

REGIONAL METRICS BENCHMARKING INITIATIVE (RMBI)

A Tool for *Growing Regional Opportunities in Wisconsin* [DRAFT]

Introduction

The Wisconsin Regional Metrics Benchmarking Initiative (RMBI) is a project of the Governor's Council on Workforce Investment (CWI), in coordination with the Wisconsin Department of Workforce Development (DWD). Data for the project is being developed and will be updated on an ongoing basis by the DWD Office of Economic Advisors.

The remainder of this document provides further information about the RMBI, and consists of three sections:

- Background and purpose of the RMBI
- Proposed list of metrics
- Metrics deferred for further review

BACKGROUND AND PURPOSE OF THE RMBI

Growing recognition of the regional character and diversity of Wisconsin's economy has spurred new region-based initiatives in economic and workforce development. This in turn has created a need for comprehensive and comparable regional data to better plan, guide, and evaluate the long-term impact of such efforts.

Since the fall of 2004, the Department of Workforce Development (DWD) has been working with the Governor's Council on Workforce Investment (CWI) to establish a set of metrics for shared use by the regions in which important new partnerships and projects are under way. Economist staff at DWD and the UW Center on Wisconsin Strategy studied a wide range of metrics for possible inclusion. The attached list of metrics is the product of that effort to establish a system of consistent measures of regional demographics, industry, labor, education, income, growth, and quality of life. The regions that will serve, at least initially, as the basis for these metrics are those designated for the Growing Regional Opportunities in Wisconsin (GROW) grant program.

These metrics are similar to indicators in use by several other regions. We give special recognition to the Gulf Coast (Texas) Workforce Board, whose 2005 "Workforce Report Card" was a model from which we borrowed heavily for this final list. Their list incorporated metrics that address six key areas: *Industries; Labor Force and Knowledge Jobs; Market Alignment; Education; Income, Wealth and Poverty; and Places to Be*. Comments by members of CWI and other interested parties as well as further analysis by the DWD Office of Economic Advisors (OEA) produced this final draft metrics set. Metrics were reviewed for data availability and changes were made to some definitions, sources, and time periods to better reflect Wisconsin's regional needs. [Note: once the public comment process is completed additional information about that process will be inserted here.]

A main consideration in drafting this set of metrics has been the ready and uniform availability, on a statewide basis, of county-level data that can be aggregated for the relevant regions. We have also generally avoided metrics that entail the manipulation or combination of data to create composite "scores" or indices, in favor of metrics that are relatively self-explanatory and lend themselves to

simple presentation. The draft metrics list also balances a desire to address multiple dimensions of regional economies with the need to keep the list of metrics to a manageable size.

The resulting set of metrics is intended to serve as a planning tool to enable regional stakeholders to analyze the opportunities and challenges facing their particular regions. Unlike the Gulf Coast effort, the metrics are not intended to produce a “report card” on program success or regional performance. They will, however, provide the raw material out of which regions themselves may choose to develop scorecards or other types of reports for their particular regional planning and partnership-building efforts. Regions will be free to make selective use of particular metrics and combine them with other regionally-generated information in whatever way best serves their needs.

In keeping with the intent behind these metrics, CWI and DWD emphasize the following three key points:

- Regions will determine for themselves how best to use metrics data to inform their strategic planning and program implementation efforts. In conjunction with state level activities and opportunities, regions may be asked how they are using the metrics and how regional plans or proposals take into account the metrics that the region deems important.
- Regions will be asked to identify the other regions across the nation that would be most appropriate as points of comparative reference for particular metrics. Since this effort is being developed as a specific regional effort, data will not be aggregated on a statewide basis, and regional metrics data will not be compared against statewide benchmarks.
- Metrics may be used in conjunction with other factors to confirm or reinforce resource allocation decisions, but will also provide regions with an independent tool for evaluating those decisions. Metrics by themselves are not intended for direct use by state-level agencies in deciding how to allocate funds or other program resources to regional or sub-regional entities.

In order to maximize the value of these metrics to regional planning and decision-making, DWD and CWI will incorporate the following elements into its plan for finalizing and implementing the metrics:

- Specific programs of *orientation and training* to educate the policy-makers, other stakeholders, and the public at large about the methodology behind and meaning of these metrics.
- Specific processes for periodic *review and re-evaluation* of the metrics as experience with them suggests needed changes in the metrics, their methodology, or their mode of presentation.
- Specific provisions for establishing *regional variations* on these metrics, in the form of supplemental metrics or data breakouts to address the unique strategic circumstances of particular regions.

PROPOSED LIST OF METRICS

INDUSTRIES

- 1. Industry employment profile.** This metric measures the percentage distribution of employment in the region across up to 21 industrial sectors. (The number of sectors may vary by region, depending upon data availability.) The initial report will present this distribution for 2004.
- 2. Rate of regional job growth.** This metric measures the percent change in the total number of jobs in the region over a five-year period. The initial report will measure the change between 1999 and 2004.
- 3. Total job growth.** This metric measures the numeric change in total jobs in the region over a five-year period. The initial report will measure the change between 1999 and 2004.
- 4. Business establishment dynamics.** This metric compares the number of business establishment “births” with the number of business “deaths” in the region over a given period. The initial report will present this comparison for each year from 1999 to 2004.
- 5. Average hourly wage.** This metric measures the average hourly wage for those working in the region, based on Occupational Employment Statistics (OES) data. The initial report will present this information for 2004.

LABOR FORCE AND KNOWLEDGE JOBS

- 6. Proportion of Managerial, Professional, and Technical jobs.** This metric measures the percentage of total jobs in the region at a given point in time that are categorized as managerial, professional, or technical. The initial report will present this information as of November 2004.
- 7. Recent change in unemployment.** This metric measures the percent change in the number of unemployed persons in the region over a five-year period. The initial report will measure the change between 1999 and 2004.
- 8. Current unemployment rate.** This metric measures (as an annual average) the percentage of the regional labor force that is unemployed for a given year. The initial report will present this information for 2004.
- 9. Percent not in labor force.** This metric measures the percentage of the adult working age population of the region that is not attached to the labor force, i.e., neither working nor looking for work. The initial report will provide this information for 2004.
- 10. Regional racial and ethnic composition.** This metric presents the percentage distribution of the regional population among different racial and ethnic categories, as one indication of regional diversity. The initial report will present this information based on 2000 Census data, both as an overall figure and by gender.
- 11. Foreign-born population.** This metric measures the percentage of the total population of the region that was born outside of the United States, as one indication of regional diversity. The initial report will provide this information based on 2000 Census data.
- 12. Workforce entry/exit balance.** This metric compares the percentage of the regional population aged 15 to 24 (and thus likely to have recently entered or be about to enter the labor force) with the percentage aged 55 to 65 (and thus likely to have left or be about to leave the labor force), as one indicator of regional labor supply dynamics. The initial report will provide this comparison for the year 2004.

- 13. Median age.** This metric presents the median age of the regional population, by year, for a specified set of years. The initial report will track this information from 2000 to 2004.

MARKET ALIGNMENT

- 14. Alignment between job growth and workforce growth.** This metric compares the percentage growth in jobs in the region with the percentage growth in the regional labor force, as one indicator of the alignment between labor supply and demand in the region. The initial report will present this comparison for each year between 1999 and 2004.
- 15. Occupational alignment.** This metric compares the number of jobs reported by employers in various occupational clusters with the number of people who report working in those same occupational clusters, as one indication of the alignment of labor supply and demand. The initial report will present comparisons based on a combination of Bureau of Labor Statistics and 2000 Census data.
- 16. Wage rates by occupational cluster.** This metric presents the average hourly wage in the region for each of the occupational clusters used to measure occupational alignment (metric 15).

EDUCATION

- 17. Attainment of a Bachelor's degree or higher.** This metric measures the percentage of the population aged 25 or over that holds a Bachelor's degree or higher, as one indication of the educational attainment of the regional workforce. The initial report will present information based on 2000 Census data, as an overall figure, by gender, and by age..
- 18. Attainment of at least some college education.** This metric measures the percentage of the population aged 25 or over that has at least some college education, though not necessarily a college degree, as one indication of the educational attainment of the regional workforce. The initial report will present information based on 2000 Census data, as an overall figure, by gender, and by age.

INDIVIDUAL AND FAMILY PROSPERITY

- 19. Per capita personal income.** This metric measures the total income in the region divided by the population of the region, as one indicator of the relative earning power of the region. The initial report will present this information for 2004.
- 20. Median household income.** This metric measures the median household income for the region for a given year (averaging the median household income for each county in the region), as one indicator of relative earning power. The initial report will present this information based on 2000 Census data.
- 21. Average annual wage.** This metric measures the annual wages earned by those who live in the region, based on Census data. The initial report will present this information based on 2000 census data.
- 22. Average number of workers per household.** This metric will measure the average number of workers in each household in order to provide a context for the median household income. The initial report will present this information based on 2000 Census data.

23. **Median home value.** This measures the median value of owner-occupied homes in the region, as one indicator of relative accumulated wealth by property-owners in the region. The initial report will present this information for 2004.
24. **Percentage of single-female-parent households.** This metric measures the percentage of families headed by a single female parent, one indicator of family economic insecurity. The initial report will present information based on 2000 Census data.
25. **Percentage of families in poverty.** This metric measures the percentage of families in the region whose income is below the poverty level as defined by the U.S. Census. The initial report will present this information based on 2000 Census data.
26. **Percentage of households receiving public assistance.** This metric measures the percentage of families in the region that received public assistance (in the form of cash welfare payments, disability payments, and food stamps) at some point in a given year. The initial report will present this information for 2004.

PLACES TO BE

27. **Monthly rental cost.** This metric measures the percent of monthly income spent by home renters on home rental costs. The initial report will present this information based on 2000 Census data.
28. **Monthly home ownership cost.** This metric measures the percentage of monthly income spent by home owners on home ownership costs. The initial report will present this information based on 2000 Census data.
29. **Relationship between home value and annual income.** This metric measures the amount of time it would take the median annual income for the region to pay for the median regional home value, assuming that income was applied to nothing else. It is one indication of regional earning power relative to cost of living. The initial report will present this information based on 2000 Census data.
30. **Mean travel time to work.** This metric measures the average time (in minutes) that workers take to travel to/from work. The initial report will present this information based on 2000 census data.
31. **Recent population growth.** This metric measures both the numeric and percentage change in total regional population, as one indicator of the region's ability to attract and retain people. The initial report will compare an estimated figure for 2004 against 2000 Census data.
32. **In-migration as a factor in population growth.** This metric measures the percent of the regional population increase over a specified period that is the result of a net in-migration of people from outside of the region, as an indicator of the region's ability to attract people. The initial report will present this information for the period 2000-2004.

METRICS DEFERRED FOR FURTHER REVIEW

A number of additional metrics included in earlier draft lists or proposed as additions to those lists were ultimately omitted from the final draft list. Proposed metrics were omitted from the final list for a variety of reasons, including the lack of consistent or reliable data or methodological issues surrounding interpretation or presentation of the data. Some of these omitted metrics may eventually be added to the final list based on further inquiry; others may be applied on an experimental basis, possibly in selected regions to evaluate their appropriateness for future inclusion.

Industries

- *Industrial diversity index.* Methodological concerns about converting this data into an index “score” led us to revise this as a simple percent distribution across sectors (see metric 1, industry employment profile).
- *Rate of industry growth and competitiveness based on location quotients.* This metric poses challenges with respect both to the availability of data and to the complexity involved in analyzing and presenting that data accurately. We will continue to investigate options for developing this into a workable metric.
- *Wage rate trends for various occupations.* Because Occupational Employment Statistics wage data takes the form of sample-based estimates rather than longitudinal tracking of a specific cohort of jobs, they do not capture wage trends well. DWS/OEA will continue to investigate options for building an accurate occupational wage trend metric.
- *Entrepreneurial breadth/depth.* Data to support this metric (based on information about non-farm proprietorship employment and income levels) may not be readily available at the county level in a form likely to support meaningful regional comparisons; we will continue to investigate options for measuring entrepreneurial activity.

Labor Force and Knowledge Jobs

- *Simpson index of racial and ethnic diversity.* We elected not to include this as a core metric both on data availability grounds and because of its complexity; however, proposed metric 9 addresses racial and ethnic diversity by way of a straightforward percentage regional population distribution by race/ethnicity.
- *Creativity (“Bohemian” Index).* This metric would require use of Public Use Microdata Sample data, the regions for which do not correspond with the GROW regions around which these metrics are organized, and for methodological reasons we prefer to avoid “index” measures.
- *Innovation.* We are open to exploring data that capture innovation, such as number of patents issued; it is not clear that this information is readily or consistently available statewide at the county level, however.

Education

- *Percent with Limited English Proficiency.* We believe that in most regions the percentage will be too uniformly low for these to be a very informative metric.
- *Youth whose labor market attachment is “at risk”* This metric would measure the number of youth ages 16 through 19 that have not graduated from high school, are not in school, and are not employed. DWD/OEA will continue to investigate whether accurate county-level data is available to support this as a regional metric.

Individual and Family Prosperity

- *Average home appreciation over 5 years.* Uncertainty about the availability of county-level data consistently across the state led to a recommendation against including this metric, pending further analysis of data-collection options.
- *Families eligible for free/reduced lunch programs.* DWS/OEA will continue to investigate the gathering of data for this metric and whether it will add significantly to the information provided by the other economic vulnerability measures already included.
- *Employer-sponsored health coverage.* Consistent county-level data on employers offering health coverage is not available. Available census data concerning family health-coverage status in general may include information on those having coverage through their employer. We will continue to investigate use of this to support a metric on health insurance coverage.

Places to Be

- *Solo drivers per square mile.* Proposed as a means of measuring success in reducing “vehicle density,” we consider this measurement too specific to urban areas and their concerns to be of value in most regions of the state. It may be of useful on a more selective basis, in more urbanized areas of the state such as southeastern Wisconsin.
- *Percent carpooling or using public transportation to work.* As with the “vehicle density” metric, this metric is appropriate to urban areas but less likely to offer meaningful information in the many parts of the state not served by public transportation. This may be considered for selective use by regions where it may be especially relevant.
- *Building permits.* Because building permit data is not uniform from region to region throughout the state, this does not appear to be appropriate as a core regional metric. We will continue to investigate options for collecting this data.