Current Trends & Topics in Economic Development

Jeffrey Finkle, CEcD
President / CEO, IEDC
Every year IEDC does a national survey of economic developers.

Year after year, despite challenges, practitioners remain positive about the outlook of economic development activity going forward.

Key Message from 2014 survey:

Educating leadership about the critical role that EDOs play in the community is essential for sustainable economic growth.
Economic Development Organization Funding Sources

- Public Funds: 63%
- Private Funds: 19%
- Internally Generated: 15%
- Other: 3%
Have you entered into partnerships or combined resources with other community stakeholder to enhance ED efforts?

- Yes: 89%
- No: 11%
How have you altered your ED strategy in the past year?

Collaborating More on a Regional Basis 41%

Engaging in More Strategic Partnerships 40%

Concentrating More on Business Retention 41%

Engaging More in Entrepreneurship & Small Business Development 39%

Using Social Networking More as Mktg. & Comm. tool 29%

Concentrating More on Business Attraction 25%

Concentrating More on Enhancing Local Quality of Life 23%

Increasing Efforts to Attract Foreign Investment 19%
In 2014 did your organization increase efforts in the following areas?

- Entrepreneurship: 53%
- Workforce Development: 52%
- Infrastructure Upgrades: 39%
- Leadership Development: 35%
- Economic Inclusion: 30%
- Export Development: 14%
- Disaster Planning/Resiliency: 13%
- Measuring Performance: 11%
- Reshoring Efforts: 9%
- Sustainability: 5%
- Foreign Direct Investment: 26%
EDOs are increasing efforts in 4 key areas:

- Expanding workforce development programs and developing training initiatives with other local and regional entities
- Working more with regional partners and community leaders to foster entrepreneurial support programs
- Increasing international trade missions and outreach, including efforts to attract FDI and export development
- Increasing spending on infrastructure and engaging in PPPs for their development
Top Marketing Trend

Social Media usage increased from 28% in 2012 to 34% in 2013
Does your organization plan to revamp its strategic ED plan in the coming year?

- Yes: 58%
- No: 42%
Has your organization taken a proactive role to provide opportunities for the unemployed?

- Yes: 55%
- No: 45%
In 2014, EDOs took a pro-active role to help the unemployed

- 62% of respondents partnered with Community Colleges on training programs
- 48% acted as an intermediary between employers and job seekers
- 42% facilitated real estate redevelopment to foster job creation
- 32% partnered with a private company for skills training

EDO-Community College collaboration has become vital
What 3 issues have posed the greatest challenges to your organization’s ED efforts in the past year?

2014 Challenges
1. Lack of Skilled Labor 50%
2. City/County/State Budget Cuts 33%
3. Inadequate Infrastructure 29%

2013 Challenges
1. Policy Uncertainty 47%
2. Lack of Skilled Labor 36%
3. City/County/State Budget Cuts 33%
What sort of educational institution did your organization partner with?

- K-12 School or school...: 48%
- Community College: 72%
- Public University: 53%
- Private University: 23%
- Vocational/Technical School: 40%
About the issues that have posed the greatest challenges for economic development in the past year...

“Lack of Skilled Labor” increased from 31% in 2012 to 36% in 2013 to 50% in 2014!

→ *In 2010 it was a challenge of just 14%*

This is the first year that “Inadequate Infrastructure” has been among the top 3 challenges.
Other notable challenges in 2014

- Lack of Political Support for ED  27%
  Up from 20% in 2013

- Debate Over Incentives  25%

- Lack of Access to Capital/Financing  20%

- Inadequate Education  17%

- Complicated Permit Process/Regulations  18%

- Lack of available buildings or space was also widely mentioned
In 2014, has your organization seen an increase in the following projects?

<table>
<thead>
<tr>
<th>Projects</th>
<th>Increased 2014</th>
<th>Increased 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expansions</td>
<td>65%</td>
<td>62%</td>
</tr>
<tr>
<td>Prospects</td>
<td>58%</td>
<td>51%</td>
</tr>
<tr>
<td>Real Estate Projects</td>
<td>51%</td>
<td>47%</td>
</tr>
<tr>
<td>Infrastructure Projects</td>
<td>39%</td>
<td>43%</td>
</tr>
<tr>
<td>Redevelopment Projects</td>
<td>39%</td>
<td>41%</td>
</tr>
<tr>
<td>Relocations</td>
<td>33%</td>
<td>37%</td>
</tr>
</tbody>
</table>
Which industries is your community primarily focused on in its business recruitment efforts?

- Advanced Manufacturing: 73%
- Healthcare: 36%
- Energy: 32%
- Logistics: 33%
- Information Technology: 30%
- Services: 25%
Were there times over the past year where local politics interfered with an economic incentive deal?

- Yes: 62%
- No: 38%
Would you encourage local elected officials and leadership in your community to engage in economic development training?

89% Yes

7% No

4% N/A
Are there policy changes at the local, state or federal level that are having an impact -- or that you expect will have an impact on ED in your community?

- Yes: 62%
- No: 38%
Most frequent concerns regarding current or pending policy changes

- EPA and other energy-related regulations
- Scrutiny over incentives and pending changes for incentives in some states
- Reorganization of ED activities in some states and municipalities due to new leadership
- Uncertainty over the short & long-term impact of federal healthcare insurance laws on local workers
From which sectors is your ED Board of Directors primarily composed?

- Education/Higher Ed: 40%
- Financial/Real.: 78%
- Non-profit: 29%
- Manufacturing: 52%
- Software/IT: 17%
- Green/Clean Tech: 3%
Highlights of IEDC’s 2014 Salary Survey

- Industry standard - 5th edition
- North American survey of 3,075 respondents
- Previous salary survey was conducted in 2012

Available at www.iedconline.org
IEDC Salary Survey

- Certified Economic Developer (CEcD) credential is the most widely held certification of industry professionals. People who have this designation earn the highest salaries in the profession.

- The average base salaries for professionals with associate’s, bachelor’s and master’s degrees are $69,500, $86,400 and $96,000 respectively. For CEcD’s it is over $100K.

- Consulting firms pay the most, followed by utilities, and then educational institutions
Leadership Study

IEDC undertook a behavioral competency leadership study with Somerville Partners

- The result is a report “A Behavioral Leadership Model for Top Performing Economic Development Executives”

- Available online at www.iedconline.org
Economic Development Research Partners program

- Think tank of 60 of the country’s top economic developers
- Each year they meet to discuss the most challenging ED issues
- Research topics for 2015-2016
  - Incentives
  - Infrastructure
  - Divested corridors
  - Equity
  - Data standards for site selection
  - Regionalism in economic development
10 key trends

- Economic developers need the support of local elected leaders
- Workforce development is a top concern
- EDOs are increasingly moving towards blended funding models
- We’re partnering regionally for marketing, particularly to foreign investors
- We’re engaging more with community partners to foster entrepreneurial and small business development programs
- Infrastructure development is essential for competitiveness
- We’re using green/clean tech in real estate and infrastructure projects
- The changing energy landscape is affecting the U.S. economy in a major way
- Economic resiliency and disaster recovery a growing concern
- Equity and income equality are a major issue economic developers are seeking answers to