



PHOTO BY DUVALE RILEY

Town and Gown

In This Southern Illinois Hub, They Are Now “Tied at the Hip”

By Susan C. Thomson

Carbondale, Ill., runs on three economic cylinders—education, health care and retailing. Education trumps all, most visibly and boisterously when maroon-and-white-clad Salukis fans converge on town for big football and basketball games and book the hotels and motels to capacity.

More than any other enterprise, the Carbondale campus of Southern Illinois University also drives the city’s quieter, workaday life. The university is the city’s largest single employer by far, with 7,200 workers. Its 18,850 students—most of them nonresidents who are not counted in the census—help spur economic activity that is at least double what the permanent population could generate on its own, estimates the city’s development director, Kevin Baity.

Also contributing to the local economy are tens of thousands of other spenders, who

travel for miles across the rural surroundings for shopping and medical care because they lack options closer to home.

In medical care, the biggest player is Memorial Hospital, which last year finished a two-story, \$14 million addition and a freestanding \$7 million cardiology center. George Maroney says the hospital has been in construction mode for the entire 30 years he’s been its administrator. Over the same period, it has gradually added advanced medical specialties, such as open heart surgery, and has extended its geographic reach to the state’s eastern, western and southern borders. Now, some patients come from nearby parts of Kentucky and Indiana, Maroney says.

The hospital’s hometown punch has strengthened accordingly. Maroney recalls there being about 25 physicians on staff 30 years ago, compared with about 150 today.

SIUC’s sports draw people—and their pocketbooks—from around the area to Carbondale. Cheering on the Salukis women’s basketball team Dec. 8 were (from the left) Bill Erwin of Carterville, Jodi Tamen of West Frankfort and Rollynda Morrow of West Frankfort. Tamen is an alumnus.

Carbondale by the numbers

City of Carbondale	24,881 (July 1, 2006)*
Jackson County	58,041 (July 1, 2006)*
City Labor Force	14,001 (2006)**
Unemployment Rate	3.2 percent (2006)**

* Includes an unknown number of students who are also full-time residents

** SOURCE: State of Illinois

TOP FIVE EMPLOYERS

Southern Illinois University	7,200*
Memorial Hospital of Carbondale	1,150*
University Mall	705**
Center for Comprehensive Services (rehabilitative medicine)	509**
Wal-Mart Super Center	390**

* Self-reported, October 2007

** SOURCE: City of Carbondale, July 2007





PHOTO BY RYAN RENDELMAN

Memorial Hospital has been in construction mode for decades, says its administrator. Last year, a \$14 million addition and a freestanding \$7 million cardiology center were finished. The hospital is the biggest in the area and draws patients from throughout Southern Illinois, as well as nearby parts of Kentucky and Indiana.

Of today's count, he estimates 110 have office practices in Carbondale, with an average of three employees each.

In shopping, too, the city is a regional hub, not limited to obvious standbys like Wal-Mart and Lowe's. University Mall draws customers from 50 miles away, says the general manager, Debra Tindall. The center has been through a series of owners, expansions and tenants since opening in 1974. It now boasts an eight-screen movie theater and 81 stores. The lineup includes anchors J.C. Penney and Macy's and recent additions Bed Bath & Beyond, Gap and Old Navy. Beyond the mall and all new to town within the past five years are Office Depot, Barnes & Noble, Kohl's and Petco. Dick's Sporting Goods opened in September.

City Depends on Sales Taxes

The city banks on these and other retail outlets—literally. Five years ago, the city stopped levying real estate property taxes. It has since been relying on its share of local sales taxes for slightly more than half of its general revenue budget, with the rest provided by the city-owned water utility and various fees. Two years ago, the city annexed the university's 1,133-acre campus, enabling it to start charging city sales tax at the stores there. The move paid off because it didn't require the city to provide the university anything beyond existing fire protection services, Baity says.

The city aggressively pursues not just retail but all development, notably through an enterprise zone stretching along its main commercial arteries. Businesses that expand or build within the zone can qualify for local fee waivers and state and local tax breaks.

The zone includes a tax-increment-financing district of six square blocks—once an eyesore full of ruined buildings—where additional financial sweeteners are available to new businesses.

First Southern Bank, founded in 2002, was forgiven sales taxes on all construction materials and was granted a 23-year, 75-percent reimbursement on real estate taxes for parks and schools for putting its 13,000-square-foot building in the district. If not for those breaks, the bank "probably wouldn't be in downtown Carbondale," says its president, John Dosier.

He offers the project as "an example of how city government and the business community can come together" for community improvement.

University Comes Into Its Own

Ironically, for years now, Carbondale's major economic engine—the university—has not, on the whole, been a factor in the city's growth. That's partly because the university has not yet "optimally developed" its potential as an economic force in its own backyard, says John Koropchak, SIUC's vice chancellor for research and graduate dean.



PHOTO BY DUVALE RILEY

First Southern Bank is an anchor in the downtown tax-increment-financing district, once an eyesore full of down-and-out buildings. If not for the tax breaks, the bank probably would not have built there, says its president. The bank has also invested in and is offering for sale four other lots there.

“We’re tied at the hip,” Trevino says. “What’s good for SIU is good for the city, and vice versa.”



PHOTO BY DUVALE RILEY

City officials worry that as students move out of rental housing and into new dorms, the houses will become neglected and abandoned. To prevent such a slide, the City Council voted last fall to grant \$5,000 to any buyer of a rental property who would own and live in it for 10 years. Here, students (from left) Lauren Hickman, Brandy Roe and Ryan Sweikert gather on the front porch of a house on South Forest Street that the two women rent.

But that is changing, he says, with SIUC now subscribing to a Jackson County development plan that pictures the university as applying itself more to local and regional betterment.

The university’s economic impact has also been held back by enrollment that was edging down for several years until last fall when—in a glimmer of hope—the campus enrolled its largest freshman class in 17 years. Fernando Trevino, who became campus chancellor in July, says the university’s challenge has been not in recruiting students but in keeping them. The cost of attending SIUC totals about \$13,000 a year, which is beyond the means of many, mostly rural, Southern Illinoisans, he says. “This is not a highly affluent area. It’s a middle-class and working-class population.”

Today’s students appear to be more the homebody type than those of a decade and more ago, when the campus made headlines because of the students’ drunken, destructive Halloween parties on the several blocks of South Illinois Avenue known as The Strip. That stretch is quieter now, thanks in part to enterprise-zone incentives that have served to replace some of the bars there with, for instance, a bookstore and a dog groomer.

Last fall, the university offered students all the more reason to stay on campus when it opened its first new housing in 39 years. The 410 lucky occupants have the sort of accommodations favored on many campuses today—single bedrooms grouped around common areas with kitchens and laundry facilities.

Elsewhere around the city, private developers are at various stages of putting up similar accommodations for about 1,500 occupants at rents generally competitive with the university’s.

For a city where 60 percent of off-campus housing is rented and two-thirds of the renters are SIUC students, the attractive new units pose a problem. Students “are flocking to them,” Baity says. The prospect, then, is many fewer tenants for the city’s oldest houses—properties that students have “lived in pretty hard,” Mayor Brad Cole says. To keep these from falling into neglect and abandonment, the City Council voted in October to grant \$5,000 to any buyer of a rental property who would own and live in it for 10 years.

The city has also extended a helping hand to the university by pledging \$20 million to

the university’s \$83 million plan to upgrade its 43-year-old basketball arena and replace the 70-year-old football stadium. The payout schedule calls for \$1 million a year for 20 years, with the money coming from the proceeds of a new half-percent increase in sales tax. That increase brings the city’s total to 7 3/4 percent.

The chancellor and the mayor see the arrangement as a case of mutual self-interest. “We’re tied at the hip,” Trevino says. “What’s good for SIU is good for the city, and vice versa.”

Says Cole, “Anything that brings people to Carbondale is a plus for us ... because we’re sales tax-based.”

While predicting that its basic three-ingredient economic recipe won’t change much any time soon, Baity says the city would welcome “knowledge-based, higher-end, smaller industries,” such as the printer, medical biller and water-testing company that have come through the local small business development center or research park, both affiliated with the university.

That park now houses 14 businesses in various stages of development. Of these, eyes are particularly focused on Midwest Energy Group Inc., spun off from the university’s chemistry department in 2006 after one of its professors discovered what might be a new and more efficient way to create biodiesel fuel.

Separately, for a half-century, university investigators have been studying coal—a natural subject for them since Southern Illinois holds some of the nation’s richest deposits and was once best known as mining country. But Illinois’ coal is high-sulfur coal, long spurned as environmentally undesirable, and the area’s mining industry has struggled.

The university’s coal scientists are looking for ways to clean coal and convert it to other fuels, such as diesel and natural gas, and for other uses, such as feedstock and fertilizer. Other university researchers are working on other energy technologies, such as fuel cells and hydrogen generation and storage.

“It’s not inconceivable to think that, with all of the energy resources we have here, this region could become the energy capital of the United States,” says SIUC’s Koropchak. [Q](#)

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