Citizens Research Council of Michigan

CRC

# Regional Approaches to Economic Development

## The Challenge of Economic Development

February 2007

Report 345-1

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## Introduction

Economic restructuring may be the most critical challenge now facing Michigan. Existing and proposed public policies, including changes in tax structure, tax rates, environmental regulations, investment in infrastructure, the publicly funded social safety net, education funding and standards, and a variety of other issues, are judged by the perceived impact of those policies on economic development. And across the state, hundreds of public and private organizations are focused on meeting this challenge: on business attraction, retention, and growth; on the changes required for increasing prosperity and enhancing the tax base; and on finding new competitive niches in globalizing markets.

In May of 2001, Citizens Research Council published a *Survey of Economic Development Programs in Michigan* (Report No. 334), which updated and expanded the 1997 *Selected Michigan Economic Development Programs.* This series builds on those previous reports in an effort to contribute to the search for a more effective approach to the critical issues of economic growth and job creation. Implicit in our approach is an understanding that economies are regional, that private site location and expansion decisions are strongly influenced by labor markets and conditions that are regional, and that governmental units that find effective ways to cooperate on a regional basis will be more successful than those that do not.

The first of this four-part series will review various definitions of, and metrics for, economic development and will explain why regions are an appropriate basis for economic development efforts. The second installment will focus on the many types of regional economic development organizational structures in an effort to explore how regional players coalesce around economic development goals and to identify best practices which may be applicable in Michigan. The third component will explore the results of a nationwide survey of regional economic development organizations in order to determine the roles and effectiveness of various kinds of regional economic development entities. The final installment will describe many of the sometimes contradictory theoretical and programmatic approaches to economic development. Analysis of best practices and survey results has resulted in the specific policy recommendations contained in this report.

## Part 1
## The Challenge of Economic Development

### Summary

States and local units of government have long engaged in economic development activities, but economic activity is defined by labor markets, not political boundaries. While real estate and labor markets, money markets, transportation systems, and natural resource elements are regional, fragmented local governments have their own revenue systems, land use regulations, and capital improvement programs. Further, the existing public sector economic development structure incorporates perverse incentives: individual jurisdictions are likely to overinvest in attracting businesses that produce high tax revenues to the jurisdiction, but low labor market and fiscal benefits to the region, and to underinvest in businesses that produce environmental and congestion challenges for the jurisdiction, but high levels of labor market and fiscal benefits for the region.

The extraordinary economic challenges facing our state, and the ad hoc nature of regional economic development in Michigan, beg for better structure, organization, and reporting on regional bases. Because various businesses and entrepreneurs seek different combinations of resources, Michigan's leaders should consider the North Carolina model, which was designed to enable regions to compete effectively for new investment and to devise effective economic development strategies based on regional opportunities and advantages. Regional economic development organizations could help define and market their regions' unique natural resources, history and culture, business and union environment, industry clusters, and infrastructure.

The state's role in economic development could be expanded to include defining logical regional boundaries that respect and build on existing regional initiatives, initiating public-private partnerships tasked with developing (or mediating) and implementing regionally relevant economic development strategies that are consistent with state plans, and insuring that appropriate data are made available to guide the continuous improvement of factually based regional economic development efforts. The State could also facilitate the sharing of information and best practices among regional partnerships and consider applicable regional strategies when planning state infrastructure investments, economic incentive programs, and branding and marketing programs.

### The Challenge in Michigan

According to Fred Smith, Chairman of the Board of the Fed Ex Corporation, the world market is undergoing four major changes: continued emergence of high-value, high-tech products; globalization; adoption of fast cycle logistics; and the use of the Internet to sell goods without regard to place or time.[1] Michigan's business, political, and educational leaders are struggling to find a way to negotiate these changes and insure a prosperous and sustainable future that incorporates the productivity growth and global realities that have so shaken the status quo. However, economists at the Research Seminar in Quantitative Economics at the University of Michigan foresee continuing job losses through 2008, and no significant recovery even after that point.[2]

While Michigan has a wealth of assets including outstanding universities, bountiful natural resources, internationally competitive businesses, and talented and hard working residents, it is the American automobile industry that has shaped the economy and the expectations of this state for the past 100 years. Michigan's employment location quotient for "automobile, light truck, and parts manufacturing" is 7.88, meaning that this state's share of employment in that industry segment is 7.88 times the national average.[3] In the face of a glut of global production capacity, however, the metro Detroit-based auto companies continue to suffer loss of market share and reductions in new vehicle prices, and to cuts in production in order to reduce bloated inventories. In

July of 2006, for the first time, Toyota Motor Company sold more vehicles in the U.S than did Ford Motor Company and Honda Motor Company sold more vehicles than the Chrysler Group. According to Sean McAlinden of the Center for Automotive Research, fewer than half of all vehicles sold in the U.S. will be made by Detroit's Big Three by 2009, and by 2011, foreign manufacturers will build more cars in the U.S. than will American manufacturers.[4]

Even after losing 217,900 manufacturing jobs (24.3 percent) between 2000 and 2005 in domestic automotive and auto supply companies, furniture manufacturers, and other goods-producing businesses, Michigan remains heavily dependent on manufacturing. After 16,300 manufacturing jobs disappeared between 2000 and 2005, 18.8 percent of all jobs in metropolitan Grand Rapids were still manufacturing jobs in 2005. Metropolitan Flint lost 29.5 percent of its manufacturing jobs in the first half of the decade, but in 2005, 14.0 percent of jobs in metro Flint were still manufacturing jobs. Metro Detroit lost 26.6 percent of its manufacturing jobs, but in 2005, 13.9 percent of jobs in metro Detroit were still in manufacturing. Metro Ann Arbor lost 28.1 percent of its manufacturing jobs in those five years and in 2005 was at the national average of 10.7 percent of jobs in the manufacturing sector.[5]

While the state's traditional industries and unions are in the process of adapting to globalization, productivity improvements, and volatile gasoline prices, the growth in knowledge-based jobs has lagged the rest of the nation: between 1995 and 2005, the metro Detroit area lost 87,799 manufacturing jobs and gained 31,500 advanced services jobs; metro Flint lost 26,500 manufacturing jobs and gained 3,700 advanced services jobs.[6] Crucially, the percentage of adults who have completed at least a bachelor's degree lags the nation (24.7 percent in Michigan compared to 27.2 percent in the U.S.) and is only 12.1 percent in the City of Detroit.[7] The state unemployment rate, at 7.1 percent in December of 2006, continues to exceed the national average of 4.5 percent.[8]

Growth in Michigan's gross state product (GSP) has lagged the national average for the past three years. In 2004, Michigan was the only state with a negative growth rate, placing it dead last among the states. In 2005, Louisiana was the only state with a negative growth rate and Michigan ranked 49th of the 50 states in the percent change in GSP.

Economic restructuring has affected relative income levels: in 1999, Michigan median household income was $40,260, above the U.S. average of $39,009. In 2005, our state median household income was $46,039, slightly below the national average of $46,242. In 2005, larger cities with the highest percentage of poverty were Cleveland with 32.4 percent, and Detroit with 31.4 percent; the estimates for Cleveland and Detroit were not statistically significantly different from each other.[9]

Our state lost 22,515 people aged 18 to 24 between 2000 and 2005, ranking 49th in retaining young adults. The U.S. Census Bureau estimates that the City of Detroit's population declined from 951,270 on April 1, 2000 to 886,671 on July 1, 2005—an average loss of more than 1,000 residents each month over that period. And, according to United Van Lines, Michigan exceeded all other states in the proportion of residents departing: 66.0 percent of shipments were outbound in 2006.[10]

## Creative Destruction and Economic Development

The influential 20th Century economist Joseph Schumpeter introduced the idea of creative destruction—the destruction and replacement of old ways of doing things and the redeployment of assets to a new combination of production—as the basis of economic development.[11] Various definitions of economic development emphasize different aspects of this process. The Economic Development Administration of the U.S. Department of Commerce refers to programs designed to enhance the factors of production-land, labor, capital, and technology.[12] University of Michigan's George Fulton and Donald Grimes substitute "entrepreneurship" for technology in their definition of the factors of production.[13] Deborah L. Wince-Smith, President of the Council on Competitiveness, talks about innovation as the ability to transform ideas and knowledge into new products, processes, or services.[14]

While strategies and tactics may vary, the goal of economic development is to increase prosperity. Indeed, the International Economic Development Council (IEDC) defines economic development by its goal: "a program, group of policies, or activity that seeks to improve the economic well-being and quality of life for a community, by creating and/or retaining jobs that facilitate growth and provide a stable tax base."[15] Similarly, Robert Breault defines the goal of economic development as "to increase the standard of living and enhance opportunities for advancement by increasing per capita real wages, creating quality jobs, fostering enterprise, and improving the quality of life."[16] The Council on Competitiveness agrees that prosperity is the fundamental goal of all economic development.[17]

Some economists make a distinction between economic development and economic growth. Economic development can be defined as a qualitative change in the structure of the economy, including innovations in institutions, behavior and technology, while economic growth is a quantitative change in the scale of the economy in terms of investment, output, consumption, and income.[18] The goal of economic growth is to get bigger, while the goal of economic development is to get better in terms of income, opportunities, and quality of life.[19]

Although once defined almost exclusively in terms of business recruitment ("smokestack chasing"), the term "economic development" now encompasses a broad range of activities that relate to business creation, retention, expansion, and attraction, and that increasingly focus on entrepreneurship and innovation. The following activities are included under the broad umbrella of economic development:

*Strategic planning*: Developing a strategy or plan for economic development, setting development goals (jobs attracted or retained, increased payroll, new businesses attracted, number and value of business expansions, etc.); Developing tax policy to attract or retain business.

*Promoting the development of new products and services*: Investment in basic and applied research and development; Building an "innovation platform"; Facilitating technology transfer, especially from university or government research labs, and developing commercialization opportunities.

*Business Attraction*: Conducting general and targeted marketing and attraction campaigns; Identifying business prospects and conducting outreach to non-resident businesses; Representing the locale at conferences, recruiting trips and trade missions; Reducing businesses' search costs by providing information; Promoting specific sites, whether buildings or vacant land; Assisting with site selection; Developing relationships with national and international site selectors and relocation consultants; Creating targeted public investments in land and infrastructure.

*Business Retention*: Identifying and resolving problems affecting business; Visiting existing businesses to share information, facilitate expansion, and assist in removal of operational barriers.

*Workforce Development*: Managing workforce development programs; Providing information on the training needs of businesses and industries; Providing access to workforce training and recruitment resources; Advocating for increasing funding and standards for K-12, community colleges, and universities.

*Support Services and Technical Assistance*: Administering business support services including lower cost insurance, facilitating the sharing of best practices, and providing networking opportunities; Managing a revolving loan fund; Assisting businesses with financial and strategic planning; Managing a business incubator; Identifying and providing data and information on the locale, including available buildings and sites; demographic, wage, and labor market data; taxes; major employers; city, county, and state incentive programs; traffic counts; retail sales data; economic indicators and trends; zoning information; key contacts in business and local government; Assisting with navigating through local government requirements.

*Advocacy*: Promoting a better business climate, including tax policy, infrastructure investments, regulations, workforce training, public education; Promoting quality of life issues including worker housing, public transportation, downtown redevelopment, clean and safe initiatives, sports and entertainment.

Programs to build on Michigan's strengths in higher education, autos and transportation, advanced manufacturing, energy, medical and life sciences, natural resources including fresh water, agriculture, and tourism are being implemented, but there are disagreements on the appropriate role of government and on the most effective way to structure economic development efforts.

## Measuring Success

The complexity of determining the effectiveness of economic development efforts is exacerbated by the fact that success by one definition could be judged failure by a different definition; increased investment in one of the factors of production may result in a reduced need for other factors, such as labor. Business owners may emphasize increasing wealth through lower taxes and less burdensome regulations, access to new customers, and improved processes that increase productivity and competitiveness and eliminate jobs. Union representatives may define economic development as increasing the number of jobs, wages and benefits. Advocates for central cities may promote concentrating development within growth boundaries, while suburban leaders may define "sprawl" as economic development. Local elected officials may focus on increasing tax base or redeveloping distressed areas. Community leaders might focus on reducing poverty and improving consumer welfare. Minorities may focus on reducing perceived inequality by imposing contract and employment requirements (set-asides) for members of their group. Environmentalists may concentrate on environmental sustainability and reducing the deleterious impact of industrial processes on the environment.

Depending on political perspective, economic development programs may be seen as corporate welfare, industrial policy, necessary competitive strategy, governmental preferences for individual companies that disadvantage competitor companies, essential investments in physical and human capital, or as undesirable interference in the free market. While elected officials focus on attracting economic development, residents may resist those efforts because, as Alex Iams and Pearl Kaplan found, improperly managed growth and development can negatively affect a community's quality of life, leading to automobile congestion, pollution, pedestrian-hostile neighborhoods, and sprawl.[20]

The way the economic development challenge is defined dictates the definition of success and the appropriate metrics to measure effectiveness. The challenge may be to attract new economic activity, to meet expected demand, to revitalize an area, to shift costs, or to expand resource capacity.[21] The particular measurements collected and used must be appropriate to the goals and programs that are adopted. While jobs and income are widely shared measures, other typical measures include investment and output such as gross state product.[22] The

International Economic Development Council, in the August, 2006 report "Economic Development and Smart Growth,"[23] uses economic indicators that include the following:

Population
Number of households
Jobs created
At-place employment
Median household income
Per capita income
Median home price
New residential units
Street level commercial vacancy rates
Office vacancy rate
New construction
Industrial vacancy rate
Net gain in business starts, relocations, and expansions
Rehabilitated space
Median property value
Assessed value
Private investment
Public investment
Private-public investment ratio
Property tax revenue

In "Measuring Regional Innovation," the Council on Competitiveness suggests a process for measuring regional innovation inputs and outputs that includes comparative data analysis, a business survey, and community leadership interviews. Among the input metrics proposed for evaluating the regional innovation environment are the following:

*Human Capital*

Quality of K-12: Standardized test scores
SAT and ACT scores
High school graduation rates
Quality of community colleges
Quality of colleges and universities
College and university endowments
Educational attainment
Occupational structure of the labor force: proportion of managers, engineers, scientists, and technicians
Availability of workers with skills required by regional businesses

*Research and Development Institutions*

Research and development spending at universities
Research and development spending at companies

*Financial Capital*

Venture capital investment
Number of venture capital firms and angel groups

*Industrial Base*

Specialization by traded cluster
Patents in traded clusters

*Physical Infrastructure*

Transportation infrastructure
Communications infrastructure

*Legal and Regulatory Environment*

Tax burden
Cost of doing business

*Quality of Life*

Inflow and outflow of residents
Cost of living

While no published sources of data exists to compare regional networks and culture, the Council on Competitiveness proposes that information on those aspects of the region can be obtained through survey questions and interviews.

According to the Council on Competitiveness,[24] economic development output metrics include the following:

Number of patents
University technology transfers
New firm starts
Gross regional product per employee
Small business innovation research grants
Small business technology transfer grants
Job growth
Unemployment rate
Average wage
Per capita income
Median household income
Income growth by ethnicity
Poverty rate

Number of gazelles*
Number of firms that appear on *Inc* magazine's annual list of the fastest growing privately held companies

*Companies with annual sales revenue growth of at least 20% for at least four years.

"Dashboard Indicators for the Northeast Ohio Economy" is a data-driven analysis that identifies statistical correlations between economic growth in jobs, output, worker productivity, and per capita income, and 40 variables that constitute the following indicators:

Skilled workforce
Legacy of place
Business dynamics
Income equality
Urban assimilation
Location amenities
Racial inclusion
Urbanization/metro structure

Of these factors, a skilled workforce is most strongly correlated with growth in per capita income, productivity, and output. "Legacy of place" is most correlated with negative growth in employment; regions with high legacy of place costs face significant economic challenges.[25]

Other measures of economic development efforts that might be proposed are the following:

*Improvements in Social Conditions*

Proportion of jobs that pay a self-sufficiency wage
Income equality
Life expectancy
Access to health care
Ethnic diversity
Racial inclusion
Literacy rate
Food stamp recipients
Measures of luxury items: automobiles per family, televisions per household, etc.

*Improvements in Environmental Conditions*

Clean air
Clean water

Some of the metrics on the list immediately above may be the outcomes of successful economic development strategies, some reflect value systems, and others are more appropriate to measure community development programs. Because it is often very difficult to determine direct causal effects of economic development efforts on major measures such as population and improvements in social or environmental conditions, more precise measures are preferred. To be useful as an indicator of program effectiveness, data for a metric must be related directly or indirectly to the program being measured; be quantitative, not subjective; be collected and reported from an authoritative source; be reported at sufficiently frequent intervals and on a sufficiently appropriate geographic area to track the impact of programs. Metrics also need to be placed in context, to determine progress over time and in comparison to the state experience and the experience of comparable regions.

A European system for measuring the knowledge economy is based on data judged on seven dimensions: relevance/serviceability; accuracy/reliability; credibility/integrity; timeliness; accessibility; interpretability/clarity; and coherence/consistency. Analyses may either be based on key indicators or on composite indictors in which several indicators are aggregated into a single index. Gross domestic product (GDP) and the consumer price index (CPI) are both composite indicators.[26]

Most economic development organizations report a very limited number and variety of measures, primarily the number of businesses and jobs that have been retained or attracted and new capital investment. These common metrics may be the only way to compare success across organizations. While some organizations evaluate their performance using more complex benchmarking analyses, these are less useful in comparing success across many organizations. Indeed, national and international factors beyond the control or influence of any economic development organization may well determine the number of firms and jobs that remain in, or relocate to, a region, challenging even the most common measures to reflect the effectiveness of an economic development program or organization.

## The Importance of Regions in Economic Development

States and individual units of government have long engaged in economic development activities, but economic activity is defined by the labor market, not political boundaries. According to the W.E. Upjohn Institute for Employment Research, states are not single economic units, but rather collections of different economic regions. Those economic regions are labor markets where each type of labor has a uniform wage and uniform availability, and it is the cost and availability of different types of labor that determines the attractiveness of the region for different kinds of businesses and for different kinds of households. The attractiveness of the region for different types of businesses and households heavily influences the economic future of the region.[27]

According to the Council on Competitiveness, "Even as technology, capital, and knowledge diffuse internationally, the levers of national prosperity are, in fact, becoming more localized. As talented people and new ideas become the most critical drivers of economic growth, regional economic conditions have assumed greater importance. Regions that can attract talented residents and support the development of highly innovative firms will support great prosperity."[28] The region is where companies, workers, universities and other research institutions, and government interact most directly, and this proximity and a variety of assets support innovation and productivity. While connectivity is increasing thanks to the Internet, face-to-face interaction and networks still matter. Further, regions are the environment in which firms can access and influence the development of specialized infrastructure.

Because regions vary in their strengths and weaknesses, the application and efficacy of economic development activities vary. The economist Mancur Olson described a process of regional decline that is a result of what he called "institutional sclerosis," in which places that prosper greatly in one era find it difficult or impossible to adopt new organizational and cultural patterns, no matter how beneficial they may be. Innovation and growth therefore shift to new places.[29]

Royce Hanson, in an analysis in The Regionalist Papers, notes "the major forces which constrain or stimulate development are regional in their operation—real estate and labor markets, money markets, transportation systems, natural resource elements—while most of the instruments of managing development are intensely local-revenue systems, land use regulations, capital improvement programs."[30]

In an analysis of local economic development policies, Timothy J. Bartik agrees that local economic development policies should be coordinated or organized on a labor market area. He notes that, on their own, individual jurisdictions will overinvest in attracting businesses that produce high tax revenues to the jurisdiction, but low labor market and fiscal benefits to the region, and will underinvest in businesses that produce environmental and congestion challenges for the jurisdiction, but high levels of labor market and fiscal benefits for the region.[31]

North Carolina has embraced the concept of regionalism and has implemented a comprehensive economic development plan based on the organization of every county into one of seven regional partnerships. These regional partnerships are designed to "enable regions to compete effectively for new investment and to devise effective economic development strategies based on regional opportunities and advantages." Regional partnerships provide a single point of contact for businesses wishing to locate or expand in the region; connect businesses with community based officials, private sector allies, and state government leaders; work with state, local, and allied economic development organizations; provide financial assistance to counties; participate in specific projects, marketing programs, and efforts to help economic development professionals access the best in technology and training; coordinate the development of strategic development plans; and facilitate cooperation within regions.[32] This regional economic development strategy is one component supporting growth: between 1990 and 2000, Durham, Charlotte, and Raleigh saw population growth of more than 30 percent, and Winston-Salem and Greensboro grew by more than 20 percent.[33]

In spite of the example provided by North Carolina, in spite of their economic interdependence, and in spite of the fact that regions are more likely to have a wide variety of attributes that would increase the effectiveness of economic development efforts, political subdivisions within a region may find that cooperating in economic development efforts is complicated by the political fragmentation within the region. Jerry Paytas found that increasing government fragmentation reduces long-term competitiveness.[34] Myron Orfield provides a measure of the political fragmentation in the 25 largest metropolitan regions: metro Detroit, with 10 counties and 335 total local governments, ranks tenth in the number of local governments per 100,000 residents, with 6.2.[35]

This level of fragmentation, combined with Michigan's strongly defended tradition of local control, presents challenges to the development and implementation of any regional effort that involves the public sector. According to David Osborne and Ted Gaebler, the United States has outgrown its local government structure. While the building blocks of the economy are regional, few regions have integrated governments. Nor are counties able to fill this role, because economic regions have outgrown county boundaries as well.[36]

It may be instructive to look at how regions in Michigan are performing relative to the national average. The most recent U.S. Bureau of Economic Analysis reports of per capita personal income for each of the 361 metropolitan statistical areas in the United States is for 2005.

Two of the 14 Michigan MSAs had per capita personal income that exceeded the $36,048 average for all metropolitan areas in the U.S. None had 2004-2005 per capita personal income growth that approached the metro area national average of 4.0. The only MSAs with percentage growth rates lower than Flint's were hurricane devastated Lake Charles, Louisiana and New Orleans, Louisiana. The Monroe MSA was also in the bottom ten of 361 MSAs in the percentage change in per capita personal income between 2004 and 2005. Only the Grand Rapids MSA had a per capita personal income growth rate that exceeded the national inflation rate of 2.9 percent; the Holland-Grand Haven and Jackson PCPI growth rates equaled the national inflation rate.

*Table 1-1*
*2005 Per Capita Personal Income for Michigan MSAs*

| *MSA* | *Per Capita Personal Income* | *% Change 2004-2005* | *PCPI Rank in the U.S.* |
|---|---|---|---|
| Ann Arbor | $40,228 | 2.7% | 23 |
| Detroit-Warren-Livonia | 37,694 | 2.8 | 39 |
| Grand Rapids-Wyoming | 31,546 | 3.3 | 142 |
| Kalamazoo-Portage | 30,394 | 1.4 | 172 |
| Monroe | 30,384 | 0.2 | 173 |
| Lansing-East Lansing | 30,345 | 2.5 | 174 |
| Holland-Grand Haven | 30,278 | 2.9 | 176 |
| Niles-Benton Harbor | 29,114 | 1.4 | 203 |
| Battle Creek | 28,281 | 2.2 | 233 |
| Bay City | 28,206 | 1.9 | 237 |
| Flint | 27,847 | -0.9 | 252 |
| Jackson | 27,518 | 2.9 | 272 |
| Saginaw-Saginaw Township North | 26,667 | 0.5 | 298 |
| Muskegon-Norton Shores | 25,764 | 2.2 | 319 |

Source: U. S. Bureau of Economic Analysis, Metropolitan Area Personal Income

## Recommendations

Nearly 20 years ago, John Kenneth Galbraith predicted that the younger, more adaptable, more aggressive competitors in newly industrialized countries (he identified Japan, Korea, Singapore, Brazil, and India) would challenge the older, more rigid, ensconced bureaucratic, and sometimes senile and sclerotic, industries of their older competitors.[37] Now, we find that information, transportation, and manufacturing technology, combined with global trade, have created a new economy in which the forces of creative destruction have been exacerbated. The churning that appears to be characteristic of this new world is a dramatic change from the relatively stable manufacturing base that has been the foundation of Michigan's political, economic, and social structure for most of the past century.

Policies and structures that respond to the new realities and that facilitate successful repositioning from the old industrial model to the new dynamic are evolving. While it is clear that preserving the old model is untenable, Michigan residents, businesses, and governments are struggling to transition to the new competitive requirements of higher education and skills, technological innovation, e-commerce, open trade, organizational flexibility, increased product and service diversity, and relentless competition. One promising approach that is emerging in Michigan and across the nation is the realignment of economic development efforts on a regional basis.

Regions are the logical basis for economic development. The extraordinary economic challenges facing our state, and the ad hoc nature of regional economic development in Michigan, begs for better structure, organization, and reporting on regional bases. Michigan's leaders should consider a model developed by North Carolina, where all counties are organized into seven regional partnerships for economic development. Because various businesses and entrepreneurs seek different combinations of resources, it may be beneficial to allow the richly diverse regions that compose this state to emphasize their different qualities. Regional organizations could help define and market their regions' unique natural resources, history and culture, business and union environment, industry clusters, and infrastructure.

The state's role in economic development could be expanded to include defining logical regional boundaries that respect and build on existing regional initiatives, initiating public-private partnerships tasked with developing (or mediating) and implementing regionally relevant economic development strategies that are consistent with state plans, and insuring that appropriate data is made available to guide the continuous improvement of factually based regional economic development efforts. The State could also facilitate the sharing of information and best practices among regional partnerships and consider applicable regional strategies when planning state infrastructure investments, economic incentive programs, and branding and marketing programs.

The adoption of strategic economic development goals for the state and for regions within the state would enable a critical assessment of the resources and action steps needed to accomplish those goals. Publication of semiannual reports on the economic progress of the state and regions would enable an assessment of the effectiveness of economic development strategies undertaken by public and private entities. At a minimum, reports should include information on trends in population, educational attainment, per capita and household income, number of jobs, unemployment rates, and changes in the numbers and types of businesses. The data disclosed in these reports could be compared to benchmarks in the state and regional strategic plans to enable programmatic adjustments designed to increase the effectiveness of action plans.

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