

Role of Universities in Economic Development:

A Look at the University of Tennessee at Martin and The City of Martin

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Abstract

This paper explores research of the role the University of Tennessee at Martin plays in local economic development. Research is taken from online publishings that discuss the University of Tennessee's strategic plan and other sources that discuss the role of universities in economic development. Other research is taken from local government meeting notes, a book, *INNOVATION U 2.0: New University Roles in a Knowledge Economy* (Tornatzky and Rideout, 2014), and a paper entitled *Top Trends in State Economic Development* (NGA, 2013) that discuss universities and states working with the public sector trying to create jobs and improve the quality of life for people living in the towns and region. This paper will have an emphasis on applicable Tennessee Certified Economic Development (TCED) coursework of strategic planning, management and community development. Additionally, entrepreneurship, accelerators and incubators will be mentioned but not examined in depth. This paper examines the findings to suggest that universities do play an important role in local economic development. The vitality of that role is determined by much open communication, trust and support from all involved, including funding from state government.

*Keywords:* economic development, community development, strategic planning

## Introduction

The City of Martin, to be home to University of Tennessee system school, has not seen the type of business, retail, or industrial growth one might expect from a university town. In comparison to other Tennessee system cities throughout the state, there has been nominal retail and industrial growth. This paper addresses the problem that there is a perceived disconnect between the University of Tennessee at Martin and the City of Martin. There is no Town and Gown program or relationship. However, there are no animosities between the two, but there is no true collaboration or open communication cohesion either. This paper examines recent local development efforts and examines the role of the University of Tennessee at Martin in those projects to determine if there is in fact a disconnect between the two. The local development projects examined will be the creation of a Tax Increment Financing (TIF) retail district and a Business Retention and Expansion (BRE) project with MTD, Products, Inc., and a recent site visit of the City of Martin's Spec building. Furthermore, the need addressed for purposes of this paper is to research and determine model Town & Gown relationships and what roles they play in economic development.

Is There A Role For Universities In Local Economic Development:

### An Analysis Of The University Of Tennessee At Martin and City of Martin

The University of Tennessee at Martin infuses the state of Tennessee with \$138.5M in income and supports more than 3,800 jobs (NWTN Today, 2010). The Center for Business and Economic Research at UT Knoxville also discovered that the UT Martin generates an estimated \$15.1M in state and local tax revenue each year. UT Martin's payroll for FY2008 for 2,152 full-time and part-time faculty, staff and student employees, was \$53.9M. The payroll spending effect was \$107.8M and accounted for 762 additional jobs. The study further suggests that \$16.3M spent on goods and services in the state led to \$10.5M in income for the state and the creation of 256 additional jobs. UT Martin students spent nearly \$47.4M, accounting for \$20.2M in income and 674 jobs. The report did not include the impact of visitors attending non-athletic events. (Associated Press, 2010).

The University of Tennessee Strategic Plan, Comprehensive plan 2012-2017 mentions economic development in subsets of goals through fostering outreach and engagement and in the form of advocacy for the University of Tennessee system. The implementation of a dashboard is a goal to track, measure, and communicate outcomes for improvements to quality of life and economic development. The second mention of economic development is in the role of advocacy for the University of Tennessee through the promotion of its contributions to economic development and quality of life. (University of Tennessee, 2012)

UT Martin had a Three Year Plan 2009-2012 detailing Regional Economic Development as an actionable item to develop and coordinate improved partnerships between the campus and regional economic development service presidents. The

measurable goals were as follows: promote economic development in the region through individual and collaborative initiatives through College of Business and Affairs, R&D support in the areas of science, technology, engineering and mathematics to provide professional development and post-baccalaureate courses for labor and workforce, strengthen external partnerships to enhance the scope of extracurricular learning opportunities involving corporate and community partners. (University of Tennessee at Martin, 2009)

UT Martin has also been actively engaged in the creation of the Regional Entrepreneurship and Economic Development Center (REED Center). The REED Center also houses the TSBDC and was established to meet the needs of existing and potential business owners through one-on-one consultations and interactive training programs. It serves as a hub of information for prospective entrepreneurs and owners of existing small business who need individual consultant services, group training services and associated technical resources. The REED Center offers courses, workshops and training sessions that respond to the needs of small businesses and supports regional economic development. (University of Tennessee at Martin, 2014)

There is a partnership between the Tennessee Connect and Grow accelerator and the UT Martin Department of Agriculture. The state of Tennessee has placed much emphasis on economic development through regional entrepreneurship accelerators based on a regional best practice of the Nashville Entrepreneur Center (Sparks, 2014). The biggest industry in West TN and Martin is Agriculture and

ag-related industries. The success stories of the AgSmarts and Stony Creek Colors are great examples. In fact they were two of ten across the state selected by Launch Tennessee to participate in this year's cohort of The TENN, a unique master accelerator program for graduates of Tennessee's nine startup accelerators. The TENN is sponsored by UBS, a global financial services firm with a presence across Tennessee, including the recently opened UBS Business Solutions Center Nashville. (Connect & Grow, 2014)

- AgSmarts, NW TN Entrepreneur Center – NextFarm, Martin: AgSmarts is a Precision Agriculture company that automates existing agricultural irrigation systems with their universal retrofit solution to optimize crop yield and minimize costs.
- Stony Creek Colors, NW TN Entrepreneur Center – NextFarm, Nashville: Stony Creek Colors seeks to deliver the most reliable and sustainable plant based colorants to the textile industry worldwide.

The City of Martin has been aggressive over the past two years in marketing its Spec Building, creating a TIF Retail district, and a BRE with MTD, Products, Inc. The City of Martin has its own Community and Economic Development Department, Martin Business Association, and Martin Industrial Board, separate of Weakley County. The City of Martin Board Alderman has one alderman who is affiliated with the University of

Tennessee at Martin. The Martin Industrial Board chairman is a faculty member of UT Martin. The City of Martin is the retail center of Weakley County based on sales tax collections at the rate of sixty-six percent for the county (Tennessee Department of Revenue, 2014).

The City of Martin has had interest its Spec building from a Canadian company that is privately owned. A site visit was made and a presentation was given. Martin is still on the short-list of interested sites. (Martin Industrial Board, 2014)

Two years ago, the Martin was approached by a privately developer to help with incentives for a new retail development site. The City of Martin, being a rural city, is limited on retail incentives, suggested the creation of a TIF district. The Martin Industrial Board agreed. The TIF district was created and the University Commons shopping center is open with full occupancy of new retail. (Martin Industrial Board, 2012)

MTD Products, Inc. approached the City of Martin in 2012 in regards to the willingness to expand its operation in Martin. The City of Martin reached out to the Martin Industrial Board and the State of Tennessee regarding Business Retention and Expansion programs. All were able to work together, and the end result was the creation of 225 new full-time jobs in Martin. (Martin Industrial Board, 2013)

Those involved in each of these projects included elected city officials, those represented as mayoral appointees to committees, and city administrative staff. While those groups consist of Martin residents, staff, and business owners, there are some appointees who are faculty and staff at UT Martin. However, those function in a role separate of an official representative of UT Martin.

This paper also looks at roles of universities in other communities. Through

research Arizona State University, University of Florida, Brigham Young, California Institute of Technology, Clemson University, Carnegie Mellon University, Georgia Institute of Technology, Massachusetts Institute of Technology, North Carolina State, Purdue, Stanford, and University of Utah all were listed as leading universities in the nation for economic development best practices. *Innovation U 2.0: New University Roles in a Knowledge Economy* is about how technological innovation, entrepreneurship and business partnerships happen at the twelve universities. Each of the schools are examined and examples are given of universities working with the public sector, trying to create jobs and improve the quality of life for people living in their towns and the region. The book offers best practices as a model that universities could adopt. Of the aforementioned Clemson University more closely resembles the University of Tennessee at Martin and the City of Martin—mainly the City of Martin as its population is similar at 14,000. (Tornatzky and Rideout, 2014)

Clemson student population is somewhat larger than UT Martin, 17,000 vs. 7,500. Clemson University has intensive research and development programs engaged with the business and industry. There are 88 centers or institutes. Not all are necessarily related to R&D and fostering technological innovation. Some have a strong linkage to teaching or academic matters. (Tornatzky and Rideout, 2014)

A South Carolina initiative called SmartState was established by the state's General Assembly in 2002 with \$180 million of non-tax revenue generated from the South Carolina Education Lottery. This investment is paying off, as the SmartState

Program has already attracted more than \$1.4 Billion in investments in South Carolina from businesses and foundations in search of innovation, collaboration, and talented, well-prepared employees. SmartState also is responsible for the creation of more than 8,000 jobs, and the program continues to attract a prestigious list of corporate partners such as BMW, Boeing, GM, SCANA, Fluor and many more eager to pursue joint research with our state's research universities and employ their graduates. Appropriated South Carolina Education Lottery funds and legislatively mandated dollar-for-dollar matching non-state funds provide support for hiring researchers, who serve as the endowed chairs of these SmartState Centers. Since its inception, the SmartState Program has brought the knowledge and expertise of 43 world-class scientists to South Carolina. The University of South Carolina is the lead or sole research institution for 18 SmartState Centers and is a supporting research collaborator in eight more, working with the Medical University of South Carolina and Clemson University. Carolina's other research partners are South Carolina State University and Coastal Carolina University. (Tornatzky and Rideout, 2014)

Clemson University and the City of Clemson attribute much of their success of in local economic development to their nationally recognized Town & Gown relationship. The two continue to build upon the existing relationship, have open lines of communication, communication, and transparency, the city and university pattern to build projects that are bigger and better together than they would be separately, and work taught on local government planning in transportation and parking. The vision of the Clemson Town & Gown is to have complete and open sharing of information to

allow decisions on planning proposals and projects, City and/or University, to promote economic growth and quality of life. (City of Clemson, 2014)

### **Conclusions and Future Study**

The University of Tennessee at Martin plays a vital role in the local and regional economy. Those facts cannot be disputed: job creation, tax collections, payroll spending effect, and education. However, the defined role of having a “seat at the table” and direct input and involvement is noticeably absent in local projects and planning.

UT Martin and the City of Martin to communicate and collaborate on city projects and University projects to maximize the benefit in future planning. It is a recommendation that the City of Martin and UT Martin have two designated staff persons in leadership work together and share information openly with the Mayor and Chancellor. It is important to know the right hand knows what the left hand is doing.

The establishment of a Town and Gown program is recommended to best accomplish the deficit in collaboration and communication—closely modeled after Clemson. Successful Town and Gown programs have successful economic and community development programs. The recommendation would help to prevent duplication of services offered at the REED center with the Northwest Entrepreneur Center, Connect and Grow, aid long-term strategic planning, and benefit long-term retail and industrial growth plans.

In 2008, the UT Martin conducted the Three Year Plan. No further plans could be found online; however, there is, in all likelihood, a more current strategic plan. It would be good for proper conclusions to have access to more current data from the University of Tennessee at Martin on the Three Year Plan.

According to the National Governors Association, the state of Tennessee is nationally recognized for its emphasis on finding and providing services for start-ups and companies with high growth potential. The Nashville Entrepreneur center was a model for nine regional accelerators across the state (NGA, 2013). While the research findings do uncover two success stories in Martin, additional research is needed to determine if that is a truly successful model for rural economies. Where UT Martin has been engaged in the accelerator program, there has been success.

The University of Tennessee system does set forth in its long-term strategic plan the concept of economic development in two separate goals. Further research or interviews are necessary to determine what specific emphases of economic development and quality of life improvements the University is expecting to target. Additionally, it is of interest what the UT system's strategic plan defines their perceived role in economic development.

The City of Martin has made positive strides in three major economic development projects. The level of involvement of the University of Tennessee of Martin could not be documented through research online. However, there are University staff persons appointed and elected in local government boards and committees. It would be of benefit to further research their roles, whether it be as citizens or as liaisons to the University as well.

There is much more research available regarding Clemson, Clemson University, and the state of South Carolina collaboration for economic development. Clemson founded the first Town and Gown program. Clemson has its city strategic plan available online for further research. (City of Clemson, 2014)

A strong Town & Gown relationship between the City of Martin, UT Martin, existing businesses and industry, and residents will strengthen local economic developments. A strategic plan should be conducted in the Town & Gown initiative to develop a shared vision, mission, defined role, goals, and actionable items.

A better understanding of the cultural history of Martin and UT Martin, city and university leadership, students, faculty, residents, and existing business and industry, are all important for an accurate analysis for offering solutions. Open communication and positive communication are the foundation for true collaboration.

“Failure to plan is planning to fail,” Churchill. It is a fact that cities, projects, and community and economic development can all survive without universities.

However, through university partnerships cities, projects, and community and economic development can all achieve more sustainable, meaningful development through well-cultivated Town & Gown relations.

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