Summer 2024 • Classroom: Online

PSPA 635

Local Economic Development Policy

Christopher B. Goodman, PhD
Office: IASBO Building (2nd Floor)
Office Hours: By Appointment (click here to make an appointment online)
cgoodman@niu.edu

Course Description

This course is intended to introduce students to the tools, institutions, analytical techniques, financing instruments, and policy issues relevant to local economic development policy. The goal of the course is to provide an experiential learning environment in which students gain an appreciation of the political, social, and economic forces that shape economic development decision-making. Students should also understand how to evaluate the outcomes of these policy interventions in the context of local economic development. — NIU Graduate Catalog

Course Description

This course is an upper level elective for multiple specializations in the NIU MPA program. Students will be introduced to the concept of economic development, the analytical tools used in economic development, and the policy issues that arise in economic development. A significant portion of the course is spent on the tools available to local governments to facilitate economic development, including tax incentives, infrastructure investment, and workforce development.

Course Objectives

By the end of the course, students will be able to:

- Identify the political, social, and economic forces that shape economic development decision making.
- Discuss economic development activities within the context of local government management and metropolitan governance.
- Understand the logic of economic development planning and strategies.
- Conduct an economic development assessment and understand how to analyze local policies.

Textbooks

There are three textbooks for this course. Two are available online for free, while the third is available for a nominal price.

- Alan Mallach Smaller Cities in a Shrinking World: Learning to Thrive Without Growth (Washington, D.C.: Island Press, 2023).
- Edgar M. Hoover and Frank Giarratani *An Introduction to Regional Economics*, ed. Scott Loveridge and Randal Jackson, Reprint. (WVU Research Repository, 1999), https://researchrepository.wvu.edu/rri-web-book/4/.
- Timothy J. Bartik *Who Benefits from State and Local Economic Development Policies?* (Kalamazoo, MI: W.E. Upjohn Institute, 1991), https://research.upjohn.org/up_press/77/.

Additional required readings, as detailed below, will be available either online through the library or on Blackboard.

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Assignment	Points	Percent
Analytical Assignments	40	36%
Team Project Part o - County Selection	О	0%
Team Project Part 1 - Summary Background	10	9%
Team Project Part 2 - SWOT Analysis	10	9%
Team Project Part 3 - Strategic Direction/Action Plan	10	9%
Team Project Part 4 - Evaluation Framework	10	9%
Team Project Part 5 - Plan Presentation	10	9%
Class participation	21	19%
Total	111	

Assignments

Analytical Assignments

The course includes four (4) analytical assignments meant to deepen your understanding of technical aspects of economic development. Each assignment requires you to apply a technique to a dataset and write a brief memo about your findings.

Location Quotient Using data from the Bureau of Economic Analysis, identify the industries with the largest employment-based Location Quotients (LQs) for each of the collar counties (DuPage, Kane, Lake, McHenry, and Will), and how these have changed since 2019. Explain these trends and their implications for the region in a memo to the County Board.

Shift-Share Analysis Determine which collar counties have experienced the largest competitive gains in an industry sector (2 digit) employment since 2019.

Employment & Commuting Examine the shift in employment for DuPage County, IL, and suburban locations using Longitudinal Employer-Household Dynamics data. Explain in a memo to the County Board how commuting patterns have changed since just before the COVID-19 pandemic.

Occupational Employment & Technology Clusters Using techniques previously assigned (LQ/shift-share), identify the counties that have experienced the largest absolute gains in an assigned occupational category and compare to how that ranking contrasts with a shift-share analysis ranking the competitive growth of the same occupation sector.

Team Project

You will be assigned to a small team to conduct an *economic profile* of a region. Your group will choose a county to study. The project will be broken into four (4) parts, plus a presentation. This project follows the Economic Development Administration's *Comprehensive Economic Development Strategy (CEDS)* format. Each of the pieces of the assignment corresponds to a section of the CEDS.

Summary Background This section is intended to give the reader a broad understanding of the current economic conditions in your chosen county. This section should include information/techniques gleaned from the analytical assignments.

SWOT Analysis This section need not be a SWOT analysis; several SWOT-like analysis techniques can be used. The goal is to identify what a region does well, what it does poorly, what opportunities it has given the conditions on the ground, and what threats it faces.

Strategic Direction/Action Plan This is the meat of the project. In this section, you will identify the region's goals and objectives and the strategies to achieve those goals. This section should be based on the SWOT analysis and the data from the analytical assignments.

Evaluation Framework This section should identify how the region will measure the success of the strategies identified in the Strategic Direction/Action Plan. This should include both quantitative and qualitative measures.

Project Presentation

Your group will give a short presentation on your project. The presentation should be no more than 10 minutes and should include a summary of the project, the SWOT analysis, the Strategic Direction/Action Plan, and the Evaluation Framework; however, the primary focus should be on the Strategic Direction/Action Plan.

Learning Outcomes

To become effective public leaders, students must develop a solid foundation in technical, analytical, ethical, diversity, accountability, and leadership skills. In addition, students receive greater depth in a specialty area training of their choice: local government management, public management and leadership, fiscal administration, or nonprofit management.

To this end, the Department of Public Administration uses a competencies-based curriculum that establishes specific skills and abilities acquired by the students as they complete the required courses. A portfolio of completed work is displayed by the graduate as evidence of proficiencies in distinct categories of public service. Each course contributes to the competencies-based curriculum by focusing on student learning related to some subset of these competencies. Expected mastery of skills in each competency is defined by a hierarchy related to the level of student learning associated with that competency.

Foundation Knowledge This level refers to students' understanding and remembering specific information and ideas. Foundational knowledge provides the basic understanding necessary for other kinds of learning. We expect that students will be at the foundational level early in their development as they learn on the job and take introductory courses. For example, students might be able to define cost efficiency or citizen engagement, but they have not yet applied those concepts.

Application Beyond foundational, students also learn to engage in some action, such as doing something. This is where they start to see their foundational knowledge as useful because they can apply what they are learning. At the application stage, students are still taking a lot of direction on what to do, when, and how. This could be something creative or practical, such as writing a memo, creating a budget, or learning how to manage more complex projects (but not managing it themselves yet). The student can use the concept of cost efficiency or citizen engagement and correctly apply it to an issue or situation that is the object of the memo.

Integration At this stage, students have specialized knowledge (foundational). They can apply that knowledge (application) but also see and understand the connection between ideas, people, or classes and work. Making new connections raises their intellectual capacity to the highest stage of learning. Integration also means they can successfully manage whole projects and make critical decisions about their design, working independently (under guidance). At this stage, students should be able to bring information from various sources (examples: theory, demographic data, opinions of elected officials, new research, etc.) and integrate that information into their work. A student could integrate the concepts of cost efficiency and citizen engagement to address a complex problem or issue and propose creative solutions to a dilemma. Students don't see themselves as separate from what is happening but as connected to everyone and everything. It is expected that most students will not reach the integration stage until they near the program's completion and beyond.

This course (PSPA 635) is designed to address the following program competencies:

Outcome	Evidence	Level
Effectively work with internal and external stakeholders	Analytical Assignments	Foundation
Use strategic management to facilitate goal identification and execution	Analytical Assignments, Team Project	Applied
Apply decision-making theories to frame and solve public service problems	Analytical Assignments	Applied
Conduct environmental scans and identify the windows of opportunity to influence decisions	Analytical Assignments, Team Project	Applied
Evaluate public service issues in terms of effectiveness, efficiency, equity and economy	Analytical Assignments, Team Project	Applied
Communicate effectively both orally (public speaking) and in writing (analytical and persuasive) for a public service organization and in the public policy process	Analytical Assignments, Team Project, Presentation	Applied
Develop or adapt policies, programs, goods or services to accommodate changing social demographics for the population they serve	Team Project	Applied/Integration

Course Policies

Communications

Course announcements will be made via email so it is imperative that you check your e-mail daily. "I didn't get the email" is never a valid excuse. The most effect method of communicating with me is using email; however, you are also encouraged to schedule a meeting at my office or a phone call.

Late Assignments

All course assignments are due at 11:59pm unless otherwise noted. Course policy is that late work will not be accepted. That said, you should always turn in your work, even if late. Generally, you will receive at least partial credit for late work, depending on the assignment. This is better than receiving a 'o' on the assignment. All assignments are due at the beginning of class on the assigned due date, unless otherwise specified. For students who contact the instructor before the assignment deadline regarding extenuating circumstances constituting an emergency, the instructor will consider those circumstances and evaluate whether an accommodation can and should be made based on equity, fairness, and compassion. However, an accommodation should not be considered a matter of right in such circumstances.

Lauren's Promise

I will listen and believe you if someone is threatening you. Lauren McCluskey, a 21-year-old honors student athlete, was murdered on October 22, 2018 by a man she briefly dated on the University of Utah campus. We must all take action to ensure that this never happens again.

If you are in immediate danger, call 911.

If you are experiencing sexual assault, domestic violence, or stalking, please report it to me and I will connect you to resources or call NIU's Counseling and Consultation Services (815-753-1206).

Any form of sexual harassment or violence will not be excused or tolerated at Northern. NIU has instituted procedures to respond to violations of these laws and standards, programs aimed at the prevention of such conduct, and intervention on behalf of the victims. NIU Police officers will treat victims of sexual assault, domestic violence, and stalking with respect and dignity. Advocates on campus and in the community can help with victims' physical and emotional health, reporting options, and academic concerns.

Accessibility

If you need an accommodation for this class, please contact the Disability Resource Center as soon as possible. The DRC coordinates accommodations for students with disabilities. It is located in the Campus Life Building, Suite 180, and can be reached at 815-753-1303 or drc@niu.edu.

Also, please contact me privately as soon as possible so we can discuss your accommodations. Please note that you will not be required to disclose your disability, only your accommodations. The sooner you let me know your needs, the sooner I can assist you in achieving your learning goals in this course.

Name and Pronoun Statement

Class rosters and University data systems are provided to faculty with the student's legal name and legal gender marker. As an NIU student, you are able to change how your preferred/proper name shows up on class rosters. This option is helpful for various student populations, including but not limited to: students who abbreviate their first name; students who use their middle name; international students; and transgender students. As a faculty member, I am committed to using your proper name and pronouns. We will take time during our first class together to do introductions, at which point you can share with all members of our learning community what name and pronouns you use, as you are comfortable. Additionally, if these change at any point during the semester, please let me know and we can develop a plan to share this information with others in a way that is safe for you.

Should you want to update your preferred/proper name, you can do so by looking at the following guidelines and frequently asked questions:

- https://www.niu.edu/regrec/preferred_proper_name/index.shtml
- https://www.niu.edu/regrec/preferred_proper_name/preferrednamefaq.shtml

Academic Integrity

The following statement is from the NIU 2024-25 Graduate Catalog:

Good academic work must be based on honesty. The attempt of any student to present as their own work that which they have not produced is regarded by the faculty and administration as a serious offense. Students are considered to have cheated, for example, if they copy the work of another or use unauthorized notes or other aids during an examination or turn in as their own a paper or an assignment written, in whole or in part, by someone else. Students are guilty of plagiarism, intentional or not, if they copy material from books, magazines, or other sources without identifying and acknowledging those sources or if they paraphrase ideas from such sources without acknowledging them. Students guilty of, or assisting others in, either cheating or plagiarism on an assignment, quiz, or examination may receive a grade of F for the course involved and may be suspended or dismissed from the university.¹

The university has adopted additional policies and procedures for dealing with research misconduct among its students, faculty, and staff. The guidelines, entitled Research Integrity at Northern Illinois University, are available in department offices, in the office of the dean of the Graduate School, and online at www.ni u.edu/provost/policies/appm/I2.shtml, and pertain to the intentional commission of any of the following acts: falsification of data, improper assignment of authorship, claiming another person's work as one's own, unprofessional manipulation of experiments or of research procedures, misappropriation of research funds.

If a graduate student fails to maintain the standards of academic or professional integrity expected in their discipline or program, the student's admission to the program may be terminated on recommendation of the student's major department. A statement on students' rights to the products of research is available in department offices, in the office of the dean of the Graduate School, and online at www.niu.edu/provost/policies/appm/I11.shtml.

Ethics: In case it is not yet crystal clear, there is zero tolerance for plagiarism in this course, this program and this university. Anyone who violates the ethical imperative to cite the work of others that is used in writing course papers is

¹https://catalog.niu.edu/content.php?catoid=61&navoid=3201#acad_inte

subject to an F for the course and possible dismissal from the university. If in doubt, cite the source, whether a quotation or a paraphrasing of someone else's work. I am happy to provide advice on how to cite works in specific situations. Use the Turabian style manual for all paper citations.

The English Department's statement on Plagiarism is direct and to the point: www.engl.niu.edu/composition/guideli nes/plag.shtml. I recommend you take the online tutorial available from the NIU website to be sure you understand the rules and principles writingtutorial.niu.edu/writingtutorial/style/plagiarismo1.html.

Course Outline

Week 01, 06/24: Introduction to Economic Development

Introduction

- Edward (Ned) Hill "What Is Economic Development? And What Is the Job of an Economic Development Professional?" *Economic Development Quarterly* 37, no. 1 (2023): 34–48.
- Harold (Hal) Wolman and David Spitzley "The Politics of Local Economic Development," *Economic Development Quarterly* 10, no. 2 (1996): 115–150.
- Norton Francis *What Do State Economic Development Agencies Do?*, Economic Development Strategies, Informational Brief 6 (Washington, D.C.: Urban Institute, 2016), https://www.urban.org/sites/default/files/publication/8314 1/2000880-What-Do-State-Economic-Development-Agencies-Do.pdf.
- Mallach Smaller Cities in a Shrinking World. "The End of Growth," Introduction.

History of Economic Development

- Brett Theodos et al. *History and Programmatic Overview of the Economic Development Administration*, EDA Program Evaluation (Washington, D.C.: Urban Institute, 2021), https://www.urban.org/sites/default/files/publication/105005/history-and-programmatic-overview-of-the-economic-development-administration o.pdf.
- John F. Kennedy "New England and the South," *The Atlantic* (January 1954), https://www.theatlantic.com/magazine/archive/1954/o1/new-england-and-the-south/376244/.
- Hoover and Giarratani An Introduction to Regional Economics., Chapter 12 (not including the appendix)

Geography for Economic Development

- Gregory K. Ingram *Defining Metropolitan and Megapolitan Areas* (Cambridge, MA: Lincoln Institute of Land Policy, 2014).
- Joseph Fraker "Census Tract Boundaries and Place-Based Development Programs," Cityscape: A Journal of Policy Development and Research 24, no. 1 (2022): 217–230.
- Jim Castagneri and Lacey Loftin "Understanding Statistical Geography," accessed 2021, https://www2.census.gov/about/training-workshops/2021/2021-2-16-geo-presentation.pdf.
- U.S. Census Bureau "History of Metropolitan Areas," accessed 2023, https://www.census.gov/history/www/program s/geography/metropolitan_areas.html.

Week 02, 07/01: Economic Development Analytical Methods

- Alan Mallach Neighborhoods by Numbers: An Introduction to Finding and Using Small Area Data (Flint, MI: Center for Community Progress, 2017).
- Ken Poole et al. *Redefining Economic Development Performance Indicators for a Field in Transition* (Arlington, VA: Center for Regional Economic Competitiveness, 2017).

Pull Factors

• Ronald J. Hustedde, Ron Shaffer, and Glen Pulver "Assessing the Size and Shape of a Community's Trade Area," in *Community Economic Analysis: A How to Manual*, Revised. (Ames, IA: North Central Regional Center for Rural Development, 2005), 19–25., also pg 49.

Location Quotients

- J. Michael Patrick and Don Blayney *Tools for Understanding Economic Change in Communities: Economic Base Analysis and Shift-Share Analysis*, Circular 643 (Las Cruces, NM: New Mexico State University Cooperative Extension, 2018)., pg 1-3.
- Ronald J. Hustedde, Ron Shaffer, and Glen Pulver "Keeping Local Dollars in the Community," in *Community Economic Analysis: A How to Manual*, Revised. (Ames, IA: North Central Regional Center for Rural Development, 2005), 27–31., also pg 51-52.

Shift-Share Analysis

- Hoover and Giarratani An Introduction to Regional Economics., Chapter 12 Appendix
- Patrick and Blayney Tools for Understanding Economic Change in Communities., pg 3-8.
- Ronald J. Hustedde, Ron Shaffer, and Glen Pulver "Measuring the Efficiency of Local Firms," in *Community Economic Analysis: A How to Manual*, Revised. (Ames, IA: North Central Regional Center for Rural Development, 2005), 35–38., also pg 54-57.

Week 03, 07/08: Economic Development Finance, Part 1

- Norton Francis State Financing Incentives for Economic Development, Economic Development Strategies, Informational Brief 4 (Washington, D.C.: Urban Institute, 2016), https://www.urban.org/sites/default/files/publication/7820 1/2000635-state-financing-incentives-for-economic-development.pdf.
- Rachel Weber "What Makes a Good Economic Development Deal," in *Retooling for Growth: Building a 21st Century Economy in America's Older Industrial Areas*, ed. Richard M. McGahey and Jennifer S. Vey (Washington, D.C.: Brookings Institution Press, 2008).

Incentives

- Timothy J. Bartik *Making Sense of Incentives: Taming Business Incentives to Promote Prosperity* (Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, 2019), https://www.upjohn.org/research-highlights/making-sense-incentives-taming-business-incentives-promote-prosperity.
- Andrew Schwartz *The Realities of Economic Development Subsidies* (Washington, D.C.: Center for American Progress, 2018), https://www.americanprogress.org/article/realities-economic-development-subsidies/.
- David Zipper "How Opportunity Zones Launched a 'Gold Rush' for Wealthy Investors" (Bloomberg: City Lab, November 11, 2021), https://www.bloomberg.com/news/articles/2021-11-11/why-opportunity-zones-failed-to-help-low-income-areas.
- Only the rich can play: The story of Opportunity Zones [optional video]

Site Selection

- Andrew H. Shapiro "The Role of the Site Selector," *South Carolina Journal of International Law and Business* 7, no. 2 (2011): 215–226.
- Greg LeRoy "Fantus and the Rise of the Economic War Among the States," in *The Great American Jobs Scam: Corporate Tax Dodging and the Myth of Job Creation* (San Francisco, CA: Berrett-Koehler Publishers, 2005).

Week 04, 07/15: Economic Development Finance, Part 2

Fiscal Capacity & Financing Economic Development

- Alan Mallach and Eric A. Scorsone Long-Term Stress and Systemic Failure: Taking Seriously the Fiscal Crisis of America's
 Older Cities (Flint, MI: Center for Community Progress, 2011), https://communityprogress.org/publications/long-term-stress-and-systemic-failure/.
- Kim Phillips-Fein "The Legacy of the 1970s Fiscal Crisis" (The Nation, April 16, 2013), https://www.thenation.com/article/archive/legacy-1970s-fiscal-crisis/.

Regional Growth Theory & Economic Impact Analysis

- Glen Weisbrod and Burton Weisbrod *Measuring Economic Impacts of Projects and Programs* (Boston, MA: Economic Development Research Group, April 1997).
- Timothy J. Bartik and Nathan Sotherland *Local Job Multipliers in the United States: Variation with Local Characteristics and with High-Tech Shocks*, Upjohn Institute working paper, 19-301 (Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, 2019).

Infrastructure & Economic Development

- Claudia Copeland, Linda Levine, and William J. Mallett *The Role of Public Works Infrastructure in Economic Recovery* (Washington, D.C.: Congressional Research Service, September 21, 2011).
- Robert Puentes "Why Infrastructure Matters: Rotten Roads, Bum Economy" (The Washington Examiner, January 20, 2015), https://www.brookings.edu/articles/why-infrastructure-matters-rotten-roads-bum-economy/.

Week 05, 07/22: Competition & Regional Collaboration

Fragmentation

- Christopher B. Goodman "Political Fragmentation and Economic Growth in U.S. Metropolitan Areas," *Journal of Urban Affairs* 43, no. 9 (2021): 1355–1376.
- David Miller and Jen Nelles "Order Out of Chaos: The Case for a New Conceptualization of the Cross-Boundary Instruments of American Regionalism," *Urban Affairs Review* 56, no. 1 (2020): 325–359.
- Charles M. Tiebout "A Pure Theory of Local Expenditures," The Journal of Political Economy 64, no. 5 (1956): 416-424.

Collaboration

- Jered B. Carr, Christopher V. Hawkins, and Drew E. Westberg "An Exploration of Collaboration Risk in Joint Ventures: Perceptions of Risk by Local Economic Development Officials," *Economic Development Quarterly* 31, no. 3 (2017): 210–227.
- Christopher V. Hawkins "Political Incentives and Transaction Costs of Collaboration Among US Cities for Economic Development," *Local Government Studies* 43, no. 5 (2017): 752–775.

Agglomeration & Clustering

- Michael E. Porter "Clusters and the New Economics of Competition," *Harvard Business Review* (1998), https://hbr.org/1998/11/clusters-and-the-new-economics-of-competition.
- Ryan Donahue, Joseph Parilla, and Brad McDearman *Rethinking Cluster Initiatives* (Washington, D.C.: The Brookings Institution, 2018).
- Timothy Slaper and Grace Ortuzar "Industry Clusters and Economic Development," *Indiana Business Review* 90, no. 1 (2015): 7–9.
- Harold (Hal) Wolman and Diana Hincapie "Clusters and Cluster-Based Development Policy," *Economic Development Quarterly* 29, no. 2 (May 2015): 135–149.

Week o6, 07/29: Housing, Neighborhoods, and Left Behind Places

Housing & Neighborhood Development

- Catherine Glossop Housing and Economic Development: Moving Forward Together (London: Centre for Cities, 2008).
- Miriam Axel-Lute "Talking about Revitalization When All Anyone Wants to Talk about Is Gentrification," October 24, 2019, https://shelterforce.org/2019/10/24/talking-about-revitalization-when-all-anyone-wants-to-talk-about-is-gentrification/.
- Yonah Freemark "Upzoning Chicago: Impacts of a Zoning Reform on Property Values and Housing Construction," *Urban Affairs Review* 56, no. 3 (2020): 758–789. or the write up in Urban Affairs Forum.

Left Behind Places

- Mallach Smaller Cities in a Shrinking World. "Social and Economic Conditions in Shrinking City: The Effects of Population Decline," Chapter 5.
- Timothy J. Bartik "Bringing Jobs to People: Improving Local Economic Development Policies," in *Securing Our Economic Future*, ed. Melissa S. Kearney and Amy Ganz (Washington, D.C.: The Aspen Institute, 2020), 138–177.
- Clara Hendrickson, Mark Muro, and William A. Galston *Countering the Geography of Discontent: Strategies for Left-Behind Places* (Washington, D.C.: The Brookings Institution, 2018).

Week 07, 08/05: Technology-based Economic Development

- Walter H. Plosila "State Science- and Technology-Based Economic Development Policy: History, Trends and Developments, and Future Directions," *Economic Development Quarterly* 18, no. 2 (May 2004): 113–126.
- Ted K. Bradshaw and Edward J. Blakely "What Are "Third-Wave" State Economic Development Efforts? From Incentives to Industrial Policy," *Economic Development Quarterly* 13, no. 3 (1999): 229–244.
- Maryann Feldman and Nichola Lowe "Evidence-Based Economic Development Policy," *Innovations: Technology, Governance, Globalization* 11, no. 3–4 (July 2017): 34–49.
- A former Foxconn executive tries to explain what went wrong in Wisconsin (The Decoder podcast)

Do people follow jobs or do jobs follow people?

- Bartik Who Benefits from State and Local Economic Development Policies? "Can State and Local Policies Affect Economic Development?", Chapter 2.
- Mallach *Smaller Cities in a Shrinking World*. "Cities Are People: Building a Sustainable Social and Economic Environment," Chapter 9.
- Enrico Moretti on Jobs, Cities, and Innovation (EconTalk podcast, optional)

Week 08, 08/12: Economically, Socially, and Environmentally Sustainable Regions

• Ordinarily, there would be another weeks worth of readings here, tying together the course; however, in order to give you a small break before the Fall semester, we will not have readings this week.