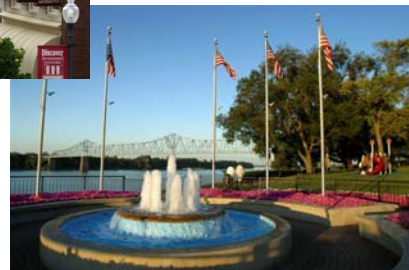




Owensboro Metropolitan Area Among Peers

An Analysis of Owensboro's Economic Performance
Compared to Ten Peer Regions in the United States

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Introduction

In 2000, the Greater Owensboro Economic Development Corporation, Industry, Inc as it was known at the time, contracted with Dr. Paul Coomes, a professor of economics at the University of Louisville to identify peer regions for benchmarking purposes. The peer regions enable effective comparisons of the Owensboro MSA performance on basic economic, educational, and social indicators. Dr. Coomes developed the following four criteria in identifying the peer regions:

1. Regions within 30,000 of the Owensboro MSA population size in 2000;
2. Regions that are not a state capital;
3. Regions that do not have a public university;
4. Regions not directly located on an interstate highway;
5. Regions 60 miles or more from a major metropolitan region (added later).

The initial peer region analysis identified the following metropolitan areas as peers with the Owensboro MSA:

- Albany, GA
- Danville, VA
- Dubuque, IA
- Elmira, NY
- Jonesboro, AR
- Kokomo, IN
- Lewiston-Auburn, ME
- Pine Bluff, AR
- Sumter, SC
- Victoria, TX

In subsequent analyses, regional metro areas such as Bowling Green, KY and Evansville-Henderson, IN-KY were added to allow regional geographic comparisons. Additionally, two peer metropolitan regions were added. The first, Kingsport-Bristol, TN-VA was added because it is a multi-city region similar in size to the Evansville-Henderson-Owensboro region and could allow for comparisons using the larger BEA regional analysis. The second added was LaCrosse, WI. LaCrosse was added despite its close proximity to an interstate and its small public university, due to its position as a regional medical center. The LaCrosse region can provide benchmarking opportunities for Owensboro with the expansion of the Owensboro Medical Health System as well as the growth of Western Kentucky University-Owensboro as a public university similar to the UW-LaCrosse campus. The planned proximity of Owensboro to I-69 is similar to the existing proximity of LaCrosse to I-90.

Data Analysis

The original peer region analysis (2000) identified data points using Bureau of Economic Analysis and US Census Data. The following measures were included:

- Population (BEA)
- Per Capita Income (BEA)
- Manufacturing Employment (BEA)
- Employment – All Industries (BEA)
- Business Formation (Census)

The following analysis includes those mentioned above and the following additional measures using the most recent data available from the Bureau of Labor Statistics, the American Community Survey, and YourEconomy.org:

- Private Business Establishments (Your Economy .org)
- Phase I Company Growth and Phase II Company Job Growth (Your Economy .org)
- Educational Attainment Rates (American Community Survey)
- Metropolitan Area Gross National Product (BEA)
- Employment by Occupation and Unemployment measures (BLS)

In every case possible, metropolitan service area (MSA) data, using US Department of Commerce MSA classifications based on commuting patterns, was used in this analysis. Changes in the MSA composition can skew some of the data numbers. For example, the Owensboro MSA included only Daviess County in 2000, but expanded to include McLean and Hancock County by 2005. Appendix A includes a full list of counties for each peer region MSA.

Population

The Owensboro MSA population experienced 2.4 percent growth from 2000 to 2008, ranking 5th compared to peer regions. Table 1 includes a summary of population data over this period. Owensboro’s growth, while on pace with many peer regions, lagged behind state and national population growth, which were 5.2 percent and 7.2 percent respectively. The only peer region that kept pace with national growth was Jonesboro, AR, which experienced 7.9 percent growth from 2000 to 2008. Various peer regions, including Owensboro added counties to their metro areas between 2004 and 2008, skewing population numbers slightly.

Table 1: Peer Region Population Data, 2000, 2004, 2008

Peer Region	Population				Rank
	2008	2004	2000	Annual Growth Rate, 2000-08	
Albany, GA	164,919	161,404	157,812	4.3%	2
Danville, VA	105,783	107,330	110,028	-4.0%	10
Dubuque, IA	92,724	90,633	89,261	3.7%	3
Elmira, NY	87,813	89,386	91,049	-3.7%	9
Jonesboro, AR	117,361	111,341	108,121	7.9%	1
Kokomo, IN	99,304	100,620	101,529	-2.2%	8
Lewiston-Auburn, ME	106,877	106,362	103,869	2.8%	4
Owensboro MSA	112,762	110,429	110,022	2.4%	5
Pine Bluff, AR	100,647	104,506	107,257	-6.6%	11
Sumter, SC	104,148	105,142	104,706	-0.5%	7
Victoria, TX	114,313	112,485	111,659	2.3%	6
Average, Peer MSAs	109,696	109,058	108,665	0.9%	7

Region/State/ Nation					
Bowling Green, KY	117,947	109,205	104,468	11.4%	1
Evansville-Henderson, IN-KY	350,261	346,838	343,008	2.1%	7
Kingsport-Bristol, TN/VA	304,689	298,771	298,771	1.9%	7
LaCrosse, WI	131,872	128,790	128,790	2.3%	6
Kentucky	4,269,245	4,165,958	4,048,831	5.2%	2
United States	304,059,724	295,560,549	282,171,936	7.2%	2

Source: Bureau of Economic Analysis, Regional Economic Accounts

Per Capita Income

Per Capita Income (PCI) levels are the best overall measure of the quality of jobs in any given region. The Owensboro MSA experienced 19.3 percent growth in PCI from 2000 to 2007, ranking 8th out of the 11 peer regions. Despite the modest growth, Owensboro ranked 5th in the overall PCI of all peers (\$30,381). The largest overall PCI was in Dubuque, IA (\$33,505), the lowest in Albany, GA (\$25,861). The highest levels of PCI among the peer regions still lagged behind national levels (\$38,615). The fastest growing PCI was in Pine Bluff, AR (26%). National growth levels were at 22 percent during this period. Table 2 below provides complete PCI data of all peer and benchmark regions.

Table 2: Peer Region Per Capita Income Data, 2000, 2004, 2007

Peer Region	Per Capita Income					
	2007	Rank	2004	2000	Percent Growth 2000-2007	Rank
Albany, GA	\$ 25,861	11	\$ 23,826	\$ 21,370	17.4%	10
Danville, VA	\$ 26,956	8	\$ 24,911	\$ 21,492	20.3%	7
Dubuque, IA	\$ 33,505	1	\$ 29,296	\$ 25,699	23.3%	5
Elmira, NY	\$ 29,999	6	\$ 25,794	\$ 24,342	18.9%	9
Jonesboro, AR	\$ 26,846	9	\$ 23,733	\$ 20,787	22.6%	6
Kokomo, IN	\$ 32,581	3	\$ 29,849	\$ 28,850	11.5%	11
Lewiston-Auburn, ME	\$ 31,857	4	\$ 28,625	\$ 24,382	23.5%	4
Owensboro MSA	\$ 30,381	5	\$ 26,458	\$ 24,530	19.3%	8
Pine Bluff, AR	\$ 25,980	10	\$ 22,754	\$ 19,075	26.6%	1
Sumter, SC	\$ 27,576	7	\$ 23,815	\$ 20,545	25.5%	2
Victoria, TX	\$ 33,344	2	\$ 27,929	\$ 25,164	24.5%	3
Average, Eleven MSAs	\$ 29,535	7	\$ 26,090	\$ 23,294	21.1%	7

Other Benchmarks									
Bowling Green, KY	\$	29,929	7	\$	26,291	\$	23,498	21.5%	6
Evansville-Henderson, IN	\$	34,832	1	\$	31,294	\$	27,096	22.2%	7
Kingsport-Bristol- TN	\$	29,730	7	\$	26,158	\$	22,900	23.0%	6
LaCrosse, WI	\$	32,877	3	\$	29,000	\$	26,002	20.9%	6
Kentucky	\$	31,206	5	\$	27,518	\$	24,786	20.6%	7
United States	\$	38,615	1	\$	33,157	\$	29,847	22.7%	6
Source: Bureau of Economic Analysis, Regional Economic Accounts									

Personal Income

Total Personal Income (PI) is the best overall measure of the personal wealth in any given region. The Owensboro MSA experienced 20.7 percent growth in PI from 2000 to 2007, ranking 7th out of the 11 peer regions. Despite this, Owensboro ranked 3rd in the overall PI of all peers (\$3.4 million). The largest overall PI was in Albany, GA (\$4.9 million), the lowest in Lewiston-Auburn, ME (\$1.8 million). The highest levels of PI growth among the peer regions still lagged behind national levels (28%). The fastest growing PI was in Jonesboro, AR (20.7%). Table 3 below provides complete PI data of all peer and benchmark regions.

Table 3: Peer Region Total Personal Income Data, 2000, 2004, 2007

Peer Region	Total Personal Income			Percent Growth 2000-2007	Rank
	2007	2004	2000		
Albany, GA	\$ 4,239,723	\$ 3,845,608	\$ 3,371,303	20.5%	8
Danville, VA	\$ 2,855,919	\$ 2,673,739	\$ 2,364,127	17.2%	9
Dubuque, IA	\$ 3,092,423	\$ 2,655,174	\$ 2,293,137	25.8%	2
Elmira, NY	\$ 2,637,322	\$ 2,305,645	\$ 2,216,983	15.9%	10
Jonesboro, AR	\$ 3,101,991	\$ 2,642,431	\$ 2,247,895	27.5%	1
Kokomo, IN	\$ 3,247,471	\$ 3,003,368	\$ 2,929,078	9.8%	11
Lewiston-Auburn, ME	\$ 1,859,103	\$ 1,595,217	\$ 1,418,599	23.7%	5
Owensboro MSA	\$ 3,402,232	\$ 2,921,737	\$ 2,698,440	20.7%	7
Pine Bluff, AR	\$ 2,639,796	\$ 2,377,965	\$ 2,045,505	22.5%	6
Sumter, SC	\$ 2,868,105	\$ 2,503,959	\$ 2,150,092	25.0%	4
Victoria, TX	\$ 3,785,289	\$ 3,141,543	\$ 2,809,298	25.8%	3
Average, Eleven MSAs	\$ 3,066,307	\$ 2,696,944	\$ 2,413,132	21.3%	7

Other Benchmarks					
Bowling Green, KY	\$ 3,462,720	\$ 2,871,064	\$ 2,454,766	29.1%	1
Evansville-Henderson, IN	\$ 12,181,525	\$ 10,854,079	\$ 9,294,008	23.7%	5
Kingsport-Bristol- TN	\$ 9,017,396	\$ 7,815,355	\$ 6,834,097	24.2%	5
LaCrosse, WI	\$ 4,308,049	\$ 3,734,968	\$ 3,302,737	23.3%	6
Kentucky	132,197,905	113,802,748	100,354,332	24.1%	5
United States	11,879,836,000	9,928,790,000	8,554,866,000	28.0%	1

Source: Bureau of Economic Analysis, Regional Economic Accounts

Job Growth in All Industries

During the period of this analysis, prior to the 2008-2009 recession, the national economy showed an 8 percent increase in jobs, with average earning per job at just over \$44,000. Only one of Owensboro's peer regions posted this type of job growth during the same period (Dubuque, IA, 9.7%). Owensboro posted a modest 3.5 percent growth over the same period (5th ranked), with average earnings per job at \$33,000 (9th ranked). In addition to Dubuque, Jonesboro, AR (7.1%) and Victoria, TX (6.6%) also saw growth near the national level. Four peer regions (Danville, Elmira, Kokomo, and Pine Bluff) posted job losses between 2001 and 2007. The largest losses were in Kokomo, IN (-6.7%). Despite this Kokomo had the highest average annual earnings per job in 2007 (\$47,000). All others peers ranked below the national average. Jonesboro was the lowest with \$30,893. Table 4 below provides complete job growth data of all peer and benchmark regions.

Table 4: Peer Regions Job Growth, All Industries, 2001, 2004, 2007

All Industries							
Peer Regions	2007 Jobs	2004 Jobs	2001 Jobs	Growth Rate 2000-2007	Rank	Average Annual Earnings per Job, 2007	Rank
Albany, GA	82,800	80,371	80,250	3.1%	6	\$ 34,294	5
Danville, VA	54,434	54,573	55,184	-1.4%	8	\$ 31,155	10
Dubuque, IA	68,457	64,273	61,817	9.7%	1	\$ 33,673	7
Elmira, NY	49,150	47,817	51,281	-4.3%	10	\$ 34,933	3
Jonesboro, AR	66,548	64,322	61,795	7.1%	2	\$ 30,893	11
Kokomo, IN	57,457	59,168	61,300	-6.7%	11	\$ 47,051	1
Lewiston-Auburn, ME	65,312	63,560	61,885	5.2%	4	\$ 34,456	4
Owensboro MSA	65,868	63,777	63,568	3.5%	5	\$ 33,161	9
Pine Bluff, AR	49,102	50,347	49,932	-1.7%	9	\$ 33,772	6
Sumter, SC	54,891	54,371	54,345	1.0%	7	\$ 33,411	8
Victoria, TX	69,884	64,224	65,255	6.6%	3	\$ 38,025	2
Average, Eleven MSAs	62,173	60,618	60,601	2.5%	6	\$ 34,984	3

Other Benchmarks								
Bowling Green, KY	75,626	68,779	64,030	15.3%	1	\$	32,753	10
Evansville-Henderson, IN-KY	211,911	210,302	209,239	1.3%	7	\$	38,020	2
Kingsport-Bristol- TN	165,203	159,781	159,163	3.7%	5	\$	36,429	3
LaCrosse, WI	94,045	90,642	89,726	4.6%	5	\$	33,608	6
Kentucky	2,424,591	2,309,719	2,282,389	5.9%	4	\$	36,140	3
United States	179,871,700	169,026,700	165,510,200	8.0%	2	\$	44,605	2
Source: Bureau of Economic Analysis, Regional Economic Accounts								

Educational Attainment

The development of human capital is one of the most important aspects of regional growth. Human capital and talent are difficult to measure. The most commonly accepted metrics are related to educational attainment, the percentage of the population under 25 with a high school diploma or equivalent and the percentage of the population under 25 with a four-year degree. A comprehensive analysis of regional growth conducted by the Federal Reserve in 2007, found educational attainment to be the best predictor of the economic growth of regions. These results demonstrate that access to affordable higher education beyond the community college level is a factor in most peer regions due to the lack of public university programs. The quality of job opportunities and the ability of regions to attract college degree holders through amenities and quality of place factors also play a role in the percentage age 25 and above with a college degree living in these regions.

Owensboro performs very well compared to peer regions in high school attainment, ranking 4th with an 84.2 percent rate. This rate is identical to the national rate and far above Kentucky's rate of 79 percent. Dubuque tops the list of peers with a 90 percent rate, while Danville, VA was last with 74 percent.

In college attainment rates, the lack of a four-year public university in the peer regions, including Owensboro, is evident. The average rate of BA or BS attainment among peer regions was 17.9 percent compared to 27 percent nationally. Similar sized regions with public university campuses, Bowling Green and LaCrosse, have rates similar to the national average. Owensboro is ranked 9th, with 15.4 percent of those under 25 with a BS or BA. Once again, Dubuque tops the list with a 25 percent rate. Danville was last with 13.8 percent.

Three peer regions have public university programs. Two, Albany State University and the University of Arkansas-Pine Bluff have relatively low enrollments (3,500 students) and few graduate programs. The University of Arkansas-Jonesboro has an enrollment of over 12,000, a full complement of graduate programs, including Ph.D.-level and a various research programs. Table 5 below provides complete educational attainment data of all peer and benchmark regions.

Table 5: Peer Regions Educational Attainment Rates, 2007

Educational Attainment Rates, 2007				
Peer Region	High School or equivalent	Rank	College BS or BA	Rank
Albany, GA	79.4%	7	18.5%	4
Danville, VA	74.3%	11	13.8%	11
Dubuque, IA	90.6%	1	25.3%	1
Elmira, NY	86.8%	3	21.0%	2
Jonesboro, AR	81.1%	6	20.2%	3
Kokomo, IN	87.4%	2	17.2%	6
Lewiston-Auburn, ME	84.0%	5	17.2%	7
Owensboro MSA	84.2%	4	15.4%	9
Pine Bluff, AR	79.4%	8	15.3%	10
Sumter, SC	79.3%	9	17.3%	5
Victoria, TX	77.9%	10	15.5%	8
Average, Eleven MSAs	82.2%	6	17.9%	4

Other Benchmarks				
Bowling Green, KY	84.2%	5	26.2%	1
Evansville-Henderson, IN	85.9%	3	19.4%	4
Kingsport-Bristol, TN	78.0%	9	16.7%	8
LaCrosse, WI	91.8%	1	27.7%	1
Kentucky	79.0%	10	19.3%	4
United States	84.2%	5	27.2%	1
Source: American Community Survey, US Census Bureau				

Unemployment Rates during 2008-2009 Recession

This analysis uses the most up-to-date data available. In most cases, this is 2007 or 2008 data. Unemployment data are the exception. National and metro area unemployment rates are the best available data available to evaluate the impact of the recession of 2008-2009 on Owensboro and peer regions.

Owensboro, like many peer regions in this analysis, faced a significant increase in unemployment due to jobs cuts, layoffs, and plant closings. However, compared to peer regions and many other benchmarks, such as the state and national unemployment rate, Owensboro ranked in the average range. The unemployment rate in Owensboro from late 2008 through 2009 was similar to national levels of unemployment and consistently ranked between one and two points below the state level. Compared to peers, Owensboro ranked 6th based on the December 2009, 9.1 percent rate. This represents a 26 percent increase from the 8.7 percent in December 2008 and a decrease from the January 2009 level of 9.6 percent. Owensboro's rate reached a peak of 10.1 percent in October 2009. Of the 11 peers, Sumter, Kokomo, and Danville had consistently the highest rates, ranging from 12 to 16 percent. The lowest unemployment regions include Dubuque, Jonesboro and Victoria with rates ranging from five to

eight percent throughout the recession. Table 6 below provides complete unemployment data of all peer and benchmark regions.

Table 6: Peer Regions Unemployment Rates, Selected Months during 2008- 2009 Recession

Unemployment Rates 2008-2009							
Peer Regions	2009 Jan %	2009 Sept %	2008 Dec %	2009 Dec %	Rank Dec. 2009	Percent Growth, Jan-Dec	Percent Growth, 2008-2009
Albany, GA	8.8	10.3	7.4	10.0	8	12.0%	26.0%
Danville, VA	14.0	11.4	11.5	11.8	9	-18.6%	2.5%
Dubuque, IA	6.6	6.0	5.3	6.7	1	1.5%	20.9%
Elmira, NY	8.8	8.9	7.5	8.8	5	0.0%	14.8%
Jonesboro, AR	6.6	6.2	5.5	7.0	2	5.7%	21.4%
Kokomo, IN	16.5	11.6	9.9	12.2	10	-35.2%	18.9%
Lewiston-Auburn, ME	9.1	8.4	7.4	8.5	4	-7.1%	12.9%
Owensboro MSA	8.7	9.6	6.7	9.1	6	4.4%	26.4%
Pine Bluff, AR	9.4	8.8	8.1	9.7	7	3.1%	16.5%
Sumter, SC	12.9	13.9	10.7	14.0	11	7.9%	23.6%
Victoria, TX	6.0	8.1	4.9	7.7	3	22.1%	36.4%
Average, Eleven MSAs	9.8	9.4	7.7	9.6	7	-1.8%	19.5%

Other Benchmarks							
Bowling Green, KY	10.1	9.5	6.3	9.4	6	-7.4%	33.0%
Evansville-Henderson, IN	8.5	7.6	6.7	8.1	4	-4.9%	17.3%
Kingsport-Bristol, TN	8.4	9.1	6.6	9.5	9	11.6%	30.5%
LaCrosse, WI	6.6	6.1	5.2	6.4	2	-3.1%	18.8%
Kentucky	9.5	10.4	7.5	10.1	9	5.9%	25.7%
National	8.5	9.5	7.1	9.7	7	12.4%	26.8%

Source: Bureau of Labor Statistics

Business Formation and Growth

In the early part of the last decade Owensboro-Daviess County experienced a negative growth in business formations according to data from the 2000 census and YourEconomy.org (-.5% from 2000 to 2004). Owensboro ranked last among peers in this category during the last comprehensive peer region analysis. Since that analysis, an innovation and commercialization center program was opened in the Owensboro region. The innovation center is part of a state network that supports the startup and development of high growth companies with seed capital funding and business planning. Other resources to support entrepreneurial efforts have also been developed. Business formation numbers have improved significantly. Over 600 companies have been formed the second half of the decade, a 21 percent increase. Owensboro is ranked 2nd compared to all 11 peer regions. While not all of the increase can be attributed to the infrastructure created with the IC program, the number of client

companies served by the innovation center is very high compared with other similar programs statewide.

Albany led all 11 peer regions with a 28 percent increase in business formations between 2000 and 2007. The national increase during this same period was also 28 percent. Table 7 below provides complete business formation data of all peer and benchmark regions.

Table 7: Peer Regions Private Business Establishments, 2000, 2004, 2007

Peer Regions	Private Business Establishments 2007	Private Business Establishments 2004	Private Business Establishments 2000	Percent Growth 2004-2007	Rank
Albany, GA	9,836	8,360	6,992	28.9%	1
Danville, VA	5,367	4,834	4,343	19.1%	6
Dubuque, IA	6,630	6,159	5,510	16.9%	8
Elmira, NY	4,293	4,161	3,734	13.0%	11
Jonesboro, AR	7,034	6,073	5,610	20.2%	4
Kokomo, IN	5,334	4,717	4,289	19.6%	5
Lewiston-Auburn, ME	5,665	5,240	4,756	16.0%	9
Owensboro MSA	6,463	5,827	5,049	21.9%	2
Pine Bluff, AR	5,019	4,550	4,228	15.8%	10
Sumter, SC	4,758	4,274	3,784	20.5%	3
Victoria, TX	7,215	6,898	5,857	18.8%	7
Average, Eleven MSAs	6,147	5,554	4,923	19.9%	5

Other Benchmarks					
Bowling Green, KY	7,492	6,056	5,071	32.3%	1
Evansville-Henderson, IN-KY	19,042	16,636	15,254	19.9%	5
Kingsport-Bristol, TN	15,473	13,601	12,054	22.1%	2
LaCrosse, WI	8,082	7,242	6,659	17.6%	8
Kentucky	252,001	213,388	175,057	30.5%	1
United States	19,444,777	16,835,267	13,896,704	28.5%	2

Source: YourEconomy.org, Private Business Establishment Growth Data for MSAs

Further disaggregation of business formation data allows for an understanding of the number of startup (stage I: 0-10 employee) companies and how many second stage (10-100 employees) companies are part of the regional economy. Stage II companies, often called “gazelles” because their speed from start-up to high growth company, are important to the economy because they create more jobs than any other type of company. Research has shown that regions that nurture and support stage II companies see sustained economic growth. For that reason, this analysis breaks down the number of jobs created by stage II firms in each peer region economy.

Owensboro ranked 7th among all peers in the number of jobs created by stage II firms (13,661). Yet, the region experienced negative growth in stage II jobs between 2000 and 2007, despite having a healthy 28

percent increase in startup companies over the same period. Dubuque and Victoria led all peers with 9 percent growth in stage II jobs over this period. The national rate of stage II job growth was 2.7 percent during this period. Despite seeing a 6 percent decrease, Albany had the most stage II jobs in 2000 and 2007 (19,567 and 18,397 respectively). Table 8 below provides complete startup and stage II jobs data of all peer and benchmark regions.

Table 8: Peer Regions Business Startups and Stage II Company Job Growth, 2000, 2007

Peer Regions	Stage I Startups 2000	Stage I Startups 2007	Percent Growth 2000-2007	Stage II Jobs 2000	Stage II Jobs 2007	Percent Growth 2000-2007
Albany, GA	4,800	7,409	35.2%	19,576	18,397	-6.4%
Danville, VA	2,918	3,901	25.2%	10,343	9,672	-6.9%
Dubuque, IA	3,971	5,047	21.3%	14,419	15,900	9.3%
Elmira, NY	2,440	3,062	20.3%	11,707	11,837	1.1%
Jonesboro, AR	4,021	5,355	24.9%	13,593	14,604	6.9%
Kokomo, IN	2,983	3,953	24.5%	11,122	9,926	-12.0%
Lewiston-Auburn, ME	4,041	4,281	5.6%	15,789	15,814	0.2%
Owensboro MSA	3,408	4,793	28.9%	13,669	13,661	-0.1%
Pine Bluff, AR	2,968	3,697	19.7%	9,163	8,772	-4.5%
Sumter, SC	2,615	3,538	26.1%	9,558	9,272	-3.1%
Victoria, TX	4,370	5,661	22.8%	14,281	15,839	9.8%
Average, Eleven MSAs	3,503	4,609	24.0%	13,020	13,063	0.3%

Other Benchmarks						
Bowling Green, KY	3,451	5,752	40.0%	13,371	13,819	3.2%
Evansville-Henderson, IN-KY	10,000	13,783	27.4%	49,080	45,019	-9.0%
Kingsport-Bristol, TN	8,183	11,446	28.5%	31,347	31,583	0.7%
LaCrosse, WI	4,665	6,064	23.1%	19,865	20,136	1.3%
Kentucky	120,572	193,607	37.7%	460,851	465,115	0.9%
United States	10,089,885	15,422,845	34.6%	37,323,093	38,345,835	2.7%
Source: YourEconomy.org, Private Business Establishment Growth Data for MSAs						

Metro Area Gross Domestic Product

The best overall measure of the economic well being of a metropolitan area is the Gross Domestic Product measure. GDP by metropolitan area is the sub-state counterpart of the nation's GDP, the Bureau of Economic Analysis featured and most comprehensive measure of U.S. economic activity. GDP by metropolitan area is derived as the sum of the GDP originating in all the industries in the metropolitan area.

Owensboro is ranked 5th in metro GDP growth compared to its peers with a growth of 25.7 percent between 2001 and 2008, with the fourth highest GDP of all 11 peer metros. Victoria and Dubuque had

the highest growth level (45.8% and 32.2% respectively). Kokomo showed the slowest growth, with a .3 percent growth. Albany has the highest overall GDP, while Lewiston-Auburn, ME had the lowest.

Of benchmark regions, Bowling Green showed significant growth between 2001 and 2008 (36%), national and state GDP growth were 29 and 26 percent respectively during the same period. Table 9 below provides complete metro GDP data of all peer and benchmark regions.

Table 9: Peer Region Metro Area Gross Domestic Product , 2001, 2004, 2008

GDP by Region (millions of current dollars)							
Peer Regions	2001	2004	2008	Rank	Percent Growth, 2001-2008	Rank	
Albany, GA	\$ 3,986	\$ 4,387	\$ 4,687	2	15.0%	9	
Danville, VA	\$ 2,463	\$ 2,692	\$ 2,815	9	12.5%	10	
Dubuque, IA	\$ 2,918	\$ 3,613	\$ 4,307	3	32.2%	2	
Elmira, NY	\$ 2,099	\$ 2,259	\$ 2,798	10	25.0%	6	
Jonesboro, AR	\$ 2,752	\$ 3,211	\$ 3,736	5	26.3%	3	
Kokomo, IN	\$ 3,529	\$ 3,872	\$ 3,540	6	0.3%	11	
Lewiston-Auburn, ME	\$ 1,345	\$ 1,518	\$ 1,821	11	26.1%	4	
Owensboro MSA	\$ 3,134	\$ 3,526	\$ 4,219	4	25.7%	5	
Pine Bluff, AR	\$ 2,297	\$ 2,610	\$ 2,882	8	20.3%	8	
Sumter, SC	\$ 2,271	\$ 2,632	\$ 2,959	7	23.3%	7	
Victoria, TX	\$ 3,003	\$ 3,849	\$ 5,540	1	45.8%	1	
Average, Eleven MSAs	\$ 2,709	\$ 3,106	\$ 3,573	5	24.2%	7	

Other Benchmarks							
Bowling Green, KY	\$ 2,855	\$ 3,468	\$ 4,476	2	36.2%	2	
Evansville-Henderson, IN-KY	\$ 12,003	\$ 14,346	\$ 15,693	1	23.5%	6	
Kingsport-Bristol, TN	\$ 7,475	\$ 8,364	\$ 9,830	1	24.0%	7	
LaCrosse, WI	\$ 3,942	\$ 4,435	\$ 5,191	2	24.1%	7	
Kentucky	\$ 115,113	\$ 131,741	\$ 156,436		26.4%	3	
United States	\$ 10,058,168	\$ 11,607,041	\$ 14,165,565		29.0%	3	

Source: Bureau of Economic Analysis, Metro GDP Data

Peer Regions and Globalization

The combined forces of globalization, technology and demographic change have created the perfect storm of economic change.

Tom Friedman, the author and *New York Times* columnist, has written that a globalized world is a flat world, meaning that global communications have brought previously remote places like India into real-time competition with the United States. Thus, there really is a level global playing field, and anyone anywhere with enough broadband capacity and a quality education can compete on an equal basis with anyone else in the world.

But Friedman’s “flat world” metaphor misses a crucial point, according to Richard C. Longworth, who has analyzed the impact of globalization on the many small regions in the Midwest. Instead globalization has created peaks and valleys—or the “spiky world” advocated by economic development expert Richard Florida. On the peaks stand the global cities, global universities, global research centers, and hubs of global wealth and creativity. In the valleys live the globalization’s “have –nots” living in rural regions, remote villages, or regions characteristic of those in this study. So far, globalization has destroyed more in smaller metro regions than it has created, especially those in the Midwest.

The most visible evidence of this change has been the severe decline in manufacturing nationwide. This decline has been especially acute in small regions like Owensboro and its peers. Evidence of significant changes as a result of globalization are evident in this analysis of Owensboro and peer regions using data from 2000 to 2009, especially when compared to previous analyses using data from the 1990s. Collectively these 11 regions lost over 82,000 jobs, or one-third of their jobs in manufacturing between 1995 and 2007.

The regions that have embraced the tools of the innovation-based economy with a focus on building capacity through university collaborations, workforce development and education, an emphasis on entrepreneurial development and embracing health care as a focus to fill the void of manufacturing jobs have been the winners.

Retention of Manufacturing Jobs

One of the most important metrics, in light of the impact of technology and globalization, is the loss of manufacturing jobs. The national economy has lost manufacturing jobs at an alarming rate over the past decade. This is one area where Owensboro exceeds the national, state, and levels of most peer and benchmark regions. Owensboro ranked 2nd among the 11 regions in the lowest percentage of manufacturing jobs lost between 2001 and 2007, losing 6.9 percent of jobs in this sector. The top region was Dubuque, IA, which lost only 4.6 percent during the same period. Six regions lost between one-fourth and one-third of their jobs. The regions with the largest losses in manufacturing were Danville, VA (79%), Sumter, SC (41%), Pine Bluff, AR (41.4%), Albany, GA (30.4%), Jonesboro, AR (29.1%), and Kokomo, IN (27.5%). The national rate during this period was 16 percent, while Kentucky lost 13.7 percent. The only benchmark area that gained manufacturing jobs during this period was Bowling Green, KY (11%). Table 10 below provides complete manufacturing job retention data of all peer and benchmark regions.

Kokomo has the highest concentration of manufacturing jobs of the 11 peer regions, with 25 percent. Victoria has the lowest at 9 percent. Owensboro was second on this measure, with 14.5 percent of manufacturing jobs. The national average was 8 percent between 2001 and 2007.

Table10: Peer Region Manufacturing Job Retention, 2001, 2004, 2007

Manufacturing						
Peer Regions	2007 Jobs	2004 Jobs	2001 Jobs	Growth Rate 2000- 2007	Rank	Percent overall jobs
Albany, GA	6,948	7,755	9,058	-30.4%	8	8.3%
Danville, VA	7,815	11,459	13,986	-79.0%	11	14.3%
Dubuque, IA	9,609	9,369	10,052	-4.6%	1	14%
Elmira, NY	6,523	6,644	7,728	-18.5%	5	13.2%
Jonesboro, AR	7,897	9,229	10,192	-29.1%	7	11.8%
Kokomo, IN	14,323	16,175	18,264	-27.5%	6	25%
Lewiston-Auburn, ME	6,557	6,632	7,426	-13.3%	3	10%
Owensboro MSA	9,536	9,776	10,198	-6.9%	2	14.5%
Pine Bluff, AR	6,563	7,494	8,576	-30.7%	9	13.3%
Sumter, SC	8,194	10,153	11,586	-41.4%	10	15%
Victoria, TX	6,380	5,931	7,226	-13.3%	4	9.1%
Average, Eleven MSAs	8,213	9,147	10,390	-13.6%	3	13.2%

Other Benchmarks						
Bowling Green, KY	10,065	9,247	8,952	11.1%	1	13.3%
Evansville-Henderson, IN	32,599	35,487	35,989	-10.4%	3	15.4%
Kingsport-Bristol- TN	24,697	27,267	30,799	-24.7%	6	19.3%
LaCrosse, WI	10,132	10,013	10,667	-5.3%	2	10.7%
Kentucky	262,034	269,290	297,881	-13.7%	5	10.8%
United States	14,477,800	14,791,900	16,913,600	-16.8%	5	8%

Source: Bureau of Economic Analysis, Regional Economic Accounts

Health Care Jobs

Many labor economists predict that the fastest growing and most stable jobs sector in the coming decade will be the health care sector. Health care professions provide opportunities for many regions to fill many lost jobs in manufacturing.

Lewiston-Auburn and LaCrosse are benchmark regions in this sector. The manufacturing sector encompassed 15 to 20 percent of jobs in these regions 25 years ago and has declined to around 10 percent of jobs in 2008. A growing network of hospitals, research partnerships with nearby institutions such as the Mayo Clinic, and an intense workforce and education program to prepare workers for the health care industry are part of the way each have transitioned its economy from manufacturing to health care. The sector comprises 10 to 12 percent of jobs in 2008. During the recent recession, unemployment has remained between six and eight percent, among the lowest among the peer regions.

Owensboro currently has a higher than average percentage of jobs in health care (10%) compared to both the peer regions and nation (9% and 8% respectively). Of the 11 peer regions, Lewiston-Auburn

(10.5%) and Victoria (10.8%) have the largest concentrations of health care jobs. Victoria experienced the most growth in this sector since 2001 (35%). Table 11 below includes data on health care jobs.

Table 11: Peer Region Health Care Jobs and Growth, 2003-2008

Health Care Jobs			
Peer Regions	2008 Jobs	Growth (2003-2008)	Percent Overall Jobs
Albany, GA	5,760	15%	9.4%
Danville, VA	2,410	-41%	6.0%
Dubuque, IA	4,540	19%	8.8%
Elmira, NY	3,350	-10%	8.9%
Jonesboro, AR	4,540	11%	9.4%
Kokomo, IN	3,520	14%	8.2%
Lewiston-Auburn, ME	5,220	11%	10.6%
Owensboro MSA	4,930	15%	10.0%
Pine Bluff, AR	3,410	1%	9.4%
Sumter, SC	2,700	6%	7.5%
Victoria, TX	5,260	35%	10.8%
Average, Eleven MSAs	4,149	11%	9.1%

Other Benchmarks			
Bowling Green, KY	4,560	7%	7.8%
LaCrosse, WI	8,890	19%	12.6%
Evansville, IN-KY	14,810	9%	8.6%
Kentucky	156,660	10%	8.6%
United States	10,856,080	14%	8%

Source: Bureau of Labor Statistics, Occupational Employment Statistics

Economic Development Strategies

Table 12 below includes a summary of the primary economic development strategies as reported by the primary economic development agency for the 11 peer regions. The summary includes four types of strategies: traditional economic development recruitment practices, programs to support startup company growth through business incubation and entrepreneurship, partnerships in higher education emphasizing workforce development, and place based economic development practices such as downtown development and quality of life agendas.

The summary also includes the type of agency primarily responsible for day-to-day economic development in each region. Four different types of agencies are included. The primary type, the Economic Development Organization (EDO), is a standalone public-private agency such as GO-EDC. Other structures included chambers of commerce, regional organizations that included a multi-county mix, and the economic development program as part of city government.

All of the economic development strategies were more comprehensive than using traditional recruitment and community marketing. The focus on entrepreneurs is also very prevalent.

Table 12: Peer Region Economic Development Programs, February 2010

Region	Industrial Recruitment	Existing Business Retention	Entrepreneurship Incubator	Higher Ed/ Workforce Development	Quality of Place	Agency
Albany, GA	Yes	Yes	Yes	No	No	EDO
Danville, VA	Yes	Yes	Yes	Yes	Downtown	City
Dubuque, IA	Yes	Yes	Yes	Yes	Downtown	EDO
Elmira, NY	Yes	Yes	No	Yes	No	Regional
Jonesboro, AR	Yes	Yes	Yes	Yes	No	Chamber
Kokomo, IN	Yes	No	Yes	No	No	EDO
Lewiston, ME	Yes	Yes	No	No	Yes	EDO
Owensboro	Yes	Yes	Open 2010	Yes	Downtown	EDO
Pine Bluff, AR	Yes	No	Yes	Yes	No	Chamber
Sumter, SC	Yes	No	No	No	Yes	City
Victoria, TX	Yes	Yes	Yes	No	No	EDO

Source: Peer region economic development websites

Conclusions

Four main conclusions can be drawn from the analysis of Owensboro and peer regions.

1. **Stage II Company Job Growth-** There is a strong correlation with regions experiencing the highest levels of job growth, regions with the strongest metro gross domestic product, and regions with growing jobs from phase II companies. This evidence supports efforts to nurture potential high growth companies with 10 or more jobs. The three top performers in all three categories were Dubuque (9% job growth, 32% GDP growth, and 9% stage II company job gains), Victoria (6% job growth, 45% GDP growth, and 10% stage II company job gains), and Jonesboro (7% job growth, 26% GDP growth, and 7% stage II company job gains). All three lost a significant percentage of manufacturing jobs during the same period.
2. **Health Care Jobs-** There is a strong correlation between the regions with high concentrations of jobs in the health care sector and overall economic well being. Regions and benchmarks with the largest concentration of health care jobs did not feel the impact of the recession or the decline in manufacturing jobs as severely as those with very small health care sectors. The largest concentrations are found in Lewiston-Auburn (10.6%), Victoria (10.8%), Jonesboro (9.4%), and benchmark region LaCrosse (12.6%). Those with the smallest concentration included Danville (6%), Sumter (7.5%), and Kokomo (8.2%), the three with the highest rates of unemployment the last two years.
3. **Universities and Colleges-** Higher education opportunities and access are also strongly linked to the high performing regions. Dubuque has the most colleges and over 10,000 students enrolled

and the highest overall degree attainment rate of the peer regions. The large public university campus in Jonesboro is evident with a bachelor attainment rate of over 20 percent, ranking third. Both Bowling Green and LaCrosse have strong public university programs and have degree attainment levels at or above the national average.

4. **Manufacturing Job Retention-** Regions with success in retention of manufacturing jobs from 2001-2009 proved to be an important element in the overall health of the region, especially with unemployment during the recession. Dubuque appears to be the clear winner in this category, retaining 95 percent of manufacturing jobs and posting the lowest unemployment during the recession (lower than 7 % from 2008-2009). Owensboro performed well in this category as well, with the second lowest losses in manufacturing jobs and relative stability of its manufacturing base during the recession.

Compared to peers Owensboro is ranked toward the middle on most measures related to job creation, income, and unemployment. The most positive ranking is the retention of manufacturing jobs, where Owensboro ranked second. The resurgence of business formations is also a positive sign. The areas of most concern are income growth measures such as per capita and personal income, where Owensboro ranked eighth. The average earnings per job were the lowest ranking of Owensboro compared to peers, it ranked ninth. Also ranking ninth for Owensboro was in the percentage of the population over 25 with a four-year college degree. The impact of the 2008-2009 recession, as measured by unemployment data, seems have impacted Owensboro about the same way it impacted the 11 peers. Owensboro ranked sixth in the December 2009 unemployment rate and seventh in the overall changed between 2008 and 2009.

Overall the region's diverse economic base and emerging growth in the health care sector are positives. Owensboro has the third highest concentration of jobs in health care of the 11 peers and is among the fastest growing in terms of health care jobs. The recent diversification of its economic development strategy with focuses on startup company development and place-based economic development position Owensboro well for the future.

Areas that should be addressed going forward include more focus on the growth potential in phase II companies, continuing to nurture higher education partnerships for growth opportunities in health care and the life sciences, and the need to focus recruitment efforts to take advantage of many of the region's transportation assets, such as the Ohio River.

Appendix A

The metros consist of the following counties:

Peer Region	2000 Metro Area (Counties)	2008 Metro Area (Counties)
Albany, GA	Dougherty, Lee	Dougherty, Lee, Baker, Worth, Terrell
Danville, VA	Pittsylvania, Danville City	Pittsylvania, Danville City
Dubuque, IA	Dubuque	Dubuque
Elmira, NY	Chemung	Chemung
Jonesboro, AR	Craighead	Craighead, Poinsett
Kokomo, IN	Howard, Tipton	Howard, Tipton
Lewiston-Auburn, ME	Androscoggin	Androscoggin
Owensboro, KY	Daviess	Daviess, McLean, Hancock
Pine Bluff, AR	Jefferson	Jefferson, Lincoln, Cleveland
Sumter, SC	Sumter	Sumter
Victoria, TX	Victoria	Calhoun, Goliad , Victoria
Other Benchmarks		
Bowling Green, KY	Warren	Warren, Edmonson
Evansville-Henderson, IN-KY	Vanderburgh, Posey, Warrick, Henderson (KY)	Vanderburgh, Gibson , Posey, Warrick, Webster (KY) , Henderson (KY)
Kingsport-Bristol, TN-VA	Hawkins, Sullivan, Scott (TN), Washington (VA)	Hawkins, Sullivan, Scott (TN), Washington (VA)
LaCrosse, WI-MN	LaCrosse, Houston, MN	LaCrosse, Houston, MN
*New counties in bold		