Chapter 380 Economic Development Agreements: Describing the employment, investment, and multiplier impacts in Texas cities

By

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Abstract

The purpose of this research is to describe the employment, investment, and multiplier impacts of Chapter 380 Economic Development agreements in Texas cities. The research will describe the type and amount of business subsidies and frequency of subsidy control use in the agreements. It is important to evaluate the impacts of Chapter 380 Economic Development agreements in order to understand the economic benefits created by the Chapter 380 economic development policy. Evaluating the use of subsidy controls is significant for constituents to feel assured that public money is being used efficiently in economic development policy.

The research used existing literature to create the following categories: employment impacts, investment impacts, multiplier impacts, and business subsidies and subsidy controls. A conceptual framework was created to form the operationalization tables. The research method utilized is content analysis to evaluate ten most recent, finalized Chapter 380 Economic Development agreements in five randomly selected Texas cities. The Chapter 380 Economic Development agreements were reviewed and coded according to the operationalization tables to describe the impacts.

The findings revealed a dramatic distinction in the amount of grants disbursed versus the impacts received. The conclusion calls for cities to evaluate their practices when it pertains to the amount of subsidies offered in return for the economic impacts stipulated. The drastic distinction of impacts leads one to conclude that some cities may not be maximizing the financial partnerships between cities and businesses.

About the Author

Ann L. Eaton was born and raised in San Antonio, Texas. She is one of four children born to David and Maria Eaton. Mr. and Mrs. Eaton never did obtain college degrees, but always emphasized the value of education to their children. Ann aspires to transition to a career in local government and ultimately serve a municipality as a City Manager. This research project was motivated by Ann's interest in economic development and professional curiosity to learn more about municipal operations. Ann lost her father David to lung cancer in April 2010, shortly after beginning the MPA program. Although graduation will be bittersweet without the presence of her father David, she is excited about beginning the next chapter of her life.

This research project is dedicated to her parents David and Maria Eaton. Mr. and Mrs. Eaton have always taught Ann the value of hard work and always reminded her the value of a great education. Without them, none of her accomplishments would be possible.

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Chapter 1
Introduction

Local governments are tasked with three top economic priorities: creating job opportunities, increasing the local tax base, and diversifying the local economy (Zheng and Warner 2010). There is much debate about how to accomplish these goals within the local government, but a general consensus that remaining economically competitive and creating and sustaining healthy local economies are a topmost priority for municipalities. Local governments formulate and implement economic development policies in an effort to meet their economic goals. Peter K. Eisinger refers to economic development policy as "efforts by government to encourage investment with the intention of creating and/or retaining jobs and enhancing the tax base" (Eisinger 1988). Economic development policies may be separated into two distinct categories: supply-side strategies and demand-side inducements. Supply-side economic develop policies target the private sector and typically include business incentives aimed at reducing costs. Demand-side economic development policies emphasize increasing the demand for products produced by local firms (Zheng and Warner 2010). Texas Local Government Code Chapter 380 authorizes municipalities to utilize public money for the purpose of economic development (Abbott 2010). The business subsidies utilized under Texas Local Government Code Chapter 380 are an example of a supply-side strategy.

Defining Economic Development

Economic development may be defined as the process of local governments and businesses "combining resources and efforts entering into partnerships to create new jobs and stimulate economic activity in a specific, well-defined economic zone" (Blakely and

Bradshaw 2002). In recent decades local governments have consciously increased their efforts to create and implement economic development policies in an attempt to sustain municipalities that are economically competitive. The intensification of economic development amongst local governments represents a fundamental shift in the actors and activities in local governments in which a more active, entrepreneurial role evolved in an effort to attain economic benefits and opportunities (Blakely and Bradshaw 2002). Economic development erupted from the recognition of local economies to remain competitive domestically and globally after the United States experienced a significant urban fiscal crisis in the mid-1970s and a continued economic downtown in the early 1980s (Feiock 1991). This was further exacerbated after the severe recession of 1981 and the industrial competitiveness created in the mid-1980s by foreign competition that economic development became important for Americans (Feiock 1991). As a result, city officials enacted many policies to enhance the economic health of their communities. The multitude of policies to create jobs has created substantial competition among cities. Competition is the central motivation for state and local policy makers to respond with effective economic development policies. Municipalities have recognized that they are not only competing with their counterparts on the domestic scene, but also globally (Feiock 1991).

Goals of Economic Development

Blakely and Bradshaw state that context for any economic development policy should be to complete the following: build quality jobs, achieve local economic stability, and build a diverse economic and employment base (Blakely and Bradshaw 2002). The first goal of local economic development is to "build quality jobs for the current population" (Blakely and Bradshaw 2002). Employment opportunities should be created cognizant of the municipality's resident population and their specific skill sets and/or skills that are capable of being developed. Creating jobs suitable for current residents will benefit the locales and the new employers. Failure to do so will not benefit residents economically because they would not be employable and could result in the relocation of the new employer (Blakely and Bradshaw 2002). Local governments recruit outside businesses to relocate or expand within regions and communities with the goal of creating jobs for residents (Liou 2009).

The second goal of economic development is to "achieve local economic stability" (Blakely and Bradshaw 2002). Economic stability is achieved when a local community is able to satisfy the needs of businesses in terms of: land, labor, infrastructure, technical assistance, and finance assistance. These elements are significant in the retention of jobs created in economic development policies because businesses will seek development in localities that are able to provide economic and socioeconomic resources that support the needs of their respective businesses (Blakely and Bradshaw 2002). Economic development will be successful only if local governments have specific, tangible approaches to meet all the needs of businesses. These efforts represent local government attempts to "improve economic growth by strengthening internal economies and businesses" (Liou 2009).

The third goal of economic development is to "build a diverse economic and employment base" (Blakely and Bradshaw 2002). The community must have a broad base to provide continuing employment opportunities for residents. The diversification of an employment base helps protects the municipality from fluctuating employment (Blakely and Bradshaw 2002). Communities should develop strategies that create interdependence and a web of economic and social infrastructure. Emphasizing webs of interdependence among different parts of the community will serve as vehicles for potential growth of global firms. A diversified economy is likely to produce continuing employment opportunities for local residents compared to a single, specific set of employers (Liou 2009).

Approaches to Economic Development

Local governments generally employ three specific approaches to the implementation of economic development policies: business retention, business formation, and regional cluster development. Economic development approaches are strategies that local governments implement when designing and creating economic development policies (Zheng and Warner 2010).

The first approach to local economic development is the recruitment of businesses to relocate or expand within local communities. This approach typically includes government subsidies and incentives such as subsidized loans, tax exemptions, and direct payments to businesses (Zheng and Warner 2010). These methods are used to motivate businesses to locate in areas that are generally poorer and need economic stimulation. This approach focuses on altering costs of businesses and known as supply-side policies because they focus on changes in the supply condition and lowering the costs of businesses (Liou 2009). Governments are typically viewed as reactive in this approach and prepare incentive packages that would entice businesses to locate and invest in their municipalities. Critics of this approach generally argue that incentives are not significant in the consideration of location decisions (Liou 2009). The business subsidies included in Chapter 380 economic development agreements are an example of a supply-side policy.

The second approach to local economic development includes new business formation and the modernization of old businesses in the local market (Zheng and Warner 2010). This approach focuses on increasing local economic growth by strengthening the local economies through the development of new local businesses and the retention and expansion of existing local businesses (Liou 2009). Activities in this approach generally include workforce development, improving physical infrastructure, and capital assistance and development. Government officials are more proactive in this approach and encourage public-private partnerships to develop new policies that encourage investment from the private sector (Liou 2009).

The third approach to local economic development involves regional cluster development. Regional clusters are "related businesses or firms that foster increased regional and local business activities" (Liou 2009). This approach targets cluster development as the source of economic development and emphasizes the interdependence of many different parts of community. Research reveals that regional cluster development strategies typically attract, retain, and develop firms that increase the number of high quality jobs and the growth of exports in a municipality. Local governments participate in this approach as an intelligent partner that collaborates activity amongst the private sector. Local governments may benefit their communities if they are able to identify regional clusters and efficiently utilize resources to facilitate cluster development (Liou 2009).

Financing Economic Development

The cost of implementing an economic development program is generally the most significant barrier for a local government. "Money causes the greatest problem for most local governments" (Blakely and Bradshaw 2002). Local governments finance local economic development programs and they must justify the use of public money to their constituents. Financing refers to "identifying sources of capital (usually private) to provide the initial financial resources" (Blakely and Bradshaw 2002). Funding in the public sector refers to "obtaining all of the fiscal resources to develop and manage a project or program" (Blakely and Bradshaw 2002). Local economic development programs should be thought in the context of financing rather than funding because identifying sources of capital will ultimately generate sufficient income to pay for itself. This argument will assist local government officials in justifying the use of public money in the implementation of economic development programs. Partnerships are "shared commitments to pursue common economic objectives jointly determined by public, private, and community sectors and instituted as joint actions" (Blakely and Bradshaw 2002). Private and public entities must enter into partnerships to make the economic development process effective.

State and local governments offer two primary rationales for financing economic development policies; investment and competition. It is significant to understand the rationales for implementing economic development policies because the practice is so widely used and they assist in understanding the motivations of local government officials (Bingham, Hill and White 1990).

The primary rationale for local government officials to offer economic development policies is investment. Local government officials that embrace this rationale understand the importance of investment and recognize that municipalities that "rely solely on private sources of finance may result in an undersupply of capital" (Bingham, Hill and White 1990). Public financing assistance makes possible investment that otherwise may have not occurred. Public officials and private investors utilize different levels of measuring success. Private investors focus on financial returns in a dollar amount compared to public officials that evaluate other factors such as "employment impacts from the new development, changes in the property tax base, the synergy that new development adds to neighborhoods, and access to the market for special groups" (Bingham, Hill and White 1990). Economic developers emphasize the financial return on investment does not need to be as high to justify the public financing of a project. In other words, public financing is favorable for local governments because private financial markets fail to evaluate social benefits as employment impacts. This is referred to as the market failure agreement (Bingham, Hill and White 1990).

Competition is the secondary rationale for local governments to finance economic development programs. A municipality that fails to utilize financing incentives will be at a competitive disadvantage relative to more aggressive jurisdictions that incorporate public financing and economic development (Bingham, Hill and White 1990). "Economic development is necessary to forestall other jurisdictions' attempt to lure away their economic base" (Bingham, Hill and White 1990). Competition among localities is driven by the perception that community payoffs from new investment are to a large extent location specific. Private businesses are more likely to relocate to an area that provides competitive economic incentives. Local governments are able to justify economic development policies with the potential long-term benefits of obtaining private businesses to their municipalities (Bingham, Hill and White 1990). Competition is an essential influence upon state and local policy makers to create economic development policies to create and sustain health local economies. Texas state and local government officials have created and implemented economic development policy Texas Local Government Code Chapter 380 in an effort to build healthy economies in Texas cities.

Local Government Code Chapter 380

Local Government Code Chapter 380 is related to municipal planning and development. Chapter 380 authorizes Texas municipalities to provide assistance for economic development. Texas cities may provide monies, loans, city personnel, and city services for promotion of economic development (Abbott 2010).

Chapter 380 became effective in 1987 when Texas voters approved a constitutional amendment that "provided that grants of monies for economic development serve a public purpose" (Abbott 2010). Chapter 380 dictates that a home rule city may grant public money from authorized sources to a Section 4A or Section 4B economic development corporation under a contract authorized by Section 380.002 of the Local Government Code. The Section 4A or Section 4B economic development corporation is required to use the money for "the development and diversification of the economy of the state, elimination of unemployment or underemployment in the state, and development and expansion of commerce in the state" (Abbott 2010). Texas local government code Chapter 380 does not dictate a durational limitation. A durational limitation is established by the home rule city.

Chapter 380 of the Local Government Code provides legislative authority for Texas municipalities in the area of economic development. Cities have utilized this law to provide incentives that have drawn businesses and industries to locales throughout Texas. A city will justify the use of city funds to provide loans or grants and/or services under this law. Section 380.001 Economic Development Programs further explains that a "municipality may: establish and provide programs to make loans and grants of public money to promote state and local economic development, administer the program, contract with other entities (federal, state) to administer the program, and accept other resources to develop programs" (Abbott 2010). The city must meet the requirements contained in the Texas Constitution and in applicable Texas statutes. The city has the responsibility to ensure that a program is established and that incentives are implemented. Economic development is a public purpose under the statue. The city must enter into a binding contract with the funded industry that outlines what measures must be met to justify public funding. Such measures include: creation of jobs and expansion of the tax base (Abbott 2010).

The Texas local government code is significant because it demonstrates the administration of public policy efforts to create and implement local economic development. The law reiterates the autonomy of the local government, in cooperation with state efforts, to create methods to stimulate economic development. It exemplifies examples of local government planning and economic development. The law encourages opportunities for local government officials and administrators to create economic development programs. The law states that the city must establish a program to implement the incentives, but does not specify the manner in which to do so. This provides local governments the autonomy to create programs and incentives that are specific to their municipalities. Texas is a large state and municipalities vary by region, resources, and economic possibilities. Chapter 380 of the local government code gives respective city officials the liberty to shape their economic health based on their particular characteristics. The research project will describe the employment, investment, and multiplier impacts of Chapter 380 Economic Development agreements in Texas cities. The research project will describe the type and amount of business subsidies included in Chapter 380 Economic Development agreements. Chapter 380 Economic Development agreements are reviewed to evaluated to describe the use and frequency of subsidy controls written in the agreements.

Chapter 2
Literature Review

The purpose of this research is to describe the employment, investment, and multiplier impacts of Chapter 380 Economic Development agreements in Texas cities. The purpose of this research is threefold. First, Chapter 380 Economic Development Agreements are evaluated to determine if employment, investment, or multiplier impacts were specified and included in the finalized agreements. Chapter 380 Economic Development agreements that dictated employment, investment, or multiplier impacts are further evaluated to describe the potential impacts: number of jobs, length of jobs, job salaries and/or wages, investment type and amount, type one multipliers, and type two multipliers. Second, the research project will describe the type and amount of business subsidies included in the Chapter 380 Economic Development agreements. Lastly, Chapter 380 Economic Development agreements are reviewed to determine if subsidy controls were utilized in the agreements. Agreements that specified subsidy controls are reviewed to describe the type and frequency of subsidy control included.

Table 2.1: Conceptual Framework	
Categories	**Literature**
Employment Impacts Number of Jobs Created Job Length Job Salary/Wages	Beauregard (1999); Oden and Mueller (1999); Bartik (2005); Felsenstein and Persky (2007); Beaumont and Hovey (1985); Montana and Nenide (2008); Courant (1994); Jolley, McHugh, and Reid (2011); Harper-Anderson (2008); Bartik (2005)
Investment Impact Purpose of Investment Reduction of government cost Sustainable development Private sector participation Investment Type Infrastructure Infrastructure Categories Capital	Liou (2009); Fulmer (2009); Watts, et al. (2011); Xu (2012); Conrad (2012); Jolley, McHugh, and Reid (2011); Koppenjan and Enserink (2009); Ashauer (1990); Pereira (1998)
Multiplier Impacts Defining Multipliers Types of Multipliers Industry-Service Linkage	Oden and Mueller (1999); Porter (2000); Watts, et al. (2011); Connaughton and Madsen (2007); Weisbrod and Weisbrod (1997);
Business Subsidies and Controls Business subsidies Purpose Subsidy Risk Subsidy Controls Types Evaluation policies Performance Agreements Clawback clauses	Sullivan and Green (1999); Sullivan (2002); Ha and Feiock (2011)

Employment Impacts

Number of Jobs Created

The creation and retention of jobs tend to be the primary focus of economic development programs. Local government officials utilize the number of jobs created under economic development programs as a measurement to justify policies created to their respective municipalities. "Economic development is always political, and how local economic performance is portrayed publicly has political significance" (Beauregard 1999). The number of jobs created is important to evaluate because new jobs are easy to understand, measure, and they produce other social benefits (Beauregard 1999).

Employment persists as the dominant motivation of local economic development policy. Employment numbers are used to assess performance and generally supersede other criteria despite recognition that jobs are not the only factor significant when evaluating the effectiveness of an economic development policy. Jobs may be thought of as the "economic consequence of choice" (Beauregard 1999). Measuring the number of jobs created is the most popular method utilized because it is simple to document and easy for individuals to comprehend rather than large, abstract dollar amounts. This method of analysis provides local economic officials a manner to quantify an economic development policy in a manner that is easy to understand. Job growth serves as a symbol of economic growth and counting the number of jobs created is an expression of that growth (Beauregard 1999).

Employment growth has the potential to positively produce additional economic impacts. Employment growth lowers unemployment, reduces poverty, and produces higher personal incomes. New jobs positively contribute to the welfare of residents as individuals move out of unemployment or move into better paying jobs (Beauregard 1999). Research reveals that as the number of jobs increase, so do incomes and tax revenues. Growth does not have to be substantial, to be significant. Research suggests that even a one percent employment growth is said to produce additional economic impacts such as an increase in local property values (Bartik 2005). New job counts are suggestive of economic growth, but they do not provide information regarding the total economic impact of a newly created local economic development policy (Courant 1994).

Simple job counting is often criticized as being a weak and limiting method of analysis. Critics argue that a simple job analysis is a weak measure of an economic development program because it does not accurately reflect the total economic impact of programs. An additional limitation of this measure is that it is one-dimensional and fails to evaluate the quality of employment created and the totality of benefits to a local worker (Courant 1994). In order to evaluate the overall economic benefits of an economic development program, efforts should be attentive to measuring the potential for improving the overall economic welfare of individuals compared to the amount of public costs incurred as a result of the policy creation. It is important to measure the distribution and incomes from jobs created to fully ascertain the potential economic benefits from the creation of an economic development policy (Courant 1994).

Simple job counting is a method of analysis that has strengths and weaknesses. A simple job count may be one-dimensional and limiting, but it is also a way that local government officials can quantify economic benefits to their municipalities. An evaluation of the aggregate benefits of an economic development program would be the most beneficial, but outside the parameters of this research project. The research project will evaluate if the number of new jobs created was specified in Chapter 380 Economic Development Agreements in Texas cities. The Chapter 380 ED agreements that specified job number will further describe the number of agreements that specified job number and the average number of jobs.

Job Length

Economic development programs should prioritize the retention of jobs equally to the creation of jobs. It is important to evaluate how the incentives relate over time to the benefits that are generated by the investment. Specifying the length of the job created exemplifies the commitment of the businesses to the local governments engaging in economic development programs. It is important to not only employ local workers, but to sustain that employment opportunity (Oden and Mueller 1999). The research project will evaluate if the job length of new jobs created was specified in Chapter 380 Economic Development Agreements in Texas cities. The Chapter 380 ED agreements that specified job length will further describe the number of agreements that specified job length and the average job length in months.

Job Salary and Wages

Wage levels and salaries are important to evaluate because they assist in describing the quality of the jobs created. The average annual pay of a job is an important predictor of magnitude of job quality (Montana and Nenide 2008). Economic growth is preferred through firms that employ high-wage workers and some form of high technology (Beaumont and Hovey 1985). Firms that employ high-wage workers are more likely to provide employees with other employee benefits such as health benefits, retirement benefits, and paid vacation (Jolley, McHugh and Reid 2011). Higher wage positions tend to produce other positive economic effects such as improving the tax base and adding to sales tax revenue. An increase in higher-paying jobs for local residents produces other consequential effects because an increase in the amount of earnings and fiscal benefits will likely reduce the need for social services and ultimately cause an increase in taxes collected (Bartik 2005). Factors such as globalization and economic competiveness have heightened the significance of a high-quality work force and altered the demand for necessary skills. These obstacles have challenged economic development policy makers to give attention to the development of their region's workforce (Harper-Anderson 2008). Local government officials should be cognizant of the quality of jobs being created in economic development programs.

Simple job counting does not explain the efficacy of economic development programs. Analysis should evaluate the wages of jobs created, and not just the simple number of jobs created (Felsenstein and Persky, Evaluating Local Job Creation 2007). Wages and salaries are measures used that describe the quality of jobs created. Higher wages and salaries are indicative of higher quality employment. The research project will evaluate if the job salary and/or wages were specified in Chapter 380 Economic Development Agreements in Texas cities. The Chapter 380 ED agreements that specified job salary and/or wages will further describe the average salary and/or wages in dollars for jobs created.

Investment Impacts

Investment through economic development is essential to: the reduction of local government costs, to address the challenges brought upon municipalities by growth and development, and crucial to the development and maintenance of infrastructure and capital. The development and maintenance of urban structures have not kept up with the pace of urbanization" (Koppenjan and Enserink 2009). The implementation of economic development programs has led to urban growth and development that challenges the needs for infrastructure and capital improvements.

Infrastructure is necessary to maintain living standards and to create conditions that facilitate continued growth and development (Koppenjan and Enserink 2009). Local government officials should remain cognizant of the challenges presented to municipalities by municipalities due to growth and development, especially when it pertains to infrastructure and capital. These structures are necessary to sustain positive economic growth. Sustainable development is defined "as a development that fulfills the needs of the present generation without compromising the ability of future generations to fulfill their needs" (Koppenjan and Enserink 2009). Urban structures strained by urbanization include: facilities for water supply, sanitation and treatment, waste management, heating, energy, and information technology (Koppenjan and Enserink 2009). Investment is essential to the maintenance and sustainability of urban structures. Economic development programs that exacerbate urban growth and development need to acknowledge the necessity for improved services and encourage investment in infrastructure and capital (Koppenjan and Enserink 2009).

Private investment through businesses has the potential to reduce governmental costs and increase improvements in capital and infrastructure. Local governments are always concerned with budget constraints and private investment in local infrastructure and capital is a manner to lessen the burdens upon their municipalities by passing the costs onto the private sector (Jolley, McHugh and Reid 2011).

Private Sector Participation

Public-private partnerships through private sector participation (PSP) may be essential in the development, maintenance, and operation of sustainable infrastructures (Koppenjan and Enserink 2009). Public-private partnerships may assist local governments in addressing the challenges brought upon by urban development. Advocates of private sector participation argue "private involvement can improve efficiency, provide better quality, help extend public service delivery, and increase population coverage by raising private investment finance and relieving governments of budget deficits" (Koppenjan and Enserink 2009). Private sector participants may serve as essential partners for local governments to meet challenges presented by urbanization because they have certain advantages: "innovation, access to finance, technology, managerial efficiency, and entrepreneurial spirit" (Koppenjan and Enserink 2009). The advantages of the private sector combined with the attributes of the public sector- social responsibility, local knowledge, and environmental awareness harness the potential to combine to successful tackle urban problems (Koppenjan and Enserink 2009).

There are three forms of public-private partnerships: operation and maintenance, building and investing, and joint ventures in which private and public entities share the risks and costs (Koppenjan and Enserink 2009). The public-private partnership form referred to as operation and maintenance encompasses services contracted and performed by the private sector. The private sector performs services agreed upon and must meet performance standards established by government entities. This form of partnership does not address the government issue of limited budgets (Koppenjan and Enserink 2009). The second form of public-private partnerships involves the building, operating, and investing in infrastructure. This specific partnership centers on the recruitment of private investment to the construction of new infrastructure or the upgrading of existing infrastructure (Koppenjan and Enserink 2009). The third form of public-private partnership is known as joint venture in which infrastructure investment involves the development, operation, and ownership either by the private sector alone or in a joint venture between government and the private sector firm (Koppenjan and Enserink 2009). Economic development programs should prioritize the objective to influence the manner that businesses invest with equal weight to the location. Local governments should utilize incentive policies to publicize their long-term development visions and goals (Jolley, McHugh and Reid 2011).

Public investment is a powerful engine for growth in the United States and makes a positive and significant contribution to private sector performance (Ashauer 1990). An aggregate public investment has a positive effect on private output; a one-dollar increase in public investment leads to a total accumulated increase of $4.46 in private output (Ashauer 1990). Public capital assets and infrastructure become inputs into private economic production. A study was conducted evaluating public investment in different infrastructures such as: highways and streets, electric and gas facilities, sewage and water supply, education buildings and hospitals, and conservation and development structures. The study concluded that all types of public investment had a positive effect on private output (Pereira 1998). It is important to understand the relationship between public investment and private-sector performance to evaluate the necessity of investment in infrastructure and capital.

The practice of business investment strengthens the relationship between businesses and local communities. The first goal of economic development programs is attracting businesses; the second goal must be to sustain them. The retention of businesses is equally as significant as the attraction of businesses (Liou 2009). The concentration of efforts towards the strengthening of businesses through retention, modernization, and expansion are likely to improve local economic growth (Liou 2009). Businesses that invest in local economies are less likely to leave an area after a short period of time and it promotes the "stickiness" of the business to the community (Liou 2009). The research project will evaluate the number of Chapter 380 Economic Development agreements that stipulated investment from businesses. Chapter 380 ED agreements that stipulated business investment will further describe the number of ED agreements that dictated investment and the average amount of investment in dollars.

Infrastructure

Infrastructure may be defined as "the physical components of interrelated systems providing commodities and services essential to enable, sustain, or enhance societal living conditions" (Fulmer 2009). Infrastructure includes the basic physical and organizational structures needed for the operation of a society, or the services and facilities necessary for an economy to function. Infrastructure development is necessary to support business retention, expansion, or attraction efforts (Watts, et al. 2011). Investment in infrastructure development projects is a critical input in the development of the economy and an integral component to facilitate continued economic activity and growth.

For purposes of this research project infrastructure will be sorted into the following categories: telecommunications, social infrastructure, energy, transportation, and water (Xu 2012). Telecommunications include Wi-Fi, WiMax, and Broadband. Social infrastructure will include hospitals, prisons, courts, museums, and schools. The energy category will contain infrastructure related to renewable energy, solar and wind power, power generation, and the distribution, transmission, and supply of energy. The transportation category will include light rail systems, bridges, tunnels, trains, toll roads, and highways. The final category labeled water will include entities pertaining to water supply, dams for irrigation, liquid and soil treatment plant, and sewerage (Xu 2012). As stated earlier, the development and maintenance of infrastructure is essential to positive urbanization and growth.

Capital

A capital asset is defined as “a type of asset that is generally owned and contributes to the business’s ability to generate profit” (Conrad 2012). These assets cannot generally be turned into cash, are owned, and expected to extend past a time frame of one year (Conrad 2012). Capital investments in projects generally are categorized to include: land, building, machinery, and equipment (Conrad 2012). The research project will evaluate Chapter 380 economic development agreements to determine if investment was dictated. Agreements that included investment will further describe the type and amount of investment specified.

Multiplier Impacts

Multiplier effects may have a dramatic impact on the total economic benefits of a policy compared to the independent effects of job creation and investment (Weisbrod and Weisbrod 1997). Multipliers effects may be defined as a "way of measuring the total expected impact of a change in economic activity based on established industrial-supplier linkages within a region" (Watts, et al. 2011). An economic multipliers is an input-output analysis tool measured as a ratio of direct employment or income that results from a change in economic activity employment or income generated in the region (Watts, et al. 2011). Economic multipliers are calculated to assess totality of an economic development program upon a region (Watts, et al. 2011). The calculation of an economic multiplier is an extremely skillful economic tool and outside the scope of the research project. Utilizing the literature, the researcher will define variables that are indicative of multipliers and evaluate if they specified in the Chapter 380 Economic Development agreements. Economic development policies that have the potential to generate economic multipliers will be preferred to maximize the economic benefits to municipalities.
Local governments seeking to maximize potential economic benefits should allocate attention to potential multiplier effects

Types of Multipliers

There are two types of multipliers. Type one multipliers include the "direct employment or income effects generated by opening the facility" and income generated when the "facility makes purchases from other firms in the local economy" (Oden and Mueller 1999). Type one multipliers are also described as indirect business impacts. Indirect business impacts refer to the "business growth and/or decline resulting from changes in sales for suppliers to the directly affected businesses" (Weisbrod and Weisbrod 1997). Direct employment and income impacts generated by the opening of facilities are described in the employment impacts of this research project. However, the indirect business impacts will be evaluated in the multiplier impact section. Indirect business impacts are defined as "the additional regional economic activity of the supplier-chain network caused by the economic activity of the direct industry" (Connaughton and Madsen 2007). For the purpose of this research project, indirect business impacts in this research will be defined as the activity when local governments dictate in Chapter 380 Economic Development agreements that businesses utilize, recruit, or participate with local suppliers. The specification of businesses utilizing local suppliers is indicative of local governments efforts to maximize multiplier effects and economic benefits. The implementation of type one multipliers through local supplier specification is local government officials attempt to maximize their economic benefits from the agreements to their municipalities.

Businesses utilization of local suppliers facilitates an industrial-service linkage. The industrial cluster theory illustrates how strong industrial and service linkages enhance the economic environment of the region for incoming or expanding businesses (Porter 2000). Clusters are defined as "geographic interconnected concentrations of interconnected companies, specialized suppliers, service providers, firms in related industries, and associated institutions that compete in a particular field" (Porter 2000). Clusters include suppliers of specialized inputs such as components, machinery, and services. Clusters suggest that a good deal of competitive advantage lies outside their industries, and instead heavily concentrated in the regions their businesses are based

(Porter 2000). Clusters represent a new unit of competition and analysis for governments at all levels, including federal, state, and local. Economic multipliers are used to calculate the supply linkage of a particular region. Businesses that utilize a greater supplier base will generate a higher multiplier effect. This research project will describe the stipulation and specification of local suppliers in Chapter 380 Economic Development agreements. This research project will describe what percentage of agreements stipulated local suppliers to be used as an indication that local government officials are cognizant of multiplier effects.

Type two multipliers include "direct and indirect employment, but also the employment generated as the new direct and indirect employees spend their wages in the local economy" (Oden and Mueller 1999). Indirect employment is typically created when local suppliers are utilized and the increase in business allows for addition of employees. Type two multipliers are also referred to as induced business impacts. They may be described as further shifts in spending on food, clothing, shelter, and other consumer goods and services as a consequence of the change in workers and payroll of directly and indirectly affected businesses. (Weisbrod and Weisbrod 1997) Direct employment will be described in the employment impacts of this research project. Indirect employment will be defined as additional employment created through the utilization of local suppliers. As mentioned earlier, the calculation of economic multipliers is outside the scope of the research project. The calculation of spending in the local economy as a result of the change in incomes would require precise skills. The research project will describe indirect employment created in Chapter 380 Economic

Development agreements as a result of local supplier utilization in an effort to describe multiplier impacts that are indicative of type two multipliers.

Business Subsidies and Municipal Controls

Local government pressures to remain competitive leads to a more active role in economic development. Local government officials believe that constituents expect them to take direct measures to lower economic stress in the community. It is important for local governments to demonstrate that they are actively engaged in promoting economic development (Sullivan and Green, Business Subsidies and Municipal Controls 1999). Economic development is promoted through the utilization of business subsidies such as tax abatements, low-interest loans, and grants to recruit non-local businesses (Sullivan and Green, Business Subsidies and Municipal Controls 1999). Creative and enticing tactics are often utilized to attract and recruit businesses to their cities. The research project will describe the business subsidy type and amount specified in Chapter 380 Economic Development agreements in Texas cities.

Purpose of Business Subsidies

Competition is the central premise that local governments offer business subsidies. Business subsidies are defined as "assistance paid to businesses" in the form of tax-abatements, low-interest loans, and grants in an effort to recruit non-local businesses (Sullivan and Green, Business Subsidies and Municipal Controls 1999). Competition for firms is fierce and local governments must provide attractive incentives to increase their likelihood of firm location. Providing subsidies to businesses is risk taking behavior and a major part of local governments enterprising approach (Sullivan, Local Governments as Risk Takers and Risk Reducers: An Examination of Business Subsidies and Subsidy Controls 2002). Recruiting firms is pertinent to economic success because "firms have the capacity to generate economic growth, enhancing the worker skill base, and expanding the local tax base" (Sullivan, Local Governments as Risk Takers and Risk Reducers: An Examination of Business Subsidies and Subsidy Controls 2002). Local governments may justify the use of business subsidies based on the economic benefits they may provide to their municipalities. However, local governments must ensure that public money is used efficiently when creating business subsidy packages.

Subsidy risk and failure

Business subsidies include a significant amount of risk and uncertainty for local governments. The main risk is referred to as subsidy failure. Subsidy failure occurs when firms receiving subsidies are not benefiting the city equal or greater to the cost of the subsidy. Critics define this scenario as "corporate welfare" (Sullivan, Local Governments as Risk Takers and Risk Reducers: An Examination of Business Subsidies and Subsidy Controls 2002). Subsidy failures include potential job risks, investment risks, and political risks.

Businesses receiving subsidies exhibit subsidy failure when they do not generate the number of jobs promised or fail to create high quality jobs after receiving business subsidies. Subsidy failures include potential investment risks. This occurs when businesses leave the city soon after receiving subsidies or fail to invest in their local facilities. Local official engage in political risk when providing subsidies to firms. If a business should fail to equally benefit the city this may create controversy amount constituents and the use of public money (Sullivan, Local Governments as Risk Takers and Risk Reducers: An Examination of Business Subsidies and Subsidy Controls 2002). Fortunately, subsidy controls are mechanisms that may be utilized to prevent or reduce the potential for subsidy failures.

Subsidy Controls

Business subsidies accompany risk and uncertainty for municipalities. Business subsidies have the potential for failure and local governments may include subsidy controls in an effort to reduce the amount and frequency of risk and failure. Subsidy controls are a mechanism that local governments may include to ensure that residents in their community benefit from publicly funded subsidies (Sullivan and Green, Business Subsidies and Municipal Controls 1999). The research project will evaluate if subsidy controls were specified in Chapter 380 economic development agreements in Texas cities. Economic development agreements that included subsidy controls are evaluated to describe the type of subsidy control utilized and the frequency of use.

Subsidy controls are defined as "local government policies that attempt to increase the likelihood that their city will benefit from providing subsidies" (Sullivan, Local Governments as Risk Takers and Risk Reducers: An Examination of Business Subsidies and Subsidy Controls 2002). They serve to guarantee the most efficient use of public money offered to firms as business subsidies. The trend towards adoption of subsidy controls suggests that local governments are cognizant that all firms are not equally beneficial to a community. (Sullivan and Green, Business Subsidies and Municipal Controls 1999) A firm's benefits to the city may depend on such factors such as: the number of jobs created, wages, level of local investment, and the amount of goods and services purchased locally (Sullivan, Local Governments as Risk Takers and Risk Reducers: An Examination of Business Subsidies and Subsidy Controls 2002). Subsidy controls may serve as a guideline for local governments to evaluate if economic development programs are an efficient use of municipal resources (Sullivan and Green, Business Subsidies and Municipal Controls 1999). Subsidy controls serve as signals to residents that local government officials are making fiscal decisions regarding the use of business subsidies in a rational, unbiased manner.

A municipality's fiscal condition affects the likelihood of a city to implement subsidy controls (Sullivan and Green, Business Subsidies and Municipal Controls 1999). Municipalities compete with one another to attract firms and fiscally stressed local governments would be less likely to adopt subsidy controls in their attempts to promote economic development. Vulnerable financial conditions leave municipalities less likely to implement subsidy controls in economic development agreements. Communities that are economically healthy would have a greater capacity to deliberate on which firms are worthy of subsidies (Sullivan and Green, Business Subsidies and Municipal Controls 1999).

Types of subsidy controls

There are two general types of subsidy controls; one that reduces uncertainty and another that reduces risk (Sullivan, Local Governments as Risk Takers and Risk Reducers: An Examination of Business Subsidies and Subsidy Controls 2002). Evaluation policies are a method designed to reduce uncertainty by estimating the prospective benefits from a firm. Performance agreements and clawback clauses are methods designed to reduce risk by stipulating the firm's expectations in exchange for receiving business subsidies (Sullivan, Local Governments as Risk Takers and Risk Reducers: An Examination of Business Subsidies and Subsidy Controls 2002).

Evaluation Policies

Formal evaluation policies standardize the process by which local governments determine which firms is most deserving of the subsidies (Sullivan, Local Governments as Risk Takers and Risk Reducers: An Examination of Business Subsidies and Subsidy Controls 2002). Examples of evaluation policies include a cost-benefit analysis or formal written criteria that determine a firm's eligibility to receive subsidies. These methods assist local governments to reduce uncertainty by estimating the prospective benefits to the city. The main goal of an evaluation policy is to increase the likelihood that a city will benefit from the business subsidy through such indicators as the number and quality of jobs produced, wages, and local investment (Sullivan, Local Governments as Risk Takers and Risk Reducers: An Examination of Business Subsidies and Subsidy Controls 2002). Evaluation policies serve as useful for local government officials because they allow for a timely manner to determine the maximum subsidy they may be offered which will assist in deciding which municipal interests to pursue (Sullivan, Local Governments as Risk Takers and Risk Reducers: An Examination of Business Subsidies and Subsidy Controls 2002). Time is an important factor is business decisions and evaluation policies standardize the process so it allows cities to prepare a subsidy package more quickly and professionally that corresponds to the prospective business benefits (Sullivan, Local Governments as Risk Takers and Risk Reducers: An Examination of Business Subsidies and Subsidy Controls 2002).

Performance Agreements/Clawback Clauses

Performance agreements are designed to reduce risks by stipulating business expectations in exchange for subsidies. Local governments face the risk that firms that receive subsidies will not produce the benefits expected. Examples of stipulations included are job creation, wage levels, hiring practices (Sullivan and Green, Business Subsidies and Municipal Controls 1999). Performance agreements specify a firm's obligations to the community and may even specify the length of time that a firm is expected to operate in a respective city. Local governments will often include clawback clauses in performance agreements. Clawback clauses are "legal mechanisms that allow local governments to recapture subsidies from businesses that do not meet their obligations" (Ha and Feiock 2011).

Performance agreements and clawback clauses may reduce risk because the expectations of the business are clear and measurable. Local governments that require performance agreements make it explicit to firms that they are engaging in a reciprocal relationship and that they are expected to benefit the city that is providing the subsidy (Sullivan, Local Governments as Risk Takers and Risk Reducers: An Examination of Business Subsidies and Subsidy Controls 2002). Performance agreements, especially when written with clawback clauses, further reduce risk because businesses expectations and potential subsidy repayment are explicit should they fail to meet their obligations (Sullivan, Local Governments as Risk Takers and Risk Reducers: An Examination of Business Subsidies and Subsidy Controls 2002). Performance agreements allow recipients of subsidies to be held accountable for their performance on certain public goals. Performance agreements implemented by local governments for development incentives serve to reinforce credibility and trust of citizens (Ha and Feiock 2011). Citizens will be more trusting of local officials knowing that subsidies are written in conjunction with subsidy controls. The research project will evaluate if clawback clauses were specified in Chapter 380 Economic Development Agreements in Texas cities. The Chapter 380 ED agreements that specified clawback clauses will further describe the number of agreements that included the subsidy control.

Chapter 3
Methodology

The research method used to describe the employment impacts, investment impacts, multiplier impacts, business subsidies, and subsidy controls is content analysis. Content analysis is “the study of recorded human communication” (Babbie 2010). There are multiple forms of human communication such as: books, magazines, web pages, poems, letters, laws, and constitutions or any collection thereof (Babbie 2010). Content analysis is the most appropriate research tool to implement in the research project because Chapter 380 Economic Development agreements are a form of recorded human communication. Content analysis is an unobtrusive research tool, it is an economical research method, and it allows for the inclusion of different levels of measurement (Babbie 2010). These characteristics make content analysis a valuable research method to implement.

Content analysis is a form of unobtrusive research and allows for the collection of data without affecting subjects (Babbie 2010). The research project includes the analysis of Chapter 380 Economic Development agreements that will be coded to describe their employment, investment, and multiplier impacts. No human subjects are affected by this research project. Content analysis is an economical research method because it may be completed independently and does not require a significant amount of resources, specifically money, to complete. An individual researcher would be able to replicate the project independently. The only researcher would require access to the Chapter 380 Economic Development agreements for the cities included (Arlington, Austin, Houston, Plano, and San Antonio). Chapter 380 Economic Development Agreements are public record and local governments have them published on their respective city websites for access. The categories from the conceptual framework are coded and operationalized in a manner that they may be repeated, recoded, or corrected if additional impacts need to be included or if errors are made. This is a distinct feature of content analysis compared to field research where it would be difficult, if not impossible to return to original events. The “concreteness of materials studied in content analysis strengthens the likelihood of reliability” (Babbie 2010). Content analysis is a valuable research method that may replicate and recoded as many times as possible without exhausting significant resources.

Another significant strength to content analysis is that is allows for the inclusion of different levels of measurement (Babbie 2010). The research project includes nominal and interval measures. Certain nominal impact measures are coded as (1) if they are specified in the Chapter 380 Economic Development agreements and (0) if they are not. Interval measures are used to describe employment impacts (number of jobs, length of jobs, salaries and/or wages), investment impacts (amount of investment), and the amount of business subsidies. Investment amounts, salaries, and wages expressed in dollar amount. Job and investment lengths utilized in employment and investment impacts are described for time in term of months. The Texas Local Government Code Chapter 380 allows municipalities the liberty to construct their Chapter 380 Economic Development agreements at will. The law does not dictate specific performance requirements. The liberty for municipalities to design their economic agreements is likely to result is a variation of the expected impacts. Content analysis allows for the variation of impacts to be coded, measured, and dissected in order to describe the different impacts and even the potential differences in the manner that the Chapter 380 Economic Development agreements are constructed.

Coder reliability and subjectivity are potential weaknesses of the research project. This research project is limited to one researcher. Although it is economical, the research is limited to the subjectivity of the single researcher and the manner that the economic development agreements are coded. This may cause an issue of reliability because the coding is limited to the individual and there is no "guard against the impact of the observer's subjectivity" (Babbie 2010). This research project will only code manifest content defined as "concrete terms in a communication" (Babbie 2010). The latent contact, or the underlying meaning, will not be coded because it does not apply. The activity of only coding manifest content may assist in ensuring the reliability of the research because manifest content only consists of concrete terms.

The units of analysis are the Chapter 380 Economic Development Agreements. The ten most recent finalized Chapter 380 ED agreements were included for review. The research project included agreements that have been finalized by local government officials. Agreements being negotiated are not included. These agreements will be obtained from local governments randomly selected to participate in this research project and coded to describe the impacts and subsidies used. Simple descriptive statistics is used to describe the results from content analysis and the variables coded.

The sampling method used is random selection that is stratified to obtain a greater degree of representativeness. Texas Local Government Code dictates that municipalities may create Chapter 380 agreements with populations greater than one hundred thousand people. The sample includes Chapter 380 Economic Development agreements from cities with populations greater than two hundred and fifty thousand people based on the 2010 census. The sample is drawn from Texas cities with populations greater than two hundred and fifty thousand because cities with larger populations are likely to be more characteristic of one another in regards to resources and efforts towards the development and implementation of economic development policy. Texas cities are listed in descending order based on the 2010 census and numbered. A random number generator is used to select five numbers in order to determine what cities will participate in the research project. The sampling method resulted in including the following cities: Arlington, Austin, Houston, Plano, and San Antonio. The five cities selected were contacted to obtain ten of the most recent Chapter 380 Economic Development agreements for analysis.

Texas Local Government Code Chapter 380 states public money may be used "for the public purposes of development and diversification of the economy of the state, and development or expansion of commerce in the state" (Abbott 2010). The fact that the law does not dictate the manner the agreements are written or the impacts expected allows for the variation and creativity in the formulation of Chapter 380 Economic Development agreements. This is a significant reason that coding and describing Chapter 380 ED agreements is useful to understand the impacts local governments stipulate in exchange for providing business subsidies.

Operationalizing the Conceptual Framework

The research project incorporated a description research purpose constructing categories to answer the "what" questions pertaining to Chapter 380 Economic Development agreements. More specifically, what impacts were stipulated to businesses in the Chapter 380 ED agreements? It was this curiosity by the researcher that spawned the project. The conceptual framework is linked to the literature and then operationalized to connect the descriptive categories: employment impacts, investment impacts, multiplier impacts, and business subsidies and controls to the data that will be collected utilizing the content analysis research tool (Shields and Tajalli 2006).

Employment Impacts

Chapter 380 Economic Development agreements are coded to describe employment impacts. The agreements are reviewed to describe if employment impacts (number of jobs, job length, salary and/or wages) are stipulated for businesses. Chapter 380 ED agreements that specified employment impacts are coded as (1) and those that do not are coded (0). Chapter 380 ED agreements that specified employment impacts are further reviewed to determine if the number of jobs, jobs lengths, and salaries/wages are stipulated for businesses. Agreements that included the number of jobs are coded as (1) and those that do not are coded (0). The researcher will record the data for the numerical value for the agreements that stipulate a specific number of jobs. Chapter 380 ED agreements that stipulate the job length will be coded as (1) and those that do not are coded as (0). Job length will be recorded in months for those agreements that specify job length. Chapter 380 ED agreements that stipulate job wages and/or salaries will be coded as (1) and those that do not are coded as (0). Salaries are distinguished from wages and the data collected will be dependent upon if the agreements list a specific salary for the job, or an hourly wage. The data collected will be recorded as an amount in dollars. Please refer to Table 3.1 Employment Impacts Operationalization Table.

Investment Impacts

Chapter 380 Economic Development agreements are coded to describe investment impacts. Please refer to Table 3.2 Investment Impacts Operationalization Table. Chapter 380 ED agreements that stipulate investment expectations from businesses are coded as (1) and agreements that do not are coded as (0). Chapter 380 ED agreements that specified investment impacts are further reviewed to determine if the investment type and the investment amount are stipulated for businesses. Agreements that included investment impacts are reviewed to determine the type (infrastructure or capital) as defined in the literature chapter of this research project. Once the investment type is determined, the agreements are coded to describe the amount of investment in dollars. Simple descriptive statistics are used to calculate the average investment amount for the infrastructure and capital categories.

Multiplier Impacts

Chapter 380 Economic Development agreements are coded to describe multiplier impacts. Please refer to table 3.3 Multiplier Impact Operationalization Table. Agreements are analyzed to evaluate if Chapter 380 ED agreements stipulate type one multipliers defined as the activity that businesses must utilize and interact with local suppliers. Agreements that specified local supplier use are coded as (1) and those that did not include local supplier use are coded as (0). Chapter 380 ED agreements are reviewed to describe type two multipliers as defined as indirect employment. Agreements that stipulated the utilization of local suppliers are reviewed to determine if indirect employment is included. Indirect employment specified in agreements is coded as (1) and agreements that do not are coded as (0). Agreements that specify indirect employment will be evaluated to describe salary and/or wages stipulated.

Business Subsidies and Controls

Chapter 380 Economic Development agreements are analyzed and coded to describe the type, amount, and length of business subsidies utilized. Please refer to Table 3.4 Business Subsidies and Controls Operationalization Table. Chapter 380 Economic Development agreements are reviewed to describe the subsidy type specified in the agreement. Once the subsidy type is described, the business subsidy is further evaluated to describe the amount in dollars and the length of the subsidy in months.

Chapter 380 Economic Development agreements are reviewed to describe if subsidy control were utilized as defined in the literature section of this research project. Chapter 380 ED agreements that specify subsidy controls are coded as (1) and those that do not are coded as (0). Chapter 380 ED agreements that utilize subsidy controls are further reviewed to describe the types of controls used based on the two categories listed in the operationalization table- performance agreements and clawback clauses. Chapter 380 ED agreements that included subsidy controls will be describe the frequency of use.

Operationalization Tables

Table 3.1 Employment Impacts Operationalization Table		
Impact	**Impact Specified**	**Impact Measure**
	Specified (1), No (0)	Number
Number of Jobs		
	Specified (1), No (0)	Length (months)
Job Length		
	Specified (1), No (0)	Amount (dollars)
Salary		
Wage		

Table 3.2 Investment Impacts Operationalization Table		
Impact	**Impact Specified**	**Impact Measure**
	Specified (1), No (0)	
Investment included		
	Specified (1), No (0)	Length (months)
Investment Type		
A. Infrastructure	Specified (1), No (0)	Amount (dollars)
1. Telecommunication		
2. Social Infrastructure		
3. Energy		
4. Transportation		
5. Water		
	Specified (1), No (0)	Amount (dollars)
B. Capital		

Table 3.3 Multiplier Impact Operationalization Table		
Impact	**Impact Specified**	**Impact Measure**
Type One Multiplier	Specified (1), No (0)	Length (months)
Local Supplier (s)		
Type Two Multiplier	Specified (1), No (0)	Wage/Salary (dollars)
Indirect employment		

Table 3.4 Business Subsidies and Controls Operationalization Table		
Impact	**Impact Measure**	**Impact Measure**
Subsidy Type	Amount (dollars)	Length (months)
Grants		
Loans		
Impact	**Impact Specified**	**Impact Measure**
Subsidy Controls	Specified (1), No (2)	Frequency (# of contracts)
Performance Agreements		
Clawback Clauses		

Chapter 4
Results

The results from coding the Chapter 380 Economic Development agreements are reported in this chapter. The five cities that were randomly selected for participation are: Arlington, Austin, Houston, Plano, and San Antonio. The results assist the researcher to describe the employment impacts, investment impacts, multiplier impacts, business subsidies, and subsidy controls that were specified in the Chapter 380 Economic Development agreements in Texas cities.

The ten most recent, finalized Chapter 380 Economic Development agreements were collected from each city. Chapter 380 ED agreements were reviewed and coded based on operationalization tables 3.1-3.4 to describe the employment, investment, and multiplier impacts, business subsidies, and subsidy controls. The impacts are summarized in tables 4.1-4.5 and provided for review in the following pages.

Table 4.1 Summary of Employment Impacts

	Employment specified	Number of jobs specified	Job length specified	Salary/wages specified	Average number of jobs	Average job length	Average salary
Arlington	6 of 10	6 of 10	6 of 10	0 of 10	110.2	90	NA
Austin	10 of 10	10 of 10	10 of 10	7 of 10	716	120	$71,903.86
Houston	6 of 10	6 of 10	6 of 10	0 of 10	243.8	136	NA
Plano	9 of 10	9 of 10	9 of 10	0 of 10	448.8	106.1	NA
San Antonio	10 of 10	10 of 10	10 of 10	7 of 10	127.3	104.4	$50,461.00

*Impacts specified are listed by frequency (number out of 10 ED agreements reviewed that included the impact)

**NA-not applicable; average job length measured in months

Table 4.2 Summary of Investment Impacts				
	Investment specified	Investment Type specified	Average Amount of Infrastructure Investment	Average Amount of Capital Investment
Arlington	9 of 10	8 of 10	NA	$9,057,100.00
Austin	10 of 10	10 of 10	NA	$72,048,898.00
Houston	5 of 10	5 of 10	$7,155,671.50	$73,511,342.25
Plano	10 of 10	10 of 10	NA	$15,816,500.00
San Antonio	6 of 10	6 of 10	NA	$5,404,422.83
*Impacts specified are listed by frequency (number out of 10 ED agreements reviewed that included the impact)				
**NA-not applicable				

Table 4.3 Summary of Multiplier Impacts		
	Type One Multiplier specified- local supplier use	Type Two Multiplier specified- indirect employment
Arlington	1 of 10	0 of 10
Austin	10 of 10	0 of 10
Houston	6 of 10	0 of 10
Plano	0 of 10	0 of 10
San Antonio	0 of 10	0 of 10
*Impacts specified are listed by frequency (number out of 10 ED agreements reviewed that included the impact)		

Table 4.4 Summary of Business Subsidies						
	Average Subsidy Grant	Frequency specified	Average Property Tax Rebate	Frequency specified	Average Sales tax rebate	Frequency specified
Arlington	$171,183.00	3 of 10	60%	6 of 10	87.5%	1 of 10
Austin	$448,589.17	6 of 10	75%	4 of 10	NA	NA
Houston	$8,750,694.56	9 of 10	50%	1 of 10	NA	NA
Plano	$6,048,122.50	10 of 10	NA	NA	NA	NA
San Antonio	$642,128.85	10 of 10	NA	NA	NA	NA
*Impacts specified are listed by frequency (number out of 10 ED agreements reviewed that included the impact)						
**NA-not applicable						

Table 4.5 Summary of Subsidy Controls			
	Subsidy Controls specified	Subsidy Type-Performance Agreement	Subsidy Type-Clawback Clauses
Arlington	10 of 10	7 of 10	10 of 10
Austin	10 of 10	10 of 10	10 of 10
Houston	10 of 10	10 of 10	9 of 10
Plano	10 of 10	10 of 10	10 of 10
San Antonio	10 of 10	10 of 10	10 of 10
*Impacts specified are listed by frequency (number out of 10 ED agreements reviewed that included the impact)			

Employment Impacts

Chapter 380 Economic Development agreements were reviewed utilizing the content analysis research method and coded to describe employment impacts. Chapter 380 agreements were coded to describe if cities stipulated specific employment impacts. Chapter 380 ED agreements that included employment impacts were further evaluated to describe specific measures: the number of new jobs, the length of the jobs created, and salaries and/or wages for jobs created.

The number of jobs created is the most widely used measure by municipalities to justify economic development programs. Job creation is a symbol of economic growth and the number of jobs created is easy to measure and understand. The length of the jobs created serves as an expression of the businesses commitment to the municipalities.

The description of salaries assists in assessing the quality of jobs created. An annual salary is an important predictor of the magnitude of job quality. Economic growth is generally preferred through firms that employ higher wage positions. The average salary of each agreement was calculated to ascertain the overall average salary for each city that stipulated salaries in their agreements.

City of Arlington

The ten finalized Chapter 380 Economic Development agreements reviewed dated from August 2008-May 2012. The City of Arlington stipulated employment impacts in six of the ten Chapter 380 ED agreements reviewed. The number of jobs and job length were the only impacts included. The City of Arlington did not specify the salary for jobs created in any of the ten Chapter 380 ED agreements reviewed. The Chapter 380 ED agreements varied in the number of jobs specified. For example, the

Sarnova Chapter 380 ED agreement (12/10) dictated the least number of jobs (fifteen) compared to the MOB partners Chapter 380 ED agreement (10/09) which required the creation of two hundred jobs. The average number of jobs created for the City of Arlington was 110.2 with a sum of 661. This ranked Arlington as the city with the least number of jobs created when compared to the other cities included in the research project. Please refer to table 4.1. The average job length was ninety months. As mentioned previously, the city did not stipulate salaries for the jobs created. The researcher is unable to make an assessment regarding the quality of the jobs created. Information regarding the salaries and/or wages of the jobs created may have be useful as an indicator of job quality.

City of Austin

The ten finalized Chapter 380 Economic Development agreements reviewed dated from March 2006-March 2012. The City of Austin dictated employment impacts in all ten, finalized Chapter 380 ED agreements reviewed. Please refer to table 4.1. The number of jobs and job length were specified in all of the agreements reviewed, but salaries were only included in seven of the ten ED agreements. The first three Chapter 380 ED agreements (Samsung, HP, and Heliovolt) did not dictate salaries, but those finalized after February 2010 stipulated salaries for the jobs created. The sum of the new jobs created was 7,160 with an average of 716 jobs. All jobs created were written for duration of ten years. The average salary was calculated for each of the seven Chapter 380 Economic Development agreements that specified salaries. These seven averages were then used to calculate an overall average for the City of Austin. The average salary dictated in Chapter 380 Economic Development agreements for the City of Austin was

$71,903.71. The City of Austin created the highest average number of jobs, the longest average job length, and the highest average salary. Austin required the highest salaries and created the most jobs compared to other cities included in the research project.

City of Houston

The ten, finalized Chapter 380 Economic Development agreements reviewed were dated from July 2011-August 2012. The City of Houston has not been participating in Chapter 380 ED agreements very long as the first agreement the city passed was July 2011. Houston specified employment impacts in six of the ten Chapter 380 ED agreements reviewed. Please refer to table 4.1. The city dictated the number of jobs and job length in their agreements, but did not stipulate salaries for the jobs created. Four agreements (East Group, Hotel Partners, DT Management, and Finger) dated June-August 2012 did not specify employment impacts for the businesses.

The City of Houston created a sum of 1,463 jobs with an average number of jobs of 243.8. The average job length was one hundred and thirty-six months. Houston ranked as the third city with the highest average number of jobs created compared to the other cities included in the research. The city did not require salaries as an employment impact and therefore we the researcher is unable to assess the quality of the jobs created.

City of Plano

The ten, finalized Chapter 380 Economic Development agreements reviewed were dated from November 2011-September 2012. Plano included employment impacts in nine of the ten Chapter 380 Economic Development agreements reviewed. Please refer to table 4.1. The employment impacts specified were the number of jobs and job length. The City of Plano did not dictate salaries for the jobs created. The sum of the new jobs created was 4,039 with an average of 448.8. The average job length was 106.1 months. Results indicate that Plano had the second highest average number of new jobs created compared to the other cities included in the research. The city of Plano did not dictate the amount of salaries for the new jobs created in chapter 380 economic development agreements. The lack of salary and/or wage specification makes it impossible for the researcher to assess the quality of new jobs created.

City of San Antonio

The ten, finalized Chapter 380 Economic Development agreements reviewed were dated from December 2008-December 2012. The City of San Antonio specified employment impacts in all ten of the Chapter 380 Economic Development agreements reviewed. The number of jobs created and job length were dictated in all ten agreements. However, salary and wages is only included in seven of the Chapter 380 ED agreements reviewed.

The sum number of jobs created was 1,273 with an average of 127.3. San Antonio ranked fourth in regards to most jobs created when compared to the other cities in the research. The average job length was 104.4 months which was the second longest job length after the City of Austin. San Antonio dictated salary requirements for businesses in seven of the ten agreements. An average salary was calculated for each of the seven agreements that stipulated salaries and/or wages. These agreement averages were there combined to produce an average salary for the City of San Antonio. Some ED agreements listed salaries, but other agreements listed hourly wage requirements and a specific number of work hours for the year. Chapter 380 ED agreements that specified hourly wages was accompanied by a number of yearly work hours written by the city.

Employs must work 2,015 hours a year. For these agreements the hourly wage listed was multiplied by the number of yearly hours (2,015) to calculate an annual salary for each agreement. Analysis concluded that the average annual salary for the City of San Antonio was $50,461.00. The City of San Antonio and the City of Austin were the only municipalities that dictated salaries in their Chapter 380 ED agreements. The inclusion of salaries for seven of the ten agreements reviewed is an indicator that municipal leaders are cognizant of producing quality jobs by dictating salaries and giving attention to such a measure.

Investment Impacts

Investment strengthens the relationship amongst businesses and cities, promotes the longevity of business interactions, and may have the potential to reduce governmental costs for development and maintenance of infrastructure and capital. Chapter 380 Economic Development agreements were reviewed and coded to evaluate if municipalities required investment from businesses. Agreements that stipulated investments were further reviewed to describe the investment type and amount in an effort to describe the impacts.

City of Arlington

The City of Arlington required business investment in nine of the ten Chapter 380 ED agreements reviewed. Eight of the nine agreements that specified investment dictated capital investment. The City of Arlington required businesses to acquire and invest in capital in order to receive the benefits from the city. Capital investment was the only investment type required in the agreements reviewed. The sum of capital investment was

$72,456,800.00 with an average investment of $9,057,100.00. Arlington ranked fourth in the average capital investment amount compared to other cities in the research project.

City of Austin

The City of Austin required businesses to participate in capital investment and improvements in all ten Chapter 380 Economic Development agreements reviewed. Austin only included capital investment in their agreements for a sum amount of $720,488,986.00 with a mean investment of $72,048,898.00. Austin had the highest average capital investment amount compared to the other cities included in the research. The city demonstrated that it maximized the partnership between municipalities and businesses by requiring $720,488,986.00 in capital investments and improvements. The significant amount of financial investment of businesses is an example of businesses commitment to the municipalities in which they are establishing partnerships.

City of Houston

The City of Houston specified investment five of the ten Chapter 380 ED agreements reviewed. Houston did specify investment type and was the only city that included infrastructure investment in addition to capital investment. Investment in water and transportation infrastructure was included in the agreements. The sum capital investment for agreements reviewed was $294,045,369.00 with an average of $73,511,342.25. Houston had the highest average amount of capital investment stipulated compared to other cities included in the research project. One distinct finding about Houston was that it was the only city that dictated investment in infrastructure in Chapter 380 ED agreements. Investment in transportation and water was written for a sum of $27,006,144.00 for transportation investment and a sum of $1,616,542.00 for water investment. The City of Houston should be recognized for its investments efforts because it was the only city that required infrastructure investment in addition to capital. These efforts exhibit Houston's efforts to maximize their financial partnerships with businesses through Chapter 380 ED agreements.

City of Plano

The City of Plano required businesses to invest in all ten of the Chapter 380 ED agreements reviewed. Capital investment was the only investment type included for a sum investment amount of $158,165,000.00 with an average investment amount of $15,816,500.00. Plano ranked third among the cities average capital investment amount, only higher than San Antonio and Arlington.

City of San Antonio

The City of San Antonio required businesses to invest in six of the ten Chapter 380 Economic Development agreements reviewed. The only investment type included in the agreements was capital investment. The sum investment amount of agreements reviewed was $32,426,537.00 with a mean investment amount of $5,404,422.83. The City of San Antonio required the least average capital investment compared to the other cities evaluated. The average investment amount should serve as an indicator to municipal leaders that perhaps more attention should be allocated to investment efforts in order to maximize the financial partnerships with businesses. In addition, investment is often a reflection of a businesses commitment to a community and increasing investment efforts and amounts may play a role in strengthening business relations and ensuring their longevity in the San Antonio community.

Multiplier Impacts

Multiplier effects are a method for cities to maximize their economic gain from businesses partnerships. Chapter 380 agreements were reviewed and coded in an effort to describe if type one or type two multipliers were utilized. Type one multipliers were operationalized to reflect the use of local suppliers. Type two multipliers were operationalized to reflect indirect employment created from utilizing local suppliers.

City of Arlington

The city of Arlington included type-one multipliers in one of the ten Chapter 380 ED agreements evaluated. The type-one multiplier dictated that the business utilize a local supplier. Arlington should consider increasing the number of ED agreements that utilize local suppliers in order to increase the number of goods produced and benefit the local businesses in their municipalities.

City of Austin

The City of Austin stipulated type-one multipliers (local supplier use) in all ten of the Chapter 380 ED agreements reviewed. The city included the following language in their agreements under the local business participation section: “In an effort to further stimulate and positively impact the local economy, eBay shall use commercially reasonable efforts to provide local minority-owned, and women-owned businesses, and equal opportunity to participate as suppliers for material and services”. The dictation of local supplier use in all ten Chapter 380 ED agreements and the inclusion of such specific language in the agreements would indicate that the City of Austin is aware of the significance of multiplier effects and are participating in methods to maximize the economic benefits to their municipality.

City of Houston

The City of Houston Chapter 380 Economic Development agreements stipulated type-one multipliers (local supplier use) in six of the ten ED agreements evaluated. The City of Houston did not include type-two multipliers in their agreements.

The cities of Plano and San Antonio did not stipulate any multiplier impacts in ten Chapter 380 Economic Development agreements reviewed for each respective city.

Business Subsidies and Controls

Chapter 380 Economic Development agreements are reviewed to describe the business subsidies and subsidy controls specified. Subsidy controls are adopted in an effort to prevent or reduce subsidy failure. Subsidy controls are used as guidelines for local officials to determine if spending public money is worth the goals established and serve as a signal to constituents that municipal officials are making policy decisions in a rational manner. The data collected from reviewing and coding Chapter 380 ED agreements is listed in the following section.

City of Arlington

The City of Arlington utilized three types of subsidies for businesses in their Chapter 380 ED agreements: grants, property tax rebates, and sales tax rebates. A majority (six of ten) of the business subsidies offered were in the form of a property tax rebates. The average property tax rebate was sixty percent. Three of the ten Chapter 380 ED agreements reviewed utilized grants as business subsidies. The sum of the grants was $513,549.00 with an average amount of $171,183.00. The City of Arlington included a sales tax rebate of 87.5% in one of the agreements reviewed. The City of

Arlington included a variety of business subsidies in the construction of their Chapter 380 Economic Development agreements. The inclusion of a different subsidy types reveals that the city gives particular attention to subsidies used.

Subsidy controls were stipulated in all ten of the Chapter 380 Economic Development agreements reviewed. Seven of ten agreements included performance agreements that required businesses reporting fulfillment of obligations established in Chapter 380 Economic Development agreements. Performance agreements make it explicit to businesses that they are engaging in reciprocal relationship. All agreements reviewed (ten of ten) included clawback clauses to recapture grants and/or monetary incentives in the event that the businesses fail to meet their Chapter 380 obligations. Subsidy controls are utilized in an effort to reduce risk and uncertainty when participating in economic development agreements with businesses. Arlington's inclusion of subsidy controls is indicative of their commitment to practice economics responsibly for their residents and implementation of legal mechanism to ensure the efficient use of public money.

City of Austin

The City of Austin included business subsidies in the form of grants and property tax rebates in their Chapter 380 Economic Development agreements. Six of the ten ED agreements specified grants for businesses with a sum of $2,691,535.00 with an average subsidy amount of $448,589.00. Four of the ten ED agreements included property tax rebates with a mean property tax rebate of seventy-five percent.

The City of Austin stipulated subsidy controls in all ten of the ED agreements reviewed. All ten of the agreements reviewed included performance agreements and clawback clauses. Austin's performance agreements were included at the end of the Chapter 380 ED agreements. They were very specific, well organized, and business obligations (number of jobs, investments, multipliers) were clearly outlined. Additionally, all Chapter 380 ED agreements reviewed included clawback clauses to recapture grants and/or monetary incentives in the event that that a business should fail to fulfill their chapter 380 agreement obligations. Austin's inclusion of subsidy controls and performance agreements in all of the ED agreements reveal the city's commitment to practice responsible economics. Implementing subsidy controls in all the ED agreements is evidence of the local government's efforts to reduce risk in such financial partnerships. It must be noted that the city of Austin offered the second lowest grant amount to businesses, but ultimately utilized the most subsidy controls as all Chapter 380 ED agreements included performance agreements and clawback clauses.

City of Houston

The City of Houston utilized grants and property tax rebates for businesses in their Chapter 380 ED agreements. One of the ED agreements included a property tax rebate in the amount of fifty percent. Nine of the ten Chapter 380 ED agreements reviewed specified grants for businesses. The sum of grants totaled $78,756,251.00 with an average amount of $8,756,694.56. Houston included the highest sum and average amount of grants to businesses compared to other cities in the research project.

The City of Houston included subsidy controls in all ten of the Chapter 380 ED agreements reviewed. All ED agreements included performance agreements to ensure that businesses fulfilled their Chapter 380 obligations. Nine of the ten ED agreements included clawback clauses to recapture grants and/or monetary incentives should businesses fail to fulfill their Chapter 380 obligations. The City of Houston allocates a significant amount of public money in the form of grants to businesses compared to the other cities. With that in mind, it is especially significant that Houston maximize its use of subsidy controls to reduce any potential subsidy failures.

City of Plano

The City of Plano utilized business subsidies in the form of grants. Grants were offered in all ten of the Chapter 380 ED agreements reviewed. Plano only offered subsidies to businesses in the form of grants. The sum of the grants totaled \$60,481,225.00 with a mean of \$6,048,122.50. The City of Plano offered the second highest sum and average grant amount compared to the other cities included in the research project.

Subsidy controls were included in all ten of the Chapter 380 ED agreements reviewed. Performance agreements and clawback clauses are included in all of the agreements reviewed. The City of Plano maximized its use of subsidy controls by including both types in all of the agreements reviewed. This practice reflects the city's commitment to implement efforts to reduce risk of subsidy failure. As mentioned previously, the City of Plano offers a significant amount of money in grants to businesses. It is significant that the city continue to exhaust the utilization of subsidy controls to ensure the efficient use of public money and to minimize subsidy failure. Performance agreements assist in establishing the expectations of a reciprocal financial relationship between the city and the businesses so that local residents are benefited to an amount equal or greater than the business subsidy disbursed.

City of San Antonio

The City of San Antonio offered business subsidies in the form of grants. Grants were the only form of business subsidy utilized with a sum totaling $6,421,288.26 and an average grant of $642,128.85. San Antonio ranked third in the average amount of grants offered to businesses.

Subsidy controls were included in all ten of the Chapter 380 ED agreements reviewed. San Antonio specified both types of subsidy controls- performance agreements and clawback clauses in the agreements. The city maximized the utilization of subsidy controls by including both types of subsidy controls in all ten of the Chapter 380 agreements reviewed. This practice reflects the city's commitment to implement efforts to ensure efficient use of public money. Performance agreements assist in establishing a reciprocal financial relationship between the city and the businesses so that local residents are benefited to an amount equal or greater than the business subsidy disbursed. Performance agreements assist to measure the benefits and impacts from engaging in Chapter 380 ED agreements.

Chapter 5
Conclusions and Recommendations

A City of Austin employee introduced Chapter 380 Economic Development grants to the researcher in a graduate lecture. The researcher is professionally motivated to pursue a career in local government management and especially interested in the discipline of economic development. Upon learning about Chapter 380 Economic Development agreements, the researcher was curious about the outcomes that resulted from implementing such policies. What economic impacts were created as a result of Chapter 380 ED agreements? How did cities benefit? It was these questions that spurred the researcher's curiosity and ultimately was the motivation to create and implement the research project.

Contact was established with Economic Development Directors for most of the large metropolitan areas in the State of Texas to inquire about the utilization of Chapter 380 ED agreements and to obtain information about the impacts that resulted from the economic development policy. It was startling to learn that most ED Directors could not readily provide summaries for Chapter 380 ED agreements. Most municipalities were implementing chapter 380 ED agreements, but minimal to no information was available regarding the impacts. If the information was not readily available for the researcher, how are local governments able to justify their use of public money to its constituents? It was this curiosity that perplexed the researcher to dig deeper and ultimately design and implement the research methodology and tool.

The five cities evaluated (Arlington, Austin, Houston, Plano, and San Antonio) have city websites with links for their economic development departments. A few of the cities have their Chapter 380 ED agreements posted for access to view, but a there were cities that required more effort and a specific search through city council agendas to locate. The City of Austin is the only city that provided information on the city website regarding the impacts and compliance measures of Chapter 380 ED agreements. Austin posts reports presented to City Council regarding Chapter 380 agreements and performance and compliance status. In order for constituents to access the information they would have to read through reports posted, but the information is available. In addition to constituents inability to access information about Chapter 380 economic impacts within their respective municipalities, how are they able to gauge what is being done in other Texas cities? The research project through conceptual framework constructed a tool that may be implemented by local governments to describe economic impacts from Chapter 380 ED agreements in Texas cities.

"Conceptual frameworks are a systematic way to organize inquiry" (Shields and Tajalli 2006). A conceptual framework may be thought of as a map or tool to organize inquiry that is directed by the nature of the problem the researcher seeks to address or answer. "Conceptual frameworks are connected to outcomes or problem resolution because they aid in making judgment" (Shields and Tajalli 2006). The researcher sought to answer "what economic impacts" results from Chapter 380 ED agreements? For this reason the conceptual framework composed of descriptive categories was the most applicable research tool. Through the review of literature the researcher developed the categories used to describe the economic impacts resulting from Chapter 380 ED agreements. The research project through conceptual framework constructed a tool that may be implemented by local governments to describe economic impacts from Chapter

380 ED agreements. The conceptual framework (page 15) is operationalized by the researcher (tables 3.1-3.4) to provide the tool for local governments to utilize for the collection of data to describe Chapter 380 ED agreements impacts. The research tool allows the conceptual framework to move from the abstract to the real world of public administration practice. The operationalization of the established categories creates a template for comparison amongst cities in Texas. This information may benefit economic development directors and make them cognizant of the potential impacts they could partake it. The researcher would recommend for cities to use the research tool created as a method of accountability and transparency to gauge performance in describing Chapter 380 ED economic impacts. Local governments that facilitate transparency and accountability reinforce confidence and trust in government. The research findings are included in the next section for each impact evaluated: employment, investment, multiplier, and business subsidy and subsidy controls. It is important to distinguish that the employment, investment, and multiplier impacts stipulated in Chapter 380 ED agreements are potential impacts. These impacts have been written into Chapter 380 ED agreements with businesses, but it would be noteworthy to conduct a review of performance agreements to evaluate compliance from businesses and to measure the tangible economic impacts experienced.

Employment Impacts

Conclusions

All the cities included in the research project included some aspect of employment impacts. The cities of Austin and San Antonio maximized the employment impacts by stipulating the number of jobs, the length of employment, and job salaries. The cities of Arlington, Houston, and Plano did not specify salaries for jobs created.

Job creation is the epicenter of economic development and the typically the most desired measure for local government officials. The City of Austin created the most jobs with a sum of 7,160 and a mean of 716. The City of Plano ranked second with a sum of 4,039 jobs with a mean of 448.8. Houston ranked third with a sum job creation of 1,463 with a mean of 243.3. The City of San Antonio ranked fourth with a sum of 1,273 jobs with a mean of 127.3. The City of Arlington created the least amount of jobs with a sum of 661 and a mean of 110.2. Austin had the longest average job length of ten years (120 months) compared to the City of Arlington with the least average job length of fifty-four months.

The cities of Austin and San Antonio were the only cities that stipulated salaries in their Chapter 380 ED agreements. The average salary for the City of Austin was $71,903.86 compared to the City of San Antonio average salary of $50,461.00.

Recommendations

The number of jobs created is the most widely used measure to describe an economic impact. The City of Austin created the most number of jobs with the longest job length and highest salary amongst the cities reviewed. In addition to demonstrating the most significant employment impact, it must be noted that the ten finalized City of

Austin Chapter 380 ED agreements were finalized over a time period of six years. Research would implicate that the City of Austin is perhaps more particular about the Chapter 380 ED agreements passed and require the most employment obligations from business partnerships.

Job number and length

There is a significant difference in the average number of jobs between Austin and the other cities included in the research project. The cities of Arlington, Houston, Plano, and San Antonio should evaluate the number of jobs stipulated in the agreements and seek to maximize the employment impact by stipulating a higher number of jobs to be created. Job number is the most understood measure of an economic impact and municipalities would only benefit residents by finding methods to maximize the employment impact. There was some variance in the time of job length. The most notable was the City of Arlington with the least average job length of fifty-four months. The City of Arlington should consider creating Chapter 380 ED agreements that are longer in duration to ensure the longevity of jobs created for its residents.

Salaries

The number of jobs created is significant, but local government officials should pay attention to factors that are indicative of job quality such as the salaries stipulated in Chapter 380 ED agreements. The cities of Austin and San Antonio were the only cities that stipulated salaries in their agreements. The City of Austin did not dictate salaries in the first three ED agreements reviewed, but all others were very concise and specific in their salary expectations from businesses. The average salary was significant ($71,903.86) and indicative that the City of Austin not only strives to create a high number of jobs, but that the city allocates attention to creating quality employment opportunities with competitive salaries for residents. The researcher would recommend for the City of San Antonio to dictate salary expectations in all of the Chapter 380 ED agreements that include job creation. In addition to standardizing salary obligations, the City of San Antonio should evaluate the amount of salaries to ensure that residents are offered competitive salaries that are indicative of quality employment opportunities. As cited in literature, increased salaries produce additional social and economic benefits for municipalities. The researcher recommends that the cities of Arlington, Houston, and Plano adopt the practice of dictating salaries in their Chapter 380 ED agreements in an effort to offer quality, competitive salaries for their residents. Arlington, Houston, and Plano are not maximizing the economic benefits for their residents by neglecting to dictate salaries. Cities should consider modeling the manner that the City of Austin constructs their Chapter 380 ED agreements. Municipalities will benefit most when local government officials maximize the employment impacts dictated in Chapter 380 ED agreements.

Investment Impacts

Conclusions

All of the cities required some form of investment from businesses in the Chapter 380 ED agreements reviewed. Capital investment was the most prevalent investment type stipulated, but one city exhibited variation and included other investment types. The average amount of capital investment varied significantly amongst the five Texas cities reviewed.

The cities of Austin and Plano required capital investment in all (ten) of the Chapter 380 ED agreements reviewed. There was no other investment type dictated for either of these cities outside of capital investment. The City of Arlington included investment in nine of the ten ED agreements reviewed. The City of Houston dictated investment in five of ten agreements and the City of San Antonio in six of ten ED agreements. Although the City of Houston had the least amount of Chapter 380 ED agreements that specified investment, it was the only city that required infrastructure investment in addition to capital investment. The City of Houston stipulated transportation and water structure investment from businesses in ED agreements. The inclusion of several investment types is indicative that the City of Houston understands the significance of private investment from businesses and included efforts that sought to maximize the financial partnership between the city and businesses.

The City of Austin required the most in the amount of capital investment with a sum of $720.5 million dollars and an average of $72,048,898.00. This amount was significantly more than the other cities included in the research. The City of Houston required the second highest amount with $294 million dollars and an average of $73,511,342.25. The cities of Arlington, Plano, and San Antonio had the least amounts of investment required and they were minimal in comparison to the investment amount required by the cities of Austin and Houston. The City of San Antonio required the least amount of investment with an average of $5,404,422.83.

Recommendations

The cities of Austin and Arlington required the most in frequency of investment included in agreements, Austin and Houston required the highest amount of investment, and Houston was the only city that stipulated infrastructure investment in addition to capital investment. In order for cities to maximize their economic impact in relation to investment, it would be advised the local government officials pay attention to the frequency, amount, and investment type dictated in Chapter 380 Economic Development agreements. In terms of frequency of investment included, the cities of Houston, Plano, and San Antonio should place emphasis on requiring investment more frequently when drafting Chapter 380 agreements. The City of Austin was the only city that dictated investment in all of the agreements prepared and finalized. Other cities should evaluate their practices and considering adopting measures that would standardize investment practices to be included in all Chapter 380 ED agreements that are proposed and passed.

The City of Austin dominated in the amount of investment dictated in Chapter 380 agreements. The cities of Arlington, Houston, Plano, and San Antonio should evaluate the amount required of businesses and explore increasing the amounts dictated. These cities would only stand to benefit residents by increasing investment amounts. An evaluation of current practices is necessary to understand why current obligations are so minimal. Other cities should utilize all efforts to maximize economic benefits from financial partnerships. The current average investment amounts are not representative of efforts to maximize financial partnerships when compared to the City of Austin.

The City of Houston was the only municipality that exhibited a variation in the investment type. The cities of Austin, Arlington, Plano, and San Antonio should consider the inclusion in infrastructure investment. Capital investment is significant, but development and maintenance of infrastructure is necessary to support continued urban growth. Business investment in infrastructure will less the burden of costs passed on to local, state, and federal governments. Houston's stipulation of infrastructure investment was representative of a positive economic impact, but the city should review its practice to ensure that to increase the frequency of infrastructure inclusion in Chapter 380 agreements and increasing the amounts required. As economic growth ensures infrastructure will continue to be challenged and local governments should include investment obligations to assist in preserving their sustainability. Encouraging private investment is only seen as a benefit to residents as it will reduce government costs, assist growth and development efforts, and ultimately strengthen the relationship between the community and businesses to influence the longevity of the financial partnerships.

Multiplier Impacts

Multiplier effects are an additional method that cities may implement to maximize economic benefits from Chapter 380 Economic Development agreements.

Conclusions

The City of Austin was the entity that included type-one multipliers in all of the Chapter 380 ED agreements reviewed. Austin was the only city that specified local supplier use for businesses that entered into agreements. In addition, Austin listed specific requirements for local supplier use and stipulations that businesses must include local suppliers that are women and minority owned.

The city of Houston required local supplier use in six of ten Chapter 380 ED agreements reviewed. Arlington included local supplier use in only one of the ten ED agreements reviewed. The cities of Plano and San Antonio did not include local supplier use or evidence of any multiplier impacts in their Chapter 380 ED agreements reviewed.

Local supplier use was the only multiplier effect that was revealed in the research project. Direct employment created was evaluated in the employment impact section of the research. Type-two multipliers (indirect employment) were not included in the Chapter 380 ED agreements reviewed for all cities. The research may infer that local supplier use may have created additional employment for local residents, but it was not an impact that was specifically included in the construction of the Chapter 380 ED agreements.

Recommendations

Austin was the only city that included local supplier use (type-one multiplier) in all of the Chapter 380 ED agreements reviewed. The City of Austin dictated specific obligations for businesses to utilize women and minority owned business. In addition the city included very specific language in the Chapter 380 ED agreements that reflect the city's commitment and attention to utilization of multipliers and its efforts to maximize financial relationships from businesses. Other cities in Texas should evaluate the practices used in the City of Austin and consider implementing or refining their practices so that they may also find methods that maximize economic gains.

The City of Houston should increase the amount of Chapter 380 ED agreements that include local supplier use. The city should consider including specific language and obligations that ensure the diverse use of suppliers as exampled by the City of Austin. Arlington should consider increasing the number of ED agreements that utilize local suppliers in order to increase the number of good produced and benefit the local businesses in their municipalities. Arlington, Plano, and San Antonio should evaluate their practices and consider the inclusion of multipliers, specifically local supplier use, when constructing the Chapter 380 ED agreements with businesses. Stipulating local supplier use and other multipliers have the potential to increase the demand for the number of goods produced locally and potentially the addition of indirect employment opportunities. Multipliers are another method for local government official to implement in an effort to maximize the financial partnerships with businesses through Chapter 380 ED agreements.

Business Subsidies and Controls

Conclusions

There was significant variety in the type and amount of business subsidies that were offered to businesses in Chapter 380 Economic Development agreements. The three subsidy types used were grants, property tax rebates, and sales tax rebate. Texas Local Government Code Chapter 380 grants cities the autonomy to construct their ED agreements and choose which subsidies and controls they will include in their written ED agreements. Grants and property tax rebates were the most widely used business subsidies in the research project.

Grants were the most common business subsidy offered to businesses in the agreements. The cities of Houston (nine of ten), Plano (ten of ten), and San Antonio (ten of ten) mostly utilized business subsidies in the form of grants. Austin included grants in six of ten ED agreements and Arlington had the least with grants included in three of ten ED agreements. The average business subsidy for the City of Houston was $8,750,694.56 and the City of Plano was $6,048,122.50. The amount of business subsidies offered by these two cites was significantly higher than the cities of San Antonio, Austin, and Arlington. Their average business subsidies were as follows: San Antonio $642,128.85, Austin $448,589.00, and Arlington $171,183.00. Austin, Arlington, and Houston were the only cities that included property tax rebates in their Chapter 380 ED agreements. The City of Austin offered the highest average property tax rebate with an average of seventy-five percent. The City of Arlington had an average property tax rebate of sixty percent. Houston only dictated a property tax rebate in one contract with an amount of fifty percent. The City of Arlington was the only city to utilize all three types of business subsidies with grants specified in three of ten agreements, property tax rebates in six of ten agreements, and one agreement that stipulated a sales tax rebate in the amount of 87.5%.

All cities in the research project included some type of subsidy control in their Chapter 380 ED agreements. Austin, Houston, Plano, and San Antonio specified performance agreements in all ten of the Chapter 380 ED agreements reviewed. The City of Arlington included performance agreements in seven of the ten ED agreements reviewed. Clawback clauses were the subsidy control most widely used. All cities included these legal mechanisms in all ED agreements with the exception of the City of Houston, which dictated the subsidy control in nine of the ten agreements. Literature reveals that there is a relationship between the frequency of subsidy use and the financial condition of the city. Poorer cities are less likely to use subsidy controls out of fear that it would be a deterrent for businesses. The researcher did not evaluate the financial health of cities reviewed. The frequency and inclusion of subsidy controls utilized in the cities reviewed is a positive indicator that Texas cities may be economically healthy. The researcher would recommend for cities to continue employing the use of performance agreements and clawback clauses in all Chapter 380 ED agreements constructed.

Recommendations for Cities

Evaluating the total impacts of Chapter 380 ED agreements, the cities of Plano and Houston distributed business subsidies in amounts significantly higher than Austin, Arlington, and San Antonio. Austin provided businesses the second lowest average grant amount, but research revealed they produced the most significant economic impacts; the most average number and highest sum of jobs created, the longest average job length, the highest average salary, and dictated local supplier use in all ten ED agreements reviewed. The City of Arlington distributed the lowest average amount of business subsidy, but also yielded the lowest average number of jobs, only stipulated local supplier use in one Chapter 380 ED agreement, and dictated the second lowest average amount of capital investment.

The findings revealed a dramatic distinction in the amount of grants disbursed versus the impacts received. The conclusion calls for cities to evaluate their practices when it pertains to the amount of subsidies offered in return for the economic impacts stipulated. The drastic distinction of impacts leads one to conclude that some cities may not be maximizing the financial partnerships between cities and businesses. The researcher has created a tool that allows local governments to describe economic impacts of Chapter 380 Economic Development agreements. Now that a tool for measurement is available, the researcher would like to recommend for cities to implement the Dashboard management information system to make the information readily available for constituents. The researcher will discuss the introduction of dashboard management information system as an efficient manner to present data related to Chapter 380 ED agreements for constituents. As mentioned previously, the City of Austin has the information available on the city website, but it was not easily accessible. Dashboard simplifies that process.

Dashboard Management Information System

Dashboard is a type of management information system that is easy to read, often single page that incorporates a real-time interface and provides graphical representations of historical trends of an organization or a current status of a particular performance measure (Miri and Brown 2012). Dashboards are software-based "solutions that transform lumps of data collected by agencies and their various data management systems into simple displays of key performance measures that let statistics shine and can communicate with multiple audiences" (Miri and Brown 2012). Data-driven decision-making is based on the principles of business intelligence and data analytics. Data collection, archiving, sorting, analysis and evaluation all work together to identify patterns, verify theories, and establish relationships (Miri and Brown 2012). Table 5.1 on page seventy-six provides images of dashboard screen shots. There are many types to choose from. A summary image was provided for a frame of reference.

Dashboards are a "mechanism that governments may implement to transform data into displays of performance measurement" (Miri and Brown 2012). Public dashboards provide transparency and accountability and may potentially stimulate citizen involvement in governmental decision and policy-making. Dashboards may exhibit the areas where a municipality is meeting or exceeding a specific established performance measure. Government leaders can use Dashboard to assess a program's viability and make adjustments if necessary. Transparency and accountability efforts are primarily focused on providing citizens with easy to access online data. Dashboard is a mechanism that makes it possible. Dashboard is useful to display measures, manage data, and report on performance (Miri and Brown 2012). Chapter 380 ED agreements are an example of a method that local governments in Texas could utilize Dashboard to report economic impacts for constituents.

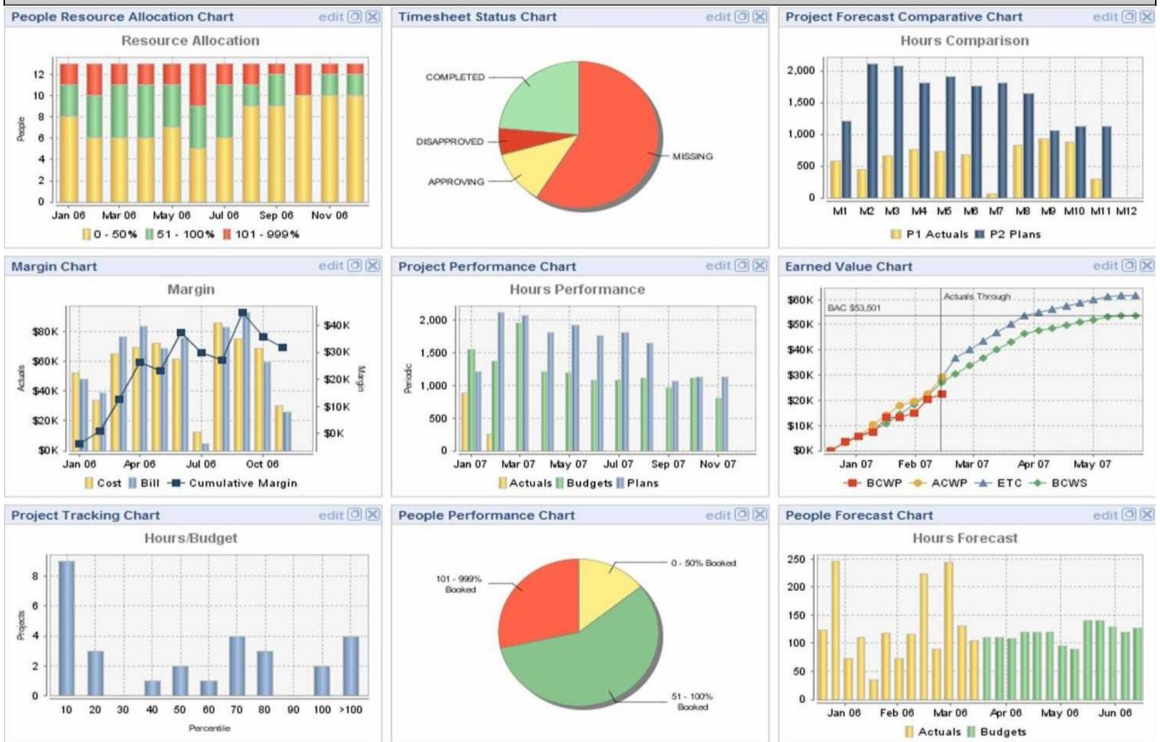
"A key performance indicator (KPI) is a metric, tied to a predetermined benchmark, indicating in some way whether the target has been achieved" (Miri and Brown 2012). KPI's are measurements that assist governments to evaluate program and agency outcomes. There is a high demand by constituents to understand how resources are being applied, evaluate program effectiveness, and determine whether constituent services are delivered well and efficiently (Miri and Brown 2012). Governments are making efforts to provide targets and KPIs that help improve constituent satisfaction. KPIs can be used to measure output or effectiveness. "Output KPIs are simple tallies of accomplishments" (Miri and Brown 2012). This technology could be implemented in local governments to report performance. For example, a Dashboard could be created for each Chapter 380 ED agreement finalized. KPI's for each Chapter 380 ED agreement could be: number of jobs, salaries, investment amounts, and investment types. Dashboard provides local governments a medium to report the progress and performance of Chapter 380 ED agreements. The research tool developed in the project operationalized the categories for measurement and the manner to describe economic impacts. The Dashboard information system could carry the data further and allow constituents an online, easy to access method to review performance measurement of Chapter 380 ED agreements.

Future Research Ideas

Conducting a cost-benefit analysis and reviewing evaluation policies used by local governments in the preparation of Chapter 380 Economic Development agreements are potential future research ideas. A cost-benefit analysis would assist a municipality to truly ascertain the cost per job created in an effort to evaluate the efficiency of the economic development program. This practice may be especially beneficial to the cities of Houston and Plano as they allocate a significant amount of public money in grants to businesses.

Research revealed that cities exhibited a pattern in the manner that the economic development agreements were constructed within their own municipality. Within each municipality, the Chapter 380 agreements tended to stipulate the same impacts. This would lead an individual to suspect that cities utilize a template of some sort when preparing agreements. Review of a municipality's evaluation policies would assist to understand the manner that Chapter 380 ED agreements are prepared and what economic impacts are chosen to be stipulated.

Table 5.1 Dashboard Management Information System Examples



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