

Chapter 3 – Socioeconomic

Introduction

The following chapter summarizes key aspects about the demographics, housing, growth patterns, and economics of the City of Madison. The demographic profile is the largest component of the socio-economic section. The demographic background provides a foundation of information on city-wide demographic characteristics, the regional context of Madison's population, and current trends projections. The information is presented to guide comprehensive plan decisions within the context of where Madison currently is, how the City arrived at this juncture, and what the City appears to be facing in the 21st century.

The demographics section provides an analysis of the important demographic characteristics of Madison and the surrounding area. Changes in the characteristics of the population – age, income, race, education, *etc.* – all have a direct effect on how an area develops, physically, socially and economically, over time. Everything from how the land is used, to the health of the local economy – all elements of the Plan – can be tied to shifts in population.

Other elements of the Plan can, in turn, shape particular characteristics of the population. For instance, some areas might be more attractive to seniors because of the housing choices and the availability of services or more attractive to younger adults because of certain amenities (*e.g.* entertainment, recreation, or higher education).

The purpose of this section is to identify relevant trends affecting Madison and the surrounding area. These trends are supported by a pattern of change in other areas of the community such as land use consumption, housing condition, employment levels, *etc.* Deciding whether or not to support these trends or take a different direction is a key component to developing future policy.

Demographics

The following provides a brief overview of the key demographic findings:

Population Characteristics

- The United State's and South Dakota's population growth between 1990 and 2000 was 13.2% and 8.5%, respectively
- Lake County's growth between 1990 and 2000 was 6.9%
- Madison's population growth between 1990 and 2000 was 4.5%
- Madison's historical growth rate, 1890-2000, is 73.0%
- Population growth between 1990 and 2000 was 23% for Sioux Falls, 15% for Watertown, 13.7% for Brookings, 9.3% for Rapid City, 8.0% for Pierre, 6.5% for Yankton, 5.5% for Mitchell, 1.1% for Aberdeen, and -4.5% for Huron
- The percent of rural residents in Lake County in 2000 was 4,995 an increase of 16.4% since 1990
- The percent of non-farm rural residents in Lake County increased from 66.9% to 79.1% between 1990 and 2000
- Madison's population density decreased between 1990 and 2000 from 1,618.5/mi² to 1,529.4/mi², respectively
- Lake County's 2006 population estimate is 11,170
- Madison's 2006 population estimate is 6,258

Age Distribution

- The United State's, South Dakota's and Lake County's median age is 35.3, 35.6, and 36.5, respectively
- Madison's median age is 33.1
- The number of older Madison residents (65+) has increased by 7.5% since 1990

Income and Poverty Levels

- The median household income for Madison is \$34,434, a 33.9% increase from 1990
- Madison's 2000 median household income is 15.9% lower than the state
- Madison's percentage of individuals living below the poverty line, 11.9%, is very similar to the national average

Foreign Born Population and Racial Composition

- Madison's 2000 percentage of foreign born residents, 1.0%, is considerable lower than the national average of 11.1%
- Madison's non-white race's share of the total population was only 2.2%, well below the national average of 24.9%

Educational Attainment

- Thirty-six percent of the community's residents have a high school education and 20.8% have had some colleges, both which are very similar to state averages.

Population Characteristics. In 2000, Madison's and Lake County's population was 6,540 and 11,276, respectively. The City's and County's growth increased by 4.5% and 6.9%, respectively, between 1990 and 2000. The six counties surrounding Lake County have 2000 populations ranging from 2,884 (Miner) to 148,281 (Minnehaha). Lake County is the third largest county within the seven county region, but only accounts for 5.2% of the region's population (Figure 3.1). The growth rates for each county in the seven county region is listed in Table 3.1. Regionally, Lake County and Madison account for a small portion of the growth and historical population change for the region (Figure 3.2). Sioux Falls and Minnehaha County account for the largest population and population growth and Brookings and Brookings County accounts for the second largest population and population growth. The other remaining counties have experienced either limited or negative growth.

The Census Bureau estimates Madison's 2006 population is 6,258 residents, a decrease of 282 residents from the 2000 census. The City's population can be characterized as growing slowly. The majority of its growth occurred during the first half of the 20th century. During the last 30 years the City has experienced limited growth. Since 1890, the City's population has grown by 4,495 and averaged 10.6% growth per decade through 2000. The 1960s marked the

Figure 3.1. Regional population share in 2000 (US Census Bureau)

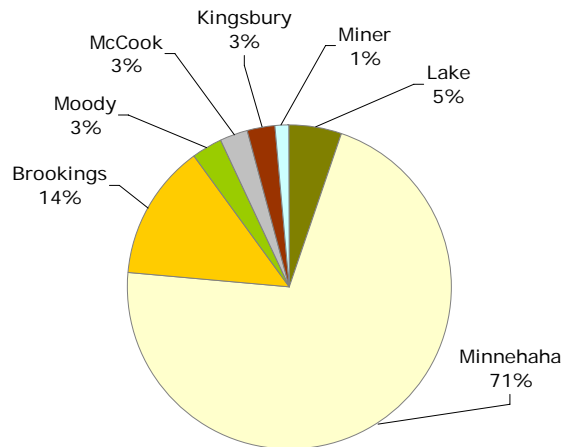


Table 3.1. Regional population change for the seven surrounding counties (US Census Bureau)

Location	1990	2000	Percent Change
Lake County	10,550	11,276	6.9%
Minnehaha County	123,809	148,281	19.8%
Brookings County	25,207	28,220	12.0%
Moody County	6,507	6,595	1.4%
McCook County	5,688	5,832	2.5%
Kingsbury County	5,925	5,815	-1.9%
Miner County	3,272	2,884	-11.9%

Figure 3.2. Regional population change from 1890-2000 (US Census Bureau)

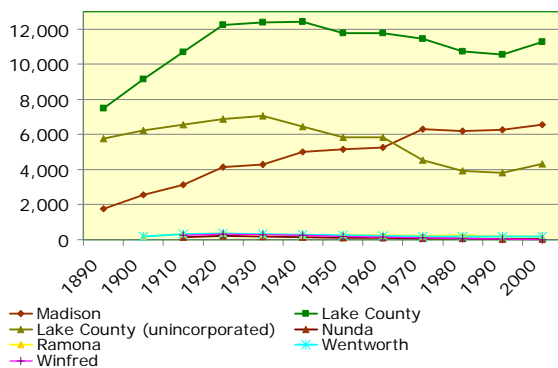
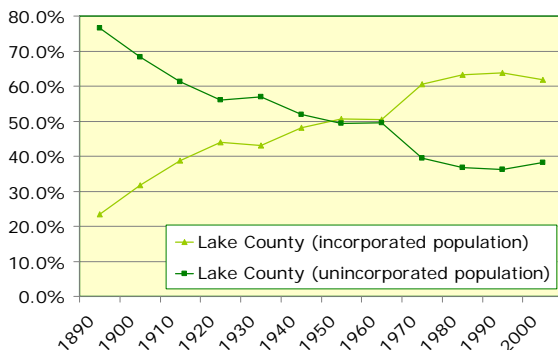


Figure 3.3. Lake County's percent of incorporated population 1890-2000 (US Census Bureau)



last large population increase for the City; during that period the City grew by 17%. During the 1990s, the City grew by 4.3%.

Mobility. The United States, the Midwest, and South Dakota have all witnessed a dramatic rural to urban population shift. The 1920s marked the first time in the country's history that more citizens lived in an urban area. Currently, nearly 80% of the United States population is considered urban, a marked difference from 1790 when only 5.1% of the population was considered urban. In general, the change to an urbanized population is directly related to the shift away from agriculturally based jobs and the mechanization of farming and the subsequent larger farms needing fewer workers. South Dakota has also become more urbanized and followed the same trend, but not nearly to the same level as the country or Midwest region. Approximately 50% of the state's population is considered urban, which is nearly 30% lower than the national average.

If one considers Lake County's unincorporated population to mimic the Census Bureau's "rural" classification, then in general, the county's rural to urban shift more closely resembles the national trends and far exceeds the state's percentage of urban population (Figure 3.3). One interesting trend in the county's population is the recent 20%+ and 12%+ increase in rural and unincorporated populations, respectively (Table 3.2). The shift in the county's population from urban to rural is likely less to do with more agriculturally based residents moving to the county and more the result of rural non-farm (e.g. lake home) residential development occurring in the county.

It is difficult to determine if Lake County’s urban to rural population shift will be long term, but this change emulates the population shift that began nationwide in the late 20th century. Up until the 1970s, people consistently left the rural areas to seek better opportunities in the urban areas, but during the last 30 years of the 20th century the country has witnessed a “rural turnaround”, of which only 6.5% of these residents are engaged in farming. The following, while not a complete list, highlights those factors attributed to the “rural turnaround”:

- Large public investment in highway infrastructure, allowing the public easy access to the rural fringe
- Large public investment in telecommunication and internet infrastructure, allowing the public to “telecommute” to work
- Less zoning, subdivision, and building code regulation in the urban fringe, allowing for easier and faster development
- Cheaper land, taxes, and housing
- A desire by the public to live in less populated areas adjacent to urban areas
- More relaxed life-style
- Lower densities
- Less traffic congestion
- Lower crime levels (Johnson 2006).

Table 3.2. Urban vs. rural and incorporated vs. unincorporated populations in Lake County, SD (US Census Bureau).

	Lake County			
	Incorporated	Unincorporated	Urban	Rural
1990	10,550	3,819	6257	4293
2000	11,276	4,311	6,097	5,179

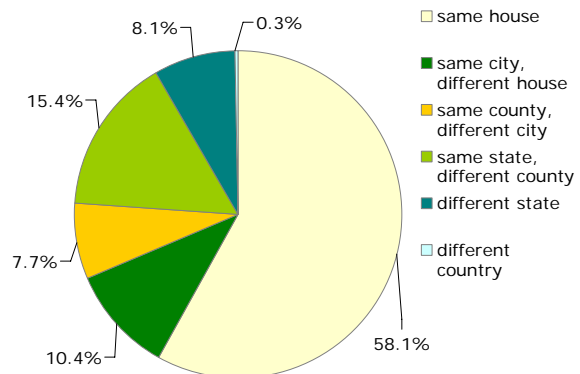
Table 3.3. Location of Madison’s in-migration (US Census Bureau)

Location	Total	Percent
Lake County	1,079	33.07%
Other SD County	1,641	50.29%
Different State	514	15.75%
Northeast	19	0.58%
Midwest	260	7.97%
South	102	3.13%
West	133	4.08%
Foreign	29	0.89%

Coping with the influx of people and businesses in the rural areas represents a serious challenge that many rural governments are not fully prepared to meet. The biggest issue facing governments in the rural and rural fringe areas experiencing growth are the costs related to supplying and expanding services such as: roads, water, sewers, wastewater treatment, schools, and emergency services. “...the substantial upfront cost of improvements often exceeds the short-term revenue gains they provide. When this is combined with declines in intergovernmental revenues due to devolution, many rural governments face serious risks of fiscal stress” (Johnson 2006: 30).

Population Change. The 2000 Census showed that 24.8% of Lake County’s growth between 1990 and 2000 resulted from net natural increase (more births than deaths). The remaining 75.2% of the county’s population

Figure 3.4. Residence in 1995 for Madison, SD



growth was the result of in-migration. It is reasonable to expect Madison's net natural increase would be very similar to the county. Table 3.3 and Figure 3.4 illustrate the geographic source of Madison's in-migration. Most new residents moved to Madison from other South Dakota counties, followed by migration from Lake County. Nearly 16% of the City's in-migration was from other Midwestern states. Migration from foreign countries accounted for a very small amount of new Madison residents.

Figure 3.5. Madison's age and gender distribution in 2000 (US Census Bureau)

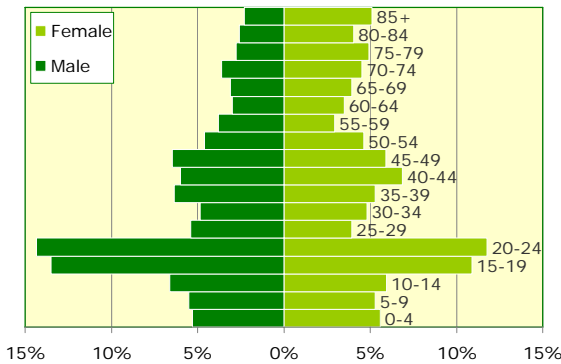


Figure 3.6. Madison's age and gender distribution in 1990 (US Census Bureau)

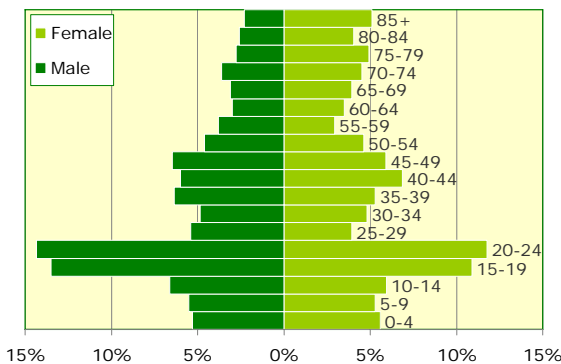
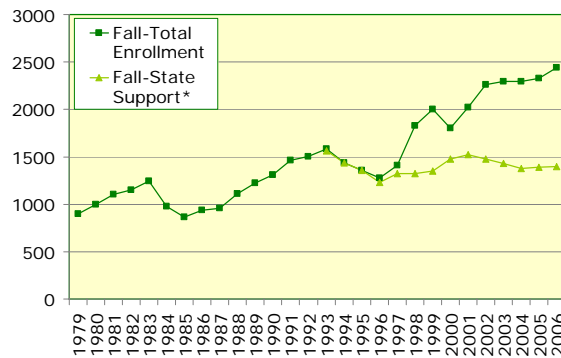


Figure 3.7. DSU historical enrollment figures (South Dakota Board of Regents 2007)



*Fall state support are typically those students who attend on-campus classes

Age Distribution. A review of Madison's 2000 and 1990 population pyramid displays a prominent change in the 15-19 and 20-24 age cohorts (Figure 3.5 and 3.6). The 20-24 age cohort had a nearly 55% increase between 1990 and 2000. The overall age distribution of Madison is highly influenced by Dakota State University and the City's increase in college age students between 1990 and 2000 is the result of the growing university (Figure 3.7). The 2000 population pyramid also displays a large percentage of older residents (65+), which is likely related to the three nursing homes located in the City. Madison's percent of population living in group quarters (dormitories and nursing homes) is 10.5%, which is significantly higher than the state and national average, 3.8% and 2.76% respectively.

By 2025, the City's population pyramid may more closely resemble a mushroom, with the cap of older population topping a more slender stem of young population. The presence of Dakota State University will however still result in a spike of the college-aged population. This change in the City's population distribution is the result of smaller families with fewer children, less women of child bearing age, longer life expectancies, and most importantly an aging baby-boomer generation.

In the United States, the large baby boomer cohort has been a dominating factor in shaping the country's demographic profile and the influence of this group will continue in the future. Baby boomers have begun to reach early-retirement age and by 2015 the first huge wave of boomers will be over the age of 65. This aging population will have the following significant nationwide impacts:

- Increase in the elderly population
- Increased and unmet workforce demand in health care and service industries
- Rise in demand for specialized housing and glut in traditional single-family housing
- Need to make public facilities and transportation accessible and appropriate to the aging public
- The population between 30-64 will decline
- Prime workforce population, 20-40, will remain static
- Decrease in discretionary spending
- Overall decrease in population under 60, primarily because of the aging of the large baby boom generation, a decline in the number of women of childbearing age, and continued low fertility rates (Pine 2002).

The aging baby boomer generation and the subsequent drop in the number of women of childbearing age will result in population growth being closely tied to immigration. Those areas that do not have a large stream of immigrants, nor expecting large number of immigrants in the future will face population decline as the number of deaths began to outpace the number of births.

Population Distribution. Madison's highest population density corresponds to the location of Dakota State's student housing. Generally, the City's population is fairly evenly distributed, with the highest population density found in the southwest portion of the City (Figure 3.8).

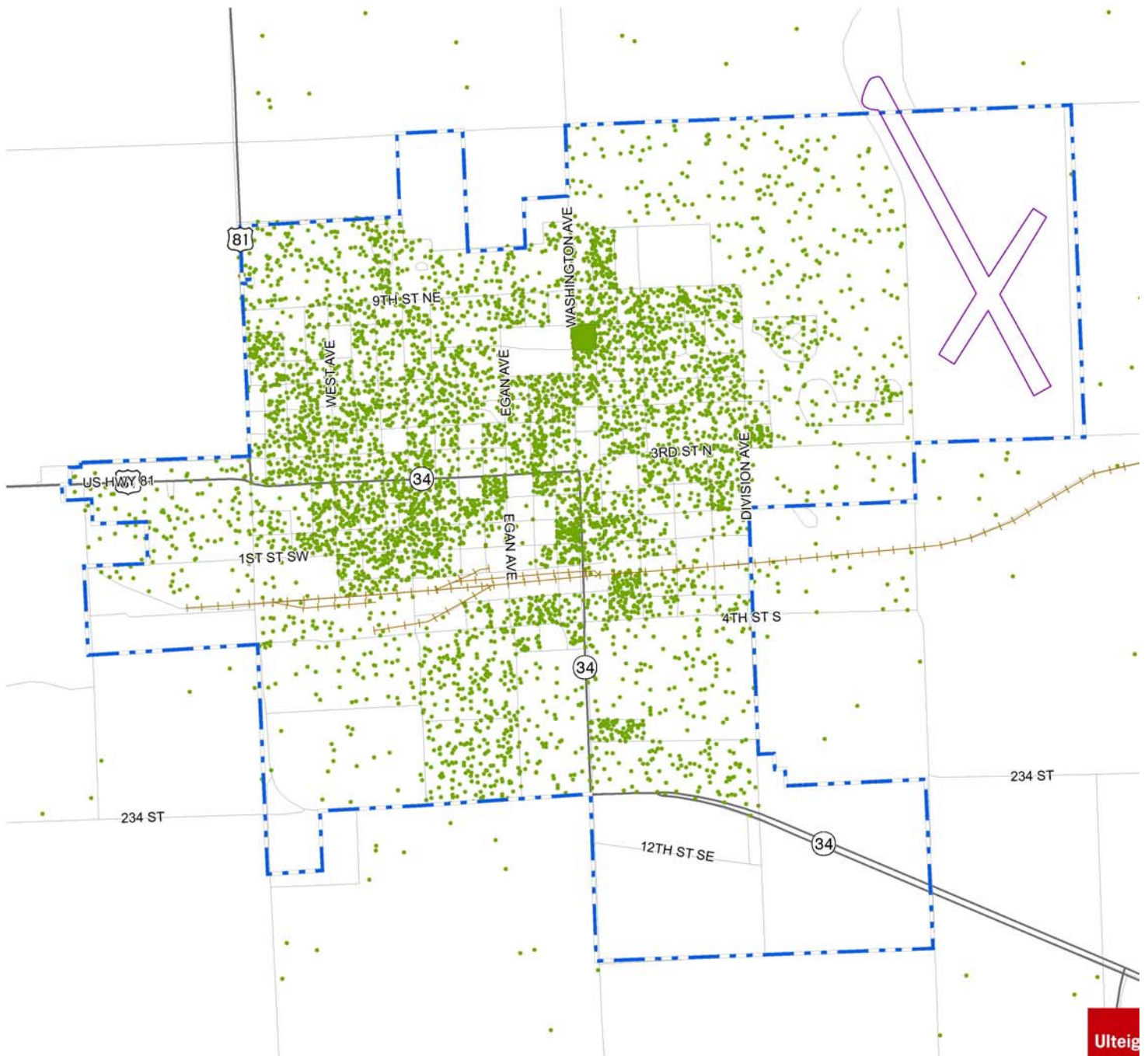
FIGURE 3.8

POPULATION DENSITY

Madison Comprehensive Plan



- Corporate Limits
- Madison Municipal Airport
- Railroad
- Census 2000 - Blocks
- 1 Dot = 1 Person



Economy

The Madison area economy depends largely on farming and outdoor recreation. Dakota State University and several manufacturing corporations also play a vital economic role for the City. Recent growth in the technology sector as well as a strong economic development program and support are bright spots for the City.

Education and health services is the largest sector of the City’s employment (Figure 3.9), accounting for 25.6% of the City’s employment. The top employer is the GEHL Corporation, which has 422 employees and manufactures compact construction equipment. Dakota State University, established in 1881, has 227 employees and is the City’s second largest employer. Table 3.4 displays the City’s other top employers (LAIC 2004).

Figure 3.9. The breakdown of employment by industry sector for Madison in 2000 (US Census Bureau)

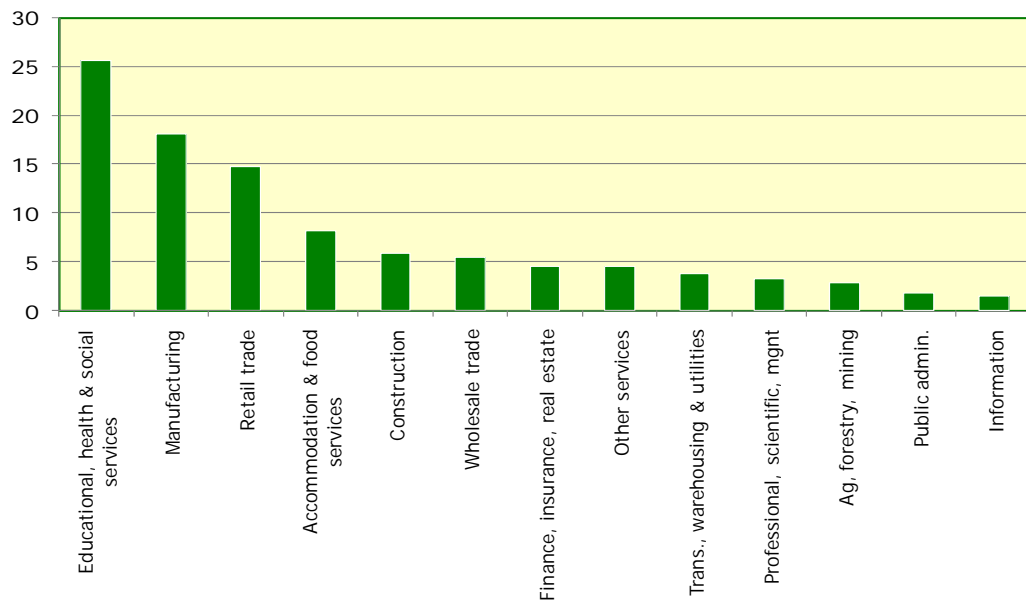


Table 3.4. City of Madison top employers (LAIC 2004).

Company	Industry	Employees	Year Established
GEHL Mustang	Compact Construction Equipment	422	1973
Dakota State University	Education	227	1881
Madison Central Schools	Education, K-12	142	1890
East River Electric Power	Wholesale electricity	102	1949
Bethel Lutheran Home	Nursing Home	100	
Madison Community Hospital	Health Care	92	1920
Rosebud Manufacturing	Cabinets, Countertops & Furniture	84	1972
Aerostar	Sewing	64	1991
Prostrollo Auto Mall	Car Dealer	58	1957

The City's median household and family incomes in 2000 were \$34,434 and \$39,745, respectively. The City's 2000 median household income is \$4,848 less than the state's figures and \$11,560 less than the national levels. In 2000, the City's unemployment was 2.6%, which was below both state and national averages. Approximately 12% of the City's individuals live below the poverty line, a figure that is approximately 1.5% lower than the state.

Lake County has 513 farms and a total of 262,941 acres of cropland, of which only 0.4% are irrigated. The average and median farm size is 634 and 325 acres, respectively. The principle crop in Lake County in terms of both acreage and volume is corn for grain. Two-hundred and eighty-one farms grow corn on a total of 85,810 acres resulting in 9,088,414 bushels. The second largest crop is corn for silage and the third is grain. Livestock raised in the county include cattle, hogs, sheep, and chickens (USDA 2002).

Economic Development. One of the biggest advantages South Dakota has over most states is low taxes. Per capita, state taxes are the 49th lowest in the country. The local sales tax rate is 2%, state sales tax is 4%, commercial property tax is \$26.34 per \$1,000, and residential property tax is \$20.23 per \$1,000. In addition, South Dakota has:

- No corporate income tax
- No personal income tax
- No inventory tax
- No personal property tax
- No inheritance tax (LAIC 2004).

The Lake Area Improvement Corporation (LAIC) provides business development services for Madison and Lake County. The mission of LAIC is "to enhance the quality of life for all citizens of the Lake County area, and develop and retain quality jobs that are environmentally and economically compatible for Lake County." The LAIC, in cooperation with other organizations, initiates and develops leadership, markets the area to both prospective new businesses and residents, fosters and manages change, and nurtures a positive, cooperative and progressive attitude (LAIC n.d.).

In July of 2006, LAIC hired a consultant for a feasibility analysis to test community support for fundraising initiatives aimed at addressing development projects. The analysis found community support in the form of strong public and private partnership to promote the area (LAIC n.d.). This partnership initiated a program called Forward Madison. Forward Madison's original goal was to raise \$1.5 million and at the end of the fundraising campaign the city had raised \$2.3 million. The successful fundraising initiative led to the City being awarded the 2007 Governor's Large Community of the Year Award for its efforts in economic development (NCDS 2007).

Forward Madison is a five-year plan to create jobs and increase the population of Madison. The plan would result in 400 new jobs for the community, resulting in \$2 million increase of local payrolls and total economic development impact estimated at \$18 million. The five-year plan would revolve around the following investments:

- Business retention and workforce development
- Entrepreneurs/economic development
- New business attraction
- Marketing and investor relations (LAIC n.d.).

Additional incentive packages may also be available for the Lake County-Madison area in the form of the following low interest loans:

- Madison Revolving Loan Program: The mission of this program is to provide low interest loans to create quality, primary jobs in Madison.
- South Dakota REDI Loan Program: The REDI (Revolving Economic Development Initiative) loan program's mission is to provide low interest loans to create quality, primary jobs in South Dakota.
- SBA 504: The SBA 504 loan program is another attractive financing tool. This program offers subordinated, fixed rate financing to healthy and expanding small businesses.
- APEX : The APEX (Agricultural Processing and Export) Loan Program is designed to assist companies in communities with a population of 25,000 or less or which add value to raw agricultural products through processing. The program is open to for-profit businesses and local economic development corporations.
- MicroLOAN: The MicroLOAN South Dakota Loan Program is a partnership with CitiBank (South Dakota) N.A., South Dakota Development Corporation, and Governor's Office of Economic Development. These loans are made available to small businesses within the borders of South Dakota and South Dakota residents, including main street and retail operations, for working capital, equipment, real estate or other fixed asset project costs.
- First District Development Company Loan Programs: The mission of the FDDC is to assist businesses by providing long term, lower rate financing for their growth and development, while improving the overall economic condition of the area.
- Rural Electric Economic Development, Inc. (REED) Fund: The program provides financing for business and community projects that create and retain jobs and build community infrastructure.
- South Dakota Community Capital Fund: The South Dakota Community Capital Fund (SDCCF) offers economic development organizations serving greater South Dakota the opportunity to participate in an innovative new development financing resource (LAIC 2004).