

Place Matters:

Introducing Skills-Driven Regional Economic Development



In our country, places are not succeeding equally in today's churning economy.

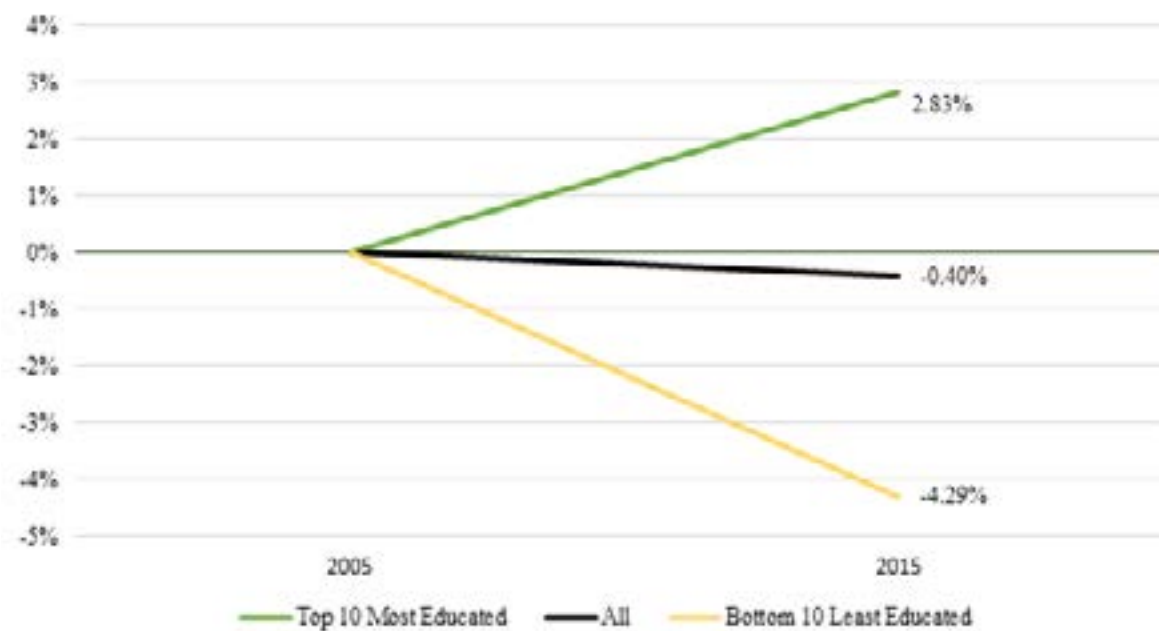
This white paper is a call to action for communities falling behind to fundamentally change regional economic development using a multi-faceted approach that focuses deeply on raising skill levels, extending responsiveness to a wider range of business workforce needs, and attracting skilled workers as the primary means for growth.



Some regions are clear winners experiencing growth in population and wealth, and others are falling behind. Especially in communities in America's heartland, the storyline of aging and out-migrating populations, struggling companies, stagnant jobs and earnings, and disconnected workers is familiar. A central factor defining the difference between winning and falling-behind communities is the readiness of the workforce to drive economies into the future. Bar none, a region's people are its number one asset; the skills and abilities of a region's population are the currency that propels growth.

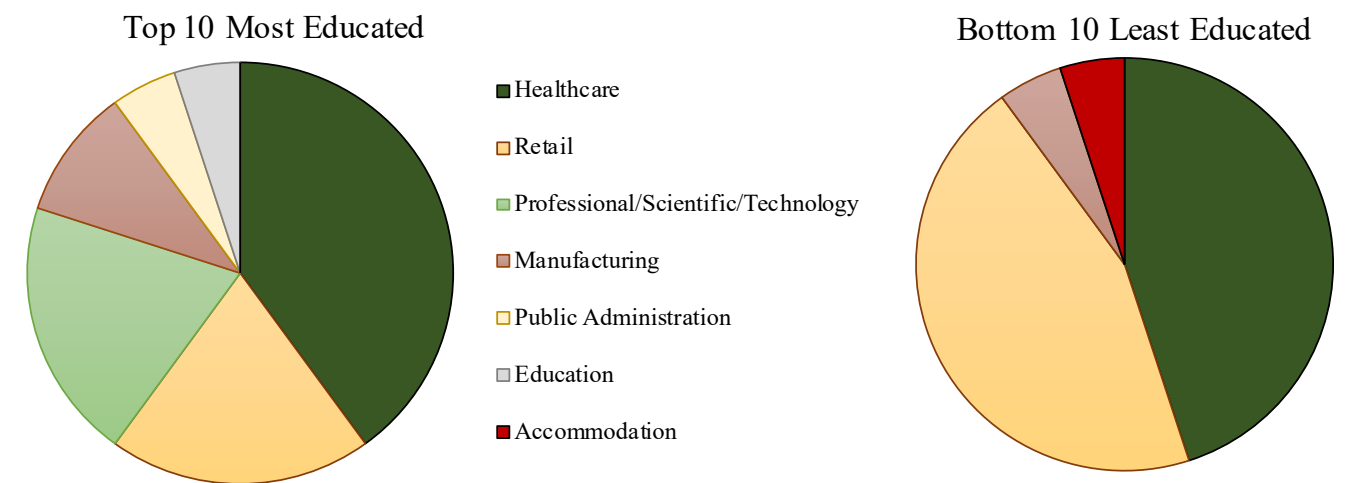
Many analyses tell a story of separation between more-educated workers and places and those that are less-educated. The chart below, created by the New Growth team, provides one example. In a ranking of the 48 largest US Metropolitan Statistical Areas based on the percentage of people with a bachelor's degree or higher, the median household income increased between 2005 and 2015 among the Top 10 Most Educated places and declined among the Bottom 10 Least Educated places.

Figure 1: Percentage Change in Median Household Income, 2005 – 2015
48 Largest MSA's Ranked by Educational Attainment



It would be nice if falling-behind places could simply educate more people and expect the region's fortunes to change. Undoubtedly more investment in education would help, but there is a complex mix of factors at play that makes the solution less straightforward. The movement and migration of workers, contributions of educational institutions, the mix of businesses and jobs, and the entrepreneurial ecosystem are a few principal elements related to a region's educational characteristics. For example, digging into the mix of businesses in the same 20 MSA's shows a larger share of tech industries in the top 10 related to the bottom 10.

Figure 2: Industry Mix of MSA's Ranked by Educational Attainment

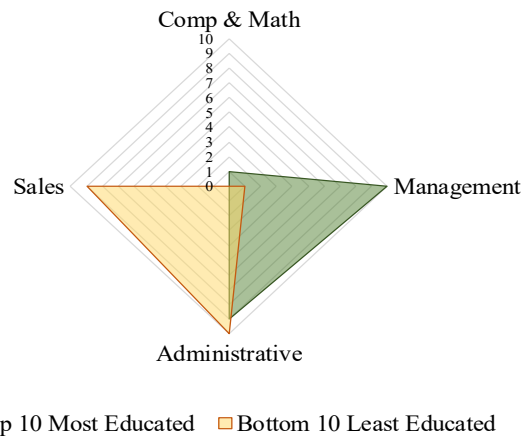


A gravitational pull exists among industries in the top 10 that creates growth momentum; which propels further growth. In addition to the strong tech presence, they are more likely to have a higher percentage of management occupations. MSA's on the other end of the spectrum are characterized by a higher concentration of lower-skilled industries such as retail or accommodation and have fewer opportunities for residents to move into higher-paying management occupations².

(1) Washington-Arlington-Alexandria, (2) San Jose-Sunnyvale-Claremont, (3) San Francisco-Oakland-Fremont, (4) Boston-Cambridge-Quincy, (5) Austin-Round Rock, (6) Minneapolis-St. Paul-Bloomington, (7) Denver-Aurora, (8) Seattle-Tacoma-Bellevue, (9) Baltimore-Towson, (10) New York-Northern New Jersey-Long Island

(48) Riverside-San Bernadino-Ontario, (47) Las Vegas-Paradise, (46) Louisville, (45) Memphis, (44) San Antonio, (43) Tampa-St. Petersburg-Clearwater, (42) Buffalo-Niagara Falls, (41) New Orleans-Metairie-Kenner, (40) Birmingham-Hoover, (39) Jacksonville

Figure 3: Occupational Mix of MSA's Ranked by Educational Attainment



The theme that best describes the differences between these two groups of cities is skills, thus places that are falling behind should begin viewing regional growth through a skilled worker and talent lens. Unfortunately, solutions are challenging and creativity is needed in many places to overcome differences relative to an area's available skilled workforce and job opportunities. This means assembling strategies and tools to deal with the new realities in today's economy.

So, what do places falling behind do in today's economy? A multi-faceted approach to increase skills in a region is necessary. In our forthcoming white paper series "A Skills-Driven Approach to Regional Economic Development", we will explore three topics:

- **Aligning systems for inclusive growth:** This paper looks at strategies and tools to align systems across sectors like education, economic development, government, non-profit, and business to help deliver services which meet both the needs of the community and the needs of business.
- **Skills-focused growth strategies:** Focusing entrepreneurship, job creation, and economic development efforts on skilled fields. This paper looks at ways regions can concentrate limited economic development resources to promote the growth of skilled jobs.
- **Skilled worker attraction:** Overcoming unequal differences in places. This paper takes on the attraction of skilled workers. Sometimes and in some places, it can be hard to attract desired workers. Whether the target is a category of people, such as millennials, or highly-skilled individuals, such as scientists, there are strategies and tools that regions can use to tip the attraction scales in their favor.

Do you have a workforce or community development challenge you would like help thinking through? New Growth Group is accepting new clients and can help you develop, fund, manage, or evaluate your next project. [Contact one of our experts to learn more about our services.](#)