Rural Economic Development: Local Practitioners as an Incentive

UTCIS Tennessee Certified Economic Developer Capstone Project
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September 3, 2025

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Introduction

The role of local government in economic development has grown increasingly complex as communities seek to attract private investment, create jobs, and improve quality of life. In Tennessee, traditional economic development efforts have largely focused on incentives and technical assistance. Incentives might include tools like tax abatements, infrastructure grants, and discretionary funding, while technical assistance might include site selection support, research, and the administration associated with incentive awards. While these tools remain effective in many urban areas, rural communities often lack the staff, infrastructure, and technical capacity to compete for new investment. As a result, they are frequently left behind in statewide economic growth.

This project examines the structural challenges rural communities face in economic development and proposes a policy solution that reframes technical capacity (specifically, the presence of a trained local economic development professional) as a core component of Tennessee's incentive strategy. Drawing from state-level incentive data, national best practices, and a functional breakdown of the business development process, the research highlights how the absence of local practitioners contributes to an inequitable distribution of resources and missed opportunities in rural Tennessee.

While financial incentives may influence business decisions in some cases, data and practitioner insight suggest that the presence of knowledgeable, proactive local staff is often more impactful (Betz et al., 2012). These professionals serve as the connective tissue between local government, state agencies, utility partners, and private industry. Yet in Tennessee, 24 counties have no full-time economic development staff at all, and another 28 have only one practitioner to manage every stage of the business development process (Egly, 2025).

The business development process—from market research to site selection, permitting, financing, and workforce readiness—is complex and multifaceted. In rural areas, even when sites are available and state incentives are on the table, the absence of local staff to manage these steps often causes projects to fall through. Furthermore, rural communities tend to have higher barriers to access for small businesses and entrepreneurs, many of whom are ineligible for traditional programs like FastTrack.

This paper argues that Tennessee's economic development strategy must evolve to recognize local capacity as a true incentive. By funding rural economic development staffing, professional development, and locally administered business support programs, the state can increase project readiness, support small business growth, and generate a stronger return on public investment.

Through this capstone, I propose a statewide framework to fund and support local practitioners in rural Tennessee, positioning these individuals not as overhead, but as strategic infrastructure essential to equitable and sustainable economic growth.

Rural Economic Development: Local Practitioners as an Incentive

Economic development incentives in Tennessee and across much of the United States have historically been structured to favor large-scale, capital-intensive projects. These are the kinds of investments that bring hundreds or even thousands of jobs at once, typically in manufacturing, logistics, or corporate office operations. Such projects often receive priority because they promise immediate visibility, measurable returns, and the kind of headline-grabbing announcements that signal progress. Yet this approach, while effective in urban regions with robust infrastructure and professional capacity, has unintentionally left many rural communities behind. The fundamental challenge is not a lack of vision or determination in rural areas, but rather limited technical capacity, insufficient staffing, and fewer resources to compete in the highly competitive site-selection process. Without dedicated professionals to prepare sites, manage relationships, and advocate for their communities, rural counties are often unable to position themselves as viable candidates for these transformative projects.

This capstone project seeks to address that imbalance. Building upon and expanding Egly's earlier graduate work at Lipscomb University, the project makes the case for a statewide funding mechanism specifically designed to support local economic development practitioners in rural Tennessee counties. The idea is both straightforward and innovative: if Tennessee can invest in physical infrastructure, tax incentives, and grant programs to make communities "project ready," then it can also invest in the human infrastructure—trained, professional economic developers—who are essential to navigating these opportunities. By reframing technical support and staffing as a legitimate form of economic incentive, the project challenges the state to broaden its definition of what it means to prepare communities for growth.

The research underpinning this proposal is grounded in multiple sources: statewide data on incentive distribution, which reveals significant disparities between rural and urban counties; national models that demonstrate the effectiveness of investing in people as well as property; and best practices drawn from both economic development theory and the lived experience of practitioners in Tennessee and beyond. Together, these sources highlight a critical truth: dedicated, place-based local capacity is not simply a helpful addition to economic development, but it is a scalable and sustainable tool that directly impacts whether rural communities thrive or fall further behind. When practitioners are in place, they create the connective tissue that binds together state agencies, local governments, utility partners, and private industry. When they are absent, even the best incentive packages risk going unused, and opportunities are lost before they can take root.

I. Overview of Economic Development Incentives in Rural Tennessee

Economic development incentives have long served as one of the most visible tools in the toolbox of state and local governments, designed to stimulate job creation, attract private investment, and shape long-term economic growth. Governors and mayors often tout incentive packages as evidence of progress, while communities celebrate announcements of new industries as validation of their competitiveness. In Tennessee, programs such as FastTrack and local PILOTs are structured to support large-scale projects that promise substantial job creation and capital investment. While highly effective in urban areas, these programs are often misaligned with the realities and constraints of rural communities.

Tennessee's rural counties, especially those designated as "at-risk" or "distressed" by the Appalachian Regional Commission, face systemic barriers to economic development. These counties often lack the technical capacity, infrastructure, and access to capital needed to compete for major projects (Gibson, 2019). Even when traditional incentives are available, smaller communities are rarely competitive in the site selection process without consistent and strategic local engagement.

Data highlights a significant imbalance in how state-level economic incentives are allocated between urban and rural counties. The Tennessee Department of Economic & Community Development classifies 17 counties as urban and 78 as rural. According to OpenECD, 710 companies have secured more than $833 million in FastTrack Economic Development funds since 2017, pledging to create 112,645 new jobs (Development).

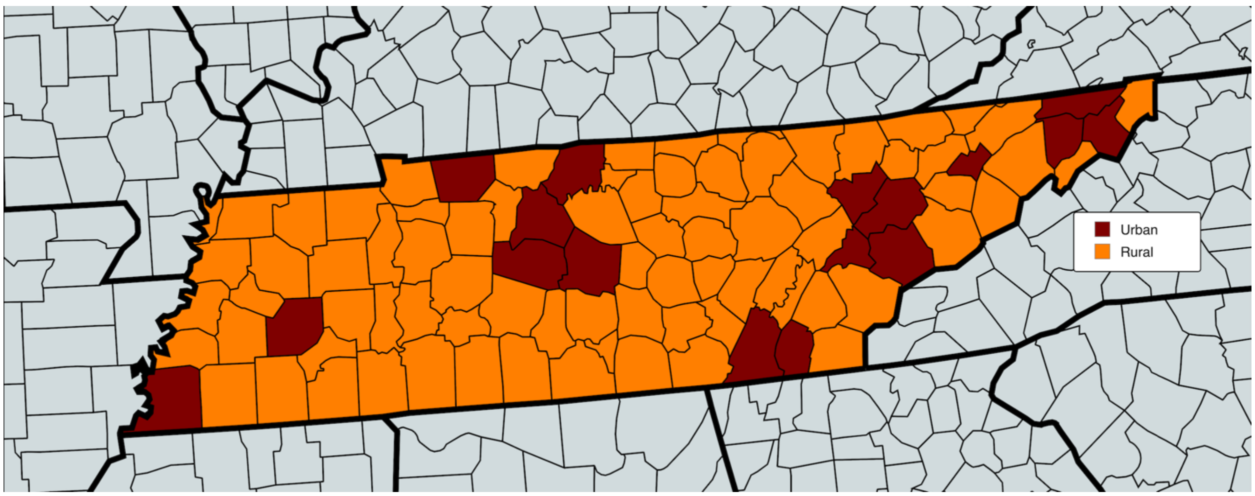
Between 2017 and 2025, rural counties received $385.5 million across 333 projects, while urban counties captured $448 million through 377 projects. On the surface, this distribution seems relatively balanced. Yet the picture changes when factoring in two fast-growing suburban counties—Maury and Wilson. Companies in these two counties alone pledged 10.2% of statewide jobs and drew down $157.4 million in grant funds, or 18.8% of all awards.

When their totals are grouped with urban counties, the distribution becomes more lopsided: urban counties account for $605.4 million (72.6%), while the rest of rural Tennessee claims just $228 million (27.3%). This disparity is not the product of favoritism, but of structural challenges; most rural communities lack the resources and capacity to compete for large-scale, incentive-driven projects.

Furthermore, the current incentive framework overlooks the importance of small businesses and microenterprises in rural economies. These businesses often do not meet the thresholds required for state programs, despite being the backbone of rural job creation and stability. As a result, they remain underserved and unsupported, widening the rural-urban gap in economic opportunity.

The core issue is not just about funding; it is about readiness and representation. Rural communities cannot attract transformative investment without skilled local professionals who can guide project development, manage relationships, and advocate for the needs of their communities. This reality calls for a new kind of incentive; one that invests in people and technical capacity as much as in property and payroll (Bartik, 2020).

COUNTY CLASSIFICATION (TNECD)



II. The Role of Local Practitioners as a Scalable Incentive

In nearly every successful economic development project, there is a professional working behind the scenes driving progress, coordinating stakeholders, preparing sites, building relationships, and managing incentives. In urban areas, these professionals are standard. In many rural counties, however, they are absent.

Local economic development practitioners serve as the front line of business development. Their responsibilities extend from marketing industrial properties and responding to RFIs, to assisting entrepreneurs and navigating state and federal programs. Yet across Tennessee, dozens of rural counties have no full-time economic development professional, while others rely on part-time leadership or volunteers. Without dedicated staff, rural communities face fewer competitive opportunities, slower response times, and weaker business support networks.

The data illustrates this gap. Since 2017, counties without a full-time practitioner landed 4,054 jobs supported by $27.2 million in FastTrack grants. Counties with at least one full-time professional consistently performed better, securing 15,738 jobs and more than $111 million in grant funding. The impact grows even more pronounced in counties with two or more practitioners, which captured nearly $700 million in funding to support over 92,850 jobs. This is not merely correlation; it reflects the central role practitioners play in building local readiness and sustaining long-term relationships with regional and state partners.

National models reinforce this conclusion. Utah's *25K Jobs Initiative* acknowledged that small towns needed not only capital but also capacity. By investing in regional professionals who served clusters of rural communities, the state generated measurable job growth. Similarly, in Indiana, locally led rural entrepreneurship programs have demonstrated that when modest investments are paired with strong local leadership, the returns can be significant.

These examples point to a simple but powerful truth: knowledgeable and trained economic development professionals are an incentive. A county with a well-trained, well-supported economic development leader is far more competitive in attracting jobs and investment. Beyond recruitment, practitioners also strengthen business retention and expansion (BRE) efforts, which account for most of the job growth in rural economies. By engaging directly with existing employers, they can identify workforce challenges, secure expansion opportunities, and prevent closures that would otherwise devastate small communities.

Investing in people through staffing, training, and professional support is one of the most scalable and sustainable forms of economic development Tennessee can pursue. Local practitioners are not a luxury or an afterthought. In rural communities, they are essential infrastructure, providing both immediate project readiness and long-term stability for future growth.

III. Policy Recommendations for Tennessee

Tennessee's economic development strategy must evolve to meet the needs of all 95 counties, not only those positioned to compete for large-scale projects. Achieving this requires the state to recognize that rural economic growth begins with strong local leadership and sufficient technical capacity. In too many communities, the lack of professional staff or sustainable support structures prevents even the most promising opportunities from moving forward. By shifting the focus toward building local readiness, Tennessee can create the conditions for long-term success rather than relying solely on short-term recruitment wins.

The following recommendations present a scalable and fiscally responsible framework for strengthening rural Tennessee from the ground up. They emphasize people as the cornerstone of competitiveness, call for accountability through shared local investment, and prioritize training that raises professional standards statewide. Together, these strategies offer a path toward inclusive growth—one that ensures rural communities are equipped not only to compete for projects but also to retain and expand the businesses that already anchor their local economies.

A. Create a Statewide Local Practitioner Grant Program

Tennessee should establish a grant program to fund local economic development staffing in counties with limited or no professional capacity. This program would:

- Prioritize distressed and at-risk counties based on ARC and TNECD designations.
- Require a local match from county government, utility partners, or private stakeholders to ensure buy-in.
- Provide multi-year, renewable funding to support continuity and long-term impact.

Funds could be administered through Joint Economic & Community Development Boards or equivalent local entities, with oversight from the Tennessee Department of Economic & Community Development.

B. Require Accountability and Local Match

To ensure sustainability and return on investment, the program should:

- Require a minimum local financial match (e.g., 25–50%).
- Set clear performance benchmarks such as number of RFIs submitted, projects supported, business visits, or grant applications submitted.
- Include regular reporting and peer review through regional TNECD staff.

This structure encourages both accountability and collaboration among local, regional, and state partners.

C. Establish Professional Standards and Training Requirements

All grant-funded practitioners should participate in professional development programs, such as:

- University of Tennessee's Certified Economic Developer (TCED) program
- TNECD-sponsored seminars and conferences
- Tennessee Valley Authority (TVA)-sponsored workshops and conferences

The state could offer additional matching funds or scholarship programs to help rural staff pursue advanced training, building long-term institutional knowledge and effectiveness.

D. Support Locally Administered Rural Business Incentives

Traditional incentive programs are often out of reach for rural entrepreneurs and microenterprises. The state should provide funding and technical support for local programs such as:

- Microloan and microgrant funds administered by local EDOs
- Façade improvement or business expansion grants
- Marketing or technical assistance vouchers
- Business incubator or co-working space support

These flexible, community-led programs lower the barrier to entry for small businesses and stimulate main street development.

E. Leverage Existing Partners to Administer and Evaluate

TNECD, the University of Tennessee Center for Industrial Services, and TVA are well-positioned to collaborate on program delivery. Together, they can:

- Design application and reporting frameworks
- Offer technical assistance and coaching
- Monitor program outcomes and recommend adjustments

This cross-agency model ensures that the program builds on existing infrastructure while remaining responsive to local needs.

IV. Conclusion

Economic development in Tennessee cannot follow a one-size-fits-all approach. While traditional incentives have produced results in high-growth, urban counties, they often fail to address the realities facing rural communities. These areas lack not only infrastructure and investment but also the technical capacity to prepare for and respond to opportunities. Without a full-time practitioner at the local level, rural counties are simply not in the game.

This capstone project makes the case for a new kind of incentive; one that prioritizes people over packages. By investing in local practitioners, Tennessee can create a foundational tool for long-term growth in its most underserved regions. The data is clear: communities with dedicated staff win more projects, support more businesses, and are better positioned to partner effectively with state and federal agencies.

The return on investment is also compelling. Funding a local economic development professional is far less costly than traditional incentive programs yet produce far-reaching benefits from increasing deal flow and project readiness to empowering local leaders and strengthening business retention.

The path forward is practical and attainable:

- Launch a pilot grant program in distressed counties.
- Partner with TNECD and TVA to design and administer it.
- Scale the model based on measurable outcomes and local input.

This approach may not generate headlines overnight, but it will build stronger communities, foster inclusive growth, and ensure that rural Tennesseans are not left behind. A thriving Tennessee depends on all 95 counties being equipped to compete. That begins with putting people in place who can make economic development happen because in rural communities, local practitioners are not just part of the solution. They are the solution.

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