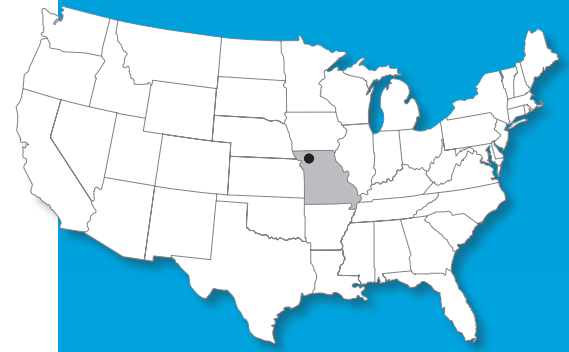


Chillicothe, Missouri



	Chillicothe
Population (2000)	8,970
Municipal budget (2005)	\$20 million ²⁵
Per capita income (2000)	\$16,170
Median household income (2000)	\$30,050
Poverty rate (2000)	13%
Minority population (2000)	6%
Proximity to urban center	90 miles to Kansas City, Mo.
Proximity to interstate highway	40 miles
Strategic approach	Business retention & expansion
Time frame	2004-2006

Chillicothe, located in north central Missouri, is at the heart of the heartland, a vast, rolling landscape of soybean, corn and wheat fields. Faced with the prospect of losing 200 well-paying jobs from their community, Chillicothe came together, got aggressive and offered an alternative. The result of this layoff aversion strategy to save the Chillicothe Women's Prison is a net gain of 250 jobs (above the 200 existing ones) and \$10 million in additional payroll. "Chillicothe is the place to emulate in central Missouri," said Karen Dabson from the Rural Policy Research Institute at the University of Missouri.

The community and its history

As the county seat of Livingston County, where agriculture remains a \$30 million industry, Chillicothe is steeped in the values and traditions of family farms. Most residents are either directly connected to the local agricultural economy as landowners or indirectly connected as business owners (or workers) providing goods and services to those who earn income from farming.

According to one report, "Chillicothe, long a respite in an otherwise dry stretch of northern Missouri's U.S. Highway 36, is blooming like a roadside wildflower in the summer sun."²⁶ Since the early 1980s, officials and residents of Chillicothe have worked together to diversify the town's economy and to build civic infrastructure. The community provided public support for the Grand River Inn, which opened its hotel

Upon learning that its major employer will be closing, civic leaders in Chillicothe band together to save a correctional facility that has become a valuable part of this town's economic and civic life.

²⁵ Interview with Mayor Todd Rodenberg, October 2006.

²⁶ White, Marshall. "Chillicothe Works Together to Achieve Economic Growth," St. Joseph News Press, June 20, 2006.

and meeting rooms in 1986. In 1990, Chillicothe added an 18-hole golf course and an aquatic center and undertook an initiative to improve city parks.

In addition to the town's agricultural heritage, Chillicothe has long been the site of an adult female prison for the Missouri Corrections Department. Chillicothe Correctional Center was constructed in 1887 as a juvenile facility for females and was known as the State Industrial Home for Girls. In 1981, the General Assembly established the Chillicothe Correctional Center, and adult females first arrived later that year. While some rural communities may view prisons as an industry of last resort, officials and residents in Chillicothe have come to value the corrections industry as a prominent employer for local residents and an antidote for the slowly collapsing farm economy and a century of declining population. In addition to the economic benefits, churches and voluntary organizations in town have established close links with prisoners by providing counseling, teaching and social outreach.

By 2004, the correctional facility – with a \$5 million annual payroll and 200 local employees – was in bad need of repair. The governor's office estimated that an investment of \$9 million would be needed just to bring the existing facility up to standard. In February 2004, in an effort to cut costs and balance the state budget, then-Gov. Bob Holden announced that the state was closing Chillicothe Correctional Center and laying off all 200 workers.

The strategy

This small town's strategy was to leverage its existing community capital to save an important employer and avert a major layoff. On the same day as Gov. Holden's announcement, the mayor called together a group of leaders and began crafting a strategy to save the prison. The group, which met every Friday, varied from 15 to 20 people and encompassed a cross-section of community leaders, including state representatives, the executive director of the Chillicothe Development Corp., the mayor, council members, utility representatives, prison administrators and others. Recognizing the gap in their professional expertise, Chillicothe's first move was to hire a lobbyist to help the town convince the governor's office that closing the prison was a mistake.

Next, the town developed an alternative to closing the prison. Chillicothe proposed that taxpayers approve a one-half cent extension of the capital improvement sales tax to fund a land purchase for a new prison site. The city offered to make a land swap with the state – donating property and utility connections for a new prison in exchange for the old, decrepit one. The city and local electric company would extend water, sewer and power lines to the site – all at no cost to the state. In return, the city would take over the 69-acre site of the old prison and assume responsibility for its asbestos-laden, deteriorating buildings.

The combination of a sound alternative proposal with a strong lobbying offensive convinced the governor to reverse course. Not only was there already a well-trained workforce in Chillicothe, but the community had demonstrated strong support for the prison. In January 2006, Gov. Matt Blunt proposed issuing \$120 million in revenue bonds for a new prison. Later in the spring, the state legislature passed the governor's proposal. Projected to open in 2008, the prison will add about 250 new employees. The increase in jobs means the payroll will double, pumping \$10 million into the local economy.

"The new prison is a positive in so many ways, but I think on top of the list is the economic impact," Mayor Rodenberg said. "For the next 18 to 24 months there will be hundreds of construction workers in Chillicothe, and believe me, they do spend money. That will be a boost to our local economy, but then think about the long-term impact of a new prison. It's projected there will be several hundred new jobs at the prison, which will have a dramatic impact on a town our size."²⁷

What are the lessons from this story?

In cases of layoff prevention, a community must organize quickly, be aggressive and offer a viable alternative. In Chillicothe, Mayor Rodenberg called his core team together on the afternoon of the governor's announcement. Rather than waste valuable time, the town initiated an aggressive lobbying campaign within days of learning that the prison was slated for closure. These early and aggressive efforts helped convince the governor's office that Chillicothe was committed to keeping the prison in town. In addition, rather than take a defiant stance, Chillicothe crafted a viable alternative for the governor's office to consider.

Creative community support for an employer can influence strategic management decisions. Even though this is a case in which a public employer is convinced to maintain its presence in a small town, the lesson holds for private employers as well. Strong and unified community support for an employer can influence management decisions. Chillicothe changed the cost-benefit calculation being made by managers in the state capital. By crafting an alternative for the closure – perhaps an alternative that would not have come to light without Chillicothe's efforts – local residents were able to sway the governor's strategic decision.

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²⁷ E-mail communication with Mayor Rodenberg, October 2006.