



Economic Development: Considerations for Change

Summertime with the CEDS
August 6, 2020





Many thanks!





Summertime with the CEDS | Summer 2020

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Previous webinars highlighted:

- Regional Resilience Planning
- Climate Resilience
- Employer Demand Data
- Online CEDS / Esri Story Maps
- Economic Recovery Strategies
- NACo County Explorer Tool



Stronger CEDS, Stronger Regions

CEDS Resource & Training Archive

www.CEDSCentral.com

Historically, pandemics have forced humans to break with the past and imagine their world anew. This one is no different. It is a portal, a gateway between one world and the next.

Arundhati Roy (April 3, 2020)

Thanks for Joining the Webinar!

- Questions or comments can be submitted via the chat box on the right side of your screen in drop down menu
- A recording of the webinar will be made available soon at www.nado.org & www.CEDSCentral.com
- Upcoming webinars in the *Summertime with the CEDS*:
 - **August 11** – So You Want to Hire a Disaster Recovery Coordinator?
Lessons Learned and Best Practices for EDDs
- Please contact Brett Schwartz at bschwartz@nado.org if you have any general questions about NADO RF or the *Stronger CEDS, Stronger Regions* program

Today's Trainers



David R. Terrell

Executive Director, Indiana Communities Institute, Ball State University
and RUPRI Center for State Policy



Michael J. Hicks, Ph.D.

Director and George & Frances Ball Distinguished Professor
Center for Business and Economic Research
Miller College of Business
Ball State University



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Economic Development: Considerations for Change

Michael Hicks, Director

Center for Business and Economic Research

David Terrell, Director

Indiana Communities Institute

August 6, 2020



Welcome & Introductions

ICI's approach: Revolves around Community (People and Place), Grounded in Research, Engaged in Practice, and Focused on Policy.



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Welcome & Introductions

Community Dev. Course
Economic Dev. Course
Brownfields Workshop
Mayor's Institute
Regional Leadership

Trainings &
Workshops

Cultivating Community
Tourism Development
Prioritizing Placemaking
Civic Design Institute

Special
Projects

Community Readiness
Hometown Collaboration
IMPACT Main Street
Stellar Communities
Innovate WithIN

Partnerships

Building
Stronger &
More Vibrant
Communities



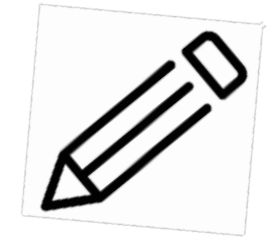
Why Community Development?

- Considerations for Change



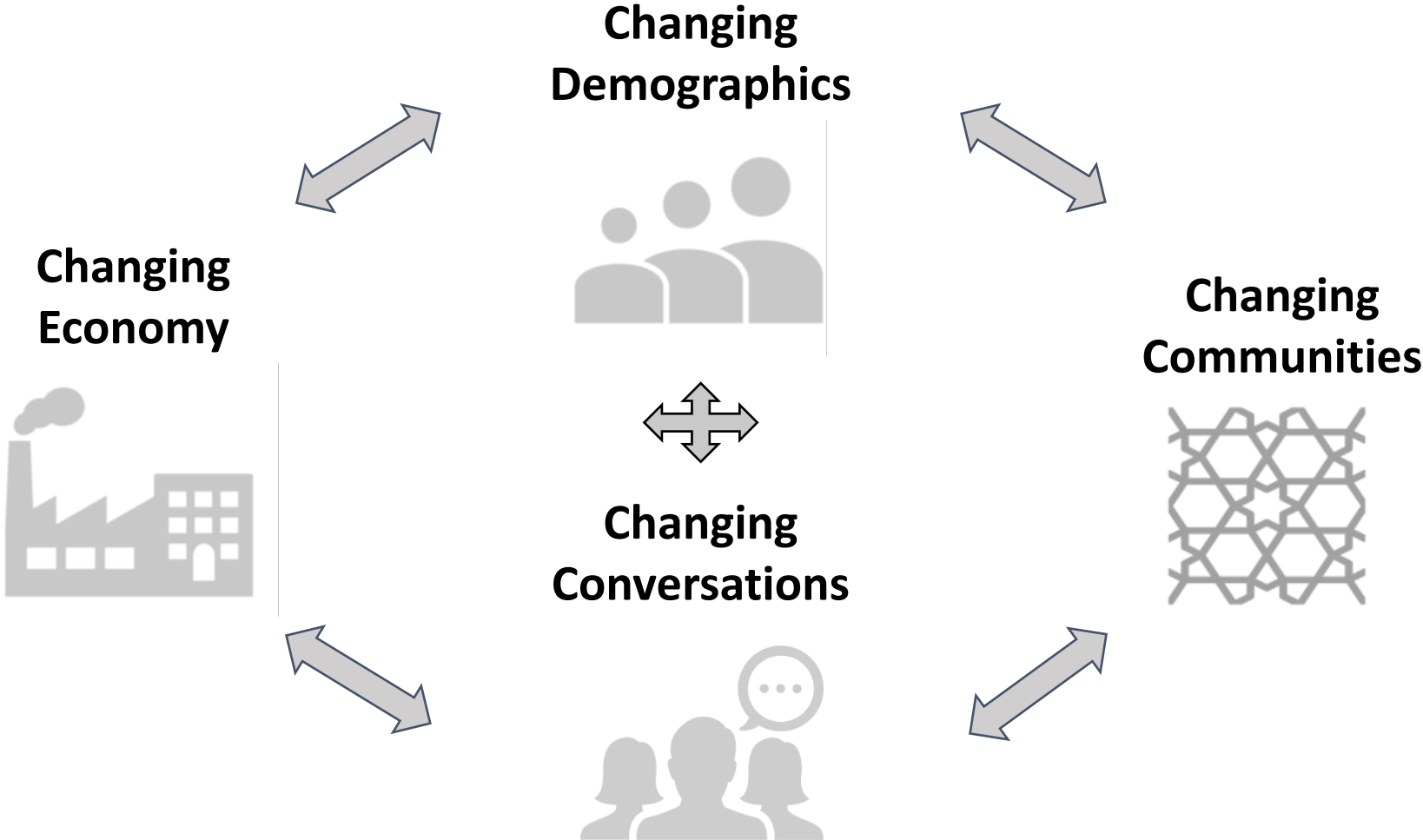
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Why Community Development?



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Data Discussion



Why Community Development?

Traditional Approach to Economic Development

- Luring investments and jobs
- Locally based (us against them)
- Incentives, infrastructure
- Assumes Job growth = population growth
- **Transactional Approaches**

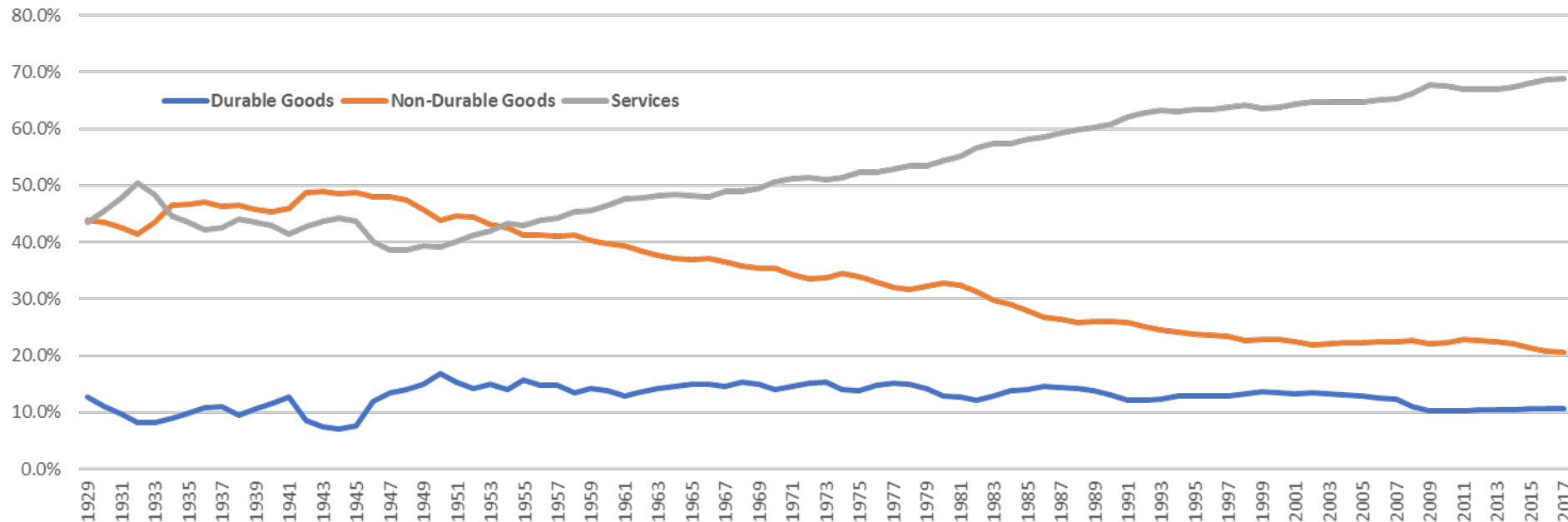
WE NEED JOBS!



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Changing Economy

US Household Consumption Expenditures



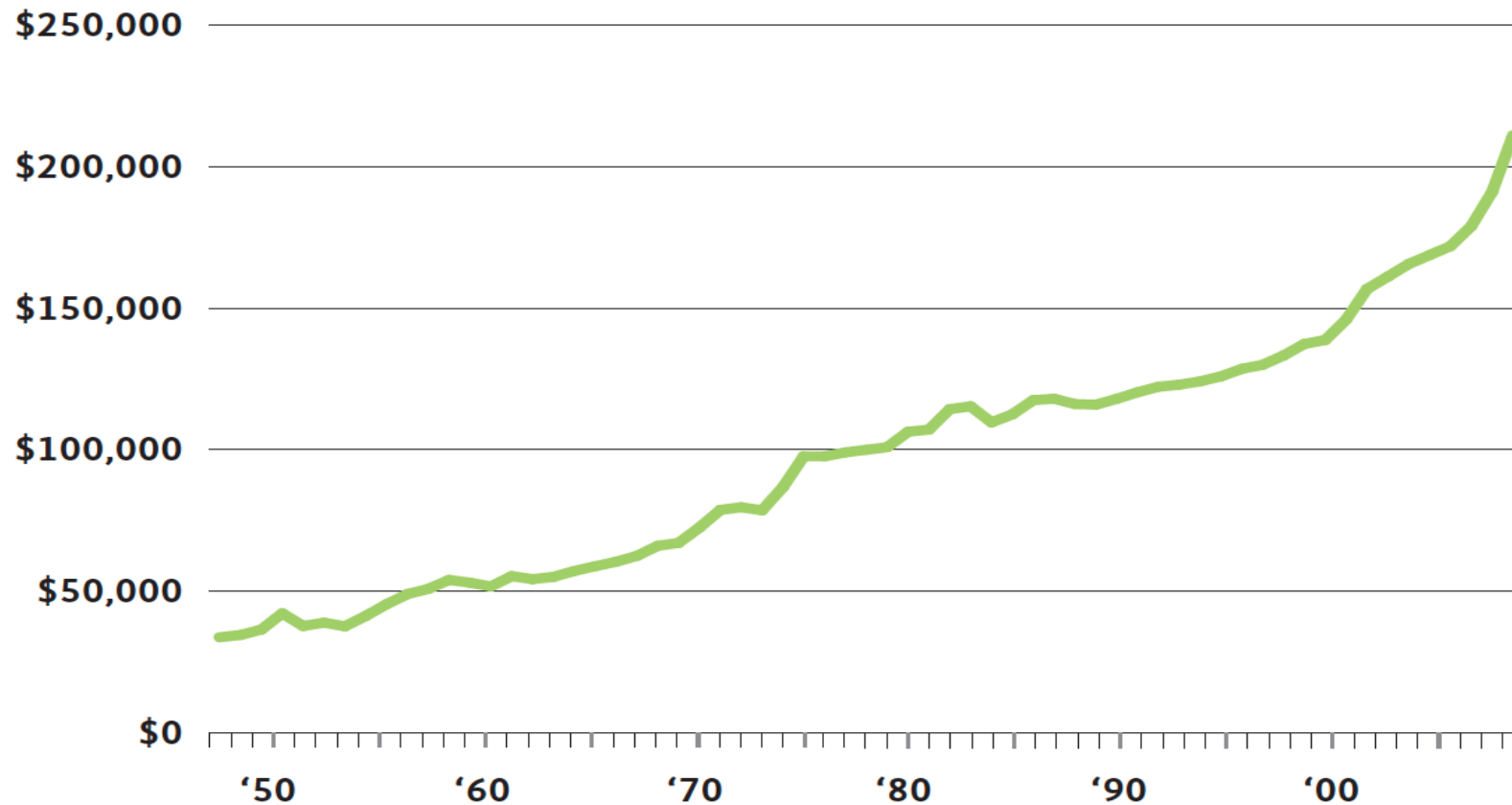
Bureau of Economic Analysis, CBER Calculations



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Changing Economy

Capital to Labor Ratio in US Manufacturing



Changing Economy



1920's



1950's



2000's

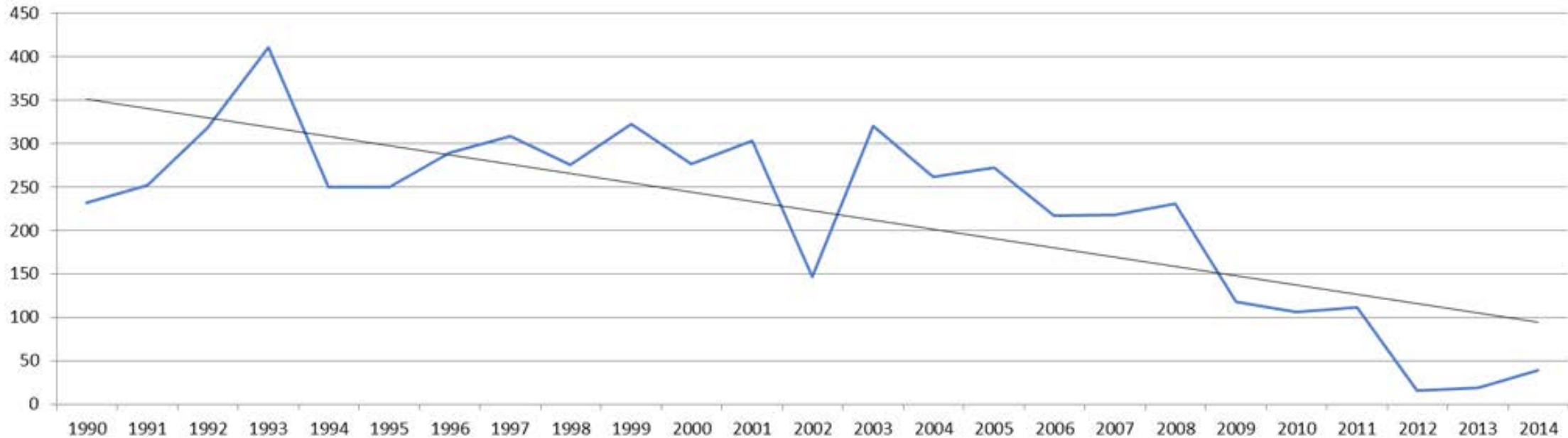
“There is nothing permanent except change”
~*Heraclitus*



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Changing Economy

New Manufacturing Firms with 500 + Employees



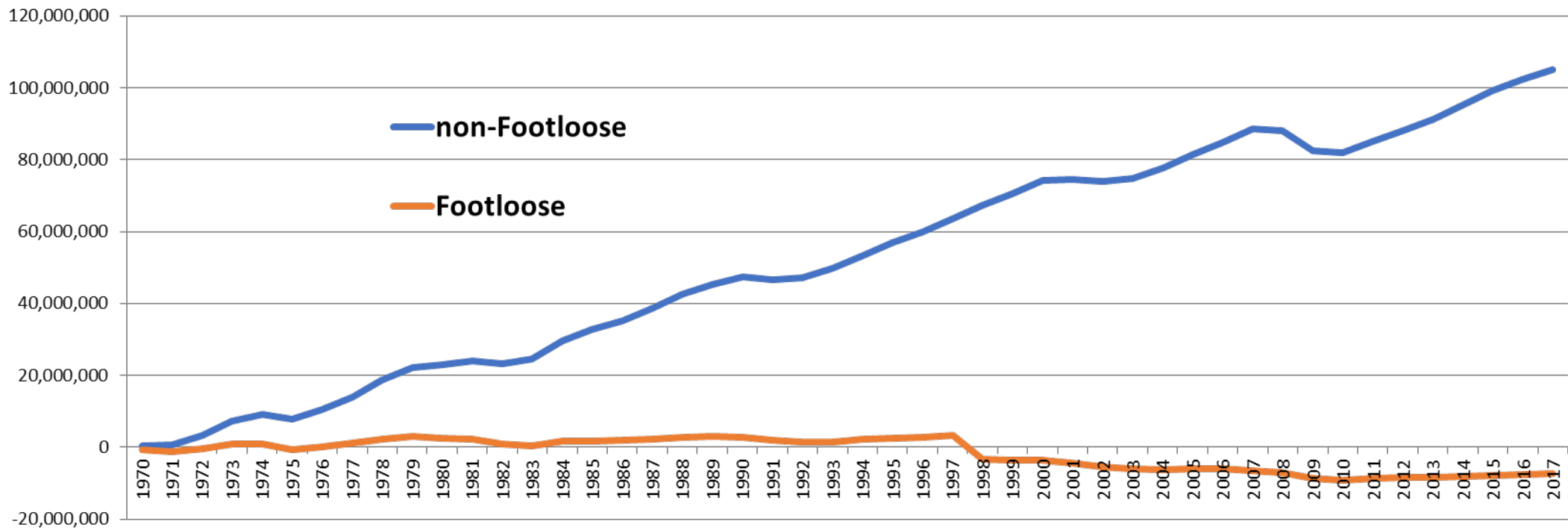
Bureau of Economic Analysis, CBER Calculations



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Changing Economy

Cumulative Job Growth in the US



Bureau of Economic Analysis, CBER Calculations



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Changing Economy

EGR Reg.	Counties	Footloose	Non-Footloose	Total Employment
0	Indiana Total	-12.2%	9.2%	4%
1	Jasper, Lake, La Porte, Newton, Porter, Pulaski, Starke	-22.7%	7.4%	1%
2	Elkhart, Fulton, Kosciusko, Marshall, St. Joseph	-2.1%	5.1%	3%
3	Adams, Allen, DeKalb, Grant, Huntington, LaGrange, Noble, Steuben, Wabash, Wells, Whitley	-16.5%	5.6%	-1%
4	Benton, Carroll, Cass, Fountain, Howard, Miami, Montgomery, Tippecanoe, Tipton, Warren, White	-22.9%	7.0%	-2%
5	Boone, Hamilton, Hancock, Hendricks, Johnson, Madison, Marion, Morgan, Shelby	-13.5%	19.1%	13%
6	Blackford, Delaware, Fayette, Henry, Jay, Randolph, Rush, Union, Wayne	-33.7%	-6.6%	-13%
7	Clay, Parke, Putnam, Sullivan, Vermillion, Vigo	-6.9%	-1.3%	-2%
8	Brown, Daviess, Greene, Lawrence, Martin, Monroe, Orange, Owen	-14.5%	7.9%	4%
9	Bartholomew, Dearborn, Decatur, Franklin, Jackson, Jefferson, Jennings, Ohio, Ripley, Switzerland	-0.6%	4.1%	3%
10	Clark, Crawford, Floyd, Harrison, Scott, Washington	-11.7%	9.7%	5%

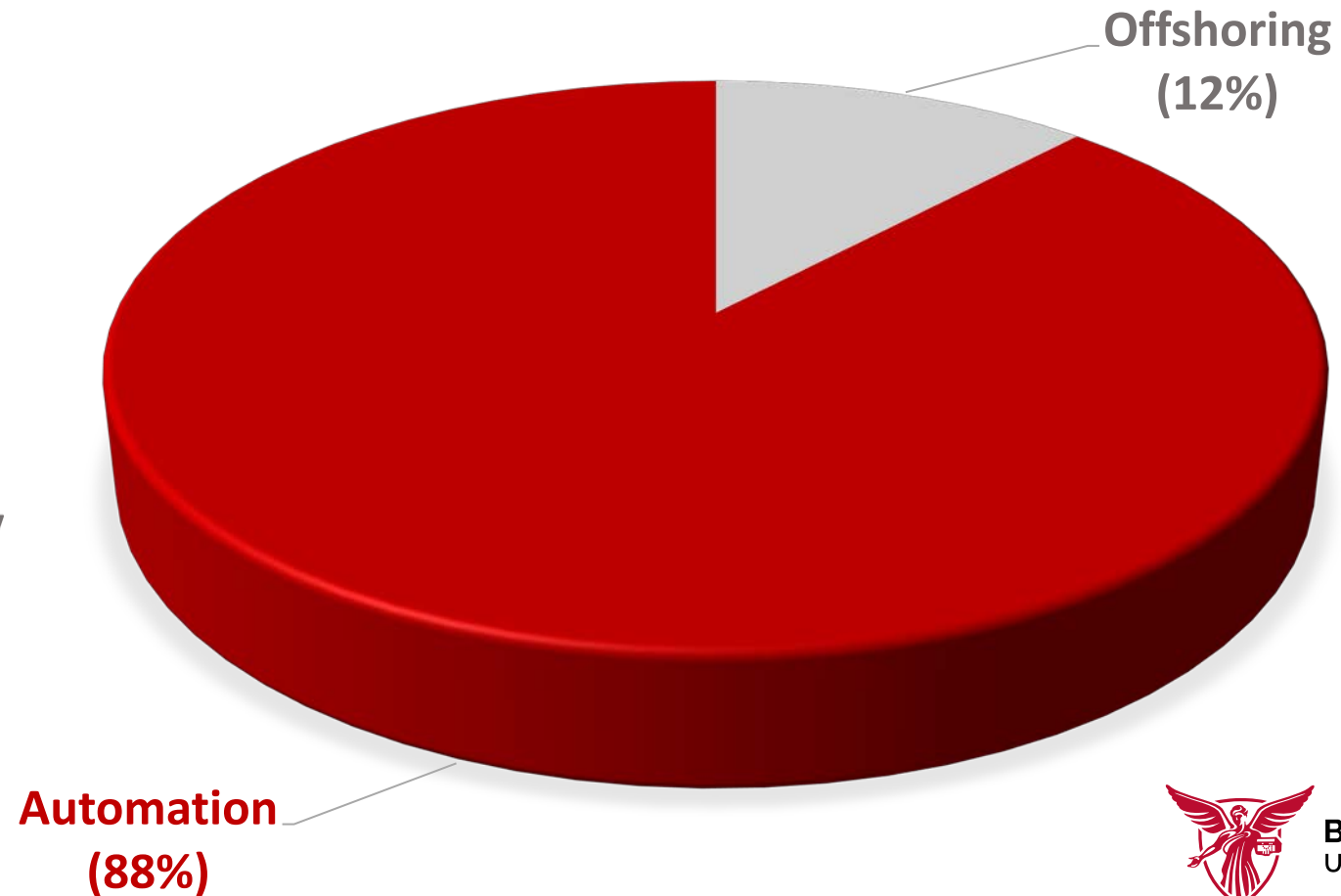
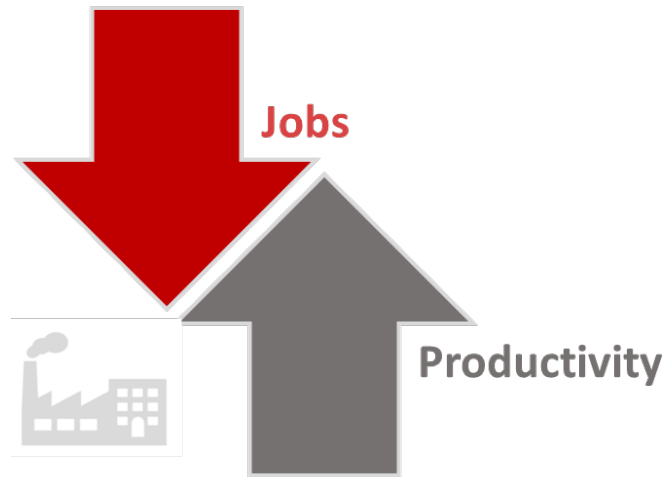
Employment Change in Indiana's Labor Markets (2001-2014)



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Changing Workforce

Causes of US Manufacturing Job Loss (%): 2000 - 2010



Changing Workforce

How Vulnerable are Our Communities to Automation, Trade, & Urbanization?

- Maps potential job losses to offshoring and automation
- Offshoring impacts jobs across all education and skill levels
- Automation impacts lower education and skill levels
- ‘No-fault’ job losses have long term impacts on families and communities
 - Education attainment, income levels, inter-generational impacts

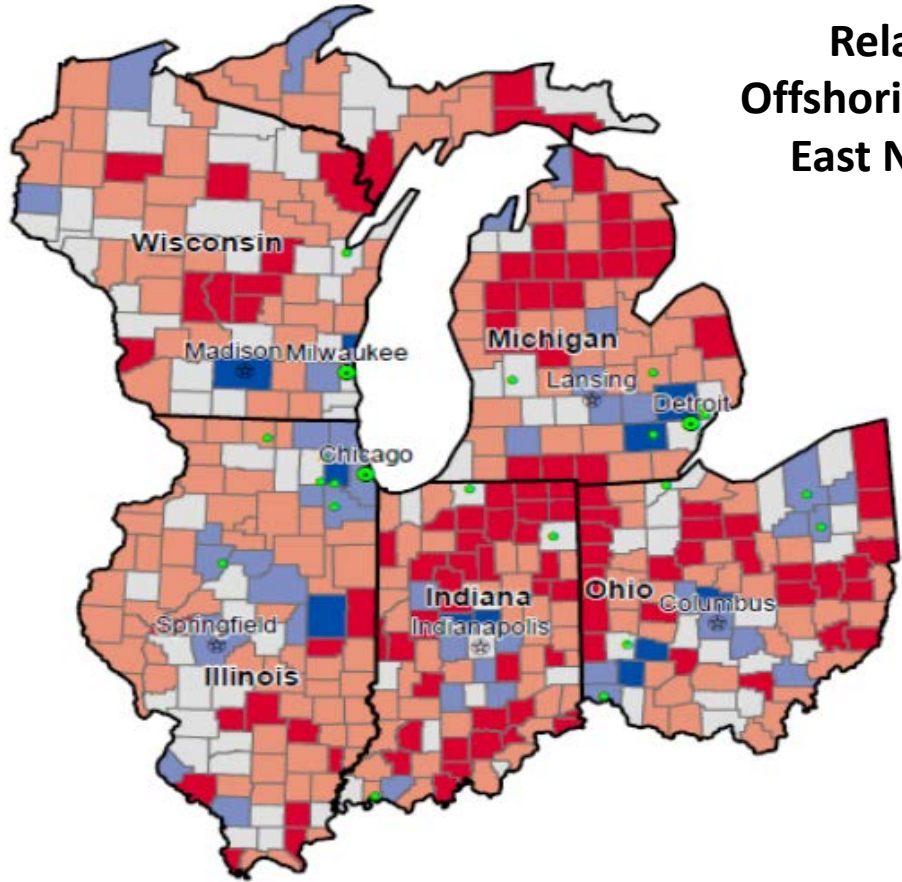
Hicks, Deveraj, Faulk, Wornell, Ball State University



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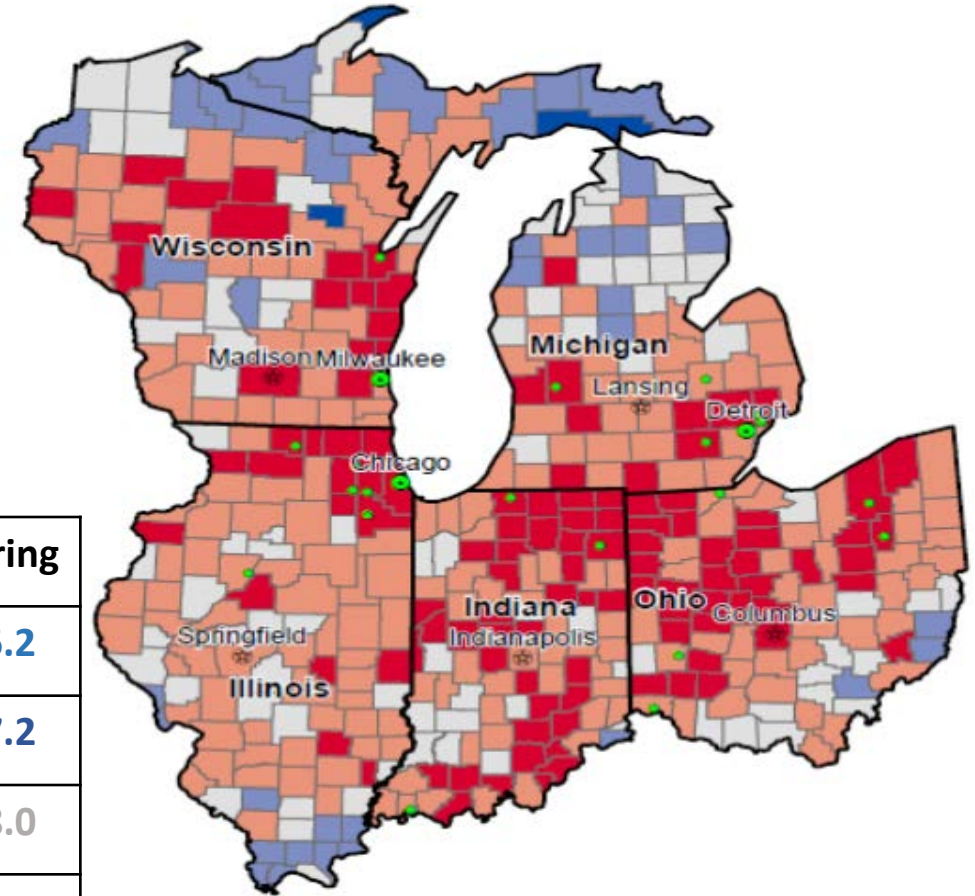
Changing Workforce

Relative Automation & Offshoring Risk to Employment: East North Central Division



Automation

Automation		Offshoring
36.4-51.8		22.6-26.2
51.9-55.4		26.3-27.2
55.5-57.9		27.3-28.0
58.0-60.2		28.1-28.7
60.3-67.0		28.8-30.7



Offshoring



Changing Workforce

Ticking Time Bomb

We don't know when the job losses may occur

We don't know how many jobs may be lost



Changing Workforce

Recession-proof skills, cities, and resilience in economic downturns

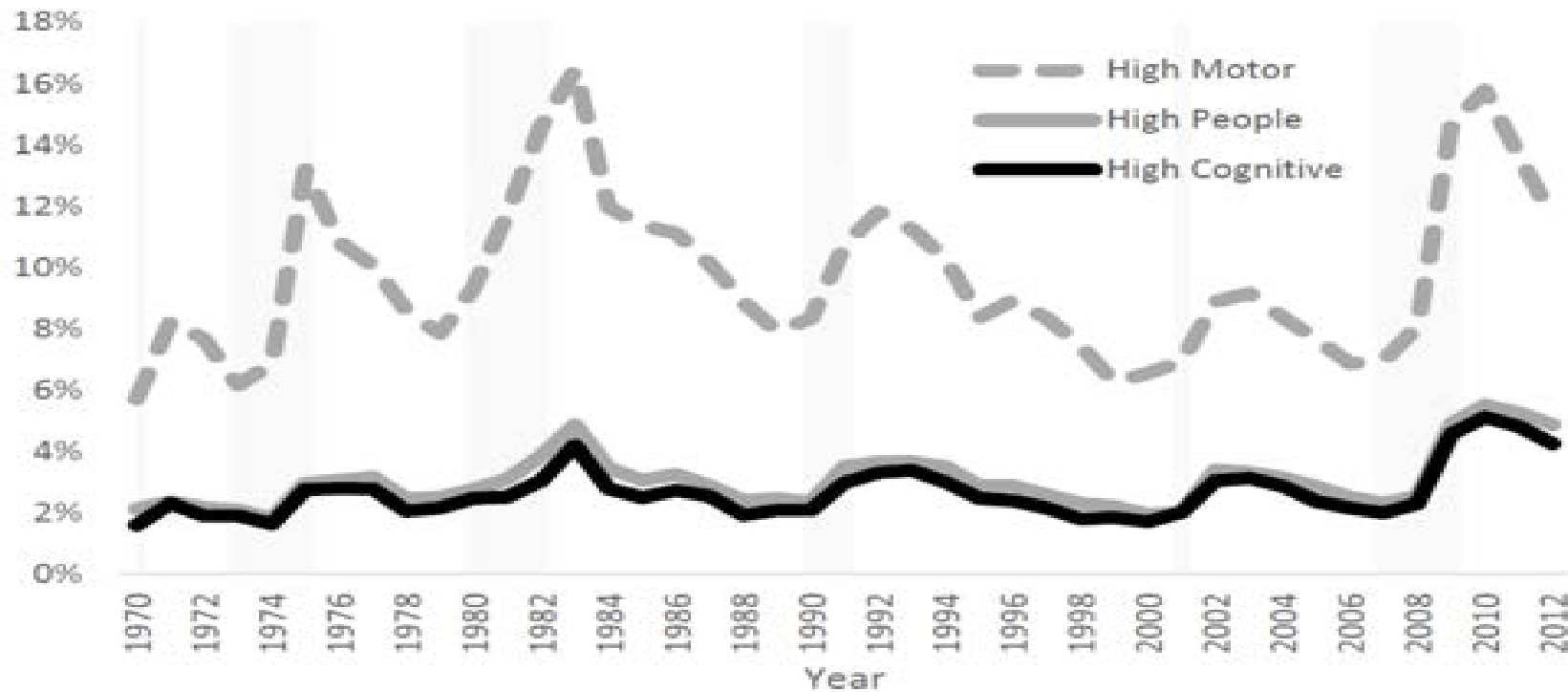
- Recovery from economic downturns depends on composition of skills in the area
 - Cognitive skills, People skills, Motor skills
- Cities with more concentration of occupations (jobs) with cognitive skills and people skills recover more quickly than those with greater concentration of motor skills

Amanda Weinstein/Carlianne Patrick, Journal of Regional Science



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Skills and Unemployment Rates



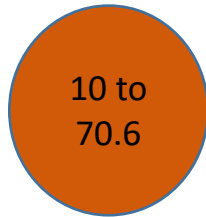
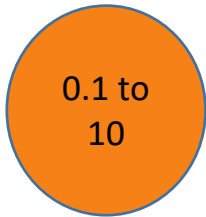
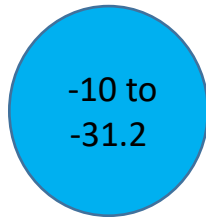
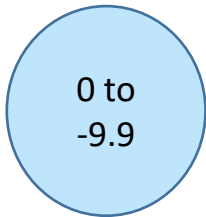
Source: Calculated with data from O*Net and IPUMS March CPS



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Changing Demographics

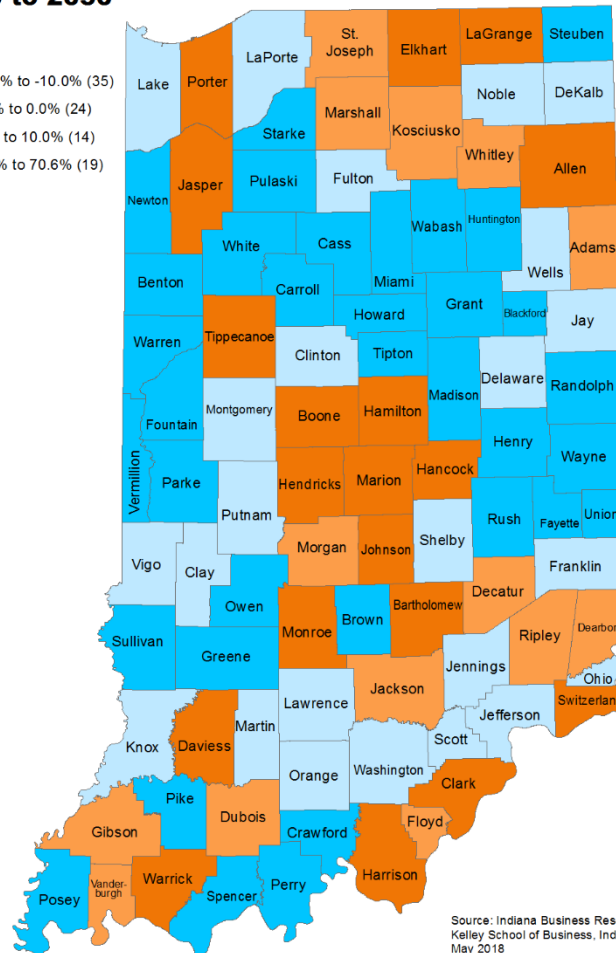
% Change



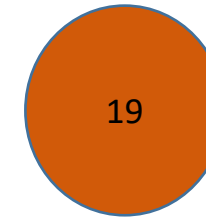
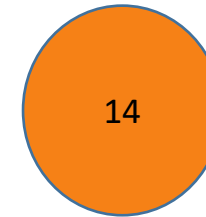
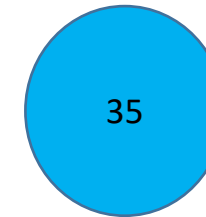
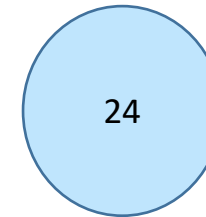
Population Projections

Percent Change in Total Population, 2015 to 2050

- -31.2% to -10.0% (35)
- -9.9% to 0.0% (24)
- 0.1% to 10.0% (14)
- 10.1% to 70.6% (19)



of Counties



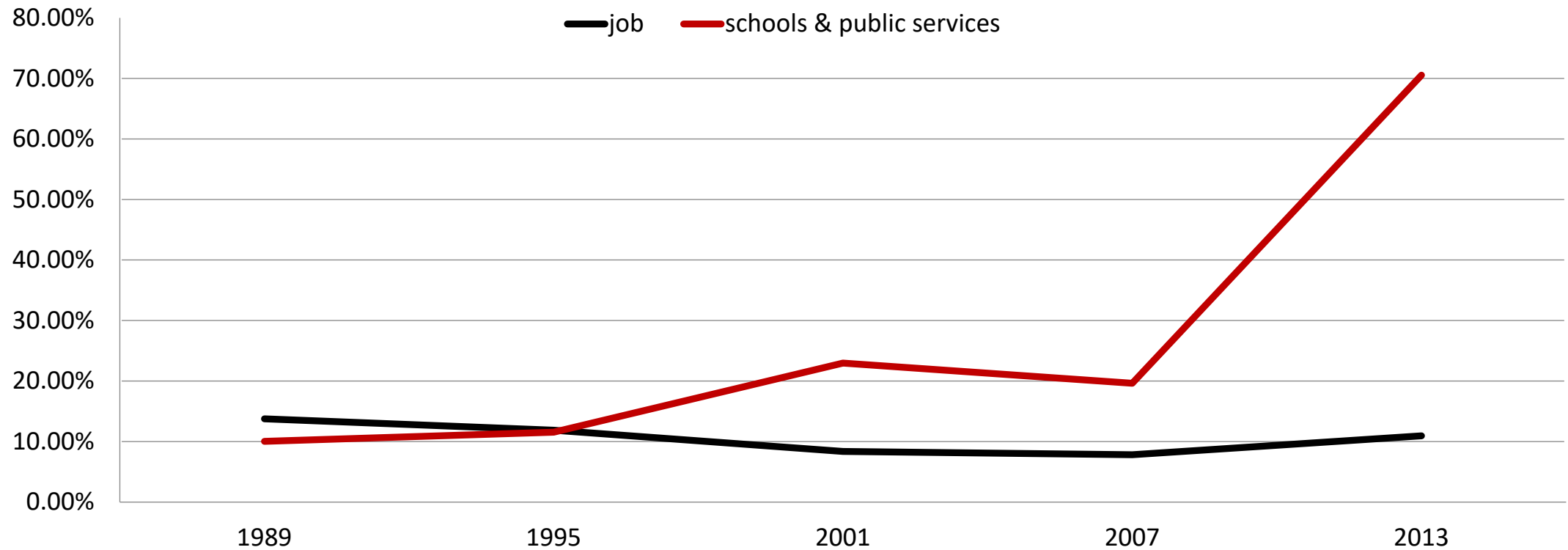
Source: Indiana Business Research Center, Kelley School of Business, Indiana University, May 2018



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Changing Communities

Rationale for Moving to a Specific Community, Selecting Home?



Source: American Housing Survey (1989-2013)



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Changing Communities

American Planning Association: National Harris poll of Millennials *and* Boomers (released spring 2014):

68%

- Believe the best way to improve national economy is through local **investments** to make communities **attractive places** to live and work.

65%

- Believe investing in **schools, transportation choices** and **walkable areas** is a better way to grow the economy than business attraction



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Changing Communities

Wisconsin Study, Five most important Qualities of Community:

- Perceived quality of schools.
- Perceived appropriate affordability of housing—people at different life stages may define affordability differently.
- Outdoor amenities such as parks and trails, with appreciation for outdoor recreation.
- A small town sense of community and civic engagement.
- Proximity to cities that offered employment, entertainment, and shopping.

University of Wisconsin – Madison, December 2017



Changing Communities

BALL STATE UNIVERSITY CENTER FOR BUSINESS AND ECONOMIC RESEARCH

WHITE PAPER – FEBRUARY 4, 2015

Regional Cities, Small Towns, and Rural Places: Policy Issues for Indiana

Michael J. Hicks, Ph.D., Director, Center for Business and Economic Research and George & Frances Ball Distinguished Professor of Economics
David Terrell, MBA, Director of Economic Development Policy
Richard Heupel, MA, CECD Director, Economic and Community Development
Ball State University



This study is designed to explain how rural and small towns can better connect to cities, how regional efforts play a role in growing the state's population, and which policies may best help move Indiana forward in crafting regional cities that attract households from across the world.

Introduction

Despite a decade of state policy reforms that have considerably brightened Indiana's growth prospects, the growth and prosperity is geographically concentrated in only a few places. Over the past decade, only a dozen of Indiana's counties have enjoyed population growth that is greater than the nation as a whole. Fifty Indiana counties are in relative decline, seeing population and income grow more slowly than the nation as a whole, while thirty Hoosier counties are losing people, wealth and earnings. These conditions are not part of the Great Recession or current national malaise. Rather, they are part of a trend which has seen Indiana per capita incomes decline relative to the nation as a whole for more than a half century. The rapidly growing places in Indiana are concentrated in and around metropolitan areas. Less than an hour drive from some of Indiana's most steeply declining communities are some of the fastest and most dynamically growing places in the world. For example, Hamilton County, which still boasts numerous farms and small towns, is enjoying population and personal income growth that places it in the company of the most affluent counties in the Washington, D.C., New York City and London suburbs.

Indiana policymakers must then grapple with the very real reasons underlying regional inequities, and how public policy and private action may boost all of Indiana. While this is an economic question bearing on several public policy questions, its most urgent concern is a fiscal matter, involving how public expenditures are made.

This study is designed to explain how rural and small towns can better connect to cities, how regional efforts play a role in growing the state's population, and which policies may best help move Indiana forward in crafting regional cities that attract households from across the world. We begin by explaining why some of Indiana's cities are growing.

Why Urban Places Grow

Cities have enjoyed a lengthy period of economic success. For more than five thousand years, the bulk of economic growth has occurred in urban areas. This growth has accelerated during the great economic expansions of recent centuries. While this is partly a tautology – places which grow fast become urban – there is no persistent history of relative prosperity in broadly rural areas. In fact, relative growth in rural areas is a phenomenon confined to a few brief periods

RESEARCH + OUTREACH

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- Key findings:
 - Most population growth is *not* happening in urban areas
 - It's happening in fringe areas and small towns
 - All of Indiana is within 45 minutes of an urban center
 - More than 95% of Hoosiers live less than 30 minutes from a metro area



Where are we now?

Things we do know about what is happening:

- Cities are absorbing a higher share of households
- Labor markets are bifurcating (higher and lower wages)
- Available 'footloose' jobs are in permanent decline
- Households relocate to amenities (neighborhoods, schools, etc.), not for jobs
- Policies to attract jobs often reduce available resources to attract people
- Policies that attract people also make them more productive



Where are we now?

Things we don't know about what is happening:

- Automation and technology change will shift the skill demand for workers.
- Metro areas will expand significantly, but where the suburbs and exurbs will locate is unclear.
- How fast this happens is unclear.
- The geography of workplaces could be radically impacted by automation and digital work.
- The geography of residential locations could be impacted by automation and digital work.



Why Community Development?

Modern Approach to Economic Development

- Comprehensive, longer term
- Place-based, people-focused
- Rethinking resource allocation
- *Population growth = job growth*
 - ✓ Talent Retention
 - ✓ Talent Attraction/Repatriation
 - ✓ Talent Development
- **Engagement Approaches**

WE NEED PEOPLE/PEOPLE WANT QUALITY PLACES!



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Where are we now?

Traditional Approach

- Luring investments and jobs
- Locally based (us against them)
- Incentives, infrastructure
- Assumes Job growth = population growth
- **Transactional Mindset**
- **WE NEED JOBS!**

Modern Approach

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**WE NEED PEOPLE/PEOPLE WANT
QUALITY PLACES!**



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Changing Paradigm – Community Engagement

Readiness for Change

- ✓ What are our community's strengths (Comprehensive Wealth)?
 - ✓ Where are our opportunities?
 - ✓ What should be our priorities?
 - ✓ Are we in agreement?



Considerations for CEDS Development

- ❖ The issue is **how** we get those jobs. It's not formulaic (traditional job attraction/creation).
- ❖ Building up amenities **writ large** is a better approach, even though it takes longer.
- ❖ We need to put traditional economic development in its proper context.
- ❖ These are conversations that need to happen in CEDS development.
- ❖ Approaching the CEDS development with a community development approach builds capacity: Capacity builds resiliency.
- ❖ The SWOT analysis utilizing different lenses such as the Comprehensive Wealth Framework can offer more robust understanding of issues in the region.



Questions?

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David Terrell

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We Want to Know:

How are you making economic development more place-based and people-focused in your communities?

Type your examples and any questions/insights in the chat box on the right side of your screen.

Today's Trainers



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