

THE VIEW FROM RURAL OKLAHOMA

**A Joint Project
of
Office of State Finance
and
Department of Commerce**

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Rural Oklahoma lags metropolitan Oklahoma in many areas. Per capita income and average wages are lower in many areas, infrastructure and services are not available to the same extent, and some rural areas have experienced substantial population loss. While most Oklahomans agree that state government should take action to improve the rural economy and quality of life, there is little consensus on what should be done.

While some data exists for rural communities such as population, income, and housing status, other questions are more difficult to answer. What keeps most rural communities alive – industries that bring wealth to the community or government spending? As the rural population ages, are they spending their savings to keep the towns alive? Who's inheriting the wealth of rural Oklahoma – rural residents or heirs outside the community and the state? What do rural communities need to create new wealth and improve their quality of life?

Oklahomans are fond of saying that we know better what we need than the bureaucrats in Washington, D.C. Following the same logic, rural Oklahomans probably know what they need better than the bureaucrats in Oklahoma City. For this reason, the Office of State Finance (OSF) and Oklahoma Department of Commerce (Commerce) embarked on a comprehensive, year-long project to visit community leaders in 233 rural cities and towns. In general, communities were visited if they had at least one bank and a population of 500 or greater.

The format of the study involved bringing a group of community leaders--generally including business owners, newspaper editors, bankers, political leaders and representatives of important community organizations--together for a two-hour session with staff from the Department of Commerce. After some standard questions about business activity and development, community participants were asked what they thought was important to the survival and growth of their communities. The results are presented in the following pages. While the information is representative of what rural leaders said, the data included in the study was estimated by the participants, not collected in a statistically valid manner. The statements made during these sessions represent the views of the people present at the session and do not constitute a statistically valid sampling of local opinion.

Part I includes data and graphs on population size, business types, main sources of wealth in the community, and the proportion of government activity versus business activity. Part II summarizes the thoughts of community leaders in main categories and includes illustrative comments. Part III lists the communities surveyed.

THE VIEW FROM RURAL OKLAHOMA

Part I

Aggregate Community Data

Part I

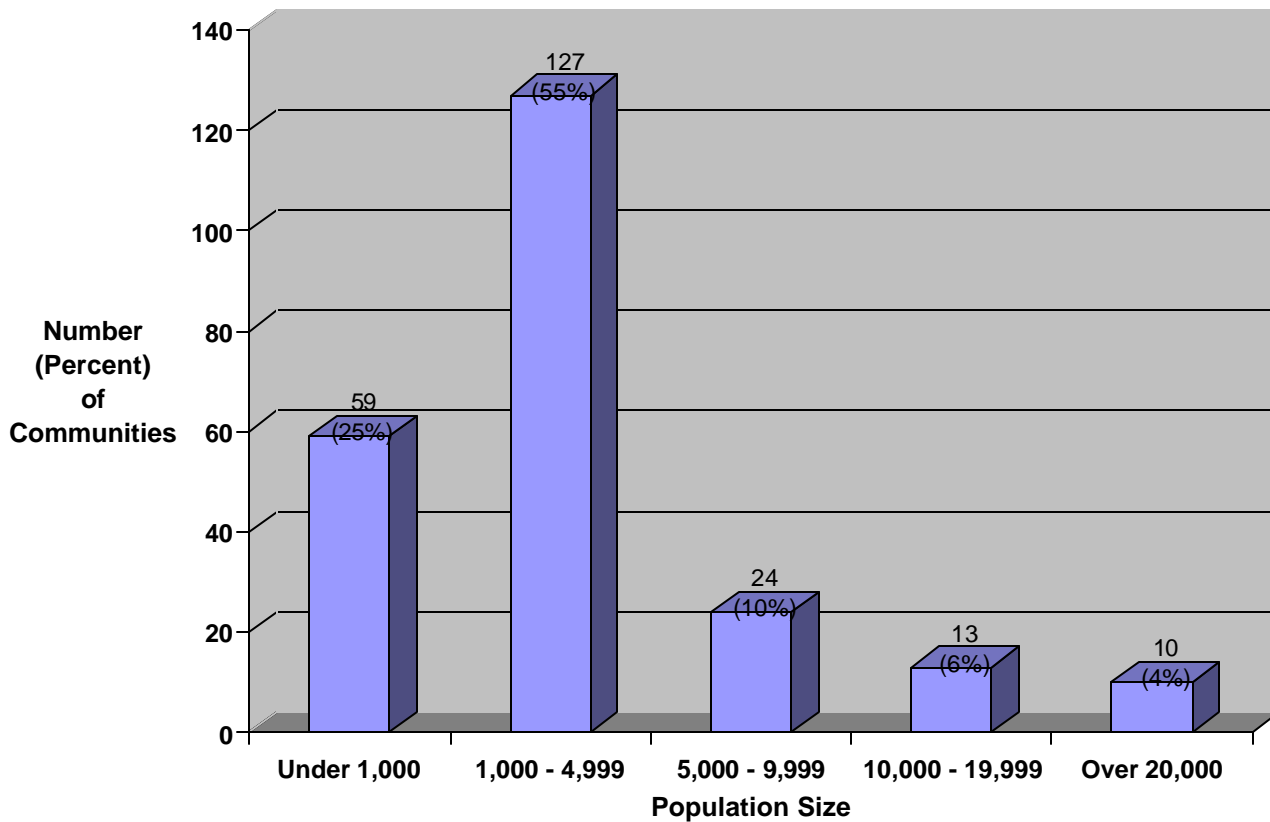
Aggregate Community Data

This section contains aggregate data for all the communities in the survey in the following categories:

- Population size of communities surveyed
- Business activity (communities with at least one of a particular business type)
- Business activity (communities with at least ten of a particular business type)
- Major sources of wealth cited by communities
- Employment in business enterprises and government
- Income from business earnings and government payments

All the data shown in this section was estimated by community leaders during the survey sessions. The exception is population data which is from the 2000 U.S. Census.

2000 Population Size of Communities Surveyed



In general, communities were surveyed if they had a population of 500 or greater and had at least one bank, although there were exceptions. Oklahoma and Tulsa Counties were excluded completely. A total of 233 communities were chosen; the smallest was Freedom with 271 people and the largest was Lawton with 92,757 people. The median community size was 1,672 people.

Business Activity in Cities Surveyed:

Number and Percent of Communities Reporting
At Least One
Business of This Type

Gas Station	229	98%
Church	225	97%
Restaurant	225	97%
Bank	225	97%
Farm Service Center	212	91%
Florist	198	85%
Newspaper (weekly or daily)	191	82%
Insurance agent	191	82%
Realtor	198	81%
Physician	178	77%
Pharmacist	166	71%
Certified Public Accountant	147	63%
Attorney	142	61%
Dentist	135	58%
Hospital	95	41%
Physical Therapist	93	40%
Stockbroker	92	40%
New Car Dealer	85	37%
Farm Machinery Dealer	74	32%
Radio Station	61	26%
Newspaper (daily)	40	17%

Community leaders were asked how many businesses they had in a number of different categories. This graph shows those business types which were found to occur at least once in the largest number of communities. Almost all communities have at least one gas station, church, restaurant and bank. Over three-quarters have a newspaper, although most of those are weeklies. Seventy-seven percent of communities have at least one physician and slightly under half have at least one hospital. Eighty – five percent of communities have at least one florist, even though they may lack many other types of retail businesses.

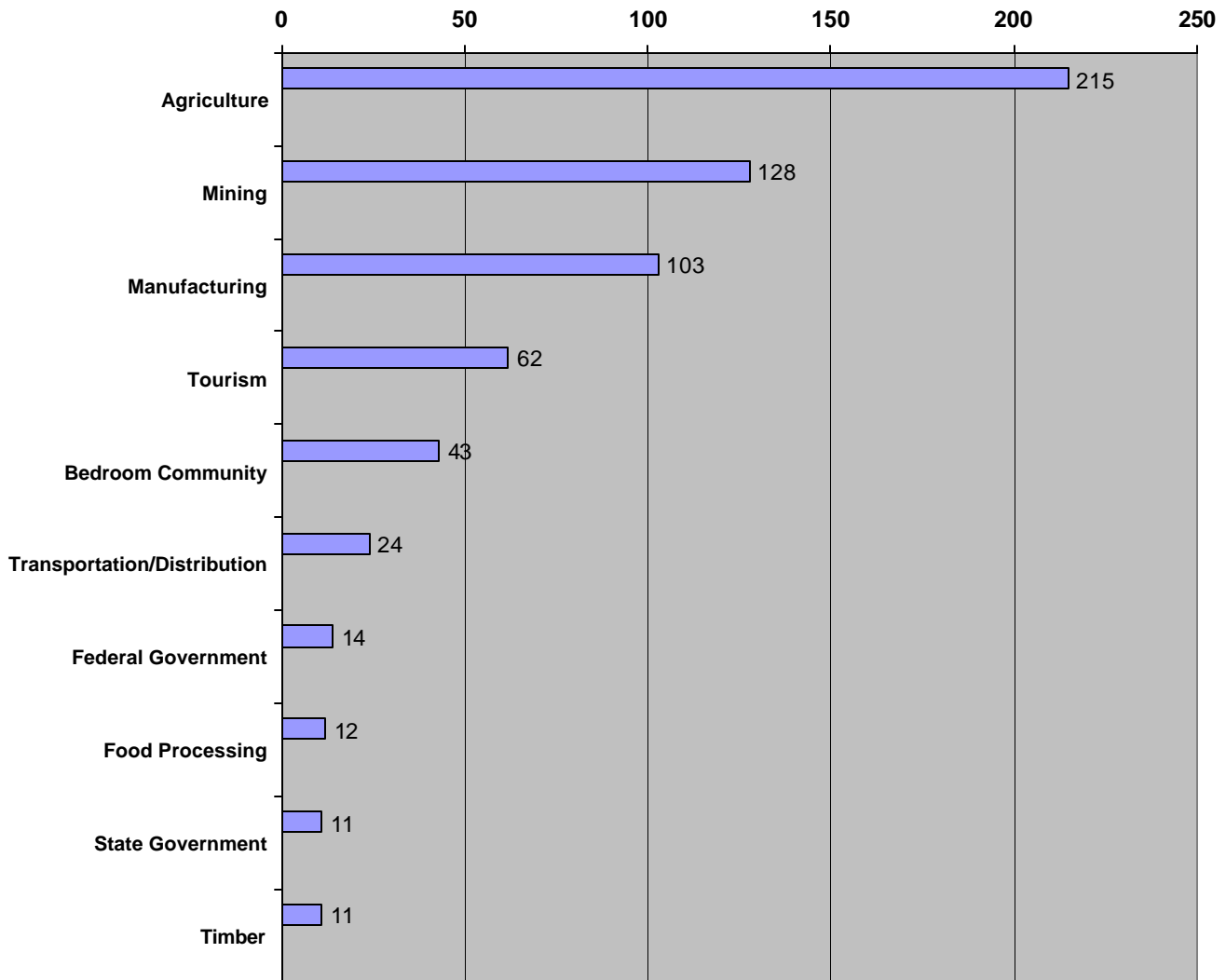
Business Activity in Cities Surveyed:

Number and Percent of Communities Reporting
Ten or More
Businesses of This Type

Churches	107	46%
Restaurants	59	25%
Attorneys	40	17%
Physicians	30	13%
Gas Stations	28	12%
Insurance Agents	21	9%
Realtors	17	7%
Certified Public Accountants	16	7%
Dentists	13	6%
Pharmacists	7	3%
New Car Dealers	4	2%
Florists	4	2%
Banks	2	1%
Stockbrokers	2	1%

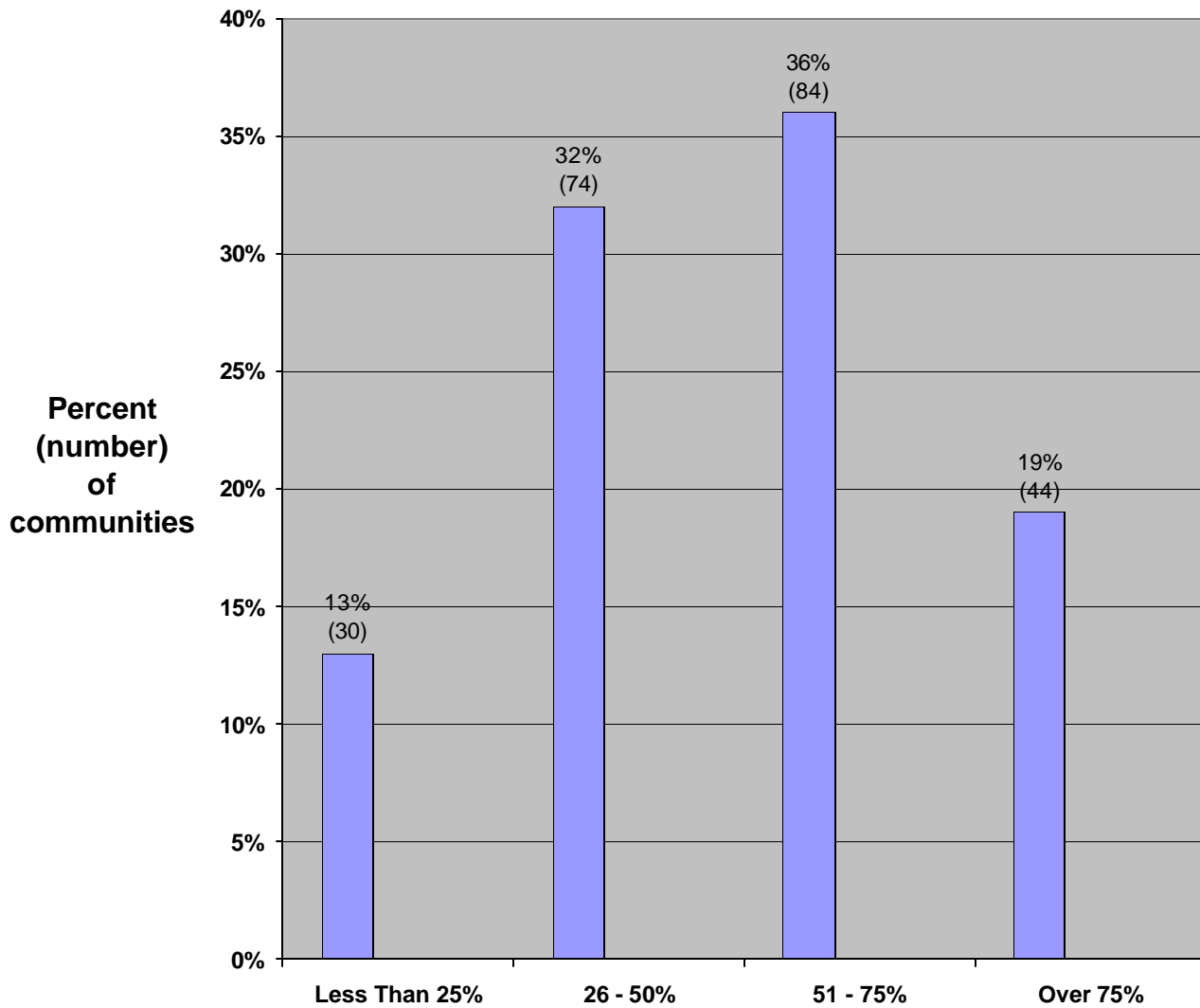
This graph shows the percentage and number of communities reporting ten or more businesses of a particular type. Almost 50% of communities have more than 10 churches, including many communities with populations of less than 2,000. One-quarter of the communities have at least ten restaurants. Thirty communities have more than 10 physicians, including several with populations of less than 10,000.

Major Sources of Wealth



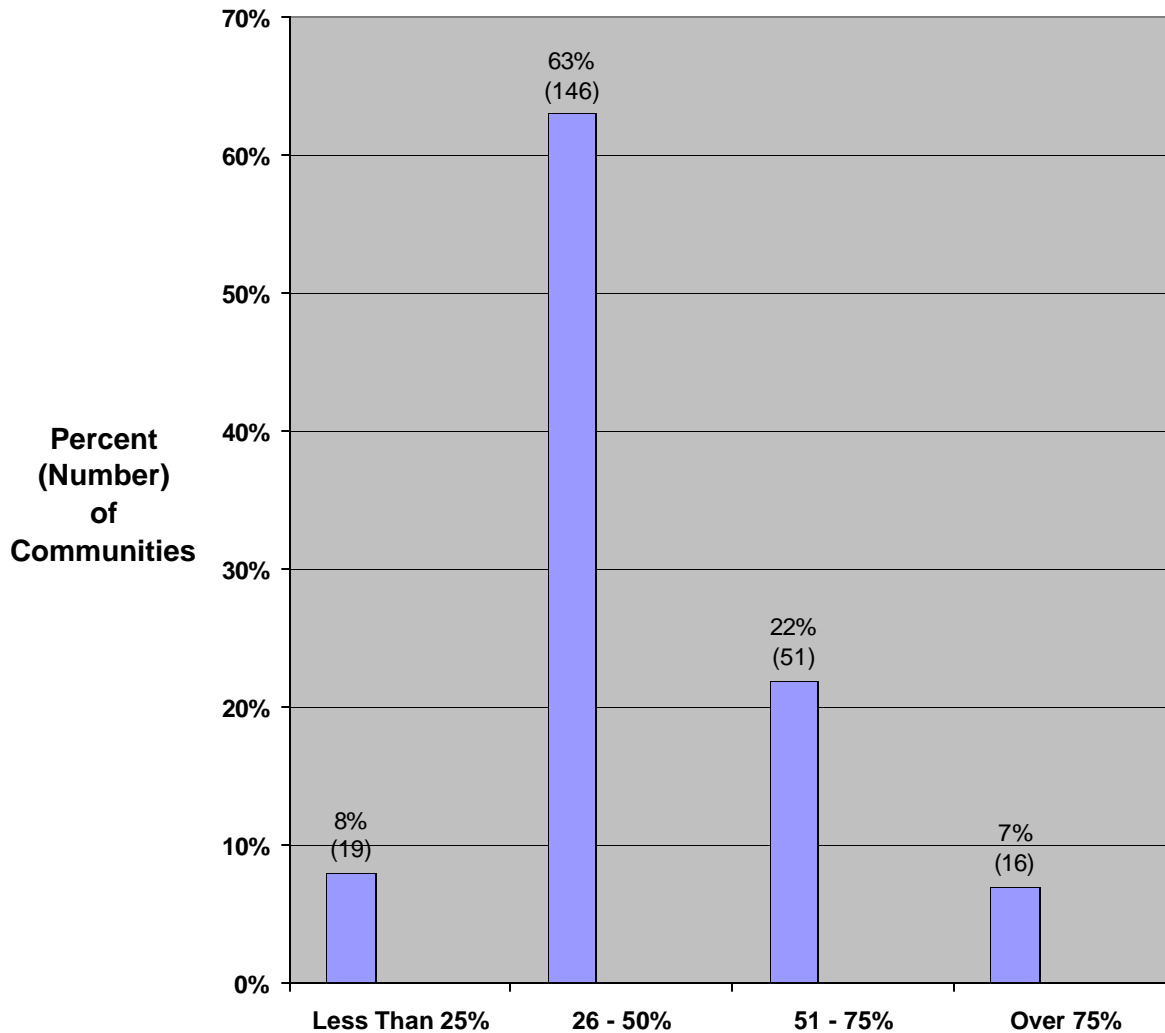
The survey asked community leaders to mention the major sources of wealth in the community, i.e. what brings money into the community from outside. This graph shows how many communities mentioned each particular source. This is based on the impressions of the community leaders, not quantitative analysis of any data.

Basic Industry Employment Share



Community leaders were asked to estimate the number of employees at businesses that are “basic,” i.e. that bring wealth into the community by selling a product or service to customers outside the community. They were also asked to estimate government employment. This graph shows the percentage of the total estimated employment that was in businesses rather than government.

Share of Income from Business Earnings



The survey asked community leaders to estimate the percentage of income in their communities that came from local business earnings and the share that came from federal and state government spending. This graph shows the percentage of income that local communities estimated came from local business earnings rather than government spending.

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Part II

Summary of Rural Leaders' Comments

Part II Summary of Rural Leaders' Comments

Some of the themes heard frequently in rural communities include the often-discussed issues of aging or non-existent infrastructure, poor transportation, lack of services, and difficulty in building new housing. Interestingly, most communities are not particularly concerned with leadership; they feel they have excellent local leadership with plenty of knowledge and plans for the community. The concern of these communities is a lack of resources to implement the plans they have and the paperwork, poor service, and regulatory burdens of attempting to access government grants, loans, and technical assistance.

There are few significant differences in the issues and challenges discussed by leaders in eastern and western Oklahoma. While these areas differ in the fact that western Oklahoma faces population loss and eastern Oklahoma is more concerned with low incomes and levels of wealth, the problems they describe are generally quite similar.

Most communities with significant business activity are concerned with workers' compensation costs, and corporate and personal taxes. Those that adjoin Arkansas are most likely to cite workers' compensation as an issue since Arkansas has a less costly and burdensome system. Those that are close to Texas are particularly concerned about Oklahoma's personal income tax and the higher wages paid in Texas, especially for public school teachers.

Almost all communities acknowledge the importance of regional cooperation and initiatives, but most have had limited success in actually implementing this concept.

The quotes in this section are representative of comments heard from rural leaders during this project. They do not necessarily represent the views of a majority of the residents of rural Oklahoma, or officials of OSF or Commerce.

(Subjects are listed alphabetically, not in any order of priority.)

Agriculture

The importance of agriculture to Oklahoma's rural economy is undeniable; in this study, 215 communities or 92% identified agriculture as a major source of wealth. Clearly Oklahoma has a great deal of knowledge and experience in this area. Yet agriculture is not always considered to have the glamour of "high-tech" or other industries. Many community leaders think more assistance is needed in marketing of products, agricultural diversification, and value-added initiatives. In addition, government agriculture programs often have fairly complex regulations and priorities that differ from local objectives.

- "If farmers in rural Oklahoma can't pay their bills, rural Oklahoma will fail economically and just dry up."
- "Every farm commodity is in trouble along with all our local farmers."
- "Israel makes money from agriculture even though they have more expensive land and water than we do. Farmers there grow high-profit crops such as flowers for the European market, instead of commodities. Why can't we do that here?"
- "Commerce and Agriculture need a coordinated strategic plan for the agricultural production and processing businesses that addresses the ability to grow in the future. Commerce needs to work to develop the agricultural economy. The Department of Agriculture is mostly a regulating agency and doesn't focus resources on markets and business development."
- "The government is against any type of animal facility; new facilities are being stopped without really giving them a fair opportunity to explain their plans."

Agriculture is undergoing structural change from small producers to larger, more efficient farming operations. Agriculture-related businesses are also becoming larger and often combine several processes and/or products. A number of communities mentioned the need to focus more on adding value to agricultural commodities. The Food Products Research Center at Oklahoma State University was mentioned as a possible lead in this endeavor.

- "We don't get the information that we need to modernize and diversify our agricultural sector or help us market our products."

Capital Availability

Many towns discuss a lack of capital available for new business ventures. The risk of doing business in Oklahoma and the small size of many rural businesses seem to contribute to this problem. Many towns mentioned that their banks are no longer locally owned and appear to have less interest in investing in the community. A few towns have organized groups of local residents who pool their money to invest in local businesses, but many others expressed difficulty in getting local residents to invest their money in the town. Others make use of government tax credits and financing programs, but again the complexity and regulatory burden of these programs discourage many. Some towns express concern about their "human capital", i.e., the experience and knowledge of local residents who die or leave town.

- "Investment tax credits need to be tradable for cash like federal tax credits. This would provide an incentive for business expansion and bring new venture capital to our state."
- "Most banks are not locally owned which presents a challenge."

- “Banks will loan on wheat or cattle; they don’t understand anything else.”
- “We need incentives for local people to invest in the local economy. There’s money here but we can’t get them to invest it.”

Almost all rural towns, 218 or 94% of towns in this survey, are seriously concerned about wealth leaving their community when elderly residents die because most of the heirs live outside the community. Many rural banks have struggled with declining deposits because of this inheritance pattern. Communities consistently cite the need for job opportunities and amenities to keep younger people living in the town. The exception to this rule appears to be when people own large tracts of land; heirs are likely to keep the land and keep some savings in the community. In fact, some towns discussed the difficulty of getting out-of-town heirs to sell buildings or land needed for development.

- “The best way to keep wealth in the community is to provide jobs for the kids.”
- “We’ve got land for development, but nobody will sell it.”
- “Our bank has lost over \$20 million in deposits in the last ten years, almost completely because people living outside the town inherit the town’s assets.”
- “Absentee property owners won’t maintain their buildings.”
- “Capital is leaving our town—we need incentives to keep it here.”
- “People would keep their savings in the community if the return was competitive.”

Economic Development

Most rural cities and towns in this area are painfully aware of their need for new jobs and investment. Almost every town has at least some organization or person that has “economic development” or “business development” as one of their responsibilities. Communities have mixed experience with professional economic developers. Some feel that they “take your money and run;” others feel that they have had good experience with professionals. Still others would like to hire a professional economic developer but do not have the funds.

- “Our experience with economic developers has not been good.”
- “Our Commerce regional director has been a great help since we have no professional economic developer.”
- “We hired a developer, but we couldn’t pay enough to get a qualified person.”

Regarding the climate for attracting and retaining businesses, larger communities particularly cite problems with Oklahoma’s tax system and workers’ compensation costs. Some feel that the corporate and personal taxes are too high. All towns that mentioned workers’ compensation were deeply concerned with its cost. Some towns suggest that the Quality Jobs program is not useful to small communities (this may be improved since the passage of the Small Quality Jobs bill in the 2002 session). Most agree that some kind of tax incentives for investment in rural Oklahoma would be helpful. Lastly, there’s some concern about the image of Oklahoma outside and inside the state.

- “Workers compensation costs here prevent us from competing at all with Arkansas.”
- “Workers compensation should be administrative, not in the courts.”
- “Workers’ compensation costs are killing local businesses.”
- “We can’t compete with Texas because they have no income tax.”
- “Business taxes are too complicated here.”
- “The Quality Jobs program does not fit many of rural Oklahoma’s businesses and industries; we need regional incentives and incentives for smaller businesses.”
- “Oklahoma’s image is terrible – cowboys and Indians.”
- “This town has lost all its pride. We need something to happen to get it back.”

Most communities agree that a regional approach to economic development has the most chance for success. The “circuit rider” economic developer concept or the regional approach works well for some communities; examples of well-organized regional economic development organizations include the Panhandle and Tillman County. A large number of communities would like to see the Commerce Department have one or more recruiters devoted exclusively to small deals for small towns in rural Oklahoma; their impression is that Commerce focuses exclusively on the metro areas and on larger towns with professional economic developers.

- “We need to recruit regionally – if it doesn’t work in one town, maybe it will work in another.”
- “Five jobs here mean as much as 500 jobs in Oklahoma City.”
- “We’d rather have ten 15-job businesses than one with 150 employees.”
- “The Commerce Department doesn’t refer companies to towns like us.”
- “Commerce needs a recruiter just for rural Oklahoma.”

Environmental Regulation

Business leaders in communities were generally supportive of the need for environmental regulation. Most leaders see Oklahoma’s clear air and water as a major selling point for the state. Their concerns generally centered around the difficulty of understanding the rules, changes in the rules over time, the length of time required to obtain permits, and the cost of compliance. Communities are also concerned that environmental regulation be based on sound proven science, not emotional appeals or inaccurate data. County zoning might also help to resolve some of our environmental problems.

- “DEQ keeps changing the rules on us without giving us any money to meet the new standards.”
- “We aren’t even applying for a new permit because it took us almost five years to get the last one.”
- “Texas has one-stop permitting and they are required to make a decision within a certain number of days. Oklahoma needs a system like that.”
- “We would like a poultry processing plant here, but we know we’ll never get one because of the folks in Oklahoma City.”

Government Grants and Loans

While rural communities lack resources, government grants and loans don’t seem to really help. First, the priorities of the government agency providing the resources frequently do not match the priorities of the community; thus, they end up modifying what they want to do to meet the goals of the government program. Second, there is a huge diversity of programs administered by a variety of agencies in a variety of different ways. In some cases, resources from these programs can’t be combined. Third, the rules of these programs are often complex and require excessive amounts of paperwork. Eligibility and scoring for various grant programs are not uniform, even with the same type of grant administered by different organizations. Many rural leaders can’t afford the time to become experts on all these programs and the communities can’t afford to pay professional grant writers and administrators. More than one town said “we can’t qualify for any grants” but when asked could not really explain what they meant.

- “I spend 80% of my time chasing after funds and 20% of my time running my programs.”

- “REAP applications need to be simplified. Standardizing the scoring would also help make the system more fair to all applicants.”
- “There are too many strings attached to state and federal funds.”
- “There needs to be a clearinghouse for information and assistance to apply for federal and state funds; otherwise, our town will never get it.”
- “We’re one of the few towns in Oklahoma with an economic developer and a grant writer. Our chamber and population are growing and we’re improving our utilities.”

An additional problem is that government grants and loans often impose regulations that increase the cost of a project. Requirements to use particular contractors or companies, pay federal prevailing wage rates, or re-do engineering work make projects less affordable for communities. The time required to obtain grants may also make some projects unworkable.

- “Requiring communities to use particular architects instead of local people who will charge less reduces the funds available for the project.”
- “Panhandle counties, towns and schools cannot afford to pay the costs of the requirement of using engineering, consulting and construction professionals that come from the other end of the state.”
- “We wanted to use CDBG-EDIF, but it takes four months to get the money even if you know what you’re doing.”
- “Most of the buildings we build come with pre-engineered plans and specifications. Why do we have to pay again for engineering?”

Programs that have income requirements create another roadblock for some rural residents. If an area has a few wealthy residents, those incomes can distort the average to the point where the community can’t apply, even if most residents have low or moderate incomes. Other towns ask why a lack of debt makes them less likely to qualify for grants.

- “We can’t qualify for grants because four people here have lots of money so the rest have to suffer.”
- “We have a hard time qualifying for grants due to the city not having enough debt. We’re thinking about going into debt just to qualify.”

Government and Government-Funded Programs

Government programs that provide information and assistance don’t fare much better than those that provide money. Communities make the same comments related to government priorities versus their own in the area of technical assistance. Complexity and lack of information seem to apply in this area as well. Technical assistance is offered by a variety of different agencies and efforts are rarely coordinated. Lots of communities feel that government should bring its services and employees to rural areas. Other organizations that are partially funded with state money, such as substate planning districts and cooperative extension, get mixed reviews. Smaller communities in particular feel that their needs are not being met by government or government-funded organizations.

- “People don’t even know what most state agencies do.”
- “We completed Certified Cities and Main Street but still nothing happens. All we got was a bunch of paperwork and a pat on the back.”
- “Let the locals decide what’s best for their community.”
- “Main Street worked for a while, but it was too expensive to operate for the benefit that it brought.”
- “Most state government employees are in Oklahoma City so they don’t know or care about rural Oklahoma.”

- “We need a better relationship with our substate planning district. They are not helpful to us.”
- “More state government employees should be moved to rural areas. There are a lot of things done in Oklahoma City that could be done just as well here.”
- “State government is a bureaucratic nightmare for rural Oklahoma.”

Communities are also concerned about the burden of some state government activities that seem inappropriately placed in small rural towns. For example, communities with state mental health facilities located within their boundaries talked about the difficulty of absorbing former patients that are released into the community. Another very small community has a mental health day care facility with hundreds of clients bussed in who simply walk the streets and sit on the corners each day. A town close to a turnpike discussed problems with out-of-state transients loitering and in some cases committing serious crimes.

- “How could we attract a business with all these people sitting on the street who obviously have nothing to do?”
- “The mental health system needs an overhaul so that people aren’t just dumped into rural towns.”
- “Over 40% of our prison population comes from off the turnpike and we get no compensation from the state for this.”

Health Care

The aging of the rural population is a major issue for many rural towns. Communities commonly expressed a need for nursing homes, retirement centers, assisted living facilities, etc. Communities concerned with attracting retirees from out-of-state cite the need for good medical care. Rural hospitals are concerned about low Medicaid and insurance reimbursements and the obligation to care for people who can’t pay. As in the metropolitan areas, smaller clinics and surgery centers are taking patients away from hospitals and operate more profitably because they don’t have to care for the indigent.

- “We really need a retirement facility because our population is growing older fast.”
- “Luckily the tribe in our area built an assisted living center.”
- “Medicaid reimbursements are lower in rural areas even though the cost of providing care is higher.”
- “The metropolitan areas should realize that, if rural hospitals all close, those people with no money are just going to come to their hospitals.”

Housing

Many communities cite a need for housing in the general price range of \$50-80,000, although some specify \$30-40,000 and others are looking for housing up to \$100,000 or more. Manufactured housing or multi-family housing may be an option at the lower end of the range and many communities find that custom building in the \$100,000 range is generally available. But stick-built, mid-priced housing continues to elude many communities. Government programs and incentives to assist in building this housing are sometimes described as excessively confusing and ineffective. Rental housing is also needed. In contrast to metropolitan areas, many rural communities are enthusiastic about subsidized low-rent housing in their area.

- “We’ve attracted new jobs to town, but most employees are living out of town because there’s no new housing here.”
- “We have places where two families are sharing the same house.”

- “We need Section 8: a low rent project would fill up fast if it were built.”

Both the risk and the cost of homebuilding appear to be higher in many rural areas. For this reason, building in the price range the communities can afford simply can't happen; the extra risk and building costs drive the price up to high. The poverty of many rural municipal governments only worsens this problem, because they are unable to provide new infrastructure necessary for new housing development. In this sense, the housing problem in rural communities is really an “income” problem. If business development can increase rural incomes, some of the “housing” problem will disappear.

- “The risk of real estate development is too high...most developments in rural Oklahoma will not build out or pay out in two or three years.”
- “Housing will be built when there is truly a demand and not just a need. The local economy will dictate this.”

Many communities mention a lack of skilled craftspeople – heating and air conditioning technicians, carpenters, plumbers, electricians, etc.—both for new homebuilding and for renovating and remodeling existing homes and commercial structures. Some suggest additional training programs or incentives to encourage students to train in these areas. Others suggest that regulation and licensing of these trades may be excessive.

- “All of rural Oklahoma suffers from a lack of carpenters, plumbers, and other skilled tradespeople. You can't get anything built or repaired.”
- “Homes and buildings here are purchased without inspections because there's nobody to inspect them. You take what you get.”
- “When tech centers train craftsmen, they should require that the craftsman remain in the local area for some period of time after graduating.”
- “Every licensed electrician has to be able to wire a 100-story, high-tech building, even if he's just going to work on two-bedroom homes.”

Some rural communities have dilapidated older housing in areas that are already served by municipal infrastructure, but they have difficulty tearing down these old houses. Numerous communities talked about impossible-to-meet regulations on demolishing and/or burning old houses, describing state environmental regulations as “a moving target.” Some have given up trying to comply and are simply circumventing the regulations.

- “We have old houses that need to be torn down and replaced with new ones, but what do we do with the rubble from the old houses?”
- “We need some affordable and clear guidelines for demolishing old houses or the housing will just continue to deteriorate.”
- “We just tear them down and burn most of it and hope nobody notices.”

Availability of land for expansion can also present a problem. Land annexed by rural water districts often keeps towns from expanding even when they attract new jobs and have a demand for new housing. Floodplain designation, land owned by American Indian tribes or the federal government can also prevent expansion. Rural communities are anxious for some solution that will allow them to expand their boundaries when they have job and population growth.

- “Rural water districts want to provide water and have the city provide sewer; this will not work. The rural water district and town are wasting money fighting each other in court instead of spending the money on things we need.”

Infrastructure

The vast majority of communities cite problems with water and sewer infrastructure; a significant number mention being under state and federal consent orders. Rural Oklahoma experiences periods when water becomes undrinkable. Landfill availability and low population density make waste management more difficult in rural areas. Communities should charge rates that provide for operation, maintenance, replacement and expansion of facilities, but low rural incomes and business profitability often make that difficult. In some sense, the “infrastructure problem”, like the housing problem, is largely an income problem, complicated by the long distances and low density of rural areas. Regional facilities are generally more efficient, but some towns are reluctant to abandon a substantial investment in their own facilities or let jobs go to a neighboring community.

- “All our infrastructure is absolutely at the limit.”
- “How can we raise rates when we have so many struggling families, elderly and businesses?”
- “We are selling water to neighboring towns; it helps us and it helps them.”
- “Landfill fees are killing most rural towns. We need to be using trash to make electricity.”

Ten or more years ago, telecommunications was touted as the great opportunity for rural communities –making distance and density irrelevant and allowing people to live anywhere but still access job opportunities and services elsewhere. To some extent this has happened; towns mentioned telecommuting, distance learning programs in their local schools, and good Internet access. But telecommunications doesn’t seem to be living up to this initial promise. A significant group of rural towns are “have-nots” without adequate access to high-speed telecommunications. Even cellular phone service and high-quality, dependable electrical service has become a challenge for many smaller towns, creating a disincentive for potential residents and new businesses.

- “We just need high-speed Internet access to be any kind of player economically.”
- “DSL is needed here for businesses to survive.”
- “Telecommunications costs are unreasonably high and the service is poor.”
- “High-technology industry demands reliable electrical service without fluctuations and outages.”

Leadership

In recent years, leadership programs have become a popular “solution” to rural Oklahoma’s difficulties. But a majority of communities in this survey, 151 or 65%, say they have good leadership and describe a well-functioning network of public and private organizations. In fact, only 29 communities (12%) in this survey say their leadership is poor and another 53 (23%) made mixed comments, generally about a lack of resources to accomplish anything or the loss of their younger citizens. While it might be tempting to assume that the leaders interviewed are just patting themselves on the back, their comments didn’t bear this out; in general, they were talking about cooperation between public and private organizations, the availability of volunteers and the activism of local government.

- “Our schools, our city government, and our chamber all work really well together.”
- “People here have a vision for the community and will take the time to get things done.”
- “We can always get people, including younger people, to participate.”

- “Most of our organizations work well together; however, the school is more progressive than the city government.”

Oklahoma communities also do well on the “civic club test”; in this survey, 196 communities or 84% have at least one civic club and 77 communities or 33% have three or more. Even many very small communities have well-organized civic clubs that participate in community and economic development.

Communities frequently mention the demand that complex government programs make on small town leadership. While a community may have a variety of active citizens and organizations, the complexity of accessing government assistance requires more effort than many small towns can afford. Communities can develop a great plan, but if getting funding proves too complex or if the community’s priorities don’t match government program priorities, projects never get off the ground and leadership begins to disappear. Part of the “leadership” problem in rural Oklahoma is more correctly described as a regulatory problem. In the same way that small businesses need regulatory relief because they don’t have enough employees to comply with all the regulations that large businesses can meet, small governments and small cities also appear to need regulatory relief.

- “Small towns just don’t have the personnel to complete all that paperwork.”
- “Our town is so small that business has to close so the city council can meet.”
- “We’re just tired of paperwork and no results.”
- “People are afraid to get involved because the time commitment may hurt their businesses.”
- “There aren’t any programs for what we’d like to do.”

A number of communities mentioned another regulatory barrier to leadership --laws and regulations preventing the participation of residents from the surrounding area in city government. For example, a resident may live in the water district or the school district, but outside the city limits. He or she may also own a business inside the city limits. But this person is unable to serve in local government or vote on local issues. Creating a larger economic or community development area with a governing board might mitigate this problem. There might also be legal changes which would make it easier for residents outside the city limits to participate. Annexing additional land is also an obvious solution, but that can create other problems with already-existing water districts and provision of city services.

- “Our business owners all live outside the city limits so they can’t vote on anything that’s important to them.”
- “If somebody lives in the school district, but outside the town, they ought to be able to participate in local government.”

Some communities that rate their leadership as poor or mixed do express an interest in leadership programs. But a number of participants commented that moving people out of leadership programs into real leadership has proved difficult. It isn’t clear that leadership programs really generate improved leadership.

Training for municipal officials is also mentioned by some participants. School board members and county officials are required to take training, but city officials generally are not. While some may benefit from

+additional training, mandatory training can also provide a disincentive for qualified people who would like to serve, but don't have much time.

Local government funding

Most local governments depend heavily on sales tax for funding. For this reason, communities seem overly concerned with the number of retail establishments in their town. They focus effort on keeping and attracting retail stores that primarily serve the local community instead of the manufacturing or processing business that bring wealth to the community. In many communities, the need for funding has driven local taxes up, discouraging retail businesses from locating there. Rural communities have also advanced a number of proposals to reclaim part of the sales tax paid by their residents in larger cities and metropolitan areas. As more sales shift to large chains and the Internet, and people spend larger percentages of their income on services, rural communities will have to find other means of funding local government.

- "We'll dry up if they take the sales tax off groceries."
- "Our sales tax is one of the highest in the state."
- "Sales tax revenue from larger cities needs to be redistributed to the local area."
- "REAP and CDBG grants have really been a lifesaver."
- "Traffic tickets are not really a good economic development strategy."
- "The city set electric rates high to fund city government, but that just makes it hard to attract business."
- "The tribe here has been very helpful to the community by bringing in federal funds and contributing to community projects."
- "The Indian nation in our area is building new houses and a retirement center."
- "The Masons are very active here and contribute matching funds for community projects."
- "The loss of federal revenue-sharing money has really hurt our community."

Funding school districts concerns rural communities as well. Since state funding is based on a per-student formula, many rural schools are losing money. Many communities commented that their kindergarten class is half or less the size of their high school senior class. When businesses close, property tax collections decrease, further impacting schools.

- "Decreases in pipeline assessments have hurt rural schools; these are assessed locally and not centrally and many are not assessed at all."
- "Federal money for educating American Indian kids keeps our school open."
- "Vouchers would work really well here because we have a great relationship between private and public schools."

Natural Resources

Many communities discussed natural resources in their areas and their belief that these resources could be used more effectively to create jobs and wealth. Resources cited include water, natural gas, oil, wind, sand, rock, timber, salt, iodine, fertilizer, coal, clay, gypsum, horticultural and ornamental plants, grapes, and ethanol. Leaders urged the state to provide some leadership in marketing and exploiting these resources for the full benefit to Oklahoma.

- "People are moving here from outside Oklahoma once they discover the potential for ranching in our area. We need to market this better."
- "We have a great water supply from the Arbuckle Aquifer. The Oklahoma Water Resources Board is helping us protect the water from pollution and better estimate the quantity available."

- “We have lots of coal that hasn’t been mined because it’s high in sulfur. But it can be used with new technology.”
- “We need a wind charger manufacturing plant; electric generation from wind will be the next boom for Oklahoma and we want to be at the front of it.”

Like agriculture, oil and gas is often considered part of the “old Oklahoma” and not relevant to its future. But this sector is far from dead and offers many new value-added and high-technology related industries. The sector will grow as dictated by world energy economics and politics. One hundred twenty-eight communities or 55% listed mining, mainly oil and gas extraction, as a major source of wealth. Several communities mentioned the potential of deep natural gas extraction.

Population

Almost all communities talk about losing their younger population; in fact, “brain drain” is a statewide problem that affects metropolitan Oklahoma as well as rural. While everybody agrees that job opportunities are the biggest part of the problem, it seems to be more complex than that. Many rural towns have lost the entertainment opportunities that used to exist for kids; towns frequently mentioned that they need a restaurant or coffee shop open in the evenings and on weekends. Television and cable reduced movie attendance to the point that few rural towns can support a movie theater. The 19th century opera houses that once existed in every small town are long gone. Communities don’t appear to organize youth-oriented events such as dances or festivals much either, in part because of a real or imagined concern about alcohol and drug use or vandalism. Unless rural towns provide job and lifestyle opportunities that appeal to younger people, they will continue to leave.

- “We need entertainment for our youth—laser tag, boys and girls clubs—anything that will keep kids in town.”
- “There is nothing to do in town for kids on evenings and weekends.”
- “Parents tell their kids to leave because they know there’s nothing here for them.”
- “We need fast food and recreation for kids.”
- “Our local college is actively recruiting kids from out-of-state which helps them and the community, but we’re not sure if we can keep them here.”

Another noteworthy trend is increasing diversity in rural Oklahoma. Many towns find that new jobs bring new groups—particularly Hispanics—to their communities; the Hispanic population in Oklahoma has doubled since 1990. The 2000 census also shows that Oklahoma has twice as many people as the U.S. average that describe themselves as belonging to more than one racial group. Most communities seem to adjust well to this phenomenon and restaurants and other services serving the ethnic communities often add new amenities for existing residents. For many towns facing population and workforce shortages, the ability to welcome new groups into their town will be critical. A similar state facing a worker shortage, Iowa, now has welcome centers at its borders with multi-lingual staff and information about communities and job opportunities. Iowa has also asked the federal government to allow unrestricted immigration from other countries into the state.

- “Hispanics are great citizens here.”
- “Our Hispanic workers are critical; the local economy would collapse without them.”
- “For the first time this year, our town festival included Hispanic foods, arts, and entertainment.”

Regionalism

Most towns acknowledge that regional efforts are an important part of developing businesses and providing services in rural Oklahoma. But many have difficulty implementing regional initiatives. Smaller towns feel that the larger hub cities don't recognize the importance of assisting them, even though most money earned in the smaller town is spent in the hub city. Even when the larger towns recognize their interdependence with the smaller towns, they may not see it as their role to assist the smaller towns.

- "Larger towns need to help smaller towns because a lot of our dollars end up there."
- "The metro areas need to commit to rural development, since most of everybody's money ends up in the metros."
- "We need to try to locate industry regionally; if it doesn't work in one town, it may work in the next town."
- "When smaller towns in our area are hurting economically, we really feel it here. The state needs to provide more help to small towns."

A surprisingly large number of communities, 48 or 21%, see being a "bedroom community" to a larger town as an important source of wealth and economic development. Some of them have detailed strategies for attracting residents who work in nearby larger towns. While this may seem obvious around metropolitan areas, it is also mentioned by many towns that are close to a non-metropolitan city. These smaller towns feel that they offer an attractive rural lifestyle, more opportunities to participate in the community, better school systems, and better recreation opportunities. This phenomenon provides another opportunity for regional planning and cooperation, but also another obstacle if towns feel they are competing for the same residents.

In many cases, services can be provided more effectively regionally than locally, but there still seem to be very few examples of this happening. Some towns feel that government assistance programs prevent or discourage regional initiatives. More than one community mentioned a need to revive the "circuit rider city manager program" formerly operated by Commerce. In other cases, state or federal laws may discourage regional provision of services, particularly across state lines.

- "Oklahoma needs continuity in planning, development and zoning laws from state to counties to local towns."
- "State grants should be tied to cooperative efforts between communities."
- "We have towns in eastern Oklahoma that do not have natural gas service, so they cannot grow or attract industry. The law prevents them from obtaining natural gas service which is available just across the border in Arkansas."

Others cite difficulties with "Friday-night football rivalries" and entrenched leadership in attempting to cooperate with neighboring towns. Many rural towns are deeply attached to their local school and see "losing the school" as a death knell for the community, although some have managed to implement mergers where the elementary school remains in one community and the high school is located in another. In some cases during this project, one community would indicate that a neighboring community would not cooperate; a visit to the neighboring community would elicit the same comment about the first community.

- "We need to cooperate better with the American Indian tribe in our town."
- "We need to think and plan regionally. 'Regional' is not a bad word for rural Oklahoma."

Tourism

A large number of towns feel that Oklahoma is missing the boat on its tourism potential, particularly along the I-40 and I-44 corridors. Many can identify a particular tourism resource within their region that could attract visitors and some even have plans to develop these resources. Most often mentioned is the potential for festivals around historical events, famous residents, etc. The most commonly cited obstacles include lack of money, no regional coordination, bureaucratic or regulatory barriers, and lack of effective assistance from the state. Towns near state lodges or state parks are particularly concerned about the lack of maintenance and new investment in these facilities. They feel that improvements to state facilities would be a boon both for state revenues and for the growth of nearby communities. A number of communities are also concerned about liability issues related to hunting.

- “We have hundreds of things with tourism potential – natural resources, history, etc. We need to capitalize on these.”
- “Just clean restroom facilities could get more people to stop.”
- “I-40 looks like a junkyard between El Reno and Clinton.”
- “Upgrading the state lodge facilities near our town is critical to our survival. State parks need to be run profitably.”
- “Early school starting dates in Oklahoma kill summer tourism.”
- “Oklahoma Indians have to go to Arizona or New Mexico to sell their products.”
- “Commerce and Tourism need to have a joint economic development strategy that incorporates tourism development.”
- “Tourism is a terrific opportunity for us but we can’t get anybody to visit from the Tourism Department.”
- “We need some full-time help from Commerce to help rural towns organize annual festivals or events. These provide a lot of economic activity and bring in money from outside the community.”

Transportation

Rural towns are greatly concerned about transportation in their region. Many observers believe that highway bypasses, four-lanes versus two-lanes, proximity to turnpikes and interstates can largely determine a town’s economic development success. Rural communities would like more input into transportation funding and priorities. The general perception, right or wrong, is that rural Oklahoma does not receive a “fair share” of state and federal funding. While funding projects based on population or traffic counts may seem to make sense, small towns are correct that this simply perpetuates the “status quo.” Turnpikes are particularly hard on small communities when access is limited.

- “ODOT is routing high risk freight through the center of our town which exposes us to unnecessary risk.”
- “Make the turnpike free and this would become a boom town.”
- “Money committed to rural projects gets diverted to metro center roads.”
- “The new four-lane road has really helped us; people are moving to town and our school district is growing.”
- “We’re losing huge opportunities for economic development along I-44 because most of it is a turnpike and travelers can’t get on or off.”

THE VIEW FROM RURAL OKLAHOMA

Part III

Communities Surveyed

THE VIEW FROM RURAL OKLAHOMA

Part III Communities Surveyed

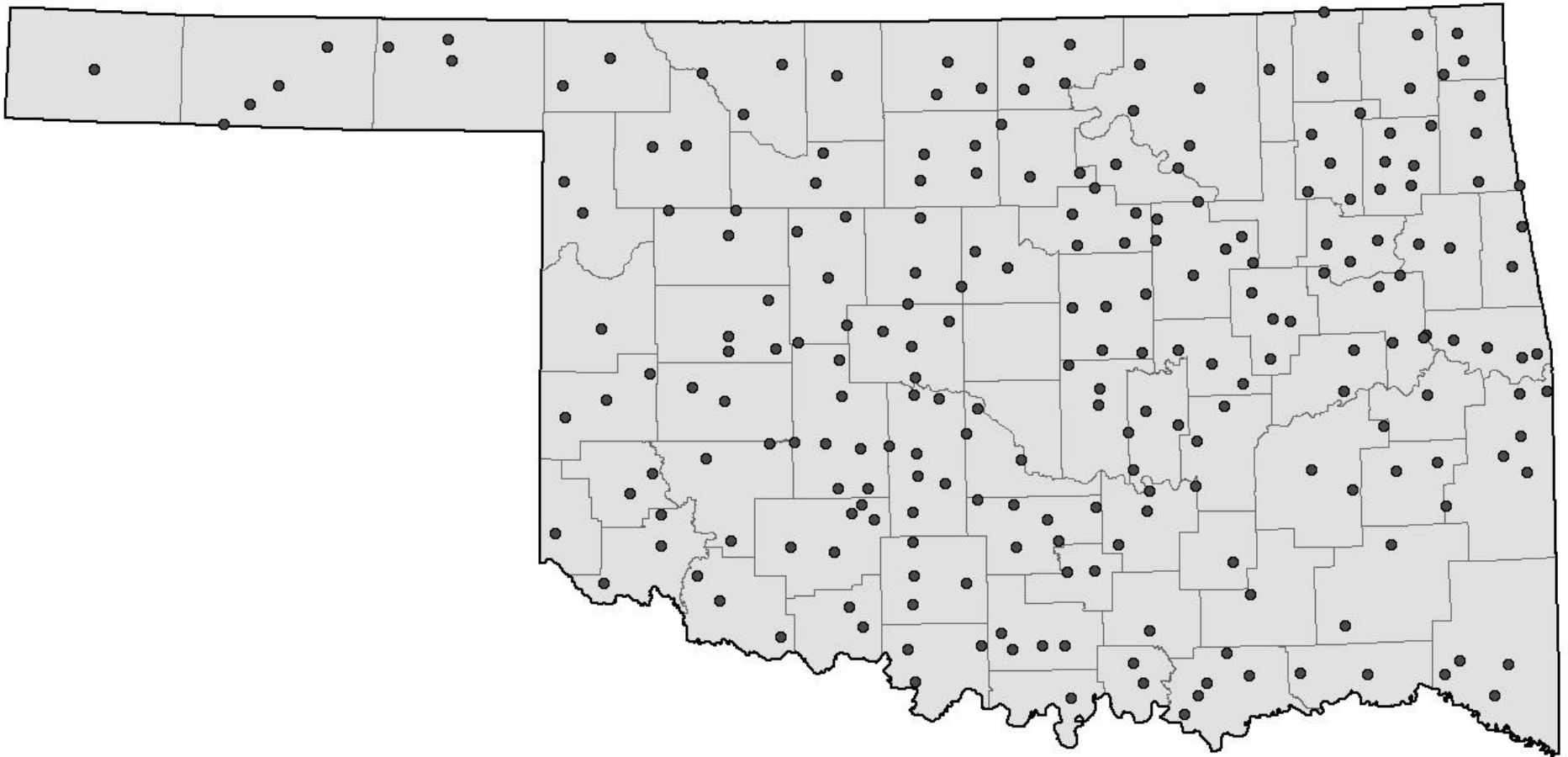
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Anadarko	Clayton	Grove
Antlers	Cleo Springs	Guthrie
Apache	Cleveland	Guymon
Arapaho	Clinton	Hartshorne
Ardmore	Coalgate	Haskell
Arnett	Colbert	Healdton
Atoka	Comanche	Heavener
Bartlesville	Covington	Hennessey
Beaver	Coweta	Henryetta
Beggs	Crescent	Hinton
Billings	Cushing	Hobart
Binger	Cyril	Holdenville
Blackwell	Davis	Hollis
Blair	Drumright	Hominy
Blanchard	Duncan	Hooker
Boise City	Durant	Hugo
Bokchito	El Reno	Hulbert
Boley	Eldorado	Hydro
Boswell	Elgin	Idabel
Bristow	Elk City	Inola
Broken Bow	Elmore City	Jay
Buffalo	Enid	Kansas
Burns Flat	Erick	Kellyville
Byng	Eufaula	Kingfisher
Cache	Fairfax	Kingston
Caddo	Fairland	Konawa
Calera	Fairview	Lamont
Calumet	Fletcher	Langley
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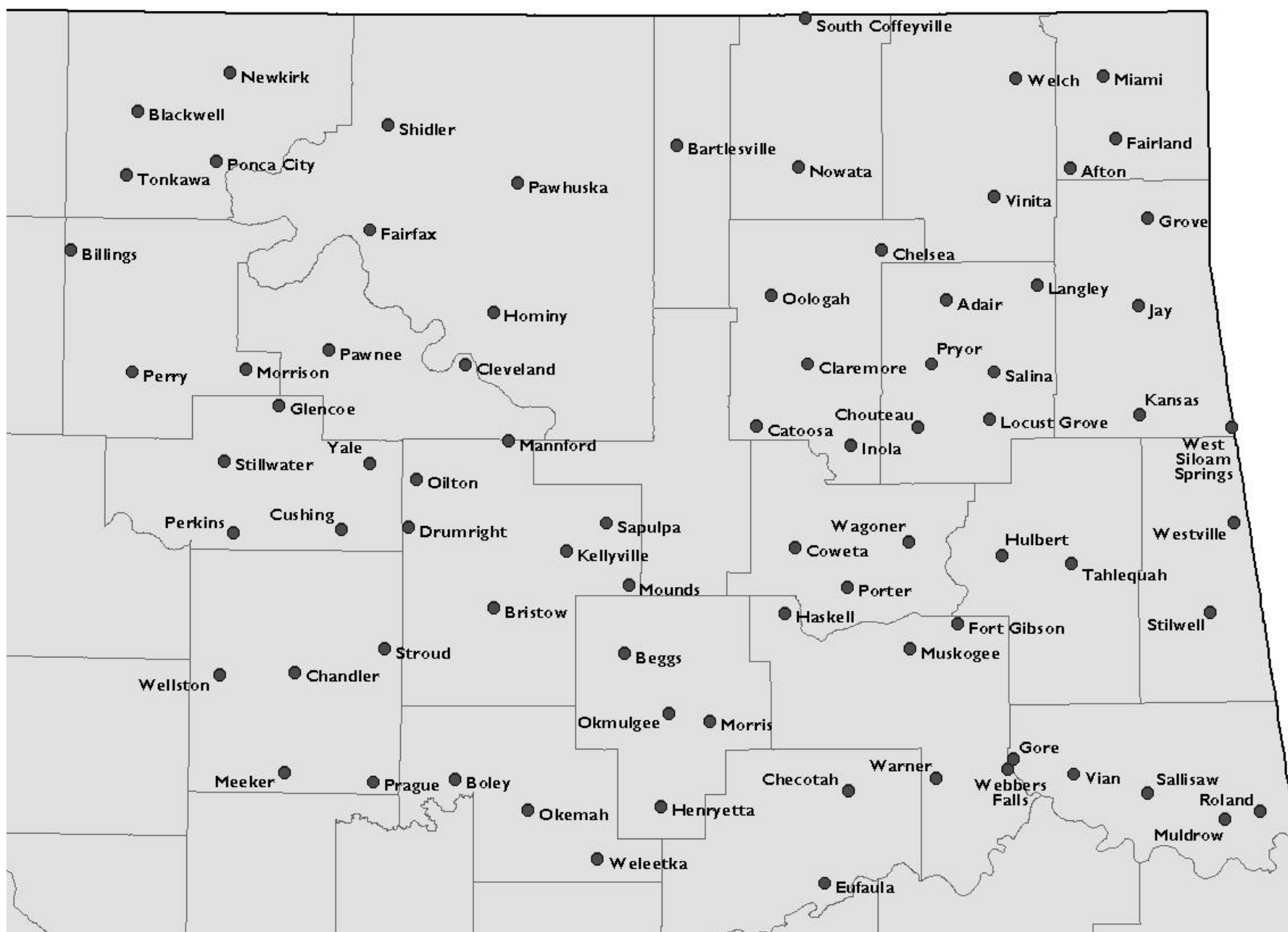
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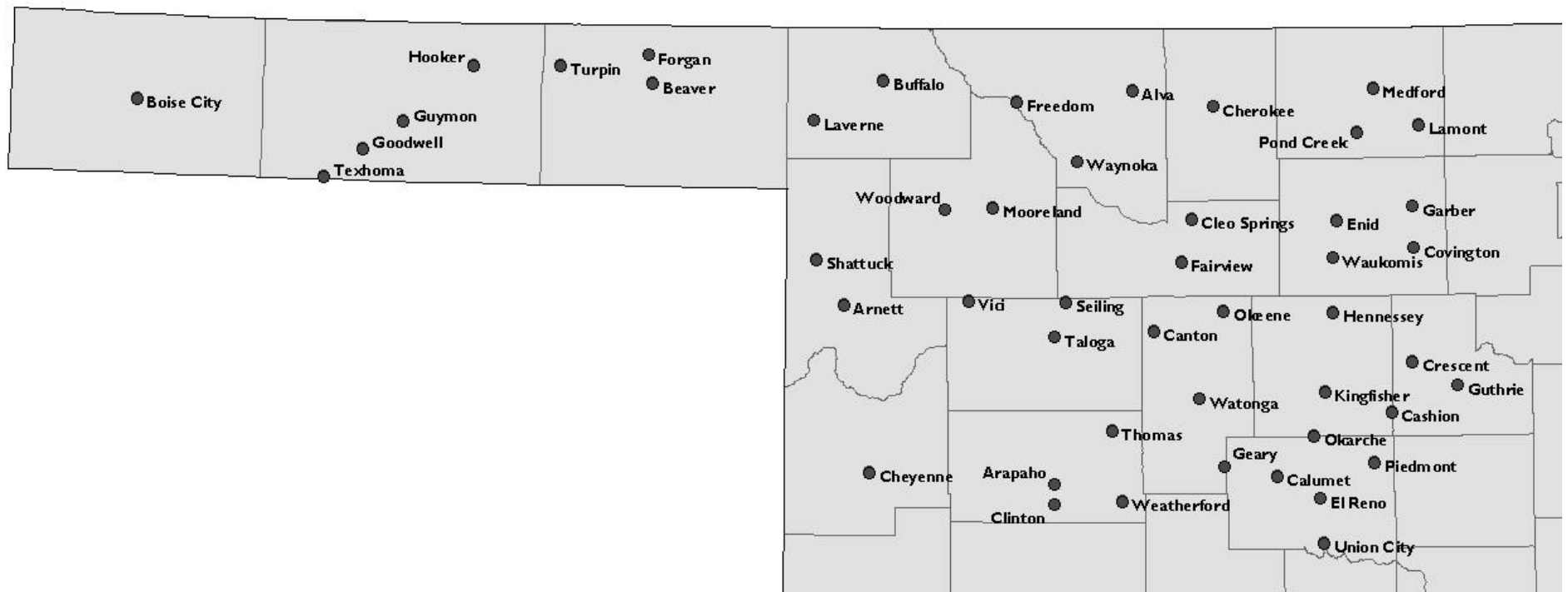
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Cities Surveyed











THE VIEW FROM RURAL OKLAHOMA

The survey of rural Oklahoma communities and this document were prepared as a joint project of the Oklahoma Office of State Finance and the Oklahoma Department of Commerce.

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