

# Ball State University - Purdue Joint EDA University Center 2020 Showcase

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# **The Ball State EDA University Center Team**

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# Overview

## Current COVID-19 Related Activities

Community Economic Development Academy  
Community Change Sessions Indiana Philanthropy Alliance  
Lt. Governor's Rural Road to Recovery  
COVID-19 Effects on Indiana's State and Local Taxes

## Planned COVID-19-Related Activities

### Courses/Tools

Local Leadership  
Fiscal Management in a Crisis/Disaster  
Communications in a Crisis/Disaster  
Small Business Crisis Management

### Studies/Tools

Comprehensive Wealth Framework  
County Revenue Impacts (Resiliency and Stress Test)  
Population and Employment Stability in a Long Recovery

# Community Economic Development Academy

Suite of courses and modules to address the current training needs of practitioners and policy makers in community economic development

Regional Leader Certification Program

## Secret Recipe:

Start with the future students  
Engage multiple academic disciplines  
Bring in the practitioners  
Put them all in the classroom and stir



# Community Economic Development Academy

Suite of courses and modules to address the current training needs of practitioners and policy makers in community economic development

21<sup>st</sup> Century Economic Development  
Community Development Course  
Economic Development Basic Course  
Local Gov't Finance Fundamentals  
Local Gov't Finance Decision Making  
Organizational Leadership  
Administrative Management for Regional Organizations  
Project Management for Regional Organizations  
Decision Making Using Comprehensive Community Wealth Indicators  
Housing through the Current Community Economic Development Lens  
Asset Based Community Development in the 21<sup>st</sup> Century

Sample of Academy  
courses offered or in  
development



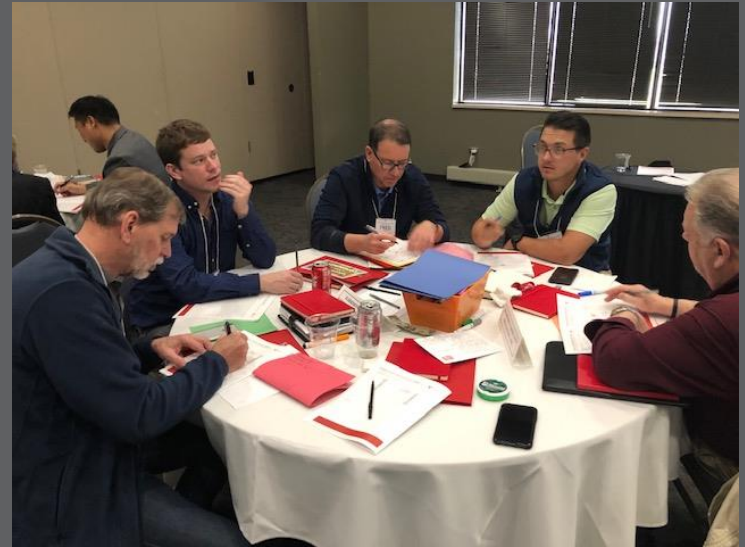
# Community Change

Indiana Philanthropy Alliance/Lilly Endowment

Involved over 500 people in cutting edge community economic development education and planning activities

**Considerations for Community Change 1-day workshop: 15 counties**

**County-Based Community Development 2.5 day course: 8 counties**



**Community Conversations/Readiness for Change Report: 8 counties; multi-month effort**



# Lt. Governor's Rural Road to Recovery



Ball State and Purdue EDA University Center representatives appointed to task force. Our mission is to aid and inform the five state agencies in the Lt. Governor's portfolio as they update existing strategies and create new ones to respond to COVID-19, especially in rural Indiana. As part of this immediate response we conducted statewide focus groups of local elected officials, regional planning organizations, economic development officials, visitor bureau leaders, Main Street directors, community foundations, and rural health representatives to inform the State's plans

- ❖ Office of Community and Rural Affairs
- ❖ Department of Agriculture
- ❖ Housing and Community Development Authority
- ❖ Office of Broadband Opportunities
- ❖ Office of Tourism Development / Destination Development Corporation



# Planned COVID-19-Related Activities

## Local Resiliency Strategies in Response to COVID-19

A series of tools and training programs to help local officials respond to the challenges that occur from natural and economic disasters – specifically this coronavirus pandemic, but also as part of a larger agenda around resiliency in order to be better prepared for the next disaster including:

**Local Government Resiliency** – building disaster response into all plans, immediate concerns, who to engage, disaster plan execution, tracking details – for example cost recovery documentation

**Disaster/Crisis Communications** – who, what, when, how, and why to message during a crisis

**Crisis/Disaster Fiscal Management** –planning with contingencies, understanding and dealing with revenue shortfalls, where to engage for guidance and assistance

**Executive/Small Business Owner Disaster Response** - incorporating disaster into business plans, how to work with units of government during response and recovery, how to communicate during a crisis and recovery



# Summer 2020 Regional Resiliency Work: Revenue Stress and Regional Growth

**Michael J. Hicks, Ph.D.**

*Director and George & Frances Ball Distinguished Professor*



# This Talk

- **County Revenue Impacts (Resiliency and Stress Test)**
  - **COVID-19 has had large employment and Fiscal Effects**
  - **Significant tax and economic differences challenge local budget development for FY21 and later**
- **Population and Employment Stability in a long Recovery**
  - **Micropolitan area study (RWJF)**
  - **Growth in jobs and people tied to placemaking success**
  - **Amenities yes, but what types**

# A Medium-Term Look at COVID-19 Effects on Indiana's State and Local Taxes (Faulk, Hicks and Devaraj)

Figure 1, Five Economic Scenarios of Indiana GDP 2017-2021 (\$2020)

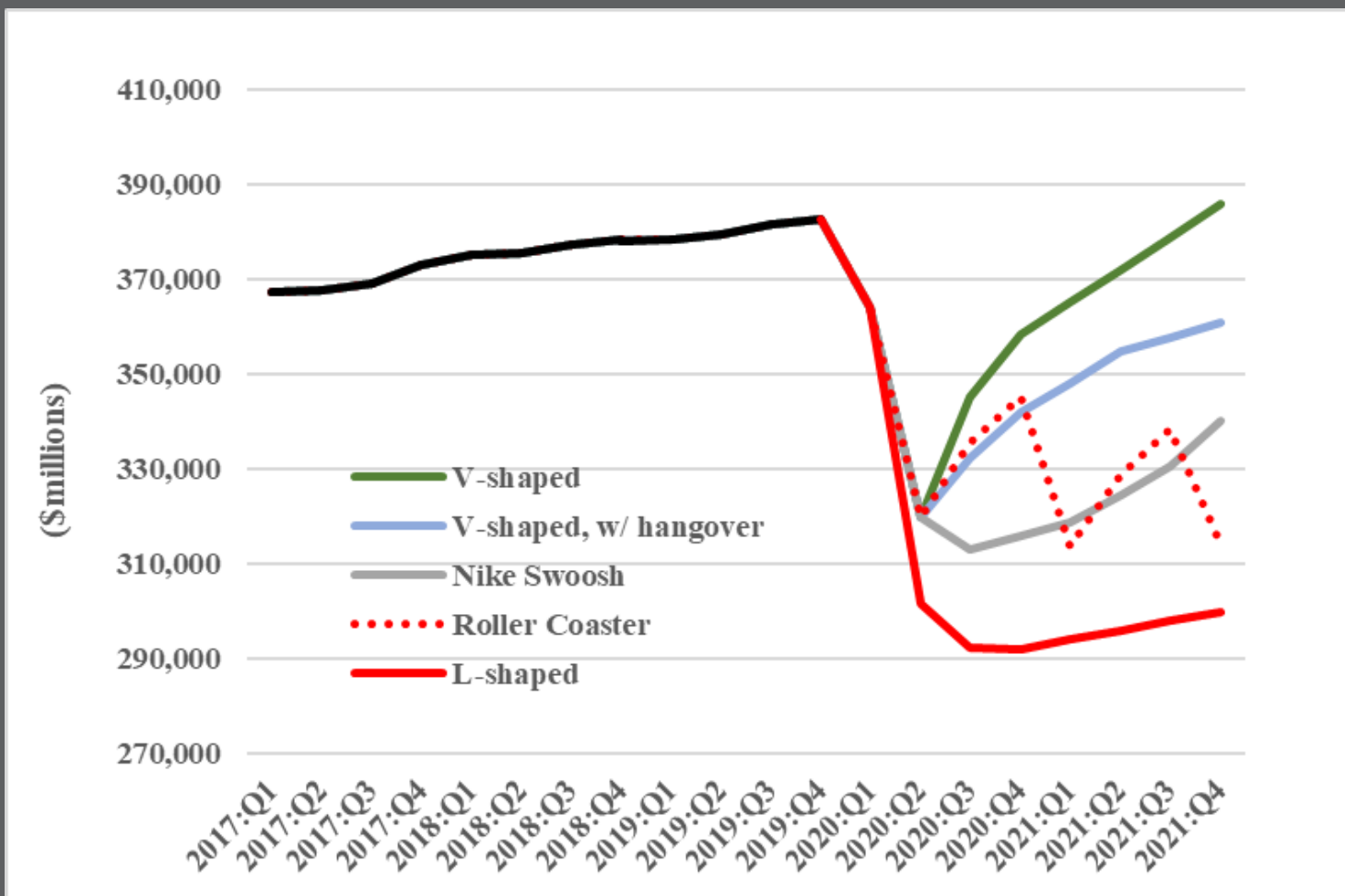


Table 4, State Tax Losses Annually (below 2019 receipts, \$Millions)					
	<u>2020</u>				
	V-shaped	V-shaped, w/ hangover	Nike Swoosh	Roller Coaster	L-shaped
Sales Tax	-\$114.8	-\$169.9	-\$261.7	-\$192.8	-\$330.5
Individual Income Tax	-\$224.1	-\$331.7	-\$511.0	-\$376.5	-\$645.4
Corporate Income Tax	-\$65.2	-\$96.5	-\$148.6	-\$109.5	-\$187.7
Riverboat and Racino Wagering	-\$142.2	-\$206.9	-\$310.3	-\$232.7	-\$396.5
Other	-\$77.0	-\$114.0	-\$175.6	-\$129.4	-\$221.8
Total	-\$623.3	-\$918.9	-\$1,407.2	-\$1,040.9	-\$1,782.0
Percent below 2019 levels	-3.8%	-5.6%	-8.6%	-6.3%	-10.9%
	<u>2021</u>				
	V-shaped	V-shaped, w/ hangover	Nike Swoosh	Roller Coaster	L-shaped
Sales Tax	\$91.8	\$68.9	\$91.8	-\$91.8	\$36.7
Individual Income Tax	\$179.3	\$134.5	\$179.3	-\$179.3	\$71.7
Corporate Income Tax	\$52.1	\$39.1	\$52.1	-\$52.1	\$20.9
Riverboat and Racino Wagering	\$129.3	\$97.0	\$129.3	-\$112.1	\$129.3
Other	\$61.6	\$46.2	\$61.6	-\$61.6	\$24.6
Total	-\$109.1	-\$533.2	-\$893.0	-\$1,537.8	-\$1,498.8
Percent below 2019 levels	-0.7%	-3.3%	-5.4%	-9.4%	-9.1%

**Table 5, Total Countywide Tax Revenue Losses (below 2019 receipts, \$millions)**

	2020				
	V-shaped	V-shaped, w/ hangover	Nike Swoosh	Roller Coaster	L-shaped
Local Income Taxes	-\$92.53	-\$136.95	-\$210.97	-\$155.45	-\$266.49
Innkeeper's Tax	-\$26.09	-\$38.51	-\$59.63	-\$43.48	-\$74.54
Food & Beverage Taxes	-\$21.80	-\$32.19	-\$49.84	-\$36.34	-\$62.30
Casino	-\$66.64	-\$96.93	-\$145.40	-\$109.05	-\$185.78
Vehicle Excise Taxes	-\$39.66	-\$58.70	-\$90.43	-\$66.63	-\$114.22
<b>Total</b>	<b>-\$246.73</b>	<b>-\$363.28</b>	<b>-\$556.27</b>	<b>-\$410.95</b>	<b>-\$703.34</b>
Percent of Total Tax Revenues	-2.4%	-3.5%	-5.3%	-3.9%	-6.8%
	2021				
	V-shaped	V-shaped, w/ hangover	Nike Swoosh	Roller Coaster	L-shaped
Local Income Taxes	-\$18.51	-\$81.43	-\$136.95	-\$229.48	-\$236.88
Innkeeper's Tax	-\$3.73	-\$21.74	-\$37.27	-\$64.60	-\$52.18
Food and Beverage Taxes	-\$3.11	-\$18.17	-\$31.15	-\$53.99	-\$43.61
Casino	-\$6.06	-\$51.49	-\$84.81	-\$161.55	-\$125.20
Vehicle Excise Taxes	-\$7.93	-\$34.90	-\$58.70	-\$98.36	-\$101.53
<b>Total</b>	<b>-\$39.34</b>	<b>-\$207.74</b>	<b>-\$348.88</b>	<b>-\$607.98</b>	<b>-\$559.40</b>
Percent of Total Tax Revenues	-0.4%	-2.0%	-3.4%	-5.8%	-5.4%

- For calendar year 2020, we expect tax losses to range from 3.8 percent to 10.9 percent of 2019 total revenues for the state of Indiana.
- In 2021, we anticipate tax revenues will still range from 0.7 percent to 9.4 percent beneath those of 2019.
- Our estimates show tax revenue losses for all local governments that range from \$240 million to \$700 million in 2020.
- By the end of 2021, we anticipate tax revenues will rebound, but still remain beneath the 2019 levels.
- Individual county experiences vary profoundly. In 2020, we anticipate county-level revenue losses to range from less than 1 percent of total tax revenue to more than 48 percent of total tax revenues.



# Our Micropolitan focused study

## (Weinstein, Wornell & Hicks)

- Households are willing to pay higher housing prices *and* forego higher wages to live in areas with a high quality of life (Rosen, 1979; Roback, 1982; Albouy, 2011)
- Firms also pay a premium ( $\theta$ ) to locate in more productive places (Beeson and Eberts, 1987; Gabriel and Rosenthal, 2004)



# This is how it works out . . . but only for Metro Areas (no individual data for non-metro places)

**High Amenity:  
Great place to  
live**

**Low Productivity:  
Not great to live  
or work**

	Low Wages	High Wages
High Rents	San Diego, CA Denver, CO Portland, OR Miami, FL Fort Lauderdale, FL	San Jose, CA New York, NY Seattle, WA Chicago, IL Washington DC
Low Rents	Kansas City, MO Tampa, FL Phoenix, AZ Salt Lake City, UT New Orleans, LA	Cleveland, OH Cincinnati, OH Pittsburgh, PA Philadelphia, PA Atlanta, GA

**High  
Productivity:  
Great place to  
work and live**

**Low Amenity:  
Great place to  
work**

# We use aggregate data and compare our metro estimates to previous studies . . . It works

- Use aggregate (county level -  $j$ ) measures of average wages (average characteristics of the population – e.g. average education)

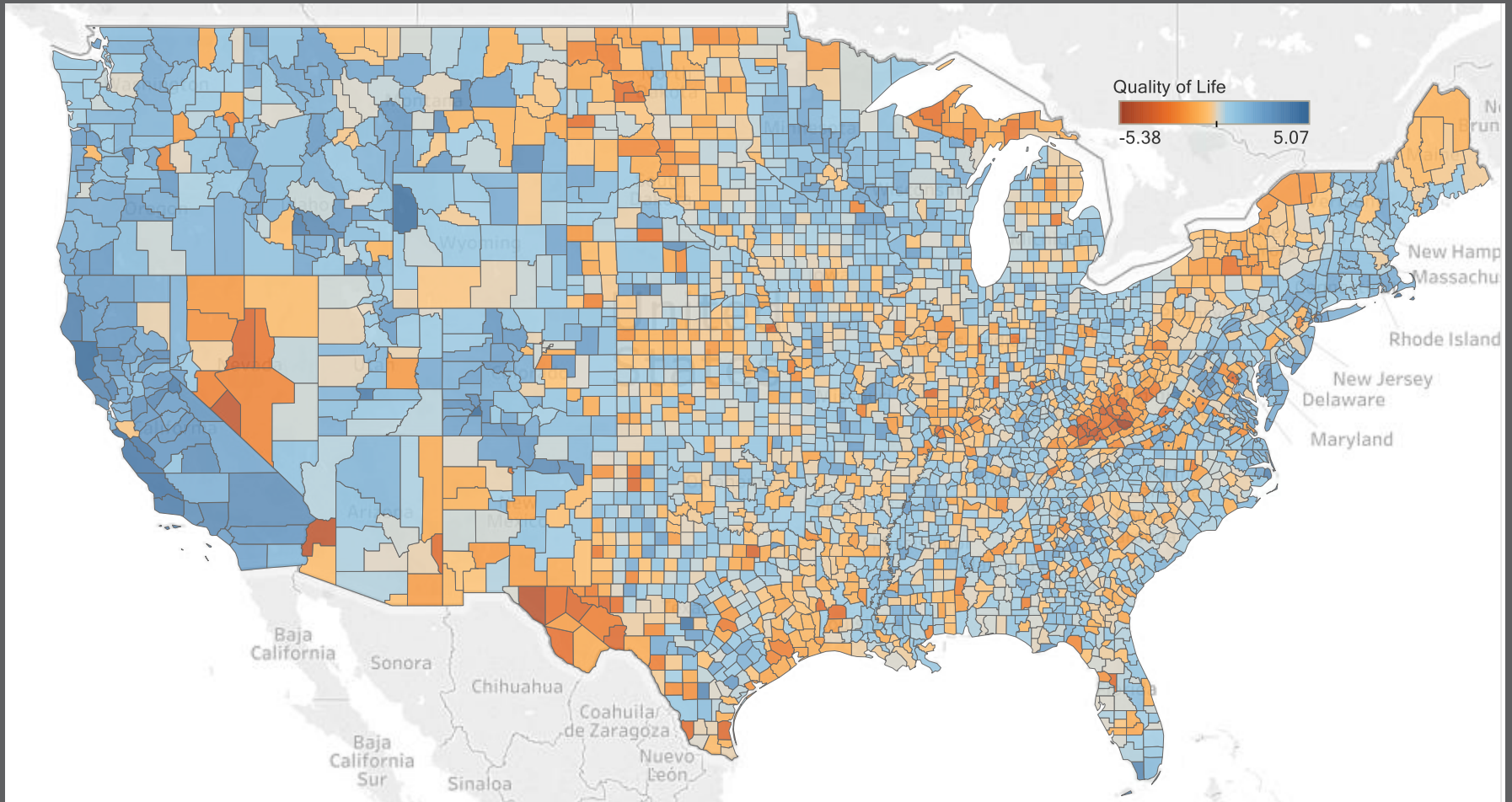
$$\log(r_j) = \alpha^r + \beta^r X_j^r + \theta_j^r$$

$$\log(w_j) = \alpha^w + \beta^w X_j^w + \theta_j^w$$

- $\theta_j^r$  is the residual term (what we can't explain about why housing prices are higher or lower in  $j$ )
- $\theta_j^w$  is the residual term (what we can't explain about why wages are higher or lower in  $j$ )

$$\widehat{QOL} = \hat{\theta}_j^r - \hat{\theta}_j^w$$
$$\widehat{QOBE} = \hat{\theta}_j^r + \hat{\theta}_j^w$$

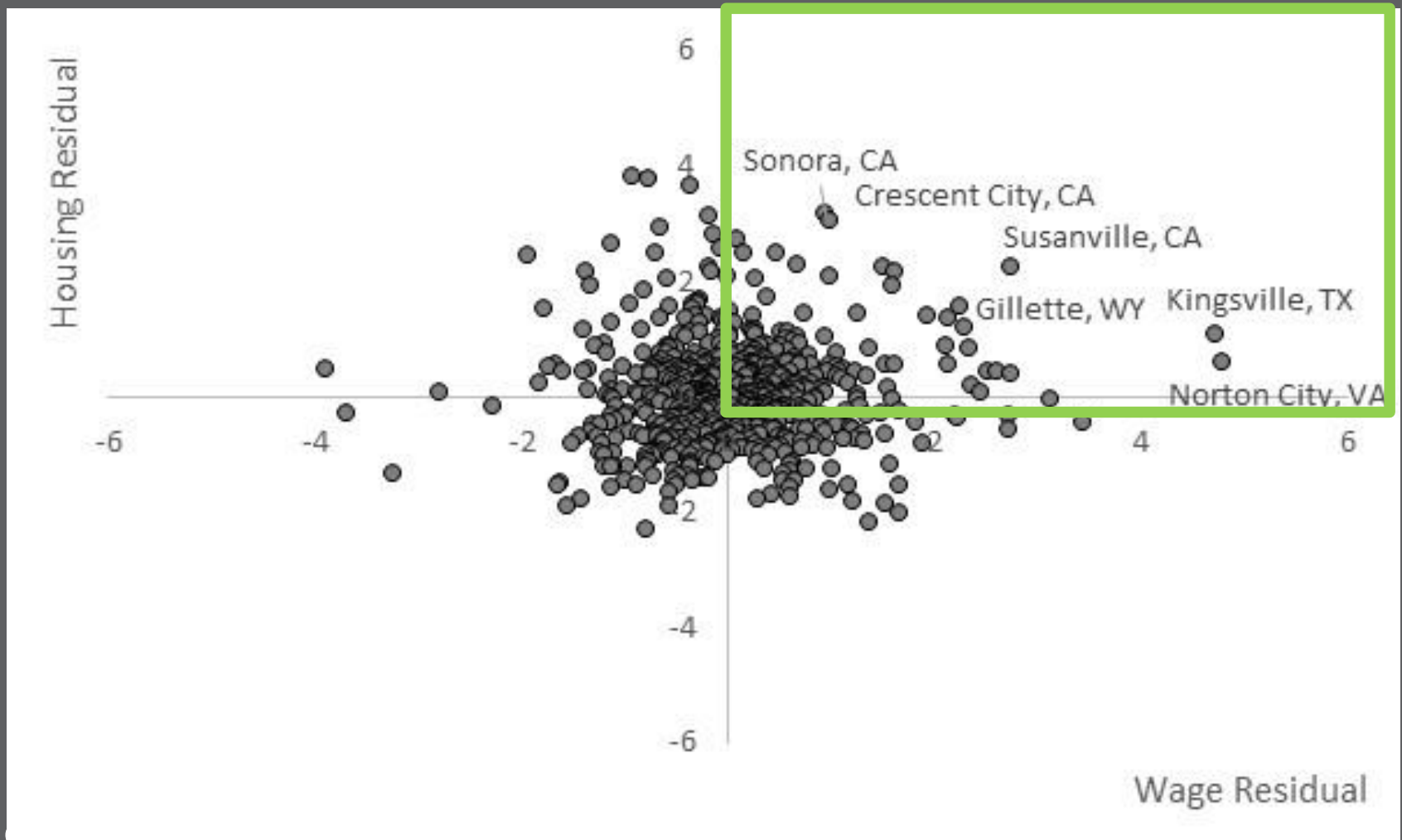
# Quality of Life (QOL) 2010



# High Amenity Great Places to Live ( $\mu$ SA)

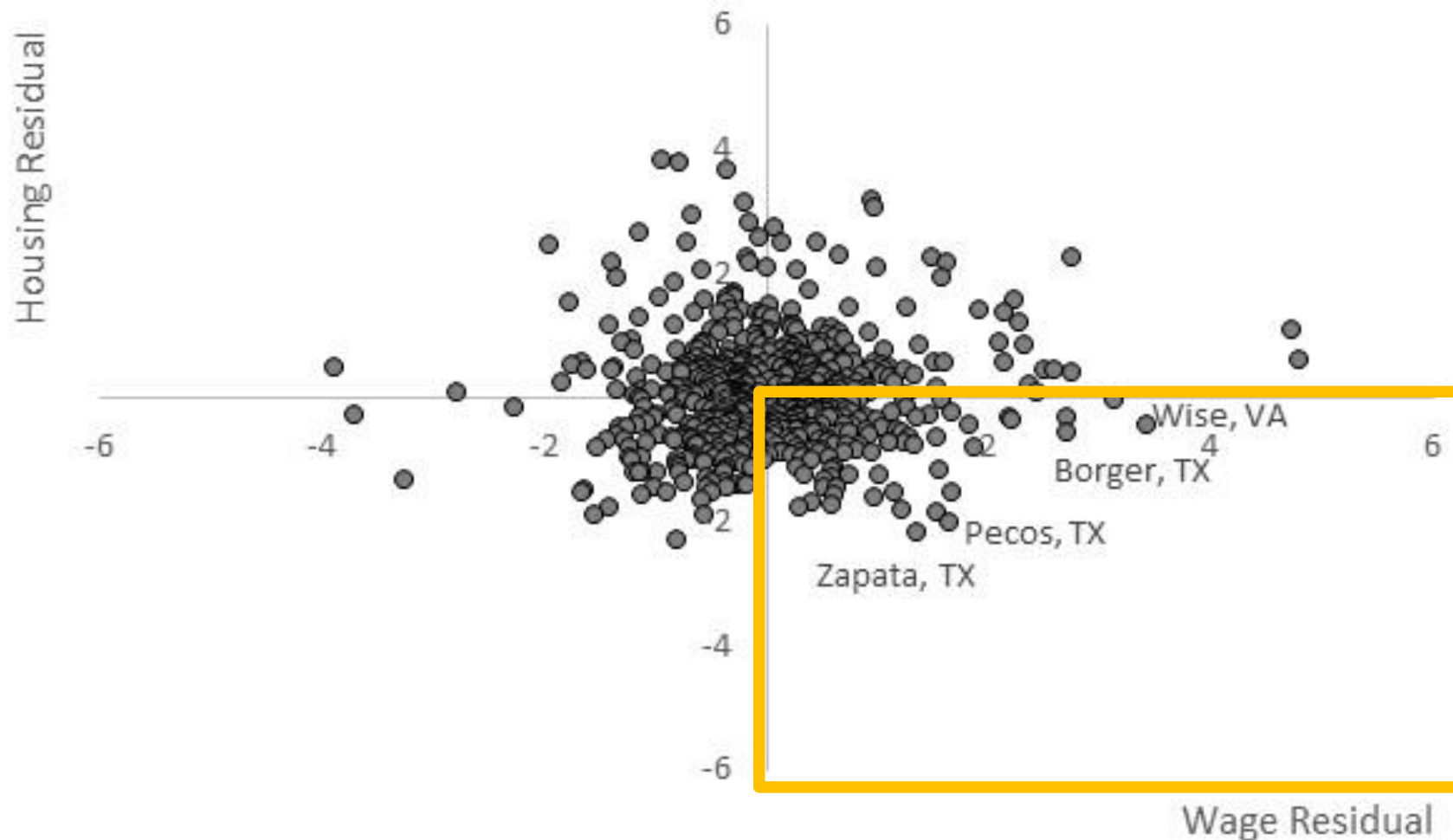


# High Productivity Great Place of Live and Work ( $\mu$ SA)

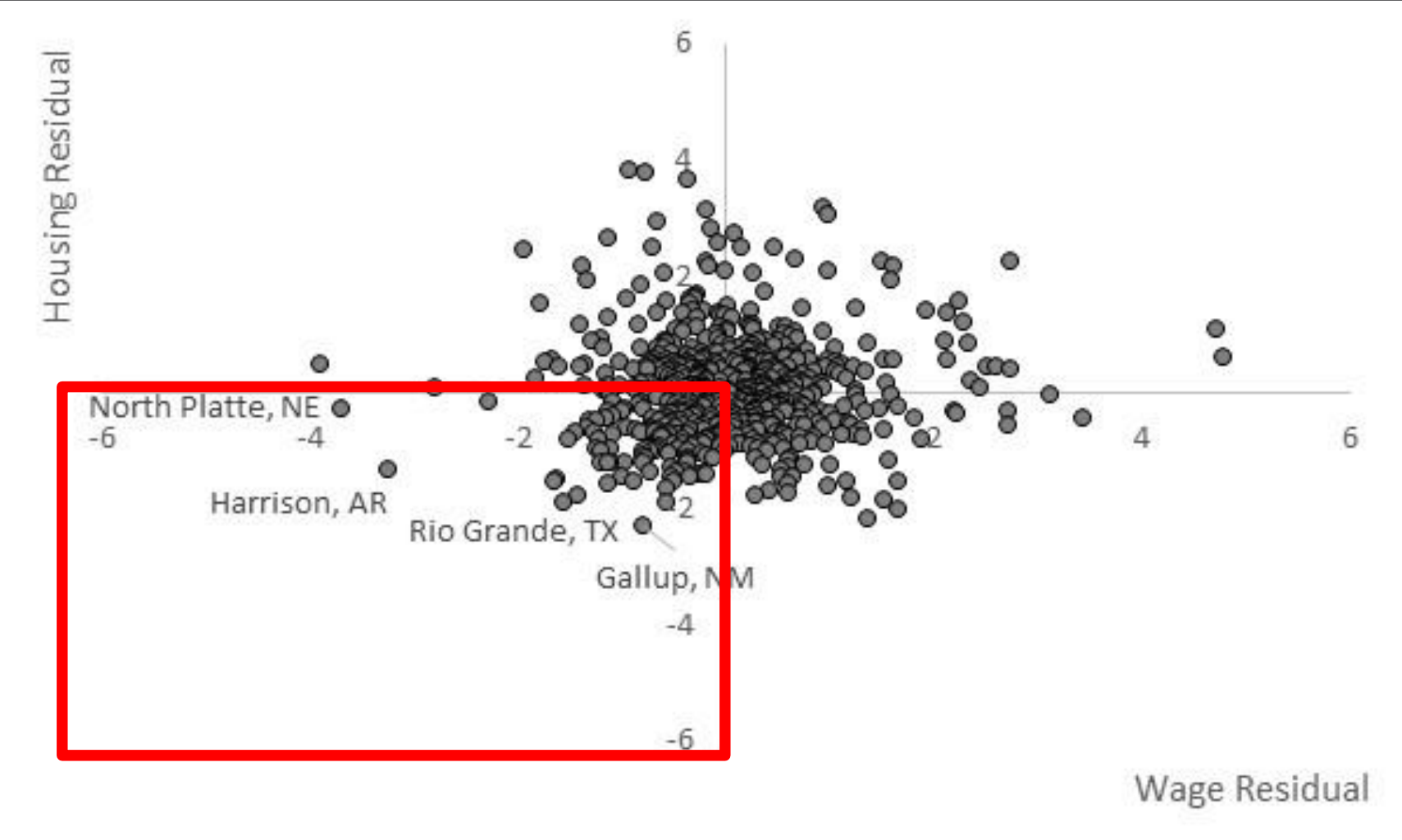




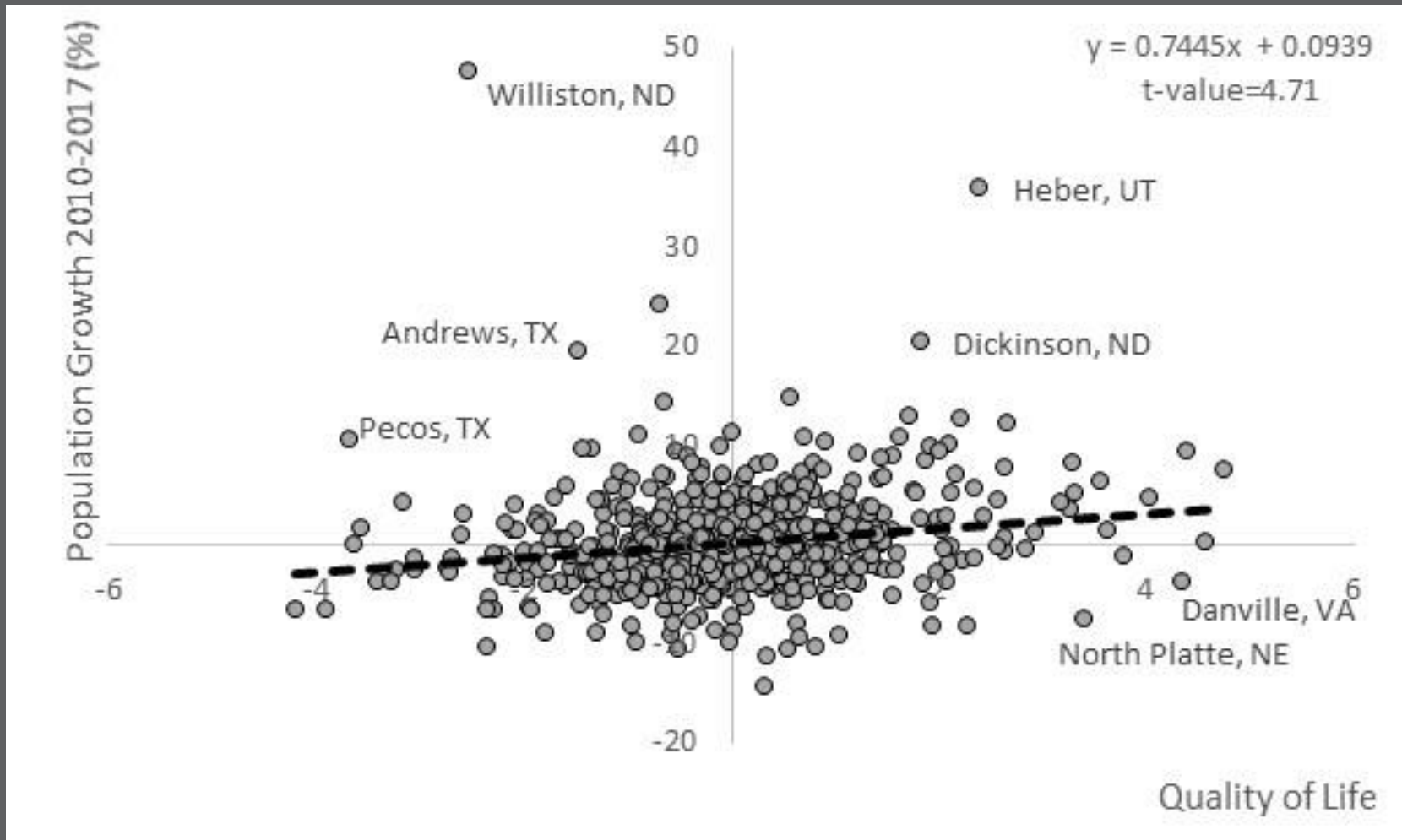
# Low Amenity Great Place to Work ( $\mu$ SA)



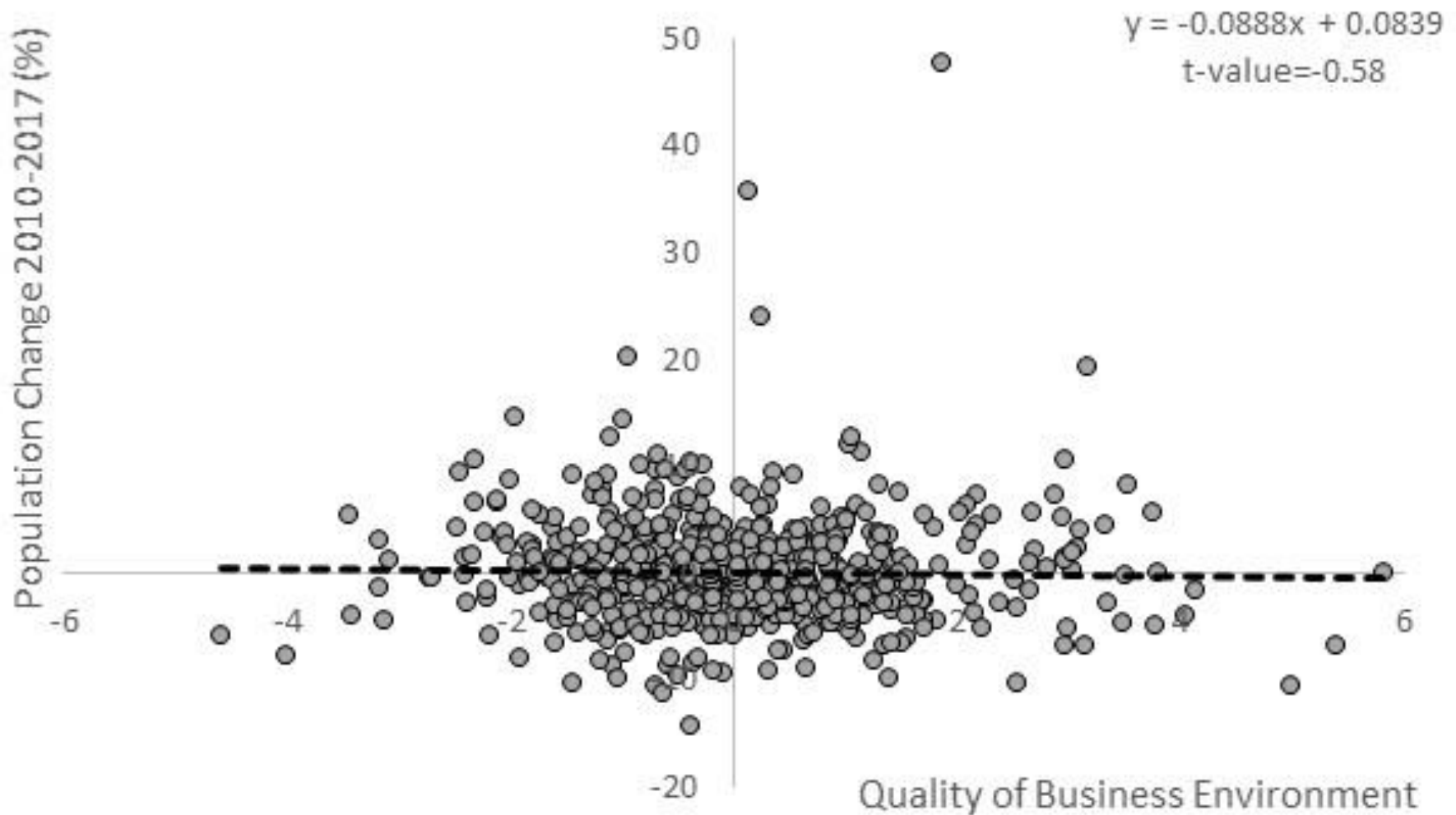
# Low Productivity Not Great to Live or Work ( $\mu$ SA)



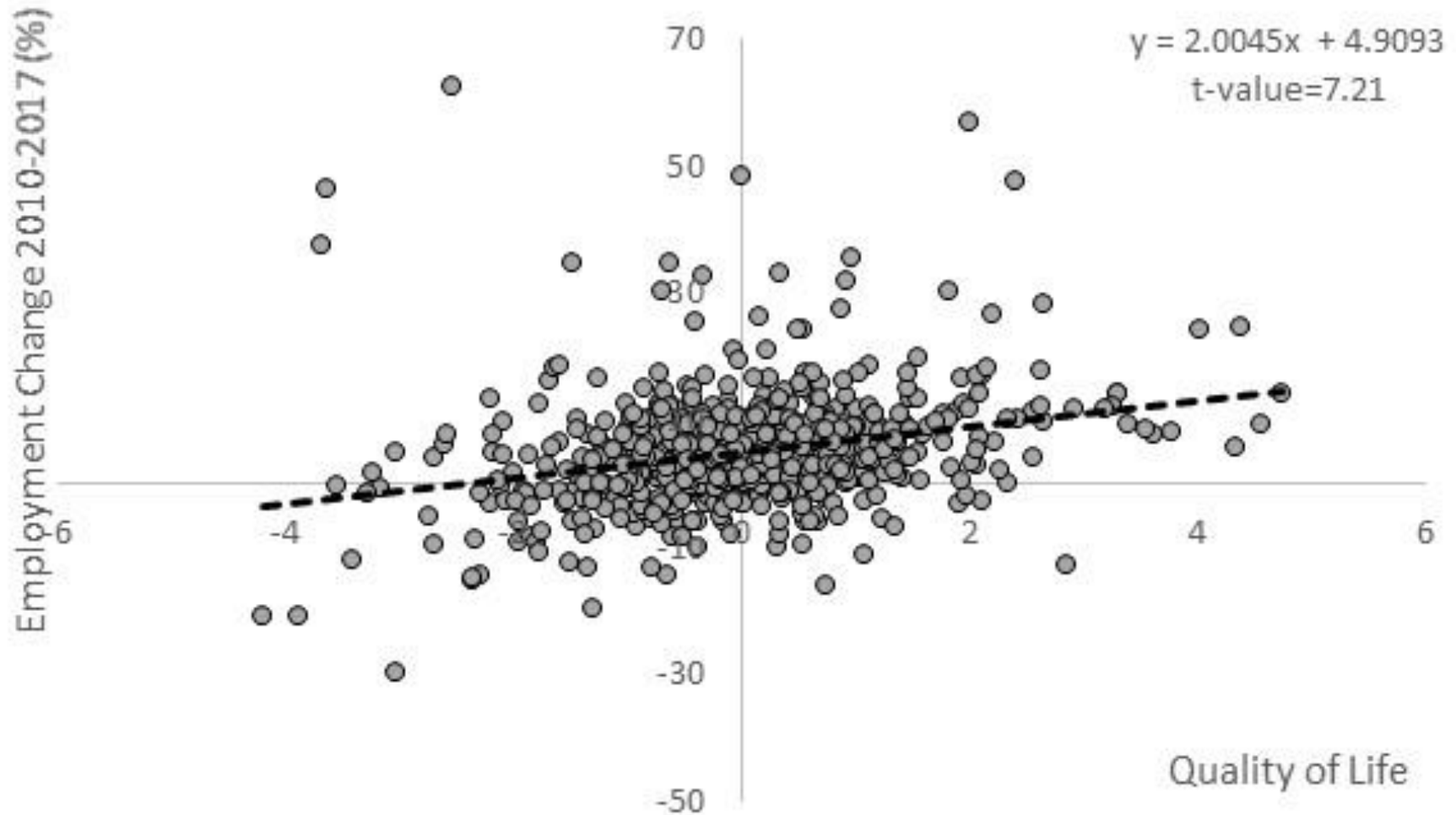
# People Move to High QOL Micropolitan Areas



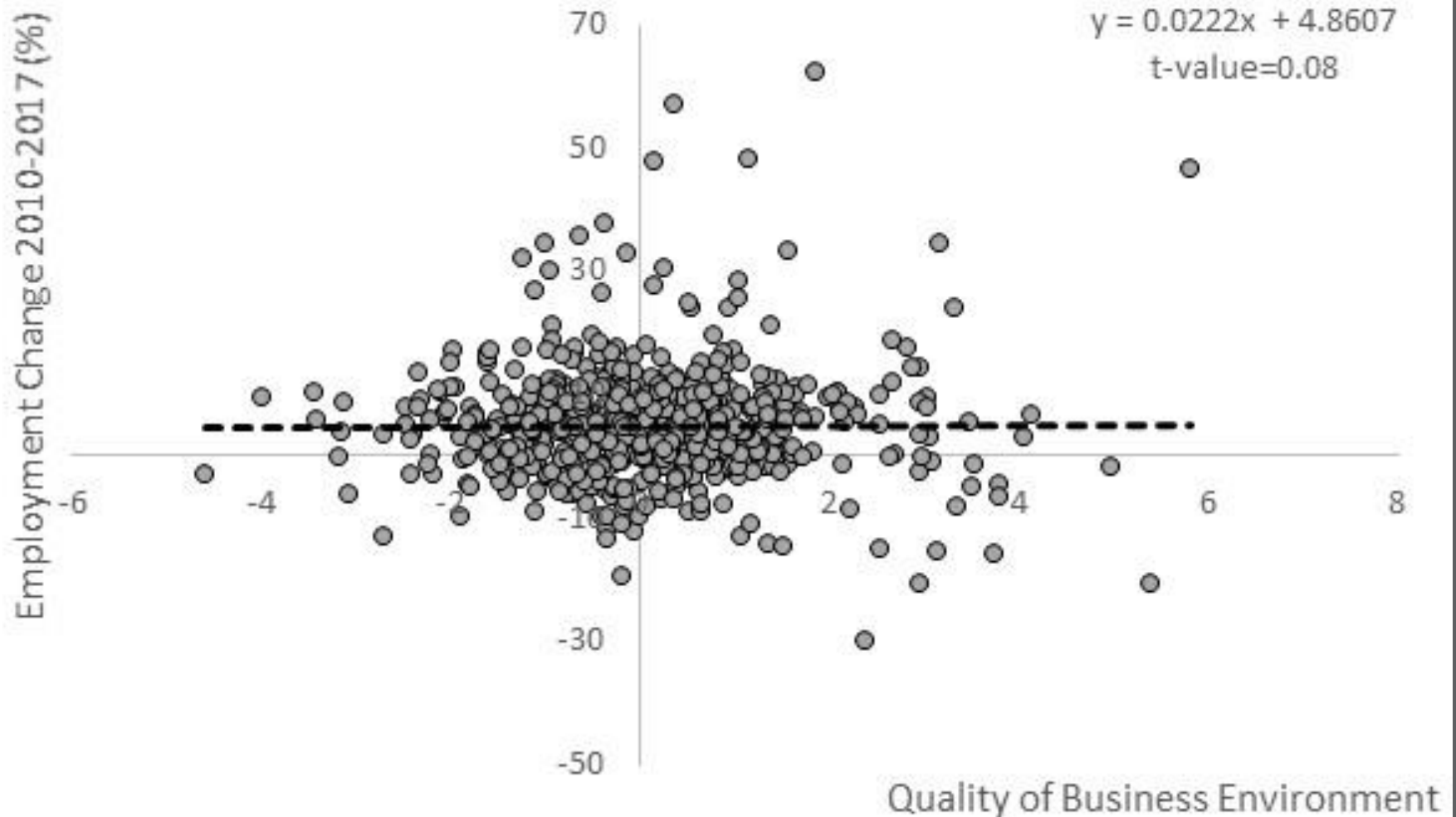
# But Not to High QOBE Areas



# Job Growth is also Higher in High QOL Areas



# But Not in High QOBE Areas





# Comprehensive test of amenities (~500)

- Plenty of policy guidance as our preliminary results suggest. . .

Natural Amenities		Public Amenities		Private Amenities	
January Temp	0.0254*** (0.0062)	School Spending	6.6583*** (1.5855)	Food Stores	0.0131** (0.0058)
July Temp	-0.0711*** (0.0138)	Violent Crime Rate	-0.0007*** (0.0002)	Worship Places	-0.0258*** (0.0099)
Hilliness	0.0001** (0.0000)	Physically Unhealthy Days	-0.0724* (0.0399)	Eat/Drink Places	-0.0039* (0.0021)
Forest Coverage	-1.2494*** (0.2225)	Distance to Metro	-0.0033** (0.0014)	Arts/Culture	0.0431* (0.0254)
Federal Land	-0.0001** (0.0001)	Work from Home	0.1185*** (0.0173)	Recreation	0.0551*** (0.0152)

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