Comprehensive Study of Regionalism: Tools for Comparison and Evaluation

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Economic Development Administration for their financial support.
Outline of the Presentation

- Overview and executive summary
- A brief description of the quantitative component of the model
- Lessons learned from our site visits and survey of EDA field representatives and administrators
- The qualitative component’s check list of key community leadership attributes
- An example run of the model.
The bad news:

- It has been said that economic developers shoot at everything that flies and take credit for everything that falls.
- Economic development unfortunately is highly vulnerable to fads
  - Targeting the hot new industry – alternative energy, life sciences, films
  - And loses track of its primary goals.
- EDA can ill effort to make the same mistakes
Primary goals

- The very essence of long-run growth is, in fact, the transition ...from one export base to another as the area matures in what it can do, and as rising per capita income and technological progress change, what the world economy wants done.

- Local economic development activities should be focused on bringing economic opportunity to current underemployed and unemployed residents.
Executive Summary of the Research Effort

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☐ Provide a tool to evaluate and compare potential economic development projects and efforts

☐ Provide a tool that can serve as a comprehensive training and information program for local economic organizations

☐ Develop analysis based on a regional approach to economic development.
Components of a Successful Project

- Builds on the region’s current economic structure by closing existing gaps in supplier linkages in one or more of its industrial clusters.

- Leverages one or more of the region’s underutilized resources— in particular the unique characteristics of its labor force.

- Regional growth depends on national and international market for the project’s goods and services and innovation potential of the industry.

- Has strong regional leadership. It is crucial for the project’s leadership to have the trust, connectedness, and resources to have the flexibility to respond quickly and effectively to unexpected challenges and opportunities.
Quantitative Model’s Geography

- Bureau of Economic Analysis (BEA) 179 regions, which consist of one or more metropolitan regions or collections of counties in rural regions that relate to a regional economic center.

- County-level labor markets.
Components of the Quantitative Model

Regional Structure:

- A highly-detailed employment multiplier is used as a measure of the project industry’s economic connection to the region: an industry that has a concentrated supplier base in the region will generate a larger employment multiplier.

- Wage multiplier for the project industry is used as a measure of the potential of the industry to generate additional income for the region’s residents.
Components of the Quantitative Model (cont’d)

Industry’s Performance Measures:

- National industry forecast for the project’s industry is used to measure the overall outlook for the project.
- Regional forecast for growth of the project industry is used as a measure of the expected competitiveness of the region for that industry.
- The percentage of the industry’s workforce who are engineers and scientists is calculated as a measure of innovation potential.
Components of the Quantitative Model (cont’d)

Project’s Potential to Help Economically-disadvantaged Residents:

- Percent of new hires that will require less than a college education is used as a measure of the industry’s capability to generate employment opportunities accessible to the region’s workers who may face educational barriers.

- County unemployment rate is incorporated as a measure of the availability of employment opportunities.

- Employment rate for the region is an additional measure of economic need that monitors the level of labor force attachment of the county’s residents.
Why a case study approach?

- To gain a more in-depth understanding of public works investments.
- To identify factors related to project success or failure.
- In short, it is our belief that it takes more than supporting a regional economic cluster and meeting basic application requirements to generate good results from an investment project.
Site Visit Locations
Community Factors

- The region’s leading economic development organization has a stable and professional staff.
- The project is a part of an existing regional economic development plan that is based on the region’s strengths and potential.
- The project has strong leadership involvement and financial commitment by at least one private company.
Community Factors (cont’d)

- There is a regional approach that is supported by local government units.
- The EDA-funded project is part of a greater plan for development.
- The project has strong support from the region’s major economic development organizations that have developed a strong regional reputation.
Community Factors (cont’d)

- There is strong financial support, both public and private.
- The initial groundwork is already in place. All of the regional stakeholders—public and private—are represented and all necessary regulatory and property-ownership issues resolved.
Let’s test drive this thing.