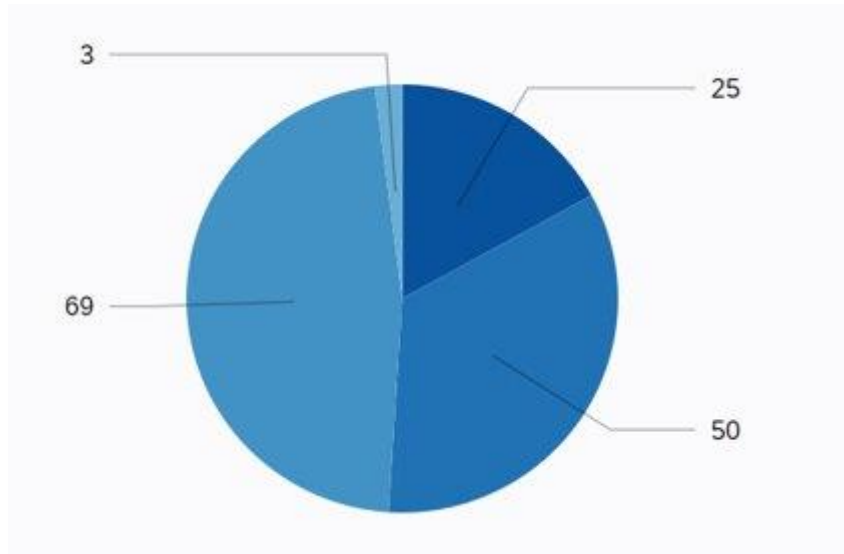
Complete survey results

What is your current role in the company? N= 146

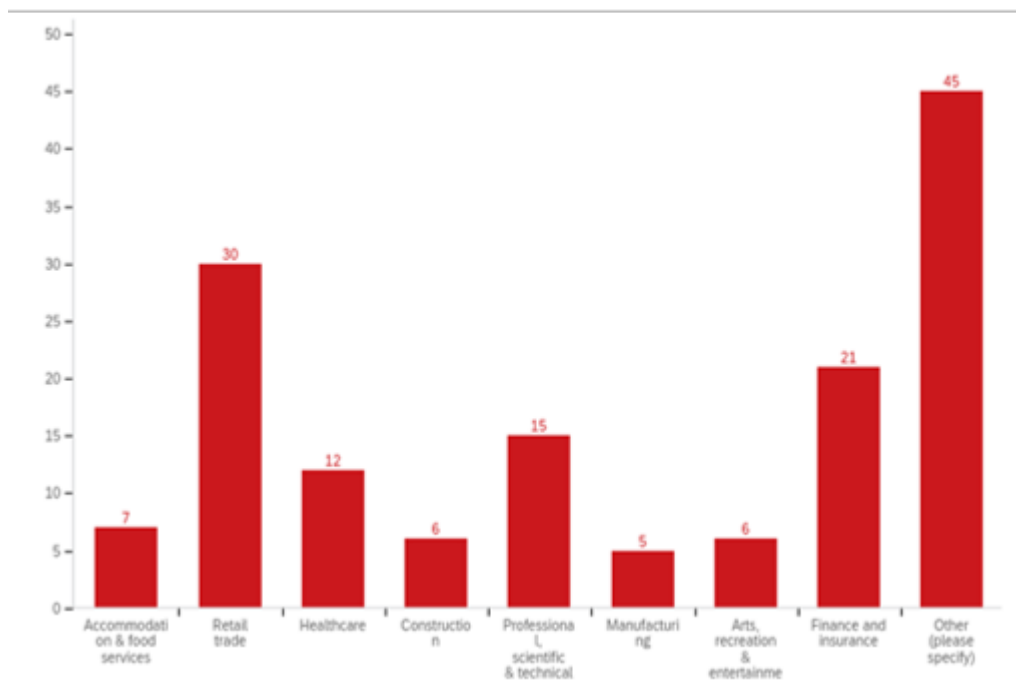


What age group do you belong to? N=147





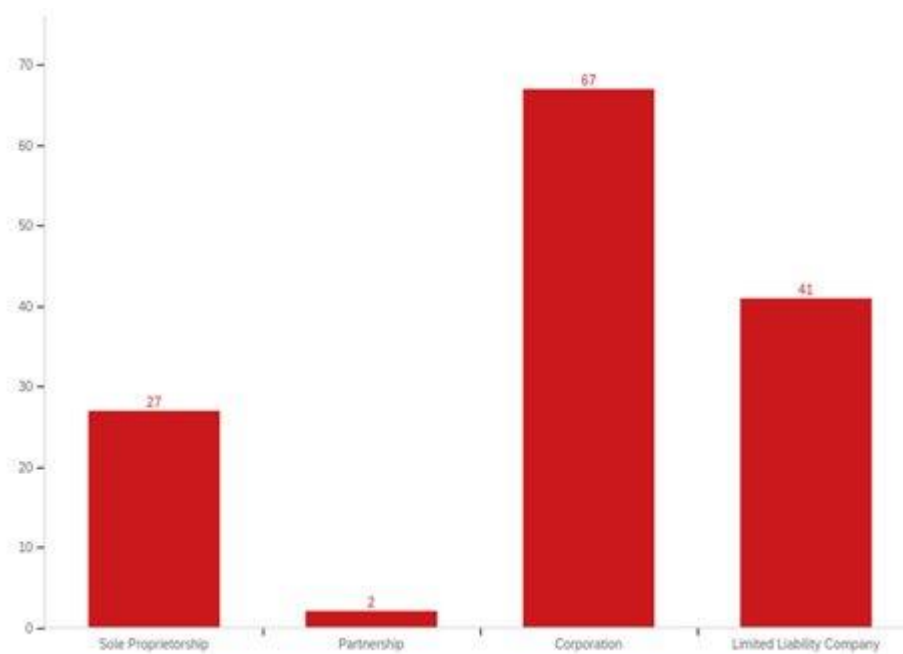
Please select your company's industry. N=147



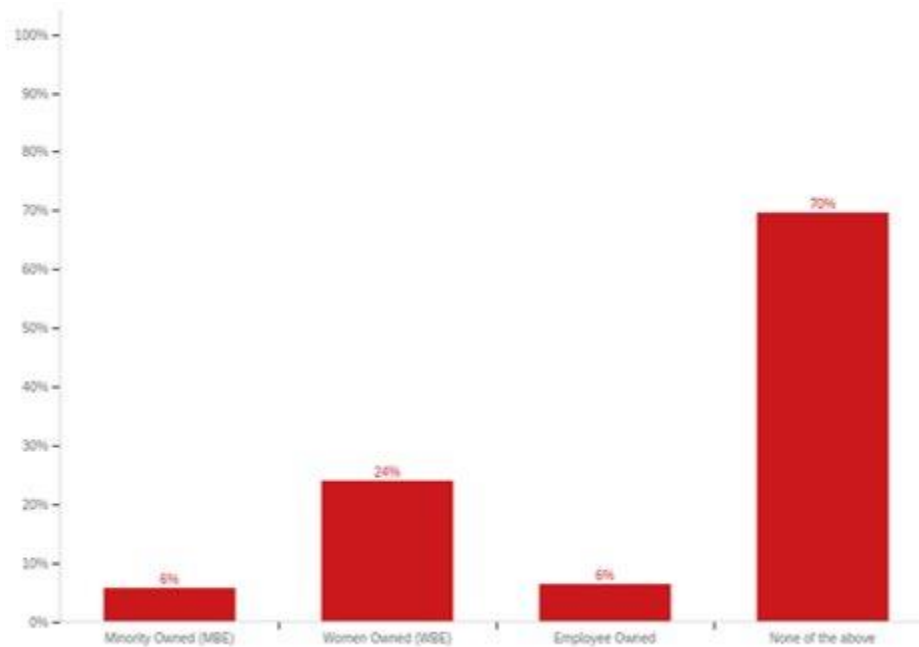
"Other" responses



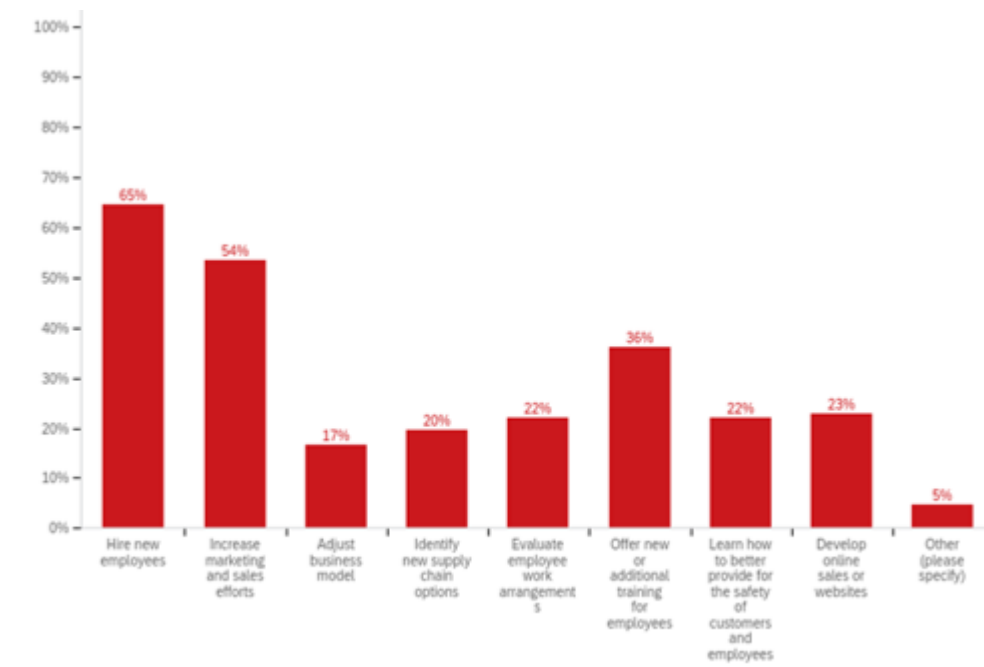
What type of organization does your company fall under? N=137



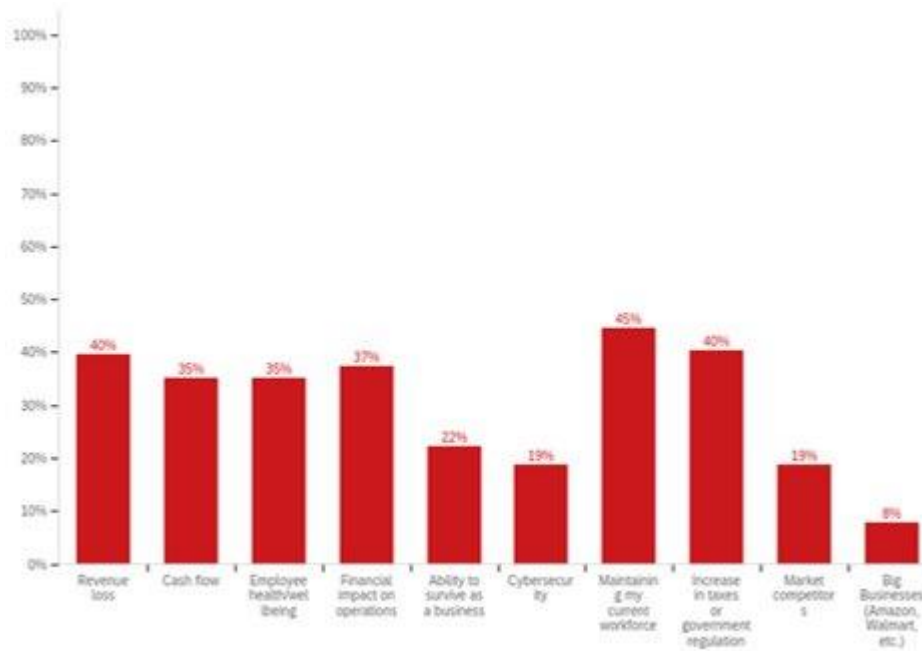
Please select any designation(s) applicable to your company. (select all that apply) N= 146



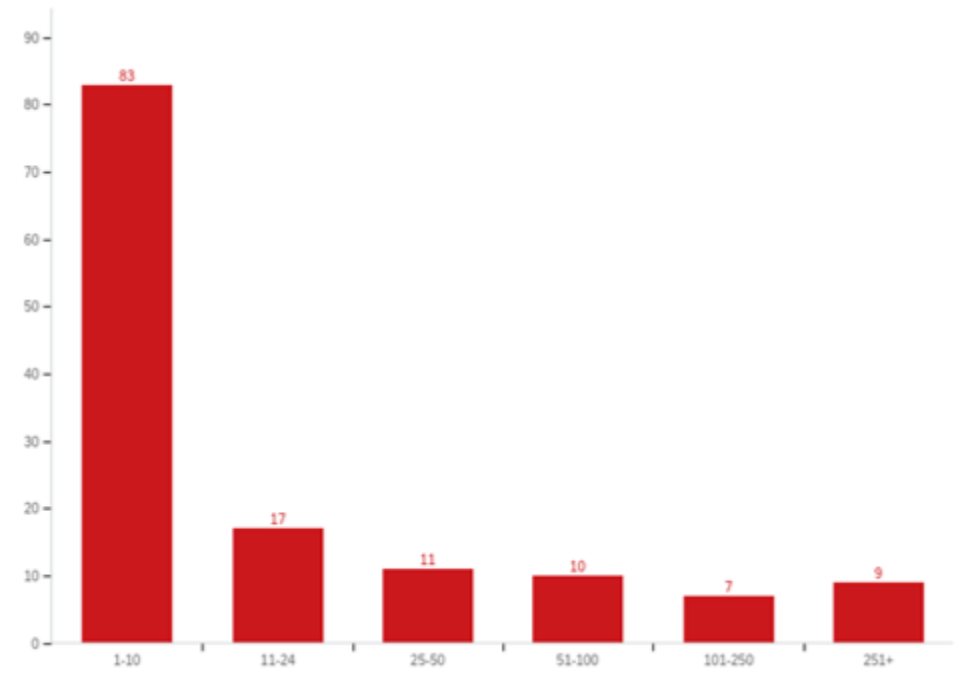
Does your company plan to implement any of the following changes in the next six months? (select all that apply) N=127



What are the top three concerns for your company at this time? (select three that apply) N= 139



How many employees does your company have? N= 137



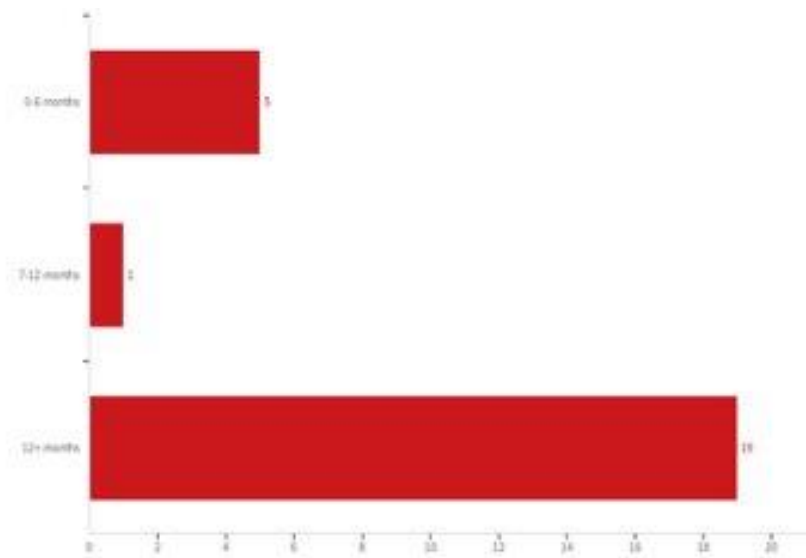
Has your company returned to 2019 employment levels? N=131



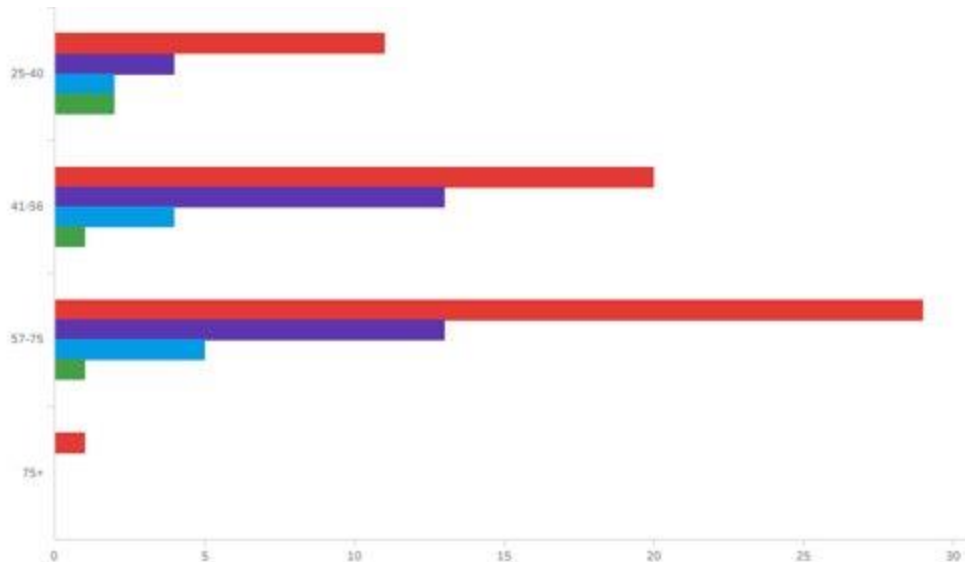
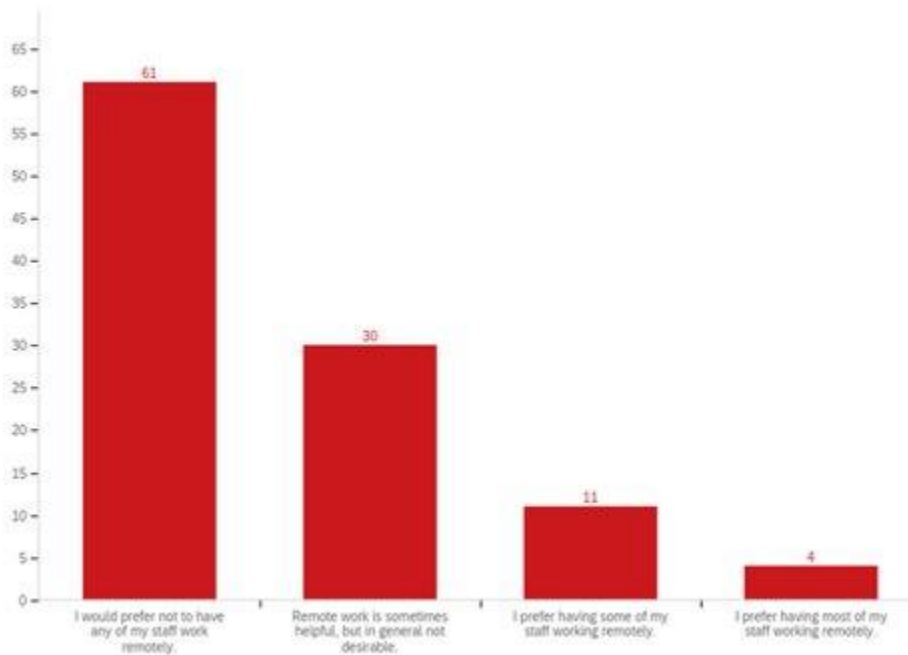
Does your company have any employees working remotely? N=137



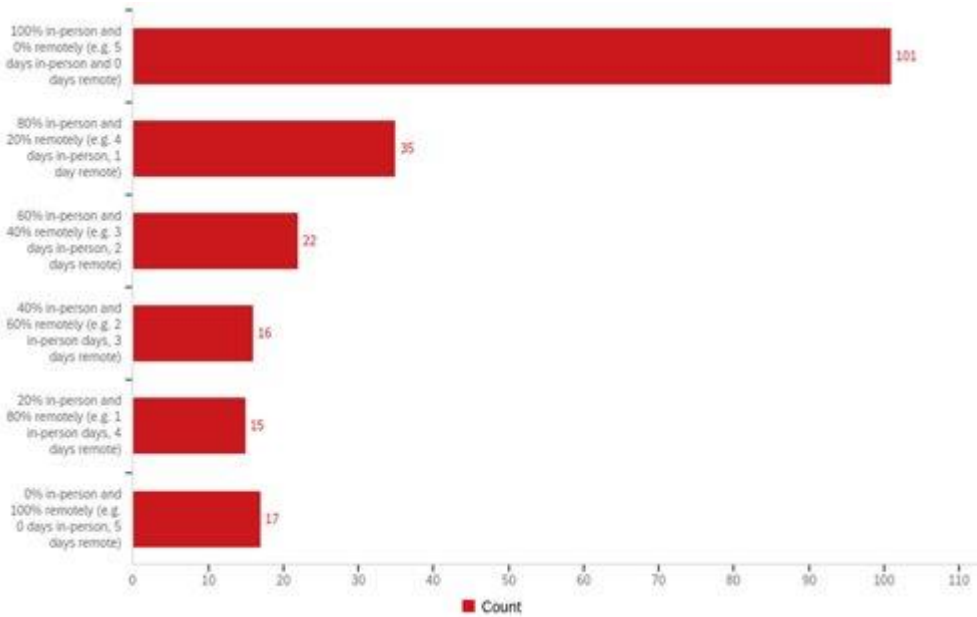
How long do you anticipate your company will have these employees continue working remotely?
N=25



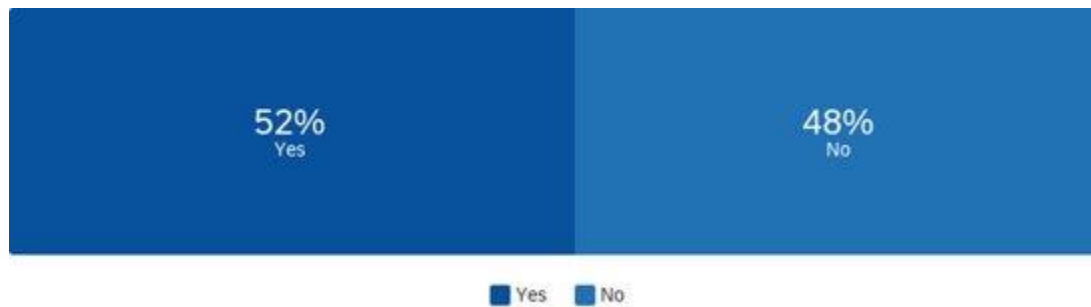
How does your company feel about providing remote work? N=106



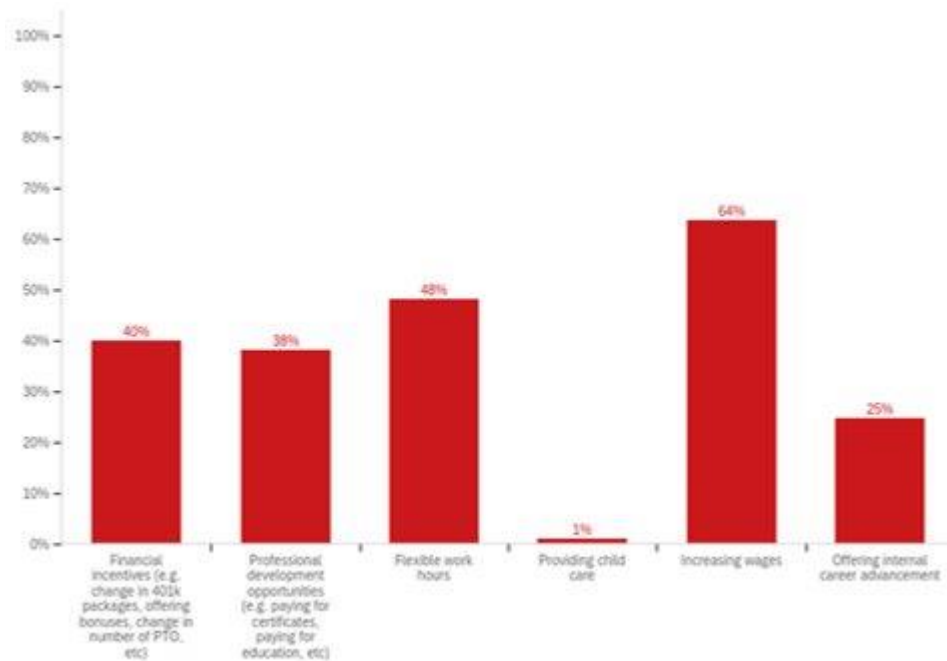
Would your company consider allowing your employees to work any of the following options (please check all that your company would be comfortable with)?



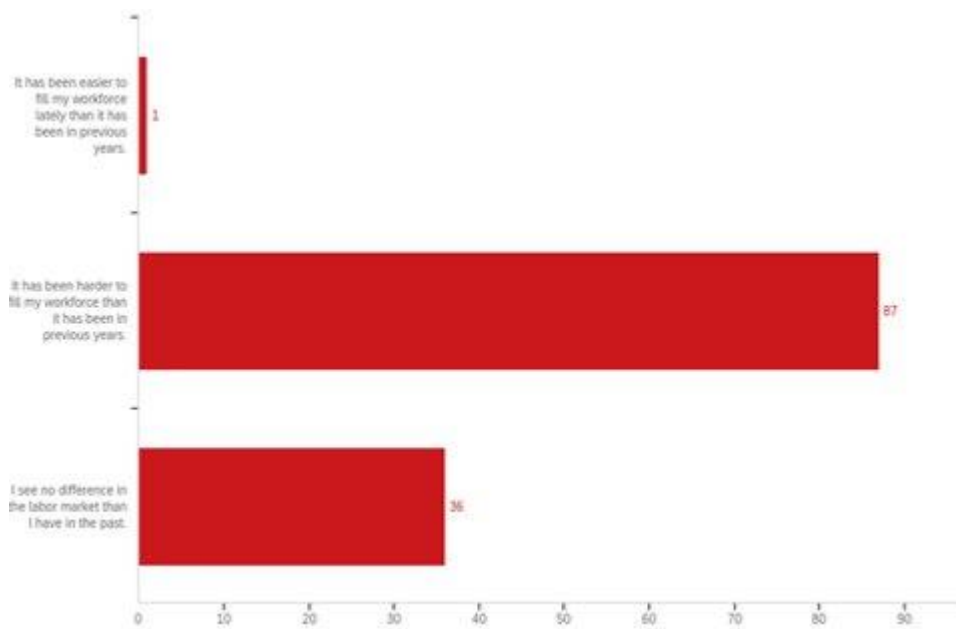
Is your company flexible in the types of hours they provide their employees? (for example, allowing employees to work any eight hours within a twelve hour timeframe) N=126



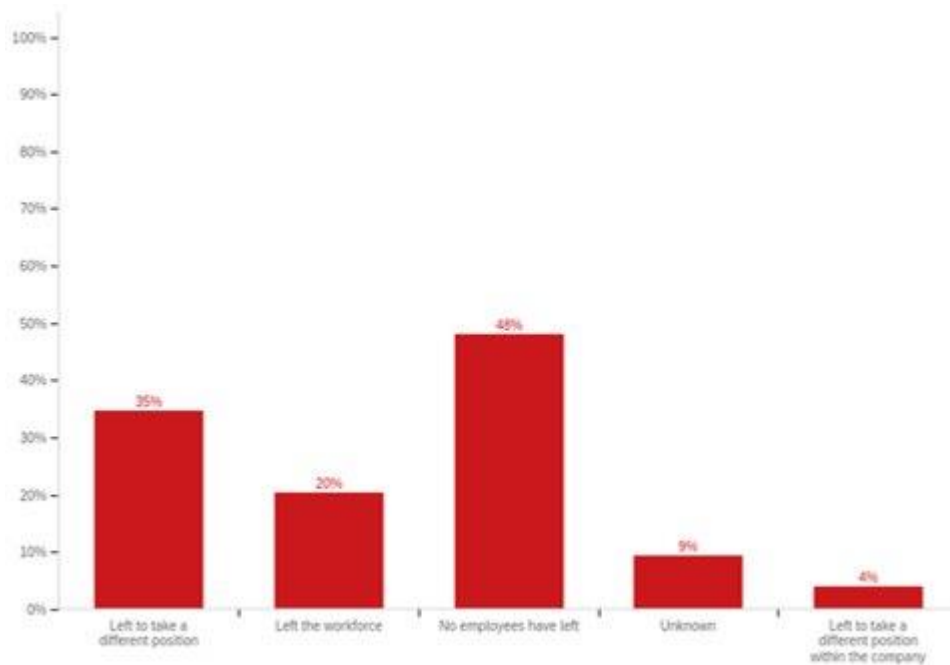
What types of strategies is your company utilizing to recruit and/or maintain its workforce? (select all that apply)



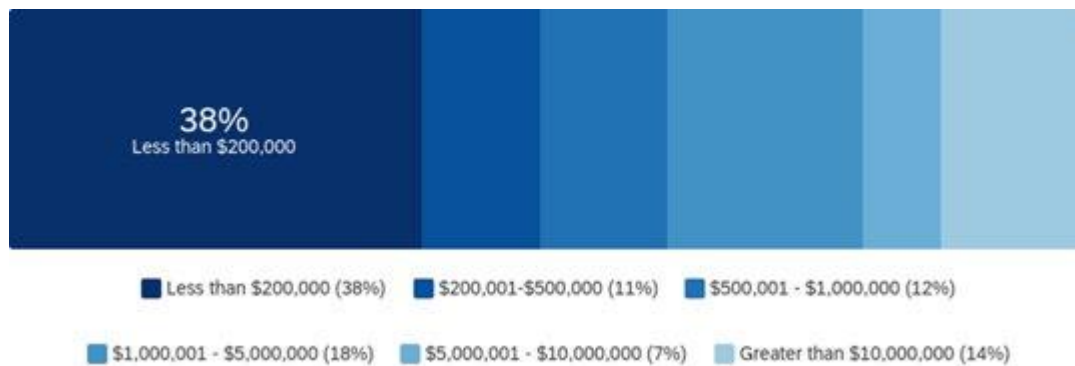
How do you feel about the current labor market? N=124



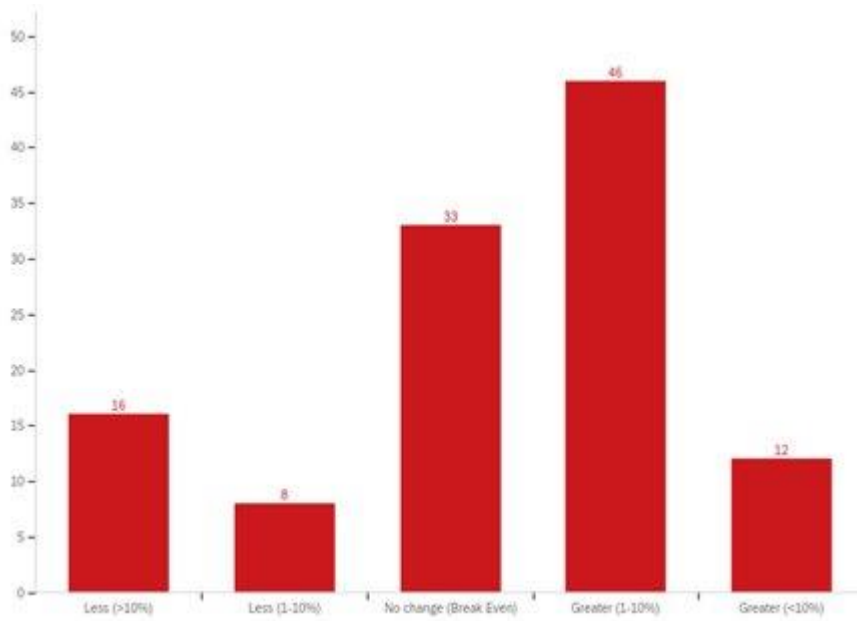
For what reasons have employees voluntarily left your company in the last 90 days? (select all that apply)



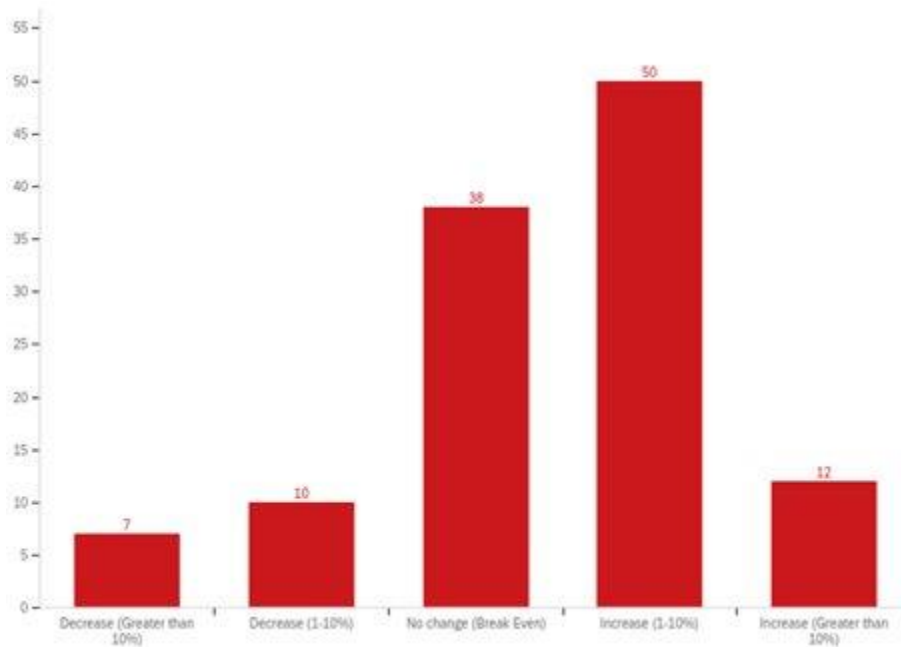
What was your company's 2019 revenue? N=109



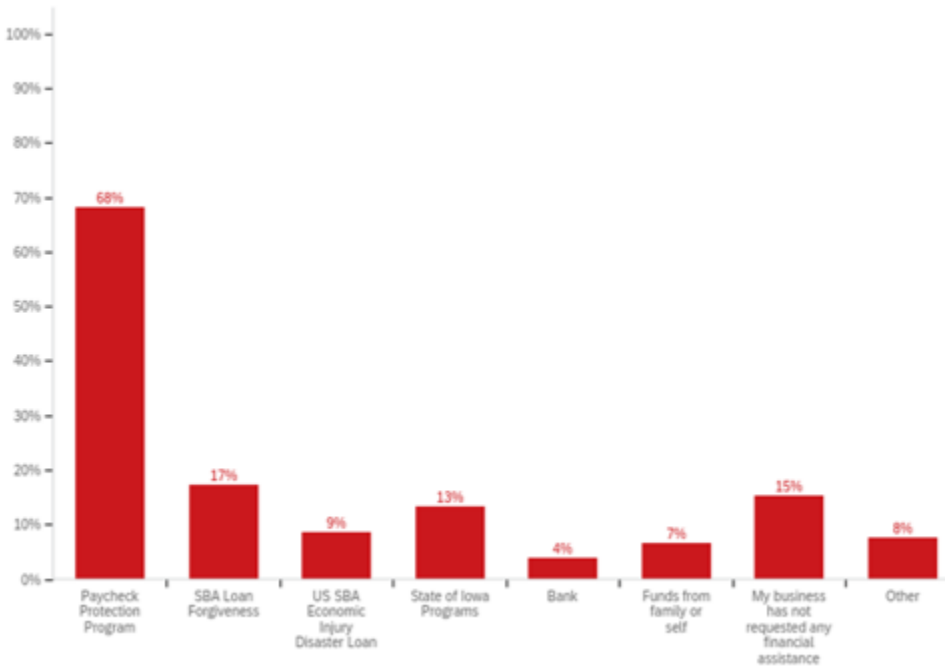
Do you anticipate your company's projected 2021 revenue to be greater or less than its 2019 revenue? N=115



Has there been an increase or decrease in your company's average monthly payroll from 2019? N=117



Over the course of the pandemic, has your company requested any of the following funding? If yes, which ones? (select all that apply) N=104



Other:

Federal government

They said did not qualify

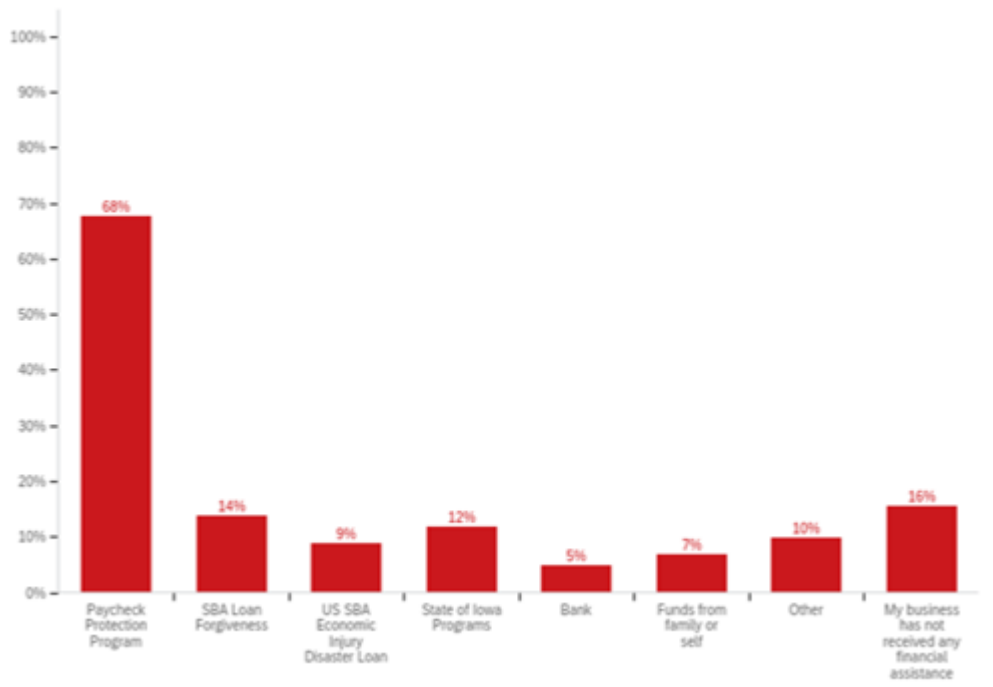
Shuttered Operators Venue Grant

ESSER and GEER Funds

CARES Act

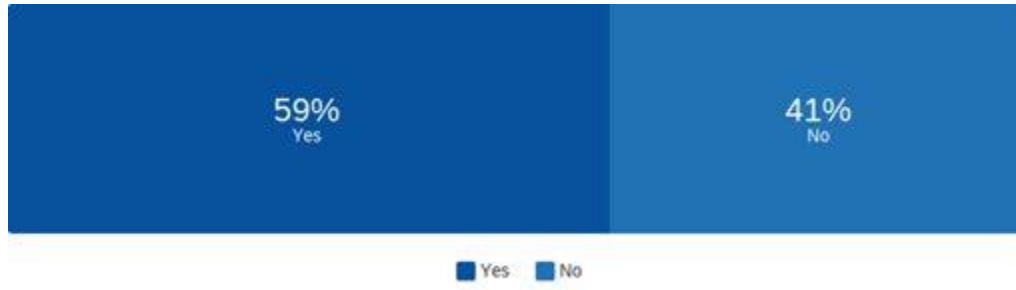
American Rescue Plan of 2021 funds for
Small Towns/Communities

Over the course of the pandemic, has your company received any of the following funding? If yes, which ones? (select all that apply) N=102

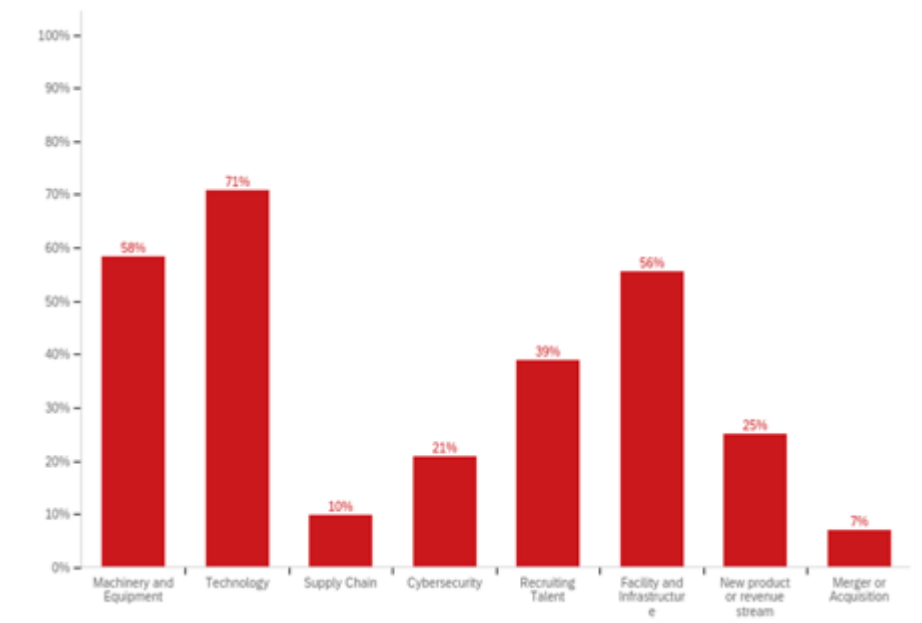


Other
Health Professionals
Shuttered Operators Venue Grant
CARES Act
ESSER & GEER Funds
Federal Grants

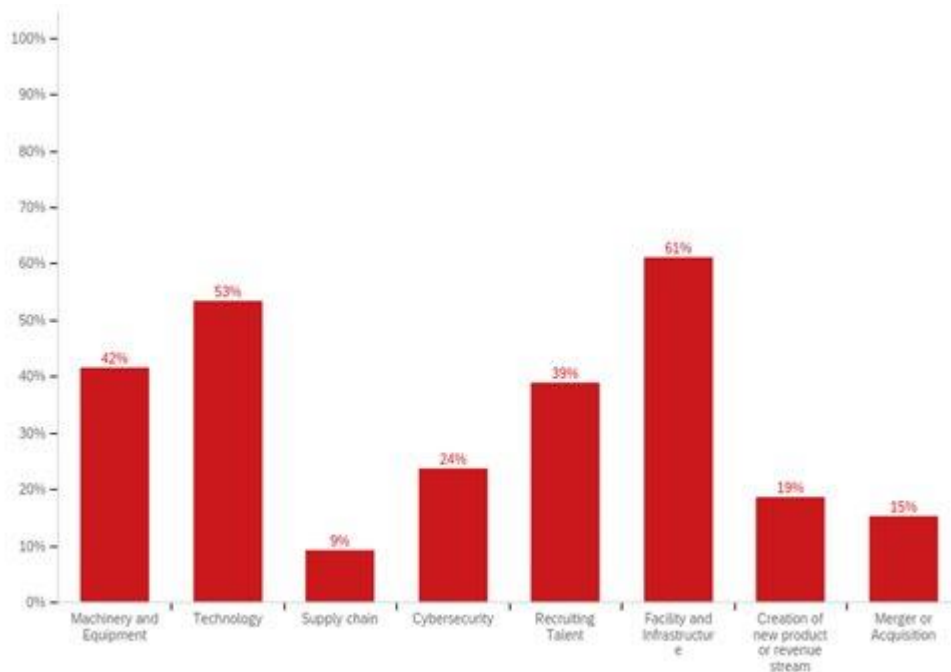
Do you anticipate your company will make investments over the next 12 months? These include but are not limited to investments in technology, infrastructure, and supply chain.



What type of investments do you anticipate your company will make over the next 12 months? (select all that apply) N=72



If your company had an extra \$1 million to invest from profits, loans, or grants; where would do you anticipate they would spend it? (select all that apply) N=118



Complete interview notes

Interviews were used to gain a better understanding and more in-depth information on topics which were asked in the survey. All interviews remain anonymous. Scripts for the interviews conducted are below.

Interview 1:

Overview of Economy

- What are the top 3 things negatively impacting your business?
 - How are they impacting your business?
 - How could they be completely resolved?
 - How long have they been happening?

Answer: Supply chain issues (not critical yet, but concerned it will be). Seeming like it is moving towards being impossible to get parts

Labor supply with the company that builds their equipment, but not in their area . The problem started because nothing moving within the supply chain. California is where their main manufacturer is, so issues in California affect them

Price of raw materials, the steel market specifically.

Transportation, trying to get drivers and trucks.

Talked about moving manufacturing to the Midwest rather than international as a solution.

- What are the top 3 things positively impacting your business?
 - How long have these aspects been impacting your business (5 years, 2, years, since COVID started, etc.)?

- How did they come to happen?

Answer: People look for alternative ways to produce feed when feed inputs are more expensive. Corn is high, so that increases business. So overall higher grain prices have positively impacted. This began when the grain prices began to increase

Availability of government payments like PPP loans have helped increase their business. With these loans, their customers invest in their products as a way to increase profitability within their own operations

- Are you experiencing any supply chain issues?
 - What issues are you having (delay in getting product, increase costs, no inventory available, slow shipping times, etc.)?

Answer: Electronics for the systems come from China and that is a concern and issue along with the previously mentioned issues in supply chain stemming from the labor shortage

Workforce

- If half your workforce was to leave, would you survive?

Answer: The employee in this area (they have a parent company) so if anything happened to this individual it would not continue

Recruitment/Retention

- What recruitment strategies have you found success with?
 - How do they know its successful? Or another way, what metrics are you using to measure the effectiveness of recruitment strategies?
 - Do you use any of the following retention strategy's: child care, housing, or flexible work hours?

Answer: Not applicable

Interview 2:

Overview of Economy

- What are the top 3 things negatively impacting your business?
 - How are they impacting your business?
 - How could they be completely resolved?
 - How long have they been happening?

Answer: Shortage of labor - huge one above anything else. Used to get 20/30 applications and maybe get 5 now. A lot worse when COVID started, slight issue before COVID (was more of a lack of qualified applicants). They believe a solution to this is to pull financial supports and make people go back

Issue with supply chains, repair parts. Has not been detrimental, but definitely notices and believes it is yet to get worse.

Have experienced low inflations rate in the past but now inflation is causing the business to make adjustments with pricing. Started about this year.

- What are the top 3 things positively impacting your business?
 - How long have these aspects been impacting your business (5 years, 2, years, since COVID started, etc.)?
 - How did they come to happen?

Answer: A lot of businesses and industries that had to shut down, they have not had to shut down. Pretty much business as usual during covid.

- Are you experiencing any supply chain issues?
 - What issues are you having (delay in getting product, increase costs, no inventory available, slow shipping times, etc.)?

Answer: While they have noticed some issues with the supply chain, they believe it is only about to get worse.

Workforce

- If half your workforce was to leave, would you survive?

Answer: Would not be good, but they would survive. They would have to make cut backs on services. Would have to send letters to customers explaining the situation and dropping services

Recruitment/Retention

- What recruitment strategies have you found success with?
 - How do they know its successful? Or another way, what metrics are you using to measure the effectiveness of recruitment strategies?
 - Do you use any of the following retention strategy's: child care, housing, or flexible work hours?

Answer: Once COVID hit, it didn't really change the current strategies. More internet based recruiting has been something they have started before COVID and continued to utilize this through the labor shortage. Since there is a large number of companies with small work forces this has led to ncreased wages, benefits, and added new benefits to make them more competitive. This adds additional cost to the customer but has allowed them to maintain a decent workforce. This is something they were doing before COVID.

These have been very successful. Quality of workforce has been better since adding these benefits.

Child Care is not something they have thought about. Somewhat flexible work hours for a while, they cut back to 4 day 10 hour during slow season instead of 5 day 8 hour. Have always been somewhat flexible if they need to leave early or want to work later

Interview 3:

Overview of Economy

- What are the top 3 things negatively impacting your business?
 - How are they impacting your business?
 - How could they be completely resolved?
 - How long have they been happening?

Answer: Recovery process from COVID 19 restrictions on travel and meetings. Place where they want the public to be/meet and it cut down on traffic a lot and limited the amount of patrons they were able to serve. Still seeing big issues with patrons, traffic has decreased by more than 50%

Workforce attendance. Not everyone is comfortable using zoom. Not getting together because they do not want to use zoom which reduces the amount of business that can be done

Was shut down for 4 months with no one in, was able to bring limited staff back. Cancelled access for a while.

Resolved by COVID disappearing. Made changes in what they do to meet the needs of the majority. They do not feel that they can personally do anything to change the mind of the patrons to increase traffic.

- What are the top 3 things positively impacting your business?
 - How long have these aspects been impacting your business (5 years, 2, years, since COVID started, etc.)?
 - How did they come to happen?

Answer: Access to zoom and learning technology, being able to provide more digital services to patrons than previously.

Being able to regather and things opening back up has begun to start the healing process but still on the mend as far as patron traffic

Grant money and the availability from federal to provide additional financial resources to help them survive. Providing opportunity and expansion of services.

- Are you experiencing any supply chain issues?
 - What issues are you having (delay in getting product, increase costs, no inventory available, slow shipping times, etc.)?

Answer: Not applicable

Workforce

- If half your workforce was to leave, would you survive?

Answer: Yes, it would be difficult. Would have to decrease staff during open hours and cut down on business hours.

Recruitment/Retention

- What recruitment strategies have you found success with?
 - How do they know its successful? Or another way, what metrics are you using to measure the effectiveness of recruitment strategies?
 - Do you use any of the following retention strategy's: child care, housing, or flexible work hours?

Answer: Have not had to recruit any employees but they use flexible work hours to retain employees

Interview 4:

Overview of Economy

- What are the top 3 things negatively impacting your business?
 - How are they impacting your business?
 - How could they be completely resolved?
 - How long have they been happening?

Answer: Staffing – it's a part time position that she has available; it's private nonprofit and there are no benefits for part-time people so that's what she's struggling with the most. Her business is also based on volunteers, so that's tough. If she could finance higher wages or health insurance it might be different

Economic development organization for Adams County (main st program, build SPEC houses, try and bring jobs into the community)

It has been exacerbated since the pandemic but is an ongoing challenge with a small nonprofit. They get a lot of young people that just work there for a couple of years and then get snatched

- What are the top 3 things positively impacting your business?
 - How long have these aspects been impacting your business (5 years, 2, years, since COVID started, etc)?
 - How did they come to happen?

Answer: The business is more about programming and funding that works in small rural communities that don't tie her hands – unfunded mandates are a no-go. In the past, some programs have been really successful that are no longer around – i.e. housing projects, etc à these projects come from state/federal funds, and the govt has put a lot more hoops/ropes to jump through recently that make it harder for rural communities under 10,000.

The incentives that allow people to stay home/not work during the pandemic have made things harder for the businesses to maintain their workforce.

- Are you experiencing any supply chain issues?
 - What issues are you having (delay in getting product, increase costs, no inventory available, slow shipping times, etc)?

Answer: Everyone is complaining about supply chain issues/ They lost a computer in the office on Friday and everywhere was backordered, so a new one is coming in two weeks.... No HVAC in the post office, hotel was delayed being built by six months

Workforce

- If half your workforce was to leave, would you survive?

Answer: No

Recruitment/Retention

- What recruitment strategies have you found success with?
 - How do they know its successful? Or another way, what metrics are you using to measure the effectiveness of recruitment strategies?
 - Do you use any of the following retention strategy's: child care, housing, or flexible work hours?

Answer: We have companies that could hire 20 people right away, if those people were available. In her office they provide flex hours and Surfaces so that people can take work home if they have a sick kid, etc. Matching IRA after six months.... We need to come up with a way for small businesses to pool funds or something so that it doesn't cost an arm and a leg to provide health insurance to their employees

In the community: sign on bonuses, flex hours, higher wages.... She is worried that it isn't sustainable. Small companies cannot offer as competitive wages as big corporations, so they are experiencing a bit of a brain drain, and are trying to re-educate young people to think about cost of living so that they stay in the region. Also share this information through alumni newsletters.... Let people know what there is to come back to the region

Interview 5:

Overview of Economy

- What are the top 3 things negatively impacting your business?
 - How are they impacting your business?
 - How could they be completely resolved?
 - How long have they been happening?

Answer: Can't hire help, can't get product, product is expensive.

Childcare field (lot of restaurant workers are single mothers) is short right now which forces mothers to stay home.

Shortage packaging plants owned by foreign countries. Meat is allowed to be brought in foreign countries and marketed as US meat. Market manipulation by administration and current FDA regulation. These issues have been happening since Biden took office. Shortages because other companies are figuring out what they can sell to make more money. If it has a small profit margin then they don't create it.

Everything has doubled in price. Prime rib = went up from \$8 lb to \$16 lb and Chicken wings = \$100 case is now \$220.

They've just been trying to "hang out". 33% of restaurants are bankrupt or broke this winter will be up to 50%. No light at the end of tunnel

No shortage of hogs, chicken, or beef. Rather its just cheaper to get meat from over seas. 85% of packing plants owned by China, Brazil or Africa. Since the country of origin label has changed there no loyalty to US market . Farmers are upset. US farmers are proud of fact that they can claim its born and raised in the US, since foreign markets can market it as US beef there is no loyalty.

PPP has sustained restaurant business and continuation of the program will allow the restaurant industry to stay afloat

The issues with labeling have been happening since Obama took office and changed regulation in regards to meet labeling. Between that and the fact that both the supply chain has been unstable and labor has been hard to find at the current wages (which can't be increased) since COVID.

- What are the top 3 things positively impacting your business?
 - How long have these aspects been impacting your business (5 years, 2, years, since COVID started, etc)?
 - How did they come to happen?

Answer: Nothing other than PPP. PPP has been around for a year and 3 months, so far have gotten \$44k which has paid labor bill. This came about because of COVID

- Are you experiencing any supply chain issues?
 - What issues are you having (delay in getting product, increase costs, no inventory available, slow shipping times, etc)?

Answer: Increase price in product and some product isn't even available

Workforce

- If half your workforce was to leave, would you survive?

Answer: 15 people and they wouldn't survive. Going last till winter and then shut down if it doesn't get any better by Feb. Not a lot of hope in the service industry.

Recruitment/Retention

- What recruitment strategies have you found success with?
 - How do they know its successful? Or another way, what metrics are you using to measure the effectiveness of recruitment strategies?
 - Do you use any of the following retention strategy's: child care, housing, or flexible work hours?

Answer: They can't pay more because they are already in the red or breaking even, because of that they can't increase wages.

Interview 6:

Overview of Economy

- What are the top 3 things negatively impacting your business?
 - How are they impacting your business?
 - How could they be completely resolved?
 - How long have they been happening?

Answer: First negative aspect is uncertainty that leads to second negative aspect which is unwillingness for clients to spend money> The pattern that exists is with businesses that want to start something (such as a product) and are still in the ideation phase or the initial growth phase. There is no 3rd.

There are two ways they impact us, either clients don't know the services that Bollinger consulting provides or they have clients that back out result in loss of expected revenue

They are focusing on marketing efforts to clearly explain the value that they provide to clients. Clearly communicating this value will benefit Bollinger solutions.

They've been happening since November. During COVID, it was a great year but since November of 2020 it has slowed down and continued its trajectory without any changes.

- What are the top 3 things positively impacting your business?
 - How long have these aspects been impacting your business (5 years, 2, years, since COVID started, etc)?
 - How did they come to happen?

Answer: Since consulting switch in 2019, they grew so much that they were able to move into a shared space.

Since pandemic, so much has moved online that they were able to go fully online and Jesse was able to work differently (regain family time) and there isn't any overhead needed. Pandemic helped to experiment new things and take risks.

- Are you experiencing any supply chain issues?
 - What issues are you having (delay in getting product, increase costs, no inventory available, slow shipping times, etc)?

Answer: One of the projects that they are working on is setting up a network for one of their clients. They were able to get the networking equipment in 1 week (vs the expected 4 month delay) vs the actual renovation of the building is taking a lot longer because construction is taking longer. This project came about because they were consulting for a client who needed to set up their own building. They contract the networking out to a contractor.

Workforce

- If half your workforce was to leave, would you survive?

Answer: This question doesn't really apply to this business.

Recruitment/Retention

- What recruitment strategies have you found success with?
 - How do they know its successful? Or another way, what metrics are you using to measure the effectiveness of recruitment strategies?
 - Do you use any of the following retention strategy's: child care, housing, or flexible work hours?

Answer: When they lost his project manager, who handled a lot of smaller tasks, it increased his workload. Because of this, they are looking for someone to fill this role but is having issues coming up with the capital to fill this role. There was an opportunity for someone to fill this role for free because it would be paid for by a client, but right now no capital available.

Recruitment strategies would be using facebook which has worked well in the past. But a perk would be remote work because they work remotely so easily and it would cost more to have someone work in-person. Also it's an extremely flexible work schedule because as long as the work gets done, they don't care when its completed. In Creston, it can be difficult to find someone to work because if people want to work, they are already working but if they aren't then they probably aren't looking for work

Interview 7:

Overview of Economy

- What are the top 3 things negatively impacting your business?
 - How are they impacting your business?
 - How could they be completely resolved?
 - How long have they been happening?

Answer: COVID, not as many people currently going out resulting in loss of consumers.

Lack of education about breweries with consumers. People just don't know that a brewery is not necessarily a bar nor is it restraint. They have been open for 7 months, so since then.

More hurdles than needed with city government (possibility lack of experience with personnel). City government: A lot of hurdles associated with city government. Directive coming from state/government about professional development (for issue with city government) especially free ones (willingness to learn new things). Issue with city a couple years for this business, longer for other businesses.

- What are the top 3 things positively impacting your business?
 - How long have these aspects been impacting your business (5 years, 2, years, since COVID started, etc)?
 - How did they come to happen?

Answer: They are distributing to DSM, Pella, CR, and a few other smaller towns (increasing brand awareness); as people come in they are beginning to think about the brewery when it comes to finding activities; the efforts are added with other companies in towns to bring vibrancy. This has been the case for about the past 7 months. They partnered with others who are already looking at areas to improve certain areas of the town. Started with people buying empty store fronts and then repurposing them. With brand awareness has just come from getting out there and marketing.

- Are you experiencing any supply chain issues?
 - What issues are you having (delay in getting product, increase costs, no inventory available, slow shipping times, etc)?

Answer: Yes they had to delay opening for 6 months because contractors couldn't get building supplies and they didn't the machinery on time. Some of it has balanced out (such as hops and brewery supplies), but they still can't get custom marketing materials and are having to repurpose building materials (wood).

Workforce

- If half your workforce was to leave, would you survive?

Answer: No. Especially if the brewer left they would be gone. There is only 3 employees to include then and their significant other.

Recruitment/Retention

- What recruitment strategies have you found success with?
 - How do they know its successful? Or another way, what metrics are you using to measure the effectiveness of recruitment strategies?
 - Do you use any of the following retention strategy's: child care, housing, or flexible work hours?

Answer: This doesn't apply as they are still dealing with paying off the loans taken out from opening and don't have extra revenue to spend.