



Latest Trends & Opportunities in Regional Economic Development

Brian Kelsey

EDD Manager (2005-10) | EDA (2010-12) | NADO (2012-16)

March 15, 2023

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EDA's mission is to lead the Federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the worldwide economy. EDA will fulfill its mission by fostering entrepreneurship, innovation and productivity through Investments in infrastructure development, **capacity building** and business development in order to attract private capital investments and new and better jobs to Regions experiencing substantial and persistent economic distress.

[79 FR 76123, Dec. 19, 2014]

ED 1.0:
Trophy
hunting



ED 2.0:
Grow local



ED 3.0:
Talent rules



**Integrated
approach**

1980s

2000s

2010s

2020s

Professor Michael E. Porter, Harvard University
Monitor Group
ontheFRONTIER
Council on Competitiveness

CLUSTERS of INNOVATION: Regional Foundations of U.S. Competitiveness



CLUSTERS OF INNOVATION INITIATIVE



MEASURING REGIONAL INNOVATION

A Guidebook for Conducting Regional Innovation Assessments

*Prepared for the U.S. Department of Commerce
Economic Development Administration*

2003-2005

From Wikipedia, the free encyclopedia

Workforce Innovation in Regional Economic Development (WIRED) was a project of the [United States Department of Labor](#). It provided a new approach to workforce and economic development. Through the WIRED model, regions integrated economic and workforce development activities to demonstrate that talent development can drive economic transformation in regional economies across the United States.

History [\[edit \]](#)

Birth of the Public Workforce System [\[edit \]](#)

The WIRED Initiative was conceived from lessons learned since the birth of the public workforce system in

Workforce Innovation in Regional Economic Development (WIRED)



Department overview

Formed

February 1, 2006

IN THIS SECTION:

[Overview](#)

[Leadership](#)

[Office of Innovation and Entrepreneurship](#)

[Investment Priorities](#)

[EDA's 50th Anniversary](#)

[EDA Job Opportunities!](#)

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EDA ANNUAL REPORTS

JOBS AND INNOVATION ACCELERATOR CHALLENGE

The Jobs and Innovation Accelerator Challenge brings the public and private sectors together to build on America's regional strengths and create local jobs in key industries of the future. The jobs and innovation Accelerator Challenge is an important example of how the federal government is working collaboratively and leveraging existing resources to enhance local efforts to build public-private partnerships that support economic growth and job creation.

2014

[Jobs and Innovation Accelerator Challenge and Make it in America Challenge Program Descriptions](#)

2012

[Advanced Manufacturing Jobs and Innovation Accelerator Challenge](#)

The Advanced Manufacturing Jobs and Innovation Accelerator Challenge was a competitive multi-agency grant process announced in May 2012 to support initiatives that strengthen advanced manufacturing at the local level.



[Rural Jobs and Innovation Accelerator Challenge](#)

The Rural Jobs Accelerator Challenge was a national initiative to support rural partnerships that are critical components of the Obama Administration's efforts to support small businesses.

2011

[2011 Jobs and Innovation Accelerator Challenge](#)

2006-2007

2010-2012

**Comprehensive
Economic
Development Strategy
(CEDS)**

CEDS Content

Economic
Resilience

Evaluation
Framework

SWOT Analysis

Strategic
Direction/Action
Plan

Summary
Background

Equivalent/
Alternative Plans

Format

Opportunity Zones

Preparation

CEDS Content

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2015, 2020



[Overview](#) | [Format](#) | [Preparation](#) | [Equivalent/Alternative Plans](#) | [Opportunity Zones](#)
[Content: Summary Background](#) | [SWOT Analysis](#) | [Strategic Direction/Action Plan](#) | [Evaluation Framework](#) |
[Economic Resilience](#)
[Full Report](#) (PDF)

A CEDS should be developed with broad based community participation and result in a document that is readily accessible to regional stakeholders. Potential partners for developing a CEDS could include government agencies, private sector interests, education providers, non-profits, community and labor groups, workforce boards, utilities, etc. Stakeholders should be able to use it as a guide to understanding the regional economy and to take action to improve it. The CEDS should take into account and, where appropriate, incorporate or leverage other regional planning efforts, including the use of available federal funds, private sector resources, and state support which can advance a region's CEDS goals and objectives. Its quality should be judged by its usefulness as a tool for regional economic development decision-making.


There are four main elements of a CEDS: 1) summary background, 2) SWOT analysis, 3) strategic direction/action plan, and 4) evaluation framework. The background should provide an overview of the region's economic situation. Building on data from the summary background, the SWOT analysis should assess the state of the regional economy, including the opportunities and threats posed by internal and external trends and forces, and the availability of resources for economic development. The region's vision, goals, and measurable objectives, together with an appraisal of the region's competitive advantages, should form the basis of the strategic direction and action plan. The evaluation framework should establish criteria and performance measures for evaluating the region's implementation

A New *approach* to *Comprehensive Economic Development Strategies*

The Barren River Area Development District opted to present a completely digital Comprehensive Economic Development Strategy for the 2022 update. In essence, this entire planning.bradd.org website serves as our 2022 CEDS. For quick navigation, feel free to explore the links to the right (below for mobile view).



SUMMARY BACKGROUND &
SWOT ANALYSIS



STRATEGIC DIRECTION & ACTION PLAN



RESILIENCY PLAN



EVALUATION FRAMEWORK

Investment Priorities


2021

Share

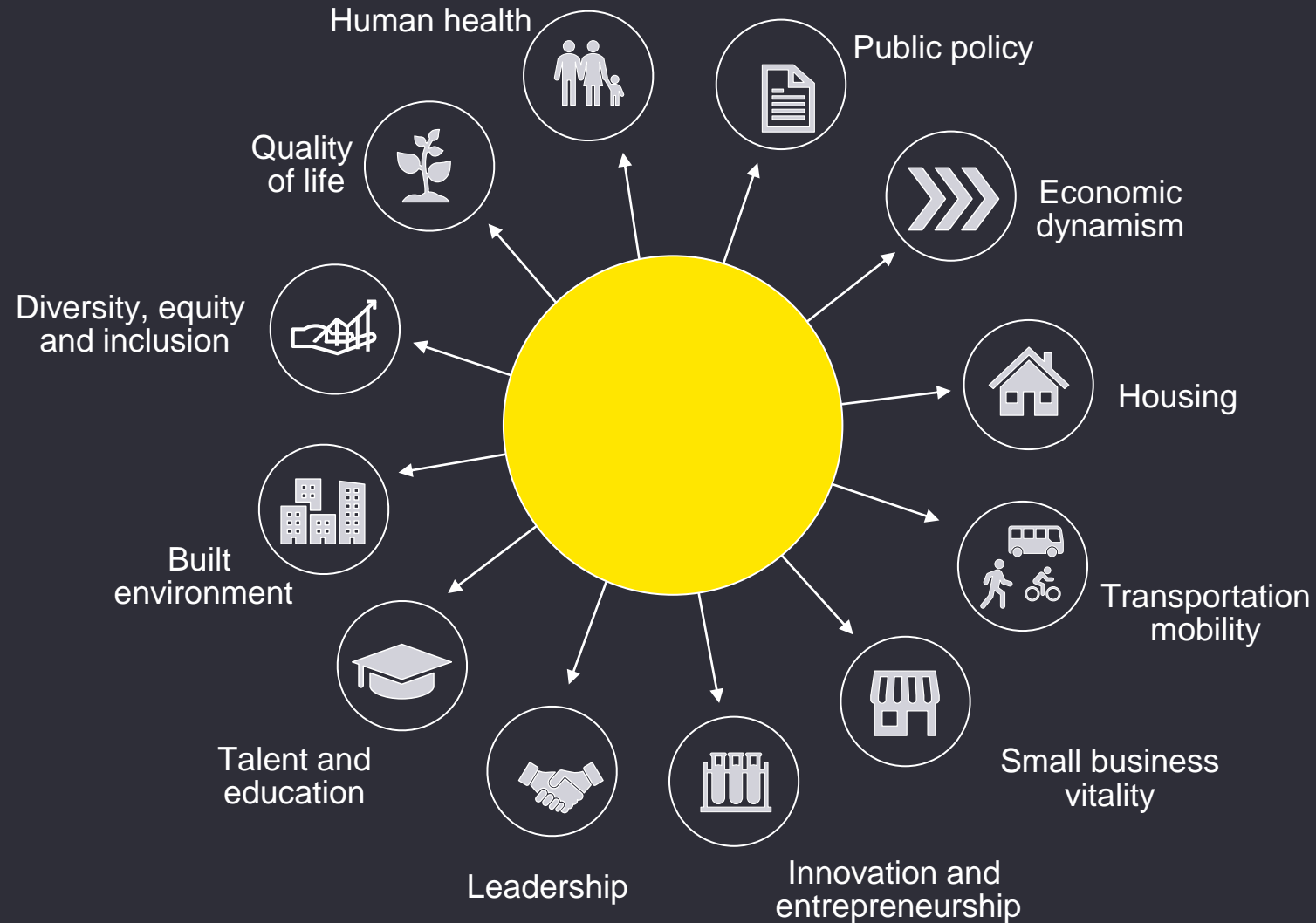
Through its competitive grant process, EDA evaluates all project applications to determine the extent to which they:

- Align with EDA's investment priorities,
- Effectively address the creation and/or retention of high-quality jobs, and
- Document that the applicant can or will leverage other resources, both public and private, and demonstrate the applicant's capacity to commence the proposed project promptly, to use funds quickly and effectively, and provide a clear scope of work that includes a description of specific, measurable project outputs.

EDA's investment priorities provide an overarching framework to ensure its grant investment portfolio – ranging from planning to infrastructure construction -- contributes to local efforts to build, improve, or better leverage economic assets that allow businesses to succeed and regional economies to prosper and become more resilient. Competitive grant applications will be responsive to the evaluation criteria listed under each individual funding announcement, including at least one of the below investment priorities. For more information on the investment priorities, please read the [Investment Priorities Definitions](#) (PDF) which defines a number of the key concepts introduced below:

- 
1. **Equity:** Economic development planning or implementation projects that advance equity across America through investments that directly benefit 1) one or more traditionally [underserved populations](#) (PDF), including but not limited to women, Black, Latino, and Indigenous and Native American persons, Asian Americans, and Pacific Islanders or 2) underserved communities within [geographies](#) (PDF) that have been systemically and/or systematically denied a full opportunity to participate in aspects of economic prosperity such as Tribal Lands, [Persistent Poverty Counties](#) (XLSX), and rural areas with demonstrated, historical underservice.

What is economic development today?



Strength in Numbers:

A Regional Plan for Economic Resilience & Prosperity

Triangle J Council of Governments - 2021 to 2026

December 8, 2020



Drivers of Change Analyzed in the Triangle Trends Report

2022 STATE OF THE WORKFORCE SURVEY

Biden-Harris Administration Launches First CHIPS for America Funding Opportunity

As part of implementing the bipartisan CHIPS and Science Act, Department of Commerce seeks applications to revitalize domestic semiconductor industry and bring supply chains back to the U.S.

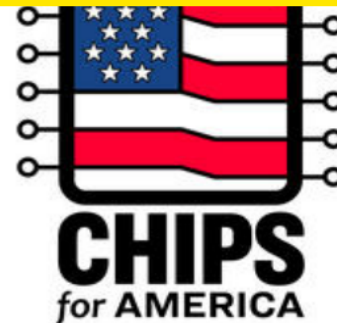
February 28, 2023



WASHINGTON — The Biden-Harris administration through the U.S. Department of Commerce's National Institute of Standards and Technology today launched the first CHIPS for America funding opportunity for manufacturing incentives to restore U.S. leadership in semiconductor manufacturing, support good-paying jobs across the semiconductor supply chain, and advance U.S. economic and national security.

As part of the bipartisan CHIPS and Science Act, the Department of Commerce is overseeing \$50 billion to revitalize the U.S. semiconductor industry, including \$39 billion in semiconductor incentives. The first funding opportunity seeks applications for projects to construct, expand or modernize commercial facilities for the production of leading-edge, current-generation and mature-node semiconductors. This includes both front-end wafer fabrication and back-end packaging. The department will also be releasing a funding opportunity for semiconductor materials and equipment facilities in the late spring, and one for research and development facilities in the fall.

Building a Skilled and Diverse Workforce: Recruiting, training and retaining a large, skilled and diverse workforce will be critical to strengthening the U.S. semiconductor ecosystem. Companies seeking CHIPS funding will be required to submit workforce development plans for the workers who will operate their facilities and the workers who will build them, including plans to meet the Department of Commerce's and the Department of Labor's Good Jobs Principles. Applicants requesting over \$150 million in direct funding must also submit plans to provide both their facility and construction workers with access to affordable, accessible, reliable and high-quality child care. In addition, applicants are strongly encouraged to use project labor agreements for construction projects. [Read more here.](#)



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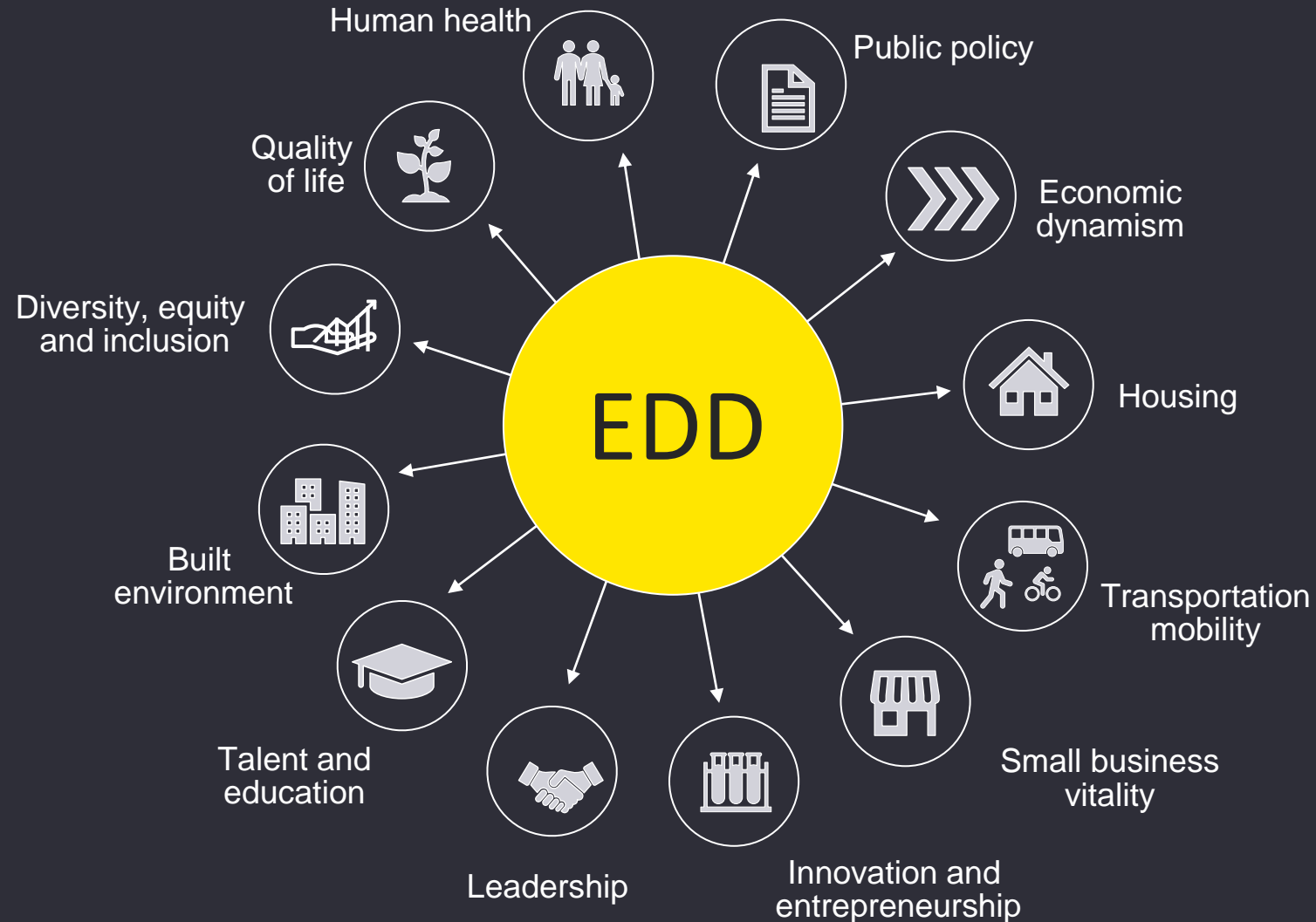
ORGANIZATIONS

Director's Office

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What is the role of an Economic Development District (EDD) today?



Exercise #1:
Write a mission statement for today's EDD.

National and global
trends/impacts

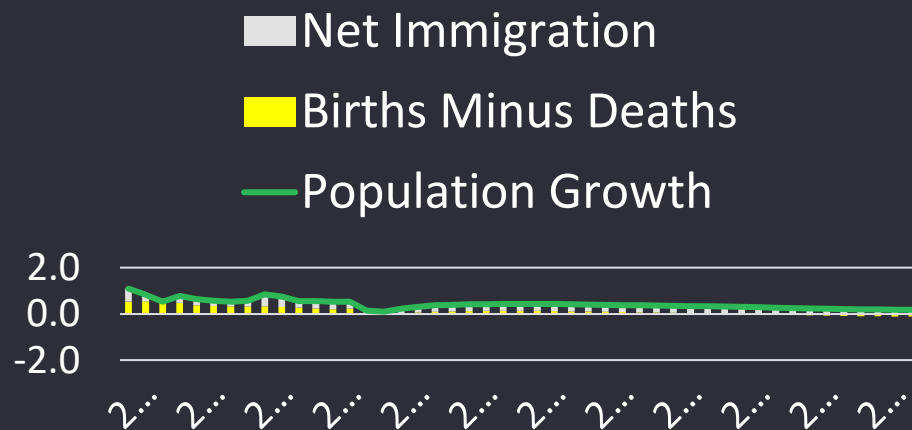


Workforce availability

Trends

- ▶ Population growth has flattened since 2020 and projected growth rate will be below pre-COVID levels
- ▶ Immigration will comprise a greater share of U.S. population growth and eventually make up for a deficit in natural change (births minus deaths)

Population growth rate (%) projections

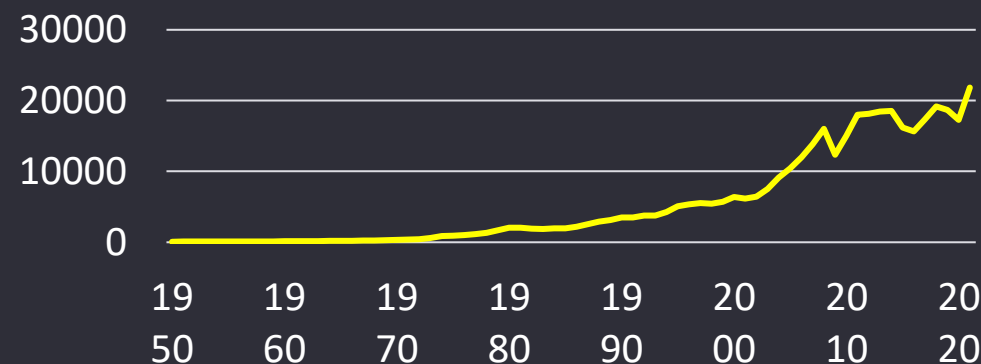


Source: Congressional Budget Office, demographic outlook as of July 2022

Impacts

- ▶ More regions will have to figure out how to grow and develop with slower population growth
- ▶ Greater pressure on regional economies and firms to seek out new markets and trade and investment linkages
- ▶ More competition as other regions in U.S. and globally seek to do the same

Value of global trade (billions USD)



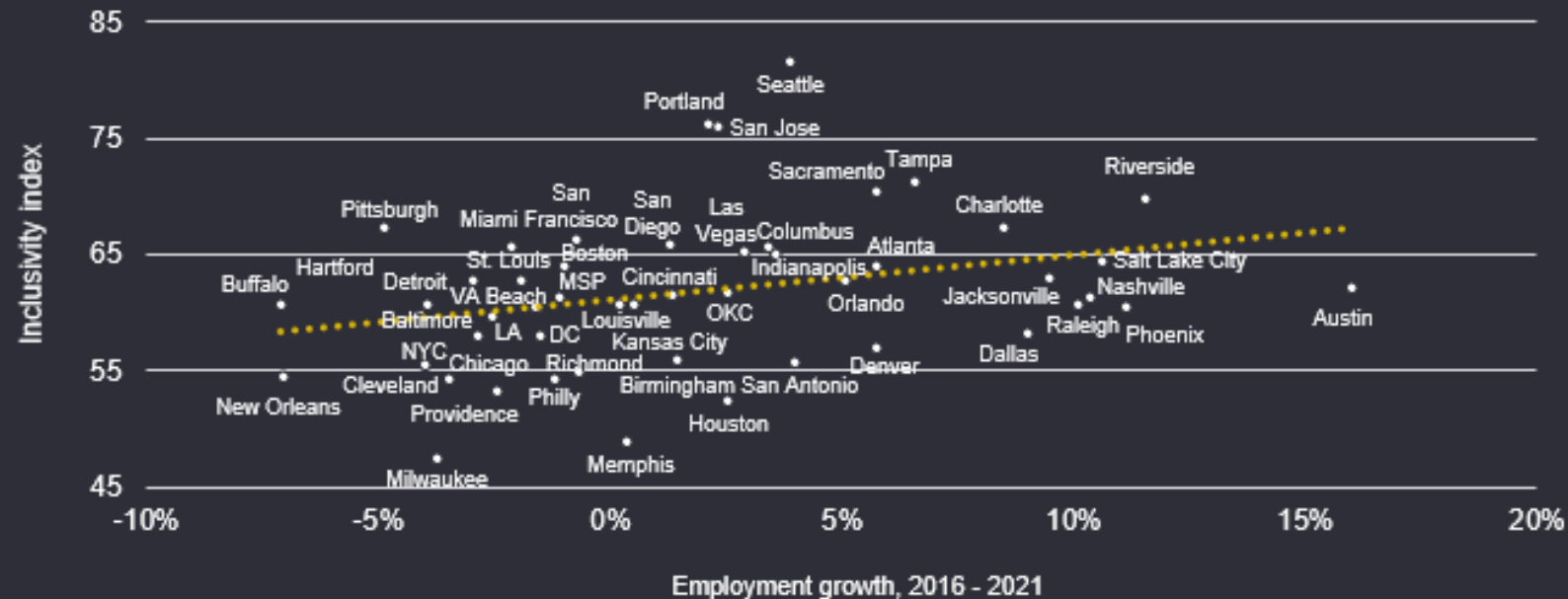
Source: World Trade Organization

Inclusive prosperity

Trends

- ▶ Racial inclusivity and economic growth are correlated

Racial inclusivity vs. employment growth, 50 most populous metropolitan areas



Impacts

- ▶ To support economic growth, regions need to address racial disparities in income, educational attainment, and other socioeconomic characteristics
- ▶ Regions that are welcoming to diversity will have an advantage: Job growth is more strongly correlated with minority population growth than with white population growth

Source: US Census Bureau; Lightcast; EY

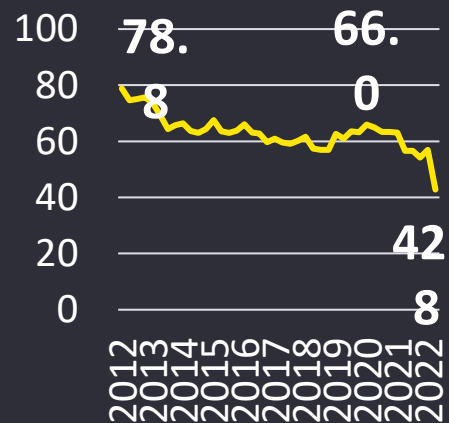
*Racial inclusivity index involves four factors: non-white vs. white median household income, non-white vs. white educational attainment at bachelor's degree and above, ratio of non-white workers in management positions relative to percentage of non-white workforce, non-white vs. white poverty rate

Housing affordability

Trends

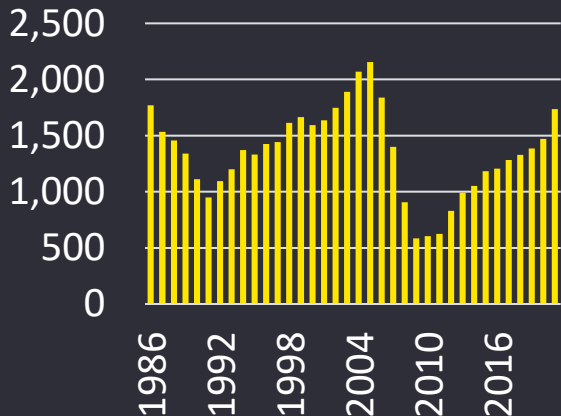
- ▶ Housing affordability has decreased over time
- ▶ Housing construction has increased in recent years but not enough to meet demand in an affordable manner

Percent of homes sold affordable to local median household income, U.S.



Source: National Association of Home Builders

Housing permits (thousands), U.S.



Source: US Census Bureau

Impacts

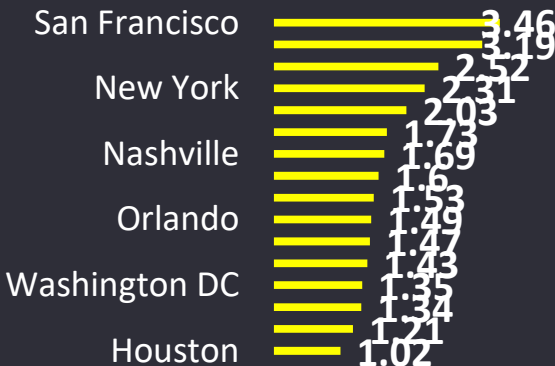
- ▶ Mismatch between job growth and housing need

Ratio of employment change to housing permits, U.S.



Source: US Bureau of Labor Statistics, US Census Bureau

Ratio of employment change to housing permits, select MSAs, 2008-2019



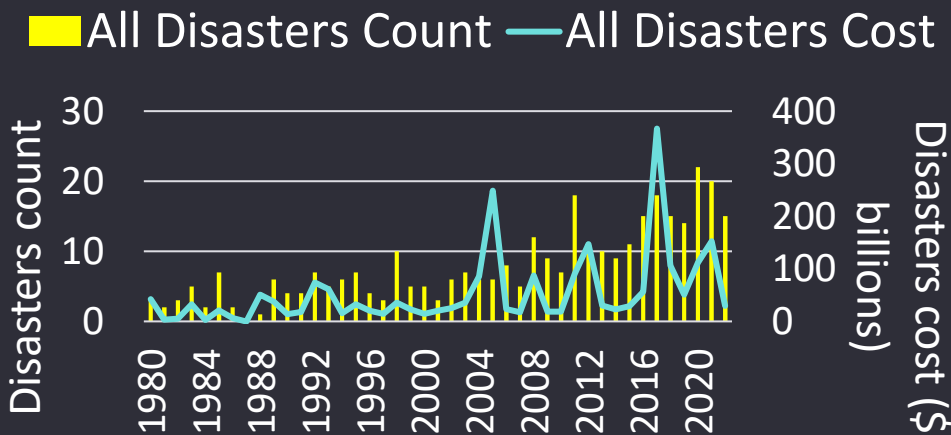
Source: Manhattan Institute

Resilience

Trends

- ▶ Climate change is causing more severe weather-related events, greater in both number and severity

Billion-dollar weather and climate disasters, U.S.

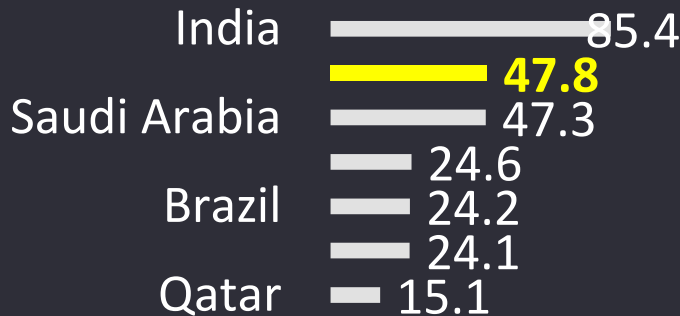


Source: National Oceanic and Atmospheric Administration, National Centers for Environmental Information, data as of October 11, 2022. Inflation-adjusted to 2022 dollars.

Impacts

- ▶ If global temperatures rose 2.6°C (4.7°F), by year 2048, U.S. GDP would be 4% to 7% lower than it would be without temperature rise (Swiss Re Institute, April 2021)
- ▶ U.S. is among countries most at risk of economic damages related to more carbon emissions

Social cost (USD) of carbon per ton of CO₂



Source: "Country-level social cost of carbon", Nature Climate Change, <https://country-level-scc.github.io/explorer>, 24 September 2018.



Exercise #2: Solutions Sprint

Responding to trends:

1. On an index card, write the topic, your name and one thing your region is doing or could do to turn the trend into an opportunity.
2. Volunteer to share your idea with the room.
3. At the end of the session, I will collect the cards and share them with Brett.

TOPIC



MY IDEA!

YOUR NAME

Trend: Workforce availability

Demand for workers remains above historical levels – 10.7 million job openings as of September 2022 versus 6 million in 2016.

2 minutes:

On an index card, write this topic (workforce), your name and one thing your region is doing or could do to turn this trend into an opportunity.

5 minutes:

3-4 volunteers describe their ideas with the room



Trend: Inclusive prosperity

Some communities are recognizing that racial inclusivity and economic growth are correlated.

2 minutes:

On an index card, write this topic (inclusion), your name and one thing your community is doing or could do to turn this trend into an opportunity.

5 minutes:

3-4 volunteers describe their ideas with the room



Trend: Housing affordability

Housing affordability and availability are at historic lows: 43% of homes sold affordable to local median household income in Q2 2022.

2 minutes:

On an index card, write this topic (housing), your name and one thing your community is doing or could do to turn this trend into an opportunity.

5 minutes:

3-4 volunteers describe their ideas with the room



Trend: Resilience

The green economy has arrived just as climate change is causing increasingly severe weather-related events.

2 minutes:

On an index card, write this topic (resilience), your name and one thing your community is doing or could do to turn this trend into an opportunity.

5 minutes:

3-4 volunteers describe their ideas with the room



Trend: Federal stimulus

Federal stimulus (CARES, ARPA, IIJA, CHIPS, IRA) programs are creating opportunities for significant investments along with pressure to make an impact and manage funds.

2 minutes:

On an index card, write this topic (stimulus), your name and one thing your region is doing or could do to turn this trend into an opportunity.

5 minutes:

3-4 volunteers describe their ideas with the room.



“

There is no better time to be in the EDD business.

You are the **entrepreneurs** who will continue to redefine economic development and how we practice it.

Brian Kelsey
brian.kelsey@ey.com



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