WHAT MATTERS TO METROS™

Foundational Indicators for Economic Competitiveness

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**Building on Growth and Creating Opportunity:
The Dual Imperative for Mid-Sized,
U.S. Metros in the Recovery**

Updated October 2013

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FUTURE

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ABSTRACT

What Matters to Metros: Foundational Indicators for Economic Competitiveness helps community leaders identify factors that are associated with economic growth in mid-sized U.S. metropolitan areas in a post-recession economy. This work builds upon six previous iterations (called the Dashboard of Economic Indicators) and assesses the relationship of 55 variables to economic growth across four measures: per capita income, gross metropolitan product (GMP), productivity and employment, between 1990 and 2011.

Results of the study indicate that growth is not a one-size-fits-all proposition for America's mid-sized metros. Education and innovation remain highly associated with GMP, productivity and per capita income growth over the past two decades, but strong performance in those areas has been insufficient to restore jobs to many of our communities. Alternatively, many metro areas that have been successful in adding jobs, struggle to translate that growth into rising incomes. This research provides data that civic leaders can use to ask more strategic questions about how "growth" can be pursued, and to identify their own distinct approaches to get there.

SUMMARY OBSERVATIONS

A comprehensive analysis of 115 mid-sized metropolitan areas between 1990 and 2011 suggest that local and regional stakeholders may benefit from a reassessment of what it means to grow and to prosper in a post-recession economy. The following observations represent specific growth patterns over the past two decades and suggest not only cyclical but structural changes to the nation's metros[3]:

- **THE CRITICALITY OF EDUCATION AND INNOVATION.**
  Together, higher education and innovation are associated with per capita income, productivity and GMP growth. The factor is neither positively nor negatively associated with job growth.

- **THE RISK OF JOB CREATION WITHOUT INCOME GENERATION.**
  Many metros that experienced high levels of employment growth did not see these jobs translate into higher per capita income; in fact, inequality, poverty and crime tended to be more prevalent in those metro areas that saw the most job gains.

- **THE BENEFITS OF DIVERSE ENTREPRENEURIAL ECOSYSTEMS.**
  Business starts and/or self-employment are associated with every measure of growth: jobs, income, productivity and GMP, and are especially pronounced in metro areas with more diverse and integrated populations.

[3]Metropolitan areas studied include 115 U.S. metropolitan areas with populations between 400,000 and 3.5 million, representing 38% of the U.S. population.

INTRODUCTION

An increasing body of literature now explores the economic geography of growth, decline and recovery from the lens of America's metros. These narratives underscore the importance of place in the economy, and the combination of factors that have influenced it: immigration, globalization, the decline of manufacturing and its reinvention, off-shoring, re-shoring, an aging and diversifying workforce, the housing boom and bust, the acceleration of technology and information, the exponential growth of "eds and meds" and often-contradictory federal, state and local policy agendas. Each story transcends traditional geographic boundaries and connects communities on a new, often global urban grid, linking metropolitan areas like Colorado Springs (CO) to Minneapolis-St. Paul (MN); Bakersfield (CA) to Las Vegas (NV); and Louisville (KY) to Youngstown (OH) by common challenges and new economic opportunities.[4]

What Matters to Metros™ does not provide the answers for what steps should be taken or strategies should be implemented as a response to changes in the economic landscape. Rather, it lays out a data-rich framework for an exploration of what growth means in different places, and whether the growth that we aspire to achieve is enough to take us beyond the next business cycle.

This research builds on existing literature in three ways: 1) it describes where metro economies shook out after the turmoil of the past two decades and upon entering a decade of slower, if not stagnant growth; **2)** it suggests how these characteristics are associated with historical patterns of growth; and **3)** it poses questions about how communities may explore metropolitan growth in the context of their own economic reality, to catalyze an era of growth that (if not faster) is smarter, shared and more sustainable. Three essential questions for metro areas include:

- **What defines "economic growth" for our community?**
- **What affects that growth and who is benefitting from it?**
- **Do the realities of a post-recession economy demand that we (residents, local, state and federal government, civic, business and philanthropic leaders) adjust our strategies?**

Since 2006, the Fund for Our Economic Future has annually taken stock of what matters to Northeast Ohio's economic competitiveness, in order to inform decision-making and investment at a regional scope and scale.[5]

It sought to answer questions such as: What factors characterize economically vibrant communities across the U.S.? What investments should be prioritized? How does Northeast Ohio stack up to other metros from year to year on the things that matter most? Past research helped guide over one hundred million dollars of investment in four areas: business growth, talent development, inclusion and government collaboration and efficiency.[6] Originally envisioned as a "dashboard" from which to track the region's progress year to year, the research contained many indicators that were, by their nature, slow to change. This prompted the Fund to focus more on its usefulness as a tool to help identify what is important to the economy in a given period of time, i.e. "what matters to metros."

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[4] See metro area typology in Berube, Frey and Singer (2010), State of Metropolitan America, http://www.brookings.edu/research/reports/2010/05/09-metro-america; Moretti (2012), The Geography of Jobs; Pastor and Benner (2011), Just Growth: Prosperity and Inclusion in America's Metropolitan Regions. Other well-known contributors on the subject include Edward Glaeserand Richard Florida et al.

[5] Previous editions can be found at http://www.futurefundneo.org/Research.

[6] See "A Regional Agenda to Advance Northeast Ohio" (April 2011): http://www.theplus.us/en/Advance/~/media AdvanceNortheastOhio/Business%20Plans/NEO%20Business%20Plan%20May%202011.ashx.

NEW DATA REVEAL THAT WHILE IDEAS, INNOVATION AND OPPORTUNITY REMAIN HALLMARKS OF A HEALTHY ECONOMY, MORE MUST BE DONE TO ENSURE THAT GROWTH ALLEVIATES -RATHER THAN EXACERBATES- POVERTY AND INEQUALITY IN OUR COMMUNITIES.

Given a reconstructed methodology, an expanded list of indicators, supplemented by a wealth of recent literature on metropolitan-level transformation thanks to the American Community Survey[5] and other sources, What Matters to Metros™ sheds light on the characteristics of the post-recession metro economy. It encourages the exploration of a common, multi-sector agenda that can lead to more metro-specific and sustainable growth models.

While What Matters to Metros can serve civic leaders in metros throughout the United States, the research bears specific implications for the four largest metropolitan areas in Northeast Ohio: Akron, Canton, Cleveland and Youngstown. Combined, these metros represent approximately 4 million people and $166 billion in gross product. Perhaps more importantly, they are part of an interconnected system of economic development organizations, philanthropy, governments, non-profits and businesses with a shared interest in seeing the region prosper and remain competitive in a global market.

Northeast Ohio is at an important point in its evolution. In 2011, the region saw its first full year of job growth since the Great Recession, though still far from levels seen at its pre-recession peak in 2000. Job growth coincided with the first year in more than a decade that Northeast Ohio outperformed the national average on three key metrics: gross product, productivity and per capita income (see Table 1). These indicators bode well for future hiring, and suggest that the region may be on track to recover the significant job losses of two previous recessions. Other bright spots include an unemployment rate well below the national rate, a higher share of the region's working age population connected to the labor force (unemployed and employed) relative to its peers and manufacturing output projected to grow faster than the U.S. by 2020 (39 percent versus 33 percent respectively).[8]

Table 1: Change in Economic Growth Measures, U.S. and Northeast Ohio, 2010-11

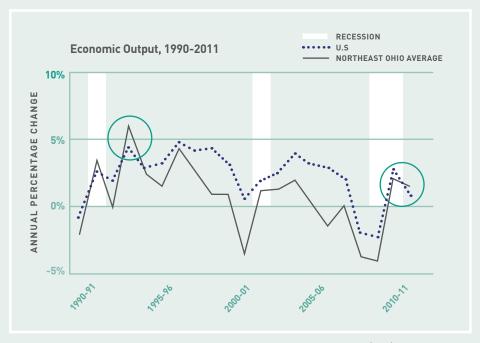| | PERCENTAGE CHANGE 2010 - 2011 | | DIFFERNCE |
	U.S.	NORTHEAST OHIO	(PERCENTAGE POINTS)
EMPLOYMENT	1.0%	0.5%	-0.5
OUTPUT	.7%	1.3%	0.6
PRODUCTIVITY	-0.3%	0.8%	1.1
PER CAPITA INCOME*	-0.1%	2.3%	2.4

Preliminary estimate.
Source: Author's analysis of Moody's Analytics, U.S. Bureau of Labor Statistics (BLS) and U.S. Bureau of Economic Analysis (BEA) data.

[7] The American Community Survey (ACS), widely available after 2005, makes possible the analysis of metropolitan level data on an annual basis for areas with populations of 65,000 or more.

[8] Team NEO and Cleveland Plus, Plus Review Q4 2012: Quarterly Economic Indicators, http://www.clevelandplusbusiness.com/Data-Library/Quarterly Economic-Reviews.aspx

However, history tells us that sustaining that growth will be a challenge. With few exceptions, Northeast Ohio has underperformed the national economy since the 1970s. The last time regional GMP growth exceeded that of the nation was the recovery following the 1990 recession; but by 1995 it was back below the national average (Figure 1).

Figure 1

Historical Trend of Economic Output, U.S. and Northeast Ohio, 1990–2011

Source: Author's analysis of Moody's Analytics and U.S. Bureau of Labor Statistics (BLS) data.

In order to ensure that recent growth is not only accelerated but sustained, it is imperative to understand how the factors associated with economic growth have changed – and how the region might achieve a more sustainable growth trajectory in the future.

METHODOLOGY [9]

The basic unit of analysis for the study is the Metropolitan Statistical Area (MSA), based on 2009 definitions published by the Office of Management and Budget. The MSA is selected because the regional labor market is defined largely by commuting patterns of the workforce and is not restricted to county, city, urban, suburban or rural boundaries. Northeast Ohio broadly refers to the four MSAs located within a 16-county region: Akron, Canton-Massillon, Cleveland-Elyria-Mentor, and Youngstown-Warren-Boardman. For comparative purposes, this analysis excludes MSAs with a population under 400,000 or over 3.5 million in 2010 (see **Appendix A** for list of metro areas included in the sample).

The research is based on two statistical techniques: FACTOR ANALYSIS and REGRESSION ANALYSIS.

The *factor analysis* is based on point-in-time estimates of 55 variables in 2010, the first full calendar year following the end of the Great Recession.[10] This technique helps to distill the 55 variables (e.g. advanced degrees, vacant housing, health insurance coverage, etc.) into groups based on their pattern of variation and association to one another. These groups are referred to here as "factors."[11] Six factors explain 71 percent of the variation across metro areas and are the focus of this report, with the first three accounting for about 50 percent. See **Appendix B, C and D** for variable list, factor groups and rankings by metro area.

Regression analyses are then conducted to identify statistically significant relationships between each of the six factors, and change in each of the four economic growth measures between 1990 and 2011: employment ("jobs,") gross metropolitan product (GMP), per capita income and productivity (measured as GMP per employee). See **Appendix E** for results of the regressions. It should be clear that regressions do not identify causal relationships but rather the association between a factor and an economic growth measure in a specified period in time.

Employment is the total number of persons employed full or part time, as reported by the establishment where they work.

Gross Product is a comprehensive measure of overall economic activity. While **gross domestic product** (GDP) refers to the output of goods and services produced in the United States, **gross metropolitan product** (GMP) refers to the output of goods and services produced in selected metropolitan areas.

Productivity is a measure of economic efficiency, defined here as total output per employee.

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[9] The Dashboard of Economic Indicators was originally designed by Randall Eberts, George Erickcek, and Jack Kleinhenz in 2006 as a working paper for the Federal Reserve Bank of Cleveland. Subsequent refinements are largely attributable to Ziona Austrian, Iryna Lendel and Afiah Yamoah of the Cleveland State University. Deviations from past models include the period of growth, defined here as change over time between 1990 and 2011 in place of a subset of growth years as the dependent variable; and an extended variable list including indicators related to health, the arts, housing, and sustainability that had not been considered in previous iterations. For detailed methodology, please refer to The Dashboard of Economic Indicators (2007 and 2009).

[10] Exceptions include some data for which 2010 estimates are not available: establishment birth rate (2009), female business ownership (2007), labor cost index (2009), number of government units (2007), rent cost index (2009), tax cost index (2009), industry R&D (2007-09) and university R&D (2008-10). See Appendix B for complete variable list.

[11] For example, metro areas with a high share of advanced degrees in 2010 also tended to have a high share of STEM degrees. At the same time, these metros also tended to have less population dependency (i.e. a smaller share of working age population relative to children or seniors). These and 13 other variables grouped together as one factor labeled "Education and Innovation."
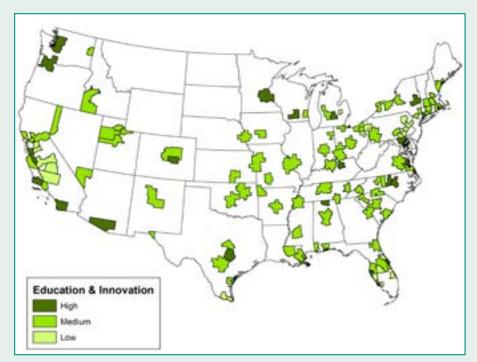
OBSERVATIONS

Recent data build on past reports and illustrate new developments that invite metros to re-think, plan and react. Each observation is accompanied by implications for Northeast Ohio, and offers questions oriented toward the civic leaders and community members of each metro area.

Education & Innovation

OBSERVATION 1: Higher educational attainment and innovation are critical to economic success. Metro areas that have high shares of advanced degrees and STEM (science, technology, engineering, and mathematics) degrees also have high levels of arts and management occupations, R&D expenditures, tech transfer, patents and venture capital. These elements group together as a single factor that is associated with three of the four economic outcomes tested: GMP, per capita income and productivity. These higher educated, highly innovative metros include Durham-Chapel Hill (NC), San Jose (CA), Madison (WI), Seattle (WA), San Diego (CA) and Austin (TX), likely boosted by knowledge spillover from strong anchor institutions, particularly at universities and hospitals. **See Map 1** and **Appendix D.**

The differences between these metros and others are enabled by a younger, higher-income working population that is less likely to commute by car or own their own homes. Poverty and unemployment also tend to be lower in these places. Notably, however, there is no clear relationship between the most educated and innovative metropolitan areas and job growth. For instance, while San Jose ranked second on this factor, its job growth in the past two decades has been far below the metro average (6% versus 25%). Yet it still counts on a relatively low unemployment rate, and strong connections between its working age population and the labor force (widely considered a more meaningful measure than unemployment). The challenge for these metros going forward will be to continue to maintain and build upon core strengths in educational attainment, and see that they translate into good jobs and incomes for an increasingly diverse population.

Map 1
Education & Innovation by Metro Area, 2010

Education & Innovation
- High
- Medium
- Low

Northeast Ohio ranks in the bottom fifth on this factor, driven by an aging population, below-average educational attainment (bachelors and advanced degrees), and a general underperformance in R&D-related measures. Despite these realities, more STEM degrees are awarded in Northeast Ohio than the average metro and technology commercialization and entrepreneurship seem to be trending upward, with investment capital in tech-based companies up 34 percent in 2012, compared to a decrease nationally.[12] As the region continues a shift to more tech-based industries, intellectual capital will become an increasingly critical component to income growth in the region – and to its growing system of colleges, universities, hospitals, manufacturers and advanced technology clusters.

Notably, racial differentials in educational attainment are not included in these data, but a recent study asserts that minority participation in tech-related occupations is relatively low in Northeast Ohio compared to the U.S. average.[13] These trends suggest that the region continues to make aggressive strides in connecting to the next economy, but could do more to connect its minority populations to the pipeline of opportunity.

QUESTIONS FOR METROS INCLUDE:

> *What investments are being made to improve innovation, research and education in our metro areas? Where might we be under- or over-invested? Where is there duplication or redundancy?*

> *Who is educated in our communities? What is being done to connect an increasingly diverse next-generation of students and workers to growth sectors?*

> *How well does the supply of talent match demand in specific fields of work? Are we making sufficient effort to understand and to increase supply-demand alignment?*

> *How should we prioritize between investments in the talent pipeline of the future and the retention and/or attraction of talent today?*

[12] See "Greater Cleveland Venture Capital Report: 2012" (2013), Northeast Ohio Venture Capital Advisory Task Force. See also "Greater Cleveland Venture Capital Overview 2007-2011" (2012) for trends over time.

[13] See Brown, McShepard and Steward, "Fusion of Inclusion: Expanding Minorities' Technology-Sector Presence Is Critical to Fueling Northeast Ohio's Competitive Drive," PolicyBridge, June 2012. See also Holifield, Kamins and Lynch, "Inclusive Clusters: Embedding Inclusiveness in Cluster Policy and Practice," Economic Development Journal, International Economic Development Council, Fall 2012.

OBSERVATIONS

Economic Polarization

OBSERVATION 2: Metros that had some of the strongest job growth over the period between 1990 and 2011 were more likely to exhibit higher inequality, crime and poverty in the post-recession era.

This sobering observation points to a disconnect that manifested itself over time; while job growth is positively associated with inequality and poverty, it is negatively associated with per capita income growth. Civic leaders will be challenged by the observation that employment growth has not necessarily translated to rising per capita income in recent decades and in fact, has left a significant share of the population behind. It points to potentially "false growth" (i.e. credit-based or debt-driven growth) in many regions most affected by the housing crisis such as Bakersfield, Stockton, Modesto (CA), and Las Vegas (NV), as well as border regions that have experienced high levels of growth due to immigration such as McAllen and Brownsville (TX). Conversely, metros that seem to have balanced growth and opportunity well include... Madison (WI), Denver (CO), Minneapolis-St. Paul (MN) and Des Moines (IA). See **Map 2** and **Appendix D**. These metros are characterized by above-average job growth over the period 1990-2011, but by 2010 they did have the levels of economic polarization of other mid-sized MSAs. Whether this is a product of intentional policy interventions, external, structural or cyclical factors is unknown, but the data suggest that a path to sustained and shared growth is possible.
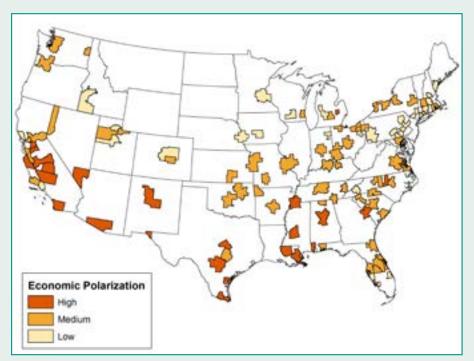
The question of whether inequality impedes sustained growth is laden with implications for development strategies – both economic and spatial. If recent literature is accurate in suggesting that long-term economic growth cannot be sustained with high levels of inequality, civic leaders focused on job growth alone will be challenged by two things.[14] First, unchecked disparities may stifle innovation and undermine sustained, metropolitan competitiveness– perhaps even exacerbating the income divide. Second, job growth alone (no matter how carefully constructed the strategy) may be insufficient to combat longstanding urban poverty and inequality, let alone reverse it. Targeted intervention strategies may include strengthening linkages between cities and suburban firms, improving transit and/or providing access to capital in inner city neighborhoods.

Getting the goals right.

In Northeast Ohio, a partnership is emerging between philanthropic and business leaders around a Regional Economic Competitiveness Strategy (RECS) to increase the competitiveness of the region and to improve the prosperity of its residents. The RECS includes short-, medium- and long-term aspirational goals for jobs, per capita income and output. Equally important, the RECS is adopting an additional goal related to labor force participation in low-income neighborhoods.

[14] Carlson, Leiken, Michon and Seigel, "Linking Growth and Opportunity: Lessons from the Front," May 2012; Berg and Ostry, "Equality and Efficiency: Is there a trade-off between the two or do they go hand in hand," Finance & Development, International Monetary Fund, September 2011; Lynch and Kamins, "Creating Equity: Does Regionalism Have an Answer for Urban Poverty? Can it?" Initiative for a Competitive Inner City, August 2012

Map 2
Economic Polarization by Metro Area, 2010

Economic Polarization
- High
- Medium
- Low

Northeast Ohio ranks in the middle of metro areas on economic polarization, likely due to a historically strong middle class and recent population and job losses that have tempered any divisive growth between high and low-income earners. [Jobs in Northeast Ohio decreased about 2 percent over the last two decades, in contrast to the average metro which saw job growth of about 22 percent.] Now that the year-to-year loss of jobs in Northeast Ohio has begun to reverse, it prompts timely questions that go beyond job creation. Particularly given the region's static and aging population, civic leadership must set realistic goals about what degree of employment growth Northeast Ohio can be achieved and over what time period.

QUESTIONS FOR METROS INCLUDE:

> *How do we currently define and measure "economic growth" in and across our metro?*
  What measurable outcomes do we aspire to achieve and over what time period?

> *How are local labor markets changing, particularly given the projected decline in labor force participation nationally?*
  How might this affect our own trajectory?

> *How do we balance a "good job" with "any job," given the skill levels and demographic changes taking place in our metro?*

> *What evidence exists that employment growth is translating into higher standards of living or higher wages?*
  For whom? How do we sustain growth over time in ways that benefit a broad(er) share of the population?

> *Who is disconnected from the labor market and where do they live? What share of the population either wants*
  a job and cannot get one or would work more hours if they could?

> *Are the jobs people are getting matching their education, availability and potential?*

> *What are examples of peer communities that have balanced growth and opportunity well?*

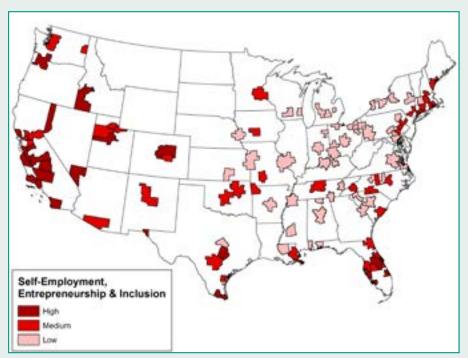# OBSERVATIONS

Entrepreneurship & Inclusion

OBSERVATION 3: Business starts and/or self-employment tend to have wide-ranging economic benefits and are present in more diverse and racially integrated metro areas.

This factor encompasses a complex array of variables related to entrepreneurship including self-employment, establishment birth rates and prevalence of small businesses. On one hand, this observation might suggest a plethora of entrepreneurial activity that serves the local population (a bakery, a pizza shop, a grocery store, a barber, a dry cleaner). On the other, its relationship to brain gain, traded industries and patents suggest a higher-skilled, export-oriented and diversified entrepreneurial ecosystem. Both population-serving and export-oriented entrepreneurship tend to occur in more racially integrated metro areas like San Jose (CA), Denver (CO), Orlando (FL), Portland (OR), Raleigh (NC) and Austin (TX), with lower levels of African American segregation, higher shares of foreign born populations and minority-owned businesses. See **Map 3** and **Appendix D.**

Consistent with recent literature regarding "inclusive competitiveness," the entrepreneurial tendency of historically disadvantaged populations presents an opportunity that many metros may benefit from taking advantage of: connecting minority populations to higher-potential, innovation-led sectors of the economy discussed above in Observation 1.[15] Notably, this is the only factor that is positively associated with every measure of economic growth: jobs, GMP, per capita income and productivity. See **Appendix E** for regression results.

[15] See Holifield, Kamins and Lynch (ibid).

Map 3
Self-Employment, Entrepreneurship and Inclusion by Metro Area, 2010

Self-Employment, Entrepreneurship & Inclusion
- High
- Medium
- Low

Northeast Ohio ranks in the bottom fifth on this factor, held down by a high level of segregation among African Americans, lower-than average self-employment and establishment birth rates. Although multiple efforts are underway in the region to increase minority access to capital in the inner city and provide mentorship, networking, financial and business development services to minority entrepreneurs (e.g. by the Economic and Community Development Institute and JumpStart Inc.), they would need to be scaled significantly upward to meet the challenge.

QUESTIONS FOR METROS INCLUDE:

> *What strategies are currently in place to promote networks of entrepreneurs and mentorship? How could they be improved, consolidated or expanded?*

> *How accessible are these networks to minority populations? What mechanisms exist to connect minority populations, particularly African Americans and the foreign-born, to growth sectors?*

> *Where are current efforts to connect minorities to the labor market, educational, job or financial opportunities more broadly? Are they regional or local in scale, and how well are they aligned?*

OTHER OBSERVATIONS TO CONSIDER

BUSINESS COSTS, DYNAMICS OF PLACE AND CONNECTIVITY

BUSINESS COSTS. Metro areas with a higher tax cost (ratio of local tax revenue to person income), energy costs and unionization rates tend to exhibit slower growth in GMP, productivity and employment, but no difference in per capita income. These "higher-cost" metros also exhibit a lower share of the population that is low-income, and has better health insurance coverage and less concentrated poverty. This factor urges communities to think about where they land on a continuum of tax and energy policies, understand why the cost are there and what, if any, alternatives can be proposed to increase efficiencies without sacrificing quality of life. Places that exhibit these characteristics are generally clustered by state and include metros such as Poughkeepsie, Buffalo and Albany (NY), Vallejo, Stockton and Modesto (CA) and Springfield and Worcester (MA).

DYNAMICS OF PLACE. The metro map of manufacturing is evolving outside of the industrial Midwest. In some cases, manufacturing employment in southeast metros like Chattanooga and Nashville (TN) is at or on par with rates seen in traditional manufacturing metros like Cleveland (OH), Indianapolis (IN) or York (PA), which reinforces the importance for older manufacturing metros to develop new processes, products and markets in order to remain competitive both nationally and globally. The current map suggests that metros continue to search for the right balance between a traditional manufacturing model (associated with stable employment and good wages) and the increased efficiencies and restructuring achieved through technology, innovation and mechanization (associated with GMP and productivity increases). As of 2010, employment in this complex sector was neither positively nor negatively associated with any of the four measures of economic growth.

CONNECTIVITY. Connectivity is related to productivity and per capita income growth. Characterized by high levels of domestic air travel, these metros also tend to have longer than average commutes, lower air quality and high labor costs. The indicators point to in-demand, spread out hubs such as Denver (CO), Baltimore (MD), Orlando (FL), Memphis (TN) and Charlotte (SC).

Northeast Ohio continues to struggle with legacy characteristics such as an above-average number of governmental units relative to its population, auto-related industries trying to find their competitive edge in the new economy, high levels of urban poverty and infrastructure costs that are disproportionate to population growth. These challenges remain with us today, and require the sustained, strategic and thoughtful interventions that are urged by this and past research.[16] Fortunately, regional partnerships continue to evolve as philanthropic, university, civic sector and business leaders in Northeast Ohio come together around a shared economic vision for the future.

QUESTIONS FOR METROS INCLUDE:

> *How can taxes (including land, sales, property, special taxes, etc.) and spending policies promote our metro's broader objectives?*

> *How has land use changed in relation to population dynamics over the past two decades? Is this adding to our cost burden and if so, what can be done?*

> *When creating strategies to connect people to jobs in our metro, are their opportunities to promote environmentally-friendly, healthier and more stable communities in the process?*

> *Do we see manufacturing as a liability or an asset? How is the sector changing and what interventions would support continued advancements? Is it possible to do this without sacrificing high quality standards of people, pay and product?*

> *What physical infrastructure (roads and bridges, broadband, rail, airports, ports, water pipes, etc.) is present in highly educated and innovative metros that help them stay competitive and connected? What infrastructure needs should be prioritized in our metro?*

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[16] In addition to the Dashboard of Economic Indicators series (ibid), see "Opportunity Abounds" (April 2011): http://www.efficientgovnetwork.org/FileUploads/Opportunity%20Abounds.pdf and "A Regional Agenda to Advance Northeast Ohio" (ibid).

BEYOND THE NEXT BUSINESS CYCLE

These observations—the criticality of education and innovation, the risk of job creation without income generation and the economic benefits associated with a diverse and integrated entrepreneurial ecosystem—suggest that civic leaders might consider more inclusive growth models. This is particularly relevant in Northeast Ohio, where there is urgency in connecting a more diverse, older and segregated workforce to a pipeline of opportunity. Whether this is in the form of workforce training, higher education and/or innovation-related entrepreneurial support, the region as a whole would benefit from connecting more dots. Because minorities are particularly vulnerable when the gap grows between higher and lower incomes (Observation 2), there is both an ethical and economic case to be made for this type of catalytic connectivity (Observations 1 & 3).[17]

Government, business and philanthropic dollars are finite and should be expended strategically on a shared understanding of what matters to metropolitan growth. The observations in *What Matters to Metros™* offer civic leaders a platform from which to come together to make data-informed decisions in metros with very distinct sets of economic challenges. More importantly, it is an opportunity for these leaders to join with the wider community to envision a post-recession economy where growth is more balanced and opportunities are accessible to wider share of the population.

APPENDICES, DATA AND REPORT AVAILABLE
AT www.whatmatterstometros.org

[17] Treuhaft, Blackwell and Pastor, "America's Tomorrow: Equity is the Superior Growth Model." PolicyLink, 2011.

ACKNOWLEDGEMENTS

THE FUND FOR OUR ECONOMIC FUTURE (THE FUND): The Fund is a philanthropic collaboration that develops, supports and sustains effective efforts that promote good jobs, vibrant cities and communities and equitable access to opportunities for the people of Northeast Ohio.

THE COUNCIL OF REGIONAL ECONOMIC POLICY ADVISORS: The Council of Regional Economic Policy Advisors is a network of stakeholders from institutions of higher education, the Federal Reserve Bank of Cleveland, non-profits and other leaders in regional economic research, that is convened periodically by the Fund for Our Economic Future to coordinate and provide counsel on research pertaining to the economic vibrancy of Northeast Ohio.

THE FEDERAL RESERVE/PHILANTHROPY INITIATIVE (FPI): FPI is a project of The Funders Network for Smart Growth and Livable Communities (TFN), the leading resource in philanthropy for transformative thinking and interdisciplinary action on how to build more prosperous, equitable and sustainable regions and communities. Wedding the presence of Federal Reserve Banks and on-the-ground presence of funders, FPI members explore collaborative opportunities to impact older industrial communities and build joint local and regional endeavors. FPI is helping to launch the research to a wider national audience and explore the potential for drill-down models in local and regional communities.

For more information on What Matters™ research, to access the data
or to see previous editions *(formerly known as The Dashboard of Economic Indicators)*,
please refer to: *www.whatmatterstometros.org.*

FUND FOR OUR ECONOMIC FUTURE

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