

# 21<sup>st</sup> Century Economic Development Strategies

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**Blackhawk Hills Regional Council**  
**2017 Fall Summit**  
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# This Talk

- The Changing Economy
- Primacy of Place
- Things to Think About

*“The real voyage of discovery consists not in seeking new landscapes, but in having **new eyes**”*

~ Marcel Proust, French novelist

**“We need jobs.”**

Do our policies match this priority?

Do our practices?

# 20<sup>th</sup> Century Economic Development Policy

- Luring investment and jobs
- Locally based
- Incentives, infrastructure & job training
- Assumes people move to jobs
  - Job growth = population growth
- Transactional/commodity mindset



*If you build it,  
they will come*

# 20<sup>th</sup> Century Economic Development Policy

The “Big 3” Business Development Strategies

- Business ATTRACTION
- Business RETENTION & EXPANSION (BR&E)
- Business START-UP (Entrepreneurship)



# The Changing Economy



“There is nothing permanent except change”

~Heraclitus

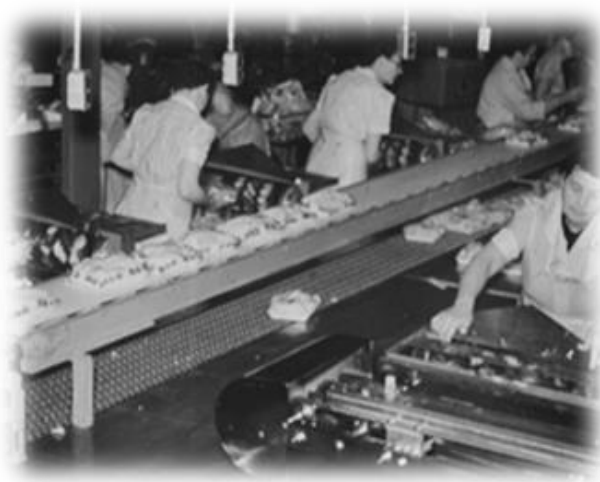
# The Changing Economy



Tomato packing plant ...  
1920s



# The Changing Economy



Tomato packing plant ...  
1950s





# The Changing Economy



Tomato packing plant ...  
2000s



# The Changing Economy



1920's



1950's

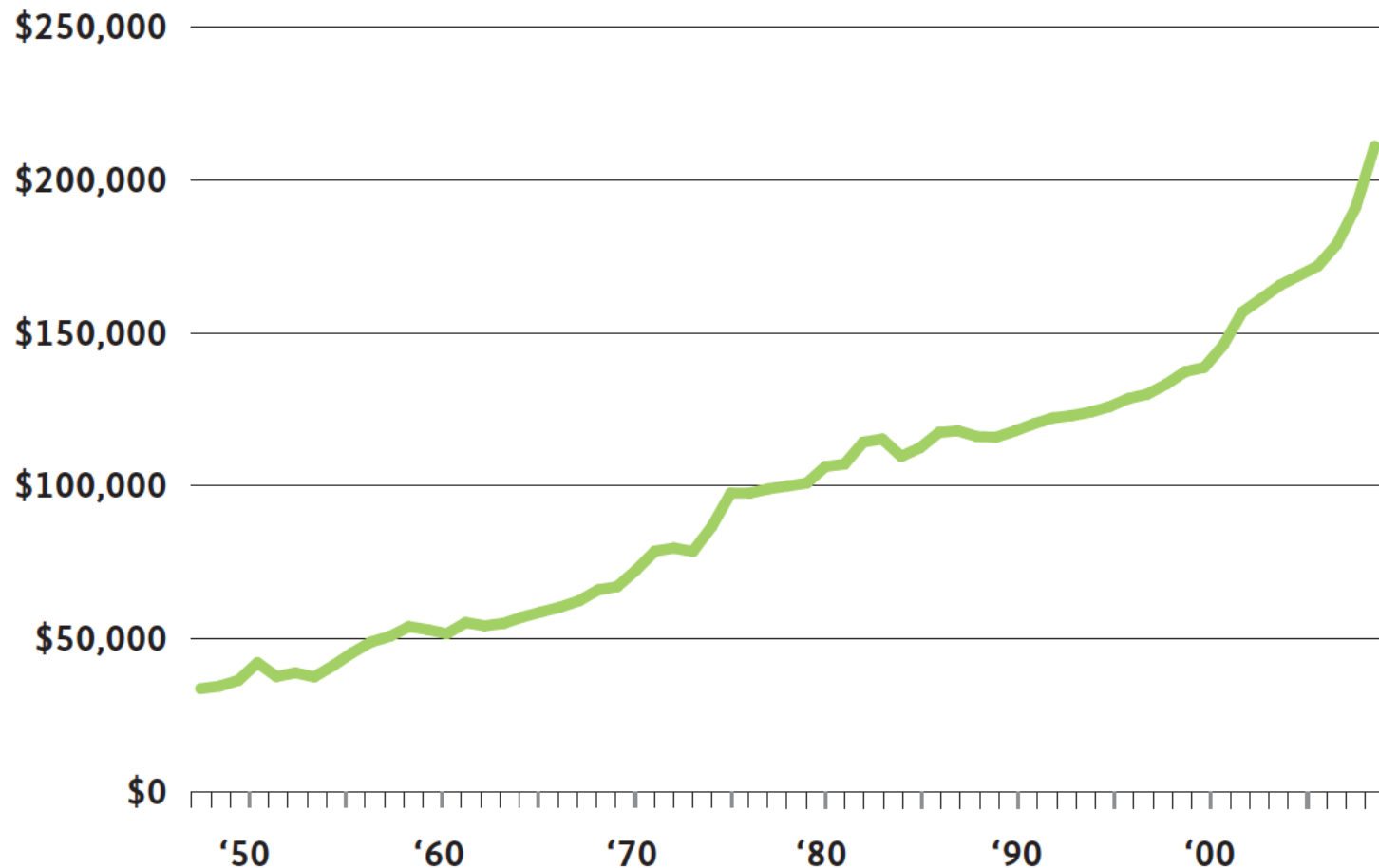


2000's



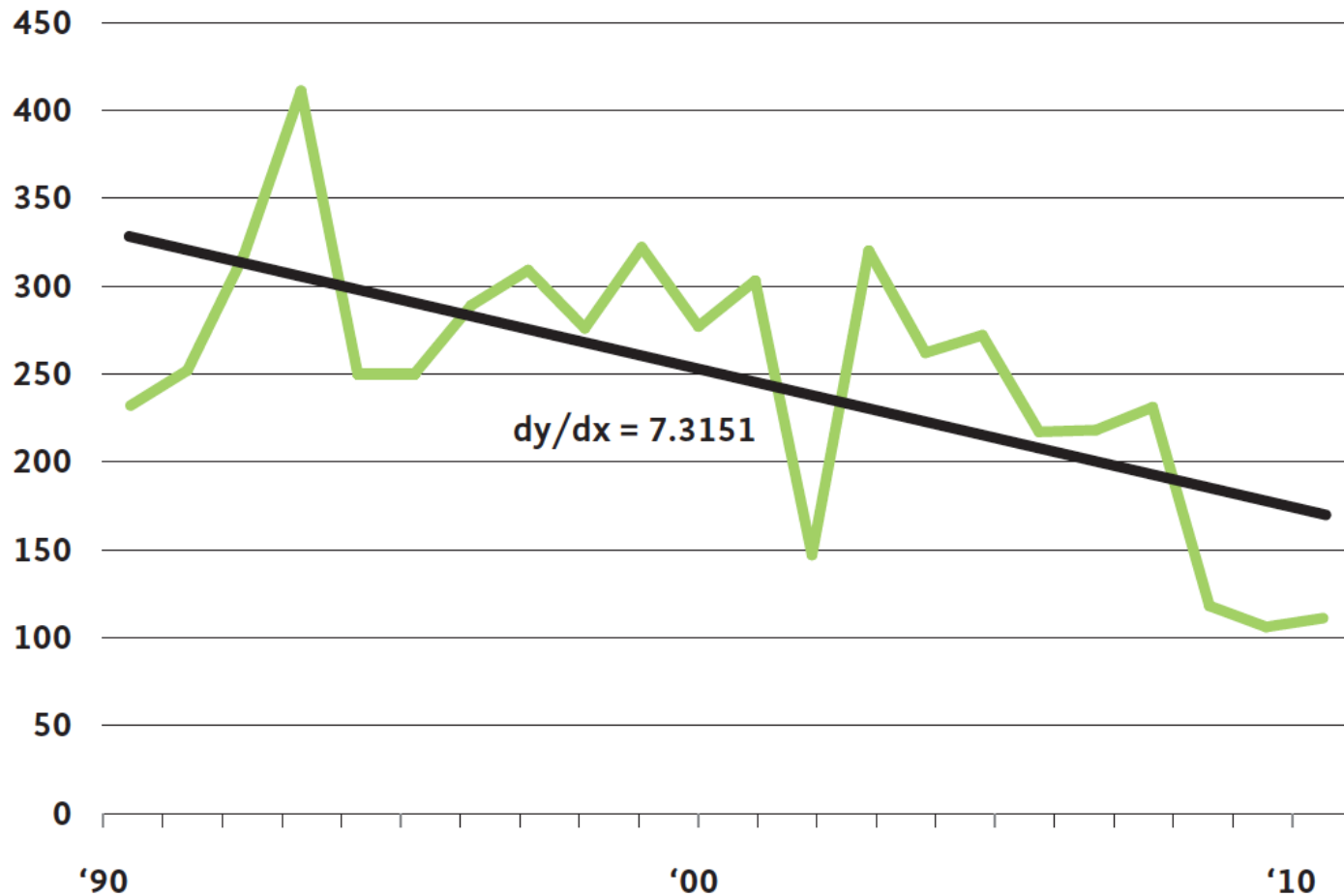
# The Changing Economy

## Capital to Labor Ratio in US Manufacturing



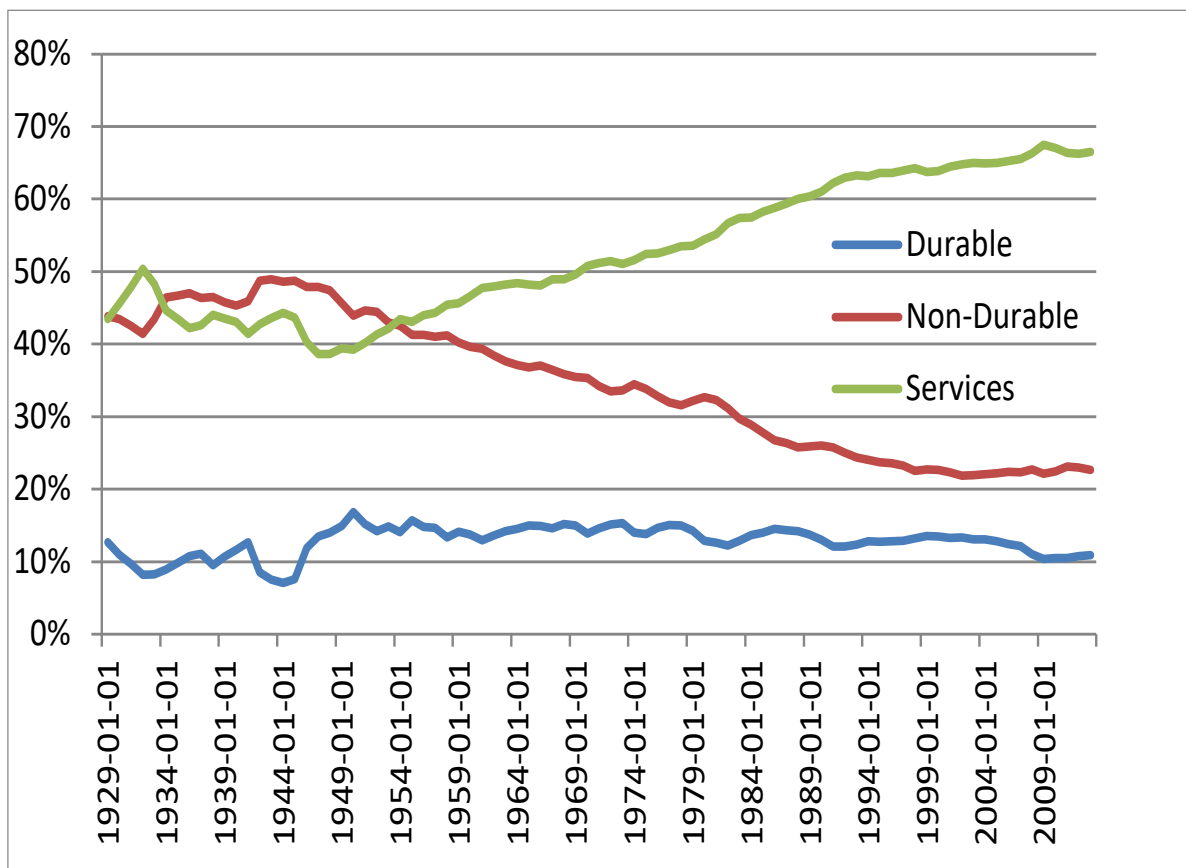
# The Changing Economy

Birth of Manufacturing Firms with 500+ Employees, USA



# The Changing Economy

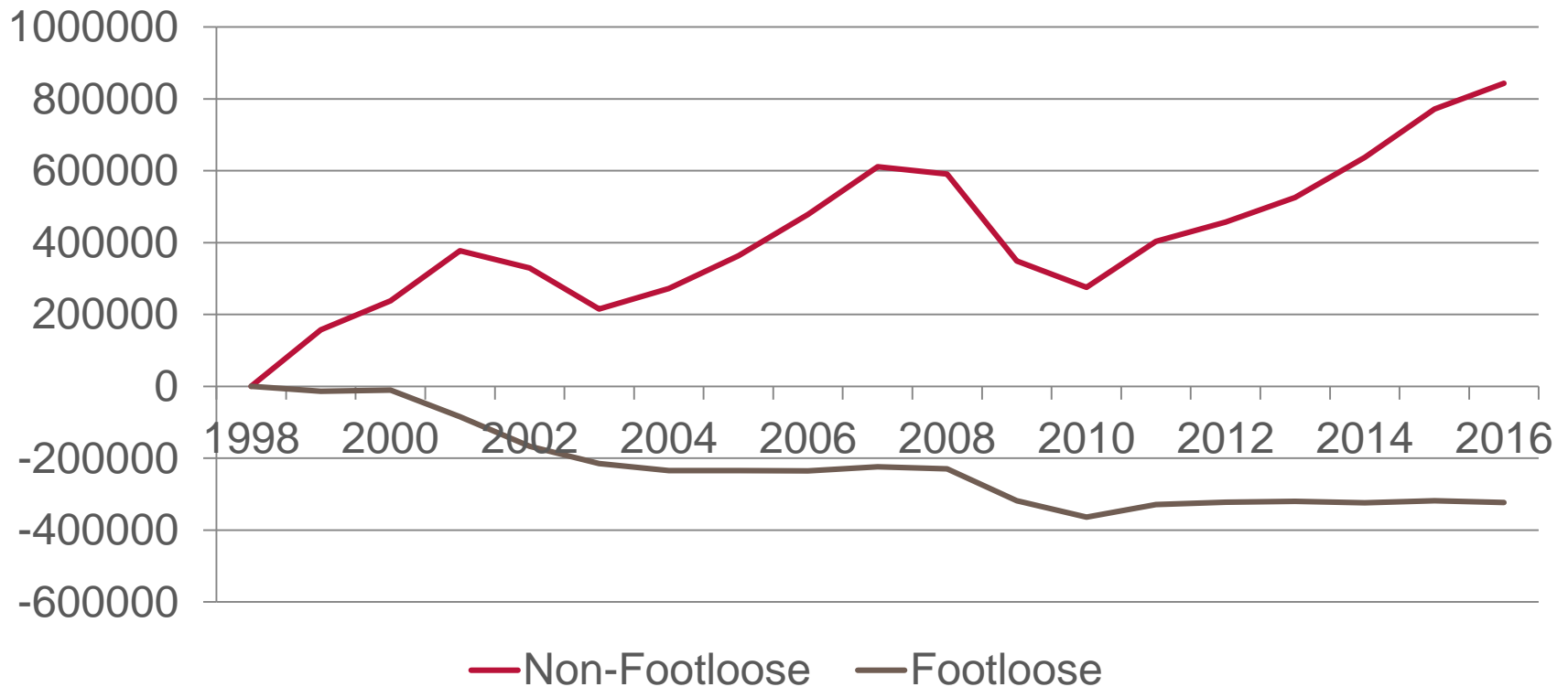
Figure 1, Share of US Consumption in Goods and Services 1929-2013



*Source: Bureau of Economic Analysis, National Income and Product Accounts, Author's Calculations*

# Footloose, Non-Footloose Jobs

Source: BEA, SA25N by NAICS Industries (1998-2016)



# The Changing Economy

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

EGR Region	Counties	Footloose	Non-Footloose	Total Employment
0	Indiana Total	-12.2%	9.2%	4%
1	Jasper, Lake, LaPorte, 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, Clinton, 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%

### About the Authors

**William Demery, PhD**, is a research assistant professor at Ball State CRER. He holds master's degrees in business administration and information and communication sciences from Ball State and a doctorate in health economics from U.Pitt.

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**Emily J. Marshall, PhD**, is a research assistant professor in the Indiana Communities Institute at Ball State University working with the Center for Business and Economic Research and the Rural Policy Research Institute (RPRI). Her research interests lie at the intersection of policy and research, including inequality and population change in rural communities. Marshall earned a doctorate in rural sociology and demography at The Pennsylvania State University and holds certificates in survey methodology and teaching.

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This study highlights divergence in regional economic performance and the impact on households and communities, which necessitates an urgent call to research and policy analysis.

**Center for Business and Economic Research, Ball State University**  
**Rural Policy Research Institute Center for State Policy, Indiana Communities Institute**

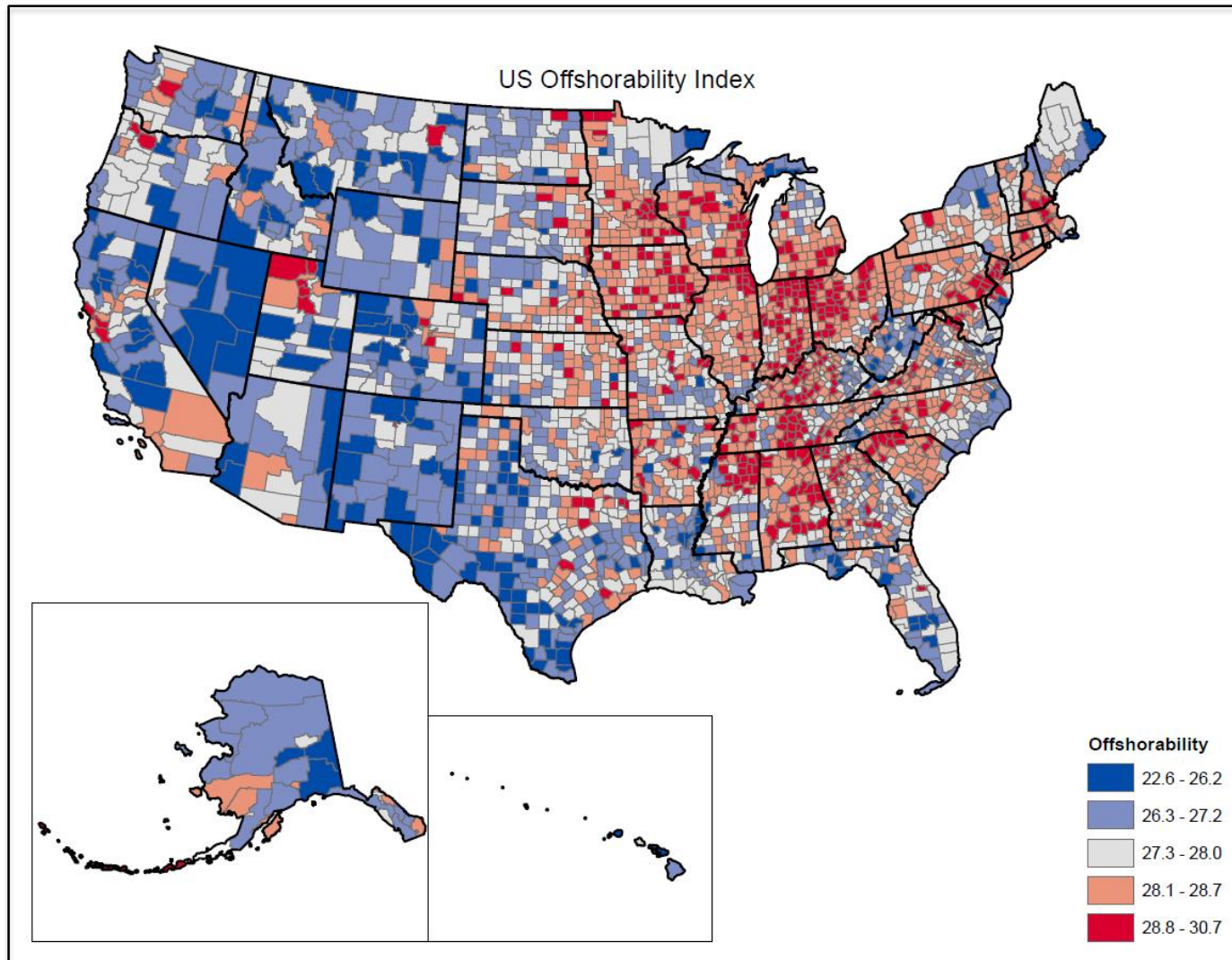
- William Demery, PhD, research assistant professor, CRER
- Michael J. Hicks, PhD, director, CRER  
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- Emily J. Marshall, PhD, research assistant professor, CRER, RPRI
- Debra Paulk, PhD, director of research and research professor, CRER

Tags: #economicDevelopment #ruraleconomicDevelopment #trade

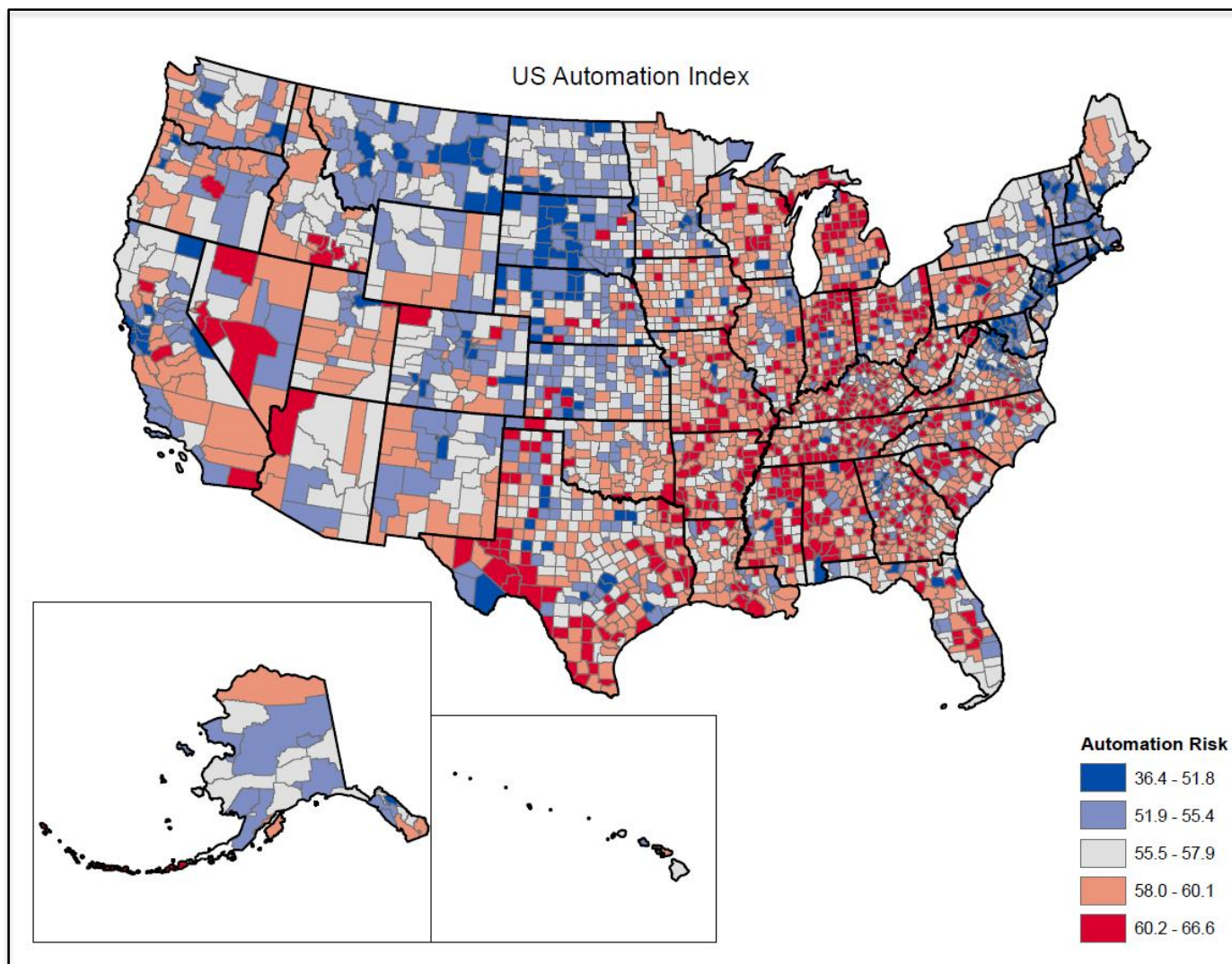


## Figure 1. US Relative Offshorability Risk to Employment

Source: *Blinder, 2009 and authors' calculations*

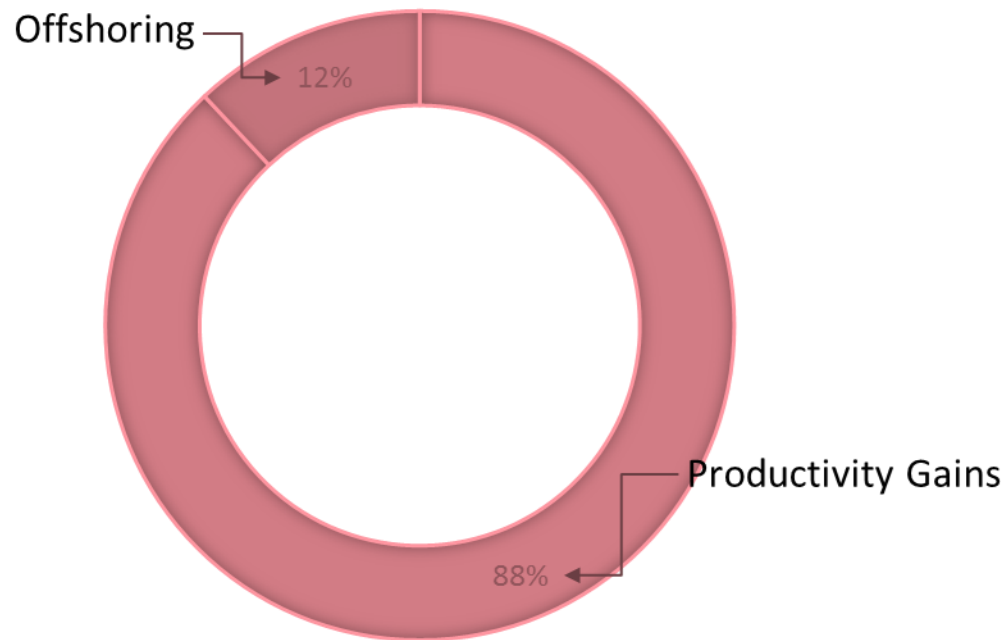


**Figure 2. US Relative Automation Risk to Employment**  
*Source: Frey and Osborne, 2017 and authors' calculations*



# The Changing Economy

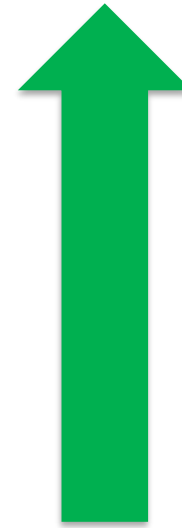
## CAUSES OF US MANUFACTURING JOB LOSS (%) 2000-2010



# The Changing Economy



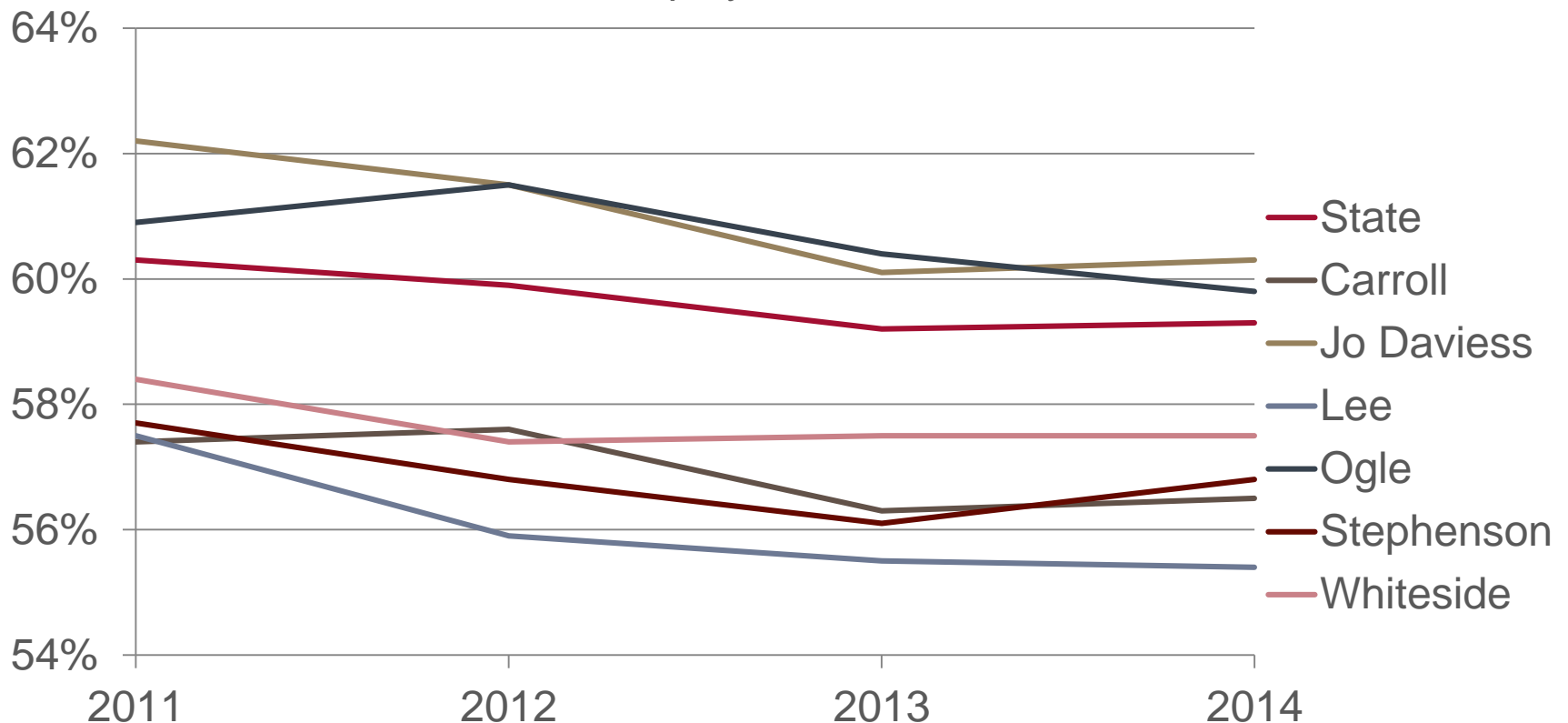
Manufacturing Jobs:  
Down



Manufacturing Productivity:  
Up

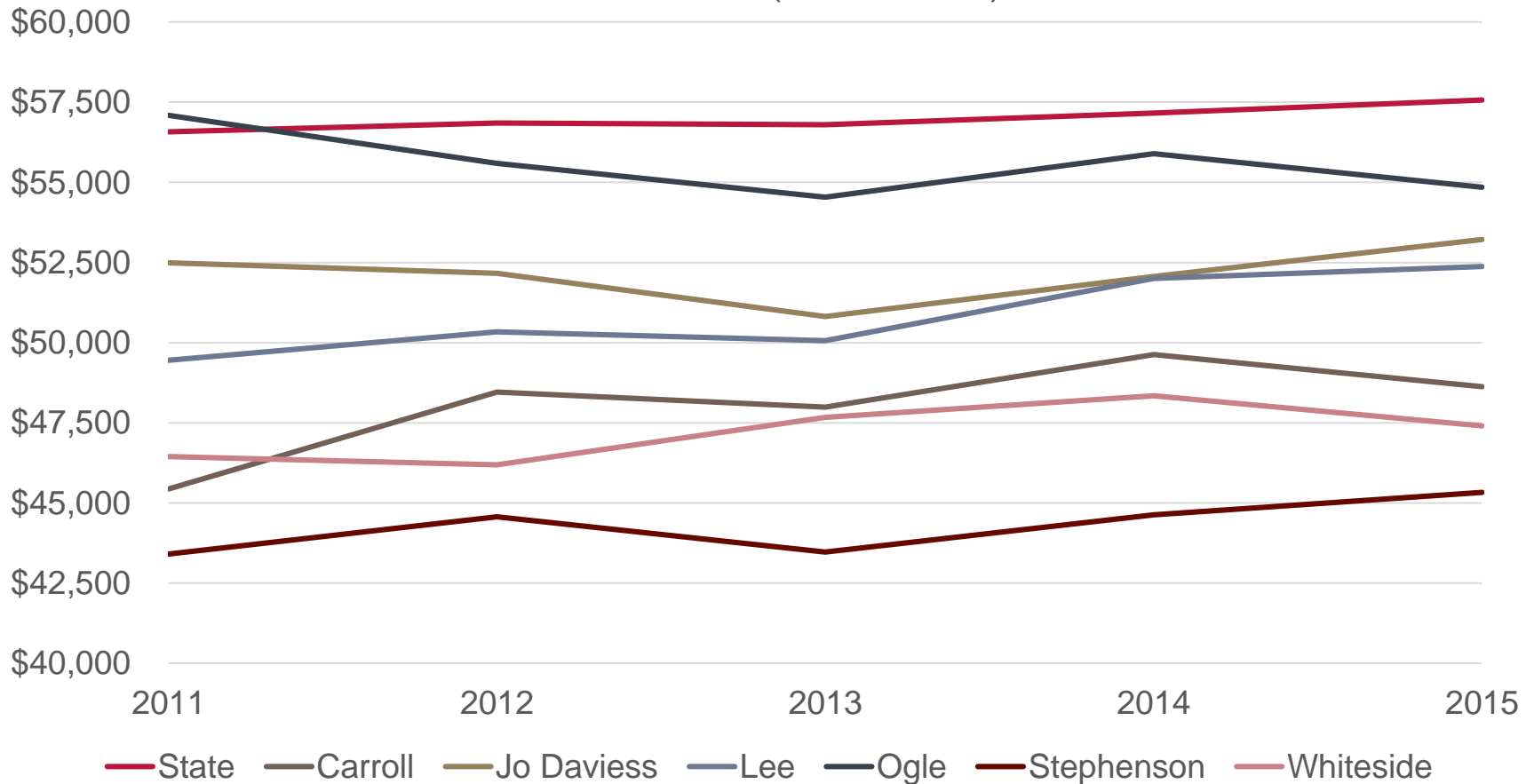
# Employment/Population Ratio

Source: American Community Survey, 5 Year Estimates,  
Employment Status



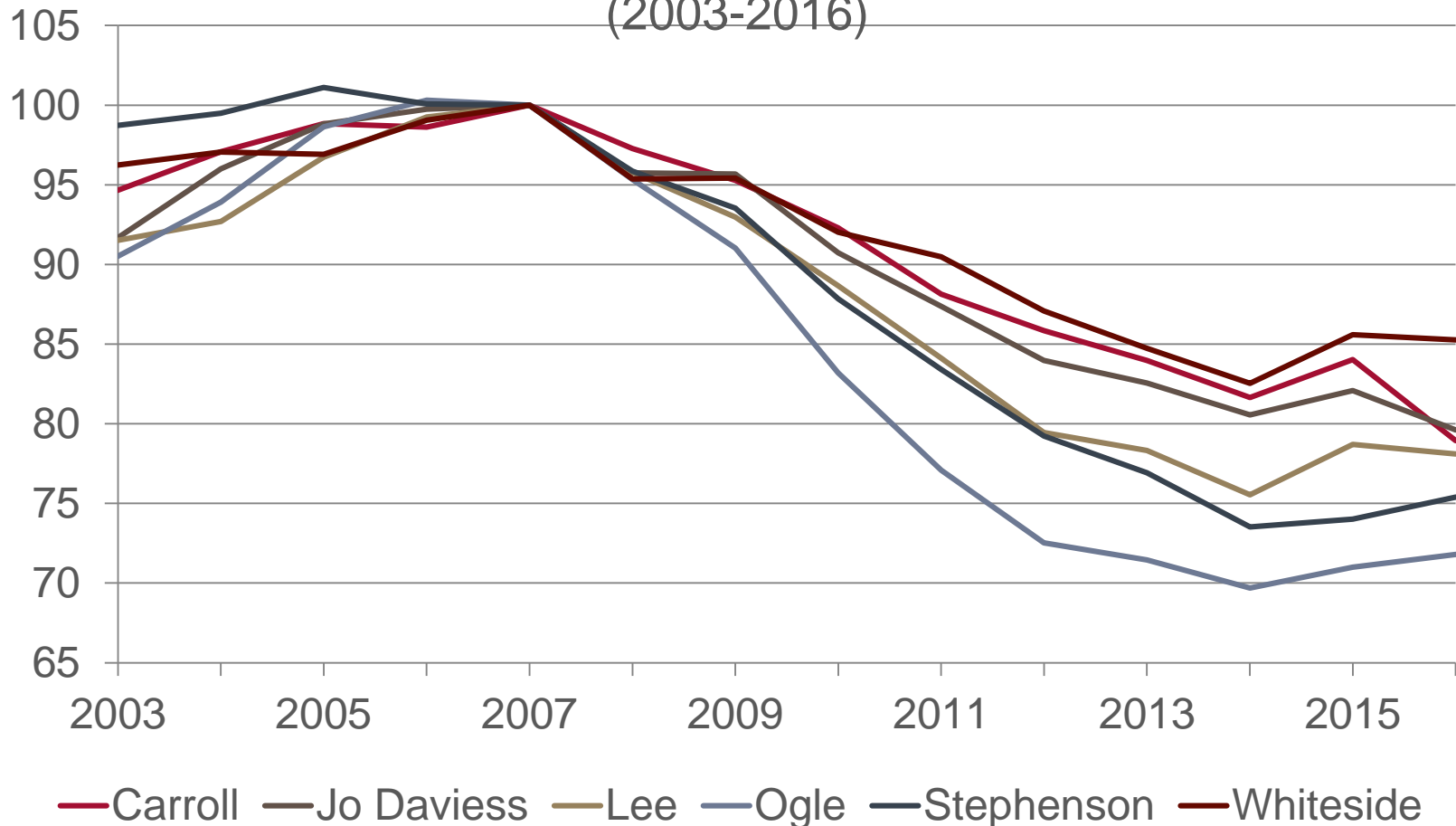
# Median Household Income

Source: American Communities Survey, 5 Year Estimates,  
Table DP03 (2011-2015)



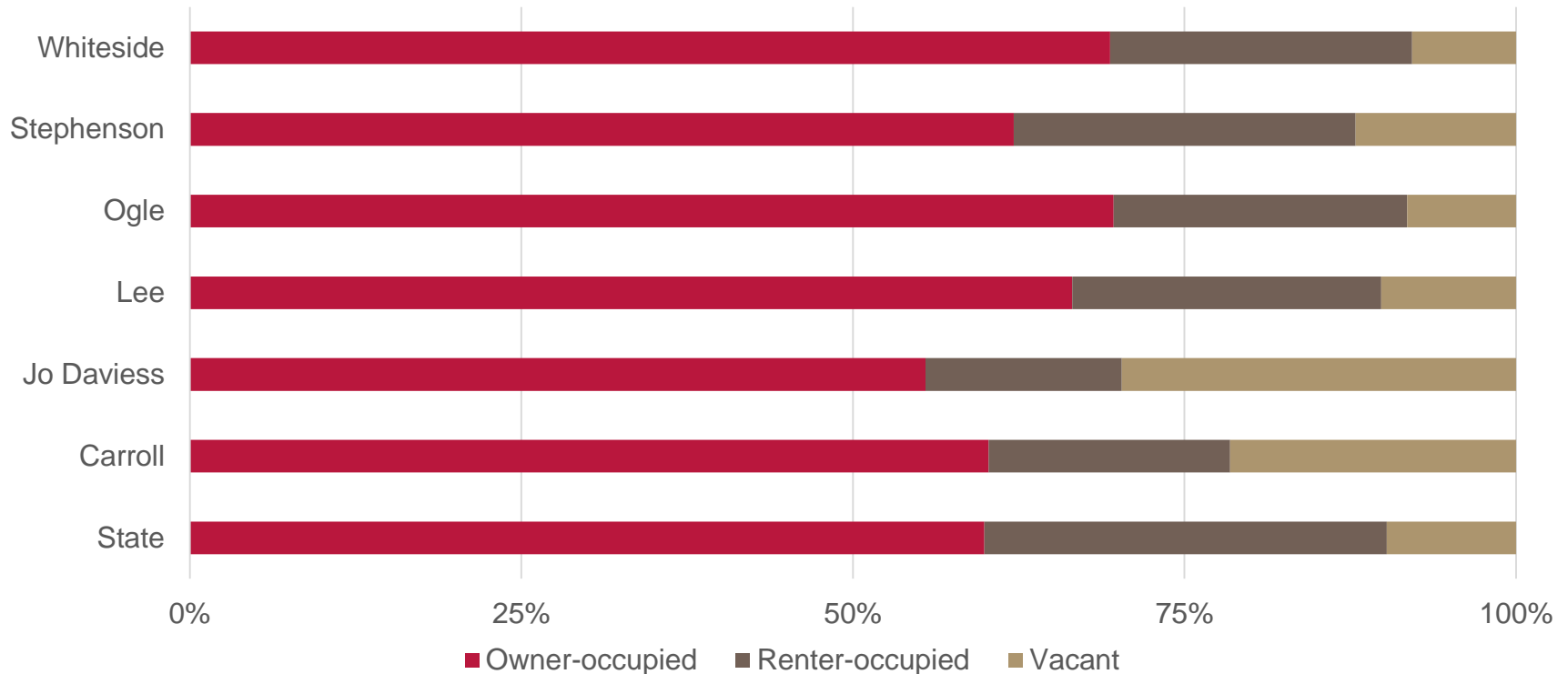
# NW Illinois Housing Price Index

Source: FHFA Housing Price Index, 2007 Base Year  
(2003-2016)



# Housing Occupancy

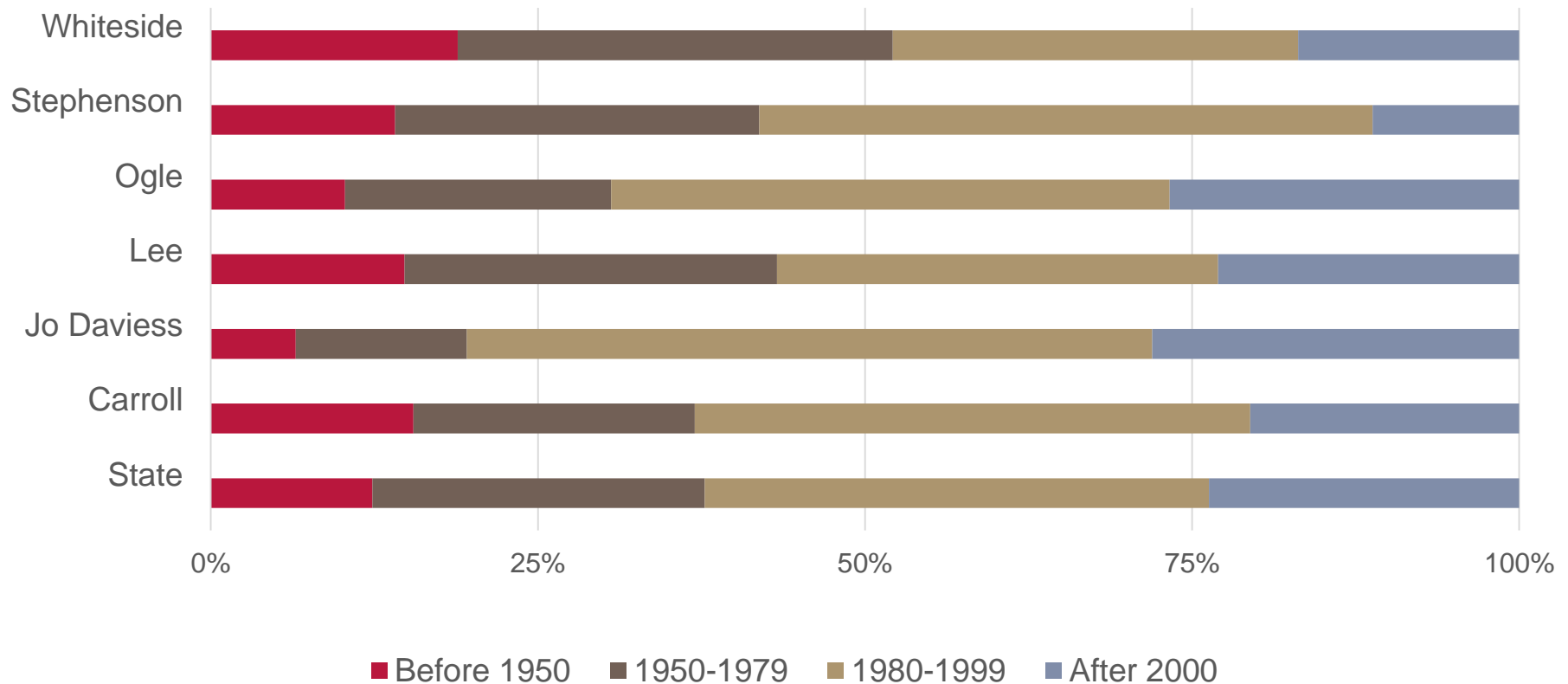
Source: American Communities Survey, 5 Year Estimates,  
Table DP04 (2015)





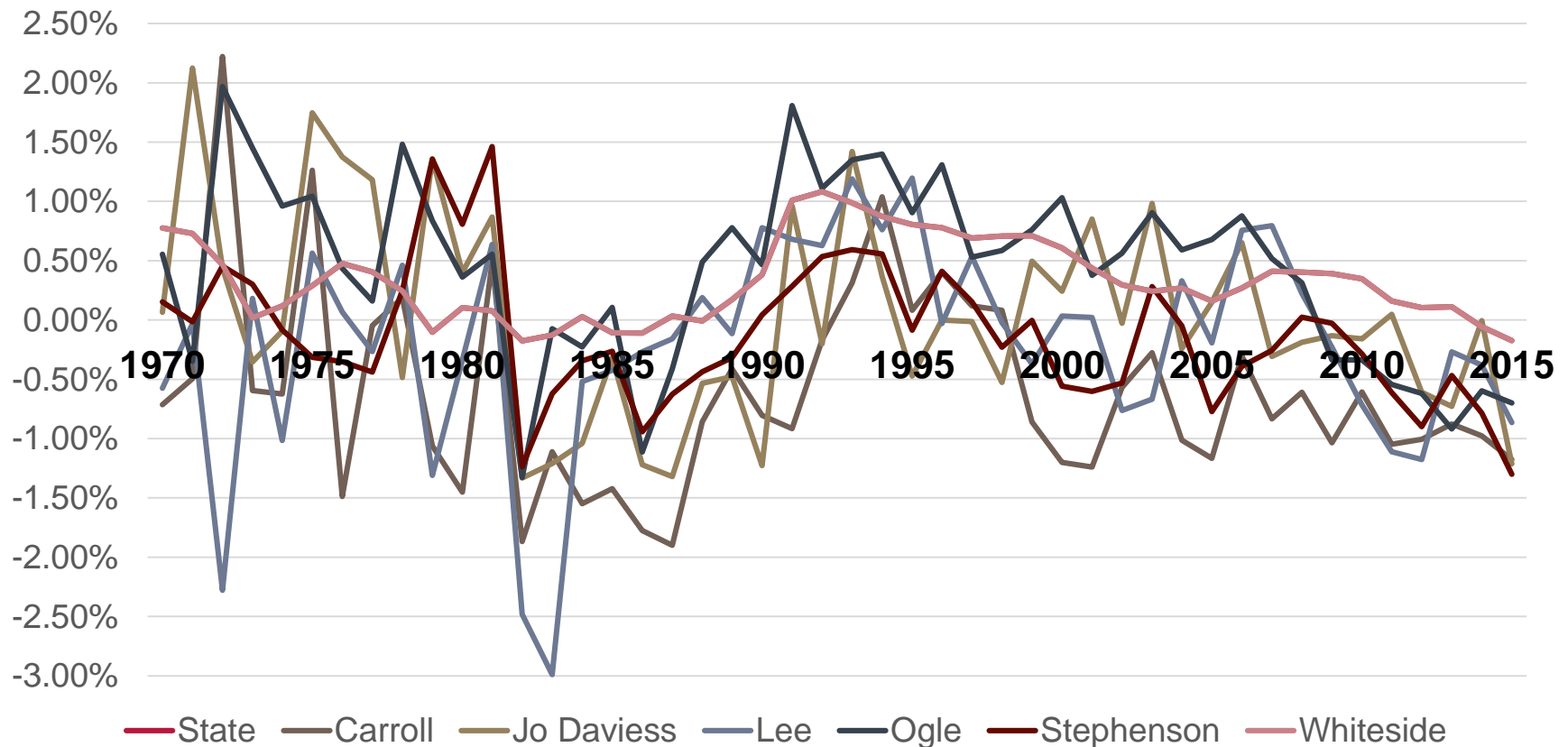
# Age of Housing

Source: American Communities Survey, 5 Year Estimates, Table DP04 (2015)



# NW Illinois Population Growth Rate

Source: Bureau of Economic Analysis CA1 (1969-2015)



# 21<sup>st</sup> Century Economic Development Policy

The “Big 3 + 1” Economic Development Strategies:

- Business ATTRACTION
  - *Tapping regional amenities and resources*
- Business RETENTION & EXPANSION (BR&E)
  - *Building on strengths, assets*
- Business START-UP (Entrepreneurship)
  - *Developing the right culture for entrepreneurs to thrive and embracing immigrants who are twice as likely to start a new business according to Kauffman Foundation research*

+ Primacy of Place

# 21<sup>st</sup> Century Economic Development Policy

- Quality of services, amenity based
- Importance of place
- Comprehensive efforts ... community development
- Rethinking resource allocation
- Entrepreneurial
- Longer-term
- **Assumes jobs move to people**
- Focused on talent (all types)
  - Attract
  - Develop
  - Retain



*Get busy livin' or  
get busy dyin'*

# Primacy of Place

Building a resilient community  
that's talent-focused:

- Attraction
- Retention
- Development



**People matter!**

*Population growth, or lack thereof, is an  
issue*

# Primacy of Place

**Primacy of Place** represents a community's strategic choice to dedicate its resources toward the improvement of life experiences for residents, businesses and visitors.

- Ball State ICI Philosophy
- Focused on quality places with high quality of life
- Place-based and holistic
- *Community* Economic Development
- Placemaking: environment, activities and meaning



# Primacy of Place

## Six Key Areas of Primacy of Place



Readiness  
for Change



Arts and Culture  
Integration



Downtown  
Revitalization



Community  
Well-being



Educational  
Excellence



Municipal  
Governance

+ Sharing your Story

# Primacy of Place

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

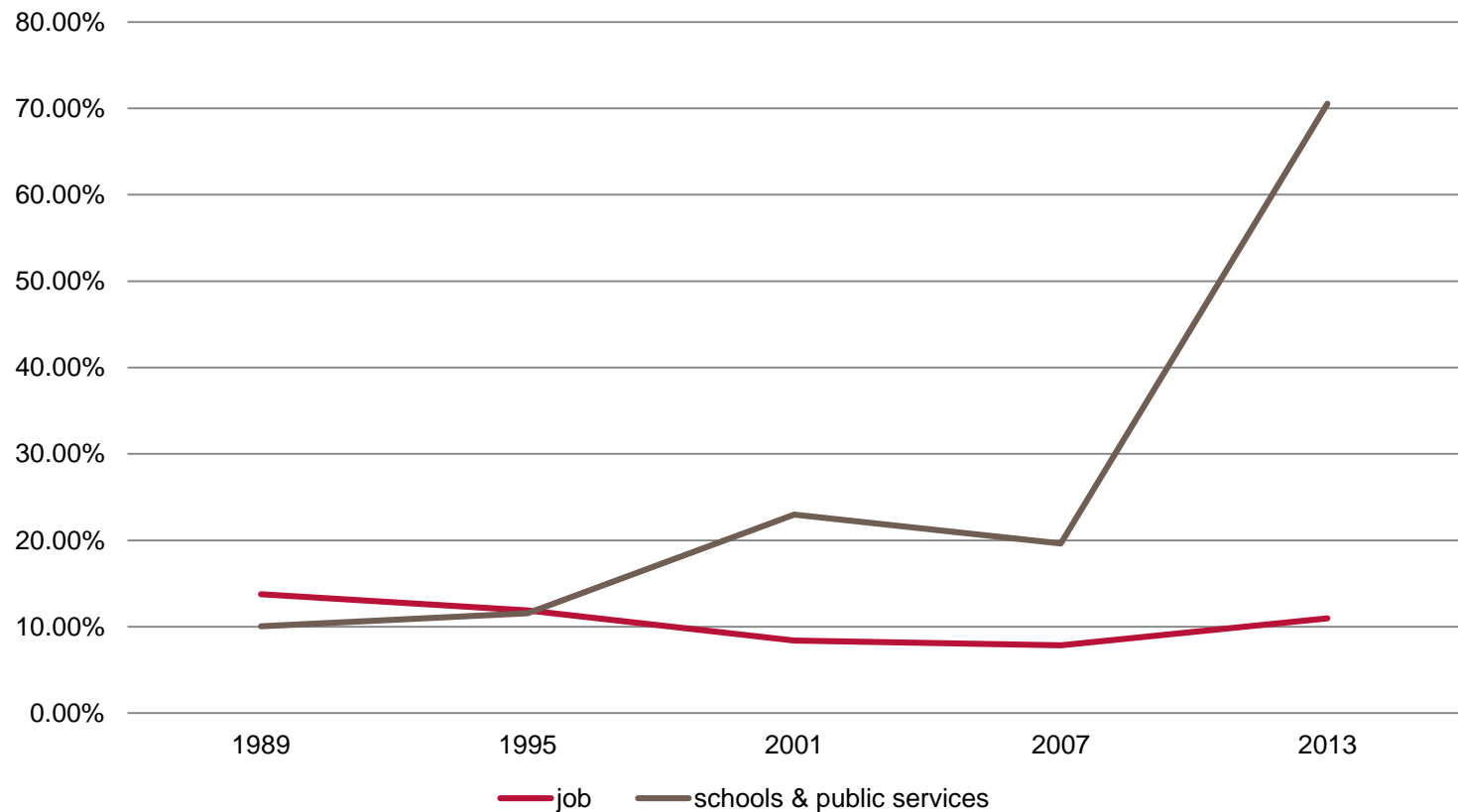
- 68% believe the economy is fundamentally flawed and that the best way to make improvements nationally is through **investments in local economies** that make cities, towns and rural areas **attractive places** to live and work
- 65% believe investing in **schools, transportation choices** and **walkable areas** is a better way to grow the economy than business attraction



# Primacy of Place

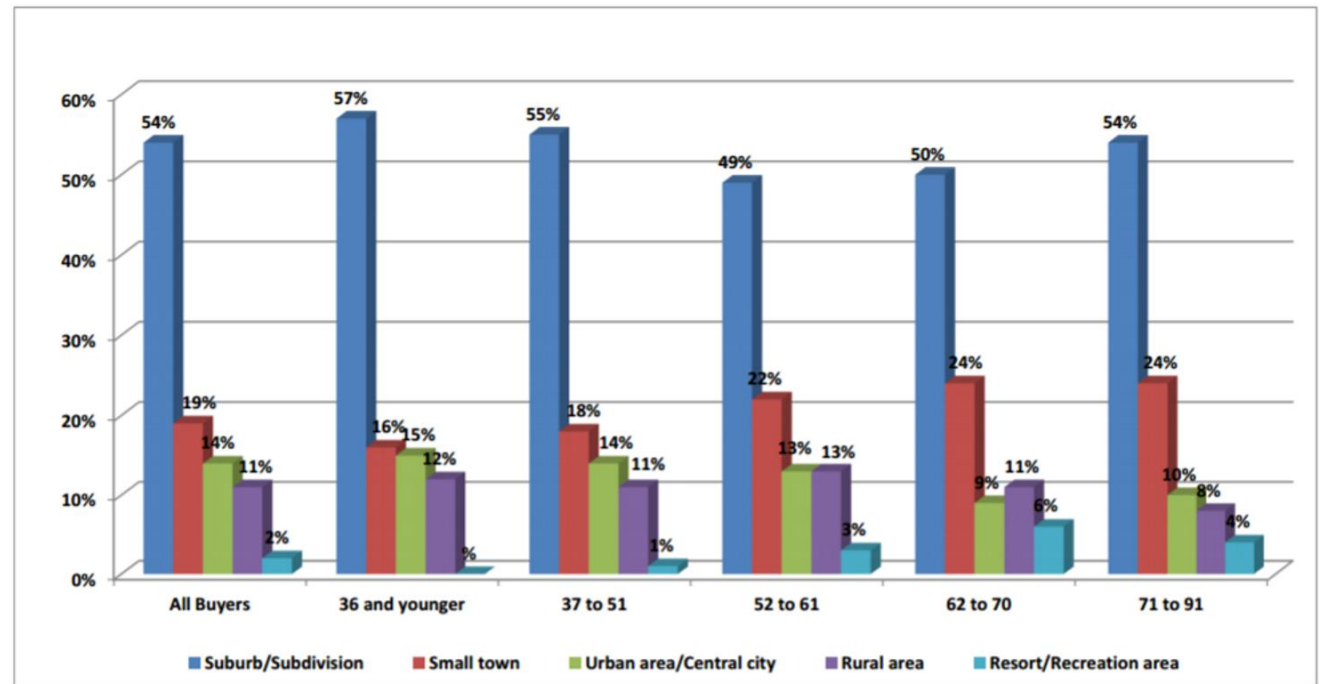
Attracting talent:

Source: American Housing Survey (1989-2013)



# Primacy of Place

Exhibit 2-4  
LOCATION OF HOME PURCHASED  
(Percentage Distribution)



*\*2015 National Association of Realtors Home Buyer and Seller Generational Trends*

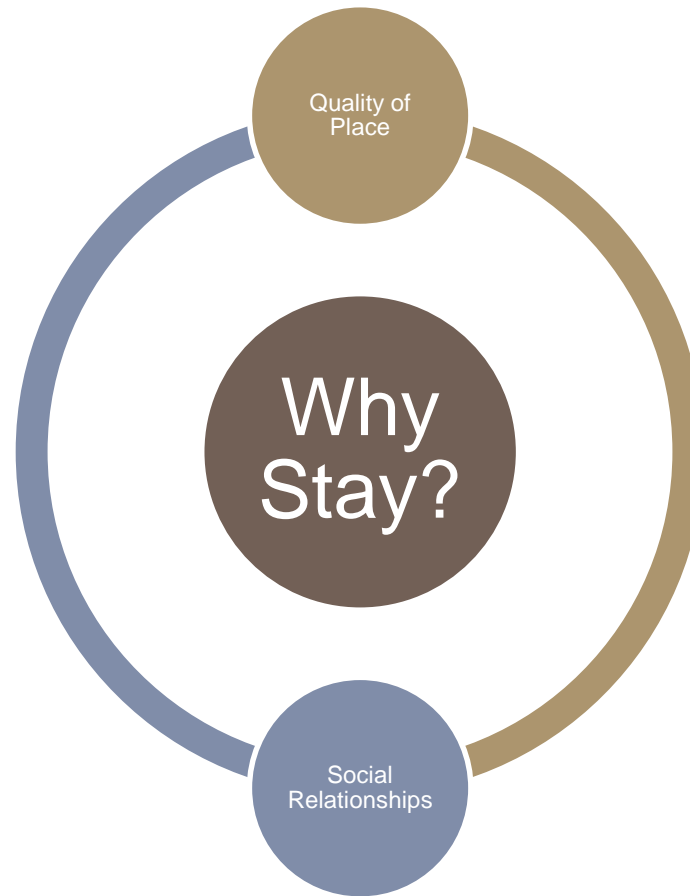
## Attracting talent:

- **Small towns** ranked second, even among millennials, for location of home purchased\*
- 79% in 2016 APA Harris Poll cited **living expenses** as important factor when deciding where to live

# Primacy of Place

Cultivating and retaining talent:

- Talent is footloose, especially at a certain life stage. Most people; however, are inclined to stay put if they feel connected to their community and if the quality of place is adequate.



Not among the reasons ...  
availability of job opportunities or the perception of future economic conditions

*Source: City Lab, 2014*

# Primacy of Place

The Tale of Two Indiana Taxes (i.e. People Matter):



**Property Tax** Revenues (2007-2016)



\$500M or 7%



**Local Income Tax** Revenues (2007-2016)



\$930M or 79%

*Source: LSA Handbook of Taxes Revenues and Appropriations*

# Primacy of Place

Indiana Local government has less reliance on property taxes and more reliance on local income taxes and other sources of income.



# Primacy of Place

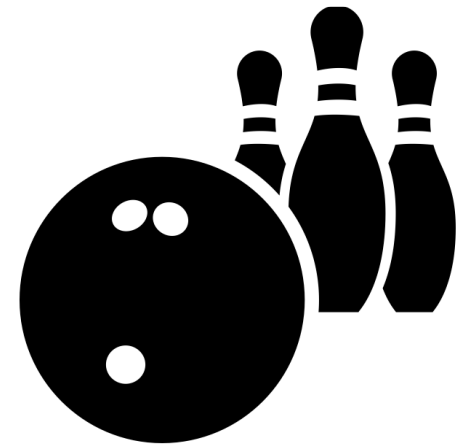
## New Paradigms (a recap):

- Job creation growth does not lead directly to population growth.
- Capital investment in equipment does not necessarily tie to greater job growth.
- Most new jobs are not in footloose industries (e.g., mfg).
- Households have more choices about where to live.
- Jobs follow people.
- It's complicated.

# Things to Think About

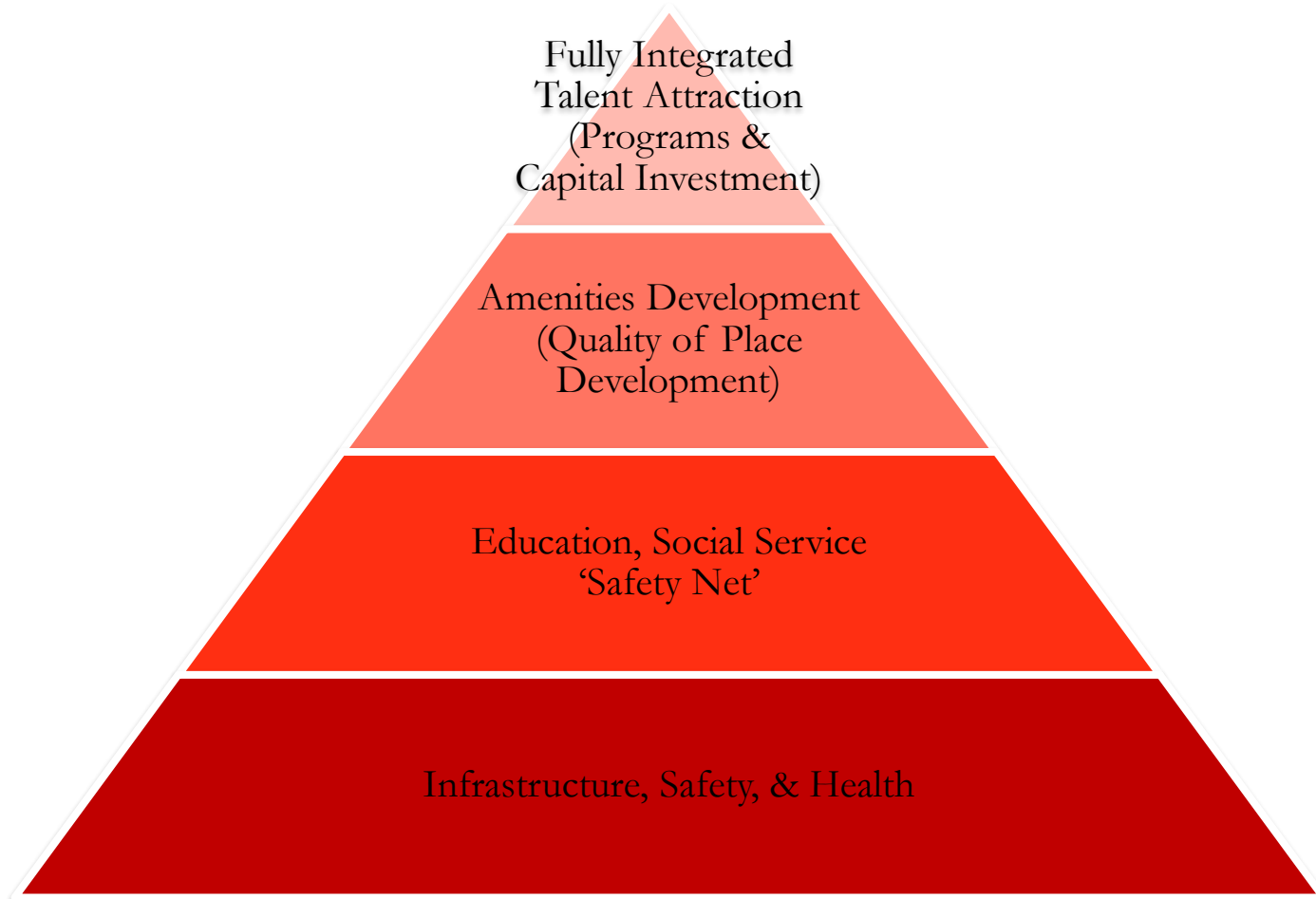
Primacy of Place starts with *Readiness for Change*

- What are our economic strengths?
- Where are our opportunities?
- What should be our priorities?
- Are we in agreement?



# Things to Think About

Priorities and timing are important factors





# Things to Think About

- Shifting policies and initiatives towards those which attract and retain households
  - ✓ School quality
  - ✓ Safe & Livable Neighborhoods/Communities
  - ✓ Recreational amenities
- Investing in Primacy of Place

# Things to Think About

- Collaboration, especially with non-traditional partners
- Strategic mindset and action
- Regional value-added
- **Policies to match stated priorities**
- Resiliency mindset
- Meaningful community conversations (priorities and requirements)

# Things to Think About

- Tax policies and local revenues have changed in the last 30 years, but local tax incentives fundamentally have not.
  - What is the real impact?
- When we say we want jobs.... What do we really mean?
- If amenity development is critical, where do we find the resources?
  - What is the value discussion?
- What is the right fit for traditional business attraction at the local level?
- What activity should be regional?
- Where does 'local' fit in the regional mix?

# Things to Think About

We need to answer these questions:

**So what? Why?**

Paradigm shift, follow the data

**What's stopping us?**

Priorities, processes

**How do we get there?**

New approaches, creative solutions

# In Summary

- Jobs move to where the people want to live
- People want good schools and amenities
- Primacy of Place matters
- We need to answer the “Whys”
- We need to demonstrate Value-added
  - To our citizens
  - To our region

# Questions & Contact Info



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