

UPP 531: Economic Development II

Fall 2011

Time: Tuesdays 10:00 a.m. – 12:50 p.m.
Location: Art and Design Hall 2236
Office Hours: Mondays 12-1, Tuesdays 1-2,
and by appointment

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Course Syllabus

(August 16, 2011)

Course Description and Objectives

The course provides students with the skills to understand and apply a variety of analytic techniques for regional and local economic development planning. These techniques are used in professional practice to yield information about the behavior and performance of local economies and industries in support of appropriate and effective development policies and programmatic decision-making. By the end of the course, you should be able to select techniques appropriate to particular situations and information needs, conduct analyses using these methods, critically evaluate the validity of your own work and that of others, and interpret analytic results for policy and planning purposes.

This course focuses on economic development at the local and regional scales. The data available, and thus the techniques employed, for community- or neighborhood-level analyses tend to be quite different. Students interested in approaches for analyzing small areas may wish to investigate UPP 541 (Community Development II: Practice) and/or UPP 548 (Community Development Methods and Techniques).

Prerequisites

UPP 531 is intended to be taken subsequently to UPP 530 (Economic Development I). The *context* of professional practice in which economic development planning techniques typically are used is covered in UPP 530, along with fundamental economic development ideas, history, theories, and strategies. Familiarity with these will be assumed in this course.

You should be comfortable with subscript and summation notation. (Many linear and matrix algebra textbooks provide quick reviews, including Chapter 1 of the Searle reading listed under Topic 6 in the supplemental reading list.) Although matrix algebra is not required for the course, if you wish to understand the mathematics behind input-output models and are interested in the optional readings on the topic you should have a grasp of basic matrix algebra concepts.

Basic experience with spreadsheet (e.g., Microsoft Excel) and word processing (e.g., Microsoft Word) software is assumed. More advanced spreadsheet experience and an operating knowledge of SPSS or another statistical software package used for calculating and analyzing descriptive statistics and conducting regression modeling may be helpful but are not required as prerequisites.

Class Format

Class sessions will combine lecture with discussion. Lectures will be used to organize material from the readings and related sources in a systematic fashion and to supplement it with additional background and examples. The intention in class sessions is to maintain an open discussion atmosphere, and you are encouraged to contribute examples, questions, clarifications, comments, discussion points, etc., throughout. Some time may be set aside for structured exercises or small-group discussions.

The class sessions will not necessarily cover all the material in the assigned readings, so attending class is not a substitute for carefully reading the assigned literature. It is important that the assigned discussion readings be completed *prior to* class sessions on that topic to enable an engaged and stimulating session. The required technical readings may be completed either prior to or after the corresponding class sessions. Students often find it helpful to read the technical readings twice—once before class and again after the topic is introduced in class. In many cases, lectures or discussions will extend the treatment of a topic beyond the scope of the required readings.

A series of assignments will serve as hands-on learning experiences and generate a portfolio of presentable work by the end of the course. Some class sessions will include time devoted to discussion and/or presentation of the assignments. One or more sessions will be held in a computer laboratory.

Requirements and Grading

Your course grade will consist of a series of four assignments (worth 60% total, 15% each), a final exam (35%), and class preparation and participation (5%). The assignments require applying selected techniques to analyze a particular local economy or economic development scenario using actual data and interpreting the findings in a report or equivalent format. The assignments are to be completed in teams (typically pairs) as assigned by the instructor. All members of a team will receive the same grade. Assignments are due at the beginning of the class period on the due date (at 10:00 a.m.). Unless you have made alternative arrangements with the instructor *in advance of the due date*, late assignments will be penalized by 10% of their full weight per weekday late, up to a maximum of a week late and a 50% penalty. Late assignments will not be accepted more than one week (one class period) after the assigned due date. The final exam will be completed individually and will be open-book. More details about the final exam will be provided later in the semester.

Class preparation and participation will be assessed in part by your contribution of informed comments, probing questions, or examples to class discussions. While class attendance is not mandatory for its own sake, excessive absences will affect the preparation and participation portion of your grade, and more importantly, will affect your ability to master the material in this course.

Student Conduct and Intellectual Property

The University of Illinois at Chicago Guidelines Regarding Academic Integrity state that: “All members of the campus community—students, staff, faculty, administrators—share the responsibility of insuring that these standards are upheld...Academic dishonesty includes, but is not limited to: cheating, fabrication, facilitating academic dishonesty / plagiarism, ... , nonoriginal works.” (The full guidelines are available online at <http://www.uic.edu/ucatalog/GR.shtml#qa>. You should also review the Academic Integrity section of the MUPP Handbook – this section also applies to PhD students – at http://www.uic.edu/cuppa/upp/current_students/cs_prg_req.html.)

For this course: (1) You are permitted and encouraged to seek advice and suggestions from other class members as well as the instructor on the written assignments, include obtaining feedback and/or proofreading on draft versions. (2) In all written and presented work, you must cite or otherwise fully attribute all ideas, data, and other information that are not your own. This includes information presented in tables, graphs, appendices, etc. The only exception is the information presented in class and contained in the lectures, slides, handouts, or notes that you make for yourself based on class sessions—these materials you may consider to be your knowledge from the course and you need not cite them. (3) You are not permitted to accept or give aid of any kind for the open-book final exam.

Course Schedule Overview

The schedule is subject to change based on class progress and scheduling issues that may arise.

Date	Unit	Topic	Assignments
8/23	I – Getting Started	1. Introduction and Overview of Course 2. Local and Regional Economic Data	
8/30	II – Gauging the Economy	2. Local and Regional Economic Data (continued) 3. Indicators and Indexes	
9/6		3. Indicators and Indexes (continued) 4. Measures of Composition & Change	
9/13	III – Regional Economic Models	4. Measures of Composition & Change (continued) 5. Economic Base Multiplier	
9/20		Discuss Assignment 1 5. Economic Base Multiplier (continued) 6. Regional Input-Output Models	Assignment 1 due
9/27		NO CLASS	
10/4		6. Regional Input-Output Models (continued) 7. Economic Impact Analysis	
10/11		Discuss Assignment 2 7. Economic Impact Analysis (continued)	Assignment 2 due
10/18		7. Economic Impact Analysis (continued)	
10/25	IV – Forecasting	8. Forecasting Overview; Judgmental, Allocation, and Extrapolation Techniques	
11/1		Discuss Assignment 3 9. Forecasting: Regression Models	Assignment 3 due
11/8		9. Forecasting: Regression Models (continued)	
11/15	V – Miscellaneous Topics	10. Income and Product Accounts 11. Labor Market Analysis	
11/22		<i>Catch-up (if necessary)</i> 12. Clustering Techniques (as time permits) 13. Fiscal Impact Analysis (as time permits)	
11/29	VI – Finishing Up	Discuss Assignment 4 Course Review & Evaluation	Assignment 4 due
To Be Announced			Final Exam

Course Materials

The readings for this course are drawn from journals or excerpted from a variety of texts. Most of them will be posted in electronic format to the course Blackboard site. The remainder are available on the Internet (with links provided below) or in Daley Library. The schedule of required readings listed below is subject to change based on class progress and the suggestions of guest lecturers.

There are two types of required readings:

- *Technical* readings explain and present information regarding models and analytical techniques that will be covered in class. These substitute for a textbook for the course. They may contain material not covered explicitly in class sessions; students are responsible for this material. Some students may choose to complete the assigned technical readings prior to the date on which the corresponding material is covered in class, to help prepare them to get the most out of class sessions. Others may find it useful to revisit the technical readings or postpone reading them until after the class sessions in which the concepts and techniques are introduced, so that they act as supplements and additional learning supports.
- *Discussion* readings offer examples, extensions, opinions, or different perspectives, and will be used to initiate discussions and critical examinations of the models and techniques. All discussion readings should be completed *prior* to the date listed.

Please see the additional document “Supplemental Readings” for a list of optional readings organized by topic that provide further resources and examples.

COURSE SCHEDULE AND REQUIRED READINGS

Tuesday, August 23

- Topics*
1. Introduction and Overview of Course
 2. Local and Regional Economic Data

(no required readings)

Tuesday, August 30

- Topics*
2. Local and Regional Economic Data (continued)
 3. Indicators and Indexes

Technical Readings

1. Cortright, J., and A. Reamer. 1998. *Socioeconomic Data for Understanding Your Regional Economy*. Washington, D.C.: Economic Development Administration, U.S. Department of Commerce.

Please read Chapters 2-3, pp. 13-46, and Chapter 8, pp. 69-73. Read elsewhere as interested—I recommend Chapter 4, pp. 47-50, and Chapter 7, pp. 63-67.

2. McLean, M. L., and K. P. Voytek. 1992. *Understanding Your Economy: Using Analysis to Guide Local Strategic Planning*. Chicago, Illinois: Planners Press, American Planning Association. Chapter 3: Assessing Economic Performance and Condition, pp. 31-49.

Discussion Readings

1. *Browse the following websites (to be split up and assigned in class):*
 - a. U.S. Census Bureau, Economic Census: <http://www.census.gov/econ/census07/>. Look through the types of data available by industry and geography, many through the American FactFinder interface.
 - b. U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Accounts: <http://www.bea.gov/regional/index.htm>. Be sure to look through the Local Area Personal Income portion at <http://www.bea.gov/regional/reis/>.
 - c. U.S. Bureau of Labor Statistics, Occupational Projections: <http://data.bls.gov/oep/noeted/empoptd.jsp>. Also State Occupational Projections website at <http://www.projectionscentral.com/>.
 - d. Illinois Department of Employment Security, Labor Market Information Source: <http://lmi.ides.state.il.us/>.
 - e. Illinois Department of Commerce and Economic Opportunity, Location One Information System: http://www.illinoisbiz.biz/dceo/Bureaus/Business_Development/Resources+and+Support/Location+One.htm. (Go to this website, then click on either the “Sites” or “Buildings” link.) Please pick a county and explore the types of data available from the pull-down menu. Do the same for a locality.
 - f. FedStats: <http://www.fedstats.gov/>.
 - g. EconData: <http://www.econdata.net>.
 - h. Economagic: <http://www.economagic.com>.
2. *Browse these example indicator and index reports (to be split up and assigned in class):*
 - a. Progressive Policy Institute. 2001. The Metropolitan New Economy Index. Available online at http://www.dlc.org/ndol_ci.cfm?contentid=3269&kaid=107&subid=294.
 - b. Massachusetts Technology Collaborative (MTC). 2009. *Index of the Massachusetts Innovation Economy*. Available online at http://www.masstech.org/institute2009/the_index_2009.html. Please focus on the Introduction and Highlights (pp. 4-7), Massachusetts Innovation Ecosystem (pp. 22-25), and Indicators of the Massachusetts Innovation Economy (pp. 26-50). Read remainder as interested.
 - c. Corporation for Enterprise Development (CFED). 2009. *Assets & Opportunity Scorecard*. Available online at <http://scorecard.cfed.org/>. Please look through these sections: research and methodology (“click here” at the bottom), the six issue areas (menu at right), and a few state report cards of your choice (click on individual states). Peruse the rest of the site as interested.
 - d. Sustainable Seattle. 1998. *Indicators of Sustainable Community*. Sustainable Seattle. Available online at <http://www.sustainableseattle.org/Programs/RegionalIndicators/1998IndicatorsRpt.pdf>. Please focus on the economy section, pp. 33-44.
 - e. SustainLane. 2008. U.S. City Rankings. Available online at <http://www.sustainlane.com/us-city-rankings/>.

Tuesday, September 6

- Topics*
3. Indicators and Indexes (continued)
 4. Measures of Composition and Change

Technical Reading

1. McLean, M. L., and K. P. Voytek. 1992. *Understanding Your Economy: Using Analysis to Guide Local Strategic Planning*. Chicago, Illinois: Planners Press, American Planning Association. Chapter 4: Analyzing the Structure and Dynamics of a Local Economy, pp 51-74.

Discussion Reading

1. Goldstein, H. A. Unpublished paper. "An index of the Triangle region's economic health."
2. Markusen, A. 2004. Targeting occupations in regional and community economic development. *Journal of the American Planning Association*, 70 (3): 253-268.

Tuesday, September 13

- Topic*
4. Measures of Composition and Change (continued)
 5. Economic Base Multiplier

Technical Readings

1. Malizia, E. 1978. Standardized share analysis. *Journal of Regional Science*, 18 (2): 283-291.
2. Loveridge, S., and Selting, A. C. 1998. A review and comparison of shift-share identities. *International Regional Science Review*, 21(1), 37-58.
Please read pp. 37-43, elsewhere as interested.
3. Bendavid-Val, A. 1991. *Regional and Local Economic Analysis for Practitioners*. New York, New York: Praeger. Chapter 8: Economic Base Analysis, pp. 77-85.

Discussion Reading

1. Cambridge Systematics, Inc. 2001. *Making the Knowledge Economy Work for All Kansans*. "Supplement B: Shift-Share Analysis." Available online (along with rest of report) at http://www.kansasinc.org/strategic_report.shtml.
2. SOCRATES, Texas Workforce Commission. Available online at <http://socrates.cdr.state.tx.us/>. Experiment with the shift-share tool (link to it from the fifth blue square most of the way down first page).

Tuesday, September 20

Due Assignment 1

Topics • Discuss Assignment 1
 5. Economic Base Multiplier (continued)
 6. Regional Input-Output Models

Technical Readings

1. Bendavid-Val, A. 1991. *Regional and Local Economic Analysis for Practitioners*. New York, New York: Praeger. Chapter 9: Input-Output Analysis, pp. 87-113.
2. Miernyk, W. H. 1965. *The Elements of Input-Output Analysis*. New York, New York: Random House. Chapter 2: Input-Output Analysis, pp. 8-28. Also part of Chapter 4: Applications of Input-Output Analysis, pp. 42-50. (Note: this text is also available in Daley Library.)

(no discussion readings)

Tuesday, September 27

NO CLASS

Tuesday, October 4

Topics 6. Regional Input-Output Models (continued)
 7. Economic Impact Analysis

Technical Readings

1. *IMPLAN Professional 2.0 Manual*. 2000. Stillwater, Minnesota: Minnesota IMPLAN Group. Chapter 8: An Overview of Input-Output and Impact Analysis, pp. 95-105.

Discussion Readings

1. Schaffer, W. A. 1980. The role of input-output models in regional impact analysis. In S. Pleeter (ed.), *Economic Impact Analysis: Methodology and Applications*: 156-167. Boston, Massachusetts: Martinus Nijhoff Publications.
2. Curliss, J. A. 2004. State Took Rosier View of Dell Jobs. *The News and Observer*, December 19.
3. Office of the Illinois Governor. 2008. Governor Blagojevich announces Batman movie Dark Knight generates nearly \$40 million in revenue for Illinois economy. Available at <http://www.illinois.gov/PressReleases/PrintPressRelease.cfm?SubjectID=2&RecNum=7019> (accessed July 22, 2008).

Tuesday, October 11

Due Assignment 2

Topics • Discuss Assignment 2
 7. Economic Impact Analysis (continued)

Technical Reading

1. *IMPLAN Professional 2.0 Manual*. 2000. Stillwater, Minnesota: Minnesota IMPLAN Group. Please read Chapter 9: Project Definition, pp. 107-114, Chapter 15: Predictive Model Derivation, pp. 163-174, and Chapter 16: Impact Analysis, pp. 175-187. Also read or skim other chapters as needed to complete Report 2. You may find Chapter 10: Study Area Considerations, pp. 115-121, Chapter 11: Database Elements, pp. 123-129, and Chapter 17: Case Studies, pp. 189-213, particularly useful. Chapters 2-6 (pp. 7-90) constitute the Users' Guide for running the IMPLAN software.
2. *IMPLAN Version 3.0 Reference Manual*. 2010. Stillwater, Minnesota: Minnesota IMPLAN Group. Accessible at http://www.implan.com/v4/index.php?option=com_multicategories&view=categories&cid=222:referencemanualusersguidetoimplanversion30software&Itemid=10.
Browse and read this website as needed. Note that there is no true written manual for version 3.0. This website offers a series of pages containing instruction, advice, and examples that assists in transitioning from Implan Professional 2.0 to Version 3.0, but does not suffice by itself to explain the software and its operation.

Discussion Reading

1. Regional Technology Strategies, Inc. 1999. *Federal Express in the Piedmont Triad: Economic Impacts and Opportunities*. November 16.
You need not read this entire document word-for-word. Please look over the layout and get a feel for its contents, and pay closer attention to Chapters 1 (pp. 7-12) and 3 (pp. 43-61).

Tuesday, October 18

Topic 7. Economic Impact Analysis (continued)

(no technical readings)

Discussion Readings

1. Civic Economics. 2004. *Andersonville Study of Retail Economics*. Chicago, Illinois.
Please read the Executive Summary (pp. 2-8) and Methodology (pp. 13-15). Read or skim the remainder as interested.
2. Siegfried, J. J., A. R. Sanderson, and P. McHenry. 2007. The economic impact of colleges and universities. *Economics of Education Review*, 26 (5): 546-558.

3. University of Massachusetts. 2006. *UMass: a Strategic Investment*. Amherst, Massachusetts: University of Massachusetts. Available at http://media.umassp.edu/massedu/econdev/umass_economic_impact.pdf and <http://www.massachusetts.edu/econimpact/methodology.html>.

For the first document, the powerpoint presentation, please read the slides entitled “An Open Letter to the Commonwealth” (slides 3) and “An Outstanding Return on State Investment” (slides 4-5). Read or skim the remainder to get a sense of the types of economic impacts claimed. Read the second document, a short webpage on the methodology, as interested.

Tuesday, October 25

Topic 8. Forecasting Overview; Judgmental, Allocation, and Extrapolation Techniques

Technical Readings

1. Goldstein, H. A. 1990. A practitioner’s guide to state and substate industry employment projections. *Economic Development Quarterly*, 4 (3): 260-275.
Please read pp. 260-268, elsewhere as interested.
2. Goldstein, H. A. 2000. *Projecting State and Area Industry Employment with the ALMIS Long-Term Projection System*. Prepared for U.S. Department of Labor, Employment and Training Administration, ALMIS Long-Term Industry Employment and Census Tools Consortium.
Please read sections 5.1 through 5.4, pp. 33-42. Note that the models in sections 5.3.1, 5.3.2, and 5.3.4 through 5.3.7 are also covered in the Goldstein article in *Economic Development Quarterly* listed above, so you may skim or skip these portions if you have already read them.

Discussion Readings

1. Armstrong, J. S. 1985. *Long-Range Forecasting: From Crystal Ball to Computer*. 2nd Ed. New York, New York: John Wiley & Sons. Chapter 6: Judgmental Methods, pp. 79-149.
Please read the sections from pp. 85-90, 91-92, top of page 96, 96-107, 108-124, 132-146.
You may skim the remaining portions of the chapter, as well as all of the research boxes.

Tuesday, November 1

Due Assignment 3

Topics • Discuss Assignment 3
9. Forecasting: Regression Models

Technical Readings

1. Allison, P. D. 1999. *Multiple Regression: a Primer*. Thousand Oaks, California: Pine Forge Press.
Please read all of Chapter 1 (pp. 1-23) and sections 2.1 (pp. 25-31) and 2.3 (pp. 34-37) from Chapter 2.
This reading is optional for those students who have had prior experience with multiple regression and are selecting the optional single-equation regression portion of Assignment 5.

2. Goldstein, H. A. 2000. *Projecting State and Area Industry Employment with the ALMIS Long-Term Projection System*. Prepared for U.S. Department of Labor, Employment and Training Administration, ALMIS Long-Term Industry Employment and Census Tools Consortium.
Please read the section 5.5 introduction and section 5.5.1, pp. 43-44, and sections 5.6 through 5.7.3, pp. 55-66.
Students choosing the single-equation regression option on Assignment 5 should also read sections 5.5.3 through 5.5.6, pp. 45-55.

(no discussion readings)

Tuesday, November 8

Topic 9. Forecasting: Regression Models (continued)

Technical Reading

1. Gujarati, D. N. 1995. *Basic Econometrics*. New York, New York: McGraw-Hill.
Please read sections 13.2, 13.3, and 13.4 through “The Durbin-Watson d statistic once again” (pp. 455-464). Feel free to skim past the algebra and equations if the notations are unfamiliar to you, but please read the descriptive text and the conclusions carefully.

Discussion Reading

1. Georgia Department of Labor. 2009. *Georgia Workforce 2016: Beyond the Horizon, An Analysis of Long-term Employment Projections*. Available at <http://explorer.dol.state.ga.us/mis/Current/gaworkforcecurrent.pdf>.
Please read the Introduction and Methodology and Assumptions sections, pp. 5-7, and skim over the beginning of the employment projections, pp. 8-14. Read or skim rest of document as interested.

Tuesday, November 15

Topics 10. Income and Product Accounts
 11. Labor Market Analysis

Technical Readings

1. Bendavid-Val, A. 1991. *Regional and Local Economic Analysis for Practitioners*. New York, New York: Praeger. Chapter 5: Income Measures, Income and Product Accounts, pp. 41-52.
2. McKee, W. L., and R. C. Froeschle. 1985. *Where the Jobs Are: Identification and Analysis of Local Employment Opportunities*. Kalamazoo, Michigan: W. E. Upjohn Institute for Employment Research. Chapter 4: An Integrated Approach to Identifying Occupational Job Opportunities, pp. 75-105.
Please read pp. 75-89, up to “The Occupational Process Model.” Read the remainder as interested for a discussion of data types and sources (most of these have remained functionally the same over time, though often with new names and online availability.)

Discussion Readings

1. Schaffer, R. L. 1973. *Income Flows in Urban Poverty Areas: A Comparison of the Community Income Accounts of Bedford-Stuyvesant and Borough Park*. Lexington, Massachusetts: Lexington Books. Chapter 1: Income Flows in Urban Poverty Areas, pp. 1-8, and Chapter 2: Community Income Flows, pp. 9-21.
2. Bartik, T. J. 1993. Who benefits from local job growth: migrants or the original residents? *Regional Studies*, 27 (4): 297-311.
3. Browse SOCRATES website, Texas Workforce Commission, at <http://socrates.cdr.state.tx.us/>. Concentrate on the Occupational Profiles section.

Tuesday, November 22

- Topics*
- Catch-up (if necessary)
 - 12. Clustering Techniques (as time permits)
 - 13. Fiscal Impact Analysis (as time permits)

Technical Reading

1. StatSoft. 2008. Principal Components and Factor Analysis. Available at <http://www.statsoft.com/textbook/stfacan.html>.
Please look through this page from the beginning through the paragraph “How many Factors to Extract?” Look through the remainder of the page as interested.
2. StatSoft. 2008. Cluster Analysis. Available at <http://www.statsoft.com/textbook/stcluan.html>.
Please look through this page from the beginning up to (not including) two-way joining. You can skim through the different distance measures and linkage rules. Look through the remainder of the page as interested.
3. Edwards, M. M. 2009. *Fiscal Impact Analysis: State of the Art*. Working Paper WP09ME1: Lincoln Institute of Land Policy. Available at <http://www.lincolninst.edu/pubs>.
Please read section II, pp. 1-17. Read the remainder as interested.

Discussion Readings

1. Feser, E. J., and M. I. Luger. 2003. Cluster analysis as a mode of inquiry: its use in science and technology policymaking in North Carolina. *European Planning Studies*, 11 (1): 11-24.

Tuesday, November 29

Due Assignment 4

Topics • Discuss Assignment 4
 Course Review and Evaluation

(no required readings)