



2020 NM Basic Course Case Study Workbook

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Introduction

This year's case study calls for the class to split into teams that will convene each week to update an economic development program assessment for their assigned case community. This year's case is focused on Las Cruces - Dona Ana County, NM.

These worksheets are the companion to the assessment stage of planning and management an regional economic development. Assessment represents the work a community must do in the second stage of the six-stage process we call TAPUMA for planning and management this process has been developed by by members of the Community EconomicsLab a not for profit think tank focused on improving the professional practice of economic development.

TAPUMA: Think > Assess > Plan > Underwrite > Manage > Account

In 2020, CELab members adapted a deliberative tool, designed to quickly assess major changes in conditions such as the impacts of the COVID-19 pandemic. This process innovation helps community leaders visualize the likely job creation needs in the planning cycle ahead, which program approaches could produce the new jobs they will need and frame the parameters for developing a plan.

Participants will be asked to review past assessments and come to consensus on the following tasks:

- 1.) **Coherence:** Confirm the methodology, mission, scope and scale of the assessment process,
- 2.) **Job Creation needs assessment:** Estimate how many economic base jobs their case community needs to create to get back to full employment,
- 3.) **Job Creation Potential:** Determine the job creation potential of each program theater and its relative contribution to the community's goal,
- 4.) **Factors of Production Gaps:** Consider which capacity constraints will have to be addressed and recommend to reach the job potential in each program theater,
- 5.) **Apparatus changes:** What changes must made to the community's job creation program apparatus.

Process note: This "Flash Assessment" is a cursory process intended to frame the conditions and parameters for community leaders so they can design and execute a process to plan and execte an economic development strategy.

Once completed, this assessment reveals how many jobs must be created, what program theaters have the potential to create those jobs, and the implied changes to be made to the current program apparatus.

This exercise covers the first three steps of the assessment process. By the end of this workbook, you should have a complete assessment of your community containing:

1. Agreement on the details for the framework, process, scope and rules for planning that you will use.
2. A complete needs assessment for the economic predicament of your area and how many jobs you need to create.
3. A set of estimates on which program theaters will create those jobs.
4. A prioritization of the theaters with strategic implications for those in need of elevation.
5. Identification of the factors of production gaps that, if not resolved, will slow recovery.

Profile Questions – Who are you?

- Name: _____
- Community: _____
- Organization: _____
- Credentials: _____
- Role and responsibility: _____

- Years in Economic Development: _____
- Thinker, planner or doer: _____
- Read the background document? Yes / No

1. Coherence

The purpose of the coherence stage is to get unanimous consensus on the framework, process rules, common nomenclature, expectations, ambitions, mission and purpose for the group's work. This stage is essential in setting parameters around the deliberation to maintain focus without risk of ambiguity or deviation. Coherence aims to obtain consensus answers to a series of questions framed to build these parameters.

1.1 Jurisdiction

The jurisdiction has been defined as _____. This assessment will focus on job creation inside of this jurisdiction.

1.2 Purpose for convening

The group's purpose for convening is to assess the impact of the COVID-19 pandemic on the local economy and frame strategy decisions for the recovery effort.

1.3 Level of ambition

- Achievable with the **current** level of financial and political support
- Achievable with a reasonable amount of **additional** support – don't get crazy
- Achievable with **no constraints**, financial and political. What is possible.

1.4 Goals/Motivations

Check all that apply and note which one or two goals are most important for this particular plan:

- Full Employment
- Increased revenue for tax dependent institutions
- Grow the market for local businesses
- Jobs for a certain population, village, district (i.e. social equity)
- Balance out seasonal work cycles
- Higher wages
- Increase net worth
- Reduce service sector leakage
- Local Job/workforce parity
- Population growth, retention, repatriation

1.5 Definitions – Terms of Art – The Glossary

CASE STUDY NOTE

Like other professions, economic development had developed its own “terms of art”. The CELab process used here is introducing a substantial number of new terms and definitions. In addition to the IEDC glossary a CELab process glossary has been posted in the resources section of the course website.

This case has adopted the following **definition of economic development**:

Economic development is the act of planning, managing and accounting for the development of a community or region’s economic base and service sector so that ***the economic pie grows faster than the population over time***, creating the additional economic activity to grow the new job opportunities and household income needed to improve local business profitability, and tax-dependent institution funding required for community advancement.

1.6 Scope

Planning under this project is to include all relevant program approaches for job creation and all essential factors of production. The plan will be written so as to be **integrated** with any future local, regional or state planning that uses the same process.

The primary metric for planning is jobs. Jobs are differentiated between **economic base** jobs and service jobs. Only **economic base** jobs will be considered in this assessment.

Economic base jobs are those where the salaries are paid for by money originating outside of the economy. The group agreed to define “economic base” as funds from outside of the state economy. Service jobs are those where salaries are derived from local exchange of goods and services. The distinction between economic base and service jobs is important because the market for services is dependent on economic base growth. If the economic base doesn’t grow, any new service jobs will simply divide the economy into smaller pieces, increasing competition between existing businesses over a zero-sum market. Planning under this

project will include both economic base and service sector with an emphasis on economic base growth.

The period for consideration under this assessment will be 5 years, from 2020 to 2025.

1.7 Rules

This assessment uses a consensus process that requires participants to make an educated guess and then reach a unanimous decision on any datapoint before including it in the plan. This methodology is based on the “Wisdom of Crowds” theory that a large diverse group of community stakeholders who are asked to guess at and reach consensus on a specific data point will come up with a more accurate assessment, and in a shorter time, than a team of highly paid experts. They will also own the results, yielding a better likelihood of implementation.

Data will be reviewed after each deliberation by third-party subject-matter experts to ensure that the datapoints generally align with other data sources and no significant factors were left not considered in the group session.

Any member can request that the group reconvene if new information comes to light that would change outcomes.

CASE STUDY NOTE

These rules were in force during the six hour session that yielded the latest assessment report.

Do you accept these rules for your exercise?

Week 2 - Beginning Job Needs Analysis

1. Needs

Key questions to be answered:

- What factors determine how many jobs a community will need?
- How many more or fewer jobs must be created at the end of the planning period because of a change in size of population?
- How many will have to be economic base?
- How many jobs will be needed to fill the current unemployment gap?
- How many jobs will be needed to offset attrition?
- What impact will a falling services sector multiplier have on annual job needs estimates? Economic base and service sector?
- What factors and forces could affect the validity of this formula?

CASE STUDY NOTE

These are the same questions posed to the group that developed the crisis assessment report. Your job is to review their assessments and consider what may have changed or been overlooked.

There are three fields for each question. First, you have the answer from the original assessment conducted in May. Use the second field to either affirm this number or propose a change to the finding. In the third field, give a rationale for why you elected to change the finding. If you didn't change the finding, you can leave the third field blank.

2.1 Population Change

Will your community's population grow, shrink or stay the same? By how much will it change? How does this affect the number of new jobs you will need to create over the planning period? It's ok to be aspirational about this number. You are trying to set the parameters for a healthy future economy. According to the crisis flash assessment report, the population of Dona Ana County was 218,195 before the onset of the crisis. **How many residents will be living in the jurisdiction at the end of the planning period?**

Previous Finding: 218,195 - No change in population	New finding:	Rationale:
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	Jan 2020	Dec 2024
Population		



2.2 Workforce Age Population

Do you think your workforce aged population will grow relative to the overall population, stay the same or shrink? If it grows, that could mean you see more young people in the community about to enter workforce age. If it shrinks, that could mean that you have a high boomer population on the verge of retirement.

According to the crisis flash assessment report, the workforce-age population of Dona Ana County was 79% or 172,374 before the onset of the crisis. **What percentage of residents will be of workforce age at the end of the planning period?**

Previous Finding: 172,374 – no change over 5 years.	New finding:	Rationale:
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	Jan 2020	Dec 2024
Workforce Age		

2.3 Employable Workforce

Most data sources measure available labor force as those willing and able to work. This estimate goes beyond the standard definition into how well your workforce is qualified not just for any available job but for skilled economic base work in the 21st century. The goal of this estimate is to measure how many of your workers are suited to the economic base jobs you have today and to the jobs you want to create. As such, this must be your best estimate rather than being drawn from data.

For the future, it may be that too many people are not employable now and you want to increase the employable proportion of your population. It may be that this number will shrink if left unmanaged from workers aging out and changing definition of qualification. What scenario do you want to plan for? Remember that you will need enough jobs for everyone in this group.

According to the crisis flash assessment report, the employable workforce of Dona Ana County was 77,568 or 45% of working- age population before the onset of the crisis. **Of those workforce aged residents, what percentage will be willing, able and qualified to work at the end of the planning period?**

Previous Finding: 45% - no change over 5 years	New finding:	Rationale:
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	Jan 2020	Dec 2024
Employable Workers		



2.4 Unemployment

This factor will be a measurement of how many of your current employable workers do not have jobs. This could be different from the posted unemployment rate because we are using a more refined definition for employable worker population than census data. When planning for recovery, our goal is to reach pre-crisis unemployment levels. The unemployment rate will, no doubt, fluctuate considerably as the crisis takes its toll but jobs lost to the crisis are considered in a later section. We are only focused on what the unemployment gap was before the crisis hit.

When assessing unemployment rate, it's important to know that it is impossible to reach absolute zero unemployment. Some people are between jobs (frictional unemployment) or have skills made obsolete by technology (structural unemployment). This is called the natural unemployment rate where unemployment does not reflect a shortage of jobs. Natural unemployment for most places is around 4%.

According to the crisis flash assessment report, the unemployment rate for Dona Ana County was 4.5% or 3,491 before the onset of the crisis. **What unemployment rate do you aim to reach by the end of the planning period?**

Previous Finding: 4.5% (at or near natural unemployment rate)	New finding:	Rationale:
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	Jan 2020	Dec 2024
Unemployed		



2.5 Economic Base Rate

Now that you know how many people need to be employed, you need to discern how many of those must have economic base jobs to support the service economy. This is called the economic base rate. To estimate e-base rate, you would need to consider the size of your service economy and how well it retains wealth before money is spent outside of the economy. This typically depends on the availability of services locally versus services you would need to procure from other areas.

A large urban area such as New York City has almost every service and retail option imaginable. There are around 4x as many service jobs as economic base jobs or an e-base rate of 20% (1 of 5 jobs are e-base). This means the economy can induce and support around 4 service jobs for each economic base job created. On the other end of the spectrum, in a small rural village like Clines Corners, NM where only necessities such as groceries and gas are available locally, it may take upwards of 4 economic base jobs to induce a single new service job or an e-base rate of 80% (4 out of 5 jobs are e-base).

Consider the assessment report provided for your jurisdiction, review how they came to the e-base rate, and decide if you agree with the assessment or if you would like to change it.

What do you see happening in the economy that would cause the ratio of e-base to service jobs to change and why? What impact will that have on your e-base job creation needs?

What percentage of all the jobs in the jurisdiction are economic base today?

Previous Finding: 34% e-base or 25,000 of all jobs.	New finding (affirm or change):	Rationale (if changed):
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What percentage of all the jobs in the jurisdiction will be economic base at the end of the planning period?

Previous Finding: Stays level at 34% over 5 years.	New finding:	Rationale:
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	2019	2024	
E-base rate			

2.6 Attrition

Over 10 years, a significant portion of your economic base jobs could be lost to companies closing, moving, or downsizing. The rate of attrition is primarily affected by what industries comprise your economic base. Industries can suffer attrition based on shortened life-cycles, high rate of automation, global market trends, or due to poor local business climate. Looking at historical attrition can help inform your 10-year attrition estimate. Local economic development professionals typically are the best resource for information on attrition.

Given the realities of the recession, we will assess attrition as two parts: 1.) natural attrition that is not a direct result of the pandemic and 2.) attrition directly resulting from the crisis. Review the attrition findings in the provided assessment report and decide if you would accept or amend the attrition estimates.

What percentage of all e-base jobs will be lost to standard attrition over the duration of the planning period regardless of COVID-19?

Previous Finding: 14% over 5 years totaling 3,500 jobs. (2.8% per year)	New finding:	Rationale:
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What percentage of all e-base jobs will be lost to attrition resulting directly from COVID-19?

Previous Finding: 33% or 8,366 jobs exposed to loss due to COVID-19	New finding:	Rationale:
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Natural Attrition		
Crisis Attrition		

2.7 Economic Base Jobs Dashboard – How many jobs are needed over the planning period?

Populate the table below with the data learned to this point (reference summary table on needs calculator).

	E-base	Service	Total
Natural attrition			
COVID attrition			
Current unemployment			
Jobs for growth			
Total jobs for full recovery			

2.7 How many economic base jobs are needed to offset service sector loss after the reset?

If your service sector does not come back, you will need to replace those jobs with new e-base jobs.

Offset e-base jobs needed	
Adjusted Total for full recovery	

Week 3 – Introduction to the Program Theaters

For the Week 3 Case Study Session, a panel of experts introduced each e-base program theater. In addition to the theater introductions, the presenters also recorded separate “Go Deep” presentations. These presentations will provide important background material required to evaluate the job creation potential of each theater, which you will be asked to do in the following section.

Week 4 - Job Creation Potential

Key questions to be answered:

- What portion of crisis-induced losses are only temporary and will be recovered organically?
- What are the Economic Base Job Creation Program Theaters?
- What level of job creation will occur organically?
- What level of job creation will occur from existing program?
- What is the job creation potential of each theater with a reasonable amount of additional support?
- Do you have enough job creation potential to meet your needs? Are you over or under? By how much?
- What theaters have the highest priority for your job creation plan?
- What are the implied actions for each high priority theater?

CASE STUDY NOTE

This part of the assessment is derived by estimating what percentage of job losses will be recovered organically. Do you agree with this assessment? What parts of this previous assessment do you think should be changed if any ?

3.1 What portion of COVID-19 losses are only temporary and will be recovered organically?

Of all jobs lost to COVID-19, some will be lost permanently due to employers going out of business, moving away or permanently downsizing.

Others are only temporarily lost from furloughs or layoffs that will be reversed once markets recover.

Economic development efforts will be required to recover permanent losses. Temporary losses will come back on their own over time.

What percentage of COVID-19 e-base losses do you estimate will return organically?

Previous Finding:	New finding:	Rationale:
68% or 5,691 of all COVID-19 losses are considered temporary and will be recovered organically.		

3.2 What are the Economic Base Job Creation Program Theaters?

A **program theater** is a category of job creation program efforts that share common organizational and operational characteristics such as:

- Business models, marketing and sales approaches,
- Agents, organizations, departments, constituents,
- Types of jobs and economic sectors,
- Professional knowledge and expertise required of management and staff,
- Metrics and ROI methodologies used to measure progress and results,
- Specific factors of production that must be tended to.

THEATER	DESCRIPTION
Employer	Major employer recruiting, retention & expansion
Government	Federal agencies, healthcare, higher education
Energy & Extractives	Mining, oil & gas, power plants, wind, solar, bio
Visitor	Tourism, hospitality, transit services
Remote Work	Start-up, freelancers, 1099 contractors, solopreneurs
Film & Digital Media	Film, TV, games
Entrepreneur / Start-Up	Innovation to enterprise, start-ups, tech transfer
Retirement	Affluent retiree recruitment strategies
Agriculture	New crop development, food processing, fishing, forestry
Import Substitution	Produce locally instead of importing

3.3 E-base Program Theater Job Estimates

Organic Job Creation: How many jobs will be created organically without needing any programs to procure them? How many jobs lost to attrition will be recovered organically, without needing programs to actively recover them?

Current Program Capacity: How many jobs are current programs capable of creating in each theater today without any changes?

Upside Potential Estimates: How many additional jobs could be created in each theater with a reasonable amount of support?

Theater	Organic	Current Capacity	Upside Potential	TOTAL POSSIBLE
Employer				
Government				
Energy & Extractives				
Visitor				
Remote Work				
Film & Digital Media				
Entrepreneur / Start-Up				
Retirement				
Agriculture				
Import Substitution				
TOTAL JOB POTENTIAL				

CASE STUDY NOTE

The report states that some of the theaters may have more potential than they identified and more discussion is needed. What do you think the potential of these theaters should be? What parts of this previous assessment do you think should be updated?

3.4 Job Creation Over/Under Analysis

Does the job creation potential of your program apparatus meet or exceed your needs?

TOTAL Job Needs	
TOTAL Job Potential	
Over / Under	

3.5 Job Creation Events

(this section is for informational purposes only – you do not need to complete this as part of the case study)

Now that you have a total job creation estimate for each theater, you need to convert the number of jobs that could be created each year into an estimated number of job creation events or transactions.

A **Job Creation Event (JCE)** is an event that results in one or more persons being hired or becoming full-time self-employed at a livable wage. JCEs in the employer theater typically produce many jobs per transaction, such as a call center; whereas JCEs in the Remote Work theater are typically singular hiring events. In the case of the Visitor theater, a visitor-day formula per event or project can be used.

Estimating JCEs is a crucial step in the assessment and planning process because program efforts scale to the number of JCEs or transactions – not the number of jobs.

3.6 Annual JCE Production Calculation

(this section is for information purposes only – you do not need to complete this as part of the case study)

JCE calculation:

$$\begin{array}{ccccccccc} \text{Total} & & \text{Avg. \# of Jobs} & & \text{Total \# of JCEs} & & \text{Planning} & & \text{Avg. \# of JCEs} \\ \text{Jobs Needed} & \div & \text{Created per} & = & \text{Needed} & \div & \text{Period} & = & \text{per year} \\ & & \text{Industry Type} & & & & & & \end{array}$$

Total Jobs Needed	Avg. # of Jobs Created per Industry Type	Total # of JCEs Needed	Planning Period	Avg. # of JCEs per Year
2,000	142	14	5 yrs	1.4 per year

3.7 Theater Priority - Implied Actions

Implied actions for program efforts in each theater fall into four categories:

- **Plus up:** One or more programs exist but they must be elevated or expanded to reach maximum potential.
- **Start up:** No program currently exists and one will have to be planned, underwritten and launched.
- **Stay the course:** There is not enough new potential to warrant plusing up existing programs in the theater or starting up a program effort.
- **Reduce or Eliminate:** There is not enough potential production or capacity exists to warrant the community's investment at this time.

Indicate which "implied action" applies to each theater.

Theater	Current Capacity	Total Possible	Implied Action
Employer			
Government			
Energy & Extractives			
Visitor			
Remote Work			
Film & Digital Media			
Entrepreneur / Start-Up			
Retirement			
Agriculture			
Import Substitution			

Week 5 - Factors of Production Gaps

4.1 Factors of Production Gaps

Factors of production are elements of capacity that are required for job creation in each theater.

Factors of production gaps are obstacles to the sustained creation of jobs specific to each program theater.

The next step in the assessment process is to identify major factors of production gaps that will prevent job creation potential from being reached in each program theater.

Factors of production fall into 5 **Factors of Production Program Theaters**:

- Marketing / Sales,
- Physical Inventory,
- Project Finance,
- Workforce, and
- Leadership & Business Climate.

For example, high-speed internet is required for new jobs in almost every program theater today. If a community does not have that capability, then high-speed internet is a factor of production gap under Physical Inventory that needs to be remedied before those jobs can be created.



CASE STUDY NOTE

The examination of Factors of Production Gaps was not a part of the flash assessment done by Las Cruces / Dona Ana County. This work would be part of a full assessment process. For this case study, participants are asked to identify as many Factors of Production gaps that will have to be solved to reach potential job production in each Program Theater.

4.2 Factors of Production Program Theaters

In the space provided, describe the primary Factors of Production gaps in each Program Theater.

Theater	Marketing & Sales	Physical Inventory	Project Finance	Workforce	Leadership & Business Climate
Employer					
Government					
Energy & Extractives					
Visitor					
Remote Work					
Film & Digital Media					
Entrepreneur / Start-Up					
Retirement					
Agriculture					
Import Substitution					

4.3 Factors of Production + Theater Status

In the space provided, summarize the Factors of Production gaps and current status for each theater.

Theater	Current Capacity	Total Possible	Factors of Production Gaps	Status <i>(Is there a current program?)</i>
Employer				
Government				
E&E				
Visitor				
Remote Work				
Film/DM				
Startup				
Retirement				
Agriculture				
Import Sub.				
Total				

Week 6 - Recommendations

5. Recommendations

Now that you have a sense of how many economic base jobs you need to create, the potential of each program theater and the contingent factors of production gaps that would have to be cured, it should be obvious what changes to the community's economic development apparatus should become the focus of the planning process.

5.1 Changes to the Apparatus

What is the current status of each program theater?

Is there a current program? Is it fully funded? Possible answers include:

- Full Program
- Partial Program
- Pilot Program
- No Program
- Siloed Programs
- Disorganized Program(s)

What are your recommendations for each program theater?

Refer to the 'Implied Actions' from section 3.7:

- **Plus up:** One or more programs exist but they must be elevated or expanded to reach maximum potential.
- **Start up:** No program currently exists and one will have to be planned, underwritten and launched.
- **Stay the course:** There is not enough new potential to warrant plusing up existing programs in the theater or starting up a program effort.
- **Reduce or Eliminate:** There is not enough potential production or capacity exists to warrant the community's investment at this time.

In the space provided, describe the status and recommendations for each Program Theater:

Theater	Status	Recommendation <i>(Plus-up, Start-up, Stay the Course, Reduce, Eliminate)</i>
1. Employer		
2. Government		
3. Visitor Driven		
4. Retirement		
5. Extractives & Energy		
6. Remote Work		
7. Film & Digital Media		
8. Start Up		
9. Agriculture		
10. Import Substitution		

5.2 Overall Recommendations

Where should community leaders focus their planning efforts?

What process and parameters should be used?