



## Summary: The Economy and Opportunities for Economic Development in Wheeler County, Oregon

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### Introduction

This is an executive summary of a [larger report](#) that assesses economic development opportunities in Wheeler County, Oregon.

Like many rural counties across the West, Wheeler County in central Oregon has struggled economically in recent decades. It is by no means alone in doing so.

Rural counties are grappling with the aftermath of long-term declines in traditional industries, such as forestry and wood products manufacturing, and wrestling with how to compete in growing aspects of the regional and national economy, including a range of services industries.

Although Wheeler County continues to face economic hurdles, it also possesses resources that suggest the possibility of a brighter economic future. These resources include: a local population that cares deeply about place and community, attractive public lands that appeal to a wide range of Americans, and active local entrepreneurship.

To better understand the potential economic future of Wheeler County, this report reviews the best available data on local demographic and economic trends, and discusses the challenges facing rural and remote public lands economies and strategies to build economic strength in this context.

### Executive Summary

For Wheeler County, the economic transition of the last half-century has resulted in a shrinking and aging population; the decline of wood products manufacturing; continued prominence of agriculture and ranching, though with fewer jobs; and the growth of largely low-paying services industries. The county also is remote from larger markets.

On the more encouraging side, long-time residents are staying, entrepreneurs are starting new enterprises, and per capita income is rising. Just as importantly, the communities in Wheeler County retain many of their core community assets and institutions—schools, churches, banks, and government offices. These trends and strengths suggest potential resilience.

During the past several decades, the county has shifted from wage and salary employment to greater self-employment (individual proprietors or nonemployer businesses); and a growing number of people are working more than one job.

In 2013 the three private industry sectors with the largest number of jobs (including the self-employed) were farm (201 jobs), retail trade (89 jobs), and accommodation and food services (80 jobs). By comparison, there were 112 government jobs in 2013.

In Wheeler County the federal government is the second largest landowner, split between the Forest Service

(15% of total area), Bureau of Land Management (13% of total area), and National Park Service (0.5% of total area). These lands continue to fulfill a traditional resource role, such as providing forage and timber; increasingly they also attract visitors who hike, raft, hunt, and fish and contribute to the local economy through the purchase of goods and services.

Though only a small portion of public lands in the county are permanently protected (12% of federal lands in the county), they encompass scenic resources such as deep canyons, forested mountains, desert-like landscapes, and rich mineral deposits. Still other areas remain unprotected but are unique and visually captivating.

There are a number of ways to trade on these natural assets that could strengthen the Wheeler County economy. One is through travel and tourism, a sector already growing in the county. Scenic public lands, especially with recognized protections, have an advantage because their uniqueness, visibility, and branding attract outside visitors who spend money in local economies.

An analysis by the National Park Service, for example, found that the John Day Fossil Beds National Monument in 2013 had 147,211 non-local visitors who spent \$6.9 million locally, creating 93 jobs and \$2.5 million in personal income.

In addition, by connecting people and place, tourism also provides a bridge to broader economic growth and diversification for rural areas off the beaten path. Today in the West, a range of people—including workers, business owners, and retirees—are moving to high quality rural locations.

A growing body of research shows the economic benefits of protected federal public lands, concluding that rural western counties with national parks, monuments, or other permanent protections support above average rates of job growth and are correlated with higher levels of per capita income.

In summary, a variety of approaches can help capitalize on the county's public lands. These include: creating new signature attractions; promoting tourism; looking to translate visitation to residency; appealing to people who can work remotely and owners of location-independent businesses; and reaching out to retirees and meeting the needs of existing retirees.

Areas with better travel and communication infrastructure tend to be more successful capturing these new residents, location-independent businesses, and retirees. Continued efforts and investments in transportation as well as Internet access and cellular telephone infrastructure, if successful, are likely to result in at least some of these types of benefits.

At the same time, it is important to focus on the needs of existing businesses. They are already established and may find opportunities to expand either through infrastructure improvements that reduce distance to markets and other competitiveness investments, or by capturing additional spending from new visitors and residents.

These opportunities are relevant to Wheeler County's current situation and compatible with other important sectors of the economy, including agriculture and other goods-producing sectors.

## **Discussion/Conclusion**

Like many rural counties in the western United States, Wheeler County faces economic difficulties. It also has resources and untapped opportunities, which suggest the possibility of a brighter economic future.

The economic transition of the last half-century has resulted in a shrinking and aging population; the decline of wood products manufacturing; continued prominence of agriculture, though with fewer jobs; and the growth of

largely low-paying services industries. The population centers remain small and remote from larger markets.

On the more encouraging side, long-time residents are staying, entrepreneurs are starting new enterprises, and per capita income is rising. Just as importantly, the communities in Wheeler County retain many of their core community assets and institutions—schools, churches, banks, and government offices. These trends and strengths suggest potential resilience.

There are a variety of ways to go about creating a more robust economic future. Some efforts focus on activities that expand an economy (e.g., more jobs and personal income), while others emphasize improving the quality of an economy (e.g., higher earnings and greater resilience).

There is no single recipe for advancing economic development. Approaches are typically tailored to local circumstances, with some focusing more on reducing barriers while others emphasize capitalizing on new opportunities.

Some common ways to think about structuring economic development efforts include:

- Recruit outside businesses, traffic, or residents.
- Incubate local businesses or entrepreneurship.
- Focus on needs/opportunities of a specific industry.
- Focus on building blocks that benefit all businesses, including technical support, telecommunications, access to financing, workforce training, and partnerships.
- Reduce the cost of business.
- Create higher-value or higher-margin products or services.

These different approaches are not mutually exclusive. In fact, it may make sense to pursue multiple strategies at the same time. However, given capacity constraints it is a good idea to focus on a limited set of priorities.

This report reviewed basic trends in the Wheeler County economy, and specifically considered public lands as an asset and remoteness as a barrier. A number of questions arise out of this research that can aid efforts to make Wheeler County more economically competitive. These are:

- Can higher-margin agriculture or manufacturing support more jobs?
- Is there an opportunity to create new destinations to draw people to the area?
- How best to increase tourism visitation, lengthen the time of stay, and expand opportunities to spend in the local economy?
- Can communities become more attractive to younger families?
- How to appeal to retirees?
- Can the spending of an aging population be captured more effectively?
- Can the challenge of distance be reduced?

This report agrees with the recent Oregon State University Extension Service analysis of Wheeler County, which found that the best return on investment would likely result from (1) assisting existing local businesses first (i.e., not focusing on recruitment of new business), and (2) capitalizing on the growing recreation market to stimulate amenity migration that would bring new businesses and retirees.<sup>1</sup>

It may be possible to coordinate an effort to provide support to existing businesses to overcome one or more

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<sup>1</sup> Sorte, Bruce. *Economic Impact and Facilities Analysis for Fossil and Wheeler County, Oregon*, Oregon State University Extension Service, Rural Studies Program, January 2013.

technical, financial, training, or other barriers to growth. This would be a problem solving effort, and likely involve partnerships and new investment.

It also may be possible to combine community and natural assets with new land designations or recreational opportunities, and a focused promotional effort. This could boost visitor traffic and lead to the migration of younger people who would likely bring business or business connections across a range of sectors, along with retirees and new spending.

Both of these approaches are tangible and would bring incremental change that could be absorbed by communities as well as create positive momentum.

Given limits to local capacity, it may make sense to consider working with non-traditional partners on common goals. Wheeler County likely needs new allies and outside investment to take a significant step forward. Openness to new partnerships and a willingness to try new ideas is a hallmark of adaptive communities.

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## About Headwaters Economics

Headwaters Economics is an independent, nonprofit research group with the mission of improving economic development and land management decisions in the West: <http://headwaterseconomics.org/>.

