

Glossary

Centers of Excellence: Organizations typically within community college or university systems that focus on a targeted industry to improve its competitiveness by providing technical assistance to educational institutions, teachers, businesses, and workers to build seamless education and work-related pipelines for these industries.

Clusters: A group of firms that are connected by industry and/or suppliers. Government policies focus on cluster development in order to boost competitiveness and for economic growth.

Competitiveness: Companies and regions that succeed economically frequently do so because they have some economic advantage. Often, that advantage is unique to the company or the region. It is the process of identifying and fostering this “competitive advantage” that is a core principle of many economic development efforts as such efforts seek to support businesses in producing goods and services that meet the test of international markets. Increasingly, economic development efforts recognize (or need to recognize) that a major factor in influencing business competitiveness is the skills of its workforce.

Customized Training: Training designed to meet the specific requirements of an employer or group of employers.

Education Industry: Educational services include public schools, colleges & universities, a wide array of private schools, colleges, and universities, as well as other educational support service providers. This industry employs nearly millions of people nationally, ranging from post-doctoral level researchers to teachers aides and support personnel in local schools.

Equity: A principle in which all benefit fairly from economic development, particularly those who have historically been left out of the mainstream economy. The policy goal is to insure that all benefit from economic growth and no one is left behind.

Efficiency: The extent to which a business or economy maximizes its resources to generate the greatest possible value from its activities. This principle generally accepts that winners and losers will inevitably emerge in the pursuit of profits and growth. The policy goal is to focus on maximizing profits regardless of the people who are left behind.

Finance Authorities: Often quasi-public agencies, many states have created state-chartered finance authorities, funded by initial public capital, to make and manage business loans. Many of these authorities may also have bonding authority to generate more capital. Many manage their states’ private activity tax-exempt development bonds. While they often receive initial funding from the state, their operating funds are frequently generated through interest income from their investments. They can also tap the private capital markets to increase the funds available for financing business loans. Most were created during the 1980s during that credit crunch and continue to operate as economic development entities that must earn adequate returns to ensure their survival.

Health Care Industry: The industry consists of ambulatory health care services (i.e., doctors, dentists, optometrists, clinics, medical labs, etc.), hospitals, and nursing or residential care facilities. Healthcare represents one of the fastest growing industries for employment opportunity and offers jobs for individuals with a wide range of skills.

Incumbent Worker Training: Training to upgrade the skills of employed workers for purposes of improving their productivity on-the-job and ability to perform new tasks (as with the introduction of new technology, new product lines, organizational restructuring); and increasing their ability to gain promotions, wage increases, and retain employment.

Industries: A group of establishments that produce similar products or provide similar services. For example, all establishments that manufacture automobiles are in the same industry. A given industry, or even a particular establishment in that industry, might have employees in dozens of occupations. The North American Industry Classification System (NAICS) groups similar establishments into industries. NAICS has replaced the Standard Industrial Classification (SIC) system.¹

Industry Skill Panels: Business, labor and education partnerships charged with examining workforce needs in their industries and fostering solutions to meet those needs.

Industry Targeting: An economic development strategy that focuses publicly authorized development assistance on firms or groups of firms that are expected to generate economic growth of benefit to a state, region or industry. This process matches the locational needs of industries with optimal economic potential and matches them with the attributes of the area. The criteria used to select the industries can include job growth, productivity and investment.²

Innovation: A change in a process, service or product that increases value to the consumer, producer or to society. There are varying models and definitions of innovation which include 1- transforming a product or process into something valuable and 2- an idea or practice that is perceived as new. Innovations conventionally involve new technologies. However, there are also product innovations, policy innovations, and organizational innovations—to name a few.³

Manufacturing Extension Program (MEP): A collaborative initiative between federal and state governments that seeks to organize manufacturing extension services to promote the diffusion and deployment of new technologies and improved business practices among industrial companies with fewer than 500 employees. Manufacturing extension centers typically employ industrially experienced field personnel who work directly with firms to identify needs, broker resources, and develop appropriate assistance projects. Other MEP services include information provision, technology demonstration, training, and referrals.⁴

¹ Bureau of Labor Statistics glossary.

² Dilemmas of Urban Economic Development: Issues in Theory and Practice. (1997) Ed. Richard Bingham, Robert Mier. Sage Publications: Thousand Oaks, Calif., page 173.

³ <http://en.wikipedia.org/wiki/Innovation>

⁴ Shapira, Phil. (1997). Manufacturing Extensions: Performance, Challenges, and Policy Issues. Prepared for the Project on Technology Policy Assessment of the John F. Kennedy School of Government at Harvard

Metrics: A system of measurement designed to quantitatively assess the performance of a particular subject.

Modernization: Businesses must reinvest in themselves to ensure that they have up-to-date capital equipment and use the most up-to-date work processes. The impact of these investments can sometimes involve transforming the worker skill requirements and/or reducing employment as new technology is adopted. However, it is an important part of the “creative destruction” process since no business can survive without continuous adaptation to market pressures and opportunities.

Sectors: Economists define the term sectors as a group of industries. Industries are identified as groups of companies that produce similar products or services. However, the term “sectors” is also frequently used less formally to refer to a group of companies or industries, typically groups that do not have a formal economic meaning, such as “advanced manufacturing,” “renewable energy,” or “tourism.”

Small Business Development Centers: Centers that provide business counseling, training and technical assistance for individuals associated with small businesses. There are more than 1,000 SBDCs across the country. They generally operate in collaboration with the Small Business Administration, a college or university, the private sector, and state and local governments. Some offer specialized services in international trade, finance, procurement, marketing, technology transfer or accounting. A few are housed with incubators—or buildings where start-ups rent office space and receive administrative support, counseling and other assistance.⁵

STEM: Science, Technology, Engineering and Mathematics (STEM) is a policy goal to raise the number of people working in science, math and engineering and technical fields. The idea is that STEM will advance intellectual capital, competitiveness and economic growth.⁶

Tax Increment Financing (TIF): A common public financing method used by governments to foster development, build new infrastructure, buy land, or clean up contaminated areas. Tax increment financing (TIF) laws permit local governments to designate TIF districts, typically for a period of 20 years. The financing involves the government borrowing money against future tax revenues and paying back the bonds over time. TIF is controversial because it diverts tax revenues away from public services for long time periods. Projects developed within a TIF district can be given a 20- or 30-year tax break.⁷

Traded and Non-Traded Sectors (basic and non-basic): The basic sector involves industries are believed to form the economic base, or basic sector of a region. This is often defined by the firms that rely largely on trade outside the local area, such as

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<http://www.cherry.gatech.edu/mod/pubs/mesp.PDF>

⁵ Entrepreneur magazine online, <http://www.entrepreneur.com/encyclopedia/term/82642.html>

⁶ STEM Caucus, <http://www.stemedcaucus.org/>

⁷ http://en.wikipedia.org/wiki/Tax_increment_financing

manufacturing companies. The non-basic sector is comprised of firms that produce inputs that support the basic sector.⁸

Technology transfer: A process designed to make skills, knowledge and technologies developed by industries, universities, governments and institutions more accessible to users. This process can involve new developments and innovations moving from a science laboratory into the marketplace.⁹

⁸ Bendavid-Val, Avrom. (1991). Regional and Local Economic Analysis for Practitioners. Westport, CT: Greenwood Publishing Group.

⁹ http://en.wikipedia.org/wiki/Technology_transfer