

State and Local Use of the Economic Census

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Roadmap

- # Revenue forecasting
 - # Policy evaluation
 - Impact analysis and economic development
 - Workforce planning and development
 - Policy-related academic research
 - # Federalism and economic data
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Revenue Forecasting

- # State revenue forecasts are critically important
 - Inaccurate forecasts can be very costly because most states operate under binding budget constraints
 - States use commercially available and locally generated forecasts
 - *All state budget forecasts depend on data derived from the Economic Census*
 - # Virginia's forecast
 - Global Insight (depends on Economic Census)
 - New U.Va. model (depends on Economic Census)
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Policy Evaluation

- # IMPLAN, RIMS II, REMI, etc.
 - Standard tools of state policy evaluation
 - # Computable General Equilibrium Models
 - New generation of tools depend on “social accounting matrices” (SAMs)
 - Used in several states, more on the way
 - Accuracy depends directly on the Economic Census
 - # State and local policies on education, high technology, energy resources and transmission lines, tourism, tax policy, Internet access, *ad infinitum* ...
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Impact Analysis and Economic Development

- # Input/output tables (SAMs) used by **EVERY** state and many localities
 - # Effect of a development on demand for public services
 - Planning for schools, sewers, roads, and police
 - # Likely impact on tax revenues and expenditures
 - # Military base realignment planning
 - # Disaster planning and response
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Workforce Planning and Development

- # Workforce needs by industry -- gap analysis
 - # Planning for workforce training and transition
 - # Cluster analysis using the Economic Census identifies regional competitive advantages and guides Colorado workforce development efforts
 - # “Workforce development, planning, and training programs in Alabama rely on *State of the Workforce* reports to identify and target workforce training and development needs across the state.” (Economic Census? *Sine qua non*)
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Policy-Relevant Academic Research

Sample of recent U.Va. research using Economic Census data directly or indirectly

- “Industry Structure with Fluctuating Demand”
 - “Layoff Decisions at Woman-Owned Businesses”
 - “Wages and Capital in the U.S. Finance Industry”
 - “Skill Biased Financial Development: Education, Wages and Occupations in the Financial Sector”
 - “Oral Health and the Dental Care Workforce in Southwest Virginia”
 - “Dental Hygiene Regulation and Access to Oral Health Care: Assessing the Variation across the U.S. States”
 - “Community Colleges and Local Economic Development”
 - “Revenue Response to Changing the Tax Rate on Corporate Income in Virginia”
 - Many more....
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What Would Mr. Jefferson Do?

- # In Virginia, we care a lot about the allocation of federal and state responsibilities!
 - # Collection of economic data should be a federal responsibility. Why?
 1. Huge economies of scale
 2. Big spillovers across state boundaries
 3. Enormous value to cross-state consistency
 - Difficult for states to pull off – costly coordination
 4. Direct use by federal government for good management
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Policy Innovation

- # If the states are to be our policy laboratories, they must be equipped with the tools they need to innovate
 - # Timely and accurate data is clearly one of those tools
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Thank you

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