Should Fostering Economic Dynamism Be a Priority?

Senator Theater, Downtown Chico, California, August 2008
Creative Commons/Travis Thurston, Contributor

Supporting Questions

1. What is economic dynamism?
2. What indicators help us measure the dynamism of countries, U.S. states, and U.S. small cities? What is the trajectory for these indicators for your own country, state, and closest small city?
3. What lessons do we learn by comparing the characteristics of high dynamism and low dynamism in small cities in California?
4. How important is increasing dynamism of small cities for the U.S. economy?

Should increasing dynamism of small cities be an economic development priority for the United States?

C3 Framework for Economics	**D2.Eco.11.9-12 –** Use economic indicators to analyze the current and future state of the economy.
	D2.Eco.13.9-12 – Explain why advancement in technology and investments in capital goods and human capital increase economic growth and standards of living.
C3 Framework for Geography	**D2.Geo.2.9-12 –** Use maps, satellite images, photographs, and other representation to explain relationships between the location of places and regions and their political, cultural, and economic dynamics.
	D2.Geo.9.9-12 – Evaluate the impact of economic activities and political decisions on spatial patterns within and among urban, suburban, and rural regions.
C3 Framework for Civics	**D2.Civ.5.9-12 –** Evaluate citizens' and institutions' effectiveness in addressing social and political problems at the local, state, tribal, national, and international level.
	D2.Civ.6.9-12 – Critique relationships among governments, civil societies, and economic markets.
Staging the Question	Participate in a matching and organizing activity to identify and define the key indicators of economic dynamism in small cities and to sort each indicator into an overarching category.

Supporting Question 1	Supporting Question 2	Supporting Question 3	Supporting Question 4
What is economic dynamism?	What indicators help us measure the dynamism of countries, U.S. states, and U.S. small cities? What is the trajectory for these indicators for your own country, state, and closest small city?	What lessons do we learn by comparing the characteristics of high dynamism and low dynamism in small cities in California?	How important is increasing dynamism of small cities for the U.S. economy?
Formative Performance Task	Formative Performance Task	Formative Performance Task	Formative Performance Task
Use the sources to create a Circle 8 organizer for economic dynamism.	Use the following indices to complete the three-circle Venn diagram.	Use data comparing a high-dynamism small city to a low-dynamism small city to support an argument about which factors are most closely associated with high levels of dynamism.	Engage in a four corners self-assessment activity and analyze sources to determine the level of economic dynamism in the United States.

Source A: Excerpt from *Dynamism in Retreat,* the Economic Innovation Group, February 2017

Source B: Excerpt from Is the U.S. Economy Losing Its Dynamism? Dennis Lockhart, September 2013

Source C: Excerpt from Small City Economic Dynamism Index Version 2.0 Literature Review, Will Lambe, March 2017

Index A: Global Dynamism Index from Knoema

Index B: Index of State Dynamism from the Economic Innovation Group

Index C: Small City Economic Dynamism Index from the Federal Reserve Bank of Atlanta

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Source A: Hanford-Corcoran, CA versus Visalia-Porterville, CA

Source B: Chico, CA versus Yuba City, CA

Source C: Napa, CA versus Clearlake, CA

Source D: Salinas, CA versus Merced, CA

Source A: Making the Case for More Economic Dynamism, Jonathan Dworin, State Science and Technology Institute, June 2017

Source B: Declining Business Dynamism in the United States: A Look at States and Metros, Ian Hathaway and Robert Litan, Brookings Institution, May 2014

Source C: Economic Dynamism Falls across the U.S., Sam Fleming and Lauren Leatherby, *Financial Times,* May 2017. Article is available online.

Summative Performance Task	**ARGUMENT** Should increasing the economic dynamism of small cities be an economic development priority for the United States? Construct an argument (including detailed outline, poster, or essay) that addresses the compelling question using specific claims and relevant evidence with information from contemporary sources.
	UNDERSTAND Research the economic development efforts in the students' local community.
Taking Informed Action	**ASSESS** Identify businesses, organizations, and public policymakers in the economic development community and identify how they are targeting some of the factors that drive economic dynamism.
	ACT Organize a classroom forum that invites community decision makers to hear the student research on economic dynamism and discuss how the community could increase focus on factors associated with increased dynamism.

Inquiry description

Nobel Prize–winning economist Edmund Phelps was quoted saying, "What brought mass innovation to a nation was not scientific advances—its own or others'—but 'economic dynamism': the desire and the space to innovate." Drawing on disciplinary experts who have varying ideas about the nature of and the factors contributing to economic dynamism, students evaluate how effective current economic development strategies have been in small cities in their state and what can be done to increase economic dynamism in those communities.

NOTE: This inquiry is expected to take five to seven 40-minute class periods. A presentation is provided to the instructor for use in class as the unit, and each compelling question is introduced (for best results, view the presentation in slide show format). The inquiry time frame could expand if teachers think their students need additional instructional experiences (such as supporting questions, formative performance tasks, and featured sources). Teachers may adapt the inquiry to meet the needs and interests of their particular students. Resources can also be modified as necessary to meet individualized education programs (IEPs) or Section 504 plans for students with disabilities.

Structure of the inquiry

To address the compelling question, "Should increasing dynamism of small cities be an economic development priority for the United States?" students will work through a series of supporting questions, performance tasks, and sources to construct an argument with evidence and counterevidence from a variety of sources.

Staging the Compelling Question

To stage the compelling question, "Should increasing dynamism of small cities be an economic development priority for the United States?" students will need to understand key economic terminology often associated with economic dynamism. This activity teaches the terminology using a student-centered approach.

Introduction: Begin by dividing students into small groups of approximately four students. Give each group a copy of the blank graphic organizer, a piece of chart or butcher-block paper, a marker, masking tape, and a full set of all the category and key terminology cards cut apart and shuffled.

Process: Ask students to re-create the graphic organizer on their chart paper. They should post one category card in each quadrant of the graphic organizer following the same position on their handout. Next, they should match the key vocabulary terms with the definition for each term. When they think they have all the terms paired correctly, they will position the term and definition under the category on the graphic organizer with which they think the term is associated. When all terms have a place, ask them to secure the terms and categories with masking tape and hang their posters around the room. Each group should appoint one person to remain with its poster to explain the group's placements to other groups who may disagree. The rest of the group members will visit each poster and discuss similarities and differences in their placements compared to the other groups. Finally, the teacher will display the correct matches and term placements using the graphic organizer answer key and terminology cards. Discuss any disagreements with the class and explain why the terms belong together or in a particular category.

Visual 1: Graphic Organizer for Key Vocabulary Activity

Demographics (A)	Economics (B)
Social and Human Capital (C)	**Infrastructure (D)**

Handout 1: Organizational Categories for Economic Dynamism

Demographics

Demographics includes statistics relating to the population of a city, county, region, or country and particular groups within that population

Economics

Economics is the study of how individuals, producers, and countries allocate scarce resources to fulfill their wants.

Social and Human Capital

Social capital refers to the relationships among people who live and work in a particular place, while human capital refers to the knowledge, skills, and training of individuals within the network of people in a place.

Infrastructure

Infrastructure is the physical assets and organizational systems underlying a particular city, county, region, or country. These assets and systems could include transportation networks, power grids, educational institutions, and so on.

Handout 2: Key Terminology Cards

Employment	The number of individuals who reported working for pay during the period measured by the U.S. Bureau of Labor Statistics.
Income inequality	A condition that exists when household (or individual) income is distributed unequally across participants in an economy, most often measured by the Gini coefficient.
Gini coefficient	A statistical measure of the degree of variation or inequality in the distribution of income across participants in an economy. A Gini coefficient falls between 0 and 1. A Gini coefficient of 0 means perfect income equality, while a coefficient of 1 means one household receives all the income in the economy.
Poverty rate	The ratio of the number of people in a particular age group whose income falls below the poverty line. The poverty line is a level of income at half the median income of the total population.

Population growth	The percentage change in the total population of a city, county, region, or country from one measurement period to the next.
Net migration	The difference between the number of people immigrating to a particular city, county, region, or country and the number of people emigrating from a particular city, county, region, or country.
Median household income	Household income refers to the earnings a household receives from a combination of wages from work, interest from savings, rent from property, and profits from business proprietorship/partnership or corporate stock ownership (dividends). The median household income is the income level at which half of earners are above the level and half below it.
Educational attainment	The highest level of schooling achieved, measured by number of grades completed or the diplomas/degrees obtained.

Business establishment rate	The percentage change in the number of new business start-ups out of total business establishments from one period to the next.
Per capita nonprofit revenue	The per head revenue received by nonprofit organizations from one period to the next. Revenue is the price of a product times the quantity of product sold. While nonprofits sometimes sell goods or services, they also receive funds from individual giving, corporations, foundations, and governments.
Building permits	The number of permits for construction of new buildings or renovation of old buildings issued by a city or county in a given period.
Population density	The number of people living in a city, county, region, or country divided by a unit of the area such as square mile or kilometer.

Commuting ratio	The percentage of people who commute into a city for work divided by the number of people who commute out of the city for work.
Business vacancy rate	The total number of vacant business properties divided by the total business properties in an area.
Labor force participation rate	The percentage of the civilian population aged 16 and over either currently employed or actively seeking work. Dynamic economies should elicit high levels of labor market participation.
Business churn	The share of all firms that opened in the past year plus the share that closed. It provides a measure of the total magnitude of turnover of the business landscape each year.

Visual 1: Graphic Organizer for Key Vocabulary Activity (Answer Key)

| Demographics (A)	Economics (B)
Population growth Net migration	Employment Income inequality Gini coefficient Poverty rate Median household income Labor force participation rate
Social and Human Capital (C)	**Infrastructure (D)**
Educational attainment Business establishment rate Per capita nonprofit revenue Business churn	Building permits Population density Commuting ratio Business vacancy rate Business churn

The first supporting question—"What is economic dynamism?"—asks students to consider different viewpoints on the definition of economic dynamism. Students will read the three sources provided for this supporting question and complete the Circle 8 graphic organizer below. Economic dynamism is the central topic. In each of the eight connected circles, students write one idea about the meaning of economic dynamism shared by the authors.
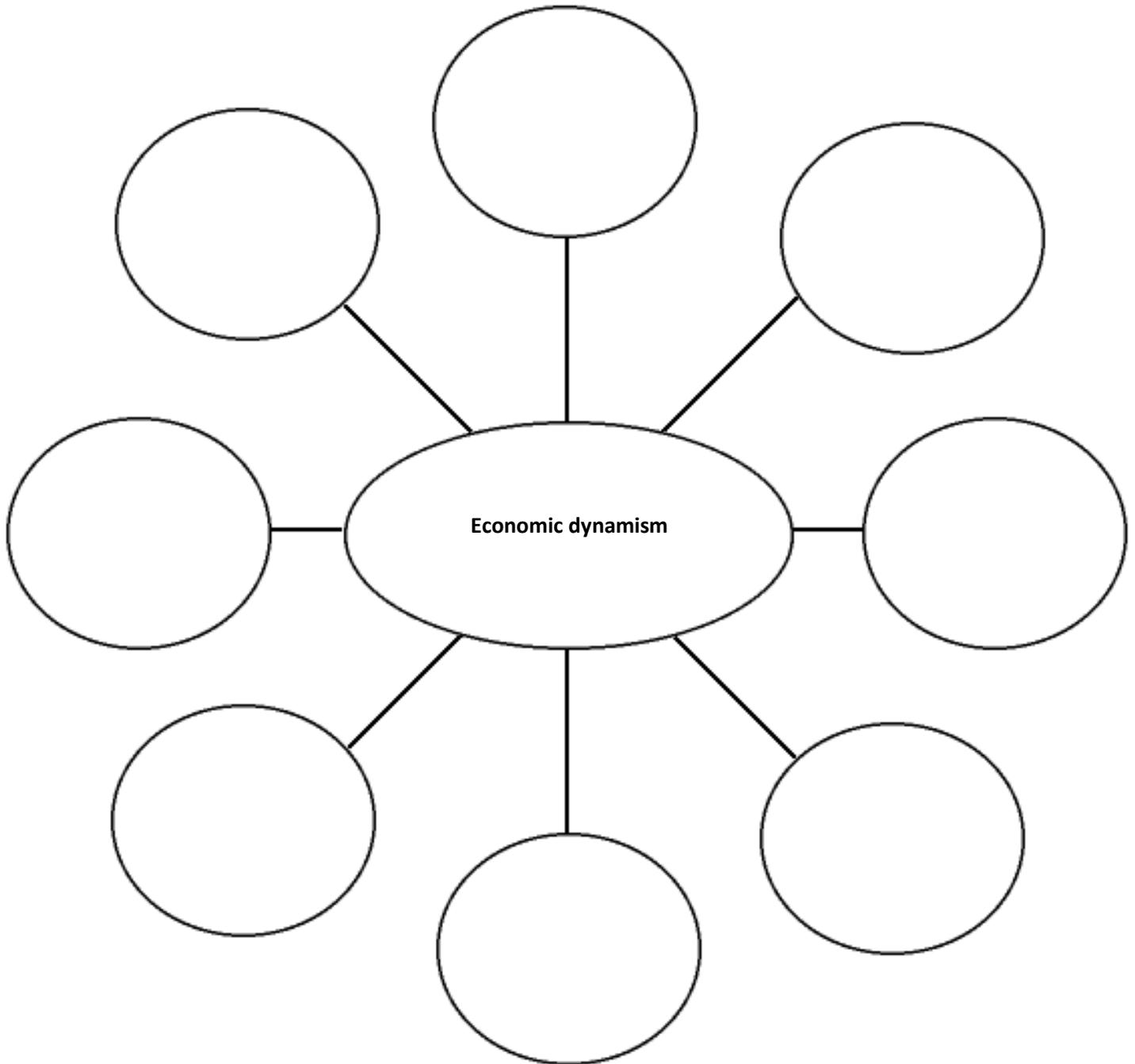
What is economic dynamism? (Here are possible answers.)
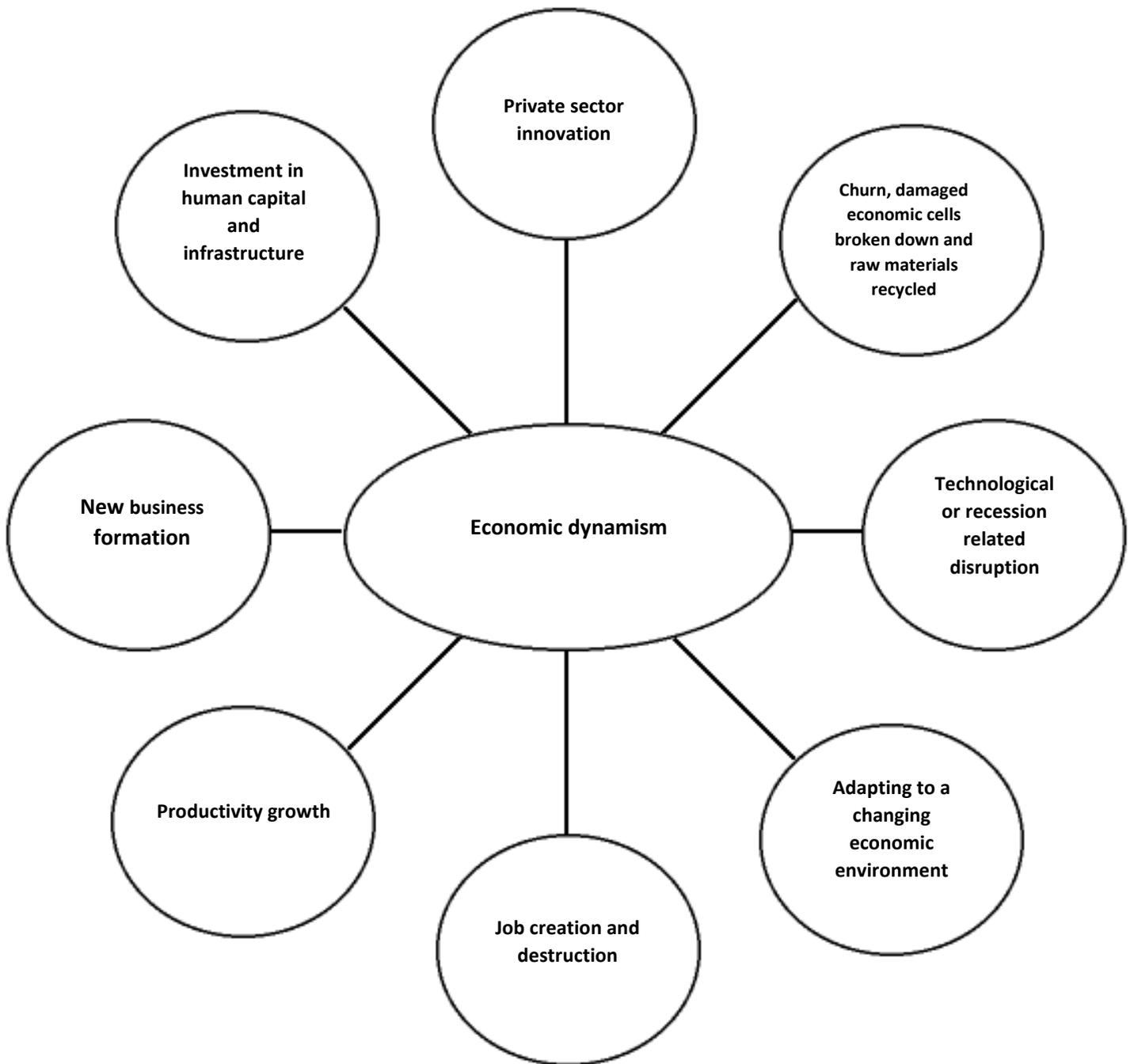
Supporting Question 1: What is economic dynamism?
Featured Source	**Source A:** Excerpt from *Dynamism in Retreat,* the Economic Innovation Group, February 2017 (Read page 7: What is economic dynamism?)

What is economic dynamism?

If creative destruction is the process of reallocating the economy's resources across firms and industries according to their most productive use, dynamism refers to the rate and scale of such churn. In a dynamic economy, firms are constantly opening and closing, with workers churning among them. In a dynamic economy, entrepreneurs and innovators are incessantly commercializing new ideas and business models, keeping established firms on their toes, and pushing the economy to evolve and advance. Dynamism brings forward momentum: high rates of dynamism are associated with economic expansion. Without it, an economy trends toward stagnation, not vitality.

Dynamism serves a number of almost biological functions for the economy. Like a living being, the economy needs circulation—churn—in order to remain healthy. It needs its old or damaged cells to be broken down and their raw materials recycled. It needs to develop new resiliencies when exposed to the contagion of a recession or technology-driven disruption. And it must be able to constantly adapt to changes in its environment in order to survive. Dynamism powers all of this.

Dynamism in Retreat
http://eig.org/dynamism

Is the U.S. Economy Losing Its Dynamism?

Dennis Lockhart
President and Chief Executive Officer
Federal Reserve Bank of Atlanta

Creative Leadership Summit
Louise Blouin Foundation
Metropolitan Club
New York, New York
September 23, 2013

Key points

- Atlanta Fed President and CEO Dennis Lockhart, in a September 23 speech to the Louise Blouin Foundation in New York City, discusses whether the economic dynamism of the United States is declining. Lockhart looks at three interrelated aspects of economic dynamism—job reallocation (job creation and destruction), productivity growth, and new business formation.
- Lockhart explains that *job reallocation* is a good thing in an economy that continuously reallocates resources from sector to sector, industry to industry, firm to firm, and job type to job type. However, since the early 2000s, this job reallocation has slowed.
- Lockhart notes that the rate of *productivity growth* has been significantly below its historical norm, which he attributes to a temporary spell of low productivity that will correct itself when demand improves. But he notes a concerning possibility is that the slow advance of productivity reflects a fundamentally less dynamic economy.
- The third aspect of economic dynamism Lockhart mentions is *new business formation*. Most new businesses start small and stay small, but a few new firms desire to grow substantially, and an even smaller fraction of these actually succeed and take off. These high-growth survivors—"gazelles"—generate a lot of new jobs and contribute to raising overall productivity. Lockhart says that new business formation has also slowed in recent years.
- Lockhart thinks that public policy can help foster greater dynamism by removing obstacles to growth and entrepreneurship and contributing pro-growth actions that address investment in human capital and productive infrastructure. And monetary policy can deliver appropriately favorable interest rate conditions that can promote a faster economic recovery.

Introduction
My thanks to the organizers of this leadership summit for inviting me to be part of this important event. Today I want to talk about a trait that has characterized U.S. economic life, often with positive comparisons to other advanced economies. That trait is economic dynamism. This is a broad concept with dimensions such as innovation, entrepreneurship, new business formation, risk tolerance and risk taking, labor mobility, and job creation. The question I want to address is whether the economic dynamism of the United States is declining. Is America losing its economic mojo?

Lockhart, D. (2013, September 23). Is the U.S. Economy Losing Its Dynamism? Speech presented at Creative Leadership Summit, New York, New York.
https://www.frbatlanta.org/news/speeches/2013/130923-lockhart.aspx

Supporting Question 1: What is economic dynamism?	
Featured Source	**Source C:** Excerpt from <u>Small City Economic Dynamism Index Version 2.0 Literature Review</u>, Will Lambe, March 2017

Literature Review

In international development literature, economic dynamism is often described as a process of structural transformation or analogous with the "creative destruction" that precedes and accompanies economic growth (Arvanitidis and Petrakos, 2011; Elert, 2014). Some scholars have argued that knowledge is at the center of economic processes and that therefore knowledge is the main engine for long-term economic growth (Petrakos et al., 2007). The authors define economic dynamism as the potential of a place to generate and maintain high rates of positive economic performance due to its knowledge capacity. Arvanitidis and Petrakos (2011) constructed an indicator for economic dynamism based on human capital, innovation ability, information access, and economic performance. Their index for assessing and comparing place-based economic dynamism includes elements of both infrastructure and economic performance.

In studies that focus on subnational jurisdictions, such as states or metro areas, economic dynamism is defined most often in terms of "innovation" in the private sector context. Metrics such as business formation patterns, initial public offerings, relative share of jobs in gazelle firms, patents, industrial makeup, and share of employment in knowledge-intensive firms provide benchmarks for place-based economic dynamism. Grant Thornton (2014) describes economic dynamism as being based on the quality of growth, where growth contributes to local economic value. In addition to the innovation indicators referenced above, Grant Thornton's index also includes demographic, economic, and infrastructure indicators. More recent work from the Economic Innovation Group (2017) defines economic dynamism as the rate and scale of creative destruction, where an economy's resources are reallocated across firms and industries according to their most productive use.

Lambe, W. (2017, March). Small City Economic Dynamism Index.
https://frbatlanta.org/community-development/data-and-tools/small-city-economic-dynamism.aspx
https://www.frbatlanta.org/-/media/documents/community-development/data/small-city-economic-dynamism/small-city-economic-dynamism-index_data-table.pdf

For the second supporting question—"What indicators help us measure the dynamism of countries, U.S. states, and U.S. small cities? What is the trajectory for these indicators for your own country, state, and closest small city?"—students will analyze data about economic dynamism at the national, state, and local levels. This inquiry into the available data will help students determine if the small cities in their state are following the national and state economic dynamism trends, outperforming the state and country in terms of economic dynamism, and/or underperforming the state and country in this area.

Introduction: Give each student a copy of the Venn diagram on the next page. The diagram includes the name of and hyperlink to each dynamism index the students will access. Students should list the indicators common to two or more of the indices where the circles overlap and the indicators unique to only one index in the circle are labeled with that index name. Students should also indicate whether the indicator has improved (↑), deteriorated (↓), or did not change (-) from the previous year to the most recent year in the index. Some of the indicators used in the indices were not part of the "staging the question" activity. When students encounter an unknown indicator, ask them to look up the meaning while exploring the index.

Global Dynamism Index: This index ranks 60 world economies on their level of dynamism. There are five categories of indicators and 22 factors used to measure them. The closer the score is to 100, the more dynamic the economy is, according to this index. Students should select the United States from the list of countries to display the data. List the five main categories of indicators on the Venn diagram and note whether the category improved or declined from the prior year to the most recent year displayed. If the score on the indicator category improved, it receives (↑). If it fell, it receives (↓). If it is constant, it receives (-).
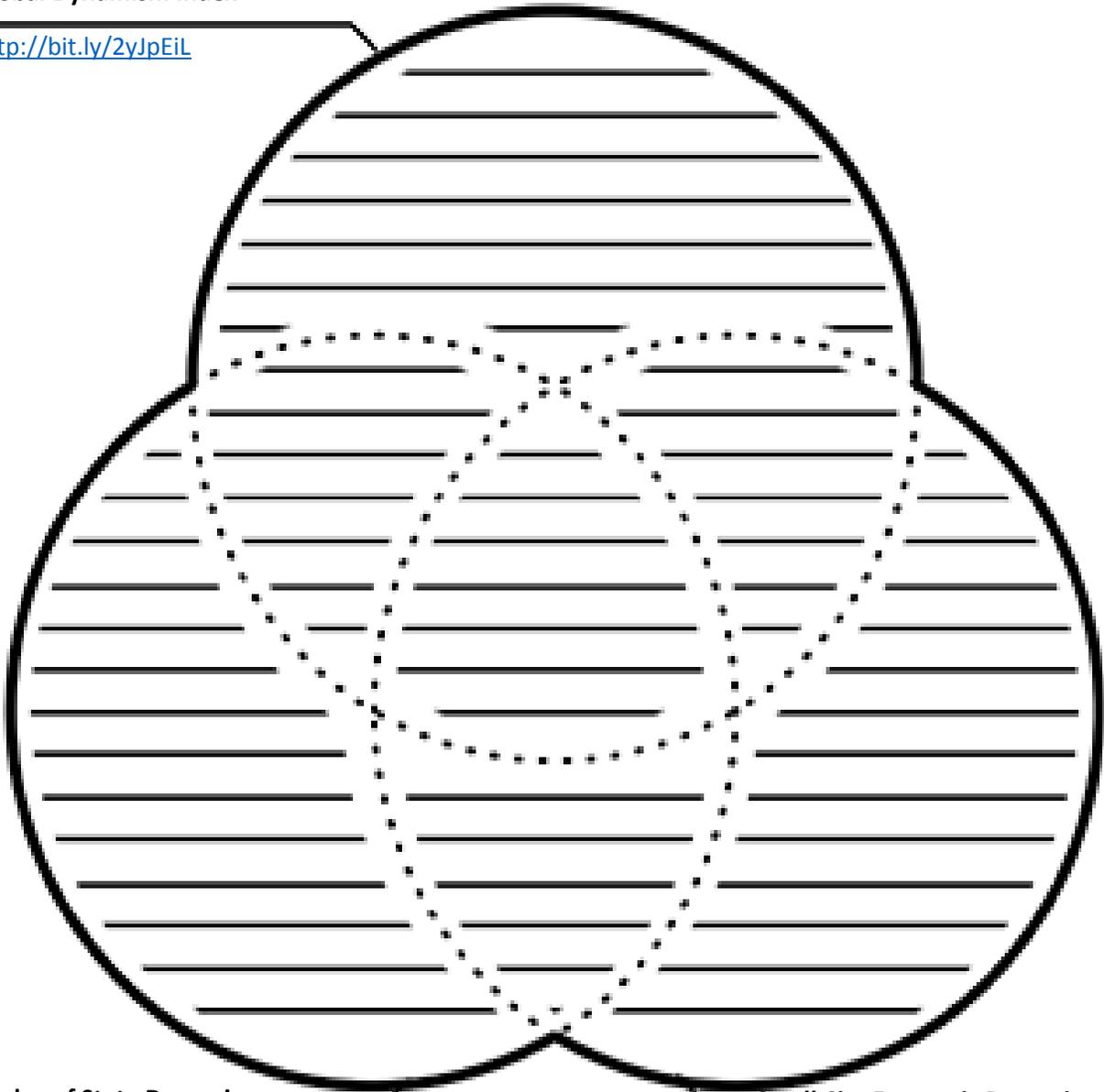
Index of State Dynamism: This index ranks the 50 U.S. states on their level of dynamism. There are seven different indicators used. The higher the score, the more dynamic the economy is, according to this index. Students select their state from the map and list each indicator on the Venn diagram. If the percentage listed for the indicator is higher than the previous year, it receives (↑). If the percentage is lower than the previous year, it receives (↓). If it is constant, it receives (-).

Small City Economic Dynamism Index: This index ranks 400 small metro areas in terms of their economic dynamism. Students will select a small city from their home state and indicate which city they chose on the Venn diagram. Students should list their selected city's rank. The closer the rank is to one, the more dynamic the city is. This index uses four main categories with 13 indicators reported. List each of the indicators on the Venn diagram and note whether the value increased (↑), decreased (↓), or remained constant (-) from the previous year to the most recent year reported.

Comparing Trends: Students will look at their completed Venn diagram and write a short statement comparing the economic dynamism trends of their country, state, and selected city. They should express whether the trends move in the same direction or in opposition to each other. Students should make a hypothesis about what the most important factors of dynamism are for each level in the diagram.

Global Dynamism Index

Index of State Dynamism

Small City Economic Dynamism Index

Featured Source	**Index A:** Global Dynamism Index from Knoema

The Grant Thornton Global Dynamism Index (GDI) ranks 60 leading economies on the dynamism in five key areas: business operating environment, economics and growth, science and technology, labor and human capital, and financing environment. The GDI analyzes 22 indicators across these five categories to assess the dynamism of business growth environments around the world, where dynamism refers to the changes in an economy over the past 12 months that are likely to lead to a faster future rate of growth.

Featured Source	**Index B:** Index of State Dynamism from the Economic Innovation Group

The Index of State Dynamism is a weighted average of seven complementary measures of economic dynamism. The higher a state's score on the index, the more dynamic it is. The indicators include:

- **Business churn:** Defined as the share of all firms in a state that opened in the past year plus the share that closed. It provides a measure of the total magnitude of turnover in a state's business landscape each year.

- **Change in firms:** Defined as the annual increase or decrease in the total number of employer firms in a state. It reveals whether more firms opened or closed in the past year and provides a directional element to the index.

- **Jobs in new companies:** Defined as the share of total state employment in firms that started in the past year. The measure provides a gauge of the impact of new firms on local labor markets.

- **Jobs in incumbent companies:** Defined as the share of total state employment in firms at least 16 years old. The measure reveals the degree to which old established players dominate a state's labor market.

- **Labor market churn:** Defined as the magnitude of shifts in workers among employers as firms open, close, expand, and contract. The measure serves as a proxy for the speed at which economy reallocates its key resource—workers—to their most productive uses.

- **Labor force participation:** The percentage of the civilian population aged 16 and over either currently employed or actively seeking work. Dynamic economies should elicit high levels of labor market participation.

- **Net migration:** The net number of people moving domestically to or from a state per 1,000 residents. Migration patterns both fuel and are fueled by dynamism, and this metric captures whether a state can attract and retain residents with good economic opportunities.

Featured Source	**Index C:** Small City Economic Dynamism Index from the Federal Reserve Bank of Atlanta

The Small City Economic Dynamism Index was developed to provide a snapshot of the economic trajectory of small and midsized U.S. cities. To create the index, the Atlanta Fed extracted data on 400 metro and micro areas with populations of less than 500,000. Economic dynamism is measured by changes in 13 indicators across four dimensions: demographics, economics, human and social capital, and infrastructure.

Supporting Question 3: What lessons do we learn by comparing the characteristics of high dynamism and low dynamism in small cities in California?
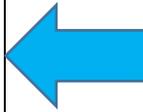
For the third supporting question—"What lessons do we learn by comparing the characteristics of high dynamism and low dynamism in small cities in California?"—students will compare data from one high-dynamism and one low-dynamism small city near each other in California. Students will use the comparison to formulate an argument about the factors that are most important to promote high levels of dynamism in a small city.

Supporting Question 3: What lessons do we learn by comparing the characteristics of high dynamism and low dynamism in small cities in California?

Claim: What is your answer to the question above?

Evidence: Record your data. What information from your small city comparison was most important?

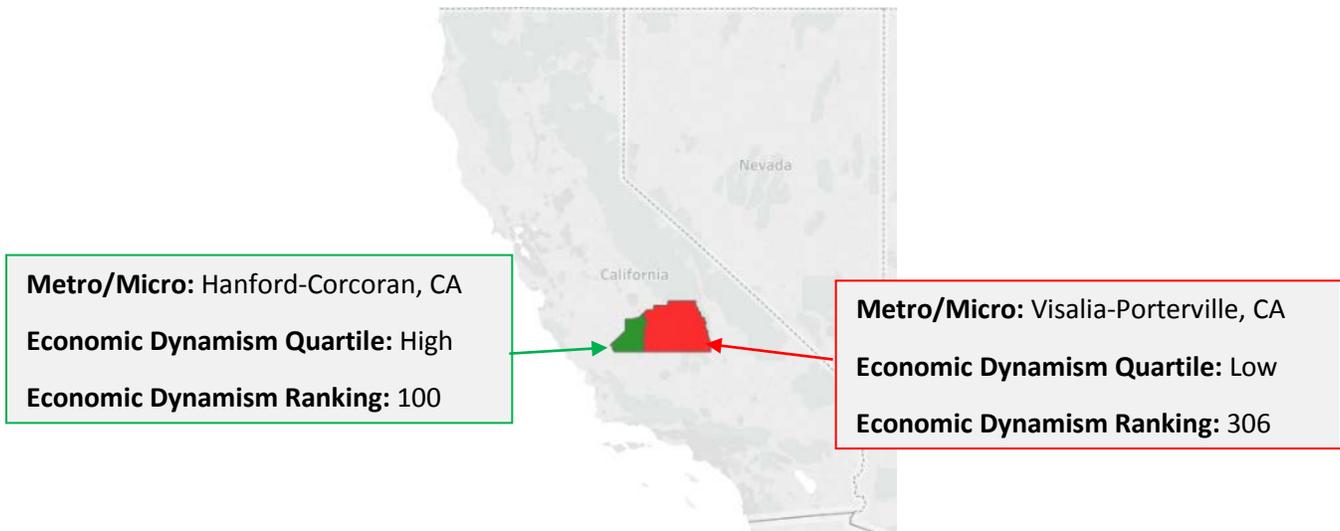**Reasoning: How does your evidence support your claim?**

Explanation: Use your evidence to explain fully the answer to the question.

Featured Source	**Source A:** Hanford-Corcoran, CA versus Visalia-Porterville, CA Small City Economic Dynamism Index from the Federal Reserve Bank of Atlanta

Small City Comparison Fact Sheet 1: Hanford-Corcoran, CA versus Visalia-Porterville, CA

Metro/Micro: Hanford-Corcoran, CA

Economic Dynamism Quartile: High

Economic Dynamism Ranking: 100

Metro/Micro: Visalia-Porterville, CA

Economic Dynamism Quartile: Low

Economic Dynamism Ranking: 306

Key Vocabulary

Employment
The number of people reporting they had worked for pay during the measurement period.

Gini Coefficient
Measure of the dispersion of income. The coefficient ranges from 0, indicating perfect equality, to 1, perfect inequality.

Poverty Rate
The percentage of households living in poverty according to the measurement method of the U.S. Census Bureau. In 2016, the poverty threshold for a household of two adults and two children was an annual income of $24,339 or less.

Median Household Income
The household income value that divides the income distribution into two equal groups, half having income above that amount, and half having income below that amount.

Population
Total number of people counted in the given year by the U.S. Census Bureau's Population Estimate Program.

Net Migration
Net number of in-migrants minus out-migrants in a given year.

Share of Population with a BA or Higher (Age 25+)
Percentage of the population over 25 years old who hold at least a bachelor's degree, according to the U.S. Census Bureau's American Community Survey 1-year estimates.

Share of Start-up Business Establishments
Percentage of business establishments started in the previous year as a share of the total business establishments in a given year.

Per Capita Nonprofit Revenue
The number of dollars in revenue nonprofit organizations in the small city area have received divided by the number of people in the population based on data from the Internal Revenue Service's Exempt Organizations Business Master File and the Urban Institute's National Center for Charitable Statistics.

Building Permits
Number of new housing units authorized by building permits in a given year, according to the U.S. Census Bureau's County Business Patterns data.

Population Density
Population per square mile of the metro/micro area's principal cities in a given year, according to the U.S. Census Bureau's American Community Survey 5-year estimates.

Net Commuters
Net number of in-commuters minus out-commuters into the metro/micro's principal cities in a given year, according to the U.S. Census Bureau's Longitudinal Employer Household Dynamics.
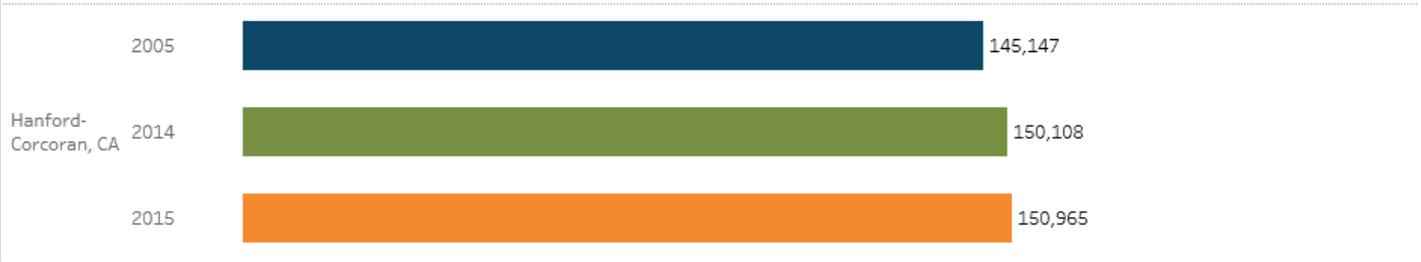
Business Vacancy Rate
Percentage of commercial properties designated as vacant by the U.S. Postal Service in a given year.

Economics

Hanford-Corcoran, CA	Visalia-Porterville, CA

Employment

Hanford-Corcoran, CA		
2005	39,918	
2014	43,171	
2015	45,742	

Employment

Visalia-Porterville, CA		
2005	140,360	
2014	148,560	
2015	156,050	

Gini Coefficient

Hanford-Corcoran, CA		
2008	0.413	
2014	0.460	
2015	0.468	

Gini Coefficient

Visalia-Porterville, CA		
2008	0.445	
2014	0.460	
2015	0.477	

Poverty Rate

Hanford-Corcoran, CA		
2007	15.1%	
2014	22.3%	
2015	18.1%	

Poverty Rate

Visalia-Porterville, CA		
2007	18.5%	
2014	22.8%	
2015	24.3%	

Median Household Income (2015 Dollars)

Hanford-Corcoran, CA		
2007	$51,036	
2014	$42,934	
2015	$45,746	

Median Household Income (2015 Dollars)

Visalia-Porterville, CA		
2007	$47,278	
2014	$42,760	
2015	$42,413	

Demographics

Hanford-Corcoran, CA

Metro/Micro Area Population
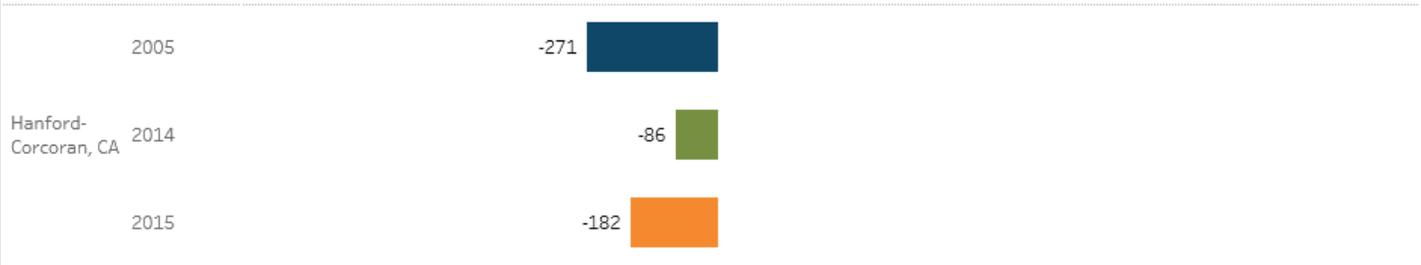
Hanford-Corcoran, CA	Population
2005	145,147
2014	150,108
2015	150,965

Net Migration

Hanford-Corcoran, CA	Net Migration
2005	-271
2014	-86
2015	-182

Visalia-Porterville, CA

Metro/Micro Area Population

Visalia-Porterville, CA	Population
2005	407,970
2014	457,260
2015	459,863

Net Migration

Visalia-Porterville, CA	Net Migration
2005	347
2014	-842
2015	-617
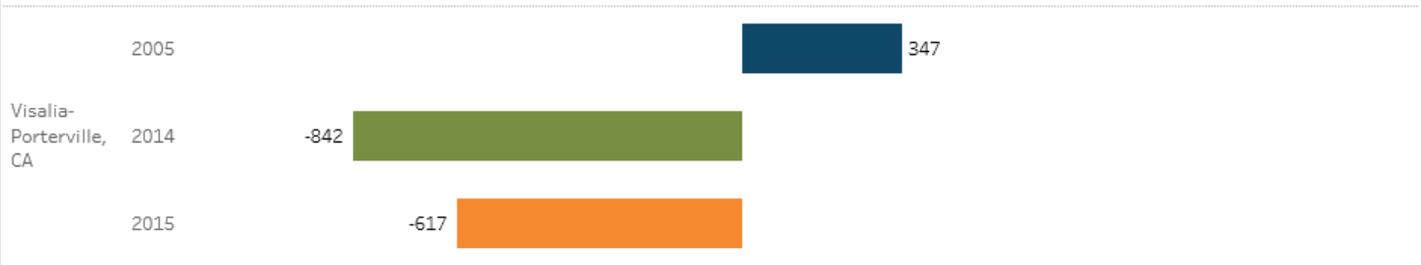
Social and Human Capital

Hanford-Corcoran, CA

Share of Population with BA or Higher (Age 25+)

Hanford-Corcoran, CA		
2007		11.5%
2014		11.5%
2015		16.1%

Share of Startup Business Establishments

Hanford-Corcoran, CA		
2008		10.3%
2012		9.1%
2013		8.2%

Per Capita Nonprofit Revenue (2015 Dollars)

Hanford-Corcoran, CA		
2005		$3,228
2014		$2,537
2015		$2,742

Visalia-Porterville, CA

Share of Population with BA or Higher (Age 25+)

Visalia-Porterville, CA		
2007		12.9%
2014		12.3%
2015		14.2%

Share of Startup Business Establishments

Visalia-Porterville, CA		
2008		10.1%
2012		10.0%
2013		8.2%

Per Capita Nonprofit Revenue (2015 Dollars)

Visalia-Porterville, CA		
2005		$837
2014		$952
2015		$1,045

Infrastructure

Hanford-Corcoran, CA

Building Permits

Hanford-Corcoran, CA		
2005		1,084
2014		293
2015		425

Population Density

Hanford-Corcoran, CA	
2009	3,048.3
2015	3,242.1

Net Commuters

Hanford-Corcoran, CA	
2005	-3,546
2013	-4,203
2014	-4,809

Business Vacancy Rate

Hanford-Corcoran, CA	
2010	9.2%
2014	10.3%
2015	8.9%
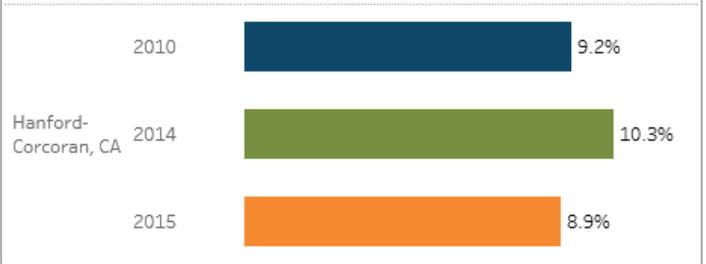
Visalia-Porterville, CA

Building Permits
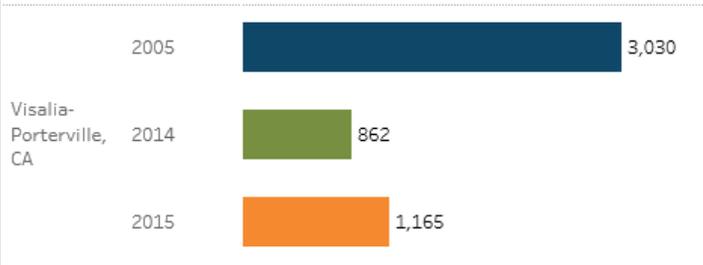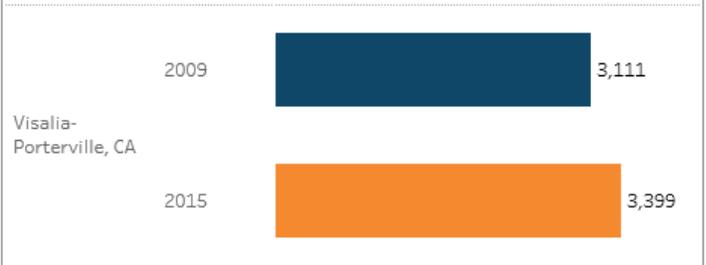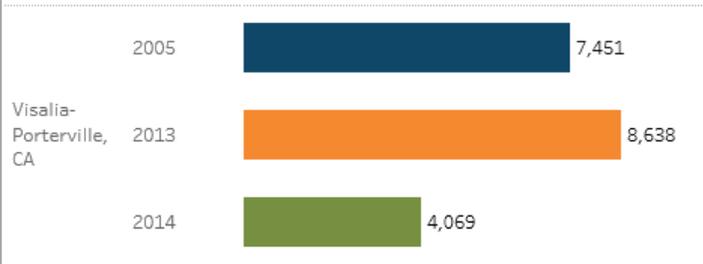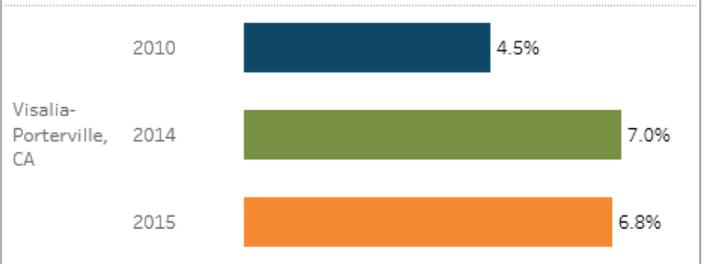
Visalia-Porterville, CA	
2005	3,030
2014	862
2015	1,165

Population Density

Visalia-Porterville, CA	
2009	3,111
2015	3,399

Net Commuters

Visalia-Porterville, CA	
2005	7,451
2013	8,638
2014	4,069

Business Vacancy Rate

Visalia-Porterville, CA	
2010	4.5%
2014	7.0%
2015	6.8%

Featured Source	**Source B:** Chico, CA versus Yuba City, CA Small City Economic Dynamism Index from the Federal Reserve Bank of Atlanta

Small City Comparison Fact Sheet 2: Chico, CA versus Yuba City, CA

Metro/Micro: Chico, CA

Economic Dynamism Quartile: Medium-High

Economic Dynamism Ranking: 128

Metro/Micro: Yuba City, CA

Economic Dynamism Quartile: Low

Economic Dynamism Ranking: 330

Key Vocabulary

Employment
The number of people reporting they had worked for pay during the measurement period.

Poverty Rate
The percentage of households living in poverty, according to the measurement method of the U.S. Census Bureau. In 2016, the poverty threshold for a household of two adults and two children was an annual income of $24,339 or less.

Population
Total number of people counted in the given year by the U.S. Census Bureau's Population Estimate Program.

Share of Population with a BA or Higher (Age 25+)
Percentage of the population over 25 years old who hold at least a bachelor's degree, according to the U.S. Census Bureau's American Community Survey 1-year estimates.

Per Capita Nonprofit Revenue
The number of dollars in revenue nonprofit organizations in the small city area have received divided by the number of people in the population based on data from the Internal Revenue Service's Exempt Organizations Business Master File and the Urban Institute's National Center for Charitable Statistics.

Gini Coefficient
Measure of the dispersion of income. The coefficient ranges from 0, indicating perfect equality, to 1, perfect inequality.

Median Household Income
The household income value that divides the income distribution into two equal groups, half having income above that amount, and half having income below that amount.

Net Migration
Net number of in-migrants minus out-migrants in a given year.

Share of Start-up Business Establishments
Percentage of business establishments started in the previous year as a share of the total business establishments in a given year.

Building Permits
Number of new housing units authorized by building permits in a given year, according to the U.S. Census Bureau's County Business Patterns data.

Population Density
Population per square mile of the metro/micro area's principal cities in a given year, according to U.S. Census Bureau's American Community Survey 5-year estimates.

Net Commuters
Net number of in-commuters minus out-commuters into the metro/micro's principal cities in a given year, according to the U.S. Census Bureau's Longitudinal Employer Household Dynamics.

Business Vacancy Rate
Percentage of commercial properties designated as vacant by the U.S. Postal Service in a given year.

Economics

Chico, CA	Yuba City, CA

Employment — Chico, CA
Year	Value
2005	74,827
2014	76,135
2015	78,370

Employment — Yuba City, CA
Year	Value
2005	44,042
2014	44,089
2015	45,202

Gini Coefficient — Chico, CA
Year	Value
2008	0.449
2014	0.513
2015	0.467

Gini Coefficient — Yuba City, CA
Year	Value
2008	0.421
2014	0.444
2015	0.445

Poverty Rate — Chico, CA
Year	Value
2007	11.5%
2014	11.9%
2015	13.4%

Poverty Rate — Yuba City, CA
Year	Value
2007	10.7%
2014	14.9%
2015	18.2%

Median Household Income (2015 Dollars) — Chico, CA
Year	Value
2007	$46,006
2014	$42,513
2015	$45,644

Median Household Income (2015 Dollars) — Yuba City, CA
Year	Value
2007	$54,354
2014	$48,283
2015	$51,185

Demographics

Chico, CA

Metro/Micro Area Population

	Year	Population
Chico, CA	2005	214,752
	2014	224,033
	2015	225,411

Net Migration

	Year	Net Migration
Chico, CA	2005	147
	2014	3
	2015	169

Yuba City, CA

Metro/Micro Area Population

	Year	Population
Yuba City, CA	2005	155,049
	2014	169,487
	2015	170,955

Net Migration

	Year	Net Migration
Yuba City, CA	2005	892
	2014	-247
	2015	1

28
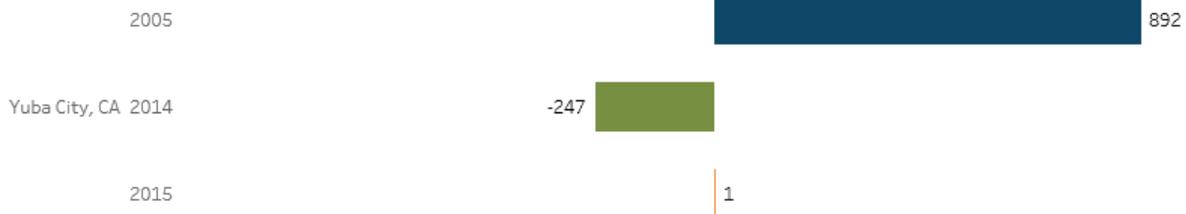
Social and Human Capital

Chico, CA

Share of Population with BA or Higher (Age 25+)

Chico, CA	2007	24.8%
	2014	27.1%
	2015	27.8%

Share of Startup Business Establishments

Chico, CA	2008	10.2%
	2012	10.8%
	2013	9.7%

Per Capita Nonprofit Revenue (2015 Dollars)

Chico, CA	2005	$4,254
	2014	$5,137
	2015	$5,415

Yuba City, CA

Share of Population with BA or Higher (Age 25+)

Yuba City, CA	2007	16.1%
	2014	16.7%
	2015	15.2%

Share of Startup Business Establishments

Yuba City, CA	2008	10.6%
	2012	11.2%
	2013	9.8%

Per Capita Nonprofit Revenue (2015 Dollars)

Yuba City, CA	2005	$2,122
	2014	$3,281
	2015	$3,227
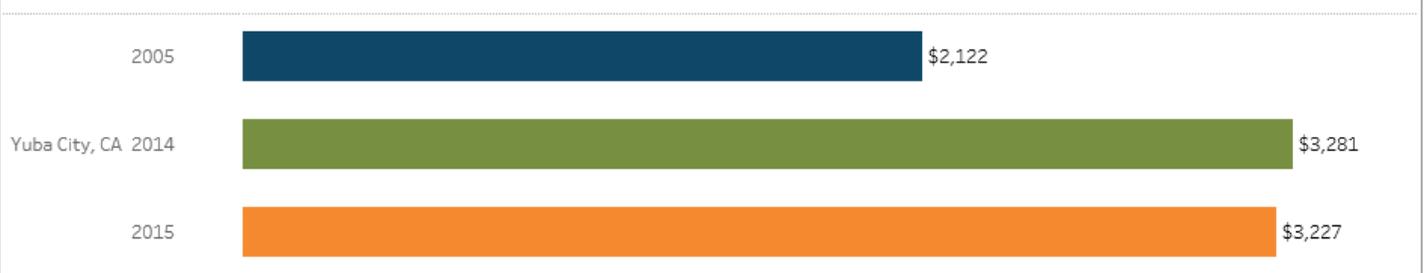
Infrastructure

Chico, CA

Building Permits

	Chico, CA	
2005		1,568
2014		380
2015		389

Population Density

	Chico, CA	
2009		2,544
2015		2,687

Net Commuters

	Chico, CA	
2005		8,247
2013		9,591
2014		7,614

Business Vacancy Rate

	Chico, CA	
2010		9.6%
2014		8.6%
2015		8.3%
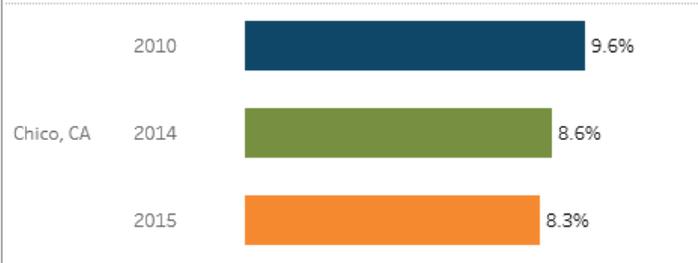
Yuba City, CA

Building Permits
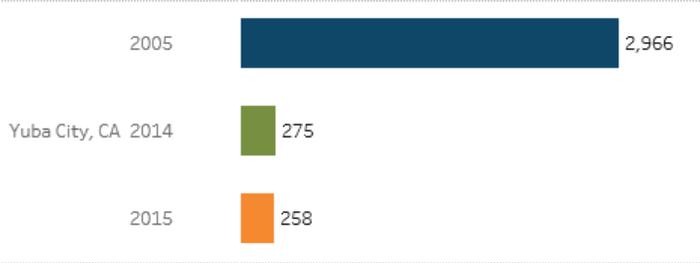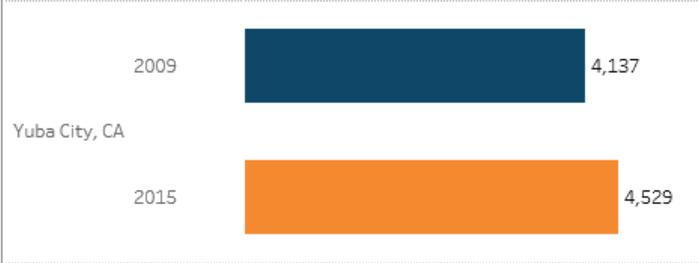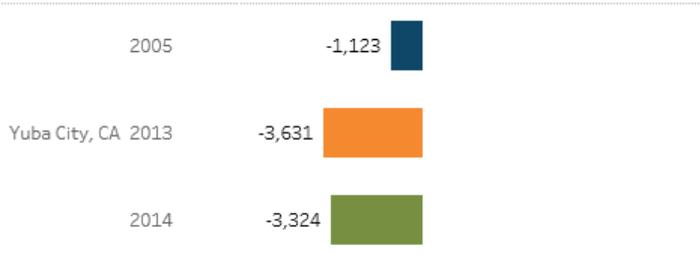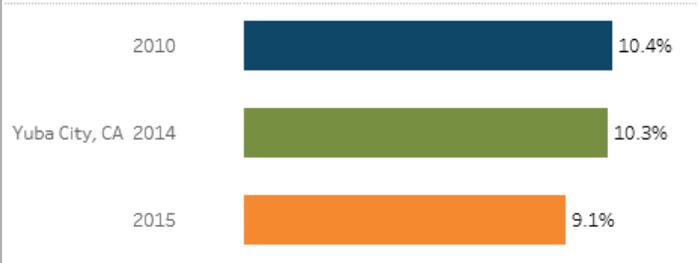
	Yuba City, CA	
2005		2,966
2014		275
2015		258

Population Density

	Yuba City, CA	
2009		4,137
2015		4,529

Net Commuters

	Yuba City, CA	
2005		-1,123
2013		-3,631
2014		-3,324

Business Vacancy Rate

	Yuba City, CA	
2010		10.4%
2014		10.3%
2015		9.1%

Featured Source	**Source C:** Napa, CA versus Clearlake, CA Small City Economic Dynamism Index from the Federal Reserve Bank of Atlanta

Small City Comparison Fact Sheet 3: Napa, CA versus Clearlake, CA

Metro/Micro: Napa, CA

Economic Dynamism Quartile: Medium-High

Economic Dynamism Ranking: 175

Metro/Micro: Clearlake, CA

Economic Dynamism Quartile: Low

Economic Dynamism Ranking: 333

Key Vocabulary

Employment
The number of people reporting they had worked for pay during the measurement period.

Poverty Rate
The percentage of households living in poverty, according to the measurement method of the U.S. Census Bureau. In 2016, the poverty threshold for a household of two adults and two children was an annual income of $24,339 or less.

Population
Total number of people counted in the given year by the U.S. Census Bureau's Population Estimate Program.

Share of Population with a BA or Higher (Age 25+)
Percentage of the population over 25 years old who hold at least a bachelor's degree, according to the U.S. Census Bureau's American Community Survey 1-year estimates.

Per Capita Nonprofit Revenue
The number of dollars in revenue nonprofit organizations in the small city area have received divided by the number of people in the population based on data from the Internal Revenue Service's Exempt Organizations Business Master File and the Urban Institute's National Center for Charitable Statistics.

Gini Coefficient
Measure of the dispersion of income. The coefficient ranges from 0, indicating perfect equality, to 1, perfect inequality.

Median Household Income
The household income value that divides the income distribution into two equal groups, half having income above that amount, and half having income below that amount.

Net Migration
Net number of in-migrants minus out-migrants in a given year.

Share of Start-up Business Establishments
Percentage of business establishments started in the previous year as a share of the total business establishments in a given year.

Building Permits
Number of new housing units authorized by building permits in a given year, according to the U.S. Census Bureau's County Business Patterns data.

Population Density
Population per square mile of the metro/micro area's principal cities in a given year, according to U.S. Census Bureau's American Community Survey 5-year estimates.
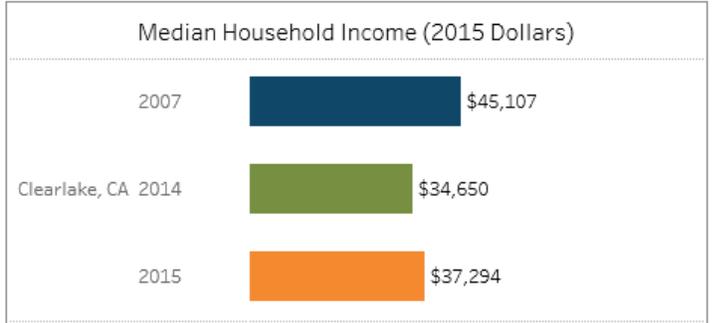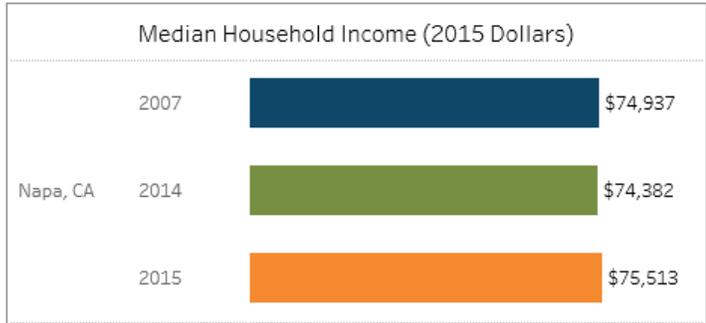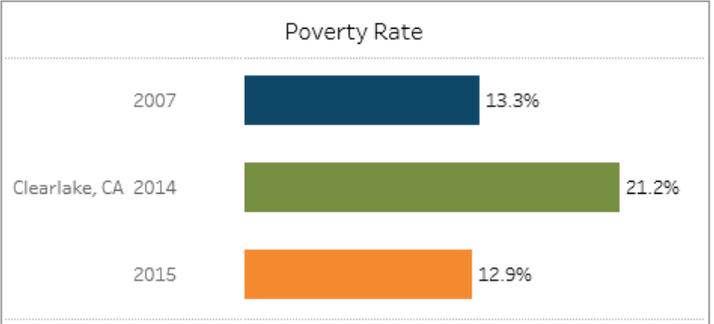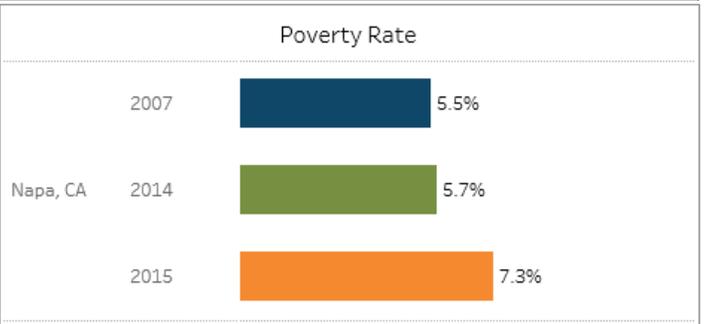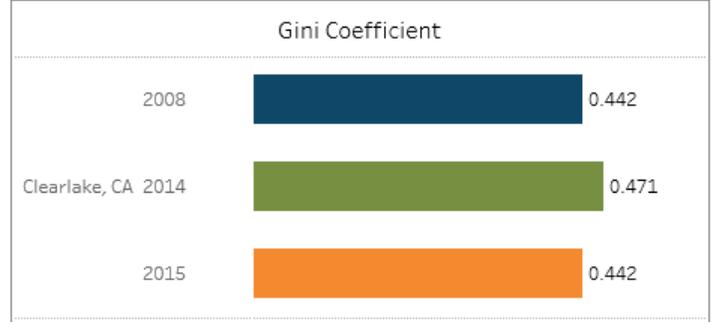
Net Commuters
Net number of in-commuters minus out-commuters into the metro/micro's principal cities in a given year, according to the U.S. Census Bureau's Longitudinal Employer Household Dynamics.

Business Vacancy Rate
Percentage of commercial properties designated as vacant by the U.S. Postal Service in a given year.

Economics

Napa, CA	Clearlake, CA

Employment (Napa, CA)

Year	Value
2005	65,201
2014	72,568
2015	75,037

Employment (Clearlake, CA)

Year	Value
2005	15,619
2014	15,325
2015	15,536

Gini Coefficient (Napa, CA)

Year	Value
2008	0.461
2014	0.469
2015	0.501

Gini Coefficient (Clearlake, CA)

Year	Value
2008	0.442
2014	0.471
2015	0.442

Poverty Rate (Napa, CA)

Year	Value
2007	5.5%
2014	5.7%
2015	7.3%

Poverty Rate (Clearlake, CA)

Year	Value
2007	13.3%
2014	21.2%
2015	12.9%

Median Household Income (2015 Dollars) (Napa, CA)

Year	Value
2007	$74,937
2014	$74,382
2015	$75,513

Median Household Income (2015 Dollars) (Clearlake, CA)

Year	Value
2007	$45,107
2014	$34,650
2015	$37,294

Demographics

Napa, CA

Metro/Micro Area Population

Napa, CA		
2005		130,381
2014		141,551
2015		142,456

Net Migration

Napa, CA		
2005	-320	
2014		78
2015	-30	

Clearlake, CA

Metro/Micro Area Population

Clearlake, CA		
2005		63,811
2014		64,156
2015		64,591

Net Migration

Clearlake, CA		
2005		329
2014		224
2015		12
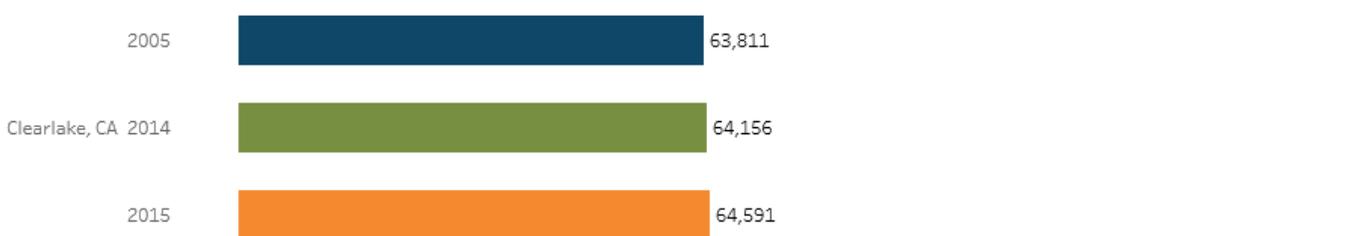
Social and Human Capital

Napa, CA

Share of Population with BA or Higher (Age 25+)
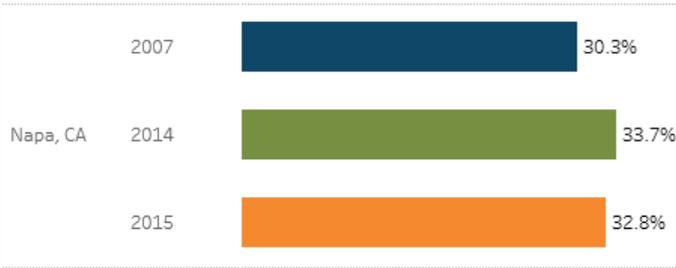
Napa, CA	2007	30.3%
	2014	33.7%
	2015	32.8%

Share of Startup Business Establishments

Napa, CA	2008	10.1%
	2012	10.6%
	2013	9.7%

Per Capita Nonprofit Revenue (2015 Dollars)

Napa, CA	2005	$6,708
	2014	$6,797
	2015	$7,318
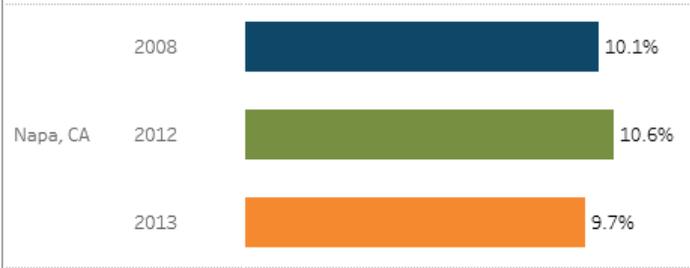
Clearlake, CA

Share of Population with BA or Higher (Age 25+)
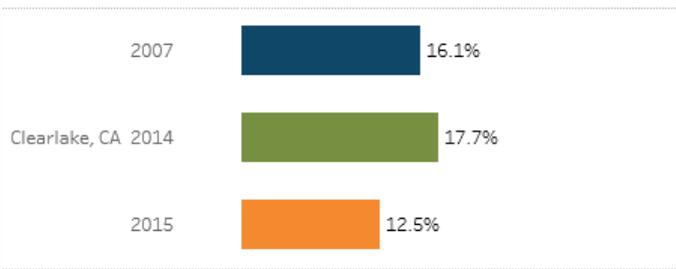
Clearlake, CA	2007	16.1%
	2014	17.7%
	2015	12.5%

Share of Startup Business Establishments

Clearlake, CA	2008	11.3%
	2012	13.0%
	2013	10.4%

Per Capita Nonprofit Revenue (2015 Dollars)

Clearlake, CA	2005	$3,219
	2014	$1,921
	2015	$2,040

Infrastructure

Napa, CA

Building Permits

Napa, CA		
2005		635
2014		104
2015		171

Population Density

Napa, CA		
2009		4,152
2015		4,435

Net Commuters

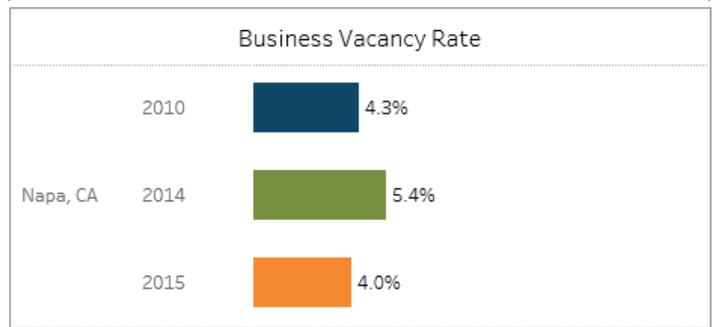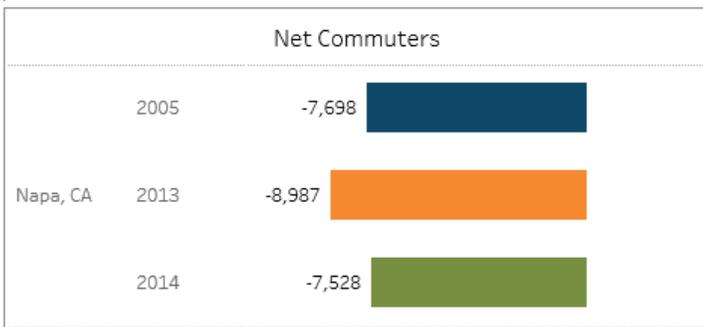| Napa, CA		
2005		-7,698
2013		-8,987
2014		-7,528

Business Vacancy Rate

Napa, CA		
2010		4.3%
2014		5.4%
2015		4.0%

Clearlake, CA

Building Permits

Clearlake, CA		
2005		474
2014		45
2015		71

Population Density

Clearlake, CA		
2009		1,468
2015		1,490

Net Commuters

Clearlake, CA		
2005		168
2013		-1,541
2014		-797

Business Vacancy Rate
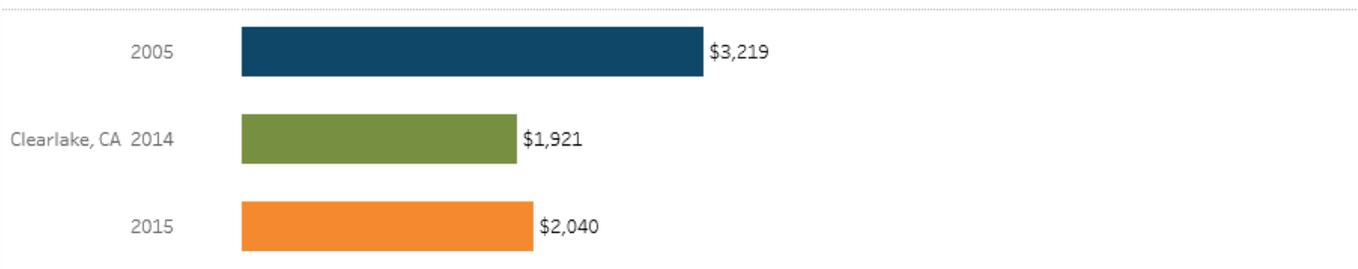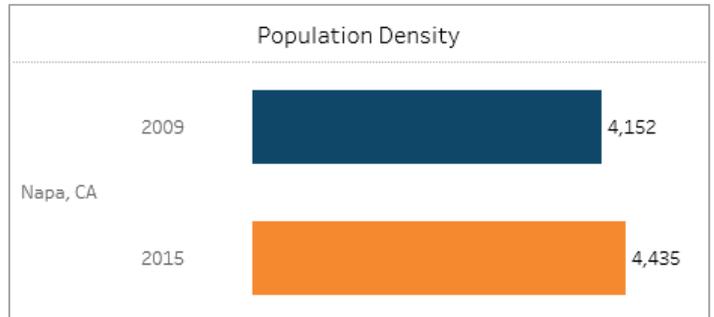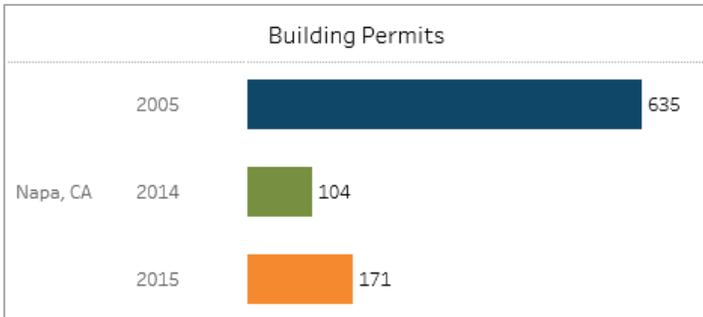
Clearlake, CA		
2010		12.6%
2014		11.8%
2015		9.7%
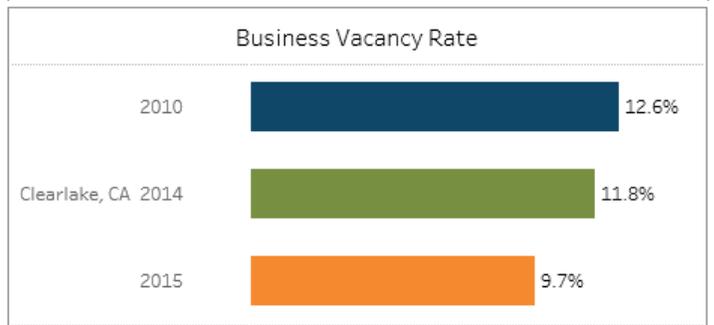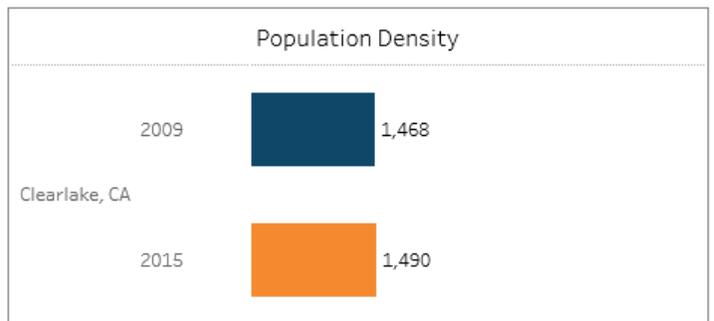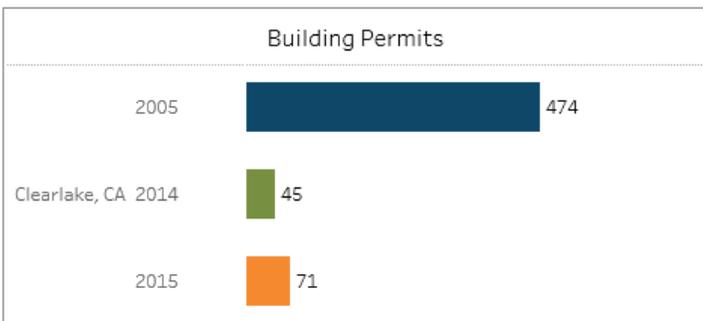
Featured Source	**Source D:** Salinas, CA versus Merced, CA Small City Economic Dynamism Index from the Federal Reserve Bank of Atlanta

Small City Comparison Fact Sheet 4: Salinas, CA versus Merced, CA

Metro/Micro: Salinas, CA

Economic Dynamism Quartile: Medium-High

Economic Dynamism Ranking: 147

Metro/Micro: Merced, CA

Economic Dynamism Quartile: Medium-Low

Economic Dynamism Ranking: 286

Key Vocabulary

Employment
The number of people reporting they had worked for pay during the measurement period.

Gini Coefficient
Measure of the dispersion of income. The coefficient ranges from 0, indicating perfect equality, to 1, perfect inequality.

Poverty Rate
The percentage of households living in poverty, according to the measurement method of the U.S. Census Bureau. In 2016, the poverty threshold for a household of two adults and two children was an annual income of $24,339 or less.

Median Household Income
The household income value that divides the income distribution into two equal groups, half having income above that amount, and half having income below that amount.

Population
Total number of people counted in the given year by the U.S. Census Bureau's Population Estimate Program.

Net Migration
Net number of in-migrants minus out-migrants in a given year.

Share of Population with a BA or Higher (Age 25+)
Percentage of the population over 25 years old who hold at least a bachelor's degree, according to the U.S. Census Bureau's American Community Survey 1-year estimates.

Share of Start-up Business Establishments
Percentage of business establishments started in the previous year as a share of the total business establishments in a given year.

Per Capita Nonprofit Revenue
The number of dollars in revenue nonprofit organizations in the small city area have received divided by the number of people in the population based on data from the Internal Revenue Service's Exempt Organizations Business Master File and the Urban Institute's National Center for Charitable Statistics.

Building Permits
Number of new housing units authorized by building permits in a given year, according to the U.S. Census Bureau's County Business Patterns data.
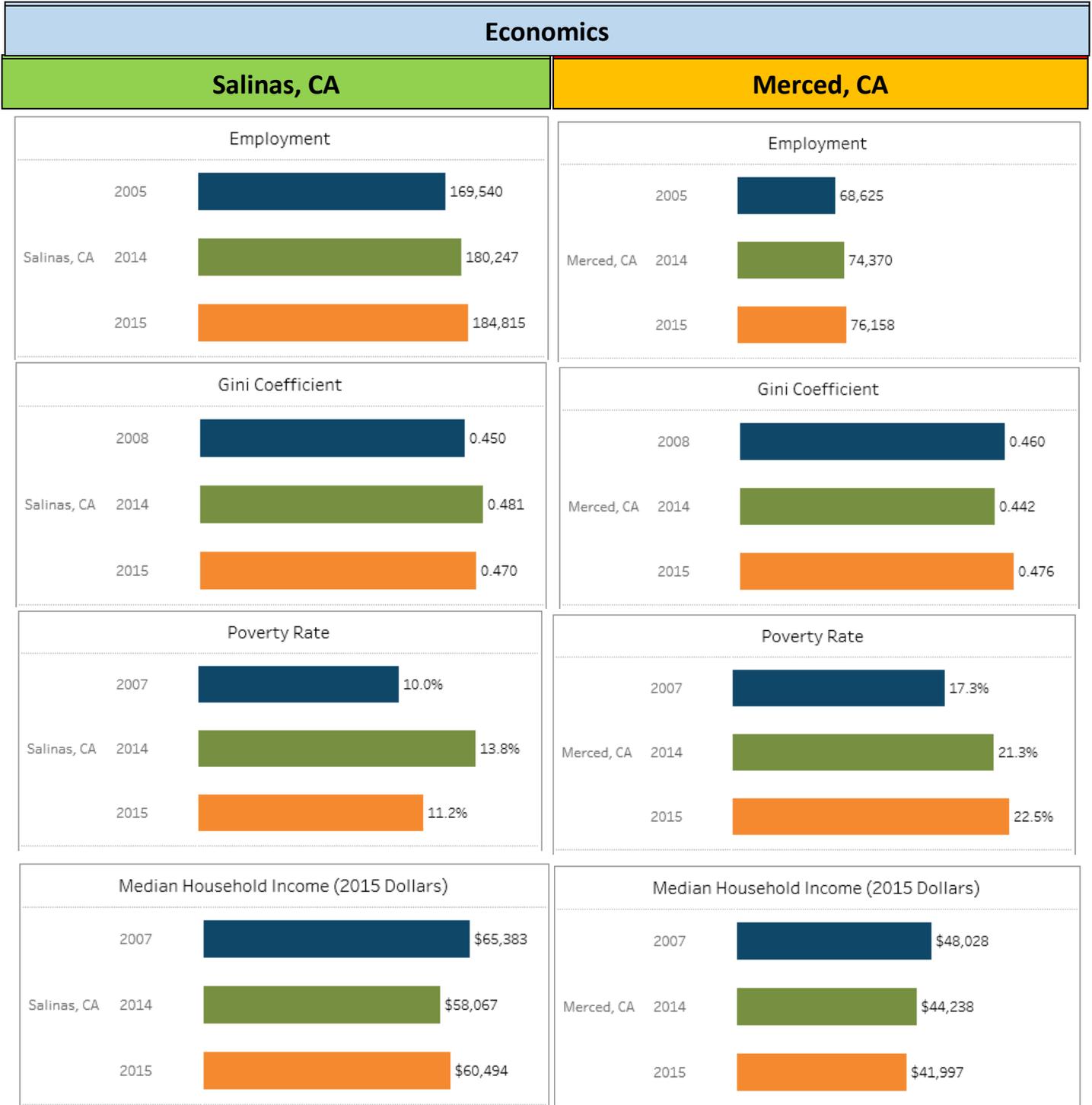
Population Density
Population per square mile of the metro/micro area's principal cities in a given year, according to U.S. Census Bureau's American Community Survey 5-year estimates.

Net Commuters
Net number of in-commuters minus out-commuters into the metro/micro's principal cities in a given year, according to the U.S. Census Bureau's Longitudinal Employer Household Dynamics.
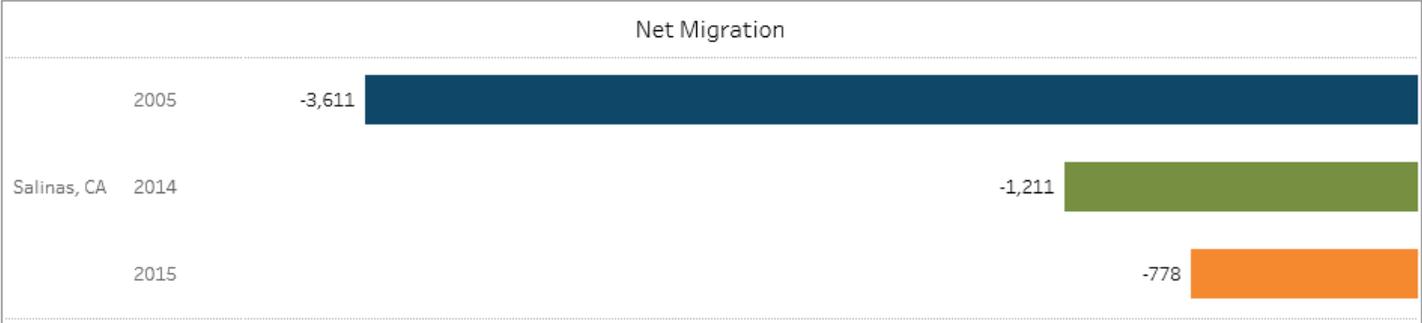
Business Vacancy Rate
Percentage of commercial properties designated as vacant by the U.S. Postal Service in a given year.

Economics

Salinas, CA

Employment

Salinas, CA		
2005		169,540
2014		180,247
2015		184,815

Gini Coefficient

Salinas, CA		
2008		0.450
2014		0.481
2015		0.470

Poverty Rate

Salinas, CA		
2007		10.0%
2014		13.8%
2015		11.2%

Median Household Income (2015 Dollars)

Salinas, CA		
2007		$65,383
2014		$58,067
2015		$60,494

Merced, CA

Employment

Merced, CA		
2005		68,625
2014		74,370
2015		76,158

Gini Coefficient

Merced, CA		
2008		0.460
2014		0.442
2015		0.476

Poverty Rate

Merced, CA		
2007		17.3%
2014		21.3%
2015		22.5%

Median Household Income (2015 Dollars)

Merced, CA		
2007		$48,028
2014		$44,238
2015		$41,997

Demographics

Salinas, CA

Metro/Micro Area Population

Salinas, CA	2005	405,139
	2014	431,293
	2015	433,898

Net Migration

Salinas, CA	2005	-3,611
	2014	-1,211
	2015	-778

Merced, CA

Metro/Micro Area Population

Merced, CA	2005	242,554
	2014	266,087
	2015	268,455

Net Migration

Merced, CA	2005	-6
	2014	-354
	2015	-289
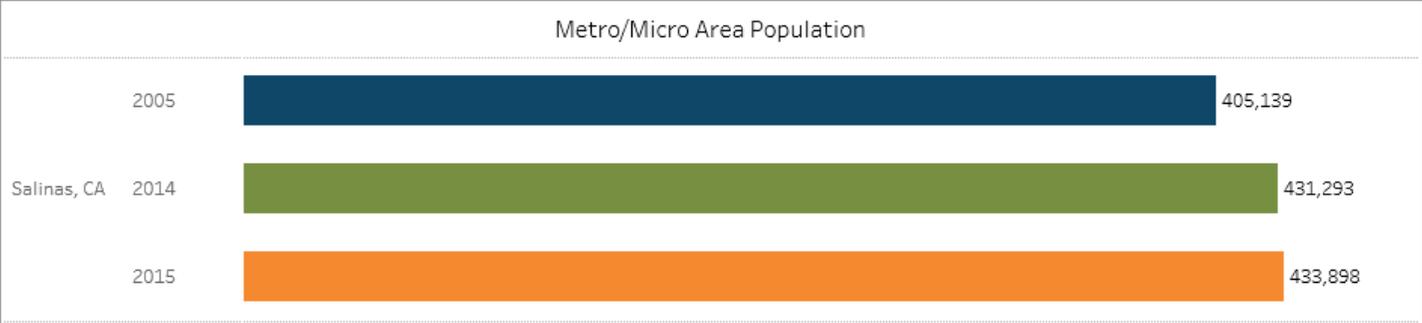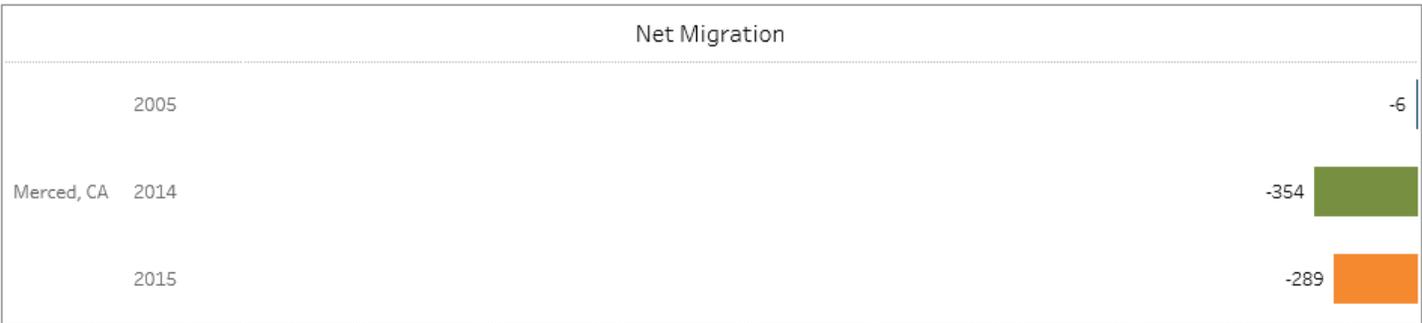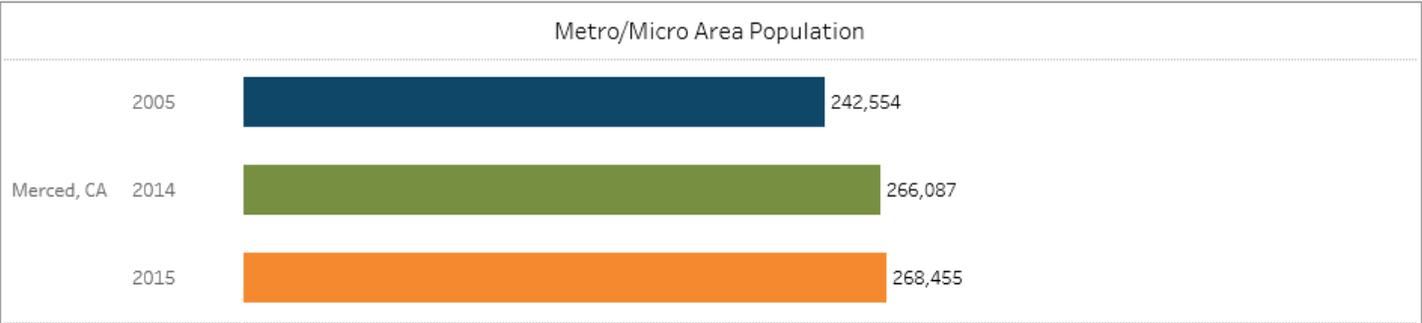
Social and Human Capital

Salinas, CA

Share of Population with BA or Higher (Age 25+)

Salinas, CA
- 2007: 23.6%
- 2014: 23.1%
- 2015: 23.3%

Share of Startup Business Establishments

Salinas, CA
- 2008: 9.5%
- 2012: 10.8%
- 2013: 8.9%

Per Capita Nonprofit Revenue (2015 Dollars)

Salinas, CA
- 2005: $2,547
- 2014: $3,257
- 2015: $3,240
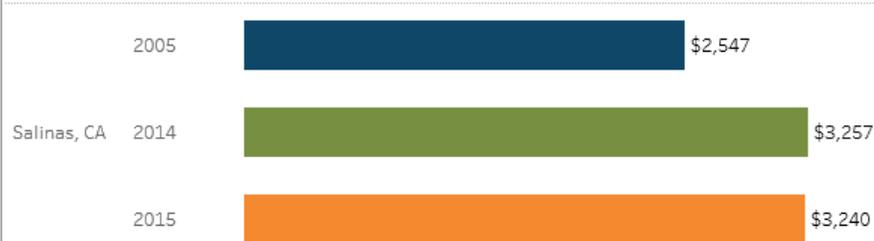
Merced, CA

Share of Population with BA or Higher (Age 25+)
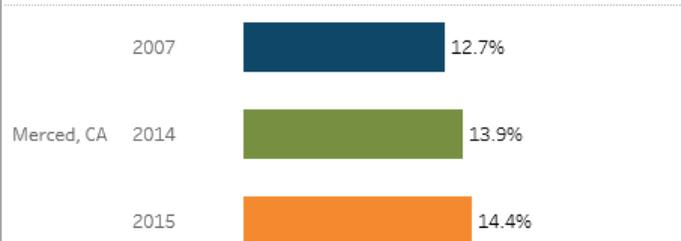
Merced, CA
- 2007: 12.7%
- 2014: 13.9%
- 2015: 14.4%

Share of Startup Business Establishments

Merced, CA
- 2008: 9.8%
- 2012: 10.9%
- 2013: 8.7%

Per Capita Nonprofit Revenue (2015 Dollars)

Merced, CA
- 2005: $1,041
- 2014: $713
- 2015: $787

Infrastructure

Salinas, CA

Building Permits

Salinas, CA		
2005		1,314
2014		250
2015		338

Population Density

Salinas, CA	
2009	6,164
2015	6,703

Net Commuters

Salinas, CA		
2005		-1,095
2013		-5,482
2014		-7,035

Business Vacancy Rate

Salinas, CA		
2010		7.1%
2014		6.4%
2015		5.3%
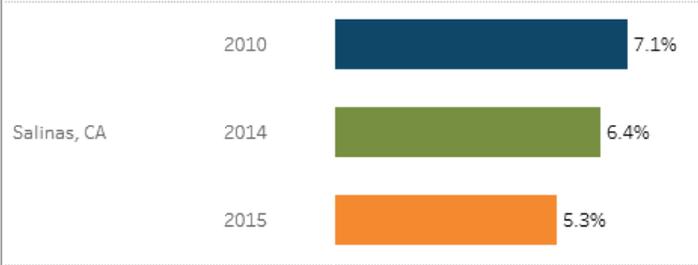
Merced, CA

Building Permits
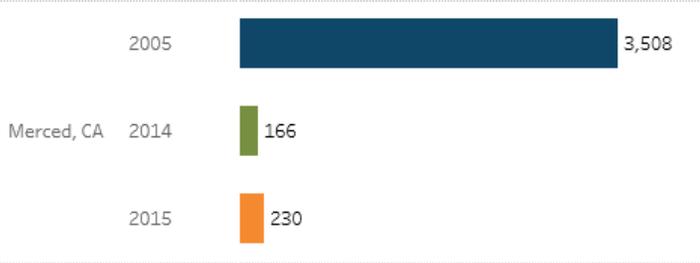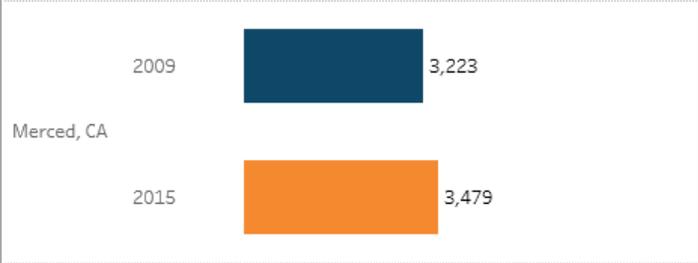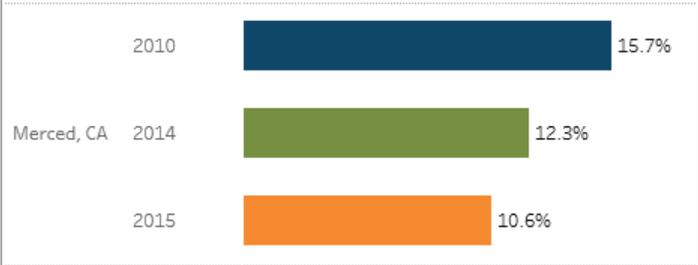
Merced, CA		
2005		3,508
2014		166
2015		230

Population Density

Merced, CA	
2009	3,223
2015	3,479

Net Commuters

Merced, CA		
2005		2,115
2013		-1,230
2014		-974

Business Vacancy Rate

Merced, CA		
2010		15.7%
2014		12.3%
2015		10.6%

For the fourth supporting question—"How important is increasing dynamism of small cities for the U.S. economy?"—students engage in a four corners self-assessment activity measuring how likely they are personally to support policies and practices that promote economic dynamism, read three articles exploring how well the United States is performing in the area of economic dynamism, and complete a reflection.

Economic Dynamism Self-Assessment Four Corners Activity

A	B
C	D

Economic Dynamism Self-Assessment Questions

1. When I imagine my future career, I plan to pursue a path allowing me to:
a) stay near my family and/or the place where my family raised me. (1)
b) get a good job in my current community, but I am willing to move later in life if it will advance my career. (2)
c) have great career growth potential and I will go wherever the best jobs in the field are. (4)
d) move to the place in the world I have dreamed of living and plan to live there as long as possible. (3)

2. When I imagine my ideal future employer, I most often think of working for:
a) a small start-up business producing an exciting new product or service. (3)
b) myself because I plan to start my own business or nonprofit organization. (4)
c) a large stable company or government agency with excellent benefits and job security. (1)
d) an established nonprofit organization focused on solving a societal problem about which I am passionate. (2)

3. When I think about becoming an entrepreneur, I would
a) dismiss the idea due to concerns about risk, responsibility, time, and/or skill set. (1)
b) become an expert in something and start my own business mid-career after establishing a network and building a comprehensive business plan. (3)
c) consider it if I had access to tools, training, and support I needed to be effective. (2)
d) jump right in while I am young and can bear the risk, trying out my business ideas until I find one that seems to have sticking power. (4)

4. When a firm faces closure due to changes in technology, an economic downturn, and/or poor sales and is a major employer in my area, I think:
a) community and government leaders should work with the firm's owners and managers to find a way to keep the firm operating. (2)
b) the company should be allowed to fail and the employees should move, if necessary, to find work or get retrained to do a job the economy needs. (4)
c) the company should be allowed to fail, but the firm and the community should provide support for the workers so they can remain in the community. (3)
d) the government should step in financially and save the company so the employees' jobs are saved. (1)

5. I think the best approach to immigration policy is to:
a) restrict immigration severely based on national security and domestic labor's employment and wage concerns. (1)
b) prioritize immigration on the basis of family members who already live in the United States and/or the specific skill needs of employers. (2)
c) allow a larger number of immigrants with reasonable security screening from any country and with all different skill levels. (4)
d) allow a larger number of immigrants based on a merit-based point system to prioritize immigrants who can fill skills shortages in the economy. (3)

6. When I imagine my future interactions with nonprofit organizations, I am most likely to:
a) serve on the board of or work on behalf of a local nonprofit actively running campaigns to raise money and recruit volunteers for the organization. (4)
b) choose one or two local organizations doing work in which I believe and to which I will give and volunteer. (3)
c) give to large national or international organizations once in a while especially when there are special campaigns in which a lot of my friends are participating. (2)
d) have no extra time or money to allocate to nonprofit organizations. (1)

7. When I envision my ideal living environment, I would most like to live:
a) in the suburbs and commute into the city for work. (2)
b) and work in a quiet rural area. (1)
c) in the center of a city with good transit and transportation infrastructure. (4)
d) in the suburbs and work with local leaders to bring commercial and industrial development to my area. (3)

8. By the time I am 25, I expect my education level to be:
a) a bachelor's degree. (3)
b) a graduate or professional degree. (4)
c) a high school diploma or GED. (1)
d) a technical school certificate, a skilled trade journeyman, or an associate degree. (2)

Economic Dynamism Scoring and Reflection

Corner I Chose	My Score	Corner with the Largest Number of Classmates	Class Score
Q1. _____	_____	Q1. _____	_____
Q2. _____	_____	Q2. _____	_____
Q3. _____	_____	Q3. _____	_____
Q4. _____	_____	Q4. _____	_____
Q5. _____	_____	Q5. _____	_____
Q6. _____	_____	Q6. _____	_____
Q7. _____	_____	Q7. _____	_____
Q8. _____	_____	Q8. _____	_____
My Total:	_____	Class Total:	_____

Reflection: Thinking about Your Score

Which parts of the description of your score range, if any, describe you accurately?_____

_____

_____

What reasons, not given, might explain your score range on the assessment?_____

_____

_____

Knowing the choices most associated with high levels of economic dynamism, explain why you would or would not consider changing your responses on some of the items._____

_____

_____

If the class score represented your community's level of economic dynamism, what would you expect to see happen in your community over the next five years?_____

_____

_____

Read the three sources associated with supporting question 4. After reading these articles and thinking about your score, how important is it to increase the dynamism of small cities in the United States? Use the assessment and the articles to support your answer._____

_____

_____

_____

Economic Dynamism Self-Assessment: Points You Earned!

	A	B	C	D
1. Future Career	1	2	4	3
2. Future Employer	3	4	1	2
3. Entrepreneurial Spirit	1	3	2	4
4. Business Failures	2	4	3	1
5. Immigration	1	2	4	3
6. Nonprofit Support	4	3	2	1
7. Living Environment	2	1	4	3
8. Education	3	4	1	2

What does your score mean?

If you scored from 25–32 points, **you are a champion of economic dynamism!** People scoring in this range are likely to be willing to take risks financially and socially with the expectation of positive returns in the future. They tend to want leadership roles in driving change. They are most likely to favor market-based solutions to economic problems rather than solutions driven by government efforts.

If you scored from 17–24 points, **you favor economic dynamism under certain circumstances.** People scoring in this range are willing to adapt to the economic changes around them as long as they can manage the risk to minimize the pain caused by the dynamism. Individuals in this range may have responsibilities or financial concerns that limit their ability to take a leadership role in driving positive economic change, but are willing to help when and where they can.

If you scored 16 points or less, **you are likely to build a life that minimizes the risks associated with economic dynamism.** People scoring in this range tend to be very risk adverse. They may prioritize family and/or place connections over other financial and social concerns. Some individuals in this range may choose careers specifically because they will not have to leave home, family, and friends to pursue them. In some cases, people in this range may be facing difficult personal and/or financial circumstances, making it hard to pursue a business idea, higher education, a new living environment, or community involvement.

Supporting Question 4: How important is increasing dynamism of small cities for the U.S. economy?	
Featured Source	**Source A:** Making the Case for More Economic Dynamism, Jonathan Dworin, State Science and Technology Institute, June 2017

Supporting Question 4: How important is increasing dynamism of small cities for the U.S. economy?	
Featured Source	**Source B:** Declining Business Dynamism in the United States: A Look at States and Metros, Ian Hathaway and Robert Litan, Brookings Institution, May 2014

Supporting Question 4: How important is increasing dynamism of small cities for the U.S. economy?	
Featured Source	**Source C:** Economic Dynamism Falls across the U.S., Sam Fleming and Lauren Leatherby, *Financial Times,* May 2017. Article is available online.

Summative Task	
Summative Performance Task	ARGUMENT Should increasing the economic dynamism of small cities be an economic development priority for the United States*?* Construct an argument (such as detailed outline, poster, or essay) that addresses the compelling question using specific claims and relevant evidence with information from contemporary sources.

Taking Informed Action	
Taking Informed Action	UNDERSTAND Research the economic development efforts in the students' local community.
	ASSESS Identify businesses, organizations, and public policymakers in the economic development community and identify how they are targeting some of the factors that drive economic dynamism.
	ACT Organize a classroom forum that invites community decision makers to take the economic dynamism self-assessment, hear the student research on economic dynamism, and discuss how the community could increase focus on factors associated with increased dynamism.