General Guidelines for the Assignment

Your are to use the model you built, my statewide model (Dave’s Pretty Good Impact Model), and your IMPLAN-based multipliers for this assignment.

Part 1. 10 points. General economic impact discussion or analysis considering the following two situations:

Scenario one: A Briefing Memo

The city council has asked you to prepare a one page briefing on potential economic development opportunities. Some on the council want the city to emphasize retail sales businesses – they think the town isn’t growing because there aren’t enough reasons for people to shop here; others want the city to focus on attracting manufacturing jobs as that’s always been the main way to add good jobs to an economy, and still others want the city to promote tourism. The council would like you to explain the general strengths or weaknesses of the three competing positions.

Firstly, you need to begin with an actual city in your county of analysis. It doesn’t have to be the largest, but that usually works out best. Secondly, you have already built a model of your county’s overall economic structure. Try to incorporate some of that information – the region’s overall strengths and weaknesses – to help in your estimation. You might also evaluate the derivation of value added or household income in the final demand transformation to further help with your considerations. You all have been given sets of multipliers for your county, as well. Perhaps a comparison table might be useful using some standard unit of change. I want you to incorporate the general concepts concerning regional industrial structures considering external and internal markets that we’ve talked about since the beginning of the term. Think, too, how Iowa’s economy is transforming when giving your answer. Importantly, the analysis must be within the context of YOUR chosen county’s overall economy. Try to limit this to one page of write-up suitable for handing out to a city council.

Scenario two: An Impact Analysis Using Dave’s Pretty Good Impact Model

Iowa has had a great success in enticing attendance at the Great International Museum of Iowa Corn (GIMIC), now in its fourth year of operation. The GIMIC had $3.5 million in total operational output last year (as measured by total expenditures). The GIMIC conducted a valid survey of its visitors over the past year and found to its surprise that most of the people patronizing the GIMIC came from outside Iowa. According to the survey, 170,000 of the visitors to the facility (60 percent of the total number of GIMIC visitors) came from other states or countries for the primary purpose of visiting the GIMIC.

Of those out-of-state visitors,

- 60 percent stayed one night in hotels at an average cost of $45 per night per person.
- The average remaining spending per over-night visitor was $50 split 60 percent for dining and drinking, 30 percent for motor vehicle fuel, and 10 percent for general merchandise retail purchases.
- For the out-of-state visitors who did not stay in a hotel, their average in-state spending per person was $40 divided 50 percent for dining and drinking, 40 percent for motor vehicle fuel, and 10 percent for general merchandise retail purchases.

What is the total economic contribution of the GIMIC and all related outcomes to the state’s economy? And of that total economic contribution, what is the economic impact of the GIMIC to the state economy? (Note: you are to assume a 20 percent margin on retail sales categories)

Try to limit this to 2-3 pages suitable for handing out to a typical government official, and make sure you include a supporting table or tables that describe the direct and total economic outcomes by category and by who or what contributed to the total.
Part 2. 15 points. Your Economic Impact Study

First, develop your impact scenario: a plant opening, a plant closing, an expansion, a downsizing, a recreational development -- any situation of potential regional economic change of some sort, etc. You are also welcome to consider multiple effects like what might happen if you increased tourism, or you wanted to consider a change in household spending locally. If you do, I’ll help you to specify the scenario properly. My advice, though, is to keep it procedurally simple. You won’t get extra points for over-complicating the analysis.

In producing your report, I expect a descriptive, yet concise summary of your local economy – its strengths, weaknesses, or its dominant trends. I also expect the scenario to be developed and described in a manner that is plausible and makes sense given the structure of the economy and how it has evolved in recent years. This is an opportunity to be creative in terms of how your regional economy might change (for the better or for the worse). If, for example, you are going to close Rockwell Collins (or significantly down-size it), I expect there to be a set of circumstances that would justify the industrial action. It is OK to engage in a little fiction writing (but not too much). If you are going to add a factory, for example, provide a reason why, given the configuration of the local economy, this particular factory would choose your county. Again, perhaps additional analysis indicating industrial, occupational, or educational advantages will be useful in making your case.

Besides providing me a good write-up of your economy, the change scenario, and the consequences of that scenario, here are a few things to consider:

- Make sure that you produce tables that are concise yet informative and help the reader understand what you did and what you found.
- Look at some of the examples on my website in the Readings portion of how I approached studying a topic. You do not have to be as thorough as I might have been (please try to have fewer typos than I), but use them for ideas as to how to approach your topic and describe your findings.
- In your write-up you need to make it clear to me whether you are describing economic effects (or contributions), economic impacts, or some combination of the two. Also, in your write-up make it clear to me how long you think it will take for the impacts to accrue and why that is the case.
- I expect your report to be well-written and well-organized. I will grade you on how well you did your analysis, how well you set it up and described it, and on the content of your report. Do not confuse style with substance. I am most impressed with substance.
- Your report should not be longer than 4 pages in length (I will not penalize for exceeding 4 pages). You will hand it in in class on the due date.

Given the total points on this whole assignment, please dedicate the appropriate amount of time and effort to it. I want you to get practical experience using an IO model and your county multipliers, as well as writing up the results. Do the basics well, and you will be scored accordingly.

Contact me if you have problems as you go along, and I’ll do what I can long-distance to help.