Economic Development: Considerations for Change

Summertime with the CEDS
August 6, 2020
Many thanks!
Summertime with the CEDS | Summer 2020

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• 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
Economic Development: Considerations for Change

Michael Hicks, Director
Center for Business and Economic Research
David Terrell, Director
Indiana Communities Institute

August 6, 2020
ICI’s approach: Revolves around Community (People and Place), Grounded in Research, Engaged in Practice, and Focused on Policy.
Welcome & Introductions

**Community Dev. Course**
- Economic Dev. Course
- Brownfields Workshop
- Mayor’s Institute
- Regional Leadership

**Cultivating Community**
- Tourism Development
- Prioritizing Placemaking
- Civic Design Institute

**Community Readiness**
- Hometown Collaboration
- IMPACT Main Street
- Stellar Communities
- Innovate WithIN

**Trainings & Workshops**

**Special Projects**

**Partnerships**

**Building Stronger & More Vibrant Communities**
Why Community Development?
- Considerations for Change
Why Community Development?

We Need Jobs!

WHY?

WHAT’S STOPPING?
Data Discussion

Changing Communities

Changing Demographics

Changing Economy

Changing Conversations

Changing Communities
Traditional Approach to Economic Development

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

WE NEED JOBS!
Changing Economy

US Household Consumption Expenditures

Bureau of Economic Analysis, CBER Calculations
Changing Economy

Capital to Labor Ratio in US Manufacturing
Changing Economy

“There is nothing permanent except change”
~Heraclitus
Changing Economy

Cumulative Job Growth in the US

Bureau of Economic Analysis, CBER Calculations
## Changing Economy

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

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

- Automation (88%)
- Offshoring (12%)
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
Changing Workforce

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

<table>
<thead>
<tr>
<th>Automation</th>
<th>Offshoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>36.4-51.8</td>
<td>22.6-26.2</td>
</tr>
<tr>
<td>51.9-55.4</td>
<td>26.3-27.2</td>
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<tr>
<td>55.5-57.9</td>
<td>27.3-28.0</td>
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<tr>
<td>58.0-60.2</td>
<td>28.1-28.7</td>
</tr>
<tr>
<td>60.3-67.0</td>
<td>28.8-30.7</td>
</tr>
</tbody>
</table>
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
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
Skills and Unemployment Rates

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

- **-10 to -31.2**
- **0.1 to 10**
- **10 to 70.6**

% Change

- **24**
- **14**
- **35**
- **19**

# of Counties

Source: Indiana Business Research Center, Ball State University, May 2019
Changing Communities

Rationale for Moving to a Specific Community, Selecting Home?

Source: American Housing Survey (1989-2013)
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.
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
• 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.
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

Why Community Development?

WE NEED PEOPLE/PEOPLE WANT QUALITY PLACES!
Where are we now?

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Modern Approach
- Luring investments and jobs
- Locally based (us against them)
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- Assumes Job growth = population growth

- Transactional Mindset
  • WE NEED JOBS!

We need people/people want quality places!
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?
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
drterrell@bsu.edu
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.
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Upcoming Webinar

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Register at www.nado.org